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 payment amounts for prescribed generating facilities commencing March 1, 2011.

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, for an order or orders approving the payment amounts for generating facilities prescribed under Ontario Regulation 53/05 (“O. Reg. 53/05”), as amended, of the Act for the period from March 1, 2011 through December 31, 2012, based on a test period of January 1, 2011 through December 31, 2012, or for such other period determined to be appropriate by the OEB.

3. OPG also seeks an order of the OEB declaring the current payment amounts interim effective March 1, 2011, if the order or orders approving the payment amounts are not implemented by March 1, 2011.

4. For the purposes of section 6 (1) of O. Reg. 53/05, OPG requests that the OEB use a forecast cost of service methodology to approve payment amounts for the test period as established in EB-2006-0064, “A Regulatory Methodology for Setting Payment Amounts for the Prescribed Generation Assets of Ontario Power Generation Inc.” and EB-2009-0331 “Filing Guidelines for Ontario Power Generation.”
5. OPG is seeking approval for disposition of the balances forecast as of December 31, 2010 in its deferral and variance accounts, using separate payment riders for the nuclear and regulated hydroelectric accounts. OPG is also seeking an order continuing and/or establishing deferral and variance accounts during the test period.

6. To achieve the revenue requirement and disposition of the balances in the deferral and variance accounts, OPG is seeking payment amounts and riders as follows:

- Effective March 1, 2011 for the regulated hydroelectric facilities, $37.38/MWh for the average hourly net energy production (MWh) from the regulated facilities in any given month (the “hourly volume”) for each hour of that month. Production over the hourly volume will receive the market price from the Independent Electricity System Operator (“IESO”)-administered energy market. Where production from the regulated hydroelectric facilities is less than the hourly volume, OPG’s revenues will be adjusted by the difference between the hourly volume and the actual net energy production at the market price from the IESO-administered market.

- Approval for recovery of the audited December 31, 2010 balance in the regulated hydroelectric variance accounts, and beginning March 1, 2011, its disposition at a rate derived as described in Ex. H1-T2-S1.

- Effective March 1, 2011 for the nuclear facilities, a payment amount of $55.34/MWh.

- Approval for recovery of the audited December 31, 2010 balance in the nuclear variance and deferral accounts, and beginning March 1, 2011, its disposition at a rate derived as described in Ex. H1-T2-S1.

7. The Application will be supported by written and oral 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.

8. 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.
9. 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.

10. 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 24 of the OEB Rules of Practice and Procedure be served on the applicant and the applicant’s counsel as follows:

(a) The applicant: Barbara Reuber
   Director, Ontario Regulatory Affairs
   Ontario Power Generation Inc.
   
   Mailing address: H18 G2
   700 University Avenue
   Toronto ON M5G 1X6
   
   Telephone: 416-592-5419
   
   Facsimile: 416-592-8519
   
   Electronic mail: opgregaffairs@opg.com

(b) The applicant’s Counsel: Charles Keizer
   Torys LLP
   
   Mailing address: 79 Wellington St. W.
   PO Box 270
   Toronto Dominion Centre
   Toronto ON M5K 1N2
Telephone: 416-865-0040

Facsimile: 416-865-7380

Electronic mail: ckeizer@torys.com

(c) The applicant’s Counsel: Carlton D. Mathias
Ontario Power Generation Inc.

Mailing address: H18 A24
700 University Avenue
Toronto ON M5G 1X6

Telephone: 416-592-4964

Facsimile: 416-592-1466

Electronic mail: carlton.mathias@opg.com

Dated at Toronto, Ontario, this 8th day of October, 2010.

Ontario Power Generation Inc.

[Original signed by]

Charles Keizer
Torys LLP