25th May, 2023

Michelle Johnston
President
Society of United Professionals, IFPTE 160
2239 Yonge St
Toronto, ON M4S 2B5

**VIA email and RESS Filing**

Nancy Marconi
Registrar
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

**Re: EB-2022-0318 Independent Electricity System Operator (IESO)**
**2023-25 Expenditure and Revenue Requirement Submission**
**Society of United Professionals' Interrogatories to IESO**

Dear Ms. Marconi,

Please find attached the Society of United Professionals' interrogatories to IESO in their above noted proceeding, EB-2022-0318.

Sincerely,

*[original signed by]*

Michelle Johnston
President
Society of United Professionals, IFPTE 160
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email copy: interested parties

SOCIETY of
UNITED PROFESSIONALS
IFPTE 160

**SOCIETY OF UNITED PROFESSIONALS**
**INTERROGATORY QUESTIONS**

**EB-2022-0318 Independent Electricity System Operator (IESO)**

**2023-25 Expenditure and Revenue Requirement Submission**

**25th May, 2023**

**<u>EB-2022-0318: The Society of United Professionals' Interrogatory Questions</u>**

***1.0 Revenue Requirement, Operating Costs and Capital Spending***

***1.1 Is the IESO's Fiscal Year 2023 revenue requirement of $208.4 million appropriate?***
***1.2 Is the IESO's Fiscal Year 2024 revenue requirement of $218.4 million appropriate?***
***1.3 Is the IESO's Fiscal Year 2025 revenue requirement of $229.7 million appropriate?***

**1.1/2/3 Society #1**

Reference: C-2-1 p1 lns24-25

*"the IESO continues to realize efficiencies by examining its long-term office space needs".*

a) Please explain as well as provide details on this examination of IESO's long-term office space needs.
b) Please provide the resulting annual cost savings resulting from this initiative for each of 2019 to 2025.

***1.4 Is the IESO's 2023 projected staffing levels and compensation (including salaries, benefits, pensions and other post-employment benefits) appropriate?***
***1.5 Is the IESO's 2024 projected staffing levels and compensation (including salaries, benefits, pensions and other post-employment benefits) appropriate?***
***1.6 Is the IESO's 2025 projected staffing levels and compensation (including salaries, benefits, pensions and other post-employment benefits) appropriate?***

**1.4/5/6 Society #2**

Reference: Exhibit D-1-3, Attachment 1 Appendix 2-K

a) For each of the four categories (ie FTE's, Total Salary and Wages, Total Benefits, Total Compensation), please break out Non-Management Regular and Non-Management Temporary into Society and PWU represented employees.

b) In the table provided to answer part a) above, please separate out pension contributions from Total Benefits

c) Does Attachment 1 include compensation costs which are capitalized? If not, please provide a version of the table created to answer parts a) and b) above for capitalized labour costs.

d) Please provide the above in an excel spreadsheet.

**1.4/5/6 Society #3**
References:
D-1-3 Staffing and Compensation, p1 lns 5-8
*The 2022 average FTEs of 799 was below 2022 OEB approved budget levels of 827 average FTEs* ***as a result of labour market conditions which led to an increase in voluntary attrition and retirements*** *beginning in late 2021 and continuing through 2022.*

a) Further to the FTE breakout of Exhibit D-1-3, Attachment 1 Appendix 2-K as provided in reply to SUP #2, for 2019-2025 for each of Executive, Management, Society Regular, PWU Regular, Society Temporary and PWU Temporary, please provide voluntary attrition, non- voluntary attrition, retirements and new hires.

**1.4/5/6 Society #4**
Reference: D-1-3 Staffing and Compensation p2, lns 9-13

*The 2023 budgeted operating compensation expense of $137.3 million is $5.0 million higher than 2022 due to $10.7 million in hiring to support key initiatives, and $2.6 million in collective agreement escalations.* ***These increases are partially offset by $6.9 million of 2022 operating compensation expenses not planned to be repeated in 2023 (OPEB adjustment, severance and overtime), and $1.4 million due to a lower pension and OPEB expense projection.***

a) Please explain why the 2022 OPEB adjustment will not be repeated in 2023.

b) Please explain the partial offset of $1.4 million due to a lower pension and OPEB expense projection.

c) Please provide the OPEB expense actuals for 2019 to 2022 and the projection for 2023 to 2025.

d) If the answer to b) includes an updated pension liability actuarial report please provide a copy of the updated report.

d) How often does IESO update its pension liability actuarial report?

