RATE BASE

1.0 PURPOSE

This evidence presents the rate base for the previously and newly regulated hydroelectric facilities and nuclear facilities, including drivers of period-over-period differences. In addition, it provides a description of each of the components of rate base and the methodology with which these components are determined.

2.0 OVERVIEW

This evidence supports OPG’s request for approval of a rate base for the previously regulated hydroelectric facilities, the newly regulated hydroelectric facilities and the nuclear facilities for the test period. The forecast of rate base for the previously regulated hydroelectric facilities is $5,128.0M in 2014 and $5,084.6M in 2015 (Ex. B1-1-1 Table 1). The forecast of rate base for the newly regulated hydroelectric facilities is $2,511.5M in 2014 and $2,528.2M in 2015 (Ex. B1-1-1 Table 1). The forecast of rate base for the nuclear facilities is $3,706.7M in 2014 and $3,659.0M in 2015 (Ex. B1-1-1 Table 2). The rate base for the previously regulated hydroelectric and nuclear facilities for 2010 to 2013 is also presented in Ex. B1-1-1 Tables 1 and 2, respectively.

The components of rate base and the methodology used to calculate them are the same as those reflected in the rate base approved by the OEB in EB-2010-0008. The rate base for the newly regulated hydroelectric facilities is calculated in the same manner as for the previously regulated hydroelectric facilities.

OPG’s forecast of rate base for the bridge and test periods is based on a forecast of net fixed/intangible in-service assets (including nuclear asset retirement costs or “ARC”) and working capital associated with the regulated facilities. The rate base amounts for the historical period are based on actual balances for those years. As in EB-2010-0008, working capital consists of cash working capital, fuel inventory, and materials and supplies.
The previously regulated hydroelectric rate base for 2013, 2014 and 2015 is projected to be significantly higher than in the historical period. As shown in Ex B2-1-1 Table 1, rate base reflects $1,143.6M, $1,473.6M and $1,457.7M in 2013, 2014 and 2015 respectively, related to the Niagara Tunnel, which came into service in March 2013. Otherwise, the previously regulated hydroelectric rate base is stable over the 2010 - 2015 period.

The rate base for the newly regulated hydroelectric facilities is presented for 2014 and 2015 in Ex. B1-1-1 Table 1. The newly regulated hydroelectric rate base is stable over this two-year period. Rate base components for these facilities for 2010 - 2013 are presented for illustrative comparison and continuity purposes in Exhibit B2 tables referenced below.

Nuclear rate base including ARC is forecast to decline over the 2013-2015 period. The primary drivers of the decline are amortization of ARC and a gradual decrease in fuel inventory levels due to lower inventory level targets and lower uranium market prices. Non-ARC net plant is forecast to increase modestly over the 2013 - 2015 period mainly as a result of in-service additions during the period related to Darlington Refurbishment.

The fixed/intangible asset component of rate base is discussed in section 3.1. Working capital is discussed in section 3.2. A more detailed comparison of rate base over the 2010-2015 period is presented in section 4.0

3.0 COMPONENTS OF RATE BASE

3.1 Fixed and Intangible Assets

3.1.1 Overview

The forecast net plant for the previously regulated hydroelectric facilities is $5,105.6M in 2014 and $5,062.2M in 2015. For the newly regulated hydroelectric facilities, the forecast net plant is $2,502.5M in 2014 and $2,519.2M in 2015. The net plant for the nuclear facilities, including ARC, is projected at $2,963.8M in 2014 and $2,930.6M in 2015.

The net plant for the previously regulated hydroelectric facilities is presented separately for each of the Niagara Plant Group, the Niagara Tunnel project, and the R.H. Saunders
generating station in Ex. B2-1-1 Table 1. The net plant for the newly regulated hydroelectric facilities is presented separately for each of the Ottawa-St. Lawrence Plant Group (excluding the R.H. Saunders station), the Central Hydro Plant Group, the Northeast Plant Group and the Northwest Plant Group in Ex. B2-1-1 Table 1. The net plant for the nuclear facilities is presented separately for each of Darlington (including Darlington Refurbishment), Pickering, Nuclear Support Divisions, and ARC in Ex. B3-1-1 Table 1. All fixed assets under construction and intangible assets under development are excluded from the rate base for the period 2010 - 2015.

