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April 9, 2007

BY EMAIL & BY COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St, Suite 2701
Toronto ON M4P 1E4

Dear Ms. Walli:

Board File No. EB-2007-0031
Review of Electricity Distribution Rate Design
Notice of Interest in Participation

Pursuant to the letter from the Board, dated March 30, 2007, describing the Board's consultation process for the review of rate design components and principles associated with electricity distribution, Energy Probe Research Foundation (Energy Probe) is hereby providing Notice of Interest in Participation in the EB-2007-0031 consultation process for the Board's consideration. Three hard copies of the Notice are attached and an electronic copy of this communication in PDF format 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. Energy Probe's objective is to promote just and reasonable rates, including any efficiency enhancements which would reduce distributor risk and be of long term benefit to ratepayers.

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

Phone: (416) 964-9223 Fax: (416) 964-8239 E-mail: EnergyProbe@nextcity.com Internet: www.EnergyProbe.org

EB-2007-0031

Ontario Energy Board

Review of Electricity Distribution Rate Design

Energy Probe Research Foundation

◆Request for Funding◆

Submitted April 9, 2007

Board's Proposed Consultation 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 in developing rate-making policies which the Foundation believes to be in the public interest.

The Foundation, one of Canada's largest environmental policy organizations 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.

Energy Probe has been actively involved in the Board's regulation of electricity distribution utilities since the passage of the amended OEB Act in 1998. This involvement has extended to the development and amendment of the Distribution System Code, recovery of regulatory assets, C&DM initiatives, and electricity distributor rates.

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:

- Written Comments on the Board staff's Discussion Paper by May 15, 2007;
- Such consultations as requested by Board staff; and,
- Written Comments on any subsequent draft of Board staff's Discussion Paper.

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 minimum requirements.

Recently, Energy Probe was an active participant in EB-2006-0207, the process for establishing Guidelines to review the Integrated Power System Plan; in EB-2006-0064, the process to establish a methodology for setting Payment Amounts for Ontario Power Generation Prescribed Generation Assets; and, in EB-2006-0088/89, the consultation process to assist the Board in establishing a Multi-Year Electricity Distribution Rate Setting Plan

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
Electronic Mail: DavidMacIntosh@nextcity.com

AND

Thomas Adams
c/o Energy Probe
225 Brunswick Ave.
Toronto ON M5S 2M6
Tel: 416 964-9223 ext. 239
Fax: 416 964-8239
Electronic Mail: TomAdams@nextcity.com

Respectfully submitted at Toronto, Ontario this 9th day of April, 2007.

David S. MacIntosh
Case Manager