February 1, 2007

BY COURIER

Ms. Kirsten Walli, Board Secretary
Ontario Energy Board
2300 Yonge Street, 26th Floor, P.O. Box 2319
TORONTO, ON   M4P 1E4

Re: **IRM 2007 EB Number: EB-2007-0549**
        EDR 2006 RP Number: RP-2005-0020
        EDR 2006 EB Number: EB-2005-0386
        Addendum to Kitchener-Wilmot Hydro Inc.'s Application for Approval
        of 2007 Electricity Distribution Rates, Licence No. ED-2002-0573
        2007 Smart Meter Rate Adder

Dear Ms. Walli:

        On January 23, 2007, Kitchener-Wilmot Hydro Inc., referred to herein as the
"Applicant", submitted its application to the Ontario Energy Board (the "Board") to
adjust its distribution rates effective May 1, 2007. All procedures and filing requirements
as outlined in the Report of the Board on Cost of Capital and 2nd Generation Incentive
Regulation for Ontario's Electricity Distributors (the "IRM Report") were followed in the
preparation of its submission.

        Subsequently, on January 29, 2007, the Board issued its Addendum to the IRM
report, providing direction to distributors regarding recovery of costs associated with
smart metering investments and on filing requirements for 2007 EDR smart metering rate
adders.   The Applicant will be pursuing smart meter activities commencing in 2008 and
is thus considered an "Inactive Distributor" for the purpose of calculating smart meter
adders in the 2007 EDR process. The Applicant is of the view that funding should
continue in its 2007 distribution rates to help to avoid future rate shock for its customers.

        The Applicant is therefore requesting a continuation of the smart meter rate adder
of $0.30 per residential customer per month as incorporated in the Applicant's approved
2006 distribution rates.

Should you require any further information or clarification of any of the above data, kindly contact either myself at (519) 745-4771 ext. 280, or our Vice President of Finance & CFO at ext. 217.

Respectfully submitted,

Original Signed by

R. Charie, B.Comm, C.G.A.   President & CEO
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