

UNDERTAKING J3.2

Undertaking

TO UPDATE EXHIBIT K3.4 AND TO DISCUSS UNDERLYING ASSUMPTIONS.

Response

The undertaking references EB-2010-0008 Ex J9.4 which provided an estimate of the the financial impact on OPG if there is a PWU work stoppage. That undertaking response focused on nuclear costs only and was based on the following assumptions:

1. OPG's nuclear plants cannot be run in the event of a PWU work stoppage.
2. The daily financial impact on OPG is calculated by dividing OPG's nuclear revenue requirement by 365 days and subtracting from that the daily wages not paid to PWU employees on strike.
3. All other OPG costs remain the same or will be identified by OPG.
4. The impact is calculated for the test years.

Using these same assumptions, the financial impact to OPG of a PWU work stoppage during the 2014-2015 test period would be a loss of approximately \$6.7M/day.

Detailed calculation:

- a. Revenue for a day in the test period: $\$6,395.4M^1 / 730 \text{ days} = \sim \$8.76M/\text{day}$
- b. Daily PWU wage²: $(\$504.3M + \$526.5M) / 730 \text{ days} = \sim \$1.41M/\text{day}$
- c. Avoided daily cost of fuel: $\$526.9M^3 / 730 \text{ days} = \sim \$0.72M/\text{day}$.
- d. Added labour and security costs during a work stoppage: $\sim \$0.05M/\text{day}^4$.

Total impact: $\$8.76M - \$1.41M - \$0.72M + \$0.04M = \sim \$6.7M/\text{day}$

Notes:

1. Total proposed revenue requirement during 2014-2015 (Exhibit N2-1-1, Table 1, line 24)
2. Based on PWU nuclear salary & wages for test period (Ex F4-3-1 Attachment 6, line 45 for 2014 and 2015).
3. Ex N2-1-1 Table 1, line 16
4. Estimate provided in EB-2010-0008 Ex J9.4 escalated at 3% pa over 4 years and rounded to nearest \$0.01M.