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**By electronic filing**

January 25, 2011

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street  
27<sup>th</sup> floor  
Toronto, ON M4P 1E4

Dear Ms Walli,

**Ontario Power Authority**  
**Board File No.: EB-2010-0279**  
**Our File No.: 339583-000094**

Please find attached the Interrogatories of Canadian Manufacturers & Exporters ("CME") for Ontario Power Authority ("OPA").

Yours very truly,

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

Peter C.P. Thompson, Q.C.

PCT\slc  
enclosure

c. Miriam Heinz (OPA)  
Fred Cass (Aird & Berlis)  
Intervenors EB-2010-0279  
Paul Clipsham (CME)

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**IN THE MATTER OF** sections 25.20 and 25.21 of the *Electricity Act*, 1998;

**AND IN THE MATTER OF** a Submission by the Ontario Power Authority to the Ontario Energy Board for the review of its proposed expenditure and revenue requirements and the fees which it proposes to charge for the year 2011.

**INTERROGATORIES OF  
CANADIAN MANUFACTURERS & EXPORTERS (“CME”)  
TO ONTARIO POWER AUTHORITY (“OPA”)**

**Reference:** 2011-2013 Business Plan (the “Business Plan”), Exhibit A-2-1  
OPA 2009 Annual Report, Exhibit A-3-1  
Exhibit B, Tabs 1, 2, 3, 4 and 5  
Exhibit D, Tab 2, Schedule 1, pages 7 to 12  
Ontario Energy Board (“OEB”) Issues Decision, January 11, 2011

**Issue Nos.:** 1.1, 2.1, 3.1, 4.1 and 5.1

1. In its January 11, 2011 Issues Decision, the Board stated:

*“... the Board is of the view that the allocation of the OPA’s budget among its objectives and initiatives is germane to this proceeding and that this issue should remain on the issues list. The Board is of the view that an organization with the OPA’s sophistication and responsibilities should be able to provide information as to how its budget is allocated among initiatives, for the purpose of assessing whether the proposed fees are reasonable and appropriate.”*

In order to better understand how the OPA identifies its resources requirements and deploys those resources to achieve its strategic objectives, please provide a table for each of the historic years 2009 and 2010 and for the budget year 2011 that will show the following information:

- (a) In column 1, to be entitled “Functions and Initiatives”, a list of each of the functions and initiatives OPA performed in each of the historic years and plans to perform in the budget year under headings for each of its strategic objectives pertaining to:
- (i) Power System Planning,
  - (ii) Conservation,
  - (iii) Supply, Procurement and Contract Management,
  - (iv) Organizational Capacity, and
  - (v) Communications

Please list the functions and initiatives so that they include each of the initiatives pertaining to each strategic objective described in the Business Plan Exhibit A-2-

1 and in Exhibit B, Tabs 1 to 5 inclusive, as well as any other initiatives that may not be described therein.

- (b) In column 2, to be entitled "Internal Resources", show FTEs and costs that have been allocated to each of the functions and initiatives listed in column 1 for internal resources used in the historic years and planned to be used in the budget year, so that the total for FTEs in each year and the costs thereof reconcile with the information provided in the 2011 to 2013 Business Plan at page 48, as well as in the OPA's 2009 Annual Report at Exhibit A-3-1, at pages 29 and 45, and the Operating Costs and FTE information for internal resources shown in Exhibit D, Tab 2, Schedule 1 at pages 7 to 12 inclusive.
  - (c) In column 3, to be entitled "External Resources", show, for each function and initiative described in column 1 where external resources were utilized, the nature of the external resource used and the costs thereof; so that the amounts reconcile with the costs for external resources such as professional and consulting costs shown in the references cited in the previous paragraph.
  - (d) In a fourth column, to be entitled "Program Spending", list each of the programs and the related charge-funded activities for each of the strategic objectives pertaining to Power System Planning, Conservation, Supply Procurement and Contract Management, Organizational Capacity, and Communications so that the total amounts for each program under each strategic objective reconcile with total program spending in 2009, 2010 and 2011 shown in the 2011 to 2013 Business Plan at page 48.
2. In order to assist in what the Board described in its Issues Decision as "the examination and evaluation of the management, implementation, and performance of the OPA's charge-funded activities", we request further information pertaining to the meaning to be ascribed to certain words and phrases the OPA uses in describing its Strategic Objective #1 pertaining to Power System Planning. Please provide the following additional information:
- (a) Please list and describe the conditions that the OPA says should exist for an electricity system to be "cost effective" in accordance with Strategic Objective #1. In particular, describe the features of an electricity system that the OPA regards as "cost effective" and compare them to the features of an electricity system that is not "cost effective".
  - (b) Are the estimated overall electricity prices and total bills Ontario consumers will likely pay, over the duration of the planning horizon, taken into account in the OPA's evaluation of the "cost effectiveness" of its initiatives? If so, then please describe the internal and/or external resources the OPA uses and the methods those resources apply to develop the year-over-year estimates of these electricity prices and total bills and the manner in which that information is used by the OPA in evaluating "cost effectiveness".
  - (c) Please list and describe the conditions that the OPA says should exist for an electricity system to be "sustainable" in accordance with Strategic Objective #1. In particular, describe the features of an electricity system that the OPA regards

