

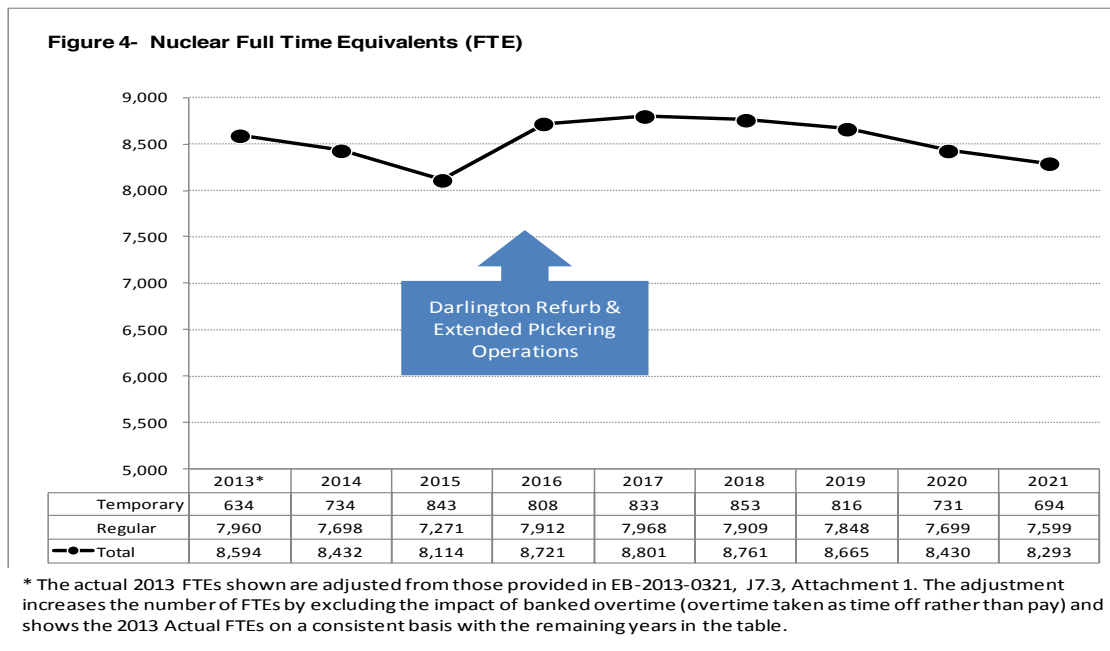
EB-2016-0152

The Society of Energy Professionals

Compendium

Panel 4

1 retirements were in critical operations, maintenance, engineering and technical roles and will
 2 need to be replaced. As shown in Figure 4, staffing levels peak in 2017 and then decline by
 3 over 500 FTEs by 2021. Nuclear staffing levels are discussed further in Ex. F2-1-1.



20 Workforce renewal leading up to the end of commercial operations at Pickering in 2022/2024
 21 will be required to continue operating the station safely. To assist in mitigating the anticipated
 22 disruption and costs associated with deployment and involuntary terminations after Pickering
 23 is shut down, a new category of employees called “Term Employees” was negotiated with
 24 the PWU for the current collective agreement period. In general, term employees may be
 25 hired to avoid adding regular staff in circumstances where additional regular employees are
 26 likely to be laid off as a result of Pickering’s end of commercial operations. Term employees
 27 are hired with the understanding that they have no expectation of ongoing employment once
 28 Pickering’s operations cease.

29

30 **Base Salaries and Incentives** represent about 68 per cent of OPG’s total compensation
 31 costs related to the Nuclear facilities over the test period. These costs are largely a function

1 of staffing levels and the collective bargaining agreements that cover approximately 90 per
 2 cent of OPG's employees.

3

4 Unionized Salaries:

5 OPG is legally bound by its collective agreements. These agreements govern salary
 6 increases, cost of living adjustments, and progressions through established salary ranges.

7

8 OPG, with the direct involvement and support of the Government, negotiated agreements
 9 with both the PWU and Society in 2015 that will keep wage escalation below inflation. Both
 10 agreements provide for a one per cent escalation increase each year and cover a three year
 11 period, running from April 1, 2015 to March 31, 2017 for the PWU and from January 1, 2016
 12 to December 31, 2018 for the Society.

13

14 Until recently, typical union salary increases have tended to be between 2 per cent and 3 per
 15 cent per year for both OPG and other large companies within the electricity sector in Ontario,
 16 as shown in Figures 5 to 8.

