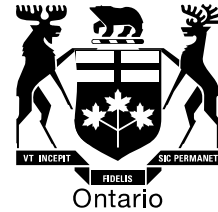


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BY EMAIL

October 24, 2008

Mr. Michael Buonaguro
Public Interest Advocacy Centre
One Nicholas Street, Suite 1204
Ottawa, Ontario
K1N 7B7

Dear Mr. Buonaguro:

**Re: Ontario Energy Board Decision with Reasons
Horizon Utilities Corporation's ("Horizon") Rates
Board file number EB-2007-0697**

The Board received your letter, as counsel for the Vulnerable Energy Consumers Coalition ("VECC"), dated October 8, 2008 expressing concern that the Board relied on certain information which was not part of the public record in its Decision with Reasons EB 2007-0897 (the "Decision"). Specifically you referred to page 27 of the Decision wherein the Board notes: "Having reviewed the record of Horizon's previous rebasing (RP-2005-0020/EB-2005-0375) along with the cost allocation study submitted by Horizon with this application, the Board has concluded that there were data errors in the cost allocation study and the that the initial ratio of 49.8% should be disregarded."

As a result of this statement VECC is concerned that there is no evidentiary basis supporting some of the Board's findings relating to Horizon's cost allocation model.

In response to VECC's letter, Horizon wrote to the Board noting that it filed its initial cost allocation model on March 30, 2007. It then filed a revised cost allocation model with its 2008 EDR application. The revision corrected the mechanics of the original cost allocation model's allocation of the transformer allowance credit. As such the actual data used in both models is the same. Horizon noted that the errors referenced by the Board in the Decision relate to the mechanics of the cost allocation model and not the input data specific to Horizon.

The Board agrees with the explanation in Horizon's letter and directs VECC's attention to the following documents filed in this application; Exhibit C, Tab1, Schedule 3; Exhibit H,

Tab 1, Schedule 2 (and in particular page 3); and Exhibit I, Tab 1, Schedule 1, all of which were filed on October 22, 2007 and which contain the details regarding the adjustments to the Large User allocation from which the impact on the revenue to cost ratio can be determined.

The Board finds that the record in this proceeding is complete and provides an appropriate evidentiary basis for the Board's Decision.

Yours truly,

Original signed by

John Pickernell
Assistant Board Secretary

c: Cameron McKenzie, Horizon Utilities Corporation
All intervenors of record