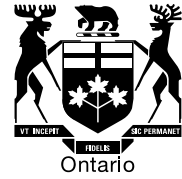


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BY E-MAIL AND WEB POSTING

April 2, 2015

**To: All Rate-regulated Electricity
Distributors
Participants in EB-2012-0410
All Interested Parties**

**Re: Board Policy on Rate Design for Electricity Residential Customers
Board File No.: EB-2012-0410**

The OEB has released its policy on A New Distribution Rate Design for Residential Electricity Customers. The report can be found at [EB-2012-0410](#).

On April 3, 2014, the OEB issued its draft policy on Rate Design for Electricity Distributors along with a Letter seeking comments from interested stakeholders on the draft policy. The OEB has considered the comments of stakeholders and has now determined its final policy with respect to rate design for residential electricity distribution customers. Distribution delivery costs will be recovered from residential customers of a distributor through a monthly service charge. The report also sets out the OEB's approach for implementing the policy with respect to residential customer classes. The OEB has determined the new rate design policy will be implemented across all distributors' service areas over a four year period to manage any customer bill impacts. All materials related to this consultation can be found on the OEB website at [Rate Design for Distributors \(EB-2012-0410\) | OEB](#).

As indicated in the report the OEB has decided that it will not implement the policy for small general service customers at this time. It will undertake a consultation to

consider alternative approaches to implementing its rate design policy for the general service classes. Further details regarding this consultation will be announced shortly.

Next Steps

In the Report, the OEB has noted some implementation details that need to be addressed prior to putting the policy into effect. To work with staff on these key steps, the OEB has established a diverse working group with representatives from the Coalition of Large Distributors, Cornerstone Hydroelectric Concepts Inc., Hydro One, and distributors from Ontario's northern and other regions. To ensure a range of views and needs are considered, the selected LDCs also represent distributors at different stages of the rate-setting cycle and under different methods. The Vulnerable Energy Consumer Coalition and Consumers Council of Canada will also participate to represent customers' views. Further information regarding the working group will be available shortly.

This concludes the consultation and a notice of hearing with respect to cost awards for those parties that had been declared eligible will be issued separately.

Yours truly,

Original Signed By

Kirsten Walli
Board Secretary