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July 22, 2014

## RESS, COURIER AND EMAIL

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
27th Floor  
2300 Yonge Street  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: EB-2013-0321 - Application by Ontario Power Generation Inc.  
for 2014-2015 Payment Amounts**

In accordance with Rule 10 of the Ontario Energy Board's (the "OEB" or the "Board") Rules of Practice and Procedure and section 5.1 of the OEB's Practice Direction on Confidential Filings (the "Practice Direction"), Ontario Power Generation Inc. ("OPG") hereby requests confidential treatment for certain portions of its responses to Undertakings arising from the Technical Conference held on July 8-9, 2014 and hearing dates June 27, July 15, July 17, and July 18, 2014. As described below, this request is made based on rationale that are consistent with the Board's prior decisions on confidential filings in Procedural Order No. 4 and Procedural Order No. 7, as well as orally on June 16, July 14, 2014 and July 18, 2014.

In the Board's ruling of July 18, 2014, issued orally at the hearing, the Board granted confidential treatment of the responses to JT3.3 (summary of OPG vendor contract), Jx15.4 (OPG contract with vendor), and JTx4.2 (specific provisions of vendor contract provided prior to Jx15.4).

OPG's submission herein is made pursuant to the OEB's direction to the parties on confidentiality submissions at the conclusion of the oral hearing on July 18, 2014.

### Procedural Matters

In accordance with the Practice Direction, this confidentiality request is being filed together with six (6) confidential, unredacted copies of the relevant documents. Further, confidential, unredacted copies of the documents have been sent directly to those intervenor representatives who have signed and provided a Declaration and Undertaking in the OEB's prescribed form.

As an interim measure, in the interests of efficiency and prior to the OEB making its final determination on OPG's present request for confidential treatment, OPG confirms its understanding that the procedural provisions ordered by the Board on July 18, 2014 enable intervenors to proceed as though OPG's request has been granted. It is in respect of this approach that OPG has already sent these documents to intervenors.

At the conclusion of the proceeding, or in the event that all or part of this confidentiality request is refused, OPG reserves its right to request that the information proposed to be redacted be withdrawn in accordance with 5.1.12 of the Practice Direction, and that all persons in possession of the information be required to destroy or return to the OEB Secretary for destruction the confidential information in accordance with 6.1.6 of the Practice Direction.

### **Relevant Treatment of Confidential Information to Date**

The OEB has made several decisions concerning confidential filings to date. Of particular relevance to the present request are the OEB's oral decisions on confidentiality of June 16, July 14, 2014 and July 18, 2014 and its decision on confidentiality in Procedural Order No. 4 dated March 21, 2014.

### **Reasons for Confidential Treatment Request**

As indicated, OPG hereby requests redactions to portions of its responses to 14 particular Undertakings. The relevant information is generally of a commercially sensitive or personal nature. If disclosed on the public record, such information has the potential to adversely impact OPG's competitive position or otherwise cause significant harm to OPG and/or third parties, including individuals. These requests are more particularly described in the following table.

OPG notes that for two undertaking responses which it had initially sought confidential treatment (JTx4.3 and JTx4.4), upon OPG's filing of the final public version of the Modus/Burns & McDonnell reports, the responses to these undertakings is no longer confidential. The responses are being publically disclosed as described below.

<b>Undertaking</b>	<b>Nature of the Information</b>	<b>Rationale for Proposed Redactions</b>
JT3.1	Vendor WSIB account numbers, vendor tax registration numbers and billing rates for Modus/Burns & McDonnell.	Billing rates have previously been accepted by the Board as being "commercially sensitive information relating to a third party" for which confidential treatment should be provided. The Board made this finding in Procedural Order No. 4 in relation to OPG's retainer agreement with Concentric Energy Advisors. Vendor WSIB and tax numbers are also appropriately treated as commercially sensitive information relating to a third party and, therefore, should also be treated confidentially.
JT3.2	Contingency and other cost information that can be	These types of numbers and costing information were held by the Board to be

