



Ontario  
Energy  
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de l'énergie  
de l'Ontario

**BY EMAIL**

March 15, 2019

Charles Keizer  
Torys LLP  
79 Wellington St. W.  
PO Box 270  
Toronto Dominion Centre  
Toronto ON M5K 1N2

Dear Mr. Keizer:

**Re: Ontario Power Generation Inc. (OPG)  
Application for 2019 Hydroelectric Payment Amount Adjustment and  
Recovery of Deferral and Variance Account Balances  
Ontario Energy Board File Number: EB-2018-0243**

The Ontario Energy Board (OEB) is in receipt of a letter from legal counsel to OPG seeking clarification of the scope of the OEB's Decision and Payment Amounts Order issued on February 21, 2019. Specifically OPG requested supporting tables for the payment amounts order. OPG also requested wording directing the Independent Electricity Systems Operator (IESO) to make payments to OPG in accordance with any payment amounts order.

The OEB notes that the payment amounts approved in its Decision and Payment Amounts Order were based on Tables 1 and 2 in Attachment A to the filed Settlement Proposal. According to the Settlement Proposal, these tables were prepared by OPG. The intervenors reviewed the attachments and relied upon their accuracy to support the Settlement Proposal. The Settlement Proposal does not specify that these attachments are an agreed to part of the Settlement Proposal. The OEB therefore did not append them to Decision and Payment Amounts Order. These tables are included as Schedule A to this letter to show the individual balances that resulted in the approved payment amounts.

As indicated in OPG's letter, Sections 78.1(1) and (2) of the *Ontario Energy Board Act, 1998* require the IESO to pay OPG for output from prescribed facilities an amount

determined in accordance with an order of the OEB. The EB-2018-0243 Decision issued on February 21, 2019 clearly indicated the payment amounts for OPG, and therefore the IESO is expected to make payments accordingly. Neither the December 13, 2018 Hydroelectric Payment Order Decision nor the February 21, 2019 Decision and Payment Amounts Order included an order to the IESO because the OEB determined that such an order is not required.

The OEB does not find it is necessary to amend the Decision.

Yours truly,

*Original Signed By*

Kirsten Walli  
Board Secretary

cc: Saba Zadeh, OPG  
Mel Hogg, OPG

**Schedule A**

**Ontario Power Generation Inc.  
EB-2018-0243**

**Tables 1 and 2 of Settlement Proposal**

Table 1  
 Calculation of Deferral and Variance Account Recovery Payment Rider - Regulated Hydroelectric (\$M)

