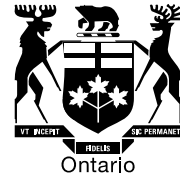


Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

Commission de l'énergie de l'Ontario
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone: 416-481-1967
Télécopieur: 416-440-7656
Numéro sans frais: 1-888-632-6273



BY E-MAIL AND WEB POSTING

April 1, 2009

To: All Licensed Electricity Distributors
All Other Interested Parties

Re: Electricity Distributors' Deferral and Variance Account Review, Board Staff Discussion Paper
Board File No.: EB-2008-0046

The Ontario Energy Board (the "Board") is initiating a consultative process on the development of a policy framework for the review and disposition of deferral and variance accounts for electricity distributors. The purpose of this letter is to invite interested parties to participate in this consultation.

Also, this letter introduces Board staff's Discussion Paper on electricity distributors' deferral and variance account review, which has been posted on the Board's website at www.oeb.gov.on.ca

Background

The Board is required under section 78 of the *Ontario Energy Board Act, 1998* (the "Act") to periodically review the electricity distributors' variance and deferral accounts (the "Accounts"). Specifically, the Act requires that the Board makes an order determining whether and how amounts recorded in the Accounts should be reflected in rates. The Act mandates that the Account associated with the commodity of electricity (the "Commodity Account", or "Account 1588") is to be reviewed quarterly and that all other Accounts (the "Non-Commodity Accounts") are to be reviewed annually.

In a letter dated February 19, 2008, the Board announced that it would launch an initiative to consider options for the review and disposition of Account 1588 of the Uniform System of Accounts (“USoA”). Further, the Board indicated that it may use disposition thresholds or “disposition triggers” for disposing of the balances in the Commodity Account. The Board also noted that it might extend this initiative to Non-Commodity Accounts that are similar in nature to Account 1588, such as the Retail Settlement Variance Accounts (“RSVA”) and the Retail Cost Variance Accounts (“RCVA”).

Board Staff Discussion Paper

This paper sets out Board staff’s initial thoughts on a framework for the review and disposition of deferral and variance accounts for electricity distributors.

Board staff has prepared this discussion paper to invite written comments from all interested parties for determining if, when, and how Account balances should be disposed of. Informed by Board staff’s discussion paper and interested parties’ comments, it is expected that the Board will issue guidelines on the Accounts review and dispositions processes.

Invitation to Comment

Written comments must be filed with the Board by **May 25, 2009** in accordance with the filing instructions set out below.

Cost Awards and Instructions on Filing Material with the Board

Cost awards will be available to eligible persons under section 30 of the *Ontario Energy Board Act, 1998* for their participation in this consultation. The costs awarded will be recovered from all rate-regulated licensed electricity distributors based on their respective distribution revenues. The rates of licensed distributors Cornwall Street Lighting and Power Company and Dubreuil Forest Products are not currently fixed or approved by the Board, and cost awards will not be recovered from these two distributors. **Attachment A contains important information regarding cost awards for this consultation, including in relation to eligibility requests and objections.** In order to facilitate a timely decision on cost eligibility, the deadlines for filing cost eligibility requests and objections will be strictly enforced.

Cost awards will be available to eligible participants as set out in Table 1.

Table 1: Activities Eligible for Cost Awards

Activity	Total Eligible Hours per Eligible Participant
Written comments on issues.	Up to 12 hours

All filings in relation to this consultation must quote file number **EB-2008-0046** and include your name, address, telephone number and, where available, an e-mail address and fax number. Three paper copies and one electronic copy of each filing must be provided. Paper copies are to be addressed to the Board Secretary at the Board’s mailing address set out above. The electronic copy must be in searchable/unrestricted PDF format, be submitted through the Board’s web portal at www.errr.oeb.gov.on.ca and conform to the document naming conventions and document submission standards outlined in the RESS e-Filing Guides (available on the Board’s website at www.oeb.gov.on.ca on the e-Filing Services web page). A user ID is required for filings through the web portal. If you do not have a user ID, please visit the Board’s web site on the e-Filings Services web page and fill out a user ID password request. If the web portal is not available, the electronic copy may be submitted by e-mail to BoardSec@oeb.gov.on.ca. Participants that do not have internet access may file their electronic copy on diskette or CD.

Filings must be received by **4:45 pm** on the required date.

All materials related to this consultation will be posted on the “OEB Key Initiatives” portion of the Board’s web site at www.oeb.gov.on.ca. The material will also be available for public inspection at the office of the Board during normal business hours.

If you have any questions regarding this consultation, please contact Alexandre Ruest at 416-440-8129, or e-mail EDR@oeb.gov.on.ca. The Board’s toll-free number is 1-888-632-6273, and the Market Operations Hotline is 416-440-7604.

Yours truly,

Original signed by

John Pickernell
Assistant Board Secretary

Attachment A: Cost Award Information

Attachment A

Cost Award Information

Cost Award Eligibility

The Board will determine eligibility for costs in accordance with its *Practice Direction on Cost Awards*. Any person requesting cost eligibility must file with the Board a written submission to that effect by **April 16, 2009**, identifying the nature of the person's interest in this process and the grounds on which the person believes that it is eligible for an award of costs (including addressing the Board's cost eligibility criteria as set out in section 3 of the Board's *Practice Direction on Cost Awards*). An explanation of any other funding to which the person has access must also be provided, as should the name and credentials of any lawyer, analyst or consultant that the person intends to retain, if known. All requests for cost award eligibility will be posted on the Board's website.

Groups representing the same interests or class of persons are expected to make every effort to communicate and co-ordinate their participation in this process.

Rate-regulated licensed electricity distributors will be provided with an opportunity to object to any of the requests for cost award eligibility. If an electricity distributor has any objections to any of the requests for cost eligibility, such objections must be filed with the Board Secretary by **4:45 pm on April 30, 2009**. All objections will be posted on the Board's website. The Board will then make a final determination on the cost eligibility of the requesting parties.

Cost Awards

When determining the amount of the cost awards, the Board will apply the principles set out in the *Practice Direction on Cost Awards*.

The Board will use the process set out in section 12 of its *Practice Direction on Cost Awards* to implement the payment of the cost awards. Therefore, the Board will act as a clearing house for all payments of cost awards in this process.

For more information on the cost awards process, please see the Board's *Practice Direction on Cost Awards* and the October 27, 2005 letter regarding the rationale for the Board acting as a clearing house for the cost award payments. These documents can be found on the Board's website at

http://www.oeb.gov.on.ca/html/en/industryrelations/rulesguidesandforms_regulatory.htm#general.