



PUBLIC INTEREST ADVOCACY CENTRE

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February 28, 2014

Via Email – 7 pages

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

Dear Ms. Walli:

**Re: EB 2013-0321 OPG 2014-15 Payments Amounts Application
Interrogatories of the Vulnerable Energy Consumers Coalition (VECC)**

On behalf of the Vulnerable Energy Consumers Coalition (VECC) we have attached their interrogatories re: the above-noted proceeding. We have also directed a copy of the same to the Applicant and their counsel as well as all interested parties.

Yours truly,

Michael Janigan
Counsel for VECC

cc:

OPG – Colin Anderson – opgregaffairs@opg.com

OPG – Carlton Mathias – opgregaffairs@opg.com

Counsel – Charles Keizer – ckeizer@torys.com

OPG 2014-15 Payments Amounts Application

EB-2013-0321

VECC INTERROGATORIES

ISSUE 3.2: Are OPG's proposed costs for its long-term and short-term debt components of its capital structure appropriate?

3.2-VECC-1

Reference: C1-1-2, Tables 6 and 7

- a) Please provide the ratio of actual debt (debt that has actually been issued to the end of 2013 and will be outstanding within each test year) to forecast debt for each of the test years.

ISSUE 4.8: Are the proposed test period in-service additions for nuclear projects (excluding those for the Darlington Refurbishment Project) appropriate?

4.8-VECC-2

Reference: D2-1-3, Table 5b, line 81

The referenced line refers to "Emergency Power Generator 3 Permanent Installation"

- a) Please confirm that this generator is intended to provide electrical supply to the Pickering nuclear generating facility in the event of loss of external electrical supply. If unable to so confirm, please explain, indicating and fully describing the generation assets that are intended to provide electrical supply to the Pickering nuclear generating facility in the event of loss of external electrical supply.
- b) Please confirm that the referenced generator will provide an electrical supply in the event of the loss of external electrical supply that will, among other things, provide electrical energy that will operate pumps used for cooling. If unable to so confirm, please indicate what other generating assets are used for cooling and describe these assets.
- c) Please provide a description of other generating assets in-service that this generator is intended to complement in the event of an emergency. For example, please indicate whether the other generators diesel, in-line, 8 cylinders, whether they have been "turbocharged" or otherwise upgraded by or for OPG, whether they are inner

cooled, the name of the supplier, whether they were new when acquired, when they went into service, and the historical purchase price.

- d) Please provide a similar description for the referenced generator as was requested for existing generators in part c) above.
- e) Have or will any of the emergency generators been “crash tested” to see if they can withstand going from stationary to full power under load in 10 seconds for an extended period of time? If not, please explain how they have been tested and how frequently they have been tested.
- f) Have or will any of the emergency generators been tested with the testing being monitored by an independent third party? If so, please provide details; if not, why not?

ISSUE 4.9: 4.9 Are the proposed test period in-service additions for the Darlington Refurbishment Project appropriate?

4.9-VECC-3

Reference: D2-2-1, page 27, Section 7.2.8

The referenced section refers to Emergency Power Generator (Third)

- a) Please confirm that this generator is intended to provide electrical supply to the Darlington nuclear generating facility in the event of loss of external electrical supply. If unable to so confirm, please explain, indicating and fully describing the generation assets that are intended to provide electrical supply to the Pickering nuclear generating facility in the event of loss of external electrical supply.
- b) Please confirm that the referenced generator will provide an electrical supply in the event of the loss of external electrical supply that will, among other things, provide electrical energy that will operate pumps used for cooling. If unable to so confirm, please indicate what other generating assets are used for cooling and describe these assets.
- c) Please provide a description of other generating assets in-service that this generator is intended to complement in the event of an emergency. For example, please indicate whether the other generators diesel, in-line, 8 cylinders, whether they have been “turbocharged” or otherwise upgraded by or for OPG, whether they are inner cooled, the name of the supplier, whether they were new when acquired, when they went into service, and the historical purchase price.

- d) Please provide a similar description for the referenced generator as was requested for existing generators in part c) above.
- e) Have or will any of the emergency generators been “crash tested” to see if they can withstand going from stationary to full power under load in 10 seconds for an extended period of time? If not, please explain how they have been tested and how frequently they have been tested.
- f) Have or will any of the emergency generators been tested while being monitored by an independent third party? If so, please provide details; if not, why not?

ISSUE 5.4: Is the proposed new incentive mechanism appropriate?

