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Vice President and Chief Regulatory Officer  
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BY COURIER

January 29, 2009

Ms. Kirsten Walli  
Secretary  
Ontario Energy Board  
Suite 2700, 2300 Yonge Street  
P.O. Box 2319  
Toronto, ON.  
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Dear Ms. Walli:

**EB-2008-0272 – Hydro One Networks' 2009-2010 Transmission Rate Application – Update to Interrogatory I-1-41**

I am attaching an updated response to the Board Staff Interrogatory Exhibit I, Tab 1, Schedule 41. This update clarifies that the comparison of wage scales for Society of Energy Professional represented staff in Hydro One, OPG, Bruce Power and IESO are the maximum wages for these positions. Updates from the original interrogatory response are denoted by bars in the margin.

Sincerely,

ORIGINAL SIGNED BY SUSAN FRANK

Susan Frank

Attach.

c. EB-2008-0272 Intervenors

1 **Ontario Energy Board (Board Staff) INTERROGATORY #41 List 1**

2  
3 **Interrogatory**

4  
5 **Issue 3.3**

6 **Are the compensation levels proposed for 2009 and 2010 appropriate?**

7  
8 Reference: ExhC1/Tab3/Sched2/p1

9 Preamble: Following the division of Ontario Hydro, Hydro One inherited collective  
10 agreements that already establish terms and conditions of employment for  
11 represented employees.

12 Request:

13 Please provide comparison of compensation, wages and benefits with other  
14 Ontario Hydro successor companies. Please provide the comparison for historic,  
15 bridge and test years.

16  
17  
18 **Response**

19  
20 Access to historical compensation and benefits information amongst the successor  
21 companies is limited. Wage data can be gathered from publicly available collective  
22 agreement information. However, pension and benefit information is not publicly  
23 accessible.

24  
25 Ontario Power Generation and Bruce Power both participated in the Mercer/ Oliver  
26 Wyman Compensation Cost Benchmarking Study provided in Exhibit A, Tab 16,  
27 Schedule 2, Attachment 1. However, due to participant confidentiality reasons, Hydro  
28 One is not privy to specific OPG or Bruce Power data.

29  
30 As discussed in Exhibit C1, Tab 3, Schedule 2, page 1, Hydro One inherited collective  
31 agreements from Ontario Hydro. The numerous cost and productivity improvements  
32 negotiated with the Hydro One unions are discussed in Exhibit C1, Tab 3, Schedule 2,  
33 pages 7 to 9. In addition, Hydro One has restrained wage escalation when compared to  
34 successor Ontario Hydro employers.

35  
36 This is illustrated in the following salary schedule tables, which compare the maximum  
37 wage rates across Ontario Hydro successor companies. We have not provided average  
38 actual paid wages, as only the salary schedules are publicly available. Note that specific  
39 PWU positions in IESO, OPG and Bruce Power were examined as they are comparable  
40 to Hydro One positions and have a significant number of employees in those positions.  
41 OPA is not included in these comparisons as it is our understanding that they do not have  
42 PWU or Society represented staff.

1 ***Power Workers' Union – Wage Scale Comparisons, 1999 and 2008***

|  | 1999     | 2008     | Percent<br>Change |
|--|----------|----------|-------------------|
| <b>Mechanical Maintainer/Regional Maintainer - Mechanical</b>    |          |          |                   |
| Hydro One [29 employees]   | \$ 28.23 | \$ 37.18 | 32%               |
| OPG  | \$ 29.08 | \$ 43.42 | 49%               |
| Bruce Power  | \$ 29.08 | \$ 49.25 | 69%               |
| <b>Shift Control Technician/Regional Maintainer - Electrical</b> |          |          |                   |
| Hydro One [145 employees]  | \$ 28.23 | \$ 37.18 | 32%               |
| OPG  | \$ 30.31 | \$ 43.42 | 43%               |
| Bruce Power  | \$ 30.31 | \$ 49.40 | 63%               |
| <b>Clerical – Grade 56 (based on 35-hour work week)</b>          |          |          |                   |
| Hydro One [32 employees]   | \$ 21.46 | \$ 28.27 | 32%               |
| OPG  | \$ 21.46 | \$ 27.73 | 29%               |
| Bruce Power  | \$ 21.46 | \$ 30.70 | 43%               |
| IESO   | \$ 21.46 | \$ 27.60 | 29%               |
| <b>Clerical – Grade 58 (based on 35-hour work week)</b>          |          |          |                   |
| Hydro One [36 employees]   | \$ 24.20 | \$ 31.88 | 32%               |
| OPG  | \$ 24.20 | \$ 33.78 | 40%               |
| Bruce Power  | \$ 24.20 | \$ 34.61 | 43%               |
| IESO   | \$ 24.20 | \$ 31.11 | 29%               |

