VECC Interrogatory #5

Interrogatory

Reference:
Exhibit B1-01-01, Chart 2 & Chart 3, p.7-8

Summary of Year End Inventory – 2016 to 2026

Line No.	Types	Units	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Budget	2021 Budget	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
1	Uranium Concentrate	K$	53,548	53,038	46,528	35,894	40,600	54,885	44,626	35,278	38,688	41,685	34,253
2		MgU	312	324	326	305	380	483	379	288	288	288	225
3		$/KgU	171.48	163.78	142.87	117.78	106.72	113.71	117.71	122.30	134.12	144.51	152.23
4	Uranium Dioxide[1]	K$	13,312	11,457	11,098	13,165	7,005	7,634	13,172	13,307	7,684	7,312	7,052
5		MgU	74	63	65	86	50	51	86	85	45	40	37
6		$/KgU	180.39	182.94	170.02	153.62	141.03	148.32	153.41	157.25	172.49	184.67	192.25
7	Finished Bundles	K$	204,783	195,879	190,136	142,321	131,789	128,388	157,648	144,589	129,035	136,480	119,150
8		MgU	767	738	740	568	566	556	665	595	508	505	426
9		$/KgU	267.0	265.6	257.0	250.7	232.7	230.8	237.8	242.8	253.8	270.3	279.6
10	Fuel Oil	M$	4.2	4.9	4.8	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
11	**Total**	**M$**	**275.9**	**265.3**	**252.6**	**196.9**	**184.9**	**196.4**	**220.9**	**198.7**	**180.9**	**191.0**	**165.9**

Targeted Inventory Gross Growth Rates

	2022	2023	2024	2025	2026
PNGS	(5.21)%	(10.33)%	(17.35)%	(32.79)%	(44.11)%
DNGS	4.27%	3.17%	1.99%	0.00%	1.52%
All Facilities	**(0.24)%**	**(2.83)%**	**(5.86)%**	**(11.69)%**	**(10.94)%**

a) Please explain how the fuel inventory forecast is impacted by the scheduled shut down of the Pickering facilities by the end of 2025. Specifically, identify the annual reductions related to that site (from the 2019 bases case) over the rate period.

b) What is the estimated value of inventory materials and supplies related to the Pickering Operations that are expected to be written off in 2025 when the site shuts down power production?

Response

a) See Ex. L-F2-01-Staff-211 for annual Pickering closing fuel inventory over the period 2016-2026.

OPG maintains strategic levels of fuel inventories to ensure adequate fuel is available to fuel OPG reactors. Fuel inventories are managed annually using generation forecasts which aide in planning procurement of fuel. Forecasted Pickering fuel inventory levels in this application reflect generation reductions from the planned Pickering shutdown and fuel inventories will be managed accordingly to minimize any excess Pickering fuel at station end of life. This process occurs as part of the annual business planning process. Any remaining fuel will be sent to the fuel fabricator to recover the contained uranium fuel for reprocessing and reuse.

b) As explained at Ex. B1-1-1, p. 8, OPG provides for a build-up of end of life provision for accumulated obsolescence of materials and supplies over the life of the station. The cost of any surplus or obsolete inventory that is identified is then offset against this provision (and does not result in an incremental expense). In the last year of operation, OPG is currently assuming that approximately $35M of inventory will be made surplus and charged against the provision.