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July 16, 2024

**BY EMAIL**

Fiona O'Connell  
Ontario Energy Board  
2300 Yonge Street, Suite 2700  
Toronto, ON M4P 1E4

Dear Ms. O'Connell:

**EB-2024-0063 Cost of Capital - OEB Staff Letter - ROE Request**

We write on behalf of Ontario Power Generation and further to the letter received from OEB Staff on July 12, 2024 ("**Staff's Letter**").

The information presented in Table 4 of Staff's Letter (Return on Equity for OPG), sets out separate ROE values for OPG's regulated nuclear and hydroelectric facilities. While OPG currently has separate deemed ROE values for its prescribed nuclear (8.66%<sup>1</sup>) and hydroelectric (9.33%<sup>2</sup>) due to the last rebasing application for hydroelectric facilities taking place in 2013, and nuclear facilities in 2020, the Board previously determined in EB-2010-0008<sup>3</sup> that OPG's cost of capital is not technology specific, and is set for prescribed facilities as a whole.

OPG's 2022 ROE for its prescribed facilities is 12.68%<sup>45</sup>.

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<sup>1</sup> EB-2020-0290, Payment Amounts Order, Appendix A, Table 11, line 5a, col. C.

<sup>2</sup> Average of deemed ROE set in EB-2013-0321

<sup>3</sup> EB-2010-0008, Decision with Reasons, pp. 117-118

<sup>4</sup> OPG's 2022 Annual Regulatory Return RRR filed July 31, 2023, Table 1, line 5, col. c

<sup>5</sup> In Appendix 1, Note 1 of OPG's 2022 Annual Regulatory Return RRR filed July 31, 2023, OPG explains that Per EB-2020-0290 Decision and Order, Schedule A, Appendix A, Page 1, it 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. However, OPG operates as a single company, with single management structure/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.

OPG respectfully requests that the OEB reissue its table to correctly reflect OPG's actual ROE as presented below:

Company Name	Year	Regulated	Deemed
OPG	2022	12.68%	8.66% - Nuclear 9.33% - Hydroelectric

Yours truly,



Crawford G. Smith

cc: Tyler Morrison, *Lax O'Sullivan Lisus Gottlieb LLP*

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