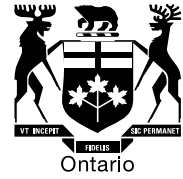


**Ontario Energy
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BY EMAIL ONLY

January 18, 2008

Ontario Energy Board
P.O. Box 2319
27th. Floor
2300 Yonge Street
Toronto ON M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Waterloo North Hydro Inc.
2008 Incentive Regulation Mechanism Rate Application
Board File Number EB-2007-0829**

Please find attached Board staff's submission for the above proceeding for distribution to the applicant and any intervenors.

Yours truly,

Original signed by

Laurie Reid
Senior Policy Advisor, Regulatory Policy Development

Encl.