

OEB STAFF INTERROGATORY 9

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

Staff IR #9

INTERROGATORY

Reference: Exhibit A-2-2. Pg. 5 & 6 of 27

Preamble:

In its Business Plan the IESO states:

Organizational focus

This is a pivotal time for the electricity sector. To capitalize on the changes that are underway, the IESO is evaluating all aspects of its business, with a view to making incremental investments now that are expected to reap major dividends down the road.

This includes having the right people in the right place focusing on the right objectives. Through our diverse and highly skilled Board of Directors and employee base, the IESO will continue to deliver value to Ontarians for years to come.

The IESO's broad mandate includes long-term planning, market and system operations and oversight, research into innovative solutions, stakeholder engagement and alignment of energy efficiency with system needs. To better position the organization to deliver on its mandate, in 2018 the IESO completed a corporate realignment aimed at building a stronger, more cohesive organization focused on a common purpose.

In addition to their core responsibilities, each of the six members of the executive leadership team reporting to the CEO will be accountable for achieving specific strategic objectives and performance measures that reflect the growing focus on building a strong foundation to support the ongoing evolution of the sector. These range from developing an enterprise-level data integration strategy, and positioning the IESO as a thought leader in cybersecurity, to implementing major process improvements and enabling innovation across the organization.

Questions:

- a) Please provide an organizational chart for the IESO from the CEO to the department levels that each of the six members of the executive team is responsible for. For each department provide the staffing levels of full time and non-full time staff, budgets and major work program activities including MRP planned in 2019.
- i. Please describe staff migration, changes to budgets and impact on work programs over the last year (i.e. from 2018 to 2019).
 - ii. What changes to the organization structure were required from 2018 to 2019 because of Core Operations and External Work activities (i.e. cancellation of Green Ontario Fund)?
 - iii. Please provide the ratio of management (non-executive) to union (society and PWU), and non-union employees for the organization. Are the ratios for the IESO comparable to those reported for the Energy Sector Comparator Companies in the Non-Executive Total Remuneration Review Exhibit C-2-1, Attachment 1, pg. 5?
 - iv. Please identify the departments within the IESO that are responsible for managing the external work initiatives including the Other Government Programs, Smart Metering Entity, and Market Sanctions and Payment Adjustments.

RESPONSE

- a) The Organizational Charts for the CEO and direct reports are attached. Budgeted full time staff at the Business Unit level is shown in the table below. An updated version of Appendix 2-JC is provided in response to SEC Interrogatory 2, at Exhibit I, Tab 1.1 Schedule 10.02. The IESO does not utilize activity based planning/costing, however, our individual departments serve as proxies for major activities and areas of focus.
- i. The change in the 2018 staffing budget compared to the 2019 budget of 111 FTE is mainly due to increased support required for the Market Renewal Program (MRP). These additional resources are required to support the detailed design phase of the program, as well as additional staff in legal resources which are required for the legal and market rule advisory support needs of the program.

In addition to MRP, staffing increases in the 2019 budget are to support:
cybersecurity, enterprise architecture initiatives and corporate support functions.

FTEs		2018 Budget	2019 Budget
CEO		8	8
	CEO Office	3	3
	Internal Audit	5	5
Planning, Acquisition and Operations		253	251
	VP Office	3	2
	Power System Assessments	90	93
	Resource Planning	28	26
	Transmission Planning	27	27
	Market Operations	77	76
	Markets & Procurement	28	27
Policy, Engagement and Innovation		115	118
	VP Office	3	3
	Energy Efficiency	28	28
	Alliances and Marketing	18	19
	Corporate & Indigenous Relations	39	39
	Policy Innovation	19	21
	Regulatory Affairs	8	8
Information and Technology Services		126	135
	VP Office	3	3
	Organizational Governance Support	8	10
	Information Security	7	16
	Business Solutions	54	55
	Technology Services	54	51
Legal Resources and Corporate Governance		65	74
	VP Office	6	2
	General Counsel	17	29
	Contract Management	42	43
Corporate Services		100	109
	VP Office	1	2
	Finance & Treasury	12	14
	Procurement	11	10
	Financial Planning and Analysis	8	8
	Settlements	35	35
	Enterprise Change	22	28
	Facilities	11	12
Human Resources		18	19
Market Assessment and Compliance Division		7	7
Market Renewal		43	125
Corporate Adjustments		-4	-4
Total IESO		731	842

ii. The following changes to the organization chart were required:

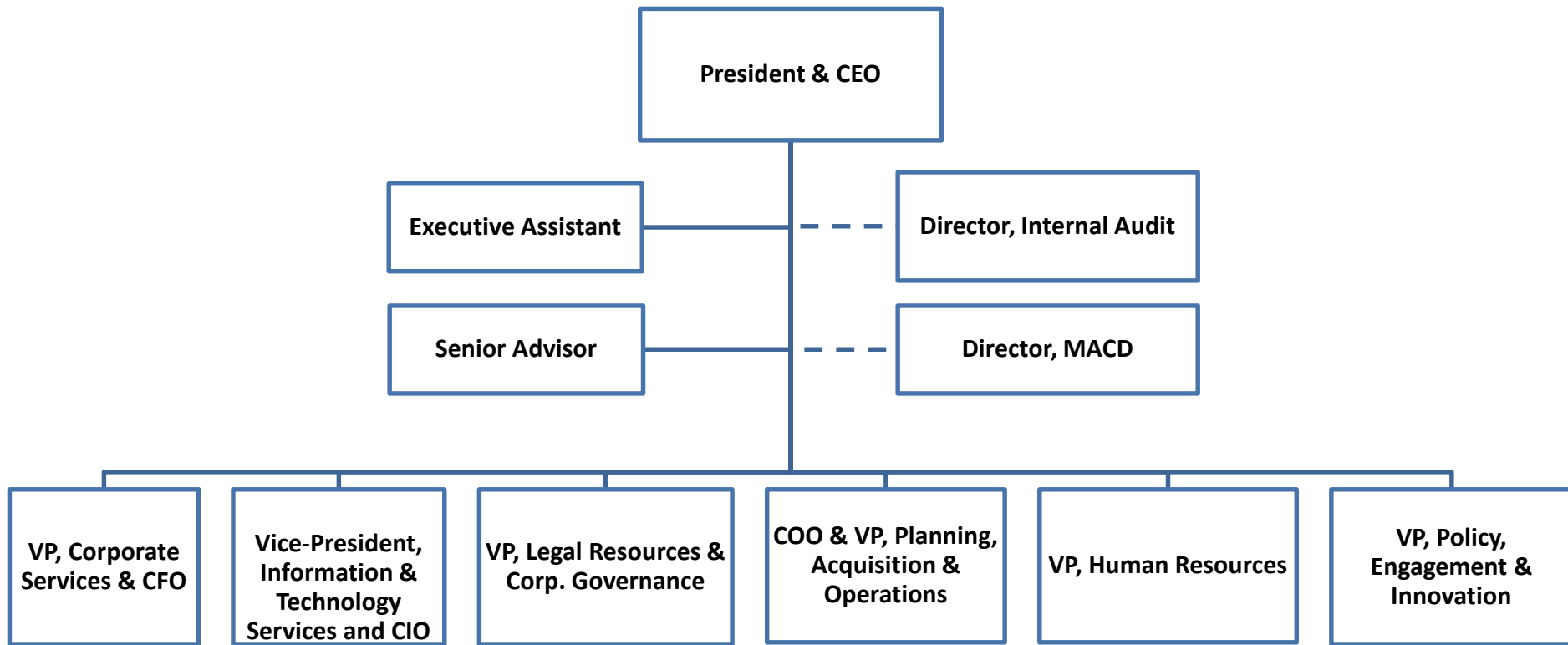
1. Addition of VP Human Resources;
2. Elimination of VP Market and Resource Development was completed in 2017; and
3. Green Ontario Fund - related activities were not funded through IESO's core operating budget and did not require any organizational structure changes.

iii. Approximately 15% of IESO population is unrepresented and 85% is represented by Society or PWU members. Mercer's compensation surveys do not collect information on the total number of, or ratio of, union versus non-union employees. We do not have the information available to comment on the comparability of the requested ratio of the Energy Sector Comparator Companies used in the study.

iv. The IESO departments that support Other Government Programs, Smart Metering Entity, and Market Sanctions & Payment Adjustments are listed below. The IESO does not seek fee recovery for expenses associated with these initiatives:

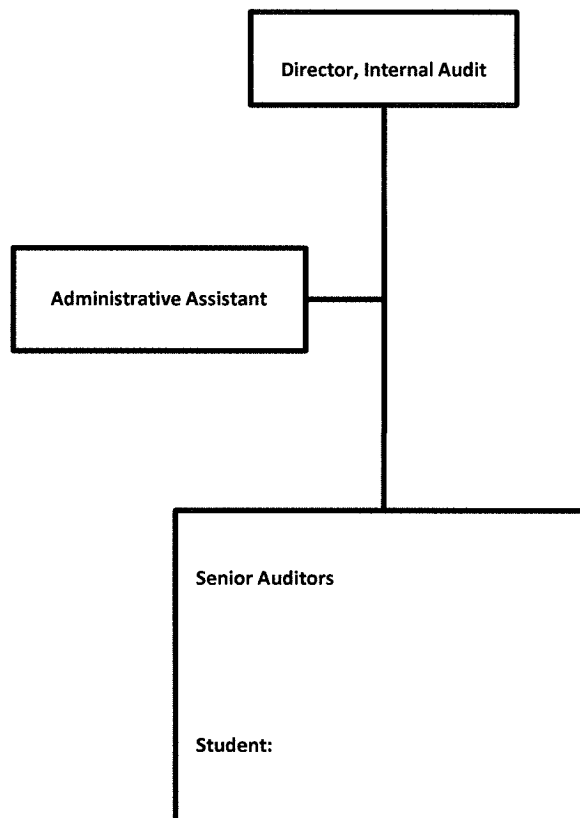
<u>Work Initiative</u>	<u>IESO Department Name</u>
Other Government Programs	Marketing & Conservation Alliances – Energy Efficiency - Settlements
Smart Metering Entity	Smart Metering
Market Sanctions & Payment Adjustments	Market Assessment and Compliance Division

