

Hydro One Networks Inc.

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Frank D'Andrea

Vice President, Chief Regulatory Officer,
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BY COURIER

April 3, 2018

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

Dear Ms. Walli:

RE: Incentive Rate-setting for Hydro One Networks Inc. Distribution and Transmission Businesses

This letter is further to the Ontario Energy Board's (the "Board") correspondence dated March 16, 2018 wherein the Board advised that Hydro One Network Inc.'s ("Hydro One") pending transmission incentive rate application should be for a period of four years instead of the established five years, to coincide with the 2023 rebasing year for Hydro One distribution rates. The Board indicated that the stated intent for the foregoing change was to consider Hydro One's transmission and distribution businesses on a consolidated basis starting with the 2023 rebasing year. Hydro One is supportive of this approach and we believe it allows for a more efficient cycle for the Company's rate filings.

As a result of the Board's directive Hydro One must consider the potential impact on its pending application, including its investment plan, business outcomes, and implications for customers. As such, Hydro One is in the process of re-evaluating the timing of the submission of its transmission application.

Prior to the receipt of the Board's correspondence, Hydro One was not aware of or prepared for the Board's directive and had been working towards the submission of the originally-assembled five year transmission incentive rate application. As a consequence, Hydro One did not have any opportunity to consider or adjust its application planning and preparation process, nor consult the business plan to ensure alignment with the new requested filing. In filing its application, Hydro One will request an effective date of January 1, 2019, and will provide evidence in support of its request as part of its application.

Sincerely,

ORIGINAL SIGNED BY FRANK D'ANDREA

Frank D'Andrea

cc Parties to EB-2016-0160, EB-2017-004,9 and EB-2017-0051 (electronic)