

1 OEB STAFF INTERROGATORY 7

2 **1.0 Revenue Requirement, Operating Costs and Capital Spending**

3 **1.3** *Are the IESO's projected staffing levels and compensation (including salaries, benefits,*  
4 *pensions and other post-employment benefits) appropriate and reasonable?*

5 Staff IR #7

6 INTERROGATORY

7 Reference: Exhibit A-2-2. Pg. 5

8 Preamble:

9 The Application states: "Challenges are presented in managing the budget in 2018 and beyond  
10 as increases in compensation and benefits begin to outpace opportunities to reduce costs".

11 Questions:

- 12 a) Please describe the factors driving the compensation and benefits increases.
- 13 i. Are the increases the direct the result of the number of new employees, compensation  
14 for existing employees, or a combination of both?
- 15 b) Please discuss the actions being taken by the IESO to manage the challenges of increasing  
16 compensation costs.

17 RESPONSE

18 a) The factors contributing to the compensation and benefits increases in the 2018 budget are:

- 19 i. Escalations within the IESO's collective agreements, and  
20 ii. Increases in new resources to support the Market Renewal Program ("MRP"),  
21 Long-Term Energy Plan and Cybersecurity enhancements.

22 b) The actions being taken by the IESO to manage the challenges of increasing compensation  
23 costs include:

- 24 • Efficiently deploying current resources to balance resource requirements of core  
25 operations and the MRP. This includes seconding key internal IESO resources to the  
26 MRP for different durations based on the specific skills needed as MRP moves  
27 through the various phases (e.g. design, implementation, testing, etc.) until the  
28 program is complete.
- 29 • Ongoing monitoring and update of operating forecasts and comparison against  
30 approved budgets in order to balance risks and opportunities to offset unplanned

- 1 costs. For every initiative the IESO undertakes, management takes into consideration
- 2 expense management and maintaining spending to budget levels.
- 3
  - Following the government's procurement and spending guidelines.

1 AMPCO INTERROGATORY 7

2 **1.3** *Are the IESO's projected staffing levels and compensation (including salaries, benefits,*  
 3 *pensions and other post-employment benefits) appropriate and reasonable?*

4 1.3-AMPCO-7

5 INTERROGATORY

6 Ref: Exhibit B Tab 3 Schedule 1 Attachment 4 Appendix 2-K

7 Please add 2016 Plan to the table and provide an excel version of Attachment #4.

8 RESPONSE

9 Please see below for the updated Appendix 2-K (employee costs) with 2016 Plan added to the  
 10 table. As requested, an excel version of the updated Appendix 2-K is also being provided as  
 11 Attachment 1 to this exhibit.

(in millions)	2016 Actual	2016 Budget	2017 Actual	2017 Budget	2018 Budget
Number of Employees (FTEs)					
Executive	7	7	7	7	6
Management	102	106	107	110	118
Non-Management Regular	524	550	534	577	575
Non-Management Temporary	32	25	53	18	32
Total	665	688	701	712	731
Total Salary and Wages					
Executive and Board	3.0	3.0	3.2	3.3	2.8
Management	15.8	15.9	14.9	18.1	18.6
Non-Management Regular	56.6	60.7	62.0	66.8	63.1
Non-Management Temporary	3.5	2.4	6.2	1.7	4.0
Total	78.9	82.0	86.3	89.8	88.5
Total Benefits					
Executive	0.9	0.7	0.9	0.8	0.7
Management	6.9	5.1	5.5	5.9	6.1
Non-Management Regular	22.1	22.2	22.5	20.6	21.9
Non-Management Temporary	0.7	0.2	1.0	0.4	0.5
Total	30.6	28.3	29.9	27.6	29.2
Total Compensation (Salary, Wages & Benefits)					
Executive and Board	3.9	3.7	4.1	4.1	3.5
Management	22.7	21.0	20.4	24.0	24.7
Non-Management Regular	78.7	82.9	84.5	87.4	85.0
Non-Management Temporary	4.2	2.7	7.2	2.0	4.5
Total	109.5	110.3	116.2	117.5	117.7

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1 CME INTERROGATORY 3

2 Issue 1.3 Are the IESO's projected staffing levels and compensation (including salaries,  
3 benefits, pensions and other post-employment benefits) appropriate and reasonable?

