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By electronic filing

May 16, 2014

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

Dear Ms. Walli,

Ontario Power Authority ("OPA")
2014 Revenue Requirement Submission
Board File No.: EB-2013-0326
Our File No.: 339583-000172

I am writing on behalf of Canadian Manufacturers & Exporters ("CME"). Pursuant to Procedural Order No. 1 dated May 6, 2014, please consider this correspondence as the submissions of CME with respect to the Issues List and the necessity for a written hearing.

The Proposed Issues List

In considering the appropriateness of the proposed Issues List, CME has reviewed the Issues List from the OPA's last fees case (EB-2010-0279).

As the Board will recall, the Issues List in EB-2010-0279 was subject to written and oral comments concerning the scope of the Board's power to review the OPA's proposed fees. In particular, there was disagreement regarding the extent to which the Board's approval of the OPA's administrative fees permitted an examination of the OPA's broader program spending. In that case, the Board made the following determinations:

The Board finds that its mandate in this case is limited to approval of the OPA's administrative fees, which comprise approximately 3% of the OPA's total annual spending. However, the Board is of the view that an assessment of the OPA's administrative fees must require an examination and evaluation of the management, implementation, and performance of the OPA's charge-funded activities. This is necessary because the OPA's administrative and non-administrative activities that are funded by fees and charges, respectively, are unavoidably linked. It is the Board-approved fees that give the OPA the means to acquire and allocate the resources (e.g. staff) that are required to undertake its various responsibilities, resulting in charge-funded activities. The Board finds that an assessment of the performance of the OPA's charge-funded

activities is a necessary, legitimate and reasonable tool for determining the effectiveness of the OPA's utilization of its Board-approved fees.

[...] Therefore, part of assessing whether the OPA's proposed fees are reasonable and appropriate will necessitate an examination of the effectiveness of the OPA's delivery of CDM programs. It could be the case, for example, that the programs are behind schedule or not delivering results commensurate with the fees being allocated to CDM activities. In this case, the Board could reject the OPA's proposed fees and recommend that the OPA return with adjusted proposed fees that allow for higher or lower staff levels or more robust internal control mechanisms as the circumstances might warrant.

[...] But ratepayers have a legitimate expectation, in light of the Board's authority to review the OPA fees, that its work will be efficiently and effectively carried out, and in line with the specific mandates it has received from Government.

[...] However, 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. [emphasis added]

CME submits that there is no evidence currently before the Board which justifies any deviation from these determinations. CME submits that the Issues List should be supplemented to expressly address issues previously considered by the Board in EB-2010-0279.

First, one of the central issues to OPA's last case was whether the allocation of the OPA's budget was appropriately allocated among the various initiatives being pursued. Within this context, the Board confirmed that an organization with the OPA's sophistication and responsibilities should be able to provide information as to how its budget is allocated amongst the various initiatives for the purpose of assessing whether the proposed fees are reasonable and appropriate. To this end, CME urges the Board to add the following five (5) issues to address this issue:

- 1.2 Is the Operating Budget for Goal 1 appropriately allocated among the initiatives being pursued?
- 2.2 Is the Operating Budget for Goal 2 appropriately allocated among the initiatives being pursued?
- 3.2 Is the Operating Budget for Goal 3 appropriately allocated among the initiatives being pursued?
- 4.2 Is the Operating Budget for Goal 4 appropriately allocated among the initiatives being pursued?
- 5.2 Is the Operating Budget for Goal 5 appropriately allocated among the initiatives being pursued?

Secondly, in the OPA's previous case, the Board also considered whether the tasks set out for each of the five (5) goals adequately reflect the range of activity that OPA is charged with by statute and directives, and whether the initiatives capture the range of activity required to achieve that end. CME believes that the current case should include similar issues. Based on the wording of the Issues List in EB-2010-0279, CME suggests that the following issues be added:

- 1.3 Does Goal 1 adequately reflect the tasks that the OPA is charged with by statute and directives in 2014, and do the initiatives capture the range of activity required to achieve that end?
- 2.3 Does Goal 2 adequately reflect the tasks that the OPA is charged with by statute and directives in 2014, and do the initiatives capture the range of activity required to achieve that end?
- 3.3 Does Goal 3 adequately reflect the tasks that the OPA is charged with by statute and directives in 2014, and do the initiatives capture the range of activity required to achieve that end?
- 4.3 Does Goal 4 adequately reflect the tasks that the OPA is charged with by statute and directives in 2014, and do the initiatives capture the range of activity required to achieve that end?
- 5.3 Does Goal 5 adequately reflect the tasks that the OPA is charged with by statute and directives in 2014, and do the initiatives capture the range of activity required to achieve that end?

Finally, in the OPA's previous case, the Board also identified as an issue whether the milestones associated with each Goal were reasonable and appropriate for the purpose of determining the achievement and efficiency of the OPA's performance. CME believes that similar issues should also be added to the Issues List for this case. Such issues would read as follows:

- 1.4 Are the 2014 milestones associated with Goal 1 reasonable and appropriate for the purpose of determining the achievement and efficiency of the OPA's performance?
- 2.4 Are the 2014 milestones associated with Goal 2 reasonable and appropriate for the purpose of determining the achievement and efficiency of the OPA's performance?
- 3.4 Are the 2014 milestones associated with Goal 3 reasonable and appropriate for the purpose of determining the achievement and efficiency of the OPA's performance?
- 4.4 Are the 2014 milestones associated with Goal 4 reasonable and appropriate for the purpose of determining the achievement and efficiency of the OPA's performance?

- 5.4 Are the 2014 milestones associated with Goal 5 reasonable and appropriate for the purpose of determining the achievement and efficiency of the OPA's performance?

An Oral Hearing is Appropriate

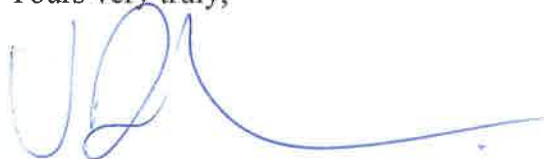
In light of the complexity of the evidence filed by the OPA, in conjunction with the fact that this is the first opportunity for the Board to undertake an assessment of the OPA's administrative fees since 2011, CME believes that an oral hearing is appropriate.

The assessment which the Board will be required to undertake in this case will include an assessment of facts and information which will be best achieved through cross-examination of the witness panel before the Board. Examination and evaluation of the management, implementation and performance of the OPA's activities is best achieved through cross examination of witnesses. Moreover, assessing the reasonableness of OPA's proposed fees will also require an examination of the effectiveness of the OPA's delivery of programs. Again, this is best achieved through oral examination.

While it is difficult to predict the required number of hearing days at such an early stage in this proceeding, CME is confident that this case will not require a lengthy oral hearing. To this end, in EB-2010-0279, the entire hearing was completed in just four (4) hearing days.

For this reason, CME requests that this matter proceed by way of oral hearing.

Yours very truly,



Vincent J. DeRose

c. Miriam Heinz (OPA)
EB-2013-0326 Intervenors
Paul Clipsham and Ian Shaw (CME)

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