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Susan Frank

Vice President and Chief Regulatory Officer
Regulatory Affairs



BY COURIER

September 16, 2010

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

Dear Ms. Walli:

Hydro One Networks Inc. Application for Exemption from Mandated Time of Use Pricing for Certain Regulated Price Plan Consumers

On June 24, 2010, the Ontario Energy Board (“OEB” or “Board”) issued a proposed determination Under Section 1.2.1 of the Standard Supply Service Code (“SSSC”) to mandate Time-of-Use (“TOU”) pricing for RPP consumers. On July 8, 2010, Hydro One Networks Inc. (“Hydro One”) provided comments on the proposed determination that focused on the readiness of the MDM/R to support LDCs, customers outside smart meter technology infrastructure reach, compliance of TOU bills with Measurement Canada requirements, and clarification regarding customers eligible for TOU billing.

On August 4, 2010 the Board issued its final determination to Mandate TOU pricing for RPP consumers by establishing the mandatory TOU date for each electricity distributor. Given the mandatory TOU date of June of 2011, Hydro One hereby requests an exemption pertaining to RPP consumers that are currently outside the smart meter telecommunications infrastructure reach of Hydro One.

The Provincial Smart Meter Functional Specification imposes a very high standard related to Smart Meter data retrieval and availability of that data for processing and customer use. The implementation of a workable solution is a significant challenge for urban and more densely populated rural areas but the existing technologies have proven to have a limit in their reach to support Smart Meter requirements in the very rural and very sparsely populated portions of Hydro One service territory.

Hydro One continues to work with the industry and vendors to accelerate the development of technology enhancements that will extend the “smart meter reach” to these customers. In addition, Hydro One is also evaluating alternate solutions that would meet the core Time-of-Use objective at the lowest lifecycle cost. Based on anticipated progress, a solution that adequately addresses this gap is not expected until at least the end of 2012.

Hydro One requests an exemption from the Board to exclude approximately 150,000 very rural customers from our obligation to migrate to TOU rates until Hydro One has successfully sourced and deployed a solution that can effectively service this customer base. Hydro One is prepared to proceed with a written hearing on this matter, if required.

Hydro One remains committed to transitioning RPP customers to TOU billing. With the requested exemptions Hydro One will be maintaining compliance with the final determination to mandate TOU pricing for RPP customers.

For more information please contact Anne-Marie Reilly at 416-345-6482.

Sincerely,

ORIGINAL SIGNED BY SUSAN FRANK

Susan Frank