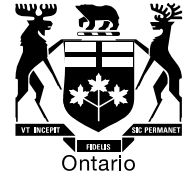


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BY E-MAIL AND WEB POSTING ONLY

April 4, 2007

**To: All Licensed Electricity Distributors
All Participants in Proceedings EB-2006-0088 and EB-2006-0089**

**Re: Multi-year Electricity Distribution Rate Setting Plan
Selection of Electricity Distributors for Rebasing
Board File No. EB-2006-0330**

Last year, the Ontario Energy Board announced the establishment of a multi-year electricity distribution rate setting plan (the "Plan") for the years 2007 to 2010. As part of this Plan the Board will identify which group of electricity distributors will have their rates rebased in 2008.

The Board held a consultation process to determine how distributors should be mapped into the three years for rebasing. On March 12, 2007, the Board published its report *LDC Screening Methodology to Establish a Rebasing Schedule for Electricity LDCs*. That report (which can be found on the Board's website) identifies the criteria that the Board will use in selecting LDCs for each tranche, and a schedule for determining which LDCs will be rebased for purposes of 2008 rates. In accordance with the schedule set out in the report, the Board is today publishing the list of distributors whose rates are proposed to be rebased in 2008.

The Board indicated that various criteria would be used in determining which distributors would be selected. Self-nomination was one attribute, and the others are listed below.

Financial Attributes

- Liquidity – By means of standard financial indicators in order to consider an LDC's solvency and ability to meet short to mid-term obligations as they come due.
- Earnings – By means of comparing an LDC's actual financial and regulatory returns with approved levels.
- Cost Levels – A consideration of an LDC's cost levels to identify those with high costs in relation to other distributors including any payments to/from affiliates that are cost-based.

Other Attributes

- Prior Board Directions/Decisions/Orders – An identification of issues provided in the prior proceedings of the Board, e.g., certain distributors were required in their 2006 EDR decisions to report additional information to the Board.

- Not Rebased in 2006 – An identification of the few distributors whose rates were not reviewed in 2006 for consideration in the first group to be rebased in 2008.
- Rate Harmonization – An identification of distributors with an evident need of rate harmonization in order to ensure the simplification of rate schedules and the fair treatment of customers of the distributor.

The report also contained provisions for distributors to self-nominate if they wished to have their rates rebased in 2008, or had a preference for rebasing in 2009 or 2010. Thirty-one distributors self-nominated to submit applications in a particular year. Of these, 22 expressed interest in filing applications in 2007 for 2008 rates.

The Board proposes that 26 distributors be the group to have their rates rebased for 2008 rates. The list of utilities selected is provided in Appendix A.

Consultation Process

The Board invites comments on the proposed list of distributors to be rebased for 2008 rates. Any such submission should be provided to the Board Secretary by **4:30 p.m. on Wednesday, April 18, 2007**. Electronic copies may be submitted on diskette or by e-mail to boardsec@oeb.gov.on.ca. No costs will be awarded in respect of these submissions. The Board has concluded that the award of costs is not necessary as the matters on which submissions may be required are not so complex as to warrant extensive work by interested parties.

Next Steps

By no later than Monday April 30, 2007 the Board expects to publish its final list of those distributors to be rebased for purposes of 2008 rates. After publishing the final list, the Board will provide specific direction to the distributors on the list.

Any questions relating to this process should be directed to the Market Operations hotline at 416-440-7604, or by e-mail to market.operations@oeb.gov.on.ca.

Any submission must state in the subject line **2008 Distributor Rebasing, file EB-2006-0330** and include your name, postal address and telephone number and, if available, e-mail address and fax number.

Yours truly,

Original Signed By

Peter O'Dell
Assistant Board Secretary

**Selection of Electricity Distributors for Rebasing
Board File No. - EB-2006-0330**

APPENDIX A

Distributor	Reasons for Selection
Atikokan Hydro Inc	self-nominated; financial attributes; follow-up prior decision
Barrie Hydro Distribution Inc	self-nominated
Brant County Power Inc	self-nominated; financial attributes
Brantford Power Inc	self-nominated
Chapleau Public Utilities Corp	financial attributes; follow-up prior decision
Dutton Hydro Limited	financial attributes; no rate review in 2006
Enersource Hydro Mississauga Inc	self-nominated; financial attributes
Erie Thames Powerlines Corp	financial attributes; follow-up prior decision
Espanola Regional Hydro Inc	self-nominated; financial attributes; follow-up prior decision
Great Lakes Power Inc	financial attributes; no rate review in 2006
Guelph Hydro Electric Systems Inc	self-nominated; complex rate structure
Halton Hills Hydro Inc	self-nominated; financial attributes
Horizon Utilities Corporation	self-nominated
Hydro 2000 Inc	self-nominated; financial attributes; follow-up prior decision
Hydro One Networks Inc	self-nominated; complex rate structure
Hydro Ottawa Limited	self-nominated
Lakefront Utilities Inc	self-nominated
Newmarket Hydro Ltd	self-nominated; financial attributes; no rate review in 2006
Norfolk Power Distribution Inc	self-nominated; financial attributes; follow-up prior decision
North Bay Hydro Distribution Limited	self-nominated; follow-up prior decision
Oshawa PUC Networks Inc	self-nominated
PUC Distribution Inc	self-nominated; follow-up prior decision
Rideau St. Lawrence Distribution Inc	self-nominated; follow-up prior decision
Sioux Lookout Hydro Inc	self-nominated; follow-up prior decision
Toronto Hydro-Electric System Limited	self-nominated
Wellington North Power Inc	self-nominated