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**BY E-MAIL AND WEB POSTING**

February 7, 2011

**To: All Rate Regulated Natural Gas Distributors  
All Licensed Electricity Distributors  
Canadian Manufacturers and Exporters  
Consumers Council of Canada  
Green Energy Coalition  
Industrial Gas Users Association  
London Property Management Association  
Low-Income Energy Network  
Ontario Sustainable Energy Association  
Pollution Probe  
School Energy Coalition  
Vulnerable Energy Consumers Coalition**

**Re: Notice of Hearing for Cost Awards  
Distribution Revenue Decoupling - Board File Number: EB-2010-0060**

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## **Background**

On March 22, 2010, the Board issued a cover letter (the "March letter") initiating a consultation process to examine the revenue adjustment and cost recovery mechanisms that are currently available to electricity and natural gas distributors to address revenue erosion resulting from unforecasted changes in the volume of energy sold.

In a letter issued October 27, 2010 the Board directed that the distribution revenue decoupling consultation would not proceed until the substantial completion of three new priority policy initiatives, the output of which will be considered in the Board's future work on this subject. On January 18, 2011 the Board issued a letter expressing the view that the issues and related matters raised in the course of the consultation can be

considered for inclusion in other ongoing and prospective Board initiatives as appropriate, and that the consultation can therefore be drawn to a close.

In the March letter, the Board indicated that cost awards would be available to eligible participants under section 30 of the *Ontario Energy Board Act, 1998* (the “Act”) for their participation. The Board further stated that costs would be apportioned between rate regulated gas distributors and licensed electricity distributors based on the Board’s Cost Assessment Model resulting in an allocation of 23.5% of costs to rate regulated gas distributors, and 76.5% of costs to licensed electricity distributors. The Board also indicated that these shares will be apportioned within the classes on the basis of distribution revenue and that the Board would use the process set out in section 12 of the Board’s *Practice Direction on Cost Awards* whereby it would act as a clearing house for all payments of cost awards.

In its *Decision on Cost Eligibility* dated April 16, 2010, the Board determined that the following participants (together, the “eligible participants”) were eligible for an award of costs in this consultation process:

- Canadian Manufacturers and Exporters;
- Consumers Council of Canada;
- Green Energy Coalition;
- Industrial Gas Users Association;
- London Property Management Association;
- Low-Income Energy Network;
- Ontario Sustainable Energy Association;
- Pollution Probe;
- School Energy Coalition; and
- Vulnerable Energy Consumers Coalition.

As provided in Appendix A of the March letter, the activities for which cost awards are available in this consultation are the following:

- the provision of written comments on the issues identified in the March letter and on the report entitled *Review of Distribution Revenue Decoupling Mechanisms*, prepared by Pacific Economics Group Research to a **maximum of 30 hours** per participant/organization; and

- preparation for, attendance at and reporting on a stakeholder meeting held on Monday, April 19, 2010 between 9:30 AM and 3:00 PM, to a **maximum of actual meeting time plus 50% of meeting time for preparation and reporting (that is 8.25 hours)** per participant/organization.

### **Notice of Hearing**

The Board is initiating this hearing on its own motion in order to determine the cost awards that will be made in accordance with section 30 of the Act for the stakeholder consultation activities. The file number for this hearing is **EB-2010-0060**.

The Board intends to proceed by way of written hearing unless a party can satisfy the Board that there is a good reason for holding an oral hearing. If a party wants to object to a written hearing, the objection must be received by the Board no later than **7 days** after the date of this Notice.

Provided that the Board does not receive any objections to a written hearing, the hearing will follow the process set out below.

1. The eligible participants shall submit their cost claims by **February 15, 2011**. A copy of the cost claim must be filed with the Board and one copy is to be served on each licenced electricity distributor and rate regulated natural gas distributor. All cost claims received will be posted on the Board's website. The cost claims must be completed in accordance with section 10 of the Board's *Practice Direction on Cost Awards*.
2. Distributors will have until **February 23, 2011** to object to any aspect of the costs claimed. A copy of the objection must be filed with the Board and one copy must be served on the eligible participant against whose claim the objection is being made.
3. The eligible participant whose cost claim was objected to will have until **March 2, 2011** to make a reply submission as to why its cost claim should be allowed. A copy of the reply submission must be filed with the Board and one copy is to be served on the objecting distributor.

The Board will then issue its decision on cost awards. The Board's costs may also be addressed in the cost awards decision.

Service of cost claims, objections and reply submissions on other parties may be effected by courier, registered mail, facsimile or e-mail.

Parties must file two paper copies and one electronic copy of their submissions with the Board Secretary by **4:45 pm** on the required dates. The Board requests that parties make every effort to provide electronic copies of their filings in searchable/unrestricted Adobe Acrobat (PDF) format, and to submit their filings through the Board's web portal at [www.errr.oeb.gov.on.ca](http://www.errr.oeb.gov.on.ca). A user ID is required to submit documents through the Board's web portal. If you do not have a user ID, please visit the "e-filings services" webpage on the Board's website at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca), and fill out a user ID password request. Additionally, parties are requested to follow the document naming conventions and document submission standards outlined in the document entitled "RESS Document Preparation – A Quick Guide" also found on the e-filing services webpage. If the Board's web portal is not available, electronic copies of filings may be filed by e-mail at [boardsec@oeb.gov.on.ca](mailto:boardsec@oeb.gov.on.ca). Those that do not have internet access should provide a CD containing their filing in PDF format.

All submissions must quote file number **EB-2010-0060** and include your name, address, telephone number and, where available, your e-mail address and fax number.

All submissions in this hearing (including cost claims, objections, and replies) will form part of the public record and copies of the submissions will be available for inspection at the Board's offices during normal business hours and may be published on the Board's website.

If the submission is from a private citizen (i.e., not a lawyer representing a client, not a consultant representing a client or organization, not an individual in an organization that represents the interests of consumers or other groups, and not an individual from a regulated entity), before making the submission available for viewing at the Board's offices or placing the submission on the Board's website, the Board will remove any personal (i.e., not business) contact information from the submission (i.e., the address, fax number, phone number, and e-mail address of the individual). However, the name of the individual and the content of the submission will be available for viewing at the Board's offices and will be placed on the Board's website.

**If you do not file a letter objecting to a written hearing or do not participate in the hearing by filing written submissions in accordance with this Notice of Hearing,**

**the Board may proceed without your participation and you will not be entitled to further notice in this proceeding.**

Yours truly,

*Original Signed By*

Kirsten Walli  
Board Secretary