Energy Probe Interrogatory #70

Interrogatory

References:
Exhibit H1, Tab 2, Schedule 1, Page 2; Exhibit H1, Tab 2, Schedule 1, Tables 1 and 2

Preamble: "OPG proposes to calculate separate hydroelectric and nuclear payment riders for the period from January 1, 2022 to December 31, 2026 in the form of $/MWh rates consistent with the form of payment rider approved in decisions and payment amounts orders in prior OPG proceedings. OPG calculates each rider separately using the following three steps. First, a recovery period is determined for each account to be cleared. Second, based on each account's recovery period and the audited balance in the account less any amortization already approved, the amount to be amortized in each year of the period is determined. Finally, the total amount to be amortized each year for all balances is divided by annual energy production volumes to determine the payment riders in each year."

Please explain how the annual Hydro Rate Rider amount of $25M in Table 1 is derived, relative to the 2019 total net debit balance of $176.8M, and Nuclear Rate rider amount of $156.9M in Table 2 are derived, relative to the 2019 Nuclear total net debit balance of $558.2M.

Response

The amount of $176.8M, per Ex. H1-2-1, Table 1, col. (f), line 20, represents the hydroelectric deferral and variance account balances and associated tax impacts[1] proposed for recovery over the 2022-2026 period. The annual amortization of this amount over the 2022-2026 period is presented in columns (h) to (l). The amount of $25.0M referenced in the question is the unamortized balance at the end of 2026, not an annual amortization amount or rate rider. Specifically, $25.0M represents the year-end 2019 balance in the regulated hydroelectric portion of the Capacity Refurbishment Variance Account (line 6), the clearance of which OPG has proposed to defer to a future application.

The amount of $565.2M,[2] per Ex. H1-2-1, Table 2, col. (f), line 29, represents the nuclear deferral and variance account balances and associated tax impacts[1] proposed for recovery over the 2022-2026 period. The annual amortization of this amount over

[1] Tax impacts associated with the recovery of the Pension & OPEB Cash Versus Accrual Differential Deferral Account, consistent with the approach reflected in EB-2018-0243.
[2] The amount of $558.2M cited in the question is incorrect. The correct amount of $565.2M is presented in the corrected version of Ex. H1-2-1, Table 2, as filed on March 12, 2021.

the 2022-2026 period is presented in columns (h) to (l). The amount of $161.1M[3] referenced in the question above is the unamortized balance at the end of 2026, not an annual amortization amount or rate rider. Specifically, $161.1M is the sum of the year-end 2019 balances in the following four accounts (or portions of accounts) for which OPG has proposed to defer clearance to a future application: Capacity Refurbishment Variance Account – Nuclear – DRP – Excluding D2O (line 5); Fitness for Duty Deferral Account (line 21); Rate Smoothing Deferral Account (line 23), and portion of the Nuclear Development Variance Account related to preliminary planning and preparation costs incurred for the proposed nuclear small modular reactor generating station at the Darlington site (line 3).

[3] The amount of $156.9M cited in the question is incorrect. The correct amount of $161.1M is presented in the corrected version of Ex. H1-2-1, Table 2, as filed on March 12, 2021.