IN THE MATTER OF AN INTEREST ARBITRATION

BETWEEN

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

(the “IESO”)

and

THE SOCIETY OF ENERGY PROFESSIONALS

(the “Society”)

SOLE ARBITRATOR: John Stout

APPEARANCES:

For the IESO:
Richard J. Charney, Counsel
John Rattray, Manager, Human Resources
Bill VanVeghel, Manager, Human Resources
Francois Dekytspotter, Manager, Human Resources
Brian Rivard, Manager, Regulatory Affairs
Mark Wilson, Director Corporate Planning
Steve Strome, Labour Relations Consultant

For the Society:
Michael D. Wright, Counsel
Mary Donnelly, Staff Officer
Dave Brown, Society Local Vice President
Martin Chijani
Scott Travers
Peter Klahsen
Ross Murray

MEDIATION ARBITRATION HEARINGS HELD IN MISSISSAUGA ONTARIO
ON DECEMBER 3 & 5, 2012
INTRODUCTION

[1] I was appointed by the parties as the mediator/arbitrator to resolve all issues remaining in dispute between the parties with respect to the terms and conditions of their Collective Agreement for the years 2013 and 2014.

[2] My jurisdiction is found in Addendum 4 attached to the current Collective Agreement, which provides as follows:

“Future contract negotiations disputes shall be resolved by binding arbitration.

The dispute resolution process shall be mediation-arbitration using the same individual as both mediator and arbitrator.

The mediator-arbitrator shall consider the following issues as relevant to the determination of the award on monetary issues:

a) A balanced assessment of internal relativities, general economic conditions, external relativities;

b) The IESO need to retain, motivate and recruit qualified staff;

c) The cost of changes and their impact on total compensation;

d) The financial soundness of the IESO and its ability to pay.

A mediator-arbitrator shall have the power to settle or decide such matters as are referred to mediation-arbitration in any way he/she deems fair and reasonable based on the evidence presented by representatives of the IESO or The Society in light of the criteria and items (a) to (d) and his/her decision shall be final and binding.

[3] The parties filed extensive and well organized briefs presenting their positions on the issues remaining in dispute. A day of mediation was held on December 3, 2012. Unfortunately, the parties were unable to reach an agreement on any of the issues remaining in dispute. As a result, an arbitration hearing was held on December 5, 2012. I have carefully considered the parties submissions in light of the criteria above in making my decision.
BACKGROUND

[4] The IESO was established following the demerger of Ontario Hydro. The IESO is a non-profit corporation established to control Ontario’s bulk electricity system. The IESO also operates the competitive wholesale market, which involves, among other things, collecting offers from suppliers, and bids from purchasers, to schedule and dispatch resources as well as determine the real time market price for electricity that reflects demand across the province.

[5] The Society represents approximately 8,200 employees of 14 different companies in Ontario’s electricity sector. Most of the companies are successor companies of the former Ontario Hydro.

[6] The IESO employs approximately 490 employees located mainly at the Clarkson System Control Centre in Mississauga. The IESO also has a small head office in downtown Toronto and an unmanned backup operating centre in Mississauga. The Society represents approximately 340 of the IESO’s employees. The remaining 150 employees are members of the Power Workers Union or excluded management.

[7] The Society represented employees are professional and highly skilled knowledge workers responsible for overseeing the power grid and the electricity wholesale market. The Society employees are system engineers, IT professionals, economists, customer relations specialists, administrative coordinators, financial analysts, training instructors and market development advertisers. Many employees also work in the control room at the IESO which operates 24 hours per day, 7 days per week. A majority of Society members have an engineering background and many combine engineering and IT expertise. While not required, a significant number of Society members have post graduate degrees.
[8] There is no dispute that the IESO relies on the highly qualified members of the Society and has historically been successful in attracting and retaining the best candidates with required skills.

