



PUBLIC INTEREST ADVOCACY CENTRE
LE CENTRE POUR LA DEFENSE DE L'INTERET PUBLIC

ONE Nicholas Street, Suite 1204, Ottawa, Ontario, Canada K1N 7B7

Tel: (613) 562-4002. Fax: (613) 562-0007. e-mail: piac@piac.ca. <http://www.piac.ca>

Michael Buonaguro
Counsel for VECC
(416) 767-1666

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VIA E-MAIL AND COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

Dear Ms. Walli:

Re: Hydro 2000 Inc. – Draft Rate Order
2008 Electricity Distribution Rate Application (EB-2007-0704)

VECC has reviewed the Draft Rate Order filed with the Board by Hydro 2000 Inc. and its comments are set out below.

Base Revenue Requirement

In its determination of Base Revenue Requirement Hydro 2000 has included \$244,816 in OM&A expenses (page 19). This is the same value as was included in the Reply Submission (Exhibit 7, Tab 1, Schedule 1, page 3). However, in its March 14th Decision the Board made a number of adjustments to Hydro 2000's proposed OM&A which result in a revised (and higher) approved value. Hydro 2000 has correctly documented these changes on page 3 of the Draft Rate Order and simply needs to carry them forward to the Base Revenue Requirement determination.

Cost Allocation

Contrary to the Board's Decision (page 26), Hydro 2000 has not clearly laid out how the Board's direction on the revenue to cost ratios for the various customer classes yields the percentage revenue allocations (pages 12-13) that it has used

to assign the revenue requirement to customer classes. In VECC's view a clear reconciliation is required and, in the interest of transparency, it would be preferable for Hydro 2000 to address this matter in its reply.

Yours truly,



Michael Buonaguro
Counsel for VECC