



# Filing Requirements for Ontario Power Generation Inc.

**Setting Payment Amounts for  
Prescribed Generation Facilities  
Under Section 78.1 of the  
*Ontario Energy Board Act, 1998***

**September 17, 2024**



**Ontario  
Energy  
Board**

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## 1. Introduction

This document sets out specific Filing Requirements for purposes of the setting of payment amounts for certain of Ontario Power Generation Inc.'s (OPG's) generation facilities under section 78.1 of the *Ontario Energy Board Act, 1998* (the Act).<sup>1</sup> The generation facilities in question are identified in O. Reg. 53/05 (*Payments Under Section 78.1 of the Act*) and are collectively referred to herein as the "prescribed generation facilities".

### 1.1 Overview of Legislative Context

Section 78.1 of the Act authorizes the OEB to set payments to be made to OPG with respect to the output of the prescribed generation facilities. Under O. Reg. 53/05, the OEB's authority in that regard commenced on April 1, 2008.

In addition to identifying the prescribed generation facilities, O. Reg. 53/05 generally empowers the OEB to establish the form, methodology, assumptions and calculations to be used in making an order that determines payment amounts for the purpose of section 78.1 of the Act. It also contains rules that must be followed by the OEB in setting those payment amounts. O. Reg. 53/05 requires that OPG establish certain deferral and variance accounts and that the OEB ensure recovery of the balance in those accounts subject to specific conditions being met; it also requires that the OEB ensure that identified costs, financial commitments or revenue requirement impacts be recovered by OPG.

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<sup>1</sup> The working assumption reflected in these Filing Requirements is that OPG will be filing a payment amounts application every five years. If the application is filed under the Custom Incentive Rate-Setting framework, the application is to include a minimum of five years of information for the prospective payment amounts term.

## 2. General Requirements

### 2.1 Introduction

In addition to the [Handbook for Utility Rate Applications](#), which outlines the key principles and expectations of the OEB when reviewing an application, these Filing Requirements outline relevant information that is necessary for a complete payment amounts application. These Filing Requirements provide the minimum information that OPG must file for a complete payment amounts application. However, OPG should provide any additional information that is necessary to justify the approvals being sought in the application. If circumstances warrant, the OEB may require OPG to file evidence in addition to what is identified in these Filing Requirements.

A clearly written, accurate and complete application that presents information and data consistently across all exhibits, and clearly demonstrates the appropriateness of the relief sought (e.g., approval or permission) is essential for an effective regulatory review and timely decision making. The OEB's examination of an application and its subsequent decision are based on the evidence filed in that case. A complete and accurate evidentiary record is essential to facilitate an efficient regulatory process and a timely decision.

The material presented is OPG's evidence and the onus is on OPG to prove the need for and the basis for the proposed new payment amounts. The supporting information provided by OPG in its prefiled evidence should be scaled to the request that is being sought.

In determining what evidence to file, OPG should consider what reasonable information the OEB and the intervenors are likely to request and provide that information in the prefiled evidence rather than waiting for the request to be made at the hearing. The evidence should be designed to increase the understanding of the parties with the overall objective of reducing the number and scope of interrogatories required. This will ensure a better use of hearing time, and, if required, a more focused and informed cross examination on such evidence.

To the extent that materials are the same or substantially the same as those filed in previous payment amounts applications, OPG should indicate this to improve the efficiency of the review.

### 2.2 Completeness Review

The filing of a comprehensive application is essential for the development of an accurate Notice of Hearing and for the timely and effective review of an application. Therefore, before the OEB can begin processing the application, it must conduct a preliminary review to

determine if the application is complete. The preliminary review determines if the information provided adheres to these Filing Requirements and provides sufficient information to prepare an accurate Notice of Hearing, and if there is any missing information. The OEB typically completes this review within 14 calendar days.

A filing that includes all documentation detailed in these Filing Requirements will be considered complete for purposes of further processing by the OEB. If the Registrar determines that the application is consistent with these Filing Requirements, the Registrar will issue a letter notifying OPG that the OEB has commenced processing the application.

If there are any information gaps in the application, OEB staff will contact OPG and provide OPG with an opportunity to file the missing information. The timing required for filing the missing information is determined by the type of information that is missing.

