October 3, 2016

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
P.O. Box 2319
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

Re: EB-2016-0152 –Ontario Power Generation Inc. – 2017-2021 Payment Amounts for OPG's Prescribed Facilities

Please find, attached, interrogatories on behalf of the Consumers Council of Canada for Ontario Power Generation Inc. pursuant to the above-referenced proceeding.

Please feel free to contact me if you have questions.

Yours truly,

Julie E. Girvan

Julie E. Girvan

CC: All Intervenors
OPG, Regulatory Affairs
Charles Keizer, Torys
Crawford Smith, Torys
M. Buonaguro, Counsel

INTERROGATORIES FROM THE CONSUMERS COUNCIL OF CANADA

FOR ONTARIO POWER GENERATION INC.
RE: 2017-2021 PAYMENT AMOUNTS FOR OPG'S PRESCRIBED FACILITIES

EB-2016-0152

1. GENERAL

1.1 Has OPG responded appropriately to all relevant OEB directions from previous proceedings?

1.1-CCC-1
Has OPG has been unable to comply with any OEB directions from previous decisions? If so, please provide a list of the directions that OPG has been unable to comply with, and the reasons why compliance could not be achieved.

1.2 Are OPG's economic and business planning assumptions that impact the nuclear facilities appropriate?

1.2-CCC-2
Reference: Ex. A2/T2/S1/p. 7
Please provide all materials that were presented to the OPG Board of Directors when seeking approval of the 2016-2018 Business Plan in May 2016.

1.2-CCC-3
Reference: Ex. A2/T2/S1/Attachment 1
The Business Plan states:
"To increase the return on the Shareholder's investment to more commercial levels, the Company will focus on maximizing production, continuing to pursue cost efficiencies, and increasing net income by exploring new business growth strategies in both the core business and emerging generation technologies." Please elaborate on what these new business growth strategies are and how they will be funded.

1.2-CCC-4
Reference: Ex. A2/T2/S1/Attachment 1
The Business Plan identifies 5 key risks:

1. Failure to maintain cost and schedule commitments for the DRP;
2. OEB decisions that do not provide adequate cash flow and recovery of costs;
3. Inability to retain and attract leadership talent and qualified management employees during the DRP and the continued Pickering operations;
4. Adverse impact of life management and equipment aging issues on nuclear generation; and

5. Impact of financial market conditions on pension, OPEB and nuclear waste obligations and related funds.

For each of the key risks please set out, in detail, how OPG is planning to mitigate those risks through the test period.

1.2-CCC-5
Reference: Ex. A2/T2/S1/Attachment 2
The Business Planning Instructions were issued in May 2015. How often are these instructions issued? Please file the instructions that were issued for the previous business planning cycle. Have new instructions been filed since 2015 for future planning? If so, please file that document.

1.2-CCC-6
Reference: Ex. A2/T2/S1/Attachment 2
The Business Planning Instructions indicate that a key strategic goal for OPG is to improve its financial performance, and specifically its net income and return on equity. Would OPG accept an earnings sharing mechanism (ESM) whereby earnings in excess of the allowed return would be used to reduce its payment amounts? If not, why not. If so, under what conditions would an ESM be acceptable to OPG?

1.2-CCC-7
Reference: Ex. A2/T2/S1/Attachment 2, p. 6
In the Business Planning Instructions document it states that one of the assumptions is "end of life" for all units at Pickering will be 2020. How did the 2016-2018 Business Plan change when the decision was made to extend the Pickering Operations until 2024?

1.2-CCC-8
Reference: Ex. A2/T2/S1/Attachment 4, p. 3
With respect to OPG's asset management and project review process there is reference to the post implementation review process (PIR) which is an appraisal process designed to evaluate whether planned results of a given investment have been met following completion. It further states that the two main objectives of the PIR process are to verify whether the benefits stated in the project business case were realized, and to capture the lessons learned from each project so they can be applied to improve future projects and other investment decisions.

a. Please provide an example of a PIR that followed a simplified format and one that followed a comprehensive format;
b. Was a PIR undertaken for the Niagara Tunnel Project? If not why not? If so, please provide it;
c. How many projects are subject to a PIR appraisal each year?

1.3 Is the overall increase in nuclear payment amounts including rate riders reasonable given the overall bill impact on customers?

