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November 9, 2018

Via RESS and Courier

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: EB-2018-0243 – Ontario Power Generation Inc. – Application for 2019 Hydroelectric Payment Amount Adjustment and Clearance of Deferral and Variance Account Balances

In the above referenced proceeding, Ontario Power Generation Inc. (“OPG”) has requested two separate and unrelated forms of relief: (i) an order or orders approving a payment amount for hydroelectric generating facilities (the “regulated hydroelectric facilities”) effective January 1, 2019 in accordance with the price-cap index methodology for the regulated hydroelectric facilities approved in the EB-2016-0152 Decision (the “2019 Hydroelectric Payment Amount”), and (ii) an order or orders related to deferral and variance accounts, including disposition of account balances related to its nuclear generating facilities and most of its hydroelectric generating facilities as at December 31, 2017 (the “Account Clearance”). As explained, OPG requests that the Ontario Energy Board (“OEB”) bifurcate the requests made in this proceeding into two separate and parallel phases to facilitate the issuance of an order regarding the 2019 Hydroelectric Payment Amount prior to the requested January 1, 2019 effective date. OPG requests that the OEB’s determination of the Account Clearance proceed in accordance with the schedule set out in Procedural Order No. 1.

In Procedural Order No. 1, the OEB provided that a Settlement conference would be convened on January 8, 2019, with any settlement being presented on February 11, 2019. The Procedural Order also provided that if no settlement is reached, a proceeding would be conducted either in writing or orally as determined by the OEB following submissions to be filed on January 22, 2019. Given the schedule set out in Procedural Order No. 1, an Order with respect to the 2019 Hydroelectric Payment Amount could not be made prior to the requested January 1, 2019

effective date, thereby requiring interim rates and a rate rider to account for the timing difference between the effective date and the implementation date based on the order issued.

As noted, the 2019 Hydroelectric Payment Amount request is wholly unrelated to the Account Clearance request. A determination by the OEB in respect of one request does not require the consideration of or affect the other request. As such, the consideration of these requests in two separate and parallel phases can occur and is not prejudicial to any party. Furthermore, based on EB-2016-0152, the 2019 Hydroelectric Payment Amount is formulaic and mechanical in its determination. In regard to the latter, OPG notes that no interrogatories were filed by either Board Staff or the intervenors with respect to the 2019 Hydroelectric Payment Amount.

OPG believes that the requested bifurcation will provide for regulatory efficiency and be without prejudice to other parties. Proceeding in such a manner would facilitate an order relating to the 2019 Hydroelectric Payment Amount prior to the effective date of January 1, 2019 and avoid the need to establish interim rates and any rate riders to reconcile differences between the implementation date and effective date.

Should you have any questions or concerns please contact the undersigned.

Yours truly

[Original Signed By]

Saba Zadeh

c: Charles Keizer (Torys) via email
Mel Hogg (OPG) via email

