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BY E-MAIL AND WEB POSTING

June 4, 2007

To: All Licensed Electricity Distributors
Electricity Distributors Association
All Other Interested Parties

**Re: Electricity Distributors and Management of Customer Commodity
Payment Default Risk
Board File No.: EB-2007-0635**

The Board has today posted on its website a Board staff Discussion Paper that examines the issue of large customer commodity payment default risk management by electricity distributors, with a view to identifying whether risk mitigation tools that are currently available to distributors are adequate for the purpose of managing such risk and protecting ratepayers.

The Discussion Paper focuses on risk mitigation tools that fall within the ambit of the Board's authority, as well as those that are available in the marketplace.

The Discussion Paper identifies areas where stakeholder input would be useful in assisting Board staff in furthering its work on this issue.

Invitation to Comment on Staff Discussion Paper

Interested parties are invited to submit written comments on staff's Discussion Paper. While Board staff has identified a number of issues for comment, interested parties should feel free to comment on any aspect of the subject matter of the Discussion Paper as they consider appropriate.

Board staff will consider the input of stakeholders in formulating recommendations for the Board's consideration as to whether further action is necessary or desirable and, if so, what form such action might take.

Parties wishing to provide written comments on Board staff's Discussion Paper must file their comments with the Board by **4:30 pm on July 16, 2007** in accordance with the filing instructions set out in this letter.

Cost Awards

Cost awards will be available to eligible persons in relation to their participation in this consultation under section 30 of the *Ontario Energy Board Act, 1998*. Any person intending to request an award of costs must file with the Board a written submission to that effect by **4:30 pm on June 18, 2007**.

The costs awarded will be recovered from all licensed electricity distributors based on their respective distribution revenues. Licensed electricity distributors will be provided with an opportunity to object to any of the requests for cost award eligibility, following which the Board will make a determination on the cost eligibility of the parties requesting an award of costs.

Appendix A contains important information regarding cost awards for this consultation, eligibility requests and objections. In order to facilitate a timely decision on cost eligibility, the deadlines for filing cost eligibility requests and objections will be strictly enforced.

Instructions on Filing Material with the Board

All filings to the Board in relation to this matter must quote file number **EB-2007-0635** and include your name, address, telephone number and, where available, an e-mail address and fax number. The Board requests that interested parties provide 5 hard copies and an electronic copy of their filings in searchable Adobe Acrobat (PDF) or Word. All filings must be addressed to the Board Secretary at the Board's mailing address set out above. Electronic copies may be submitted on diskette or by e-mail to boardsec@oeb.gov.on.ca.

All materials related to this consultation, including the staff Discussion Paper and all written comments received by the Board in response to this letter, will be available for public inspection on the Board's website at www.oeb.gov.on.ca, and at the Board's office during normal business hours.

Any questions relating to this consultation should be directed to Roy Hrab at 416-440-7745 or by e-mail to: roy.hrab@oeb.gov.on.ca. The Board's toll free number is 1-888-632-6273.

Yours truly,

Original Signed by

Peter O'Dell
Assistant Board Secretary

Management of Customer Commodity Payment Default Risk (EB-2007-0635)

Appendix A

To Letter Dated June 4, 2007

Cost Awards

Eligibility

The Board will determine eligibility for costs in accordance with its *Practice Direction on Cost Awards*. Any person intending to request an award of costs must file with the Board a written submission to that effect by **June 18, 2007**, identifying the nature of the person's interest in this consultation process and the grounds on which the person believes that it is eligible for an award of costs, addressing the Board's cost eligibility criteria as set out in section 3 of the Board's *Practice Direction on Cost Awards*. An explanation of any other funding to which the person has access must also be provided, as should the name and credentials of any lawyer, analyst or consultant that the person intends to retain, if known.

Licensed electricity distributors will be provided with an opportunity to object to any of the requests for cost award eligibility. All requests and any objections will be posted on the Board's website. If an electricity distributor has any objections to any of the requests for cost eligibility, such objections must be filed with the Board Secretary by **July 2, 2007**. The Board will then make a final determination on the cost eligibility of the requesting parties.

Eligible participants representing the same interests or class of persons are expected to make every effort to communicate and co-ordinate their participation in this process. Costs may be pooled when participants with common viewpoints collaborate and pool their resources.

Activities Eligible for Cost Awards

Cost awards will be available in relation to written comments on Board staff's Discussion Paper, up to a maximum of 10 hours or such additional time as the Board may permit.

Cost Awards

When determining the amount of the cost awards, the Board will apply the principles set out in section 5 of its *Practice Direction on Cost Awards*. The maximum hourly rates set out in the Board's Cost Awards Tariff will also be applied.

The Board expects that groups representing the same interests or class of persons will make every effort to communicate and co-ordinate their participation in this process.

The Board will use the process set out in section 12 of its *Practice Direction on Cost Awards* to implement the payment of the cost awards. Therefore, the Board will act as a clearing house for all payments of cost awards in this process.

For more information on the cost awards process, please see the Board's *Practice Direction on Cost Awards* and the October 27, 2005 letter regarding the rationale for the Board acting as a clearing house for the cost award payments. These documents can be found on the Board's website at www.oeb.gov.on.ca on the "Rules, Codes, Guidelines and Forms" webpage.