

Hydro One Networks Inc.

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LAW

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July 9, 2009

Ms Kirsten Walli
Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
Toronto, Ontario M4P 1E4

SENT TO FAX (416) 440-7656

Dear Ms Walli:

Re: EB-2009-0149 (Niagara-on-the-Lake Hydro application for rates to be effective Oct. 1/09)

At the Issues Day held in this matter on July 7, 2009, Hydro One Networks Inc. ("Hydro One") was asked if it would be agreeable to filing, for purposes of the LDC's application, the letter that Hydro One sent to the Board's Chief Compliance Officer on September 19, 2008. I agreed to look into the matter.

We have now reviewed the letter and the context in which it was written and have determined that Hydro One would not agree to file the letter. The letter was written in the context of a compliance investigation, not as part of a proceeding or even a negotiation with the LDC. Furthermore, the letter is now out of date: further discussion has transpired between the parties and with the Chief Compliance Officer since then; and some of the facts and opinions, methodology and approach that were the basis of the letter are no longer the same.

Nevertheless, Hydro One commits to sharing with Niagara-on-the-Lake Hydro all relevant information to help both parties reach an informed decision and negotiate in good faith in an attempt to settle the bypass dispute and determine the amount payable by the LDC to Hydro One.

Yours very truly,

ORIGINAL SIGNED BY MICHAEL ENGELBERG

Michael Engelberg

cc: Niagara-on-the-Lake Hydro Inc., att'n: Jim Huntingdon, President fax (905) 468-3861