Board Staff Interrogatory #26

Interrogatory

Reference:
Exhibit B1 / Tab 1 / Schedule 1 / p. 3
Exhibit B3 / Tab 1 / Schedule 1 / Tables 1 and 2
Exhibit B3 / Tab 2 / Schedule 1 / Table 2

Preamble:

The first reference above states adjusting for the D2O Storage Project not included in the 2017-2021 rate base and excluding nuclear asset retirement costs (ARC), rate base is forecasted to be $650.3 million higher than the OEB-approved value by 2021. On the same basis, for 2019, the actual rate base is $340.8 million higher than the OEB-approved value.

OPG did not provide citations to show how the values above were derived and OEB staff was unable to reproduce the values above based on the second and third references above.

Question(s):

a) Please provide a table that shows how the $650.3 million and $340.8 million values were derived and includes the numbers used in the derivations. Where applicable, please include citations to applicable tables and cells elsewhere in the application.

Response

The rate base variance of $340.8M as of 2019 and $650.3M projected as of 2021 is intended to represent the difference between the corresponding net plant rate base approved in EB-2016-0152 to actual/projected net plant rate base provided in this application, adjusting for the D2O Storage Project not included in the EB-2016-0152 rate base and excluding asset retirement costs ("ARC"). In the course of preparing this response, OPG discovered an error in this calculation. The calculation that determined variances of $340.8M and $650.3M incorrectly removed the entire rate base associated with the D2O Storage Project rather than the portion not included in the 2017-2021 approved rate base.[1] The corrected calculations set out in Charts 1 and 2 below provide the variance of $353.7M for 2019 and $661.9M for 2021. For clarity,

[1] As noted at Ex. B1-1-1, p. 2, footnote 2, an amount of $14.6M was placed in service in 2014 for the D2O Storage Project and was reflected in the approved rate base in EB-2016-0152.

there is no impact of this correction on the proposed rate base values in this application.

Chart 1
2019 Net Plant Rate Base Excluding ARC and D2O Storage Project
(EB-2016-0152 Approved vs. EB-2020-0290 Actual)

Line No		Gross Plant	Accumulated Depreciation	Net Plant
		(a)	(b)	(c)
1	**OEB-Approved Net Plant Rate Base**[1]	5,493.9	3,148.1	2,345.8
	Actual Net Plant Rate Base			
2	**Net Plant Rate Base - Excluding ARC**[2]	5,821.6	2,946.9	2,874.6
3	**Heavy Water Storage Facility (D2O)**[3]	186.7	11.7	175.1
4	**Actual Net Plant Rate Base** (line 2 - line 3)	5,634.8	2,935.3	2,699.5
5	**Difference** (line 4 - line 1)	140.9	(212.8)	353.7

Notes	
1	Col. (a) is EB-2016-0152 PAO, App. A, Table 9, col. (f), line 28. Col. (b) is from EB-2016-0152 PAO, App. A, Table 10, col. (e), line 28.
2	Col. (a) is from Ex. B3-1-1, Table 1, col. (a), line 14. Col. (b) is from Ex. B3-1-1, Table 1, col. (b), line 14.
3	Col. (a) is from Ex. B3-1-1, Table 1, col. (a), line 11. Col. (b) is from Ex. B3-1-1, Table 1, col. (b), line 11. Cols. (a) and (b) are adjusted for D2O amounts already included in rate base, consistent with Ex. L-B1-01-Staff-024, Chart 1, line 4.

Chart 2
2021 Net Plant Rate Base Excluding ARC and D2O Storage Project
(EB-2016-0152 Approved vs. EB-2020-0290 Projected)

Line No		Gross Plant	Accumulated Depreciation	Net Plant
		(a)	(b)	(c)
1	**OEB-Approved Net Plant Rate Base**[1]	10,787.9	3,953.1	6,834.8
	Projected Net Plant Rate Base			
2	**Net Plant Rate Base - Excluding ARC**[2]	11,628.4	3,672.4	7,956.0
3	**Heavy Water Storage Facility (D2O)**[3]	494.7	35.4	459.3
4	**Projected Net Plant Rate Base** (line 2 - line 3)	11,133.7	3,637.0	7,496.7
5	**Difference** (line 4 - line 1)	345.8	(316.1)	661.9

Notes	
1	Col. (a) is from EB-2016-0152 PAO, App. A, Table 9, col. (f), line 48. Col. (b) is from EB-2016-0152 PAO, App. A, Table 10, col. (e), line 48.
2	Col. (a) is from Ex. B3-1-1, Table 1, col. (g), line 14. Col. (b) is from Ex. B3-1-1, Table 1, col. (h), line 14.
3	Col. (a) is from Ex. B3-1-1, Table 1, col. (g), line 11. Col. (b) is from Ex. B3-1-1, Table 1, col. (h), line 11. Cols. (a) and (b) are adjusted for D2O amounts already included in rate base, consistent with Ex. L-B1-01-Staff-024, Chart 1, line 4.