

**Ontario Energy
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**Commission de l'énergie
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BY E-MAIL ONLY

November 11, 2011

Benoit Lamarche
Cooperative Hydro Embrun Inc.
821 Notre-dame Street
Embrun ON K0A 1W1

Dear Mr. Lamarche:

**Re: Cooperative Hydro Embrun Inc. ("Embrun")
2012 Incentive Regulation Mechanism Rate Application
Board File Number EB-2011-0164
Disposition of Account 1562**

In its Decision in the EB-2008-0381 Combined PILs (Payments in Lieu of Taxes) proceeding ("Combined PILS Decision"), the Board indicated that distributors will be expected to apply for final disposition of Account 1562 (Deferred PILS) with their next general rates application, either IRM or cost of service. The Board also indicated in the Combined PILS Decision that if the distributor files evidence in accordance with the various decisions made in the course of the Combined PILS proceeding, including the use of the updated SIMPIL model, the determination of the final account balance will be handled expeditiously and in a largely administrative manner. However, if a distributor files on a basis which differs from what is contemplated by the Combined PILS Decision, the application can take some time to process, and therefore should not be included in an IRM application. Deviations from the Combined PILS Decision could include taking a different position on issues considered by the Board in the Combined PILs proceeding, addressing issues not arising in the Combined PILs proceeding or filing older SIMPIL models rather than the updated models containing the Excel worksheet 'TAXREC 3' as used by Halton Hills Hydro Inc.

Board staff reviewed the evidence filed by Embrun supporting the disposition of Account 1562 and the Board has determined that Embrun's application is not consistent with the various decisions made in the course of the Combined PILS proceeding. The

inconsistencies identified relate to the inclusion of regulatory assets in the determination of the PILs Account 1562 balance. Settled Issue #4 in the Combined PILS proceeding requires regulatory assets and liabilities to be excluded.

Therefore, the Board will not hear the application for disposition of Account 1562 as part of Embrun's 2012 IRM application but will consider it in on a stand-alone basis in a separate application. The Board expects Embrun to address the disposition of account 1562 in a stand-alone application to be filed no later than April 1, 2012.

Yours truly,

Original Signed By

Kirsten Walli
Board Secretary

cc: Michael Buonaguro, Counsel, VECC
Shelley Grice, P. Eng, Econalysis Consulting Services