

By Electronic Filing and By E-mail



July 11, 2008

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

Borden Ladner Gervais LLP
Lawyers • Patent & Trade-mark Agents
World Exchange Plaza
100 Queen Street, Suite 1100
Ottawa ON K1P 1J9
tel.: (613) 237-5160 fax: (613) 230-8842
www.blgcanada.com

PETER C.P. THOMPSON, Q.C.
direct tel.: (613) 787-3528
e-mail: pthompson@blgcanada.com

Dear Ms Walli,

Ontario Power Generation Inc. ("OPG")

Board File No.: EB-2007-0905

Our File No.: 339583-000001

We are writing on behalf of our client, Canadian Manufacturers & Exporters ("CME"), with a request that the Board direct OPG to provide responses to our requests for additional information regarding Undertaking J15.1 and J15.1 Addendum. These requests were contained in emails to OPG dated July 8 and 9, 2008. These emails, including the email of Mr. Anderson of OPG on July 9 and our email to Mr. Anderson in response thereto, are attached.

The additional information regarding under Undertaking J15.1 Addendum which we asked OPG to provide is as follows:

- (a) A continuity schedule for Asset Retirement Costs ("ARC") in a format similar to that which was provided in J1.5 for Asset Retirement Obligations ("ARO"); including opening and closing balances for ARC for the period January 1, 2005 to December 31, 2009, segregated between Bruce and Pickering and Darlington. This information should be readily available to OPG since it has already provided yearly "average" ARC amounts in Exhibit H-1, Tab 1, Schedule 3; and
- (b) The unfunded portion of the \$24B of undiscounted of ARO reflected in the December 31, 2006 Reference Plan, separated for each of the plants listed in response to Undertaking J15.1 Addendum; namely, Bruce A, Bruce B, Darlington, Pickering A and Pickering B. Since ARC is, by definition, the net present value of the unfunded portion of the total undiscounted ARO liability of \$24B, the requested information should be readily available to OPG.

After Mr. Anderson called me on July 9, 2008, to inform me that he was looking into whether OPG could provide the information we requested, because Ms. Reuber and Mr. Barrett were on holidays, I provided an email explaining why the requested information was relevant to the argument we are in the midst of drafting for CME.

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We are seeking further detailed information with respect to information provided by OPG in its undertaking responses J15.1 and J15.1 Addendum in order to present, in argument, a reasonable estimate of the annual amount, over and above the ARC depreciation amount, which would need to be set aside during the 21-month test period and beyond to produce, on the end-of-life dates of OPG's nuclear plants shown in Exhibit J15.1 Addendum, the total undiscounted amount which, along with the fund generated by ARC depreciation over the lifetime of those assets, will be sufficient to discharge the unfunded portion of the undiscounted ARO that gave rise to the current ARC.

Counsel for OPG informed me by letter dated July 10, 2008 that OPG refuses to provide the requested information. OPG does not justify its refusal on grounds that the requested information cannot readily be provided. Rather, the refusal is based on grounds that the questions asked could have been asked during the hearing. With all due respect, the information we seek arises out of undertaking responses given by OPG to questions asked during the hearing. We respectfully suggest that questions arising out of undertaking responses should be considered as questions posed during the hearing.

The issue with respect to the appropriate regulatory approach for recovering asset retirement costs in OEB rates for OPG, effective April 1, 2008, is complex, as is evident from the National Energy Board ("NEB") documents which we submitted to the Board for filing on or about July 7, 2008.

The additional information we seek is relevant to the argument we are preparing on behalf of CME and, for obvious reasons, we would prefer to include accurate information, rather than estimates thereof, in that argument.

For all of these reasons, we ask the Board to direct OPG to provide the additional information we requested pertaining to its Undertaking Responses J15.1 and J15.1 Addendum.

Please contact me if the Board requires any further information.

Yours very truly,



Peter C.P. Thompson, Q.C.

PCT\sm
enclosures

c. Interested Parties EB-2007-0905
Paul Clipsham (CME)
Vince DeRose & Nadia Effendi (Borden Ladner Gervais)

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Thompson, Peter C. P.

From: Thompson, Peter C. P.
Sent: July 9, 2008 5:57 PM
To: 'ANDERSON Colin -REGAFFCRPSTY'
Cc: BARRETT Andrew P -REGAFFCRPSTY; REUBER Barbara -REGAFFCRPSTY
Subject: RE: EB-2007-0905 - OPG's Response to follow-up questions to Undertaking J15.1

Thanks. In my initial e mail I asked for the undiscounted ARC for each of the plants at Jan.1 2008. Since the Reference plan has an effective date of Dec.31,2006, please change the date in my first e mail to Dec.31,2006.

What I am trying to find out in the portion of the \$24 B of undiscounted ARO which OPG regards as Unfunded as of the date of the Reference Plan, (since ARC ,by definition, is the NPV, at a point in time, of unfunded ARO) with that unfunded and undiscounted ARO value separated between each of the plants you have identified in J 15.1 Addendum.

