

LEAD/LAG STUDY

1.0 INTRODUCTION

The purpose of a lead/lag study is to provide a measure of the amount of investor funds used in sustaining utility operations from the time expenditures are made until the time payment is received.

Generally a utility provides service prior to receipt of payment from ratepayers, and there is also a delay in payment for goods and services acquired by the utility. A lead/lag study is used to analyze transactions throughout the year to determine the number of days between the time services are rendered and payment is received (revenue lag), and the number of days between the time expenditures are incurred and payment is made for such services (expense or payment lead). In some instances, revenue may be received prior to payment for the related expense (i.e., a net lead or alternatively a negative net lag).

The revenue lag is compared to the expense lead and the net lag is applied to each category of operating expenses to determine the cash working capital requirements.

This document is laid out as follows:

1. Introduction
2. Methodology
3. Calculation of lead/lag days and 2006 cash working capital for generation sales
4. Calculation of lead/lag days and 2006 cash working capital for Bruce Lease revenue
5. Calculation of lead/lag days and 2006 cash working capital for other revenue
6. Calculation of lead/lag days and 2006 cash working capital for sales tax ("GST")

2.0 METHODOLOGY

OPG performed a lead/lag study based on 2006 financial information to determine the cash working capital requirements for its nuclear and regulated hydroelectric operations. This evidence outlines the methodology used by OPG to calculate lead/lag days. These lead/lag

1 days were then applied to operations in other years to estimate cash working capital for
2 those years.

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4 OPG's lead/lag study was based on an analysis of transactions during 2006, which was the
5 first full year of rate regulation for OPG and the most recent year for which financial
6 information was available when the study was conducted. Except where noted, the analysis
7 focused on transactions during the first six months of the year (January to June 2006), as it
8 was felt that the timing for delivery of services and payment for most expenses would not
9 change over the course of the year, and the additional effort of examining transactions
10 throughout the year would not make a material difference to the results. For transactions that
11 take place on a periodic basis, such as monthly, quarterly, or annually, OPG analyzed
12 transactions for the entire year. The transactions that were included in this study were
13 selected based on their dollar value, and sampling was utilized to balance accuracy of results
14 with the cost to perform the study.

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16 Materials, supplies, and inventory are excluded from cash working capital as they are
17 included as separate components of total overall working capital.

18
19 OPG's regulated business earns three types of revenues: (1) generation sales, (2) Bruce
20 Lease revenues, and (3) other revenues. Each of these revenue types has its own cash
21 receipt cycle. Therefore, three individual cash working capital components are analyzed in
22 order to more accurately reflect total working capital requirements. Each component of
23 working capital consists of revenue lags for each type of revenue and specific expense leads
24 that relate to each type of revenue. In addition to separate working capital calculations for the
25 three revenue streams, OPG calculated cash working capital requirements for the GST
26 separately and included it as a fourth component of cash working capital.

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28 Results are summarized in Chart 1:

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Chart 1
Summary of Results – 2006 Cash Working Capital (\$M) Types

Line No.	Item	Regulated		Total
		Hydroelectric	Nuclear	
		(a)	(b)	(c)
	Cash Working Capital:			
1	Generation	28.0	36.6	64.6
2	Bruce		1.5	1.5
3	Other Revenue		(0.4)	(0.4)
4	GST	(5.2)	(19.5)	(24.8)
5	Total	22.8	18.2	40.9

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5 **3.0 GENERATION SALES**

6 The largest component of revenue is generation sales, which consists of electricity sales and
 7 the provision of ancillary services to the IESO. The revenue lag associated with generation
 8 sales and the associated expense leads are described in the sections below, and the
 9 detailed cash working capital calculations are provided in Chart 4 (for nuclear generation)
 10 and Chart 5 (for regulated hydroelectric generation).

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12 **3.1 Revenue Lag - Generation**

13 As described in section 2.0, the revenue lag is the difference between the time OPG provides
 14 a service and the date when revenue in the form of cash is received. When a service is
 15 continuous, such as generation sales, the mid-point of the service period is considered the
 16 service date. For example, the service period for generation revenue earned on an hourly
 17 basis in the month of June would be June 15th. This approach is consistent with the approach
 18 used by other regulated companies in Ontario. OPG receives generation revenue from the
 19 IESO 14 business days after the end of the month, or approximately on the 20th of the
 20 following month.

