



# ONTARIO ENERGY BOARD

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THE ONTARIO ENERGY BOARD

Ontario Power Generation Inc.

Application for payment amounts for the period from  
January 1, 2027 to December 31, 2031

Technical Conference held person and virtually  
at 2300 Yonge Street, 25th Floor, Toronto, Ontario  
on Tuesday, June 2, 2026, commencing at 9:29 a.m.

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Day 5  
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A P P E A R A N C E S

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JEFFREY SAUER	
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JON SILVER	
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CLEMENT LI	Building Owners and Managers Association (BOMA)
TOM LADANYI	Coalition of Concerned Manufacturers and Businesses of Canada (CCMBC)
LAWRIE GLUCK	Consumers Council of Canada (CCC)
TOM LADANYI	Energy Probe Research Foundation

A P P E A R A N C E S

MAIA CHASE	Independent Electricity System Operator
KEITH PINTO	Keith Pinto
DANIEL VOLLMER	Minogi Corp.
SCOTT WALKER	Ontario Association of Physical Plant Administrators
COLIN FRASER BOHDAN DUMKA	The Society of United Professionals
MIKE MCLEOD	Quinte Manufacturers Association
MARK RUBENSTEIN JANE SCOTT JAY SHEPHERD	School Energy Coalition (SEC)
DAN ROSENBLUTH BAYU KIDANE	PWU
MARK GARNER	Vulnerable Energy Consumers Coalition (VECC)
COLM BOYLE	WTFN Investment Holdings LP
CYNTHIA DOMJANCIC ALEX KOGAN ANTHONY MELARAGNO MATT KIRK SABA ZADEH ARTHUR KWOK SUNEETHI VISWANATHAN	Panel 4 - Overview of Business Planning, Compensation and Corporate Costs, Finance, D&V, Cost of Capital, Regulatory Constructs, and Customer Impacts

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1 Tuesday, June 2, 2026

2 --- On commencing at 9:29 a.m.

3 M. MILLAR: Good morning, everyone. Welcome to  
4 day 5 of the OEB technical conference.

5 Just a quick scheduling note for all who are  
6 listening in. There are some -- it looks like there  
7 are some scheduling conflicts for tomorrow morning,  
8 so we are going to try very hard to finish today. I  
9 think we were close to finishing today anyways; there  
10 was only about 40 minutes for tomorrow.

11 But I am going to propose we take a 45-minute  
12 lunch break today. We are going to keep the breaks  
13 tight. I am going to ask people to be diligent in  
14 their questions and to focus on what we need to get  
15 on the record today, and we will do our level best to  
16 finish today. And we will check in around noon to  
17 see how things are going. But I just wanted to give  
18 everyone that note.

19 So if you were on for tomorrow, which I think  
20 was just Mr. Pinto, who I have already spoken with  
21 and I think Ms. Grice and I think the PWU. I am not  
22 sure if Mr. Rosenbluth is there, and I am not sure if  
23 they still have questions. But if I don't hear from  
24 him, we will try and reach out to make sure that he  
25 knows it is probably today or not at all.

26 Okay. I don't want it waste any further time.  
27 Mr. Keizer, any preliminary matters?

28 C. KEIZER: No preliminary matters.

1 M. MILLAR: Okay. Over to you, Mr. Eminowicz.

2 T. EMINOWICZ: Thank you very much.

3 **EXAMINATION BY T. EMINOWICZ:**

4 T. EMINOWICZ: Good morning, Witness Panel 4.

5 My name is Thomas Eminowicz. I am a senior advisor  
6 with Ontario Energy Board Staff. To start, I have a  
7 hopefully very quick follow-up from yesterday,

8 So yesterday, Mr. Cincar at the tail end of his  
9 questioning had a question about the beneficiary pays  
10 principle being applied to asset service fees, and  
11 there was an exchange about the methodology that was  
12 used. And let me just switch windows here, please.

13 And so there was a question about whether the  
14 sole reason that the beneficiary pays principle  
15 should cease to apply at a certain threshold is  
16 related to materiality. And the response was kind of  
17 a correction that, no, it wasn't the sole reason,  
18 that it was included amongst other considerations of  
19 materiality.

20 I was wondering if OPG could just explain kind  
21 of what the other considerations would be besides  
22 those.

23 A. KOGAN: Good morning, Mr. Eminowicz.

24 When I made that correction, in my mind, my  
25 reference to materiality was to the overall  
26 materiality of the assets that are subjected to this  
27 joint use asset fee, which I think -- joint use asset  
28 service fee that I think we provided in one of those

1 relevant interrogatories.

2 T. EMINOWICZ: Thank you. Okay.

3 So I guess continuing with some continuity from  
4 yesterday, the first question I would like to ask  
5 relates to Staff-225. So that is Exhibit F4-Staff-  
6 225.

7 And so yesterday, my colleague Ms. Zhu asked a  
8 fair bit about redeployments, and so my question is a  
9 bit more kind of higher level. And so when -- at  
10 least when I am reviewing the kind of evidence on  
11 redeployment and staff redeployment, it seems like a  
12 lot of the evidence or the narrative is focused on  
13 represented staff. And I just wanted to confirm or  
14 ask OPG, just elaborate kind of within the management  
15 and kind of leadership ranks, about redeployment or  
16 kind of common experiences between, for example,  
17 like, the Darlington refurbishment program and how  
18 management and leadership might have transitioned to  
19 the Pickering refurbishment and the new nuclear SMR  
20 programs.

21 C. DOMJANCIC: There were management staff and  
22 executives both transferred to the -- sorry, to the  
23 Pickering refurbishment project that had worked  
24 previously on the Darlington refurbishment project.  
25 So I am not sure if that -- and it is very by design,  
26 that experience from the Darlington refurbishment  
27 project with leadership did go over to Pickering  
28 refurbishment.

1 T. EMINOWICZ: Thank you. Thank you very much.

2 The next question I have relates to Staff-254.

3 So this is H1-Staff-254. And I would like to look at  
4 the response to part C.

5 So in part C, the question was asked about  
6 alternatives with respect to rate smoothing or rate  
7 mitigation and if there were any alternatives  
8 considered that did not include establishing a new  
9 deferral account.

10 And so there is two kind of examples here that  
11 are identified as being considered, and I just -- on  
12 the third paragraph about adjusting timing of  
13 amortization of deferral and variance accounts, I  
14 just wanted to start off by confirming that quite a  
15 few of the deferral and variance accounts that OPG  
16 has, like, there are kind of boundaries, I think,  
17 within the regulation about kind of timing. I think  
18 there is even a couple that are required by the  
19 regulation to be on a straight-line basis. So I just  
20 wanted to confirm generally with the witness Panel  
21 that there are constraints in the regulation, O. Reg.  
22 53/05, related to amortization of balances.

23 M. KIRK: Good morning, Mr. Eminowicz.

24 That is correct. O. Reg. 53/05 particularly  
25 notes that the nuclear development variance account  
26 and nuclear liability deferral account are to be  
27 cleared on a straight-line basis over three years.  
28 The rate smoothing deferral account also has

1 conditions to be cleared over a maximum ten-year  
2 period on a straight-line basis.

3 T. EMINOWICZ: Thank you.

4 So the kind of context for what I am about to  
5 ask is, you know, the increase in especially nuclear  
6 payment amounts are quite substantial in this  
7 proceeding, and so kind of hoping we can explore more  
8 options. And I wanted to ask OPG to attempt  
9 undertaking a scenario that would try to smooth out  
10 especially 2027 payment amounts.

11 As we may be aware, like, residential rates used  
12 to change on May 1st and November 1st. Now it is  
13 just annual on November 1st. But I am just wondering  
14 if OPG can conceive a scenario where payment amount  
15 increases are kind of staggered throughout the year.  
16 Like, for example, January 1, May 1, November 1.  
17 Something aligned to what kind of residential  
18 consumers might experience in changes in their rates,  
19 if there is something possible where the payment  
20 amount increases are incremental throughout the year.

21 M. KIRK: And, sorry, before you continue with  
22 the question, are you talking about just the  
23 amortization of deferral and variance account  
24 balances or...

25 T. EMINOWICZ: No. I am now referring to, like,  
26 the actual payment amount itself, the base payment  
27 amount.

28 M. KIRK: Okay. And, sorry, was there a direct

1 question?

2 T. EMINOWICZ: I am wondering if OPG thinks it  
3 is possible to conceive a scenario where the payment  
4 amount increase is not -- base payment amount is not  
5 entirely on January 1st but is somehow staggered.  
6 And for me, just as a baseline, related to the  
7 regulator pricing plan, kind of its history, like,  
8 May 1st and November 1st were historically dates for  
9 changes to consumer rates. And so I am just  
10 wondering if OPG could undertake to conceive a  
11 scenario where there would be, like, no, I guess,  
12 undue loss of revenue requirement from OPG's  
13 perspective, but the payment amount increases are  
14 staggered instead of a hundred percent base payment  
15 amount increase on January 1st.

16 A. KOGAN: What we were just discussing, Mr.  
17 Eminowicz, is if what you are possibly contemplating  
18 is using that same \$500 million amount that we have  
19 proposed to defer recovery of '27 into '28, you could  
20 start to collect that amount sooner if you were  
21 looking for sort of a more gradual ease in, so not  
22 wait for 12 months to start collecting it.

23 But as far as the -- sort of the deferral of  
24 more than \$500 million out of 2027, I think that is  
25 the amount that we think is the appropriate amount  
26 based on the criteria that we have set out, including  
27 financial viability for our proposal.

28 T. EMINOWICZ: Yeah. I guess I am just asking

1 for OPG to undertake to provide some sort of  
2 scenario. Like, this is -- these payment amount  
3 increases are kind of a big deal. I just think it is  
4 better for everyone if OPG kind of takes the first  
5 step for something like this instead of OEB Staff.

6 A. KOGAN: Yeah, and I think what we are saying  
7 is -- and we have laid out in the evidence, is that  
8 our proposal is to defer \$500 million out of 2027,  
9 and so it is within that envelope, if you will, that  
10 we would be undertaking any type of scenario that you  
11 are requesting. And I am just confirming that that  
12 would be helpful the way I described it.

13 T. EMINOWICZ: Thank you.

14 And if it is -- could you also consider whether,  
15 like, rolling in 2028 might be helpful?

16 A. KOGAN: Could you elaborate what you mean by  
17 that, please.

18 T. EMINOWICZ: Trying to basically spread out  
19 the 2027 bill impact.

20 A. KOGAN: So right now, we have proposed to  
21 defer \$500 million out of 2027 into 2028. Could you  
22 just be more specific what you are requesting?

23 T. EMINOWICZ: I will just take the follow-up  
24 back. I am good.

25 M. MILLAR: Okay. So there is an undertaking  
26 there, but I wasn't quite sure what it is.

27 C. KEIZER: Neither am I, so maybe --

28 T. EMINOWICZ: I will leave it to Mr. Kogan to

1 summarize the undertaking. I will take it. Thank  
2 you.

3 C. KEIZER: Well, I don't know if we should  
4 describe our own undertaking, but to the extent --

5 M. MILLAR: I heard Mr. Kogan offered to do  
6 something, which I think he was undertaking to do.  
7 So maybe if we just have an understanding of what  
8 that is.

9 A. KOGAN: What we were offering is to do a  
10 scenario where we are starting to recover the \$500  
11 million proposed deferral amount instead of the  
12 beginning of '28, earlier, so that it is more gradual  
13 through 2027 and into 2028.

14 T. EMINOWICZ: Thank you.

15 M. MILLAR: That is JT-5.1.

16 **UNDERTAKING JT-5.1: PROVIDE A SCENARIO WHERE**  
17 **OPG BEGINS RECOVERING THE \$500 MILLION PROPOSED**  
18 **DEFERRAL AMOUNT EARLIER THAN THE BEGINNING OF**  
19 **2028 SO THAT RECOVERY IS MORE GRADUAL THROUGH**  
20 **2027 AND INTO 2028**

21 T. EMINOWICZ: The next kind of question that I  
22 have, I expect, is an undertaking for ScottMadden,  
23 but I will just kind of walk through it and then get  
24 to the question.

25 So it is in reference to interrogatory response  
26 to Staff-324, so that is F2-Staff-324. And I am just  
27 looking at the top of page 4 which is partway through  
28 a response to a question about the CANDU adjustment.

1           And so the question was to elaborate and to  
2 quantify the drivers of the increase in the CANDU  
3 adjustment from about 347,000 from the prior study to  
4 what is now approximately 539,000. And so, yeah, we  
5 can see the response there.

6           And so the question, I guess the undertaking  
7 request, is that -- so it appears that the CANDU  
8 adjustment is the difference between the average  
9 total generation cost of the three CANDU facilities  
10 and all the other non-CANDU facilities. The CANDU  
11 adjustment is just a difference between those  
12 averages. And so if this is not correct, we are  
13 requesting that ScottMadden please explain.

14           C. KEIZER: That is fine. We can ask  
15 ScottMadden.

16           M. MILLAR: That is JT-5.2.

17           T. EMINOWICZ: Thank you.

18           **UNDERTAKING JT-5.2: MAKE INQUIRIES OF**  
19           **SCOTTMADDEN AS TO WHETHER THE CANDU ADJUSTMENT**  
20           **REFERRED TO ON PAGE 3 OF F2-STAFF-324 IS THE**  
21           **DIFFERENCE BETWEEN THE AVERAGE TOTAL GENERATION**  
22           **COST OF THE THREE CANDU FACILITIES AND ALL THE**  
23           **OTHER NON-CANDU FACILITIES**

24           T. EMINOWICZ: The next question that I have  
25 relates to Staff-136, so E, as in "Echo," 1-Staff-  
26 136.

27           So in part C -- and this was discussed briefly  
28 with Panel 1. So, now, we discussed it with Panel 1

1 in the context of the hydroelectric production  
2 forecast itself, but now I am kind of asking more in  
3 the context of the variance accounts. And so the  
4 question in part C asked to confirm how for the  
5 future rate term the 2027 production forecast would  
6 be the baseline for the water conditions variance  
7 account.

8 And then in the response, in addition to kind of  
9 calling out the water conditions variance account,  
10 there was the surplus baseload generation variance  
11 account and the change of laws deferral account.

12 And so I guess to start off, I wanted to confirm  
13 with the witness panel that this is also kind of the  
14 scenario we are in in the present for the additions -  
15 - the current additions and balances in the variance  
16 account where the hydroelectric production forecast  
17 that is the basis of the current water conditions  
18 variance account is a historical production forecast,  
19 the EB-2013 production forecast; correct?

20 S. VISWANATHAN: That is correct, Mr. Eminowicz.

21 T. EMINOWICZ: And so we had confirmed with  
22 Panel 1 that in this scenario, the water conditions  
23 variance account is agnostic to capacity increases  
24 relative to the OEB-approved production forecast that  
25 underpins it. And is it -- can we confirm that it is  
26 correct that the current water conditions variance  
27 account, like, the additions and the balances, would  
28 not reflect capacity increases relative to the

1 forecast that is the basis, the one from EB-2013?

2 S. VISWANATHAN: It is our understanding that  
3 what you described is correct.

4 T. EMINOWICZ: And so I think the next two are  
5 also kind of apparent, so I will just say them both  
6 at once. There have been capacity increases at the  
7 hydroelectric generating stations that are subject to  
8 the water conditions variance account, and also,  
9 like, water flows have been high, so there have been  
10 additions to the variance account based on increased  
11 computed production. Are both of those things  
12 correct?

13 S. VISWANATHAN: So, Mr. Eminowicz, to the best  
14 of my knowledge, yes, there have been capacity  
15 increases at some of the stations that are subject to  
16 the water conditions variance account.

17 And could you remind me again the second part of  
18 your question?

19 T. EMINOWICZ: The second part was that the  
20 water conditions variance account -- I guess to be  
21 specific, in 2023 and 2024, the variance account has  
22 been recording additions on the basis of the  
23 calculated production being higher than the forecast  
24 production that underlies the variance account?

25 S. VISWANATHAN: That is correct. Due to  
26 favourable water conditions, there have been credit  
27 entries recorded in the account in 2023 and 2024.

28 T. EMINOWICZ: And so with Panel 1, we confirmed

1 that -- so the water -- this is a repeat of what I  
2 just said, but the water conditions variance account  
3 does not consider the increased capacity, but then  
4 the surplus baseload generation variance account does  
5 reflect the increased capacity. And so I just wanted  
6 to confirm that that is also correct for the  
7 historical additions?

8 A. KOGAN: That is correct, pursuant to the  
9 payment amount orders that establish those respective  
10 accounts.

11 T. EMINOWICZ: And then -- so just to wrap this  
12 up, and so in OPG's view, this kind of difference  
13 between the two variance accounts is appropriate?

14 M. KIRK: Yes. We -- OPG confirms that we  
15 believe this approach is appropriate and consistent  
16 with past payment amount orders and decisions.

17 T. EMINOWICZ: Thank you.

18 So my next kind of set of questions start with  
19 the interrogatory response to Staff-20. This is B,  
20 as in "Bravo," 1-Staff-20. And so this relates to  
21 the Darlington refurbishment program, but not from a  
22 technical perspective, but from kind of a regulatory  
23 perspective. And on page 3, we have the response to  
24 part E. And I just, I guess, want to -- let's see,  
25 what line is it? Lines 28 to kind of 30 is kind of  
26 the confirmation that OPG's view or proposal is that  
27 future CRVA additions will be recoverable on a  
28 mechanical basis, subject to the accounts being

1 accurately recorded.

2       So I just have kind of two questions related to  
3 this. A little bit further up in -- in the -- at the  
4 beginning part of this paragraph -- oh, sorry -- in  
5 the previous paragraph around -- like, in lines 10  
6 through 15, there is a description of the -- of  
7 estimated CRVA additions. And so I just want to  
8 start by confirming, like, all -- all four of the  
9 Darlington units are back in commercial service after  
10 the refurbishment program. And I just wanted to ask  
11 about the estimated additions.

12       So are there -- are there any other additions  
13 that are expected in the CRVA going forward? I will  
14 clarify. Sorry. So this question was asking about  
15 kind of a scenario where the unit -- Unit 4 was  
16 brought into service earlier than planned, and it  
17 resulted in additions that are estimated of \$131  
18 million. And I just wanted to confirm that there is  
19 -- like, the unit coming into service earlier than  
20 kind of the base will not result in further  
21 additions. It is kind of like these are all the  
22 additions that are expected in the CRVA on the basis  
23 that -- aside from some closeout activities. Like,  
24 DRP is done; right? So would we expect further  
25 additions to the variance account?

26       S. VISWANATHAN: So, Mr. Eminowicz, I would say  
27 there is two things to consider here. The first is,  
28 as you described, consistent with the previous units

1 that came into service early. We expect that there  
2 will be certain amounts of closeout costs that have  
3 yet to come into service, and when those do come into  
4 service, there will be an addition to the CRVA.

5 But I would also clarify that during the '27 to  
6 '31 rate term, to the extent that the costs end up  
7 being further lower than what is currently proposed  
8 in the payment amounts, there would be a "addition"  
9 to the account in the sense that the revenue  
10 requirement impact of what is in the payment amounts  
11 that may be higher than what the actual project cost  
12 turn out to be would be returned to the ratepayer via  
13 the account as well.

14 T. EMINOWICZ: Thank you.

15 So now I would like to just kind of confirm as  
16 my understanding of the statement in lines 28 to 30  
17 that in future -- in a future application, the CRVA  
18 additions would be recoverable on a mechanical basis.  
19 And so just, I guess, for context to where I am going  
20 -- where I am going with this is this is basically  
21 the proceeding where OPG is looking for the kind of  
22 final prudence review of the Darlington refurbishment  
23 program; that is correct?

24 A. KOGAN: Just to be consistent with the  
25 terminology there, Mr. Eminowicz, I think the full  
26 description of what we are proposing and seeking can  
27 be found in Exhibit D2, Tab 2, Schedule 1, Section  
28 3.0. That is page 12. And that includes a statement

1 that given that actual cost recovery would not exceed  
2 the \$12.8 billion budget, OPG seeks a final  
3 determination of all DRP costs in this application.

4 T. EMINOWICZ: But does that include the  
5 prudence review of those costs?

6 A. KOGAN: I am pausing because there are terms  
7 in the settlement proposal approved in EB-2020-0290  
8 that provided that a review would only be undertaken  
9 if the total cost exceeds 12.8 billion, so that is  
10 why I am reluctant to confirm whether there is, in  
11 fact, a prudence review to be had at all. And so I  
12 think that is why I referred you to the words of  
13 "final determination."

14 T. EMINOWICZ: Thank you. That is helpful.

15 Next, could we please go to Staff-253, so that  
16 is H1-Staff-253. And so this is an interrogatory  
17 where Staff asked to kind of confirm the proposed  
18 reference amounts for the capacity refurbishment  
19 variance account and then also asked a little bit  
20 about kind of the interaction with the proposed  
21 global hydroelectric capital variance account.

22 And so the first set of questions I have:  
23 Within OPG's framework proposal, there is a capital  
24 stretch factor, and I just wanted to confirm how, if  
25 at all, that stretch factor is considered in the  
26 reference amount for the capacity refurbishment  
27 variance account.

28 S. VISWANATHAN: So, Mr. Eminowicz, the proposed

1 reference amounts for the hydroelectric capacity  
2 refurbishment variance account for '27 to '31 does  
3 not consider the stretch factor.

4 T. EMINOWICZ: Thank you.

5 And so what about the global capital hydro  
6 account? I just -- I wasn't able to kind of find any  
7 information on the reference amounts for that  
8 account, so I am just wondering how the capital  
9 stretch factor does or does not kind of come into  
10 play on the global capital hydro account.

11 M. KIRK: Given that it is not addressed in  
12 evidence, as you say, we can undertake to confirm  
13 that for you.

14 T. EMINOWICZ: Yeah, I guess, like, my -- oh,  
15 sorry.

16 M. MILLAR: Yeah, the undertaking is JT-5.3.

17 **UNDERTAKING JT-5.3: ADVISE HOW THE CAPITAL**  
18 **STRETCH FACTOR DOES OR DOES NOT COME INTO PLAY**  
19 **FOR THE GLOBAL HYDROELECTRIC CAPITAL ACCOUNT**

20 T. EMINOWICZ: Thank you. And, like, my  
21 assumption that I am hoping to confirm through the  
22 undertaking is that the -- it is kind of the envelope  
23 capital revenue requirement. Thank you.

24 My last question on the global capital hydro  
25 account is kind of more, I guess, conceptual. But  
26 how is this account not kind of like a -- just a  
27 general true-up to actual capital execution if there  
28 are additions to the account?

1 M. KIRK: Just to confirm, Mr. Eminowicz, it is  
2 an asymmetric account. So in terms of the global  
3 nature, it is on the downside of capital spend, not  
4 on the upside. I am not sure if that was clear in  
5 the question.

