EB-2008-0235

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an application by London Hydro Inc. for an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2009.

London Hydro Inc. ("London Hydro") Responses to Consumers Council of Canada Interrogatories

Filed: March 20, 2009

ADMINISTRATION:

1. When does London currently plan to come before the Board with an application for rebasing beyond 2009? Will London's 2010 rates be set using the Board's 3rd Generation IRM methodology?

***RESPONSE*:**

London Hydro has assumed that the 2009 rates resulting from its 2009 cost of service rate application will be approved and implemented in 2009. For the rate year that commences on May 1, 2010 it is London Hydro's assumption that it will file a rate application in approximately November of 2009 using the Board's 3rd Generation IRM methodology for rates that will be effective on May 1, 2010. The base rates that will be used in that application will be the rates that are approved by the Board from this 2009 cost of service rate application.

RATE BASE:

2. Ex. 2/p. 13

The evidence states that London has developed an Information Technology Strategy, the latest version of which has been provided as an appendix. It includes a consultant report completed in December 2006 entitled "Infrastructure System and Technology Planning Study". It is the framework supporting historical spending as well as the proposed 2009 capital plan. Given the pace at which technology changes has London updated the study? If not, why not?

***RESPONSE*:**

London Hydro engaged a consultant to assist in assessing its future Information System profile. The Infrastructure System and Technology Planning Study was completed in December 2006, and is still in effect. This study included plans for various application upgrades and new installations that would require multiple years to complete. The fundamental outcomes of the IT strategy report were to install a new Geographic Information System and an Outage Management System, upgrade the current ERP system and utilize workflow functionality, and replace the existing Customer Information System. We have completed the deployment of GIS and have upgraded the ERP. The new CIS is expected to go live early in 2009. The OMS project is scheduled for 2009. Once these systems are stabilized, London Hydro will be developing a new IT strategy which may required input from an external consultant. This process should happen late in 2009 or early in 2010.

The applications and technologies that London Hydro has deployed and is in the midst of deploying, are fully compatible with the changes that have happened in technology, and have been chosen for the optimal benefits for London Hydro's operation in an economical manner.

3. Ex 2/p. 16

The evidence states that fleet and facilities capital spending will total $8.3 million. Please provide a detailed budget for the $8.3 million identifying all of the components and their related costs.

***RESPONSE*:**

Exhibit 2, pp. 15-16, includes discussion of the total actual and forecasted capital spending for the years 2005 through 2009. Capital spending for fleet and facilities will total $8.3 million. The table below and on the next page provide a summary and more detailed look of the components and their related costs.

Fleet and Facilites Capital Spending - Summarized

Actual 2005 - 2007, 2008 Forecast, 2009 Budget

Description	2005 Actual	2006 Actual	2007 Actual	2008 Forecast	2009 Budget	Total
Operating Equipment	124,226	92,253	108,601	130,000	135,000	590,080
Office Furniture and Equipment	172,174	124,834	87,991	63,000	120,000	567,999
Buildings & Fixtures	55,625	614,501	534,088	1,400,000	1,130,000	3,734,214
Vehicles & Major Equipment	-	-	39,949	1,550,000	1,778,000	3,367,949
	352,025	831,588	770,629	3,143,000	3,163,000	8,260,242

Fleet and Facilites Capital Spending - Detailed
Actual 2005 - 2007, 2008 Forecast, 2009 Budget

Category	Description of Items Included	2005 Actual	2006 Actual	2007 Actual	2008 Forecast	2009 Budget	Total
Office Furniture	General Office furniture and equipment. Eg desks, chairs cabinets	172,175	124,834	87,991	63,000	120,000	568,000
Operating Equipment	General tools and equipment used in construction. Eg cable pulling equipment, electric equipment	116,499	88,149	106,544	95,000	105,000	511,192
Operating Equipment	Stores Equipment. Tools and equipment specifically for stores material handling. Eg racks	7,727	4,104	2,057	10,000	10,000	33,888
Operating Equipment	Meter Equipment. Tools and equipment specifically for meter testing				25,000	20,000	45,000
Buildings	Administration Buildings - general	21,970	143,413	102,099	50,000	75,000	392,482
Buildings	Operations Building - new roof					575,000	575,000
Buildings	Substation Buildings - General	12,852	18,900	19,495	155,000	55,000	261,247
Buildings	Stand by Generator		352,158	212,023			564,181
Buildings	Yard Environmental Project			20,034	825,000	300,000	1,145,034
Buildings	Energy Efficient Lighting		100,030	153,015		50,000	303,045
Buildings	HVAC Control System	20,803		27,421		75,000	123,225
Buildings	Evaporative Cooler				370,000		370,000
Vehicles	Pick up Trucks / Vans				160,000	348,000	508,000
Vehicles	Trailers				20,000		20,000
Vehicles	Hybrid SUV					80,000	80,000
Vehicles	Bucket Trucks				550,000	950,000	1,500,000
Vehicles	RBD Units				700,000		700,000
Vehicles	Back hoe				120,000		120,000
Vehicles	Power Operated Equipment			39,949		50,000	89,949
Vehicles	Knuckle Boom Crane					350,000	350,000
TOTAL - Fleet & Facilites		352,025	831,588	770,629	3,143,000	3,163,000	8,260,242

4. Ex. 2/p. 18

Please provide a schedule in the same format as Table 6 – Capital Additions 2005 Actual to 2009 Test Year which includes Board approved for the years 2006-2008.

***RESPONSE*:**

Prior to the filing of this 2009 Cost of Service Rate Application, the Board had not requested London Hydro to submit for its approval, in any rate application or otherwise, a detailed schedule of historic or proposed future capital spending as provided in Exhibit 2, p. 18, Table 6, and thus there are no Board Approved capital additions to report for the years 2006 to 2008.

The 2006 EDR rate filing process required London Hydro to file year end balances in all of its capital asset accounts, and to provide a reconciliation of changes in asset account balances for the 2004 calendar year. Additionally, the 2006 EDR filing process required the submission of information relative to any capital projects undertaken during 2004 in excess of a threshold amount of $150,000.

Thus for purposes of the 2006 EDR rate application, the Board approved the calculation of total net fixed assets that was incorporated into the rate base calculation based on the information filed as described herein, but did not approve any level of capital spending for the 2006 to 2008 time frame.

5. Ex. 2/p. 69

Please provide a detailed budget itemizing all elements of the "Building and Fixtures" capital additions for 2007-2009.

***RESPONSE*:**

Exhibit 2, p. 69, Buildings and Fixtures is a summarized discussion of the 2009 Capital Plan for this part of the total Fleet and Facilities Program. More detail related to the elements of the budget for 2008 and 2009 can be found in Exhibit 2, p. 434, and p. 214 respectively. These project worksheets (Project Number 8R1 and 9R1), provide further description of the capital work to be completed, and includes general information regarding the size of London Hydro's facilities.

The tables below provide a summary of the detailed budgets itemizing all elements of the Building and Fixtures capital program.

Summary of Budget - "Buildings and Fixtures" for 2007	
Substation Buildings:	
New curbs & paving at Sub Stations	15,000
New doors/windows/roof at Sub Stations	15,000
TOTAL 2007 Budget - Substation Buildings	**30,000**
Administration Buildings:	
HVAC (new equipment)	25,000
New Building Maintenance System	150,000
New generator project & cable removal	80,000
New energy efficient lighting at 111 Horton	115,000
TOTAL 2007 Budget - Administration Buildings	**370,000**
	400,000

Summary of Budget - "Buildings and Fixtures" for 2008	
Substation Buildings:	
New paving/curbs at Sub Stations	30,000
New doors/windows/roof at Sub Stations	25,000
New roof & flashing on Sub #2	100,000
TOTAL 2008 - Substation Buildings	**155,000**
Administration Buildings:	
Operation Yard transformer oil containment	350,000
New HVAC equipment	50,000
New Evaporative Cooler for Admin. Building	370,000
Operation Yard environmental protection	475,000
TOTAL 2008 - Administration Buildings	**1,245,000**
	1,400,000

Summary of Budget - "Buildings and Fixtures" for 2009	
Substation Buildings:	
New paving/curbs at Sub Stations	30,000
New doors/windows/roof at Sub Stations	25,000
TOTAL 2009 - Substation Buildings	**55,000**
Administration Buildings:	
New roof on Operation Building	575,000
New Energy Saving lighting & controls	50,000
New HVAC equipment	25,000
Controls system (Stand-by power & environmental)	75,000
Yard Paving	100,000
New HVAC unit for roof of Eng. 20 to 25 ton	50,000
Operations Yard Environmental Project	200,000
TOTAL 2009 - Administration Buildings	**1,075,000**
	1,130,000

6. Ex. 2/p. 71

Please provide one schedule setting out for the years 2007-2009 a detailed budget itemizing all elements of the "Computer Hardware and Software" and "Application Development" capital additions.

***RESPONSE*:**

Table 19, p.71 has been expanded to provide one schedule setting out for the years 2007 – 2009, a detailed budget itemizing all elements of the "Computer Hardware and Software" and "Application Development" capital programs.

As discussed in Exhibit 2, p. 5, line 12, budgets are forecasts for anticipated spending in each year, and may contain projects which span more than a single year. Projects taking more than a single year will remain in work in process ("WIP") until complete. Once a project is complete, it will be removed from WIP and form part of the capital additions in that year.

Information Technology Strategy			
	2007 Budget	**2008 Budget**	**2009 Budget**
HARDWARE & SOFTWARE			
Desktop Solutions	173,500	92,250	47,500
Network Development	100,000	144,100	154,500
Servers & Storage	206,500	401,000	210,000
Physical Plant	-	108,000	108,000
Back up Solutions	115,000	42,100	46,500
Miscellaneous Software	110,000	33,000	20,000
Miscellaneous Hardware	52,000	52,000	45,000
Miscellaneous IT Tools	45,000	45,000	45,000
Phone System	70,000	102,400	14,500
HR Software	60,000	108,000	-
Budgeting / Forecasting Software	80,000	-	-
	1,012,000	**1,019,850**	**691,000**
Mobile Workforce Management	-	-	**350,000**
TOTAL HARDWARE & SOFTWARE	1,012,000	1,019,850	1,041,000
APPLICATION DEVELOPMENT			
Sierra CIS Upgrades	600,000	200,000	-
Data Migration	60,000	-	-
Document Management	40,000	-	-
RCS System Overhaul (Payment Processing)	40,000	-	-
JDE One World Upgrade	200,000	-	-
Time Entry Upgrade	15,000	-	-
Oracle Application Suite	60,000	-	-
SAP - Implementation	2,500,000	4,133,000	643,000
SAP - CIS Upgrades & Enhancements, Phase II	-	-	800,000
GIS	1,000,000	24,000	200,000
Outage Management System	-	-	818,000
Customer Self Service Enhancements	20,000	-	100,000
IVR System Enhancement & Upgrade	150,000	210,000	100,000
TOTAL APPLICATION DEVELOPMENT	4,685,000	4,567,000	2,661,000
TOTAL HARDWARE, SOFTWARE, AND APPLICATION DEVELOPMENT	**5,697,000**	**5,586,850**	**3,702,000**

7. Ex. 2/pp. 71-77

Please provide a detailed multi-year budget for the following projects: CIS, GIS, OMS, Document Management, and ERP. Please provide the business cases for these projects.

***RESPONSE*:**

The following table provides the multi year budget for CIS, GIS, OMS, Document Management, and ERP.

Multi Year Budget for Specific Information Systems Projects

Project Title and Description	2004	2005	2006	2007	2008	2009	Total Budget
Document Management	25,000	15,000	10,000	40,000	-	-	90,000
SAP - CIS Customer Information System	-	-	-	2,500,000	4,133,000	643,000	7,276,000
SAP - CIS Upgrades and Enhancements	-	-	-	-	-	800,000	800,000
GIS - Geographic Information System	-	-	-	1,000,000	24,000	200,000	1,224,000
OMS - Outage Management System	-	-	-	-	-	818,000	818,000
ERP - Enterprise Resource Planning	760,000	100,000	400,000	200,000	-	-	1,460,000
Total Multi Year Budget for these specific projects ONLY:							11,668,000

Capital investment in information systems such as CIS, GIS, OMS, Document Management, and ERP are driven by many business requirements including the following:

- Compliance with regulatory or industry changes such as the move to “smart metering”
- Need to continue to meet regulatory standards established for reliability
- Provide tools to support essential operating activities
- Gain efficiencies through improved workforce deployment
- Reduce or eliminate manual processes and improve business process workflows
- Improve user efficiency
- Update technology to ensure continued vendor support
- Consolidate technology to reduce IT support, system maintenance, and training
- Improve system monitoring, system mapping
- Position the company for future change and opportunities
- Improve information management (creation, accessibility and security)

Please refer to Appendix CCC 7 – IT Business Case and Exhibit 2, Appendix B, pp. 229 – 274 (IT Strategy document) for further justification and the business requirements driving these projects.

8. Ex. 2/p. 18

Please provide a detailed budget itemizing all elements of the "Transportation Equipment" capital additions for 2008 and 2009.

***RESPONSE*:**

The tables below provide a detailed budget itemizing all units within the "Transportation and Equipment" capital additions (OEB 1930) for 2008 and 2009. See also Exhibit 2, p. 59, and p. 83 as well as the Asset Management Plan, Appendix A, pp.210-211.

OEB 1930	**2008**
Transportation Equipment	**1,430,000**
Project 8N1 (Vehicles and Equipment)	1,550,000
Less: Backhoe classed as (OEB 1950 Power Operated Equipment)	(120,000)
	1,430,000
Details by Unit:	
Radial Boom Derrick (RBD)	350,000
Radial Boom Derrick (RBD)	350,000
45 ' bucket truck	275,000
45 ' bucket truck	275,000
Utility Trailer	20,000
New Vans & Pickups:	
Truck for Locates	40,000
Truck for Locates	40,000
Truck for Locates	40,000
Truck for Locates	40,000
Total OEB 1930 - Transporation Equipment	**1,430,000**

OEB 1930	**2009**
Transportation Equipment	**1,728,000**
Project 9N1 (Vehicles and Equipment)	1,778,000
Less: Chipper Unit classed as (OEB 1950 Power Operated Equipment)	(50,000)
	1,728,000
Details by Unit:	
65' Double Bucket	400,000
47' single bucket/material handler unit	275,000
47' single bucket/material handler unit	275,000
Knuckle Boom Crane	350,000
New Vans & Pickups:	
Pickup 4x4	45,000
Pickup 4x4	45,000
Pickup 4x4	45,000
Truck	40,000
Truck	40,000
Hybrid vehicle	40,000
Hybrid vehicle	40,000
Van	40,000
Van	40,000
Pre-owned Vans and Pickups	
Chevy 4x2 pickup ext cab	6,000
Chevy 4x4 pickup Line crew cab	7,000
Chevy 4x4 pickup Line crew cab	7,000
Chevy M-van 4x4	3,500
Chevy M-van 4x4	3,500
Chevy M-van 4x4	3,500
Chevy van Sub Maint.	4,500
Chevy van I.& C.	4,500
Chevy van Sub Maint.	4,500
Chevy van Sub Maint.	4,500
Chevy van	4,500
Total OEB 1930 - Transporation Equipment	**1,728,000**

9. Ex. 2/pp. 29-32

For each of the 2008 projects identified on pp. 29-32 please provide the actual costs of the project and the in-service dates.

***RESPONSE*:**

The capital work related to project worksheets in Exhibit 2, pp. 29-32 are managed under a number of individual work orders. The actual net costs for each project are provided by work order and provide the in-service dates as requested.

Project Code 8A1 - Reinforce 13.8 Network/Sub 11					
Work Oder	**Project Code**	**Actual 2008**	**Actual (YTD) 2009**	**Total**	**In Service Date**
2720 - Sub #11-Installation project	8A1	114,860.92	5,215.50	120,076.42	In Progress
3121 - Nelson TS-13.8KV study	8A1	15,180.31		15,180.31	In Progress
4433 - Downtown Network Study	8A1	22,462.06		22,462.06	31-Dec-08
4552 - Sub #11 Egress Feeders	8A1	130,765.21		130,765.21	30-Aug-08
4583 - 26M53 Feeder / Bathurst	8A1	26,230.73	415.60	26,646.33	In Progress
4585 - SS 11 to SS 7 / Duct & Manhole	8A1	121,519.19	-178.84	121,340.35	9-Dec-08
4600 - 26M51 EXT TO 26M48E1	8A1	4,738.63	73,405.81	78,144.44	In Progress
4608 - Burwell / York to SE 4854	8A1	314,788.96	-1,118.67	313,670.29	19-Dec-08
4609 - Network Ring Bus	8A1	1,087,283.07	40,156.27	1,127,439.34	In Progress
4619 - Sub 11 to Station Park-Feeder	8A1	328.08	845.95	1,174.03	In Progress
4620 - Oxford & Waterloo (Recloser on 26M53)	8A1	79,862.29	-4,809.00	75,053.29	19-Dec-08
4625 - Sub #12 - Bathurst at Talbot	8A1	90,711.39	14,463.73	105,175.12	In Progress
4626 - Queens / Waterloo Duct Struct	8A1	198,427.85	-963.71	197,464.14	19-Dec-08
MAIN TOTAL		2,207,158.69	127,432.64	2,334,591.33	

Project 8C1 - Talbot TS Feeders					
Work Oder	**Project Code**	**Actual 2008**	**Actual (YTD) 2009**	**Total**	**In Service Date**
4370 - 26M22 & 25 Feeders - Talbot	8C1	735,208.67	-3.00	735,205.67	24-Oct-08
4404 - Riverside/Britannia/Wonderland	8C1	617,026.09	915.26	617,941.35	18-Jul-08
4405 - Wharncliffe /Riverside /Horton	8C1	663,733.75	0.00	663,733.75	18-Jul-08
4436 - 303 Riverside / Mt Pleasant	8C1	25,545.76	0.00	25,545.76	9-Jul-08
4445 - Talbot TS UG Duct/Feeder	8C1	205,878.15	0.00	205,878.15	10-Nov-08
4453 - 26M22/23 Egress Feeders	8C1	632,404.00	198.22	632,602.22	27-Nov-08
MAIN TOTAL		2,879,796.42	1,110.48	2,880,906.90	

Project 8E3 - Residential Underground				
Work Oder	**Actual 2008**	**Actual (YTD) 2009**	**Total**	**In Service Date**
2026 - OH to UG Service Conversion	512.38	68.21	580.59	Dec-08
2036 - New UG Residential Services	493,778.50	46,137.53	539,916.03	Dec-08
2650 - Wickerson Rd-44 S F Lots	506.05	0.00	506.05	Sep-07
3058 - Andover Trails Ph2 / 51 SF Lot	3,385.32	74,906.89	78,292.21	In Progress
4152 - Williamson Subd-73 SF lots	14,039.85	0.00	14,039.85	Feb-08
4165 - Summerside subd-ph16-97 S.F.lo	3,178.13	0.00	3,178.13	Jun-08
4185 - Sunningdale West Ph 1-100 SF	171,574.93	0.00	171,574.93	Sep-08
4266 - Matthews Hall Sub'd - 119 Lots	124,764.80	0.00	124,764.80	Nov-08
4269 - Oakridge Crossing Ph 4	3,132.22	-3,967.50	-835.28	In Progress
4270 - Beaverbrook Ph 6	498,323.07	0.00	498,323.07	Sep-08
4271 - Hyde Park Meadows	395,930.64	0.00	395,930.64	Oct-08
4284 - Wickerson Rd (Kape Dev)	33.77	0.00	33.77	Nov-07
4311 - Gainsborough Place Ph 2	3,961.57	0.00	3,961.57	Jan-08
4339 - Wickerson Rd Conversion	226.59	0.00	226.59	Oct-07
4356 - Northridge N PH4, 57 SF lots	16,976.90	0.00	16,976.90	Feb-08
4419 - Fox Hollow Ph 2 / 242 SF Lots	2,812.34	338.39	3,150.73	In Progress
4422 - Foxhollow Ph 1/Stage 2 (116SF)	208,509.23	0.00	208,509.23	Oct-08
4426 - Wickerson Heights / 68 Lots	105,722.79	0.00	105,722.79	Jun-08
4472 - Cleardale Ravine - 67 SF Lots	4,060.93	115,363.48	119,424.41	In Progress
4481 - Kains West Ph 1 - 69 Lots	103,759.03	894.09	104,653.12	Dec-08
4497 - Sandbar Sub'd / 120 SF Lots	157,337.58	93,759.79	251,097.37	In Progress
4502 - Cedar Hollow Ph 2 / 74 SF Lots	3,086.66	0.00	3,086.66	In Progress
4561 - 7442 Kilbourne (Infil Lot)	3,664.57	613.78	4,278.35	Jul-08
4587 - Longwood Oaks Ph 2B - 25 SF	28,638.57	0.00	28,638.57	Dec-08
4589 - Fanshawe Ridge Ph 2 - 59 SF	4,208.18	24,809.34	29,017.52	In Progress
4590 - Summerside Ph 12B1 - 49 SF	617.53	169.19	786.72	In Progress
4607 - Riverbend Ph 6 - 45 Single Fam	92,014.11	-19,960.03	72,054.08	Jan-09
4613 - Cameron Sub'd Ph 2 -72 S F Lot	378.48	1,180.38	1,558.86	In Progress
MAIN TOTAL	2,445,134.72	334,313.54	2,779,448.26	

