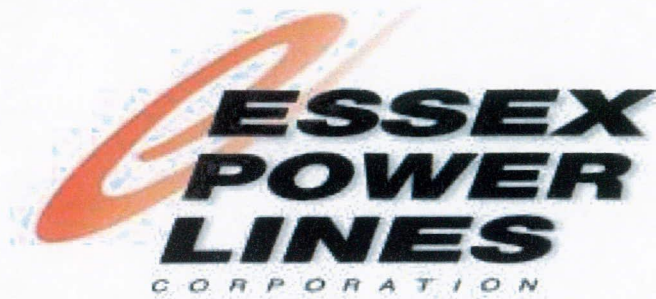


360 Fairview Ave. West., Suite 218
Essex, ON N8M 3G4

Telephone (519) 776-8900
Fax (519) 776-7262



January 31, 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: Essex Powerlines Corporation
2008 Incentive Regulation Mechanism Rate Application
Board File Number EB-2007-0878**

In regards to the letter written to the board on the above matter from Mr. John Vrantisidis, please accept this letter as Essex Powerlines response.

Essex Powerlines agrees to accept the first approach used to adjust Retail Transmission Rates only and to defer the disposition of the associated variance account balances until such time as Essex applies for rate rebasing.

Respectfully,

A handwritten signature in dark ink, appearing to read 'Richard E. Dimmel', is written over a light blue horizontal line.

Richard E. Dimmel
General Manager
Essex Powerlines Corporation

CC: J. Vrantisidis

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BR

OEB BOARD SECRETARY	
File No:	SubFile: 10
Panel	
Licensing	John V
Other	
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