

Ontario Energy Board
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BY E-MAIL

March 2, 2012

Jennifer Uchmanowicz
Espanola Regional Hydro Distribution Corporation
598 Second Avenue
Espanola ON P5E 1C4

Dear Ms. Uchmanowicz:

**Re: Espanola Regional Hydro Distribution Corporation
Application for Rates
Application Board File Number EB-2011-0319**

This letter acknowledges receipt on February 15, 2012 of your 2012 cost of service application. The Board has assigned File Number EB-2011-0319 to this matter. Please refer to this file number in all future correspondence to the Board regarding this matter. All information related to this matter must be filed with Board Secretary.

Your application did not include the following information:

1. A copy of the capitalization policy. As stated in the *Report of the Board: Transition to International Financial Reporting Standards (EB-2008-0408)* (the "Board Report"), on pages 16 -17, "[t]he utility will file a copy of its capitalization policy, identifying any updates to the policy, as part of its first cost of service rate filing after IFRS adoption."
2. Identification of the changes and the impact to Espanola's revenue requirement, if any, related to the PP&E items noted below, as per pages 17-20 of the Board Report:
 - Borrowing costs applied to PP&E
 - Customer contributions received for PP&E
 - Asset reclassification from PP&E to intangible assets
 - Asset retirement obligations
 - Gains and losses on disposition of assets
 - Treatment of asset impairment

3. OM&A expenses on CGAAP basis for 2011 and 2012 as per the Board's letter dated November 8, 2010, *Transition to IFRS – Amendment to Board Policy*, Appendix 2. Page 43 states that “[e]lectricity distributors filing cost of service applications for rates in the year they choose to adopt IFRS for financial reporting must provide the required actual years, the bridge year and the forecasts for the test year(s) in CGAAP based format.”
4. Appendix 2-T regarding account 1592, PILs and Tax Variance for 2006 and Subsequent Years, pursuant to page 47 of *Chapter 2 of the Filing Requirements for Transmission and Distribution Applications*, dated June 22, 2011. The Filing Requirements state that the distributor should complete and file Appendix 2-T in support of its request to dispose of account 1592.

Accordingly, the Board will consider your application to be incomplete until such time that Espanola files the missing information. The Board expects Espanola to file the missing information as soon as possible and no later than April 3, 2012.

Please direct any questions relating to this application to Silvan Cheung, Advisor at (416) 544-5158 or Silvan.Cheung@ontarioenergyboard.ca.

Yours truly,

Original signed by

John Pickernell
Assistant Board Secretary