



By E-mail

December 12, 2008

Kirsten Walli
Board Secretary
Ontario Energy Board
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Dear Ms Walli

**Further Consultation on Stretch Factor Rankings for
3rd Generation Incentive Regulation for Electricity Distributors**

Board File No.: EB-2007-0673
Our File No.: 339583-000011

We are the solicitors for Canadian Manufacturers & Exporters (“CME”) and are writing with respect to the Board’s letter to participants in this Consultative dated November 21, 2008.

The Board’s letter invites participants to comment on Board Staff’s overview and proposal attached to the letter and on the results of the sensitivity analysis prepared by the Pacific Economics Group (“PEG”), an update of which was circulated on December 3, 2008. Participants are asked to comment on the following specific question:

- What changes, if any, to the model arising from the attached sensitivity analysis should the Board consider to further reduce the potential for misclassification?

We have briefly discussed this matter with Mr. Aiken and Ms Girvan, the representatives in this Consultative for the London Property Management Association (“LPMA”) and the Consumers Council of Canada (“CCC”). Mr. Aiken and Ms Girvan have considerable expertise in identifying deficiencies in sensitivity analyses of the type conducted by PEG. Mr. Aiken and Ms Girvan inform us that they will not be proposing any changes to the model arising from PEG’s sensitivity analysis.

In these circumstances, we are comfortable with and have no reason to question PEG’s concluding comment at page 5 of its updated sensitivity analysis that “... these sensitivity analyses show that the efficiency cohorts identified in our July 2008 update are robust.”

Accordingly, we are comfortable with Board Staff’s overview and proposal and, as far as we are concerned, no changes to the model arising from PEG’s sensitivity analysis need to be made to reduce the potential for misclassification.

We hope these comments are of some assistance to the Board in its deliberations.

We request that CME be awarded costs for the time we have spent in reviewing and commenting on the materials the Board circulated.

Yours very truly,

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