



Your Home Town Utility



November 16th, 2011

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

Ms. Walli,

Re: Erie Thames Powerlines 2012 Cost of Service Rate Application Filing

Erie Thames Powerlines Corporation is among the group of LDCs identified by the Ontario Energy Board (the "Board") scheduled to file its 2012 Cost of Service rate application on a MIFRS basis. In its letter of March 1st, 2011 the Board noted that the LDC's identified should file their rate applications on a Cost of Service basis no later than August 26th, 2011.

Erie Thames Powerlines Corporation, Clinton Power Corporation and West Perth Power Incorporated were amalgamated into one entity on June 1st, 2011 and were planning to file an amalgamated MIFRS COS rate application for its 2012 rate year. Erie Thames Powerlines wishes to inform the Board that it will not be in the position to file its 2012 COS rate application under a MIFRS accounting structure and plans to file on a CGAAP basis. Erie Thames Powerlines is in the middle of working towards its IFRS conversion for Erie Thames, Clinton and West Perth Power but has not yet completed the process due to the increased workload of completing this task for three entities. The focus of this transition has been on a financial systems conversion in 2011 as a necessary step towards being IFRS compliant in 2012. 2011 has also seen significant time spent on the merger of Erie Thames Power with West Perth and Clinton Power into one entity, and the movement of the majority of its staff complement from its affiliate to within the LDC beginning January 1st, 2011. The resulting challenges both operationally and administratively combined with increased workload with respect to these changes have led to significant barriers to completing a conversion from CGAAP to IFRS. Erie Thames Powerlines is moving towards becoming IFRS compliant and to that end has completed an asset data collection process that will assist in finalizing componentization and the calculation of IFRS amortization, and has also updated its Capitalization Policy to conform to IFRS standards. However, as of the date of this letter componentization and the associated useful lives of the assets has not been quantified under MIFRS. Therefore, for these reason Erie Thames Powerlines Corporation will be unable to file its application on a MIFRS basis.

Secondly, Erie Thames Powerlines Corporation wishes to inform the Board that it is currently undergoing an audit of West Perth Power's regulatory asset balances from 2005 to 2010 by the Board's Regulatory Audit and Accounting Department (the "Regulatory Audit") to ensure that the amounts requested in its



2012 COS rate application are defensible as these amounts have not been disposed of or reviewed since the 2006 EDR process for disposition of 2004 balances. The Regulatory Audit being performed began in July of 2011 and is now concluded. During this Regulatory Audit process Erie Thames Powerlines and its staff have been able to apply the lessons learned from this audit to Erie Thames and Clinton Power RSVA balances in order to ensure that all balances to be disposed of within Erie Thames group of companies are compliant with the Accounting Procedures Handbook and accurate for Board review.

Erie Thames Powerlines plans to file its 2012 combined Cost of Service Rate application early in 2012 and requests that the current rates for Erie Thames Powerlines, West Perth Power and Clinton Power be declared as interim as of May 1st, 2010. Erie Thames also wishes to acknowledge that in light of the delay in filing its application it will not be requesting that the rates be approved retroactively to May 1st, 2012.

Please do not hesitate to contact the undersigned should you have any questions, or concerns.

Respectfully,

Original signed

Chris White,
President Erie Thames Powerlines

CC: Graig Pettit Manager of Finance Erie Thames Powerlines
CC: Daria Babaie, Manager Regulatory Audit and Accounting OEB