1.3-CCC-9
Reference: Ex. I1/T1/S2 Table 1
This table illustrates how the average residential consumer will experience the rate changes proposed by OPG. The Council is interested in understanding how much average residential consumers have been charged (including how much of their energy had been supplied) by OPG since OPG became subject to rate regulation, and how those rates have compared to the total cost per kWh charged to the average residential consumer under the Regulated Price Plan (the "RPP") (understanding that the RPP is a blend of OPG charges and charges from other providers).

a) Please provide a version of this table that:

   i) extends back to and includes the year 2007;

   ii) adds a line that shows the per kWh charge that a typical residential customer paid/will pay OPG in each year (i.e. for the years on the existing table that charge, we believe, is line 8/1000); and

   iii) adds a line that shows the per kWh charge that a typical residential customer paid/will pay for all their electricity (for the purposes of the table the Council expects it is sufficient to assume that the typical residential customer throughout the period is an RPP customer).

1.3-CCC-10
Reference: Ex. A1/T3/S3/p. 2
The evidence states, "If OPG were to propose a constant nuclear base rate increase that covered the entire proposed nuclear revenue requirement for the 2017-2021 period, that rate increase would be approximately 15 percent per year, and the customer bill impact would be over 1.2 percent annually or approximately $1.85 on a typical monthly residential bill each year."

a. Under this proposal, to recover the full revenue requirement over the 2017-2021 period, what would be the interest savings relative to OPG's rate smoothing proposal?
b. Did OPG undertake customer engagement to determine whether ratepayers would prefer to pay more up front in order to pay less overall (less interest over time)? If so please provide the results of that research.

3. CAPITAL STRUCTURE AND COST OF CAPITAL

3.1 Are OPG's proposed capital structure and rate of return on equity appropriate?

3.1-CCC-11
Reference: Ex. A2/T2/S1/p. 4
The evidence states:

"While OPG believes that the forecast credit metrics and operating cash flows in the 2016-2018 Business Plan will support investment grade credit rating, a different outcome of this application, including with respect to the nuclear rate smoothing trajectory, could result in a weaker financial position and increase the risk of a credit rating downgrade during a period of increased borrowing."

a. Please explain, specifically, how a different outcome regarding rate nuclear rate smoothing could result in a weaker financial position for OPG.

3.1-CCC-12

Reference: Ex. C1/T1/S1/p. 2

OPG is proposing to establish the Hydroelectric Capital Structure Variance Account to record the revenue requirement impact of the difference between the capital structure approved by the OEB in this proceeding and the capital structure of 45% equity and 55% debt approved by the OEB in EB-2013-0321. What would be the impact in each year of the test period on the revenue requirement and the payment amounts for the hydroelectric business if OPG was required to maintain the 45% equity level embedded in the current revenue requirement?

3.1-CCC-13

Reference: Ex. C1/T1/S1/pp.3-4

OPG is proposing that for the years 2018 to 2021, the ROE will be set annually using the prevailing ROE specified by the OEB in accordance with the OEB's Cost of Capital Report. In addition, OPG is proposing that the revenue requirement impact of the variance between the forecast ROE and approved for 2018 to 2021 in this Application and the actual ROE that the OEB will specify annually for 2018 to 2021 will be recorded in the proposed Nuclear Variance Account. From the Council's perspective OPG's proposal is not clear. Is OPG proposing annual adjustments to the revenue requirement based on the OEB's Report – that will be used to set the annual payment amounts or is OPG seeking recovery of the variances through the proposed variance account at a later date? When does OPG propose that the variances in this account be cleared?

3.1-CCC-14

Reference: Ex. C1/T1/S1/Attachment 1

Concentric Energy Advisors Inc. (Concentric) has provided a report regarding the appropriate cost of capital for OPG:

a. Was the Concentric work subject to an RFP process? If not, why not? If so, please provide the RFP and the Terms of Reference for the Concentric work. What is the budgeted cost of that work and how is it to be recovered? How much has been billed to date with respect to the Concentric contract?
b. Please provide a complete list of all of the work Concentric has done for the OEB and any Ontario utilities over the past 10 years; and
c. Please provide a complete list of the work this Concentric team has done with respect to assessing the appropriate cost of capital for companies with nuclear

businesses.

3.1-CCC-15
Reference: H1/T1/S1
Please set out how much of OPG's revenue requirement for both the hydroelectric business and the nuclear business are subject to deferral account treatment.

