

January 31, 2008

BY COURIER (2 COPIES) AND EMAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
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Dear Ms. Walli:

**Re: Pollution Probe – Written Submissions on Draft Issues List
EB-2007-0905 – Ontario Power Generation – 2008-09 Payments**

We write to provide Pollution Probe's written submissions on the draft issues list for this matter in accordance with Procedural Order No.1. In short, Pollution Probe strongly supports the current draft issues list for this proceeding.

Pollution Probe submits that the draft issues list covers the issues that Pollution Probe intends to examine during this proceeding. For example, Pollution Probe believes that OPG's cost of capital for its nuclear assets is significantly higher than OPG's cost of capital for its hydro-electric assets. Accordingly, Pollution Probe strongly supports draft issues 2.1 and 2.2, which respectively ask:

- a) Should the same capital structure be used for both businesses? and
- b) Should the ROE be the same for both businesses?

In addition, Pollution Probe intends to explore whether OPG's Operation, Maintenance and Administration costs are appropriate for its nuclear and hydro-electric businesses. Pollution Probe also intends to explore whether OPG has allocated its corporate costs appropriately among its nuclear and hydro-electric businesses. Pollution Probe thus also strongly supports draft issues 5.1 and 5.4.

As a final example, Pollution Probe intends to explore and make submissions on whether "the fixed payment of 25% of revenue requirement [is] an appropriate design [of payment amounts] for the nuclear facilities[.]" Pollution Probe thus strongly supports draft issue 8.2 as well.

In light of all of the above, Pollution Probe submits that the Board should adopt the draft issues list as presented, particularly with respect to draft issues 2.1, 2.2, 5.1, 5.4, and 8.2.

Yours truly,

A handwritten signature in blue ink, appearing to read 'B. Alexander', with a long, sweeping horizontal stroke extending to the right.

Basil Alexander

BA/ba