

Hydro One Networks Inc.

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LAW

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November 28, 2012

Ms Kirsten Walli
Board Secretary
Ontario Energy Board
P. O. Box 2319
2300 Yonge Street, Suite 2700
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 Report

At 7:46 P.M. yesterday, Hydro One Networks Inc. ("Hydro One") received an e-mail from Mr. Dennis O'Leary at Aird & Berlis LLP, solicitors for Horizon Utilities Corporation ("Horizon"). Appended to the e-mail was a report prepared by Burman Energy Consultants Group Inc. ("the Report"). The e-mail and report were also sent to the Board and to the intervenors in this proceeding.

There are two motions scheduled to be heard by the Board in this proceeding on Friday, November 30: a motion by Horizon and a motion by Hydro One. Mr. O'Leary's e-mail did not state that the Report was being filed for purposes of the motions hearing, and it is Hydro One's submission that it would not be appropriate for the Board to consider the Report in the context of the motions.

Firstly, Procedural Order No. 1, dated November 21, 2012, did not provide either Horizon or Hydro One with the right to file additional materials for the motions. Rather, the Procedural Order referred to the submissions already made by both parties and ordered Horizon to serve, on all intervenors and property owners, the Notice of Application, Notices of Motion, Procedural Order and other materials already filed by Horizon.

Secondly, Hydro One respectfully submits that the issues to be dealt with by the Board on Friday's motions are legal issues that are clearly set out in the Notices of Motion, not arguments concerning which LDC is cheaper or more reliable or whether customers in Hamilton are confused as to which electricity supplier to pay for their electricity. On the contrary, Hydro One submits that the matters encompassed by the Report are matters appropriately dealt with in the

context of a fully mature Service Area Amendment Application in which the Board considers location of assets, costs to connect, competing offers to connect, reliability and response times of competing LDCs, etc. The Board has not yet determined whether this proceeding is to go that route.

In any event, were it to be determined by the Board at some point that the Board wishes to hear all the factual evidence concerning whether swaths of Hydro One's service territory (and the customers and potential customers therein) should be given to Horizon, it will be Hydro One's submission at that time that a biased, incomplete and inaccurate report such as the Report submitted yesterday should not be taken into account. Although the Report begins by calling itself an "independent" report, the fact is that the Report shows that there was no attempt to obtain information from Hydro One or even speak to Hydro One concerning Hydro One's assets or plans; the Report uses provincial-average reliability information as if it represented Hydro One's reliability in the subject area; the Report cites the old, inaccurate saw that it is "confusing" for customers in Hamilton to be served by Hydro One, rather than by Horizon; the Report refers to Hydro One's customers as "legacy customers," rather than as "customers" (Horizon's existing customers are called "customers," not "legacy customers"); the Report makes repeated, inaccurate assumptions regarding Hydro One's existing and planned distribution facilities in the area; and the Report erroneously concludes that Hydro One would need to build an extension solely to service Multi-Area's Summit Park Phase 7.

Again, although Hydro One does not know whether the Report was submitted by Horizon last night in the hope that it would be referred to in Friday's motions, Hydro One reiterates its submission that the Report should not be considered at all for the purposes of the motions.

Yours very truly,

ORIGINAL SIGNED BY MICHAEL ENGELBERG

Michael Engelberg

cc: All Intervenors