SOCIETY *of*
UNITED PROFESSIONALS
IFPTE 160

22nd March, 2021

Chris Graham
Executive Vice President
Society of United Professionals, IFPTE 160
2239 Yonge St
Toronto, ON M4S 2B5

VIA email and RESS Filing

Christine E. Long
Registrar
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

Re: EB-2020-0290 Ontario Power Generation Inc. (OPG)
2022-2026 Payment Amounts
Society of United Professionals' Interrogatories to OPG

Dear Ms. Long,

Please find attached the Society of United Professionals' interrogatories to OPG in their above noted proceeding, EB-2020-0290.

Sincerely,

[original signed by]

Chris Graham
Executive Vice President
Society of United Professionals, IFPTE 160
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(416) 979-2709 x3180

email copy: interested parties

SOCIETY of
UNITED PROFESSIONALS
IFPTE 160

SOCIETY OF UNITED PROFESSIONALS
INTERROGATORY QUESTIONS

EB-2020-0290 Ontario Power Generation Inc. (OPG)

2022-2026 Payment Amounts

22nd March, 2021

EB-2020-0290: The Society of United Professionals' Interrogatory Questions

D3-SUP-1:

Reference: Exhibit D3-1-2, Attachment 2, Clarington Corporate Campus Business Case Summary.

The Clarington Corporate Campus BCS indicates under Deliverables that the User Requirements Assessment is to be completed in March 2021.

a) Have the user requirements been finalized? If so, please describe any material changes in the building design from what is described in the BCS.
b) Is the project still on track for the next milestones which are the final selection of the preferred alternative in May 2021 and for the approval of the Execution Phase in December 2021?

D3-SUP-2:

Reference: Exhibit D3-1-2, Attachment 2, Clarington Corporate Campus Business Case Summary.

The Campus BCS indicates under Business Need that OPG intends to accommodate approximately 2,400 employees in 1,680 workspaces, with approximately 30% of staff assumed to be out of the office at any point in time. Under Key Risks the BCS indicates: "As part of the on-going evolution of OPG's workplace needs, there is a risk that the assumed size of the new office building will need to be modified."

a) Please explain how OPG arrived at this 30% assumption? For example, is the assumption based on any studies or surveys, internal or external to OPG? If so, please describe them.
b) How is OPG planning to control the flow of employees in such a space constrained environment? For example. will there be a management process in place to direct employees if the office space is over capacity, or will overflow space be provided?
c) Please explain how "a corporate campus will facilitate increased collaboration" if 30% of employees are out of the office at any given time.
d) Is the assumed size of the building still a risk to the project? If so, has OPG's mitigation plan changed since the BCS was approved?

D3-SUP-3:

Reference: Exhibit D3-1-2, Attachment 2, Clarington Corporate Campus Business Case Summary.

The Campus BCS describes the Pros and Cons of the Preferred Alternative, including: (Pros) "A safe, modern and long-term office space will help attract and retain talent." (Cons) "Certain employees may be unwilling to move to the new office location." And "Inability to attract a segment of new talent given the new office location."

a) Please explain whether OPG expects the new building in Clarington will on balance aid or hinder its ability to attract and retain talent and why.

D3-SUP-4:

Reference: Exhibit D3-1-2, Attachment 2, Clarington Corporate Campus Business Case Summary.

The Campus BCS describes a number of issues related to municipal government, specifically: zoning restrictions, the need for permits and connection agreements, and the possible construction of an organic digester near the proposed Clarington site.

a) To the best of OPG's knowledge, what is the status of the organic digester project proposed by the Region of Durham? If the organic digester is still under consideration, does OPG expect a decision from Durham before December 2021 or whenever OPG is expecting to commit to the execution of the Campus project?
b) Has OPG resolved any restrictions related to local zoning requirements? If not, please explain how they could impact the project.
c) To date, has OPG experienced any problems obtaining required permits and connection agreements? Is this still a future project risk? If so, by when are permits required for the project to stay on schedule?

D3-SUP-5:

Reference: Exhibit D3-1-2, Attachment 2, Clarington Corporate Campus Business Case Summary.

