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February 1, 2013

RESS and Overnight Courier

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

Dear Ms. Walli:

Re: EB-2012-0002 – Request for Confidential Treatment of Undertaking JT1.6

In accordance with Rule 10 of the Ontario Energy Board's (OEB) *Rules of Practice and Procedure* and section 5.3 of the Board's *Practice Direction on Confidential Filings* (the Practice Direction), Ontario Power Generation Inc. (OPG) requests the confidential treatment of certain of its information that has been requested by way of undertaking in the above-noted proceeding. Specifically, OPG seeks confidential treatment of part of its written response to Undertaking JT1.6.

In accordance with section 5 of the Practice Direction, the reason for this confidentiality request, including the reasons why OPG considers parts of the responses to this undertaking to be confidential and the reasons why public disclosure of the information would be detrimental to OPG, are set out below. In addition, a non-confidential version of the subject document is provided as an attachment.

In accordance with the Practice Direction, this letter is being provided to the OEB along with the attachment identified below. The information *for which confidentiality is being requested*, which is included at **Attachment A** is to remain confidential at least until the OEB makes its determination on this request. A copy of this letter, including the *non-confidential attachment* at **Attachment A1**, is being provided to each party to the proceeding.

As an interim measure and in the interests of efficiency, prior to the OEB making its final determination, OPG is content that the OEB makes provision that Board Staff and intervenors proceed as though OPG's request has been granted. In so doing, OPG requests that the OEB require by procedural order that each intervenor requesting a copy the confidential material sign a Declaration and Undertaking in the form included

at **Attachment B**, being the form set out in Appendix D of the *Practice Direction* and file it with the Board in order to be given a copy of the confidential version of the undertaking response.

On a final determination, should the OEB grant OPG's request for confidentiality, OPG proposes that the OEB order that the confidential information be disclosed, subject to any conditions the OEB may find appropriate, to only those persons that have signed the Declaration and Undertaking.

OPG requests that any reference to confidential information contained in the document produced be conducted *in camera* so as to preserve its confidential nature.

At the conclusion of the proceeding or in the event that the confidentiality request is refused and OPG requests that the information be withdrawn in accordance with 5.1.12 of the Practice Direction, all persons in possession of the information will be required to destroy or return to the OEB Secretary for destruction the confidential information in accordance with 6.1.6 of the Practice Direction.

Reasons for the Request for Confidential Treatment of Undertaking JT1.6

Undertaking JT1.6 is provided at **Attachment A** (confidential version). The document at Attachment A sets out a liquidity analysis for 2013 that has been used within OPG. As indicated at the Technical Conference, OPG manages its cash flow on the basis of a corporate wide funds management program and does not segregate funds management on the basis of regulated and non regulated operations. As such, the cash flow descriptions are for the Corporation as a whole. The overall cash position and financial coverage metrics that are disclosed are of a total corporate nature and are to be treated as confidential, due to the commercially sensitive nature of such forward looking financial information. Confidential treatment of this type of information is specifically contemplated at Appendix B, subsection 6 of the Practice Direction.

A non-confidential version of the undertaking response is attached hereto as **Attachment A1** and it has been filed on the RESS.

Respectfully submitted,

[Original signed by]

Garry M. Hendel
Director (Acting), Ontario Regulatory Affairs
Ontario Power Generation

Attach:

cc: Charles Keizer Torys LLP
Carlton Mathias OPG
EB-2012-2002 Intervenors (but with attachments A1 and B only)

Attachment – A1

1 **UNDERTAKING JT1.6**
2 **(NON-CONFIDENTIAL VERSION)**

3 **Undertaking**

4
5 To provide cash flow analysis, if helpful or if not helpful or not able to provide, explain
6 why.
7

8 **Response**

9
10 As indicated at the Technical Conference (Tr. pp. 132 - 136), OPG's cash flow analysis
11 is prepared on a corporate-wide basis. OPG does not separately track cash flow from
12 regulated and unregulated businesses. Provided below is OPG's corporate-wide
13 analysis for 2013, which is comprised of projected cash inflows and outflows in Chart 1
14 and a calculation of the projected Funds From Operations ("FFO") Interest Coverage
15 ratio in Chart 2. These charts represent projections at a particular point in time and thus
16 will change as assumptions about the scope and timing of the underlying activities,
17 which produce cash inflows and outflows, change.
18

