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BY E-MAIL

March 3, 2008

**To: All Licensed Electricity Distributors
All Intervenors in 2008 Electricity Distribution Rate Proceedings**

**Re: Review Initiative
Account 1562, Deferred Payments in Lieu of Taxes ("PILs")
Board file number EB-2007-0820**

The majority of electricity distributors that are rate regulated by the Board became subject to PILs effective October 1, 2001 with the proclamation of section 93 of the *Electricity Act, 1998* (the "Act"). As of the date of this letter, seven distributors subject to section 93 of the Act that filed cost of service applications for 2008 rates have requested the disposition of account 1562, Deferred PILs. To date, the Board has not reviewed the methodology or account balances for account 1562 for any distributor subject to section 93 of the Act.

It is apparent from a review of applications before the Board that distributors have used a variety of methods to record balances in account 1562 for the time period applicable to this account, October 1, 2001 to April 30, 2006. This letter is to notify electricity distributors subject to section 93 of the Act and interested parties that the Board intends to initiate a combined proceeding to determine the methodology that should be used for the calculation and disposition of these balances.

Going forward, it is the Board's expectation that the decision stemming from the combined proceeding will be used to determine the final account balances with respect to account 1562, Deferred PILs for the remaining distributors. The Board intends to proceed with the review and disposition of the account 1562, Deferred PILs balances for the remaining distributors subsequent to the completion of the combined proceeding.

Further information regarding this initiative, including how to participate in it, will be made available in the near future. If you have any questions regarding this

initiative, please contact Harold Thiessen, Senior Advisor, at 416-440-7637 or by e-mail at harold.thiessen@oeb.gov.on.ca.

Yours truly,

Original signed by

Kirsten Walli
Board Secretary