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**BY E-MAIL**

November 2, 2011

David C. Ferguson  
Director of Regulatory Affairs & Risk Management  
Chatham-Kent Hydro Inc.  
320 Queen St.  
P. O. Box 70  
Chatham ON N7M 5K2

Dear Mr. Ferguson:

**Re: Chatham-Kent Hydro Inc. ("Chatham-Kent")  
Application Board File Number EB-2011-0163**

The Board is in receipt of your letter dated October 28, 2011. In that letter, you indicated that Chatham-Kent withdraws its request for the disposition of account 1562 since Chatham-Kent was recently advised by its external consultant that the methodology used in its 2012 IRM application contains departures from the PILs methodology established by the Board in the Combined PILs proceeding (EB-2008-0381). Chatham-Kent also indicated its plan to file a separate application for the disposition of account 1562 no later than April 1, 2012, and update its current 2012 IRM application by November 1, 2011 to remove the impact of deferring the disposition of account 1562. Chatham-Kent also requested that the due date for interrogatories be extended from November 3 to November 10, 2011 to allow parties to base their information requests on the updated evidence.

In a letter dated November 1, 2011, Chatham-Kent provided additional information regarding the nature to the deviations from the methodology established by the Board in the PILs Combined proceeding. The inconsistencies identified were:

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

The Board will grant Chatham-Kent's request to withdraw the disposition of account 1562 from its 2012 IRM applications on the basis that the evidence filed supporting the

disposition of account 1562 is not consistent with the various decisions made in the course of the Combined PILs proceeding. The Board expects Chatham-Kent to address the disposition of account 1562 in a stand-alone application to be filed no later than April 1, 2012.

The Board will also accept Chatham-Kent's proposal to extend the deadline for written interrogatories until **November 10, 2011**. All other dates noted in the Notice of Application will remain unchanged.

Yours truly,

*Original signed by*

John Pickernell  
Assistant Board Secretary