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ONTARIO ENERGY BOARD

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

2014/p

Subject: EB-2006-0189 – Hydro One Networks' Application for Approval of Connection Procedures pursuant to the Transmission System Code

Dear Ms. Walli:

We are writing this letter in support of Hydro One's letter dated May 11, 2007 regarding the treatment of capital contributions for transmission projects and specifically with respect to the Preston autotransformer project.

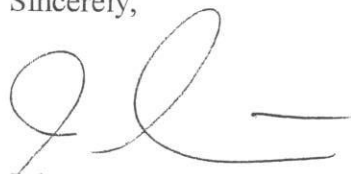
Hydro One and the four Local Distribution Companies (Cambridge & North Dumfries Hydro, Guelph Hydro Electric Systems, Kitchener-Wilmot Hydro, and Waterloo North Hydro) have worked together for more than 5 years to develop a joint Regional Supply Plan for future electricity supply to the aforementioned communities and surrounding area. Recently, the Ontario Power Authority has joined the local initiative and integrated the local supply plan into the Integrated Power Supply Plan for Ontario.

A number of options were considered and a Regional approach was determined to be the preferred approach to increase the Capacity and improve the Reliability of supply to this rapidly expanding and growing area of Ontario. A solution was chosen for our customers that not only meets the needs of today but also integrates into a longer term solution for the future.

The Local Distribution Companies are very concerned with the Ontario Energy Board's review of Hydro One's Connection Procedures with respect to the treatment of capital contributions; and specifically that the Local Distribution Companies may be required to pay a capital contribution for the Preston autotransformer project. This significant and important project is of benefit not only to the local LDC's but to customers as far away as Burlington and to the transmission network as a whole. This serious financial burden and corresponding rate increase should not be imposed on the local LDC's and their customers only. We believe that responsible regional planning efforts must also consider what's best for the transmission system and a narrow focus by the Ontario Energy Board that jeopardizes the preferred solution based on the requirement for capital contributions is inappropriate in the context of the benefits to the provincial transmission grid.

The transmission system represents a vital link in the delivery of power to our customers and in the government's initiative to reduce our reliance on coal-fired generation. Since the Preston autotransformer project not only provides additional capacity to the area but also improves the reliability and voltage performance of the transmission network, we support Hydro One's position that this is a network asset that is the responsibility of the Transmitter.

Sincerely,



John Grotheer
President & CEO
Cambridge & North Dumfries Hydro



Arthur Stokman
President
Guelph Hydro Electric Systems Inc.



Jerry Van Ooteghem
President & CEO
Kitchener-Wilmot Hydro Inc.



Rene Gaten
President & CEO
Waterloo North Hydro Inc.



- c. Hydro One Networks Inc.
Attention: Mr. Arthur Fischer
Account Executive
- c. Ontario Power Authority
Attention: Mr. Bob Chow
Director, Transmission Integration