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September 25, 2009

via RESS e-filing – signed original to follow by courier

Ms. Kirsten Walli, Board Secretary
Ontario Energy Board
PO Box 2319, 2300 Yonge St, 27th floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: Application by 1798594 Ontario Inc. for a distribution licence;
Applications by Toronto Hydro Energy Services Inc. ("THESI") and 1798594 Ontario Inc. for leave to sell street lighting assets; and
Application by Toronto Hydro-Electric System Limited ("THESL") and 1798594 Ontario Inc. for leave to amalgamate
Board File Nos. EB-2009-0180, EB-2009-0181, EB-2009-0182 and EB-2009-0183

Pursuant to the Board's Procedural Order #1, issued on August 26, 2009, THESL hereby submits its responses to interrogatories from Board Staff ("OEB Staff"), Energy Probe Research Foundation, Vulnerable Energy Consumers Coalition ("VECC"), the Electrical Contractors of Ontario and the Greater Toronto Electrical Contractors Association ("ECAO-GTECA"), School Energy Coalition ("SEC"), and the City of Toronto ("City"). Two paper copies are enclosed.

Please note that these responses will also be available at the start of the next business day, online through the following link:
http://www.torontohydro.com/electricsystem/residential/regulatory_affairs.html

Please note that responses for the following interrogatories will follow at a later date:

- OEB Staff: 4, 7, 10
- VECC: 1
- ECAO-GTECA: 5
- SEC: 2
- City: 2, 4

Yours truly,

[original signed by]

Glen A. Winn
Manager, Regulatory Compliance and Applications

encl.(2)
:GAW/acc

cc: J. Mark Rodger, Counsel for THESL
Pankaj Sardana, Vice-President & Treasurer, THESL
Lawrence Wilde, Vice-President & General Counsel, THC
Chris Tyrrell, President, THESI
Intervenors of Record for EB-2009-0180 to -0183, by electronic mail only

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 0:

Reference(s): Tab 1, Cover Letter, page 2

The letter states in part "…The Applications do not make any submissions or representations in respect of other regions in the Province of Ontario".

Is it the applicants' position that the construction, design and operation of the streetlighting system in the City of Toronto are different than those in other similar urban areas in the Province of Ontario? If yes, please explain the differences.

RESPONSE:

Yes, although the construction and design of the streetlighting system may be similar, the ownership and operation of the streetlighting system is distinctively different.

The streetlighting system is owned and operated by the Toronto Hydro corporate affiliate in comparison to a municipality within the Province of Ontario.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 1:

Reference(s): Tab 2, NewCo's Application for an Electricity Distribution Licence, Section 9, page 7

The applicant states "…For more than 80 years, the streetlighting system was designed and installed as part of an integrated distribution system for the City of Toronto, with no provision being made for definitive demarcation points to effectively separate THESL distribution assets from the streetlighting system…".

Is it the applicant's position that the assets associated with the streetlighting system in the City of Toronto meet the definition of the distribution system as defined in the *Ontario Energy Board Act, 1998*?

RESPONSE:

Yes, it is THESL's position that the assets associated with the streetlighting system in the City of Toronto meet the definition of a distribution system as defined in the *Ontario Energy Board Act, 1998* (the "OEB Act").

As detailed in evidence in Section 9, for more than 80 years the Streetlighting System (as defined in the Application) was designed and installed as part of an integrated distribution system for the City of Toronto. As a result, there are no definitive demarcation points to effectively separate the THESL distribution assets from the Streetlighting System. Furthermore, the Streetlighting System meets the definition of a distribution system as defined in the OEB Act.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

Part V of the OEB Act defines a "distribution system" as a system for distributing electricity, and includes any structures, equipment or other things used for that purpose. The OEB Act defines "distribute", with respect to electricity, as "to convey electricity at voltages of 50 kilovolts or less". The infrastructure associated with the Streetlighting System conveys electricity at voltages of 0.120 kV (which is the typical secondary supply voltage). Limited application/areas of higher secondary voltage associated with the Streetlighting System reflect operating voltages of 0.347 kV and 0.600 kV. This information can also be found in the Application at Tab 2A, page 7, section 9 entitled "Description of Facilities".

Accordingly, the purpose and function of the Streetlighting System is to distribute electricity at 50kV or less to numerous end use customers, including:

- The City of Toronto (to provide street lighting and expressway lighting services throughout the City)
- Toronto Transit Commission (street car signals, transit facilities, etc.)·
- Toronto Transportation and Works (traffic lighting and cross walks)·
- Business Improvement Areas
- Parks and Recreation
- COGECO Data Services Inc.
- Bell Canada
- Rogers Communications
- Various other customers (signage boards, banners, etc.)

For evidence in support of the applicant's position, please refer specifically to the evidence in respect of Section 6 of NewCo's Application for an Electricity Distribution

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

Licence, Paragraph 14 in the Affidavit of Ben LaPianta, and, for an illustration of the present state of affairs, Exhibit A to the Affidavit of Ben LaPianta.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 2:

Reference(s): Tab 2, NewCo's Application for an Electricity Distribution Licence, Section 19 (a), page 20

The applicant states "….NewTHESL can further enhance access by streamlining various different technical and administrative standards as between the street lighting system and the currently licensed distribution system…".

a) Please provide an overview of the differences in technical standards between the streetlighting system and the distribution system.

b) Please provide an overview of the differences in technical standards between a streetlighting system owned and operated by an electricity distributor and a streetlighting system owned and operated by an entity other than an electricity distributor.

RESPONSE:

a) On review of the evidence provided in Tab 2, NewCo's Application for an Electricity Distribution Licence, Section 19 (a), page 20; the term "technical standards" is inadvertently misleading. While it is true that the differences in technical i.e., engineering, standards are relatively minor in nature, the differences in operational and administrative standards are significant. The separation of street lighting services from THESL has created much inefficiency in the current business models of both THESI and THESL that were otherwise non-existent prior to the separation. "[E]nhanc[ed] access by streamlining technical differences" relates primarily to the following:

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

Design & Construction

THESL treats THESI at arm's length, similar to other utilities. Consequently, this introduces a host of inefficiencies such as:

i. THESI request for a new street light circuit supply point. THESL design employees conduct the necessary engineering analysis and design to identify a new supply point that can serve as a practical demarcation point. In many cases this does not result in the most cost effective or practical solution because of the necessity to establish a demarcation point and furthermore this information must then be relayed back to THESI.

ii. For new street light circuits. THESL must keep THESI plant separate from its own plant, but continue to share the same trench. THESI must therefore place the THESI duct on top of the THESL duct structure, separated by sand. This has the net effect of requiring the THESL duct structure to be placed incrementally deeper than normal thereby increasing civil construction costs which are needlessly borne by THESI.

iii. New Project Design. As is the case in response to (a) Design and Construction, part (i), THESL can conduct the engineering analysis and design only up to and including the point of demarcation i.e., supply point. THESI then assumes responsibility for the remainder of the design. The design process is fraught with unnecessary handoffs that could be avoided if THESL design employees, who all have the necessary skills, were allowed to complete the design.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

iv. Rebuild Project Design. For electric rebuild projects that involve replacement of common infrastructure i.e., replacement of THESL poles that support street light heads, THESL employees complete the entire design and construction but are then faced with a lengthy charge-back process to bill THESI for the work completed.

v. Civil Construction. THESL performs all joint-trench civil construction required on a project, but if there is exclusive street light work to be done, THESI hires its own contractor. This creates a redundancy in field operations and introduces unnecessary administration and coordination inefficiencies.

vi. Electrical Construction. Similar to response to (a) Design and Construction, part (v), THESI hires a contractor to pull cable and make terminations in lieu of THESL contractors who are already on site and could complete the work, thereby reducing set-up and tear-down construction costs and leveraging economies of scale and scope opportunities.

vii. Construction and Legislative Permits. Given that THESL and THESI act independently, each entity must separately obtain all relative municipal construction permits, provincial/federal permits (if applicable), Ministry of Labour permits, Ministry of Environment permits, other utility permits, and utility plant locates, etc. This introduces unnecessary project delays and increased administration costs.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

viii. Third Party request for electric supply connection point. Electric connection requests made by 3rd party asset owners i.e., bus shelters, private street lighting, or street furniture, require considerable design analysis and construction effort because a connection point on THESL's distribution system is not always readily or economically available. This results in unnecessary costs being incurred by both THESL and the customer and could be avoided if a connection point would be allowed from nearby street light circuits.

Emergency Response & Public Safety

An integrated and seamless distribution system that includes street lights will allow a single entity such as NewTHESL to respond in an expedient, efficient and effective manner to any and all emergency calls regarding street light assets i.e., street light out, contact voltage etc. without unnecessary delay and confusion, thereby providing improved customer service and public safety.

Safety by Design and Asset Management

An integrated asset management function responsible for the seamless integration, and consistent and common application of engineering material standards; construction standards; safety by design standards; regulatory compliance with Ontario Regulation 22/04; quality assurance and quality control processes; and field inspection, will improve the technical integrity of the street light, mitigate safety risk exposure to personnel working on the system and reduce inadvertent outages.

Moreover, an integrated asset management function that can seize opportunities to

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

leverage economies of scale for capital investment and maintenance throughout the life cycle of an asset base that includes street lights, will serve to reduce costs, improve reliability performance of the system as a whole, ensure efficient processes for new connections and help to preserve public safety.

Records & Data Management

The existing disconnect between THESL and THESI records and data management systems represents a missed opportunity to maintain an accurate and complete electrical model that can be effectively used by field and design personnel. This causes needless delays in project design and construction, increases the time required to rectify emergency and increases the safety risk both to employees working in the field and the public.

Summary

NewTHESL will leverage economies of scale by incorporating street light assets into the electric distribution system and thus eliminate the need for redundant infrastructure, thereby reducing both capital project and maintenance program costs. NewTHESL will provide effective and efficient project management that includes street light assets, improved field coordination, lower administration costs, lower facility costs, streamlined customer connection process and improved emergency response. Finally, NewTHESL will serve to protect the safety of both its employees and the public through safety by design and the consistent application of engineering design and construction standards.

b) Please see response to a) above.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 3:

Reference(s): Tab 3, NewCo and THESL's Application for Leave to Amalgamate, Section 1.1.1. page 1. and Section 1.3.4, page 4

NewCo and THESL request to cancel THESL's existing electricity distribution licence and request that the Board issue a new licence to the amalgamated entity under the same name "Toronto Hydro-Electric System Limited" and with the same service area. No application form for a new electricity distribution licence for the amalgamated entity has been filed.

a) Since the proposed amalgamation does not affect THESL's electricity distribution licence (i.e., the amalgamated entity will operate under the same name in the same service area), can the applicants provide reasons for their request to cancel the existing THESL licence and request a new distribution licence under the same name and with the same service area? If there are no reasons, do the applicants wish to withdraw these requests?

b) If the applicants wish to continue with the requests above and the Board grants the applicants leave to amalgamate, can the applicants confirm that the amalgamated entity will file an application form for a new distribution licence?

RESPONSE:

a) To clarify, the applicants originally sought to cancel both THESL and NewCo's distribution licences and request that the Board issue a new distribution licence for NewTHESL. The new distribution licence for NewTHESL addresses the fact that NewTHESL is a new legal entity (different from both THESL and NewCo). However, while NewTHESL is a new legal entity, Board Staff is correct that

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

NewTHESL will be comprised of the same service territory of one of its predecessors, THESL.

Rather than file another separate application for a new licence for NewTHESL, the applicants would like to proceed on the basis that this IR response constitutes a request to the Board for:

- leave to assign the existing THESL licence to NewTHESL pursuant to Section18(2) of the *Ontario Energy Board Act, 1998* (the "Act"); and
- an Order approving the cancellation of the NewCo electricity distribution licence pursuant to subsection 77(5) of the Act.

Accordingly, the initial request for an Order approving the cancellation of the THESL electricity distribution licence pursuant to subsection 77(5) of the Act can now be withdrawn.

b) See response provided in (a) above.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 5:

Reference(s): Tab 5, Affidavit of J.S. Couillard, Paragraph 40. (c), page 12.

The affidavit states in part "…modern principles of cost allocation and the separation of rate class will ensure that the remainder of the LDC system will remain unaffected by the reuniting of ownership."

a) Does NewTHESL intend to accomplish this objective by increasing its use of direct allocation in the cost allocation model? If so, please provide details.

b) If NewTHESL were to use direct allocation of operating cost and balance sheet accounts to the Streetlighting class, which accounts in the Uniform System of Accounts would be the main ones allocated to that class?

c) In addition to or instead of direct allocation, does NewTHESL intend to accomplish its objective of keeping the remainder of the system unaffected by altering the allocation factor for any operating costs and/or assets? If so, which accounts (or groups of accounts) would likely be the main ones affected, and by approximately how much would the share allocated to the Streetlight class be increased compared to the share currently allocated by THESL?

RESPONSE:

a) NewTHESL has indicated (Tab 2, page 22) that classes other than Steetlighting and Unmetered Scattered Load will not be impacted by the proposed transactions and that costs and revenues resulting from the transfer of assets and operations will be directly allocated to the Streetlighting and Unmetered Scattered Load classes.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

b) THESL anticipates that, if approved, the main costs which will be directly allocated to the streetlighting and unmetered Scattered Load classes will be in Distribution Plant Accounts (1808 and 1803-1845), Accumulated and ongoing Depreciation Accounts (2105 and 5705), Expense Accounts (5605-5630), and Revenue Accounts (4090).

c) NewTHESL intends to directly allocate costs and revenues resulting from the transfer of assets and operations.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 6:

Reference(s): Tab 5, Exhibit L, Excerpt of Ontario Hydro Municipal Service Guide – Regulation of Municipal Utilities, Section 3.2 at page 4 dated May 1, 1985.

Please provide a complete copy of the Ontario Hydro Municipal Service Guide – Regulation of Municipal Utilities dated May 1, 1985.

RESPONSE:

The relevant section dated May 1, 1985 from the document is hereto attached as Appendix A.

3.2 Approval of Use of Funds

Legislation

Section 101 of The Power Corporation Act R.S.O. 1980 sets out how surplus funds of the utility may be used. Therefore, in approving the use of surplus funds Ontario Hydro must be satisfied that it not only is in conformance with the Act but also that any expenditures, investments and debt retirement provisions are appropriate and in the best interest of the utility's customers.

Capital Expenditures

General Guidelines

Capital expenditures are made each year to replace worn out or obsolete facilities, to improve existing facilities and to provide new facilities. Because the need for capital expenditures varies from year to year within any municipal utility, and between municipal utilities, a specific guideline as to the amount and need for capital expenditures is not practical or useful. Annual capital expenditures should, however, reflect the following general guidelines:

- The necessity for the capital expenditure shall be established to ensure that all alternatives have been explored, that a lower cost alternative does not exist and that the expenditure should not be deferred.

- The estimated cost of the capital expenditure shall be reasonably accurate to ensure that adequate funds will be available and that the appropriate method of financing can be determined and employed.

Within these general guidelines, the individual items comprising the total capital expenditure for any one year can be examined in accordance with the following guidelines.

Distribution System and Substations

The degree of Ontario Hydro control over expenditures for operating assets such as distribution facilities and substations will vary with the size of the utility.

Large utilities (over 10,000 customers) generally maintain competent engineering and accounting personnel that can assess the utility's distribution system requirements and prepare reasonable estimates of anticipated capital expenditures. Ontario Hydro's assessment of the proposed expenditures can best be judged by a comparison with the average annual expenditure over the past two years and particularly, in relation to the previous year's expenditure. If the proposed

Distribution System and Substations (Cont'd)

expenditure compares favourably with average, little further scrutiny is required. On the other hand, if there is a substantial increase in a utility's capital expenditures, further justification and the reasons for the expenditures will be required.

In the case of the medium and small utilities, Ontario Hydro's involvement is more extensive. In many instances, Ontario Hydro staff in conjunction with the utility's staff prepare the utility's budget based on the utility's previous plant growth and new distribution facilities required to meet load growth or rehabilitate existing systems. In other cases, Ontario Hydro staff are consulted with respect to proposed expenditures and provide engineering and financial advice before the utility's proposed capital expenditures are submitted.

In general, Ontario Hydro's involvement in a municipal utility's proposed expenditures for substations or distribution facilities is one of a consultative process between Ontario Hydro and the utility personnel to ensure that the facilities to be provided are required and will be undertaken at a reasonable cost.

Office Equipment

While expenditures for office equipment tend to be minor in nature (typewriters, new furniture, etc.) utilities sometimes propose to purchase new and more sophisticated billing and data processing equipment. Such expenditures should be given close scrutiny.

It may be more reasonable and economical for the utility to obtain the processing services of another municipal utility or outside organization. On the other hand, if the purchase of billing and data processing equipment can be justified, assurance will be required that the most suitable type for the utility's purposes is to be purchased.

Vehicles

There is a wide range in the cost of vehicles - e.g. between an ordinary service truck and a line truck with radial arms and insulated bucket(s). The purchase must be justified in the light of the particular utility's operation and construction activities.

Land

The acquisition of land must be defensible and in the long term interests of the utility and its customers. The requirement for land for a substation site follows the justification of the need for the substation. Land to be purchased for some future office building or service centre should be carefully reviewed with particular emphasis on the utility's need in the future for such facilities.

Land (Cont'd)

In the latter case, the land must be properly described and duly appraised. The purchase price must conform to current market values or less in the particular community and be based on an evaluation by a professional appraiser or by Ontario Hydro's property appraiser. Refer to "Ontario Hydro Policy for Approval of Purchase or Sale of Real Estate by Municipal Utilities" included as Appendix I.

Buildings

The purchase, construction or renovation of buildings to be used as offices and/or service centres must be carefully reviewed. Obviously, the need for such a building must first be established, the building should meet the utility's requirements and the proposed expenditure must be reasonable. Occasionally, an existing building may be available for purchase. In such cases, if the utility's need is clear, accredited appraisals should be obtained as a basis for establishing a fair purchase price. Refer to "Ontario Hydro Policy for Approval of Purchase or Sale of Real Estate by Municipal Utilities" included as Appendix I.

The construction of new buildings or major renovations to existing buildings normally involves major expenditures which should be carefully reviewed. The plans for new building facilities require the approval of Ontario Hydro and may be referred to Ontario Hydro's architect, together with an estimate of the cost, for appraisal and advice. If the plans and estimates are reasonable, the utility should call for tenders to establish the level of expenditure that will be required. If Ontario Hydro concurrence with the estimated expenditure is not obtained before tendering, the call for tenders should stipulate that the project is subject to approval by Ontario Hydro.

New office buildings or service centres can be a sensitive public issue and it is appropriate that Ontario Hydro should concur with such municipal utility expenditures if for no other reason than to give support to the utility's need for such facilities. It is also recognized that relatively minor expenditures for the purchase, construction or renovation of buildings do not warrant detailed scrutiny by Ontario Hydro.

Accordingly, when the estimated cost of the construction or renovation of buildings, except those associated with transformer stations or substations, exceeds $50,000, the proposed expenditure shall not be considered unless the adequacy of the estimated cost has been confirmed by the Corporation's architect or has been established by public tender.

Other Expenditures (Street Lighting, Rental Water Heaters and Sentinel Lighting)

These are established as self-sustaining programs, the cost of capital being included in the equipment charges. In the case of street lighting, which is utilization equipment, municipal utilities should be encouraged to transfer ownership to the municipal corporations on a prescribed basis. The rationale for this approach is that decisions on new lighting and replacements (including types of supports and fixtures) rests with Council. Also, by minimizing expenditures on street lighting, the municipal utility can apply more of its capital resources to extensions and improvements to the distribution system.

Capital Leases

Where a capital lease is part of a utility's borrowing, it is the capitalized value of the lease which is to be requested for assent to borrow in the year that the lease is to be signed. The accounting treatment is to set up the asset at the lower of fair market value or present value of lease payments, including Provincial Sales Tax if applicable. The obligations in respect of the lease are set up as a liability.

"In the operating forecast, the capital value of the lease is shown as an "other" source of funds and the present year's payment is shown as an "other" application of funds." Once assent is obtained for the borrowing in respect of the capitalized lease, there is no need to seek approval in future years for any portion of the payments made in those years.

Software associated with the purchase of computer hardware (whether capital lease or outright purchase) is not capitalized. If the dollar value is significant, an acceptable accounting treatment is to record the amount in Deferred Charges and amortize it to expense over the term of the benefit (typically three years).

Investments

Legal Requirements

Section 101(6) of The Power Corporation Act R.S.O. 1980 sets out the institutions and the instruments of these institutions where surplus utility funds may be invested.

Level

As a guideline, the level of a short-term investment may be established by summing the available funds at the beginning of the year, any expected contributed capital, proceeds of borrowing, and any other monies anticipated to become available such as customer deposits or through the sale of property.

Term

It is Ontario Hydro's belief that municipal utilities should maintain working funds at the level necessary to meet the obligations of the utility on time. Working funds should not be allowed to become excessive in order to provide an additional income from investments. Provided that working funds are not excessive, investments for a term greater than one year would be imprudent except in those cases where the investments represent an approved funded reserve. Therefore, approval to invest funds is normally limited to terms not exceeding one year and to amounts based on estimated cash flow considerations.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 8:

Reference(s): Tab 7, Asset Purchase Agreement, Section 8.1(a), page 12

The above referenced section states in part "…if required by the OEB, the OEB shall have approved the transfer of the Purchased Assets to the Purchaser".

Is it the applicants' position that leave of the Board may not be required to transfer the streetlighting assets from THESI to NewCo as sections 86(1)(a) and (b) apply to transmitters and distributors only and THESI is neither a distributor nor a transmitter?

a) If so, please confirm this understanding.

b) If not, please clarify the referenced statement.

RESPONSE:

a) This assertion does not accurately reflect THESL's position. There is a timing consideration that must be taken into account. The Board will (if finds it in the public interest to do so) deem the Streetlighting System as a "distribution system" prior to the effective date of the transfer of the Streetlighting System from THESI to NewCo, thus triggering an obligation on THESI to file under section 86(1)(a) and (b) as more completely described below.

b) The Asset Purchase Agreement referenced evidences the legal arrangement pursuant to which THESI intends to transfer the Streetlighting System to NewCo, a transaction for which THESI and NewCo have applied to the Board for leave pursuant to sections 86(1)(a) and (b) of the *Ontario Energy Board Act, 1998*.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

In a separate but related application, NewCo has applied for a distribution licence pursuant to which NewCo further seeks a declaration of the Board that the Streetlighting System be deemed a distribution system for the reasons provided in that application. The success of NewCo's distribution licence application, and by necessary implication the Board deeming the Streetlighting System as a "distribution system", is a condition precedent to the transfer of the Streetlighting System from THESI to NewCo under section 8.1(a) of the Asset Purchase Agreement. That is to say, after the Board issues NewCo its distribution licence but prior to the Time of Closing, the Board will have deemed the Streetlighting System as a "distribution system" and will have granted NewCo an electricity distributor's licence, but THESI will still own the Streetlighting System. At this point in time THESI will be an unlicensed distributor that intends to sell, lease or otherwise dispose of its distribution system pursuant to the terms of the Asset Purchase Agreement and the obligations under sections 86(1)(a) and (b) of the *Ontario Energy Board Act, 1998*.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY 9:

Reference(s): Tab 7, Asset Purchase Agreement, Schedule 5.8 (Legal and Regulatory Proceeding), pages 20-21

a) In addition to the legal and regulatory proceedings listed on this schedule, please provide a list of all claims made to THESL in respect of damage or injury related to the streetlighting assets?

b) Has THESI or THESL received any claims for contact voltage in addition to those listed in the above referenced document?

c) Have the Applicants considered how NewTHESL would allocate the cost of legal claims to customer classes? Would they be allocated by direct allocation to the Streetlight class, and hence not at all to other classes?

d) In summary, would those electricity customers currently served by THESL incur additional costs associated with the legal proceedings and claims related to the streetlighting assets with NewTHESL than they would have under the status quo?

RESPONSE:

a) No claims have been made to THESL in respect of streetlighting assets. Attached as Appendix A is an updated schedule 5.8 which lists claims made to THESI in respect of the streetlighting assets.

b) See updated schedule 5.8 attached as Appendix A.

c) These liabilities will not be included in future revenue requirements.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

d) Please refer to response c) above.

Updated Schedule 5.8 Legal and Regulatory Proceedings

File No.	File Name	Loss Date	Description	Location	In Litigation	Amount of Statement of Claim
L12-03670	Demetra Karygiannis	04-Mar-07	Insufficient Lighting	53 Chopin Ave., TO	02-Mar-09	$ 200,000.00
L12-03685	Nembhard, Arlene	28-May-05	Trip & Fall on protruding s/l wires	s/e Weston Rd. & Eglinton Ave. West, TO	10-Apr-07	$ 100,000.00
L12-03745	Lesley Scott	25-Jul-06	Trip & Fall	Esplanade & Scott, TO	25-Oct-07	$ 1,000,000.00
L12-03859	HU, Shu Hua	06-May-06	Insufficient Lighting	Sheppard Ave. E at McCowan, SC	07-Sep-07	$ 2,500,000.00
L12-04035	Kucan, John	29-Sep-06	Insufficient Lighting	Lunness Rd, ET	19-Sep-08	$ 400,000.00
L12-04041	Nusca Carol	04-Feb-08	Personal Injury; trip and fall	2917 Bloor St. W., ET	09-Apr-08	$ 1,500,000.00
L12-04118	Wong Tai Yeen and City of Toronto	27-Feb-07	Insufficient lighting	Brimley & Steeles Ave. E., SC	No	
L12-04209	Blema Steinman	07-May-07	Slipped and s/l handwell	5165 Yonge St., NY	20-Aug-09	$ 265,000.00
L12-04255	Porritt, William and Wendy	16-Jan-07	Slipped on s/l handwell	1 St. Clair Ave. W. TO	06-Oct-08	$ 155,000.00
L12-04261	James Bannister / Elaine Gurney	28-Feb-07	Insufficient lighting; pedestrian hit by vehicle	Renforth Dr. & 401, ET	16-Oct-08	$ 5,250,000.00
L12-04324	Xiaoling (Charlene Zang /Parham Tabrizi/Economical Insurance	03-Jun-08	Insufficient lighting/vehicle accident	St. George St. & Sussex Ave., TO	No	

File No.	File Name	Loss Date	Description	Location	In Litigation	Amount of Statement of Claim
L12-04349	Dusko Avramovic	13-Jan-09	Dog electrocuted	Keele & Annette	No	
L12-04370	Hawa Conteh	27-Jun-08	Slipped on s/l handwell	Dundas St. & Chesnut St., TO	No	
L12-04375	Andrew West	29-Jan-09	Stray Voltage	Princess Street, between Front & Esplanade, TO	No	
L12-04438	JB Stone Supply	09-Jul-08	Street light collapsed on hood of vehicle	Eglinton Ave East & Forman, TO	No	
New						
L12-04037	Fereshteh Molavi	29-Jul-07	Personal Injury	Dundas St. & Chestnut St., Toronto	No	
L12-04479	Unknown	9-May-09	Personal Injury	S/W corner Wilson & Jane St., NY	No	
L12-04520	JACKSON, Donald	26-Jan-09	Personal Injury	intersection of Victoria Park Ave & Ellesmere Rd., Scarborough	No	
L12-04533	BRISLEY, Sarah	18-Feb-09	Personal Injury	S/W corner Yonge St. & Harbour St., TO	No	

File No.	File Name	Loss Date	Description	Location	In Litigation	Amount of Statement of Claim
L12-04551	BROWN, Aaron	25-May-09	Personal Injuryto be closed.	571 Adelaide St. East, Toronto	No	

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

INTERROGATORY 1:

Reference(s): Section B / Tab 7/ Exhibit M
Toronto Hydro-Electric System 1989 Annual Report

In the evidence of the Applicants, beginning on Page 17, Note 2 *Change in Accounting Policy*, of the excerpt from THESL's 1989 Annual Report, Streetlighting asset value is shown at $8,002,000. According to the Note, these assets were transferred to the City of Toronto on January 1, 1989 for consideration of $1.00.

Please provide the following:

a) A schedule listing those streetlighting assets that were Expressway Lighting assets at the time of transfer in 1989.
b) A schedule of annual capital additions, retirements and depreciation on the streetlighting system from January 1, 1989 until the assets were sold to THESI in 2005 including an analysis supporting the sale price of $60 M.
c) A schedule of annual capital additions, retirements and depreciation on the streetlighting system from the date that THESI assumed ownership until the most recent audited accounting statements of THESI including an analysis supporting the proposed purchase price of $66,066 K.

RESPONSE:

a) This information is not available.

b) This information is not available.

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

c) The most recent THESI audited financial statements are the 2008 financial statements. Below is a continuity schedule for fixed assets for 2006, 2007 and 2008.

Table 1: THESI Fixed Assets Continuity Schedule ($ millions)

	2006 Actual	2007 Actual	2008 Actual
Opening Balance	$ 60.0	$ 57.8	$ 59.3
Additions	$ 4.2	$ 8.1	$ 8.7
Dispositions	$ -	$ -	$ -
Depreciation	$ 6.4	$ 6.6	$ 7.0
Closing Balance	$ 57.8	$ 59.3	$ 61.0

The proposed transfer price of $66,066 K is based on the May 31st net book value of all the assets and liabilities related to the street lighting activities of THESI. The price is mainly driven by the net book value of the fixed assets along with working capital adjustments related to street lighting activities at that time. Any material variance between the May 31st figures and the balances at the date of transaction will be adjusted pursuant to section 4.2 of the purchase agreement between THESI and NewCo.

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

INTERROGATORY 2:

During the years that the City of Toronto owned the streetlighting system who performed capital and maintenance work on the system?

RESPONSE:

THESL does not have the complete list of all the parties involved in the capital and maintenance work of the streetlighting system from 1989 to 2005. However, during this period, THESL and THESI have performed some maintenance on the streetlighting system on a contractual basis with the City of Toronto.

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

INTERROGATORY 3:

Please provide a copy of the agreement of purchase and sale between the City of Toronto and THESI entered into at the time the assets were sold to THESI in 2005.

RESPONSE:

A copy of the requested agreement is provided in response to ECAO-GTECA Interrogatory 12. See Section F, Tab 21, Schedule 12, Appendix A.

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

INTERROGATORY 4:

Reference(s): Section C / Tab 7
Asset Purchase Agreement between THESI and NewCo

Please provide copies of the "City Agreements" referenced on Page 2 at (i) of the Asset Purchase Agreement including:

a) City Indemnity Agreement
b) City Joint Use Agreement
c) City Licence Agreement
d) City Night Patrol Licence Agreement
e) City Services Agreement

RESPONSE:

The requested agreements are attached as Appendices A through E, respectively.

INDEMNITY AGREEMENT

THIS AGREEMENT is made as of the 2nd day of January, 2006.

B E T W E E N:

CITY OF TORONTO, a municipal corporation incorporated under the laws of Ontario

(hereinafter referred to as the "**City**")

- and -

TORONTO HYDRO STREET LIGHTING INC., a corporation incorporated under the laws of Ontario

(hereinafter referred to as "**Toronto Hydro**")

RECITALS:

1. Pursuant to an asset purchase agreement dated December 16, 2005 (the "**Asset Purchase Agreement**"), the City sold to Toronto Hydro the assets comprising the SEL System;

2. Toronto Hydro will be incorporating the Street Lighting Assets into its existing business and will provide certain services to the City pursuant to the Services Agreement dated as of January 1, 2006 as the same may be amended, supplemented or restated from time to time (the "**Services Agreement**");

3. The Parties hereto consider that the Asset Purchase Agreement constitutes a sale of assets only from the City to Toronto Hydro; and

4. The Parties have agreed to enter into this Indemnity Agreement to explicitly provide for their agreement concerning any Claim (as defined below).

NOW THEREFORE in consideration of the premises and the mutual covenants and agreements herein set forth and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by each of the Parties, the Parties hereby covenant and agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Defined Terms

Whenever used in this Indemnity Agreement including the recitals, unless the context otherwise requires, the following terms shall have the respective meanings specified or referred to below and grammatical variations of such terms shall have corresponding meanings:

(a) **"City"** means City of Toronto and its successors;

(b) **"Claim"** means an application, a grievance, complaint or claim asserted from time to time by the IBEW against the City pursuant to the IBEW Agreement as a result of the transactions contemplated by the Asset Purchase Agreement and/or the performance of the Services and/or Special Services (as defined in the Services Agreement), as well as all applications for judicial review and appeals in connection therewith;

(c) **"Extraordinary Review"** shall have the meaning ascribed to that term in the Services Agreement;

(d) **"IBEW"** means the International Brotherhood of Electrical Workers and the IBEW Construction Council of Ontario;

(e) **"IBEW Agreement"** means the Principal Agreement between the IBEW and the Electrical Trade Bargaining Agency of the Electrical Contractors Association of Ontario;

(f) **"Party"** means a party to this Indemnity Agreement, and **"Parties"** means both of them;

(g) **"Purchase Price"** shall have the meaning ascribed to that term in the Services Agreement;

(h) **"SEL System"** shall have the meaning ascribed to that term in the Services Agreement;

(i) **"Toronto Hydro"** means Toronto Hydro Street Lighting Inc.; and

(j) **"Tribunal"** means either the Ontario Labour Relations Board or a private arbitrator or arbitration board appointed to determine the Claim, or any court of competent jurisdiction hearing an application for judicial review or appeal in connection therewith.

ARTICLE 2
INDEMNIFICATION

2.1 Indemnification

(a) The maximum aggregate liability of Toronto Hydro in respect of all Claims shall be limited to four million dollars ($4,000,000).

(b) Subject to Section 2.1(a), Toronto Hydro shall indemnify, defend and save harmless the City from any and all damages awarded or ordered by a Tribunal of competent jurisdiction or which have been agreed to be paid by the City pursuant to a settlement of any Claim which settlement has been made in accordance with the provisions of Section 2.1(d) in respect of any Claim which the City is required to pay to the IBEW or its members, excluding any legal fees or expenses.

(c) In the event that the City is aware that any Claim is filed or threatened by the IBEW that would be covered by an indemnity set out herein and the City is entitled to and intends to seek indemnification hereunder, the City shall immediately give notice in writing of such Claim or threatened Claim to Toronto Hydro, and reasonable details of such Claim or threatened Claim, if known.

(d) The Parties shall co-operate fully with each other in the investigation, defence, appeal and settlement of any Claim. Each Party shall be responsible for any legal fees or expenses it incurs in connection with its continued participation in the investigation, defence, appeal or settlement of any Claim. Toronto Hydro shall be entitled to propose settlement terms in respect of any Claim and the Parties must each consent, (such consent not to be unreasonably withheld or delayed by either Party) before either Party enters into a settlement or compromise of a Claim.

ARTICLE 3
TERMINATION FOR AMOUNTS IN EXCESS OF INDEMNITY

3.1 Termination

(a) In the event that the City is required, at any time after the date of this Indemnity Agreement, to make any payment in respect of any Claim to the IBEW or its members pursuant to an order of a Tribunal or court of competent jurisdiction or settlement, which is not covered by the indemnity set forth set forth in Section 2.1(b) of this Indemnity Agreement, then the Parties shall be required to negotiate in good faith for thirty (30) days with the goal of developing a new services agreement which would be agreeable to both Parties; provided, however, that no Party will be required to agree to any new services agreement.

(b) If the Parties are unable to agree on the terms of a new services agreement pursuant to Section 3.1(a) within the time period specified therein or such additional time period as the Parties may agree, then the City shall be entitled to

terminate the Services Agreement by notice in writing to Toronto Hydro within sixty (60) days of the end of the thirty (30) day period specified in Section 3.1(a) or such additional time period as the Parties agreed upon. If such notice is not given by the City within the specified period, the City's right to terminate the Services Agreement under this Section 3.1 shall expire. Unless and until the City chooses to exercise this right, the Services Agreement shall remain in full force and effect in accordance with its terms.

(c) In the event that the Services Agreement is terminated pursuant to Section 3.1(b), the City shall:

(i) repurchase the SEL System from Toronto Hydro at the Purchase Price; and

(ii) notwithstanding anything to the contrary, indemnify, defend and save harmless Toronto Hydro for all claims, demands, losses, damages, liabilities, deficiencies, costs and expenses arising directly as a consequence of the termination, to an aggregate maximum of $1,000,000.

(d) The City shall pay the amounts in Section 3.1(c) to Toronto Hydro within thirty (30) days of the next Toronto Council meeting following the delivery by the City of the written notice of termination described in Section 3.1(b).

(e) The provisions of Section 9.9 of the Services Agreement shall apply, *mutatis mutandis*, to the repurchase by the City of the SEL System pursuant to Section 3.1(c).

ARTICLE 4
GENERAL

4.1 Entire Agreement and Paramountcy

(a) Notwithstanding Section 1.5 of the Asset Purchase Agreement and Section 17.1 of the Services Agreement, the Parties acknowledge and agree that this Indemnity Agreement, the Asset Purchase Agreement, the Services Agreement, the City Licence Agreement and the Night Patrol Licence (as defined in the Services Agreement) represent the entire agreement between the Parties hereto respecting the subject matter hereto and supersedes all prior agreements, understandings, discussions, negotiations, representations and correspondence made by or between them respecting the subject matter.

(b) With respect to a Claim or any indemnity in respect of a Claim or termination of the Services Agreement contemplated in Section 3.1(b), the terms of this Indemnity Agreement shall prevail over the terms of the Asset Purchase Agreement or the Services Agreement, and any demand for an indemnity for a Claim covered by this Indemnity Agreement shall be made only pursuant to the provisions of this Indemnity Agreement, and shall not be made pursuant to the

terms of Article 11 of the Asset Purchase Agreement or Article 14 of the Services Agreement.

4.2 Successors and Assigns

This Indemnity Agreement shall enure to the benefit of and shall be binding on and enforceable by the Parties and their respective successors and permitted assigns.

4.3 Amendments and Waivers

No amendment or waiver of any provision of this Indemnity Agreement shall be binding on either Party unless consented to in writing by such Party. No waiver of any provision of this Indemnity Agreement shall constitute a waiver of any other provision, nor shall any waiver constitute a continuing waiver unless otherwise provided.

4.4 Limitation of Liability

Under no circumstances and under no legal theory, tort, contract or otherwise, shall either Party have any liability to the other Party or any other person or entity under this Indemnity Agreement for any indirect, incidental, punitive, special or consequential damages whatsoever.

4.5 Severability

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect.

4.6 Applicable Law

This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the parties shall be governed by, the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each Party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of such province and all courts competent to hear appeals therefrom.

4.7 Notice

The provisions of Section 17.2 of the Services Agreement concerning the giving and receipt of notice shall apply to all notices required to be given under this Indemnity Agreement.

IN WITNESS WHEREOF this Agreement has been executed by the Parties.

TORONTO HYDRO STREET LIGHTING INC.

By: _____
J.S. Couillard, Chief Financial Officer,
TORONTO HYDRO STREET LIGHTING INC.

By: _____
David S. O'Brien, Chief Executive Officer and President, TORONTO HYDRO CORPORATION

~~THE~~ CITY OF TORONTO

By: _____
LEN S. BRITTAIN For: Joseph Pennachetti
Deputy City Manager and Chief Financial Officer

By: _____
Marilyn M. Toft
For: Ulli Watkiss
City Clerk

Authorized by Clause 2 of Policy and Finance Committee Report No. 3 (following Item 168) adopted by Council at its Special Meetings on February 21, 22, 23, 24, 25, 28 and March 1, 2005; Clause 4 of Policy and Finance Committee Report No. 8 adopted by Council at its meeting of September 28, 29 and 30, 2005; and Clause 8 of Policy and Finance Committee Report No. 10, as amended and adopted by Council at its Special Meeting of December 14 and 16, 2005.

Marilyn M. Toft **City Clerk**

Approved as to Form
For: Anna Kinastowski
City Solicitor

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THIS JOINT USE AGREEMENT is made as of the 31st day of December, 2005.

B E T W E E N:

CITY OF TORONTO, a municipal corporation incorporated under the laws of Ontario

(hereinafter referred to as the "**City**")

- and -

TORONTO HYDRO STREET LIGHTING INC., a corporation incorporated under the laws of Ontario

(hereinafter referred to as "**Toronto Hydro**")

WHEREAS the Parties wish to enter into a license for the Joint Use Assets (as defined herein);

NOW THEREFORE THIS AGREEMENT WITNESSES THAT, in consideration of the premises and other good and valuable consideration, subject to the terms and conditions set out in this Agreement, the Parties hereto agree with each other as follows:

ARTICLE 1
DEFINITIONS

1.1 Definitions

In this Agreement:

(a) "**Agreement**" means this Joint Use Agreement;

(b) "**Joint Use Assets**" means (i) assets which, prior to the Effective Date, were used by the City partly in the operation of the SEL System and partly for another purpose together with any replacements to such assets, and (ii) assets similar to those identified in (i) which are reasonably necessary to be used for both a street lighting and any municipal purpose or service, including the assets listed in Schedule 1.1(b);

(c) "**Licensee**" means, with respect to a Joint Use Asset, the Party licensed to access and use such Joint Use Assets pursuant to Section 2.1;

(d) "**Owner**" means, with respect to a Joint Use Asset, the Party which owns such Joint Use Asset; and

(e) **"Service Agreement"** means the service agreement between the City and Toronto Hydro dated January 1, 2006.

1.2 Other Defined Terms

Capitalized terms that are not defined in this Agreement shall have the meanings ascribed thereto in the Service Agreement.

ARTICLE 2
LICENSE

2.1 License

(a) The City hereby grants to Toronto Hydro a license to access and use the Joint Use Assets owned by the City as necessary to permit Toronto Hydro to construct, own, operate, maintain and otherwise exploit the SEL System.

(b) Toronto Hydro hereby grants to the City a license to access and use the Joint Use Assets owned by Toronto Hydro as necessary to permit the City to construct, own, operate, maintain and otherwise exploit its assets for any municipal purpose or service.

ARTICLE 3
TERM

3.1 Term

This Agreement shall immediately terminate upon the City purchasing the SEL System as contemplated in Section 9.7 or Section 9.8 of the Service Agreement.

ARTICLE 4
USE

4.1 Use

(a) Each Licensee shall only access and use the Joint Use Assets in accordance with the license granted herein.

(b) Each Licensee shall not, during the term of this Agreement, do, suffer, nor permit to be done any act or thing which may impair, damage or injure the Joint Use Assets. In the event that any such impairment, damage or injury occurs, the Owner, acting reasonably, shall undertake all necessary repairs, at the cost and expense of the Licensee, as set out in Section 5.1(c) of this Agreement.

4.2 Non-exclusive

The right to use the Joint Use Asset shall not be exclusive, provided that the Owner shall use commercially reasonable efforts to ensure that no permitted use of the Joint Use Asset by a third party will interfere with the licensed access and use contemplated herein.

4.3 Access

Each Licensee, subject to the work requirements specified in Section 3.2 of the Service Agreement, shall have unrestricted access to the Joint Use Assets at all times for itself, its officers and employees and contractors together with the main means of ingress and egress to and from the Joint Use Assets. The Owner shall provide the Licensee from time to time with such keys, access codes and/or pass cards as may be necessary to permit access to the Joint Use Assets. The Owner shall provide and maintain such areas of ingress and egress, as determined by it in its sole discretion acting reasonably.

4.4 Restrictions

Each Licensee shall only use the Joint Use Asset in a manner that does not interfere with the operations of the Owner or other parties occupying any portion of the Joint Use Asset. In the event of such interference, the Owner shall immediately advise the Licensee, and the Licensee shall immediately take all necessary action to eliminate such interference. If such action is not taken within a reasonable period of time, as reasonably determined by the Owner, the Owner reserves the right to remove from service any or all of the Licensee's equipment located in or attached to the Joint Use Asset as may be necessary to eliminate such interference, at the cost and expense of the Licensee and the Licensee shall have no claim against the Owner with respect to such removal, as set out in Section 5.1(c) of this Agreement.

4.5 Alterations, Additions and Improvements

Each Licensee shall not make, nor cause to be made, any alteration, addition or improvement to the Joint Use Assets without the prior written approval of the Owner. Any such alteration, addition or improvement shall be done by contractors or other workers or tradesmen qualified to perform the work in a good and workmanlike manner with first-class materials, as approved by the Owner. The Licensee shall submit to the Owner for its prior written approval, such approval not to be unreasonably withheld, details of the proposed work including drawings and specifications by qualified designers and conforming to good engineering practice, and such indemnification against liens, costs, damages and expenses as the Owner may reasonably require.

4.6 Destruction

Should any portion of a Joint Use Asset be damaged in whole or in part to an extent rendering it either partially or totally unusable in the opinion of the Owner, the Parties shall co-operate in determining the cause of the occurrence and in determining the feasibility of restoring the Joint Use Asset to full use, provided always that the Owner shall be under no obligation to restore or rebuild the Joint Use Asset in whole or in part.

ARTICLE 5
REPAIRS

5.1 Repairs

(a) Each Licensee shall at all times maintain the Joint Use Assets in accordance with the Owner's reasonable requirements for the Joint Use Assets as communicated by the Owner from time to time.

(b) Each Licensee shall, upon written notice by the Owner, repair at its own cost, any damage to the Joint Use Asset resulting from any act or omission of the Licensee.

(c) If a Licensee does not promptly repair damage to a Joint Use Asset as contemplated in Section 5.1(b), the Owner may, acting reasonably, repair the damage and the Licensee shall promptly upon demand reimburse the Owner the cost of repairs for all damage to the Joint Use Asset incurred as a result of any act or omission of the Licensee.

5.2 Notification of damage

Each Licensee shall promptly notify the Owner of any damage to, malfunction of or deficiency or defect in any part of the Joint Use Asset or any equipment or utility systems in or serving the Joint Use Asset which it has noticed and which might cause injury or damage to persons or property.

ARTICLE 6
FORCE MAJEURE

6.1 Definition

Neither Party shall be deemed to be in default of this Agreement where the failure to perform or the delay in performing any obligation is due to an event of Force Majeure. As soon as a Party anticipates that a Force Majeure event may occur which will delay or prevent it from performing any of its obligations under this Agreement, it shall promptly notify the other Party and shall exercise all reasonable efforts to mitigate or limit the effect on the other Party.

ARTICLE 7
WARRANTIES, LIABILITY AND INSURANCE

7.1 No Warranty

The Joint Use Assets are provided "as is", without warranty of any kind, and each Owner expressly disclaims all warranties, conditions, undertakings or terms, express or implied, written or oral, including warranties of merchantability and fitness for a particular purpose. The Owner does not warrant, guarantee, or make any representations regarding the use or the results of the use of the Joint Use Assets. The entire risk as to use of the Joint Use Assets is assumed by the Licensee. The Owner does not warrant that operation of the Joint Use Assets will be uninterrupted.

7.2 Limitation of Liability

The Owner of a Joint Use Asset shall not be liable to the Licensee for any direct, indirect, incidental, punitive, special or consequential damages whatsoever which in any way arise out of, or relate to, or are a consequence of, the performance or non-performance by the Owner under this Agreement, including with respect to loss of profits, loss of revenues, goodwill, business interruption, loss of data, claims of customers, failure to realize expected savings or any other commercial or economic loss of any kind, even if advised of the possibility of such damages.

7.3 Indemnification

Each Licensee agrees that the indemnity provided by it under the Service Agreement shall include any and all claims, loss or damage that may be suffered by the Owner in consequence of any default made by the Licensee in the performance of any of its obligations under this Agreement.

ARTICLE 8
MISCELLANEOUS

8.1 Sale, Conveyance and Assignment

This Agreement shall not be assigned by either Party except with the prior written consent of the other Party, such consent not to be unreasonably withheld, conditioned or delayed, provided however, that Toronto Hydro may assign this Agreement to an Affiliate or a third party purchaser of the SEL System without the prior written consent of the City, provided that, in the case of a third party purchaser that is not an Affiliate that is wholly owned by Toronto Hydro Corporation, Toronto Hydro has complied with the provisions of the Service Agreement and the City has determined not to exercise its option to purchase the Street Lighting Assets. Notwithstanding the foregoing, Toronto Hydro shall not assign its rights under this Agreement to Toronto Hydro Telecom Inc., or its successors, without the consent of the City.

8.2 Entire Agreement

This Agreement, together with the Service Agreement represents the entire agreement between the parties hereto respecting the subject matter hereto and supersedes all prior agreements, understandings, discussions, negotiations, representations and correspondence made by or between them respecting the subject matter hereto.

8.3 Successors and Assigns

This Agreement shall enure to the benefit of and shall be binding on and enforceable by the Parties and their respective successors and permitted assigns.

8.4 Amendments and Waivers

No amendment or waiver of any provision of this Agreement shall be binding on either Party unless consented to in writing by such Party. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver constitute a continuing waiver unless otherwise provided.

8.5 Severability

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect.

8.6 Applicable Law

This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the parties shall be governed by, the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each Party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of such province and all courts competent to hear appeals therefrom.

IN WITNESS WHEREOF this Agreement has been executed by the Parties.

TORONTO HYDRO STREET LIGHTING INC.

By: _____
J.S. Couillard
Chief Financial Officer, Toronto Hydro Street Lighting Inc.

By: _____
David S. O'Brien
Chief Executive Officer and President, Toronto Hydro Corporation

CITY OF TORONTO

By: _____
LEN S. BRITTAIN For: Joseph Pennachetti
Deputy City Manager and Chief Financial Officer

BY: _____
Marilyn M. Toft
For: Ulli Watkiss
City Clerk

Authorized by Clause 2 of Policy and Finance Committee Report No. 3 (following Item 168) adopted by Council at its Special Meetings on February 21, 22, 23, 24, 25, 28 and March 1, 2005; Clause 4 of Policy and Finance Committee Report No. 8 adopted by Council at its meeting of September 28, 29 and 30, 2005; and, Clause 8 of Policy and Finance Committee Report No. 10, as amended and adopted by Council at its Special Meeting of December 14 and 16, 2005.

_____
Marilyn M. Toft for **City Clerk**

Approved as to Form
For: Anna Kinastowski
City Solicitor

SCHEDULE 1.1(b)
Joint Use Assets

Joint Use Assets shall include the following:

(i) Traffic signal poles of galvanized steel construction installed by the Vendor's Transportation Services Division, that contain both street lighting plant and traffic signal plant; and

(ii) other common infrastructure such as conduits, ducts, duct banks, handwells, maintenance holes, power supply cabinets and substation distribution centers installed by the Vendor's Transportation Services Division that contain street lighting plant and traffic signal plant including traffic signals, pedestrian crossovers, flashing beacons, illuminated signs, closed circuit television cameras (CCTV), electronic changeable messages signs, transportation detector systems and fibre optic trunk and spur cables.

City Licence Agreement

THIS AGREEMENT made in quadruplicate as of the 31st day of December, 2005,

BETWEEN:

CITY OF TORONTO

(hereinafter referred to as the **"City"**)

OF THE FIRST PART

- and –

TORONTO HYDRO STREET LIGHTING INC.

(hereinafter referred to as the **"Toronto Hydro"**)

OF THE SECOND PART

WITNESSES THAT:

Whereas the City and Toronto Hydro have entered into an asset purchase agreement (the **"Asset Purchase Agreement"**) dated December 16, 2005, whereby the City sold to Toronto Hydro certain of the assets and other rights associated with the street and expressway lighting system in the City of Toronto;

Whereas the City and Toronto Hydro have entered into a street and expressway lighting service agreement (the **"Service Agreement"**) dated as of the date hereof, whereby Toronto Hydro has agreed to provide street and expressway lighting services to the City;

Whereas Toronto Hydro desires access to certain of the City's roads in order to design, operate, maintain and repair the street lighting assets and more generally, the street and expressway lighting system in the City of Toronto, and the City has agreed to grant a licence to Toronto Hydro for such access for a term as set out herein; and

Whereas pursuant to Section 9.1(k) of the Asset Purchase Agreement and Section 3.1 of the Service Agreement, the Parties have now mutually agreed to enter into this Agreement on the terms and conditions as set out herein;

NOW THEREFORE in consideration of the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the Parties, the Parties hereto covenant and agree as follows:

1. INTERPRETATION:

Whenever used in this City Licence Agreement, including the recitals unless the context otherwise requires, the following terms shall have the respective meanings specified or referred to below and grammatical variations of such terms shall have corresponding meanings:

(1) The following terms as used in this Agreement shall have the meanings set out below:

(a) **"Affiliate"** has the meaning provided in the *Business Corporations Act* (Ontario);

(b) **"Agreement"**, means this City Licence Agreement and all amendments made in writing by the Parties hereto and the term "**herein**" and similar expressions mean and refer to this Agreement and not to any particular Article, Section or Subsection;

(c) **"Asset Purchase Agreement"** has the meaning provided in the recitals;

(d) **"City"** means the City of Toronto and its successors;

(e) **"City Contractor"** means a contractor the services of which are obtained directly by the City in accordance with the terms of the Service Agreement for the performance of Third Party Work;

(f) **"Effective Date"** means 11:59 p.m. on December 31, 2005 or such other date as the City and Toronto Hydro may mutually agree;

(g) "**Existing SEL System**" means the Street Lighting Assets acquired by Toronto Hydro as at the Effective Date pursuant to the Asset Purchase Agreement;

(h) **"Independent Contractor"** means any contractor performing Third Party Work who is not Toronto Hydro or a City Contractor;

(i) **"Interfere"** means to endanger, or to unreasonably interfere with, prevent, impede or disturb and "**Interference**" has a corresponding meaning;

(j) **"Licence"** shall mean the SEL System Licence as set out in Section 6;

(k) **"Licence Fee"** shall have the meaning ascribed to it in Section 8;

(l) **"New Street Lighting Assets"** means Street Lighting Assets installed or otherwise acquired by Toronto Hydro pursuant to the Service Agreement after the Effective Date;

(m) **"OPA"** means the Ontario Power Authority and any successor thereto;

(n) **"Public Highway"** or **"Public Highways"** means the common and public roadways, including any bridge, trestle, viaduct or other structure forming part of a roadway, under the jurisdiction of the City both as of the date hereof and in the future;

(o) **"Services"** mean the activities specified in the Service Agreement at Section 2.1 to be carried out by Toronto Hydro, its agents, contractors and subcontractors;

(p) "**Service Agreement**" has the meaning provided in the recitals;

(q) **"SEL System"** means the Existing SEL System together with the New Street Lighting Assets;

(r) **"SEL System Licence"** means the licence granted at Section 6;

(s) **"Street Lighting Assets"** has the meaning set out in the Service Agreement.

(t) **"Term"** shall be as defined in Section 9;

(u) **"Third Party Work"** means work performed on, over or under the Public Highways other than work performed by Toronto Hydro; and

(v) **"Work"** means any installation, maintenance, operation, relocation or removal of Street Lighting Assets done by or on behalf of Toronto Hydro.

(2) Capitalized terms that are not defined in this Agreement shall have the meanings ascribed to such terms in the Service Agreement.

2. CURRENCY:

All dollar amounts in this Agreement are expressed in Canadian funds.

3. SECTIONS AND HEADINGS:

The division of this Agreement into Articles, Sections, Subsections, paragraphs and clauses and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this Agreement. Unless otherwise indicated, any reference in this Agreement to an Article, Section, Subsection or Schedule refers to the specified Article, Section, Subsection or Schedule to this Agreement.

4. NUMBER AND GENDER:

In this Agreement, words importing the singular number only shall include the plural and vice versa, words importing gender shall include all genders.

5. RULES OF INTERPRETATION:

In this Agreement, unless there is something in the subject matter or context inconsistent therewith:

(a) Any reference to a statute refers to such statute and all rules and regulations made under it as the same may have been or may from time to time be amended or re-enacted.

(b) Any reference to an agreement or document (except for reference to the Illumination Standards) refers to such agreement or document as the same may have been or may from time to time be amended, restated or replaced.

(c) A reference to a time or date is to the local time or date at Toronto, Ontario.

6. GRANT OF LICENCE:

In consideration of the payment by Toronto Hydro to the City of the Licence Fee, the receipt and sufficiency of which is hereby acknowledged, the City hereby grants to Toronto Hydro, and Toronto Hydro hereby accepts from the City, the non-exclusive licence (the "SEL System Licence"), on the terms specifically set out in this Agreement, to access the Public Highways to permit Toronto Hydro to construct, own, operate, maintain and otherwise exploit the SEL System within the municipal boundaries of the City of Toronto, or any other successor municipality, as of the Effective Date and as such boundaries may change during the Licence Term provided that nothing contained herein shall be construed as granting Toronto Hydro a property interest in the Public Highways, other than a non-exclusive licence for the purposes and on the terms and conditions set out herein.

Toronto Hydro agrees that nothing herein shall be construed as an additional assurance or covenant from the City that any particular alignments or routings over, under, within, or upon the Public Highways will be physically available or useable by Toronto Hydro.

7. ADDITIONAL TERMS OF THE LICENCE:

(a) Toronto Hydro shall exercise its rights under the Licence in accordance with all Applicable Laws.

(b) For further certainty, the Licence granted by this Agreement shall be subject to all applicable terms and conditions of the Service Agreement with respect to the Services.

8. LICENCE FEE:

On the Effective Date, Toronto Hydro shall pay to the City a licence fee (the "Licence Fee") in the amount of one hundred dollars ($100.00), the receipt and sufficiency of which is hereby acknowledged. Thereafter, Toronto Hydro shall pay the Licence Fee annually, on the anniversary of the Effective Date.

9. TERM:

The Term of this Agreement shall be for ninety-nine (99) years, commencing on the Effective Date and terminating on December 31, 2104.

10. NO REGISTRATION, ENCUMBRANCES:

Notwithstanding any provision of this Agreement to the contrary, Toronto Hydro shall not have the right to register this Agreement, its rights in any Public Highway derived from this Agreement, or any notice thereof in any land registry system, nor shall Toronto Hydro have the right to charge or otherwise encumber its right or interest in any Public Highway derived from this agreement.

11. RESTRICTIONS ON USE:

During the Term:

(a) Toronto Hydro shall not undertake any Work for which the consent of the City has not been granted if required pursuant to the terms of this Agreement;

(b) in undertaking its rights and obligations under the Service Agreement and under this Agreement, Toronto Hydro shall not unduly Interfere with the public use and enjoyment of any Public Highway.

12. INTERFERENCE:

(1) *Toronto Hydro*

Toronto Hydro will not, nor shall it permit any subcontractor provided for in Section 2.9 of the Service Agreement to, exercise its rights pursuant to the Licence, this Agreement, or the Service Agreement, in any manner which will at any time, directly or indirectly, cause Interference with the rights and obligations of the City under this Agreement or Service Agreement.

(2) *City*

The City will use commercially reasonable efforts to not directly or indirectly, cause Interference with the rights and obligations of Toronto Hydro under the Licence, this Agreement or the Service Agreement.

13. CONTRACTORS:

(a) Toronto Hydro shall use commercially reasonable efforts to accommodate the work of any City Contractors or Independent Contractors and to minimize any Interference to Third Party Work which is required by the City so long as such accommodation does not cause a breach of Toronto Hydro's contractual obligations to the City.

(b) The City shall use commercially reasonable efforts to ensure that any City Contractors or Independent Contractors performing Third Party Work, which is required by the City, shall not Interfere with the rights of Toronto Hydro pursuant to this Agreement or the Service Agreement except to the extent that any reasonable adjustment in normal work procedures or schedules is required, as determined by the City acting reasonably.

14. PAYMENT OF TAXES:

Except as agreed between the City and Toronto Hydro under the Service Agreement, Toronto Hydro shall pay, and shall expressly indemnify and hold the City harmless from, all taxes, rates, duties, levies, fees, charges, sewer levies, local improvement rates, assessments and similar charges imposed, assessed, levied or charged now or in the future by a Government Authority.

15. ASSIGNMENT:

This Agreement shall not be assigned by either Party except with the prior written consent of the other Party, such consent not to be unreasonably withheld, conditioned or delayed, provided however, that Toronto Hydro may assign this Agreement to an Affiliate or a third party purchaser of the SEL System without the prior written consent of the City, provided that, in the case of a third party purchaser that is not an Affiliate that is wholly owned by Toronto Hydro Corporation, Toronto Hydro has complied with the provisions of the Service Agreement and the City has determined not to exercise its option to purchase the Street Lighting Assets. Notwithstanding the foregoing, Toronto Hydro shall not assign its rights under this Agreement to Toronto Hydro Telecom Inc., or its successors, without the consent of the City.

16. NOTICE:

Any notice required or permitted to be given hereunder shall be in writing and shall be served personally, by facsimile or sent by prepaid registered mail addressed as follows:

(a) in the case of the City:

11th floor, East Tower,
Toronto City Hall
100 Queen Street West
Toronto ON M5H 2N2

Attention: City Manager
Fax No.: (416) 392-1827

With a copy to: City Manager of Transportation
Fax: (416) 392-0816

(b) in the case of Toronto Hydro:

14 Carlton Street
Toronto, Ontario
M5B 1K5
Fax: (416) 542-2833

Attention: President, Street Lighting

With a copy to Toronto Hydro General Counsel, at:
14 Carlton Street
Toronto, Ontario
M5B 1K5
Fax: (416) 542-2540

Either Party may from time to time change its address and recipient for service by notice to the other Party in the manner given aforesaid.

Any such notice, direction or other instrument, if delivered personally, shall be deemed to have been given and received on the date on which it was delivered, provided that if such day is not a Business Day then the notice, direction or other instrument shall be deemed to have been given and received on the first Business Day next following such day; if mailed, shall be deemed to have been given and received on the third day after it was mailed, provided that if such day is not a Business Day then the notice, direction or other instrument shall be deemed to have been given and received on the first Business Day next following such day; and if transmitted by fax or other form of recorded communication, shall be deemed to have been given and received on the day of its transmission, provided that if such day is not a Business Day or if it is transmitted or received after the end of normal business hours then the notice, direction or other instrument shall be deemed to have been given and received on the first Business Day next following the day of such transmission.

17. BINDING EFFECT:

This Agreement shall ensure to the benefit of and shall be binding upon and enforceable by the Parties and their respective successors and permitted assigns.

18. NO RELATIONSHIP:

Nothing in this Agreement shall create any relationship between the Parties other than that of Toronto Hydro as licensee and the City as licensor and it is specifically agreed that the

Parties are not partners, joint ventures, agents or trustees of the others. In performing its obligations under this Agreement, Toronto Hydro shall operate as an independent contractor, maintaining its own organization as a distinct and separate legal entity from the City. Neither Party shall have the authority to hold themselves out as acting on behalf of or to legally bind the other Party. Without limiting the generality of the foregoing, the Parties expressly acknowledge and agree that the City is in no way liable for the debts or any other liabilities of Toronto Hydro, whether relating to the Public Highways or otherwise.

19. ENTIRE AGREEMENT:

This Agreement, together with the Asset Purchase Agreement and the Service Agreement represents the entire agreement between the parties hereto respecting the subject matter hereto and supersedes all prior agreements, understandings, discussions, negotiations, representations and correspondence made by or between them respecting the subject matter hereto.

20. WAIVER:

No amendment or waiver of any provision of this Agreement shall be binding on either Party unless consented to by such Party. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver constitute a continuing waiver unless otherwise provided. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right.

21. TIME OF ESSENCE:

Time shall be of the essence of this Agreement.

22. SEVERABILITY:

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect.

23. INDEMNIFICATION, AND LIMITATION OF LIABILITY:

Toronto Hydro agrees that the indemnity provided by it under the Service Agreement shall include any and all claims, loss or damage that may be suffered by the City in consequence of any default made by Toronto Hydro in the performance of any of its obligations under this Agreement.

The City shall not be held liable for any claims which Toronto Hydro or its employees, officers and agents may have for losses, in respect of loss of life, personal injury, loss or damage to personal property or economic loss arising from or out of any occurrence over, under, within, or upon the Public Highways, unless due to the gross negligence of the City.

24. GOVERNING LAW:

This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the Parties shall be governed by, the laws of the Province of Ontario and the Federal laws of Canada applicable therein, and each Party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of such province and all courts competent to hear appeals therefrom.

IN WITNESS WHEREOF the Parties have hereto affixed their respective corporate seals attested to by the hands of their proper officers in that behalf duly authorized.

TORONTO HYDRO STREET LIGHTING INC.

By: _____
J.S. Couillard
Chief Financial Officer, Toronto Hydro Street Lighting Inc.

By: _____
David S. O'Brien
Chief Executive Officer and President, Toronto Hydro Corporation

CITY OF TORONTO

By: _____
LEN S. BRITTAIN For: Joseph Pennachetti
Deputy City Manager and Chief Financial Officer

By: _____
Marilyn M. Toft
For: Ulli Watkiss
City Clerk

Authorized by Clause 2 of Policy and Finance Committee Report No. 3 (following Item 168) adopted by Council at its Special Meetings on February 21, 22, 23, 24, 25, 28 and March 1, 2005; Clause 4 of Policy and Finance Committee Report No. 8 adopted by Council at its meeting of September 28, 29 and 30, 2005; and, Clause 8 of Policy and Finance Committee Report No. 10, as amended and adopted by Council at its Special Meeting of December 14 and 16, 2005.

Marilyn M. Toft **City Clerk**

Approved as to Form
For: Anna Kinastowski
City Solicitor

SOFTWARE LICENSE AGREEMENT

THIS SOFTWARE LICENSE AGREEMENT is made as of the 1st day of **January**, 2006

B E T W E E N:

CITY OF TORONTO, a municipal corporation existing under the laws of the Province of Ontario

(hereinafter referred to as the **"City"**)

-and-

TORONTO HYDRO STREET LIGHTING INC., a corporation existing under the laws of the Province of Ontario

(hereinafter referred to as **"Toronto Hydro"**)

-and-

ITRANS CONSULTING INC., a corporation existing under the laws of the Province of Ontario

(hereinafter referred to as **"Consultant"**)

BACKGROUND

A. The City owns software referred to as Night Patrol, including all modifications and improvements thereto (collectively, the "**Licensed Software**").

B. The City and Toronto Hydro have entered into a street and expressway lighting service agreement (the **"Service Agreement"**) dated as of January 1, 2006, whereby Toronto Hydro has agreed to provide street and expressway lighting services to the City.

C. Toronto Hydro wishes to license the Licensed Software to use in connection with the services it performs under the Services Agreement, and the City agrees to grant Toronto Hydro such a license under the terms and conditions of this Agreement.

D. Toronto Hydro will require a third party to maintain and modify the Licensed Software and may elect to use the services of Consultant for such maintenance and modification.

E. The City agrees to grant Consultant a license to the Licensed Software for the purposes of providing such maintenance and modification under the terms of this Agreement.

In consideration of the mutual covenants contained in this Agreement (the receipt and sufficiency of which are acknowledged by the Parties) the Parties hereby agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, unless the context or subject matter indicates otherwise, the following terms shall have the following meanings:

"Affiliate" has the meaning provided in the *Business Corporations Act* (Ontario).

"Agreement" means this license agreement and any schedules attached hereto, in each case as they may be amended or supplemented from time to time, and the expressions "hereto", "hereof", "hereby", "hereunder" and similar expressions refer to this license agreement, and not to any particular Article, Section, Subsection or other portion thereof, and include any and every amendment hereto.

"Confidential Information" means any and all material and information of the City or any of its Affiliates (in this definition called the "Disclosing Party") which has or shall come into the possession or knowledge of Toronto Hydro, Consultant or any of their Affiliates (in this definition called the "Recipient Party") in connection with or as a result of entering into this Agreement. For the purposes of this definition, "information" and "material" includes the Licensed Software, the Documentation, know-how, data, patents, copyrights, trade secrets, processes, techniques, programs, designs, formulae, marketing, advertising, financial, commercial, sales or programming materials, written materials, compositions, drawings, diagrams, computer programs, studies, work in progress, visual demonstrations, ideas, concepts, and other data, in oral, written, graphic, electronic, or any other form or medium whatsoever. Notwithstanding the foregoing, "Confidential Information" does not include information which is:

(i) in the public domain when it is received by or becomes known to the Recipient Party or which subsequently enters the public domain through no fault of the Recipient Party (but only after it enters the public domain);

(ii) independently developed by the Recipient Party without any use of or reference to the Confidential Information of the Disclosing Party and which such independent development can be established by evidence that would be acceptable to a court of competent jurisdiction; and

(iii) received by the Recipient Party in good faith without an obligation of confidence of any kind from a third party who the Recipient Party had no reason to believe was not lawfully in possession of such information free of any obligation of confidence of any kind, but only until the Recipient Party subsequently comes to have reason to believe that such information was subject to an obligation of confidence of any kind when originally received.

"Documentation" means any and all documents, technical information, specifications and user manuals describing the Licensed Software, its operation and matters related to its use, in written material, on magnetic media or communicated by electronic means that is in the City's possession which Toronto Hydro may reasonably require to use the Licensed Software.

"including" means including without limiting the generality of the foregoing and "includes" has a similar meaning.

"Intellectual Property Rights" include:

(i) any and all intellectual and proprietary rights provided under: (i) patent law; (ii) copyright law (including moral rights); (iii) trade-mark law; (iv) trade secret law; (v) design patent or industrial design law; (vi) semi-conductor chip and mask work law; or (vii) any other law which may provide a right in either hardware, software, documentation, ideas, formulae, algorithms, concepts, inventions, processes, know-how, or any Confidential Information generally, or the expression or use of such hardware, software, documentation, ideas, formulae, algorithms, concepts, inventions, processes, know-how, or any Confidential Information;

(ii) any and all applications, registrations, licenses, sub-licenses, franchises, agreements or any other evidence of a right referred to in (a) above; and

(iii) all licenses and waivers and benefits of waivers of the rights referred to in either (a) or (b) above, and all rights to damages and profits by reason of the infringement of any of such rights.

"Party" means the City, Toronto Hydro or Consultant and **"Parties"** means all three of them.

"Person" means any individual, company, corporation, partnership, government or government agency, authority or entity howsoever designated or constituted.

"SEL System" has the meaning attributed to that term in the Service Agreement.

"Services" has the meaning attributed to that term in the Service Agreement.

"Term" has the meaning attributed to that term in Section 5.1.

"Trade-marks" means the trade-mark, trade name, service mark, design mark, logo, emblem or other distinctive brand element (whether registered or not) used to identify the Licensed Software.

1.2 Other Defined Terms

Capitalized terms that are not defined in this Agreement shall have the meanings ascribed thereto in the Services Agreement

1.3 Sections and Headings

The division of this Agreement into Articles, Sections, Subsections, Paragraphs and Clauses and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this Agreement.

1.4 Entire Agreement

This Agreement, together with Service Agreement, the Asset Purchase Agreement, and the Licence Agreement represent the entire agreement between the Parties hereto respecting the subject matter hereto and supersedes all prior agreements, understandings, discussions, negotiations, representations and correspondence made by or between them respecting the subject matter hereto.

1.4 Further Assurances

From time to time, each Party shall, at the request of another Party and with reasonable diligence do all things and provide all assurances as may be reasonably required for carrying out the transactions contemplated by this Agreement, and each Party shall, at the request of another Party and with reasonable diligence, execute and deliver such additional documents or instruments as may be reasonably necessary to carry out the terms of this Agreement.

1.6 Invalidity

If any of the provisions of this Agreement are found by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions contained herein shall not be in any way affected or impaired thereby.

1.7 Governing Law

This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the Parties shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each Party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of such province and all courts competent to hear appeals therefrom.

ARTICLE 2
GRANT OF LICENSE

2.1 License to Toronto Hydro

Subject to Section 2.2, the City hereby grants to Toronto Hydro, during the Term, a limited, personal, non-exclusive, non-sublicensable and non-transferable right to use an object code and VBScript version of the Licensed Software and Documentation, solely in connection with Toronto Hydro's performance of the Services under the Service Agreement.

2.2 Restrictions on Use by Toronto Hydro

Toronto Hydro shall use the Licensed Software and the Documentation only as expressly provided for in this Agreement. Toronto Hydro shall not:

(a) use the Licensed Software for the purposes of performing maintenance to any assets other than the SEL System;

(b) assign, license, sublicense or otherwise transfer, voluntarily, by operation of law, or otherwise, its right to use the Licensed Software;

(c) make the Licensed Software available in any timesharing, networking, service bureau, or other rental arrangements whatsoever;

(d) both before and after termination of this Agreement for any reason, permit any Person, other than Consultant, Toronto Hydro's employees and contractors having a need to know, directly or indirectly to use, have access to or use of all or any part of the Licensed Software; or

(e) use the Licensed Software or the Documentation to develop any derivative works or any functionally compatible or competitive software.

2.3 Modification by Consultant

Subject to Section 2.4, the City hereby grants to Consultant, during the Term, the right to: (i) access, use and modify the source code and object code of the Licensed Software at the request of Toronto Hydro, solely in connection with Toronto Hydro's use of the Licensed Software for the purposes described herein; and (ii) deliver to Toronto Hydro an object code version or password protected VBScript of any modifications made pursuant to this Section 2.3, including patches to and new versions of the Licensed Software.

2.4 Restrictions on Use by Consultant

Consultant shall use the Licensed Software and the Documentation only as expressly provided for in this Agreement. Except as specifically permitted herein, Consultant shall not:

(a) modify the Licensed Software;

(b) assign, license, sublicense or otherwise transfer, voluntarily, by operation of law, or otherwise, its right to modify the Licensed Software;

(c) make the Licensed Software available in any timesharing, networking, service bureau, or other rental arrangements whatsoever;

(d) both before and after termination of this Agreement for any reason, permit any Person, other than Consultant and Toronto Hydro's employees and contractors having a need to know, directly or indirectly to use, have access to or use of all or any part of the Licensed Software; or

(e) use the Licensed Software or the Documentation to develop any derivative works or any functionally compatible or competitive software.

2.5 Change of Consultant

If Toronto Hydro wishes to engage a service provider other than Consultant to modify the Licensed Software, the City shall provide a license consistent with that granted in Section 2.3 to a service provider which the City, acting reasonably, approves of.

2.6 Trade-marks

During the Term, the City grants to Toronto Hydro the right to use the Trade-marks in Canada only, solely in connection with the use of the Licensed Software.

2.7 Trade-mark Conditions of Use

The rights granted in Section 2.6 are subject to the following conditions:

(a) Toronto Hydro shall include with each use of the Trade-marks the following designation: "NIGHT PATROL is a trade-mark of the City of Toronto and has been licensed for use." The City shall have the right to revise the above

designation and notification requirements and to require such other notices as shall be reasonably necessary to protect the rights and interests of the City and its Trade-marks;

(b) Toronto Hydro shall not use the Trade-marks in any modified fashion without the prior written consent of the City;

(c) Toronto Hydro shall not assign, license, sublicense or otherwise transfer, voluntarily, by operation of law, or otherwise, its right to use the Trade-marks;

(d) Toronto Hydro acknowledges that the City retains all right, title and interest in and to the Trade-marks;

(e) any and all goodwill established as a result of the use of the Trade-marks by Toronto Hydro shall enure to the sole benefit of the City in all jurisdictions; and

(f) upon termination or expiration of this Agreement, Toronto Hydro shall cease all use of the Trade-marks and shall cease distribution of any materials on which the Trade-marks appear.

ARTICLE 3
INTELLECTUAL PROPERTY

3.1 No Transfer of Title

Toronto Hydro and Consultant acknowledge that all right, title and interest in the Licensed Software, the Documentation and the Trade-marks are owned by the City. Toronto Hydro and Consultant also acknowledge that its rights pursuant to this Agreement do not extend beyond the licenses granted pursuant to Section 2.1 and Section 2.3 and that they shall not acquire any other Intellectual Property Rights in the Licensed Software, the Documentation or the Trade-marks. Toronto Hydro and Consultant agree that they shall not, at any time during or after the termination of this Agreement, contest or challenge the City's ownership of and/or Intellectual Property Rights in the Licensed Software, the Documentation or the Trade-marks, or contest or challenge Toronto Hydro's right to use any of the foregoing as contemplated by this Agreement.

3.2 Intellectual Property Rights Notices

Toronto Hydro and Consultant shall not remove any Intellectual Property Rights notice(s) included by the City or any third party in the code, or written on labels or containers of the Licensed Software or on the cover or title page of the Documentation, in any copy or part thereof made by Toronto Hydro or Consultant. Toronto Hydro and Consultant shall not modify or remove, in any manner, any such proprietary notice(s) provided by the City or any third party in connection with the Licensed Software or the Documentation.

ARTICLE 4
CONFIDENTIALITY

4.1 Confidential Information

Toronto Hydro and Consultant shall:

(a) keep the Confidential Information confidential; and

(b) not disclose or otherwise make available the Confidential Information to any third party except to such directors, officers, employees and agents of Toronto Hydro or Consultant who have a need to have access to the Confidential Information to perform their obligations to Toronto Hydro or Consultant.

4.2 Permitted Disclosure

In the event that any of Toronto Hydro or Consultant or any other Person referred to in Subsection 4.1(b) to whom the Confidential Information is provided, as permitted by this Agreement, receives notice indicating that it may or shall be legally compelled to disclose any of the Confidential Information, it shall provide the City with prompt notice so that the City may at the City's sole discretion seek a protective order or other appropriate remedy and/or waiver of compliance with the provisions of this Agreement. In the event that such protective order or other remedy is not obtained for whatever reason, or that the City waives compliance with the provisions of this Agreement, such compelled Person shall furnish only that portion of the Confidential Information in respect of which it is advised by written opinion of counsel that it is legally required to disclose.

4.3 Remedies

The foregoing agreements and covenants set forth in this Article 4 shall be construed as being an agreement independent of any other provisions in this Agreement. The existence of any claim or cause of action of Toronto Hydro or Consultant against the City, whether predicated on this Agreement or otherwise, shall not constitute a defence to the enforcement by the City of any of the covenants and agreements of this Article 4. Toronto Hydro and Consultant acknowledge that its failure to comply with the provisions of this Article 4 shall cause irreparable harm to the City which cannot be adequately compensated for in damages, and accordingly acknowledges that the City shall be entitled, in addition to any other remedies available to it, to interlocutory and permanent injunction relief to restrain any anticipated, present or continuing breach of this Agreement or any Intellectual Property Rights in the Licensed Software.

ARTICLE 5
TERM AND TERMINATION

5.1 Term

Subject to the provisions of this Article 5, the term of this Agreement shall commence on the date hereof and shall continue until Service Agreement is terminated for any reason whatsoever (the "**Term**").

5.2 Right of Termination

The City may immediately terminate this Agreement upon notice in writing to Toronto Hydro and Consultant if any of the following occur:

(a) Toronto Hydro's use of the Licensed Software, Documentation or the Trade-marks exceeds the scope of the licenses conferred under this Agreement and Toronto Hydro fails to correct such usage within sixty (60) days of being notified that such use is occurring;

(b) Toronto Hydro breaches any term of this Agreement and Toronto Hydro fails to correct such breach within sixty (60) days of being notified that such breach is occurring;

(c) Toronto Hydro: (i) makes any general assignment for the benefit of creditors or otherwise enters into any composition or arrangement with its creditors; (ii) is unable to pay its debts as they mature; (iii) has a receiver and/or manager appointed over its assets or an application is made to do so; (iv) becomes bankrupt or insolvent or commits an act of bankruptcy or takes or attempts to take advantage of any law or statute for the relief of bankrupt or insolvent debtors; (v) commences or becomes subject to any process that might result in its bankruptcy or liquidation; (vi) has a resolution or a petition filed or an order made for its winding up; or (vii) ceases to carry on business.

5.3 Effect of Termination

Upon the termination of this Agreement, Toronto Hydro and Consultant shall immediately cease using the Licensed Software, Documentation and Trade-marks (unless otherwise permitted pursuant to a separate agreement with the City) and:

(a) erase any copy of the Licensed Software, Documentation and/or Trade-marks in the property or possession of Toronto Hydro;

(b) erase all backup and archival copies of the Licensed Software (including any Documentation and/or Trade-marks); and

(c) provide written confirmation within ten (10) days of the termination of this Agreement that, to the best of Toronto Hydro's knowledge, all copies of the Licensed Software, Documentation, Trade-marks and Confidential Information have been erased or destroyed as instructed by the City.

5.4 Return of Confidential Information

Upon the termination of this Agreement, Toronto Hydro and Consultant shall return to the City all of the City's Confidential Information then in its possession or control and shall remove all digital representations thereof in any form from all electronic storage media in its possession or under its control.

5.5 Termination Without Prejudice to Other Rights

Termination of this Agreement shall not limit the City from pursuing any other remedies available to it, including injunctive relief.

5.6 Dispute Resolution

Any dispute between Toronto Hydro and the City relating to this Agreement, including any dispute regarding a termination event described in Section 5.2, shall be resolved pursuant to the dispute resolution mechanism in the Service Agreement.

ARTICLE 6
REPRESENTATIONS, WARRANTIES AND LIABILITIES

6.1 Disclaimer of Warranty

THE LICENSED SOFTWARE, DOCUMENTATION AND TRADE-MARKS ARE PROVIDED "AS IS", WITHOUT WARRANTY OF ANY KIND, AND THE CITY EXPRESSLY DISCLAIMS ALL WARRANTIES, CONDITIONS, UNDERTAKINGS OR TERMS, EXPRESS OR IMPLIED, WRITTEN OR ORAL, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR TITLE TO THE LICENSED SOFTWARE, DOCUMENTATION OR TRADE-MARKS, AND THOSE ARISING BY STATUTE OR FROM A COURSE OF DEALING, USAGE OR TRADE. THE CITY DOES NOT WARRANT, GUARANTEE, OR MAKE ANY REPRESENTATIONS REGARDING THE USE OR THE RESULTS OF THE USE OF THE LICENSED SOFTWARE AND THE DOCUMENTATION IN TERMS OF ITS CORRECTNESS, ACCURACY, RELIABILITY, CURRENTNESS OR OTHERWISE, OR THAT THE LICENSED SOFTWARE, THE DOCUMENTATION OR THE TRADE-MARKS DO NOT INFRINGE ANY THIRD PARTY INTELLECTUAL PROPERTY RIGHTS. THE ENTIRE RISK AS TO THE RESULTS AND PERFORMANCE OF THE LICENSED SOFTWARE IS ASSUMED BY TORONTO HYDRO. THE CITY DOES NOT WARRANT THAT THE LICENSED SOFTWARE WILL BE ERROR FREE OR THAT ITS OPERATION WILL BE UNINTERRUPTED. THE CITY SHALL PROVIDE NO SUPPORT OR MAINTENANCE FOR THE LICENSED SOFTWARE.

