1.0 PURPOSE
This evidence provides a summary of the OM&A project expenses for the regulated hydroelectric facilities.

2.0 OVERVIEW
OPG’s OM&A projects are distinguished from base OM&A work by way of a clearly defined materiality threshold, non-recurring scope of work, and generally longer timeline for each project, whereas base OM&A work activities are typically of an ongoing or routine nature. OM&A projects are distinct from capital projects because they do not meet the criteria for capitalization under OPG’s capitalization procedure (see Ex. A2-T2-S1). Hydroelectric plant groups manage both capital and OM&A projects (including those for the regulated facilities) in a project listing that forms the basis for budgeting during the annual business planning process. Projects are identified through routine inspections, engineering reviews and detailed plant condition assessments. The process for identifying and prioritizing projects is described in Ex. A2-T2-S1.

OM&A projects are mainly “sustaining” expenditures for repairs and maintenance, such as major unit overhauls. The costs are above a dollar materiality threshold (typically $50k), but do not meet the rules for capitalization. In addition to maintenance projects for production equipment, there are many projects related to aging civil structures. In particular, the Niagara Plant Group has 53 bridges¹ and 11 major culverts associated with its facilities. The Niagara Plant Group is required to maintain 32 of the bridges and all of the culverts, with the maintenance of the remaining bridges being the responsibility of other third parties, as directed by various agreements. The Niagara Plant Group’s liability for bridges and culverts arises from the original construction of the regulated assets where construction of the waterways affected existing travel routes. Routine bridge inspection and maintenance is carried out every two years. When inspections identify a need for repairs, the work is planned and budgeted for as an OM&A project.

¹ 25 of the bridges are accessible to the public.
Overall OM&A project expenditures for the regulated hydroelectric facilities are expected to range between $7M and $13M per year during the period from 2006 - 2009.

There are no large OM&A projects planned for the R.H. Saunders Generating Station during the test period.

The management of Hydroelectric OM&A projects is identical to that of capital projects as described in Ex. D1-T1-S1.