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December 19, 2008

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

Dear Ms Walli,

Hydro One Networks Inc. ("Hydro One")
2009/2010 Distribution Rates
Board File No.: EB-2008-0187
Our File No.: 339583-000034

We are writing this letter to seek intervenor status and cost award eligibility in this proceeding on behalf of Canadian Manufacturers & Exporters ("CME").

Request for Intervenor Status

The reasons why CME should be granted intervenor status in this proceeding include the following:

- (i) CME is Canada's leading business network. Its members represent 75% of manufactured output in the Province of Ontario, and 90% of all exports.
- (ii) Manufacturing is important to the Province of Ontario. It is the single largest sector of the economy (17.5% of Gross Domestic Product ("GDP") or \$300B) employing, directly, over 1M people in the Province.
- (iii) Electricity is the primary source of energy for the manufacturing sector. As a result, the members of CME are vitally concerned with all matters pertaining to the supply and price of electricity.
- (iv) Ontario-based CME members seek an electricity system for Ontario which is one of the most cost-effective and economically sustainable systems in North America.
- (v) CME's primary concern, in this proceeding, is the level of the rate increases Hydro One Networks Inc. ("Hydro One") seeks to its distribution rates, effective

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May 1, 2009, and the impact that such rate changes will have on the energy costs of its members.

- (vi) CME wishes to actively participate in these proceedings to assure that any rate changes which the Board approves are just and reasonable. Just and reasonable rates are a necessary ingredient of an electricity system that will support a growing and prosperous manufacturing sector.

Request for Cost Award Eligibility

CME seeks a determination that it is eligible for a Cost Award on the following grounds:

- (i) CME is a not-for-profit organization funded by membership fees and revenues from the services it renders to Federal and Provincial Governments and Agencies to foster the development of national and international markets for its members and to break down trade barriers.
- (ii) About 85% of CME's 1,200 Ontario-based member companies are Small to Medium sized business Enterprises ("SMEs") with 500 employees or less. The views of these businesses should be considered in these proceedings.
- (iii) CME's ability to actively participate in this proceeding is dependent upon a determination that it is eligible for a Cost Award. In many prior proceedings, the Board has determined that CME is eligible for a Cost Award.

Combined Written and Oral Hearing

CME considers an oral component to this proceeding, including a Technical Conference, Settlement Conference and, if necessary, an Oral Hearing, to be the most efficient way for the Board to resolve the issues which the Application raises. An oral "face-to-face" component of the process has advantages over a completely written hearing process. These advantages include the following:

- (i) An oral component accommodates to and fro discussions between utility representatives and those parties seeking further information and, thereby, tends to provide a more thorough understanding of the information the utility provides to support its application;
- (ii) It permits intervenor-specific concerns to be dealt with promptly and, if necessary, in "one off" discussions between utility representatives and a particular intervenor;
- (iii) The schedule associated with an oral process component can be compressed to make it either as expedient or more expedient than an entirely written process; and
- (iv) An oral process component allows the utility and intervenors an opportunity to gain a better understanding of their respective positions which, in turn, increases

the probability of settling matters in dispute, thereby, relieving the Board from having to consider written arguments with respect to settleable issues.

An entirely written hearing process has none of these advantages.

CME Contacts

If the relief requested in this letter is granted, then CME requests that further communications with respect to this matter be sent to the following:

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Please contact the undersigned if the Board requires any further information in connection with these requests.

Yours very truly,



Peter C.P. Thompson, Q.C.

PCT\slc
c. Glen MacDonald (Hydro One Networks Inc.)
Michael Engelberg (Hydro One Networks Inc.)
Paul Clipsham (CME)

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