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BY E-MAIL AND WEB POSTING

December 18, 2009

To: All Licensed Electricity Distributors and Transmitters
All Gas Distributors
The Consumers Council of Canada
Canadian Manufacturers and Exporters
Energy Probe Research Foundation
Industrial Gas Users Association
London Property Management Association
School Energy Coalition
The Vulnerable Energy Consumer's Coalition

**Re: Notice of Hearing for Cost Awards
Stakeholder Consultation on the Cost of Capital for Ontario's
Regulated Utilities
Board File No.: EB-2009-0084**

Background

On March 16, 2009, the Ontario Energy Board (the "Board") issued a letter to interested stakeholders commencing the first phase of this consultation process, which was to help the Board to determine whether current economic and financial market conditions warranted an adjustment to any of the Cost of Capital parameter values (i.e., the Return on Equity, Long Term Debt rate, and/or Short Term Debt rate) set out in the Board's February 24, 2009 letter. That letter was issued to all licensed electricity distributors informing them of the parameter updates for 2009 Cost of Service Applications.

The March 16, 2009 letter notified interested stakeholders that cost awards would be available to eligible persons under section 30 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B (the "Act") in relation to their participation in this consultation process; that any costs awarded would be recovered from rate-regulated licensed electricity distributors; that the Board would use the process set out in section 12 of the Board's *Practice Direction on*

Cost Awards; and that it would act as a clearing house for all payments of cost awards.

On July 30, 2009, the Board commenced the second phase of this consultation process, which was a broader review of the Board's cost of capital policies. In the Board's July 30, 2009 letter, the Board confirmed that cost awards for their participation would be available to eligible persons under section 30 of the Act. The Board also stated that the costs awarded would be recovered from utilities as follows: 1/3 of the costs awarded would be recovered from all rate-regulated licensed electricity distributors; 1/3 of the costs awarded would be recovered from all rate-regulated gas distributors; and 1/3 of the costs awarded would be recovered from all rate-regulated licensed electricity transmitters. The Board clarified that costs would not be recovered from utilities whose rates are not regulated by the Board. Further, the Board confirmed that it would use the process set out in section 12 of the Board's *Practice Direction on Cost Awards* and that it would act as a clearing house for all payments of cost awards.

In accordance with the Board's April 14, 2009 Decision on Cost Eligibility, and the Board's Supplemental Decision on Cost Eligibility issued on September 8, 2009, the following participants were found to be eligible for an award of costs: the Building Owners and Managers Association of the Greater Toronto Area; the Consumers Council of Canada; Canadian Manufacturers & Exporters; Energy Probe Research Foundation; the Industrial Gas Users Association; London Property Management Association; School Energy Coalition; and the Vulnerable Energy Consumer's Coalition (collectively, the "eligible participants")

For convenience, the eligible activities for both the first and second phases of this consultation and the maximum number of hours for each, as previously determined by the Board, are reiterated in Attachment A to this Notice.

Notice of Hearing

The Board is initiating this hearing on its own motion in order to determine the cost awards that will be made in accordance with section 30 of the Act for the stakeholder consultation activities. The file number for this hearing is EB-2009-0084.

The Board intends to proceed by way of written hearing unless a party can satisfy the Board that there is a good reason for not holding a written hearing. If a party wants to object to a written hearing, the objection must be received by the Board no later than **7 days** after the date of this Notice.

Assuming that the Board does not receive any objections to a written hearing, the hearing will follow the process set out below.

1. The eligible participants shall submit their cost claims by **January 8, 2010**. A copy of the cost claim must be filed with the Board and one copy is to be served on each rate-regulated licensed distributor and transmitter, and on each rate-regulated gas distributor (the "Utilities"). The cost claims must be completed in accordance with section 10 of the Board's *Practice Direction on Cost Awards*. In addition, to expedite the review of cost claims, the Board asks eligible participants to submit a cost claim summary as illustrated in Attachment B.
2. The Utilities will have until **January 22, 2010** to object to any aspect of the costs claimed. A copy of the objection must be filed with the Board and one copy must be served on the eligible participant against whose claim the objection is being made.
3. The eligible participant whose cost claim was objected to will have until **January 29, 2010** to make a reply submission as to why its cost claim should be allowed. A copy of the reply submission must be filed with the Board and one copy is to be served on the objecting distributor.
4. The Board will then issue its decision on cost awards. The Board's costs may also be addressed in the cost awards decision.

