

Hydro One Networks Inc.

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BY COURIER AND RESS

Ms Kirsten Walli
Board Secretary
Ontario Energy Board
P. O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, Ontario M4P 1E4

Dear Ms Walli:

EB-2012-0047 - Horizon Utilities Service Area Amendment Application -- Hydro One Networks Inc. Response to Horizon Utilities Corporation's Letter dated October 16, 2012

Hydro One Networks Inc. ("HONI") replies as follows to the letter filed by Horizon Utilities Corporation ("HUC") with the Ontario Energy Board ("the Board") on October 16, 2012. Hydro One's purpose in doing so is to ensure that the Board is aware of the facts of the case.

There is no basis for HUC's Service Area Amendment ("SAA") Application to proceed because there is no customer within HONI's service territory who is requesting a connection to HUC. Furthermore, contrary to the unsubstantiated allegations of HUC, the upgrade to the feeder along Rymal Road is part of a larger HONI sustainment project to bring a loop feed to Binbrook. That sustainment project was preplanned prior to the existence of the development in question, Summit Park Phase 7, and that sustainment project will continue regardless of the service to the development (Summit Park Phase 7), which is entirely within HONI's service territory. Utilizing the same assets to service additional customers such as Summit Park is good utility practice.

HONI will also continue to proceed to do work to meet the needs of its customer, Multi-Area Developments Inc. (Multi-Area), based on the signed Offer to Connect (OTC), notice of which was provided by Multi-Area to the Board and to HUC on September 11. HONI has a responsibility to connect customers in its service territory if they have requested such connection, so HONI has followed its standard policies and procedures by commencing the work to fulfill its Code obligation to connect.

There were numerous conversations between staff of HUC and HONI regarding the use of the M3 feeder to supply Summit Park Phase 7. Given that HONI was working on the OTC between June 7 and July 25, the intended feeder to supply Summit Park Phase 7 was identified during that time. HUC's allegation that these conversations did not take place is accordingly incorrect. It is

also the case that, contrary to the impression HUC now seeks to leave, HONI does not require HUC's consent to connect a customer in HONI service territory, and HONI at no time indicated that it either required or desired such consent.

HONI does require HUC's cooperation to complete the transfer of wires to the new poles that have already been installed on Rymal Road. HUC and HONI cooperated to schedule that work for today (October 16) but due to HUC's precipitous action several days ago, HONI has been forced to postpone the work at the inconvenience of the customers who already made other arrangements to accommodate the scheduled outage.

HONI submits that HUC's October 16th letter attempts to misuse or misconstrue the principles in the Decision with Reasons RP-2003-0044. Para 233 is intended to apply only in the circumstance where the proposed customer wishes to connect to a non-incumbent LDC. That is not the case here. Where there is no customer support for the SAA, as is the case here, there are simply no grounds for an SAA. In the Board's Filing Requirements for Service Area Amendment Applications, the introduction states, in part, "For the purposes of these filing requirements, it is assumed that the applicant is a distributor who requires a service area amendment to its licence." HONI states that it is obvious that HUC does not require an SAA to its licence.

HUC makes the curious submission that HONI is not entitled to use assets it owns (the M3 and M4 feeders) to service a new customer in HONI's own service territory. This submission is wholly without merit and should be disregarded by the Board. Summit Park Phase 7 is solely within HONI's service territory, and HONI has service territory on three sides of the development. More importantly, HONI's territory includes the area extensively on the east and south sides where future development is imminent.

HONI therefore submits that there is no basis in fact or in law for HUC's Motion, which was brought after HUC's ongoing awareness and cooperation with HONI's work since at least August and after HUC's ongoing awareness since September 10th that the proposed customer does not wish to connect to HUC and has, in fact, signed with the incumbent LDC, namely HONI. HONI therefore asks that the Board dismiss HUC's Motion, that the Board not issue a stop-work order, and that the Board order HUC to provide the necessary protection to HONI within the next 14 days so that the necessary outage can occur for the completion of the work. HONI also submits that the Board should not proceed with the SAA Application.

ALL OF WHICH IS RESPECTFULLY SUBMITTED.

ORIGINAL SIGNED BY MICHAEL ENGELBERG

Michael Engelberg, counsel for Hydro One Networks Inc.