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**BY E-MAIL AND WEB POSTING ONLY**

March 12, 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 Chair of the Ontario Energy Board announced that the Board has established 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 be rebased for purposes of establishing rates for each of 2008, 2009 or 2010.

By letter dated December 19, 2006, the Board requested written comments on Board staff's proposal for mapping electricity distributors into three groups or tranches for rebasing. Board staff's proposal was contained in a Discussion Paper that was attached to the Board's letter. Comments received on the Discussion Paper have been posted on the Board's website.

Those who commented generally supported the proposed approach. The Board agrees with those who commented that cost information should only be used along with other corroborating information, that significant weight should be given to past decisions where appropriate and that self-nomination is an important option. The Board believes that these matters are already appropriately provided for in the process.

A few who commented suggested that the Board should identify the specific financial parameters to be used and indicate how each of the criteria will be weighted. The Board notes that the information that it will consider is both quantitative and qualitative in nature. Accordingly, the approach to developing a list of distributors for rebasing purposes is not a mechanical one and its application is best understood in the context of the resulting tranche selections. When the list of distributors proposed for rebasing is published, the Board will also provide information on the data used and how the criteria were applied.

One respondent indicated that more time would be desirable for distributors selected for rebasing for 2008 rates to prepare their submissions. Unfortunately, in order to provide for May 1<sup>st</sup> implementation in 2008 this will not be possible.

It was also suggested that distributors should have the opportunity to self-nominate for 2009 or 2010, as well as 2008. The Board thinks this is a useful suggestion and will adopt it. This approach will also address the suggestion made by one party that the "special situations" criteria should include a generic category to cover any other special situations that may arise. The Board has concluded that it is more appropriate to limit its consideration of this criterion to the circumstances listed, but if a distributor believes that it has some other type of special situation, it can bring that to the Board's attention through a self-nomination.

After considering the comments the Board has concluded that no additional specific changes to the December 19, 2006 Screening Methodology are required. The Board's report in final form is posted on the Board's website.

The Board will consider whether costs should be made available in relation to any potential requests for reconsideration of the proposed list of distributors to be rebased for 2008, and will address this issue when publishing the proposed list.

Distributors are reminded that if they would like to express interest through a self-nomination to be rebased for 2008, or have a known preference at this time for rebasing in 2009 or 2010, they should provide a letter to the Board with the justification for self-nomination. Any such letter should be provided to the Board Secretary by **4:30 p.m. on Wednesday, March 21, 2007**. Electronic copies may be submitted on diskette or by e-mail to [boardsec@oeb.gov.on.ca](mailto:boardsec@oeb.gov.on.ca).

Your submission must quote file number 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