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VIA E-MAIL AND WEB POSTING

October 3, 2008

To: All Licensed Electricity Distributors

Re: Filing Requirements for Incentive Regulation Distribution Rate Adjustments

Today, the Ontario Energy Board (the “Board”) issued the 2009 electricity distribution incentive regulation (“IR”) rate application models (the “2009 IR Models”). There are two models: one for 2nd generation incentive regulation rate applications; and one for 3rd generation incentive regulation rate applications.

The Board would like to thank those that provided their time, consideration, and invaluable assistance by working with staff to test the models.

The 2009 IR Models have been developed based on the policies set out in the Board’s 2nd and 3rd generation incentive regulation reports (as noted, below) and in subsequent relevant Board Decisions on issues such as Conservation and Demand Management (“CDM”) and Smart Meters.

Requirements for 2nd Generation IRM Distribution Rate Applications

Distributors are required to make a number of data entries from their approved 2008 EDR (IR) Model, including inputting their approved 2008 EDR tariff schedule. Distributors are also required to input certain information from the Board-approved 2006 EDR model.

The 2009 IR Model has been developed based on the policies set out in the Report of the Board on the Cost of Capital (EB-2006-0088) and 2nd Generation Incentive Regulation Mechanism (EB-2006-0089) for Ontario’s Electricity Distributors issued on December 20, 2006 and subsequent relevant Board Decisions. The report 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 2009 rate year.

Requirements for 3rd Generation IRM Distribution Rate Applications

Distributors are required to make a number of data entries from their approved 2008 Cost of Service Model, including inputting their approved 2008 EDR tariff schedule.

The 2009 IR Model has been developed based on the policies set out in the Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors issued on July 15, 2008, and the Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors (the "Supplemental Report") issued on September 17, 2008.

The Supplemental Report 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 2009 rate year.

Web Cast

A web cast will be held on October 17, 2008 for distributors that are filing IR rate applications. Details on the web cast including instructions on how to register are outlined in an attachment to this letter.

Process for 2009 Distribution Rate Applications

The deadline date for filing 2009 IR applications is November 7, 2008. The Board expects applicants to have all filings to the Board by 4:45 pm that day.

The Decisions for 2009 IR applications will be issued beginning in mid-March, 2009. Upon receipt of a Board Decision, each distributor will be required to prepare and file its draft tariff sheets for Board approval. A Board Rate Order will subsequently be issued.

Distributors are reminded that applications which depart from the guidelines set forth in the above mentioned reports will require more time to process. The length of additional time will be commensurate with the degree of complexity resulting from the departure.

The 2009 IR Models have 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. Queries about the model, filing instructions or application process should also be directed through the Market Operations hotline.

Instructions for Filing Materials with the Board

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, 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 2nd or 3rd Generation IRM model e-mailed to BoardSec@oeb.gov.on.ca;
- (c) two (2) paper copies of the Manager's Summary and the 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. 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

John Pickernell
Assistant Board Secretary

Attachment: 2009 IRM Webcast Invitation