Board Staff Interrogatory #176

Interrogatory

Reference:
Exhibit D3 / Tab 1 / Schedule 1 / p. 9

Preamble:

OPG discussed its real estate strategy, which is primarily based on constructing the new Clarington Corporate Campus to consolidate non-plant employees at one principal location, and moving away from a lease strategy. OPG estimated that this strategy will result in a reduction of approximately $65 million over the next 40 years.

Question(s):

a) Please provide a discussion regarding whether OPG has reconsidered the need (or size) of the Corporate Campus building in the context of the work from home provisions that OPG implemented during the COVID-19 pandemic.

b) Please advise whether the Corporate Campus building is intended to serve only an administrative function (i.e. there will not be workshops, garages, etc. in the building).

c) Please provide the following related to the Corporate Campus building:

   i. $ / Sq. Ft.

   ii. $ / FTE (only include FTE's that will work full-time, or near full-time, at the Corporate Campus building).

d) Please explain in detail how OPG arrived at a $65 million reduction in costs, including the assumptions related to the cost of leasing over a 40-year timeframe.

Response

a) OPG has not reconsidered the need or size of the new building at Clarington as a result of the COVID-19 pandemic. While OPG is pleased that it had the IT infrastructure in place to enable employees to work from home during the

extraordinary circumstances arising from the COVID-19 pandemic, the company expects to return to its normal business model once the public health situation permits. Given the nature of its operations, OPG considers this to be the optimal strategy for enabling employee engagement and the organization's success. As described in Ex. D3-1-1, OPG's new head office is expected to facilitate sustained increased collaboration, innovation and efficiencies amongst employees, while creating a modern long-term office space to help attract and retain talent.

b) The Corporate Campus building is an office building.

c) The Corporate Campus building estimated $ / Sq. Ft. and $ / FTE is:

I. [redacted]

II. [redacted]

d) The $65M (present value) reduction in costs is derived from the difference in the net present values between the preferred alternative and the base case, as noted at Ex. D3-1-2, Attachment 2, p.6. Refer to Ex. L-D3-01-SEC-111 part (d) for these net present value calculations and associated assumptions, including the cost of leasing over a 40-year timeframe.