The Clarington Campus BCS describes a number of financial evaluation assumptions that support the $65M present value of cost reductions. These include: cost of capital, costs related to real estate, and other one-time costs related to employee relocation.

a) The BCS quotes a Cost of Capital of 3.5%, while other Value Enhancing BCSs in this application have used higher rates. For example, the 700U Workplace

Transformation BCS (Exhibit D3-1-2, Attachment 1, page 6) quotes a discount rate of 9%. Please describe OPG's methodology for choosing the Discount Rate or Cost of Capital for evaluating Value Enhancing projects?

b) Please explain why a 3.5% rate was used for the financial evaluation? And why is such a low rate appropriate for a capital project that is seeking cost recovery from ratepayers?
c) Please recalculate the present value savings using a cost of capital of 6% and 9%, and for whatever rate OPG would normally apply to value enhancing capital projects.
d) Please clarify whether DEC renovation costs were included in the financial evaluation even if they are not part of this project? If not, were any costs excluded from the Base Case that would correspond to the additional capacity being added to the DEC?
e) Does the financial evaluation for this project include all the costs related to purchasing or relocating the contents of the building required for occupancy (furniture, IT equipment, etc.)?
f) Under Key Assumptions, the Campus BCS states: "Certain training facilities and specialized lab / testing equipment will not be located in the new building." Please explain if and how the related costs were included the financial evaluation.
g) Does the financial evaluation include an estimate for severance costs for employees unwilling to move to the new office location as well as the costs to hire and train replacement staff including the costs to engage temporary staff in the interim? If not, explain why not and estimate this impact on the $65M NPV cost reductions.
h) Over the 40-year time horizon for this project, have any costs for a mid-life refresh (for example: renovations, roof replacement, etc.) been included for the new building? If not, please explain why not and also provide an estimate of the impact of this on the $65M cost reductions.
i) Are there any other costs included in the evaluation that are not mentioned in the assumptions? If so, please describe them

D3-SUP-6:

Reference: Exhibit D3-1-2, Attachment 2, Clarington Corporate Campus Business Case Summary.

Regarding Niagara to Clarington Move of Staff

a) How many people are to be moved from Niagara Falls to the new proposed Clarington building assuming that all these employees agree to the move?
b) What is the possible maximum relocation costs for all these employees?

c) What is a reasonable square feet that needs to be included in the new Clarington building for each employee?
d) Estimate the total Clarington building cost which is required to accommodate the people in item a).
e) What cost savings can be quantified by moving these employees to Clarington in productivity improvements?
f) What is b) + d) – e)?
g) In the event f) above is negative, why is OPG making this decision to move these employees from Niagara if it does not make sense financially?
h) On what date does OPG expect to vacate its staff from Niagara?

D3-SUP-7:

Reference: Exhibit D3-1-2, Attachment 2, Clarington Corporate Campus Business Case Summary.

Regarding Kipling to Clarington Move of Staff

a) How many people are to be moved from Kipling to the new proposed Clarington building assuming that all these employees agree to the move?
b) What is the possible maximum relocation costs for all these employees?
c) What is a reasonable square feet that needs to be included in the new Clarington building for each employee?
d) Please provide an estimate of the total Clarington building cost which is required to accommodate the people in item a).
e) What cost savings can be quantified by moving these employees to Clarington in productivity improvements?
f) What is is b) + d) – e)?
g) In the event f) above is negative, why is OPG making this decision to move these employees if it does not make sense financially?
h) What are the plans for the sale of the buildings at Kipling and when will that occur?
i) Have the expected sales revenues for Kipling been reflected in the Clarington cost/ benefit analysis? Please explain why or why not this has been done.
j) What is the basis of the estimated expected sales revenues?
k) What will OPG do with the money it receives from the sale of that site?
l) What are the estimated environmental remediation costs for Kipling before it can be sold? Would these costs exceed the sale price of Kipling or as a minimum offset a material amount of the expected sale revenues? Have these expected costs been reflected in the cost/ benefit analysis for Clarington? If not, why not?
m) What portion of the proceeds from the Kipling-site sale will accrue to the ratepayer?

n) On what date does OPG expect to vacate its staff from the Kipling building?

D3-SUP-8:

Reference: Exhibit D3-1-2, Attachment 2, Clarington Corporate Campus Business Case Summary.

