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December 5, 2013

VIA RESS AND COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1 E4

Dear Ms. Walli:

Re: EB-2013-0321 – 2014/15 Payment Amounts Application

This letter is in response to the OEB's correspondence of October 25, 2013, in which the Board requested additional information from OPG.

A response to each specific request is set out below. In summary, OPG has submitted excel spreadsheets (as requested) for production and compensation and OPG has resubmitted batched exhibits (Exhibits A, F3, F5 and I) via RESS where changes to those exhibits have been made (as further detailed below).

1. Excel Spreadsheets

The Board has requested excel spreadsheets summarizing OPG's production information as well as information related to compensation and benefits.

OPG has provided the spreadsheets via RESS.

2. Confidential Information

The Board has indicated that OPG failed to properly highlight which information in Attachment A to its October 2, 2013 correspondence represented the information for which OPG was seeking confidential treatment pursuant to the Board's *Practice Direction on Confidential Filings*. OPG's initial filing had indicated its proposed protected information by filing redacted and unredacted documents side by side in Attachments A and A1, respectively, so that comparisons could be readily made.

OPG has now indicated its proposed protected information in Attachment A only. OPG is re-submitting six (6) hardcopies of the confidential information. Attachment A clearly marks that information that has been redacted, and includes tabs for clarity. With the

highlighting of redactions in Attachment A, there is no longer a need for Attachment A1, which has been deleted.

3. Audited Financial Statements

In Ex. A2-1-1, OPG indicates that audited prescribed 2011 and 2012 financial statements will be filed with the OEB when completed. OPG has now completed those statements and has attached them to this filing. They are included in evidence at Ex. A2-1-1, Attachment 2 and have been filed via the RESS submission of Exhibit A.

4. Regulatory Affairs Costs

The Board requested additional detail on specific OM&A costs associated with OPG's Regulatory Affairs Department.

While these costs were previously included in the Commercial Operations and Environment line item in OPG's F3 exhibit, the information has now been broken out separately and is included as part of this submission. Regulatory Affairs costs are presented at a new exhibit, Ex. F3-1-3, which has been filed via the RESS submission of Exhibit F3.

5. IESO Settlement Process

The Board has requested details on how the IESO's settlement process will work in regards to new payment amounts.

This description is provided as a new exhibit, Ex. I1-4-1, which has been filed via the RESS submission of Exhibit I.

6. Links to Financial Information

The Board has requested hardcopies and electronic copies of certain information from OPG's webpage.

That information is provided as part of this filing, and exhibit numbers assigned as follows:

- 2010 Annual Report (Ex. A2-1-1, Attachment 3)
- 2011 Annual Report (Ex. A2-1-1, Attachment 4)
- 2013 Third Quarter Results (Ex. A2-1-1, Attachment 5)

These attachments have been included in the RESS submission of Exhibit A.

7. Updated Depreciation Study

In Ex. F4-1-1, OPG references an updated depreciation study that was being executed at the time of filing of OPG's Application. The study is now completed and is attached to this submission, and filed via the RESS submission of Exhibit F5. Its exhibit number is F5-3-1.

8. Pickering A and B Information

As stated in OPG's Application (F2-1-1, page 4, lines 17-18), OPG completed the amalgamation of Pickering A and B into a single station (Pickering) in 2011. As such, all information on Pickering (i.e. cost, benchmarking and production) in the Application for the historical year (2012), the bridge year (2013) and test period (2014-2015) has been filed for the single station. For consistency of presentation and to enable

comparability of data for a 5-year trend analysis, OPG has also filed all Pickering information on a single station basis for 2010 and 2011.

In its correspondence dated October 25, 2013, the OEB encouraged OPG to provide additional separate information on Pickering A and Pickering B as an aid to the review of the operations of Pickering.

Unfortunately, OPG is unable to provide any additional information that segments costs into Pickering A and B components for the period 2012-2015. This information simply does not exist. As a result, OPG does not see value in providing segmented information for 2010-2011, as this will not assist in comparability of data over the full period 2010-2015 and could lead to confusion during the proceeding.

As explained in EB-2010-0008 (Exhibit F2-2-1; L-1-054), OPG began implementing changes to the organization of its Pickering A and B stations in 2010 to benefit from economies of scale in cases where such changes were not complex, had minimal business impact and where CNSC approval was not required. This included consolidation of various departments including Performance Improvement, Regulatory Affairs, Engineering, and Station Business Support.

In 2011, OPG completed the amalgamation of all of the operations of Pickering A and B into a single station, resulting in a reduction of approximately 70 staff through attrition. Whereas prior to January 1, 2012 cost information was coded and inputted into OPG's internal cost reporting database on a segmented basis, all coding and inputting of costs since January 1, 2012 has been done as a single station. Hence, OPG is unable to provide cost information on a segmented basis.

A further complication is the cost allocation methodology used for allocating corporate costs and asset service fees to OPG's stations. The methodology uses various allocators which were revised after the amalgamation of the Pickering station. The corporate cost allocation model currently only generates cost allocations to the Pickering station. OPG is unable to provide corporate cost allocations on a segmented basis for Pickering A and B without redoing the corporate cost allocation study.

OPG's bridge year and test period "value for money" targets for Pickering station are set out in Exhibit F2-1-1 page 14. For the reasons given above, OPG is also unable to provide these benchmark targets on a segmented basis. The Nuclear Benchmarking Report has been prepared for a combined Pickering station since 2012.

Finally, since January 1, 2012, OPG's nuclear production forecast has been prepared and approved as a combined Pickering station. While OPG has data that would allow it to provide forecast nuclear production on a segmented basis for Pickering A and B, OPG does not believe that filing such data would be helpful to the review of its application as that data would be inconsistent and out of context with the rest of the information in the application and with the 2013-2015 Business Plan which underpins the application, both of which consider Pickering as one amalgamated facility.

9. Exhibit List and List of Tables

A revised Exhibit List (Ex. A1-1-1) and a revised List of Tables (A1-1-2) are attached which reflect the addition of new exhibits mentioned above. These have been included in the RESS submission of Exhibit A.

All of which is respectfully submitted.

Best Regards,

[Original signed by]

Colin Anderson
Director, Ontario Regulatory Affairs
Ontario Power Generation

Attach

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|-----|-------------------------|---------------|
| cc: | Charles Keizer (Tory's) | via email |
| | Carlton Mathias | via email |
| | Intervenors of record | (letter only) |