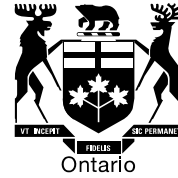


**Ontario Energy  
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**VIA E-MAIL ONLY**

December 10, 2010

Brian Hollywood  
President and CEO  
135 Edward St.  
St. Thomas ON N5P 4A8

Dear Mr. Hollywood:

**RE: Application for Rates for the 2011 Rate Year – EB-2010-0141  
Direction Regarding Filing**

This is to acknowledge receipt of your letter dated November 29, 2010.

By letter dated June 29, 2010, all licensed electricity distributors were reminded that cost of service rate applications should be filed no later than August 27, 2010 for rates to be effective May 1, 2011.

On August 13, 2010, St. Thomas Energy Inc. ("St. Thomas") filed a letter with the Board indicating that St. Thomas would not be able to meet the August 27, 2010 deadline but would endeavour to file the application at the earliest possible opportunity but no later than November 30, 2010.

In your letter dated November 29, 2010 you stated that St. Thomas "finds it necessary to extend that date to the end of the 2010 year or early into 2011".

The Board reminds St. Thomas that the 2011 rate year is intended to cover the period May 1, 2011 to April 30, 2012. Cost of service applications are assessed on a future test year basis and the Board therefore expects that these filings be made substantially before the beginning of the rate year. In addition, a rate proceeding based on a cost of service application typically lasts between seven (written hearing) and nine (oral hearing) months from the date of filing. As such, any new cost of service rates established for your utility may not be effective until well into the rate year. A standard incentive regulation mechanism application can be processed in substantially less time than a cost of service application.

Please be advised that, if the Board does not receive your cost of service application by **February 25, 2011**, any application that you file for 2011 rates should be filed on the basis of the 2<sup>nd</sup> generation incentive regulation mechanism.

If St. Thomas proceeds with a cost of service application, the Board panel reviewing the application will decide on the appropriate effective date for the rates, taking into consideration among other factors, the filing date of the application.

Yours truly,

*Original Signed By*

John Pickernell  
Assistant Board Secretary