If the missing information adversely affects the OEB's ability to prepare the Notice of Hearing or materially affects the OEB's ability to assess the application, OPG will be required to file the missing information within the 14-day preliminary review period. If the information cannot be filed within the 14-day review period, the Registrar will issue an "incomplete letter." This letter will list the information that must be provided before the OEB can commence processing the application.

If the missing information does not adversely affect the OEB's ability to prepare the Notice of Hearing or materially affect the OEB's ability to assess the application, the OEB may commence the proceeding before the missing information is filed. In such applications, the Registrar will generally issue a letter directing OPG to file the missing information by the date of the OEB's first procedural order (refer to OEB [performance standards](#) for details on the timing of the first procedural order), so that the information is available for the preparation of interrogatories by OEB staff and intervenors. If the information cannot be filed by the noted date and the delay could impact the schedule for the case or the OEB's ability to continue processing the application, the OEB may stop the proceeding and place the application in abeyance until the missing information is filed.

The OEB also conducts an error checking process on a best-efforts basis. If this process discovers that any of the errors affect the OEB's ability to prepare the Notice of Hearing, the OEB expects these will be addressed within the preliminary review period. If the errors do not affect the preparation of the Notice of Hearing, the OEB expects any errors to be addressed before the issuance of Procedural Order No.1.

### **2.3 Confidential Information**

The OEB relies on complete disclosure of all relevant material to ensure that its decisions are well-informed. To ensure a transparent and accessible rate review process, OPG should make

every effort to file all material publicly and completely. However, the OEB's Rules of Practice and Procedure and the [Practice Direction on Confidential Filings](#) (the Practice Direction) allow OPG and other parties to request that certain evidence be treated as confidential. In the event a party is applying for confidentiality, the Practice Direction sets out the guidelines for filing a request for confidentiality and associated timelines.

OPG should be aware that the OEB is required to devote additional resources to the administration, management and adjudication of requests for confidentiality and confidential filings. OPG must ensure that filings for which they request confidential treatment are both relevant to the proceeding and in need of confidential treatment in accordance with the Practice Direction. A list of the categories of information that will presumptively be considered confidential is set out in Appendix B of the Practice Direction. To reduce the administrative issues associated with the management of those filings, the OEB expects that OPG will minimize, to the extent possible, requests for confidential information.

## 2.4 Certifications

If desired, the certifications listed in this section can be completed by a single individual within a single document, as long as the requirements set out below are met (i.e., the Chief Executive Officer, or Chief Financial Officer, or equivalent provide all certifications).

### 2.4.1 Certification Regarding Personal Information

All parties are reminded of the OEB's Rules regarding the inclusion of personal information in any filing made by them in a proceeding. Parties should consult Rule 9A of the OEB's [Rules of Practice and Procedure](#) (the Rules) (and the Practice Direction, as applicable) that provide the instruction on the filing of documents (including interrogatories) that have personal information in them.

Rule 9A of the OEB's Rules states that "any person filing a document that contains personal information, as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*, of another person who is not a party to the proceeding shall file two versions of the document." There must be one version of the document that is a redacted version of the document from which the personal information has been deleted or stricken, and a second version of the document that is un-redacted (i.e., that includes the personal information) and should be marked "Confidential—Personal Information".

The OEB expects that personal information would not typically need to be filed. However, if OPG is of the opinion that it does need to file personal information as part of its application, the onus is on OPG to ensure that the application and any evidence filed in support of the application does not include any personal information unless it is filed in accordance with Rule 9A of the OEB's Rules (and the Practice Direction).

An application filed with the OEB must include a certification by a senior officer of OPG stating that the application and any evidence filed in support of the application does not include any personal information unless it is filed in accordance with Rule 9A of the OEB's Rules (and the Practice Direction, as applicable).

OPG is required to provide a similar certification when filing interrogatory responses or other evidence as part of a proceeding.

#### **2.4.2 Certificate of Evidence**

An application filed with the OEB must include a certification by a senior officer of OPG that the evidence filed is accurate, consistent and complete to the best of their knowledge.

