



April 12, 2007

Board Secretary
Ontario Energy Board
PO Box 2319
2300 Yonge Street
Suite 2700
Toronto, ON M4P 1E4

Via email to BoardSec@oeb.gov.on.ca and by courier

Dear Board Secretary:

Re: EB-2007-0031 Review of Electricity Distribution Rate Design

The Electricity Distributors Association ("EDA") is the voice of Ontario's electricity distributors.

The EDA intends to make written comments on the Board Staff's Discussion Paper and also wishes to be on the distribution list for future developments in this consultation. Further, the EDA wishes to request cost eligibility for participating in this consultation process and information required in support of this request is provided at Appendix A.

Please direct any questions or comments to Maurice Tucci at 905-265-5336 or at mtucci@eda-on.ca.

Yours truly,

Debora Steggles
Vice President, Policy and Government Relations

Encl.

Appendix A: Request for Cost Awards - EB-2007-0031 Review of Electricity Distribution Rate Design

The Electricity Distributors Association (EDA) is the voice of Ontario's local distribution companies (LDCs). The EDA represents the interests of the over 80 publicly and privately owned LDCs in Ontario. The EDA is a not-for-profit organization whose mission is to provide information and analysis to the industry and to advocate on behalf of the interests of LDCs. The EDA is the only association in the province to exclusively represent the interests of Ontario's distribution companies.

The EDA anticipates that the OEB's EB-2007-0031, Review of Electricity Distribution Rate Design will touch upon a number of issues of interest and concern to Ontario's LDCs. As economically regulated entities, LDCs have a significant interest in rate design. As noted by Bonbright¹, rates motivate and enable regulated entities to participate in the process of commodity distribution. LDCs are also interested in ensuring that the review of rate design results in distribution rates that continue to attract much needed new capital in order for the LDCs to meet their obligations to deliver safe and reliable electricity to Ontario's homes and businesses.

In the eight years since the last limited-scope review to unbundle rates, a number of significant changes have taken place that directly impact LDCs. LDCs are in the forefront of delivering CDM results for the province, and as well are actively engaged in implementing the provinces smart metering initiative. LDCs have an interest in ensuring that distribution rates specifically support and encourage conservation and promote distributed generation as well.

With respect to the specific cost eligibility criteria and grounds for seeking funding, the EDA submits as follows:

- The EDA represents a 'public interest', namely the voice of utilities - utilities provide an essential service to Ontarians and are thus very interested in ensuring that a safe, reliable and affordable source of supply is constantly available to our communities;
- As the EDA is a not-for-profit association, funding is almost exclusively from membership dues and thus the EDA has limited resources. In the absence of funding, the EDA may otherwise be unable to participate in the stakeholder consultation, thus preventing the representation of a consensus view of Ontario's distributors – significant partners in the energy system;
- While the cost eligibility criteria indicates that 'distributors' are not eligible, the EDA wishes to reiterate that the Association itself, is not a distributor;
- Through the funded participation of the Association, the OEB will ensure that a balanced view representing the broad interests of all utilities is represented during the consultations;

¹ Bonbright, J.C. Principles of Public Utility Rates, Columbia University Press. pp51-53

- The EDA is in the process of endeavouring to streamline the participation of the over 80 Ontario LDCs in the Rate Design consultations; and
- The EDA has actively participated in the rate treatment of smart metering and CDM programs and, in fact, very recently initiated a consultation process on behalf of the industry on the regulatory treatment of CDM programs.

The EDA wishes to indicate that it will retain an appropriate subject-matter expert as a consultant to work with the EDA and its LDC members to assist the EDA in providing input to the OEB. Currently, the EDA is actively engaged in going ahead with retaining a consultant and will indicate the name of the consultant to the OEB. The name of the current applicant is offered as a placeholder for this application.

If the OEB has any further information it requires, please feel free to contact the named applicant.