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 Energy Probe Interrogatories

Filed: March 20, 2009

Interrogatory # 1

Ref: Exhibit 2, p. 2, Table 2

The evidence on this page features Table 2, a Summary of Working Capital Allowance. At line 15-17 the statement is made that:

> "Given that the 2006 Board Approved Year is based largely on 2004 Actual results, the average annual increase in the working capital allowance over the five year period is approximately 3.8%."

a) Please quantify the term "largely" in this statement.

b) Other than 2004 actual results, what else was the Board approval based on?

***RESPONSE*:**

a) The 2006 Board Approved total working capital calculation was $248,022,189. This value was calculated through the 2006 EDR rate submission process using a combination of 2004 actual values, 2003 and 2004 average values for distribution assets, plus Tier 1 adjustments for various specified items as detailed in the Board's 2006 EDR process.

The 2004 actual total working capital calculation before any Tier 1 adjustments in the 2006 EDR rate application was $247,020,386. Thus the 2006 Board Approved value is $1,001,803 or 0.41% higher than the 2004 actual value. This is the basis on which London Hydro states that the 2006 value is based largely on the 2004 actual results.

b) As indicated in the response under section a) above, asset values were based on averages for 2003 and 2004 plus Board specified Tier 1 adjustments.

- OM&A was adjusted upward by of $405,744 or approx 1.2% for regulatory costs, OMERS pension costs, bad debts and insurance costs.
- Cost of power was increased by $642,350 or approx 0.3%
- Rate base was increased by $358,500 or approx 0.2% for CDM spending

Interrogatory # 2

Ref: Exhibit 2, pp. 3-4

Lines 1-3 on page 4 present forecasts of customer growth rates. These are noted on page 3 as based on “historical trends and current outlook”. Does the current outlook take into account the probable effects of the developing recession?

***RESPONSE*:**

The forecasts on lines 1-3 on p. 4 present the forecasts of customer growth rates that were used to develop the budget forecasts for London Hydro for 2009. Due to the time lines required for rate application development and filing, 2009 budgets were developed in the first half of 2008 which was prior to the commencement of the current economic downturn.

Customer and load growth forecasts for 2009 were revised as late as November 18, 2008 to incorporate the Ontario real GDP monthly index information as provided on that date (please refer to Exhibit 3, p. 12, lines 9 to 14).

Since the preparation and filing of this Application, the economic outlook has continued to deteriorate and London Hydro cannot say for certain at this point in time if the customer and load growth predications will fully account for the effects of the developing recession.

Interrogatory # 3

Ref: Exhibit 2, pp. 3-4

Lines 6-8 on p. 4 show residential and small commercial consumption decreasing by 2.4% and 0.8% respectively while large commercial and industrial consumption is expected to increase by 1.7%

a) If large commercial and industrial customer growth is expected to be 0% what does London Hydro expect will drive an increase in consumption by existing customers?

b) Does London Hydro have any large industrial customers in the automotive sector? If yes, has the expectation of plant closures in the automotive sector been considered in these forecasts?

***RESPONSE*:**

a) The decrease in consumption for residential and small commercial is largely due to the fact that the conservation programs implemented during 2005 to 2008 have been focused on these two customer classes.

The increase of 1.7% in consumption for the commercial and industrial classes is due to expected economic growth based upon historic information and projections that flow from the weather normalized load forecasts that are detailed in Exhibit 3 of the Application.

b) Yes, London Hydro does have large industrial customers in the automotive sector, but it does not have a significant amount of exposure in this area in terms of distribution revenue loss. As indicated in the response to question 2 above, the forecasts incorporated economic indicators issued on November 18, 2008 which would account for a certain degree of the economic downturn that we now see.

London Hydro has not budgeted specifically for the expectation of plant closures in the automotive sector in London.

Interrogatory # 4

Ref: Exhibit 2, p. 31

Project 8E3 shown on p. 31 is for residential underground distribution. Reference is made to a Canada Mortgage and Housing estimate that London's residential starts in 2008 would be 5.1% lower than 2007.

a) How did actual 2008 housing starts compare with this forecast?

b) What is the comparable 2009 forecast for housing starts?

c) Does the 2009 forecast consider the impact of the developing recession?

***RESPONSE*:**

a) Serviced lots for single family residential increased from 886 lots in 2007 to 1,177 in 2008. This is an increase of 291 or 33%.

b) The forecast for 2009 includes the servicing of approximately 800 lots.

c) The 2009 Test Year was prepared in advance of the developing recession; however, there were indicators at the time that housing starts would be decreasing. Additionally at the time, as outlined in the Asset Management Plan, Appendix A, pp.171-172, Project 9E3, developers seemed to be holding an excess of serviced lot inventory.

The CMHC information is one of a variety of factors taken into consideration when developing a budget for this item. Other information would include past history, City of London development forecasts, customer inquiries, and field assessment/activity reporting.

Interrogatory # 5

Ref: Exhibit 2, p. 32

Project 8E5 shown on this page is for installation of commercial overhead and underground distribution systems. It is noted that this budget is solely dependent on market conditions.

a) How did actual market conditions for 2008 compare with forecast for this sector?

b) How much of the $1,750,000 budgeted in this project was actually spent?

***RESPONSE*:**

a) Actual market conditions continued to be very strong related to commercial overhead and underground distribution systems and actually surpassed forecasts (see b) below). There were some significant developments such as new manufacturing facilities, recreational facilities, and new apartment and commercial complexes.

b) The forecast for this sector for 2008 was $1,750,000. Actual spending in 2008 was $2,635,143. Please refer to London Hydro's response to CCC Question 9, for more detailed information related to the actual spending for commercial overhead and underground distribution systems in 2008.

Interrogatory # 6

Ref: Exhibit 2, pp. 56 and 80

Table 17 on p. 56 and Table 21 on p. 80 of this exhibit are Capital Plan summaries.

a) Please confirm that the differences in figures in the 2009 and 2010 years are the result of preparation of these tables one year apart. If this is not the case please explain why the numbers are different.

b) Table 21 lists developer works at $5.1 M while Table 17 shows it at $7.3 M. Given the retraction in housing starts forecast by CMHC, why has London Hydro increased its budget for this category of work from its previous forecast?

***RESPONSE*:**

a) The Application includes both the 2009 capital plan (pp. 56 – 79) developed in the spring of 2008, and the 2008 capital plan (pp. 80 – 102) developed in the fall of 2007. The differences in figures in the 2009 and 2010 years is a result of preparation of these tables at different times. Changes to budgets are made as new information becomes available.

b) Please refer to the Asset Management Plan, Appendix A, pp. 167-168. The explanation for the increase in the total for Developers Works for 2009 can be found within Project Number 9E1 - Expansions and Relocations. This project includes a 27.6 kV line extension to service the significant new industrial development in the new “Innovation Park” in London. This expansion is estimated at $2,300,000 of the total $2,780,000 budgeted for this project, and requires both overhead and underground plant to be extended.

This additional project is the primary reason for the higher capital expenditures in 2009 for this project category, and is not related to a retraction in housing starts forecast by CMHC.

Please refer to London Hydro’s response to OEB Staff Question 2, related to this increase when compared with the prior year and the subsequent years.

Interrogatory # 7

Ref: Exhibit 2, pp. 56 and 80

Table 21 shows City Works increasing over the Table 17 forecast for years 2010 and 2011. Has the City of London provided London Hydro with information supporting the conclusion that road works will expand in those years? If not, what is the increased estimate between the two tables based on?

***RESPONSE*:**

Table 21, p. 80 from the 2008 capital plan, included $660,000 for City Works projects forecasted for the year 2010. During the 2009 capital plan development this amount for 2010 was increased to $760,000 as shown in Table 17, p. 56. Amounts shown in these tables are net of forecasted cost recoveries.

The rationale for the budget expenditure in this section is provided in the 2009 Asset Management Plan, Appendix A, pp. 165 – 166, within the supporting project sheets for 9D1. As noted in these sheets, there is an increased emphasis on municipal infrastructure improvements in Canada (i.e. roadway enhancements and other sub-service utilities such as water mains and sewers). As such, London Hydro has made provisions associated with the announced government infrastructure initiatives.

Interrogatory # 8

Ref: Exhibit 2, p. 59

Table 18 on this page shows project 9E1 for developer driven distribution system expansions and circuit relocations budgeted at $2,780,000 for 2009.

a) Please break this total figure down into the amount for relocations and the amount for expansions.

b) What is London Hydro's practice for recovering developer driven line relocation costs?

c) Why is there no cost recovery shown for this category of work?

RESPONSE

a) The developer driven relocations are estimated at $50,000. The remainder of $2,730,000 is for expansions.

b) London Hydro practice is to recover 100% of costs associated with developer driven relocations.

c) During the preparation of Table 18 there was an error transferring data from the detailed budget worksheets. The overall total value of cost recoveries (totaling $867,000) is correct for the City and Developers Works section; however, the values for the individual project codes should be as follows:

9D1 = $255,000;
9E1 = $72,000;
9E3 = $420,000;
9E4 = $120,000; and
9E5 = $nil.

London Hydro regrets any inconvenience this may have caused.

Interrogatory # 9

Ref: Exhibit 2, pp. 56, 59, 80 and 83

Table 21 on p. 80 shows Developer works estimated at $5.0 M for 2009 while Table 17 on p. 56 shows the estimated 2009 cost in this category as $7.3 M. The difference appears to be attributable to project 9E1 Developer driven distribution circuit expansions and relocations shown on Table 18 p. 59. Please explain why this major expansion would not have been recognized at the time the 2008 forecast for 2009 was prepared?

***RESPONSE*:**

The developer of the major expansion (i.e. $2.3M) was not able to commit to a timeline at the time that the 2008 budget was being prepared. They were able to commit to a timeline at the time that the 2009 budget was being prepared.

Please refer to the Asset Management Plan, Appendix A, pp.167 – 168, for project sheet 9E1.

Interrogatory # 10

Ref: Exhibit 2, p. 59

Table 18 on this page shows project 9E2 as Residential Secondary Service Upgrades. Assuming that an upgrade implies an existing house and service, please explain service upgrades fits into the category of Developer Works?

***RESPONSE*:**

Please refer to the Asset Management Plan Overview in Exhibit 2, Appendix A, p.116 for discussion on the format of the budget as well as pp. 169 – 170 for further discussion related specifically to project 9E2.

As a general matter, London Hydro categorizes projects as either City and Developer Works or Engineering driven. Developer/City works are those that are initiated externally by London Hydro's customers. This would include City of London road works, new residential subdivisions, apartment buildings, new commercial plazas, as well as service upgrades to customer services, whether those services are commercial or residential.

Although related to existing service, these upgrades are often required when customers increase their electrical demands.

Interrogatory # 11

Ref: Exhibit 2, pp. 59, 83

Table 18 on p. 59 and Table 22 on p. 83 show 2009 and 2008 distribution projects respectively.

Projects 8E3 and 9E3 show $2,000,000 budgeted for new single family residential underground distribution in years 2008 and 2009.

a) Does London Hydro have commitments from developers to construct the subdivisions associated with these projects despite the downturn in the economy?

b) Have developers provided London Hydro with sufficient security in the form(s) specified in the Distribution System Code to pay for the distribution systems associated with this project?

c) Does London Hydro expect any decline in new housing starts in 2010 or 2011?