#### **2.4.3 Certification of Deferral and Variance Account Balances**

An application filed with the OEB must include a certification by the Chief Executive Officer, or Chief Financial Officer, or equivalent, that OPG has the appropriate processes and internal controls for the preparation, review, verification and oversight of all deferral and variance accounts, regardless of whether the accounts are proposed for disposition.

### **2.5 Structure of Application**

OPG's payment amounts application should contain the following nine exhibits:

- Exhibit A Administrative Documents and Application Overview
- Exhibit B Rate Base
- Exhibit C Capitalization, Cost of Capital, and Nuclear Liabilities
- Exhibit D Capital Projects
- Exhibit E Production Forecast
- Exhibit F Operating Costs
- Exhibit G Other Revenue
- Exhibit H Deferral and Variance Accounts
- Exhibit I Determination of Payment Amounts

Each exhibit, where applicable should provide the identified data for each category of prescribed generation facility (nuclear and hydroelectric). As applicable, each exhibit should also explain how allocations have been made from total corporate costs to each category of prescribed generation facility (nuclear and hydroelectric) and the non-prescribed generation facilities as a whole. Then an exhibit should explain how sub-allocations have been made to each of the nuclear and hydroelectric categories.

Excel spreadsheets should be provided as appropriate to the data in question with formulae

indicating on-sheet calculations. As a minimum, OPG should file Excel spreadsheets summarizing the production forecast (as noted in section 7), compensation and benefits (as noted in section 8) and a Revenue Requirement Work Form (RRWF). The RRWF will be filed with the application including data and tables to support the payment amounts order for which OPG is seeking approval.

## 2.6 Key Planning Parameters

The key planning parameters listed below form the basis of how these Filing Requirements should be applied.

These Filing Requirements are based on a cost of service (single- or multi-) test year application. The OEB does not set out detailed requirements for Custom Incentive Rate-setting (IR) applications, which are by definition customized. However, these Filing Requirements should be used as a starting point for any Custom IR application by OPG, with additions and modifications as necessary. The filing should be made in accordance with United States Generally Accepted Accounting Principles (US GAAP). OPG is required to use US GAAP for its financial statements in accordance with [O.Reg 395/11](#) of the Financial Administration.

In addition, OPG should meet the following requirements in preparing its filing:

- At a minimum, data for the following years, must be provided:
  - Test Year(s) = prospective year(s)
  - Bridge Year = current year (or the year immediately preceding the Test Year(s))
  - Historic Years = five most recent years
- A summary of the main schedules should be presented on one sheet with multi-year data for the Historic Years, the Bridge Year and the Test Year(s)
- Where applicable a detailed variance analysis should also be provided comparing OEB-approved to actual costs and production for each Historic Year and Bridge Year.<sup>2</sup> The phrase “OEB-approved” in these Filing Requirements refers to the set of data used by the OEB as the basis for approving the most recent payment amounts. This analysis should explain the drivers of the variance and the contribution of each towards the total variance
- Cost variance analysis should include a comparison of the total costs for the most recent payment amounts term (i.e., the term sought for approval in the previous payment amounts application) with the total costs for the next payment amounts term

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<sup>2</sup> The requirement for year-over-year variance analysis is excluded for capital costs. See section 6 for more details.



(i.e., the term sought for approval in the current payment amounts application) to provide a term-over-term variance analysis. The term-over-term variance analysis should be provided for operating, maintenance and administration (OM&A) costs and capital costs. The term-over-term analysis is not required for production data.

- Written evidence should be presented before the data schedules
- With respect to any claimed revenue sufficiency/deficiency, OPG should provide a summary of the drivers of the sufficiency/deficiency for each Test Year, along with how much each driver contributes to the claim.
- Any documents are to be provided in bookmarked and text-searchable Adobe PDF format
- Any tables must also be provided in a working Microsoft Excel spreadsheet format where available and practical

### 3. Exhibit A Administrative Documents and Application Overview

The administrative documents identified in this section provide the background and summary to the filing. There are two sections:

- 1) Administration and Overview
- 2) Background Financial Information

The detailed requirements on what should be included for each section are shown below.