[9] Under the *Electricity Act*, the IESO is required to annually submit proposed expenditures and revenue requirements and the fees it proposes to charge electricity consumers to the Ontario Energy Board (the “OEB”) for review. The OEB approves the total cost that the IESO proposes to recover from market participants (i.e. revenue requirements), the OEB regulates the IESO’s administration charge, which is the fee that the IESO levies on each megawatt of energy transacted in the energy system. The financial requirements of the IESO are subject to scrutiny by interested stakeholders and the OEB staff requiring formal approval from the OEB. The IESO’s costs are passed on to electricity customers which are residents and businesses in Ontario.

[10] Prior to filing a formal application with the OEB, the *Electricity Act* requires the IESO to obtain approval of its business plan, including its proposed revenue requirements and fee from the Ontario Ministry of Energy. In determining whether to approve the submission, the Minister must consider the interests of the consumers with respect to prices as well as reliability and quality of electricity service. If the Minister determines the consumer interests are not well served by the IESO business plan, and therefore does not approve the business plan, then the IESO must reassess and revise its business plan which forms the basis of its application to the OEB. Essentially, the Minister has the authority to determine whether the IESO can increase any of its operating expenses, capital costs or other fees.

[11] There is no dispute that the Minister of Energy rejected the IESO’s originally submitted 2011/2012 business plan citing the need for additional costs containment. The Minister, Brad Duguid wrote to the President & CEO of the IESO, Paul Murphy on October 22, 2010 stating as follows:
“As you know, in light of ongoing economic circumstances, the McGuinty government has made a very clear commitment to expenditure restraint. In keeping with this commitment, I am looking to the IESO to find internal efficiencies and budget reductions where possible without compromising the safe, clean and reliable delivery of electricity that Ontarians expect.

For these reasons, I cannot approve your business plan, and I am referring it back to you for revision to be consistent with these initiatives. I look forward to receiving a revised business plan that more closely aligns with the requirements noted above before you proceed with the filing of your revenue requirement and fee application with the Ontario Energy Board1.”

[12] Subsequently, the IESO submitted a revised business plan which reduced overall costs. This revised business plan was never accepted by the Minister of Energy and it was necessary for the IESO to seek an interim rate from the OEB (essentially freezing rates to the previous year’s levels). This year, the IESO is preparing a business plan for 2013 which it intends to submit to the Ministry of Energy in December.

[13] On July 16, 2012, the Deputy Minister of Energy, Serge Imbrogno communicated to the IESO the Ministry of Finance’s directive regarding the Government of Ontario’s expectations around the management of compensation in the broader public sector. The directive from the Deputy Premier and Minister of Finance clearly indicates that lowering the deficit, protecting jobs, creating jobs and economic growth are key priorities in furtherance of these goals. The directive sets out an expectation that bargaining partners meet certain criteria including the following with respect to collective agreements:

“For two years, collective agreements should not allow for increases in compensation. This includes wages, performance pay and benefits. Any movement through an established grid must be fully offset from within the total compensation package. Should parties wish to enter contracts of more than two years, those contracts should contain no increases in compensation during the additional period.”

1 Letter from Minister Brad Duguid dated October 22, 2010
COLLECTIVE AGREEMENT NEGOTIATIONS

[14] After two weeks of direct two party negotiations, the parties were unable to reach an agreement on any issues in dispute. As of the first day of mediation-arbitration, the outstanding IESO issues were as follows:

- base wages
- the Performance Pay Plan
- benefits (health and dental)
- pensions
- vacation bonus
- floating holidays
- retirement bonus
- temporary employees
- probationary employees
- parental leave
- rotations
- relocation assistance
- contracting out

[15] In terms of monetary issues, the IESO was generally seeking a wage freeze (including a suspension of the Performance Pay Plan). The IESO also sought reductions to a number of benefits. Most significantly the IESO sought reductions to the health and dental plan, which involved a re-design to significantly reduce the costs associated with these benefits. The IESO demands also included changes to the current pension plan. As well, the IESO sought the introduction of a new defined benefit pension plan for new hires, similar to the plan introduced for management staff hired after January 1, 2007, and awarded at Hydro One by Arbitrator Whitaker following a strike in 2005.

[16] The IESO sought a number of non-monetary changes to the collective agreement. The most significant alterations included an expansion to the use of temporary employees. The IESO also wanted to have the majority of the
contracting out language removed, save and except the job security provisions in article 65.3.

