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May 19, 2006

BY FAX & BY COURIER

Mr. John Zych
 Board Secretary
 Ontario Energy Board
 2300 Yonge St, Suite 260
 Toronto ON M4P 1E4

Dear Mr. Zych,

EB-2006-0089

OEB BOARD SECRETARY	
File No:	SubFile: 5
Panel	
Licensing	
Other	Lisa B.

**Board File No. EB-2006-0088 Cost of Capital
 & No. EB-2006-0089 2ND Generation IRM 00/04
 Notice of Interest in Participation**

Pursuant to the letter from the Board, dated April 27, 2006, describing the Board's regulatory process for the review of the cost of capital and the development of a 2nd generation incentive regulation mechanism, Energy Probe Research Foundation (Energy Probe) is hereby providing Notice of Interest in Participation in the EB-2006-0088 and EB-2006-0089 process for the Board's consideration. Five hard copies of the Notice are attached and an electronic copy of this communication is being forwarded to your attention.

Energy Probe is interested in participating in consultations with Board Staff and in providing written submissions during this process to assist in developing a Cost of Capital Code and a Productivity Code, and is therefore requesting a copy of all documentation filed, or to be filed, with the Board.

A request for funding with respect to participation in this process by Energy Probe is enclosed.

Should you have any questions or require additional information, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh
 Case Manager

Energy Probe Research Foundation 225 BRUNSWICK AVE., TORONTO, ONTARIO M5S 2M6

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EB-2006-0088
EB-2006-0089

Ontario Energy Board

Multi-Year Electricity Distribution Rate Setting Plan

Cost of Capital and 2nd Generation Incentive Regulation Mechanism

Energy Probe Research Foundation

•Request for Funding•

Submitted May 19, 2006

Board's Proposed Regulatory Process – Request for Funding

i) Statement of Interest

Energy Probe Research Foundation (Energy Probe) is a non-profit environmental and consumer organization which promotes economic efficiency in the use of resources. Energy Probe will be representing its residential customer supporters in Ontario, which we have some number of thousands, and also representing a broader public interest concern with respect to the overall financial health and operational integrity of our utilities. Energy Probe will be participating on developing codes which the Foundation believes to be in the public interest.

The Foundation, Canada's third-largest environmental policy organization and Canada's largest energy policy organization, has over 30,000 supporters, half of them in Ontario, of which most have tangibly expressed interest in energy issues. Energy Probe also has a strong consumer focus and is frequently acknowledged in the media as a consumer watchdog. Energy Probe participates in national and provincial conferences and regulatory forums on energy issues which it believes to be in the public interest. In this instance, Energy Probe submits that it has met the Board's cost eligibility criteria under section 3.03 (a) of the *Practice Direction on Cost Awards*.

Many Energy Probe supporters receive information updates, often several times a week. Energy Probe frequently has direct communication with the public through interviews with the media, communications on the Internet, public speaking, and direct mail communication with its supporters.

Energy Probe has a history of representing the interests of many Ontarians who are not financial supporters, and receives active feedback on its initiatives through public and media interaction.

Energy Probe has appeared before the Board for over 30 years, during which time it has been noted for its cooperative spirit, its often-unique perspective, and its contribution to the development of fair and reasonable rates for both individual consumers and commercial/industrial purchasers of natural gas and electricity. Its approach has been to look beyond annual cost minimization to consider what would be best for the marketplace in the long term.

Energy Probe then, is a non-profit organization which relies on individual donations to help protect the public interest. Without the prospect of funding assistance, its participation in the consultation initiatives of the Ontario Energy Board, and its ability to produce policy position papers, would be quite limited as well.

Members of Energy Probe's team regularly attend meetings of its Board of Directors, making presentations, providing written summaries of activities, answering the questions of Board Members, and receiving their input.

In addition, Energy Probe reports its regulatory priorities to supporters by direct mail and receives both financial support and comments in response from those supporters.

In the context of gas utility regulation, Energy Probe's history of intervention on matters of the cost of capital incentive regulation is unique among intervenors, particularly consumer groups. Energy Probe was the first intervenor, in the late 1980s and early 1990s, to introduce into the regulatory arena at the OEB RPI-X concepts. Energy Probe has a long and unique record of advocating measures designed to lower utility risk, specifically for the purpose of reducing the cost of capital over the long term. Measures of this kind that Energy Probe has pursued include rate rebalancing to stabilize utility income expectations, even in the event of declining volumes, and also measures that reduce utility risk related to commodity costs.

ii) Energy Probe's Participation

Energy Probe intends to fully participate in all of the phases of the discussions, including but not limited to its participation in the:

- Consultations with Board staff on the first draft of its proposals, slated for June;
- Written Submissions on the two proposed codes, slated for July;
- Such other consultations as requested by Board staff; and,
- Participation as an Intervenor in the hearing following the consultation process.

Energy Probe would like to remind the Board that in prior Board processes in which it has expressed its interest, it has participated well beyond attendance.

For example, in the 2006 Electricity Distribution Rates consultations, during the Initial Consultation on July 6th and 7th of 2004, Energy Probe was the only non-utility related stakeholder to actively participate in the Board's consultation on issues other than DSM, making both oral

and written presentations, and providing a significant contribution to the development of the preliminary Issues List. In addition to that, Energy Probe made contact with a number of utilities, and provided feedback, after discussion with the utilities, with respect to the expectations of regulated rate-making processes.

Energy Probe took a very active role in the recent Recovery of Regulatory Assets -- Phase 2 proceedings, being the only non-utility intervenor to file evidence. Building on that experience, Energy Probe took part in a series successful ADRs dealing with Comprehensive Reviews of Regulatory Assets in the 2006 Electricity Distribution Rate process.

iii) Other Sources of Funding

Energy Probe will access funding from general donations from its supporters to make up any shortfall should it exceed the cost allowances of the Board. Energy Probe relies on volunteers to be able to support its regulatory and other work, including a volunteer Board of Directors.

iv) Energy Probe's Advisory Team

Energy Probe will be assisted by the following consultants, to whom communications concerning this process should be directed:

David MacIntosh
c/o Energy Probe
225 Brunswick Ave.
Toronto ON M5S 2M6
Tel: 416 964-9223 Ext. 235
Fax: 416 964-8239
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AND

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Respectfully submitted at Toronto, Ontario this 19th day of May, 2006.

A handwritten signature in black ink, appearing to read "David MacIntosh". The signature is fluid and cursive, with a long horizontal stroke at the end.

David MacIntosh
Case Manager