4. CAPITAL PROJECTS

4.1 Do the costs associated with the nuclear projects that are subject to section 6(2)4 of O. Reg. 53/05 and proposed for recovery meet the requirements of that section?

4.1-CCC-16
Reference: Ex. A1/T3/S1/p. 3
The evidence states that the basis of the application can be found in O. Reg 53/05 and Section 78.1 of the OEB Act. The regulation states that the Board shall accept the need for the Darlington Refurbishment Project in light of the 2013 Long-Term Energy Plan and the related policy of the Minister of Energy endorsing the need for nuclear refurbishment. Does OPG have an agreement with the Province regarding the Darlington Refurbishment Program? If so, please provide that agreement.

4.1-CCC-17
Reference: Ex. A1/T3/S1/p. 3
Does OPG have the discretion to stop the DRP in its entirety or at any stage of its completion? If so, under what conditions might OPG consider exercising that discretion? Does OPG have the discretion to change the scope or timing of the DRP at any stage? If so, under what conditions might OPG consider exercising that discretion?

4.3 Are the proposed nuclear capital expenditures and/or financial commitments for the Darlington Refurbishment Program reasonable?

4.3-CCC-18
Reference: Ex. D2/T2/S11 Attachment 3 p. 8
This testimony from Dr. Patricia D. Galloway asserts at several places that OPG used a "p90" confidence level when setting the contingency amount for the DRP of $1.7B.

a) What is the level of contingency that would result from utilizing a p50 confidence level?

b) Please provide a table that illustrates, for the test period, both the "as filed" in service additions for the DRP and the reduced in service additions for the DRP during the test period based on the lower contingency amount that results from using a p50 confidence level. Please estimate the reduced revenue requirement for each of the test years in relation to the p50 scenario.

c) Please list and describe all of the risks that OPG considered may contribute to increased costs for the DRP where the nature of the risk is such that if manifested the added cost would not be appropriately recovered from either OPG's contractors or from OPG's ratepayers, but rather absorbed by OPG directly.

4.3-CCC-19

Reference: Ex. D2/T2/S8 page 3

The evidence asserts that the RQE is a Class 3 estimate, and that Class 3 estimates can be expected to be as much as 20% too high and as much as 30% too low.

a) Please explain how it is that there is no double counting of contingencies within the RQE, when the RQE is to be considered to accurate only to within a band of -20% to +30%, while at the same time a contingency amount of $1.7B to cover unspecified risks was built into the RQE by OPG.

4.3-CCC-20

Reference: Ex. D2/T2/S3

a) Please confirm that all of the contracts that OPG has entered into with contractors for the completion of the DRP span the proposed refurbishment of all 4 units that are part of the DRP. If that is not the case please explain how contracts have been split between the different units, including a description of how much of the $12.8B RQE is subject to contracts that span the refurbishment of all 4 units and how much of the $12.8B RQE relates to unit specific aspects of the DRP.

b) Please confirm that the refurbishment of each of the 4 units that make up the DRP are materially identical; to the extent that there are material differences in the scope of the work that is to be (ultimately) completed on one or more of the units as compared to one or more of the other units, please detail those differences including the scope of the work and the cost of the work as a component of the overall $12.8B RQE.

c) Assuming a) is confirmed, please explain whether and how OPG has ensured that to the extent that OPG and its contractors learn from the refurbishment of Unit 2 in the first instance such that the refurbishment of subsequent units can be performed more efficiently and inexpensively, the contracts entered into between OPG and its contractors capture those efficiencies and cost savings to the benefit of ratepayers in the arrangements covering each subsequent unit within the DRP.

4.4 Are the proposed test period in-service additions for nuclear projects (excluding those for the Darlington Refurbishment Program) appropriate?

4.4-CCC-21

Reference: Ex. B1/T1/S1/p. 7 and B3/T2/S1/Table 1

Please explain, why in 2016, the nuclear asset retirement costs significantly decline relative to the historical period (2013-2015).

4.5 Are the proposed test period in-service additions for the Darlington Refurbishment Program appropriate?

4.5-CCC-22
Reference: Ex. D2/T2/S8/p. 1
On November 13, 2015 OPG's Board of Directors approved the Release Quality Estimate and Execution Phase Business Case Summary for the DRP. Please provide copies of all materials provided to the Board of Directors when seeking its approval of the DRP in November 2015.

