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March 25, 2026

Ritchie Murray
Acting Registrar
Ontario Energy Board
2300 Yonge Street, P.O. Box 2319
Toronto ON, M4P 1E4

Dear Mr. Murray,

**RE: EB-2025-0297 Ontario Power Generation Inc. and DNNP LP Payment Amounts
Energy Probe Interrogatories**

Attached are the interrogatories of Energy Probe Research Foundation (Energy Probe) to Ontario Power Generation and DNNP LP in the EB-2025-0297 Payment Amounts proceeding.

Respectfully submitted on behalf of Energy Probe.

Tom Ladanyi
TL Energy Regulatory Consultants Inc.

cc. Patricia Adams (Energy Probe)
Parties to the Proceeding

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EB-2025-0297
Ontario Power Generation Inc. and DNNP LP
2027-2031 Payment Amounts

Energy Probe Interrogatories

March 25, 2026

A1-EP-1

Reference: A1-2-2, Page 6

Preamble: “The Application assumes that DNNP LP enters into the lease and associated agreements and that the DNNP asset transfer from OPG all occur at the end of 2025. DNNP.”

Question:

Have the “lease and associated agreements” been executed and has the transfer taken place?

A1-EP-2

Reference: A1-3-2

Preamble: The Application proposes to continue setting hydroelectric payment amounts for the 2027- 2031 period using a price-cap index framework, as was used to set OPG’s hydroelectric payment amounts during the 2017-2021 period, with the addition of a C-factor and GRCF. This form of hydroelectric Custom IR is based on the Fourth Generation IR (“4GIRM”) price cap index methodology in the RRF.”

Question:

Does the proposed Custom IR have the same incentives for capital and OM&A incremental efficiencies as the 2017-2021 IR plan or does the addition of the C-factor reduce capital incentives? Please explain your answer.

A1-EP-3

Reference: A1-3-2, Pages 3-4

Preamble: “The C-factor is designed to address the significant capital investment that could not be funded in a timely manner through a typical price cap framework. This form of Custom IR maintains an incentive for OPG to seek incremental efficiencies in the “steady state” operations of its prescribed hydroelectric facilities, while simultaneously providing sufficient funding to support the investment required to address the conditions of these aging assets in alignment with Ontario’s Integrated Energy Plan.”

Questions:

- a) Considering that OPG is owned by the Province of Ontario please explain what is meant by the phrase “could not be funded” in the quoted text.

- b) Please explain why a typical price cap framework could not fund significant capital investments.
- c) What was the total amount of hydroelectric capital investments that were funded under the existing price cap framework?
- d) Did OPG experience any difficulties in the funding of hydroelectric capital investments under the existing price cap framework?

C1-EP-4

Reference: C1-1-1, Page 1

Preamble: “In determining the cost of capital, OPG has applied the capital structure of 52% equity and 48% debt. The proposed capital structure is supported by the findings of the Common Equity Ratio Study carried out by Concentric Energy Advisors at Attachment 1 to this exhibit.”

Questions:

- a) When did OPG decide to apply to the OEB for approval of the 52% equity and 48% debt capital structure?
- b) Considering that Concentric’s report is dated December 2025, was Concentric hired to validate previously made OPG’s decision?
- c) Did Concentric make any recommendations that OPG did not adopt? If the answer is yes, please list them. If the answer is no, please explain why not.

C1-EP-5

Reference: C1-1-1, Page 1

Preamble: “The OPG expects to receive a shareholder equity injection from the Province of Ontario totaling \$5 billion over the 2025-2027 period.”

Questions:

- a) Does OPG management believe that the \$5 billion equity injection is dependent on OEB approval of the 52% equity and 48% debt capital structure?
- b) Did the Province of Ontario indicate to OPG that the current 45% equity 55% debt capital structure is inadequate?
- c) Please file any documents including presentations that were exchanged between the Province of Ontario and OPG regarding OPG’s capital structure.

C1-EP-6

Reference: C1-1-1, Page 2

Preamble: Informed by this requirement, the Application seeks approval of the IR term cost of capital presented in Ex. C1-1-1, Tables 13-17 for DNNP LP. In determining the cost of capital on this basis, the Application has applied a 100% equity funded capital structure.”

Questions:

- a) Did the Province of Ontario indicate to OPG that DNNP LP capital structure should be 100% equity?
- b) Please file any documents including presentations that were exchanged between the Province of Ontario and OPG regarding DNNP LP capital structure.

C1-EP-7

Reference: C1-1-1 Attachment 1, Concentric Report, Page 9

Preamble: “The FRS, as recently reaffirmed by the OEB in EB-2024-0063, requires that the authorized cost of capital should provide the Company with the opportunity to earn a fair and reasonable return that is:

- Adequate to allow the Company to attract the capital that is necessary to provide safe and reliable service (the “capital attraction” standard).
- Sufficient to ensure the Company’s ability to maintain its financial integrity (the “financial integrity” standard); and ...”