4 **CME # 3**

5 INTERROGATORY

6 Ref: Exhibit A, Tab 2, Schedule 2 page 13 of 28 and Exhibit B, Tab 1, Schedule 1, page 5 of 7

7 Exhibit A, Tab 2, Schedule 2 page 13 of 28 describes the work that the IESO does collaborating  
8 with the Ministry of Environment and Climate Change to support the Green Ontario Fund.  
9 Exhibit B states that "In the spring of 2018, a Green Ontario Fund website was launched" and  
10 the IESO will be performing a number of functions. Given the recent decisions regarding the  
11 Green Ontario Fund, CME wishes to know more about the IESO's activities with the Green  
12 Ontario Fund.

13 (a) What is the status of the IESO's involvement in the Green Ontario Fund currently?

14 (b) Will the FTE's that are currently working on Green Ontario Fund related items be folded  
15 back into the IESO to work on either core functions, market renewal, or other projects?

16 (c) If the answer to (b) above is yes, please provide a breakdown of where those FTE's are being  
17 allocated, and updated FTE complements for those areas.

18 RESPONSE

19 (a) The IESO is currently in the process of winding up its activities on behalf of the Green  
20 Ontario Fund. All of the programs which it delivers have been terminated although some  
21 programs will continue to accept applications from consumers until the fall for work  
22 committed prior to program end.

23 (b) and (c) The staff assigned to the Green Ontario Fund project were a mixture of IESO regular  
24 staff and temporary staff hired for this project. Where regular staff were assigned to the  
25 project, they were backfilled with temporary staff. When roles in the Green Ontario Fund  
26 project are no longer required, staff will either rotate back to their regular role or temporary  
27 staff contracts will be ended. If suitable, temporary staff may be able to fill other vacancies  
28 within the organization. The reassignments are not expected to have any impact on the  
29 IESO's projected staffing levels for its core functions.

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SEC INTERROGATORY 15

**1.3-SEC-15**

INTERROGATORY

[B-3-1, Attachment 4] With respect to Employees:

- a. The evidence shows that the IESO had 11 fewer FTEs in 2017 than budgeted. Please provide a rationale for this variance.
- b. The evidence shows that the IESO plans to add 30 FTEs in 2018 compared to 2017. Please provide details of these additional FTEs and why they are required.
- c. Please add a column to the table to show the IESO current year-to-date employee data.

RESPONSE

- a. The lower than budgeted FTEs in 2017 is due to lead times to fill vacancies. In some cases, internal staff resources moved to new positions in support of Market Renewal and there were timing lags in backfilling their original positions.
- b. The additional FTEs in the 2018 budget compared to 2017 actuals consist of the fulfillment of vacant positions in the 2017 budget (as referenced in question a. above), and additional FTEs relating to the Market Renewal Program.
- c. June year-to-date employee data is as follows:

(in millions)	2016 Actual	2017 Actual	2017 Budget	2018 Budget	2018 Actual (June)
<b>Number of Employees (FTEs)</b>					
Executive	7	7	7	6	7
Management	102	107	110	118	125
Non-Management Regular	524	534	577	575	501
Non-Management Temporary	32	53	18	32	60
<b>Total</b>	<b>665</b>	<b>701</b>	<b>712</b>	<b>731</b>	<b>693</b>
<b>Total Salary and Wages</b>					
Executive and Board	3.0	3.2	3.3	2.8	1.2
Management	15.8	14.9	18.1	18.6	8.0
Non-Management Regular	56.6	62.0	66.8	63.1	32.6
Non-Management Temporary	3.5	6.2	1.7	4.0	3.4
<b>Total</b>	<b>78.9</b>	<b>86.3</b>	<b>89.8</b>	<b>88.5</b>	<b>45.2</b>
<b>Total Benefits</b>					
Executive	0.9	0.9	0.8	0.7	0.4
Management	6.9	5.5	5.9	6.1	2.9
Non-Management Regular	22.1	22.5	20.6	21.9	12.3
Non-Management Temporary	0.7	1.0	0.4	0.5	0.3
<b>Total</b>	<b>30.6</b>	<b>29.9</b>	<b>27.6</b>	<b>29.2</b>	<b>15.9</b>
<b>Total Compensation (Salary, Wages &amp; Benefits)</b>					
Executive and Board	3.9	4.1	4.1	3.5	1.6
Management	22.7	20.4	24.0	24.7	10.9
Non-Management Regular	78.7	84.5	87.4	85.0	44.9
Non-Management Temporary	4.2	7.2	2.0	4.5	3.7
<b>Total</b>	<b>109.5</b>	<b>116.2</b>	<b>117.5</b>	<b>117.7</b>	<b>61.1</b>

