



VIA RESS

November 9, 2009

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Ontario Power Generation Inc.
OEB Consultation on Next Prescribed Payment Amounts Application
AMPCO Comments on Intervenor Submissions
Board File No. EB-2009-0331**

In accordance with Board Staff's direction at the consultation meeting on October 22, 2009, below please find AMPCO's reply submissions to the comments filed by parties pertinent to the Staff Scoping Paper and the proposed amended Filing Guidelines.

Staff Scoping Paper

Regarding scheduling, AMPCO makes several submissions as follows:

- SEC recommends that OPG be encouraged to file its case as early as possible to facilitate a timely review and to reduce the potential for retroactive rates. AMPCO observes that OPG excused itself from prospective rate making for 2010 and that Board Staff produced the Scoping Paper and revised Filing Guidelines in a timely fashion. OPG controls the timing for filing of this case and therefore ought to bear the consequences if, by its own filing schedule, OPG puts the Board in a position where an appropriately thorough review cannot be conducted without resulting in retroactive rates.
- AMPCO supports the recommendation made by several parties including OPG and CCC that the filing of intervenor and Board Staff evidence be scheduled to follow the filing of OPG's interrogatory responses.
- AMPCO supports the recommendation of OPG and others against scheduling in advance a second round of interrogatories on prefiled evidence.

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Contrary to OPG's view, AMPCO supports a review of 2010 earnings. AMPCO believes that the Board's deliberations on appropriate rates for 2011 and 2012 should include the performance of OPG's regulated activities in 2010, including profitability. In order to develop its analysis related to appropriate rates for 2011 and 2012, AMPCO also intends to explore cost trends in 2010.

OPG opposes review of the prudence of the Niagara tunnel project costs prior to its in-service date. AMPCO supports a regulatory approach where the Board renders a decision on the prudence or lack of prudence only when a major project is deemed to be used and useful. However, AMPCO is concerned that a regulatory approach that addresses only hindsight and fails to consider the evolution of projects along the way, particularly projects of the scale and importance of the Niagara tunnel, may not result in a fully satisfactory ultimate decision. Counsel for SEC and GEC commented in their November 2nd submission on the importance of the Board's role in promoting the accountability of OPG's business decisions with respect to regulated assets. AMPCO concurs with SEC and GEC on this line of argument. When considering OPG's proposed capital budget, the Board would be served well by ensuring that major projects receive an appropriate level of attention, commensurate with the scale and importance of the associate project. AMPCO supports SEC's proposed wording for the Niagara issue:

“Were the Niagara Tunnel costs, in excess of those approved prior to EB-2007-0905 by the OPG Board of Directors, prudently incurred, and is the revised budget for the project appropriate and prudent?”

OPG recommends that the reference to business case summaries should be removed from proposed issue ii) on page 7 of the Board staff Scoping Paper. AMPCO suggests that instead the reference should be made to business case summaries or their most complete available precursor. The intent here is to populate the record with the most up-to-date available information.

OPG claims that “there is no reason for OPG to file information on forecast CMSC and no reason to include CMSC in the discussion of other revenues.” AMPCO is mindful of the Board's determination in the previous case but suggests that the fundamental changes in Ontario's demand/supply balance, including the development of significant negative pricing and surplus power events may have caused changes in the implications for CMSC (Congestion Management Settlement Credits) especially constrained off and ramping of nuclear units. AMPCO believes that sufficient information on CMSC experience should be filed to facilitate a quantitative review of CMSC issues, including costs and revenues.

AMPCO supports OPG's proposal to recast the nuclear waste issue in more general form relative to the proposal in the Board Staff paper. AMPCO is also in agreement with OPG's proposed wording: “Is the revenue requirement impact of the nuclear liabilities appropriately determined?” AMPCO suggests that in reviewing this issue, the Board should remain open to the possibility that the methodologies adopted by OPG might be improved upon or replaced with alternative approaches if improvements from a public interest perspective warrant. AMPCO supports the submissions of counsel for CME in this regard.

Counsel for CCC observes in CCC's November 2nd submission that, “given the fact that OPG will not be filing its evidence until the end of the first quarter of 2010, finalization of the issues list cannot proceed until that evidence is reviewed by the intervenors and the Board. It is our understanding that the Board will ensure that intervenors and OPG will have an opportunity to propose additional issues later in the process.” AMPCO supports this line of thinking subject to our previous comments regarding moving forward the filing data as much as possible. Even in the best case, the presentation of OPG's prefiled evidence is still some months away. Substantial changes are possible to the circumstances of OPG's regulated businesses in the intervening period. Similarly pre-existing but not well known or understood

business conditions may become clearer in the intervening period. These changes may necessitate adjustments to the issues list and the information disclosure required from OPG.

Filing Guidelines

In its initial submission, AMPCO supported Board Staff's helpful suggestion to include 2007 data in the filings. These current submissions will not repeat the supporting explanations that were provided previously. One concern that OPG raised with respect to the 2007 data was the resulting effect this might have for the volume of the filings. AMPCO concurs with OPG that the volume of the filing would be unnecessarily expanded with the inclusion of reports such as audited financial statements and rating agency reports. AMPCO suggests that these items can be relatively easily pulled from the previous filing. Instead of providing these reports again, it would be more efficient for OPG to simply provide references for the location within the EB-2007-0905 case filings for any such reports. This approach might be applied not only to reports pertaining to or issued in 2007, but to those of 2008 as well.

OPG recorded an objection to the proposal within the Filing Guidelines that a budget to forecast comparison should be provided for the Bridge Year. In AMPCO's initial comments, we commented on the value of having OPG file production forecasts prepared contemporaneous with the forecasts produced for the EB-2007-0905 case. This approach also would be appropriate for budgetary matters.

Counsel for SEC recommended that OPG file its 2010 – 2014 Business Plan to provide context for the Board's review of the regulated businesses. AMPCO endorses SEC's proposal and the supporting argument.

Please contact me if you have any questions or require additional information.

Sincerely yours,

ORIGINAL SIGNED

Adam White

President
Association of Major Power Consumers in Ontario