

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

November 15, 2011

Lloyd Payne
Haldimand County Hydro Inc.
1 Greendale Drive
Caledonia ON N3W 2J3

Dear Mr. Payne:

**Re: Haldimand County Hydro Inc. ("Haldimand")
2012 Incentive Regulation Mechanism Rate Application
Board File Number EB-2011-0170
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 Haldimand supporting the disposition of Account 1562 and the Board has determined that Haldimand's application is not consistent with the various decisions made in the course of the Combined PILS proceeding. The inconsistencies identified relate to:

- i) the inclusion of regulatory assets in the determination of the PILs Account 1562 balance; and
- ii) the selection of income tax rates.

Therefore, the Board will not hear the application for disposition of Account 1562 as part of Haldimand's 2012 IRM application but will consider it in on a stand-alone basis in a separate application. The Board expects Haldimand 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

Kirsten Walli
Board Secretary

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