

UNDERTAKING J9.4

Undertaking

To provide the financial impact on OPG if there is a PWU work stoppage.

Response

This undertaking response is based on the following assumptions (Tr. Vol 9, page 38, lines 1-28):

1. OPG's nuclear plants cannot be run in the event of a PWU work stoppage.
2. The daily financial impact on OPG is calculated by dividing OPG's nuclear revenue requirement by 365 days and subtracting from that the daily wages not paid to PWU employees on strike.
3. All other OPG costs remain the same or will be identified by OPG.
4. The impact is calculated for the test years.

Using these assumptions, the financial impact to OPG of a PWU work stoppage during the 2011-2012 would be a loss of approximately \$5.2M/day.

Detailed calculation:

- a. Revenue for a day in the test period: $\$5,473.9M^1 / (365+366)^2 \approx \$7.49M/day$
- b. Daily regular PWU wage³: $(113.5 + 118.0 / (365+366)) \times 4972^4 = \sim \$1.57M/day$
- c. Daily non-regular PWU wage³: $(65.6 + 68.3 / (365+366)) \times 504^4 = \sim \$0.092M/day$
- d. Avoided daily cost of fuel: $\$497.4M^5 / (365+366) = \sim \$0.68M/day$.
- e. Added labour and security costs during a work stoppage: $\sim \$0.04M/day^6$.

Total impact: $\$7.49M - \$1.57M - \$0.092M - \$0.68M + \$0.04M \approx \$5.2M/day$

Notes:

1. Total revenue requirement during 2011-2012 (Exhibit I1-1-1, Table 1, line 24)
2. 2012 is a leap year.
3. PWU annual average wages for nuclear regular and non-regular employees (VECC IR L14-021 for 2011-2012).
4. Nuclear PWU employee headcount (Exhibit F4-3-1, Chart 1)
5. Production and fuel requirement forecast for 2011-2012 (Exhibit I1-1-1 Table 1, line 16)
6. Estimate provided by OPG labour relations.