[17] To their credit, the IESO withdrew a number of proposals at the arbitration hearing, most relating to existing benefits under the Collective Agreement.

[18] On the first day of mediation-arbitration, the outstanding Society issues were as follows:

• wages
• COLA
• annual step progression plan
• benefits for temporary workers
• health care benefit improvements
• staffing
• ability to work from home
• on call
• dispute resolution
• discipline
• shift work
• travel time
• statutory holiday in a quality and granted days
• Article 64 incumbency addendums
• on call compensation and shift turn over premium
• compassionate care leave

[19] In terms of monetary demands, The Society generally sought wage increases of 3% in each year of the Collective Agreement, including COLA. The Society also sought increases to benefits. The Society wishes to introduce a new annual step progression pay plan to replace the current Performance Pay Plan inherited from the former Ontario Hydro collective agreement.

[20] The Society’s non-monetary demands were mostly related to staffing and scheduling issues. The Society also wanted changes to the dispute resolution process and discipline process.
ANALYSIS

[21] As indicated at the outset, my appointment is pursuant to the parties agreement and not under any statutory mandate. It is important to remember that the parties agreed to the criteria that I am to apply in these proceedings, forgoing their right to engage in a strike or lock out.

i. General Principles

[22] In addition to the criteria that the parties agreed to in Addendum 4, there are general principles which govern any interest arbitration. Those principles have been reviewed by Arbitrator Burkett, considering similar language as before me, in his decision *Bruce Power LP and Society of Energy Professionals* (2004), 126 L.A.C. (4th) 144. At pp. 151-152 Arbitrator Burkett states as follows:

"I start by addressing the issue between the parties as to whether the employer’s financial situation is a relevant consideration in respect of the debate concerning an appropriate salary increase. Collective bargaining is an exercise that has, as a necessary and critical backdrop the financial wellbeing of the employer. While it may be that in public sector interest arbitration (where tax dollars underwrite labour costs) it has long been held that an employer’s asserted inability to pay is not a relevant consideration, that rationale has no application to a private sector dispute. The issue arises in the public sector where an employer argues that it lacks the financial resources to provide its employees with a normative salary increase. Arbitrators have rejected this argument on the basis that public sector employees ought not to subsidize the public purse by receiving substandard wage increases. In other words, public sector interest arbitrators have ruled that tax revenues must be tapped (whether directly or indirectly) to the extent of providing normative salary increases to public sector employees. A whole different set of considerations applies in the public sector. Firstly, the normal dispute resolution mechanism is strike/lockout. It is only in rare cases, such as this, that a private sector collective agreement renewal disputes are subject to interest arbitration. Secondly, the wage bill is paid not from the public purse, but from the financial resources of the employer, which are determined by the employer’s success or lack thereof in the market place. It is not surprising, given the foregoing, that when faced with a strike or lockout in circumstances where the economic wellbeing of the employer (and
by a necessary implication that of its employees, hangs in the balance, concessions and/or below market value increases are sometimes negotiated. The bargaining in connection with the recent state of private sector bankruptcies illustrates the difficult choices that must be made.”

[23] Arbitrator Burkett went on to state that in his view, it is the role of an interest arbitrator to determine whether increases either above or below an identified normative standard will be justified, with close regard to the employer’s economic viability. At page 152 of the Bruce Power award he stated:

“One of the guiding principles of interest arbitration, whether public or private sector, is replication. It is accepted that an interest arbitrator ought to attempt to replicate the result that would most likely flow from free collective bargaining. It follows from all of the foregoing that when the subject matter of an interest arbitration is a private sector dispute, as here, the financial wellbeing and economic viability of the employer are relevant considerations. This is not to say that normative increases are to be ignored. Rather, normative increases form a base line from which deliberations commence. The decision as to whether or not to adopt or to deviate from the baseline is thus made, in part, on the basis of the economic viability of the enterprise, both real and projected.”

[24] I agree with all the comments of Arbitrator Burkett and am of the view that they are applicable to the matter before me.

