

1 **COMPARISON OF NON-ENERGY REVENUES - NUCLEAR**

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3 **1.0 PURPOSE**

4 This evidence presents period-over-period comparisons of OPG Nuclear non-energy
5 revenues.

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7 **2.0 OVERVIEW**

8 Exhibit G2-T1-S2 Table 1 presents year-over-year comparisons of Nuclear non-energy
9 revenues.

10
11 **3.0 PERIOD-OVER-PERIOD CHANGES - TEST PERIOD**

12 2009 Plan versus 2008 Plan

13 The 2009 planned contribution margin from non-energy operations (\$47.7M) is forecast to be
14 lower than 2008 plan (\$62.3M) for the following reasons:

15
16 Inspection and Maintenance Services revenues decrease in 2009 relative to 2008, reflecting
17 the reduction in demand from both outage and regular maintenance and inspection work for
18 Bruce Power.

19
20 Heavy water sales and processing services in 2009 are lower than 2008 reflecting lower
21 heavy water processing services requirements by Bruce Power.

22
23 2008 Plan versus 2007 Actual

24 The 2008 planned contribution margin from non-energy operations (\$62.3M) is forecast to be
25 lower than 2007 actual (\$64.1M) for the following reasons:

26
27 The reduction in 2008 Inspection and Maintenance Services (“IMS”) revenues relative to
28 2007 is due to the completion of major project work in 2007 partially offset by the inclusion of
29 new inspection forecasted demand from Bruce Power in 2008.

30

1 With respect to heavy water sales and processing services, forecast 2008 revenues are
2 slightly lower than 2007 actual. This is due primarily to a one time heavy water sale to a
3 nuclear energy company based in China in 2007 that is not forecast to continue in the test
4 period (China will use the heavy water for reactor loss make-up over the next four years).
5 This is offset by higher heavy water processing services in 2008.

6
7 With respect to isotope sales, forecast 2008 revenues are slightly higher than 2007 actual. In
8 2007, cobalt-60 sales are below average primarily because of timing of outages, i.e., planned
9 outages are on a two-year cycle and only three Pickering reactors within the OPG combined
10 nuclear fleet produce cobalt. Every two years cobalt is harvested during a reactor outage and
11 shipped to customers. The outage plan and timing determines how much cobalt is shipped in
12 any one year. For planning purposes OPG forecasts the average of the two years (one year
13 two outages, second year one outage). In 2006 two cobalt-60 harvests during outages were
14 shipped resulting in less cobalt-60 being available in 2007. Forecast 2008 tritium sales are
15 also slightly higher reflecting anticipated higher sales of tritium as the International Fusion
16 Research project, located in France, initiates research.

17 18 **4.0 PERIOD-OVER-PERIOD CHANGES - BRIDGE YEAR**

19 2007 Actual versus 2007 Budget

20 The 2007 actual contribution margin from non-energy operations (\$64.1M) was higher than
21 the 2007 budget (\$49.6M), for the following reasons:

22
23 Inspection and Maintenance Services actual 2007 revenues are higher than 2007 budget
24 primarily due to recovery of charges from Bruce Power for deferring a 2007 Spring outage to
25 the Fall after mobilization, preparatory work, and training had been completed. A further 10
26 day delay in the Fall outage resulted in more charges paid by Bruce Power. There was also
27 additional 2007 non-budgeted revenue for heat transport system manual drain work.

28
29 The 2007 actual heavy water sales and processing services revenues are higher than budget
30 primarily due to a one-time heavy water sale to a nuclear energy company based in China,
31 higher than planned heavy water sales to "traditional" non-nuclear customers servicing the

1 medical and pharmaceutical fields (nuclear magnetic resonance and deuterated compounds)
2 and processing services to utility customers.

3
4 2007 Actual versus 2006 Actual

5 The 2007 actual contribution margin from non-energy operations of \$64.1M was higher than
6 in 2006 (\$47.2M). This was due to increased revenue from heavy water processing services
7 to Bruce Power, higher tritium sales, increased IMS services offset by lower cobalt-60 sales.

8
9 Actual 2007 heavy water processing services revenues are higher than 2006 due to longer
10 than planned TRF outage in 2006 (unavailability of TRF to process heavy water). Tritium
11 sales are also slightly higher reflecting anticipated higher sales of tritium as the International
12 Fusion Research project, located in France, initiates research.

13
14 Actual 2007 IMS revenues are higher compared to actual 2006 primarily due to incremental
15 revenue from fuel channel maintenance work and recovery of charges from Bruce Power for
16 deferring a 2007 Spring outage to the Fall after mobilization, preparatory work, and training
17 had been completed. A further 10 day delay in the Fall outage resulted in more charges paid
18 by Bruce Power. There was also additional 2007 revenue for heat transport system manual
19 drain work.

20
21 A large volume of cobalt-60 was harvested and shipped in 2006 during the outage periods
22 resulting in less cobalt-60 available in 2007. At the same time, certain direct costs associated
23 with the 2006 cobalt-60 harvest were not recorded in 2006 and will instead be accounted for
24 in 2007.

25
26 **5.0 PERIOD-OVER-PERIOD CHANGES - HISTORICAL YEARS**

27 2006 Actual versus 2006 Budget

28 Actual IMS and cobalt-60 sales in 2006 exceeded budget.

29
30 In 2006, IMS revenues were higher than budget due to an unplanned increase in work
31 related to Bruce fuel channel repositioning and single fuel channel replacement preparations

1 and additional maintenance requirements. These increases were offset partially by
2 decreased revenue for a cancelled Bruce outage.

3
4 2006 cobalt-60 revenues are higher than budgeted primarily because of timing, i.e., a large
5 volume of cobalt-60 was harvested and shipped in 2006 during the outage periods resulting
6 in less cobalt-60 projected to be available in 2007 and more harvested than budgeted in
7 2006. At the same time, certain actual direct costs associated with the 2006 cobalt-60
8 harvest were not recorded in 2006 and will be instead accounted for in 2007.

9
10 2006 Actual versus 2005 Actual

11 Actual heavy water sales/processing revenues, isotope sales revenues, and IMS revenues
12 were higher in 2006 compared to 2005. The reasons for the positive variances are:

- 13 • Higher heavy water processing services to utility customers and higher heavy water sales
14 to “traditional” customers.
- 15 • 2006 cobalt-60 revenues are higher than 2005 cobalt-60 revenues primarily because of
16 timing, i.e., a large volume of cobalt-60 was harvested and shipped in 2006 during the
17 outage periods. At the same time, certain actual direct costs associated with the 2006
18 cobalt-60 harvest were not recorded in 2006 and will be instead accounted for in 2007.
- 19 • Additional IMS revenues due to more increased outage work. Non-outage work also
20 increased in 2006 compared to that in 2005.

21
22 2005 Actual versus 2005 Budget

23 Actual heavy water sales/processing and IMS revenues in 2005 exceeded budget, while
24 isotope sales were slightly less than budget. The reasons for the variances are:

- 25 • Higher heavy water processing services to Bruce Power due to availability of TRF.
- 26 • Lower than budgeted tritium sales and revenue due to offshore price competition. Lower
27 sales volumes resulted in lower direct costs. Also lower direct costs due to the deferral of
28 cobalt-60 harvesting to 2006.
- 29 • Additional IMS revenues due to more than budgeted outage work for Bruce Power.