

Ontario Energy Board    Commission de l'énergie  
de l'Ontario



**EB-2013-0321**

IN THE MATTER OF AN APPLICATION BY

**ONTARIO POWER GENERATION INC.**

**PAYMENT AMOUNTS FOR PRESCRIBED FACILITIES  
FOR 2014 AND 2015**

**DECISION WITH REASONS**

**November 20, 2014**

years and SEC proposed 150 years. OPG argued that there was no evidentiary basis for the proposals of the parties.

## Board Findings

The Board finds that OPG responded appropriately to the direction in EB-2010-0008 by having an independent depreciation study undertaken. The Board accepts the study results, predicated on OPG's continued application of the average life group method. The Board will not require OPG to file another study using the equal life group method, as the data is not available. The Board accepts Gannett Fleming's evidence that OPG lacks the necessary data to use the equal life group method and the cost to develop the data would be prohibitive.

OPG's depreciation and amortization expense for the test period incorporates all the recommendations made by Gannett Fleming. The Board accepts the evidence of Gannett Fleming and its recommended 95 year useful life for the Niagara Tunnel. Although the useful lives of the Sir Adam Beck Tunnels are longer than 95 years, the useful lives were reviewed and extended after 45 years in-service. The Board will not consider extending the useful life of the Niagara Tunnel at this time.

The Board approves the depreciation expenses as filed to be included in the calculation of the payment amounts.

## 4.7 Taxes

### (Issue 6.13)

OPG seeks approval for property taxes of \$16.3M in 2014 (assuming full year for the newly regulated hydroelectric facilities) and \$16.8M in 2015 for the regulated business. No submissions were filed on property taxes, and the Board approves OPG's request.

OPG uses the taxes payable method for determining regulatory income tax for the regulated facilities. The tax is allocated based on each business's regulatory taxable income. OPG seeks approval of income tax expense of \$187.9M in 2014 (assuming full year for the newly regulated hydroelectric facilities) and \$123.7M in 2015 for the regulated business.