

## *Aiken & Associates*

578 McNaughton Ave. West  
Chatham, Ontario, N7L 4J6

Phone: (519) 351-8624  
E-mail: [randy.aiken@sympatico.ca](mailto:randy.aiken@sympatico.ca)

March 22, 2021

Christine E. Long  
Registrar  
Ontario Energy Board  
2300 Yonge Street  
Toronto, ON M4P 1E4

Dear Ms. Long,

**RE: EB-2020-0290 - Interrogatories of London Property Management Association  
for Ontario Power Generation 2022-2026 Payments**

Please find attached the interrogatories of the London Property Management Association ("LPMA") in the above noted application.

Sincerely,

Randy Aiken  
Aiken & Associates

cc: OPG Regulatory Affairs [opgregaffairs@opg.com](mailto:opgregaffairs@opg.com)

Ontario Power Generation Inc.

Application for payment amounts for the period from  
January 1, 2022 to December 31, 2026

**INTERROGATORIES OF THE  
LONDON PROPERTY MANAGEMENT ASSOCIATION**

**B1-LPMA-1**

Ref: Exhibit B1, Tab 1, Sch. 2, page 2

The evidence states that the net lag days determined in the Navigant study were applied by OPG to actual financial results for the prescribed nuclear assets for 2019, which was the most recent available historical year, to calculate the nuclear cash working capital amount of (\$37.8) to be used for the 2020 to 2026 period, as summarized in Chart 1.

Please provide the calculations that use the net lag days determined in the Navigant study and the actual financial results for the prescribed nuclear assets for 2019 that result in the figures shown in Chart 1.

**B1-LPMA-2**

Ref: Exhibit B1, Tab 1, Sch. 1, Att. 1

In the Introduction and Methodology section, the Navigant report states that “*The dollar-weighted net lag (lag minus lead) days is then divided by 365 (or 366 for leap years) **and then multiplied by the annual test year expenses to determine the amount of working capital required**”.* (emphasis added)

OPG has stated (Ex. B1, Tab 1, Sch. 2, page 2) that it used its actual financial results for 2019 to calculate the cash working capital amount for each of 2020 through 2026.

In Navigant’s experience, is using actual financial historical results rather than bridge year and test year forecast financial results, common in the calculation of the cash working capital amount? Please explain fully.

**B1-LPMA-3**

Ref: Exhibit B1, Tab 1, Sch. 1, Att. 1

a) Were there any significant one-time revenues or expenses in 2018 that were incorporated into the lead/lag analysis that would not be expected to continue over the 2020 through 2026 period? If yes, please highlight any such items.

b) Please confirm that the difference in revenue lags between hydroelectric (35.40 days in Table 13) and nuclear (35.46 days in Table 14) is entirely related to the weighting factors by month. If this cannot be confirmed, what other difference(s) are there?

#### **B1-LPMA-4**

Ref: Exhibit B1, Tab 1, Sch. 1, Att. 1

Section 4.2 states with respect to PILS, OPG made 12 monthly payments in 2018, along with a one-time top-up payment from the 2017 tax year, which occurred in February. Table 21 shows this payment amount of \$36.9 million with service lead days of 29.50 which is the mid-point between 1/1/2018 and 2/28/2018.

Please explain why the midpoint of 1/1/2018 to 2/28/2018 was used when the payment amount was related to 2017. Specifically, why are the service lead days not greater than 29.50, to reflect some portion of 2017 in the calculation?

#### **B1-LPMA-5**

Ref: Exhibit B1, Tab 1, Sch. 1, Att. 1

Please show how the total expense lead days for bi-weekly payroll (24.50 days) and monthly payroll (3.59 days) in Table 22 were calculated. In particular, please provide the service lead days and payment lead days and provide the payment timing with respect to both bi-weekly and monthly payroll.

#### **B1-LPMA-6**

Ref: Exhibit B1, Tab 1, Sch. 1, Att. 1

a) Please explain and provide all relevant calculations and assumptions used to arrive at the (43.21) Nuclear HST lead time days shown in Table 10.

b) Under the statutory approach used, are the HST lead times days based on the invoice date or the payment date?

c) How does that the calculation of the Nuclear NST lead time days tie back into the invoice and payment days shown in Table 14?

