

700 University Avenue, Toronto, ON, M5G 1X6

Tel: (416) 592-4463 Fax: (416)592-8519
andrew.barrett @opg.com

May 21, 2015

VIA RESS & E-mail

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, Suite 2700
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

**Re: Consultation on the Regulatory Treatment of Pensions and Other
Post-Employment Benefit Costs (EB-2015-0040)**

I am writing to advise that Ontario Power Generation Inc. ("OPG") intends to participate in the Ontario Energy Board's (the "Board") process to examine the appropriate regulatory treatment of pensions and other post-employment benefit (OPEB) costs.

This letter also raises with the Board two significant concerns that OPG has with the proposed timelines and the form of review set out in the Board's letter of May 14, 2015 and requests amendments to the process as set out below.

As discussed in OPG's last payment amounts application (EB-2013-0321) and in the other rate hearings that ultimately gave rise to the Board's decision to conduct a "generic proceeding" on this issue; the legal, tax and accounting issues associated with the regulatory treatment of pensions and OPEB's are technical and extremely complex. In OPG's submission, a proper consideration of these complex issues will necessarily require participants to prepare expert reports and analyses.

In addition, the resolution of the issues being considered in this process could significantly impact the financial position and results of regulated utilities in the province as their financial statements currently reflect billions of dollars of assets related to pension and OPEB. A comprehensive review of the alternatives and their tax and legal ramifications will ensure the best long term outcome for ratepayers and the industry.

Given the acknowledged complexity, OPG submits that it is not reasonable to expect the impacted parties to be able to secure the required expert advice and reports in time to meet the Board's deadline for initial submissions of June 26, 2015.

Accordingly, OPG respectfully requests that the Board allow parties more time to prepare the reports and analysis necessary to respond effectively to the Board's questions set out in the May 14, 2015 letter. OPG suggests that parties be given until September to provide their initial submissions.

OPG also expects that there will be a range of views about the appropriate regulatory treatment of pensions and OPEBs, including competing views by experts. In OPG's view, the various positions of the parties will have to be thoroughly tested in order to provide an appropriate record for the Board's ultimate determinations. This testing is best done through an interrogatory process and through cross-examination of witnesses.

OPG also notes that the May 14th letter provides little guidance as to how the Board's process will unfold and over what timeframe. In OPG's submission, this lack of guidance makes it difficult for parties to know how to structure their positions and how and when to plan the significant amount of work and resources required to participate effectively in the Board's process.

For these reasons, OPG submits that the Board should set out all of the intended steps and timelines, perhaps through a procedural order, that would delineate the issues of the proceeding and provide for an opportunity to thoroughly test the positions advanced by parties by way of an interrogatory process and through cross-examination, if required.

OPG does not intend to seek an award of costs.

All correspondence relating to the Board's process should be addressed to:

(a) The applicant:	Lindsey Arseneau Manager, Regulatory Affairs Ontario Power Generation Inc.
Mailing address:	H18 E1 700 University Avenue Toronto, ON M5G 1X6
Telephone:	416-592-3703
Facsimile:	416-592-8519
E-mail:	lindsey.arseneau@opg.com and opgregaffairs@opg.com

- (b) The applicant's Counsel: Charles Keizer
Torys LLP
- Mailing address: 79 Wellington Street West
P.O. Box 270
Toronto Dominion Centre
Toronto, ON M5K 1N2
- Telephone: 416-865-0040
- Facsimile: 416-865-7380
- Electronic mail: ckeizer@torys.com
- (c) The applicant's Counsel: Crawford Smith
Torys LLP
- Mailing address: 79 Wellington Street West
P.O. Box 270
Toronto Dominion Centre
Toronto, ON M5K 1N2
- Telephone: 416-865-8209
- Facsimile: 416-865-7380
- Electronic mail: csmith@torys.com
- (d) The applicant's Counsel: Carlton D. Mathias
Ontario Power Generation Inc.
- Mailing address: H18 A24
700 University Avenue
Toronto, ON M5G 1X6
- Telephone: 416-592-4964
- Facsimile: 416-592-1466
- Electronic mail: carlton.mathias@opg.com

Yours sincerely,

“original signed by:”

Andrew Barrett
Vice President, Regulatory Affairs
Ontario Power Generation

CC: Lindsey Arseneau, OPG
Charles Keizer, Torys
Crawford Smith, Torys
Carlton D. Mathias, OPG
Randy Pugh, OPG