Board Staff Interrogatory #162

Interrogatory

Reference:
Exhibit D2 / Tab 2 / Schedule 10 / p. 112
Exhibit D2 / Tab 2 / Schedule 10 / Attachment 2q / p. 3

Preamble:

OPG stated that by the time that it terminated the agreement with the original vendor, the cost and schedule to deliver the facility was substantially higher than originally anticipated.

OPG identified major cost contributors at this stage of the project which include soil contamination, standalone structure and structural changes, permanent material requirements and field work for site preparations / ground water elevation.

Question(s):

a) Please confirm that B&M is the initial contractor referenced above and that OPG terminated B&M's D2O Storage Project contract on October 16, 2014. Otherwise, please clarify.

b) Please summarize how much was spent on the D2O Storage Project, including capital and OM&A, up to the point when OPG terminated the contract with the initial contractor.

c) Please summarize the contribution of each of the major cost contributors described at the above reference to the higher than originally anticipated cost and schedule. In the response, please specifically discuss the impact of the soil lay down area and additional water treatment.

Response

a) Confirmed.

b) OPG's total costs on the D2O Storage Project as of October 2014 month end were $115.3M, which consisted of $114M of capital and $1.3M of OM&A, of which $0.6M was written off and is not included in the amounts tracked in the CRVA.

c) Details of the execution of the work associated with each of the events summarized at the above reference including impacts on schedule and costs in certain cases are provided as follows:

- Soil management (F1 laydown area): Ex. D2-2-10, pp. 53-55. See also OPG's response to Ex. L-D2-02-Staff-154 and L-D2-02-AMPCO-107. OPG estimates that soil management resulted in approximately $14M of increased costs compared to plan.
- Changes to building structure: See Ex. D2-2-10, p. 53 and Ex. D2-2-10, Attachment 2p, pp. 17-19 for details of the decision to design a stand alone building and resulting cost impacts. See Ex. D2-2-10, pp. 86-87 for details of pipe-chase construction.
- Permanent material requirements: See Ex. D2-2-10, p. 85, p. 109 lines 6-11, and Attachment 2p, p. 19 for details of piping and valve installations and associated increases in required materials. OPG estimates that permanent material requirements resulted in approximately $10.3M (for OPG only procured materials) of increased costs compared to plan.
- Field work and site preparations: See Ex. D2-2-10, pp. 52-62. OPG estimates that site preparation resulted in approximately $11M of increased costs compared to plan most of which was attributable to the Low Pressure Service Water pipe as discussed in Ex. L-D2-02-AMPCO-115 (c).

Page three of the 2018 Superseding Release Execution BCS details major project events that led to increased costs. Each of these events caused OPG to incur additional costs across numerous individual work packages. Because the project tracked costs at the work package level, and not by event, OPG is generally unable to attribute precise costs to the listed events, beyond what is provided above and in Ex. D2-2-10, Attachments 2m -2q.