LPMA Interrogatory #1

Interrogatory

Ref: Exhibit B1, Tab 1, Sch. 2, page 2

The evidence states that the net lag days determined in the Navigant study were applied by OPG to actual financial results for the prescribed nuclear assets for 2019, which was the most recent available historical year, to calculate the nuclear cash working capital amount of ($37.8) to be used for the 2020 to 2026 period, as summarized in Chart 1.

Please provide the calculations that use the net lag days determined in the Navigant study and the actual financial results for the prescribed nuclear assets for 2019 that result in the figures shown in Chart 1.

Response

Chart 1 of the referenced exhibit presents nuclear cash working capital of -$37.8M as the sum of two components: Generation Revenue and HST.

The calculations of the Generation Revenue component can be found in Chart 2 of the referenced exhibit. In Chart 2, actual 2019 expense amounts in col. (a) are multiplied by net lead/lag days, as determined by the Navigant Study, in col. (d) and divided by 365 days to determine a cash working capital amount for each expense category. The sum of these amounts is $14.2M, as shown at col. (e), line 15.

The calculations of the HST component can be found in Chart 3 of the referenced exhibit, as well as the accompanying explanation at page 5:

> The HST lead days are applied to $503.0M (representing HST collected on generation revenues in 2019) and the HST lag days are applied to $68.7M (representing estimated HST paid on expenses in 2019) to determine the total cash working capital amount of ($52.0M) for the HST component of the nuclear business...

Line 1 of Chart 3 presents the cash working capital amount of -$60.0M associated with HST collected on generation revenue in 2019. This amount is determined by multiplying $503.0M by -43.21 days, as determined by the Navigant Study, and dividing by 365 days. Line 2 of Chart 3 presents the cash working capital amount of $8.0M associated with estimated HST paid on expenses in 2019. This amount is determined by multiplying $68.7M by 40.48 lag days, as determined by the Navigant Study, and dividing by 365 days.