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February 9, 2011

Susan Frank
Vice President and Chief Regulatory Officer
Hydro One
8th Floor, South Tower
483 Bay Street
Toronto, Ontario M5G 2P5

Dear Ms. Frank,

RE: Hydro One Compensation Benchmarking and Load Forecasting Studies - Stakeholder Session

The Ontario Power Authority (OPA) is writing to thank you for Hydro One's invitation to attend a facilitated stakeholder session on Thursday, February 10th to seek input on two studies that Hydro One is proposing to undertake. The OPA understands that these studies are intended to respond to the Ontario Energy Board's (the Board's) December 23, 2010 Decision relating to Hydro One Networks Inc.'s application for *2011 and 2012 Transmission Revenue Requirement and Rates* (Proceeding EB-2010-0002).

In particular, the OPA is writing with respect to the proposed load forecasting study. The OPA recognizes the Board's direction to Hydro One to work with the OPA to devise a means of measuring the expected impacts of conservation and demand management (CDM) programs promulgated by the OPA. The OPA appreciates the importance of continued collaboration with Hydro One with respect to this matter, and is committed to on-going dialogue with stakeholders in keeping with our guiding principle of transparency.

The OPA is of the view that further discussions are required between the OPA and Hydro One to ensure that both organizations have a complete appreciation of the information that is already available to assist in responding to the Board's direction and the options for responding. Ensuring that a proper inventory of existing information and methodological approaches exists is advisable in order to support stakeholder activities related to this matter. The OPA is concerned that initiating broader discussions prior to such an inventory and a full understanding of the options being in place is premature and could potentially lead to confusion and inefficiency. As a result, the OPA does not anticipate participating in this stakeholder session.

The OPA looks forward to continuing to work with both Hydro One and stakeholders with respect to the Board's direction on CDM forecasting over the coming months.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael Lyle", is written over a faint, larger version of the same signature.

Michael Lyle
General Counsel and Vice President
Legal, Aboriginal and Regulatory Affairs