#### 3.1 Administration and Overview

- Table of Contents / Exhibit List
- List of relevant statutory provisions (such as any provisions of, or regulations under, the *Ontario Energy Board Act, 1998* or the *Electricity Act, 1998*)
- A list of company policies and regulations relevant to the application's evidence and proposals
- A list of specific approvals requested and relevant section(s) of the legislation must be provided
- Summary of filing (purpose, need and timing of the filing)
- A primary contact for the application, who may be a person within the OPG other than the primary licence contact. The primary contact's name, address, phone number, and email address must all be provided. The OEB will communicate with this person during the course of the application. Identification of any legal or other representation for the application
- Confirmation of OPG's internet address for purposes of viewing the application and related documents, and any social media accounts (with addresses) used by OPG to communicate with its customers
- A statement of where the notice of hearing should be published and the rationale for why the stated publication(s) is/are appropriate
- A statement as to the form of hearing requested (i.e., written or oral) and an explanation for OPG's preference
- The requested effective date
- A list of OEB directions from any previous OEB Decisions and/or Orders, this includes any commitments made as part of an approved settlement. OPG must clearly indicate how these are being addressed in the current application
- A description of the organizational structure, showing the main units, executive and senior management positions within OPG, as well as the reporting relationship of any affiliates
- A draft issues list – including preliminary prioritization of primary and secondary issues
- Procedural Orders/motions/correspondence
- Relevant maps (or provide link to webpage where maps can be found)

- List of witnesses and their curriculum vitae
- Budget directives and guidelines (capital and operating budgets), including economic assumptions used
- A schedule of overall revenue sufficiency/deficiency that includes:
  - Numerical schedules detailing the drivers of the sufficiency/deficiency
  - Complete and detailed references to the data contained in the detailed schedules and tables should be provided so that parties can map the summary cost driver information to the evidence supporting it
  - A detailed narrative of the causes of the sufficiency/deficiency highlighting the significant issues
- An overview of the allocation methodology for assets, costs and revenues to the prescribed and non-prescribed generation facility assets, and to the nuclear- and hydroelectric-specific businesses
- A statement identifying and describing any material changes to methodologies as used in previous applications approved by the OEB
- A summary or copy of relevant orders from any federal or provincial agency (excluding OEB), Ministerial Directives and Shareholder Directives

### 3.2 Background Financial Information

- Audited Financial Statements (AFS) approved by OPG's Board of Directors for each of the Historic Years (or provide the webpage address of the location on System for Electronic Document Analysis and Retrieval or Electronic Data Gathering, Analysis, and Retrieval where these audited financial statements can be found)
- AFS should be provided as soon as they are available. If the statements are not available at the time of filing, OPG should provide these as an update during the proceeding
- The most recent four quarterly OPG financial reports
- Rating agency reports for each of the Historic Years and the Bridge Year
- An overview of how the provisions of O. Reg. 53/05 is reflected in the filing compared to data in the AFSs
- A detailed reconciliation of the financial results shown in the AFS with the regulatory financial results filed in the application, including a reconciliation of the fixed assets and the identification of any material changes in the reconciling items used in the previous application.
- The most recent OPG Board of Directors-approved Business Plan for the regulated components of OPG, including hydroelectric business, and the nuclear business. Any previous Business Plans that include part of a Test Year should also be filed.

## 4. Exhibit B Rate Base

A description of the prescribed generation facilities, and of any associated financial assets, should be provided. For nuclear rate base, a separate presentation of asset retirement costs associated with nuclear liability obligations is required.

Items used in the computations or derived should include opening and closing balances of the net fixed assets, working capital, accumulated depreciation, changes in working capital, accrued deferred earnings, and annual amortization of accrued deferred earnings.

The information presented here should cover three areas:

- 1) A list of gross assets (property, plant and equipment), including capital budgets and intangible assets (e.g., computer software) if any, included in rate base
- 2) Accumulated depreciation and amortization
- 3) Working capital including cash working capital calculation, fuel inventory (for the nuclear business), and materials and supplies

For each of these areas there will be some common statements that should be provided summarizing the rate base. The schedules for rate base should include the Historic Years, the Bridge Year and the Test Year(s). Additional statements that should be provided for 1 and 2 include:

### Continuity statements

The continuity statements must provide year-end balances and annual activity and include directly attributable costs, for example, capitalized borrowing costs.

