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**To all parties interested in Ontario Hydro Services Company's  
transmission and distribution rates**

Ontario Hydro Services Company (OHSC) intends to file applications for interim transmission and distribution rate orders. The Board understands that OHSC expects to file the applications on December 7, 1998. The purpose of this letter is to notify parties of the impending filing and of the process the Board intends to follow in reviewing each application.

Under the recently enacted *Energy Competition Act* and in particular the *Ontario Energy Board Act, 1998* ("the Act"), a transmitter or distributor of electrical energy must charge for services in accordance with an approved rate order. Section 129 of the Act specifically provides for an interim rate order to be issued without a hearing and that any interim rate order is subject to approval by the Minister. The interim rate orders are limited to a term of 24 months, unless extended by the Board. These interim rate orders for distribution and transmission are necessary to allow OHSC to continue to serve customers during the transition to an open and competitive electricity market sometime in 2000.

The Government has signalled its intention that OHSC and the other successors to Ontario Hydro be in a position to be operational by April 1, 1999. As part of its operationalization OHSC will require a rate order for both its transmission and distribution business activities in order to finalize business plans and to obtain credit ratings necessary for external financing. As a result, the rate orders will be required prior to the April 1, 1999.

As contemplated by the Act, the Board has determined that it will not conduct a formal hearing into either the transmission or distribution interim rate orders for OHSC, rather the Board intends to consult with parties in order to obtain their views. This consultation with interested parties is an important part of the Board's review of the rate applications. The consultation process will ensure an opportunity for parties to obtain information and to make submissions on OHSC's proposals.

There will be two phases to the consultation process; information gathering and comment. The information gathering phase will consist of an informational presentation on the applications and supporting materials and then a technical conference at which parties will be able to obtain further information and investigate matters raised in the applications for the purpose of clarifying the applications and supporting materials. The information gathering phase would commence with the informational meetings on **December 14 and 15** to provide parties with a basic understanding of the applications and the filed material.

In the first week of January the formal technical conferences will commence with a corporate overview followed by detailed reviews of each of the applications. During the technical conference, OHSC representatives will speak to various parts of the documentation filed in support of the applications. These OHSC representatives will both present information on each of the applications and be prepared to answer questions from parties. The technical conference schedule will be confirmed by the Board following receipt of OHSC's applications.

The comment phase of the consultations would be used to obtain parties' views on the applications through written submissions. Parties would have an opportunity to provide their views and comments regarding each of the applications. It is expected that the written submissions would be required early in February, 1999. The schedule for the filing of submissions with the Board will be confirmed following receipt of the applications.

To assist the parties in the technical meetings and the submissions the Board intends to develop and distribute an issues list for each application that will set out the issues the Board considers relevant to its making findings and recommendations regarding the interim rate orders. In order to provide some guidance on the level of detail that is material to the Board's considerations, the issues lists will also identify materiality guidelines for the conferences. The issues lists and materiality guidelines will be addressed in a procedural letter that the Board intends to issue upon receipt of the applications.

The Board has engaged a professional meeting facilitator to organize and chair the information and technical conferences. The facilitator will ensure all parties are able to participate in the meetings and that the issues are given reasonable and balanced coverage. In an effort to ensure that parties representing the broader public interest and small consumers are able to participate in the consultation process some level of financial support will be provided to such groups, details of which will follow, in the procedural letter.

OHSC has indicated that the applications and supporting materials will be available on [www.hydro.on.ca/OHNewSit.nsf/Public/PofCCompetitiveNewsHydro](http://www.hydro.on.ca/OHNewSit.nsf/Public/PofCCompetitiveNewsHydro). Copies of the applications and supporting material will be available from Ontario Hydro by contacting Glen MacDonald (416-592-3705) or Grace Lam (416-592-3703).

In order to assist the Board in arranging the technical meetings and the distribution of the applications and supporting material, parties are asked to register their interest and their expected level of participation (e.g. active, observe) in either one or both of the applications by December 10, 1998. Parties should direct their correspondence to the writer at the address stated above. If you have any questions regarding the foregoing you may contact Brian Hewson (416- 440-7628) or Kirsten Walli (416- 440-7677).

Yours truly,

Paul B. Pudge  
Board Secretary