

May 10, 2013

**VIA RESS and COURIER**

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

Dear Ms. Walli:

**Re: Report of the Board – Incentive Rate-making for Ontario Power Generation’s Prescribed Assets (EB-2012-0340)**

I am writing in response to the OEB’s March 28<sup>th</sup> report entitled, “Incentive Rate-making for Ontario Power Generation’s Prescribed Generation Assets - EB-2012-0340” (IRM Report).

While OPG supports the policy directions set out in the report, it wishes to provide the Board with an update to its plans regarding its next rates application. The update has an impact on the Board’s illustrative timeline for the development of IRM for OPG (IRM Report, Appendix B).

As noted on pages 4-5 of the IRM Report, OPG had indicated during the consultation phase that it planned to file a hydroelectric rates application in 2013, for 2014-2015, and that the timing of an application for new nuclear rates was less certain, but likely to take place in 2014.

OPG has now determined that it will file a combined nuclear and hydroelectric rates application in the fall of 2013, covering a two year test period (2014-2015). Accordingly, OPG proposes that the illustrative timeline be adjusted so that both of the nuclear and hydroelectric Working Groups begin their work after the Board’s decision on this application. I have attached a table setting out the adjusted timeline proposed by OPG.

In OPG’s view, deferring the nuclear Working Group until after the Board’s decision and order is a sensible way to proceed given the timing of the combined application. This is because the very people that would be needed for the Working Group process will be fully engaged on the application until the decision is issued.

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Even with this proposed deferral, OPG would support separate working groups for hydroelectric and nuclear as set out in the IRM Report. Separate groups make sense given that they would be focused on different sets of assets and different methodologies. However, to make things workable, OPG has proposed staggered start times for the two working groups. This will reduce the level of overlap and hopefully make it easier for those participants who wish to be part of both groups.

Please contact me if there are any questions about OPG's proposed timeline or if any additional information is needed.

Respectfully submitted,

[Original signed by]

Andrew Barrett  
Vice President, Regulatory Affairs  
Ontario Power Generation

### Proposed Timeline for IRM for OPG's Prescribed Facilities

| <b>Nuclear Process</b>       |   |
|------------------------------|---|
| Sept. 2013                   | OPG files a combined nuclear/hydroelectric Cost of Service application for 2014-2015  |
| June 2014                    | OEB issues decision on the 2014-2015 application  |
| July 2014                    | OEB strikes a Nuclear Working Group (NWG) to consider filing guidelines for a multi-year Cost of Service <ul style="list-style-type: none"> <li>• NWG to report by October 2014</li> </ul>                                      |
| Q1 2015                      | OEB issues report setting out nuclear multi-year Cost of Service filing guidelines  |
| Q2 – Q3, 2015                | OPG files a multi-year nuclear Cost of Service application consistent with the term established by the OEB.   |
| <b>Hydroelectric Process</b> |   |
| Sept. 2013                   | OPG files a combined nuclear/hydroelectric Cost of Service application for 2014-2015  |
| June 2014                    | OEB issues decision the 2014-2015 application   |
| Sept. 2014                   | OEB strikes a Hydroelectric Working Group (HWG) after the decision to consider IRM methodology for OPG's prescribed hydroelectric facilities <ul style="list-style-type: none"> <li>• HWG to report by December 2014</li> </ul> |
| Q1 2015                      | OEB issues report setting out the terms of the IRM methodology for OPG's prescribed hydroelectric facilities  |
| Q2 – Q3, 2015                | OPG files an IRM application for its prescribed hydroelectric facilities consistent with the OEB report.  |