

CCC INTERROGATORY 1

QUESTION

1. (Ex. A/T1/S1/p. 1)

The evidence indicates that the OPA submitted its Business Plan to the Minister and that the Minister approved the Business Plan. Did the OPA making any adjustments to its plan as a result of the review by the Minister, prior to approval? If so, what changes were made?

RESPONSE

The OPA did make adjustments to the plan originally submitted to the Minister on October 1st, 2010. The OPA reduced its operating expense budget by \$1.0 million.

In addition, the OPA committed to freeze its regular full time equivalent staff members to year-end levels forecast for 2010 and reduce its regular full-time equivalent staff by five percent by the end of 2013, as noted in its Business Plan at Exhibit A-2-1, page 7. The forecast includes regular roles for which the OPA had some vacancies at year-end. The 2011 budget includes these roles and assumes that they are staffed for the full year.

CCC INTERROGATORY 2

QUESTION

2. (Ex. A/T4/S1/p. 4)

For each of the four Conservation areas please provide detailed budgets for 2010 and 2011.

RESPONSE

Compensation and Benefits are budgeted at the divisional level. Conservation activities are undertaken by staff in the Conservation division, supported by staff in all other divisions as required. Please see the response to Board Staff Interrogatory 1, at Exhibit I-1-1. Professional & consulting expenses are planned at the departmental level and are shown in the table below.

	Budget	Budget
VP's office		
Professional & Consulting Fees	\$20	\$10
Demand Response & Industrial Programs		
Professional & Consulting Fees	\$435	\$337
LDC Conservation		
Professional & Consulting Fees	\$450	\$160
Innovation and Evaluation		
Professional & Consulting Fees	\$845	\$895
Marketing and conservation Awareness		
Professional & Consulting Fees	\$2,690	\$2,200
Total Professional & Consulting Fees	\$4,440	\$3,602

For further detail on the OPA's staffing and compensation, please see the response to VECC Interrogatory 2, at Exhibit I-9-2, which provides the following information for 2010 budget, 2010 unaudited actual and 2011 budget:

- Regular and Temporary FTEs by Strategic Objective;
- Compensation and Benefits by Strategic Objective; and
- Average Compensation and Benefits by Strategic Objective.

CCC INTERROGATORY 3

QUESTION

3. (Ex. A/T4/S1/p. 5)

For each of the four Electricity Resources areas please provide detailed budgets for 2010 and 2011.

RESPONSE

Compensation and Benefits are budgeted at the divisional level. Electricity Resources activities are undertaken by staff in the ER division, supported by staff in all other divisions such as required. Please see the response to Board Staff Interrogatory 1, at Exhibit I-1-1. Professional & consulting expenses are planned at the departmental level and are shown in the table below.

(\$'000)	2010	2011
	Budget	Budget
VP's office		
Professional & Consulting Fees	\$0	\$25
Contract Management Department		
Professional & Consulting Fees	\$1,696	\$2,611
Procurement Department		
Professional & Consulting Fees	\$1,371	\$1,971
Policy & Analysis		
Professional & Consulting Fees	\$240	\$363
Total Professional & Consulting Fees	\$3,307	\$4,970

For further detail on the OPA's staffing and compensation, please see the response to VECC Interrogatory 2, at Exhibit I-9-2, which provides the following information for 2010 budget, 2010 unaudited actual and 2011 budget:

- Regular and Temporary FTEs by Strategic Objective;
- Compensation and Benefits by Strategic Objective; and
- Average Compensation and Benefits by Strategic Objective.

CCC INTERROGATORY 4

QUESTION

4. (Ex. A/T4/S1/p. 6)

For each of the three Legal, Aboriginal and Regulatory Affairs areas please provide detailed budgets for 2010 and 2011.

RESPONSE

Compensation and benefits are budgeted at the divisional level. Activities performed by LARA staff are supported by staff from all other divisions as required. Please see the response to Board Staff Interrogatory 1, at Exhibit I-1-1. Professional & consulting expenses are budgeted at the departmental level and are shown in the table below.

