

February 17, 2016

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COURIER and RESS

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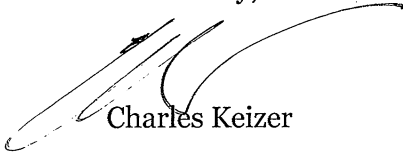
Attention: Ms. K. Walli, Board Secretary

Dear Sirs/Mesdame:

**Re: Ontario Power Generation Inc. Accounting Order Application
(EB-2015-0374)**

We are counsel to the applicant, Ontario Power Generation Inc. ("OPG"), in the above-referenced proceeding. Please find enclosed a copy of OPG's Reply Submissions in respect of the above-noted matter.

Yours truly,



Charles Keizer

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CK/ed
Enclosure

c: All intervenors
Board Staff
Andrew Barrett, OPG
Carlton Mathias, OPG

APPLICATION FOR A DEFERRAL ACCOUNT RELATED
TO NUCLEAR LIABILITIES, DEPRECIATION AND
AMORTIZATION EXPENSE

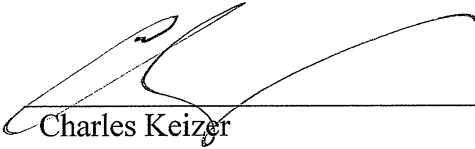
REPLY SUBMISSIONS OF ONTARIO POWER GENERATION INC.

1. These are the reply submissions of Ontario Power Generation Inc. ("OPG") to the submissions made by Ontario Energy Board Staff ("OEB Staff"), the Association of Major Power Consumers in Ontario ("AMPCO"), Canadian Manufacturers & Exporters ("CME") and the Power Workers' Union (the "PWU") in respect of OPG's application for an accounting order to establish a deferral account to record changes to OPG's decommissioning and nuclear waste management ("nuclear liabilities") and depreciation and amortization expense arising for the prescribed nuclear facilities. The proposed deferral account will record the revenue requirement impact arising from changes to station end of life ("EOL") dates for OPG's Bruce, Pickering and Darlington stations that are effective December 31, 2015. OPG also reiterates its submissions made in response to correspondence filed by the School Energy Coalition dated February 5, 2016.
2. Subject to the OEB Staff's submissions related to the application of simple interest to the monthly account balance, OPG notes that no party has opposed either its application or the form of order filed by OPG on February 3, 2016. In fact, OEB Staff, PWU and CME supported the creation of the deferral account in question. PWU, in particular, set out detailed submissions, which OPG supports, as to why the application should be approved.
3. However, OEB Staff submitted that no interest should be recorded on the account balance on the basis that the account sought is similar to the Nuclear Liability Deferral Account and the Pickering Life Extension Depreciation Variance Account which do not provide for the recording of interest. OPG acknowledges that the OEB has determined that interest should not apply to these two accounts. OPG will not contest further OEB's Staff's submission that interest should not apply to the requested deferral account in this application.

4. OPG, however, agrees with OEB Staff that no further disclosure should be required for the purposes of this application. OPG agrees with PWU's submission that "the accuracy of the amounts recorded in the proposed Deferral Account will be subject to review and scrutiny by the Board and stakeholders in a future payment amounts application as part of any proposed disposition of the account balance."
5. SEC requested that OPG provide the baseline revenue requirement components in current rates and the difference in these components resulting from the change in station EOL dates, and associated accounting entries. AMPCO supports SEC in its request for further disclosure. As noted above, OPG agrees with the submission of OEB Staff that no further discovery is required for the purposes of this application. However, OPG will file the information described in its letter of February 10, 2016 filed as part of a future application to dispose of the balance in the deferral account.
6. Both PWU and CME noted the recent announcement by the Minister of Energy supporting a plan to extend the life of Pickering units. PWU suggested it would be helpful to know how this announcement affects the EOL dates assumed in OPG's application and OPG's preliminary assessment of revenue requirement impact. This suggestion should not be accepted by the Board and disclosure should not be required in this respect.
7. The station EOL changes giving rise to OPG's application are unrelated to the Minister's announcement. The changes giving rise to station EOL changes in this application arise from changes effective December 31, 2015 as a result of confirmation in 2015 of high confidence that all four Pickering units 5-8 are expected to operate until at least the end of 2020. The Minister's announcement occurred subsequent to December 31, 2015 and is related to a different circumstance and project that is yet to yield a high confidence result. The impact of the Minister's announcement will be considered in the context of OPG's next payment amounts application.
8. As a result of the foregoing, OPG submits that its application for the account in question should be granted, amended as necessary to reflect the exclusion of interest on the account balance, and without further disclosure.

All of which is respectfully submitted this 17th day of February, 2016

ONTARIO POWER GENERATION INC.
By its counsel Torys LLP



Charles Keizer