	used to backward calculate or 'reverse engineer' OPG's contingency amounts.	confidential both in Procedural Order No. 4 and in oral decisions dated June 16 and July 14, 2014.
JT3.7	References regarding the performance of specific vendors.	Confidential treatment is consistent with the oral decision of the Board dated July 14, 2014, as such decision related to the Modus/Burns & McDonnell report.
JT3.12	Contingency and other cost information that can be used to backward calculate or 'reverse engineer' OPG's contingency amounts.	These types of contingency and costing information were held by the Board to be confidential both in Procedural Order No. 4 and in oral decisions dated June 16 and July 14, 2014.
JT3.13	Third party personal information, such as employee names and contact information, as well as contractor billing rates.	The protection of the personal information of employees is specifically enumerated in the Practice Direction as a consideration for the Board and as a type of information that has previously been held confidential. Moreover, contractor billing rates were previously accepted by the Board in Procedural Order No. 4 as being "commercially sensitive information relating to a third party" for which confidential treatment should be provided. This too is enumerated in Appendix B of the Practice Direction as being a type of information previously held confidential.
JT3.15	Darlington Refurbishment Project cost information.	JT3.15 is an updated version of JT2.2, with the same numbers redacted in JT2.2 being redacted in JT3.15. During the oral hearing on June 16, 2014, the Board accepted the redactions to JT2.2 and indicated on p. 112 of the transcript that such redactions "shall receive confidential treatment and available in unredacted form only to those parties who filed the declaration and undertaking."
JT3.16	Darlington Refurbishment Project cost information on a contract by contract basis.	The proposed redactions are of numbers similar to those set out in response to JT2.2. During the oral hearing on June 16, 2014, the Board accepted the redactions to JT2.2 and indicated on p. 112 of the transcript that such redactions "shall receive confidential treatment and available in unredacted form only to those parties who filed the declaration and undertaking."
JT3.17	Darlington Refurbishment Project cost information.	JT3.17 is an updated version of JT2.2. During the oral hearing on June 16, 2014, the Board accepted the redactions

		to JT2.2 and indicated on p. 112 of the transcript that such redactions “shall receive confidential treatment and available in unredacted form only to those parties who filed the declaration and undertaking.”
JT3.18	Cost and contingency information and other information that can be used to reverse calculate contingency amounts and nuclear refurbishment cost estimate information.	This type of contingency and costing information was held by the Board to be confidential both in Procedural Order No. 4 and in oral decisions dated June 16 and July 14, 2014. Moreover, with respect to the nuclear refurbishment cost estimate information, similar information has been held by the Board to be confidential both in Procedural Order No. 4 and in oral decisions dated June 16 and July 14, 2014.
JT4.1	Third party personal information relating to contractor employees, including employee CVs, as well as contractor billing rates.	Contractor billing rates were previously accepted by the Board in Procedural Order No. 4 as being “commercially sensitive information relating to a third party” for which confidential treatment should be provided. Such information is also enumerated in Appendix B of the Practice Direction as being a type of information previously held confidential.
JTx4.3	The response to this undertaking is no longer treated as confidential.	Please find attached as Attachment ‘A’ to this letter a fully unredacted copy of this Undertaking to be filed on public record.
JTx4.4	The response to this undertaking is no longer treated as confidential.	Please find attached as Attachment ‘B’ to this letter a fully unredacted copy of this Undertaking to be filed on public record.
JTx4.5	Contingency and other cost information that can be used to backward calculate or ‘reverse engineer’ OPG’s contingency amounts.	These types of numbers and costing information were held by the Board to be confidential both in Procedural Order No. 4 and in oral decisions dated June 16 and July 14, 2014.
Jx11.6	Information regarding potential pension reform.	The information contained in this Undertaking response relates to potential pension reform initiatives and speculations on outcomes from implementing such initiatives.  This information in sub-paragraph (3) of the response is likely to be used by OPG in future negotiations as part of an overall negotiation strategy. As such, the information in sub-paragraphs (1) and (2) needs to be protected, or it undermines OPG’s positioning in respect of (3).
Jx13.3	OPG income tax returns	The Board granted confidential treatment

		of OPG's income tax returns in Procedural Order No. 4 as these returns contain information related to OPG's unregulated business.
Jx16.3	Darlington Refurbishment Project cost information.	<p>These types of numbers and costing information were held by the Board to be confidential both in Procedural Order No. 4 and in oral decisions dated June 16 and July 14, 2014.</p> <p>The work to complete the response is still being completed and OPG expects to file this Undertaking response by the end of this week.</p>

