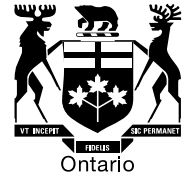


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BY E-MAIL

May 12, 2006

**TO: All Electricity Distribution Companies and Stakeholders**

**Re: Review of LDC CDM 2005 Annual Reports  
Board file number RP-2004-0203**

In 2005, LDCs received Board approval to recover the third installment of MARR ("third tranche") to invest in CDM activities. The Ontario Energy Board ("Board") approved spending of approximately \$163 Million. Generally, LDCs have committed to invest these funds over a three year period ending in September 2007. Approval of the investment by the Board was conditional on LDCs filing quarterly and annual reports on the progress of the spending with the Board. The Board also determined that the annual reports would be publicly reviewed.

The 2005 annual reports were filed with the Board on March 31, 2006. The annual reports include a cost benefit analysis on the programs implemented by the LDCs.

A public review of these reports will be established. The Board intends to have two phases to this review; a comment phase and an audit phase. In the comment phase interested parties will be invited to review the material posted to the Board's website, and submit their views to the Board. The Board advises parties that this communication is to be considered as an invitation to comment on the filed annual reports. Submissions on LDC annual reports are due to the Board by June 9, 2006.

The Board will consider those submissions in phase two, the audit phase. At this point, the Board will conduct selective audits of LDCs including their supporting material, not already submitted in the annual report. Once completed, the results of the selective audits will be provided in a report to all interested parties.

ONTARIO ENERGY BOARD

A handwritten signature in black ink, appearing to read "P. O'Dell", written over a horizontal line.

Peter H. O'Dell  
Assistant Board Secretary

C: All intervenors in the CDM RP-2004-0203