Questions:

- a) Is Concentric aware of any instances over the past five years when OPG was unable to attract capital that is necessary to provide safe and reliable service?
- b) Is Concentric aware of any period over the past five years when OPG was unable to maintain its financial integrity?

C1-EP-8

Reference: C1-1-1 Attachment 1, Concentric Report, Page 10

Preamble: “...(b) expected changes to OPG’s risk profile on a forward-looking basis, consistent with how an investor would analyze OPG;”

Question: Does the quoted sentence refer to an investor who is purchasing OPG bonds or OPG shares, or both? Please explain your answer.

CI-EP-9

Reference: C1-1-1 Attachment 1, Concentric Report, Page 11

Preamble: “As such, OPG has demonstrated corporate competency in large nuclear refurbishments and will be able to apply lessons learned from the DRP to the PRP.”

Question: If OPG has already demonstrated corporate competence with the DRP why would not the subsequent such as PRP have reduced risk? Please explain your answer.

C1-EP-10

Reference: C1-1-1 Attachment 1, Concentric Report, Page 11

Preamble: “... which leads to increased scope and increases risks related to the discovery of additional scope...”

Questions:

- a) Is Concentric aware of any increases or decreases in DRP scope since its approval by the OEB?
- b) Is Concentric concerned that OPG will not be able to manage the risk of additional scope that may be discovered during PRP?

C1-EP-11

Reference: C1-1-1 Attachment 1, Concentric Report, Page 12

Preamble: “...Also at the time of EB-2020-0290, Concentric found that risks to both OPG’s prescribed nuclear and hydroelectric operations from severe weather events had increased from EB-2016-0152. Those risks will continue to increase over the course of the coming rate period, ...”

Questions:

- a) What is Concentric’s definition of a “severe weather event”?
- b) Please confirm that Concentric witnesses are not qualified as weather experts.

C1-EP-12

Reference: C1-1-1, Attachment 1, Page 12, Concentric Report, Page 11

Preamble: “The CCR Regulation will not reduce the execution risks of the PRP itself, which, as described above, is larger and more complex than the DRP. Other than the CCR Regulation, Concentric’s analysis finds that OPG’s regulatory framework has not changed substantially from a risk perspective since either EB-2016-0152 or EB-2020-0290.”

Questions:

- a) Please confirm that CCR Regulation was not intended to reduce execution risk.
- b) Which risk will CCR Regulation reduce and by how much?
- c) Does OPG's experience with the DRP reduce execution risk? Please explain your answer.

C1-EP-13

Reference: C1-1-1, Attachment 1, Page 12, Concentric Report, Page 11

Preamble: "From a cost recovery perspective, OPG is at risk for variability in output, particularly at its nuclear plants, a factor that distinguishes OPG from other North American regulated generators."

Questions:

- a) How many North American regulated utilities own and operate generators of any type including coal, gas, oil, nuclear, wind, solar, and hydrothermal?
- b) Please explain why they are not at risk of variability of output like OPG.

C1-EP-14

Reference: C1-1-1, Attachment 1, Page 12, Concentric Report, Page 11

Preamble: "In addition, OPG will also experience a significant decline in nuclear generation output, due to the PRP and the permanent shutdown of Units 1 and 4 at Pickering at the end of 2024, which creates additional risk over the upcoming rate period."

Question:

Does Concentric believe that purchasers of OPG bonds are not aware of OPG's plans for permanent shutdown of Units 1 and 4 at Pickering?

C1-EP-15

Reference: C1-1-1, Attachment 1, Page 13, Concentric Report, Page 12

Preamble: "There is evidence, however, as measured by credit spreads, that OPG's access to capital comes at a higher cost than implied by a simple review of its credit rating."

Question:

Please provide the link to the evidence mentioned in the quoted text.

C1-EP-16

Reference: C1-1-1, Attachment 1, Page 14 and Pages 103-109, Concentric Report

Preamble: "Concentric finds that OPG's risk is significantly elevated relative to the four proxy groups. This is due to OPG's significant nuclear concentration, as well as its status as the only pure generation utility in the group, particularly when combined with the revenue risk it faces

related to nuclear output variability. On this latter point, OPG being entirely at risk related to variability in the output of its nuclear facilities distinguishes it from other regulated utilities, as the companies in the proxy group do not face comparable risk.”

Questions:

- a) Please confirm that Tennessee Valley Authority (TVA) owns and operates hydroelectric and nuclear generation facilities.
- b) Please confirm that TVA is a pure generation utility.
- c) Please confirm that TVA is investing in the development of the standard plant design for the GE Vernona BWRX-300 SMR that OPG is building at DNNP.
- d) Please confirm that TVA is government owned.
- e) What is the authorized equity ratio of TVA?
- f) Is TVA at risk of variability in nuclear output?
- g) Considering its similarity to OPG, why was TVA not included in the proxy group?
- h) Is Concentric aware that WTW included TVA in its comparator organizations (F4-3-1, Attachment 3, Page 5, Comparator Groups, and Page 33 Nuclear Authorized – Executives)?

