

**Ontario Energy  
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**BY E-MAIL ONLY**

December 1, 2008

John Bonadie  
Enersource Hydro Mississauga Inc.  
3240 Mavis Road  
Mississauga ON L5C 3K1

Dear Mr. Bonadie:

**Re: Enersource Hydro Mississauga Inc. ("Enersource")  
2009 Incentive Regulation Mechanism (2009 IRM) Rate Application  
Board File Number EB-2008-0171**

This letter acknowledges the Board's receipt, on November 7, 2008, of your 2009 IRM application. The Board has assigned file number EB-2008-0171 to this matter. Please refer to this number in all future correspondence to the Board regarding this matter.

The Board notes your request for a new deferral account for the transition of utility accounting from Canadian Generally Accepted Accounting Principles (GAAP) to International Financial Reporting Standards (IFRS). The proposed IFRS deferral account is of general sector applicability; it is not exclusive to the applicant. As such, this matter requires a sector-wide approach through the Accounting Procedures Handbook (APH) or direction by the Board through another instrument. As there already are applications before the Board, which consider this matter, the Board will not hear this part of Enersource's application in the EB-2008-0171 proceeding, and reduces the scope accordingly.

The Board also notes your request for a new deferral account to record and track the incremental polychlorinated biphenyls (PCB) environmental compliance program expenses that the applicant expects to incur as a result of the new PCB Regulations (*Canadian Environment Protection Act, 1999, SOR/2008-273, dated September 5, 2008*). The APH provides a generic account 1572, Extraordinary Event Costs, to address extraordinary costs arising from externalities beyond management's control

and to which Z-factor treatment may apply for regulatory purposes under the 3<sup>rd</sup> Generation IRM regime<sup>1</sup>. In the Board's view, therefore, this account can be used to record and track the PCB expenses identified by the applicant. The appropriateness of these costs will be reviewed upon application for disposition.

As your application includes a request for interim rates from January 1, 2010, to April 30, 2010, the application goes beyond the typical IRM format and the Notice and process will reflect this. The Notice will also make provision for interventions, and indicate that any intervenors eligible for costs will be awarded costs. Based on the Board's experience with applications of this nature, the Board expects that it may be able to render a decision and/or order on or about March 20, 2008. However, depending on the added complexity of the application associated with the request for interim rates, additional time may be required.

The Board will issue further correspondence indicating the next steps to be taken in this matter and corresponding dates.

Please direct any questions relating to this application to John Vrantsidis, Policy Advisor at (416) 440-8122, or by e-mail at [John.Vrantsidis@oeb.gov.on.ca](mailto:John.Vrantsidis@oeb.gov.on.ca).

Yours truly,

*Original Signed By*

Kirsten Walli,  
Board Secretary

c: Andrew Taylor, Ogilvy Renault

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<sup>1</sup> Page VII of the *Supplemental Report of the Board on 3<sup>rd</sup> Generation Incentive Regulation for Ontario's Electricity Distributors* dated September 17, 2008, states that "A distributor may record amounts which meet the eligibility criteria presented below for Z-factor events." The eligibility criteria are causation, materiality, and prudence, as described in the aforementioned report.