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November 1, 2011

Ms. Kirsten Walli  
Ontario Energy Board  
PO Box 2319  
27<sup>th</sup> Floor, 2300 Yonge Street  
Toronto, Ontario M4P 1E4

**Re: Chatham-Kent Hydro Inc. 2012 IRM Application  
Board File No.: EB-2011-0163**

Dear Ms. Walli,

In order to assist the Board, Chatham-Kent Hydro ("CKH") wishes to provide additional information in reference to its letter to the Board of October 28, 2011. That letter withdrew CKH's request of consideration for disposition of CKH's Account 1562 Deferred PILs account balance and noted an intention to file a separate Deferred PILs disposition. This approach was based on the Board's recent letter to Kingston Hydro (EB-2011-0178), which provided instruction involving situations of departure from the EB-2008-0381 Deferred PILS methodology.

Specifically, the material departures currently identified by CKH from the EB-2008-0381 Account 1562 Deferred PILs methodology relate to the following components:

- i. The determination of the type of interest charges that specifically relate to deemed borrowing levels, including consideration of the nature of interest charges on customer deposits; and;
- ii. The treatment of accounting reserves associated with regulatory assets

Further, as noted, CKH has commenced a full review of its Deferred PILs account, which review will include external expertise and is expected to produce updated Deferred PILs evidence. CKH is currently uncertain as to whether that review will identify additional departures from the methodology or other required amendments.

If you have any further questions please do not hesitate to contact me at (519) 352-6300, extension 558 or davidferguson@ckenergy.com.



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Sincerely,

*[Original Signed By]*

David C. Ferguson  
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cc: Dan Charron, President of Chatham-Kent Hydro & Middlesex Power Distribution  
Chris Cowell, Chief Financial and Regulatory Officer  
Daniel Kim, Ontario Energy Board  
Duncan Skinner, Ontario Energy Board  
Michael Buonaguro, Vulnerable Energy Consumers Coalition