

1 **SUMMARY OF REVENUE REQUIREMENT AND**
2 **REVENUE DEFICIENCY**

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4 **1. PURPOSE**

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

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8 **2. REVENUE REQUIREMENT**

9 OPG's proposed revenue requirement for the test period is summarized in Ex. I1-T1-S1
10 Table 1. OPG is seeking approval of a test period revenue requirement of \$1,435.7M for the
11 regulated hydroelectric facilities and \$5,473.9M for the nuclear facilities.

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

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

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23 **3. REVENUE DEFICIENCY AND REVENUES EARNED**

24 Exhibit I1-T1-S1 Table 4 compares OPG's forecast revenues determined using the payment
25 amounts approved in the Payment Amounts Order in EB-2007-0905 to the test period
26 revenue requirement for each of OPG's regulated hydroelectric and nuclear operations.

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28 For the test period, the regulated hydroelectric deficiency is \$27.7M and the nuclear
29 deficiency is \$233.1M. The revenue requirement deficiency requested for recovery is less
30 than the test period deficiency noted above as OPG proposes in this application an effective

1 date for new payment amounts of March 1, 2011. The revenue requirement requested for
2 recovery is determined by applying the ratio of forecast production from March 2011 through
3 December 2012 divided by the test period forecast production to the test period deficiency.
4 The resulting regulated hydroelectric deficiency requested for recovery is \$25.4M. The
5 resulting regulated nuclear deficiency requested for recovery is \$218.0M.

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7 Exhibit I1-T1-S1 Table 5 presents the forecast return on equity for 2010 at current payment
8 amounts as 2.13 per cent. OPG's forecast is less than the OEB-approved return on equity of
9 8.65 per cent approved in EB-2007-0905.