# 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 | 6.02% | 10.72% | 15.72% | 17.12% | 10.24% | 11.96% |
| 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