Regarding 700 University to Clarington Move of Staff

a) How many people are to be moved from 700 University to the new proposed Clarington building assuming that all these employees agree to the move?
b) What is the possible maximum relocation costs for all these employees?
c) What is a reasonable square feet that needs to be included in the new Clarington building for each employee?
d) Please provide an estimate of the total Clarington building cost which is required to accommodate the people in item a).
e) What cost savings can be quantified by moving these employees to Clarington in productivity improvements?
f) What is is b) + d) – e)?
g) In the event f) above is negative, why is OPG making this decision to move these employees if it does not make sense financially?
h) On what date does OPG expect to vacate its staff from 700 University?

D3-SUP-9:

Reference: Exhibit D3-1-2, Attachment 2, Clarington Corporate Campus Business Case Summary.

Currently, OPG's generation is bid into the IESO market from a control room located at 700 University (18th Floor) with a backup site located at Kipling.

a) Does the Clarington BCS include the costs of a new control room and its back up?
b) If the answer is yes, what is this cost?
c) If the answer is no, please explain.

D3-SUP-10:

Reference: Exhibit D3-1-2, Attachment 2, Clarington Corporate Campus Business Case Summary.

OPG's Clean Energy Plan has a goal of being a net zero carbon emitter by 2040.
Reference: https://www.opg.com/climate-change/

a) Please explain how the increased travel (mostly by car) to get to Clarington (by employees from Niagara, Kipling and 700 University) contribute to achieving this goal?

D3-SUP-11:

References:
Exhibit D3-1-2 p3 ln8-9

> *"This [Clarington Corporate Campus] initiative targets a reduction in square footage per employee in alignment with current industry standards…"*

Exhibit D3-1-2, Attachment 2, Clarington Corporate Campus Business Case Summary p2

> *"The benefits of this new, modern, office include [an] estimated cost reduction of approximately $65M (present value) over the next 40 years by moving away from a lease strategy and reducing the number of work locations (e.g. lower travel costs)".*

Exhibit D3-1-2, Attachment 2, Clarington Corporate Campus Business Case Summary p3

> *"Key Assumptions [for the Clarington Corporate Campus include] … 30% of staff of [sic] will be out of the office at any point in time".*

a) Does the estimated $65M present value cost reduction assume that if the leasing strategy remained that it would be modified to target a reduction in square footage per employee in alignment with current industry standards? If the answer is no, please explain why OPG would not employ this strategy to reduce its leasing costs.
b) Does the estimated $65M present value cost reduction assume that if the leasing strategy remained that it would be modified to reflect that 30% of staff will be out of the office at any point in time? If the answer is no, please explain why not.
c) If the answers to a) and / or b) are no, please re-estimate the $65M cost reduction to take into account both of these assumptions being reflected.
d) Of the 30% of staff which OPG assumes will be out of the office at any point in time:
   1) what portion of this staff does OPG expect to work from home (WFH)?
   2) Does OPG have policies and procedures in place to accommodate the WFH provisions?
e) Please explain how the Clarington Corporate Campus initiative has taken into account physical distancing of staff if another pandemic similar to Covid-19

occurs. Will the initiative also have appropriate air filtration systems installed throughout in order to handle future pandemics? If not please explain why not.

D3-SUP-12:

References:
Exhibit D3-1-2, Attachment 2, Clarington Corporate Campus Business Case Summary p3

> *Consolidation of workspace through the construction of a corporate campus allows OPG to optimize our real estate footprint and reduce costs.* ***Consolidation will require the release / termination of current real estate interests over the next 5-7 years****, coordinated with the construction of the new building and the workplace transformation at the DEC. …*
> *OPG's non-plant based staff are currently spread among 12 different leased office locations around the Greater Toronto Area (GTA), the OPG-owned Kipling Ave office and in the region of Niagara.* ***The preferred alternative is to terminate the majority of these occupancies and move all of the employees from these sites to the new campus****, which will consist of the DEC and the new office building to be constructed as part of this project.*

NEWS OCT 08, 2019 BY JENNIFER O'MEARA   CLARINGTON THIS WEEK
"4 things you should know, 4 months after OPG's big move announced
From design to GO Train dreams, here's what's going on behind the scenes for OPG's new headquarters"
https://www.toronto.com/news-story/9630482-4-things-you-should-know-4-months-after-opg-s-big-move-announced/

