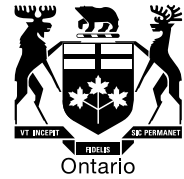


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BY E-MAIL

August 9, 2012

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

Dear Ms. Walli:

**Re: Board staff Submission
London Hydro Inc.
Application for 2012 Smart Meter Cost Recovery effective May 1, 2012
Application Board File Number EB-2012-0187**

In accordance with the Board's Decision and Order in this matter, dated July 26, 2012, London Hydro submitted its Draft Rate Order ("DRO") on August 1, 2012.

On August 8, 2012 London Hydro filed an update to its DRO. The Board-issued Smart Meter Model Version 2.17 assumed a May 1, 2012 implementation date and therefore did not take into account interest on OM&A and depreciation expenses past this date. Board staff notes that London Hydro incorporated the additional carrying charges on OM&A and depreciation expense from May 1, 2012 to August 30, 2012, as this should also be taken into account for the principal on SMFA revenues. Board staff agrees with this treatment of the accumulated interest.

London Hydro further noted that due to a lag in recordings of the SMFA with respect to London Hydro's billing system, the month of April 2012 SMFA revenue was not appropriately recorded in the models filed on August 1, 2012. Therefore, the DRO and smart meter models have been updated in the amount of \$222,563 in SMFA revenue collected for April 2012 and associated carrying charges of \$817.92.

Board staff has reviewed the material submitted and has no comments.

Sincerely,

Original Signed By

Birgit Armstrong
Advisor - Applications