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File 99791

VIA RESS FILING and EMAIL

Ms. Christine E. Long
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor,
P.O. Box 2319
Toronto, ON M4P 1E4

Dear Ms. Long,

Re: EB-2022-0002 – IESO 2022 Revenue Requirement

Attached please find the Interrogatories of the Power Workers' Union in connection with the above-noted proceedings. An electronic copy has been filed through the Board's RESS filing system.

Yours very truly,
PALIARE ROLAND ROSENBERG ROTHSTEIN LLP



Richard P. Stephenson
RPS:pb

Attach.

Doc 4270129 v1

EB-2022-0002

**Independent Electricity System Operator
2022 Expenditure and Revenue Requirement**

Power Workers' Union Interrogatories

ISSUE 1: Revenue Requirement, Operating Costs and Capital Spending

1.1 Is the IESO's Fiscal Year 2022 revenue requirement of \$201.5 million appropriate?

1-PWU-1

Ref 1: Exhibit A / Tab 1 / Schedule 3 / p. 1

Since 2017, the IESO has maintained its revenue requirement at a relatively flat level, absorbing \$14 million of inflation and collective agreement impacts by deferring investments in processes, tools and workspaces, and by finding efficiencies and prioritizing certain work over others.

Ref 2: Exhibit D/Tab 1/Schedule 2/Page 1

The reference indicates that the IESO undertook organizational changes which got implemented in Q4-2021

Questions:

- a) Please list the investments that have been deferred in Ref.1
- b) Please describe the impacts of the deferral of investments on reliability and operation of IESO's business
- c) Does the IESO consider deferral of investments the appropriate course of action to control the cost of its operation?
- d) Do IESO's proposed expenditures for 2022 take into consideration the most recent inflationary pressures? If not, to what extent these inflationary pressures affect the realization of 2022 projects?
- e) What were the reasons for the organizational changes in Ref 2 and what cost savings and efficiency gains, if any, does the IESO expect from the change?

1.2 Are the IESO's 2022 projected staffing levels and compensation (including salaries, benefits, pensions and other post-employment benefits) appropriate?

1-PWU-2

Ref.1: Exhibit D / Tab 1 / Schedule 3 /p. 1

The 2021 average full-time equivalent employees (FTEs) of 774 was below budget levels due to staff attrition which was higher than budgeted. This staff attrition was prompted by labor market conditions related to the newly introduced hybrid work model and vaccination policy for IESO employees whereby the introduction of these policies contributed to an increase in voluntary attrition and retirements.

Ref.2: Exhibit D / Tab 1 / Schedule 3 /p. 1, Table 1

Table 1: Staffing and Operating Compensation Expenses

	2021 Budget	2021 Actual	2022 Budget
Average Number of Employees (Capital and Operating expenses FTEs)			
Executive	7	7	8
Management	127	147	144
Non-Management Regular	596	570	585
Non-Management Temporary	64	51	90
Total	794	774	827
Operating expenses figures below are in \$ millions			
Total Compensation (Salary, Wages & Benefits)			
Executive and Board	4.5	4.4	4.7
Management	25.6	29.5	28.9
Non-Management Regular	89.8	88.1	89.2
Non-Management Temporary	5.4	4.9	6.7
Total	125.3	126.9	129.5

Question(s):

- a) Please explain the reasons for the variances between 2021 budget and 2021 Actual FTEs in Ref. 2 for:
 - i. Management
 - ii. Non-Management Regular
 - iii. Non-Management Temporary
- b) Did the IESO make efforts to hire staff to deal with the staff attrition higher than budgeted in Ref. 1?
- c) How did IESO deal with the impact, if any, of the staff attrition on its core operations and execution of initiatives? Were there initiatives that were deferred?
- d) Ref 2 indicates that actual FTEs for Non-Management Regular for 2021 were less than budgeted by 26 and by 13 for Non-Management Temporary, for a total of 39. In contrast, actual FTEs for Management increased by 20 compared to budgeted. Did the increase in FTEs for Management have anything to do with the decrease in FTEs for non-Management staff? If not, what caused the increase?

