

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

February 24, 2012

Jim Huntingdon
President
Niagara On-The-Lake Hydro
8 Henegan Road, P.O. Box 460
Virgil, ON L0S 1T0

Dear Mr. Huntingdon:

**Re: Multi-year Electricity Distribution Rate Setting Plan
2013 Electricity Distribution Rates EB-2012-0063**

By letter dated January 26, 2012, the Board identified Niagara On-The-Lake Hydro ("NOTL") as one of the distributors expected to file its 2013 rate application on a cost of service basis. The Board is in receipt of your letters requesting that NOTL be permitted to defer the rebasing of its rates beyond the 2013 rate year.

The Board has considered the rationale for deferral set out in your letter, as well as the following:

- NOTL's financial position, as shown in its audited financial statements and financial reporting to the Board; and
- NOTL's 3-year performance with respect to system reliability indicators and electricity service quality requirements/indicators, as reported to the Board.

Based on these considerations, the Board has concluded that it will not require NOTL's 2013 rates to be set on a cost of service basis. The Board will place NOTL on the list of distributors whose rates will be scheduled for rebasing for the 2014 rate year.

If NOTL intends to seek a rate adjustment for 2013 rates, the Board expects NOTL to adhere to the process for 3rd generation incentive regulation distribution rate applications for the 2013 rate year as may be determined by the Board.

The Board has reserved file number EB-2012-0063 for NOTL's 2013 rate application. Please refer to this file number in all correspondence related to your 2013 rate application.

Yours truly,

Original Signed By

Kirsten Walli
Board Secretary