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BY E-MAIL AND WEB POSTING

October 11, 2006

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

Re: Cost of Capital (EB-2006-0088) and 2nd Generation Incentive Regulation Mechanism (EB-2006-0089)
Technical Conference October 17, 2006

As outlined on September 21, 2006 during the initial technical conference, the Board is providing for further information to be gathered in this consultation. To that end, the following steps were identified:

- participants may submit written questions to other participants on or before September 27th;
- participant responses on questions that they elect to answer are due by October 11th;
- on October 17th, the Board will host a further technical conference to allow for a discussion of the questions and answers provided by participants; and
- the date for filing written comments (currently scheduled for October 6th) will be extended to October 27th.

The purpose of this letter is to communicate further details of the one-day October 17, 2006 technical conference.

The objective of the technical conference is to enable Board Members and participants to better understand the issues canvassed in the written questions filed on September 27, 2006. The conference will provide participants and the Board an opportunity to discuss and, where helpful, further explore the written answers provided on October 11, 2006. The conference will be transcribed.

Like the conference held the week of September 18, 2006, this technical conference is being provided for within the scope of a consultative process that is intended to provide policy direction to support the execution of later phases of the

Board's code development mandate under section 70.1 of the *Ontario Energy Board Act, 1998*. The context underlying, and the process contemplated for, this second technical conference are the same as for the first technical conference, and are described in the Board's letter of August 31, 2006. To reiterate:

- the Board Members in attendance will moderate the discussion, including the order of questioning;
- questioning through counsel will be permitted but is not required; and
- Board staff will participate in the conference on the same basis as other participants.

As previously indicated, the Board will not compel anyone to answer any questions, whether before or during the technical conference. The Board hopes, however, that participants will co-operate to the maximum degree possible in order that the Board can benefit from all relevant information.

The technical conference will be held in the Board's west hearing room, 25th floor, 2300 Yonge Street, Toronto.

Those interested in attending are asked to register in advance by e-mail to EDR@oeb.gov.on.ca by 4:30 p.m. on October 13, 2006.

Next Steps

Final Written Comment

Participants are invited to make final written comments following the technical conference. While participants may prepare their written comments as they determine appropriate, it is not necessary that participants reiterate positions already expressed in earlier materials. **Written comments must be sent to the Board Secretary by 4:30 p.m. on October 27, 2006**, as set out below.

Development and Issuance of Proposed Code

Following the technical conference and receipt of final written comments, the Board will consider the views of staff and of all participants. The Board will make a preliminary determination of the appropriate approaches to the cost of capital and the 2nd generation incentive regulation mechanism and issue a proposed Code or Codes for notice and comment.

Instructions for Sending Materials to the Board Secretary

Final written comments sent to the Board are to be sent to the address set out above and in the form of seven (7) paper copies and electronic version in searchable Adobe Acrobat (PDF) and Word or PowerPoint (as applicable).

Please quote file numbers EB-2006-0088 (Cost of Capital) and EB-2006-0089 (2nd Generation IRM) and include your name, postal address and telephone number and, if available, e-mail address and fax number. Electronic versions may be sent on diskette or by e-mail to boardsec@oeb.gov.on.ca.

This letter, the written questions and answers, and the final written comments received by the Board will be available for public inspection on the Board's website at www.oeb.gov.on.ca and at the Board's office during normal business hours.

Any questions relating to this consultation should be directed to Russ Houldin at 416-440-8112, or Lisa Brickenden at 416-440-8113, or by e-mail to EDR@oeb.gov.on.ca. The Board's toll-free number is 1-888-632-6273.

Yours truly,

Original signed by

Kirsten Walli
Board Secretary