

OGILVY RENAULT

LLP / S.E.N.C.R.L., s.r.l.

Direct Dial: (416) 216-2342
Direct Fax: (416) 216-3930
ckeizer@ogilvyrenault.com

SENT BY E-FILING & COURIER

Toronto, December 2, 2008

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

Dear Ms. Walli:

RE: EB-2008-0341
FortisOntario Inc./Grimsby Power Inc. - Section 81 – Notice

We are counsel to FortisOntario Inc. (“Fortis”) and file this clarification letter on its behalf. Fortis has filed a notice of proposal under section 81 of the Ontario Energy Board Act, 1998 with the Ontario Energy Board (“Board”), to acquire a ten percent economic interest in Grimsby Power Incorporated (“Grimsby”) (the “Notice”). The Board has assigned file number EB-2008-0341 to the Notice.

We make reference to question 1.6.1 of the Notice which asks the parties to confirm that they are in compliance with all licence and code requirements, and will continue to be in compliance after completion of the proposed transaction or project. The response filed by Fortis and Grimsby in the Notice was the following:

“FortisOntario confirms that it is in compliance with all licence and code requirements and will continue to be in compliance after completion of the proposed transaction. *Grimsby Power Inc. confirms that it will be in compliance with all licence and code requirements after completion of the proposed transaction.*” [Emphasis added]

Fortis and Grimsby wish, by way of this letter, to clarify the response given to question 1.6.1.

**Barristers & Solicitors,
Patent Agents & Trade-mark Agents**

Suite 3800
Royal Bank Plaza, South Tower
200 Bay Street
P.O. Box 84
Toronto, Ontario M5J 2Z4
Canada

Telephone (416) 216-4000
Fax (416) 216-3930

ogilvyrenault.com

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Grimsby Power currently provides financial support to Niagara West Transformation Corporation (“NWTC”), in the form of an investment in NWTC's non-voting Class A special shares and the provision of a guarantee of up to \$3,250,000 of certain indebtedness of NWTC. Please see the corporate entities structure provided at Exhibit 1.2.2 of the Notice for further information about the relationship between NWTC and Grimsby.

Section 2.4.1 of the Affiliate Relationships Code states that:

“A utility may provide loans, guarantee the indebtedness of, or invest in the securities of an affiliate, but shall not invest or provide guarantees or any other form of financial support if the amount of support or investment, on an aggregated basis over all transactions with all affiliates, would equal an amount greater than 25 percent of the utility’s total equity.”

The intention of the response to question 1.6.1 was that Grimsby shall ensure, prior to closing the transaction that is the subject of the Notice, that the amount of financial support provided by Grimsby to NWTC does not exceed the limits for financial support for affiliates provided in Section 2.4.1 of the Affiliate Relationships Code.

While the financial support that Grimsby provides its affiliate, NWTC, currently exceeds the 25% threshold, it is our understanding that Fortis has been advised by Grimsby that Grimsby will be taking steps to reduce its guarantee and/or the investment in NWTC to come into compliance on or prior to closing. In any event, Fortis notes that this compliance issue is not relevant to the Board’s consideration of Fortis’ notice of proposal to acquire a ten percent economic interest in Grimsby, except to the extent that the consideration paid by Fortis for that economic interest will facilitate Grimsby coming into compliance.

If you have any questions or concerns with respect to this clarification, please feel free to contact me directly.

Yours very truly,

Ogilvy Renault LLP



Charles Keizer

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