6 T. EMINOWICZ: I guess what I am -- if the OEB  
7 were to undertake a review of this account, wouldn't  
8 we have to look at the entire capital execution from  
9 OPG hydroelectric to be satisfied with the additions  
10 or to verify that there were no additions that should  
11 have been made that could have been missed? Like, to  
12 review the account, don't we have to review the  
13 entire capital execution?

14 M. KIRK: Given that the GHCVA is proposed in  
15 the context of our rate setting proposal for the  
16 regulated hydroelectric facilities, I view the  
17 disposition in a future period to be a comparison of  
18 that CRRR from Exhibit I1-2-1, Table 2, in comparison  
19 to a CRRR based on actual capital expenditures.

20 T. EMINOWICZ: Thank you.

21 And I apologize if this is already identified  
22 and I just missed it, but did OPG contemplate or does  
23 -- is there anything like a specific proposal about  
24 the frequency? Like, is OPG specifically proposing  
25 that this variance account only be reviewed at the  
26 end of the term or annually, or is the proposal  
27 silent on the frequency?

28 M. KIRK: In Exhibit H1, Tab 1, Schedule 1, page

1 63 -- that is Section 7.2, so the definition of the  
2 global hydroelectric capital variance account -- we  
3 do comment this would be assessed after the 2027 to  
4 2031 period. You are correct, we don't say what the  
5 frequency of clearance would be, but I think, given  
6 the nature of it having to be assessed over that IR  
7 term, I think similar to what we have done with the  
8 CRVA in the past, it should be evaluated after the  
9 term.

10 T. EMINOWICZ: Thank you for pointing that out.

11 Okay. So since we are in Exhibit H, so the  
12 interrogatory response, another part of it references  
13 Exhibit H1. And so if we could please -- if we could  
14 please go to Attachment 5A. This is H1-1-1,  
15 Attachment 5A. And so my -- following the  
16 breadcrumbs, this -- this, to me, is the table that  
17 shows the rate base amount that leads to the  
18 hydroelectric capacity refurbishment variance account  
19 reference amounts.

20 And so my first question is why does the  
21 capacity refurbishment variance account reference  
22 amounts start -- why are those reference amounts on  
23 the basis of rate base additions that start in 2025?

24 S. VISWANATHAN: So if we take a look at the  
25 asterisk immediately below Table 1, it explains that  
26 the reference amount takes into account forecast in-  
27 service additions during the 2025 and 2026 budget  
28 years on the basis that to the extent there are

1 variances between the forecast amounts in those years  
2 that underpin this application and actual amounts  
3 that come into service, the cascading impact of those  
4 variances will appear in the 2027 to 2031 IR term,  
5 given that most such projects also have in-services  
6 in that IR term. So by starting the reference  
7 amounts in 2025, it accounts for the ability to true  
8 up any such cascading impacts in the IR term through  
9 the account.

10 T. EMINOWICZ: So why are those not captured in  
11 the current variance -- capacity refurbishment  
12 variance account that is already active in 2025 and  
13 '26?

14 S. VISWANATHAN: So the in-year variances will  
15 be captured during 2025 and 2026, but those -- given  
16 that rate base is an ongoing construct, those in-year  
17 variances will have a cascading impact to '27 to '31.  
18 That is why it is -- the reference amounts start in  
19 those years, and those cascading impacts to '27 to  
20 '31 will be trued up in the account in those years.

21 T. EMINOWICZ: And so then it is OPG's view that  
22 you -- it is not appropriate to focus only on the  
23 2027 in-service additions as a starting point?

24 S. VISWANATHAN: So with respect to in-service  
25 additions that span the bridge term and the IR term,  
26 the entirety of those in-service additions and the  
27 fact that those are of a forecast nature in this  
28 application should be considered when truing up

1 variances to the account.

2 T. EMINOWICZ: Thank you.

3 M. RUBENSTEIN: Sorry. Can I just ask a follow-  
4 up?

5 T. EMINOWICZ: Please.

6 **EXAMINATION BY M. RUBENSTEIN:**

7 M. RUBENSTEIN: I am just a bit confused. If  
8 the 2025 and 2026 column were entirely eliminated,  
9 right, and all we had was the '27 to 2031, it is not  
10 clear to me what difference it would make. If a  
11 project got delayed and the in-service in the 2027  
12 was higher or lower, wouldn't that be captured in the  
13 CRVA for 2027?

14 A. KOGAN: It is the opening rate base, Mr.  
15 Rubenstein, that we are talking about. The opening  
16 '27 CRVA project rate base would differ, and we are  
17 trying to capture the impacts in '27 to '31 of what  
18 the actual '27 opening CRVA rate base for these  
19 projects will be. And that wouldn't be captured by  
20 the existing CRVA because that would cease at  
21 December 31, '26.

22 **EXAMINATION BY T. EMINOWICZ:**

23 T. EMINOWICZ: If I look at row 1B, as in  
24 "Bravo," and I were to just only look at the in-  
25 service additions for 2027 to 2031, is the sum of  
26 those five years in that row -- does that represent  
27 the in-service additions in the future capital plan  
28 that OPG has flagged as eligible for capacity

1 refurbishment variance account treatment?

2 S. VISWANATHAN: So, Mr. Eminowicz, the in-  
3 service additions for 2027 to 2031 that is shown in  
4 row 1B are from the capital plan that OPG has put  
5 forward for the regulated hydroelectric business in  
6 this application. And it is our preliminary  
7 assessment at this point in time of which of those  
8 in-service additions for the entire regulated  
9 hydroelectric portfolio would be CRVA eligible.

10 T. EMINOWICZ: Thank you. And so if I -- you  
11 can, I guess, take it subject to check that that is  
12 approximately \$3 billion of in-service additions over  
13 the five years. And so if I compare that to the  
14 overall capital plan in Exhibit D1 -- I guess might  
15 as well call it Exhibit D1-1-2, Table 4. Sorry. D1.  
16 In row 37 of Table 4, I think that is just the total  
17 in-service additions by year for the plan. So that  
18 is row 37 for the 2027 to 2031 period. I count that  
19 the sum of those five years is 4.6 billion.

20 So, to me, it looks like what OPG is presenting  
21 is that approximately 66 percent of the hydroelectric  
22 capital plan, at least right now, is identified as  
23 eligible for capacity refurbishment variance account  
24 treatment. And what I would like OPG, presumably by  
25 undertaking, to confirm in addition to that -- that  
26 percentage is to also compare that to the same  
27 proportion in EB-2013, which is the last time, I  
28 think, would be an equivalent kind of situation for

1 the OEB.

2 Because depending on how one decides to treat  
3 the Ranney Falls expansion in that proceeding, the  
4 proportion from EB-2013 is somewhere between 22  
5 percent and 34 percent. So I would like OPG to  
6 confirm, effectively, the -- how the proportion of  
7 CRVA-eligible projects has increased in this  
8 proceeding compared to EB-2013.

9 A. KOGAN: Are you asking us to do the math, Mr.  
10 Eminowicz?

11 T. EMINOWICZ: To confirm that I am correctly  
12 interpreting what were CRVA-eligible projects in EB-  
13 2013.

14 C. KEIZER: But I don't think you can do that  
15 just on a numerical basis because I guess the  
16 question of relevance to your question is, it is tied  
17 to the nature of the projects.

18 So simple proportion in 2013 and proportion now  
19 doesn't necessarily reflect anything to do -- you  
20 know, because this is driven by the terms and  
21 conditions of the regulation which, you know, deals  
22 with the expansion, refurbishment, et cetera, with  
23 respect to the facility. So a pure mathematical  
24 comparison doesn't give you anything other than a  
25 mathematical ratio which doesn't necessarily indicate  
26 anything.

27 T. EMINOWICZ: Well, I guess my expectation  
28 would be that a confirmation of the ratio would imply

1 a confirmation that the eligibility criteria is being  
2 also applied consistently between the two  
3 proceedings.

4 C. KEIZER: No. Because the projects themselves  
5 would be different, I think. But I will let Mr.  
6 Kogan answer.

7 A. KOGAN: I heard in that exchange, Mr.  
8 Eminowicz, that one of your statements was the  
9 request to confirm what the EB-2013-0321 CRVA  
10 eligible projects were.

11 T. EMINOWICZ: Not on an individual basis, but  
12 just what they represented as a proportion of the  
13 capital plan of that proceeding. And if there is  
14 differences in how the eligibility criteria were  
15 interpreted between this proceeding and that  
16 proceeding, I would invite that context as well.

17 A. KOGAN: We will take the undertaking and we  
18 will -- to provide what the EB-2013-0321 CRVA  
19 eligible projects were, including the percentage of  
20 the total forecast capital in-service additions at  
21 the time, as you requested, and we will consider what  
22 meaningful additional commentary we can provide given  
23 this exchange.

24 T. EMINOWICZ: Thank you very much.

25 M. MILLAR: JT-5.4.

26 **UNDERTAKING JT-5.4: PROVIDE WHAT THE EB-2013-**  
27 **0321 CRVA ELIGIBLE PROJECTS WERE, INCLUDING THE**  
28 **PERCENTAGE OF THE TOTAL FORECAST CAPITAL IN-**

1           **SERVICE ADDITIONS AT THE TIME, AND PROVIDE ANY**  
2           **OTHER MEANINGFUL ADDITIONAL COMMENTARY THAT CAN**  
3           **BE GIVEN**

4           T. EMINOWICZ: Okay. I have one more set of  
5 questions on this topic. So I think if we could just  
6 go back to that Attachment 5A. H1-1-1, Attachment 5A  
7 table.

8           And so in this table, you know, we have the in-  
9 service additions. And with Panel 1, there was an  
10 informative exchange focusing on an Otter Rapids  
11 overhaul and refurbishment project on a couple of the  
12 units at that station. And what I was trying to  
13 understand, and I think I got at least some  
14 confirmation that there is a sense of support work  
15 that is not directly tied to the equipment that  
16 provides the capacity to generate or, I guess, inject  
17 electricity.

18           And so in that exchange, I understood that part  
19 of the limitation of that conversation was about  
20 where to draw the line. For example, we talked a  
21 fair bit about a temporary work camp and roads,  
22 upgrades that were needed to bring equipment or crews  
23 to the facility. And then the other kind of takeaway  
24 I had from that conversation, that we didn't really  
25 have anything tangible related to the CRVA itself to  
26 talk to.

27           So now with these in-service additions that we  
28 see are the basis for reference amounts going

1 forward, I would like to, I guess, connect the --  
2 that conversation from Panel 1 with the depreciation  
3 studies that OPG has filed where there are specific  
4 asset accounts.

5 I mean, if we want to look at them, I guess we  
6 can go to Exhibit F, as in "Foxtrot," 4-1-1. I was  
7 looking at Attachment 7 of Table 1. And so this  
8 table provides a listing of what I understand to be  
9 kind of categories of assets. And so I can see that  
10 there are categories like turbines and governors,  
11 turbine runners, rotating electrical pilots, it is  
12 called; one is windings, one is machinery less  
13 windings. Buses, switching and power cables, high-  
14 voltage switching, and transformers.

15 And so these sound to me like asset accounts  
16 that are directly related to the capacity to generate  
17 electricity or inject it into the IESO system.

18 And so what I would request is that there be an  
19 estimation or a calculation of the in-service  
20 additions for the projects that are labelled as CRVA  
21 eligible but recalculated for the in-service  
22 additions for these specific asset accounts, if that  
23 is doable.

24 A. KOGAN: Where to begin, Mr. Eminowicz. We  
25 did listen to the exchange that you had on the Otter  
26 Rapids with interest, and I do believe already we  
27 have an undertaking sort of to provide some  
28 commentary around the line of questioning that you

1 presented. But I think our witnesses on that panel  
2 were clear, and we confirm that we do not consider  
3 and do not apply the CRVA, for clarity, on sort of  
4 this, I think, delineated basis that you may be  
5 looking for.

6 We look at the overall nature of the work that  
7 is necessary to conduct the activities to achieve the  
8 objectives associated with -- whether it be  
9 refurbishing a generating station or rehabilitating a  
10 significant part of the generating station or a  
11 significant piece of the -- what Mr. Pender described  
12 as the overall, call it, hydroelectric fueling  
13 system. And I think you see some of that come out in  
14 our response to interrogatory D [indiscernible]  
15 Staff-61. I am not sure we need to pull that up.

16 And so we don't think it is, from our  
17 perspective, appropriate or aligned with the  
18 Regulation 53/05 to componentize on an asset class  
19 basis because all the expenditures wrapped into a  
20 particular project the way we could categorize would  
21 be logically necessary to achieve the stated  
22 objective of that project such as to refurbish a  
23 generating station, refurbish a turbine generator, or  
24 whatever that related scope is.

25 T. EMINOWICZ: Thank you.

26 Switching gears a little bit, the next  
27 interrogatory I would like to look at is Staff-21.  
28 So that is C, as in "Charlie," 1-Staff-21, part B.

1           And so this is just kind of a jumping off point  
2 where OEB Staff had kind of asked in part B what kind  
3 of a scenario or the outcome would be if the proposed  
4 capital factor is not approved by the OEB. And then  
5 in part B is the response that this was not  
6 contemplated.

7           And so I would like to just kind of ask or  
8 explore this a little bit. And to kind of start with  
9 the discussion, I would like to focus on kind of what  
10 the intention or the proposal of what the capital  
11 fact is. And I think a good definition to look at is  
12 in A1-Staff-271, part D. So just in the interest of  
13 time, I will read it as kind of arrives to us. That:

14           "The intention of the proposed capital factor  
15 is to provide funds incremental to the annual  
16 price cap adjustment in order to support  
17 substantial capital investment required at the  
18 prescribed hydroelectric facilities." (as  
19 read]

20           And so in this interrogatory response, there was  
21 a lot of helpful information about kind of the  
22 incremental revenue add that the capital factor  
23 provides.

24           And so in reading and kind of contemplating the  
25 response, kind of couple other questions surfaced.  
26 And so I would like to just explore the capital  
27 factor for a moment or two.

28           And so as Ms. O'Connell kind of discussed

1 yesterday, some parameters that are used to determine  
2 the capital factor have been updated. And so for  
3 reference, I think the -- it is the same Exhibit A1,  
4 but Staff-331, Attachment 1, are the updated kind of  
5 tables for the capital factor. And if we could just  
6 go to Table 2 just to see what I am about to ask you  
7 to confirm.

8 But the capital factor is determined on the  
9 basis of all capital-related revenue requirements, so  
10 historical in-service additions and in-service  
11 additions during the term. I think that is fair to  
12 say. Yes?

13 M. KIRK: That is correct.

14 T. EMINOWICZ: Is it possible to replicate this  
15 table but to isolate the capital-related revenue  
16 requirement for the in-service additions during the  
17 2027 to 2031 term?

18 M. KIRK: Yes, Mr. Eminowicz, it is possible,  
19 mathematically possible, of course, to do the  
20 calculation. I will point out it is not our  
21 proposal. Our proposal for a C-factor is as  
22 presented on the screen with this revised inflation  
23 information, and it takes into account the full  
24 capital-related revenue requirement to determine  
25 that.

26 M. MILLAR: So with that understanding,  
27 understanding it is not the company's proposal, are  
28 you accepting the undertaking?

1 M. KIRK: Sorry, I didn't hear a request for an  
2 undertaking.

3 T. EMINOWICZ: Could you please undertake to do  
4 that.

5 M. KIRK: Yes, we can do that.

6 T. EMINOWICZ: Thank you.

7 M. MILLAR: JT-5.5.

8 T. EMINOWICZ: Thank you.

9 **UNDERTAKING JT-5.5: TO REPLICATE THE TABLE AT**  
10 **EXHIBIT A1-STAFF-331, ATTACHMENT 1, TABLE 2,**  
11 **ISOLATING THE CAPITAL-RELATED REVENUE**  
12 **REQUIREMENT FOR THE IN-SERVICE ADDITIONS DURING**  
13 **THE 2027 TO 2031 TERM**

14 T. EMINOWICZ: Yesterday, OEB Staff circulated  
15 an Excel spreadsheet that I am hoping Chart 1 to that  
16 spreadsheet could be please shown.

17 M. MILLAR: Just before you do that, I propose  
18 to mark that as an exhibit, at least for  
19 identification purposes. And if there are problems  
20 with the numbers or whatnot, we will hear from the  
21 witnesses, but I propose to mark that as Exhibit KT-  
22 5.1. That is the OEB Staff spreadsheet for Panel 4.

23 **EXHIBIT KT-5.1: OEB STAFF SPREADSHEET FOR PANEL**  
24 **4**

25 T. EMINOWICZ: So if we could please go to the  
26 worksheet labelled "Chart," and if we could just look  
27 at the graph.

28 So what OEB Staff has done here is tried to

1 compare OPG's proposal. So that is intended to be  
2 the blue -- the blue chart labelled as "Scenario 1."  
3 So those annual revenue requirement amounts should  
4 align completely with the tables that we were looking  
5 at a moment ago in the interrogatory response.

6 And the second scenario there in orange is an I  
7 minus X escalation on the 2027 proposed revenue  
8 requirement. And in the table, there is the  
9 individual annual differences and the cumulative  
10 differences. So what this is intending to show is  
11 that to quantify the difference between what OPG has  
12 proposed and what would be provided in revenue  
13 requirement through an I minus X escalation. I guess  
14 can we kind of confirm we are in agreement on the  
15 premise, at least?

16 M. KIRK: Yes, I understand the calculation.

17 T. EMINOWICZ: Thank you.

18 And so the added context to my question is --  
19 well, the -- through OPG's annual reporting, the  
20 capacity refurbishment variance account balance as of  
21 2025 is approximately, I think, \$220 million, and I  
22 understand that there is kind of future amortization  
23 amounts built into that reported balance. So if I  
24 understand that situation correctly, I think the kind  
25 of undispositioned amount in the CRVA balance is  
26 about \$200 million.

27 I just wanted to, I guess, ask OPG how the CRVA  
28 balance, the future balance, would not provide

1 additional revenue requirement funding above I minus  
2 X upon disposition.

3 A. KOGAN: We want to make sure that we  
4 understand the basic premise of your question, and I  
5 -- is it as simple as saying that future costs don't  
6 need to be recovered because there is ongoing  
7 recovery of past costs for which there was a deferral  
8 and variance account? Like, just as a fundamental  
9 concept.

10 T. EMINOWICZ: I think as -- to understand the  
11 proposed capital factor, I understand that it is  
12 proposed to provide additional revenue requirement  
13 above I minus X escalation. And there is future  
14 additional revenue requirement, additional revenue  
15 requirement, that OPG will receive when the CRVA's  
16 dispositioned also related to historical capital in-  
17 service additions. Do you kind of agree?

18 A. KOGAN: I don't think we agree with the  
19 premise because the recovery of any D&V balance  
20 relates to historical incurred amounts and the  
21 revenue requirement impacts thereof and are not  
22 related to the appropriateness of the forward-looking  
23 rate setting frameworks in respect of future years'  
24 costs.

25 T. EMINOWICZ: Thank you.

26 The other part of this worksheet -- this  
27 workbook, the sheets are labelled with a B as in  
28 "Bravo." And I would like to just draw your

1 attention to the one in the middle that is kind of  
2 shorthand for "historical in-service additions." And  
3 I would like to ask OPG to confirm the calculations  
4 to take the historical in-service additions that were  
5 provided through A1-Staff-276 and the extrapolation  
6 to the future IR term, if OPG would be willing to  
7 confirm the approach and the calculations.

8 A. KOGAN: Not having looked at this in detail,  
9 Mr. Eminowicz, are you asking us to mathematically  
10 allocate forward-looking in-service additions in the  
11 same proportion by asset class category as historical  
12 additions and do that math?

13 T. EMINOWICZ: I think I am asking you to  
14 confirm the math in the spreadsheet, and that math is  
15 predicated on taking the historical in-service  
16 additions and bringing them up to 2026 dollars. So  
17 in addition to confirming the mathematics, the  
18 equations in the spreadsheet, whether OPG has a  
19 differing view of how to bring historical in-service  
20 additions to a 2026 dollar amount.

21 A. KOGAN: Could you elaborate, to help us  
22 answer the question or assess our ability to be  
23 responsive, what is the purpose of bringing  
24 historical in-service additions to 2026 dollars?

25 T. EMINOWICZ: Well, I think if one were to just  
26 take the straight nominal average, it would -- for  
27 the purpose of extrapolation, if one were to take the  
28 straight nominal average of historical years, it

1 would under represent the future in-service additions  
2 based on the extrapolation. Like, it is an  
3 inflation, a CPI-type escalation.

4 C. KEIZER: So are you saying that whatever you  
5 did in the past, if we bring it up to \$26 and inflate  
6 it, that is what your in-service addition should be  
7 in the future?

8 T. EMINOWICZ: Not in terms of should, but just  
9 if one were to take historical additions and  
10 extrapolate historical to the future, what would that  
11 extrapolation be.

12 C. KEIZER: It is a complete hypothetical. It  
13 is not based on any fact or anything else. It is  
14 just basically a mathematical exercise that is not  
15 based on any principle nor factual underpinning. So  
16 I can't see why OPG would complete such a calculation  
17 or confirm it.

18 M. MILLAR: We have done the calculation --

19 C. KEIZER: Sorry.

20 M. MILLAR: -- and I think we are giving OPG --  
21 if we have got our math wrong or -- Rubenstein did  
22 something similar on Thursday, I think, and, indeed,  
23 some errors were found.

24 I don't think anyone is asking you to accept the  
25 premise behind the questions, but we have produced  
26 this, done our best to get the math right. If OPG  
27 doesn't want to look at those calculations and  
28 confirm or correct them, that is okay, but we didn't

1 want to do our own calculation, which are complex in  
2 some regard, without showing this to OPG. And if you  
3 don't want to confirm them, that is okay, but we  
4 wanted to put that to you.

5 C. KEIZER: Can I just have a moment. No. I  
6 don't see us confirming your calculations. If your  
7 calculations -- you know, they are yours, but, you  
8 know, that is not an appropriate undertaking, for us  
9 to double-check your math.

10 M. MILLAR: You did it for Mr. Rubenstein. That  
11 is fine. We will use these numbers. Thank you.

12 C. KEIZER: Fine. You can use the numbers, but  
13 we don't believe they are based on any --

14 M. MILLAR: I didn't ask you to agree to that.  
15 We just asked if we -- if you were agreeing with the  
16 math. If you don't want to do it, that is okay.

17 T. EMINOWICZ: Next, can we please go to Staff-  
18 260, so that is H1-Staff-260. I am sorry. I didn't  
19 mark down the page. It is the subparagraph for the  
20 capacity refurbishment variance account hydroelectric  
21 components. That is -- I don't have the page, but it  
22 starts on line 19. Yeah, that is the page.

23 At line 22, there is a statement that OPG can  
24 only seek recovery after the end of an IR period; is  
25 that correct? Like, is it OPG's position that OPG is  
26 prohibited from disposing of CRVA -- hydroelectric  
27 CRVA balances before the end of the IR term?

