AMPCO Interrogatory #10

Interrogatory

Reference: A2-2-1 Attachment 2 P27

The Business Planning Instructions indicate Business Units are required to identify all capital, OM&A and provision-funded projects having cash flows within the business planning period. The submitted projects must be prioritized considering risks and OPG's business objectives, as well as efficient alignment with Business Unit strategies, facility life cycle plans (as applicable), condition assessments, asset management plans, and Shareholder expectations.

a) Please explain how projects are prioritized for funding within a Business Unit.

b) Please explain how projects are prioritized for funding corporately (i.e. between Business Units).

c) How many nuclear Business Units are putting forward projects with cash flows?

d) How does OPG address the pacing of investments?

e) Please discuss if a top-down cap was placed on capital and OM&A budgets over the planning period.

Response

a) Project prioritization within Nuclear is addressed in OPG's response at Ex. L-D2-01-AMPCO-017. Chief Information Office ("IT") project governance also includes an AMOC review process which is consistent with the nuclear AMOC process. The Real Estate portfolio is prioritized based on factors such as lifecycle upgrades to existing assets, compliance with legislative and regulatory requirements and advancement of OPG's strategic priorities.

b) Project investments are prioritized corporately by funding envelope, taking into account operational needs, risk management considerations, resourcing capacity and the financial condition of the company. Through review with the CEO, CFO and senior leaders of each business function and the Finance organization, adjustments may be made to re-prioritize projects and re-allocate funding between business units to ensure alignment with business objectives or address emerging conditions.

c) Darlington, Pickering and Inspection & Reactor Innovation put forward operational projects with budget cash flows. In addition, Nuclear Waste Management puts forward nuclear liability provision-funded projects with budgeted cash flows. These business units also submit potential investments in accordance with the asset management and investment planning process described at Section 3.2 at Ex. D2-1-1, which results in a prioritized list of potential candidate projects included in the business plan (see Ex. D2-1-3, Tables 5a and 5b and Ex. F2-3-3 Table 4 for lists of such projects). For clarity, these candidate projects do not have specific project approved annual cash flows and in-service amounts as they are not yet fully defined and have not yet progressed to an approved Business Case Summary. A forecast of the aggregate cash flow for all candidate projects is the Projects Portfolio (Unallocated) component of the nuclear project portfolio as described at Ex. D2-1-2, p. 2.

d) See response to part a).

e) Yes, targets for OM&A costs and resource envelopes for capital budgets were established for the business plan period covered by this application. Refer to Ex. A2-2-1, p. 13 and Section 5.5.1 for further information.