OAPPA Interrogatory #10

Interrogatory

Reference:
Exhibit G2-2-1, Table 4 reflects a Net Book Value (NBV) for the Bruce Nuclear Facility at the start of the IR period of $2.7527B and a closing NBV of $2.3351B by the end of the IR period, as affected by an annual depreciation expense of ~$69.6M. However, we know that Bruce G6 has started its refurbishment program and will be returned to service in 2023, and there does not appear to be any apparent change in the asset value in 2023 or in the later years of the IR.

a) How is Bruce Power's investment of an estimated $13B being captured in the NBV calculation, depreciation, and associated expenses?
b) If it is not being captured, how is such fundamental change in the investment value of an OPG-owned asset being accounted for?

Response

a) and b)

Bruce Power's investment in the refurbishment of the Bruce facilities is not captured in OPG's net book value for these stations as the costs of the investment are not being borne by OPG. In accordance with US generally accepted accounting principles, OPG's financial statements account for all fixed assets, including the Bruce facilities, at the company's cost (including any asset retirement costs) and report them net of accumulated depreciation.