

Hydro One Networks Inc.

8th Floor, South Tower
483 Bay Street
Toronto, Ontario M5G 2P5
www.HydroOne.com

Tel: (416) 345-5700
Fax: (416) 345-5870
Cell: (416) 258-9383
Susan.E.Frank@HydroOne.com



Susan Frank

Vice President and Chief Regulatory Officer
Regulatory Affairs

BY COURIER

November 17, 2008

Ms. Kirsten Walli
Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON.
M4P 1E4

Dear Ms. Walli:

Hydro One Networks Application for Exemption from Section 6.5.4 of the Distribution System Code

Hydro One Networks Inc. (“Hydro One”) is applying to the Board for a 12 month exemption from the January 31, 2009 timeline requirement of Section 6.5.4 of the *Distribution System Code* (“the Code”).

Reason for Request

On October 6, 2008 the Chief Compliance Officer of the Ontario Energy Board contacted Hydro One, and other Local Distribution Companies (“LDC’s”) regarding the progress in the elimination of Long Term Load Transfers (“LTLT’s”). In response we advised that there have been some issues that have hindered the application process and which may continue to do so. They are:

- Hydro One is involved in a cooperative joint-application process with each of the neighbouring LDCs with LTLT arrangements. The timing of the field assessments and application filings is not directly controllable by Hydro One.
- The Ontario Energy Board’s (“the Board”) Decision with Reasons for EB-2007-0917 and EB-2007-0947 resulted in the revision of a number of applications in progress in order to correctly capture the information concerning costs and capital contributions that the Board indicated it needs to render decisions.
- The transfer tax exemption has been extended by the Government. Consequently, any work with areas where mergers and/or acquisitions discussions are occurring will likely continue to be delayed.

Despite this, we have made progress with the elimination of LTLT's across the Province. To date:

- 8 applications have been either approved or filed with the Board and 1 LTLT location was resolved without the requirement for an application.
- 13 applications are in progress and are expected to be filed by January 31, 2009 assuming timely co-operation from the participating LDCs.
- 43 applications (all of the remaining) are pending and would be filed sometime after January 31, 2009.

Consequently, Hydro One will be non-compliant with the Code as of February 1, 2009.

Exemption Request

In light of the above, Hydro One hereby requests that the Board exempt Hydro One from the requirements of Section 6.5.4 of the Code for a period of 12 months to deal with those LTLT situations that are likely to remain unapproved beyond the January 31, 2009 deadline. Hydro One would be pleased to provide any further information that would assist the Board in assessing the merits of this request. Please contact Blair MacDonald at (416) 345-5067 for further assistance in this regard.

Sincerely,

Susan Frank