Board Staff Interrogatory #259

Interrogatory

Reference:
Exhibit F3 / Tab 1 / Schedule 4 / Attachment 1 / p. 17

Preamble:

Elenchus Research Associates Inc. (Elenchus) stated that the unregulated subsidiaries may purchase specific labour services or resources from OPG, on a cost basis. In those circumstances, Elenchus confirmed that a commensurate portion of central and common costs, corresponding to an estimate of such costs for the transferred labour resources is charged or otherwise attributed to the unregulated subsidiaries. For administrative efficiency of the cost allocation process, OPG uses a standard overhead allocation rate to charge these costs, set at approximately 30%.

Question(s):

a) Please describe the basis for the estimate of services / resources that are purchased from OPG by its unregulated businesses.

b) Please provide the amount of services / resources that are forecast to be purchased from OPG by its unregulated businesses during each year of the 2022-2026 Custom IR term and confirm that those amounts operate to offset revenue requirement that otherwise would be allocated to OPG's regulated business.

c) Please provide the actual amount of services / resources that were purchased from OPG by its unregulated businesses during each year of the 2017-2021 period.

Response

a) Each unregulated subsidiary develops and maintains its work programs and business plans. As part of this annual process, the unregulated subsidiary determines the resourcing plan for the work programs, which can include purchasing services / resources from OPG. Where the parties establish that OPG is in a position to provide these services / resources, a corresponding estimate of the requirements is provided by the unregulated subsidiary and included in the OPG business plan in accordance with applicable service level agreements. OPG's business plan includes any associated recoveries from the unregulated subsidiaries, which ensures that the costs of providing these services / resources are not included as part of the regulated operations.

b) The amounts of services / resources that are forecast to be purchased from OPG by its unregulated businesses are $15M in 2022, $14M in 2023, $14M in 2024, $12M in 2025 and $13M in 2026.

c) The amounts of services / resources that were purchased from OPG by its unregulated businesses are $5M in 2017, $9M in 2018, $17M in 2019, $17M in 2020, and $13M (budget) for 2021.