# Board Staff Interrogatory #275

## Interrogatory

**Reference:**
Exhibit F4 / Tab 3 / Schedule 1 / pp. 1, 22
Exhibit F4 / Tab 3 / Schedule 1 / Attachment 1

Preamble:

OPG noted that compensation costs for the 2022-2026 Custom IR term are $7,687 million and equivalent to approximately 46% of OPG's forecast 2022-2026 nuclear revenue requirement.

OPG noted that over the Custom IR term, it will undergo a transformational change to prepare for and execute the planned shutdown of Pickering NGS. OPG noted that it is currently planning to reduce its workforce by over 3,000 positions (or approximately 30%).

Question(s):

a) Please advise whether the entire $7,687 million of compensation costs is recovered directly in the revenue requirement through the various OM&A budgets (or a portion of that amount is capitalized).

b) For each year 2017-2026, please chart the total compensation costs to the various cost categories (i.e. base OM&A, project OM&A and any capital budgets to which compensation amounts are capitalized).

c) If any of the compensation costs are capitalized, please provide the capitalized amount (and capitalization percentage) for each year 2017-2026. Please also provide the capitalized amounts on a planned basis for the 2017-2021 Custom IR term. If none of the compensation costs shown in Exhibit F4 / Tab 3 / Schedule 1 / Attachment 1 are capitalized, please explain.

d) For 2017-2021, please provide a comparison of planned and actual FTEs and compensation at the same level of detail as is provided in Exhibit F4 / Tab 3 / Schedule 1 / Attachment 1.

e) Please provide a breakout of executive FTEs and compensation for each year 2017-2026.

f) Please advise whether there are any nuclear-related compensation costs that are not included in the Exhibit F4 / Tab 3 / Schedule 1 / Attachment 1. If so, please quantify those amounts and discuss in which cost categories those amounts are proposed to be recovered.

g) Please provide the calculation supporting the 3,000-position reduction over the Custom IR term (and reconcile to Exhibit F4 / Tab 3 / Schedule 1 / Attachment 1).

h) Please reconcile the 3,000-position reduction (or 30%) to the FTE reductions discussed on page 22 of Exhibit F4 / Tab 3 / Schedule 1 (40% between 2020-2026).

i) Please provide the percentage of FTEs that are allocated to the Pickering NGS in each year 2017-2026.

## Response

a) The compensation costs at Ex. F4-3-1, Attachment 1, represent total compensation costs, of which a portion is charged to OM&A expenses, a portion is capitalized and a portion forms part of expenditures charged against the provision for nuclear liabilities (see Ex. C2-1-1).

b) A breakdown of the 2017 to 2026 total compensation costs by category is provided in Attachment 1. For 2020, actual compensation costs are shown.

c) Refer to part (b) for 2017-2026 information on capitalized compensation costs. For the 2017-2021 forecasted compensation costs in EB-2016-0152, the capitalized amounts are provided below (reproduced from EB-2016-0152, Ex. JT2.25).

| **Capitalized Compensation (M$)** | **2017** | **2018** | **2019** | **2020** | **2021** |
|---|---|---|---|---|---|
| Nuclear excl. Darlington Refurbishment | 57.9 | 57.2 | 48.3 | 47.7 | 48.4 |
| Darlington Refurbishment | 147.7 | 147.7 | 153.3 | 152.8 | 169.0 |
| **Total** | **205.6** | **204.9** | **201.7** | **200.5** | **217.4** |

d) Refer to Attachment 2, which includes actual results for 2020 and the 2021 plan per Ex. F4-3-1, Attachment 1.

e) Refer to Ex. L-F4-03-AMPCO-169, Attachment 1.

f) As noted at line 51, Ex. F4-3-1 Attachment 1 reflects the current service cost components of pension and OPEB costs. Consistent with past presentation, it excludes the other, non-current service components of pension and OPEB costs, which are included in centrally-held costs at Ex. F4-4-1, Table 3, line 1.[1] The non-current service components comprise interest costs on the obligations, the expected return on pension plan assets, and amounts in respect of past service costs and actuarial gains and losses, as noted in Ex. F4-4-1, Section 3.1 and further discussed in Ex. F4-3-2, Section 4.0. Refer to Ex. L-F4-03-Staff 302 for a further reconciliation of the pension and OPEB costs that quantifies the non-current service portion.

g) and h)

The 3,000-position reduction is not in reference to the IR term. Rather, it represents an estimated decrease in regular and term-based headcount through elimination of positions over the period spanning the planned Pickering optimized shutdown beginning in 2024 and the placement of the units in a safe state over an approximate three year period following the shutdown. The majority of the reduction will take place by 2026, with the remainder outside the IR term. This reduction in headcount is estimated by comparing staff demand necessary for safely and effectively executing planned work programs over the period to projected workforce supply. The forecasted compensation costs and FTE levels in the application are based on the planned staff demand. OPG is not seeking recovery of downsizing costs in this application and will record such costs incurred over the IR term in the Pickering Closure Costs Deferral Account.

Based on the above, the 40% figure referenced in the question is different from, and cannot be reconciled to the 3,000-position reduction, for the following reasons: i) one is a measure of FTEs while the other measures headcount; ii) one covers the 2020-2026 period while the other covers the 2024 to post IR term period; and iii) one includes EPSCA and other temporary resources, while the other excludes it.

i) Refer to Attachment 3.

[1] See also EB-2016-0152 Ex. L-6.6-1 Staff-142 (b).