PUBLIC INTEREST ADVOCACY CENTRE
LE CENTRE POUR LA DEFENSE DE L'INTERET PUBLIC
ONE Nicholas Street, Suite 1204, Ottawa, Ontario, Canada K1N 7B7
Tel: (613) 562-4002. Fax: (613) 562-0007. e-mail: piac@piac.ca. http://www.piac.ca

Michael Buonaguro
Counsel for VECC
(416) 767-1666

July 29, 2010

VIA MAIL and E-MAIL

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

Dear Ms. Walli:

Re: Vulnerable Energy Consumers Coalition (VECC)
EB-2010-0008: Ontario Power Generation Inc. – Payment Amounts for Prescribed Generation Facilities commencing March 1, 2011

Please find enclosed the interrogatories of VECC in the above noted proceeding.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.

EB-2010-0008

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S. O. 1998, c. 15, Schedule B;

AND IN THE MATTER OF an application by Ontario Power Generation Inc. pursuant to section 78.1 of the *Ontario Energy Board Act, 1998* for an order or orders determining payment amounts for the output of certain of its generating facilities.

INTERROGATORIES SUBMITTED ON BEHALF OF THE VULNERABLE ENERGY CONSUMERS COALITION

Issue 1.2 Are OPG's economic and business planning assumptions for 2011-2012 an appropriate basis on which to set payment amounts?

Reference: Exhibit A2, Tab 2, Schedule 1, Attachment 1, page 11, 2010 Business Plan Instructions

1.

a) The evidence states that *"Interest capitalization rates are assumed to be 6% for the business planning horizon."*

Please indicate how this 6% figure was chosen.

b) Please provide the assumed interest capitalization rate in the previous business plan. If different, please explain why.

c) Please provide the impact on the revenue requirement in 2011 and 2012 of a 1% change in this assumption (i) under OPG's CWIP proposal and (ii) assuming the CWIP proposal is rejected.

Reference: Exhibit A2, Tab 2, Schedule 1, page 7

2.

a) The capitalization decision tree indicates that even if an expenditure does not provide future benefits for more than one year, it will be capitalized if the expenditure exceeds materiality limits. Please indicate why this is appropriate and explain in such cases how depreciation expense is calculated.

b) Please provide a list of all expenditures that OPG proposes to capitalize over the test period which will provide future benefits for a period of less than one year.

Issue 2.1 What is the appropriate amount for rate base?

Reference: Exhibit B1 T1 page 3, Forecast Methodology

3. For each year for which actual values are available, please provide the forecasted and actual rate bases for the regulated hydroelectric facilities and for the regulated nuclear fleet. Please provide variance explanations in all cases where there is a material difference between forecasted and actual rate base.

Issue 2.2 Is OPG's proposal to include CWIP in rate base for the Darlington Refurbishment Project appropriate?

Reference: Exhibit B1, Tab 1, General

4.

a) Would OPG decline to proceed with the Darlington Refurbishment Project if their CWIP proposal was rejected by the OEB?

b) If the OEB were to reject the proposal and OPG subsequently decided to go ahead with the refurbishment, how would it adversely impact OPG's credit rating?

c) Please provide a year-by-year comparison of the costs recovered from ratepayers under OPG's CWIP proposal with the alternative being the current regulatory treatment over the life of the project. Please specify all assumptions used and include a calculation of the NPV of the payments by ratepayers for each case.

d) Please confirm that the risk of not completing the project on time will be fully transferred to ratepayers under the CWIP proposal since OPG will be receiving a full return on invested capital during the delay and, once the project is completed, OPG will begin earning a full return on the undepreciated capital costs.

e) Please confirm that under OPG's CWIP proposal, no interest will be capitalized on the assets prior to the assets going into service.

Issue 3.2 Are OPG's proposed costs for its long-term and short-term debt components of its capital structure appropriate?