As in EB-2010-0008, fixed and intangible assets used by both the regulated and unregulated generating business units continue to be held centrally. These assets are not included in rate base. Instead, all generating business units are charged an asset service fee for the use of these assets, as discussed in Ex. F3-2-1. This applies to assets that are used by both the newly regulated hydroelectric stations and the unregulated operations of the Hydro-Thermal business unit, unless the assets are used at least 90 per cent in support of the newly regulated stations. In those instances, the full value of such assets is included in the newly regulated hydroelectric rate base. This is further discussed in Ex. F3-2-1.

3.1.2 Forecast Methodology and In-Service Additions

OPG is using the same rate base forecast methodology used in EB-2010-0008 and EB-2007-0905. The forecast of net fixed/intangible in-service asset values for 2013 - 2015 is based on OPG's property, plant, and equipment values (including intangible assets) as at December 31, 2012. In order to determine forecasts for 2013 - 2015, these values are rolled forward based on a forecast of in-service additions (including adjustments to ARC, if any), retirements/transfers, and depreciation/amortization on these assets. The determination of net fixed/intangible asset values is performed separately for the previously regulated hydroelectric facilities, the newly regulated hydroelectric facilities and the nuclear facilities.

Exhibits D1, D2, and D3 present the capital expenditure forecasts (including expenditures on intangible assets) and forecast in-service additions, excluding ARC, for the previously regulated hydroelectric facilities and the nuclear facilities.

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1 The ARC included in nuclear net plant amounts is presented as a separate component of rate base as directed by the OEB's Decision with Reasons in EB-2010-0008 (p. 59).
regulated and newly regulated hydroelectric facilities, nuclear facilities and support services, respectively. Specifically, Ex. D1-1-2 Table 5, Ex. D2-1-2 Table 4, Ex. D2-2-1 Table 6, and Ex. D3-1-2 Table 4 summarize the forecast in-service additions for all regulated hydroelectric facilities, nuclear operations, Darlington Refurbishment including Facilities and Infrastructure projects, and support services, respectively. Ex. D3-1-2 Table 5 separately presents forecast support services in-service additions that are included in rate base, and those that impact the asset service fees and therefore are not included in rate base.

A summary of the forecast in-service additions from the capital projects exhibits (Exhibits D) and those presented in the rate base exhibits (Exhibit B) for 2013, 2014 and 2015 is provided below in Chart 1.

<table>
<thead>
<tr>
<th></th>
<th>Reference</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Previously regulated hydroelectric capital projects</td>
<td>Ex. D1-1-2 Table 5, line 20</td>
<td>1,518.5</td>
<td>23.3</td>
<td>55.8</td>
</tr>
<tr>
<td>Newly regulated hydroelectric capital projects</td>
<td>Ex. D1-1-2 Table 5, line 27</td>
<td>51.3</td>
<td>62.8</td>
<td>95.8</td>
</tr>
<tr>
<td>Nuclear operations capital projects</td>
<td>Ex. D2-1-3 Table 4, line 16</td>
<td>180.7</td>
<td>158.3</td>
<td>141.7</td>
</tr>
<tr>
<td>Darlington Refurbishment projects, including Nuclear Facilities and Infrastructure</td>
<td>Ex. D2-2-1 Table 6, line 14</td>
<td>104.2</td>
<td>18.7</td>
<td>209.4</td>
</tr>
<tr>
<td>Support services capital projects entering rate base</td>
<td>Ex. D3-1-2 Table 5, lines 7 &amp; 9</td>
<td>8.6</td>
<td>2.6</td>
<td>7.2</td>
</tr>
<tr>
<td><strong>Total in-service additions per capital projects exhibits</strong></td>
<td></td>
<td>1,863.3</td>
<td>265.7</td>
<td>509.9</td>
</tr>
<tr>
<td>Total regulated hydroelectric in-service additions</td>
<td>Ex. B2-3-1 Table 2, col. (b)</td>
<td>1,570.4</td>
<td>86.3</td>
<td>151.6</td>
</tr>
<tr>
<td>Total nuclear in-service additions, excluding ARC</td>
<td>Ex. B3-3-1 Table 2, col. (b)</td>
<td>293.0</td>
<td>179.4</td>
<td>358.2</td>
</tr>
<tr>
<td><strong>Total in-service additions per rate base exhibits</strong></td>
<td></td>
<td>1,863.3</td>
<td>265.7</td>
<td>509.9</td>
</tr>
</tbody>
</table>

*Amounts may not add due to rounding
The depreciation/amortization forecasts for 2013, 2014 and 2015 are determined by applying the estimated service lives and depreciation/amortization policy to the opening in-service fixed/intangible asset values and planned additions during the year. These depreciation/amortization forecasts are presented in Ex. F4-1-1 Tables 1 and 2. The depreciation/amortization policy, including the treatment of losses and gains on asset retirements, is described in Ex. F4-1-1.

