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**Commission de l'Énergie  
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May 5, 2004

**To: All Electricity Distribution Utilities and Intervenors of Record**

**Re: Regulatory Assets Review - Phase II**

As you are aware, Phase I of the Recovery of Regulatory Assets proceeding is now complete, culminating in the April 1, 2004 rate adjustments approved by the Board to partially reflect the total Regulatory Assets amounts claimed. As you are also aware, the Board will be reviewing the total Regulatory Asset amounts for prudence as the next phase of the proceeding.

In response to the submissions of intervenors, for regulatory efficiency and in order for the evidence before the Board to be tested in cross examination, the Board has determined that it should, and will, proceed by holding oral hearings for five large distributors. In addition to the Board's specific decisions for each of the five distributors, the Board will be able to assess, among other things, what would constitute the best evidence, forum and process to determine the reasonableness of Regulatory Assets amounts claimed or to be claimed for the remaining distributors.

The five distributors have been selected on the following criteria: being among the ten largest by customer count; and, their relative level of total Regulatory Assets and Transition Costs claimed. The five distributors are:

Hydro One Networks Inc.  
Toronto Hydro-Electric System Limited  
Enersource Hydro Mississauga Inc.  
London Hydro Inc.  
Enwin Powerlines Limited

The oral hearings will be scheduled to commence in mid-July of this year. A Procedural Order will be issued to these five distributors and intervenors setting out the particulars for this phase of the proceeding.

Should you have any questions regarding the contents of this communication, please contact Harold Thiessen, 416-440-7637, e-mail: [harold.thiessen@oeb.gov.on.ca](mailto:harold.thiessen@oeb.gov.on.ca)

Yours truly,

original signed by

Peter O'Dell  
Acting Board Secretary

cc: all intervenors and observers of record