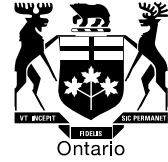


Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
26th Floor
Toronto, ON M4P 1E4
Telephone: (416) 481-1967
Facsimile: (416) 440-7665

Commission de l'Énergie de l'Ontario
CP. 2319
2300, rue Yonge
26e étage
Toronto (ON) M4P 1E4
Téléphone: (416) 481-1967
Télécopieur: (416) 440-7665



August 8, 2005

To all electricity local distribution companies (“LDCs”) and interested parties

Re: Draft Guidelines for Reviewing Variance and Deferral Accounts

The Ontario Energy Board (the “OEB” or “Board”) is establishing a regulatory review process for deferral and variance account balances of all electricity LDCs. It will consist of quarterly reviews for commodity accounts and annual reviews for non-commodity accounts.

These reviews are pursuant to the requirements of Bill 23 that came into effect on January 1, 2005 with respect to electricity. This legislation under section 78 of the OEB Act requires the Board to issue an order at least once every three months for electricity commodity-related variance and deferral accounts to determine whether and how amounts recorded in such accounts shall be reflected in rates. The same requirement exists for non-commodity-related variance and deferral accounts except that the Board must issue an order at least once every twelve months.

The Board has developed draft Guidelines to explain the Board’s process for its review of deferral and variance accounts and to outline the procedures electricity LDCs are required to follow to enable the Board to make an order. The draft Guideline is available on the web (www.oeb.gov.on.ca) under What’s New.

Electricity LDCs and interested parties wishing to make comments on the draft Guidelines are required to file three paper copies and an electronic copy of their comments with the Board on or before August 22, 2005.

If you have any questions regarding these draft Guidelines, please contact Ben Baksh at 416-440-8128. The Board’s toll free number is 1-888-632-6273.

Yours truly,

Original signed by

Peter H. O’Dell
Assistant Board Secretary

Attachment: Draft Guidelines for Reviewing Variance and Deferral Accounts