Board Staff Interrogatory #330

Interrogatory

Reference:
Exhibit H1 / Tab 1 / Schedule 1 / pp. 19-20
Exhibit H1 / Tab 1 / Schedule 1 / Table 1b

Preamble:

OPG proposed to clear, in full, the DRP-related credit balance of $19.2 million, as at December 31, 2019, for the impact of the CCA rule changes. This amount was calculated by applying the new CCA rules to the forecast DRP capital additions for the eligible period and resulting undepreciated capital cost balances reflected in the approved 2017-2021 revenue requirements, holding other variables constant.

OEB staff notes that the $19.2 million credit balance is comprised of a $18.9 million transaction booked in 2019 and $0.3 million of interest.
Question(s):

a) Please provide the calculation supporting the $18.9 million revenue requirement impact booked in 2019.

Response

a) Please refer to Attachment 1 for the calculation supporting the $18.9 million DRP-related revenue requirement impact booked in 2019.

   In Attachment 1, Tables 2 and 3, the cost of acquisitions in Column (b) includes the cost of acquisition of accelerated investment incentive property ("AIIP"), which is also separately shown in Column (c). The 50% of the amount of the non-AIIP property cost is calculated as 50% of the difference between the Column (b) and Column (c) and is included in the 50% Rule Column (g). Column (g) is then reduced by 50% of the AIIP cost in Column (c). CCA is then calculated based on the difference between Column (f) and Column (g), where Column (f) includes 100% of Column (b). This results in CCA being calculated using the old rules on non-AIIP property additions (i.e. at 50%) and based on the enhanced rules for AIIP property (i.e., three times the allowed amount under the old rules).