4.5-CCC-23
Reference: TC Presentation/September 23, 2016, p. 36

a. Please describe the role of the Darlington Refurbishment Committee and list each of its members;
b. Please describe the role of the Enterprise Leadership Team and list each of its members;
c. Please describe the role of the Refurbishment Construction Review Board and list each of its members.

5. PRODUCTION FORECASTS

5.1 Is the proposed nuclear production forecast appropriate?

5.1-CCC-24
Reference: Ex. E2/T1/S1
Please list in table form all of the planned outages that are included in the test period forecast, the duration of each planned outage, the lost production resulting from each planned outage and the dollar value of each planned outage based on the proposed nuclear payment amount that would result if OPG is able to cancel the planned outage.

6. OPERATING COSTS

6.1 Is the test period Operations, Maintenance and Administration budget for the nuclear facilities (excluding that for the Darlington Refurbishment Program) appropriate?

6.1-CCC-25
Reference: Ex. F2/T2/S1/p. 1
The evidence states that OPG continues to implement various value for money, fleet wide and site initiatives to reduce costs as part of a focus on continuous improvement. Please specifically identify these initiatives and their impact in each of the test years (the cost reductions embedded in the forecasts).

6.1-CCC-26
Reference: Ex. F2/T4/S1/p. 1
Please set out in detail how OPG developed its forecast outage OM&A expenses for the test period. When was this forecast produced?

6.2 Is the nuclear benchmarking methodology reasonable? Are the benchmarking results and targets flowing from OPG's nuclear benchmarking reasonable?

6.2-CCC-27
Reference: Ex. F2/T1/S1/p. 14
The evidence states that the Chief Nuclear Office (CNO) in consultation with OPG's Nuclear Executive Committee (NEC) provided direction on top-down performance targets for each nuclear station for the business planning period. Please provide all of the documents related to this direction.

6.3 Is the forecast of nuclear fuel costs appropriate?

6.3-CCC-28
Reference: Ex. F2/T5/S1/p. 10
In its EB-2010-0008 Decision the OEB directed OPG to engage an external consultant to conduct a review of OPG's uranium procurement program to determine whether the Company is optimizing its contracting in order to minimize costs to ratepayers. That report was filed in the EB-2013-0321 proceeding. What was the date of that study? Has OPG sought to update the study either through Longnecker or another consultant? If so, please provide the update. If not, why not? Are the previous recommendations still relevant to the current market?

6.3-CCC-29
Reference: Ex. F2/T5/S1/p. 3 and F2/T5/S2
Has OPG changed the way in which it prepares its forecasts for nuclear fuel costs since 2013? If so, please explain how the forecasting methodology has changed. Please provide further detail as to why in each year since 2013 OPG's actual fuel costs were lower than the forecasts. Specifically, please explain why in each year the unit prices for new fuel loaded were lower than forecast. Are these differences subject to variance account treatment? What is the 2016 forecast and the most recent estimate of the actual costs to be incurred in 2016?

6.5 Are the test period expenditures related to extended operations for Pickering appropriate?

6.5-CCC-30
Reference: Ex. F2/T2/S3/p. 1
The evidence refers to OPG's plan, as approved by the Province of Ontario, that all six units at Pickering would operate until 2022, at which point two units would be shut down and the remaining four units would operate until 2024. Does OPG have the discretion to

stop the Pickering Extended Operations at any time or change the timing? If so, under what conditions might the Extended Operations be stopped or the timing changed?

6.5-CCC-31
Reference: Ex. F2/T2/S3/p. 1
The Pickering Extended Operations Business Case Summary shows Units 1 and 4 operating until 2022 and the Units 5-8 operating until the end of 2024. In footnote 1 on p. 1 it states that confirmation of the planned shutdown date of each unit is subject to further testing and analysis. What further testing and analysis is required? When does OPG expect to determine the shutdown date of each unit? What are the implications of changing the shutdown dates on the payment amounts included in this application?

6.5-CCC-32
Reference: Ex. F2/T2/S3/p. 1
What specific approvals is OPG seeking from the OEB with respect to the Pickering Extended Operations through this Application?

6.5-CCC-33
Reference: Ex. F2/T2/S3/pp. 1, 6
The evidence states that achievement of the Pickering Extended Operations plan is subject to the results of certain ongoing investigations and requires Canadian Nuclear Safety Commission (CNSC). Please explain what these "certain ongoing investigations" are and when they will be completed. When is the CNSC approval expected? What would be the impact on the Enabling Costs set out in Chart 2 if the CNSC approval is not granted?

