# Society Interrogatory #18

## Interrogatory

**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.

## Response

a) 1) – 4) Refer to Attachment 1, which has been updated for 2020 actual results. The latest 2021 projections available in the Appendix 2K level of detail are per the budget included in the pre-filed evidence.

In preparing the response to this interrogatory, OPG has updated Ex. F4-3-1, Attachment 1 ("Appendix 2K") to adjust for certain imprecision in the breakdown of compensation by employee representation for historical years only. The issue arose because the original breakdown was determined by allocating certain compensation elements, such as Salary and Allowances, in proportion to the representation split of OPG's aggregated payroll without considering job family or compensation element detail. OPG has now revised the representation breakdown by applying a more granular allocator that is based on job family and compensation element detail, where possible.

As part of the above process, OPG further identified certain specific compensation amounts for which representation and job family data is not currently maintained, or is not available within reasonable effort, in its accounting systems. These components –

now presented as a separate "Unallocated" line for Salary & Incentives, Benefits and Total in Appendix 2K – comprise such cost entries as centrally-held labour balancing adjustments, accrued banked entitlements and other labour-related accounting entries.[1] OPG has decided to present these amounts separately, rather than apply a generalized representation allocator, in order to allow for greater year-over-year comparability of the compensation representation breakdown, including for purposes of per FTE analysis requested in this and other interrogatories. The "Unallocated" amounts represent a small portion of the total compensation, at less than 1% on average.

The above changes are limited to the presentation of historical information and do not, in any way, affect 2021-2026 compensation cost forecasts or proposed revenue requirements, which remain unchanged.

a) 5) Attachment 1 has been provided in Excel format within the Excel file filed on RESS, titled 'OPG 2K with 2020 Actuals'.

b) The FTE and Compensation variances between 2020 Actual and 2020 Plan, greater than 5%, are provided in Chart 1 below:

**Chart 1**

| FTE | 2020 Plan | 2020 Actuals | Variance | % | Comments |
|---|---|---|---|---|---|
| Management | 973.0 | 913.7 | (59.4) | -6% | Corporate realignment merging operating & project groups, and other reductions |
| PWU | 4,268.4 | 3,892.7 | (375.6) | -9% | Variances attributed to lower than planned utilization of non-regular staff at Darlington Refurbishment & capital projects, and higher than anticipated attrition at Pickering. |
| Term/ETE | 693.2 | 659.4 | (33.7) | -5% | Temporarily unfilled vacancies in engineering and operations, partially offset by increase in maintenance hiring to offset regular attrition |
| EPSCA | 314.1 | 276.4 | (37.7) | -12% | Variance resulting from timing difference resulting from a re-prioritization of work programs related to outages. |
| | | | | | |
| Total Compensation (M$) | 2020 Plan | 2020 Actuals | Variance | % | Comments |
| PWU | 775.1 | 735.7 | (39.4) | -5% | Variances attributed to lower than planned utilization of non-regular staff at Darlington Refurbishment & capital projects, and higher than anticipated attrition at Pickering. |
| Term/ETE | 77.9 | 88.4 | 10.5 | 13% | Attributed to increased use of overtime, and mix of employee classifications. |
| EPSCA | 58.1 | 48.7 | (9.5) | -16% | Variance resulting from timing difference resulting from a re-prioritization of work programs related to outages. |

[1] As discussed in Ex. F4-4-1, Section 7.1, labour balancing adjustments capture variances between the amount of costs charged to an end account through standard labour rates and the final actual amount of such costs. Amounts for banked entitlements include items such as vacation accrual, lieu time and banked overtime, which represent timing differences between when these costs are recorded for accounting purposes and when they are paid out or taken by employees.

c) Nuclear Direct and Allocated FTEs for 2019-2022 are shown in Chart 2 below.

**Chart 2**

| FTE | 2019 Actual | 2020 Actual | 2021 Plan | 2022 Plan |
|---|---|---|---|---|
| Nuclear Direct | 7,366.7 | 7,182.7 | 7,621.9 | 7,312.0 |
| Nuclear Allocated | 1,277.1 | 1,215.9 | 1,333.6 | 1,265.9 |
| Nuclear Total | 8,643.9 | 8,398.5 | 8,955.5 | 8,577.9 |

Planned Nuclear direct FTEs are higher in 2021 compared to 2020 Actual and 2022 Plan period based on the following factors:

- Increase in temporary staff to support two regular planned outages at Darlington in 2021, compared to none in 2020 and 2022
- Completion of Pickering Extended Operations Enabling work in 2021
- Temporarily unfilled vacancies in 2020
- Incremental resources in support of planning for the Pickering SAFSTOR project and advancing low and intermediate level waste material minimization initiatives (charged to nuclear liability provision)
- Increased support for Darlington project portfolio execution
- Lower staffing levels for the Darlington Refurbishment Program in 2020 due to completion of construction work on Unit 2 and timing and nature of the Unit 3 refurbishment activities during the year

Planned Nuclear Allocated FTEs are higher in 2021 compared to 2020 Actual and 2022 Plan based on the following factors:

