

August 5, 2011

VIA EMAIL and RESS

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

**Re: Ontario Power Authority
2011 Revenue Requirement Submission
Ontario Energy Board File No. EB-2010-0279
OPA Response to the Board's Decision**

On July 8, 2011, the Board issued its Decision and Order in the OPA's 2011 Revenue Requirement proceeding. In its Decision, the Board approved the OPA's Net Revenue Requirement of \$78.9 million, as updated on March 28, 2011, but did not approve the OPA's proposal to recover a portion of its fees from export customers. Removal of the energy forecast for export volumes of 13.4 TWh results in an increase in the OPA's required fee for domestic customers from \$0.514/MWh to \$0.563/MWh.

In its Decision, the Board recommended that the OPA choose from three alternatives and directed the OPA to advise the Board within 30 days as to its approach with respect to the 2011 usage fee:

- Apply to the Board for approval of a usage fee of \$0.563/MWh;
- Re-apply to the Board to recover the 2011 usage fee from export customers with appropriate evidentiary foundation and evidence of stakeholder consultation; and
- Continue with the currently approved interim fee of \$0.551/MWh, which the Board would make final.

The OPA has determined that continuing with the current interim rate of \$0.551 represents the least disruptive option for ratepayers, and hereby requests that the Board make this interim rate final for the remainder of 2011. As the Board's Decision noted, this will result in a revenue variance, which will be recorded in the OPA's 2011 Forecast Variance Deferral Account. This balance will be included for approval in the OPA's 2012 Revenue Requirement submission.

In addition to the above, the Board's Decision has directed the OPA to develop a more complete and informative set of performance and efficiency metrics, cost benchmarking, and program milestone tools, including developing the capability of assessing the actual cost of individual initiatives, to be filed in conjunction with its 2012 Revenue Requirement application. As the OPA committed in its final argument, and as acknowledged by the Board in its Decision, the OPA plans to consult with intervenors regarding these initiatives prior to developing its evidence for its 2012 submission. This work is currently underway, and the OPA intends to contact intervenors regarding consultations shortly. In addition, the OPA is currently developing plans for its proposed Conservation stakeholder advisory group, which will be announced in the near future.

Yours truly,

A handwritten signature in blue ink, appearing to read 'Michael Lyle', with a stylized flourish at the end.

Michael Lyle
General Counsel and
Vice President,
Legal, Aboriginal and Regulatory Affairs

cc: All Intervenors to EB-2010-0279 (by email)
Mr. Fred Cass, Aird & Berlis (by email)