#### **C1-LPMA-7**

Ref: Exhibit C1, Tab 1, Sch. 1 & Exhibit I1, Tab 1, Sch. 1

Please provide a table that shows the forecast revenue deficiency for each of 2022 through 2026, as shown on page 2 of Exhibit I1, Tab 1, Schedule 1 along with the forecast revenue deficiency for each of 2022 through 2026 if the return on equity shown in Tables 1 through 5 in Exhibit C1, Tab 1, Schedule 1 is increased by 100 basis points (i.e. from 8.34% to 9.34%).

### **C1-LPMA-8**

Ref: Exhibit C1, Tab 1, Sch. 1 & Exhibit I1, Tab 1, Sch. 1

Please provide a table that shows the forecast revenue deficiency for each of 2022 through 2026, as shown on page 2 of Exhibit I1, Tab 1, Schedule 1 along with the forecast revenue deficiency for each of 2022 through 2026 if the common equity component of rate base shown in Tables 1 through 5 in Exhibit C1, Tab 1, Schedule 1 was maintained at 45% (i.e. down from 50%).

### **F2-LPMA-9**

Ref: Exhibit F2

Please update the following tables to include actual data for 2020. If actual data is not yet available for 2020, please update the tables to provide the most recent estimates currently available:

- a) Ex. F2, Tab 1, Sch. 1, Table 1
- b) Ex. F2, Tab 2, Sch. 2, Table 1a
- c) Ex. F2, Tab 3, Sch. 2, Table 1a
- d) Ex. F2, Tab 4, Sch. 2, Table 1a
- e) Ex. F2, Tab 7, Sch. 1, Table 2

### **F2-LPMA-10**

Ref: Exhibit F2, Tab 1, Sch. 1 & Exhibit F2, Tab 8, Sch. 1

Table 1 of Ex. F2, Tab 1, Sch. 1, there is an amount of \$66.0 million in 2020 and \$206.0 million in 2021 for Darlington New Nuclear OM&A. On page 1 of Ex. F2, Tab 8, Sch. 1, these amounts are described as costs related to preliminary planning and preparation expenditures for an SMR generating station at the Darlington site and that OPG will record these amounts in 2020 and 2021 related to the SMR project in the Nuclear Development Variance Account ("NDVA"). Please explain why these figures are shown in the OM&A figures in Table 1 if they are to be recorded in the NDVA.

### **F3-LPMA-11**

Ref: Exhibit F3, Tab 2, Sch. 2

Please update Table 2 to include actual data for 2020. If actual data is not yet available for 2020, please update the table to provide the most recent estimates currently available.

### **F3-LPMA-12**

Ref: Exhibit F3, Tab 1, Sch. 1

Table 3 shows a 2020 budget figure of \$380.3 for total OM&A associated with the allocation of corporate support & administrative OM&A costs – nuclear.

a) What is the actual figure for 2020? If actual data is not yet available for 2020, please update the table to provide the most recent estimates currently available.

b) What was the comparable OEB approved figure for 2020?

#### **F4-LPMA-13**

Ref: Exhibit F4, Tab 1, Sch. 1, page 6

a) Is the decrease of approximately \$5 million per year effective January 1, 2021 noted in lines 16-20 on page 6 captured in any of the depreciation & amortization captured in any deferral account (existing or proposed)? If yes, please explain fully.

b) When did OPG receive OEB approval to change the depreciation rates effective January 1, 2021?

c) Is the net reduction, not including any deferral account impact, that the revenue requirement for 2021 is reduced by \$5 million and rate base has been increased by approximately \$5 million, also for 2021? If not, please explain.

#### **F4-LPMA-14**

Ref: Exhibit F4, Tab 4, Sch. 2

Please update Table 2a to include actual data for 2020. If actual data is not yet available for 2020, please update the table to provide the most recent estimates currently available.

#### **H1-LPMA-15**

Ref: Exhibit H1, Tab 1, Sch. 1, pages 3 – 5

OPG proposes to continue all of the existing deferral and variance accounts that are listed, with the exception of those noted. Is OPG proposing any changes for the existing deferral and variance accounts that will continue in terms of how and what is recorded in them or in how they will be disposed of? If yes, please explain fully.

#### **H1-LPMA-16**

Ref: Exhibit H1, Tab 1, Sch. 1, page 37

Has OPG recorded any entries in the Impacts Arising from the Covid-19 Emergency Deferral Account? If yes, please identify and quantify any such components included in the account.