6.5-CCC-34
Reference: Ex. F2/T2/S3/p. 2
The IESO conducted an independent analysis of the system benefits of the Pickering Extended Operations in March 2015 and an update on October 2015. Has the IESO conducted any further analyses of the Pickering Extended Operations? If so, please provide them.

6.5-CCC-35
Reference: Ex. F2/T2/S3/p 6
The costs to enable Extended Operations are forecast to be $307 million from 2016-2020. Please provide a detailed explanation as to how these costs were determined. What are the costs for 2021?

Depreciation

6.9 Is the proposed test period nuclear depreciation expense appropriate?

6.9-CCC-36
Reference: Ex. F4/T1/S1
Has OPG undertaken any independent depreciation studies specifically related to the

DRP? If not, why not? If so, provide those studies.

8. NUCLEAR WASTE MANAGEMENT AND DECOMMISSIONING LIABILITIES

8.2 Is the revenue requirement impact of the nuclear liabilities appropriately determined?

8.2-CCC-37
Reference: Ex. C2/T1/S1 p. 15
The evidence asserts that the updated 2017 ONFA Reference Plan will reflect the changes in the nuclear station EOL dates made effective December 31, 2015 for accounting purposes. The evidence further asserts that the test period (2017 to 2021) revenue requirements reflect the 2012 ONFA Reference Plan, and that the impact of the 2017 ONFA Reference Plan will be recorded in the Nuclear Liability Deferral Account for the prescribed facilities and the Bruce Lease Net Revenue Variance Account for the Bruce facilities.

a) Please summarize any material differences, if any, between the 2012 ONFA Reference Plan and the upcoming 2017 ONFA Reference Plan in terms of the basic assumptions they are/will be based on in terms of the operating lives of the various facilities (Darlington, Pickering, and Bruce).

b) To what extent has OPG implemented changes in its accounting for nuclear liabilities from 2013 to 2016 related to changes in assumptions concerning the various relevant facilities (Darlington, Pickering, and Bruce) that are not reflected in the 2012 ONFA Reference Plan but will be reflected in the 2017 Reference Plan? If any such changes have been reflected in OPG's accounting please explain whether and how those changes were tracked for future collection from or disposition to ratepayers.

8.2-CCC-38
Reference: Ex. C2/T1/S1 pp. 6, 7, 10
The evidence sets out how the revenue requirement impact for the nuclear liabilities related to the Bruce Facilities are calculated, including how the revenue requirement impact is reduced by the segregated fund earnings attributable to the Bruce Facilities.

a) Please confirm that the rights of the Province to excess funds in both the Decommissioning Fund and the Used Fuel Fund have no impact on the Bruce related revenue requirement for nuclear liabilities over the test period, as those rights only manifest after the nuclear liabilities have been exhausted and the ONFA has been terminated. If not confirmed please explain how the rights of the Province can impact the calculation of the Bruce related revenue requirement for nuclear liabilities prior to the termination of the ONFA.

b) Please confirm that the ability of OPG to direct up to 50% of the excess above

120% in the Decommissioning Fund to the Used Fuel fund has no impact on the calculation of the Bruce related revenue requirement for nuclear liabilities, since the Bruce related nuclear liabilities are based on the total earnings from the segregated funds. If not confirmed please explain how the direction by OPG of excess funds from the Decommissioning Fund to the Used Fuel Fund can impact the revenue requirement impact of the Bruce related nuclear liabilities.

c) Please confirm that the rights of the Province to excess funds and the ability of OPG to redirect funds as described in a) and b) can have no effect on the calculation of the nuclear liabilities as they relate to the prescribed facilities under the methodology proposed by OPG and previously approved by the OEB. If not confirmed, please explain how either or both can affect the calculation of the nuclear liabilities as they relate to the prescribed facilities.

