

July 29, 2022

VIA EMAIL

Ms. Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, Suite 2700
Toronto, ON
M4P 1E4

Dear Ms. Marconi:

Re: OPG Reporting and Record Keeping Requirements – July 29, 2022 (Non-Confidential Version)

This submission responds to the reporting and record keeping requirements governed by the OEB's Decision and Order in EB-2016-0152 (p. 146) and the OEB's Decision and Order in EB-2020-0290 (Schedule A).

Please find attached the following information:

1) Table 1 – Summary of Actual Capitalization and Cost of Capital, Year Ended December 31, 2021.

This table shows the capital structure and calculated return on equity (dollars and percentage) based on the information shown in Table 2.

2) Tables 2 and 2a – Actual Regulatory Return on Equity, Year Ended December 31, 2021.

These tables show the calculation of the actual regulatory return on equity amount.

3) Table 3 – Comparison of Actual Regulatory Return on Equity to Board Approved, Year Ended December 31, 2021.

This table is included for comparison of the actual regulatory return amount with the regulatory return included in the nuclear payment amount.

In addition, in consideration of the EB-2020-0290 settlement (EB-2020-0290 Decision and Order, Schedule A, Appendix A, p. 1), OPG agreed to provide, as part of this annual reporting, a calculation equivalent to dividing the actual dollar regulatory return for each of the regulated nuclear and hydroelectric business segments by 45% of the corresponding rate base for each of these segments, where 45% is the equity thickness in the agreed upon capital structure for the regulated business for settlement purposes. This information is provided in **Appendix 1**.

We note that under the OEB's Practice Direction on Confidential Filings (the "Practice Direction") and the OEB's Electricity Reporting & Record Keeping Requirements ("RRR") certain information filed is treated in confidence by the OEB.

In this RRR filing by OPG, there is OPG confidential information in Tables 2, 2a and 3. This information relates to margins on sales of surplus heavy water, included in Nuclear revenues, and this same information was afforded confidential protection by the OEB in EB-2010-0008 and subsequent proceedings. The information remains confidential and so a redacted version of OPG's return on equity ("ROE") RRR filing is herewith filed for the public record. The redactions are consistent with those made in the EB-2010-0008 and subsequent payment amounts proceedings. A separate unredacted ROE RRR filing will be simultaneously filed with the OEB in confidence for the OEB's review only.

OPG respectfully requests that prior to any intention the OEB may develop to disclose the confidential information on the public record, that the OEB give OPG notice and afford OPG an opportunity to make submissions on the issue.

OPG's 2021 Regulated Return on Equity Performance

OPG's regulated return on equity (ROE) for 2021 is 10.79% as calculated in Tables 1, 2 and 2a. The 2021 results are within OPG's 12.05% dead band, being the ROE of 9.05%¹ approved in payment amounts ± 300 basis points.²

On November 9, 2020, the OEB issued a Notice of Proceeding and Accounting Order (EB-2020-0248) to enable a review of OPG regulated overearnings that may occur on an actual basis in 2021, and established a 2021 Overearnings Variance Account to record any earnings achieved in 2021 that are more than 300 basis points above the OEB-approved ROE. As the actual earnings for 2021 are not more than 300 basis points above the OEB-approved ROE, OPG has not recorded any amounts for disposition in the 2021 Overearnings Variance Account.

Yours truly,

Herman Mo

Att.

cc: Christopher Kerr, OEB

¹ 9.05% 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.

² EB-2016-0152, Decision and Order, p. 134.

Ontario Power Generation Inc.
Reporting and Record Keeping Requirements

Appendix 1 (\$M)
Year Ended December 31, 2021

Line No.	Item	Regulated Hydroelectric	Nuclear
		(a)	(b)
1	Rate Base Financed by Capital Structure (ROE RRR Filing Table 2a, Note 6, line 4a)	7,517.5	8,524.8
2	Equity Ratio (ROE RRR Filing Table 1, line 5, col. (b))	45%	45%
3	Common Equity (line 1 x line 2)	3,382.9	3,836.1
4	Actual Regulatory Return on Equity (ROE RRR Filing Table 2, line 13)	433.8	344.8
5	Actual Regulatory Return on Equity Divided by 45% of Rate Base (line 4 / line 3) ¹	0.1282	0.0899

Note:

- 1 Per EB-2020-0290 Decision and Order, Schedule A, Appendix A, Page 1, OPG agreed to provide, as part of its annual reporting, "a calculation equivalent to dividing the actual dollar regulatory return for each of the regulated nuclear and hydroelectric business segments by 45% of the corresponding rate base for each of these segments, where 45% is the equity thickness in the agreed upon capital structure for the regulated business" in consideration of the EB-2020-0290 settlement.

As stated in EB-2020-0290, Ex. L-A1-03-Staff-008, OPG operates as a single company, with a single management structure, a single corporate cost structure, and a single OEB-authorized cost of capital that covers both the hydroelectric and nuclear generating facilities, and obtains corporate financing as a single company. Accordingly, OPG reports achieved return on equity for the prescribed facilities as a whole. The calculation provided in this Appendix 1 is to satisfy the requirements of the EB-2020-0290 settlement.