***RESPONSE*:**

Preamble: Table 18 on p. 59 and Table 22 on p. 83 show both the gross budget, cost recoveries, and the net capital budget for Projects 8E3 and 9E3 and others projects grouped in the City & Developer Works section of the 2008 and 2009 capital plans. The following response is provided with net spending dollars for the two years.

a) For the 2008 new single family residential underground distribution (8E3), the actual net capital spending was $2,445,135 or $865,135 over the net budgeted amount of $1,580,000. In 2009, the net budget of $1,580,000 is 35% below the 2008 actual. Recent CMHC predictions indicate that housing starts in London area will fall a similar amount this year. This is in line with the reductions in budget.

Year to date net capital spending in 2009 for single family residential (“SFR”) underground distribution ($334,314) actually is a more active pace than the comparative time in 2008. It is only now that this SFR development has abated. More specifically, there are financial commitments for approximately 60 lots and high probability of activity on 120 lots and discussions underway with developers on a further 430 lots. CMHC has predicted 850 new single detached starts for 2009. This is in line with London Hydro’s budget estimate of 800 lots. The 2009 budgeted amount reflects this activity.

b) As part of the normal course of identifying individual development locations, developers provide London Hydro with sufficient security to pay for the distribution systems associated with the project. This is done in compliance with the terms and conditions of Section 2.1.2 of London Hydro’s Conditions of Service document.

c) Current market conditions indicate that there is a decline in new housing starts, however, based on current developer commitments as discussed above, the budget for 2009 seems to be appropriate. During the preparation of the 2010 capital budget, London Hydro will reevaluate the estimated number of new housing starts based on the latest information available at that time.

Interrogatory # 12

Ref: Exhibit 2, pp. 59, 83

Table 18 on p. 59 and Table 22 on p. 83 show 2009 and 2008 distribution projects respectively.

Projects 8E5 and 9E5 show new commercial distribution services increasing from $1.75 M in 2008 to $1.90 M in 2009.

a) Does London Hydro have commitments from developers to proceed with projects associated with these estimates?

b) Has London Hydro taken sufficient security from developers to finance these distribution system projects?

c) Does London Hydro expect any decline in commercial development in 2010 and 2011?

RESPONSE

a) The 2008 new commercial distribution services was budgeted was $1,750,000 and again strong activity was realized in this section for 2008 resulting in actual spending of approximately $2,635,143. In reviewing the projects on the books as of March 1, 2009, although we anticipate less spending than 2008, the current indications are that the 2009 budget value may be realized. Again the January and February 2009 activity has been strong with about $500,000 already being spent in this area.

b) As part of the normal course of identifying individual development locations, developers provide London Hydro with sufficient security to pay for the distribution systems associated with the project. This is done in compliance with the terms and conditions of Section 2.1.2 of London Hydro's Conditions of Service document.

c) Current market conditions indicate that there is a decline in commercial development, however, based on current activity in 2009 as discussed above, the budget for 2009 seems to be appropriate. During the preparation of the 2010 capital budget, London Hydro will reevaluate the estimated budget for this section based on the latest information available at that time.

Interrogatory # 13

Ref: Exhibit 2, pp. 65, 123

The evidence at Lines 19-21 refers to "*plans to replace equipment that is fully depreciated and/or in very poor condition*". Page 123 references project 9G3 to Rebuild overhead depreciated areas at a cost of $1.7 M.

a) Does London Hydro undertake replacement of plant solely on the basis of its book value?

b) Please provide details of the plant that will be replaced in project 9G3 and explain the evaluation process that led to the replacement decision.

***RESPONSE*:**

a) London Hydro does not undertake replacement of plant solely on the basis of its book value. The term "fully depreciated plant" is used to generally refer to the age of the asset, and not its net book value.

London Hydro has a rigorous process for assessing the condition of its in-service infrastructure. In addition to the age of the equipment, there are a number of other factors that the engineers take into account when determining what infrastructure needs to be replaced. These include: visual inspections, physical pole testing, infrared analysis and reliability analysis. The information from the inspections and analysis is used by the engineers to create the various replacement/refurbishment programs. The programs resulting from these evaluations are detailed in the Asset Management Plan found in Exhibit 2, Appendix A, pp. 191 – 192, Project 9G3.

At the end of the Asset Management Plan is a listing of Engineering Abstracts (pp.221 – 223) of the various reports that form the basis of the refurbishment/replacement activities.

b) Please refer to the project description sheets for 9G3 in the 2009 Asset Management Plan, Exhibit 2, Appendix A, pp. 191 – 192, for the details of the plant that will be replaced and the criteria used. The general process for determining the replacement decisions is as outlined in a) above

Interrogatory # 14

Ref: Exhibit 2, p. 93

Lines 6 to 19 discuss the replacement of rolling stock.

a) What is the current size of London Hydro's fleet broken down by work equipment and transport equipment?

b) What are the threshold values of age, hours of use and mileage that trigger replacement of a vehicle or piece of major equipment?

c) What is London Hydro's process for disposing of surplus vehicles and equipment?

d) What is the rationale for buying "11 pre owned vehicles"? Are these transport or work equipment?

***RESPONSE*:**

a) Please refer to Appendix VECC 8 provided in response to VECC Question 8 for a listing of London Hydro's fleet broken down by work equipment and transport equipment, age, and category.

b) Please refer to London Hydro's Policy and Procedure for Replacement of Vehicles document provided in Appendix EP 14.

c) Units are disposed of according to London Hydro's Disposal of Assets Policy. They are either disposed of through public auction or traded in.

d) These are transport vehicles such as vans and pickup trucks. The units had been leased by London Hydro. The low mileage and condition of the vehicles, as well as the avoidance of make-ready costs on new units resulted in the decision to purchase these units at the end of their leases.

Interrogatory # 15

Ref: Exhibit 2, p. 72

Lines 13-22 discuss the impact of smart metering on IT requirements.

a) Does London Hydro intend to resource management and storage of smart meter data in house?

b) If yes, what are the expected staff costs associated with that strategy?

c) Has London Hydro evaluated options such as contracting the service out or partnering with other distributors to share IT infrastructure and storage for smart metering data?

d) If yes, what considerations led London to reject these options?

***RESPONSE*:**

a) At this point London Hydro does plan to store and manage Smart Meter data within the London Hydro system. A formal review is underway by SAP to evaluate the scope and impact that this would have on the London Hydro SAP system. At this time it is envisioned that such storage could be managed in the SAP system.

b) The proposed 2009 employee complement includes 0.5 FTE (~$50k) for a business analyst required to support this activity, however, the costs related to this new incremental headcount have been excluded from OM&A, and will be allocated to the deferral account (OEB 1556 – Smart Meter OM&A Variance Account). Please refer to Exhibit 4, p. 22, lines 3 – 12 for related discussion.

c) London Hydro led a total of 65 utilities, 32 directly and 33 indirectly, through a province-wide common smart meter RFP process. This was an immense responsibility on London Hydro's shoulders to manage; however, the cost for such an effort was shared among all of the utilities. Going forward, London Hydro is working in concert with Cambridge & North Dumfries Hydro and Greater Sudbury Utilities to further share the cost of IT infrastructure including storage. In essence the hardware and development costs will be somewhat mitigated through this sharing arrangement.

d) We have not rejected all options of sharing costs with other distributors; as stated in (c) above; London Hydro is working jointly with other distributors.

Interrogatory # 16

Ref: Exhibit 2, p. 98

Lines 1-5 present the need for a new IVR system.

a) Is the IVR system primarily used to answer and route calls during business hours?

b) What after hours features are provided by the IVR other than power outage notification?

c) Will the distribution automation initiatives described elsewhere in the evidence eliminate the need for customers to identify where the system is not operating?

d) How many staff would be needed to replace the IVR system and provide live call answering and routing? How much would this cost compared to the proposed IVR solution?

e) How does the IVR system reduce the risk of bad debt?

***RESPONSE*:**

a) No; the purpose of the IVR system is to provide London Hydro's customers with on-line access to their account information on demand. Our customers can provide meter reading information, review account balances, or access other account information at anytime. The IVR system is also used to generate outbound calls, especially for collection reminders, either during or after normal business hours.

b) Presently the power outage notification service is not provided by IVR - this is planned to be completed in the proposed 2009 budget. Other after hours activities are as referenced in a) above pertaining to the customer service general inquiries.

c) London Hydro plans to integrate IVR in the future outage management system, as well as the smart meter system to maximize the benefit of such a system.

The IVR system will work in concert with other distribution automation initiatives to assist with customer inquiries related to system outages. IVR will provide an on-line option to our customers to contact us regarding an outage, and also receive information on expected outage duration.

These activities however are planned in 2009, 2010, and 2011.

d) The current application of IVR (prior to 2009 and beyond projected activities) permits customer response time management and reduces London Hydro's call center staffing levels by 1 FTE (~$75k). Planned enhancements in 2009 and beyond are anticipated to reduce the additional staffing levels by a further ~1 FTE in the 2-3 years.

e) The outbound IVR application provides a more current and frequent indication to customers of their outstanding/past due account status. It is expected that this more frequent reminder of account status will trigger customer action.

Interrogatory # 17

Ref: Exhibit 2, p. 98

Lines 6 to 10 discuss the need for a call monitoring system.

a) Is this a companion system to the IVR?

b) Why does London Hydro need to monitor and record all incoming and outgoing calls?

c) How does London Hydro intend to "monitor" calls? How many staff will be needed for this monitoring effort and what will the cost be?

d) What data is generated by the monitoring and recording effort and how is it used as a "management and training tool"?

***RESPONSE*:**

a) No; it is a stand alone system tied to the telephone system.

b) London Hydro records all incoming and outgoing telephone calls only in the call center and dispatch center. London Hydro records and monitors calls to allow management to assess the quality of service provided to our customers as well as track calls for security reasons. Recorded calls allow London Hydro to act appropriately if a verbal threat is received. The calls are also monitored to assist in the identification of training opportunities; efficiency; and customer communication improvements.

c) Monitoring is done through an automated system recording of all calls. The application of this system does not require additional resources. Monitoring/coaching/management is completed through existing resources.

d) The actual full conversation is recorded and is available for review. Statistics related to date, time, duration, etc. are created through a reports section. Random review of calls is scheduled to identify specific or generic areas for improvement.

Interrogatory # 18

Ref: Exhibit 3, p. 16

Lines 11-13 reference a consulting report prepared for the City of London and relied upon by London Hydro to validate its load forecasts.

a) The referenced report was prepared in 2006. Has London Hydro used other more recent studies to check the validity of the assumptions used in the 2006 report by Clayton and Associates?

b) Does the most recent CMHC forecast of housing starts in London agree with the Clayton forecasts?

c) Has London Hydro prepared a sensitivity analysis of its load forecasts using pessimistic forecasts of customer growth more consistent with recent economic forecasts?

