Board Staff Interrogatory #258

Interrogatory

Reference:
Exhibit F3 / Tab 1 / Schedule 4 / p. 1

Preamble:

OPG noted that the revisions made to the cost allocation methodology that are discussed in the Elenchus Report do not have a material impact on the results of the cost allocations.
Question(s):

a) Please quantify the estimated impact on the results of the costs allocated due to the changes to the methodology.

b) If OPG is not able to quantify the impact, please explain how OPG concluded that there is not a material impact.

Response

(a) and (b)

An indicative estimate of the impact of the changes to the methodology is a net increase of approximately 1% to the annual corporate support services and centrally-held OM&A costs attributed to the nuclear business. This was produced based on a parallel simulation of model results performed in the prior year using an offline database, as part of implementing the changes.

OPG is unable to quantify the precise impact of the changes to the methodology on the results of the allocations as presented in the application more precisely without retrofitting its cost allocation model to the previous methodology – a task that would require a disproportionate amount of time and effort including changes in programming logic to the model.