Board Staff Interrogatory #150

Interrogatory

Reference:
Exhibit D2 / Tab 2 / Schedule 10 / pp. 1 and 12
Exhibit D2 / Tab 2 / Schedule 10 / Attachment 2q / p. 5

Preamble:

The first reference states the total cost of the D2O Storage Project is $510 million, consisting of $509.3 million in capital and $0.7 million in OM&A for removal costs incurred in 2013. Of the $509.3 million in capital cost, $14.6 million was placed in service in 2014 and has already been approved for inclusion in rate base and is reflected in the rate base approved in OPG's 2017-2021 Payment Amounts Proceeding. OPG also states that the inclusion of the remaining $494.7 million in OPG's rate base is requested in this application.

The second reference states that the estimate at completion of $498.5 million is the target budget. However, this excludes $11.5 million of management reserve, for a total budget of $510 million.

Question(s):

a) Please confirm the total capital cost of the D2O Storage Project: is it $509.3 million?

b) Please confirm the total D2O Storage Project cost including removal costs of $0.7 million in OM&A incurred in 2013: is it $510 million?

c) Does the $498.5 million cited in the second reference include both capital and OM&A costs or just capital costs?

d) Does the $510 million cited in the second reference include both capital and OM&A costs or just capital costs?

e) What is "management reserve" and where does its funding come from?

f) How much, if any, management reserve was released for the D2O Storage Project?

g) Is OPG seeking to recover the cost of any management reserve for the D2O Storage Project as part of this application? If so, how much? If not, please clarify.

Response

a) – b) Confirmed. The total capital cost of the D2O Storage Project is $509.3M and the total cost of the D2O Storage Project is $510M.

c) The $498.5M cited in the second reference includes capital costs and OM&A costs of $0.7M incurred in 2013.

d) The $510M cited in the second reference includes both capital costs and OM&A costs of $0.7M incurred in 2013.

e) "Management reserve" is the estimated cost associated with mitigation of remaining project risks. The funding of "management reserve" comes from the DRP budget of $12.8B and is included in the total $510M cost estimate.

f) The full "management reserve" amount of $11.5M was drawn for the D2O Storage Project and is included in the total project cost of $510M.

g) Yes. OPG requests to incorporate the remaining $494.7M of capital cost for the D2O Storage Project into its rate base, which amount includes the $11.5M "management reserve".