(\$'000)	2010	2011
	Budget	Budget
VP's Office		
Professional & Consulting Fees	\$50	\$50
Corporate Counsel		
Professional & Consulting Fees	\$314	\$300
Regulatory Affairs		
Professional & Consulting Fees	\$1,325	\$2,064
Board / Corporate Secretary		
Professional & Consulting Fees	\$0	\$0
First Nations and Metis Relations		
Professional & Consulting Fees	\$2,345	\$1,600
Total Professional & Consulting Fees	\$4,034	\$4,014

For further detail on the OPA's staffing and compensation, please see the response to VECC Interrogatory 2, at Exhibit I-9-2, which provides the following information for 2010 budget, 2010 unaudited actual and 2011 budget:

- Regular and Temporary FTEs by Strategic Objective;
- Compensation and Benefits by Strategic Objective; and
- Average Compensation and Benefits by Strategic Objective.

CCC INTERROGATORY 5

QUESTION

5. (Ex. A/T4/S1/p. 7)

For each of the six Power System Planning areas please provide detailed budgets for 2010 and 2011.

RESPONSE

Compensation and benefits are budgeted at the divisional level. Planning activities are undertaken by staff within the Power System Planning division and are supported as required by staff within all other divisions. Please see the response to Board Staff Interrogatory 1, at Exhibit I-1-1. Professional & consulting expenses are planned at the departmental level and are shown in the table below.

(\$'000)	2010	2011
	Budget	Budget
VP's office		
Professional & Consulting Fees	\$0	\$2
Resource Integration 1		
Professional & Consulting Fees	\$178	\$96
Resource Integration 2		
Professional & Consulting Fees	\$97	\$64
Transmission Integration 1		
Professional & Consulting Fees	\$250	\$114
Transmission Integration 2		
Professional & Consulting Fees	\$500	\$394
Conservation Integration		
Professional & Consulting Fees	\$330	\$204
Total Professional & Consulting Fees	\$1,355	\$874

For further detail on the OPA's staffing and compensation, please see the response to VECC Interrogatory 2, at Exhibit I-9-2, which provides the following information for 2010 budget, 2010 unaudited actual and 2011 budget:

- Regular and Temporary FTEs by Strategic Objective;
- Compensation and Benefits by Strategic Objective; and
- Average Compensation and Benefits by Strategic Objective.

CCC INTERROGATORY 6

QUESTION

6. (Ex. B/T2/S1/p. 1)

Please explain how the OPA ensures that the LDCs will deliver the OPA-contracted programs in a cost-effective manner. By what criteria, and in what way, does the OPA assess the performance of the LDCs? What remedies does the OPA have if LDCs are not delivering their programs in a cost-effective manner? Has the OPA ever determined that a LDC is not delivering OPA-contracted programs in a cost-effective manner? If so, please provide the details of that circumstance.

RESPONSE

The Minister's April 23, 2010 Directive to the OPA specified that the "portfolio of OPA-Contracted Province-Wide CDM Programs must be cost-effective. Individual measures, groups of measures, or measures targeted at specific consumer groups need not be cost-effective on a stand-alone basis." The OPA assesses the cost effectiveness of OPA-Contracted Province-Wide CDM Programs at the aggregate province-wide level and not at an individual LDC level, therefore the OPA has not made any determinations regarding the cost effectiveness of LDC program delivery. Cost effectiveness requirements are further described in the OPA's CDM Cost Effectiveness Guide, which is available at the following link on the OPA's website:
<http://www.powerauthority.on.ca/sites/default/files/page/OPA%20CDM%20Cost%20Effectiveness%20Test%20Guide%20-%202010-10-15%20Final.pdf>

The OPA will assess the performance of LDCs in terms of their compliance with the Master CDM Program Agreement between OPA and LDCs. The Master CDM Program Agreement contains provisions to incentivize cost efficiency and to promote good governance processes including audit rights and quality assurance inspections to confirm that LDCs perform their obligations in accordance with the Master CDM Program Agreement. The Master CDM Program Agreement is filed as the response to GEC Interrogatory 2, at Exhibit I-2-4.

CCC INTERROGATORY 7

QUESTION

7. (Ex. B/T2/S1/p. 1)

In the period 2011-2014 LDCs are required to deliver 1330 MW of provincial peak demand savings and a reduction of 6000 GWhs of electricity over that same period. What is the expected annual cost of all of the programs for each year 2011-2014? How does the OPA decide what the annual expenditures for these programs will be?

