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October 3, 2007

Delivered by Courier and E-mail

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, Suite 2700
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

Re: North Bay Hydro Distribution Limited 2008 Electricity Distribution Rate Application

We are counsel to North Bay Hydro Distribution Limited (“North Bay Hydro”) in the above-captioned matter. North Bay Hydro is identified in the OEB’s letter dated April 4, 2007 as having self-nominated for rebasing in 2008.

On August 15, 2007, we wrote to you to advise that while it had been working diligently to complete and file its 2008 rate application by August 15, 2007, North Bay Hydro anticipated that it would not be filing its application until the end of October. As we previously advised you, North Bay Hydro retained Elenchus Research Associates (“ERA”) as its rate design consultant in the preparation of its 2008 distribution rate application. Following our letter of August 15th, North Bay Hydro continued to work with ERA in an effort to arrive at a fully functional rate design model, but it does not yet have such a model. North Bay Hydro has also determined that it will take longer than previously anticipated to collect the appropriate data needed to prepare a fully supported 2008 rate application that is compliant with the Board’s Filing Requirements.

For these reasons, North Bay Hydro has determined that it must withdraw from the 2008 rebasing process, as it will not be in a position to file a complete application within a reasonable time.

North Bay Hydro also notes that at the time of filing its self-nomination request earlier this year, it had expected to be purchasing and installing smart meters, and adding those assets to its revised rate base, in 2008. Since then, it has become clear that as a result of Ontario Regulations 427/06 (Discretionary Metering Activity and Procurement Principles) and 428/06 (Priority Installations), it will not be in a position to implement its smart meter acquisitions and installations in 2008. It has joined a group of distributors that will be procuring smart meters on a cooperative basis in 2009 or at such other time as this activity is permitted by regulation.

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At this time, North Bay Hydro would appreciate being moved to the OEB's list of distributors that will be filing applications in 2008 for rebasing in 2009. It will file an application for a mechanistic rate adjustment in accordance with the OEB's IRM filing requirements issued last week.

We ask that the OEB confirm at its earliest convenience that North Bay Hydro may withdraw from the 2008 rebasing process. Should you have any questions or require further information in this regard, please do not hesitate to contact me.

Yours very truly,

BORDEN LADNER GERVAIS LLP

Original signed by Diana Pereira on behalf of James C. Sidlofsky

James C. Sidlofsky
JCS/dp

cc: J. Snider, North Bay Hydro
E. Chirico, North Bay Hydro

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