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BY COURIER

September 21, 2009

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

Dear Ms. Walli

EB-2008-0272 – Hydro One Networks 2009 and 2010 Electricity Transmission Revenue Requirements–Response to Board Directive respecting the IESO ETS Study

In the Board's Decision with Reasons dated May 28, 2009, one of the Board's directives to Hydro One dealt with the IESO's study of export transmission tariffs. Specifically:

“The Board agrees with intervenors that the results of the IESO study should be reviewed and any tariff changes implemented as expeditiously as practical. The Board has directed Hydro One to put forward a proposal to the Board within 60 days of the release of the IESO study. The Board can consider at that time whether it should review Hydro One's proposal in the context of 2010 or 2011 rates.”

The IESO study was been filed with the Board on August 28, 2009. They recommended that the ETS tariff remain at \$1/MWh applicable to export and wheel-through transactions. The IESO believed that this tariff would be the most beneficial for efficiency in the region until the conditions change or there is a potential for the reciprocal elimination of the export tariffs with its neighbours.

Since Hydro One's export revenues forecast for the 2009 and 2010 test years were based on \$1/MWh, the IESO recommendation of the status quo suggests that there is no urgency to a review of the ETS tariff recommendation. The Board did direct Hydro One to establish a variance account to record the difference in revenue forecast and revenue achieved for the test years which the Company has done.

Given the above, Hydro One suggests that the Board accept the IESO ETS Study findings for the 2010 test year. A review of the IESO Study results could be included on the issues list for Hydro One

Transmission's 2011 and 2012 test year revenue requirement application should the Board feel further review is necessary.

All intervenors, by copy of this letter, are notified of Hydro One's recommendation with respect to this specific Board Directive from the EB-2008-0272 Decision. Any questions regarding this submission should be directed to Allan Cowan at 416 345-6219.

Sincerely,

ORIGINAL SIGNED BY SUSAN FRANK

Susan Frank

Attach.

- c. EB-2008-0272 Intervenors (email)