9. DEFERRAL AND VARIANCE ACCOUNTS

9.1 Is the nature or type of costs recorded in the deferral and variance accounts appropriate?

9.1-CCC-39
Reference: Ex. H1/T1/S1 p. 13

a) Please confirm that no matter what capital expenditure and in service addition amounts the OEB approves in relation to the DRP, OPG can and will record the difference between the amounts approved for the purposes of determining the test period revenue requirement and the actual amounts spent (including when those amounts are put into service) in the Capacity Refurbishment Deferral Account for future disposition.

b) Is there any financial difference to OPG between revenue requirement amounts deferred through the use of the proposed rate smoothing deferral account and revenue requirement amounts that are not originally included in the approved revenue requirement but instead are captured in the Capacity Refurbishment Deferral Account, assuming that any amounts captured in the Capacity Refurbishment Deferral Account are ultimately approved? Please illustrate the differences (or the fact that there is no difference) using an example where an in-service amount is approved as part of the test period revenue requirement but is included in the rate smoothing deferral account, vs. the treatment of that same in-service amount (i.e. the same capital spend and in-service date) if it had not been included in the originally approved revenue requirement but instead was entered into the Capacity Refurbishment Deferral Account and subsequently approved and disposed of.

9.2 Are the methodologies for recording costs in the deferral and variance accounts appropriate?

9.2-CCC-40
Reference: Ex. A1/T2/S2/p. 5
The evidences states that with respect to the Capacity Refurbishment Variance Account (CRVA) If actual additions to rate base are different from forecast amounts, the cost impact of the difference will be recorded in the CRVA and any amounts greater than forecast amounts added to rate base will be subject to a prudence review in a future proceeding. Please confirm that if the amounts are less than forecast this will result in a credit to the account. Please confirm that OPG will only recover the actual costs of the project, subject to a prudence review by the OEB.

10.REPORTING AND RECORD KEEPING REQUIREMENTS

10.4 Is the proposed reporting for the Darlington Refurbishment Program appropriate?

10.4-CCC-41
Reference: D2/T2/S1
Given the magnitude of the DRP does OPG have plans to provide ongoing reporting specifically to the OEB regarding the progress of the project? If so, please set out what type of reporting will be provided. OPG is seeking approval of 5 years of revenue requirement for its nuclear facilities. If the underlying costs on which these revenue requirements are based change during the rate term significantly, will OPG be reporting this to the OEB?

11.METHODOLOGIES FOR SETTING PAYMENT AMOUNTS

Hydroelectric

11.1 Is OPG's approach to incentive rate-setting for establishing the regulated hydroelectric payment amounts appropriate?

11.1-CCC-42
Reference: Ex. A1/T3/S2/p. 4
Would OPG accept some form of an earnings sharing mechanism (ESM) as part of its hydroelectric rate plan in order to share earnings above the allowed return with its customers? If not, why not? If so, what form of an ESM would be acceptable to OPG?

11.1-CCC-43
Reference: Ex. A1/T3/S2/p. 4
Please explain why a productivity factor of 0 is appropriate for OPG. Please recast the revenue requirement for each of the test years assuming a stretch factor of .6%.

11.1-CCC-44
Reference: Ex. A1/T3/S2/Attachment 1

London Economics International LLC (LEI) undertook a study for OPG regard Total Factor Productivity:

a. Was the LEI study subject to an RFP process? In not, why not? If so, please provide the RFP and the Terms of Reference for the work; and
b. What is the total cost of the study and how are those costs recovered?

11.1-CCC-45

Reference: Ex. A/T3/S2/Attachment 2

Navigant Consulting Inc. (Navigant) provided a benchmarking study:

a. Was the Navigant study subject to an RFP process? If not, why not? If so please provide the RFP and the Terms of Reference for the work; and
b. What was the total cost of the study and how are those costs recovered?

11.1-CCC-46

Reference: Ex. A1/T3/S2/p. 22

It is OPG's position that, consistent with the 4GIRM Report it would be able to request Incremental Capital Module (ICM) or Advanced Capital Module (ACM) for qualifying hydroelectric capital projects. Does OPG expect that it will be filing for an ICM or ACM during the test period? If so, what are the estimated amounts in each year of the rate plan? Under what circumstances would it apply for an ACM or ICM?

11.1-CCC-47

Reference: Ex. A1/T3/S2/p. 22

OPG is proposing that the OEB's policy on unforeseen events would apply during the term of this application (Z-factor) and that the materiality threshold of $10 million would be applied. How was the $10 million derived? Does this represent a cost amount or a revenue requirement amount?

11.2 Are the adjustments OPG has made to the regulated hydroelectric payment amounts arising from EB-2013-0321 appropriate for establishing base rates for applying the hydroelectric incentive regulation mechanism?

11.2-CCC-48

Reference: Ex. A1/T3/S2/p. 15

OPG is proposing that the Company's current hydroelectric payment amounts as approved in EB-2013-0321 be used as the "going in" rates for the 2017-2021 period, adjusted to correct for the one-time allocation of nuclear tax losses to the hydroelectric business in the prior application. Please provide evidence that the payment amounts approved in EB-2013-0321 represent an appropriate base for setting rates for the test period. Is the tax loss the only one-time, non-recurring item included in the approved revenue requirement? Were there other items that OPG considered making adjustments for? If so, please explain why those adjustments were not made.

Nuclear

11.5 Is OPG's proposed mid-term review appropriate?

11.5-CCC-49
Reference: Ex. A1/T3/S3/p. 10
OPG is seeking a mid-term review to update the nuclear production forecast and updates to nuclear fuel costs. In addition, the mid-term review will dispose of audited deferral and variance account balances. Please provide a complete list of the deferral and variance accounts that will be cleared at that time. Does OPG have projections of the likely balances in those accounts? If not, why not? Has OPG considered what the range of those amounts might be and the potential size of the rate riders for recovery of those amounts?

11.5-CCC-50
Reference: Ex. A1/T3/S3/p. 10
Why is OPG limiting the mid-term review to an update of the production forecast and nuclear fuel costs? From OPG's perspective does the regulation preclude a consideration of other issues by the OEB through this mid-term review?

11.6 Is OPG's proposal for smoothing nuclear payment amounts consistent with O. Reg. 53/05 and appropriate?

11.6-CCC-51
Reference: Ex. A1/T3/S3/p. 2
Ontario Regulation 53/05 sets out certain processes and parameters that OPG and the OEB must follow regarding the smoothing of OPG's nuclear payment amounts. OPG also states that although the regulation establishes these processes and parameters the OEB is required to apply its judgment in order to set a smoothed rate that is just and reasonable. Is it OPG's position that the OEB is limited to smoothing the payment amounts that OPG receives rather than considering an approach that takes into account smoothing customer bill impacts?

11.6-CCC-52
Reference: Ex. A1/T3/S3/pp. 4-8
What were all of the rate smoothing proposals available to OPG having regard to Ontario Regulation 53/05? How did OPG weigh the set of considerations set out in the evidence? Did OPG consider the other factors that contribute to electricity bills when assessing the alternatives – the cost of other supply sources, distribution costs, CDM costs?

11.6-CCC-53
Reference: Ex. A1/T3/S3
Has the 11% rate increase for the period 2017-2021 been explicitly approved by the Ministry of Energy? If so, please provide any documentation setting out this approval.

11.6-CCC-54
Reference: Ex. A1/T3/S3/pp. 6-7
The evidence states: "Since rates set for the 2017 to 2021 period will necessarily have implications for the rates set later in the deferral and recovery periods, an understanding of forecast nuclear costs and production for the entire deferral and recovery period is necessary for the rate smoothing proposal." What relief is OPG asking for from the OEB, if any, with respect to rates beyond 2021?

General

11.7 Is OPG's proposed off-ramp appropriate?

11.7-CCC-55
Reference: Ex. A1/T3/S2/p. 23
OPG has proposed an off-ramp whereby a regulatory review will be triggered if the actual regulated ROE is outside of a deadband of +/- 300 basis points relative to the allowed ROE. Please set out in detail how OPG intends to calculate its actual ROE given the payment amounts are determined through the smoothing mechanism. What would be the dollar value of 300 basis points for each year of the rate term?

12.IMPLEMENTATION

12.1 Are the effective dates for new payment amounts and riders appropriate?

12.1-CCC-56
Reference: Ex. A1/T2/S1/p. 2
OPG is seeking approval of the proposed payment amounts to be effective January 1, 2017. In addition, OPG has sought approval for interim rates effective January 1, 2017, in the event that the payment amounts are not implemented by January 1, 2017:

a. Given an OEB Decision cannot be issued until mid-2017 what would be the foregone revenue requirement assuming the new payment amounts, as proposed, would not be in place until July 1, 2017 (assuming no retroactive recovery)?;

b. Given an OEB Decision cannot be issued until mid-2017 what would be the foregone revenue requirement assuming the new payment amounts, as proposed would not be in place until November 1, 2017 (assuming no retroactive recovery)?; and

c. If a Decision is not issued until mid-2017, on what basis would OPG recover the revenue requirement related to the period from January 1, 2017 to July 1, 2017 or from the period January 1, 2017 to November 1, 2017?