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Figure 5

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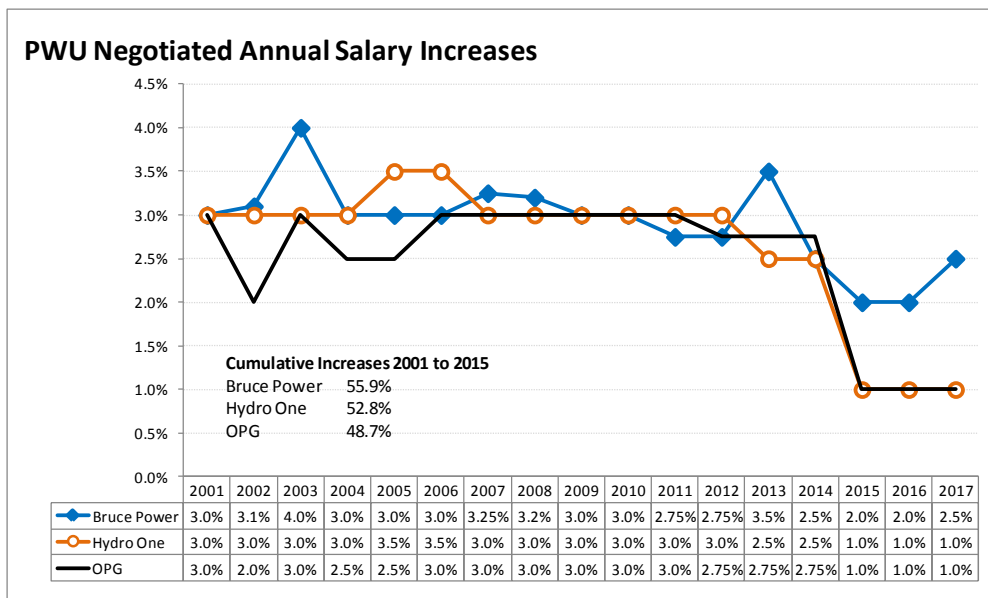
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Figure 6

