

By electronic filing and by e-mail



August 19, 2010

Kirsten Walli
Board Secretary
Ontario Energy Board
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Dear Ms Walli,

Ontario Power Generation Inc. ("OPG")
2011-2012 Payment Amounts Application
Board File No.: EB-2010-0008
Our File No.: 339583-000064

Pursuant to paragraph 1 of Procedural Order No. 4, we are writing on behalf of our client, Canadian Manufacturers & Exporters ("CME"), to identify OPG's Interrogatory Responses to Board Staff and to CME upon which we intend to seek clarification at the Technical Conference scheduled for August 26, 2010. These are set out below. The issues to which the clarifications we will seeking relate are identified in each of the interrogatories to which OPG has responded.

Clarifications re: OPG's Responses to Board Staff

Issue 1.3	Board Staff #1	Are the Letters of Comment on the record? If not, then please produce them.
Issue 2.2	Board Staff #11	Is CWIP recovery allowed in other jurisdictions as an item of short term debt interest expense? If so, then provide examples of other jurisdictions that follow this approach.
Issue 3.2	Board Staff #16, Attachment 1	How frequently are these forecasts published by Global Insight? Please produce the most recent forecast.
Issue 4.2	Board Staff #18	Please provide the revenue requirement reduction that results from excluding all capital and operating costs associated with the visitor centre.
Issue 5.1	Board Staff #35	We will be seeking clarification of the elements of and the manner in which OPG derives its forecast for baseload energy production, including the following: <ul style="list-style-type: none">• The extent to which wind, solar and/or gas fired generation are included in the baseload forecast,• The threshold of SBG beyond which OPG assumes that market participants will take actions to manage the potential oversupply situation and how that threshold has been determined,• The actions market participants can or will take to manage the potential oversupply situation,

		<ul style="list-style-type: none"> • The assumptions OPG makes regarding the energy curtailment available from wind generators, export quantities and Bruce Power facilities and the facts from which these assumptions have been derived, • Details of the assumptions that have been made pertaining to the re-commissioning schedules for Bruce Power's Unit 1 and Unit 2; and • Details of the assumptions that have been made about the impact of new wind power additions.
Issue 5.2	Board Staff #40	Provide clarification of how "unforeseen events" can be forecast, and the extent to which the revenue requirement reduces if the adjustment made for "unforeseen events" is disallowed.
Issue 6.5	Board Staff #55	Please clarify the extent to which the revenue requirement changes if the capitalization threshold is reduced to from \$200,000 to \$100,000.
Issue 6.5	Board Staff #55 to 64, and #105 to 107	Please clarify whether the person responsible for preparing the ScottMadden report will be presented by OPG as a witness at the hearing.
Issue 6.8	Board Staff #76	Please clarify the total human resource related cost averages for wages, salaries, benefits, incentive payments, FTEs and pension costs.
Issue 6.8	Board Staff #81	Please clarify whether an "estimate" as opposed to a "calculation" can be provided.
Issue 6.9	Board Staff #97 to 99	Please clarify whether OPG will be presenting a witness from Black & Veatch at the hearing.
Issue 6.10	Board Staff #108	Please clarify whether OPG will be presenting a witness from the Hackett Group at the hearing.
Issue 6.11	Board Staff #117	Please provide clarification of "mitigation" in EB-2007-0905, including the distinction, if any, that OPG makes between the phrase "income tax PILs" used in the Board Staff interrogatory and the phrase "regulatory income tax" used by OPG in the response.
Issue 10.2	Board Staff #144 and 145	Please clarify the amounts recorded in the Tax Loss Variance Account for each of the years 2008, 2009 and 2010 separated between "taxes", "gross up" and other elements, if any.

