Board Staff Interrogatory #3

Interrogatory

a) Please explain how OPG would manage the nuclear revenue requirement impact of the overturning of Bill 124 if the OEB does not approve the establishment of the Bill 124 variance account on a final basis.

b) Please explain, in OPG's view, why the risk associated with higher labour costs resulting from the overturning of Bill 124 is different from other risks (e.g., higher-than-expected inflationary impacts, unanticipated supply chain constraints, etc.) for which OPG is not seeking deferral account protection? Why is this risk not subsumed as part of the ordinary business risk OPG faces, and for which (in part) it earns a return on equity?

Response

a) OPG is legally bound by its collective agreements, which establish compensation costs for the unionized employees. If the OEB does not approve the Impact of Overturning Bill 124 Variance Account, OPG would incur the incremental costs under collective agreements arising from the overturning of Bill 124 but would be unable to record them in the account for future recovery.

b) As noted on page 10 of OPG's Application, the "Application is being filed pursuant to the accounting order process as part of OPG's rate framework, as described in EB-2020-0290, Ex. A1-3-2 and accepted by the parties pursuant to the terms of the OEB approved settlement proposal (Decision and Order, Schedule A, p. 17)…" It is OPG's view that the overturning of Bill 124 represents an unforeseen event with a material impact on the nuclear business, and therefore meets the accounting order requirements set out in EB-2020-0290, Ex. A1-3-2 and further described in EB-2020-0290, Ex. L-A1-03-Staff-009.

In this Application, OPG is not seeking deferral accounts or variance accounts in relation to the other risks noted in the question and therefore does not include a discussion of these risks.