UNDERTAKING JT2.33

Undertaking

TO PROVIDE A SINGLE IR SHOWING SAVINGS 2022 TO 2028, SHOWING ON AN ANNUAL BASIS THE DIFFERENT LINE ITEMS SO WE CAN SEE WHERE THE NUMBERS DROP OFF FOR THE VARIOUS LINE ITEMS OVER TIME.

Response

Chart 1 (total OPG) and Chart 2 (nuclear facilities) below set out the forecasted annual occupancy costs of properties OPG intends to exit over the period, providing a year by year view of the resulting cost savings. For 2020, actual costs are shown. The costs decline to zero upon OPG's anticipated release of each space based on the dates set out in Ex. JT4.2.

Also provided below is additional discussion to enable the comparison of these figures to other related interrogatories and undertakings. As part of this comparison, OPG identified minor revisions and clarifications to Ex. L-D3-01-SEC-111 and Ex. L-F3-01-Society-017, which will be updated separately.

Chart 1: Annual Costs of Premises Pending Exit – Total OPG ($M)

Line No. & Building		2020	2021	2022	2023	2024	2025	2026	2027	2028
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	1340 Pickering Parkway[1]	1.2	[redacted]							
2	890 Brock Road[2]	0.2								
3	230 Westney Road[3]	1.4								
4	78 Richmond Street West	0.2								
5	889 Brock Road	4.9								
6	1600 Stellar Drive	0.5								
7	1915 Clements Road[4]	0.0								
8	1910 Clements Road	0.4								
9	777 Brock Road	3.1								
10	700 University Avenue[5,6]	9.1								
11	2255 Forbes Street	1.3								
12	Kipling Campus[7]	9.6								
13	303 Townline Road, Niagara-On-The-Lake[8]	0.4								
14	**Total**	**32.3**	**35.7**	**23.5**	**23.5**	**21.4**	**11.9**	**10.4**	**3.0**	**0.0**

[redacted]

[2] [redacted]

[3] [redacted]

[4]Costs related to 1915 Clements Road are less than [redacted] annually.

[5] [redacted]

[6]Includes total asset service fees for leasehold improvements and related assets charged to OPG generation businesses, net of the tenant inducement allowance.

[7] [redacted] The 2020 asset service fees include a true-up of $3.5M related to that fiscal year which will be completed in 2021. [redacted]

[8]The savings from exiting this property were not included in the financial evaluation underpinning the business case for the new building at Clarington; doing so would marginally improve the economic benefit of the preferred alternative. None of the annual costs of this property are attributed to the nuclear operations.

Chart 2: Annual Costs of Premises Pending Exit – Attributed to Nuclear ($M)

Line No. & Building		2020	2021	2022	2023	2024	2025	2026	2027	2028
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	1340 Pickering Parkway[1]	1.2	[redacted]							
2	890 Brock Road[2]	0.2								
3	230 Westney Road[3]	1.4								
4	78 Richmond Street West	0.2								
5	889 Brock Road	4.9								
6	1600 Stellar Drive	0.4								
7	1915 Clements Road[4]	0.0								
8	1910 Clements Road	0.4								
9	777 Brock Road	3.1								
10	700 University Avenue[5,6]	7.4								
11	2255 Forbes Street	1.3								
12	Kipling Campus[7]	2.8								
13	**Total**	**23.3**	**24.2**	**19.7**	**19.8**	**18.5**	**10.5**	**9.0**	**2.7**	**0.0**

[1] [redacted]

[2] [redacted]

[3] [redacted]

[4] Costs related to 1915 Clements Road are less than [redacted] annually.

[5] [redacted]

[6]Includes asset service fees for leasehold improvements and related assets charged to the nuclear business as per Ex. L-F3-02-LPMA-011, Attachment 1, net of the tenant inducement allowance.

[7][redacted] The 2020 asset service fees include a true-up of $1.5M related to that fiscal year which will be completed in 2021 (Ex. L-F3-02-LPMA-011, Attachment 1, note 2). [redacted]

Comparison to Ex. L-D3-01-SEC-111 (f)

With one exception, the costs in both Chart 1 and Chart 2 above are consistent with Chart 3 in Ex. L-D3-01-SEC-111, part (f), which presents the estimated annual occupancy cost savings for the nuclear operations and total OPG as of the later of 2026 and the last full year of full occupancy before the expected exit date for each site.

As per Note 1 to Chart 3 in Ex. L-D3-01-SEC-111, part (f), that chart shows cost savings excluding the asset service fee and associated tenant inducement allowance for 700 University Ave., as those amounts would not apply for the full period of the business case evaluation. Chart 1 and Chart 2 above include the asset service fee net of the tenant inducement allowance for the applicable years.

Comparison to Ex. L-D3-01-Energy Probe-046, Ex. L-D3-01-Society-012 (a) and Ex. JT4.2

The 2020 actual costs in Chart 2 above are consistent with Ex. L-D3-01-Energy Probe-046 (a); they also align with Ex. L-D3-01-Society-012 (a) and Ex. JT4.2 with the exception of 700 University Ave. and Kipling Campus, subject to the exceptions below.

As noted, Chart 2 above includes the asset service fee (net of the tenant inducement allowance) charged to the nuclear operations for 700 University Ave., whereas Ex. L-D3-01-Society-012 (a) and Ex. JT4.2 do not contain this fee. Additionally, Ex. L-D3-01-Society-012 (a) and Ex. JT4.2 exclude costs for currently owned properties, being the Kipling Campus.

Comparison to Ex. L-F3-01-Society-017 (b)

The combined reduction of $10.3M in leases and utilities costs and asset service fees for the nuclear facilities between 2023 and 2026 outlined in Ex. L-F3-01-Society-17, part (b), corresponds to the difference between columns (d) and (g) of Chart 2 above, with one exception. Namely, the reduction of $10.3M does not include the $0.6M savings [redacted] as no amounts were allocated to the nuclear facilities for this property in the pre-filed evidence in error (see Ex. JT2.30).

The reduction of $9.8M in leases and utilities costs for locations to be released at the end of 2026 or later referenced in Ex. L-F3-01-Society-017 (b) does not reflect the tenant inducement allowance for 700 University Ave., which would not apply for the full

period of the business case evaluation. As noted, Chart 2 above includes the tenant inducement allowance, which is the reconciling item between the $9.8M in Ex. L-F3-01-Society-017, part (b) and the amount of $9.0M in Chart 2, line 13, col. (g).

Savings of $2.0M in leases and utilities costs for sites released prior to 2023 referenced in Ex. L-F3-01-Society-17, part (b), is reflected in Chart 2 above as follows and excludes any changes in 700 University Ave. or Kipling Campus amounts over the period:

[redacted]

Comparison to JT2.30

Compared to Chart 1 above, the total OPG operating costs for 700 University Ave. and Kipling Campus in the financial evaluation model provided in Ex. JT2.30 exclude depreciation and return components of asset service fees as those components relate to OPG's previously expended capital costs, rather than forward-looking cash flows. As well, the operating costs for 700 University Ave. in the model exclude the tenant inducement allowance which does not apply for the full period of the evaluation, and for the Kipling Campus, are shown net of third party leasing revenues in the applicable years. Additionally, there are other minor differences between the corresponding costs in Chart 1 above and those included for years up to 2026 in the model, due to earlier timing of the estimates developed for business case purposes. These differences do not have a material impact on the net present value savings and do not affect the overall decision outcome.