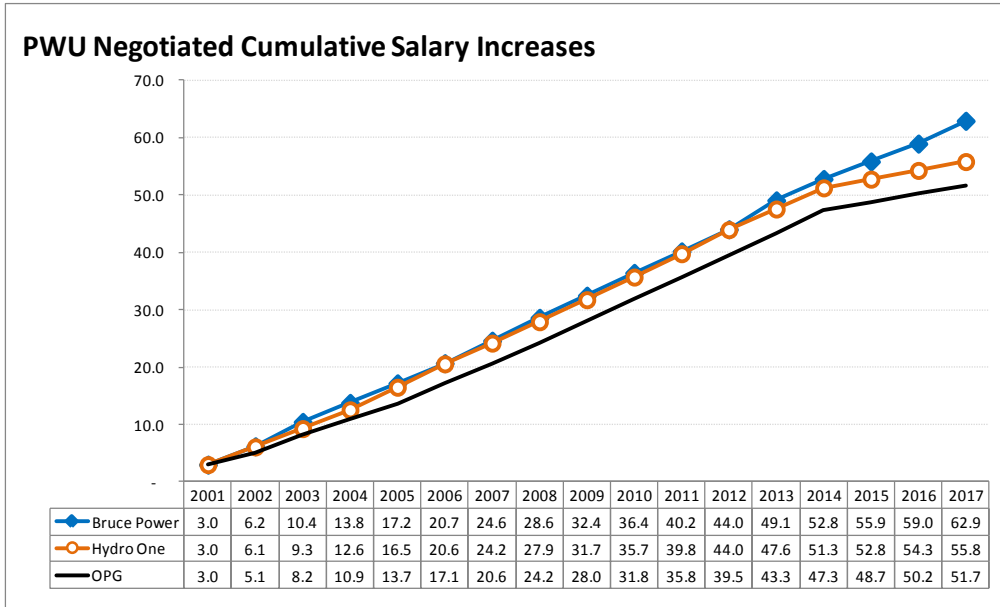


Figure 7

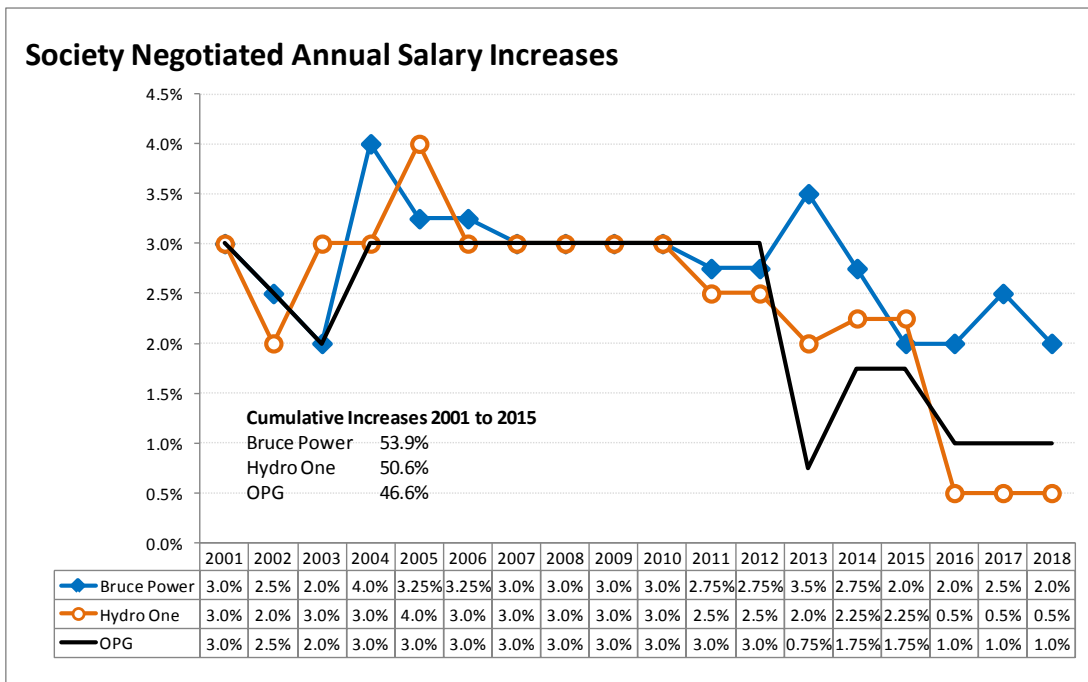
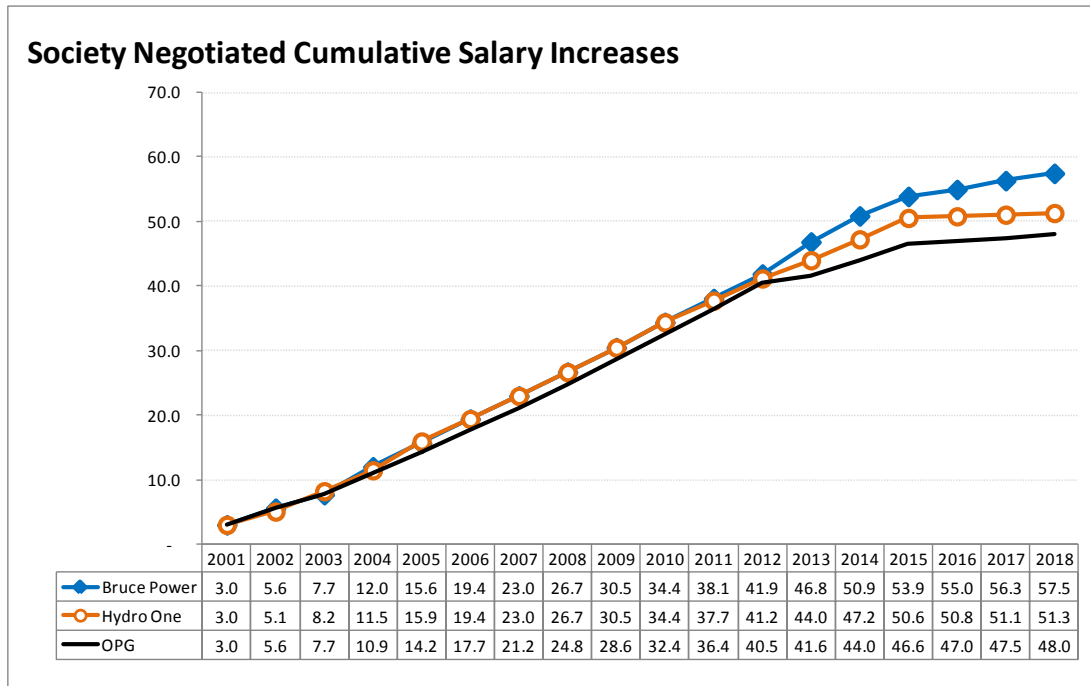


Figure 8



In addition to the one per cent annual escalation increase to wages, additional payments were negotiated in exchange for pension reforms that will be payable to a subset of employees for a limited time period. These are discussed in more detail below as part of the changes to pensions and benefits. Compensation costs presented in this application reflect escalation increases, pension reform savings and related payments negotiated with the PWU and the Society in 2015.

