THE ONTARIO ENERGY BOARD

ELECTRICITY DISTRIBUTION TELECONFERENCE

Held at 2300 Yonge Street, 25th Floor, Toronto, Ontario, on Thursday, April 12, 2007, commencing at 11:02 a.m.
PAUL CRAWFORD Board Staff
MARIKA HARE
ALAN FOGWILL
DENISE HARRINGTON
PETER FRASER
MARK GARNER
VANDA WALL
CHRIS CINCAR
RUSSELL (Rusty) CHUTE
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DENISE HARRINGTON: Good morning. My name is Denise Harrington and I am managing director of communications and public affairs at the Ontario Energy Board. I'd like to welcome everyone participating in today's conference call.

Let me start by introducing Board Staff participating on this call, followed by a brief outline of the two announcements we are making today.

The Board is represented on the call by Marika Hare, managing director of regulatory policy development, and Peter Fraser, manager in that department. Both of them can answer questions regarding commodity prices.

We also have with us Mark Garner, managing director of market operations, to address any questions on distribution.

As I mentioned earlier, we are making two announcements, one regarding new commodity prices that appear on the electricity line of bills for consumers on the regulated price plan; the second regarding distribution rates that appear on the delivery line of bills.

**RATES ANNOUNCEMENT:**

DENISE HARRINGTON: To address the first portion of our announcement on commodity prices: Effective May 1st, regulated price plan prices will be 5.3 cents per kWh up to a certain consumption level each month, and 6.2 cents per kWh above that.

Consumers can use up to 600 kWhs a month at the lower
price, while non-residential consumers can use up to 750 kWhs a month.

The new prices represent a 3.3 percent decrease relative to the prices that went into effect in November 2006, and an 8.8 percent decrease since May 2006. The reduction in electricity prices is primarily due to the decline in the variance account balance as a result of milder-than-expected weather throughout the fall season and most of the winter.

The second announcement we are making today is on decisions for distribution rates for 70 electricity utilities. They applied for distribution rate changes using the Board's incentive regulation guideline. It allows for a modest increase less an amount to encourage utilities to find efficiencies in their operations.

The impact of the distribution changes will be an increase to consumers' bills of less than inflation. Based on average consumption of 1,000 kWhs per month, the total bill impacts of distribution rate changes from most utilities will range from negative 0.7 percent to an increase of 2.0 percent.

There was one exception; that is the service area of Chatham-Kent Hydro Incorporated.

In setting distribution rates and electricity prices, the objective of the Board is to establish fair prices for consumers while maintaining a viable energy sector. My colleague, Peter Fraser, will now read the opening statement in French.

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(613) 564-2727 (416) 861-8720
PETER FRASER:  [Opening statement read in French]

DENISE HARRINGTON:  Thank you, Peter. To briefly summarize the announcement today: Starting May 1st, prices for residential consumers who buy their electricity through their utility will be 5.3 cents per kWh for the first 600 kWhs each month, and 6.2 cents per kWh above that.

The new prices represent a 3.3 percent decrease relative to the prices that went into effect in November 2006, and an 8.8 percent decrease since May 2006.

Non-residential price plan consumers can use the first 750 kWhs each month at the lower rate. Most utilities will also see modest increases to their distribution rates less than inflation.

The combined effect of the two announcements will vary from utility to utility. A list of impacts by utility is available on the OEB's website at www.OEB.gov.on.ca.

I will now ask the operator to open up the phone lines to the media for our first question.

OPERATOR:  One moment, please, for the first question. There are no questions at this time. Please continue.

DENISE HARRINGTON:  Operator, are there any questions?

OPERATOR:  We currently have one question from April Lindgren of CanWest News. Please go ahead.

QUESTIONS FROM APRIL LINDGREN, CANWEST GLOBAL:

APRIL LINDGREN:  Yes. I'm trying to understand what has happened to the distribution rates over time. So, like, compared to two years ago or three years ago, how much higher are they now on an -- I don't know, an average
or on a range basis?

