

1 **10.0 COMPARISON OF COLLECTIVE AGREEMENTS**

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3 When assessing the prudence of Hydro One's collective agreements, a useful comparison

4 would be the compensation wage scales for similar PWU and Society classifications in

5 the Ontario Hydro successor companies as Hydro One competes for staff with these

6 companies and is vulnerable to losing staff to these organizations. Such a comparison is

7 instructive since all these wage scales have the same starting point, which is the

8 establishment of the successor companies in 1999. It is important to compare

9 compensation escalation based on total "dollar" base rates of similar classifications.

10 Simply comparing accumulated base rate percentage increases does not capture the true

11 difference between total base compensation paid at the successor companies.

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13 In the two wage scale comparison tables for each of PWU and Society staff which follow

14 the wage scale rates shown are for the top end of the wage scale band.

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Power Workers' Union – Wage Scale Comparisons, 1999 and 2009

	1999	2009	Percent Change
Mechanical Maintainer/Regional Maintainer - Mechanical			
Hydro One	\$ 28.23	\$ 38.30	36%
OPG	\$ 29.08	\$ 44.72	54%
Bruce Power	\$ 29.08	\$ 50.73	74%
Shift Control Technician/Regional Maintainer - Electrical			
Hydro One	\$ 28.23	\$ 38.30	36%
OPG	\$ 30.31	\$ 44.72	48%
Bruce Power	\$ 30.31	\$ 50.88	68%
Clerical – Grade 56 (based on 35-hour work week)			
Hydro One	\$ 21.46	\$ 29.12	36%
OPG	\$ 21.46	\$ 28.56	33%
Bruce Power	\$ 21.46	\$ 31.62	47%
Clerical – Grade 58 (based on 35-hour work week)			
Hydro One	\$ 24.20	\$ 32.84	36%
OPG	\$ 24.20	\$ 34.79	44%
Bruce Power	\$ 24.20	\$ 35.65	47%
Regional Field Mechanic/Transport & Work Equipment Mechanic			
Hydro One	\$ 26.20	\$ 35.56	36%
OPG	\$ 26.20	\$ 44.72	71%
Bruce Power	\$ 26.20	\$ 42.58	63%
Stockkeeper			
Hydro One	\$ 23.27	\$ 33.15	42%
OPG	\$ 23.27	\$ 34.79	50%
Bruce Power *	\$ 23.27	\$ 39.87	71%
Labourer			
Hydro One	\$ 19.03	\$ 25.82	36%
OPG	\$ 19.03	\$ 34.79	83%
Bruce Power *	\$ 19.03	\$ 39.87	110%

* Assumes that the position falls within the Civil Maintainer II classification and corresponding wage rate.

For PWU staff, Hydro One has negotiated substantially lower wage scales than OPG and Bruce Power for all seven positions with the exception of one.

Society of Energy Professional – Wage Scale Comparisons 1999 and 2009

	1999	2009	Percent Change
MP2			
Hydro One	\$ 77,954.79	\$ 90,686.36	16%
OPG	\$ 77,954.79	\$ 92,026.10	18%
Bruce Power	\$ 77,954.79	\$ 90,666.01	16%
IESO	\$ 77,954.79	\$ 106,809.54	37%
MP4			
Hydro One	\$ 88,651.39	\$ 103,052.68	16%
OPG	\$ 88,651.39	\$ 104,593.53	18%
Bruce Power	\$ 88,651.39	\$ 103,080.86	16%
IESO	\$ 88,651.39	\$ 121,419.54	37%
MP6			
Hydro One	\$ 100,756.80	\$ 117,193.07	16%
OPG	\$ 100,756.80	\$ 118,923.51	18%
Bruce Power	\$ 100,756.80	\$ 117,215.50	16%
IESO	\$ 100,756.80	\$ 138,064.50	37%

For Society staff, Hydro One, OPG and Bruce Power have successfully negotiated lower end rates. The IESO has continued with the wage schedule structure that existed at demerger.

In addition to the comparison of base rate wage scales, the following two charts highlight significant additional incentives and allowances over and above the base rate wage scales for each of PWU and Society staff at other successor companies. These incentives are not reflected in the preceding wage scale comparison tables.

PWU– Additional Payments, 2009

	Incentive Pay
Hydro One	<ul style="list-style-type: none"> No skilled based/competency payment.
OPG	<ul style="list-style-type: none"> 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).
Bruce Power	<ul style="list-style-type: none"> 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.