### Summary variance explanation

A written explanation should be provided to identify the drivers to the variance for rate base. This applies to OPG's rate base for the following comparisons:

- OEB-approved vs. actual for each of the Historic Years
- OEB-approved vs. Bridge Year
- Year-over-year analysis over the Historic Years, the Bridge Year and the Test Year(s)

#### 4.1 Gross Assets – Property, Plant and Equipment and Intangible Assets

Continuity statements should be provided as indicated above.

- Required statements and analysis should be broken down by major function or division for each of the Historic Years, the Bridge Year and the Test Year(s). For the Test Year(s),

each plant item should be accompanied by a written description

- Mid-year averages should be provided

#### **4.2 Accumulated Depreciation and Amortization**

Continuity statements and a summary variance explanation should be provided as indicated above for each of the Historic Years, the Bridge Year and Test Year(s) by asset account. Continuity statements should be reconcilable to calculated depreciation costs.

#### **4.3 Working Capital Calculation**

A working capital calculation should be provided for the each of the Historic Years, the Bridge Year and the Test Year(s). The results should be provided on a single schedule for comparison. The basis for the calculation of cash working capital must be detailed.

## 5. Exhibit C Capitalization, Cost of Capital and Nuclear Liabilities

OPG should ensure that the total capitalization in the filing equates to the total rate base. This includes debt, equity and, as applicable, a provision for nuclear liabilities.

### 5.1 Capital Structure – Amounts & Ratios

The following elements of the proposed capital structure should be detailed, with the necessary schedules, for each of the Historic Years, the Bridge Year and the Test Year(s):

- Long-term debt
- Short-term/unfunded debt (to equate total capitalization with rate base)
- Preference shares
- Common equity

Justification for the proposed capital structure is required, including an explanation of the following:

- Non-scheduled retirement of debt or preference shares and buy back of common shares
- Long-term debt, preference shares and common share offerings
- The assumptions and methodology used:
  - to allocate OPG's debt to the prescribed generation facilities as a whole
  - to allocate OPG's debt as between the prescribed nuclear and hydroelectric generation facilities
- A historic accounting of changes to capital structure including:
  - Non-scheduled retirement of debt or preference shares or buy-back of common shares
  - Issuances of long-term debt, preference shares and common shares
- A discussion of material changes in the capital structure (i.e., increased or decreased equity thickness) including key assumptions of OPG, and the reasons for these changes
- All internal or commissioned reports, studies or analyses, dating back four years to the date of filing, including how to allocate debt, by business unit or asset class

### 5.2 Component Costs of Debt

The following should be provided for each of the Historic Years, the Bridge Year and the Test Year(s):

- A calculation of the cost of each item
- A justification of forecast costs by item including key economic assumptions
- Profit or loss on redemption of debt
- Consensus Forecasts – latest interest rate forecast based on a selection of forecasters that are common to utilities (e.g., the major banks and the Bank of Canada)

### 5.3 Calculation of Return on Equity

Justification for the proposed return on equity is required, including the filing of supporting documentation, e.g., Global Insight reports.

### 5.4 Nuclear Waste Management and Decommissioning Costs

This section provides a summary of OPG's obligations for nuclear waste management and decommissioning. This exhibit should also provide the funding responsibilities as described in the Ontario Nuclear Funds Agreement.

Any updates or revisions to the Ontario Nuclear Funds Agreement Reference Plan must be summarized and the financial impacts explained in appropriate detail, including a reconciliation with the OEB-approved amounts for the Historic Years and the Bridge Year. If the reconciliation is summarized elsewhere in the application, the reference should be provided in this section.

The information should be disaggregated to present prescribed nuclear facilities (Darlington, Pickering and any small modular reactors) separate from non-prescribed nuclear facilities (Bruce).

The information presented should cover the following:

- The revenue requirement treatment and the revenue requirement impact of OPG's liabilities for decommissioning its nuclear stations and nuclear used fuel and low and intermediate level waste management
- The revenue requirement treatment and the revenue requirement impact of OPG's liabilities for decommissioning Bruce

Further, the exhibit should include:

- A summary of net book values of unamortized asset retirement costs for OPG's nuclear stations including Bruce, noting amounts of unamortized asset retirement cost, for the Historic Years, the Bridge Year and the Test Year(s)
- Continuity statements providing year-end balances and annual activity for the nuclear liabilities and the segregated funds

## 6. Exhibit D Capital Projects

This section provides details on OPG’s capital project costs, including OPG’s capitalization policy, accounting treatment of capital costs, capital expenditures and capital cost variance analysis. For clarity, this section will also apply to OM&A on a project basis (referred to as Project OM&A) where relevant, namely, information required for Project OM&A and cost variance explanations.

