



November 8, 2006

Kirsten Walli, Board Secretary
Ontario Energy Board
PO Box 2319
2300 Yonge St, 27th Floor
Toronto, Ontario, M4P 1E4

Re: EDA Proposal for a Revenue Stabilization Mechanism for Local Electricity Distributors – EB-2006-0267

London Hydro has reviewed the Proposal submitted by the Electricity Distributors Association (EDA) with respect to a Revenue Stabilization Mechanism and we would agree in principal that the Board should give serious consideration to the development of a more streamlined approach to approving distributor revenue loss adjustments that result from implementation of conservation and demand management (CDM) initiatives.

The current LRAM / SSM mechanisms in place that allow for these adjustments on a program by program basis, will require a significant allocation of resources by both the distributor and the regulator and may act as a deterrent to undertake future CDM activities.

London Hydro is unable to provide detailed comments or recommendations at this time on the EDA proposal, as there is not enough detail on the proposed methodology in the report to fully understand and model the impact of the proposed amendments.

It is London Hydro's view that a full hearing would need to be undertaken by the Board to amend or replace the LRAM / SSM process for revenue recovery, and we will reserve our comments on any changes to these processes until such time as the Board submits its draft proposal and recommendations. We are advising the Board that we wish to remain on the distribution list for the duration of this proceeding.

If you require any further information, please contact me directly.

Sincerely,

Ian McKenzie
Regulatory Analyst
Bus (519) 661-5800 ext. 5579, Fax (519) 661-2596
mckenzie@londonhydro.com