

**ONTARIO POWER AUTHORITY**  
**SETTLEMENT PROPOSAL**

**February 27, 2009**

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6.4	Workforce Hiring Practices <ul style="list-style-type: none"> <li>• Has the OPA responded appropriately to the expectation of the Board Panel in respect of workforce hiring practices as stated on page 11 of the Decision and Order in the EB-2007-0791 proceeding?</li> </ul>	

## **Introduction**

This Settlement Proposal is filed with the Ontario Energy Board (“OEB”) in connection with the 2009 Expenditure and Revenue Requirement Submission (“2009 RRS”) of the Ontario Power Authority, filed November 3, 2008 under sections 25.20 and 25.21 of the *Electricity Act, 1998*. A Settlement Conference was held on February 23, 2009 in accordance with the *Ontario Energy Board Rules of Practice and Procedure* (the “Rules”) and the *Ontario Energy Board Settlement Conference Guidelines* (“Settlement Guidelines”). This Settlement Proposal arises from the Settlement Conference.

The Ontario Power Authority (the “OPA”) and the following intervenors listed alphabetically (collectively, “the parties”), and the OEB technical staff (“Board Staff”), participated in the Settlement Conference:

**Association of Major Power Consumers in Ontario (“AMPCO”)**  
**Energy Probe Research Foundation (“Energy Probe”)**  
**Ontario Power Generation Inc. (“OPG”)**

The Settlement Proposal represents the positions of the intervenors on the issues listed in the Table of Contents and the Final Issues List attached as Appendix “A” to the OEB’s Issues Decision and Order dated January 26, 2009 (the “Issues List”). The numbers given to each of the issues correlate to the sections in the Settlement Proposal and each issue is categorized under one of the following descriptions:

**Complete Settlement** – The OPA and all intervenors who take a position on the issue agree to the proposed settlement.

**Incomplete Settlement** – The parties are only able to agree on some, but not all, parts of the issue.

**No Settlement** – The parties were unable to reach agreement on any part of the issue.

The categorization of each issue assumes that all intervenors participated in the negotiation of an issue, unless specifically noted otherwise. Any intervenors that are identified as not having participated in the negotiation of that issue also take no position on any settlement or other wording pertaining to the issue. In accordance with the Rules and the Settlement Guidelines, Board Staff takes no position on any issue and, as a result, is not a party to the Settlement Proposal.

The Settlement Proposal describes the agreements reached on the settled issues. The Settlement Proposal identifies the intervenors who agree with each settlement, or who take no position on the issue. The Settlement Proposal lists the evidentiary references for each issue. Therefore the intervenors who are in agreement with any settled issue(s) believe that the evidence provides sufficient information to support their views to support the Settlement Proposal and combined with the rationale for settlement, will assist the OEB in its decision making on those issues.

## **Settlement Proposal**

<b>1. Strategic Objective #1: POWER SYSTEM PLANNING – Plan for an adequate, reliable and sustainable system that integrates conservation, generation and transmission and implements the Minister’s directives</b>	
1.1	2009 Operating Budget for Strategic Objective #1 – Power System Planning <ul style="list-style-type: none"><li>• Is the Operating Budget of \$5.790 million allocated to Strategic Objective #1 reasonable and appropriate?</li></ul>

**Evidence:** The evidence in relation to this issue includes the following:

A-2-1 2009 - 2011 Business Plan  
B-1-1 Strategic Objective 1  
I-1-3, 8 Board Staff Interrogatory 3, 8  
I-2-1 Energy Probe Interrogatory 1  
I-3-1, 2 AMPCO Interrogatory 1, 2

## **Complete Settlement**

The parties have reached a full settlement of this issue on the basis that the operating budget for 2009 is accepted. However, Energy Probe and AMPCO will make written submissions in this proceeding that will address the overall level or trend of the budget and will request that the Board provide direction to the OPA regarding the budget for 2010, and other future years. The OPA will have the right to reply to these submissions.

