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January 19, 2005

To: All Parties in RP-2004-0188

**Re: 2006 Electricity Distribution Rates (RP-2004-0188)
Second Supplemental Funding Decision for Stakeholder Participation**

The Board has received communications in respect of its November 30, 2004 letter on funding in the above noted matter. Many of them either clarified earlier materials filed by parties or repeated requests for additional funding that have already been disposed of. However, three issues have been raised that the Board would like to address.

First, parties have asked whether the allowances for time spent in hearings and drafting submissions were flexible or absolute maximums. Specifically, the Board decided that several parties would receive funding for advocacy based on time spent in advocacy activities. These activities were identified in footnotes in Table B to the November 30 letter as including assumed time spent in hearings, plus preparation time plus time for draft submissions. Thus, for example, environmental groups were assumed to participate in 4 days of hearings while various consumer groups were assumed to participate in 10 days of hearings. It was also assumed that there would be an additional 2 days for drafting submissions.

These estimates were used for the purpose of providing a general sense of the level of Board-funded time that the Board considers reasonable in light of the interests represented. The total represents a general quantum of costs that would be considered reasonable. Parties may find that it is more efficient to read transcripts, for example, than physically attend the hearing on several issues. This practice should be encouraged and the Board will treat such time as reasonably incurred hearing time.

Second, two parties, the Association of Power Consumers in Ontario (“AMPCO”) and the Vulnerable Energy Consumers Association (“VECC”) have pointed out that the Board’s cost awards power in s. 30 of the *Ontario Energy Board Act, 1998* has recently been amended to authorize it to require one party to pay another party’s costs in various consultatives. AMPCO has specifically requested that the Board exercise its new powers to direct LDCs to pay intervenors’ actually incurred costs on the same basis as the Board has done in proceedings.

The Board will not change its approach to stakeholder funding in this process. As indicated on previous occasions, the Board will review the lessons learned from funding this and other policy initiatives and develop a policy on this matter. This review will benefit from the experience of these funded initiatives and will therefore be carried out after the initiatives have been completed.

The third, and related issue, also raised by AMPCO and VECC is that not all stakeholders receive full funding. They claim that consumer interests, in particular, are under represented as a result of this. The Board does not agree. The Board has made \$491,152 in funding available for this phase of the process. Of this amount, \$372,032 (76%) is made available for stakeholders who claim to represent consumers. These groups are expected to coordinate their submissions so that this considerable amount of money is used effectively to represent their common interests. This is especially true in this process, where the subject matter relates to generic revenue requirement issues. Unlike cost allocation and rate design, where different consumer groups may have different interests, in this case, all consumers are similarly situated. The Board therefore expects the intervenors to work together and use the funds made available to them to represent their common interests.

Yours truly

Original signed by

John Zych
Board Secretary