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File 21199

December 21, 2012

VIA COURIER and RESS FILING

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto ON M4P 1E4

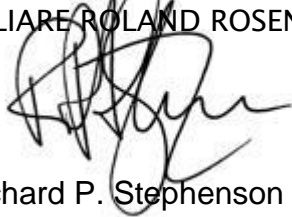
Dear Ms. Walli

**Re: Ontario Power Generation Inc.
Deferral and Variance Accounts and Approving the Adoption of
USGAAP
Board File No. EB-2012-0002**

We are retained to act as counsel to Power Workers' Union. We enclose the Interrogatories of Power Workers' Union in connection with these proceedings.

Yours very truly,

PALIARE ROLAND ROSENBERG ROTHSTEIN LLP



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(1934 - 2006)

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

AND IN THE MATTER OF a review of an application
filed by Ontario Power Generation Inc. for an Order
Approving the Disposition of the Balances in certain
Deferral and Variance Accounts and Approving the
Adoption of USGAAP

POWER WORKERS' UNION INTERROGATORIES

DEFERRAL AND VARIANCE ACCOUNTS

- 1) Is the nature or type of amounts recorded in the deferral and variance accounts appropriate?

1.0-PWU-1

Ref (1): Exhibit H2/Tab 1/Schedule 1/Pages 2-3 of 8 (Nuclear Liability Deferral Account)

The current approved ONFA Reference Plan is projected to result in higher accounting nuclear liabilities costs due to:

- Higher construction costs for both DGR, which reflect more detailed engineering and advanced design concepts.
- Higher Used Fuel and L&ILW Storage program costs that reflect current operational experience and assumptions about station end-of-life dates.
- Increase in the fixed costs arising from a higher number of used fuel bundles and amount of L&ILW to be managed. This increase results from the projected accounting implementation at the end of 2012 of the changes in estimated service lives of Pickering A and B and Bruce A and B units as contained in the current approved ONFA Reference Plan. The changes in the average service lives, for accounting purposes, of the Bruce A and B stations are discussed in Ex. H2-1-2. Similar changes for Pickering A and B are expected based on OPG's high confidence with respect to the extended service lives of their pressure tubes, as discussed in Ex. H2-2-1.
- The above increases are partially offset by a reduction in decommissioning costs due to several factors including longer station operating lives that reduce the present value of the decommissioning liability, the assumed co-location of decommissioning L&ILW waste with operational waste in the Kincardine DGR, and a more defined characterization of waste in the nuclear facilities that reduces the amount of expensive, higher dose dismantlement work.

Ref (2): Exhibit L/Tab 2/Schedule 1 Staff-19 b)/Page 3 of 4

Ref (3): Exhibit H2/Tab 1/Schedule 1/Table 3

- a. Did the ONFA Reference Plan approved by the Government of Ontario, effective January 1, 2012, meet the timing requirements as specified by the Ontario Nuclear Funds Agreement (ONFA)?
- b. Please describe the process pertaining to the preparation, review and the approval of the update of the ONFA Reference Plan. What are the resources that OPG and the Government are required to make available for the preparation, the review and approval of ONFA reference plans and the underlying data, technical material, financial information and analyses relied upon?
- c. Please confirm that the 2012 ONFA Reference Plan cost estimates related to the cost items listed in Ref (1) were based on the assumption that OPG would achieve, by the end of 2012, high confidence in the extended service lives of the Pickering Units 5-8 pressure tubes.
- d. Please confirm that end-of-service lives recommended by the Depreciation Review Committee (DRC) are only used for depreciation accounting purposes; and, specifically are not the basis for the ONFA Reference Plan to be approved by the Government.
- e. Has OPG made changes to the schedule on its ability, i.e. by late 2012, to demonstrate high confidence in the extended services lives of the Pickering Units 5-8 pressure tubes since the approval of the 2010-2014 Business Plan by the OPG Board of Directors on November 19, 2009?

2) Are the balances for recovery in each of the deferral and variance accounts appropriate?

2.0-PWU-2

Ref (1): EB-2010-0008, Draft Payment Amounts Order/ Appendix B/Table 1 (Regulated Hydroelectric Payment Amount)

Ref (2): EB-2010-0008, Draft Payment Amounts Order/ Appendix C/Table 1 (Nuclear Payment Amount)

Ref (3): Exhibit L/Tab 2/Schedule 1 Staff-21, a) and b)/Pages 1-2 of 2

Ref (4): Exhibit H1/Tab 1/Schedule 1/Table 5 (Pension and OPEB Cost Variance Account)

Ref (5): Exhibit L/Tab 2/ Schedule 1 Staff-21/Attachment 1-Table 4 (Recast of H1-1-1 Table 5)

Ref (1) provides the methodology for calculating the regulated hydroelectric payment amount for the test period January 1, 2011 to December 31, 2012 and Ref (2) provides the methodology for calculating the nuclear payment amount for the period January 1, 2011 to December 31, 2012.

- a. Please confirm that the methodology used in EB-2010-0008 for determining the payment amounts for the test period January 1, 2011 to December 31, 2012 was set in a manner such that OPG is able to recover, over the period March 1, 2011 to December 31, 2012, 22/24 of the combined approved revenue requirements for regulated hydroelectric and nuclear for the test period January 1, 2011 to December 31, 2012.
- b. Please confirm that the methodology used in EB-2010-0008 for determining the payment amounts for the test period January 1, 2011 to December 31, 2012 was set in a manner such that OPG is able to recover, over the period March 1, 2011, to December 31, 2012, 22/24 of the combined 2011 full year forecast pension and OPEB costs and the 2012 full year forecast pension and OPEB costs that underpinned approved revenue requirements for regulated hydroelectric and nuclear for the test period January 1, 2011 to December 31, 2012.
- c. Please confirm that forecast pension and OPEB costs for the period March 1, 2011 to December 31, 2012, as provided in Ref (4) were consistent with the methodology used for determining the payment amounts in EB-2010-0008.
- d. Was the methodology used to calculate Forecast Pension and OPEB costs for the period March 1, 2011 to December 31, 2012, as provided in Ref (5), consistent with the methodology employed in EB-2010-0008 to determine the payment amounts?