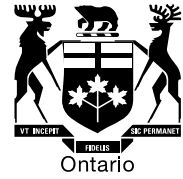


**Ontario Energy
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Facsimile: 416- 440-7656
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BY E-MAIL ONLY

January 12, 2009

Mr. Bryan Drinkwater
Tillsonburg Hydro Inc.
10 Lisgar Avenue
Tillsonburg, ON N4G 5A5

LETTER OF DIRECTION

Dear Mr Drinkwater:

**Re: Tillsonburg Hydro Inc.
2009 Distribution Rate Application
Board File No. EB-2008-0246**

Tillsonburg Hydro Inc. (Tillsonburg Hydro or the Applicant) filed an application with the Ontario Energy Board, received on August 22, 2008, under section 78 of the *Ontario Energy Board Act, 1998*, (the Act), seeking approval for changes to the rates that Tillsonburg Hydro charges for electricity distribution, to be effective May 1, 2009. The Board assigned the application File Number EB-2008-0246.

The Board issued a Notice of Application and Hearing, which was published in the Tillsonburg Independent on October 08, 2008.

On October 24, 2008, the Applicant advised the Board that it will be filing an update to its evidence to reflect changing demand and energy consumption forecasts as a result of prevailing economic conditions, as well as changes to transmission rates and Regulated Price Plan prices.

Procedural Order No. 1 was issued on October 31, 2008 stating that any further procedural matters regarding the review of the application were deferred until the update had been filed. It indicated that depending on the magnitude of the update, a Revised Notice of Application may be required.

On December 15, 2008, the Applicant filed its updated evidence with the Board and the intervenors of record. The Applicant states that the update:

- Reflects revisions to its 2009 capital budget and 2009 OM&A budget;
- Reflects its 2008 3rd quarter financial results and revised 4th quarter projection;
- Reflects changes to the load forecast for 2008 and 2009;
- Reflects the impact of the OEB's recently announced changes to Regulated price Plan rates and to Uniform Transmission Rates;
- Incorporates better estimates of coincident peak and non-coincident peak data that results in more accurate revenue to cost ratios;
- Reflects the findings of the independent third party review of its CDM program results; and
- Corrects errors in its August 22nd filing.

As a result of the update, Tillsonburg Hydro proposes to increase its 2009 Service Revenue Requirement from \$3,312,930 to \$3,325,415.

The Applicant provided the following table showing the estimated percentage change in total bills for average customers within each class:

	August 22 nd Submission - Original	August 22 nd Submission - Corrected	December 15 th Updated Submission
Residential @ 1,000 kWh/mon.	5.66%	5.66%	6.76%
GS < 50 kW @ 2,000 kWh/mon.	6.37%	6.37%	13.32%
GS 50-499 kW @ 125 kW/mon.	2.64%	2.64%	11.39%
GS 500-1,499 kW @ 1,000 kW/mon.	13.61%	1.09%	9.74%
GS ≥ 1,500 kW @ 2,500 kW/mon.	18.64%	3.86%	13.42%
USL @ 2,225 kWh/mon.	-2.62%	-2.62%	-2.68%
Street Lighting @ 320 kW/mon.	-5.18%	-5.18%	-4.51%

As a result of the magnitude of the changes to the bill impacts for some of the average customers, the Board has determined that the Applicant will be required to publish a Notice of a Revised Application before the Board will proceed further with the review of the application. Further, the current intervenors of record, as identified in Appendix B of Procedural Order No. 1, remain, unless any of them indicate to the Board that they no longer wish to be a participant.

The Board has therefore issued the enclosed Notice of a Revised Application relating to your rate application. Please note that you must publish the notice within seven days of the date of this letter. If publication is impossible within seven days, you must inform the Board staff contact provided at the bottom of this letter immediately.

You are directed:

1. To arrange immediately for the attached Notice of a Revised Application, headed with the Ontario government logo and the words "Ontario Energy Board", to be published in one issue of the English language newspaper having the highest

paid circulation, according to the best information available, in Tillsonburg Hydro Inc.'s service area;

(Note: Please make it clear that invoices regarding publication are not to be sent to the Board.)

2. To file with the Board an affidavit proving publication and, where applicable, service of the Notice immediately thereafter;
3. To make a copy of the updated application and evidence, and any amendments thereto, available for public review at Tillsonburg Hydro Inc.'s office and on its website, if available;
4. To provide a copy of the updated application and evidence, and any amendments thereto, to anyone requesting the material; and,
5. Not to include any document(s) or material(s) when serving this Revised Notice other than document(s) or material(s) expressly required by this Letter of Direction to be served.

Yours truly,

Original Signed By

Kirsten Walli
Board Secretary

Enclosures

- c. Steve Lund, General Manager, Tillsonburg Hydro Inc.
John Gott, Finance and Regulatory Affairs Manager, Town of Tillsonburg
Kathi Litt, Elenchus Research Associates Inc.
Intervenors of Record