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File 15119

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VIA EMAIL AND COURIER

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Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
27th Floor, 2300 Yonge Street
Toronto ON M4P 1E4

Dear Ms. Walli:

**RE: OPG Prescribed Assets Regulation
Board File EB-2007-0905**

Enclosed herewith please find the interrogatories filed by Power Workers' Union.

Two paper copies have been forwarded to the Board via courier delivery, and an electronic copy in searchable/unrestricted PDF format is being filed through the Board's web portal. An electronic copy is also being forwarded to OPG via email transmission.

We trust this is satisfactory.

Yours very truly,

PALIARE ROLAND ROSENBERG ROTHSTEIN LLP

Richard P. Stephenson

RPS:jr

encl.

cc: Ontario Power Generation (*via email*)
All participants (*via email*)

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IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O.1998, c.15, (Schedule B);

AND IN THE MATTER OF an application by Ontario Power
Generation Inc. pursuant to section 78.1 of the *Ontario Energy
Board Act, 1998* for an Order or Orders determining payment
amounts for the output of certain of its generating facilities.

Ontario Power Generation Inc.

Payment Amounts for Prescribed Generating Facilities

2008 and 2009 Revenue Requirement

(EB-2007-0905)

Power Workers' Union

Interrogatory

PWU Interrogatory 1

Capital Structure and Cost off Capital (Exhibit C)

Issue Number: 2.1

Issue: What is the appropriate capital structure for OPG's regulated business for the 2008 and 2009 test years? Should the same capital structure be used for both OPG's regulated hydroelectric and nuclear businesses? If not, what capital structure is appropriate for each business? (C1/T1/S1, C1/T2/S1, C2/T1/S1)

Operating Costs (Exhibit F)

Issue Number: 5.1

Issue: Are the Operation, Maintenance and Administration ("OM&A") budgets for the prescribed hydroelectric and nuclear business appropriate? (F1/T1/S1, F2/T1/S1)

Ref (a): Exh F3/T4/S1/ P.4, 5 and 6

Ref (b): Opinion on Capital Structure and Fair Return on Equity, Prepared for Ontario Power Generation by Kathleen C. McShane, Foster Associates, Inc. Exh C2/T1/S1/P. 72

Preamble:

(A): Ref.(a) states that between 2007 and 2011, it is estimated that 30 percent of the staff will need to be replaced because of retirements and terminations. The reference also indicates:

“OPG projects through its workforce planning programs that by the year 2020 the company will experience a shortfall of approximately 8,200 employees as a result of retirements and regular turnover. This number assumes a steady state for the number of employees through each year. As a result, the analysis is highly conservative. OPG is expecting that its staff numbers will grow to accommodate potential rehabilitation and new generation in Nuclear. The impact of the decisions in this area on staff requirements will be significant.

In response to these challenges, OPG is focusing on the following three areas: 4.1 Recruitment and Talent Management...4.2 Skill Development...4.3 Retaining and Managing Potential Retirees...”

(B): Ref.(b) states:

“Changing demographics, specifically an aging workforce, also create cost and production risks for all the regulated operations, but this issue is particularly pronounced for nuclear operations. Both availability and cost of nuclear-skilled employees are a concern, as the retirement of a large percentage of the skilled workforce becomes increasingly imminent. Bruce Power competes for available skilled personnel; training cycles are lengthy and costly. Similar to other employers, over 25% of OPG’s workforce is eligible for retirement within the next 10 years.”

Interrogatories:

1.1. Please describe the expected impact of the risk associated with the shortfall of workforce focusing on the following issues:

- a) Asset Conditions;
- b) Output and performance (e.g. unit capability factor or availability factor, forced loss rate or forced outage rate, planned outages and planned outage extensions);

- c) Safety;
- d) Worker safety;
- e) Regulatory compliance;
- f) Environmental performance

1. 2. Ref (a) provides insight relating to OPG's ongoing initiatives aiming to mitigate workforce shortfall risk. Has OPG identified any risk associated with the shortfall of the workforce that is beyond the control of the company?

PWU Interrogatory 2

Design of Payment Amounts (Exhibit I)

Issue Number: 8.2

Issue: Is the fixed payment of 25% of revenue requirement an appropriate design for the nuclear facilities? (I1/T2/S1)

Ref: Exh I1/T2/S1/ P. 7 and 8

Preamble:

The reference indicates:

"Although Ontario's IESO market has not established a capacity market, the hybrid market structure in Ontario provides contracting mechanisms to provide fixed cost recovery for generation. Contracted generation in Ontario has a high degree of assurance of recovery of fixed costs through the structure of OPA contracts. For example, the contract structure for Ontario's clean energy supply contracts includes a monthly contingent support payment which is the monthly net revenue requirement less the imputed net revenue, where the imputed net revenue represents the expected net revenue from energy sales given the characteristics of the facility."

Interrogatories:

2.1. Please indicate whether the following OPA initiatives are further examples of contracted generation with a high degree of assurance of recovery of fixed costs:

- the procurement of combined heat and power generation;
- the procurement of generating facility with a summer contract capacity of 500 MW to 600 MW connected to the area surrounding Trafalgar TS.

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