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BY COURIER

July 12, 2010

Ms. Kirsten Walli
Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON.
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Dear Ms. Walli:

EB-2010-0002 – Hydro One Networks' 2011 and 2012 Transmission Revenue Requirement Application – Hydro One Networks Inc. Comments Respecting Proposed Issues List

Hydro One Networks Inc. ("Hydro One") has reviewed the proposed issues list included as Appendix B to Procedural Order No.1 ("PO #1"), issued by the Board on June 28, 2010 as well as the suggested changes provided by a number of the intervenors and is pleased to provide the following comments.

Hydro One believes the list of issues as provided in Appendix B sufficiently covers the key areas of the Application and will contribute to an efficient application process which will facilitate the implementation of new uniform transmission rates effective January 1, 2011. Hydro One also believes that the issues list is broad enough that the concerns voiced by certain intervenors in their letters of comment, can be adequately addressed under the issues as proposed. Hydro One notes that a number of the intervenors are of a similar view. As such, Hydro One would not challenge any interrogatories or cross examination on the topics the intervenors raised in their comments on the draft issues list.

However, should the Board feel it would be helpful to modify or add to the draft issues list based on intervenor input received, Hydro One offers the following comments and/or suggestions:

Hydro One does not believe the School Energy Coalition's (SEC) request in their letter of July 6, 2010 to include additional Issue 4.8 is required as this matter can be dealt with under issue 4.3. Similarly, SEC's proposed addition of Issues 1.5, 1.6 and 1.7 can all be reviewed as part of Issue 1.3.

SEC also suggested the wording of Issue 5.2 be modified. Although Hydro One believes SEC's concerns are addressed in the original wording of Issue 5.2, if modification is required, Hydro One would suggest the following:

- 5.2 Is the proposed timing and methodology for determining the Return on Equity and Short-term debt prior to the effective date of rates appropriate?

With respect to the Association of Major Power Consumers in Ontario's (AMPCO) suggestion in their letter of June 30, 2010, to add proposed Issue 8.2 dealing with the Export Transmission Tariff, Hydro One feels it is covered under Issue 1.1. AMPCO also requested the additional of two new issues dealing with the accelerated cost recovery of the Bruce to Milton Line (Issue 4.6) and on green energy projects (Issue 9.3). Hydro One believes that these two issues could be rolled into one issue as below:

- 9.3 Are Hydro One's accelerated cost recovery proposal for the Bruce to Milton Line and for green energy projects appropriate?

The Canadian Manufacturers & Exporters (CME), in their letter of July 7, 2010 raised concerns in the area of Consumer Impacts and Affordability and has suggested the addition of 3 issues to deal with this area. Hydro One believes that their proposed Issues 10.1 and 10.3 can be addressed under Issue 1.3.

CME's proposed Issue 10.2 however, is in Hydro One's opinion, better suited to a generic proceeding review as measures for evaluating consumer impacts and affordability have much broader implications and applicability than what can and should be addressed in a transmission rate proceeding.

In summary, Hydro One believes the Draft Issues List is adequate and will provide the Board and the intervenors with the necessary framework for the review of Hydro One's Application in an expeditious manner.

Sincerely,

ORIGINAL SIGNED BY SUSAN FRANK

Susan Frank

c. EB-2010-0002 Intervenors (electronic only)