Project 8E5 - Commercial Distribution

Work Oder	Actual 2008	Actual (YTD) 2009	Total	In Service Date
4143 - 340-360 Ridout St-Twin apartme	138,110.06	183.54	138,293.60	4-Dec-08
4145 - 1275 Highbury - 2 Bldgs	786.91	493.75	1,280.66	2-Nov-07
4154 - 517 Fanshawe Pk Rd W-1200AMP	27,778.00	0.00	27,778.00	20-May-08
4159 - Byron Pumping Station	22,859.44	0.00	22,859.44	25-Jan-08
4175 - 444 Waterloo St-200AMP 120/208	330.44	0.00	330.44	20-Dec-07
4221 - 974 Western Rd-400AMP Volt UG	435.38	0.00	435.38	30-Jul-07
4240 - 656 Tenant - AB Lucas	1,332.55	0.00	1,332.55	20-Jul-07
4268 - 1413 Max Brose Dr	1,981.14	0.00	1,981.14	21-Dec-07
4279 - 425 Sugarcreek Trail	51,415.95	0.00	51,415.95	15-Aug-08
4283 - 1420 Beaverbrook Av	1.38	0.00	1.38	13-Jul-07
4299 - 655 Wellington / 400 A 120/208	1,277.84	0.00	1,277.84	27-Nov-07
4300 - 50 Wychwood Pk / Upgrade	33.74	0.00	33.74	30-Jul-07
4310 - 785 Wonderland / Mall Addition	28,215.68	24,451.46	52,667.14	In Progress
4317 - 78 Riverside Dr	42,596.44		42,596.44	11/24.08
4336 - 251 Fanshawe Pk Rd	9.48	0.00	9.48	9-Nov-07
4340 - 71 King St / 1600A Service	70,577.14		70,577.14	19-Dec-08
4342 - 2800 Roxburgh / 800 A Service	212.49	0.00	212.49	3-Dec-07
4349 - London Life Bus Duct Install	206,669.36		206,669.36	10-Nov-08
4350 - 689 Griffith St / Ldn Ski Club	106,152.37		106,152.37	24-Nov-08
4353 - 1503 Hyde Park / Apt Bldg	912.00		912.00	In Progress
4365 - 1040 Wharncliffe Rd S-upgrade	32,038.88	0.00	32,038.88	24-Feb-08
4368 - 1505 Highbury / Pharma Plus	23,159.55	11.00	23,170.55	29-Feb-08
4371 - 250 South Carriage Rd / 1600 A	751.58		751.58	In Progress
4373 - 270 Chelton Rd, Nouvell Ecole	25,891.48	49.56	25,941.04	21-Apr-08
4376 - 15745 Robin Hill Rd / CEVA	11.00	0.00	11.00	22-Nov-07
4377 - 1400 Global Dr, 1200A/600V UG	51,494.81		51,494.81	20-Aug-08
4392 - 1150 Wharncliffe Rd S-UG servi	56,280.66		56,280.66	21-Apr-08
4406 - 1345 & 1365 Fanshawe Rd	19,347.53		19,347.53	21-Apr-08
4407 - 1825-1845 Adelaide St N	359.41	0.00	359.41	7-Jul-08
4408 - Manning Dr @ CN Rail	4,518.33		4,518.33	In Progress
4409 - Brady Dr @ CN Rail	4,787.36		4,787.36	In Progress
4413 - 275 Wharncliffe / Upgrade	4.73	0.00	4.73	20-Dec-07
4416 - 2400 Innovation Dr / CS Auto	49,955.44		49,955.44	20-May-08
4425 - 2911 Bateman Trail / 400 Amp	12,181.43		12,181.43	20-Feb-08
4428 - CN Rail / Scotland Dr	15,762.62	0.00	15,762.62	14-Feb-08
4431 - 890 Sarnia Rd / Glad Tidings	46,973.50		46,973.50	25-Nov-08
4434 - 1044 Adelaide St / Goodwill	14,056.82		14,056.82	23-May-08
4435 - 1541 Fanshawe / Ldn Gospel Ch	13,581.54		13,581.54	29-Apr-08
4439 - 1090 Guildwood Bl / St Pauls	29,889.83		29,889.83	3-Jul-08
4440 - 56 Capulet Lane / Apts	52,343.81	107.75	52,451.56	28-Aug-08
4442 - Dingman Dr @ CNR	2,992.51		2,992.51	In Progress
4454 - 1370 Oxford / Matthews Hall	19,563.37		19,563.37	4-Sep-08
4462 - 1237 Green Valley Rd	22,150.97	99.11	22,250.08	14-Mar-08

cont'd.

Project 8E5 - Commercial Distribution Cont'd.

Work Oder	Actual 2008	Actual (YTD) 2009	Total	In Service Date
4465 - 4300 Wellington Rd, 400 Amp	25,036.69		25,036.69	25-Jan-08
4471 - 180 Mill St - New Apt	3,963.41		3,963.41	In Progress
4473 - 570 Nelson St - New Apt	30,270.77	6,120.46	36,391.23	30-Jan-08
4480 - 869 Adelaide St N - 800 Amp	3,875.07	18,211.56	22,086.63	In Progress
4485 - London Homewood Facility	23,626.45		23,626.45	In Progress
4486 - 1835 Dundas / UG Upgrage	5,162.17		5,162.17	In Progress
4489 - 609 Wharncliffe / The Royalton	4,408.90	331.50	4,740.40	In Progress
4490 - 1050 Hamilton Rd / YMCA	18,513.83		18,513.83	7-Jul-08
4492 - 625 Kipps Ln / 2000 Amp Serv	53,861.57	49.56	53,911.13	4-Dec-08
4493 - 247 Epworth Av / Kings College	17,520.31		17,520.31	13-Nov-08
4494 - 2390 Concept Dr / Hanwha Mfg	146,726.09	1,699.24	148,425.33	19-Dec-08
4495 - 1235 - 1295 Fanshawe Pk Rd W	199,872.60	99,464.06	299,336.66	30-Jan-09
4503 - 556 Wonderland N / Self Storag	20,500.28		20,500.28	10-Dec-08
4504 - 900 Collip Gate / UWO Research	4,743.81	30,241.75	34,985.56	In Progress
4505 - 1242 Oakcrossing Rd	994.63	20,957.35	21,951.98	In Progress
4513 - 785 Wonderland / Bldgs D&E	20,671.53		20,671.53	25-Nov-08
4515 - 1460 Oxford / Bldg Q	4,918.28	32,520.65	37,438.93	In Progress
4517 - 1150 Landor St / John A PS	336.33		336.33	In Progress
4518 - 702 Beaverbrook, OH to UG	15,890.27		15,890.27	7-Jul-08
4520 - 3544 Dingman Dr-200 amp	14,737.72		14,737.72	20-Aug-08
4521 - 462 Springbank / 400 Amp	2,811.31	10,402.38	13,213.69	In Progress
4523 - 443 Richmond / Moxies	58,995.28		58,995.28	3-Jul-08
4528 - 15650 Robin's Hill Rd	16,542.85	39,381.46	55,924.31	21-Jan-09
4529 - 5250 Wellington Rd S-conversio	37,154.08		37,154.08	20-Aug-08
4531 - 1160 Brydges St / Upgrade	18,257.73		18,257.73	3-Jul-08
4533 - 417 Exeter Rd/ Pole & Tsfmr	19,218.90		19,218.90	5-Jun-08
4535 - 2489 Huron St / Ldn Airport	11,050.48		11,050.48	5-Sep-08
4536 - 1705 Fiddlehead Pl / Apt Bldg	1,616.76		1,616.76	In Progress
4539 - 1108 Dundas / 420 Burbrook	166,071.11	-2,018.92	164,052.19	In Progress
4542 - 180 North Centre Rd	3,448.35		3,448.35	In Progress
4543 - Sugar Creek Trail / SL Serv	30,277.63	6,452.76	36,730.39	6-Feb-09
4546 - 711 Fanshawe / Lighthouse Inn	787.81	177.84	965.65	In Progress
4553 - 847 Highbury Bldg #2	21,219.78		21,219.78	4-Sep-08
4555 - 405 Sugarcreek Trail	51,166.04	913.19	52,079.23	6-Feb-09
4556 - 205 Thompson / Princess Eliz	3,709.18	7,294.66	11,003.84	In Progress
4558 - 804 Southdale Rd W	3,679.76		3,679.76	20-Aug-08
4563 - 4695 Dingman Dr / Pumping Stn	575.26	6,795.98	7,371.24	In Progress
4564 - 2825 Innovation Dr/ The Cakery	3,627.78	740.46	4,368.24	In Progress
4570 - 116 North Centre Rd / New Serv	3,387.01	7,565.20	10,952.21	In Progress
4573 - 1230 King St / St Patricks Sch	2,171.60		2,171.60	In Progress
4575 - 1790 Dundas ST / Riser SW924	29,209.78		29,209.78	27-Jul-08
4577 - 4350 Castleton Rd/New UG Serv	16,300.27	38,077.24	54,377.51	12-Feb-09
4579 - 153 Towerline Rd / Upgrade	16,242.06	1,367.70	17,609.76	23-Jan-09
4581 - Expansion for 180 N Centre Rd	5,442.18	19,076.23	24,518.41	In Progress
4582 - Expansion for 116 N Centre Rd	4,052.23	13,431.63	17,483.86	In Progress
4586 - 60 Capulet Ln Bldg 2	2,764.77	1,789.79	4,554.56	In Progress

cont'd.

Project 8E5 - Commercial Distribution Cont'd.

Work Oder	Actual 2008	Actual (YTD) 2009	Total	In Service Date
4588 - 4025 White Oak Rd	44,719.58	-152.15	44,567.43	4-Dec-08
4592 - Westmount Mall - New Bldgs	133.68		133.68	In Progress
4593 - 1451 Wharncliffe / New 200 Amp	1,756.02	16,597.61	18,353.63	In Progress
4598 - 2860 Innovation Dr / Hanwha Mf	38,447.86		38,447.86	19-Dec-08
4601 - 205 York-Via Rail Shorepower	26,703.12	5,265.91	31,969.03	In Progress
4602 - 11 Bayview-service upgrade	1,711.91	12,703.26	14,415.17	In Progress
4603 - 621 Kipps Ln / 2000 Amp Serv	708.28	960.14	1,668.42	In Progress
4612 - 1450 Global Dr / 400 Amp	22,598.65	330.00	22,928.65	30-Dec-08
4614 - 1119 Gainsborough	35,147.32		35,147.32	15-Dec-08
4621 - 849 Dundas, Service upgrade	45,373.28	-330.00	45,043.28	15-Dec-08
4622 - 3100 Col Talbot Rd	854.51		854.51	In Progress
4627 - 4695 Wellington - BFI	1,215.29	562.96	1,778.25	In Progress
4628 - 1895 Hyde Park Rd	20,137.13		20,137.13	10-Dec-08
4631 - 1003 Hamilton Rd / 400 Amp	893.98	18,288.17	19,182.15	23-Jan-09
4632 - 2083 Wharncliffe Rd S	1,592.67	11,659.83	13,252.50	In Progress
4638 - 800 York St - Rogers Upgrade	887.36	36,262.85	37,150.21	6-Feb-09
4640 - 707 Exeter Rd/C of L Operation	43,087.83	8,345.11	51,432.94	In Progress
4645 - 1910 Highbury / OH to UG Serv	1,156.97	18,066.75	19,223.72	In Progress
4646 - 80 Capulet Ln / 164 Apts	487.06	808.66	1,295.72	In Progress
4649 - 3075 Wonderland Rd S	223.47	2,549.18	2,772.65	In Progress
4657 - 90 Central Av / Upgrade	1,196.72	9,989.32	11,186.04	6-Feb-09
4658 - 825 Richmond / 400 A Upgrade	914.76	8,637.40	9,552.16	30-Jan-09
MAIN TOTAL	2,635,143.10	536,984.90	3,172,128.00	

OM&A:

10. Ex. 4/p. 7

Please provide copies of all materials provided to the Board of Directors pursuant to its review of the 2009 operating and capital plan.

***RESPONSE*:**

Please refer to Appendix CCC 10 for copies of all materials provided to the Board of Directors pursuant to its review of the 2009 operating and capital plan.

11. Ex 4/p. 24

Purchased Services represent 15.4% of the total OM&A budget. Please indicate how London decides whether to use outside contractors for these services rather than internal employees. To what extent are these purchased services subject to an RFP process? What drives the decision to use an RFP process?

***RESPONSE*:**

"Purchased services" include fees paid for a wide array of services such as distribution system maintenance and testing services, line clearing services, plant locate services, legal services, banking services, audit services, meter reading, payment processing services, bill printing services, advertising.

There are many factors that drive the decisions related to the use of outside services and include, among others - cost savings and efficiencies, duration of service requirement or seasonal workloads, requirement for specialized knowledge or expertise, availability of internal resources, emergency response requirements, significant capital investment in systems and technology, changing technology, regulation, health and safety, etc.

For many of these services, it is not feasible, or even possible, to use internal employees (such as advertising, banking, or external auditing services etc.).

London Hydro's Purchasing Policy has set guidelines regarding the processes for the purchase of goods and services and the RFP process. In brief, any purchases of goods or services valued at less than $5,000 do not require a quotation from potential vendors, and as such London Hydro has the option to select a qualified vendor of its choosing. Purchases valued between $5,000 and $25,000 requires a minimum of three vendor quotes. The quotes may be submitted in the form of hard copy or fax. Purchases valued between $25,000 and $50,000 also require a minimum of three vendor quotes; however these are only accepted in hard copy format. Purchases valued at over $50,000 are initiated by issuing a publicly advertised request for tender or request for proposal. The tenders and proposals are only accepted in hard copy format.

The Purchasing Policy makes allowance for certain exceptions to the general procedures, specifically in cases where there are fewer than three vendors available to provide the goods or services, including sole source vendors for products or services. Emergency purchases may also require exceptions to the normal purchasing process.

12. Ex. 4/p. 28

Please provide a detailed break-out of London's Advertising budget for the years 2006-2009.

***RESPONSE*:**

The following table provides the break-out of London Hydro's advertising costs for the years 2006 - 2009.

Advertising
2006 to 2009

	2006 ACTUAL	2007 ACTUAL	2008 ACTUAL	2009 BUDGET
Tender notices	18,041	21,129	28,494	15,500
Regulatory notices	6,128	2,143	3,608	3,800
Corporate & community education	32,194	60,816	44,104	76,000
Billing Information	13,145	5,087	2,137	2,200
New customer program offerings	53,078	18,963	9,186	9,600
Health & safety	-	5,086	17,217	17,900
Publishing of financial results	20,735	21,755	29,468	30,700
LH Board of Directors meeting notice	1,820	1,501	1,953	2,200
Web site hosting	2,289	917	902	500
TOTAL	**147,430**	**137,396**	**137,070**	**158,400**

13. Ex. 4

Please indicate to what extent London has included any costs in its 2008 or 2009 budgets related to merger and acquisition activities. Are any employees assigned in whole or in part to merger and acquisition activities? If amounts have been included please provide the amounts and indicate where in the budget they are accounted for.

***RESPONSE*:**

Incremental costs related to merger and acquisition activities have been excluded from OM&A, for rate setting purposes. Please refer to Exhibit 4, Studies and Special Projects, p.54, lines 22 – 28 for related discussion.

Internal resources have been and will be incidentally involved to assist in this project. Involvement of time is limited and of short-term durations and restricted primarily to executive and higher levels of management within London Hydro. It is estimated that periodic time commitments may be in the range of 10 to 20% depending on the person involved. However, during these same time frames, these same individuals normally work extended hours to allow for the completion and continuation of their regular day to day job responsibilities. Accordingly, any upper management and/or executive time related to merger and acquisition activities is incremental to their regular work requirements and is not compensated.

London Hydro has retained external consulting (which is excluded from this Application) for what is predicted to be a short term event (2008-2009). No new permanent staff has been added as a result of merger and acquisition activities.

14. Ex. 4/p. 51

The OEB hearing expense for 2009 is $291,000. Please provide a detailed breakdown of how that budget was developed. Does London intend to seek recovery of the costs incurred in 2008 in its 2009 rates, or does the amount to be recovered only relate to expenses to be incurred in 2009? Please explain how these costs are accounted for.

***RESPONSE*:**

Please refer to London Hydro's response to LPMA Question 38 for a detailed breakdown of the total hearing expense, as well as the amount included for recovery in the current rate application.

15. Ex. 4/p. 67

London provides water billing services to the City of London. The evidence states that the services are provided on a full cost recovery basis, which includes labour, benefits, overhead, materials, equipment, information services, mailing and postage and all other identifiable costs. Please provide evidence to support the claim that the fees in the application reflect the full cost of providing the services. Given London's IT costs are ramping up significantly since the $2.50 fee per bill was established, why is London Hydro not proposing to increase the fee?

***RESPONSE*:**

The table below provides the estimated 2009 Test Year costs related to the water billing services provided to the City of London. The total recovery includes an allowance for a return on assets.

Please refer to London Hydro's response to Board Staff, Question 32. The increased costs in IT are not driven by the water billing function; they are driven by the regulatory requirements of the electric distribution industry and are therefore excluded from the calculation of the appropriate recovery.

Costs Related to the Provision of Water Billing Service to the City of London

	2009 BUDGET		
Information Services	2,543,700		
Customer Services	8,755,700		
	11,299,400		
Less			
Business Activities not Related to Water Services			
Wholesale & Retailer Settlement	402,100		
Energy & Key Account Management	210,800		
Energy Management	134,300		
	10,552,200		
Major Cost Category	**Total**	**Electric**	**Water**
Labour & benefits	6,159,100	4,881,500	1,277,600
Purchase Services			
Contract Meter Reading Service	1,060,900	530,450	530,450
Collection Agency Fees	90,000	45,000	45,000
Contract Collection Services	250,000	125,000	125,000
Other Purchase Services	870,500	775,125	95,375
Materials & supplies	181,800	143,275	38,525
Bad Debts	535,000	535,000	-
Office equipment services & maintenance	159,600	144,600	15,000
Postage	975,000	487,500	487,500
Fleet operations & maintenance	30,600	30,600	-
Corporate training and employee expenses	211,400	174,850	36,550
Rental Regulatory & other expenses	28,300	26,800	1,500
	10,552,200	7,899,700	2,652,500
Allowance for Cost of Capital and Return on assets			397,875
			3,050,375
Total Cost Recovery for Water Services			**3,050,000**

16. Ex. 4/p. 68

London pays the City of London $100,000 a year for the use of lands for the operation centre and business offices. Please provide evidence which demonstrates that this is based on a "fair market value" analysis.

***RESPONSE*:**

Please refer to Appendix CCC 16 – Ground lease (p. 5, paragraph 2 of this document)

COMPENSATION/HUMAN RESOURCES:

17. Ex. 4/p. 10

Labour costs and benefit costs are the most significant component of London's OM&A expense. Please provide a detailed explanation as to why base labour has increased by 26% since 2006. Please indicate what efforts London is making to reduce these costs going forward.

***RESPONSE*:**

Actual base labour costs have not increased by 26% since 2006.

A comparison between the 2006 Board Approved labour and 2009 Test Year amounts indicates an increase of 26%. Since 2006 Board Approved amounts are based on the 2004 actual amounts, the actual increase is from 2004 to 2009, which represents an annual average increase of 5.2% in labour and benefit costs.

Please refer to London Hydro's response to VECC, Questions 19 and 20, related to explanations on base labour cost increases.

18. Ex. 4/p. 10

What percentage of London's overall labour and benefit cost is subject to collective bargaining agreements?

***RESPONSE*:**

The percentage of London Hydro's overall labour and benefit cost subject to the collective bargaining agreements is approximately 62%.

19. Ex 4/p. 23

London's 2009 budget for overtime is $1.06 million. Please provide a copy of London's overtime policy.

***RESPONSE*:**

Please see Appendix CCC 19 – Overtime Policies, for both the union and non union overtime policies.

COST ALLOCATION AND RATE DESIGN

20. Ex. 1/p. 5

Please provide a schedule in the same format as Table 1 – Schedule of Proposed rates and Charges which includes all current rates and charges.

***RESPONSE*:**

Please refer to Appendix CCC 20 – Rate Schedule.

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Appendices for Responses to CCC Interrogatories

Document Management System

London Hydro issued a request for proposal for a document management system in 2003 as a result of the recognition that certain types of folders and documents needed to be frequently accessed by multiple persons in multiple departments. This need for internal concurrent access was not met as there was generally only one copy of the file folder or document available. London Hydro estimated that internal concurrent access to the same document (or page) to be from five to fifteen persons, and retrieval time, from the time the user requests a selected document to the time it is displayed should be a maximum of five seconds, with an average retrieval time of two seconds.

In most departments, only a few people required scanning, batch scanning, and editing access, while the remainder only needed the ability to search, view, print, fax and e-mail documents. Most documents consisted of text with some graphics; however graphics could include but are not limited to drawings, plans, photographs, icons, graphs, charts, and signatures. The Engineering Department's documents contained a higher level of graphics. Their documents to be stored will consist of both raster images obtained from scanned hardcopies, and digital files in their native file format.

Six responses were received in total as a result of the RFP process. After an extensive evaluation (see below) Xerox was selected as the preferred bidder.

Xerox's product, DocuShare is an intuitive, web-based document and content management application that allows businesses of every size to rapidly deploy a powerful Enterprise Content Management (ECM) solution. This essential suite of ECM tools allows organizations to immediately engage in more efficient, more accountable, and more secure document and content management – and a fast return on investment.

DocuShare provides an innovative solution of offering two focused ECM applications built on one common platform:

1. DocuShare enables document management, collaboration, review, and approval, as well as web publishing to support information sharing at all points of the enterprise by every knowledge worker.