- Increase in temporary staff in Real Estate in 2021 on an assumed full year of enhanced cleaning protocols in response to COVID-19 and increased building occupancy upon work-from-home employees returning to the workplace
- Temporarily unfilled vacancies in 2020, primarily in Finance
- Anticipated reduction in staffing levels in Shared Services and other functions through process automation and improvement initiatives

d) 1) – 3) Although the organizational realignment was effective as of October 8, 2020, the reductions in management headcount took place primarily throughout the second half of the year, rather than at a specific point in time. The organizational realignment was reflected in the 2020-2026 Business Plan beginning in 2021, and therefore was not reflected in the 2020 Plan Management FTEs. As shown in Attachment 1, line 26, 2020 Actual Management FTEs were 913.7, compared to 2020 Plan of 973.0, which included the part year effects of the realignment. The 2021 Plan Management FTEs are 869.6, a year-over-year reduction of over 10%.

The original year-over-year increase in 2020 Plan Management FTEs reflected staffing needs across the organization identified during the business plan process.

e) 1 & 2) Refer to Chart 3 below, which has also been provided in Excel format within the Excel file filed on RESS, titled 'OPG 2K with 2020 Actuals'

**Chart 3**

| Nuclear Facilities Salary & Incentve Pay per FTE (K$/FTE) | 2016 Actual | 2017 Actual | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Plan | 2022 Plan | 2023 Plan | 2024 Plan | 2025 Plan | 2026 Plan |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Management | 162.8 | 175.2 | 173.9 | 179.9 | 182.2 | 179.8 | 183.4 | 186.0 | 191.4 | 193.2 | 201.0 |
| Society | 123.8 | 127.5 | 127.6 | 129.5 | 132.0 | 132.7 | 136.8 | 138.2 | 141.4 | 144.4 | 147.8 |
| PWU | 106.4 | 108.3 | 109.6 | 112.7 | 115.5 | 115.9 | 119.9 | 121.5 | 125.8 | 129.9 | 131.8 |
| Term | 56.9 | 77.9 | 77.7 | 87.8 | 90.9 | 84.2 | 85.0 | 86.3 | 89.6 | 90.6 | 84.9 |
| ETE | | | | | 114.0 | 99.7 | 101.1 | 102.1 | 105.1 | 105.2 | |
| EPSCA | 101.7 | 117.3 | 120.7 | 123.1 | 110.0 | 114.0 | 114.0 | 115.3 | 119.0 | 118.7 | 120.9 |
| Total (incl Unallocated) | 118.4 | 122.4 | 121.8 | 122.7 | 128.2 | 124.0 | 127.1 | 128.7 | 132.5 | 136.8 | 143.2 |

| Nuclear Facilities Total Compensation per FTE (K$/FTE) | 2016 Actual | 2017 Actual | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Plan | 2022 Plan | 2023 Plan | 2024 Plan | 2025 Plan | 2026 Plan |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Management | 223.4 | 236.8 | 245.2 | 249.0 | 256.2 | 256.9 | 264.9 | 267.9 | 276.5 | 279.6 | 289.5 |
| Society | 192.5 | 195.5 | 201.4 | 201.7 | 209.3 | 213.9 | 221.1 | 224.4 | 228.3 | 233.4 | 234.1 |
| PWU | 168.3 | 171.4 | 178.9 | 181.3 | 189.0 | 190.7 | 196.9 | 202.2 | 207.5 | 213.8 | 207.6 |
| Term | 85.0 | 112.9 | 113.3 | 126.5 | 134.0 | 114.4 | 115.1 | 118.4 | 120.4 | 116.3 | 108.7 |
| ETE | | | | | 132.3 | 113.0 | 114.5 | 115.7 | 119.0 | 118.8 | |
| EPSCA | 192.1 | 203.6 | 201.0 | 200.0 | 176.0 | 158.5 | 159.1 | 159.5 | 165.3 | 165.5 | 171.5 |
| Total (incl Unallocated) | 182.1 | 186.5 | 191.6 | 190.8 | 201.2 | 194.8 | 199.2 | 202.9 | 207.8 | 214.9 | 222.1 |

f) Based on the updated Appendix 2K, actual Society Salary & Incentive Pay compensation per FTE is relatively stable, with increases over the 2017-2020 period. The variability in Total compensation per FTE includes changes in job classification mix, fluctuations in overtime, and changes in pension and benefits costs driven by changes in discount rates and other actuarial factors (Ex. F4-3-2, section 4.3).

g) Based on the updated Appendix 2K, actual Management Salary & Incentive Pay compensation per FTE is relatively stable, with some increases over the 2017-2020 period. The year-over-year increases in Total compensation per FTE in 2018 and 2020 include changes in pension and benefits costs driven by changes in discount rates and other actuarial factors (Ex. F4-3-2, Section 4.3).

h) The higher Total compensation per FTE for EPSCA in the years leading up to 2020 Actual primarily reflects higher overtime hours in those years, as seen on line 39 of Attachment 1. Additionally, variability in both Salary & Incentive Pay and Total

compensation per FTE reflects changes in job classification mix needed to support underlying work programs.