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Commission de l'énergie de l'Ontario
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BY EMAIL

March 26, 2007

Ms. Susan Frank
Vice President and Chief Regulatory Officer
Hydro One Networks Inc. (Transmission)
483 Bay Street
South Tower, 8th Floor
Toronto ON M5G 2P5

Dear Ms. Frank:

**Re: Northern York Region Supply
EB-2005-0315**

In a meeting of March 2, 2007, attended by representatives of Hydro One Networks Inc., the Ontario Power Authority, and the Independent Electricity System Operator, it became clear that there is a potential reliability concern regarding the electricity supply to consumers in the Northern York Region.

In that meeting, Board staff indicated that the Board's decision and order with respect to the Northern York Region Supply (Proceeding File No. EB-2005-0315) directed Hydro One Networks Inc. (Hydro One) to, among other projects; construct the Holland Junction Transformer Station (HJTS). The expectation was that the HJTS would be built by summer 2007 and be available to service the electricity demand in the region.

Board staff also indicated that it has been reviewing the developments in Northern York Region and has become aware of delays related to the HJTS.

Hydro One's staff gave a presentation in that meeting covering the analysis of the situation attributed to the delay in securing environmental permitting for HJTS, which will not be in-service for the summer season of 2007. The delay in the construction of the HJTS may also mean that the station might not be in-service for the summer of 2008 or 2009. It became clear that the delayed in-service of the HJTS may result in inadequate capacity being available from the existing Armitage Transformer Station (Armitage TS) until the HJTS is in-service.

For the Board to have a complete understanding of the capability of the system at the

Armitage TS to handle anticipated electricity demand, more information is needed regarding Hydro One's transmission plans on providing additional transmission capacity in the region. The Board is requesting that Hydro One file a report identifying the expected delay in securing environmental permitting for HJTS, covering best and worst scenarios. For each scenario, Hydro One should provide the impacts of such delays in terms of the capacity being available from the existing Armitage TS and consequent service reliability impacts to customers supplied by that Armitage TS. The Board is also interested in solutions that Hydro One is contemplating to address any identifiable problem from that analysis.

Due to the urgency of the situation and the need to have a plan ready for implementation prior to the summer months (June –September) of 2007, the report (8 paper copies and one electronic copy in PDF format at boardsec@oeb.gov.on.ca) is to be filed no later than **April 6, 2007**.

Thank you for your cooperation and assistance in this matter.

Yours truly,

Original signed by

Peter H. O'Dell
Assistant Board Secretary

cc Ontario Power Authority
Independent Electricity System Operator
York Region Distributors:
Power Stream Inc.
Newmarket Hydro
Hydro One Networks Inc. (Distribution)