2. DocuShare CPX offers advanced ECM functionality required for integrating and automating content, sophisticated collaborations, and business process management around specific operational tasks.

After the initial implementation, London Hydro upgraded to the latest release of DocuShare (Version 5 CPX) in 2007.

Some benefits of the upgrade included:

- The ability to add in new features which has provided greater efficiencies to the end users. For example, one new feature we added for Customer Services enables them to save 30-60 seconds per document they have to scan.

- The new version has greater administrative capabilities which enable us to clean up the DocuShare files to free additional space on the server.

SAP Customer Information System (CIS)

London Hydro issued the CIS RFP on October 05, 2006 to solicit proposals for a state of the art, cost effective, and flexible CIS solution. London Hydro identified that our current system lacks the scalability, flexibility, and functionality to appropriately handle the new requirements associated with the implementation of the smart meter initiative and other future developments.

London Hydro invited vendors to propose both package as well as custom build solutions to meet the CIS requirements and identified the following as the project drivers for a new CIS:

- London Hydro wishes to utilize CIS technology to support the smart meter initiative
- Accommodation of complex billing requirements
- Better integration for islands of information
- Enhancing focus on existing customers and supporting future growth
- Complete, enhanced and integrated functionality
- Improved business process workflows

Enterprise Resource Planning (ERP)

Overview

London Hydro made the strategic recommendation to migrate their current suite of JD Edwards ERP system modules to the new generation version of the product in 2003. In 2004, JD Edwards Canada consultants were contracted to provide software migration services to perform the upgrade from "World" to "One World". JD Edwards (JDE) software was already being used by a number of departments including Finance, Purchasing, and Materials Management. The upgrade also enabled other departments to utilize the software, and enhance efficiencies and Functionality Company wide.

Reasons for this decision were many fold, however, two paramount reasons were to bring the technology in line with currently vendor-supported versions and to enhance the functionality of the application. The existing JD Edward Financial application was based on a 20-year old technology (DOS based tools) and had been in operation for over seven years. In tandem with the old application software, the operating platform London Hydro had at the time, was no longer supported by IBM, and required an upgrade.

In order to position London Hydro with a current technology that would be supported by the vendor, we had to assume the migration expense. As a second phase of this project, we had established a standardized technology platform from which to build and grow, and offer extended functionality to various user groups who had not previously been serviced by the tools available in our ERP system.

Phase two of the project was to implement the identified business process improvements as well as configuring additional modules from our JD Edwards ERP suites that will address the needs of the Operations & Engineering group in regard to the management of London Hydro's $300m asset infrastructure. Final migration and stabilization for the system occurred early in 2007. The work flow enhancements have resulted in improved efficiencies in the processing of work orders, primarily for the Finance & Engineering departments. This addressed a long-standing requirement in the Engineering and Operations division for improvements in asset management using the modern & sophisticated tools available within the JD Edwards ERP. The flow of crucial data has been streamlined which facilitates real time business intelligence to guide the management in critical decisions that will sustain London Hydro for the future.

Reasons for this priority decision were many fold as indicated below; however, two paramount reasons were to bring the technology in line with currently vendor-supported versions and to enhance the functionality of the application. The existing JD Edward Financial application is based on a 20-year old technology (DOS based tools) and has been in operation for over seven years. In tandem with the old application software, the AS400/DB2 operating platform is also not supported by IBM and would require immediate upgrading.

1. Bring the application in line with current versions of the software
2. Avoid a short term and costly AS400/DB2 upgrade
3. The new software would provide increased functionality to manage, report, and maintain the financial database (user efficiency)
4. Reduce the number of different technology platforms and move towards a standardized Sun/Oracle environment (increased functional economies).
5. Reduce the maintenance cost by providing uniform support to standardized platform.
6. Continue to move our IT applications towards open technology systems
7. Reduce the difficulty of reporting across the two (CIS on Oracle and current JDE on DB2) different databases
8. Leverage investment in JD Edwards by using currently licensed modules; thereby converting this into an Enterprise Resource Planning (ERP) computer application system for London Hydro.

In order to position ourselves with a current technology to utilize the additional modules for return on investment potential we need to assume this current migration expense. Then as a phase 2 of this project we have established a standardized technology platform from which to build and grow and offer extended functionality to various user groups who have not previously been serviced by the tools available in our ERP system. This can open many new unrealized opportunities for business intelligence for the future.

1. Continue to move our IT applications towards open technology systems

2. Reduce the difficulty of reporting across the two (CIS on Oracle and current JDE on DB2) different databases

3. Leverage investment in JD Edwards by using currently licensed modules; thereby converting this into an Enterprise Resource Planning (ERP) computer application system for London Hydro.

Geographic Information System (GIS)

Overview

In November 2006, the project to replace London Hydro's existing Geographic Information System (GIS) was initiated to enable London Hydro (LH) to move forward in its plans to purchase and install an Outage Management System (OMS) in the future. Both projects (GIS & OMS), would further leverage and enhance the installed technologies at London Hydro; a Survalent SCADA system (2002) and a new Mitsubishi/Imtech video wall (2005). Although both projects are important to London Hydro, the business case was built around the need for purchasing a new GIS system.

Business Case

At the time, the existing CableCAD GIS system used a proprietary file based, non industry standard system, which was no longer marketed. As a result, there was no research or development carried out on this product for a number of years. During that same time, many of the mainstream GIS vendors had spent millions of dollars annually in improving their products. It became obvious that there were limitations with London Hydro's CableCAD GIS platform as new capabilities and enhancements were available with the newer systems. This resulted in an ever widening gap between the technologies. Installation of a new GIS system was intended to provide an integrated corporate resource providing London Hydro with greater capabilities and higher efficiency in the creation and administration of its utility services.

Some highlights of the newer systems are:

- Browser/Windows based user interfaces with more intuitive screens
- Based on relational databases (as opposed to a proprietary file based system)
- Mobile capable
- Easier to integrate capabilities with existing and future enterprise systems
- Equipped with better quality and assurance techniques thereby improving the accuracy of the data
- Able to easily incorporate engineering drawings and other utility data (gas, water, telecommunication, etc.)

Business Advantages

The following business advantages were identified for the replacement of the CableCAD GIS:

1. CableCAD required certain LH business rules which had been implemented through approximately 100 User Defined Codes (UDCs) to facilitate input of GIS information and to ensure the data accuracy. Depending on the complexity of the code, writing of the UDCs required dependency on outside consultants. The newer GIS platforms incorporated this functionality in the configuration setup itself without any customization.

2. The newer systems could be set to automatically enforce the pre-defined business rules before posting any changes to the master GIS database. The data validation engine ensures that the proposed edits satisfy the business rules established. If the proposed edit(s) pass the data validation tests, then the data will become a part of the master GIS database. If they do not pass the data validation tests, then the user will be presented with a graphical interface that provides feedback on why their proposed edits failed the validation tests. This would improve the overall accuracy of the system.

3. The majority of the newer GIS platforms used Oracle to store data. Unlike CableCAD, the new application systems were not based on proprietary technology and hence London Hydro could support and enhance these systems independently. Also, the integration with other corporate systems would be easier as most of LH enterprise systems were already based on Oracle.

4. London Hydro uses DESS (Distribution Engineering Software Solution) as a planning tool. The DESS application would take a snapshot of LH distribution system through a conversion from CableCAD to something that the DESS software can read. Since CableCAD is a proprietary file based system, ensuring that each time the conversion process provides a working model was a very difficult and time consuming task. On the other hand, the DESS application was integrated with most of the newer mainstream GIS platforms and load flow and short circuit studies could be performed on the same corporate GIS model. As a result, accuracy of the model would be enhanced since a separate model does not need to be maintained and updated.

5. Newer GIS platforms readily accept municipal addresses from an external source. This was not easily available with CableCAD without customization. There were many uses for this capability. For instance, the Meter department could search for certain batches of meters that need resealing and develop a route based on municipal addressing; in fact many of the newer systems had an automatic routing ability. This would replace the paper method which required a staff member to manually sort through the orders and develop a suitable route – greater efficiency would be realized. This ability could also be extended to the locate department. At the time the locate desk had to look up the address using the City website and then go into CableCAD to access the appropriate underground drawings. The new GIS system would be the source for all of this information. This same functionality would also aid the mobile locators in finding a municipal address. Another example is in the daily workflow of the control room operators. The control room operators would now be able to search based on municipal addresses for no power trouble calls more efficiently - they would only have to access one system.

6. The GIS system needed to be replaced with one of the industry standard GIS platforms due to LH initiatives for OMS. London Hydro had made several

attempts at determining the cost and effort to implement an OMS system with the CableCAD GIS system. The integration costs and conversion effort were quite substantial. Due to a proprietary file based GIS system, keeping the OMS and CableCAD GIS data in sync would have been extremely difficult.

7. The CableCAD GIS was used to track equipment failures geographically to analyze failure trends. This was accomplished by placing a redline feature for each different piece of equipment. These features were not intelligent and hence not searchable. Since there were no attributes associated with features, querying the database was not possible. Within the new GIS system the equipment failures could be extracted from an external database. This capability would allow equipment failure data to be queried. In addition, the ability to link external databases would allow the equipment failure information to be available in the external database(s) which would now be accessible and geographically linked inside GIS.

8. Queries in CableCAD involved searching the whole database without the ability to do spatial queries. The newer systems allow limiting a search within geographical boundaries. These have the ability to physically draw a boundary and build a query within the spatial confines. The results are available as a table output, report output, or highlighted in the map.

9. The newer GIS applications allowed for mobile computing and synchronizing the databases upon docking of the unit. Being able to take the data into the field would further improve the accuracy of the GIS data. Another added bonus of going to a state of the art GIS system is the ability to redline changes that are discovered in the field and mark up prints to show as-built drawings. Mobile computing would also aid in the collection of joint use data, pole test data, etc.

10. Along the same lines the ability to take data in the field would be useful in the collection and update of mandated Ontario Energy Board (OEB) audits. The existing method for collection of OEB data was strictly paper based. Once the form was completed it was manually entered in an Access database – there was no link between the Access database and the asset within GIS. The GIS system's mobile capability would allow LH to dispense with the paper forms and input the data directly into GIS or link the two databases together. Having this information at fingertips would help in field decisions when a piece of equipment fails. Linking the information seamlessly would also help us to plot problem areas, determine a course of action, and develop capital programs.

11. With CableCAD GIS, the process for creating project drawings would involve the following steps:

- printing a land base hardcopy and marking it up
- passing it onto drafting for input into GIS
- printing a hardcopy with changes incorporated

- verification by technician for the accuracy and/or makes additional changes
- repeating steps until the drawing is approved

The new GIS applications are windows based and therefore are much more intuitive. The windows based technology makes it easier for the technician to input the designs into GIS directly. This means that potentially the above steps would be reduced to only two steps: technician GIS input, and verification of GIS input. The same simplification will be possible for the as-built drawing process.

12. There were many advanced drafting tools that were not available in CableCAD. One example is the ability to draw a continuous line segment that follows the curvature of a road with an offset. Curved lines in CableCAD on the other hand are made up of several line segments. Another example is the development of symbols - CableCAD symbols are made up of individual lines, whereas the newer systems use true fonts.

13. Linking external documents that pertain to the displayed information is available in CableCAD; however, this capability is further enhanced with the newer technology. For example the newer systems allow the users to draw a freehand polygon and view the associated documents within the polygon. The association of these documents is easier than in CableCAD.

14. Since CableCAD is a proprietary file based system it is difficult if not impossible to share information with other GIS or CAD systems. All of the mainstream GIS systems allow sharing of data between themselves. In addition, the majority of the popular GIS systems today allow the importing and exporting of data into many other formats. This enables the utility to share data between contractors and other utilities (gas, water, telecommunications, etc.).

15. The newer GIS systems allow the incorporation of aerial photography. This ability would help LH to more accurately place equipment in relation to structures and street lines. This information could also be used by design staff in the advancement of projects, resulting in reduced number of field visits. This was not available in the installed version of CableCAD.

16. Most of the mainstream GIS systems have tools for job estimation. and the development of compatible units (CUs) which will aid in making job estimating more consistent.

17. The newer GIS applications are better equipped as tool for asset management as most vendors have an asset tool built into their core offerings.

18. Version management in CableCAD was performed by locking down the whole geographical area that contained the infrastructure required to be worked upon. This prevented anyone to perform any editing until the changes are posted to the master. This would be very cumbersome if there were a large number of editors.

Since allowing design technicians and technologists to perform their own drafting was contemplated, such version management would be unmanageable. The new GIS systems only locks down the specific record being edited allowing for fewer conflicts between staff working in the same area.

19. There were no design tools available in CableCAD whereas the newer GIS applications have many tools such as:

- Motor start analysis
- Circuit Load Calculator
- Secondary Conductor Sizing Optimization
- Pole Moment and Guying Calculator
- Cable Pull Tension Calculator

Outage Management System (OMS)

London Hydro will seek a commercial off-the-shelf (COTS) software to provide fully integrated outage and mobile workforce management technology in a single application environment in 2009. By integrating our customer and distribution network information onto a common platform, London Hydro will be able to explore dramatic process re-engineering opportunities. The solution will be highly scalable, configurable, and an integrated software that is used for dramatically reducing restoration times and improving operational efficiency. Outage management supports call taking, trouble analysis, crew management, dispatching, and switching operations. The workforce management piece will support dispatch and mobile computing solutions for a wide variety of service work, including routine, trouble, and maintenance, which will eliminate the need for multiple systems. External system integration and decision support tools for reporting and other critical operations functions are integral components. In this section we are outlining what London Hydro is seeking in an OMS in general, as a preferred supplier has not been identified to date. OMS will be a multi-year project.

The product architecture will consist of components that are responsible for specific, related sets of functions. Pre-integrated components reduce implementation time and costs, and lower maintenance support and costs. Integrating with multiple business systems – Geographic Information System (GIS), SCADA, Automated Meter Reading (AMR), Customer Information System (CIS), and Work Management System (WMS) – is essential to managing the distribution network. The product will provide the operator with an accurate view of the current conditions from these external systems, enabling enterprise wide information analysis. The OMS product will provide a visual representation of the operational state of the utility's network.

The solution needs to be a comprehensive outage and workforce management environment that supports the following:

- Real-time and/or batch interfaces to external systems, such as Customer Information Systems (CIS), Work Management Systems (WMS), Interactive Voice Response (IVR), Automated Meter Reading (AMR), time keeping, Human Resources (HR), and SCADA systems.

- Outage analysis.

- Map-based wireless mobile applications on laptops and tablets.

- An extremely fast and highly functional map display that is tightly integrated with the system's tabular displays.

- Integration with the facility model as maintained in the existing GIS, and provides integration with Intergraph's G/Technology which London Hydro already uses.

- The ability to dispatch multiple types of work. Utilities can manage the entire dispatching process from a single application environment. The system can be configured to enable a utility to dispatch service order-related work and operational work (such as trouble orders). This implementation flexibility provides utilities the advantage of meeting all of their dispatch requirements within a single environment.

- The ability to extend dispatching capabilities to include real-time display of vehicles using global positioning system (GPS) coordinates, dispatching to mobile data terminals (MDTs), and dispatching via alphanumeric paging devices.

- High availability. Computer-aided dispatch sites can consistently maintain availability levels of more than 99.99 percent.

Integration with Geographic Information System

The GIS data is published into a high-speed display cache for use by the OMS. The publishing process runs as a batch process and replicates the GIS data. Once the initial replication occurs, an incremental update process is run on a customer-defined schedule to synchronize the systems. The update process typically occurs on a weekly basis and runs in a timely manner.

An option should be available to support the display of vehicle locations as determined by GPS equipment. The GPS locations are displayed on the Dispatcher's workstation in the map view. This option provides tight integration between the GIS data and vehicle location information. The map and facility data (the display cache) can also be loaded on the mobile data terminals for mobile use of the GIS map data.

Outage Management Functions

Outage Capabilities

The Outage Management System (OMS) provides functionality to address the real-time analysis of the electrical state of the distribution network, the optimization of network usage, and the improved management of fault situations. The OMS helps utilities reduce restoration time, improve operational efficiency, and enhance safety.

Trouble Call Workflow

An OMS will provide functionality for creating trouble calls and also accepts calls from external systems. The trouble analysis software analyzes these trouble calls and predicts the probable outage device, using the connectivity from the GMS/GIS. As trouble calls are received, the resulting outage event is automatically sent to the appropriate Dispatcher based on the event type and location. All event data is entered into a central relational database, and a subset of the data is broadcast on the local area network to update the real-time status displays of the other dispatchers. It functions automatically, reacting to new trouble calls in the system and to dispatcher requests and overrides.

The major outage management functions provided by the OMS will include the following:

- Group trouble calls
- Display customers affected
- Display priority customer list
- Network tracing
- Generate call-back list
- Switching and switch planning
- Device tagging
- Estimated time of repair
- Database links to information relevant to any map symbol that can be accessed by simply clicking on the symbol
- Automatic query of SCADA devices for lockout status
- High performance map display that provides a seamless view of the entire service territory
- Mobile outage management extends the following functionality to the field:
    - Locate device
    - Display customer call information for event
    - Trace circuit
    - Outage restoration – partial and complete

Trouble Call Input

The first step in successful outage management is the ability to take trouble calls. With the OMS solution, trouble calls can be input directly from our web and dispatching application. The interface product should allow London Hydro to accept trouble calls from and return status updates to these external systems real-time. The interface will enable automated trouble-call processing, eliminating paper trouble tickets.

This application can also be used in conjunction with other probable call taking applications (such as CIS, IVR, AMR, etc.). Call taking can be used where communications to the external customer system are lost. These applications can

also be used for overflow call taking in storms or can serve after-hours call taking in the dispatch center.

Trouble Analysis

In addition to automating trouble tickets, the OMS will provide a full suite of trouble analysis functionality that covers call grouping, circuit tracing, and event monitoring. Trouble analysis maximizes the investment that was made in creating the as-built network model in the existing Geographic Information Systems (GIS).

The distribution network model is periodically published from the GIS. Tools are provided to update the operating model at user-defined increments from the GIS engineering model. These updates will provide the most current as-built information to both dispatchers and field crews. The software uses the connectivity model of the distribution network to perform accurate trouble analysis. Facilities used in the analysis include conductors, transformers, fuses, breakers, switches, and SCADA monitoring points. Data in the model includes customer counts, phases, normal loads, design load limits, the normal operating state of the switches, and the current operating state of devices.

When multiple trouble calls are entered on an electrical circuit, the software should trace the distribution network model to identify a probable outage device (POD). The algorithm used to determine the POD can consider the following:

- The power phase used by the reporting customer
- The percentage of all customers who are reporting an outage downstream from the device
- Any available SCADA measurements of upstream demand changes
- The reliability of the device type

An existing POD event updated by:

- The new POD
- A corresponding estimated time to repair
- The number of customers downstream from the POD
- The normal load associated with the POD

Trouble Dispatch

The OMS will provide tools for automatic crew recommendation, enabling dispatchers to get the right crews to the right locations for FASTER power restoration. Benefits of these tools include:

- Reduction in outage durations
- Better crew location and activity tracking
- Increased crew efficiency
- Reduction in overall crew costs

Even without the outage analysis, i.e. non-connected network, the OMS system will provide outage restoration benefits by allowing dispatchers to view trouble call and crew locations graphically. With simple visual inspection of the calls on the map, operators are often able to pinpoint the outage location and find the best crew to repair the problem in the shortest amount of time.

Status Monitors

The dispatcher will be presented with tabular displays for pending events and crew status. The *pending events monitor* lists outage information such as the location, priority, time in the queue, number of customers affected, high-priority customers affected, and feeder ID. The *crew-status monitor* lists crew information such as the status of each crew, number of jobs assigned, crew type, and time remaining to end of shift. The status monitors can be sorted by any of the attributes listed. This allows the dispatcher to prioritize work or sort crews with the simple click of a mouse. Custom monitors can be easily created to monitor specific events or crews such as high priority jobs or non-emergency work.

The status monitors should also indicate an alarm state for situations such as when a crew is still logged on beyond the scheduled end of shift. Alarms can be configured to alert dispatchers when ERT have been missed and critical customers are without power. Other alarms are available or can be easily added to the monitors using standard desktop development tools. The status monitors are tightly integrated with the map display. An event can be located simply by double clicking on the description in the status monitor.

Outage Restoration

The OMS will automate the process of recording an outage restoration. This reduces paperwork by eliminating the need for field and dispatcher personnel to manually generate paper outage reports. In addition to tracking final closure information, the OMS will track the progress of partially restored outages, resulting in more accurate outage duration statistics.

When the dispatcher closes an outage event, the analysis software closes all associated outage call events automatically. It will also calculate the Customer Minutes of Interruption (CMI) for the outage and adds that data to the repair event. If the dispatcher has not set the outage end time from field reports manually, it will be set to the time of closure of the repair event. The customer count for the CMI will already be in the repair event record.

The OMS will support partial outage restoration by accurately tracking customers restored to power during each switching and repair step in the outage restoration process. The dispatcher may enter the actual time the outage was restored and any final information about the cause or conditions. The Dispatcher will have the option to restore service to some of the customers affected by an outage, while tracking customers still without service.

Query, Analysis, and Reporting Functions

Reporting

The OMS will provide real-time and batch reporting as part of its commercial off-the shelf solution suite. Reports are built into the various client applications, such as the dispatch, mobile, and web applications, and provide applications specifically targeted to management reporting. In addition to these tools provided as a part of the product suite, any ODBC-compliant reporting software can be used to generate utility-specific reports, providing truly open access to the data we manage in our solution.