IESO



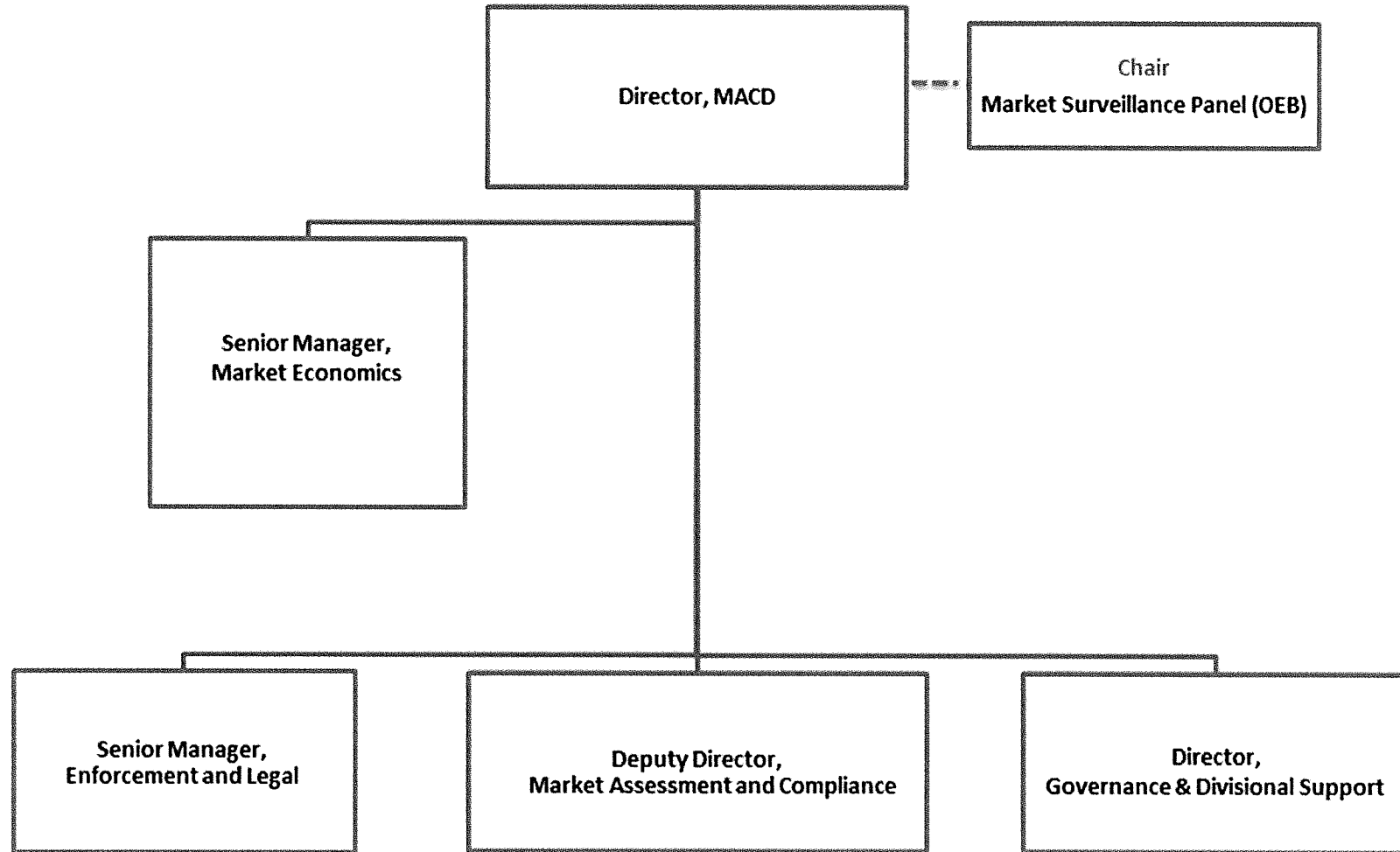
INTERNAL AUDIT

temp - Temporary
stu - Student
rotn in - Rotation in
rotn out - Rotation out
loa - Leave of absence
sec - Secondment
act - Acting
tr - Training



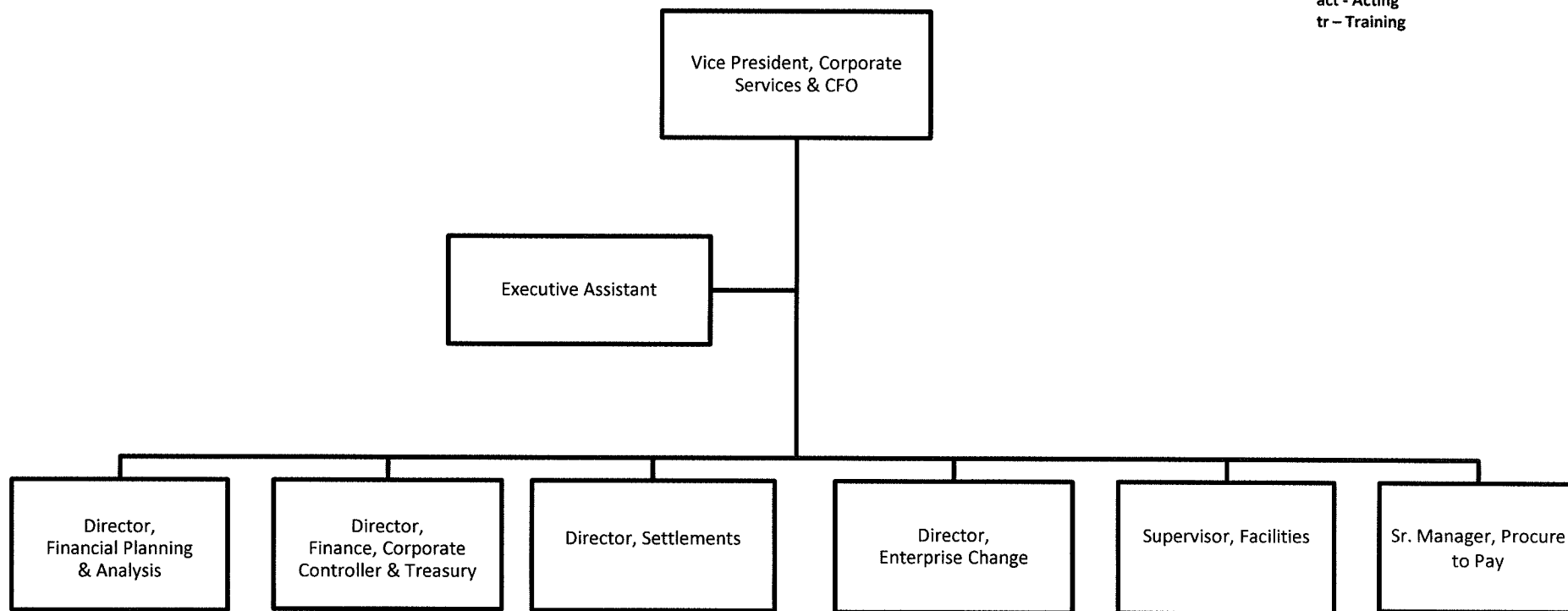
MARKET ASSESSMENT AND COMPLIANCE DIVISION

temp - Temporary
stu - Student
rotn in - Rotation in
rotn out - Rotation out
loa - Leave of absence
sec - Secondment
act - Acting
tr - Training
agy - Agency