[25] I also note that generally interest arbitration is a conservative exercise whereby arbitrators are reluctant to award “breakthrough” measures or provisions unless a demonstrated need has been shown. As indicated by Arbitrator Michel Picher in the last award between these two parties: “It is considered that such measures, if they are to be achieved, are best achieved through the give and take of bargaining between the parties rather than through the order of a third party”.

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ii. The Government’s wage restraint policy

[26] The IESO recognizes that several interest arbitrators have found that they are not legally bound by the government’s wage restraint policy. Nevertheless, the IESO submits that the policy is a relevant and important consideration for the mediator/arbitrator to consider in this matter.

[27] After reviewing all of the awards provided to me by the parties, I am of the view that the decision of Arbitrator Burkett in OPG v. The Society of Energy Professionals dated February 3, 2011 is directly on point and considers language similar to the language that I am to consider in rendering my award. At page 9 of Arbitrator Burkett’s award, he states as follows:

“What account then is to be taken of the government’s compensation restraint pronouncements and their application here? Absent legislative confirmation, these pronouncements are of no binding force and effect and, given the specific factors under Article 15 that must govern my deliberation, they can be of no practical effect either. Except to the extent that I must take into account under Article 15(a) of “general economic conditions”, that might support the government’s restraint pronouncements, these pronouncements cannot be taken into account. To find otherwise would make the Article 15 factors irrelevant and thereby undermine the acceptability of my award and raise grounds upon which to challenge its enforceability.”

[28] I share Arbitrator Burkett’s view that the government’s wage restraint policy can be given no practical effect and may only be taken into account when considering the general economic conditions.

iii. The Addendum 4 criteria

[29] Having regard to the comments above, I now turn to consider the criteria agreed upon and set out in Addendum 4.

[30] The first factor requires a balanced assessment of internal relativities, general economic conditions and external relativities.
In terms of internal relativities, I am cognizant of the fact that many non-unionized employees have had their wages frozen in accordance with the government’s wage restraint policy. However, as noted above, I am of the view that it would not be proper to give great weight to the wage restraint policy. I also recognize that unionized employees represented by the Power Workers’ Union are still negotiating their terms and conditions of employment. These employees have the right to strike and/or be locked out, but the parties have not exercised this right at this time. As such, there is uncertainty as to any monetary gains or reductions that may be achieved.

General economic conditions are certainly not the best. Economic circumstances are certainly better now than they were in 2009 (when the last collective agreement was awarded) at the height of the recession. However, we have not seen a full recovery and growth has been slower than expected. Furthermore, wage settlements were higher in 2009 than they were in 2011 and 2012.

I also recognize that when recessions hit, the private sector is usually initially hit hard and the public sector follows in its wake. This is well reflected in the fact that the provincial government deficit was substantially less in 2009 than it is today. That is also reflected in the gap in wage settlements between public and private sector employees over the period of this recession.

The provincial government has implemented wage restraint measures since 2009. These wage restraint measures are reflected in the July 16, 2012 directive from Deputy Minister Imbrogno. Most recently, the government has become very aggressive in taking action to restrain compensation increases in the public sector. Clearly the provincial government is trying to get its costs under control. In fact, most of the highly industrialized G8 economies are trying to achieve cost containment through austerity measures.

See Bill 115 An Act to Implement Restraint Measures In The Education Sector S.O. 2012 c.11
However, the fact that the province wishes to restrain public sector wages does not alter the fact that the general economic outlook in Canada, while restrained, is still positive. Based on the data provided by the parties, real GDP growth on average is projected at around 2% - 2.5% for 2013 to 2014. Inflation is relatively low at around 2% as well.

In terms of external relativities, the Society has pointed to a number of two party settlements that they have reached, which include the following:

- The Society and Kinectrics Inc.:
  
  3% increases effective January 1, 2011, January 1, 2012 and January 1, 2013

- Bruce Power and the Society:

  2.75% - January 1, 2011

  2.75% January 1, 2012

  3.5% effective January 1, 2013

  2.75% effective January 1, 2014

I acknowledge that the average rate of increase in these freely negotiated settlements is 3%. However, I note that those settlements were negotiated in late 2010 and mid 2011. Furthermore, these settlements included a number of trade offs including significant pension relief for Kinectrics Inc. from the Society.

