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Toronto, January 14, 2009

SENT BY E-FILING AND COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, Suite 2700
P.O. Box 2319
Toronto, Ontario M4P 1E4

Dear Ms. Walli:

**RE: Bluewater Power Distribution Corporation ("Bluewater Power")
2009 Rate Application
EB-2008-0221**

On behalf of Bluewater Power, we are writing in response to Procedural Order #2 in the above-noted proceeding. The Ontario Energy Board (the "OEB") has requested written submissions with respect to the following three procedural issues:

(a) Whether further discovery is required, either in the form of further interrogatories or a technical conference;

Bluewater Power submits that the written evidence filed September 9, 2008 contains a substantial level of detail. Moreover, that evidence was thoroughly canvassed by the interveners and Board Staff through an extensive interrogatory process. Bluewater Power has provided detailed evidence and fulsome responses to the interrogatories creating a substantial and complete written record. Therefore, we submit that a further discovery process is not warranted.

(b) Whether a settlement conference would be appropriate;

Bluewater Power would be prepared to participate in a Settlement Conference, however we request that some effort should be invested in advance of a Settlement Conference in order to ensure an efficient and effective process. For example, since the Settlement Conference will involve an informal discovery of the evidence, we would recommend some effort be invested to create a timetable so that appropriate staff can be made available only as required and, perhaps, via teleconference.

With those issues in mind, we propose the following process in accordance with the OEB's "Settlement Conference Guidelines" (the "Guidelines"):

Barristers & Solicitors,
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1. Prior to the Settlement Conference, we request a procedural meeting or conference call to better define the timetable for the proceeding.
2. We request that the scope of the process be managed to better utilize the limited resources of the Applicant, Interveners and the OEB. It is proposed that there be a list of issues requiring further discovery of the evidence, as well as a list of O&M or Capital items that Interveners seek to challenge. As such, we would recommend that all parties be required to submit a brief Position Paper (in accordance with page 2 of the Guidelines) In particular, Interveners should be required to include:
 - a. a list of issues requiring further discovery of the evidence (we understand the issue may evolve through the process, but guidance would assist managing the availability of staff);
 - b. a list of O&M and Capital items they seek to challenge (the list is not intended to limit interveners, but provide guidance for the process).
3. We submit that the goal of the Settlement Conference should be to resolve all issues, but if the Board believes any issue requires a full hearing in order for the OEB to make its decision, then those issues should be identified (in accordance with Page 3 of the Settlement Guidelines) in writing prior to the Settlement Conference.

We make these submissions in order to assist the OEB. If the OEB does not accept these specific recommendations, we remain prepared to participate in a Settlement Conference that generally complies with the desire to resolve issues in the most efficient manner possible.

(c) Whether a written or oral hearing is preferred.

If there remain any outstanding matters following a Settlement Conference, Bluewater Power submits that those matters can be resolved by way of written hearing. Bluewater Power submits that any issues that may exist following the exploration of evidence to date and the discovery process included in the Settlement Conference are likely to be issues of principle only. Those issues are ideally suited for a written hearing.

Yours truly,

Ogilvy Renault LLP



Andrew Taylor

AT/rd