> *The new headquarters could be roughly 200,000 square feet —* ***bringing together all non-station staff from 15 properties into one****.* ***The move will save $13 million a year in lease costs****, and OPG may find cost savings in bringing all of the operations together, explained Hergert.*

Jun 10, 2019 Toronto Sun, "OPG moving its HQ east of Toronto"
https://torontosun.com/opinion/columnists/lilley-opg-moving-east

> *Right now the various offices that OPG operates in the region cost about $26 million a year, they expect that to drop to $13 million a year in operating costs, that's even taking into account what could be generous moving allowances.*

a) The Clarington Corporate Campus BCS states that all the staff to be moved are located in 12 different leased office locations around the Greater Toronto Area (GTA), the OPG-owned Kipling Ave office and in the region of Niagara. Please provide a table listing these 12 different leased office locations around the GTA as well as the three OPG owned locations and state the expected date when each of these occupancies will be terminated along with the number of staff located there and the square feet which are leased.

b) Why will some of these current real estate interests be terminated 7 years from now (2027), which will be one year after the last staff will have been moved to CCC in 2026?
c) Please confirm or update the referenced Clarington This Week statement that the CCC "move will save $13M a year in lease costs".
d) Please include in the table provided in answer to part a) the break down by location of the annual lease cost savings provided in answer to part c).
e) Please confirm or update the following points made in the referenced Toronto Sun article:
    1) the various offices that OPG operates in the region cost about $26 million a year.
    2) OPG expect [the $26M a year] to drop to $13 million a year in operating costs, that's even taking into account what could be generous moving allowances.
    3) Confirm and explain how the moving allowances are taken into account in the $13M a year drop in operating costs.
f) How does the referenced Toronto Sun article's $13M a year drop in operating costs compare to the referenced Clarington This Week article's $13M a year savings in lease costs? Are these both referring to the same cost savings or do they include different cost components?

F2-SUP-13:

Reference: Exhibit F2-8-1 New Nuclear At Darlington

a) What information can OPG share on Ontario and Federal government support for new nuclear at Darlington?
b) On p3 of the exhibit, it is stated that the provinces of Ontario, New Brunswick, and Saskatchewan signed a Memorandum of Understanding ("MOU") in 2019 committing to collaborate on the development and deployment of SMRs in Canada. In 2020 the Province of Alberta entered into this MOU. What support does this collaboration provide to new nuclear at Darlington?
c) On p1 of the exhibit, forecast 2020 and 2021 OM&A spend is $66M and $206M respectively. Please provide the actual 2020 spend on new nuclear by OPG as well as the latest update to forecast 2021 spending.

F2-SUP-14:

Reference: Exhibit F2-01-01: Business Planning p10 ln6-10

The main conclusions of the 2019 Goodnight Nuclear Staffing Study are as follows … The analysis showed that OPG, as of August 2019, is 239 Full-Time Equivalents

(“FTEs”) (4.5%) below the total North America nuclear operator benchmark of 5,255 FTEs.

a) Please explain why OPG has understaffed its nuclear facilities by 4.5% as compared to its US counterparts.
b) Has this understaffing affected plant safety in any way?
c) Does the understaffing indicate that OPG staff are more productive and efficient than the North America nuclear operator benchmark staff?

F2-SUP-15:

Reference: Exhibit F2-01-01: Business Planning p21 ln12 – p22 ln30

The Right Work, Right Time, Right Value (“RWRTRV”) initiative focusses [sic] on improving plant reliability by improving maintenance productivity. Another key area of focus is on improving work management performance by transitioning to the use of digital work management tools and artificial intelligence in work management and outage planning processes. Key improvement actions and anticipated results for this initiative are …. Utilizing the Monitoring and Diagnostic Center (“M&D Center”) to develop predictive failure models and transitioning components of its time-based maintenance program to condition- based maintenance. The objective of condition-based maintenance is to establish continuous equipment condition monitoring through the use of high performance diagnostic tools that can combine the power of on-line process and equipment performance data acquisition with advanced diagnostic methodologies, including ***advanced pattern recognition technology (a form of artificial intelligence (“AI”))****, to avoid operations and 4 maintenance costs and improve plant performance. … Along with the AI modelling in the M&D Centre, OPG will continue to explore opportunities for using* ***AI*** *to improve work management. The use of* ***AI*** *for work management is a new concept for the nuclear industry and is enabling both Pickering and Darlington to continually drive improvements to their work management programs. OPG is leveraging new technologies and processes as they are adopted in the nuclear industry and applying successes to future work. This includes using AI to maximize maintenance resources by effectively coordinating on-line and outage shift schedules, assisting in the assessment of work packages, and logging and monitoring of foreign material exclusion. OPG has already realized improvements in the outage scoping process with batch work assessing capabilities that reduce human performance issues as errors are automatically corrected. OPG will continue to seek further opportunities to apply AI to support planning of outage scope and the efficient execution of outage work.*

