



July 5, 2006

Mr. Peter H. O'Dell
Assistant Board Secretary
Ontario Energy Board
P.O. Box 2319
Suite 2700, 2300 Yonge Street
Toronto, ON M4P 1E4

via email to: BoardSec@oeb.gov.on.ca and regular mail

Dear Mr. O'Dell:

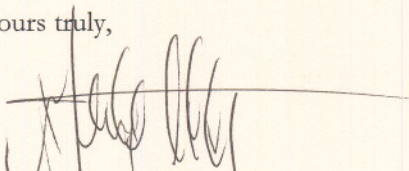
Re: EB-2006-0088 (Cost of Capital) - Comments on Draft Staff Report - Proposals for Cost of Capital and 2nd Generation Incentive Regulation for Ontario's Electricity Distributors

This letter concerning the Cost of Capital material contained in the above referenced OEB Staff report is submitted on behalf of Hydro Ottawa Limited, Horizon Utilities Corporation, and Veridian Connections Inc., hereinafter referred to as "The Utilities".

The Utilities have reviewed and generally support Toronto Hydro Electric System Limited's views as expressed in their July 5th 2006 submission signed by Mr. P. Sardana, and specifically the recommendation that the Cost of Capital issue be dealt with by way of a full hearing process allowing for the filing and testing of expert evidence from all stakeholders.

We look forward to continued stakeholder dialogue on this important initiative.

Yours truly,


George Armstrong
Manager of Regulatory Affairs and Key Projects

c Lynne Anderson, Hydro Ottawa Limited
Cameron McKenzie, Horizon Utilities Corporation

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