

March 8, 2012

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Ms. Kirsten Walli,
Ontario Energy Board
P.O. Box 2319,
27th Floor, 2300 Yonge Street
Toronto, ON, M4P 1E4

Dear Ms. Walli:

**Re: Norfolk Power Distributed Inc., 2012 Cost of Service Application, EB-2011-0272
Draft Rate Order – Proposed Tariff of Rates and Charges**

On February 14th, 2012 the Board issued an Amended Decision and Order directing Norfolk Power Distribution Inc (Norfolk) to file a draft rate order, including a proposed Tariff of Rates and Charges, within 7 days of the issuance of the Board's cost of capital parameters (for rates effective May 1, 2012). On March 2nd the cost of capital parameters were issued. Norfolk has updated the Revenue Requirement Work Form provided with the settlement agreement to reflect the new cost of capital parameters.

The cost of capital parameters resulted in a decrease in the short-term debt rate from 2.46% to 2.08%, and a decrease in the return on equity from 9.58% to 9.12%. These changes resulted in a decrease in total revenue requirement from \$12,332,334 to \$12,170,855.

In addition to the proposed Tariff of Rates and Charges and the updated Revenue Requirement Work Form (which includes customer rate impacts), Norfolk is also filing an electronic copy of its Cost Allocation model showing the calculation of final rates.

If any additional information is needed, please do not hesitate to contact me.

Sincerely,



Brad Randall
President & CEO