



Energizing Our Community

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October 3, 2008

Delivered by Courier and E-mail

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

Dear Ms Walli:

**Re: Orillia Power Distribution Corporation - Board File No: EB-2008-0239
Request for rate rebasing to be deferred until 2010 – EB-2006-0330**

Orillia Power Distribution Corporation ("Orillia") filed a letter with the Board August 6, 2008 advising the Board that Orillia would be late in filing its cost of service application. A lack of resources to file by the deadline was a key factor. Orillia now wishes to request a deferral of one year in its rate rebasing application for implementation in May 2010 (EB-2006-0330).

Orillia acknowledges receipt of the Board letter dated May 27, 2008 recognizing the heavy workload that the cost of service application process imposes on applicants, the Board and intervenors alike. Orillia considered the Board's offer for distributors wishing to be removed from the list of distributors for rate rebasing in 2009 and at that time Orillia opted to proceed with rate rebasing in 2009.

Orillia is strongly committed to filing a rate application that is fully compliant with the Board's Filing Requirements and respectfully seeks more time to prepare evidence in support of its proposals that is focused and detailed with respect to each element of its application. Orillia is striving to achieve the right balance between the interests of its customers in rates that properly reflect the costs associated with providing service and the utility's ability to earn a reasonable rate of return on its investment as intended through the Board's incentive rate plan.

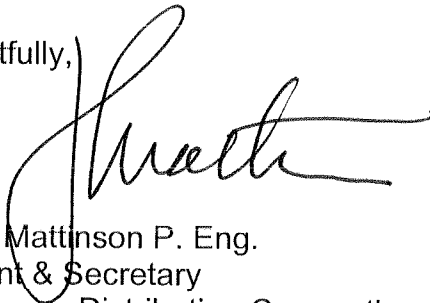


Orillia recognizes that taking sufficient time to prepare the application is critical to achieving this balance and to providing support for its numbers in capital and operating projections.

One of the Board's key features of its multi-year electricity distribution rate setting plan is regulatory efficiency. Orillia's decision to request deferral of its rate rebasing application has not been made lightly. In seeking to defer its cost of service assessment for one year, Orillia intends to improve its application and avoid potential for undue regulatory costs resulting from an earlier filing.

Orillia is looking for the support of the Board for the approval to defer to 2010 and regrets any inconvenience that may result. If you have any questions, please contact Pat Hurley at 705-326-2495 extension 222. Please provide us with confirmation of your decision regarding our request.

Respectfully,

A handwritten signature in black ink, appearing to read 'J. Mattinson', written over the printed name and title.

John F. Mattinson P. Eng.
President & Secretary
Orillia Power Distribution Corporation