Dispatcher Client Reports

The core software will allow the dispatcher to display customer outage statistics. The dispatcher can request a calculation of the outage count and the System Average Interruption Duration Index (SAIDI) for a device, feeder, or polygonal area, and a specified time period. The request can include a restriction of the cause codes to be included. The Dispatcher will compute the list of service transformers for the query, retrieve the outage history from the database, and compute the count and SAIDI. Reporting tools are also available to generate the standard reliability index reports from a replicated database.

Real-time and Ad-Hoc Reports

The OMS will provide a set of query tools in each of the client applications, which enable the user to access information stored in the database. This information includes queries such as the history on a particular event, a crew history, or history at a particular address. The ad-hoc event search allows flexible criteria with wildcards so the user can display a list of events that meet specific criteria, such as event type, date range, dispatch group, or completion code.

Web-based Viewing, Inquiry, and Reporting

The OMS will provide secure access to live operational data via web browser. Utility personnel can obtain dispatch information without having special software installed on their computers. This will allow the user to view information about crews and their current status, as well as pending and active jobs. The crew, job, and outage information may also be displayed on an interactive map for a visual summary of current activity throughout the utility. If more detailed information is wanted about a specific crew or event, a simple mouse click should retrieve the additional data.

A typical Outage Summary screen will provide summary outage information. The number of outages per region is listed along with the number of customers affected

and the number of crews working the outages. The user should be able to drill down to more detailed information.

External Reports

Data will be stored in an open database, which allows for easy access to the data for reporting purposes. Any ODBC-compliant reporting tool can be used to generate reports from the system, including standard reports for reliability indices, crew performance, dispatcher performance, and center performance. A typical listing of predefined reports could be as following:

- **SAIDI** – Customer minutes of interruption. Selection criteria include geographic area (entire system, as fenced area, a feeder, a device, or an operating area), device type, date of activity, and outage cause.

- **SAIFI** – Selection criteria include geographic area (entire system, operating area) and date of activity.

- **CAIDI** – Selection criteria include geographic area (entire system, operating area) and date of activity.

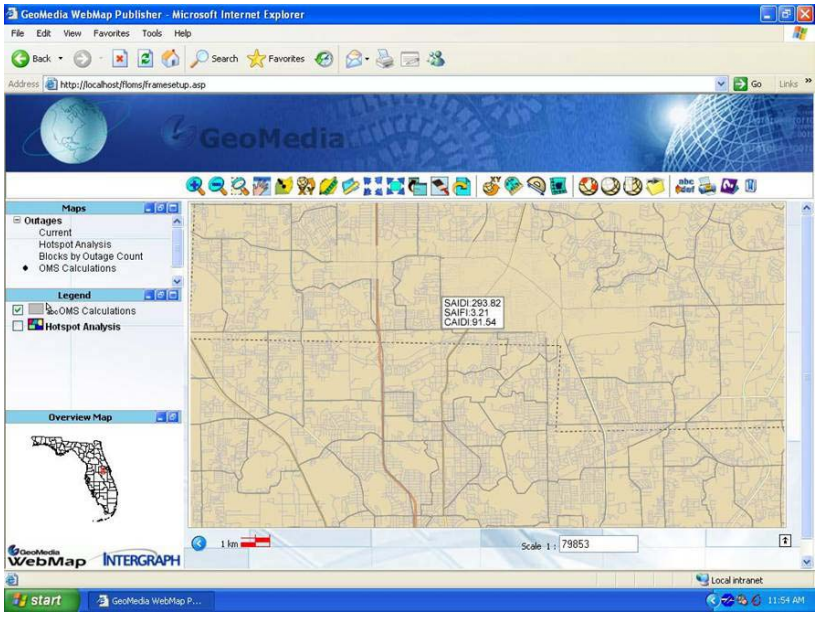
- **CAIFI** – Selection criteria include geographic area (entire system, operating area) and date of activity.

- **Job Snapshot** – provides a snapshot of pending jobs, crew status, and a chronology of jobs, comments, and crew activity over a specified timeframe.

- **Jobs by Type** – calculates the number and type of jobs, per agency, that have been processed within a user-specified timeframe. The data is ordered by job type code within the agency.

- **Jobs by Source and Priority** – provides the number of incidents by agency, priority, and call source that have occurred within a user-specified timeframe.

- **Jobs by Source, Day of Week, and Hour of Day** – compiles a listing of jobs by the day of the week and hour of the day in which the jobs occurred, according to the agency and call source. The reporting timeframe can be user-defined.



- **Job Handling Time** – lists the number and

type of jobs, per agency, computing the average and maximum times used to address the jobs. The reporting timeframe can be user-defined.

- **Job Register** – catalogs detailed information, by agency, regarding jobs and provides the job type, location, job receipt time, beat, emergency service zone, and the dispatch group that addressed the job. Crew information is also delineated, including the crews assigned to each job, crew dispatch time, crew arrival time, time the crew became available, and the personnel staffing the crews.

- **Job Chronology** – A chronological listing of all activities associated with a job.

- **Calls for Service** – lists, by agency, the number of calls for service by day of week for a user-specified timeframe.

- **Calls per Hour of Day** – provides, by agency, an hourly breakout of the number of calls for service received over a user-specified timeframe.

- **Address Validation** – provides information on addresses that are unverified as part of dispatching operations. This report can then be used as a tool to update the geofile and map data.

- **Average Response Time per Hour of Day** – computes, by agency and hour of day, a summary of the number of calls received and the average length of time that was required to respond. The reporting timeframe can be user-defined.

- **Logged on Duty Time** – calculates the amount of time operators have been logged onto the system. The information is reported by agency, operator name, and day of the week within a user-specified timeframe.

- **Logged on Duty Position** – provides information on operator position assignments over a user-specified period of time. The information is reported by operator, terminal identification, and day of the week assignments.

- **Crew Workload** – lists, by agency, each crew, and the number of jobs that crew has responded to over a user-specified timeframe.

- **Crews' Time in Service** – chronicles, by agency, the logged on time, time spent on assignment, and the time spent out of service for each crew. The reporting timeframe can be user-defined.

- **Crew History** – a chronological listing of a crew or crews' activity over a user-specified timeframe.

- **Dispatcher/Technician History** – provides a historical listing of the jobs that specific dispatchers/technicians have handled within a user-specified timeframe.

The information is listed by dispatcher/technician ID and contains job data, such as the job number, date and time of job, and any remarks associated with the job.

Crew Management

Crew/Workforce Management

An OMS will provide us the ability to develop a Workforce Management System which integrates dispatch, scheduling, and mobile computing tools necessary to organize jobs and manage field crews efficiently, supporting the following:

- Interfaces to external systems such as customer information, work management, and global positioning systems, tightly integrating the workflow across the enterprise.
- Automatic assignment of work to crews, based on selected criteria, such as priority, geographic proximity, crew availability, and cost of resources.
- Customer service appointment scheduling.
- Automatic record keeping of all dispatch activities to support analysis and supervisory reporting.
- Dispatching of vehicles using mobile data terminals (MDTs) and alphanumeric paging devices.
- Automatic route generation to reduce travel times.
- Management of complex work orders, including dependencies and subtasks.

Job Input

In addition to outage jobs, an OMS can accept other types of work from external systems. Work can be created in a variety of ways so that it can serve the process and technical infrastructure of London Hydro. Jobs, or events, can be input into the system through an interface to an external system, such as the Customer Information System (CIS), Work Management System (WMS), or ERP system. The interface product can accept real-time creation of routine work, trouble calls, and scheduled appointments, and provides status information back to the external system in response to queries. The interface product can also accept bulk input of routine work and crew assignments and provides real-time status and job closure information to external systems.

In addition to the interface products, an OMS can provide several mechanisms for creating work in its client products. An ability need to be provided for the operator to create an event at any geographic location. Event location can be input by a variety of criteria, including street address, street intersection, and XY location. An OMS can allow operators to create events using its web and mobile computing products. The

software should verify the address on each of these events and shows the events geographically.

Materials Provided to the London Hydro Board of Directors pursuant to its review of the 2009 Operating and Capital Plan		
Date Provided	**Item**	**Attachment**
June 26, 2008	2009 Operating and Capital Plan	Yes
June 26, 2008	Operations Asset Management Plan	Exhibit 4, Appendix A, p. 103
June 26, 2008	Presentation of Key Budget Elements	Yes
September 30, 2008	Summary of Budget Revisions	Yes
September 30, 2008	2009 Revised Operating and Capital Plan	Yes

Board Approvals	
Date	**Attachment**
June 26, 2008	Yes
September 30, 2008	Yes

London Hydro Inc.

2009 OPERATING & CAPITAL PLAN

to BOARD JUNE 26, 2008.

London Hydro Inc
Balance Sheet
2009 Operating and Capital Plan
(in thousands of dollars)

	2009 Budget $	2008 Projection $	2008 Budget $	2007 ACTUAL
Cash & Equivalents	1,801	18,391	10,899	24,564
Accounts Receivable	47,793	45,265	45,170	46,554
Regulatory Amounts Recov	408	805	5,136	3,269
Inventory	3,900	3,900	3,900	3,917
Prepaid Expenses	925	1,000	1,000	858
Bank Indebtedness	0	-	-	-
	54,827	69,361	66,105	79,163
Regulatory Amounts Recov	17,246	6,055	2,568	480
Future Income Taxes	8,464	7,964	7,951	7,451
	25,710	14,019	10,519	7,931
Capital Assets	192,059	184,676	185,508	176,245
	192,059	184,676	185,508	176,245
	272,596	268,056	262,132	263,339
Bank Indebtedness	0	-	0	-
Due to IESO	19,481	20,802	20,802	21,053
A/P - Trade	9,000	9,500	9,500	8,638
Due to Shareholder	5,237	5,550	5,667	4,677
Regulatory Liabilities	1,840	3,680	200	405
Income Taxes Payable	0	(173)	1	1,458
Dividends Payable	0	-	0	0
Customer & Other Deposits	2,500	2,400	2,400	3,672
Future Income Taxes	0	0	0	569
	38,058	41,759	38,570	40,472
Regulatory Liabilities - LT	7,787	5,529	3,000	5,919
Customer & Other Deposits	8,870	8,870	8,850	8,666
Employee Future Benefit	9,547	9,052	9,031	8,631
LT Debt Due to Shareholder	70,000	70,000	70,000	70,000
	96,204	93,451	90,881	93,216
Share Capital	96,116	96,116	96,116	96,117
Retained Earnings	42,218	36,730	36,565	33,535
	138,334	132,846	132,681	129,652
	272,596	268,056	262,132	263,339

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London Hydro Inc
Statement of Operations
2009 Operating Plan
(in thousands of dollars)

	2009 Budget $	2008 Projection $	2008 Budget $	Projection to 2009 Budget Incr (Decr) $	Budget to Budget Incr (Decr) $
Distribution revenue	**56,332**	52,096	52,096	4,236	4,236
Other revenue	**4,177**	4,460	4,229	(283)	(52)
Revenue	**60,509**	**56,556**	**56,325**	**3,953**	**4,184**
Controllable expenses (Schedules A & B)	**31,718**	30,212	30,255	1,507	1,463
City of London recoveries	**3,374**	3,315	3,300	59	74
Capital tax and other expenses	**625**	625	625	0	0
Operating expense	**28,969**	**27,522**	**27,580**	**1,448**	**1,389**
Operating income	**31,540**	**29,035**	**28,745**	**2,506**	**2,795**
Amortization of capital assets	**15,793**	16,738	16,588	(945)	(795)
Earnings before interest and taxes	**15,747**	**12,297**	**12,157**	**3,451**	**3,590**
Interest expense	**4,570**	4,485	4,650	85	(80)
Earnings before taxes	**11,177**	**7,812**	**7,507**	**3,366**	**3,670**
Income tax	**3,689**	2,617	2,477	1,072	1,212
Net earnings	**7,488**	**5,195**	**5,030**	**2,294**	**2,458**

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London Hydro Inc
Statement of Cashflow
2009 Operating and Capital Plan
(in thousands of dollars)

	2009 Budget $	2008 Projection $	2008 Budget $	Projection to 2009 Budget Incr (Decr) $	Budget to Budget Incr (Decr) $
Net earnings (loss) for the year	7,488	5,195	5,030	2,294	2,458
Amortization of capital assets and contributed capital	15,793	15,222	16,587	571	(794)
Writedown of capital asset	-	1,516	0	(1,516)	0
Change in future income taxes	(500)	(1,082)	(1,069)	582	569
Net change in non-cash working capital related to operations	(4,414)	1,018	1,404	(5,432)	(5,818)
Increase (decrease) in customer and other deposits	100	(1,068)	(1,088)	1,168	1,188
Increase in employee future benefit	495	421	400	74	95
Cash provided by (used in) operating activities	**18,962**	**21,222**	**21,264**	**(2,259)**	**(2,302)**
Payment of dividends to shareholder	(2,000)	(2,000)	(2,000)	0	0
Cash (used in) provided by financing activities	**(2,000)**	**(2,000)**	**(2,000)**	**0**	**0**
Additions to capital assets	(27,246)	(29,241)	(29,922)	1,995	2,676
Developer & other capital contributions	4,071	4,072	4,072	(1)	(1)
Decrease (increase) in regulatory amounts	(10,376)	(226)	(7,079)	(10,150)	(3,297)
Cash provided by (used in) investment activities	**(33,551)**	**(25,395)**	**(32,929)**	**(8,156)**	**(622)**
Net increase (decrease) in cash during the year	**(16,589)**	**(6,173)**	**(13,665)**	**(10,415)**	**(2,924)**

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London ..ydro Inc
Schedule of Controllable Expense (SCHEDULE A)
2009 Operating Plan
(in thousands of dollars)

Controllable Expense	2009 Budget $	2008 Projection $	2008 Budget $	Projection to 2009 Budget Incr (Decr) $	%	Budget to Budget Incr (Decr) $	%
Labour and Benefits	**19,475**	18,624	18,666	851	4.6%	809	4.3%
Purchased Services (Schedule C)	**4,242**	3,990	4,012	252	6.3%	230	5.7%
Facilities Maint and Repair	**1,532**	1,465	1,465	67	4.6%	67	4.6%
Property Taxes	**721**	727	727	(6)	-0.8%	(6)	-0.8%
City of London Lease	**100**	100	100	0	0.0%	0	0.0%
Pole Lease	**79**	79	79	0	0.0%	0	0.0%
Facilities - subtotal	**2,432**	2,371	2,371	61	2.6%	61	2.6%
Materials & Supplies	**1,051**	1,017	1,017	34	3.3%	34	3.4%
Postage	**944**	925	925	19	2.0%	19	2.0%
Software Expense	**766**	649	619	117	18.0%	148	23.9%
Bad Debts	**510**	500	500	10	2.0%	10	2.0%
Insurance	**542**	516	534	26	5.0%	8	1.5%
Office Equipment Serv and Mtce	**516**	503	500	13	2.6%	15	3.1%
Fleet Operations and Mtce	**1,080**	1,057	1,057	22	2.1%	22	2.1%
Corporate Employee Expenses	**944**	878	876	66	7.5%	68	7.7%
Regulatory (OEB fees/hearings)	**439**	430	430	9	2.0%	9	2.0%
Inventory Obsolescence	**60**	60	60	0	0.0%	0	0.0%
Donations	**58**	57	57	1	1.9%	1	1.9%
ESA Fees	**57**	54	51	3	6.3%	6	11.8%
IMO Prudentials	**29**	28	28	1	2.1%	1	2.1%
Other	**292**	220	221	72	32.5%	72	32.4%
Internal Allocations	**(1,716)**	(1,667)	(1,667)	(49)	2.9%	(49)	2.9%
Total Controllables	**31,718**	**30,212**	**30,255**	**1,507**	**5.0%**	**1,463**	**4.8%**

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London ..ydro Inc
Schedule of Controllable Expense - by Department (SCHEDULE B)
2009 Operating Plan
(in thousands of dollars)

Department	2009 Budget $	2008 Projection $	2008 Budget $	Projection to 2009 Budget Incr (Decr) $	%	Budget to Budget Incr (Decr) $	%
Engineering & Operations	**14,943**	14,317	14,353	626	4.4%	590	4.1%
Customer Services & Strategic Planning	**8,750**	8,530	8,574	220	2.6%	176	2.1%
Human Resources	**1,210**	1,146	1,176	64	5.5%	34	2.9%
Information Services	**2,454**	2,183	2,142	271	12.4%	312	14.6%
Finance	**2,088**	2,032	2,029	56	2.8%	59	2.9%
Executive & Board	**1,132**	1,075	1,072	58	5.4%	61	5.6%
Unallocated Corporate	**1,142**	930	909	212	22.8%	233	25.7%
Total Controllable Expenses	**31,718**	**30,212**	**30,255**	**1,507**	**5.0%**	**1,463**	**4.8%**

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London ..ydro Inc
Schedule of Purchased Services (SCHEDULE C)
2009 Operating Plan
(in thousands of dollars)

	2009 Budget $	2008 Projection $	2008 Budget $	Projection to 2009 Budget Incr / (Decr) $	%	Budget to Budget Incr / (Decr) $	%
Engineering and Operations							
Contractor Services	330	320	320	10	3.0%	10	3.0%
Inspection Services	31	30	30	1	3.0%	1	3.0%
Site Excavation Services	10	10	10	0	3.0%	0	3.0%
Landscaping Services	15	12	12	3	25.0%	3	25.0%
Major Equipment Rental	26	26	26	1	3.1%	1	3.1%
Shipping Charges	0	0	0	0	0.0%	0	0.0%
Wholesale Metering Services	115	93	107	22	23.2%	8	7.0%
Legal Fees	1	1	1	0	0.0%	0	0.0%
Audit Fees	6	6	6	0	0.0%	0	0.0%
Consulting Fees	23	23	23	0	0.0%	0	0.0%
Security Services	242	230	230	12	5.0%	12	5.0%
Contractor Services	419	384	409	35	9.2%	10	2.5%
Waste Disposal Services	55	51	51	4	7.8%	4	7.8%
Recycling Expense	23	17	17	6	35.9%	6	35.9%
Total Engineering and Operations	1,295	1,202	1,241	93	7.8%	54	4.4%
Customer Services and Strategic Planning							
Legal Fees	16	15	15	1	3.3%	1	3.3%
Consulting Fees	16	15	15	1	3.3%	1	3.3%
Collection Agency Fees	80	75	58	5	6.7%	22	37.9%
Credit Agency Fees	2	2	2	0	5.0%	0	5.0%
Payment Processor Fees	93	90	90	3	3.0%	3	3.0%
Mail Contractor Expense	54	52	52	2	3.1%	2	3.1%
Contractor Services	7	135	135	(128)	-94.7%	(128)	-94.7%
EBT Hub Expense	52	50	50	2	3.0%	2	3.0%
Bill Printing Services	60	58	58	2	2.9%	2	2.9%
Epost Contracted Services	39	38	38	1	2.9%	1	2.9%
Contract Collection Services	250	200	200	50	25.0%	50	25.0%
Contract Meter Reading Service	1,061	1,030	1,030	31	3.0%	31	3.0%
Total Customer Services and Strategic Planning	1,727	1,760	1,743	(32)	-1.8%	(15)	-0.9%
Human Resources							
Bank Service Charges	5	5	5	0	4.0%	0	4.0%
Legal Fees	72	60	60	12	19.7%	12	19.7%
Consulting Fees	41	35	35	6	17.4%	6	17.4%
Contractor Services	46	45	45	1	3.1%	1	3.1%
Total Human Resources	165	145	145	20	13.4%	20	13.4%

London ..ydro Inc
Schedule of Purchased Services (SCHEDULE C)
2009 Operating Plan
(in thousands of dollars)

	2009 Budget $	2008 Projection $	2008 Budget $	Projection to 2009 Budget Incr / (Decr) $	%	Budget to Budget Incr / (Decr) $	%
Information Systems							
Consulting Fees	30	99	99	(69)	-69.9%	(69)	-69.9%
Offsite Storage	26	25	25	1	3.2%	1	3.2%
Disaster Recovery Expense	52	50	50	2	3.0%	2	3.0%
Contractor Services	400	207	207	193	93.0%	193	93.0%
Total Information Systems	507	381	381	126	33.1%	126	33.1%
Finance							
Advertising Expense	16	15	15	1	3.3%	1	3.3%
Bank Service Charges	57	55	55	2	3.1%	2	3.1%
Legal Fees	19	18	18	1	3.3%	1	3.3%
Audit Fees	41	40	40	1	3.0%	1	3.0%
Consulting Fees	77	75	75	2	3.1%	2	3.1%
Total Finance	209	203	203	6	3.1%	6	3.1%
Executive & Board							
Advertising Expense	76	74	74	2	3.0%	2	3.0%
Legal Fees	57	55	55	2	3.1%	2	3.1%
Consulting Fees	21	20	20	1	3.5%	1	3.5%
Bd of Directors Fees	98	95	95	3	3.0%	3	3.0%
Community Relatns Advertising	67	36	36	31	86.4%	31	86.4%
Total Executive & Board	318	280	280	39	13.8%	39	13.8%
Unallocated Corporate							
Legal Fees	5	5	5	0	4.0%	0	4.0%
Consulting Fees	16	15	15	1	3.3%	1	3.3%
Total Unallocated Corporate	21	20	20	1	3.5%	1	3.5%
TOTAL PURCHASED SERVICES:	**4,242**	**3,990**	**4,012**	**252**	**6.3%**	**230**	**5.7%**

