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Susan Frank

Vice President and Chief Regulatory Officer
Regulatory Affairs

BY COURIER

February 27, 2008

Ms. Kirsten Walli
Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON.
M4P 1E4

Dear Ms. Walli:

EB-2007-0681 – Hydro One Networks' 2008 Distribution Rate Application – Request for Declaring Existing Approved Rates as Interim

Hydro One Networks Inc. filed the revenue requirement portion of its 2008 Distribution Rates Application EB-2007-0681 with the Board on August 15th, 2007 and the rates portion of the evidence on December 18th, 2007.

On February 22, 2008, the OEB issued Procedural Order No. 2 with respect to the timing of interrogatories and intervenor evidence related to Hydro One Networks' Distribution Application. Procedural Order No. 2 is silent on the timing of activities beyond intervenor evidence, but it is our understanding that the oral hearing of this Application is not likely to begin until the summer. Consequently, it is likely the Board will not be able to issue an Order or Orders fixing final rates for 2008 until the fall of 2008.

As a result, Hydro One Networks requests that its existing 2007 rates for the distribution of electricity approved under proceeding EB-2007-0542 be declared interim effective May 1, 2008.

Hydro One Networks makes this request on the basis that:

1. The delay in hearing this Application results from the Board's heavy schedule of active proceedings and associated scheduling conflicts in 2008.
2. The delay in approving Hydro One Networks' requested revenue requirement and establishing the new 2008 rates represents a substantial burden to Hydro One Networks. This delay results in about \$7 million per month in lost revenue based upon requested rates.

Hydro One Networks proposes to establish a variance account to record the difference between the 2008 Board approved revenue requirement and the revenue calculated using currently approved rates for the period from May 1, 2008 until such time as new rates are implemented. It is proposed that the balance in this account would be cleared by means of a rate rider, in accordance with direction from the Board on the disposition of this account. This amount would be reduced by the continued collection of Rate Rider #1 over the same period, which was approved by the Board on Issues Day, February 15, 2008.

Approval of Hydro One Networks' request would be consistent with the Board's approval to declare existing rates as interim for Ontario Power Generation in proceeding EB-2007-0905, Union Gas Limited in proceeding EB-2007-0606 and Enbridge Gas Distribution Inc. in proceeding EB-2007-0615.

Sincerely,

ORIGINAL SIGNED BY SUSAN FRANK

Susan Frank

c. EB-2007-0681 Intervenors