



February 5, 2007

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

Attention: Board Secretary

**Re: Cost of Capital (EB-2006-0088) and 2nd Generation Incentive Regulation
Mechanism (EB-2006-0089)
Issuance of Addendum for Smart Metering Rates**

On January 29, 2007 the Ontario Energy Board (the "OEB) issued a Report of the Board on 2nd Generation Incentive Regulation for Ontario's Electricity Distributors Addendum for Smart Metering Rates. The addendum provides guidance on how to apply for a new smart meter adder in the 2007 IRM model for rates effective May 1, 2007. Espanola Regional Hydro Distribution Corporation will not be actively installing smart meters in 2007 and has been identified by the OEB as an inactive distributor. Espanola Regional Hydro Distribution Corporation requests this letter be considered application for the continuation of the 2006 smart meter rate adder for 2007 as incorporated in the 2007 IRM model that reflects \$0.30 per residential customer per month for 2007. As in the Generic Decision, this will be allocated to all metered customers and recovered through the monthly service charges.

Signed on this 5th day of February, 2007 at Sault Ste. Marie on behalf of the Board of Directors of Espanola Regional Hydro Distribution Corporation by:

Terry Greco, CA
V.P. Financial Services
PUC Services Inc.