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April 24, 2014

RESS, EMAIL (non-confidential information only) AND OVERNIGHT COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: EB-2013-0321 – Application by Ontario Power Generation Inc.
for 2014-2015 Payment Amounts**

OPG has requested confidential treatment of a small portion of its interrogatory responses and evidence (“Interrogatory Responses”) under the OEB’s Practice Direction on Confidential Filings.

In OPG’s submission to the OEB dated April 4, 2014 OPG sought protection of information as either confidential information to be disclosed to only those who sign the OEB’s standard Undertaking, confidential information to be disclosed to those who sign the Undertaking but not the Excepted Intervenors (as defined in the April 4th letter) or information related to OPG’s unregulated business to be permanently redacted. These are summarized and itemized (18 items) in Procedural Order No. 6. In Procedural Order No. 6 the OEB also made provision for submissions by the parties and OPG on the requests for confidential treatment. This is OPG’s reply submission.

No submissions were made by OEB staff or any intervenors on 16 of the 18 interrogatories referenced in P.O. No. 6. In Procedural Order No. 7, the Board granted OPG’s request for permanent redactions (items 1,5, 10 and 11 in P.O. No.6), as well as OPG’s request for confidential treatment of its response to SEC Interrogatory #119, Attachment 1 (item 18 in P.O. No.6). In relation to the latter, the Board found that part of the document should be on public record to provide context to all parties (specifically the header, date, title and first two paragraphs of the attachment). A copy of the public version of this interrogatory response is being provided to the OEB with this letter as Attachment “A”.

Only one party, School Energy Coalition (“SEC”), filed submissions on the proposed confidential treatment of two Interrogatory Responses. These are referenced in P.O. No.6 as items 12 and 17 and described further below.

SEC submits that OPG did not demonstrate that confidential treatment is warranted for the proposed redactions to Interrogatory Responses to Board Staff Interrogatory #76, and SEC Interrogatory #51.

Board Staff Interrogatory #76

As previously stated, information redacted in this response relates to actual and forecasted costs for (i) domestic supplier of uranium conversion services, and (ii) domestic CANDU fuel bundle manufacturers, for the period 2013 to 2015.

SEC submits that this cost information relates to the test years, and forms part of an executed supply contract with a 10 year term. SEC further submits that OPG’s request should be rejected based on the fact that OPG has not provided any basis to differentiate this category of test year costs with any other years.

OPG believes that this information should be treated as confidential and commercially sensitive, as disclosure of these actual and forecasted amounts allows for the determination of unit pricing being paid to the vendors. Disclosure of such information will be disadvantageous to the vendors in the event of negotiations with other customers, and would prejudice OPG’s competitive position and significantly interfere with its negotiations of future like contracts. Furthermore, OPG is under a contractual obligation to keep commercially sensitive information, such as this cost information, confidential. Voluntary public disclosure of this information by OPG will result in OPG’s breach of its confidentiality obligations.

Once again, the subject information is similar in nature to that which has been protected under Procedural Order No. 4.

SEC Interrogatory #51

SEC Interrogatory #51, Attachments 1-5, found at Ex. L-4.7-17, are internal audit assessments of OPG’s project management process and procedures (the “Audits”). As previously submitted, OPG believes that public disclosure of the Audits would very likely discourage OPG employees from candidly disclosing problems or proposing areas for improvement in future audits.

OPG believes that its employees take pride in their work and are willing to candidly discuss issues addressed in the Audits because of their shared desire to improve performance. Employees whose areas are being audited may, however, feel reluctant to participate fully in future audits if internal audit reports are to be publicly disclosed, as employees may feel that their critical comments may be singled out in the media or may be quoted in the media without additional necessary context and result in wide unfair portrayals of OPG, to which OPG cannot reasonably respond.