5.4-VECC-4

Reference: E1-2-1

- a) Please confirm that for the period 2011-2013, the existing approved HIM applied to the Sir Adam Beck Pump Generating Station (SAB PGS) facility. If unable to so confirm, please provide a list of any other generating plants that attracted HIM payments over this period.
- b) Please provide OPG’s views as to what is the intended purpose of a PGS facility.
- c) Does OPG require an extra incentive to use plant that is included in rate base for the purpose for which it was intended?
- d) Please confirm that, prior to receiving an incentive, OPG operated the PGS for supply shifting, from low demand periods to high demand periods.
- e) Please provide historical operating data, similar to that provided in Table 1 on page 4 of the referenced exhibit for the SAB PGS in all years prior to 2011 for which comparative data is available.
- f) Please provide the original cost of the SAB PGS facility when it first went into service.
- g) Please explain why, per page 5 of the referenced exhibit (and also in H1-1-1, Table 4), 2013 net revenues fell to \$8.7M.
- h) Had the proposed eHIM been in effect for 2011-2013, what would have been the direct dollar benefit to ratepayers for each of those years?

- i) Please confirm that under the proposed eHIM, OPG will realize higher net revenues than had it continued under the current HIM; if unable to so confirm, please explain.
- j) Please explain how OPG's goal to be "the low cost generator" in Ontario is furthered by increasing its revenues, ceteris paribus.

ISSUE 6.3: Is the test period Operations, Maintenance and Administration budget for the nuclear facilities appropriate?

6.3-VECC-5

Reference: F2-2-1

There are numerous references to security, emergency preparedness, and Fukushima programs in the referenced exhibit.

- a) With respect to emergency generation facilities that would be called upon, for safety reasons, in the event of the loss of external electrical supply, please provide a breakout of the OM&A expenses, by facility and by year, of the amounts allocated for (i) inspection, (ii) internal monitoring, (iii) external monitoring, (iv) routine testing of the generators, and (v) crash testing the generators.
- b) To OPG's knowledge, did any diesel generators at the Fukushima facility fail before the tsunami hit?
- c) To OPG's knowledge, did any diesel generators at the Fukushima facility fail due to failure of the crankshaft as a result of axial vibration?
- d) Does OPG have any concerns with respect to its own emergency generators, e.g., regarding bearings, axial vibration, etc., should these generators be called upon to go from stationary to full load in a matter of seconds and remain under full load for a number of hours?

ISSUE 8.2: Is the revenue requirement impact of the nuclear liabilities appropriately determined?

8.2-VECC-6

Reference: C2-1-1, page 7

- a) The evidence at page 7 asserts that the current approved ONFA Reference Plan increases the test period revenue requirement by \$136.4M (relative to what was

included in rates as a result of the previously approved ONFA Reference Plan) as set out in Exhibit C2 Tab 1 Schedule 1 Table 5; please confirm that in fact the current approved ONFA Reference Plan increases the test period revenue requirement by \$442.3M (relative to what was included in rates as a result of the previously approved ONFA Reference Plan), with \$305.9M of that increase being recorded in the Bruce Lease Net Revenues Variance Account. If not confirmed, please explain how the \$305.9M of increased revenue requirement as indicated on line 17 column e) of Table 5 is tracked and (presumably) recovered.

- b) What is OPG's position with respect to the role, if any, that the OEB has with respect to reviewing and approving the details, accuracy and resulting impacts of the current approved ONFA Reference Plan on rates?

ISSUE 9.5: Is the proposed continuation of deferral and variance accounts appropriate?

9.5-VECC-7

Reference: H1-3-1, page 11

It appears to VECC, based on the description of the Nuclear Liability Deferral Account in Exhibit H1 Tab 3 Schedule 1 Page 11, that it is OPG's proposal to continue to operate the account within the confines of the legislation that originally created the account, despite the fact that OPG benefited from a reduction in its Nuclear Liability in relation to the Darlington Refurbishment Project in 2010 that was not captured in the Nuclear Liability Deferral Account such that ratepayers did not benefit from the reduction (as noted in EB-2010-008, Decision dated March 10, 2011, page 73), and despite the fact that OPG and intervenors agreed by way of settlement in EB-2012-0002 (Exhibit M pages 17-19) to reflect reductions related to reduced Nuclear Liabilities to the benefit of ratepayers beyond what may have automatically been recorded in the Account.

- a) Please confirm that VECC's understanding of OPG's proposal regarding the Nuclear Liability Deferral Account is correct and that OPG is not proposing a mechanism to capture reductions in Nuclear Liability amounts that OPG can benefit from but which would not be captured by the account as proposed.
- b) If so confirmed, please advise whether OPG would object to an expanded scope for the account, or a supplemental account, to capture reductions in Nuclear Liability relative to the amounts embedded in rates so that the benefits of such reductions can be passed on to ratepayers in the absence of an "approved reference plan" that supplants the plan that prevailing rates reflect; if OPG does object to such an

expansion of the scope of the account or to a supplemental account please provide OPG's reasons for its objection.

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