Numbers may not add due to rounding.

Table 1

Projected Revenue Requirement Impact Resulting from Optimization of Pickering Station End-of-Life Dates - Prescribed Facilities ($M)[1]

Summary of Account Transactions - 2021 ($M)

Line No.	Description	2021
		(a)
	Depreciation Expense:	
1	**Asset Retirement Costs** (Note 2, col. (f), line 2e)	(2.0)
2	**Non-Asset Retirement Costs** (Note 3, line 3c)	(19.0)
3	**Total Depreciation Expense Impact**	(21.0)
	Cost of Capital:	
4	**ARC Rate Base** (Note 4, line 4h)	2.3
5	**Non-ARC Rate Base** (Note 5, line 5f)	0.6
6	**Total Return on Rate Base Impact**	2.9
	Other Expenses:	
7	**Used Fuel Storage and Disposal Variable Expenses**	18.0
8	**Low & Intermediate Level Waste Management Variable Expenses**	0.9
9	**Total Other Expenses Impact** (line 7 + line 8)	18.9
	Income Taxes:	
10	**Depreciation Expense on Asset Retirement Costs** (line 1 x (25%/75%))	(0.7)
11	**Depreciation Expense on Non-Asset Retirement Costs** (line 2 x (25%/75%))	(6.3)
12	**Cost of Capital for ARC Rate Base** (line 4 x (25%/75%))	0.8
13	**Cost of Capital for Non-ARC Rate Base** (Note 5, line 5g x (25%/75%)	0.1
14	**Used Fuel Storage and Disposal Variable Expenses** (line 7 x (25%/75%))	6.0
15	**Low & Intermediate Level Waste Management Variable Expenses** (line 8 x (25%/75%))	0.3
16	**Total Income Tax Impact**	0.2
17	**Total Nuclear Liabilities Cost Impact** (line 3 + line 6 + line 9 + line 16)	25.6
18	**Total Non-ARC Depreciation Impact** (line 2 + line 5 + line 11 + line 13)	(24.6)
19	**Grand Total Impact (**line 17 + line 18)	1.0

Notes

See Table 1a for notes.

Numbers may not add due to rounding.

Table 1a

Notes to Table 1

Projected Revenue Requirement Impact Resulting from Optimization of Pickering Station End-of-Life Dates - Prescribed Facilities ($M)

1 Calculations in this table follow the methodology in EB-2018-0002 Decision and Order, Schedule A.

2 The ARC depreciation expense component of the projected addition to the deferral account is calculated as follows:

Table to Note 2 - Depreciation Expense ($M)

Line No.		Pickering Units 1 & 4	Pickering Units 5-8	Darlington	(a)+(b)+(c) Total	ARC Depreciation per EB-2018-0002 *	Impact (d) less (e)
		(a)	(b)	(c)	(d)	(e)	(f)
2a	Asset Retirement Cost as at December 31, 2020 Before Adjustment#	63.3	187.8	113.9	365.2		
2b	Asset Retirement Cost Adjustment as at December 31, 2020	50.4	5.6	(4.8)	51.1		
2c	Unamortized 2017 Asset Retirement Cost as at December 31, 2020 (line 2a + line 2b)	113.6	193.4	109.1	416.3		
2d	Remaining Useful Life as at December 31, 2020 (months)+	48.0	48.0	384.0			
2e	Annual Depreciation (line 2c / line 2d x 12)	28.4	48.3	3.4	80.2	82.2	(2.0)
2f	Unamortized 2021 Asset Retirement Cost as at December 31, 2021 (line 2c - line 2e)	85.2	145.0	105.7	336.2		

Col. (d) per Ex. L-A1-02-Staff-002, Table 7, col. (a), line 24; and EB-2018-0002 Ex. L-1-Staff-1, Att. 1, Table 1, line 1 (differences due to rounding)

+ Represents the remaining estimated average service life, for accounting purposes, of the nuclear stations as at December 31, 2020 based on accounting end-of-life dates per Ex. L-F4-01-Staff-269, Attachment 1, p. 4. A common end date of December 31, 2024 is used to depreciate ARC for Pickering Units 1 & 4 due to the integrated nature of Unit operations.

