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BY E-MAIL

February 19, 2008

**To: All Licensed Electricity Distributors
All Intervenors in 2008 Electricity Distribution Rate Proceedings
All Participants in Consultation Process EB-2007-0673**

**Re: Deferral Account Review Initiative
Board File Number: EB-2008-0046**

The Board is required by section 78(6.1) of the *Ontario Energy Board Act, 1998* (the "Act") to make an order at least every three months to determine whether and how the amounts recorded in the commodity deferral or variance accounts of each electricity distributor shall be reflected in rates. Currently, these amounts are recorded in Account 1588 of the Uniform System of Accounts. The Board is also required by section 78(6.2) of the Act to make a similar order in respect of all non-commodity deferral or variance accounts at least annually.

This letter is to notify electricity distributors and interested parties that the Board intends to launch an initiative for the review and disposition of Account 1588. As part of that initiative, the Board will consider the use of account disposition thresholds or "disposition triggers", which would allow for a process commensurate with the nature of the deferral accounts in question. The Board will also consider whether to extend this initiative to deferral accounts that are similar in nature to Account 1588, such as the RSVA deferral accounts and RCVA deferral accounts.

Similar to other current Board initiatives, such as the Electricity Service Quality Regulation consultation (EB-2008-0001) and the Comparison of Ontario Electricity Distributor Costs consultation (EB-2006-0268), the Board expects that this new deferral account review initiative will inform the consultation regarding the development of the 3rd generation incentive rate regulation mechanism (EB-2007-0673).

Further information regarding this initiative, including how to participate in it, will be made available in the near future. If you have any questions regarding this initiative, please contact Adrian Pye, Manager, at 416-440-8139, or by e-mail at BoardSec@oeb.gov.on.ca. Any matters sent to the Board in relation to this consultation must quote file number **EB-2008-0046**.

Yours truly,

Original signed by

Kirsten Walli
Board Secretary