

1 AMPCO INTERROGATORY 5

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

3 **1.1 *Is the IESO's Fiscal Year 2018 net revenue requirement of \$190.8 million appropriate?***

4 1.1-AMPCO-5

5 INTERROGATORY

6 Ref#1: Exhibit A-3-1 Page 6

**Organizational Alignment**

Policy and innovation can open up new opportunities for consumers and stakeholders, drive down costs and lead to a more efficient and effective electricity grid. Together with its stakeholders, the IESO informs and implements policy while creating an environment where innovation can thrive.

To support its efforts in this area, the IESO underwent an organizational realignment in the fourth quarter of 2017. The new Policy, Engagement and Innovation group aligns the various IESO resources to more effectively develop policy that reflects the broader objectives of the IESO and Ontario's electricity sector, including the need to foster innovation. This group is also responsible for leading the IESO's engagement efforts with customers and stakeholders, the energy regulator, the government and others to ensure their input is actively sought and considered as new initiatives are advanced.

The new Planning, Acquisition and Operations group brings together functions that are responsible for a reliable and efficient province-wide power system both today and in the future. This includes planning, Market Renewal, resource and transmission procurement, and real-time operations and engineering.

Other changes to the IESO's structure include a new standalone business unit and senior executive leading the Human Resources function and a group called Legal Resources and Corporate Governance that includes contract management. The new vice-president of Information & Technology Services will also serve as Chief Information Officer and lead the company's efforts in the area of cybersecurity. As part of its efforts to increase efficiency, provide better service to internal and external customers, and deliver greater value to ratepayers, the IESO is adopting an enterprise-wide view of its operations. Consistent with that shift, a centralized team responsible for the prioritization, governance and delivery of enterprise change at the IESO has been created and reports through the Vice-President of Corporate Services and Chief Financial Officer. This new organizational structure sets a clear corporate direction that will enable the IESO to deliver on its mandate while managing the changes that are reshaping Ontario's energy sector.

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8 Preamble: The IESO's 2017 Annual Report states "The IESO underwent an organizational  
9 realignment in the fourth quarter of 2017."

10 a) Please explain the need and outcome of this organizational realignment.

11 b) Please provide a summary of all new groups resulting from the organizational realignment  
12 in 2017.

- 1 c) Please provide organizational charts to compare before and after this organizational  
2 realignment and show the number of FTEs for each.

3 RESPONSE

4 a) The organizational realignment took place after Peter Gregg became President and Chief  
5 Executive Officer of the IESO. The main purpose for the organizational change was to clarify  
6 accountabilities across the organization, and enable the IESO to effectively deliver on its  
7 mandate. As a result of the organizational change, the IESO's new structure consists of  
8 business units that reflect the IESO's key priorities and corporate resource functions that  
9 support the entire IESO in the execution of its mandate. The IESO will continue to focus on  
10 its core mandate of maintaining the reliable operation of Ontario's electricity system, which  
11 includes cybersecurity, informing the development and implementation of electricity policy  
12 and enabling innovation.

13 b) and c) Organizational charts to compare before and after the organizational realignment and  
14 show the number of FTEs for each are provided below.

15 Please see Attachment 1 to this exhibit for the IESO's current organizational chart. For  
16 comparison purposes, the organizational chart filed in the IESO's 2017 Revenue  
17 Requirement Submission, EB-2017-0150, is provided as Attachment 2 to this exhibit, and the  
18 table below has been copied from the IESO's 2017 Revenue Requirement Submission to  
19 show the IESO's 2017 organizational structure with FTEs.

20 For further clarity, in 2016 and 2017, the Market Assessment and Compliance Division  
21 (MACD) staffing funded by core IESO fees was budgeted at 15 FTEs, with actual staffing  
22 levels at 13 FTEs and 14 FTEs for the respective years. The MACD staffing budgeted for  
23 enforcement activities was 19 FTEs for both years, with actual staffing levels between 13-14  
24 FTEs during that period.

25 In 2018, based on increased focus and requirements of the enforcement function, and also in  
26 consideration of the Auditor General recommendations, budgeted staffing for enforcement  
27 activities was increased from 19 FTEs to 35 FTEs, in part through a transfer of FTEs from the  
28 core MACD group. The current 2018 actual MACD enforcement staffing is 26 FTEs, with  
29 further ramp up expected to reach budgeted levels. Funding for MACD enforcement  
30 staffing is described in SEC Interrogatory 10.

2017 Budget - VPs and Direct Reports (FTEs and \$) ('000)	FTEs
<b>CEO</b>	<b>8</b>
CEO Office	3
Internal Audits	5
<b>Market and System Operations</b>	<b>194</b>
VP Office	8
Market Operations	83
Power System Assessments	61
Operations Integration	42
<b>Market and Resource Development</b>	<b>97</b>
VP Office	2
Contract Management	48
Resource Development & Strategy	27
Markets	20
<b>Conservation and Corporate Relations</b>	<b>90</b>
VP Office	3
Director Conservation Performance	25
Director, Alliance & Marketing	18
Sr. Manager, Program & Partner Services	15
Director Stakeholder & Public Affairs	29
<b>Information and Technology Services</b>	<b>146</b>
VP Office	4
Organizational Governance Support	26
Business Solutions	60
Technology Services	56
<b>Planning, Legal, Indigenous Relations &amp; Regulatory Affairs</b>	<b>61</b>
VP Office	2
Corporate Counsel	14
Board	
Regulatory Affairs	7
First Nations & Metis Relations	3
Resource Integration	19
Transmission Integration	16
<b>Corporate Services</b>	<b>80</b>
VP Office & Corporate Controller	20
Financial Planning & Analysis	8
Treasury Operations	4
Human Resources	13
Settlements	35
<b>Market Assessments and Compliance Division</b>	<b>15</b>
<b>Corporate Adjustment</b>	<b>-4</b>
<b>Core Operations</b>	<b>687</b>
<b>Market Renewal</b>	<b>25</b>
<b>Total IESO</b>	<b>712</b>

2018 Budget - VPs and Direct Reports	FTEs
<b>CEO</b>	<b>8</b>
CEO Office	3
Internal Audits	5
<b>Planning, Acquisition &amp; Operations</b>	<b>253</b>
VP Office	3
Market Operations	77
Power System Assessments	90
Transmission Planning	27
Resource Planning	28
Markets & Procurement	28
<b>Policy, Engagement &amp; Innovation</b>	<b>115</b>
VP Office	3
Director Energy Efficiency	28
Director, Alliance & Marketing	18
Director, Stakeholder & Public Affairs	39
Director, Resource Development & Strategy	19
Senior Manager, Regulatory Affairs	8
<b>Information and Technology Services</b>	<b>126</b>
VP Office	3
Organizational Governance Support	8
Information Security	7
Business Solutions	54
Technology Services	54
<b>Legal Resources &amp; Corporate Governance</b>	<b>65</b>
VP Office	6
Corporate Counsel	17
Contract Management	42
<b>Corporate Services</b>	<b>100</b>
VP Office & Corporate Controller	20
Treasury Operations	4
Financial Planning & Analysis	8
Settlements	35
Facilities	11
Enterprise Change	22
<b>Human Resources</b>	<b>18</b>
<b>Market Assessments and Compliance Division</b>	<b>7</b>
<b>Corporate Adjustment</b>	<b>-4</b>
<b>Core Operations</b>	<b>688</b>
<b>Market Renewal</b>	<b>43</b>
<b>Total IESO</b>	<b>731</b>

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