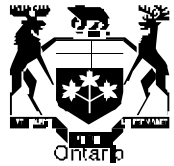


**Ontario Energy
Board**
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

**Commission de l'énergie
de l'Ontario**
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone: 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273



BY E-MAIL

October 29, 2008

Mr. Pat Hurley
Orillia Power Distribution Corporation
360 West St. S.
P.O. Box 398
Orillia, ON L3V 6J9

LETTER OF DIRECTION

Dear Mr. Hurley:

**Re: Orillia Power Distribution Corporation's Application for a Licence
Amendment to Reflect an Interim Exemption from Section 6.5.4 of the
Distribution System Code
EB-2008-0311**

The Ontario Energy Board has now issued its Notice of Application with respect to the above application and a copy is enclosed. Please note that you must serve the Notice within fourteen days of the date of this letter. If service is impossible within fourteen days, you must inform the Board Secretary immediately.

You are directed:

1. To immediately have the Notice posted on the Applicant's website.
2. To immediately serve a copy of the Notice, in person, by courier or by registered mail, upon Hydro One Networks Inc.
3. To immediately serve a copy of the Notice and a suitable cover letter, in person, by courier or by registered mail, upon the four customers that are the subject of the above referenced application. You must include the information in the sample letter attached as appendix A to this letter of direction in your cover letter to the four customers.

- 2 -

4. To file with the Board affidavit evidence proving the above service immediately upon completion, with original post office registration receipts (where applicable), or courier confirmation lists attached as appendices.
5. To immediately have copies of the application made available for public review at the applicant's head office.
6. To immediately provide a copy of the application to any person upon request.

You are further directed not to include any document(s) or material(s) when serving the Notice other than document(s) or material(s) expressly required by this Letter of Direction to be served.

Yours truly,

Original signed by

Kirsten Walli
Board Secretary

Encl.

Appendix A

APPLICATION TO THE ONTARIO ENERGY BOARD BY YOUR ELECTRICITY DISTRIBUTOR EB-2008-0311

Dear customer:

Your electricity distributor, Orillia Power Distribution Corporation filed an application with the Ontario Energy Board requesting a continuation of the way in which your electricity is currently supplied. You are not required to take any action in response to this letter but you may wish to let the Ontario Energy Board know of any concerns you may have about the application.

As you know, you are currently a customer of Orillia Power and are billed for electricity by Orillia Power at its approved rates. However, you may not know that your electricity is supplied by Hydro One Networks Inc. You are within Orillia Power's service area but are actually served electricity by Hydro One. This arrangement is known as a long term load transfer.

The Ontario Energy Board requires geographic electricity distributors (in your case, Orillia Power) to eliminate long term load transfer arrangements before January 31, 2009. This can be achieved by either negotiating the transfer of the load transfer customers to the distributor that physically supplies them or by the geographic distributor extending its system to connect the customers.

In your case, Orillia Power has the option of:

- (a) applying to the Board for an order to transfer you permanently to Hydro One's service area; or
- (b) connecting you and servicing you directly.

Orillia Power intends to connect you and service you directly by January 31, 2011; which is beyond the January 31, 2009 deadline. Therefore, it had applied to the Ontario Energy Board for an order allowing it to continue its long term load transfer arrangement with Hydro One Networks Inc. until January 31, 2011 to allow Orillia Power to make necessary arrangements to supply you directly. If the Board grants the exemption as requested and Orillia Power connects you as planned, Orillia Power would continue to serve your electricity needs, at the rates that are approved for Orillia Power, as is the case at present.

An official Notice of Application was issued by the Board, a copy of which is attached to this letter. The Notice contains information about how to participate in the proceeding associated with the application.

If you have any questions about this letter, please call <name of person> at Orillia Power Distribution Corporation. at <phone number>.