**1.4/5/6 Society #5**
Reference: D-1-3 Staffing and Compensation p3, lns1-3

*The 2024 budgeted operating compensation expense of $144.8 million is $7.5 million higher than 2023 due to $3.5 million in hiring to support key initiatives, $2.8 million in collective agreement escalations, and **$1.8 million due to a higher pension and OPEB expense projection.***

Reference: D-1-3 Staffing and Compensation p3, lns6-7
*The 2025 budgeted expense of $149.8 million is $5.0 million higher than 2024 due to **$3.7 million higher pension and OPEB expense projection** …*

a) Please explain the higher pension and OPEB expense projections in 2024 and 2025.

**3.0 Operating Reserve**

**3.0 SUP #6**
In the OEB's Notice Of Hearing and Procedural Order No.1 dated March 22, 2023 in EB-2023-0098 it is stated:
*Ontario Power Generation Inc. (OPG) filed an application with the Ontario Energy Board (OEB) on March 1, 2023, under section 78.1 of the Ontario Energy Board Act, 1998 seeking approval to establish a variance account to record the nuclear revenue requirement impacts resulting from the Ontario Superior Court overturning the Protecting a Sustainable Public Sector for Future Generations Act, 2019 (Bill 124). Effective November 8, 2019, Bill 124 set a 1% maximum for annual increases in both wages and total compensation for unionized and non-unionized employees in the Ontario public sector for a three-year period. Bill 124 also applied to employees at OPG. The bill was legally challenged by unions and other organizations. On November 29, 2022 the Ontario Superior Court overturned Bill 124 and declared it to be "void and of no effect."*
*OPG has proposed that a new variance account be approved to record the nuclear revenue requirement impact effective March 1, 2023 until the effective date of the OEB's next nuclear payment amounts order. The proposed variance account would record the difference between the forecast compensation costs included in OPG's last nuclear payment amounts order and the compensation costs for the nuclear facilities resulting from the overturning of Bill 124.*
*OPG has also requested that the OEB issue an interim order effective March 1, 2023, approving the establishment of the requested variance account on an interim basis. On March 22, 2023, the OEB approved the establishment of the new variance account on an interim basis effective March 1, 2023.*

IESO was also subject to Bill 124 and is currently in the same situation as OPG.
Please clarify:

a) Why IESO has not included a request for a variance account similar to OPG's in this application?

b) Is it IESO's intent to capture any such resulting variance in its operating reserve?

**3.0 SUP #7**

In its EB-2023-0098 submission, OPG states the following on p9,10:

*The impact of overturning Bill 124 on OPG's forecast compensation costs for the nuclear facilities for the 2022-2026 period is expected to be in excess of OPG's accounting order materiality threshold of $10M per year. While the exact impact cannot be determined until the outcome of current and future processes to establish the compensation provisions of collective agreements that were or would have been covered by a moderation period is known, it is very likely that wage increases will exceed 1% in certain years. In this regard, a directional approximation of the impact can be observed from a response to an interrogatory submitted in EB-2020-0290 (Ex. L-F4-03-PWU-023), which asked OPG to "quantify the impact on the test period revenue requirement had wage escalation been set at inflation beginning in 2021". In response, OPG stated:*

> *OPG understands the question to refer to future collective agreements that will be subject to the Bill 124 moderation periods. If the wage escalation were to be set at an assumed inflation rate of 2% per year for April 1, 2021 to March 31, 2024 for the PWU and 2% per year for January 1, 2022 to December 31, 2024 for the Society, estimated revenue requirement impact would [be] an increase of approximately **$33M in 2022, $39M in 2023, $42M in 2024, $36M in 2025 and $28M in 2026**, for impacts on wages and resulting impacts on pension costs. As in EB-2016-0152, Ex. L-6.6-13 PWU-015, these estimates were determined on the basis of compensation costs reflected in OM&A expenses and are inclusive of associated income tax impacts (calculated at 25% tax rate /(1-25% tax rate)).*

a) IESO is requested to estimate the impact on its compensation costs of Bill 124 being withdrawn in a manner similar to that applied by OPG in its response to the above referenced interrogatory response. Please breakdown the annual impact by non-represented, SUP and PWU staff for both regular and non-regular staff.