

UNDERTAKING JT1.14

Undertaking

To provide a written response to Environmental Defence interrogatory No. 15, parts (a) and (b).

Response

a) OPG's payment amounts application for the 2014 - 2015 period was prepared on the basis of a single overall nuclear rate. OPG does not calculate separate rates for Pickering and Darlington. OPG would note that ED's methodology for allocating costs strictly based on nuclear production is inconsistent with OPG's approved allocation methodology (see Ex F3-1-1) and that fuel and depreciation costs are not classified as "OM&A" which is why OPG excluded those two cost elements from its previous interrogatory response.

OPG benchmarks its financial performance against other utilities. The EUCG Non-Fuel Operating Cost per MWh ("NFOC") represents one such metric and includes Base OM&A, Outage OM&A, Project OM&A, Corporate Support & Administrative costs and some component of centrally held costs (excluding OPEB and Pension costs). NFOC is derived by OPG for both Darlington and Pickering to allow OPG to benchmark financial performance and operating costs by station.

OPG does not have a station-level allocation methodology for rate making purposes nor has it allocated "generic" costs such as property tax, or centrally held costs for Pickering and Darlington.

b) OM&A costs, consistent with the industry NFOC metric, were provided in the previous interrogatory response. OPG did not provide fuel costs in the original response as fuel costs are not considered OM&A costs under industry standard metrics. However, the following table provides actual and projected Pickering annual fuel costs for the 2010 - 2015 period.

Pickering	2010	2011	2012	2013	2014	2015
Fuel Cost per MWh (\$ per MWh)	4.33	4.85	5.77	5.81	6.02	5.93

Additional Response

As directed by the Board in Procedural Order #9 dated May 16, 2014, OPG has prepared Attachment 1, which provides an "OM&A" unit cost for the Pickering Nuclear station consisting of base, outage and project OM&A expenditures; fuel costs, and depreciation expense for the years 2010-2015. With the exception of "Depreciation – Generic" existing internal allocations were available. OPG does not have an available allocation of those components that make up "Depreciation –Generic" and therefore an

1 allocation was made based on Pickering's generation as a percentage of total
 2 generation as proposed by Enviromental Defences in Exhbit L-6.3 ED-15.
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Pickering Unit Operating Cost Summary 2010-2015												
	2010		2011		2012		2013		2014		2015	
	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Budget	Plan	Plan	Plan	Plan
	\$	\$/Twh	\$	\$/Twh	\$	\$/Twh	\$	\$/Twh	\$	\$/Twh	\$	\$/Twh
Base, Outage and Project OMA	984.6	51.3	998.7	50.7	900.9	43.5	908.2	43.0	940.9	44.2	923.9	42.2
Corporate Support & Adminstration	127.1	6.6	127.5	6.5	227.8	11.0	239.3	11.3	230.3	10.8	218.9	10.0
Centrally Held Costs	92.6	4.8	162.3	8.2	205.6	9.9	217.3	10.3	246.5	11.6	246.0	11.2
Asset Service Fee	12.4	0.6	11.6	0.6	12.7	0.6	12.5	0.6	12.8	0.6	14.7	0.7
Depreciation - Pickering	129.6	6.8	147.1	7.5	156.4	7.6	122.4	5.8	133.0	6.2	143.0	6.5
Depreciation - Generic	29.4	1.5	22.3	1.1	65.6	3.2	45.0	2.1	45.4	2.1	50.2	2.3
Fuel Costs	84.0	4.4	95.4	4.8	119.6	5.8	127.6	6.0	128.2	6.0	130.0	5.9
Total	1,459.7	76.0	1,564.9	79.4	1,688.6	81.6	1,672.3	79.3	1,737.1	81.6	1,726.7	78.8