

UNDERTAKING J21.2

Undertaking

To updated Ex. C2-1-2, Chart 1, with best available information.

Response

Ex. C2-1-2, Chart 1 below has been updated with the impacts of the 2017 ONFA Contribution Schedule approved by the Province on February 28, 2017, the actual year-end 2016 asset retirement obligation (“ARO”) adjustment reflected in the company’s audited consolidated financial statements issued on March 10, 2017, and the year-end 2016 discount rate that will be used to determine used fuel and low and intermediate level waste variable expenses until the next ARO adjustment.

**Chart 1
 Updated Summary of Revenue Requirement Impact of Nuclear Liabilities (\$M)**

Line No.	Description	Reference	2017 Plan	2018 Plan	2019 Plan	2020 Plan	2021 Plan	Total
	Prescribed Facilities							
1	Pre-Tax Revenue Requirement Impact		152.1	147.9	156.6	144.3	78.8	679.7
2	Regulatory Income Tax Impact of Nuclear Liabilities Costs and Segregated Fund Contributions		16.5	15.1	18.0	13.9	(7.9)	55.7
3	Revenue Requirement Impact of Nuclear Liabilities Costs	line 1 + line 2	168.6	163.1	174.7	158.2	70.9	735.5
4	Regulatory Income Tax Impact of Nuclear Liabilities Expenditures and Segregated Fund Disbursements	Ex. N1-1-1 Chart 3.2.1, line 16	(44.4)	(47.4)	(37.5)	(43.9)	(41.1)	(214.2)
5	Total Revenue Requirement Impact - Prescribed Facilities	line 3 + line 4	124.2	115.6	137.2	114.3	29.8	521.3
	Bruce Facilities							
6	Pre-Tax Revenue Requirement Impact (Impact on Bruce Lease Net Revenues)		144.8	140.5	146.3	154.0	150.9	736.5
7	Regulatory Income Tax Impact		48.3	46.8	48.8	51.3	50.3	245.5
8	Total Revenue Requirement Impact - Bruce Facilities	line 6 + line 7	193.1	187.4	195.1	205.3	201.2	982.1
	Total Nuclear Liabilities							
9	Total Pre-Tax Revenue Requirement Impact	line 1 + line 6	296.9	288.5	302.9	298.2	229.7	1,416.3
10	Total Regulatory Income Tax Impact	line 2 + line 4 + line 7	20.4	14.6	29.3	21.4	1.3	87.0
11	Total Revenue Requirement Impact - Prescribed and Bruce Facilities	line 9 + line 10	317.3	303.0	332.3	319.6	231.0	1,503.3

OPG filed an updated Ex. C2-1-2 on March 22, 2017 to reflect the approved 2017 ONFA Contribution Schedule and actual year-end 2016 financial information. At page 5 of updated Ex. C2-1-2, OPG identified the revenue requirement impacts of these items relative to an earlier Impact Statement (Ex. N1-1-1) dated December 20, 2016 that was based on the company’s 2017-2019 Business Plan. As indicated through the exchange at Tr. Vol. 21, p. 44, line 8 to p. 45, line 15, given that these changes became evident at a late stage in the proceeding and were being filed during the oral hearing portion, OPG provided the impacts of these changes in summary form in the updated Ex. C2-1-2 and proposed that they be recorded in the Nuclear Liability Deferral Account and the Bruce

1 Lease Net Revenues Variance Account (see Ex. C2-1-2, Chart 1A and Ex. C2-1-2, p. 4,
2 line 8 to p. 5, line 15). As indicated through the exchange at Tr. Vol. 21, p. 42, line 10 to
3 p. 43, line 3, subject to the OEB's determination, another option would be to reflect
4 these impacts in the revenue requirement through the Payment Amounts Order process
5 for this proceeding.

