



EB-2007-0704

OEB BOARD SECRETARY	
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November 19, 2007

Ms. Kristen Walli  
Ontario Energy Board  
P. O. Box 2319  
2300, Yonge Street  
26<sup>th</sup>, Floor  
Toronto, On  
M4P 1E4

Dear Madame:

**Subject: 2008 Rate Rebasing**  
**: File Number: EB-2007-0704**

The following pages will explain all the revises modification that was done to the application.

- 1- The Smart Meter Capital project for year 2008 and 2009 for a total of \$180,000 was removed from the application and was replaced by a smart meter adder of \$0.26 for the residential and GS < 50 kW.
- 2- The new approved Income Tax Federal Percentage has been adjusted in the model.
- 3- Removal of the \$60,000 expenses in the regulatory expenses account 5655 for the cost of doing the 2008 rebasing mode. Hydro 2000 Inc. is proposing to includes those cost of \$39,573 in Other regulatory Assets account 150800-03 and be dispose in the next three years in 2008 Rate Rebasing.
- 4- After answering and reconciling question #5 of the Board Interrogatories for the LV charges, the expense for the LV was increase from \$121,000 to \$143,000. Please see the answer of question #5 for more details.

- 5- The 1562 and 1563 PILS has been removed from the model after our auditor has revised the question. This will be address in the future. Please see answer to Board Interrogatories question 36 and 37.
- 6- Hydro 2000 Inc. is updating one capital project with a formal quotation for its CIS Billing conversion data from Advanced to Harris. The final quotation and implication where only known at the end of august 2007. At that time the model and exhibit where almost completed. The total cost will change from \$42,000 to \$57,200. Additional operating expenses for billing as been included in the amount of \$15,073 in OM&A. Please refer to the answer of question 1b) of Board Interrogatories.
- 7- Transmission Rates have been updated as indirectly ask by question 49 and 50 in the Board Interrogatories. Please see answer to question 49 and 50. The following implication derives from the new transmission rates.

Hydro 2000 Inc. as calculated the new rates to be neutral between the Purchase and the billed transmission rates. Hydro 2000 Inc. as included in its new transmission rates the disposal of its Variance account 1584 and 1586 on a three year basis like the regulatory expenses would have been dispose off.

Hydro 2000 Inc. as reduced its cost of power to reflects the change in the purchased of Network and Connection in account 4714 and 4716.

The only impact in transmission rate not included in the model is if there is further reduction from HONI transmission rates to embedded utility and other regulatory assets charges that could be transfer from HONI to Hydro 2000.

Please contact the undersigned for any information.

Yours truly,

Rene Beaulne (Bone)  
Manager/CEO  
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CC: Mr. Ted Antonopoulos