Board Staff Interrogatory #343

Interrogatory

Reference:
Exhibit I1 / Tab 3 / Schedule 2 / p. 6

Question(s):

a) Please provide the calculations supporting the 2027-2031 and 2032-2036 anticipated revenue requirements. Please discuss whether deferral account dispositions are considered in the rate smoothing analysis.

Response

OPG confirms that the disposition of the Rate Smoothing Deferral Account is considered in the evaluation of rate smoothing alternatives as set out in Ex. I1-2-3, Chart 3. Each scenario assumes that the balance in the Rate Smoothing Deferral Account is drawn down to $0 by the end of 2036.

OPG declines to respond to produce the requested calculations on the basis of relevance. Detailed calculations for the period beyond the 2022-2026 IR term are not relevant to the determination payment amounts in this application and are not necessary to assess OPG's rate smoothing proposals.

Without waiving the foregoing objection, OPG recognizes that contextual information for the ten years beyond the deferral period may be useful in assessing the full impact of the deferral amounts during the IR term. Although the OEB is only required to determine revenue requirement and deferral amounts for the 2022-2026 period, OPG has provided contextual information for the ten years beyond the deferral period in five-year periods in Ex. I1-3-2. OPG has provided some further contextual information for the 2027-2036 period in Chart 1 below, consistent with what was provided in EB-2016-0152 Ex. N3-1-1, Schedule 1, Attachment 2, Table 19.

Chart 1
Five-Year Revenue Requirement, Production, Average Rate, and Rate Smoothing Deferral Account Activity

Line No		2027	2028	2029	2030	2031	2027-2031
1	**Anticipated Revenue Requirement ($BN)**	$ 3.1	$ 3.3	$ 3.1	$ 3.1	$ 3.2	$ 15.9
2	**Anticipated Production (TWh)**	24	26	28	29	27	134
3	**Smoothed Nuclear Payment Amount ($/MWh)**	$ 137	$ 131	$ 115	$ 114	$ 124	$ 125
4	**Anticipated Account Dispositions ($BN)**	$ (0.2)	$ (0.2)	$ (0.2)	$ (0.2)	$ (0.2)	$ (0.8)
5	**Interest During Period ($BN)**	$ 0.1	$ 0.1	$ 0.0	$ 0.0	$ 0.0	$ 0.2
6	**Rate Smoothing Deferral Account Balance at End of Period ($BN)**	$ 1.4	$ 1.3	$ 1.2	$ 1.1	$ 1.0	N/A

Line No		2032	2033	2034	2035	2036	2032-2036
7	**Anticipated Revenue Requirement ($BN)**	$ 3.1	$ 3.2	$ 3.2	$ 3.2	$ 3.1	$ 15.8
8	**Anticipated Production (TWh)**	29	29	27	29	29	141
9	**Smoothed Nuclear Payment Amount ($/MWh)**	$ 117	$ 118	$ 127	$ 118	$ 117	$ 120
10	**Anticipated Account Dispositions ($BN)**	$ (0.2)	$ (0.2)	$ (0.2)	$ (0.2)	$ (0.2)	$ (1.1)
11	**Interest During Period ($BN)**	$ 0.0	$ 0.0	$ 0.0	$ 0.0	$ 0.0	$ 0.1
14	**Rate Smoothing Deferral Account Balance at End of Period ($BN)**	$ 0.8	$ 0.6	$ 0.4	$ 0.2	$ -	N/A