COMPARISON OF ALLOCATION OF SUPPORT SERVICES COSTS

1.0 PURPOSE

This evidence describes the period-over-period changes in the Support Services costs. OPG has restated the presentation of actual (2016-2019) and EB-2016-0152 OEB-approved (2017-2021) Corporate Support & Administrative costs for organizational changes including transfers to/from Nuclear Support and Renewable Generation & Power Marketing (formerly Hydro-Thermal Operations) in order to provide an appropriate basis of comparison with Business Plan period information. These changes are further described in Ex. F3-1-1.

2.0 PERIOD-OVER-PERIOD CHANGES - IR TERM, NUCLEAR

Exhibit F3-1-2, Tables 2a and 2b, provides the period-over-period changes in the allocated Support Services costs for the IR Term.

2022 Plan versus 2021 Budget

Support Services costs in the 2022 Plan are $387.9M, which is $8.2M lower than the 2021 budget of $396.1M.

The reportable variances by category of expense are as follows:

- Environment, Health & Safety ($2.8M or 15.0% decrease), primarily due to no COVID-19 related costs being assumed in 2022
- Corporate Center ($6.3M or 15.8% decrease), primarily due to lower COVID-19 related costs across Corporate Center and lower Regulatory Affairs costs based on major rate application cycle (see Ex. F3-1-3).

2023 Plan versus 2022 Plan

Support Services costs in the 2023 Plan are $380.0M, which is $7.9M lower than the 2022 Plan of $387.9M.

The reportable variances by category of expense is Project OM&A ($6.0M or 23.0% decrease) due to projects in the Chief Information Office.

2024 Plan versus 2023 Plan

Support Services costs in the 2024 Plan are $375.3M, which is $4.7M lower than the 2023 Plan of $380.0M.

The reportable variances by category of expense is Project OM&A ($4.8M or 24.2% higher) due to projects in Real Estate.

2025 Plan versus 2024 Plan

Support Services costs in the 2025 Plan are $334.3M, which is $41.0M lower than the 2024 Plan of $375.3M.

The reportable variances by category of expense are as follows:

- Supply Chain ($8.1M or 19.6% decrease), primarily due to reduction in staffing levels driven by the planned shutdown of Pickering Units 1 and 4 by the end of 2024 (Ex. F2-2-3).
- Leasing and Utilities costs ($9.4M or 34.9% decrease), stemming from a reduction in OPG's overall real estate footprint in line with OPG's Real Estate strategy (Ex. D3-1-1).
- Project OM&A ($4.7M or 19.0% decrease) due to projects in Real Estate.

2026 Plan versus 2025 Plan

Support Services costs in the 2026 Plan are $252.9M, which is $81.4M lower than the 2025 Plan of $334.3M.

The reportable variances are primarily due to reduced staffing levels across Support Services following planned Pickering shutdown.

3.0 PERIOD-OVER-PERIOD CHANGES – BRIDGE YEARS, NUCLEAR

Exhibit F3-1-2, Tables 2a and 2b, provides the period-over-period changes in the allocated Support Services costs for the bridge years.

2021 Budget versus 2021 OEB Approved

Support Services costs in the 2021 Budget are $396.1M, which is $10.8M higher than the 2021 OEB Approved amount of $385.3M.

The reportable variances by category of expenses are as follows:

- Chief Information Office ($12.3M or 10.0% increase), primarily due to higher software maintenance contract costs reflecting increased investment in XXX.
- Real Estate ($7.8M or 17.3% increase), primarily due to COVID-19 related spend to maintain enhanced cleaning protocols.
- Supply Chain ($7.0M or 14.0% decrease) primarily due to lower staffing levels.
- Finance ($6.6M or 17.0% decrease) primarily due to lower staffing levels.
- Leasing and Utilities Costs ($6.4M or 19.3% decrease), due to vacating three floors at 700 University Avenue in line with OPG's Real Estate Strategy and Workplace Transformation project, as described in Ex. D3-1-1 and Ex. D3-1-2.
- Project OM&A ($9.8M or 70.9% increase), primarily due to reprioritizing projects in Chief Information Office and Real Estate.

2021 Budget versus 2020 Budget

Support Services costs in the 2021 Budget are $396.1M, which is $15.8M higher than the 2020 Budget of $380.3M.

The reportable variances by category of expenses are as follows:

- Real Estate ($6.3M or 13.6% increase), primarily due to the assumed full year of COVID-19 related spend to maintain enhanced cleaning protocols.
- Leasing and Utilities costs ($4.8M or 21.9% increase), as occupancy across various office spaces and their associated costs are assumed to recover to normal levels from the lower occupancy experienced in 2020 due to COVID-19 work from home protocols.

2020 Budget versus 2020 OEB Approved

Support Services costs in the 2020 Budget are $380.3M, which is $2.6M higher than the 2020 OEB Approved amount of $377.8M.

