

UNDERTAKING J13.5

Undertaking

File the calculation in the form of updated continuity schedules for 2014 and 2015 for the Undepreciated Capital Cost that are in the prefiled.

Response

Attachment 1, Tables 2 and 3 (in the format of Ex. L-6.13-1 Staff-170, Att. 1) detail the forecast Undepreciated Capital Cost (“UCC”) and Capital Cost Allowance (“CCA”) for the newly regulated hydroelectric facilities for 2014 and 2015 using the actual year-end 2013 UCC values. These actual year-end 2013 UCC values are based on OPG’s 2013 corporate income tax returns (filed in Ex. J13.3) and are provided in Attachment 1, Table 1. That table is an updated version of Ex. L-6.13-1 Staff-170, Att. 1, Table 2, which was prepared prior to the completion of OPG’s 2013 corporate income tax returns.

As shown at line 20, col. (j) of Attachment 1, Tables 2 and 3, the test period CCA for the newly regulated hydroelectric assets would be \$88.9M for 2014 and \$89.9M for 2015. This represents an increase of \$4.6M for 2014 and \$6.1M for 2015 relative to the corresponding forecast CCA of \$84.3M and \$83.8M reflected in the proposed test period revenue requirement and shown at Ex. J11.15 Table 1, line 12. At a tax rate of 25% including the gross-up, the revenue requirement impacts of \$1.5M in 2014 and \$2.0M are less than the \$10M materiality threshold applied by OPG for the purposes of the Second Impact Statement (Ex. N2-1-1) and are therefore not reflected in that impact statement.