SUMMARY OF REVENUE REQUIREMENT AND REVENUE DEFICIENCY

1. PURPOSE
This evidence provides a summary of the revenue requirement for OPG’s regulated hydroelectric and nuclear facilities and the revenue deficiency for the 2011 - 2012 test period.

2. REVENUE REQUIREMENT
OPG’s proposed revenue requirement for the test period is summarized in Ex. I1-T1-S1 Table 1. OPG is seeking approval of a test period revenue requirement of $1,435.7M for the regulated hydroelectric facilities and $5,473.9M for the nuclear facilities.

The revenue requirement amounts set out above do not include recovery of deferral and variance account balances as at December 31, 2010. OPG is seeking to clear variance and deferral accounts using a hydroelectric payment rider and a nuclear payment rider as presented in Ex. H1-T2-S1.

Exhibit I1-T1-S1 Tables 2 and 3 compare the test period revenue requirement to the OEB-approved revenue requirement from EB-2007-0905 for the regulated hydroelectric and nuclear facilities, respectively. These tables also compare the actual 2008 and 2009 costs, revenues and production forecasts to the OEB-approved amounts.

3. REVENUE DEFICIENCY AND REVENUES EARNED
Exhibit I1-T1-S1 Table 4 compares OPG’s forecast revenues determined using the payment amounts approved in the Payment Amounts Order in EB-2007-0905 to the test period revenue requirement for each of OPG’s regulated hydroelectric and nuclear operations.

For the test period, the regulated hydroelectric deficiency is $27.7M and the nuclear deficiency is $233.1M. The revenue requirement deficiency requested for recovery is less than the test period deficiency noted above as OPG proposes in this application an effective
date for new payment amounts of March 1, 2011. The revenue requirement requested for recovery is determined by applying the ratio of forecast production from March 2011 through December 2012 divided by the test period forecast production to the test period deficiency. The resulting regulated hydroelectric deficiency requested for recovery is $25.4M. The resulting regulated nuclear deficiency requested for recovery is $218.0M.

Exhibit I1-T1-S1 Table 5 presents the forecast return on equity for 2010 at current payment amounts as 2.13 per cent. OPG’s forecast is less than the OEB-approved return on equity of 8.65 per cent approved in EB-2007-0905.