Londo. . .ydro Inc
Schedule of Capital Expenditures - Infrastructure & Development (SCHEDULE D)
2009 Capital Plan
(in thousands of dollars)

	2009 Budget $	2008 Projections $	2008 Budget $	Projection to 2009 Budget Incr / (Decr) $	%	Budget to Budget Inc / (Decr) $	%
Substation Rebuilds	1,610	2,140	2,140	(530)	-24.8%	(530)	-24.8%
Subdivision Rebuilds	1,825	2,300	2,300	(475)	-20.7%	(475)	-20.7%
Main Feeders	2,550	4,100	4,100	(1,550)	-37.8%	(1,550)	-37.8%
City Works Projects	750	1,000	1,000	(250)	-25.0%	(250)	-25.0%
Developer Works Projects	7,900	5,690	5,690	2,210	38.8%	2,210	38.8%
Networks	1,250	1,410	1,410	(160)	-11.3%	(160)	-11.3%
Overhead Line Work	3,455	2,700	2,700	755	28.0%	755	28.0%
Automation	610	450	450	160	35.6%	160	35.6%
Engineering & Operations	**19,950**	**19,790**	**19,790**	**160**	**0.8%**	**160**	**0.8%**
Meters & Devices	482	522	522	(40)	-7.7%	(40)	-7.7%
Wholesale Metering	1,000	-	880	1,000	-	120	13.6%
Vehicles & Major Equipment	1,778	1,550	1,550	228	14.7%	228	14.7%
Operating Equipment	135	130	130	5	3.8%	5	3.8%
Equipment	**3,395**	**2,202**	**3,082**	**1,193**	**54.2%**	**313**	**10.2%**
Office Furniture & Equipment	120	63	63	57	90.5%	57	90.5%
Buildings & Fixtures	1,130	1,400	1,400	(270)	-19.3%	(270)	-19.3%
Customer Services	200	210	210	(10)	-4.8%	(10)	-4.8%
Office Property & Equipment	**1,450**	**1,673**	**1,673**	**(223)**	**-13.3%**	**(223)**	**-13.3%**
Hardware / Software	933	1,020	1,020	(87)	-8.5%	(87)	-8.5%
Application Development	1,518	4,355	4,357	(2,837)	-65.1%	(2,839)	-65.2%
Information Systems	**2,451**	**5,375**	**5,377**	**(2,924)**	**-54.4%**	**(2,926)**	**-54.4%**
Total Infrastructure & Development	**27,246**	**29,040**	**29,922**	**(1,794)**	**-6.2%**	**(2,676)**	**-8.9%**

London ..ydro Inc
Schedule of Regulatory Smart Meter Expenditures (SCHEDULE E)
2009 Capital Plan
(in thousands of dollars)

	2009 Budget $	2008 Projections $	2008 Budget $	Projection to 2009 Budget Incr / (Decr) $	%	Budget to Budget Inc / (Decr) $	%
Smart Meter Purchases & Meter Infrastructure	12,425	6,443	7,942	5,983	92.9%	4,483	56.4%
Total Smart Meters	**12,425**	**6,443**	**7,942**	**5,983**	**92.9%**	**4,483**	**56.4%**

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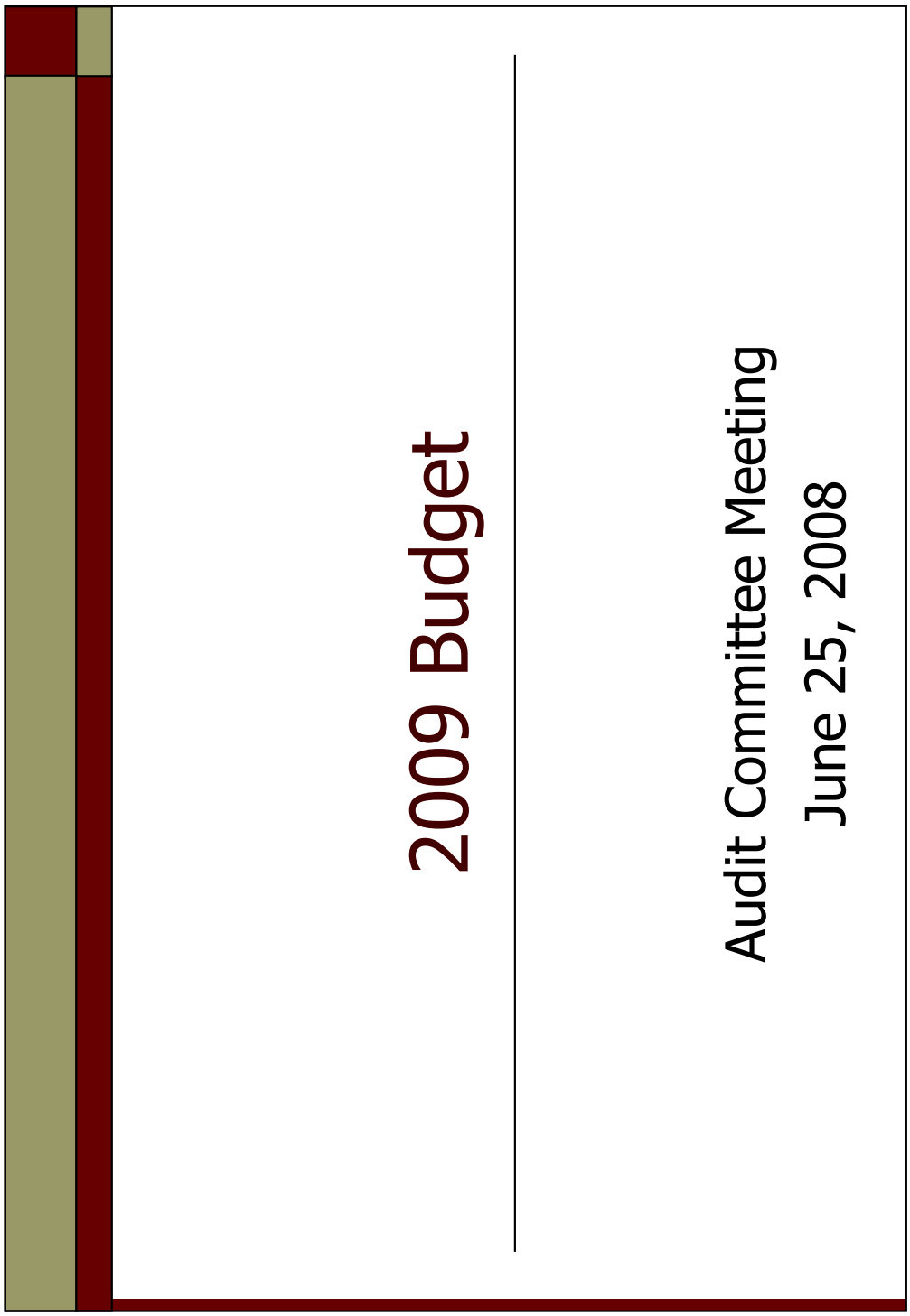

2009 Budget
Audit Committee Meeting
June 25, 2008

Agenda

- Brief Introduction and Context
- Key Assumptions
- Distribution Revenue
- Headcount and Labour
- Capital and Asset Management Plan
- Financials and Sensitivity

Introduction – Objectives

1. Reinforce and renew the electric distribution infrastructure – capacity upgrade, reliability improvement, safety related.

2. Execute Advanced Meter Infrastructure (AMI) initiatives and provide leadership to other AMI consortium member utilities.

3. Actively pursue new conservation programmes beyond those mandated by OPA (complimentary to OPA).

4. Continuously investigate opportunities to place London Hydro in a leadership role.

5. Continually enhance health and safety for employees and customers.

Key Assumptions

Key Assumptions

Distribution Revenue

- Customer Growth
  - Customer growth rates using historical trends and current outlook
    - Residential 1.5%
    - Small commercial 1.8%
    - Large commercial and industrial 0%
- Consumption Growth
  - Based on weather normalized data since 1996 plus current impacts of completed CDM programs
    - Residential (1.0)%
    - Small commercial 1.0%
    - Large commercial and industrial 2.7%

Key Assumptions

- Costs
  - Wage increase of 3.25% as per collective agreement
  - Material Price increase of 3 - 12% depending on material
- Regulatory
  - Based on Dec 1/08 filing with Sept 1/09 effective date
  - All revenue Components – costs, working capital, returns, are fully approved – (we will review sensitivity later)
  - Smart Meter recovery will continue to receive interim rate rider – no recovery from a special rate application in 2009

Distribution Revenue

	2009 Budget $	2008 Projection $	2008 Budget $	Projection to 2009 Budget Incr (Decr) $	Budget to Budget Incr (Decr) $
Distribution revenue	56,332	52,096	52,096	4,236	4,236
Other revenue	4,177	4,460	4,229	(283)	(52)
Revenue	**60,509**	**56,556**	**56,325**	**3,953**	**4,184**
Controllable expenses (Schedules A & B)	31,718	30,212	30,255	1,507	1,463
City of London recoveries	3,374	3,315	3,300	59	74
Capital tax and other expenses	625	625	625	0	0
Operating expense	**28,969**	**27,522**	**27,580**	**1,448**	**1,389**
Operating income	**31,540**	**29,035**	**28,745**	**2,506**	**2,795**
Amortization of capital assets	15,793	16,738	16,588	(945)	(795)
Earnings before interest and taxes	**15,747**	**12,297**	**12,157**	**3,451**	**3,590**
Interest expense	4,570	4,485	4,650	85	(80)
Earnings before taxes	**11,177**	**7,812**	**7,507**	**3,366**	**3,670**
Income tax	3,689	2,617	2,477	1,072	1,212
Net earnings	**7,488**	**5,195**	**5,030**	**2,294**	**2,458**

Distribution Revenue

Rate Base Calculation and OEB Deemed Cost of Capital

RATE BASE ($000's)

	2007	2008	2009
Net Fixed Assets Excluding WIP - Average of Opening and Closing Balances	$ 166,803	$ 173,009	$ 181,206
Working Capital			
Cost of Power - Based upon OEB established price values and weather normalized consumption forecasts	248,813	241,192	247,719
Operating costs, (Ex - amortization)	25,337	26,559	28,969
Total Eligible Costs	274,150	267,751	276,688
W/C %	15%	15%	15%
Working Capital	41,123	40,163	41,503
Total Rate Base	$ 207,926	$ 213,172	$ 222,709

OEB DEEMED COST OF CAPITAL VALUES

	2007	2008	2009
OEB Equity %	45.00%	42.50%	40.00%
OEB Debt % - Short-term	-	-	4.00%
OEB Debt % - Long-term	55.00%	57.50%	56.00%
OEB Equity Rate	9.00%	9.00%	8.57%
OEB Debt Rate - Short-term	-	4.50%	4.47%
OEB Debt Rate - Long-term	6.00%	6.00%	6.00%
After-tax allowable WACC	7.35%	7.28%	6.97%

Distribution Revenue

Base Revenue Requirements

PRE-TAX REVENUE REQUIREMENT ($000'S)

	2007	2008	2009
Revenue Requirement on rate base	$ 15,283	$ 15,508	$ 15,516
Operating Costs (including Amortizaton)	39,407	43,297	44,762
% allowable	100.00%	100.00%	100.00%
Net Operating Costs included	39,407	43,297	44,762
Pre-Tax Revenue Requirement	$ 54,690	$ 58,805	$ 60,278

BASE REVENUE REQUIREMENT($000'S)

	2007	2008	2009
Pre-Tax Revenue Requirement	$ 54,690	$ 58,805	$ 60,278
Federal and Province Income Tax Rate	36.12%	33.50%	33.00%
Initial estimate of allowable PIL's recovery in rates (subject to change)	4,762	4,108	3,760
Less Specific Service Charges (subject to change)	(3,350)	(4,158)	(4,177)
Base Revenue Requirement	$ 56,101	$ 58,755	$ 59,861

Distribution Revenue

Forecast Revenue and Customer Bill Impact

2007 ACTUAL	$	51,657
2008 PROJECTED	$	52,096

FORECAST REVENUES

	2009 - Sept 1 effect
BASE DISTRIBUTION REVENUE - PRORATED FOR MAY 1,2009 IMPLEMENTATION	$ 54,684
RATE RIDER RECOVERIES OF COSTS EXPENSED FOR GAAP PURPOSES (re: OMERS expense not in rates before 2006)	1,648
Total 2009 Calendar Year Revenue	$ 56,332

CCUSTOMER RATE IMPACT ANALYSIS

	2009 - Sept 1 effect
Curent Base Distribution Revenues	$ 52,096
Increase in Base Distribution Revenue Rates	7,765
Total Regulatory Assets and Liabilities Submitted with Rate Application	(3,596)
Total Recoveries from Customers Through Rates	$ 56,265

Total Increase In Recoveries from Customers from Distribution Rates	14.9%
Total Increase (Decrease) In Recoveries from Customers from Rate Riders	-6.9%
Net Increase In Distribution Portion of Customer Bill	8.0%

Estimated Customer Impact on Total Bill - Assuming 75% of Bill is Commodity	2.0%

Controllable Expense

	2009 Budget $	2008 Projection $	2008 Budget $	Projection to 2009 Budget Incr (Decr) $	Budget to Budget Incr (Decr) $
Distribution revenue	56,332	52,096	52,096	4,236	4,236
Other revenue	4,177	4,460	4,229	(283)	(52)
Revenue	**60,509**	**56,556**	**56,325**	**3,953**	**4,184**
Controllable expenses (Schedules A & B)	31,718	30,212	30,255	1,507	1,463
City of London recoveries	3,374	3,315	3,300	59	74
Capital tax and other expenses	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Operating expense	**28,969**	**27,522**	**27,580**	**1,448**	**1,389**
Operating income	**31,540**	**29,035**	**28,745**	**2,506**	**2,795**
Amortization of capital assets	15,793	16,738	16,588	(945)	(795)
Earnings before interest and taxes	**15,747**	**12,297**	**12,157**	**3,451**	**3,590**
Interest expense	4,570	4,485	4,650	85	(80)
Earnings before taxes	**11,177**	**7,812**	**7,507**	**3,366**	**3,670**
Income tax	3,689	2,617	2,477	1,072	1,212
Net earnings	**7,488**	**5,195**	**5,030**	**2,294**	**2,458**

Controllable Expense	2009 Budget $	2008 Projection $	2008 Budget $	Projection to 2009 Budget Incr (Decr) $	%	Budget to Budget Incr (Decr) $	%
Labour and Benefits	19,475	18,624	18,666	851	4.6%	809	4.3%
Purchased Services (Schedule C)	4,242	3,990	4,012	252	6.3%	230	5.7%
Facilities Maint and Repair	1,552	1,485	1,485	67	4.5%	67	4.5%
Property Taxes	721	727	727	(6)	-0.8%	(6)	-0.8%
City of London Lease	100	100	100	0	0.0%	0	0.0%
Pole Lease	79	79	79	0	0.0%	0	0.0%
Facilities - subtotal	2,432	2,371	2,371	61	2.6%	61	2.6%
Materials & Supplies	1,051	1,017	1,017	34	3.3%	34	3.4%
Postage	944	925	925	19	2.0%	19	2.0%
Software Expense	766	649	619	117	18.0%	148	23.9%
Bad Debts	510	500	500	10	2.0%	10	2.0%
Insurance	542	516	534	26	5.0%	8	1.5%
Office Equipment Serv and Mtce	516	503	500	13	2.6%	15	3.1%
Fleet Operations and Mtce	1,080	1,057	1,057	22	2.1%	22	2.1%
Corporate Employee Expenses	944	878	876	66	7.5%	68	7.7%
Regulatory (OEB fees/hearings)	439	430	430	9	2.0%	9	2.0%
Inventory Obsolescence	60	60	60	0	0.0%	0	0.0%
Donations	58	57	57	1	1.9%	1	1.9%
ESA Fees	57	54	51	3	6.3%	6	11.8%
IMO Prudentials	29	28	28	1	2.1%	1	2.1%
Other	292	220	221	72	32.5%	72	32.4%
Internal Allocations	(1,716)	(1,667)	(1,667)	(49)	2.9%	(49)	2.9%
Total Controllables	31,718	30,212	30,255	1,507	5.0%	1,463	4.8%

75%

Headcount & Labour

Headcount by Department

LONDON HYDRO
2009 LABOUR BUDGET
HEADCOUNT STATISTICS

	Full - Time			Part-Time / Contracts (FTE)			Total		
	2008 Budget	2009 Budget	B to B Change	2008 Budget	2009 Budget	B to B Change	2008 Budget	2009 Budget	B to B Change
SUMMARY BY DEPARTMENT									
Engineering & Operations	156.0	162.0	6.0	7.4	7.7	0.3	163.4	169.7	6.3
Customer Services	58.0	59.0	1.0	7.7	10.4	2.7	65.7	69.4	3.7
Human Resources	6.0	6.0	-	-	-	-	6.0	6.0	-
Information Systems	15.0	15.0	-	2.3	1.5	(0.8)	17.3	16.5	(0.8)
Financial Services	12.0	12.0	-	0.3	0.3	-	12.3	12.3	-
Corporate Services	5.0	5.0	-	-	-	-	5.0	5.0	-
	252.0	**259.0**	**7.0**	**17.7**	**19.9**	**2.2**	**269.7**	**278.9**	**9.2**

Headcount

Engineering & Operations – Increase of 6.3 FTE

- 2 Overhead Line Apprentices
- 2 Underground Line Apprentices
- 2 Instrumentation & Control Apprentices
- .3 Engineering in Training Program (part time)

Discussion:

- Forecasted future retirements in skilled trade positions
- Skill trade shortage in the market expected to continue in future
- Apprentice program 4 – 5 years in duration – need to prepare now

Headcount

Customer Services – Increase of 3.7 FTE

- 1 Business Analyst
- 2.7 FTE Customer Service Reps (temporary)

Discussion:

- IT support for new SAP-CIS, and Smart Meters required
- Smart Meter roll out will require call centre staff to respond to anticipated additional customer inquiries (temporary)

NOTE: Incremental smart meter costs not part of operating expense

Headcount

Information Services – Decrease .8 FTE

- SAP-CIS Project Administrator no longer required

Discussion:

- SAP-CIS live by end of 2008

Labour and Benefit Cost

Change in Labour and Benefits	Budget to Budget Change (in $000's) $		%
Base Salary	$	1,039	5.7%
Benefit Cost	$	298	5.6%
Labour & Benefit to Capital/Billable/Smart Meters	$	530	9.0%
Labour in Operating Expense	$	809	4.3%

Note: Premium pays remain at 2008 budget level, a reduction of $30k before the negotiated wage increase. Premium pay (overtime) is forecasted to be $162k lower than 2007 actuals

Labour and Benefit Cost

2009 Budget

DEPARTMENT	BASE SALARIES BUDGET	PREMIUM PAYS BUDGET	BENEFITS & WSIB BUDGET	GROSS LABOUR BUDGET	ALLOCATIONS TO CAP / BILLABLE / OTHER	2009 LABOUR IN OPEX	% OF GROSS LABOUR IN OPEX
Engineering & Operations	11,569,600	1,051,300	3,416,300	16,037,200	(5,983,300)	10,053,900	62.7%
Customers Services	4,308,800	-	1,207,700	5,516,500	(418,000)	5,098,500	92.4%
Human Resources	540,200	-	162,100	702,300	-	702,300	100.0%
Information Systems	1,352,700	9,000	402,600	1,764,300	-	1,764,300	100.0%
Financial Services	944,600	-	281,400	1,226,000	-	1,226,000	100.0%
Corporate Services	477,200	-	143,200	620,400	9,400	629,800	101.5%
TOTAL:	**19,193,100**	**1,060,300**	**5,613,300**	**25,866,700**	**(6,391,900)**	**19,474,800**	**75.3%**

2008 Projection

DEPARTMENT	BASE SALARIES BUDGET	PREMIUM PAYS BUDGET	BENEFITS & WSIB BUDGET	GROSS LABOUR BUDGET	ALLOCATIONS TO CAP / BILLABLE / OTHER	2008 LABOUR IN OPEX	% OF GROSS LABOUR IN OPEX
Engineering & Operations	10,885,900	1,015,800	3,213,900	15,115,600	(5,494,200)	9,621,400	63.7%
Customers Services	4,021,000	28,500	1,140,600	5,190,100	(299,300)	4,890,800	94.2%
Human Resources	531,900	-	159,600	691,500	-	691,500	100.0%
Information Systems	1,349,200	12,000	386,400	1,747,600	(127,900)	1,619,700	92.7%
Financial Services	915,900	1,100	272,900	1,189,900	-	1,189,900	100.0%
Corporate Services	464,000	-	139,200	603,200	7,500	610,700	101.2%
TOTAL:	**18,167,900**	**1,057,400**	**5,312,600**	**24,537,900**	**(5,913,900)**	**18,624,000**	**75.9%**

