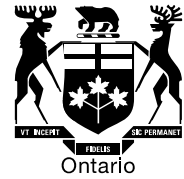


**Ontario Energy  
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**BY E-MAIL**

July 24, 2009

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, Suite 2700  
Toronto ON M4P 1E4

Dear Ms. Walli:

**Re: Ontario Power Generation Inc.  
Application for Accounting Order Regarding Deferral and Variance  
Accounts - Board File No. EB-2009-0174**

Pursuant to Procedural Order No. 1, please find enclosed Board Staff's interrogatories.

Yours truly,

*Original Signed By*

Violet Binette  
Project Advisor, Applications & Regulatory Audit

cc: All Parties to EB-2009-0174

**Ontario Power Generation Inc.**  
**Application for Accounting Order Regarding**  
**Deferral and Variance Accounts**

**EB-2009-0174**

**Board Staff Interrogatories**

- 1) The Payment Amounts Order related to EB-2007-0905 was issued on December 2, 2008. Does the current accounting order application require any changes to the approved payment amounts or payment riders in the Payment Amounts Order? If yes, please identify and explain the changes.
- 2) Please provide a continuity schedule listing the opening account balances, transactions including recoveries, interest rates and carrying charges for all deferral and variance accounts on a monthly basis for the period starting April 1, 2008 to current. In addition, please provide projected data for the remaining period to the end of 2010.
  - Include accounts that require no further action beyond December 31, 2009.
  - Ref: Section 2.2 - Provide clear reporting for paired accounts where one account ended on March 31, 2008 and another account started on April 1, 2008, eg. Hydroelectric water conditions variance account, nuclear liability account. Were new accounts established? Were any balances transferred?
- 3) Ref: Section 2.2

OPG proposes no further action for the Hydroelectric Water Conditions Variance Account and Ancillary Services Net Revenue Variance Account – Hydroelectric. However, the approved account balance of \$13.4M that has a recovery period ending December 31, 2009 will continue to be recovered until December 31, 2010 as part of the Regulated Hydroelectric payment amount of \$36.66/MWh. Should a variance account be established to record the over recoveries associated with these two accounts for the period after December 31, 2009, and if not, what is the rationale for not “refunding” these over recoveries in the future?

- 4) Ref: Section 4.0

OPG requests approval of a variance account to capture the difference between forecast and actual production relating to nuclear payment Rider A and Rider C.

- a) Please explain why this account was not requested or approved during the EB-2007-0905 proceeding.
- b) What will be the effective date of the proposed variance account?
- c) What are the proposed accounting journal entries for this account?

- d) On page 6 of the application, it states that the proposed account is “in principle the same treatment that the OEB approved in establishing the Hydroelectric Interim Period Shortfall (Rider D) Variance Account and Nuclear Interim Period Shortfall (Rider B) Variance Account.” What are the differences in the accounting treatment between the proposed variance account and the OEB-approved Hydroelectric Interim Period Shortfall (Rider D) Variance Account and Nuclear Interim Period Shortfall (Rider B) Variance Account?
- e) What is OPG’s current treatment to account for the difference between forecast and actual production in relation to nuclear payment Rider A and Rider C?

5) Ref: Section 5.0

Section 5.0 states that, “For the accounts set out in the chart below, for the period after December 31, 2009, OPG proposes to continue to record in these accounts, on a monthly basis, the difference between actual costs or revenues and the OEB-approved forecasts for the period April 1, 2008 to December 31, 2009. For this purpose, the monthly forecasts will be derived from the 2009 forecast values for January, February and March, and an average of 2008 and 2009 forecast values from April through December.” Board staff developed the following table. Please confirm that the information in the table represents the proposed methodology. If not, please provide a corrected table.

Period	Variance
January 2010	(January 2010 Actual) vs (January 2009 Forecast)
February 2010	(February 2010 Actual) vs (February 2009 Forecast)
March 2010	(March 2010 Actual) vs (March 2009 Forecast)
April 2010	(April 2010 Actual) vs (Average of April 2008 Forecast and April 2009 Forecast)
May 2010	(May 2010 Actual) vs (Average of May 2008 Forecast and May 2009 Forecast)
December 2010	(December 2010 Actual) vs (Average of December 2008 and December 2009 Forecast)

- 6) Do any of the methodologies noted in the application introduce forecast data that was not reviewed in the EB-2007-0905 proceeding? If yes, please provide details.

7) Ref: Section 5.3

Section 5.3 states that, “OPG proposes to measure monthly variances after December 31, 2009 against the monthly reference values derived by applying the methodology outlined in section 6.0.” There is no section 6.0 in the current application. Please provide the methodology or the correct reference.