### **Modus Reports**

On July 3, 2014, OPG requested confidential treatment for certain portions of the Darlington Refurbishment Project Update evidence that it filed as Exhibit D2-2-2, in particular in respect of certain portions of the Supplemental Report to Nuclear Oversight Committee, 2nd Quarter 2014, dated June 26, 2014, as prepared by Modus/Burns & McDonnell and included as Attachment 1 to Exhibit D2-2-2 (the "Report"). In accordance with Procedural Order No. 12, written submissions on the request were filed by intervenors on July 9, 2014 and OPG made responding submissions orally on July 14, 2014.

Following OPG's submissions, the Board delivered its ruling on the request orally on July 14, 2014. As described below, the confidential and non-confidential versions of the Report, revised in accordance with the Board's ruling, was filed on July 15, 2014 and provided to intervenors by email.

In its ruling, the Board determined that the Report will be protected in a manner that is consistent with the Board's prior decision on confidentiality in Procedural Order No. 4, which found that confidential treatment should be afforded to Darlington Refurbishment Project cost estimates, contingencies and forecasts. The Board will also allow confidential treatment of information that concerns or identifies specific vendors. However, information relating to contracting strategies and lessons learned, as well as commentary in the Report relating to OPG internal management or the management of contractors is not confidential, except to the extent that this includes identifying information that could lead to reputational risk for that contractor.

The confidential version of the Report showing OPG's proposed redactions, revised, and in accordance with the Board's ruling was filed on July 15th. Portions of the text for which OPG continues to seek confidential treatment were marked with red text boxes. Portions of the text for which OPG had previously sought confidential treatment but which, in accordance with the Board's ruling, are disclosed on the public record were marked with green highlighting.

By separate email to all intervenors, OPG delivered a non-confidential version of the Report, which is the same as the confidential version except that the areas marked with red text boxes are instead redacted so as not to be disclosed on the public record.

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After the confidential and non-confidential versions of the Report were filed on July 15th, the Report was addressed in the balance of the oral hearing in the ordinary course. No participant objected to the redactions in the revised confidential filing. OPG submits that the revised confidential version submitted on July 15, 2014 be granted confidential treatment as filed.

Respectfully submitted,

[Original signed by]

Colin Anderson  
Director, Ontario Regulatory Affairs  
Ontario Power Generation

Enclosure

cc: Carlton Mathias OPG  
Charles Keizer Torys LLP  
Crawford Smith, Torys LLP  
Intervenors of Record (EB-2013-0321)

**ATTACHMENT 'A' – UNREDACTED VERSION OF RESPONSE TO UNDERTAKING  
JTx4.3**

**UNDERTAKING JTx4.3**

**Undertaking**

Response for Productivity Factors.

**Response**

OPG uses factors in the development of owner's cost estimates for the purpose of comparing these considerations against the ultimate project estimates from the contractors. These factors provide OPG with the ability to "benchmark" the cost estimates received from contractors.

The Estimate for Direct Field Labour has been developed using the following methodology:

- Scope has been quantified using a standard method of measurement that identifies key quantities such as number (NM) of welds or length (LM) of pipe.
- Standard "Norms" have then been applied on a consistent basis to the key quantities to establish the number of direct work or wrench hours (based on standard conditions e.g. Unzoned, Ground level). The Standard Estimating norms have been compiled from a number of sources:
  1. Faithful+Gould data from Nuclear & Oil Gas Mega-Projects
  2. Published data such as SPONS, Page and Nation
  3. OPG past work orders and catalogue id's
  4. Operating experience from past Nuclear refurbishments.
  5. Consultation on an ongoing basis with vendors to rationalize estimating sources and norms.
- Productivity Factors have then been applied to the standard estimating norms to reflect the specific conditions of the each of the work elements (including Working Height). A greater productivity factor would apply for work in the vault compared to work outside the vault. This factor also adjusts the work hours to establish the overall required number of paid hours by including impact of travel time , safety orientation etc. Productivity factors are described in greater detail in the following table:

