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**Commission de l'énergie
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April 20, 2007

Dr. Jan Carr
Chair, Ontario Power Authority
120 Adelaide Street West, Suite 1600
Toronto Ontario
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Dear Dr. Carr:

Re: Northern York Region Supply

The Board issued a decision and order with respect to the Northern York Region Supply on November 22, 2005 – Proceeding File No. EB-2005-0315. It 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.

The response to recent letters sent by the Board to the OPA, Hydro One, Powerstream and Newmarket Hydro, leads the Board to conclude that the HJTS will be delayed and the facilities will not be in-service for the summer season of 2007. Hydro One Transmission has indicated that the station could be delayed until the end of 2009. The Board also understands that this delay could result in the overloading of the existing Armitage Transformer Station (Armitage TS).

The Board hereby requests that the OPA develop a three year plan for remedial action to address the potential overloading at Armitage TS. As part of that plan, the Board requests that the OPA assess the potential overloading at Armitage TS during that the three year period, given the load forecast under normal and severe weather conditions. The assessment would also include potential consequences of overloading Armitage TS on service reliability to customers.

The Board understands that the OPA, the Independent Electricity System Operator (IESO) and Hydro One Networks have different responsibilities. The IESO has responsibility for both short and long term operational planning, Hydro One Networks for the construction and operation of transmission infrastructure to supply load and the OPA for long term capital planning. Therefore the Board expects that the OPA will coordinate the response of all three organizations such that the three year plan incorporate the IESO's and Hydro One's operational

approaches as well as any current mitigating measures being taken or planned by the York Region Distributors.

In order to maintain reliable service in the affected areas the Board believes it is important to provide both short term (summer of 2007) and long term plans (HJTS in-service by the end of 2009). The Board therefore requests that the remedial action plan be divided into two phases. The first phase of the plan, focusing on mitigation for June to September of 2007, should be filed with the Board no later than May 31, 2007.

The second phase of the plan, covering the period from October 2007 to the end of 2009, should be filed with the Board no later than September 30, 2007. The time-period for the second phase of the plan is necessary because the Board understands that there is some likelihood that HJTS construction could be delayed beyond May, 2008. The plan must therefore anticipate remedial action for the summer periods (June to September) in both 2008 and 2009.

Thank you for your cooperation and assistance in this matter.

Yours truly,

Original Signed By

Kirsten Walli
Board Secretary

CC Independent Electricity System Operator
PowerStream Inc.
Hydro One Networks Inc.
Newmarket Hydro