

EB-2015-0275
Independent Electricity System Operator
Application for approval of 2016 revenue requirement, expenditures and fees
AMPCO Interrogatories

1.0 Revenue Requirement, Operating Costs and Capital Spending

1.2 Is the IESO's Operating Costs budget of \$182.1 million for Fiscal Year 2016 appropriate?

1.2-AMPCO-1

Ref: Exhibit A-2-2, Page 5

Preamble: The IESO's Business Plan is built on three strategic themes.

a) Please list the strategic objectives and goals that support each theme.

1.2-AMPCO-2

Ref: Exhibit A-2-2, Page 5

Preamble: The business plan lists the following business unit functions: Operations, Planning, Market and Resource Development, Conservation, Information Technology, Corporate Services.

a) Please provide the budget and regular and temporary FTEs associated with each business unit.

1.2-AMPCO-3

Ref: Exhibit A-2-2, Page 9

a) Please provide the latest Terms of Reference for the new SAC.

1.2-AMPCO-4

Ref: Exhibit A-2-2, Page 16

Preamble: The business plan outlines the key risks for 2015.

a) Please summarize the key risks for 2016.

1.2-AMPCO-5

Ref: Exhibit A-2-3, Page 1

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Preamble: The letter to the IESO from the Ministry of Energy dated December 9, 2015 states “I am satisfied that the revised business plan shows the IESO is making good progress toward achieving these savings objectives.”

- a) Please explain the material changes in the revised business plan compared to previous version(s).
- b) Please provide any direction received from the Ministry of Energy/Board of Directors/Executive Management regarding significant changes to be made to the business plan to arrive at the latest revised version.

1.2-AMPCO-6

Ref: Exhibit A-2-2, Page 4

Preamble: The 2016-2018 business plan indicates that Ontario’s climate-change strategy and the proposed cap-and-trade market have the potential to place, new, unanticipated demands on the IESO.

- a) Based on current information and knowledge, please explain further the potential demands on the IESO.
- b) Please provide the budget the IESO has included in its 2016 to2018 plan to support Ontario’s climate-change strategy/cap-and-trade market.
- c) Please provide the number of incremental FTEs by year that the IESO has included in its 2016 to2018 budget to support Ontario’s climate-change strategy/cap-and-trade market.

1.2-AMPCO-7

Ref: Exhibit A-2-2, Page 12, 2016 Financial Review

- a) Please provide a breakdown/description of the professional & consulting fees work by year?
- b) Please provide a breakdown/description of the operating and administration costs by year?

1.3 Are the IESO’s projected compensation costs and staffing levels appropriate and reasonable?

1.3-AMPCO-8

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- a) Please provide the most recent organizational chart to the Manager level and map the number of FTEs to each business unit.

1.3-AMPCO-9

Ref: Exhibit A-2-1, Page1

- a) Please provide the labour contract increases for the years 2014 to 2018 by contract.

1.3-AMPCO-10

Ref: Exhibit A-2-2, Page 11

Preamble: The evidence indicates the proposed fee includes absorbing the higher costs associated with the recent Society of Energy Professionals arbitration award and the settlement with the Power Workers Union.

- a) Please provide the cost impacts of the above.

1.3-AMPCO-11

Ref: Exhibit A-2-2, Page 12, 2016 Financial Review

- a) Please provide a further breakdown of compensation and benefits for the years 2015 to 2018, to show salary, benefits, pension, incentives and any other staff-related costs separately.

1.3-AMPCO-12

Ref: Exhibit A-2-2, Page 13, Staffing

- a) Please provide a breakdown of total FTEs based on the number of Regular, Temporary and Student FTEs for the years 2014 and 2015 (budget and actuals) and forecast for the years 2016 to 2018.
- b) Please provide a breakdown of the type of FTEs in the categories in part (a) that correspond to each of the seven business units identified at Exhibit B-1-1 Attachment 3, Page 18 and the CEO's office.

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- c) Please provide a breakdown of the number of executive management, senior management, management, non-union and union FTEs for the years 2014 to 2018.
- d) Please explain the incentive components included in the compensation package for executives, management, and other staff.

1.3-AMPCO-13

Ref: Exhibit B-3-2, Page 2

- a) As of December 31, 2015, please explain the increase in temporary staff from a budget of 25 to actuals of 51 and the business units impacted.
- b) How many of the 26 incremental temporary staff are students?
- c) How many of the incremental 26 temporary staff have left the organization?
- d) In 2016, the IESO intends to hire to budgeted levels. Please provide the Regular and Temp Staff budgeted levels for 2016.
- e) Please explain the work the new hires will undertake by business unit.

1.3-AMPCO-14

Ref: Exhibit A-2-2, Page 13, Staffing

- a) Please provide the number of vacant positions in 2014, 2015 and current number of vacant positions.
- b) Please provide the average length of time it took to fill vacancies in 2014 and 2015.
- c) Please provide the vacancy rate for the years 2014 to 2018.