As in EB-2010-0008, the net fixed/intangible asset portion of rate base is determined using a mid-year average methodology. For large in-service additions or adjustments, where the in-service addition amount or the amount of an adjustment exceeds $50M, the month in which the addition or adjustment is reflected is used, instead of a mid-year average, to improve accuracy. There are two capital projects expected to come into service during the bridge year in the amount of greater than $50M. These are the Niagara Tunnel and the Darlington Energy Complex. The Heavy Water Storage Facility project is the only project expected to have an in-service amount exceeding $50M during the test period. The Niagara Tunnel is discussed in Ex. D1-2-1, and the Darlington Energy Complex and the Heavy Water Storage Facility projects are discussed in Ex. D2-2-1 as part of Darlington Refurbishment.

For the Niagara Tunnel, the regulated hydroelectric rate base reflects both the actual amount of $1,424.9M placed in-service in March 2013 as well as a forecast remaining amount of $49.3M expected to be placed in-service at the end of November 2013, for a total in-service amount of $1,474.2M in 2013 shown in Ex. B2-3-1 Table 2, col. (b), line 2. These amounts are assigned weightings of 9.5/12 and 1/12, respectively, as part of the 2013 regulated hydroelectric gross plant rate base amount, as referenced in Ex. B2-3-1 Table 2, note 2. The weighting of 9.5/12 reflects the fact that the Niagara Tunnel came in service part way through the month of March. The remaining 2013 amount is weighted at 1/12, as it is assumed to be placed in-service at the end of November. A final amount of $2.0M is projected to be placed in-service for the Niagara Tunnel at the beginning of 2014.

For the Darlington Energy Complex, the nuclear rate base reflects a forecast in-service amount of $94.2M at the beginning of July 2013. Accordingly, this amount is assigned a
weighting of 6/12 as part of the 2013 nuclear gross plant rate base amount, as referenced in Ex. B3-3-1 Table 2, note 1.

For the Heavy Water Storage Facility project, the nuclear rate base for 2015 reflects a forecast in-service amount of $83.5M at the beginning of October 2015. Accordingly, the amount is assigned a weighting of 3/12 as part of the 2015 gross plant rate base amount, as referenced in Ex. B3-3-1 Table 2, note 3.

Changes in ARC recorded on January 1, 2010, December 31, 2011 and December 31, 2012 exceed $50M and are weighted accordingly, as discussed in section 3.1.3 below.

For the previously and newly regulated hydroelectric facilities, supporting continuity schedules for the gross in-service fixed/intangible assets and related accumulated depreciation/amortization are provided for each of the historical, bridge and test years in Ex. B2-3-1 Tables 1 and 2 and Ex. B2-4-1 Tables 1 and 2, respectively. Similar supporting schedules are provided for the nuclear facilities in Ex. B3-3-1 Tables 1 and 2 and Ex. B3-4-1 Tables 1 and 2, respectively. These supporting continuity schedules also present the gross plant and the accumulated depreciation/amortization rate base amounts for the historical, bridge and test years.²

3.1.3 Asset Retirement Costs

The nuclear net plant rate base amounts for 2010 - 2015 reflect the impact of changes in the ARC associated with the changes in the ARO recognized on January 1, 2010, December 31, 2011 and December 31, 2012. The increase in the ARO of $475.5M for Darlington and Pickering on January 1, 2010 (Ex. C2-1-1 Table 2, line 25) resulted from OPG’s decision to proceed with the Darlington Refurbishment project, as discussed in EB-2010-0008. The full impact of this increase is reflected in the 2010 gross plant opening balance for the purposes of determining the 2010 nuclear rate base amount.

