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Ontario

BY E-MAIL AND WEB POSTING

September 29, 2006

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

Re: Board Directions on Cost Allocation Methodology for Electricity
       Distributors

The Board has concluded its consultation process with distributors and interested
parties to establish a common methodology for the cost allocation review filings
by electricity distributors. The Board thanks all the participants in this process for
their contributions.

The attached document Board Directions on Cost Allocation Methodology for
Electricity Distributors (the "Report") sets out the common cost allocation
methodology that the Board requires all distributors to follow in their cost
allocation filings.

Starting in the Fall of 2006, licensed electricity distributors will be required to
submit their cost allocation filings to the Board. A distributor must provide its
informational filings in accordance with the provision in its licence which requires
a distributor to "provide, in the manner and form determined by the Board, such
information as the Board may require from time to time".

The dates by which distributors must submit their cost allocation filings are set
out in Section 1.8 of the Report. The filings will be due in four tranches. Appendix
1.2 identifies the distributors included in each tranche. The filings will be available
for public inspection.

The Board has developed a cost allocation filing model to be used by the distributors when submitting their filings. Within the next few weeks, the Board will be issuing this model directly to licensed distributors together with accompanying filing instructions.

Yours truly,

Original Signed By

Kirsten Walli
Board Secretary