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ONTARIO ENERGY BOARD 1 2 3 **IN THE MATTER OF** the Ontario Energy Board Act, 1998; 4 5 **AND IN THE MATTER OF** an Application by Ontario Power Generation Inc. 6 for an order or orders approving payment amounts for prescribed generating 7 facilities commencing April 1, 2008. 8 **APPLICATION** 9 10 11 1. The applicant, Ontario Power Generation Inc. ("OPG") is a corporation, incorporated 12 under the Ontario Business Corporations Act, with its head office in the City of Toronto. 13 The principal business of OPG is the generation and sale of electricity in Ontario. 14 15 2. In this Application, OPG applies to the Ontario Energy Board ("OEB") pursuant to section 16 78.1 of the Ontario Energy Board Act, 1998, for an order or orders approving the 17 payment amounts for generating facilities prescribed under Ontario Regulation 53/05 ("O. 18 Reg. 53/05"), as amended, of the Act for the period from April 1, 2008 through December 19 31, 2009 ("test period"), or for such other period determined to be appropriate by the 20 OEB. For the purposes of section 6 (1) of O. Reg. 53/05, OPG requests that the OEB use 21 a forecast cost of service methodology to approve payment amounts for the test period 22 as established in EB-2006-0064, "A Regulatory Methodology for Setting Payment 23 Amounts for the Prescribed Generation Assets of Ontario Power Generation Inc." and 24 "Filing Guidelines for Ontario Power Generation." 25 26 3. OPG also seeks an order of the OEB declaring the current payment amounts interim 27 effective April 1, 2008. OPG seeks an order establishing payment amounts that allow full 28 recovery of the test period revenue requirement over the test period. 29 30 4. OPG also seeks an interim order for increased payment amounts effective April 1, 2008

in the amount of \$35.35/MWh for the output of Sir Adam Beck I, Sir Adam Beck II, Sir

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Adam Beck Pump Generating Station, DeCew Falls I, DeCew Falls II, and R.H. Saunders Generating Stations (together the "regulated hydroelectric facilities") and \$53.00/MWh for the output of Pickering A Generating Station, Pickering B Generating Station, and Darlington Generating Station (together the "nuclear facilities"), all subject to adjustment once final payment amounts are determined. These interim payment amounts are calculated based on 50 percent recovery of the test period revenue deficiency on a unit of energy basis. During the period of interim rates, OPG expects to retain the hydroelectric incentive mechanism under O. Reg. 53/05 under which the output from the regulated hydroelectric facilities in excess of 1900 MWh in any hour receives market price.

5. OPG is seeking approval for disposition of the balances in the deferral and variance accounts, using a payment rider for the nuclear accounts and as part of the payment amount for the regulated hydroelectric facilities. 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:
 - For the regulated hydroelectric facilities, \$37.90/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.
 - For disposition of the regulated hydroelectric variance account, recovery of \$0.7M by including this amount in the revenue requirement used to calculate the hydroelectric payment amount.
 - For the nuclear facilities, a payment amount of \$58.2M/month plus \$41.50/MWh for the output generated from the nuclear facilities.

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1 2 3		•	ar variance and deferral accounts, recovery of \$342M at a utput from the nuclear facilities.		
4	7.	The Application will be supported	ed by written and oral evidence. The written evidence filed		
5		by OPG may be supplemented	or amended from time to time by OPG prior to the OEB's		
6		final decision on the Application			
7					
8	8.	OPG further applies to the OEE	B pursuant to the provisions of the Act and the OEB Rules		
9		of Practice and Procedure for such orders and directions as may be necessary in relation			
10		to the Application and the prope	er conduct of this proceeding.		
11					
12	9.	The persons affected by this Application are all electricity consumers in Ontario. It is			
13	impractical to set out the names and addresses of the consumers because they are to				
14		numerous.			
15 16	10	OPC requests that copies of	all decuments filed with the OER by each party to this		
17	10	10. OPG requests that copies of all documents filed with the OEB by each party to this			
18		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			
19		applicant's counsel as follows:			
20		applicant o oddinost ac tollower			
21	(a)) The applicant:	Barbara Reuber		
22	` '		Director, Ontario Regulatory Affairs		
23			Ontario Power Generation Inc.		
24					
25		Address for personal service: H18 G2			
26			700 University Avenue		
27			Toronto ON M5G 1X6		
28					
29		Mailing address:	H18 G2		
30			700 University Avenue		

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3	Telephone:	416-592-5419
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5	Facsimile:	416-592-6379
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7	Electronic mail:	opgregaffairs@opg.com
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9	(b) The applicant's Counsel:	Michael A. Penny
10		Torys LLP
11		
12	Address for personal serv	ice: Suite 3000
13		79 Wellington St. W.
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17	Mailing address:	79 Wellington St. W.
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24	Facsimile:	416-865-7380
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28	(c) The applicant's Counsel:	Josephina D. Erzetic
29		Assistant General Counsel,
30		Ontario Power Generation Inc.
31		

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1	Address for personal service: H18 A24				
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13	Electronic mail:	j.erzetic@opg.com			
14					
15	Dated at Toronto, Ontario, this 30th day of November 2007.				
16					
17		Ontario Power Generation Inc.			
18					
19					
20					
21		Michael A. Penny			
22		Torys LLP			