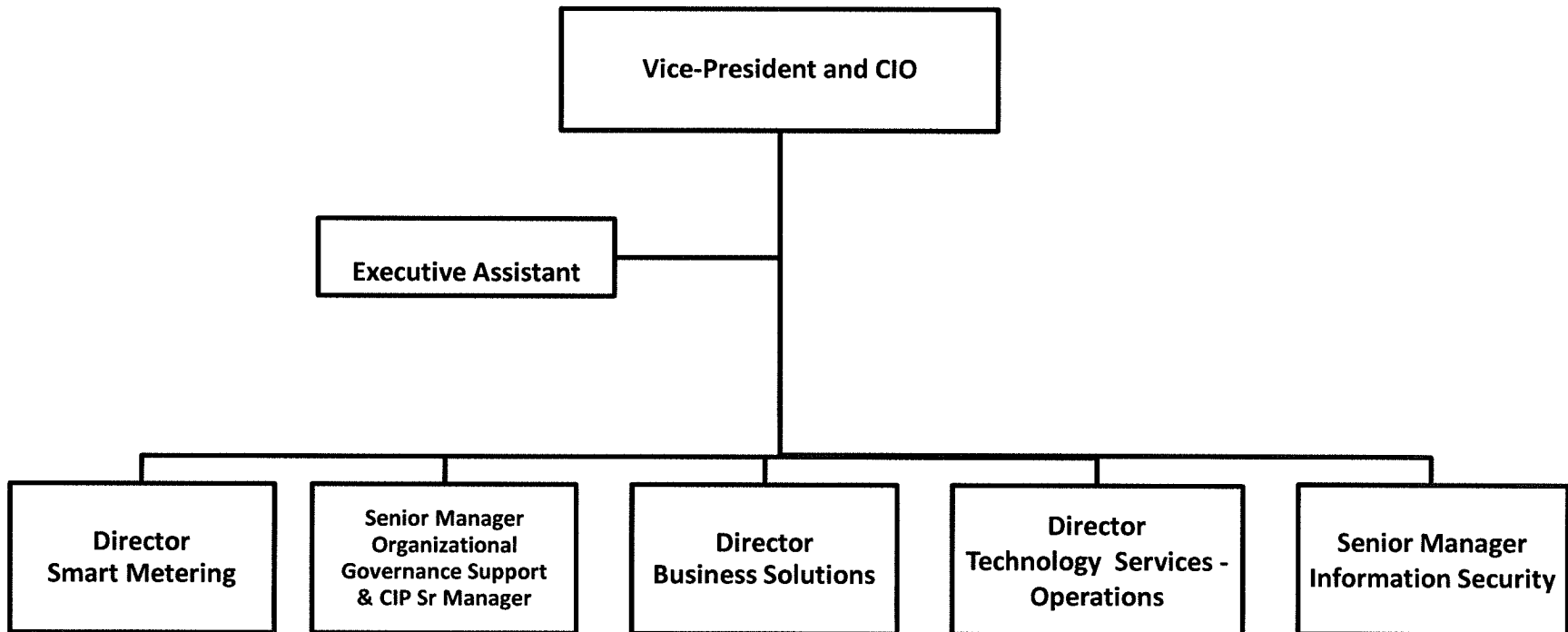


CORPORATE SERVICES

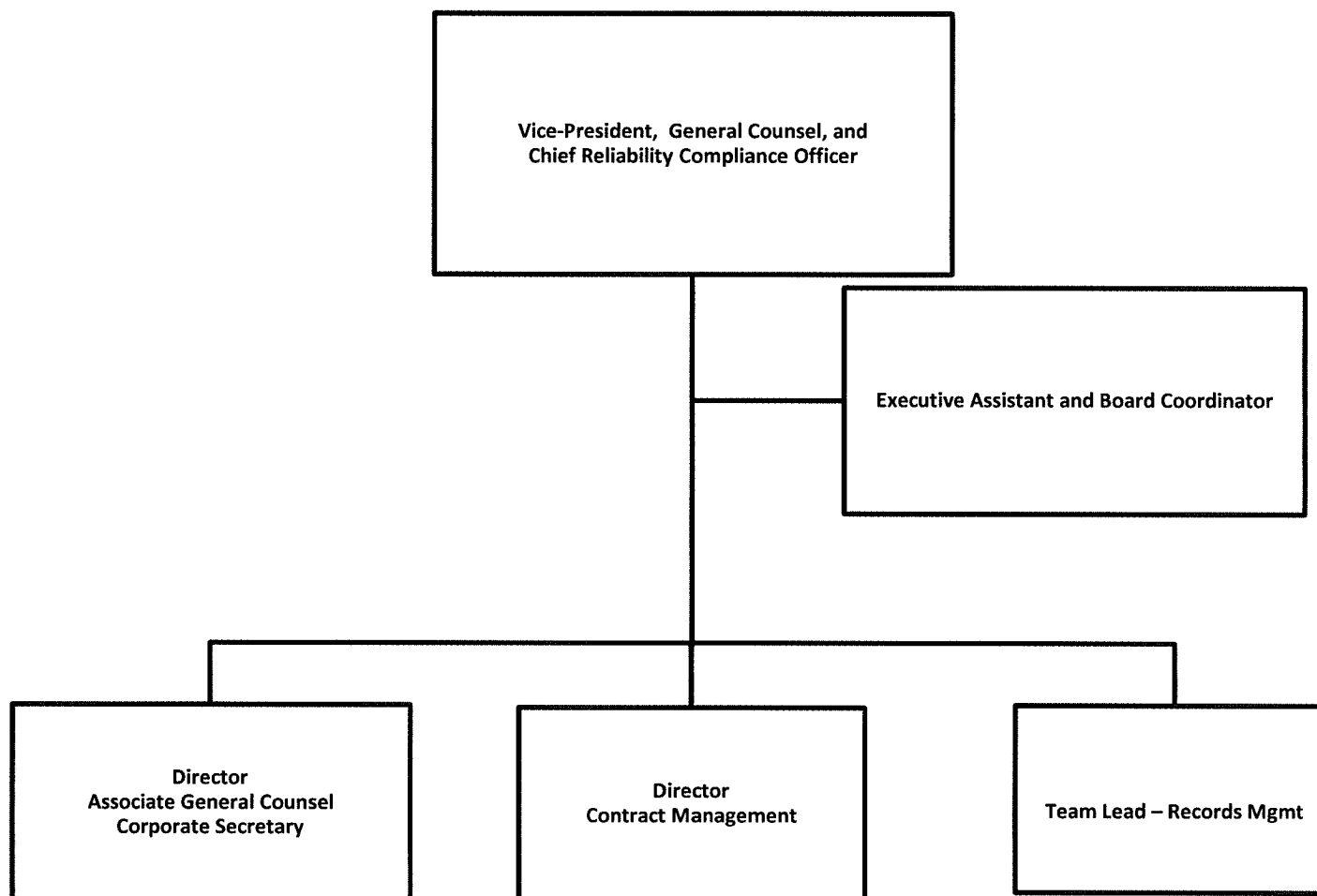
temp - Temporary
stu - Student
rotn in – Rotation in
rotn out - Rotation out
loa - Leave of absence
act - Acting
tr – Training