### 6.1 Capitalization Policies

OPG’s capitalization policies and any changes to those policies should be presented as part of the capital projects evidence.

OPG should provide details on its proposed accounting treatment, including the treatment of costs of funds for capital projects that have a project life cycle greater than one year.

The approach to capitalizing overheads under US GAAP must be filed for approval. In addition, OPG shall include a plan for transitioning away from capitalizing indirect overheads or provide a justification for maintaining current practice.<sup>3</sup>

### 6.2 Capital Expenditures

OPG should provide a summary of capital expenditures for the Historic Years, the Bridge Year and the Test Year(s), including the OEB-approved amounts for the Historic Years and the Bridge Year.

The table below summarizes the information required based on capital project costs.

**Table 1: Information Required in Capital Project Summaries**

For Capital Projects of:	For Project OM&A of:	Detail Required
\$30 million or more	\$20 million or more	<ul style="list-style-type: none"> <li>Name, description, start date, in- service date, and cost for each project</li> <li>Business case for each project</li> <li>Provide actual in-service dates (month and year) for capital projects that closed to rate base in the Historical Years and provide projected in-service dates (month and year) for the Bridge Year and the Test Year(s)</li> <li>Total cost of all projects in this category</li> </ul>

<sup>3</sup> EB-2020-0200, Decision and Order, December 21, 2023, pp. 98-99.



Between \$10 million and \$30 million	Between \$5 million and \$20 million	<ul style="list-style-type: none"> <li>Name, description, start date, in-service date, and cost for each project</li> <li>Provide actual in-service dates (month and year) for capital projects that closed to rate base in the Historical Years and provide projected in service dates (month and year) for the Bridge Year and the Test Year(s)</li> <li>Total cost of all projects in this category</li> </ul>
Less than \$10 million	Less than \$5 million	<ul style="list-style-type: none"> <li>Number of projects in this category, total cost of all projects in this category and average cost of the projects in this category</li> <li>Provide the total cost related to projects that will close to rate base in the Test Year(s)</li> </ul>

OPG should provide an overall summary table of the business cases filed. The summary table should include the title of the business case, date prepared, the project stage, and status of the business case (e.g., full, partial, developmental), for the current payment amounts proceeding. Where applicable, the table should also indicate the business case’s status in the previous payment amounts proceeding.

For capital projects with a project cost of \$30 million or more (\$20 million or more project OM&A), OPG should provide a written explanation of variances where the variance is 10% or more of the project budget.

Variance explanations should be provided for the following comparisons:

- OEB-approved vs. actual for each of the Historic Years
- OEB-approved vs. Bridge Year forecast
- Term-over-term analysis (most recent payment amounts application against the proposed payment amounts application).

OPG should provide a summary table for capital projects with a project cost of \$10 million or more (\$5 million or more for project OM&A) that were projected to go into service or to be completed during the previous payment amounts term. The table should include the project stage as provided in the previous payment amounts application and the current status of the project.

## 7. Exhibit E Production Forecast

The production forecast and any normalization methodology should be provided. A description of outage planning processes and production reliability initiatives should also be provided.

The following information should also be included:

- Explanations of causes and assumptions for the production forecast
- Production for the Historic Years, the Bridge Year and the Test Year(s)
- Weather forecasting and hydrological forecasting methodologies
- All data tables used to determine the forecast should be presented in MS Excel spreadsheet format
- Comparison of historical data with the forecast data in regard to forecasting assumptions
- A variance analysis of production should be provided for the following:
  - OEB-approved vs. actual for each of the Historic Years
  - OEB-approved vs. Bridge Year forecast
  - Year-over-year analysis for the Historic Years, the Bridge Year and the Test Year(s)
- All significant economic assumptions and their sources used in the preparation of the production forecast should be included in this section
- Where applicable, actual and forecast generation losses due to spill should be filed

### Hydroelectric Incentive Mechanism (HIM)

An analysis of the HIM should be provided. The analysis should include an assessment of the benefits of HIM for ratepayers, the interaction between the mechanism and surplus baseload generation, and an assessment of any changes to the mechanism that OPG may wish to propose.

