

**Oshawa**



**PUC Networks Inc.**

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May 27, 2010

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P. O. Box 2319  
2300 Yonge Street  
Toronto, Ontario  
M4P 1E4

**Re: Early Rebasing Application**

Dear Ms. Walli:

Pursuant to the Ontario Energy Board's ("OEB") April 20, 2010 letter, please accept this notification of Oshawa PUC Networks Inc.'s ("OPUCN") intention to file an early rebasing application.

OPUCN is currently a third generation incentive regulation mechanism ("IRM") applicant and is scheduled to have its rates rebased for 2012. Preliminary estimates of 2011 results that include, but are not limited to, impact of IFRS on operating expenses, loss of two large use customers and declining load forecast, and cost of capital parameter updates indicate that OPUCN may be required to make an "off-ramp" provision as defined in the OEB's rate-setting policies.

With respect to the "off-ramp" provision, the OEB has determined that the third generation IRM plan will include a trigger mechanism with an annual return on equity dead band of  $\pm 300$  basis points. When a distributor performs outside of this earnings dead band, a regulatory review may be initiated.

Based on the above, OPUCN believes it is necessary to file an early rebasing application this year for rates effective in 2011 and respectfully requests that OEB staff provides an expedient decision on the applicability of the filing.

If you have any questions or concerns with this submission, please feel free to contact me at (905) 743-5209.

Sincere regards,

Phil Martin  
VP Finance & Regulatory Compliance

CC: John Pickernell,  
Assistant Board Secretary