



First Nations Consultation

2007/08 Transmission Rate Application

Participant Terms of Reference

Background

Hydro One Networks Inc. (Hydro One) is a company committed to business excellence. Building positive and lasting relationships with stakeholders and First Nations is key to our success. To continue to build these relationships, Hydro One is undertaking a stakeholder and First Nations consultation process to assist in the preparation of its 2007/08 Transmission Rate Application to the Ontario Energy Board (OEB). This process will involve a number of consultation sessions and a project website. The purpose of the consultation sessions is to provide a forum for dialogue between Hydro One and key stakeholders, First Nations and customers to discuss, clarify and prioritize key topics related to the application. These consultation sessions, along with any submissions received through the website, will be considered in the development of the content of Hydro One's submission to the OEB.

Hydro One owns transmission assets that are located on Aboriginal reserve lands and within the traditional territories of Aboriginal peoples. Hydro One recognizes that Aboriginal peoples and their lands are unique in Canada, with a distinct legal, historical and cultural status.

Hydro One is committed to working with Aboriginal peoples in a spirit of partnership and shared responsibility. Forging business relationships with Aboriginal communities based upon trust, confidence, and accountability is vital to achieving the corporate objectives of profitability and growth in the emerging energy marketplace.

Stakeholder and First Nations Consultation Principles

- Hydro One is entering into the consultation process in good faith with a view to facilitating and streamlining future OEB proceedings related to the application;
- Hydro One will receive and consider all submissions made by stakeholders and First Nations, while retaining control over the process for developing its application;

- All consultations are carried out on a without-prejudice basis;
- A neutral facilitator will document and report the discussions and any agreements reached with all or some stakeholders;
- Agreements reached will be submitted to the OEB as part of its evidence.

Goal

The goal for the stakeholder sessions is to create a forum for key stakeholders and First Nations to obtain information about the Hydro One transmission business with a view toward facilitating discussion on issues related to Hydro One's 2007/08 Transmission Rate Application and to explore options or potential areas of agreement. To further this mandate, participants are asked to:

- Represent the various views of their customers/constituencies;
- Assist Hydro One to understand their goals and issues through participation in a process of open dialogue and submissions.

Objectives

- Create better stakeholder understanding of the Hydro One transmission business, cost structure, system development challenges and costing, cost/reliability trade-offs and equity/user-pay considerations;
- Ensure stakeholder concerns and views are identified, understood and considered in the decision-making of Hydro One;
- Provide insight, advice, and feedback to Hydro One on any concerns, values, information and preferences regarding all aspects of Hydro One's transmission application and operations;
- Act as a forum for the exchange of information and views;
- Assist Hydro One to anticipate and respond to stakeholder, First Nations and customer views and preferences;
- Clarify as many issues as possible prior to the Hydro One submission to the OEB;
- Scope the transmission issues to be heard by the OEB; and
- Reduce the time and cost associated with the OEB hearings.

Membership

Participants in the workshop(s) has been invited from key stakeholder groups, namely: active intervenors from previous proceedings, energy and environmental associations, Local Distribution Companies, major customers, other transmitters and the Aboriginal community.

Hydro One believes that those invited are "representative" of the interests of the majority of its stakeholders. Workshop sessions may be limited in size to ensure adequate time to fully explore issues.

Alternate Members

It is Hydro One's intention that the same stakeholder and First Nations representatives be actively involved throughout the process. This continuity will aid in the effectiveness of the process. In the event a participant is unable to attend one or more meetings, one designated alternate may be assigned to take their place. In the event that a participant and their alternate are both unable to attend a meeting, input may be submitted to Hydro One, in writing, prior to the meeting.

Roles and Responsibilities

Hydro One

- Provide adequate background information to enable participation;
- Provide overview/presentations of key issues;
- Act as a resource for main discussion and breakout sessions;
- Inform stakeholder participants how consultation has influenced Hydro One application.

Stakeholder and First Nations Representatives

- Review Hydro One material presented;
- Identify key issues;
- Provide and present input, advice and feedback on issues relating to Hydro One's transmission rate application; and
- Explore potential areas of agreement around key issues;

First Nations Discussion Sessions

- Meetings are to be convened at the request of Hydro One;
- At least four 1 day sessions in July are envisioned, in Toronto, London, Sudbury and Thunder Bay with final wrap up meeting held in Toronto if necessary;
- The input received during the Hydro One consultation will be used solely for the purpose of developing the 2007/08 Hydro One Transmission Rate Application.

Consultation Process Support

Hunter-Courchene Consulting Inc. has been retained to provide third party facilitation and reporting of the First Nation consultation sessions. Assistance in identifying issues where discussion will be of benefit, exploring stakeholder views, and identifying any common ground are key parts of the facilitation role.

Hunter-Courchene will prepare meeting notes that document discussions and First Nations submissions received during this process, as well as any areas of agreement that are reached between Hydro One and First Nations representatives.

Participant Funding

Funding may be provided for participants who qualify for funding under the *Funding Guidelines* attached. No other participant funding will be offered.

Duration of the Consultation Period

The purpose of this consultation is to provide an opportunity for Hydro One-stakeholder dialogue during the time in which Hydro One is preparing its 2007/08 Transmission Rate Application. It is anticipated that the Application will be submitted in the fall of 2006.

Additional Consultation Opportunities

Parties who are not available to attend or cannot be accommodated in the stakeholder consultation sessions are encouraged to follow the process and submit comments through the Hydro One Web site (www.hydroonenetworks.com).

Accountability:

- Responsibility for the stakeholder and First Nations consultation program rests with Susan Frank, Vice President and Chief Regulatory Officer, Hydro One.
- Participants are to be governed according to the policies/procedures of their respective organizations. In the event that agreements are reached during the consultation process, they must be consistent with relevant policies of the respective organizations and must be supported by written documentation from the organization.

Hydro One Contact

Should you have any questions about this document or the consultation program, please contact:

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