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November 15, 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**

Attached, please find OPG's written reply submission regarding the Draft Issues List. 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)

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**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.

1. This filing is OPG's Reply Submission in response to the submissions received from AMPCO, CME, Energy Probe, PWU and VECC on the Draft Issues List. Many of the intervenor submissions are cross-referenced and adopt and rely upon the submissions of each other. Rather than replying to each submission, OPG instead has replied to the issues raised, which are fairly consistent.
2. AMPCO (joined by CME, VECC and PWU) has requested the inclusion of an additional issue – *"Is the proposed clearance of deferral and variance account balances appropriate?"* In OPG's submission, this is not an appropriate issue as it would appear to relate to whether the hearing is properly constituted. The OEB has exercised its jurisdiction and agreed to hear the Application, as confirmed by the OEB's issuance of the Decision and Procedural Order #1. OPG respectfully requests that the OEB reject this proposed issue.
3. AMPCO (joined by CME, VECC and PWU) has proposed additional wording to be included within Issue #3 ("...and disposition periods..."). OPG agrees with the intent of this modification.

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2 4. AMPCO (joined by CME, VECC and PWU) has requested the inclusion of an additional  
3 issue – *“Is the proposed deferral to clear the Hydroelectric Incentive Mechanism (HIM)*  
4 *variance account, the Hydroelectric Surplus Baseload Generation (SBG) Variance*  
5 *Account and the hydroelectric portion of the Capacity Refurbishment Variance Account*  
6 *appropriate?”* OPG respectfully requests that the Board deny the inclusion of this issue.  
7

8 5. AMPCO has offered no reason why this issue should be included. In contrast, OPG's  
9 Application explained that clearance of these accounts would necessarily lead to  
10 discussions of issues such as Surplus Baseload Generation (SBG), the Hydroelectric  
11 Incentive Mechanism (HIM) and the Niagara Tunnel Project (NTP) that are more  
12 efficiently considered as part of a cost of service Hydroelectric Application. As these  
13 topics will all be fully considered in the next full cost of service application, disposition of  
14 these accounts should occur in that proceeding.  
15

16 6. Further, the amounts in these accounts are small relative to other accounts and in  
17 aggregate represent amounts owing to OPG. Deferral of their review and clearance in no  
18 way prejudices ratepayers.  
19

20 7. Finally, OPG is not aware of any statutory or regulatory requirement that obligates it to  
21 seek a review and clearance of all deferral and variance accounts at the same time.  
22 Therefore, in light of the reasons advanced above for deferring review and clearance of  
23 the balances in this account, OPG respectfully requests that the Board deny the inclusion  
24 of this issue.  
25

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

- 28 • *Would declaring OPG's nuclear payment rider interim as of January 1, 2013 be*  
29 *appropriate?*
- 30 • *Would allowing OPG's current hydroelectric rider to expire be appropriate?*

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, VECC and PWU) has requested the inclusion of an additional  
6 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.

All of which is respectfully submitted.

Ontario Power Generation Inc.

[Original Signed by]

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Colin Anderson  
Director, Ontario Regulatory Affairs  
Ontario Power Generation Inc.