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October 26, 2009

DELIVERED BY RESS & COURIER

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

Dear Ms. Walli:

**Re: Toronto Hydro Application for Rates Effective May 1, 2010  
OEB File No. EB-2009-0139**

The Board invited Toronto Hydro and intervenors to make submissions on the Board's draft issues list which was attached as Appendix B to Procedural Order No. 1. Toronto Hydro proposes the following amendments to the draft issues list.

- |           |   |
|-----------|---|
| Issue 2.2 | Replace "2009" with "2010".   |
| Issue 3.4 | Delete "labour productivity" from the first sentence. The issue addresses 2010 Human Resources <u>costs</u> (wages, salaries, benefits, incentive payments) but labour productivity is not a cost. The issue of labour productivity is already reflected in the second sentence of Issue 3.4. |
| Issue 3.7 | Replace "income taxes" with PILs to reflect the provincial Payment-in-Lieu of Taxes regime which exists in Ontario.   |
| Issue 6.2 | Remove this issue since Toronto Hydro is not proposing any new Deferral or Variance accounts.   |
| Issue 6.3 | Delete " and the actual levels in USOA 1508" since a variety of costs originating from different drivers are recorded in this account and are not exclusive to the contributions to Hydro One issue.  |

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Issue 8

Remove all issues (8.1, 8.2 and 8.3) under the heading "Smart Meters". In its Application Toronto Hydro seeks approval of neither a Smart Meter budget nor seeks to clear any smart meter-related costs tracked in variance or deferral accounts. Recovery of such costs will be the subject of a separate Board proceeding. For purposes of the current Application Toronto Hydro will continue to follow the Board Findings as articulated on pages 24-25 of its decision from Toronto Hydro's last rates case (EB-2007-0680) which states that the current smart meter regime "where these expenditures are funded through a smart meter adder shall continue, as shall the variance accounts mechanisms currently in place to enable true-ups.... the Board finds that the Applicant's current rate adder is reasonable and shall continue".

Toronto Hydro will respond to submissions of intervenors on the draft issues list by Friday, October 30, pursuant to P.O. No. 1.

Yours truly,

**BORDEN LADNER GERVAIS LLP**

A handwritten signature in black ink, appearing to read 'J. Mark Rodger', followed by a long horizontal line extending to the right.

J. Mark Rodger  
JMR/ld

Encl.  
Copy to:

Intervenors of Record