as “sustainable” and compare them to the features of an electricity system that is not “sustainable”.

3. Does the OPA conduct any longer term cost benefit analysis of the likely outcomes of its power system planning? If so, then please describe the internal and external resources that are deployed to do this work, and provide a copy of the results of the most recent cost benefit analysis.
4. The Business Plan at Exhibit A-2-1 at page 12 states “The OPA will evaluate the impacts of the changes in the electricity system on the cost of electricity to Ontario consumers and will provide analysis of and insights into these costs.”. Having regard to this statement, are the estimated overall electricity prices and total bills consumers will likely pay, over the duration of the planning period and in the end-state contemplated by the transformation of Ontario’s electricity system, taken into account in the OPA’s evaluation of the “sustainability” of its initiatives? If so, then please describe the internal and external resources the OPA uses and the methods those resources apply to evaluate the long-term sustainability of the initiatives being undertaken and their likely end-state.
5. What studies, if any, have been commissioned or conducted by the internal and/or external resources deployed by the OPA to estimate the ability of the various sectors in Ontario’s economy to withstand the electricity price increases that are likely to ensue?
6. Are the electricity prices paid by manufacturers that compete with Ontario manufacturers and are located in neighbouring jurisdictions or in other areas of North America or elsewhere in the world taken into account in the OPA’s evaluation of the “sustainability” of its initiatives? If so, then please describe the internal and external resources the OPA uses and the methods those resources apply to determine the competitive effect on Ontario’s manufacturers, compared to manufacturers located elsewhere, of the likely end-state electricity price and total bill outcomes of the initiatives being undertaken by the OPA.
7. The OEB has emphasized and the OPA recognizes throughout its Business Plan, Exhibit A-2-1, that it must work together with others engaged in the transformation of Ontario’s electricity system to a greener, cleaner and smarter system. In this context, please describe the internal and external resources the OPA allocates and the methods those resources apply to integrate the OPA’s Power System Planning with the planning activities being conducted by the Ministry of Energy (“MOE”), the Independent Electricity System Operators (“IESO”), Hydro One Networks Inc. (“Hydro One”), other major Local Distribution Companies (“LDCs”), and/or Ontario Power Generation Inc. (“OPG”). In particular, please explain how OPA resources and the resources of others are deployed to conduct the integrated planning process in a way that assures cost-effective coordination and either eliminates or minimizes the duplication of effort.
8. Is Ontario’s recently announced Long-Term Energy Plan (“LTEP”) the result of an integrated and cooperative planning process in which the OPA engaged? If so, then please describe the OPA resources and the resources of other entities that engaged in the planning exercise that lead to the report and advise of the duration over which the OPA and others worked together to produce the report.

