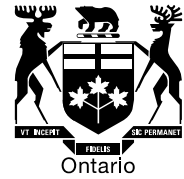


Ontario Energy Board
P.O. Box 2319
27th. Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

**Commission de l'énergie
de l'Ontario**
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone; 416-481-1967
Télécopieur: 416-440-7656
Numéro sans frais: 1-888-632-6273



BY E-MAIL

November 4, 2010

**To: Andrew Sasso, ENWIN Utilities Ltd.
David Smelsky, Halton Hills Hydro Inc.
Colin Macdonald, PowerStream Inc. (successor to Barrie Hydro)
George Vegh, Coalition of Large Distributors
Jay Shepherd, School Energy Coalition
Allison Duff, Consumers Council of Canada
Dev Pasumarty, Electricity Distributors Association**

**Re: Proceeding to Determine the Accuracy of the Final Account Balances with
Respect to Account 1562 Deferred PILs (for the Period October 1, 2001 to
April 30, 2006) for Certain 2008 and 2009 Distribution Rate Applications
Before the Board
Details of Proposed Settlement Agreement
Board File No.: EB-2008-0381**

Parties in this proceeding filed a proposed Settlement Agreement with the Board on September 30, 2010. The proposed Settlement Agreement contains issues with complete settlement, incomplete settlement, and no settlement.

During its review of the proposed Settlement Agreement, the Board determined that it would be assisted by receiving additional information as listed below.

- 1) The Board requests each of the Applicants to provide answers to the following questions:
 - i) Has the Applicant been assessed for PILs for each tax year 2001 through 2005 by the Ministry of Finance Corporations Tax Branch? Please provide evidence to support the answer to this question, if it has not already been submitted as a response to an interrogatory in this proceeding.

- ii) Has the Applicant received confirmation that the tax years 2001 through 2005 are now statute-barred? Please provide evidence to support this confirmation, or explain why the Applicant believes the tax years are not yet statute-barred. The Ontario Ministry of Finance Interpretation Bulletin 3009R is attached for reference purposes.
- 2) The Board requests an explanation from Parties regarding the proposed complete settlement for Issue #4. The Parties agree that regulatory assets should be excluded from PILs calculations both when they are created, and when they are collected, regardless of the actual tax treatment accorded those amounts.

ENWIN, SEC and CCC have settled a grossed-up tax amount of \$3,394,854 with respect to Issue #4 that may not be part of the PILs Account 1562 methodology. On page 4 of ENWIN's Appendix to the proposed Settlement Agreement, ENWIN stated:

"Regulatory assets were included in the ENWIN PILs calculation, but as an indirect result when cost of service was once again introduced in 2006 a tax loss carry-forward created by regulatory asset movements was credited in part to ratepayers in the calculation of rates."

The Board requests that the Parties to this settlement explain the relevance of ENWIN's 2006 electricity distribution rate application to the review of the tax periods 2001 through 2005, the regulatory basis for settlement, and reasons that support this settlement to be part of the PILs Account 1562 methodology.

The Board requests parties to file their responses no later than **Friday, November 12, 2010**.

All filings to the Board in relation to this proceeding must be addressed to the Board Secretary. Two paper copies of each filing must be provided. The Board asks that participants make every effort to provide an electronic copy of their filings in searchable/unrestricted Adobe Acrobat (PDF) format and to submit their filings through the Board's web portal at www.errr.oeb.gov.on.ca. A user ID is required to submit documents through the Board's web portal. If you do not have a user ID, please visit the "e-filing services" webpage on the Board's website at www.oeb.gov.on.ca and fill out a user ID password request. Additionally, interested stakeholders are asked to follow the document naming conventions and document submission standards outlined in the

document entitled *RESS Documents Preparation – A Quick Guide* also found on the “e-filing services” webpage. If the Board’s web portal is not available, electronic copies of filings may be filed by e-mail at boardsec@oeb.gov.on.ca. Those who do not have internet access should submit the electronic copy of their filing on CD.

Filings must be received by **4:45 pm** on the required date. They must quote file number **EB-2008-0381** and include your name, postal address, telephone number and, if applicable, an e-mail address and fax number.

Any questions relating to this proceeding should be directed to Duncan Skinner, Special Advisor, by e-mail at Duncan.Skinner@oeb.gov.on.ca or by telephone at 416-440-8127, or to Fiona O’Connell, Project Advisor, by e-mail at Fiona.Oconnell@oeb.gov.on.ca or by telephone at 416-440-8102. The Board’s toll free number is 1-888-632-6273, and the Market Operations Hotline is 416-440-7604.

Yours truly,

Original signed by

Kirsten Walli
Board Secretary

Attachment