SUMMARY OF REVENUE REQUIREMENT AND REVENUE DEFICIENCY

1.0 PURPOSE

This evidence provides a summary of the revenue requirement for OPG's nuclear facilities for 2022 through 2026. This evidence also includes the revenue deficiency amounts for OPG's nuclear facilities for the same period.

2.0 REVENUE REQUIREMENT

For its nuclear facilities, OPG is seeking approval of the proposed nuclear revenue requirement, net of the stretch factor, of $3,611.4M for 2022, $3,540.8M for 2023, $3,644.2M for 2024, $3,324.5M for 2025, and $2,550.9M for 2026, as presented in Ex. I1-1-1, Table 1.

The revenue requirement amounts above do not include the recovery of deferral and variance account balances. OPG is seeking to clear certain variance and deferral accounts using a hydroelectric payment rider and a nuclear payment rider as discussed in Ex. H1-2-1.

Ex. I1-1-1, Table 2 compares 2017-2019 actual and 2020-2021 forecast costs, other revenues, income tax amounts and production forecasts to amounts approved by the OEB in EB-2016-0152. Ex. I1-1-1, Table 2a compares the proposed 2022-2026 nuclear revenue requirement to 2017-2019 actual nuclear revenue requirement and 2020-2021 forecast nuclear revenue requirement.

3.0 REVENUE DEFICIENCY

Ex. I1-1-1, Table 3 compares:

a) OPG's forecast revenues determined using the 2021 nuclear payment amount approved in EB-2016-0152 (i.e., 2021 nuclear payment amount multiplied by the nuclear production forecast for 2022-2026 proposed in this application); and
b) the nuclear revenue requirements net of stretch factor provided in this application.

OPG's revenue deficiency for the nuclear facilities is $633.3M for 2022, $775.6M for 2023, $657.2M for 2024, $616.6M for 2025, and $621.4M for 2026.

Ex. I1-1-1, Tables 4 and 5 present the determination of 2020 and 2021 forecast return on equity ("ROE") at current payment amounts. Chart 1 below provides these forecast ROE for 2020 and 2021, along with the actual ROE for 2017-2019[1] as well as the expected average ROE for the 2017-2021 period.

Chart 1
Actual and Forecast ROE

	2017	2018	2019	2020	2021	Average
OPG ROE	5.91%	10.69%	15.61%	13.03%	10.24%	11.10%
OEB-Approved[2]	9.16%	9.16%	9.16%	9.16%	9.16%	9.16%

4.0 REVENUE REQUIREMENT WORK FORM

A Revenue Requirement Work Form ("RRWF") is attached as Attachment 1 to this exhibit and has also been filed in MS Excel worksheet format. The OEB provides a proprietary RRWF model as a filing requirement for transmission and distribution applications, intended to support the calculation of revenue deficiency or sufficiency. As in EB-2013-0321 and EB-2016-0152, OPG has filed a RRWF customized to the company's circumstances in order to provide a mechanism to support the application for 2022-2026 payment amounts for the prescribed nuclear facilities and 2022 payment amount for the prescribed hydroelectric facilities.

Similar to the OEB RRWF, adjustments are entered in a single worksheet with the effect of these adjustments presented in subsequent worksheets.

[1] EB-2020-0248 Notice of Proceeding and Accounting Order, Schedule A
[2] 9.16% is a rate-base-weighted average of the 8.78% ROE approved for the nuclear business in EB-2016-0152 and 9.33% ROE approved for the hydroelectric business in EB-2013-0321.

ATTACHMENTS

Attachment 1: Revenue Requirement Work Form