

September 18, 2009

Ms. Kirsten Walli, Board Secretary
ONTARIO ENERGY BOARD
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: EB-2009-0084: Consultation on Cost of Capital.

As counsel to IGUA herein, we are in receipt of Mr. Shepherd's letter dated September 16th and submitted on behalf of the School Energy Coalition (SEC).

Mr. Shepherd writes to express concern on behalf of SEC with respect to the limit placed by the Board on the hours to be spent by ratepayer groups in this consultation. The concern results directly from the volume of information filed in this matter, most of which (IGUA observes) has been filed by the regulated distributors.

While sympathetic to the concern expressed by Mr. Shepherd, IGUA has a more fundamental concern with the volume, and scope, of materials filed herein by the regulated distributors. The substance of much of the material filed goes well beyond the Board defined scope of this review. IGUA understands the instant process to be intended by the Board as a means to collect information regarding the potential need to adjust the Board's current cost of capital methodology (i.e. based on an equity risk premium approach) in response to the current state of the financial markets, to ensure that, on a going forward basis, changing economic and financial conditions are accommodated.¹

IGUA has participated in this process to date, and has prepared for participation in the upcoming stakeholder conference, on the basis of this direction by the Board as to the intent and scope of this process. IGUA is a sponsor of the paper provided by Professor Laurence Booth for

¹ See Attachment B to the Board's July 30, 2009 letter to interested parties at page 1, and the Board's August 20, 2009 letter in response to Robert Warren at paragraph 3.

consideration by the board and the parties, which paper is expressly guided by, and responsive to, the Board's direction as to the intent and scope of this process. IGUA's concern arises from the extent to which the materials filed by the regulated distributors extend well beyond the intent and scope for this review as directed by the Board.

Again, while sympathetic to Mr. Shepherd's concerns on behalf of his client, increasing the number of hours claimable by cost eligible participants would not, particularly on the eve of the stakeholder conference, address IGUA's concerns. Rather, IGUA intends to focus its participation in the stakeholder conference towards determining what portions of the materials filed by the regulated distributors speak to the issues at hand (as set out by the Board and noted above), and what portions of the subject materials are extraneous to the issues at hand.

IGUA does not intend analysis and response to the full breadth of the materials filed by the regulated distributors. This would not assist the Board in respect of the scope of this inquiry. Nor would such an attempt be reasonably and fairly possible given not only the cost limits in this process but also the time frames to date and for the upcoming discussion. Rather, IGUA assumes that should a broader review be deemed required, following this narrower process, a second, more complete process will be directed, with commensurate time frames and cost eligibility provisions.

IGUA respectfully submits that to make the best use of the 4 sitting days scheduled for the stakeholder conference commencing this coming Monday, it would be helpful for the Board to reiterate the scope of this process at the outset of the proceedings on Monday morning.

Yours truly,
MACLEOD DIXON LLP



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Lisa Brickenden, OEB Staff
Interested Parties

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