The reportable variances by category of expenses are as follows:

- Finance ($6.0M or 15.5% decrease), due to lower staffing levels.
- Environment, Health & Safety ($3.0M or 16.6% increase), due to COVID-19 related costs, including procurement of personal protective equipment.
- Leasing and Utilities Costs ($9.5M or 30.3% decrease), due to lower occupancy in buildings as a result of COVID-19 work from home protocols.
- Project OM&A ($9.0M or 66.0% increase) due to reprioritizing projects in the Chief Information Office.

2020 Budget versus 2019 Actual

Support Services costs in the 2020 Budget are $380.3M, which is $18.6M higher than the 2019 Actual costs of $361.7M.

The reportable variances by category of expenses are as follows:

- Real Estate ($6.8M or 17.3% increase), primarily due to COVID-19 related costs to maintain enhanced cleaning protocols.
- Environment, Health & Safety ($6.3M or 43.7% increase) due to COVID-19 related costs, including procurement of personal protective equipment.
- Leasing and Utilities Costs ($6.3M or 22.3% decrease), due to lower occupancy in buildings as a result of COVID-19 work from home protocols.
- Project OM&A ($4.2M or 22.8% increase) due to projects in the Chief Information Office.

4.0 PERIOD-OVER-PERIOD CHANGES - HISTORICAL YEARS, NUCLEAR

Exhibit F3-1-2, Tables 2a and 2b, provides the period-over-period changes for the historical period.

2019 Actual versus 2019 OEB Approved

Support Services Actual costs in 2019 are $361.7M, which is $14.2M lower than the 2019 OEB Approved amount of $375.9M.

The reportable variances by category of expenses are as follows:

- Finance ($9.1M or 23.5% decrease) due to lower staffing levels.
- Environment, Health & Safety ($2.7M or 15.6% decrease) due to lower staffing levels.
- Project OM&A ($5.4M or 41.3% increase) due to reprioritizing projects in the Chief Information Office.

2019 Actual versus 2018 Actual

Support Services Actual costs in 2019 are $361.7M, which is $6.9M lower than the 2018 Actual costs of $368.6M.

The reportable variances by category of expenses are as follows:

- Finance ($4.7M or 13.7% decrease), due to lower staffing levels.
- Project OM&A ($3.2M or 14.9% decrease), due to projects in the Chief Information Office.

2018 Actual versus 2018 OEB Approved

Support Services Actual costs in 2018 are $368.6M, which is $6.2M lower than the 2018 OEB Approved amount of $374.8M.

The reportable variances by category of expenses are as follows:

- Finance ($5.3M or 13.3% decrease) due to lower staffing levels.
- Project OM&A ($8.5M of 64.4% increase) due to reprioritizing projects in the Chief Information Office.

2018 Actual versus 2017 Actual

Support Services Actual costs in 2018 are $368.6M, which is $8.4M lower than 2017 Actual costs of $377.0M.

2017 Actual versus 2017 OEB Approved

Support Services Actual costs in 2017 are $377.0M, which is $5.8M lower than the 2017 OEB Approved amount of $382.8M.

The reportable variances by category of expenses are as follows:

- Real Estate ($6.3M or 14.4% decrease), due to later than assumed sale and lease back of 700 University Avenue office.
- Finance ($4.0M or 10.1% decrease), due to lower staffing levels.
- Human Resources ($3.0M or 13.0% increase), due to business claims.
- Project OM&A ($5.4M or 32.1% increase), due to reprioritizing projects in the Chief Information Office.

2017 Actual versus 2016 Actual

Support Services Actual costs in 2017 are $377.0M, which is $16.5M higher than the 2016 Actual costs of $360.5M.

The reportable variances by category of expenses are as follows:

- Real Estate ($6.2M or 40.5% increase) as a result of diminished economies of scale from the sale and lease back of 700 University Avenue.
- Leasing and Utilities Costs ($5.7M or 22.0% increase) due to the sale and lease back of 700 University Avenue office.

2016 Actual versus 2016 Budget

Support Services Actual costs in 2016 are $360.5M, which is $18.5M lower than the 2016 Budget of $379.1M.

The reportable variances by category of expenses are as follows:

- Real Estate ($6.7M or 17.8% decrease) due to later than assumed sale and lease back of 700 University Avenue office.
- Finance ($3.7M or 9.8% decrease) due to lower staffing levels.

- Environment, Health & Safety ($2.5M or 15.4% decrease) due to lower staffing levels
- Leasing and Utilities Costs ($2.9M or 10.1% decrease), due to later than assumed sale and lease back of 700 University Avenue office.
- Project OM&A ($4.4M or 21.9% increase), due to reprioritizing projects in the Chief Information Office.