Board Staff Interrogatory #209

Interrogatory

Reference:
Exhibit F2 / Tab 1 / Schedule 1 / p. 25
Exhibit F4 / Tab 1 / Schedule 1 / p. 9

Preamble:

OPG noted that the application reflects its plan to safely optimize the shutdown of Pickering NGS by operating all six units until September 2024, five of the six units through 2024, and the remaining four units until December 2025, as per the 2020-2026 Business Plan.

In other areas of the application, OPG describes the accounting EOL date as December 31, 2022 for Pickering NGS Units 1 and 4 and December 31, 2024 for Pickering NGS Units 5-8 (for example, see Exhibit F4 / Tab 1 / Schedule 1 / p. 9).

Question(s):

a) Please provide a table that sets out for each area of the application (e.g. rate base (including working capital), OM&A, compensation (including pensions + OPEBs), depreciation, production forecast, etc.), whether the accounting EOL date applies or the Pickering Optimized Shutdown date applies.

b) Please advise whether, throughout the application, OPG has used the language: (i) “accounting EOL” to describe Units 1 and 4 closure at December 31, 2022 and Units 5-8 closure at December 31, 2024; and (ii) “Pickering Shutdown” to describe the updated closure dates of September 2024 and December 2024 for Units 1 and 4 and December 2025 for Units 5-8.

Response

a) and b)

Accounting EOL date refers to a generating station’s end of life assumption used for accounting purposes in accordance with US GAAP, which in turn affects depreciation and amortization expense and nuclear liabilities estimates set out in the application. OPG confirms that, as discussed in Ex. F4-1-1, the requested revenue requirement is based on the accounting EOL dates of December 31, 2022 for Units 1 and 4 and December 31, 2024 for Units 5-8 of Pickering NGS (“Accounting EOL dates”).

Witness Panel: Finance and D&V Accounts

OPG also confirms that for all operational and other planning purposes, the forecasts in the application are based on the Pickering Optimized Shutdown plan, with Unit 1 operating until September 2024, Unit 4 until December 2024 and Units 5-8 until the end of 2025, subject to required approvals by the Canadian Nuclear Safety Commission ("Pickering Optimized Shutdown dates").

The requested chart is provided below:

Chart 1:

Application Area	**Pickering Assumption**
Rate Base	Based on corresponding inputs from other revenue requirement elements
Working Capital	Pickering Optimized Shutdown dates
Nuclear Liabilities	Accounting EOL dates
Capital Expenditures and In-Service Amounts	Pickering Optimized Shutdown dates
Production Forecast	Pickering Optimized Shutdown dates
OM&A Expenses	Pickering Optimized Shutdown dates
Nuclear Fuel Expense	Pickering Optimized Shutdown dates
Asset Service Fees	Pickering Optimized Shutdown dates
Compensation (incl. pension & OPEB)	Pickering Optimized Shutdown dates
Depreciation and Amortization Expenses	Accounting EOL dates
Income Tax	Based on corresponding inputs from other revenue requirement elements
Property Tax	Pickering Optimized Shutdown dates
Nuclear Non-Energy Revenues	Pickering Optimized Shutdown dates

The above approach reflects OPG's 2020-2026 Business Plan that underpins this application, and is the approach accepted by the OEB in analogous circumstances in EB-2016-0152.