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VIA E-MAIL AND WEB POSTING

June 23, 2016

To: All Registered Stakeholders

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

The Ontario Energy Board (OEB) is undertaking a consultation on rate-regulated utility pensions and other post-employment benefits (OPEBs) in the electricity and natural gas sectors. On May 19, 2016 the OEB wrote to registered stakeholders providing a link to a report prepared by KPMG and announcing a stakeholder meeting beginning July 19, 2016. This letter finalizes the issues list for the meeting and makes provision for written submissions.

The OEB invited stakeholders to provide comments on the draft issues list for the stakeholder meeting that was attached to the letter. The OEB received requests that two issues be added to the list.

Ontario Power Generation proposed the following issue be added to the list for the forum:

To the extent that the cost recovery methodology reflected in rates differs from funding payments and/or the payment of benefits, a timing difference results. Should some form of capital cost be applied to such timing differences and, if so, what is an appropriate rate of return and how should it be implemented?

The OEB notes that issues 8a) and b) on the existing issues list read:

- a) Would it be appropriate to establish some form of segregated fund or similar set-aside mechanism for amounts which are collected from ratepayers before they are paid out?
- b) What tax, legal, accounting or other issues arise?

The OEB has determined that issue 8 b) is sufficiently broad to cover the issue proposed by OPG, as "other issues" can include matters related to capital costs, interest

and rates of return for set-aside mechanisms. In addition, existing issue 7 deals explicitly with interest to be applied to deferral and variance accounts, demonstrating that the OEB is aware of the need to consider the application of interest or another form of capital cost to any accounts or similar mechanisms that may be created.

The Coalition of Large Distributors proposed that an issue “to provide clarity for the process forward” be added to the list. Several other stakeholders recommended that the OEB provide for the filing of written submissions after the forum is complete.

The OEB does not find that this issue needs to be added to the list. Rather, the OEB confirms that following the forum, stakeholders are invited to file written submissions on or before **Thursday September 22, 2016**.

Questions on this consultation can be addressed to Jennifer Lea at jennifer.lea@ontarioenergyboard.ca or 416-440-7631.

Yours truly,

Original signed by

Kirsten Walli
Board Secretary