

July 9, 2015

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, ON
M4P 1E4

Dear Ms Walli:

Re: EB-2014-0370 – Ontario Power Generation Inc. – Deferral and Variance Accounts - Final Argument of the Consumers Council of Canada

On December 18, 2014, Ontario Power Generation Inc. (“OPG”) filed an application with the Ontario Energy Board (“OEB”) for an order or orders related to several deferral and variance accounts, including disposition of account balances as at December 31, 2014.

OPG and the intervenors participated in a Settlement Conference, and on June 16, 2015, OPG filed a Settlement Proposal with the OEB. OPG and the intervenors who participated in the Settlement Conference reached a settlement on all issues with one exception. Parties did agree that the unsettled issue could be dealt with through a written process. The OEB approved the Settlement Proposal on June 23, 2015.

These are the final submissions of the Consumers Council of Canada (“Council”) regarding the one remaining issue. That remaining issue is whether the deferral and variance accruals for the period January 1, 2014 to October 31, 2014, should be compared to the amounts or other values built into the EB-2010-0008 revenue requirement, or to the amounts built into the EB-2013-0321 revenue requirement. The difference between these two approaches is \$263.0 million.

The Council has reviewed the Final Argument of the School Energy Coalition and adopts the submissions made in that argument. The Council agrees that once the \$263 million amount was included in the 2014 revenue requirement it is not appropriate to now allow OPG to recover it through its deferral and variance accounts. That is, in effect, what OPG is asking the OEB to do.

In the EB-2013-0321 Decision the Board approved a revenue deficiency of \$1,138.3 million. Because of its decision on the effective date (November 1, 2014 rather than January 1, 2014) the Board did not allow OPG to recover the full amount of that deficiency. While the Board explicitly allowed OPG to recover the \$312 million difference in the pension and OPEB amounts for the January to October period there was a net cost to OPG, as a result of filing its application late of \$162.3 million.

As set out in the EB-2013-0321 Payment Amounts Order the OEB established a revenue requirement for the two-year period beginning January 1, 2014. Other than to explicitly allow for recovery of the pension and OPEB amounts, the Board denied recovery of the deficiency for the January to October period.

The Council is of the view that in approving the new revenue requirement, the Board changed the baseline for the deferral and variance accounts. The amounts included in the new revenue requirement cannot also be included in the deferral and variance accounts. The Council agrees with SEC that to allow recovery of the \$263 million would amount to double counting. Either the amounts are included in the revenue requirement established as of January 1, 2014, or they remained in the accounts for future clearance.

From the Council's perspective OPG's proposal is inconsistent with the OEB's EB-2013-0321 Decision and simply unfair to Ontario ratepayers. Accordingly, it should be rejected.

The Council requests that it has participated responsibly in this proceeding and requests recovery of its reasonably incurred costs for that participation.

Yours truly,

Julie E. Girvan

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CC: OPG, Regulatory Affairs
Charles Keizer, Torys
All parties