



1 Greendale Drive, Caledonia, ON, N3W 2J3 Tel: (905) 765-5211 Fax: (905) 765-5316

June 21, 2007

Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

Attention: Kirsten Walli
Board Secretary

Re: EB-2006-0268 Comparison of Distributor Costs

Dear Ms. Walli:

Haldimand County Hydro Inc. appreciates the opportunity to provide input on the OEB's Comparison of Distributor Costs as presented with their letter of April 27, 2007.

Our comments are confined to the selection of peer groups as this is a most significant determinant in the "*Excess Cost Per Year*" and "*Efficiency Ranking*" conclusions highlighted in Tables 5 and 6 respectively.

Haldimand County Hydro's service territory consists of 1,252 square kilometres with electricity distribution servicing throughout (in contrast to a utility whose service territory may include large un-serviced wilderness area). This size makes it the second largest service territory in the province, to our knowledge, and twice that of Toronto Hydro at 630 square kilometres. This service territory size, combined with its relatively low customer density, differentiates it from those others in the "Southwestern Midsize Town LDCs". While it appears that rigorous mathematical modeling was applied to the data, peer selection was simplistically based upon "...company size and geographical location..." as noted in item 6.9.1. Significant efficiency conclusions were stated in the report based upon these groupings.

We certainly concur with the comment on page V of the Executive Summary which reads "*However, utilities in some groups have widely varying degrees of customer density. This approach should be upgraded if it is to be used in ratemaking.*"

Three copies of this document are enclosed. As well, an electronic copy in Adobe Acrobat (.pdf) format has been sent today to boardsec@oeb.gov.on.ca.

If there are any questions, please contact me at 905-765-5344 (ext. 2237) or jscott@hchydro.ca, or our President & CEO Lloyd Payne (ext. 2242) or lpayne@hchydro.ca.

Yours truly,
HALDIMAND COUNTY HYDRO INC.

Original Signed by J. A. Scott

Jacqueline A. Scott
Finance Manager

JAS: nm