Clarifications re: OPG's Responses to CME

Issue 1.3	CME #2	Please clarify whether OPG is aware of any multi-year forward looking total bill analysis having been done by the OEB.
Issue 1.3	CME #3, 5, 7 and 8	Please clarify OPG's position on the relevance of overall bill impacts on consumers in determining the reasonableness of

		payment amounts.
Issue 1.3	CME #4	Please clarify whether or not OPG does prepare, for its internal use, five year forecasts of regulated hydroelectric and nuclear generation payment amounts.
Issue 1.3	CME #9	Please clarify the period for which OPG actually forecasts global adjustment changes.
Issue 1.3	CME #10 Ex.L-4-001 referenced therein	<p>We will be seeking clarification of the following items:</p> <ul style="list-style-type: none"> • “the building of public concern over electricity prices” referenced in Attachment 2 to Non-Confidential Ex.L-4-001. • Each of the “alternatives” OPG considered that would further reduce the impact on customers referenced in Attachment 2 to Non-Confidential Ex.L-4-001. • OPG’s refusal to produce in confidence the materials requested in CME #10 (a). • The assertion in Non-Confidential Ex.L-4-001 that “the application has been prepared on a cost of service basis and must be considered by the OEB as such.” • Whether the implementation date of March 1, 2011, was a part of OPG’s initial plan presented to Stakeholders in late March and early April of 2010. • Statements reported in the Toronto Star on May 26, 2010, to have been made by Mr. Gruetzner pertaining to taxes. • “matters that relate to the determination of just and reasonable payment amounts” referenced in OPG’s response to CME #10 (d).
Issue 1.3	CME #11 and 29	<ul style="list-style-type: none"> • The estimate we are requesting OPG to provide in CME #11 (b) is a presentation of the revenue requirement for 2011 and 2012 in the format of the document attached to OPG’s response to CME #29, but with return on equity at 5% rather than 10%. We are requesting that OPG provide such a presentation so that it can be compared to the revenue requirement amounts for 2011 and 2012 that OPG asks the Board to approve. • Please clarify the “Government’s announcement” referenced in OPG’s response to CME #11 (a) and produce a copy thereof. • Please clarify each of the factors considered by OPG in taking the “decision to reduce the consumer impact of the application” referenced in its response to CME #11 (c).
Issue 1.3	CME #13	<p>We will be seeking clarification of the following:</p> <ul style="list-style-type: none"> • The steps one takes to derive the “return on equity” from the audited statements and an explanation of how the “comparison of revenue requirements” effectively results

		<p>in some double counting.</p> <ul style="list-style-type: none"> The “different information” and the “different basis” referenced in OPG’s response to CME #13 (c) that make it impossible to perform the requested reconciliation.
Issues 4.2, 4.5	CME #15	Please clarify OPG’s response to include projects that begin or are on-going in 2011 or 2012 that end after 2012 so that the table will show all multi-year projects on-going during the test year and the costs related to those projects for the years beyond December 31, 2012.
Issues 4.2, 4.5	CME #16	Please clarify to assure that all of the multi-year projects underway in 2011 and 2012 but not expected to be completed by December 31, 2012, are included therein.
Issue 3.1	CME #20	Please clarify whether a corporate return on equity is to be derived in the manner that OPG describes and will clarify in response to CME #13.
Issue 6.11	CME #23	Please clarify whether the information requested pertaining to the corporation for 2010 is available.
Issue 5.1	CME #24	<p>Please clarify the following:</p> <ul style="list-style-type: none"> The reason why natural gas generation during off-peak periods exceeded forecast levels; and The times at which wind generation exceeded forecast and how those excesses, at that time, operate to produce increased SBG.
Issue 6.11	CME #32	Please clarify how the principles applied in the calculation of regulatory income and capital taxes differ from the principles that apply in determining the amounts of income and capital taxes OPG actually pays.
Issue 10.2	CME #37	Please clarify whether the difference between tax amounts paid by OPG and amounts recovered for taxes from ratepayers affects the net income of OPG, the corporation.
Issues 10.1, 16.2 & 10.3	CME #38	Please clarify whether OPG provided a response to CME #38 and, if so, where we can find that response.

Yours very truly,



Peter C.P. Thompson, Q.C.

PCT\slc

c. Barbara Reuber (OPG)
Carlton Mathias (OPG)
EB-2010-0008 Intervenors
Paul Clipsham (CME)
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