6.2 Limitation of Liability

UNDER NO CIRCUMSTANCES AND UNDER NO LEGAL THEORY, TORT, CONTRACT OR OTHERWISE, SHALL THE CITY HAVE ANY LIABILITY TO TORONTO HYDRO OR ANY OTHER PERSON OR ENTITY FOR ANY DIRECT, INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES WHATSOEVER, INCLUDING BUT NOT LIMITED TO LOSS OF REVENUE OR PROFIT, LOST OR DAMAGED DATA, OR OTHER COMMERCIAL OR ECONOMIC LOSS, EVEN IF THE CITY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES; NOR SHALL THE CITY'S AGENTS, AFFILIATES OR REPRESENTATIVES OR LICENSORS HAVE ANY SUCH LIABILITY.

6.3 Fundamental Breach

THIS ARTICLE 6 APPLIES REGARDLESS OF THE BASIS ON WHICH TORONTO HYDRO OR CONSULTANT IS ENTITLED TO CLAIM, INCLUDING BREACH OF CONTRACT OR TORT, EVEN IF THE DAMAGES ARE CAUSED BY BREACH OF CONTRACT (INCLUDING FUNDAMENTAL BREACH), OR BY THE NEGLIGENCE, GROSS NEGLIGENCE, NEGLIGENT MISREPRESENTATION OR OTHER FAULT OF THE CITY, AND EVEN IF THE CITY HAS BEEN ADVISED OF THE POSSIBILITY OF THESE DAMAGES.

ARTICLE 7
INDEMNITY

7.1 Indemnity by Toronto Hydro

Toronto Hydro agrees that the indemnity provided by it under the Service Agreement shall include any and all claims, loss or damage that may be suffered by the City in consequence of

any default made by Toronto Hydro in the performance of any of its obligations under this Agreement.

7.2 Indemnity by Consultant

Consultant shall indemnify, defend and hold the City and all of its Affiliates and each of their directors, shareholders, officers, employees and agents (collectively, in this Section 7.2 referred to as "**Indemnities**") harmless for and against any and all costs, losses, damages, expenses (including lawyers' fees), liabilities, claims and demands arising or resulting from any third party claim made or suit brought against the Indemnities by reason of or as a consequence of Consultant's use of the Licensed Software, or Documentation (other than any claim that Indemnities cannot grant the licenses provided herein).

ARTICLE 8
GENERAL

8.1 Assignment

Toronto Hydro may assign this Agreement to any assignee of the Service Agreement pursuant to the terms thereof. Toronto Hydro shall not otherwise assign any of its rights or obligations under this Agreement. Consultant may not assign any of its rights or obligations under this Agreement. The City may assign its rights and/or obligations under this Agreement (whether in whole or in part) without the prior written consent of Toronto Hydro or Consultant.

8.2 Binding on Successors

This Agreement shall enure to the benefit of and be binding upon the respective successors and permitted assigns of the Parties hereto.

8.3 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement shall be binding unless executed in writing by the Party to be bound thereby. No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

8.4 Survival

The termination of all or any part of this Agreement shall not affect or prejudice any rights or obligations that have accrued or arisen under this Agreement or such part thereof prior to the time of termination and those rights and obligations shall survive the termination of this Agreement or part thereof. Notwithstanding any other provision of this Agreement, Articles 4 and 6 hereof and all other provisions of this Agreement necessary to give effect thereto shall survive the termination of all or any part of this Agreement.

8.5 Counterparts

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the date first written above.

ITRANS CONSULTING INC.

By: _____

Name: Christopher Philp

Title: Vice President

By: _____

Name: HILDA GAN

Title: VICE PRESIDENT

TORONTO HYDRO STREET LIGHTING INC.

By: _____

J.S. Couillard

Chief Financial Officer, Toronto Hydro Street Lighting Inc.

By: _____

David S. O'Brien

Chief Executive Officer and President, Toronto Hydro Corporation

CITY OF TORONTO

By: _____

For: Joseph Pennachetti

Deputy City Manager and Chief Financial Officer

By: _____

For: Ulli Watkiss

City Clerk

Authorized by Clause 2 of Policy and Finance Committee Report No. 3 (following Item 168) adopted by Council at its Special Meetings on February 21, 22, 23, 24, 25, 28 and March 1, 2005; Clause 4 of Policy and Finance Committee Report No. 8 adopted by Council at its meeting of September 28, 29 and 30, 2005; and, Clause 8 of Policy and Finance Committee Report No. 10, as amended and adopted by Council at its Special Meeting of December 14 and 16, 2005.

_____

City Clerk

Approved as to Form

____For: Anna Kinastowski

City Solicitor

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the date first written above.

ITRANS CONSULTING INC.

By: _____

Name:

Title:

By: _____

Name:

Title:

TORONTO HYDRO STREET LIGHTING INC.

By: _____

J.S. Couillard

Chief Financial Officer, Toronto Hydro Street Lighting Inc.

By: _____

David S. O'Brien

Chief Executive Officer and President, Toronto Hydro Corporation

CITY OF TORONTO

By: _____

For: Joseph Pennachetti

LEN S. BRITTAIN

Deputy City Manager and Chief Financial Officer

By: _____

Marilyn M. Toft

For: Ulli Watkiss

City Clerk

Authorized by Clause 2 of Policy and Finance Committee Report No. 3 (following Item 168) adopted by Council at its Special Meetings on February 21, 22, 23, 24, 25, 28 and March 1, 2005; Clause 4 of Policy and Finance Committee Report No. 8 adopted by Council at its meeting of September 28, 29 and 30, 2005; and, Clause 8 of Policy and Finance Committee Report No. 10, as amended and adopted by Council at its Special Meeting of December 14 and 16, 2005.

_____

Marilyn M. Toft **City Clerk**

Approved as to Form

For: Anna Kinastowski

City Solicitor

STREET AND EXPRESSWAY LIGHTING SERVICE AGREEMENT

BETWEEN

CITY OF TORONTO

AND

TORONTO HYDRO STREET LIGHTING INC.

Dated the 1st day of January, 2006

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STREET LIGHTING SERVICE AGREEMENT

THIS AGREEMENT is made as of the 1st day of January, 2006.

B E T W E E N:

CITY OF TORONTO, a municipal corporation incorporated under the laws of Ontario

(hereinafter referred to as the "**City**")

- and -

TORONTO HYDRO STREET LIGHTING INC., a corporation incorporated under the laws of Ontario

(hereinafter referred to as "**Toronto Hydro**")

RECITALS:

1. Pursuant to an asset purchase agreement dated December 16th, 2005 (the "**Asset Purchase Agreement**"), the City sold to Toronto Hydro the assets comprising the Existing SEL System (as defined herein); and

2. The City wishes to retain Toronto Hydro to provide street and expressway lighting services to the City including the management and operation of the SEL System (as defined herein) and the design, installation, maintenance and repair of the SEL System and Toronto Hydro agrees to provide such street and expressway lighting services upon the terms and conditions as contained herein.

NOW THEREFORE in consideration of the premises and the mutual covenants and agreements herein set forth and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by each of the Parties, the Parties hereby covenant and agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Defined Terms

Whenever used in this Agreement including the recitals and Schedules hereto, unless the context otherwise requires, the following terms shall have the respective meanings specified or referred to below and grammatical variations of such terms shall have corresponding meanings:

(a) "**Affiliate**" has the meaning provided in the *Business Corporations Act* (Ontario);

(b) "**Adjusted CPI**" has the meaning provided in Section 5.2;

(c) **"Adjustment Date"** has the meaning provided in Section 5.3(a);

(d) **"Agreement"**, "hereto, "hereof", "hereby", "hereunder" and similar expressions refer to this Street Lighting Service Agreement, and not to any particular Article, Section, Subsection or other portion thereof, and include any and every amendment hereto;

(e) **"Annual Adjustment"** has the meaning provided in Section 5.2(a);

(f) **"Applicable Law"** means any and all applicable laws, including environmental laws, statutes, codes, licensing requirements, directives, rules, regulations, protocols, policies, guidelines, specifications, by-laws, orders, injunctions, rulings, awards, judgments or decrees or any requirement or decision or agreement with or by any Government Authority and includes the standards and codes, licences and rulings issued by the OEB and the ESA;

(g) **"Arbitration"** means arbitration in accordance with Section 13.2;

(h) **"Asset Purchase Agreement"** has the meaning provided in the recitals;

(i) **"BIA"** means a business improvement area created by the City pursuant to Section 204 of the *Municipal Act* as such section may from time to time be amended, restated or replaced, provided that the City continues to be responsible for the obligations of a BIA in a manner consistent with the City's responsibility as of the Effective Date;

(j) "**Business Day**" means a day other than a Saturday, Sunday, statutory holiday in Ontario, Easter Monday or any other day on which the principal chartered banks located in the City of Toronto are not open for business;

(k) **"Capital Projects"** means Spot Improvements, Expressway Projects, Hydro Conversion and Pole Replacement Services and any change to the structure or configuration of the SEL System which are not the result of a Special Service, a Greenfield Expansion or the general maintenance services contemplated in Section 2.1(a) or Section 2.1(b);

(l) **"Capital Projects Cap Amount"** means the amount of capital expenditures budgeted for Capital Projects in each year of the Term as specified in Schedule "I";

(m) **"Change"** means any material change to the Services;

(n) **"Change of Control Transaction"** has the meaning provided in Section 9.7(b);

(o) **"City"** means City of Toronto and its successors;

(p) **"City Representative"** has the meaning set out in Section 11.2;

(q) **"Complaint"** has the meaning set out in Section 4.1;

(r) **"Continuing Existing Contracts"** has the meaning provided in Section 2.21;

(s) **"Contract"** means any agreement, indenture, contract, lease, understanding, arrangement, deed of trust, licence, option, instrument or other commitment, whether written or oral;

(t) **"Council"** means the municipal council for the City of Toronto, or any successor body;

(u) **"CPI"** means the consumer price index for the Toronto census metropolitan area published on an annual basis by Statistics Canada or any successor Government Authority or, if Statistics Canada ceases to publish such consumer price index, an annual index of inflation that the Parties agree to as a substitute;

(v) **"Defaulting Party"** has the meaning provided in Section 9.1;

(w) **"Disputed Amount"** has the meaning provided in Section 6.4(a);

(x) **"Effective Date"** means January 1, 2006;

(y) **"Electricity Costs"** has the meaning provided in Section 7.1(a);

(z) **"ESA"** means the Electrical Safety Authority of Ontario, and any successor thereto;

(aa) **"Event of Insolvency"** means, with respect to a Party, that:

(i) the Party becomes bankrupt or insolvent within the meaning of the *Bankruptcy and Insolvency* Act (Canada) or the *Municipal Affairs Act* (Ontario) or any similar law, admits its inability to or fails to pay generally its debts as they become due or otherwise admits its insolvency, or ceases or threatens to cease carrying on business;

(ii) the Party makes a general assignment for the benefit of creditors, makes a proposal under the *Bankruptcy and Insolvency Act* (Canada) or similar law, seeks relief under the *Companies Creditors Arrangement Act* (Canada), the *Municipal Affairs Act* (Ontario) or any similar law, any proceeding seeking general relief as a debtor, any proceeding is initiated by or against the Party to declare it bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, arrangement or composition of it or its debts or for an order for similar relief under any law relating to bankruptcy, insolvency or relief of debtors or seeking appointment of a receiver, trustee or other similar official for the Party or for any substantial part of its assets, and, in the case of a proceeding instituted against the Party, such proceeding has not been dismissed or stayed within thirty (30) days;

(iii) a receiver or similar official is appointed with respect to a substantial portion of the assets of the Party by a court or a creditor and such appointment has not been terminated within thirty (30) days; or

(iv) an encumbrancer takes possession of a substantial part of the Party's assets, or any writ of execution, warrant of attachment or similar process is issued, levied or enforced against a substantial part of the Party's assets;

(bb) **"Excluded Assets"** has the meaning provided in the Asset Purchase Agreement;

(cc) **"Existing Contracts"** means the Contracts listed in Part 1 of Schedule B;

(dd) **"Existing SEL System"** means the Street Lighting Assets acquired by Toronto Hydro as at the Effective Date pursuant to the Asset Purchase Agreement;

(ee) **"Expressway Projects "** means the following three projects:

(i) the installation of high mast lighting on the median tall-wall on the portion of the Gardiner Expressway from Royal York Road to Kipling Avenue and the removal of the existing conventional system in co-ordination with the Gardiner rehabilitation road works as described in Part 1 of Schedule A. It is currently anticipated by the City that this work will need to be performed in 2009/2010;

(ii) replacing the Low Pressure Sodium fixtures on the elevated portion of the Gardiner Expressway from Dufferin Street to the Don Valley Parkway and mounting new fixtures outside of the parapet wall in co-ordination with other Gardiner initiatives such as deck rehabilitations or any other major modifications to the Gardiner as described in Part 2 of Schedule A. It is currently anticipated by the City that this work will need to be performed between 2015 and 2019; and

(iii) replacing the WR Allen Road System existing conventional (Cobra Head) lighting system as described in Part 3 of Schedule A. It is currently anticipated by the City that this work will need to be performed between 2020 and 2034.

(ff) **"Extraordinary Review"** has the meaning provided in Section 5.5;

(gg) **"Fees"** means the Service Fees and any Special Service Fees payable by the City to Toronto Hydro in accordance with Article 5;

(hh) **"Financial Reports"** means a report of Toronto Hydro's revenues and operating and capital costs and expenses relating to the SEL System and the Services for a year;

(ii) **"Force Majeure"** has the meaning provided in Section 15.1;

(jj) **"Government Authority"** means any federal, provincial, regional or municipal government, parliament, legislature or any regulatory authority, agency, commission or a board of any government, parliament or legislature, or any political subdivision thereof, or any court or arbitrator having authority over the Parties or, without limitation to the foregoing, any other law, regulation or rule making entity or any Person acting under the authority of any of the foregoing or any other authority charged with the administration or enforcement of laws, including the City, OEB, IESO, OPA and ESA;

(kk) **"Greenfield Expansion"** means the expansion of the SEL System to provide street or expressway lighting service to roadways (i) not serviced by the Existing SEL System including the installation of any Street Lighting Assets to service any new subdivision or as a result of any severance or site plan or (ii) at a different illumination standard than the then existing street or expressway lighting service where such different standard is required due to a rezoning;

(ll) **"GST"** means the federal Goods and Services Tax applicable under the *Excise Tax Act* (Canada);

(mm) **"Hydro Conversion"** means the services and payments required in connection with the relocation of street lighting plants necessitated by Toronto Hydro Electric System Limited upgrades to its distribution network;

(nn) **"IESO"** means the Ontario Independent Electricity System Operator and any successors;

(oo) **"Illumination Standards"** has the meaning provided in Section 2.3(c);

(pp) **"including"** means including without limiting the generality of the foregoing and **"includes"** has a similar meaning;

(qq) **"Indemnitee"** has the meaning provided in Section 14.1(c);

(rr) **"Indemnitor"** has the meaning provided in Section 14.1(c);

(ss) **"Interest Rate"** means for any date a rate of interest equal to the lower of: (a) the variable, per annum, prime rate of interest on Canadian dollar corporate loans of the Royal Bank of Canada in Toronto, Ontario commonly known as its "Prime Rate"; or (b) the maximum lawful rate of interest under Applicable Law.

(tt) **"Joint Use Agreement"** has the meaning provided in Section 2.14(a);

(uu) **"Joint Use Assets"** means (i) assets which, prior to the Effective Date, were used by the City partly in the operation of the SEL System and partly for another purpose together with any replacements to such assets, and (ii) assets similar to those identified in (i) which are reasonably necessary to be used for both a street lighting and any municipal purpose or service, including the assets listed in Schedule "N".

(vv) **"Labour Index"** means the actual average percentage increase on an annual basis in respect of the wages payable by Toronto Hydro to its unionized employees under its collective bargaining agreement with CUPE Local 1 or any successor bargaining unit;

(ww) **"LDC"** means Toronto Hydro-Electric System Limited or any successor thereto;

(xx) **"Licence Agreement"** has the meaning provided in Section 3.1(a);

(yy) **"MFIPPA"** has the meaning provided in Section 16.1(c);

(zz) **"Municipal Act"** means the *Municipal Act, 2001* (Ontario);

(aaa) **"New Street Lighting Assets"** means Street Lighting Assets installed or otherwise acquired by Toronto Hydro after the Effective Date pursuant to this Agreement;

(bbb) **"Night Patrol Licence"** has the meaning provided in Section 2.17;

(ccc) **"Non-Defaulting Party"** has the meaning provided in Section 9.1;

(ddd) **"OEB"** means the Ontario Energy Board and any successor thereto;

(eee) **"OPA"** means the Ontario Power Authority and any successor thereto;

(fff) **"Obsolete Poles"** means Poles that have been decommissioned by Toronto Hydro and which are no longer necessary for the SEL System;

(ggg) **"Other Charges"** means any regulated or other charges, fees or rates that the IESO, OEB, OPA or any electricity distributor, transmitter or any Government Authority may assess, impose upon or require to be paid in relation to the purchase or consumption of electricity;

(hhh) **"Party"** means a party to this Agreement, and **"Parties"** means both of them;

(iii) **"Person"** means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted;

(jjj) **"Poles"** means any poles which form part of the SEL System;

(kkk) **"Pole Replacement Services"** means the replacement of: (i) end of service life Poles in a deteriorated state, (ii) obsolete types of Poles and (iii) poles owned by third parties on which luminaires reside which have been or are expected to be removed by the owner;

(lll) **"PST"** means the Ontario Provincial Sales Tax applicable under the *Retail Sales Tax Act* (Ontario);

(mmm) **"Purchase Price"** has the meaning ascribed to such term in the Asset Purchase Agreement;

(nnn) **"Records"** means all written information relating to the Services, including financial and accounting information and records, service reports, records and logs, purchase orders and supporting documentation relating to the foregoing;

(ooo) **"Retail Settlement Code"** means the Retail Settlement Code established by the OEB, as amended or replaced from time to time;

(ppp) **"RFR Period"** has the meaning set out in Section 10.1(d);

(qqq) **"Sale Notice "** has the meaning set out in Section 10.1(b);

(rrr) **"Sale of Subsidiary Transaction"** has the meaning set out in Section 9.7(c);

(sss) **"SEL System"** means the Existing SEL System together with all New Street Lighting Assets;

(ttt) **"Senior Conference"** has the meaning set out in Section 13.1(a);

(uuu) **"Services"** has the meaning set out in Section 2.1;

(vvv) **"Service Credits"** has the meaning provided in Section 2.4(a);

(www) **"Service Fees"** has the meaning provided in Section 5.1(a);

(xxx) **"Service Response Report"** has the meaning provided in Section 2.11(b);

(yyy) **"Service Response Standards"** has the meaning provided in Section 2.3(d);

(zzz) **"Special Services"** has the meaning provided in Section 2.5(a);

(aaaa) **"Special Service Fees"** has the meaning provided in Section 5.1(b);

(bbbb) **"Spot Improvements"** means the installation of new street lighting assets within the territory serviced by the SEL System other than: (i) replacement of existing Street Lighting Assets as a result of ordinary course maintenance and repair; (ii) as a result of Greenfield Expansion or (iii) capital projects requiring full system replacement or upgrade of a particular street or area which constitute a Special Service;

(cccc) **"Spot Improvements Cap Amount"** means $500,000 as adjusted annually as at January 1st to reflect the percentage change in the Adjusted CPI from the previous year;

(dddd) **"Spot Improvements Procedure"** means the following process to address complaints concerning lighting levels in a particular location:

(i) within thirty (30) days or such shorter period of time Toronto Hydro, in its discretion, believes appropriate based on bona fide safety issues, of receiving a complaint regarding lighting levels Toronto Hydro shall conduct an investigation including field data collection and analysis using lighting software to compare existing lighting levels against then current Illumination Standards;

(ii) if such Illumination Standards are not met, further analysis is performed to determine the extent of the improvements required to meet the then current Illumination Standards in the most cost-effective manner; and

(iii) the preparation and delivery of a written summary of the investigation (whether improvements are recommended or not) to the inquirer with a copy to the appropriate ward Councillor within (30) days of completing the investigation or such shorter period of time Toronto Hydro, in its discretion, believes appropriate based on bona fide safety issues;

(eeee) **"Standard Supply Service"** shall have the meaning provided in the Retail Settlement Code or, if the concept of Standard Supply Service ceases to be applicable then the defined term "Standard Supply Service" shall be deemed to refer to the method of payment for electricity consumed by the SEL System which is selected by Toronto Hydro after consultation with the City;

(ffff) **"Street Lighting Assets"** means the physical assets constituting the street lighting and expressway lighting systems within the City of Toronto, including all poles, standards, luminaires, fixtures, wires, ducts, reflectors, relays, handwells and related equipment but not including the Excluded Assets;

(gggg) **"Taxes"** means GST, PST, any and all ad valorem, property, occupation, severance, generation, first use, conservation, Btu or energy, transmission, utility, gross receipts, privilege, sales, use, consumption, excise, lease, transaction and other taxes, governmental charges, surcharges, licenses, fees, permits and assessments, or increases therein, new taxes, charges, debt reduction or retirement charges, competition transition charges, stranded debt charges, and any interest or penalties thereon, but excluding taxes based on net income or net worth;

(hhhh) **"Term"** has the meaning provided in Section 8.1;

(iiii) **"TH Continuing Contracts"** has the meaning provided in Section 9.9(b);

(jjjj) **"Toronto Hydro"** means Toronto Hydro Street Lighting Inc.;

(kkkk) **"Toronto Hydro Representative"** has the meaning set out in Section 11.1;

(llll) **"Toronto Hydro Specifications"** means the standards and specifications relating to the materials, design, construction and installation of Street Lighting Assets developed by Toronto Hydro from time to time during the Term;

(mmmm) **"TTC"** means the Toronto Transit Commission or any successor; and

(nnnn) **"year"** means a calendar year.

1.2 Currency

All dollar amounts in this Agreement are expressed in Canadian funds.

1.3 Sections and Headings

The division of this Agreement into Articles, Sections, Subsections, paragraphs and clauses and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this Agreement. Unless otherwise indicated, any reference in this Agreement to an Article, Section, Subsection or Schedule refers to the specified Article, Section, Subsection or Schedule to this Agreement.

1.4 Number and Gender

In this Agreement, words importing the singular number only shall include the plural and vice versa, words importing gender shall include all genders.

1.5 Rules of Interpretation

In this Agreement, unless there is something in the subject matter or context inconsistent therewith:

(a) Any reference to a statute refers to such statute and all rules and regulations made under it as the same may have been or may from time to time be amended or re-enacted.

(b) Any reference to an agreement or document (except for reference to the Illumination Standards) refers to such agreement or document as the same may have been or may from time to time be amended, restated or replaced.

(c) A reference to a time or date is to the local time or date at Toronto, Ontario.

(d) A reference to an approval, authorization, consent, designation, waiver or notice means a written approval, written authorization, written consent, written designation, written waiver or written notice.

1.6 Severability

If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or

affect the validity, legality or enforceability of the remaining provisions hereof, and each provision is hereby declared to be separate, severable and distinct.

1.7 Successors and Assigns

This Agreement shall enure to the benefit of and shall be binding on and enforceable by the Parties and their respective successors and permitted assigns.

1.8 Amendments and Waivers

No amendment or waiver of any provision of this Agreement shall be binding on either Party unless consented to in writing by such Party. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver constitute a continuing waiver unless otherwise provided.

1.9 Schedules

The following Schedules are attached to and form part of this Agreement:

Schedule "A" - Expressway Projects

Schedule "B" - Existing Contracts

Schedule "C" - Illumination Standards

Schedule "D" - Service Response Standards

Schedule "E" - Quarterly Service Response Report

Schedule "F" - Service Credits

Schedule "G" - Joint Use Agreement

Schedule "H" - Licence Agreement

Schedule "I" - Capital Expenditures

Schedule "J" - Change Request Form

Schedule "K" - Escalation Procedure

Schedule "L" - Night Patrol Licence

Schedule "M" - Street Lighting Asset Conveyance

Schedule "N" - Joint Use Assets

ARTICLE 2
PROVISION OF SERVICES

2.1 Street Lighting Services

Toronto Hydro covenants and agrees that it shall, pursuant to the terms and limitations set out in this Agreement, provide the following services to the City (the "**Services**") in accordance with the standards set out in Section 2.3:

(a) operation, design, installation, maintenance and repair of the SEL System, including the performance of locate services;

(b) replacing any decorative lighting asset which forms part of the SEL System with a similar asset;

(c) undertaking Spot Improvements in accordance with Section 2.15;

(d) use commercially reasonable efforts to pursue cost recovery services for all costs incurred in connection with third party damage to the Street Lighting Assets;

(e) provision of 24 hour call centre services to receive and process calls from the public with respect to the operation, maintenance and repair of the SEL System;

(f) provide general advice to developers, BIAs and third parties regarding illumination issues, including phone support and, where reasonable, face to face meetings and on-site visits; and

(g) perform the Expressway Projects, Hydro Conversion and Pole Replacement Services in accordance with Section 2.6.

2.2 Scope of Agreement

During the Term the City agrees that, subject to Applicable Law, Toronto Hydro shall have the sole and exclusive right to (i) own, operate and maintain a street and expressway lighting system including the SEL System, (ii) perform construction in connection therewith and (iii) perform, in accordance with Section 2.7, any Greenfield Expansion within the municipal boundaries of the City of Toronto as of the Effective Date and as such boundaries may change during the Term or any other successor municipality or Government Authority. Notwithstanding the foregoing, if, pursuant to a Continuing Existing Contract, any work relating to the SEL System is being performed on behalf of the City, the work performed under such Contract may continue after the Effective Date in accordance with Section 2.21.

2.3 Service Standards

Toronto Hydro covenants and agrees that:

(a) it shall operate and maintain the Existing SEL System so as to maintain the illumination levels that would be achieved by the Existing SEL System as at the Effective Date as if all luminaires existing at the Effective Date were in proper working condition;

(b) it shall maintain the SEL System in a reasonable state of repair considering (i) the Service Fees paid hereunder and (ii) the state of repair of the Existing SEL System;

(c) it shall operate and maintain the New Street Lighting Assets so as to meet the illumination standards of the Illumination Engineering Society of North America (or any successor body) which are currently known as the RP-08 standards for municipal roadways attached as Schedule C as such standards may be amended, restated or replaced (the "**Illumination Standards**") which are in effect at the time such New Street Lighting Assets are installed;

(d) it shall comply with the standards set out in Schedule "D" with respect to response times relating to the repair and maintenance of the Street Lighting Assets (the "**Service Response Standards**"); and

(e) the Services will be performed in a professional and workmanlike manner, using the reasonable care and skill of a professional provider of the Services consistent with industry standards.

2.4 Failure to Meet Service Response Standards

(a) The Parties acknowledge that the failure of Toronto Hydro to, on average, achieve the Service Response Standards in any year throughout the Term shall entitle the City to receive the applicable service credits in accordance with Schedule "F" ("**Service Credits**") up to a maximum aggregate credit in any year of $250,000. Toronto Hydro acknowledges that any failure to achieve a Service Response Standard may cause damages to the City and the Parties acknowledge and confirm that Service Credits are a fair assessment of the damages which would be incurred by the City.

(b) Any failure by Toronto Hydro to meet the Service Response Standards due to an event of Force Majeure shall not require Toronto Hydro to pay any Service Credit to the City pursuant to Section 2.4(a) and shall not be included in the calculation of whether Toronto Hydro has achieved the Service Response Standards in any year of the Term.

(c) Upon any failure to meet a service level, the City shall have the right to escalate the service requirement in accordance with the procedure described in Schedule "K".

(d) The City must claim all Service Credits in the year following the year in which such Service Credits accrued.

2.5 Special Services

(a) The City may from time to time during the Term request that Toronto Hydro provide services ("**Special Services**") in connection with the design, operation and maintenance of the SEL System which are not included in the Services. If Toronto Hydro is able to provide such requested Special Services the Parties shall negotiate in good faith to determine the additional fees to be paid by the City to Toronto Hydro in respect of the Special Services.

(b) For greater certainty, Special Services shall include any request by the City for Toronto Hydro to:

(i) provide services that are not related to the maintenance or repair of the SEL System;

(ii) provide any Service at a standard that is greater than the standards prescribed in the Illumination Standards or the Service Response Standards;

(iii) undertake or fund Spot Improvements in excess of the Spot Improvement Cap Amount; or

(iv) undertake in any single year, any activities or fund any amounts relating to Capital Projects, including Expressway Projects, in excess of the Capital Projects Cap Amount.

(c) Except as contemplated by the Expressway Projects, Spot Improvements, Hydro Conversion or Pole Replacement Services, Toronto Hydro shall have no obligation to move or relocate any of the Street Lighting Assets or undertake or manage any procurement or construction process or agreement in relation thereto. Toronto Hydro shall consider reasonable requests from the City to relocate Street Lighting Assets which are a Special Service and will determine on a case-by-case basis the cost to the City for the requested relocation of Street Lighting Assets. In each such case Toronto Hydro shall advise the City of the cost of relocation of Street Lighting Assets and if the City requests Toronto Hydro to proceed to relocate Street Lighting Assets the City shall pay Toronto Hydro for the cost of such relocation.

(d) The City shall be responsible for all costs associated with (i) Spot Improvements requested to be performed by the City in excess of the Spot Improvements Cap Amount, and (ii) Capital Projects requested to be performed by the City in excess of the Capital Projects Cap Amount. All costs associated with Greenfield Expansion shall be paid by the developer or the City as described in Section 2.7. Any request by the City pursuant to (i) or (ii) above shall be addressed as a Special Service in accordance with Section 2.5(a).

2.6 Capital Projects

The Services to be provided by Toronto Hydro shall not include any obligation in any year to undertake or fund Capital Projects in excess of the Capital Projects Cap Amount.

2.7 Greenfield Expansion

(a) Toronto Hydro shall fulfill its development review obligations including approval of street lighting design of developers and reviewing street lighting in unassumed developments to ensure compliance with Toronto Hydro requirements, at no additional cost to the City.

(b) It is the intention of the Parties that all Greenfield Expansion is to be paid for by the City or, whenever possible, by developers. In the event that Toronto Hydro is required to pay for the installation of any new Street Lighting Assets in relation to Greenfield Expansion, the City agrees to reimburse Toronto Hydro or to ensure that Toronto Hydro is paid for all costs incurred by Toronto Hydro in relation thereto.

(c) Toronto Hydro shall approve the design of all Greenfield Expansions so as to provide the then current Illumination Standards;

(d) The City agrees to arrange (through Contract, by-law or otherwise) and to cause developers to:

(i) submit to Toronto Hydro a plan relating to the street lighting for each Greenfield Expansion;

(ii) obtain the prior written approval of Toronto Hydro for all aspects of the street lighting for each Greenfield Expansion;

(iii) comply with the Illumination Standards in the design of all New Street Lighting Assets;

(iv) comply with the Toronto Hydro Specifications;

(v) pay for the repair and maintenance of all New Street Lighting Assets until the development is assumed by the City; and

(vi) transfer all New Street Lighting Assets to the City upon assumption of the development by the City.

(e) With respect to any Greenfield Expansion during the Term, the City agrees that it shall:

(i) not approve any plan of subdivision or site plan until Toronto Hydro has approved the plan for street lighting; and

(ii) not assume any Greenfield Expansion until Toronto Hydro has inspected and approved the New Street Lighting Assets.

(f) Toronto Hydro shall have the option to assume responsibility to construct all Greenfield Expansion or allow developers to assume such responsibility. In the event that Toronto Hydro elects to assume responsibility for the construction of any Greenfield Expansion:

(i) Toronto Hydro shall, in the ordinary course, retain third party contractors to perform the construction of such Greenfield Expansion through a competitive tender process. The City shall have the right to review the competitive tender process undertaken by Toronto Hydro; and

(ii) Toronto Hydro may, on an exception basis, undertake construction of a Greenfield Expansion directly without undertaking a competitive tender process. In such cases the developer or City shall reimburse Toronto Hydro for the cost of such Greenfield Expansion based on Toronto Hydro's direct labour and material costs incurred plus 12.5%.

(g) Throughout the Term, upon acquiring Street Lighting Assets as a result of a Greenfield Expansion (including as a result of any subdivision or severance agreement existing prior to the Effective Date), the City shall transfer such Street Lighting Assets to Toronto Hydro at no charge to Toronto Hydro in accordance with Section 3.4.

(h) The City agrees to consult with Toronto Hydro from time to time concerning any requirements, which may reasonably have an impact on street lighting, that the City imposes on developers.

2.8 Construction Work

(a) Toronto Hydro shall have the option to perform any construction relating to the SEL System in connection with a City initiated project. In the event Toronto Hydro elects to perform any construction relating to the SEL System in connection with a City initiated project, the City shall reimburse Toronto Hydro for the cost of such construction based on Toronto Hydro's direct labour and material costs incurred plus 12.5%.

(b) In the event that the City requires construction relating to the SEL System in connection with a larger development project and Toronto Hydro elects to assume responsibility for such construction, Toronto Hydro shall reasonably cooperate with the project timetable.

2.9 Toronto Hydro Employees and Subcontractors

(a) Toronto Hydro shall employ throughout the Term, employees or contractors with the qualifications and business experience necessary to competently undertake and provide the Services pursuant to this Agreement.

(b) Toronto Hydro may, from time to time, subcontract the performance of part or all of the Services to one or more third parties provided that:

(i) Toronto Hydro shall remain liable to the City for the fulfillment of all of Toronto Hydro's obligations under this Agreement; and

(ii) such subcontractors have the qualifications and business experience necessary to competently undertake and provide the Services pursuant to this Agreement.

2.10 Permits and Compliance with Applicable Law

Toronto Hydro shall, at its sole expense, obtain and maintain during the Term, all permits, licenses and approvals required by Applicable Law to conduct its business generally and to perform its duties under this Agreement and to undertake and provide the Services. Toronto Hydro shall comply with all Applicable Laws and requirements of all Government Authorities in undertaking and providing the Services.

2.11 Toronto Hydro Records and Reports

(a) Toronto Hydro shall keep complete and accurate Records and shall maintain such Records for a seven (7) year period.

(b) Toronto Hydro shall, within thirty (30) days after March 31, June 30, September 30 and December 31 in each year during the Term provide to the City a report for each ward located within the City (the "**Service Response Report**") concerning Service response times relating to Services performed in such ward substantially in the form attached as Schedule E hereto or on such other form as may be agreed by the Parties from time to time.

(c) Toronto Hydro shall, within 120 days after December 31 in each year during the Term provide to the City the Financial Reports.

(d) Toronto Hydro shall, from time to time during the Term, at no additional cost to Toronto Hydro, provide the City with available information relating to the location and specifications of newly installed Poles and luminaires and any relocated Poles and luminaires.

2.12 City Audit Rights

(a) During each five year Service Fee review described in Section 5.3, the City shall have the right to audit relevant Records to the extent reasonably required to verify the details of the new Fees proposed by Toronto Hydro.

(b) The City shall have the right to audit all relevant Records of Toronto Hydro to the extent reasonably required to verify the accuracy of the Service Response Reports, the Financial Reports and any documentation provided by Toronto Hydro pursuant to an Extraordinary Review;

(c) The City shall provide Toronto Hydro with at least sixty (60) days notice of its intention to exercise its right to audit the relevant Records of Toronto Hydro pursuant to Sections 2.12(a) or 2.12(b) and such audits shall be (i) subject to Applicable Law, (ii) conducted during Toronto Hydro's normal business hours, and (iii) conducted in a manner so as to minimize disruption to Toronto Hydro's business and operations.

2.13 Attachments

(a) It is understood and agreed that this Agreement does not confer upon the City any vested rights, or franchise, by implication or otherwise, to use or to confer on any other Person any right or franchise to use or attach to the Street Lighting Assets otherwise than as expressly provided for by this Agreement.

(b) Subject to Section 2.13(c) and Section 2.13(d), Toronto Hydro shall have the right to charge any Person for attaching any sign, banner, decoration or other attachment to the Poles or other equipment forming part of the SEL System and to establish rules and requirements (including requiring any such Person to obtain a permit from Toronto Hydro or enter into an appropriate attachment agreement) related to the use of its Poles or other equipment for such purpose including requiring the use of Toronto Hydro approved contractors.

(c) Notwithstanding Section 2.13(b) but subject to Section 2.13(e), Toronto Hydro agrees that, throughout the Term, provided a BIA has complied with all permit requirements of Toronto Hydro regarding attachment to Poles or other equipment forming part of the SEL System, it shall not charge to any such BIA any fee to:

(i) install electricity outlets onto the Poles and use such outlets in a reasonable manner for the purposes of energizing decorations;

(ii) install onto the Poles clamp on lights for pedestrian scale lighting;

(iii) install hanging baskets and holiday decorations onto the Poles; and

(iv) attach signs and banners onto the Poles for any municipal purpose or service directly undertaken by the BIA and not related to any third party commercial endeavour,

provided that Toronto Hydro shall be entitled to recover from the City or the relevant BIA any costs of (i) installing, affixing, insuring, monitoring and removing any such electricity outlet, clamp on light, hanging basket, holiday decoration, sign, banner, or other decoration which Toronto Hydro incurs and (ii) any related administrative services or field checks which Toronto Hydro is required to provide.

(d) Notwithstanding Section 2.13(b) but subject to Section 2.13(e), Toronto Hydro agrees that, throughout the Term, provided the City has complied with all permit requirements of Toronto Hydro regarding attachment to Poles or other equipment

forming part of the SEL System, it shall not charge the City any rental fee for the right to affix on a temporary or, where reasonable, permanent basis to the Poles or other equipment forming part of the SEL System, any sign, banner, decoration or other attachment for a municipal purpose or service directly undertaken by an agency, board or commission of the City, provided that Toronto Hydro shall be entitled to recover from the City any costs of (i) installing, affixing, insuring, monitoring and removing any sign, banner, decoration or other attachment to the Poles or other equipment forming part of the SEL System which Toronto Hydro incurs and (ii) any related administrative services or field checks which Toronto Hydro is required to provide.

(e) Toronto Hydro agrees that it shall, as a Special Service and subject to a Special Service Fee, administer and issue permits under Section 2.13(c) and Section 2.13(d) with respect to the attachment of any sign, banner, decoration or other attachment to the Poles or other equipment forming a part of the SEL System on such basis as may be acceptable to Toronto Hydro, acting reasonably. Notwithstanding anything to the contrary herein, Toronto Hydro shall provide this permit administration and issuance as a Special Service at no cost to the City for a one (1) year period beginning on the Effective Date. The City agrees that it shall from time to time use reasonable efforts to cause Council to amend any by-law or resolution, including the Toronto Municipal Code, Chapter 313, which conflicts or is inconsistent with or would prohibit or preclude Toronto Hydro from administering and issuing permits under Section 2.13(c) and Section 2.13(d) as provided therein or herein.

2.14 Joint Use Assets

(a) Each Party shall license to the other access to and use of the Joint Use Assets owned by the other Party on terms and conditions substantially similar to the agreement attached hereto as Schedule "G" (the **"Joint Use Agreement"**).

(b) Except as described in the Joint Use Agreement the owner of a Joint Use Asset shall have no obligation to maintain, replace or repair such Joint Use Asset for damages not attributable to it except as may be agreed to by the Parties.

(c) Toronto Hydro shall not be in default pursuant to Section 9.1 if Toronto Hydro's failure to perform its obligations under this Agreement is a result of the failure of the City to provide Toronto Hydro with access to any Joint Use Assets owned by the City unless Toronto Hydro was denied access due to repairs necessitated by Toronto Hydro's actions.

2.15 Spot Improvements

Toronto Hydro shall undertake and fund Spot Improvements in accordance with the following:

(a) Toronto Hydro shall not be required in any year of the Term to undertake or fund any Spot Improvements where the cost to do so would be in excess of the Spot Improvements Cap Amount for that year;

(b) Toronto Hydro shall comply with the Spot Improvement Procedure;

(c) Toronto Hydro shall maintain an ongoing database that tracks all outstanding Spot Improvements;

(d) Toronto Hydro shall, in its discretion, prioritize the performance of Spot Improvements based on bona fide safety issues, length of time the commitment to make an improvement has been outstanding, carry-over of committed Spot Improvement from prior years as well as public/political concerns; and

(e) any Spot Improvements not completed in a year are to be carried into subsequent years.

2.16 Contracts

Toronto Hydro shall use commercially reasonable efforts to ensure that all Contracts it enters into which relate to the SEL System are assignable upon termination of this Agreement to the City without the other party's prior written consent.

2.17 Night Patrol

In connection with the Services, the City shall license to Toronto Hydro the City's proprietary Night Patrol application on terms and conditions substantially similar to the licence attached hereto as Schedule L (the "**Night Patrol Licence**").

2.18 Other Infrastructure

(a) To the extent that, on the Effective Date any infrastructure maintained by the City receives electricity from the Existing SEL System, Toronto Hydro shall not remove the connections between the Existing SEL System and such infrastructure without ensuring that the infrastructure will continue to receive electricity following such removal.

(b) From and after the Effective Date, any infrastructure installed by the City shall not be connected to the SEL System except with the prior written consent of Toronto Hydro.

2.19 Streetscape Manual

(a) Toronto Hydro shall use commercially reasonable efforts to comply with the City's streetscape manual during the Term.

(b) The City agrees to consult with Toronto Hydro from time to time concerning any changes to the City's streetscape manual which may reasonably be expected to have an impact on street lighting.

2.20 TTC Poles

The City agrees to co-operate reasonably with Toronto Hydro to assist Toronto Hydro to reach an agreement with the TTC whereby: (i) the TTC shall consult with Toronto Hydro prior to decommissioning any poles; and (ii) the TTC will transfer such decommissioned poles to Toronto Hydro for the consideration of $1.00 per pole where such transfer would minimize costs for both Parties.

2.21 Existing Contracts

(a) Each of the Existing Contracts, except for those Existing Contracts specified in Part 2 of Schedule B (the "**Continuing Existing Contracts**"), shall be terminated by the City on or before December 31, 2005.

(b) Each of the Continuing Existing Contracts shall be terminated by the City on or before March 31, 2006 or such later date as the Parties may agree.

(c) The City shall remain solely responsible for all obligations, payments and expenses arising in connection with all Existing Contracts.

(d) Toronto Hydro shall not assume any obligations under any of the Existing Contracts except such obligations as may be undertaken by Toronto Hydro as Special Services pursuant to Section 2.5.

(e) The City shall not extend the term or expand the scope of work of any Existing Contract without the prior written consent of Toronto Hydro.

ARTICLE 3
FURTHER ASSURANCES

3.1 Licence Agreement

(a) The City shall provide Toronto Hydro with access to City property in accordance with the Licence Agreement attached hereto as Schedule "H" (the **"Licence Agreement"**).

(b) Notwithstanding anything to the contrary contained in the Licence Agreement or this Agreement, the Parties acknowledge and agree that the Licence Agreement shall terminate upon the purchase of the SEL System by the City as contemplated in Article 9. This Section 3.1(b) shall survive the termination or expiration of this Agreement.

3.2 Work Requirements

(a) Toronto Hydro shall, in performing any Work (as defined in the Licence Agreement) on the Public Highways (as defined in the Licence Agreement), whether in respect of the Services, or otherwise, comply at all times with Applicable Law, including all standard application, permission, consent and permitting requirements imposed by the City on third party utilities performing work similar to the Work over, under, within or upon the Public Highways. As of the date of this Agreement, such application, permission, consent and permitting requirements consist of site servicing permits where no cuts are permitted and cut permits where cuts are permitted within the road allowance of the Public Highway (from property line to property line on each side of the road allowance) for repairs to existing facilities or new construction applications (which applications may require application drawings to be submitted prior to the work and "as-constructed" drawings to be submitted after completion of the work to the City's General Manager of Transportation) all in accordance with the terms and conditions established by the City.

(b) Any fees or charges imposed on Toronto Hydro in accordance with Section 3.2(a), above will not be in excess of those imposed on any third party utilities performing work similar to the Work over, under, within or upon the Public Highways.

(c) Toronto Hydro agrees that it shall participate in joint planning and co-ordination processes where, in the opinion of the City's General Manager of Transportation, such processes are required in order to reduce disruption and damage to the Public Highways.

3.3 Liens

(a) Toronto Hydro agrees that the Licence Agreement does not create or provide it with any interest in the Public Highways other than a mere license and that no person shall be entitled to register or claim an interest of any kind against the Public Highways.

(b) Whenever any construction or other lien for work, labour, services or materials supplied to or for Toronto Hydro or for the cost of which Toronto Hydro may be in any way liable or claims therefore shall arise or be filed, Toronto Hydro shall within 10 days after receipt of notice thereof procure and register the discharge thereof, including any certificate of action registered in respect of any lien, by payment or in such other manner as may be required or permitted by Applicable Law. In the event of a failure of Toronto Hydro to procure and register a discharge as herein required, the City may but is not obligated to, discharge the lien and seek reimbursement of its costs from Toronto Hydro within fifteen (15) days of a written request for same.

3.4 Subsequent Transfer of Assets

In the event that after the Effective Date the City acquires additional Street Lighting Assets either as a result of any Contract, Greenfield Expansion or otherwise, it shall transfer such Street Lighting Assets to Toronto Hydro at no cost to Toronto Hydro on terms and conditions substantially similar to the form of conveyance attached as Schedule "M".

3.5 Co-operation Concerning Rights

Throughout the Term, the Parties shall use their reasonable commercial efforts to co-operate with each other to give effect to Section 3.1. The City shall at any time and from time to time, upon request from Toronto Hydro, execute and deliver such further documents and do such further acts and things as Toronto Hydro may reasonably request to facilitate the performance by Toronto Hydro of the Services in accordance with this Agreement. Each Party shall at any time and from time to time, upon request from the other Party, execute and deliver such further documents and do such further acts and things as the other Party may reasonably request to facilitate the performance by the other Party of its obligations herein.

ARTICLE 4
COMPLAINTS

4.1 Co-operation

Toronto Hydro shall co-operate reasonably with the City to address any complaints made in respect of individuals performing the Services (each, a **"Complaint"**).

4.2 Investigation

In response to a Complaint in connection with the performance of the Services, Toronto Hydro shall conduct an investigation of the claims or allegations made in a Complaint and shall use commercially reasonable efforts to provide the City with a full report within sixty (60) days or as soon as possible thereafter. Toronto Hydro shall cooperate with the City in connection with the City's investigation of any Complaint.

ARTICLE 5
FEES

5.1 Obligation to Pay Fees

In consideration for the provision of Services by Toronto Hydro to the City, the City agrees to pay to Toronto Hydro the following fees:

(a) service fees which as at the Effective Date are in the amount of $13,600,000 per year, and which shall be adjusted from time to time in accordance with this

Article 5, ("**Service Fees**") to be paid monthly in arrears in twelve (12) equal instalments in accordance with Article 6; and

(b) for any Special Services, special service fees ("**Special Service Fees**") to be agreed by the Parties from time to time.

5.2 Annual Adjustment

(a) Subject to Subsection 5.2(b)) the Service Fees (as adjusted from time to time in accordance with Section 5.3, Section 5.4 and Section 5.5) shall be adjusted annually (the "**Annual Adjustment**") to take effect as and from January 1 in each year by an amount equal to the percentage change in CPI from January 1 of the previous year applied to fifty percent (50%) of the then Service Fee and an amount equal to the Labour Index for that year applied to fifty percent (50%) of the then Service Fee (the "**Adjusted CPI**").

(b) Notwithstanding Subsection 5.2(a), a portion of the Service Fees equal to $6,700,000 shall not be subject to the Annual Adjustment required by Subsection 5.2(a) for the initial three (3) years of the Term.

(c) In each year of the Term in which the Service Fees are to be adjusted in accordance with Subsection 5.2(a), Toronto Hydro shall, within ninety (90) days of the beginning of the year, provide the City with a notice indicating the amount of the Annual Adjustment for that year commencing as of January 1 and setting out in reasonable detail the calculation of the Annual Adjustment for that year. The notice shall include any amounts payable in respect of the first ninety (90) days of that year as a consequence of the Annual Adjustment for that year.

(d) If the City disputes the calculation of the Annual Adjustment for any year then, upon providing prior written notice to Toronto Hydro, the City shall be entitled to invoke the dispute resolution process set out in Article 13 provided that, pending resolution of the dispute, the City shall pay the Service Fees as calculated by the City. If the dispute is resolved in favour of Toronto Hydro, the City shall pay all Service Fees held back plus interest calculated in accordance with the Interest Rate.

5.3 Five-Year Review of Service Fees

(a) The Parties agree that they shall review and adjust the Service Fees on every fifth (5^{th}) anniversary date of the Effective Date (each an "**Adjustment Date**") to reflect any change in the numbers of street lighting and expressway lighting Poles and luminaires during the prior five (5) period.

(b) In the event that there has been a change in the number of street lighting or expressway lighting Poles or luminaires as contemplated by Section 5.3(a) then the Service Fees shall be adjusted by an amount equal to Toronto Hydro's actual average annual cost for the maintenance and repair of luminaires and Poles during the year prior to the Adjustment Date multiplied by the net increase or decrease in

the number of Poles or luminaires in the prior five (5) year period, excluding any consideration of replacement Poles and luminaires installed in the ordinary course of maintaining the SEL System.

(c) During each five year review the Parties shall discuss all material changes relating to the SEL System, and mutually determine, acting reasonably, whether the Service Fees should be increased or decreased to reflect the impact of such material changes.

5.4 Review of Capital Expenditures

(a) In conjunction with the review of Service Fees provided in Section 5.3, the Parties shall review the expenditures of Toronto Hydro for Capital Projects relating to the SEL System for the prior five (5) year period;

(b) If it is determined that the aggregate capital expenditures for the prior five (5) year period are less than 95% or more than 105% of the aggregate of the Capital Projects Cap Amount for the same five (5) year period, then the Parties, acting in a commercially reasonable manner, shall agree upon a plan that demonstrates that capital expenditures in the next five (5) year period will offset the amount of the under or over spending on capital expenditures, it being the intention of the Parties that by the end of Year 10 of this Agreement aggregate capital expenditures for the first 10 years of this Agreement shall equal 100% of the Capital Projects Cap Amount for that 10 year period. If the Parties cannot agree on a plan in accordance with this Section 5.4(b) then the matter shall be resolved in accordance with the dispute resolution provisions in Article 13.

(c) If after the first 10 years of this Agreement the Parties determine that the aggregate capital expenditures for the prior ten (10) year period do not equal 100% of the aggregate of the Capital Projects Cap Amount for the same ten (10) year period, then the Parties, acting in a commercially reasonable manner, shall agree to an adjustment to the Service Fees that recovers the difference between the amount spent during the prior ten year period and 100% of the Capital Projects Cap Amount for that period. If the Parties cannot agree on an adjustment to the Service Fees or a capital spending plan in accordance with this Section 5.4(c) then the matter shall be resolved in accordance with the dispute resolution provisions in Article 13.

(d) The Parties will repeat the process set out in Section 5.4(b) and Section 5.4(c) in Years 15 and 20 respectively of this Agreement.

(e) Any adjustment to Service Fees in Years 10 and 20 of this Agreement resulting from this Section 5.4 shall be apportioned annually over the subsequent five (5) year period on an equal basis, or such other period as the Parties may agree.

(f) The Parties will repeat the process set out in Section 5.4(b) in Year 25 of this Agreement.

(g) If at the end of Year 29 of this Agreement the Parties determine that the aggregate capital expenditures for the prior nine (9) year period do not equal 100% of the aggregate of the Capital Projects Cap Amount for the same nine (9) year period, then the Parties, acting in a commercially reasonable manner, shall agree to an adjustment to the Service Fees otherwise payable by the City in Year 30 that recovers the difference between the amount spent during the prior nine (9) year period and 100% of the Capital Projects Cap Amount for that period or, alternatively and at the sole discretion of the City, the City may elect to apply any such adjustment to amount it must otherwise pay to Toronto Hydro for the purchase of the Street Light Assets upon the expiry of the Term of this Agreement.

5.5 Extraordinary Adjustments

(a) In addition to the review of the Service Fees provided in Section 5.3, either Party may initiate a review of the Service Fees (an "**Extraordinary Review**") no more than once each year if, due to circumstances beyond the initiating Party's reasonable control (including, pole attachment fees, catastrophic events, changes in Applicable Law or changes in industry standards), it has experienced (on a cumulative basis) events relating to the SEL System that have resulted in a material adverse effect having an impact of at least one percent (1%) of the then current annual Service Fee. The Party initiating the Extraordinary Review shall provide the other Party with reasonable documentation to (i) justify the Extraordinary Review and (ii) demonstrate the cumulative impact of the events warranting the Extraordinary Review.

(b) In the event that a material adverse effect contemplated by Section 5.5(a) has occurred, the Parties shall agree on a plan that would compensate in a monetary or other manner for the impact of the event on the initiating Party. If the Parties cannot agree on a plan in accordance with this Section 5.5(b) then the matter shall be resolved in accordance with the dispute resolution provisions in Article 13.

5.6 Procedure for Adjustments

(a) Either Party wishing to effect an adjustment to the Service Fees contemplated in this Article 5 shall:

(i) in the case of a review of Service Fees pursuant to Section 5.3(a) or 5.3(c), provide the other Party with proposed new Service Fees at least ninety (90) days prior to the applicable Adjustment Date, setting out in reasonable detail the proposed new Service Fees and any documentation or data in support of such proposed new Service Fees; or

(ii) in the case of a review of Service Fees caused by any of the changes contemplated by Section 5.5, provide the other Party with proposed new Service Fees as soon as practicable after the determination of such

changes, setting out in reasonable detail the proposed new fees and any documentation or data in support of such new Service Fees.

(b) If the Parties are unable to agree on a change to the Service Fees pursuant to Section 5.6(a), then, upon providing prior written notice to the other Party, either Party shall be entitled to invoke the dispute resolution procedures set out in Article 13 to resolve the matter, and pending such resolution, the City shall pay the Service Fees as proposed by Toronto Hydro provided that the City will not be required to pay any increase in the Service Fees that exceeds the percentage change in the Adjusted CPI for the preceding twelve (12) month period pending resolution of such dispute.

(c) Any adjustment to the Service Fees pursuant to an agreement between the Parties or a resolution of a dispute under Article 13 shall take effect as of: (i) the Adjustment Date in the case of an adjustment pursuant to Section 5.3; or (ii) the date of the extraordinary event in the case of an adjustment pursuant to Section 5.5.

5.7 Taxes

The Fees are exclusive of all applicable Taxes. Toronto Hydro shall invoice the City for all Taxes required to be collected and remitted by Toronto Hydro in respect of the Services and the Special Services, and the City shall remit payment for all such Taxes together with the Fee payment as contemplated in Article 6. Each Party shall be responsible for the payment of and will pay any Taxes levied on it from time to time by a Governmental Authority in relation to this Agreement.

ARTICLE 6
BILLING AND PAYMENT

6.1 Invoicing

(a) Service Fees are payable by the City to Toronto Hydro monthly in arrears.

(b) Toronto Hydro shall render electronically by e-mail to the City for each calendar month during the Term, an invoice which sets forth the total Service Fees for that month. Such invoice shall be rendered to the City by the first (1st) Business Day of the month following the month to which such invoice relates. The invoice for Service Fees contemplated by this Section 6.1(b) may also include amounts payable by the City for Electricity Costs in accordance with Section 7.3.

(c) Invoices for Special Service Fees shall be rendered from time to time during the Term when Special Services are provided by Toronto Hydro.

6.2 Payments

(a) (i) The City shall pay to Toronto Hydro the amount due to Toronto Hydro in respect of Service Fees on the first Business Day following the calendar month in which the Services were performed.

(ii) The City shall pay to Toronto Hydro the amount due to Toronto Hydro in respect of Special Service Fees set forth in an invoice issued pursuant to Section 6.1(c), no later than thirty (30) days after the receipt of such invoice.

(iii) If the City fails to pay the full amount of the invoice when due in accordance with Sections 6.2(a)(i) or (ii), the City shall pay Toronto Hydro a late charge on the unpaid balance that shall accrue for each calendar day from the relevant due date calculated at the Interest Rate until paid in full.

(b) Toronto Hydro shall pay to the City the amount due to the City in respect of Service Credits set forth in the claim described in Section 2.4(d) within thirty (30) days of receiving such claim.

(c) All payments made by either Party to the other with respect to a payment obligation of such Party under this Agreement, shall be made by way of electronic transfer in immediately available funds deposited to receiving Party's account in accordance with the instructions provided in Section 6.3. The City and Toronto Hydro hereby agree to provide each other and any bank or other financial institution all necessary information and to execute any authorization or other documents necessary to establish, implement and maintain such electronic transfer payment arrangements.

6.3 Toronto Hydro Bank Account

(a) All payments by the City to Toronto Hydro under this Agreement shall be made by electronic transfer in immediately available funds to the following bank account:

Bank: Royal Bank of Canada
Transit Number: 00002
Bank Code: 0003
Account Number: 1132414
Royal Bank of Canada
Main Branch, Royal Bank Plaza, Toronto

Toronto Hydro may from time to time change the foregoing bank account details upon providing at least five (5) days prior notice to the City in accordance with Section 17.2.

(b) All payments by Toronto Hydro to the City under this Agreement shall be made by electronic transfer in immediately available funds to the following bank account:

Bank: Royal Bank of Canada
Transit Number: 00002
Bank Code: 003
Account Number: 237837-0
Royal Bank of Canada
Main Branch, Royal Bank Plaza, Toronto

The City may from time to time change the foregoing bank account details upon providing at least five (5) days prior notice to Toronto Hydro in accordance with Section 17.2.

6.4 Disputed Amounts

(a) Notwithstanding Section 6.2, payment of Special Service Fees or Service Credits reasonably disputed by the City or Toronto Hydro, respectively (along with the interest payable thereon) (the "**Disputed Amount**") may be deferred for up to thirty (30) days following the date such Special Service Fees or Service Credits (as applicable) were due pursuant to Section 6.2 or such other date on which payment is due, provided the Party disputing the payment:

(i) pays all amounts owing, other than the Disputed Amount, on or before the date on which payment is due;

(ii) presents a written statement of the reasons for such dispute to the other Party in reasonable detail, together with appropriate supporting documentation on or before the date on which payment is due; and

(iii) negotiates in good faith with the other Party for the purpose of resolving such dispute within such thirty (30) day period.

(b) If the Parties resolve such dispute and as a result of such resolution the Parties agree that any portion of the Disputed Amount is payable by the City to Toronto Hydro, the City shall pay such amount plus interest (calculated at the Interest Rate until paid in full) within ten (10) days of such resolution.

(c) If the Parties fail to resolve such dispute within such thirty (30) day period (unless Toronto Hydro has agreed in writing to extend such period), all disputed Service Fees together with the interest payable thereon (calculated at the Interest Rate until paid in full) shall become immediately due and payable; however this shall not be construed to prevent the City from exercising its rights to have such dispute dealt with in accordance with Article 13 and any such payment shall be without prejudice to the exercise of such rights. If the City does not pay all amounts it is required to pay pursuant to this Section 6.4 when such amounts are due and

payable, Toronto Hydro shall be entitled to exercise its rights to have the dispute dealt with in accordance with Article 13.

(d) The City shall be entitled to dispute any Fees it has paid pursuant to Section 6.2 provided it gives Toronto Hydro written notice that it is disputing such Service Fees no later than twelve (12) months after the date it received the invoice for such Fees.

(e) Neither Party shall have any right to set off any amount owing to the other Party pursuant to this Agreement against any amounts that may be owed to it under this Agreement or any other Contract.

ARTICLE 7
ELECTRICITY COSTS

7.1 Arrangement and Cost of Electricity

(a) The City shall be responsible for all costs associated with the procurement and consumption of electricity required to operate the SEL System including the cost of the electricity commodity, all Other Charges and all applicable Taxes and any advisory or consulting fees (collectively the "**Electricity Costs**").

(b) It is the intention of the Parties that the City shall be the customer of the LDC with respect to electricity required to operate the SEL System and shall be invoiced directly by the LDC and make all payments directly to the LDC for all such electricity requirements.

(c) If the City is not able to become the customer of the LDC directly as contemplated by Section 7.1(b) then the City acknowledges and agrees that: (i) Toronto Hydro, as owner of the SEL System, will be a Standard Supply Service customer of the LDC and that Toronto Hydro shall have no obligation to, and shall not, enter into any agreement with any Person, to fix the price of electricity to operate the SEL System, except in accordance with Section 7.2; and (ii) the City shall reimburse Toronto Hydro for all Electricity Costs charged to Toronto Hydro.

7.2 City Hedging Arrangements

(a) In the event that the City wishes to enter into any arrangement to fix the price of electricity to operate the SEL System where such arrangements will require Toronto Hydro to enter into an agreement with any Person (whether such agreement is to be settled pursuant to the Retail Settlement Code or bilaterally between Toronto Hydro and such Person), the City shall provide a copy of such agreement to Toronto Hydro with all relevant details of the proposed arrangement and Toronto Hydro shall agree to any reasonable request of the City to enter into such agreement provided that any such agreement shall provide, *inter alia*, that the City agrees to provide all credit support or collateral required and to promptly pay all Electricity Costs charged to Toronto Hydro pursuant to such agreement.

(b) The City shall reimburse Toronto Hydro for reasonable external legal costs associated with the review of any fixed electricity price agreement proposed by the City.

7.3 Payment Arrangements for Electricity

(a) In the event that Toronto Hydro is required to pay any amounts related to the supply of electricity to operate the SEL System, either as a Standard Supply Service customer of the LDC or pursuant to a fixed electricity price agreement as contemplated by Section 7.2, then Toronto Hydro shall invoice the City for all Electricity Costs on the first Business Day following the calendar month in which the electricity was consumed in conjunction with the invoice to be sent to the City pursuant to Section 6.2. For the purposes of such invoice Toronto Hydro shall estimate the Electricity Costs for the relevant month based on historic consumption of electricity by the SEL System. The City shall pay such estimated Electricity Costs as invoiced by Toronto Hydro to the City on or before the first Business Day following receipt of the invoice.

(b) Toronto Hydro shall make adjustments resulting from any differences between the estimated Electricity Costs and the actual Electricity Costs as determined by the LDC (or other relevant third party) in a subsequent invoice without delay once such information is made available to Toronto Hydro by the LDC (or other relevant third party) and the City agrees to promptly pay such amount.

(c) The City shall have the right upon request to Toronto Hydro to receive copies of any information received by Toronto Hydro from the LDC or other relevant third party used by Toronto Hydro to calculate the Electricity Costs invoiced to the City.

ARTICLE 8
TERM OF AGREEMENT

8.1 Term

The term of this Agreement shall be for a period which is thirty (30) years (the "**Term**") from the Effective Date.

8.2 New Agreement

(a) Two (2) years prior to the expiry of the Term the Parties shall commence discussions on the terms of a new street lighting services agreement to replace this Agreement.

(b) If the Parties are not able to agree on the terms and conditions of a new street lighting services agreement, the City shall purchase the SEL System from Toronto Hydro effective as at the expiry of the Term at the value determined in accordance with Section 9.6.

ARTICLE 9
TERMINATION

9.1 Termination for Cause

(a) In the event that either Party (the "**Defaulting Party**") fails to perform or observe any material obligation under this Agreement, such failure shall be remedied within ninety (90) days of the other Party (the "**Non-Defaulting Party**") providing written notice of such failure to the Defaulting Party. Upon the end of such ninety (90) day notice period, the Non-Defaulting Party may, acting reasonably: (i) terminate this Agreement or (ii) extend such notice period for an additional ninety (90) days provided the Defaulting Party employs commercially reasonable and diligent efforts to cure or resolve the failure or default during such additional notice period. If the Non-Defaulting Party elects to extend the notice period for an additional ninety (90) day period and the failure or default has not been cured during such period, the Non-Defaulting Party may terminate this Agreement at the end of such period. Notwithstanding the foregoing, the Parties may extend the notice period to such longer period as may be agreed to by both Parties.

(b) Either Party may terminate this Agreement if, as a result of an event of Force Majeure, the other Party is unable to perform a material obligation under this Agreement for a period in excess of six (6) consecutive months.

(c) The exercise of a right of termination by the Non-Defaulting Party under Section 9.1(a) shall be without prejudice to the Non-Defaulting Party's rights to seek monetary damages or pursue any other right or remedy, subject to the limitations and exclusions set out in Article 13 and Article 14.

9.2 Termination Upon Insolvency

(a) Either Party may terminate this Agreement immediately upon the occurrence of an Event of Insolvency with respect to the other Party.

(b) The City may terminate this Agreement if the credit rating for Toronto Hydro Corporation's most senior unsecured debt falls to BB- or less as assigned by Standard & Poors or an equivalent rating from any other generally recognized credit rating agency.

9.3 Termination for Change of Law

(a) The Parties acknowledge that the subject matter of this Agreement may be subject to the rulings of one or more Government Authorities including the OEB and ESA from time to time. The Parties agree to consult and negotiate in good faith, in the event that any term of this Agreement is affected by any such ruling.

(b) If any change of Applicable Law after the date of this Agreement renders this Agreement illegal, unenforceable or uneconomic, then the Parties shall be

required to negotiate in good faith for thirty (30) days with the goal of developing a new agreement which would be economically consistent with such change of Applicable Law and this Agreement, provided however, that no Party will be required to agree to any new agreement if to do so would cause such Party to not be in compliance with any Applicable Law.

(c) Either Party may terminate this Agreement, if at any time after the Effective Date there is a change in Applicable Law, which requires the City to own the Street Lighting Assets or would otherwise cause this Agreement or the ownership of the Street Lighting Assets by Toronto Hydro to be contrary to Applicable Law or uneconomic or the Parties are unable to agree on the terms of a new agreement pursuant to Section 9.3(b).

9.4 Terminate for Change of Scope

Toronto Hydro may terminate this Agreement if, during the Term, the scope of this Agreement provided in Section 2.2 is materially limited or restricted as a result of any action of the City or any third party.

9.5 Suspension of Services

In addition to any other rights that Toronto Hydro may have pursuant to this Agreement, in the event that the City fails to make any payment of Service Fees under this Agreement and such failure is not remedied within sixty (60) days of Toronto Hydro providing written notice of such failure to the City, Toronto Hydro shall have the right to suspend performance of all Services and Special Services (including Capital Projects) other than operation and maintenance of the SEL System until such time as the failure has been remedied by the City.

9.6 Transfer of SEL System for Lack of Authority

(a) In the event that this Agreement is terminated pursuant to Section 9.3(c) or that the City is found to be in breach of its representations and warranties in Section 5.1, Section 5.2 or Section 5.7 of the Asset Purchase Agreement and/or Section 12.2 herein, the City shall be required to repurchase the SEL System, and the Parties agree that the City shall:

(i) purchase the SEL System from Toronto Hydro at the Purchase Price; and

(ii) notwithstanding anything to the contrary, be liable to Toronto Hydro for all claims, demands, losses, damages, liabilities, deficiencies, costs and expenses arising directly as a consequence of such breach or inaccuracy up to an aggregate maximum of $1,000,000.

(b) The City shall pay the amounts in Section 9.6(a) to Toronto Hydro within sixty (60) days of the next Council meeting following the occurrence of the event requiring the City to repurchase the SEL System.

9.7 Transfer of SEL System on Termination

(a) In the event that: (i) the Parties do not agree on the terms of a new street lighting services agreement to take effect upon the expiry of the Term of this Agreement; or (ii) this Agreement is terminated by either Party in accordance with Sections 9.1, 9.2, or 9.4 then the City shall purchase all of the SEL System from Toronto Hydro at the value of the SEL System as determined in accordance with Section 9.8 by an independent valuator jointly selected and retained by the City and Toronto Hydro. The purchase shall be completed on the expiry of the Term or otherwise within ninety (90) days of the valuator's report.

(b) If the City desires to sell more than fifty percent (50%) of the shares of Toronto Hydro Corporation to a Person who is not an Affiliate (a "**Change of Control Transaction**"), the City shall have the option to purchase all of the SEL System from Toronto Hydro at the value of the SEL System as determined in accordance with Section 9.8 by an independent valuator jointly selected and retained by the City and Toronto Hydro. The purchase shall be completed no later than the closing of the Change of Control Transaction.

(c) If Toronto Hydro Corporation sells any of the shares of Toronto Hydro to a Person who is not an Affiliate that is wholly owned by Toronto Hydro Corporation (a "**Sale of Subsidiary Transaction**"), the City shall have the option, exercisable within thirty (30) days of receipt of notice from Toronto Hydro of the sale of Subsidiary Transaction, to purchase all of the SEL System from Toronto Hydro at the value of the SEL System as determined in accordance with Section 9.8 by an independent valuator jointly selected and retained by the City and Toronto Hydro. The purchase shall be completed no later than the closing of the Sale of Subsidiary Transaction.

9.8 Valuation Principles

(a) In the event that the City purchases the SEL System from Toronto Hydro pursuant to Section 9.7(a) or exercises its option to purchase the SEL System from Toronto Hydro pursuant to Sections 9.7(b) or (c), the purchase price to be paid by the City shall be an amount that is equal to the lesser of:

(i) fair market value of the SEL System solely in its use as street lights and shall not take into account additional value or revenue generating potential, as determined using a depreciated replacement cost methodology in accordance with then current generally accepted valuation principles;

(ii) fair market value of the SEL System solely in its use as street lights and shall not take into account additional value or revenue generating potential, as determined using a discounted cash flow methodology in accordance with then current generally accepted valuation principles; and

(iii) any bona fide third party offer to purchase the SEL System.

(b) The fair market values in Sections 9.8(a)(i) and (ii) shall be as determined by an independent valuator jointly selected and retained by the City and Toronto Hydro.

(c) The valuation shall be completed within ninety (90) days of the appointment of the valuator.

(d) The valuation shall be reduced by the pro rata value of all Street Lighting Assets transferred to Toronto Hydro in accordance with Section 2.7(g) or Section 3.4.

(e) If the Parties do not agree on an independent valuator, either Party may apply to a judge of the Ontario Superior Court of Justice to appoint a valuator.

9.9 Transfer to City

(a) (i) The Parties shall co-operate in arranging for the orderly transfer of the SEL System to the City or another service provider designated by the City. Each Party shall promptly return to the other Party all property of the other Party that is in its possession or control. Toronto Hydro shall use commercially reasonable efforts to transfer or assign to the City or its designee all third party licences, leases and other Contracts that are related exclusively to the SEL System, subject to the payment to Toronto Hydro of any amounts required to be paid to third Parties in connection with such assignment or transfer and the unrecovered portion of any pre-payments or charges under such Contracts.

(ii) The City shall be responsible for and shall indemnify Toronto Hydro against all obligations and liabilities arising in connection with the SEL System arising after the date of transfer.

(iii) Toronto Hydro shall be responsible for and shall indemnify the City against all obligations and liabilities arising in connection with the SEL System arising after the Effective Date and prior to the date of transfer, except where such obligations and liabilities are the subject of an existing indemnity from the City to Toronto Hydro pursuant to the Asset Purchase Agreement and this Agreement.

(iv) Subject to Applicable Law, together with the transfer of the Street Lighting Assets, Toronto Hydro shall provide the City with a copy of all records and documentation in Toronto Hydro's control or possession which relate to the SEL System.

(b) At the time of transfer of the SEL System, the City shall provide to Toronto Hydro, at no cost to Toronto Hydro, such license or other rights to access and use the SEL System (provided such license and other access and use rights are on the same terms as the access and use rights granted herein and in the Licence Agreement) so as to allow Toronto Hydro to fulfill any obligations Toronto Hydro may have to third parties pursuant to Contracts in existence at the date of transfer (the "**TH Continuing Contracts**").

(c) Following the transfer of the SEL System, Toronto Hydro shall ensure that:

(i) the TH Continuing Contracts do not restrict the City's ability to properly operate and maintain the SEL System;

(ii) any costs incurred in connection with the TH Continuing Contracts are at Toronto Hydro's sole expense;

(iii) all TH Continuing Contracts will be terminated upon the date the Term would have expired, or, if this Agreement had been renewed prior to the transfer, upon the expiration of the then applicable renewal period.

(d) Following the transfer of the SEL System:

(i) all revenues under all TH Existing Contracts shall be exclusively for the benefit of Toronto Hydro; and

(ii) the City shall not take any action to frustrate or impede the fulfilment of any TH Existing Contract and shall co-operate reasonably with Toronto Hydro to allow Toronto Hydro to fulfill its obligations under the TH Existing Contracts.

(e) Following the transfer of the SEL System, Toronto Hydro shall be responsible for and shall indemnify the City against all obligations and liabilities arising in connection with the continuation of the TH Continuing Contracts.

ARTICLE 10
RIGHT OF FIRST REFUSAL

10.1 Right of First Refusal

(a) Notwithstanding anything to the contrary in this Section 10.1, Toronto Hydro shall be entitled to transfer or sell from time to time: (i) all Obsolete Poles; and (ii) an aggregate of one thousand (1000) Poles throughout the Term without triggering the right of first refusal described in this Section 10.1 provided Toronto Hydro ensures that its right to attach luminaires to such Poles is transferable to the City without the owner's consent.

(b) Subject to Subsection 10.1(a), if Toronto Hydro desires to transfer or sell all or any part of the SEL System to another Person (other than an Affiliate that is wholly owned by Toronto Hydro Corporation), Toronto Hydro shall first provide the City with notice of such proposed sale and a copy of the terms and conditions, including the price and date of closing, of such proposed sale (a "**Sale Notice**").

(c) Upon the Sale Notice being given to the City, the City shall have the option (but not the obligation) to purchase all of the SEL System, at its sole discretion, either (i) on the terms and conditions, including price specified in the Sale Notice, or (ii) a purchase price calculated in accordance with Section 9.8.

(d) The City shall have ninety (90) days following receipt of the Sale Notice (the "**RFR Period**") to notify Toronto Hydro that it elects to exercise its option to purchase all of the SEL System by providing Toronto Hydro with written notice of its intention to purchase all of the SEL System. If the City does not exercise its option to purchase all of the SEL System within the RFR Period, then Toronto Hydro shall have the right to sell all or substantially all of the SEL System without further approval of the City provided such sale is completed within one (1) year of the expiry of the RFR Period on terms and conditions including price, which are no less onerous than those specified in the Sale Notice.

(e) If the City exercises its option to purchase the SEL System it shall close the purchase transaction within sixty (60) days of the next Council meeting.

(f) If all or substantially all of the SEL System is not sold within such one (1) year period then the rights of the City pursuant to this Article10 shall again take effect.

ARTICLE 11
RELATIONSHIP MANAGEMENT

11.1 Toronto Hydro Representative

Toronto Hydro shall designate, from time to time, an individual (the "**Toronto Hydro Representative**") who shall serve as the primary point of contact for the City for all matters arising in connection with this Agreement, other than day-to-day operational matters. Toronto Hydro shall also designate one or more individuals, from time to time, to act as the Toronto Hydro Representative in the event that the primary designated individual is not available. Toronto Hydro shall ensure that the Toronto Hydro Representative is reasonably available for consultation with the City to resolve any issues arising in connection with this Agreement, and has the authority to make operational decisions and commitments on behalf of Toronto Hydro. The Toronto Hydro Representative shall not, however, have the authority to amend this Agreement.

11.2 City Representative

The City shall designate, from time to time, an individual (the "**City Representative**") who shall serve as the primary point of contact for Toronto Hydro for all matters arising in connection with this Agreement, other than normal, day-to-day operational matters. The City shall also designate one or more individuals, from time to time to act as the City Representative in the event that the primary designated individual is not available. The City shall ensure that the City Representative is reasonably available for consultation with Toronto Hydro to resolve any issues arising in connection with this Agreement, and has the authority to make operational decisions and commitments on behalf of the City. The City Representative shall not, however, have the authority to amend this Agreement.

11.3 Service Management Reviews

The Parties shall conduct reviews on a regular basis, but no less than annually, to discuss strategic direction in connection with the Services, identify areas for innovation, discuss issues and opportunities for improvement under this Agreement.

11.4 Change Request

(a) The Party requesting a Change will deliver a Change Request Form describing the change, the reason for it, and the effect it may have on the Services, to the other Party. Upon receipt of a Change Request Form, a Party shall have sixty (60) calendar days to either (i) approve the change request; (ii) undertake further study regarding its desirability and impact on the Services (and agree on the funding of the study); or (iii) reject it.

(b) Both Parties must sign the approval portion of the Change Request Form before any change that affects the Service's scope, schedule, or the Service Fees shall be implemented.

ARTICLE 12
REPRESENTATIONS AND WARRANTIES

12.1 Representations and Warranties

Each Party represents and warrants to the other Party as follows and acknowledges and confirms that the other Party is relying on such representations and warranties in connection with its execution of this Agreement:

(a) that such Party is a corporation validly subsisting under the laws of the Province of Ontario and has the power to enter into this Agreement and to perform its obligations hereunder;

(b) that the execution and delivery of this Agreement by the Party will not result in the violation of, or constitute a default under, or conflict with or cause the acceleration of any obligation of the Party under:

(i) any Contract to which the Party is a party or by which it is bound;

(ii) any provision of the constating documents or by-laws or resolutions of the board of directors (or any committee thereof) or shareholders of the Party;

(iii) any judgment, decree, order or award of any court, Governmental Authority or arbitrator having jurisdiction over the Party; or

(iv) any Applicable Law; and

(c) that there is no requirement for the Party to make any filing with, give any notice to or obtain any licence, permit, certificate, registration, authorization, consent or

approval of, any Governmental Authority as a condition to the lawful consummation of the transactions contemplated by this Agreement.

12.2 Authorization

Each Party represents and warrants to the other Party throughout the Term that this Agreement has been duly authorized, executed and delivered by the Party and is a legal, valid and binding obligation of the Party, enforceable against the Party by the other Party in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may only be granted in the discretion of a court of competent jurisdiction.

ARTICLE 13
DISPUTE RESOLUTION

13.1 Disputes Generally

(a) Other than disputes relating to Article 16, any dispute relating to this Agreement shall be referred to the Toronto Hydro Representative and the City Representative and the Parties shall cause their representative to use reasonable efforts to resolve the dispute. If a dispute is not resolved within a period of ten (10) Business Days, the dispute shall be referred by the Parties' representatives in writing to senior management of each of the Parties for resolution (a "**Senior Conference**"). Such senior management shall use best efforts to resolve the dispute for a period of up to ten (10) Business Days, but the provisions of this Subsection 13.1(a) requiring a Senior Conference shall not preclude a Party from pursuing any other available means of resolving the dispute, subject to the provisions of Section 13.2.

(b) Except where clearly prevented by the matter in dispute or a suspension of Services contemplated in Section 9.5, both Parties agree to continue performing their respective obligations under this Agreement while the Dispute is being resolved, unless and until such obligations are terminated or expire in accordance with the terms of this Agreement.

13.2 Arbitration

Except as is expressly provided in this Agreement, if a Dispute is not resolved in accordance with Section 13.1 within a period of fifteen (15) Business Days following the date of formal notification of a dispute, then upon written notice by any Party to the other Party, the dispute shall be finally settled by arbitration in accordance with the provisions of the *Arbitration Act, 1991* (Ontario), based upon the following:

(a) The arbitration tribunal shall consist of one arbitrator appointed by mutual agreement of the Parties, or in the event of failure to agree within ten (10) Business Days following delivery of the written notice to arbitrate, each of the Parties shall designate an arm's length third Person within a further ten (10)

Business Days who together shall agree upon and appoint an arbitrator. In the event such arm's length third Persons fail to appoint the arbitrator within such ten (10) Business Day period, any Party may apply to a judge of the Ontario Superior Court of Justice to appoint an arbitrator. The arbitrator must be qualified by education and training to rule upon the particular matter to be decided.

(b) The arbitrator shall be instructed that time is of the essence in the arbitration proceeding and that, in any event, the arbitration award must be made within thirty (30) days of the submission of the dispute to arbitration.

(c) After written notice is given to refer any dispute to arbitration, the Parties shall meet within five (5) Business Days of delivery of the notice and negotiate in good faith any changes in these arbitration provisions or the rules of arbitration which are adopted by this Section, in an effort to expedite the process and otherwise ensure that the process is appropriate given the nature of the dispute and the values at risk.

(d) The arbitration shall take place in English in Toronto, Ontario.

(e) The arbitration award shall be given in writing and shall be final and binding on the Parties, not subject to any appeal. The arbitration award shall deal with the question of costs of arbitration and all related matters, subject to the next sentence. A Party to a dispute may, at any time, make an offer to the other Party to the dispute to settle all or any part of the dispute. Any offer to settle is deemed to be an offer of compromise made in confidence and without prejudice. The fact that an offer to settle has been made may not be communicated to the arbitrator until the arbitrator has made a final determination of all aspects of the dispute other than costs. If an offer to settle is not accepted and the arbitration award is no more favourable to the Party to which the offer was made, the Party making the offer shall be entitled to all of its costs in connection with the arbitration in respect of the period from the date the offer to settle was made to the making of the arbitration award. The costs of arbitration include the arbitrators' fees and expenses, the provision of a reporter and transcripts, reasonable legal fees and reasonable costs of preparations.

(f) Judgment upon any award may be entered in any court having jurisdiction or application may be made to the court for a judicial recognition of the award or an order of enforcement, as the case may be.

(g) All disputes referred to arbitration (including the scope of the agreement to arbitrate, any statute of limitations, set-off claims, conflict of laws, rules, tort claims and interest claims) are governed by the substantive law of Ontario.

13.3 Municipal Arbitrations Act

The Parties agree that the dispute resolution mechanisms described in this Article 13 shall apply to all disputes in connection with this Agreement, to the exclusion of the *Municipal Arbitrations Act* (Ontario).

