

September 15, 2009

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

Dear Ms. Walli:

Re: Hydro One Networks Inc. Distribution Rates Application - 2010-2011 - EB-2009-0096

We are counsel to the Consumers Council of Canada ("Council"). In its Procedural Order No. 1, dated September 9, 2009, the Ontario Energy Board set out a proposed issues list for the Hydro One Networks Inc.'s ("HON") 2010 and 2011 Distribution rates proceeding. The Board is seeking comments on the proposed list. These are the comments of the Council on that proposed list.

The Board has also requested that parties indicate what issues they believe should be considered on a written basis and which should be subject to an oral hearing process. The Council submits that it would be premature to delineate the issues along those lines prior to the completion of the interrogatory process. The Council submits that the most appropriate time to identify those issues that can be dealt with through a written process is at the settlement conference. This approach has worked well in previous cases.

Subject to the comments below, the Council generally supports the issues list as proposed.

With respect to Issue 1.4 "Has Hydro One appropriately addresses the revenue consequences of implementing new rates effective January 1, 2010 rather than the conventional May 1 effective date", the Council suggests that the issue be broadened to include not only a consideration of the revenue consequences but also a consideration of whether the proposal itself is appropriate. The issue as it now stands appears to presume that the proposal is accepted and is limited to addressing the revenue consequences of that proposal.

It is expected that HON will be participating in the Board's Low-Income Energy Assistance Plan ("LEAP"). Although the plan has not been finalized and approved by the Board, it is expected to be in place during the test year period (2010-2011). The Council submits that, to the extent HON's involvement in the LEAP requires revenue recovery from ratepayers during the test

years, the issue should be added to the list under Operation, Maintenance, and Administration Costs. The Council suggests, "Are HON's proposals regarding the LEAP program appropriate?" as the appropriate wording for the issue.

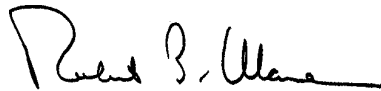
The Board has included a number of issues regarding HON's Green Energy Plan. The Council submits that HON's Green Energy Plan, and the cost consequences of that plan, are appropriate issues for the proceeding. However, the Council has some concerns about issues 9.3, 9.4 and 9.5.

Issue 9.3 currently reads, "Is Hydro One's methodology for allocating Green Energy O&M and Capital costs between the OPA (Global Adjustment Mechanism) and Hydro One appropriate?" Although the Council believes that this will have to be addressed in ultimately determining HON's revenue requirement, the resolution of the issue of how Green Energy Plan investments are funded, either through the Global Adjustment Mechanism or through distribution rates (or through some combination), will set a precedent affecting other local distribution companies (LDCs). It would be unfair to those LDCs and their customers to have this broad policy issue decided without their participation. A consistent policy, applicable to all LDCs, on this issue is essential. The Council assumes that the overall issue of how Green Energy investments are funded will be considered and decided through another Board process allowing all of those ultimately affected to participate. Because the issue has rate-making implications for HON, it will have to be left on the list. However, some mechanism will have to be employed to defer a decision on the issue, and on its rate-making implications, and until the conclusion of a generic process.

The same reasoning applies to issues 9.4 and 9.5.

Yours very truly,

WeirFoulds LLP



Robert B. Warren

cc: Hydro One Networks Limited
Attention: Anne-Marie Reilly
Rogers Partners LLP
Attention: Mr. Don Rogers
All Parties
J. Girvan

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