With that info and the end of life dates for each of the plants shown in the exhibit, I believe that one could estimate an annual amount ,for each plant ,over and above the ARC Depreciation amount, that would need to be set aside, during the 21 month test period and beyond, to produce, on those end of life dates, the total undiscounted amounts required to discharge the unfunded liabilities that gave rise to the current ARC.

I hope this helps you understand why I seek the info requested in my recent e mails.

Peter T

-----Original Message-----

From: ANDERSON Colin -REGAFFCRPSTY [mailto:colin.anderson@opg.com]
Sent: July 9, 2008 3:29 PM
To: Thompson, Peter C. P.
Cc: BARRETT Andrew P -REGAFFCRPSTY; REUBER Barbara -REGAFFCRPSTY
Subject: FW: EB-2007-0905 - OPG's Response to follow-up questions to Undertaking J15.1

Peter,

To follow up on our phone conversation, we are currently assessing the two emails that you have sent to determine if the requested information exists, and whether we can provide it in a reasonable fashion. As I indicated, we will inform you as soon as possible regarding whether or not we can provide the requested information.

Regards,
Colin Anderson

-----Original Message-----

From: Thompson, Peter C. P. [mailto:PThompson@blgcanada.com]
Sent: Wednesday, July 09, 2008 1:45 PM
To: Thompson, Peter C. P.; OPG REG AFFAIRS; boardsec@oeb.gov.on.ca; Wayne Clark; Adam White; Alfredo Bertolotti; Allison Duff; Andrew MacSkimming; Basil Alexander; Berry, E.D.; Bill Harper; Bob Williams; Cheryl Brownlee; KELLAR DM Mr -SOCIETY; David Butters; David MacIntosh; David Poch; Dr. Gordon S. Roberts; Dr. Lawrence Kryzanowski; Elisabeth DeMarco; ERZETIC Josie -LAW DIVISION; Glen MacDonald; Helen Lainis; Ian Mondrow; Rodger, J.Mark; Jack Gibbons; Jay Shepherd; John Devellis; John Rattray; John Sprackett; Judy Kwik; Julie Girvan; Kimble Ainslie; Laurence Booth; Lawrence Murphy; Lawrence Schwartz; Michael Buonaguro; Michael Penny; Mikaela Cameron; Miriam Heniz; Murray Klippenstein; Nicole Bryant; Norman Rubin; Paul Chernick; Paul Clipsham; Peter T.
Faye; Rachel Chen; REUBER Barbara -REGAFFCRPSTY; Richard Battista; Richard Rogacki; Richard Stephenson; Richard Zebrowski; Robert Warren; Shelley Grice; Tom Adams; DeRose, Vincent J.
Cc: batul.rahimtoola@oeb.gov.on.ca; CURLEY Deborah -REGAFFCRPSTY; LAM Grace -REGAFFCRPSTY
Subject: RE: EB-2007-0905 - OPG's Response to follow-up questions to Undertaking J15.1

Barb Could you let me know by return e mail whether OPG will be providing responses to the further questions I have re the Response to J15.1 Addendum or whether I need to request a Direction from the Board that the requested info be provided.Thanks.

Peter T

-----Original Message-----

From: Thompson, Peter C. P.

Sent: July 9, 2008 9:46 AM

To: Thompson, Peter C. P.; 'OPG REG AFFAIRS'; 'boardsec@oeb.gov.on.ca'; 'Wayne Clark'; 'Adam White'; 'Alfredo Bertolotti'; 'Allison Duff'; 'Andrew MacSkimming'; 'Basil Alexander'; 'Berry, E.D.'; 'Bill Harper'; 'Bob Williams'; 'Cheryl Brownlee'; 'KELLAR DM Mr -SOCIETY'; 'David Butters'; 'David MacIntosh'; 'David Poch'; 'Dr. Gordon S. Roberts'; 'Dr.

Lawrence Kryzanowski'; 'Elisabeth DeMarco'; 'ERZETIC Josie -LAW DIVISION'; 'Glen MacDonald'; 'Helen Lainis'; 'Ian Mondrow'; 'Rodger, J.Mark'; 'Jack Gibbons'; 'Jay Shepherd'; 'John Devellis'; 'John Rattray'; 'John Sprackett'; 'Judy Kwik'; 'Julie Girvan'; 'Kimble Ainslie'; 'Laurence Booth'; 'Lawrence Murphy'; 'Lawrence Schwartz'; 'Michael Buonaguro'; 'Michael Penny'; 'Mikaela Cameron'; 'Miriam Heniz'; 'Murray Klippenstein'; 'Nicole Bryant'; 'Norman Rubin'; 'Paul Chernick'; 'Paul Clipsham'; 'Peter T. Faye'; 'Rachel Chen'; 'REUBER Barbara -REGAFFCRPSTY'; 'Richard Battista'; 'Richard Rogacki'; 'Richard Stephenson'; 'Richard Zebrowski'; 'Robert Warren'; 'Shelley Grice'; 'Tom Adams'; 'DeRose, Vincent J.

