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.

APPLICATION

1. The applicant, Ontario Power Generation Inc. ("OPG") is a corporation, incorporated under the Ontario *Business Corporations Act*, with its head office in the City of Toronto. The principal business of OPG is the generation and sale of electricity in Ontario.

2. In this Application, OPG applies to the Ontario Energy Board ("OEB") pursuant to section 78.1 of the *Ontario Energy Board Act, 1998*, (the "Act"), for an order or orders approving a payment amount for hydroelectric generating facilities (the "regulated hydroelectric facilities") prescribed under Ontario Regulation 53/05 of the Act, as amended, ("O. Reg. 53/05") effective January 1, 2019.

3. For the purposes of section 6 (1) of O. Reg. 53/05, OPG requests that the OEB apply the price-cap index methodology for the regulated hydroelectric facilities approved in the EB-2016-0152 Decision and Order dated December 28, 2017 for the period from January 1, 2017 through December 31, 2021 to determine the 2019 payment amount.

4. OPG also seeks an order or orders approving the disposition of the audited balances in all but two of its deferral and variance accounts as of December 31, 2017,[1] and income tax amounts associated with the recovery of the audited balances in the Pension & OPEB

[1] As discussed at Ex. H1-1-1, OPG is not proposing to dispose the balance of the Capacity Refurbishment Variance Account and the Fitness for Duty Deferral Account.

5. Cash Versus Accrual Differential Deferral Account. To recover these amounts, OPG seeks two separate payment riders for the regulated hydroelectric and nuclear generating facilities prescribed under O. Reg. 53/05.

6. OPG seeks to recover the amounts described in paragraph 4 above, less amounts previously approved for recovery through payment riders established in EB-2016-0152, over a three-year period from January 1, 2019 through December 31, 2021, except for the previously approved balance of the Pension and OPEB Cost Variance Account, the balance of the Pension & OPEB Cash Versus Accrual Differential Deferral Account, and the income tax impacts associated with the recovery of that balance, and the balance of the Bruce Lease Net Revenues Variance Account – Non-Derivative Sub Account. OPG proposes to recover the December 31, 2017 audited balance of the Bruce Lease Net Revenues Variance Account – Non-Derivative Sub Account, the Pension & OPEB Cash Versus Accrual Differential Deferral Account and the income tax impacts associated with the recovery of that balance, over an eight-year period from January 1, 2018 to December 31, 2026.[2] The first three years of that recovery period are reflected in the payment riders proposed in this Application. OPG seeks to recover the previously approved December 31, 2017 audited balances in the Pension and OPEB Cost Variance Account, less amounts previously approved for recovery through payments riders established in EB-2016-0152, over recovery periods previously authorized by the OEB.[3]

7. To disposition the balances in the deferral and variance accounts, and income tax impacts associated with the recovery of the balance in the Pension & OPEB Cash versus Accrual Differential Deferral Account, as described above, OPG is seeking payment riders for the output of the regulated hydroelectric facilities of $1.65/MWh for the period from January 1, 2019 to December 31, 2020, and $1.56/MWh for the period from January 1, 2021 to

[2] OPG also makes a proposal for the application of the Pension and OPEB Forecast Accrual versus Actual Cash Payment Differential variance account set out in EB-2015-0040 as it relates to the December 31, 2017 balances OPG proposes to recover from the Pension & OPEB Cash Versus Accrual Differential Deferral Account. The details of OPG's proposal are set out in Ex. F1-1-1.

[3] Pension and OPEB Cost Variance Account (Future Recovery) is to be recovered by December 31, 2024 (EB-2016-0152 Payment Amounts Order, Appendix G, p. 11); OPG proposes to amortize the remaining balance over 72 months from January 1, 2019 to December 31, 2024). Pension and OPEB Cost Variance Account (Post-2012 Additions) is to be recovered by June 30, 2021 (EB-2016-0152 Payment Amounts Order, Appendix G, p. 11); OPG proposes to amortize the remaining balance over 30 months from January 1, 2019 to June 30, 2021.

8. December 31, 2021; and for the output of the nuclear facilities of $4.55/MWh for the period from January 1, 2019 to December 31, 2019, $4.76/MWh for the period from January 1, 2020 to December 31, 2020, and $3.43/MWh for the period from January 1, 2021 to December 31, 2021.

9. OPG seeks an order declaring the current payment amount interim effective January 1, 2019 for the regulated hydroelectric facilities, if the order or orders approving the payment amount are not implemented by January 1, 2019 for the regulated hydroelectric facilities.

10. The Application will be supported by written evidence. The written evidence filed by OPG may be supplemented or amended from time to time by OPG prior to the OEB's final decision on the Application.

11. OPG requests that pursuant to section 32.01 of the OEB "Rules of Practice and Procedure", this proceeding be conducted by way of a written hearing.

12. OPG further applies to the OEB pursuant to the provisions of the Act and the OEB "Rules of Practice and Procedure" for such orders and directions as may be necessary in relation to the Application and the proper conduct of this proceeding.

13. The persons affected by this Application are all electricity consumers in Ontario. It is impractical to set out the names and addresses of the consumers because they are too numerous.

14. OPG requests that copies of all documents filed with the OEB by each party to this Application along with copies of all comments filed with the OEB in accordance with Rule 9 of the OEB "Rules of Practice and Procedure" be served on the applicant and the applicant's counsel as follows:

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Dated at Toronto, Ontario, this 9th day of August, 2018.

Ontario Power Generation Inc.

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