Energy Probe Interrogatory #71

Interrogatory

References:
Exhibit I1, Tab 1, Schedule 1, Table 1, Table 2a and Table 3

a) Please provide the Net Fixed Assets (line 1) as two lines Darlington NGS and Pickering NGS.

b) Please explain the Adjustment amount of $73.6 million on line 8 of Table 1 and why this is a one-time adjustment.

c) Please confirm that OPG has used its requested 50% Equity amounts on line 7 of Table 1.

d) If the Board determines the Equity ratio should remain at 45% what will be the amounts on line 7 and ROE line 12 of Table 1?

e) Is OPG retiring Long Term Debt related to Pickering NGS?

f) Are the Long Term Debt amounts on line 11 of Table 1 net of PNGS retirements?

g) How much of the change in OM&A ($2.341.2M-$1,083.3M) on line 15 of Table 1 relates to closure of Pickering NGS?

h) Why are Bruce Lease Revenues Net of Direct Costs (line 20 of Table 1) negative? Please discuss this based on Sections 6(2)9 and 6(2)10 of the O. Reg. 53/05.

i) Please provide the net Nuclear revenue requirement per TWh of production for 2021-2026.

j) Why are the Forecast Production numbers different in each of Tables 2, 2a and 3? Please reconcile or correct the Tables.

Response

a) Refer to Ex. B3-1-1, Table 2 for a breakdown of net fixed assets, including Darlington NGS and Pickering NGS categories. The amounts at Ex. B3-1-1, Table 2, lines 8 and 16 correspond to the amounts at Ex. I1-1-1, Table 1, line 1.

b) The adjustment for lesser of UNL or ARC at Ex. I1-1-1, Table 1, line 8 is per Ex. C1-1-1, Tables 1-5. As explained in the Notes to the referenced tables:

> the portion of rate base to be financed by the capital structure approved by the OEB excludes the lesser of the forecast of the average unfunded nuclear liabilities (UNL) related to Pickering and Darlington, and the average unamortized asset retirement costs (ARC) included in fixed asset balances for Pickering and Darlington.

The value of the adjustment for lesser of UNL or ARC is determined in Ex. C2-1-1, Table 2. The adjustment is calculated to be $73.6M in 2022 and $0 in 2023-2026.[1] For further discussion on the adjustment for lesser of UNL or ARC, refer to Ex. C2-1-1, p. 17.

c) Confirmed.

d) Refer to Ex. L-C1-01-CCC-027.

e) OPG's methodology used to determine the long-term debt and associated cost for OPG's regulated operations is described at Ex. C1-1-2. There are no long-term debt issues specific to Pickering NGS.

f) As noted in the response to part (e), there are no long-term debt issues specifically related to Pickering NGS.

g) Refer to Ex. L-F4-03-Energy Probe-060 and Ex. L-F4-03-Staff-275 (g) and (h).

h) Refer to Ex. L-G2-02-Energy Probe-066.

i) Refer to Chart 1 at Ex. L-A1-02-SEC-003. The values in the column titled "Unsmoothed Pmt. Amt. Actual/Proposed" are equal to proposed nuclear revenue requirement per MWh of production.

j) Forecasted production numbers only appear for years 2020 and 2021 in Table 2 (cols. (i) and (j), line 14). These values tie to 2020 and 2021 forecasted production numbers in Table 2a (cols. (d) and (e), line 14).

Forecasted production numbers for 2022-2026 appear in Table 2a (cols. (f)-(j), line 14), which tie to 2022-2026 forecasted production numbers in Table 3 (cols. (a)-(e), line 1).

[1] The UNL amount is set to zero if the calculated amount is negative.