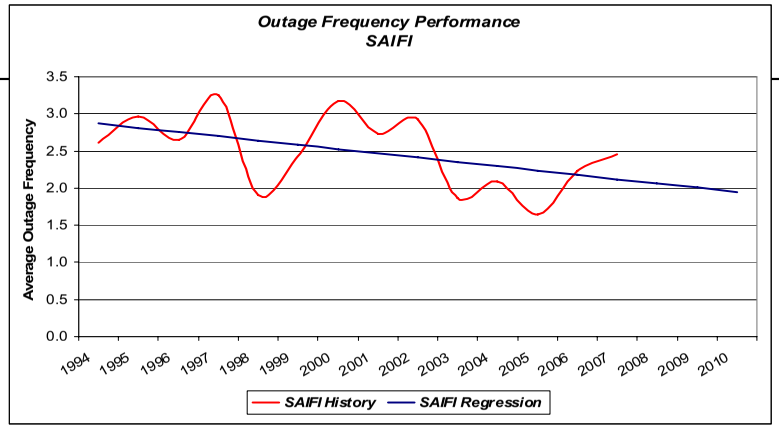
Capital Spending

Capital Expenditures

	2009 Budget $	2008 Projections $	2008 Budget $
Substation Rebuilds	1,610	2,140	2,140
Subdivision Rebuilds	1,825	2,300	2,300
Main Feeders	2,550	4,100	4,100
City Works Projects	750	1,000	1,000
Developer Works Projects	7,900	5,690	5,690
Networks	1,250	1,410	1,410
Overhead Line Work	3,455	2,700	2,700
Automation	[illegible]	[illegible]	[illegible]
Engineering & Operations	**19,950**	**19,790**	**19,790**
Meters & Devices	[illegible]	[illegible]	[illegible]
Wholesale Metering	1,000	-	880
Vehicles & Major Equipment	1,778	1,550	1,550
Operating Equipment	135	130	130
Equipment	**3,395**	**2,202**	**3,082**
Office Furniture & Equipment	120	63	63
Buildings & Fixtures	1,130	1,400	1,400
Customer Services	200	210	210
Office Property & Equipment	**1,450**	**1,673**	**1,673**
Hardware / Software	933	1,020	1,020
Application Development	1,518	4,355	4,357
Information Systems	**2,451**	**5,375**	**5,377**
Total Infrastructure & Development	**27,246**	**29,040**	**29,922**

Asset Mgt Plan -74%

IT Plan - 9%

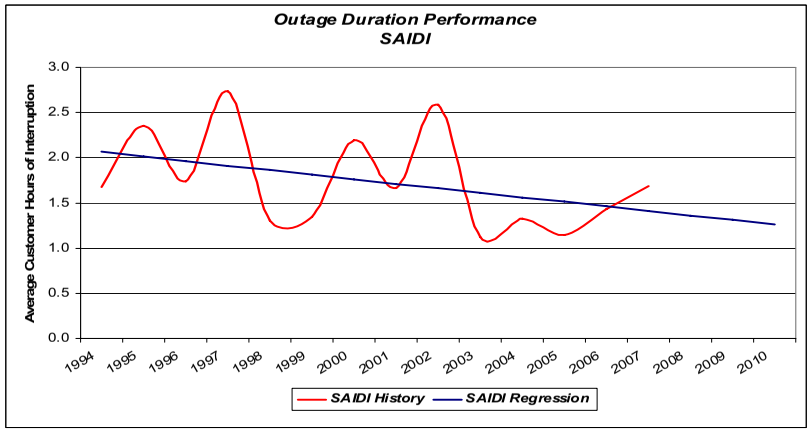


95%

Number of customers who thought we delivered consistent and reliable energy

74%

Number of customers who experienced an outage and did not complain



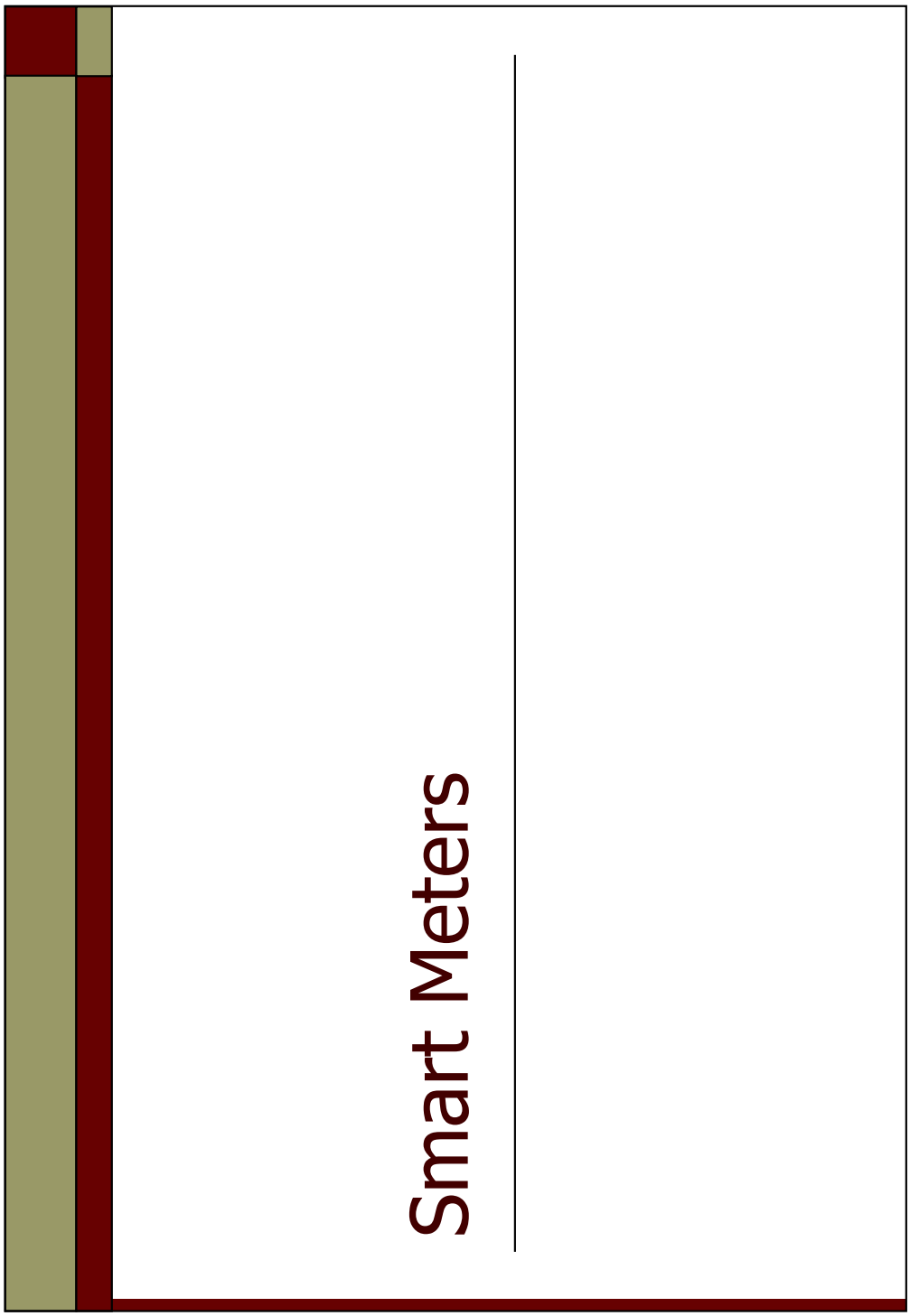
2009 Total Capital Spending

2008 Projected Spend - $29.0 mil

2009 Budget - $27.2 mil

Key Focus Areas for 2009 –

- Completion of Sub 11 (network support) ($1.5 mil)
- New development forecast to remain strong ($7.9 mil)
- Overhead line rebuilds and replacements ($3.5 mil)
- Main feeder construction ($2.6 mil)
- Vehicle and equipment replacements ($1.8 mil)
- Information Technology spend ($2.5 mil) includes new Outage Management System ($.8 mil)


Smart Meters

Smart Meters

- 2008 Projected Spend - $ 6.4 mil
- 2009 Budget - $ 12.4 mil
- 2010 Budget - $ 12.4 mil

- Installation Schedule: 2008 - 31,000 units, 2009 and 2010 – 55,000 units in each year

2009 Financials

Balance Sheet – Assets

	2009 Budget $	2008 Projection $	2008 Budget $
Cash & Equivalents	1,801	18,391	10,899
Accounts Receivable	47,795	45,265	45,170
Regulatory Amounts Recov	408	805	5,136
Inventory	3,900	3,900	3,900
Prepaid Expenses	925	1,000	1,000
Bank Indebtedness	0	-	-
	54,827	69,361	66,105
Regulatory Amounts Recov	17,246	6,055	2,568
Future Income Taxes	8,464	7,964	7,951
	25,710	14,019	10,519
Capital Assets	192,059	184,676	185,508
	192,059	184,676	185,508
	272,596	268,056	262,132

Balance Sheet – Liabilities & Equity

	2009 Budget $	2008 Projection $	2008 Budget $
Bank Indebtedness	0	-	0
Due to IESO	19,481	20,802	20,802
A/P - Trade	9,000	9,500	9,500
Due to Shareholder	5,237	5,550	5,667
Regulatory Liabilities	1,840	3,680	200
Income Taxes Payable	0	(173)	1
Dividends Payable	0	-	0
Customer & Other Deposits	2,500	2,400	2,400
Future Income Taxes	0	0	0
	38,058	41,759	38,570
Regulatory Liabilities - LT	7,787	5,529	3,000
Customer & Other Deposits	8,870	8,870	8,850
Employee Future Benefit	9,547	9,052	9,031
LT Debt Due to Shareholder	70,000	70,000	70,000
	96,204	93,451	90,881
Share Capital	96,116	96,116	96,116
Retained Earnings	42,218	36,730	36,565
	138,334	132,846	132,681
	272,596	268,056	262,132

Statement of Operations

	2009 Budget $	2008 Projection $	2008 Budget $	Projection to 2009 Budget Incr (Decr) $	Budget to Budget Incr (Decr) $
Distribution revenue	56,332	52,096	52,096	4,236	4,236
Other revenue	4,177	4,460	4,229	(283)	(52)
Revenue	**60,509**	**56,556**	**56,325**	**3,953**	**4,184**
Controllable expenses (Schedules A & B)	31,718	30,212	30,255	1,507	1,463
City of London recoveries	3,374	3,315	3,300	59	74
Capital tax and other expenses	625	625	625	0	0
Operating expense	**28,969**	**27,522**	**27,580**	**1,448**	**1,389**
Operating income	**31,540**	**29,035**	**28,745**	**2,506**	**2,795**
Amortization of capital assets	15,793	16,738	16,588	(945)	(795)
Earnings before interest and taxes	**15,747**	**12,297**	**12,157**	**3,451**	**3,590**
Interest expense	4,570	4,485	4,650	85	(80)
Earnings before taxes	**11,177**	**7,812**	**7,507**	**3,366**	**3,670**
Income tax	3,689	2,617	2,477	1,072	1,212
Net earnings	**7,488**	**5,195**	**5,030**	**2,294**	**2,458**

Statement of Cashflow

	2009 Budget $	2008 Projection $	2008 Budget $	Projection to 2009 Budget Incr (Decr) $	Budget to Budget Incr (Decr) $
Net earnings (loss) for the year	7,488	5,195	5,030	2,294	2,458
Amortization of capital assets and contributed capital	15,793	15,222	16,587	571	(794)
Writedown of capital asset	-	1,516	0	(1,516)	0
Change in future income taxes	(500)	(1,082)	(1,069)	582	569
Net change in non-cash working capital related to operations	(4,414)	1,018	1,404	(5,432)	(5,818)
Increase (decrease) in customer and other deposits	100	(1,068)	(1,088)	1,168	1,188
Increase in employee future benefit	495	421	400	74	95
Cash provided by (used in) operating activities	**18,962**	**21,222**	**21,264**	**(2,259)**	**(2,302)**
Payment of dividends to shareholder	(2,000)	(2,000)	(2,000)	0	0
Cash (used in) provided by financing activities	**(2,000)**	**(2,000)**	**(2,000)**	**0**	**0**
Additions to capital assets	(27,246)	(29,241)	(29,922)	1,995	2,676
Developer & other capital contributions	4,071	4,072	4,072	(1)	(1)
Decrease (increase) in regulatory amounts	(10,376)	(226)	(7,079)	(10,150)	(3,297)
Cash provided by (used in) investment activities	**(33,551)**	**(25,395)**	**(32,929)**	**(8,156)**	**(622)**
Net increase (decrease) in cash during the year	**(16,589)**	**(6,173)**	**(13,665)**	**(10,415)**	**(2,924)**

Credit Rating Sensitivity

Sensitivity
Current S&P Rating

Table 2

Business Risk/Financial Risk Matrix

	--Financial risk profile--				
Business risk profile	**Minimal**	**Modest**	**Intermediate**	**Aggressive**	**Highly leveraged**
Excellent	AAA	AA	A	BBB	BB
Strong	AAA	AA	A-	BBB-	BB-
Satisfactory	A	BBB+	BBB	BB+	B+
Weak	BBB	BBB-	BB+	BB-	B
Vulnerable	BB	B+	B+	B	B-

Sensitivity
S&P Metrics

Table 3

Financial Risk Indicative Ratios*

	FFO to debt (%)	FFO interest coverage (x)	Debt to capital (%)
Modest	40-60	4.0-6.0	25-40
Intermediate	25-45	3.0-4.5	35-50
Aggressive	10-30	2.0-3.5	45-60
Highly leveraged	Less than 15	2.5 or less	More than 50

*After various analytical adjustments. FFO--Funds from operations.

Sensitivity- S&P Metrics

			Opex (net) Reduction *				5% plus OMERS	Coupon		
		As Planned	3.0%	3.5%	4.0%	5.0%	Denied	5.0%	5.5%	6.0%
Operations										
Revenue		56,322	55,472	55,330	55,188	54,905	53,257	54,905	54,763	54,621
EBIT		15,747	14,897	14,755	14,613	14,330	12,682	14,330	14,188	14,046
Interest										
Existing		4,570	4,570	4,570	4,570	4,570	4,570	4,570	4,570	4,570
New	***60,000***	0	0	0	0	0	0	3,000	3,300	3,600
		4,570	4,570	4,570	4,570	4,570	4,570	7,570	7,870	8,170
EBT		11,177	10,327	10,185	10,043	9,760	8,112	6,760	6,318	5,876
Tax		3,688	3,408	3,361	3,314	3,221	2,677	2,231	2,085	1,939
Net		7,489	6,919	6,824	6,729	6,539	5,435	4,529	4,233	3,937
S&P Ratios										
Interest Cover (x)		3.05	2.88	2.85	2.83	2.77	2.45	1.75	1.68	1.60
FFO to interest (x)		4.47	4.30	4.28	4.25	4.20	3.88	2.41	2.29	2.18
FFO to Debt (%)		30.16%	29.05%	28.87%	28.68%	28.31%	26.16%	14.41%	14.19%	13.97%
Debt to Capital (%)		35.64%	35.73%	35.75%	35.77%	35.80%	35.98%	63.84%	63.84%	63.84%

Summary

- 2009 Plan will be subject to OEB review process
- Board will need to endorse plan now to facilitate OEB rate application
- Rate application preparation requires agreement on direction
- Recommend approval on the basis described in our transmittal

The End

Item Title: **REVISONS TO 2009 BUDGET AND 2008 PROJECTIONS**

Approval Requested

It is requested that the Board of Directors of London Hydro approve the attached recommended revisions to the 2009 Operating and Capital Plan that was approved by the Board on June 24, 2008.

Background

On December 1, 2008 London Hydro will file its 2009 cost of service rate application with the Ontario Energy Board for rates that will take effect in 2009. This rate application will be based upon London Hydro's 2009 Operating and Capital Plan.

In a normal year, the future year spending plan would be prepared and presented to the Board for approval in the month of November, but to facilitate the preparation and filing of the 2009 rate application, it was necessary for London Hydro to develop its 2009 Operating and Capital Plan during the early part of 2008 and receive approval from the Board to proceed with the development of the rate application based upon this approved 2009 Plan.

The Board approved London Hydro's 2009 Operating and Capital Plan and 2008 projections on June 24, 2008. In mid September, management performed a review of these spending plans and forecast amounts to determine if any revisions should be recommended based upon current information available. Based upon this review, management is recommending the following adjustments to the previously approved 2009 Operating and Capital Plan.

2009 Capital Spending and 2008 Projections ($000's)

CAPITAL SPENDING	2008 Budget	2008 Projections at June 24	Revisions	2008 Revised Projections at Sept 30	2009 Budget at June 24	Revisions	2009 Revised Budget at Sept 30
Engineering & Operations	$ 19,790	$ 19,790	$ -	$ 19,790	$ 19,950	$ -	$ 19,950
Equipment	3,082	2,202	-	2,202	3,395	-	3,395
Office Property & Equipment	1,673	1,673	-	1,673	1,450	-	1,450
Information Systems	5,377	5,375	(1,237)	4,138	2,451	1,051	3,502
	$ 29,922	**$ 29,040**	**$ (1,237)**	**$ 27,803**	**$ 27,246**	**$ 1,051**	**$ 28,297**
Smart Meters	**$ 7,942**	**$ 6,443**	**$ (5,443)**	**$ 1,000**	**$ 12,425**	**$ 5,443**	**$ 17,868**
Smart Meters installed (000's)	**31**	**31**	**(26)**	**5**	**55**	**26**	**81**

Factors Contributing to Revisions in Capital Plan

Engineering and Operations

Within the Engineering & Operations capital plan, total 2009 spending has not changed, however, management is recommending that the project for construction of 26M43 Feeder Talbot TS Phase 1 in the amount of $1.5 million be deferred beyond 2009 and the funds be reallocated to the Downtown Network Supply Upgrades project.

Information Systems

Due to a delay in the timing of the implementation of the new Customer Billing System (CIS), expenditures of $943,000 for this project and additional hardware and software projects in the amount of $108,000 will be deferred until 2009. In addition to these spending deferrals, the forecast cost of CIS modifications for 2008 have been reduced by $186,000.

Smart Meters

The timing of the Smart Meter program in 2008 has been delayed, and estimated spending of $5.4 million that was projected to occur in 2008, will be deferred until 2009. The original forecast of 31,000 smart meters installed in 2008 is now anticipated to be 5,000 meters and the revised forecast for 2009 is based upon 81,000 smart meter installations.

2009 Operating Plan and 2008 Projections ($000's)

	2008 Budget	2008 Projections at June 24	Revisions	2008 Revised Projections at Sept 30	2009 Budget at June 24	Revisions	2009 Revised Budget at Sept 30
Revenue	$ 56,325	$ 56,556	$ 346	$ 56,902	$ 60,509	$ 9	$ 60,518
Operating expense	27,580	27,522	185	27,707	28,969	837	29,806
Amortization	16,588	16,738	(368)	16,370	15,793	126	15,919
	44,168	44,260	(183)	44,077	44,762	963	45,725
Earnings before interest and taxes	12,157	12,296	529	12,825	15,747	(954)	14,794
Interest expense	4,650	4,485	(25)	4,460	4,570	(50)	4,520
Earnings before taxes	7,507	7,812	553	8,365	11,177	(904)	10,274
Income tax	2,477	2,617	185	2,802	3,689	(298)	3,391
Net Earnings	**$ 5,030**	**$ 5,195**	**$ 368**	**$ 5,563**	**$ 7,488**	**$ (606)**	**$ 6,883**
Liquidity ($000's)							
Cash inflow (outflow)	$ (13,665)	$ (6,173)	$ 7,115	$ 942	$ (16,589)	$ (5,965)	$ (22,554)
Cash and equivalents	$ 10,898	$ 18,391	$ 7,115	$ 25,506	$ 1,801	$ 1,160	$ 2,961
Accounts receivable	$ 45,170	$ 45,265	$ -	$ 45,265	$ 47,793	$ (1,291)	$ 46,502
Profitability and credit ratios							
Working capital ratio	1.71	1.66	0.15	1.81	1.44	(0.00)	1.44
Interest coverage	2.61	2.74	0.14	2.88	3.45	(0.17)	3.27
Return on equity	3.9%	4.0%	0.3%	4.3%	5.6%	-0.5%	5.2%

Factors Contributing to Revisions in Operating Plan

Revenue

- 2008 projections for revenue have increased by $346,000 and are composed of the following:
  - $280,000 in performance incentives received from the Ontario Power Authority (OPA) for the success achieved in undertaking their Energy Retrofit program. Management anticipates that further incentive amounts may be received from OPA during 2008 and 2009, but there is insufficient information available to accurately determine the value of these incentives or their likelihood of being received.
  - $66,000 in net adjustments to the forecast revenues for interest income, sale of scrap, late payment charges and other miscellaneous revenues.

- 2009 projections for revenue have increased by $9,000 resulting from adjustments to estimated revenues for interest income, sale of scrap, late payment charges and other miscellaneous revenues.

Operating Expense

- 2008 projections for operating expense have increased by $185,000 and are composed of the following:
  - Increase of $500,000 with respect to consulting and other costs re: Special Project on London Hydro future
  - Reduction of $350,000 in labour and benefit costs due to hiring delays, increase in billable service recoveries and increased capital work
  - Increase of $21,000 in Board fees due to increased number of meetings re: Special Project
  - Other net cost increases of $14,000 in consulting and other services and supplies

- 2009 projections for operating expense have increased by $837,000 and are composed of the following:
  - Increase of $275,000 with respect to consulting and other costs re: Special Project on London Hydro future
  - Increase of $60,000 for consulting re: transition to International Financial Reporting Standards (IFRS), CIS go-live testing, and corporate tax filing
  - Increase of $150,000 re: legal costs for oral hearing phase of 2009 rate application
  - Increase of $196,000 in facilities operating costs due to loss of space rental revenues from City of London
  - Increase of $17,000 in Board fees due to increased number of meetings re: Special Project
  - Increase of $81,000 re: contract service for LAN administer
  - Other net cost increases of $58,000 re: hardware / software maintenance, contracted services and supplies

Amortization Expense

- 2008 projections for amortization expense have decreased by $368,000 and 2009 projections have increased by $126,000 due primarily to the timing of implementation of information systems related capital expenditures.