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1 SEC INTERROGATORY 16

2 **1.3-SEC-16**

3 INTERROGATORY

4 Please provide the budget, and FTEs breakdown, associated with each IESO 8 business unit in a  
5 similar format as provided in SEC IR 13 (EB-2017-0150, Exhibit I, Tab 1.4, Schedule 7.13 SEC 13)

6 RESPONSE

7 Please find below the budget, and FTEs breakdown, associated with each IESO business unit in  
8 a similar format as provided in the response to SEC Interrogatory 13, Exhibit I, Tab 1.1,  
9 Schedule 8.13.

<b>(\$ millions)</b>	<b>2018 Budget</b>
CEO	7.7
Planning, Acquisition & Operations	46.2
Policy, Engagement & Innovation	22.1
Information and Technology Services	39.7
Legal Resources & Corporate Governance	15.3
Corporate Services	23.8
MACD	1.9
Market Renewal	12.7
Human Resources	5.1
Others (Corp Adjustment)	16.3
<b>Total</b>	<b>190.8</b>

10

<b>Divisions</b>	<b>2018 Budget</b>		
	<b>Regs</b>	<b>Temp</b>	<b>Total</b>
CEO	8	-	8
Planning, Acquisition & Operations	242	11	253
Policy, Engagement & Innovation	113	2	115
Information and Technology Services	115	11	126
Legal Resources & Corporate Governance	59	6	65
Corporate Services	99	1	100
MACD	18		18
Market Renewal	43	-	43
Human Resources	7	-	7
Others (Corp Adjustment)	(4)	-	(4)
<b>Total</b>	<b>700</b>	<b>31</b>	<b>731</b>

11

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Exhibit I

Tab 1.3

Schedule 8.16 SEC 16

Page 2 of 2

- 1 Please note that the Corporate Adjustments category contains financial items that are managed
- 2 at an enterprise level and not allocated to the operating divisions. These items are tracked
- 3 separately on a total organization basis such as amortization, interest and the unrecovered
- 4 PSAB transition items.
  
- 5 The negative 4 FTEs represent the impact of hiring lags across the organization.

1 SOCIETY INTERROGATORY 1

2 1.3: *Are the IESO's projected staffing levels and compensation (including salaries, benefits, pensions*  
 3 *and other post-employment benefits) appropriate and reasonable?*

4 **1.3 Society#1**

5 INTERROGATORY

6 reference: EB-2017- 0150 IESO 2017 Revenue Requirement, interrogatory response I-Tab 1.4  
 7 Schedule 8.02 SOCIETY 2

8 a) Please update the referenced interrogatory response and in particular take into account the  
 9 considerations for Market Renewal Project.

10 b) In the update of part b) of the original IR response (the annual number of staff who retired  
 11 and the annual number of staff eligible to retire), in addition to providing actuals for each of  
 12 2014, 2015, 2016 and 2017, for 2018 please provide July actuals and 2018 year end projected.

13 RESPONSE

14 a) The Market Renewal Program ("MRP") staffing requirements are continuously reviewed to  
 15 proactively identify the skills, experience and knowledge needed to ensure alignment with  
 16 various MRP projects and the timelines for the requirement of the resources.