MARK GARNER: This is Mark Garner -- excuse me, this is Mark Garner. I can give you -- the averages we've given you are from last year. If you want a little bit of the history, last year they went up quite -- the adjustment was quite different, and that was the first adjustment after the rate freeze. This year's adjustment is a simple mechanical adjustment that adjusts the rates, the current rate, by -- I think it's 1.9 percent, and then subtracts a productivity factor, an efficiency factor, of 1 percent.

So the adjustment is a 0.9 percent adjustment onto the current rate, and then there's a little -- small adjustments related to things like changes in the large corporation tax, Smart Meter adders, et cetera.

APRIL LINDGREN: So between the current rate, between now and what is going to be on, say, May 2nd, is going up 0.9 percent?

MARK GARNER: The range is between -- on distribution, distribution between negative 0.7 and 2 percent. The only exception to that is Chatham-Kent, and that's because Chatham-Kent has a harmonization plan. It has 11 different rate areas and it also has a harmonization, a rate harmonization plan that been approved by the Board.

APRIL LINDGREN: But I'm interested in -- I want to go back a little bit further, because I think the major increases happened in the last few years, right?

MARK GARNER: Last year there were more significant rate impacts.
APRIL LINDGREN: So can you tell me the numbers?

MARK GARNER: I can't off the top of my head give you the numbers of last year's rate impacts, but if you like, we could have someone look into that for you.

APRIL LINDGREN: Yes, because I think people are trying to figure out why their bills seem to be getting -- going -- staying higher all the time, and I want to sort of give them some historical perspective on what's happened with distribution rates and I've got a clear idea of what's happened on the electricity market.

MARK GARNER: Well, I can give you this background. Last year's adjustments were after a long period of a rate freeze, provincial rate freeze, so there hadn't been an adjustment for, I believe it's four years prior to that. There was a built-up pressure on the rates the last time.

This time the only adjustment is an adjustment for inflation less an efficiency factor for the Board. So the rates are going up, on average, below the inflation rate.

APRIL LINDGREN: Okay. Somebody is going to get back to me with -- when we talked about last year, what date are we talking about?

MARK GARNER: Last year we did the distribution rates on the same period. Distribution rates are changed once a year generally, and on May 1st.

APRIL LINDGREN: I guess what I'm looking for is what did they go up by on the range May 2006. You're saying four years prior to that it was frozen?

MARK GARNER: If you would like, we'd have to check
the numbers on how long the rate freeze was in place, but
if you give your information, we can give you both the
length of the rate freeze and we could give you some
information on last year's adjustments.

APRIL LINDGREN: Just a couple more things.

Is Hydro One included on the list of distribution
decisions? I can't see it.

MARK GARNER: No -- it's Mark Garner. No, it is not.
To be in this list, utilities were to file by the end of
January of this year. Hydro One filed later than that.
They filed, I believe, toward the end of February, so
they're not part of this announcement.

APRIL LINDGREN: What about Ottawa Hydro? I only see
Ottawa River Hydro things in here.

DENISE HARRINGTON: April, it's Denise Harrington.
Hydro Ottawa is part of that list. We are expecting that
Hydro One will be available for May 1st, just not today.

APRIL LINDGREN: So I have to look up -- Hydro Ottawa
is the proper name?

DENISE HARRINGTON: Yes.

MARK GARNER: It's Hydro Ottawa. To be clear, of
course, the RP adjustments, the commodity adjustments are
for all utilities. It's the distribution adjustments that
don't include Hydro One.

DENISE HARRINGTON: April, I know there are a number
of people waiting to ask questions.

APRIL LINDGREN: Okay. I just need to know, what is
the Windsor utility called?
MARK GARNER: EnWin.

DENISE HARRINGTON: Next question, please?

OPERATOR: The next question comes from Keith Leslie of the Canadian Press. Please go ahead.

