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VIA WEB POSTING

December 14, 2010

To: Interested Stakeholders

**Re: Proposed Revisions to the OEB Cost Assessment Model to reflect the Proposed Amendment to Ontario Regulation 16/08
Board File No. EB-2010-0362**

The Ontario Energy Board (the "Board") is initiating a consultation with stakeholders on proposed revisions to the Board's Cost Assessment Model to reflect the proposed amendments to Ontario Regulation 16/08. The Board invites all interested parties to participate in this consultation.

The proposed amendments to Regulation 16/08 would add two new separate classes of persons liable for Board expenses and expenditures. The two additional classes are licensed low-volume electricity retailers and licensed gas marketers. The current regulation has six classes of payors (distributors, transmitters, natural gas, IESO, OPA, and OPG).

The amendments to Regulation 16/08 would be effective for cost assessments beginning April 1, 2011.

The proposed revised Cost Assessment Model is now available for comment on the Board's website at www.oeb.gov.on.ca. Your attention is directed particularly to the intra-class allocation method for assessing costs to retailers and marketers.

The methodology used to calculate the allocation to each class of persons liable for the Board's assessment has not changed. Allocation to each class is based on: a) direct costs that can be linked to the class, and b) indirect costs in the same proportion as the direct costs. The only change in the methodology is the inclusion of licensed low-volume electricity retailers and licensed gas marketers as payor classes. The Board has made a preliminary calculation and estimates the allocation of Board costs may range from approximately \$1.6 million - \$2.4 million for electricity retailers and \$1.3 Million - \$2.1 Million for gas marketers. The final determination of these amounts will occur prior to the cost assessment invoices sent in April 2011.

Within each payor class, costs are allocated to the individual entities. For natural gas

distributors, electricity distributors and electricity transmitters the Board uses percentage of revenue to allocate costs among them. No changes have been made to the intra-class allocation for these payor classes.

The Board is proposing to use two factors to determine the intra-class allocation of costs among retailers and marketers. The first factor is the number of low-volume customers served by each retailer and marketer respectively. The second is the number of customer complaints received by the Board in respect of each retailer and marketer. Each factor is weighted equally (i.e. 50%). This method, in the Board's view, reflects an appropriate causal link between Board costs to oversee this industry and the assessment.

Please review this proposed Cost Assessment Model and provide written feedback by January 14, 2010. The Board is not making provision for an award of costs in this consultation process. All written comments sent to the Board in response to this letter will be available for viewing at the Board's offices and will be placed on the Board's website.

If the written comment 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 written comment available for viewing at the Board's offices or placing the written comment on the Board's website, the Board will remove any personal (i.e., not business) contact information from the written comment (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 written comment will be available for viewing at the Board's offices and will be placed on the Board's website.

All filings to the Board must quote the file number, EB-2010-0362, be made through the Board's web portal at www.errr.oeb.gov.on.ca, and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at www.oeb.gov.on.ca/OEB/Industry. If the web portal is not available, parties may email their documents to the address below. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

ADDRESS

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Yours truly,

Original Signed By

Kirsten Walli
Board Secretary