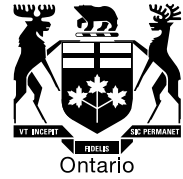


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BY E-MAIL

August 7, 2012

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Centre Wellington Hydro Ltd.
Disposition of Account 1562 – Deferred PILs
Board Staff Comments on draft Rate Order
Board File No. EB-2012-0052**

In accordance with the Decision and Order, please find attached Board Staff's comments on the draft Rate Order filed by Centre Wellington Hydro Ltd. in the above proceeding.

Yours truly,

Original Signed By

Stephen Vetsis
Analyst – Applications & Regulatory Audit

Encl.

**Centre Wellington Hydro Ltd. (“CWHL”)
2012 Application for the Disposition of Balances in Account 1562 –
Deferred PILs (EB-2012-0052)**

Board Staff Comments on Draft Rate Order

On July 26, 2012, the Board issued its Decision and Order on CWHL’s application for the disposition of the balance in Account 1562 – Deferred PILs. The Decision and Order required CWHL to submit a draft Rate Order by August 2, 2012. CWHL submitted its draft Rate Order and supporting documentation on August 1, 2012. Board staff submits that CWHL has appropriately reflected the Board’s findings in all areas except for those noted below.

Calculated Rate Riders

In the Decision and Order, the Board approved a period of 21 months, from August 1, 2012 through April 30, 2014, for CWHL to refund the balance in Account 1562 to customers. Board staff submits that CWHL has correctly calculated the rate riders for the disposition of Account 1562. Board staff notes that CWHL has included rate riders to five decimal places in its draft Tariff of Rates and Charges. Board staff notes that rate riders approved by the Board are typically approved with up to four decimal places of numerical precision. Board staff submits that the proposed rate riders for the disposition of the balance in Account 1562 should be rounded to four decimal places to reflect the Board’s standard practise.

RTSR Rate Riders – GS 50 kW to 2,999 kW Class

CWHL included in the draft Tariff of Rates and Charges a Retail Transmission Rate – Network Service Rate of \$2.0147 and a Retail Transmission Rate – Line and Transformation Connection Service rate of \$1.5389 for the GS 50 kW to 2,999 kW service classification. Board staff notes that the final rate order for CWHL’s 2012IRM rate application (EB-2011-0160) showed a Retail Transmission Rate – Network Service Rate of \$1.9796 and a Retail Transmission Rate – Line and Transformation Connection Service Rate of \$1.5571 for the GS 50 kW to 2,999 kW class. Board staff notes that changes to the tariff other than the addition of the proposed rate riders for the disposition of Account 1562 are beyond the scope of this application. Board staff requests that CWHL confirm in its reply comments that the changes to the aforementioned retail transmission rates, as originally noted in the final rate order for CWHL’s 2012 IRM rate application, are in error.

Bill Impact Calculation – Residential Class

CWHL provided a calculation of the bill impact that showed a decrease in the total bill of \$1.55 (or 1.47%) for a typical residential customer. The Excel sheet

indicated a tax savings rate rider credit of \$0.0004 per kWh for the residential class. Board staff notes that the Board in its Decision and Order in CWHL's 2012 IRM application (EB-2011-0160) approved the recording of the tax sharing credit in Account 1595 for future disposition. Board staff has removed the tax savings rate rider and recalculated the bill impact for a typical residential customer. Board staff's calculations indicate a decrease on the total bill of \$1.56 (or 1.48%) for a typical residential customer. Board staff submits that CWHL should confirm Board staff's position and calculations in its reply comments.