

**Ontario Energy Board**  
P.O. Box 2319  
27th. Floor  
2300 Yonge Street  
Toronto ON M4P 1E4  
Telephone: 416- 481-1967  
Facsimile: 416- 440-7656  
Toll free: 1-888-632-6273

**Commission de l'énergie de l'Ontario**  
C.P. 2319  
27e étage  
2300, rue Yonge  
Toronto ON M4P 1E4  
Téléphone: 416- 481-1967  
Télécopieur: 416- 440-7656  
Numéro sans frais: 1-888-632-6273



## **BY E-MAIL AND WEB POSTING**

July 7, 2006

**To:** All Licensed Electricity Distributors  
All Participants in Proceedings EB-2006-0088 and EB-2006-0089

**Re:** Cost of Capital (EB-2006-0088) and 2nd Generation Incentive Regulation Mechanism (EB-2006-0089)  
**Cost Award Eligibility for Groups that Collaborate**

Further to the Board's letter of June 29, 2006 on cost award eligibility, and in response to parties' inquiries, the purpose of this letter is to inform all EB-2006-0088 and EB-2006-0089 participants about cost award eligibility for eligible parties with common viewpoints that collaborate and pool their resources.

In Appendix B to the Board's April 27, 2006 letter announcing this initiative to the industry, which outlined details regarding cost awards, the Board stated its expectation that groups representing the same interests or class of persons make every effort to communicate and co-ordinate their participation in this process.

Some parties have enquired how costs might be awarded if they collaborate and pool their resources to prepare an expert submission to the Board as provided for in Appendix A to the Board's June 29, 2006 letter which details the activities eligible for cost awards in this initiative.

The Board believes that eligible groups should have flexibility to budget potential cost awards as needed to best assist the Board throughout this consultation. As such, costs should be pooled when groups with common viewpoints collaborate and pool their resources.

### **Preparation of an Expert Submission**

The Board has provided for up to 42 hours for preparation of an expert submission to the Board. To recognize that time will be spent developing a shared understanding of the positions among multiple parties in a collaborative,

the Board will allow for an additional 21 hours for preparation of an expert submission to the Board for each additional member in a collaborative. For example, if an expert is sponsored by three eligible parties, then the Board will provide for up to 84 hours (42 hours + (21 hours \* 2)) for the preparation of the expert submission by the collaborative. The eligible parties will have to decide amongst themselves how the cost award is to be allocated between them.

### **Technical Conference Participation**

Some parties have asked for clarification on the cost award criteria related to technical conference participation.

With regard to the preparation for and reporting on technical conference, the Board has provided for up to 150% of attendance time. The Board clarifies that this applies to each party and each expert. In the example outlined above, this would mean 150% of the attendance time for the three collaborative members plus its expert (total of four eligible parties).

The same rule would apply to attendance at the technical conference. With regard to attendance, the Board has provided for actual time at conference (estimated at 38 hours). In the example provided, this would amount to up to 152 hours for the four eligible parties (38 hours \* 4).

**The requirements outlined in the Board's June 29, 2006 letter still stand. If an electricity distributor has any objections to any of the requests for cost eligibility, such objections must be filed with the Board Secretary. Due to the changes proposed in this letter, the Board is extending the filing deadline to July 17, 2006. The Board will then make a final determination on the cost eligibility of the participants. Specific instructions on filing requirements are detailed in the June 29, 2006 letter.**

Participants are reminded that the Board will apply the principles described in section 5.0 of the Board's **Practice Direction on Cost Awards** in reviewing any cost claims made in relation to this initiative.

For any questions regarding the cost of capital or incentive regulation consultations please contact Russ Houldin at 416 440-8112 or Lisa Brickenden at 416 440-8113, or e-mail [EDR@oeb.gov.on.ca](mailto:EDR@oeb.gov.on.ca).

Yours truly,

*Original signed by*

Peter H O'Dell  
Assistant Board Secretary