St. Thomas energy inc.

We're Your Local Power Distributor

September 11, 2009

Ontario Energy Board
26th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

Attention: Kirsten Walli, Board Secretary

RE: St. Thomas Energy Inc. - Board File No. EB-2009-0317
Report on Notification re Eligibility for the Regulated Price Plan

Dear Kirsten Walli:

St. Thomas Energy Inc. is providing a response as required within the Board's letter dated August 13, 2009.

Those customers affected have been notified through the issuance of a letter along with an information brochure from The Independent Electricity System Operator (IESO). An example of this information has been attached for the Board's review.

A follow up to the letter sent is planned within the next few weeks to meet and provide each customer with further pricing information, an impact analysis, and information regarding each customer's option to request interval metering for those customers that currently do not have such metering.

Please accept our apology for the late filing of this report which was to be submitted on September 9, 2009.

Respectfully Submitted,

Dana A. Witt

Mr. Dana A. Witt, CGA
Chief Financial Officer
St. Thomas Energy Inc.

September 10, 2009

Name/Business Name
Mailing Address 1
Mailing Address 2
City, Prov PC

Re: Account # - Service Address

We are writing to inform you about an upcoming regulatory change that the Ontario Energy Board (OEB) has legislated to occur this fall. This Ontario-wide change will affect public-sector organizations (municipalities, universities, schools, hospitals and other designated customers), who were eligible for the Regulated Price Plan (RPP). On November 1st, these organizations will be moved from RPP pricing to a market-based, or hourly, price for their electricity commodity.

Your account is currently on the Regulated Price Plan (RPP). This means you are paying the OEB's regulated price for electricity at the published rates (currently $0.057 for the first 750 kwh and $0.066 on remaining kwh). Since your account falls into one of the applicable categories, it will be changed from RPP to market pricing effective November 1, 2009.

We have included a brochure which provides some background information and further details about this upcoming change.

If you have any questions regarding this change, please let me know and I will be happy to answer any questions.

Sincerely,

Jennifer Shannon-Mousseau
Customer Service Supervisor

Moving to Hourly Prices

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

Many public sector customers have already moved to market prices to save money.

* Extended from May 1, 2009

Timmins and District Hospital made the switch to hourly pricing and saved money on its electricity bill

Timmins and District Hospital was paying for virtually all of its consumption at the higher-tiered RPP rate. In April 2006, it moved off the RPP and since that time has saved over $230,000 on its bill.

Visit www.ieso.ca/publicsector for more information.

Front cover image: To find out how the York Catholic District School Board saved money and energy, visit **www.ieso.ca/publicsector**

For more information about the change in electricity pricing for the public sector visit:

IESO Website:
www.ieso.ca/publicsector

Electricity Pricing Information:
www.ieso.ca/electricitypricing

Retail Electricity Contracts:
www.ieso.ca/retailers

Business and Institutional Profiles and Publications:
www.ieso.ca/businessprofiles

Your local distribution company:
www.ieso.ca/findutility

Or contact IESO Customer Relations:

Tel.: 905-403-6900
Toll-Free: 1-888-448-7777
Fax: 905-403-6921
E-mail: customer.relations@ieso.ca

The Independent Electricity System Operator (IESO) is a not-for-profit entity that manages the province's power system so that Ontarians receive power when and 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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Power to Ontario. On Demand.

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Power to Ontario. On Demand.

WHAT YOU NEED TO KNOW ABOUT CHANGES TO ELECTRICITY PRICES COMING NOVEMBER 1, 2009

A Guide for Ontario's Public Sector

Market Price Options

Changes to Electricity Commodity Prices coming November 1, 2009*

Most municipalities, universities, schools and hospitals and other designated customers who are still on the Regulated Price Plan (RPP) will no longer be billed the RPP rate starting November 1, 2009.

This 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 $2,000 per month). Customers with or without an interval meter can now voluntarily come off the RPP before November 1, 2009. Contact your local distribution company for more information.

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.

* Extended from May 1, 2009

HOW WILL YOUR ELECTRICITY BILL CHANGE?

The electricity charge on your bill appears as a single line when you're on the RPP. It includes both the commodity charge and the Provincial Benefit[1]. When you leave the RPP, the electricity charge and Provincial Benefit[1] will appear as two separate line items.

You will also receive an RPP Settlement Variance which is a one-time credit or charge. A consumer leaving the RPP in May that consumed 250,000 kWh per year would have received a credit of almost $500. The value of the variance changes every month depending on the difference between the actual price paid to generators and the forecast price paid under the RPP.

Hourly electricity price: Facilities with an interval meter will pay the hourly price for electricity. That means paying for electricity when it is used.

Weighted average electricity price: Without an interval meter customers will pay a weighted average of the hourly price based on the consumption patterns of consumers in the area.

Retail contracts: Contracts are another way to purchase the electricity commodity but they do not cover other charges such as delivery and the Provincial Benefit.[1] Contracts can add an element of certainty as they allow you to lock in your electricity price for a term. Before you sign, ensure you understand all the terms and conditions.

Some customers aggregate their energy use with other facilities in their community or sector to increase their buying power. Contact IESO Customer Relations (see reverse) for more information.

[1] **NOTE:** There is an adjustment to the market price called the Provincial Benefit that applies to all electricity consumers. This charge or credit is included in the RPP rate but will be itemized separately on your bill once you leave the RPP.

Regulated Price Plan (RPP)

Public sector consumers still paying the fixed RPP rate (adjusted semi-annually) are charged based on a consumption threshold.

Effective May 1, 2009:

- 5.7 cents per kilowatt hour (kWh) up to 750 kWh
- 6.6 cents per kWh over 750 kWh

It is likely that most of your consumption is charged at the higher rate of 6.6 cents per kWh.

Public sector consumers who have already moved off the RPP pay market prices or the price in their retail contract or a combination of the two. The average market price with adjustments since November 2008 has been 5.4 cents per kWh.

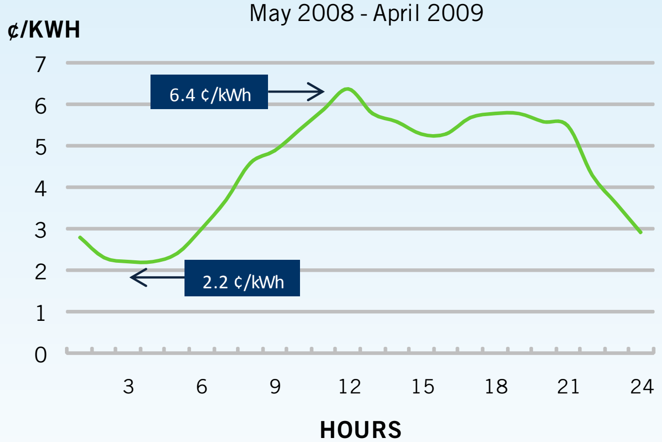
Ontario's Electricity Market

In Ontario's wholesale electricity market, the Independent Electricity System Operator (IESO) calculates price by balancing the supply of electricity with demand. As demand increases, more expensive forms of generation can raise the price.

Factors such as weather, consumer behaviour and available generation cause the price to fluctuate over the course of the day. Many customers are able to respond to changes in the hourly price by shifting some of their demand to off-peak periods.

Hourly average electricity price:

May 2008 - April 2009



On average daytime prices are 35 per cent higher than at night and on weekends.