***RESPONSE*:**

a) There have been no reports similar to the Clayton forecast issued since the 2006 report. The Clayton report was not used to develop London Hydro's forecasts; it was simply used as a tool to confirm the reasonableness of the forecast. In London Hydro's forecast, London Hydro predicted that the number of residential customers in 2008 would increase by 1,872 customers, and that the number for 2009 would be 1,900 new customers. The actual number of new customers for 2008 was 1,658.

b) The Clayton forecast was prepared in September 2006 and was developed specifically for the City of London. CMHC housing forecasts cover London and the surrounding regions and will not produce customer growth numbers that can be tied into the Clayton forecast due to the wider territory that they cover. CMHC forecasts are prepared and updated annually, and for that reason are used on a regular basis for planning purposes, whereas the Clayton Report is not an annual report.

As indicated in London Hydro's response to Question # 2 above, the weather normalized load forecast model used to develop London Hydro's customer and load forecast was updated with available economic indicators as recently as November 18, 2008.

In response to several interrogatories received from other intervenors in this Application, London Hydro is providing various alternative customer and load growth forecasts as requested. The results of these alternate forecasts are available in the responses to those interrogatories.

Interrogatory # 19

Ref: Exhibit 3, p. 33

Interest income is noted as declining in 2009 as a result of spending on smart meters with an attendant decrease in invested funds. Has London Hydro considered the effect of lower interest rates in 2009 as a result of government monetary policy to combat the recession?

***RESPONSE*:**

In developing interest income forecasts, London Hydro used the information that was available to it at the time, which indicated a rate of 3.35% for deferral and variance accounts and a similar rate for other forms of investments. It would now appear that this rate is higher than what the actual rates will be during 2009, and as such the interest revenue projections in the rate application do not reflect these lower rates that are likely to exist during 2009 and possibly into 2010 and 2011. London Hydro has not calculated the impact on the revenue requirement of these lower than forecast rates.

Interrogatory # 20

Ref: Exhibit 4, p. 31

Table 19 lists purchased services vendors for 2007. City of London Treasurer is listed as a vendor for construction services totaling $584 k. Please explain what construction services were provided and why they were considered a sole source supply.

***RESPONSE*:**

The listed payments to the City of London Treasurer mainly represent reimbursement of contractor services construction costs that were paid by the City of London to third parties on behalf of London Hydro.

This situation occurs on large capital projects where the City of London and London Hydro are working in conjunction with one another and use the same contractor for efficiencies and cost saving purposes. For this reason, the City of London Treasurer was listed as sole source.

In 2007, two large capital projects (Western Road, and JW Carson Bridge) account for $558k of the $584k presented on the 2007 Vendor List > $50,000.

Interrogatory # 21

Ref: Exhibit 4, p. 47

Table 26 shows fleet operations and maintenance expenses.

a) Fuel expense is projected to increase in 2009. Has London Hydro considered the recent decline in fuel costs as a result of the worldwide recession in its projections?

b) Fleet replacements dealt with in Exhibit 2 indicate that London Hydro will be replacing some of its transport and work equipment in 2009. What affect will the addition of these new vehicles and equipment have on the cost of maintenance of the fleet?

***RESPONSE*:**

a) The 2009 Test Year budget was developed in April/May of 2008 and incorporated a 10% increase for anticipated fuel cost increases for 2009. This expected increase was applied to the cost of fuel at that time, which was approximately $0.98 per litre. The cost of fuel in 2008 fluctuated significantly throughout the year and in July 2008 peaked at $1.17 per litre. In December 2008, the cost was still above $1.02 per litre. Although London Hydro has seen recent declines, the price of fuel continues to be volatile.

Please refer to related discussions provided in London Hydro’s response to VECC Question 21.

b) Although there were a number of units replaced in 2008, the average age of London Hydro’s transport and work equipment is still relatively old. All of the remaining units will be one year older and major repairs on these types of units can be unpredictable and costly. The budget reflects the increasing age of the remainder of the fleet and it should also be noted that the 2009 large replacement units will not be received until late in 2009.

Interrogatory # 22

Ref: Exhibit 4, p. 47

Table 5-9 on page 17 attribute the base labour increase in OM&A between the 2006 Board approved year to the proposed test year partly to wage increases.

a) Has London Hydro compared its wages and benefits to those of other distributors in its cohort? Please provide the comparison if available.

b) Have the wage increases in Table 10 on page 15 been above the average for other distributors in its cohort?

c) Does London Hydro expect labour cost increases to continue at the same 5.2% average noted in line 20 on p. 10 into the foreseeable future?

RESPONSE:

a) Yes. London Hydro participates in wage surveys within its cohort group. See the following table:

Recent Settlements (2006)								
	Term	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Notes**	**Increase Over Term**	**Average Annual**
Burlington Hydro	3 years	3.25%	3.25%	3.00%			9.50%	3.17%
Fortis (Canadian Niagara)	3 years	3.00%	3.00%	3.00%		1)	9.00%	3.00%
Brant County Power	3 years	5.00%	5.00%	5.00%			15.00%	5.00%
Peninsula West	3 years	3.50%	3.75%	3.75%			11.00%	3.67%
Niagara Falls Hydro	3 years	* 3.00%	* 3.00%	* 3.00%		2)	9.00%	3.00%
Halton Hills	4 years	3.25%	3.25%	3.25%	3.25%	3)	13.00%	3.25%
Oshawa	4 years	3.00%	3.00%	3.00%	2% +2%	4)	13.00%	3.25%
Erie Thames	3 Years	3.00%	3.00%	3.25%			9.25%	3.08%
Kitchener Wilmot	3 years	3.50%	3.50%	3.30%			10.10%	3.37%
Woodstock	2 years	3.00%	3.00%	* 3.00%		5)	9.00%	3.00%
Peterborough	3 years	3.00%	3.00%	3.00%			9.00%	3.00%
Welland	3 years	3.00%	3.00%	3.00%			9.00%	3.00%
St. Thomas	2 years	3.00%	3.00%	* 3.00%		6)	9.00%	3.00%
Haldimand	3 years					7)	13.20%	4.40%
Enersource	4 years	2.50%	3.00%	3.00%	3.25%	8)	11.75%	2.94%
Bluewater	3 years	3.00%	3.00%	3.00%		9)	9.00%	3.00%
London Hydro	3 years	3.00%	3.00%	3.25%		10)	9.25%	3.08%
							10.47%	3.31%

* = assume 3.00% in 3rd year (2 year agreement)

NOTES:
1) Line Maintainers get 4.00% in first year
2) $.30 premium to Line Maintainers
3) $400 signing bonus
4) Year 4, 2% Jan. 1 + 2% July 1
5) Assume 3.00% in 3rd year
6) Assume 3.00% in 3rd year
7) Total increase is 13.20% with 5 increases in 3 years
8) Plus Cola in 3rd year
9) $.30 premium to Line Maintainers
10) $.12 premium to designated trades in each of yrs 1 + 2

b) London Hydro's wage increases over the period of 2006 – 2009 as shown in Exhibit 4, p. 15, Table 10 are below the average for the other distributors in its cohort.

c) No. The average increases in total base labour of 5.2%, over the time period described (2004 – 2009), have been impacted significantly by the addition of new trade apprentices. London Hydro, like many of its peers, is dealing with an aging workforce and retirements, and forecasts of shortages in skilled trades. Please refer to related discussions in Exhibit 4, p.10 – 17.

Interrogatory # 23

Ref: Exhibit 4, p. 17

Lines 5-9 on page 17 attribute the base labour increase in OM&A between the 2006 Board approved year to the proposed test year partly to succession planning.

a) Succession planning appears to be focused exclusively on trade apprenticeships. Does London Hydro have similar succession challenges in other employee categories? If so, please provide details of the succession plan for them.

b) Lines 2-4 on p. 17 state that the “headcount will decline post 2013 as a net result of future retirements and apprentices becoming fully certified”. How much does London Hydro expect the headcount to decline post 2013 as a result of retirements and apprentices becoming fully qualified?

***RESPONSE*:**

To clarify, the discussions related to Labour and Benefits in Exhibit 4, pp. 10 – 24 provide information on the total base labour, benefits, premium pays, and labour deployment to capital and billable/other activities. The commentary in lines 5 – 9 on p.17 that have been noted in the question above, outline the key reasons that base labour has increased. One of the reasons is due to succession planning. It should be noted that this commentary is not describing the impact of succession planning on OM&A. Please refer to the discussion on Labour Deployment, pp. 21 – 22, Table 9, p. 12, and London Hydro’s responses to SEC Question 9 c) and Board Staff, Question 17.

a) Succession planning has also been in place since late 2004 for the non skilled-trade employee categories such as senior administrative positions (CEO, VP, Director and Manager levels). This plan is updated on an ongoing basis.

The average age of London Hydro’s workforce as at May 2008, is 45.8 years and departmental demographics have been identified. The table below provides the most recent demographic breakdown by department. Non-skilled trades are found primarily in the Executive, HR and Safety, Finance, Customer Service, and Information System departments.

Succession plans for non-skilled trade positions include a mix of employee development and training for future advancement as well as external recruitment where necessary.

The succession planning challenges related to non-skilled trades differs from that of the skilled trade in that the apprenticeship program related to the skilled trades is completed over a number of years. For example the powerline maintainer apprentice program is a four year program, requiring a shadowing relationship with a certified journeyman over the entire period of the apprenticeship.

Department	Total No. Employees	Age 50-54	Age 55-59	Age 60+	Total 50-60+
Executive	5	1	1	1	3
HR & Safety	6	2	1		3
Eng. & Ops	155	32	17	4	53
Finance	12	4	1	2	7
CS & Strategy Planning	56	18	5	3	26
Information Systems	15	2	1	0	3

b) London Hydro anticipates that as the new apprentices become fully qualified, and as the existing staff enters retirement the overall headcount will decline. Apprentices hired in 2007 are expected to become fully qualified by the end of 2011. Apprentices hired in 2009 are expected to become fully qualified by the end of 2013. The total expected decline in skilled trade headcount post-2013 could be between 5 to 10 full time equivalents depending on the actual retirements that occur. These forecasts exclude factors such as customer growth, mergers or acquisitions, and new regulatory requirements.

Interrogatory # 24

Ref: Exhibit 4, p. 17

Lines 5-9 on p. 17 attribute the base labour increase in OM&A between the 2006 Board approved year to the proposed test year partly to corporate reorganization and industry changes.

a) Please describe the corporate reorganization that resulted in increased staff levels.

b) What industry changes have resulted in the need for increased staff?

RESPONSE

a) Please refer to London Hydro's response SEC Question 10 for discussion related to corporate reorganization

b) Please refer to London Hydro's response to SEC Question 10, for discussion related to industry changes

Interrogatory # 25

Ref: Exhibit 4, p. 17

Table 13 shows a management to union ratio of about 50%.

a) Please provide an organization chart for the corporation showing all positions, FTE complement for each position and reporting relationships.

b) How does London Hydro's management to union ratio compare with other similar distributors?

c) How many management staff are supervisors?

d) Is it customary among distributors for all IT staff to be management?

