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BY E-MAIL AND WEB POSTING

June 28, 2006

**TO: All Licensed Electricity Distributors
All Participants in EB-2005-0317
All Other Interested Parties**

**RE: Cost Allocation Review: Staff Proposal on Principles and
Methodologies**

As previously advised, all licensed electricity distributors ("distributors") will be required to submit cost allocation informational filings to the Board starting in the Fall of 2006. Distributors will be required to provide these filings in accordance with the provision in their respective licences that requires distributors to "provide, in the manner and form determined by the Board, such information as the Board may require from time to time".

Stakeholder comments are invited on the attached Cost Allocation Review: Staff Proposal on Principles and Methodologies (the "June Staff Proposal"). Written comments should specifically reference the relevant sections of the June Staff Proposal. Following review of the stakeholder comments, it is anticipated that in August the Board will approve the principles and methodologies that will support the informational filings. These will be incorporated into the generic model and the filing instructions for ease of completion by distributors.

Regarding the May Staff Proposals on Rate Classifications and Associated Load Data Requirements, eleven stakeholder submissions were received and reviewed. The final Board directions on these matters are set out in Chapters 2 and 3 of the attached document. No further comments will be sought or considered on these issues. These directions will assist distributors in starting to work with their load data service provider(s) to complete utility-specific load profiles for the filings.

Further to the instructions in Appendix B of the Board's letter of June 24, 2005, parties that were deemed eligible to receive funding in this consultation process will be entitled to claim total costs of up to 45 hours towards preparing written comments on the May and June Proposals. No submissions were received from eligible parties in respect of the May Staff Proposal. The maximum limit for which costs will be awarded for written comments in relation to the June Staff Proposal will be 45 hours per eligible party.

Parties wishing to provide written comments on the June Staff Proposal must file three paper copies of the comments, and an electronic version of the comment in searchable Adobe Acrobat (PDF) and Word, with the Board Secretary by **4:30 pm on July 18, 2006**. Electronic copies may be submitted on diskette or by e-mail to boardsec@oeb.gov.on.ca. The comments must quote file number EB-2005-0317 and include your name, postal address, telephone number, e-mail address, and fax number.

The Staff Proposal and written comments will be available for public inspection on the Board's website web at http://www.oeb.gov.on.ca/html/en/industryrelations/ongoingprojects_costallocation_review.htm and at the Board's office during normal business hours.

If you have any questions please contact John Vrantsidis, Policy Advisor, at 416-440-8122 or toll-free at 1-888-632-6273, or by e-mail at CAreview@oeb.gov.on.ca.

Yours truly,

Original signed by

Peter O'Dell
Assistant Board Secretary