Board Staff Interrogatory #314

Interrogatory

Reference:
Exhibit F4 / Tab 4 / Schedule 1 / p. 7

Question(s):

a) Please further discuss how OPG forecasted OPG-wide and nuclear insurance costs for the 2022-2026 Custom IR term.

b) Please confirm that the combined OPG-wide and nuclear insurance costs were $26.4 million less than OEB-approved in aggregate during the 2017-2021 period.

Response

a) OPG relied on the expertise of Marsh Canada Limited ("Marsh"), OPG's insurance broker, to forecast OPG-wide and nuclear insurance costs for the 2022-2026 period. Marsh is the world's largest insurance broker, has access to worldwide data including other clients' renewal results and is knowledgeable of OPG's insurance programs. Additional information is provided in Ex. L-F4-04-VECC-35.

b) Confirmed, on the basis of the 2020 and 2021 pre-filed forecasts. The variance of $26.4M comprises an under-variance of $31.0M related to nuclear insurance and an over-variance of $4.6M related to OPG-wide insurance.

As noted at Ex. F4-4-1, p. 4, the nuclear insurance variance includes the impact of a one-year delay in the phase-in of the higher statutory nuclear liability limits pursuant to the *Nuclear Lability and Compensation Act,* from 2016 to 2017.[1] OPG identified this delay and its estimated impact totaling $7M during the EB-2016-0152 proceeding, at Ex. L-6.8-20, VECC-035.

As noted at the above EB-2016-0152 evidence, the estimated premiums for the increased limits were based on a preliminary estimate received from OPG's lead insurer at the time of preparing the underpinning business plan. Subsequently, OPG was successful in developing a significant amount of limit capacity from two other insurers, at lower premium rates, which drove the remaining variance relative

[1] On February 16, 2021, Natural Resources Canada announced commencement of a scheduled five-year review of the nuclear liability limits under the *Nuclear Liability and Compensation Act*. The forecast of nuclear insurance costs in this application has not assumed any increases in the liability limits as a result of the review.

to OEB-approved amounts. The savings associated with the ability to access this additional limit capacity have been reflected in the 2022-2026 forecast.