1 OPG reviewed the IESO payment dates in 2006 and determined the number of lag days for
2 each calendar month. This information was used to calculate a simple average for the year
3 and resulted in a generation revenue lag of 35.7 days.

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5 Note that some companies split revenue lags into different components such as service lag,
6 billing lag, and collection lag. Because OPG provides service on a continuous basis and the
7 services provided are essentially billed on a real time basis, only a collection lag is required.

8 9 **3.2 Expense Lead - Generation**

10 As described in section 2.0, the expense lead is the difference between the time a service is
11 provided and the date that OPG pays for the service. Expense leads can vary by supplier
12 and/or by type of expense. The following expenses are associated with generation revenue:
13 fuel, OM&A, and other costs (e.g., property tax, capital taxes, etc.).

14 15 **3.2.1 Expense Lead - Generation Fuel**

16 Nuclear fuel expenses are excluded from cash working capital as they are reflected in fuel
17 inventory working capital (as described in Ex. B1-T1-S1).

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19 Regulated hydroelectric “fuel” expense consists of; gross revenue charges (“GRC”) which
20 are paid mid-month to the Ontario Electricity Financial Corporation (“OEFC”) and to the
21 Ministry of Finance, and payments to the St. Lawrence Seaway Management Corporation
22 which are paid annually, at mid-year. OPG examined all GRC payments from January
23 through June 2006 and the GRC expense lead was determined to be 1.1 days.

24 25 **3.2.2 Expense Lead - OM&A Labour**

26 The most significant OM&A expense is labour. Labour expense includes salaries, wages,
27 and payroll burdens, including benefits. Payroll burdens include the costs of pensions,
28 health, dental, life insurance benefits, statutory deductions for OPG’s share of Canada
29 pension plan and employment insurance, other post employment benefits (“OPEB”),

1 Workplace Safety and Insurance Board payments, fees to benefit carriers, and other costs.
2 For additional details regarding payroll, benefits, burden rates, etc., see Ex. F3-T4-S1.

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4 OPG has two types of payrolls for its employees:

- 5 • Biweekly - Most employees (approximately 90 percent) are paid on a bi-weekly basis.
6 The pay period is for two weeks ending on a Wednesday and OPG makes the payment
7 two weeks later on a Thursday.
- 8 • Monthly - The remaining ten percent of employees are paid on a monthly basis and these
9 employees are paid mid month.

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11 A sample of payments to employees, benefit carriers, Receiver General, pension funds, etc.,
12 were examined and the OM&A labour expense lead was determined to be 20.9 days. The
13 individual expense lead days are detailed in Chart 2 below. This rate was used for both
14 regulated hydroelectric and nuclear as the service period and payment dates are the same
15 for both business units.

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Chart 2
Payment Lead Days for Labour Expenses

Line No.	Item	Bi-weekly Days (a)	Monthly Days (b)	Burden Factor (c)	Bi-weekly Days (d)=(a)*(c)	Monthly Days (e)=(b)*(c)	Total Days
1	Pay				22.0		
2	Burdens:						
3	Health/Dental/Life	7.0	8.3	30.8%	2.2	2.6	
4	Carrier fees	14.6	36.6	1.5%	0.2	0.5	
5	Pension	(15.5)	6.5	19.9%	(3.1)	1.3	
6	EI/CPP	7.0	8.3	5.4%	0.4	0.4	
7	OPEB	8.0	30.0	7.3%	0.6	2.2	
8	WSIB	19.0	41.0	0.5%	0.1	0.2	
9	Total Days				22.4	7.2	
10	Weighting				90%	10%	
11	Total				20.2	0.7	20.9

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In addition to the bi-weekly and monthly payrolls, OPG maintains a weekly payroll for trade staff that are part of Electrical Power Systems Construction Association (“EPSCA”). The difference between the time the service is provided and pay dates for the EPSCA payroll produces a labour expense lead of 12.0 days.