9. What internal and external resources of the OPA were utilized in developing the electricity price and total bill estimates included in the section of the recently announced LTEP report entitled "Prices"?
10. How frequently does the OPA expect the electricity price increase estimates in the report to be revised and communicated to the public and will these pricing studies be a collaborative effort involving the OPA, the IESO, the MOE, and others.
11. As part of its "Open for Business" initiative, the MOE recently made a commitment to provide CME with annual updates of five (5) year, year over year, forward looking forecasts of the electricity price increases that Ontario manufacturers would likely be facing. Has the MOE made the OPA aware of this commitment? If so, then will the OPA be participating with the MOE and what resources will the OPA be allocating to collaborate with the Ministry to provide the agreed upon periodic updates to CME?

**Reference:** Exhibit A-2-1, pages 15 to 24  
Exhibit B, Tab 2, pages 1 to 20

**Issue Nos.:** 2.0, 2.1 and 2.5

12. What resources does the OPA deploy and what methods do those resources apply to distinguish between declines in electricity demand attributable to economic conditions and the declines in demand due to conservation initiatives?
13. What resources does the OPA deploy and what methods do those resources apply to assure that the CDM programs provided by the OPA and those provided by LDCs are not duplicative?
14. What resources does the OPA deploy and what methods do those resources apply in the design, administration, monitoring, measurement and reporting of CDM results to assure that money is not being wasted through the combined provision of CDM programs by the OPA and LDCs?

**Reference:** Exhibit A-2-1, page 9  
Exhibit B, Tab 3, pages 1 to 18

**Issue Nos.:** 3.0, 3.1 and 3.5

15. The Business Plan Exhibit A-2-1 at page 9 emphasizes "Flexibility" and at page 12, states that Ontario will keep options open in order "to make major strategic choices to remain competitive in its electricity services". Having regard to this statement, please provide the following additional information:
  - (a) Please describe how the OPA plans to deploy resources and the methods those resources will apply in the event conditions of cost ineffectiveness or unsustainability materialize.
  - (b) In the short-term, what ability does the OPA have to divert resources away from supply procurement activities when a situation of excess supply is creating large Surplus Base-Load Generation ("SBLG") conditions and the spilling of significant amounts of water, as well as a significant burden on Ontario consumers to support export sales?

- (c) What actions is the OPA planning in 2011 in order to reduce the incidence of cost ineffectiveness arising from material SBG and large export sales subsidies associated with the excess supply of renewable generation?
- (d) What flexibility has the OPA retained to transition its long-term fixed price contracts for renewable generation to a competitive pricing regime upon the termination date of the long-term fixed price contracts, in the event that such action is necessary to enable Ontario to “remain competitive in its electricity services”?

**Reference: Exhibit D, Tab 2, Schedule 1, pages 2 to 13**

**Issue Nos.: 1.2, 2.2, 3.2 and 4.2**

16. Please provide the following additional information pertaining to Tables 4 and 5 at Exhibit D, Tab 2, Schedule 1, page 9:
- (a) Please broaden Tables 4 and 5 to include 2009 Actual Information,
  - (b) Please provide a breakdown for the Actual “Consulting, Legal, Stakeholder and Other Costs” for each of 2009, 2010 Forecast and 2011 Budget.
  - (c) Please explain why Forecast Legal Costs in 2010 of \$5.660M are almost double the 2010 Budget amount of \$2.354M.
  - (d) Please provide the average amount per hour paid for “Legal” in 2009 and 2010 Forecast and the number of hours budgeted for 2011.
  - (e) Please explain why the amount for “Other” in the 2010 Forecast is \$5.989M below the 2010 Budget amount.
  - (f) Please provide the average amount per hour paid for “Other” in 2009 and 2010.
  - (g) Please provide a breakdown of the “Other” amount being budgeted for 2011 of \$8.954M.
  - (h) Please explain why the “Average Salaries, Pensions and Benefits” amounts per FTE for the 2010 Forecast of about \$114,320 (the amount of \$29.608M shown for Salaries, Pensions and Benefits in Table 3 divided by the 259 FTEs shown in Table 4 = \$114,320) is increasing by about 6% to \$120,730 in the 2011 Budget (the \$30,544 for Salaries, Pensions and Benefits for 2011 in Table 3 divided by the 253 FTEs in Table 4 = \$30,544).