Energy Probe Interrogatory #67

Interrogatory

References:
Exhibits H1, Tab 1, Schedule 1, page 17; Exhibit I1, Tab 2, Schedule 1, page 1

Preamble: "The annual capital funding implicit in the regulated hydroelectric payment amounts was determined by escalating the average 2014 and 2015 OEB-approved depreciation of $143.3M in EB-2013-0321 by the price cap index applied to adjust the hydroelectric payment amounts approved by the OEB for 2018 to 2021."

Considering that hydroelectric payment amounts will not be set by the price-cap formula from 2022 to 2026 due to the amendment to O.Reg.53/05, why is OPG proposing that the price cap formula be used for depreciation?

Response

The citation in the preamble does not describe the methodology OPG is proposing to set the annual capital funding level implicit in the regulated hydroelectric payment amounts for purposes of the hydroelectric Capacity Refurbishment Variance Account ("CRVA") for the 2022-2026 period. Rather, the citation describes the methodology approved by the OEB in EB-2016-0152 to determine such annual capital funding for the 2017-2021 period. OPG's proposal for the 2022-2026 period, found at Ex. H1-1-1, p. 18, lines 7-13, recognizes that hydroelectric payment amounts will not be adjusted by a price cap index and sets the annual capital funding equal to the 2021 value.