Reference: Exhibit C1, Tab 1, Schedule 2, pages 10 and 11

5. On pages 10 and 11 OPG describes how, for the deemed debt component of its capital structure it applies the Board's deemed long term debt rate, and that for the purposes of the application that rate is 5.87%, but that OPG proposes that that rate be updated at the time of the final rate order.

   a) Please calculate the revenue requirement impact (for each test year) of applying the weighted average cost of OPG's actual long term debt to the deemed long term debt. (With reference to Exhibit C1, Tab 1, Schedule 1, tables 1 and 2, VECC believes that the calculation begins with applying a rate of 5.5% to the Other Long-Term Debt of 877.7M in 2012 and a rate of 5.53% to the Other Long-Term Debt of 725.2M in 2011) VECC is aware that Board Staff IR 15 b) asks a similar question, although VECC is seeking the full revenue requirement impact of the change, plus VECC would like an additional calculation performed and included in the same response; see the requested second calculation in part b) of this IR.

   b) Please calculate the revenue requirement impact for (each test year) of applying the weighted average cost of its actual debt (both long term and short term) to the deemed long term debt. (With reference to Exhibit C1, Tab 1, Schedule 1, Tables 1 and 2, VECC believes that the calculation begins with applying the weighted average cost rate of rows 1 and 2 in Table 1 and applying it to the Other Long-Term Debt of 877.7M in 2012, and applying the weighted average cost rate of rows 1 and 2 in Table 2 and applying it to the Other Long-Term Debt in 2011 of 725M in 2011)

Issue 4.2: Are the capital budgets and/or financial commitments for 2011 and 2012 for the regulated hydroelectric business appropriate and supported by business cases?

Reference: Exhibit D1, Tab 1, Schedule 1, page 5 and Table 2, Exhibit D1, Tab 1, Schedule 2, Attachment 1, page 1, and Exhibit D1, Tab 1, Schedule 2, page 3, lines 1-2

6. With respect to the Niagara Tunnel Project, the pre-filed evidence states:

> *In June 2009, following the recommendations of the Dispute Review Board ("DRB"), OPG and the contractor signed an amended design-build contract with a revised target cost and schedule. The target cost and schedule took into account the difficult rock conditions encountered, restoration of the circular cross section in areas of rock overbreak, and the concurrent tunnel excavation and liner installation work required to expedite completion of the tunnel. OPG's Board of Directors approved a revised project cost estimate of $1.6B and a revised scheduled completion date of December 2013.*

The last reference above states:

> *The Niagara Tunnel project was originally approved by OPG's Board of Directors ("the OPG Board") in July 2005 at an estimated cost of $985M and a June 2010 in-service date.*

Please provide the annual capital spending <u>originally planned</u> for this project for each year until completion, i.e., the original estimated yearly capital expenditures before the Board of Directors approved the revised project estimate of $1.6B.

Issue 5.1 Is the proposed regulated hydroelectric production forecast appropriate?

Reference: Exhibit E1, Tab 1, Schedule 2 and Exhibit E1, Tab 1, Schedule 2, Table 1

7. For 2007-2009 inclusive, although budgeted production was significantly less than actual production, the imputed production (using ex post actual water flows in the forecast model) was very close to actual for these years.

   a) Has OPG investigated whether there is some systematic bias in its forecasted water flows?

   b) To what extent has/can OPG improve its water flow assumptions used in its forecasting model?

   c) Do OPG's actions in operating its hydroelectric facilities materially affect the water flows used ex post for the imputed production levels?

Issue 6.4 Nuclear Benchmarking Results and Targets

Reference: Exhibit F2, Tab 1, Schedule1, Attachment 1 page 6, Nuclear Business Plan 2010-2014 – Board of Directors

8. Please provide the Best Quartile and Median metrics in the first row for All Injury Rate.

Reference: Exhibit F2, Tab 1, Schedule 1, Attachment 1, page 10, Nuclear Business Plan 2010-2014 – Board of Directors

9. The 2014 Safety targets for the first two rows, i.e., All Injury Rate and 2-Year Industrial Safety Accident Rate, appear to be higher than the 2008 comparables. Please explain.

Reference: Exhibit F1, Tab 1, Schedule 1, page 5

10.

   a) Please provide a simple worked example to show how the EFOR index is calculated.

   b) Please confirm that the accident severity rate is defined as the number of days lost by employees injured on the job per 200,000 hours worked.

Reference: Exhibit F1, Tab 1, Schedule 1, pages 5, 10, and 11

11. Please provide specific details regarding the construction of the environmental performance index.

Reference: Exhibit F1, Tab 1, Schedule 1, pages 6 and 7, and Chart 1

12. Regarding the EFOR targets and actual as shown on Chart 1, please provide the comparable CEA and EUCG average and median results for 2007, 2008, and 2009. Also, please explain how the targets for future years are set.

