

# LakelandPower

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November 6, 2007

ONTARIO ENERGY BOARD

*CP 1107*  
Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
27<sup>th</sup> Floor  
2300 Yonge Street  
Toronto, Ontario  
M4P 1E4

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## Re: Smart Meter Program

Dear Ms. Walli:

We at Lakeland Power Distribution Ltd. have been completing our due diligence process in preparation for our deployment to achieve the Provincial Government's Smart Meter Mandate. This process has been an exhaustive one, and all efforts have been made to ensure that we are sufficiently educated on current technology options available in the marketplace and their operational benefits in relation to our service territory requirements.

Our due diligence process has included budget analysis, technology demonstrations, site visits and in depth evaluations to assess the technologies in use at Phase One utilities within the province and those in other jurisdictions. The conclusion of our study has revealed that due to our unique, rural service territory it is in our customers best interest to deploy a technology that has seen success in a utility with like terrain.

Through our research, we feel that the opportunity available to us through the Phase One Approved Hydro One Procurement Process presents the best option for Lakeland Power. Considering that Hydro One has seen success in deploying their technology within neighbouring rural service territory gives us confidence that this is a solution that will provide our customers with a viable smart meter network in a cost effective manner.

Through Phase One contract negotiations, Hydro One made provisions for other distributors to "piggyback" off of their buying power and take advantage of pricing that was secured within their contract. Information on this opportunity has also been expressed to us by Hydro One and they are interested in working with us to share infrastructure where possible thereby, benefiting our customers from both a system redundancy and financial aspect.

We feel that this strategy will minimize risk to our end consumers while securing pricing for a technology that has proved to be effective in overcoming the operational struggles of implementing a network in a terrain similar to that of Lakeland Power. It is for these reasons that we would like the ability to "piggyback" on the Hydro One procurement process.

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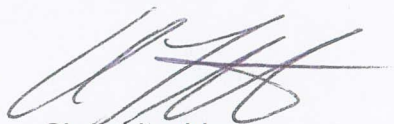
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For insurance purposes, the Hydro One RFP guarantees our selected vendor's lowest possible pricing from all provincial RFPs. Therefore, if our selected vendor were to bid on future RFPs with a lower price, then Lakeland Power is guaranteed this lowest pricing, removing all risk to our company and ultimately our customers. Our request is that we would have the right, through regulations, to move forward with our procurement process and the permission to follow this path as we prepare to fulfill our obligation for the Provincial Smart Meter Mandate. It is with excitement that we look to beginning this project in our service territory.

We believe that time is of the essence due to our unique geographic and communication requirements and hope to start deployment of meters in the first or second quarter of 2008.

We look forward to the opportunity of discussing this with you in more detail and thank you for your time.

Sincerely,



Chris Litschko  
President and CEO

Cc: Hydro One  
J. Douglas  
LLP