**Participating Intervenors:** AMPCO, Energy Probe, and OPG

**Approval:** All participating parties agree except OPG which takes no position

<b>2. Strategic Objective #2: CONSERVATION – Plan and procure conservation resources to meet the requirements identified in the IPSP and promote sustainable conservation practices that contribute to a culture of conservation</b>	
2.1	2009 Operating Budget for Strategic Objective #2 – Conservation  Is the Operating Budget of \$20.072 million allocated to Strategic Objective #2 reasonable and appropriate?

**Evidence:** The evidence in relation to this issue includes the following:

- A-2-1 2009 - 2011 Business Plan
- A-3-1 CECO Annual Report 2008
- A-4-1 Supplement to CECO Annual Report 2007 dated May 2008
- B-2-1 Strategic Objective 2
- D-2-1 2009 Fees, Operating Costs and Capital Expenditures
- I-1-3, 9 Board Staff Interrogatory 3, 9
- I-2-2 Energy Probe Interrogatory 2

**Complete Settlement**

The parties have reached a full settlement of this issue on the basis that the operating budget for 2009 is accepted. However, Energy Probe and AMPCO will make written submissions in this proceeding that will address the overall level or trend of the budget and will request that the Board provide direction to the OPA regarding the budget for 2010, and other future years. The OPA will have the right to reply to these submissions.

**Participating Intervenors:** AMPCO, Energy Probe, and OPG

**Approval:** All participating parties agree except OPG which takes no position

<b>3. Strategic Objective #3: SUPPLY PROCUREMENT AND CONTRACTS – Plan and design procurement processes and enter into procurement contracts for generation resources to meet the requirements identified in the IPSP and to embed “best in class” contracting practices that support investment in necessary infrastructure and contribute to a sustainable electricity system</b>	
3.1	2009 Operating Budget for Strategic Objective #3 – Supply Procurement and Contract Management <ul style="list-style-type: none"><li>• Is the Operating Budget of \$7.732 million allocated to Strategic Objective #3 reasonable and appropriate?</li></ul>

**Evidence:** The evidence in relation to this issue includes the following:

- A-2-1 2009 - 2011 Business Plan
- B-3-1 Strategic Objective 3
- D-2-1 2009 Fees, Operating Costs and Capital Expenditures
- I-1-10 Board Staff Interrogatory 10
- I-2-3 Energy Probe Interrogatory 3

### **Complete Settlement**

The parties have reached a full settlement of this issue on the basis that the operating budget for 2009 is accepted. However, Energy Probe and AMPCO will make written submissions in this proceeding that will address the overall level or trend of the budget and will request that the Board provide direction to the OPA regarding the budget for 2010, and other future years. The OPA will have the right to reply to these submissions.

**Participating Intervenors:** AMPCO, Energy Probe, and OPG

**Approval:** All participating parties agree except OPG which takes no position

<b>4. Strategic Objective #4: BARRIERS TO THE DEVELOPMENT OF ECONOMICALLY SUSTAINABLE CONSERVATION AND SUPPLY RESOURCES – Identify and assess barriers to the development of economically sustainable conservation and supply resources and develop solutions to address these barriers in cooperation with stakeholders</b>	
4.1	2009 Operating Budget for Strategic Objective #4 – Barriers to Resource Development <ul style="list-style-type: none"><li>• Is the Operating Budget of \$1.031 million allocated to Strategic Objective #4 reasonable and appropriate?</li></ul>
4.2	Is it appropriate for two government agencies (the IESO and the OPA) to both be involved in market development activities?

**Evidence:** The evidence in relation to this issue includes the following:

A-2-1 2009 - 2011 Business Plan  
B-4-1 Strategic Objective 4  
D-2-1 2009 Fees, Operating Costs and Capital Expenditures  
I-1-11, 12 Board Staff Interrogatories 11, 12  
I-2-4, 5 Energy Probe Interrogatories 4, 5  
I-3-3 AMPCO Interrogatory 3

### **Complete Settlement**

The parties have reached a full settlement of this issue on the basis that the operating budget for 2009 is accepted. However, Energy Probe and AMPCO will make written submissions in this proceeding that will address the overall level or trend of the budget and will request that the Board provide direction to the OPA regarding the budget for 2010, and other future years. The OPA will have the right to reply to these submissions.

