

EMMA BLANCHARD  
T 613.369.4755  
eblanchard@blg.com

Borden Ladner Gervais LLP  
World Exchange Plaza  
100 Queen St, Suite 1300  
Ottawa, ON, Canada K1P 1J9  
T 613.237.5160  
F 613.230.8842  
blg.com



Our File # 339583-000231

By electronic filing

February 10, 2016

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street  
27<sup>th</sup> floor  
Toronto, ON M4P 1E4

Dear Ms. Walli

**Re: Ontario Power Generation Inc. ("OPG")  
Application for Deferral Account Related to Nuclear Liabilities  
Depreciation and Amortization Expense  
Submissions of Canadian Manufacturers & Exporters ("CME")**  
**Board File #: EB-2015-0374**

This letter constitutes the written submissions of CME with respect to the above matter.

**Background**

OPG has applied to establish a deferral account to record the revenue requirement impact on OPG's prescribed nuclear facilities arising from changes to nuclear liabilities on December 31, 2015, and depreciation and amortization expense beginning January 1, 2016, resulting from changes to station end of life ("EOL") dates.

In support of its application, OPG states the following:

1. OPG has achieved high confidence that all four of Pickering Units 5-8 are expected to operate until at least the end of 2020 and therefore OPG is adopting an average EOL date for accounting purposes of December 31, 2020 (extended over the current average EOL date of April 30, 2020);
2. OPG's Board has approved the refurbishment schedule for the four units at Darlington. Based on the resulting scheduled return-to-service dates for each unit and an assumed post-refurbishment operating life for the units, OPG is extending the average station EOL date for Darlington from December 31, 2051, to December 31, 2052;

3. The changes to EOL dates will be implemented through adjustments to OPG's nuclear Asset Retirement Obligation ("ARO") and Asset Retirement Cost ("ARC") and will be reflected in depreciation and amortization expense beginning January 1, 2016; and
4. OPG's initial assessment is that these adjustments will result in revenue requirement impact in the form of a credit to ratepayers in excess of the \$10 M materiality threshold.

OPG proposes to file information to support the revenue requirement impact in its next Payment Amounts Application.

### **CME Submissions**

CME supports, in principle, the creation of a deferral account to record the revenue requirement impact on OPG's prescribed nuclear facilities arising from changes to the nuclear liabilities and changes in depreciation and amortization expense resulting from changes to station EOL dates.

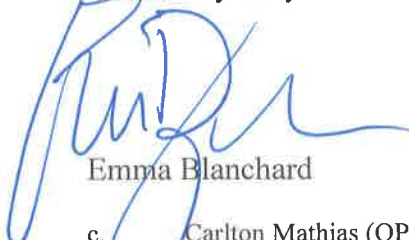
CME notes, however, that the EOL dates described OPG's Application as they relate to Pickering are not consistent with the province's announcement, on January 11, 2016, that it would approve OPG's plan to extend the life of 6 units at Pickering until 2022 and 4 units until 2024. Presumably, this decision will produce additional changes to the EOL dates for Pickering and corresponding additional changes to the revenue requirement impact to be recorded in the proposed deferral account.

CME has also had an opportunity to review the correspondence submitted by counsel for the School Energy Coalition ("SEC") wherein additional information is requested in order to clarify how adjustments to depreciation, asset retirement costs and fuel/waste costs are proposed to be calculated and to simplify the analysis of the balance in the proposed new deferral account.

Given the foregoing, notwithstanding CME's support for the creation of the requested deferral account, CME reserves the right to challenge the basis for the calculation of the balance of the deferral account when sufficient supporting information is provided in a future Payment Amounts Application or otherwise.

CME requests that it be awarded 100% of its reasonably incurred costs in connection with this matter.

Yours very truly



Emma Blanchard

c. Carlton Mathias (OPG)  
Intervenors in EB-2015-0374 (EB-2013-0321)  
Paul Clipsham (CME)

OTT01: 7464822: v2