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November 19, 2012

VIA COURIER AND RESS

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

Dear Ms. Walli:

EB-2012-0002 OPG's Reply Submission Re: Draft Issues List (Correction)

OPG filed its reply submission on November 15, 2012 consistent with Procedural Order #1. It has been brought to OPG's attention that some issues were inaccurately attributed to the PWU in that submission. OPG apologizes for this error. Accordingly, please find attached a corrected submission, showing changes made in paragraphs 2, 3, 8 and 9. Pursuant to the OEB's Procedural Order #1, I am providing two (2) hardcopies and one electronic copy in searchable PDF format filed through the OEB's web portal (RESS).

Best Regards,

[Original Signed by]

Colin Anderson

Encl.

c. Carlton Mathias, OPG (email) Charles Keizer, Torys LLP (email) EB-2012-0002 Intervenors (email)

1		ONTARIO ENERGY BOARD
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4		IN THE MATTER OF the Ontario Energy Board Act, 1998;
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6 7 9 10 11		AND IN THE MATTER OF an Application by Ontario Power Generation Inc. for an order or orders approving the disposition of the balances as of December 31, 2012 in its deferral and variance accounts and approving the adoption of USGAAP for regulatory purposes.
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13 14		WRITTEN REPLY SUBMISSION OF THE APPLICANT, ONTARIO POWER GENERATION INC.
15 16 17		RE: Draft Issues List
18	1.	This filing is OPG's Reply Submission in response to the submissions received from
19		AMPCO, CME, Energy Probe, PWU and VECC on the Draft Issues List. Many of the
20		intervenor submissions are cross-referenced and adopt and rely upon the submissions of
21		each other. Rather than replying to each submission, OPG instead has replied to the
22		issues raised, which are fairly consistent.
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24	2.	AMPCO (joined by CME and VECC and PWU) has requested the inclusion of an
25		additional issue - "Is the proposed clearance of deferral and variance account balances
26		appropriate?" In OPG's submission, this is not an appropriate issue as it would appear to
27		relate to whether the hearing is properly constituted. The OEB has exercised its
28		jurisdiction and agreed to hear the Application, as confirmed by the OEB's issuance of
29		the Decision and Procedural Order #1. OPG respectfully requests that the OEB reject
30 31		this proposed issue.
32	3.	AMPCO (joined by CME and VECC and PWU) has proposed additional wording to be
33		included within Issue #3 ("and disposition periods"). OPG agrees with the intent of

this modification.

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4. AMPCO (joined by CME, VECC and PWU) has requested the inclusion of an additional issue – "Is the proposed deferral to clear the Hydroelectric Incentive Mechanism (HIM) variance account, the Hydroelectric Surplus Baseload Generation (SBG) Variance Account and the hydroelectric portion of the Capacity Refurbishment Variance Account appropriate?" OPG respectfully requests that the Board deny the inclusion of this issue.

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5. AMPCO has offered no reason why this issue should be included. In contrast, OPG's
Application explained that clearance of these accounts would necessarily lead to
discussions of issues such as Surplus Baseload Generation (SBG), the Hydroelectric
Incentive Mechanism (HIM) and the Niagara Tunnel Project (NTP) that are more
efficiently considered as part of a cost of service Hydroelectric Application. As these
topics will all be fully considered in the next full cost of service application, disposition of
these accounts should occur in that proceeding.

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6. Further, the amounts in these accounts are small relative to other accounts and in
aggregate represent amounts owing to OPG. Deferral of their review and clearance in no
way prejudices ratepayers.

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Finally, OPG is not aware of any statutory or regulatory requirement that obligates it to
 seek a review and clearance of all deferral and variance accounts at the same time.
 Therefore, in light of the reasons advanced above for deferring review and clearance of
 the balances in this account, OPG respectfully requests that the Board deny the inclusion
 of this issue.

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26 8. AMPCO (joined by CME <u>and VECC and PWU</u>) has requested the inclusion of two
27 additional issues:

28 29 Would declaring OPG's nuclear payment rider interim as of January 1, 2013 be appropriate?

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• Would allowing OPG's current hydroelectric rider to expire be appropriate?

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1 OPG submits that both of these issues have already been decided by the Board in its 2 Decision and Procedural Order #1. As such, their inclusion on the issues list is 3 unnecessary. 4 5 9. AMPCO (joined by CME and VECC and PWU) has requested the inclusion of an 6 additional issue - "Are the proposed interim period shortfall riders and disposition period 7 appropriate?" OPG believes that the interim period shortfall riders are captured by the 8 language in existing issue #3. As such, there is no need to include this additional issue. 9 OPG respectfully requests that the Board deny the inclusion of this issue. 10 11 10. PWU has requested the inclusion of an additional issue – "Are OPG's proposed 12 approaches for the amortization of the Pension and OPEB Cost Variance Account and 13 the Bruce Lease Net Revenues Variance Account appropriate?" In OPG's submission. 14 this issue is captured by the issue raised by AMPCO as set in paragraph 3 above. 15 16 11. VECC, in its submission, raises the possibility of establishing new deferral and variance 17 accounts without suggesting what these accounts might be and on what basis the OEB 18 might approve them. OPG, as Applicant, has not applied for any new accounts nor filed 19 evidence to support their creation. The establishment of new deferral and variance 20 accounts must be based on a factual record, which demonstrates that the new accounts 21 meet the Board's well-settled criteria. OPG fails to see how such a factual record could 22 be developed in the context of the focused application it has filed, especially as the 23 creation of deferral and variance accounts are typically considered in the context of a full 24 payment amounts application, where a future test year is considered and circumstances 25 may require deferral of costs or an accounting for a variance. The current application is 26 an assessment of past amounts that are recorded and a disposition as to recovery. Thus 27 OPG submits that consideration of new accounts is more appropriately included in a full 28 payment amounts application. OPG respectfully requests that the Board deny the 29 inclusion of this issue.

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1	All of which is respectfully submitted.
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4	Ontario Power Generation Inc.
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6	[Original Signed by]
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8	Colin Anderson
9	Director, Ontario Regulatory Affairs
10	Ontario Power Generation