Management Salaries:

For the remaining ten per cent of employees who are not covered by collective agreements (Management Group or “Management”), base salary ranges and OPG’s pay for performance programs are approved by the Board of Directors and subject to legislative restraints.

To control compensation costs for Management employees, OPG has taken the following actions:

1 **PWU Interrogatory #15**

2
3 **Issue Number: 6.6**

4 **Issue:** Are the test period human resource related costs for the nuclear facilities
5 (including wages, salaries, payments under contractual work arrangements, benefits,
6 incentive payments, overtime, FTEs and pension costs, etc.) appropriate?
7

8
9 **Interrogatory**

10
11 **Reference:**

12 Ref (a): Exhibit F4-3-1, Page 8 of 23:
13

14 OPG, with the direct involvement and support of the Government, negotiated agreements
15 with both the PWU and Society in 2015 that will keep wage escalation below inflation. Both
16 agreements provide for a one per cent escalation increase each year and cover a three
17 year period, running from April 1, 2015 to March 31, 2017 for the PWU and from January 1,
18 2016 to December 31, 2018 for the Society.
19

20 a) PWU and Society wage escalation is at a level below inflation. Please quantify the impact
21 on the test period revenue requirement had wage escalation been set at inflation.
22

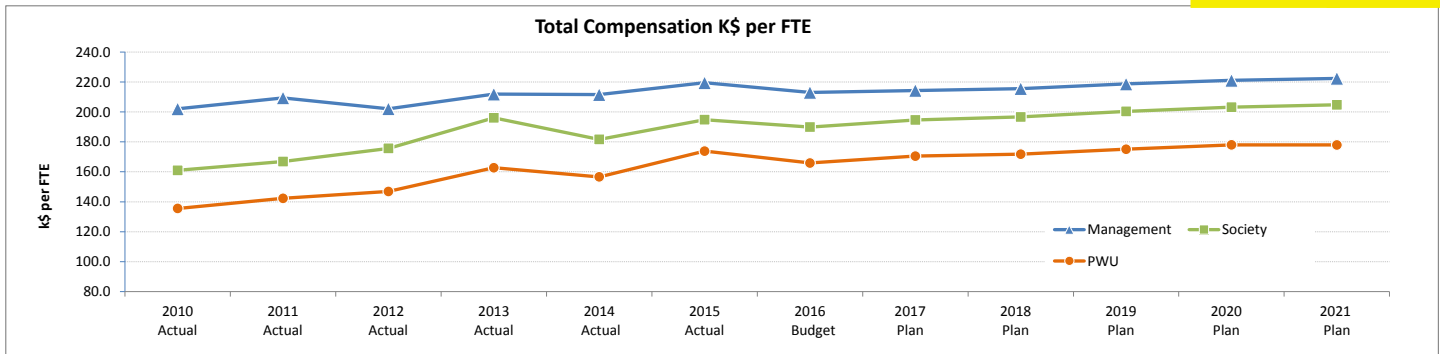
23
24 **Response**

25
26 Please note that there is an error in Ex.F4-3-1, p. 8, line 11 – the PWU collective agreement
27 expires on March 31, 2018, not March 31, 2017. OPG will be filing a correction to its
28 evidence.
29


30 Had the wage escalation in the current PWU and Society agreements been set at an
31 assumed inflation rate of 2%, the estimated nuclear revenue requirement increases over the
32 collective agreement terms would be approximately \$31M in 2017 and approximately \$20M
33 in 2018, for impacts on wages and resulting changes in pension costs. Information beyond
34 the current collective agreement terms is not provided, as the collective agreements beyond
35 this time may change based on future bargaining.
36

37 These estimates were determined on the basis of compensation costs reflected in OM&A
38 expenses, as OPG does not track the portion of rate base specifically attributable to
39 capitalized compensation costs.

