

Energy regulator orders compensation cut in nuclear budget for OPG...

From: Command News <fp.news.killornb@commandnews.com>
To: "Killorn, Bill (OPO)" <bill.killorn@ontario.ca>
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Energy regulator orders compensation cut in nuclear budget for OPG (**>Ont<** -OPG-Rates)
By Shawn Jeffords

THE CANADIAN PRESS

TORONTO _ **>Ontario<** Power Generation must cut \$500 million from the compensation budget for its nuclear operations over the next five years after the province's energy regulator called pension and benefit levels at the province's largest electricity producer ``excessive."

In a decision released Friday, the **>Ontario<** Energy Board ordered OPG to cut compensation costs, including pensions and benefits, from its nuclear business' budget by \$100 million a year until 2021.

The decision comes after OPG, in May 2016, asked for \$16.8 billion from the board for a period between 2017 and 2021 _ a request that would ultimately lead to an increase in rates.

``The OEB finds that OPG's overall pension and benefits costs are clearly excessive ... there is voluminous evidence demonstrating that the costs of these programs are well above market," the OEB report said. ``It would not be reasonable, in the OEB's view, to require ratepayers to pay these excessive costs."

According to the decision, OPG offers both current and retired employees a ``comprehensive" benefits package including a ``generous" registered pension plan and supplemental pension plan and they cost the company ``hundreds of millions of dollars per year."

The report also notes that Ontario's Auditor General has previously highlighted that the OPG's pension plans and the company's contribution ratios. In 2013, the auditor said OPG contributions are between four to one or five to one ratios when compared to employee contributions. In Ontario's public service, the standard is generally a one to one contribution ratio, the OEB report said.

The report notes that while those ratios have come down, they remain at least a two to one ratio.

OPG said its request is intended to, in part, help offset the cost of a major nuclear refurbishment project at the Darlington Nuclear Station and the continued operation of the Pickering Nuclear Station past 2020.

The OEB's decision approves a request for \$4.8 billion in costs related to the Darlington refurbishments and \$292 million in fees

associated with Pickering and says a rate increase associated with the request will be retroactively effective from June 1, 2017.

“OPG is reviewing the decision in detail,” the company said in a statement, adding that it will submit a draft rate order to implement the OEB's decision by Jan. 17.

While the final impact will be determined in early 2018, OPG estimated that its application would cost the average ratepayer an additional 65 cents a month over the five-year-period.

The OEB also notes that the impact of the rate increase would not immediately be felt by consumers because of the Liberal government's 25 per cent cut to hydro bills.

The government plan is largely achieved by lowering time-of-use rates. That is done by removing from bills a portion of the global adjustment _ a charge consumers pay for above-market rates to power producers _ for the next 10 years.

In the meantime, producers will continue being paid the same, so Ontario Power Generation has been tapped to oversee the debt used to pay that difference through a new entity called OPG Trust. The cost of paying back the debt with interest will then go back onto ratepayers' bills for the following 20 years.

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