28 A. KOGAN: It is OPG's position that the terms

1 of the account implicitly or explicitly require us to  
2 only clear this balance after the conclusion of the  
3 five-year term because that is how the account  
4 balance is actually determined.

5 T. EMINOWICZ: And so does that mean that  
6 additions in one year somehow change past additions  
7 from a previous year?

8 A. KOGAN: It is due to the fact that there is a  
9 recoverability threshold assessment that takes place  
10 at the conclusion of the five-year term.

11 T. EMINOWICZ: And so if one were to attempt it,  
12 it would be catastrophic? There is no -- there is no  
13 way to account for that if it is done partway through  
14 the term?

15 A. KOGAN: I think you have our position as  
16 written with respect to how this account is intended  
17 to function.

18 T. EMINOWICZ: Thank you.

19 The last question -- or the area of questions I  
20 have, I think we can go to A1-Staff-271. And so in  
21 this interrogatory, OEB Staff had asked several  
22 questions about the inflation adjustment. And I will  
23 just start with, I guess, part E, as in "Echo," and  
24 F, as in "Foxtrot," where the question was asked  
25 about the relationship between the inflation factor  
26 and other kind of inflation aspects.

27 And then there was a reference to A2-CCC-15  
28 where a Kroll construction cost analysis is provided

1 as Attachment 1. And so the first question is, in  
2 OPG's view, does the change -- or sorry -- the update  
3 in the inflation factor necessitate a revision to the  
4 escalation inputs in the capital plan?

5 M. KIRK: Just to address this from a rate  
6 setting perspective because that is what the response  
7 to E and F was, I just want to reiterate that the I  
8 factor used in the calculations here and in Exhibit  
9 I1-2-1 are using this I factor published by the OEB  
10 through Stats Canada just for determining payment  
11 amounts for determining the C-factor.

12 So it is not linked to the information provided  
13 in A2-CCC-15. In that exhibit and in the Kroll  
14 report, it is dealing with construction indices that  
15 are used in OPG's internal forecast and not related  
16 to rate setting from an I factor perspective.

17 T. EMINOWICZ: And it wasn't clear to me from  
18 the construction cost analysis whether it was kind of  
19 a general analysis or kind of specific to certain  
20 aspects. So can you confirm that it is OPG's view  
21 that this cost analysis is representative of the  
22 hydroelectric capital plan, the work that is being  
23 undertaken through the capital plan.

24 A. KOGAN: We think that the escalation factors  
25 that we have used as set out in our evidence, which  
26 were informed by the Kroll report, are appropriate as  
27 applied to the hydroelectric capital plan, among  
28 others.

1           T. EMINOWICZ: So from what I recall in  
2 reviewing this analysis, there are, I think, annual  
3 kind of escalation percentages provided. Are OPG's  
4 annual escalation assumptions or inputs into the  
5 capital plan different from the analysis? Yeah,  
6 sorry. I didn't have the page written down. I think  
7 it is -- I think there is a table that is fairly  
8 visible. It might have been the more simple one. So  
9 is this 4.5 percent representative of the input into  
10 the, like, escalation for the capital plan in  
11 hydroelectric?

12           A. MELARANGO: So to the extent -- how this was  
13 applied in the capital forecast was to the extent  
14 that we have contracts that identify a specific index  
15 to use, that was used. Otherwise, the 4.5 percent  
16 assumption was applied consistently across the  
17 capital plans.

18           T. EMINOWICZ: Does OPG have any kind of sense  
19 of what the bounds are of how -- like, the range that  
20 these percentages that are used as an input to the  
21 capital plan could vary going into the future? Like,  
22 I am asking for -- leading to ask for essentially a  
23 sensitivity of your inputs on the capital factor. So  
24 just nominally, if the percentage of cost escalation  
25 increased or decreased by 1 percent, what would the  
26 capital factor impact be? And if there is a more  
27 appropriate percentage change that OPG thinks would  
28 be representative and appropriate for this question,

1 you can change the percentage. But I think you  
2 hopefully understand my question.

3 A. KOGAN: I think I understand some of the  
4 thrust of the question. It does feel like it is  
5 asking us to sensitize our entire hydroelectric  
6 capital plan based on something, and that would  
7 certainly be no easy undertaking.

8 T. EMINOWICZ: Well, I don't have a sense of how  
9 impactful the escalation assumptions are in the  
10 capital plan, but we have seen, from the time that  
11 OPG filed in December to when the undertakings were  
12 filed, the inflation factor changed by half a  
13 percent. So I guess an underlying assumption or  
14 inference is that there must be some overlapping  
15 inputs into the OEB inflation factor and some of the  
16 inputs that OPG would have used into a cost  
17 escalation.

18 So I think you can use your judgment based on  
19 the time that you have and kind of balancing that out  
20 with the magnitude of the request. But I think some  
21 sense of sensitivity, given what is kind of happening  
22 in the world, might be informative.

23 A. KOGAN: Could we flip around what I think you  
24 are trying to get at by considering whether there is  
25 a -- whether the long-term escalation factor of 4.5  
26 percent here, in our view, remains appropriate based  
27 on the current state of affairs, contextually noting  
28 that we were already lower than the Kroll forecast

1 and providing commentary on that basis instead?

2 T. EMINOWICZ: Sure. Just with -- yes.

3 A. KOGAN: Thank you.

4 M. MILLAR: It is JT-5.6.

5 **UNDERTAKING JT-5.6: CONSIDER WHETHER THE LONG-**  
6 **TERM ESCALATION FACTOR OF 4.5 PERCENT REMAINS**  
7 **APPROPRIATE BASED ON THE CURRENT STATE OF**  
8 **AFFAIRS AND PROVIDE COMMENTARY IN SUPPORT OF**  
9 **THAT ASSESSMENT, INCLUDING CONTEXT REGARDING THE**  
10 **KROLL FORECAST**

11 T. EMINOWICZ: Thank you very much. I think I  
12 have done enough.

13 M. MILLAR: Thank you, Mr. Eminowicz.

14 Mr. Walker, are you on the line? I think you  
15 had a quick follow-up you wanted.

16 **EXAMINATION BY S. WALKER:**

17 S. WALKER: I am. Thank you, Mr. Millar. Good  
18 morning, Panel. I just wanted to follow up quickly  
19 on Mr. Eminowicz's undertaking request, JT-5.1, where  
20 he is asking for alternatives associated with the  
21 deferral of that half a billion dollars into 2028. I  
22 read the evidence, as you provided, shaping,  
23 smoothing, in Exhibit I1. I did not see a reason or  
24 a cause in terms of an explanation. Can you please  
25 provide that. Why are you moving 500 million from  
26 next year into the following year?

27 M. KIRK: Good morning, Mr. Walker. I think we  
28 are going to pull up Exhibit I1, Tab 3, Schedule 2,

1 page 6. Sorry. I1 -- this is I1, Tab 3, Schedule 2.  
2 And on page 6. Thank you. And then starting on line  
3 6 -- line 5 -- sorry -- of this document, the primary  
4 objective of the payment amount shaping approach is  
5 to reduce the 2027 customer bill impact, and this is  
6 accomplished by deferring the \$500 million that we  
7 were speaking about.

8 S. WALKER: Is that principally because you are  
9 producing less energy next year than you are in 2028?

10 M. KIRK: The reduced production is a factor in  
11 the higher payment amount in 2027. Ultimately, what  
12 we are looking at is just the -- that increase from  
13 2026 to 2027, and shifting the \$500 million helps to  
14 mitigate that impact in 2027.

15 S. WALKER: Right. And as underpinned by the  
16 fact that you are -- you know, you only have so many  
17 units of energy you are producing next year, 18.7  
18 terawatts, versus the 26.7 you are producing in 2028;  
19 fair statement?

20 M. KIRK: That is a factor in payment amount  
21 itself, yes.

22 S. WALKER: What other factors would be  
23 involved?

24 M. KIRK: In -- sorry. In the --

25 S. WALKER: Decision to defer the half billion.

26 M. KIRK: Just -- just -- sorry. It is the bill  
27 impact itself is that we are trying to mitigate. So  
28 I think we can go further in this document, if you

1 would like.

2 On page 7, Chart 4. So what we are looking at  
3 here is approach A is if we don't have any shaping,  
4 you have a bill impact of \$10 or 7.3 percent.  
5 Shifting \$500 million to -- which is what happens in  
6 approach B or C, mitigates that first year impact.  
7 The difference between approach B and C is really  
8 just where the \$500 million ends up in subsequent  
9 years. But ultimately, the benefit of the \$500  
10 million is the reduction in that first year impact in  
11 particular.

12 S. WALKER: Yeah, okay. That is very helpful.  
13 Thank you.

14 M. KIRK: Thank you.

15 M. MILLAR: Thank you, Mr. Walker.

16 Mr. Gluck, we are going to you now. Can you  
17 take us for about ten minutes or so until the morning  
18 break?

19 L. GLUCK: Yes, I can. Thank you.

20 **EXAMINATION BY L. GLUCK:**

21 L. GLUCK: Good morning, Panel. My name is  
22 Lawrie Gluck, and I am a consultant for the Consumers  
23 Council of Canada. If we can pull up F4-CCC-84,  
24 Attachment 1, at Table 59, please. Thank you. My  
25 understanding is that this table and Table 60 show  
26 the inputs to and the establishment of payment  
27 amounts using OPG's proposed hydroelectric incentive  
28 framework as updated for the clean electricity income

1 -- sorry -- clean electricity impact -- input tax  
2 credits and the reinstatement of accelerated  
3 investment incentive program; is that correct?

4 A. KOGAN: Other than that is clean electricity  
5 investment tax credit, yes.

6 L. GLUCK: Okay. Thank you for that.

7 And I was hoping you could undertake to provide  
8 the live spreadsheets for tables 59 and 60, please.

9 A. KOGAN: That is fine.

10 L. GLUCK: Thank you.

11 M. MILLAR: JT-5.7.

12 **UNDERTAKING JT-5.7: PROVIDE THE LIVE**  
13 **SPREADSHEETS FOR TABLES 59 AND 60 OF F4-CCC-84,**  
14 **ATTACHMENT 1**

15 L. GLUCK: Thank you.

16 And if we just look at -- if we go to Table 60,  
17 please, and if we look at line 14 in this table, my  
18 understanding is that this is showing the escalation  
19 of the hydro revenue requirement over the '28 to 2031  
20 period by the same percentages that the payment  
21 amounts would be escalated in OPG's proposed custom  
22 price cap index formula; is that accurate?

23 M. KIRK: Sorry, Melissa. Can you scroll up to  
24 Table 59 again. Yes, Mr. Gluck, that is correct.

25 L. GLUCK: Thank you.

26 M. KIRK: And we can see on line 1, the 3.49  
27 percent; and on line 6, 3.34 percent. That is  
28 consistent with the pre-filed evidence.

1 L. GLUCK: Thank you.

2 But just to make sure I said my question  
3 properly, that is essentially showing the revenue  
4 requirement escalated by the price cap index  
5 percentages; right? Like, if I look at -- if we go  
6 back to Table 60 for a second, if you look at the  
7 1.36 billion and then you escalate by -- if we go  
8 back to the table above -- the -- it would be the 6  
9 percent, which is the PCI for 2028. You get the --  
10 if we go back to the other table -- sorry to keep  
11 doing this -- you get the 1.73 billion?

12 M. KIRK: Yes. And now to make sure I  
13 understand your question or maybe to set a little  
14 context, the calculation in Table 60 helps to produce  
15 the 6 percent on Table 59. It is not used -- it is  
16 not using the 6 percent from Table 59.

17 L. GLUCK: I get it. But it is --  
18 mathematically, it is the same number?

19 M. KIRK: Yes.

20 L. GLUCK: Okay. Thank you.

21 And if I were looking to explore a revenue cap  
22 approach to the hydroelectric framework, one of the  
23 things I wanted to discuss is the GRC amount. So I  
24 understand in your proposal, the GRC amount is held  
25 constant across '27 to 2031; is that correct?

26 M. KIRK: The proposed GRC factor aims to keep  
27 the GRC amount included in revenue requirement  
28 constant over the term.

1 L. GLUCK: Thank you.

2 So effectively, if we look at Table 60, it is  
3 352.2 million? That is the purpose of it? It holds  
4 that flat?

5 M. KIRK: That is correct.

6 L. GLUCK: Thank you.

7 And if one were going to reflect annual  
8 production forecast in each year of the term, the GRC  
9 amount would be directly impacted by changes in  
10 production; is that also correct?

11 M. KIRK: Mr. Gluck, if you are looking for the  
12 annual amount of GRC, it is provided in the response  
13 to SEC-12. If you are just asking about the nature  
14 of the relationship between GRC and production, I can  
15 confirm that GRC does fluctuate with production.

16 L. GLUCK: Thank you. So you got ahead of me.  
17 If we could just confirm that I am looking at the  
18 right numbers.

19 If you go to A1-SEC-12, Attachment 1, Table 6,  
20 please. And I assume those are the numbers -- if you  
21 were to change the production in each year based on  
22 the production forecast on the record, those are --  
23 line 4 is the GRC amounts that would be appropriate  
24 to use?

25 M. KIRK: This table is our forecast of GRC  
26 expense for the term.

27 L. GLUCK: Okay. Perfect. Thank you.

28 Shall we take our break, Mike, or do you want me

1 to...

2 M. MILLAR: Yes, let's do that. I am going to  
3 keep us strictly to 15 minutes, so we will be back on  
4 the air at 11:15.

5 --- Upon recessing at 11:00 a.m.

6 --- Upon resuming at 11:15 a.m.

7 M. MILLAR: We are back on the air, and it is  
8 back to Mr. Gluck.

9 L. GLUCK: Thank you.

10 My next set of questions are with respect to  
11 nuclear benchmarking. If we could go to F2-CCC-71.

12 C. KEIZER: Sorry, Mr. Gluck, I am -- would you  
13 speak up a little bit.

14 L. GLUCK: Yes.

15 C. KEIZER: I think people in the back row are  
16 having a hard time hearing. And maybe in the front  
17 row as well. So stay close to the mic.

18 L. GLUCK: Is this better?

19 C. KEIZER: Yeah.

20 L. GLUCK: Okay.

21 C. KEIZER: Use that nighttime radio voice, but  
22 just kind of bring it up a little.

23 L. GLUCK: Not me, but I will try.

24 So if we could go to F2-CCC-71, please. And if  
25 we could go to part L at Chart 5. Thank you.

26 And I had a discussion about the benchmarking  
27 results set out in this table with Panel 2 last week,  
28 and I want to ask you about the stretch factor

1 implications of the results. So I think Panel 2  
2 confirmed this, but the middle column, the 2025 study  
3 using 2021 to 2023 data, including all four  
4 normalizations, so the bottom row, this is the basis  
5 for the stretch factor in the nuclear ratemaking  
6 framework; is that correct?

7 M. KIRK: That is correct.

8 L. GLUCK: Thank you.

9 So as Darlington is in quintile 3, a stretch  
10 factor of 0.3 is proposed for the nuclear ratemaking  
11 framework; is that also right?

12 M. KIRK: Yes.

13 L. GLUCK: And my understanding of this table  
14 based on the conversation with Panel 2 is that the  
15 far right column is the most up-to-date benchmarking  
16 that is available for Darlington; is that right?

17 A. MELARANGO: That is our understanding,  
18 correct.

19 L. GLUCK: Thank you.

20 And so based on the latest information, when all  
21 four normalizations are applied, the benchmarking  
22 result lands in quintile 4; is that also right?

23 M. KIRK: Yes, that is our understanding.

24 L. GLUCK: So does that mean based on OPG's  
25 proposed methodology for determining the appropriate  
26 stretch factor for the nuclear ratemaking framework,  
27 a 0.45 stretch factor should be applied?

28 M. KIRK: Mr. Gluck, this would represent an

1 update. And in speaking with my colleagues, we can't  
2 recall if this was the type of update we would do in  
3 past applications. So our information at the time  
4 was what we used to produce the third quintile.

5 L. GLUCK: Okay. Thank you. But you did agree  
6 that it -- excuse me. You did agree that it is the  
7 latest information for the benchmarking?

8 M. KIRK: That is correct.

9 L. GLUCK: Okay. Thank you.

10 My next question is related to the LCOE  
11 calculation for the DRP. If we could go to D2-CCC-  
12 55, part C, please. Thank you.

13 And I had a discussion about this with Panel 2,  
14 and I am really just looking to understand how OPG  
15 inflates or deflates the LCOE value across years. So  
16 if I were looking to move a 2015 value to a 2024  
17 value, for example, what would I do?

18 A. KOGAN: Could we scroll down a bit? So I  
19 think a responsive reference would be Roman numeral V  
20 at this page that refers to CPI-based escalation  
21 rate, which, in the event of an already-occurred  
22 historical year, would be the actual CPI rate.

23 L. GLUCK: Okay. Thank you.

24 Can we go to A1-CCC-10, part C, please. And in  
25 the updated version of this IR response filed on May  
26 22nd, the company provided the audited schedule of  
27 costs regarding the assets to be transferred from OPG  
28 to DNNP. And if we go to Attachment 8, page 3,

1 please, I am just looking to understand these two  
2 numbers.

3 So there is -- there is two values in the table;  
4 there is the 1.95 billion construction in progress  
5 and a \$42 million long-term asset value. And is it  
6 the sum of both of these amounts that form the 2026  
7 construction and progress balance -- I should say the  
8 opening 2026 construction and progress balance for  
9 the purposes of determining the concurrent cost  
10 recovery amount?

11 A. KOGAN: No. It would be the line  
12 "construction in progress" only, which is the same  
13 line that can be found at the same interrogatory,  
14 Attachment 9, page 6 in the construction progress  
15 line, being the balance sheet of DNNP LP at the end  
16 of 2025 and, therefore, the opening of 2026.

17 L. GLUCK: Okay. That is helpful. Thank you.  
18 And can we go to Exhibit I1, Tab 1, Schedule 1,  
19 Table 6, please. And when this table was put  
20 together, the opening 2026 balance for the purposes  
21 of determining the concurrent cost recovery amount  
22 was 2.25 billion; is that correct?

23 A. KOGAN: That is correct. Based on the  
24 business plan and forecast at the time, consistent  
25 with the underpinning basis for this application.

26 L. GLUCK: Thank you.

27 Does the -- does that audited amount now replace  
28 this value? Is that what I am -- that is what I

1 thought I understood throughout the evidence, that  
2 that audited balance is what was supposed to -- or  
3 once it was known, would become the opening SIP  
4 balance for the purposes of concurrent cost recovery.

5 A. KOGAN: So we were just discussing --  
6 recognizing mechanically there is a variance account  
7 in place for the CCR that would record any  
8 difference, we were looking at the specific provision  
9 of the regulation. I think we would need to reflect  
10 whether the regulation requires the use of that  
11 number that you were referring to in place of the  
12 number that we put forward in the application just  
13 from that, so we wouldn't be able to do that on the  
14 spot.

15 L. GLUCK: All right. I would appreciate an  
16 undertaking to advise.

17 A. KOGAN: Yes, we will look at that.

18 M. MILLAR: JT-5.8.

19 **UNDERTAKING JT-5.8: ADVISE WHETHER THE AUDITED**  
20 **AMOUNT NOW REPLACES THE VALUE AT EXHIBIT I1, TAB**  
21 **1, SCHEDULE 1, TABLE 6**

22 L. GLUCK: And maybe this is potentially part of  
23 the same undertaking or a different undertaking, but  
24 the -- I will explain how I understand.

25 2026, there is a deferral account. You are  
26 going to bring forward -- there is a deferral account  
27 for the DNNP-related CCR. You are going to bring  
28 forward that account for disposition in 2027. The

1 undertaking we just took is going to advise as to  
2 whether the opening balance is supposed to change or  
3 not.

4 And then for 2027 and forward, you are actually  
5 building an amount into the revenue requirement for  
6 the CCR; is that correct?

7 A. KOGAN: Just to be clear, what we are  
8 checking in the undertaking is whether for the  
9 purposes of rolling forward into the revenue  
10 requirement into '27 now, we can continue to use  
11 2,250 or whether that should be 1.9 billion-something  
12 number.

13 L. GLUCK: Okay. Well, that will answer my  
14 question. Thank you.

15 Can we go to D2-CCC-47, please. And if we just  
16 go to the response. It is a lengthy response, but I  
17 am going to try and summarize it. My understanding  
18 of this response is the company explains that it is  
19 not seeking approval of the capital expenditures  
20 associated with the Pickering refurbishment project  
21 and is only seeking approval of the related in-  
22 service additions for the current rate term; is that  
23 correct?

24 S. ZADEH: That is correct.

25 L. GLUCK: Thank you.

26 And in the same response, it appears that OPG  
27 does acknowledge that it is the forecast capital  
28 expenditures that are the basis for determining the

1 concurrent cost recovery amounts for Pickering; is  
2 that right?

3 A. KOGAN: Yes. Pursuant to Regulation 53/05.

4 L. GLUCK: Thank you.

5 And the company also explains in this response  
6 that there is a true-up of CCR amounts on the basis  
7 of the difference between actual and forecast capital  
8 expenditures in the Pickering B refurbishment project  
9 variance account; is that also right?

10 A. KOGAN: Yes. In the same parallel as we  
11 discussed for DNNP.

12 L. GLUCK: Thank you.

13 If we could go to I1-Staff-258, part C, please.  
14 And in reading this response, I take it that with  
15 respect to capital expenditures, the annual  
16 disposition of the CCR-related DVA accounts are not  
17 going to include any prudence review of the actual  
18 capital spending related to either Pickering or the  
19 DNNP; is that right?

20 M. KIRK: That is correct. As we state in the  
21 response, we view it as providing almost an update to  
22 Table 6 and 7 that we just looked at from Exhibit I1-  
23 1-1, with a comparison against the actual  
24 expenditures that occur.

25 L. GLUCK: Thank you.

26 And if we could go to D2-SEC-85, please. And in  
27 this question, SEC asked about the treatment of CCR  
28 interest amounts paid with respect to Pickering

1 refurbishment-related expenditures in the  
2 circumstance that the OEB later finds that the costs  
3 incurred were imprudent.

4 And in the response, the company explains that  
5 there will be no adjustments to the CCR interest  
6 amounts that have already been recovered; is that  
7 right?

8 A. KOGAN: It is correct pursuant to Ontario  
9 Regulation 53/05.

10 L. GLUCK: And I understand it is the same view  
11 as with respect to the DNNP-related CCR amounts.

12 A. KOGAN: Yes. As stated in the parallel IR  
13 that can be found.

14 L. GLUCK: Thank you.

15 So just to confirm, the company's position is  
16 that at no point is there an OEB approval of the  
17 prudence of capital expenditures that underpin the  
18 recovery of CCR amounts?

19 C. KEIZER: Yes, that is the company's position.

20 L. GLUCK: Thank you.

21 So in the introduction of CCR in the manner  
22 proposed by OPG effectively ensures the recovery of  
23 what was previously treated as capitalized interest  
24 regardless of whether an investment is prudent or  
25 not; is that also right?