## 8. Exhibit F Operating Costs

### 8.1 Benchmarking Studies

This exhibit should include benchmarking studies that update studies filed in previous applications or new benchmarking studies. Further, this exhibit should include a consolidation of the benchmarking information so that comparisons are evident, e.g., Total Generating Cost, nuclear capacity factors, and other safety, reliability and value for money measures.

The benchmarking should note whether the basis is a forecast or actual results.

### 8.2 Operating, Maintenance & Administration Costs

For clarity, Project OM&A business cases and variance analysis should follow the requirements set out in Section 6 above.

Details of the budgets for each of the Historic Years, the Bridge Year and the Test Year(s) should be provided.

The OM&A statements for each year should provide:

- Base, outage and project OM&A separately. Where applicable, the information is to include a breakdown by major functions or divisions and the allocations to each of the prescribed nuclear and hydroelectric businesses
- Detailed information is to be provided for each expense incurred through the purchase of services or products that meets the threshold of \$20 million. The information is to include, for each such expense:
  - A summary of the tendering process used
  - If a tendering process was not used, an explanation of why that was the case as well as a description of the pricing methodology used
  - The identity of the company transacting with OPG
  - A summary of the nature of the activity transacted

In addition, the annual dollar value, in aggregate, for all such expenses should be provided.

- A breakdown of the following by employee group: number of full-time equivalents (FTEs) including contributions from part time employees; total salaries, wages and benefits; and salaries, wages and benefits charged to OM&A. In addition, the following should also be provided:

- Total compensation by employee group and average level per group
- Details of any pay-for-performance or other employee incentive program
- The status of pension funding and all significant assumptions used in the analysis

Information should be presented in terms of FTEs. In some cases, OPG may choose to provide the information in terms of head count as well as FTEs. The basis for each breakout of compensation data will be specified:

- Head count or FTE
- Yearly average, mid-year or year end

This data should be provided in Excel spreadsheet table format.

- Employee benefit programs, including pensions, and costs charged to O&M should include the following details:
  - Historic actuarial reports
  - Actuarial evidence to support pension and other post-employment benefits (OPEB) expense for the Bridge Year and Test Year(s) including any educational notes or articles issued by the Canadian Institute of Actuaries on methods for determining discount rates used for reporting under Chartered Professional Accountants (CPA) Canada standards
  - CPA Canada guidance, practice notes, etc. that provide information on approaches to selecting discount rates should be filed
  - Discussion and analysis on discount rates used for calculating pensions and OPEB benefit obligations, cost for the year and liabilities
  - A table that summarizes actual accounting expense compared to OEB- approved expense and with amounts actually paid for pensions and OPEBs for the historical years
  - The most recent report filed with Financial Services Regulatory Authority of Ontario
- A variance analysis for OM&A, and components of OM&A (including asset service fees, regulatory affairs costs), should be provided for the following:
  - OEB-approved vs. actual for each of the Historic Years
  - OEB-approved vs. Bridge Year forecast
  - Year-over-year variance analysis
  - A written explanation is required for any variance greater than or equal to 10% of category expenses

### 8.3 Depreciation/Amortization/Depletion

This section should include the following:

- An independent depreciation study and summary of changes for depreciation, amortization and depletion by asset group should be provided
- Details of provision for depreciation, amortization and depletion by major function or division for each Test Year should be provided, as should comparative data for each of the Historic Years and the Bridge Year, including asset amount and rate of depreciation

#### 8.4 Corporate Cost Allocation

A summary of the corporate cost allocation should be provided, including information showing the costs incurred at the corporate level, the methodology and assumptions used to allocate these costs to each of the prescribed nuclear and hydroelectric businesses, non-prescribed business and any affiliated entities.

