



By electronic filing and by e-mail

October 26, 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")

Board File No.: EB-2008-0272

Our File No.: 339583-000027

This letter contains the brief submissions in this supplemental proceeding on behalf of our client, Canadian Manufacturers & Exporters ("CME").

We have reviewed the detailed written submissions of the Vulnerable Energy Consumers Coalition ("VECC"), as well as those of Board Staff.

We note that VECC questions whether the evidence submitted by Hydro One is sufficient to support a finding that either Project D7 or Project D8 is likely to be included in Rate Base for 2010. If the evidence is insufficient in this regard, as VECC alleges, then Hydro One's request for a \$7.1M increase in 2010 revenue requirement should be rejected. As the Board is aware, the 2010 revenue requirement increase feature of this supplemental application is a matter of concern to CME.

We also note that both VECC and Board Staff appear to disagree with Hydro One's characterization of both of these projects as "Non-discretionary". We agree with the submissions of those parties to the effect that the Board should, to the maximum extent possible, approach these types of projects with a view to screening their economic feasibility in the public interest. The public relies on the Board to apply economic feasibility considerations when responding to capital programs presented to it by the utilities it regulates.

We agree with the submissions of VECC to the effect that the Board should take great care to refrain from being seen to approve capital projects that are unsupported by any economic feasibility evidence. The Board should strive to minimize the extent to which it approves capital projects on the sole ground that they have been requested by the Ontario Power Authority ("OPA") or directed by the Ministry of Energy (the "Ministry").

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We urge the Board to apply these guiding principles when responding to this supplemental application and we rely on the Board to determine whether the information submitted by Hydro One complies with any and all of the applicable economic feasibility criteria.

CME requests an award of its reasonably incurred costs in connection with this supplemental application.

Please contact me if there are any questions about the contents of this letter

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

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

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