3.2.3 Expense Lead - OM&A Other Expenses

Other OM&A expenses include costs for consultants, augmented staff, outsourced services, and other costs such as utilities and travel. For a complete description of OM&A expenses see Exhibit F1 for regulated hydroelectric and Exhibit F2 for nuclear.

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Listings of all payments made relating to large expenses (those with balances > \$1M as at December 31, 2005) were generated. A sample of invoices was then selected from these listings and used to determine the expense lead (date service performed compared to date

1 OPG paid the supplier). The sample values comprise about ten percent to 100 percent of the
2 total value of the populations of each cost category.

3
4 **3.2.4 Expense Lead - OM&A Centrally Held Costs**

5 In addition to the OM&A expenses incurred directly by each business unit, certain corporate
6 costs are allocated to business units' OM&A (see Exhibit F3). While the specific expenses in
7 this account vary from year to year, the most significant items (OPEB, pension, incentives,
8 and the Gregorian adjustment) exist every year. The expenses in the 2006 study are as
9 follows:

- 10 • OPEB/Pension: This OPEB/pension expense relates to past services and is in addition to
11 current OPEB/pension cost discussed in section 3.2.2. The expense lead days for
12 OPEB/pension was determined to be 17.1 days.
- 13 • Incentives: The corporate cash incentives are paid out annually in February for the
14 previous year resulting in an expense lead of 240.0 days.
- 15 • Health Tax: The health tax is the amount that OPG is required to pay Power Workers'
16 Union ("PWU") members. The 2006 liability is expected to be paid in February 2007 -
17 expense lead of 240.0 days.
- 18 • Ontario Nuclear Funds Agreement ("ONFA") Fee: OPG is required to pay the Province of
19 Ontario a fee for their guarantee to the Canadian Nuclear Safety Commission ("CNSC").
20 As required, OPG paid 11 months in advance - expense lead of (151.5) days.
- 21 • Ontario Electricity Financial Corporation Fee: Indemnity fee paid six months in advance -
22 expense lead of (91.3) days. Beginning in 2007 this fee has been eliminated and is not
23 included in future lead/lag calculations.
- 24 • Wellness (flu vaccine): OPG offers a flu vaccine to employees annually. This expense
25 was paid on the service date (i.e., when the flu vaccine was administered), and therefore
26 there is an expense lead of 0.0 days.
- 27 • Gregorian Adjustment: This adjustment is made annually to adjust the fiscal year to the
28 calendar year (see Ex. F3-T1-S1 for details). Although OPG's fiscal year-end is
29 December 31, financial systems are closed on the last Wednesday of December, which
30 will not necessarily be December 31. Since most of the adjustment relates to labour
31 costs, the OM&A labour expense lead of 20.9 days is used for the Gregorian adjustment.

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2 Expense Lead - Other Costs

3 Other costs consist of property tax, capital tax, large corporations tax, income tax, and
4 insurance expense.

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6 • Property Tax: Property tax consists of: 1) proxy property tax paid mid-month to the OEFC
7 and, 2) four (quarterly) payments to municipalities for the nuclear stations. This produces
8 an expense lead of 1.9 days.

9 • Capital Tax: Proxy Ontario tax instalments made at month end to the OEFC, producing
10 an expense lead of 15.1 days.

11 • Large Corporations Tax: The proxy federal tax on large corporations was eliminated as of
12 January 1, 2006.

13 • Income Tax: Proxy Ontario and federal income taxes instalments made at month end to
14 the OEFC, producing an expense lead of 15.1 days.

15 • Insurance: The January through June corporate insurance payments were reviewed and
16 the expense lead was determined to be (103.7) days.

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18 3.2.5 Expenses/Revenues Not Included

19 Consistent with regulatory practices in Ontario, corporate interest, return on equity and
20 certain non-cash items were excluded from the lead/lag study. The non-cash items include
21 future income taxes, accretion expense, and depreciation. OPG earns income on its
22 segregated nuclear funds, which is excluded from the revenue lag analysis since it is a non-
23 cash item. The following chart summarizes current industry practices with respect to the
24 treatment of non-cash items:

Chart 3
Comparison of Other Costs Expense Leads

Line No.	Company	Interest	Depreciation	Cash Income Taxes	Future income Taxes	Return on Equity
		(a)	(b)	(c)	(d)	(e)
1	OPG	no	no	yes	no	no
2	Hydro One	no	no	yes	no	no
3	Union Gas	no	no	no	no	no
4	Enbridge	no	no	no	no	no
5	Alberta	yes	yes	yes	no	yes
6	Nova Scotia	no	no	yes	no	no

4.0 BRUCE LEASE

The second distinct component of cash working capital is for the Bruce Lease. This relates to the lease of the Bruce A and B Generating Stations, which are owned by OPG, and leased to Bruce Power L.P. ("Bruce Power").

