

ADJUSTMENT TO SMO SHARING METHODOLOGY

1. PURPOSE

The purpose of this evidence is to describe a minor adjustment to the treatment of revenues associated with Segregated Mode of Operation as described in Ex. G1-S1-T1.

2. ADJUSTMENT

During preparation for the hearing it was determined that, in certain circumstances, the sharing mechanism yielded results that were not appropriate. For this reason, a minor adjustment is proposed that affects both the interim period treatment as well as the proposed treatment for the test period. The adjustment results in a \$3.3M increase in the amount returned to consumers through the Segregated Mode of Operation variance account, as described in Exhibit J.

In Ex. G1-T1-S1, page 8, lines 7-8, the following adjustment is made:

"OPG will share with ratepayers on a 50/50 basis the net revenues from ~~the greater of the regulated rate or~~ HOEP to the transaction sale price for the SMO volume at or below 1900 MWh."

As a result of the above adjustment, the SMO variance account balance (Ex. J1-T1-S1, Table 3, line 19) will change as follows:

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>Total</u>
Current Evidence	(9.5)	0.5	0.8	(8.2)
Adjusted Value	(9.9)	(0.7)	(0.9)	(11.5)