



VIA RESS

November 2, 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
Submission of AMPCO Comments
Board File No. EB-2009-0331**

Pursuant to the Board's letter dated September 24, 2009, attached please find AMPCO's comments on the Staff Scoping Paper and Filing Guidelines.

In general, the comments provided follow the structure of the respective Board documents. Although this method of organization may leave the impression of some discontinuity, our intention is to simplify the work of Board Staff in tracking our comments. The comments are focused on those aspects of the respective papers where AMPCO has specific recommendations. Where possible, an effort has been made to identify topics AMPCO is likely to want to explore in greater detail. In the absence of prefiled evidence, this outline does not fully represent AMPCO's interest. The intention is to provide early guidance with respect to AMPCO's plan for the case subject to revision as the case develops.

At the consultation meeting held on October 22, 2009 Board Staff agreed that reply comments would be considered on November 9th. Reply comments were not anticipated in the original notice regarding the consultation and are not included in the 30 maximum allowable hours for each eligible participant to prepare written comments on the Staff Scoping Paper and Filing Guidelines. AMPCO respectfully requests that the Board consider making additional hours available for cost recovery to prepare reply submissions. Given the scope of the discussions to date, the number of parties active in the proceeding and the complexity of the history of the issues that bear on the scope of the case given its legacy from the previous proceeding and the ensuing motions, AMPCO suggests that consideration be given to allowing a further 15 hours (eligible for cost recovery) to review the submissions and prepare reply comments.

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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

**OEB Consultation on Ontario Power Generation Inc. (OPG's) Next Prescribed
Payment Amounts Application**

AMPCO Comments on the Staff Scoping Papers
Board File No. EB-2009-0331

November 2, 2009

Proposed Procedural Steps

AMPCO agrees with the intention to convene a Settlement Conference. However, AMPCO suggests that it seems likely that the main function of the Settlement Conference will be to assist with streamlining the hearing. The overall schedule for the proceeding should not be based on an assumption of sweeping settlement. Adequate time will be required for the Board to hear and consider the issues.

If there is a concern with respect to limited time in the schedule before the ultimate order is issued, one possibility for streamlining would be to eliminate the proposed Technical Conference. If a Technical Conference is to be convened, AMPCO's preference would be to have it before the Interrogatories are filed by Intervenors on the applicant's prefiled evidence.

The schedule should allow for Intervenor evidence, interrogatories on that evidence and at least a week to reply to those interrogatories.

The schedule should also allow for at least a week for Intervenors to comment on the Draft Rate Order. In the EB-2007-0905 case, this step of the process was challenging for the Intervenors active in reviewing the Draft Rate Order, due to the complexity of translating the Decision into an appropriate Order. AMPCO therefore requests that consideration be given to providing adequate time for review.

Part 2: Capital Structure and Cost of Capital

Subsection (d) is currently titled "Reporting for Hydroelectric and Nuclear Businesses". Given the discussions around this topic area in the EB-2007-0905 case and in the consultation meeting, AMPCO suggests that a more accurate title might be "Separate Capital Structure for Hydroelectric and Nuclear Businesses".

Part 4: Production Forecasts

AMPCO recommends that OPG file details on actual and forecast generation losses due to spill. In addition, to review trends in accuracy of forecasts, OPG should provide production forecasts prepared contemporaneous to the evidence presented in the EB-2007-0905 case for production in the year 2010. This will provide the opportunity to compare 2010 with the corresponding Bridge Year forecast and actuals as they become available.

Part 5: Operating Costs

Part B Subsection III should be expanded to include the issue, “For nuclear facilities with sustained high production unit energy costs, is it prudent to maintain operations? Should alternative operational strategies be considered (such as seasonal operation)?”

Part 9: Other Revenue

With respect to the appropriateness of congestion management settlement credits (CMSCs), AMPCO will be seeking information on how CMSCs are affected by surplus generation events and will also seek information on the impacts of CMSCs on regulated net income.

