

UNDERTAKING J8.1**Undertaking**

To update Table 2 on page 32, if possible.

Response

In 2002 and 2006 OPG successfully negotiated reductions to the top bands of its PWU and Society wage schedules. These schedules are therefore the negotiated compensation for unionized employees. At the time of implementation of the schedules in 2002 and 2006, there were a number of employees whose base wages exceeded the new schedules. To accomplish the goal of lowering the upper end of the wage schedules, an agreement was reached to maintain the wages of those employees whose base wages exceeded the new schedules at the point of implementation (i.e. they were “grandfathered.”) This agreement applies by exception only in respect of those employees and ceases to exist if the employee changes a position in which case they adopt a wage from the established wage schedules.

The introduction of new salary bands resulted in future savings as the top of the salary bands were reduced.

Approximately 89% of OPG's represented employees are covered by the wage schedules with the remaining 11% subject to the grandfathering exception. The number of employees covered by the exception has reduced approximately 20% from 1200 to 972 since the Auditor General's finding and is expected to be negligible by 2020.

If the 972 grandfathered employees were limited to the top of their salary band, OPG's total base salary costs would be approximately \$5.6M lower per year (see table below).

	Number of Staff Overband	% Overband (Headcount)	% Overband (\$)	Annualized Impact (M\$)
PWU	680	12%	7%	4.3
Society	292	10%	4%	1.3
Represented Total	972	11%		5.6

1 Within Management Group, approximately 4% of employees (44) are being paid over
2 their salary band. This is as a result of changes that were made to OPG's compensation
3 policy in 2010. The annualized cost impact of these 44 employees is approximately
4 \$300K.

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Number of Staff Overband	% Overband (Headcount)	% Overband (\$)	Annualized Impact (M\$)
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Management**44****4%****6%****0.3**

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9 With reference to Table 2, at Ex. F4-3-1, which is a comparison of wage schedules at
10 OPG and Bruce Power, OPG maintains this chart represents an appropriate comparison
11 as these are the negotiated wage schedules in the PWU collective agreements with the
12 noted exceptions.

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14 In addition, even if one were to adjust the OPG salary bands by weighting them to take
15 account of overband employees, the central conclusion that OPG pays less than Bruce
16 Power would continue to apply. Table 2 includes PWU positions that cover
17 approximately 45% of the total PWU population across OPG. The annual PWU base
18 wage cost is approximately \$550M. So the cost of the PWU overband employees is less
19 than 1% of the total PWU wage bill.

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21 OPG's response to the Auditor General's report, including in relation to this issue, as
22 periodically updated is available publicly on OPG's web site at:

23

24 [http://www.opg.com/about/management/open-and-](http://www.opg.com/about/management/open-and-accountable/Documents/AGReport_OPGKeyActionsReport.pdf)
25 [accountable/Documents/AGReport_OPGKeyActionsReport.pdf](http://www.opg.com/about/management/open-and-accountable/Documents/AGReport_OPGKeyActionsReport.pdf)

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