19 In accordance with Rule 10 of the Ontario Energy Board's *Rules of Practice and*
20 *Procedure* and section 5.3 of the Board's *Practice Direction on Confidential Filings* (the
21 "Practice Direction"), OPG requests confidential treatment of certain of its information
22 that has been requested by way of this undertaking. As the forward-looking information
23 contained herein is presented on a corporate-wide basis and is commercially sensitive, it
24 is being provided confidentially. Confidential treatment of this type of information is
25 specifically contemplated at Appendix B, subsection 6 of the Practice Direction.
26

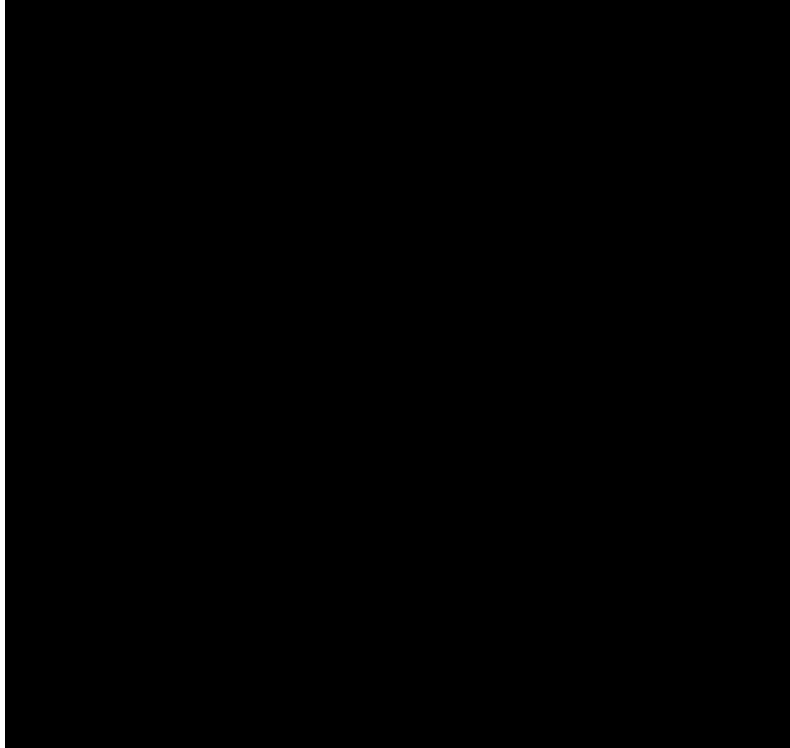
27 The projections below are based on cash inflows that reflect the recovery of the 2012
28 deferral and variance account balances as proposed by OPG in its Application. As noted
29 in response to interrogatory L-3-7 SEC-31, the total projected annual recovery of the
30 account balances is approximately \$480M based on the pre-filed evidence, over \$200M
31 of which relates to the Pension and OPEB Cost Variance Account, the Bruce Lease Net
32 Revenues Variance Account and the Impact for USGAAP Deferral Account. Delays in
33 the recovery of these amounts would substantially decrease OPG's projected cash
34 positions in 2013.
35

36 Assuming recovery as proposed by OPG, the FFO Interest Coverage ratio for twelve
37 months ending December 31, 2013 is projected at [REDACTED] as shown in Chart 2. As
38 explained in response to interrogatory L-3-7 SEC-31 at p. 2, lines 2-6, a ratio of below
39 3.0 times is considered to be unfavourable. [REDACTED]
40

41 [REDACTED] OPG is concerned about the potential for further deterioration of the ratio if
42 there is any delay or reduction in the proposed recovery. Such deterioration would have
43 negative implications to OPG's credit rating, which would lead to increased borrowing
44 costs.
45