26 C. KEIZER: Well, it is actually the result of  
27 the Regulation 53/05.

28 L. GLUCK: So does OPG agree that the way it has

1 proposed CCR to work with no adjustments if spending  
2 is later found to be imprudent operates to erode the  
3 OEB's ability to remedy imprudent spending?

4 C. KEIZER: That is a statement of argument, and  
5 we will leave it for submissions at the end of the  
6 day.

7 L. GLUCK: Thank you.

8 And does the introduction of CCR in the manner  
9 proposed by OPG reduce the financial implication to  
10 the company of project execution risk associated with  
11 the PRP and the DNNP?

12 C. KEIZER: If it is in reference to a proposal  
13 by OPG, it is not OPG's proposal, it is the result of  
14 the regulation.

15 L. GLUCK: But does it reduce the company's  
16 risk?

17 A. KOGAN: So, Mr. Gluck, we would agree that  
18 the introduction of CCR for the Pickering  
19 refurbishment project by the Province of Ontario  
20 under Ontario Regulation 53/05 does reduce financial  
21 risk to the company relative to the absence of CCR  
22 for such projects. It doesn't reduce execution risk  
23 relative to the -- relative to those projects. And  
24 for clarity, the reference point in my response is  
25 with and without CCR, not necessarily relative to  
26 what the risk profile would have been in past  
27 proceedings, which I am sure you are aware is what  
28 Concentric's report speaks to.

1           L. GLUCK: So I did want to focus now about the  
2 project execution risk. While it is not going to  
3 obviously -- CCR has no impact on whether you  
4 complete the project on time and budget, obviously.  
5 But what it does in the way -- or what I would like  
6 to ask you is in the way that you are implementing it  
7 whereby there is no ability for the OEB to address --  
8 or a piece of the -- what used to be the total  
9 capital cost included -- the total rate base included  
10 capitalized interest, and now it doesn't.  
11 Previously, if the board found spending imprudent,  
12 they would be able to reduce rate base inclusive of  
13 capitalized interest, and they are no longer able to  
14 do that.

15           So in terms of the financial implications of  
16 project execution risk, which would be a finding of  
17 disallowance, a finding from the board of disallowed  
18 spending, does it decrease the company's risk in that  
19 manner?

20           C. KEIZER: Just to clarify, Mr. Gluck, when you  
21 say "risk,"  
22 are you talking about financial risk?

23           L. GLUCK: The financial implications of project  
24 execution risk is the specific question here.

25           C. KEIZER: Well, those are two different kinds  
26 of risk. But anyway.

27           A. KOGAN: It sounds like what you are  
28 postulating is that there is a reduction of

1 regulatory risk with respect to the project in the  
2 sense that it would be the amount that is exclusive  
3 of what otherwise would have been capitalized  
4 interest that would be subject to a prudence review -  
5 - could be subject to a prudence review, whereas in  
6 the absence of CCR, it would be the capital cost  
7 inclusive of capitalized interest that would be  
8 subject to --

9 L. GLUCK: Okay. Thank you for that. That was  
10 helpful.

11 You talked about this briefly this morning with  
12 OEB Staff. If we can go to Exhibit A2, Tab 2,  
13 Schedule 1, Attachment 2, please. Thank you. And if  
14 we could go to page 10. Thanks. So you discussed  
15 this morning briefly the 4.5 percent annual  
16 construction cost escalator that applies when  
17 contracts or supplier estimates are unavailable. And  
18 my question is does this escalation apply to both  
19 capital and operating costs in both the nuclear and  
20 hydroelectric businesses?

21 A. MELARANGO: Yes, it does.

22 L. GLUCK: And is there evidence on the record  
23 that shows the annual budgets for the '27 to 2031  
24 period that are applied this escalator?

25 A. MELARANGO: So to my knowledge, there is not  
26 a single place where this can be found in evidence.

27 L. GLUCK: Thank you.

28 And can you undertake to provide for each of the

1 nuclear and hydroelectric businesses and separately  
2 in those categories for each of the operational and  
3 capital budgets the annual amounts for '27 to 2031  
4 that this escalator is applied to?

5 A. MELARANGO: So can I just clarify. You are  
6 looking for the categories of costs for procurement  
7 between capital and OM&A that this assumption is  
8 applied to?

9 L. GLUCK: Right. And broken out between hydro  
10 and nuclear.

11 A. MELARANGO: Hydro and nuclear. I think we  
12 can provide that on a best-efforts basis.

13 L. GLUCK: I appreciate that. Thank you.

14 M. MILLAR: JT-5.9.

15 **UNDERTAKING JT-5.9: PROVIDE, FOR EACH OF THE**  
16 **NUCLEAR AND HYDROELECTRIC BUSINESSES, THE ANNUAL**  
17 **2027 TO 2031 CAPITAL AND OM&A AMOUNTS TO WHICH**  
18 **THE ASSUMPTIONS IN EXHIBIT A2, TAB 2, SCHEDULE**  
19 **1, ATTACHMENT 2 ARE APPLIED**

20 L. GLUCK: Can we go to CCC-19, part A, please.  
21 Thank you. And this response discusses that  
22 materials purchased and not immediately used form  
23 part of materials and supplies, which forms part of  
24 rate base; is that correct?

25 A. KOGAN: That's my understanding of this  
26 interrogatory.

27 L. GLUCK: Thank you.

28 And the response discusses a provision for

1 accumulated obsolescence associated with materials  
2 and supplies that is built up over the life of the  
3 respective nuclear station. And can you help me  
4 understand how the company calculates that provision?

5 A. KOGAN: I don't think any of us have the  
6 specific -- all the specific details of this with us.

7 L. GLUCK: Thank you.

8 So could you undertake to provide an explanation  
9 of how accumulated -- the provision for accumulated  
10 obsolescence is calculated and also what dollar value  
11 of that provision for each year, 2027 to 2031, which  
12 I understand forms part of the base OM&A expense?

13 A. KOGAN: Yes, that is fine.

14 L. GLUCK: Thank you.

15 M. MILLAR: JT-5.10.

16 **UNDERTAKING JT-5.10: PROVIDE AN EXPLANATION OF**  
17 **HOW THE PROVISION FOR ACCUMULATED OBSOLESCENCE**  
18 **IS CALCULATED AND WHAT DOLLAR VALUE OF THAT**  
19 **PROVISION IS FOR EACH YEAR FROM 2027 TO 2031**

20 L. GLUCK: Can we go to A1-CCC-9, Attachment 4,  
21 please. And if we could go to page 6. Thank you.  
22 And one of the findings of this internal audit with  
23 respect to fleet management was that lease versus buy  
24 analysis was not performed to assess the cost-  
25 effectiveness of potentially purchasing fleet assets.  
26 And as a result, 204 of the 205 fleet assets acquired  
27 during the audit scope period were leased by default;  
28 is that a fair summary of that finding?

1           A. KOGAN: Mr. Gluck, I don't think anyone on  
2 this panel has familiarity with this particular audit  
3 report.

4           L. GLUCK: Okay. So can you please undertake  
5 to, A, check whether currently there is always a  
6 lease versus buy analysis completed for fleet assets;  
7 B, what does that analysis show on average? Is it  
8 more cost-effective to buy or lease? And if it is  
9 not available on the record, can you provide, on an  
10 annual basis for both the historical and forecast  
11 periods, a breakdown between capital and OM&A of the  
12 fleet costs? I was unable to find fleet costs  
13 anywhere on the record.

14          A. KOGAN: So with respect to the last part, I  
15 think we would be on a -- may need to be on an  
16 estimate or best-efforts basis. I am also not  
17 convinced it is actually a material amount at all.  
18 But I understand you are looking for some sense of  
19 quantification of that, and I think we will undertake  
20 to respond to the rest as well.

21          L. GLUCK: I appreciate it. Thank you.

22          M. MILLAR: So JT-5.11.

23           **UNDERTAKING JT-5.11: ADVISE IF CURRENTLY THERE**  
24           **IS ALWAYS A LEASE VERSUS BUY ANALYSIS COMPLETED**  
25           **FOR FLEET ASSETS AND ADVISE WHAT THAT ANALYSIS**  
26           **SHOWS ON AVERAGE AND PROVIDE A BREAKDOWN BETWEEN**  
27           **CAPITAL AND OM&A OF THE FLEET COSTS ON AN ANNUAL**  
28           **BASIS FOR BOTH THE HISTORICAL AND FORECAST**

1           **PERIODS, AS NECESSARY ON AN ESTIMATE OR BEST-**  
2           **EFFORTS BASIS**

3           L. GLUCK: I would like to briefly discuss  
4 nuclear fuel costs now. So if we could go to F2-CCC-  
5 77, please. And if we go to the charts, I think they  
6 are on the next page. So my understanding of these  
7 charts is that they are -- they provide an  
8 explanation of the causes of changes in nuclear fuel  
9 costs. And I have sort of summarized it, sort of  
10 boiled it down to that there is two reasons for  
11 variances; one is price, and one is volume. Is that  
12 fair, that those are the major contributors to  
13 variances in fuel costs?

14           A. KOGAN: That makes sense.

15           L. GLUCK: Thank you.

16           And price is largely driven by market dynamics  
17 for uranium and the associated processing activities  
18 as managed by OPG through its procurement practices;  
19 is that correct?

20           A. KOGAN: As we discussed with Mr. Walker the  
21 other day, we are not experts in nuclear fuel. But I  
22 would generally say that it is driven by market  
23 dynamics not just for uranium but for all manner of  
24 other inputs that may be required along the nuclear  
25 fuel supply chain, as well as the procurement and any  
26 contracting strategies and outcomes that we  
27 undertake.

28           L. GLUCK: Thank you.

1 Now, if we could go to Attachment A, please --  
2 Attachment 1. Sorry. So when I look at this chart,  
3 would you agree that the -- not only has the price of  
4 uranium increased, but the price volatility has also  
5 increased very significantly?

6 A. KWOK: Mr. Gluck, the answer is yes.

7 L. GLUCK: Thank you.

8 And when OPG was developing its forecast for the  
9 nuclear fuel bundle costs for the upcoming rate term  
10 in 2025, is it correct that the company was making  
11 that forecast in the context of significant market  
12 volatility?

13 A. KWOK: Mr. Gluck, you mentioned "taking into  
14 account," I think was your wording. Could you maybe  
15 provide a bit more specificity as to what you mean by  
16 "taking into account"?

17 L. GLUCK: When you were making -- when you were  
18 forecasting the nuclear fuel cost five years into the  
19 future, you were doing -- well, for five years into  
20 the future, you were doing that in the context of,  
21 you know, a lot of volatility in the market. You had  
22 to -- at that point in time, you were like, we need  
23 to set our forecast for the next five years, and when  
24 you did that, there was volatility in the market?  
25 That is the question.

26 A. KOGAN: Mr. Gluck, as we note at Exhibit F2,  
27 Tab 5, Schedule 1, page 13, lines 1, 2, we relied on  
28 the UXC's curve, as noted at the time.

1 L. GLUCK: Thank you.

2 Can we go to F2-SEC-171, please. If we go to  
3 part B, it is similar to what you just mentioned, but  
4 you chose -- the company chose to use the high-price  
5 midpoint curve relative to the mid-price curve, and  
6 can you further explain that decision?

7 A. KOGAN: I think it is as noted in that  
8 interrogatory response as well as in the pre-filed  
9 evidence I was referencing previously. Given the  
10 observed trends in the -- in the price and the  
11 elevated risk of the continued increases in this  
12 environment, we thought it was appropriate to choose  
13 the high curve rather than the mid curve that we had  
14 used in prior proceedings.

15 L. GLUCK: Thank you.

16 And would you agree that market volatility  
17 doesn't necessarily mean that prices will continue to  
18 rise? It implies that large movements in price, one  
19 way or the other, may occur?

20 A. KOGAN: While I agree on a theoretical basis  
21 that volatility by definition means things can move  
22 up and down, I think it is undeniable, looking at  
23 Exhibit F2-CCC-77, Attachment 1, for example, there  
24 has been a significant increase in the price of  
25 uranium. And I think it is fairly globally observed  
26 trends that underpin that around the demand for  
27 nuclear and nuclear power and other geopolitical and  
28 macroeconomic trends and events that we think overall

1 support the position that we have put forward.

2 L. GLUCK: Thank you.

3 I have a few questions now about the cost of  
4 debt, and if we could -- well, my first question is  
5 general in nature, and it may be on the record  
6 somewhere, but I could not find it. Is it the  
7 company's proposal to update the debt rates at the  
8 time of the payment amount order using the most up-  
9 to-date forecast bond yields, or are the debt rates  
10 contained in the application the proposed debt rates  
11 for the period?

12 M. KIRK: Mr. Gluck, OPG does not propose to  
13 update, and that is consistent with past practice.

14 L. GLUCK: Okay. Thank you.

15 Can we go to C1-CCC-35, please. If we go to  
16 part C, there is two charts there. Part C, Chart 6  
17 and 6A, please. Thank you. And my understanding is  
18 that this is intended to show the calculation of  
19 OPG's credit spreads for long-term debt based on a  
20 three-year historical indicative analysis for new  
21 long-term debt issuances. And I am just having  
22 trouble understanding exactly what the analysis is  
23 showing.

24 And so if we use 2023 as an example, these  
25 aren't the credit spreads that were actually used as  
26 part of OPG's debt issued in those years; is that  
27 right?

28 A. KWOK: Mr. Gluck, so, firstly, we didn't

1 issue any bonds in 2023; and, secondly, with respect  
2 to your question about understanding, these are  
3 indicative new issue credit spreads that the banks  
4 have quoted for a potential new issuance.

5 L. GLUCK: Can you explain that a bit further?  
6 Because that is the part I am not understanding.  
7 What exactly are these numbers showing?

8 A. KWOK: So the financial institutions listed  
9 here will provide to companies that issue bonds rates  
10 that -- rates and credit spreads that would be  
11 indicative of a new issuance from the company. My  
12 understanding is that these banks will utilize,  
13 amongst other benchmarks, already-issued bonds from  
14 the company previously. They will look at  
15 comparators, perhaps in our case, as an example,  
16 other power sector bond issuances, and they would  
17 attempt to estimate the credit spread should OPG  
18 decide to issue a bond on a specific date.

19 L. GLUCK: And they gave you that information --  
20 you know, in each of those years, they give you that  
21 information, or is that -- is that correct? So,  
22 like, in 2023 that is the information they give you,  
23 or did they give you all of this information sort of  
24 saying, this is what your bond -- your credit spread  
25 would have been in 2023?

26 A. KWOK: We do receive this information from  
27 back then, if you were asking. We do get e-mails  
28 with respect to the specific information here. This

1 was a daily time series that was provided by each of  
2 the banks, referencing their own databases.

3 L. GLUCK: Okay. Thank you.

4 If we go to part G, please, of the same  
5 response. And my understanding of the response here,  
6 the numbers in this -- in the first sort of sentence  
7 of part G, the 1.02 and the 1.24, if OPG were to  
8 apply its previous approach to determining the credit  
9 spreads, those would be the numbers that you would  
10 have used in this application; is that right?

11 A. KWOK: Based on the question, the answer is  
12 yes.

13 L. GLUCK: Okay. Thank you.

14 I just have a few more questions here. Can we  
15 go to F4-CCC-84, please. And if we go to part B.  
16 And just above the chart, there is a chart, I think,  
17 on the next page. Maybe it was part C. Yeah, okay.  
18 Thank you. And in the paragraph above the chart  
19 here, it describes that with respect to the  
20 requirements for the clean electricity investment tax  
21 credit program, that certain work needs to be  
22 completed by Red Seal trade apprentices, and OPG  
23 notes that it does not currently meet the related  
24 requirements for its renewable generation projects;  
25 is that right?

26 A. KOGAN: I think -- just reading the response,  
27 I think it references certain projects.

28 L. GLUCK: Thank you.

1           And because of that, the company assumed that  
2 its renewable generation projects will receive a 5  
3 percent CEITC; is that also right?

4           A. KOGAN: That is right. And I think a more --  
5 for context, a more complete lens on this would be  
6 that it is a blanket assumption, and it is an  
7 assumption at this point in time, given that there is  
8 inherent uncertainty in these estimates, including  
9 ultimately which projects on the renewable generation  
10 side will qualify for the 5 or 15 percent.

11           But conversely, we made a blanket assumption for  
12 all nuclear projects at 15 percent, and it is  
13 possible that some of those projects will not qualify  
14 and would receive 5 percent. So it is a -- it is a  
15 simplifying assumption for purposes of preparing a  
16 reasonable estimate at this time.

17           L. GLUCK: Thank you.

18           And I understand the company is making efforts  
19 to meet the requirement, and I am just trying  
20 quantify, you know, the impact if the company were to  
21 manage to meet all the requirements for the renewable  
22 generation business and receive the 15 percent  
23 credit. And I think there is a table here, so if we  
24 just go down in the table, please. A little further.

25           So based on the estimate the company made, and I  
26 appreciate you making the estimate, it is a \$33  
27 million reduction to the hydro revenue requirement in  
28 2027. And just in terms of an order of magnitude

1 sort of number, because I am not trying to hold you  
2 to anything, if you were to get the 15 percent, does  
3 that triple, or does it go up by 30 percent or  
4 something in that range?

5 A. KOGAN: I would like to be helpful, but the  
6 challenge is that that number also contains the  
7 reinstated, I will call it, accelerated CCA  
8 provisions. So, no, it certainly wouldn't be three  
9 times. And I couldn't tell you sitting here today  
10 what that ratio would be if one made a simplifying  
11 assumption, for example, that all RG projects would  
12 be 15 percent CEITC.

13 L. GLUCK: Okay. I will leave it. Thank you.

14 Can we go to F4-AMPCO-119, part F, please. And  
15 you had a bit of a discussion with OEB Staff  
16 yesterday about vacancies and the manner in which the  
17 company forecasts its resource requirements, and I  
18 have a few additional questions.

19 So in this response, OPG explains that it does  
20 not track vacancies, and its 2025 to 2031 business  
21 plan was created based on the work programs and the  
22 need to execute them. And OPG goes on to say that  
23 any vacancy would require other resources to execute  
24 the work. Is that a fair summary?

25 C. DOMJANCIC: That is correct.

26 L. GLUCK: And my understanding from the  
27 conversation yesterday, this is what you were  
28 describing as demand-based planning; is that also

1 right?

2 C. DOMJANCIC: That is correct.

3 L. GLUCK: Can we go to A1-CCC-1, page 2,  
4 please. And if you just go down a little bit to  
5 "nuclear operations base OM&A," that -- that  
6 paragraph shows that the actual 2025 nuclear  
7 operations base OM&A is \$52.6 million lower than the  
8 original budget; is that right?

9 A. KOGAN: Sorry. Apologies. I was just having  
10 technical difficulties. Could you restate that?

11 L. GLUCK: Sure. This -- that paragraph shows  
12 that the actual nuclear operations base OM&A costs  
13 were \$52.6 million lower than budget?

14 A. KOGAN: Yes, that is what it says.

15 L. GLUCK: Thank you.

16 And part of the reason for that variance is that  
17 there were temporarily unfilled vacancies; is that  
18 also correct?

19 A. KOGAN: That is what it says.

20 L. GLUCK: Thank you.

21 And so given that in 2025 there were unfilled  
22 vacancies and that drove a decrease to the nuclear  
23 base OM&A, is it correct that the vacancies, at least  
24 in 2025, were not actually replaced by other  
25 resources to execute the work?

26 C. DOMJANCIC: To the extent that they  
27 contributed to program timing differences, that is a  
28 possible and likely scenario. But overall, they

1 would have likely been filled at some point through  
2 the year.

3 L. GLUCK: But the unfilled vacancies in that  
4 year did lead to reduced cost; is that fair?

5 A. MELARANGO: Yeah, it did lead to the -- to  
6 being lower than budget, but of course there are  
7 other factors outside of unfilled vacancies.

8 L. GLUCK: Okay. And can we go to F4-AMPCO-119,  
9 please, and part C of this response. The chart  
10 there. In that chart, the company shows that it  
11 tracks regular employee voluntary turnover rates; is  
12 that correct?

13 C. DOMJANCIC: That is correct.

14 L. GLUCK: And so I am -- based on the  
15 conversation you had with Staff yesterday, I am  
16 having a hard time understanding how you are able to  
17 track these voluntary turnover rates but are unable  
18 to track vacancy rates.

19 C. DOMJANCIC: So turnover rates are calculated  
20 on the basis of individuals attriting and being  
21 filled. So that is a mathematical computation that  
22 is done. Vacancy rates are something different.

23 L. GLUCK: Can you explain that further, how  
24 they are different?

25 C. DOMJANCIC: Sorry --

26 L. GLUCK: Explain how they are different, how  
27 you are able to calculate turnover rates but are  
28 unable to figure out -- my understanding of a vacancy

1 rate is, essentially, you know there is a position,  
2 and then there is nobody in that position.

3 C. DOMJANCIC: Mr. Gluck, our understanding of  
4 vacancy rate is something that you would track as it  
5 relates to positions that you are working to fill in  
6 the organization. So a vacancy can arise from a  
7 retirement or an exit in the organization. It can  
8 also arise from other drivers such as the need to  
9 pre-hire or resource for new or alternative programs.  
10 So it is the rate at which you would be hiring at a  
11 point in time for vacancies. And we don't track that  
12 currently.

13 L. GLUCK: So just to confirm, the company has  
14 no information available about historical vacancies?

15 C. DOMJANCIC: We do not track vacancies on a  
16 continuous basis. We can track vacancies that are  
17 posted at a point in time, but it is not something  
18 that we track or measure.

19 L. GLUCK: Okay. Thank you. This is my last  
20 set of questions, but then my colleague Mr.  
21 Buonarguro has a couple questions for you as well.

22 If we could go to H1-CCC-107, please. So in  
23 this response, OPG explains that it proposes to apply  
24 its long-term debt rate to the payment amount shaping  
25 account because there are some similarities between  
26 this account and the rate smoothing deferral account,  
27 which was also applied interest at OPG's long-term  
28 debt rate; is that correct?

1 M. KIRK: That is correct.

2 L. GLUCK: And am I right that the rate  
3 smoothing deferral account started recording deferred  
4 revenue amounts as far back as 2019?

5 M. KIRK: Yeah, just to confirm, the rate  
6 smoothing deferral account which was instituted as  
7 part of O. Reg. 53/05 began recording entries either  
8 in 2017 with EB-2016 or in 2019, if that is what you  
9 are saying.

10 L. GLUCK: Thank you.

11 And so given the planned disposition over a  
12 period of ten years starting in 2027 and ending in  
13 2036, the company will have held debit balances in  
14 the rate smoothing account for, you know, 17 to 19  
15 years, depending on when the balances started being  
16 recorded; is that fair?

17 M. KIRK: That is a potential outcome as  
18 required by Ontario Regulation 53/05.

19 L. GLUCK: Thank you.

20 And based on the company's proposal for the  
21 payment amount shaping account, deferred revenues  
22 will be held in the account for approximately one  
23 year before recovery; is that also correct?