RESPONSE

The OPA is unable to see any connection between program costs forecast beyond 2011 and the matters at issue in the 2011 revenue requirement submission. The OPA has forecast 2011 Conservation program costs for OPA-funded tier 1 programs of \$303 million. The 2011-2014 Province Wide Programs were designed by the OPA in collaboration with the LDCs. This design process includes the development of projections for the number of program participants and program costs such as marketing, and administration. The total program delivery costs are a function of the expected Incentive costs (based on number of participants) as well as the program costs.

CCC INTERROGATORY 8

QUESTION

8. (Ex. B/T2/S1/p. 14)

Please file the EM&V Protocols and Requirements for the 2011-2014 period. Please describe the process the OPA will use to publish its EM&V results.

RESPONSE

Please see the response to Board Staff Interrogatory 11, at Exhibit I-1-11.

CCC INTERROGATORY 9

QUESTION

9. (Ex. D/T1/S1/p. 2)

Please explain how the OPA made the decision to recover its fees from export customers. Did the OPA get explicit approval from the Minister to recover its fees from export customers? If so, please provide all correspondence with the Ministry regarding this issue.

RESPONSE

Please see the response to HQEM Interrogatory 2, at Exhibit I-10-2.

The OPA did not obtain approval from the Minister to recover its fees from export customers.

CCC INTERROGATORY 10

QUESTION

10. (Procedural Order No. 2 and Issues Decision)

In the Board's Decision on the Issues List the Board stated "It is not the Board's intention or role to micromanage the OPA's work. But ratepayers have a legitimate expectation, in light of the Board's authority to review the OPA fees that its work will be efficiently and effectively carried out, and in line with the specific mandates it has received from Government." Please explain, in detail, how the OPA ensures that its work is efficiently and effectively carried out. How can ratepayers be assured that the funds it provides to the OPA are spent in a cost-effective manner? By what criteria, and in what way, does the OPA internally assess efficiency and effectiveness?

RESPONSE

The OPA ensures that its work is efficiently and effectively carried out through the development and on-going review of its performance objectives.

The OPA reviews its progress towards its objectives on a quarterly basis making necessary operational changes to ensure that objectives are achieved. Operational objectives are compared to the resource requirements needed to achieve our mandate. For 2011, efficiency metrics on both a 'per FTE' and 'per OPA budget' basis are forecast to increase, which is an indication of improving efficiency. The OPA's status in achieving these objectives is reported annually in its revenue requirement submission. This ensures that the OPA is held accountable publicly for its performance.

The OPA makes use of rate-payer provided resources in a cost-effective manner. For 2011, the OPA's operating expense budget has been reduced by \$1.0 million compared to both 2009 and 2010 levels despite an increased mandate. In addition, the revenue requirement upon which the OPA calculates its fee needed to fund its operations has been reduced by \$2.7 million from 2010 levels.

CCC INTERROGATORY 11

QUESTION

11. (Ex. D/T2/S1/p. 3)

The OPA has indicated that it is reducing its consulting costs due to the use of more in-house capacity to communicate with local distribution companies, stakeholders and local communities and the general public. Please explain how the OPA developed its 2011 budget for Professional and Consulting Fees. Please describe the process the OPA uses to retain legal and consulting assistance. Are all contacts subject to RFP processes? if not, why not?

RESPONSE

The OPA develops its budget for Professional & Consulting fees through zero-base budgeting processes in collaboration with business leaders to establish resource requirements for key initiatives. The OPA follows competitive processes to retain legal and consulting services, and complies with all provincially mandated procurement directives. Under certain circumstances, non-competitive procurements may take place. These are outlined on page 10 of the OPA's procurement policy, which is posted on the OPA's website at:
<http://www.powerauthority.on.ca/sites/default/files/page/PROCUREMENT%20POLICT%20Internet%20version%20Dec10.pdf>

CCC INTERROGATORY 12

QUESTION

12. (Ex. D/T2/S1/p. 7)

Please provide a detailed 2011 budget for the legal and technical costs associated with the negotiation of the Power Purchase Agreements with the Korean Consortium.

