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BY EMAIL AND REGULAR MAIL

December 21, 2007

Kirsten Walli, Board Secretary
Ontario Energy Board
P.O. Box 2319, 26th Floor
2300 Yonge Street
Toronto, Ontario M4P 1E4

Dear Ms. Walli:

**Re: Ontario Power Authority
2008 Revenue Requirement Submission
EB-2007-0791**

We are writing on behalf of the Ontario Power Authority (OPA) to respond to letters sent to the Board by counsel for Pollution Probe and the Green Energy Coalition (GEC). These letters (which are dated November 9, 2007 and November 12, 2007, respectively) contain submissions regarding the OPA's request that the Board's review of the 2008 Revenue Requirement Submission proceed by way of a written hearing.

At its essence, the premise of the Pollution Probe and GEC letters is that the Board should leave open the option of an oral hearing of the Revenue Requirement Submission, because the prospect of such a hearing may drive the OPA to settle issues. This premise is explicitly stated in the second paragraph of the GEC letter, where it is asserted that, in a previous case: "...the availability of an ADR and the incentive for the OPA to avoid the costs and uncertainties of a disputed oral hearing were critical factors enabling settlement".

We observe in passing that Pollution Probe and GEC are wrong in thinking that the "costs and uncertainties of a disputed oral hearing" were "critical factors" that operated as an incentive to the OPA to settle in previous cases. For present purposes, however, the more important point is that Pollution Probe and GEC have not put forward a legitimate or appropriate basis for the Board to deny the request for a written proceeding. To put it bluntly, the OPA submits that it would be entirely inappropriate for the Board to require an oral hearing on the ground that the prospect of an oral hearing will enable participants to squeeze concessions out of the OPA. Leaving aside whether or not the arguments by Pollution Probe and GEC might apply in other cases heard by the OEB, they certainly should not apply in a case that involves the Board's review of the revenue requirement and fees required by the OPA in order to fulfill the public interest mandate established for it by statute.

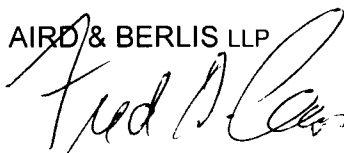
The GEC letter says that "there are certainly contentious issues" associated with the 2008 Revenue Requirement Submission. However, the only example of a contentious issue given by GEC is that, according to GEC, the proposal in the OPA's business plan "to pursue revenues from the disposition of environmental attributes" will work at cross-purposes with CDM efforts unless a rigorous cap and trade mechanism is created. In fact, the business plan says that realizing value from environmental attributes, renewable energy credits or carbon offsets "will be investigated". The OPA's proposal for a pilot initiative in this area will help it to study the effects on the market, if any, without a cap and trade mechanism and the small amount budgeted by the OPA for this pilot initiative is hardly a justification for requiring an oral hearing of the OPA's 2008 expenditure and revenue requirements.

Moreover, neither GEC nor Pollution Probe make any attempt to explain why the issues to which they allude need to be addressed in an oral hearing, rather than a written proceeding. Indeed, the Pollution Probe letter refers to "contentious issues" in previous OPA cases, but in both of the previous two revenue requirement cases, it proved unnecessary to have oral testimony of witnesses before the Board panel on any contentious issues. The OPA submits that, since GEC and Pollution Probe have not explained why any issues that might arise in this case would be unsuitable for a written hearing, there is no basis for the Board to reject the OPA's request.

As the Board is aware, the governing legislation states that the Board is not required to hold a hearing before exercising its powers to review the OPA's proposed expenditure and revenue requirements and fees. The OPA is not proposing that the Board proceed without a hearing. The OPA submits, however, that, given the nature of its statutory mandate and of the Board's review power, the OPA's annual revenue requirement submission generally is a matter that is well-suited to a written hearing process. In this particular year, there is a scarcity of resources because of the Integrated Power System Plan application and other matters pending before the Board and it is all the more sensible that the review of the revenue requirement submission proceed by way of a written hearing.

For all of these reasons, the OPA respectfully reiterates its request that the Board's review of the 2008 Revenue Requirement Submission proceed by way of written hearing.

Yours very truly,

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