24 M. KIRK: Under our proposal, yes, the amounts  
25 would be debited in 2027 and then recovered in 2028.

26 L. GLUCK: Thank you.

27 So the payment amount shaping account balance  
28 will be fully disposed of, based on your proposal,

1 over a length of time that is similar to other  
2 deferral accounts that are applied, the OEB's generic  
3 interest rate for deferral accounts; is that right?

4 M. KIRK: In terms of the duration of time in  
5 which the account would have a balance, I can confirm  
6 it is similar to other deferral and variance accounts  
7 that OPG currently has. A notable difference,  
8 however, is the magnitude of the balance that we are  
9 proposing to debit into the account in 2027. Given  
10 that it is \$500 million, a significant sum, there are  
11 differences in how that would -- how that would be  
12 financed by OPG that do have some similarities to  
13 long-term debt, potentially.

14 L. GLUCK: Okay. Thank you very much.

15 Mr. Buonarguro, are you there?

16 M. BUONARGURO: Yes.

17 M. MILLAR: Mr. Buonarguro, just before you  
18 begin, it is Michael Millar here. We are going to  
19 look to break around 12:30, so I am not sure how that  
20 works with your timing. We could break now if that  
21 is easier for you. I am just not sure --

22 M. BUONARGURO: There is a good chance I will be  
23 done by then.

24 M. MILLAR: Okay. Then by all means, let's  
25 carry on.

26 M. BUONARGURO: Okay. Thank you. I will try to  
27 make it quick.

28 **EXAMINATION BY M. BUONARGURO:**

1 M. BUONARGURO: Good afternoon. My name is  
2 Michael Buonarguro. I am counsel with CCC. If we  
3 could first take a look at Exhibit L, D2-CCC-82.  
4 This is an interrogatory response relating to the  
5 joint use assets and the rule that OPG lives by where  
6 if an asset is greater than 90 percent used by a  
7 particular regulated entity, it is fully allocated to  
8 that entity.

9 And if you can look down the second page, my  
10 understanding, this is -- this Chart 1 is part of the  
11 explanation as to the materiality of the issue; is  
12 that fair?

13 A. KOGAN: That is fair.

14 M. BUONARGURO: And I am asking because I want  
15 to understand what this is saying. So under "total,"  
16 it is showing \$76 million of what is called "joint  
17 use net planned amount greater than 90 percent." Is  
18 that -- is that the amount of rate base of which more  
19 than 90 percent is used by hydroelectric assets or by  
20 the hydroelectric entity, the regulated entity, or is  
21 it -- I think that is what it is, or is it 76 million  
22 which is in that 10 percent?

23 A. MELARANGO: So, yes, this is the amount that  
24 is in the regulated hydroelectric rate base that is  
25 attributable to the unregulated business.

26 M. BUONARGURO: That is joint use, but because  
27 that joint use is less than 10 percent for other  
28 entities, it is included in the hydroelectric rate

1 base?

2 A. MELARANGO: That is correct.

3 M. BUONARGURO: Okay. So just roughly speaking  
4 -- and let us assume that it was the full 10 percent  
5 or 9.99 percent that was being used by other, I  
6 guess, unregulated work or affiliates -- if it was,  
7 like, 9.9999 percent, that would be around 7.6  
8 million that would be used by or allocable to other  
9 entities if you were doing that?

10 A. MELARANGO: That is correct.

11 M. BUONARGURO: And then the revenue requirement  
12 of that would be roughly 10 percent if you are  
13 looking at weighted average cost of capital,  
14 depreciation, return, all that stuff? It would be  
15 around 10 percent of that, so something under a  
16 million dollars?

17 A. MELARANGO: That is correct.

18 M. BUONARGURO: And presumably, that is the  
19 major reason why you have this -- and I will call it  
20 a scheme, but this framework. Because you think,  
21 from a ratepayer perspective, that less than \$1  
22 million isn't really material.

23 A. KOGAN: I think materiality is one  
24 consideration, yes.

25 M. BUONARGURO: So that takes us back to a  
26 question I think I heard this morning. If that is  
27 one consideration, what are the other considerations?

28 And I will tell you why I ask. Because my

1 understanding and my experience is that the other  
2 major consideration for why we do this in the first  
3 place is to ensure that the regulated business isn't  
4 subsidizing unregulated activity or unregulated  
5 affiliates. So while I can see your point in the  
6 context of OPG, why less than a million dollars of  
7 revenue requirement isn't necessarily material from a  
8 ratemaking perspective, the flip side is that there  
9 are -- it is unregulated activity and unregulated  
10 affiliates that are being subsidized by that money.

11 So I am trying to figure out why else -- why you  
12 wouldn't do it for that purpose if not the  
13 materiality purpose from the ratemaking perspective.

14 A. KOGAN: And related to that would be issues  
15 of consistency, regulatory efficiency, tracking,  
16 record keeping efficiency, issues that this would  
17 otherwise introduce if one were to have to be  
18 comfortable that 100 percent of an asset precisely is  
19 only and solely used by one particular business.

20 So I think that there is just a practical  
21 element to how this is operated given that it is  
22 ultimately a combined fleet of assets that we have  
23 and we manage across the Province of Ontario given  
24 that the assets became regulated at different point  
25 of time, which is a historical perspective, if you  
26 will recall.

27 And I think on a principled basis, we feel it is  
28 reasonable, particularly in this context, to apply

1 this -- this dominant use test, that if something is  
2 predominantly used -- virtually all, let's say, used  
3 by one particular business, it is reasonable to  
4 consider it to be part of that business.

5 M. BUONARGURO: So in that context, you are  
6 saying that the concern about subsidizing unregulated  
7 activity in the marketplace -- presumably in the  
8 marketplace is outweighed by the -- I guess I will  
9 call it an efficiency argument?

10 A. KOGAN: I think it, in this case, in our  
11 view, is outweighed by the arguments that we have  
12 outlined and I have also explained here, and in  
13 consideration that this principle would be applied  
14 conversely should certain circumstance arise in terms  
15 of relationship of the unregulated and the regulated  
16 business.

17 M. BUONARGURO: And to be clear, it hasn't  
18 arisen on the converse? There is no -- there is no  
19 asset that is being a hundred percent allocated to  
20 unregulated entities or unregulated business that is  
21 shared with the regulated business, is there? That  
22 is a theoretical right now?

23 A. KOGAN: That hasn't arisen to date. I was  
24 discussing the principled basis.

25 M. BUONARGURO: Okay. I promised to be quick,  
26 so I am going to move on. Thank you for that.

27 If you could pull up C2-CCC-37, Exhibit L. C2-  
28 CCC-37. This has to do with nuclear liabilities.

1 And the long and the short of it, I was asking a  
2 question to see if I should be concerned about  
3 changes in nuclear liabilities in between ratemaking  
4 exercises. Because in the past, sometimes there has  
5 been changes to nuclear liabilities that haven't been  
6 captured one way or the other, either through the  
7 nuclear liabilities account or otherwise, to the  
8 detriment of ratepayers.

9 My understanding is that I believe, from this  
10 interrogatory response, that that is largely not a  
11 problem now based on how things operate, but I wanted  
12 to ask some questions about it.

13 A. KOGAN: Sorry. What is your question, Mr.  
14 Buonarguro?

15 M. BUONARGURO: Sorry. I am waiting for -- I  
16 was waiting for the interrogatory --

17 A. KOGAN: Oh, apologies.

18 M. BUONARGURO: -- to come on the screen, but I  
19 can ask.

20 So one of the gaps I saw, and I wanted to make  
21 sure I understood them -- so the first gap I saw was  
22 in fuel costs. My understanding is to the extent  
23 that there is a change in the fuel cost through the  
24 reference plan or otherwise that might get captured  
25 in a deferral account because of other changes like  
26 extension of life and things like that, there is a  
27 little part of it that doesn't get captured, which is  
28 the difference between what you forecast in terms of

1 volume of fuel versus what actually happens. That  
2 doesn't get captured anywhere. Did I get that right?

3 A. KOGAN: Just if you allow me 30 seconds to  
4 set the context. I think you know it, but for the  
5 record. So, one, we are talking about the prescribed  
6 facilities only, not the Bruce facilities. For Bruce  
7 facilities, there is, what I would say, essentially a  
8 perfect true-up by virtue of how that -- Bruce net  
9 revenues variance account operates.

10 Number 2, again, you made reference to a  
11 detriment to ratepayers. Just, again, for clarity,  
12 you are referring to an event that probably is now 16  
13 years ago that occurred in EB-2010. And there was a  
14 discussion at that point in time and a decision  
15 rendered that OPG complied with the terms of the  
16 payment amounts order, as I recall it, and the  
17 variance accounts, that, in effect, ultimately, we  
18 now carry a requirement in the payment amounts order  
19 that should there be a change in the nuclear  
20 liabilities costs and station end of life dates, that  
21 should that change not be captured by an existing  
22 account, including the nuclear liability deferral  
23 account, that there is an accounting order  
24 requirement, subject to an annualized materiality  
25 threshold, to bring forward that information for  
26 consideration by the OEB. And we have proposed to up  
27 that materiality threshold from 10 to \$20 million in  
28 this application, consistent with the overall

1 proposed increase in the regulated materiality  
2 threshold for OPG.

3 Turning to your specific question, assuming that  
4 those requirements are met and there is an account in  
5 place otherwise to track such a change, none of the  
6 accounts in place would track a change in the used  
7 fuel variable cost associated with volume  
8 differences.

9 M. BUONARGURO: Okay. Thank you.

10 The second part I saw was that while one of the  
11 major things that is tracked through either changes  
12 in the reference plan through the nuclear liabilities  
13 account or through this new obligation to bring  
14 things forward is the ARC and the depreciation on the  
15 ARC, but you did note in the answer that there were -  
16 - there could be -- not opportunities, but there  
17 could be situations where the ARC or the depreciation  
18 on the ARC changes. That wouldn't be captured by  
19 anything, and I am trying to figure out when that  
20 might be.

21 I think one of the examples might be where your  
22 forecast unfunded net liability, which assumes, in  
23 part -- which relies on, I should say, in part, on  
24 the forecast of segregated fund earnings, if those  
25 earnings aren't as forecast, you don't capture that  
26 anywhere. That forecast is embedded, and it flows  
27 through no matter what. Is that one of the  
28 situations?

1           A. KOGAN: For clarity, I don't believe the  
2 response talks about depreciation of asset retirement  
3 costs --

4           M. BUONARGURO: Fair enough.

5           A. KOGAN: -- not captured. You are probably  
6 referring to some discussion under the return on rate  
7 -- return on ARC in rate base section, which is found  
8 at page 3 of this interrogatory, starting at line 10.

9           M. BUONARGURO: Correct.

10          A. KOGAN: And, yes, there could be some  
11 differences where the unfunded nuclear liability in  
12 actuality differs from forecast due to normal-course  
13 differences. For example, if there are more or less  
14 expenditures to draw down against the nuclear  
15 liability and possibly the nuclear funds themselves,  
16 there could be some -- what I would likely  
17 characterize as small differences in the grand scheme  
18 of things. But, yes, they can arise.

19          M. BUONARGURO: Okay. Thank you. That is what  
20 I thought.

21          Lastly, I wanted to confirm, as part of this  
22 ratemaking exercise, even though we don't have the  
23 2027 ONFA update, you are -- you are embedding the  
24 end-of-life assumptions that have occurred between  
25 the last ONFA and the one we are waiting for in the  
26 base rates, such that, presumably, there is no need  
27 to capture that in an account going forward, except  
28 if there is something very different in the ONFA when

1 it does come out. And the ONFA then will -- there  
2 will be some things that might still be captured as a  
3 result of the new ONFA agreement, the 2027 version of  
4 it, but it shouldn't be end-of-life assumptions with  
5 respect to Pickering, for example; is that right?

6 A. KOGAN: One moment. At Exhibit C2, Tab 1,  
7 Schedule 1, page 29, starting at line 5, there is a  
8 discussion that, I think, is responsive,  
9 acknowledging that the refurbishment of Pickering  
10 units 5 to 8 is not yet incorporated into an approved  
11 ONFA reference plan. However, we have -- consistent  
12 with the OPG's business plan and aligned to the  
13 overall operating state of business assumptions that  
14 underpinned in the application -- have proposed to  
15 flow through the nuclear revenue requirement impact  
16 of the year-end 2023 nuclear liabilities accounting  
17 adjustment in connection with such change. And as we  
18 demonstrate in Exhibit C2-1-1, Table 5, the net  
19 effect of that proposal is a net reduction of  
20 approximately \$280 million through the aggregate cost  
21 recovery amounts in this application.

22 Assuming that this proposal is accepted and  
23 these impacts are reflected in the revenue  
24 requirements coming out of this proceeding, then the  
25 asset retirement obligation and asset retirement cost  
26 and associated adjustments flowing from the 2027 ONFA  
27 reference plan update would not include changes that  
28 are already captured by the year-end 2023 adjustment.

1 That is, there would be no duplication. But I agree  
2 with your statement that there could be and likely  
3 would be some other differences that would flow  
4 through, given the comprehensive nature of the  
5 nuclear liability cost estimate updates that is  
6 undertaken as part of an ONFA reference plan update.

7 M. BUONARGURO: Okay. So thank you for that.

8 So the long and short of it is that some of the  
9 impact of the new agreement has already been  
10 accounted for, but there probably is some left over  
11 that might still get captured in the nuclear  
12 liability account?

13 A. KOGAN: I wouldn't characterize it -- and it  
14 is reference plan, not agreement, just for clarity.

15 M. BUONARGURO: Sorry. Reference plan.

16 A. KOGAN: Has been incorporated. None of the  
17 new ONFA reference plan has been incorporated because  
18 there is not a new ONFA reference plan.

19 M. BUONARGURO: Okay. But assuming that the new  
20 reference plan is based on updated Pickering end-of-  
21 life expectations that you are proposing to  
22 incorporate into your nuclear liabilities revenue  
23 requirement in this case, that has been taken care  
24 of. You won't have to recapture any differential,  
25 but there may be other things that have to be  
26 captured; I think that is fair?

27 A. KOGAN: There will be no duplication, that is  
28 fair. And there may be other impacts that need to be

1 captured, yes.

2 M. BUONARGURO: Thank you. Those are my  
3 questions.

4 M. MILLAR: Thank you, Mr. Buonarguro.

5 We will take our lunch break now. As I  
6 mentioned before, we have made up a little bit of  
7 time, but we still need a bit more to make up, so we  
8 will do a 45-minute lunch and return at 1:25.

9 D. ROSENBLUTH: Can I just chime in to let you  
10 know, for the PWU, our questions have now been  
11 covered, so you can have my time back. I have got  
12 nothing.

13 M. MILLAR: Great. Thank you, Mr. Rosenbluth.

14 D. ROSENBLUTH: Thank you.

15 --- Upon recessing at 12:39 p.m.

16 --- Upon resuming at 1:24 p.m.

17 M. MILLAR: Welcome back to our afternoon  
18 session, everyone. A couple of quick admin notes.  
19 It looks like we will comfortably finish today now.  
20 I understand Ms. Grice does not have any questions  
21 for this panel.

22 Mr. Pinto, are you with us?

23 K. PINTO: I am, indeed.

24 M. MILLAR: Okay. Great. Just to let you know,  
25 you will be up today almost certainly and probably --  
26 probably right after the afternoon break, but just  
27 stay tuned.

28 K. PINTO: Yeah. No, that is fine. I have been

1 able to get myself into a spot where I have got a  
2 reliable connection. I am good now. Thank you.

3 M. MILLAR: Okay. Great.

4 And a second thing, we just -- this is for the  
5 benefit of the panel, who will be reviewing the  
6 transcript. The parties have had some additional  
7 discussions about the second technical conference  
8 with the experts, and I think where we have landed  
9 are parties have requested from OPG's experts that  
10 LEI and Concentric be made available, and I think the  
11 preference is that that be June 17th, the first of  
12 the two days we had set aside -- 18th -- or the 18th.  
13 Yes, June 18th, the first of the days we had set  
14 aside. It looks like we probably have about half a  
15 day for them, based on the time estimates that we  
16 have received, so that may be a half day.

17 And then in respect of the OEB Staff experts, as  
18 people will be aware, interrogatories are due either  
19 today or tomorrow, and we won't have the responses  
20 until immediately before the dates of the 18th and  
21 the 19th. So we can't say at this point whether any  
22 parties will want to -- will have any questions for  
23 them. So I think we are going to have to stay tuned  
24 on that point, but it looks like we will be sitting  
25 the 18th. And for the panel's information, there has  
26 been a request for all parties that that be done  
27 entirely virtually. None of the experts are in  
28 Canada, so there doesn't seem to be any sense in

1 first calling them to Toronto. But if all of the  
2 witnesses are online, it is not clear that it makes  
3 sense to actually have anybody in person, so that is  
4 a request for the panel to consider.

5 And unless anyone thinks I missed anything there  
6 or if there are any other preliminary matters, Mr.  
7 Keizer?

8 C. KEIZER: We have none.

9 M. MILLAR: Okay. Over to you, Mr. Rubenstein.

10 M. RUBENSTEIN: Thank you very much.

11 **EXAMINATION BY M. RUBENSTEIN:**

12 M. RUBENSTEIN: Good afternoon, Panel. Just  
13 before I begin, just a -- with my questions, my main  
14 questions, I just have a couple follow-ups from the  
15 discussions that were happening this morning.

16 With respect to the rate smoothing deferral  
17 account with respect to DRP costs, you had a  
18 discussion with Mr. Gluck, and you had mentioned how  
19 -- and I think the interrogatory that he was  
20 referencing mentioned it -- that that was at the  
21 long-term debt rate; I have that right?

22 M. KIRK: That is correct. And I am just  
23 looking at 5305, and that is the language within  
24 there as well, yes.

25 M. RUBENSTEIN: Yeah, so that was just my  
26 question, that that was a -- the reason for the long-  
27 term debt rate was because of the requirements in O.  
28 Reg 5305; correct?

1 M. KIRK: That is correct.

2 M. RUBENSTEIN: And there is no similar  
3 requirement for payment smoothing or payment shaping  
4 account, and so no requirements with respect to what  
5 the long-term debt rate is; right? Do I have that  
6 right?

7 M. KIRK: That is correct. Payment amount  
8 shaping is proposed by OPG in this application, not  
9 subject to 5305.

10 M. RUBENSTEIN: Thank you very much.

11 Can we go to H1-1-1, Attachment 5. And in this  
12 table and then -- if you just go to the next page, in  
13 the second table, I think there was some discussion  
14 earlier on with Staff that this is the derivation of  
15 the hydro CRVA reference amounts; correct?

16 S. VISWANATHAN: That is correct.

17 M. RUBENSTEIN: I was wondering, and I was a bit  
18 unclear from the discussion you had with Staff and if  
19 you had -- there were some interrogatories given, but  
20 I was a bit unclear what ultimately was agreed to, if  
21 any. Are you able to provide a revised version of  
22 the table that only includes 2027 to 2031 in-service  
23 additions?

24 S. VISWANATHAN: So to clarify, Mr. Rubenstein,  
25 you are looking for a reproduction of this chart or  
26 table only using the '27 to '31 in-service additions;  
27 correct?

28 M. RUBENSTEIN: Yes.

1           S. VISWANATHAN: Yes, we can undertake to  
2 provide.

3           M. RUBENSTEIN: So it is both of -- it is the  
4 notes -- I guess this is the notes -- and the Table 5  
5 and the notes at Table 5.

6           S. VISWANATHAN: The table and the notes, you  
7 are looking for?

8           M. RUBENSTEIN: Yes.

9           S. VISWANATHAN: Yes.

10          M. MILLAR: It is JT-5.12.

11           **UNDERTAKING JT-5.12: PROVIDE A REVISED VERSION**  
12           **OF THE TABLE AND NOTES IN H1-1-1, ATTACHMENT 5,**  
13           **THAT ONLY INCLUDES 2027 TO 2031 IN-SERVICE**  
14           **ADDITIONS**

15          M. RUBENSTEIN: Now, there was a discussion this  
16 morning with respect to -- I guess the context was  
17 why you preferred your rate framework to what Staff  
18 was putting to you with alternate ways of calculating  
19 it or looking at it. And one of the things that I  
20 heard you talk about was about with respect to the  
21 CRVA balances sort of in the context of a situation  
22 where you could put amounts in the CRVA as opposed to  
23 it being in base payment amounts, was that, in your  
24 view, it wouldn't allow for timely recovery because  
25 you need to wait to the end of the rate term to clear  
26 the account. Did I catch that correctly?

27          M. KIRK: Mr. Rubenstein, I recall some  
28 discussion on the matter. I don't think it was

1 exactly the way you are pointing it out. But in  
2 terms of the timely recovery through the CRVA, we do  
3 have discussion of that in separate interrogatory  
4 responses. I am looking at one, which is A1-SEC-10,  
5 where we do talk about that being a factor in our  
6 proposed mechanism.

7 M. RUBENSTEIN: And just, it may be that I was  
8 reading that over the break and that is what got in  
9 my head.

10 But just to be clear, the fact that you -- in  
11 your view, you can't clear the amounts until the end  
12 of a rate term, that is a function of the accounting  
13 order, not a function of regulation; am I correct?

14 M. KIRK: It is not a function of the  
15 regulation, yes.

16 M. RUBENSTEIN: Can we go to A1-CCC-4. So in  
17 part A, you were asked why the GHCVA should not apply  
18 to variances in the CRRR in 2027. And you provide  
19 response, and at a high level, it is essentially that  
20 there is no C-factor applicable in 2027; do I have  
21 that right?

22 M. KIRK: Yes. It goes back to a discussion we  
23 had this morning as well about the GHCVA being part  
24 of the proposal for a rate setting mechanism for the  
25 hydroelectric facilities in this application. And  
26 because of the C-factor, which starts applying in  
27 2028, that was the genesis of also proposing the  
28 GHCVA.

1 M. RUBENSTEIN: Could we just step back and just  
2 sort of at a principle level explain to me why if the  
3 C-factor is sought to recover over '28 to 2031 in --  
4 through your price-cap-based mechanism, you know,  
5 capital-related revenue requirement on a five-year --  
6 on a four-year forecast basis, where 2027, it is --  
7 you were forecasting capital, what from a principle  
8 does it matter? Why would you not also apply it to  
9 2027? It is not clear to me why not.

10 M. KIRK: Our position is that 2027 as a base  
11 year is a cost of service year, and no GHCVA should  
12 apply in that year.

13 M. RUBENSTEIN: No, I understand your position.  
14 I am just trying to understand from a principle  
15 basis, what is the difference between 2027, which is  
16 a -- you have a capital-related revenue requirement  
17 forecasted on a certain amount of capital  
18 expenditures. And then '28 to '31, you may use the  
19 C-factor to recover it, but it is simply based on --  
20 you have -- it is based on a '28 to 2031 capital  
21 related revenue forecast. I am trying to understand  
22 principally what is the difference that would -- that  
23 would -- that the account would capture '28 to '31  
24 but not also 2027.

