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January 22, 2010

VIA EMAIL: gnettleton@osler.com

Osler, Hoskin & Harcourt LLP
Suite 2500
TransCanada Tower
450 - 1st St., S.W.
Calgary, Alberta, Canada T2P 5H1

Attention: Gord Nettleton

Dear Gord:

RE: Magwood Properties – January 19, 2010 Meeting.

This letter will confirm our meeting at the Traveler's Inn in Hanover on January 19, 2010. In attendance at that meeting were Jim and Dianne Magwood as well as Orland and Gloria Magwood. Paul Ross and I attended as representatives of the Magwoods. Representatives from HONI in attendance included you, Mr. Gary Schneider and Mr. Mike Sheehan.

The purpose of the meeting was to open a line of dialogue between HONI and the Magwoods regarding properties affected by the Bruce to Milton Transmission project.

After a brief introduction and overview of the issues we wished addressed, this writer turned the floor over to Mr. Jim Magwood who discussed the situation and its impact on the Magwood Properties. The issues raised by Mr. Magwood can be summarized as follows:

1. Problems experienced by the Magwood family during past Ontario Hydro projects as well as those experienced during the administration of the present project.
2. The necessity of a mandatory buyout of the property containing the home, breeding barn and 'sugar shack'.
3. The process for access to land, valuation, survey and construction.

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Mr. Magwood expressed the rationale for his reluctance to allow HONI access to or information about the subject properties. Those reasons need not be recited here. It is fair to say that all in attendance at the meeting understood the Magwood position and were pleased at the opportunity to proceed to attempt to resolve the acquisition of the lands necessary for the project.

Mr. Magwood then advised HONI that he and the rest of the Magwood clan did not want to lose the property with Jim and Dianne's residence, breeding barn and sugar shack to the mandatory buy out process. It was suggested that the cost to move the residence and replace the breeding barn and sugar shack be ascertained. Mr. Schnieder indicated and this writer confirmed that for the purposes of compensation HONI wanted not only to know the value of the buildings themselves (breeding barn and sugar shack) but the value to the Magwood farming operation as well as the straight replacement costs of those buildings. To this end Mr. Magwood undertook to ascertain the cost of moving the home, the installation of services for and access to the relocated home. Obviously, in order to obtain this information, a location for the relocated home will have to be ascertained. We will provide the above information to you upon their receipt in this office. With respect to the sugar shack, the Magwoods will provide HONI with the value of that business as it is independent from the Magwood farming operation. The Magwoods will also seek out estimates to replace to sugar shack and breeding barn in order to be whole once the line is in place.

We also discussed the issue of access to the lands and construction upon those lands. Mr. Magwood advised HONI that all the arable land is systematically tiled at a cost of approximately \$350,000.00 or \$1,100.00 per acre. Mr. Magwood indicated his concern over the damage which would be done by the works and construction of same. Mr. Magwood undertook to provide HONI with as much information about the location of the tiles as possible (including but not limited to GPS locations where available). HONI advised that the construction crew could attend at the Magwood property to discuss the location of towers and any access roads required for the constructing of same in order to mitigate damages. Further, HONI acknowledged that any damage done was compensable once the damage is quantified.

Finally, we discussed the process of survey and appraisal. Mr. Magwood, on behalf of the Magwood properties agreed to allow surveyors onto the property so long as they met with Mr. Magwood in advance to avoid any problems with respect to the farming operation, including but not limited to wandering inadvertently into bio-security areas. We also discussed the selection of an appraiser for the properties. It was suggested by HONI that Mr. Dan Doucette be retained to conduct this appraisal. At the time, the Magwoods were amenable to this suggestion. Since then, this writer has discussed the matter with Mr. R. Robson who indicated some other local choices may be more appropriate. Mr. Robson suggested Mr. Larry Rosevear (CV Attached) or Grant Uba (Web Info attached) as seasoned rural appraisers capable of providing a fair and reasonable appraisal of the subject lands. Kindly advise if either of these suggestions are acceptable to HONI.



In sum, I think it is fair to say that the meeting was very productive and has moved the process forward. We look forward to receipt of your confirming letter and action items as you have determined them.

Thank you and the rest of the HONI representatives for taking the time to meet with us to discuss the above.

Please do not hesitate to contact my office should you have any questions or concerns with respect to the above noted matter.

Yours very truly,

The Ross Firm Professional Corporation

Per:

A handwritten signature in black ink, appearing to be 'QMR', followed by a period.

Quinn M. Ross

QMR/tbm



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Peter Gregg
Senior Vice-President
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February 4, 2010

Mr. James Magwood
R.R. #3
Hanover, ON
N4N 3B9

Dear Jim:

Thank you very much for your January 7, 2010 letter outlining your concerns regarding the Bruce to Milton Transmission Reinforcement project and your suggestion on how we might work together to address those issues.

I read your letter carefully and appreciate the efforts of you and your family to develop a high quality dairy farm/elite breeding operation. I also appreciate the history you set out in your letter regarding your family's past interactions with Hydro One and the former Ontario Hydro. I can understand how this history can make it difficult for you and your family to consider, in your words, "throwing the gates wide open to Hydro One employees or their representatives".

I understand from my recent discussions with Mike Sheehan and Gary Schneider that a meeting took place on January 19, 2010 involving you and your family, your legal counsel, Mike, Gary and Hydro One's legal counsel. I also understand that the meeting was well received by all parties, and that actions were identified to assist in moving the process forward.

Thanks again for your letter. It is my hope that a voluntary compensation agreement can be achieved under our Land Acquisition Compensation Principles that works for you and your family and for Hydro One.

Sincerely,

A handwritten signature in black ink, appearing to be "P. Gregg", written over a horizontal line.

Peter Gregg

C: Laura Formusa ✓
Mike Sheehan
Gary Schneider
Quinn Ross
Tom Murtagh