

August 13, 2009

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Kirsten Walli
Board Secretary
Ontario Energy Board
Suite 2701
2300 Yonge Street
Toronto ON M4P 1E4

Dear Ms Walli:

Re: EB-2009-0084/Consultation on the Cost of Capital

We are counsel to the Consumers Council of Canada ("CCC") in this matter. The CCC has joined with the Vulnerable Energy Consumers Coalition and the London Property Management Association ("LPMA") to retain Dr. Laurence Booth to assist them in providing comments on the issues. This letter is being written on behalf of the CCC, VECC and LPMA.

We have a number of questions about the consultation process. Some of those questions were answered by the Board's letter of August 11, 2009 ("Board's Letter"). However, a number of questions remain. Those questions are:

1. Is the Board's consultation prompted by the state of the financial markets in late 2008 and early 2009, or is it prompted by a desire to consider an entirely new approach to determining the cost of capital?
2. While the Board's Letter is addressed to, among others, all licenced electricity distributors and transmitters, and all gas distributors, the Issues List, which is Attachment B to the Board's letter of July 30, 2009, refers to the consultation as one addressing the "Cost of Capital for Electricity Distribution Companies" only. Is the consultation to apply to both gas distributors and electricity distributors and transmitters? Does the consultation apply to Hydro One Networks Inc., and other transmitters and Ontario Power Generation Inc., as well?
3. What is the status of the material which some parties filed, in April of this year, in the early stage of the consultation process? We refer, in particular, to the materials from the Brattle Group and from Concentric. Is that material part of the "Record" for purposes of comment by other participants?
4. What is the status of the 2007 Concentric Report, which is referred to in Question 4 of the Issues List? In particular, are parties expected to comment on it in their submissions? These questions are particularly relevant because there has never

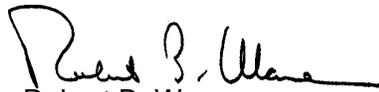
been, to our knowledge, any cross-examination on that 2007 Concentric Report and because Concentric has been retained by a number of parties to provide expert advice, and presumably a report, in this matter;

5. In addressing the matters on the issues list, does the Board expect parties to provide analytical support and detailed "evidence" in support of the positions they take?
6. We are uncertain what the Board intends by question 2. If, for example, a party believes that a different capital structure should be adopted, does the Board expect that party to provide "evidence", whether utility-specific, or otherwise, in support of that position?
7. Question 10 on the Issues List asks: "How should the Board establish the initial ROE for the purposes of resetting the methodology?" In asking that question, is the Board seeking a numerical amount, or simply the methodology by which to determine the numerical amount?
8. Will the results of the consultation process be used as the basis for adjusting rates which had already been approved or used as the method for establishing the cost of capital in the next tranche of rate-setting proceedings?

Your consideration of these questions will assist us, and Dr. Booth, in preparing written comments and in participating in the Stakeholder Conference.

Yours very truly,

WeirFoulds LLP


Robert B. Warren

RBW/dh

cc: L. Booth
M. Janigan
R. Aiken
B. Harper
J. Girvan
All Parties