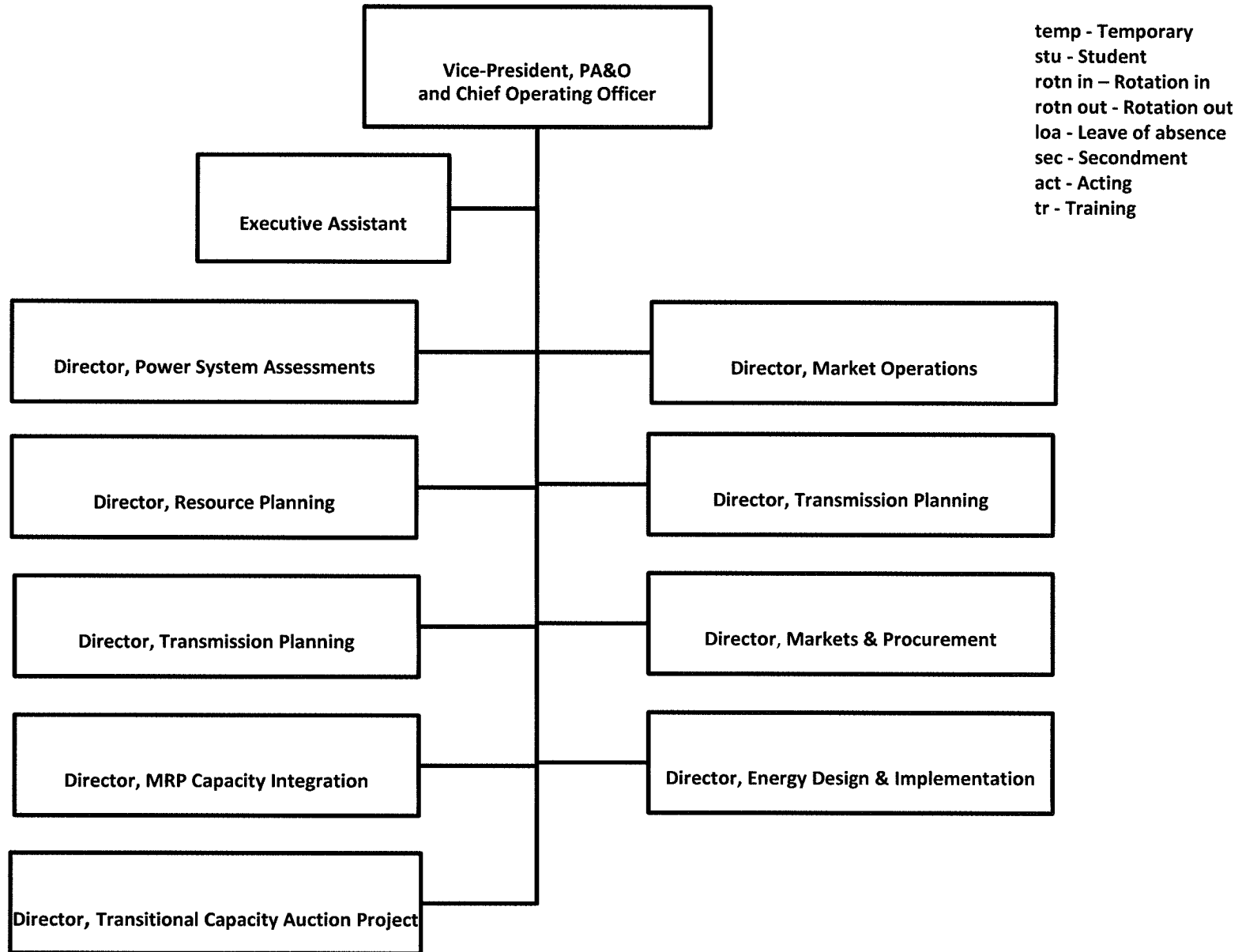
INFORMATION & TECHNOLOGY SERVICES



LEGAL RESOURCES AND CORPORATE GOVERNANCE

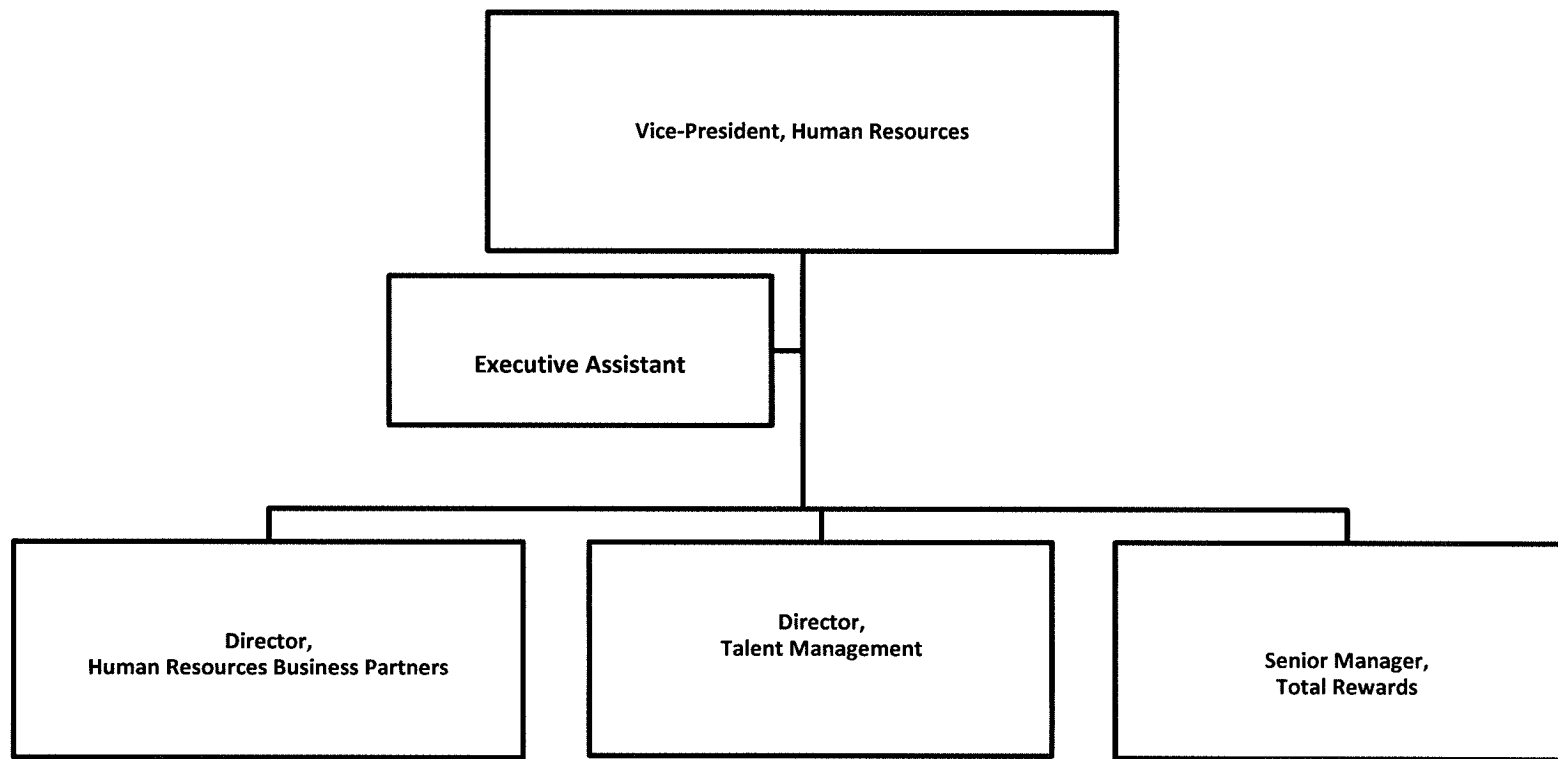


PLANNING, ACQUISITION AND OPERATIONS



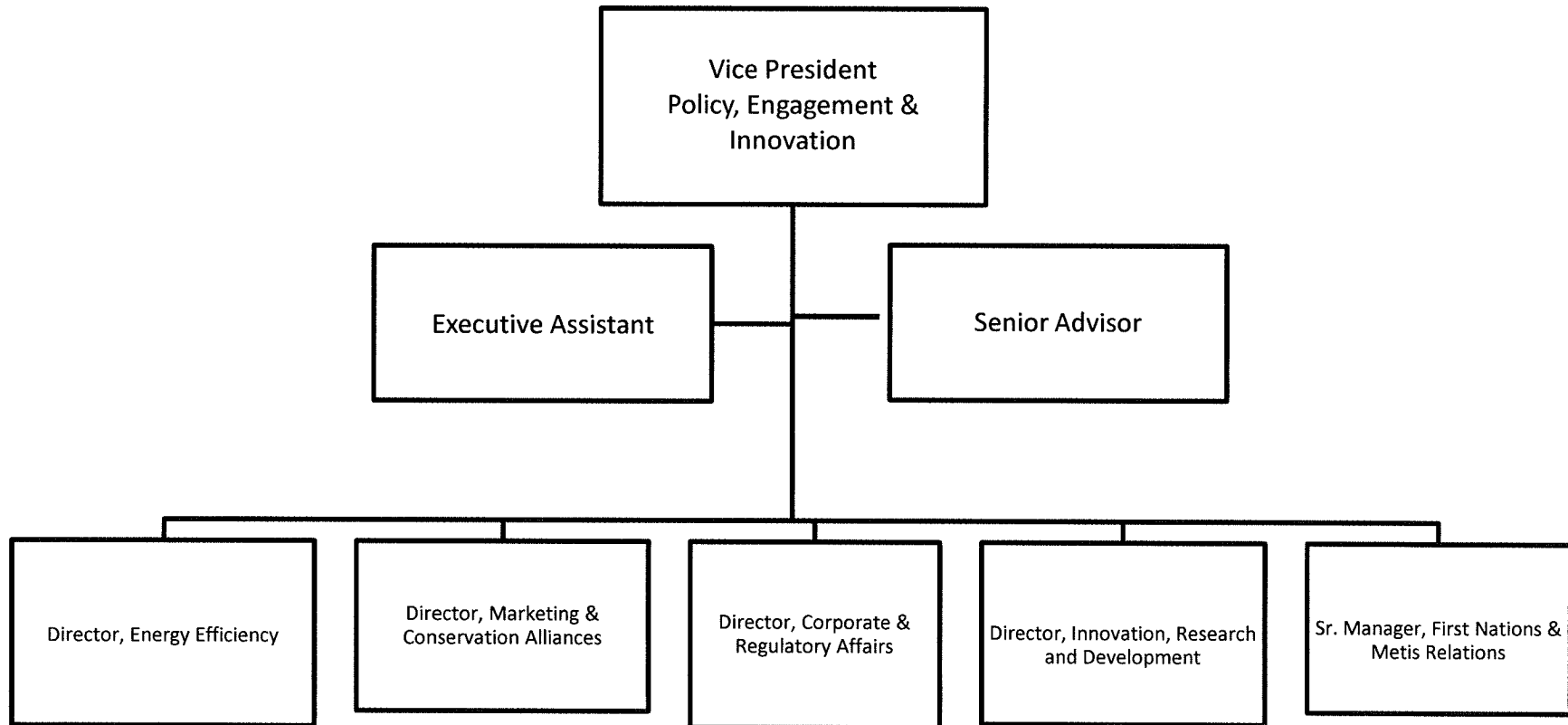
HUMAN RESOURCES

temp - Temporary
stu - Student
rotn in – Rotation in
rotn out - Rotation out
loa - Leave of absence
sec - Secondment
act - Acting
tr – Training
agy- Agency



POLICY, ENGAGEMENT & INNOVATION

temp - Temporary
stu - Student
rotn in – Rotation in
rotn out - Rotation out
loa - Leave of absence
sec - Secondment
act - Acting
tr – Training



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OEB STAFF INTERROGATORY 10

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

Staff IR #10

INTERROGATORY

Reference: Exhibit B-1-1. Pg. 6 of 8

Preamble: at Exhibit B-1-1. Pg. 6 of 8, the IESO states:

"Therefore, costs the IESO incurs for work and staff time in support of MACD Enforcement will be charged to MACD Enforcement in the same manner as such work is done to support the SME is charged to the SME."

Questions:

- a) Please identify how the IESO funds the MACD Enforcement division.
- b) How are the budgets for MACD Enforcement established?
 - i. Who approves the budget?

