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BY COURIER

May 18, 2012

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

Dear Ms. Walli:

EB-2012-0181 – Hydro One Networks Inc. response to Letter from Orangeville Hydro Limited (OHL) re: expedited timelines and incumbency ruling

Hydro One Networks Inc. (Hydro One) is in receipt of the letter to the Board dated May 16, 2012 from OHL in the above-noted matter.

In its letter, OHL is requesting that the Board put in place an expedited hearing schedule for the SAA proceeding. It is also asking the Board to make a ruling with respect to OHL's incumbency status over a part of the development, and to allow the developer to proceed with elements of the electrical design prior to a Board decision on this SAA application.

With respect to the request for an expedited hearing schedule, OHL is requesting that the schedule be arranged such that a Board decision by September is possible. Hydro One notes that Procedural Order One issued by the Board on the same May 16th date as OHL's letter contemplates final submissions being made by the end of August, 2012 and as such it accommodates the possibility of a September decision. Accordingly, in Hydro One's view, no change to the existing Procedural Order is required to satisfy OHL's requested timelines. Furthermore, Hydro One notes that OHL's letter indicates that one reason for requesting an expedited schedule in this case has to do with Hydro One's supposed tardiness in providing an Offer to Connect to the developer. It is Hydro One's contention that Hydro One at all times worked diligently with the developer and the developer's consultants to prepare and refine its Offer to Connect, which work included several meetings with the developer's staff and involved changes to the subdivision design requested by the developer.

Hydro One also notes OHL's claim, in support of an expedited hearing schedule, that the developer was apparently unaware of the need to request an Offer to Connect from the incumbent distributor, Hydro One, as part of OHL's SAA application, and for that reason it delayed requesting one. While not addressing the merits or otherwise of this claim, Hydro One notes that the same development and

developer were the subject of a withdrawn SAA application by OHL in 2011 (EB-2011-0213). With OHL and the developer having begun the regulatory process last year, and with the planning for this development having been in place for quite some time at this point, it strikes Hydro One that in the circumstances the applicant and the developer reasonably could have, and should have, anticipated the requirement to obtain an Offer to Connect from Hydro One, and built that requirement into their schedules. As such, the requested relief is not warranted.

With respect to OHL's incumbency status in respect of part of the development, and its request for a Board ruling confirming such status and the implications arising therefrom, Hydro One respectfully suggests that at this point in the proceeding there is insufficient evidence on the record for the Board to make such a ruling. Again without taking a position on the merits of OHL's incumbency status, and the implications that flow from such status, in Hydro One's view the interrogatory process and other steps contained in the Board's Procedural Order are sufficient to allow for this issue to be explored. Hydro One also notes that the small section of land which is the subject of OHL's incumbency issue contains none of the anticipated housing lots of the new subdivision. Rather, all of the new lots are entirely in Hydro One's service territory. Hence, in Hydro One's view, OHL's incumbency status over a small section of land on which no electrical services are to be installed is unlikely to be determinative of the key aspects of the SAA proceeding, and the issue of the implications arising from such status can wait to be addressed under the Procedural Order.

Finally, OHL indicates that the developer plans to proceed with elements of the electrical design within the subdivision, based on OHL's design specifications, in advance of an expected Board decision. Hydro One takes no position on this point but notes that OHL's letter, which indicates that the developer is willing to accept the risk of its course of action, contains no evidence from the developer on the matter. As such, it is again something that is amenable to testing in the discovery process under the existing Procedural Order.

Based on the above, it is Hydro One's view that all of the requests in OHL's letter are premature pending the execution of the process steps outlined in the Board's Procedural Order.

Hydro One can also advise the Board and OHL that it is continuing to assess its position with respect to this SAA application and has not as yet determined whether it will consent to or contest it.

Sincerely,

ORIGINAL SIGNED BY JOANNE RICHARDSON

Andrew Skalski

c: EB-2012-0181 Intervenors(electronically)
Tyler Moore (electronically)
G. Dick (electronically)