2  
 3 **Note:** The wages in the table do not reflect the following incentives/bonuses:  
 4

5 **Hydro One** – No incentives or bonuses are paid.  
 6

7 **OPG** – In 2002, OPG introduced Skill Broadening, which led to eligible employees  
 8 receiving a \$1,000 lump sum, as well as a wage increase of 5% (in addition to the general  
 9 wage increase of 2% for that year). For year end 2006, the average cost was \$1,500 for  
 10 incentives  
 11

12 **Bruce Power** - Variety of bonuses such as vacation bonus, fitness bonus, instructor  
 13 bonus, etc. In 2003, Bruce Power implemented a competency-based progression plan,  
 14 which provided up to a 12% increase for journeypersons and a 6% increase for  
 15 supervisors. Bruce Power has also introduced Multi Trade rates for certain classifications,  
 16 which are higher than the competency-based rates. In 2005 and 2006, Bruce Power gave  
 17 special increases to specified job classifications.

**Society of Energy Professionals – Salary Schedule Comparisons 1999 and 2008  
 (Maximum Rates)**

|             | 1999         | 2008         | Percent Change |
|-------------|--------------|--------------|----------------|
| <b>MP2</b>  |              |              |                |
| Hydro One   | \$77,954.79  | \$88,025.25  | 13%            |
| OPG         | \$77,954.79  | \$89,345.73  | 15%            |
| Bruce Power | \$77,954.79  | \$88,025.25  | 13%            |
| IESO        | \$77,954.79  | \$103,324.00 | 33%            |
| <b>MP4</b>  |              |              |                |
| Hydro One   | \$88,651.39  | \$100,078.50 | 13%            |
| OPG         | \$88,651.39  | \$101,547.12 | 15%            |
| Bruce Power | \$88,651.39  | \$100,078.50 | 13%            |
| IESO        | \$88,651.39  | \$117,468.00 | 33%            |
| <b>MP6</b>  |              |              |                |
| Hydro One   | \$100,756.80 | \$113,801.46 | 13%            |
| OPG         | \$100,756.80 | \$115,459.72 | 15%            |
| Bruce Power | \$100,756.80 | \$113,801.46 | 13%            |
| IESO        | \$100,756.80 | \$133,588.00 | 33%            |

**Notes:**

- 1) Hydro One, OPG and Bruce Power have employees “grandfathered” above the maximum 2008 rates shown in the table. However, attrition will eliminate these employees and future employees can only reach the maximums shown in the table.
- 2) the above does not reflect that the following incentives/bonuses are now paid out:

**Hydro One** – no incentives or bonuses are paid

**OPG** – Pays a number of bonuses for supervision, specialized work, training/certification and retention. For year end 2006, the average cost was \$2,400 for incentives.

**Bruce Power** - Pays a number of bonuses for supervision, specialized work, training/certification and retention. Also has a bonus plan for 2007, 2008 and 2009, which, if Company targets are met, pays 2% for MP2 and MP3, 4% for MP5 and MP5, 6% for MP6 (additional 1% available if stretch targets met).

**2007 CEO Compensation**

| Position | Hydro One | OPG            | OPA          | IESO         |
|----------|-----------|----------------|--------------|--------------|
| CEO      | \$794,299 | \$1,788,719.42 | \$650,727.50 | \$494,197.63 |