Board Staff Interrogatory #297

Interrogatory

Reference: Exhibit F4 / Tab 3 / Schedule 1 / Attachment 2 / pp. 16, 33-35

Question(s):

(a) Please provide a detailed list of what is included in the pension and benefits for OPG and for the comparator group. Please discuss any differences.

(b) Please advise if there have been any changes in the methodology used to benchmark pensions and benefits between the WTW's compensation benchmarking study filed in the current proceeding and the compensation benchmarking study filed in OPG's 2017-2021 Payment Amounts Proceeding.

(c) If possible, please provide the OPG Overall benchmarking results for each category (pension & benefits, PTO, and entire benefits).

(d) Please provide OPG's pension & benefits, PTO and entire benefit values if expressed as a percentage of market base salary rather than actual OPG salary. Please provide the benchmarking results separately for the public sector and private sector.

Response

Willis Towers Watson ("WTW") prepared the following responses:

(a) A detailed list of what has been included in pension and benefits can be found in the Willis Towers Watson report (see Ex. F4-3-1, Attachment 2, pp. 16, 33-35). The analysis was performed on the aggregate employer-provided values across all of these programs. A comparison between the specific programs offered was not completed and is not necessary to the determination of overall pension and benefits values.

(b) The methodology is the same between the two studies, but for post-retirement death benefits and dental care no longer being included within the scope of the benchmarking performed by WTW. Willis Towers Watson Canada no longer collects the data for these benefits in line with WTW's global guidelines. Prior to this change, Canada was the only country in which WTW had a database that valued these benefits.

(c) Chart 1 provides the OPG Overall benchmarking results for each category:

Chart 1

OPG Group	Pension & Benefits (% of base salary)		Paid Time Off (% of base salary)		Entire Benefits (% of base salary)	
	OPG	Market P50	OPG	Market P50	OPG	Market P50
PWU	22.0%	18.5%	11.1%	15.6%	33.1%	34.7%
Society	25.2%	19.3%	12.6%	15.6%	37.8%	34.6%
Management	22.9%	20.5%	12.8%	14.6%	35.6%	35.5%
Overall	**23.2%**	**19.0%**	**11.8%**	**15.4%**	**35.0%**	**34.8%**

(d) As noted at Ex. F4-3-1, Attachment 2, p. 33, OPG's employees were grouped into different employee profiles based on similar age, service, gender and salary demographics. Based on each profile, the pension and benefit programs were valued consistently for OPG and each peer company and then converted to a percentage of that profile's base salary for OPG and market, respectively. The value of the large majority of these programs is tied directly to the underlying salary. As such, considering these values as a percentage of a different salary would necessarily result in a corresponding change to these values. On this basis, expressing the value of OPG's pension and benefit programs including PTO as a percentage of market base salary would yield materially similar results to the OPG percentages already provided in the compensation benchmarking report filed in the current proceeding.

In relation to the request to provide the benchmarking results separately for the public sector and private sector, please refer to Ex. L-F4-03-Staff-294 (c). Furthermore, the pension and benefits comparator group consists of seven private sector and seven public sector organizations, and given the relatively small sample of companies in each sector, WTW does not believe that separate benchmarking results would be reliable or valid.