RESPONSE

- a) The IESO funds MACD through both the IESO fee and a separate Market Rule-prescribed Adjustment Account. The IESO does not seek fee recovery for expenses reimbursed via the Adjustment Account. The IESO deposits penalty payments and other prescribed funds such as payment adjustments arising from resolution of settlement disputes and negotiated settlements into the Adjustment Account. The Market Rules prescribe that certain expenses associated with those outcomes are to be reimbursed from the Adjustment Account. In effect, those reimbursements fund the IESO's enforcement and compliance activities falling within the scope of the rule, among other qualified expenses. Given its enforcement and compliance mandate, MACD is a division of the IESO that reports directly to the IESO Board of Directors.
- b) & i. The MACD undertakes budget planning using the same tools and practices as the rest of the IESO, under the guidance of the Finance Division. The MACD budget is submitted to the Audit Committee of the IESO Board of Directors for review and approval.

OEB STAFF INTERROGATORY 11

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

Staff IR #11

INTERROGATORY

Reference: Exhibit A-2-2. Pg. 6, 9 of 27

Preamble:

At Exhibit A-2-2. Pg. 9 of 27, the IESO states:

In addition to facilitating a central collaboration hub for cybersecurity best practices, in December 2018, the IESO is set to launch of a security operations centre – a major milestone in the evolution of the organization's cybersecurity program. The centre will provide new real-time cybersecurity situational awareness capabilities and the 24/7 cybersecurity monitoring required to improve incident detection and response to the threats that face our electricity infrastructure and the organizations that operate it.

And

Preamble:

At Exhibit A-2-2, Pg. 6 the IESO has cited cyber security as a priority initiative in 2019 and in the future. Despite its priority, the IESO has provided limited cyber-related budgets or staffing for the planning period. Given the sensitivities associated with cyber security efforts, OEB staff is not requesting specific details, however, OEB staff requests the IESO to confirm the following:

Questions:

- a) Is the cybersecurity operations centre currently in-service? If not in-service, by what date does the IESO's anticipate the centre will become operational?
- b) Please indicate the source of funding for both the development and ongoing operations (including staffing costs) of the cybersecurity operations centre.
- c) At Exhibit A-2-2, page 17, the IESO demonstrates its forecast staffing levels for 2019. Has the IESO reflected the staff assigned to the cybersecurity operations centre in these forecasts?

- 1 d) Does the IESO believe it has sufficient budget to appropriately address cyber security? Is
2 this budget reflected in the revenue requirement? If not, through what budget is cyber
3 funded?
4 e) Is the IESO on track with its Cyber Security initiatives in 2019 to ensure that it meets the
5 Minister's expectations for Cyber Security as outlined in his letter dated December 11,
6 2018 approving the IESO's 2019-21 Business Plan?

7 **RESPONSE**

- 8 a) The IESO security operations center went live December 2018.
9 b) The source of the funding for the security operations center is the IESO annual operating
10 budget.
11 c) Yes, the IESO has reflected the internal staff assigned to the security operations center in
12 these forecasts.
13 d) The IESO has sufficient budget to appropriately address cybersecurity in 2019. In light of
14 the IESO's expanded cybersecurity mandate as described in its 2019-2021 Business Plan, the
15 IESO will review the budget for 2020 and future years and make adjustments as required.
16 e) Yes.

OEB STAFF INTERROGATORY 12

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

Staff IR #12

INTERROGATORY

Reference: Exhibit A-2-2. Pg. 17 of 27, Exhibit B, Tab 3, Schedule 1, Table 2, pg. 3 of 4

Preamble:

On page 17 of the IESO business plan, the IESO is budgeting an average of 717 full time staff for core operations and 125 full time staff for its MRP project in 2019. In Table 2: 2018 Latest Estimate of Staffing Levels compared to 2018 Budget on page of Exhibit B, Tab 3, Schedule 1 the IESO reports a negative variance of 21 and positive variance of 24 for the MRP program.

- a) Were there any core operations that were impacted by the negative staffing variance?
- b) Did the positive variance of 24 MRP staff push the project ahead of schedule?
- c) Given that the staffing projections for 2018 for both Core Operations and MRP showed variances, how confident is the IESO that a similar situation will not occur in 2019, potentially affecting both core operations and MRP work programs?
- d) How confident is the IESO that it will be able to staff the MRP project to the full 125 full time staffing that it is budgeting in 2019, given that many of the positions require specialized experience? Is there a critical number of staff that the IESO needs in 2019 to complete its MRP budgeted work programs?
- e) What is the risk to the MRP project in terms of delay and budgeting if the IESO cannot fill all 125 full time MRP positions?
- f) What back up plans/contingences does the IESO have if it cannot secure all 125 staff?

RESPONSE

- a) Core operations experienced some delays in filling vacant roles with the hiring delays mainly impacting the Planning, Acquisition & Operations, Information & Technology Services and Policy, Engagement & Innovation groups in 2018.

The delays in filling vacant roles in core operation, which is shown by the below budget variance in Exhibit B, Tab 3, Schedule 1-Table 2, with an average headcount of 35 positions below budget in 2018. The hiring delays and impact on business operations was managed throughout the year. Further, as evidenced by the 21 below budget headcount at the end of 2018 (vs annual average vacancy rate of 35), staff hiring had ramped up towards the end of the year. This resulted in a staff complement being closer to budget and continued vacancies expected to be filled in 2019.

- b) There was no schedule acceleration in 2018 as a result of any resource variance. The major driver for this variance is the extension of high level design timelines, which resulted in an unplanned requirement for additional headcount. This was accounted for as an increase in operating costs (high level design), which was offset by lower capital costs.

- c)

Table 2: 2018 Latest Estimate Staffing Levels Compared to 2018 Budget

Staff	2018 Average Latest Estimate	2018 Average Budget	Variance	2018 Dec 31 st Latest Estimate	2018 Dec 31 st Budget	Variance
Operating Headcount						
Regular	599	657	(58)	616	665	(49)
Temporary	54	31	23	64	36	28
Operating Headcount Total	653	688	(35)	680	701	(21)
Market Renewal Headcount						
Regular	51	43	8	62	52	10
Temporary	11	-	11	14	-	14
Market Renewal Total*	62	43	19	76	52	24
IESO Total	715	731	(16)	756	753	3

1 c) In 2018, mainly the later timing in filling vacant positions in core operations led to the
2 average FTEs being below budget. Staff hiring was ramped up towards the end of the
3 year as mentioned above in part (a), and this increased headcount will position the
4 organization well for meeting anticipated staffing levels in 2019.

5 Staffing requirements in 2019 for core operations include resources required to support
6 corporate and information technology services, and cybersecurity initiatives, and these
7 are planned to be filled in 2019.

8 The MRP work program will continue to add additional resources in 2019 to support the
9 deliverables of the program. The budgeted resources required in 2019 are 125 FTEs.

10 d) The resource challenges faced by MRP are expected to continue in 2019. The number of
11 individuals with extensive market design experience is limited, and the IESO must
12 compete in a competitive job market. To address this, the MRP will continue to use a
13 multi-pronged approach which includes internal rotations and secondments from the
14 IESO line business where available, external hiring of temporary resources, and
15 acquiring resources and skills through procured services. The forecast number of staff is
16 critical to meeting the schedules to complete the various activities, which are largely
17 driven by resource effort. If all of the necessary resources are not available, it will put
18 pressure on the IESO's ability to complete the necessary work as outlined in the
19 schedules.

20 e) The risk to the MRP associated with resources is an impact to schedule and budget.
21 Fewer resources result in reduced effort towards completing work that is scheduled, and
22 the potential for a schedule delay. The impact to budget is harder to predict, as this
23 depends on the nature of the resource deficit and the interplay with the schedule, under
24 budget resourcing can result in costs being delayed until the work can be completed, or
25 costs remaining constant and the schedule being delayed.

26 f) To respond to a resource deficit, the effort will be made up from either the work being
27 completed by existing resources through a schedule delay, or alternately the work being
28 outsourced or insourced via procured services.

OEB STAFF INTERROGATORY 13

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

Staff IR #13

INTERROGATORY

Reference: Exhibit C-4-1. Attachment 1, Pg. 14 of 15

Preamble:

The matrix provided at Exhibit C-4-1. Attachment 1, Pg. 14 of 15 demonstrates that staff in salary grades MP6, MP4, and MP4 receive significantly higher total compensation in relation to peer groups identified in Mercer's Non-Executive Total Remuneration Review.

Questions:

- a. Please confirm if the total remuneration disparity between IESO staff in salary grades MP6, MP4, and MP4 and their peers is primarily driven by pensions, active benefits, and post-retirement benefits.
- b. Please describe what steps the IESO will make in order to better align the total remuneration of IESO staff in salary grades MP6, MP4, and MP4 with, at a minimum, their energy sector peers.
- c. What increases in total remuneration are expected for 2019? If applicable, are these increases anticipated to further the disparity between IESO staff in salary grades MP6, MP4, and MP4 and their energy sector peers?

RESPONSE

- a. For this timeframe, the disparity between IESO staff in salary grade MP6, MP5 and MP4 and their peers is primarily driven by the pension plan. Total cash and benefits are more or less aligned with our primary peer group comparators.
- b. In 2016, the IESO negotiated significant plan changes with the Society that will be invoked in 2025. These changes, as outlined below, better align the IESO with its peer group comparators in the energy sector. Successor organizations of Ontario Hydro made essentially the same changes that also become effective in 2025.

1 These changes include:

- 2 i. The earnings component in the pension calculation will change from
3 using the highest 3 years of earnings for an employee to the highest
4 5 years' earnings; and,
5 ii. The age plus service criteria for eligibility for an unreduced pension will
6 increase from a factor of 82 to 85 points.