QUESTIONS FROM KEITH LESLIE, CANADIAN PRESS:

KEITH LESLIE: I would also echo April's request to find out what the distribution rates were in May of '06, and how long the rate freeze had been in effect prior to that. I need that information.

As well, if I could, please, the main question I have now is you talk about the distribution rate going down for some .7 and up to plus 2 percent. What does that mean in dollar terms for the average bill? We're looking at 1.60 on the other charge. Is there an average we can look at, what that means for a consumer?

DENISE HARRINGTON: It's Denise Harrington here. I have some numbers. We have a chart, as we've indicated, that has them for all the utilities, but say for a 1,000-kWh consumer in Ottawa, the electricity line would be up $1.53 compared to the period now in November, but down $5.17 -- sorry, for the month, that is, compared to May of last year, while the delivery line would be up about $1.46 per month.

KEITH LESLIE: I'm sorry, Denise, you're going to have to give me that again.

DENISE HARRINGTON: We have a chart that has all of those.

KEITH LESLIE: I've looked at all the charts. It's
not helping.

DENISE HARRINGTON: For an average consumer, again, it varies from utility to utility. But for a 1,000-kWh consumer of Hydro Ottawa, for example, the delivery line would have an increase of $1.46 a month, and the electricity line would have an increase of $1.53 per month, compared to the November-April 30th period which we're just finishing off now, but a reduction of $5.17 per month compared to May of last year. That's just one example for Ottawa.

KEITH LESLIE: Okay. I'm asking about a distribution line only. The other line you've given me a dollar figure for, so let's stick with the distribution charges.

DENISE HARRINGTON: Yes.

KEITH LESLIE: Minus 7 up to plus 2, is it the $1.46 that's going up? Is that what that is?

DENISE HARRINGTON: The $1.46 would be in Ottawa. In Toronto it would be down 35 cents, for example. In Mississauga it would be - I can get you that number in a minute - but it's that kind of magnitude. Mark?

KEITH LESLIE: No, that gives me a good example.

Thanks, Denise.

MARK GARNER: Maybe I can add, to be helpful. The range we have here is at the minimum end a decrease of 85 cents, at the maximum end $2.54 on the bill. That gives you some sense of the range of numbers.

KEITH LESLIE: Yes. I appreciate it.

DENISE HARRINGTON: Thanks. Next question.
OPERATOR: There are no further questions at this time.

DENISE HARRINGTON: I know that there were a number of people who had questions before. Those questions, I'm assuming, operator, have been answered?

OPERATOR: We have another question from April Lindgren of CanWest News. Please go ahead.

FURTHER QUESTIONS FROM APRIL LINDGREN, CANWEST GLOBAL:

APRIL LINDGREN: Sorry, I don't see EnWin on the list. Am I right?

MARK GARNER: That's right. EnWin was not announced today. It’s filed with the Board, but its file was sent back to EnWin because it needed to be completed; it was an incomplete filing with us.

APRIL LINDREN: But will their decision be issued by May 1st?

MARK GARNER: I don't think that's likely that it would. They haven't filed all the information yet.

APRIL LINDGREN: Thanks. Thank you.

DENISE HARRINGTON: To close off, then, by noting that I think we have 70 utilities with rates announced today, covering about 67 percent of the consumer base in the province. A number of other ones will be ready by May the 1st.

If there are no other questions, operator, we'll complete the call.

OPERATOR: There are no other questions at this time.

DENISE HARRINGTON: I want to thank everyone, then,
for participating in the call. Please remember that you
can review the call for the next 24 hours by dialing 1-877-
289-8525 – that’s 1-877-289-8525 – and entering the pass
code 21226415 followed by the pound key. These numbers are
also on the media advisory that’s been issued by the OEB.

Also, of course, if you review the materials, if you
have any follow-up questions, please feel free to give us a
call at the OEB at the numbers that are mentioned on the
media announcement today. Thank you, everyone, and have a
good day.

--- Whereupon the teleconference concluded at 11:19 a.m.