Issue 6.5 Has OPG responded appropriately to the observations and recommendations in the benchmarking report?

Reference: Exhibit F5, Tab 1, Schedule 2, pp 29-30, Figure 15

13. For each one of the Recommendations provided by ScottMadden shown in this figure, please indicate whether OPG intends to adopt it or not. For those that OPG does not intend to adopt, please provide reasons.

Reference: Exhibit F5, Tab 1, Schedule 2, pp 31-32

14. Please indicate OPG's views with respect to adopting the three benchmarking "Related Recommendations."

Reference: Exhibit F5, Tab 1, Schedule 2, page 32

15. Please provide OPG's views with respect to adopting the two target setting "Related Recommendations."

Reference: Exhibit F5, Tab 1, Schedule 2, page 34

16. Please provide OPG's views with respect to adopting the three fleet-wide improvement initiatives "Related Recommendations."

Reference: Exhibit F5, Tab 1, Schedule 2, page 35

17. Please provide OPG's views with respect to adopting the two site and support business unit plans "Related Recommendations."

Reference: Exhibit F5, Tab 1, Schedule 2, page 35

18. Please provide OPG's views with respect to adopting the two adoption of gap-based business planning "Related Recommendations."

Reference: Exhibit F5, Tab 1, Schedule 2, pp 38-40

19. Please provide OPG's views with respect to adopting the five plan execution and monitoring "Related Recommendations."

Issue 6.6 Is the forecast of nuclear fuel costs appropriate?

Reference: Exhibit F2, Tab 5, Schedule 1, page 7, Figure 1.0 and page 9, Chart 3

20.

a) Are the market-related prices for uranium concentrate simply the spot prices at the time of delivery? If not, please indicate exactly how market-related prices are determined.

b) For contracts B, C, and D, please provide a breakdown of the quantities subject to market related pricing and the quantities subject to indexation.

c) Please provide details as to how the prices are indexed, i.e., by a general index of inflation, by an index of commodity prices, etc.

d) Please provide details as to how OPG has hedged the price risk which is fully borne by ratepayers.

Issue 6.8 Are the 2011 and 2012 human resource related costs appropriate?

Reference: Exhibit F4, Tab 3, Schedule 1, page 7, Chart 3

21. Please provide similar charts for the years 2010, 2011, and 2012.

Reference: Exhibit F4, Tab 3, Schedule 1, page 8, Chart 4

22.

a) Please provide a similar chart for the year 2009.

b) Please confirm that the results in Chart 4 include all the consulting companies from which OPG gathers information on salary increases. If unable to so confirm, please provide any information from companies not included on this chart.

c) Please explain why no information from Towers Perrin appears on this chart.

d) Please indicate whether the actual salary increases in this chart refer to base pay, benefits, incentive pay, value of non-cash compensation, or total compensation.

e) Please indicate whether the category “All” includes management and non-management employees. If so, then please confirm that to the extent that management and executive increases exceed those for non-management and non-executive personnel, the increase reported for “All” will overstate the actual increases for non-management and non-executive personnel.

f) Please explain how Chart 4 shows that the increases for OPG management/ executives were “in line with or below the external market” in 2008.

g) Please confirm that Chart 4 does not indicate that increases in 2009 and 2010 for the PWU, the Society, and the Management Group at OPG were at or below market.

h) Given that OPG has stated that its employees are highly skilled and require appropriate compensation in order to attract and retain them, please explain how OPG manages to attract and retain employees when the increase in compensation is “below market.”

Reference: Exhibit F4, Tab 3, Schedule 1, page 10

23. The evidence states that “The results of the 2007 market review indicated that OPG’s Management Group base pay program had fallen significantly below market. The base pay program had not been adjusted since 2002.”

a) Did OPG experience any significant difficulties in attracting or retaining management personnel during the period 2002-2007? Please provide details.

b) The evidence goes on to state that "As a result, the salary ranges were adjusted to align with the external market. There were few changes to the individual salaries and the associated cost was approximately $50,000."

Please explain how this statement is consistent with the claim that "OPG's Management Group base pay program had fallen significantly below market."