***RESPONSE*:**

a) Please refer to Appendix EP 25 for the organization chart related to the 2009 budget.

b) London Hydro staff levels indicate a management (non-union) to union ratio of 50%, and a management (non-union) to total staff of 33%. London Hydro does not have any information related to these ratios compared with other distributors.

c) The total management full time equivalents in the 2009 budget shown in Table 13 is 92.5 persons. Of that total 50 have supervisory responsibilities.

d) London Hydro is unable to comment on what is customary among other distributors, however at London Hydro, the IT staff not only look after the information systems infrastructure, but also have access to confidential corporate and employee information that exempts them from union status. The wage differential between union and management (non-union) is minor. The non-union status provides greater flexibility for efficient utilization of resources while maintaining confidentiality.

Interrogatory # 26

Ref: Exhibit 4, p. 19

Table 14 on this page shows Benefit cost increases of 32.2% between 2004 – 2009.

a) How much of the benefit cost increase is attributable to the increased employee numbers at London Hydro?

b) What factors other than employee numbers is driving benefit costs up?

c) Does London Hydro expect benefit costs to continue to increase at a similar rate into the foreseeable future?

d) Are there any actions that London Hydro can take to mitigate and/or reduce benefit cost increases?

***RESPONSE*:**

a) The benefit cost increase that is attributable to the increased employee numbers at London Hydro is approximately $288,000.

b) Total benefit costs are driven up primarily by: the demographics of London Hydro's employee group; increased utilization; newer and more expensive drugs and general upward cost trends in the healthcare industry; decreases in Government funding levels; and higher pension contribution rates from OMERS.

The increase has occurred despite no improvements to the benefit packages.

Please refer to Exhibit 4, pp. 18 - 20 for more factors other than employee number that are driving benefit costs up.

c) Yes, London Hydro does expect the benefit costs to continue to increase at a similar rate into the foreseeable future.

With the current downturn in the economy, there could be serious implications to pension funds, which could result in higher contribution rates in the future. In addition, costs related to statutory benefits, such as Employment Insurance, could increase as a result of higher unemployment rates. At this time the overall impact of the economy to benefit costs is unknown.

d) Actions London Hydro is taking to mitigate and/or reduce benefit cost increases include wellness initiatives; pooling of potentially high risk/high cost claims; and communicating with employees the details of the costs associated with providing London Hydro's benefit plans. London Hydro invites insurance companies to quote on group benefit plans, such as life insurance, long term disability insurance, and medial coverage every five years to ensure that London Hydro is receiving competitive rates.

Interrogatory # 27

Ref: Exhibit 4, p. 20

Lines 12-13 reference post retirement benefits for employees.

a) What do these benefits consist of?

b) Do retired employees contribute to the cost of the benefits?

c) Are the benefits time-limited?

d) Is there a cap on the amount of benefits that a retiree is entitled to?

e) Does the plan also cover a retiree's spouse and dependants?

f) Has London Hydro compared its post retirement benefit plan to those of similarly situated distributors? If yes, please provide the comparison.

***RESPONSE*:**

a) Benefits include among others, a paid up life policy; extended health care; and drug, vision, and dental coverage. Please see Appendix EP 27 for details of all benefits provided.

b) Retirees aged 55 – 65 are placed in Divisions 7999 (hourly)/7998 (salaried). Benefits for these retirees are paid for by London Hydro. Upon the attainment of age 65, the hourly and salaried retirees are classified as Division 1998 and 3282 respectively. At the age of 65 the retiree is given the option to remain in the plan and pay 85% of the premiums for any coverage selected. London Hydro continues to pay 15% of the premiums related to this group of retirees.

c) Benefits provided at no cost to the retiree are time-limited to the age of 65.

d) Yes, both annual and lifetime caps exist depending on the benefit. Please see Appendix EP 27 for details of benefit caps.

e) Medical benefits do include the spouse and eligible dependents.

f) London Hydro has not compared its post retirement benefit plan to other similarly situated distributors.

Interrogatory # 28

Ref: Exhibit 4, p. 9

Table 7 on p. 9 shows an increase in purchased services between 2006 and 2009 of about $700 k.

a) Approximately how many FTEs are represented by this $700 k?

b) Notwithstanding the explanations offered for purchased services variances later in the exhibit, does London Hydro expect the trend to increasing purchased services to continue into the foreseeable future?

***RESPONSE*:**

a) Please refer to the detailed breakdown of purchased services on page 30 of Exhibit 4. These costs represent a variety of services that are either specialized activities that London Hydro employees cannot provide or for certain items are one-time non-recurring services provided by outside parties. A calculation of FTEs for these activities is not feasible or meaningful.

b) As indicated in Table 18, Exhibit 4, p. 30, depending on the nature of the service and the specific projects or activities that may be undertaken at London Hydro during the year, some items may increase while others decrease. There are no specific plans in place to increase purchased services in any given area on a continual basis.

Appendices for Responses to Energy Probe Interrogatories

Vehicle & Equipment Depreciation Schedule

Depreciation rates for Electrical Utility vehicles are established using the 'Straight-line Method' of depreciation to the following criteria.

Trucks under 3 tons	Life-Years = 5	Depreciation Rate 20.0%
Trucks over 3 tons	Life-Years = 8	Depreciation Rate 12.5%
Work & Service Equ.	Life-Years = 8	Depreciation Rate 12.5%

<u>POLICY & PROCEDURE FOR REPLACEMENT OF VEHICLES</u>

London Hydro's fleet is tracked on a Fleet Administration computer database system, which prints reports based on projected life cycle expectancies.

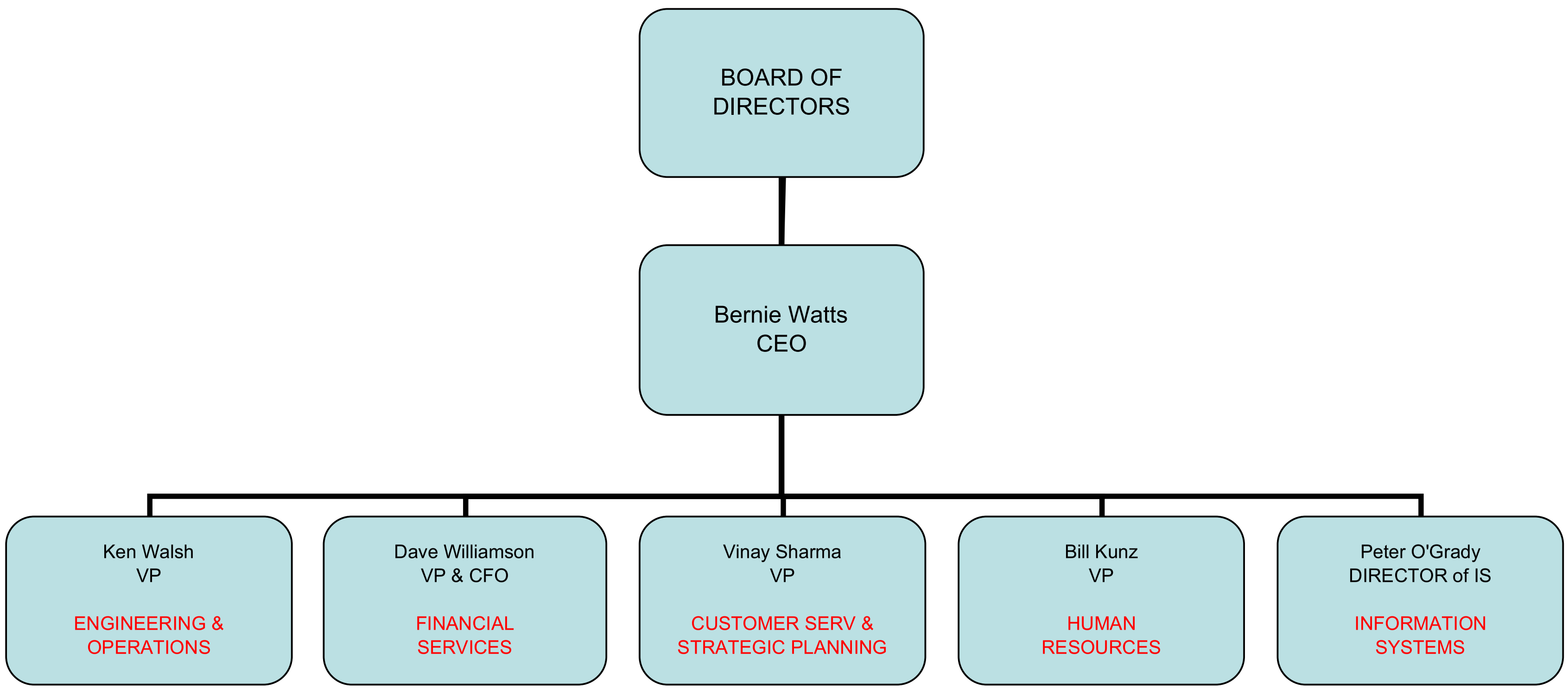
Cars, light trucks, vans under 10,000lb. G.V.W.	8 year cycle on owned units (replace with 3 or 4 yr. lease units)
Medium duty trucks over 10,000lb. G.V.W.	12 year cycle or 250,000 Km
Heavy duty trucks 32,000lb. G.V.W. & over	15 year cycle or 250,000 Km
Single bucket aerial devices	12 year cycle Re-chassis fiber body & aerial device once
Double bucket aerial devices	15 year cycle Re-chassis fiber body & aerial device once
Radial boom derricks	15 year cycle Re-chassis fiber body & aerial device once
Chippers	7 year cycle
Backhoes	8 year cycle
Air compressors, sweeper, skid steer loader	20 year cycle
High voltage tensioner/pullers	20 year cycle
Major mechanical equipment	15 year cycle to 20 year depending on usage
Minor mechanical equipment	10 year cycle
Trailers	20 year cycle

Replacement decisions are finally based on a combination of age, hours of use, kilometers traveled, mechanical and body condition, obsolescence, operating and possible environmental or health and safety concerns. An analysis of replacement cost depreciation for a replacement unit will be compared to escalated maintenance and refurbishing costs to retain a current unit will also be considered.

