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**UNDERTAKING J9.7**

**Undertaking**

To provide revenue requirement impact if senior management compensation is reduced by 25 to 30 percent.

**Response**

The Agency Review Panel (Exhibit K9.3 pages 18-22) indicated that it believes that by implementing their recommendations there should be a reduction of senior executive Total Cash Compensation at OPG by about 25-30 percent over time.

OPG has implemented the recommendations of the Agency Review Panel. A comparison of the total payroll and average salaries between year-end 2006 (the data reviewed by the Agency Review Panel) and year end 2009 indicates that OPG is already at the halfway point within three years. Since Total Cash Compensation consists of base salary and short term incentives, and OPG uses an incentive program that pays out a percentage of base pay, the tables below relate to base salaries only. In addition, please note that the tables provide information for all senior executives at OPG, not only those in the regulated businesses.

**TOTAL ANNUAL SALARY**

		Change from December 20, 2006 to December 30, 2009		25% Reduction from 2006	30% Reduction from 2006
Band	Employee Count	Total Annual Salary	%	Total Annual Salary	Total Annual Salary
A	0	(\$30,400)	-3.8%	(\$207,600)	(\$249,120)
B	-1	(\$600,000)	-65.2%	(\$380,000)	(\$456,000)
C	-1	(\$437,000)	-14.4%	(\$866,250)	(\$1,039,500)
D	0	\$133,121	5.0%	(\$630,000)	(\$756,000)
<b>Total</b>	<b>-2</b>	<b>(\$934,279)</b>	<b>-12.6%</b>	<b>(\$2,083,850)</b>	<b>(\$2,500,620)</b>

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**AVERAGE SALARY**

Band	Employee Count	Change from December 20, 2006 to December 30, 2009		25% Reduction from 2006	30% Reduction from 2006
		Average Salary	%	Average Salary	Average Salary
A	0	(\$30,400)	-3.8%	(\$207,600)	(\$249,120)
B	-1	(\$46,667)	-10.1%	(\$126,667)	(\$152,000)
C	-1	(\$6,500)	-1.7%	(\$96,250)	(\$115,500)
D	0	\$14,791	5.0%	(\$70,000)	(\$84,000)
<b>Total</b>	<b>-2</b>	<b>(\$68,775)</b>	<b>-18.2%</b>		

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The difference between a 25% reduction in Total Annual Salary and the actual reduction achieved by OPG over the 3 years is approximately \$1.15M.

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The difference between a 25% reduction in Average Salary and the actual average salary reduction achieved by OPG over the three years is approximately \$25.9K per individual.

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