4.1 Bruce Revenue Lag

OPG receives rent from Bruce Power as part of the Bruce Lease. The terms of the lease stipulate that Bruce Power pay OPG 30 days after the end of each month. OPG also earns revenue from Bruce Power through the provision of services such as engineering and waste management services to Bruce Power. These services are invoiced on the 20th day of the month following when services were delivered and are due net 30 days. Therefore, payment is received 50 days after the end of the service month. The combination of these two receipts for rent and services produces a revenue lag of 47.1 days.

4.2 Expense Lead

1 The expense lead days associated with the Bruce Lease were calculated on the same basis
2 as that used for expenses associated with generation revenue. This is because the staff that
3 provide services to Bruce Power are OPG employees that are paid on the same basis as
4 other employees of the company, and other expenses are also incurred on the same basis.
5 See section 3.2.2 for a discussion of labour and section 3.2.3 for a discussion of other
6 expenses.

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8 **5.0 OTHER REVENUE**

9 The third distinct component of cash working capital is for other revenue. Other revenue
10 consists of isotope sales, heavy water sales, and engineering services.

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12 **5.1 Revenue Lag**

13 Isotope and heavy water sales are invoiced on the date the service is performed, and
14 payment is due within 30 days. Engineering services are invoiced on the 20th day of the
15 following month and payment is due within 30 days. The combination of these two receipt
16 types produces a revenue lag of 31.7 days.

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18 **5.2 Expense Lead**

19 The expense lead days for costs associated with other revenue were determined as
20 described in section 3.2.3 for other expenses. The primary cost associated with the other
21 revenue is consultants.

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23 **6.0 GOODS AND SERVICES TAX**

24 OPG pays GST to suppliers for the purchase of goods and services and remits GST that is
25 collected on revenue to the Federal Government. The GST lag is the time between the GST
26 payment date (to the supplier or to the Receiver General) and the date the Federal
27 Government either refunds the GST to OPG or when OPG receives the input tax credit. OPG
28 also collects GST from the IESO before making the remittance to the Receiver General.
29 OPG collects significantly more GST than it pays to suppliers. A GST cash working capital
30 amount is calculated for each of the three types of revenue. See Chart 8 for the relevant
31 calculations.

1 **6.1 Goods and Services Tax for Generation - Nuclear and Regulated Hydroelectric**

- 2 • Collections: OPG remits GST after the IESO pays for the previous month's power. The
3 remittance is made at the end of the next fiscal month. For example, if the IESO pays
4 OPG GST for June's power production on July 17, OPG reports it on the July GST
5 remittance, which is paid on September 5.
- 6 ○ On average OPG retains the GST for a net period of 38.1 days.
 - 7 ○ The amount of regulated GST = total GST collected from the IESO x the regulated
8 station's share of total generation sales.
- 9
- 10 • Payments: OPG generally pays GST on all purchases and then claims an input tax credit
11 on its monthly GST remittance. For example, the goods received in June are included in
12 the June GST remittance paid on July 28.
- 13 ○ On average, OPG paid GST 30.0 days before receiving the GST credits.
- 14

15 **6.2 GST for Bruce and Other Revenue**

- 16 • Collections: OPG remits GST when services are invoiced (not when paid). For example,
17 GST associated with Bruce rent for June is collected on July 31 and is remitted to the
18 Receiver General on July 28, whereas GST associated with June engineering services is
19 collected on August 20 but remitted on July 28.
- 20 ○ On average, OPG remits the GST 5.9 days before the revenues have been
21 received.
- 22
- 23 • Payments: OPG generally pays GST on all non-internal labour costs and then claims an
24 input tax credit on its monthly GST remittance. The cash working capital requirement
25 resulting from GST payments associated with Bruce and the Other Revenue is already
26 included in the GST for generation via cost of goods sold.
- 27

28 **6.3 Provincial Sales Tax ("PST")**

29 OPG collects PST and then remits it to the provincial government. Since electricity sales are
30 not subject to PST, any collection lag relating to the regulated facilities is insignificant or zero.