Interest Expense

- 2008 projections for interest expense on short term debt have decreased by $25,000 and 2009 projections have decreased by $50,000 due primarily to increases in forecast cash balances and reductions in interest rates.

Net Earnings

- As a result of the adjustments highlighted above, and after adjusting for the impacts on income taxes, 2008 projections for net earnings have increased by $368,000 while the forecast net earnings for 2009 have been reduced by $606,000.

Liquidity and Financial Ratios

- Cash balances at end of 2008 have increased by $7.1 million and balances to the end of 2009 have increased by $1.2 million.
- Working capital ratios of 1.81 for 2008 and 1.44 for 2009 remain above the CIBC covenant requirements of 1.0
- Interest coverage ratios of 2.88 for 2008 and 3.27 for 2009 remain above the CIBC covenant requirements of 2.0
- Return on equity is forecast at 4.3% for 2008 and 5.2% for 2009.

The attached revised 2009 Operating & Capital Plan reflects the plan as approved by the Board on June 24, 2008 with the above noted adjustments.

_____
Dave Williamson, CA
V.P. Finance, Chief Financial Officer & Secretary

London Hydro Inc.

2009 OPERATING & CAPITAL PLAN

(Revised: September 30, 2008)

London Hydro Inc
Balance Sheet
2009 Operating and Capital Plan
(in thousands of dollars)

	2009 Budget $	2008 Projection $	2008 Budget $	2007 ACTUAL
Cash & Equivalents	**2,961**	25,506	10,898	24,564
Accounts Receivable	**46,502**	45,265	45,170	46,554
Regulatory Amounts Recov	**400**	805	5,136	3,269
Inventory	**3,900**	3,900	3,900	3,917
Prepaid Expenses	**925**	1,000	1,000	858
	54,688	**76,476**	**66,104**	**79,163**
Regulatory Amounts Recov	**17,103**	563	2,568	480
Future Income Taxes	**8,464**	7,964	7,951	7,451
	25,567	**8,527**	**10,519**	**7,931**
Capital Assets	**192,115**	183,807	185,508	176,245
	192,115	**183,807**	**185,508**	**176,245**
	272,370	**268,810**	**262,131**	**263,339**
Due to IESO	**19,292**	20,802	20,802	21,053
A/P - Trade	**9,200**	9,700	9,500	8,638
Due to Shareholder	**5,237**	5,550	5,667	4,677
Regulatory Liabilities	**1,840**	3,680	200	405
Income Taxes Payable	**0**	13	0	1,458
Customer & Other Deposits	**2,500**	2,400	2,400	3,672
Future Income Taxes	**0**	0	0	569
	38,069	**42,145**	**38,569**	**40,472**
Regulatory Liabilities - LT	**7,787**	5,529	3,000	5,919
Customer & Other Deposits	**8,870**	8,870	8,850	8,666
Employee Future Benefit	**9,547**	9,052	9,031	8,631
LT Debt Due to Shareholder	**70,000**	70,000	70,000	70,000
	96,204	**93,451**	**90,881**	**93,216**
Share Capital	**96,116**	96,116	96,116	96,117
Retained Earnings	**41,981**	37,098	36,565	33,535
	138,097	**133,214**	**132,681**	**129,652**
	272,370	**268,810**	**262,131**	**263,339**

London Hydro Inc
Statement of Operations
2009 Operating Plan
(in thousands of dollars)

	2009 Budget $	2008 Projection $	2008 Budget $	Projection to 2009 Budget Incr (Decr) $	Budget to Budget Incr (Decr) $
Distribution revenue	**56,332**	52,096	52,096	4,236	4,236
Other revenue	**4,186**	4,806	4,229	(619)	(43)
Revenue	**60,518**	**56,902**	**56,325**	**3,617**	**4,193**
Controllable expenses (Schedules A & B)	**32,358**	30,418	30,255	1,940	2,103
City of London recoveries	**3,178**	3,336	3,300	(158)	(122)
Capital tax and other expenses	**625**	625	625	0	0
Operating expense	**29,806**	**27,707**	**27,580**	**2,098**	**2,226**
Operating income	**30,713**	**29,195**	**28,745**	**1,518**	**1,968**
Amortization of capital assets	**15,919**	16,370	16,588	(451)	(669)
Earnings before interest and taxes	**14,794**	**12,825**	**12,157**	**1,969**	**2,637**
Interest expense	**4,520**	4,460	4,650	60	(130)
Earnings before taxes	**10,274**	**8,365**	**7,507**	**1,909**	**2,767**
Income tax	**3,391**	2,802	2,477	589	914
Net earnings	**6,883**	**5,563**	**5,030**	**1,320**	**1,853**

London Hydro Inc
Statement of Cashflow
2009 Operating and Capital Plan
(in thousands of dollars)

	2009 Budget $	2008 Projection $	2008 Budget $	Projection to 2009 Budget Incr (Decr) $	Budget to Budget Incr (Decr) $
Net earnings (loss) for the year	6,883	5,563	5,030	1,320	1,853
Amortization of capital assets and contributed capital	15,919	14,854	16,587	1,065	(668)
Writedown of capital asset	-	1,516	0	(1,516)	0
Change in future income taxes	(500)	(1,082)	(1,069)	582	569
Net change in non-cash working capital related to operations	(3,498)	1,404	1,403	(4,902)	(4,901)
Increase (decrease) in customer and other deposits	100	(1,068)	(1,088)	1,168	1,188
Increase in employee future benefit	495	421	400	74	95
Cash provided by (used in) operating activities	**19,399**	**21,608**	**21,263**	**(2,209)**	**(1,864)**
Payment of dividends to shareholder	(2,000)	(2,000)	(2,000)	0	0
Cash (used in) provided by financing activities	**(2,000)**	**(2,000)**	**(2,000)**	**0**	**0**
Additions to capital assets	(28,297)	(28,004)	(29,922)	(293)	1,625
Developer & other capital contributions	4,071	4,072	4,072	(1)	(1)
Decrease (increase) in regulatory amounts	(15,717)	5,266	(7,079)	(20,983)	(8,638)
Cash provided by (used in) investment activities	**(39,943)**	**(18,666)**	**(32,929)**	**(21,277)**	**(7,014)**
Net increase (decrease) in cash during the year	**(22,544)**	**942**	**(13,666)**	**(23,486)**	**(8,878)**

London Hydro Inc
Schedule of Controllable Expense (SCHEDULE A)
2009 Operating Plan
(in thousands of dollars)

Controllable Expense	2009 Budget $	2008 Projection $	2008 Budget $	Projection to 2009 Budget Incr (Decr) $	%	Budget to Budget Incr (Decr) $	%
Labour and Benefits	**19,394**	18,274	18,666	1,120	6.1%	728	3.9%
Purchased Services (Schedule C)	**4,397**	4,157	4,012	240	5.8%	385	9.6%
Facilities Maint and Repair	**1,532**	1,545	1,465	(13)	-0.9%	67	4.6%
Property Taxes	**721**	689	727	32	4.7%	(6)	-0.8%
City of London Lease	**100**	100	100	0	0.0%	0	0.0%
Pole Lease	**79**	79	79	0	0.0%	0	0.0%
Facilities - subtotal	**2,432**	2,413	2,371	19	0.8%	61	2.6%
Materials & Supplies	**1,072**	1,038	1,017	33	3.2%	55	5.4%
Postage	**975**	925	925	50	5.4%	50	5.4%
Software Expense	**791**	560	619	231	41.3%	172	27.8%
Bad Debts	**535**	525	500	10	1.9%	35	7.0%
Insurance	**542**	503	534	39	7.7%	8	1.5%
Office Equipment Serv and Mtce	**553**	490	500	64	13.0%	53	10.6%
Fleet Operations and Mtce	**1,080**	1,057	1,057	22	2.1%	22	2.1%
Corporate Employee Expenses	**933**	814	876	119	14.6%	57	6.5%
Regulatory (OEB fees/hearings)	**589**	430	430	159	36.9%	159	36.9%
Inventory Obsolescence	**60**	60	60	0	0.0%	0	0.0%
Donations	**58**	56	57	2	3.8%	1	1.9%
ESA Fees	**57**	54	51	3	6.3%	6	11.8%
IMO Prudentials	**29**	28	28	1	2.1%	1	2.1%
Other	**580**	715	221	(135)	-18.9%	360	163.0%
Internal Allocations	**(1,716)**	(1,679)	(1,667)	(37)	2.2%	(49)	2.9%
Total Controllables	**32,358**	**30,418**	**30,255**	**1,940**	**6.4%**	**2,103**	**7.0%**

London Hydro Inc
Schedule of Controllable Expense - by Department (SCHEDULE B)
2009 Operating Plan
(in thousands of dollars)

Department	2009 Budget $	2008 Projection $	2008 Budget $	Projection to 2009 Budget Incr (Decr) $	%	Budget to Budget Incr (Decr) $	%
Engineering & Operations	**14,953**	14,324	14,353	629	4.4%	599	4.2%
Customer Services & Strategic Planning	**8,756**	8,372	8,574	384	4.6%	182	2.1%
Human Resources	**1,211**	1,099	1,176	113	10.3%	35	3.0%
Information Services	**2,544**	2,174	2,142	369	17.0%	402	18.8%
Finance	**2,298**	2,032	2,029	266	13.1%	269	13.2%
Executive & Board	**1,128**	1,059	1,072	69	6.5%	56	5.2%
Unallocated Corporate	**1,470**	1,359	909	110	8.1%	561	61.7%
Total Controllable Expenses	**32,358**	**30,418**	**30,255**	**1,940**	**6.4%**	**2,103**	**7.0%**

London Hydro Inc
Schedule of Purchased Services (SCHEDULE C)
2009 Operating Plan
(in thousands of dollars)

	2009 Budget $	2008 Projection $	2008 Budget $	Projection to 2009 Budget Incr / (Decr) $	%	Budget to Budget Incr / (Decr) $	%
Engineering and Operations							
Contractor Services	**330**	445	320	(115)	-25.9%	10	3.0%
Inspection Services	**31**	30	30	1	3.0%	1	3.0%
Site Excavation Services	**10**	10	10	0	3.0%	0	3.0%
Landscaping Services	**15**	12	12	3	25.0%	3	25.0%
Major Equipment Rental	**26**	26	26	1	3.1%	1	3.1%
Shipping Charges	**0**	0	0	0	0.0%	0	0.0%
Wholesale Metering Services	**124**	130	107	(6)	-4.7%	17	15.7%
Legal Fees	**1**	1	1	0	0.0%	0	0.0%
Audit Fees	**6**	6	6	0	0.0%	0	0.0%
Consulting Fees	**23**	13	23	10	77.5%	0	0.0%
Security Services	**242**	230	230	12	5.0%	12	5.0%
Contractor Services	**419**	390	409	30	7.6%	10	2.5%
Waste Disposal Services	**55**	51	51	4	7.8%	4	7.8%
Recycling Expense	**23**	17	17	6	35.9%	6	35.9%
Total Engineering and Operations	**1,305**	1,360	1,241	(55)	-4.1%	63	5.1%
Customer Services and Strategic Planning							
Legal Fees	**16**	5	15	11	210.0%	1	3.3%
Consulting Fees	**16**	15	15	1	3.3%	1	3.3%
Collection Agency Fees	**90**	90	58	0	0.0%	32	55.2%
Credit Agency Fees	**2**	2	2	0	5.0%	0	5.0%
Payment Processor Fees	**93**	90	90	3	3.0%	3	3.0%
Mail Contractor Expense	**54**	52	52	2	3.1%	2	3.1%
Contractor Services	**7**	82	135	(75)	-91.2%	(128)	-94.7%
EBT Hub Expense	**52**	35	50	17	47.1%	2	3.0%
Bill Printing Services	**60**	78	58	(18)	-23.5%	2	2.9%
Epost Contracted Services	**39**	38	38	1	2.9%	1	2.9%
Contract Collection Services	**250**	200	200	50	25.0%	50	25.0%
Contract Meter Reading Service	**1,061**	1,030	1,030	31	3.0%	31	3.0%
Total Customer Services and Strategic Planning	**1,737**	1,717	1,743	21	1.2%	(5)	-0.3%
Human Resources							
Bank Service Charges	**5**	5	5	0	0.0%	(1)	-10.0%
Legal Fees	**72**	75	60	(3)	-4.3%	12	19.7%
Consulting Fees	**41**	35	35	6	17.4%	6	17.4%
Contractor Services	**46**	44	45	2	5.5%	1	3.1%
Total Human Resources	**164**	159	145	5	3.3%	19	13.0%

London Hydro Inc
Schedule of Purchased Services (SCHEDULE C)
2009 Operating Plan
(in thousands of dollars)

	2009 Budget $	2008 Projection $	2008 Budget $	Projection to 2009 Budget Incr / (Decr) $	%	Budget to Budget Incr / (Decr) $	%
Information Systems							
Consulting Fees	**30**	122	99	(92)	-75.6%	(69)	-69.9%
Offsite Storage	**26**	23	25	3	12.2%	1	3.2%
Disaster Recovery Expense	**52**	47	50	5	9.6%	2	3.0%
Contractor Services	**480**	211	207	269	127.2%	273	132.1%
Total Information Systems	**587**	403	381	184	45.7%	207	54.3%
Finance							
Advertising Expense	**16**	15	15	1	3.3%	1	3.3%
Bank Service Charges	**57**	55	55	2	3.1%	2	3.1%
Legal Fees	**19**	18	18	1	3.3%	1	3.3%
Audit Fees	**41**	40	40	1	3.0%	1	3.0%
Consulting Fees	**137**	75	75	62	83.1%	62	83.1%
Total Finance	**269**	203	203	66	32.7%	66	32.7%
Executive & Board							
Advertising Expense	**76**	74	74	2	3.0%	2	3.0%
Legal Fees	**35**	35	55	0	0.0%	(20)	-36.4%
Consulting Fees	**21**	20	20	1	3.5%	1	3.5%
Bd of Directors Fees	**115**	116	95	(1)	-0.7%	20	21.2%
Community Relatns Advertising	**67**	36	36	31	86.4%	31	86.4%
Total Executive & Board	**314**	280	280	33	11.8%	34	12.2%
Unallocated Corporate							
Legal Fees	**5**	20	5	(15)	-74.0%	0	4.0%
Consulting Fees	**16**	15	15	1	3.3%	1	3.3%
Total Unallocated Corporate	**21**	35	20	(14)	-40.9%	1	3.5%
TOTAL PURCHASED SERVICES:	**4,397**	**4,157**	**4,012**	**240**	**5.8%**	**385**	**9.6%**

London Hydro Inc
Schedule of Capital Expenditures - Infrastructure & Development (SCHEDULE D)
2009 Capital Plan
(in thousands of dollars)

	2009 Budget $	2008 Projections $	2008 Budget $	Projection to 2009 Budget Incr / (Decr) $	%	Budget to Budget Inc / (Decr) $	%
Substation Rebuilds	**3,110**	2,140	2,140	970	45.3%	970	45.3%
Subdivision Rebuilds	**1,825**	2,300	2,300	(475)	-20.7%	(475)	-20.7%
Main Feeders	**1,050**	4,100	4,100	(3,050)	-74.4%	(3,050)	-74.4%
City Works Projects	**750**	1,000	1,000	(250)	-25.0%	(250)	-25.0%
Developer Works Projects	**7,900**	5,690	5,690	2,210	38.8%	2,210	38.8%
Networks	**1,250**	1,410	1,410	(160)	-11.3%	(160)	-11.3%
Overhead Line Work	**3,455**	2,700	2,700	755	28.0%	755	28.0%
Automation	**610**	450	450	160	35.6%	160	35.6%
Engineering & Operations	**19,950**	**19,790**	**19,790**	**160**	**0.8%**	**160**	**0.8%**
Meters & Devices	**482**	522	522	(40)	-7.7%	(40)	-7.7%
Wholesale Metering	**1,000**	-	880	1,000	-	120	13.6%
Vehicles & Major Equipment	**1,778**	1,550	1,550	228	14.7%	228	14.7%
Operating Equipment	**135**	130	130	5	3.8%	5	3.8%
Equipment	**3,395**	**2,202**	**3,082**	**1,193**	**54.2%**	**313**	**10.2%**
Office Furniture & Equipment	**120**	63	63	57	90.5%	57	90.5%
Buildings & Fixtures	**1,130**	1,400	1,400	(270)	-19.3%	(270)	-19.3%
Customer Services	**200**	210	210	(10)	-4.8%	(10)	-4.8%
Office Property & Equipment	**1,450**	**1,673**	**1,673**	**(223)**	**-13.3%**	**(223)**	**-13.3%**
Hardware / Software	**1,041**	912	1,020	129	14.1%	21	2.1%
Application Development	**2,461**	3,226	4,357	(765)	-23.7%	(1,896)	-43.5%
Information Systems	**3,502**	**4,138**	**5,377**	**(636)**	**-15.4%**	**(1,875)**	**-34.9%**
Total Infrastructure & Development	**28,297**	**27,803**	**29,922**	**494**	**1.8%**	**(1,625)**	**-5.4%**

London Hydro Inc
Schedule of Regulatory Smart Meter Expenditures (SCHEDULE E)
2009 Capital Plan
(in thousands of dollars)

	2009 Budget $	2008 Projections $	2008 Budget $	Projection to 2009 Budget Incr / (Decr) $	%	Budget to Budget Inc / (Decr) $	%
Smart Meter Purchases & Meter Infrastructure	17,868	1,000	7,942	16,868	1,686.8%	9,926	125.0%
Total Smart Meters	**17,868**	**1,000**	**7,942**	**16,868**	**1,686.8%**	**9,926**	**125.0%**

Excerpt from confidential Board meeting of June 26, 2008

It was moved and seconded that the board adopt the recommendation of the Audit Committee to approve the 2009 budget as presented today.

CARRIED

Excerpt from conf. Board Mtg. of Sept. 30/08

2009 Budget Revisions	It was moved and seconded that the Board approve recommended revisions, as included in the report attached hereto as appendix "B", to the 2009 Operating and Capital Plan that was approved by the Board on June 24, 2008, with an additional $15,000 to be budgeted for board fees in anticipation of the Shareholder approving an increase in 2009.

CARRIED

The meeting adjourned at 2:15 p.m.

Chief Executive Officer

Chair

CANNING CONSULTANTS, INC.
REAL ESTATE ANALYST AND APPRAISER

6 WEYBOURNE CRESCENT
LONDON, ONTARIO N6H 4H3

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May 9, 2002

File: 20020217

London Hydro
111 Horton Street East
London, Ontario
N6A 4H6

Attention: Mr. Brian Durnin, Manage of Fleet and Facilities

Dear Sir:

This is an executive summary of the full report prepared by Canning Consultants, Inc. The report should be read in conjunction with this document.

The subject property is located at:

83-111 Horton Street East
London, Ontario

The effective date of the retrospective "Market Value" estimates is October 1, 2001. The date of the inspection was March 24, 2002 at 9:15 a.m. The report was prepared for the function of Income Tax and Administrative objectives.

The subject property is improved with four distinct buildings of which three are interconnected via a walkway or overhead corridor. One building is the main administration offices for London Hydro and contains a gross floor area(including basement areas) of 78,630 square feet with a total leaseable area of 39,453 square feet. This is a three storey building that was built in 1987. The second building is the T. A. Gagen building that was built in 1981. The building is a two and one storey structure that contains 83,634 square feet of gross floor area which includes the mezzanine level. There are approximately 75,118 square feet of leaseable office and industrial space in this building. The third building is the Storage Engineering structure that was constructed in the 1920's or 1930's and contains a gross floor area of 21,354 square feet. This structure is two storeys and contains 18,930 square feet of leaseable office and warehouse areas. The last building is a free standing structure that was originally built in 1950 with an addition constructed in 1965. This structure is known as the Stores Warehouse building and contains a gross floor area of 10,077 square feet. There is 10,077 square feet of leaseable warehouse space. The total square footage of the connecting corridors to the three buildings is 668 square feet. Therefore, the total gross floor area of all four structures including the interconnecting corridors is 194,363 square feet.

There was a considerable difference between the gross floor and the leaseable areas of the Administration Building. The gross floor area includes 13,759 square feet of basement space that is not deemed to be leaseable. The ground floor leaseable space did not include the Cafeteria space which is not leaseable. The building had considerable amounts of open and wasted spaces which decreases the overall leaseable area of the building.

The area of the site has been calculated to contain 10.6 acres. The area was taken from assessment records prepared by MPAC. All the deeds for the subject property were retrieved from the registry office by Canning Consultants, Inc and subsequently given to London Hydro. The deeds refer to features no longer physically identifiable on the subject site. The appraiser was unable to ascertain the size of the subject property based upon the legal description of the subject property.

It would be very advisable for London Hydro to have the property surveyed. This survey would ascertain the exact physical boundaries and the size of the property. The survey should denote several other features as follows.

1. The buildings should be shown on the reference plan. This would be very valuable if the property were disposed in sections or future additions were made to the existing buildings. The location of any underground storage tanks and fuel pumps should also be located on the survey. The size of the subject property should be stated in both imperial and metric.

2. The survey should delineate the different zonings on the subject property. This is important because the value of the subject site differs for each zoning. The survey should show the sizes of each different zoned areas in both an imperial and metric format.

Under the "Terms of Reference" found in the full report, the appraiser has been asked to value the London Hydro property under the following conditions.

