

UNDERTAKING J8.6

Undertaking

Provide consolidated list of instances where OPG allocates hydroelectric costs between regulated and unregulated businesses by production volumes, megawatt hours and the dollar amounts associated with those.

Response

In 2006, OPG allocated Public Affairs' costs for the water safety program between regulated and unregulated hydroelectric businesses using production volumes, i.e. megawatt hours of energy produced. The total cost for the water safety program in 2006 was \$0.2 million, of which 55 percent was allocated to the hydroelectric regulated business using production volumes. The water safety program was the only instance of corporate support groups and centrally held costs being allocated between regulated and unregulated hydroelectric facilities using production volumes in 2006.

The method of allocating Public Affairs' costs for the water safety program was revised in 2007 due to a change in the size and nature of the program. The method changed from allocation based on production volume to direct assignment of costs. For example, the water safety program includes activities in communities surrounding particular hydroelectric facilities. The forecast costs for the water safety program were directly assigned to the regulated hydroelectric business for 2008 and 2009 as well. During the test period, there are no instances of corporate support groups and centrally held costs being allocated between regulated and unregulated hydroelectric facilities using production volumes.