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## **BY E-MAIL AND WEB POSTING**

June 10, 2009

**To:** All Licensed Electricity Transmitters  
All Licensed Electricity Distributors  
All Other Rate-regulated Entities  
All Other Interested Stakeholders

**Re: The Regulatory Treatment of Infrastructure Investment for Ontario's Electricity Transmitters and Distributors  
Board File No.: EB-2009-0152**

The Ontario Energy Board (the "Board") is initiating a consultation with stakeholders on more innovative approaches to cost recovery for electricity infrastructure projects. The Board invites all interested parties to participate in this consultation.

### **Background**

On April 3, 2009, the Chair of the Ontario Energy Board issued a Statement confirming the Board's commitment to creating conditions that will foster timely and appropriate investment in electricity distribution and transmission infrastructure while ensuring that the interests of ratepayers continue to be protected. On June 1, 2009, in a second Statement the Chair advised of the development of three initiatives, one of which is to consider more innovative approaches to cost recovery, primarily in relation to infrastructure investments relating to the accommodation of renewable generation and smart grid development. The cost recovery mechanisms developed through this initiative may also be available in relation to other types of projects in appropriate circumstances.

## Staff Discussion Paper

For purposes of this consultation, the Board has released for comment a Board staff discussion paper. The discussion paper is now available on the Board's website at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca).

The discussion paper sets out a range of mechanisms for the regulatory treatment of infrastructure investment that could be used to support the setting of rates. One or more of these mechanisms could be applied in the context of a cost of service review, a multi-year rate adjustment mechanism or a specific ("single issue") rate application. Other processes, such as the process for approving distributor and transmitter infrastructure investment plans, may also provide a forum in which some of the alternative mechanisms referred to in the discussion paper may be considered.

While the discussion paper identifies a number of issues in relation to which input from participants is specifically requested by the Board, participants should feel free to comment on all aspects of the discussion paper. Participants that wish to put forward alternative proposals or options for consideration are encouraged to include in their comments not only a detailed description of each proposal or option (including steps necessary for implementation, where applicable), but also the underlying rationale and principles that support the proposal or option. The Board will consider the comments received from interested parties in determining its policy on these issues.

Written comments must be filed with the Board by **July 7, 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 as follows: 50% of the costs awarded will be recovered from all rate-regulated licensed electricity distributors, apportioned based on their respective distribution revenues; and the other 50% of the costs awarded will be recovered from all rate-regulated licensed electricity transmitters, apportioned based on their respective transmission revenues. The rates of licensed transmitter Cat Lake Power Utility Ltd. and the rates of licensed distributors Cornwall Street Lighting and Power Company Limited and Dubreuil Forest Products Ltd. 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 follows:

Activity Eligible for Cost Awards	Total Eligible Hours <u>per Eligible Participant</u>
Written comments on staff discussion paper.	Up to 40 hours

All filings in relation to this consultation must quote file number **EB-2009-0152** 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](http://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](http://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](mailto: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 available on the Board's web site at [www.oeb.gov.on.ca](http://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 Lisa Brickenden at 416-440-8113, or e-mail [EDR@oeb.gov.on.ca](mailto: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*

Kirsten Walli  
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 **June 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 and rate-regulated licensed electricity transmitters will be provided with an opportunity to object to any of the requests for cost award eligibility. If an electricity distributor or transmitter has any objections to any of the requests for cost eligibility, such objections must be filed with the Board **June 23, 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 section 5 of its *Practice Direction on Cost Awards*. The maximum hourly rates set out in the Board's Cost Awards Tariff will also be applied.

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/OEB/Industry+Relations/Rules+Codes+Guidelines+and+Forms/Rules+Codes+Guidelines+and+Forms+-+Regulatory#practicedirections>