1 The subsequent sections of this document provide tables with cash working capital
2 requirements associated with OPG's generation business, Bruce Lease, other revenue, and
3 sales tax.

4
5 The 2006 nuclear generation cash working capital is calculated as shown in Chart 4 using
6 the methodology described in section 2.0. Consistent with other jurisdictions, the cash
7 working capital is calculated as: $\text{annual expenses} \times (\text{revenue lag days} - \text{expense lead days}) / 365 \text{ days}$.
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Chart 4
Cash Working Capital - Generation Nuclear
2006

Line No.	Expense Category	Expense Amount (\$M) (a)	Revenue Lag Days (b)	Expense Lead Days (c)	Net Lead / Lag Days (d)=(b)-(c)	2006 CWC (\$M) (e)=(a)*(d)/365
1	OM&A - Labour	1,106.7	35.7	20.9	14.8	44.9
2	OM&A - EPSCA Labour	14.6	35.7	12.0	23.7	1.0
3	Sub total	1,121.3			38.5	45.9
	OM&A - Other expenses:					
4	Consultants - Nuclear	219.1	35.7	71.3	(35.6)	(21.4)
5	Consultants - Corporate	15.7	35.7	40.4	(4.7)	(0.2)
6	Augmented staff - Nuclear	62.3	35.7	44.4	(8.7)	(1.5)
7	Augmented staff - Corporate	2.4	35.7	61.4	(25.7)	(0.2)
8	Outsourced Services	71.7	35.7	6.2	29.5	5.8
9	Operating Licenses	15.3	35.7	-	35.7	1.4
10	All other cash OM&A expenses	60.6	35.7	25.0	10.7	1.7
11	Sub total	447.1			1.2	(14.4)
	OM&A - Centrally Held Costs:					
12	OPEB/Pensions	158.0	35.7	17.1	18.6	8.1
13	Incentives	26.6	35.7	240.0	(204.3)	(14.9)
14	PWU EHT	3.0	35.7	240.0	(204.3)	(1.7)
15	ONFA fee	7.6	35.7	(151.5)	187.2	3.9
16	OEFC indemnity fee	1.2	35.7	(91.3)	127.0	0.4
17	Corporate wellness	1.6	35.7	-	35.7	0.2
18	Gregorian Adjustment	(15.6)	35.7	20.9	14.8	(0.6)
19	Insurance	17.2	35.7	(103.7)	139.4	6.6
20	Sub total	199.6			114.1	2.0
21	Total OM&A	1,768.0			153.8	33.5
22	Other Costs:					
23	Property Tax	25.6	35.7	1.9	33.8	2.4
24	Capital Tax (Ontario)	12.8	35.7	15.1	20.6	0.7
25	Income Taxes	-	35.7	15.1	20.6	-
26	Sub total	38.4			75.0	3.1
27	Total Nuclear Cash Working Capital	1,806.4			228.8	36.6

1 The 2006 regulated hydroelectric generation cash working capital is calculated as shown in
 2 Chart 5 using the methodology described in section 2.0.

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Chart 5
Cash Working Capital - Generation Regulated Hydroelectric
2006

