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File No. 339583/000223

December 10, 2015

By Electronic Filing

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
27th floor
Toronto, ON M4P 1E4

Dear Ms Walli,

Hydro One Networks Inc. ("Hydro One")	
2016 Distribution Rates	

Board File No.:	EB-2015-0079
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I am writing on behalf of Canadian Manufacturers & Exporters ("CME").

We have reviewed Hydro One's 2016 Draft Rate Order ("DRO") originally filed on September 30, 2015 and then updated on December 1, 2015. We have also participated in the Technical Conference which was held on December 4, 2015.

Included in the DRO is Hydro One's proposed transition to fully fixed residential rates as directed by the OEB's April 2, 2015 Report entitled *A New Distribution Rate Design for Residential Electricity Customers* (EB-2012-0410). The transition to fully fixed residential rates does not directly affect manufacturing classes, and as such, CME has not commented on this aspect of the DRO.

Based upon the Technical Conference, we expect that other parties will propose changes to the proposed transition to fully fixed residential rates, including different phase-in periods. CME relies upon Hydro One's undertaking – DRO TC4 in which it confirms that changes to the phase-in period for all fixed rate residential customers results in impacts that are self-contained to the rate class whose phase-in period is changing. That undertaking goes on to confirm that changing the phase-in period to all fixed rates for residential class would only impact the revenue amount to be collected from fixed charge versus variable charges for that specific residential class. It would not impact the total revenue amount to be collected from other rate classes. On the basis that the transition to fixed residential rates will not impact non-residential rate classes which service manufacturers CME has no comment on this aspect of the DRO.

With respect to all other elements of the DRO, including the update to the cost of capital, the determination of 2016 revenue requirement, the cost allocation, and the rate design (other than the rate design changes in moving to fixed rates for residential classes) CME is satisfied that Hydro One's DRO is consistent with the decision of the Board in EB-2013-0416.

For this reason, CME does not oppose the approval of Hydro One's 2016 DRO.

Yours very truly,

A handwritten signature in dark ink, appearing to read 'Vincent J. DeRose', followed by a long, horizontal, slightly wavy line extending to the right.

Vincent J. DeRose

VJD/kt

- c. Erin Henderson and Oded Hubert (HONI)
Donald Rogers, Q.C. (Rogers Partners LLP)
All Interested Parties EB-2015-0079
Paul Clipsham and Ian Shaw (CME)

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