C1-EP-17

Reference: C1-1-1, Attachment 1, Page 15

Preamble: “This is somewhat higher than Concentric’s recommended equity ratios of no less than 50% in EB-2020-0290 and 49% in EB-2016-0152, reflecting our analysis of current peer group data and Concentric’s assessment that OPG’s risks have increased since the time of those proceedings.”

Questions:

- a) In Concentric’s opinion what should OPG do to reduce its risks?
- b) Has Concentric ever recommended that any utility’s equity ratio be reduced because of reduced risk?

C1-EP-18

Reference: C1-1-1, Attachment 1, Page 36

Preamble: “Environmental and severe weather risks are impacting utilities globally, resulting in more frequent storm damage and weather-related outages, and increased spending on preparing assets to withstand physical risks.”

Questions:

- a) Are all regions of the globe affected equally by severe weather events?
- b) Are all regions of Ontario equally affected by severe weather events?
- c) Are all utilities equally affected by severe weather events?
- d) Do investors believe that OPG faces greater risk from severe weather events than other utilities?

C1-EP-19

Reference: C1-1-1, Attachment 1, Pages 39-40

Question :

Do investors believe that OPG faces greater cybersecurity risk than other utilities?

C1-EP-20

Reference: C1-1-1, Attachment 1, Pages 40-44

Question:

Is regulatory risk greater in Ontario than in other jurisdictions in North America?

C1-EP-21

Reference: C1-1-1, Attachment 1, Page 45

Preamble: “Concentric notes that, while credit ratings and borrowing costs provide useful information in an evaluation of the cost of capital, they do not provide a complete picture of equity investor perspectives.”

Question:

- a) Please confirm that Province of Ontario is the only equity investor that OPG has.
- b) Does Concentric know what information Province of Ontario uses in its evaluation of the cost of capital of its equity investment in OPG?

C1-EP-22

Reference: C1-1-1, Attachment 1, Pages 49-50

Preamble: “This indicates that, all else equal, a 45% equity ratio is not sufficient to maintain OPG’s key credit metrics within the range required for its current ratings. Conversely, at a 52% equity thickness, and all else equal, OPG’s regulated-only metrics will consistently be above the downgrade thresholds, indicating that, based on that measure, a 52% equity ratio will support the stand-alone financial integrity and credit strength of the Company’s regulated business.”

Question:

Is Concentric claiming that OPG’s cost of debt would increase if the equity ratio remained at 45%? If the answer is yes, please provide an estimate of the increase in percent interest and in dollars.

C1-EP-23

Reference: C1-1-1, Attachment 1, Page 68 and A1-3-1, Page 3

Preamble:” While not the same as OPG’s regulatory mechanisms, these mechanisms are similar in their function of reducing regulatory risk and improving cash flow consistency, which are the key items investors look to when comparing utility profiles.”

Questions:

- a) Would the proposed custom incentive rate-setting (“Custom IR”) reduce regulatory risk of OPG?
- b) Do any utilities in the proxy group have similar Custom IR rate setting mechanisms? If the answer is yes, please list the utilities and describe the Custom IR of each one.
- c) Does the creation of DNNP SPV reduce the regulatory risk of OPG?
- d) Do any utilities in the proxy group have similar SPVs for major nuclear projects? If the answer is yes, please list them and describe each one.

C1-EP-24

Reference: C1-1-1, Attachment 2, Page 2

Preamble:” ... discuss the findings and preliminary results of the Study with Torys and OPG on a date to be agreed upon (the “Discussion of Findings”), which shall be no later than June 2, 2025, unless otherwise agreed to by the parties;”

Questions:

- a) When did the discussion of the findings and preliminary results take place?

- b) Did Concentric provide OPG with any documents or presentations of its preliminary findings? If the answer is yes, please file them. If the answer is no, please explain why not.

C1-EP-25

Reference: C1-1-1, Attachment 3, Page 1

Question:

Considering that the Polar Star evidence was filed on December 5, 2025, was Polar Star hired to validate previously made DNNP financing decisions?

C1-EP-26

Reference: C1-1-1, Attachment 3, Page 6

Preamble: “From an investor’s perspective, there are numerous risks associated with newly in-service nuclear projects and particularly those that utilize first of a kind (“FOAK”) technology. I reviewed ten key risks that I consider would be of importance for debt investors. These risks may be mitigated to the extent possible by the experts at OPG, but in my opinion institutional investors will be very cautious in accepting FOAK nuclear technology risk and the related operating risk.”

Questions:

- a) Is Polar Star aware that the Darlington Refurbishment Program (DRP) was presented to the OEB as a FOAK (EB-2016-0152 Exhibit D2-2-8, Attachment 2)?
- b) Is Polar Star aware of any difficulties in the financing of the DRP?

C1-EP-27

Reference: C1-1-1, Attachment 3, Page 33

Question:

Did OPG agree with all of Polar Star’s opinions? Please explain your answer.