Line No.	Expense Category	Expense Amount (\$M) (a)	Revenue Lag Days (b)	Expense Lead Days (c)	Net Lead / Lag Days (d)=(b)-(c)	2006 CWC (\$M) (e)=(a)*(d)/365
1	GRC	245.4	35.7	(1.1)	36.8	24.7
2	OM&A - Labour	51.1	35.7	20.9	14.8	2.1
3	OM&A - Other expenses:					
4	Consultants - Hydroelectric	8.1	35.7	66.0	(30.3)	(0.7)
5	Consultants - Corporate	1.5	35.7	40.4	(4.7)	-
6	Augmented staff - Corporate	0.2	35.7	61.4	(25.7)	-
7	Outsourced Services	7.4	35.7	6.2	29.5	0.6
8	All other cash OM&A expenses	6.0	35.7	17.0	18.7	0.3
9	Sub Total	23.2			(12.5)	0.2
	OM&A - Centrally Held Costs:					
10	OPEB/Pensions	7.7	35.7	17.1	18.6	0.4
11	Incentives	2.1	35.7	240.0	(204.3)	(1.1)
12	PWU EHT	0.3	35.7	240.0	(204.3)	(0.1)
13	OEFC indemnity fee	0.1	35.7	(91.3)	127.0	-
14	Corporate wellness	0.1	35.7	-	35.7	-
15	Gregorian Adjustment	(1.3)	35.7	20.9	14.8	(0.1)
16	Insurance	1.6	35.7	(103.7)	139.4	0.6
17	Sub Total	10.6			(73.1)	(0.3)
18	Total OM&A	84.9			(70.8)	1.9
	Other Costs					
19	Property Tax	0.1	35.7	1.9	33.8	-
20	Capital Tax (Ontario)	18.3	35.7	15.1	20.6	1.0
21	Income Taxes	4.8	35.7	15.1	20.6	0.3
22	Sub Total	23.2			75.0	1.3
23	Total Hydro Cash Working Capital	353.5			41.0	28.0

The 2006 Bruce cash working capital is calculated as shown in Chart 6 using the methodology described in section 2.0.

Chart 6
Cash Working Capital – Bruce
2006

Line No.	Expense Category	Expense Amount (\$M)	Revenue Lag Days	Expense Lead Days	Net Lead / Lag Days	2006 CWC (\$M)
		(a)	(b)	(c)	(d)	(e)
1	Labour	15.3	47.1	20.9	26.2	1.1
2	Consultants	3.2	47.1	71.3	(24.2)	(0.2)
3	Augmented staff	5.6	47.1	44.4	2.7	-
4	Property tax	5.9	47.1	1.9	45.2	0.5
5	Capital tax	1.1	47.1	15.1	32.0	0.1
6	Total					1.5

The 2006 Other Revenue cash working capital is calculated as shown in Chart 7 using the methodology described in section 2.0. The cost associated with other revenue comprise of cobalt, tritium and heavy water consultants and other engineering amount.

Chart 7
Cash Working Capital - Other Revenue
2006

Line No.	Category	Amount (\$M)	Revenue Lag Days	Expense Lead Days	Net lead Lag Days	2006 CWC (\$M)
1	Consultants	3.1	31.7	71.3	(39.6)	(0.4)
2	Total					(0.4)

1 The 2006 GST cash working capital is calculated as shown in Chart 8 using the methodology
2 described in section 6.0.

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Chart 8
Cash Working Capital – GST
2006

Line No.	Expense Type	Regulated Hydroelectric (\$M)	Nuclear (\$M)	Total (\$M)
		(a)	(b)	(c)
1	Generation Revenue	(5.4)	(22.9)	(28.4)
2	Bruce & Other Revenue	N/A	.3	.3
3	Payments - Regulated	.2	3.1	3.3
4	Total	(5.2)	(19.5)	(24.8)

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The 2007 nuclear generation cash working capital is calculated as \$33.2M as shown in Chart 9 using the methodology described in section 2.0. Including the \$1.5M Bruce, -\$0.4 other revenue and -\$18.3M GST results in 2007 Nuclear cash working capital of \$16.0M.