Part 11: Nuclear Waste

AMPCO anticipates that IFRS may impact this issue. In the event that information in this case is presented in a way that is not directly comparable to the last case, AMPCO suggests that reconciliation exhibits would be beneficial.

AMPCO recommends that the proposed issue be expanded to include, “What are the alternative methodologies available for regulatory recovery of nuclear waste management and decommissioning liabilities and what approach is optimal?”

Part 13: Design of Payment Amounts

Regarding hydroelectric, AMPCO recommends more general wording for the proposed issue as follows: “What has been the impact of the incentive mechanism?”

Comments on Filing Guidelines

Part 2.1.1 Key Planning Parameters

During the consultation meeting held on October 22, 2009, an issue that arose in discussion relevant to “key planning parameters” was that OPG intends to file on an IFRS basis for the Test Years (2011/2012), but will provide historical and bridge years on a GAAP basis. The only year for which GAAP and IFRS-based data will be available is 2011. Counsel for SEC raised a concern about problems in identifying trends and the advantages for the Board’s review of having more years of overlapping data. AMPCO agrees with the comments of counsel for SEC. It may be most convenient for OPG to provide 2012 on an IFRS and GAAP basis, rather than provide earlier years on an IFRS basis. Whether converting earlier years to IFRS or providing GAAP for 2012, the purpose is to facilitate accurate, thorough and efficient review.

Another issue that arose during the consultation was that OPG signaled resistance to providing 2007 actuals, part of the minimum six years of data approach outlined in the draft Filing Guideline. OPG’s argument was that 2007 data is available in the record of the previous case. AMPCO recognizes this to be the case. However, AMPCO is concerned that many of the numbers are scattered throughout prefiled evidence, interrogatories, transcripts, undertakings, arguments and motion proceedings. This dispersion of data through very large amounts of literature could potentially reduce the efficiency of reviewing the case at hand. Simply for efficiency purposes, AMPCO recommends that the prefiled evidence be based generally on at least six years of data as per the draft Filing Guideline.

Part 2.2.1 Administration

AMPCO recommends that the Organization Authorities Register for the regulated business be provided.

Part 2.3 Rate Base

One of the issues that AMPCO wishes to scrutinize is the opening Rate Base for 2011. It is possible that both nuclear and regulated hydro-electric have capital projects that close in 2010. These projects will have to be documented, including the approved vs. final cost and scope, to examine this element of the opening Rate Base in 2011.

To determine the appropriateness of the capital budget, adequate evidence will be required to examine the basis for originally approving the Niagara Tunnel costs including a summary of the history leading up to the original approval. In addition, details on the renegotiation of contracts with contractors working on the Niagara Tunnel project will be required.

Part 2.7.1 Operating Maintenance and Administration and Other Costs

AMPCO will be seeking to understand how OPG operationalized the O&M budget cuts related to the Pickering A station as determined in the Board’s Decision with Reasons in EB-2007-0905.

One filing related concern arising from EB-2007-0905 was driven by OPG's approach to the presentation of data in some O&M aspects of its prefiled evidence. In Exhibit A1/Tab 4/Schedule 3 Chart 3, the title was "Nuclear Benchmarking Results" however, during the proceeding it became clear that the numbers provided in the aforementioned chart were not actually "results" but were instead forecasts. In fact, the actual benchmarking results, as presented in Exhibit L/Tab 2/Schedule 41, were far less flattering to OPG so – many significantly so – than the information that appeared in the prefiled evidence. AMPCO requests that OPG clearly identify what information is based on forecasts and what is based on actuals.

Part 2.9 Nuclear Waste

During the consultation meeting on October 22, 2009 OPG indicated that it would provide information disaggregating on the one hand Darlington and Pickering from, on the other hand, Bruce. AMPCO supports this approach.

AMPCO believes that the Board's review of this matter would be assisted if OPG were to provide any reviews it has conducted or has available of regulatory precedents relevant to this issue and a survey of the alternative options for managing nuclear waste liabilities within the existing regulatory frameworks.