Board Staff Interrogatory #24

Issue Number: 4.1
Issue: Do the costs associated with the nuclear projects that are subject to section 6(2)4 of O. Reg. 53/05 and proposed for recovery meet the requirements of that section?

Interrogatory

Reference:
Ref: Exh A1-6-1 Attachment 1

O. Reg. 53/05 requires that the OEB ensure that OPG recovers costs to increase the output of, refurbish or add operating capacity to a generation facility if the costs were prudently incurred. In EB-2007-0905, OPG Payment Amounts April 1, 2008 to December 31, 2009, the OEB established the Capacity Refurbishment Variance Account (CRVA) to be used for this purpose.

Please identify which projects under OPG's Nuclear Operations capital forecast for 2016 to 2021 qualify for treatment under O. Reg. 53/05 and therefore for which the CRVA would be used.

Response

The Darlington Spacer Retrieval Tooling Project's capital (Ex. D2-1-3 Table 2e, line 66) and non-capital (Ex. F2-3-3 Table 2b, line 28) costs qualify for Capacity Refurbishment Variance Account (CRVA) treatment under O. Reg. 53/05.

In addition, Pickering Extended Operations' enabling **non-capital** costs, including the Fuel Channel Life Assurance (FCLA) Project, qualify for CRVA treatment. Pickering Extended Operations are discussed in Ex. F2-2-3 and the FCLA business case is summarized at Ex. F2-3-3 Table 2b, line 34. OPG also believes that the non-capital Fuel Channel Life Extension (FCLE) Project, including ongoing costs (see Full Release BCS attached to Ex. L-6.1-1 Staff-93), as well as the Fuel Channel Life Management (FCLM) Project continue to qualify for CRVA treatment.

The following table sets out the 2016-2021 forecasts for the above non-capital and capital costs reflected in the evidence as well as the actual amounts of these costs for 2015:

	Costs Subject to CRVA Treatment							
	2015	2016	2017	2018	2019	2020	2021	Total
in millions								
Project OM&A								
Fuel Channel Life Management (FCLM) Project	$ 2.3	$ 0.4						$ 2.7
Fuel Channel Life Extension (FCLE) Project ***	$ 14.9	$ 15.4	$ 13.6	$ 14.4	$ 9.3	$ 1.7		$ 69.3
FLCE-related Ongoing Costs	$ 1.0	$ 0.3	$ 8.0	$ 31.6	$ 57.6	$ 14.4	$ 7.5	$ 120.4
Darlington Spacer Retrieval Tooling Project	$ 4.0	$ 2.2	$ 5.4	$ 1.4				$ 13.0
Less SCFR *					$ (24.0)			$ (24.0)
Total	$ 22.2	$ 18.3	$ 27.0	$ 47.4	$ 42.9	$ 16.1	$ 7.5	$ 181.4
PECO OM&A								
Enabling Costs **	$ -	$ 15.0	$ 25.6	$ 55.3	$ 107.1	$ 104.2	$ -	$ 307.2
Total OM&A Costs	$ 22.2	$ 33.3	$ 52.6	$ 102.7	$ 150.0	$ 120.3	$ 7.5	$ 488.6
Project Capital								
Darlington Spacer Retrieval Tooling Project	$ -	$ 6.2	$ 0.2					$ 6.4

* Single Fuel Channel Replacement (SFCR) included in FCLE Project BCS as contingency/not included in revenue requirement but would be subject to CRVA if incurred
** Includes Fuel Channel Life Assurance (FCLA) Project Costs
*** 2015 for FCLE is Life to Date