Line No.	Account	Note	Audited Year End Balance 2017	OEB-Approved Amortization	(a)-(b) 2017 Balance Less Approved Amortization	Amounts Deferred to Future Applications	(c) - (d) Amounts Settled in Current Application	Settled Amounts Recoverable in Next Rebasing Application	(e)-(f) Settled Amounts Recoverable in Current Application	Recovery Period (months)	Amortization Jan - Dec 2019	Amortization Jan - Dec 2020	Amortization Jan - Dec 2021	(j)+(k)+(l) Amortization	(c)-(l) Unamortized Balance
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
			Note 1	Note 2											
1	Hydroelectric Water Conditions Variance		(150.2)	(17.3)	(132.9)	0.0	(132.9)	0.0	(132.9)	36	(32.3)	(35.5)	(65.1)	(132.9)	0.0
2	Ancillary Services Net Revenue Variance - Hydroelectric		(45.0)	(13.2)	(31.8)	0.0	(31.8)	0.0	(31.8)	36	(7.7)	(8.5)	(15.6)	(31.8)	0.0
3	Hydroelectric Incentive Mechanism Variance		(0.1)	(0.1)	(0.0)	0.0	(0.0)	0.0	(0.0)	36	(0.0)	(0.0)	(0.0)	(0.0)	0.0
4	Hydroelectric Surplus Baseload Generation Variance		360.5	82.5	278.0	0.0	278.0	0.0	278.0	36	67.5	74.4	136.1	278.0	0.0
5	Income and Other Taxes Variance - Hydroelectric		0.0	(0.0)	0.0	0.0	0.0	0.0	0.0	36	0.0	0.0	0.0	0.0	0.0
6	Capacity Refurbishment Variance - Hydroelectric		9.0	3.3	5.7	5.7	0.0	0.0	0.0		0.0	0.0	0.0	0.0	5.7
7	Niagara Tunnel Project Pre-December 2008 Disallowance Variance Account		5.8	0.0	5.8	0.0	5.8	0.0	5.8	36	1.4	1.5	2.8	5.8	0.0
8	Pension and OPEB Cost Variance - Hydroelectric - Future	3	8.4	2.1	6.3	0.0	6.3	0.0	6.3	72	0.8	0.8	1.5	3.2	3.2
9	Pension and OPEB Cost Variance - Hydroelectric - Post 2012 Additions	4	26.6	11.8	14.8	0.0	14.8	0.0	14.8	30	3.6	4.0	7.2	14.8	0.0
10	Pension & OPEB Cash Versus Accrual Differential Deferral - Hydroelectric - Registered Pension Plan (RPP)		41.3	0.0	41.3	0.0	41.3	41.3	0.0		0.0	0.0	0.0	0.0	41.3
11	Pension & OPEB Cash Versus Accrual Differential Deferral - Hydroelectric - Non RPP	6	41.9	0.0	41.9	0.0	41.9	0.0	41.9	72	7.0	7.0	7.0	20.9	20.9
12	Pension & OPEB Cash Payment Variance - Hydroelectric		(25.9)	4.3	(30.1)	0.0	(30.1)	0.0	(30.1)	36	(7.3)	(8.1)	(14.8)	(30.1)	0.0
13	Hydroelectric Deferral and Variance Over/Under Recovery Variance		25.7	13.5	12.2	0.0	12.2	0.0	12.2	36	3.0	3.3	6.0	12.2	0.0
14	<b>Total</b>		297.9	86.8	211.1	5.7	205.4	41.3	164.1		35.9	38.8	65.3	140.0	71.1
15	Tax on Pension & OPEB Cash Versus Accrual Differential Deferral - Hydroelectric - RPP	7			13.7	0.0	13.7	13.7	0.0		0.0	0.0	0.0	0.0	13.7
16	Tax on Pension & OPEB Cash Versus Accrual Differential Deferral - Hydroelectric - Non RPP	6, 8			14.0	0.0	14.0	0.0	14.0	72	2.3	2.3	2.3	7.0	7.0
17	<b>Total Recoverable Amount</b>				238.8	5.7	233.1	55.1	178.0		38.2	41.2	67.6	147.0	91.8
18	<b>Forecast Production (TWh)</b>	5									33.0	33.0	33.0		
19	<b>Regulated Hydroelectric Payment Rider (\$/MWh)</b> (line 17 / line 18)										1.16	1.25	2.05		

Notes:  
 1 From Ex. H1-1-1 Table 1, col (b).  
 2 From EB-2016-0152 PAO, App. D, Table 1, col. (h).  
 3 Amortized over the period to December 31, 2024 as previously approved by the OEB (EB-2016-0152 PAO, Appendix G, p. 11).  
 4 Amortized over the period to June 30, 2021 as previously approved by the OEB (EB-2016-0152 PAO, Appendix G, p. 11).  
 5 From EB-2016-0152 PAO App. I, Table 2, line 3.  
 6 Amortized over the 72 month period from January 1, 2019 to December 31, 2024.  
 7 Calculated as: line 10 \* tax rate / (1 - tax rate) = line 10 \* (0.25 / 0.75).  
 8 Calculated as: line 11 \* tax rate / (1 - tax rate) = line 11 \* (0.25 / 0.75).

Numbers may not add due to rounding.

Table 2  
 Calculation of Deferral and Variance Account Recovery Payment Rider - Nuclear (\$M)

