7 ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. The nuclear revenue requirement, net of stretch factor adjustments, for each year of the test period are:

   $2,970.3 million in 2017
   $3,025.3 million in 2018
   $3,107.2 million in 2019
   $3,565.8 million in 2020
   $3,174.1 million in 2021

   These amounts are set out in Appendix A, Tables 1 to 5, line 26.

2. The production forecast for the nuclear facilities (NPF), as approved in the Decision, for each year of the test period are:

   38.1 TWh in 2017
   38.5 TWh in 2018
   39.0 TWh in 2019
   37.4 TWh in 2020
   35.4 TWh in 2021

   These NPF are set out in Appendix C, Table 1, line 2.

3. Commencing on the effective date of June 1, 2017 to December 31, 2017, the payment amount for the regulated hydroelectric facilities (HPA) is $41.67/MWh. Effective January 1, 2018 to December 31, 2018, the HPA is $42.05/MWh. These HPA are set out in Appendix B, Table 1, line 6.

   For the periods January 1, 2019 to December 31, 2019, January 1, 2020 to December 31, 2020 and January 1, 2021 to December 31, 2021, the HPA amounts will be determined through an annual hydroelectric payment amount adjustment application. The HPA for each year shall be determined using the price-cap index proposed by OPG in Exh A1-3-2 of this proceeding, under which the HPA for the prior year is adjusted by the generation industry-weighted inflation factor (using the most current Statistics Canada values for GDP-IPI (FDD) and Ontario AWE), less a productivity factor of 0% less a stretch factor of 0.3%.

The hydroelectric incentive mechanism will continue to operate pursuant to the OEB's approval in EB-2013-0321. As also approved by the OEB in EB-2013-0321, the HPA will continue to apply to 50% of the output of OPG's Chats Falls Generating Station.

4. Commencing on the effective date of June 1, 2017 to December 31, 2017, the payment amount for the nuclear facilities (NPA) is $77.96/MWh. Effective January 1 of each year, the NPA for the balance of the test period are:

   $78.64/MWh in 2018
   $77.00/MWh in 2019
   $85.00/MWh in 2020
   $89.70/MWh in 2021

   These NPA are set out in Appendix C, Table 1, line 3. These payment amounts reflect the rate smoothing set out in Appendix I and the resulting nuclear rate smoothing deferral amounts approved below.

5. There will be no additions to the Rate Smoothing Deferral Account (RSDA) for 2017, 2018 and 2021. The nuclear deferral amounts to be recorded in the RSDA are: $102.2 million for 2019 and $390.6 million for 2020 for a total of $492.8 million of deferred revenue. The annual deferral amounts are set out in Appendix C, Table 1, line 5.

6. OPG shall recover the December 31, 2015 audited balances in the following deferral and variance accounts, less amortization amounts previously approved in EB-2012-0002 and EB-2014-0370, in accordance with Appendix D and Appendix E, effective March 1, 2018:

   - Hydroelectric Water Conditions Variance Account
   - Ancillary Services Net Revenue Variance Account – Hydroelectric and Nuclear Sub-accounts
   - Hydroelectric Incentive Mechanism Variance Account
   - Hydroelectric Surplus Baseload Generation Variance Account
   - Income and Other Taxes Variance Account
   - Capacity Refurbishment Variance Account
   - Pension and OPEB Cost Variance Account
   - Pension & OPEB Cash Payment Variance Account
   - Hydroelectric Deferral and Variance Over/Under Recovery Variance Account
   - Nuclear Liability Deferral Account

- Nuclear Development Variance Account
- Bruce Lease Net Revenues Variance Account – Derivative and Non-Derivative Sub-Account
- Nuclear Deferral and Variance Over/Under Recovery Variance Account

7. OPG shall continue the following deferral and variance accounts in accordance with Appendix G, effective June 1, 2017:

   - Hydroelectric Water Conditions Variance Account
   - Ancillary Services Net Revenue Variance Account – Hydroelectric and Nuclear Sub-accounts
   - Hydroelectric Incentive Mechanism Variance Account
   - Hydroelectric Surplus Baseload Generation Variance Account
   - Income and Other Taxes Variance Account
   - Capacity Refurbishment Variance Account
   - Pension and OPEB Cost Variance Account
   - Pension & OPEB Cash Versus Accrual Differential Deferral Account
   - Pension & OPEB Cash Payment Variance Account
   - Niagara Tunnel Project Pre-December 2008 Disallowance Variance Account
   - Gross Revenue Charge Variance Account
   - Hydroelectric Deferral and Variance Over/Under Recovery Variance Account
   - Nuclear Liability Deferral Account
   - Nuclear Development Variance Account
   - Bruce Lease Net Revenues Variance Account – Derivative and Non-Derivative Sub-Account
   - Nuclear Deferral and Variance Over/Under Recovery Variance Account
   - Impact Resulting from Changes in Station End-of-life Dates (December 31, 2015) Deferral Account

8. Effective March 1, 2018, the hydroelectric payment rider (HPR) for the recovery of the approved deferral and variance account balances for the regulated hydroelectric facilities (Hydroelectric Payment Rider A) is $0.52/MWh commencing March 1, 2018 to December 31, 2018, $1.44/MWh for January 1, 2019 to December 31, 2019, and $1.01/MWh for January 1, 2020 to December 31, 2020. Hydroelectric Payment Rider A is set out in Appendix D, Table 1, line 14. The approved disposition amount for this proceeding is a debit of $86.8 million (Appendix D, Table 1, line 12) from hydroelectric deferral and variance accounts, reflecting recovery of audited December 31, 2015 balances in deferral and variance accounts less amortization amounts approved in EB-2014-0370. The HPR will apply to 50% of the output of OPG's Chats Falls Generating Station.

