

**Ontario Energy
Board**
P.O. Box 2319
27th. Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

**Commission de l'énergie
de l'Ontario**
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone: 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273



BY EMAIL

November 4, 2010

Michael Engelberg
Assistant General Counsel
Hydro One Networks Inc.
483 Bay Street, North Tower, 15th Floor
Toronto ON M5G 2P5

Dear Mr. Engelberg:

**Re: EB-2010-0295 – OEB Cost Recovery - Late Payment Penalty Class Action
Settlement – Hydro One Networks Inc. Request for Withdrawal**

Thank you for your letter dated November 3, 2010 in the above matter. In your letter you stated that Hydro One Networks Inc. ("HONI") did not wish to participate in the above proceeding because HONI had not asked for, nor will HONI be asking for, any recovery from its ratepayers regarding any amounts that HONI pays pursuant to the settlement of the class action Late Payment Penalty ("LPP") lawsuit. You further stated that:

The background to HONI's requests in this letter is that HONI acquired liability in the late payment penalty lawsuit only by virtue of HONI's purchase of the shares of 15 local distribution companies in the early 2000s. HONI's total liability is in the neighbourhood of \$250,000; but, more importantly, in the case of 13 of the 15 share purchases, HONI obtained an indemnity from the municipality that sold the shares to HONI. Each indemnity is for all monies that HONI may need to pay in the future as a result of the LPP class action lawsuit. HONI will therefore be looking to those 13 municipalities (rather than to HONI's ratepayers) for recovery of the amounts paid to settle the LPP lawsuit. For the remaining two municipalities (from whom HONI did not obtain an indemnity), the settlement amounts to be paid by HONI are very small, and HONI has decided not to seek recovery from its ratepayers for those small amounts.

The Board notes that the majority of the LPP Settlement amounts that are attributed to HONI will be recovered directly from the affected municipalities as part of the indemnity obtained by HONI from those municipalities and as such, these amounts will not be recovered from HONI's ratepayers. With respect to the remaining amounts which may be recoverable from HONI's ratepayers, HONI is not seeking to recover these amounts from its ratepayers. For these reasons the Board accepts HONI's request to not participate in this proceeding. Accordingly, HONI is not required to publish the Notice of Proceeding in this matter.

Yours truly,

Original Signed By

Kirsten Walli
Board Secretary