Line No.	Account	Note	Audited Year End Balance 2017	OEB-Approved Amortization	(a)-(b) 2017 Balance Less Approved Amortization	Amounts Deferred to Future Applications	(c) - (d) Amounts Settled in Current Application	Settled Amounts Recoverable in Next Rebasing Application	(e)-(f) Settled Amounts Recoverable in Current Application	Recovery Period (months)	Amortization Jan - Dec 2019	Amortization Jan - Dec 2020	Amortization Jan - Dec 2021	(i)+(j)+(k) Amortization	(c)-(l) Unamortized Balance
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
			Note 1	Note 2											
1	Nuclear Liability Deferral		18.6	0.0	18.6	0.0	18.6	0.0	18.6	36	6.2	6.2	6.2	18.6	0.0
2	Impact Resulting from Changes in Station End-of-Life Dates (Dec 31, 2015) Deferral		(103.4)	0.0	(103.4)	0.0	(103.4)	0.0	(103.4)	36	(11.1)	(10.9)	(81.4)	(103.4)	0.0
3	Nuclear Development Variance		1.9	1.7	0.2	0.0	0.2	0.0	0.2	36	0.0	0.0	0.2	0.2	0.0
4	Ancillary Services Net Revenue Variance - Nuclear		3.4	1.0	2.4	0.0	2.4	0.0	2.4	36	0.3	0.3	1.9	2.4	0.0
5	Capacity Refurbishment Variance - Nuclear - Capital Portion		(28.0)	(37.6)	9.5	9.5	0.0	0.0	0.0		0.0	0.0	0.0	0.0	9.5
6	Capacity Refurbishment Variance - Nuclear - Non-Capital Portion		(58.1)	(31.6)	(26.5)	(26.5)	0.0	0.0	0.0		0.0	0.0	0.0	0.0	(26.5)
7	Bruce Lease Net Revenues Variance - Derivative Sub-Account		(69.4)	(68.6)	(0.8)	0.0	(0.8)	0.0	(0.8)	36	(0.1)	(0.1)	(0.6)	(0.8)	0.0
8	Bruce Lease Net Revenues Variance - Non-Derivative Sub-Account	6	189.0	20.6	168.4	0.0	168.4	0.0	168.4	96	6.8	6.7	49.7	63.2	105.3
9	Income and Other Taxes Variance - Nuclear		(10.1)	(4.3)	(5.7)	0.0	(5.7)	0.0	(5.7)	36	(0.6)	(0.6)	(4.5)	(5.7)	0.0
10	Pension and OPEB Cost Variance - Nuclear - Future	3	171.7	42.9	128.8	0.0	128.8	0.0	128.8	72	6.9	6.8	50.7	64.4	64.4
11	Pension and OPEB Cost Variance - Nuclear - Post 2012 Additions	4	508.9	226.2	282.7	0.0	282.7	0.0	282.7	30	30.4	29.8	222.6	282.7	0.0
12	Pension & OPEB Cash Versus Accrual Differential Deferral - Nuclear - Registered Pension Plan (RPP)		266.0	0.0	266.0	0.0	266.0	266.0	0.0		0.0	0.0	0.0	0.0	266.0
13	Pension & OPEB Cash Versus Accrual Differential Deferral - Nuclear - Non RPP	7	264.5	0.0	264.5	0.0	264.5	0.0	264.5	72	44.1	44.1	44.1	132.2	132.2
14	Pension & OPEB Cash Payment Variance - Nuclear		(114.0)	23.4	(137.4)	0.0	(137.4)	0.0	(137.4)	36	(14.8)	(14.5)	(108.1)	(137.4)	0.0
15	Nuclear Deferral and Variance Over/Under Recovery Variance		74.7	44.1	30.6	0.0	30.6	0.0	30.6	36	3.3	3.2	24.1	30.6	0.0
16	Fitness for Duty Deferral		0.1	0.0	0.1	0.1	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.1
17	SR&ED ITC Variance		(3.4)	0.0	(3.4)	0.0	(3.4)	0.0	(3.4)	36	(0.4)	(0.4)	(2.6)	(3.4)	0.0
18	Total		1,112.6	217.9	894.7	(16.9)	911.6	266.0	645.6		71.0	70.6	202.1	343.7	551.1
19	Tax on Pension & OPEB Cash Versus Accrual Differential Deferral - Nuclear - RPP	8			88.6	0.0	88.6	88.6	0.0		0	0	0	0	88.6
20	Tax on Pension & OPEB Cash Versus Accrual Differential Deferral - Nuclear - Non RPP	7, 9			88.2	0.0	88.2	0.0	88.2	72	15	15	15	44	44.1
21	Total Recoverable Amount				1,071.5	(16.9)	1,088.4	354.6	733.7		85.7	85.3	216.8	387.8	683.8
22	Forecast Production (TWh)	5									39.0	37.4	35.4		
23	Nuclear Payment Rider (\$/MWh) (line 21 / line 22)										2.20	2.28	6.13		

- Notes:
- From Ex. H1-1-1 Table 1, col (b)
  - From EB-2016-0152 PAO, App. E, Table 1, col. (h).
  - Amortized over the period to December 31, 2024 as previously approved by the OEB (EB-2016-0152 PAO, Appendix G, p. 11).
  - Amortized over the period to June 30, 2021 as previously approved by the OEB (EB-2016-0152 PAO, Appendix G, p. 11).
  - From EB-2016-0152 PAO App. C, Table 1, line 2.
  - Amortized over the 96 month period from January 1, 2019 to December 31, 2026.
  - Amortized over the 72 month period from January 1, 2019 to December 31, 2024.
  - Calculated as: line 12 \* tax rate / (1 - tax rate) = line 12 \* (0.25 / 0.75).
  - Calculated as: line 13 \* tax rate / (1 - tax rate) = line 13 \* (0.25 / 0.75).