

Hydro One Inc.
483 Bay Street
South Tower, 10th floor
Toronto, Ontario M5G 2P5

Tel: (416) 345 6001
Fax: (416) 345 6054

Tom Parkinson
President and
Chief Executive Officer



October 4, 2004

Bill Fisch, Chair
Regional Municipality of York
17250 Yonge St.
Newmarket, ON L3Y 6Z1

Dear Mr. Fisch,

Announcement of Hydro One Preferred Transmission Option

Following an extensive public consultation process involving local municipalities, government agencies, key stakeholders, residents and businesses, Hydro One would like to inform you that we have selected a preferred transmission option for the Supply to York Region Transmission Line Study.

Based on the results of our analysis, including the input we received from stakeholders throughout our consultation program, we have selected Parkway Transformer Station (TS) in Markham to Armitage TS in Newmarket as our preferred transmission route. As you know, this route was originally and unanimously recommended by a joint planning exercise involving the local distribution companies and Hydro One. It utilizes an existing transmission corridor and, as such, is least impactive to the environment and communities. It is also the shortest and least costly route, and provides a diversity of supply to York Region. The evidence in support of our recommended transmission solution will be documented in our Environmental Study Report (ESR) which will be available later in October for a 30-day review period in accordance with the Ontario environmental review requirements.

Throughout our consultation program, we have heard and discussed alternatives to transmission, including conservation, generation and distribution. If there is a preference within York Region to pursue any of these options, Hydro One will do everything within its mandate to provide assistance. In the meantime, it is important that we continue with this project and submit our ESR to the Ministry of Environment to obtain the required approvals, given the lead time associated with approvals and construction.

It is important to note that successful completion of the EA process does not commit construction of the transmission solution. Since this project serves to protect regional reliability, Hydro One will not file a *Leave to Construct* request with the Ontario Energy Board (OEB) until requested to do so by

hydro_{ONE}

York Region and all affected LDCs. This prudent approach allows ample opportunity for the Region and the LDCs to conduct their evaluation of supply requirements, and decide on how they wish to proceed. Of course, this approach also puts the risk of inadequate supply in the hands of the Region.

We appreciate your continued interest in the project.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tom Parkinson', with a long horizontal line extending to the right.

Tom Parkinson

c Michael Garrett, CAO