25 M. KIRK: So the C-factor we view as a unique  
26 element to this rate setting proposal. We have not  
27 had a C-factor in the past. We have not had a GHCVA  
28 in the past. So in applying for the C-factor, we

1 have also added the GHCVA for the 2028 to '31 period,  
2 consistent with that unique aspect.

3 M. RUBENSTEIN: Can we go to A1-SEC-11.

4 A. KOGAN: Just if I could further build on what  
5 Mr. Kirk said. This is a feature that we added that  
6 is protective to ratepayers, and I think there could  
7 be a case to be made that maybe that feature is not  
8 necessary. But we, for the reason Mr. Kirk stated,  
9 elected to propose this as part of our proposal for  
10 those four years.

11 M. RUBENSTEIN: Well, I think I had asked you  
12 that, is why do you not want to protect ratepayers in  
13 2027?

14 A. KOGAN: I refer you to Mr. Kirk's previous  
15 response.

16 M. RUBENSTEIN: We asked a number of questions  
17 here about the hydroelectric annual adjustment  
18 mechanism and the interaction with the production  
19 forecast. And in part B, we asked you why -- if we  
20 just go to the question for a second. We asked why  
21 OPG did not include as a component of the 2028 to  
22 2031 hydroelectric payment amount adjustment formula  
23 a mechanism to prevent the C-factor from over-  
24 recovering capital costs as a result in the increase  
25 in hydroelectric production before SBG.

26 And you provide a response. And a lot of it is  
27 that there are other various variance accounts. You  
28 talk about the hydroelectric water conditions

1 variance account, and that there is the global  
2 hydroelectric capital variance account. Do you see  
3 that?

4 M. KIRK: Yes, we see the response.

5 M. RUBENSTEIN: And so is it the company's view  
6 that there is no -- that it will not over-recover  
7 based on the forecast production through its  
8 mechanism and that any over-recovery or double  
9 counting, or however you want to frame it, is  
10 captured by all these mechanisms?

11 M. KIRK: In this response, we are pointing more  
12 generally to a series of protections that ratepayers  
13 are offered through this framework. So at line 1 of  
14 page 2, we are speaking to the GHCVA, which we just  
15 talked about as well. And at line 8, speaking to the  
16 stretch factor, which is going to apply to the C-  
17 factor in addition the I minus X itself, and noting  
18 as well that the ESM will continue.

19 M. RUBENSTEIN: Can you provide a table that  
20 shows based on your I minus X plus C minus TRF and  
21 the -- and the -- and the forecast production  
22 forecast that you have confirmed in part A, what the  
23 total annual revenue OPG forecasts to recover?

24 M. KIRK: Can we pull up Exhibit L, A1-Staff-  
25 334? And I am not sure if you have seen this one,  
26 Mr. Rubenstein, but I think part B is getting at what  
27 you just described, potentially, where Staff has  
28 asked for confirmation of excess revenue recovered in

1 2031 versus 2027. So maybe not at the same level of  
2 detail that you just requested.

3 And then if we can go to the response to part B,  
4 we do confirm the \$20 million that Staff had in the  
5 question, but note that additional production also  
6 results in additional OM&A, particularly GRC, which  
7 is the easiest to define when there is increased  
8 production. So we net that off to come up with an  
9 \$18 million figure.

10 M. RUBENSTEIN: Okay. Well, can I ask you to  
11 provide the information as I have requested it?

12 M. KIRK: What is the additional -- aside from  
13 what is here, is it the by year aspect?

14 M. RUBENSTEIN: Well, it is a calculation that  
15 shows based on your -- the amount of revenue you will  
16 collect based on your proposed rate setting mechanism  
17 or the adjustment mechanism in the -- 2031 at the  
18 forecast production that you confirmed in A1-SEC-11,  
19 part A.

20 M. KIRK: And to confirm, so it would be --  
21 rather than the \$18 million we see in response to  
22 part B, you would want this by year?

23 M. RUBENSTEIN: Well, I want the total amount of  
24 revenue you are collecting per year.

25 M. KIRK: We can provide that, yes.

26 C. KEIZER: Sorry, your total revenue or total  
27 production?

28 M. RUBENSTEIN: Well, it is total revenue, so it

1 is the rates you are proposing multiplied by the  
2 production forecast set out that you confirmed in A1-  
3 SEC-11, part A.

4 C. KEIZER: But not net revenue?

5 M. RUBENSTEIN: If you want to add something, if  
6 you want do it. But that is what I am asking.

7 M. MILLAR: The undertaking is JT-5.13.

8 **UNDERTAKING JT-5.13: PROVIDE A TABLE SHOWING**  
9 **TOTAL ANNUAL REVENUE RECOVERED UNDER PROPOSED**  
10 **AND INDICATIVE REGULATED HYDROELECTRIC PAYMENT**  
11 **AMOUNTS AND THE PRODUCTION FORECAST CONFIRMED IN**  
12 **PART A OF A1-SEC-11**

13 M. RUBENSTEIN: Now, in part C, if we go back to  
14 A1-SEC-11, we had asked -- if we just go back to the  
15 question for a second. We would -- we said -- we  
16 asked you to provide OPG's view on the appropriate  
17 adjustment to the 2028 to '31 hydroelectric payment  
18 adjustment formula to eliminate any double recovery  
19 of capital costs as a result of the increase in the  
20 forecast hydro production.

21 And if you go down, you say you are not  
22 proposing that, essentially. If the OEB would  
23 disagree with you, how would the company propose such  
24 an adjustment be made? I am happy for you to take  
25 this away by undertaking.

26 Again, I am happy to do this by way of  
27 undertaking.

28 M. KIRK: Okay. While noting that our position

1 remains that no adjustment is appropriate, we will  
2 undertake to design what could be a response to  
3 direction that a growth factor is proposed. I don't  
4 know.

5 M. RUBENSTEIN: Thank you very much. I  
6 appreciate that.

7 M. MILLAR: JT-5.14.

8 **UNDERTAKING JT-5.14: ADVISE HOW OPG WOULD**  
9 **PROPOSE TO MAKE AN ADJUSTMENT TO THE 2028 TO**  
10 **2031 HYDROELECTRIC PAYMENT ADJUSTMENT FORMULA TO**  
11 **ELIMINATE ANY ADDITIONAL RECOVERY OF CAPITAL**  
12 **COSTS AS A RESULT OF THE INCREASE IN THE**  
13 **FORECAST HYDRO PRODUCTION**

14 M. RUBENSTEIN: Can we go to B1-Staff-20. In  
15 part D to the response -- go down. Can we scroll  
16 down? Oh, sorry, it is part E.

17 You talk about the dynamic -- yeah. You talk  
18 about the dynamic testing phase and that:

19 "The revenue generated during this  
20 commissioning period is credited against the  
21 cost for the project, reducing the amounts  
22 placed in-service. This treatment is  
23 consistent with all prior Darlington units."

24 (as read]

25 Can you just speak exactly what the company has  
26 done and how here? Is this revenue that is credited  
27 in the CRVA? Is it a credit to the capital costs?

28 S. VISWANATHAN: So I can confirm, Mr.

1 Rubenstein, this is consistent with the treatment of  
2 the units that previously came into service. During  
3 the dynamic testing phase, the company does earn  
4 revenues, and those revenues are credited against the  
5 capital costs incurred for the project, which  
6 eventually reduces the in-service amount that goes  
7 into place.

8 M. RUBENSTEIN: So the mechanism for how you do  
9 it is cost of the project is X, you earn some  
10 revenue, so essentially reducing the gross cost?

11 S. VISWANATHAN: Correct.

12 M. RUBENSTEIN: Okay. Thank you very much.

13 --- Off record discussion re: connection

14 M. RUBENSTEIN: The interrogatory also talks  
15 about how company will -- is not planning to update  
16 the application to reflect the variance in the  
17 proposed and actual ISA, which is about a month, is  
18 my -- I take it, from -- it was originally April  
19 15th, but it came into service in March 12th. Do I  
20 have that correct?

21 S. VISWANATHAN: So that is correct. The in-  
22 service amount that underpinned the application -- or  
23 the in-service date, I should say, that underpinned  
24 the application was projected to be April 15th, 2026.  
25 The unit actually came back into service on March  
26 12th, 2026.

27 M. RUBENSTEIN: And so the difference in the  
28 revenue requirement related to that would be captured

1 -- by the timing difference would be ultimately  
2 captured in the CRVA?

3 S. VISWANATHAN: The CRVA would capture the  
4 timing difference between the in-service of March 12,  
5 2026, relative to what was approved in the EB-2020-  
6 0290 payment amounts order.

7 So if you turn to, I believe -- if we could go  
8 to part B of this response. So you will -- oh.  
9 Yeah. So Chart 1, you will see the last line there,  
10 Mr. Rubenstein, in the OEB-approved payment amounts  
11 that are currently in effect, this unit was  
12 originally projected to come into service on October  
13 16, 2026.

14 M. RUBENSTEIN: But on a going forward basis?

15 S. VISWANATHAN: Yes --

16 M. RUBENSTEIN: Now there is a rate base amount  
17 that is built in for -- in opening rate base for  
18 2027?

19 S. VISWANATHAN: Correct. So it is --

20 M. RUBENSTEIN: Now it is going to be slightly  
21 different. Is the difference now captured in the  
22 CRVA?

23 S. VISWANATHAN: Correct. On a going forward  
24 basis, it will be against the April 15th, 2026,  
25 projection.

26 M. RUBENSTEIN: Thank you very much.

27 Can I ask you to go to A1-CCC-10, Attachment 5.  
28 So I -- as I understand, this is an agreement between

1 OPG and the DNNP LP with respect to the allocation of  
2 -- among other things, the allocation of revenue that  
3 is collected?

4 A. KOGAN: Yes. With respect to revenue  
5 collected from IESO.

6 M. RUBENSTEIN: And I believe under Section --  
7 you don't need to pull this up. On Section 5.3, it  
8 sets -- 5.3 and 5.4, it sets out the allocation of  
9 revenue, and I want to better understand how this  
10 works.

11 Can I ask OPG to provide the impact using the  
12 following four illustrative scenarios in 2031 to show  
13 how the revenue is allocated between OPG and DNNP:  
14 And so the scenarios would be, A, OPG's nuclear  
15 production forecast is 10 percent below the approved  
16 forecast, and DNNP is at its forecast; B, OPG's  
17 nuclear production forecast is 10 percent above its  
18 approved forecast, and the DNNP is at its forecast;  
19 C, OPG's production forecast is at its approved  
20 forecast, and the DNNP is 10 percent above its  
21 approved forecast; and, D, OPG's projection forecast  
22 is at its OEB forecast, and the DNNP is 10 percent  
23 below its approved forecast.

24 C. KEIZER: The answer would be there is no  
25 reason to because pursuant to 53/05, the OEB has to  
26 accept the terms and conditions and the pricing  
27 methodologies of various agreements, including this  
28 agreement, as a revenue allocation agreement.

1 M. RUBENSTEIN: Yes, sorry, I am not challenging  
2 the agreement. The intent is to understand it.  
3 Because it has impacts with respect to, one, first,  
4 for the purposes of, say, an ESM calculation, how  
5 revenue is actually allocated; right? Because it is  
6 not -- it has an impact there. Two, it also then has  
7 an impact on the incentives -- I don't know, broadly  
8 speaking -- about the setting of OPG and DNNP's  
9 production forecast.

10 The intent is not to challenge the -- I do  
11 recognize that, you know, what it says in O. Reg.  
12 53/05 and -- or to argue that there should be some  
13 other allocation forecast.

14 C. KEIZER: So -- sorry, so it is to understand  
15 how -- any implication that the allocation could have  
16 for the ESM. Is that --

17 M. RUBENSTEIN: ESM. Also just about the --  
18 incentives about setting the production forecasts and  
19 the forecasts themselves.

20 C. KEIZER: Can I have just a moment?

21 Yeah. On that premise, it is okay. Thank you.

22 M. MILLAR: The undertaking is JT-5.15.

23 **UNDERTAKING JT-5.15: PROVIDE THE IMPACT OF THE**  
24 **FOLLOWING FOUR ILLUSTRATIVE SCENARIOS IN 2031**  
25 **SHOWING HOW BASE PAYMENT AMOUNT REVENUES ARE**  
26 **ALLOCATED BETWEEN OPG AND DNNP LP UNDER SECTION**  
27 **5.3 OF CCC-10, ATTACHMENT 5, HOLDING ALL OTHER**  
28 **ASSUMPTIONS CONSTANT PER THE RATE FILING:**

1           A: OPG'S NUCLEAR PRODUCTION FORECAST IS 10  
2           PERCENT BELOW ITS APPROVED FORECAST AND DNNP LP  
3           IS AT ITS FORECAST;

4           B: OPG'S NUCLEAR PRODUCTION FORECAST IS 10  
5           PERCENT ABOVE ITS APPROVED FORECAST AND DNNP LP  
6           IS AT ITS FORECAST;

7           C: OPG'S NUCLEAR PRODUCTION FORECAST IS AT ITS  
8           APPROVED FORECAST AND DNNP LP IS 10 PERCENT  
9           ABOVE ITS APPROVED FORECAST; AND

10          D: OPG'S NUCLEAR PRODUCTION FORECAST IS AT ITS  
11          APPROVED FORECAST AND DNNP LP IS 10 PERCENT  
12          BELOW ITS APPROVED FORECAST, USING FULL-YEAR  
13          2031 VALUES FOR BOTH

14          A. KOGAN: Sorry, Mr. Rubenstein, just to  
15          clarify, so we are going to hold, for that  
16          undertaking, all other assumptions constant --

17          M. RUBENSTEIN: Yes.

18          A. KOGAN: -- per the rate filing. And this  
19          will be in respect of base payment amount revenues,  
20          recognizing there is no rider revenue for DNNP LP  
21          proposed in this application. So it will be under  
22          Section 5.3 of CCC-10, Attachment 5.

23          M. RUBENSTEIN: Yes.

24          A. KOGAN: Thank you.

25          M. RUBENSTEIN: And using 2031. That is both --  
26          full years for both.

27          A. KOGAN: Understood.

28          M. RUBENSTEIN: I have a question about the CCR,

1 and I think there was some discussion about it  
2 earlier on today with Mr. Gluck. As I understand the  
3 proposal with respect to the DRP and the DNNP CCR,  
4 the plan is to clear the balances in the variance  
5 accounts in the year after [indiscernible]. So you  
6 will file an application in Q1 of the year to recover  
7 the previous year's CCR balances in the various  
8 variance accounts?

9 M. KIRK: Can we pull up Exhibit I1-Staff-258.  
10 I expected to see the date in here. But, yes, it  
11 would be the year following.

12 M. RUBENSTEIN: And as I understand what is  
13 built into the revenue requirements, so what  
14 ultimately would be the baseline for the variance  
15 accounts for the CCR -- related to CCR, for PRP, you  
16 have forecasted the CCR for all expenditures that are  
17 expected to be -- at least planned to be spent over  
18 the rate term.

19 For DNNP, though, that is not the case. It is -  
20 - you have -- you have for the CCR-related capital  
21 expenditures for Unit 1 and then, I believe, for the  
22 remaining three units, the amounts that were in a --  
23 that were a smaller portion that were released before  
24 the application was filed. Do I understand that,  
25 roughly speaking?

26 A. KOGAN: Yes. In line with the business plan  
27 that underpins the application for OPG and DNNP LP  
28 and the -- reflecting the approvals for DNNP units

1 that were in place at the time.

2 M. RUBENSTEIN: Can you provide a forecast of  
3 the balances to be recorded in the relevant accounts  
4 between 2026 and 2031, so that would -- for the DNNP,  
5 based on the spend profile that you are expecting,  
6 capital expenditures you will expect for all units  
7 over that full period -- that -- sorry -- over the  
8 rate term?

9 C. KEIZER: Can I have a moment, please. Sorry,  
10 Mr. Rubenstein. Can you just repeat your request  
11 again. Sorry. I may have missed something there.

12 M. RUBENSTEIN: Fair. Can you provide a  
13 forecast between 2026 and 2031, the amount you expect  
14 to book to the relevant account with respect to CCR  
15 for DNNP, based -- and just so we are clear here,  
16 based on the expected spend for all the units over  
17 between 2026 and 2031?

18 C. KEIZER: No. OPG is not going to provide  
19 forecasts of DNV going forward with respect to those  
20 additional units, other than the CCR is already  
21 reflected by virtue of whatever is in the business  
22 plan. But we are not going to provide forecasts of  
23 future DNV.

24 M. RUBENSTEIN: Why not?

25 C. KEIZER: Well, because they are not  
26 necessarily at play in this proceeding, and so,  
27 therefore, we don't -- we don't find a need to do so.

28 M. RUBENSTEIN: But I think you would agree with

1 me -- or the panel would agree with me -- if you  
2 would, Mr. Keizer -- but the panel would agree with  
3 me that you expect to book amounts over that term?

4 C. KEIZER: Well, that is the expectation of any  
5 DNV account that we would have. It doesn't  
6 necessarily mean that is a necessity to provide a  
7 forecast as such.

8 M. RUBENSTEIN: And these are amounts that you  
9 would also -- because of the way the account is set  
10 up, would recover mechanistically, as I understand  
11 your proposal, during the rate term as well?

12 C. KEIZER: Yeah, I mean, I think we have made  
13 our point clear that we are not going to take the  
14 undertaking.

15 M. RUBENSTEIN: So that is a refusal? Thank  
16 you.

17 Can we go to C1-SEC-35, Attachment 1. And this  
18 is confidential, so I am not actually going to ask  
19 you a question. I am just going to ask you by way of  
20 undertaking to provide the -- so as the title said,  
21 it says "OPG Modelled Financial Metrics With and  
22 Without CCR." That is what the title is. I was  
23 wondering by way of undertaking, you can provide the  
24 underlying spreadsheets or models that were used to  
25 provide the information that is confidential.

26 A. KOGAN: So, Mr. Rubenstein, we could  
27 undertake to provide what I would characterize as  
28 summarized calculation of this sort of headline

1 inputs into the financial metrics around how the  
2 numerator and denominator are built up for the  
3 definition of those metrics.

4 M. RUBENSTEIN: And is there a reason you are  
5 not -- can you not provide the -- not just the high-  
6 level summary but the actual information?

7 A. KOGAN: What underpins this calculation is  
8 ultimately the company's entire integrated financial  
9 planning model that would not be practical to provide  
10 or manipulate.

11 M. RUBENSTEIN: Okay. Fair enough.

12 I am looking for the information but not at such  
13 a high level that it is not useful, if you understand  
14 what I am getting at.

15 C. KEIZER: Sorry. Could I ask a clarifying  
16 question? Is there particular aspects you are trying  
17 to identify by obtaining the --

18 M. RUBENSTEIN: Well, I am trying to understand  
19 how the information was derived, right.

20 C. KEIZER: Trying to understand how the  
21 information was derived?

22 M. RUBENSTEIN: Yes. To see the numbers.

23 A. KOGAN: I understand the situation we are in,  
24 but there is probably a wide range between a very  
25 detailed model for a multibillion dollar company and  
26 a three-headline number. So I -- I would need to be  
27 guided to understand better --

28 M. RUBENSTEIN: Well, how about instead of

1 taking up time here, we have a brief discussion at  
2 the break maybe. It deals with confidential  
3 information, so probably best if we have a brief --

4 C. KEIZER: Yeah, we can take it away at the  
5 break and get back to you.

6 M. RUBENSTEIN: Can I ask now to go to F3-SEC-  
7 180. So here we had asked for a live copy of the  
8 referenced OPG cost allocation model with all  
9 formulas intact, and you provide an explanation of it  
10 is not the spreadsheets, it is a little bit more  
11 complicated than that, and that you can't provide it.

12 Did Elenchus have access to the underlying  
13 information or access to your SAP business warehouse?  
14 Did they have access to this when they undertook  
15 their report and analysis?

16 A. MELARANGO: They had access to an extract of  
17 data from the -- from SAP.

18 M. RUBENSTEIN: And what was included in this  
19 extract of the data?

20 A. MELARANGO: It was ultimately the output of  
21 the allocations with the associated rules identified  
22 as part of that data.

23 M. RUBENSTEIN: So maybe the best thing, if we  
24 can go to F3-1-4, Attachment 1 of the report. If we  
25 can go to page 28. And so what this appendix is  
26 showing is that it is showing the various groups and  
27 then the departments, and it is explaining the  
28 allocation factors.

1           Did -- in the extract of the information that  
2 you provided Elenchus, does it show, for example, the  
3 total cost of the pool, the various cost -- the --  
4 for each of the various elements of the business  
5 where they are allocated costs, they are a component  
6 of the cost driver, so they can sort of see the math?

7           A. MELARANGO: So as part of the extract, they  
8 could see the data, as you described it. What they  
9 would not see is the calculation of the associated  
10 rule itself.

11          M. RUBENSTEIN: Sorry. I didn't catch that last  
12 part.

13          A. MELARANGO: So they would not see the actual  
14 calculation of the rule itself. So, for example, an  
15 OM&A capital blend rule, they would not see how that  
16 is derived. There was subsequent review of specific  
17 rules in their ultimate review of the allocations.

18          M. RUBENSTEIN: Okay. So, for example, if we  
19 are looking at supply chain, right, as an example,  
20 where the cost driver is the OM&A capital, which I  
21 understand is just the capital expenditures in a year  
22 plus the OM&A in a year; do I have that right?

23          A. MELARANGO: Correct. Subject to some  
24 exclusions that we describe above, but, yes.

25          M. RUBENSTEIN: Sure. So what they would see,  
26 for example, is the total OPG amount, then they would  
27 see -- would they see the OM&A capital for each of  
28 the entities that are allocated costs and then see

1 what the actual allocated supply chain costs are?

2 A. MELARANGO: I think what they would -- what  
3 they would see is the total supply chain costs, how  
4 much of those costs are directly attributable to a  
5 business. You know, there is direct charges to  
6 nuclear and hydroelectric. And then there is a pool  
7 that is remaining to be allocated in which we then  
8 apply the associated rule; in this case, the OM&A  
9 capital blend rule.

10 So what they don't see is the actual calculation  
11 of that rule, how we actually apply the -- like, they  
12 can see how we apply the percentages but not how we  
13 derive the percentages.

14 M. RUBENSTEIN: Okay. So no one, then, has --  
15 so Elenchus did not confirm that?

16 A. MELARANGO: They did review -- obviously, we  
17 have certain rules that make up a majority of how we  
18 allocate costs, so they did review the underlying  
19 calculation separately.

20 M. RUBENSTEIN: And presumably, it is the OM&A  
21 capital one that is probably the most prevalent?

22 A. MELARANGO: That is the largest one, yes.

23 M. RUBENSTEIN: All right. Well, can you  
24 provide what you provided Elenchus, both with respect  
25 to, you said, the outputs and then, I guess, the  
26 confirmation or whatever you did with respect to this  
27 rule?