a) With the increase in digitization how does OPG propose to increase its cybersecurity systems and what impact will that have on cost and staff numbers?

b) OPG is replacing human decision makers with AI within its nuclear stations. Explain how doing so does not jeopardize the safe operation of the plant.

F3-SUP-16:

Reference: Exhibit F3-01-01 Allocation of Support Services p7

> *The 2019 Hackett Study found that on an overall basis, OPG's cost (including both Process Costs and Technology Costs) is 8% lower than the median of the peer group. … Overall, OPG is successfully "bending the cost curve." OPG's functional costs decreased by 6.0% and the peer group's costs increased 13.0% since the 2016 study.*

a) Do the costs used in the Hackett study (Exhibit F3-1-1, Attachment 2 Page 10) include compensation as well as other costs?
b) Would it be appropriate to draw the conclusion that OPG employees are more productive than the Hackett benchmark since OPG's cost is 8% lower than the median of the peer group?
c) The Nuclear Allocated FTEs have declined from 1329.3 in 2016 to 1279.3 in 2019 (Exhibit F4-3-1 Attachment 1). OPG has moved from 7% below the Hackett market median in 2016 to 8% below in 2019 while the corporate staff count has also declined. Would it be appropriate to draw the conclusion that OPG employees have become even more productive between 2016 and 2019?
d) Does OPG have similar data as provided in the Hackett report on the companies in the WTW compensation benchmarking study (Exhibit F4-3-1, Attachment 2, "Total Compensation Benchmarking Study prepared by Willis Towers Watson") who were used as the peer group for the OPG corporate group employees? If so, how do they compare to OPG?

F3-SUP-17:

Reference: Exhibit F3-2-1, Section 3.0, Asset Service Fees; and Table 2.

The Clarington Corporate Campus Business Case Summary (Exhibit D3-1-2, Attachment 2) describes, as a benefit of the project, savings in real estate costs.

a) What was the Cost of Capital used in the calculation of the Asset Service Fee for the Clarington Campus on Exhibit F3-2-1, Chart 2? If it is different than the approximately 6% Cost of Capital used for the calculation of rates (see Exhibit C1-1-1, Tables 1 to 5), please explain why?

b) The combined real estate related costs allocated to Nuclear for Asset Service Fees for the Kipling Ave. Office & Wesleyville Property, 700 University Ave Office, and the Clarington Corporate Campus in Exhibit F3-2-1, Table 2 (Lines 2, 3, & 4), and for the Leases & Utilities in Exhibit F3-1-1, Table 3 (Line 9), do not appear to show a material cost savings in between 2023 and 2026. Please clarify where the expected cost savings related to the Campus project appear in evidence.

F4-SUP-18:
Reference: Exhibit F4-3-1, Attachment 1, "Appendix 2K"

a) Please update the Appendix 2K table to show the following:
    1) Update the table to show 2020 Actuals, and the latest projections for 2021 [if the 2020 Actuals are not immediately available, please update and provide them when available];
    2) Split the line items containing Term/ETE data to show their respective PWU and Society components;
    3) Show the annual cost of share grants for each of SUP and PWU separately at the bottom of the table;
    4) Separate out regular staff & temporary staff figures for each of Society and PWU
    5) Please provide an excel spreadsheet containing the updated Appendix 2K table.

b) Explain any FTE or Compensation variances between the 2020 Actuals and Plan that are greater than 5%. [If the 2020 Actuals are not immediately available, please update and provide them when available]

c) Please explain the higher Direct and Allocated FTEs in the 2020 and 2021 Plans as compared to the 2019 Actual and 2022 Plan.