Details in relation to shared corporate services should include:

- Type of service (IT, office space, etc.) or function/division
- Pricing methodology (e.g., cost-base, market-base, tendering, etc.)
- Total annual expense by service or function/division
- Rationale and derivation of cost allocators used for shared costs, for each type of service (square footage/computers/headcount/etc.)
- Any variances for corporate cost allocation for the two most recent years from filing date of the current payment amounts application
- Any third party review of the corporate cost allocation methodology used

#### 8.5 Taxes

OPG should file information on its income tax for the Historic Years, the Bridge Year and the Test Year(s) and the detailed calculation supporting the data. The documentation should include copies of the most recent tax returns and notices of assessment, re-assessment and statements of adjustments.

A detailed tax calculation should be provided for each of the Historic Years, the Bridge Year and the Test Year(s), including derivation of interest deducted, capital cost allowance showing differences from depreciation/amortization expense, all other material differences from regulatory income, tax rates and payments in lieu of taxes included in deriving the revenue requirement.

Details on the gross revenue tax applicable to the hydroelectric business should be provided either separately or as part of the operating expenses for the hydroelectric business.

Where applicable, all reconciling items should have supporting schedules and calculations.

## 9. Exhibit G Operating Revenue

The information presented in this section should include other revenue derived from the use of the prescribed generation facilities, as well as from the Bruce nuclear generating stations broken down by revenue source.

### 9.1 Other Revenues

Details of other revenue, broken down by revenue source, should be provided. This should include OPG's revenues and costs associated with the Bruce nuclear generating stations

- A variance analysis of other revenues should be provided for the following:
  - OEB-approved vs. actual for each of the Historic Years
  - OEB-approved vs. Bridge Year forecast
  - Year-over-year over the Historic Years, the Bridge Year and the Test Year(s)
- A detailed explanation of how other revenues are attributed to the prescribed generation facilities should be provided

## 10. Exhibit H Deferral and Variance Accounts

As described in section 1, O. Reg. 53/05 contains a number of provisions regarding the establishment of deferral and variance accounts (DVAs) and the recovery of balances in those accounts. In this section, OPG should include information necessary to enable the OEB to deal with these accounts in the manner contemplated by O. Reg. 53/05, including OPG's proposals regarding the following, as applicable:

- The end date for entries into the DVAs
- Addressing timing differences between the end date for entries into the DVAs and the effective date of the OEB's order
- The number of years over which balances in the DVAs should be recovered (subject to the maximum set out for each in O. Reg. 53/05)

For existing DVAs, this exhibit should include:

- A listing and detailed description (including account definition) of all outstanding DVAs - those required by O. Reg. 53/05 as well as those established by the OEB in previous decisions
- Continuity statements listing opening balances, transaction details including recoveries where applicable, interest rates and carrying charges, and closing balances. The schedules should reflect annualized data for the Historic and the Bridge Year. Notes should be provided for any transactions that are outside the normal course of business for OPG or that otherwise appear to be unusual due to their timing, size, or nature
- A detailed proposal for the disposition of the balances in the DVAs, where applicable.

OPG should also identify any deferral or variance accounts that it may wish to have authorization to establish on and after the date of the OEB's order.

## 11. Exhibit I Determination of Payment Amounts

This exhibit should include the following:

- **Calculation of Revenue Deficiency or Sufficiency**
  - Determination of regulatory net income
  - Statement of rate base
  - Indicated rate of return
  - Gross and net deficiency or sufficiency in revenue
  - Revenue Requirement Work Form
- **Proposed Payment Amounts Schedule and Analysis**
  - Proposed payment amounts and revenue adjustments
  - Proposed approach for smoothing payment amounts
  - Detailed calculations of revenue under the current payment amounts schedule and the proposed payment amounts schedule
  - Detailed reconciliation of payment amounts revenue and other revenue to the total revenue requirement
  - Analysis of % change in proposed payment amounts vs. current payment amounts
  - Bill impact analysis
- **Payment Design (if proposing changes)**
  - Analysis of the existing design of payment amounts and whether the design maximized efficient use of the prescribed generation facilities
  - Proposed payment design and rationale
  - Explanation of non-cost factors and their application to payment design
- **Payment Implementation**

OPG should provide a description of the settlement process with the IESO, including a description of the timelines associated with the requested effective date.





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