Service of cost claims, objections and reply submissions on other parties may be effected by courier, registered mail, facsimile or e-mail.

All submissions in this hearing (i.e. cost claims, objections and replies) will form part of the public record. Copies of the submissions will be available for inspection at the Board's office and may be published on the Board's website.

Parties must file two paper copies and one electronic copy of their submissions with the Board Secretary by **4:30 p.m.** on the required dates. The Board requests that parties make every effort to provide electronic copies of their filings in searchable/unrestricted Adobe Acrobat (PDF) format, and to submit their filings through the Board's web portal at www.err.oeb.gov.on.ca. A user ID is required to submit documents through the Board's web portal. If you do not have a user ID, please visit the "e-Filing Services" page on the Board's website at www.oeb.gov.on.ca, and fill out a user ID password request. Additionally, parties are requested to follow the document naming conventions and document submission standards outlined in the document entitled "RESS Document Preparation – A Quick Guide" also found on the e-filing services webpage. If the Board's web portal is not available, electronic copies of filings may be filed by e-mail at boardsec@oeb.gov.on.ca. Those that do not have internet access should provide a CD or diskette containing their filing in PDF format.

All submissions must quote file number EB-2009-0084 and include your name, address, e-mail address, telephone number, and fax number.

If you do not file a letter objecting to a written hearing or do not participate in the hearing by filing written submissions in accordance with this notice, the Board may proceed without your participation and you will not be entitled to further notice in this proceeding.

Yours truly,

Original Signed By

Kirsten Walli
Board Secretary

Attachments

Attachment A: Eligible Activities and Maximum Number of Hours

The table below outlines the maximum number of hours for which costs awards are available for eligible participants.

	Activity Eligible for Cost Awards	Total Eligible Hours per Eligible Participant
First Phase	<u>For eligible participant:</u> <ul style="list-style-type: none"> Written comments addressing the issues identified by the Board in its March 16, 2009 letter. 	Up to 16 hours
Second Phase	<u>For eligible participant:</u> <ul style="list-style-type: none"> Written comments addressing the issues identified by the Board in its July 30, 2009 letter; and Review of written comments filed with the Board prior to the stakeholder conference beginning September 21, 2009; and Preparation for, attendance at, and reporting on the stakeholder conference held September 21, 22, and October 6, 2009 (up to 12 hours per day); and Final written comments. 	Up to 15 hours Up to 15 hours Up to 60 hours Up to 40 hours
	<u>For expert retained by an eligible participant:</u> <ul style="list-style-type: none"> Expert advice to eligible participant; and Participation at stakeholder conference (up to 12 hours per day); and Final written comments. 	Up to 40 hours Up to 60 hours Up to 40 hours
	<u>For expert retained by a collaborative:</u> <ul style="list-style-type: none"> Expert advice to eligible participant; and 	Up to 40 hours + (20 hours * number of <u>additional</u> members in collaborative)
	<ul style="list-style-type: none"> Participation at stakeholder conference (up to 12 hours per day); and Final written comments. 	Up to 60 hours Up to 40 hours

First phase cost claim summary form

Eligible Organization:

First Phase							
Individual(s) Making Claim	Hourly Rate (\$)	Maximum Allowed	Claim				
			Written comments on issues by April 17, 2009 (Hours)	Sub-Total (\$)	Disbursements (\$)	GST (\$)	Total (\$)
			→ Up to 16 hours				
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Eligible Organization:

Second Phase		Claim																		
Individual(s) Making Claim	Hourly Rate (\$)	Maximum Allowed -->	Written comments on issues by September 8, 2009 (Hours)			Review of written comments filed with the Board prior to the stakeholder conference starting September 21, 2009 (Hours)	Preparation for, attendance at, and reporting on stakeholder meeting on September 21, 22 and October 6, 2009 (Hours)						Final written comments by October 30, 2009 (Hours)		Total (Hours)		Sub-Total (\$)	Disbursements (\$)	GST (\$)	Total (\$)
			Eligible Participant	Expert	Expert retained by a collaborative	Eligible Participant	Eligible Participant			Expert			Eligible Participant	Expert	with expert	with expert retained by a collaborative				
					Up to 40 hours + (20 hours * number of additional members in collaborative)		Sep. 21	Sep. 22	Oct. 6	Sep. 21	Sep. 22	Oct. 6				Up to 222 hours + (20 hours * number of additional members in collaborative)				
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