13.4 Outstanding Disputes

If on the date of the termination of this Agreement there are dispute resolution proceedings pending or outstanding under this Article, the provisions of this Agreement shall continue to apply to such proceedings notwithstanding the termination of the Agreement.

ARTICLE 14
LIABILITY, DAMAGE AND INSURANCE

14.1 Indemnity

(a) The City shall indemnify, defend and save harmless Toronto Hydro, its officers, representatives, employees and agents from all fines, suits, proceedings, liabilities, losses, damages, costs, expenses, claims, demands or actions of any nature or kind whatsoever caused directly or indirectly by or related to:

(i) the City's assets which are the subject of this Agreement, or

(ii) from the failure of the City to perform its obligations under this Agreement, the Night Patrol Licence, the Licence Agreement and the Joint Use Agreement

and against any and all damages, costs, expenses and fees (including without limitation all legal expenses) incurred by or on behalf of any of the foregoing in the investigations or defense of any and all such suits, proceedings, claims, damages or actions.

(b) Toronto Hydro shall indemnify, defend and save harmless the City, its officers, representatives, employees and agents from all fines, suits, proceedings, liabilities, losses, damages, costs, expenses, claims, demands or actions of any nature or kind whatsoever caused directly or indirectly by or related to:

(i) Toronto Hydro's assets or operations which are the subject of this Agreement, or

(ii) from the failure of Toronto Hydro to perform its obligations under this Agreement, the Night Patrol Licence, the Licence Agreement and the Joint Use Agreement

and against any and all damages, costs, expenses and fees (including without limitation all legal expenses) incurred by or on behalf of any of the foregoing in

the investigation or defense of any and all such suits, proceedings, claims, damages or actions.

(c) In the event that any Claim that would be covered by an indemnity set out in Sections 14.1(a) or 14.1(b) is made against any person who is entitled to and intends to seek indemnification thereunder (an "**Indemnitee**"), such Indemnitee shall give prompt notice of such claim or threatened claim to the indemnifying Party (the "**Indemnitor**"), and reasonable details of such claim or threatened claim, if known. If the Indemnitor acknowledges in writing to the Indemnitee that the indemnity set out in this Agreement applies to such Claim, then the Indemnitor shall be entitled to assume direction and control of the investigation, defence, appeal and settlement of the Claim, and the Indemnitee shall co-operate fully with the Indemnitor in connection therewith and shall be responsible for any legal or other costs it incurs in connection with its continued participation in the investigation, defence, appeal or settlement of such Claim. If the Indemnitor does not provide such acknowledgement, then each of the Indemnitor and Indemnitee will co-operate fully with each other in the investigation, defence, appeal and settlement of the Claim. No Indemnitee shall settle or compromise any such claim without the prior approval of the Indemnitor.

14.2 Limitation of Liability for Consequential Damages

Neither Party shall in any circumstances whatsoever be liable hereunder to the other Party for incidental or consequential or punitive damages including, without limitation, loss of profit, sustained or claimed by the other Party; provided however that nothing herein shall in any way limit the right of a Party to be indemnified by the other Party for a claim to the extent that such Party is seeking indemnity for a third party claim for incidental or consequential or punitive damages including, without limitation, loss of profits.

14.3 Insurance

Toronto Hydro shall provide and maintain general liability insurance covering the operations which are the subject of this Agreement and protecting against all claims which might arise from their operations performed by its respective officers, employees and agents under this Agreement, including bodily injury (including sickness and disease, mental injury, mental anguish, shock and death), personal injury (including humiliation and harassment), broad form property damage (including loss of use thereof), products and completed operations, sudden and accidental time element pollution liability, non-owned automobile liability, blanket contractual liability, cross liability and subject to limits of not less than ten million dollars ($10,000,000) inclusive per occurrence.

14.4 Survival

If this Agreement expires or is terminated in accordance with Article 9, this Article Article 14 shall survive until the termination of the Licence Agreement.

ARTICLE 15
FORCE MAJEURE

15.1 Definition

Except for the payment of any monies required hereunder and the obligations described in Section 15.2, neither Party shall be deemed to be in default of this Agreement where the failure to perform or the delay in performing any obligation is due to a cause beyond its reasonable control, including, but not limited to, an act of God, act of any Government Authority, war, terrorist attacks, civil commotion, strikes, lockouts and other labour disputes, fires, floods, sabotage, earthquakes, ice storms and epidemics ("**Force Majeure**"). As soon as a Party anticipates that a Force Majeure event may occur which will delay or prevent it from performing any of its obligations under this Agreement, it shall promptly notify the other Party and shall exercise all reasonable efforts to mitigate or limit the effect on the other Party.

15.2 Notice of Force Majeure

Once a Party becomes subject to such an event of Force Majeure, it shall promptly notify the other Party of its inability to perform, or of any delay in performing, due to an event of Force Majeure and shall provide an estimate, as soon as practicable, as to when the obligation will be performed. The Party subject to the Force Majeure event shall also continue to furnish timely reports to the other Party with respect to the Force Majeure event during the continuation of the said event and the said Party shall exercise all reasonable efforts to mitigate or limit damages to the other Party. The Party subject to the Force Majeure event shall use commercially reasonable efforts, in consultation with the other Party, to perform its obligations under this Agreement and to correct or cure the event or condition excusing performance and when the said Party is able to resume performance of its obligations thereunder, it shall give the other Party written notice to that effect and shall promptly resume performance thereunder. The time for performing the obligation shall be extended for a period equal to the time during which the Party was subject to the event of Force Majeure. The Parties shall explore all reasonable avenues available to avoid or resolve events of Force Majeure in the shortest time possible.

15.3 Strikes

Notwithstanding Sections 15.1 and 15.2, the settlement of any strike, lockout, restrictive work practice or other labour disturbance constituting a Force Majeure event shall be within the sole discretion of the Party involved in such strike, lockout, restrictive work practice or other labour disturbance and nothing in the two preceding paragraphs shall require the said Party to mitigate or alleviate the effects of such strike, lockout, restrictive work practice or other labour disturbance.

15.4 No Right to Terminate or Claim Damages

Neither Party shall have the right to claim damages from the other Party or terminate this Agreement as a result of the inability of the other Party to perform its obligations under

this Agreement solely as a result of an event of Force Majeure except for the right to terminate the Agreement provided in Section 9.1(b).

ARTICLE 16
CONFIDENTIALITY

16.1 Confidentiality

(a) No Party shall disclose the terms of this Agreement to any other Person (other than such Party's and its Affiliate's elected officials, officers, directors, employees, lenders, financing parties, counsel, consultants, advisors and accountants, all on a need-to-know basis and all of whom have agreed, or by the nature of their retainer, engagement or employment are required, to keep such terms confidential on similar terms, and for whose breach such Party shall be liable to the other Party), except in order to comply with any Applicable Law or stock exchange rule or reporting requirement, provided each Party shall notify the other Party of any proceeding of which it is aware that may result in disclosure and use reasonable efforts to prevent or limit the disclosure.

(b) The Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation, provided that all monetary damages shall be limited to actual direct damages and a breach of this Section 16.1 shall not give rise to a right to suspend performance under, or terminate this Agreement. This provision shall survive any termination of this Agreement, or the expiry of the Term, for a period of two (2) years.

(c) Each Party acknowledges that the other Party is subject to the *Municipal Freedom of Information and Protection of Privacy Act* (Ontario) ("**MFIPPA**") and that the other Party may be required to disclose confidential information concerning this Agreement in accordance with the provisions of MFIPPA.

ARTICLE 17
MISCELLANEOUS

17.1 Entire Agreement

(a) This Agreement, together with Schedules attached hereto, the Asset Purchase Agreement, the Licence Agreement, the Joint Use Agreement and the Night Patrol Licence represents the entire agreement between the Parties hereto respecting the subject matter hereto and supersedes all prior agreements, understandings, discussions, negotiations, representations and correspondence made by or between them respecting the subject matter hereto.

(b) This Agreement hereby supersedes and replaces as of the Effective Date, any prior oral or written agreement between the City and Toronto Hydro in respect of the provision of services relating to the SEL System, including without limitation, the Service Level Agreement dated May 10, 2004.

(c) In the event of any conflict between the provisions of this Agreement and the provisions of the Licence Agreement and/or the Joint Use Agreement, the provisions of this Agreement shall govern.

17.2 Notices

(a) Any notice, direction or other instrument required or permitted to be given to any Party shall be in writing and shall be sufficiently given if delivered personally, mailed or transmitted by fax or other form of recorded communication tested prior to transmission to such Party, as follows:

(i) in the case of the City at:

11th floor, East Tower,
Toronto City Hall
100 Queen Street West
Toronto ON M5H 2N2

Attention: City Manager
Fax No.: (416) 392-1827

with a copy to: City Solicitor, at:

Legal Services
55 John Street
Stn. 1260, 26th Flr., Metro Hall
Toronto ON M5V 3C6
Fax No. (416) 397-5624

(ii) in the case of Toronto Hydro, at:

14 Carlton Street
Toronto, Ontario
M5B 1K5

Fax: (416) 542-2833

Attention: President, Street Lighting

With a copy to Toronto Hydro General Counsel, at:

14 Carlton Street
Toronto, Ontario
M5B 1K5

Fax: (416) 542-2540

(b) Any such notice, direction or other instrument, if delivered personally, shall be deemed to have been given and received on the date on which it was delivered, provided that if such day is not a Business Day then the notice, direction or other instrument shall be deemed to have been given and received on the first Business Day next following such day; if mailed, shall be deemed to have been given and received on the third day after it was mailed, provided that if such day is not a Business Day then the notice, direction or other instrument shall be deemed to have been given and received on the first Business Day next following such day; and if transmitted by fax or other form of recorded communication, shall be deemed to have been given and received on the day of its transmission, provided that if such day is not a Business Day or if it is transmitted or received after the end of normal business hours then the notice, direction or other instrument shall be deemed to have been given and received on the first Business Day next following the day of such transmission.

(c) A Party may change its address for service from time to time by notice given to the other Party in accordance with the foregoing provisions.

17.3 Assignment

This Agreement shall not be assigned by either Party except with the prior written consent of the other Party, such consent not to be unreasonably withheld, conditioned or delayed, provided however, that Toronto Hydro may assign this Agreement to an Affiliate or a third party purchaser of the SEL System without the prior written consent of the City, provided that, in the case of a third party purchaser that is not an Affiliate that is wholly owned by Toronto Hydro Corporation, Toronto Hydro has complied with the provisions of Article 9 and the City has determined not to exercise its option to purchase the Street Lighting Assets.

17.4 Independent Contractor

In performing this Agreement, Toronto Hydro shall operate as an independent contractor, maintaining its own organization as a distinct and separate legal entity from the City. Neither Party shall have the authority to hold themselves out as acting on behalf of or to legally bind the other Party. Nothing in this Agreement shall be deemed to constitute a partnership or a joint venture or to create any fiduciary relationship between Toronto Hydro and the City.

17.5 Counterparts

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same agreement.

17.6 Governing Law

This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the Parties shall be governed by, the laws of the

Province of Ontario and the federal laws of Canada applicable therein, and each Party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of such province and all courts competent to hear appeals therefrom.

IN WITNESS WHEREOF this Agreement has been executed by the Parties.

TORONTO HYDRO STREET LIGHTING INC.

By: _____
J.S. Couillard
Chief Financial Officer, Toronto Hydro Street Lighting Inc.

By: _____
David S. O'Brien
Chief Executive Officer and President, Toronto Hydro Corporation

CITY OF TORONTO

By: _____
LEN S. BRITTAIN
For: Joseph Pennachetti
Deputy City Manager and Chief Financial Officer

By: _____
Marilyn M. Toft
For: Ulli Watkiss
City Clerk

Authorized by Clause 2 of Policy and Finance Committee Report No. 3 (following Item 168) adopted by Council at its Special Meetings on February 21, 22, 23, 24, 25, 28 and March 1, 2005; Clause 4 of Policy and Finance Committee Report No. 8 adopted by Council at its meeting of September 28, 29 and 30, 2005; and, Clause 8 of Policy and Finance Committee Report No. 10, as amended and adopted by Council at its Special Meeting of December 14 and 16, 2005.

_____
Marilyn M. Toft for **City Clerk**

Approved as to Form
For: Anna Kinastowski
City Solicitor

SCHEDULE "A"
EXPRESSWAY PROJECTS

Part 1 – F. G. Gardiner Expressway West

- From Royal York Road to Kipling Avenue (2.2 kms)
- Installation of High Mast Lighting on Tall Wall Barrier in Centre Median
- Installation of conventional lighting on ramps where required

Item	Quantity	Unit Cost	Extended Cost
High Mast Poles (includes pole, ring including fixtures, raising/lowering device, shroud)	19	$100,000	$1,900,000
Conventional Poles (black poles and quality fixtures)	80	$7,000	$560,000
Distribution Assemblies (power supplies)	2	$25,000	$50,000
	TOTAL COST		**$2,510,000***

Part 2 – F. G. Gardiner Expressway West

- Elevated section (Dufferin to DVP 7.5 kms)
- Installation of conventional lighting (similar to existing DVP/FGG conventional) to replace existing low pressure sodium

Item	Quantity	Unit Cost	Extended Cost
Conventional Poles (black poles and quality fixtures)	600	$7,000	$4,200,000
Distribution Assemblies (power supplies)	4	$25,000	$100,000
	TOTAL COST		**$4,300,000***

Part 3 – W. R. Allen Expressway

- Installation of conventional lighting to replace existing system at end of service life

Item	Quantity	Unit Cost	Extended Cost
Conventional Poles (direct buried concrete poles and Cobraheads)	300	$6,000	$1,800,000
Distribution Assemblies (power supplies)	3	$25,000	$75,000
	TOTAL COST		**$1,875,000***

***NOTE:**

- all costs are estimates using 2005 dollars
- all costs represent installed costs inclusive of labour and materials

SCHEDULE "B"
EXISTING CONTRACTS

Part 1 – Existing service and construction contracts to be terminated by the City before January 1, 2006

Name	Party	Number
Service Level Agreement between the City and Toronto Hydro, dated May 10, 2004	Toronto Hydro	N/A
District 4 Street Lighting Maintenance for the Period February 1, 2003 to January 31, 2006	Black & McDonald Ltd.	02TM-01SL
Expressway Lighting Maintenance Within the City of Toronto for the period August 1, 2002 to January 31, 2005	Stacey Electric Company Limited	02TM-03SL
Gardiner Expressway High Mast Lighting Installation from Hwy. 427 easterly to Humber River	Guild Electric Ltd.	02TM-04SL
Wash and Group Re-Lamp Street Lighting Luminares	Guild Electric Ltd.	05TM-02SL
2005 Street Lighting Pole and Luminaire Replacement	Black & McDonald Ltd.	05TM-03SL
Street Lighting Engineering Services	SNC Lavalin Engineers & Constructors Inc.	RFP No. 9117-02-7299
Engineering Services for the Development of a Street Lighting Design and Specifications Manual	McCormick Rankin Corporation	RFP No. 9119-02-7422
Routine Night Patrol Services to Report the Presence of Non-Functioning Street Lighting Luminaires	iTRANS Consulting Inc.	RFP No. 9155-01-7776

Part 2 – Construction contracts that will continue beyond January 1, 2006

Name	Party	Number	Termination Date
King Street West CN Rail Underpass (Tunnel) and Approach Lighting	Black & McDonald Ltd.	04TM-06SL	No later than March 31, 2006
The Restoration of Street Lighting System on Palmerston Boulevard Between Bloor Street and College Street in the City of Toronto	Black & McDonald Ltd.	04TM-05SL	No later than March 31, 2006

SCHEDULE "C"
ILLUMINATION STANDARDS

The Standard Practice Subcommittee of the Illumination Engineering Society of North America Roadway Lighting Committee, *American National Standard Practice for Roadway Lighting, RP-8-00*, as approved by the American National Standards Institute, 27 June 2000.

SCHEDULE "D"
SERVICE RESPONSE STANDARDS

The following are the response times between Toronto Hydro identifying the need for repair and maintenance Service to Street Lighting Assets and arrival of the maintenance crew.

Table 1- North, East and West Districts Priority and Response Times

PRIORITY	RESPONSE TIME
High Priority	Within One and One Half (1 ½) Hours
Medium Priority *	By End of Next Business Day
Low Priority **	Within Five (5) Business Days

Table 2 - South District Priority and Response Times

PRIORITY	RESPONSE TIME
High Priority	Within One and One Half (1 ½) Hours
Medium Priority *	By End of Next Business Day
Low Priority **	Within Ten (10) Business Days

* Example: If a medium priority is identified at 09:50 Tuesday, the call must be responded to by 16:00 Wednesday.

** Example: If a low priority is identified at 16:05 Tuesday, the call must be responded to by 16:00 the following Tuesday for North, East and West Districts.

If a low priority is identified on a weekend (Saturday or Sunday), Toronto Hydro must respond by 16:00 Tuesday. In the case of a holiday Monday, Toronto Hydro must respond by 16:00 Wednesday.

SERVICE PRIORITY LIST	
High Priority	**Medium Priority**
- Street Lights All Out — No Power	- 3 or More Consecutive Lamps Out
- Pole Down — Reported Accident	
- Davit Arm or Bracket Low or Loose	
- Fixture Facing Up or Sideways	
- Fixture Loose or Falling Off	**Low Priority**
- Overhead Wire Low or Loose	- Pole Leaning (not a safety hazard)
- Cabinet Hit or Damaged	- Pole Damaged — Non-Reported Accident
- Cabinet Door(s) Open	- Pole Handhole Cover Missing
- Pole Leaning — Safety Hazard	- Back Guy Loose or Damaged
- Exposed Wires	- Handwell Lid Broken or Missing

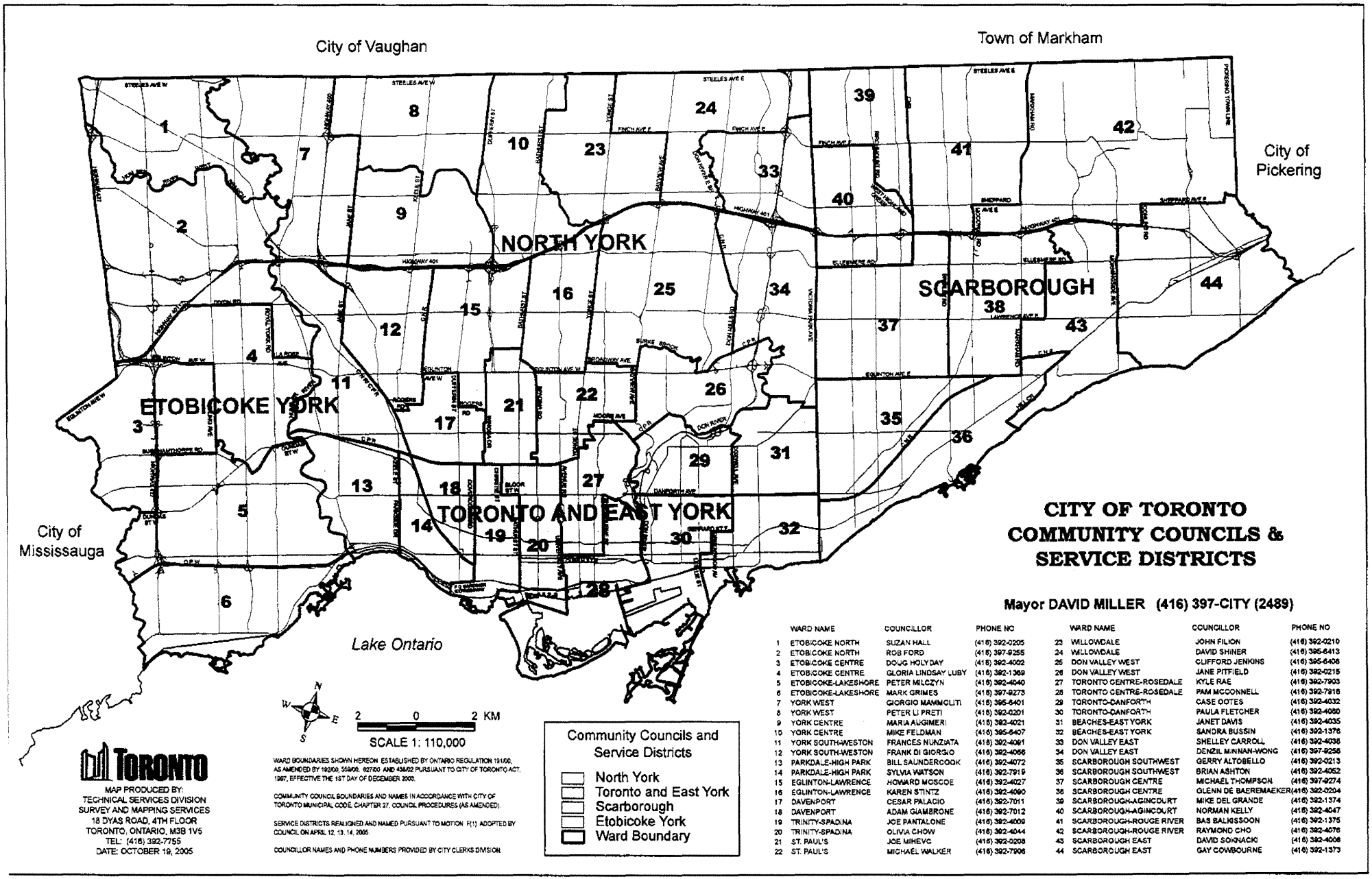
Note:
The South District is comprised of Electoral Wards 14, 18, 19, 20, 21, 22, 27, 28, 29, 30, 31 and 32.

The North District is comprised of Electoral Wards 8, 9, 10, 15, 16, 23, 24, 25, 26, 33 and 34.

The East District is comprised of Electoral Wards 35, 36, 37, 38, 39, 40, 41, 42, 43 and 44.

The West District is comprised of Electoral Wards 1, 2, 3, 4, 5, 6, 7, 11, 12, 13 and 17.

See attached map for Electoral Ward boundaries.



CITY OF TORONTO COMMUNITY COUNCILS & SERVICE DISTRICTS

Mayor DAVID MILLER (416) 397-CITY (2489)

	WARD NAME	COUNCILLOR	PHONE NO
1	ETOBICOKE NORTH	SUZAN HALL	(416) 392-0205
2	ETOBICOKE NORTH	ROB FORD	(416) 397-9255
3	ETOBICOKE CENTRE	DOUG HOLYDAY	(416) 392-4002
4	ETOBICOKE CENTRE	GLORIA LINDSAY LUBY	(416) 392-1369
5	ETOBICOKE-LAKESHORE	PETER MILCZYN	(416) 392-4040
6	ETOBICOKE-LAKESHORE	MARK GRIMES	(416) 397-9273
7	YORK WEST	GIORGIO MAMMOLITI	(416) 395-6401
8	YORK WEST	PETER LI PRETI	(416) 392-0201
9	YORK CENTRE	MARIA AUGIMERI	(416) 392-4021
10	YORK CENTRE	MIKE FELDMAN	(416) 395-6407
11	YORK SOUTH-WESTON	FRANCES NUNZIATA	(416) 392-4091
12	YORK SOUTH-WESTON	FRANK DI GIORGIO	(416) 392-4056
13	PARKDALE-HIGH PARK	BILL SAUNDERCOOK	(416) 392-4072
14	PARKDALE-HIGH PARK	SYLVIA WATSON	(416) 392-7919
15	EGLINTON-LAWRENCE	HOWARD MOSCOE	(416) 392-4027
16	EGLINTON-LAWRENCE	KAREN STINTZ	(416) 392-4090
17	DAVENPORT	CESAR PALACIO	(416) 392-7011
18	DAVENPORT	ADAM GIAMBRONE	(416) 392-7012
19	TRINITY-SPADINA	JOE PANTALONE	(416) 392-4009
20	TRINITY-SPADINA	OLIVIA CHOW	(416) 392-4044
21	ST. PAUL'S	JOE MIHEVC	(416) 392-0208
22	ST. PAUL'S	MICHAEL WALKER	(416) 392-7906
23	WILLOWDALE	JOHN FILION	(416) 392-0210
24	WILLOWDALE	DAVID SHINER	(416) 395-6413
25	DON VALLEY WEST	CLIFFORD JENKINS	(416) 395-6406
26	DON VALLEY WEST	JANE PITFIELD	(416) 392-0215
27	TORONTO CENTRE-ROSEDALE	KYLE RAE	(416) 392-7903
28	TORONTO CENTRE-ROSEDALE	PAM MCCONNELL	(416) 392-7916
29	TORONTO-DANFORTH	CASE OOTES	(416) 392-4032
30	TORONTO-DANFORTH	PAULA FLETCHER	(416) 392-4060
31	BEACHES-EAST YORK	JANET DAVIS	(416) 392-4035
32	BEACHES-EAST YORK	SANDRA BUSSIN	(416) 392-1376
33	DON VALLEY EAST	SHELLEY CARROLL	(416) 392-4038
34	DON VALLEY EAST	DENZIL MINNAN-WONG	(416) 397-9256
35	SCARBOROUGH SOUTHWEST	GERRY ALTOBELLO	(416) 392-0213
36	SCARBOROUGH SOUTHWEST	BRIAN ASHTON	(416) 392-4052
37	SCARBOROUGH CENTRE	MICHAEL THOMPSON	(416) 397-9274
38	SCARBOROUGH CENTRE	GLENN DE BAERMAEKER	(416) 392-0204
39	SCARBOROUGH-AGINCOURT	MIKE DEL GRANDE	(416) 392-1374
40	SCARBOROUGH-AGINCOURT	NORMAN KELLY	(416) 392-4047
41	SCARBOROUGH-ROUGE RIVER	BAS BALKISSOON	(416) 392-1375
42	SCARBOROUGH-ROUGE RIVER	RAYMOND CHO	(416) 392-4076
43	SCARBOROUGH EAST	DAVID SOKNACKI	(416) 392-4008
44	SCARBOROUGH EAST	GAY COWBOURNE	(416) 392-1373

TORONTO

MAP PRODUCED BY:
TECHNICAL SERVICES DIVISION
SURVEY AND MAPPING SERVICES
18 DYAS ROAD, 4TH FLOOR
TORONTO, ONTARIO, M3B 1V5
TEL: (416) 392-7755
DATE: OCTOBER 19, 2005

WARD BOUNDARIES SHOWN HEREON ESTABLISHED BY ONTARIO REGULATION 191/00, AS AMENDED BY 192/00, 559/00, 627/00 AND 458/02 PURSUANT TO CITY OF TORONTO ACT, 1997, EFFECTIVE THE 1ST DAY OF DECEMBER 2000.

COMMUNITY COUNCIL BOUNDARIES AND NAMES IN ACCORDANCE WITH CITY OF TORONTO MUNICIPAL CODE, CHAPTER 27, COUNCIL PROCEDURES (AS AMENDED).

SERVICE DISTRICTS REALIGNED AND NAMED PURSUANT TO MOTION (11) ADOPTED BY COUNCIL ON APRIL 12, 13, 14, 2005.

COUNCILLOR NAMES AND PHONE NUMBERS PROVIDED BY CITY CLERKS DIVISION.

SCHEDULE "E"
QUARTERLY SERVICE RESPONSE REPORT,
WARD ____

Maintenance Service Requests

Priority of Activity	Number of Service Requests Received	Number of Service Requests Completed Within Applicable Response Standard
High Priority		
Medium Priority		
Low Priority		

Other Requests

	Number of Requests Received	Number Completed	Number of Outstanding Requests at End of Period
Spot Improvement Requests			

SCHEDULE "F"
SERVICE CREDITS

Performance Targets/Penalties

$000s

High Priority Response		within 90 minutes				
Achievement	85%	80%	70%	60%	50%	40%
Penalty	25	50	100	150	200	250
2006 Penalty	-	-	0	50	100	150
Medium Priority Response		within 24 hours				
Achievement	90%	80%	70%	60%	50%	40%
Penalty	-	50	100	150	200	250
Low Priority Response		within 5 days				
Achievement	90%	80%	70%	60%	50%	40%
Penalty	-	50	100	150	200	250

Notes:
For high priority responses in 2006: straight line interpolation between data points, with penalties starting when achievement drops below 70%.
eg. 67% = 3/10 x $50,000 = $15,000

For high priority responses after 2006: straight line interpolation between data points, with penalties starting when achievement drops to 85%, and an immediate penalty of $25,000 at 85%.
eg. 86% = 0; 85% = $25,000; 83% = $25,000 + 2/5 x ($50,000 - $25,000) = $35,000

For medium and low priority responses: straight line interpolation between data points, with penalties starting when achievement drops below 90%.
eg. 87% = 3/10 x $50,000 = $15,000

Annual Aggregate Maximum (Cap) = $250,000.00

Achievement as reported quarterly and penalties assessed based on annual results.

SCHEDULE "G"
JOINT USE AGREEMENT

THIS JOINT USE AGREEMENT is made as of the 31st day of December, 2005.

B E T W E E N:

CITY OF TORONTO, a municipal corporation incorporated under the laws of Ontario

(hereinafter referred to as the "**City**")

- and -

TORONTO HYDRO STREET LIGHTING INC., a corporation incorporated under the laws of Ontario

(hereinafter referred to as "**Toronto Hydro**")

WHEREAS the Parties wish to enter into a license for the Joint Use Assets (as defined herein);

NOW THEREFORE THIS AGREEMENT WITNESSES THAT, in consideration of the premises and other good and valuable consideration, subject to the terms and conditions set out in this Agreement, the Parties hereto agree with each other as follows:

ARTICLE 1
DEFINITIONS

1.1 Definitions

In this Agreement:

(a) "**Agreement**" means this Joint Use Agreement;

(b) "**Joint Use Assets**" means (i) assets which, prior to the Effective Date, were used by the City partly in the operation of the SEL System and partly for another purpose together with any replacements to such assets, and (ii) assets similar to those identified in (i) which are reasonably necessary to be used for both a street lighting and any municipal purpose or service, including the assets listed in Schedule 1.1(b);

(c) "**Licensee**" means, with respect to a Joint Use Asset, the Party licensed to access and use such Joint Use Assets pursuant to Section 2.1;

(d) "**Owner**" means, with respect to a Joint Use Asset, the Party which owns such Joint Use Asset; and

(e) **"Service Agreement"** means the service agreement between the City and Toronto Hydro dated January 1, 2006.

1.2 Other Defined Terms

Capitalized terms that are not defined in this Agreement shall have the meanings ascribed thereto in the Service Agreement.

ARTICLE 2
LICENSE

2.1 License

(a) The City hereby grants to Toronto Hydro a license to access and use the Joint Use Assets owned by the City as necessary to permit Toronto Hydro to construct, own, operate, maintain and otherwise exploit the SEL System.

(b) Toronto Hydro hereby grants to the City a license to access and use the Joint Use Assets owned by Toronto Hydro as necessary to permit the City to construct, own, operate, maintain and otherwise exploit its assets for any municipal purpose or service.

ARTICLE 3
TERM

3.1 Term

This Agreement shall immediately terminate upon the City purchasing the SEL System as contemplated in Section 9.7 or Section 9.8 of the Service Agreement.

ARTICLE 4
USE

4.1 Use

(a) Each Licensee shall only access and use the Joint Use Assets in accordance with the license granted herein.

(b) Each Licensee shall not, during the term of this Agreement, do, suffer, nor permit to be done any act or thing which may impair, damage or injure the Joint Use Assets. In the event that any such impairment, damage or injury occurs, the Owner, acting reasonably, shall undertake all necessary repairs, at the cost and expense of the Licensee, as set out in Section 5.1(c) of this Agreement.

4.2 Non-exclusive

The right to use the Joint Use Asset shall not be exclusive, provided that the Owner shall use commercially reasonable efforts to ensure that no permitted use of the Joint Use Asset by a third party will interfere with the licensed access and use contemplated herein.

4.3 Access

Each Licensee, subject to the work requirements specified in Section 3.2 of the Service Agreement, shall have unrestricted access to the Joint Use Assets at all times for itself, its officers and employees and contractors together with the main means of ingress and egress to and from the Joint Use Assets. The Owner shall provide the Licensee from time to time with such keys, access codes and/or pass cards as may be necessary to permit access to the Joint Use Assets. The Owner shall provide and maintain such areas of ingress and egress, as determined by it in its sole discretion acting reasonably.

4.4 Restrictions

Each Licensee shall only use the Joint Use Asset in a manner that does not interfere with the operations of the Owner or other parties occupying any portion of the Joint Use Asset. In the event of such interference, the Owner shall immediately advise the Licensee, and the Licensee shall immediately take all necessary action to eliminate such interference. If such action is not taken within a reasonable period of time, as reasonably determined by the Owner, the Owner reserves the right to remove from service any or all of the Licensee's equipment located in or attached to the Joint Use Asset as may be necessary to eliminate such interference, at the cost and expense of the Licensee and the Licensee shall have no claim against the Owner with respect to such removal, as set out in Section 5.1(c) of this Agreement.

4.5 Alterations, Additions and Improvements

Each Licensee shall not make, nor cause to be made, any alteration, addition or improvement to the Joint Use Assets without the prior written approval of the Owner. Any such alteration, addition or improvement shall be done by contractors or other workers or tradesmen qualified to perform the work in a good and workmanlike manner with first-class materials, as approved by the Owner. The Licensee shall submit to the Owner for its prior written approval, such approval not to be unreasonably withheld, details of the proposed work including drawings and specifications by qualified designers and conforming to good engineering practice, and such indemnification against liens, costs, damages and expenses as the Owner may reasonably require.

4.6 Destruction

Should any portion of a Joint Use Asset be damaged in whole or in part to an extent rendering it either partially or totally unusable in the opinion of the Owner, the Parties shall co-operate in determining the cause of the occurrence and in determining the feasibility of restoring the Joint Use Asset to full use, provided always that the Owner shall be under no obligation to restore or rebuild the Joint Use Asset in whole or in part.

ARTICLE 5
REPAIRS

5.1 Repairs

(a) Each Licensee shall at all times maintain the Joint Use Assets in accordance with the Owner's reasonable requirements for the Joint Use Assets as communicated by the Owner from time to time.

(b) Each Licensee shall, upon written notice by the Owner, repair at its own cost, any damage to the Joint Use Asset resulting from any act or omission of the Licensee.

(c) If a Licensee does not promptly repair damage to a Joint Use Asset as contemplated in Section 5.1(b), the Owner may, acting reasonably, repair the damage and the Licensee shall promptly upon demand reimburse the Owner the cost of repairs for all damage to the Joint Use Asset incurred as a result of any act or omission of the Licensee.

5.2 Notification of damage

Each Licensee shall promptly notify the Owner of any damage to, malfunction of or deficiency or defect in any part of the Joint Use Asset or any equipment or utility systems in or serving the Joint Use Asset which it has noticed and which might cause injury or damage to persons or property.

ARTICLE 6
FORCE MAJEURE

6.1 Definition

Neither Party shall be deemed to be in default of this Agreement where the failure to perform or the delay in performing any obligation is due to an event of Force Majeure. As soon as a Party anticipates that a Force Majeure event may occur which will delay or prevent it from performing any of its obligations under this Agreement, it shall promptly notify the other Party and shall exercise all reasonable efforts to mitigate or limit the effect on the other Party.

ARTICLE 7
WARRANTIES, LIABILITY AND INSURANCE

7.1 No Warranty

The Joint Use Assets are provided "as is", without warranty of any kind, and each Owner expressly disclaims all warranties, conditions, undertakings or terms, express or implied, written or oral, including warranties of merchantability and fitness for a particular purpose. The Owner does not warrant, guarantee, or make any representations regarding the use or the results of the use of the Joint Use Assets. The entire risk as to use of the Joint Use Assets is assumed by the Licensee. The Owner does not warrant that operation of the Joint Use Assets will be uninterrupted.

7.2 Limitation of Liability

The Owner of a Joint Use Asset shall not be liable to the Licensee for any direct, indirect, incidental, punitive, special or consequential damages whatsoever which in any way arise out of, or relate to, or are a consequence of, the performance or non-performance by the Owner under this Agreement, including with respect to loss of profits, loss of revenues, goodwill, business interruption, loss of data, claims of customers, failure to realize expected savings or any other commercial or economic loss of any kind, even if advised of the possibility of such damages.

7.3 Indemnification

Each Licensee agrees that the indemnity provided by it under the Service Agreement shall include any and all claims, loss or damage that may be suffered by the Owner in consequence of any default made by the Licensee in the performance of any of its obligations under this Agreement.

ARTICLE 8
MISCELLANEOUS

8.1 Sale, Conveyance and Assignment

This Agreement shall not be assigned by either Party except with the prior written consent of the other Party, such consent not to be unreasonably withheld, conditioned or delayed, provided however, that Toronto Hydro may assign this Agreement to an Affiliate or a third party purchaser of the SEL System without the prior written consent of the City, provided that, in the case of a third party purchaser that is not an Affiliate that is wholly owned by Toronto Hydro Corporation, Toronto Hydro has complied with the provisions of the Service Agreement and the City has determined not to exercise its option to purchase the Street Lighting Assets. Notwithstanding the foregoing, Toronto Hydro shall not assign its rights under this Agreement to Toronto Hydro Telecom Inc., or its successors, without the consent of the City.

8.2 Entire Agreement

This Agreement, together with the Service Agreement represents the entire agreement between the parties hereto respecting the subject matter hereto and supersedes all prior agreements, understandings, discussions, negotiations, representations and correspondence made by or between them respecting the subject matter hereto.

8.3 Successors and Assigns

This Agreement shall enure to the benefit of and shall be binding on and enforceable by the Parties and their respective successors and permitted assigns.

8.4 Amendments and Waivers

No amendment or waiver of any provision of this Agreement shall be binding on either Party unless consented to in writing by such Party. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver constitute a continuing waiver unless otherwise provided.

8.5 Severability

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect.

8.6 Applicable Law

This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the parties shall be governed by, the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each Party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of such province and all courts competent to hear appeals therefrom.

IN WITNESS WHEREOF this Agreement has been executed by the Parties.

TORONTO HYDRO STREET LIGHTING INC.

By: _____

J.S. Couillard
Chief Financial Officer, Toronto Hydro Street Lighting Inc.

By: _____

David S. O'Brien
Chief Executive Officer and President, Toronto Hydro Corporation

CITY OF TORONTO

By: _____

For: Joseph Pennachetti
Deputy City Manager and Chief Financial Officer

BY: _____

For: Ulli Watkiss
City Clerk

Authorized by Clause 2 of Policy and Finance Committee Report No. 3 (following Item 168) adopted by Council at its Special Meetings on February 21, 22, 23, 24, 25, 28 and March 1, 2005; Clause 4 of Policy and Finance Committee Report No. 8 adopted by Council at its meeting of September 28, 29 and 30, 2005; and, Clause 8 of Policy and Finance Committee Report No. 10, as amended and adopted by Council at its Special Meeting of December 14 and 16, 2005.

_____

City Clerk

Approved as to Form
____For: Anna Kinastowski
City Solicitor

SCHEDULE 1.1(b)
Joint Use Assets

Joint Use Assets shall include the following:

(i) Traffic signal poles of galvanized steel construction installed by the Vendor's Transportation Services Division, that contain both street lighting plant and traffic signal plant; and

(ii) other common infrastructure such as conduits, ducts, duct banks, handwells, maintenance holes, power supply cabinets and substation distribution centers installed by the Vendor's Transportation Services Division that contain street lighting plant and traffic signal plant including traffic signals, pedestrian crossovers, flashing beacons, illuminated signs, closed circuit television cameras (CCTV), electronic changeable messages signs, transportation detector systems and fibre optic trunk and spur cables.

SCHEDULE "H"
LICENCE AGREEMENT

City Licence Agreement

THIS AGREEMENT made in quadruplicate as of the 31st day of December, 2005,

BETWEEN:

CITY OF TORONTO

(hereinafter referred to as the **"City"**)

OF THE FIRST PART

- and –

TORONTO HYDRO STREET LIGHTING INC.

(hereinafter referred to as the **"Toronto Hydro"**)

OF THE SECOND PART

WITNESSES THAT:

Whereas the City and Toronto Hydro have entered into an asset purchase agreement (the **"Asset Purchase Agreement"**) dated December 16, 2005, whereby the City sold to Toronto Hydro certain of the assets and other rights associated with the street and expressway lighting system in the City of Toronto;

Whereas the City and Toronto Hydro have entered into a street and expressway lighting service agreement (the **"Service Agreement"**) dated as of the date hereof, whereby Toronto Hydro has agreed to provide street and expressway lighting services to the City;

Whereas Toronto Hydro desires access to certain of the City's roads in order to design, operate, maintain and repair the street lighting assets and more generally, the street and expressway lighting system in the City of Toronto, and the City has agreed to grant a licence to Toronto Hydro for such access for a term as set out herein; and

Whereas pursuant to Section 9.1(k) of the Asset Purchase Agreement and Section 3.1 of the Service Agreement, the Parties have now mutually agreed to enter into this Agreement on the terms and conditions as set out herein;

NOW THEREFORE in consideration of the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the Parties, the Parties hereto covenant and agree as follows:

1. INTERPRETATION:

Whenever used in this City Licence Agreement, including the recitals unless the context otherwise requires, the following terms shall have the respective meanings specified or referred to below and grammatical variations of such terms shall have corresponding meanings:

(1) The following terms as used in this Agreement shall have the meanings set out below:

(a) **"Affiliate"** has the meaning provided in the *Business Corporations Act* (Ontario);

(b) **"Agreement"**, means this City Licence Agreement and all amendments made in writing by the Parties hereto and the term "**herein**" and similar expressions mean and refer to this Agreement and not to any particular Article, Section or Subsection;

(c) **"Asset Purchase Agreement"** has the meaning provided in the recitals;

(d) **"City"** means the City of Toronto and its successors;

(e) **"City Contractor"** means a contractor the services of which are obtained directly by the City in accordance with the terms of the Service Agreement for the performance of Third Party Work;

(f) **"Effective Date"** means 11:59 p.m. on December 31, 2005 or such other date as the City and Toronto Hydro may mutually agree;

(g) "**Existing SEL System**" means the Street Lighting Assets acquired by Toronto Hydro as at the Effective Date pursuant to the Asset Purchase Agreement;

(h) **"Independent Contractor"** means any contractor performing Third Party Work who is not Toronto Hydro or a City Contractor;

(i) **"Interfere"** means to endanger, or to unreasonably interfere with, prevent, impede or disturb and "**Interference**" has a corresponding meaning;

(j) **"Licence"** shall mean the SEL System Licence as set out in Section 6;

(k) **"Licence Fee"** shall have the meaning ascribed to it in Section 8;

(l) **"New Street Lighting Assets"** means Street Lighting Assets installed or otherwise acquired by Toronto Hydro pursuant to the Service Agreement after the Effective Date;

(m) **"OPA"** means the Ontario Power Authority and any successor thereto;

(n) **"Public Highway"** or **"Public Highways"** means the common and public roadways, including any bridge, trestle, viaduct or other structure forming part of a roadway, under the jurisdiction of the City both as of the date hereof and in the future;

(o) **"Services"** mean the activities specified in the Service Agreement at Section 2.1 to be carried out by Toronto Hydro, its agents, contractors and subcontractors;

(p) "**Service Agreement**" has the meaning provided in the recitals;

(q) **"SEL System"** means the Existing SEL System together with the New Street Lighting Assets;

(r) **"SEL System Licence"** means the licence granted at Section 6;

(s) **"Street Lighting Assets"** has the meaning set out in the Service Agreement.

(t) **"Term"** shall be as defined in Section 9;

(u) **"Third Party Work"** means work performed on, over or under the Public Highways other than work performed by Toronto Hydro; and

(v) **"Work"** means any installation, maintenance, operation, relocation or removal of Street Lighting Assets done by or on behalf of Toronto Hydro.

(2) Capitalized terms that are not defined in this Agreement shall have the meanings ascribed to such terms in the Service Agreement.

2. CURRENCY:

All dollar amounts in this Agreement are expressed in Canadian funds.

3. SECTIONS AND HEADINGS:

The division of this Agreement into Articles, Sections, Subsections, paragraphs and clauses and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this Agreement. Unless otherwise indicated, any reference in this Agreement to an Article, Section, Subsection or Schedule refers to the specified Article, Section, Subsection or Schedule to this Agreement.

4. NUMBER AND GENDER:

In this Agreement, words importing the singular number only shall include the plural and vice versa, words importing gender shall include all genders.

5. RULES OF INTERPRETATION:

In this Agreement, unless there is something in the subject matter or context inconsistent therewith:

(a) Any reference to a statute refers to such statute and all rules and regulations made under it as the same may have been or may from time to time be amended or re-enacted.

(b) Any reference to an agreement or document (except for reference to the Illumination Standards) refers to such agreement or document as the same may have been or may from time to time be amended, restated or replaced.

(c) A reference to a time or date is to the local time or date at Toronto, Ontario.

6. GRANT OF LICENCE:

In consideration of the payment by Toronto Hydro to the City of the Licence Fee, the receipt and sufficiency of which is hereby acknowledged, the City hereby grants to Toronto Hydro, and Toronto Hydro hereby accepts from the City, the non-exclusive licence (the "SEL System Licence"), on the terms specifically set out in this Agreement, to access the Public Highways to permit Toronto Hydro to construct, own, operate, maintain and otherwise exploit the SEL System within the municipal boundaries of the City of Toronto, or any other successor municipality, as of the Effective Date and as such boundaries may change during the Licence Term provided that nothing contained herein shall be construed as granting Toronto Hydro a property interest in the Public Highways, other than a non-exclusive licence for the purposes and on the terms and conditions set out herein.

Toronto Hydro agrees that nothing herein shall be construed as an additional assurance or covenant from the City that any particular alignments or routings over, under, within, or upon the Public Highways will be physically available or useable by Toronto Hydro.

7. ADDITIONAL TERMS OF THE LICENCE:

(a) Toronto Hydro shall exercise its rights under the Licence in accordance with all Applicable Laws.

(b) For further certainty, the Licence granted by this Agreement shall be subject to all applicable terms and conditions of the Service Agreement with respect to the Services.

8. LICENCE FEE:

On the Effective Date, Toronto Hydro shall pay to the City a licence fee (the "Licence Fee") in the amount of one hundred dollars ($100.00), the receipt and sufficiency of which is hereby acknowledged. Thereafter, Toronto Hydro shall pay the Licence Fee annually, on the anniversary of the Effective Date.

9. TERM:

The Term of this Agreement shall be for ninety-nine (99) years, commencing on the Effective Date and terminating on December 31, 2104.

10. NO REGISTRATION, ENCUMBRANCES:

Notwithstanding any provision of this Agreement to the contrary, Toronto Hydro shall not have the right to register this Agreement, its rights in any Public Highway derived from this Agreement, or any notice thereof in any land registry system, nor shall Toronto Hydro have the right to charge or otherwise encumber its right or interest in any Public Highway derived from this agreement.

11. RESTRICTIONS ON USE:

During the Term:

(a) Toronto Hydro shall not undertake any Work for which the consent of the City has not been granted if required pursuant to the terms of this Agreement;

(b) in undertaking its rights and obligations under the Service Agreement and under this Agreement, Toronto Hydro shall not unduly Interfere with the public use and enjoyment of any Public Highway.

12. INTERFERENCE:

(1) *Toronto Hydro*

Toronto Hydro will not, nor shall it permit any subcontractor provided for in Section 2.9 of the Service Agreement to, exercise its rights pursuant to the Licence, this Agreement, or the Service Agreement, in any manner which will at any time, directly or indirectly, cause Interference with the rights and obligations of the City under this Agreement or Service Agreement.

(2) *City*

The City will use commercially reasonable efforts to not directly or indirectly, cause Interference with the rights and obligations of Toronto Hydro under the Licence, this Agreement or the Service Agreement.

13. CONTRACTORS:

(a) Toronto Hydro shall use commercially reasonable efforts to accommodate the work of any City Contractors or Independent Contractors and to minimize any Interference to Third Party Work which is required by the City so long as such accommodation does not cause a breach of Toronto Hydro's contractual obligations to the City.

(b) The City shall use commercially reasonable efforts to ensure that any City Contractors or Independent Contractors performing Third Party Work, which is required by the City, shall not Interfere with the rights of Toronto Hydro pursuant to this Agreement or the Service Agreement except to the extent that any reasonable adjustment in normal work procedures or schedules is required, as determined by the City acting reasonably.

14. PAYMENT OF TAXES:

Except as agreed between the City and Toronto Hydro under the Service Agreement, Toronto Hydro shall pay, and shall expressly indemnify and hold the City harmless from, all taxes, rates, duties, levies, fees, charges, sewer levies, local improvement rates, assessments and similar charges imposed, assessed, levied or charged now or in the future by a Government Authority.

15. ASSIGNMENT:

This Agreement shall not be assigned by either Party except with the prior written consent of the other Party, such consent not to be unreasonably withheld, conditioned or delayed, provided however, that Toronto Hydro may assign this Agreement to an Affiliate or a third party purchaser of the SEL System without the prior written consent of the City, provided that, in the case of a third party purchaser that is not an Affiliate that is wholly owned by Toronto Hydro Corporation, Toronto Hydro has complied with the provisions of the Service Agreement and the City has determined not to exercise its option to purchase the Street Lighting Assets. Notwithstanding the foregoing, Toronto Hydro shall not assign its rights under this Agreement to Toronto Hydro Telecom Inc., or its successors, without the consent of the City.

16. NOTICE:

Any notice required or permitted to be given hereunder shall be in writing and shall be served personally, by facsimile or sent by prepaid registered mail addressed as follows:

(a) in the case of the City:

11th floor, East Tower,
Toronto City Hall
100 Queen Street West
Toronto ON M5H 2N2

Attention: City Manager
Fax No.: (416) 392-1827

With a copy to: City Manager of Transportation
Fax: (416) 392-0816

(b) in the case of Toronto Hydro:

14 Carlton Street
Toronto, Ontario
M5B 1K5
Fax: (416) 542-2833

Attention: President, Street Lighting

With a copy to Toronto Hydro General Counsel, at:
14 Carlton Street
Toronto, Ontario
M5B 1K5
Fax: (416) 542-2540

Either Party may from time to time change its address and recipient for service by notice to the other Party in the manner given aforesaid.

Any such notice, direction or other instrument, if delivered personally, shall be deemed to have been given and received on the date on which it was delivered, provided that if such day is not a Business Day then the notice, direction or other instrument shall be deemed to have been given and received on the first Business Day next following such day; if mailed, shall be deemed to have been given and received on the third day after it was mailed, provided that if such day is not a Business Day then the notice, direction or other instrument shall be deemed to have been given and received on the first Business Day next following such day; and if transmitted by fax or other form of recorded communication, shall be deemed to have been given and received on the day of its transmission, provided that if such day is not a Business Day or if it is transmitted or received after the end of normal business hours then the notice, direction or other instrument shall be deemed to have been given and received on the first Business Day next following the day of such transmission.

17. BINDING EFFECT:

This Agreement shall ensure to the benefit of and shall be binding upon and enforceable by the Parties and their respective successors and permitted assigns.

18. NO RELATIONSHIP:

Nothing in this Agreement shall create any relationship between the Parties other than that of Toronto Hydro as licensee and the City as licensor and it is specifically agreed that the

Parties are not partners, joint ventures, agents or trustees of the others. In performing its obligations under this Agreement, Toronto Hydro shall operate as an independent contractor, maintaining its own organization as a distinct and separate legal entity from the City. Neither Party shall have the authority to hold themselves out as acting on behalf of or to legally bind the other Party. Without limiting the generality of the foregoing, the Parties expressly acknowledge and agree that the City is in no way liable for the debts or any other liabilities of Toronto Hydro, whether relating to the Public Highways or otherwise.

19. ENTIRE AGREEMENT:

This Agreement, together with the Asset Purchase Agreement and the Service Agreement represents the entire agreement between the parties hereto respecting the subject matter hereto and supersedes all prior agreements, understandings, discussions, negotiations, representations and correspondence made by or between them respecting the subject matter hereto.

20. WAIVER:

No amendment or waiver of any provision of this Agreement shall be binding on either Party unless consented to by such Party. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver constitute a continuing waiver unless otherwise provided. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right.

21. TIME OF ESSENCE:

Time shall be of the essence of this Agreement.

22. SEVERABILITY:

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect.

23. INDEMNIFICATION, AND LIMITATION OF LIABILITY:

Toronto Hydro agrees that the indemnity provided by it under the Service Agreement shall include any and all claims, loss or damage that may be suffered by the City in consequence of any default made by Toronto Hydro in the performance of any of its obligations under this Agreement.

The City shall not be held liable for any claims which Toronto Hydro or its employees, officers and agents may have for losses, in respect of loss of life, personal injury, loss or damage to personal property or economic loss arising from or out of any occurrence over, under, within, or upon the Public Highways, unless due to the gross negligence of the City.

24. GOVERNING LAW:

This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the Parties shall be governed by, the laws of the Province of Ontario and the Federal laws of Canada applicable therein, and each Party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of such province and all courts competent to hear appeals therefrom.

IN WITNESS WHEREOF the Parties have hereto affixed their respective corporate seals attested to by the hands of their proper officers in that behalf duly authorized.

TORONTO HYDRO STREET LIGHTING INC.

By: _____
J.S. Couillard
Chief Financial Officer, Toronto Hydro Street Lighting Inc.

By: _____
David S. O'Brien
Chief Executive Officer and President, Toronto Hydro Corporation

CITY OF TORONTO

By: _____
For: Joseph Pennachetti
Deputy City Manager and Chief Financial Officer

By: _____
For: Ulli Watkiss
City Clerk

Authorized by Clause 2 of Policy and Finance Committee Report No. 3 (following Item 168) adopted by Council at its Special Meetings on February 21, 22, 23, 24, 25, 28 and March 1, 2005; Clause 4 of Policy and Finance Committee Report No. 8 adopted by Council at its meeting of September 28, 29 and 30, 2005; and, Clause 8 of Policy and Finance Committee Report No. 10, as amended and adopted by Council at its Special Meeting of December 14 and 16, 2005.

_____
City Clerk

Approved as to Form
____For: Anna Kinastowski
City Solicitor

SCHEDULE "I"
CAPITAL EXPENDITURES

2006	**$6,376,795**
2007	**$7,485,347**
2008	**$5,066,740**
2009	**$5,760,221**
2010	**$5,546,259**
2011	**$4,317,751**
2012	**$4,317,103**
2013	**$4,500,912**
2014	**$3,594,645**
2015	**$4,057,329**
2016	**$11,740,055**
2017	**$6,940,971**
2018	**$5,329,225**
2019	**$6,218,774**
2020	**$9,003,495**
2021	**$5,593,783**
2022	**$5,588,733**
2023	**$5,831,495**
2024	**$4,609,201**
2025	**$5,226,575**
2026	**$7,175,669**
2027	**$9,092,813**

2028	**$6,922,057**
2029	**$8,112,736**
2030	**$7,662,717**
2031	**$7,262,911**
2032	**$7,251,032**
2033	**$7,572,088**
2034	**$5,924,128**
2035	**$6,748,422**

SCHEDULE "J"
CHANGE REQUEST FORM

CHANGE REQUEST FORM	
Name and Telephone of Person Initiating Request:	**[City of Toronto/Toronto Hydro Street Lighting Inc.]**
Date Requested:	
Change Requested: (Detailed description of the Change requested, the area of the Services being modified, impact to metrics/reporting and the benefits of making the Change.) Impact Statement: Revision to Service Fee Required: Proposed Implementation Date:	

Date Received:	Change Request No.:

Agreed and Signed:

City of Toronto	**Toronto Hydro Street Lighting Inc.**
By:	By:
Signature:	Signature:
Date:	Date:

SCHEDULE "K"
ESCALATION PROCEDURE

If a low priority service need is not addressed within ten (10) Business Days of being identified with respect to the North, East and West districts of the City of Toronto, and within twenty (20) Business Days of being identified with respect to the South district of the City of Toronto, the City may, at its discretion, escalate the matter to Toronto Hydro's immediate supervisor responsible for street and expressway lighting maintenance services in the relevant district (**"TH Supervisor for District"**).

If a medium priority service need is not addressed within three (3) Business Days of being identified, the City may, at its discretion, escalate the matter to the relevant TH Supervisor for District.

If a high priority service need is not addressed within five (5) hours of being identified, the City may, at its discretion, escalate the matter to the relevant TH Supervisor for District.

If Toronto Hydro fails to meet the service need referred to above, to the City's satisfaction after escalation, acting reasonably the City may, at its discretion, escalate the matter (or matters) to Toronto Hydro's senior manager for street and expressway lighting (**"TH Senior SEL Manager"**).

Order of Escalation	Time before escalation	Toronto Hydro Contact
Low Priority for North, East and West Districts	Ten (10) Business Days	TH Supervisor for District
Low Priority for South District	Twenty (20) Business Days	TH Supervisor for District
Medium Priority	Three (3) Business Days	TH Supervisor for District
High Priority	Five (5) hours	TH Supervisor for District
Failure to meet service need after initial escalation	Discretion of City acting reasonably	TH Senior SEL Manager

Note:
The South District is comprised of Electoral Wards 14, 18, 19, 20, 21, 22, 27, 28, 29, 30, 31 and 32.

The North District is comprised of Electoral Wards 8, 9, 10, 15, 16, 23, 24, 25, 26, 33 and 34.

The East District is comprised of Electoral Wards 35, 36, 37, 38, 39, 40, 41, 42, 43 and 44.

The West District is comprised of Electoral Wards 1, 2, 3, 4, 5, 6, 7, 11, 12, 13 and 17. See attached map for Electoral Ward boundaries.

SCHEDULE "L"
NIGHT PATROL LICENSE

SOFTWARE LICENSE AGREEMENT

THIS SOFTWARE LICENSE AGREEMENT is made as of the 1st day of **January, 2006**

BETWEEN:

CITY OF TORONTO, a municipal corporation existing under the laws of the Province of Ontario

(hereinafter referred to as the **"City"**)

-and-

TORONTO HYDRO STREET LIGHTING INC., a corporation existing under the laws of the Province of Ontario

(hereinafter referred to as **"Toronto Hydro"**)

-and-

ITRANS CONSULTING INC., a corporation existing under the laws of the Province of Ontario

(hereinafter referred to as **"Consultant"**)

BACKGROUND

A. The City owns software referred to as Night Patrol, including all modifications and improvements thereto (collectively, the **"Licensed Software"**).

B. The City and Toronto Hydro have entered into a street and expressway lighting service agreement (the **"Service Agreement"**) dated as of January 1, 2006, whereby Toronto Hydro has agreed to provide street and expressway lighting services to the City.

C. Toronto Hydro wishes to license the Licensed Software to use in connection with the services it performs under the Services Agreement, and the City agrees to grant Toronto Hydro such a license under the terms and conditions of this Agreement.

D. Toronto Hydro will require a third party to maintain and modify the Licensed Software and may elect to use the services of Consultant for such maintenance and modification.

E. The City agrees to grant Consultant a license to the Licensed Software for the purposes of providing such maintenance and modification under the terms of this Agreement.

In consideration of the mutual covenants contained in this Agreement (the receipt and sufficiency of which are acknowledged by the Parties) the Parties hereby agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, unless the context or subject matter indicates otherwise, the following terms shall have the following meanings:

"Affiliate" has the meaning provided in the *Business Corporations Act* (Ontario).

"Agreement" means this license agreement and any schedules attached hereto, in each case as they may be amended or supplemented from time to time, and the expressions "hereto", "hereof", "hereby", "hereunder" and similar expressions refer to this license agreement, and not to any particular Article, Section, Subsection or other portion thereof, and include any and every amendment hereto.

"Confidential Information" means any and all material and information of the City or any of its Affiliates (in this definition called the "Disclosing Party") which has or shall come into the possession or knowledge of Toronto Hydro, Consultant or any of their Affiliates (in this definition called the "Recipient Party") in connection with or as a result of entering into this Agreement. For the purposes of this definition, "information" and "material" includes the Licensed Software, the Documentation, know-how, data, patents, copyrights, trade secrets, processes, techniques, programs, designs, formulae, marketing, advertising, financial, commercial, sales or programming materials, written materials, compositions, drawings, diagrams, computer programs, studies, work in progress, visual demonstrations, ideas, concepts, and other data, in oral, written, graphic, electronic, or any other form or medium whatsoever. Notwithstanding the foregoing, "Confidential Information" does not include information which is:

(i) in the public domain when it is received by or becomes known to the Recipient Party or which subsequently enters the public domain through no fault of the Recipient Party (but only after it enters the public domain);

(ii) independently developed by the Recipient Party without any use of or reference to the Confidential Information of the Disclosing Party and which such independent development can be established by evidence that would be acceptable to a court of competent jurisdiction; and

(iii) received by the Recipient Party in good faith without an obligation of confidence of any kind from a third party who the Recipient Party had no reason to believe was not lawfully in possession of such information free of any obligation of confidence of any kind, but only until the Recipient Party subsequently comes to have reason to believe that such information was subject to an obligation of confidence of any kind when originally received.

"**Documentation**" means any and all documents, technical information, specifications and user manuals describing the Licensed Software, its operation and matters related to its use, in written material, on magnetic media or communicated by electronic means that is in the City's possession which Toronto Hydro may reasonably require to use the Licensed Software.

"**including**" means including without limiting the generality of the foregoing and "includes" has a similar meaning.

"**Intellectual Property Rights**" include:

(i) any and all intellectual and proprietary rights provided under: (i) patent law; (ii) copyright law (including moral rights); (iii) trade-mark law; (iv) trade secret law; (v) design patent or industrial design law; (vi) semi-conductor chip and mask work law; or (vii) any other law which may provide a right in either hardware, software, documentation, ideas, formulae, algorithms, concepts, inventions, processes, know-how, or any Confidential Information generally, or the expression or use of such hardware, software, documentation, ideas, formulae, algorithms, concepts, inventions, processes, know-how, or any Confidential Information;

(ii) any and all applications, registrations, licenses, sub-licenses, franchises, agreements or any other evidence of a right referred to in (a) above; and

(iii) all licenses and waivers and benefits of waivers of the rights referred to in either (a) or (b) above, and all rights to damages and profits by reason of the infringement of any of such rights.

"**Party**" means the City, Toronto Hydro or Consultant and "**Parties**" means all three of them.

"**Person**" means any individual, company, corporation, partnership, government or government agency, authority or entity howsoever designated or constituted.

"**SEL System**" has the meaning attributed to that term in the Service Agreement.

"**Services**" has the meaning attributed to that term in the Service Agreement.

"**Term**" has the meaning attributed to that term in Section 5.1.

"**Trade-marks**" means the trade-mark, trade name, service mark, design mark, logo, emblem or other distinctive brand element (whether registered or not) used to identify the Licensed Software.

1.2 Other Defined Terms

Capitalized terms that are not defined in this Agreement shall have the meanings ascribed thereto in the Services Agreement

1.3 Sections and Headings

The division of this Agreement into Articles, Sections, Subsections, Paragraphs and Clauses and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this Agreement.

1.4 Entire Agreement

This Agreement, together with Service Agreement, the Asset Purchase Agreement, and the Licence Agreement represent the entire agreement between the Parties hereto respecting the subject matter hereto and supersedes all prior agreements, understandings, discussions, negotiations, representations and correspondence made by or between them respecting the subject matter hereto.

1.4 Further Assurances

From time to time, each Party shall, at the request of another Party and with reasonable diligence do all things and provide all assurances as may be reasonably required for carrying out the transactions contemplated by this Agreement, and each Party shall, at the request of another Party and with reasonable diligence, execute and deliver such additional documents or instruments as may be reasonably necessary to carry out the terms of this Agreement.

1.6 Invalidity

If any of the provisions of this Agreement are found by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions contained herein shall not be in any way affected or impaired thereby.

1.7 Governing Law

This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the Parties shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each Party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of such province and all courts competent to hear appeals therefrom.

ARTICLE 2
GRANT OF LICENSE

2.1 License to Toronto Hydro

Subject to Section 2.2, the City hereby grants to Toronto Hydro, during the Term, a limited, personal, non-exclusive, non-sublicensable and non-transferable right to use an object code and VBScript version of the Licensed Software and Documentation, solely in connection with Toronto Hydro's performance of the Services under the Service Agreement.

2.2 Restrictions on Use by Toronto Hydro

Toronto Hydro shall use the Licensed Software and the Documentation only as expressly provided for in this Agreement. Toronto Hydro shall not:

(a) use the Licensed Software for the purposes of performing maintenance to any assets other than the SEL System;

(b) assign, license, sublicense or otherwise transfer, voluntarily, by operation of law, or otherwise, its right to use the Licensed Software;

(c) make the Licensed Software available in any timesharing, networking, service bureau, or other rental arrangements whatsoever;

(d) both before and after termination of this Agreement for any reason, permit any Person, other than Consultant, Toronto Hydro's employees and contractors having a need to know, directly or indirectly to use, have access to or use of all or any part of the Licensed Software; or

(e) use the Licensed Software or the Documentation to develop any derivative works or any functionally compatible or competitive software.

2.3 Modification by Consultant

Subject to Section 2.4, the City hereby grants to Consultant, during the Term, the right to: (i) access, use and modify the source code and object code of the Licensed Software at the request of Toronto Hydro, solely in connection with Toronto Hydro's use of the Licensed Software for the purposes described herein; and (ii) deliver to Toronto Hydro an object code version or password protected VBScript of any modifications made pursuant to this Section 2.3, including patches to and new versions of the Licensed Software.

2.4 Restrictions on Use by Consultant

Consultant shall use the Licensed Software and the Documentation only as expressly provided for in this Agreement. Except as specifically permitted herein, Consultant shall not:

(a) modify the Licensed Software;

(b) assign, license, sublicense or otherwise transfer, voluntarily, by operation of law, or otherwise, its right to modify the Licensed Software;

(c) make the Licensed Software available in any timesharing, networking, service bureau, or other rental arrangements whatsoever;

(d) both before and after termination of this Agreement for any reason, permit any Person, other than Consultant and Toronto Hydro's employees and contractors having a need to know, directly or indirectly to use, have access to or use of all or any part of the Licensed Software; or

(e) use the Licensed Software or the Documentation to develop any derivative works or any functionally compatible or competitive software.

2.5 Change of Consultant

If Toronto Hydro wishes to engage a service provider other than Consultant to modify the Licensed Software, the City shall provide a license consistent with that granted in Section 2.3 to a service provider which the City, acting reasonably, approves of.

2.6 Trade-marks

During the Term, the City grants to Toronto Hydro the right to use the Trade-marks in Canada only, solely in connection with the use of the Licensed Software.

2.7 Trade-mark Conditions of Use

The rights granted in Section 2.6 are subject to the following conditions:

(a) Toronto Hydro shall include with each use of the Trade-marks the following designation: "NIGHT PATROL is a trade-mark of the City of Toronto and has been licensed for use." The City shall have the right to revise the above

designation and notification requirements and to require such other notices as shall be reasonably necessary to protect the rights and interests of the City and its Trade-marks;

(b) Toronto Hydro shall not use the Trade-marks in any modified fashion without the prior written consent of the City;

(c) Toronto Hydro shall not assign, license, sublicense or otherwise transfer, voluntarily, by operation of law, or otherwise, its right to use the Trade-marks;

(d) Toronto Hydro acknowledges that the City retains all right, title and interest in and to the Trade-marks;

(e) any and all goodwill established as a result of the use of the Trade-marks by Toronto Hydro shall enure to the sole benefit of the City in all jurisdictions; and

(f) upon termination or expiration of this Agreement, Toronto Hydro shall cease all use of the Trade-marks and shall cease distribution of any materials on which the Trade-marks appear.

ARTICLE 3
INTELLECTUAL PROPERTY

3.1 No Transfer of Title

Toronto Hydro and Consultant acknowledge that all right, title and interest in the Licensed Software, the Documentation and the Trade-marks are owned by the City. Toronto Hydro and Consultant also acknowledge that its rights pursuant to this Agreement do not extend beyond the licenses granted pursuant to Section 2.1 and Section 2.3 and that they shall not acquire any other Intellectual Property Rights in the Licensed Software, the Documentation or the Trade-marks. Toronto Hydro and Consultant agree that they shall not, at any time during or after the termination of this Agreement, contest or challenge the City's ownership of and/or Intellectual Property Rights in the Licensed Software, the Documentation or the Trade-marks, or contest or challenge Toronto Hydro's right to use any of the foregoing as contemplated by this Agreement.

3.2 Intellectual Property Rights Notices

Toronto Hydro and Consultant shall not remove any Intellectual Property Rights notice(s) included by the City or any third party in the code, or written on labels or containers of the Licensed Software or on the cover or title page of the Documentation, in any copy or part thereof made by Toronto Hydro or Consultant. Toronto Hydro and Consultant shall not modify or remove, in any manner, any such proprietary notice(s) provided by the City or any third party in connection with the Licensed Software or the Documentation.

ARTICLE 4
CONFIDENTIALITY

4.1 Confidential Information

Toronto Hydro and Consultant shall:

(a) keep the Confidential Information confidential; and

(b) not disclose or otherwise make available the Confidential Information to any third party except to such directors, officers, employees and agents of Toronto Hydro or Consultant who have a need to have access to the Confidential Information to perform their obligations to Toronto Hydro or Consultant.

4.2 Permitted Disclosure

In the event that any of Toronto Hydro or Consultant or any other Person referred to in Subsection 4.1(b) to whom the Confidential Information is provided, as permitted by this Agreement, receives notice indicating that it may or shall be legally compelled to disclose any of the Confidential Information, it shall provide the City with prompt notice so that the City may at the City's sole discretion seek a protective order or other appropriate remedy and/or waiver of compliance with the provisions of this Agreement. In the event that such protective order or other remedy is not obtained for whatever reason, or that the City waives compliance with the provisions of this Agreement, such compelled Person shall furnish only that portion of the Confidential Information in respect of which it is advised by written opinion of counsel that it is legally required to disclose.

4.3 Remedies

The foregoing agreements and covenants set forth in this Article 4 shall be construed as being an agreement independent of any other provisions in this Agreement. The existence of any claim or cause of action of Toronto Hydro or Consultant against the City, whether predicated on this Agreement or otherwise, shall not constitute a defence to the enforcement by the City of any of the covenants and agreements of this Article 4. Toronto Hydro and Consultant acknowledge that its failure to comply with the provisions of this Article 4 shall cause irreparable harm to the City which cannot be adequately compensated for in damages, and accordingly acknowledges that the City shall be entitled, in addition to any other remedies available to it, to interlocutory and permanent injunction relief to restrain any anticipated, present or continuing breach of this Agreement or any Intellectual Property Rights in the Licensed Software.

ARTICLE 5
TERM AND TERMINATION

5.1 Term

Subject to the provisions of this Article 5, the term of this Agreement shall commence on the date hereof and shall continue until Service Agreement is terminated for any reason whatsoever (the **"Term"**).

5.2 Right of Termination

The City may immediately terminate this Agreement upon notice in writing to Toronto Hydro and Consultant if any of the following occur:

(a) Toronto Hydro's use of the Licensed Software, Documentation or the Trade-marks exceeds the scope of the licenses conferred under this Agreement and Toronto Hydro fails to correct such usage within sixty (60) days of being notified that such use is occurring;

(b) Toronto Hydro breaches any term of this Agreement and Toronto Hydro fails to correct such breach within sixty (60) days of being notified that such breach is occurring;

(c) Toronto Hydro: (i) makes any general assignment for the benefit of creditors or otherwise enters into any composition or arrangement with its creditors; (ii) is unable to pay its debts as they mature; (iii) has a receiver and/or manager appointed over its assets or an application is made to do so; (iv) becomes bankrupt or insolvent or commits an act of bankruptcy or takes or attempts to take advantage of any law or statute for the relief of bankrupt or insolvent debtors; (v) commences or becomes subject to any process that might result in its bankruptcy or liquidation; (vi) has a resolution or a petition filed or an order made for its winding up; or (vii) ceases to carry on business.

5.3 Effect of Termination

Upon the termination of this Agreement, Toronto Hydro and Consultant shall immediately cease using the Licensed Software, Documentation and Trade-marks (unless otherwise permitted pursuant to a separate agreement with the City) and:

(a) erase any copy of the Licensed Software, Documentation and/or Trade-marks in the property or possession of Toronto Hydro;

(b) erase all backup and archival copies of the Licensed Software (including any Documentation and/or Trade-marks); and

(c) provide written confirmation within ten (10) days of the termination of this Agreement that, to the best of Toronto Hydro's knowledge, all copies of the Licensed Software, Documentation, Trade-marks and Confidential Information have been erased or destroyed as instructed by the City.

5.4 Return of Confidential Information

Upon the termination of this Agreement, Toronto Hydro and Consultant shall return to the City all of the City's Confidential Information then in its possession or control and shall remove all digital representations thereof in any form from all electronic storage media in its possession or under its control.

5.5 Termination Without Prejudice to Other Rights

Termination of this Agreement shall not limit the City from pursuing any other remedies available to it, including injunctive relief.

5.6 Dispute Resolution

Any dispute between Toronto Hydro and the City relating to this Agreement, including any dispute regarding a termination event described in Section 5.2, shall be resolved pursuant to the dispute resolution mechanism in the Service Agreement.

ARTICLE 6
REPRESENTATIONS, WARRANTIES AND LIABILITIES

6.1 Disclaimer of Warranty

THE LICENSED SOFTWARE, DOCUMENTATION AND TRADE-MARKS ARE PROVIDED "AS IS", WITHOUT WARRANTY OF ANY KIND, AND THE CITY EXPRESSLY DISCLAIMS ALL WARRANTIES, CONDITIONS, UNDERTAKINGS OR TERMS, EXPRESS OR IMPLIED, WRITTEN OR ORAL, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR TITLE TO THE LICENSED SOFTWARE, DOCUMENTATION OR TRADE-MARKS, AND THOSE ARISING BY STATUTE OR FROM A COURSE OF DEALING, USAGE OR TRADE. THE CITY DOES NOT WARRANT, GUARANTEE, OR MAKE ANY REPRESENTATIONS REGARDING THE USE OR THE RESULTS OF THE USE OF THE LICENSED SOFTWARE AND THE DOCUMENTATION IN TERMS OF ITS CORRECTNESS, ACCURACY, RELIABILITY, CURRENTNESS OR OTHERWISE, OR THAT THE LICENSED SOFTWARE, THE DOCUMENTATION OR THE TRADE-MARKS DO NOT INFRINGE ANY THIRD PARTY INTELLECTUAL PROPERTY RIGHTS. THE ENTIRE RISK AS TO THE RESULTS AND PERFORMANCE OF THE LICENSED SOFTWARE IS ASSUMED BY TORONTO HYDRO. THE CITY DOES NOT WARRANT THAT THE LICENSED SOFTWARE WILL BE ERROR FREE OR THAT ITS OPERATION WILL BE UNINTERRUPTED. THE CITY SHALL PROVIDE NO SUPPORT OR MAINTENANCE FOR THE LICENSED SOFTWARE.

6.2 Limitation of Liability

UNDER NO CIRCUMSTANCES AND UNDER NO LEGAL THEORY, TORT, CONTRACT OR OTHERWISE, SHALL THE CITY HAVE ANY LIABILITY TO TORONTO HYDRO OR ANY OTHER PERSON OR ENTITY FOR ANY DIRECT, INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES WHATSOEVER, INCLUDING BUT NOT LIMITED TO LOSS OF REVENUE OR PROFIT, LOST OR DAMAGED DATA, OR OTHER COMMERCIAL OR ECONOMIC LOSS, EVEN IF THE CITY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES; NOR SHALL THE CITY'S AGENTS, AFFILIATES OR REPRESENTATIVES OR LICENSORS HAVE ANY SUCH LIABILITY.

6.3 Fundamental Breach

THIS ARTICLE 6 APPLIES REGARDLESS OF THE BASIS ON WHICH TORONTO HYDRO OR CONSULTANT IS ENTITLED TO CLAIM, INCLUDING BREACH OF CONTRACT OR TORT, EVEN IF THE DAMAGES ARE CAUSED BY BREACH OF CONTRACT (INCLUDING FUNDAMENTAL BREACH), OR BY THE NEGLIGENCE, GROSS NEGLIGENCE, NEGLIGENT MISREPRESENTATION OR OTHER FAULT OF THE CITY, AND EVEN IF THE CITY HAS BEEN ADVISED OF THE POSSIBILITY OF THESE DAMAGES.

ARTICLE 7
INDEMNITY

7.1 Indemnity by Toronto Hydro

Toronto Hydro agrees that the indemnity provided by it under the Service Agreement shall include any and all claims, loss or damage that may be suffered by the City in consequence of

any default made by Toronto Hydro in the performance of any of its obligations under this Agreement.

7.2 Indemnity by Consultant

Consultant shall indemnify, defend and hold the City and all of its Affiliates and each of their directors, shareholders, officers, employees and agents (collectively, in this Section 7.2 referred to as "**Indemnities**") harmless for and against any and all costs, losses, damages, expenses (including lawyers' fees), liabilities, claims and demands arising or resulting from any third party claim made or suit brought against the Indemnities by reason of or as a consequence of Consultant's use of the Licensed Software, or Documentation (other than any claim that Indemnities cannot grant the licenses provided herein).

ARTICLE 8
GENERAL

8.1 Assignment

Toronto Hydro may assign this Agreement to any assignee of the Service Agreement pursuant to the terms thereof. Toronto Hydro shall not otherwise assign any of its rights or obligations under this Agreement. Consultant may not assign any of its rights or obligations under this Agreement. The City may assign its rights and/or obligations under this Agreement (whether in whole or in part) without the prior written consent of Toronto Hydro or Consultant.

8.2 Binding on Successors

This Agreement shall enure to the benefit of and be binding upon the respective successors and permitted assigns of the Parties hereto.

8.3 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement shall be binding unless executed in writing by the Party to be bound thereby. No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

8.4 Survival

The termination of all or any part of this Agreement shall not affect or prejudice any rights or obligations that have accrued or arisen under this Agreement or such part thereof prior to the time of termination and those rights and obligations shall survive the termination of this Agreement or part thereof. Notwithstanding any other provision of this Agreement, Articles 4 and 6 hereof and all other provisions of this Agreement necessary to give effect thereto shall survive the termination of all or any part of this Agreement.

8.5 Counterparts

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the date first written above.

ITRANS CONSULTING INC.

By: _____

Name:

Title:

By: _____

Name:

Title:

TORONTO HYDRO STREET LIGHTING INC.

By: _____

J.S. Couillard

Chief Financial Officer, Toronto Hydro Street Lighting Inc.

By: _____

David S. O'Brien

Chief Executive Officer and President, Toronto Hydro Corporation

CITY OF TORONTO

By: _____

For: Joseph Pennachetti

Deputy City Manager and Chief Financial Officer

By: _____

For: Ulli Watkiss

City Clerk

Authorized by Clause 2 of Policy and Finance Committee Report No. 3 (following Item 168) adopted by Council at its Special Meetings on February 21, 22, 23, 24, 25, 28 and March 1, 2005; Clause 4 of Policy and Finance Committee Report No. 8 adopted by Council at its meeting of September 28, 29 and 30, 2005; and, Clause 8 of Policy and Finance Committee Report No. 10, as amended and adopted by Council at its Special Meeting of December 14 and 16, 2005.

_____

City Clerk

Approved as to Form

____For: Anna Kinastowski

City Solicitor

SCHEDULE "M"
STREET LIGHTING ASSET CONVEYANCE

GENERAL CONVEYANCE

General Conveyance Agreement (this "**Agreement**") dated ●, between the City of Toronto, (the "**City**") and Toronto Hydro Street Lighting Inc., (the "**THSLI**").

RECITALS:

Pursuant to the street and expressway lighting service agreement dated January 1, 2005 (the "**Services Agreement**") between the City and THSLI, the City has agreed to transfer to THSLI certain Street Lighting Assets throughout the Term.

In consideration of the foregoing and the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

Section 1 Defined Terms.

Capitalized terms used in this Agreement and not otherwise defined shall have the meanings specified in the Services Agreement.

Section 2 Conveyance of Assets.

Pursuant to Section 3.3 of the Services Agreement, and subject to Section 3 of this Agreement, the City hereby sells, assigns, conveys and transfers to THSLI all of the City's right, title and interest in and to the Street Lighting Assets described in Schedule 1 (the "**Transferred Street Lighting Assets**").

Section 3 Subject to Services Agreement.

This Agreement is subject to the terms and conditions of the Services Agreement. In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of the Services Agreement, the provisions of the Services Agreement shall prevail.

Section 4 Further Assurances.

From time to time each Party to this Agreement covenants and agrees that it will, at the expense of the requesting Party, promptly execute and deliver all such documents, including, all such additional conveyances, transfers, consents and other assurances and do all such other acts and things as the other Party, acting reasonably, may from time to time request be executed or done in order to better evidence or perfect or effectuate the conveyance of the Transferred Street Lighting Assets as contemplated herein.

Section 5 Successors and Assigns.

This Agreement shall enure to the benefit of and shall be binding on and enforceable by the Parties and their respective successors and permitted assigns.

Section 6 Governing Law.

This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Section 7 Counterparts.

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement.

SCHEDULE 1

TRANSFERRED STREET LIGHTING ASSETS

SCHEDULE "N"
JOINT USE ASSETS

Joint Use Assets shall include the following:

(i) Traffic signal poles of galvanized steel construction installed by the Vendor's Transportation Services Division, that contain both street lighting plant and traffic signal plant; and

(ii) other common infrastructure such as conduits, ducts, duct banks, handwells, maintenance holes, power supply cabinets and substation distribution centers installed by the Vendor's Transportation Services Division that contain street lighting plant and traffic signal plant including traffic signals, pedestrian crossovers, flashing beacons, illuminated signs, closed circuit television cameras (CCTV), electronic changeable messages signs, transportation detector systems and fibre optic trunk and spur cables.

::ODMA\PCDOCS\TOR01\3160121\1

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

INTERROGATORY 5:

Reference(s): Section C / Tab 7
Asset Purchase Agreement between THESI and NewCo

The evidence of the Applicants, Schedule 1.1(oo) – SEL Employees at Page 16 of the Asset Purchase Agreement between THESI and NewCo, states:

> Schedule to be delivered separately as a confidential document.

a) Has Schedule 1.1(oo) – SEL Employees been delivered as provided for in this June 8, 2009 Asset Purchase Agreement?
b) Please file Schedule 1.1(oo) – SEL Employees.

