

Ministry of Energy

Office of the Minister

4th Floor, Hearst Block
900 Bay Street
Toronto ON M7A 2E1
Tel.: 416-327-6758
Fax: 416-327-6754

Ministère de l'Énergie

Bureau du ministre

4^e étage, édifice Hearst
900, rue Bay
Toronto ON M7A 2E1
Tél. : 416 327-6758
Téléc. : 416 327-6754



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Mr. Mayo Schmidt
President and CEO
Hydro One
483 Bay Street
8th Floor, South Tower
Toronto ON M5G 2P5

Dear Mr. Schmidt:

I would like to thank you for meeting with me on August 30, 2017.

I appreciated you providing me with an update on the regulatory process for Hydro One's acquisition of Avista both in the U.S and in Ontario. This acquisition creates geographic, economic and regulatory diversity within North America, and will enhance Hydro One's asset base with the addition of complementary regulated natural gas distribution. I understand that the closing of this is expected in the second half of 2018 subject to regulatory and government approvals.

I know that Hydro One has filed a 5 year Custom Incentive Regulation (Custom IR) Distribution Rate Application with the Ontario Energy Board (OEB). It is important that your customers understand the open and transparent process that is part of the regulatory framework in Ontario. I appreciate that under the new management team at Hydro One, you have recently made change to ensure a broader and more robust customer focus – this has been both noticed and appreciated.

Hydro One has been very supportive of the programs that have been promoted through the Fair Hydro Plan. Your cooperation in ensuring that the enhancement of the Rural or Remote Rate Protection plan, the new Distribution Rate Protection plan and the new First Nation Delivery Credit were implemented in a timely manner to your customer base is very much appreciated. Additionally, your leadership in designing and helping to establish the Affordability Fund has been a vital component of the Fair Hydro Plan.

As we move forward on the Bill Redesign Action Plan, your help has been critical in assessing customers' needs and requirements, and your generosity in sharing this information has been beneficial to the industry as a whole. We are looking forward to

the updated bill to help consumers better understand and appreciate their use and the applicable costs.

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I also appreciated discussing the East-West Tie project with you. I am aware that the OEB has received Hydro One's application for Leave to Construct for the station work associated with the East-West Tie, as well NextBridge's application for the line. As you know, I have asked the IESO to complete an updated needs assessment for the project as a result of the increased cost estimates for the line. I am confident that Hydro One will work constructively with the IESO and the OEB as this project continues through the regulatory approval process.

It has been a very busy summer for the industry as a whole, and we are looking forward to issuing the Long Term Energy Plan (LTEP) in the early fall.

Thank you again, for taking the time to meet with me. Please accept my best wishes.

Sincerely,

Glenn Thibeault
Minister