

## **DARLINGTON REFURBISHMENT – OM&A**

### **1.0 PURPOSE**

This section identifies the OM&A costs associated with the Darlington Refurbishment Project (“DRP”).

### **2.0 OVERVIEW**

The DRP is described in detail in Ex. D2-2-1. The project is primarily a capital project but does include certain OM&A expenditures for activities such as training, demolition and removal of structures, and certain development work. OPG is seeking OEB approval for OM&A expenditures of \$19.6M in 2014 and \$18.2M in 2015. A summary of DRP OM&A expenditures is provided in Ex. F2-7-1 Table 1 for 2010 - 2015.

### **3.0 2011 AND 2012 EXPENDITURES**

In EB-2010-0008, the OEB approved DRP OM&A expenditures of \$5.9M for 2011 and \$4.5M for 2012. Actual costs were \$2.6M for 2011 and \$2.8M for 2012.

The OM&A cost variance for 2011 of \$3.3M (Ex. F2-7-1 Table 2) is primarily due to the graduate engineer training program ending earlier than expected, allowing the engineering trainees to move into full time engineering positions in Nuclear Refurbishment, and a determination that leasing a temporary Information Centre was not necessary. The costs of the full time engineering positions are capitalized as they are contributing to the planning work undertaken by the DRP.

The OM&A cost variance for 2012 of \$1.7M (Ex. F2-7-1 Table 2) is primarily due to revisions to the timing of operations trainee hiring and slower than planned demolition activities.

### **4.0 2013 EXPENDITURES**

OPG has budgeted DRP OM&A expenditures of \$18.2M for 2013, consisting of \$5.8M for the Operations Trainee program, \$4.2M for other training and regulatory maintenance work, and \$8.2M for building / infrastructure demolition and removal costs.

1  
2 Some of the existing buildings and infrastructure outside of the protected area on the  
3 Darlington site were erected to support the construction of the generating station in the  
4 1980's. These structures are beyond their design service life and have been abandoned due  
5 to high ongoing maintenance costs. Demolition of these structures will facilitate construction  
6 of new infrastructure as part of the Darlington Facilities and Infrastructure Plan. Buildings /  
7 infrastructure to be demolished in 2013 include the Facilities Vehicle Garage, the Warehouse  
8 Annex, the Hazardous Waste Transfer facility, the Paint & Sandblast Shop, the Information  
9 Centre Stairway and the Upper Parking Lot.

#### 11 **5.0 2014 AND 2015 EXPENDITURES**

12 OPG is forecasting DRP test period OM&A expenditures of \$19.6M for 2014 and \$18.2M for  
13 2015. The \$19.6M forecast for 2014 includes \$8.1M for the Operations Trainee program,  
14 \$5.6M for costs incurred during the Definition Phase that are not eligible for capitalization, as  
15 well as \$5.9M for demolition and removal costs. For 2015, the \$18.2M total includes \$7.7M  
16 for the Operations Trainee program, and \$1.3M for costs incurred during the Definition Phase  
17 that are not eligible for capitalization, as well as \$9.3M for demolition and removal costs.

18  
19 The 2014 and 2015 demolition costs are mainly related to unutilized parking areas. The  
20 2014 and 2015 removal costs are related to the Operations Support Building Refurbishment,  
21 Water and Sewer, Auxiliary Heating System, Warehouse Facilities, Facility Service Building,  
22 and Roads and Bridges projects.