Cc: 'batul.rahimtoola@oeb.gov.on.ca'; 'CURLEY Deborah -REGAFFCRPSTY'; 'LAM Grace -REGAFFCRPSTY'

Subject: RE: EB-2007-0905 - OPG's Response to follow-up questions to Undertaking J15.1

Barb

Another number I would like OPG to confirm for me is the undepreciated ARC at Dec.31,2007.

I believe that the number of \$2,528M shown in H1 T1 S3 page 2 as the total 2007 ARC for Bruce and Pickering/Darlington is close but I cannot reconcile that number with the balances for 2005 and 2006 ARC shown in the same exhibit and the Depreciation amounts for 2006 shown in that same exhibit.

Can someone from OPG provide a continuity schedule for ARC in a format similar to what was provided in J1.5 showing the opening and closing balances for ARC, segregated between Bruce and Pickering /Darlington, for the period Jan.1,2005 to Dec.31,2009?

Peter T

-----Original Message-----

From: Thompson, Peter C. P.

Sent: July 8, 2008 5:58 PM

To: 'OPG REG AFFAIRS'; boardsec@oeb.gov.on.ca; Wayne Clark; Adam White; Alfredo Bertolotti; Allison Duff; Andrew MacSkimming; Basil Alexander; Berry, E.D.; Bill Harper; Bob Williams; Cheryl Brownlee; KELLAR DM Mr -SOCIETY; David Butters; David MacIntosh; David Poch; Dr. Gordon S.

Roberts; Dr. Lawrence Kryzanowski; Elisabeth DeMarco; ERZETIC Josie -LAW DIVISION; Glen MacDonald; Helen Lainis; Ian Mondrow; Rodger, J.Mark; Jack Gibbons; Jay Shepherd; John Devellis; John Rattray; John Sprackett; Judy Kwik; Julie Girvan; Kimble Ainslie; Laurence Booth; Lawrence Murphy; Lawrence Schwartz; Michael Buonaguro; Michael Penny; Mikaela Cameron; Miriam Heniz; Murray Klippenstein; Nicole Bryant; Norman Rubin; Paul Chernick; Paul Clipsham; Peter T. Faye; Rachel Chen; REUBER Barbara -REGAFFCRPSTY; Richard Battista; Richard Rogacki; Richard Stephenson; Richard Zebrowski; Robert Warren; Shelley Grice; Tom Adams; DeRose, Vincent J.

Cc: batul.rahimtoola@oeb.gov.on.ca; CURLEY Deborah -REGAFFCRPSTY; LAM Grace -REGAFFCRPSTY
Subject: RE: EB-2007-0905 - OPG's Response to follow-up questions to Undertaking J15.1

Barb

Thank you for this response. A further question pertaining to the ARC which arises from this response is to have OPG provide the undiscounted value of ARC, at Jan 1, 2008, separately for each of the plants listed in response to Undertaking J 15.1 Addendum; namely Bruce A, Bruce B, Darlington, Pickering A, and Pickering B.

Can this info be provided. What I am looking for is the undiscounted ARC, for each plant, which produces the present value calculation of ARC for 2007 of \$2,528M shown in H1 T1 S3.

Peter T

-----Original Message-----

From: OPG REG AFFAIRS [mailto:opgregaffairs@opg.com]

Sent: July 4, 2008 10:46 AM

To: OPG REG AFFAIRS; boardsec@oeb.gov.on.ca; Wayne Clark; Adam White; Alfredo Bertolotti; Allison Duff; Andrew MacSkimming; Basil Alexander; Berry, E.D.; Bill Harper; Bob Williams; Cheryl Brownlee; KELLAR DM Mr -SOCIETY; David Butters; David MacIntosh; David Poch; Dr. Gordon S.

Roberts; Dr. Lawrence Kryzanowski; Elisabeth DeMarco; ERZETIC Josie -LAW DIVISION; Glen MacDonald; Helen Lainis; Ian Mondrow; Rodger, J. Mark; Jack Gibbons; Jay Shepherd; John Devellis; John Rattray; John Sprackett; Judy Kwik; Julie Girvan; Kimble Ainslie; Laurence Booth; Lawrence Murphy; Lawrence Schwartz; Michael Buonaguro; Michael Penny; Mikaela Cameron; Miriam Heniz; Murray Klippenstein; Nicole Bryant; Norman Rubin; Paul Chernick; Paul Clipsham; Peter T. Faye; Thompson, Peter C. P.; Rachel Chen; REUBER Barbara - REGAFFCRPSTY; Richard Battista; Richard Rogacki; Richard Stephenson; Richard Zebrowski; Robert Warren; Shelley Grice; Tom Adams; DeRose, Vincent J.

Cc: batul.rahimtoola@oeb.gov.on.ca; CURLEY Deborah -REGAFFCRPSTY; LAM Grace -REGAFFCRPSTY
Subject: EB-2007-0905 - OPG's Response to follow-up questions to Undertaking J15.1

Attached is a response to the follow-up questions to Undertaking J15.1 raised in Mr. Thompson's letter of July 3, 2008. Paper copies will be delivered to the OEB office on Monday.

<<J15.1 Addendum.pdf>>

Barbara Reuber
Director, Ontario Regulatory Affairs

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