Line No.	NUCLEAR FACILITIES	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Change to Date (2010 to 2015)		Total Change (2010 to 2021)		
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	
1	STAFF (Direct & Allocated, Reg & Temp)	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs	%	FTEs	%
2	Management	954.1	950.7	952.1	960.8	929.1	890.3	926.9	958.5	950.2	945.7	933.6	920.6	(63.8)	(7%)	(33.5)	(4%)	
3	Society	2,965.1	2,939.6	2,782.7	2,615.5	2,547.8	2,484.0	2,753.9	2,784.5	2,769.9	2,708.1	2,633.3	2,592.0	(481.2)	(16%)	(373.2)	(13%)	
4	PWU	5,426.4	5,242.3	5,094.8	4,957.1	4,885.2	4,633.2	4,904.3	4,871.4	4,853.2	4,855.3	4,681.9	4,551.5	(793.2)	(15%)	(874.9)	(16%)	
5	Total	9,345.7	9,132.6	8,829.6	8,533.5	8,362.2	8,007.5	8,585.1	8,614.5	8,573.3	8,509.1	8,248.8	8,064.1	(1,338.2)	(14%)	(1,281.5)	(14%)	
6		Reconciliation to J9.7 (EB-2013-0321)				Reconciliation to Exhibit F4-3-1 Att 1 (EB-2016-0521)												
7	Remove: Banked Overtime Adjustment	(122.5)	(121.2)	(116.9)	(128.9)													
8	Add: EPSCA	97.2	79.8	86.3	60.2	69.6	106.2	135.6	186.7	188.1	155.6	181.1	229.1					
9	Totals as Reported in J9.7	9,320.4	9,091.2	8,799.0	8,464.8	8,431.8	8,113.7	8,720.7	8,801.2	8,761.4	8,664.7	8,429.9	8,293.2					
10	Check	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
11																		
12	TOTAL COMPENSATION	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	%	\$M	%	
13	Management	192.8	199.1	192.4	203.6	196.6	195.4	197.5	205.5	204.8	206.8	206.4	204.8	2.6	1%	12.0	6%	
14	Society	477.3	490.5	488.9	512.8	462.9	483.9	523.0	542.0	544.7	542.6	535.0	530.7	6.6	1%	53.3	11%	
15	PWU	735.6	745.9	748.3	806.6	765.3	805.4	813.5	830.5	833.7	850.0	833.5	809.9	69.8	9%	74.3	10%	
16	Total	1,405.7	1,435.6	1,429.6	1,523.0	1,424.7	1,484.7	1,534.0	1,578.0	1,583.2	1,599.4	1,574.9	1,545.3	79.0	6%	139.6	10%	
17		Reconciliation to J9.7 (EB-2013-0321)				Reconciliation to Exhibit F4-3-1 Att 1 (EB-2016-0521)												
18	Remove: Banked Overtime Adj	0.0	0.0	0.0	0.0													
19	Add: EPSCA	14.5	11.3	11.9	11.3	13.1	21.0	20.0	28.2	28.2	23.8	28.2	36.9					
20	Totals as Reported in J9.7	1,420.1	1,446.9	1,441.5	1,534.4	1,437.8	1,505.7	1,554.0	1,606.1	1,611.4	1,623.3	1,603.0	1,582.2					
21	Check	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
22																		
23	TOTAL COMPENSATION Per FTE	\$K / FTE	\$K / FTE	\$K / FTE	\$K / FTE	\$K / FTE	\$K / FTE	\$K / FTE	\$K / FTE	\$K / FTE	\$K / FTE	\$K / FTE	\$K / FTE	\$K / FTE	%	\$K / FTE	%	
24	Management	202.1	209.4	202.1	211.9	211.6	219.5	213.0	214.4	215.6	218.7	221.1	222.4	17.4	9%	20.4	10%	
25	Society	161.0	166.9	175.7	196.1	181.7	194.8	189.9	194.6	196.6	200.4	203.2	204.7	33.8	21%	43.8	27%	
26	PWU	135.6	142.3	146.9	162.7	156.6	173.8	165.9	170.5	171.8	175.1	178.0	177.9	38.3	28%	42.4	31%	
27	Total	150.4	157.2	161.9	178.5	170.4	185.4	178.7	183.2	184.7	188.0	190.9	191.6	35.0	23%	41.2	27%	



NUCLEAR FACILITIES
TOTAL COMPENSATION per FTE



	Test Years Change (2015 TO 2021)		Annual Average Test Years Change (2015 TO 2021)		Total Change (2010 to 2021)		Annual Average Total Change (2010 to 2021)	
	K\$ / FTE	%	K\$ / FTE	%	K\$ / FTE	%	K\$ / FTE	%
MANAGEMENT	3.0	1.3%	0.5	0.2%	20.4	10.0%	1.9	0.9%
SOCIETY	9.9	5.1%	1.7	0.8%	43.8	27.0%	4.0	2.5%
PWU	4.1	2.4%	0.7	0.4%	42.4	31.0%	3.9	2.8%
TOTAL	6.2	3.4%	1.0	0.6%	41.2	27.0%	3.7	2.5%

Data Source: Exhibit L, Tab 6.6, Schedule 1 Staff-142, Attachment 1