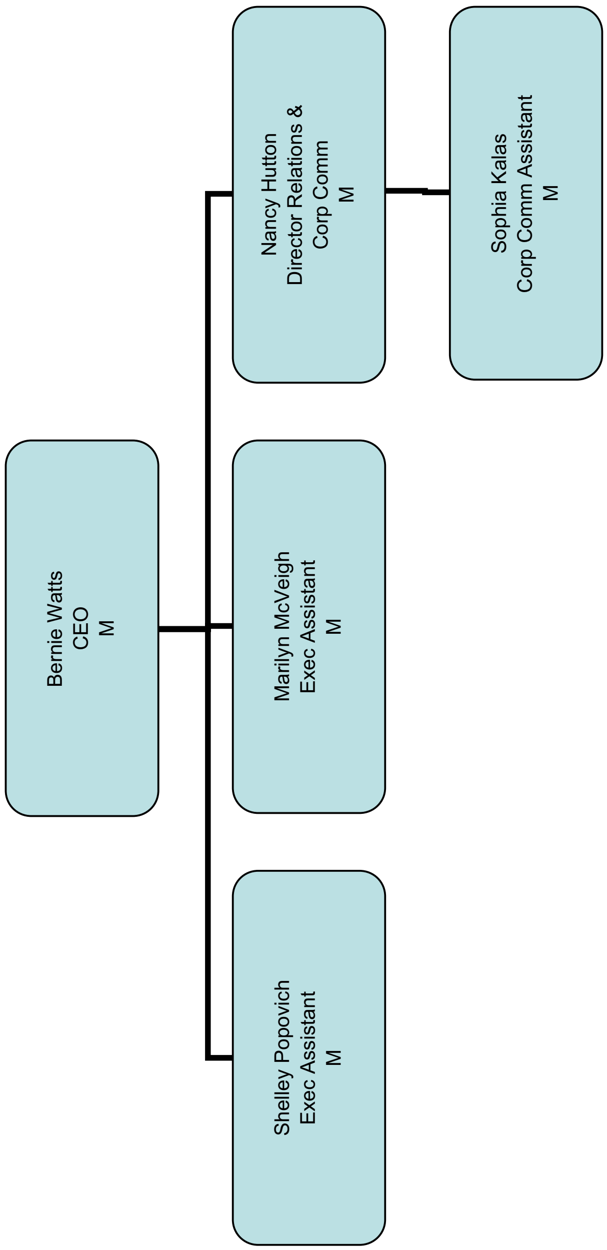
Prior to developing the capital budget each year the fleet is analyzed in order to determine what flexibility can and should be used in order to maintain a current, cost efficient fleet. The fleet capital budget is then incorporated with the complete capital budget for London Hydro and adjustments are made where necessary in order to meet budget expectations.

London Hydro develops their own updated specifications yearly based on department requirements and are designed to establish quality and functionality standards required. Following Board of Directors approval of the capital budget, tenders or quotations are developed and distributed. Established purchasing procedures are followed and tender recommendations are presented to the Board for final approval. Recommendations to the Board are based on the lowest bid fully meeting the specifications.

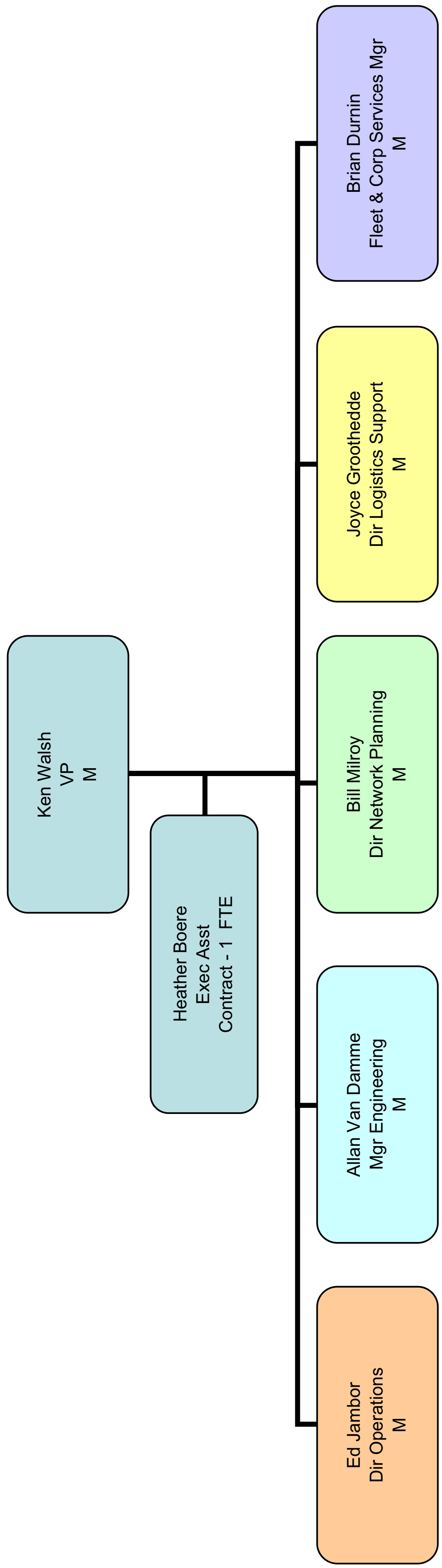
LONDON HYDRO INC.
EXECUTIVE AND BOARD
2009 LABOUR PLAN



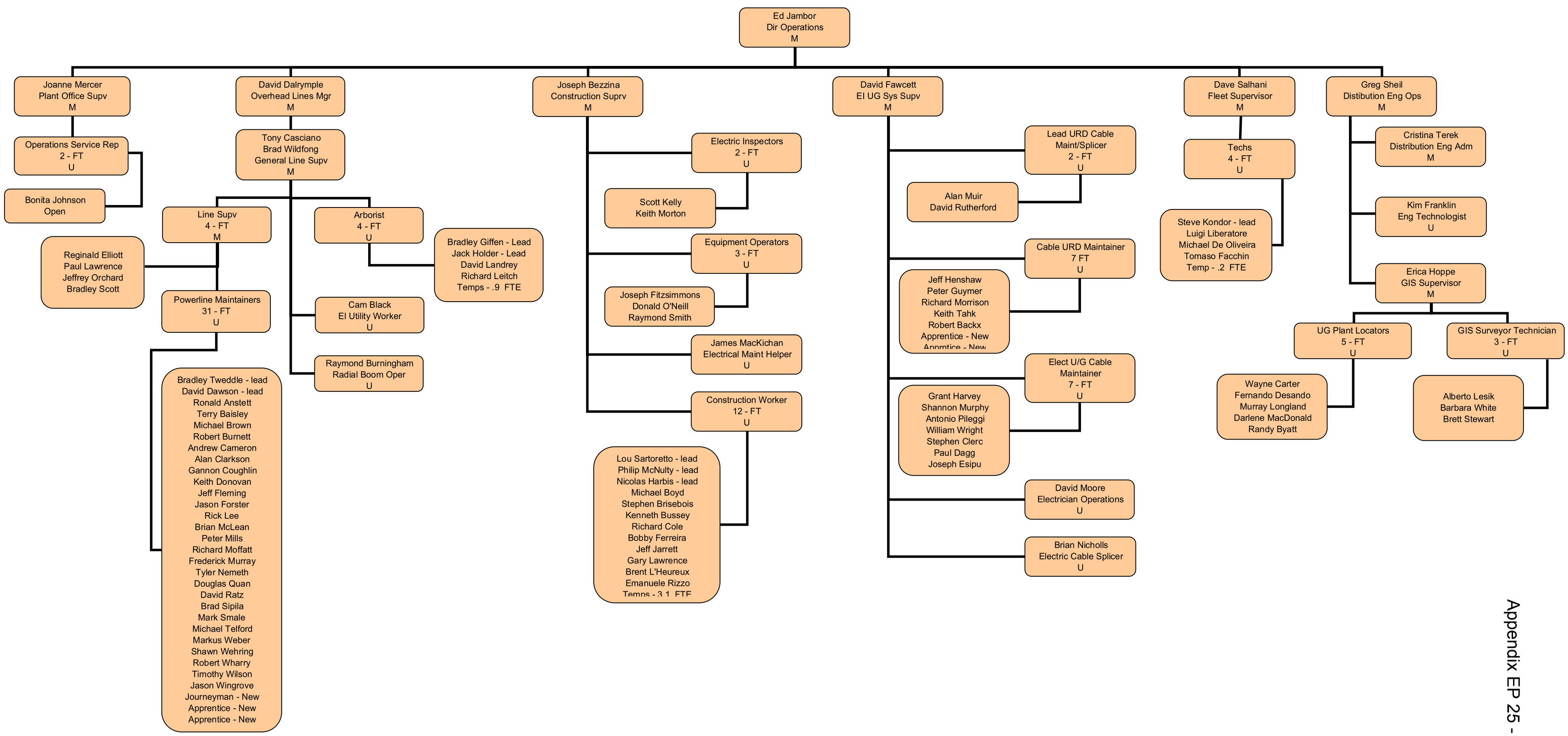
EXECUTIVE
2009 LABOUR PLAN



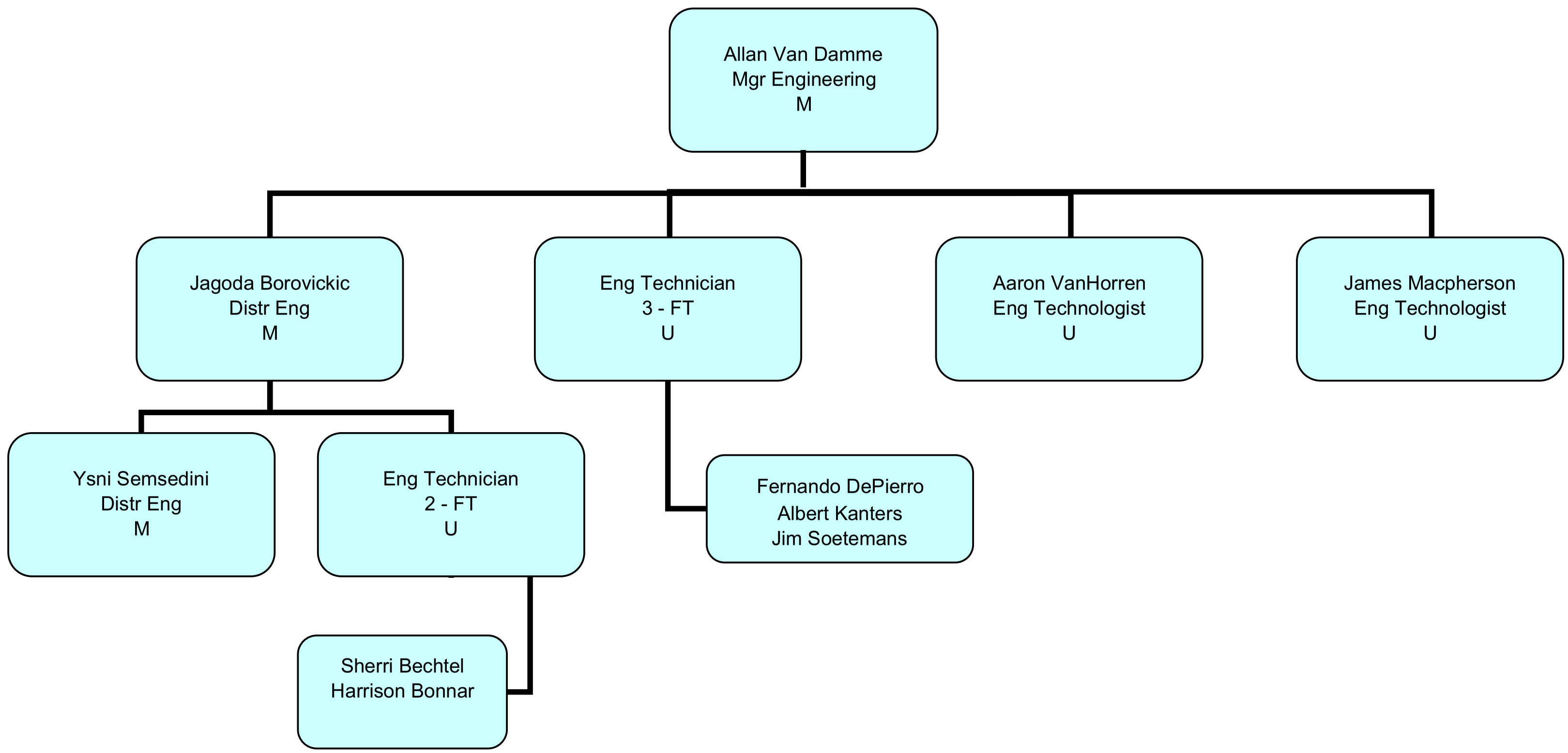
ENGINEERING AND OPERATIONS
2009 LABOUR PLAN



