Board Staff Interrogatory #229

Interrogatory

Reference:
Exhibit F2 / Tab 2 / Schedule 2 / p. 5

Preamble:

OPG noted that total Pickering Extended Operations actual and budgeted OM&A / capital expenditures over the 2016-2021 are forecast to be aligned with the estimate in OPG's 2017-2021 Payment Amounts Proceeding.

Question(s):

a) Please provide the annual budgeted Pickering Extended Operations-related capital and OM&A costs as presented in OPG's 2017-2021 Payment Amounts Proceeding. Please provide a reference to the evidence in OPG's 2017-2021 Payment Amounts Proceeding where these amounts can be found.

b) Please compare the annual budgeted OM&A and capital costs to the actual OM&A and capital costs in each year during the 2016-2021 period. Please also provide the revenue requirement impact of these variances and confirm that those variances are recorded in the CRVA.

Response

a) See table in part b) below.

b) The table below provides the requested EB-2016-0152 forecasts for 2016-2021, the actual expenditures for 2016-2020 and the budget for 2021.

In EB-2016-0152, consistent with the Pickering Extended Operations BCS (EB-2016-0152, Ex. F2-2-3, Attachment 2) there was no base OM&A expenses forecast post-2017. As the project evolved and specific work was identified to extend the life of Pickering, funding was reallocated. As inspection scope was completed, additional required work was identified that was either completed through base, outage or project (OM&A and/or capital) cost.[1]

[1] In EB-2016-0151, Ex. L.-6.5-1 Staff-119, OPG noted that as the work program associated with Pickering Extended Operations progressed and the scope of specific modifications was defined, it would be determined if a project met the capitalization criteria.

With the 2020 update for actual results, the Pickering Extended Operations enabling cost forecast for 2016-2021 shows a variance of $8.2M below the OEB Approved amount of $307.1M. As a result of some project delays due to the pandemic and inclement weather, some projects were deferred from 2020 into 2021 for completion and in-service. The overall initiative continues to track to the $307M OEB approved budget.

The table below shows the current comparison of OM&A and capital costs in each year:

Nuclear Pickering Extended Operations Enabling Costs Subject to CRVA Treatment ($M)

Plan by Funding Stream	2016	2017	2018	2019	2020	2021	Total	Reference
2016-2020 Actual and 2021 Budget								**EB-2020-0290**
Base OM&A - Nuclear	9.6	14.9	10.0	12.1	7.2	10.3	**64.1**	F2-2-1 Table 1
Base OM&A - Corporate	0.0	0.0	0.1	0.0	0.1	0.1	**0.3**	F2-1-1 Table 1
Outage OM&A	0.0	3.2	9.3	24.7	47.3	32.5	**117.0**	F2-4-1 Table 1
Project OM&A	1.2	0.2	6.3	25.4	30.0	17.6	**80.7**	F2-3-1 Table 1
Sub-total OM&A	10.8	18.4	25.7	62.2	84.5	60.4	**262.1**	
Capital Projects	0.0	0.0	2.8	9.0	19.7	2.9	**34.4**	D2-1-2 Table 2
Minor Fixed Assets	0.0	0.0	1.4	0.6	0.0	0.4	**2.4**	D2-1-2 Table 2
Total 2016-2020 Actual and 2021 Budget	**10.8**	**18.4**	**29.9**	**71.9**	**104.2**	**63.8**	**298.9**	
OEB Approved Plan								**EB-2016-0152**
Base OM&A - Nuclear	10.5	1.0	0.0	0.0	0.0	0.0	**11.5**	F2-2-1 Table 1
Base OM&A - Corporate	0.5	0.0	0.0	0.0	0.0	0.0	**0.5**	F2-1-1 Table 1
Outage OM&A	0.0	22.1	37.3	88.7	85.5	0.0	**233.6**	F2-4-1 Table 1
Project OM&A	4.0	2.5	18.0	18.4	18.7	0.0	**61.6**	F2-3-1 Table 1
Sub-total OM&A	15.0	25.6	55.3	107.1	104.2	0.0	**307.1**	
Capital Projects	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	D2-1-2 Table 2
Minor Fixed Assets	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	D2-1-2 Table 2
Total OEB Approved Plan	**15.0**	**25.6**	**55.3**	**107.1**	**104.2**	**0.0**	**307.1**	
Variance								
Base OM&A - Nuclear	(0.9)	13.9	10.0	12.1	7.2	10.3	**52.6**	
Base OM&A - Corporate	(0.5)	0.0	0.1	0.0	0.1	0.1	**(0.2)**	
Outage OM&A	0.0	(18.9)	(28.0)	(64.0)	(38.3)	32.5	**(116.6)**	
Project OM&A	(2.8)	(2.3)	(11.7)	7.0	11.3	17.6	**19.1**	
Sub-total OM&A	(4.2)	(7.2)	(29.6)	(44.8)	(19.7)	60.4	**(45.1)**	
Capital Projects	0.0	0.0	2.8	9.0	19.7	2.9	**34.4**	
Minor Fixed Assets	0.0	0.0	1.4	0.6	0.0	0.4	**2.4**	
Total Variance	**(4.2)**	**(7.2)**	**(25.4)**	**(35.2)**	**0.0**	**63.8**	**(8.2)**	

OPG confirms that the revenue requirement impact of the above variances is being recorded in the CRVA. Based on the above table, by the end of 2021, the forecasted total revenue requirement impact of the non-capital variances is a credit addition to the CRVA of $45.1M and, for the capital variances, a debit addition of $15.6M.