7 Additionally, Society employee pension contribution levels increased from what would
8 have been 5% below YMPE and 7% above YMPE to 8% below/10% above as of
9 January 1, 2018 (partially offset by 2% lump sum payments to 2033).

10 The IESO will continue its efforts to control pension costs in future collective bargaining
11 meetings.

- 12 c. As a result of the March 6, 2019 interest arbitration, the Society was awarded a base pay
13 increase of 2.0% effective January 1, 2019. The IESO understands that this percentage is
14 consistent with wage increases associated with its peer group. Accordingly, no further
15 disparity is expected between IESO staff in salary grades MP6, MP5 and MP4 and their
16 energy sector peers.

OEB STAFF INTERROGATORY 14

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

Staff IR #14

INTERROGATORY

Reference: Exhibit C-2-1. Pg. 13 of 15

Preamble:

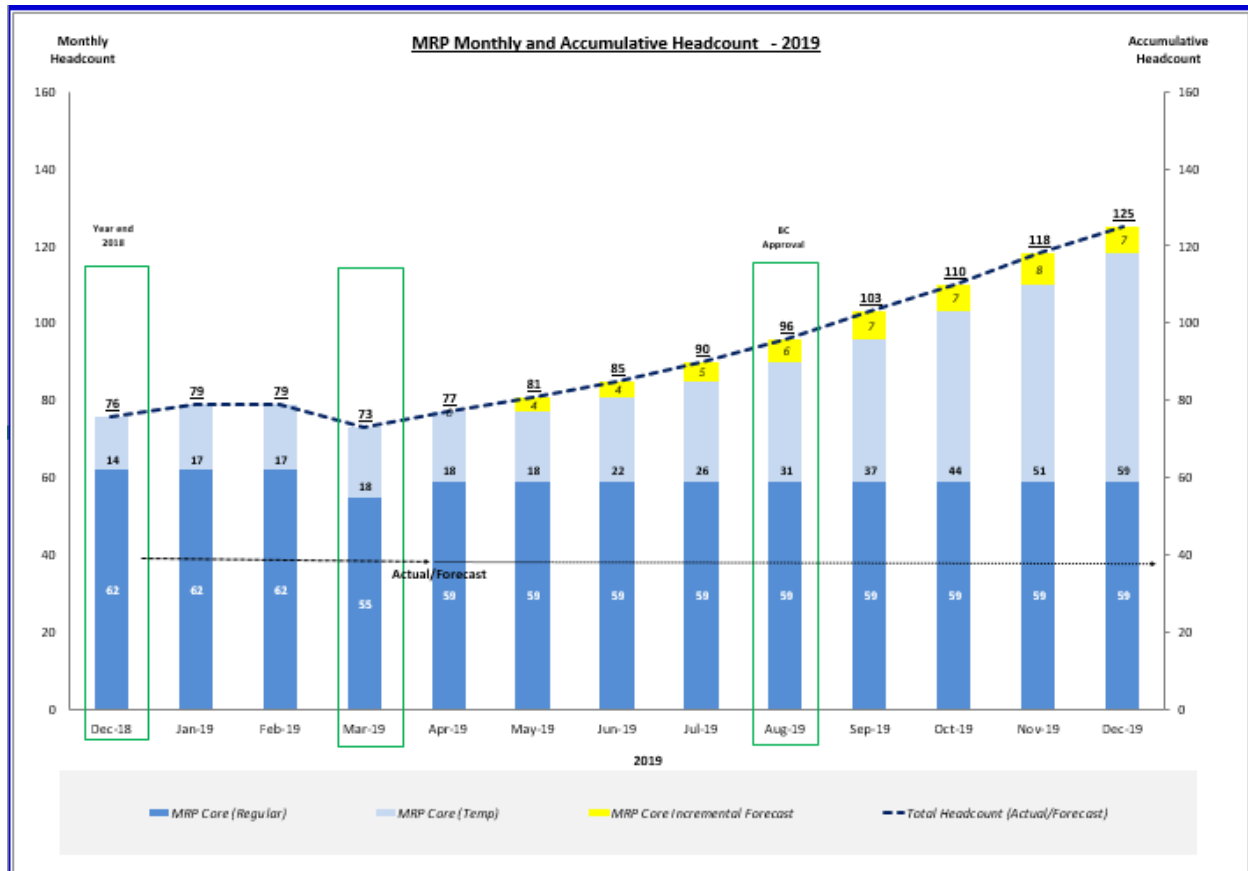
The IESO provides three tables that illustrate incremental staffing level increases in 2019 for MRP to 125 full time staff and 21-shared resources.

Questions:

- a) Will any of the incremental FTEs required for Market Renewal eventually be converted to full time staff? If yes, please explain how many are expected to become core FTEs and the forecast total FTEs for the IESO. If not, please explain how the IESO will manage any incremental or modified work created by the Market Renewal project without additional FTEs.
- b) Of the 50 incremental positions planned in 2019 how many have been filled as of April 9, 2019?

RESPONSE

- a) The only MRP positions that will be converted to regular are those with enduring work post MRP. Two areas that have been identified to date include a) Market Power Mitigation (12 incremental roles in MACD) and b) Incremental Capacity Auction (roles to be finalised once detailed design is completed).
- b) As of March 31, there were six new hires in 2019, however nine seconded staff returned to their business unit as the Energy stream high level designs were completed. As of March 31, 2019 there were a total of 73 headcount for MRP. The graph below illustrates the forecasted ramp up of staffing over 2019 by regular and temporary headcount. "MRP Core Incremental" are those MRP Core Staff incremental to the previous month.



OEB STAFF INTERROGATORY 15

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

Staff IR #15

INTERROGATORY

Reference: Exhibit A-2-2. Pg. 15 of 27.

Preamble:

At Exhibit A-2-2. Pg. 15 of 27, the IESO states:

For 2019, the IESO anticipates an average headcount of 726 to deliver its core electricity system responsibilities while continuing the implementation of its strategic initiatives. The Market Renewal Program will require an average headcount of 125 as the program advances to the detailed design stage. This brings the total average headcount requirement for the IESO to 851 in 2019.

Questions:

OEB staff has developed the below matrix based on the information provided at the references cited above. As demonstrated, the IESO forecasts increasing its staffing complement in 2019 by

Staff	2018 Actual	2019 Budget
Operating headcount	672	726
MRP Headcount	76	125
Total	748	851

103, or 14% from 2018 levels.

- a) The IESO forecasts that significant staffing increases are needed to support delivery of its core operations. Please explain how the IESO determined the number of additional staff required and how the IESO determined that this level of increase was reasonable.

- 1 b) The IESO forecasts that significant staffing increases are needed to support MRP
2 activities. Please explain how the IESO determined the number of additional staff
3 required and why the IESO considers these increases to be reasonable.

4 **RESPONSE**

- 5 a) The table above references actual headcount at December 31, 2018, which is below the
6 approved 2018 headcount budget. The increased 2019 budgeted headcount vs the 2018
7 actual core operations headcount in the table is mainly due to vacant roles which were
8 not filled in 2018, but are planned to be filled in 2019.

9 Through its annual business planning cycle the IESO reviews business requirements and
10 the required staffing needed to support its business operations. Based on its business
11 planning process the IESO anticipates an average headcount of 717 in core operations
12 and 125 in Market Renewal for a total of 842 in 2019, as per Exhibit A-2-2, page 17 of the
13 IESO's 2019 Revenue Requirement Submission.

- 14 b) The MRP is continually planning the next stages and years of the program and refining
15 those planning assumptions in parallel with execution of the current year's activities. It
16 is through this planning that resource requirements are established. The IESO considers
17 these staffing increases reasonable because in 2019, the MRP will be engaged in detailed
18 design activities and planning for the implementation phase. Additionally, new
19 resources will be hired later in the year for the implementation phase in order to have
20 them ready to begin implementation phase activities in 2020.

OEB STAFF INTERROGATORY 16

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

Staff IR #16

INTERROGATORY

Reference: Exhibit A-2-2. Pg. 6 of 27

Preamble:

At Exhibit A-2-2. Pg. 6 of 27, the IESO states:

"To better position the organization to deliver on its mandate, in 2018 the IESO completed a corporate realignment aimed at building a stronger, more cohesive organization focused on a common purpose."

Questions:

- a) Please briefly describe the primary impacts of the realignment on the structure of the IESO.
- b) Please briefly describe the financial and operational benefits delivered through the realignment.

RESPONSE

- a) The primary impacts of the realignment enable the IESO to re-define its Vision, Strategic Objectives and Core Strategies and at the same time, deliver on its responsibilities for ensuring the reliability and efficiency of the province's power grid, today and into the future. This includes operating the grid 24 hours a day, 365 days a year, administering Ontario's electricity markets, and conducting comprehensive long-term planning and procurement to ensure power is available when and where Ontarians need it. As a trusted source of data, the IESO supplies the information and reports that sector participants, communities and policy-makers count on to better inform their decision-making.

- 1 b) The IESO has continued to make important investments laying the foundation for our
- 2 future plans including improvements in the efficiency of the markets and ensuring we
- 3 are enabling the changes of tomorrow while demonstrating sound financial
- 4 management by maintaining our revenue requirement at the same levels from 2017 to
- 5 2019. Management continuously monitors risks and opportunities against approved
- 6 funding in order to make effective risk-informed decisions to rebalance project priorities,
- 7 resources, funding and priorities for the year.

