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BY EMAIL

June 17, 2010

Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Board Staff Supplemental Submission on Erie Thames Powerlines
Corporation
2010 Electricity Distribution Rates Application
Board File Number EB-2009-0222**

Please see attached Board staff's supplemental submission for the above proceeding.

Please forward the attached to Erie Thames Powerlines Corporation.

Erie Thames Powerlines Corporation reply to Board staff's supplemental submissions is due June 23, 2010.

Yours truly,

Original signed by

Martin Benum
Advisor, Applications and Regulatory Audit



ONTARIO ENERGY BOARD

STAFF SUPPLEMENTAL SUBMISSION

2010 ELECTRICITY DISTRIBUTION RATES

Erie Thames Powerlines Corporation

EB-2009-0222

June 17, 2010

**Board Staff Supplemental Submission
Erie Thames Powerlines Corporation
2010 IRM3 Rate Application
EB-2009-0222**

Introduction

Erie Thames Powerlines Corporation (“Erie Thames”) filed an application with the Ontario Energy Board (the “Board”), received on March 15, 2010, under section 78 of the Ontario Energy Board Act, 1998, seeking approval for changes to the distribution rates that Erie Thames charges for electricity distribution. The application is based on the 2010 3rd Generation Incentive Regulation Mechanism.

The Board issued a Notice of Application and Written Hearing on March 31, 2010. There were no intervenors and no objections were received.

Board staff submitted interrogatories to Erie Thames on April 23, 2010. Erie Thames responded to Board staff interrogatories on April 26, 2010.

A Board staff submission for Erie Thames was issued on May 3, 2010. Erie Thames replied to Board staff’s submission on May 6, 2010. Erie Thames’ reply submission included revised Group 1 Account balances.

The Board was of the opinion that Erie Thames reply submission which includes revised Group 1 Account balances required clarification, and therefore proceeded with a supplemental round of interrogatories. On June 1, 2010 the Board issued Procedural Order #1 allowing Board staff to file written supplemental interrogatories. Erie Thames responded to Board staff supplemental interrogatories on June 8, 2010.

The purpose of this document is to provide the Board with the supplemental submission of Board staff based on its review of the evidence submitted by Erie Thames.

Board staff makes a supplemental submission on the following matter:

- Disposition of Deferral and Variance Accounts as per the Electricity Distributors’ Deferral and Variance Account Review Report (the “EDDVAR Report”);

DISPOSITION OF DEFERRAL AND VARIANCE ACCOUNTS AS PER THE EDDVAR REPORT

Erie Thames Specific Background

In response to Board staff supplemental interrogatory #1, Erie Thames stated it had reviewed the final debit balance as reported in its May 7, 2010 reply submission and noted that "Erie Thames has found one necessary adjustment" and adjusted its Group 1 final debit balance to \$1,877,242. The adjustment referenced was an amount of \$75,951 which Erie Thames identifies as an input error from the 2006 Regulatory Asset process.

Submission

Board staff notes that the most recent proposed balance for disposition does not reconcile with 2008 audited balances nor with Erie Thames's RRR filings. Board staff is concerned that Erie Thames have has changed its Group 1 balances several times during the course of this proceeding. Board staff is mindful of the importance of a timely disposition of deferral and variance account balances and does not believe that the disposition should be delayed. Board staff proposes that the Board consider accepting the disposition balances and projected interest to April 30, 2010 as submitted by Erie Thames but not on a final basis. Board staff would propose that any adjustment to the 2008 Group 1 account balances of \$1,877,242 should be brought forward to the Board in Erie Thames' next rate proceeding and be supported by a third party audit.

All of which is respectfully submitted