² Amounts for the newly regulated hydroelectric facilities for the historical and bridge years are presented for illustrative purposes only.
Starting in 2012 and 2013, the nuclear net plant rate base amounts also reflect the full impact of the ARC/ARO changes for the prescribed facilities (Ex. C2-1-1 Table 2, line 29) recorded on December 31, 2011 (increase of $439.2M) and December 31, 2012 (decrease of $276.9M), respectively. As discussed in EB-2012-0002, these changes arose from the accounting implementation of the current approved ONFA Reference Plan, which reflects the impact of the changes in the estimated useful lives of the Pickering facilities effective December 31, 2012. The December 31, 2011 increase in the ARC is excluded from the 2011 nuclear net plant rate base amount, as it was recorded at the end of the year. Similarly, the ARC increase recorded on December 31, 2012 is excluded from the 2012 rate base. These changes in ARC are discussed in Ex. C2-1-1, with detailed continued schedules of ARC and ARO for the prescribed facilities presented in Ex. C2-1-1 Table 2. The changes in the Pickering useful lives are discussed in Ex. F4-1-1.

3.2 Working Capital

3.2.1 Overview

As in EB-2010-0008, the working capital included in rate base consists of cash working capital, fuel inventory and materials and supplies. The fuel inventory and materials and supplies values for rate base continue to be determined using a mid-year average of opening and closing balances during the period. Cash working capital continues to be determined using a lead/lag analysis. Total working capital for the previously regulated hydroelectric facilities is forecast to be $22.4M in each of 2014 and 2015 (Ex. B2-5-1 Table 1). Total working capital for the newly regulated hydroelectric facilities is forecast to be $9.0M in each of 2014 and 2015 (Ex. B2-5-1 Table 2). Total working capital for OPG’s nuclear facilities is forecast to be $742.8M in 2014 and $728.4M in 2015 (Ex. B3-5-1 Table 1).

3.2.2 Cash Working Capital

Cash working capital is the average amount of capital provided by investors in addition to investments in plant and other rate base components that bridges the gap between the time expenditures are made to produce output and the time payment is received for that output. As in EB-2010-0008 and EB-2007-0905, cash working capital is calculated using net lag days, which is the difference between the time that revenue is received by OPG and the time...
that expenses are paid. The revenue lag is compared to the expense lead, and the net lag is applied to each of OPG’s expenses to determine the cash working capital amount.

The net lag days used in the cash working capital calculation were determined by a lead/lag study conducted by OPG, the results of which were approved by the OEB in EB-2007-0905. As discussed and presented in Ex. B1-1-2, OPG has calculated cash working capital for the 2010 - 2012 period by applying the net lag days from that study to the relevant expenses for those years. This approach is consistent with that used in EB-2010-0008. The same net lag days were applied to determine the cash working capital for the newly regulated hydroelectric facilities as for the previously regulated hydroelectric facilities.

As in EB-2010-0008, given the modest size of cash working capital relative to the total rate base, OPG continues to use the cash working capital amount of the most recent historical year (i.e., 2012) as the amount for the bridge year and the test period.

3.2.3 Fuel Inventory

The hydroelectric generating stations do not require any fuel inventory. Nuclear generating stations maintain a nuclear fuel inventory as well as an inventory of fuel oil for standby generators. The cost of the inventory of fuel oil is minimal compared to that of nuclear fuel.

Chart 2 below provides details of the year-end nuclear fuel inventory for 2010 to 2015.
As described in Ex. F2-5-1, the supply chain for nuclear fuel continues to consist of the purchase of uranium concentrate, the purchase of services to convert the uranium concentrate into uranium dioxide, and the purchase of services to manufacture fuel bundles that contain the uranium dioxide. OPG maintains inventories at each stage of, and maintains ownership of the work-in-process throughout this supply chain, as described in Ex. F2-5-1. The nuclear fuel inventory costs represent the accumulation of costs incurred by OPG during the supply chain process.

Fuel inventory continues to be valued using the weighted average costing method. The nuclear fuel inventory amounts for 2013 to 2015 are forecast based on the closing nuclear fuel inventory quantities and values as of December 31, 2012, and expected purchases and usage during the forecast period. The purchases reflect OPG’s current target levels for the inventory. This methodology is unchanged from EB-2010-0008. OPG’s target level for uranium concentrate inventory has been reduced consistent with changes in uranium market conditions and recommendations from the report of Longenecker & Associates on OPG’s