ENERGY PROBE INTERROGATORY 7

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

INTERROGATORY

EP-7

References: Exhibit B, Tab 3, Schedule 1, and Attachments Tables 1, 2 and 3

Exhibit B, Tab 3, Schedule 1, Updated Attachment 2 Appendix 2-JB.

- a) Please provide a version of Appendix 2-JB, with historic plan and actual (2017-2018) and Test Year forecast.
- b) Please explain the material differences in Compensation, and Consulting and Professional fees.
- c) Show the net impact of over/under plan spending, by adding a line showing impact on FDVA/Reserve Fund

RESPONSE

a)

**Appendix 2-JB
Cost Drivers Table**

(in thousands)	2017 Actual	2017 Budget	2018 Latest Estimate	2018 Actual	2018 Budget	2019 Budget
Previous Year Actual	176,916	176,916	183,297	183,297	183,297	193,044
Compensation & Benefits	6,717	7,976	3,264	7,959	1,489	(5,380)
Professional & Consulting Fees	1,144	4,119	1,247	1,058	3,090	1,991
Operating & Administration	520	1,618	1,632	1,795	2,858	1,835
Amortization	(1,373)	(1,227)	621	1,412	(471)	(1,215)
Interest	(627)	1,962	(865)	(2,477)	541	528
Total Actual/Application Year Budget	183,297	191,364	189,196	193,044	190,803	190,803

b) Over the reporting period above, Compensation & Benefits expenses are showing a trend of year over year increases primarily due to:

- Annual collective agreement escalation impacts,
- Pension and benefits costs,

- 1 • Ratio of capitalized labour vs expensed labour variability,
- 2 • Ongoing vacancy rates higher than planned, and
- 3 • One-time severance and overtime related costs.

- 4 Professional & Consulting expenses are higher in support of various strategic objectives
- 5 in alignment with IESO's mandate, including investments in cybersecurity, innovation,
- 6 long-term planning and engagement, as well as MRP.

- 7 c) Please see the response to OEB Staff Interrogatory 18, at Exhibit I, Tab 4.1, Schedule 1.18.

ENERGY PROBE INTERROGATORY 8

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

INTERROGATORY

EP-8

References: Exhibit B, Tab 3, Schedule 1, and Table 2; Attachment 4, Appendix 2-K

EB-2018-0143 Exhibit I, Tab 1.3, Schedule 8.16, SEC 16

a) Please provide a version of the updated Appendix 2-K showing 2016-17 actuals, 2018 Forecast (2018 Fees case), 2018 Actual and 2019 Forecast.

Reconcile to the Staffing at Exhibit A-2-2, Page 17 and Exhibit B Tab 3 Schedule 1 Page 3 Table 2 updated:

b) For Executive and Board S&W, please explain the \$1.0 million (36%) over Budget for 2018 and the \$0.6 million increase for 2019 (21%) relative to 2018 budget.

c) Please provide a Breakdown of FTEs and Budget similar to the response to referenced SEC 16. Please retain the 2018 data and add 2019.

RESPONSE

- a) Please find below an update with 2016 and 2017 Actuals, 2018 Forecast, and 2018 Actual, 2018 and 2019 Budget. 2019 is Forecast on Budget.

Appendix 2-K Employee Costs

	2016 Actual	2017 Actual	2018 Latest Estimate	2018 Actual	2018 Budget	2019 Budget
Number of Employees (FTEs)						
Executive	7	7	7	7	6	7
Management	102	107	118	117	118	132
Non-Management Regular	524	534	529	526	575	633
Non-Management Temporary	32	53	63	65	32	71
Total	665	701	716	715	731	842
All figures below are in \$ millions						
Total Salary and Wages						
Executive and Board	3.0	3.2	3.4	3.8	2.9	3.4
Management	15.8	14.9	17.7	17.4	18.6	17.4
Non-Management Regular	56.6	62.0	59.6	65.2	63.0	63.8
Non-Management Temporary	3.5	6.2	8.1	6.4	4.0	5.2
Total	78.9	86.3	88.9	92.7	88.5	89.8
Total Benefits						
Executive	0.9	0.9	0.9	0.9	0.7	0.9
Management	6.9	5.9	6.1	6.4	6.1	5.8
Non-Management Regular	22.1	24.5	22.5	23.6	21.9	21.8
Non-Management Temporary	0.7	1.0	1.0	0.5	0.5	0.7
Total	30.6	32.3	30.6	31.4	29.2	29.1
Total Compensation (Salary, Wages & Benefits)						
Executive and Board	3.9	4.1	4.3	4.7	3.6	4.2
Management	22.7	20.8	23.8	23.7	24.7	23.2
Non-Management Regular	78.7	86.5	82.2	88.8	84.9	85.7
Non-Management Temporary	4.2	7.2	9.1	7.0	4.5	5.8
Total	109.5	118.6	119.5	124.2	117.7	118.9

- b) As per Exhibit B-3-1, Attachment 4, Executive and Board salaries and wages was \$0.5 million higher 2018 Latest Estimate versus 2018 Budget, and \$0.5 million higher 2019 Budget versus 2018 Budget. The increase is due primarily to an additional member to the Executive team as well as changes in team composition.

c) Please find the updated tables below:

Table: 2018 & 2019 budget details by division:

Divisions (In \$ millions)	2018	2019
	Budget	Budget
CEO	7.7	7.7
Planning, Acquisition & Operations	46.2	44.2
Policy, Engagement & Innovation	22.1	24.5
Information & Technology Services	39.7	41.8
Legal Resources & Corporate Governance	15.3	14.1
Corporate Services	23.8	24.4
MACD	1.9	2.0
Market Renewal	12.7	11.7
Human Resources	5.1	5.1
Other (Corporate Adjustment)	16.3	15.3
Total	190.8	190.8

Table: 2018 & 2019 budget Full-Time Equivalents by division:

Divisions	2018 Budget			2019 Budget		
	Regular	Temporary	Total	Regular	Temporary	Total
CEO	8.0	-	8.0	8.0	-	8.0
Planning, Acquisition & Operations	242.0	11.0	253.0	246.0	5.0	251.0
Policy, Engagement & Innovation	113.0	2.0	115.0	116.0	2.0	118.0
Information & Technology Services	115.0	11.0	126.0	119.0	16.0	135.0
Legal Resources & Corporate Governance	59.0	6.0	65.0	60.0	14.0	74.0
Corporate Services	99.0	1.0	100.0	106.0	3.0	109.0
MACD	7.0	-	7.0	7.0	-	7.0
Market Renewal	43.0	-	43.0	88.0	37.0	125.0
Human Resources	18.0	-	18.0	19.0	-	19.0
Other (Corporate Adjustment)	(4.0)	-	(4.0)	(4.0)	-	(4.0)
Total	700.0	31.0	731.0	765.0	77.0	842.0

PWU INTERROGATORY 2

1.3-PWU-2

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

INTERROGATORY

Ref: Updated evidence, Exhibit B, Tab 3, Schedule 1, Plus Attachments, Page 5 of 6

Table 2: 2018 Actual Staffing Levels Compared to 2018 Budget

Table 2: 2018 Actual Staffing Levels Compared to 2018 Budget

Staff	2018 Average Actual	2018 Average Budget	Variance	2018 Dec 31st Actual	2018 Dec 31st Budget	Variance
Operating Headcount						
Regular	599	657	-58	608	665	-57
Temporary	54	31	23	64	36	28
Operating Headcount Total	653	688	-35	672	701	-29
Market Renewal Headcount						
Regular	51	43	8	62	52	10
Temporary	11	0	11	14	0	14
Market Renewal Total*	62	43	19	76	52	24
IESO Total	715	731	-16	748	753	-5

b) Please explain the reasons for the variances between the 2018 Average Actual and the 2018 Average Budget as well as between the 2018 Dec. 31st Actual and the 2018 Dec. 31st Budget in respect to Regular Operating Staff in Table 2 above.

RESPONSE

b) The lower than budgeted regular headcount for Operating staff (Exhibit B-3-1, page 3) is due to regular vacant positions being backfilled with temporary staff as well as longer than expected hiring timelines, resulting in delays in hiring staff in 2018. The positions which were not filled in 2018 are expected to be staffed in 2019, as evidenced by the increased December 31, 2018 staffing levels.

PWU INTERROGATORY 3

1.3-PWU-3

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

INTERROGATORY

Ref: Updated evidence, Exhibit B, Tab 3, Schedule 1, Attachment 4, Page 1 of 1, Appendix 2-K
Employee Costs:

The chart in the reference presents number of employees (FTE) and compensation figures for 2017 Actual, 2018 Actual, 2018 Budget and 2019 Budget.

- a) Please explain how FTEs for 2019 Budget (842) show an increase of 111 FTEs from the 2018 Actuals whereas Total Salary and Wages, Total Benefits, and Total Compensation for 2019 Budget all show a decrease from the 2018 Actuals.

RESPONSE

- a) In Appendix 2-K, the 2018 latest estimate total compensation amount is lower than the 2019 budget total compensation, (despite an increase in headcount) due to the following drivers:

- Salaries & wages are \$0.9 million lower in the 2018 latest estimate, relative to 2019 budget, as expected due to vacancies in 2018 expected to be filled in 2019, as well as escalation impact of collective agreements in 2019.
- Salaries & wages in 2018 also included one-time severance costs and overtime related costs not included in 2019.
- A significant portion of the 2019 FTE increase is related to Market Renewal Program resources, whose costs will be primarily capitalized as part of detailed design work, vs. operating expenses incurred for high level design work in 2018.

