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BY E-MAIL AND WEB POSTING

October 4, 2007

To: All Participants in Consultation Process EB-2007-0031

**Re: Review of Electricity Distribution Rate Design: Phase 2
Invitation to Participate in Stakeholder Consultation Conference
EB-2007-0031**

On March 30, 2007, the Board initiated a consultation process in relation to the review of electricity distribution rate design. Phase 1 of that consultation process, involving the release and comment on a first Board staff Discussion Paper, has now been completed.

This letter identifies the next steps in this consultation process, including a series of stakeholder consultation conferences to be scheduled over the fall and winter.

Background

On March 30, 2007, the Board released a staff Discussion Paper for comment, soliciting stakeholder views on the following issues in particular:

- underlying principles;
- classes of service; and
- rate design components and issues.

The staff Discussion Paper was intended primarily to solicit input that would enable Board staff to better understand which areas might be a priority for distributors or consumers.

Stakeholder Consultation Conferences

Comments on the Discussion Paper from interested parties raised a number of interesting concepts, and revealed that there is a wide divergence of views on several issues. Board staff believes that a series of stakeholder consultation conferences would be beneficial in order to better understand the positions of interested parties on specific issues.

As contemplated in the Board's letter, Board staff has retained a consultant to provide expert advice on rate design, including a consideration of relevant experience in other jurisdictions. A representative of Elenchus Research Associates, Board staff's consultant, will participate in the stakeholder consultation conferences.

The first stakeholder consultation conference is scheduled for **Wednesday, October 17, 2007** (see details below), and will focus on issues relating to customer classifications and interruptible sub-classes. A second stakeholder conference, tentatively scheduled for Wednesday, December 12, 2007, will focus on issues relating to rate structure, billing determinants and rate harmonization. A third, tentatively scheduled for Wednesday, January 16, 2008, will focus on issues relating to fixed versus variable rates, charging for losses, rates for generation customers and modeling. Confirmation of the dates and other details associated with the second and third stakeholder consultation conferences will be provided at a later date.

Subsequently, another staff Discussion Paper will be prepared that contains a more in-depth analysis of the issues, examples of innovative rate designs from other jurisdictions and industries, and Board staff's recommendations for Ontario electricity distribution rate design. The staff Discussion Paper will be released for comment in the spring of 2008.

How to Participate in the First Stakeholder Consultation Conference

The first stakeholder consultation conference will take place on Wednesday, October 17, 2007 from **1:00 to 5:00** in the Board's ADR Room on the 25th floor at 2300 Yonge Street, Toronto.

If you wish to attend, please send an e-mail to that effect to Doreen Robinson at RateDesign@oeb.gov.on.ca by **October 15, 2007**. An agenda and materials will be sent by e-mail to all persons that register for the conference, and will also be available on the Board's website.

Any questions relating to this consultation should be directed to Laurie Reid at laurie.reid@oeb.gov.on.ca or at 416-440-7623. The Board's toll-free number is 1-888-632-6273.

Yours truly,

Original signed by

Kirsten Walli
Board Secretary