

SEC Interrogatory #006

Ref: Ex. D2-T1-S1, page 4, Nuclear Portfolio Project Costs
OEB Decision EB-2007-0905, page 34, Table 2.4, page 37, Table 2.5

Issue Number: 4.4

Issue: Do the costs associated with the nuclear projects, that are subject to section 6(2)4 and 6(2)4.1 of O. Reg. 53/05 and proposed for recovery, meet the requirements of that section?

Interrogatory

- a) Please update Chart 1 (D2-T1-S1;pg 4) and Chart 2 (D2-T1-S1;pg. 5) by adding the amounts forecast in EB-2007-0905 (i.e. the Board approved amounts).
- b) Please explain any material variances (i.e. variance of +/- 5%) as between Board approved and 2007 and 2008 actuals.

Response

- a) As indicated in Ex. L-1-022, the OEB accepted OPG's 2008 and 2009 forecast of nuclear capital expenditures excluding refurbishment capital expenditures (OEB Decision with Reasons, EB-2007-0905, page 35).

As indicated in Ex. L-1-044, the OEB did not approve aggregate Nuclear OM&A costs in EB-2007-0905. The Board-approved OM&A in the Nuclear revenue requirement, as provided in the EB-2007-0905 Payment Amounts Order, Appendix A, Table 2, includes Nuclear base OM&A, Nuclear outage OM&A, Nuclear project OM&A, allocated corporate and centrally-held OM&A, and the asset service fee.

Charts 1 and 2 have been updated below to include 2008 and 2009 budget amounts.

- b) OPG provides budget versus actual variance explanations for 2008 and 2009, where the budget values are those filed by OPG in EB-2007-0905, as follows:
 - Project OM&A – Ex. F2-T3-S2, page 2.
 - Project Capital – Ex. D2-T1-S1, page 17.

Chart 1
Total Nuclear Project Portfolio Costs – Project OM&A and Capital

	(\$M)	2007 Actual	2008 Budget	2008 Actual	2009 Budget	2009 Actual	2010 Budget	2011 Plan	2012 Plan
1	Project Portfolio – Capital	186.5	172.0	163.5	172.0	159.4	172.0	172.0	172.0
2	Project Portfolio – OM&A	102.1	118.0	123.0	118.0	118.3	111.7	108.3	111.2
3	Total Project Portfolio	288.6	290.0	286.5	290.0	277.7	283.7	280.3	283.2

Chart 2
Total Nuclear Operations Project Costs – Project OM&A and Capital

	(\$M)	2007 Actual	2008 Budget	2008 Actual	2009 Budget	2009 Actual	2010 Budget	2011 Plan	2012 Plan
1	Project Portfolio – Capital	186.5	172.0	163.5	172.0	159.4	172.0	172.0	172.0
2	P2/P3 Isolation Project	9.3	17.0	5.7	10.0	14.1	8.8	0.0	0.0
2a	PB Refurb Project				148.8				
3	Minor Fixed Assets	11.5	17.8	14.2	16.8	17.0	20.2	19.7	19.5
4	Operations Capital	207.2	206.8	183.4	347.7	190.6	201.0	191.7	191.5
5	Project Portfolio – OM&A	102.1	118.0	123.0	118.0	118.3	111.7	108.3	111.2
6	P2/P3 Isolation Project	9.5	26.6	13.5	14.0	22.5	20.6	0.0	0.0
7	PB Continued Ops Project	0.0	0.0	0.0	0.0	0.4	1.8	19.9	17.0
8	FC Life Cycle Mgmt Project	0.0	0.0	0.0	0.0	2.5	9.7	7.7	4.0
9	Operations Project OM&A	111.6	144.6	136.5	132.0	143.7	143.8	135.9	132.2
10	Total Operations Projects	318.8	351.4	319.9	479.7	334.3	344.8	327.6	323.7

SEC Interrogatory #007

Ref: Ex. D2-T1-S1, page 4-5, Operations Capital Budget

Issue Number: 4.4

Issue: Do the costs associated with the nuclear projects, that are subject to section 6(2)4 and 6(2)4.1 of O. Reg. 53/05 and proposed for recovery, meet the requirements of that section?

Interrogatory

At D2-Tab1-S1, pg.1 the forecast capital expenditures are listed as \$296.9M and \$447.3M for 2011 and 2012 respectively. Please reconcile these figures with Chart 1 and Chart at pages 4 and 5 of D2-T1-S1.

Response

The forecasts quoted at Ex. D2-T1-S1, page 1, line 14 include capital expenditures associated with the nuclear project portfolio, as well as the acquisition of Minor Fixed Assets and generation development projects (Darlington Refurbishment and New Nuclear at Darlington).

Chart 1 presents capital expenditures associated with the nuclear portfolio, while Chart 2 presents Minor Fixed Asset acquisitions in addition to the nuclear portfolio. The following table details the reconciliation.

\$M	2011 Plan	2012 Plan
Project Portfolio – Capital (D2-T1-S1 Chart 1 line 1 & D2-T1-S1 Chart 2 line 1)	172.0	172.0
Minor Fixed Assets (D2-T1-S1 Chart 2 Line 3)	19.7	19.5
Operations Capital (D2-T1-S1 Chart 2 and Table 1)	191.7	191.5
Generation Development Capital (D2-T1-S1 Table 1)	105.2	255.8
Total Nuclear Capital (D2-T2-S1 Table 1)	296.9	447.3

SEC Interrogatory #008

Ref: Ex. D2-T1-S1, page 5, Operations Capital Budget

Issue Number: 4.4

Issue: Do the costs associated with the nuclear projects, that are subject to section 6(2)4 and 6(2)4.1 of O. Reg. 53/05 and proposed for recovery, meet the requirements of that section?

Interrogatory

Please provide the key drivers for the increase of approximately 75% in Minor Fixed Assets capital investments from 2007 actuals to forecast 2012.

Response

The following chart demonstrates that planned investment in Minor Fixed Assets ("MFA") represents an increase of approximately 13 per cent over the amount budgeted in 2007 (\$17.3M).

As indicated in Ex. D2-T1-S1, Table 4a, line 11, MFA was underspent in 2007 and 2008, which provides the large apparent increase presented in the interrogatory. This trend was corrected in 2009 with improved MFA planning and requisitioning practices.

		2007 Budget	2008 Budget	2009 Budget	2010 Budget	2011 Plan	2012 Plan
	(\$M)						
1	Minor Fixed Assets	17.3	17.8	16.8	20.2	19.7	19.5

The primary drivers for the increase in planned MFA investment (2007 – 2012) is the increased cost of purchased items such as radiation monitoring instrumentation, transport and work equipment and reactor inspection and maintenance tooling, as well as increased purchases of security equipment by Nuclear Programs and Training.