- Determine the "Market Value" of the property assuming the land and all improvements are under one ownership(without a "Ground Lease").
- Determine the "Market Value" of the land component only.
- Determine an appropriate "Ground Lease" payment for the land.
- Determine the "Market Value" of the property(land and buildings under one ownership) with the "Ground Lease" in place.

Determining the "Market Value" of the Property Without a "Ground Lease" and Under One Ownership

Of the three recognized approaches to value, all three were considered in the valuation process. The Direct Comparison Approach for the subject as an improved property was not utilized because no sales of institutional complexes found had the same type of physical characteristics to that of the subject property.

However, the Direct Comparison Approach to value was used in determining the land value of the subject site.

The Cost Approach contains four parts: the value of the site as if vacant, the reproduction cost new of all major improvements, the depreciation attributable to those major improvements, and the contributory value of any site improvements(fencing, storage tanks, etc).

The site was valued at $1,061,000. This value was calculated based upon an approximate $6.50 per square foot rate for the first 152,460 square feet of site area(3.5 acres located at the front of the property-zoned CF) and $10,000 per acre for the 7.1 remaining acres. This latter segment of the property is zoned Open Space and is within the 100 year flood line.

The reproduction cost new of the major improvements was determined by a costing expert that is very familiar with constructing large office and industrial type complexes. This method of costing was a preferred choice over general costing manuals because of the unique features of the subject buildings. The depreciation of the major improvements was based upon a full inspection of the structures, their physical wear and tear and their age/life. The buildings were in very good condition and the amount of physical depreciation was deemed to be minimal. The valuer did allocate some depreciation to the major buildings for functional and economic obsolescence.

The property had other site improvements such as fencing/gates, fuel dispensers, underground storage tanks, landscaping and paving that would have contribute to the overall value of the property.

The Income Approach was included in the report for several reasons.

1. A possible secondary method of valuation.

2. A basis for determining market rents for the leaseable space located in the buildings.

3. A basis for determining the cost of retrofitting vacant space for lease to the general public.

4. To ascertain the economic viability of the property from strictly an investment perspective.

5. A platform to determine the impact of a "Ground Lease" on the subject property.

The Income Approach had the lowest indication of value in comparison to the Cost Approach. The reasons for this are as follows.

- As of the effective date of the appraisal, it is a tenants' market place. The City of London, particularly within the Central Business District, has considerable vacant office and industrial space. This oversupply of product relative to demand places downward pressure on rents.

- The subject property has some unique physical features(hoists, lifts, high ceilings, computer rooms, etc.) that tenants are not prepared to pay a premium. However, the replacement cost of these items is substantial.

- The length of time to fully lease the property has a bearing on value by the Income Approach because the investor has to absorb significant carrying costs. These costs influence the

purchase price of the property.

- The CAM(common area maintenance) charges of the subject property for the leasing of the industrial space are out of step in relation to the market place. The CAM costs to operate the facility without management fees are $10.00 per square foot. The rental rates allocated to the industrial portion of the subject property are $4.00 to $5.00 per square foot. This would mean that an industrial tenant would pay $4.50(average) per square foot rent plus common area maintenance charges of $10.00 per square foot. The market place is indicated that industrial users are accustom to paying $5.00(example) for CAM costs. Therefore, the difference between the actual CAM cost of the subject property($10.00) must be deducted from the market CAM costs($5.00). The difference of $5.00, for example, are the costs that would have to be paid by the landlord. Since there is a considerable amount of leaseable industrial space in the complex(84,000 square feet), this places an added economic strain on the investment performance of the property.

The lower value range of the subject property by the Income Approach relative to the Cost Approach is not an indication that the property is worth less. The lower value range was anticipated by the valuer because of the size, the physical layout of the complex, location and market conditions. The Highest and Best Use of the property is being confirmed by the Income Approach. The Income Approach is indicating that no prudent investor would buy the property as a real estate investment whose sole purpose is to generate rental income. The Highest and Best Use of the subject property, as improved, is the existing mixed office, warehouse and truck repair public utility facility use.

The benefit of completing an Income Approach to value is as follows.

- It did indicate that a "Ground Lease" has a negative impact on value.
- It brings into focus the importance of having a properly prepared "Ground Lease" document between the tenant and the landlord(present and future).
- It determined the "average rents" for the subject complex.
- It revealed the necessary costs in terms of time and money to achieve a 100%+- occupancy level of the subject complex over the two year lease up period.
- It indicated that the cost of retrofitting some of the space in the complex for leasing would be in the range of $20.00 to $30.00 per square foot.
- It provides information in terms of expected vacancy levels, management and other operating costs.

Determining an Appropriate "Ground Lease" Payment

Once the value of the underlying land component was determined by the Cost Approach, this provided the basis for calculating the annual "Ground Lease" payment for the subject property. The payment for a "Ground Lease" is based upon a rate of return against the principal amount(site value). It is no different then receiving a interest payment from monies placed into a savings account from a local bank. The only

difference is that "Ground Leases" have a different level of risk. With investing in a savings account, the principal sum is returned to the owner plus any accrued interest. With a "Ground Lease" any investment(improvements of the leased site) are not returned to the tenant but reverts back to the landlord(the owner of the land) at the end of the lease term.

The general acceptable level of a "going in" risk rate for a "Ground Lease" is 10%. This was determined by reviewing some existing "Ground Leases" and general rates returns on real estate. The 10% was applied against value of the subject site. The net result would be the annual "Ground Lease" payment for the subject property. This was determined to be $106,000(R).

The assumption made in the main report was that the "Ground Lease" was a signed leased agreement that had a termination date of 40+ years into the future. The terms of a "Ground Lease" can vary dependant upon the parties involved. Some have escalating clauses that pertain to payment step-ups while others have pre-formulated buy out mechanisms.

The Impact of a "Ground Lease" on the Subject Property

The subject property is negatively impacted by the "Ground Lease" payment for the following reasons:

- The annual lease payment is an additional expense item that decreases the net operating income of the property. Therefore, there is less cashflow for profit, capital expenditures and retiring any future financial obligations.
- A "Ground Lease" increases the risk of the property. This risk is carried by the tenant until the end of the term of the lease or the land is sold to the tenant.

Although, "Ground Leases" are relatively common in the market place, they are not viewed as ideal situations. The tenant(owner of the improvements) is risking losing his or her investment(through some circumstance outside of their control) as a result of non payment of the "Ground Lease". There is always the possibility that the agreed upon lease payment results in a leasehold disadvantage(land value decreases during the course of the lease but the "Ground Lease" payment is constant to the higher "going in" value of the land). As the "Ground Lease" nears the end of termination, there is considerable risk for the tenant(ground lessee) of being faced with a higher land rent if negotiations between the parties are not mutually satisfactory. During this latter stage of the "Ground Lease", the landlord is generally in the strongest bargaining position.

The impact of the "Ground Lease" based upon market rent and certain assumptions is shown below. However, the existing "Ground Lease" arrangement between London Hydro and the City of London is less than a satisfactory situation. No buyer, would assume the existing "Ground Lease" arrangement. The existing "Ground Lease" payment is based upon estimated values by Realty Services. Their underlying land value of the subject land in comparison to the Canning Consultants, Inc report is higher. It would be prudent to understand how their value was formulated. The present "Ground Lease" document does not stipulate any expiry date or list any options for a future buyout of the land.

London Hydro has two options. The first option would be to begin negotiations to purchase the site from the City of London. The rationale is that the true net effect of the "Ground Lease" on the subject property is the total amount of the effect($2,000,000) less the value of the land($1,061,000). The difference is

$939,000. This value is very close to the value of the subject property. It would mean that if London Hydro purchased the property immediately, the overall value of the property would increase by $2,000,000.

Another consideration with the purchasing of the land outright is that the purchase price only reflects a 10 year period x $106,000 per year. This means that the original $106,000 payment could be used to retire the land debt of $1,061,000 in ten years. This is a much favourable position then being at the end of the first 10 years of the lease when London Hydro is still making payments on land that they do not own.

The second option is to enter into a formal "Ground Lease" agreement with the City of London. The lease document would provide for some type of security for London Hydro regarding the lease payment(whatever that might be within the new document) during the term of the lease. Under the present situation, London Hydro has no guarantee of any security regarding the annual "Ground Lease" payment. Within the lease document there should be some options for London Hydro to secure the land at the end of every five year period. Another option that should be included in the document that the "Ground Lease" is transferable to a third party.

The retrospective "Market Values" of the subject property and components, as of the specified date, is estimated at:

LAND AND BUILDING UNDER ONE OWNERSHIP(WITHOUT THE "GROUND LEASE")

Eight Million Nine Hundred Thousand Dollars

$8,900,000
(Land Value: $1,061,000)
(Building and Other Site Improvements: $7,839,000)

VALUE OF THE LAND COMPONENT ONLY

One Million and Sixty One Thousand Dollars

$1,061,000

GROUND LEASE PAYMENT

One Hundred and Six Thousand Dollars

$106,000

VALUE OF THE PROPERTY WITH THE "GROUND LEASE"

Six Million Nine Hundred Thousand Dollars

$6,900,000
(Land Value: nil)
(Building and Other Site Improvements: $6,900,000)

IMPACT OF THE "GROUND LEASE" ON THE VALUE OF THE SUBJECT PROPERTY

Two Million Dollars

$2,000,000
(Land Value: $1,061,000)
(True Net Effect of the Land Lease: $939,000)

Respectfully submitted,
Canning Consultants, Inc.

George Canning, AACI, P.App

AGREEMENT

between

London Hydro Inc.

London Hydro

and

POWER WORKERS' UNION

CUPE Local 1000, Members of

POWER WORKERS' UNION

January 1, 2007 to December 31, 2009

ten (10) hours sick pay if they normally work a forty (40) hour week and nine (9) hours sick pay if they normally work a thirty-six and one-quarter (36¼) hour week.

It is understood and agreed to by both parties, that employees who work a Compressed Work Week in which there is a Statutory Holiday, shall work 3 compressed work days and shall receive eight (8) hours pay for the Statutory Holiday if they normally work a forty (40) hour week and seven and one-quarter (7¼) hours pay if they normally work a thirty-six and one-quarter (36¼) hour week. In order that employees not suffer any loss of wages as a result of working a Compressed Work Week in which there is a Statutory Holiday, an additional two (2) hours pay for forty (40) hour employees and one and three-quarter (1¾) hours pay for the thirty-six and one-quarter (36¼) hour employees will be included in the employee's weekly pay, and the employee will be obligated to work, or otherwise gain credit for the addition of the two (2) hours (forty (40) hour employees) and one and three-quarter (1¾) hours (thirty-six and one-quarter (36¼) hour employees) missed, through arrangements with their direct supervisor.

Article 14

PREMIUM PAY

14:01 Overtime

Except as otherwise provided for in this Agreement, time worked in excess of the normal day, as defined in Article 13, shall be at the rate of double time, with the exception of banked time as described in Article 14:02.

14:02 Banked time

Banked time provisions will apply to all employees at London Hydro as follows:

1) Overtime hours worked may be banked or paid at double time.

2) A maximum of forty (40) hours at any point in time may be accumulated and used as banked time.

3) Such banked time may be taken at a mutually agreeable time.

4) Banked time may be used to make up the 2 hour shortfall in a week in which there is a Statutory Holiday in which three (3) ten (10) hour shifts are worked (eight (8) hours for the Statutory Holiday).

Paid Holidays as listed in Article 11:01 and all other days proclaimed as Statutory or Civic Holidays shall be paid for at straight time unless otherwise agreed upon. Work done on paid holidays shall be paid at double time in addition to the regular holiday pay.

For overtime rate for shift workers see Article 13:03.

No payment shall be made for any overtime of less than one-quarter (1/4) hour straight time continuous with regular working hours, e.g. ten (10) minutes at double time equals twenty (20) minutes and no payment; fifteen (15) minutes at double time equals thirty (30) minutes and payment shall be made.

14:03 Call-out

A minimum of two (2) hours at the applicable premium rate, or the actual time worked at the applicable premium rate, whichever is greater, shall be paid for any call answered after the regular working hours except that for any call answered within two (2) hours of the completion of the previous call-out, the time shall be considered continuous. Time shall be calculated from the time the employees leave their homes until they return for those employees designated on stand-by or for those employees directed to the job site by the immediate supervisor. For employees directed to report to their work headquarters, time shall be calculated from the time of reporting until they return to their work headquarters or their homes as directed by their immediate supervisor.

Employees living outside the boundaries set by the Management of London Hydro shall not be paid travelling time when answering a call-out.

Any call answered in the one (1) hour preceding and the one (1) hour following the employee's normal work day shall not be considered a call-out but time worked shall be paid for at the applicable premium rate.

14:04 Shift Bonus

Established shifts shall be bonused in accordance with the following, after complying with conditions set out in Article 13.

For all shifts Monday to Friday, a shift bonus of $1.10, effective January 1, 2007, $1.30 effective January 1, 2009 shall be paid for each hour worked during the shift if the majority of the hours of the shift fall outside the hours of 0730 to 1800.

Employee Policy Manual

3-A-2. Normal Work Day Hours – (Salaried Staff)

While our normal working hours may vary from department to department, our philosophy for management employees is that we are paid a salary to perform a job. Management jobs are designed around an eight-hour day (40-hour week). When we are required to work longer hours to get the job done, additional payment is not to be expected. Under normal circumstances, overtime will not be paid to management staff.

3-A-3. Hours of Work - Casual

1. Casual employees include employees who work less than twenty-four (24) hours per week.

2. A casual employee may occasionally work more than 24 hours in a week if he or she is called in to replace another employee who cannot work due to sickness or bereavement.

3. All interested casual employees should be given equal opportunity to work overtime. Overtime provisions for casual employees are covered within the Employment Standards Act. Overtime is triggered for any hours worked beyond 44 in a week and are paid out at 1 ½ times the hourly rate.

4. The Employment Standards Act states that "If you call employees in to work, but they work less than three hours, you must pay whichever of the following pays them the higher amount:
   - ⇒ three hours at the minimum wage or
   - ⇒ the employees' regular wage for the time worked" (Chapter 2)

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work, but they work less than three hours, you must pay whichever of the following pays them the higher amount:

⇒ three hours at the minimum wage or

⇒ the employees' regular wage for the time worked" (Chapter 2)

6. Employees who regularly work more than 24 hours, not including those listed in 3-A-3.1 and 3-A-3.2 above, must be classified under the Collective Agreement.

3-A-4. Overtime - Salaried Staff

Management overtime is to be approved by the Senior Manager of the department. While we recognize that work environments vary from department to department, fair and equitable treatment of management overtime is desirable. Senior Managers will apply the following:

1. ***Standby***
   Management staff required to be on standby duty, and who are called in to work, will be paid the applicable premium rate for each hour worked, with a minimum of two (2) hours.

2. ***Emergency Call In***
   a) When designated management staff are called in to respond to an emergency, they will be paid the applicable premium rate for each hour worked, with a minimum of two (2) hours.
   b) When non-designated management staff are called in to respond to an emergency, they will be paid the applicable regular rate for each hour worked, with a minimum of two (2) hours, or they may elect to receive lieu time at the applicable regular rate for each hour worked, with a minimum of two (2) hours.

3. ***Planned***
   a) When planned overtime work is scheduled at a specific time due to customer considerations, designated management staff will be paid the applicable premium rate for each hour worked.
   b) When planned overtime work is scheduled at the option of designated management staff, they will receive one (1) hour lieu time for each hour worked.
   c) When planned overtime work is scheduled at the option of non-designated management staff, they will receive one (1) hour lieu time for each hour worked.

4. ***Phone Calls***
   Management staff who receive telephone calls at home, and are required to spend more than one (1) hour, either on the telephone or connected to the host computer systems, will receive one (1) hour lieu time for each hour spent in communication.

5. ***Exceptional Circumstances***
   Under exceptional circumstances, which may not be covered by the above guidelines, the Chief Executive Officer may approve management overtime.

Designated Management Staff

Line
Forestry
Underground Systems
Substation Maintenance
Construction
Standby

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Rate Determination Model
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Sheet 17 - Rates Schedule (Part 1)

RATES SCHEDULE
Schedule of Distribution Rates and Charges
Effective May 1, 2009

			PROPOSED	CURRENT
Customer Class	**Item Description**	**Unit**	**Rate ($)**	**Rate ($)**
Residential				
	Monthly Service Charge	per customer	13.14	11.75
	Distribution Volumetric Rate	per kWh	0.0149	0.0130
	Smart Meter Rate Rider	per month	1.00	0.27
	Deferral and Variance Account Rate Rider	per kWh	(0.0003)	0.0000
GS <50 kW				
	Monthly Service Charge	per customer	34.46	32.05
	Distribution Volumetric Rate	per kWh	0.0108	0.0098
	Smart Meter Rate Rider	per month	1.00	0.27
	Deferral and Variance Account Rate Rider	per kWh	(0.0005)	0.0000
GS 50 to 4,999 kW				
	Monthly Service Charge	per customer	285.60	237.12
	Distribution Volumetric Rate	per kW	1.5793	1.2912
	Smart Meter Rate Rider	per month	1.00	0.27
	Deferral and Variance Account Rate Rider	per kW	(0.3295)	0.0000
GS 50 to 4,999 kW (Co-Generation)				
	Monthly Service Charge	per customer	2,934.27	3,005.36
	Distribution Volumetric Rate	per kW	4.5862	4.5924
	Smart Meter Rate Rider	per month	1.00	0.27
	Deferral and Variance Account Rate Rider	per kW	(0.1107)	0.0000
Standby Power				
	Contracted kW per Month	per kW	2.5313	2.2035
	Deferral and Variance Account Rate Rider	per kW	(0.1107)	0.0000
Large Use >5MW				
	Monthly Service Charge	per customer	16,240.71	13,420.78
	Distribution Volumetric Rate	per kW	1.7527	1.4484
	Smart Meter Rate Rider	per month	1.00	0.27
	Deferral and Variance Account Rate Rider	per kW	(0.4362)	0.0000
Street Light				
	Monthly Service Charge	per connection	0.92	0.28
	Distribution Volumetric Rate	per kW	4.6581	1.4164
	Deferral and Variance Account Rate Rider	per kW	(0.1540)	0.0000
Sentinel				
	Monthly Service Charge	per connection	1.95	0.49
	Distribution Volumetric Rate	per kW	6.3103	1.5896
	Deferral and Variance Account Rate Rider	per kW	(0.1036)	0.0000
Unmetered Scattered Load				
	Monthly Service Charge	per connection	1.20	0.42
	Distribution Volumetric Rate	per kWh	0.0100	0.0086
	Deferral and Variance Account Rate Rider	per kWh	(0.0005)	0.0000

London Hydro Inc.
Rate Determination Model
2009 Forward Test Year Rate Application filed December 1,2008 , Licence ED-2002-0557, File EB-2008-0235

Sheet 18 - Rates Schedule (Part 2)

RATES SCHEDULE (Part 2)
Schedule of Distribution Rates and Charges
Effective May 1, 2009

Item Description (Rate Code)	Calculation Basis	PROPOSED Rate ($)	CURRENT Rate ($)
Easement letter (6)	Standard	15.00	15.00
Arrears certificate (1)	Standard	15.00	15.00
Legal letter charge (13)	Standard	15.00	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable) (14)	Standard	30.00	30.00
Returned cheque charge (plus bank charges) (11)	Standard	15.00	15.00
Late Payment - per month	Standard	1.5%	1.5%
Late Payment - per annum	Standard	19.56%	19.56%
Collection of account charge - no disconnection (16)	Non-standard	10.00	10.00
Disconnect/Reconnect at meter - during regular hours (18)	Non-standard	35.00	35.00
Disconnect/Reconnect at meter - after regular hours (20)	Standard	185.00	185.00
Disconnect/Reconnect at pole - during regular hours (22)	Standard	185.00	185.00
Disconnect/Reconnect at pole - after regular hours (23)	Standard	415.00	415.00
Meter Interrogation Charge	Non-standard	5.50	5.50
Special meter reads (15)	Standard	30.00	30.00
Install/Remove load control device - during regular hours (19)	Standard	65.00	65.00
Install/Remove load control device - after regular hours (21)	Standard	185.00	185.00
Temporary service install & remove - overhead - no transformer (27)	Standard	500.00	500.00
Temporary service install & remove - underground - no transformer (28)	Standard	300.00	300.00
Meter dispute charge plus Measurement Canada fees (if meter found correct) (24)	Standard	30.00	30.00
Service call - customer-owned equipment (25)	Standard	30.00	30.00
Service Call - after regular hours (17)	Standard	165.00	165.00
Specific Charge for Access to the Power Poles $/pole/year (30)	Standard	22.35	22.35
Transformer allowance (excluding Large Use >5MW) for ownership - per KW of billing demand /month	Standard	(0.60)	(0.60)
Primary metering allowance for transformer losses - applied to measured demand and energy	Standard	-1%	-1%

Loss Factors		
Supply Facilities Loss Factor	1.0044	1.0046
Distribution Loss Factor - Secondary Metered Customer < 5,000 kW	1.0374	1.0374
Distribution Loss Factor - Secondary Metered Customer > 5,000 kW	1.0270	1.0270
Distribution Loss Factor - Primary Metered Customer < 5,000 kW	1.0270	1.0270
Distribution Loss Factor - Primary Metered Customer > 5,000 kW	1.0000	1.0000
Total Loss Factor - Secondary Metered Customer < 5,000 kW	1.0419	1.0421
Total Loss Factor - Secondary Metered Customer > 5,000 kW	1.0315	1.0317
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0315	1.0317
Total Loss Factor - Primary Metered Customer > 5,000 kW	1.0044	1.0046