ENGINEERING AND OPERATIONS
OPERATIONS
2009 LABOUR PLAN



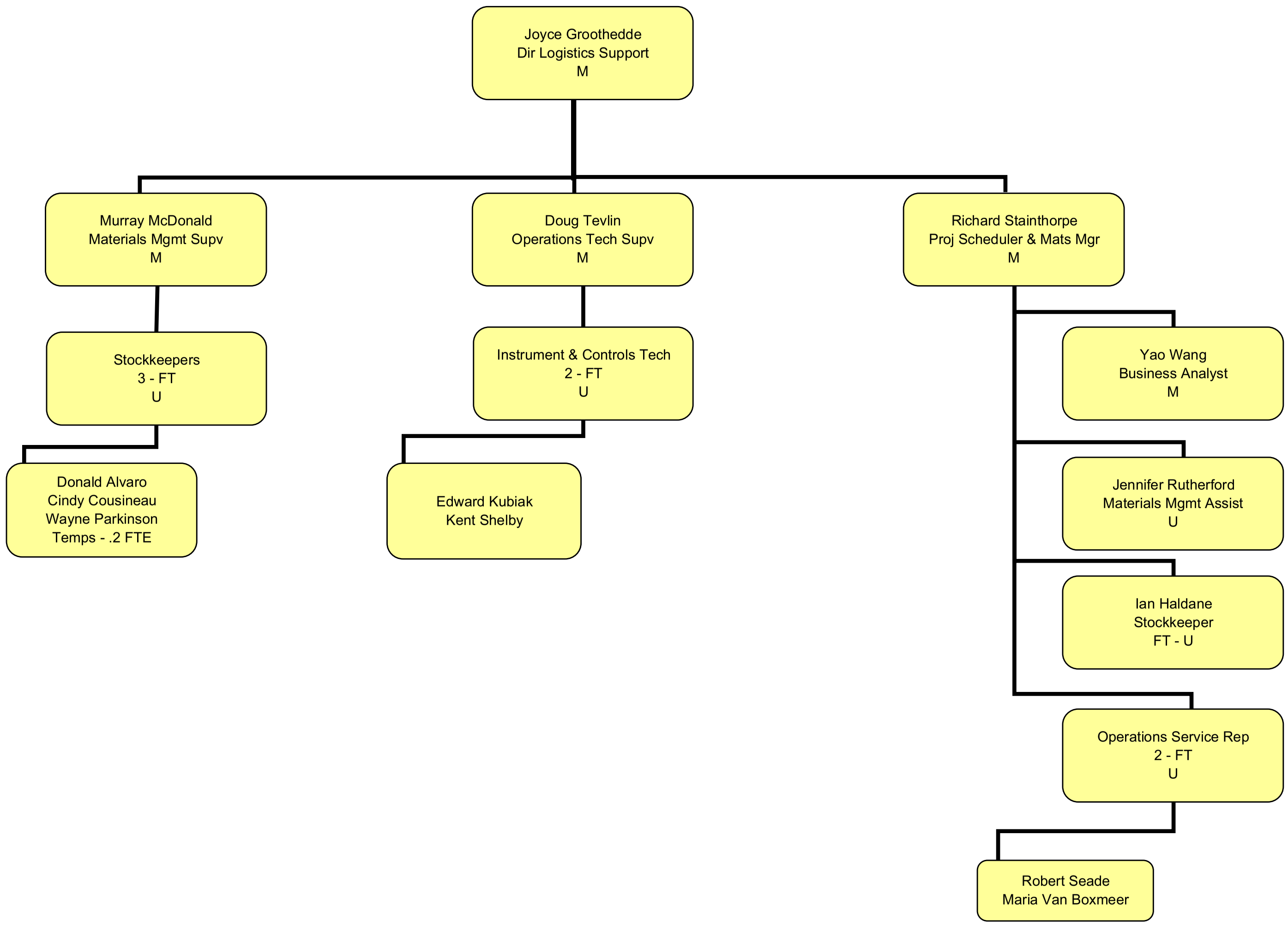
ENGINEERING AND OPERATIONS
ENGINEERING
2009 LABOUR PLAN



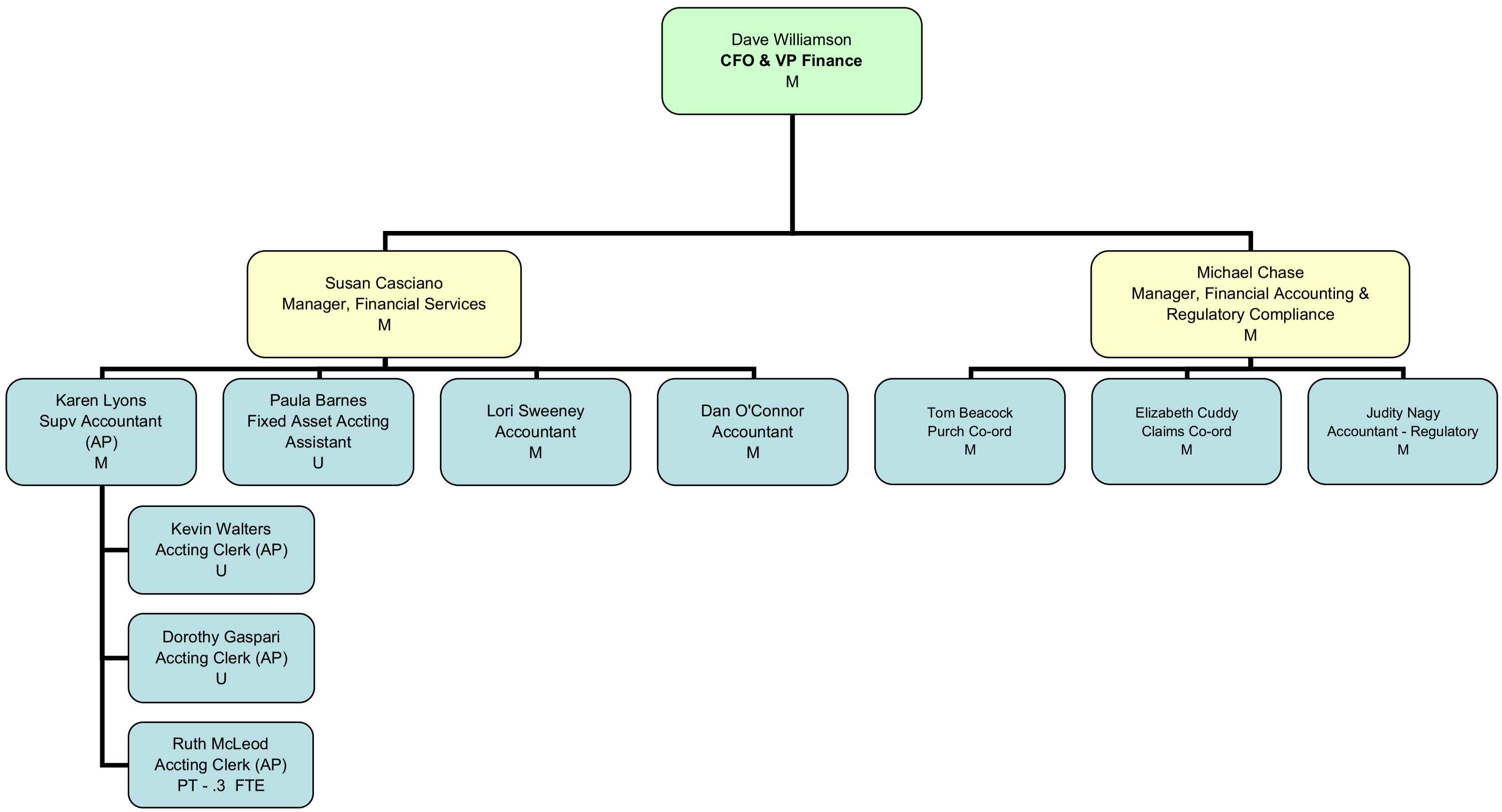
ENGINEERING AND OPERATIONS
NETWORK PLANNING
2009 LABOUR PLAN

- Bill Milroy — Dir Network Planning — M
  - Alan Popovich — Electric Operations Supv — M
    - Andrea Plumb — Operations Service Rep — FT - U
    - Systems Operator — 8 - FT — U
      - Jeff Askew, Robert Campbell, Scott Carpenter, Karen Lynch, Paul Hodgson, Kris Shanahan, Ronald Smith, Scott Sutherland
    - Ken Underwood — Asst Systems Operator — U
  - Rodney Doyle — Distribution Engineer — M
    - Stephen Legan — SSM Supervisor — M
      - Mark Murdock — Subst Tech Helper — U
      - SSM Tech — 8 - FT
        - Richard Carnegie, Wayne Ferguson, Patrick Laurin, Cole Stewart, Brian Trewartha, Craig Workman, I & C Tech. Apprntc - New, I & C Tech. Apprntc - New
    - Rolf Reiners — Eng Technologist — U
    - UWO Students — Eng in Training — 2 - .7 FTE
  - Tony Vanden Boomen — Electric Meter Supv — M
    - Kirby Deller — El Mtre Tech/Qual Ass — U
    - Rick Thompson — Electrician - El Meter — U
    - Colleen Lepik — Quality Systems Repr — U
    - Elec Mtr Technicians — 5 - FT — U
      - Ken Helmuth - lead, Scott Lasseter, Michael Murphy, Stanley Radzikowsky, James Spicer
    - Open — Admin Support — Temp 1 FTE - U
    - P/T Labourer — Casual - .6 FTE — M

