TORYS LLP

Suite 3000
79 Wellington St. W.
Box 270, TD Centre
Toronto, Ontario
M5K 1N2 Canada
Tel 416.865.0040
Fax 416.865.7380

www.torys.com

July 30, 2010

RESS, COURIER & EMAIL

Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4

Attention: Ms. K. Walli, Board Secretary

Dear Ms. Walli:

Re: Great Lakes Power Transmission LP - Application for 2010 Rates (EB-2009-0408) - Implementation Proposal

We are counsel to the applicant, Great Lakes Power Transmission LP ("GLPT") in the above-referenced proceeding. The Ontario Energy Board (the "Board") issued its Decision With Reasons in this proceeding on July 21, 2010. In its Decision, the Board directed GLPT to file an implementation proposal with the Board and all intervenors within 10 calendar days. Accordingly, on behalf of GLPT, please find the attached implementation proposal.

Yours truly,

Charles Keizer

Tel 416.865.7512
Fax 416.865.7380
ckeizer@torys.com

cc: N. Mikhail, Board Staff
Intervenors
A. McPhee, GLPT
D. Fecteau, GLPT
M. Zajdeman, GLPT
J. Myers, Torys LLP

11166939.1
35306-2001

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O.1998, c.15 (Sched. B)

AND IN THE MATTER OF an application by Great Lakes Power Transmission Inc. on behalf of Great Lakes Power Transmission LP for an Order or Orders pursuant to section 78 of the *Ontario Energy Board Act, 1998* for 2010 transmission rates and related matters.

EB-2009-0408

IMPLEMENTATION PROPOSAL

Great Lakes Power Transmission Inc.

on behalf of Great Lakes Power Transmission LP

July 30, 2010

Introduction

In its July 21, 2010 Decision and Order (the "Board Decision"), the Board directed Great Lakes Power Transmission LP ("GLPT") to file a proposal for the implementation of the recovery of GLPT's revenue requirement established by the Board Decision. In doing so, the Board noted its preference for minimizing, where appropriate, the number of changes to Uniform Transmission Rates ("UTRs") and encouraged the creation of an implementation proposal that did not necessitate changes to the existing UTRs. The Board commented on the possibility of GLPT using the balance in GLPT's Account 1574, Deferred Rate Impact Amounts Account ("DRIAA") to offset the increase to its 2010 revenue requirement arising from the Board Decision. If possible, this would remove the need to change existing UTRs, until there is an opportunity to more appropriately align GLPT's approved revenue requirement and charge determinants with the implementation of changes to the UTR necessitated by revenue requirement changes for other Ontario transmitters. GLPT respects the Board's preference for minimizing the number of changes to UTRs and offers the following implementation proposal that, if accepted, would reflect the terms of the approved Settlement Agreement and Board Decision while avoiding the need for immediate changes to existing UTRs.

Period Prior to UTR Changes

In respect of the period from the Board approved effective date of January 1, 2010 for the recovery of GLPT's 2010 revenue requirement until the date that GLPT's approved 2010 revenue requirement is implemented through changes to UTRs (which date has yet to be determined) (the " **Pre-Change Period**"), GLPT proposes as follows.

For each month during the Pre-Change Period, GLPT will record an increase in its monthly revenue that is in proportion to the annual increase from the current Board approved revenue requirement to the 2010 Board approved revenue requirement. In particular, as described below, the incremental monthly revenue amount arising from the revenue requirement increase would be calculated by multiplying the revenue received from the IESO under current rates by an increment that is equal to the percentage increase from GLPT's current revenue requirement (arising from EB-2005-0241) to GLPT's approved 2010 revenue requirement (arising from EB-2009-0408), i.e. the annual deficiency experienced under current rates.

GLPT believes that this method will determine monthly revenues that are consistent with the revenues that GLPT would receive if the UTRs were updated to incorporate GLPT's Board approved 2010 revenue requirement as of the effective date of January 1, 2010. All volume variance exposure will remain with GLPT. Below is an illustrative example in which it is assumed for simplicity and to eliminate the effect of volume variance, that GLPT receives the revenue to recover its revenue requirement in 12 equal monthly installments. Depending on volumetric changes, the monthly revenue could deviate from the average. However, the monthly revenue would be subject to the proportionate increment, such that the sum of the increased monthly revenue over the 12 month period commencing January 1, 2010 may be above or below the approved 2010 revenue requirement depending on the volumetric variance. The application of this methodology and the accounting treatment for a representative month (March 2010) is set out at Appendix "A" attached hereto.

