

## UNDERTAKING J14.3

### Undertaking

To provide the cost implications of the difference between OPG's proposed use of its long-term interest rate and the interest rate embedded in the generic electricity LDC rate.

### Response

The table below summarizes the differences over OPG's proposed recovery period between using OPG's proposed interest rates (Ex. J1-T3-S1) and recovery using the generic electricity LDC rates as published on the OEB website on June 25, 2008.

in \$M	Deferral/Variance Account Balance as at December 31,2007	Q1 2008 Deferral/Variance Transactions	Total Recovery using OPG's proposed interest rates	Total Recovery using LDC rates	difference
Account			note 1	note 2	OPG - LDC
PARTS	183.8	(29.8)	298.6	247.5	51.1
Nuclear liability	130.5	31.3	180.6	172.8	7.8
Capacity refurbishment and Nuclear development	27.9	3.5	34.9	33.5	1.4
Variance accounts	(2.9)	0.8	(2.3)	(2.2)	(0.1)
Total	339.3	5.8	511.8	451.6	60.2

### Notes

The recovery amounts presented in the above table include transactions that were recorded by OPG in the first quarter of 2008. This is consistent with OPG's response in L-1-111. While OPG is not proposing to recover the Q1 2008 transactions or the related interest during the test period, they have been included in this analysis to provide the total impact of a change in methodology.

- As presented in Ex. J1-T3-S1 page 3 OPG has proposed to use the rate associated with its other long term debt provision (5.65% for 2008 and 6.47% for 2009) for all accounts except PARTS, for which OPG proposes to use WACC rates (8.48% in 2008 and 8.56% in 2009).
- The LDC rates used in this analysis are the prescribed variance account rates of 5.14% for Q1 2008, 4.08% for Q2 2008 and 3.35% thereafter. The OEB rate for the PARTS deferral accounts are the CWIP account rate of 5.18% for Q1 and Q2 2008 and 5.43% thereafter.