



February 10, 2016

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

Re: Ontario Power Generation Inc. Application for Deferral Account
Board File No. EB-2015-0374

Dear Ms. Walli:

Attached please find AMPCO's submissions in the above proceeding.

Please do not hesitate to contact me if you have any questions or require further information.

Sincerely yours,

A handwritten signature in blue ink, appearing to read 'Adam White', with a long horizontal flourish extending to the right.

Adam White
President
Association of Major Power Consumers in Ontario

Copy to: Ontario Power Generation Inc.

Ontario Power Generation Inc.

Application for Deferral Account related to Nuclear Liabilities,
Depreciation and Amortization Expense

Ontario Power Generation Inc. (OPG) filed an accounting order application with the Ontario Energy Board (OEB) on December 22, 2015 under section 78.1 of the Ontario Energy Board Act, 1998, S.O. 1998, c.15, (Schedule B). OPG seeks approval to establish a deferral account to record changes for nuclear decommissioning and nuclear waste management (nuclear liabilities) and depreciation and amortization expense arising from changes to station end-of-life dates (EOL) for Bruce Power, Pickering and Darlington that are effective December 31, 2015.

OPG is required by the OEB to file an accounting order application if a proposed accounting change (not the result of an Ontario Nuclear Funds Agreement Reference Plan update) impacts the calculation of nuclear liabilities and revenue requirement, or if a change in prescribed nuclear station lives for depreciation and amortization purposes results in a revenue requirement impact related to non-asset retirement cost.

OPG proposes that a new deferral account be approved to record the revenue requirement impact effective January 1, 2016 until the effective date of the new nuclear payment amounts incorporating the impacts of the new end-of-life dates. OPG indicated it was unable to provide an estimate of the annual revenue requirement impact at this time because actual year-end information required to calculate nuclear liability adjustments is not yet available. OPG estimates the annual revenue requirement impact will be a credit to rate payers in excess of the \$10 million materiality threshold established by the OEB. OPG requested an interim order to establish the new account, pending a final order by the OEB.

In procedural Order#1, the OEB approved the establishment of the new deferral account (EOL Date Deferral Account) to allow OPG to begin booking entries in January 2016. In response to the OEB's request, OPG filed a draft accounting order on February 3, 2016 with a description of the mechanics of the deferral account and examples of general ledger entries. OPG's draft accounting order indicates that OPG shall record simple interest to the monthly opening balance of the EOL Date Deferral Account at the rate per the OEB Prescribed Interest Rate Policy until the balance is disposed. With respect to the existing Nuclear Liability Deferral Account, AMPCO notes OPG does not record interest on the balances of the nuclear liability deferral account. AMPCO submits the same treatment should apply to the EOL Date Deferral Account, i.e. OPG shall not record interest on the balances of the EOL Date Deferral Account.

OPG expects that information supporting the balance in the proposed account, as well as the timing and manner of its disposition, would be reviewed in a future payment amounts application. In a letter dated February 5, 2016, School Energy Coalition (SEC) indicated that parties would benefit from: 1) estimated entries to the account; 2) further detail on any additional possible or probable changes/entries that

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could arise in 2016 and beyond; and 3) clear specifications of the baselines for each of the components of the calculations. SEC indicated it is conscious that the calculations of adjustments to depreciation, asset retirement costs, and fuel/waste costs, have been complex and difficult in the past. In a letter dated February 10, 2016, OPG indicated that because of the complexity required to prepare the data requested by SEC, it would not be in a position to provide information until February 26, 2016.

AMPCO supports SEC's submissions and agrees that these calculations are complex and an upfront information baseline regarding expected entries to the account including all assumptions used would have the benefit of simplifying future analysis of the account balance. Given that the information can be provided in a relatively short timeframe, AMPCO submits the OEB should require OPG to provide this information.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 10th DAY OF FEBRUARY 2016.