

Ontario Energy Board

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. for an Order or Orders related to
deferral and variance accounts and the adoption of
USGAAP for regulatory accounting purposes.

INTERROGATORIES OF
ENERGY PROBR RESEARCH FOUNDATION
(“ENERGY PROBE”)

December 21, 2012

**ONTARIO POWER GENERATION
DEFERRAL AND VARIANCE ACCOUNTS
AND USGAAP**

EB-2012-0002

**Energy Probe Research Foundation
Interrogatories**

Issue 3 Are the proposed rate riders and disposition periods to dispose of the account balances appropriate?

3 Energy Probe # 1

Ref: Exhibit H1, Tab 2, Schedule 1, Tables 1 & 2

Column (f) in each Table apparently contains the sum of column's (d) and (e).

- a) Is this correct?**
- b) What is meant by the column heading "...Amortization/Rider"?**

3 Energy Probe # 2

Ref: Exhibit L, Tab 3, Schedule 1, Staff-27

Line 3 in Table 1 of OPG's response to Board Staff Interrogatory #27 indicates that the "OPG Portion" is 13.6% of regulated hydroelectric and 35% of nuclear. Note 3 thereto is unclear in some respects.

- a) Please provide a better and fuller explanation the "OPG Portion" than is given in Note 3.**

The various forecasts of OPG production and demand referenced in the footnotes to Table 1 were prepared prior to this Application.

- b) Is OPG confident that the consumer bill impact will not affect the residential consumer usage? Please provide a brief explanation of OPG's reasons.**

Issue 4 Is the proposed continuation of the Pension and OPEB Cost Variance Account until the effective date of the next payment amounts order appropriate?

4 Energy Probe # 3

Ref: Exhibit H1, Tab 2, Schedule 1, p.3 of 5

Regarding recovery of hydroelectric deferral and variance accounts, the balance in the Pension and OPEB Cost Variance Account will be amortized over an extended period to lessen the ratepayer impact.

- a) If the yearend balance in this account attracts an annual interest or carrying cost amount, how is the ratepayer impact lessened?**
- b) Doesn't the interest/carrying cost offset the time value benefit of the longer amortization period?**

Issue 6 Is the request to adopt USGAAP for regulatory accounting, reporting and rate-making purposes appropriate?

6 Energy Probe # 4

Ref: Exhibit A3, Tab 1, Schedule 2, p.2 of 12

The Application notes that OPG is not seeking to recover the costs associated with the implementation of USGAAP for financial accounting purposes.

- a) Please clarify that OPG is not seeking to recover the costs associated with the implementation of USGAAP for financial accounting purposes *in this Application*.**
- b) How does OPG propose to recover costs associated with the implementation of USGAAP in connection with financial accounting for its regulated businesses?**

Some of OPG's payments in lieu of taxes are calculated according to the Income Tax (Canada) where the treatment of certain expenses (e.g. capital cost allowance) may differ from the corresponding treatment under CGAAP (e.g. depreciation).

- c) Having adopted USGAAP, will it be necessary for OPG to revert to CGAAP and deviations therefrom as required under the Income Tax (Canada) in order to determine the required payment in lieu of taxes?**