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2 **Technical Conference Questions**
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4 **Board Staff Follow-up Questions on OPG Responses to Interrogatories**
5

6 **Number 4**
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8 Board staff understands from the response, in L-T1-S6 (Board Staff IR#6), that the
9 rationale for the request for a 50 basis point financing flexibility adjustment is not based
10 on the need to issue corporate debt in 2008 but because it has been provided to other
11 Ontario utilities. Is that correct? Also, approximately how much incremental corporate
12 debt does OPG plan to go directly to the market for in 2009?
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14
15 **Response**
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17 In summary terms, the proposed 50 basis points is supported on the following principal
18 bases:
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- 20 (1) to provide a financial cushion to ensure financial integrity with respect to the
21 equity;
22 (2) to assist in placing OPG in a position to access the debt markets on reasonable
23 terms and conditions; and
24 (3) to meet the comparable returns standard.
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26 At the present time, OPG does not forecast a need to access the debt markets in 2009.
27 However, as noted at Ex. C1-2-2 page 3, lines 26 to 29, "OPG is also developing plans
28 to issue new incremental corporate debt into the public market and intends to be in a
29 position to issue corporate debt in 2009, should OPG's updated long-term borrowing
30 requirements turn out to be greater than currently forecast." OPG should be placed in a
31 position to access the capital markets, should additional long-term borrowing be
32 required. More generally, the Board's determinations in this proceeding with respect to
33 ROE and capital structure should be sufficient to instill confidence in potential investors
34 that OPG will be able to maintain credit metrics consistent with its business risk profile.
35 Both CCC/VECC's expert Dr. Booth and Pollution Probe's experts Drs. Kryzanowski and
36 Roberts have similarly recommended financing flexibility allowances of 50 basis points.
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