

OGILVY RENAULT

LLP / S.E.N.C.R.L., s.r.l.

Direct Dial: (416) 216-2342

Direct Fax: (416) 216-3930

ckeizer@ogilvyrenault.com

Toronto, October 17, 2007

SENT BY EMAIL

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

Dear Ms. Walli:

RE: EB-2007-0647, 0649, 0650, 0651, 0652

On behalf of Great Lakes Power Limited, ("GLPL"), Great Lakes Power Transmission LP ("GLPTLP") and Great Lakes Power Transmission Inc. ("GLPT") (collectively referred to as the "Applicants"), we are writing in regard to Procedural Order No. 2 in the above-referenced matter. These are the Applicants' submissions made in response to those of the Power Workers Union ("PWU"). In particular, the Applicants respectfully submit that the remainder of this proceeding should be conducted by way of written hearing.

The PWU filed a letter dated October 15, 2007 in which it requested that the remainder of the proceeding be conducted by way of oral hearing. The PWU's request is premised on a legal interpretation of Section 71 of the *Ontario Energy Board Act, 1998* (the "OEB Act") and constitutes argument and not an issue of fact.

Because the basis for the PWU's request for an oral hearing is a legal argument, an oral proceeding at this point is unnecessary. The facts surrounding the proposed restructuring are clear and on the record. Detailed evidence has been filed by the Applicants. In particular, the relationship between GLPL, as a licensed transmitter operating the transmission system, and GLPTLP, as a licensed transmitter owning the system, were set out in detail. A term sheet was filed at Exhibit A, Tab 1, Schedule 3, Appendix "B" of the pre-filed evidence that sets out, in detail, the essential terms of the Operation, Maintenance and Administration Agreement that will govern the relationship between GLPL and GLPTLP. The intervenors have had the opportunity to seek clarification and request additional information through the interrogatory process. The issue raised by the PWU can be clearly addressed in legal argument based upon the facts already presented to the Board.

Barristers & Solicitors,
Patent Agents & Trade-mark Agents

Suite 3800
Royal Bank Plaza, South Tower
200 Bay Street
P.O. Box 84
Toronto, Ontario M5J 2Z4
Canada

Telephone (416) 216-4000
Fax (416) 216-3930

ogilvyrenault.com

DOCSTOR: 13625333

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In general, as indicated in the Applicants' evidence and interrogatory responses, the subject matter of this proceeding is a restructuring that will have no impact on the transmission system's operations, on the transmission rates applied or on the applicable license conditions. Furthermore, many of the aspects related to the restructuring such as the applicable rate order and licensing conditions were part of other proceedings and have been previously considered by the Board. Accordingly, the Applicants respectfully submit that a written hearing would afford the PWU the opportunity to present its positions and legal arguments.

In any event, as GLPL is exempt from section 71 of the OEB Act, the issue raised by the PWU is moot. It is not reasonable that the Board conduct any hearing, whether written or oral, on a moot point. Furthermore, a determination on compliance with Section 71 is one of legal interpretation and not one that requires a factual inquiry through an oral hearing.

The legal arguments that form the basis for the PWU's request for an oral hearing are without merit and the Applicants feel compelled to comment on PWU's interpretation of the Board's decision in EB-2006-0189/EB-2006-0200 (the "Decision"). In its submission, the PWU references page 11 of the Decision wherein the Board concludes that Section 71 of the OEB Act prohibits Hydro One from acting as a contractor on behalf of the customer in relation to customer-owned facilities. This part of the decision focused wholly on the construction of customer-owned connection facilities in the context of the Transmission System Code. The PWU has taken the Board's decision out of context and has concluded in error that the proposed transaction will violate Section 71 since GLPL will provide maintenance services to GLPTLP.

Section 57 of the OEB Act requires one to hold a license to "own or operate" a transmission system. As indicated in the pre-filed evidence and interrogatory responses, GLPL proposes to operate GLPTLP's transmission facilities pursuant to its existing license conditions that have already been considered and approved by the Board.

The PWU asserts that a transmitter licensed to own facilities may not contract out the operation of those facilities to another licensed transmitter. The logical extension of this assertion is that a transmitter must both own and operate a transmission system to be compliant with Section 71. This interpretation is clearly incorrect since Section 57 requires a transmission license to own or operate a transmission system, and the definition of "transmitter" in Section 56 means a person who owns or operates a transmission system. Clearly, a licensed transmitter can operate a transmission system independent of ownership of the transmission facilities.

For the reasons set out above, GLPL submits that an oral proceeding is not necessary to afford the PWU the opportunity make legal arguments regarding its interpretation of Section 71. In any event, the legal arguments posed by the PWU in support of its request for an oral hearing are irrelevant and without merit.

Yours very truly,

Ogilvy Renault LLP

A handwritten signature in blue ink, appearing to read 'Charles Keizer', is written over the printed name.

CK/sb

cc. Tim Lavoie, Great Lakes Power Limited