
700 University Avenue, Toronto, Ontario M5G 1X6

Tel: 416-592-3603 Fax: 416-592-8519
brenda.macdonald@opg.com

April 18, 2018

VIA RESS AND COURIER

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

Dear Ms. Walli:

**RE: EB-2018-0002 – Application For An Accounting Order
Establishing A Deferral Account To Capture The Revenue
Requirement Impact On Ontario Power Generation’s
Prescribed Nuclear Facilities Resulting From Changes In
Station End-Of-Life Dates – OPG Reply Submission**

In accordance with the EB-2018-0002 Notice of Application and Hearing and Procedural Order No. 1, please find attached OPG's Reply Submission in respect of the above-referenced matter.

Consistent with the Ontario Energy Board's ("OEB") directions, Ontario Power Generation ("OPG") is providing an electronic copy of this document to intervenors in this proceeding and submitting it on the OEB's Regulatory Electronic Submission System ("RESS"). OPG is also submitting two paper copies of the submission to the above address.

Best Regards,

[Original signed by]

Brenda MacDonald
Vice President, Regulatory Affairs
Ontario Power Generation

Attach.

cc: Fiona O'Connell (OEB) via e-mail
Michael Millar (OEB) via e-mail
Mel Hogg (OPG) via e-mail
Charles Keizer (Torys) via e-mail
EB-2016-0152 Intervenors via e-mail

**APPLICATION FOR AN ACCOUNTING ORDER ESTABLISHING A
DEFERRAL ACCOUNT TO CAPTURE THE REVENUE REQUIREMENT
IMPACT ON OPG'S PRESCRIBED NUCLEAR FACILITIES RESULTING
FROM CHANGES IN STATION END-OF-LIFE DATES**

REPLY SUBMISSION OF ONTARIO POWER GENERATION INC.

1. This is the reply submission of Ontario Power Generation Inc. ("OPG") to the submission made by the Ontario Energy Board staff ("OEB staff") in respect of OPG's application for an accounting order to establish a deferral account from January 1, 2018 until the effective date of the OEB's next payment amounts order. The requested deferral account shall record the revenue requirement impact of changes to nuclear liabilities and depreciation and amortization expense resulting from changes to station end-of-life dates for OPG's Pickering prescribed nuclear facilities that are effective December 31, 2017 (the "Application").
2. The EB-2018-0002 Notice of Application and Hearing and Procedural Order No. 1 adopted the intervenors from the 2017-2021 payment amounts proceeding (EB-2016-0152) as intervenors in this proceeding.¹ No interrogatories or submissions were filed by intervenors in this proceeding. OEB staff were the only active participant in this Application.
3. OEB staff submit that the deferral account should be approved on a final basis, effective January 1, 2018.² OEB staff submits that OPG has satisfied the criteria to establish a new deferral account with respect to causation, materiality, and prudence.³
4. OEB staff is of the view that the final determination of prudence relating to the amounts recorded in the deferral account should be made at the time of disposition, in a future

¹ EB-2018-0002, p. 1.

² OEB staff submission, pp. 2 and 5.

³ OEB staff submission, pp. 2 and 6.

proceeding. At that time, the amounts recorded in the deferral account, in addition to OPG's proposed deferral account methodology, will be tested.⁴ OPG shares this view, as stated in the Application.⁵

5. OEB staff state that OPG's application only discussed prudence related to the changes in nuclear liabilities resulting from the accounting end-of-life date change.⁶ OEB staff submit that, in the future, OPG should provide a more detailed overview of the drivers and process used to assess and quantify the changes in nuclear liabilities that do not arise from changes to useful lives.⁷
6. As stated in the Application, OPG uses the OEB-approved methodology to assess, quantify and record changes in nuclear liabilities.⁸ In this instance, the only cost driver of the changes in nuclear liabilities is the change in the end-of-life dates of the Pickering nuclear facilities.⁹ Accordingly, OPG submits that the Application provides the appropriate information on cost drivers and the process of assessing, quantifying and recording the changes in nuclear liabilities.
7. Based on its own submissions and those of OEB staff, OPG requests the OEB approve the proposed deferral account on a final basis effective January 1, 2018 until the effective date of the OEB's next payment amounts order incorporating the impacts resulting from changes to station end-of-life dates for OPG's Pickering prescribed nuclear facilities that are the subject of this Application.

All of which is respectfully submitted this 18th day of April, 2018.

[Original signed by]

Brenda MacDonald
Vice President, Regulatory Affairs

⁴ OEB staff submission, p. 3

⁵ Application, p. 7, paragraph 15.

⁶ OEB staff submission, p. 5.

⁷ OEB staff submission, p. 7.

⁸ Application, p. 6, paragraph 10.

⁹ Application, p. 6, paragraph 10.