

UNDERTAKING J4.10

Undertaking

Updating K4.1, page 3 with the first quarter results.

Response

Table #5 OPG Nuclear O&M and Production					
<u>Year</u>	<u>Production TWh</u>	<u>Non-Fuel OM&A (\$ M)</u>	<u>Corporate OM&A (\$ M)</u>	<u>Unit Cost (\$/MWh)</u>	
2005	45	1370	356.2	38.36	
2006	46.9	1494.3	423.2	40.88	
2007	44.2	1577	446.8	45.79	
Q1 2008 Actual	13.2	384.5	101.7	36.83	
2008	51.4	1727.6	457	42.50	
2009	49.9	1738.5	430.2	43.46	
SOURCES	E2-1-1	F2-1-1	F3-1-1 T2		
NOTES: 2005 excludes \$120M P2/P3 impairment charge					

Update to table from AMPCO Evidence – Ex. M/Tab 2 p. 9 of 23

In developing its response to this undertaking, OPG discovered that the original table from AMPCO's evidence contained a material error.

AMPCO's error resulted in a double counting of the corporate OM&A allocated to nuclear and as a result the unit cost figures shown in AMPCO's evidence are significantly overstated. AMPCO used data from F2-1-1 for "Non-Fuel O&M" that already included allocated corporate costs. The allocated corporate costs were then added again under their column "Corp. O&M (N)", in effect double counting some \$350M - \$450M in costs depending on the year.

OPG has recalculated the figures from the original AMPCO table by removing the allocated corporate OM&A from the "Non-Fuel OM&A" column, which is reflected in the table above. This prevents a double counting. The unit energy costs for each of the years from 2005 to 2009 were then corrected. This results in a Unit Energy Cost that is some \$8 to \$10 per MWh lower than the evidence submitted by AMPCO.

1 As requested in the undertaking, OPG has added a row reflecting its actual Q1, 2008
2 results.

3
4 The increase in the calculated unit energy cost in 2007 is a result of the impact of 2
5 specific events that reduced energy production in that year. Comparing 2005 to 2009,
6 the increase in unit energy costs over that period averages 3.3% per year or 13.3% over
7 the five-year period.

8
9 Note that the Unit Energy costs as calculated above are not the same as Production Unit
10 Energy Cost (PUEC) that is used by OPG in its published financial information and in the
11 application. It is also different than the standard defined total unit energy costs used by
12 EUCG.
13