



Ontario Energy Board
P. O. Box 2319
2300 Yonge Street, Suite 2700
Toronto, ON M4P 1E4
Attn: Ms. K. Walli
Board Secretary

May 15, 2007

Dear Ms. Walli

Re: EB-2007-0031

I am writing on behalf of the Coalition of Large Distributors (“CLD”), which is:

- Enersource Hydro Mississauga Inc.;
- Horizon Utilities Corporation;
- Hydro Ottawa Limited;
- PowerStream Inc.;
- Toronto Hydro-Electric System Limited; and
- Veridian Connections Inc.

The CLD generally supports the positions taken by the Electricity Distributors Association, and emphasizes the need for flexibility.

The covering letter requests stakeholder input that will enable Board staff to better understand which areas might be a priority for distributors. From the CLD’s perspective the design of electrical distribution rates must be built on three main pillars:

- the rates should be set such that the risk to the recovery of the LDC’s revenue requirement is minimized;
- the rates should not be overly complicated for either the customer to understand or for the LDC to implement; and
- the rates charged a specific customer class should reflect as closely as possible the actual costs incurred by that LDC to provide distribution service to that customer class – and nothing more.

It is essential that equal emphasis be given to these three pillars so that the rate design is balanced. This means that the use of distribution rates to send signals to consumers about social policy or to encourage a particular form of generation should be avoided.

The CLD looks forward to further discussion with the OEB staff and stakeholders on this important topic.

Sincerely,



Kathi Litt

Manager, Rates and Regulatory

- cc. C. McKenzie, Horizon Utilities Corporation
- L. Anderson, Hydro Ottawa Limited
- P. Conboy, PowerStream Inc.
- C. McLorg, Toronto Hydro-Electric System Limited
- G. Armstrong, Veridian Connections Inc.
- C. Macaluso, Electricity Distributors Association