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December 16, 2013

VIA EMAIL & COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, Ontario
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Dear Ms. Walli:

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

As indicated in the Ontario Power Authority's ("OPA") November 1, 2013 letter to the Ontario Energy Board ("Board"), the Minister of Energy has referred the OPA's 2014-2016 Business Plan back to the OPA for further consideration. The OPA has been working diligently to revise its business plan, and to obtain the necessary approvals. The OPA will file its 2014 revenue requirement submission with the Board as soon as possible following approval of its 2014-2016 Business Plan.

Given the delay to the OPA's 2014 revenue requirement submission, it is unlikely that the OPA will have a Board approved 2014 fee in place by January 2014. Accordingly, the OPA requests that the Board allow the continuation of an interim fee for 2014. Based on the OPA's expected revenue requirement for 2014, the OPA believes that for the purposes of an interim fee, the amount of $0.438/MWh is appropriate and respectfully suggests that the Board adjust the current interim fee to this amount. This fee is based on the Independent Electricity System Operator's ("IESO") 2014 energy forecast of 138 TWh, and represents a 20.5 % decrease from the current interim fee of $0.551/MWh, and would result in annual savings of $1.09 for the average residential ratepayer.

The OPA believes that this fee reflects its ongoing focus on efficiencies and headcount management while implementing program priorities and meeting adequate service levels within an expanding mandate and increasing volume and complexity of work. The OPA's proposed 2014 operating expenses are 3 % lower than 2011 actual expenses, and are in line with expected 2013 expenses, demonstrating the OPA's ongoing commitment to expenditure restraint.

Additionally, consistent with information provided to the Board in 2012, the OPA provides the current balances in each of the OPA's Board approved variance and deferral accounts below.

In accordance with past Board decisions, the OPA currently has three Board approved variance and deferral accounts: the Retail Contract Settlement Deferral Account ("RCSDA"), the Government Procurement Costs Deferral Account ("GPCDA") and the Forecast Variance Deferral Account ("FVDA"). An explanation of the balances in each of these deferral accounts is provided below.

RCSDA
The contracts underlying the RCSDA have expired and no amounts have flowed into the account this year, therefore the current balance is zero.

GPCDA
There have been no invoices issued by the Ministry to the OPA in 2011, 2012 and 2013; therefore the current balance is zero.

FVDA
The 2013 FVDA balance as of November 30, 2013 is estimated to be $32 million, and is mainly the result of lower OPA operating expenses in 2012 and 2013 compared to the OPA's approved usage fee. The OPA respectfully requests that $25 million of this surplus be ordered to be refunded for the benefit of ratepayers as soon as is reasonably possible. The OPA will provide updated information on the balance in the FVDA when it files its 2014 revenue requirement submission. As part of its submission, the OPA intends to seek approval for the retention of $5 million from the FVDA balance in a regulatory deferral account in order to respond to revenue and cost variances from forecasts, consistent with the approach approved by the Board for the IESO in EB-2004-0477 (IESO 2005 fiscal fees submission).

Yours truly,

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