Productivity Factor Element	Types of Issues covered	Basis of Adjustment Factor
Non-"Working" Time such as Travel to Work Location	<ul style="list-style-type: none"> <li>• Changing into Work Clothes</li> <li>• Walk from Site Entry to Physical Work Location</li> <li>• Lunch Break</li> <li>• Monitor &amp; Exit Security</li> </ul>	Compilation of data received from Field Supervisors and based on actual Darlington Site Conditions and DNGS Refurbishment Integrated Work Flow Analysis by Dillon Consulting dated June 2012

Productivity Factor Element	Types of Issues covered	Basis of Adjustment Factor
Mobility or Condition Factors	<ul style="list-style-type: none"> <li>• Zone and associated protective clothing (e.g. working in Plastics)</li> <li>• Permitting</li> <li>• Shift Pattern and Overtime Impact</li> <li>• Congestion (Multiple Trades or Limited Space)</li> </ul>	<p>These have been developed independently by Faithful+Gould for other OPG projects as well as the Refurbishment Program, based on assessments and discussions with OPG Supervision. These factors have also recently been validated / benchmarked against estimates prepared independently by other OPG Vendors / Contractors</p>
Height Factors	<ul style="list-style-type: none"> <li>• Working from temporary platforms</li> <li>• Accessing elevated work stations</li> <li>• Moving equipment and materials to height</li> <li>• Additional safety precautions at height</li> </ul>	Based on data obtained from OPG Pickering

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- Where more than one productivity issue is present, then factors are multiplied together or compounded to reflect the impact of each individual issue.
  - Productivity factors can therefore be different for each work element within each project to reflect the different working conditions.
  - The above hours and adjustments exclude one-time costs such as mobilization, demobilization and onboard training, which are itemized separately.

8 OPG continue to look to improve on the productivity Factors as we establish target costs with contractors. Initiatives to reduce non-working time, include:

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- New infrastructure buildings with construction dedicated security access points and lunchrooms close to the work locations.
  - Streamlined work control and work protection procedures that reflect a reactor with hazards that are minimized or removed; removed fuel, D2O dewatered & layed-up systems, de-energized systems.

**ATTACHMENT 'B' – UNREDACTED VERSION OF RESPONSE TO UNDERTAKING  
JTx4.4**

1 **UNDERTAKING JTx4.4**

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3 **Undertaking**

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5 Response for Experience Factors

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7 **Response**

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9 OPG uses factors in the development of owner's cost estimates for the purpose of  
10 comparing these considerations against the ultimate project estimates from the  
11 contractors. These factors provide OPG with the ability to "benchmark" the cost  
12 estimates received from contractors.

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14 The estimates for the subsequent refurbishment units have been adjusted for increased  
15 efficiency derived from experience and lessons learned from the first unit. It is  
16 anticipated that the experience savings will be:

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- 18 • 2.5% for the Second Unit
  - 19 • A further 0.50% for the Third Unit, 3.0 % in total, as compared to the initial unit.
  - A further 0.50% for the Fourth Unit, 3.5% in total as compared to the initial unit.

20 The basis for the principle for this adjustment has been confirmed in the contractual  
21 agreement with the RFR Contractor, where much greater savings have been anticipated  
22 and agreed.

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24 The saving from reduced Engineering requirements for subsequent Units is estimated  
25 within the Base Estimate for Engineering for each of the subsequent Units and is  
26 therefore excluded from this adjustment.

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28 The factor is applied to all project costs, except equipment, components and materials.

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30 The level of savings was established with the project teams based on:

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- 32 • Higher saving from first unit to second unit based on elimination of issues,  
33 inefficiencies, reduction in rework, reduced onboarding and training, improved  
34 performance.
  - 35 • Smaller increase in Saving for third and fourth Units based on continued  
improved performance.