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March 13, 2015

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File 23496

VIA RESS FILING and EMAIL: boardsec@oeb.gov.on.ca

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

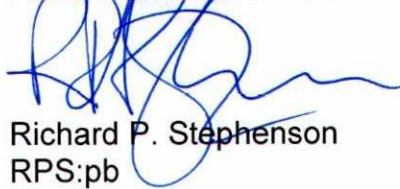
Dear Ms. Walli:

**Re: OPG Application for Approval to Dispose of Certain Deferral
and Variance Account Balances (EB-2014-0370)**

Attached please find the Power Workers' Union's Interrogatories with respect to the above-noted application.

Yours very truly,

PALIARE ROLAND ROSENBERG ROTHSTEIN LLP



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RPS:pb

Encl.

c: Applicant and Intervenors
John Sprackett (*via email*)
Kim McKenzie (*via email*)
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**Ontario Power Generation
Application to Dispose of Balances in Certain
Deferral and Variance Accounts**

POWER WORKERS' UNION INTERROGATORIES

PWU-1

Ref.(a): Exh, H1-1-2, Table 1 (Updated version of Ex H-1-1, Table 1). Summary of Deferral and Variance Accounts:

The Reference indicates that the deferral and variance account total balance has increased from \$1,267.1 million as at year-end 2012 to \$1,979.9 million as at year-end 2014.

Ref.(b): Board Decision and Order in EB-2013-0321, page 134:

In this Decision the Board determined that the effective date for the payment amounts for the nuclear and previously regulated hydroelectric facilities would be November 1, 2014 and not January 1, 2014 that was requested by OPG.

- a) Please confirm if the increase of the total balance of the deferral and variance accounts indicated in Ref (a) is partly attributable to the Board's Decision with respect to the effective date of payment amounts indicated in Ref (b).
- b) If confirmed, what is the increase in the total balance of the deferral and variance accounts in Ref (a) that is attributable to the Board's Decision in Ref (b)
- c) Please identify the variance and deferral accounts and their respective amounts where the 2014 year-end balance shown in Table 1 in Ref (a) would have been materially different had OPG's 2014/2015 payment amounts in EB-2013-0321 been approved effective as at January 1, 2014, as requested by OPG.

PWU-2

Ref: Exh, H1-2-1, page 1.

The Ref. states:

2.0 SUMMARY

OPG is requesting recovery of the audited December 31, 2014 balances in all deferral and variance accounts, except for the Pension and OPEB Cash Versus Accrual Differential Deferral Account and Pension and OPEB Cash Payment Variance Account, adjusted for amounts previously approved for recovery in 2015.

OPG will bring forward the Pension and OPEB Cash Versus Accrual Differential Deferral Account and Pension and OPEB Cash Payment Variance Account in a future application.

- a) Please explain why OPG is not seeking recovery of the audited December 31, 2014 balance for the Pension and OPEB Cash Payment Variance Account.

PWU-3

Ref. a): Board Staff Interrogatory H-Staff-10

Ref. b): EB-2013-0321, Undertaking J9.6 Attachment. Actuarial Valuation as at January 1, 2014, Ontario Power Generation Inc. Pension Plan, June 2014. Page 26.

The special payments are payments required to liquidate the unfunded liability and/or solvency deficiency:

- The going concern special payments are payments required to liquidate the unfunded liability, with interest at the going concern valuation discount rate, by equal monthly instalments over a period of 15 years beginning no later than 12 months from the valuation date of the report in which the going concern unfunded liability was determined;

...

- a) Please confirm that the ability to make special payments to liquidate the going concern unfunded liability over a period of 15 years is a requirement under the Pension Benefits Act.
- b) Please explain OPG's understanding of and the appropriateness or relevance of using 15 years over which OPG is able to make special payments to liquidate the going concern unfunded liability as the basis of the amortization period to be used by

OPG for the recovery of the balances of the Pension and OPEB Cost Variance Account – Post 2012 Additions.

- c) Please discuss the impact on the future solvency of OPG's pension plan of recovering the balances of the Pension and OPEB Cost Variance Account – Post 2012 Additions on the basis of:
 - i. the expected average remaining service life (EARS)
 - ii. The 15 years period cited above

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