SEC submits that OPG’s reasons for confidential treatment of the Audits is not applicable since these reports are not “whistleblower” type audits where individual OPG employees outside of Internal Audit raise specific issues and are named (or could otherwise be identified) within the reports. OPG submits that, while OPG’s internal

audit reports do not publicly identify individual employees, OPG believes that employees may nevertheless be concerned that individual or small group attribution may be inferred, and worse yet, incorrectly inferred. This uncertainty amongst employees is further amplified by the fact that employees are not typically given the opportunity to review or comment on drafts of audit reports before they are published and released, and as such, employees may not be aware of how their comments are utilized or incorporated.

OPG submits that the OEB ought to weigh the benefit that the Audits provide against the harm that public disclosure would cause. OPG submits that the OEB retains the benefit of the Audits notwithstanding that they remain confidential to this proceeding. No prejudice results from their confidential treatment but clear harm arises in the event of their public disclosure.

Finally, OPG submits that the Audits differ from the reports provided in response to SEC Interrogatory #41. The reports provided in response to the latter relate to a completed project, namely, the Niagara Tunnel Project. There are no plans to undertake similar audits for the Niagara Tunnel Project in the future. Therefore, unlike the Audits, there can be no future implications on the ability of OPG to procure candid comments from its employees following public disclosure of the results of these reports.

Conclusion

OPG submits that for the reasons set out in its submission of April 4, 2014 and the fact that neither OEB staff nor intervenors made submissions with respect to all but two of the interrogatory responses, confidential treatment should be ordered for those responses where no contrary submissions were made. With respect to the interrogatory responses to Board Staff #76 and SEC #51, for the reasons set out in OPG's submission of April 4th and in OPG's submission above, confidential treatment should be granted as has been requested.

Yours truly,

[Original signed by]

Colin Anderson
Director, Ontario Regulatory Affairs
Ontario Power Generation

cc: Carlton Mathias OPG
Charles Keizer Torys LLP
Intervenors of Record (EB-2013-0321)

ATTACHMENT "A" – PUBLIC VERSION OF EX. L-6.8-17-SEC 119 Attachment 1

1 **SEC Interrogatory #119**

2
3 **Ref:** Auditor General's 2013 Annual Report/p.175

4
5 **Issue Number:** 6.8

6 **Issue:** Are the 2014 and 2015 human resource related costs (wages, salaries, benefits,
7 incentive payments, FTEs and pension costs) appropriate?

8
9 **Interrogatory**

10
11 In response to Recommendation 4, OPG stated that it, "will conduct a cost-benefit analysis to
12 explore various ways, including schedule and hiring staff and/or contractors, to minimize
13 overtime costs". Please provide a copy of all cost-benefit analyses OPG has conducted to
14 minimize overtime costs.

15
16
17 **Response**

18
19 OPG completed a high level, preliminary cost benefit analysis in March 2014. In order to
20 address the issue, collective agreements may have to be changed and as such, the analysis
21 contains information that may be used by OPG during the next round of collective bargaining.
22 Therefore, the cost benefit analysis referenced as an attachment has been provided on a
23 confidential basis since its public production would prejudice OPG's negotiating position.

24
25 In addition, OPG notes that while these materials may inform OPG's proposed negotiating
26 position, this does not in any way guarantee a specific outcome in collective bargaining. The
27 negotiations must play out fully before the outcome is determined. Accordingly, the materials
28 are not, in and of themselves, determinative of any savings.

MEMORANDUM

Date: February 12th, 2014



IMS Overtime Usage: Economic Analysis and Recommendations

As part of OPG's response to the Auditor General's findings on overtime usage, IMS committed to perform a simplified economic assessment to understand whether overtime costs can be minimized by scheduling their staff in a more cost-beneficial manner.

The AG report noted that Inspection and Maintenance (I&M) technicians have traditionally worked significant overtime to support the critical path of planned outages. They also noted that this overtime is typically paid at a rate of 1.5x-2x the I&M technician's base hourly wage.

