



25 July 2006

Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 26th Floor
Toronto ON M4P 1E4

Sent by email: boardsec@oeb.gov.on.ca

Re: Payment amounts for OPG prescribed assets (EB-2006-0064)

Dear Madam:

I am writing with comments on the staff paper discussing various regulatory models for setting payment amounts for OPG prescribed assets.

Generally, with regard to the appropriate regulatory model to be used by the OEB in setting payment amounts for the output of prescribed assets, AMPCO supports the staff recommendation that an initial incentive regulation formula be applied to the existing base payments while at the same time laying the foundation to permit a full cost-of-service review in the future.

While we share concerns expressed about the costs and complexity of a cost-of-service approach, our primary concern relates to our interests in keeping electricity prices as low as possible. In this respect, we support a starting point based on the payment amounts currently established in regulation. The current prices demonstrably serve a balance of interests: to preserve the viability of the assets, to sustain the viability of the company, and most of all to keep prices as low as possible to protect the interests of consumers.

Done correctly, we believe incorporating some elements of incentive regulation can drive efficiency improvements.

We support the identification of appropriate benchmarks as a means of assessing costs and trends and to set productivity factors.

An advantage of the recommended approach is that it does not require reaching a common understanding of the transition of the Ontario electricity sector to some future end state and the characteristics of that end state in the current proceeding. If or when the features of that market are better defined and broadly accepted then the approach can be adapted to facilitate such a transition.

I trust these comments are useful to the Board. We would be happy to provide further information or to discuss our views more fully wherever that would be convenient.

Sincerely,

A handwritten signature in blue ink, appearing to read "Adam S. White". The signature is stylized and cursive, with a long horizontal stroke extending to the right.

Adam S. White
President