

**Ontario Energy
Board**
P.O. Box 2319
2300 Yonge Street
27th Floor
Toronto, ON M4P 1E4
Telephone: (416) 481-1967
Facsimile: (416) 440-7665

**Commission de l'Énergie
de l'Ontario**
CP. 2319
2300, rue Yonge
27e étage
Toronto (ON) M4P 1E4
Téléphone: (416) 481-1967
Télécopieur: (416) 440-7665



BY E-MAIL

February 20, 2006

To: All local electricity distribution companies

Re: Rate of Interest for Pension Deferral Account in 2005

A Board letter of February 15, 2005 authorized a deferral account (1508 - Other Regulatory Assets - Sub-account Pension Contributions) for local electricity distribution companies' cash pension contributions in 2005 and subsequent years. The letter also indicated that the rate of interest to be used for calculating carry charges in the account would not be established until later.

The Board has authorized a rate of interest of 3.88% per annum for this account in 2005. This rate is effective from January 1, 2005 to December 31, 2005, to calculate the monthly carrying charges based on the account's monthly opening principal balance in this period. Information about this Board-approved interest rate was included in the Frequently Asked Questions for the Accounting Procedures Handbook issued in December 2005 (see Q and A #12).

An interest rate for 2006 was not approved since the Board plans to establish a standardized interest rate methodology to be used for all regulatory accounts going forward through a stakeholder consultation this spring.

Any questions regarding the interest rate should be directed to Ben Baksh at 416-440-8128. The Board's toll-free number is 1-888-632-6273.

Yours truly,

A handwritten signature in black ink, appearing to read "John Zych".

John Zych
Board Secretary