NUCLEAR OM&A NORMALIZATION

Since the OEB's Decision and Order in EB-2016-0152, the structure of OPG's nuclear operations has changed in various ways. Larger organizational changes that OPG implemented over this period include:

- Transfers of functional accountabilities from Corporate Support to Nuclear Operations, such as Nuclear Training, Nuclear Oversight and Commercial Services.
- Consolidating Shared Financial Services (formerly in Finance), HR Service Centre and Payroll Services (both formerly in People & Culture), and Business Infrastructure Services (formerly in Real Estate) within OPG's Chief Information Office.
- Transfers of functional accountabilities within Nuclear Operations, such as the transfer of Radiation Safety from the former Fleet Operations and Maintenance function in Operations and Project Support to Site and Support Services at the Nuclear Stations.
- In the second half of 2020, OPG implemented a major realignment of the organizational structure to facilitate greater cross-functional collaboration and synergies in preparation of post-Pickering operations. As part of that realignment, OPG centralized engineering and other operations support groups across the former Nuclear and Renewable Generation business units, which have been combined under an Enterprise Operations organization. Additionally, major project execution groups have been integrated into a single Enterprise Projects organization, and all strategic initiatives, including new nuclear development and electrification, have been centralized under an Enterprise Strategy organization.

The current structure of OPG's nuclear operations functions is described in detail in Ex. F2-2-1, Attachment 1. The structure of Support Services are summarized in Ex. F3-1-1.

To provide the OEB with a consistent basis for comparison, the tables throughout this application present OPG's historical operating costs, including the bridge year, on a normalized basis that reflects the current organizational structure of the company's nuclear operations.

Charts 1, 2, and 3 below illustrate the movement of costs between OM&A categories over the 2017-2021 IR term. Chart 1 provides planned OPG nuclear operating costs for 2017-2021 as presented in the EB-2016-0152 application. Chart 2 provides the same forecast costs for the same period, mapped to OPG's current organizational structure. Chart 3 summarizes the net change in each cost category between Chart 1 and Chart 2.

Historical nuclear OM&A costs in this application are presented consistent with Chart 2.

Chart 1: Nuclear Operating Costs per EB-2016-0152 Payment Amounts Order

Line No.	Cost Item	2017 Plan	2018 Plan	2019 Plan	2020 Plan	2021 Plan
		(e)	(f)	(g)	(h)	(i)
	OM&A:					
	Nuclear Operations OM&A					
1	**Base OM&A** [1]	1,160.1	1,173.6	1,197.0	1,215.0	1,228.0
2	**Project OM&A**	113.7	109.1	100.1	100.2	86.8
3	**Outage OM&A**	394.6	393.8	415.3	394.4	308.5
4	**Subtotal Nuclear Operations OM&A**	**1,668.4**	**1,676.5**	**1,712.5**	**1,709.6**	**1,623.3**
5	**Darlington Refurbishment OM&A**	41.5	13.8	3.5	48.4	19.7
6	**Darlington New Nuclear OM&A**	1.2	1.2	1.2	1.3	1.3
7	**Allocation of Corporate Costs** [2]	403.9	392.2	397.7	400.0	409.1
8	**Allocation of Centrally Held and Other Costs**	99.3	136.4	162.1	172.0	160.6
9	**Asset Service Fee**	27.9	27.9	28.3	22.9	20.7
10	**Subtotal Other OM&A**	**573.9**	**571.5**	**592.9**	**644.6**	**611.4**
11	**Total OM&A**	**2,242.2**	**2,248.0**	**2,305.4**	**2,354.2**	**2,234.6**

1 Includes Base OM&A ($25M) and Compensation Disallowance ($30M) per EB-2016-0152 Decision with Reasons, page 55 and 84 respectively

2 Includes Corproate allocated cost disallowance of $45M per EB-2016-0152 Decision with Reasons, page 72

Chart 2: EB-2016-0152 Planned Nuclear Operating Costs per Current Structure

Line No.	Cost Item	2017 Plan	2018 Plan	2019 Plan	2020 Plan	2021 Plan
		(e)	(f)	(g)	(h)	(i)
	OM&A:					
	Nuclear Operations OM&A					
1	**Base OM&A**	1,226.7	1,250.9	1,268.4	1,284.7	1,297.3
2	**Project OM&A**	113.7	109.1	100.1	100.2	86.9
3	**Outage OM&A**	394.6	393.8	415.3	394.4	308.5
4	**Subtotal Nuclear Operations OM&A**	**1,734.9**	**1,753.8**	**1,783.8**	**1,779.3**	**1,692.7**
5	**Darlington Refurbishment OM&A** [1]	46.3	16.4	7.4	53.7	25.9
6	**Darlington New Nuclear OM&A**	1.2	1.2	1.2	1.3	1.3
7	**Allocation of Corporate Costs**	337.8	329.8	330.9	332.8	340.3
8	**Allocation of Centrally Held and Other Costs**	94.1	118.9	153.7	164.3	153.7
9	**Asset Service Fee**	27.9	27.9	28.3	22.9	20.7
10	**Subtotal Other OM&A**	**507.3**	**494.2**	**521.5**	**574.8**	**541.9**
11	**Total OM&A**	**2,242.2**	**2,248.0**	**2,305.4**	**2,354.2**	**2,234.6**

1 Amounts include the adjustment to L&ILW expenditures discussed in F2-7-1 Table 2 as per note 3

Chart 3: Net Change in Cost Items

Line No.	Cost Item	2017 Plan	2018 Plan	2019 Plan	2020 Plan	2021 Plan
		(e)	(f)	(g)	(h)	(i)
	OM&A:					
	Nuclear Operations OM&A					
1	**Base OM&A**	66.6	77.3	71.4	69.7	69.4
2	**Project OM&A**	0.0	0.0	0.0	0.0	0.1
3	**Outage OM&A**	0.0	0.0	0.0	0.0	0.0
4	**Subtotal Nuclear Operations OM&A**	**66.6**	**77.3**	**71.4**	**69.7**	**69.5**
5	**Darlington Refurbishment OM&A** [1]	4.8	2.6	3.9	5.3	6.1
6	**Darlington New Nuclear OM&A**	0.0	0.0	0.0	0.0	0.0
7	**Allocation of Corporate Costs**	(66.1)	(62.4)	(66.9)	(67.2)	(68.8)
8	**Allocation of Centrally Held and Other Costs**	(5.3)	(17.5)	(8.4)	(7.8)	(6.8)
9	**Asset Service Fee**	0.0	0.0	0.0	0.0	0.0
10	**Subtotal Other OM&A**	**(66.6)**	**(77.4)**	**(71.4)**	**(69.7)**	**(69.5)**
11	**Total OM&A**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

1 Amounts include the adjustment to L&ILW expenditures discussed in F2-7-1 Table 2 as per note 3