9. Effective March 1, 2018, the nuclear payment rider (NPR) for the recovery of the approved deferral and variance account balances for the nuclear facilities (Nuclear Payment Rider A) is \$1.05/MWh commencing March 1, 2018 to December 31, 2018, \$2.79/MWh for January 1, 2019 to December 31, 2019, and \$2.04/MWh for January 1, 2020 to December 31, 2020. Nuclear Payment Rider A is set out in Appendix E, Table 1, line 18. The approved disposition amount for this proceeding is a debit of \$217.9 million (Appendix E, Table 1, line 16) from nuclear deferral and variance accounts, reflecting recovery of audited December 31, 2015 balances in deferral and variance accounts less amortization amounts approved in EB-2014-0370.

10. The interim period revenue shortfall amount for the regulated hydroelectric facilities is determined as the difference between the annual HPA and the interim hydroelectric payment amounts for the period from the effective date of the 2017 HPA to the implementation date of the 2018 HPA (Hydroelectric Shortfall). The approved Hydroelectric Shortfall for recovery is \$21.1 million, as set out in Appendix F, Table 1, line 10, reflecting the approved effective date of June 1, 2017, the implementation date of March 1, 2018, actual 2017 hydroelectric production from the effective date to December 31, 2017 and pro-ration of the 2015 actual regulated hydroelectric production for production after January 1, 2018. To recover the Hydroelectric Shortfall, the interim period shortfall recovery payment rider for the regulated hydroelectric facilities (Hydroelectric Payment Rider B) is \$0.13/MWh commencing March 1, 2018 to December 31, 2018, \$0.35/MWh for January 1, 2019 to December 31, 2019, and \$0.24/MWh for January 1, 2020 to December 31, 2020. Hydroelectric Payment Rider B is set out in Appendix F, Table 1, lines 17 to 19. Hydroelectric Payment Rider B will apply to 50% of the output of OPG's Chats Falls Generating Station.

11. The interim period revenue shortfall amount for the nuclear facilities is determined as the difference between the annual NPA and the interim nuclear payment amount for the period from the effective date of the 2017 NPA to the implementation date of the 2018 NPA (Nuclear Shortfall). The approved Nuclear Shortfall for recovery is \$601.9 million, as set out in Appendix F, Table 2, line 5, reflecting the approved effective date of June 1, 2017, the implementation date of March 1, 2018, actual 2017 nuclear production from the effective date to December 31, 2017 and the approved NPF from January 1, 2018 to the implementation date. To recover the Nuclear Shortfall, the interim period shortfall recovery payment rider for the nuclear facilities (Nuclear Payment Rider B) is \$2.89/MWh commencing March 1, 2018 to December 31, 2018, \$7.71/MWh for January 1, 2019 to December 31, 2019, and \$5.64/MWh for January 1, 2020 to December 31, 2020. Nuclear Payment Rider B is set out in Appendix F, Table 2 lines 12 to 14.

12. OPG shall establish the following new deferral and variance accounts in accordance with the accounting orders in Appendix H. These accounts are effective June 1, 2017, unless otherwise noted:

    - Rate Smoothing Deferral Account (effective January 1, 2017)
    - Fitness for Duty Deferral Account
    - SR&ED ITC Variance Account

13. The IESO shall make payments to OPG in accordance with this order as of March 1, 2018.

14. OPG shall file an accounting order application with the OEB and provide notice to intervenors of record in EB-2016-0152 if:

    i. OPG proposes an accounting change impacting the calculation of its nuclear liabilities, other than as a result of an Ontario Nuclear Funds Agreement Reference Plan update, which results in a material revenue requirement impact for the prescribed facilities; or
    ii. OPG proposes to change the end-of-life dates of its prescribed nuclear facilities for depreciation and amortization purposes that results in a material non-asset retirement cost revenue requirement impact.

    An accounting order application shall only be required if the revenue requirement impact is neither reflected in current or proposed payment amounts nor recorded in an authorized deferral or variance account and the annualized revenue requirement impact for the prescribed facilities is $10 million or greater.

15. Intervenors eligible for cost awards shall file with the OEB and forward to OPG their respective cost claims for the period after May 29, 2017 by **April 16, 2018**.

16. OPG shall file with the OEB and forward to intervenors any objections to the claimed costs by **April 26, 2018**.

17. Intervenors shall file with the OEB and forward to OPG any responses to any objections for costs claimed by **May 3, 2018**.

All filings to the OEB must quote the file number, **EB-2016-0152** and be made electronically through the OEB's web portal at http://www.pes.ontarioenergyboard.ca/eservice/ in searchable/unrestricted PDF format.

Two paper copies must also be filed at the OEB's address provided below. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at https://www.oeb.ca/oeb/_Documents/e-Filing/RESS_Document_Guidelines_final.pdf. If the web portal is not available parties may email their documents to the address below. Those who do not have internet access are required to submit all filings on a USB flash drive in PDF format, along with two paper copies. Those who do not have computer access are required to file seven paper copies.

All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

ADDRESS
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4
Attention: Board Secretary

E-mail: boardsec@oeb.ca
Tel: 1-888-632-6273 (Toll free)
Fax: 416-440-7656

DATED at Toronto **March 29, 2018**

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary