

UNDERTAKING J9.2

Undertaking

To provide information on how much has been excluded from rate base by application of the asset service fee to its centrally-held assets.

Response

The capital cost component of the asset service fee is calculated on the same basis as if the assets had been included in rate base. Therefore, for 2008 and 2009, the costs to the regulated business is the same under the asset service fee treatment as it would be if the associated capital were allocated to the prescribed facility rate base.

The capital cost amounts for 2008 and 2009 that form the basis for the asset service fee and that are therefore excluded from rate base are as follows (\$M):

	2008	2009
OPG Head Office	30.0	28.3
Kipling Building Complex	4.1	4.3
IT Assets	26.9	22.5

The amounts above have been determined primarily by apportioning the net book value of the assets using square footage (for OPG Head Office and Kipling Building Complex) and computer workstations (for IT Assets).

OPG was also asked to provide the costs per square foot charged to the regulated business for the two centrally-held real estate properties (OPG Head Office and Kipling Building Complex). This information is provided below for 2006-2009. The information is not provided for 2005 because the calculation of the asset service fee changed in 2006 as discussed in Ex. L-1-61 and Ex. L-14-65. Due to these changes, the calculation for 2005 is not meaningful.

	<u>Cost per Square Foot ¹</u>			
	2006	2007	2008	2009
OPG Head Office	\$24.65	\$26.10	\$28.23	\$27.79
Kipling Building Complex	\$18.72	\$18.92	\$17.59	\$17.85

¹ Excludes costs normally chargeable to tenants in addition to base rent under a typical lease agreement