

# Sack Goldblatt Mitchell

Barristers  
& Solicitors

April 8, 2002

**DELIVERED**

Mr. David Brown  
Chair  
Ontario Securities Commission  
Suite 1900  
20 Queen Street West  
Toronto, ON  
M5H 3S8

Ms. Margo Paul  
Manager - Corporate Finance Branch  
Ontario Securities Commission  
Suite 1900  
20 Queen Street West  
Toronto, ON  
M5H 3S8

Dear Mr. Brown and Ms. Paul:

**Re: Hydro One Inc. - Preliminary Prospectus**

As advised in our letter of April 5, 2002, we are the solicitors for the Communications, Energy and Paperworkers of Canada and the Canadian Union of Public Employees in respect of this matter.

We enclose a copy of an Application Record in respect of a pending legal proceeding which is material to the IPO referred to above. The Application Record is presently out for service on the respondents, Her Majesty the Queen in right of Ontario (the "Crown") and the Honourable James Wilson.

You will see that our clients are seeking, *inter alia*, a declaration that any sale of the common shares of Hydro One Inc. held in the name of the Crown, whether pursuant to an initial public offering of common shares by way of secondary offering or otherwise,

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contravenes sub-section 48(1) of the *Electricity Act*, and a declaration that any sale or purported sale, transfer, disposition, alienation or encumbrance of the Crown's shares in contravention of the *Electricity Act* is void.

Further to the various matters set out in our earlier letter, it is our clients' position that at a minimum the prospectus should also reflect the risk presented by the intended conduct of the Crown in its capacity as sole shareholder of the issuer, which is the subject of the proceeding now pending before the court.

Sincerely,

Sean Dewart

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cc. Blair Cowper-Smith  
McCarthy Tétrault LLP  
Solicitors for the Province of Ontario

Gordon Currie  
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Solicitors for Hydro One Inc.

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Chief of International - Division of Corporation Finance  
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Alan Beller  
Director - Division of Corporation Finance  
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