Reference: Exhibit F4, Tab 3, Schedule 1, page 11 and Figure 1, Attachment 1

24. The evidence at page 11 states:

> "When reviewing management and executive compensation, OPG gathers information from a listing of 24 companies that represent Canadian industries in both the public and private sector. In 2008 and 2009, OPG compared its compensation and benefits program to the 50th percentile of this market. Overall, the compensation and benefits program and employees actual pay are competitive with the external market. Figure 1 in Attachment 1 presents OPG's current market position."

a) Please provide a chart similar to Figure 1 for the year 2008.

b) Please provide the information gathered by OPG for 2008 and 2009 that shows OPG's comparisons for 2008 and 2009 to the 50th percentile of the market re compensation and benefits program.

c) Please provide a list of the companies surveyed by OPG or Mercer for 2008 if it differs from the 2009 sample.

Issue 6.9 Are the "Centralized Support and Administrative Costs" and the allocation of the same to the regulated hydroelectric business and nuclear business appropriate?

Reference: Exhibit F3, Tab 1, Schedule 2

25. With respect to total Corporate Support and Administrative Costs allocated between regulated and Unregulated operations, please provide a table showing total costs budgeted/actual broken down by corporate group (as per tables 1 and 2) for each year 2007-2012 inclusive.

Issue 7.1 Are the proposed test period regulated hydroelectric business revenues from ancillary services, segregated mode of operation and water transactions appropriate?

Reference: Exhibit G1, Tab 1, Schedule 1, Table 1

26. Please re-issue Table 1, adding columns for 2011 and 2012 that provide forecasts for Segregated Mode of Operation and Water Transactions rows on the basis of the Board approved Methodology from EB-2007-0905. Please also provide a description of the calculation in each case.

Issue 7.2 Are the proposed test period nuclear business non-energy revenues appropriate?

Reference: Exhibit G2, Tab 1, Schedule 1, pages 4-5

27. Further to Board Staff interrogatories 125 (b) and (c), please provide the revenue requirement impact calculation that results from the allocation of OM&A and capital expenses to the 673 tonnes of heavy water that OPG is proposing to exclude from regulation by the OEB.

Reference: Exhibit G2, Tab 1, Schedule 1, page 5

28. Lines 5-16 discuss the “Heavy Water Services” business, and refer to Exhibit G2, tab 1, schedule 1, Table 1 as summarizing the total revenues from “Heavy Water Services”. However there appears to be no line item quantifying the “Heavy Water Services” revenues as a distinct revenue stream. Please provide a table showing the revenues from “Heavy Water Services” from 2007-2012, including a description of the methodology used to forecast such revenues in 2011 and 2012. In the event the revenues from “Heavy Water Services” form a component of the line item Heavy Water Sales and Processing”, please separate out the revenues from Heavy Water Sales that OPG is proposing to exclude from the revenue requirement from the Heavy Water Services that OPG is proposing to maintain as an offset to the Revenue Requirement.

Reference: Exhibit G2, Tab 1, Schedule 1, pages 7, 8, 10.

29. With respect to the proposed elimination of Inspection and Maintenance Services as discussed at pages 7 and 8, please discuss the impact of the availability of the resources currently used in the provision of Inspection and Maintenance Services to third parties to OPG’s “internal work programs” per lines 12-15 on page 8. More specifically, please demonstrate how the shift of these resources to “internal work programs” is captured in the filing.

Issue 8.1 Have any regulatory or other bodies issued position or policy papers, or made decisions, with respect to Asset Retirement Obligations that the Board should consider in determining whether to retain the existing methodology or adopt a new or modified methodology?

Reference: General

30. Board staff IR 128 requests as follows: "Please file policy positions or papers, or decisions from any energy regulatory or other bodies that were issued since the EB-2009-0905 decision with respect to the revenue requirement methodology for recovering nuclear liabilities?" (emphasis added) Please enlarge the scope of that request to include such positions, papers or decisions that precede the decision in EB-2009-0905 that were not brought to the attention of the Board in EB-2009-0905.

Issue 8.2: Is the revenue requirement amount for nuclear liabilities related to nuclear waste management and decommissioning costs appropriately determined?

