

1 **UNDERTAKING J13.6**

2
3 **Undertaking**

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6 **Reference:** K13.2, p. 14.

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8 To provide how many employees assumed to be let go as part of the calculation of the
9 \$247M in severance. And provide an explanation of basis of estimate and
10 determination of \$247M savings.

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14 **Response**

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16 As part of the economic assessment of Pickering Extended Operations, OPG estimated
17 approximately \$247M (2015 PV\$) of incremental savings associated with severance
18 and related costs anticipated to be incurred upon closure of the Pickering station. These
19 savings represent the difference between the present value of the estimated costs
20 assuming a 2020 shutdown date and the present value of such costs assuming
21 Pickering operations are extended to 2024 (2 units to 2022; 4 units to 2024). The
22 estimated costs reflect assumptions related to the number of affected employees and
23 downsizing process.

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25 The estimated severance and related costs assuming a Pickering 2020 shutdown are
26 based on the exit of approximately 3,300 regular employees. This decline in staffing
27 levels is assumed to occur over several years, reflecting declining demand, activities
28 necessary to safely defuel, dewater and otherwise prepare the units for the safe storage
29 period, and existing collective agreement provisions. In order to estimate the severance
30 and related costs for Pickering Extended Operations, the costs associated with the 2020
31 shutdown scenario were largely time-shifted to periods consistent with Pickering
32 Extended Operations. The \$247M (2015 PV\$) of resulting incremental savings largely
33 represents the impact of the time value of money of deferring these costs.

UNDERTAKING J13.9

Undertaking

Reference: Table in K13.2, p. 23.

To provide on a best-efforts basis the underlying staffing assumptions in the incremental cost figures that are used in the net benefit analysis.

Response

Chart 1 provides an approximation OPG-employed regular and non-regular full time equivalent (“FTE”) numbers related to the Pickering extension in a format consistent with Ex. K13.2, p. 23.

OPG’s costs include both labour and non-labour components (e.g. materials, purchased services, etc). OPG did not directly consider labour cost FTEs in determining all aspects of incremental and non-incremental costs for the Pickering Extension net benefit analysis, as discussed at Tr. Vol. 13, p. 145. For the purpose of this response, FTE information has been approximated on a best efforts basis, taking into account direct station labour costs and an estimated labour portion of support costs based on the relative proportion of labour in OPG’s total support costs.

Chart 1: Pickering Generating Station Approximated FTEs in 2021 to 2024 Period

	2021	2022	2023	2024
Approximate FTEs corresponding to estimated labour component of fully allocated costs	4,400	4,000	2,900	2,800
Approximate FTEs corresponding to estimated labour component of incremental costs	3,600	3,400	2,600	2,500
Approximate FTEs corresponding to estimated labour component of non-incremental costs	800	600	300	300