Current Approved Revenue Requirement[1]	[A]	$34,785,422
Revenue Requirement Effective Jan 1, 2010[2]	[B]	$35,141,618
Annual Revenue Requirement Increase	[C] = [B] - [A]	$356,196
Percentage Increase in Revenue	**[D] = [C] / [A]**	**1.02%**

Hypothetical Scenario:		
Current Average Monthly Revenue	[E] = [A] / 12	$2,898,785
Proportional Increase @ 1.02%	[F] = [D] * [E]	$29,683
Average Monthly Revenue with Proportional Increase	[G] = [E] + [F]	$2,928,468
Total Annual Revenue	**[G] * 12 = [B]**	**$35,141,618**

Consistent with the suggestion made by the Board, GLPT will record the monthly incremental revenue in Account 1574. The amounts recorded will partially offset the balance that currently exists in that account and, therefore, partially offsetting the aggregate balance of all existing deferral and variance accounts owing to ratepayers.

The first entry to be made in Account 1574 will occur in the month that GLPT receives the final Board Order approving this methodology. This entry will represent a catch-up for all months between January 1, 2010 and the current month. For each month after the Board Order is received, the accrual will be recorded for the current month only.

Post UTR Changes

In respect of the period following the implementation of GLPT's approved 2010 revenue requirement through changes to UTRs, which date has yet to be determined (the "**Post-Change Period**"), GLPT proposes that it will cease recording the monthly incremental revenue amounts

---

[1] Arising from the Board's approval of the Settlement Agreement in EB-2005-0241 on September 15, 2005.

[2] GLPT's approved 2010 revenue requirement is $35,148,818. Of this amount, $7,200 will be received from non-IESO sources, resulting in $35,141,618 being required from the IESO.

in Account 1574. Consistent with Section 6.3 of the Settlement Agreement dated May 17, 2010 and accepted by the Board on May 21, 2010, GLPT will disburse the aggregate balance of the existing deferral and variance accounts over a three-year period, with the appropriate interest. The aggregate balance of $2,962,700[3] (to the credit of ratepayers) will be partially offset by the recording of monthly incremental revenues in Account 1574 in the manner described above. Upon the implementation of a future rate order for the UTR, in each of the first three years of the Post-Change Period, GLPT will reduce its annual revenue required from the UTRs by one third of the net of the balance of $2,962,700 and the offsetting amounts described above. GLPT will track any over- and under-recoveries such that any outstanding balance can be cleared through a future rate application.

In addition, consistent with Section 6.3 of the Settlement Agreement and with reference to Section 6.1 of the Settlement Agreement, upon the implementation of a future rate order for the UTR, in each of the first five years of the Post-Change Period, GLPT will reduce its annual revenue required from the UTRs by one fifth of the amount of $3,063,900 being the balance of Account 1505. "Appropriate interest" will be applied to the outstanding balance, as stated in Section 6.3 of Settlement. GLPT will track any over- and under-recoveries such that any outstanding balance can be cleared through a future rate application.

Conclusion

Based on the forgoing GLPT believes that it will be able to recover the increase in revenue requirement arising from the Board Decision and Settlement Agreement and to account for

---

[3] This initial amount of $2,962,700 (to the credit of ratepayers) reflects the aggregate balance of all existing deferral and variance accounts as of December 31, 2009.

disbursal of various deferral accounts, while leaving the UTRs unchanged until the revenue requirement needs of a number of transmitters can be implemented at one time.

Appendix "A"
Accounting Entries to Recognize Revenues that would have been Collected Had the Rates Been Implemented January 1, 2010
(Deferred Rate Impact Account - "DRIAA")

1. To record the difference between the approved monthly revenue requirement and the actual monthly revenue collected in rates

Debit Account 1574, DRIA

Credit Account 4110, Transmission Services Revenue

For the purposes of this entry, the monthly DRIA shall be calculated as described above, and as follows:

DRIA = approved monthly revenue requirement (revenue collected at current rates, plus proportional increase in revenue requirement) – monthly revenue collected at currently approved rates

Using March 2010 as a sample month:

Current Approved Revenue Requirement[4]	[A]	$34,785,422
Revenue Requirement Effective Jan 1, 2010[5]	[B]	$35,141,618
Annual Revenue Requirement Increase	[C] = [B] - [A]	$356,196
Percentage Increase in Revenue	**[D] = [C] / [A]**	**1.02%**

Revenue Received from IESO for March 2010[6]	[E]	$2,691,400
Approved Monthly Revenue Requirement	[F] = ([E]*[D]) + [E]	2,718,852
Proportional Increase @ 1.02% (DRIA Entry)	**[G] = [F] - [E]**	**$27,452**

The accounts in this proposal are prescribed by the Board for use under the Accounting Procedures Handbook for Electric Distribution Utilities.

---

[4] Arising from the Board's approval of the Settlement Agreement in EB-2005-0241 on September 15, 2005.

[5] GLPT's approved 2010 revenue requirement is $35,148,818. Of this amount, $7,200 will be received from non-IESO sources, resulting in $35,141,618 being required from the IESO.

[6] Cash received from IESO on Thursday, April 22, 2010