RESPONSE:

a) No.

b) There are 33 SEL employees.

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

INTERROGATORY 6:

Reference(s): Section C / Tab 7
Asset Purchase Agreement between THESI and NewCo
Article II – Purchase and Sale of Purchased Assets

The evidence of the Applicants, at page 7 of the Asset Purchase Agreement between THESI and NewCo, at 2.2 – SEL Employees states:

> (a) As at the Closing Date, the Purchaser shall hire all SEL Employees involved in the operation of the SEL Business on the same terms and conditions and with recognition of their existing seniority as applicable while they were employed by the Vendor.

a) How many SEL Employees are to be transferred from the Vendor to the Purchaser?
b) Please provide a comparison between the existing wage, benefits and working conditions of SEL Employees and those of the Purchaser's employees.
c) Does the wording of the Agreement at 2.2 – SEL Employees (a) eliminate the responsibility of the Purchaser to fund employee buy out offers?

RESPONSE:

a) There are 33 SEL employees to be transferred.

b) The 33 SEL employees and THESL employees work under the same Collective Bargaining Agreement (CBA).

c) All Contractual obligations relating to the SEL employees arising after the Closing Date would be the obligations of the Purchaser.

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

INTERROGATORY 7:

Reference(s): Section C / Tab 7
Asset Purchase Agreement between THESI and NewCo
Article II – Purchase and Sale of Purchased Assets

The evidence of the Applicants, at Page 7 of the Asset Purchase Agreement between THESI and NewCo, at 2.2 – SEL Employees states:

(b) All obligations in respect of SEL Employees under any Contract shall be assumed by the Purchaser as and from the Closing Date.

a) What Contracts are referred to in (b) above?
b) What is the forecast cost to the Purchaser of (b) above?
c) Please provide copies of the Contracts referred to in (b) above

RESPONSE:

a) Any agreement, indenture, contract, lease, understanding, arrangement, deed of trust, licence, option, instrument or other commitment whether written or oral relating to an SEL Employee. These would include two collective bargaining agreements ("CBAs") (one for outside and one for inside employees) between CUPE Local One and THESL. These CBAs currently cover both THESL and THESI SEL employees.

No incremental costs are expected from these contracts because they are offset by the City contract revenues.

b) Any Contract other than the CBAs relating to an SEL Employee would be confidential and subject to applicable privacy legislation and therefore we are not able

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

to provide copies of those contracts.

c) Copies of the CBAs are hereto attached as Appendix A.

Toronto Hydro-Electric System Limited
EB-2009-0180 to -0183
Section F
Tab 19
Schedule 7
Appendix A
Filed: 25 Sep 2009
(292 pages)

C O L L E C T I V E A G R E E M E N T

BETWEEN

TORONTO HYDRO

AND

LOCAL NO. 1
CANADIAN UNION OF
PUBLIC EMPLOYEES

(Representing Inside Employees)

FEBRUARY 1, 2006

TO

JANUARY 31, 2009

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INSIDE EMPLOYEES' AGREEMENT

Between

TORONTO HYDRO

(hereinafter called the "Employer")

and

CANADIAN UNION OF PUBLIC EMPLOYEES
LOCAL NO. 1

(hereinafter called the "Union")

ARTICLE 1

PURPOSE

1.01 The purpose of this Agreement is to maintain a harmonious relationship between the Employer and the Inside employees and to provide amicable methods of settling differences. This relationship will ensure effective and efficient operations to meet the needs of our customers and our community.

1.02 It is the intent and purpose of the parties to set forth here the agreement between the Employer and the Union concerning rates of pay, hours of work and all other conditions of employment.

1.03 The Employer is responsible for the safety, comfort and general welfare of the community in respect to the service of electrical energy and the employees are prepared to assist at all hours of the day or night in the provision of such service except when employee is on sick leave, vacation, WSIB, or any other approved leave.

ARTICLE 2

UNION RECOGNITION

2.01

(a) The Employer recognizes the Union as the exclusive bargaining agent for its employees in the classifications listed in Schedule I of this Agreement.

(b) For greater certainty, but without expanding Schedule I, the Union's bargaining unit excludes: Supervisors; Leaders; persons above the rank of Supervisors, and Leaders; Human Resource staff; Legal Services staff; Public Relations Staff; Payroll staff; Engineers; Administrators; Information Technology staff; Administrative Assistants; Analysts; Sales staff; Marketing staff; Retail staff; Coordinators; Consultants; and persons regularly employed for not more than 24 hours per week.

ARTICLE 3

NO DISCRIMINATION

3.01

(a) The Employer, with respect to employment or any term or condition of employment, discipline or discharge, agrees that it will not discriminate against a person as provided under the Human Rights Code (Ontario), or by reason of membership or activity in the Union.

(b) All rights and benefits conferred under this Collective Agreement to employees on the basis of a spousal relationship, shall be equally conferred when the employee's partner is of the same sex.

ARTICLE 4

MANAGEMENT RIGHTS

4.01 The Union recognizes that the management of the Employer and the direction of the work force are fixed exclusively in the Employer and shall remain solely with the Employer except as specifically limited by the express provisions of this Agreement. Without restricting the generality of the foregoing, the Union acknowledges that it is the exclusive function of the Employer to:

(a) maintain order, discipline and efficiency;

(b) hire discharge, direct, classify, transfer, set qualifications, promote, demote and suspend or otherwise discipline any employee provided that a claim that a non-probationary employee has been discharged or disciplined without reasonable cause;

(c) generally to manage the operation and undertakings of the Employer and take such measures as the Employer may determine for the order and/or economical operation of the Employer's business and without restricting the generality of the foregoing to select, install and require the operation of any equipment, plant and machinery which the Employer in its discretion deems necessary for the efficient and economical carrying out of the operations and undertakings of the Employer.

The Union further recognizes the right of the Employer to make and alter from time to time rules and regulations to be observed by employees, which rules and regulations shall not be inconsistent with the provisions of this Agreement.

Management shall exercise its rights in a fair and reasonable manner that is consistent with the terms of this Agreement.

ARTICLE 5
STRIKES & LOCKOUTS

5.01 The Union agrees it will not counsel or authorize any strike during the lifetime of this Agreement and the Employer agrees that there will be no lockout of Employees during the term of the agreement.

5.02 The terms "strike" and "lockout" as used above will be defined in accordance with the definitions set out in the Labour Relations Act of the Province of Ontario.

5.03 Inside employees are not required to cross picket lines except to perform duties relative to the Employer's operation and the maintenance of service to equipment within the Employer's jurisdiction and under no circumstances will an employee be required to force a crossing of a picket line.

ARTICLE 6

UNION SECURITY & CHECK-OFF

6.01 Inside employees and students, as defined in 6.02, as a condition of employment, become members of the Union on hiring and retain membership for the duration of recognition by the Employer of the Union as sole bargaining agent for Inside employees.

6.02 Students may be employed either for the summer vacation period extending from April 15th to September 15th each year, or on work terms of a co-operative training program with a university or college. The only provisions of the Agreement applicable to students are:

(1) Union Representation

(2) Grievance Procedure

(3) Recognized Public Holidays

(4) Bereavement

Students required to wear safety footwear, shall be allowed up to 50% of the safety footwear allowance in Article 18.02 per contract year to obtain and maintain safety footwear. Footwear shall be approved by immediate Supervisor.

6.03 The Employer hereby agrees that for all the employees of the Inside Bargaining Unit, they will deduct their Union dues or the equivalent thereof in accordance with the constitution of the Local Union and will remit such sums of monies to the Treasurer of the Local every pay day, along with a duplicate check-off list showing the names from whom the deductions are made.

6.04 The Employer will supply the Union with a list of current Inside Bargaining Unit employees' names and addresses and telephone numbers (unless an employee advises otherwise) on a computer disk using compatible software annually.

6.05 The Employer shall supply to each employee receipts on the income tax T4 slips in the amount of the Union dues paid by each Union member in the previous year.

6.06

(a) All Inside Bargaining Unit employees shall be paid bi-weekly by direct deposit according to earnings. The rate of pay to which each employee covered by the terms of this Agreement shall be entitled is in accordance with her/his classification and the wage rate set out in Schedule I. On each pay day, each employee shall be provided with an itemized statement of wages and deductions.

(b) Employees shall upon giving at least fifteen (15) working days notice, receive on the last day preceding commencement of their annual vacation, pay which would normally be paid during the period of their vacation.

ARTICLE 7
STEWARDS

7.01 In order to provide an orderly procedure for the settling of grievances, the Employer acknowledges the right of the Union to appoint or otherwise elect twenty-five (25) stewards whose duties shall be to assist employees in preparing and presenting grievances in accordance with the grievance procedure. The Union shall notify the Employer in writing of the name of each steward.

7.02 If proper discharge of grievance responsibility requires the absence from work of a union steward, in order that the work of the Employer shall not be unreasonably interrupted, no steward shall leave her/his work without obtaining the permission of her/his immediate supervisor. Such permission shall not be unreasonably withheld and such authorized absence shall be paid by the Employer.

7.03 When the Employer arranges a meeting with an employee and such meeting may result in disciplinary action, said employee may request representation by the Union Steward. The Employer will contact the Union Office who will arrange for a Union Steward. The Union Steward assigned shall be from the same location as the employee being interviewed and if no Union Steward is available, then from other locations. No employee shall be disciplined or discharged without just cause. A copy of any disciplinary letter will be sent to the Union, unless the employee disagrees with such notification.

ARTICLE 8
GRIEVANCE PROCEDURE & ARBITRATION

8.01 It is the mutual desire of the parties hereto that complaints of employees shall be adjusted as quickly as possible. If an employee has a complaint related to an alleged violation of the Collective Agreement s/he may at her/his option discuss it with her/his immediate supervisor within three (3) days after the circumstances giving rise to the complaint (grieved action) have occurred or have or ought to have reasonably come to the attention of the employee. The Supervisor shall give a response to the complaint within three (3) days. These discussions will not establish precedent. Failing settlement, or failing a response to the complaint, it may be taken up as a grievance in the following manner and sequence:

8.02 Procedure: Any employee or group of employees, for whom the Union is the bargaining agent, may refer grievances to the Union Steward. Grievances must be filed within fifteen (15) working days of grieved act or except where both parties agree to an extension of time. There is no grievance until an employee has reported her/his complaint to the Supervisor.

8.03 The grievance form shall contain a statement giving particulars of the grieved action, a statement as to the remedy sought and the provisions of the Agreement alleged to have been breached, provided that this does not preclude the grievor or Employer from relying upon other provisions of the Agreement.

8.04 Step 1. Grievance form is completed in duplicate and signed by the employee and Union Steward, presented to the Supervisor by the Union Steward and employee(s) (at their option). Both copies are to be returned by the Supervisor with her/his signed comments to the Union Steward within three (3) working days.

8.04 Once a grievance has been filed no Supervisor or Employer Official shall discuss said grievance with the grieved employee except in the presence of a Steward or Union Official.

8.06 Step 2. If satisfaction is not obtained in Step 1, the Union Steward, within five (5) working days, may refer the grievance to the Department Manager or designate, who will meet and discuss the grievance with the Union Steward, employee(s) (at their option) and the Human Resources Consultant then render a decision in writing on the prescribed forms within five (5) working days of receiving the grievance from the Union Steward.

8.07 Step 3. If satisfaction is not obtained in Step 2, the Union may within ten (10) working days, refer the grievance to the Vice President of Human Resources or designate who shall meet with the Vice President of the Union or designate, employee(s) (at their option**)** and a Human Resources Consultant to review the grievance and shall render a decision in writing within ten (10) working days.

8.08 The Union or Employer shall have the right to initiate at Step 3, grievances arising out of the interpretation, administration or alleged violation of any provision of this Agreement which is a policy matter that affects the Union or Employer in any way.

8.09 Should the Union or Employer fail to receive a decision within the time limit set out in the grievance procedure, the grievance shall automatically proceed to the next step.

8.10 The Union shall provide the Employer's Human Resources Department with a letter confirming resolution of the grievance within ten (10) working days.

8.11 The time limits fixed in Grievance Adjustment may be extended by consent of the parties of this Agreement.

8.12 Time absent from work for grievance representation is paid by the Employer.

Arbitration

8.13 If satisfaction is not obtained in Step 3, either party may within fifteen (15) working days refer the grievance to arbitration in accordance with the arbitration provisions of this Agreement. Notice in writing will be provided by the party making application for arbitration within the prescribed time limit.

8.14 Any difference of opinion, not otherwise resolved, relative to the interpretation, application or administration of this Agreement, may be referred to the Ontario Ministry of Labour with request for appointment of an Arbitrator, whose decision is final and binding on both parties for the remainder of the term of this Agreement. The Arbitrator dealing with a grievance concerning discipline or discharge may amend or modify any penalty.

ARTICLE 9
SENIORITY

9.01 Seniority shall be defined as the length of service with the Employer.

9.02 A seniority list shall be posted by the Employer on notice boards by May 1st. Copies to be sent to the Union.

9.03 Any employee disagreeing with her/his standing may refer it to the Grievance Procedure.

9.04 An employee shall not lose her/his rightful Employment Seniority standing if s/he is absent from work because of sickness, accident, or leave of absence approved by the Employer. If an employee transfers in the Employer's service outside the bargaining unit, s/he shall retain her/his rightful Seniority standing in the position from which s/he was transferred. An employee returning to the bargaining unit shall be subject to the agreement of the Union.

9.05 When an employee is granted a leave of absence without pay of over twenty (20) working days for other than Union business, time absent shall be deducted from her/his Employment seniority standing, unless otherwise determined subsequent to consultation at the Labour/Management Committee. **Notice will be provided to the Union prior to any leave granted.**

ARTICLE 10
JOB POSTING & VACANCY

10.01

(a) Where the Employer determines that a vacancy exists it will be posted within seven (7) working days. The Employer agrees to post notice of such vacancy for a period of ten (10) working days. The posting shall state the location, department and section where the vacancy exists. A copy of the posting will be sent to the Union. On request, the Human Resources Department explains to an unsuccessful applicant the reason s/he was not selected.

(b) If the above position(s) cannot be filled by an Inside Bargaining Unit employee(s) the Outside Bargaining Unit employee(s) will be considered.

(c) The name of the successful employee(s) will be posted within thirty (30) days of the selection.

(d) The requirement to post notice of such vacancy is waived when an employee is placed in a vacancy under the Job Security Article and/or Technological Change Article, Retrogression Article, Accommodation Article and the Long Term Disability Article. Employees placed under the Long Term Disability Article will not be placed in posted vacancies.

Relative Experience

10.02 Relative Experience is experience adequate enough to enable the employee to perform the duties required.

Promotion

10.03 In all cases of permanent transfer (except Demotion Article 10.16) or promotion to positions within the bargaining unit, the following factors shall be considered:

a) Current Performance Appraisal rated "Good" or higher
b) Qualifications
c) Seniority

"Qualifications" shall include related experience rated as good or better, related education or an acceptable combination of both and, where applicable, a satisfactory physical condition and/or satisfactory completion of work test and/or acceptable ability to maintain a co-operative relationship with other employees and the public. Where the factors in (b) are relatively equal seniority shall govern.

If none of the applicants is qualified, the Employer may fill the job in its discretion.

10.04 Grievance(s) for senior unsuccessful applicant(s) may be initiated within fifteen (15) working days of the notice of appointment. The grievance shall be initiated at Step Three (3).

Classification Conditions

10.05 Where a new job is established, or where existing job duties are changed such that an employee is incorrectly classified, the appropriate classification, wage rates, wage ranges and progressions shall be negotiated and the applicable conditions of this agreement shall apply. If no agreement is reached on the wage rate and/or progression the matter may be submitted to arbitration. If a wage increase results, the same shall be retroactive to the date that the job duties were changed, or the new job created.

The Arbitrator established to rule on the grievance shall be restricted solely to determining the appropriateness of the wage rate as applicable to other related rates within the bargaining unit. The job classifications are as attached.

10.06 On transfer due to promotion, the following shall apply:

Employee shall receive an increase as follows:

(a) If the present rate is below minimum rate of new classification, s/he shall receive minimum rate of new classification; new anniversary date.

(b) If present rate is within the wage range of new classification, s/he shall receive a one-step increase, providing the maximum rate of the new classification is sufficiently higher to permit it; new anniversary date.

10.07 On transfer from 40 hour to 35 hour week classification, the following shall apply:

(a) If the employee's rate is below maximum of new classification s/he enters, s/he shall transfer laterally with new anniversary date and no progression increase.

(b) If the employee's rate is in excess of the rate of the new classification, and her/his probationary period in the current classification has not been completed, then the minimum rate of the new classification shall be paid. If the probationary period has been completed, s/he shall receive one-step below the maximum rate of the new classification.

(c) If the employee's rate is below the minimum of the new classification, s/he shall receive the minimum rate of the new classification and progress in the usual way; new anniversary date.

(d) If the employee's rate is similar to maximum of the new classification, s/he shall receive one-step below the maximum rate of the new classification.

10.08 On transfer from 35 hour to 40 hour week, the employee shall receive a step for the additional hours provided the new maximum is sufficiently higher to permit.

10.09 Notwithstanding the above, no employee may receive the maximum rate of a position until s/he has been performing satisfactorily in the position for six (6) months.

Probation

10.10

(a) Status of an employee is probationary in a new classification for a period of five (5) months' work in that new classification. Any time after thirty (30) days of entry, until the employee completes her/his probationary period, it may be determined by the employee's Performance Appraisal that the employee is unsatisfactory in the new classification and is to be reverted to immediate previous classification and rate without loss of seniority.

(b) Such employee who successfully bids for a posted bargaining unit position, shall be given an opportunity to revert to her/his former position and conditions if s/he so requests within six (6) weeks from date of assumption of new duties with the exception of shift workers who will have twelve (12) weeks.

10.11 Probationary period for a new employee is six (6) months' work.

10.12 Employee participation in the pension plan will commence on date of hire.

10.13 In the event the returning employee, referred to in Article 10.10 (b), causes displacement of other employees, such displacement would necessitate the return of such employees to their former positions.

10.14 New employees, in their probationary period shall be permitted to transfer to one other job classification during the probationary period. Additional transfers may be permitted subject to consultation by the Labour/Management Committee.

10.15 Should there be no eligible applicants for a permanent transfer, Article 10.14 will not apply.

Demotion

10.16 An employee demoted shall revert to her/his immediate previous classification and be ineligible for two (2) years for vacancies or relief in the position from which they were demoted and from any position with a maximum pay rate equal to or greater than the position from which they were demoted.

She/he retains the right to apply for any other vacancy.

An employee demoted or reverted to a former grade retains seniority in the lower grade.

In the event the demoted employee causes displacement of other employees, the Employer will not be required to provide notice to the displaced employees. The displaced employee(s) will maintain her/his present wages for a period of twelve (12) months.

10.17 When a Driver's Licence is required to discharge a responsibility of a classification and when the Driver's Licence of an employee in such classification is suspended for not more than twelve (12) months, the employee shall be occupied as determined by the Employer and her/his wage rate during such period shall be reduced by one step. When the employee regains the Driver's Licence, s/he shall be allowed to return to her/his former classification and wage rate. If the loss of the licence is for a period in excess of twelve (12) months, the employee may be demoted as per provision 10.16.

10.18 Provisions 10.16 and 10.17 above do not apply to new probationary employees.

Job Descriptions

10.19 All Wage Classifications listed in Schedule I shall have job descriptions, summarizing the present duties and responsibilities pertaining to the jobs covered in this Agreement. The job descriptions shall be contained in a separate book forming part of this Agreement. New job descriptions or changes to existing descriptions shall be discussed through the Job Description Consultation Committee composed of three (3) members each of Union and Employer representatives. Any new job descriptions or changes to existing job descriptions which are in dispute may be made by the Employer in accordance with the Management Rights Article of this Agreement.

10.20 All job descriptions that are not agreed upon may be subject to the Grievance Procedure in accordance with the Collective Agreement.

10.21 The cost of the Committee shall be at the Employer's expense and any preparation time will be agreed upon by the Co-Chairs.

ARTICLE 11
LAYOFF & RECALL

11.01 Layoff: Is unemployment due to work shortage. Service with the Employer is the basis upon which seniority is established in the event of layoff or recall – insofar as there is not interference with the Employer's operation and employees are given ninety (90) days' notice.

11.02 Recall: Entitlement is limited to twenty-four (24) months from date of layoff and is voided by:

(a) Refusal of vacancy.

(b) Failure to report intention to return within fourteen (14) days of registered mailing of recall.

(c) Failure of availability for work within thirty (30) calendar days of registered mailing of recall.

11.03 Certificated illness can be accepted as reason for excuse from requirements in Articles (b) and (c) or other reasons which will be considered justifiable.

11.04 It shall be employee's responsibility to keep the Employer notified of present address.

11.05 Employee recalled shall be entitled to all privileges and conditions which s/he enjoyed at the time of layoff or as amended under the Agreement.

11.06 No new employee(s) shall be hired until all laid off employees have been given the opportunity to return to work to fill vacancies for which they are qualified.

Severance Pay

11.07 Severance Pay will be paid to employees who have had more than three (3) years of employment and are laid off due to shortage of work. For each week of continuous layoff, up to a maximum number of weeks equal to the number of years of service, the employee will receive one week's straight-time pay.

ARTICLE 12

TEMPORARY TRANSFER

Relief–Short Term

12.01 When relief is required on a short term basis (less than 2 weeks) it will be offered to the senior qualified employee available in the Department, Location and District which ever is most operationally convenient.

Relief rates shall be paid as per Article 12.03.

Relief–Long Term

12.02 Long term relief (more than 2 weeks) will be offered to the senior qualified available employee in the Department/District.

Relief rates shall be paid as per Article 12.03.

12.03 When the Employer determines that relief is required and that relief is to be provided by another bargaining unit member, relief shall be by the senior qualified employee within the section. If no employees are qualified within the section, the relief shall be offered to the senior qualified employee within the Department. If no employees are qualified within the Department, the Employer may fill the relief requirement at its discretion. An employee relieving in a classification other than her/his own that is included in this Agreement shall receive the rate s/he is receiving in her/his own classification except where the maximum of the relief classification is higher than the maximum of her/his own classification. In this case, the relieving employee shall receive a one-step increase or the minimum of the higher classification, whichever is greater, for the time worked.

Time spent by relief employees required to attend meetings, training, or other employer-related business shall be considered time worked. When such meetings, training or other employer-related business is scheduled on a full day basis, employees must relieve the day before and the day after to qualify for the relief rate.

12.04 Days accumulated in relief do not supersede classification seniority for promotion.

12.05 The Employer shall not assign relief to a shift employee during her/his scheduled days off except in an emergency.

12.06 Once it is arranged to relieve a shift employee who has reported necessity for absence due to illness or other cause, the arranged relief employee takes the shift and the relieved employee remains absent.

12.07 A regular shift employee, who has been notified in advance of requirement to relieve in a higher classification, shall not be called upon to work a Public Holiday in her/his regular work week on shift, except in cases of emergency.

12.08 Any shift employee working on a shift schedule shall not be available for relief in a higher classification on her/his regular off-days except in an emergency.

Temporary Transfer Outside the Bargaining Unit

12.09 An employee transferred to a position outside of the bargaining unit shall receive a six percent (6%) increase for the time worked in the position. .

12.10 **Supervisor – by the senior qualified employee in the section relative to the position. A six percent (6%) increase is paid for time worked.** .

12.11 <u>Work Assignment</u>

Human Resources will notify the Union, in writing of all Work Assignments prior to commencement. Where an extension of the Work Assignment is required, Human Resources will provide advance notice of the extension to the Union. Human Resources will provide communication on the application of the Work Assignment process to management staff. First consideration will be given to the senior qualified employee(s).

12.12 The Employer agrees to consult with Union at the Labour/Management Committee prior to assigning an employee, with the employee's consent, to work on a special assignment as directed by the Employer for periods not to exceed three (3) months each period. Such employees shall continue to receive their present rate of pay or the minimum of the new classification, whichever is greater, plus any additional or general increase, retention of their seniority and accumulation of seniority.

12.13 The Employer agrees to consult with the Union at the Labour/Management Committee prior to transferring an employee**,** with the employee's consent, to another classification for periods not to exceed three (3) months each period, for the purpose of utilizing her/his applicable abilities. The transferred employee will continue to receive her/his present rate of pay or the minimum of the new classification, whichever is greater, plus any additional or general increase, and retention of their seniority rights and accumulation of seniority.

ARTICLE 13

LEAVES OF ABSENCE FOR UNION BUSINESS

13.01 Leave of absence shall be granted to Union officials for Union business when requested, providing such leave does not interfere with Employer operation. The decision as to whether the Employer's operation is disrupted is at the Employer's sole discretion. The Union is required to provide the Employer with three (3) working days' notice on request for leave of absences under this Article. Under unusual circumstances, a shorter notice period will be considered. Approval for such request will not be unreasonably withheld.

13.02 Leave of absence will be granted for two (2) full-time officers of the Union on the understanding that upon returning to work s/he will be reinstated and offered required training in her/his previous position or such other position s/he would have occupied had s/he not been on leave of absence, provided that s/he is qualified. In the event that the return of the Union officer causes displacement of other employees, the Employer will not be required to provide notice, maintenance of wages, or other payments to the displaced employees.

13.03 Time absent from work by Union representatives in attendance at all meetings with the Employer or its representatives shall be paid for by the Employer.

13.04 Union official, when off on Union business, the whole cost of wages and benefits shall be maintained by the Employer. The Union shall reimburse the Employer the whole cost of wages and benefits by the 15th of the month following the month in which detailed billing is received.

13.05 Employees granted leave of absence without pay except under provisions 13.01, 13.02 and 13.06 and absence covered by WSIB shall reimburse the Employer the full cost of medical, hospital and insurance coverage for the period of absence. During such leave the employee shall not be entitled to the following benefits contained under this Collective Agreement:

Bereavement Leave, Jury and Witness Duty and Sick Pay Credit.

Sick Leave may be substituted for leave of absence where the employee has established to the satisfaction of the Employer a serious illness or serious injury due to an accident occurred while on leave of absence.

13.06 The Employer may following consultation with the Labour/Management Committee, grant an employee an absence with leave without pay for full time Union or public duties. Requests for such leave must be in writing. During the absence the employee will not accumulate seniority nor be entitled to the benefits of the Agreement. Medical, hospital, pension and insurance coverage may be continued during the absence where it is agreed that the employee will reimburse both the employee's and Employer's full cost of such coverage to the Employer. Upon returning to work s/he will be reinstated in her/his previous position, provided that s/he is qualified. In the event that the return of such person causes displacement of other employees, the Employer will not be required to provide notice, maintenance of wages, or other payments to the displaced employees.

13.07 The employees constituting the Union Bargaining Committee shall be given time off during working hours without loss of pay or seniority while actually attending such negotiation meetings with the Employer, and without payment of overtime.

The Employer will provide a maximum of three (3) days each, for up to six (6) Union Bargaining Committee members, to be used for contract negotiations preparation time. Arrangement for time off will be made through the Human Resources Department.

13.08 An employee shall be granted up to three (3) working days per contract year to care for ill dependents. The employee shall notify her/his Department as close as possible to the start of the work day of the need to be absent. Such leave will be charged against the employees accumulated sick pay credit and must be taken on a full day basis.

For employees working other than an eight (8) hour day the number of hours scheduled for the day on which the absence occurs shall be considered one (1) day for the purpose of this Article.

Union Health and Safety Representative

13.09 Leave of absence will be granted for one (1) Union Health and Safety Representative (as selected by the Union within either bargaining unit to represent all members of the Union) on the understanding that upon returning to work s/he will be reinstated and offered required training in her/his previous position or such other position s/he would have occupied had s/he not been on leave of absence, provided that s/he is qualified. In the event that the return of the Union officer causes displacement of other employees, the Employer will not be required to provide notice, maintenance of wages, or other payments to the displaced employee.

13.10 The whole cost of wages and benefits of the Union Health and Safety Representative shall be maintained by the Employer. The cost of wages shall be at the Journeyperson rate, or the employee's normal wages whichever is greater. At the end of the leave, the person may return to her/his previous position. Where a scheduled increase or progression occurs during the absence, the employee will receive such increase or progression and any other general rate increase.

The Union shall reimburse the Employer the whole cost of wages and benefits by the 15th of the month following the month in which detailed billing is received for all time spent by the Health and Safety Representative on business other than Toronto Hydro/Local One Health and Safety business.

13.11 Leave of Absence for the Union Health and Safety Representative shall be considered time worked for the purpose of calculating seniority.

Self-Funded Leave Plan

13.12 The Employer agrees to establish an employee-financed absence with leave plan to permit employees to be absent for a period of either six (6) months or one (1) year. Application for this leave must be in writing to Human Resources and be at least two (2) years in advance for the six (6) month leave and four (4) years in advance for the one (1) year leave. Approval of leave is at the Employer's discretion.

The terms and conditions of the plan are subject to consultation with the Labour/Management Committee.

New Member Interview

13.13 The Employer agrees that within four (4) weeks of date of hire the Union will be provided with the opportunity to meet with new employees, for a period not to exceed thirty (30) minutes, for the purpose of acquainting the new employee with the benefits and duties of Union membership. New employee group will not exceed six (6) members. The cost of Union representation will be at the Union's expense.

ARTICLE 14
ABSENCE WITHOUT LEAVE

14.01 Absence without leave is failure of employee to report on absence from work in accordance with rules of her/his Department and employee absent without leave has left the employ of the Employer with reinstatement dependent upon provision in writing to the Employer of satisfactory reasons for absence.

ARTICLE 15
BULLETIN BOARDS

15.01 Bulletin Boards provided by the Union, will be erected in such locations as are mutually acceptable to the Employer and the Union.

ARTICLE 16
JURY & WITNESS DUTY

16.01 Where an employee is summoned or serving as a juror or subpoenaed as a witness in any criminal or civil action, there shall be no loss of pay or seniority incurred. The Employer will make up the difference between any fee paid to the employee as a witness or juror and her/his normal rate of wages for the period during which s/he served as a juror or witness.

16.02 When an employee is required to serve as a subpoenaed witness outside of her/his regular working hours, and requirement to serve resulted directly from her/his employment with the Employer, s/he shall be paid the difference between her/his witness fee and her/his appropriate overtime rate plus travel time.

16.03 Provisions 16.01 and 16.02 do not apply to employees subpoenaed by the Union.

ARTICLE 17
BEREAVEMENT LEAVE

17.01 An employee shall be granted bereavement leave, without loss of straight-time pay, of:

(a) Up to five (5) consecutive working days to assist with arrangements and/or to attend the funeral, in case of death of the employee's parent, step-parent partner/spouse or child and step-child.

(b) Up to three (3) consecutive working days to assist with arrangements and/or to attend the funeral in case of death of employee's brother, sister, grandparent, parent-in-law, grandchild, or relative residing in the employee's home.

(c) The day of the funeral for attendance at the funeral in the case of the death of the employee's brother-in-law, sister-in-law, son-in-law or daughter-in-law, or upon Employer’s approval for a relative other than those listed above.

(d) Consideration may be given for an extension of time under abnormal circumstances or if extensive travel is necessary. It is understood that weekends or scheduled 'off' days are not included in entitlement of consecutive working days.

17.02 The President of the Union or a delegate is permitted without loss of pay to attend funeral of Union members and retired Union members; it is required that arrangements be made beforehand with the Department Head.

17.03 Up to six employees are permitted without loss of pay to serve as pall-bearers at a funeral of fellow employee or retired employee.

17.04 When an employee is on vacation, or sick and death of relative listed in Article 17.01 occurs, that portion of the employee's time resulting from the bereavement and in accordance with the provisions of Article 17.01, shall be changed from vacation or sick to bereavement leave. Employee is required to notify her/his Department immediately on receipt of notification of a death.

17.05 For employees working other than an eight (8) hour day, the number of hours scheduled for the day on which the absence occurs shall be considered one (1) day for the purpose of this Article.

ARTICLE 18

SAFETY FOOTWEAR ALLOWANCE

18.01 The Employer will supply the safety equipment it considers necessary to protect employees and the public, at no cost to the employees, except safety footwear which shall be provided as follows.

18.02 Inside employees who are designated by the Employer, as required to wear safety footwear, shall be allowed up to **$170.00** per contract year to obtain and maintain safety footwear that has been approved by their immediate Supervisor.

An employee is allowed to carry over any unused portion of the allowance into the following contract year. Carryover shall not exceed that contract year's entitlement.

18.03 Safety footwear shall be that manufactured for the purpose, and be of good quality and proper style and employees shall not be permitted to work unless they are wearing the safety footwear.

18.04 The Employer shall pay the full cost for the purchase, replacement or repair of safety footwear that an employee must have made-to-measure.

ARTICLE 19
PUBLIC HOLIDAYS

19.01

(a) Public holidays shall be New Year's Day, Good Friday, Easter Monday, Victoria Day, July 1st, Civic Holiday, Labour Day, Thanksgiving Day, Christmas Day, Boxing Day, Heritage Day if proclaimed.

(b) Each regular employee shall be entitled to three (3) additional days holiday with pay during the calendar year and such day(s) shall be mutually agreed to by the Supervisor and employee. However, a request to take such a holiday on Remembrance Day will be granted. These days may be taken in half days.

For employees working other than an eight (8) hour day, the number of hours scheduled for the day on which the absence occurs shall be considered one (1) day for the purpose of this clause.

For those employees working a compressed work week/AWS the number of hours deducted when using an additional day shall be the number of hours scheduled to be worked.

One of the above additional days will be designated by the Employer by December 1st of the previous year. This designated day will be immediately before or after a Public Holiday unless otherwise determined subsequent to consultation at the Labour/Management Committee. Should this day not be designated by the Employer the day may be taken subject to the convenience of the Department and applies only to employees who have completed three (3) months of continuous service.

The benefit of the second and third additional days must be taken within the calendar year it is granted, applies only to employees who have completed three (3) months' continuous employment service, and is taken at the request of the employee and subject to the convenience of the department.

19.02 When Christmas, New Year's Day or July 1st falls on a Saturday or Sunday, the following Monday shall be observed as the Public Holiday. When Christmas falls on a Saturday or Sunday, the following Tuesday shall be observed as the Boxing Day Public Holiday. When Christmas falls on a Friday, the following Monday shall be observed as the Boxing Day Public Holiday.

19.03 A shift employee scheduled to work on any observed Public Holiday shall be allowed one day in lieu for the Public Holiday except when permitted to take the day off as a Public Holiday. When a shift employee's scheduled day off falls on an observed Public holiday the employee shall receive one day in lieu. A shift employee shall be allowed to accumulate lieu days for a period of twelve (12) months from date earned.

19.04 It is understood and agreed, however, that employees are not entitled to pay for Public Holidays as set out above, when they are absent, without pay, on either the work day before or the work day after the Public Holiday, except in cases of employees absent on Union business.

19.05 Employee required by schedule to work on a Public Holiday but unable to do so because of illness shall be paid at straight time rate from her/his sick pay credit for the Public Holiday and shall be allowed the lieu day as in Article 19.03.

19.06 When a Public Holiday occurs during a vacation period, that day shall be charged to "Public Holiday" and not to employee's vacation time.

ARTICLE 20
VACATION

20.01 Vacation is allowed in calendar year of engagement at one (1) day for each complete calendar month to total of ten (10) days.

20.02 In and from calendar year following engagement fifteen (15) working days of vacation is allowed.

20.03 In and from calendar year in which is completed six (6) years of employment service, twenty (20) working days of vacation is allowed.

20.04 In and from calendar year in which is completed fifteen (15) years of employment service, twenty-five (25) working days of vacation is allowed.

20.05 In and from calendar year in which is completed twenty-five (25) years of employment service thirty (30) working days of vacation is allowed.

20.06 Vacation is arranged at the convenience of the Department. One third of the employees in a Section within a Department who may be required in a System emergency may be absent on vacation at the same time during the period from the weekend immediately prior to July 1st to the weekend immediately after August 31st. Employees are permitted two (2) weeks of vacation during July and August.

20.07 An employee shall be allowed to carry over any portion of one (1) year's vacation.

20.08 Vacation arranged as carry-over is paid at rate and under conditions applicable when vacation is taken.

20.09 Shift employees are permitted absence of nine (9) consecutive days on arrangement of one (1) week's vacation and sixteen (16) consecutive days on two (2) weeks' vacation.

20.10 Sick leave may be substituted for vacation where the employee has established, to the satisfaction of the Employer, that a serious illness or serious injury due to accident occurred while on vacation.

20.11 When employment is terminated, other than in the year of normal retirement and vacation taken has exceeded the vacation credit, the overpayment will be recovered by the Employer.

20.12 In the year of retirement, the full year's vacation is allowed.

20.13 The Employer will reply to a vacation request within ten (10) working days of receipt of such request, provided that the request is made within, but not prior to, three (3) months of the requested vacation.

ARTICLE 21

DRIVER'S LICENCE, TRADE & PROFESSIONAL FEES

Driver's Licence

21.01 The cost of Driver's Licence for employees who are required to operate System vehicles, and employees who are authorized to operate their own automobile, shall be paid by the Employer.

The cost of medical exams for those employees required to have an AZ licence will be paid for by the Employer.

Trade & Professional Fees

21.02 The Employer shall pay up **the full** cost of the annual renewal of Auto Mechanic Licence fees, annual membership fee for Technicians to maintain OACETT membership, and any fees related to a trade certification recognized by the Apprenticeship Act of Ontario or any annual membership for Professional or Trade Certification under the Apprenticeship Act of Ontario so long as such membership is required as a condition of employment by the Employer.

ARTICLE 22
WORK CLOTHING

22.01 Overalls, coveralls, quilted bib overalls, parkas, gloves and pants and shirts when appropriate, are supplied to employees whose work requires such and return of worn-out article may be necessary, as determined by the Employer, to obtain a replacement. The Employer will make a reasonable effort to make work clothing available.

ARTICLE 23
TOOL REPLACEMENT

23.01 The Employer shall provide tools necessary for employees to carry out their duties. Broken or worn out tools must be turned in before replacement is made. A reasonable explanation must be provided to her/his Supervisor for lost tools.

ARTICLE 24
HEALTH, WELFARE & INSURANCE BENEFITS

Pregnancy, Adoption, Parental **and Family Medical** Leave

Provision of Leave

24.01 Pregnancy, Parental **and Family Medical** Leaves will be granted to employees under the terms of the Employment Standards Act of Ontario.

Pregnancy Leaves shall be granted for up to seventeen (17) weeks in duration and may begin no earlier than seventeen (17) weeks before the expected birth date.

Parental Leaves shall be granted for up to thirty-five (35) weeks in duration for an employee taking pregnancy leave and shall, in all cases, be taken when her pregnancy leave ends unless the child has not yet come into her custody, care and control for the first time.

Parental Leave, which includes adoption leave, shall be granted for up to thirty-seven (37) weeks in duration for employees not taking pregnancy leave and shall, in all cases, begin no later than fifty-two (52) weeks after the day the child is born or comes into the parent's custody, care and control for the first time.

Protection of Benefits, Seniority, Pensions

24.02 During a Pregnancy or Adoption Leave the Employer shall pay the full cost of the employee's medical, hospital and insurance coverage and the Employer's portion of the employee's pension plan coverage if the employee elects at the commencement of the leave to pay the employee portion of such costs.

During a Parental **or Family Medical** Leave the Employer shall continue to pay the full cost of the employee's medical and hospital coverage and the Employer's portion of the employee's pension plan coverage and insurance coverage if the employee elects at the commencement of the leave to pay the employee portion of such costs.

Seniority, for all purposes, shall accrue during the period of Pregnancy, Adoption, Parental **or Family Medical** Leave.

Wage Top-Up for Pregnancy Leave

24.03 In the case of a Pregnancy Leave, the Employer will provide payment equal to 95% of base pay during the two (2) week E.I. waiting period and the difference between the payments received from E.I. and 95% of the employee's normal, straight-time pay for fifty (50) weeks, subject to continued government legislation and approval.

Maintenance of Wages for Adoption Leave

24.04 In the case of an Adoption Leave for the primary caregiver, who has adopted a child under six (6) years of age, who is not the natural child of either adoptive parent, the Employer will provide payment equal to 95% of base pay for two (2) weeks and 95% of her/his normal, straight-time pay for up to thirty-five (35) weeks.

Maintenance of Wages for Parental Leave

24.05 In the case of a Parental Leave, the Employer will provide payment equal to 95% of base pay during the two (2) week E.I. waiting period and the difference between the payments received from E.I. and 95% of the employee's normal, straight-time pay for thirty-five (35) weeks, subject to continued government legislation and approval.

Maintenance of Wages for Family Medical Leave

24.06 In the case of a Family Medical Leave to provide compassionate care and support to the family member specified in the medical certificate, the Employer will provide payment equal to 95% of base pay during the two (2) week E.I. waiting period and the difference between the payments received from E.I. and 95% of the employee's normal, straight-time pay for six (6) weeks, subject to continued government legislation and approval.

Spousal Leave at Time of Birth or Adoption

24.07

(a) An employee whose spouse or partner gives birth, or commences an Adoption Leave, shall be granted leave with pay and full benefits, of two (2) working days. The leave shall be taken on days chosen by the employee, at or about the time of birth or adoption.

(b) For employees working other than an eight (8) hour day the number of hours scheduled for the day on which the spousal leave occurs shall be considered one (1) day for the purpose of this clause.

Reinstatement

24.08 The Employer shall reinstate an employee returning to work from a Pregnancy, Adoption, Parental **or Family Medical** Leave in the position most recently held with the Employer, or provide the employee with alternative work of a comparable nature at not less than the employee's wages at the time the leave began, or as adjusted by any general increase, and without loss of benefits accrued to the commencement of the Leave of Absence and with full seniority.

Where a scheduled increase or progression occurs during the absence, the employee will receive such increase or progression upon satisfactory demonstration of competency during a trial period of thirty (30) days.

Medical & Hospital Services & Dental Plan

24.09

(a) Equal or superior coverage to present practice, i.e., Ontario Health Insurance Commission, Plan for Supplementary Hospital Care and Extended Health Care Plan shall be continued. Where an employee is entitled by the provisions of the Health Insurance Act to receive Ontario Health Insurance Plan protection without cost, such coverage will not be provided by the Employer.

(b) Effective February 1, **2006**, and for each consecutive two (2) year period following thereafter, the Extended Health Care Plan coverage for eyeglasses and/or contact lenses shall be **$375.00** per person covered, for the two (2) year period commencing February 1, **2006**, and the $1.00 prescription plan will continue.

(c) Effective February 1, 2006 coverage for the cost of an eye exam for a two (2) year period or one (1) year period for dependent children under the age of twenty-one (21), if prescribed by a medical practitioner, up to a maximum of $80.00 per person.

(d) **Services of a licensed Physiotherapist up to a maximum of $150.00 for the initial visit and $70.00 per subsequent visit to an unlimited maximum for services provided inside Canada and $60.00 per hour for services outside Canada.**

(e) **Services of a licensed Chiropractor (including X-rays) up to a maximum of $300.00 per person per contract year.**

(f) Services of a licensed Osteopath, Chiropodist or Podiatrist, **Registered Massage Therapist, up to a maximum of $50.00 per visit per person, Psychologist, Naturopath, Speech Therapist and Dietician** up to an overall maximum of **$850.00** per person per contract year, payable only after OHIP ceases to pay any portion of the expenses.

(g) **Effective February 1, 2006 coverage for cost of hearing aids up to $3,000.00 lifetime maximum.**

(h) In the event of death of an active Toronto Hydro employee, the surviving spouse and dependents shall continue to receive full medical and hospital services coverage at the Employer's expense for a period of **two (2)** years.

(i) When an active employee dies as a direct result of a physical injury suffered on the job or occupational disease directly related to their employment with Toronto Hydro and the claim is accepted and paid for by the WSIB, the Surviving Spouse and the dependent children under the age of twenty-one (21) or as defined in 24.09 (j) shall continue to receive full medical and hospital services coverage at the Employer's expense for fifteen (15) years or until normal retirement age of the deceased employee whichever is less. The provision of this Article shall be retroactive to February 1, 1991. This dependent children benefit ceases after age 21 or age 25 if attending a recognized post secondary institution. Where benefits are received under this Article, Article 24.09 (h) shall not apply.

(j) Medical and Hospital Services coverage will include unmarried dependent students who are in full time attendance at a recognized post-secondary institution up to age twenty-five (25).

24.10 The Employer will pay the premium based on the prevailing Ontario Dental Association fee schedule necessary to provide equal or superior coverage to the present dental plan.

Effective **February 1, 2006**, the Dental Plan includes fixed prosthodontic **(including implants)** services on a 50% co-insurance basis.

The Dental Plan will include orthodontic services on a 50% co-insurance basis to a maximum of $4,000 per employee and $4,000 per family member covered once in a lifetime.

24.11 The Union will be advised of the names of the carriers. Carriers will be for the term of the Agreement, in so far as practicable.

24.12 If the Employer contemplates a change in Carriers of any of the above plans during the life of this Agreement, the Employer agrees to give notice and provide the Union with a copy of the proposed carrier's plan(s) so that the Union will be assured of identical coverage prior to the implementation of the proposed carrier's plan.

Long Term Disability

24.13 The Employer agrees to enter into an arrangement with an Insurer licenced under the Insurance Act to provide a Long Term Disability Plan.

All employees of the Employer become eligible for membership in the plan on or after the effective date of the plan.

Definitions

For purposes of the plan, the meaning of each of the following terms is limited to the definition shown.

(a) Total Disability - An employee shall be totally disabled, or Total Disability shall exist, when the employee is not engaged in any occupation or performing any work for compensation or profit and is suffering from such a state of bodily or mental incapacity resulting from injury or disease as would,

(i) During the Elimination Period specified below and during the next following twenty-four (24) months, prevent the employee from performing any and every duty pertaining to her/his normal occupation and,

(ii) If Total Disability has continued during such Elimination Period and during the next twenty-four (24) months, then during the continuance of such disability, wholly prevent such employee for compensation or profit, from engaging in any occupation and performing any work at Toronto Hydro for which the employee is reasonably qualified by education, training or experience.

(b) The Elimination Period for all employees is a minimum of six (6) months continuous absence from the date an employee first becomes disabled.

Employees shall be granted the option of utilizing all or part of accumulated sick pay credits to increase the elimination period.

Employees who run out of sick pay credits will be granted sick leave without pay until such time as the Long Term Disability Elimination Period elapses.

Employees shall maintain all rights and benefits of the Collective Agreement during the Elimination Period.

Benefit Schedule

An employee who is a member of the plan may become eligible for not more than the maximum Monthly benefit amount, calculated in accordance with the applicable Benefit Formula which is indicated below:

Benefit Formula

Effective no later than 45 days from the date of ratification of this agreement, 75% of the employee's basic monthly earnings, to a **$5,500** monthly benefit maximum.

Amounts of employee's monthly benefit which are not integral multiples of $1.00 are rounded to the next higher dollar.

All benefit coverage provided by Article 24 of the Collective Agreement will continue while receiving payments on the plan.

Vacation

Vacation entitlement will be paid to the employee at the end of the year in which they commence to receive Long Term Disability benefits based on full payment of any carryover from the previous year and pro-rated for the current year to the time of commencement of Long Term Disability benefits.

Effective Date

The date that the Agreement with the Insurance Company comes into force which will be within six (6) months of ratification of the Collective Agreement.

Rehabilitative Employment

If an employee becomes capable of working after thirty (30) months of disability leave, s/he will be offered a position at Toronto Hydro for which s/he is reasonably fitted by training, education or experience. The employee would be paid the greater of the job rate or the amount equivalent to the Long Term Disability payment. If the Long Term Disability payment is greater than the job rate, the employee would continue to receive such rate until the job rate, through general increases, matches the Long Term Disability amount. Thereafter, the employee will receive any future general increases.

In the event the employee rejects the offer of rehabilitative employment, s/he forfeits all rights to Long Term Disability benefits.

The position offered shall be discussed at the Accommodation Committee and shall be first within the employee's own bargaining unit. If there is no position within the employee's bargaining unit, consideration will be given to placing the employee in the Outside bargaining unit.

Sick Pay Credit

Accumulated sick time will be granted under the following conditions:

24.14 With supporting medical certificate when required by the Employer which shall be at least when continuous absence due to illness is more than three (3) full working days; again, when absence is in excess of eighteen (18) days; again, when absence exceeds seventy-two (72) days;

24.15 Employee shall be at home, in hospital, or at doctor's when visited by the Employer's representative;

24.16 Employee has notified her/his Department of necessity for absence as follows:

Non-Shift

Within thirty (30) minutes of normal start time of first day of absence.

Shift

(a) By one (1) hour before day shift start.

(b) By three (3) hours before afternoon and evening shift start.

24.17 Cumulated credit is allowed for service from January 1st, 1925. One day is allowed for each complete calendar month remaining in first calendar year of employment to a total of ten (10) days.

One-and-a-half (1½) days are allowed for each complete calendar month of continuing employment from January 1st of the year following date of employment to a maximum of sixteen (16) days. Employees engaged prior to January 1st, 1962, do not receive less favourable consideration than under the earlier regulations which are continued at the discretion of the President/CEO with allowance as follows:

to 8 years of service..... 24 days,

In excess of 8 and less than

20 years..... 48 days,

20 years of service..... 72 days.

24.18 At the discretion of the Employer, additional grants may be given.

24.19 Employee absent due to illness is permitted allowance of sick pay to the limit of net accumulated credit as of the end of that calendar year with deduction of the allowance from sick pay credit accumulation. In the calendar year following a full calendar year of employment in which an employee has worked less than six months, sick pay is allowed to the limit of net accumulated credit as of the end of each completed calendar month.

Effective February 1, 1982 absence due to accident or illness accepted and paid for by the WSIB is not charged to sick pay credit; employee so absent is permitted allowance of such amount by the Employer as is necessary in supplement to the Board award to equate with her/his normal straight-time pay, for as long as s/he is employed by Employer. It is understood that this Article does not provide any retroactive payments prior to February 1, 1982.

Effective February 19, 1987, an employee who is absent due to a new accident or illness accepted and paid for by the WSIB will receive her/his normal straight-time earnings made up of the Board award and the Employer supplement but no employee is to receive additional monies including tax adjustment as a result of being absent on WSIB.

The Employer will advance full straight-time wages to an employee who has submitted a claim to the WSIB, prior to an award being granted. Should the WSIB reject the claim or should the employee elect not to claim compensation, the employee's time will be charged to her/his sick bank and any overpayment made will be recovered by the Employer within one (1) year.

24.20 The existing employees who have retained vesting rights as of January 31, 1999, upon termination of employment, by retirement on pension, there is paid an amount equal to the cumulated sick pay credit of the employee but such amount is not to exceed the aggregate amount of her/his remuneration for the following periods:

At least 10 years and less than 15 years - 3 calendar months;

At least 15 years and less than 20 years - 4 calendar months;

At least 20 years and less than 25 years - 5 calendar months;

At least 25 years - 6 calendar months.

24.21 Existing employees who have retained sick pay credit vesting rights as of January 31, 1999, upon termination of employment in good standing with at least 20 years of service and other than by retirement on pension, there shall be paid an amount equal to one-half of the employee's cumulated sick pay credit but such amount shall not exceed the aggregate amount of her/his remuneration for the following periods:

At least 20 years and less than 25 years - 2 calendar months;

At least 25 years - 3 calendar months.

24.22 Payment on account of deceased employee is to her/his dependents, if any; if there are no dependents, then to her/his estate.

24.23 New employees hired on or after February 1, 1999, will have no sick pay credit vesting right.

24.24 Employees of the former York Hydro will be given a one-time grant of sick pay credit of forty-five (45) days. As of January, 2000 they will accumulate sick pay credit on the same basis as in Article 24.17.

Sick Pay Credit Payout

24.25 Pay out of accumulated sick pay credits for employees who have vested sick pay credits (vesting rights) shall be as per the pay out provisions of their former Collective Agreements immediately before the amalgamation (January 1, 1998).

Pensions

24.26 The basic pension plan is the OMERS Final Average Earnings plan implemented January 1, 1978 (as amended). Normal retirement is provided at age 65 with an unreduced early retirement allowed under OMERS Formula 90 (when the employee is within 10 years of normal retirement and her/his age plus credited service totals 90). There is available an early retirement option with a reduced pension. An early retirement option may be allowed under OMERS type 3 supplement for those employees eligible.

The Optional Service benefit shall be available to each employee who exercises her/his option prior to May 1, 1978, in accordance with the terms of the Agreement effective February 1, 1977. Any employee under age 65 wishing to take advantage of the Optional Service benefit must provide the Employer with six (6) months' notice of her/his intention to retire. Subject to Labour/Management consultation, this notice may be waived due to extenuating circumstances.

It is understood and agreed that employees taking early retirement under OMERS Formula 90 or otherwise shall provide the Employer three (3) months' notice of intent to retire.

When an active employee dies as a direct result of a physical injury suffered on the job or occupational disease directly related to their employment with Toronto Hydro and the claim is accepted and paid for by the WSIB, the surviving spouse or dependent children under the age of 21 where there is no spouse shall continue to receive the normal, straight-time earnings of the deceased employee in effect at the time of the employee's death for the next fifteen (15) years or until normal retirement age of the deceased employee which ever is less. Any payments paid shall be reduced by the amount paid or received under the OMERS Pension Plan, Canada Pension Plan, and WSIB. The provisions of this Article shall be retroactive to February 1, 1991.

When an employee is totally and permanently disabled as a direct result of an injury suffered on the job and the accident is accepted and paid for by the WSIB, the employee shall continue to receive the normal, straight-time earnings and benefits in effect at the time of permanent disability for one full year. Any payments or benefits received shall be reduced by the amount paid or received under the OMERS Pension Plan, Canada Pension Plan and WSIB.

ARTICLE 25

LABOUR/MANAGEMENT COMMITTEE

25.01 The Union and Management recognize that effective labour relations depend on co-operation and good communications between the parties. They will meet on a bi-monthly or as required basis if initiated by either party, subject to an agenda to resolve issues of common concern.

This consultative committee will operate in an open forum in which the free exchange of ideas will encourage understanding and lead to the resolution of issues.

The Employer and the Union agree that their senior representatives will meet to discuss matters of mutual interest, together with a secretary appointed by the Employer. Accordingly, the Committee shall have no authority to change, delete, or modify any terms of the Collective Agreement nor to settle grievances. It is the intention of the parties that this committee will work towards improving the relations between them and the employees they represent. Minutes shall be recorded and copy sent to each of the members within ten (10) working days of the meeting.

25.02 The Committee will consist of three (3) members of Management and three (3) members from the Union. Each party may bring up to two (2) "subject matter experts" to the meeting, depending on the issues to be discussed. Agenda items will be exchanged, in writing, five (5) working days prior to the requested meeting. Agenda shall mean new or unfinished business.

The Union Representative in attendance at the meetings shall be permitted to remain away from work for the remainder of the day. Time absent from work will be at the Employer's expense.

ARTICLE 26
HEALTH & SAFETY

The employer and the union acknowledge their joint and separate role and responsibilities under the Occupational Health and Safety Act.

26.01 Safety Committees relating to the Outside and Inside employees represented by the Union shall meet to discuss Health and Safety matters of concern. Toronto Hydro and C.U.P.E. Local One have established a two tiered Joint Union-Management Health and Safety Committee Structure. The two committee levels are Workplace Health and Safety Committees and Health and Safety Steering Committee.

The Workplace Committee

26.02 The Workplace Committees will have an equal number of Union and Management representatives not to exceed three each, unless as mutually agreed otherwise, and will have Co-Chairpersons. Each Committee will meet bi-monthly or more frequently with Joint Co-Chairpersons' approval.

Terms of Reference

The terms of reference for the Workplace Committees will include the following, as they apply to the area covered by each Workplace Committee.

(i) Identify, evaluate and make recommendations regarding all matters pertaining to health and safety in the workplace covered by the Workplace Committee.

(ii) Review and make recommendations on safety concerns which have been forwarded by the Safety and Environmental Department and unresolved Safety Concern Report forms from the employees covered by the Workplace Committee.

(iii) Inspect the workplace, as required by the Occupational Health and Safety Act (Ontario), on the basis of one day every two (2) months in each area.

(iv) The Union Co-chairperson will be provided one day every two months as a pre-meeting preparation day.

(v) The Union Committee members shall be allowed not less than two hours between the termination of the meeting and return to their normal duties for meals, clothing change, and travel. Time absent from work will be at the Employer's expense and shall not be charged to the grievance work order.

(vi) Recommend to the Employer and the workers the establishment, maintenance and monitoring of programs, measures and procedures respecting the health and safety of workers.

(vii) Obtain information from the Employer respecting the identification of potential or existing hazards of materials processes or equipment and information respecting health and safety experience, and, work practices and standards in similar or other industries of which the employer has knowledge.

(viii) Review of new work procedures and amendments to existing work procedures. This includes discussion at the commencement of the development of new major work procedures.

(ix) Review and recommend on proposed revisions to the Safety Rule Book and Work Protection Code. These recommendations will be forwarded to the Health and Safety Steering Committee.

(x) The Committee will be supplied with copies of all existing safety related Letters of Instruction. The Committee will review and recommend on all proposed new safety related Letters of Instruction.

These recommendations will be forwarded to the Health and Safety Steering Committee.

(xi) Committee members will receive the certification training as per OHSA (Ontario) at the Employer's expense. The method of presentation of the course will be determined by the Health and Safety Steering Committee. **Training shall be provided within three (3) months of election or selection to the Committees.**

(xii) Committee minutes will be produced by the Employer and submitted for approval to the Co-Chairpersons. Each new topic will constitute a new item and when items are in the process of being implemented, they would be so noted and a future review date established. They would then be carried but not discussed without agreement of the Joint Co-Chairpersons.

(xiii) The Committee will review accident reports referred to it by the Union Health and Safety Representative.

(xiv) Matters unresolved in a Workplace Committee may be referred by either the Union or Management Co-Chairperson to the Joint Health and Safety Steering Committee. Referrals will include a statement of the problem, recommended solutions and reasoning to support the recommendation.

(xv) With the agreement of both the Union and Management Co-Chairpersons, unresolved matters may be referred to the Union Health and Safety Representative and the Vice President Environment Health and Safety for the purpose of resolving the matter prior to referral to the Steering Committee. If the matter can not be resolved in this way, it will be referred to the Steering Committee. Referrals will include a statement of the problem, recommended solutions and reasoning to support the recommendation.

(xvi) Additional committees may be established at the Workplace level by the Steering Committee.

The Steering Committee

Structure:

26.03 The Steering Committee will have an equal number of Union and Management representatives not to exceed five (5) each and will have co-chairpersons. The Committee shall meet subject to an agenda being given five (5) working days in advance to the Secretary, who shall see that all Committee members have a copy three (3) working days previous to each meeting.

Unfinished business shall be considered agenda. Minutes of the monthly meeting shall be recorded and sent to each member within ten (10) workings days of the meeting. The Committee may meet more or less frequently with Joint Co-chairperson's approval.

Terms of Reference

The terms of reference of the Steering Committee will include the following:

(i) Coordinate the work of the Workplace Committees.

(ii) Deal with matters referred from the Workplace Committees.

(iii) Deal with health and safety matters which, because of their complexity or scope, are inappropriate for the Workplace Committees.

(iv) Identify, evaluate and make recommendations regarding all matters pertaining to health and safety in the workplace.

(v) The Union Co-Chairperson will be provided one (1) day every month as a pre-meeting preparation day.

(vi) The Union Co-Chairperson shall inspect the workplace, as required by the Occupational Health and Safety Act (Ontario) on the basis of one (1) day per month.

(vii) The Union Committee members shall be permitted to remain away from work for the remainder of the day. Time absent from work will be at the Employer's expense and shall not be charged to the grievance work order.

(viii) Minutes shall be taken by a secretary appointed by the Employer who is not a Committee member.

(ix) Recommend to the Employer and the workers the establishment, maintenance, and monitoring of programs, measures and procedures respecting the health of workers.

(x) Obtain information from the Employer respecting the identification of potential or existing hazards of materials processes or equipment and information respecting health and safety experience and work practices and standards in similar or other industries of which the Employer has knowledge.

(xi) Committee members will receive the certification training as per OHSA (Ontario) at the Employer's expense. The method of presentation of the course will be determined by the Health and Safety Steering Committee. **Training shall be provided within three (3) months of election or selection to the Committees.**

(xii) Establish additional committees at the Workplace level with specific mandates.

(xiii) Changes to the Safety Rule Book: If in the normal course of adding to or amending the Safety Rule Book, the Joint Steering Committee cannot reach agreement on the additions or amendments, the Ministry of Labour will be asked to intervene to assist in resolving the issue. If an urgent change must be made in the Safety Rule Book to protect the Health and Safety of the workers the Employer will satisfy its responsibility under the Act by making such a change and the Union reserves its rights under the Act to challenge the change.

26.04

(a) In addition to the time provided for under the Occupational Health and Safety Act, the Union Co-Chairperson of the Joint Health and Safety Committee will be provided a minimum of five (5) days per month to carry out her/his duties. The full cost of the wages and benefits for this time shall be paid by the Employer. Time so spent shall be considered time worked.

(b) The Health and Safety Representative, designated by the Union from among the employees represented by the Union, shall undertake investigative responsibilities as directed by the Committee. Time so spent shall be considered as time worked.

Safety

26.05 An employee who has been ordered to work in violation of the Employer's safety rules may refuse to perform that work.

VDT Workers

26.06 A pregnant employee upon her written request will be assigned alternate work in the same Service Centre with no loss of seniority or salary. A VDT emission level test shall be performed on the request of the pregnant employee.

Students

26.07 Only technical, competent students shall work in close proximity to energized Hydro plant while supervised by a competent person. Competent is defined by the OHSA.

In all other circumstances only competent employees shall work in close proximity to energized hydro plant. Competent is defined by OHSA.

ARTICLE 27
ACCOMMODATION

CUPE Local One and the Employer are jointly committed to re-integrating employees back into the workplace who have suffered an occupational or non-occupational injury or illness. The Union and Management will work together through an Accommodation Committee, which will operate on a consultation basis.

Accommodation Committee

27.01 The Accommodation Committee will consist of three (3) Union Representatives and three (3) Management Representatives who will meet bi-monthly to discuss both permanent and temporary accommodations.

The Accommodation Committee shall:

(1) Recommend to Toronto Hydro Management procedures and practices to ensure safe, consistent, and fair administration of the joint Early and Safe Return To Work Program.

(2) Review and recommend to Toronto Hydro Management modified work assignment for employees who have been injured on the job on both a temporary and a permanent basis.

(3) Meet regularly to monitor each modified work assignment and the overall performance of the joint Early and Safe Return To Work Program.

(4) Recommend to Toronto Hydro Management changes to the joint Early and Safe Return To Work Program as appropriate.

The Union Committee members shall be allowed not less than two (2) hours between the termination of the meeting and return to normal duties for meals, clothing change and travel.

Time absent from work will be at the Employer's expense. Preparation time will be subject to approval by the Employer.

Reimbursement for Additional Medical Documentation

(5) The Employer shall bear the cost of any additional required medical information or documentation beyond the initial medical request setting out non-occupational accommodation needs.

Permanent Placement

27.02 Employees who have suffered a permanent work-related injury/illness accepted and paid for by the WSIB, and who are medically fit to perform work may be placed as follows:

(1) In the employee's existing job, if the employee is medically fit to perform the job duties.

(2) In the employee's existing job, with modified duties, if the employee is medically fit to perform the job as modified, and the modifications permit the performance of the essential duties of the job.

(3) In another classification within the employee's Bargaining Unit with approval of the Accommodation Committee.

(4) In another classification within the 'other' Bargaining Unit with approval of the Accommodation Committee.

(5) In a classification created specifically to accommodate the employee with approval of the Accommodation Committee. An employee returning to work will receive the current annual rate of pay for her/his pre-injury/illness position**, including shift premium,** or the minimum annual rate of the new classification, whichever is greater, plus any future negotiated increases for that classification.

As a condition of this continued wage protection, an employee who has been placed in a position other than the employee's previous position, will apply for all posted vacancies for which they are qualified and which have an annual rate greater than their new classification and equal to the employee's current annual rate.

Temporary Placement

27.03 Employees who have suffered a temporary work-related injury or illness, and who have submitted a claim to the WSIB, and who are medically fit to perform work may be placed as follows:

(1) In the employee's existing job, if the employee is medically fit to perform the job duties.

(2) In the employee's existing job, with modified duties, if the employee is medically fit to perform the job as modified, and the modifications permit the performance of the essential duties of the job.

(3) In a classification within either Bargaining Unit with approval of the Accommodation Committee.

The wage of the employee who is placed under this program will be protected at the pre-injury/illness level or the minimum of the new classification, whichever is greater, plus any future negotiated increases for that classification.

Where a scheduled increase or progression occurs during a temporary placement of not less than three (3) months, the employee will receive such increase or progression upon satisfactory demonstration of competency during a trial period of thirty (30) days.

ARTICLE 28
TRAINING

28.01 Where the Employer determines that employees require additional knowledge and/or skill, the topic will be discussed at the Labour/Management Committee. The Employer may provide the necessary facilities and instruction to enable such employees as designated by the Employer to acquire the additional knowledge and/or skills at no loss in wages, and during this training period the Employer will compensate such employees for any travel and/or meal expense.

ARTICLE 29
JOB SECURITY

29.01 Should any employee's job be eliminated due to contracting out by the Employer, **or as a result of a directive to Toronto Hydro from its controlling Shareholder in regards to the regulated electricity distribution business,** the employee will be placed in another job for a period of six (6) months and retrained in the new progression series. Following this the employee will be subject to the probation clause.

The employee will retain her/his current rate of pay and current wage range. In addition, the employee will receive future general increases and step increases in accordance with the Collective Agreement. The Union will be advised two (2) months in advance of such occurrence and will be given opportunity for discussion.

ARTICLE 30
TECHNOLOGICAL CHANGE

Advance Notice

30.01 When the Employer has determined that technological change, which will eliminate or significantly change a job, will be introduced, the Union will be provided not less than two (2) months' advance notice and will be given the opportunity for discussion.

Priority Rights

30.02 During the advance notice period, as described in Article 30.01, employees who are so affected will have priority rights to fill any posted vacancy of an equivalent or lower classification level, provided they are qualified, with the employee with the greatest employment seniority having first priority rights. Should the posted vacancy be at a level lower than the employee's technologically-impacted position, the employee will retain her/his current rate of pay and current wage range. In addition, the employee will receive future general increases and step increases in accordance with the Collective Agreement.

New Job

30.03 Should a job be eliminated due to technological change and a new job created, the Employer will provide the affected employees, on an employment seniority basis, up to six (6) months' training. Additional training may, subsequent to consultation with the Labour/Management Committee, be provided.

Should there be an insufficient number of newly created jobs, or should no new jobs be created, or should the affected employees choose not to accept the training, then the employees will have the option of being returned to their respective immediate previous positions, or being placed in other positions by the Employer. The Employer will provide up to six (6) months' training. Such employees will retain the current rate of pay and current wage range. In addition, these employees will receive future general increases and step increases in accordance with the Collective Agreement.

Following training, the Probation Article shall apply.

Significant Change

30.04 Should a job be significantly changed due to technological change, the Employer will provide the incumbents up to six (6) months' retraining. Additional training may, subsequent to consultation at the Labour/Management Committee, be provided.

Should this technological change reduce the number of incumbents previously required, then the employees on a least employment seniority basis shall have the option of being returned to their respective immediate previous positions or being placed in other positions by the Employer. The Employer will provide up to six (6) months' training. Such employees will retain the current rate of pay and current wage range. In addition, these employees will receive future general increases and step increases in accordance with the Collective Agreement. Following training received in a new job, the Probation Article shall apply.

30.05 In the event the affected employees cause displacement of other employees, the Employer will not be required to provide notice, maintenance of wages or other payments to the displaced employees.

30.06 Any employee, whose current rate of pay and current wage range is being retained, as described in Article 30.02, 30.03 and 30.04 shall continue to receive such wage retention provided s/he applies for all posted vacancies for which s/he is qualified. The employee will have priority rights, for such posted vacancies, on an employment seniority basis. Priority rights shall be limited to all those vacancies, above the level at which s/he is being occupied, up to and including the level at which s/he was previously occupied at the time of technological change. Such priority rights and employee obligation to apply for posted vacancies shall continue to be in effect until the employee regains the level from which s/he was originally displaced.

ARTICLE 31
RETROGRESSION

31.01 The Employer will inform the Union two (2) months in advance of any change in the working forces which may result in retrogression or layoff.

31.02 In the event of an employee being retrogressed to a lower classification, the employee will maintain her/his present wages for a period of twelve (12) months.

31.03 Where a surplus of employees occurs in any classification, Employment Seniority shall apply in the event of retrogression taking place. Employees with the least Employment Seniority shall be the first to be retrogressed and the following retrogression practices shall apply - insofar as they do not interfere with the operation of the Employer.

An employee with Employment Seniority shall be able to displace any employee with less Employment Seniority than her/himself in her/his own classification or in any classification where s/he has relative experience.

31.04 The employee who has Employment Seniority and is retrogressed shall be the first to fill a vacancy in her/his former classification.

31.05 An employee who exercises her/his seniority rights in the above manner shall be allowed the regular probation period and will be provided training to familiarize her/himself with her/his new duties.

31.06 Training will be subject to mutual agreement of the Labour/Management Committee.

ARTICLE 32
PERFORMANCE APPRAISAL

32.01 Employee's current Performance Appraisal Review Record supersedes all previous Performance Appraisal Review Records. A Performance Appraisal Review Record shall be made out by the employee's immediate Supervisor on the employee's anniversary date of entering the classification (with the exception of the Probation Article 10.10 to 10.15).

Should an employee receive a “Fair” Performance Appraisal Review Record s/he is given not less that thirty (30) days to obtain a “Good” or higher Performance Appraisal Review Record. If an employee fails to obtain a “Good” or higher Performance Appraisal Review Record by the end of the prescribed time period, a “Low” Performance Appraisal Review Record will be issued.

Should an employee receive a "Low" Performance Appraisal Review Record s/he is given not less than thirty (30) days to obtain a "Good" or higher Performance Appraisal Review Record.

Employees disagreeing with their Performance Appraisal Review Record may refer it to Grievance Procedure. Employees shall not sign their Performance Appraisal Review Record unless it is completed in detail.

Employee shall be supplied with a copy of her/his Performance Appraisal Review Record.

Any changes to the Performance Appraisal Review Record and associated process are subject to consultation with the Labour/Management Committee.

Records

32.02 An employee shall have the right to have access and review her/his personnel record at a time convenient to the Department Supervisor and the Human Resources office.

No evidence from the employee's record may be introduced as evidence in any hearing of which the employee was not aware at the time of filing said record in her/his personnel file.

An employee may request copies of any material contained in her/his personnel record.

Warning

32.03 All warnings received by an employee that could affect her/his Performance Appraisal Review Record shall be in writing from her/his immediate Supervisor, which the employee shall sign to acknowledge s/he has received a copy. The immediate Supervisor shall retain the warnings until the employee's next "Good" or better Performance Appraisal Review Record, at which time they shall be destroyed.

ARTICLE 33

HOURS OF WORK & OVERTIME

33.01 For employees not on shift work, the work week shall be five (5) days, Monday to Friday. The present hours of work are thirty-five (35) and forty (40) hours per week. The starting and stopping time in the various classifications shall be continued.

N.B. A one-half (½) hour paid lunch will remain in effect for forty (40) hour per week employees who had this arrangement prior to February 1, 1999.

33.02 Shift employees shall follow a posted master schedule, which consists of an average work week of thirty-five (35) and forty (40) hours over the length of its duration. The schedule shall be composed of seven (7) and eight (8) hour shifts.

33.03 Energy Field Service Representative shall work an eight (8) hour shift.

33.04 Dispatcher shall work an eight (8) hour shift.

33.05 Computer Operator shall work a seven (7) hour shift.

33.06 Shift employees start times are as follows:

<u>7 Hour Shift</u>

Days:	07:00 to 09:00
Afternoons:	14:00 to 16:00
Nights:	21:00 to 23:00

<u>8 Hour Shift</u>

Days:	07:00 to 09:00
Afternoons:	15:00 to 17:00
Nights:	23:00 to 01:00

Schedules
33.07

(a) All shift employees' hours of work and days off shall follow the posted master schedule, except for employees (to a maximum of four) posted as spare or eight (8) as relief. Master schedules shall be posted for a six (6) month duration.

(b) Changes to the master schedule for operational purposes may be made after eight (8) weeks notice in writing to the Union and the affected employees.

(c) Changes to the master schedule for training purposes may be made after two (2) weeks notice to the affected employee, or some shorter period of time with the consent of the affected employee. These changes shall only affect the employee being trained.

(d) With the approval of the Employer qualified employees may trade shifts provided notice is submitted, in writing, to their Employer and signed by both affected employees twenty-four (24) hours in advance of the requested shift change. Approval for requested shift change shall not be unreasonably withheld.

(e) The summer work schedule for all shift employees shall be posted by May 1st of each year.

(f) The weekly shift schedule for the hours of work shall be posted by 3:00 p.m. on Wednesday.

(g) The posted master shift schedule will contain the following information:

- regular shift employees' names;
- start and stop time of the shifts;
- spares and reliefs;
- assigned shifts;
- scheduled off days.

33.08

(a) Changes in the hours of work and the starting and stopping time shall not be effected until they are discussed by the Labour/Management Committee.

(b) Changes to an employee's hours of work to a start time later than 9:00 a.m. shall not be effected until they are discussed by the Labour/Management Committee.

(c) Changes in the hours of work and the starting and stopping time for posted vacancies shall not be effected until they are discussed by the Labour/Management Committee.

33.09 Subject to Employer approval, which will not be unreasonably denied, employees may select an Alternative Working Schedule which permits an employee to voluntarily complete her/his weekly hours of work within a compressed work week.

An employee, or group of employees, whose participation in an Alternative Working Schedule is denied or withdrawn, shall have recourse through the following appeal process:

(1) Union and Management representatives will jointly meet with the affected employee(s) to discuss and resolve obstacles restricting the implementation of an Alternative Working Schedule.

(2) Should discussion with affected employee(s) not result in the implementation of an Alternative Working Schedule, either party may forward the issue to the Labour/Management Committee for discussion.

33.10 The Alternative Working Schedule will be provided as follows:

(a) Employee must submit an Alternative Working Schedule two weeks (2) prior to the start of each bi-monthly period (December 15, February 15, April 15, June 15, August 15, October 15).

(b) The work week shall be five (5) days, Monday to Friday.

(c) Core hours of work shall be between 9:00 a.m. and 3:00 p.m. with a minimum of one-half (1/2) hour lunch.

(d) Start time shall be no earlier than 7:00 a.m. and stop time no later than 6:00 p.m. Time worked outside of the bi-monthly, pre-selected, Alternative Working Schedule shall be paid in accordance with Article 33.14 to 33.30.

(e) Employees shall be able to work up to six (6) hours per week in addition to their regularly scheduled hours of work. Such hours worked in excess of an employee's regularly scheduled hours of work shall form part of the employee's accumulated bank hours for the purpose of the Alternative Working Schedule.

(f) The accumulated bank shall not exceed three (3) credited days or one (1) debited day in any calendar month.

(g) Hours earned in an employee's accumulated bank must be taken in not less than one-half (1/2) day increments.

(h) Clause 33.01 and 33.11 shall not apply.

(i) For the purposes of the Bereavement Article, Sick Pay Credit Article and Vacation Article a day shall be defined as either seven (7) hours for all 35 hour per week employees or eight (8) hours for all other normally scheduled work hours per week.

Shift Differentials

33.11 Rates listed in Schedule I for shift employees who work on a seven (7) day rotating shift schedule which includes weekends and or public holidays shall be increased by a shift differential of 6%, and shall be applied for all hours paid. For fringe benefits, this premium shall be considered as part of the basic rate.

33.12 For employees working on a rotating shift schedule which does not include weekends or public holidays will receive seventy (70) cents per hour worked in addition to their normal straight-time pay. This section does not apply to an employee who is receiving overtime or other premium pay and shift premiums shall not be stacked.

Standby Period

33.13 Standby period applies only to those employees in a classification who have been placed on a Standby list. Standby time commences at normal stopping time of the workday and terminates at the regular starting time of the next working day.

Standby periods for employees detailed on the Standby List may be from one (1) to seven (7) days in length. Payment shall be at **three (3)** hours at straight time pay for each day on standby on a weekend and/or public holiday and one and a half (1 ½) hours at straight time pay for other week days on standby, plus in all cases, regular overtime rates for overtime worked. Standby pay for employees working a thirty-five (35) hour week is pro-rated accordingly, i.e. 35/40ths as above.

Standby list shall be posted by **March 1st and September 1st of each year and will commence on** March 31st and September 30th **respectively**.

Overtime

33.14 Regular work of the Employer is conducted seven days in the week and overtime results when employee is required to work beyond regular work, (see Hours of Work) or as defined in the following overtime Articles. An employee on overtime work is not expected to work longer than s/he can perform her/his duties safely and efficiently.

Termination of the work period is at the discretion of the Supervisor, but no employee shall work continuously for more than twenty-four (24) hours and a period of at least eight (8) hours must elapse before the employee is recalled for further work.

Absence with Pay

33.15 An employee on overtime for a minimum of six (6) hours, terminating between four (4) and seven (7) hours preceding her/his normal starting time of a regular work day, shall remain away from work until the beginning of the latter half of her/his regular working day.

An employee on overtime for a minimum of six (6) hours, terminating less than four (4) hours preceding her/his normal starting time of a regular work day shall remain away from work for the balance of that day. Employee so absent shall not suffer any loss of straight-time pay for the scheduled hours not worked in her/his regular working day.

33.16 During circumstances of extreme emergency, Article 33.15 shall not apply.

33.17 Overtime shall be allotted among the employees as equitably as practicable among the employees within a district or department.

The Employer shall maintain overtime records and the Union Steward shall have access to the record of her/his Department or Section. When an employee is permitted by the Employer to decline overtime, s/he shall be recorded as having had the opportunity. This provision does not apply to employees residing outside the boundaries of the City of Toronto.

33.18 Call-out includes travel allowance as outlined in provision 33.31 and total amount paid for the calls is not less than two hours' premium time.

33.19

(a) The Employer will make every effort to avoid requiring pre-arranged overtime without twenty-four (24) hours' notice. If an employee is scheduled to work pre-arranged overtime and s/he is notified during her/his off hours that the pre-arranged job has been cancelled, s/he shall be paid two (2) hours' premium time.

(b) When an overtime work period is broken up by up to five (5) hours because continuous work is not required, the employees shall be provided alternate work or shall stand by at premium time until work is resumed.

Non-Shift

Monday to Friday

33.20 When required to continue working on her/his regular working day after her/his regular stopping time, is paid at double time until released.

33.21

(a) When called out on her/his regular working day less than four (4) hours before her/his regular starting time, is paid at double time for the period before her/his regular starting time, straight time for the scheduled working hours and at double time until released.

(b) When called out on her/his regular working day, four (4) hours or more before her/his regular starting time, is paid at double time until released.

33.22 Time worked in excess of eight (8) hour day during regularly scheduled meal period, is paid at double time.

33.23 Saturday and Sunday

Time worked is paid as follows:

0001 hours to 2400 hours at double time

33.24 Public Holiday

Time worked is paid as follows:

0001 hours to 2400 hours at double time, plus normal as provided under Public Holiday.

Shift

Regular Working Day

33.25 When required to continue working beyond her/his scheduled shift after her/his regular stopping time is paid at double time until released.

33.26

(a) When called out less than four (4) hours before her/his scheduled shift, is paid at double time for the period before her/his regular starting time, straight time for the scheduled working hours and at double time until released.

(b) When called out four (4) hours or more before her/his scheduled shift, is paid at double time until released.

33.27 Time worked on scheduled off-days is paid at double time.

Public Holiday

33.28 Hours worked by shift employees on regular shift on an observed Public Holiday are paid at double time and receive a day in lieu unless Public Holidays have been provided for in the shift schedule.

33.29 Shift and Non-Shift employees shall have the option of being paid overtime worked at the premium rates, as provided in the overtime provisions of the Agreement, or being paid at straight-time for the overtime hours worked and accumulating lieu time hours, equivalent to the actual hours worked, to a maximum of **fifty (50)** hours **a year to a maximum bank of one hundred (100) hours** within the term of the Agreement.

33.30 When accumulated lieu time is not taken, the employee shall be reimbursed at the end of the term of the Agreement in an amount equivalent to accumulated lieu time not taken. Payment shall be at the employee's current rate of pay in effect at the end of the term of Agreement.

Travel Time

33.31 Travel time to and from duty report points designated by the Employer is not allowed except as follows:

(a) Employee called out for immediate report shall be paid from time of call, plus a half (1/2) hour at double time to return home, except payment for returning home does not apply when the work terminates at normal stopping time. Responsibility for infringement of travel time rests with the Supervisor.

(b) Employee working in area not served by the Employer reports at area limits not earlier than 8:00 a.m. and ceases work at area limits not later than 5:00 p.m.

(c) One half (1/2) hour at double time allowance to and from employee’s home on prearranged overtime or when reported for duty and instructed to return at a time later in the day. This shall not apply when the prearranged overtime results in an extension or early commencement of a regular work day/shift.

N.B. Transportation is supplied within the City of Toronto to and from work, during such hours after Midnight as convenient public transportation is unavailable.

The above shall not apply to employees residing outside the boundaries of City of Toronto. These employees shall be paid travel time of one half (1/2) hour at double time when called out for immediate report and one half (1/2) hour to return home. Payment for returning home does not apply when the work terminates at normal stopping time.

Meal Allowance

Effective February 1, 200**6** the meal allowance shall be **$12.50**. Effective February 1, 200**7** the meal allowance shall be **$13.00**. Effective February 1, 200**8** the meal allowance shall be **$13.50**.