* Per EB-2018-0002, Ex. L-1-Staff-1 Att. 1, Table 1, Note 1, col. (d).

3 The non-ARC depreciation and amortization expense component of the projected addition to the deferral account is calculated as follows ($M):

		2021
		(a)
3a	Unadjusted non-ARC depreciation and amortization expense - December 31, 2022 / December 31, 2024 End-of-Life (EB-2018-0002, Schedule 1-Staff-1, Att. 1, Note 2, line 2d)	123.9
3b	Non-ARC depreciation and amortization expense - December 31, 2024 End-of-Life#	104.9
3c	Impact of Pickering End-of-Life Extension (line 3b less line 3a)	(19.0)

Calculated by applying the revised Pickering end-of-life dates (Note 2, note +) to the forecast non-ARC Pickering gross plant including forecast in-service additions reflected in the EB-2016-0152 nuclear revenue requirements and holding all other variables constant, effective January 1, 2021.

4 Cost of capital for ARC Rate Base component of the projected addition to the deferral account is calculated as follows ($M):

		2021
		(a)
4a	Average ARC: Note 2, col. (d); (opening ARC + closing ARC for corresponding year)/2	376.3
4b	Average Unfunded Nuclear Liability Balance	441.7
4c	Weighted Average Accretion Rate	4.86%
4d	Return on Rate Base at Weighted Average Accretion Rate ((lesser of line 4a or 4b) x line 4c) +	18.3
4e	Return on Rate Base at Weighted Average Cost of Capital ((line 4a - line 4b)*WACC) +	0.0
4f	EB-2018-0002 Return at Weighted Average Accretion Rate (EB-2018-0002, Schedule 1-Staff-1, Att. 1, Note 3, line 3c)	16.0
4g	EB-2018-0002 Return at Weighted Average Cost of Capital	0.0
4h	Impact of Pickering end-of-life extension ((line 4d + line 4e) - (line 4f + line 4g))	2.3

+ Average ARC is lower than average Unfunded Nuclear Liabilities (UNL) in 2021.

5 Cost of Capital for non-ARC Rate Base component of the projected addition to the deferral account is calculated as follows ($M):

		2021
5a	Opening non-ARC net plant balance impact	0.0
5b	Non-ARC depreciation and amortization expense impact (Note 3, line 3f)	19.0
5c	Ending non-ARC net plance balance impact (line 5a + line 5b)	19.0
5d	Non-ARC Rate Base Impact (line 5a + line 5c)/2	9.5
5e	Weighted Average Cost of Capital (EB-2016-0152 PAO, App. A, Table 15, col. (c))	6.43%
5f	Total Cost of Capital (line 5d x line 5e)	0.6
5g	Return on Equity component of cost of capital (line 5d x 45% x 8.78%)	0.4

6 The variable expense component of the projected addition to the deferral account is determined by multiplying the differences between (i) and (ii) by the corresponding forecast number of used fuel bundles and low and intermediate level waste ("L&ILW") volumes reflected in the EB-2016-0152 nuclear revenue requirements, where:
(i) is the 2021 unit cost rates for each of the Used Fuel Storage and Disposal Programs ($/fuel bundle) and the L&ILW Storage and Disposal Programs ($/m3 of L&ILW) reflecting the 2.01% discount rate used to determine the year-end 2020 ARO adjustment reflecting the Pickering end-of-life extension, and
(ii) the equivalent 2021 unit cost rates reflected in the corresponding variable expenses included in EB-2016-0152 nuclear revenue requirements.

7 Excludes $1.6M of Low & Intermediate Level Waste Management Variable Expenses portion of the Darlington Refurbishment to avoid duplications with amounts recorded in the Capacity Refurbishment Variance Account.