17 Please see the responses to OEB Staff Interrogatory 15 at Exhibit I, Tab 6.2, Schedule 1.15  
 18 and Energy Probe Interrogatory 1 at Exhibit I, Tab 6.2, Schedule 4.13.

19 b) Number of retirements and eligible to retire are as follows:

Retirements	2014	2015	2016	2017	2018	
					<i>Actual (to July)</i>	<i>Forecast (Jul – Dec)</i>
<b>Actual</b>	10	10	14	21	9	4
<b>Eligible</b>	-1	-1	44 <sup>2</sup>	64	54 <sup>2</sup>	

20

21 <sup>1</sup> Data not readily available

22 <sup>2</sup> Regular employees who are eligible to retire - cumulative to that year

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1 SOCIETY INTERROGATORY 2

2 1.3: *Are the IESO's projected staffing levels and compensation (including salaries, benefits, pensions*  
3 *and other post-employment benefits) appropriate and reasonable?*

4 **1.3 Society#2**

5 INTERROGATORY

6 reference: Exhibit B-2-1, page 3, line 12-17

7 It is stated that one of IESO's four strategic goals in its 2016–2020 Strategic Plan is  
8 to "invest in our people and processes to meet the needs of the sector"

9 a) Please explain in detail what IESO is doing in 2018 and the remainder of its 2018-2020  
10 Business Plan period in order to meet this strategic goal.

11 b) Please explain how what IESO is doing on this in 2018-2020 may be different from what it  
12 accomplished to fulfill this strategic goal in 2016 and 2017, the first two years of its in its  
13 2016–2020 Strategic Plan

14 RESPONSE

15 a) The IESO continues to measure and review employee-based practices. For example, the  
16 IESO's 2018 Corporate Performance Measures (CPM) includes a metric to ensure employees  
17 are engaged towards the achievement of the IESO's business priorities. The 2018 CPM target  
18 is "By the end of 2018, a 4-point increase in employee engagement is achieved from the baseline of  
19 71% set in 2016". The IESO recently completed its 2018 employee engagement survey and is  
20 in the process of reviewing the results and developing action plans to address areas  
21 requiring improvement and sustain areas with high satisfaction.

22 In support of the overall organization's strategic goals, Human Resources is developing a  
23 roadmap that will identify employee-based strategies to be implemented over the remainder  
24 of the 2018 to 2020 timeframe. The roadmap will include an HR mandate, vision, strategic  
25 outcomes of what we want to achieve and how we will achieve them. Initiatives such as  
26 streamlining processes and conducting a workforce planning analysis are examples of  
27 tactics that will be included.

28 Learning and development continues to be important at the IESO. The organization  
29 continues to offer a variety of learning and development opportunities for employees  
30 primarily in the form of internal and external courses and financial support of continuing  
31 education programs.

1       **Internal Training Program:**

2       All regular status employees can register in our Learning Management System (LMS) for  
3       our internal Organizational Learning and Development training programs. An annual  
4       curriculum is posted in the LMS. The internal programming is competency-based with  
5       programming targeted to all levels in the organization: people managers (Leadership  
6       Development) and individual contributors. Succession Planning Candidates and Highest  
7       Potential/Highest Performers are offered enriched development programming.

8       Each business unit at the IESO also has a training and development budget. Individuals can  
9       discuss development with their managers and if a program supports development for their  
10      current role or future career aspirations, the manager can approve the program for payment  
11      from the business unit's training and development budget.

12      **IESO's External Education Assistance Standard:**

13      This is targeted to all regular status employees and aligns with IESO-Society Collective  
14      Agreement.

15      The standard focuses on external development opportunities (continuous learning) outside  
16      of regular IESO work hours. Payment for this programming comes from the business unit's  
17      training and development budget.

18      b) There are no significant changes in 2018 from what the IESO offered in the first two years of  
19      this 2016 to 2020 period. The work associated with the Roadmap will be conducted within  
20      the assigned budgets.

