

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

November 11, 2011

Douglas R. Bradbury
Canadian Niagara Power Inc. – Port Colborne
1130 Bertie Street
P.O. Box 1218
Fort Erie ON L2A 5Y2

Dear Mr. Bradbury:

**Re: Canadian Niagara Power Inc. – Port Colborne (“CNPI – Port Colborne”)
2012 Incentive Regulation Mechanism Rate Application
Application Board File Number EB-2011-0157
Disposition of Account 1562 (Deferred PILS)**

The Board is in receipt of your 2012 IRM3 rate application. As part of your application, you are proposing to defer the disposition of Account 1562 (Deferred PILS) until CNPI – Port Colborne’s next cost of service proceeding. However, the application does not provide any explanation for the request to delay disposition of Account 1562.

In its Decision in the EB-2008-0381 Combined PILs proceeding (“Combined PILS Decision”) , the Board indicated that each remaining distributor will be expected to apply for final disposition of account 1562 with its next general rates application, either IRM or cost of service. The Board further added that if the distributor files evidence in accordance with all the various decisions made in the course of that proceeding, including the use of the updated models, the distributor may expect that the determination of the final account balance will be handled expeditiously and in a largely administrative manner. If a distributor files on a basis which differs from what is contemplated by the Combined PILS Decision, the application can be expected to take some time to process, and therefore should not be made as part of an IRM application. Differences could include taking a different position on issues reviewed by the Board in the Combined PILs proceeding, addressing issues not arising as part of the Combined PILs proceeding or filing using a model other than the updated model used by Halton Hills Hydro Inc.

CNPI – Port Colborne's application does not indicate how its Account 1562 filing would differ from that contemplated in the Combined PILS Decision such that it should be excluded from its 2012 IRM application. Accordingly, the Board will consider the application to be incomplete until such time that CNPI – Port Colborne provides a full explanation for its request to defer the disposition of Account 1562. If the justification is that the filing would be on a basis different from the Combined PILs Decision the Board may consider deferring the matter to your 2013 cost of service application.

Please direct any questions relating to this matter to Daniel Kim, Analyst, at (416) 440-8135 or e-mail daniel.kim@ontarioenergyboard.ca

Yours truly,

Original signed by

Kirsten Walli
Board Secretary