6
7 For clarity, the updated revenue requirement impact in the above Chart 1 fully
8 encompasses the change in the forecast Bruce Lease net revenues figures from a net
9 cost of \$123.3M over 2017-2021 per Ex. N1-1-1, Table 7, line 30 to the updated net
10 cost forecast of \$93.5M, consistent with the exchange at Tr. Vol. 20, p. 49, lines 5-27,
11 Tr. Vol. 21, p. 43, lines 11-15 and Tr. Vol. 21, p. 46, lines 9-17. For reference,
12 Attachment 1, Table 1 updates Ex. N1-1-1 Table 7 (Bruce Lease Net Revenues) in line
13 with the most up-to-date changes as shown in the above Chart 1. The difference
14 between \$123.3M per Ex. N1-1-1 and \$93.5M per Attachment 1, Table 1, line 30
15 corresponds to the reduction in the cost of the nuclear liabilities reflected in the Bruce
16 Lease net revenues between the most up-to-date Chart 1, line 6 shown above and the
17 equivalent Ex. C2-1-2 Chart 1, line 6.

Table 1
Updated Bruce Lease Net Revenues
(Updated Ex. N1-1-1 Table 7)
Years Ending December 31, 2017 to 2021 (\$M)

Line No.	Particulars	Note	2017 Plan (a)	2018 Plan (b)	2019 Plan (c)	2020 Plan (d)	2021 Plan (e)
	Revenues:						
1	Site Services (OPG to Bruce Power)		0.7	0.7	0.7	0.7	0.7
2	Low & Intermediate Level Waste Services		17.8	19.8	19.2	18.6	21.6
3	Cobalt-60		0.5	0.5	0.5	0.5	0.5
4	Total Services Revenue		19.1	21.0	20.4	19.8	22.8
5	Fixed (Base) Rent		24.5	24.8	25.1	25.4	25.7
6	Supplemental Rent - Non-Derivative Portion		160.4	153.0	163.0	174.5	140.1
7	Amortization of Initial Deferred Rent		12.1	12.1	0.0	0.0	0.0
8	Total Non-Derivative Rent Revenue		197.0	189.9	188.1	200.0	165.9
9	Total Non-Derivative Revenue (line 4 + line 8)		216.0	210.9	208.5	219.8	188.7
10	Supplemental Rent - Derivative Portion		0.0	0.0	0.0	0.0	0.0
11	Total Revenue (line 9 + line 10)		216.0	210.9	208.5	219.8	188.7
	Costs:						
12	Depreciation		68.6	68.6	68.6	68.4	68.4
13	Property Tax		13.0	13.3	13.6	14.0	15.1
14	Accretion		458.6	465.7	480.6	495.8	512.4
15	(Earnings) Losses on Segregated Funds		(393.0)	(404.3)	(415.6)	(426.2)	(436.0)
16	Used Fuel Storage and Disposal		57.0	55.0	59.3	64.2	52.2
17	Waste Management Variable Expenses and Facilities Removal Costs		2.5	3.0	2.8	3.4	4.6
18	Interest		21.1	24.1	26.7	26.8	25.8
19	Total Costs Before Income Tax		227.7	225.4	236.0	246.4	242.5
20	Income Tax - Current - Non-Derivative Portion		61.6	58.0	38.5	47.0	41.7
21	Income Tax - Deferred - Non-Derivative Portion		(68.1)	(65.1)	(45.3)	(53.6)	(55.1)
22	Total Income Tax - Non-Derivative Portion		(6.5)	(7.2)	(6.9)	(6.7)	(13.4)
23	Total Non-Derivative Costs (line 19 + line 22)		221.3	218.2	229.1	239.8	229.0
24	Income Tax - Current - Derivative Portion		0.0	0.0	0.0	0.0	0.0
25	Income Tax - Deferred - Derivative Portion		0.0	0.0	0.0	0.0	0.0
26	Total Income Tax - Derivative Portion		0.0	0.0	0.0	0.0	0.0
27	Total Costs (line 23 + line 26)		221.3	218.2	229.1	239.8	229.0
28	Bruce Lease Net Revenues - Non-Derivative Portion (line 9 - line 23)		(5.2)	(7.3)	(20.6)	(20.0)	(40.3)
29	Bruce Lease Net Revenues - Derivative Portion (line 10 - line 26)		0.0	0.0	0.0	0.0	0.0
30	Total Bruce Lease Net Revenues (line 28 + line 29)		(5.3)	(7.3)	(20.6)	(20.0)	(40.3)