1 VECC INTERROGATORY 1

2 VECC-1 – ISSUE 1.3

3 INTERROGATORY

4 Reference: Exhibit A-2-2, page 19

5 a) Please explain the 2018 impact of the announced elimination of the Green Ontario Fund on  
6 the Fees for 2018 and 2019.

7 b) In 2017 what were the FTE allocations supporting this program?

8 c) What are the current FTE allocations to this program?

9 d) How are the FTE allocations anticipated to support the Green Ontario Fund being re-  
10 allocated or reduced in 2018 and 2019?

11 RESPONSE

12 a) to d) Please see the response to OEB Staff Interrogatory 4 at Exhibit I, Tab 1.1, Schedule 1.04.

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1 VECC INTERROGATORY 7

2 VECC-7 – ISSUE 1.3

3 INTERROGATORY

4 Reference: Exhibit B/Tab 3/Schedule 1/pg. 3-4

5 a) Please provide a table, similar to Table 3, which shows the actual and budget average FTEs  
6 for each year 2015 through 2017.

7 RESPONSE

8 b) Please see the table provided on page 2 of this exhibit.

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Exhibit I

Tab 1.3

Schedule 10.07 VECC 7

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	2015 Average Actual	2015 Average Budget	Variance	2015 Dec 31st Actual	2015 Dec 31st Budget	1 Variance
<b>Staff</b>						
Operating Headcount						
Regular	628	670	(42)	630	670	(40)
Temporary	52	25	27	50	25	25
<b>Operating Headcount Total</b>	<b>680</b>	<b>695</b>	<b>(15)</b>	<b>680</b>	<b>695</b>	<b>(15)</b>
	2015 Average Actual	2015 Average Budget	Variance	2015 Dec 31st Actual	2015 Dec 31st Budget	Variance
<b>Staff</b>						
Market Renewal Headcount						
Regular	0	0	0	0	0	0
Temporary	0	0	0	0	0	0
<b>Market Renewal Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>IESO Total</b>	<b>680</b>	<b>695</b>	<b>(15)</b>	<b>680</b>	<b>695</b>	<b>(15)</b>
	2016 Average Actual	2016 Average Budget	Variance	2016 Dec 31st Actual	2016 Dec 31st Budget	Variance
<b>Staff</b>						
Operating Headcount						
Regular	633	663	(30)	639	663	(24)
Temporary	32	25	7	36	25	11
<b>Operating Headcount Total</b>	<b>665</b>	<b>688</b>	<b>(23)</b>	<b>675</b>	<b>688</b>	<b>(13)</b>
	2016 Average Actual	2016 Average Budget	Variance	2016 Dec 31st Actual	2016 Dec 31st Budget	Variance
<b>Staff</b>						
Market Renewal Headcount						
Regular	0	0	0	0	0	0
Temporary	0	0	0	0	0	0
<b>Market Renewal Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>IESO Total</b>	<b>665</b>	<b>688</b>	<b>(23)</b>	<b>675</b>	<b>688</b>	<b>(13)</b>
	2017 Average Actual	2017 Average Budget	Variance	2017 Dec 31st Actual	2017 Dec 31st Budget	Variance
<b>Staff</b>						
Operating Headcount						
Regular	631	674	(43)	624	674	(50)
Temporary	49	13	36	54	13	41
<b>Operating Headcount Total</b>	<b>680</b>	<b>687</b>	<b>(7)</b>	<b>678</b>	<b>687</b>	<b>(9)</b>
	2017 Average Actual	2017 Average Budget	Variance	2017 Dec 31st Actual	2017 Dec 31st Budget	Variance
<b>Staff</b>						
Market Renewal Headcount						
Regular	18	25	(7)	27	33	(6)
Temporary	3	0	3	6	0	6
<b>Market Renewal Total</b>	<b>21</b>	<b>25</b>	<b>(4)</b>	<b>33</b>	<b>33</b>	<b>0</b>
<b>IESO Total</b>	<b>701</b>	<b>712</b>	<b>(11)</b>	<b>711</b>	<b>720</b>	<b>(9)</b>