33.32 Meal allowance is provided as follows:

(a) Employee continuing working past her/his regular stop time, circumstances permitting, shall eat her/his first meal at normal stop time and at intervals thereafter of four (4) hours. Meals shall be calculated from normal stop time. Employee must work two (2) hours past her/his last meal period to be paid for same.

(b) Employee called back for emergency work three (3) hours or more and at intervals thereafter of not less than four (4) hours until released.

(c) Employee working prearranged overtime on her/his off days more than eight (8) hours and at intervals thereafter of not less than four (4) hours until released.

(d) There shall be no loss of time when meals provided above are taken. It is understood that responsibility for length of meal time rests with the Supervisor.

Mileage Allowance

33.33 The Employer shall provide employees who are authorized to use their own automobile on Employer's business up to $300.00 per contract year to cover the difference in insurance premium cost between pleasure and business driving. Employees are required to maintain a minimum of $1,000,000 Public Liability and Property Damage Coverage.

Employees shall be reimbursed **45** cents per kilometer for all kilometers travelled while on Employer's business. Conversion factor is 1 mile = 1.6 kilometers.

The rate paid per kilometer is related to changes in the Private Transportation Index (P.T.I.) component of the Consumer Price Index of Canada (1992 = 100) **for Ontario**. The P.T.I. base figure is **149.3** points (**January 31, 2006**) and for each 11.9 points increase an additional one (1) cent per kilometer shall be paid. The effective date for changes in rate paid will be the first of the month following the month in which the index is published.

Break Periods

33.34 Two fifteen (15) minutes break periods will be allowed all employees each regular working day. For shift employees whose normal work day is more than eight (8) hours an additional break period of fifteen (15) minutes will be allowed. These periods will be arranged in such a way as to prevent inconvenience to the customers or disruption of work.

Parking and Telephone Charges

33.35 The Employer shall refund the cost of public pay telephone calls while on Employer's business.

The Employer shall refund the cost of parking meter or parking lot charges incurred while travelling on Employer's business.

ARTICLE 34
OFFICE PERSONNEL

34.01 Office personnel supplied through a temporary personnel agency and performing work done by employees covered by this Agreement will be used only in cases of Pregnancy, Adoption, Parental Leave, or any such other reason that's equally temporary in nature.

The Employer shall provide the Union on a monthly basis with a list detailing agency personnel employed in bargaining unit positions and reasons.

ARTICLE 35
TERM OF AGREEMENT

35.01 This Agreement is effective from the first (1st) day of **February 2006**, to the thirty-first (31st) day of **January 2009**, and from year to year thereafter unless either party give notice in writing not more than ninety (90) days and not less than thirty (30) days prior to the expiration date of **January 31, 2009**.

35.02 Job classifications, wage rates, progressions and classification conditions for Inside employees are set forth in Schedule I, attached and form part of this Agreement.

35.03 Effective **December 17, 2005** there will be a general increase of **3.5%** on the rates in effect on **February 1, 2005.** Effective **February 1, 2007**, there will be a general wage increase of **3.25%** on the rates in effect on **January 31, 2007**. Effective **February 1, 2008**, there will be a general wage increase of **3.25%** on the rates in effect on **January 31, 2008**. These adjustments to wages shall apply to all employees on the payroll in the bargaining unit.

COLA

The following two Cost of Living Escalator paragraphs are operative during the second and third years of this Agreement. The following two cost of living paragraphs will operate from **February 1, 2007, until January 31, 2009**.

The following Cost of Living Escalator clause shall be applicable to all employees covered by the Agreement and shall provide for an adjustment of wages upwards or downwards of 1% for each full 1% change in the Statistics Canada Consumer Price Index for Toronto (1992 = 100). The Index Figure published in January **2007** is to be the base for calculating adjustments. This escalator clause will not be effective unless the Consumer Price Index for Toronto exceeds the wage adjustment for the second year, i.e. 3.25% by 1%, at which time there will be a 1% general increase. This shall be made effective commencing the first payroll period following the publication date in the month in which the Consumer Price Index is published. Adjustments thereafter will be made in a similar manner every two (2) months. No adjustment upward or downward shall be made if the change in the Consumer Price Index for Toronto is less than 1%.

The index figure published in January **2008** is to be the last index figure utilized for adjustment purposes under this second year Cost of Living Adjustment clause. No downward adjustment shall be made to reduce wages below the level paid in the first month of the second year of the Agreement because of changes in the Consumer Price Index for Toronto.

35.04

(a) In the event that the Employer and the Union negotiate a Collective Agreement for a term of more than two years, the following Cost of Living escalator clause shall become part of such an Agreement and shall be applicable to all employees covered by that Agreement.

(b) Such three-year contract includes an escalator clause in the third year of the Agreement which provides for an adjustment of wages upwards or downwards of 1% for each full 1% change in the Statistics Canada Consumer Price Index for Toronto (1992=100). The index figure published in January **2008** is to be the base for calculating adjustments.

This escalator clause will not be effective unless the Consumer Price Index for Toronto exceeds the wage adjustments for the third year, i.e. 3.25% by 1%, at which time there will be a 1% general increase. This shall be made effective commencing the first payroll period following the publication date in the month in which the Consumer Price Index is published. Adjustments thereafter will be made in a similar manner every two (2) months. No adjustment upward or downward shall be made if the change in the Consumer Price Index for Toronto is less than 1%.

The index figure published in January **2009** is to be the last index figure utilized for adjustment purposes under this clause. No downward adjustment shall be made to reduce wages below the level paid in the first month of the third year of such Agreement because of changes in the Consumer Price Index for Toronto during the life of this Agreement.

35.05 The wage and benefit provisions of this Agreement include any rebates payable to the employee under present OHIP legislation and Employment Insurance legislation.

Printing of the Agreement

35.06 Printing of this Agreement shall be in a union shop and is at Employer's expense and the Union is supplied in sufficient quantity for distribution to Union membership.

35.07 This Agreement is executed and delivered this 18th day of July, 2006.

Signed on behalf of the Toronto Hydro:

Original signed by:

Ave Lethbridge

Bob King

JS Couillard

David Grant

Dino Priore

Helia Ralph

Witness: David S. O'Brien

Signed on behalf of Local No. 1 Canadian Union of Public Employees:

Original signed by:

Bruno Silano

John Camilleri

Pauline Niles

Russ Letson

David Carrington

Chris Hood

Witness: Victor Demelo

Schedule I
Job Classifications and Wage Rates
(effective December 17, 2005 to January 31, 2007)

Classification	Hours	Start	6 Mo.	18 Mo.	30 Mo.	42 Mo.	54 Mo.
Printer	35 Hrs	$673.10	$717.88	$807.91	$897.50		
Office Clerk (Telecom)	**35 Hrs**	**$701.13**	**$747.63**	**$841.07**	**$934.52**		
Accounting Clerk Level 1	35 Hrs	$701.13	$747.63	$841.07	$934.52		
Office Clerk	35 Hrs	$701.13	$747.63	$841.07	$934.52		
Engineering Records Tech.	35 Hrs	$755.80	$806.19	$906.96	$1,007.73		
Accounting Clerk Level 2	35 Hrs	$814.37	$860.01	$950.46	$1,040.89	$1,131.33	
Computer Operator	35 Hrs	$814.37	$860.01	$950.46	$1,040.89	$1,131.33	
Energy Service Clerk	35 Hrs	$814.37	$860.01	$950.46	$1,040.89	$1,131.33	
System Perf. Tech. Level 1	35 Hrs	$814.37	$860.01	$950.46	$1,040.89	$1,131.33	
Telecom Field Technician	35 Hrs	$814.37	$860.01	$950.46	$1,040.89	$1,131.33	
Telecom Technician Level 1	35 Hrs	$814.37	$860.01	$950.46	$1,040.89	$1,131.33	
U.G. Field Technician	35 Hrs	$814.37	$860.01	$950.46	$1,040.89	$1,131.33	
Senior Office Clerk Level 1	35 Hrs	$815.66	$869.93	$978.90	$1,087.83		
Billing & Customer Support Clerk (Telecom)	**35 Hrs**	**$815.66**	**$869.93**	**$978.90**	**$1,087.83**		
Customer Service Rep.	35 Hrs	$831.59	$877.67	$969.84	$1,062.43	$1,154.59	
Senior Office Clerk Level 2	35 Hrs	$831.59	$877.67	$969.84	$1,062.43	$1,154.59	
Senior Work Order Clerk (Telecom)	**35 Hrs**	**$831.59**	**$877.67**	**$969.84**	**$1,062.43**	**$1,154.59**	
Customer Service Advisor	35 Hrs	$848.38	$895.34	$989.64	$1,083.52	$1,178.30	
Energy Service Advisor	35 Hrs	$848.38	$895.34	$989.64	$1,083.52	$1,178.30	
Senior Office Clerk Level 3	35 Hrs	$848.38	$895.34	$989.64	$1,083.52	$1,178.30	
End User Support Rep.	35 Hrs	$849.37	$896.69	$990.94	$1,086.39	$1,179.40	
Electrical Service Inspector	35 Hrs	$872.94	$917.71	$1,006.86	$1,096.02	$1,185.17	$1,274.31
Engineering Tech. Level 2	35 Hrs	$872.94	$917.71	$1,006.86	$1,096.02	$1,185.17	$1,274.31
Facilities Tech. Level 1	35 Hrs	$872.94	$917.71	$1,006.86	$1,096.02	$1,185.17	$1,274.31
Field Tester	35 Hrs	$872.94	$917.71	$1,006.86	$1,096.02	$1,185.17	$1,274.31
Project Scheduler	35 Hrs	$872.94	$917.71	$1,006.86	$1,096.02	$1,185.17	$1,274.31
Rates Technician	35 Hrs	$872.94	$917.71	$1,006.86	$1,096.02	$1,185.17	$1,274.31
Research Assistant	35 Hrs	$872.94	$917.71	$1,006.86	$1,096.02	$1,185.17	$1,274.31
Scada/DMS Sys. Tech.	35 Hrs	$872.94	$917.71	$1,006.86	$1,096.02	$1,185.17	$1,274.31
Senior Office Clerk Level 4	35 Hrs	$872.94	$917.71	$1,006.86	$1,096.02	$1,185.17	$1,274.31
Procurement Clerk (Telecom)	**35 Hrs**	**$872.94**	**$917.71**	**$1,006.86**	**$1,096.02**	**$1,185.17**	**$1,274.31**
Fibre Allocation Technician (Telecom)	**35 Hrs**	**$872.94**	**$917.71**	**$1,006.86**	**$1,096.02**	**$1,185.17**	**$1,274.31**
Plant Locator	**35 Hrs**	**$875.47**	**$924.10**	**$1,021.37**	**$1,118.65**	**$1,215.92**	
Demand Clerk	35 Hrs	$882.42	$931.50	$1,029.28	$1,127.45	$1,225.23	
Lab Technician	35 Hrs	$883.43	$942.51	$1,060.65	$1,177.78		
Telecom Analyst	35 Hrs	$913.86	$960.37	$1,053.82	$1,147.26	$1,240.28	$1,334.17
General Service Billing Specialist	**35 Hrs**	**$938.40**	**$986.64**	**$1,082.25**	**$1,178.30**	**$1,274.31**	**$1,370.35**
Accounting Clerk Level 3	35 Hrs	$938.40	$986.64	$1,082.25	$1,178.30	$1,274.31	$1,370.35
Engineering Tech. Level 3	35 Hrs	$938.40	$986.64	$1,082.25	$1,178.30	$1,274.31	$1,370.35

Schedule I
Job Classifications and Wage Rates
(effective December 17, 2005 to January 31, 2007)

Classification	Hours	Start	6 Mo.	18 Mo.	30 Mo.	42 Mo.	54 Mo.
Fleet Technical Clerk	35 Hrs	$938.40	$986.64	$1,082.25	$1,178.30	$1,274.31	$1,370.35
Material Analyst	35 Hrs	$938.40	$986.64	$1,082.25	$1,178.30	$1,274.31	$1,370.35
Meter Technician	35 Hrs	$938.40	$986.64	$1,082.25	$1,178.30	$1,274.31	$1,370.35
Programmer/Analyst	35 Hrs	$938.40	$986.64	$1,082.25	$1,178.30	$1,274.31	$1,370.35
Scada Technician	35 Hrs	$938.40	$986.64	$1,082.25	$1,178.30	$1,274.31	$1,370.35
Stations Equipment Tester	35 Hrs	$938.40	$986.64	$1,082.25	$1,178.30	$1,274.31	$1,370.35
Senior Lab Technician	**35 Hrs**	**$938.40**	**$986.64**	**$1,082.25**	**$1,178.30**	**$1,274.31**	**$1,370.35**
Sr. Electrical Service Inspector	35 Hrs	$938.40	$986.64	$1,082.25	$1,178.30	$1,274.31	$1,370.35
Telecom Technician Level 2	**35 Hrs**	**$956.05**	**$1,005.14**	**$1,102.46**	**$1,200.24**	**$1,298.43**	**$1,395.75**
Civil Designer	35 Hrs	$956.05	$1,005.14	$1,102.46	$1,200.24	$1,298.43	$1,395.75
Design Tech. Level 1	35 Hrs	$956.05	$1,005.14	$1,102.46	$1,200.24	$1,298.43	$1,395.75
Treasury & Accounting Analyst	**35 Hrs**	**$972.88**	**$1,022.37**	**$1,121.86**	**$1,221.36**	**$1,320.82**	**$1,419.85**
Buyer	35 Hrs	$972.88	$1,022.37	$1,121.86	$1,221.36	$1,320.82	$1,419.85
Civil Technician	35 Hrs	$972.88	$1,022.37	$1,121.86	$1,221.36	$1,320.82	$1,419.85
Facilities Tech. Level 2	35 Hrs	$972.88	$1,022.37	$1,121.86	$1,221.36	$1,320.82	$1,419.85
Design Tech. Level 2	35 Hrs	$1,020.21	$1,072.34	$1,176.56	$1,281.19	$1,384.99	$1,489.20
Energy Service Tech.	35 Hrs	$1,020.21	$1,072.34	$1,176.56	$1,281.19	$1,384.99	$1,489.20
Station Designer	35 Hrs	$1,020.21	$1,072.34	$1,176.56	$1,281.19	$1,384.99	$1,489.20
System Perf. Tech. Level 2	35 Hrs	$1,020.21	$1,072.34	$1,176.56	$1,281.19	$1,384.99	$1,489.20
Structure Specialist (Telecom)	**35 Hrs**	**$1,020.21**	**$1,072.34**	**$1,176.56**	**$1,281.19**	**$1,384.99**	**$1,489.20**
Project Designer (Telecom)	**35 Hrs**	**$1,020.21**	**$1,072.34**	**$1,176.56**	**$1,281.19**	**$1,384.99**	**$1,489.20**
Station Inspector	40 Hrs	$849.99	$906.60	$1,019.80	$1,132.99		
Garage Clerk	40 Hrs	$883.43	$942.51	$1,060.65	$1,177.78		
Customer Enquiry Clerk	40 Hrs	$919.89	$981.41	$1,103.94	$1,226.52		
Telecom Field Tech (Telecom)	**40 Hrs**	**$920.46**	**$1,075.51**	**$1,209.95**	**$1,344.38**		
Telecommunications Technologist	40 Hrs	$920.46	$1,075.51	$1,209.95	$1,344.38		
U.G. Const. Field Tech.	40 Hrs	$923.83	$985.35	$1,108.86	$1,231.92		
Technical Clerk - Water Heater	40 Hrs	$946.94	$1,010.43	$1,135.94	$1,262.44		
Energy Field Serv. Rep.	40 Hrs	$955.13	$1,018.95	$1,146.12	$1,273.83		
Engineering Cost Clerk	40 Hrs	$956.31	$1,020.27	$1,147.77	$1,275.23		
Cable Locate Dispatcher	**40 Hrs**	**$989.22**	**$1,053.18**	**$1,113.03**	**$1,162.39**		
Dispatcher	40 Hrs	$989.22	$1,053.18	$1,113.03	$1,162.39		
Protection & Control Tech.	40 Hrs	$1,039.97	$1,092.64	$1,198.94	$1,305.76	$1,411.56	$1,517.87

Schedule I
Job Classifications and Wage Rates
(effective December 17, 2005 to January 31, 2007)

Students – Clerical	35 Hrs		$571.48	
Students – Field	40 Hrs		$599.47	
Students – Technical	40 Hrs		$599.47	
Students - Sr. Technical	40 Hrs		$692.99	

Schedule I
Job Classifications and Wage Rates
(effective February 1, 2007 to January 31, 2008)

Classification	Hours	Start	6 Mo.	18 Mo.	30 Mo.	42 Mo.	54 Mo.
Printer	35 Hrs	$694.98	$741.21	$834.17	$926.67		
Office Clerk (Telecom)	**35 Hrs**	**$723.92**	**$771.93**	**$868.41**	**$964.89**		
Accounting Clerk Level 1	35 Hrs	$723.92	$771.93	$868.41	$964.89		
Office Clerk	35 Hrs	$723.92	$771.93	$868.41	$964.89		
Engineering Records Tech.	35 Hrs	$780.36	$832.39	$936.44	$1,040.48		
Accounting Clerk Level 2	35 Hrs	$840.84	$887.96	$981.35	$1,074.72	$1,168.10	
Computer Operator	35 Hrs	$840.84	$887.96	$981.35	$1,074.72	$1,168.10	
Energy Service Clerk	35 Hrs	$840.84	$887.96	$981.35	$1,074.72	$1,168.10	
System Perf. Tech. Level 1	35 Hrs	$840.84	$887.96	$981.35	$1,074.72	$1,168.10	
Telecom Field Technician	35 Hrs	$840.84	$887.96	$981.35	$1,074.72	$1,168.10	
Telecom Technician Level 1	35 Hrs	$840.84	$887.96	$981.35	$1,074.72	$1,168.10	
U.G. Field Technician	35 Hrs	$840.84	$887.96	$981.35	$1,074.72	$1,168.10	
Senior Office Clerk Level 1	35 Hrs	$842.17	$898.20	$1,010.72	$1,123.18		
Billing & Customer Support Clerk (Telecom)	**35 Hrs**	**$842.17**	**$898.20**	**$1,010.72**	**$1,123.18**		
Customer Service Rep.	35 Hrs	$858.62	$906.19	$1,001.36	$1,096.96	$1,192.12	
Senior Office Clerk Level 2	35 Hrs	$858.62	$906.19	$1,001.36	$1,096.96	$1,192.12	
Senior Work Order Clerk (Telecom)	**35 Hrs**	**$858.62**	**$906.19**	**$1,001.36**	**$1,096.96**	**$1,192.12**	
Customer Service Advisor	35 Hrs	$875.95	$924.44	$1,021.80	$1,118.74	$1,216.59	
Energy Service Advisor	35 Hrs	$875.95	$924.44	$1,021.80	$1,118.74	$1,216.59	
Senior Office Clerk Level 3	35 Hrs	$875.95	$924.44	$1,021.80	$1,118.74	$1,216.59	
End User Support Rep.	35 Hrs	$876.98	$925.84	$1,023.15	$1,121.70	$1,217.73	
Electrical Service Inspector	35 Hrs	$901.31	$947.54	$1,039.58	$1,131.64	$1,223.69	$1,315.73
Engineering Tech. Level 2	35 Hrs	$901.31	$947.54	$1,039.58	$1,131.64	$1,223.69	$1,315.73
Facilities Tech. Level 1	35 Hrs	$901.31	$947.54	$1,039.58	$1,131.64	$1,223.69	$1,315.73
Field Tester	35 Hrs	$901.31	$947.54	$1,039.58	$1,131.64	$1,223.69	$1,315.73
Project Scheduler	35 Hrs	$901.31	$947.54	$1,039.58	$1,131.64	$1,223.69	$1,315.73
Rates Technician	35 Hrs	$901.31	$947.54	$1,039.58	$1,131.64	$1,223.69	$1,315.73
Research Assistant	35 Hrs	$901.31	$947.54	$1,039.58	$1,131.64	$1,223.69	$1,315.73
Scada/DMS Sys. Tech.	35 Hrs	$901.31	$947.54	$1,039.58	$1,131.64	$1,223.69	$1,315.73
Senior Office Clerk Level 4	35 Hrs	$901.31	$947.54	$1,039.58	$1,131.64	$1,223.69	$1,315.73
Procurement Clerk (Telecom)	**35 Hrs**	**$901.31**	**$947.54**	**$1,039.58**	**$1,131.64**	**$1,223.69**	**$1,315.73**
Fiber Allocation Technician (Telecom)	**35 Hrs**	**$901.31**	**$947.54**	**$1,039.58**	**$1,131.64**	**$1,223.69**	**$1,315.73**
Plant Locator	**35 Hrs**	**$903.92**	**$954.13**	**$1,054.56**	**$1,155.00**	**$1,255.44**	
Demand Clerk	35 Hrs	$911.10	$961.77	$1,062.73	$1,164.09	$1,265.05	
Lab Technician	35 Hrs	$912.15	$973.14	$1,095.12	$1,216.06		
Telecom Analyst	35 Hrs	$943.56	$991.58	$1,088.07	$1,184.54	$1,280.59	$1,377.53
General Service Billing Specialist	**35 Hrs**	**$968.90**	**$1,018.71**	**$1,117.42**	**$1,216.59**	**$1,315.73**	**$1,414.89**
Accounting Clerk Level 3	35 Hrs	$968.90	$1,018.71	$1,117.42	$1,216.59	$1,315.73	$1,414.89
Engineering Tech. Level 3	35 Hrs	$968.90	$1,018.71	$1,117.42	$1,216.59	$1,315.73	$1,414.89

Schedule I
Job Classifications and Wage Rates
(effective February 1, 2007 to January 31, 2008)

Classification	Hours	Start	6 Mo.	18 Mo.	30 Mo.	42 Mo.	54 Mo.
Fleet Technical Clerk	35 Hrs	$968.90	$1,018.71	$1,117.42	$1,216.59	$1,315.73	$1,414.89
Material Analyst	35 Hrs	$968.90	$1,018.71	$1,117.42	$1,216.59	$1,315.73	$1,414.89
Meter Technician	35 Hrs	$968.90	$1,018.71	$1,117.42	$1,216.59	$1,315.73	$1,414.89
Programmer/Analyst	35 Hrs	$968.90	$1,018.71	$1,117.42	$1,216.59	$1,315.73	$1,414.89
Scada Technician	35 Hrs	$968.90	$1,018.71	$1,117.42	$1,216.59	$1,315.73	$1,414.89
Stations Equipment Tester	35 Hrs	$968.90	$1,018.71	$1,117.42	$1,216.59	$1,315.73	$1,414.89
Senior Lab Technician	**35 Hrs**	**$968.90**	**$1,018.71**	**$1,117.42**	**$1,216.59**	**$1,315.73**	**$1,414.89**
Sr. Electrical Service Inspector	35 Hrs	$968.90	$1,018.71	$1,117.42	$1,216.59	$1,315.73	$1,414.89
Telecom Technician Level 2	**35 Hrs**	**$987.12**	**$1,037.81**	**$1,138.29**	**$1,239.25**	**$1,340.63**	**$1,441.11**
Civil Designer	35 Hrs	$987.12	$1,037.81	$1,138.29	$1,239.25	$1,340.63	$1,441.11
Design Tech. Level 1	35 Hrs	$987.12	$1,037.81	$1,138.29	$1,239.25	$1,340.63	$1,441.11
Treasury & Accounting Analyst	**35 Hrs**	**$1,004.50**	**$1,055.60**	**$1,158.32**	**$1,261.06**	**$1,363.74**	**$1,466.00**
Buyer	35 Hrs	$1,004.50	$1,055.60	$1,158.32	$1,261.06	$1,363.74	$1,466.00
Civil Technician	35 Hrs	$1,004.50	$1,055.60	$1,158.32	$1,261.06	$1,363.74	$1,466.00
Facilities Tech. Level 2	35 Hrs	$1,004.50	$1,055.60	$1,158.32	$1,261.06	$1,363.74	$1,466.00
Design Tech. Level 2	35 Hrs	$1,053.37	$1,107.19	$1,214.80	$1,322.82	$1,430.00	$1,537.60
Energy Service Tech.	35 Hrs	$1,053.37	$1,107.19	$1,214.80	$1,322.82	$1,430.00	$1,537.60
Station Designer	35 Hrs	$1,053.37	$1,107.19	$1,214.80	$1,322.82	$1,430.00	$1,537.60
System Perf. Tech. Level 2	35 Hrs	$1,053.37	$1,107.19	$1,214.80	$1,322.82	$1,430.00	$1,537.60
Structure Specialist (Telecom)	**35 Hrs**	**$1,053.37**	**$1,107.19**	**$1,214.80**	**$1,322.82**	**$1,430.00**	**$1,537.60**
Project Designer (Telecom)	**35 Hrs**	**$1,053.37**	**$1,107.19**	**$1,214.80**	**$1,322.82**	**$1,430.00**	**$1,537.60**
Station Inspector	40 Hrs	$877.62	$936.06	$1,052.94	$1,169.82		
Garage Clerk	40 Hrs	$912.15	$973.14	$1,095.12	$1,216.06		
Customer Enquiry Clerk	40 Hrs	$949.78	$1,013.30	$1,139.82	$1,266.38		
Telecom Field Tech (Telecom)	**40 Hrs**	**$950.37**	**$1,110.46**	**$1,249.27**	**$1,388.07**		
Telecommunications Technologist	40 Hrs	$950.37	$1,110.46	$1,249.27	$1,388.07		
U.G. Const. Field Tech.	40 Hrs	$953.86	$1,017.37	$1,144.90	$1,271.96		
Technical Clerk - Water Heater	40 Hrs	$977.72	$1,043.27	$1,172.86	$1,303.47		
Energy Field Serv. Rep.	40 Hrs	$986.17	$1,052.06	$1,183.37	$1,315.23		
Engineering Cost Clerk	40 Hrs	$987.39	$1,053.43	$1,185.08	$1,316.68		
Cable Locate Dispatcher	**40 Hrs**	**$1,021.37**	**$1,087.41**	**$1,149.20**	**$1,200.17**		
Dispatcher	40 Hrs	$1,021.37	$1,087.41	$1,149.20	$1,200.17		
Protection & Control Tech.	40 Hrs	$1,073.77	$1,128.15	$1,237.91	$1,348.19	$1,457.44	$1,567.20

Schedule I
Job Classifications and Wage Rates
(effective February 1, 2007 to January 31, 2008)

Students – Clerical	35 Hrs			$590.05			
Students – Field	40 Hrs			$618.95			
Students – Technical	40 Hrs			$618.95			
Students - Sr. Technical	40 Hrs			$715.52			

Schedule I
Job Classifications and Wage Rates
(effective February 1, 2008 to January 31, 2009)

Classification	Hours	Start	6 Mo.	18 Mo.	30 Mo.	42 Mo.	54 Mo.
Printer	35 Hrs	$717.56	$765.30	$861.28	$956.79		
Office Clerk (Telecom)	**35 Hrs**	$747.44	$797.02	$896.63	$996.25		
Accounting Clerk Level 1	35 Hrs	$747.44	$797.02	$896.63	$996.25		
Office Clerk	35 Hrs	$747.44	$797.02	$896.63	$996.25		
Engineering Records Tech.	35 Hrs	$805.72	$859.45	$966.87	$1,074.29		
Accounting Clerk Level 2	35 Hrs	$868.16	$916.82	$1,013.25	$1,109.65	$1,206.06	
Computer Operator	35 Hrs	$868.16	$916.82	$1,013.25	$1,109.65	$1,206.06	
Energy Service Clerk	35 Hrs	$868.16	$916.82	$1,013.25	$1,109.65	$1,206.06	
System Perf. Tech. Level 1	35 Hrs	$868.16	$916.82	$1,013.25	$1,109.65	$1,206.06	
Telecom Field Technician	35 Hrs	$868.16	$916.82	$1,013.25	$1,109.65	$1,206.06	
Telecom Technician Level 1	35 Hrs	$868.16	$916.82	$1,013.25	$1,109.65	$1,206.06	
U.G. Field Technician	35 Hrs	$868.16	$916.82	$1,013.25	$1,109.65	$1,206.06	
Senior Office Clerk Level 1	35 Hrs	$869.54	$927.39	$1,043.57	$1,159.68		
Billing & Customer Support Clerk (Telecom)	**35 Hrs**	$869.54	$927.39	$1,043.57	$1,159.68		
Customer Service Rep.	35 Hrs	$886.52	$935.65	$1,033.90	$1,132.61	$1,230.86	
Senior Office Clerk Level 2	35 Hrs	$886.52	$935.65	$1,033.90	$1,132.61	$1,230.86	
Senior Work Order Clerk (Telecom)	**35 Hrs**	$886.52	$935.65	$1,033.90	$1,132.61	$1,230.86	
Customer Service Advisor	35 Hrs	$904.42	$954.48	$1,055.01	$1,155.09	$1,256.13	
Energy Service Advisor	35 Hrs	$904.42	$954.48	$1,055.01	$1,155.09	$1,256.13	
Senior Office Clerk Level 3	35 Hrs	$904.42	$954.48	$1,055.01	$1,155.09	$1,256.13	
End User Support Rep.	35 Hrs	$905.48	$955.93	$1,056.40	$1,158.15	$1,257.31	
Electrical Service Inspector	35 Hrs	$930.60	$978.33	$1,073.37	$1,168.42	$1,263.46	$1,358.49
Engineering Tech. Level 2	35 Hrs	$930.60	$978.33	$1,073.37	$1,168.42	$1,263.46	$1,358.49
Facilities Tech. Level 1	35 Hrs	$930.60	$978.33	$1,073.37	$1,168.42	$1,263.46	$1,358.49
Field Tester	35 Hrs	$930.60	$978.33	$1,073.37	$1,168.42	$1,263.46	$1,358.49
Project Scheduler	35 Hrs	$930.60	$978.33	$1,073.37	$1,168.42	$1,263.46	$1,358.49
Rates Technician	35 Hrs	$930.60	$978.33	$1,073.37	$1,168.42	$1,263.46	$1,358.49
Research Assistant	35 Hrs	$930.60	$978.33	$1,073.37	$1,168.42	$1,263.46	$1,358.49
Scada/DMS Sys. Tech.	35 Hrs	$930.60	$978.33	$1,073.37	$1,168.42	$1,263.46	$1,358.49
Senior Office Clerk Level 4	35 Hrs	$930.60	$978.33	$1,073.37	$1,168.42	$1,263.46	$1,358.49
Procurement Clerk (Telecom)	**35 Hrs**	$930.60	$978.33	$1,073.37	$1,168.42	$1,263.46	$1,358.49
Fiber Allocation Technician (Telecom)	**35 Hrs**	$930.60	$978.33	$1,073.37	$1,168.42	$1,263.46	$1,358.49
Plant Locator	**35 Hrs**	$933.30	$985.14	$1,088.84	$1,192.54	$1,296.24	
Demand Clerk	35 Hrs	$940.71	$993.03	$1,097.27	$1,201.92	$1,306.17	
Lab Technician	35 Hrs	$941.79	$1,004.77	$1,130.71	$1,255.58		
Telecom Analyst	35 Hrs	$974.23	$1,023.80	$1,123.43	$1,223.04	$1,322.21	$1,422.30
General Service Billing Specialist	**35 Hrs**	$1,000.39	$1,051.82	$1,153.74	$1,256.13	$1,358.49	$1,460.87
Accounting Clerk Level 3	35 Hrs	$1,000.39	$1,051.82	$1,153.74	$1,256.13	$1,358.49	$1,460.87
Engineering Tech. Level 3	35 Hrs	$1,000.39	$1,051.82	$1,153.74	$1,256.13	$1,358.49	$1,460.87

Schedule I
Job Classifications and Wage Rates
(effective February 1, 2008 to January 31, 2009)

Classification	Hours	Start	6 Mo.	18 Mo.	30 Mo.	42 Mo.	54 Mo.
Fleet Technical Clerk	35 Hrs	$1,000.39	$1,051.82	$1,153.74	$1,256.13	$1,358.49	$1,460.87
Material Analyst	35 Hrs	$1,000.39	$1,051.82	$1,153.74	$1,256.13	$1,358.49	$1,460.87
Meter Technician	35 Hrs	$1,000.39	$1,051.82	$1,153.74	$1,256.13	$1,358.49	$1,460.87
Programmer/Analyst	35 Hrs	$1,000.39	$1,051.82	$1,153.74	$1,256.13	$1,358.49	$1,460.87
Scada Technician	35 Hrs	$1,000.39	$1,051.82	$1,153.74	$1,256.13	$1,358.49	$1,460.87
Stations Equipment Tester	35 Hrs	$1,000.39	$1,051.82	$1,153.74	$1,256.13	$1,358.49	$1,460.87
Senior Lab Technician	**35 Hrs**	$1,000.39	$1,051.82	$1,153.74	$1,256.13	$1,358.49	$1,460.87
Sr. Electrical Service Inspector	35 Hrs	$1,000.39	$1,051.82	$1,153.74	$1,256.13	$1,358.49	$1,460.87
Telecom Technician Level 2	**35 Hrs**	$1,019.20	$1,071.54	$1,175.29	$1,279.52	$1,384.20	$1,487.95
Civil Designer	35 Hrs	$1,019.20	$1,071.54	$1,175.29	$1,279.52	$1,384.20	$1,487.95
Design Tech. Level 1	35 Hrs	$1,019.20	$1,071.54	$1,175.29	$1,279.52	$1,384.20	$1,487.95
Treasury & Accounting Analyst	**35 Hrs**	$1,037.14	$1,089.91	$1,195.96	$1,302.04	$1,408.06	$1,513.64
Buyer	35 Hrs	$1,037.14	$1,089.91	$1,195.96	$1,302.04	$1,408.06	$1,513.64
Civil Technician	35 Hrs	$1,037.14	$1,089.91	$1,195.96	$1,302.04	$1,408.06	$1,513.64
Facilities Tech. Level 2	35 Hrs	$1,037.14	$1,089.91	$1,195.96	$1,302.04	$1,408.06	$1,513.64
Design Tech. Level 2	35 Hrs	$1,087.60	$1,143.18	$1,254.28	$1,365.82	$1,476.47	$1,587.57
Energy Service Tech.	35 Hrs	$1,087.60	$1,143.18	$1,254.28	$1,365.82	$1,476.47	$1,587.57
Station Designer	35 Hrs	$1,087.60	$1,143.18	$1,254.28	$1,365.82	$1,476.47	$1,587.57
System Perf. Tech. Level 2	35 Hrs	$1,087.60	$1,143.18	$1,254.28	$1,365.82	$1,476.47	$1,587.57
Structure Specialist (Telecom)	**35 Hrs**	$1,087.60	$1,143.18	$1,254.28	$1,365.82	$1,476.47	$1,587.57
Project Designer (Telecom)	**35 Hrs**	$1,087.60	$1,143.18	$1,254.28	$1,365.82	$1,476.47	$1,587.57
Station Inspector	40 Hrs	$906.14	$966.48	$1,087.16	$1,207.84		
Garage Clerk	40 Hrs	$941.79	$1,004.77	$1,130.71	$1,255.58		
Customer Enquiry Clerk	40 Hrs	$980.65	$1,046.24	$1,176.86	$1,307.54		
Telecom Field Tech (Telecom)	**40 Hrs**	$981.26	$1,146.55	$1,289.87	$1,433.19		
Telecommunications Technologist	40 Hrs	$981.26	$1,146.55	$1,289.87	$1,433.19		
U.G. Const. Field Tech.	40 Hrs	$984.86	$1,050.44	$1,182.10	$1,313.30		
Technical Clerk - Water Heater	40 Hrs	$1,009.49	$1,077.17	$1,210.98	$1,345.83		
Energy Field Serv. Rep.	40 Hrs	$1,018.22	$1,086.25	$1,221.83	$1,357.97		
Engineering Cost Clerk	40 Hrs	$1,019.48	$1,087.67	$1,223.59	$1,359.47		
Cable Locate Dispatcher	**40 Hrs**	**$1,054.57**	**$1,122.75**	**$1,186.55**	**$1,239.17**		
Dispatcher	40 Hrs	$1,054.57	$1,122.75	$1,186.55	$1,239.17		
Protection & Control Tech.	40 Hrs	$1,108.66	$1,164.81	$1,278.14	$1,392.01	$1,504.81	$1,618.13

Schedule I
Job Classifications and Wage Rates
(effective February 1, 2008 to January 31, 2009)

Students – Clerical	35 Hrs		$609.22	
Students – Field	40 Hrs		$639.07	
Students – Technical	40 Hrs		$639.07	
Students - Sr. Technical	40 Hrs		$738.77	

LETTER OF INTENT #1

TORONTO HYDRO

November 30, 2005

Mr. Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Re: Compressed Work Week – Inside Bargaining Unit

This will confirm our agreement at negotiations regarding a Compressed Work Week in the Inside Collective Agreement for both 35 and 40 hour per week employees.

The Compressed Work Week shall be established as follows:

- **a Department may identify projects or activities to be scheduled on a compressed work week;**
- **adequate coverage must be provided during a compressed work week;**
- **the compressed work week will generally be for the period from May to September;**
- **there shall be no compressed work week in areas where road restrictions exist (if applicable);**
- **employees may volunteer to be considered to work a compressed work week;**
- **employees shall have the right to refuse to participate in a compressed work week;**
- **assignment to the compressed work week will be at the discretion of the Employer, and will be provided as equitably as practicable;**

- **a compressed work week will not commence without four (4) weeks' notice, unless both parties agree otherwise;**
- **the work week shall be four (4) consecutive days, between Monday and Friday, with a start time no earlier than 6:30 a.m. and a stop time no later than 6:30 p.m. Time worked outside of the prearranged compressed work week period shall be paid in accordance with Article 33.**
- **Article 33.01 shall not apply to employees while working a compressed work week. Forty (40) hour week employees shall have a one-half (1/2) hour paid lunch in accordance with Article 33.01;**
- **There shall be no Compressed Work Week schedule should a Public Holiday occur in that week.**

Sincerely,

Ave Lethbridge, Vice-President
Organizational Effectiveness

LETTER OF INTENT #2

TORONTO HYDRO

December 7, 2005

Mr. Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Re: Part Time Employees

For the duration of the Collective Agreement **six (6)** employees **in the Customer Care Department** may work on a part time basis. When part time employees are used they will fill lower classifications in the Department.

Sincerely,

Ave Lethbridge, Vice-President
Organizational Effectiveness

LETTER OF INTENT #3

TORONTO HYDRO

December 17, 2002

Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Re: Resource Balancing

This will confirm our discussions during negotiations that in order to minimize disruption to employees and operations resulting from employee surplus, the parties have agreed to a Resource Balancing process as set out below.

The Employer and the Union will mutually agree before utilizing the Resource Balancing process.

When the Employer determines that there is a surplus of employees, due to shortage of work, the Employer will provide notice to the Union under Retrogression Article 31.01.

The Employer will, during the two (2) month notice period, review the status of vacancies in the organization to determine if there is an opportunity to match the surplus employees with vacancies and proceed to fill those vacancies during the notice period.

Surplus employees will, on the basis of seniority and on a voluntary basis, be offered the opportunity to fill any vacancy for which they are qualified. The requirement to post notice of such vacancy under Article 10.01 (d) is waived

during the Resource Balancing process. Employee shall receive an increase as follows:

(a) If the present rate is below minimum rate of new classification, s/he shall receive minimum rate of new classification; new anniversary date.

(b) If present rate is within the wage range of new classification, s/he shall be paid at the next step in the new classification which is closest to their existing rate of pay, providing the maximum rate of the new classification is sufficiently higher to permit it; new anniversary date.

(c) Notwithstanding the above, no employee may receive the maximum rate of a position until s/he has been performing satisfactorily in the position for six (6) months.

Surplus employees not placed under the Resource Balancing process will be covered by Retrogression under Article 31 of their respective Collective Agreement.

This letter will expire at the end of the term of the Collective Agreement unless renewed.

Yours truly,

David Scott,
Vice-President, Human Resources

LETTER OF INTENT #4

TORONTO HYDRO

March 11, 1999

Mr. Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Re: Benefit Plans of Existing Retirees

Existing retirees will retain their current benefit coverage according to their previous utility.

Yours truly,

David Scott,
Vice-President, Human Resources

LETTER OF INTENT #5

TORONTO HYDRO

March 11, 1999

Mr. Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Re: Use of Temporary Staff

When Temporary Staff are used, they will be used to fill lower classifications in the Department at that location. An exception to this practice only occurs if this creates operational hardship.

Yours truly,

David Scott,
Vice-President, Human Resources

LETTER OF INTENT #6

TORONTO HYDRO

June 17, 1999

Mr. Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

As a result of harmonization which Arbitrator Adams has ruled to have occurred in contrast to multi-skilling, employees will be required to perform new job duties or acquire new qualifications which relate to their positions. Employees who are unable, after adequate training or orientation, as the case may be, to perform such duties or acquire such new qualifications will be reasonably accommodated by the Employer by remaining in their previous job classifications and previous wage rate (and will receive all future general increases) provided the employee has engaged in all reasonable efforts to assume the new duties or acquire the new qualifications.

This understanding needs to be renewed at the expiration of the current Collective Agreement otherwise it expires.

Yours truly,

David Scott,
Vice-President, Human Resources

LETTER OF INTENT #7

TORONTO HYDRO

August 17, 1999

Mr. Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Re: Lunch Period

If the Employer decides to change the current practice of the lunch periods being between the hours of 1200 and 1400 for Inside employees, the Employer will give the Union notification of at least thirty (30) days prior to any change. With the permission of the Employer, employees will have the option of changing their one (1) hour unpaid lunch to a half (1/2) hour unpaid lunch. Permission will not be unreasonably withheld.

Yours truly,

David Scott,
Vice-President, Human Resources

LETTER OF INTENT #8

TORONTO HYDRO

December 19, 2002

Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Re: Toronto Hydro's Post Retirement Benefits Program

This is to confirm our discussions at negotiations concerning retiree benefits.

It is agreed that employees in the bargaining unit, who retire and receive a pension, on or after ratification of this agreement, shall be entitled to receive Toronto Hydro's Post Retirement Benefits Program dated April, 2000 with the following amendments:

- Schedule A will be extended to December 31, 2020.

- Upon death of retiree, the surviving spouse will continue to receive the same medical and hospital services coverage.

- For greater clarity, this is to confirm that the lifetime maximum caps for both Health and Dental benefits for Schedule A and Schedule B are removed and that Schedule C will continue.

Yours truly,

David Scott,
Vice-President, Human Resources

LETTER OF INTENT #9

TORONTO HYDRO

December 15, 2005

Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Re: Temporary and Indefinite Relocation of Employees within the City of Toronto

This will confirm our discussion in negotiations regarding the desire to have a structured approach when employees are reassigned to the various home work centres.

The following sets out the agreed process to accomplish the relocation of employees:

<u>Temporary Relocation (greater than 2 weeks)</u>

Definition: The Employee will return to the home work centre eventually

- Employer determines requirement and work **location** of employees **to be moved.**
- Notice provided to the Union
- Notice posted at source work **location**, including approximate duration
- Reassignment offered to senior qualified employee(s) in classification from source work **location**

- If insufficient number of senior qualified volunteers, junior qualified employee(s) from source work centre is reassigned

Indefinite Relocation

Definition: The Employee(s) is not expected to return to home work centre

- Employer determines requirement and source work **location** of employees
- Notice provided to the Union
- Notice posted first in the source work centre
- Senior employee(s) who volunteers in classification and in source work centre transfers
- If insufficient numbers of volunteers from source work **location**, the Employer will consider volunteers from other work centres on the basis of seniority and availability
- Notice posted system-wide for interested volunteers
- If numbers of volunteers are still insufficient, junior employee(s) will be assigned from the source work **location**

N.B. Seniority for the purposes of relocation is the length of service in a classification.

Yours truly,

Ave Lethbridge, Vice-President
Organizational Effectiveness

LETTER OF INTENT #10

TORONTO HYDRO

February 11, 2001

Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Further to our discussions in negotiations, this will confirm our position that no bargaining unit employee's job in the LDC will be eliminated as a result of assignment of work to the Retail Affiliate.

This letter will expire at the end of the term of the Collective Agreement unless renewed.

Yours truly,

David Scott,
Vice-President, Human Resources

LETTER OF INTENT #11

TORONTO HYDRO

December 13, 2002

Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Re: Status Statement of Vacation, Sick and Lieu Hours

This will confirm our discussion in negotiations regarding the need to clarify the issue of an employee's vacation, sick and lieu hours.

It has been agreed that Toronto Hydro will supply each employee, by the first payroll period in March 2003, with the balance of vacation, sick and lieu hours on the bi-weekly paycheque.

This understanding needs to be renewed at the expiration of the current Collective Agreement otherwise it expires.

Yours truly,

David Scott,
Vice-President, Human Resources

LETTER OF INTENT #12 - NEW

December 7, 2005

Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Re: Health Club Membership

This will confirm our discussion during negotiations regarding fitness membership. In consideration of the importance of employee wellness, the Employer agrees to the following:

- **Payment up to $350.00 per year towards the cost for a health club membership.**
- **The health club must be recognized/registered fitness institution.**
- **Employees must submit an expense report including related receipt to Finance for reimbursement.**

This letter will expire at the end of the term of the Collective Agreement unless renewed.

Yours truly,

Ave Lethbridge, Vice-President
Organizational Effectiveness

LETTER OF INTENT #13 - NEW

December 7, 2005

Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Re: Union WSIB Representative

This will confirm our discussion during negotiations regarding the full time position of Union WSIB Representative.

The following sets out the agreed conditions for the Union WSIB Representative:

- **Support the Joint Early and Safe Return to Work Program to ensure a safe and timely return to work.**
- **Support the Wellness Program to have a positive impact on regular attendance.**
- **The cost of wages shall be at the Journeyperson rate or the employee's normal wages whichever is greater.**

Meetings will be held quarterly with representatives from the Employer and Union to review results.

The Union WSIB Representative position will be renewed annually subject to meeting the above conditions.

Yours truly,

Ave Lethbridge, Vice-President
Organizational Effectiveness

LETTER OF INTENT #14

TORONTO HYDRO

June 17, 1999

Mr. Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Re: Mapping Document

For ease of reference, the following pages include all the job classifications from the six (6) former utilities that were mapped to the new job classifications in Schedule I.

Yours truly,

David Scott,
Vice-President, Human Resources

Inside Classification Schedule
Mapping Document

New Classification	Job Mapping	Hrs/Wk
Students		
	Clerical	35
	Field	40
	Technical	40
	Senior Technical	40
Printer		
	Blue Printer (T)	35
	Engineering Clerk, Level 5 (S)	35
	Blue Print Machine Operator (NY)	35
Accounting Clerk Level 1		
	Senior Typist (T)	35
	Clerk Grade 2 (T)	35
	Clerk Grade 3 (T)	35
	Level 5, Accounting Clerk (S)	35
Office Clerk		
Toronto	Word Processor Grade 2 (T)	35
	Typist (T)	35
	Senior Typist (T)	35
	Stenographer Grd 2 (T)	35
	Stenographer Grade 3 (T)	35
	Data Entry Clerk Grade 2 (T)	35
	Clerk Grade 1 (T)	35
	Clerk Grade 2 (T)	35
	Clerk Grade 3 (T)	35
	Receptionist/Centrix Operator(T)	35
Scarborough	Level 2, Billing Clerk (S)	35
	Level 4, Clerk Typist (S)	35
	Level 4, Receptionist Clerk (S)	35
	Level 4, Reference Clerk	35
	Level 5, Cashier Clerk (S)	35
	Level 5, Receptionist/Typist	35
	Level 5, Reference Clerk (S)	35
	Level 5, Switchboard Operator (S)	35
	Level 6, Billing Clerk (S)	35
	Level 6, Cashier (S)	35
	Level 6, Data Entry Clerk (S)	35
	Level 6, Senior Mail Clerk	35
North York	Group 1, Office Clerk (NY)	35
	Group 2, Cashier (NY)	35
	Group 2, Office Services Clerk	35
	Group 3, Switchboard Operator	35

Inside Classification Schedule
Mapping Document

New Classification	Job Mapping	Hrs/Wk
	Group 4, Clerk Typist	35
East York	Cashier Level 2	35
	E.D.P. Clerk	35
Etobicoke	Grade 3, Office Service Clerk	35
	Grade 4, Cashier (E)	35
	Grade 4, Clerk Receptionist (E)	35
	Grade 5, Clk Typ Cust. Serv. (E)	35
	Grade 5, Energy Mgmt Clerk (E)	35
	Grade 5, Energy Supply Clerk	35
York	Group 3, Cashier (Y)	35
	Group 4, Clerk Typist Engineering (Y)	35
Cable Locate Dispatcher		
Toronto	Dispatch Clerk Grade 2 (T)	40
Station Inspector		
Toronto	Inspector (T)	40
Scarborough	Substation Attendant (S)	40
Engineering Records Technician		
Toronto	Field Technician Grade 1 (T)	35
	Field Technician Grade 2 (T)	35
Scarborough	Level 6, Engineering Clerk (S)	35
North York	Records Operator I (NY)	35
Dispatcher		
Toronto	Dispatch Clerk Grade 3 (T)	40
	Telephone Dispatch (T)	40
North York	Field Services Dispatcher (NY)	40
York	Dispatcher (Y)	40
Garage Clerk		
Toronto	Technical Clerk Garage (T)	40
Lab Assistant		
Toronto	Laboratory Assist. (T)	40

Inside Classification Schedule Mapping Document

New Classification	Job Mapping	Hrs/Wk
Underground Construction Field Technician		
Toronto	Field Tech UG Construction (T)	40
Warehouse Dispatch Clerk		
Toronto	Dispatch Clerk Grade 3 (T)	40
Scarborough	Stores Records Clerk (S)	35
Customer Enquiry Clerk		
Toronto	Customer Enquiry Clerk Grd 2 (T)	40
	Customer Enquiry Clerk Grd 3 (T)	40
Energy Field Service Representative		
Toronto	Field Rep. Complaint (T)	40
	Customer Service Technician (T)	Shift, 40
	Field Rep. Service Order (T)	40
	Service Electr'n Grade 1 (T)	40
	Service Electr'n Grade 2 (T)	40
East York	Level 7, Customer Service Technician (EY)	35
Etobicoke	Grade 9, Energy Supply Technician (E)	35
Senior Office Clerk Level 1		
Toronto	Clerk Grade 4 (T)	35
	Clerk Grade 5 (T)	35
	Supervisor Clerk Grade 1 (T)	40
	Supervisor Clerk Grade 2 (T)	40
	Technical Clerk Grade 2 (T)	35
	Technical Clerk Grade 3 (T)	35
	Technical Clerk Grade 4 (T)	35
	Technical Clerk Grade 5 (T)	35
	Dispatch Clerk Grade 1 (T)	40
Scarborough	Level 7, Billing Clerk (S)	35
	Level 7, Secretary (S)	35
	Level 8, Sr. Billing Clerk (S)	35
North York	Group 4, Customer Data Clerk (NY)	35
	Group 6, Senior Clerk Operations (NY)	35
Etobicoke	Grade 8, Distribution Engineering Clerk (E)	35
	Engineering Service Office Clerk (E)	35
York	Level 6, M.I.S. Clerk (Y)	35

Inside Classification Schedule Mapping Document

New Classification	Job Mapping	Hrs/Wk
Engineering Cost Clerk		
Scarborough	Project Planner/Design & Construction (S)	40
	Project Planner/Standards & Maintenance (S)	40
	Level 6, Engineering Clerk (S)	40
North York	Construction Clerk (NY)	40
Etobicoke	Grade 5, Eng. Serv. Clerk (E)	40
Accounting Clerk Level 2		
Toronto	Clerk Grade 5 (T)	35
	Clerk Grade 6 (T)	35
Scarborough	Level 7, Accounting Clerk (S)	35
Computer Operator		
Toronto	Computer Operator	35
Scarborough	Level 7, Computer Operator (S)	35
North York	Group 10, Computer Machine Operator (NY)	35
Etobicoke	Grade 7, Computer Operator (E)	35
Energy Service Clerk		
Toronto	Clerk Grade 5 (T)	35
	Clerk Grade 6 (T)	35
	Technical Clerk Grade 6 (T)	35
Scarborough	Meter Records Clerk (S)	35
	Level 7, Senior Meter Records Clerk (S)	35
	One Stop Shopping Consultant (S)	35
North York	Office Clerk- Meter Group 1 (NY)	35
Etobicoke	Grade 5, Meter/ Water Heater Office Clerk (E)	40
	Meter/Water Heater Information Clerk (E)	40
	Grade 7, Cust. Accts. Field Services Clerk (E)	35
York	Meter Department Clerk Level 3 (Y)	35

Inside Classification Schedule
Mapping Document

New Classification	Job Mapping	Hrs/Wk
System Performance Technician Level 1		
Toronto	Field Tech Grade 1 (T)	35
	Field Tech Grade 2 (T)	35
	Field Tech Grade 4 (T)	35
Telecom Field Technician		
Toronto	Field Technician Grade 4	35
Telecom Technician Level 1		
Toronto	Telecom Technician	35
Underground Field Technician		
Toronto	Field Tech Grade 2 (T)	35
	Field Tech Grade 4 (T)	35
Customer Service Representative		
Toronto	Customer Service Clerk (T)	35
	Clerk Grade 6 (T)	35
	Customer Accounts Representative (T)	35
	Teller (T)	35
Scarborough	Customer Service Representative (S)	35
	Level 7, Collection Clerk (S)	35
	Level 8, Sr. Cashier (S)	35
	Level 8, Customer Consultant (S)	35
North York	Customer Information Clerk (NY)	35
	Sr. Cashier (NY)	35
Etobicoke	Group 7, Customer Accts Operating Rep. (E)	35
	Customer Accts Information Rep. (E)	35
York	Level 4, Senior Collection Clerk (Y)	35
	Level 5, Customer Consultant (Y)	35
	Level 6, Collection Officer (Y)	35
East York	Level 3, Accts. Receivable (EY)	35
	Level 3, Cust. Inquiry Clerk (EY)	35
	Level 4, Cust. Service Rep (EY)	35
	Level 4, Sr. Cust. Inquiry Clk (EY)	35
Senior Office Clerk Level 2		
Toronto	Clerk Grade 6 (T)	35

Inside Classification Schedule Mapping Document

New Classification	Job Mapping	Hrs/Wk
Customer Service Advisor		
Toronto	Collection Clerk Grade 3 (T)	35
	Clerk Grade 7 (T)	35
Scarborough	Level 9, Senior Customer Accts Cons (S)	35
	Level 9, Senior Collector (S)	35
	Level 9, Senior Customer Consultant (S)	35
Etobicoke	CA/CC Unit Head (E)	35
York	Level 7, Senior Customer Consultant (Y)	35
	Asst. Billing Supervisor (Y)	35
	Level 8, Billing Supervisor (Y)	35
	Level 8, Customer Accounts Supervisor (Y)	35
Energy Service Advisor		
Toronto	Conservation Field Rep. (T)	35
Scarborough	Level 9, Customer Advisor (S)	35
York	Level 5, Consumer Service Clerk (Y)	35
	Service Representative (Y)	35
East York	Customer Service Representative (EY)	35
Etobicoke	Level 8, Energy Management (E)	35
	Level 8, Residential Energy Advisor (E)	35
Plant Locator		
Toronto	Field Technician Grade 3	35
	Field Technician Grade 5	35
Senior Office Clerk Level 3		
Toronto	Clerk Grade 7 (T)	35
	Technical Clerk Grade 7 (T)	35
Demand Clerk		
Toronto	Demand Clerk Grade 1 (T)	35
	Demand Clerk Grade 2 (T)	35
	Demand Clerk Grade 3 (T)	35
	Technical Clerk Grade 6 (T)	35
York	Level 6, General Service Billing Clerk (Y)	35

Inside Classification Schedule
Mapping Document

New Classification	Job Mapping	Hrs/Wk
Electrical Service Inspector		
Toronto	Field Rep. Power Service (T)	35
	Field Rep. Grade 1 (T)	40
	Field Rep. Grade 2 (T)	40
	Field Rep. Grade 3 (T)	40
Engineering Technician Level 2		
Toronto	Field Tech Grade 4 (T)	35
	Tech Assist. Grade 1 (T)	35
	Draftsperson Grade A (T)	35
	Draftsperson Grade B (T)	35
North York	CADD Operator 1 (NY)	40
	CADD Operator 2 (NY)	40
	Records Operator 1 (NY)	40
	Records Operator 2 (NY)	40
	Senior Drafter (NY)	40
	Field Checker (NY)	40
Scarborough	CADD Operator (S)	35
Etobicoke	Design Clerk (E)	35
	Draftsperson (E)	35
	Engineering Records Clerk (E)	35
	GEM Clerk (E)	35
	Records Assistant (E)	35
	Records Operator II (E)	35
Facilities Technician Level 1		
Toronto	Assistant Estimator (T)	35
	Facilities Planner (T)	35
Field Tester		
Toronto	Field Tester Grade1 (T)	35
	Field Tester Grade 2 (T)	35
	Field Tester Grade 3 (T)	35
Project Scheduler		
Toronto	Tech Clerk Grade 7 (T)	35
	Tech Assist. Grade 1 (T)	35
Rates Technician		
Toronto	Tech Assist .Grade 1 (T)	35

Inside Classification Schedule
Mapping Document

New Classification	Job Mapping	Hrs/Wk
Research Assistant		
Toronto	Tech Assist. Grade 1 (T)	35
SCADA/DMS System Technician		
Toronto	Tech Assist. Grade 1 (T)	35
Senior Office Clerk Level 4		
Toronto	Clerk Grade 8 (T)	35
Telecom Technician Level 2		
Toronto	Tech Assist .Grade 1 (T)	35
Protection & Control Technician		
Toronto	Protection & Control Technician (T)	40
	Relay Meter Test (T)	40
Telecom Analyst		
Toronto	Telecom Analyst (T)	35
Accounting Clerk Level 3		
Toronto	Clerk Grade 7 (T)	35
	Clerk Grade 8 (T)	35
	Clerk Grade 9 (T)	35
Scarborough	Level 9, Financial Analyst (S)	35
North York	Senior Accounting Clerk (NY)	35
York	Senior Accounting Clerk (Y)	35
End User Support Representative		
Toronto	Tech Assist. Grade 2 (T)	35
Scarborough	Level 9, End User Support Analyst (S)	35
Etobicoke	Grade 9, Support Services Unit Head (E)	35
Engineering Technician Level 3		
Toronto	CADD AM/FM Operator (T)	35
Scarborough	AM/FM Programmer (S)	35
	AM/FM Programmer/Trainer (S)	35

Inside Classification Schedule Mapping Document

New Classification	Job Mapping	Hrs/Wk
Fleet Technical Clerk		
Toronto	Tech Assist. Grade 2 (T)	35
Material Analyst		
Toronto	Tech Clerk Grade 8 (T)	35
Meter Technician		
Toronto	Tech Assist Grade 2 (T)	35
Programmer Analyst		
Toronto	Information Centre Analyst (T)	35
	Programmer (T)	35
	Programmer/Analyst (T)	35
	Software Analyst (T)	35
	Systems Analyst (T)	35
Scarborough	Level 10, Programmer/Analyst (S)	35
	Level 11, Senior Programr/Analyst (S)	35
	Level 11, Systems Programmer (S)	35
North York	Group 12, Programmer (NY)	35
	Group 13, Programmer/Analyst (NY)	35
Etobicoke	Programmer/Analyst (E)	35
SCADA Technician		
Toronto	Tech Assist. Grade 2 (T)	35
Stations Equipment Tester		
Toronto	Tech Assist. Grade 2 (T)	35
Civil Designer		
Toronto	Field Tech Grade 5 (T)	35
	Tech Assist. Grade 2 (T)	35
Design Technician Level 1		
Toronto	Design Draftsperson Grade C (T)	35
	Field Tech Grade 2 (T)	35
	Senior Draftsperson (T)	35
	Tech Assist. Grade 1 (T)	35
North York	Technical Coordinator (NY)	40

Inside Classification Schedule
Mapping Document

New Classification	Job Mapping	Hrs/Wk
Buyer		
Toronto	Purchasing Clerk Grade 1 (T)	35
	Purchasing Clerk Grade 2 (T)	35
	Purchasing Clerk Grade 3 (T)	35
Scarborough	Buyer (S)	35
	Senior Buyer (S)	35
North York	Purchasing Clerk (NY)	35
Etobicoke	Grade 8, Buyer/Expeditor (E)	35
York	Purchasing Clerk (Y)	35
Civil Technician		
Toronto	Tech Assist. Grade 3 (T)	35
Facilities Technician level 2		
Toronto	Tech Assist. Grade 3 (T)	35
Design Technician Level 2		
Toronto	Estimator (T)	35
	Field Tech Grade 4 (T)	35
	Planners (T)	35
	Power Reps. (T)	35
	Senior Estimator (T)	35
	Senior Planner (T)	35
	Tech Assist. Grade 1 (T)	35
	Tech Assist. Grade 2 (T)	35
	Tech Assist. Grade 3 (T)	35
	Tech Clerk Grade 7 (T)	35
Scarborough	Technician Design & Construction (S)	35
	Technician, Surveying (S)	35
North York	Consumer Service Tech, Electric Supply (NY)	40
	Engineering Technician (NY)	40
Etobicoke	Level I, Engineering Technician (E)	35
	Level II, Engineering Technician (E)	35
	Engineering Service Technician (E)	35
	Installation Technician (E)	35
	Project Technician (E)	35
East York	Level 5, Engineering Technician (EY)	35
	Level 6, Senior Engineering Technician (EY)	35

Inside Classification Schedule
Mapping Document

New Classification	Job Mapping	Hrs/Wk
Energy Service Technician		
Toronto	Conservation Technician (T)	35
Scarborough	Level 10, Customer Advisor (S)	35
	Level 11, Senior Technician (S)	35
North York	Cons. Service Tech. Energy Services (NY)	40
Etobicoke	Energy Management Technician (E)	35
York	Senior Service Representative (Y)	35
East York	Customer Service Technician (EY)	35
Station Designer		
Toronto	Designer (T)	35
	Design Draftsperson Grade B (T)	35
System Performance Technician Level 2		
Toronto	Assistant Estimator (T)	35
	Estimator (T)	35
	Field Tech Grade 5 (T)	35
	Tech Assist. Grade 2 (T)	35
	Tech Assist. Grade 3 (T)	35
Scarborough	Technician Planning & Operations (S)	35
	Technician Standards & Maintenance (S)	35
	Operations Analyst (S)	35
North York	Engineering Technician (NY)	40
Etobicoke	Project Technician (E)	35
Technical Clerk - Water Heater		
Toronto	Technical Clerk - Water Heater (T)	40

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LETTER OF CONFIRMATION FORMING PART OF MEMORANDUM OF SETTLEMENT

December 16, 2005

Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Re: Renewal of Appendixes between Toronto Hydro and CUPE Local No. 1

This will confirm our agreement in negotiations to renew the following Appendices covering both the Inside and Outside Collective Agreements between Toronto Hydro and CUPE Local No. 1 co-incident with the term of the **2006 to 2009** Collective Agreements:

1. Canadian Union of Public Employees, Local No. 1 & Toronto Hydro Energy Services Inc.
2. Canadian Union of Public Employees, Local No. 1 & Toronto Hydro Telecom Inc.
3. Canadian Union of Public Employees, Local No. 1 & Toronto Hydro Street Lighting Inc.

This further confirms that the reference in the renewed Appendices to CUPE's Inside and Outside Collective Agreements are references to the **2006 to 2009** Agreements. For greater certainty, this confirms that all changes to the **2006 to 2009** Inside and Outside Collective Agreements apply to all employees of Toronto Hydro Energy Services Inc., Toronto Hydro Telecom Inc., and Toronto Hydro Street Lighting Inc.

This letter is effective form this date and in effect so long as the terms and conditions of the Collective Agreements continue to operate.

Yours truly,

Ave Lethbridge, Vice-President,
Organizational Effectiveness

Toronto Hydro
Toronto Hydro Electric System
Toronto Hydro Energy Services Inc.
Toronto Hydro Telecom Inc.
Toronto Hydro Street Lighting Inc.

CUPE Local No. 1

APPENDIX (Inside Employees)

Agreement Between:

CANADIAN UNION OF PUBLIC EMPLOYEES
LOCAL NO. 1

- and -

TORONTO HYDRO TELECOM INC.

Recitals

A. In Minutes of Settlement dated March 26, 2002, Toronto Hydro Telecom Inc. agreed to be bound by an Appendix to the Collective Agreement between CUPE Local 1 and Toronto Hydro Electric-System Limited ("the LDC") dated February 1, 2001 to January 31, 2003 for Inside Employees ("the Inside Collective Agreement").

B. Toronto Hydro Telecom Inc. and Local 1 have engaged in bargaining.

NOW THEREFORE both Toronto Hydro Telecom Inc. and Local 1 agree as follows:

1. Toronto Hydro Telecom Inc. and CUPE Local 1 agree that the provisions of the collective agreement applicable to the employees of Toronto Hydro Telecom Inc. shall be the same as the provisions in the "Inside Collective Agreement" with the following exceptions, and provided that this agreement supersedes the provisions of the Inside Collective Agreement, and with the necessary changes such as references to the Employer shall mean Toronto Hydro Telecom Inc.

<u>Method of transferring LDC Employees to Toronto Hydro Telecom Inc. (the "Employer")</u>

- A notice for volunteers will be posted for ten (10) working days and selection will be on the basis of classification and employment seniority where applicable. The notice will be open only to those employees in the classification in which the job opportunity exists;

- An employee of the LDC who has volunteered as above shall have the option of returning to their former position after giving eight (8) weeks' notice to the Employer or earlier if mutually agreed to by the Employer and the employee.

- Notwithstanding the above, an employee of the LDC shall continue to retain and accrue seniority in the LDC while working for Toronto Hydro Telecom Inc. External hires will commence seniority from the date of hire by Toronto Hydro Telecom Inc.;

- In the event the Employer determines that employees will return to the LDC, volunteers will be returned first. If an insufficient number of senior employees volunteer, employee(s) will be returned in reverse order of seniority.

Hours of Work

33.02 Shift employees shall follow a posted master schedule, which consists of an average work week of forty (40) hours over the length of its duration. The schedule shall be composed of eight (8) hour shifts, ten (10) hour shifts (days only) and twelve (12) hour shifts.

33.06 Shift employees start times are as follows:

8 Hour Shift

Days:
07:00 to 09:00

Afternoons:
15:00 to 17:00

Nights:
23:00 to 01:00

10 Hour Shift

Days
06:00 to 08:00

12 Hour Shift

Days
06:00 to 08:00

Afternoons:
12:00 to 14:00

Nights
18:00 to 20:00

Schedules

33.07

(a) All shift employees' hours of work and days off shall follow the

posted master schedule, except for employees (to a maximum of four) posted as spare or eight (8) as relief. Master schedules shall be posted for a three (3) month duration.

(b) Changes to the master schedule for operational purposes may be made after two (2) weeks notice with mutual consent of the Employer and the affected Employees. Without mutual consent, changes may be made by the Employer with four (4) weeks notice to the affected employees.

Standby Period

33.13 Standby period applies only to those employees in a classification who have been placed on a Standby list. Standby time commences at normal stopping time of the workday and terminates at the regular starting time of the next working day.

Standby periods for employees detailed on the Standby List may be from one (1) to seven (7) days in length. Payment shall be at **three (3)** hours at straight time pay for each day on standby on a weekend and/or public holiday and one and a half (1 ½) hours at straight time pay for other week days on standby, plus in all cases, regular overtime rates for overtime worked.

Standby list shall form part of the Master Shift Schedule.

2. This agreement is effective from the date of signing until January 31, 2009.

This Agreement is executed and dated March 26, 2002.

Signed on behalf of Toronto Hydro Telecom Inc.:	Signed on behalf of Local No. 1 Canadian Union of Public Employees:
Anthony Haines	Bruno Silano
Toronto Hydro	CUPE Local No. 1

CANADIAN UNION OF PUBLIC EMPLOYEES
LOCAL NO. 1
("CUPE Local 1")

- and –

TORONTO HYDRO STREET LIGHTING INC.
("Street Lighting Co." or "the Employer")

Recitals

A. Toronto Hydro-Electric System Limited ("the LDC") is bound to a Collective Agreement with CUPE Local 1 dated February 1, 2001 to January 31, 2003 for Inside Employees ("the Inside Collective Agreement").

B. The LDC has decided to sell its street lighting business to the Street Lighting Co. ("the Transaction") which will involve the transfer of the bargaining unit employees listed on the attached Schedule A ("the Street Lighting Business Employees").

C. Street Lighting Inc. and CUPE Local 1 have engaged in discussions concerning the implementation of this transaction.

NOW THEREFORE both Street Lighting Co. and Local 1 agree as follows:

1. Street Lighting Co. and CUPE Local 1 agree that effective the closing of the Transaction, Street Lighting Co. will, pursuant to the sale of a business provisions of section 69 of the *Labour Relations Act*, be bound to the Inside Collective Agreement. All the terms and conditions of the Inside Collective Agreement shall apply to bargaining unit employees of the Street Lighting Co. except that this Agreement supersedes the provisions of the Inside Collective Agreement and with the necessary changes such as references to the Employer shall mean Street Lighting Co.

(a) Effective the closing of the Transaction, the Street Lighting Business Employees as identified in the attached Schedule "A" shall become employees of Street Lighting Co.

(b) Street Lighting Business Employees listed in Schedule "A" shall continue to retain and accrue seniority and service in the LDC while working for Street

Lighting Co. External hires will commence seniority from the date of hire by Street Lighting Co.

(c) Street Lighting Business Employees listed in Schedule "A" will be permitted to apply for posted vacancies in the LDC.

(d) Instead of any lay-off of Street Lighting Business Employees listed in Schedule "A" by the Street Lighting Co., the Street Lighting Co. will transfer the affected Street Lighting Business Employees back to the LDC, where the appropriate lay-off provisions of the Inside Collective Agreement will apply to the employees so transferred.

(e) In the event the Street Lighting Co. is sold, instead of remaining with the Street Lighting Co., Street Lighting Business Employees listed on Schedule "A" will have the option of being transferred to the LDC, where the appropriate lay-off provisions of the Inside Collective Agreement will apply to the employees so transferred. The option to transfer back to the LDC will be exercised, in writing, by the Street Lighting Business Employees listed in Schedule "A" within thirty (30) days of the closing of the sale of the Street Lighting Co. The "Sale" for the purposes of this section means that the Toronto Hydro Corporation no longer holds, either directly or indirectly, a controlling interest in the Street Lighting Co.

Work Site

(a) When the Employer determines that an employee is required to drive to a job site outside the City of Toronto, she/he shall be reimbursed for mileage at the rate as per Article 33.33 of the Inside Collective Agreement.

(b) The above mileage shall be computed to and from the job site outside the City limits and the employee's Street Lighting Co. work centre.

(c) When the Employer determines that overnight accommodation is required the Employer will provide accommodation based on double occupancy. A daily meal allowance of $40.00 will be provided. After two (2) consecutive days, an additional stipend of $20.00 will be paid. If an employee is required to stay for the remainder of the work week, an additional $20.00 will be paid.

2. This Agreement is effective from the date of signing until January 31, 2009.

3. This Agreement is the "Street Lighting Appendix" to the Inside Collective Agreement.

4. The Union agrees that the Companies or any combination of the Companies do not constitute one employer pursuant to section 1(4) of the *Labour Relations* Act (a "Section 1(4) Employer") and that the execution of this Agreement does not cause the Companies or any combination thereof to become a Section 1(4) Employer and no party shall use this Agreement or any matter relating to its implementation or application to support a claim that the Companies or any combination thereof is a Section 1(4) Employer. For purposes of this paragraph, the "Companies" means Toronto Hydro-Electric System Limited, Toronto Hydro Energy Services Inc., Street Lighting Co. and Toronto Hydro Corporation.

This Agreement is executed and dated April 9, 2002.

Signed on behalf of Toronto Hydro Street Lighting Inc.:	Signed on behalf of Local No. Canadian Union of Public Employees:
Anthony Haines	Bruno Silano
Toronto Hydro	CUPE Local No. 1

INSIDE SCHEUDLE "A"

STREETLIGHTING

Pos #	Position Name	Employee	Employee #
10407	Design Tech Level 2	Eric Anderson	2633
	Design Tech Level 2	Patrick Callahan	2698
	Design Tech Level 2	Robert Payne	2992
	Design Tech Level 2	Wayne Perry	3261
10408	Design Tech Level 2	Ingo Daniel	2991
10424	Senior Office Clerk L1	Therese Lefort	2693

C O L L E C T I V E A G R E E M E N T

BETWEEN

TORONTO HYDRO

AND

LOCAL NO. 1
CANADIAN UNION OF
PUBLIC EMPLOYEES

(Representing Outside Employees)

FEBRUARY 1, 2006

TO

JANUARY 31, 2009

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OUTSIDE EMPLOYEES' AGREEMENT

Between

TORONTO HYDRO

(hereinafter called the "Employer")

and

CANADIAN UNION OF PUBLIC EMPLOYEES
LOCAL NO. 1

(hereinafter called the "Union")

ARTICLE 1
PURPOSE

1.01 The purpose of this Agreement is to maintain a harmonious relationship between the Employer and the Outside employees and to provide amicable methods of settling differences. This relationship will ensure effective and efficient operations to meet the needs of our customers and our community.

1.02 It is the intent and purpose of the parties to set forth here the agreement between the Employer and the Union concerning rates of pay, hours of work and all other conditions of employment.

1.03 The Employer is responsible for the safety, comfort and general welfare of the community in respect to the service of electrical energy and the employees are prepared to assist at all hours of the day or night in the provision of such service except when employee is on sick leave, vacation, WSIB, or any other approved leave.

ARTICLE 2
UNION RECOGNITION

2.01

(a) The Employer recognizes the Union as the exclusive bargaining agent for its employees in the classifications listed in Schedule O of this Agreement.

(b) For greater certainty, but without expanding Schedule O, the Union's bargaining unit excludes: Supervisors; Leaders; persons above the rank of Supervisors, and Leaders; Human Resource staff; Legal Services staff; Public Relations Staff; Payroll staff; Engineers; Administrators; Information Technology staff; Administrative Assistants; Analysts; Sales staff; Marketing staff; Retail staff; Coordinators; Consultants.

ARTICLE 3
NO DISCRIMINATION

3.01

(a) The Employer, with respect to employment or any term or condition of employment, discipline or discharge, agrees that it will not discriminate against a person as provided under the Human Rights Code (Ontario), or by reason of membership or activity in the Union.

(b) All rights and benefits conferred under this Collective Agreement to employees on the basis of a spousal relationship, shall be equally conferred when the employee's partner is of the same sex.

ARTICLE 4
MANAGEMENT RIGHTS

4.01 The Union recognizes that the management of the Employer and the direction of the work force are fixed exclusively in the Employer and shall remain solely with the Employer except as specifically limited by the express provisions of this Agreement. Without restricting the generality of the foregoing, the Union acknowledges that it is the exclusive function of the Employer to:

(a) maintain order, discipline and efficiency;

(b) hire discharge, direct, classify, transfer, set qualifications, promote, demote and suspend or otherwise discipline any employee provided that a claim that a non-probationary employee has been discharged or disciplined without reasonable cause;

(c) generally to manage the operation and undertakings of the Employer and take such measures as the Employer may determine for the order and/or economical operation of the Employer's business and without restricting the generality of the foregoing to select, install and require the operation of any equipment, plant and machinery which the Employer in its discretion deems necessary for the efficient and economical carrying out of the operations and undertakings of the Employer.

The Union further recognizes the right of the Employer to make and alter from time to time rules and regulations to be observed by employees, which rules and regulations shall not be inconsistent with the provisions of this Agreement.

Management shall exercise its rights in a fair and reasonable manner that is consistent with the terms of this Agreement.

ARTICLE 5
STRIKES & LOCKOUTS

5.01 The Union agrees it will not counsel or authorize any strike during the lifetime of this Agreement and the Employer agrees that there will be no lockout of Employees during the term of the agreement.

5.02 The terms "strike" and "lockout" as used above will be defined in accordance with the definitions set out in the Labour Relations Act of the Province of Ontario.

5.03 Outside employees are not required to cross picket lines except to perform duties relative to the Employer's operation and the maintenance of service to equipment within the Employer's jurisdiction and under no circumstances will an employee be required to force a crossing of a picket line.

ARTICLE 6
UNION SECURITY & CHECK-OFF

6.01 Outside employees and students, as defined in 6.02, as a condition of employment, become members of the Union on hiring and retain membership for the duration of recognition by the Employer of the Union as sole bargaining agent for Outside employees.

6.02 Students may be employed either for the summer vacation period extending from April 15th to September 15th each year, or on work terms of a co-operative training program with a university or college. The only provisions of the Agreement applicable to students are:

(1) Union Representation

(2) Grievance Procedure

(3) Recognized Public Holidays

(4) Bereavement

Students required to wear safety footwear, shall be allowed up to 50% of the safety footwear allowance in Article 18.03 per contract year to obtain and maintain safety footwear. Footwear shall be approved by immediate Supervisor.

6.03 The Employer hereby agrees that for all the employees of the Outside Bargaining Unit, they will deduct their Union dues or the equivalent thereof in accordance with the constitution of the Local Union and will remit such sums of monies to the Treasurer of the Local every pay day, along with a duplicate check-off list showing the names from whom the deductions are made.

6.04 The Employer will supply the Union with a list of current Outside Bargaining Unit employees' names and addresses and telephone numbers (unless an employee advises otherwise) on a computer disk using compatible software annually.

6.05 The Employer shall supply to each employee receipts on the income tax T4 slips in the amount of the Union dues paid by each Union member in the previous year.

6.06

(a) All Outside Bargaining Unit employees shall be paid bi-weekly by direct deposit according to earnings. The rate of pay to which each employee covered by the terms of this Agreement shall be entitled is in accordance with her/his classification and the wage rate set out in Schedule O. On each pay day, each employee shall be provided with an itemized statement of wages and deductions.

(b) Employees shall upon giving at least fifteen (15) working days notice, receive on the last day preceding commencement of their annual vacation, pay which would normally be paid during the period of their vacation.

ARTICLE 7
STEWARDS

7.01 In order to provide an orderly procedure for the settling of grievances, the Employer acknowledges the right of the Union to appoint or otherwise elect twenty-five (25) stewards whose duties shall be to assist employees in preparing and presenting grievances in accordance with the grievance procedure. The Union shall notify the Employer in writing of the name of each steward.

7.02 If proper discharge of grievance responsibility requires the absence from work of a union steward, in order that the work of the Employer shall not be unreasonably interrupted, no steward shall leave her/his work without obtaining the permission of her/his immediate supervisor. Such permission shall not be unreasonably withheld and such authorized absence shall be paid by the Employer.

7.03 When the Employer arranges a meeting with an employee and such meeting may result in disciplinary action, said employee may request representation by the Union Steward. The Employer will contact the Union Office who will arrange for a Union Steward. The Union Steward assigned shall be from the same location as the employee being interviewed and if no Union Steward is available, then from other locations. No employee shall be disciplined or discharged without just cause. A copy of any disciplinary letter will be sent to the Union, unless the employee disagrees with such notification.

ARTICLE 8

GRIEVANCE PROCEDURE & ARBITRATION

8.01 It is the mutual desire of the parties hereto that complaints of employees shall be adjusted as quickly as possible. If an employee has a complaint related to an alleged violation of the Collective Agreement s/he may at her/his option discuss it with her/his immediate supervisor within three (3) days after the circumstances giving rise to the complaint (grieved action) have occurred or have or ought to have reasonably come to the attention of the employee. The Supervisor shall give a response to the complaint within three (3) days. These discussions will not establish precedent. Failing settlement, or failing a response to the complaint, it may be taken up as a grievance in the following manner and sequence:

8.02 Procedure: Any employee or group of employees, for whom the Union is the bargaining agent, may refer grievances to the Union Steward. Grievances must be filed within fifteen (15) working days of grieved act or except where both parties agree to an extension of time. There is no grievance until an employee has reported her/his complaint to the Supervisor.

8.03 The grievance form shall contain a statement giving particulars of the grieved action, a statement as to the remedy sought and the provisions of the Agreement alleged to have been breached, provided that this does not preclude the grievor or Employer from relying upon other provisions of the Agreement.

8.04 Step 1. Grievance form is completed in duplicate and signed by the employee and Union Steward, presented to the Supervisor by the Union Steward and employee(s) (at their option). Both copies are to be returned by the Supervisor with her/his signed comments to the Union Steward within three (3) working days.

8.05 Once a grievance has been filed no Supervisor or Employer Official shall discuss said grievance with the grieved employee except in the presence of a Steward or Union Official.

8.06 Step 2. If satisfaction is not obtained in Step 1, the Union Steward, within five (5) working days, may refer the grievance to the Department Manager or designate, who will meet and discuss the grievance with the Union Steward, employee(s) (at their option) and the Human Resources Consultant then render a decision in writing on the prescribed forms within five (5) working days of receiving the grievance from the Union Steward.

8.07 Step 3. If satisfaction is not obtained in Step 2, the Union may within ten (10) working days, refer the grievance to the Vice President of Human Resources or designate who shall meet with the Vice President of the Union or designate, employee(s) (at their option**)** and a Human Resources Consultant to review the grievance and shall render a decision in writing within ten (10) working days.

8.08 The Union or Employer shall have the right to initiate at Step 3, grievances arising out of the interpretation, administration or alleged violation of any provision of this Agreement which is a policy matter that affects the Union or Employer in any way.

8.09 Should the Union or Employer fail to receive a decision within the time limit set out in the grievance procedure, the grievance shall automatically proceed to the next step.

8.10 The Union shall provide the Employer's Human Resources Department with a letter confirming resolution of the grievance within ten (10) working days.

8.11 The time limits fixed in Grievance Adjustment may be extended by consent of the parties of this Agreement.

8.12 Time absent from work for grievance representation is paid by the Employer.

Arbitration

8.13 If satisfaction is not obtained in Step 3, either party may within fifteen (15) working days refer the grievance to arbitration in accordance with the arbitration provisions of this Agreement. Notice in writing will be provided by the party making application for arbitration within the prescribed time limit.