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1.5 Is the IESO's capital expenditure budget for Fiscal Year 2016 appropriate?

1.5-AMPCO-15

Ref: Exhibit A-2-2 Page 17 IESO Capital Budgets

- a) Please explain the criteria used to determine the capital project priorities.
- b) Please explain how the capital priorities compare to the capital priorities identified in EB-2013-0321 and EB-2013-0381.
- c) Please discuss if any projects listed have forecast spending beyond 2018.
- d) Please identify any capital work delayed from 2015 to 2016.
- e) Please provide a high level description of the "Other Capital Projects" (i.e. projects totalling less than 15 \$1M) for the years 2015 to 2018.

5.0 Merger Costs and Savings

5.1 Are the merger costs of \$5.6 million incurred by the OPA and \$5.3 million incurred by the IESO appropriate?

5.1-AMPCO-16

Ref: Exhibit B-3-1, Page 3 Table 1

- a) Please provide the forecast budget for the merger.
- b) Please provide a description/breakdown of the components of the labour costs.
- c) Please provide a list of contract services and consultants including the type of work done and the associated cost.
- d) Please explain "Other" IESO merger costs of \$1.7 million.

5.4 Has the IESO appropriately reflected in its 2016 Fiscal Year revenue requirement the synergies and cost savings arising from the merger of the IESO and the OPA?

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5.4-AMPCO-17

Ref: Exhibit B-3-1, Page 1

Preamble: The evidence indicates that the merger savings result from a workforce reduction of 35 employees.

a) AMPCO seeks to better understand the nature of the workforce reductions. Please complete the following table:

	OPA	IESO	Total
# employee reductions			35
# FTE reductions			
# job position reductions			
# permanent reductions			
# temporary reductions			
# student reductions			
# executive management reductions			
# senior management reductions			
# management reductions			
# non-union reductions			
# union reductions			

b) Are any of the 35 employee reductions due to retirement?

c) For each employee reduction, please provide the job title and the job function.

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5.4-AMPCO-18

Ref: Exhibit A-2-3, Page 1

Preamble: The letter to the IESO from the Ministry of Energy dated December 9, 2015 references the IESO's synergy savings target for 2015 and that the IESO should report any synergy savings achievement, including budget variances, on a periodic basis to the Ministry.

- a) Please provide the 2015 synergy savings target and its composition.
- b) Please advise of the frequency of reporting to the Ministry and provide any reports on synergy savings achievement, including budget variances, provided to date to the Ministry of Energy.

5.4-AMPCO-19

Ref: Exhibit A-2-2, Page 3

Preamble: The evidence indicates that a significant amount of merger-related work has been completed, and a number of activities are still underway.

- a) Please provide the activities still underway, the cost, and when the work will be completed.

5.4-AMPCO-20

Ref: Exhibit A-2-2, Page 11

Preamble: Moving into the 2016 plan, the IESO will have absorbed 60 positions over the prior two years.

- a) Please provide the number of position reductions by year, between the IESO and OPA and if they are Regular or Temporary positions.

5.4-AMPCO-21

Ref: Exhibit B-3-1, Page 1

Preamble: The evidence indicates the merger has driven savings from a workforce reduction, real estate savings, the elimination of one Board of Directors, as well as other efficiencies.

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- a) Please provide the savings associated with each driver.
- b) Please explain “other efficiencies”.

5.4-AMPCO-22

Ref: Exhibit A-2-2, Page 3

The IESO anticipates a \$10 million reduction by the end of the third year from the combined budgets of the merged organizations.

- a) Please provide a summary of the types of further reductions in 2017 and 2018 (operating expenses and resources) to achieve this.

6.0 Commitments from Previous OEB Decisions

6.1 Has the IESO responded appropriately to OEB decisions in EB-2013-0326 and EB-2013-0381?

6.1-AMPCO-23

Ref:EB-2013-0326 OPA 2014 Fees Case – OEB Decision Page 9

Preamble: The OEB Decision states that the Board expects that the merged entity’s first fee submission will show an improvement in the setting and achievement of performance targets and metrics.

- a) Please discuss how this process was improved in order to assist the Board in determining whether the applied for net revenue requirement is appropriate and the IESO is achieving a reasonable standard of efficiency in performing its mandate.

6.2 Are the IESO’s corporate performance measures for 2016 appropriate and reasonable, and do they contain metrics so as to allow parties and the OEB to assess the extent to which they will have been realized?

6.2-AMPCO-24

Ref: Exhibit A-2-2, Page 15

- a) Please advise if an external consultant was retained to assist in developing the eight targets.

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- b) For each applicable measure, please provide the historical performance for the past 5 years.