

Niagara On-The-Lake HYDRO

January 20, 2012

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
26th Floor
2300 Yonge Street
Toronto ON M4P 1E4

Request to Schedule Rebasing for 2014 Rates

Dear Ms. Walli:

By letter to all distributors on March 1, 2011 the Board identified the list of distributors that were expected to file a cost of service application in respect of their 2012 rates. That letter referenced an earlier letter of October 27, 2010, stating that a "four-year rate-setting cycle (i.e. rebasing plus three years of 3Rd generation IR) remains in place for the time being". On that basis, we are anticipating that the schedule for distributors expected to rebase for 2013, though not yet issued, would normally include Niagara-on-the-Lake Hydro Inc. ("NOTLHI"), as our last rebasing was for 2009 rates.

For the reasons set out below, NOTLHI requests Board approval to defer the rebasing of its rates for one year to the 2014 rate year.

1. Our IFRS implementation is well underway but will be a primary focus through 2012 requiring the commitment of key staff resources.
2. We have just recently implemented TOU rates and are in the process of establishing the necessary business processes over the next several months.
3. An in-depth Asset Management Plan needs to be developed, which is expected to require most of 2012 to complete.
4. A GEA Plan needs to be developed in advance of the rate rebasing submission.
5. We are in an adequate financial position to sustain us for an additional year.

The initiatives referenced above require a major commitment of our modest staff

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resources through 2012. In 2013 however, NOTLHI would be in a good position to commit the resources needed to rebasing work. We believe that the requested deferral of the cost of service filing would result in a higher quality submission to the Board, providing a more sound basis for rates and with evidence that will better facilitate the assessment of the proposed rates by Board staff and intervenors.

We would be pleased to provide any further information that you require.

Sincerely

A handwritten signature in dark ink, appearing to read "Jim Huntingdon", written in a cursive style.

Jim Huntingdon

President