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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Uranium Concentrate</td>
<td>K$</td>
<td>97,332</td>
<td>95,556</td>
<td>70,402</td>
<td>55,634</td>
<td>45,370</td>
<td>44,957</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>MgU</td>
<td>509</td>
<td>530</td>
<td>435</td>
<td>344</td>
<td>288</td>
<td>288</td>
</tr>
<tr>
<td>3</td>
<td></td>
<td>$/KgU</td>
<td>191.29</td>
<td>180.18</td>
<td>162.03</td>
<td>161.85</td>
<td>157.28</td>
<td>155.85</td>
</tr>
<tr>
<td>4</td>
<td>Uranium Dioxide</td>
<td>K$</td>
<td>15,265</td>
<td>26,158</td>
<td>10,515</td>
<td>17,719</td>
<td>14,522</td>
<td>14,528</td>
</tr>
<tr>
<td>5</td>
<td></td>
<td>MgU</td>
<td>74</td>
<td>128</td>
<td>54</td>
<td>92</td>
<td>77</td>
<td>78</td>
</tr>
<tr>
<td>6</td>
<td></td>
<td>$/KgU</td>
<td>206.28</td>
<td>204.36</td>
<td>194.72</td>
<td>192.60</td>
<td>188.60</td>
<td>186.26</td>
</tr>
<tr>
<td>7</td>
<td>Finished Bundles</td>
<td>K$</td>
<td>218,953</td>
<td>226,541</td>
<td>241,157</td>
<td>220,371</td>
<td>202,784</td>
<td>215,781</td>
</tr>
<tr>
<td>8</td>
<td></td>
<td>MgU</td>
<td>913</td>
<td>878</td>
<td>908</td>
<td>808</td>
<td>769</td>
<td>832</td>
</tr>
<tr>
<td>9</td>
<td></td>
<td>$/KgU</td>
<td>239.85</td>
<td>258.08</td>
<td>265.51</td>
<td>272.61</td>
<td>263.81</td>
<td>259.26</td>
</tr>
<tr>
<td>10</td>
<td>Fuel Oil</td>
<td>M$</td>
<td>5.4</td>
<td>5.7</td>
<td>5.4</td>
<td>5.4</td>
<td>5.4</td>
<td>5.4</td>
</tr>
<tr>
<td>11</td>
<td>Total</td>
<td>M$</td>
<td>336.9</td>
<td>353.9</td>
<td>327.4</td>
<td>299.1</td>
<td>268.1</td>
<td>280.7</td>
</tr>
</tbody>
</table>

1 Excludes impact of anticipated 2013 4th quarter spot purchase of 105,000 kgU shown in Ex. F2-5-1 Chart 2

2 Includes reusable inventory resulting from the fuel bundle manufacturing process
uranium procurement program (Ex. F5-2-1), as discussed further in Ex. F2-5-1. The rate base nuclear fuel value is the average of the opening and closing balances during the period.

3.2.4 Materials and Supplies

Materials and supplies consist of consumable supplies and spare parts. All of OPG’s regulated facilities maintain materials and supplies, with the previously and newly regulated hydroelectric facilities typically requiring a minimal amount (less than $1M each) of materials and supplies on hand. The rate base materials and supplies value, which is net of a provision for accumulated obsolescence, is the average of the opening and closing balances during the period. OPG’s inventory management system uses an average costing basis, whereby the value of the materials and supplies inventory is based on the average unit price of each item times the quantity on hand.

In accordance with USGAAP, materials and supplies are valued at the lower of average cost and market value. The determination of the market value of materials and supplies takes into account various factors including technological obsolescence, the remaining life of the related facilities in which the materials and supplies are expected to be used, and adjustments required as a result of performing physical inventory counts. Charges incurred as a result of valuing nuclear materials and supplies at the lower of cost and market value are reflected in the inventory adjustments recorded in nuclear OM&A, as discussed in Ex. F2-2-1, and reduce the nuclear materials and supplies balance in rate base.

The nuclear materials and supplies values for 2013 to 2015 are forecast based on the closing materials and supplies balance as of December 31, 2012 and expected consumption, purchases, and charges related to valuation at the lesser of cost and market value during the forecast period. This methodology is unchanged from EB-2010-0008.

4.0 COMPARISON OF RATE BASE

4.1 Comparison of Regulated Hydroelectric Rate Base

For the regulated hydroelectric facilities, a comparison of rate base amounts consisting almost exclusively of net plant is presented at Ex. B2-2-1 Table 1. With the exception of the
impact of Niagara Tunnel, the previously regulated hydroelectric rate base is stable over the
2010-2015 period, with variances of less than one per cent. Rate base for these facilities is
expected to increase by $1,087.5M in 2013 relative to 2012, predominately due to the partial-
year impact of the total forecast in-service additions of $1,474.2M for the Niagara Tunnel
during 2013. A further increase of $296.5M in the rate base for the prescribed hydroelectric
facilities is forecast in 2014 mainly due to the full-year impact of the 2013 Niagara Tunnel in-
service additions. A decrease of less than one per cent is projected in 2015 compared to
2014 for the previously and newly regulated hydroelectric rate base in aggregate. The
previously regulated hydroelectric rate base was within approximately one per cent of the
budget for 2010 and OEB-approved amounts for 2011 and 2012.

