PUC Distribution Inc.
765 QUEEN STREET EAST, P.O. Box 9000
SAULT STE. MARIE, ONTARIO, P6A 6P2

September 8, 2009

Kirsten Walli, Board Secretary
Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, Ontario M4P 1E4

Attention: Ms. Walli

Re: PUC Distribution Inc.
Report on Notification re: Eligibility for the Regulated Price Plan
Ontario Energy Board File EB-2009-0317

PUC Distribution Inc. ("PUC") is a licensed distributor of electricity (ED-2002-0546) providing service within its licensed service area consisting of the City of Sault Ste. Marie (with the exception of all or part of five municipal addresses as listed on its distribution licence), Township of Prince, Rankin Reserve, and the Township of Dennis (concessions 3, 4 and 5).

As of November 1, 2009 the consumers eligible for the RPP will change as per Ontario Regulation 95/09 – *Classes of Consumers and Determination of Rates*. The consumers that will cease to be eligible for the RPP are "designated" customers as defined in section 56 of the *Ontario Energy Board Act, 1998,* and included the MUSH sector (i.e., municipalities, universities, schools, and hospitals).

PUC Distribution, in a timely manner, has informed and assisted customers in understanding the implications of the forthcoming changes to their electricity pricing. Information has been provided to the affected consumers regarding the pricing that the consumer will be subject to based on the consumer's metering and also the final settlement variance that the consumer will be subject to. Affected consumers will also be informed of their option to request an interval meter, if they do not currently have one, for the purpose of receiving the hourly energy price.

In the beginning of May 2009, PUC Distribution sent the first notification by mail to all affected customers that will no longer be eligible for the RPP as of November 1, 2009. A copy of the letter sent to affected customers is below.

PUC Distribution Inc.
765 QUEEN STREET EAST, P.O. Box 9000
SAULT STE. MARIE, ONTARIO, P6A 6P2

Dear PUC Distribution Inc. Customer,

Ontario's public sector including municipalities, universities, schools, hospitals (MUSH) and other designated customers were expected to move from paying the Regulated Price Plan (RPP) to a market-based, or hourly, price for electricity starting May 1, 2009. Under a new regulation, MUSH customers are not required to leave RPP until **November 1, 2009.**

The change applies to all accounts with consumption greater than 250,000 kilowatt hours (kWh) per year and demand greater than 50 kilowatts (which is equivalent to an electricity bill of approximately $2000 per month).

On November 1, 2009 these customers will pay Ontario's market price for the energy portion of their bill – that is, the hourly electricity price or a weighted average electricity price. **MUSH and other designated RPP customers have the option to leave RPP earlier than this date should they choose to do so.** In Ontario's electricity market, the Independent Electricity System Operator (IESO) calculates price by balancing the supply of electricity with demand. The IESO is a not-for-profit entity that manages the province's power system so that Ontarians receive power where they need it. Ontario's IESO balances demand for electricity against available supply through the wholesale market and directs the flow of electricity across the transmission system.

RPP Settlement (one time only) - When customers leave the Regulated Price Plan, they will receive or pay their share of the difference between the amount RPP consumers have paid for electricity and the amount that has been paid to generators. If RPP consumers have been paying more for electricity than was paid to generators, they will get a credit for their share of the difference. If it's less, they will need to pay a charge for their share.

More information on what you need to know about changes to electricity prices is contained in the IESO brochure included with this letter, or visit the IESO Website @ www.ieso.ca/publicsector. For further enquiries, call (705)759-6582 to speak to the Senior Customer Service Clerk at PUC Services Inc.

Yours truly,

PUC SERVICES INC.

PUC Distribution Inc.
765 QUEEN STREET EAST, P.O. Box 9000
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PUC Distribution will be mailing a second notification to affected customers in mid September. The second notice includes similar information as the first notice with the inclusion of the option of requesting an interval meter if they do not currently have one for the purposes of receiving hourly Ontario prices. In addition, PUC will include a brochure issued by the IESO containing information on what consumers need to know about changes to electricity pricing. PUC is currently awaiting delivery of the brochures from the IESO to be included in the second notification to be mailed to customers. The anticipated mailing date for both the letter and the IESO brochure is mid September. Below is a copy of the second letter to be mailed to affected customers.

Dear PUC Distribution Inc. Customer,

Ontario's public sector including municipalities, universities, schools, hospitals (MUSH) and other designated customers will move from paying the Regulated Price Plan (RPP) to a market-based, or hourly, price for electricity starting November 1, 2009.

The change applies to all accounts with consumption greater than 250,000 kilowatt hours (kWh) per year and demand greater than 50 kilowatts (which is equivalent to an electricity bill of approximately $2000 per month).

On November 1, 2009 these customers will pay Ontario's market price for the energy portion of their bill – that is, the hourly electricity price or a weighted average electricity price. **MUSH and other designated RPP customers have the option to leave RPP earlier than this date should they choose to do so.** There is also an option to request an interval meter, if these customers do not currently have one, for the purpose of receiving the hourly Ontario energy price.

In Ontario's electricity market, the Independent Electricity System Operator (IESO) calculates price by balancing the supply of electricity with demand. The IESO is a not-for-profit entity that manages the province's power system so that Ontarians receive power where they need it. Ontario's IESO balances demand for electricity against available supply through the wholesale market and directs the flow of electricity across the transmission system.

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Yours truly,

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The OEB issued filing requirements August 13, 2009 to all licensed distributors requiring a report to be filed confirming that distributors have notified all of their affected customers of the upcoming RPP pricing change. Two paper copies have been filed of this letter and one electronic copy in a searchable Adobe Acrobat (PDF) has been filed through the Board's web portal.

Regards,

Jennifer Uchmanowicz

Jennifer Uchmanowicz
Rates and Regulatory Affairs Officer
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