

December 2, 2016

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

Dear Ms. Walli:

**Re: EB-2016-0152 – Ontario Power Generation Inc. – Interrogatories from the Consumers Council of Canada for Schiff Hardin**

Please find, attached, interrogatories on behalf of the Consumers Council of Canada on evidence prepared by Schiff Hardin with respect to the above-referenced proceeding:

Please feel free to contact me if you have questions.

Yours truly,

*Julie E. Girvan*

Julie E. Girvan

CC: Violet Binette, Board Staff  
All Parties

**INTERROGATORIES FOR SCHIFF HARDIN**  
**FROM THE CONSUMERS COUNCIL OF CANADA**

**EB-2016-0152**

**ONTARIO POWER GENERATION INC. – 2017-2021 PAYMENT AMOUNTS**

**M1-CCC-1**

CCC asked the following question of OPG by way of written interrogatory:

Exhibit L, Tab 4.3, Schedule 5, CCC-018

*c) Please list and describe all of the risks that OPG considered may contribute to increased costs for the DRP where the nature of the risk is such that if manifested the added cost would not be appropriately recovered from either OPG's contractors or from OPG's ratepayers, but rather absorbed by OPG directly.*

*There are no risks that OPG considered at the program or project level that would not appropriately be recoverable through the CRVA.*

Mr. Roberts made the following statements within his written testimony:

Exhibit M1, p. 14

While OPG's detailed planning during the Definition Phase of the DRP does prepare OPG to mitigate the risks that occur during the Execution Phase of the DRP, the true test will be whether OPG actually executes those plans and whether OPG continually and reliably follows the prudent management decision-making framework described above to make reasonable management decisions. Based on Schiff's experience in the industry, an owner's compliance with industry standard risk mitigation planning does not guarantee the successful execution of the program or project.

Exhibit M1, p. 31

All mega-projects (including mega-programs) experience some form of cost and/or schedule issues. It is not a question of whether these type events occur, it is a matter of how OPG handles and responds to these issues when they arise.

Exhibit M1, p. 35

The management and coordination risk related to the prime contractors, lies squarely on OPG's shoulders, and, regardless of the contracting strategy, the owner's

management of the project is crucial to its success. No contracting strategy will be successful unless it is properly managed throughout the life cycle of the project.

Exhibit M1 p. 64

In decisions that ultimately find a disallowance, the weight of the evidence demonstrated that the utility acted imprudently and that the imprudent actions were the cause of increased costs on the project/program. For a utility owner to be confident in the ultimate regulatory recovery of construction costs, the prudence standard requires the owner's active involvement in the project, ongoing documentation of the decision-making process for any issues with cost or schedule impacts, and constant work with the contractors to resolve commercial disputes involving cost and schedule at the project level as they arise over the life cycle of the project/program.

a) Please confirm that it is Schiff Hardin's opinion that OPG is or should be at risk of disallowed recovery in relation to cost overruns that are related to any failure by OPG to properly manage the DRP during the execution phase, including but not limited to a failure to continually and reliably follow the prudent management decision-making framework that OPG says it has put into place.

#### **M1-CCC-2**

Please provide the Terms of Reference for the Schiff Hardin report.