Additional detail regarding in-service additions for all regulated hydroelectric facilities and
support services capital projects impacting the hydroelectric rate base amounts is provided in
Exhibits D1 and D3, respectively.

4.2 Comparison of Nuclear Rate Base
A comparison of rate base amounts for the nuclear facilities for the 2010 - 2015 period is
presented at Ex. B3-2-1 Table 1. The significant fluctuations in the total nuclear rate base
over the 2010 - 2012 period relate primarily to changes in ARC. Over the 2013-2015 period,
total nuclear rate base is forecast to decline primarily as a result of depreciation for the ARC
component accompanied by a gradual decline in nuclear fuel inventory values.

Variances in the ARC component of the nuclear rate base over the 2010 - 2015 period relate
primarily to the impact of ARC adjustments recorded on December 31, 2011 and December
31, 2012 and the annual depreciation expense. The December 31, 2011 and December 31,
2012 adjustments are discussed in section 3.1.3 above. The ARC component of rate base
was higher than the OEB-approved amount in 2012 mainly as a result of the December 31,
2011 adjustment. Annual depreciation is forecast at $80.7M during 2013 - 2015, with no
other changes in ARC expected during the period.
Excluding ARC, the two main drivers of period-over-period variances for the nuclear rate base over 2010 - 2015 are the decline in nuclear fuel inventory values during 2011 - 2015 and changes in non-ARC net plant, which declined during 2010 - 2012 and is projected to increase during 2013 - 2015. The net effect of these drivers is a relatively small decline in the total non-ARC rate base during 2010 - 2012 and a stable non-ARC rate base in 2013, followed by a modest increase in each of 2014 and 2015. By 2015, the non-ARC nuclear rate base is forecast to be approximately one per cent lower than the 2010 rate base.

Specifically, the nuclear rate base, excluding ARC, was largely stable in 2011 compared to 2010, with a variance of less than one per cent, and declined in 2012, mainly as a result of the net impact on net plant of depreciation/amortization of existing assets and additions of new in-service assets in 2012 and the full-year impact of the same factors in 2011.

The non-ARC rate base is forecast to remain stable in 2013 as compared to 2012, and is projected to increase modestly in 2014 and 2015 by less than two per cent per year. These projections reflect an increase in non-ARC net plant over the 2013 - 2015 period, which is mainly due to in-service additions related to Darlington Refurbishment, partly offset by a decrease in working capital, which is primarily due to a forecast decline in fuel inventory values.

As shown in Chart 2, the declining trend in nuclear fuel inventory values over the 2011 - 2015 period is primarily due to a lower level of uranium concentrate inventory being carried by OPG and a decline in uranium market prices. As discussed in section 3.2.3, the lower level of uranium concentrate on hand follows a reduction in inventory target levels, which OPG expects to reach by the end of 2015. The decreasing trend in uranium prices, subject to the weighted average costing method, is reflected in the lower average unit cost for the uranium concentrate inventory, which declines from approximately $191/KgU in 2010 to approximately $156/KgU in 2015, as shown in Chart 2.

The actual nuclear rate base, excluding ARC, was largely on budget for 2010 and consistent with the OEB-approved amount for 2011, with variances of approximately one per cent. For
2010, the variance largely represents the net impact of lower-than-budgeted levels of fuel inventory and materials and supplies, largely offset by the impact on net plant of higher-than-budgeted in-service additions. For 2011, the variance largely represents the impact of lower levels of fuel inventory and materials and supplies, partly offset by a higher net plant amount. The higher net plant amount in 2011 is chiefly a result of higher-than-planned in-service additions in 2011 and the full-year impact of higher-than-budgeted additions in 2010.

The non-ARC rate base for 2012 was below the OEB-approved amount. The variance is mainly due to a lower-than-planned rate base amount for materials and supplies and fuel inventory. The actual net plant amount for 2012 was within less than one percent of the OEB-approved amount.

Additional detail regarding in-service additions for the nuclear facilities, including Darlington Refurbishment projects, and support services projects impacting the nuclear rate base amounts is provided in Exhibits D2 and D3, respectively.