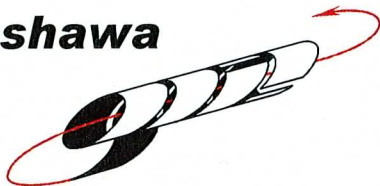


Oshawa



PUC Networks Inc.

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November 6, 2008

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, Suite 2700
P.O. Box 2319
Toronto, ON
M4P 1E4

Dear Ms. Walli:

**Re: Interim Exemption from Section 6.5.4 of the Distribution System Code – Board
File Number EB-2008-0149**

As per your request dated October 6, 2008, please find enclosed the Oshawa PUC Networks Inc. response.

Please contact me if you have any further questions or wish to discuss. I can be contacted at 905-723-4626 extension 5255, or by email at mturney@opuc.on.ca.

Yours truly,

Mark Turney
VP Engineering and Operations

Cc: Project File

Enclosure.

Oshawa PUC Networks Inc.
Response to OEB Letter Dated October 6, 2008
Interim Exemption from section 6.5.4
of the
Distribution System Code
Board File Number EB-2008-0149

Prepared By:
Falguni Shah
Distribution Engineer
Oshawa PUC Networks Inc.
Date: November 6, 2008

Oshawa PUC Networks Inc. (OPUCN) response to Section 1 of Ontario Energy Board letter dated October 6, 2008.

The rationale for a 3 year exemption period to eliminate long term load transfers in the Oshawa PUC Networks Inc. (OPUCN) service territory is as follows:

1. Financial Impact: The 3 year period allows OPUCN to spread the financial impact of the work associated with the elimination of the load transfers over a manageable time period, without significant risk to funding for other important maintenance, enhancement and expansion projects. The OPUCN distribution system is a relatively aged system and requires significant financial investment in order to ensure that an acceptable level of reliability is maintained. The OPUCN system is also experiencing a rapid level of expansion due to new residential and customer connections therefore placing constraints on the amount of capital available to complete the long term load transfer work.
2. Workload Impact: The 3 year period allows OPUCN to spread the workload for engineering planners and distribution crews over a manageable time period without significant risk to having the manpower necessary to complete other important maintenance, enhancement and expansion work. An aging distribution system requires additional maintenance and enhancement work involving distribution engineering planners and line crews. An expanding customer base also places additional work on these same planners and line crews. The 3 year period to complete the elimination of load transfers ensures that OPUCN does not jeopardize service to its other customers and continues to supply safe and reliable electricity in its service territory.

It is the opinion of OPUCN that the load transfer arrangements with Hydro One cannot be eliminated any sooner than the dates contemplated in the plan for the reasons as stated above.

If OPUCN were required to eliminate the load transfer arrangements with Hydro One any earlier than contemplated in the plan, it would experience operational and financial harm for the following reasons:

1. Ability to complete other important work: The OPUCN service territory is currently experiencing rapid growth. A number of significant projects have occurred over the past 2 years including; 401 interchange at Stevenson Road, arena in downtown Oshawa, wind tunnel at Durham College / UOIT, major courthouse in downtown Oshawa and the continuation of rapid residential and commercial growth. In the near future highway 407 will be extended through the OPUCN service territory and the growth associated with the highway will require electric distribution servicing. A number of Region of Durham and City of Oshawa road work programs are contemplated over the next few years requiring

OPUCN engineering and distribution crews to relocate existing OPUCN infrastructure under the Highway Traffic Act requirements. OPUCN continues to carefully plan the capital work program each year to ensure that funding and manpower are available to complete all of the necessary work. A requirement to eliminate load transfers any sooner than contemplated in the plan would have a detrimental affect on the ability of OPUCN to complete other important expansion work.

2. Distribution System Reliability: The OPUCN distribution system is relatively aged and is requiring significant funding and manpower commitments in order to maintain and enhance the system and deliver an acceptable level of reliability to existing customers. A requirement to eliminate load transfers any sooner than contemplated in the plan would have a detrimental affect on the ability of OPUCN to complete its maintenance and enhancement program each year therefore impacting reliability in a negative way.
3. Public/Workforce Safety: OPUCN recently completed a study of the structural integrity of its 12,000 wood distribution system poles. A number of poles were found to require replacement over the next few years in order to avoid a potential pole failure, endangering the safety of both the public and its workforce. A requirement to eliminate load transfers any sooner than contemplated in the plan could jeopardize this program and have a detrimental affect on the safety of both the public and the OPUCN workforce.
4. Distribution system capacity: OPUCN is planning the addition of a Municipal Substation during 2009 and is required to make a capital contribution towards a Hydro One Transformer Station in 2010. A requirement to eliminate load transfers any sooner than contemplated in the plan could have a detrimental affect on the ability of OPUCN to fund these projects and, as a result, jeopardize its ability to ensure an adequate supply of electricity distribution services to a growing customer base.

OPUCN response to Section 2 of Ontario Energy Board letter dated October 6, 2008.

The progress with respect to the OPUCN plan to eliminate the subject load transfers since the filing of the application includes:

- Completion of field survey
- Customer notifications as per Ontario Energy Board requirement
- Budget allocated for the year 2009 annual capital work plan
- Budget allocated for work in year 2010 and 2011 in 5 year capital budget forecast
- Detail Engineering and design scheduled with Technical Services for January, 2009
- Work scheduled with Distribution Department to commence spring, 2009