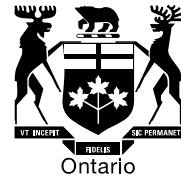


**Ontario Energy
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**Commission de l'énergie
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BY E-MAIL

November 21, 2008

Todd Wilcox
Chief Operating Officer
North Bay Hydro Distribution Limited
74 Commerce Crescent
P.O. Box 3240
North Bay ON P1B 8Y5

Dear Mr Wilcox:

**Re: North Bay Hydro Distribution Limited
2009 Incentive Regulation Mechanism (2009 IRM) Rate Application
Board File Number EB-2008-0202**

This letter acknowledges the Board's receipt, on November 18, 2008, of your letter in response to the Board's letter of November 14, 2008. The Board advised North Bay Hydro Distribution Limited ("North Bay Hydro") that its application could not be processed as it did not follow the Board's guidelines for 2nd Generation Incentive Regulation Mechanism, due to a request to change loss adjustment factors. In your response, you provided reasons as to why your application should be processed as filed.

The Board has considered North Bay Hydro's response. However the Board believes that applications for line loss adjustments are more appropriately considered as part of a cost of service application. As you are aware, distributors are held whole by means of a variance account that accumulates differences between actual and billed distribution losses.

Therefore North Bay must re-file its application without the request to adjust loss factors. The Board will resume processing your application upon receipt of an amended application. If the application is not filed within 30 days of the date of this letter, the Board may close the file for this application.

Please file a complete revised application, removing the loss adjustment factor component, with the Board Secretary. Please ensure that your filing is made in accordance with the Board's RESS Document Filing Guidelines.

Please direct any questions relating to this application to Martin Benum at 416-440-7667, or by e-mail at martin.benum@oeb.gov.on.ca

Yours truly,

Original signed by

Kirsten Walli
Board Secretary