PWU INTERROGATORY 4

1.3-PWU-4

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

INTERROGATORY

Ref: Letter from the Minister of Energy, Northern Development and Mines to the Ontario Energy Board, dated March 21, 2019:

Delivering Efficient Electricity Conservation

Our government is taking action to reduce spending and streamline electricity conservation programs in Ontario.

To that end, I have directed the Independent Electricity System Operator (IESO) to discontinue the 2015-2020 Conservation First Framework and establish a scaled down Interim Framework for the balance of 2019 and 2020, delivered centrally by IESO with continued funding from electricity rates.

As you are aware, I have also directed the OEB and provided it with the authority to amend or revoke conservation related licence conditions for electricity distributors.

- a) Please indicate if the directive cited in the reference has any implications to IESO's staffing levels, operation costs and revenue requirement in 2019 and subsequent years.

RESPONSE

- a) The cited directive will not have implications for IESO's staffing levels and/or operating costs related to the IESO's revenue requirement during its term.

PWU INTERROGATORY 5

1.3-PWU-5

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

INTERROGATORY

Ref: Exhibit C-4-1, Attachment 1, Page 14 of 15, Appendix C (Non-Executive Total Remuneration Review)

a) Please provide the chart in Appendix C in spreadsheet format

RESPONSE

a) The chart in Appendix C is a proprietary document prepared by Mercer Canada Limited and is not readily available to the IESO in spreadsheet format.

Attachment 1 in spreadsheet format included with this response has been recreated from the original which was submitted in Exhibit C-2-1, Attachment 1, page 14 of 15.

SEC INTERROGATORY 9

1.1-SEC-9

INTERROGATORY

Please provide the budget and FTEs breakdown associated with each IESO business unit, in a similar format as provided in SEC IR 13 in EB-2018-0143 (Exhibit I, Tab 1.3, Schedule 8.16 SEC 16).

RESPONSE

Please find below the budget, and FTEs breakdown, associated with each IESO business unit in a similar format to (EB-2018-0143, Exhibit 1, Tab 1.3, Schedule 8.16, SEC 16).

Please note that the Corporate Adjustment category contains financial items that are managed at an enterprise level and not allocated to the operating divisions. They are tracked separately on a total organizational basis such as amortization, interest, and the unrecovered PSAB transition items.

The negative 4 FTE's represent the impact of hiring lags across the organization.

Divisions (In \$ millions)	2019
	Budget
CEO	7.7
Planning, Acquisition & Operations	44.2
Policy, Engagement & Innovation	24.5
Information & Technology Services	41.8
Legal Resources & Corporate Governance	14.1
Corporate Services	24.4
MACD	2.0
Market Renewal	11.7
Human Resources	5.1
Other (Corporate Adjustment)	15.3
Total	190.8

Divisions	2019 Budget		
	Regular	Temporary	Total
CEO	8.0	-	8.0
Planning, Acquisition & Operations	246.0	5.0	251.0
Policy, Engagement & Innovation	116.0	2.0	118.0
Information & Technology Services	119.0	16.0	135.0
Legal Resources & Corporate Governance	60.0	14.0	74.0
Corporate Services	106.0	3.0	109.0
MACD	7.0	-	7.0
Market Renewal	88.0	37.0	125.0
Human Resources	19.0	-	19.0
Other (Corporate Adjustment)	(4.0)	-	(4.0)
Total	765.0	77.0	842.0

AMPCO INTERROGATORY 14

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

AMPCO-14

INTERROGATORY

Ref: Exhibit A-2-2 Page 15

Preamble: In 2019, the IESO anticipates an average headcount of 726.

Please define average headcount.

RESPONSE

The term "average" when referring to headcount as mentioned in Exhibit A-2-2, page 15, refers to staff headcount over the course of the full year. This means a position would have an average headcount of "1", if it is budgeted for the full 12 months of the year. To further elaborate, if the same position is budgeted for 6 months of the year, then its average headcount equivalent would be 0.5 (representing the 6 out of 12 months).

AMPCO INTERROGATORY 15

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

AMPCO-15

INTERROGATORY

Ref: Exhibit A-2-2 Page 17

- a) Please add 2017 actuals and 2018 actuals (Average FTEs and December 31st Headcount) to the Staffing Table.
- b) Please define total average FTEs.

RESPONSE

- a) Please see the table below, for the 2017 actuals and 2018 actuals (Average FTEs and December 31st Headcount).

Full Time Equivalents	2017 Actual Avg FTEs	2017 Actual Dec 31st FTEs	2018 Actual Avg FTEs	2018 Actual Dec 31st FTEs	2018 Budget Avg FTEs	2018 Forecast Avg FTEs	2018 Forecast Dec 31st Headcoun	2019 Budget Avg FTEs	2020 Budget Avg FTEs	2021 Budget Avg FTEs
Core Operations	680	678	653	672	688	664	722	717	716	716
Market Renewal	21	33	62	76	43	61	86	125	125	125
Total FTEs	701	711	715	748	731	725	808	842	841	841

** 2018 forecast average FTEs reflect 2018 vacancies, while forecast Dec 31, 2018 headcount reflects anticipated hires later in 2018. 2019 FTEs are budgeted on an annual average basis.*

- b) Please see the response to AMPCO Interrogatory 14, at Exhibit I, Tab 1.3, Schedule 13.14.

AMPCO INTERROGATORY 16

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

AMPCO-16

INTERROGATORY

Ref: B-3-2 Attachment #4

a) Please add 2017 budget, 2017 actual and 2018 actuals to Appendix 2-K.

b) Please provide an excel version of the revised Appendix 2-K.

RESPONSE

a) Please see the table below:

**Appendix 2-K
Employee Costs**

	2017 Actual	2017 Budget	2018 Latest Estimate	2018 Actual	2018 Budget	2019 Budget
Number of Employees (FTEs)						
Executive	7	7	7	7	6	7
Management	107	110	118	117	118	132
Non-Management Regular	534	577	529	526	575	633
Non-Management Temporary	53	18	63	65	32	71
Total	701	712	716	715	731	842
All figures below are in \$ millions						
Total Salary and Wages						
Executive and Board	3.2	3.3	3.4	3.8	2.9	3.4
Management	14.9	18.1	17.7	17.4	18.6	17.4
Non-Management Regular	62.0	66.8	59.6	65.2	63.0	63.8
Non-Management Temporary	6.2	1.7	8.1	6.4	4.0	5.2
Total	86.3	89.8	88.9	92.7	88.5	89.8
Total Benefits						
Executive	0.9	0.8	0.9	0.9	0.7	0.9
Management	5.9	5.9	6.1	6.4	6.1	5.8
Non-Management Regular	24.5	20.6	22.5	23.6	21.9	21.8
Non-Management Temporary	1.0	0.4	1.0	0.5	0.5	0.7
Total	32.3	27.6	30.6	31.4	29.2	29.1
Total Compensation (Salary, Wages & Benefits)						
Executive and Board	4.1	4.1	4.3	4.7	3.6	4.2
Management	20.8	24.0	23.8	23.7	24.7	23.2
Non-Management Regular	86.5	87.4	82.2	88.8	84.9	85.7
Non-Management Temporary	7.2	2.0	9.1	7.0	4.5	5.8
Total	118.6	117.5	119.5	124.2	117.7	118.9

b) An excel version of the above table is provided as Attachment 1 to this response.

AMPCO INTERROGATORY 17

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

AMPCO-17

INTERROGATORY

Ref: EB-2018-0143 Exhibit I Tab 1.1 Schedule 2.05 AMPCO 5

Please update AMPCO 5 to show the Organizational Chart for 2019 compared to 2018 Actual and the corresponding number of FTEs.

RESPONSE

Please find below 2018 Actual and 2019 Budget FTEs as shown in Ref: EB-2018-0143, AMPCO Interrogatory 5, at Exhibit I, Tab 1.1, Schedule 2.05.

FTEs		2018 Actual	2019 Budget
CEO		8	8
	CEO Office	3	3
	Internal Audit	5	5
Planning, Acquisition and Operations		230	251
	VP Office	3	2
	Power System Assessments	83	93
	Resource Planning	22	26
	Transmission Planning	21	27
	Market Operations	76	76
	Markets & Procurement	26	27
Policy, Engagement and Innovation		107	118
	VP Office	2	3
	Energy Efficiency	25	28
	Alliances and Marketing	18	19
	Corporate & Indigenous Relations	39	39
	Policy Innovation	17	21
	Regulatory Affairs	6	8
Information and Technology Services		119	135
	VP Office	3	3
	Organizational Governance Support	10	10
	Information Security	8	16
	Business Solutions	49	55
	Technology Services	50	51
Legal Resources and Corporate Governance		62	74
	VP Office	1	2
	General Counsel	19	29
	Contract Management	41	43
Corporate Services		105	109
	VP Office	2	2
	Finance & Treasury	13	14
	Procurement	10	10
	Financial Planning and Analysis	8	8
	Settlements	35	35
	Enterprise Change	26	28
	Facilities	12	12
Human Resources		16	19
Market Assessment and Compliance Division		7	7
Market Renewal		62	125
Corporate Adjustments		0	-4
Total IESO		715	842