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**BY E-MAIL**

January 8, 2013

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

Dear Ms. Walli:

**Re: Halton Hills Hydro Inc. ("HHH") –  
Review of Deferral Account 1575  
Application for 2013 Distribution Rates  
Board File Number EB-2012-0130**

In its Decision EB-2011-0271 for HHH's 2012 cost of service application, the Board required the Board's Regulatory Audit and Accounting group ("Regulatory Audit") to conduct an audit review of an audit filed by KPMG in the Fall of 2012. Specifically, in the Board Decision EB-2011-0271, HHH was directed to file with the Board, by September 30, 2012 the results of an audit conducted by KPMG of the PP&E balance including detail sufficient to support the amount that is to be amortized, whether it is one of the three balances already submitted in the cost of service proceeding or some other amount. The Board made this Order as a result of HHH filing updated evidence one day prior to the oral hearing with none of the parties having had an opportunity to test this evidence. The Board Decision also noted that:

When Regulatory Audit has concluded its audit review of the account, and depending on its conclusions, the Board will determine whether it is necessary to revise the account balance for purposes of issuing a final order prior to HHH's next IRM rate application. If necessary, HHH will be required to prepare a final draft order to that effect at that time.

HHH filed its IRM rate application EB-2012-0130 for the 2013 rate year on October 12, 2012. Regulatory Audit has not been able to complete its audit prior to the December 19, 2012 due date for the Board staff written submission in accordance with the Notice

of Application and Written Hearing of HHH's application EB-2012-0130.

Regulatory Audit is in the process of completing the above noted audit and, with the Board's permission, will file its report in this proceeding on or before January 14, 2013. Board staff notes that HHH's Reply submission is not due to be filed until January 17, 2013. HHH has been diligently working with the Regulatory audit regarding this audit. Board staff apologizes for the late filing of its report.

Yours truly,

*Original Signed By*

A handwritten signature in black ink, appearing to read 'D. Babaie', with a stylized flourish at the end.

Daria Babaie, P. Eng., CMA  
Manager, Regulatory Audit and Accounting

c.c: David J. Smelsky - Chief Financial Officer, HHH