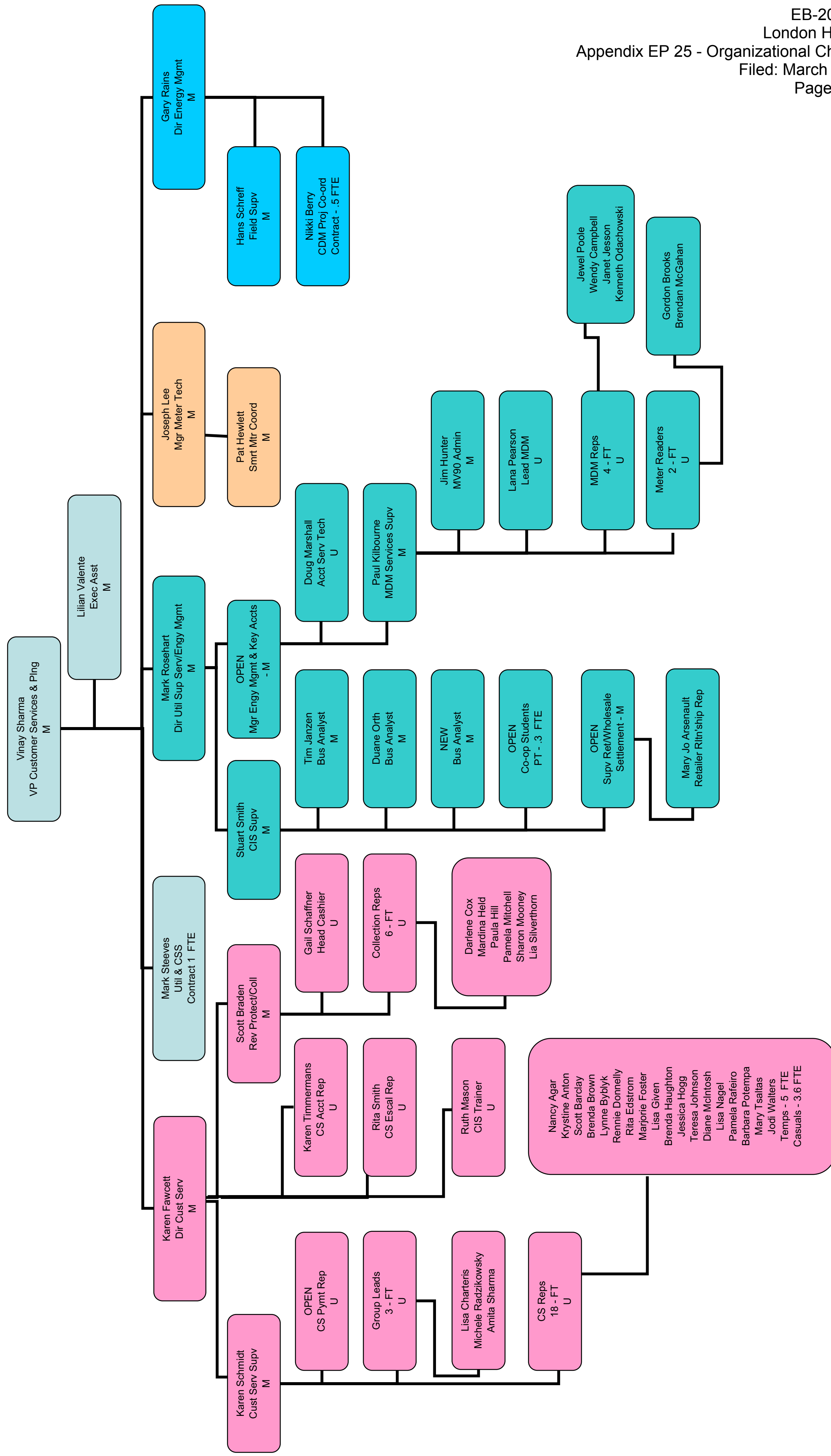
ENGINEERING AND OPERATIONS
LOGISTICS SUPPORT
2009 LABOUR PLAN



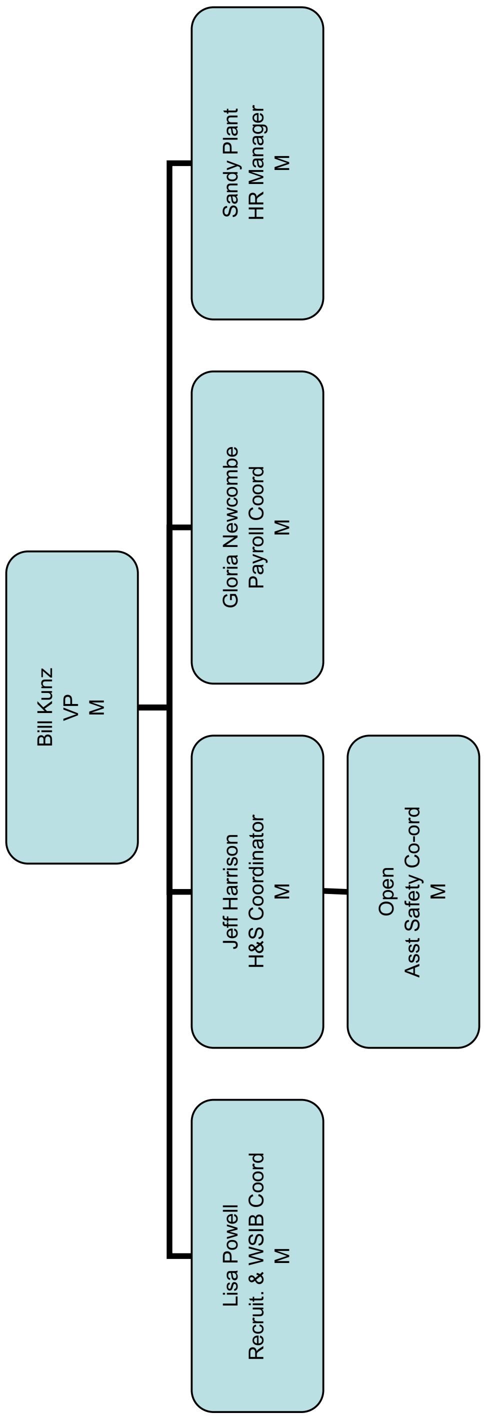
FINANCIAL SERVICES
2009 LABOUR PLAN



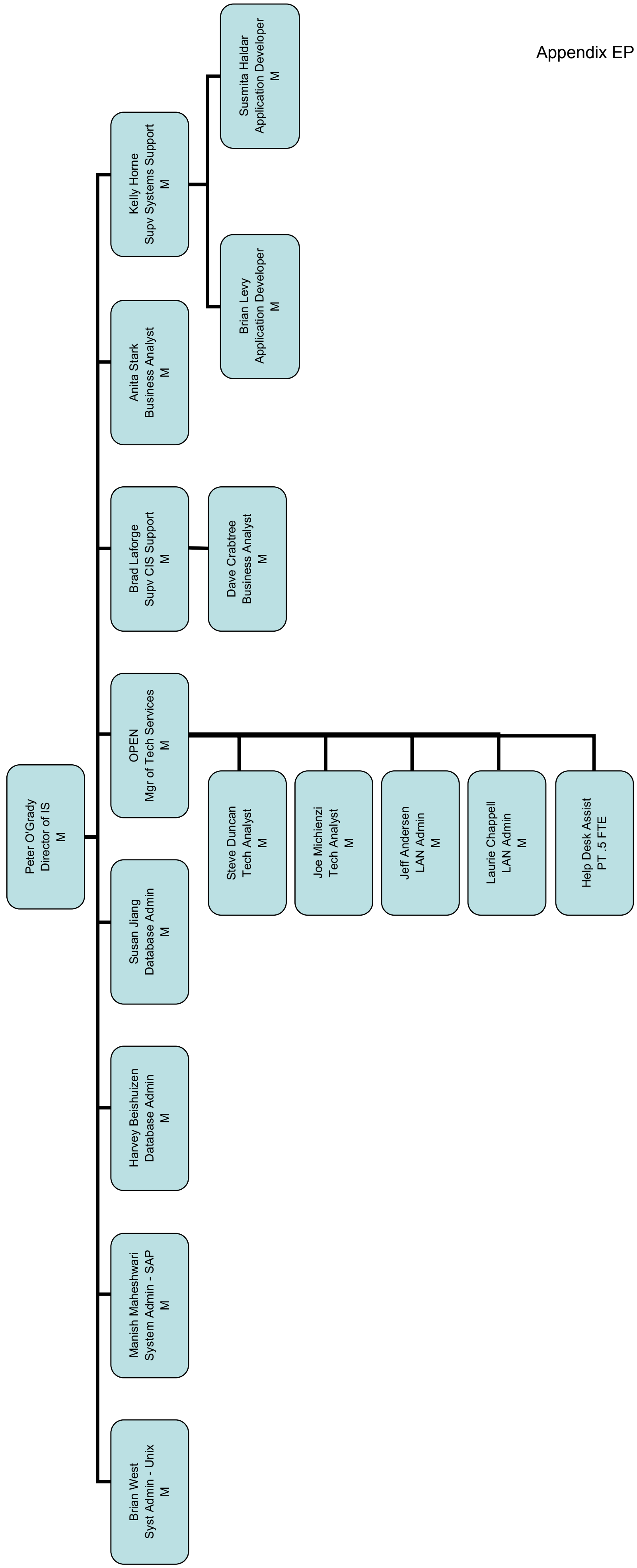
CUSTOMER SERVICE & STRATEGIC PLANNING
2009 LABOUR PLAN



HUMAN RESOURCES
2009 LABOUR PLAN



INFORMATION SYSTEMS
2009 LABOUR PLAN



Appendix D

Summary of Plan Provisions

Hourly and Salaried employees who retire from active service after age 55 are entitled to paid up life insurance and continued health and dental benefit coverage for themselves and their eligible family for life.

In general, retirees are entitled to $10,000 paid up life insurance. However, there are certain grandfathered active employees (6 as of September 30, 2006) who are entitled to retiree life insurance equal to 50% of their pre-retirement annual base earnings. Also, the majority of current retirees are entitled to non-paid up life insurance amounts under previous plan provisions equal to flat dollar amounts, 50% of their pre-retirement annual base earnings, or 70% of their pre-retirement life benefit.

Retiree Divisions

Upon retirement, pre-age 65 hourly retirees are placed in Division 7999 and salaried retirees are placed in Division 7998. Upon the attainment of age 65, hourly and salaried retirees are classified as Division 1983 and 3282 respectively.

The plan provisions for all divisions are summarized below.