Society of Energy Professionals – Additional Payments, 2009

	Incentive Pay
Hydro One	<ul style="list-style-type: none"> No incentive plan.
OPG	<ul style="list-style-type: none"> Pays a number of bonuses for supervision, specialized work, training/certification and retention. Tends to have more provident benefit plans than Hydro One. For example, paramedical care: OPG provides \$1500 per year; Hydro One provides \$500 per year based on 50% co-insurance.
Bruce Power	<ul style="list-style-type: none"> Has a bonus plan for 2009, which if Company targets are met, pays 2% for MP2 and MP3, 4% for MP4 and MP5, 6% for MP6 (additional 1% available if stretch targets met). Pays a number of bonuses for supervision, specialized work, training/certification and retention.
IESO	<ul style="list-style-type: none"> Has a Performance Pay Plan where the Company will make a minimum performance payout of 1.5% of base payroll.

1 In an IESO OEB Decision (EB-2008-0340), the Board accepted the recommendations of
2 the technical committee that the IESO compensation was reasonable. It is noteworthy that
3 Hydro One's compensation for Society staff at both the lower and upper end of the wage
4 scale bands are lower than that at the IESO. Further, in its Decision With Reasons in EB-
5 2007-0905, the Board accepted OPG compensation levels. In both these Decisions over
6 the past year, the OEB has accepted the compensation levels of entities that pay more for
7 similar positions at Hydro One. In addition, it is quite clear that compared to these four
8 other companies, Hydro One has been quite successful in controlling costs in collective
9 bargaining over the past ten years to the benefit of all ratepayers.

11 **Utility Industry Wage Increases**

12 A cross section analysis of negotiated wage increases in the Canadian utility sector shows
13 a 3.2 per cent per year² average wage increase between 1999 and 2009. The average
14 increase for PWU employees is 3.35 percent and 3.00 percent for Society employees over
15 the same period. Mercer has projected the average 2010 salary increase for all employee
16 groups in the utility sector is 3.5%. The PWU and the Society have negotiated 3%
17 economic increases for 2010. Hydro One has demonstrated since demerger in 1999,
18 unionized rate increases has been consistent with increases negotiated throughout the
19 utility sector.

² January 13, 2010 Wage Tabulation from 1999 to 2010, prepared by Strategic Policy, Analysis, and Workplace Information Directorate. Employers included: ATCO Electric, ATCO Gas, B.C. Gas Utility Ltd., British Columbia Hydro and Power Authority, Bruce Power, Consumerfirst, Enbridge Gas Distribution, Enbridge Home Services, Division of Enbridge Services Inc., Enbridge Consumers Gas, Enmax Corporation, Epcor Utilities, Essential Home Services, Greater Vancouver Regional District, Hydro One Inc., Hydro-Quebec, Inergi L.P., Manitoba Hydro, Manitoba Hydro-Electric Board, New Brunswick Power Generation Corporation, Newfoundland and Labrador Hydro, Nova Scotia Power Incorporated, Ontario Power Generation, SaskEnergy Inc, Sask Power, Toronto Hydro, Terasen Gas Inc., TransAtla Utilities Corporation, Union Gas Limited,

11.0 SUMMARY

Compensation levels at Hydro One are reasonable and appropriate given the environment in which the Company operates. In recent years, despite significantly increased work volumes, overall costs have been minimized by the simplification of required job skills and pay levels where appropriate. Hydro One's demographic challenge requires us to be active in the labour market place and with world wide competition for these skills, there is a need for competitive compensation.

A strong barometer of Hydro One's ability to restrict compensation increases is a direct comparison to companies such as OPG, Bruce Power, and IESO. Hydro One competes directly with these organizations for skilled workers. Hydro One is also at risk of losing experienced staff to these organizations if our compensation is not competitive. Despite these competitive pressures, Hydro One has negotiated compensation levels that are less costly than OPG, Bruce Power and the IESO.

In addition, in a heavily unionized environment, there are significant constraints on an employer's ability to reduce compensation costs per employee. However, despite these constraints, the Corporation has made significant gains in the reduction of pension and benefits costs for MCP staff and pension costs for Society-represented staff.

As well, over time, as current employees retire and new staff are hired, lower Society wage schedules and the reduced compensation and benefit levels for new MCP hires should further reduce overall compensation costs. Compensation at Hydro One is heavily influenced from the legacy of being part of Ontario Hydro. However, Hydro One has demonstrated a track record of making progress on cost reduction and increased management flexibility.