8.14 Any difference of opinion, not otherwise resolved, relative to the interpretation, application or administration of this Agreement, may be referred to the Ontario Ministry of Labour with request for appointment of an Arbitrator, whose decision is final and binding on both parties for the remainder of the term of this Agreement. The Arbitrator dealing with a grievance concerning discipline or discharge may amend or modify any penalty.

ARTICLE 9
SENIORITY

9.01 Seniority for permanent promotion is changed by failure of employee to accept temporary promotion in her/his Progression Series for reason other than sickness or accident of the employee; employee who declines temporary promotion becomes junior to employees accepting temporary promotion. Later decision to accept temporary promotion does not alter employee's changed seniority placement.

9.02 An employee shall not lose her/his rightful Employment Seniority standing if s/he is absent from work because of sickness, accident, or leave of absence approved by the Employer. If an employee transfers in the Employer's service outside the bargaining unit, s/he shall retain her/his rightful Seniority standing in the position from which s/he was transferred and shall continue to accumulate seniority in the position to which s/he was transferred. An employee returning to the bargaining unit shall be subject to the agreement of the Union.

9.03 A classification seniority list and an Employment Seniority list shall be posted by the Employer on notice boards by May 1. Copies to be sent to the Union.

9.04 Seniority shall be defined as the length of service with the Employer.

9.05 Any employee disagreeing with her/his standing may refer it to the Grievance Procedure.

9.06 When an employee is granted a leave of absence without pay of over twenty (20) working days for other than Union business, time absent shall be deducted from her/his Employment and classification seniority standing, unless otherwise determined subsequent to consultation at the Labour/Management Committee. **Notice will be provided to the Union prior to any leave granted.**

ARTICLE 10
JOB POSTING & VACANCY

10.01

(a) Job Vacancies are determined in the discretion of the Employer by the availability of work and, where no relative experience is required are advertised. When such a vacancy exists it will be posted within seven (7) working days. The Employer agrees to post notice of such vacancy for a period of ten (10) working days. The posting shall state the location, department and section where the vacancy exists. A copy of the posting will be sent to the Union. On request, the Human Resources Department explains to an applicant the reason s/he was not selected.

(b) If the above position(s) cannot be filled by an Outside Bargaining Unit employee(s) the Inside Bargaining Unit employee(s) will be considered.

(c) The name of the successful employee will be posted within thirty (30) days of the selection.

(d) The requirement to post notice of such vacancy is waived when an employee is placed in a vacancy under the Job Security Article and/or Technological Change Article, Accommodation Article and the Long Term Disability Article. Employees placed under the Long Term Disability Article will not be placed in posted vacancies.

Relative Experience

10.02 Relative Experience is experience adequate enough to enable the employee to perform the duties required.

Promotion

10.03 Promotion to the classification where no relative experience is required is by Employment Seniority.

10.04 Promotion to Certified Crew Leader is on the basis of seniority in the classifications as laid out in Schedule O, when qualifications are equal. Determination of qualifications is at the sole discretion of the Employer. If the Union is not satisfied with the promotion it may be placed on the agenda of the Labour/Management Committee for discussion. Grievance Procedure does not apply to this Article.

10.05 Promotion to all other classifications is by seniority in classification, relative experience, opportunity, result of work test and appraisal rating by Performance Appraisal of "Good" or higher. Employment seniority applies when classification seniority is equal.

Classification Conditions

10.06 Employee accepted for promotion in scheduled progression transfers at the rate s/he is receiving in her/his present job or the minimum of the new classification whichever is the greater.

10.07 New employee hired to a classification in which s/he has had previous experience is allowed the rate commensurate with her/his competency as demonstrated in a trial period of thirty (30) days. The rate is not higher than is allowed by Employer progression for comparable competency and there is also considered that time is required to acquire familiarity with the Employer's plant and methods.

10.08 Employees of the Employer, unless covered by this Agreement, shall not perform any work done by employees covered under this Agreement except under extreme emergency.

10.09

(a) Where a new job is established, or where existing job duties are changed such that an employee is incorrectly classified, the appropriate classification, wage rates, wage ranges and progressions shall be negotiated and the applicable conditions of this agreement shall apply. If no agreement is reached on the wage rate and/or progression the matter may be submitted to arbitration. If a wage increase results, the same shall be retroactive to the date that the job duties were changed, or the new job created.

(b) The process to determine the transfer rate is as follows:

1. If the employee's current rate is below minimum rate of the new classification, s/he shall receive the minimum rate of the new classification; new anniversary date.

2. If the employee's current rate is within or greater than the new classification, the transfer rate will be determined as follows:

(a) If the employee's new classification does not require similar knowledge, training, experience and qualifications as her/his current classification, as determined by the Job Description and job posting competencies, s/he shall receive the minimum rate of the new classification; new anniversary date.

(b) If the employee's current classification has similar knowledge, training, experience and qualifications as the new classification, as determined by the Job Description and job posting competencies, the parties will mutually agree on the employee's transfer rate. The transfer rate is effective on date of transfer; new anniversary date.

(c) Notwithstanding the above, no employee may receive the maximum rate of a position until s/he has been performing satisfactorily in the position for six (6) months.

Probation

10.10

(a) Status of an employee is probationary in a new classification for a period of five (5) months' work in that new classification. Any time after thirty (30) days of entry, until the employee completes her/his probationary period, it may be determined by the employee's Performance Appraisal that the employee is unsatisfactory in the new classification and is to be reverted to immediate previous classification and rate without loss of seniority.

(b) Such employee who successfully bids for a posted bargaining unit position, shall be given an opportunity to revert to her/his former position and conditions if s/he so requests within six (6) weeks, from date of assumption of new duties with the exception of shift workers who will have twelve (12) weeks.

10.11 Probationary period for a new employee is six (6) months' work.

10.12 Employee participation in the pension plan will commence on date of hire.

10.13 In the event the returning employee, referred to in Article 10.10 (b), causes displacement of other employees, such displacement would necessitate the return of such employees to their former positions.

10.14 New employees in their probationary period shall be permitted to transfer to one other job classification during the probationary period. Additional transfers may be permitted subject to consultation by the Labour/Management Committee.

10.15 Should there be no eligible applicants for a permanent transfer, Article 10.14 will not apply.

Demotion

10.16 An employee demoted shall revert to her/his immediate previous classification and be ineligible for two (2) years for vacancies or relief in the position from which they were demoted and from any position with a maximum pay rate equal to or greater than the position from which they were demoted.

She/he retains the right to apply for any other vacancy.

An employee demoted or reverted to a former grade retains seniority in the lower grade.

In the event the demoted employee causes displacement of other employees, the Employer will not be required to provide notice to the displaced employees. The displaced employee(s) will maintain her/his present wages for a period of twelve (12) months.

10.17 When a licence is required to discharge a responsibility of a classification and when the licence of an employee in such classification is suspended for not more than twelve (12) months the employee shall be demoted to whatever immediate previous classification does not require such qualification. When the employee regains the licence s/he shall be allowed to return to her/his former classification. Classification seniority, on return from demotion, shall not include the time absent from the classification.

Job Descriptions

10.18 All Wage Classifications listed in Schedule O shall have job descriptions, summarizing the present duties and responsibilities pertaining to the jobs covered in this Agreement. The job descriptions shall be contained in a separate book forming part of this Agreement. New job descriptions or changes to existing descriptions shall be discussed through the Job Description Consultation Committee composed of three (3) members each of Union and Employer representatives. Any new job descriptions or changes to existing job descriptions which are in dispute may be made by the Employer in accordance with the Management Rights Article of this Agreement.

10.19 All job descriptions that are not agreed upon may be subject to the Grievance Procedure in accordance with the Collective Agreement.

10.20 The cost of the Committee shall be at the Employer's expense and any preparation time will be agreed upon by the Co-Chairs.

ARTICLE 11
LAYOFF & RECALL

11.01 Layoff: Is unemployment due to work shortage. Service with the Employer is the basis upon which seniority is established in the event of layoff or recall – insofar as there is not interference with the Employer's operation and employees are given ninety (90) days' notice.

11.02 Recall: Entitlement is limited to twenty-four (24) months from date of layoff and is voided by:

(a) Refusal of vacancy.

(b) Failure to report intention to return within fourteen (14) days of registered mailing of recall.

(c) Failure of availability for work within thirty (30) calendar days of registered mailing of recall.

11.03 Certificated illness can be accepted as reason for excuse from requirements in Articles (b) and (c) or other reasons which will be considered justifiable.

11.04 It shall be employee's responsibility to keep the Employer notified of present address.

11.05 Employee recalled shall be entitled to all privileges and conditions which s/he enjoyed at the time of layoff or as amended under the Agreement.

11.06 No new employee(s) shall be hired until all laid off employees have been given the opportunity to return to work to fill vacancies for which they are qualified.

Severance Pay

11.07 Severance Pay will be paid to employees who have had more than three (3) years of employment and are laid off due to shortage of work. For each week of continuous layoff, up to a maximum number of weeks equal to the number of years of service, the employee will receive one week's straight-time pay.

ARTICLE 12
TEMPORARY TRANSFER

Relief

12.01 When relief is required, it will be offered to the senior qualified employee available in the Department, **at the** Location.

Relief rates shall be paid as per Article 12.03 and 12.04.

12.02 Days accumulated in relief do not supersede classification seniority for promotion. Special leaves in excess of sixty (60) working days are not covered by the above except the parties of this Agreement jointly arrange for its application. When the Employer determines that relief is required, it shall be arranged as follows:

12.03

(a) Supervisor - by the senior qualified employee in the progression series relative to the position. A six percent (6%) increase is paid for time worked.

(b) Street Lighting Supervisor - **by the senior qualified Street Lighting employee relative to the position**. A six percent (6%) increase is paid for time worked.

12.04 Certified Crew Leader - by the senior qualified Outside employee in their progression series. Relief rate is paid for time worked.

12.05 Charge Hand - by the senior Outside employee in the progression series.

12.06 Shift Employee - by non-shift employee is a shift employee from time of call-out and accepts shift hours and working conditions and remains on shift until s/he completes a forty (40) hour week, completes the shift week or is released by the return of the Shift Employee; whichever comes first. Relief required on other than prearranged absence is supplied for day shift by non-shift employee and for evening or night shift by shift employee.

12.07 For the purpose of this Article short term relief shall be defined **as ten (10) days or less absence**.

(a) Relief for short term or unscheduled absences by Certified Crew Leader, Line shall be by the senior Certified Power Line Person **in the Department** at the Location. To be eligible for relief the Certified Power Line Person shall have completed two thousand and eighty-eight (2088) hours in relief as System Response Representative and shall have completed Certified Crew Leader Training.

Long term relief shall be **offered to** the senior System Response Representatives in progression sequence at the Location. **If the senior System Response Representatives in the progression sequence at the Location declines, relief will be filled as if it were short term.**

The System Response Representative/Relief System Response Representative relieving as Certified Crew Leader, Line, if no longer required as a Certified Crew Leader, Line before the end of her/his shift, shall return to their regular duties for the remainder of the shift and be paid at their regular rate for the hours remaining until the end of her/his shift.

(b) Relief for short term or unscheduled absence by Certified Crew Leader, Stations shall be by the senior Certified Substation Electrician. To be eligible for relief the Certified Substation Electrician shall have completed two thousand and eighty-eight (2088) hours in relief as Station Response Representative and shall have completed Certified Crew Leader Training.

Long term relief shall be **offered to** the senior Station Response Representatives, in progression sequence. **If the senior Station Response Representatives in the progression sequence declines, relief it will be filled as if it were short term.**

The Station Response Representative relieving as a Certified Crew Leader, Stations, if no longer required as a Certified Crew Leader, Stations, before the end of her/his shift shall return to their regular duties for the remainder of the shift and be paid at their regular rate for the hours remaining until the end of her/his shift.

12.08 When a shift employee is required to relieve the following week in a higher classification, s/he shall complete her/his forty (40) hours in the current week according to that week's schedule, and, if s/he had been scheduled on shift on the Sunday of that following week s/he shall work that shift to have her/his scheduled off-day on Friday.

12.09 The Employer shall not assign relief to a shift employee during her/his scheduled days off except in an emergency.

12.10 Two Relief Systems Response Representatives are not permitted to work together unless one has accumulated two thousand and eighty-eight (2088) hours in relief.

12.11 Once it is arranged to relieve a shift employee who has reported necessity for absence due to illness or other cause, the arranged relief employee takes the shift and the relieved employee remains absent.

12.12 A regular shift employee who has been notified in advance of requirement to relieve in a higher classification shall not be called upon to work a Public Holiday in her/his regular work week on shift, except in cases of emergency.

This Article does not apply to employees working twelve (12) hour shifts, seven (7) day rotating schedule.

12.13 A shift employee who works three days or more in her/his own classification in her/his regular work week shall be entitled to a lieu day for an off-day coincident with a Public Holiday. A non-shift employee relieving a shift employee three days or more in her/his regular work week shall receive a lieu day for an off-day coincident with a Public Holiday.

This Article does not apply to shift employees working twelve (12) hour shifts, seven (7) day rotating schedule.

12.14 Any shift employee working on a shift schedule shall not be available for relief in a higher classification on her/his regular off-days except in an emergency.

12.15 Relief employee, who has completed two thousand and eighty-eight (2088) hours in relief and is employed in relief on her/his scheduled working day before occurrence of Vacation, Sickness or Public Holiday, is allowed relief rate for such time paid but not worked.

12.16 Employee is required to notify her/his Department as its rules may require IN ADVANCE of expected return from any absence.

12.17 Employee relieving or performing work in a classification other than her/his own shall be paid the next highest rate above their current rate in the relieved classification or the minimum rate of the higher classification, whichever is greater, for the time worked.

Time spent by relief employees required to attend meetings, training, or other employer-related business including inclement weather shall be considered time worked. When such meetings, training or other employer-related business is scheduled on a full day basis, employees must relieve the day before and the day after to qualify for the relief rate.

If it is anticipated that a relief assignment will not exceed four (4) consecutive hours then the selection of the employee from the progression series to provide such relief can be made at the discretion of the Employer.

Temporary Transfer Outside the Bargaining Unit

12.18 An employee transferred to a position outside of the bargaining unit shall receive a six percent (6%) increase for the time worked in the position.

12.19 Work Assignment

Human Resources will notify the Union, in writing, of all Work Assignments prior to commencement. Where an extension of the Work Assignment is required, Human Resources will provide advance notice of the extension to the Union. Human Resources will provide communication on the application of the Work Assignment process to management staff. First consideration will be given to the senior qualified employee(s).

12.20 The Employer agrees to consult with Union at the Labour/Management Committee prior to assigning an employee, with the employee's consent, to work on a special assignment as directed by the Employer for periods not to exceed three (3) months each period. Such employees shall continue to receive their present rate of pay or the minimum of the new classification, whichever is greater, plus any additional or general increase, retention of their seniority and accumulation of seniority.

12.21 The Employer agrees to consult with the Union at the Labour/Management Committee prior to transferring an employee**,** with the employee's consent, to another classification for periods not to exceed three (3) months each period, for the purpose of utilizing her/his applicable abilities. The transferred employee will continue to receive her/his present rate of pay or the minimum of the new classification, whichever is greater, plus any additional or general increase, and retention of their seniority rights and accumulation of seniority.

ARTICLE 13
LEAVE OF ABSENCE FOR UNION BUSINESS

13.01 Leave of absence shall be granted to Union officials for Union business when requested, providing such leave does not interfere with Employer operation. The decision as to whether the Employer's operation is disrupted is at the Employer's sole discretion. The Union is required to provide the Employer with three (3) working days' notice on request for leave of absences under this Article. Under unusual circumstances, a shorter notice period will be considered. Approval for such request will not be unreasonably withheld.

13.02 Leave of absence will be granted for two (2) full-time officers of the Union on the understanding that upon returning to work s/he will be reinstated and offered required training in her/his previous position or such other position s/he would have occupied had s/he not been on leave of absence, provided that s/he is qualified. In the event that the return of the Union officer causes displacement of other employees, the Employer will not be required to provide notice, maintenance of wages, or other payments to the displaced employees.

13.03 Time absent from work by Union representatives in attendance at all meetings with the Employer or its representatives shall be paid for by the Employer.

13.04 Union official, when off on Union business, the whole cost of wages and benefits shall be maintained by the Employer. The Union shall reimburse the Employer the whole cost of wages and benefits by the 15th of the month following the month in which detailed billing is received.

13.05 Employees granted leave of absence without pay except under provisions 13.01, 13.02 and 13.06 and absence covered by WSIB shall reimburse the Employer the full cost of medical, hospital and insurance coverage for the period of absence. During such leave the employee shall not be entitled to the following benefits contained under this Collective Agreement:

Bereavement Leave, Jury and Witness Duty and Sick Pay Credit.

Sick Leave may be substituted for leave of absence where the employee has established to the satisfaction of the Employer a serious illness or serious injury due to an accident occurred while on leave of absence.

13.06 The Employer may following consultation with the Labour/Management Committee, grant an employee an absence with leave without pay for full time Union or public duties. Requests for such leave must be in writing. During the absence the employee will not accumulate seniority nor be entitled to the benefits of the Agreement. Medical, hospital, pension and insurance coverage may be continued during the absence where it is agreed that the employee will reimburse both the employee's and Employer's full cost of such coverage to the Employer. Upon returning to work s/he will be reinstated in her/his previous position, provided that s/he is qualified. In the event that the return of such person causes displacement of other employees, the Employer will not be required to provide notice, maintenance of wages, or other payments to the displaced employees.

13.07 The employees constituting the Union Bargaining Committee shall be given time off during working hours without loss of pay or seniority while actually attending such negotiation meetings with the Employer, and without payment of overtime.

The Employer will provide a maximum of three (3) days each, for up to six (6) Union Bargaining Committee members, to be used for contract negotiations preparation time. Arrangement for time off will be made through the Human Resources Department.

13.08 An employee shall be granted up to three (3) working days per contract year to care for ill dependents. The employee shall notify her/his Department as close as possible to the start of the work day of the need to be absent. Such leave will be charged against the employees accumulated sick pay credit and must be taken on a full day basis.

For employees working other than an eight (8) hour day the number of hours scheduled for the day on which the absence occurs shall be considered one (1) day for the purpose of this Article.

Union Health and Safety Representative

13.09 Leave of absence will be granted for one (1) Union Health and Safety Representative (as selected by the Union within either bargaining unit to represent all members of the Union) on the understanding that upon returning to work s/he will be reinstated and offered required training in her/his previous position or such other position s/he would have occupied had s/he not been on leave of absence, provided that s/he is qualified. In the event that the return of the Union officer causes displacement of other employees, the Employer will not be required to provide notice, maintenance of wages, or other payments to the displaced employee.

13.10 The whole cost of wages and benefits of the Union Health and Safety Representative shall be maintained by the Employer. The cost of wages shall be at the Journeyperson rate, or the employee's normal wages whichever is greater. At the end of the leave, the person may return to her/his previous position. Where a scheduled increase or progression occurs during the absence, the employee will receive such increase or progression and any other general rate increase.

The Union shall reimburse the Employer the whole cost of wages and benefits by the 15th of the month following the month in which detailed billing is received for all time spent by the Health and Safety Representative on business other than Toronto Hydro/Local One Health and Safety business.

13.11 Leave of Absence for the Union Health and Safety Representative shall be considered time worked for the purpose of calculating seniority.

Self-Funded Leave Plan

13.12 The Employer agrees to establish an employee-financed absence with leave plan to permit employees to be absent for a period of either six (6) months or one (1) year. Application for this leave must be in writing to Human Resources and be at least two (2) years in advance for the six (6) month leave and four (4) years in advance for the one (1) year leave. Approval of leave is at the Employer's discretion.

The terms and conditions of the plan are subject to consultation with the Labour/Management Committee.

New Member Interview

13.13 The Employer agrees that within four (4) weeks of date of hire the Union will be provided with the opportunity to meet with new employees, for a period not to exceed thirty (30) minutes, for the purpose of acquainting the new employee with the benefits and duties of Union membership. New employee group will not exceed six (6) members. The cost of Union representation will be at the Union's expense.

ARTICLE 14
ABSENCE WITHOUT LEAVE

14.01 Absence without leave is failure of employee to report on absence from work in accordance with rules of her/his Department and employee absent without leave has left the employ of the Employer with reinstatement dependent upon provision in writing to the Employer of satisfactory reasons for absence.

ARTICLE 15
BULLETIN BOARDS

15.01 Bulletin Boards provided by the Union, will be erected in such locations as are mutually acceptable to the Employer and the Union.

ARTICLE 16
JURY & WITNESS DUTY

16.01 Where an employee is summoned or serving as a juror or subpoenaed as a witness in any criminal or civil action there shall be no loss of pay or seniority incurred. The Employer will make up the difference between any fee paid to the employee as a witness or juror and her/his normal rate of wages for the period during which s/he served as a juror or witness.

16.02 When an employee is required to serve as a subpoenaed witness outside of her/his regular working hours, and requirement to serve resulted directly from her/his employment with the Employer, s/he shall be paid the difference between her/his witness fee and her/his appropriate overtime rate plus travel time.

16.03 Provisions 16.01 and 16.02 do not apply to employees subpoenaed by the Union.

ARTICLE 17
BEREAVEMENT LEAVE

17.01 An employee shall be granted bereavement leave, without loss of straight-time pay, of:

(a) Up to five (5) consecutive working days to assist with arrangements and/or to attend the funeral, in case of death of the employee's parent, step-parent partner/spouse or child and step-child.

(b) Up to three (3) consecutive working days to assist with arrangements and/or to attend the funeral in case of death of employee's brother, sister, grandparent, parent-in-law, grandchild, or relative residing in the employee's home.

(c) The day of the funeral for attendance at the funeral in the case of the death of the employee's brother-in-law, sister-in-law, son-in-law or daughter-in-law, or upon Employer’s approval for a relative other than those listed above.

(d) Consideration may be given for an extension of time under abnormal circumstances or if extensive travel is necessary. It is understood that weekends or scheduled 'off' days are not included in entitlement of consecutive working days.

17.02 The President of the Union or a delegate is permitted without loss of pay to attend funeral of Union members and retired Union members; it is required that arrangements be made beforehand with the Department Head.

17.03 Up to six (6) employees are permitted without loss of pay to serve as pall-bearers at a funeral of fellow employee or retired employee.

17.04 When an employee is on vacation, or sick and death of relative listed in Article 17.01 occurs, that portion of the employee's time resulting from the bereavement and in accordance with the provisions of Article 17.01, shall be changed from vacation or sick to bereavement leave. Employee is required to notify her/his Department immediately on receipt of notification of a death.

17.05

(a) For employees working other than an eight (8) hour day, the number of hours scheduled for the day on which the absence occurs shall be considered one (1) day for the purpose of this clause.

(b) For shift employees, consecutive working days referred to in Article 17.01 cannot be broken by more than three (3) days.

ARTICLE 18
SAFETY FOOTWEAR ALLOWANCE

18.01 The Employer will supply the safety equipment it considers necessary to protect employees and the public, at no cost to the employees, except safety footwear which shall be provided as follows.

18.02 Outside employees shall wear safety footwear that has been approved by their Supervisor/Certified Crew Leader. The safety footwear shall be that manufactured for the purpose and be of good quality and proper style.

18.03 The Employer shall pay each employee an allowance of up to **$170.00** per contract year with the exception of Certified Power Line Persons, System Response Representatives and Certified Crew Leader, Line, who shall be allowed up to **$190.00** per contract year for the purchase, replacement or repair of safety footwear. An employee is allowed to carry over any unused portion of the allowance into the following contract year. Carry over shall not exceed that contract year's entitlement.

18.04 The Employer shall pay the full cost for the purchase, replacement or repair of safety footwear that an employee must have made-to-measure.

ARTICLE 19
PUBLIC HOLIDAYS

Articles 19.01 to 19.06 inclusive do not apply to employees working twelve (12) hour shifts, seven (7) day rotating schedule.

19.01

(a) Public holidays shall be New Year's Day, Good Friday, Easter Monday, Victoria Day, July 1st, Civic Holiday, Labour Day, Thanksgiving Day, Christmas Day, Boxing Day, Heritage Day if proclaimed.

(b) Each regular employee shall be entitled to three (3) additional days holiday with pay during the calendar year and such day(s) shall be mutually agreed to by the Supervisor and employee. However, a request to take such a holiday on Remembrance Day will be granted. These days may be taken in half days.

For employees working other than an eight (8) hour day, the number of hours scheduled for the day on which the absence occurs shall be considered one (1) day for the purpose of this clause.

For those employees working a compressed work week the number of hours deducted when using an additional day shall be the number of hours scheduled to be worked.

One of the above additional days will be designated by the Employer by December 1st of the previous year. This designated day will be immediately before or after a Public Holiday unless otherwise determined subsequent to consultation at the Labour/Management Committee. Should this day not be designated by the Employer the day may be taken subject to the convenience of the Department and applies only to employees who have completed three (3) months of continuous service.

The benefit of the second and third additional days must be taken within the calendar year it is granted, applies only to employees who have completed three (3) months' continuous employment service, and is taken at the request of the employee and subject to the convenience of the department.

19.02 When Christmas, New Year's Day or July 1st falls on a Saturday or Sunday, the following Monday shall be observed as the Public Holiday. When Christmas falls on a Saturday or Sunday, the following Tuesday shall be observed as the Boxing Day Public Holiday. When Christmas falls on a Friday, the following Monday shall be observed as the Boxing Day Public Holiday.

19.03 When a Public Holiday occurs during a vacation period, that day shall be charged to "Public Holiday" and not to employee's vacation time.

19.04

(a) A shift employee scheduled to work on any observed Public Holiday shall be allowed one day in lieu for the Public Holiday except when permitted to take the day off as a Public Holiday. When a shift employee's scheduled day off falls on an observed Public holiday the employee shall receive one day in lieu. A shift employee shall be allowed to accumulate lieu days for a period of twelve (12) months from date earned.

(b) Afternoon shift employees in the Fleet and Equipment Operation Department scheduled to work a ten (10) hour shift who observe the Public Holiday shall be paid for the ten (10) hour day.

19.05 Employee required by schedule to work on a Public Holiday but unable to do so because of illness shall be paid at straight time rate from her/his sick pay credit for the Public Holiday and shall be allowed the lieu day as in Article 19.04.

19.06 Employee is not allowed pay for Public Holiday when absent without pay on either the work day before or the work day after the Public Holiday except in cases of employee granted leave for Union business.

19.07 For all employees working a twelve (12) hour, seven (7) day rotating schedule, in lieu of observed Public Holidays, each employee shall be entitled to an equal number of days off each year plus three (3) additional days per calendar year, at normal straight time pay. These days shall be taken in conjunction with scheduled vacation.

For these employees on an hourly basis unused accumulated lieu time, in lieu of observed Public Holidays, can be cashed out, at straight time, at the end of the calendar year. Payment will be at the employee’s current rate of pay.

ARTICLE 20
VACATION

For Clauses 20.01 to 20.05 inclusive, a day shall be eight (8) hours.

20.01 Vacation is allowed in calendar year of engagement at one (1) day for each complete calendar month to total of ten (10) days.

20.02 In and from calendar year following engagement fifteen (15) working days of vacation is allowed.

20.03 In and from calendar year in which is completed six (6) years of employment service, twenty (20) working days of vacation is allowed.

20.04 In and from calendar year in which is completed fifteen (15) years of employment service, twenty-five (25) working days of vacation is allowed.

20.05 In and from calendar year in which is completed twenty-five (25) years of employment service thirty (30) working days of vacation is allowed.

20.06 Vacation is arranged at the convenience of the Department. One third of the employees in a Section within a Department who may be required in a System emergency may be absent on vacation at the same time during the period from the weekend immediately prior to July 1st to the weekend immediately after August 31st. Employees are permitted two (2) weeks of vacation during July and August.

20.07 An employee shall be allowed to carry over any portion of one (1) year's vacation.

20.08 Vacation arranged as carry-over is paid at rate and under conditions applicable when vacation is taken.

20.09 Shift employees are permitted absence of nine (9) consecutive days on arrangement of one (1) week's vacation and sixteen (16) consecutive days on two (2) weeks' vacation.

20.10 Sick leave may be substituted for vacation where the employee has established, to the satisfaction of the Employer, that a serious illness or serious injury due to accident occurred while on vacation.

20.11 When employment is terminated, other than in the year of normal retirement and vacation taken has exceeded the vacation credit, the overpayment will be recovered by the Employer.

20.12 In the year of retirement, the full year's vacation is allowed.

20.13 The Employer will reply to a vacation request within ten (10) working days of receipt of such request, provided that the request is made within, but not prior to, three (3) months of the requested vacation.

20.14 For employees working other than an eight (8) hour day, vacation shall be granted on the basis of the hours scheduled for the day on which the vacation occurs.

ARTICLE 21
DRIVER'S LICENCE, TRADE & PROFESSIONAL FEES

Driver's Licence

21.01 The cost of Driver's Licence for employees who are required to operate System vehicles, and employees who are authorized to operate their own automobile, shall be paid by the Employer.

The cost of medical exams for those employees required to have an AZ licence will be paid for by the Employer.

Trade & Professional Fees

21.02 The Employer shall pay up **the full** cost of the annual renewal of Auto Mechanic Licence fees, annual membership fee for Technicians to maintain OACETT membership, and any fees related to a trade certification recognized by the Apprenticeship Act of Ontario or any annual membership for Professional or Trade Certification under the Apprenticeship Act of Ontario so long as such membership is required as a condition of employment by the Employer.

ARTICLE 22
WORK CLOTHING

22.01 Overalls, coveralls, quilted bib overalls, parkas, gloves and pants and shirts when appropriate, are supplied to employees whose work requires such and return of worn-out article may be necessary, as determined by the Employer, to obtain a replacement. The Employer will make a reasonable effort to make work clothing available.

ARTICLE 23
TOOL REPLACEMENT

23.01 Except as otherwise specified in Article 23.02 and 23.03, the Employer will provide all hand tools as required by each job classification to effectively perform the job. It is understood, and agreed, that all tools supplied by the Employer, shall belong to, and shall remain, the property of the Employer. The Employer will replace all broken, lost, stolen, or worn out tools. An Employee must return a worn out or broken article in order to receive a replacement. In the event of a lost or stolen article, the Employee must give a satisfactory explanation as to the details. Upon an explanation said tool(s) will be issued.

23.02 Outside employees, who are required to supply their own personal tools, are reimbursed up to a sum of $125.00 per contract year, with the exception of Fleet Mechanic, who **will** be **paid $500.00 at the start of each** contract year, for new, broken, lost or worn out tools, at the discretion of the Supervisor. It is understood, and agreed, that all tools supplied by the Employer, shall belong to, and shall remain the property of the Employer.

23.03 Tools provided to employees in the classifications of Fleet Mechanic, Certified Substation Electrician and Machinist would initially be purchased by the Employer and provided to new employees entering these trades.

The tool allowance detailed in Article 23.02 will be applied against the purchase price of such tools until the total tool purchase price has been recovered. Following this recovery of the total tool purchase price the tools would be the property of the employee.

When employment is terminated or when an employee transfers to a classification which does not require the employee to have personal tools, with the exception of Certified Substation Electrician transferring to Station Response Representative, before the full purchase price has been recovered by utilization of the tool replacement amounts, it is understood and agreed that the Employer will recover from the employee an amount equal to the remaining balance. Should this occur within three (3) years of being issued the tools, then the employee would have the option of returning all the tools, without refund, rather than being required to pay the outstanding balance.

In the event the Employer-issued tools which are not new**,** to a new employee in these above listed classifications, the employee will be credited with any amounts previously credited against these tools under this clause.

ARTICLE 24
HEALTH, WELFARE & INSURANCE BENEFITS

Pregnancy, Adoption Parental **and Family Medical** Leave

Provision of Leave

24.01 Pregnancy, Parental **and Family Medical** Leaves will be granted to employees under the terms of the Employment Standards Act of Ontario.

Pregnancy Leaves shall be granted for up to seventeen (17) weeks in duration and may begin no earlier than seventeen (17) weeks before the expected birth date.

Parental Leaves shall be granted for up to thirty-five (35) weeks in duration for an employee taking pregnancy leave and shall, in all cases, be taken when her pregnancy leave ends unless the child has not yet come into her custody, care and control for the first time.

Parental Leave, which includes adoption leave, shall be granted for up to thirty-seven (37) weeks in duration for employees not taking pregnancy leave and shall, in all cases, begin no later than fifty-two (52) weeks after the day the child is born or comes into the parent’s custody, care and control for the first time.

Protection of Benefits, Seniority, Pensions

24.02 During a Pregnancy or Adoption Leave the Employer shall pay the full cost of the employee's medical, hospital and insurance coverage and the Employer's portion of the employee's pension plan coverage if the employee elects at the commencement of the leave to pay the employee portion of such costs.

During a Parental **or Family Medical** Leave the Employer shall continue to pay the full cost of the employee's medical and hospital coverage and the Employer's portion of the employee's pension plan coverage and insurance coverage if the employee elects at the commencement of the leave to pay the employee portion of such costs.

Seniority, for all purposes, shall accrue during the period of Pregnancy, Adoption, Parental **or Family Medical** Leave.

Wage Top-Up for Pregnancy Leave

24.03 In the case of a Pregnancy Leave, the Employer will provide payment equal to 95% of base pay during the two (2) week E.I. waiting period and the difference between the payments received from E.I. and 95% of the employee's normal, straight-time pay for fifty (50) weeks, subject to continued government legislation and approval.

Maintenance of Wages for Adoption Leave

24.04 In the case of an Adoption Leave for the primary caregiver, who has adopted a child under six (6) years of age, who is not the natural child of either adoptive parent, the Employer will provide payment equal to 95% of base pay for two (2) weeks and 95% of her/his normal, straight-time pay for up to thirty-five (35) weeks.

Maintenance of Wages for Parental Leave

24.05 In the case of a Parental Leave, the Employer will provide payment equal to 95% of base pay during the two (2) week E.I. waiting period and the difference between the payments received from E.I. and 95% of the employee's normal, straight-time pay for thirty-five (35) weeks, subject to continued government legislation and approval.

Maintenance of Wages for Family Medical Leave

24.06 In the case of a Family Medical Leave to provide compassionate care and support to the family member specified in the medical certificate, the Employer will provide payment equal to 95% of base pay during the two (2) week E.I. waiting period and the difference between the payments received from E.I. and 95% of the employee's normal, straight-time pay for six (6) weeks, subject to continued government legislation and approval.

Spousal Leave at Time of Birth or Adoption

24.07

(a) An employee whose spouse or partner gives birth, or commences an Adoption Leave, shall be granted leave with pay and full benefits, of two (2) working days. The leave shall be taken on days chosen by the employee, at or about the time of birth or adoption.

(b) For employees working other than an eight (8) hour day the number of hours scheduled for the day on which the spousal leave occurs shall be considered one (1) day for the purpose of this clause.

Reinstatement

24.08 The Employer shall reinstate an employee returning to work from a Pregnancy, Adoption, Parental **or Family Medical** Leave in the position most recently held with the Employer, or provide the employee with alternative work of a comparable nature at not less than the employee's wages at the time the leave began, or as adjusted by any general increase, and without loss of benefits accrued to the commencement of the Leave of Absence and with full seniority.

Where a scheduled increase or progression occurs during the absence, the employee will receive such increase or progression upon satisfactory demonstration of competency during a trial period of thirty (30) days.

Medical & Hospital Services & Dental Plan

24.09

(a) Equal or superior coverage to present practice, i.e., Ontario Health Insurance Commission, Plan for Supplementary Hospital Care and Extended Health Care Plan shall be continued. Where an employee is entitled by the provisions of the Health Insurance Act to receive Ontario Health Insurance Plan protection without cost, such coverage will not be provided by the Employer.

(b) Effective February 1, **2006**, and for each consecutive two (2) year period following thereafter, the Extended Health Care Plan coverage for eyeglasses and/or contact lenses shall be **$375.00** per person covered, for the two (2) year period commencing February 1, **2006**, and the $1.00 prescription plan will continue.

(c) Effective February 1, 2006 coverage for the cost of an eye exam for a two (2) year period or one (1) year period for dependent children under the age of twenty-one (21), if prescribed by a medical practitioner, up to a maximum of $80.00 per person.

(d) Services of a licensed Physiotherapist up to a maximum of $150.00 for the initial visit and $70.00 per subsequent visit to an unlimited maximum for services provided inside Canada and $60.00 per hour for services outside Canada.

(e) Services of a licenced Chiropractor (including X-rays) up to a maximum of $300.00 per person per contract year.

(f) Services of a licensed Osteopath, Chiropodist or Podiatrist, **Registered Massage Therapist, up to a maximum of $50.00 per visit per person, Psychologist, Naturopath, Speech Therapist and Dietician** up to an overall maximum of **$850.00** per person per contract year, payable only after OHIP ceases to pay any portion of the expenses.

(g) Effective February 1, 2006 coverage for cost of hearing aids up to $3,000.00 lifetime maximum.

(h) In the event of death of an active Toronto Hydro employee, the surviving spouse and dependants shall continue to receive full medical and hospital services coverage at the Employer's expense for a period of **two (2)** years.

(i) When an active employee dies as a direct result of a physical injury suffered on the job or occupational disease directly related to their employment with Toronto Hydro and the claim is accepted and paid for by the WSIB, the Surviving Spouse and the dependent children under the age of twenty-one (21) or as defined in 24.09 (j) shall continue to receive full medical and hospital services coverage at the Employer's expense for fifteen (15) years or until normal retirement age of the deceased employee whichever is less. The provision of this Article shall be retroactive to February 1, 1991. This dependent children benefit ceases after age 21 or age 25 if attending a recognized post secondary institution. Where benefits are received under this Article, Article 24.09 (h) shall not apply.

(j) Medical and Hospital Services coverage will include unmarried dependent students who are in full time attendance at a recognized post-secondary institution up to age twenty-five (25).

24.10 The Employer will pay the premium based on the prevailing Ontario Dental Association fee schedule necessary to provide equal or superior coverage to the present dental plan.

Effective **February 1, 2006**, the Dental Plan includes fixed prosthodontic **(including implants)** services on a 50% co-insurance basis.

The Dental Plan will include orthodontic services on a 50% co-insurance basis to a maximum of $4,000 per employee and $4,000 per family member covered once in a lifetime.

24.11 The Union will be advised of the names of the carriers. Carriers will be for the term of the Agreement, in so far as practicable.

24.12 If the Employer contemplates a change in Carriers of any of the above plans during the life of this Agreement, the Employer agrees to give notice and provide the Union with a copy of the proposed carrier's plan(s) so that the Union will be assured of identical coverage prior to the implementation of the proposed carrier's plan.

Long Term Disability

24.13 The Employer agrees to enter into an arrangement with an Insurer licenced under the Insurance Act to provide a Long Term Disability Plan.

All employees of the Employer become eligible for membership in the plan on or after the effective date of the plan.

Definitions

For purposes of the plan, the meaning of each of the following terms is limited to the definition shown.

(a) Total Disability - An employee shall be totally disabled, or Total Disability shall exist, when the employee is not engaged in any occupation or performing any work for compensation or profit and is suffering from such a state of bodily or mental incapacity resulting from injury or disease as would,

(i) During the Elimination Period specified below and during the next following twenty-four (24) months, prevent the employee from performing any and every duty pertaining to her/his normal occupation and,

(ii) If Total Disability has continued during such Elimination Period and during the next twenty-four (24) months, then during the continuance of such disability, wholly prevent such employee for compensation or profit, from engaging in any occupation and performing any work at Toronto Hydro for which the employee is reasonably qualified by education, training or experience.

(b) The Elimination Period for all employees is a minimum of six (6) months continuous absence from the date an employee first becomes disabled.

Employees shall be granted the option of utilizing all or part of accumulated sick pay credits to increase the elimination period.

Employees who run out of sick pay credits will be granted sick leave without pay until such time as the Long Term Disability Elimination Period elapses.

Employees shall maintain all rights and benefits of the Collective Agreement during the Elimination Period.

Benefit Schedule

An employee who is a member of the plan may become eligible for not more than the maximum Monthly benefit amount, calculated in accordance with the applicable Benefit Formula which is indicated below:

Benefit Formula

Effective no later than 45 days from the date of ratification of this agreement, 75% of the employee's basic monthly earnings, to a **$5,500** monthly benefit maximum.

Amounts of employee's monthly benefit which are not integral multiples of $1.00 are rounded to the next higher dollar.

All benefit coverage provided by Article 24 of the Collective Agreement will continue while receiving payments on the plan.

Vacation

Vacation entitlement will be paid to the employee at the end of the year in which they commence to receive Long Term Disability benefits based on full payment of any carryover from the previous year and pro-rated for the current year to the time of commencement of Long Term Disability benefits.

Effective Date

The date that the Agreement with the Insurance Company comes into force which will be within six (6) months of ratification of the Collective Agreement.

Rehabilitative Employment

If an employee becomes capable of working after thirty (30) months of disability leave, s/he will be offered a position at Toronto Hydro for which s/he is reasonably fitted by training, education or experience. The employee would be paid the greater of the job rate or the amount equivalent to the Long Term Disability payment. If the Long Term Disability payment is greater than the job rate, the employee would continue to receive such rate until the job rate, through general increases, matches the Long Term Disability amount. Thereafter, the employee will receive any future general increases.

In the event the employee rejects the offer of rehabilitative employment, s/he forfeits all rights to Long Term Disability benefits.

The position offered shall be discussed at the Accommodation Committee and shall be first within the employee's own bargaining unit. If there is no position within the employee's bargaining unit, consideration will be given to placing the employee in the Inside bargaining unit.

Sick Pay Credit

Accumulated sick time will be granted under the following conditions:

24.14 With supporting medical certificate when required by the Employer which shall be at least when continuous absence due to illness is more than three (3) full working days; again, when absence is in excess of eighteen (18) days; again, when absence exceeds seventy-two (72) days;

24.15 Employee shall be at home, in hospital, or at doctor's when visited by the Employer's representative;

24.16 Employee has notified her/his Department of necessity for absence as follows:

Non-Shift

Within thirty (30) minutes of normal start time of first day of absence.

Shift

(a) By one (1) hour before day shift start.

(b) By three (3) hours before afternoon and evening shift start.

24.17

(a) Cumulated credit is allowed for service from January 1st, 1925. One day is allowed for each complete calendar month remaining in first calendar year of employment to a total of ten (10) days.

One-and-a-half (1½) days are allowed for each complete calendar month of continuing employment from January 1st of the year following date of employment to a maximum of sixteen (16) days. Employees engaged prior to January 1st, 1962, do not receive less favourable consideration than under the earlier regulations which are continued at the discretion of the President/CEO with allowance as follows:

1 to 8 years of service.....	24 days,
In excess of 8 and less than	
20 years.....	48 days,
20 years of service.....	72 days.

(b) Sick time shall be taken on the basis of the number of hours scheduled for the day on which the absence occurs.

24.18 At the discretion of the Employer, additional grants may be given.

24.19 Employee absent due to illness is permitted allowance of sick pay to the limit of net accumulated credit as of the end of that calendar year with deduction of the allowance from sick pay credit accumulation. In the calendar year following a full calendar year of employment in which an employee has worked less than six months, sick pay is allowed to the limit of net accumulated credit as of the end of each completed calendar month.

Effective February 1, 1982 absence due to accident or illness accepted and paid for by the WSIB is not charged to sick pay credit; employee so absent is permitted allowance of such amount by the Employer as is necessary in supplement to the Board award to equate with her/his normal straight-time pay, for as long as s/he is employed by Employer. It is understood that this Article does not provide any retroactive payments prior to February 1, 1982.

Effective February 19, 1987, an employee who is absent due to a new accident or illness accepted and paid for by the WSIB will receive her/his normal straight-time earnings made up of the Board award and the Employer supplement but no employee is to receive additional monies including tax adjustment as a result of being absent on WSIB.

The Employer will advance full straight-time wages to an employee who has submitted a claim to the WSIB, prior to an award being granted. Should the WSIB reject the claim or should the employee elect not to claim compensation, the employee's time will be charged to her/his sick bank and any overpayment made will be recovered by the Employer within one (1) year.

24.20 The existing employees who have retained sick pay credit vesting rights as of January 31, 1999, upon termination of employment, by retirement on pension, there is paid an amount equal to the cumulated sick pay credit of the employee but such amount is not to exceed the aggregate amount of her/his remuneration for the following periods:

At least 10 years and less than 15 years - 3 calendar months;

At least 15 years and less than 20 years - 4 calendar months;

At least 20 years and less than 25 years - 5 calendar months;

At least 25 years - 6 calendar months.

24.21 Existing employees who have retained sick pay credit vesting rights as of January 31, 1999, upon termination of employment in good standing with at least 20 years of service and other than by retirement on pension, there shall be paid an amount equal to one-half of the employee's cumulated sick pay credit but such amount shall not exceed the aggregate amount of her/his remuneration for the following periods:

At least 20 years and less than 25 years - 2 calendar months;

At least 25 years - 3 calendar months.

24.22 Payment on account of deceased employee is to her/his dependents, if any; if there are no dependents, then to her/his estate.

24.23 New employees hired on or after February 1, 1999, will have no sick pay credit vesting right.

24.24 Employees of the former York Hydro will be given a one-time grant of sick pay credit of forty-five (45) days. As of January, 2000 they will accumulate sick pay credit on the same basis as in Article 24.17.

Sick Pay Credit Payout

24.25 Pay out of accumulated sick pay for employees who have vested sick pay credits (vesting rights) shall be as per the pay out provisions of their former Collective Agreements immediately before the amalgamation (January 1, 1998).

Pensions

24.26 The basic pension plan is the OMERS Final Average Earnings plan implemented January 1, 1978 (as amended). Normal retirement is provided at age 65 with an unreduced early retirement allowed under OMERS Formula 90 (when the employee is within 10 years of normal retirement and her/his age plus credited service totals 90). There is available an early retirement option with a reduced pension. An early retirement option may be allowed under OMERS type 3 supplement for those employees eligible.

The Optional Service benefit shall be available to each employee who exercises her/his option prior to May 1, 1978, in accordance with the terms of the Agreement effective February 1, 1977. Any employee under age 65 wishing to take advantage of the Optional Service benefit must provide the Employer with six (6) months' notice of her/his intention to retire. Subject to Labour/Management consultation, this notice may be waived due to extenuating circumstances.

It is understood and agreed that employees taking early retirement under OMERS Formula 90 or otherwise shall provide the Employer three (3) months' notice of intent to retire.

When an active employee dies as a direct result of a physical injury suffered on the job or occupational disease directly related to their employment with Toronto Hydro and the claim is accepted and paid for by the WSIB, the surviving spouse or dependent children under the age of 21 where there is no spouse shall continue to receive the normal, straight-time earnings of the deceased employee in effect at the time of the employee's death for the next fifteen (15) years or until normal retirement age of the deceased employee which ever is less. Any payments paid shall be reduced by the amount paid or received under the OMERS Pension Plan, Canada Pension Plan, and WSIB. The provisions of this Article shall be retroactive to February 1, 1991.

When an employee is totally and permanently disabled as a direct result of an injury suffered on the job and the accident is accepted and paid for by the WSIB, the employee shall continue to receive the normal, straight-time earnings and benefits in effect at the time of permanent disability for one full year. Any payments or benefits received shall be reduced by the amount paid or received under the OMERS Pension Plan, Canada Pension Plan and WSIB.

ARTICLE 25
LABOUR/MANAGEMENT COMMITTEE

25.01 The Union and Management recognize that effective labour relations depend on co-operation and good communications between the parties. They will meet on a bi-monthly or as required basis if initiated by either party, subject to an agenda to resolve issues of common concern.

This consultative committee will operate in an open forum in which the free exchange of ideas will encourage understanding and lead to the resolution of issues.

The Employer and the Union agree that their senior representatives will meet to discuss matters of mutual interest, together with a secretary appointed by the Employer. Accordingly, the Committee shall have no authority to change, delete, or modify any terms of the Collective Agreement nor to settle grievances. It is the intention of the parties that this committee will work towards improving the relations between them and the employees they represent. Minutes shall be recorded and copy sent to each of the members within ten (10) working days of the meeting.

25.02 The Committee will consist of three (3) members of Management and three (3) members from the Union. Each party may bring up to two (2) "subject matter experts" to the meeting, depending on the issues to be discussed. Agenda items will be exchanged, in writing, five (5) working days prior to the requested meeting. Agenda shall mean new or unfinished business.

The Union Representative in attendance at the meetings shall be permitted to remain away from work for the remainder of the day. Time absent from work will be at the Employer's expense.

ARTICLE 26
HEALTH & SAFETY

The employer and the union acknowledge their joint and separate role and responsibilities under the Occupational Health and Safety Act.

26.01 Safety Committees relating to the Outside and Inside employees represented by the Union shall meet to discuss Health and Safety matters of concern. Toronto Hydro and C.U.P.E. Local One have established a two tiered Joint Union-Management Health and Safety Committee Structure. The two committee levels are Workplace Health and Safety Committees and Health and Safety Steering Committee.

The Workplace Committee

26.02 The Workplace Committees will have an equal number of Union and Management representatives not to exceed three each, unless as mutually agreed otherwise, and will have Co-Chairpersons. Each Committee will meet bi-monthly or more frequently with Joint Co-Chairpersons' approval.

Terms of Reference

The terms of reference for the Workplace Committees will include the following, as they apply to the area covered by each Workplace Committee.

(i) Identify, evaluate and make recommendations regarding all matters pertaining to health and safety in the workplace covered by the Workplace Committee.

(ii) Review and make recommendations on safety concerns which have been forwarded by the Safety and Environmental Department and unresolved Safety Concern Report forms from the employees covered by the Workplace Committee.

(iii) Inspect the workplace, as required by the Occupational Health and Safety Act (Ontario), on the basis of one (1) day every two (2) months in each area.

(iv) The Union Co-chairperson will be provided one (1) day every two months as a pre-meeting preparation day.

(v) The Union Committee members shall be allowed not less than two hours between the termination of the meeting and return to their normal duties for meals, clothing change, and travel. Time absent from work will be at the Employer's expense and shall not be charged to the grievance work order.

(vi) Recommend to the Employer and the workers the establishment, maintenance and monitoring of programs, measures and procedures respecting the health and safety of workers.

(vii) Obtain information from the Employer respecting the identification of potential or existing hazards of materials processes or equipment and information respecting health and safety experience, and, work practices and standards in similar or other industries of which the employer has knowledge.

(viii) Review of new work procedures and amendments to existing work procedures. This includes discussion at the commencement of the development of new major work procedures.

(ix) Review and recommend on proposed revisions to the Safety Rule Book and Work Protection Code. These recommendations will be forwarded to the Health and Safety Steering Committee.

(x) The Committee will be supplied with copies of all existing safety related Letters of Instruction. The Committee will review and recommend on all proposed new safety related Letters of Instruction.

These recommendations will be forwarded to the Health and Safety Steering Committee.

(xi) Committee members will receive the certification training as per OHSA (Ontario) at the Employer's expense. The method of presentation of the course will be determined by the Health and Safety Steering Committee. **Training shall be provided within three (3) months of election or selection to the Committees.**

(xii) Committee minutes will be produced by the Employer and submitted for approval to the Co-Chairpersons. Each new topic will constitute a new item and when items are in the process of being implemented, they would be so noted and a future review date established. They would then be carried but not discussed without agreement of the Joint Co-Chairpersons.

(xiii) The Committee will review accident reports referred to it by the Union Health and Safety Representative.

(xiv) Matters unresolved in a Workplace Committee may be referred by either the Union or Management Co-Chairperson to the Joint Health and Safety Steering Committee. Referrals will include a statement of the problem, recommended solutions and reasoning to support the recommendation.

(xv) With the agreement of both the Union and Management Co-Chairpersons, unresolved matters may be referred to the Union Health and Safety Representative and the Vice President Environment Health and Safety for the purpose of resolving the matter prior to referral to the Steering Committee. If the matter can not be resolved in this way, it will be referred to the Steering Committee. Referrals will include a statement of the problem, recommended solutions and reasoning to support the recommendation.

(xvi) Additional committees may be established at the Workplace level by the Steering Committee.

The Steering Committee

Structure:

26.03 The Steering Committee will have an equal number of Union and Management representatives not to exceed five (5) each and will have co-chairpersons. The Committee shall meet subject to an agenda being given five (5) working days in advance to the Secretary, who shall see that all Committee members have a copy three (3) working days previous to each meeting.

Unfinished business shall be considered agenda. Minutes of the monthly meeting shall be recorded and sent to each member within ten (10) workings days of the meeting. The Committee may meet more or less frequently with Joint Co-chairperson's approval.

Terms of Reference

The terms of reference of the Steering Committee will include the following:

(i) Co-ordinate the work of the Workplace Committees.

(ii) Deal with matters referred from the Workplace Committees.

(iii) Deal with health and safety matters which, because of their complexity or scope, are inappropriate for the Workplace Committees.

(iv) Identify, evaluate and make recommendations regarding all matters pertaining to health and safety in the workplace.

(v) The Union Co-Chairperson will be provided one (1) day every month as a pre-meeting preparation day.

(vi) The Union Co-Chairperson shall inspect the workplace, as required by the Occupational Health and Safety Act (Ontario) on the basis of one (1) day per month.

(vii) The Union Committee members shall be permitted to remain away from work for the remainder of the day. Time absent from work will be at the Employer's expense and shall not be charged to the grievance work order.

(viii) Minutes shall be taken by a secretary appointed by the Employer who is not a Committee member.

(ix) Recommend to the Employer and the workers the establishment, maintenance, and monitoring of programs, measures and procedures respecting the health of workers.

(x) Obtain information from the Employer respecting the identification of potential or existing hazards of materials processes or equipment and information respecting health and safety experience and work practices and standards in similar or other industries of which the Employer has knowledge.

(xi) Committee members will receive the certification training as per OHSA (Ontario) at the Employer's expense. The method of presentation of the course will be determined by the Health and Safety Steering Committee. **Training shall be provided within three (3) months of election or selection to the Committees.**

(xii) Establish additional committees at the Workplace level with specific mandates.

(xiii) Changes to the Safety Rule Book: If in the normal course of adding to or amending the Safety Rule Book, The Joint Steering Committee cannot reach agreement on the additions or amendments, the Ministry of Labour will be asked to intervene to assist in resolving the issue. If an urgent change must be made in the Safety Rule Book to protect the Health and Safety of the workers the Employer will satisfy its responsibility under the Act by making such a change and the Union reserves its rights under the Act to challenge the change.

26.04

(a) In addition to the time provided for under the Occupational Health and Safety Act, the Union Co-Chairperson of the Joint Health and Safety Committee will be provided a minimum of five (5) days per month to carry out her/his duties. The full cost of the wages and benefits for this time shall be paid by the Employer. Time so spent shall be considered time worked.

(b) The Health and Safety Representative, designated by the Union from among the employees represented by the Union, shall undertake investigative responsibilities as directed by the Committee. Time so spent shall be considered as time worked.

Inclement Weather

26.05 The Employer will determine whether or not weather conditions permit the normal operation of the duties of the employees covered by the Agreement. In the absence of the Employer the senior qualified employee will make the determination on site. In the event of adverse weather conditions the employees covered by this Agreement will carry out such other work as is designated or assigned to them by their Supervisor or allowed standby at straight time.

Safety

26.06 An employee who has been ordered to work in violation of the Employer's safety rules may refuse to perform that work.

VDT Workers

26.07 A pregnant employee upon her written request will be assigned alternate work in the same Service Centre with no loss of seniority or salary. A VDT emission level test shall be performed on the request of the pregnant employee.

Students

26.08 Only technical, competent students shall work in close proximity to energized Hydro plant while supervised by a competent person. Competent is defined by the OHSA.

In all other circumstances only competent employees shall work in close proximity to energized hydro plant. Competent is defined by OHSA.

ARTICLE 27
ACCOMMODATION

CUPE Local One and the Employer are jointly committed to re-integrating employees back into the workplace who have suffered an occupational or non-occupational injury or illness. The Union and Management will work together through an Accommodation Committee, which will operate on a consultation basis.

Accommodation Committee

27.01 The Accommodation Committee will consist of three (3) Union Representatives and three (3) Management Representatives who will meet bi-monthly to discuss both permanent and temporary accommodations.

The Accommodation Committee shall:

(1) Recommend to Toronto Hydro Management procedures and practices to ensure safe, consistent, and fair administration of the joint Early and Safe Return to Work Program.

(2) Review and recommend to Toronto Hydro Management modified work assignment for employees who have been injured on the job on both a temporary and a permanent basis.

(3) Meet regularly to monitor each modified work assignment and the overall performance of the joint Early and Safe Return to Work Program.

(4) Recommend to Toronto Hydro Management changes to the joint Early and Safe Return to Work Program as appropriate.

The Union Committee members shall be allowed not less than two (2) hours between the termination of the meeting and return to normal duties for meals, clothing change and travel.

Time absent from work will be at the Employer's expense. Preparation time will be subject to approval by the Employer.

Reimbursement for Additional Medical Documentation

(5) The Employer shall bear the cost of any additional required medical information or documentation beyond the initial medical request setting out non-occupational accommodation needs.

Permanent Placement

27.02 Employees who have suffered a permanent work-related injury/illness accepted and paid for by the WSIB, and who are medically fit to perform work may be placed as follows:

(1) In the employee's existing job, if the employee is medically fit to perform the job duties.

(2) In the employee's existing job, with modified duties, if the employee is medically fit to perform the job as modified, and the modifications permit the performance of the essential duties of the job.

(3) In another classification within the employee's Bargaining Unit with approval of the Accommodation Committee.

(4) In another classification within the 'other' Bargaining Unit with approval of the Accommodation Committee.

(5) In a classification created specifically to accommodate the employee with approval of the Accommodation Committee. An employee returning to work will receive the current annual rate of pay for her/his pre-injury/illness position**, including shift premium,** or the minimum annual rate of the new classification, whichever is greater, plus any future negotiated increases for that classification.

As a condition of this continued wage protection, an employee who has been placed in a position other than the employee's previous position, will apply for all posted vacancies for which they are qualified and which have an annual rate greater than their new classification and equal to the employee's current annual rate.

Temporary Placement

27.03 Employees who have suffered a temporary work-related injury or illness, and who have submitted a claim to the WSIB, and who are medically fit to perform work may be placed as follows:

(1) In the employee's existing job, if the employee is medically fit to perform the job duties.

(2) In the employee's existing job, with modified duties, if the employee is medically fit to perform the job as modified, and the modifications permit the performance of the essential duties of the job.

(3) In a classification within either Bargaining Unit with approval of the Accommodation Committee.

The wage of the employee who is placed under this program will be protected at the pre-injury/illness level or the minimum of the new classification, whichever is greater, plus any future negotiated increases for that classification.

Where a scheduled increase or progression occurs during a temporary placement of not less than three (3) months, the employee will receive such increase or progression upon satisfactory demonstration of competency during a trial period of thirty (30) days.

ARTICLE 28
TRAINING

28.01 The Employer may, subsequent to consultation at the Labour/Management Committee, determine that employees require additional knowledge and/or skill. The Employer may provide the necessary facilities and instruction to enable such employees as designated by the Employer to acquire the additional knowledge and/or skills at no loss in wage, and during this training period the Employer will compensate such employees for any travel and/or meal expense.

28.02 When the Employer undertakes a new programme of training in a skilled trade, there will be joint representation of one Employer representative and one qualified journeyperson from that trade, as designated by the Union, who will meet for the purpose of discussing and making recommendations relating to the course content. **Recommendations will be discussed by the Labour/Management Committee.**

ARTICLE 29
JOB SECURITY

29.01 Should any employee's job be eliminated due to contracting out by the Employer, **or as a result of a directive to Toronto Hydro from its controlling Shareholder in regards to the regulated electricity distribution business,** the employee will be placed in another job for a period of six (6) months and retrained in the new progression series. Following this the employee will be subject to the probation clause.

The employee will retain her/his current rate of pay and current wage range. In addition, the employee will receive future general increases and step increases in accordance with the Collective Agreement. The Union will be advised two (2) months in advance of such occurrence and will be given opportunity for discussion.

ARTICLE 30

TECHNOLOGICAL CHANGE

Advance Notice

30.01 When the Employer has determined that technological change, which will eliminate or significantly change a job, will be introduced, the Union will be provided not less than two (2) months' advance notice and will be given the opportunity for discussion.

Priority Rights

30.02 During the advance notice period, as described in Article 30.01, employees who are so affected will have priority rights to fill any posted vacancy of an equivalent or lower classification level, provided they are qualified, with the employee with the greatest employment seniority having first priority rights. Should the posted vacancy be at a level lower than the employee's technologically-impacted position, the employee will retain her/his current rate of pay and current wage range. In addition, the employee will receive future general increases and step increases in accordance with the Collective Agreement.

New Job

30.03 Should a job be eliminated due to technological change and a new job created, the Employer will provide the affected employees, on an employment seniority basis, up to six (6) months' training. Additional training may, subsequent to consultation with the Labour/Management Committee, be provided.

Should there be an insufficient number of newly created jobs, or should no new jobs be created, or should the affected employees choose not to accept the training, then the employees will have the option of being returned to their respective immediate previous positions, or being placed in other positions by the Employer. The Employer will provide up to six (6) months' training. Such employees will retain the current rate of pay and current wage range. In addition, these employees will receive future general increases and step increases in accordance with the Collective Agreement.

Following training, the Probation Article shall apply.

Significant Change

30.04 Should a job be significantly changed due to technological change, the Employer will provide the incumbents up to six (6) months' retraining. Additional training may, subsequent to consultation at the Labour/Management Committee, be provided.

Should this technological change reduce the number of incumbents previously required, then the employees on a least employment seniority basis shall have the option of being returned to their respective immediate previous positions or being placed in other positions by the Employer. The Employer will provide up to six (6) months' training. Such employees will retain the current rate of pay and current wage range. In addition, these employees will receive future general increases and step increases in accordance with the Collective Agreement. Following training received in a new job, the Probation Article shall apply.

30.05 In the event the affected employees cause displacement of other employees, the Employer will not be required to provide notice, maintenance of wages or other payments to the displaced employees.

30.06 Any employee, whose current rate of pay and current wage range is being retained, as described in Article 30.02, 30.03 and 30.04 shall continue to receive such wage retention provided s/he applies for all posted vacancies for which s/he is qualified. The employee will have priority rights, for such posted vacancies, on an employment seniority basis. Priority rights shall be limited to all those vacancies, above the level at which s/he is being occupied, up to and including the level at which s/he was previously occupied at the time of technological change. Such priority rights and employee obligation to apply for posted vacancies shall continue to be in effect until the employee regains the level from which s/he was originally displaced.

ARTICLE 31
RETROGRESSION

31.01 The Employer will inform the Union two (2) months in advance of any change in the working forces which may result in retrogression or layoff.

31.02 In the event of an employee being retrogressed to a lower classification, the employee will maintain her/his present wages for a period of twelve (12) months.

31.03 Where a surplus of employees occurs in any classification, Employment Seniority shall apply in the event of retrogression taking place. Employees with the least Employment Seniority shall be the first to be retrogressed and the following retrogression practices shall apply - insofar as they do not interfere with the Employer's operation.

An employee with Employment Seniority shall be able to retrogress any employee with less Employment Seniority than her/himself in her/his own classification or in any classification where s/he has relative experience.

In the trades a retrogressed Journeyperson shall be able to retrogress another employee with less Employment Seniority in another trade if she/he has the proper designated certificate in that trade at the Journeyperson level. In the event that there are apprentices, a retrogressed Journeyperson will be allowed to retrogress an apprentice with up to eighteen (18) months' experience if the Journeyperson has relative experience in that trade.

31.04 The employee who has Employment Seniority and is retrogressed shall be the first to fill a vacancy in her/his former classification.

31.05 An employee who exercises her/his seniority rights in the above manner shall be allowed the regular probation period **and will be provided training** to familiarize her/himself with her/his new duties.

Training will be subject to the mutual agreement of the Labour/Management Committee.

ARTICLE 32
PERFORMANCE APPRAISAL

32.01 Employee's current Performance Appraisal Review Record supersedes all previous Performance Appraisal Review Records. A Performance Appraisal Review Record shall be made out by the employee's immediate Supervisor on the employee's anniversary date of entering the classification (with the exception of the Probation Article 10.10 to 10.15).

Should an employee receive a "Fair" Performance Appraisal Review Record s/he is given not less that thirty (30) days to obtain a "Good" or higher Performance Appraisal Review Record If an employee fails to obtain a "Good" or higher Performance Appraisal Review Record by the end of the prescribed time period, a "Low" Performance Appraisal Review Record will be issued.

Should an employee receive a "Low" Performance Appraisal Review Record s/he is given not less than thirty (30) days to obtain a "Good" or higher Performance Appraisal Review Record.

Employees disagreeing with their Performance Appraisal Review Record may refer it to Grievance Procedure. Employees shall not sign their Performance Appraisal Review Record unless it is completed in detail.

Employee shall be supplied with a copy of her/his Performance Appraisal Review Record.

Any changes to the Performance Appraisal Review Record and associated process are subject to consultation with the Labour/Management Committee.

Records

32.02 An employee shall have the right to have access and review her/his personnel record at a time convenient to the Department Supervisor and the Human Resources office.

No evidence from the employee's record may be introduced as evidence in any hearing of which the employee was not aware at the time of filing said record in her/his personnel file.

An employee may request copies of any material contained in her/his personnel record.

Warning

32.03 All warnings received by an employee that could affect her/his Performance Appraisal Review Record shall be in writing from her/his Certified Crew Leader/Supervisor, which the employee shall sign to acknowledge s/he has received a copy. The Certified Crew Leader/Supervisor shall retain the warnings until the employee's next "Good" or better Performance Appraisal Review Record, at which time they shall be destroyed.

ARTICLE 33
HOURS OF WORK AND OVERTIME

33.01 For employees not on shift work a normal working day is eight (8) hours from 7:30 a.m. to 3:30 p.m. The exceptions to this are:

*Stores/Warehouse:	7:00 a.m. start
	8:00 a.m. start
*Buildings:	7:00 a.m. start
	8:00 a.m. start
Fleet:	7:00 a.m. start

* Senior employees at that location will be asked first for their preference on start time, should all refuse then the junior person(s) will be assigned.

A one-half (1/2) hour paid lunch to be taken in the vicinity of the work site for all Field Crews. For those employees who were previously entitled to a one-half (1/2) hour paid lunch, they shall be red circled. Variation of the time of commencement of lunch period shall be at the Certified Crew Leader's discretion.

A normal working week is one of forty (40) hours, consisting of five (5) normal working days, Monday to Friday.

33.02 Shift employees shall follow a posted master schedule, which consists of an average work week of forty (40) hours over the length of its duration. The schedule shall be composed of seven (7), eight (8), ten (10), twelve (12), twelve and one half (12 ½) hour shifts or a combination thereof.

33.03 System Response Representative shall work either ten (10) or twelve (12) hour shifts or a combination thereof.

33.04 Station Response Representative shall work either eight (8) or twelve (12) hour shifts or a combination thereof.

33.05 Power System Controller shall work either seven (7), eight (8), ten (10), twelve (12), twelve and one half (12 ½) hour shifts or a combination thereof.

33.06 Trouble Dispatcher shall work either eight (8), or twelve (12) hour shifts or a combination thereof.

33.07 Fleet and Equipment Operation Department shift workers shall work eight (8) and ten (10) hour shifts.

33.08 Field Service Representative shall work an eight (8) hour shift.

33.09 Shift employees start times are as follows:

7 Hour Shift

Days	07:00 to 09:00
Afternoons:	14:00 to 16:00
Nights	21:00 to 23:00

8 Hour Shift

Days	07:00 to 09:00
Afternoons:	15:00 to 17:00
Nights	23:00 to 01:00

10 Hour Shift

Days	06:00 to 08:00
Afternoons:	16:00 to 18:00

12 Hour Shift

Days	06:00 to 08:00
Afternoons:	12:00 to 14:00
Nights	18:00 to 20:00

12 ½ Hour Shift

Days	07:00 to 09:00
Afternoons:	12:00 to 14:00
Nights	18:00 to 20:00

Schedules

33.10

(a) All shift employees' hours of work and days off shall follow the posted master schedule, except for employees (to a maximum of four) posted as spare or **employees (to a maximum of eight) posted as relief per location**. Master schedules shall be posted for a six (6) month duration.

(b) Changes to the master schedule for operational purposes may be made after eight (8) weeks notice in writing to the Union and the affected employees.

(c) Changes to the master schedule for training purposes may be made after two (2) weeks notice to the affected employee, or some shorter period of time with the consent of the affected employee. These changes shall only affect the employee being trained.

(d) With the approval of the Employer qualified employees may trade shifts provided notice is submitted, in writing, to their Employer and signed by both affected employees twenty-four (24) hours in advance of the requested shift change. Approval for requested shift change shall not be unreasonably withheld.

(e) The summer work schedule for all shift employees shall be posted by May 1st of each year.

(f) The weekly shift schedule for the hours of work shall be posted by 3:00 p.m. on Wednesday.

(g) The posted master shift schedule will contain the following information:

- regular shift employees' names;
- start and stop time of the shifts;
- spares and reliefs;
- assigned shifts;
- scheduled off days.

Shift Differentials

33.11 Rates Listed in Schedule O for shift employees who work on a seven (7) day rotating shift schedule which includes weekends and or public holidays shall be increased by a shift differential of 6%, and shall be applied for all hours paid. For fringe benefits, this premium shall be considered as part of the basic rate.

33.12 For employees working on a rotating shift schedule which does not include weekends or public holidays will receive seventy (70) cents per hour **for all hours paid. For fringe benefits, this premium shall be considered as part of the basic rate**. This section does not apply to an employee who is receiving overtime or other premium pay and shift premiums shall not be stacked.

Standby Period

33.13 Standby period applies only to those employees in a classification who have been placed on a Standby list. Standby time commences at normal stopping time of the workday and terminates at the regular starting time of the next working day.

Standby periods for employees detailed on the Standby List may be from one (1) to seven (7) days in length. Payment shall be at **three (3)** hours at straight time pay for each day on standby on a weekend and/or public holiday and one and a half (1 ½) hours at straight time pay for other week days on standby, plus in all cases, regular overtime rates for overtime worked.

Standby list shall be posted by **March 1st and September 1st of each year and will commence on** March 31st and September 30th **respectively**.

Overtime

33.14 Regular work of the Employer is conducted seven days in the week and overtime results when employee is required to work beyond regular work hours, (see Hours of Work) or as defined in the following overtime Articles. An employee on overtime work is not expected to work longer than s/he can perform her/his duties safely and efficiently.

Termination of the work period is at the discretion of the Certified Crew Leader, but no employee shall work continuously for more than twenty-four (24) hours and a period of at least eight (8) hours must elapse before the employee is recalled for further work.

Absence with Pay

33.15 An employee on overtime for a minimum of six (6) hours, terminating between four (4) and seven (7) hours preceding her/his normal starting time of a regular work day, shall remain away from work until the beginning of the latter half of her/his regular work day.

An employee on overtime for a minimum of six (6) hours, terminating less than four (4) hours preceding her/his normal starting time of a regular work day shall remain away from work for the balance of that day. Employee so absent shall not suffer any loss of straight-time pay for the scheduled hours not worked in her/his regular working day.

33.16 During circumstances of extreme emergency, Article 33.15 shall not apply.

33.17 Overtime shall be allotted among the employees as equitably as practicable among the employees within a district or department. The Employer shall maintain overtime records and the Union Steward shall have access to the record of her/his Department or Section. When an employee is permitted by the Employer to decline overtime, s/he shall be recorded as having had the opportunity. This provision does not apply to employees residing outside the boundaries of the City of Toronto.

33.18 Call-out includes travel allowance as outlined in provision 33.31 and total amount paid for the calls is not less than two hours' premium time.

33.19

(a) The Employer will make every effort to avoid requiring pre-arranged overtime without twenty-four (24) hours' notice. If an employee is scheduled to work pre-arranged overtime and s/he is notified during her/his off hours that the pre-arranged job has been cancelled, s/he shall be paid two (2) hours' premium time.

(b) When an overtime work period is broken up by up to five (5) hours because continuous work is not required, the employees shall be provided alternate work or shall stand by at premium time until work is resumed.

Non-Shift

Monday to Friday

33.20 When required to continue working on her/his regular working day after her/his regular stopping time, is paid at double time until released.

33.21

(a) When called out on her/his regular working day less than four (4) hours before her/his regular starting time, is paid at double time for the period before her/his regular starting time, straight time for the scheduled working hours and at double time until released.

(b) When called out on her/his regular working day, four (4) hours or more before her/his regular starting time, is paid at double time until released.

33.22 Time worked in excess of eight (8) hour day during regularly scheduled meal period, is paid at double time.

33.23 Saturday and Sunday

Time worked is paid as follows:

0001 hours to 2400 hours at double time.

33.24 Public Holiday

Time worked is paid as follows:

0001 hours to 2400 hours at double time, plus normal as provided under Public Holiday.

Shift

Regular Working Day

33.25

(a) When required to continue working beyond her/his scheduled shift after her/his regular stopping time is paid at double time until released.

(b) Except in cases of extreme emergency, it is expected that shift workers working in shift longer than eight (8) hours will call for relief at the site if the time required to complete the work appears to extend beyond the normal stop time.

33.26

(a) When called out less than four (4) hours before her/his scheduled shift, is paid at double time for the period before her/his regular starting time, straight time for the scheduled working hours and at double time until released.

(b) When called out four (4) hours or more before her/his scheduled shift, is paid at double time until released.

33.27 Time worked on scheduled off-days is paid at double time.

Public Holiday

33.28

(a) Hours worked by shift employees on regular shift on an observed Public Holiday are paid at double time and receive a day in lieu unless Public Holidays have been provided for in the shift schedule.

(b) Hours worked by employees working twelve (12) hour shifts, seven (7) day rotating schedule on regular shift on an observed Public Holiday are paid at straight time.

33.29 Shift and Non-Shift employees shall have the option of being paid overtime worked at the premium rates, as provided in the overtime provisions of the Agreement, or being paid at straight-time for the overtime hours worked and accumulating lieu time hours, equivalent to the actual hours worked, to a maximum of **fifty (50)** hours **a year to a maximum bank of one hundred (100) hours** within the term of the Agreement.

For shift employees whose normal work day is more than eight (8) hours lieu time shall be taken in conjunction with scheduled vacation.

33.30 When accumulated lieu time is not taken, the employee shall be reimbursed at the end of the term of the Agreement in an amount equivalent to accumulated lieu time not taken. Payment shall be at the employee's current rate of pay in effect at the end of the term of Agreement.

Travel Time

33.31 Travel time to and from duty report points designated by the Employer is not allowed except as follows:

(a) Employee called out for immediate report shall be paid from time of call, plus a half (1/2) hour at double time to return home, except payment for returning home does not apply when the work terminates at normal stopping time. Responsibility for infringement of travel time rests with the Certified Crew Leader/Employer.

(b) Employee working in area not served by the Employer reports at area limits not earlier than 8:00 a.m. and ceases work at area limits not later than 5:00 p.m.

(c) One half (1/2) hour at double time allowance to and from employee's home on prearranged overtime or when reported for duty and instructed to return at a time later in the day. This shall not apply when the prearranged overtime results in an extension or early commencement of a regular work day/shift.

N.B. Transportation is supplied within the City of Toronto to and from work, during such hours after Midnight as convenient public transportation is unavailable.

The above shall not apply to employees residing outside the boundaries of City of Toronto. These employees shall be paid travel time of one half (1/2) hour at double time when called out for immediate report and one half (1/2) hour to return home. Payment for returning home does not apply when the work terminates at normal stopping time.

Meal Allowance

Effective February 1, 200**6** the meal allowance shall be **$12.50**. Effective February 1, 200**7** the meal allowance shall be **$13.00**. Effective February 1, 200**8** the meal allowance shall be **$13.50**.

33.32 Meal allowance is provided as follows:

(a) Employee continuing working past her/his regular stop time, circumstances permitting, shall eat her/his first meal at normal stop time and at intervals thereafter of four (4) hours. Meals shall be calculated from normal stop time. Employee must work two (2) hours past her/his last meal period to be paid for same.

(b) Employee called back for emergency work three (3) hours or more and at intervals thereafter of not less than four (4) hours until released.

(c) Employee working prearranged overtime on her/his off days more than eight (8) hours and at intervals thereafter of not less than four (4) hours until released.

(d) There shall be no loss of time when meals provided above are taken. It is understood that responsibility for length of meal time rests with the Certified Crew Leader/Employer.

Mileage Allowance

33.33 The Employer shall provide employees who are authorized to use their own automobile on Employer's business up to $300.00 per contract year to cover the difference in insurance premium cost between pleasure and business driving. Employees are required to maintain a minimum of $1,000,000 Public Liability and Property Damage Coverage.

Employees shall be reimbursed **45** cents per kilometre for all kilometres travelled while on Employer's business. Conversion factor is 1 mile = 1.6 kilometres.

The rate paid per kilometre is related to changes in the Private Transportation Index (P.T.I.) component of the Consumer Price Index of Canada (1992 = 100) **for Ontario**. The P.T.I. base figure is **149.3** points (**January 31, 2006**) and for each 11.9 points increase an additional one (1) cent per kilometre shall be paid.

The effective date for changes in rate paid will be the first of the month following the month in which the index is published.

Break Periods

33.34 Two fifteen (15) minutes break periods will be allowed all employees each regular working day. For shift employees whose normal work day is more than eight (8) hours an additional break period of fifteen (15) minutes will be allowed. These periods will be arranged in such a way as to prevent inconvenience to the customers or disruption of work.

Parking & Telephone Charges

33.35 The Employer shall refund the cost of public pay telephone calls while on Employer's business.

The Employer shall refund the cost of parking meter or parking lot charges incurred while travelling on Employer's business.

ARTICLE 34
TERM OF AGREEMENT

34.01 This Agreement is effective from the first (1st) day of **February 2006**, to the thirty-first (31st) day of **January 2009**, and from year to year thereafter unless either party give notice in writing not more than ninety (90) days and not less than thirty (30) days prior to the expiration date of **January 31, 2009**.

34.02 Job classifications, wage rates, progressions and classification conditions for Outside employees are set forth in Schedule O, attached and form part of this Agreement.

34.03 Effective **December 17, 2005** there will be a general increase of **3.5%** on the rates in effect on **February 1, 2005.** Effective **February 1, 2007**, there will be a general wage increase of **3.25%** on the rates in effect on **January 31, 2007**. Effective **February 1, 2008**, there will be a general wage increase of **3.25%** on the rates in effect on **January 31, 2008**. These adjustments to wages shall apply to all employees on the payroll in the bargaining unit.

COLA

The following two Cost of Living Escalator paragraphs are operative during the second and third years of this Agreement. The following two cost of living paragraphs will operate from **February 1, 2007, until January 31, 2009**.

The following Cost of Living Escalator clause shall be applicable to all employees covered by the Agreement and shall provide for an adjustment of wages upwards or downwards of 1% for each full 1% change in the Statistics Canada Consumer Price Index for Toronto (1992 = 100). The Index Figure published in January **2007** is to be the base for calculating adjustments. This escalator clause will not be effective unless the Consumer Price Index for Toronto exceeds the wage adjustment for the second year, i.e. 3.25% by 1%, at which time there will be a 1% general increase. This shall be made effective commencing the first payroll period following the publication date in the month in which the Consumer Price Index is published. Adjustments thereafter will be made in a similar manner every two (2) months. No adjustment upward or downward shall be made if the change in the Consumer Price Index for Toronto is less than 1%.

The index figure published in January **2008** is to be the last index figure utilized for adjustment purposes under this second year Cost of Living Adjustment clause. No downward adjustment shall be made to reduce wages below the level paid in the first month of the second year of the Agreement because of changes in the Consumer Price Index for Toronto.

34.04

(a) In the event that the Employer and the Union negotiate a Collective Agreement for a term of more than two years, the following Cost of Living escalator clause shall become part of such an Agreement and shall be applicable to all employees covered by that Agreement.

(b) Such three-year contract includes an escalator clause in the third year of the Agreement which provides for an adjustment of wages upwards or downwards of 1% for each full 1% change in the Statistics Canada Consumer Price Index for Toronto (1992=100). The index figure published in January **2008** is to be the base for calculating adjustments.

This escalator clause will not be effective unless the Consumer Price Index for Toronto exceeds the wage adjustments for the third year, i.e. 3.25% by 1%, at which time there will be a 1% general increase. This shall be made effective commencing the first payroll period following the publication date in the month in which the Consumer Price Index is published. Adjustments thereafter will be made in a similar manner every two (2) months. No adjustment upward or downward shall be made if the change in the Consumer Price Index for Toronto is less than 1%.

The index figure published in January **2009** is to be the last index figure utilized for adjustment purposes under this clause. No downward adjustment shall be made to reduce wages below the level paid in the first month of the third year of such Agreement because of changes in the Consumer Price Index for Toronto during the life of this Agreement.

34.05 The wage and benefit provisions of this Agreement include any rebates payable to the employee under present OHIP legislation and Employment Insurance legislation.

Printing of the Agreement

34.06 Printing of this Agreement shall be in a union shop and is at Employer's expense and the Union is supplied in sufficient quantity for distribution to Union membership.

