

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*;

AND IN THE MATTER OF an Application by Ontario Power Generation Inc. for an order or orders approving a payment amount for hydroelectric generating facilities prescribed under Ontario Regulation 53/05 of the Act, as amended, and the disposition of balances in its deferral and variance accounts as of December 31, 2017.

TECHNICAL CONFERENCE QUESTIONS

FROM THE

SCHOOL ENERGY COALITION

1. [H-Staff-4, H-1-1, Table 5, H-CCC-2] SEC is seeking to have more clarity on the increase in SBG from 2016 to 2017. Please provide a breakdown of the 2017 foregone production by month, showing for each month the four components listed in the interrogatory response, i.e.
 - a. Increased total hydroelectric production due to higher inflows;
 - b. Increased nuclear production at Bruce Power;
 - c. Decreased nuclear production at Darlington due to DRP; and
 - d. Decreased Ontario grid supplied demand.

Please provide a separate breakdown of 2017 foregone production by month using the method described in H-CCC-2, which breakdown shows the total volume of spill each month, and each of the following reductions:

- e. Due to water conveyance constraints;
 - f. Due to production capability constraints;
 - g. Due to market constraints;
 - h. Due to contractual obligations; and
 - i. Spill occurring when Ontario market price exceeds GRC.
2. [H-AMPCO-2] SEC is concerned with the overall amount owing to or from customers as a result of the Applicants' deferral and variance accounts. Please confirm that the December 31, 2017 balance in the Capacity Refurbishment Variance Account was a credit of \$\$86.1 million refundable to customers. With respect to this balance owing to customers:

- a. Please explain why the customers should not have that money refunded to them at the same time as they are paying OPG for debit balances in other accounts.
 - b. Please provide details of all entries in the CRVA since the balances reported in EB-2016-0152 .
 - c. Please provide the DRP/non-DRP split requested in the interrogatory.
 - d. Please provide any estimates the Applicant has in its possession of the balances in this account as of December 31, 2018, along with details of the entries expected to bring it from the 2017 balance to the 2018 balance.
3. [H-Staff-6, H-CCC-5] SEC is seeking to understand more clearly the most appropriate pattern of recovery of deferral and variance accounts being cleared this year. Please confirm that the following table correctly sets out the Applicant’s current proposals for rates from 2017 to 2021. Please explain why a smoother approach to rate increases is not appropriate. If the Applicant has any forecasts of total rates, including riders, for years after 2021, please provide those forecasts.

Proposed Payment Amounts 2017-2021					
	2017	2018	2019	2020	2021
Hydroelectric					
Base	\$41.67	\$42.05	\$42.55	\$43.07	\$43.58
Rider A		\$0.52	\$1.44	\$1.01	
Rider B		\$0.13	\$0.35	\$0.24	
Rider C			\$1.65	\$1.65	\$1.65
Total Hydro Electric	\$41.67	\$42.70	\$45.99	\$45.97	\$45.23
Change		2.47%	7.70%	-0.04%	-1.61%
Nuclear					
Base	\$77.96	\$78.64	\$77.00	\$85.00	\$89.70
Rider A		\$1.05	\$2.79	\$2.04	
Rider B		\$2.88	\$7.71	\$5.64	
Rider C			\$4.55	\$4.76	\$3.43
Total Nuclear	\$77.96	\$82.57	\$92.05	\$97.44	\$93.13
Change		5.91%	11.48%	5.86%	-4.42%

4. [H-Staff-7, H-Staff-8] SEC is seeking to better understand the Applicant’s proposals with respect to pension and OPEB recoveries. Please explain why the Applicant is not requesting that the Board approve use of the accrual method in this proceeding. Please explain how the situation of the Applicant is different from the situation of every other regulated Ontario utility that is recovering from customers on a cash basis, but has a variance account to record the difference between cash and accrual.

5. [H-Staff-8, p. 6] Please confirm that any OPEB accruals that are collected from customers are, to the extent that they exceed the cash costs of OPEBs, available for use by the Applicant for general purposes. Please confirm that the Applicant is not proposing to create a fund for future OPEB costs. Please provide information on the financial, operational, or other impacts that would arise for the Applicant if the Board ordered the establishment and maintenance of a segregated fund for accrued but unspent OPEB amounts.
6. [H-Staff-8, p. 7] Please advise whether the proposed eight year recovery period is intended to ease the transition from cash recovery to accrual recovery, and provide any documents or analysis dealing with that transition.
7. [H-Staff-8, p. 10] Please confirm that the excess of cash over accrual in the next six years is expected to accelerate if interest rates rise.
8. [H-Staff-8, p. 10] SEC would like to understand better the proposed clearance of the Interim Account. Please explain why, if the cash vs. accrual pension cost is self-correcting over time, it is not better to continue the account, at least for pensions, drawing down the existing balance over time as the cash amount exceeds the accrual amount annually, and then dealing with the remaining balance, if any, on the future rebasing of the payment amounts.
9. [H-Staff-12] Please provide a copy of the Aon Hewitt report referred to, or provide a reference to where it can be found in the current record.
10. [H-Staff-12, p. 2] Please provide the actuarial valuation filed with FSCO in September, or provide a reference to where it can be found in the current record.
11. [H-Energy Probe-4] SEC is seeking to understand whether it would be appropriate for the Board to order the termination, immediately or in the future, of any deferral or variance accounts. Please provide a table showing, for all deferral or variance accounts which the Applicant believes will be terminated in the future, the date (or year) the account the Applicant expects it to be terminated, and the reasons why it will no longer be appropriate.

SEC will also have a number of questions relating to the interaction between the Interim Account and the New Differential Account, the issue of how carrying charges should be reflected, if at all, and the timing of recoveries through either or both of those accounts. It is more efficient to ask those orally after other parties have explored those issues at the Technical Conference.

Respectfully submitted on behalf of the School Energy Coalition this November 22, 2018.

Jay Shepherd
Counsel for the School Energy Coalition