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RECEIVED

AUG 31 2009



Susan Frank

Vice President and Chief Regulatory Officer
Regulatory Affairs

ONTARIO ENERGY BD

BY COURIER

August 31, 2009

Ms. Kirsten Walli

Secretary

Ontario Energy Board

Suite 2700, 2300 Yonge Street

P.O. Box 2319

Toronto, ON.

M4P 1E4

Dear Ms. Walli:

EB-2007-0050 – Hydro One Networks' Section 92 Bruce - Milton Transmission Reinforcement Application – Conditions of Approval

Pursuant to the Conditions of Approval for the Bruce to Milton project, I am writing to advise the Board that due to unanticipated delays in receiving both *Environmental Assessment Act* (EA) and Niagara Escarpment Commission (NEC) approvals, the cost of the project may materially exceed the OEB-approved amount of \$635 million. The cost increase is primarily the result of additional interest charges on long-lead-time materials that were required to be purchased in advance of construction, and penalty charges on tendered construction contracts. Both actions (early procurement of materials and awarding of construction contracts) were taken to meet the project's expedited construction schedule and achieve the December 31, 2011 target in-service date.

When the above-mentioned approvals are received and a revised construction schedule can be determined, Hydro One will provide an updated, firm cost estimate to the Board.

Sincerely,

A handwritten signature in cursive script that reads "Susan Frank".

Susan Frank