Division 7999-00 - 100% Company Paid benefits

Benefit	Coverage Summary
Life	$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	$10 Single Annual Deductible $20 Family Annual Deductible
Paramedical	Chiropractor: $350/calendar year All other practitioners (including physiotherapy): $500/calendar year combined
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, $5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative $7.00 dispensing fee cap
Vision Care	100% coverage to $250 maximum every 24 months per person
Out of Country	100% coverage for Emergency Care to a maximum $1,000,000 180 day trip maximum Referral coverage to maximum of $50,000
Basic Dental	100% coverage to $1,000 / year maximum per person
Major Restorative	50% coverage to $1,000 / year maximum per person
Orthodontia	50% coverage to $1,250 / lifetime maximum per person

Division 7999-01 - 100% Company Paid benefits

Benefit	Coverage Summary
Life	$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	$10 Single Annual Deductible $20 Family Annual Deductible
Paramedical	Chiropractor: $350/calendar year Physiotherapist: $750/calendar year All other practitioners: $500/calendar year combined
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, $5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative $7.00 dispensing fee cap
Vision Care	100% coverage to $300 maximum every 24 months per person
Out of Country	100% coverage for Emergency Care to a maximum $1,000,000 180 day trip maximum Referral coverage to maximum of $50,000
Basic Dental	100% coverage to $1,000 / year maximum per person
Major Restorative	50% coverage to $1,200 / year maximum per person
Orthodontia	50% coverage to $1,500 / lifetime maximum per person

Division 7999-05 - 100% Company Paid benefits

Benefit	Coverage Summary
Life	$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	$10 Single Annual Deductible $20 Family Annual Deductible
Paramedical	Chiropractor: $350/calendar year Physiotherapist: $750/calendar year All other practitioners: $500/calendar year combined
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, $5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative $7.00 dispensing fee cap
Vision Care	100% coverage to $325 maximum every 24 months per person
Hearing Aids	100% standard coverage to a maximum of $500 every 3 years
Out of Country	100% coverage for Emergency Care to a maximum $1,000,000 180 day trip maximum Referral coverage to maximum of $50,000
Basic Dental	100% coverage to $1,275 / year maximum per person
Major Restorative	50% coverage to $1,350 / year maximum per person
Orthondontia	50% coverage to $2,000 / lifetime maximum per person

Division 7999-91 - 100% Company Paid benefits

Benefit	Coverage Summary
Life	$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	$10 Single Annual Deductible $20 Family Annual Deductible
Paramedical	Chiropractor: $350/calendar year Physiotherapist: $750/calendar year All other practitioners: $500/calendar year combined
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, $5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative $7.00 dispensing fee cap
Vision Care	100% coverage to $300 maximum every 24 months per person includes eye exam
Out of Country	100% coverage for Emergency Care to a maximum $1,000,000 180 day trip maximum Referral coverage to maximum of $50,000
Basic Dental	100% coverage to $1,250 / year maximum per person
Major Restorative	50% coverage to $1,350 / year maximum per person
Orthondontia	50% coverage to $2,000 / lifetime maximum per person

Division 7999-92 - 100% Company Paid benefits

Benefit	**Coverage Summary**
Life	$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	$10 Single Annual Deductible $20 Family Annual Deductible
Paramedical	Chiropractor: $300/calendar year Physiotherapist: No maximum All other practitioners: Various cost per visit and/or calendar year maximums
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, $5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative No dispensing fee cap
Vision Care	100% coverage to $200 maximum every 24 months per person
Out of Country	100% coverage for Emergency Care to a maximum $1,000,000 180 day trip maximum Referral coverage to maximum of $50,000
Basic Dental	100% coverage to $1,000 / year maximum per person
Major Restorative	50% coverage to $1,000 / year maximum per person
Orthondontia	50% coverage to $1,000 / lifetime maximum per person

Division 7999-96 - 100% Company Paid benefits

Benefit	**Coverage Summary**
Life	$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	$10 Single Annual Deductible $20 Family Annual Deductible
Paramedical	Chiropractor: $300/calendar year Physiotherapist: No maximum All other practitioners: Various cost per visit and/or calendar year maximums
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, $5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative $7.00 dispensing fee cap
Vision Care	100% coverage to $200 maximum every 24 months per person
Out of Country	100% coverage for Emergency Care to a maximum $1,000,000 180 day trip maximum Referral coverage to maximum of $50,000
Basic Dental	100% coverage to $1,000 / year maximum per person
Major Restorative	50% coverage to $1,000 / year maximum per person
Orthondontia	50% coverage to $1,000 / lifetime maximum per person

Division 7998-02 - 100% Company Paid benefits

Benefit	Coverage Summary
Life	$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	$10 Single Annual Deductible $20 Family Annual Deductible
Paramedical	Chiropractor: $350/calendar year Physiotherapist: $750/calendar year All other practitioners: $500/calendar year combined
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, $5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative $7.00 dispensing fee cap
Vision Care	100% coverage to $300 maximum every 24 months per person
Hearing Aids	100% standard coverage every 5 years
Out of Country	100% coverage for Emergency Care to a maximum $1,000,000 180 day trip maximum Referral coverage to maximum of $50,000
Basic Dental	100% coverage to $1,500 / year maximum per person
Major Restorative	50% coverage to $1,500 / year maximum per person
Orthondontia	50% coverage to $2,500 / lifetime maximum per person

Division 7998-04 - 100% Company Paid benefits

Benefit	Coverage Summary
Life	$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	$10 Single Annual Deductible $20 Family Annual Deductible
Paramedical	Chiropractor: $350/calendar year Physiotherapist: $750/calendar year All other practitioners: $500/calendar year combined
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, $5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative $7.00 dispensing fee cap
Vision Care	100% coverage to $350 maximum every 24 months per person includes eye exams
Hearing Aids	100% standard coverage every 5 years
Out of Country	100% coverage for Emergency Care to a maximum $1,000,000 180 day trip maximum Referral coverage to maximum of $50,000
Basic Dental	100% coverage to $1,600 / year maximum per person
Major Restorative	50% coverage to $1,600 / year maximum per person
Orthondontia	50% coverage to $2,500 / lifetime maximum per person

Division 7998-82 - 100% Company Paid benefits

Benefit	Coverage Summary
Life	$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	$10 Single Annual Deductible $20 Family Annual Deductible
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, $5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative
Vision Care	100% coverage to $200 maximum every 24 months per person
Hearing Aids	100% standard coverage every 5 years
Out of Country	100% coverage for Emergency Care to a maximum $1,000,000 180 day trip maximum Referral coverage to maximum of $50,000
Basic Dental	100% coverage to $1,500 / year maximum per person
Major Restorative	50% coverage to $1,500 / year maximum per person
Orthondontia	50% coverage to $2,000 / lifetime maximum per person

Division 7998-86 - 100% Company Paid benefits

Benefit	Coverage Summary
Life	$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	$10 Single Annual Deductible $20 Family Annual Deductible
Paramedical	Chiropractor: $300/calendar year Physiotherapist: No maximum All other practitioners: Various cost per visit and/or calendar year maximums
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, $5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative $7.00 dispensing fee cap
Vision Care	100% coverage to $200 maximum every 24 months per person
Hearing Aids	100% standard coverage every 5 years
Out of Country	100% coverage for Emergency Care to a maximum $1,000,000 180 day trip maximum Referral coverage to maximum of $50,000
Basic Dental	100% coverage to $1,500 / year maximum per person
Major Restorative	50% coverage to $1,500 / year maximum per person
Orthondontia	50% coverage to $2,000 / lifetime maximum per person

Division 7998-90 - 100% Company Paid benefits

Benefit	Coverage Summary
Life	$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	$10 Single Annual Deductible $20 Family Annual Deductible
Paramedical	Chiropractor: $350/calendar year All other practitioners (including physiotherapy): $500/calendar year combined
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, $5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative $7.00 dispensing fee cap
Vision Care	100% coverage to $250 maximum every 24 months per person
Hearing Aids	100% standard coverage every 5 years
Out of Country	100% coverage for Emergency Care to a maximum $1,000,000 180 day trip maximum Referral coverage to maximum of $50,000
Basic Dental	100% coverage to $1,500 / year maximum per person
Major Restorative	50% coverage to $1,500 / year maximum per person
Orthodontia	50% coverage to $2,500 / lifetime maximum per person

Division 1983-94 - 15% Company Paid benefits

Benefit	Coverage Summary
Life	$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	$10 Single Annual Deductible $20 Family Annual Deductible
Paramedical	Chiropractor: $350/calendar year Physiotherapist: $750/calendar year All other practitioners: $500/calendar year combined
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, $5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative $7.00 dispensing fee cap
Vision Care	100% coverage to $300 maximum every 24 months per person includes eye exam
Out of Country	100% coverage for Emergency Care to a maximum $1,000,000 180 day trip maximum Referral coverage to maximum of $50,000
Basic Dental	100% coverage to $1,250 / year maximum per person
Major Restorative	50% coverage to $1,350 / year maximum per person
Orthodontia	50% coverage to $2,000 / lifetime maximum per person

Division 1983-96 - 15% Company Paid benefits

Benefit	Coverage Summary
Life	$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	$10 Single Annual Deductible
	$20 Family Annual Deductible
Paramedical	Chiropractor: $300/calendar year
	Physiotherapist: No maximum
	All other practitioners: Various cost per visit and/or calendar year maximums
Hospital	100% Semi-Private coverage, unlimited maximum
	100% Private coverage, $5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs
	Coverage limited to lowest priced generic alternative
	$7.00 dispensing fee cap
Vision Care	100% coverage to $200 maximum every 24 months per person
Out of Country	100% coverage for Emergency Care to a maximum $1,000,000
	180 day trip maximum
	Referral coverage to maximum of $50,000
Basic Dental	100% coverage to $1,000 / year maximum per person
Major Restorative	50% coverage to $1,000 / year maximum per person
Orthodontia	50% coverage to $1,000 / lifetime maximum per person

Division 1983-98 - 15% Company Paid benefits

Benefit	Coverage Summary
Life	$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	$10 Single Annual Deductible
	$20 Family Annual Deductible
Paramedical	Chiropractor: $300/calendar year
	Physiotherapist: No maximum
	All other practitioners: Various cost per visit and/or calendar year maximums
Hospital	100% Semi-Private coverage, unlimited maximum
	100% Private coverage, $5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs
	Coverage limited to lowest priced generic alternative
	No dispensing fee cap
Vision Care	100% coverage to $200 maximum every 24 months per person
Out of Country	100% coverage for Emergency Care to a maximum $1,000,000
	180 day trip maximum
	Referral coverage to maximum of $50,000
Basic Dental	100% coverage to $1,000 / year maximum per person
Major Restorative	50% coverage to $1,000 / year maximum per person
Orthodontia	50% coverage to $1,000 / lifetime maximum per person

Division 3282-88 - 15% Company Paid benefits

Benefit	Coverage Summary
Life	$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	$10 Single Annual Deductible $20 Family Annual Deductible
Paramedical	Chiropractor: $300/calendar year Physiotherapist: No maximum All other practitioners: Various cost per visit and/or calendar year maximums
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, $5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative No dispensing fee cap
Vision Care	100% coverage to $200 maximum every 24 months per person
Hearing Aids	100% standard coverage every 5 years
Out of Country	100% coverage for Emergency Care to a maximum $1,000,000 180 day trip maximum Referral coverage to maximum of $50,000
Basic Dental	100% coverage to $1,500 / year maximum per person
Major Restorative	50% coverage to $1,500 / year maximum per person
Orthodontia	50% coverage to $2,000 / lifetime maximum per person

Division 3282-90 - 15% Company Paid benefits

Benefit	Coverage Summary
Life	$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	$10 Single Annual Deductible $20 Family Annual Deductible
Paramedical	Chiropractor: $350/calendar year All other practitioners (including physiotherapy): $500/calendar year
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, $5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative $7.00 dispensing fee cap
Vision Care	100% coverage to $250 maximum every 24 months per person
Hearing Aids	100% standard coverage every 5 years
Out of Country	100% coverage for Emergency Care to a maximum $1,000,000 180 day trip maximum Referral coverage to maximum of $50,000
Basic Dental	100% coverage to $1,500 / year maximum per person
Major Restorative	50% coverage to $1,500 / year maximum per person
Orthodontia	50% coverage to $2,500 / lifetime maximum per person