

Ontario Energy Board
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**Commission de l'énergie
de l'Ontario**
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August 17, 2007

Jennifer Uchmanowicz
On behalf of Espanola Regional Hydro Inc.
Rates and Regulatory Affairs Officer
PUC Distribution Inc.
765 Queen Street East, P.O. Box 9000
Sault Ste. Marie, Ontario P6A 6P2

Dear Ms. Uchmanowicz:

**Re: Espanola Regional Hydro Inc.
- 2008 Electricity Distribution Rate Application**

The Board is in receipt of your letter of August 13 indicating a delay until October 31st in the filing of Espanola Regional Hydro's rate rebasing application for the 2008 rate year. Please be informed that the Board established the August 15 date based on an assessment of the number of applications for rebasing that are expected to be filed and the time required to process those applications. The goal was to allow sufficient time to process the applications in time for a change to distribution rates on May 1, 2008.

It is at the discretion of the applicant if they do not wish to file on the date specified. If Espanola Regional Hydro Inc. files its application on October 31, there could be a delay in processing the application to an extent that the effective date for new rates could be later than May 1, 2008. If that does occur, there is the possibility that the Board would have to consider the matter of rate retroactivity. As a matter of policy, the Board does not support retroactive rate setting; however, the unique circumstances of an individual case would prevail. Therefore, the matter of rate retroactivity would introduce another issue into the rate review for Espanola Regional Hydro's rate rebasing application.

The Board is encouraged that Espanola Regional Hydro Inc. is making every effort to complete the preparation of its application at the earliest possible date, if possible.

Yours truly,

Original Signed By

Peter H. O'Dell
Assistant Board Secretary