

UNDERTAKING J3.3

Undertaking

WITH REFERENCE TO EXHIBIT L, TAB 1, SCHEDULE 2, AMPCO 1, TO UPDATE DRIVERS OF DEFICIENCY IN SECOND IMPACT STATEMENT.

Response

The requested updated charts follow. These charts update those provided in L-1.0-2 AMPCO 001, which reflected the first Impact Statement.

DRIVERS OF DEFICIENCY

Chart 1
Previously Regulated Hydroelectric, 2014-2015 Test Period
Updated to Reflect the Second Impact Statement (Ex. N2-1-1)

	(\$M)	Notes (changes vs. Ex. N1-1-1 in <i>Italic</i>)
EB-2010-0008 Approved Revenue Requirement	1,419.2	Ex. I1-1-1, Table 2 (<i>no change</i>)
Increase in Cost of Capital	156.1	Higher forecasted long-term debt costs and ROE due to increased rate base as a result of the Niagara Tunnel project coming into service (<i>increased due to increase in ROE rates</i>)
Increase in OM&A	31.0	Increases in Base OM&A (Ex. F1-2-1, Ex. F1-2-2) and Project OM&A (Ex. F1-3-2) (<i>decrease in the Allocation of Centrally Held Costs due to decreased Pension/OPEB Costs</i>)
Increase in Depreciation & Amortization	33.4	Primarily due to the Niagara Tunnel project coming into service (Ex. F4-1-1) (<i>no change</i>)
Decrease in Ancillary and Other Revenue	36.3	Lower operating reserve market prices and lower regulation service revenues (Ex. G1-1-1 and Ex. G1-1-2) (<i>no change</i>)
Increase in Income Taxes	60.6	Increased Regulatory Taxable Income, mainly due to higher rate base due to the Niagara Tunnel coming into service (Ex. F4-2-1, Table 5) (<i>increased due to increased ROE</i>)
Other	21.2	Includes differences in Property Taxes and Gross Revenue Charge (<i>no change</i>)
Total Change in Revenue Requirement	338.6	<i>Increase of \$18.1M</i>
Proposed Revenue Requirement for 2014 – 2015 Test Period	1,757.8	Ex. N2-1-1, Table 1 <i>(Increase of \$18.1M vs. Ex N1-1-1)</i>
Revenue at Current Rates	1,471.1	Using forecast production levels for the test period (<i>no change</i>)
Revenue Requirement Deficiency	286.8	Ex. N2-1-1, Table 4 <i>(Increase of \$18.1M vs. Ex N1-1-1)</i>

Chart 2

Nuclear Deficiency, 2014-2015 Test Period Updated to Reflect the Second Impact Statement (Ex. N2-1-1)

	(\$M)	Notes (changes vs. Ex. N1-1-1 in Italic)
EB-2010-0008 Approved Revenue Requirement	5,251.5	Ex. I1-1-1, Table 3 (<i>no change</i>)
Decrease in Cost of Capital	(45.9)	Lower long-term debt costs and ROE (<i>increased due to increase in ROE rates</i>)
Increase in the Allocation of Centrally Held Costs	349.7	Primarily due to an increase in pension and OPEB costs (Ex. F4-4-1) (<i>decreased pension/OPEB Costs</i>)
Increase in Outage OM&A	177.5	Mainly due to the 2015 Vacuum Building Outage (Ex. F2-4-2) (<i>no change</i>)
Increase in the Allocation of Support Services Costs	349.8	Due to the transfer of nuclear functions to centre-led corporate groups as part of BT, offset by similar reduction in nuclear costs (Ex. F3-1-2) (<i>no change</i>)
Decrease in Base OM&A	(120.4)	Transfers of costs to corporate groups partially offset by labour cost escalation and higher pension and OPEB costs (Ex. F2-2-1) (<i>no change</i>)
Increase in Depreciation & Amortization	70.5	Increase in Asset Retirement Cost due to ONFA (Ex. F4-1-1) (<i>no change</i>)
Decrease in Bruce Lease Net Revenues	190.8	Increase in Bruce Costs is primarily due to ONFA (Ex. G2-2-1) (<i>no change</i>)
Increase in Income Taxes	26.5	Higher regulatory taxable income is primarily due to pension and OPEB costs (Ex. F4-2-1, Table 5) (<i>decrease primarily due to lower pension/OPEB costs</i>)
Other	145.5	Includes the EB-2010-0008 compensation disallowance of \$145M as well as differences in Fuel, Property Taxes, other OM&A Costs and Ancillary and Other Revenue (<i>decrease due to lower pension/OPEB, DRP OM&A and fuel cost</i>)
Total Change in Revenue Requirement	1,143.9	Decrease of \$253.4M vs. Ex. N1-1-1
Proposed Revenue Requirement for 2014 – 2015 Test Period	6,395.4	Ex. N2-1-1, Table 1 (Decrease of \$253.4M vs. Ex. N1-1-1)
Revenue at Current Rates	4,874.4	Using forecast production levels for the test period of 94.6 TWh. (<i>slightly lower forecast production</i>)
Revenue Requirement Deficiency	1,521.0	Ex. N2-1-1, Table 4 (Decrease of \$227.6M vs. Ex. N1-1-1)

