

Hydro One Networks Inc.

8th Floor, South Tower
483 Bay Street
Toronto, Ontario M5G 2P5
www.HydroOne.com

Tel: (416) 345-5700
Fax: (416) 345-5870
Cell: (416) 258-9383
Susan.E.Frank@HydroOne.com

Susan Frank

Vice President and Chief Regulatory Officer
Regulatory Affairs



BY COURIER

December 23, 2008

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

Dear Ms. Walli:

EB-2007-0681– Hydro One Networks' 2008 Distribution Rate Application – Request for Clarification on Timing of Disposition of New Riders

On December 18, 2008 the Board issued its Decision with Reasons respecting Hydro One Networks Distribution Rate Application for the 2008 test year. The Decision made a number of findings with respect to:

- i) the disposition and recovery of balances in existing deferral/variance accounts (via a new Rider #3), and
- ii) recovery of the difference between revenue collected under the existing rates and the revenue that would have been collected if the new rates were implemented May 1, 2008 (via Rider #4).

It is Hydro One's understanding that the Decision requires recovery of the balances associated with these two riders over the following periods:

- i) Rider #3 – February 1, 2009 to January 31, 2011 (24 month period)
- ii) Rider #4 – February 1, 2009 to April 30, 2011 (27 month period)

Hydro One is prepared to implement the disposition of these riders over the periods noted above. However, in order to minimize the number of rate changes to customers and align the rider-driven rate changes with the regularly scheduled annual changes which occur on May 1 of each year, Hydro One respectfully suggests the Board consider approving the disposition of both Rider #3 and Rider #4 over the same 27 month period to be completed by April 30, 2011.

Hydro One requests the Board's advice on this matter as soon as possible in order to allow sufficient time to prepare the rate schedules and bill impact schedules for the draft Rate Order by the requested filing date of January 12, 2009.

Sincerely,

ORIGINAL SIGNED BY SUSAN FRANK

Susan Frank