34.07 This Agreement is executed and delivered this 18th day of July, 2006.

Signed on behalf of the Toronto Hydro:

Original signed by:

Ave Lethbridge

Bob King

JS Couillard

David Grant

Dino Priore

Helia Ralph

Witness: David S. O'Brien

Signed on behalf of Local No. 1 Canadian Union of Public Employees:

Original signed by:

Bruno Silano

John Camilleri

Pauline Niles

Russ Letson

David Carrington

Chris Hood

Witness: Victor Demelo

OPERATING PROCESS FOR SCHEDULE O

N.B. Where the term "classification seniority", "progression", "progression series" or "progression sequence" is used in this Collective Agreement it shall apply only to the following classifications for the purpose of Job Posting and Vacancy and Temporary Transfer:

Custodian A – from Custodian
Cement Finisher – from Utility Hand***/ Construction Hand
Senior Material Handler – from Material Handler
Linestaker – from Linestaker Assistant
Senior Service Representative – from Field Service Representative
Chargehand, Water Heater – from Assembler, Water Heater
Chargehand, Chamber Maintenance – from Utility Hand
Chargehand, Construction – from Cement Finisher
Chargehand, Building Services – from Painter or Building Mechanic A
Chargehand, Cable – from Cable Installer
Senior Fleet Mechanic – from Fleet Mechanic
Driver/Operator – from Driver
Warehouse Dispatch Clerk – comes from Senior Material Handler or Material Handler
MCO/Heavy Equipment Operator – from Driver/Operator
Lead Hand, Street Lights – from St. Lt. Line Service Technician
Station Response Representative - from Certified Substation Electrician
System Response Representative – from Certified Power Line Person
Parts & Inventory Clerk, Fleet – from Fleet Utility Hand

Progression into the above positions is on the basis of the occurrence of a vacancy, which will be determined at the discretion of the Employer.

Other – Progression for Electrical Trades (MEA)

Jointer
Electrical Mechanic
Power Cable Person
Certified Power Line Person
Certified Substation Electrician
Certified Meter Mechanic/Tester
Power System Controller

Progression to the above positions will be on the basis of established time frames, completion of necessary training and work tests. Initial entry into the above noted classifications will be on the basis of a job vacancy, which will be determined at the discretion of the Employer.

N.B. All other classifications listed in Schedule O will be posted.

This document shall form part of Schedule O.

Schedule O
Job Classifications and Wage Rates
(effective December 17, 2005 to January 31, 2007)

Classification	Start	6 Mo	12 Mo	18 Mo	24 Mo	30 Mo	36 Mo	42 Mo	48 Mo	54 Mo
Labourer	$20.90	$22.41		$23.94						
Custodian	$20.90	$22.60		$24.26						
Linestaker Assistant	$20.90	$22.82		$24.72						
Utility Hand ***	$20.90	$22.82		$24.73						
Ground Person	$20.90	$23.19		$25.47						
Driver	$20.90	$23.26		$25.60						
Assembler, Water Heater	$20.90	$23.26		$25.60						
Night Patrol Person	**$20.90**	**$23.26**		**$25.60**						
Custodian A	$24.91	$25.60								
Meter Person	$23.26	$24.76		$26.24						
Meter Reader	$23.26	$24.76		$26.24						
Fleet Utility Hand	$23.26	$24.83		$26.37						
Driver / Operator	$23.26	$24.83		$26.37						
Field Collector	$24.83	$25.79		$26.78						
Pit Inspector	$24.83	$26.04		$27.23						
Cable Installer	$24.83	$26.04		$27.23						
Meter Stock Hand	$24.83	$26.04		$27.23						
Cement Finisher	$24.83	$26.04		$27.23						
Meter Reader A	$24.83	$25.79		$26.78		$27.78				
Office Clerk, Stores	$24.83	$25.79		$26.78		$27.78				
MCO/Heavy Equipment Operator	$25.79	$25.97		$26.97		$27.90				
St Lt Maintainer	$25.79	$25.97		$26.97		$27.90				
Material Handler	$26.04	$26.78		$27.56		$28.32				
St Lt Line Service Technician	$26.04	$27.04		$28.05		$29.05				
Dispatcher, Locates	$24.75	$26.33		$27.82		$29.05				
Senior Material Handler	$28.69	$29.05								
Charge Hand, Water Heater	$26.52	$27.42		$28.31		$29.21				
Charge Hand, Chamber Mtce.	$26.52	$27.42		$28.31		$29.21				
Meter Installer	$26.52	$27.42		$28.31		$29.25				
Warehouse Dispatch Clerk	$22.09	$23.55		$26.52		$29.45				
Linestaker	$27.40	$28.39		$29.38		$30.40				
Transformer Maintainer	$27.40	$28.39		$29.38		$30.45				
Parts & Inventory Clerk, Fleet	**$27.40**	**$28.39**		**$29.38**		**$30.45**				
Equipment Distribution Person	$27.40	$28.39		$29.38		$30.45				
Trouble Dispatcher	$24.26	$24.97		$26.39		$27.82		$29.24		$30.66
Field Inspector	$24.97	$25.70		$27.16		$28.62		$29.24		$30.66
Senior Service Representative	$24.97	$25.75		$27.34		$28.94		$30.50		$32.78
Lead Hand, Street Lights	$29.86	$30.65		$31.46		$32.60				
Field Service Representative	$23.87	$25.48		$28.65		$31.85				

Schedule O
Job Classifications and Wage Rates
(effective December 17, 2005 to January 31, 2007)

Classification	Start	6 Mo	12 Mo	18 Mo	24 Mo	30 Mo	36 Mo	42 Mo	48 Mo	54 Mo
Fitter, Fleet	$26.12	$26.92		$28.52		$30.13		$31.71		$33.32
Carpenter	$26.12	$26.92		$28.52		$30.13		$31.71		$33.32
Welder	$26.12	$26.92		$28.52		$30.13		$31.71		$33.32
Machinist	$26.12	$26.92		$28.52		$30.13		$31.71		$33.32
Painter	$26.12	$26.92		$28.52		$30.13		$31.71		$33.32
Forester	$26.12	$26.92		$28.52		$30.13		$31.71		$33.32
Maintenance Electrician	$26.12	$26.92		$28.52		$30.13		$31.71		$33.32
Plumber	$26.12	$26.92		$28.52		$30.13		$31.71		$33.32
Cert Substation Electrician	$26.12	$26.92		$28.52		$30.13		$31.71		$33.32
Cert Meter Mechanic / Tester	$26.12	$26.92		$28.52		$30.13		$31.71		$33.32
Cert Power Line Person	$26.12	$26.92		$28.52		$30.13		$31.71		$33.32
Power Cable Person	$26.12	$26.92		$28.52		$30.13		$31.71		$33.32
Jointer	$26.12	$26.92		$28.52		$30.13		$31.71		$33.32
Electrical Mechanic	$26.12	$26.92		$28.52		$30.13		$31.71		$33.32
Line Protection Technical Advisor	$26.12	$26.92		$28.52		$30.13		$31.71		$33.32
Fleet Mechanic	$26.12	$26.92		$28.52		$30.13		$31.71		$33.32
Building Mechanic A	**$26.12**	**$26.92**		**$28.52**		**$30.13**		**$31.71**		**$33.32**
Building System Technician	**$26.12**	**$26.92**		**$28.52**		**$30.13**		**$31.71**		**$33.32**
Charge Hand, Bldg Services	$31.21	$32.04		$32.88		$33.72				
Charge Hand, Construction	**$28.57**	**$29.91**		**$31.25**		**$32.58**				
Charge Hand, Cable	$28.57	$29.91		$31.25		$32.58				
Charge Hand, Pole Installation	**$28.57**	**$29.91**		**$31.25**		**$32.58**				
System Response Rep	$34.92									
Building Maintainer AA	$34.09	NOTE: 35 hour work week								
Senior Fleet Mechanic	$34.08		$35.21		$35.65					
Substation Technician	$26.12	$27.31		$29.73		$32.13		$34.53		$36.93
Crew Leader, Cable	$35.81	$36.70		NOTE: rate increase based on 600 hours performing the job						
Crew Leader, Construction	$35.81	$36.70		NOTE: rate increase based on 600 hours performing the job						
Crew Leader, Pit Inspection	$35.81	$36.70		NOTE: rate increase based on 600 hours performing the job						
Crew Leader, Maintenance	$35.81	$36.70		NOTE: rate increase based on 600 hours performing the job						
Cert Crew Leader, Line	$36.95	$37.85		NOTE: rate increase based on 600 hours performing the job						
Crew Leader, Power Cable	$36.95	$37.85		NOTE: rate increase based on 600 hours performing the job						
Crew Leader, Elec Mechanic	$36.95	$37.85		NOTE: rate increase based on 600 hours performing the job						
Crew Leader, Jointer	$36.95	$37.85		NOTE: rate increase based on 600 hours performing the job						
Cert Crew Leader, Stations	$36.95	$37.85		NOTE: rate increase based on 600 hours performing the job						
Cert Crew Leader, Meter	$36.95	$37.85		NOTE: rate increase based on 600 hours performing the job						
Crew Leader, Bldg Services	$36.95	$37.85		NOTE: rate increase based on 600 hours performing the job						
Crew Leader, Machine Shop	$36.95	$37.85		NOTE: rate increase based on 600 hours performing the job						
Cert. Crew Leader, Substn Tech	**$36.95**	**$37.85**		**NOTE: rate increase based on 600 hours performing the job**						
Crew Leader, Line Protection	**$36.95**	**$37.85**								

Schedule O Job Classifications and Wage Rates (effective December 17, 2005 to January 31, 2007)										
Classification	**Start**	**6 Mo**	**12 Mo**	**18 Mo**	**24 Mo**	**30 Mo**	**36 Mo**	**42 Mo**	**48 Mo**	**54 Mo**
Field Project Facilitator	**$36.95**	**$37.85**								
Metering Technician	$28.49	$29.46		$31.41		$33.33		$35.27		$37.23
Infrastructure Occupancy Rep	$28.49	$29.46		$31.41		$33.33		$35.27		$37.23
P&C Technician	$26.00	$27.31		$29.97		$32.65		$35.28		$37.95
Power System Scheduler	**$26.00**	**$27.31**		**$29.97**		**$32.65**		**$35.28**		**$37.95**
Power System Controller	$33.33	$34.21		$35.99		$37.77		$39.56		$41.36

Schedule O Job Classifications and Wage Rates (effective December 17, 2005 to January 31, 2007)				
Students – Clerical		35 Hrs	$16.33	
Students – Field		40 Hrs	$14.98	
Students – Technical		40 Hrs	$14.98	
Students - Sr. Technical		40 Hrs	$17.32	

Schedule O
Job Classifications and Wage Rates
(effective February 1, 2007 to January 31, 2008)

Classification	Start	6 Mo	12 Mo	18 Mo	24 Mo	30 Mo	36 Mo	42 Mo	48 Mo	54 Mo
Labourer	$21.58	$23.14		$24.72						
Custodian	$21.58	$23.34		$25.05						
Linestaker Assistant	$21.58	$23.56		$25.52						
Utility Hand ***	$21.58	$23.56		$25.53						
Ground Person	$21.58	$23.95		$26.30						
Driver	$21.58	$24.01		$26.43						
Assembler, Water Heater	$21.58	$24.01		$26.43						
Night Patrol Person	**$21.58**	**$24.01**		**$26.43**						
Custodian A	$25.72	$26.43								
Meter Person	$24.01	$25.56		$27.09						
Meter Reader	$24.01	$25.56		$27.09						
Fleet Utility Hand	$24.01	$25.64		$27.23						
Driver / Operator	$24.01	$25.64		$27.23						
Field Collector	$25.64	$26.63		$27.65						
Pit Inspector	$25.64	$26.89		$28.12						
Cable Installer	$25.64	$26.89		$28.12						
Meter Stock Hand	$25.64	$26.89		$28.12						
Cement Finisher	$25.64	$26.89		$28.12						
Meter Reader A	$25.64	$26.63		$27.65		$28.68				
Office Clerk, Stores	$25.64	$26.63		$27.65		$28.68				
MCO/Heavy Equipment Operator	$26.63	$26.81		$27.85		$28.81				
St Lt Maintainer	$26.63	$26.81		$27.85		$28.81				
Material Handler	$26.89	$27.65		$28.46		$29.24				
St Lt Line Service Technician	$26.89	$27.92		$28.96		$30.00				
Dispatcher, Locates	$25.55	$27.19		$28.72		$30.00				
Senior Material Handler	$29.62	$30.00								
Charge Hand, Water Heater	$27.38	$28.31		$29.23		$30.16				
Charge Hand, Chamber Mtce.	$27.38	$28.31		$29.23		$30.16				
Meter Installer	$27.38	$28.31		$29.23		$30.20				
Warehouse Dispatch Clerk	$22.80	$24.31		$27.38		$30.40				
Linestaker	$28.29	$29.31		$30.34		$31.39				
Transformer Maintainer	$28.29	$29.31		$30.34		$31.44				
Parts & Inventory Clerk, Fleet	**$28.29**	**$29.31**		**$30.34**		**$31.44**				
Equipment Distribution Person	$28.29	$29.31		$30.34		$31.44				
Trouble Dispatcher	$25.05	$25.79		$27.25		$28.72		$30.19		$31.65
Field Inspector	$25.79	$26.53		$28.04		$29.55		$30.19		$31.65
Senior Service Representative	$25.79	$26.59		$28.23		$29.88		$31.49		$33.84
Lead Hand, Street Lights	$30.83	$31.64		$32.49		$33.66		$0.00		$0.00
Field Service Representative	$24.64	$26.31		$29.58		$32.88		$0.00		$0.00

Schedule O
Job Classifications and Wage Rates
(effective February 1, 2007 to January 31, 2008)

Classification	Start	6 Mo	12 Mo	18 Mo	24 Mo	30 Mo	36 Mo	42 Mo	48 Mo	54 Mo
Fitter, Fleet	$26.97	$27.80		$29.45		$31.11		$32.74		$34.40
Carpenter	$26.97	$27.80		$29.45		$31.11		$32.74		$34.40
Welder	$26.97	$27.80		$29.45		$31.11		$32.74		$34.40
Machinist	$26.97	$27.80		$29.45		$31.11		$32.74		$34.40
Painter	$26.97	$27.80		$29.45		$31.11		$32.74		$34.40
Forester	$26.97	$27.80		$29.45		$31.11		$32.74		$34.40
Maintenance Electrician	$26.97	$27.80		$29.45		$31.11		$32.74		$34.40
Plumber	$26.97	$27.80		$29.45		$31.11		$32.74		$34.40
Cert Substation Electrician	$26.97	$27.80		$29.45		$31.11		$32.74		$34.40
Cert Meter Mechanic / Tester	$26.97	$27.80		$29.45		$31.11		$32.74		$34.40
Cert Power Line Person	$26.97	$27.80		$29.45		$31.11		$32.74		$34.40
Power Cable Person	$26.97	$27.80		$29.45		$31.11		$32.74		$34.40
Jointer	$26.97	$27.80		$29.45		$31.11		$32.74		$34.40
Electrical Mechanic	$26.97	$27.80		$29.45		$31.11		$32.74		$34.40
Line Protection Technical Advisor	$26.97	$27.80		$29.45		$31.11		$32.74		$34.40
Fleet Mechanic	$26.97	$27.80		$29.45		$31.11		$32.74		$34.40
Building Mechanic A	**$26.97**	**$27.80**		**$29.45**		**$31.11**		**$32.74**		**$34.40**
Building System Technician	**$26.97**	**$27.80**		**$29.45**		**$31.11**		**$32.74**		**$34.40**
Charge Hand, Bldg Services	$32.22	$33.09		$33.95		$34.82				
Charge Hand, Construction	**$29.49**	**$30.88**		**$32.26**		**$33.64**				
Charge Hand, Cable	$29.49	$30.88		$32.26		$33.64				
Charge Hand, Pole Installation	**$29.49**	**$30.88**		**$32.26**		**$33.64**				
System Response Rep	$36.06									
Building Maintainer AA	$35.20	NOTE: 35 hour work week								
Senior Fleet Mechanic	$35.19		$36.36		$36.80					
Substation Technician	$26.97	$28.20		$30.69		$33.17		$35.65		$38.13
Crew Leader, Cable	$36.97	$37.89		NOTE: rate increase based on 600 hours performing the job						
Crew Leader, Construction	$36.97	$37.89		NOTE: rate increase based on 600 hours performing the job						
Crew Leader, Pit Inspection	$36.97	$37.89		NOTE: rate increase based on 600 hours performing the job						
Crew Leader, Maintenance	$36.97	$37.89		NOTE: rate increase based on 600 hours performing the job						
Cert Crew Leader, Line	$38.15	$39.08		NOTE: rate increase based on 600 hours performing the job						
Crew Leader, Power Cable	$38.15	$39.08		NOTE: rate increase based on 600 hours performing the job						
Crew Leader, Elec Mechanic	$38.15	$39.08		NOTE: rate increase based on 600 hours performing the job						
Crew Leader, Jointer	$38.15	$39.08		NOTE: rate increase based on 600 hours performing the job						
Cert Crew Leader, Stations	$38.15	$39.08		NOTE: rate increase based on 600 hours performing the job						
Cert Crew Leader, Meter	$38.15	$39.08		NOTE: rate increase based on 600 hours performing the job						
Crew Leader, Bldg Services	$38.15	$39.08		NOTE: rate increase based on 600 hours performing the job						
Crew Leader, Machine Shop	$38.15	$39.08		NOTE: rate increase based on 600 hours performing the job						
Cert. Crew Leader, Substn Tech	**$38.15**	**$39.08**		**NOTE: rate increase based on 600 hours performing the job**						

Schedule O Job Classifications and Wage Rates (effective February 1, 2007 to January 31, 2008)										
Classification	**Start**	**6 Mo**	**12 Mo**	**18 Mo**	**24 Mo**	**30 Mo**	**36 Mo**	**42 Mo**	**48 Mo**	**54 Mo**
Crew Leader, Line Protection	**$38.15**	**$39.08**								
Field Project Facilitator	**$38.15**	**$39.08**								
Metering Technician	$29.42	$30.41		$32.43		$34.41		$36.42		$38.44
Infrastructure Occupancy Rep	$29.42	$30.41		$32.43		$34.41		$36.42		$38.44
P&C Technician	$26.84	$28.20		$30.95		$33.72		$36.43		$39.19
Power System Scheduler	**$26.84**	**$28.20**		**$30.95**		**$33.72**		**$36.43**		**$39.19**
Power System Controller	$34.41	$35.32		$37.16		$38.99		$40.84		$42.70

Schedule O Job Classifications and Wage Rates (effective February 1, 2007 to January 31, 2008)					
Students – Clerical		35 Hrs		$16.86	
Students – Field		40 Hrs		$15.46	
Students – Technical		40 Hrs		$15.46	
Students - Sr. Technical		40 Hrs		$17.88	

Schedule O
Job Classifications and Wage Rates
(effective February 1, 2008 to January 31, 2009)

Classification	Start	6 Mo	12 Mo	18 Mo	24 Mo	30 Mo	36 Mo	42 Mo	48 Mo	54 Mo
Labourer	$22.28	$23.89		$25.52						
Custodian	$22.28	$24.10		$25.86						
Linestaker Assistant	$22.28	$24.33		$26.35						
Utility Hand ***	$22.28	$24.33		$26.36						
Ground Person	$22.28	$24.73		$27.15						
Driver	$22.28	$24.79		$27.29						
Assembler, Water Heater	$22.28	$24.79		$27.29						
Night Patrol Person	**$22.28**	**$24.79**		**$27.29**						
Custodian A	$26.56	$27.29								
Meter Person	$24.79	$26.39		$27.97						
Meter Reader	$24.79	$26.39		$27.97						
Fleet Utility Hand	$24.79	$26.47		$28.11						
Driver / Operator	$24.79	$26.47		$28.11						
Field Collector	$26.47	$27.50		$28.54						
Pit Inspector	$26.47	$27.76		$29.03						
Cable Installer	$26.47	$27.76		$29.03						
Meter Stock Hand	$26.47	$27.76		$29.03						
Cement Finisher	$26.47	$27.76		$29.03						
Meter Reader A	$26.47	$27.50		$28.54		$29.61				
Office Clerk, Stores	$26.47	$27.50		$28.54		$29.61				
MCO/Heavy Equipment Operator	$27.50	$27.68		$28.75		$29.75				
St Lt Maintainer	$27.50	$27.68		$28.75		$29.75				
Material Handler	$27.76	$28.54		$29.38		$30.19				
St Lt Line Service Technician	$27.76	$28.83		$29.90		$30.97				
Dispatcher, Locates	$26.38	$28.07		$29.66		$30.97				
Senior Material Handler	$30.59	$30.97								
Charge Hand, Water Heater	$28.27	$29.23		$30.18		$31.14				
Charge Hand, Chamber Mtce.	$28.27	$29.23		$30.18		$31.14				
Meter Installer	$28.27	$29.23		$30.18		$31.18				
Warehouse Dispatch Clerk	$23.55	$25.10		$28.27		$31.39				
Linestaker	$29.21	$30.27		$31.32		$32.41				
Transformer Maintainer	$29.21	$30.27		$31.32		$32.46				
Parts & Inventory Clerk, Fleet	**$29.21**	**$30.27**		**$31.32**		**$32.46**				
Equipment Distribution Person	$29.21	$30.27		$31.32		$32.46				
Trouble Dispatcher	$25.86	$26.62		$28.14		$29.66		$31.17		$32.68
Field Inspector	$26.62	$27.40		$28.95		$30.51		$31.17		$32.68
Senior Service Representative	$26.62	$27.45		$29.15		$30.85		$32.52		$34.94
Lead Hand, Street Lights	$31.83	$32.67		$33.54		$34.76				
Field Service Representative	$25.44	$27.16		$30.54		$33.95				

Schedule O
Job Classifications and Wage Rates
(effective February 1, 2008 to January 31, 2009)

Classification	Start	6 Mo	12 Mo	18 Mo	24 Mo	30 Mo	36 Mo	42 Mo	48 Mo	54 Mo
Fitter, Fleet	$27.85	$28.70		$30.41		$32.12		$33.81		$35.52
Carpenter	$27.85	$28.70		$30.41		$32.12		$33.81		$35.52
Welder	$27.85	$28.70		$30.41		$32.12		$33.81		$35.52
Machinist	$27.85	$28.70		$30.41		$32.12		$33.81		$35.52
Painter	$27.85	$28.70		$30.41		$32.12		$33.81		$35.52
Forester	$27.85	$28.70		$30.41		$32.12		$33.81		$35.52
Maintenance Electrician	$27.85	$28.70		$30.41		$32.12		$33.81		$35.52
Plumber	$27.85	$28.70		$30.41		$32.12		$33.81		$35.52
Cert Substation Electrician	$27.85	$28.70		$30.41		$32.12		$33.81		$35.52
Cert Meter Mechanic / Tester	$27.85	$28.70		$30.41		$32.12		$33.81		$35.52
Cert Power Line Person	$27.85	$28.70		$30.41		$32.12		$33.81		$35.52
Power Cable Person	$27.85	$28.70		$30.41		$32.12		$33.81		$35.52
Jointer	$27.85	$28.70		$30.41		$32.12		$33.81		$35.52
Electrical Mechanic	$27.85	$28.70		$30.41		$32.12		$33.81		$35.52
Line Protection Technical Advisor	$27.85	$28.70		$30.41		$32.12		$33.81		$35.52
Fleet Mechanic	$27.85	$28.70		$30.41		$32.12		$33.81		$35.52
Building Mechanic A	**$27.85**	**$28.70**		**$30.41**		**$32.12**		**$33.81**		**$35.52**
Building System Technician	**$27.85**	**$28.70**		**$30.41**		**$32.12**		**$33.81**		**$35.52**
Charge Hand, Bldg Services	$33.27	$34.16		$35.05		$35.95				
Charge Hand, Construction	**$30.45**	**$31.89**		**$33.31**		**$34.73**				
Charge Hand, Cable	$30.45	$31.89		$33.31		$34.73				
Charge Hand, Pole Installation	**$30.45**	**$31.89**		**$33.31**		**$34.73**				
System Response Rep	$37.23									
Building Maintainer AA	$36.34	NOTE: 35 hour work week								
Senior Fleet Mechanic	$36.33		$37.54		$38.00					
Substation Technician	$27.85	$29.12		$31.69		$34.25		$36.81		$39.37
Crew Leader, Cable	$38.18	$39.13		NOTE: rate increase based on 600 hours performing the job						
Crew Leader, Construction	$38.18	$39.13		NOTE: rate increase based on 600 hours performing the job						
Crew Leader, Pit Inspection	$38.18	$39.13		NOTE: rate increase based on 600 hours performing the job						
Crew Leader, Maintenance	$38.18	$39.13		NOTE: rate increase based on 600 hours performing the job						
Cert Crew Leader, Line	$39.39	$40.35		NOTE: rate increase based on 600 hours performing the job						
Crew Leader, Power Cable	$39.39	$40.35		NOTE: rate increase based on 600 hours performing the job						
Crew Leader, Elec Mechanic	$39.39	$40.35		NOTE: rate increase based on 600 hours performing the job						
Crew Leader, Jointer	$39.39	$40.35		NOTE: rate increase based on 600 hours performing the job						
Cert Crew Leader, Stations	$39.39	$40.35		NOTE: rate increase based on 600 hours performing the job						
Cert Crew Leader, Meter	$39.39	$40.35		NOTE: rate increase based on 600 hours performing the job						
Crew Leader, Bldg Services	$39.39	$40.35		NOTE: rate increase based on 600 hours performing the job						
Crew Leader, Machine Shop	$39.39	$40.35		NOTE: rate increase based on 600 hours performing the job						
Cert. Crew Leader, Substn Tech	**$39.39**	**$40.35**		**NOTE: rate increase based on 600 hours performing the job**						

Schedule O Job Classifications and Wage Rates (effective February 1, 2008 to January 31, 2009)										
Classification	**Start**	**6 Mo**	**12 Mo**	**18 Mo**	**24 Mo**	**30 Mo**	**36 Mo**	**42 Mo**	**48 Mo**	**54 Mo**
Crew Leader, Line Protection	**$39.39**	**$40.35**								
Field Project Facilitator	**$39.39**	**$40.35**								
Metering Technician	$30.38	$31.40		$33.49		$35.53		$37.60		$39.69
Infrastructure Occupancy Rep	$30.38	$31.40		$33.49		$35.53		$37.60		$39.69
P&C Technician	$27.72	$29.12		$31.95		$34.81		$37.61		$40.46
Power System Scheduler	**$27.72**	**$29.12**		**$31.95**		**$34.81**		**$37.61**		**$40.46**
Power System Controller	$35.53	$36.47		$38.36		$40.26		$42.17		$44.09

Schedule O Job Classifications and Wage Rates (effective February 1, 2008 to January 31, 2009)					
Students – Clerical		35 Hrs		$17.41	
Students – Field		40 Hrs		$15.97	
Students – Technical		40 Hrs		$15.97	
Students - Sr. Technical		40 Hrs		$18.46	

LETTER OF INTENT #1

TORONTO HYDRO

December 17, 2002

Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Re: Resource Balancing

This will confirm our discussions during negotiations that in order to minimize disruption to employees and operations resulting from employee surplus, the parties have agreed to a Resource Balancing process as set out below.

The Employer and the Union will mutually agree before utilizing the Resource Balancing process.

When the Employer determines that there is a surplus of employees, due to shortage of work, the Employer will provide notice to the Union under Retrogression Article 31.01.

The Employer will, during the two (2) month notice period, review the status of vacancies in the organization to determine if there is an opportunity to match the surplus employees with vacancies and proceed to fill those vacancies during the notice period.

Surplus employees will, on the basis of seniority and on a voluntary basis, be offered the opportunity to fill any vacancy for which they are qualified. The requirement to post notice of such vacancy under Article 10.01 (d) is waived during the Resource Balancing process. Employee shall receive an increase as follows:

(a) If the present rate is below minimum rate of new classification, s/he shall receive minimum rate of new classification; new anniversary date.

(b) If present rate is within the wage range of new classification, s/he shall be paid at the next step in the new classification which is closest to their existing rate of pay, providing the maximum rate of the new classification is sufficiently higher to permit it; new anniversary date.

(c) Notwithstanding the above, no employee may receive the maximum rate of a position until s/he has been performing satisfactorily in the position for six (6) months.

Surplus employees not placed under the Resource Balancing process will be covered by Retrogression under Article 31 of their respective Collective Agreement.

This letter will expire at the end of the term of the Collective Agreement unless renewed.

Yours truly,

David Scott,
Vice-President, Human Resources

LETTER OF INTENT #2

TORONTO HYDRO

March 11, 1999

Mr. Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Re: Benefit Plans of Existing Retirees

Existing retirees will retain their current benefit coverage according to their previous utility.

Yours truly,

David Scott,
Vice-President, Human Resources

LETTER OF INTENT #3

TORONTO HYDRO

November 30, 2005

Mr. Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Re: Compressed Work Week

This will confirm our agreement at negotiations regarding a Compressed Work Week in the Outside Collective Agreement.

The Compressed Work Week shall be established as follows:

- a Department may identify projects or activities to be scheduled on a compressed work week;
- **adequate coverage must be provided during a compressed work week;**
- **the compressed work week will generally be for the period from May to September;**
- **there shall be no compressed work week in areas where road restrictions exist;**
- employees may volunteer to be considered to work a compressed work week;
- employees shall have the right to refuse to participate in a compressed work week;
- assignment to the compressed work week will be at the discretion of the Employer, and will be provided as equitably as practicable;
- a compressed work week will not commence without four (4) weeks' notice, unless both parties agree otherwise;
- the work week shall be four (4) consecutive days, between Monday and Friday, with a start time no earlier than 6:30 a.m. and a stop time no later than 6:30 p.m. Time worked outside of the prearranged compressed work week period shall be paid in accordance with Article 33.

- Article 33.01 shall not apply to employees while working a compressed work week. Forty (40) hour week employees shall have a one-half (1/2) hour paid lunch in accordance with Article 33.01;
- There shall be no Compressed Work Week schedule should a Public Holiday occur in that week.

Sincerely,

Ave Lethbridge, Vice-President
Organizational Effectiveness

LETTER OF INTENT #4

TORONTO HYDRO

August 30, 1999

Mr. Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Re: Employees Presently Accommodated in the Previous 6000 Series Classifications

This will confirm our agreement to continue with the accommodation of employees from the former Toronto office who were occupied in the 6000 Series Job Classifications. The list of employees is as follows:

B. Koenig
B. French

It is our understanding that the above is a complete list. In the event that an employee who was previously accommodated in a 6000 Series Job Classification has been excluded from the list in error, upon verification by the Employer their name will be added to the list.

Effective February 1, 1999 employees who have suffered an occupational injury or illness will be accommodated as per the Accommodation provision of the Collective Agreement.

Yours truly,

David Scott,
Vice-President, Human Resources

LETTER OF INTENT #5

TORONTO HYDRO

June 17, 1999

Mr. Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

As a result of harmonization which Arbitrator Adams has ruled to have occurred in contrast to multi-skilling, employees will be required to perform new job duties or acquire new qualifications which relate to their positions. Employees who are unable, after adequate training or orientation, as the case may be, to perform such duties or acquire such new qualifications will be reasonably accommodated by the Employer by remaining in their previous job classifications and previous wage rate (and will receive all future general increases) provided the employee has engaged in all reasonable efforts to assume the new duties or acquire the new qualifications.

This understanding needs to be renewed at the expiration of the current Collective Agreement otherwise it expires.

Yours truly,

David Scott,
Vice-President, Human Resources

LETTER OF INTENT #6

TORONTO HYDRO

April 1989

Mr. R. Fairley, President,
C.U.P.E. Local #1,
890 Yonge Street,
Suite 603,
Toronto, Ontario.
M4W 3P4.

Dear Mr. Fairley:

Re: Status of Incoming Tradespeople

This will confirm our agreement at negotiations regarding incoming tradespeople.

When a person is hired and enters a progression series at other than the entry level, the following shall apply:

Employees with seniority in the progression series shall become senior to the person entering the series upon achieving the same classification in the series as the person who came in at other than entry level. The Employer may, in the case of new employees, at the time of their hiring, credit the new employee with vacation and/or sick pay credits in recognition of the employee's previous service at the Employer's discretion.

Signed on behalf of the -	Signed on behalf of -
TORONTO ELECTRIC COMMISSION	LOCAL NO. 1 CANADIAN UNION OF PUBLIC EMPLOYEES
on the 12th day of April 1989.	on the 12th day of April 1989.
(original signed by: A. F. Thompson)	(original signed by: Robert Fairley)

Being the authorized representative of the Union.

LETTER OF INTENT #7

TORONTO HYDRO

December 17, 2005

Mr. Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Re: Meal Allowance

Employees from the former North York and Etobicoke will receive a meal allowance of:

- **$12.50** effective February 1, 200**6**
- **$13.00** effective February 1, 200**7**
- **$13.50** effective February 1, 200**8**

for eating at the job site under the terms of the former relevant Letters of Intent and will continue to receive such benefit for the term of this Agreement provided they are not receiving a half (1/2) hour paid lunch as per the terms of the new Collective Agreement.

Yours truly,

Ave Lethbridge, Vice-President
Organizational Effectiveness

LETTER OF INTENT #8

TORONTO HYDRO

October 1, 1999

Mr. Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Re: Fleet and Equipment Operation Department – Shift Workers

This will confirm our agreement that the Fleet and Equipment Operation Department shift employees on the 10 hour afternoon shift will start at 14:30 hours.

Yours truly,

David Scott,
Vice-President, Human Resources

LETTER OF INTENT #9

TORONTO HYDRO

November 4, 1999

Mr. Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Re: Payment for Relief and Promotion within a Progression

This will confirm our agreement to pay relief rates and transfer rates on permanent promotion within a progression as follows:

Employees performing relief or transferred on a permanent basis due to promotion to a classification with a higher maximum rate of pay within a progression will be paid the next highest rate above their current rate in the classification. The attached schedule sets out the rates paid and forms part of the Letter of Intent.

For greater clarity the Classifications which are in progressions are attached to this letter titled as Operating Process for Schedule O.

Yours truly,

David Scott,
Vice-President, Human Resources

Payment for Relief and Promotion within a Progression

Progression Series - December 17, 2005

	start	6 mos	18 mos	30 mos	42 mos	54 mos	start	6 mos	12 mos	18 mos	24 mos	30 mos	36 mos	42 mos	start	6 mos	12 mos	18 mos	30 mos
	Custodian (no previous progression)						Custodian A												
L.O.I. (Dec. 17, 2005)	$20.90	$22.60	$24.26				$24.91	$25.60											
	Linestaker Assistance (no previous progression)						Linestaker												
L.O.I. (Dec. 17, 2005)	$20.90	$22.82	$24.72				$27.40	$28.39		$29.38		$30.40							
	Utility Hand ***, (Construction)						Cement Finisher								**Charge Hand Construction**				
L.O.I. (Dec. 17, 2005)	$20.90	$22.82	$24.73				$26.36		$27.23						**$30.45**		**$31.46**	**$32.58**	
	Utility Hand ***						Charge Hand, Chamber Mtce.												
L.O.I. (Dec. 17, 2005)	$20.90	$22.82	$24.73				$27.90		$29.21										
	Driver						Driver / Operator								**MCO/**Heavy Equipment Operator				
L.O.I. (Dec. 17, 2005)	$20.90	$23.26	$25.60				$25.60		$26.37						$25.79	$25.97	$26.97	$27.90	
	Assembler, Water Heater						Charge Hand, Water Heater												
L.O.I. (Dec. 17, 2005)	$20.90	$23.26	$25.60				$27.90		$29.21										
	Fleet Utility Hand						Parts & Inventory Clerk, Fleet												
L.O.I. (Dec. 17, 2005)	$23.26	$24.83	$26.37				$27.04		$28.05		$29.05								
	Cable Installer						Charge Hand Cable												
L.O.I. (Dec. 17, 2005)	$24.83	$26.04	$27.23				$30.45		$31.46	$32.58									
	Material Handler (no previous progression)						Senior Material Handler								Warehouse Dispatch Clerk				
L.O.I. (Dec. 17, 2005)	$26.04	$26.78	$27.56	$28.32			$29.05								$29.45				
	Field Service Representative (no previous progression)						Senior Service Representative												
L.O.I. (Dec. 17, 2005)	$23.87	$25.48	$28.65	$31.85			$32.78												
	Building Mechanic A						Charge Hand, Bldg Services												
L.O.I. (Dec. 17, 2005)	$29.43	$30.48	$31.55	$32.60			$33.72												
	Painter																		
L.O.I. (Dec. 17, 2005)	$26.12	$26.92	$28.52	$30.13	$31.71	$33.32													
	Cert Substation Electrician						Station Response Rep												
L.O.I. (Dec. 17, 2005)	$26.12	$26.92	$28.52	$30.13	$31.71	$33.32	$34.92												

Payment for Relief and Promotion within a Progression

Progression Series - December 17, 2005

	start	6 mos	18 mos	30 mos	42 mos	54 mos	start	6 mos	12 mos	18 mos	24 mos	30 mos	36 mos	42 mos	start	6 mos	12 mos	18 mos	30 mos
	Cert Power Line Person						System Response Rep												
L.O.I. (Dec. 17, 2005)	$26.12	$26.92	$28.52	$30.13	$31.71	$33.32	$34.92												
	Fleet Mechanic (no previous progression)						Senior Fleet Mechanic												
L.O.I. (Dec. 17, 2005)	$26.12	$26.92	$28.52	$30.13	$31.71	$33.32	$34.08		$35.21		$35.65								
	St Lt Line Service Technician						Lead Hand, Street Lights												
L.O.I. (Dec. 17, 2005)	$26.04	$27.04	$28.05	$29.05			$29.86	$30.65	$31.46										

Payment for Relief and Promotion within a Progression

Progression Series - February 1, 2007

	start	6 mos	18 mos	30 mos	42 mos	54 mos	start	6 mos	12 mos	18 mos	24 mos	30 mos	36 mos	42 mos	start	6 mos	12 mos	18 mos	30 mos
	Custodian (no previous progression)						Custodian A												
L.O.I. (Feb. 1, 2007)	$21.58	$23.34	$25.05				$25.72	$26.43											
	Linestaker Assistance (no previous progression)						Linestaker												
L.O.I. (Feb. 1, 2007)	$21.58	$23.56	$25.52				$28.29	$29.31		$30.34		$31.39							
	Utility Hand ***, (Construction)						Cement Finisher								**Charge Hand Construction**				
L.O.I. (Feb. 1, 2007)	$21.58	$23.56	$25.53				$27.22		$28.12						**$31.44**		**$32.49**	**$33.64**	
	Utility Hand ***						Charge Hand, Chamber Mtce.												
L.O.I. (Feb. 1, 2007)	$21.58	$23.56	$25.53				$28.81		$30.16										
	Driver						Driver / Operator								**MCO/**Heavy Equipment Operator				
L.O.I. (Feb. 1, 2007)	$21.58	$24.01	$26.43				$26.43		$27.23						$26.63	$26.81	$27.85	$28.81	
	Assembler, Water Heater						Charge Hand, Water Heater												
L.O.I. (Feb. 1, 2007)	$21.58	$24.01	$26.43				$28.81		$30.16										
	Fleet Utility Hand						Parts & Inventory Clerk, Fleet												
L.O.I. (Feb. 1, 2007)	$24.01	$25.64	$27.23				$27.92		$28.96		$30.00								
	Cable Installer						Charge Hand Cable												
L.O.I. (Feb. 1, 2007)	$25.64	$26.89	$28.12				$31.44		$32.49	$33.64									
	Material Handler (no previous progression)						Senior Material Handler								Warehouse Dispatch Clerk				
L.O.I. (Feb. 1, 2007)	$26.89	$27.65	$28.46	$29.24	$0.00		$30.00								$30.40				
	Field Service Representative (no previous progression)						Senior Service Representative												
L.O.I. (Feb. 1, 2007)	$24.64	$26.31	$29.58	$32.88			$33.84												
	Building Mechanic A						Charge Hand, Bldg Services												
L.O.I. (Feb. 1, 2007)	$30.38	$31.47	$32.57	$33.66			$34.82												
	Painter																		
L.O.I. (Feb. 1, 2007)	$26.97	$27.80	$29.45	$31.11	$32.74	$34.40													
	Cert Substation Electrician						Station Response Rep												
L.O.I. (Feb. 1, 2007)	$26.97	$27.80	$29.45	$31.11	$32.74	$34.40	$36.06												

Payment for Relief and Promotion within a Progression

Progression Series - February 1, 2007

	start	6 mos	18 mos	30 mos	42 mos	54 mos	start	6 mos	12 mos	18 mos	24 mos	30 mos	36 mos	42 mos	start	6 mos	12 mos	18 mos	30 mos
	Cert Power Line Person						System Response Rep												
L.O.I. (Feb. 1, 2007)	$26.97	$27.80	$29.45	$31.11	$32.74	$34.40	$36.06												
	Fleet Mechanic (no previous progression)						Senior Fleet Mechanic												
L.O.I. (Feb. 1, 2007)	$26.97	$27.80	$29.45	$31.11	$32.74	$34.40	$35.19		$36.36		$36.80								
	St Lt Line Service Technician						Lead Hand, Street Lights												
L.O.I. (Feb. 1, 2007)	$26.89	$27.92	$28.96	$30.00			$30.83	$31.64	$32.49										

Payment for Relief and Promotion within a Progression

Progression Series - February 1, 2008

	start	6 mos	18 mos	30 mos	42 mos	54 mos	start	6 mos	12 mos	18 mos	24 mos	30 mos	36 mos	42 mos	start	6 mos	12 mos	18 mos	30 mos
	Custodian (no previous progression)						Custodian A												
L.O.I. (Feb. 1, 2008)	$22.28	$24.10	$25.86				$26.56	$27.29											
	Linestaker Assistance (no previous progression)						Linestaker												
L.O.I. (Feb. 1, 2008)	$22.28	$24.33	$26.35				$29.21	$30.27		$31.32		$32.41							
	Utility Hand ***, (Construction)						Cement Finisher								**Charge Hand Construction**				
L.O.I. (Feb. 1, 2008)	$22.28	$24.33	$26.36				$28.10		$29.03						**$32.46**		**$33.54**	**$34.73**	
	Utility Hand ***						Charge Hand, Chamber Mtce.												
L.O.I. (Feb. 1, 2008)	$22.28	$24.33	$26.36				$29.75		$31.14										
	Driver						Driver / Operator								**MCO/**Heavy Equipment Operator				
L.O.I. (Feb. 1, 2008)	$22.28	$24.79	$27.29				$27.29		$28.11						$27.50	$27.68	$28.75	$29.75	
	Assembler, Water Heater						Charge Hand, Water Heater												
L.O.I. (Feb. 1, 2008)	$22.28	$24.79	$27.29				$29.75		$31.14										
	Fleet Utility Hand						Parts & Inventory Clerk, Fleet												
L.O.I. (Feb. 1, 2008)	$24.79	$26.47	$28.11				$28.83		$29.90		$30.97								
	Cable Installer						Charge Hand Cable												
L.O.I. (Feb. 1, 2008)	$26.47	$27.76	$29.03				$32.46		$33.54	$34.73									
	Material Handler (no previous progression)						Senior Material Handler								Warehouse Dispatch Clerk				
L.O.I. (Feb. 1, 2008)	$27.76	$28.54	$29.38	$30.19	$0.00		$30.97								$31.39				
	Field Service Representative (no previous progression)						Senior Service Representative												
L.O.I. (Feb. 1, 2008)	$25.44	$27.16	$30.54	$33.95			$34.94												
	Building Mechanic A						Charge Hand, Bldg Services												
L.O.I. (Feb. 1, 2008)	$31.37	$32.49	$33.63	$34.76			$35.95												
	Painter																		
L.O.I. (Feb. 1, 2008)	$27.85	$28.70	$30.41	$32.12	$33.81	$35.52													
	Cert Substation Electrician						Station Response Rep												
L.O.I. (Feb. 1, 2008)	$27.85	$28.70	$30.41	$32.12	$33.81	$35.52	$37.23												

Payment for Relief and Promotion within a Progression

Progression Series - February 1, 2008

	start	6 mos	18 mos	30 mos	42 mos	54 mos	start	6 mos	12 mos	18 mos	24 mos	30 mos	36 mos	42 mos	start	6 mos	12 mos	18 mos	30 mos
	Cert Power Line Person						System Response Rep												
L.O.I. (Feb. 1, 2008)	$27.85	$28.70	$30.41	$32.12	$33.81	$35.52	$37.23												
	Fleet Mechanic (no previous progression)						Senior Fleet Mechanic												
L.O.I. (Feb. 1, 2008)	$27.85	$28.70	$30.41	$32.12	$33.81	$35.52	$36.33		$37.54		$38.00								
	St Lt Line Service Technician						Lead Hand, Street Lights												
L.O.I. (Feb. 1, 2008)	$27.76	$28.83	$29.90	$30.97			$31.83	$32.67	$33.54										

LETTER OF INTENT #10

TORONTO HYDRO

February 10, 2001

Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Re: Permanent Promotion to Certified Crew Leader Positions

This letter confirms our discussions at negotiations regarding promotion to Certified Crew Leader positions. The parties recognize that seniority will be a key consideration in the competition for Certified Crew Leaders. In recognition of the principle of seniority, the parties agree that in order to be qualified to apply for the classification of Certified Crew Leader, employees who are in, or relieving in the classification, must have completed the Toronto Hydro Leadership Development Program.

Yours truly,

David Scott,
Vice-President, Human Resources

LETTER OF INTENT #11

TORONTO HYDRO

February 10, 2001

Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Re: Leadership Development Program

This letter confirms our discussions at negotiations regarding promotion to leadership positions.

The parties agree that in order to be successful leaders there are fundamental skills that need to be acquired and practised. The parties agree to establish a joint committee (3 persons each) who will develop the Leadership Development Program for employees who are in, or relieving in, a leadership role. The cost of the committee will be at the Employer's expense.

The Leadership Development Program will be developed within six (6) months of ratification of the Collective Agreement and presented at the Labour/Management Committee for their review

The Leadership Development Program will include but not be limited to the following:

- Health and Safety
- Employee/Labour Relations
- Performance Management
- Project Administration/Work Scheduling
- Leadership Skills
- Human Rights & Employment Equity
- On the job technical training
- Enforcement of rules, regulations and relevant legislation
- Communication Skills

- Identification of other development programs (e.g. Interview Preparation, Performance Appraisal Evaluation)

In addition, a requirement for attending the Toronto Hydro Leadership Development program will be a prerequisite for leadership positions and will be included on the Job Posting.

Crew Leader vacancies may be filled on a relief basis until the program is completed to permit implementation of this program.

Yours truly,

David Scott,
Vice-President, Human Resources

LETTER OF INTENT #12

TORONTO HYDRO

December 16, 2005

Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Re: Relief to Crew Leader Electrical Mechanic, Jointer and Certified Meter Mechanic/Tester

This letter confirms our discussions at negotiations regarding relief. The parties are prepared to implement the following exception to Article 12.01.

The most (1) senior Certified Meter Mechanic/Tester and the four (4) most senior employees in the Electrical Mechanic and Jointer Progression Series will be offered the opportunity to relieve in the above classifications by location.

Yours truly,

Ave Lethbridge, Vice-President
Organizational Effectiveness

LETTER OF INTENT #13

TORONTO HYDRO

January 22, 2001

Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Re: Laundering of Outer Workwear

This letter confirms our discussions at negotiations regarding the laundering of outer workwear at all work centers.

It is recognized that Employees may from time to time get substances on their outer workwear that should be commercially laundered rather than laundered at home. Such substances include designated substances and oil-based products. It is also recognized that excessively soiled clothes should be commercially laundered.

It is the Employer's intention to launder coveralls, overalls, and smocks that become excessively soiled at work, or exposed to designated substances. This clothing will be dropped off and picked up by the Employee at times and locations as designated by the Employer during normal working hours.

This understanding needs to be renewed at the expiration of the Collective Agreement otherwise it expires.

Yours truly,

David Scott,
Vice-President, Human Resources

LETTER OF INTENT #14

TORONTO HYDRO

December 19, 2002

Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Re: Toronto Hydro's Post Retirement Benefits Program

This is to confirm our discussions at negotiations concerning retiree benefits.

It is agreed that employees in the bargaining unit, who retire and receive a pension, on or after ratification of this agreement, shall be entitled to receive Toronto Hydro's Post Retirement Benefits Program dated April, 2000 with the following amendments:

- Schedule A will be extended to December 31, 2020.

- Upon death of retiree, the surviving spouse will continue to receive the same medical and hospital services coverage.

- For greater clarity, this is to confirm that the lifetime maximum caps for both Health and Dental benefits for Schedule A and Schedule B are removed and that Schedule C will continue.

Yours truly,

David Scott,
Vice-President, Human Resources

LETTER OF INTENT #15

TORONTO HYDRO

December 15, 2005

Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Re: Temporary and Indefinite Relocation of Employees within the City of Toronto

This will confirm our discussion in negotiations regarding the desire to have a structured approach when employees are reassigned to the various home work centres.

The following sets out the agreed process to accomplish the relocation of employees:

Temporary Relocation (greater than 2 weeks)

Definition: The Employee will return to the home work centre eventually

- Employer determines requirement and work **location** of employees **to be moved.**
- Notice provided to the Union
- Notice posted at source work **location**, including approximate duration
- Reassignment offered to senior qualified employee(s) in classification from source work **location**
- If insufficient number of senior qualified volunteers, junior qualified employee(s) from source work centre is reassigned

Indefinite Relocation

Definition: The Employee(s) is not expected to return to home work centre

- Employer determines requirement and source work **location** of employees

- Notice provided to the Union
- Notice posted first in the source work centre
- Senior employee(s) who volunteers in classification and in source work centre transfers
- If insufficient numbers of volunteers from source work **location**, the Employer will consider volunteers from other work centres on the basis of seniority and availability
- Notice posted system-wide for interested volunteers
- If numbers of volunteers are still insufficient, junior employee(s) will be assigned from the source work **location**

N.B. Seniority for the purposes of relocation is the length of service in a classification.

Yours truly,

Ave Lethbridge, Vice-President
Organizational Effectiveness

LETTER OF INTENT #16

TORONTO HYDRO

February 11, 2001

Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Further to our discussions in negotiations, this will confirm our position that no bargaining unit employee's job in the LDC will be eliminated as a result of assignment of work to the Retail Affiliate.

This letter will expire at the end of the term of the Collective Agreement unless renewed.

Yours truly,

David Scott,
Vice-President, Human Resources

LETTER OF INTENT #17

TORONTO HYDRO

December 13, 2002

Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Re: Status Statement of Vacation, Sick and Lieu Hours

This will confirm our discussion in negotiations regarding the need to clarify the issue of an employee's vacation, sick and lieu hours.

It has been agreed that Toronto Hydro will supply each employee, by the first payroll period in March, 2003, with the balance of vacation, sick and lieu hours on the bi-weekly paycheque.

This understanding needs to be renewed at the expiration of the current Collective Agreement otherwise it expires.

Yours truly,

David Scott,
Vice-President, Human Resources

LETTER OF INTENT #18 - NEW

December 7, 2005

Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Re: Overtime Administration

This will confirm our discussion during negotiations regarding the desire to have a fair and consistent administration process of overtime. To achieve this, the following one (1) year trial process will be followed:

Overtime will be categorized as "Planned" or "Call-out"

Planned Overtime:

- **A uniform overtime list (see attached) shall be maintained that records planned overtime worked and charged, per Location and per classification. These lists will be posted on a weekly basis and made available to the Union Steward.**
- **As of January 1st each year, the hours of planned overtime of the employee in each classification with the lowest hours will be deducted from all employees in the classification at the Location.**
- **When an employee returns from an absence of eight (8) weeks or more, the employee will be charged sufficient hours to equal the average overtime hours worked in the classification at the Location during the period of absence.**
- **For pre-arranged overtime, the crew involved in the commencement of the work will be assigned the overtime.**
- **For work continuing past the regular stop time, the crew performing the work during the day will continue the work on overtime.**
- **Employees who are also on standby can continue to work with their crew past regular hours provided they have prior approval to do so from the Standby Supervisor.**
- **Employees on standby will not be offered planned overtime work in the same period, except as noted above.**
- **Employees on vacation, sick, WSIB or other approved leave will not be offered planned overtime work.**

- **For emergency work assigned prior to 2:30 p.m. on a regular workday, the crew assigned to perform the work will continue the work past regular hours.**
- **In all other cases, planned overtime shall be offered on the basis of lowest accumulated hours on the planned overtime lists.**
- **In all cases, if employees decline planned overtime, they will be charged the hours worked by the employee who accepted the overtime.**

Call Out Overtime:

- **For emergency work after 2:30 p.m. on regular workdays or any time outside of regular hours, employees on standby will be called out first.**
- **When employees, other than those on standby, are called out for overtime work, a rotating alphabetical roster of employees in the classification shall be used.**
- **The next employee on the alphabetical roster, after the last employee who last accepted call out overtime, will be the first called on the next occasion that call out overtime is required.**
- **Regardless, if employees accept or decline call out overtime, the overtime hours will not be added to the planned overtime lists.**
- **If employees choose to not be offered call out overtime, they can request to have their name removed from the rotating alphabetical roster. An employee may opt back on the alphabetical roster at a later date.**
- **Employees who have requested to have their names removed from the rotating alphabetical roster shall be called only if additional resources are still required after all employees on the rotating alphabetical roster have been called.**
- **A uniform call out report shall be maintained to record the names and times of calls and made available to the Union Steward.**

This trial shall cease after one (1) year unless mutually agreed by the parties to extend the trial for the remainder of the Collective Agreement. Should the trial cease then the parties will revert back to the existing Letter of Intent #18 (as amended) dated December 7, 2005.

Your truly,

Ave Lethbridge, Vice President
Organizational Effectiveness

Class.	Employee No.	Employee Name	RESPONSE					TOTALS YEAR-TO-DATE			
			Date	Accepted	Declined	Hours to be Charged	Hours Worked	2005 Carry Forward Balance	Total Actual Hours Worked	Total Hours Declined/Charged	Total OT
									0.00	0.00	0.00
											0.00
											0.00
											0.00
											0.00
											0.00
											0.00
											0.00
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											0.00
											0.00
											0.00
											0.00
											0.00
											0.00
											0.00

** Denotes employees on modified duties not to be called

Note: Carry Forward balance from 2005 will be zero as ranking is from lowest to highest order as of overtime worked up to and including January 31, 2006

LETTER OF INTENT #18

December 7, 2005

Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

This is not operational for the first year of the collective agreement. Thereafter, it will be in effect if the new LOI dealing with Overtime Administration ceases to be operational.

Re: Overtime Administration

This will confirm our discussion during negotiations regarding the desire to have a fair and consistent administration process of overtime. To achieve this, the following process will be followed:

- Maintenance of an overtime list that sets out hours worked and charged. The list will be posted on a weekly basis and made available to the Union Steward.
- Completion of call out reports when Employees are called out for overtime work.
- Charge an Employee who declines overtime with the hours worked by the Employee who accepted the assignment.
- When Employees are called out for overtime work, other than the standby crews, the overtime list will be the basis for the calls.
- Charge an Employee with the overtime hours worked when the Employee gives her/his standby assignment to another Employee. **This does not include when the employee exchanges standby.**
- Establish a uniform format for the overtime list and call out report.
- Employees on standby will be utilized for emergency work, and not be used for prearranged overtime work.
- As of January **1st of** each year, deduct the lowest hours of overtime of an employee in each classification from all other employees in the classification.
- **Common form should be used for administration of overtime.**

Yours truly,

Ave Lethbridge, Vice-President
Organizational Effectiveness

LETTER OF INTENT #19

November 17, 2005

Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Re: Joint Apprenticeship Council

This will confirm our discussions in negotiations relating to the pending apprentices in **all the skilled trades**.

The parties agree to establish a Joint Apprenticeship Council that will develop the Apprenticeship Training Program for **all skilled trades**, recognizing that the Apprenticeship Training Program will be structured to meet the needs of the Employer.

To this end, a joint committee of up to two (2) members, as selected by the Union, and two (2) Employer representatives will be established for each trade.

The Committees will meet and make recommendations to the Labour/ Management Committee as follows:

1. Develop and make recommendations on course content.

2. Formulate and recommend skill sets required at each step of the 54-month apprenticeship program.

The cost of the Committees will be at the Employer's expense.

Yours truly,

Ave Lethbridge, Vice-President
Organizational Effectiveness

LETTER OF INTENT #20 - NEW

December 7, 2005

Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Re: System Response Representative and Certified Power Line Person – "Fixed" Classification Seniority List

This will confirm our discussion during negotiations regarding the change from a "revolving" to a "fixed" classification seniority list for employees in the classifications of System Response Representative and Certified Power Line Person. The parties are prepared to implement the following exception to Article 9.01:

- **All System Response Representatives and Certified Power Line Persons will be placed on a combined "fixed" classification seniority list, which shall be defined as the apprentice start date in the line trade with Toronto Hydro.**

- **The combined "fixed" classification seniority list shall be used to determine relief to Certified Crew Leader Line in accordance with Article 12.07.**

- **Only relief and/or promotion to System Response Representative shall be by the "revolving" classification seniority list in accordance with Article 9.01.**

- **Article 9.01 will only apply to the Certified Power Line Persons in System Response relieving as System Response Representatives.**

Yours truly,

Ave Lethbridge, Vice President
Organizational Effectiveness

LETTER OF INTENT #21 - NEW

December 7, 2005

Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Re: Station Response Representative and Certified Substation Electrician – "Fixed" Classification Seniority List

This will confirm our discussion during negotiations regarding the change from a "revolving" to a "fixed" classification seniority list for employees in the classifications of Station Response Representative and Certified Substation Electrician. The parties are prepared to implement the following exception to Article 9.01:

- **All Station Response Representatives and Certified Substation Electricians will be placed on a combined "fixed" classification seniority list, which shall be defined as the apprentice start date in the Substation Electrician trade with Toronto Hydro.**

- **The combined "fixed" classification seniority list shall be used to determine relief to Certified Crew Leader Stations in accordance with Article 12.07.**

- **Only relief and/or promotion to Station Response Representative shall be by the "revolving" classification seniority list in accordance with Article 9.01.**

- **Article 9.01 will only apply to the Certified Substation Electricians in Station Response relieving as Station Response Representatives.**

Yours truly,

Ave Lethbridge, Vice President
Organizational Effectiveness

LETTER OF INTENT #22 - NEW

December 7, 2005

Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Re: Opportunity to Obtain 2088 Hours in System Response

This will confirm our discussion during negotiations regarding the voluntary process to assist Certified Power Line Persons (CPLPs) to obtain 2088 hours in relief as a System Response Representative.

- **The CPLPs in System Response relieving as System Response Representatives will have the option to temporarily transfer out of System Response, at the convenience of the Department, for a defined period of time (6, 9 or 12 months), within their Location to assist CPLPs in other departments to reach 2088 hours in relief.**
- **The senior CPLPs based on the fixed seniority list in other departments at the Location, who do not already have 2088 hours in relief, will have the first opportunity on a voluntary basis to transfer to System Response to obtain relief opportunities as a System Response Representative.**
- **Any CPLP in System Response who volunteers for such a temporary transfer out of System Response will be paid at the CPLP rate for the period in which they are no longer relieving as System Response Representatives.**
- **Seniority will be maintained on the "revolving" list for the Certified Power Line Persons who temporarily transfer out of System Response.**

Yours truly,

Ave Lethbridge, Vice President
Organizational Effectiveness

LETTER OF INTENT #23 - NEW

December 7, 2005

Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Re: Opportunity to Obtain 2088 Hours in Station Response

This will confirm our discussion during negotiations regarding the voluntary process to assist Certified Substation Electricians to obtain 2088 hours in relief as a Station Response Representative.

- **The Substation Electricians in Station Response relieving as Station Response Representatives will have the option to temporarily transfer out of Station Response, at the convenience of the Department, for a defined period of time (6, 9 or 12 months), to assist other Substation Electricians to reach 2088 hours in relief.**
- **The senior Substation Electricians based on the fixed seniority list, who do not already have 2088 hours in relief, will have the first opportunity on a voluntary basis to transfer to Station Response to obtain relief opportunities as a Station Response Representative.**
- **Any Substation Electrician in Station Response who volunteers for such a temporary transfer out of Station Response will be paid at the Substation Electrician rate for the period in which they are no longer relieving.**
- **Seniority will be maintained on the "revolving" list for the Certified Substation Electricians who temporarily transfer out of Station Response.**

Yours truly,

Ave Lethbridge, Vice President
Organizational Effectiveness

LETTER OF INTENT #24 - NEW

December 7, 2005

Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Re: Health Club Membership

This will confirm our discussion during negotiations regarding fitness membership. In consideration of the importance of employee wellness, the Employer agrees to the following:

- **Payment up to $350.00 per year towards the cost for a health club membership.**
- **The health club must be recognized/registered fitness institution.**
- **Employees must submit an expense report including related receipt to Finance for reimbursement.**

This letter will expire at the end of the term of the Collective Agreement unless renewed.

Yours truly,

Ave Lethbridge
Organizational Effectiveness

LETTER OF INTENT #25 - NEW

December 7, 2005

Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Re: Union WSIB Representative

This will confirm our discussion during negotiations regarding the full time position of Union WSIB Representative.

The following sets out the agreed conditions for the Union WSIB Representative:

- **Support the Joint Early and Safe Return to Work Program to ensure a safe and timely return to work.**
- **Support the Wellness Program to have a positive impact on regular attendance.**
- **The cost of wages shall be at the Journeyperson rate or the employee's normal wages whichever is greater.**

Meetings will be held quarterly with representatives from the Employer and Union to review results.

The Union WSIB Representative position will be renewed annually subject to meeting the above conditions.

Yours truly,

Ave Lethbridge
Organizational Effectiveness

LETTER OF INTENT #26 - NEW

TORONTO HYDRO

December 16, 2005

Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Re: Selection Process for Certified/Crew Leader

This letter will confirm our discussion during negotiations regarding the selection process for the position of Certified/Crew Leader. The following changes will be implemented.

- **Applicants to a posted vacancy for the position of Certified/Crew Leader will be invited to attend a group session facilitated by Human Resources to provide applicants will an overview of the selection format and content structure.**

- **Applicants will be required to achieve a minimum score of 50% on the Job Knowledge Test in order to proceed to the next step in the selection process.**

- **The selection format will include: 1) a Job Knowledge Test comprised of multiple choice and written answer questions specific to the classification (40%); 2) an Interview focussing on applied knowledge in the Certified/Crew Leader role (40%); and 3) an assessment of Work experience relevant to the Certified/Crew Leader role (20%)**

- **The successful candidate will be the senior candidate from the fixed list who achieves a total score exceeding the threshold of 60%.**

Yours truly,

Ave Lethbridge
Organizational Effectiveness

LETTER OF INTENT #27

TORONTO HYDRO

June 17, 1999

Mr. Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Re: Mapping Document

For ease of reference, the following pages include all the job classifications from the six (6) former utilities that were mapped to the new job classifications in Schedule O.

Yours truly,

David Scott,
Vice-President, Human Resources

OUTSIDE CLASSIFICATION SCHEDULE MAPPING DOCUMENT	
Labourer	Labourer (S) Labourer [2111] (T) Labourer [2121] (T) Labourer [2131] (T) Labourer [2171] (T) Labourer [2191] (T)

Custodian	Building & Groundskeeper (E) Caretaker (S) Sr Caretaker (S) Rest Room Attendant [6.02] Cleaner [6.03] Senior Cleaner [6.04] Custodian [6.61] Caretaker (Y) Electrician Helper [6.20]

Linestaker Assistant	Linestaker Assistant (NY)

Utility Hand ***	Maint Hand [2231] (T) Const Hand [2233] (T) Shop Hand [2251] (T) Supply Hand [2213] (T) Reclaim Hand [2221] (T) Water Heater Hand [2291] (T)

Ground Person	Groundperson (EY) Groundman (E) Groundperson (S) Ground Worker [2312] (T) Groundperson (Y)

Utility Person ***	Mech/Help Test [2321] (T) Utility Wrkr Reclaim [2322] (T) Station Hand [2351] (T)

Driver	Truck Driver (E) Truck Driver (S) Driver, Mtce U/G [2211] (T) Driver O/H [2212] (T) Driver SC [2252] (T) Driver GAR [2271] (T) Driver MM [2283] (T) Delivery Driver U/G [2332] (T) Delivery Driver MET [2361] (T) Special Driver GAR [2373] (T)

OUTSIDE CLASSIFICATION SCHEDULE MAPPING DOCUMENT	
Assembler, W/H	Assembler A [2391] (T) Assembler B [2292] (T)
Custodian A	Substation Utility Person (E) Sr Station Cleaner [2345] (T) Station Cleaner [2242] (T)
Building Maintainer C	Admin Services Maintainer (NY) Bldg Mtce Services Gr1 [6.16] Labourer (Y)
Meter Person	Meter Cleaner Tester (EY) Meter Repairs Helper (S) Meter Hand [2262] (T)
Meter Reader	Meter Reader A (EY) Domestic M/R (NY) Meter Reader (S) Meter Reader (Res) (Y) Meter Dept Verifier (Y)
Fleet Utility Hand	Garage Helper (E) Garage Utility Hand (NY) General Maintenance (S) Lubricator (S) Utility Person [2427] (T) Tire Repairer [2471] (T) Utility Worker [2474] (T) Vehicle Maintenance (Y)
Driver / Operator	Cable Truck Driver [2437] (T) Driver (Const) [2232] (T) Delivery Driver O/H [2311] (T) Grd Wrkr Driver O/H [2313] (T)
Supply Attendant ***	Supply Attendant [2475] (T)
Field Collector	Field Collector (Y)
Pit Inspector	Pit Inspector Helper [2324] (T) Pit Inspector [2521] (T)
Cable Installers	Cable Hand [2234] (T) Power Cable Hand [2334] (T) Rigger [2532] (T)

OUTSIDE CLASSIFICATION SCHEDULE MAPPING DOCUMENT	
Meter Stock Hand ***	Meter Stock Hand [2561] (T)
Cement Finisher	Cement Finisher [2512] (T) Cement Finisher [2536] (T)
Meter Reader A	Comm M/R (NY) Meter Reader A (S) Meter Reader (Gen) (Y)
Office Clerk, Stores ***	Office Clerk, Stores (NY)
Heavy Equipment Operator	MCO U/G [2631] (T)
MCO / Driver	Equipment Operator (E) Driver Operator Auger (NY) BoomTruck Operator (NY) Truck Driver A (S) MCO [2611] (T) Driver / Groundperson (Y)
St Lt Maintainer	Street Light Spotter (E) St Lt Maintainer (NY) St Lt ServicePerson (T) St Lt RepairPerson (T)
Building Maintainer B	Bldg Mtce Services Gr2 [6.17] Gen Mtce & Grds Keeper (S) Bldg Mtce Mechanic (Y) General Repairman (E)
Material Handler	Warehouse Person (EY) Stockkeeper (E) Mat Dist Person, Stores (NY) Stockkeeper, Stores (S) Warehouse Person (T) Material Handler (T) Store Keeper (Y) Ass't Store Keeper (Y)
Parts & Inventory Clerk, Fleet	Parts & Inventory Clerk (NY) Stockkeeper, Gar (S) Parts Keeper GAR [2572] (T)

OUTSIDE CLASSIFICATION SCHEDULE MAPPING DOCUMENT	
Equipment Distribution Person	Tool Room Clerk (E) Supply Dist Person, Tool (NY) Equip Attendant [2342] (T) Equip Attendant [2352] (T)
St Lt Line Service Technician	Service & St Lt Maintainer (NY)
Dispatcher, Locates	Dispatcher, Locates (NY)
Senior Material Handler	Store Keeper S/F (EY) Stores S/F (E) Lead Hand Stores (NY)
Charge Hand W/H	Charge Hand W/H [2791] (T)
Charge Hand Chamber Mtce.	Charge Hand MH [2734] (T)
Meter Installer	1p Meter Ser Rep (NY) 1p Whr Meter Installer (NY) Installation Repair Tech (EY) Meter Installer (S)
Building Maintainer A	Bldg Mtce Services Gr3 [6.18] Building Maintainer (NY)
Field Service Representative	Consumer Service A (EY) Customer Acc't Field Rep (E) W/H Service Rep (E) Field Service Rep (NY) Technical Serviceperson (S) Field Service Person (Y)
Cable Locator	Cable Locator (NY)
Linestaker	Linestaker (NY)
Charge Hand, Construction	C/H Construction [2831] (T) C/Hand Cement O/H [2811] (T)
Transformer Maintainer	Transformer Maintainer (E) Transformer Maintainer (NY) Test Mechanic TT (T)

OUTSIDE CLASSIFICATION SCHEDULE MAPPING DOCUMENT	
Trouble Dispatcher	Trouble Dispatch [1.39] (T)
Field Inspector	Contract Inspector (E) Inspector (S)
Senior Service Representative	Consumer Service S/F (EY) W/H S/F (E) Meter Reader S/F (E) L/H Field Service (Y)
Building Mechanic A	Bldg Mtce Mechanic A (T)
Lead Hand St Lts ***	Service & St Lt L/H (NY)
Fitter, Fleet	Fitter (NY)
Carpenter	Carpenter A (T)
Welder	Welder A (T)
Machinist	Machinist A (T)
Painter	Painter A (T)
Forester	Forester (S)
Maintenance Electrician	Maint Elec Gr2 [6.22] Maint Elec Gr3 [6.23]
Plumber	Plumber (T)
Cert Substation Electrician Substation Electrician **AP**	SS Electrician (E) *{non CET}* Station Mtce Journeyman (EY) Substation Electrician (NY) J Substations (S) Elec Mech A SC (T) SS Apprentice 4 (S) Elec Mech B SC (T)

OUTSIDE CLASSIFICATION SCHEDULE MAPPING DOCUMENT	
Meter Mechanic / Tester	Meter Relay Tech (EY) Meter Tech J (E) Comm Meter Ser Rep (NY) J Meter Tech (S) Meter Mech A (T) Meter Mech J (Y)
Meter Mechanic / Tester **AP**	Meter Relay Tech App (EY)

Cert Power Line Person	J Line Person (EY) Line Journeyman (E) Cert Power Line Person (NY) J Line Person (S) Line Person A (T) J Line Person (Y) Service Mtce Mechanic (T)
Power Line Person **AP**	Line Apprentice D (EY) Line Apprentice (E) Line Person B (T) Line Person D (T)

Cert Power Cable Person	Cable J (E)

Jointer	Jointer A (T) Jointer B (T) Jointer C (T)

Electrical Mechanic	Elec Mech A (T) Elec Mech B U/G (T)

Fleet Mechanic	Stores / Mechanic (EY) Garage Mechanic (E) Licenced Mechanic (NY) Mechanic (S) Auto Mechanic (T) Auto Mechanic (Y)

Charge Hand, Bldg Services	Painter AA (T) Bldg & Grounds S/F (E)

Charge Hand, Cable	Charge Hand Cable [2832] (T)

Crew Leader, Pit Inspection	Foreperson, Vault Inspect (T)

OUTSIDE CLASSIFICATION SCHEDULE MAPPING DOCUMENT	
Crew Leader, Maintenance	Foreperson, Maintenance (T)
System Response Reps	Line Journeyman (E) Trouble Shooter (NY) J Line Person (S) O/H Trouble (T) J Line Person (Y)
Station Response Reps	Station Trouble (T)
Building Maintainer AA	Bldg Supt (S) ***{* Use 35 hour wk}***
Senior Fleet Mechanic	Garage S/F (E) Senior Mechanic (NY) Auto Mechanic L/H (Y) Auto Mechanic S/F (Y)
Substation Technician	Substation Electrician (E)
{CET and Journeyman Substation Electrician}	
System Operator	Operator (EY) System Control Sub Foreman E Senior System Control Op (E) Senior Operator (NY) Systems Operator (S) *{System Controllers (T)}*
Operator **AP**	Operator / Dispatch (EY) Control Room Operator (E) Operator Intermediate (NY)
Crew Leader, Building Services	F/P Building Services (T)
Crew Leader, Machine Shop	F/P Machine Shop (T)
Crew Leader, Cable	F/P A Cable (T)
Crew Leader, Construction	F/P Construction (T)

OUTSIDE CLASSIFICATION SCHEDULE MAPPING DOCUMENT	
Cert Crew Leader, Line	S/F 1 (E/Y) S/F 2 (E/Y) Line S/F (E) Cert Power Line Coord. (NY) F/P A/Line (T) F/P A Overhead (T) Line S/F (Y)
Crew Leader, Elec. Mechanic	F/P Pit (T)
Cert Crew Leader, Power Cable	Cable S/F (E) F/P Pit (T) F/P Jointer (T)
Cerw Leader, Jointer	F/P Jointer (T)
Cert Crew Leader, Stations	S/F Station Mtce (EY) Substation S/F (E) S/S Crew Co-ord (NY) F/P Station Const (T)
Cert Crew Leader, Meter	Meter Dept S/F (EY) Meter Tech S/F (E) F/P Meter (T) Meter Mech S/F (Y)
Metering Technician	Metering Technician (NY) Instrument Technician (S)
P&C Technician	P&C Technician (NY) Measurement Technologist (S) P&C Technician (S)
Students	Clerical (35 hour) Field (40 hour) Tech (40 hour) Sr. Tech (40 hour)

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LETTER OF CONFIRMATION FORMING PART OF MEMORANDUM OF SETTLEMENT

December 16, 2005

Bruno Silano, President
CUPE Local One
890 Yonge Street, Suite 1001
Toronto, Ontario
M4W 3P4

Dear Mr. Silano:

Re: Renewal of Appendixes between Toronto Hydro and CUPE Local No. 1

This will confirm our agreement in negotiations to renew the following Appendices covering both the Inside and Outside Collective Agreements between Toronto Hydro and CUPE Local No. 1 co-incident with the term of the **2006 to 2009** Collective Agreements:

1. Canadian Union of Public Employees, Local No. 1 & Toronto Hydro Energy Services Inc.
2. Canadian Union of Public Employees, Local No. 1 & Toronto Hydro Telecom Inc.
3. Canadian Union of Public Employees, Local No. 1 & Toronto Hydro Street Lighting Inc.

This further confirms that the reference in the renewed Appendices to CUPE's Inside and Outside Collective Agreements are references to the **2006 to 2009** Agreements. For greater certainty, this confirms that all changes to the **2006 to 2009** Inside and Outside Collective Agreements apply to all employees of Toronto Hydro Energy Services Inc., Toronto Hydro Telecom Inc., and Toronto Hydro Street Lighting Inc.

This letter is effective form this date and in effect so long as the terms and conditions of the Collective Agreements continue to operate.

Yours truly,

Ave Lethbridge, Vice-President,
Organizational Effectiveness

Toronto Hydro
Toronto Hydro Electric System
Toronto Hydro Energy Services Inc.
Toronto Hydro Telecom Inc.
Toronto Hydro Street Lighting Inc.

CUPE Local No. 1

APPENDIX (Outside Employees)

Agreement Between:

CANADIAN UNION OF PUBLIC EMPLOYEES
LOCAL NO. 1

- and -

TORONTO HYDRO TELECOM INC.

Recitals

A. In Minutes of Settlement dated March 26, 2002, Toronto Hydro Telecom Inc. agreed to be bound by an Appendix to the Collective Agreement between CUPE Local 1 and Toronto Hydro Electric-System Limited ("the LDC") dated February 1, 2001 to January 31, 2003 for Outside Employees ("the Outside Collective Agreement").

B. Toronto Hydro Telecom Inc. and Local 1 have engaged in bargaining.

NOW THEREFORE both Toronto Hydro Telecom Inc. and Local 1 agree as follows:

1. Toronto Hydro Telecom Inc. and CUPE Local 1 agree that the provisions of the collective agreement applicable to the employees of Toronto Hydro Telecom Inc. shall be the same as the provisions in the "Outside Collective Agreement" with the following exceptions, and provided that this agreement supersedes the provisions of the Outside Collective Agreement, and with the necessary changes such as references to the Employer shall mean Toronto Hydro Telecom Inc.

Method of transferring LDC Employees to Toronto Hydro Telecom Inc.
(the "Employer")

- A notice for volunteers will be posted for ten (10) working days and selection will be on the basis of classification and employment seniority where applicable. The notice will be open only to those employees in the classification in which the job opportunity exists;

- An employee of the LDC who has volunteered as above shall have the option of returning to their former position after giving eight (8) weeks' notice to the Employer or earlier if mutually agreed to by the Employer and the employee.

- Notwithstanding the above, an employee of the LDC shall continue to retain and accrue seniority in the LDC while working for Toronto Hydro Telecom Inc. External hires will commence seniority from the date of hire by Toronto Hydro Telecom Inc.;

- In the event the Employer determines that employees will return to the LDC, volunteers will be returned first. If an insufficient number of senior employees volunteer, employee(s) will be returned in reverse order of seniority.

Hours of Work

Schedules

33.10

(a) All shift employees' hours of work and days off shall follow the posted master schedule, except for employees (to a maximum of four) posted as spare or eight (8) as relief. Master schedules shall be posted for a three (3) month duration.

(b) Changes to the master schedule for operational purposes may be made after two (2) weeks notice with mutual consent of the Employer and the affected Employees. Without mutual consent, changes may be made by the Employer with four (4) weeks notice to the affected employees.

Standby Period

33.13 Standby period applies only to those employees in a classification who have been placed on a Standby list. Standby time commences at normal stopping time of the workday and terminates at the regular starting time of the next working day.

Standby periods for employees detailed on the Standby List may be from one (1) to seven (7) days in length. Payment shall be at **three (3)** hours at straight time pay for each day on standby on a weekend and/or public holiday and one and a half (1 ½) hours at straight time pay for other week days on standby, plus in all cases, regular overtime rates for overtime worked.

Standby list shall form part of the Master Shift Schedule.

2. This agreement is effective from the date of signing until January 31, 2003.

This Agreement is executed and dated

Signed on behalf of Toronto Hydro Telecom Inc.:	Signed on behalf of Local No. 1 Canadian Union of Public Employees:
Anthony Haines	Bruno Silano
Toronto Hydro	CUPE Local No. 1

Agreement Between:

CANADIAN UNION OF PUBLIC EMPLOYEES
LOCAL NO. 1
("CUPE Local 1")

- and –

TORONTO HYDRO STREET LIGHTING INC.
("Street Lighting Co." or "the Employer")

Recitals

A. Toronto Hydro-Electric System Limited ("the LDC") is bound to a Collective Agreement with CUPE Local 1 dated February 1, 2001 to January 31, 2003 for Outside Employees ("the Outside Collective Agreement").

B. The LDC has decided to sell its street lighting business to the Street Lighting Co. ("the Transaction") which will involve the transfer of the bargaining unit employees listed on the attached Schedule A ("the Street Lighting Business Employees").

C. Street Lighting Inc. and CUPE Local 1 have engaged in discussions concerning the implementation of this transaction.

NOW THEREFORE both Street Lighting Co. and Local 1 agree as follows:

1. Street Lighting Co. and CUPE Local 1 agree that effective the closing of the Transaction, Street Lighting Co. will, pursuant to the sale of a business provisions of section 69 of the *Labour Relations Act*, be bound to the Outside Collective Agreement. All the terms and conditions of the Outside Collective Agreement shall apply to bargaining unit employees of the Street Lighting Co. except that this Agreement supersedes the provisions of the Outside Collective Agreement and with the necessary changes such as references to the Employer shall mean Street Lighting Co.

(a) Effective the closing of the Transaction, the Street Lighting Business Employees as identified in the attached Schedule "A" shall become employees of Street Lighting Co.

(b) Street Lighting Business Employees listed in Schedule "A" shall continue to retain and accrue seniority and service in the LDC while working for Street Lighting Co. External hires will commence seniority from the date of hire by Street Lighting Co.

(c) Street Lighting Business Employees listed in Schedule "A" will be permitted to apply for posted vacancies in the LDC.

(d) Instead of any lay-off of Street Lighting Business Employees listed in Schedule "A" by the Street Lighting Co., the Street Lighting Co. will transfer the affected Street Lighting Business Employees back to the LDC, where the appropriate lay-off provisions of the Outside Collective Agreement will apply to the employees so transferred.

(e) In the event the Street Lighting Co. is sold, instead of remaining with the Street Lighting Co., Street Lighting Business Employees listed on Schedule "A" will have the option of being transferred to the LDC, where the appropriate lay-off provisions of the Outside Collective Agreement will apply to the employees so transferred. The option to transfer back to the LDC will be exercised, in writing, by the Street Lighting Business Employees listed in Schedule "A" within thirty (30) days of the closing of the sale of the Street Lighting Co. The "Sale" for the purposes of this section means that the Toronto Hydro Corporation no longer holds, either directly or indirectly, a controlling interest in the Street Lighting Co.

Work Site

(a) When the Employer determines that an employee is required to drive to a job site outside the City of Toronto, she/he shall be reimbursed for mileage at the rate as per Article 33.33 of the Outside Collective Agreement.

(b) The above mileage shall be computed to and from the job site outside the City limits and the employee's Street Lighting Co. work centre.

(c) When the Employer determines that overnight accommodation is required the Employer will provide accommodation based on double occupancy. A daily meal allowance of $40.00 will be provided. After two (2) consecutive days, an additional stipend of $20.00 will be paid. If an employee is required to stay for the remainder of the work week, an additional $20.00 will be paid.

2. This Agreement is effective from the date of signing until January 31, 2003.

3. This Agreement is the "Street Lighting Appendix" to the Outside Collective Agreement.

4. The Union agrees that the Companies or any combination of the Companies do not constitute one employer pursuant to section 1(4) of the *Labour Relations* Act (a "Section 1(4) Employer") and that the execution of this Agreement does not cause the Companies or any combination thereof to become a Section 1(4) Employer and no party shall use this Agreement or any matter relating to its implementation or application to support a claim that the Companies or any combination thereof is a Section 1(4) Employer. For purposes of this paragraph, the "Companies" means Toronto Hydro-Electric System Limited, Toronto Hydro Energy Services Inc., Street Lighting Co. and Toronto Hydro Corporation.

This Agreement is executed and dated April 5, 2002.