RESPONSE

Professional and Consulting costs by initiative are provided in response to CCC Interrogatory 13, at Exhibit I-1-13.

CCC INTERROGATORY 13

QUESTION

13. (Ex. D/T2/S1/p. 9)

Table 5 sets out Professional and Consulting Costs. Please provide 2008 and 2009 costs. For each of the items (Audit, Legal, Stakeholder and Other) for 2011 and 2010, please provide a detailed budget. For example what are all of the components of "Other"?

RESPONSE

Professional and Consulting costs from 2008 to 2011 are shown in the table below:

Table 5
Professional and Consulting costs
2008 to 2011
(\$'000)

	2011	2010	2009	2008
	Budget	Budget	Budget	Budget
Audit	343	482	644	1,199
Legal	4,460	2,354	4,524	7,430
Stakeholder	2,612	2,995	4,152	2,881
Other	8,954	14,943	14,940	16,751
Total	16,369	20,774	24,260	28,261

Detailed budgets for 2010 and 2011 Audit, Legal, Stakeholder and Other consulting costs are shown in the table below. Other Consulting includes costs incurred by the OPA for consulting expenses and contracted services in associated with technical consulting, program design and program support.

Audit	2010 Budget	2011 Budget
Existing generation contracts	100	48
Accounting	382	295
Total Audit	482	343
Legal	2010 Budget	2011 Budget
Contract Management of existing contracts	545	1,208
FIT / Micro FIT	120	143
Green Energy Implementation Agreement	0	523
Procurement Initiatives	0	926
Electricity Resources-Policy initiatives	0	10
Corporate Legal Support	175	200
IPSP II	750	927
Green Energy Act Implementation	500	300
CDM Program Support	264	225
Total Legal	2,354	4,460
Stakeholder	2010 Budget	2011 Budget
IPSP II	100	1,612
First Nation Support	2,345	1,000
Stakeholder Engagement	550	0
Total Stakeholder	2,995	2,612
Other	2010 Budget	2011 Budget
Contract Management and Financial Settlement of existing contracts	856	1,022
FIT / Micro FIT	195	383
Procurement Initiatives	1,251	356
Electricity Resources-Policy initiatives	240	353
IPSP II	0	217
Power system planning-Resource Integration	275	64
Power system planning-Transmission Integration	750	436
Power system planning-Conversation Integration	330	157
CDM Program Support	470	170
Marketing support for conservation programs	2,690	2,200
Industrial and Demand Response	435	337
CDM engineering support	845	895
Corporate Communication	1,351	200
Corporate Marketing	3,271	1,555
Stakeholder Engagement	300	150
Accounting	332	120
Human Resources	925	160
Information Technology	227	180
Corporate support	200	0
Total Other	14,943	8,954

CCC INTERROGATORY 14

QUESTION

14. (Ex. D/T2/S1/p. 13)

Please explain in detail what the planned enhancements for Computer Hardware and Software will be. Please provide a detailed break-down of the \$2.2 million.

RESPONSE

For 2011, the planned enhancements for computer hardware and software are in support of:

- OPA program delivery;
- improvements to operational efficiency and
- enhancements to organizational capability.

Please see the table below for a detailed break-down of the \$2.2 million:

Application enhancements	2011 Budget
Settlement System	\$ 52,609
CRM Updates	\$ 52,609
External Communications	\$ 263,043
Document Management	\$ 263,043
Collabortive Workspace	\$ 263,043
FIT Systems - Updates	\$ 131,522
iCon 2011 Enhancements	\$ 131,522
Other System Updates	\$ 131,522
FIT Interface	\$ 131,522
HR Performance Mgmt	\$ 263,043
SAP Phase II	\$ 131,522
Sub-total	\$ 1,815,000
Hardware upgrade	
Lap top desktops-new	\$ 100,000
Lap top desktops-replacements	\$ 50,000
servers new	\$ 30,000
servers replacements	\$ 30,000
Sub-total	\$ 210,000
Software upgrade	
Windows/office upgrade	\$ 150,000
Server SW	\$ 25,000
Sub-total	\$ 175,000
Total 2011 Budget	\$ 2,200,000

