

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

**Commission de l'Énergie de l'Ontario**  
C.P. 2319  
2300, rue Yonge  
27e étage  
Toronto ON M4P 1E4  
Téléphone; (416) 481-1967  
Télécopieur: (416) 440-7656



**BY E-MAIL ONLY**

February 23, 2006

**To: All Licensed Electricity Distributors and Participants in the Cost Allocation Review (EB-2005-0317)**

**Re: Notice of Hearing for Cost Awards for Phases 1 and 2 (EB-2005-0317)**

### **Background**

The Ontario Energy Board (the "Board") began a process to review cost allocation in the electricity distribution sector as described in the Board's June 24, 2005 letter.

In the June 24, 2005 letter, the Board stated that the costs of participating in the Cost Allocation Review will be awarded to eligible ratepayer or public interest organizations under section 30 of the *Ontario Energy Board Act, 1998* (the "Act"). The Board also stated that the costs to be awarded will be recovered from all licensed Ontario electricity distributors ("distributors") based on the distributors' respective distribution revenues.

Requests for cost eligibility had to be forwarded in writing to the Board Secretary by July 11, 2005. Ten requests for cost eligibility were received by the Board and all such requests were posted on the Board's website. Distributors could object to any of the requests for cost eligibility. No objections were received from any distributor.

The Board issued a letter on October 3, 2005 that granted cost eligibility to nine of the stakeholder groups and denied cost eligibility to the tenth stakeholder group. The nine stakeholder groups eligible to receive cost awards are: the Association of Major Power Consumers in Ontario; the Canadian Manufacturers and Exporters; the Consumers Council of Canada; Energy Probe Research Foundation; the Green Energy Coalition; the London Property Management Association; the Low-Income Energy Network; the School Energy Coalition; and the Vulnerable Energy Consumers' Coalition (collectively, the "eligible parties").

The October 3, 2005 letter also reminded the eligible parties that the expected time for participation in each phase of the Cost Allocation Review was detailed in Appendix B to the Board's June 24, 2005 letter. The October 3, 2005 letter stated that any requests for funding of participation time in excess of that specified in Appendix B to the June 24, 2005 letter will require very persuasive evidence of the necessity of the additional time.

In the June 24, 2005 letter, the Board indicated that cost awards would be calculated at the conclusion of the second and third phases. The Board has determined that Phase 2 of the cost allocation review process is now complete.

### **Notice of Hearing**

The Board is initiating this hearing on its own motion in order to determine the cost awards for phases 1 and 2 of the cost allocation review that will be made in accordance with section 30 of the Act. The file number for this hearing is EB-2005-0317.

The Board intends to proceed by way of written hearing unless a party can satisfy the Board that there is a good reason for not holding a written hearing. If a party wants to object to a written hearing, the objection must be received by the Board no later than 7 days after the date of this notice. All objections will be placed on the Board's website.

The hearing will follow the process set out in the Board's Practice Direction on Cost Awards (the "Practice Direction"). The steps in the process are as follows:

1. The eligible parties shall submit their cost claims by **March 16, 2006**. A copy of the cost claim must be filed with the Board and one copy is to be served on each of the distributors. The cost claims must be done in accordance with section 10 of the Practice Direction.
2. Distributors will have until **March 30, 2006** to object to any aspect of the costs claimed. Again, a copy must be filed with the Board and one copy must be served on the party against whose claim the objection is being made.
3. The party whose cost claim was objected to will have until **April 6, 2006** to make a reply submission as to why the cost claim should be allowed. Again, a copy of the cost claim must be filed with the Board and one copy is to be served on each of the objecting distributors.
4. The Board will then issue its decision on the cost awards and, after the cost assessment officer determines the amount of the cost awards using the Board's decision, the Board will issue the cost orders. The Board's costs may also be dealt with in the cost awards decision.

All submissions in this hearing (i.e., cost claims, objections, or responses), will form part of the public record. Copies of the submissions will be available for inspection at the Board's office and the submissions may be published on the Board's website.

Parties must file a paper copy of their submissions, and an electronic copy of their submissions in both searchable Adobe Acrobat (PDF) and Word, with the Board Secretary by **4:30 pm** on the required dates. Electronic copies may be submitted on diskette or by e-mail to **boardsec@oeb.gov.on.ca**. The submissions must quote file number **EB-2005-0317** and include your name, address, e-mail address, telephone number, and fax number.

The Board will use the process set out in section 12 of the Practice Direction to implement the payment of the cost awards. In its letter of June 24, 2005, the Board stated that the cost awards would be recovered by all distributors based on their

respective distribution revenues (which is the same methodology as costs are apportioned under the Board's Cost Assessment Model).

The Board has decided to implement sections 12.04 to 12.06 of the Practice Direction. Therefore, the Board will act as a clearing house for all payments of cost awards in this hearing that emanated from the Cost Allocation Review consultation process.

Distributors shall pay the amount prescribed by the Board's cost order as listed in the invoice sent out to the distributor. The invoices will be sent to distributors at the same time that the cost assessments made under section 26 of the Act are sent out and the payment of the cost award shall be due the same time the cost assessments are due. Please note that the Board will not send out any invoices for the cost awards until all eligible parties have submitted their cost claims and the Board will not send out any payments for the cost awards to the eligible parties until all distributors have paid the amounts owing.

For more information on this process, please see the Practice Direction and the October 27, 2005 letter regarding the rationale for the Board acting as a clearing house for the cost award payments. These documents can be found on the Board's website at [http://www.oeb.gov.on.ca/html/en/industryrelations/rulesguidesandforms\\_regulatory.htm#general](http://www.oeb.gov.on.ca/html/en/industryrelations/rulesguidesandforms_regulatory.htm#general).

If you do not file a letter objecting to a written hearing or do not participate in the hearing by filing written submissions in accordance with this notice, the Board may proceed without your participation and you will not be entitled to further notice in this proceeding.

Yours truly,

A handwritten signature in black ink, appearing to read "John Zych". The signature is fluid and cursive, with the first name "John" being larger and more prominent than the last name "Zych".

John Zych  
Board Secretary