d) Please explain why the 10% reduction in management staff described in Exhibit F4-3-1, p 9, l 9-11 is not reflected in the 2020 Plan figures for management FTEs as compared to the 2019 Actuals. Also,
    1) Why do 2020 Plan levels of management staff increase by about 21 FTEs over 2019 actuals?
    2) What was the date that the reorg was initiated and how many management FTE's were there then?
    3) What was the date that the reorg was completed and how many management FTE's were there then?

e) Please confirm the following calculations of average compensation per FTE for Nuclear Facilities based on Appendix 2K (revised 20210312).
    1) If there are any material errors in the table below or in the source data on which they are based, please correct them.
    2) Also please update this table as per a) parts 1) to 4) above and provide a copy of the table in an excel spreadsheet.

NUCLEAR FACILITIES	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Plan	2020 Actual	2021 Plan	2021 Proj	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Salary & Incentive Pay ($K/FTE)													
Management	171.3	184.3	187.4	198.0	174.1		179.9		183.4	185.9	191.4	193.2	201.0
Society	129.1	135.6	130.8	127.1	130.0		132.7		136.8	138.2	141.4	144.4	147.8
PWU	102.3	104.6	106.1	106.9	113.3		115.9		119.9	121.5	125.8	129.9	131.8
Term/ETE	106.6	80.8	70.1	74.6	83.7		86.2		87.9	89.3	92.2	92.7	84.8
EPSCA	83.7	85.8	109.0	125.2	122.6		114.0		114.0	115.3	118.9	118.8	120.7
Total	117.5	122.0	122.0	122.5	123.0		124.0		127.1	128.7	132.5	136.8	143.2
Total Compensation ($K/FTE)													
Management	229.8	251.4	256.3	267.9	247.1		256.9		264.9	267.9	276.4	279.6	289.5
Society	194.7	198.2	201.8	196.8	205.2		213.9		221.1	224.4	228.3	233.4	234.2
PWU	166.0	168.0	175.9	176.1	181.6		190.7		196.9	202.2	207.5	213.8	207.6
Term/ETE	131.1	121.7	106.7	113.5	112.4		114.3		115.0	117.9	120.2	116.7	108.7
EPSCA	191.5	181.8	188.3	202.3	185.0		158.5		159.1	159.4	165.4	165.6	171.5
Total	182.0	186.5	191.6	190.8	190.6		194.8		199.2	202.9	207.8	214.9	222.1

Based on the average compensation per FTE calculations in the table above, please answer the following questions:

f) Please explain the decline in average Society salary between 2017 and 2019.
g) Please explain the decline in average management compensation between the historical actuals and future plans, in particular between 2019 and 2020.
h) Please explain the variances in average EPSCA compensation, in particular the increases in pay leading up to 2019, and the significant decline in compensation costs beyond 2020.

F4-SUP-19:

Reference: Exhibit F4-3-1, Attachment 2, "Total Compensation Benchmarking Study prepared by Willis Towers Watson" p12

"Willis Towers Watson, consistent with standard methodologies, defines competitive market positioning as +/-10% of the target market position"

a) Is the definition of competitive market positioning as +/-10% of the target market position a definition unique to WTW or is this an industry standard definition?
b) If +/-10% is an industry standard definition please list examples of other companies which use it.

F4-SUP-20:

Reference: Exhibit F4-3-1, Attachment 2, "Total Compensation Benchmarking Study prepared by Willis Towers Watson" p3

a) The WTW study report is dated December 8, 2020. Please explain why April 2019 data was used rather than more current information as of April 2020.

