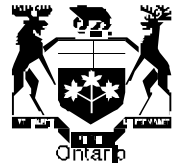


**Ontario Energy
Board**
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

**Commission de l'énergie
de l'Ontario**
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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 E-MAIL

January 11, 2008

Mr. Allan Cowan
Hydro One Networks Inc.
8th Floor, South tower
483 Bay Street
Toronto, ON M5G 2P5

Mr. Jeff Guilbeault
Peterborough Distribution Inc.
P.O. Box 4125 Station Main
1867 Ashburnham Drive
Peterborough, ON K9J 6Z5

LETTER OF DIRECTION

Dear Mr. Cowan and Mr. Guilbeault:

**Re: Application for Licence Amendments and Sale of Distribution Assets
Board File No. EB-2007-0947**

The Ontario Energy Board has now issued its Notice of Application with respect to the above application and a copy is enclosed.

You are directed:

1. To immediately have the Notice posted on the applicants' websites.
2. To immediately serve a copy of the Notice and a suitable notification letter, in person, by courier or by registered mail, upon the 6 customers that are the subject of the above referenced application. Peterborough Distribution Inc. should use the sample letter attached as Appendix A to this Letter of Direction as a format for the suitable notification letter to be sent to the 2 customers that the applicants propose to transfer from Peterborough Distribution Inc. to Hydro One Networks Inc. Hydro One Networks Inc. should use the sample letter attached as Appendix B to this Letter of Direction as a format for the suitable notification

- 2 -

letter to be sent to the 4 customers that the applicants propose to transfer from Hydro One Networks Inc. to Peterborough Distribution Inc.

3. To file with the Board affidavit evidence proving the above service immediately upon completion, with original post office registration receipts (where applicable), or courier confirmation lists attached as appendices.
4. To immediately have copies of the application made available for public review at the applicants' head offices.
5. To immediately provide a copy of the application to any person upon request.

Board staff contact

Please direct any questions relating to this application to Gona Jaff at 416-440-7613, or by e-mail at Gona.Jaff@oeb.gov.on.ca.

Yours truly,

Original signed by

John Pickernell
Assistant Board Secretary

Encl.

Appendix A

Sample letter to the 2 customers that the applicants propose to transfer from Peterborough Distribution Inc. to Hydro One Networks Inc.

YOUR ELECTRICITY DISTRIBUTOR MAY BE CHANGING

Dear customer:

As you know, you are currently a customer of Peterborough Distribution Inc. and receive your electricity bills from Peterborough Distribution Inc. However, you may not know that your electricity is supplied by Hydro One Networks Inc. You are within one electricity distributor's service area but are actually served electricity from a second electricity distributor. This arrangement is known as a long term load transfer.

The Ontario Energy Board requires electricity distributors to eliminate long term load transfer arrangements before January 31, 2009.

Both Hydro One Networks Inc. and Peterborough Distribution Inc. have applied to the Board for an order approving your transfer to Hydro One Networks Inc. If the Board approves the transfer, you will be supplied and billed by Hydro One Networks Inc. This means that you will become a customer of Hydro One Networks Inc. and your electricity rate may increase.

An official Notice of Application was issued by the Board, a copy of which is attached to this letter.

If you have any questions about this letter or the effect of this application on your electricity rate, please call (name of person) at Peterborough Distribution Inc. at (phone number).

Appendix B

Sample letter to the 4 customers that the applicants propose to transfer from Hydro One Networks Inc. to Peterborough Distribution Inc.

YOUR ELECTRICITY DISTRIBUTOR MAY BE CHANGING

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An official Notice of Application was issued by the Board, a copy of which is attached to this letter.

If you have any questions about this letter or the effect of this application on your electricity rate, please call (name of person) at Hydro One Networks Inc. at (phone number).