



By electronic filing and by e-mail

March 24, 2009

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
27th floor
Toronto ON M4P 1E4

Dear Ms Walli,

**Hydro One Networks Inc. ("Hydro One")
Transmission Rate Case
Board File No.: EB-2008-0272
Our File No.: 339583-000027**

We have just noticed that there is an error in paragraph 86 on page 27 of CME's Written Argument which has been repeated in the Table in paragraph 116 on page 35 of the Argument.

The Rates Revenue Requirement reduction in 2010, as a result of a 10% reduction in 2009 and 2010 Capital Budgets is \$15M, and not the \$10M shown in paragraph 86 and in the Table in paragraph 116 of CME's Argument.

Please note these corrections.

We are enclosing corrected pages 27 and 35 of CME's Argument.

Yours very truly,

A handwritten signature in black ink, appearing to read 'Peter C.P. Thompson', with a long horizontal flourish extending to the right.

Peter C.P. Thompson, Q.C.

PCT\slc
enclosures

c. Glen MacDonald (Hydro One)
Interested Parties
Paul Clipsham (CME)

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83. Comparison to other historic norm measures such as the five (5) year average capital expenditures plus 20% amount of \$588M, the 2008 actual capital expenditures of \$704M, and the 2008 Board approved capital expenditures of \$774M, support a conclusion that the capital budget amounts for 2009 and 2010 vary from historic norms in amounts substantially greater than the average capital under-spending amount in the past two (2) years of about \$110M.
84. We submit that the 2009 and 2010 capital budgets are too high by an amount which is, at a minimum, representative of the actual amount of capital under-spending over the past two (2) years.
85. Expressing this measure of unreasonableness of \$110M as a percentage of average total capital spending plan for 2009 and 2010 of \$1,009M produces a percentage slightly in excess of 10%.
86. We accordingly support and adopt Mr. Aiken's submissions on behalf of BOMA and LPMA to reduce Hydro One's 2009 and 2010 capital budgets by 10% in each year, and as a consequence to reduce Hydro One's Rates Revenue Requirement in 2009 by \$5M and in 2010 by \$15M.⁵⁶
87. Having regard to all of this evidence and the line item discrepancies between planned capital expenditures and historic norms, which others have analyzed in their submissions, we urge the Board to direct Hydro One to reduce its capital spending plans in 2009 and 2010 by 10% in order to bring them within the limits of reasonableness.

⁵⁶ Argument of BOMA and LPMA, pages 4 to 6, and Exhibit I, Tab 2, Schedule 18

H. Summary of CME's Suggested Revenue Requirement Adjustments

116. In the Table below, we summarize the estimated effects of the adjustments we submit should be made to the 'as filed' Rates Revenue Requirement increase amounts of \$62M for 2009 and \$110M for 2010.

As Filed	(\$M)	2009 (\$M)	(\$M)	2010 (\$M)
Rates Revenue Requirement Increase		62		110
Adjustments:				
• 10% reduction in Capital Budget	5.0		15.0	
• Updates of Cost of Capital (Exh J3.1)	22.9		58.8	
• Cost of Debt changes per Mr. Aiken's submissions	2.3		1.7	
• Taxes per Mr. Aiken's submissions	0.3		0.1	
• Incremental Export Revenues	12.0		12.0	
• External Revenues				
▫ Station maintenance engineering and construction incremental margin	0.6		0.7	
▫ Secondary Land Use revenues	16.4		16.4	
• OM&A Expenses	21.5		23.9	
• 18 month Clearance of Deferral Account Credits	1.4		7.8	
	82.4		136.4	
Adjusted Rates Revenue Requirement (Decrease)		(20.4)		(26.4)

117. The adjustments summarized in this Table indicate that Hydro One's 2009 and 2010 Rates should be derived from Board approved budgets which produce Rates Revenue Requirement decreases for 2009 and 2010, rather than the increases Hydro One asks the Board to approve.

I. AMPCO's Proposal

118. AMPCO proposes to change the way transmission network demand is measured for billing purposes. It targets the highest peak loads that stress the transmission