

August 19, 2010

**BY COURIER (2 COPIES) AND EMAIL**

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, Suite 2700  
Toronto, Ontario M4P 1E4  
Fax: (416) 440-7656  
Email: boardsec@oeb.gov.on.ca

Dear Ms. Walli:

**Re: Pollution Probe – Questions for Technical Conference  
EB-2010-0008 – Ontario Power Generation – 2011-12 Payment Amounts**

Pursuant to *Procedural Order No. 4*, please find enclosed Pollution Probe's questions to OPG for the upcoming technical conference. For clarity, Pollution Probe reserves its right to ask follow up questions to OPG's responses to these questions.

As Pollution Probe only has two questions for the technical conference, we request OPG's advice as to whether it would be willing to provide written answers to these questions ahead of the technical conference. If so, Pollution Probe's attendance at the technical conference could likely be avoided and associated costs would be minimized. On the other hand, if Pollution Probe is required to attend the technical conference to obtain these answers, Pollution Probe requests that it be allowed to go first or early in the technical conference.

Yours truly,



Basil Alexander

BA/ba

Encl.

cc: Applicant and Intervenors per Applicant and List of Intervenors attached to  
*Procedural Order No. 3*

**Pollution Probe Questions for Technical Conference**

August 19, 2010

Issue 2.2

1. Reference: Pollution Probe Interrogatory Nos. 1, 2, 4, and 6 (Ex. L, Tab 10, Sch. 1, 2, 4, and 6)

It is Pollution Probe's understanding that OPG's estimate of the capital cost of \$6 billion to \$10 billion for the Darlington refurbishment is the "overnight" capital cost only. In other words, it does not include capitalized interest during construction.

Please provide OPG's low and high estimate of the TOTAL capital cost of the Darlington refurbishment, including capitalized interest during construction. Pollution Probe notes that in response to Pollution Probe's interrogatories, OPG states that its LUEC estimates for Darlington are based on the total capital costs of Darlington, including capitalized interest during construction.

Issue 3.3

2. Reference: Pollution Probe Interrogatory No. 16 (Ex. L, Tab 10, Sch. 16)

Pollution Probe seeks clarification and further information in light of OPG's response to Pollution Probe Interrogatory No. 16. In that response, OPG states that:

OPG uses the same discount rate in its financial analysis for all investments with respect to Prescribed Assets. **Risks are taken into account in the cash flows.** This is consistent with the approach described to the OEB in EB-2007-0905. [emphasis added]

Please describe in detail, and with illustrative examples, how the differences in risk for two projects with different risks would be taken into account in the cash flows. For this purpose, please assume that the capital project with higher risk is for nuclear operations and the capital project with lower risk is for hydroelectric operations.