Chart 9
Cash Working Capital – Generation Nuclear
2007

Line No.	Expense Category	Expense Amount (\$M) (a)	Revenue Lag Days (b)	Expense Lead Days (c)	Net Lead/Lag Days (d)=(b)-(c)	2007 CWC (\$M) (e)=(a)*(d)/365
1	OM&A - Labour	1,186.9	35.7	20.9	14.8	48.1
2	OM&A - EPSCA Labour	11.5	35.7	12.0	23.7	0.7
3	Sub total	1,198.4				48.8
	OM&A - Other expenses:					
4	Consultants - Nuclear	235.8	35.7	71.3	(35.6)	(23.0)
5	Consultants - Corporate	12.0	35.7	40.4	(4.7)	1.2
6	Augmented staff - Nuclear	58.3	35.7	44.4	(8.7)	(1.4)
7	Augmented staff - Corporate	5.4	35.7	61.4	(25.7)	(0.4)
8	Outsourced Services	65.9	35.7	6.2	29.5	5.3
9	Operating Licenses	16.9	35.7	2.8	32.9	1.5
10	Computer maintenance	5.2	35.7	30.0	5.7	0.1
11	Computer software licences	2.1	35.7	(23.1)	58.8	0.3
12	All other cash OM&A expense	46.8	35.7	34.9	0.8	0.1
13	Sub total	448.4				(16.3)
	OM&A - Centrally Held Costs:					
14	OPEB/Pensions	134.8	35.7	17.1	18.6	6.9
15	Incentives	29.0	35.7	240.0	(204.3)	(16.1)
16	PWU EHT	3.3	35.7	240.0	(204.3)	(1.8)
17	ONFA fee	7.5	35.7	(151.5)	187.2	3.8
18	OEFC indemnity fee	0.0	35.7	(91.3)	127.0	0.0
19	Corporate wellness	0.0	35.7	0	35.7	0.0
20	Gregorian Adjustment	3.1	35.7	20.9	14.8	0.1
21	Insurance	15.0	35.7	(103.7)	139.4	5.7
22	Sub total	192.7				(1.4)
23	Total OM&A	1,839.5				31.1
24	Other Costs:					
25	Property Tax	17.4	35.7	1.9	33.8	1.6
26	Capital Tax (Ontario)	9.0	35.7	15.1	20.6	0.5
27	Income Taxes	0.0	35.7	15.1	20.6	0.0
28	Sub total	26.4				2.1
29	Total Nuclear Generation Cash Working Capital	1,865.9				33.2

1 The 2007 regulated hydroelectric generation cash working capital is calculated as \$26.6M as
 2 shown in Chart 10 using the methodology described in section 2.0. Including the 2007 GST
 3 component of the cash working capital (-\$4.8M) results in total 2007 Regulated Hydroelectric
 4 cash working capital of \$21.8M.

5 **Chart 10**
 6 **Cash Working Capital – Generation Regulated Hydroelectric**
 7 **2007**
 8

Line No.	Expense Category	Expense Amount (\$M) (a)	Revenue Lag Days (b)	Expense Lead Days (c)	Net Lead/Lag Days (d)=(b)-(c)	2007 CWC (\$M) (e)=(a)*(d)/365
1	GRC	244	35.7	-1.1	36.8	24.6
2	OM&A - Labour	53.2	35.7	20.9	14.8	2.1
	OM&A - Other expenses:					
3	Consultants - Hydroelectric	12	35.7	66	-30.3	-1
4	Consultants - Corporate	2.7	35.7	40.4	-4.7	0
5	Augmented staff - Corporate	0.5	35.7	61.4	-25.7	0
6	Outsourced Services	6.5	35.7	6.2	29.5	0.5
7	All other cash OM&A expenses	5.6	35.7	30	5.7	0.1
8	Sub total	80.5				1.7
	OM&A - Centrally Held Costs:					
9	OPEB/Pensions	6.1	35.7	17.1	18.6	0.3
10	Incentives	2.1	35.7	240	-204.3	-1.1
11	PWU EHT	0.3	35.7	240	-204.3	-0.1
12	OEFC indemnity fee	0	35.7	-91.3	127	0
13	Corporate wellness	0	35.7	0	35.7	0
14	Gregorian Adjustment	0.3	35.7	20.9	14.8	0
15	Insurance	1.5	35.7	-103.7	139.4	0.6
16	Sub total	10.3				-0.3
17	Total OM&A	90.8				1.4
18	Other Costs:					
19	Property Tax	0.2	35.7	1.9	33.8	0
20	Capital Tax (Ontario)	11.2	35.7	15.1	20.6	0.6
21	Income Taxes	0	35.7	15.1	20.6	0
22	Sub total	11.4				0.6
23	Total Regulated Hydroelectric Generation Cash Working Capital	346.2				26.6

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