1-PWU-3

Ref.1: Exhibit D/Tab 1/Schedule 3 /p. 4

The Power Worker's Union (PWU) Collective Agreement expired as of April 1, 2020. Through collective bargaining, the PWU salary increases were set at 1% for the April 1, 2020 to March 31, 2021 period (one year contract). The IESO is currently in negotiations for the contract beginning April 1 2021.

Question:

- a) What wage increase for the PWU represented employees in 2022 was assumed in preparing the current application

1-PWU-4

Ref.1: Exhibit D-1-3 Attachment 3

Question:

- a) Please list and describe any differences between the 2018 and the current Mercer studies in methodology including, but not limited to, the determination of the appropriate markets for comparison, the selected peer organizations, the presence of unions in the selected peer organizations, and the benchmarked positions.

ISSUE 3: Application and Reliable Integration Fee

3.1 Is the IESO's proposal to charge proponents a Reliable Integration fee at an hourly rate of \$145/hour for activities the IESO undertakes to reliably integrate new or modified facilities to the IESO-Controlled Grid appropriate?

3-PWU-5

Ref: Exhibit C/Tab 3/Schedule 1/Plus Attachment(s)/Page 1

The reference indicates that the IESO is requesting approval to charge a Reliable Integration fee at an hourly rate to proponents for the activities to reliably integrate new or modified facilities and that these costs are currently socialized through the IESO's usage fees.

Question:

- a) Please describe the reason for the change in the methodology of cost recovery for activities relating to integration of new or modified facilities

ISSUE 4: Market Renewal Program (MRP)

4.2 Are the IESO’s forecast 2022 operational costs for the MRP appropriate in the context of the scope and timing of the overall project?

4.4 Is the IESO’s MRP Baseline Schedule and Budget for each year of the MRP appropriate?

4-PWU-6

Ref. 1: Exhibit G/Tab 2/Schedule 1/P. 8

Table 8: 2021 - 2022 Full Time Equivalent

MRP FTEs	2021 Budget	2021 Actual	2022 Budget
Regular	45	35	42
Temporary	7	14	10
MRP Core FTEs	52	49	52
MRP Support FTEs	42	32	45
MRP FTEs Total	94	81	97

Ref.2: Exhibit G/Tab 2/Schedule 1/Page 7 of 9:

Table 5: CPI and SPI for 2020 and 2021

	2020	2021
CPI	0.90	1.14
SPI	0.86	0.82

Ref 3: Exhibit B/Tab 1/Schedule 2/Page 21

In March 2021, the IESO Board approved a revised program funding and schedule, including a new in-service date of November 2023, with six months of schedule contingency.

Questions:

- a) For MRP Core FTEs in Ref.1, please indicate how many were external hires and how many were achieved through rotations from the IESO’s core operations.
- b) In Ref 3, what was the original cost and in-service date that got updated in March 2021
- c) In Ref.2, please describe the reasons for the lower than target [1] performance in CPI and SPI in 2020 and the SPI in 2021
- d) Given that the IESO Board approved a revised budget and schedule in March 2021, please confirm that future CPI and SPI numbers will be based on the revised budget and schedule, and if so, how can the IESO be able to undertake a trend analysis of its performance starting with the 2020 and 2021 numbers that are reported in Ref.2?

ISSUE 5: Commitments from Previous OEB Decisions

5.1 Has the IESO responded appropriately to outstanding OEB directions from previous proceedings?

5-PWU-7

Ref: Exhibit G/Tab 1/Schedule 1/P. 6

The reference indicates that as per the Settlement Agreement in EB-2020-0230, the parties agreed to defer consideration of the proposed procurement registration fee until after the IESO had developed a more detailed fee structure and completed its related stakeholder engagement efforts and that the IESO held the stakeholder consultation session on November 23, 2021.

Question:

- a) When does the IESO expect to complete the stakeholder consultations on the issue and does the IESO anticipate requesting registration fee for electricity supply and capacity procurements in its next revenue requirements application?