Society Interrogatory #16

Interrogatory

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?

Response

a) Yes.

b) and c) The Hackett Group prepared the following response.

The scope of the study captured OPG's labor, outsourcing, and technology costs of the in-scope areas relative to peer organizations; therefore, the relative positioning of OPG reflects the combination of these costs. The study did not analyze employee count, either compared to peers or over time, and any such analysis relative to peers would be complicated by potential differences in mix between labor and outsourcing costs across organizations. As such, Hackett has no basis to conclude whether OPG's employees are more productive compared to the peer group or how their productivity may be changing over time. It is however

appropriate to conclude that OPG has a more efficient overall cost structure than the median of the peer group for the in scope areas.

d) No.