

UNDERTAKING J4.3**Undertaking**

To provide clarification on 2012 BA to 2013 Budget on the OM&A (labour and pension component).

Response

As described in Exhibit F4-3-1, page 35, the current service costs for pension and OPEB are charged directly to the OPG's business units, including the regulated hydroelectric facilities, as part of standard labour rates. OPG's standard labour rate methodology was described in EB-2010-0008, Exhibit F4-3-1, section 7.0. The remainder of pension and OPEB costs, mostly related to actuarial changes, are recorded as a centrally-held cost (see Exhibit F4-4-1). Changes in Pension/OPEB costs, including the increases for 2013 are described in Exhibit F4-3-1, pages 35-39, section 6.3.5.

The aggregate increase in labour rates from 2012 Actual to 2013 Budget for the regulated hydroelectric facilities, as shown in Interrogatory L-6.1-13 LPMA-009, Table 1, was 11.2%. The main drivers of this change are shown in Table 1 below:

Table 1:
Regulated Hydroelectric Labour Rate Changes
2013 Budget vs 2012 Actual

Cost Category	% Change
Pension/OPEB	4.4%
Base Salary and Wages (including: wage escalation, progression, and other changes in standard labour rates)	4.0%
Fiscal Year Adjustment	1.7%
Overtime	0.7%
Other Benefits	0.5%
Total	11.2%

Note: Numbers may not add due to rounding.