The IESO suggests that the top rates at the IESO are higher than comparable top rates at Ontario Hydro successor organizations. The IESO suggests that their rates are consistently 2.5% to 4% above the other successors.
The Society on the other hand suggests that the IESO Society members wages are normative and at market rates when compared to other external comparators.

The IESO points out that wage settlements generally have fallen significantly to reflect an environment of slow to modest growth. The IESO notes a declining trend in wage increases over the past few years. The IESO also points out that the Conference Board of Canada has indicated that the average wage increase in Canada is projected to be 2.0% (1.8% in the public sector and 2.1% in the private sector).

The IESO suggests that a "compelling comparable" is the recent award of Arbitrator Teplitsky in the Participating Nursing Homes and Service Employees International Union, Local 1 Canada award dated September 27, 2012. It was suggested that in his award, Arbitrator Teplitsky upheld a wage freeze (0%) in the first two years of a three year collective agreement. The IESO relied heavily on some comments made by Arbitrator Teplitsky at page 7 of his award where he references "for the relevant period of this award, or at least 2 years thereof, ‘0’ increases will be the norm".

In my view, there are a number of distinguishing factors that make Arbitrator Teplitsky’s award in Participating Nursing Homes and Service Employees International Union, Local 1 Canada, supra, less compelling than would be suggested by the IESO.

First of all, it must be noted that Arbitrator Teplitsky was exercising his jurisdiction pursuant to the Hospital Labour Disputes Act ("HLDA") which is legislation applicable to the healthcare sector. There is no doubt that the costs associated with collective agreements in the healthcare sector have a direct bearing on the provinces’ deficit. The matter before me concerns two parties who have agreed to waive the right to strike/lockout and consensually agreed to interest arbitration. Furthermore, the costs associated with the collective
agreement between these parties has no bearing on the provincial deficit. Rather, the costs associated with this Collective Agreement are met by the charges imposed on consumers of electricity after review by the Minister and the OEB.

[44] In my view, what really drove the result for Arbitrator Teplitsky was the application of the statutory criteria and most importantly the application of replication. Arbitrator Teplitsky found that a negotiated settlement involving the Service Employees International Union and the Red Cross was a “compelling comparable”. I note that in the matter before me, the IESO cannot point to any negotiated settlement or interest arbitration in the energy sector involving either the Society or the PWU that imposed a wage freeze or lump sums. Accordingly, I do not find the award of Arbitrator Teplitsky compelling, although it certainly is a matter that deserves consideration with respect to wage settlements generally. However, in terms of external relativity, I am of the view that negotiated settlements and/or interest arbitration awards from the energy sector are much more compelling comparables and thus deserve more weight.

[45] In terms of the second factor, there appears to be no dispute that the IESO has not had, and does not have, any issue with the retention, motivation and recruitment of qualified staff. It is to be noted that voluntary attrition in the Society ranks for 2012 was 0. Although, I acknowledge the Society’s concern that a wage freeze and implementation of the many concessions sought by the IESO may well undermine its successful track record of recruiting, motivating and retaining employees.

[46] The third factor requires an assessment of the “cost of changes and their impact on total compensation”. This factor requires me to take into account all of the changes proposed by both of the parties and their impact on total compensation. In this regard, the Society’s wage and benefit demands as well as the proposed annual step progression pay plan would all have an upward impact on total compensation. At the same time, the wage freeze (including the
suspension of the performance pay plan and the dramatic alterations to the benefit programs proposed by the IESO would have a negative impact on total compensation.

[47] The final factor requires an assessment of the “financial soundness of the IESO and its ability to pay”. There is no dispute that the IESO’s primary source of revenue comes from fees that are levied on each megawatt of energy transacted in the system. These fees are paid by users of electricity and must be approved by the OEB. Prior to any submissions to the OEB, the IESO must have its business plan, including any proposed rate increases, approved by the Minister of Energy. The Minister has refused to approve the business plan for 2012-2014, which forced the IESO to seek an interim order from the OEB.

[48] There is no dispute that annual energy demand in Ontario has decreased from 2008 to 2012.

