SUP Interrogatory #1

Interrogatory

Reference: 1.1 [& Appendix A]

On pages 6 and 7 of the evidence, OPG notes that there are uncertainties regarding the method that could be used by represented staff to react to the overturning of the *Protecting a Sustainable Public Sector for Future Generations Act, 2019* (Bill 124).

The PWU was impacted by Bill 124 for the contract period April 1, 2021 to March 31 2022. The PWU is currently negotiating for the period commencing April 1, 2022. The previous PWU contract covered by Bill 124 did not include a reopener clause specific to Bill 124.

SUP was covered by Bill124 for its contract from January 1, 2022 to December 31, 2023. SUP's contract did include a reopener clause.

OPG notes that the past periods impacted by Bill 124 could be settled through negotiation or arbitration, or potentially through an increase in future compensation.

Any past settlement would represent an incremental impact versus the compensation costs used to set rates. In addition, any go forward settlement wage costs attributable to the overturning of Bill 124 would also represent an incremental variance.

With respect to the sample entries included in Appendix A at page 14:

1) Please confirm that these entries are meant to deal with all variances arising from the overturning of Bill 124, whether through negotiated or arbitrated payments made under reopener clauses, legal claims or increased future compensation levels.
2) Has OPG considered maintaining separate sub accounts for retroactive versus going forward impacts?
3) Please clarify the methodology OPG would use to split variances between capital and OM&A. Does it differ for retroactive and go forward impacts?

Response

1) Confirmed, for OPG's unionized workforce and the nuclear facilities. Account additions would be calculated without duplication with entries to other existing deferral and variance accounts.

2) No. There is no retroactive component to OPG's request in this Application, as discussed at Ex. L-Staff-02.

3) As noted in OPG's Application at page 12, to determine the impact of overturning Bill 124 to each of OM&A and capitalized labour costs, OPG would apply a methodology based on the approach used in EB-2020-0290 Ex. L-F4-03-PWU-023 to quantify the revenue requirement impact of wage increases on OM&A costs. OPG would recompute such forecast amounts proposed in EB-2020-0290, by year, substituting the then-assumed compensation parameters with such actual parameters reflecting the overturning of Bill 124, while holding constant other labour cost variables such as the number of full-time equivalent employees. As data underlying the EB-2020-0290 forecasts is available separately for OM&A and capitalized labour costs, this approach would allow for separate quantification of the corresponding impacts.

   For revenue requirement purposes, the impact on annual capital expenditures would then be translated into estimated capital in-service amounts and associated depreciation expense, as discussed in Ex. L-SUP-04.

   As noted above, there is no retroactive component to OPG's request in this Application.