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By electronic filing

November 2, 2009

Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
27th floor
Toronto, ON M4P 1E4

Dear Ms Walli,

**Ontario Power Generation ("OPG")
Consultation on Next Prescribed Payment Amounts Application
Board File No.: EB-2009-0331
Our File: 339583-000055**

This letter contains the comments of Canadian Manufacturers & Exporters ("CME") in response to the Board's September 24, 2009 letter to Parties to EB-2007-0905 and Other Interested Stakeholders. This letter is further to our October 22, 2009 e-mail to EB-2009-0331 Stakeholder Participants describing two (2) specific areas of evidence of interest to CME and commenting on two (2) particular aspects of the Staff Scoping Paper.

Since neither Mr. DeRose nor I were able to attend the October 22, 2009 meeting of Stakeholders, we lack a complete understanding of all of the issues of concern raised by those who attended that meeting. We have communicated with representatives of the Association of Major Power Consumers in Ontario ("AMPCO"), the Consumers Council of Canada (the "Council"), and the Vulnerable Energy Consumers Coalition ("VECC") and, as a result, are generally aware of their concerns. AMPCO's representative, Mr. Tom Adams, provided us with notes describing his client's concerns and we agree with most of the points that we understand he will be raising. Similarly, counsel for VECC provided us with a draft of his letter of comments and we support the points he raises.

The Board requested comments in three (3) areas, namely:

- (a) Proposed procedural steps,
- (b) Additional evidence, if any, and
- (c) Issues of interest.

Our comments with respect to each of these topic areas are set out below.

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(a) Proposed Procedural Steps

As noted in our October 22, 2009 memorandum, we assume that the examination of all unsettled issues will take place at the oral hearing and that there will be no attempt to schedule some unsettled issues for a written hearing and others for an oral hearing.

All unsettled issues should remain on the list for the oral hearing unless there is an agreement at the Settlement Conference that there will be no cross-examination at the hearing on evidence pertaining to a particular unsettled issue and that it will only be addressed in written argument. We believe that this approach will be far less time-consuming than an approach that purports to separate unsettled issues between those to be addressed in a written hearing process and those to be addressed at an oral hearing.

On assumptions that the pre-hearing discovery process is thorough and OPG sincerely wishes to resolve matters in dispute through negotiations, then we are optimistic that considerable progress can be made at the Settlement Conference which the Procedural Schedule currently contemplates.

(b) Additional Evidence

As a preliminary, we note that any comments with respect to this item will be at a very high level because one must review the evidence OPG actually files before determining what additional information may be required. The interrogatory process is designed to elicit additional information.

Subject to that preliminary observation, we support the views that we understand others will be expressing to the effect that there should be a clear, year-by-year, information trail from 2008 to 2012 inclusive to enable parties to obtain a clear understanding of the year-to-year changes that have occurred between Board approved and actuals for historic years, and Board approved and currently forecasted figures for bridge and prospective years.

We understand that OPG plans to file its Application in an International Financial Reporting Standards ("IFRS") format and agree with those who suggest that information should be made available in both IFRS and Generally Accepted Accounting Principles ("GAPP") formats for as many of those years as is possible in order to clearly present the impacts of the transition to IFRS.

In our memorandum of October 22, 2009, we described two (2) specific items of information of interest to CME, namely, information pertaining to 2010 overearnings and information pertaining to the recovery of nuclear liabilities under a "transparent cost of service approach" of the type suggested by the National Energy Board ("NEB").

We understand that AMPCO and others will be making a number of specific suggestions with respect to additional information and we support those comments.



(c) **Issues of Interest**

We agree with the preliminary point VECC raises to the effect that care should be taken to frame the issues in an open ended manner and to refrain from attempting to specify a range of expected outcomes when describing the issue. The part of our memorandum of October 22, 2009, dealing with "Return on Equity" contains a similar suggestion.

We will wish to scrutinize the evidence with respect to all of the subject matter areas described in the Staff Scoping Paper. We will strive to coordinate our scrutiny of these topics with other intervenors and, as we have done in previous cases, attempt to facilitate the development of a common intervenor position on specific topics, where possible.

With respect to equity return, we will likely wish to question whether OPG actually raises equity in the capital markets. CME's concern about electricity ratepayers currently being required to pay costs of equity capital to the Government-owned utilities such as OPG do not actually incur is expressed in paragraphs 68 to 75 of the Final Written Comments filed by the Council, CME and VECC in the EB-2009-0084 Consultation.

At this stage of the process, we are unable to be any more specific with respect to the particular subject matter areas upon which CME proposes to concentrate.

Please contact me if there are any questions about the comments contained herein.

Yours very truly,

A handwritten signature in black ink, appearing to read 'Peter C.P. Thompson', with a long horizontal flourish extending to the right.

Peter C.P. Thompson, Q.C.

PCT\slc

c. Stakeholder Participants EB-2009-0331
Paul Clipsham (CME)
Vince DeRose (BLG)

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