**Participating Intervenors:** AMPCO, Energy Probe, and OPG

**Approval:** All participating parties agree except OPG which takes no position

<b>5. Strategic Objective #5 – ORGANIZATIONAL CAPACITY – Maintain and develop organizational capacity to achieve all other strategic objectives.</b>	
5.1	2009 Operating Budget for Strategic Objective #5 – Organizational Capacity <ul style="list-style-type: none"><li>• Is the Operating Budget of \$30.448 million allocated to Strategic Objective #5 reasonable and appropriate?</li></ul>
5.2	Are organizational resources adequate, appropriately managed and suitably allocated amongst the various OPA functions and work groups?
5.3	Is the resource mix of in-house resources, consultant/purchased services and out-sourcing utilized by the OPA appropriate in all areas and for all circumstances?

**Evidence:** The evidence in relation to this issue includes the following:

A-2-1 2009 - 2011 Business Plan  
B-5-1 Strategic Objective 5  
D-2-1 2009 Fees, Operating Costs and Capital Expenditures  
A-5-1 OPA 2007 Annual Report  
B-1-1 Strategic Objective 1  
B-2-1 Strategic Objective 2  
B-3-1 Strategic Objective 3  
B-4-1 Strategic Objective 4  
I-1-2, 3, 4 Board Staff Interrogatories 2, 3, 4  
I-2-6 Energy Probe Interrogatory 6

### **Complete Settlement**

The parties have reached a full settlement of this issue on the basis that the operating budget for 2009 is accepted. However, Energy Probe and AMPCO will make written submissions in this proceeding that will address the overall level or trend of the budget and will request that the Board provide direction to the OPA regarding the budget for 2010, and other future years. The OPA will have the right to reply to these submissions.

**Participating Intervenors:** AMPCO, Energy Probe, and OPG

**Approval:** All participating parties agree except OPG which takes no position



<b>6. General</b>	
6.1	Proposed Usage Fee <ul style="list-style-type: none"> <li>• Is the proposed usage fee reasonable and appropriate?</li> </ul>
6.2	Deferral and Variance Accounts <ul style="list-style-type: none"> <li>• Is the proposed disposition of the various Deferral and Variance Accounts reasonable and appropriate?</li> </ul>
6.3	Commitments from previous Settlement Agreements <ul style="list-style-type: none"> <li>• Has the OPA met its commitments, as set out in previous Settlement Agreements and Decisions?</li> </ul>
6.4	Workforce Hiring Practices <ul style="list-style-type: none"> <li>• Has the OPA responded appropriately to the expectation of the Board Panel in respect of workforce hiring practices as stated on page 11 of the Decision and Order in the EB-2007-0791 proceeding?</li> </ul>

**Evidence:** The evidence in relation to this issue includes the following:

- A-1-1 Submission
- A-2-1 2009 - 2011 Business Plan
- B-5-1 Strategic Objective 5
- D-2-1 2009 Fees, Operating Costs and Capital Expenditures
- A-5-1 OPA 2007 Annual Report
- D-1-1 2009 Revenue Requirement
- D-3-1 Deferral and Variance Accounts
- D-3-3 2008 Forecast Variance Deferral Account
- I-1-5, 6, 7 Board Staff Interrogatories 5, 6, 7
- I-2-7 Energy Probe Interrogatory 7

**Incomplete Settlement**

Parties have reached a complete settlement for issues 6.1, 6.2, and 6.3 on the basis that the OPA's proposals are accepted. Parties are unable to reach a settlement on issue 6.4. Energy Probe and AMPCO will make written submissions on issue 6.4, regarding OPA's response to the Board's expectations in respect of workforce hiring practices for 2009, and will request that the Board provide direction to the OPA regarding the budget for 2010 and other future years. The OPA will have the right to reply to these submissions.

**Participating Intervenors:** AMPCO, Energy Probe, and OPG

**Approval:** All participating intervenors agree with the settlement of issues 6.1, 6.2 and 6.3 as described above, with the exception of OPG which takes no position on any of the issues.

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