Chart 1
Projected 2013 OPG Cash Flow¹

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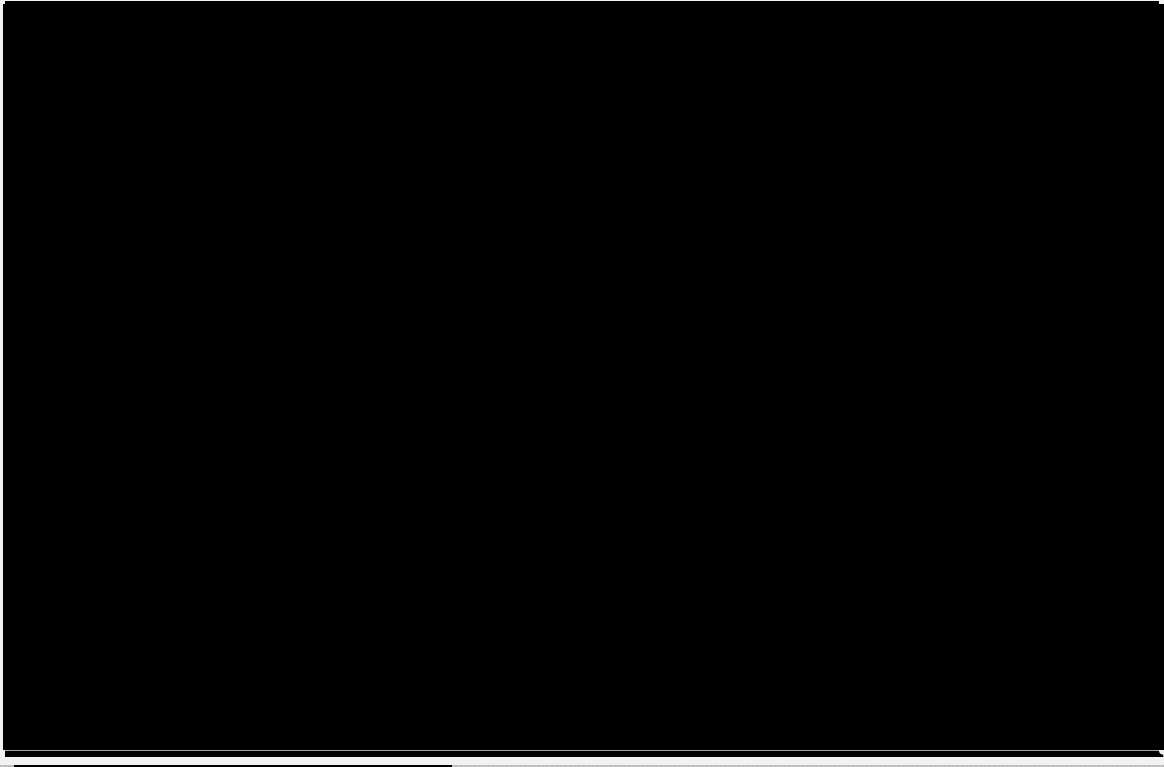


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Chart 2
Projected 2013 OPG FFO Interest Coverage¹

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[Redacted text]

Attachment - B

ATTACHMENT B

Form of Declaration and Undertaking

EB-2012-0002

IN THE MATTER OF the Ontario Energy Board Act, 1998;

AND IN THE MATTER OF an Application by Ontario Power Generation Inc.
for an order or orders approving payment amounts for prescribed
generating facilities commencing March 1, 2011

DECLARATION AND UNDERTAKING

I, _____, am counsel of record or a consultant for
_____.

DECLARATION

I declare that:

1. I have read the *Rules of Practice and Procedure* of the Ontario Energy Board (the "Board") and all Orders of the Board that relate to this proceeding.
2. I am not a director or employee of a party to this proceeding for which I act or of any other person known by me to be a party in this proceeding.
3. I understand that this Declaration and Undertaking applies to all information that I receive in this proceeding and that has been designated by the Board as confidential and to all documents that contain or refer to that confidential information ("Confidential Information").
4. I understand that this Declaration and Undertaking is a condition of an Order of the Board, that the Board may apply to the Superior Court of Justice to enforce it.

UNDERTAKING

I undertake that:

1. I will use Confidential Information exclusively for duties performed in respect of this proceeding.

2. I will not divulge Confidential Information except to a person granted access to such Confidential Information or to the Board.
3. I will not reproduce, in any manner, Confidential Information without the prior written approval of the Board. For this purpose, reproducing Confidential Information includes scanning paper copies of Confidential Information, copying the Confidential Information onto a diskette or other machine-readable media and saving the Confidential Information on to a computer system.
4. I will protect Confidential Information from unauthorized access.
5. I will, promptly following the end of this proceeding or within 10 days after the end of my participation in this proceeding:
 - (a) return to the Board Secretary, under the direction of the Board Secretary, all documents and materials in all media containing Confidential Information, including notes, charts, memoranda, transcripts and submissions based on such Confidential Information; or
 - (b) destroy such documents and materials and file with the Board Secretary a certification of destruction in the form prescribed by the Board pertaining to the destroyed documents and materials.

For this purpose, the end of this proceeding is the date on which the period for filing a review or appeal of the Board's final order in this proceeding expires, or, if a review or appeal is filed, upon issuance of a final decision on the review or appeal from which no further review or appeal can or has been taken.
6. I will inform the Board Secretary immediately of any changes in the facts referred to in this Declaration and Undertaking.

Dated at _____ this _____ day of _____, _____.

Signature:
Name:
Company/Firm:
Address:
Telephone:
Fax:
E-mail: