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January 30, 2017

RESS, EMAIL & COURIER

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

Attention: Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: EB-2016-0152 – Submission of Settlement Proposal

We are legal counsel to Ontario Power Generation Inc. in the above noted proceeding.

Pursuant to the Ontario Energy Board's ("OEB") Procedural Order No. 1 dated August 12, 2016, we hereby submit the attached Settlement Proposal for the Panel's review and consideration. The Parties have worked diligently to reach agreement on nine issues, each of which has been fully or partially settled as described in the Settlement Proposal.

We are providing two hardcopies and one electronic copy in searchable PDF format filed through the OEB's web portal (RESS).

Yours truly,



Charles Keizer

cc: Intervenor
Violet Binette, OEB
Michael Millar, OEB
Barb Reuber, OPG
John Beauchamp, OPG

SETTLEMENT PROPOSAL

Ontario Power Generation Inc.

Application for 2017-2021 Payment Amounts
for Prescribed Generation Facilities

EB-2016-0152

January 30, 2017

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**Ontario Power Generation Inc.
2017-2021 Payment Amounts
EB-2016-0152**

SETTLEMENT PROPOSAL

A. PREAMBLE

This Settlement Proposal is filed with the Ontario Energy Board (the “OEB”) in connection with an application by Ontario Power Generation Inc. (“OPG”) for an order or orders approving payment amounts for prescribed generation facilities commencing January 1, 2017 (the “Application”).

Pursuant to the OEB’s Procedural Order No. 1 dated August 12, 2016, a Settlement Conference was scheduled to be held commencing January 9, 2017. The settlement discussions were held at the OEB’s offices from January 9 to 11, 2017, in a manner consistent with the process contemplated by the OEB’s *Practice Direction on Settlement Conferences* (the “Practice Direction”).

The Parties

OPG and the following intervenors (the “Intervenors”, and, collectively with OPG, the “Parties”), participated in the Settlement Conference:

- Association of Major Power Consumers in Ontario (“AMPCO”)
- Canadian Manufacturers & Exporters (“CME”)
- Consumers Council of Canada (“CCC”)
- Environmental Defence (“ED”)
- Energy Probe Research Foundation (“EP”)
- Green Energy Coalition (“GEC”)
- London Property Management Association (“LPMA”)
- Ontario Association of Physical Plant Administrators (“OAPPA”)
- Power Workers’ Union (“PWU”)
- Quinte Manufacturers Association (“QMA”)
- School Energy Coalition (“SEC”)
- Society of Energy Professionals (“Society”)
- Sustainability-Journal.ca (“SJ”)
- Vulnerable Energy Consumers Coalition (“VECC”)

OEB staff also participated in the settlement discussions, but in accordance with the Practice Direction is neither a Party nor a signatory to this Settlement Proposal. Although OEB Staff is not a Party to this Settlement Proposal, OEB Staff who did participate in the settlement

discussions are bound by the same confidentiality provisions that apply to the Parties to the proceeding.

This document is called a “Settlement Proposal” because it is proposed by the Parties to the OEB to settle certain issues in this proceeding. It is termed a proposal as between the Parties and the OEB. However, as between the Parties, and subject only to the OEB’s approval of this Settlement Proposal, this document is intended to be a legal agreement, creating mutual rights and obligations, and to be binding and enforceable in accordance with its terms. As set forth later in the Preamble, this agreement is subject to a condition subsequent, that if this Settlement Proposal is not accepted by the OEB in its entirety, then, unless amended by the Parties, it is null and void and of no further effect. In entering this agreement, the Parties understand and agree that, pursuant to the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15 (Schedule B) (the “Act”) the OEB has the exclusive jurisdiction with respect to the interpretation and enforcement of the terms hereof.

Confidentiality

The Parties agree that the settlement discussions shall be subject to the rules relating to confidentiality and privilege contained in the Practice Direction, as amended on October 28, 2016. The Parties understand that confidentiality in that context does not have the same meaning as confidentiality in the OEB’s *Practice Direction on Confidential Filings*, and the rules of that latter document do not apply. The Parties interpret the revised Practice Direction to mean that the documents and other information provided, the discussion of each issue, the offers and counter-offers, and the negotiations leading to settlement – or not – of each issue during the course of the settlement discussions are strictly confidential and without prejudice. None of the foregoing is admissible as evidence in this proceeding, or otherwise, except where the filing of such settlement information is necessary to resolve a subsequent dispute over the interpretation of any provision of this Settlement Proposal and subject to the direction of the OEB. In such case, only the settlement information that is necessary for the purpose of interpreting the Settlement Proposal shall be filed and such information shall be filed using the appropriate protections afforded under the relevant legislation and OEB instruments.

Further, the Parties have a positive and ongoing obligation not to disclose settlement information to persons who were not attendees at the settlement conference. However, the Parties agree that “attendees” is deemed to include, in this context, persons who were not physically in attendance at the settlement conference but were: (a) any persons or entities that the Parties engage to assist them with the settlement conference; and (b) any persons or entities from whom the Parties seek instructions with respect to the negotiations; in each case provided that any such persons or entities have agreed to be bound by the same confidentiality provisions.

Parameters of the Proposed Settlement

Without prejudice to the positions of the Parties with respect to issues that might otherwise be considered in this proceeding, the Parties have organized this Settlement Proposal in a manner that is consistent with the Final Prioritized Issues List (Reprioritized) as set out in Schedule 'A' of the OEB's Procedural Order No. 6 dated January 27, 2017, which categorizes the issues as "Primary", "Secondary", or "Oral Hearing".

The Parties are pleased to inform the OEB that the Parties have reached agreement to settle, in full or in part, nine of the issues, including two Primary issues and seven Secondary issues. If the Settlement Proposal is accepted by the OEB, the Parties will not adduce any evidence or argument during the hearing on any of the issues or aspects of the issues on which Parties have reached agreement, as the Parties have agreed to the proposed settlement.

The Settlement Proposal describes the agreements reached on the settled and partially settled issues, and identifies the Parties who agree or who take no position on each issue. For each issue, the Settlement Proposal provides a direct reference to the supporting evidence on the record to date. In this regard, the Parties are of the view that the evidence provided is sufficient to support the Settlement Proposal in relation to such settled or partially settled issue, and moreover, that the quality and detail of the supporting evidence, together with the corresponding rationale, should allow the OEB to make findings on these issues.

Best efforts have been made to identify all of the evidence that relates to each settled or partially settled issue. The supporting evidence is identified individually by reference to its exhibit number in an abbreviated format such that, for example, Exhibit A4, Tab 1, Schedule 1 will be referred to as Ex. A4-1-1. In this regard, OPG's response to an interrogatory ("IR") is described by citing the issue number, name of the Party and the number of the IR (e.g. L-3.2-1 Staff-22). The identification and listing of the evidence that relates to each issue is provided to assist the OEB. The identification and listing of the evidence that relates to each settled or partially settled issue is not intended to limit any Party who wishes to assert, either in any other proceeding, or in a hearing in this proceeding, that other evidence is relevant to a particular settled or partially settled issue, that evidence listed is not relevant to the issue, or that evidence listed is also relevant to other issues.

According to the Practice Direction (p. 4), the Parties must consider whether a Settlement Proposal should include an appropriate adjustment mechanism for any settled issue that may be affected by external factors. OPG and the other Parties who participated in the settlement discussions agree that no settled or partially settled issue requires an adjustment mechanism other than as may be expressly set forth herein.

All of the issues contained in this proposal have been settled or partially settled by the Parties as a package and none of the provisions of these are severable. Numerous compromises were made by the Parties with respect to various matters to arrive at this Settlement Proposal. The distinct

issues addressed in this proposal are intricately interrelated, and reductions or increases to the agreed-upon amounts or changes in other agreed-upon parameters may have consequences in other areas of this proposal, which may be unacceptable to one or more of the Parties. If the OEB does not accept this package in its entirety, then there is no settlement (unless the Parties agree that any portion of the package that the OEB does accept may continue as part of a valid Settlement Proposal).

In the event the OEB directs the Parties to make reasonable efforts to revise the Settlement Proposal, the Parties agree to use reasonable efforts to discuss any potential revisions, but no party will be obligated to accept any proposed revision. The Parties agree that all of the Parties who took a position on a particular issue must agree with any revised Settlement Proposal as it relates to that issue prior to its re-submission to the OEB.

None of the Parties can withdraw from this Settlement Proposal except in accordance with Rule 30.05 of the OEB's *Rules of Practice and Procedure*.

Attached to this Settlement Proposal are:

Attachment 1: List of Existing OPG Deferral and Variance Accounts

Attachment 2: List of Settled, Partially Settled and Unsettled Issues

The Attachments to this Settlement Proposal provide further support for the Settlement Proposal. The Parties acknowledge that the Attachments were prepared by OPG. While the intervenors have reviewed the Attachments, the intervenors are relying upon their accuracy, and the accuracy of the underlying evidence, in entering into this Settlement Proposal.

Unless stated otherwise, the settlement of any particular issue in this proceeding and the positions of the Parties in this Settlement Proposal are without prejudice to the rights of the Parties to raise the same issue and/or to take any position thereon in any other proceeding, whether or not OPG is a party to such proceeding, provided that no Party shall take a position that would result in the agreement not applying in accordance with the terms contained herein.

Where in this agreement, the Parties "Accept" the evidence of OPG, or "agree" to a revised term or condition, including a revised budget or forecast, then unless the agreement expressly states to the contrary, the words "for the purpose of settlement of the issues herein" shall be deemed to qualify that acceptance or agreement.

Issues Fully or Partially Settled by the Parties

As shown below, the Parties have agreed to fully settle four issues and partially settle five issues in this proceeding. All other issues will proceed to hearing if the OEB accepts this Settlement Proposal.

Issue	Settled or Partially Settled
<i>Capital Structure and Cost of Capital</i>	
3.2 Secondary: Are OPG's proposed costs for the long-term and short term components of its capital structure appropriate?	Partially Settled
<i>Operating Costs</i>	
6.3 Secondary: Is the forecast of nuclear fuel costs appropriate?	Partially Settled
6.11 Secondary: Are the asset service fee amounts charged to the nuclear business appropriate?	Settled
<i>Other Revenues – Nuclear</i>	
7.1 Secondary: Are the forecasts of nuclear business non-energy revenues appropriate?	Settled
<i>Deferral and Variance Accounts</i>	
9.1 Primary: Is the nature or type of costs recorded in the deferral and variance accounts appropriate?	Partially Settled
9.2 Primary: Are the methodologies for recording costs in the deferral and variance accounts appropriate?	Partially Settled
9.3 Secondary: Are the balances for recovery in each of the deferral and variance accounts appropriate?	Partially Settled
9.6 Secondary: Is the proposed continuation of deferral and variance accounts appropriate?	Settled
<i>Methodologies for Setting Payment Amounts</i>	
11.2 Secondary: 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?	Settled

Based on the foregoing, and the evidence and rationale provided below, the Parties accept this Settlement Proposal as appropriate and recommend its acceptance by the OEB.

B. Description of Settlement

Issue 3.2 *Secondary: Are OPG's proposed costs for the long-term and short term components of its capital structure appropriate?*

Partially Settled

There is an agreement to partially settle this issue as described below.

As indicated in Ex. C1-1-2 and Ex. C1-1-3, OPG seeks to recover the costs of long-term and short-term debt associated with its regulated operations during the IR term. The Parties agree that the assumed interest rates used to calculate OPG's proposed debt costs are appropriate on the basis of its written evidence, subject to the following:

- Given that the aggregate debt costs relate to OPG's capital structure and rate base, which are unsettled primary issues (see Issues 2.1, 2.2 and 3.1), the Parties agree that their acceptance in respect of Issue 3.2 is subject to the application of the agreed interest rates to the eventual debt financed component of rate base as determined by the OEB.

Approval

Parties in Support: AMPCO, CME, CCC, EP, LPMA, OAPPA, QMA, SEC, Society, VECC

Parties Taking no Position: ED, GEC, PWU, SJ

Evidence

The evidence in relation to this issue includes the following:

Ex. C1-1-2	Cost of Long-term Debt
Ex. C1-1-3	Cost of Short-term Debt
L-3.2-1 Staff-22	
L-3.2-1 Staff-23	
L-3.2-6 EP-5	
L-3.2-6 EP-6	
L-3.2-6 EP-8	
L-3.2-11 LPMA-1	
L-3.2-11 LPMA-2	
L-3.2-11 LPMA-3	
L-3.2-11 LPMA-4	
L-3.2-20 VECC-12	
L-3.2-20 VECC-13	

Ex. L-6.3-5 CCC-28
Ex. L-6.3-5 CCC-29
Ex. L-6.3-15 SEC-66
Ex. L-6.3-20 VECC-26
Ex. L-6.3-20 VECC-27
Ex. JT2.10
Ex. JT2.11
Ex. JT2.15

Issue 6.11 Secondary: Are the asset service fee amounts charged to the nuclear business appropriate?

Settled

There is an agreement to settle this issue as described below.

In the Application, OPG seeks to recover its proposed asset service fees for the IR term. The Parties agree that the proposed asset service fee amounts charged to the nuclear business are appropriate on the basis of OPG's evidence.

Approval

Parties in Support: AMPCO, CME, CCC, EP, LPMA, OAPPA, QMA, SEC, Society, VECC

Parties Taking no Position: ED, GEC, PWU, SJ

Evidence

The evidence in relation to this issue includes the following:

Ex. F3-2-1 Asset Service Fees
Ex. F3-2-2 Comparison of Asset Service Fees
L-6.11-1 Staff-197
L-6.11-1 Staff-198

Issue 7.1 Secondary: Are the forecasts of nuclear business non-energy revenues appropriate?

Settled

There is an agreement to settle this issue as described below.

As indicated in Ex. G2-1-1, OPG has forecasted the non-energy revenues to be derived from its nuclear operations during the IR term. The forecast amounts are included as an offset in the calculation of OPG's revenue requirement, adjusted for 50/50 sharing of forecasted net revenue from sales of heavy water between OPG and ratepayers, consistent with prior OPG payment amounts applications. The Parties have agreed that OPG's forecast amounts of nuclear non-energy revenues are appropriate, subject to the following increases to OPG's net revenue forecast for heavy water sales for each year of the IR term (totalling a \$12.2M increase over the IR term), relative to the forecast in the Application at Ex. G2-1-1 Table 1, line 1:

- 2017: \$6.1M
- 2018: \$1.3M
- 2019: \$1.5M
- 2020: \$1.6M
- 2021: \$1.7M

These amounts represent increases at 100% of net revenues for heavy water sales, prior to the 50/50 sharing arrangement.

Approval

Parties in Support: AMPCO, CME, CCC, EP, LPMA, OAPPA, QMA, SEC, Society, VECC

Parties Taking no Position: ED, GEC, PWU, SJ

Evidence

The evidence in relation to this issue includes the following:

Ex. G2-1-1 Non-Energy Revenues (Nuclear)
Ex. G2-1-2 Comparison of Non-Energy Revenues (Nuclear)
Ex. L-7.1-1 Staff-199
Ex. L-7.1-1 Staff-200
Ex. L-7.1-1 Staff-201
Ex. L-7.1-12 OAPPA-4
Ex. L-7.1-15 SEC-89
Ex. L-7.1-20 VECC-36
Ex. L-7.1-20 VECC-37
Ex. L-7.1-20 VECC-38

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

Partially Settled

There is an agreement to partially settle the issue as described below.

Ex. H1-1-1 describes OPG's deferral and variance accounts, which were established pursuant to O. Reg. 53/05 and to the OEB's decisions and orders in prior OPG payment amounts and other applications. The Parties agree that the nature and type of costs recorded in the year-end 2015 balances of deferral and variance accounts are appropriate on the basis of OPG's evidence, except for the following accounts which were excluded from the Parties' settlement on this issue:

- Capacity Refurbishment Variance Account (Hydroelectric and Nuclear);
- Nuclear Liability Deferral Account; and
- Bruce Lease Net Revenues Variance Account.

For ease of reference, a complete list of OPG's existing deferral and variance accounts is included in Attachment 1 to this Settlement Proposal.

Approval

Parties in Support: AMPCO, CME, CCC, EP, LPMA, OAPPA, QMA, SEC, Society, VECC

Parties Taking no Position: ED, GEC, PWU, SJ

Evidence

The evidence in relation to this issue includes the following:

Ex. H1-1-1 Deferral and Variance Accounts
L-9.1-1 Staff-209
L-9.1-2 AMPCO-151

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

Partially Settled

There is an agreement to partially settle the issue as described below.

Ex. H1-1-1 discusses the methodologies that have been used to record entries into OPG's existing deferral and variance accounts to date and the proposed methodologies for making

entries into the accounts proposed for continuation. The Parties agree that the methodologies used and proposed to be used by OPG for recording costs in the deferral and variance accounts are appropriate on the basis of OPG's evidence, except for the following accounts which were excluded from the Parties' settlement on this issue:

- Capacity Refurbishment Variance Account (Hydroelectric and Nuclear);
- Nuclear Liability Deferral Account; and
- Bruce Lease Net Revenues Variance Account.

For ease of reference, a complete list of OPG's existing deferral and variance accounts is included in Attachment 1 to this Settlement Proposal.

Approval

Parties in Support:	AMPCO, CME, CCC, EP, LPMA, OAPPA, QMA, SEC, Society, VECC
Parties Taking no Position:	ED, GEC, PWU, SJ

Evidence

The evidence in relation to this issue includes the following:

Ex. H1-1-1 Deferral and Variance Accounts
L-9.2-1 Staff-212
L-9.2-1 Staff-213
Ex. JT3.14

Issue 9.3 Secondary: Are the balances for recovery in each of the deferral and variance accounts appropriate?

Partially Settled

There is an agreement to partially settle the issue as described below.

In the Application, OPG requests recovery of the audited, year-end 2015 balances in the deferral and variance accounts, less 2016 amortization amounts approved in EB-2014-0370, through a hydroelectric payment rider and a nuclear payment rider. This request does not apply to the Pension & OPEB Cash Versus Accrual Differential Deferral Account, since the OEB indicated in the EB-2013-0321 Decision with Reasons that the clearance of that account is subject to the completion of the OEB's generic proceeding on pension and OPEB costs (EB-2015-0040). The relevant account balances are set out in Ex. H1-2-1 Table 1, col. (c) and Table 2, col. (c).

The Parties agree that the proposed year-end 2015 balances for recovery in each of the deferral and variance accounts are appropriate on the basis of OPG's evidence, except for (i) the Pension & OPEB Cash Versus Accrual Differential Deferral Account, for the reason noted above; and (ii) the following accounts which were excluded from the Parties' settlement on this issue:

- Capacity Refurbishment Variance Account (Nuclear component);
- Nuclear Liability Deferral Account; and
- Bruce Lease Net Revenues Variance Account.

For ease of reference, a complete list of OPG's existing deferral and variance accounts is included in Attachment 1 to this Settlement Proposal.

Approval

Parties in Support:	AMPCO, CME, CCC, EP, LPMA, OAPPA, QMA, SEC, Society, SJ, VECC
Parties Taking no Position:	ED, GEC, PWU

Evidence

The evidence in relation to this issue includes the following:

Ex. H1-1-1	Deferral and Variance Accounts
Ex. H1-2-1	Clearance of Deferral and Variance Accounts
L-9.3-1 Staff-214	

Issue 9.6 Secondary: Is the proposed continuation of deferral and variance accounts appropriate?

Settled

There is an agreement to settle the issue as described below.

In the Application, OPG seeks approval for the continuation of its existing deferral and variance accounts (including the proposed termination of the Pickering Life Extension Depreciation Variance Account as of the effective date of the payment amounts order in respect of this Application), as described in Ex. H1-1-1. The Parties agree that the proposed continuation of deferral and variance accounts is appropriate on the basis of OPG's evidence. Provided that, for greater certainty, agreement to continue the accounts is not intended to imply agreement with the existing or proposed methodology, entries, or other terms relating to those accounts that are excluded from the settlement of issues 9.1, 9.2, and 9.3.

For ease of reference, a complete list of OPG's existing deferral and variance accounts is included in Attachment 1 to this Settlement Proposal.

Approval

Parties in Support: AMPCO, CME, CCC, EP, LPMA, OAPPA, QMA, SEC, Society, SJ, VECC

Parties Taking no Position: ED, GEC, PWU

Evidence

The evidence in relation to this issue includes the following:

Ex. H1-1-1 Deferral and Variance Accounts

Issue 11.2 Secondary: 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?

Settled

There is an agreement to settle the issue as described below.

In the Application, OPG proposes to use the current hydroelectric payment amounts as approved in EB-2013-0321 as the "going in" rates for the IR term, adjusted to correct for the one-time allocation of the nuclear tax loss to the hydroelectric business in the EB-2013-0321 payment amounts application.

Without prejudice to any position a Party may take in respect of Issue 11.1, the Parties agree that the tax-loss adjustment OPG made to the regulated hydroelectric payment amounts arising from EB-2013-0321 is an appropriate adjustment.

Approval

Parties in Support: AMPCO, CME, CCC, EP, LPMA, OAPPA, QMA, SEC, Society, VECC

Parties Taking no Position: ED, GEC, PWU, SJ

Evidence

The evidence in relation to this issue includes the following:

Ex. A1-3-2 Rate-setting Framework
 Section 2.3.2: "Going in" Rates
Ex. I1-2-1 Regulated Hydroelectric Payment Amount
Ex. L-11.2-1 Staff-253
Ex. L-11.2-1 Staff-254
Ex. L-11.2-5 CCC-48

ATTACHMENTS

Attachment 1

LIST OF EXISTING OPG DEFERRAL AND VARIANCE ACCOUNTS

- Hydroelectric Water Conditions Variance Account
- Ancillary Services Net Revenues Variance Account – Hydroelectric and Nuclear Sub-Accounts
- Hydroelectric Incentive Mechanism Variance Account
- Hydroelectric Surplus Baseload Generation Variance Account
- Income and Other Taxes Variance Account
- Capacity Refurbishment Variance Account^{Note (a)}
- Pension and OPEB Cost Variance Account
- Hydroelectric Deferral and Variance Over/Under Recovery Variance Account
- Gross Revenue Charge Variance Account
- Pension & OPEB Cash Payment Variance Account
- Pension & OPEB Cash Versus Accrual Differential Deferral Account^{Note (b)}
- Niagara Tunnel Project Pre-December 2008 Disallowance Variance Account
- Nuclear Liability Deferral Account^{Note (c)}
- Nuclear Development Variance Account
- Bruce Lease Net Revenues Variance Account – Derivative and Non-Derivative Sub-Accounts^{Note (c)}
- Pickering Life Extension Depreciation Variance Account (proposed to be terminated as of the effective date of the payment amounts order of this Application)
- Nuclear Deferral and Variance Over/Under Recovery Variance Account
- Impact Resulting from Changes in Station End-of-Life Dates (December 31, 2015) Deferral Account

Note (a): Excluded from the scope of partial settlement on Issues 9.1 and 9.2. The Nuclear component of the CRVA is excluded from the scope of partial settlement on Issue 9.3.

Note (b): Excluded from the scope of partial settlement on Issue 9.3.

Note (c): Excluded from the scope of partial settlement on Issues 9.1, 9.2 and 9.3.

Attachment 2

LIST OF SETTLED, PARTIALLY SETTLED AND UNSETTLED ISSUES¹

1. GENERAL

- 1.1 Secondary: Has OPG responded appropriately to all relevant OEB directions from previous proceedings?
- 1.2 Primary: Are OPG's economic and business planning assumptions appropriate that impact the nuclear facilities appropriate?
- 1.3 Oral Hearing: Is the overall increase in nuclear payment amounts including rate riders reasonable given the overall bill impact on customers?

2. RATE BASE

- 2.1 Primary: Are the amounts proposed for nuclear rate base (excluding those for the Darlington Refurbishment Program) appropriate?
- 2.2 Oral Hearing: Are the amounts proposed for nuclear rate base for the Darlington Refurbishment Program appropriate?

3. CAPITAL STRUCTURE AND COST OF CAPITAL

- 3.1 Primary: Are OPG's proposed capital structure and rate of return on equity appropriate?
- 3.2 Secondary: Are OPG's proposed costs for the long-term and short-term debt components of its capital structure appropriate?

[Partially Settled]

4. CAPITAL PROJECTS

- 4.1 Oral Hearing: 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?
- 4.2 Primary: Are the proposed nuclear capital expenditures and/or financial commitments (excluding those for the Darlington Refurbishment Program) reasonable?

¹ Unless marked as "Settled" or "Partially Settled", an issue remains unsettled.

- 4.3 Oral Hearing: Are the proposed nuclear capital expenditures and/or financial commitments for the Darlington Refurbishment Program reasonable?
- 4.4 Primary: Are the proposed test period in-service additions for nuclear projects (excluding those for the Darlington Refurbishment Program) appropriate?
- 4.5 Oral Hearing: Are the proposed test period in-service additions for the Darlington Refurbishment Program appropriate?

5. PRODUCTION FORECASTS

- 5.1 Primary: Is the proposed nuclear production forecast appropriate?

6. OPERATING COSTS

- 6.1 Oral Hearing: Is the test period Operations, Maintenance and Administration budget for the nuclear facilities (excluding that for the Darlington Refurbishment Program) appropriate?
- 6.2 Oral Hearing: Is the nuclear benchmarking methodology reasonable? Are the benchmarking results and targets flowing from OPG's nuclear benchmarking reasonable?
- 6.3 Secondary: Is the forecast of nuclear fuel costs appropriate?
- 6.4 Oral Hearing: Is the test period Operations, Maintenance and Administration budget for the Darlington Refurbishment Program appropriate?
- 6.5 Oral Hearing: Are the test period expenditures related to extended operations for Pickering appropriate?

[Partially
Settled]

Corporate Costs

- 6.6 Oral Hearing: Are the test period human resource related costs for the nuclear facilities (including wages, salaries, payments under contractual work arrangements, benefits, incentive payments, overtime, FTEs and pension costs, etc.) appropriate?
- 6.7 Oral Hearing: Are the corporate costs allocated to the nuclear business appropriate?

6.8 Oral Hearing: Are the centrally held costs allocated to the nuclear business appropriate?

Depreciation

6.9 Primary: Is the proposed test period nuclear depreciation expense appropriate?

Income and Property Taxes

6.10 Primary: Are the amounts proposed to be included in the test period nuclear revenue requirement for income and property taxes appropriate?

Other Costs

[Settled] 6.11 Secondary: Are the asset service fee amounts charged to the nuclear business appropriate?

7. OTHER REVENUES

Nuclear

[Settled] 7.1 Secondary: Are the forecasts of nuclear business non-energy revenues appropriate?

Bruce Nuclear Generating Station

7.2 Primary: Are the test period costs related to the Bruce Nuclear Generating Station, and costs and revenues related to the Bruce lease appropriate?

8. NUCLEAR WASTE MANAGEMENT AND DECOMMISSIONING LIABILITIES

8.1 Primary (Reprioritized): Is the revenue requirement methodology for recovering nuclear liabilities in relation to nuclear waste management and decommissioning costs appropriate? If not, what alternative methodology should be considered?

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

9. DEFERRAL AND VARIANCE ACCOUNTS

- [Partially Settled] 9.1 Primary: Is the nature or type of costs recorded in the deferral and variance accounts appropriate?
- [Partially Settled] 9.2 Primary: Are the methodologies for recording costs in the deferral and variance accounts appropriate?
- [Partially Settled] 9.3 Secondary: Are the balances for recovery in each of the deferral and variance accounts appropriate?
- 9.4 Secondary: Are the proposed disposition amounts appropriate?
- 9.5 Primary: Is the disposition methodology appropriate?
- [Settled] 9.6 Secondary: Is the proposed continuation of deferral and variance accounts appropriate?
- 9.7 Primary: Is the rate smoothing deferral account in respect of the nuclear facilities that OPG proposes to establish consistent with O. Reg. 53/05 and appropriate?
- 9.8 Primary: Should any newly proposed deferral and variance accounts be approved by the OEB?

10. REPORTING AND RECORD KEEPING REQUIREMENTS

- 10.1 Secondary: Are the proposed reporting and record keeping requirements appropriate?
- 10.2 Primary: Is the monitoring and reporting of performance proposed by OPG for the regulated hydroelectric facilities appropriate?
- 10.3 Primary: Is the monitoring and reporting of performance proposed by OPG for the nuclear facilities appropriate?
- 10.4 Oral Hearing: Is the proposed reporting for the Darlington Refurbishment Program appropriate?

11. METHODOLOGIES FOR SETTING PAYMENT AMOUNTS

Hydroelectric

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

[Settled]

11.2 Secondary: 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?

Nuclear

11.3 Oral Hearing: Is OPG's approach to incentive rate-setting for establishing the nuclear payment amounts appropriate?

11.4 Oral Hearing: Does the Custom IR application adequately include expectations for productivity and efficiency gains relative to benchmarks and establish an appropriately structured incentive-based rate framework?

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

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

General

11.7 Primary: Is OPG's proposed off-ramp appropriate?

12. IMPLEMENTATION

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