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VIA RESS, COURIER AND E:MAIL

August 19, 2014

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

Dear Ms. Walli:

Re: Ontario Power Authority – 2014 Revenue Requirement Submission
Ontario Energy Board File No. EB-2013-0326

The Ontario Power Authority ("OPA") is writing to provide some additional information to parties in advance of the hearing on Wednesday, August 20, 2014 when the Board will hear submissions on the proposed next steps in this proceeding. The OPA believes it will be helpful for it to outline the type of costs that it may incur when carrying out the merger between the IESO and the OPA.

The OPA still proposes to refund the majority of the balance in its FVDA account to ratepayers, however as described in its August 15, 2014 letter, the OPA believes that the pragmatic approach would be to increase the amount to be retained in its FVDA. This will be used to cover costs incurred in carrying out the merger and will avoid a rate increase in the next revenue requirement proceeding to cover merger-related costs. Any amount that is not required will be returned to ratepayers in a subsequent proceeding.


The OPA expects that this amount would cover the following types of costs, which it may incur as part of the upcoming merger:

- **Integration Office expenses:** These may include staffing costs for the integration team leads and dedicated integration office staff, as well as third party costs for a transition advisor, merger communications or any other business analysis that is required.
- **Human Resource expenses:** These may include the rollout of new policies and procedures to staff, severance costs, outplacement services, special training for redeployed staff, and any third party costs for job evaluation, labour relations or other support required.
- **Communications expenses:** These may include layout, publishing and technical costs of integrating public facing materials such as the website and social media.

- **Core Efficiency expenses:** These may include real estate costs, staff relocation costs, and other third party costs for security checks, signage changes or other support required.
- **IT expenses:** These may include vendor costs associated with phone consolidation, developing a new website, and hardware costs of consolidating networks.
- **Finance expenses:** These may include third party/vendor costs associated with new finance systems, legal or advisory costs associated with taxation, and moving to a common payroll system.
- **Legal expenses:** These may include third party costs such as advice for contract changes or terminations.

The OPA hopes that this information is helpful to parties in making their submissions on next steps in this proceeding.

Yours truly,



Nancy Marconi
Manager, Regulatory Proceedings

Att. (two paper copies by courier)

cc: Mr. Fred Cass, Aird & Berlis (by e:mail and courier)
EB-2013-0326 Interested Parties (by e:mail)