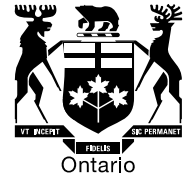


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BY E-MAIL

2007 February 1

Don Thorne
Milton Hydro Distribution Inc.
55 Thompson Road South
P.O. Box 189
Milton, ON L9T 6P7

Dear Mr. Thorne:

**Re: Milton Hydro Distribution Inc.
2007 Incentive Rate Mechanism
Application Board File Number EB-2007-0555**

Earlier this day, the Board acknowledged receipt of your electricity distribution rate application on January 26, 2007 (the "application"). Inadvertently, certain comments concerning the application were omitted from that correspondence. We regret the omission and take this opportunity to provide those comments to you.

An initial review of your application reveals that it has not been filed in accordance with the Board's December 20, 2006 "Report of the Board on the Cost of Capital and 2nd Generation Incentive Regulation for Ontario's Electricity Distributors" (the "Report").

Specifically, among other things, your application requests the Board make an adjustment to your 2007 electricity distribution rates in order to recover a revenue loss from the reduction in consumption from a large volume customer, a matter which was previously reviewed and decided by the Board in EB-2005-0391.

A review of a decision of the Board does not form part of an application. It requires a motion to review. The steps to be taken to initiate a motion to review are described in Part VII of the Board's *Rules of Practice and Procedure*, which are found on the Board's website under "Rules, Codes, Guidelines & Forms". To expedite the review of the 2007 rate adjustment, you may wish to re-file your application to bring it into conformity with the Report. Upon receipt of the revised

application the Board will issue an acknowledgement letter indicating the expected date on which a decision and/or order may be rendered.

The Board has assigned File Number EB-2007-0555 to this matter. Please refer to this number in all future correspondence to the Board regarding this matter

Please direct any questions relating to this application to Marc Abramovitz, Advisor at +1 (416) 440-7690 or Marc.Abramovitz@oeb.gov.on.ca.

Yours truly,

Original Signed By

Peter H. O'Dell
Assistant Board Secretary