[49] The IESO’s proposed usage fee for 2013 is 0.789 per megawatt hour which represents a 4% percent reduction from the current fee of 0.822. The reduction in revenue from the 2013 forecast, as set out in the last approved business plan from 2011 to the current business proposal, is approximately $12 million dollars.

[50] The IESO takes the position that this current business and regulatory environment affects it ability to pay in an adverse manner.

[51] The Society points out that in 2011, the IESO posted a $6 million dollar operating surplus. The Society emphasizes that the IESO’s third quarter projection for the end of 2012 is a $4.5 million dollar operating surplus. The Society also points out that the OEB has approved applications filed by Hydro One and almost every local distribution company in the province to increase rates charged by those companies to their customers for the transmission and distribution of electricity.
[52] I am cognizant of the IESO’s concerns with the decline in demand for electricity in the province. I accept that there may be an element of financial uncertainty in relation to the strict regulatory parameters imposed on the IESO by the Minister and the OEB. However, there is no evidence to suggest that the IESO will be anything but profitable. The reality is that the IESO is currently financially sound and has a surplus.

[53] In my view, 3% (the average rate negotiated between the Society and other employers in the energy sector) is the normative standard forming the baseline in this matter. I am of the opinion that there are a number of factors that support a deviation from the baseline. In particular, I find the following to be significant factors in reducing the normative standard:

- There has generally been a downward trend in collective agreement settlements/awards since the Bruce Power and Kinectrics settlements (which also included an number of trade offs).

- The IESO’s revenues have diminished and are subject to strict regulatory approvals.

- The unstable provincial economy and slower than forecast economic growth.

- The IESO’s top rates are generally higher than other Ontario Hydro successors.

- The Performance Pay Plan shall continue unchanged (minimum pay out of 1.5% of base salary), which coupled with the negligible attrition rate adds an increased cost associated with employees moving up in reference points.
[54] Having regard to the criteria in Addendum 4 and the above noted analysis, I find that salary increases to be awarded over a two (2) year term shall be two (2%) percent effective January 1, 2013, and (2%) percent effective January 1, 2014.

[55] I have also awarded a number of non-monetary changes that I believe are fair and reasonable based on the submissions of the parties. These matters include a “discipline with dignity” clause, amending the statutory holiday language to correct an inequity and removal of addendums that are no longer relevant.

[56] In terms of the Society’s proposal to replace the Performance Pay Plan and the IESO’s proposals to freeze and/or substantially alter benefit plans, I find that neither party has provided me a compelling basis for making such dramatic adjustments. While I accept that the economic conditions are less than ideal, I do not find any justification for awarding such “break through” measures to either side at this time.

[57] There is major one area where I do believe changes ought to be granted. This is in regard to temporary employees where I am of the view that additional flexibility is to be provided to the IESO so that they might be able to ensure the effective and efficient management of the workplace. In return, I am granting the request of the Society to provide health and dental benefits (except for orthodontics and laser eye coverage) to temporary employees, at no cost to such employee, if the temporary employee has more than twelve (12) months of service. After twelve (12) months service, temporary employees may also take vacation time instead of being paid time in lieu. I believe that this is a reasonable compromise that will provide the IESO with the flexibility that they desire, while insuring that temporary employees are treated fairly. I am also of the view that the extended use of temporary employees will provide cost savings to the IESO.
[58] At one point during this process, the Society expressed a concern about the IESO abusing their right to use temporary employees for a prolonged period of time. I am cognizant of this concern but note that the IESO already has some restrictions in the extension of these temporary assignments. I have been provided with no examples of any current abuse. If a problem occurs in the future, then that issue can surely be addressed.

[59] One of the main non-monetary areas of concern for the Society was the shift schedule for control room employees. I recognize the concerns that the Society has with respect to employees needing to know in advance when they are scheduled and when they can take their vacation. However, I am also aware of the difficulties and concerns the IESO has about dealing with scheduling and the costs associated with the Society’s proposals. In my view, this is an area where it is better left to the parties to seek a compromise through discussions and a trial period. Accordingly, I remain seized to address this issue with a view to implementing a trial for 2014.

