

**Board Staff Interrogatory #1  
 Follow-up Question**

n its original application, OPG estimated a 2020 IPI of 1.8%<sup>1</sup> to estimate the proposed 2020 hydroelectric payment amounts and corresponding customer bill impacts. OPG also stated:

If the OEB’s published index values include different annual percentage changes in either of the GDP-IPI FDD or the Ontario AWE, OPG will update this Application and the proposed 2020 HPA accordingly.<sup>2</sup>

The OEB issued its IPI for electricity distributors for 2020 on October 31, 2019, with a value of 2.0%.<sup>3</sup> OEB staff has calculated the 2020 IPI for OPG to be 1.8% as seen in the table below. The calculation is the same as for electricity distributors, with the exception of the labour and non-labour weights. As approved in EB-2016-0152, the weights for OPG’s prescribed hydroelectric assets are 12% labour and 88% non-labour.

2020 Input Price Index for OPG's Prescribed Hydroelectric Price Cap IR Plan												
Inputs and Assumptions												
Year	Non-Labour GDP-IPI (FDD) - National							Labour AWE - All Employees - Ontario			Resultant Values - Annual Growth for the 2-factor IPI	
	Q1	Q2	Q3	Q4	Annual	Annual % Change	Weight	Annual	Annual % Change	Weight	Annual	Annual % Change
2017	108	108.5	108.3	109	108.45			\$ 992.42				106.5
2018	109.4	109.8	110.5	111.1	110.20	1.6%	88%	\$ 1,021.40	2.9%	12%		108.4

While the resulting value of 1.8% is the same as OPG provided in its original application, the quarterly data for 2018 differs slightly from the calculation provided in response to OEB staff questions on October 21, 2019.

Please confirm if OPG agrees with the calculation above.

**Response**

OPG agrees with the calculation provided in Staff Question-1 above.

<sup>1</sup> Exhibit I1, Tab 1, Schedule 1, Page 3, Chart 1

<sup>2</sup> *Ibid.*, Page 3

<sup>3</sup> <https://www.oeb.ca/industry/applications-oeb/electricity-distribution-rates/2020-electricity-distribution-rate#updates>