

**BY EMAIL AND FACSIMILE**

August 16, 2007

Ms Kristen Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street  
26th Floor, Box 2319  
Toronto, ON M4P 1E4

Dear Ms Walli

<sup>rd</sup>  
**3<sup>rd</sup> Generation Incentive Regulation for Electricity Distributors**  
**Board File No.: EB-2007-0673**

PowerStream was pleased to read of the Board's consultative process on the development of the principles and methodology for the third generation incentive regulation mechanism (3rd Generation IRM) for electricity distributors. IRM has a vital role to play in the performance of the electricity distribution sector in Ontario. A comprehensive IRM that has been developed with input from stakeholders will help to ensure that all relevant factors have been thoroughly reviewed and debated within an appropriate context and suitable balance.

PowerStream would like to nominate Paula Conboy, Director of Regulatory and Government Affairs to the proposed working group.

Paula has been with PowerStream and one of its predecessor companies (Markham Hydro Distribution) since 2003. Prior to that Paula was with the OEB (1998 to 2003). Before joining the OEB Paula was in Australia working on restructuring the water industry as well as Australia's microeconomic reform agenda in general.

To that end we believe that Paula would make a valuable contribution to the Board's stakeholder working group, in particular Paula has:

- A sound knowledge of incentive regulation (theory and practice):
  - Paula was an active participant in the Cost of Capital (EB-2006-0088), 2<sup>nd</sup> Generation Incentive Regulation Mechanism (EB-2006-0089) and Licence Amendment Proceeding (EB-2006-0087).
  - Paula was part of the team at the OEB charged with reviewing the 2001 Electricity Distribution Rate Handbook containing policies, guidelines and procedures to be used for establishing initial unbundled distribution rates for the first generation PBR plan and for the subsequent rate adjustments. Paula subsequently oversaw the processing and analysis of distribution rate unbundling applications.

- Paula worked in the Research/Performance Monitoring Branch at the Industry Commission in Australia. The objectives of the branch were to provide objective reports on the performance of Australian industry and developments in assistance and regulation. The Branch was also charged with developing frameworks of analysis and eliciting information on policy issues relevant to the Commission's charter which included the development of performance based regulation.
- Paula is a registered participant in the EB 2007-0606/0615 proceeding re Union Gas 2008 Rates and Enbridge Gas Distribution Rates 2008 Rates Application – PowerStream Notice of Intervention. As such Paula has a familiarity with the development of IRM in Ontario's gas industry.
- Knowledge of technical analysis underlying incentive regulation (e.g., total factor productivity, approaches to benchmarking):
  - Paula has a background in empirical analysis.
  - Paula developed TFP and a DEA models for the Australian abattoirs as part of the Industry Commission's inquiry into the performance of Australia's meat processing industry.
- Familiarity with the financial and operational circumstances of electricity distributors in Ontario:
  - Paula has worked extensively on PowerStream licence and rate applications and as such has an in-depth familiarity with the financial and operational circumstances.
  - Paula consistently works with the CLD companies to foster information-sharing and developing joint positions on regulatory and public policy issues and therefore has a familiarity with the financial and operational circumstances of these other electricity distributors in the sector. As part of the OEA's Utility Sector Committee and the EDA's Regulatory Council, Paula also meets frequently with other LDCs outside the CLD.
  - Paula has worked with the Ministry of Energy, the Ontario Energy Board and in the distribution sector and as such has an understanding of the "interplay" between the three players.

Our current plan would also be to retain a consultant who would be available to assist Paula throughout the working group process.

If you have any questions or require further information please do not hesitate to contact me.

Yours truly,



Brian Bentz  
President and CEO



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