AWARD

[60] Therefore, after carefully considering the submissions of the parties, general principles and the language in Addendum 4, I hereby direct the parties to enter into a renewal Collective Agreement for the term January 1, 2013 to December 31, 2014 that contains all the terms and conditions of the predecessor Collective Agreement, save and except that it is amended to incorporate the following:

(a) All items, if any, agreed between the parties.

(b) Across the board salary increases applicable to all salary schedules as follows:

   2% - effective January 1, 2013
   2% - effective January 1, 2014
(c) Article 8 is to be amended to read as follows:

intent: Temporary employees are employees hired for short-term work assignments which are not ongoing and/or where there are no available qualified regular employees to perform the work. Such work assignments are not expected to go beyond **36** months, but may be extended up to a maximum period of **48** months with The Society’s agreement. The impact on employment continuity should be an important consideration in the decision to hire temporary employees.

### 8.1 Society Notification

The IESO will discuss the circumstances with the local Society representative prior to hiring a temporary employee. The Society will be informed of the job skill needs, the salary classification for the position, the expected job duties, and the duration of the assignment.

Assignment extension beyond **36** months requires the agreement of the Society. At **36** months, the IESO will either terminate the employee, advertise the position if there is an ongoing staff requirement, or obtain the agreement of the Society for a further extension. If the position is advertised, and the temporary employee is not selected for the vacancy, the employee will be terminated. Prior to hiring a temporary employee for greater than **6** months, the IESO will post the position company wide and electronically for a minimum of **5** working days.

Temporary employees will have their applications for vacancies considered in accordance with Article 62.6.3. Notwithstanding the above, the IESO may utilize a temporary employee for up to **48** months with the approval of the appropriate Society Unit Director.

(d) Effective January 1, 2013, amend to provide temporary employees, if they have more than twelve (12) months service, with health and dental benefits (except orthodontics and laser eye surgery) at no cost to the temporary employee.

(e) Add a new Article 16.4 as follows:

Disciplinary penalties resulting in a suspension without pay will not be imposed until a final decision (agreement between union and management, or an arbitrator’s judgment) has been reached.
(f) Amend the statutory holiday pay provisions of the Collective Agreement to provide as follows:

i) Shift staff who work on a statutory holiday will be compensated with statutory holiday premiums for working on the statutory holiday;

ii) Shift staff who work on a day of observance of a statutory holiday will be compensated with weekend shift premiums;

iii) End the current practice of shift staff who work on the day of observance of a statutory holiday be compensated with statutory holiday premiums for working on the day of the observance;

iv) All of the above changes are to be accomplished at no increased cost to the IESO; and

v) Actual collective agreement language to be determined to reflect these provisions.

(g) Amend Article 62.6.3 to move sub (f) above sub (e) and amend sub (d) replacing “band 7 and above” with “band 9 and above”.

(h) Amend Article 8.1 so that prior to hiring a temporary employee for greater than six (6) months the Company will post a rotational opportunity pursuant to the terms of Article 62.5.

(i) Delete addendums 12 and 13. All other addenda remain in the Collective Agreement with the existing language.

(j) Part X- Relocation Assistance: suspend former Articles 52 and 53 (from 1999-2000 collective agreement) and replace with the relocation agreement provisions in force during the term of January 1, 2001 to December 31, 2012, being attachment 1 to the Memoranda of Agreement signed June 13, 2001.

(k) Retroactivity: wage retroactivity based on all paid hours is to be paid to all bargaining unit employees employed since the expiry of the predecessor collective agreement within 60 days of the date hereof. Any bargaining unit employee who has left the employ of the IESO since the expiry of the predecessor collective agreement is to be notified in writing at the address on file within 30 days of the date hereof. The retroactive payment to the former employees will be made within 30 days of receipt of notice of entitlement.
Unless specifically addressed in this award, all outstanding proposals are dismissed. I remain seized to deal with the control room employees shift schedule issue and with respect to any errors or omissions and the implementation of this award.

Dated at Toronto, Ontario this 10\textsuperscript{th} day of January, 2013.

John Stout – Mediator/Arbitrator