28 C. KEIZER: Sorry, Mr. Rubenstein. In respect

1 of just that rule, is that what you said?

2 M. RUBENSTEIN: Well, that is -- I am trying to  
3 -- well -- to the Panel, but I...

4 A. MELARANGO: Mr. Rubenstein, I think we have  
5 to take it away and maybe just take a look at what  
6 was actually shared and how it was shared.

7 C. KEIZER: Why don't we leave it this way,  
8 then: We will take it away to look at whether we can  
9 provide it. If we can, we will; if we can't, then we  
10 will obviously describe why we can't. So you will  
11 have at least that information.

12 M. RUBENSTEIN: Sure. I just note, if, you  
13 know, you are providing it to an expert, it should be  
14 available to the other parties.

15 M. MILLAR: Okay. So we are marking that, or is  
16 that for discussion over the break?

17 M. RUBENSTEIN: No. I think it is marked.

18 C. KEIZER: No. I think we can just do it on  
19 that basis. If we can --

20 M. MILLAR: Okay. So the undertaking, then, is  
21 --

22 C. KEIZER: -- and if we cannot, then we will  
23 explain why we can't.

24 M. MILLAR: JT-5.16.

25 **UNDERTAKING JT-5.16: PROVIDE THE MATERIALS**  
26 **SHARED WITH ELENCHUS RELATING TO THE OUTPUTS OF**  
27 **THE OM&A CAPITAL ALLOCATION PROCESS AND THE**  
28 **REVIEW OR CONFIRMATION PERFORMED IN RESPECT OF**

1           **THE OM&A CAPITAL BLEND RULE**

2           M. RUBENSTEIN: Can we go to F4-CCC-84. There  
3 was some discussion earlier on today about the  
4 implications of the clean electricity investment tax  
5 credit, and I am having trouble -- and as I  
6 understand, for the purposes of this response, you  
7 have included 15 percent for nuclear and 5 for  
8 eligible hydro projects; do I have that right?

9           A. KOGAN: Yes. Based on respective assumptions  
10 of how much of actual costs themselves would be  
11 eligible for the credits.

12          M. RUBENSTEIN: Yeah, and I think that is --  
13 part of the issue is I am having trouble reconciling  
14 the numbers. So if we can go to attachment -- so in  
15 Attachment 1 -- definitely not -- one second.

16          Can we go to table 8. So as I understand, for  
17 nuclear, this is showing the in-service amounts, the  
18 adjustment related to the credit, and then the  
19 adjusted in-service amounts for the various large  
20 projects; do I have that right?

21          A. KOGAN: Yes.

22          M. RUBENSTEIN: Can I -- and as you will note,  
23 as I think you were alluding to or foreseeing,  
24 obviously those numbers do not result in 15 percent  
25 reductions. They are lower. So I was wondering, for  
26 the DNNP and the PRP, which are obviously the two  
27 largest, the Unit 5, so line 12, and line 14, if you  
28 can provide the reconciliation of what you are

1 applying it to, how you are applying it to, and how  
2 you are getting which amounts, how you are making the  
3 adjustments.

4 A. KOGAN: Yes. And just for completeness, I  
5 think we will capture line 13 since deepwater intake  
6 --

7 M. RUBENSTEIN: Yes.

8 A. KOGAN: -- is part of the Pickering  
9 refurbishment project. But, yes, we can undertake to  
10 provide a more detailed calculation of how we derive  
11 the CEITC adjustment for those projects.

12 M. RUBENSTEIN: And then in Table 3, you have  
13 the version for hydro. I mean, they are all somewhat  
14 -- don't have the -- such large projects to make any  
15 difference, but if you can pick a representative  
16 project and let me know for hydro how you have come  
17 up with the numbers as well.

18 A. KOGAN: Sure. Why don't we pick lines 6 and  
19 7 for the -- as the representative projects so we can  
20 mark it in the undertaking.

21 M. MILLAR: So collectively, that is JT-5.17.

22 **UNDERTAKING JT-5.17: PROVIDE A RECONCILIATION**  
23 **OF HOW THE CLEAN ELECTRICITY INVESTMENT TAX**  
24 **CREDIT ADJUSTMENTS ARE APPLIED TO THE DNNP AND**  
25 **PRP PROJECTS AND ADVISE AND EXPLAIN HOW THE**  
26 **HYDRO NUMBERS IN F4-CCC-84, ATTACHMENT 1, TABLE**  
27 **3, LINES 6 AND 7 ARE DERIVED**

28 M. RUBENSTEIN: I want to ask about the change

1 of law variance account that you are proposing.  
2 Maybe if we can go to H1-SEC-204, Attachment 1, page  
3 1, which is the proposed accounting order. It is  
4 just the basis of it, just so I have an  
5 understanding.

6 Just as I understand, there is a similar account  
7 for DNNP; that is correct?

8 S. VISWANATHAN: That is correct, we are  
9 proposing a similar account for DNNP LP.

10 M. RUBENSTEIN: And as I understand what the  
11 accounts do is it covers the impacts on both costs  
12 and revenues, legislative or regulatory changes?

13 S. VISWANATHAN: Broadly speaking, yes, the  
14 account would cover any material impacts to revenues  
15 or costs as a result of change in laws or regulations  
16 to the extent that it is not already captured in  
17 another account.

18 M. RUBENSTEIN: So I want to be precise because  
19 you just -- I want to understand what you mean by  
20 "regulatory changes" as opposed to a change in  
21 regulation. So I just want to be clear.

22 So from my perspective, O. Reg. 53/05, that is a  
23 regulation, but there are other regulatory changes,  
24 and I want to understand if that is a -- if you are  
25 using this as a broader term.

26 So, for example, if you were ordered by the CNSC  
27 to do something, they have a new requirement that the  
28 company needs to take an outage every Christmas, I

1 don't know, is that -- would that be captured under  
2 this account, assuming it meets the materiality  
3 requirement?

4 S. VISWANATHAN: Yes. If it is a change in  
5 regulatory requirement, like the way you have  
6 described it, for example, for the CNSC, to the  
7 extent it meets the materiality thresholds, it would  
8 be contemplated for inclusion in this account.

9 M. RUBENSTEIN: And is the account symmetrical?

10 S. VISWANATHAN: Yes, it is.

11 M. RUBENSTEIN: So my recollection from the  
12 discussion on Panel 2, there was discussion about the  
13 VBO, and that was a -- and if you wanted to shift it,  
14 that would require a CNSC approval. And so imagine  
15 OPG requested CNSC to change the VBO for some reason  
16 and that had cost and revenue implications that would  
17 have met the materiality, would that be captured  
18 under that account?

19 A. KOGAN: I think we would want to consider  
20 that scenario carefully given you described that it  
21 was OPG who, in that hypothetical scenario, applied  
22 for a change.

23 M. RUBENSTEIN: So if OPG applies for some  
24 approval from the CNSC that results in a regulatory  
25 change, would that be covered by the account?

26 A. KOGAN: I was just reflecting that we haven't  
27 reflected on that particular scenario where OPG  
28 requested a change, and I am not close enough to know

1 the specifics of the interaction with the CNSC on the  
2 VBO and how those changes are characterized. So we  
3 are just not in a position to give you a definitive  
4 answer on the spot.

5 M. RUBENSTEIN: Well, can you take it by way of  
6 undertaking?

7 A. KOGAN: Yes, to respond to that scenario.

8 M. MILLAR: JT-5.18.

9 **UNDERTAKING JT-5.18: ADVISE WHETHER A CHANGE TO**  
10 **THE VBO REQUESTED BY OPG AND APPROVED BY THE**  
11 **CNSC, RESULTING IN MATERIAL COST OR REVENUE**  
12 **IMPACTS, WOULD BE CAPTURED UNDER THE CHANGE OF**  
13 **LAW VARIANCE ACCOUNT, AND WHETHER COST OR**  
14 **REVENUE IMPACTS RESULTING FROM A CNSC**  
15 **REQUIREMENT ARISING FROM A DEFICIENCY IN OPG'S**  
16 **MAINTENANCE PRACTICES WOULD ALSO BE CAPTURED**  
17 **UNDER THE ACCOUNT**

18 M. RUBENSTEIN: Now, what happens if the CNSC  
19 found some deficiency in OPG's maintenance practice,  
20 hypothetically, and required the company to do  
21 something about that, would that be captured in this  
22 account?

23 A. KOGAN: To make sure that we give you a  
24 proper response, we would roll that into the prior  
25 undertaking.

26 M. RUBENSTEIN: Thank you very much.

27 Now, the account, as I understand it from the  
28 wording, is for financial impacts \$20 million or

1 greater on an annualized basis; do you see that?

2 S. VISWANATHAN: Yes, we do see it.

3 M. RUBENSTEIN: Is that a cumulative amount on  
4 an annualized basis or for each regulatory or  
5 legislative?

6 S. VISWANATHAN: It would be per change, Mr.  
7 Rubenstein.

8 M. RUBENSTEIN: Thank you very much.

9 I have a question about, you know, Mr. Kogan,  
10 one of his favourite topics, pension and OPEBs. And  
11 I just want to understand the OPG pension and OPEB  
12 cost variance accounts. And as I understand, the  
13 company has for OPG a pension and OPEB cost variance  
14 [indiscernible] also applying for one for DNNP. Do I  
15 have that correct?

16 A. KOGAN: Yes. We are proposing to continue  
17 the account for OPG and to set up a parallel account  
18 for DNNP LP.

19 M. RUBENSTEIN: As I understand, the existing  
20 account and the proposed DNNP account would capture  
21 the difference between pension and OPEB costs  
22 included in payment amounts and the actuals; correct?

23 A. KOGAN: I think the description of the  
24 account for OPG, as an example, can be found in  
25 Exhibit H1, Tab 1, Schedule 1, Section 5.7. There is  
26 just a lot of words there, so I was more comfortable  
27 referring you to the particular section.

28 M. RUBENSTEIN: I think that says what I said.

1 It is essentially the difference between what is the  
2 approved pension and OPEB costs included in rates and  
3 what your actual costs are on -- obviously, on an  
4 accrual basis?

5 A. KOGAN: Yeah, it references amounts reflected  
6 in the revenue requirement where such amounts are as  
7 approved by the OEB, yes.

8 M. RUBENSTEIN: And I want to understand what  
9 may drive the variance between what is approved and  
10 what ultimately may happen. And as I understand,  
11 this would be things like changes in discount rate,  
12 the investment performance, inflation rates. Those  
13 are things that may impact the difference between  
14 actuals and what is embedded in the revenue  
15 requirement?

16 A. KOGAN: As I am sure you know, a number of  
17 factors could impact variances in actual and forecast  
18 pension and OPEB costs, including the types of  
19 assumptions that you have listed. Discount rates are  
20 often a major driver. Some of the other assumptions  
21 as well.

22 M. RUBENSTEIN: Would it also include the number  
23 of employees OPG has at any given time and their  
24 compensation levels?

25 A. KOGAN: Yes.

26 M. RUBENSTEIN: So, for example, if OPG hires  
27 more employees over the term than forecast, the  
28 account would capture an amount related -- all else

1 being equal, would capture an amount related to the  
2 pension and OPEB costs?

3 A. KOGAN: Yes. As it would if OPG hired fewer  
4 employees than forecasted. And that would be  
5 consistent with how the account would have been  
6 approved and operated historically.

7 M. RUBENSTEIN: But this is different than other  
8 aspects of compensation, of which there are no  
9 variance accounts, there are no general variance  
10 accounts, unless it is project-specific or there is  
11 something like that; correct?

12 A. KOGAN: I agree there are no general variance  
13 accounts in respect of compensation costs.

14 M. RUBENSTEIN: Okay. Thank you very much.

15 Can we go to D3-CCC-61. So this relates to the  
16 new headquarters. If we can go to part C -- no, not  
17 part C. One second. All right. We will have to  
18 come back to that. I obviously have the wrong  
19 interrogatory.

20 Can we go to D3-SEC-118.

21 A. KOGAN: We have that.

22 M. RUBENSTEIN: So we asked you why the DNNP  
23 requires its own EAM system and why it cannot use  
24 OPG's. You mentioned that at the time of the  
25 application. They were to be separate, but now there  
26 is going to be a single one for nuclear and one for  
27 renewable generation; do you see that?

28 A. MELARANGO: I think what this is saying is

1 the plan is still to have a DNNP EAM system, but OPG  
2 will be pursuing an EAM system corporate-wide.

3 M. RUBENSTEIN: Okay. So there is not going to  
4 be one OPG and DNNP EAM system? Since the filing of  
5 the application, there hasn't been that change? It  
6 is a bit unclear to me.

7 Anyways, let me short circuit this. I am going  
8 to ask an undertaking. It is not clear to me what  
9 the cost implications of -- what has occurred since  
10 the filing of the application with respect to this  
11 issue. Is the changes in the -- in what has happened  
12 increase the costs, reduces the costs? Is that  
13 something you can...

14 A. KOGAN: So I think you are requesting us to  
15 take a look to see if, in the context of this  
16 interrogatory response or perhaps otherwise, there  
17 have been material developments in these projects  
18 that are -- that would impact the cost forecast  
19 reflected in the application?

20 M. RUBENSTEIN: Yes, please.

21 A. KOGAN: We will do that.

22 M. MILLAR: JT-5. -- are we 18 or 19 now? Did  
23 we mark 18? 19, okay. JT-5.19.

24 **UNDERTAKING JT-5.19: ADVISE WHETHER THERE HAVE**  
25 **BEEN MATERIAL DEVELOPMENTS IN THE PROJECTS THAT**  
26 **WOULD IMPACT THE COST FORECAST REFLECTED IN THE**  
27 **APPLICATION IN THE CONTEXT OF THE INTERROGATORY**  
28 **RESPONSE AT D3-SEC-118**

1 M. RUBENSTEIN: Okay. Can we go back now to D3-  
2 CCC-61. And the question asked that:

3 "Once the parking expansion is included in  
4 total cost, based on the recent estimates,  
5 please provide the total capital cost of the  
6 CHQ-related projects that will be recovered  
7 from ratepayers." (as read]

8 And then you provide the response in that 167 of  
9 the headquarter costs will be allocated to ratepayers  
10 and 25 of the parking lot; do you see that?

11 A. MELARANGO: I do.

12 M. RUBENSTEIN: Now, when I compare that to the  
13 costs that are set out in the evidence on a global  
14 basis, so not the allocation of [indiscernible], I  
15 get a higher percentage of costs that are allocated  
16 to ratepayers for the parking lot than the building,  
17 and I would have thought they would -- it would be  
18 the same thing.

19 A. MELARANGO: The nuance here is that we are  
20 excluding any depreciation amounts from 2023 to 2026  
21 because we are not seeking recovery of those amounts  
22 from ratepayers. So it is essentially the net book  
23 value at the end of 2026 over the life.

24 M. RUBENSTEIN: Okay. So the net book value is  
25 not the 190.8?

26 A. MELARANGO: Correct.

27 M. RUBENSTEIN: Okay. That clears that up.  
28 Thank you very much.

1           Can we go to D3-SEC-119. So we asked you about  
2 the budget -- go up for a second. We asked you about  
3 the budget for the new supply chain ERP. And if you  
4 go to line 35, you say "Since the filing of the  
5 application --" so you talk about how you have  
6 determined the budget, and then you say, line 35:

7           "Since the filing of the application, the  
8 project has passed Gate 1 and the SAP S/4 HANA  
9 has been selected as the appropriate technology  
10 solution. As a project is in the initiation  
11 phase, the cost and schedule estimates provided  
12 in the evidence should be considered  
13 preliminary high-level estimates and subject to  
14 change and early project planning and should  
15 not be used for the basis of comparison to  
16 future project estimates or actual future  
17 project performance." (as read]

18           Do you see that?

19           A. KOGAN: Yes.

20           M. RUBENSTEIN: So how can the OEB rely on the  
21 cost estimate when, as I read this, put it  
22 charitably, you are telling us, beware of those cost  
23 estimates?

24           A. KOGAN: I think what we are saying here --  
25 and I don't think it is really any different than for  
26 projects in our generation business -- is that this  
27 is not a Class 3 or execution estimate for this  
28 project. I wouldn't read into it more than that.

1 Otherwise, it is an appropriate forecast amount that  
2 is available now for purposes of setting rates.

3 M. RUBENSTEIN: But we shouldn't use it -- when  
4 the project is complete, we shouldn't use it to  
5 compare?

6 A. KOGAN: I am not an expert in project  
7 management, but, again, it is the same, I think,  
8 position that we have taken and, I think, that the  
9 OEB has acknowledged, that it is the execution  
10 estimates and budgets that are the performance  
11 yardstick, if you will, the relevant estimates to  
12 consider actual project performance against. And  
13 that is what this was intended to convey.

14 M. RUBENSTEIN: Could we go to F3-SEC-172. And  
15 I have asked your colleagues on Panels 1 and 2  
16 similar questions with respect to almost identical  
17 interrogatories.

18 So we asked with respect to certain initiatives  
19 that the company has talked about to quantify the  
20 savings, and in doing so, to provide the basis of the  
21 calculation, including any assumptions. And if we go  
22 down on page 2 to line 4, the company says:

23 "The OPG is unable to attribute discrete cost  
24 savings to individual initiatives as overall  
25 performance reflects the interacting effects of  
26 multiple initiatives, external conditions, and  
27 other operational factors that together drive  
28 aggregate outcomes." (as read]

1 Do you see that?

2 A. MELARANGO: Yes, we do.

3 M. RUBENSTEIN: Do any of these initiatives have  
4 KPIs that discuss cost savings, productivity, or  
5 quantify the outcomes?

6 A. MELARANGO: If we maybe just go down -- down  
7 the list here, I think maybe starting with IT, there  
8 are KPIs related to service levels with -- sorry,  
9 service levels related to support for IT services.  
10 So they do track that to ensure that, you know, we  
11 are effectively managing tickets across the company.

12 There is also -- within HR, I think we provided  
13 an interrogatory that outlines several KPIs related  
14 to recruitment. With respect to procurement and  
15 vendor programs. In here, I think we did list with  
16 respect to nuclear supplier streamlining, nuclear  
17 supplier qualifications, we have seen a 50 percent  
18 reduction in qualification timelines. There is also  
19 -- again, with respect to supply chain metrics around  
20 supplier -- managing supplier relationships.

21 So we are looking for continuous improvement in  
22 supplier relationships, and we actually evaluate  
23 suppliers and give them feedback on various  
24 components.

25 M. RUBENSTEIN: Sorry. I just -- I don't want  
26 to interrupt. I am not asking about KPIs generally,  
27 but do you have any KPIs that quantify cost savings,  
28 cost avoidance, you know, productivity improvements

1 in terms of dollars? Do you have any of those for  
2 any of these initiatives?

3 A. KOGAN: We were just conferring, Mr.  
4 Rubenstein, to say that, you know, things like how  
5 many IT tickets or how quickly IT tickets are closed  
6 is an example for these metrics. Or, you know, the  
7 qualification of suppliers in supply chain, certainly  
8 the number of HR metrics that we have in  
9 interrogatory SUP-13, I think those are important  
10 metrics, from our perspective, that do -- that do  
11 reflect the efforts of the initiatives and the  
12 results of the initiatives that are discussed here  
13 and other initiatives.

14 So we do consider them to be impactful to the  
15 productivity and outcomes and cost containment that  
16 these functions are performing. I am not sure if you  
17 are looking for a very specific sort of dollar per  
18 widget metric when you are asking your question.

19 M. RUBENSTEIN: Well, I am asking, do you have  
20 any KPIs that go to that -- I don't want to say  
21 "dollar per widget," but anything that quantifies  
22 savings? The reason I ask is because this -- a  
23 similar answer was provided with respect to the  
24 nuclear Panel, and it was shown that at least in the  
25 past with respect to one of the initiatives, they had  
26 a KPI that did actually do this.

27 A. KOGAN: Referencing, for example, that --  
28 just a metric that in the end didn't pan out, we will

1 call it, with respect to one of the nuclear  
2 initiatives the other day, if you are looking for a  
3 similar type of metric for the corporate groups, we  
4 are not aware of such a metric.

5 M. RUBENSTEIN: Thank you very much.

6 Can we go to G2-SEC-202. And in part C, we  
7 asked what revenue from Laurentis is included in  
8 OPG's 2027 to 2031 other revenue forecast, and you  
9 say "none." Do I understand that any amounts  
10 recovered from Laurentis for use of OPG personnel --  
11 where do they show? Is the OM&A net of those  
12 amounts? Are they included in other revenue? That  
13 was trying to -- that is what that question was  
14 trying to get at.

15 A. MELARANGO: So it would be applied as a net  
16 reduction to OM&A.

17 M. RUBENSTEIN: And do you forecast that, or is  
18 that you don't forecast -- like, in this application,  
19 do you forecast OPG employees will do work for  
20 Laurentis and it is net of that, or is it you don't  
21 make any forecast for that occurring?

22 A. MELARANGO: Yes, we do forecast that.

23 M. RUBENSTEIN: Is those numbers in the  
24 evidence?

25 A. MELARANGO: They are not directly in  
26 evidence, no.

27 M. RUBENSTEIN: Can you provide the '27 to '31  
28 amounts that you built in that you expect to receive

1 from Laurentis, I guess, that would be netted out in  
2 the OM&A calculation, from what I understood?

3 C. KEIZER: Can I just have a moment?

4 A. KOGAN: I am just -- I am just pausing  
5 because I am wondering, how is this different from  
6 asking us to componentize our unregulated costs that  
7 are not reflected in this application?

8 M. RUBENSTEIN: Well, but I as -- understood you  
9 do -- this relates to Laurentis using OPG-regulated  
10 employees, and I was trying to understand, as I  
11 understand, you recover costs for that. And I was  
12 just -- and the question first asks, is that another  
13 revenue, or is that netted out of OM&A? I understood  
14 from the response that it is netted out of OM&A, so  
15 it...

16 A. KOGAN: So this would be, then, in respect of  
17 not a corporate cost that is allocated to Laurentis  
18 because that would not feature in the application,  
19 but in reference to costs for a nuclear division  
20 employee that has been forecasted and credited out  
21 from the nuclear business OM&A.

22 M. RUBENSTEIN: Yeah, it is not about allocation  
23 of corporate costs to the unregulated entity,  
24 Laurentis. It is the use of regulated resources,  
25 what those amounts are that you have netted out.

26 A. KOGAN: On that basis, we will undertake.

27 M. MILLAR: It is JT-5.20.

28 **UNDERTAKING JT-5.20: PROVIDE THE BUILT-IN 2027**

1           **TO 2031 AMOUNTS THAT ARE EXPECTED TO BE RECEIVED**  
2           **FROM LAURENTIS THAT WOULD BE NETTED OUT IN THE**  
3           **OM&A CALCULATION**

4           M. RUBENSTEIN: Can we go to F4-SEC-179,  
5 Attachment 2. As I understand, this is the services  
6 agreement between OPG and Laurentis. And if we can  
7 go to page 4, as I read Section 1.6, this is  
8 essentially how the cost -- this governs those costs  
9 when OPG is providing a service to Laurentis,  
10 providing employees to Laurentis?

