

**CCC Interrogatory #008**

**Interrogatory**

**Reference:**

**Exhibit A1, Tab 3, Schedule 2, Attachment 3, pp. 5-7**

Question(s):

- a) Please provide a list of the peers used in the TCB study.
- b) Please provide a comparison of the peers used in the TCB study relative to the TFP study.
- c) Please further explain the appropriateness of using four years of data in the study. As part of the response, please discuss whether LEI reviewed the results of the analysis including additional year(s) of data.
- d) Please advise whether 2024 and 2025 data is now available. If so, please advise whether LEI has updated its model to reflect the most recent available data available.
- e) To the extent that LEI performed the TCB analysis inclusive of all capital costs (as opposed to only sustaining capability investments), please provide the results of that analysis. If it did not perform that analysis, please explain why this sort of analysis is not reasonable in the context of expanding the study period from 4 years to a greater duration of time.
- f) Please provide the categories of sustaining capability investments (and the total costs of those investments for each year during the study period) that were included in the OM&A + SC analysis for OPG. Please provide the percentage of the sustaining capital investments as a percentage of OPG's total hydroelectric capital investments for each year of the study period.

**Response**

In accordance with the Motions Resolutions letter filed on May 4, 2026, this interrogatory response has been revised.

*This response was prepared by London Economics International LLC ("LEI")*

- a) Refer to Ex. L-A1-SEC-022 part (d).

1 b) Refer to Ex. L-A1-SEC-022 part (d).  
2

3 c) As noted in response to IR L-A1-Staff-282 part (b)(i) above, LEI's reasoning for  
4 using a four-year study period is discussed on page 18 of the LEI benchmarking  
5 report:  
6

7 *"Unlike an industry TFP analysis, which is typically used to*  
8 *establish the trend in productivity improvement over time*  
9 *and for a whole industry, a benchmarking study should*  
10 *reflect the current efficiency of an individual firm relative to*  
11 *others in its industry. As such, LEI examined the period*  
12 *from 2020-2023, rather than a longer historical time series.*  
13 *LEI used four years of data to ensure that results would not*  
14 *be overly influenced by events or issues that only impacted*  
15 *a single year. LEI's benchmarking study used 253 plant*  
16 *observations annually, yielding a total of 1,012*  
17 *observations over four years. Econometric analysis*  
18 *benefits from having a sufficiently large number of*  
19 *observations, as this improves the precision and reliability*  
20 *of the statistical estimates. Therefore, LEI believes that use*  
21 *of four years of data strikes an appropriate balance: it*  
22 *includes sufficiently recent information to ensure*  
23 *relevance, while also providing enough data points to*  
24 *support a statistically robust analysis."*  
25

26 Furthermore, a materially longer study period would have reduced the number of  
27 peers and changed the makeup of the peer group that we would have been able to  
28 obtain from the EUCG dataset, while ensuring a consistent representation of power  
29 plants of varying sizes, vintages, and equipment. Therefore, LEI did not conduct  
30 analysis using additional years of data.  
31

32 d) At the time that LEI was performing its work, 2024 and 2025 data was not available.  
33 LEI has not obtained updated data for those years from EUCG, and we understand  
34 that 2025 data is currently still not available. LEI has not sought to rerun the  
35 benchmarking analysis since the time of preparing our report.  
36

37 e) LEI did not perform this analysis and does not consider this analysis to be  
38 appropriate given the purpose of the benchmarking study. As noted on pages 17-  
39 18 of the LEI benchmarking report:  
40

41 *"The timing of capital investments tied to plant*  
42 *enhancements will vary depending on where each*  
43 *company is in its investment cycle and the specific needs*

1 of the plant. Moreover, the magnitude of such capital  
2 investments can be very large. As noted previously,  
3 including these costs in an econometric analysis over a  
4 fixed and relatively short timeframe could distort  
5 comparisons, given that not all companies would have  
6 faced similar capital spending during the study period.  
7 Because the EUCG data does not go back far enough in  
8 time to allow for accurately capturing the total value of  
9 capital for each company, LEI used the data for annual  
10 capital expenditures associated with sustaining capability  
11 only, as reported by the EUCG database. This annual  
12 expenditure is included in the total annual expenditure for  
13 each company.”  
14

15 Our reasoning for not expanding the study period beyond four years was discussed  
16 above in response to part (c) of this IR.  
17

- 18 f) Refer to Ex. L-A1-SEC-022 part (d). Additionally, according to EUCG's HPC Data |  
19 Guide and Reporting Instructions, “sustaining capability” is defined as follows:<sup>1</sup>  
20

21 *Capital costs intended to replace/refurbish in-kind unit or*  
22 *plant generating capability*  
23

24 *These are capital costs encountered in maintaining existing*  
25 *assets in good running condition. They usually include*  
26 *replacements and may or may not include technological*  
27 *improvements that extend equipment useful life. However,*  
28 *I2 costs do not include costs related to increases in plant*  
29 *capability.*  
30

31 *Examples of I2 costs include:*  
32

- 33 • *Capital (major) turbine work*
- 34 • *Capital (major) generator work*
- 35 • *Licensing and re-licensing fees (not ongoing yearly*  
36 *costs)*
- 37 • *Runner replacement (it is acceptable to include 100%*  
38 *of costs associated with small/immaterial MW capacity*  
39 *increase)*

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<sup>1</sup> EUCG. *HPC Data Guide and Reporting Instructions*. January 31, 2024. p. 56.