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**VIA E-MAIL AND WEB POSTING**

September 28, 2007

**To:** All Licensed Electricity Distributors  
All Participants in Proceedings EB-2006-0087, EB-2006-0088 and EB-2006-0089

**Re: Cost of Capital (EB-2006-0088) and 2<sup>nd</sup> Generation Incentive Regulation Mechanism (EB-2006-0089)  
Filing Requirements for 2008 Incentive Regulation Mechanism Distribution Rate Adjustments**

Today, the Ontario Energy Board (the "Board") issued its filing instructions and a spreadsheet rate model for preparing and filing 2008 IRM applications to set adjusted distribution rates effective May 1, 2008 for all electricity distributors that are not filing Cost of Service applications. These instructions and the model are based on the Report of the Board on the Cost of Capital and 2<sup>nd</sup> Generation Incentive Regulation for Ontario's Electricity Distributors (the "Board Report") issued on December 20, 2006 and on subsequent relevant Board Decisions. A copy of the Report is available from the Board's website at [www.oeb.gov.on.ca/documents/cases/EB-2006-0088/report\\_of\\_the\\_board\\_201206.pdf](http://www.oeb.gov.on.ca/documents/cases/EB-2006-0088/report_of_the_board_201206.pdf).

The Board Report details the Board's policies on the cost of capital and 2<sup>nd</sup> generation incentive regulation ("2<sup>nd</sup> Generation IRM"), includes guidelines to help parties understand how the policies will be implemented, and contains filing requirements to guide distributors in the preparation of their rate applications for the 2008 rate year.

The 2008 IRM filing instructions and model are largely based on the 2007 IRM filing requirements and model, and incorporate changes to reflect the policies for the 2008 rate year contained in the Board Report and recent Board Decisions.

The target date for filing 2008 IRM applications is November 1, 2007. The Board expects that all 2008 IRM applications are filed by November 1, 2007.

The Decisions for 2008 IRM applications will be issued as they are processed by the Board, beginning around middle of March 2008. Upon receipt of the Board's Decision, the distributor will be required to prepare and file its draft tariff sheets for approval. A Board Rate Order will subsequently be issued.

### **Process and Requirements for 2008 IRM Applications**

The 2008 electricity distribution rate application model (the "2008 IRM Model") to be used by distributors in applying for their 2008 rate adjustments is based on the policies set out in

the Board Report and in subsequent relevant Board Decisions on issues such as Conservation and Demand Management (“CDM”) and Smart Meters.

Distributors will be required to make a number of data entries from their approved 2007 EDR (IRM) Model, including inputting their approved 2007 EDR tariff schedule. Distributors are also required to input certain information from the Board-approved 2006 EDR model. These steps are described in the attachment.

Distributors are reminded that applications which depart from the guidelines in the Board Report and that are based on alternative principles or mechanisms for setting rates may require a significant length of time to process and will not be processed as expeditiously as applications that are consistent with the Board Report.

The 2008 IRM Model has been posted on the Board’s web site for downloading by distributors. A distributor who encounters difficulty in downloading the material should contact the Market Operations hotline at 416-440-7604 or by e-mail at [market.operations@oeb.gov.on.ca](mailto:market.operations@oeb.gov.on.ca). Queries about the model, filing instructions or application process should also be directed through the Market Operations hotline.

All communications related to the filing of the application should be directed to the attention of the Board Secretary at the Board’s address shown on the letterhead, and be filed no later than 4:45 p.m. on the required date.

The application should be sent to the Board Secretary in the following form:

- (a) electronic filing through the Board’s web portal at [www.errr.oeb.gov.on.ca](http://www.errr.oeb.gov.on.ca), consisting of one electronic copy of the application in searchable / unrestricted PDF format;
- (b) one (1) electronic copy in Microsoft Excel format of the completed 2008 IRM model e-mailed to [BoardSec@oeb.gov.on.ca](mailto:BoardSec@oeb.gov.on.ca);
- (c) two (2) paper copies of the Manager’s Summary and the 2008 IRM Model (note the date of paper copy application is the date of receipt by the Board); and
- (d) with (c) above, on a CD, an electronic copy of the PDF document e-mailed to the Board (item (a)) and a completed copy of the Microsoft Excel 2008 IRM Model (item (b)) in the prescribed naming format.

Filings must clearly state the sender’s name, postal address, telephone number, fax number and e-mail address. Please use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca). If you do not have a user ID, please visit the Board’s website and fill out, under e-filings, a user ID and password request.

Yours truly,

*Original signed by*

Peter H. O'Dell  
Assistant Board Secretary

Attachments: Filing Requirements for 2008 Incentive Regulation Mechanism Distribution  
Rate Adjustments