Reference: Exhibit C2, Tab 1, Schedule 1, pages 4-6

31.

a) Please discuss whether the intent of the reference plan prepared in accordance with the Ontario Nuclear Funds Agreement (“ONFA”) is to capture all of the costs for all of OPG’s nuclear waste management and decommissioning obligations, and whether that is the case. To the extent that there are costs for nuclear waste management and decommissioning that are not captured in the reference plan please separately identify and quantify those costs as they appear in the revenue requirement analysis in table 5 at Exhibit C2, Tab 1, Schedule 2.

b) Please discuss whether the intent behind the segregated funds established by the ONFA is to have all of OPG’s nuclear waste management and decommissioning obligations directly paid for out of the segregated funds, and whether that is the case. (It appears to VECC at Exhibit C2, Tab 1, Schedule 2, Table 1 note 4 and Table 2 note 6 that not all of OPG’s nuclear waste management and decommissioning obligations are paid for directly out of segregated funds.) To the extent that there are costs for nuclear waste management and decommissioning that are not paid for out of the segregated funds, please separately identify and quantify those costs as they appear in the revenue requirement analysis in table 5 at Exhibit C2, Tab 1, Schedule 2.

Reference: Exhibit C2, Tab 1, Schedule 2

32. On page 1, lines 17 to 20 OPG states that “OPG is continuing to investigate the impacts of the OEB approved revenue requirement treatment on its ability to fully recover its nuclear liabilities. Based on the results of this investigation, OPG may propose modifications to the existing treatment or an alternative treatment in a future application.” When OPG speaks about “its ability to recover its nuclear liabilities”, does OPG include in the definition of nuclear liabilities any return or profit connected to its nuclear waste management and decommissioning obligations, or does OPG conceptually perceive such obligations simply as expenses.

Reference: Exhibit C2, Tab 1, Schedule 2

33. On page 6, lines 14-17 it appears that the evidence is specifically discussing the forecast of the earnings on the segregated funds, but refers at line 14 to a forecast of the value of the unfunded nuclear liabilities; should that reference be to a forecast “of the earnings on the segregated funds”?

Reference: Exhibit C2, Tab 1, Schedule 2, Tables 1 and 2

34. The following questions all relate to line items in Tables 1 and 2:

   a) Tables 1 and 2 represent a division of the segregated funds between prescribed assets and the Bruce facilities. However it appears to VECC, in reading Exhibit C2, Tab 1, Schedule 1, page 7 that the segregated funds are also separable between:

      i. a Used Fuel Fund that attracts the provincial guarantee of a return of 3.25% over the change in the Consumer Price Index,

      ii. a Used Fuel Fund that does not attract a guaranteed rate of return, and

      iii. The Decommissioning Fund, which does not attract a guaranteed rate of return, but which includes the option of transferring funds out of the Fund to the OEFC and the Used Fuel Fund in equal portions under specified conditions.

   Accordingly, please break out the Nuclear Segregated funds Balance sections of Tables 1 and 2 into the three categories of funds described above.

   b) Please confirm that in terms of actual expenses (i.e. excluding accounting expenses such as depreciation and accretion, and excluding fund contributions) related to OPG's nuclear waste management and decommissioning costs, the total amounts paid by OPG in any particular year appear at line 8 of Table 1 for the prescribed facilities and at line 7 of Table 2 for the Bruce Facilities. If that is not the case, please explain what other actual expenses in each year OPG either incurred or is forecast to incur in relation to its nuclear waste management and decommissioning costs and where they are accounted for in Tables 1 and 2. Do the expenditures in these two lines represent a combination of disbursements out of segregated funds and other, direct expenditures by OPG, or are these expenditures in addition to disbursements out of the segregated fund?

   c) Please confirm that in terms of disbursements out of the segregated funds, the total disbursements in any particular year appear at line 16 of Table 1 and line 17 of Table 2. If that is not the case, please explain what other disbursements out of the segregated funds have been (or will be) made in any particular year and where they are accounted for in Tables 1 and 2.

   d) Please explain the relationship between the total disbursements out of the segregated fund in any particular year as confirmed in IR 3 b) and the reference plan. In particular, to what extent do the disbursements in any particular year correspond to the reference plan estimate of costs for that same year? Assuming there is a correlation between the disbursements in a particular year and the reference plans' estimate of costs for that same year, how are any variations between the two amounts reconciled?

