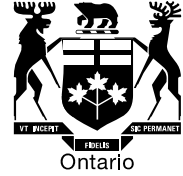


**Ontario Energy
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BY E-MAIL

February 6, 2007

George Mychailenko
Brantford Power Inc.
84 Market Street
Brantford, ON N3T 5N8

Dear Mr. Mychailenko:

**Re: Brantford Power Inc.
2007 Incentive Rate Mechanism Application
Board File Number EB-2007-0510**

This will acknowledge receipt on January 29, 2007 of your electricity distribution rate application (the "application"). An initial review of your application reveals that it has not been filed in conformity 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 "December 2006 IRM guidelines").

Specifically, your application does not conform in the following respects:

- it includes a request for approval for capital expenditures in the 2007 year as the second phase of a Tier 2 adjustment covered in the 2006 Electricity Distribution Rate Handbook and which the Board approved expenditures in 2006 for inclusion in distribution rates during the 2006 rate year; and
- it includes a request that the OEB address, at this time, the continued application of the half year rule to assets in their second year of service.

As you may be aware, distributors filing forward test year cost of service applications based on alternative principles or mechanisms for setting rates must do so in conformity with the Board's November 14, 2006 "Filing Requirements for Transmission and Distribution Applications" (the "November 2006 cost of service guidelines") which is Appendix D to the December 2006 IRM guidelines.

You have the following options for the processing of your application:

1. amend your application to conform to the December 2006 IRM guidelines and re-file by February 9th. This would require you to remove the cost of service and customer classification issues which are currently in your application. Those issues can be addressed through separate applications to the Board made in conformance with the November 2006 cost of service guidelines; or
2. amend your application and file the materials necessary to meet the November 2006 cost of service guidelines. You must provide the additional information described in Chapter 2 of that guideline, which includes but is not limited to:
 1. A volume and revenue forecast, including any normalization methodology and other sales activities;
 2. An operating cost exhibit with information summarizing the total cost of service; and
 3. Information on rate base, capital budgets and system expansion.

The Board will resume processing your application once you have fulfilled the requirements of the option you have selected. If the application and the required additional information are not filed within 30 days of the date of this letter, the Board may close the file for this application.

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-2007-0510 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 Keith Ritchie, Project Advisor at (416) 440-8124 or keith.ritchie@oeb.gov.on.ca.

Yours truly,

Original signed by

Peter H. O'Dell
Assistant Board Secretary