

UNDERTAKING

Undertaking

TO PROVIDE A COPY OF EXHIBIT I, TAB 1, SCHEDULE 41 FROM THE EB-2008-0272 PROCEEDING

Response

Please see attached Exhibit I, Tab 1, Schedule 41 from the EB-2008-0272 proceeding.

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

Interrogatory

Issue 3.3

Are the compensation levels proposed for 2009 and 2010 appropriate?

Reference: ExhC1/Tab3/Sched2/p1

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

Request:

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

Response

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

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

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

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

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

	1999	2008	Percent Change
Mechanical Maintainer/Regional Maintainer - Mechanical			
Hydro One [29 employees]	\$ 28.23	\$ 37.18	32%
OPG	\$ 29.08	\$ 43.42	49%
Bruce Power	\$ 29.08	\$ 49.25	69%
Shift Control Technician/Regional Maintainer - Electrical			
Hydro One [145 employees]	\$ 28.23	\$ 37.18	32%
OPG	\$ 30.31	\$ 43.42	43%
Bruce Power	\$ 30.31	\$ 49.40	63%
Clerical – Grade 56 (based on 35-hour work week)			
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%
Clerical – Grade 58 (based on 35-hour work week)			
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%

Note: The wages in the table do not reflect the following incentives/bonuses:

Hydro One – No incentives or bonuses are paid.

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

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

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

	1999	2008	Percent Change
MP2			
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%
MP4			
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%
MP6			
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