F4-SUP-21:

Reference: Exhibit F4-3-1, Attachment 2, "Total Compensation Benchmarking Study prepared by Willis Towers Watson" p14

> *"Annual share grants similar to OPG's Hydro One share grant are relatively uncommon in the market, but have been captured in TDC where provided in the market. Other one time lump-sum awards (whether in cash or shares) are not captured in WTW's compensation surveys which could potentially understate the market results"*

a) Please provide a ballpark estimate as to the impact of excluded "Other one time lump-sum awards (whether in cash or shares)" on the study's market median results.
b) In response to F4-SUP-18 a) 3), OPG has provided the annual cost of share grants for each of SUP and PWU separately. The annual cost of share grants declines materially going forward as the employee population eligible declines due to retirements and other employee attrition. Using this annual share grant data, restate the table on page 14 for 2020 population and 2022 population.
c) Is the compensation data used for this OPG benchmarking study gathered by WTW specifically for the OPG study or does WTW utilize data gathered for various studies on an annual basis?
d) What steps will WTW take so that one time lump-sum awards (whether in cash or shares) are comprehensively captured in WTW's future compensation surveys?

F4-SUP-22:

Reference: Exhibit F4-3-1, Attachment 2, "Total Compensation Benchmarking Study prepared by Willis Towers Watson" p15 Projected Impact of PWU Terms Incumbents

Exhibit F4-3-1 pp 5, 8
OPG now employs the new classification of Society represented employees, called "Extended Temporary Employees" or "ETEs". Like PWU represented Terms, Society ETEs may be hired to avoid adding regular staff in circumstances where additional regular employees are likely to be laid off as a result of the planned shutdown of Pickering. Society ETEs also receive less severance than regular Society represented employees upon lay off. Similar to Terms, Society ETEs cannot join OPG's pension plan. The ETEs category of employees came into effect in 2020.

a) In response to F4-SUP-18 a) 1), OPG has provided annual ETE as well as Term FTE's and compensation separately. Using this data, in a fashion similar to the analysis provided re: Projected Impact of PWU Terms Incumbents, please estimate the ballpark impact of inclusion of ETEs on 2019, 2020 and 2022 population

Society compensation. This would be for Base Salary, Total Direct Compensation, Total Remuneration Excluding PTO, and Total Remuneration.

b) Using the Term data provided in response to F4-SUP-18 a) 1), please estimate the impact of 2022 population Terms on PWU compensation.

c) Please estimate the impact on OPG Overall compensation of 2020 and 2022 population ETEs and Terms.

F4-SUP-23:

Reference: Exhibit F4-3-1, Attachment 2, "Total Compensation Benchmarking Study prepared by Willis Towers Watson" p14, 15

a) On the table on p14, for the column labelled "# of OPG Matched Incumbents", please separate out the number of temporary staff in each segment (e.g. Society Total Exc. Nuc. Auth, Society Nuclear Authorized etc.) and provide the Base Salary, Total Direct Compensation, Total Remuneration Excluding PTO, and Total Remuneration. Place PWU Terms in a separate category from PWU temporary staff.

b) In response to F4-SUP-18 a) 4), OPG has separated out annual regular staff & temporary staff FTEs and compensation for each of Society and PWU. Using this data, in a fashion similar to the analysis provided re: Projected Impact of PWU Terms Incumbents on p15, please estimate the projected impact on compensation of 2020 and 2022 population temporary Society and PWU staff. This would be for Base Salary, Total Direct Compensation, Total Remuneration Excluding PTO, and Total Remuneration.

c) Please estimate the impact on OPG Overall compensation of 2020 and 2022 population Society and PWU temporary staff.

F4-SUP-24:

*Reference: **F4-SUP-23** and **F4-SUP-22** responses.*

a) Please combine the data provided in the referenced responses and restate the tables found on Exhibit F4-3-1, Attachment 2 pp13 and 14 for 2020 and 2022 population.

F4-SUP-25:

Reference: Exhibit F4-3-1, Attachment 2, "Total Compensation Benchmarking Study prepared by Willis Towers Watson" p32

> *"▪ To assess whether base salaries in the Total Sample (excluding Nuclear Authorized) are different relative to the Nuclear Authorized Sample for similar skills sets and levels of accountability, the following analysis was performed:*