11          A. KOGAN: That is what it says.

12          M. RUBENSTEIN: And so as I understand Section  
13 1.61, it is either at the market price -- it is at  
14 the greater of the market price or, as I read, to be  
15 sort of summarizing, sort of on an allocated cost  
16 basis; do I have that right?

17          A. KOGAN: That is what it says.

18          M. RUBENSTEIN: Do you ever use -- is it ever  
19 governed by the market price, or is it always just an  
20 allocated price?

21          A. KOGAN: To our knowledge, we are aware of  
22 Section 1.62 being utilized.

23          M. RUBENSTEIN: So essentially, it is just a  
24 cost recovery basis?

25          A. KOGAN: Again, to our knowledge, we may not  
26 know of every transaction.

27          M. RUBENSTEIN: Now, as I understand, so what  
28 would happen, Laurentis needs your services, Mr.

1 Kogan, for something, and OPG then invoices, you  
2 know, your allocated cost for that period of time?

3 A. KOGAN: I am not sure whether they use my  
4 services, but if you are thinking, for example, more  
5 aptly about a -- somebody working directly in the  
6 regulated nuclear -- nuclear -- nuclear business  
7 whose services are provided to Laurentis, my  
8 understanding is that utilizing Section 1.6.2, they  
9 are fully allocated, and burdened costs, as written  
10 out here, would be invoiced to Laurentis.

11 M. RUBENSTEIN: And there is no margin above  
12 that?

13 A. KOGAN: Not to my knowledge.

14 M. RUBENSTEIN: And as I understand, Laurentis,  
15 as a business, it offers services on a for-profit  
16 basis. It is seeking on a for-profit basis; correct?

17 A. KOGAN: I can confirm that Laurentis is a  
18 for-profit entity.

19 M. RUBENSTEIN: But none of that profit -- no  
20 portion of it, then, goes back to OPG when it is  
21 utilizing OPG employees to undertake that service  
22 that it sells?

23 A. KOGAN: I think the answer may be partly  
24 complicated by the -- any interaction that may exist  
25 with the, for example, isotope asset service fees  
26 that are computed in a certain way that implicitly  
27 contains a return on capital component. If the  
28 scenario were to be simple that no assets were

1 involved, there is no mechanism in place that  
2 compensates OPG based on an element of profit that  
3 Laurentis may make, noting, of course, that they are  
4 a standalone for-profit business that takes on its  
5 own risks and injects their own resources in terms of  
6 any commercial opportunities that they may pursue.

7 M. RUBENSTEIN: Thank you very much.

8 Can we go to 4 -- and I am almost done. Can we  
9 go to F4-AMPCO-124. And in Attachment 1, you  
10 provided the 2025 scorecard. This is the corporate  
11 scorecard for 2025; correct?

12 C. DOMJANCIC: Yes, that is the 2025 corporate  
13 scorecard.

14 M. RUBENSTEIN: Is that -- is that -- and that  
15 is on a corporate OPG basis, not a regulated basis?

16 C. DOMJANCIC: Correct.

17 M. RUBENSTEIN: Can you provide the '20 to '24  
18 scorecard and the 2026 scorecard?

19 C. DOMJANCIC: Sorry. Just to confirm, you want  
20 the 2024 and 2026 corporate scorecards?

21 M. RUBENSTEIN: 2022 to 2024 and then 2026.

22 Thank you.

23 C. DOMJANCIC: Yes we will undertake to provide.

24 M. MILLAR: That is JT-5.21.

25 **UNDERTAKING JT-5.21: PROVIDE THE 2022 TO 2024**  
26 **CORPORATE SCORECARDS AND THE 2026 CORPORATE**  
27 **SCORECARD**

28 M. RUBENSTEIN: Can we go to H1-1-1, Table 1B.

1 Can OPG provide a revised version or additional  
2 column to this table that shows the principle  
3 balances in each of the accounts which it is seeking  
4 disposition in this proceeding, showing the amount  
5 that it is seeking approval for disposition.

6 The reason I ask this is because OPG, the way  
7 you guys do your DVA balance tables is you -- you  
8 don't clear them. You essentially, every year when  
9 you are -- based on previously-approved amortized  
10 amounts, and it is never clear exactly what is the  
11 actual principle balance that has not been approved  
12 by the Board or has not been looked at. Is that  
13 something you can do?

14 S. VISWANATHAN: If we could go to Exhibit H1-2-  
15 1, Table 1.

16 M. RUBENSTEIN: Is this where you tell me you  
17 have done this already?

18 S. VISWANATHAN: Well, I was going to clarify,  
19 but we can bring it up. So using regulated  
20 hydroelectric as an example here, Mr. Rubenstein --

21 M. RUBENSTEIN: Yeah.

22 S. VISWANATHAN: -- so column A here would, as  
23 you described earlier, show the cumulative approved  
24 balance.

25 M. RUBENSTEIN: Mm-hmm.

26 S. VISWANATHAN: But columns B and C remove  
27 those balances that have been previously approved for  
28 recovery.

1 M. RUBENSTEIN: Mm-hmm.

2 S. VISWANATHAN: And column F there shows the  
3 amounts that are recoverable in the current  
4 application on the basis on which the riders are  
5 calculated. The only thing is that the amounts that  
6 are recoverable would include the accumulated  
7 interest charges as well. Is that sufficient to  
8 respond to your question?

9 M. RUBENSTEIN: Yes, it is. Thank you very  
10 much.

11 And with that, those are my questions. Thank  
12 you very much.

13 M. MILLAR: Thank you, Mr. Rubenstein.

14 I think we should take our break because there  
15 was something that you wanted to confer with Mr.  
16 Rubenstein over the break, unless -- and we are about  
17 ready for a break now anyway. So let's come back in  
18 -- is 15 minutes enough, Mr. Keizer? Okay. Let's  
19 come back at 3:10, after which you are up, Mr. Pinto.

20 K. PINTO: Thank you, Mr. Millar.

21 --- Upon recessing at 2:54 p.m.

22 --- Upon resuming at 3:10 p.m.

23 M. MILLAR: Before we get to Mr. Pinto, Mr.  
24 Keizer, Mr. Rubenstein, was there some follow-up to  
25 the discussion you had earlier?

26 C. KEIZER: Yeah, we had a discussion with Mr.  
27 Rubenstein regarding a particular aspect we took away  
28 at the break relating to business metrics, but I will

1 turn it over to Mr. Kogan to relate what we  
2 understand the undertaking to be. And the  
3 undertaking would be confidential. Anyway.

4 A. KOGAN: Yes. A confidential undertaking to  
5 provide the calculation in Excel format underpinning  
6 the current metrics in SEC-35 interrogatory  
7 separately showing the concurrent cost recovery line  
8 item and with -- in a meaningful but sufficiently  
9 summarized level of detail that, where possible for  
10 the main items, anchors the business plan information  
11 for the company.

12 M. MILLAR: JT-5.22. And that is a confidential  
13 undertaking.

14 **UNDERTAKING JT-5.22: PROVIDE A CALCULATION IN**  
15 **EXCEL FORMAT UNDERPINNING THE CURRENT METRICS IN**  
16 **SEC-35 SEPARATELY SHOWING THE CONCURRENT COST**  
17 **RECOVERY LINE ITEM IN A MEANINGFUL BUT**  
18 **SUFFICIENTLY SUMMARIZED LEVEL OF DETAIL THAT**  
19 **ANCHORS THE BUSINESS PLAN INFORMATION FOR THE**  
20 **COMPANY**

21 M. MILLAR: Anything further before we get back  
22 to the questioning?

23 C. KEIZER: Nothing further for us.

24 M. MILLAR: Okay.

25 Mr. Pinto, that brings us to you, and I have you  
26 down for 15 minutes. Please go ahead.

27 **EXAMINATION BY K. PINTO:**

28 K. PINTO: Thank you, Mr. Millar, and thank you,

1 Panel. Again, just a very brief -- Keith Pinto. I  
2 am an independent intervenor. I appear as an  
3 individual ratepayer and do not represent any  
4 organization or commercial interest. My questions  
5 are focused on affiliate governance, decision  
6 independence, cost allocation, and where those  
7 controls are demonstrated on the record. Some  
8 matters raised during Panel 3 were better suited for  
9 Panel 4, so I will try to keep my questions within  
10 this Panel's scope.

11 I will just note a note of appreciation to Mr.  
12 Rubenstein for -- again, just like yesterday, for  
13 sort of clearing some common items, so that is very  
14 helpful. And just for transparency again, I would  
15 just highlight that I have worked with some  
16 individuals of the Panel, including Alex Kogan and  
17 Cynthia Domjancic, and I note that only for context,  
18 not for evidence. So I will start -- I will start  
19 there.

20 The first question that I have is regarding  
21 structure and cost production. So how does OPG  
22 ensure that affiliate-related decisions do not affect  
23 costs allocated to the regulated business?

24 A. KOGAN: Mr. Pinto, I would refer you to  
25 interrogatory F3-Pinto-3 at page 6 that provides a  
26 responsive discussion of OPG's cost allocation  
27 methodology that seeks to ensure that the costs are  
28 appropriately attributed as between the regulated and

1 the unregulated business.

2 K. PINTO: Okay, thank you. Thank you, Alex.

3 On a practical level, how is that controlled?

4 A. KOGAN: Mr. Pinto, could you just elaborate  
5 on that question so it is clear for me?

6 K. PINTO: I guess where is that operationally  
7 demonstrated in actuality? So how -- from a  
8 practical level, how is that controlled?

9 If it would be helpful for me to sort of restate  
10 the question, I suppose what I am asking is what  
11 practical control prevents affiliate-related  
12 decisions sharing -- shared functions or cross-entity  
13 activity from affecting the costs charged to the  
14 regulated ratepayer? I am not sure if that helps.

15 C. DOMJANCIC: Mr. Pinto, the methods of  
16 internal control are not necessarily unique. We have  
17 a governance structure, an organizational authority  
18 register, and generally, time sheets and purchases  
19 are approved by appropriate supervisors. So those  
20 approvals would provide that assurance.

21 K. PINTO: Okay. Thank you, Cynthia. Okay. I  
22 will move on. Where do we want to go here? Let's  
23 move to sort of verification.

24 How would the board verify that those costs have  
25 been appropriately allocated?

26 A. KOGAN: So as we had a discussion with Mr.  
27 Rubenstein, our cost allocation methodology  
28 underpinning this application and the business plan

1 has been independently reviewed in accordance with  
2 the terms of the engagement with Elenchus Research  
3 Associates, and that is on file in this proceeding.  
4 And we have also undertaken to Mr. Rubenstein to  
5 provide the -- what I will characterize, the direct  
6 costs of the regulated nuclear business that have  
7 been planned to be recovered for services that may be  
8 provided by OPG to Laurentis in the IR term.

9 K. PINTO: Okay. I am not sure that -- I am not  
10 sure that we will wind up on that one, so bear with  
11 me for one second. Okay. That is fine. We will  
12 move on from there.

13 The next question -- actually, I don't have too  
14 much left, actually. We have covered some good  
15 ground. Decision independence. When personnel or  
16 responsibilities span OPG and affiliates, how is  
17 decision independence maintained in practice?

18 A. STERNBERG: Mr. Pinto, while the panel is  
19 conferring, maybe you can assist us. As you are  
20 aware, the motions decision was clear that the  
21 oversight and management of unregulated affiliates is  
22 out of scope. Questions may be relevant if they  
23 relate to proportionate allocation of costs. So  
24 bearing that in mind, I don't know if you can assist  
25 us further with what you are asking.

26 K. PINTO: Sure.

27 A. STERNBERG: And if you are seeking to clarify  
28 a piece of the evidence or interrogatory response,

1 perhaps you can point us there to assist us.

2 K. PINTO: Sure. I guess what I am looking for  
3 is the distinction between policy design and the  
4 actual control application.

5 A. STERNBERG: Relating to cost allocation?

6 K. PINTO: You know, maybe it would be helpful  
7 if I sort of reframe.

8 So what practical control ensures the cross  
9 entities roles or responsibilities do not compromise  
10 independent decisionmaking?

11 A. STERNBERG: I think the way you have framed  
12 it, it sounds like it is out of scope because it  
13 sounds like it is a question just solely pertaining  
14 to the oversight and management involving unregulated  
15 affiliates, which the Board has confirmed is out of  
16 scope.

17 K. PINTO: Very well. Thank you.

18 Let's move on to cost and risk linkage. What  
19 risks are considered -- sorry, bear with me for one  
20 second.

21 All right. I am going to move to IR number 1  
22 and 2. And in relation to support facilities and  
23 storage arrangements that support the regulated  
24 operations, the records show the specific facilities  
25 used and the responsible entity and the cost  
26 allocation treatment.

27 A. KOGAN: Are you seeking to understand which  
28 physical facilities are included within the scope of

1 the regulated business --

2 K. PINTO: Yes.

3 A. KOGAN: -- [indiscernible] shared?

4 K. PINTO: Regarding -- yes. Regarding -- so if  
5 a support facility or a storage arrangement supports  
6 the regulated operations, where can the Board see who  
7 is responsible for it and how those costs are  
8 allocated?

9 A. KOGAN: So from a cost perspective, for  
10 physical facilities, for the owned facilities that  
11 are commonly used across the enterprise, we charge --  
12 we implement an asset service fee structure that can  
13 be found in Exhibit F3-2-1, for a number of  
14 facilities that are not directly in scope included in  
15 rate base of the regulated and regulated  
16 hydroelectric business.

17 K. PINTO: Sorry. Are you finished there, Alex?

18 A. KOGAN: I am finished, Mr. Pinto.

19 K. PINTO: Okay. Very good.

20 Has OPG filed any materials in this proceeding  
21 that identify or quantify critical inventory  
22 supporting nuclear operations? I am circling back to  
23 some matters that were moved over to Panel 4 from  
24 Panel 3.

25 A. KOGAN: If it is helpful, I can point you to  
26 some rate base evidence at Exhibit B1-1-1 that has --  
27 that includes a discussion of materials and supplies  
28 inventory with respect to our nuclear business.

1 K. PINTO: Not to interrupt you. I am  
2 specifically interested in critical inventory and any  
3 analysis on operational importance.

4 A. KOGAN: I don't think this Panel can speak to  
5 the operational aspects of the nuclear business,  
6 including critical inventory.

7 K. PINTO: Okay. Thank you.

8 In the event of an unplanned loss of critical  
9 inventory, is there any analysis on record of  
10 operational or cost impacts regardless of ownership?  
11 And I guess -- I don't want to sort of layer on the  
12 question. Part of what I am asking as well is how  
13 those risks are incorporated into the planning  
14 assumptions for the regulated business operations.

15 C. DOMJANCIC: Mr. Pinto, with respect to  
16 critical inventory, our understanding is that there  
17 are critical spares available in inventory that have  
18 been identified, largely managed by our engineering  
19 function. So they would determine which parts are  
20 critical and appropriately have redundancies as  
21 needed with respect to critical spares. And then I  
22 will pass it over to my colleague Mr. Kwok.

23 A. KWOK: With respect to the loss of inventory  
24 and/or other property, OPG does procure insurance  
25 policies to cover those losses.

26 K. PINTO: Okay. Very good. Thank you.

27 Could I ask OPG to take an undertaking to  
28 identify what the operational impacts and the cost

1 implications would be to a loss of critical  
2 inventory?

3 A. KOGAN: So this is a hypothetical analysis of  
4 costs --

5 K. PINTO: Sure --

6 A. KOGAN: -- you are asking for that would  
7 arise if the --

8 K. PINTO: Yeah -- sorry, Alex. Just to  
9 simplify it for you, what I would suggest is maybe we  
10 take the Whitby location as a case study and apply  
11 the logic of a loss of critical -- of the critical  
12 inventory in that type of scenario, or whatever the  
13 new warehouse is that DNNP is going to be using for  
14 that purpose.

15 A. KOGAN: So these are not costs that are  
16 forecast or sought in the revenue requirement, to be  
17 clear. This would be hypothetical analysis of the  
18 costs that would be incurred in the event that some  
19 form of loss occurred that you are referring to?

20 K. PINTO: What I would say that as is part of a  
21 prudent risk management process, I would expect that  
22 OPG probably has some quantification of what the  
23 impacts would be operationally if they lost those  
24 critical inventories or if those critical inventories  
25 were, for some reason, not available to OPG.

26 A. STERNBERG: Mr. Pinto, based on the broad and  
27 hypothetical nature of your question and the  
28 clarifications you just provided, it doesn't strike

1 us as being a relevant request.

2 K. PINTO: Okay. Fair enough. Thank you. I  
3 will move on. I have got two more [indiscernible],  
4 and then we are wrapped up here.

5 We are going to focus a little bit on -- a  
6 little bit more on governance, risk, and cost. Where  
7 does OPG show that governance or oversight risks are  
8 assessed in a way that connects to the regulated  
9 business cost or planning?

10 A. STERNBERG: Mr. Pinto, I am not sure if we  
11 are clear what you are asking. Can you reframe it or  
12 restate it for us, please.

13 K. PINTO: Sure. Yeah. What materials show how  
14 governance or oversight considerations are  
15 incorporated into the risk management processes  
16 relevant to the regulated business? Is that helpful?

17 C. DOMJANCIC: Mr. Pinto, we have a risk  
18 management framework that we follow. It has a  
19 regular cadence of risk review, both at a business  
20 unit level and at an enterprise level. There is  
21 regular oversight and reporting on all risks that are  
22 captured at all of those levels.

23 K. PINTO: And, sorry, that is available here on  
24 the record for the Board?

25 A. KOGAN: We don't believe so.

26 K. PINTO: Could I request an undertaking for  
27 that to be supplied?

28 S. ZADEH: Mr. Pinto, we can provide you with a

1 copy of our enterprise risk management policy.

2 K. PINTO: Is there anything that shows how that  
3 works in practice? And, again, I would be happy to  
4 keep it -- keep it completely focused on the case  
5 study aspect of Whitby in order to keep it contained.

6 S. ZADEH: Sorry, Mr. Pinto, we are trying to be  
7 helpful, so just trying to understand your ask. So  
8 you want to see how the enterprise risk management  
9 policy -- why don't you restate your question,  
10 please, and then I will see if I can help.

11 K. PINTO: Sure. I would like to understand how  
12 it works in practice. And perhaps -- what I was  
13 suggesting is we could use the Whitby location as an  
14 example of how that risk management applies as a case  
15 study.

16 C. DOMJANCIC: Mr. Pinto, we will undertake to  
17 describe the risk policy and, in general terms, how  
18 it is applied.

19 K. PINTO: Okay. Very well. Thank you.

20 M. MILLAR: Okay. So, Mr. Pinto, I am going to  
21 mark that. That is JT-5.23.

22 **UNDERTAKING JT-5.23: DESCRIBE THE RISK**  
23 **MANAGEMENT POLICY AND, IN GENERAL TERMS, HOW IT**  
24 **IS APPLIED**

25 M. MILLAR: And just, Mr. Pinto, while I have  
26 the mic, I know it can be easy to slip into  
27 informality a little bit in these technical  
28 conference sessions, and I have certainly been guilty

1 of that many times myself, but I ask that you refer  
2 to the witnesses by their last name when you address  
3 them with the appropriate --

4 K. PINTO: Oh, I apologize.

5 M. MILLAR: No, I have done it many times  
6 myself. Just a short reminder.

7 K. PINTO: No, I appreciate the coaching, and my  
8 apologies for that.

9 The -- just a final question: If the Board  
10 wanted to independently verify that affiliate-related  
11 controls are functioning as intended, what documents  
12 in the current record would allow the Board to do so?

13 A. STERNBERG: I am not sure if the Panel has  
14 something responsive that is relevant that they can  
15 assist you with. But, again, I would note that the  
16 motion's decision was clear that the management and  
17 oversight of unregulated affiliates is not, itself,  
18 in scope. So I am not sure if you have a further  
19 question that is more related to cost allocation or  
20 something that is in scope. If so, that would be  
21 helpful if you can ask that, and subject to that, I  
22 am not sure if the Panel can assist you.

23 K. PINTO: Fair enough. I would pose that that  
24 independence is a risk to cost, but maybe what I will  
25 do is -- let me try reposing it: What document, if  
26 any, lets the Board test whether the controls worked  
27 rather than simply accepting that a control exists?

28 A. KOGAN: I think, Mr. Pinto, it -- overall, in

1 a manner of speaking, it all rolls up into our  
2 audited financial statements that contain segmented  
3 information by costs, and that separates our  
4 regulated business from our unregulated business by  
5 those segments.

6 Those financial results are audited by the  
7 external auditors and are subject to all the  
8 requisite internal controls over financial reporting  
9 that an entity such as OPG is expected to have in  
10 place.

11 K. PINTO: Okay. Thank you. So it is -- that  
12 material would not be on the record, then?

13 A. KOGAN: Well, the audited financial  
14 statements for the company are certainly on the  
15 record --

16 K. PINTO: Appreciate it.

17 A. KOGAN: -- and publicly available, along with  
18 [indiscernible] unqualified audit opinions.

19 K. PINTO: Okay. Very well. Thank you. Thank  
20 you, Mr. Kogan.

21 That is all I got. Based on the discussion, it  
22 appears that some supporting documentation on how  
23 these frameworks operate in practice may not yet be  
24 clearly identifiable on the record. I suppose if  
25 that is the case, we want to see additional evidence  
26 or undertakings for that purpose. But that is all I  
27 got. Thank you very much, Panel. That is my  
28 questions for today.

1 M. MILLAR: Thank you very much, Mr. Pinto.

2 K. PINTO: Thank you, Mr. Millar.

3 M. MILLAR: Mr. Pinto was the last person on our  
4 list. Is there anyone else who has any questions for  
5 this panel?

6 Okay. Not seeing anything. Mr. Keizer, are  
7 there any final matters we need to review before we  
8 adjourn for the day?

9 C. KEIZER: I do not believe there are. I think  
10 we are done.

11 M. MILLAR: You have quite a number of  
12 undertakings, obviously. Any guesstimate on timing  
13 for those, or should we sit tight?

14 C. KEIZER: I believe there is a date set in the  
15 --

16 M. MILLAR: I am sorry. There is, yes. Do you  
17 expect you will be able to meet that?

18 C. KEIZER: Well, it is --

19 M. MILLAR: Because if you don't, we will hear  
20 from you.

21 C. KEIZER: Not me personally, but OPG, I am  
22 sure, will meet that day, yes.

23 M. MILLAR: Okay. Thank you very much.

24 Thank you to the witnesses for your assistance  
25 today. Thank you to all the parties, and thank you  
26 especially to the court reporter. And we are  
27 adjourned.

28 --- Whereupon the proceeding adjourned at 3:39

1

p.m.

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