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BY COURIER

January 7, 2011

Mr. David Richmond
Manager, Electricity Facilities and Infrastructure
Ontario Energy Board
Suite 2601, 2300 Yonge Street
P.O. Box 2319
Toronto, Ontario
M4P 1E4

Dear Mr. Richmond:

EB-2007-0050 – Hydro One Networks' Section 92 Bruce - Milton Transmission Reinforcement Project – Cost Update

I am writing to advise of a change in the cost of the Bruce to Milton project, based on the impact of the recent Board decision in Hydro One's transmission rates case (EB-2010-0002). In that case the Board determined, after extensive intervenor and Board review, that a standard regulatory treatment should be used for the project in lieu of the proposed accelerated CWIP in ratebase costing approach.

Applying that change in costing methodology to the \$695 million project cost previously estimated results in a revised cost of \$755 million. The revised cost now includes interest during construction (AFUDC) which would otherwise not have been charged to the project. The cost also reflects the use of updated AFUDC rates for 2011 and 2012, consistent with the Board's decision on that aspect of the case.

The expected in-service date of the project remains December, 2012.

Sincerely,

ORIGINAL SIGNED BY ANDREW SKALSKI

Andrew Skalski