e) Please confirm that, in principle, the earnings on the segregated funds forecast at line 14 of Table 1 and line 15 of table 2 are forecasted on the assumption of a 5.15% return in accordance with the statement at Exhibit C2, Tab 1, Schedule 2, page 6, lines 14-17. Please provide an example of how the segregated fund earnings were calculated for 2011 and 2012. For instance, how was the 5.15% return used to arrive at forecast earnings of $280.6M for 2011 at line 14 of Table 1?

f) Please confirm that the contributions to the segregated funds forecast at line 15 of Table 1 and line 16 at table 2 reconcile directly with the funding requirements set out at Exhibit C2, Tab 1, Schedule 1, Attachment 1 Table 2. Please describe the conditions under which the funding requirements in Attachment 1 Table 2 might be changed, both in terms of procedure (i.e. during the course of an update to the reference plan) and in terms of cause. Please identify any known causes of future changes in the funding requirements and when those changes will be reflected in changed contribution requirements.

Reference: Exhibit C2, Tab 1, Schedule 2, Table 4

35. Please provide a calculation in the manner of Table 4 for the year 2010. Please describe if and in what manner the 2010 revenue impact of the Darlington Refurbishment project is credited to ratepayers. If it is not credited to ratepayers, please explain why OPG believes it is appropriate for it to retain the surplus funds associated with the impacts of the project on the revenue requirement associated with Nuclear Liabilities.

Reference: Exhibit C2, Tab 1, Schedule 2, Table 5

36.

a) Please reissue Table 5, including the Board approved (as opposed to actual) numbers for 2008, 2009, and 2010, so as to illustrate what was included in rates for 2008, 2009 and 2010. (For example, it appears to VECC that the most significant difference between the actuals that are included in the existing Table 5 and the board approved equivalent for those years is the substitution of actual earnings (losses) on the segregated funds for the forecast that was included in rates, both in the direct calculation of the Revenue Requirement for the Bruce facilities in Table 5 and in the calculation of the unfunded nuclear liability in Table 1, which may affect the calculations at lines 4 and 5 of Table 5)

b) Please provide a table setting out OPG's actual annual cash outlays related to its nuclear waste management and decommissioning obligation in a manner similar to Table 5. (It appears to VECC that developing such a table would include lines 2, 3, 8 and 9 from Table 5, plus line 15 from Table 1 and line 16 from Table 2.)

Issue 9.2 Is the hydroelectric incentive mechanism appropriate?

Reference: Exhibit E1, Tab 2, Schedule 1

37.

a) Please provide a comparison of the historical spreads between the market clearing price (MCP) and the regulated rate as used in the formula for determining the hydroelectric incentive mechanism (HIM) payments.

b) Please provide OPG's expectations as to the relationship between the regulated rate and the MCP over the test period.

c) Please confirm that all else equal, an increase in the regulated rate will increase the HIM.

d) Please explain fully why any incentive mechanism is needed to incent OPG to utilize the pump generating station in the (usual) manner for which it was designed.

Issue 10.1: Is the nature or type of costs recorded in the deferral and variance accounts appropriate?

Reference: Exhibit H1, Tab 1, Schedule 1, page 8

38. The Board's decision in EB-2009-0038 dated May 11, 2009 determined as follows:

> The Board varies the Payments Decision in a manner that links the revenue requirement reduction and regulatory tax losses, and orders the establishment of a tax loss variance account to record any variance between the tax loss mitigation amount which underpins the <u>rate order for the test period</u> and the tax loss amount resulting from the re-analysis of the prior period tax returns based on the Board's directions in the Payments Decision as to the re-calculation of those tax losses. (emphasis added)

At Exhibit H1, Tab 1, Schedule 1, page 8, OPG asserts the following:

> Since the 2008 - 2009 payment amounts continue in 2010, OPG is forecasting to record an addition of $195.0M in 2010, which is equal to the annualized value (i.e., 12/21) of the $341.2M revenue requirement reduction incorporated in the payment amounts for the 21-month test period from April 1, 2008 – December 31, 2009.

VECC notes that as part of the application (EB-2009-0174) by OPG to extend the operation of certain deferral and variance accounts related to the 2008 and 2009 test period into 2010 no approval was sought or provided specific to the Tax Loss Variance Account established in EB-2009-0038.

Based on the foregoing, please provide the legal basis upon which OPG believes it is entitled to claim relief in the Tax Loss Variance Account based on 2010 payment amounts.