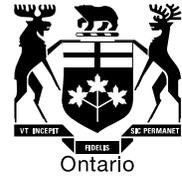


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BY E-MAIL

June 26, 2009

Ms. Susan Frank
Hydro One Networks Inc.
8th Floor, South Tower
483 Bay Street
Toronto ON M5G2P5

Dear Ms. Frank:

**Re: Hydro One's Letter of June 11, 2009
Request for Variance Account for the Study of AMPCO's proposal
Board file number EB-2008-0272**

The Board is in receipt of your letter of June 11, 2009 regarding various Board Directives in the Board Decision with Reasons of May 28, 2009, file EB-2008-0272 (the "Decision"). The Board has also received a letter on behalf of AMPCO, dated June 19, 2009.

At page 69 of the Decision, the Board ordered Hydro One to present further analyses, submit a proposal for implementation, undertake consultations and inform stakeholders of its progress (collectively the "study") in regard to AMPCO's "High 5 Proposal". Your letter indicates that the work involved will be significant in terms of time and cost. As a result, Hydro One is requesting a deferral account to record the costs. In addition, Hydro One is indicating that the work will not be completed by the time of the next hearing.

The Board did not authorize the creation of a deferral account in its Decision, and your letter does not contain sufficient information for the Board to be able to consider it an application for a deferral account. Should Hydro One choose to apply for a deferral account the Board would expect that application to include information

regarding the Terms of Reference for the study and a reasonably detailed cost estimate of the study.

Your letter also states that Hydro One “can only commit to initiating the study and providing an update respecting the progress of the study at the next hearing.” At the next hearing the Board will determine whether Hydro One has complied with the Board’s directive; it cannot make any such determination in advance. Hydro One could either seek to satisfy the Board at the next proceeding that it has complied with the directive or it could bring a motion seeking a variance of the Board’s order in the matter.

Yours truly,

Original signed by

John Pickernell,
Assistant Board Secretary

- c. Mr. Glen MacDonald, Hydro One
- Intervenors
- GLPL
- FNEI
- CNPI