



EB-2006-0501

**NOTICE OF APPLICATION FOR AN
ELECTRICITY TRANSMISSION RATE CHANGE
HYDRO ONE NETWORKS INC.**

On October 25, 2005 the Ontario Energy Board commenced a proceeding on its own motion to determine whether the transmission rates of Hydro One Networks Inc. ("Hydro One") were just and reasonable. This required that Hydro One prepare and file evidence to establish its revenue requirements for 2007 and 2008, to enable the Ontario Energy Board to set just and reasonable transmission rates. Hydro One filed its application dated September 12, 2006, under section 78 of the *Ontario Energy Board Act, 1998*, 1998 S.O. c.15, Sched. B, as amended, for an order or orders of the Ontario Energy Board approving the revenue requirement and cost allocation parameters in support of the establishment of uniform provincial transmission rates. The Board has assigned the application Board file number EB-2006-0501.

Hydro One is seeking approval of revenue requirements of \$ 1,263 million for 2007 and \$ 1,298 million for 2008, as the revenue it requires for electricity transmission.

If the application is approved, these revenue requirements would reflect a 4.3% and 2.7% increase in 2007 and 2008, respectively, over the revenues provided by existing provincial transmission rates. For 2007, it is estimated that the average customer's total electricity bill will increase by less than 0.5%.

Major items addressed in this application include:

1. Hydro One's Transmission operating costs for 2007 and 2008;
2. Hydro One's Capital Expenditure plans for 2007 and 2008; including several capital projects that will be considered in separate Leave to Construct applications prior to the completion of this case. The impact of these projects, once approved, may have an impact on the final rates considered in this case.

3. Proposed changes in Hydro One's current capital structure and return on equity; and
4. A proposal to adjust rates in 2009 and 2010 with an incentive rate plan that would allow for immediate rate recovery of the costs of certain planned Transmission Capital projects as they are incurred, instead of the current practice of allowing rate recovery only when the projects are completed and assets put into service.

City of Toronto

Included in Hydro One's capital expenditures is a proposal to reinforce the electricity supply on the existing 115 kV transmission connection lines between Leaside TS and Birch Junction in the City of Toronto. This is the determination of the need for this project, but not the final route of the project. The final route and costs will be determined in a future Leave to Construct application under Section 92 of the Act.

Copies of the application are available for inspection at the Board's offices in Toronto, and at the following Hydro One Networks offices:

Head Office, 483 Bay Street, Toronto
Markham Office, 185 Clegg Road, Markham
Barrie Field Business Centre, 45 Sarjeant Drive, Barrie
Peterborough Field Business Centre, 913 Crawford Drive, Peterborough
Sudbury Field Business Centre, 957 Falconbridge Road, Sudbury
Merivale Service Centre, 31 Woodfield Drive, Ottawa
Dundas Field Business Centre, 40 Olympic Drive, Dundas,
Beachville Field Business Centre, 56 Embro Street, Beachville,
Thunder Bay Field Business Centre, 255 Burwood Road, Thunder Bay

Participation

You may participate in this proceeding in one of three ways:

1. You may send the Board a letter of comment. Your letter should include any request to make an oral presentation to the Board, and must be received by the Board no later than 30 days from the publication date of this notice.

2. You may request observer status in order to receive documents issued by the Board in the proceeding. Your request must be made by letter received by the Board no later than 10 days from the publication date of this notice.
3. You may request intervenor status if you wish to actively participate in the proceeding. Your request must be made by letter of intervention received by the Board no later than 10 days from the publication date of this notice. Your letter of intervention must include a description of how you are, or may be, affected by the proceeding; and if you represent a group, a description of the group and its membership. The Board may choose to hold either a written or an oral hearing. The Board will not hold a written hearing if a party satisfies the Board that there is good reason for holding an oral hearing. Your letter of intervention should indicate your preference for a written or oral hearing, and the reasons for that preference. The Board may order costs in this proceeding. You must indicate in your letter of intervention whether you expect to seek costs from the applicant and the grounds for your eligibility for costs. You must provide a copy of your letter of intervention to the applicant.

Need more information?

Further information on how to participate may be obtained by visiting the Board's Web site at www.oeb.gov.on.ca or by calling the Consumer Relations Centre at 1-877-632-2727.

How to contact us

In responding to this notice, please make reference to Board file number EB-2006-0501. It is also important that you provide your name, telephone number and postal address and, if available, an e-mail address and fax number. All communications should be directed to the attention of the Board Secretary at the address below, and be received by 4:45 pm on the required date.

For your convenience, the Board accepts letters of comment by either regular mail or e-mail. The Board's e-mail address is Boardsec@oeb.gov.on.ca. Please include the application file reference number in the subject line of your e-mail.

Letters of intervention must be sent by regular mail to the address below. Please remember that you must send a copy of your request for intervention to the applicant at the address listed below.

ADDRESSES

Ms. Kirstin Walli,
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
Toronto, Ontario, M4P 1E4

Mr. Glen MacDonald
Senior Advisor – Regulatory Affairs
Hydro One Networks Inc.
8th Floor, South Tower
483 Bay Street
Toronto, Ontario
M5G 2P5

IF YOU DO NOT INFORM THE BOARD OF YOUR WISH TO PARTICIPATE IN THIS PROCEEDING, THE BOARD MAY PROCEED WITHOUT YOUR PARTICIPATION AND YOU WILL NOT BE ENTITLED TO FURTHER NOTICE OF THE PROCEEDING.

Dated at Toronto October 17, 2006

ONTARIO ENERGY BOARD

Original Signed by

Peter H. O'Dell
Assistant Board Secretary