▪ *Comparison of relative job rates between select US utilities and nuclear organizations to understand whether nuclear roles within the US are paid differently than utility roles in the US (for roles reflecting comparable skills and level of accountability)*
▪ *Comparison of relative job rates between the Canadian Total Sample (excluding Nuclear Authorized) comparator group (used for the benchmark review) and the US nuclear comparator group to assess whether there is any differentiation between these two markets (for roles reflecting comparable skills and level of accountability)*
▪ *The analysis indicated that for many roles and levels of work, salaries are comparable between these sectors. However, for nuclear operations roles at management levels (i.e., have people management responsibility), base salaries are observed to carry an average premium of greater than 10% relative to their non-nuclear counterparts. As such, where comparisons for non-authorized roles in nuclear facilities have been made to the Canadian Total Sample (excluding Nuclear Authorized), market data for management level roles is adjusted by 10% to reflect this identified premium for such roles"*
[p8] *"US market data for the Nuclear Authorized comparator group were converted to CAD, consistent with Willis Towers Watson's practice, using an average annual exchange rate to March 2019 of $1 USD - $1.3082 CAD to moderate fluctuations"*

a) Please confirm that the comparison of relative job rates outlined on p32 between the Canadian Total Sample (excluding Nuclear Authorized) comparator group (used for the benchmark review) and the US nuclear comparator group used the same methodology outlined on p8 to convert the latter to CAD ie an exchange rate of $1 USD - $1.3082 CAD. If some other methodology was used please explain the methodology used and why it was used.
b) Why was an exchange rate used rather than PPP (Purchasing Power Parity) to adjust the peer data from USD to CAD?
c) Further to the comparison of relative job rates outlined on p32, was there a premium of 5% or more between any of the Society or PWU job families in the US nuclear comparator group versus the Canadian Total Sample (excluding Nuclear Authorized) comparator group? If this is the case please identify the specific job families.
d) Please adjust the Total Remuneration Analysis Results on p14 to reflect the information provided in answer to b) above.

F4-SUP-25:
References:
Exhibit F4-3-1, Attachment 2, "Total Compensation Benchmarking Study prepared by Willis Towers Watson" p13

Statistics Canada Table 18-10-0003-01 (formerly CANSIM 326-0015) *https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1810000301*

Inter-city indexes of price differentials of consumer goods and services, annual [1, 2, 3, 4, 5, 6, 7, 8, 9]

Frequency: Annual

Table: 18-10-0003-01 (formerly CANSIM 326-0015)

Help

Geography: Census subdivision, Census metropolitan area, Census metropolitan area part

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Geography	Products and product groups	2019
		Index, combined city average=100
St. John's, Newfoundland and Labrador(map)	All-items	96
Charlottetown and Summerside, Prince Edward Island	All-items	95
Halifax, Nova Scotia(map)	All-items	98
Saint John, New Brunswick(map)	All-items	92
Montréal, Quebec(map)	All-items	93
Ottawa-Gatineau, Ontario part, Ontario/Quebec(map)	All-items	101
Toronto, Ontario(map)	All-items	107
Winnipeg, Manitoba(map)	All-items	93
Regina, Saskatchewan(map)	All-items	101
Calgary, Alberta(map)	All-items	101
Edmonton, Alberta(map)	All-items	100
Vancouver, British Columbia(map)	All-items	104

As displayed in the above table, which is updated annually by Statistics Canada, the inter-city price differentials of consumer goods and services varies materially across Canada. Toronto prices are substantially higher than any other city in Canada.

a) Are the results of the WTW Compensation Benchmarking Study normalized to take into account price differentials from province to province for consumer goods and services as well as differences in local provincial sales taxes?
b) If the answer to a) is no, please explain why.
c) If the answer to a) is no, please normalize the WTW Compensation Benchmarking Study results to take into account the price differentials from province to province for consumer goods and services. It would suffice to update the summary table of results as found on p13 of the WTW study. Please use the city price differentials for 2019, as determined by Statistics Canada and provided in the table above, as proxies for the price differentials for the province which each city is located in. In the case of Ontario, use the Toronto price differentials for companies headquartered in the GTA, and; for companies headquartered elsewhere in Ontario, use the Ottawa price differentials. For each company used

in the WTW peer group, assume the operations of the company is in the province which is home to its head office.
If possible, also please normalize for differences in provincial sales tax rates. This is material as there are significant differences in the provincial sales taxes (PST). For example, quite a number of the companies in the WTW study peer group are located in Alberta which has a 0% PST, whereas in Ontario it is 8% PST. So for every dollar earned by an individual in Alberta, a person employed in Ontario would have to earn the equivalent of the 8% PST paid annually on purchases, in order to earn the same income, before even taking into account cost of living differences amongst the peer group companies.