

**Ontario Energy  
Board**  
P.O. Box 2319  
27th. Floor  
2300 Yonge Street  
Toronto ON M4P 1E4  
Telephone: 416- 481-1967  
Facsimile: 416- 440-7656  
Toll free: 1-888-632-6273

**Commission de l'énergie  
de l'Ontario**  
C.P. 2319  
27e étage  
2300, rue Yonge  
Toronto ON M4P 1E4  
Téléphone: 416- 481-1967  
Télécopieur: 416- 440-7656  
Numéro sans frais: 1-888-632-6273



**BY E-MAIL**

November 15, 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 letter, dated November 14, 2011 filed in response to a letter from the Board deeming your 2012 IRM 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 to its 2013 cost of service application. Your letter provided a description of CNPI – Port Colborne’s circumstance whereby CNPI is a corporation controlled by a public corporation and as such is subject to federal income tax rules and hence does not pay PILs. CNPI – Port Colborne also raised matters in respect to the allocation of its single income tax return to its operating service territories for rate making purposes.

The Board agrees with CNPI – Port Colborne that its circumstances are such that it would be required to file evidence supporting the disposition of account 1562 on a basis that differs significantly from what was contemplated by the Board’s decision in the Combined PILS proceeding (EB-2008-0381). The Board will therefore not hear this matter as part of CNPI – Port Colborne’s 2012 IRM application. Given the complexities inherent to dealing with this matter, the Board will grant approval to defer the disposition of Account 1562 to CNPI – Port Colborne’s 2013 cost of service application. The Board will therefore proceed to process your 2012 IRM application.

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

Yours truly,

*Original signed by*

Kirsten Walli  
Board Secretary