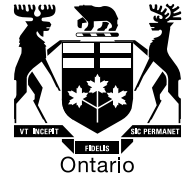


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**BY E-MAIL ONLY**

October 30, 2012

René Beaulne  
Hydro 2000 Inc.  
440 rue St-Philippe St.  
Alfred ON K0B 1A0

Dear Mr. Beaulne:

**Re: Hydro 2000 Inc. ("Hydro 2000")  
2013 Incentive Regulation Mechanism (2013 IRM) Rate Application  
Board File Number EB-2012-0133  
Notice of Intervention of the Vulnerable Energy Consumers Coalition  
("VECC")**

On October 22, 2012 the Board accepted VECC as an intervenor in the above noted proceeding, subject to Hydro 2000's right of reply within 10 calendar days from the filing of VECC's notice of intervention.

Subject to Hydro 2000 objections, the Board determined that VECC is eligible to apply for an award of costs under its Practice Direction on Cost Awards in relation to Hydro 2000's proposed revenue-to-cost ratio adjustments.

The Board received a letter from Hydro 2000 objecting to the intervention request by VECC.

Hydro 2000 stated that the process underpinning the 2013 IRM application "is to be a streamlined and mechanized process" and as part of its rationale for the objection, Hydro 2000 has presented the following passage from the Board's Decision related to its 2012 Cost-of-Service (EB-2011-0326) which stated the following with respect to Revenue-to-Cost Ratios:

*"The Board will not require Hydro 2000 to re-do its cost allocation model with Services weighting factors different than what it has submitted in the pre-filed evidence. The Board notes that Account*

*1855 is approximately \$70,000, less than 7% of Hydro 2000's distribution assets, so an adjustment to the weighting factors will not produce a large change in the respective class revenue requirements. Furthermore, the outcome of applying Services weighting factors based correctly on asset values would likely be to decrease slightly the revenue-to-cost ratios of the General Service classes, both the status quo ratios and the ratios based on proposed rates. The ratios for the General Service classes would remain substantially above 100% regardless of the Services weighting factors."*

VECC responded on October 26, 2012 by letter to the Board noting that Hydro 2000's attempt to conform with the Board's filing standards does not dispense with the required process of review of its application. VECC also stated that Hydro 2000's preparation may well abbreviate the process of review, but cannot, by itself, ensure that the revenue requirement requested is prudent and the rates are just and reasonable.

The Board agrees with the submissions of VECC and confirms VECC as an intervenor eligible for an award of costs in this proceeding.

The Board will assess VECC's contribution to the Board's understanding of the issues following the conclusion of the proceeding. In assessing VECC's contribution the Board will consider the mechanistic nature of this proceeding given that policy issues related to the revenue-to-cost ratio adjustments were dealt with in Hydro 2000's 2012 Cost-of-Service proceeding and are beyond the scope of this proceeding.

Yours truly,

*Original signed by*

Kirsten Walli  
Board Secretary

cc: Mr. Michael Janigan – VECC  
Ms. Shelly Grice - VECC