Signed on behalf of Toronto Hydro Street Canadian Lighting Inc.:	Signed on behalf of Local No. 1 Union of Public Employees:
Anthony Haines	Bruno Silano
Toronto Hydro	CUPE Local No. 1

OUTSIDE SCHEUDLE "A"

STREETLIGHTING

Pos #	Position Name	Employee	Employee #
10355	Lead Hand Street Lights	Gregory Shannon	3154
10410	St. Lt. Line Service Tech.	Linden Anderson	2606
	St. Lt. Line Service Tech.	Barry Cartwright	3685
	St. Lt. Line Service Tech.	Michael Fleming	3385
	St. Lt. Line Service Tech.	Ronald Mielke	3643
	St. Lt. Line Service Tech.	Bruce Ralph	3590
10411	St. Lt. Maintainer	Alan Dawson	3069
	St. Lt. Maintainer	Gordon Mason	2223
	St. Lt. Maintainer	Stephen Mercer	3874
	St. Lt. Maintainer	Richard Seeley	3859
	St. Lt. Maintainer	Richard Smith	3976
	St. Lt. Maintainer	Chris Tolev	3855
	St. Lt. Maintainer	Kenneth Tripp	2377
10734	Cert. Power Line Person	F. Scott Smith	3179
10405	Cert. Crew Leader, Line	Ted Williams	2464

MEMORANDUM OF AGREEMENT

Between

Local 1
Canadian Union of Public Employees

and

Toronto Hydro-Electric System Limited

The following lists all agreed upon terms and conditions to be included in the new Collective Agreement including:

- All agreed upon and signed Articles and Letters of Intent (attached)

- Article 6 – Union Security & Check-Off (Outside & Inside)
- Article 10 – Job Posting & Vacancy – (Outside & Inside
- Article 19 – Public Holidays (Outside & Inside)
- Article 24 – Health, Welfare & Insurance Benefits (Outside & Inside)
- Article 27 – Accommodation (Outside & Inside)
- Article 33 – Hours of Work & Overtime (Outside & Inside)
- Schedule O
- Schedule I
- Letter of Intent #1– Resource Balancing – Renewed (Outside)
- Letter of Intent #2 – Benefit Plans of Existing Retirees – Renewed (Outside)
- Letter of Intent #3 – Compressed Work Week – Renewed & Amended (Outside)
- Letter of Intent #4 – Employees Presently Accommodated in the Previous 6000 Series Classifications – Renewed (Outside)
- Letter of Intent #5 – Harmonization – Renewed (Outside)
- Letter of Intent #6 – Status of Incoming Tradespeople – Renewed (Outside)
- Letter of Intent #7 – Meal Allowance – Renewed & Amended (Outside)
- Letter of Intent #8 – Fleet and Equipment Operation Department – Shift Workers – Renewed Moved to Language (Outside)
- Letter of Intent #9 – Payment for Relief and Promotion within a Progression (Outside)
- Letter of Intent #10 – Permanent Promotion to Certified Crew Leader Positions – Renewed (Outside)
- Letter of Intent #11 Leadership Development Program – Renewed (Outside)
- Letter of Intent #12 – Relief to Certified Crew Leader, Meter and Certified Crew Leader, Certified Power Cable Person by Certified Power Cable Person and Certified Meter Mechanic/Tester Respectively – Renewed and Amended (Outside)
- Letter of Intent #13 – Laundering of Outer Workwear – Renewed (Outside)

- Letter of Intent #14 - Toronto Hydro's Post Retirement Benefits Program (Outside)
- Letter of Intent #15 – Temporary and Indefinite Relocation of Employees within the City of Toronto – Renewed & Amended (Outside)
- Letter of Intent #16 – Assignment of Work to the Retail Affiliate – Renewed (Outside)
- Letter of Intent #17 – Status Statement of Vacation, Sick and Lieu Hours – Deleted – Moved to Language (Outside)
- New Letter of Intent #18 – Overtime Administration – Renewed & Amended (Outside)
- Old Letter of Intent #18 – Overtime Administration for Shift Workers – Renewed & Amended (Outside)
- Letter of Intent #19 – Joint Apprenticeship Council – Renewed (Outside)
- New Letter of Intent # 20 – System Response Representative and Certified Power Line Person – "Fixed" Classification Seniority List (Outside)
- New Letter of Intent # 21 – Station Response Representative and Certified Substation Electrician- "Fixed"List (Outside)
- New Letter of Intent #22 – Opportunity to Obtain 2088 Hours in System Response – Delete (Outside)
- New Letter of Intent #23 – Opportunity to Obtain 2088 Hours in Station Response – Delete (Outside)
- Letter of Intent #24 – Health Club Membership – Renewed & Amended - Deleted (Outside)
- Letter of Intent #25 – Union WSIB Representative – Deleted (Outside)
- Letter of Intent #26 – Selection Process for Certified/Crew Leader – Renewed (Outside)
- Letter of Intent #27 – Mapping Document – Renewed (Outside)
- New Letter of Intent 'D' – Short Term Relief into Certified Crew Leader, Line (Outside)
- Letter of Intent #1 – Compressed Work Week – Renewed & Amended (Inside)
- Letter of Intent #2 – Part Time Employees – Renewed & Amended (Inside)
- Letter of Intent #3 – Resource Balancing – Renewed (Inside)
- Letter of Intent #4 – Benefit Plans of Existing Retirees – Renewed (Inside)
- Letter of Intent #5 – Use of Temporary Staff – Renewed (Inside)
- Letter of Intent #6 – Harmonization – Renewed (Inside)
- Letter of Intent #7 – Lunch Period – Renewed (Inside)
- Letter of Intent #8 - Toronto Hydro's Post Retirement Benefits Program – Renewed (Inside)
- Letter of Intent #9 – Temporary and Indefinite Relocation of Employees within the City of Toronto – Renewed & Amended (Inside)
- Letter of Intent #10 – Assignment of Work to the Retail Affiliate – Renewed (Inside)
- Letter of Intent #11– Status Statement of Vacation, Sick and Lieu Hours – Deleted – Moved to Language (Inside)
- Letter of Intent #12 – Health Club Membership – Renewed (Outside)

- Letter of Intent #13 – WSIB Representative – Deleted (Inside)
- Letter of Intent #14 – Mapping Document – Renewed (Inside)

- Letter of Confirmation Forming Part of Memorandum of Settlement – Renewal of Appendixes between Toronto Hydro and CUPE Local No. 1.

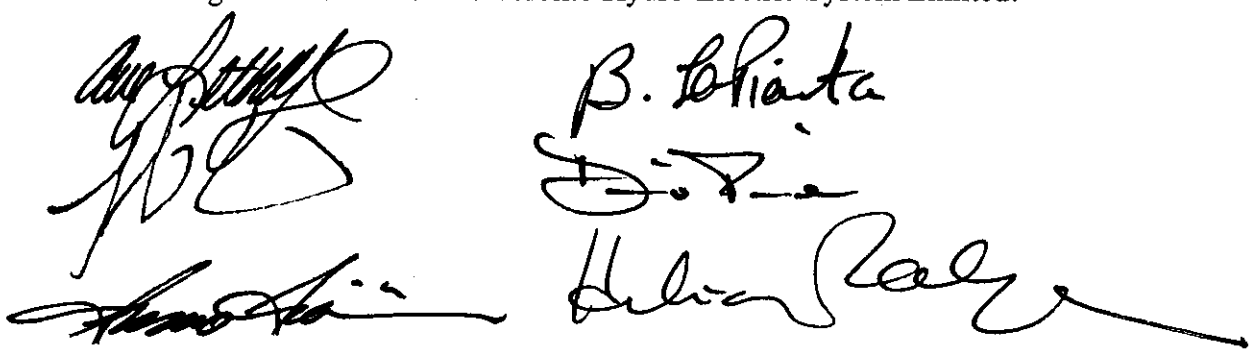
- The term of the new Collective Agreement will be from February 1, 2009 to January 31, 2014.

- The general increase in the first contract year is 3.0% effective December 22, 2008, the second contract year is 3.0% effective February 1, 2010, the third contract year is 3.0 % effective February 1, 2011, the fourth contract year is 3.0% effective February 1, 2012 and the fifth contract year is 3.0% effective February 1, 2013. The COLA clause becomes operative in the second, third, fourth and fifth years of the contract.

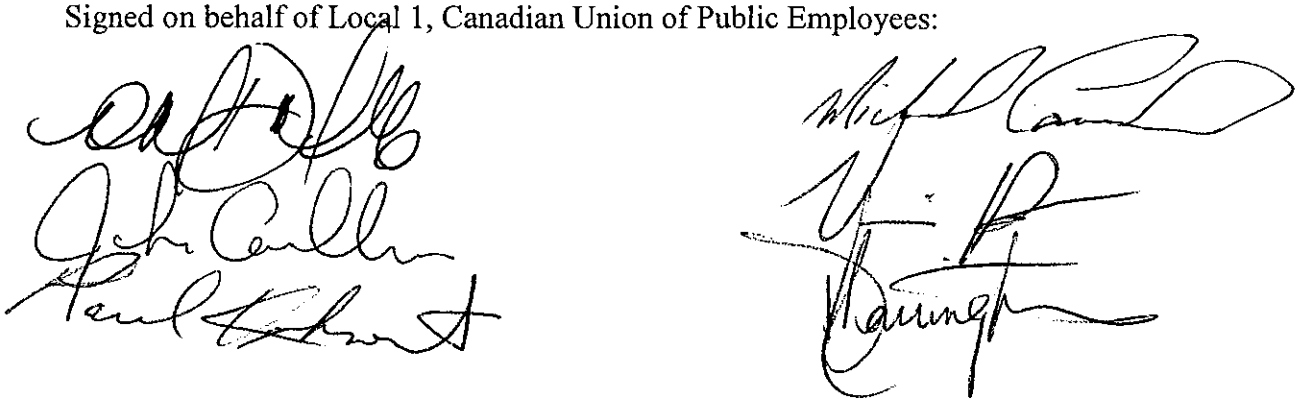
The parties agree to recommend to their principals for ratification the preceding as settlement of all matters outstanding between them.

The agreement is executed and delivered this 22th day of December, 2008.

Signed on behalf of the Toronto Hydro-Electric System Limited:



Signed on behalf of Local 1, Canadian Union of Public Employees:



Delivered to CUPE Local 1: Sunday December 21, 2008 @ 08:30 hours.

Final Offer Details:

A. Contract term:

- 5 Years taking effect February 01, 2009 – January 31, 2014
- Early signing incentive – 2009 general increase to be applied on date of signing.

B. General Salary Increase:

	2009	2010	2011	2012	2013
Salary %	3.0%	3.0%	3.0%	3.0%	3.0%

C. COLA Clause Article 34.03

- Lower current trigger point from 1% to 0.5% operable after year 2010.

D. CPLP / CPCP Trades

- Hourly wage rate increase of $ 0.25 per hour – from $35.52 to $35.77.

E. Crew Leader & System Response Representative Gains Sharing Program:

- In accordance with achievement of the following established corporate annual targets:
  - My Goal Is Zero, reduction in workplace injuries.
  - Attendance, increased regular workplace attendance.
  - Productivity, achievement of all work programs.
  - Customer Service, system average interruption duration index (SAIDI).
- 2.5% Lump Sum payment at the end of each contract year.

F. Benefit Improvement as follows:

Benefit	Article	Old Rate	New Rate (2009 TO 2011)	New Rate (2012)
Eyeglasses	24.09 b	$ 375	$ 400	$450
Retinal Imaging	24.09 c	$ 0	$ 50	Same
Chiropractic Care	24.09 e	$ 300	$ 400	$450
Health Club	LOI # 24	$ 350	$ 400	Same
Meal Allowance	33.31 c	$ 13.50	$ 15.00	Same
Mileage	33.33	$ 0.45	In accordance with PTI – currently $0.52	In accordance with PTI

Offer Terms:

1. Final offer under current situation of resolving outstanding issues and settling before year end 2008.

2. CA Language submitted with offer pending resolution:
   - Harmonization letter of understanding – Road Map.
   - Article 24.14 & 15
   - Letter of Understanding for Safety Representative Position
   - Article 10.01
   - LOI # 18 Overtime Admin for Shift Workers
   - LOI # 1 Resource Balancing Renewal
   - LOI # 20 SRR & CPLP Fixed Classification Seniority List Renewal
   - LOI # 23 Obtain 2088 Hours in Stations Response Delete
   - LOI # 22 Obtain 2088 Hours in Systems Response Delete
   - LOI # 21 Stations Response and Cert. Stations Elect. Fixed Seniority List Renewal
   - LOI # 8 Fleet Equipment Operations Shift Workers Delete
   - LOI New Compressed Work Week In Supply Chain Department
   - LOI # 9 Relocation of Employees within City of Toronto Renew & Amended

3. This offer also includes the following noteworthy agreed to issues already resolved during the current negotiations:
   - Article 19 Family Day – off for all union employees.
   - Article 19 Public Holiday for 12 hour shift workers – double time pay.
   - Article 33 Hours of Work – increase OT Lieu to 56 hours.
   - LOI # 15 Relocation – Voluntary Report to Job Site.
   - LOI # D Short Term Relief to Crew Leader – recognizing Call-In & Standby work hours.

4. Failure to accept the above outlined settlement today will result in next available date for negotiations on January 19, 2009.

5. Be advised that the operational contingency plan will need to be invoked.

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

INTERROGATORY 8:

Reference(s): Section C / Tab 7
Asset Purchase Agreement between THESI and NewCo
Article III – Assumption of Liabilities

The evidence of the Applicants, at Page 7, 3.1 – Assumption of Liabilities by the Purchaser, deals with assumed liabilities in the proposed asset purchase between THESI and NewCo.

Please provide copies of all contracts (other than the City Agreements referenced in IR#4) between THESI and third parties related to the SEL business which could give rise to any liability for THESI.

RESPONSE:

These contracts are commercial agreements and are confidential. Please refer to response to VECC IR 7f) found at Section F, Tab 20, Schedule 7, for a list of the contracts identifying the nature of the contract, the expiry date, and approximate contract value, where known.

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

INTERROGATORY 9:

Reference(s): Section C / Tab 7
Asset Purchase Agreement between THESI and NewCo

The evidence of the Applicants, Schedule 5.8 – Legal and Regulatory Proceedings, at Page 20 of the Asset Purchase Agreement between THESI and NewCo, lists outstanding legal and regulatory claims against THESI.

a) Has THESI established reserves to settle any of these claims?
b) What are the limits of THESI's insurance coverage per incident and in the aggregate?
c) What is THESI's best estimate of claims still to be filed in connection with the SEL including claims related to the contact voltage problem in 2009?
d) Will THESI's insurer continue to cover the claims if and when THESL assumes ownership?
e) Will THESI's insurer cover claims relating to SEL Business during THESI's ownership if they are filed after THESL assumes ownership? If not, will THESL's insurer cover future claims for damages that arose during THESI's ownership?

RESPONSE:

a) No.

b) THESI is included in the THC liability insurance program. Coverage is currently $101 million per occurrence and in the aggregate.

c) We cannot estimate claims that may have occurred but have not been reported.

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

d) THESI and THESL are included in the THC liability insurance program.

e) THESI and THESL are included in the THC liability insurance program.

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

INTERROGATORY 10:

Reference(s): Section B / Tab 6
Affidavit of Ben LaPianta (Unclear point of Demarcation)

This affidavit suggests that unclear demarcation points between THESL's distribution system and THESI's SEL system is [sic] the root cause of the contact voltage problem encountered in 2009.

Please explain:

a) According to the affidavit, the contact voltage problem described in paragraph 2 was caused by "*insulation breakdown on energized street light connectors*". Who owns the connectors referred to, THESL or THESI?

b) According to the affidavit, the contact voltage problem described in paragraph 3 was caused by "*an abandoned street light conductor that had become unintentionally energized due to the degradation of connectors elsewhere in the circuit*". Who owns the abandoned street light conductor? Who owns the "*degraded connectors elsewhere in the circuit*"?

RESPONSE:

a) THESI.

b) THESI owns the abandoned street light conductor and the degraded connectors elsewhere in the circuit.

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

INTERROGATORY 11:

Reference(s): Section B / Tab 6
Affidavit of Ben LaPianta (Unclear point of Demarcation)

Does THESL have an operating agreement with THESI? If so, please provide a copy of it. If not, please explain how coordination between the two companies is managed.

RESPONSE:

Operational requirements are managed through a Service Level Agreement (SLA) which has been filed in response to Interrogatory VECC 2a at Section F, Tab 20, Schedule 2.

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

INTERROGATORY 12:

Reference(s): Section B / Tab 6
Affidavit of Ben LaPianta (Unclear point of Demarcation)

Paragraphs 4 and 5 of the Affidavit describe THESL's response to the contact voltage problem.

a) Was THESI involved in any of the investigative or remedial work undertaken to resolve the problems?

b) If so, in what capacity? If not, why not?

RESPONSE:

a) Yes.

b) THESI assisted with the remediation of Contact Voltage instances and with scanning.

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

INTERROGATORY 13:

Reference(s): Section B / Tab 6
Affidavit of Ben LaPianta (Unclear point of Demarcation)

Paragraphs 11, 12 and 13 of the Affidavit refer to the successive ownership of the SEL system and to the lack of clear and unambiguous demarcation points of ownership; the first sentence of Paragraph 13 states:

> In an attempt to rectify the situation, street light handwells were assumed to be the most logical demarcation point….

a) Was the handwell demarcation point established when the City assumed ownership in 1989 or when THESI assumed ownership in 2006?
b) If the latter, what was the demarcation point of ownership between the SEL system and THESL's distribution system during the City's ownership?
c) Who did the capital, maintenance and operating work on the SEL system during that time?
d) Is THESL aware of any contact voltage problems occurring during City ownership of the SEL system?

RESPONSE:

a) No formal demarcation point was set

b) See response to a) above.

c) The City had responsibility for ensuring the capital, maintenance and operating work on the SEL system during that time was completed.

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

d) THESL has not had any discussions with the City on this point.

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

INTERROGATORY 14:

Reference(s): Section B / Tab 6
Affidavit of Ben LaPianta (Unclear point of Demarcation)

Paragraph 4 of the Affidavit describes the use of a "*contact voltage survey*" to identify potential safety problems on the SEL and/or distribution system.

a) Does THESL or THESI regularly conduct such surveys as part of its ongoing maintenance programs?
b) If the answer is Yes, have any previous contact voltage problems been identified using this method?
c) If the answer is No, how do the companies anticipate contact voltage problems and correct them before they become public safety issues?

RESPONSE:

a) Yes, commencing in the last half of 2009.

b) This is a newly deployed strategy as a result of the contact voltage Level III emergency declared in February of 2009.

c) Not applicable.

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

INTERROGATORY 15:

Reference(s): Section B / Tab 6
Affidavit of Ben LaPianta (Unclear point of Demarcation)

The fifth sentence of Paragraph 4 of the Affidavit describes THESL's remediation effort to include the following:

> "…to immediately rectify any existing contact voltage found and to mitigate the potential for future contact voltage by replacing any visible degrading connectors and/or associated plant".

Who owned the "*visible degrading connectors and/or associated plant*" that was replaced, THESL, THESI or other parties?

RESPONSE:

In every instance, the *"visible degrading connectors and/or associated plant"* were owned by either THESL, THESI, third party asset owners or any combination thereof.

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

INTERROGATORY 16:

Reference(s): Section B / Tab 6
Affidavit of Ben LaPianta (Unclear point of Demarcation)

The second sentence of Paragraph 18 refers to THESL's practice of isolating "*secondary underground at a demarcation point*" during underground "*replacement and conversion work*". This suggests that the demarcation issue raised in the Affidavit is related only to underground secondaries.

a) Please confirm that this interpretation is correct.
b) If it is correct, what is the demarcation point for the SEL when the secondary service is overhead?
c) Has THESL ever encountered contact voltage problems when the secondary service to the SEL is overhead?
d) What percentage (estimated) of THESI's SEL system is served by overhead secondaries as opposed to underground secondaries?

RESPONSE:

a) No, this condition exists on the Overhead infrastructure as well.

b) Not applicable.

c) Yes.

d) Approximately 40 percent underground and 60 percent overhead.

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

INTERROGATORY 17:

Reference(s): Section B / Tab 6
Affidavit of Ben LaPianta (Unclear point of Demarcation)

Paragraphs 18-20 of the Affidavit describe circumstances in which THESL crews conducting underground upgrade work disconnect secondaries at "demarcation points" that leads to "disconnected street light circuits". The wording suggests that the disconnection in this situation is inadvertent.

a) If the crew can identify a demarcation point, why doesn't it know that the point is the connection for the street light circuit?
b) If they do know that it is a street light circuit, why does THESL's customer outage notification system not advise THESI that a street light circuit is temporarily out of service?
c) When THESI crews discover that the street light outage has been caused by disconnected secondary service, why do they not ask THESL why the service was disconnected before deciding to run an overhead service?
d) How can THESI connect an overhead service to THESL's system to reenergize streetlighting disconnected from the underground service by THESL, if (as stated in paragraph 15) "*THESI crews are not authorized to work on THESL's distribution system*"?
e) Paragraph 13 states that "*THESL and THESI have developed procedures to attempt to minimize confusion*". Please provide copies of these procedures or if they are not formally documented, please describe them.
f) Please provide copies of any written work plans or procedures from THESL and

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

THESI that govern maintenance work on the SEL system.

RESPONSE:

a) Due to the complexity of the integrated streetlighting system, crews are unable to determine with clarity the demarcation point and or the connection point of the streetlighting circuit.

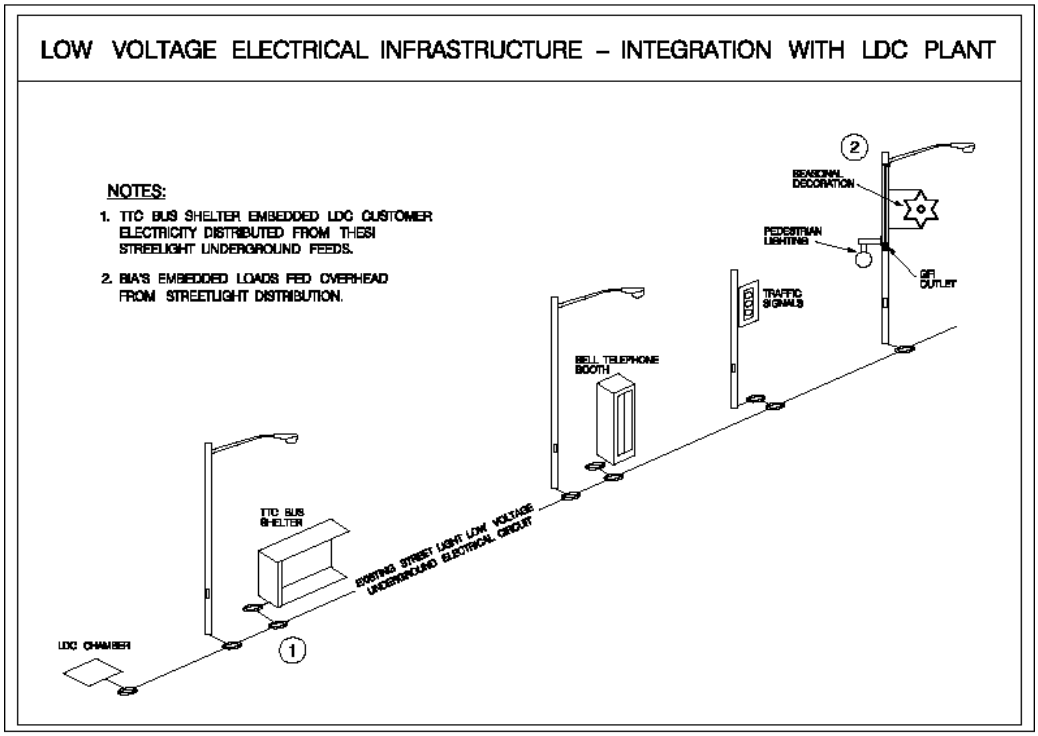
b) Due to the complexity of the integrated streetlighting system, crews are unable to determine the impact of the isolation and hence would not utilize the THESL outage notification system to notify THESI.

c) When an inadvertent disconnection of the S/L circuit occurs, THESI crews are dispatched to the area and often discuss the issue with the THESL crew on site. If this is not possible the THESI crew reports their findings to the THESI supervisor who in turn contacts his peer in THESL. Only through discussions with THESL would it be determined to be necessary to install an Overhead service.

d) In situations that require an emergency response such as large areas of streetlights being out, THESI would run a temporary service and make connections to THESL's plant to ensure public safety.

e) See the diagram below, "low voltage electrical infrastructure - integration with LDC plant". The drawing details the procedures for asset identification between THESL and THESI defined demarcation points for typical plant integration.

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES



f) See Work Instructions below:

(Note: references to "Toronto Hydro" are to THESL)

THESL Work Instructions Project: Handwell Maintenance

Objective: Conduct maintenance on connections in handwells and streetlighting poles to mitigate the risk of these assets becoming energized.

What Plant is Involved

-all Toronto Hydro owned handwells - all Toronto Hydro owned streetlight in-pole connection points, concrete and metal

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

How do I Identify the Equipment

Crews should systematically patrol all streets on the assigned map to visually identify pertinent plant on, or directly adjacent to the boulevard.

Description of Work

1. Handwells

1. Take voltage readings on lid and collar. Record if any.
2. Carefully remove bolts and lid to avoid damage. Application of heat and /or rust penetrators may be needed. Use hammer/impact drill or an equivalent.
3. Make note on map to indicate which streets had no voltage present on street light circuit at time of voltage test.
4. Install new connector and GelCap products or Homac connector as per Engineering Bulletin 2009-01R3, SKE-13 and installation instructions A or B or C. Where insufficient slack exists in cables or cables cannot be cut to accept the new connectors always remove old insulation and rebuild the connections as per Standard 30-4100, detail B.
5. Remove fuse if any and reconnect solid. Make note on inspection data sheet for follow up to install new fuse as per Standard 30-4100, detail A.
6. Install bucket, mark identifier number from inspection sheet on bucket. Clean and dry lid and install.
7. Take second voltage reading and confirm voltage reading is zero. Warm lid as needed to assist paint adherence and apply paint dot on lid.

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

8. Complete documentation, including any follow-up.

Notes:

1. Do not disconnect power to traffic lights or communications power supplies. Make arrangements to contact owners for their action.
2. Leave all locations in a safe condition.
3. If follow up work is needed, note that on the documentation.
4. More detailed instructions for installation of Gelcap products and Homac are attached.
5. All un-insulated cable ends and damaged insulation must be made safe.
6. All old connectors removed from the field are to be tagged and returned to the work centers and deposited into the yellow bins for follow up analysis by Standards.
7. Be aware that green and white street light supply cables exist in the former North York, Etobicoke and Scarborough areas. The green leg is the supply. Apply safe work practices.
8. In some locations the outer jacket of the conductor may have voltage present. Check for this. Tuck wiring up into pail and ensure no voltage is present on the pole or handwell. Ensure all wiring is safe before leaving the site. Indicate follow up required on data sheet.

2. Damaged handwell lids and bolts

Damaged handwell lids

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

Temporarily secure the opening with an alternative cover to be supplied.
Document for follow up.

Damaged bolts

Re-tap the collar and install new bolts.
Alternatively, clean collar and apply adhesive to secure lid temporarily, Document for follow-up repair.

3. Street lighting in-pole connections

1. Take voltage reading at pole and cover. Record readings.
2. Remove cover and assess connections for condition.
3. Make note on map to indicate if supply circuit has no voltage at time of voltage test on pole.
4. Remove and replace defective insulation on connectors if tape or replace defective connections as needed as per Std.30-4220. Replace all marette connectors to Std. 30 – 4220.
5. Install new fuse if none exists or existing fuse is damaged, as per Standard 30-4220.
6. Install cover and spray paint mark on cover.
7. Take voltage reading at pole and cover to confirm zero.
8. Complete documentation. Make note if follow up required.

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

Timesheets and work orders - Note: Staff who are not normally labour costed, such as Supervisors and technicians supporting the initiative, are being reclassified as "Labour Costed" staff for the duration of this emergency. Complete a timesheet and charge all time to the work order. Work order numbers appear on each map area to be maintained.

Instructions for SKE – 13 Installations

A. Split Bolt Connection (Standard SKE – 13 page 1 of 3, where split bolt cannot be removed)

1. Remove existing tape from the electrical connections.
2. Check and tighten split bolt as appropriate.
3. Clean and dry the cables where the GelCap Splice Cover will be positioned.
4. Without closing it, place the black plastic clamp into position around GelCap, inserting the pins of the clamp into the holes at the end of the grooves of the splice cover.
5. Insert split bolt slowly into the GelCap Splice Cover, allowing the gel to flow around the split bolt. Insert it all the way in to the closed end of the splice cover.
6. Close the clamp.

B. 2 and 3 Wire Connections (Standard SKE-13, page 2 of 3, where split bolt can be removed)

1. Remove existing tape and connector (typically a split bolt)

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

2. Trim wires so that they do not extend past the other side of the connector. Insert the wires into the connector supplied with the GelCap SL
3. Tighten the connector set screws with the appropriate Allen wrench.
4. Without closing it, place the black plastic clamp into position around GelCap, inserting the pins of the clamp into the holes at the end of the grooves of the splice cover.
5. Insert connector slowly into the GelCap SL cover, allowing the gel to flow around the connector to complete a watertight seal.
6. Close the clamp.

C. 4 Wire Connections (Standard SKE-13, page3 of 3)

1. Remove the existing tape and connector (typically a split bolt)
2. Trim wires to be inserted into the 4 port Homac RAB connector.
3. Trim each rocket at the appropriate size to fit each wire
4. Insert each wire into its rocket.
5. Remove the set screw covers
6. Insert each wire into its port and tighten its set screw.
7. Slide each rocket back into its original position
8. Re-install the set screw covers.

THESI Work Instruction
Revised April 8/09
LETTER OF INSTRUCTION
Project: Group Relamping

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

Objective: To replace ageing bulbs.
What Plant is involved: Street Light areas scheduled for Relamp

Appropriate Protection
-Arrow board, 4 ways, Rotating light must be used when on the job site [Use book 7 for traffic plan]
-All PPE is to be used [Hard hat, Proper gloves, Fall arrest, FR clothing, Boots, Proper Eye wear.]

Job Planning
-During a site visit the following items should be considered in your tailboard:
a] Vicinity of live circuits - Observe Safe limits of Approach.
b] Condition of existing poles, hardware, overhead or underground area.
c] Traffic conditions - Book 7
d] Pedestrian traffic
e] Weather

Description of Work
-Check Fixture to make sure safety chain or pin is in place before opening.
-Look for visible damage to Street light asset and surrounding structure when aloft.
-Change Bulb with Dated bulb [red marker is used to make date on relamp bulbs].
-Clean refractor if needed with a glass cleaner and clean rag.
-Check date on old bulb and if its one year or less keep old bulb for spot relamp.
-Report any defects on a WAL report that will be handed in at end of day or call it in if can not be made safe.

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

-Driver must stay attentive to the person in the air.
-Driver will not move the truck until boom is in its rest.
-Driver will obey all Traffic laws.
-Do not stand or work on or around the truck with out notifying the person in the air of your whereabouts.
-Always be aware of what is below when bring the bucket down.

Revised Sept 16/09
LETTER OF INSTRUCTION
Project: Spot Relamp
Objective: To replace defective bulbs, Photocells, Fuse, Fuse holder or Ignitor.
What Plant is involved: Street light asset

Appropriate Protection
-Arrow board, 4 ways, Rotating light must be used when on the job site [Use book 7 for traffic plan]
-All PPE is to be used [Hard hat, Proper gloves, Fall arrest, FR clothing, Boots, Proper Eye wear.]

Job Planning
-During a site visit the following items should be considered in your tailboard:
a] Vicinity of live circuits- Observe Safe limits of Approach.
b] Condition of existing poles, hardware and Adjacent structures
c] Traffic conditions Book 7
d] Pedestrian traffic

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

e] Weather

f] Accessibility for vehicles and equipment

g] Terrain

Description of Work

-Do not stand or work on or around the truck with out notifying the person in the air of your whereabouts.

-Always be aware of what is below when bring the bucket down.

-Look for visible damage to Fixtures or Arm and surrounding structure.

- If driver has to leave the cab of the truck they will check connections in pole and hand wells are proper connections if not replace with proper connections. [Gel Pack, Gray St/Lt connector, Homac Flood Seal, Approved Marretts gel filled] Marretts and Gray St/Lt connectors and Gel Packs are not to be used underground.

-All unapproved Marretts and hand taped connections will be replaced in Hand wells and Hand holes with proper connections.

-Only replace parts that are not working or show sign that they may fail

-Change old bulb with dated new bulb [use black marker]

-If needed change out Photo Cell [Date the new installation]

- Install Fuse holder if one is not present – Line side to supply and load side to Fixture.

-Test fixture working before leaving

-If driver has to leave the cab of the truck they will check hand hole cover is on and secure and check pole and hand well in work area for stray voltage.

-Driver will not move the truck until boom is in its rest.

-Driver will obey all Traffic laws

-Driver or Ground person must stay attentive to the person in the air.

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

-All used bulbs are to be put into re cycle bins at work locations.

Revised Sept 16/09

LETTER OF INSTRUCTION

Project: Fixture Replacement

Objective: To Replace defective Fixture or Ballast

What Plant is involved: Street light asset

Appropriate Protection

-Arrow board, 4 ways, Rotating light must be used when on the job site [Use book 7 for traffic plan]

-All PPE is to be used [Hard hat, Proper gloves, Fall arrest, FR clothing, Boots, Eye wear.]

Job Planning

-During a site visit the following items should be considered in your tailboard:

a] Vicinity of live circuits- Observe Safe limits of Approach.

b] Condition of existing poles, hardware and adjacent structures

c] Traffic conditions Book 7

d] Pedestrian traffic

e] Accessibility for vehicles and equipment

f] Weather.

g] Terrain.

Description of Work

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

- Ballast or fixture replacement
-Test for power to fixture
-Test for power in socket
-Look for bad connections in Ballast and fixture
- If driver has to leave the cab of the truck they will check connections in pole and hand wells are proper connections if not replace with proper connections. [Gel Pack, Gray St/Lt connector, Homac Flood Seal, Approved Marretts gel filled] Marretts and Gray St/Lt connectors and Gel Packs are not to be used underground.
-All Marretts and hand taped connections will be replaced in Hand wells and Hand holes with proper connections.
-Driver will not move the truck until boom is in its rest.
-Driver will obey all Traffic laws
-Driver or Ground person must stay attentive to the person in the air.
-Do not stand or work on or around the truck with out notifying the person in the air of your whereabouts.
-Always be aware of what is below when bring the bucket down.
-Test fixture working before leaving
-Remove glass from old Fixture, Glass will be put in Garbage bin, Fixture will be put in metal bin.

Revised Sept 15/09
LETTER OF INSTRUCTION
Project: Underground Fault Locate
Objective: Locate and repair of U/G St/Lt plant
What Plant is involved: Street light asset

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

Appropriate Protection

-Arrow board, 4 ways, Rotating light must be used when on the job site [Use book 7 for traffic plan]

-All PPE is to be used [Hard hat, Proper gloves, Fall arrest, FR clothing, Boots, Proper Eye wear.]

Job Planning

-During a site visit the following items should be considered in your tailboard:

a] Vicinity of live circuits- Observe Safe limits of Approach.

b] Condition of existing poles, hardware

c] Traffic conditions Book 7

d] Pedestrian traffic

e] Weather

f] Back-feed

g] Accessibility for vehicles and equipment

h] Terrain.

Description of Work

-To work on Cables and Apparatus:

1. Identify
2. Isolate
3. Test dead
4. Fault Locate

-Check pole and Hand wells around pole for stray voltage

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

-Check that Hand wells are secured with Hex Socket
-Check Hand holes are secured with tamper proof screws
-Check connections in pole and hand wells are proper connections if not replace with proper connections. [Gel Pack, Gray St/Lt connector, Homac Flood Seal] , Approved Marretts gel filled] Marretts and Gray St/Lt connectors and Gel Packs are not to be used underground.
-All unapproved Marretts and hand taped connections will be replaced in Hand wells and Hand holes with proper connections.
-Check for Fuse holder and proper fuse if one is not there install one. [5amp for 70W to 150W, 10amp for 200W to 250W, 15amp for 400W]
-Isolate faulted cable in either hand holes or hand wells
-Locate Underground Fault
-Identify faulted cable with yellow tape
-When checking for voltage DO NOT skin the cable, take your readings at the connection.
-If possible install Temp to feed the lights until U/G fault can be repaired
-When working on Hand wells, Barricades will be placed around Hand well to secure work site.
-If cable have to be pulled from hand well they are to be laid on a rubber mat to insure isolation from the side walk or ground.

Revised April 17/09
LETTER OF INSTRUCTION
Project: Temporary Overheads
Objective: To restore power to St/Lt’s

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

What Plant is involved: Street light asset

Appropriate Protection

-Arrow board, 4 ways, Rotating light must be used when on the job site [Use book 7 for traffic plan]

-All PPE is to be used [Hard hat, Proper gloves, Fall arrest, FR clothing, Boots, Proper Eye wear.]

Job Planning

-During a site visit the following items should be considered in your tailboard:

A] Condition of existing poles, hardware and adjacent structures

b] Length of spans

c] Vicinity of live circuits- Observe Safe limits of Approach.

d] Height of line

e] Traffic and pedestrians. Book 7

f] Back-feed

g] Accessibility for vehicles and equipment

h] Weather.

i]. Terrain.

Description of Work

-All Temp O/H will be put on a B spool insulator and N clevis on the pole back or front using. #4 duplex, #4 triplex 600V O/H Wire or 2-12 mid rib if it is below 20a.

-Fuse holder and proper fuse are to be installed at the connection point to Luminaries.

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

-The cable from the U/G source to the O/H will be U/G cable #4 or #6 copper inside the pole if this is not possible then it can be run down the outside of the pole in a PVC Conduit into the Hand hole of the pole and is to be covered with a piece of U Guard over handhold of pole. U-Guard and PVC pipe will be held on with Screw Seal or Banding Seal at lest 2 per. If wood pole then Cable Guard Strap can be used.
- A fuse holder and fuse will be installed in the hand hole to the Temp O/H feed.
-When checking for voltage DO NOT skin the cable, take your readings at the connection.

Revised April 8/09
LETTER OF INSTRUCTION
Project: Permanent Overhead
Objective: Restore power using an O/H feed so to abandon the old U/G St/Lt feed
What Plant is involved: Street light asset

Appropriate Protection
-Arrow board, 4 ways, Rotating light must be used when on the job site [Use book 7 for traffic plan]
-All PPE is to be used [Hard hat, Proper gloves, Fall arrest, FR clothing, Boots, Proper Eye wear.]

Job Planning
-During a site visit the following items should be considered in your tailboard:
a] Condition of existing poles, hardware
b] Length of spans

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

c] Vicinity of live circuits- Observe Safe limits of Approach.

d] Height of line

e] Traffic and pedestrians. Book 7

f] Energized conductors.

g] Adjacent structures.

h] Back-feed

i]. Accessibility for vehicles and equipment

j]. Weather.

k] Terrain.

Description of Work

-All O/H will be put on a B spool insulator and N clevis on the pole back or front

#4 duplex or triplex 600V O/H Wire or 2-12 mid rib.

-Clamp Cable Service Wedges are to be used on the B spool to hold wire aloft.

-Use proper O/H connections [Squeeze – on, Split bolt, Am pact, Miniwedge, Box connectors, Insulink or Sleeve.]

-Isolate and remove the U/G

-If the U/G can not be removed then cut it flush with the duct and tag

-The cable from the U/G source to the O/H will be U/G cable inside the pole if this is not possible then it can be run down the outside of the pole in a PVC Conduit into the Hand hole of the pole and is to be covered with one 6’piece of U Guard over handhold of pole. U-Guard and PVC pipe will be held on with Screw Seal or Banding Seal. If wood pole then Cable Guard Strap can be used.

-Do not stand or work on or around the truck with out notifying the person in the air of your whereabouts.

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

-Always be aware of what is below when bring the bucket down.

Revised April 17/09

LETTER OF INSTRUCTION

Project: Working in Hand wells

Objective: Replacing connections, Isolating power, and Restoring power.

What Plant is involved: Hand Wells

Appropriate Protection

-Arrow board, 4 ways, Rotating light must be used when on the job site [Use book 7 for traffic plan]

-All PPE is to be used [Hard hat, Proper gloves, Fall arrest, FR clothing, Boots, Proper Eye wear.]

Job Planning

-During a site visit the following items should be considered in your tailboard:

a] Condition of existing poles, hardware

b] Traffic and pedestrians. Book 7, Barricades around Hand well to secure work site.

c] Energized conductors.

d] Back-feed

e] Accessibility for vehicles and equipment

f] Weather.

g] Terrain.

Description of Work

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

-Check pole and Hand wells around pole for stray voltage
-Check that Hand wells are secured with Hex Socket
-Check Hand holes are secured with tamper proof screws
-Check connections in pole and hand wells are proper connections if not replace with proper connections. [Gel Pack, Gray St/Lt connector, Homac Flood Seal] Gel Pack is not to be used on in ground use.
-All unapproved Marretts and hand taped connections will be replaced in Hand wells and Hand holes with proper connections. . [Gel Pack, Gray St/Lt connector, Homac Flood Seal and Approved Marretts gel filled] Marretts and Gray St/Lt connectors and Gel Packs are not to be used underground.
-Check for Fuse holder and proper fuse if one is not there install one. [5amp for 70W to 150W, 10amp for 200W to 250W, 15amp for 400W]
-When working on Hand wells, Barricades will be placed around Hand well to secure work site.
-If cable have to be pulled from hand well they are to be laid on a rubber mat to insure isolation from the side walk or ground.
-When checking for voltage DO NOT skin the cable, take your readings at the connection.

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

INTERROGATORY 18:

Reference(s): Section B / Tab 6
Affidavit of Ben LaPianta (Unclear point of Demarcation)
Exhibit A "Low Voltage Electrical Infrastructure – Integration with LDC Plant"

Please clarify the following in this drawing:

a) LDC Chamber – is this another name for a handwell? If not where in the drawing is a handwell shown?

b) What do the circular symbols in the electrical circuit at each load represent?

c) Who owns the street light low voltage circuit in the drawing?

d) Who makes connections to the street light low voltage circuit?

RESPONSE:

a) No, LDC chamber does not denote handwell. Handwells are identified as double circle at each load.

b) Handwell.

c) Due to the complexity of the integrated streetlighting system, it is unclear as to the ownership along the streetlighting circuit.

d) THESL and THESI.

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

INTERROGATORY 19:

Reference(s): Section B / Tab 6
Affidavit of Ben LaPianta (Unclear point of Demarcation)

Paragraphs 29 and 30 of the Affidavit describe THESL's understanding of the limitations placed on information sharing with an affiliate by the ARC.

Please explain:

a) How does notification of THESL's work activities to THESI on secondary services supplying THESI street light circuits violate the information sharing provisions of the ARC?

b) If the information sharing provisions of the ARC were intended to be understood to limit THESL providing THESI with notice of outages to its SEL system and changes to the supply conductors feeding THESI's SEL system, how should this be reconciled with the DSC s.4.4.7 requiring a distributor to "*notify consumers regarding the expected duration and frequency of planned outages and provide as much advance notice as possible*"?

RESPONSE:

a) THESL does not make the assertion stated in the question. A discussion of the manner in which THESL manages its work activities between the THESL distribution system and the Streetlighting System is provided at paragraphs 15-32 of Mr. La Pianta's Affidavit. These arrangements in no way violate the information sharing provisions of the ARC. In fact, as sworn in this Affidavit, the need for these arrangements is at the core of challenges around information sharing between THESL

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

and THESI, the net effect of which may put the safety of employees and the public at risk.

b) THESL does not accept the premise of the question. Please refer to answer above.

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

INTERROGATORY 2:

Reference(s): Cover Letter, page 3

Our clients submit that incorporating the Streetlighting System within a single distribution utility will result in enhanced safety, increased efficiencies and reliability and the prevention of unauthorized access to street lighting infrastructure. Furthermore, when considering the contribution associated with the service contract negotiated with the City of Toronto in 2005 as part of the acquisition of the assets, the impact on rates for all customer classes is minimal.

a) Provide Copies of all Service Level Agreements between The City and THESI and THESI and THESL that contain reference to Streetlighting assets and/or services.

b) Provide full details of the contribution associated with the service contract(s)

RESPONSE:

a) Please refer to response to Energy Probe Interrogatory #4 (Section F, Tab 19, Schedule 4) for copies of Service Level Agreements between The City and THESI. A copy of the Service Level Agreement between THESI and THESL is attached as Appendix A.

b) The following are contributions associated with the service contract negotiated with the City of Toronto:

2006 - $13.6 million

2007 - $13.8 million

2008 - $14.0 million

SERVICE AGREEMENT

THIS MEMORANDUM OF AGREEMENT made as of January 1, 2009.

BETWEEN:

Toronto Hydro-Electric System Limited ("THESL")

and

Toronto Hydro Energy Services Inc. ("Affiliate")

WHEREAS Affiliate desires THESL to provide the Shared Services to it and THESL wishes to provide the Shared Services, all upon the terms and conditions set forth herein.

NOW THEREFORE in consideration of the mutual covenants and agreements herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, THESL and Affiliate (together, the "Parties") agree as follows:

1. PURPOSE

1.1 The purpose of this Agreement is to describe the Shared Services to be provided by THESL to Affiliate, the charges to be made to Affiliate for such Shared Services, and the working relationship between THESL and Affiliate relating to such Shared Services.

2. DEFINITIONS AND INTERPRETATION

2.1 As used in this Agreement, the following terms shall have the following meanings:

(a) "Affiliate Relationships Code" means the Affiliate Relationships Code for Electricity Distributors and Transmitters issued by the Ontario Energy Board on April 1, 1999, including any and all amendments or revisions thereto;

(b) "Agreement" means this Service Level Agreement for Shared Services and all instruments supplemental to it or in amendment or confirmation of it;

(c) "Term" shall have the meaning prescribed to it in Section 3.1 of this Agreement;

(d) "Parties" means THESL and Affiliate collectively, and "Party" means any one of them;

(e) "Representatives" means any employee, agent, or subcontractor, of the Party in question, including without limitation any third party retained to perform any or all of the Shared Services pursuant to Section 4 of this Agreement;

(f) "Transfer Price(s)" shall have the meaning prescribed to it in Section 5 of this Agreement;

(g) "Shared Services" shall have the meaning prescribed to it in Section 4.1 of this Agreement.

2.2 Unless the context of this Agreement requires otherwise, the singular number shall include the plural and vice versa and any gender includes any other gender.

2.3 The following Schedules are attached to and form an integral part of this Agreement:

Schedule 1	Environment, Health & Safety
Schedule 2	Treasury, Rates & Regulatory Affairs
Schedule 3	Finance
Schedule 4	Information Technology & Services
Schedule 5	Procurement
Schedule 6	Legal
Schedule 7	Organization Effectiveness
Schedule 8	Facilities and Asset Management
Schedule 8A	Facilities and Asset Management – Facilities & Fleet
Schedule 9	Streetlight Work for Planned or Demand Capital Projects

3. TERM AND TERMINATION

3.1 The parties agree that, notwithstanding any provision contained therein, the Service Agreement made between them as of January 1, 2007 is terminated effective December 31, 2008.

3.2 This Agreement shall commence as of January 1, 2009 and will remain in effect until terminated by either Party, in whole or in part, upon no less than sixty (60) days' written notice to the other Party ("Term"); provided that in the event of default in performance of any material covenant in this Agreement, including Section 13.2, the non-defaulting Party shall be entitled to terminate the Agreement on no less than fourteen (14) days written notice to the defaulting Party. Any partial termination of the Agreement shall be evidenced by a written agreement as between the Parties specifying the specific Shared Services to be terminated, and the adjustment in Transfer Price pursuant to such partial termination; provided that the Parties shall make any adjustments required to insure that the Transfer Prices remain consistent with the Affiliate Relationships Code.

4. SHARED SERVICES

4.1 Subject to Section 4.5 of this Agreement, THESL shall provide Affiliate with the services listed in Schedules "1" through "9" hereto and any additional services required by Affiliate from time to time (collectively, the "Shared Services"). Any additional Shared Services required by Affiliate shall be provided by THESL at mutually agreed upon terms, conditions and Transfer Prices, provided however that such terms, conditions and Transfer Prices shall be consistent with the requirements of the Affiliate Relationships Code.

4.2 THESL shall provide the Shared Services at quality levels which are mutually acceptable to the parties. These levels shall be reviewed from time to time.

4.3 Subject to Sections 4.4 and 4.5 hereof, THESL shall have the right, in its sole discretion, to contract with a third party to deliver all or part of the Shared Services, provided however that such third party shall be capable of providing such Shared Services to the same or better quality levels than those set forth in Section 4.2. The parties agree that THESL shall be acting as the agent of Affiliate in procuring the delivery of such Shared Services of the Affiliates.

4.4 Where THESL has contracted with a third party to provide part or all of the Shared Services pursuant to Section 4.3 above, Affiliate shall pay the amount charged by such third party for the portion of the Shared Services delivered.

4.5 This Agreement shall be deemed to be an exclusive service agreement as between THESL and Affiliate, and Affiliate shall not have the right to provide itself, or retain a third party to provide, any of the Shared Services unless agreed to by THESL.

4.6 No employee shall be shared between THESL and the Affiliate; provided that an employee may be transferred or seconded from THESL to the Affiliate or from the Affiliate to THESL with the prior written approval of the Manager or Vice President of the relevant departments of THESL and the Affiliate. Such approval shall set forth the terms and conditions of such transfer including all appropriate measures required to preserve the confidentiality of customer information. When on a secondment or transfer, the employee will not provide any services whatsoever to the original company during the period of secondment or transfer.

4.7 THESL shall bear all costs incurred, and all risk involved, in delivering the Shared Services to the Affiliate.

5. TRANSFER PRICING

5.1 All Shared Services provided by THESL or its Representatives will be charged to Affiliate at the transfer prices determined in accordance with the Affiliate Relationships Code and set out in the attached Schedules (the "Transfer Price" or "Transfer Prices", collectively). The Transfer Prices do not include GST or any other taxes payable in respect of the Transfer Price, which the Affiliate shall also pay to THESL.

5.2 The Parties hereby agree and acknowledge that they shall renegotiate the Shared Services and Transfer Prices described in Schedules hereto at such times as necessary in order to ensure that the Transfer Prices remain consistent with the requirements of the Affiliate Relationships Code.

5.3 THESL shall render to Affiliate on or before the 15th day of each month (or such other time as may be agreed), an invoice setting forth the total amount due to THESL in respect of each of the Shared Services provided during the previous calendar month and the amount of any taxes which Affiliate has an obligation to pay.

5.4 Affiliate shall, no later than forty-five days after receipt of a THESL invoice, or if such day is not a business day, the immediately preceding business day, render to THESL, by any acceptable method agreed to by the Parties, the amount due THESL as set forth in the invoice. This Section 5.4 shall survive any termination of this Agreement or the expiry of

the Term for a period of twelve (12) months from the date on which the last invoice is rendered to Affiliate pursuant to this Agreement.

6. NOTICES AND CONTACTS

6.1 Any notice or communication required as between the Parties pursuant to this Agreement shall be delivered to the following individuals, or to such other individual as either Party may stipulate by notice to the other:

For THESL: Anthony Haines
Telephone: 416.542.3339
Fax: 416.542.2602

For Affiliate: Chris Tyrrell
Telephone: 416.640.9708
Fax: 416.542.2511

7. AMENDMENTS

7.1 If at any time during the term of this Agreement the Parties deem it necessary or expedient to make any alteration or addition to this Agreement, they may do so by means of a written agreement between them which shall be supplemental and form part of this Agreement.

8. FURTHER ASSURANCES

8.1 The Parties agree that each of them shall, upon reasonable request of the other, do or cause to be done all further lawful acts, deeds and assurances whatever for the better performance of the terms and conditions of this Agreement.

9. SUCCESSORS AND ASSIGNS

9.1 This Agreement shall enure to the benefit of and be binding upon the respective successors and permitted assigns of the Parties, provided however that neither Party may assign this Agreement without the prior written consent of the other Party, such consent not to be unreasonably withheld.

10. SEVERABILITY

10.1 If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision and everything else in this Agreement shall continue in full force and effect.

11. COUNTERPARTS

11.1 This Agreement may be executed by the Parties in separate counterparts, each of which when so executed and delivered shall be an original, but all counterparts shall together constitute one and the same instrument.

12. DISPUTE RESOLUTION

12.1 The Parties will use their best efforts to resolve, at an operational level, any disputes which may arise concerning this Agreement. Any issues which remain unresolved for more than fifteen (15) days will be referred to the respective Presidents of each of the Parties. The parties agree to use their best efforts to resolve all disputes in a timely and professional manner utilizing a process appropriate to the issues involved.

13. CONFIDENTIALITY

13.1 Each party agrees not to disclose any Confidential Information to any person except those of its Representatives who have a need to know such Confidential Information in connection with this Agreement and who are informed of the confidential nature of the Confidential Information and who agree to be bound by the terms of this Section 13.1. The Recipient will not use any Confidential Information relating to the Disclosing Party for any purpose other than in connection with the performance of its obligations, or exercise of its rights, under this Agreement, and will exercise the same security measures normally exercised with respect to its own Confidential Information, and at a minimum a reasonable degree of care, to safeguard the Confidential Information from disclosure to anyone other than as permitted hereby. The provisions of this Section 13.1 shall survive termination of this Agreement. **"Confidential Information"** means all information, whether disclosed orally, in writing, or otherwise, designated as being confidential, which is disclosed by one party (the "Disclosing Party") to the other party (the "Recipient") relating to the business of the Disclosing Party or in connection with the subject matter of this Agreement and includes, but is not limited to, business, financial, and marketing information, plans and strategies, contractual, customer and supplier information, technical information related to hardware, software and firmware, and know-how, trade secrets and any other intellectual property rights, and the terms of this Agreement. Notwithstanding the foregoing, Confidential Information shall not include information which (i) now is, or hereafter properly becomes, generally available to the public other than as a result of disclosure in breach of this Agreement; (ii) is required to be disclosed in compliance with any applicable law, under order of a court of competent jurisdiction or other similar requirement of a governmental agency, so long as the Recipient provides the Disclosing Party with prior written notice of any required disclosure pursuant to such law, order or requirement and cooperates, to the extent permitted by law with the Disclosing Party in seeking an order eliminating or restricting the disclosure or a protective order or otherwise ensuring the confidential treatment of the Confidential Information; (iii) is disclosed with the prior written approval of an authorized officer of the Disclosing Party; (iv) is previously known to the Recipient at the time of disclosure; (v) is discovered by the Recipient without reference to the Confidential Information of the Disclosing Party; or (vi) is lawfully obtained from a third party which was not bound by a confidentiality agreement respecting the disclosure.

13.2 THC shall comply at all time with the data management and data access protocols implemented by the Affiliate to protect access to Confidential Information.

IN WITNESS WHEREOF, the Parties have executed this agreement effective as of the date first above written as attested by the hands of their respective officers duly authorized in that behalf:

TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

Per: _____
Lawrence Wilde
Vice-President, Corporate Secretary

TORONTO HYDRO ENERGY SERVICES INC.

Per: _____
Chris Tyrrell
President

SCHEDULES FOR SERVICE LEVEL AGREEMENT BETWEEN

Toronto Hydro-Electric System Ltd.

and

Toronto Hydro Energy Services Inc.

Schedule	Service Area	Page
Schedule 1	Environment, Health & Safety (EHS)	2
Schedule 2	Treasury, Rates & Regulatory Affairs (TRR)	3
Schedule 3	Finance (FIN)	4
Schedule 4	Information Technology & Services (ITS)	5
Schedule 5	Procurement (PRC)	6
Schedule 6	Legal (LGL)	7
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Schedule 8	Facilities and Asset Management (FAM)	9
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Schedule 9	Street Light Work for Planned or Demand Capital Projects	11

SCHEDULE 1

SERVICE AREA: **Environment, Health & Safety (EHS)**

REF.	SECTION	COST
EHS1.0 EHS2.0, EHS4.0, EHS5.0, EHS6.0	Safety: Environment, Health & Safety Management System; Environment, Health & Safety Training; Accident/Incident Investigations; Health Services; WSIB Claims Management Administration	$50,001

SCHEDULE 2

SERVICE AREA: **Treasury, Rates & Regulatory Affairs (TRR)**

REF.	SECTION	COST
TRR14.0 - TRR17.5 TRR19.0 - TRR20.7	Cash Management; Credit Risk Management; Long-term Debt Management and Investor Relations; Financing Strategy; Monthly Accounting/Reporting	$50,000

SCHEDULE 3

SERVICE AREA: **Finance (FIN)**

REF.	SECTION	COST
FIN2.0	Payroll	$20,653
FIN4.0	Corporate Controllership & Policy	$159,423
FIN5.0	Accounts Payable	$32,385
FIN8.0	Reporting Policy	$14,187
FIN12.0	Corporate Tax	$73,352

SCHEDULE 4

SERVICE AREA: **Information Technology & Services (ITS)**

REF.	SECTION	COST
ITS1.0	IT Stewardship	$250,000
ITS2.0	IT Management Services	$196,813

SCHEDULE 5

SERVICE AREA: **Procurement (PRC)**

REF.	SECTION	COST
PRC1.0	Procurement Charge	$150,000

SCHEDULE 6

SERVICE AREA: **Legal (LGL)**

REF.	SECTION	COST
LGL1.0	Legal Services	$49,576
LGL3.0	Claims Administration	$41,768
LGL4.0	Legal Stewardship	$8,657

SCHEDULE 7

SERVICE AREA: **Organizational Effectiveness (OE)**

REF.	SECTION	COST
OE1-OE9, OE17, 19	Disability Case Management; Attendance Management Program; Administer and Manage All Leaves; Development and Maintenance of HRIS System; Administer Benefits Program - Employees & Retirees; Manage Total Compensation Program (Job Evaluation/Salary Administration/Variable Pay); Manage Retirement Program; Training & Education on Compensation & Benefits Topics; Manage Benefit Programs – Employees & Retirees	$16,501
OE10-16, 18, 20	Labour Relations; Employee Relations; Deliver Training on Labour/Employee Relations Topics; Legal Compliance; HR Practices and Procedures; Conduct Recruitment, Selection & Orientation – Full-time, Temporary, Internal & External; Administer Student & Intern Employment Programs; Process Voluntary Termination; Engage Contingent Personnel	$33,499

SCHEDULE 8

SERVICE AREA: **Facilities and Asset Management (FAM)**

REF.	SECTION	COST
FAM8.0 - FAM17.0	Fleet Management & Repair; Wash Vehicles & Equipment; Fleet Vehicle & Equipment Asset Management; Inventory Management; Legislative Compliance; Licences, Permits; Fleet Parking; Driver Training and Licence Management; Centralized Tool Crib Services (See Schedule 8A)	$441,475

SCHEDULE 8A

SERVICE AREA: **Facilities and Asset Management (FAM)**

FLEET

# OF VEHICLES	VEHICLE CLASS	COST
1	OA - Car Sub Compact	$13,614
1	1B - Pickup F-Size-Reg Cab 2501 +Kg	$14,113
3	1C - Pickup F-Size Crew Cab 2501 +KG	$47,454
11	5A - Single Bucket Squirt Boom	$338,428
1	5D - Single Bucket Van Mounted	$27,866

SCHEDULE 9

SERVICE AREA: **Street Light Work for Planned or Demand Capital Projects**

ITEM	SERVICE DESCRIPTION TYPE	COST	U.O.M.
1	Transfer/Remove existing luminaries and bracket	$109.11	Pole
2	Install new luminaries and bracket/make connection	$155.82	Pole
3	Install overhead street light cable	$124.70	Span
4	Remove overhead street light cable	$62.35	Span
5	Install street lighting relay/disconnect control	$155.82	Relay
6	Remove street lighting relay/disconnect control	$77.94	Relay
7	Install/Remove underground street light cable	$3.08	Metre
8	Install/Transfer/Remove street light dip on pole	$155.88	Dip
CIVIL WORK			
9	Exclusive work for street lighting	100% UPCMS Pricing (+ Admin. Fee)	
10	Joint trench cost sharing (road allowance)	5.1 Cost Sharing as per SDP#006 (+ Admin. Fee)	
11	Joint trench cost sharing (road crossing)	Cost Sharing as per SDP#006 (+ Admin. Fee)	
12	Joint tunneling costs sharing (road allowance)	Cost Sharing as per SDP#006 (+ Admin. Fee)	
13	Install DB street light duct (road allowance)	100% UPCMS Pricing (+ Admin. Fee)	
14	Install CE street light duct (road crossing)	100% UPCMS Pricing (+ Admin. Fee)	

Notes:

1. *Charges do not include time and equipment for Crew Leaders*
2. *In the event of a 3-man crew, the 2-man crew rates will remain in effect*
3. *A 20% Administrative cost will be applicable to all unit prices*
4. *UPCMS – Unit Price Contract Management Systems*
5. *SDP – Standard Design Practice*

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

INTERROGATORY 3:

Reference(s): B Tab 5 Affidavit of Mr. Couillard, paragraph 37

a) If there is no clear demarcation between Distribution and Streetlighting assets how were/are the streetlighting assets defined
   i. At the transfer to THESI
   ii. At the proposed transfer to 1798594 Ontario Inc. and to THESL
b) Provide a schedule with a complete list and value (original cost and net book value) for approximately $60 million in net assets transferred to THESI
c) Provide a schedule with a complete list and value (original cost and net book value) for net assets proposed to be transferred to 1798594 Ontario Inc. and to THESL.
d) Identify and provide detailed explanations of any assets listed in the answer to parts b) and c) that could be considered distribution rather than streetlighting.
e) Provide any regulatory definitions (including Ontario Hydro) that delineate street lighting from distribution assets and operations.

RESPONSE:

a) See Section 2.1 of the Asset Purchase Agreement between the City of Toronto and Toronto Hydro Streetlighting Inc. and Section 2.1 of the Asset Purchase Agreement between 1798594 Ontario Inc. and Toronto Hydro Energy Services Inc. originally provided as Tab 7.

b) See table below for the net book value of the assets when purchased from the City of Toronto on December 31, 2005. Information related to original costs is not available.

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

Table 1: Net Book Value of Assets as at December 31, 2005

Poles Towers	$25.3M
Overhead Conductors	$3.1M
Underground Conduits	$4.5M
Underground Conductors	$13.6M
Fixtures	$13.5M
Total	$60.0M

c) See table below for the net book value at December 31, 2008, of the assets to be transferred to 1798594 Ontario Inc. pursuant to the proposed Assets Purchase Agreement. Information related to original costs is not available.

Table 2: Net Book Value of Assets as at December 31, 2008

Poles Towers	$31.7M
Overhead Conductors	$1.2M
Underground Conduits	$3.9M
Underground Conductors	$11.9M
Fixtures	$6.8M
Work in Progress	$5.6M
Total	$61.1M

d) Current-carrying equipment that conducts power to an end-use which is located on, within or above the public road allowance or other public property, as well as associated structures for support of that equipment, should be considered distribution equipment.

e) THESL is not aware of any regulatory definitions of streetlighting.

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

INTERROGATORY 4:

Reference(s): B Tab 5 Affidavit of Mr. Couillard, paragraph 39

a) Explain in detail why separation of distribution assets and operations from non distribution business activities is not a requirement of the Act

b) Explain why separation of distribution business is not a requirement of the Affiliate Relations Code. Cite specific clauses and sub clause to support your answer(s)

c) Why does being under Incentive Regulation change the requirements for separation of distribution and non-utility businesses, assets and operations. Explain in detail with reference to the Act and Codes, including specific cites to the governing documents.

RESPONSE:

a) There is no relationship between the question and the reference. THESL does not assert the premise of the question.

b) There is no relationship between the question and the reference. THESL does not assert the premise of the question.

c) There is no relationship between the question and the reference. THESL does not assert the premise of the question.

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

INTERROGATORY 5:

Reference(s): B Tab 5 Affidavit of Mr. Couillard, Exhibit N

a) Provide copies of all correspondence between Ontario Hydro and the City and THESL (or their predecessors) regarding Streetlighting (including Expressway Lighting.

b) Provide a timeline showing [t]he interaction between the City and /or the electric utility (or predecessors) and Ontario Hydro.

c) Provide any correspondence between the City and or the Electric Utility (or predecessors) regarding streetlighting and or Expressway Lighting and

   i. The provincial government.

   ii. The Ontario Energy Board.

d) Confirm/correct the following

   i. Prior to amalgamation streetlighting was owned/operated by the 6 municipalities and/or Metro

   ii. Expressway Lighting (provide breakdown by system) was owned/operated by Metro

e) Were all the Streetlighting systems separated from the THESL predecessor utilities at the time of amalgamation? Provide a short synopsis.

f) At amalgamation in 1998 provide the breakdown of the net valuations of streetlights and expressway lighting transferred from <u>each</u> of the predecessor municipalities and Metro

RESPONSE:

a) This is not available.

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

b) This is not available.

c) THESL has no information on correspondence between the City of Toronto and either of the Province or the OEB. No correspondence took place between THESL and the OEB or the province. No information is available concerning any correspondence that may have taken place between predecessor utilities and the Province.

d) (i) Confirmed.
(ii) Confirmed.

e) Yes, the assets were separated. However, the THESL predecessor utilities' engineering and operations staff respectively prepared and constructed street light project designs and maintenance programs pursuant to municipal specifications. The municipality was then billed based on a mutually agreed upon formula or cost per unit basis.

f) This information is not available to THESL or THESI.

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

INTERROGATORY 6:

Reference(s): B Tab 6 Affidavit of Mr. [LaPianta], paragraph 5 and Exhibit A

a) List the main assets and loads connected to distribution on Streets/Boulevards and Expressways and for each identify ownership (municipal, private etc.) and the end use class.

b) Explain why Streetlight assets and loads are different to other assets listed in the answer to part a).

c) List all the reasons why THESL (or its successor), as opposed to an affiliate or third party should provide streetlighting service for the City of Toronto. Include all key business and economic reasons.

d) Provide a list of Ontario jurisdictions where

   i. streetlighting assets are owned by the regulated utility (wires company)

   ii. streetlighting service is provided by the regulated electric/wires company

e) List Ontario jurisdictions where the municipal streetlighting service is provided by:

   i. The regulated electric utility

   ii. A non-regulated affiliate of the electric utility

   iii. A third party contracted to the municipality

RESPONSE:

a) Please refer to Tab B, Section 6, page 5, paragraph 14.

b) Please refer to the Applications.

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

c) The requested information is not readily available to THESL and cannot be obtained with reasonable effort.

d) The requested information is not readily available to THESL and cannot be obtained with reasonable effort.

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

INTERROGATORY 7:

Reference(s): C Tab 7 Transaction Documents Asset Purchase Agreement THESI and Newco and Schedule 2.1 a

a) Provide a list of SL assets by Ward (44) and Expressway Location (Schedule 2.1 a) and value (original cost and net book value).

b) Provide aggregate annual continuity schedules for all streetlighting and (separately) expressway lighting assets from the date of amalgamation of the City of Toronto in 1998 to the present.

   i. Opening Balance
   ii. capital additions
   iii. Retirements
   iv. Depreciation
   v. Closing Balance
   vi. Indicate Ownership of assets at year end and note any transfers by date of transfer

   Provide a detailed list and valuation of the items listed in Paragraph 2.2 b-e inclusive of the Agreement.

c) Provide a copy of Schedule 1.1 or alternatively a listing of SEL employees by position (#) and for each group the average total compensation (regular pay, overtime and benefits) for 2009 and projected for 2010.

d) Provide a Summary schedule that shows THESL Total Compensation for 2009 and projected 2010 by Employee group with three columns for each year.

   i. Electric Distribution Employees
   ii. Streetlighting and Expressway Lighting Employees

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

iii. Total Post Merger Employees

e) Provide details of the OMERS Pension Liabilities for each of THESL and SEL Employees.

f) Provide a list of all third party contracts related to SEL supply and services together with the approximate value, the expiry date and whether each may be renewed without tender.

RESPONSE:

a) The detailed information including costs and net book values of assets is not available by ward.

b) This information is not available to THESL or THESI. See response to VECC 3 c) for current net book value details (Section F, Tab 20, Schedule 3).

The information requested, and not already supplied, cannot be obtained with reasonable effort.

c) There are 33 employees with a total fully burdened compensation including overtime of $3.64 million and $3.57 million forecasted in 2009 and budgeted in 2010 respectively.

d) Please see Appendix A, attached.

e) There is no pension Liability with OMERS for both THESL and SEL.

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

f) These contracts are commercial agreements and are confidential. Attached as Appendix B is a list of the contracts identifying the nature of contract, the expiry date, and approximate contract value, where known.

TABLE 1: EMPLOYEE COMPENSATION

HC data is as of
30-Jun-09

	THESL		STREET LIGHTING		THESL & STREET LIGHTING	
	2009 Bridge	2010 Test	2009 Bridge	2010 Test	2009 Bridge	2010 Test
Number of Employees (FTEs including Part-Time)						
Management/Non-Union	366	459	4	4	370	463
Union *	1,265	1,326	29	29	1,294	1,355
***Total **	***1,630***	***1,785***	***33***	***33***	***1,663***	***1,818***
** Excludes President & Vice President of CUPE Local One in THESL, THESL & STREETLIGHTING*						
Total Salary and Wages						
Management/Non-Union	38,110,191	46,270,634	499,372	422,270	38,609,563	46,692,904
Union	96,095,110	102,584,925	1,994,178	2,105,840	98,089,288	104,690,765
Total	***134,205,301***	***148,855,559***	***2,493,550***	***2,528,109***	***136,698,851***	***151,383,668***
Total Benefits						
Management/Non-Union	13,876,600	17,340,158	148,258	143,982	14,024,858	17,484,140
Union	33,867,173	37,392,403	546,934	646,402	34,414,107	38,038,805
Total	***47,743,773***	***54,732,561***	***695,191***	***790,383***	***48,438,964***	***55,522,944***
Total Compensation (Salary, Wages, & Benefits)						
Management/Non-Union	51,986,791	63,610,792	647,629	566,251	52,634,420	64,177,043
Union	129,962,283	139,977,328	2,541,111	2,752,241	132,503,394	142,729,569
Total	***181,949,074***	***203,588,120***	***3,188,741***	***3,318,493***	***185,137,815***	***206,906,612***
Compensation - Average Yearly Base Wages						
Management/Non-Union	104,269	100,807	124,843	105,567	104,491	100,849
Union	75,995	77,382	68,765	72,615	75,832	77,263
Compensation - Average Yearly Overtime						
Management/Non-Union	2,008	3,341	9,899	10,438	2,093	3,403
Union	11,027	10,095	12,464	5,395	11,059	9,994
Compensation - Average Yearly Incentive Pay						
Management/Non-Union	12,198	11,401	12,528	13,405	12,202	11,419
Union**	6,583	3,421	-	2,244	6,583	3,414
***Only inlcudes The Society of Energy Professional, Crew Leaders, System Response Rep*						
Compensation - Average Yearly Benefits						
Management/Non-Union	37,966	37,778	37,064	35,995	37,956	37,763
Union	26,783	28,206	18,860	22,290	26,605	28,073
All Inclusive (Base Wages, Overtime, Incentive Pay, Benefits)						
Total Compensation	201,289,096	224,289,279	3,639,890	3,572,564	204,928,986	227,861,843
Total Compensation Charged to OM&A	108,756,499	119,815,333	3,278,085	3,217,451	112,034,584	123,032,784
Total Compensation Capitalized	92,532,597	104,473,946	361,805	355,113	92,894,403	104,829,059

Street Lighting Contracts [3]

Type of Contract	Expiry Date [1]	Approximate Annual Contract Value [2]
Civil Construction Work Contract.	December 31, 2009. The contract may be extended for the period January 1, 2010 to December 31, 2010.	Approximately $1-2 million
Locates Services Agreement	January 31, 2009 The contract may be renewed for 12 or 24 months.	Approximately $250,000-750,000
Civil Construction Work Contract.	December 31, 2009. The contract may be extended for period January 1, 2010 to December 31, 2010.	Approximately $1-2 million
Support Structure License Agreement	December 31, 2010. The contract may be renewed for three consecutive periods of 5 years each.	Approximately $10,000-20,000
Duct License Agreement	December 31, 2010. The contract may be renewed for three consecutive periods of 5 years each.	Approximately $1000-10,000
Underground Plant Self Locating Services Agreement	December 31, 2011. The contract may be extended for three subsequent one year terms.	No cost to THESI
Pilot Site Testing and Technical Management Services Agreement	December 31, 2009	Approximately $50,000-100,000

(1) All contracts could be renewed without tender if all parties wished to do so and agreeable terms could be reached based on THC procurement policy.

(2) All contracts are structured as unitary pricing and range each year based on volume of work.

(3) A copy of the Street and Expressway Lighting Service Agreement between City of Toronto and Toronto Hydro Street Lighting Inc. (now Toronto Hydro Energy Services Inc.) has been filed in response to Energy Probe Interrogatory 4 at Section F, Tab 19, Schedule 4, Appendix E.

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

INTERROGATORY 8:

Reference(s): C Tab 7 Transaction Documents Asset Purchase Agreement THESI and Newco and Schedule 5.8 and Affidavit of Mr. [LaPianta]

a) Provide an updated status of the legal/damage claims against THESI in Schedule 5.8
b) Does THESI have comprehensive insurance against such claims? Provide details.
c) Provide an estimate of the residual liability (range of costs)
d) With regard to the recent Level III emergency provide a list and status report of Claims against THESI and (separately) THESL.
e) Does THESI have comprehensive insurance against such claims? Provide details.
f) Provide an estimate of the residual liability (range of costs)
g) Will THESL's insurer continue to cover the claims if and when THESL assumes ownership of SEL?

RESPONSE:

a) Please refer to response to OEB Interrogatory #9 b) found at Section F, Tab 18, Schedule 9.

b) Yes, THESI has insurance. Coverage is currently $101 million per occurrence and in the aggregate.

c) The current insurance program contains a self-insured retention of $100k per claim.

d) Please refer to revised Schedule 5.8. provided in response to OEB Interrogatory #9 b) found at Section F, Tab 18, Schedule 9, Appendix A.

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

e) Please see response to b) above.

f) Please see response to c) above.

g) Yes. THESI and THESL are included in the THC liability insurance program.

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

INTERROGATORY 9:

Reference(s): Tab E Tab 15 Financial Documents

a) For THC and or THESL provide copies of the latest Bond rating agency report(s) and in particular, the latest pro forma 5-year outlook for THC and THESL.
b) If not included in the above, provide a 5 year pro forma Income, Balance sheet and Cash Flow projection for THESL in the same format as the Newco Business Plan.
c) Compare the standalone pro formas tor THESL and Newco on a line by line basis and provide comprehensive notes.
d) Provide any correspondence with the Bond/debt rating agencies regarding the proposed transfer of SEL assets and amalgamation.
e) Provide an assessment of how THESL/Newco's Business Risk may change as a result of the transfer/amalgamation.
f) Provide a 5 year projection of capital and borrowing for THESL distribution business.
g) Provide a 5 year projection of the capital and borrowing for THESL if SEL is included

RESPONSE:

a) The latest credit rating report on Toronto Hydro Corporation from DBRS is attached as Appendix A. Standard and Poors does not permit their ratings reports to be disseminated to third parties. Ratings reports are only produced for Toronto Hydro Corporation. The latest five-year business outlook for THC and THESL contains commercially sensitive information, and hence is not included here.

b) The inclusion of the street lighting business into THESL's operations is not expected

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

to materially impact the financial profile of THESL. THESL has not updated its five-year pro forma financial statements to reflect the addition of the streetlighting activities. However, as described in OEB 10 b), the proposed changes are expected to increase net income by approximately $1.1M (1.5%) and rate base by approximately $62.5M (3.0%).

c) See b) above.

d) To date, there has been no formal correspondence with the credit rating agencies. The transaction has been mentioned in (unrecorded) telephone conversations with at least one of the agencies, but only as part of an overall discussion about the company.

e) The inclusion of streetlighting into THESL is not expected to change the overall risk profile of "Newco" in any material fashion. This is because the streetlighting business is fundamentally a distribution business, and the inherent risks are the same as or very similar to risks that currently exist in THESL. For example, a key risk driver in THESL is the impact that aging infrastructure has on asset integrity. This risk driver is common to both the streetlighting business and THESL's overall distribution business.

f) A five-year projection of borrowing is not being provided here as THESL does not consider it relevant to this proceeding. In any case, THESL's overall level of debt is not forecast to change with the inclusion of streetlighting and the resulting "Newco".

g) No change to THESL's long-term debt is projected with the inclusion of SEL.

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

Should the streetlighting merger be approved, THESL may need to update its capital budget. However, at this time, no net new borrowing is anticipated from the inclusion of SEL.

Rating Report

Report Date:
October 8, 2008

Previous Report:
July 24, 2007

Toronto Hydro Corporation

Analysts

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The Company

Toronto Hydro Corporation is a holding company with the following subsidiaries: Toronto Hydro-Electric System Ltd., which distributes electricity, and Toronto Hydro Energy Services Inc., which provides street lighting and expressway lighting services, as well as energy-efficient products and services. Toronto Hydro's sole shareholder is the City of Toronto (the City), rated AA by DBRS.

Recent Actions

September 26, 2008
Short-Term Rating Confirmed; Trend Change to Positive on Long-Term Debt

Rating

Debt	Rating	Rating Action	Trend
Short-Term Issuer Rating	R-1 (low)	Confirmed	Stable
Senior Unsecured Debentures & MTNs	A	Trend Change	Positive

Rating Rationale

DBRS has confirmed the rating on the Senior Unsecured Debentures & MTNs of Toronto Hydro Corporation (Toronto Hydro or the Company) at "A" and changed the trend to Positive from Stable. Toronto Hydro's Short-Term Issuer Rating has also been confirmed at R-1 (low), with the trend remaining Stable. The trend change on the Company's senior debt reflects a number of factors, including: 1) the continued improvement over time in Toronto Hydro's business risk profile, driven by the sale of higher-risk, non-regulated businesses; 2) demonstrated stable financial metrics in the face of declining regulatory-approved return on equity (ROE) levels and a heightened capital expenditure program which has resulted in consistent free cash flow deficits; and 3) the expectation of near-term rate base growth, which will be funded with cash flow and cash on hand. The trend change also reflects the stable regulatory environment, which has provided Toronto Hydro-Electric System Ltd. (THESL) with a reasonable framework to carry out its future capital and workforce renewal plans while maintaining a stable credit profile.

Currently, Toronto Hydro is in the second year of its five-year capital plan to modernize the electricity distribution system. DBRS expects capital investment to average approximately $275 million to $300 million per year through 2011, which is projected to result in manageable free cash flow deficits over the medium term. (Continued on page 2.)

Rating Considerations

Strengths
(1) Low business risk profile
(2) Strong franchise area
(3) Solid credit metrics/balance sheet
(4) Strong reliability measures/operational efficiency
(5) Divestiture of non-regulated/non-core businesses

Challenges
(1) Significant capital investment program
(2) Approved ROE sensitive to long-term interest rates
(3) Earnings sensitive to volume of electricity sold
(4) Significant external financing required

Financial Information

	12 mos ended	For the year ended December 31			
	Jun. 2008	2007	2006	2005	2004
Total adjusted debt (CAD millions) (1)	1,241	1,241	1,216	1,216	1,215
Total adj. debt-to-capital (%) (1)	57.0%	57.2%	57.7%	59.0%	59.7%
Cash flow/total debt (%) (1)	18.8%	18.2%	17.9%	16.6%	17.4%
Cash flow/capital expenditures (times)	0.82	0.75	1.18	1.44	1.93
EBIT gross interest coverage (times) (1)	2.18	2.24	2.39	2.27	2.25
Operating cash flow (CAD millions)	234	225	218	202	212
Core net income (CAD millions)*	55	62	77	64	64
Reported net income (CAD millions)	68	83	92	92	97

*DBRS adjusted to exclude mark-to-market in revenues and the tax recovery settlement in 2008 (from 2001 & 2002).

(1) DBRS adjusted debt and interest expense for operating leases.

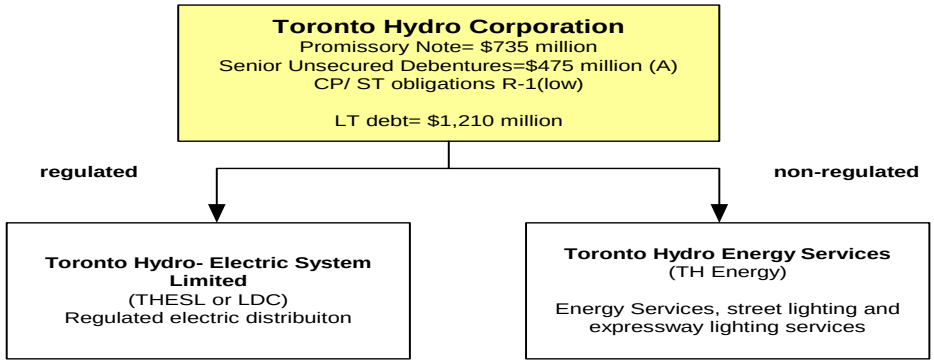
Rating Rationale (Continued from page 1.)

While the Company will continue to incur free cash flow deficits (in the expected range, on average, of $100 million to $150 million per year), current cash on hand ($200 million as of June 30, 2008), along with the anticipated retained proceeds from the Toronto Hydro Telecom Inc. (THTI) sale (estimated at $100 million), should be more than sufficient to internally fund cash flow deficits through 2010. This will allow for rate base growth without adding incremental debt. This, in conjunction with higher base rates to recover significant capital investments and the potential for lower interest expense from the refinancing of higher-cost maturing issues, should have a positive impact on the Company's financial metrics through the build-out cycle.

The Ontario Energy Board's (OEB) decision to approve a two-year cost-of-service settlement is favourable to the Company given its expectation of higher capital expenditures, and differs from the originally proposed incentive rate adjustment mechanism (IRM) that followed the rebasing of distribution rates in 2006.

DBRS will continue to monitor the Company, and would consider an upgrade to the Senior Unsecured Debentures & MTNs rating if Toronto Hydro continues to exhibit a strong financial and operating performance, retains a substantial portion of the proceeds (as anticipated) from the THTI sale and if there are no negative regulatory and/or political actions over the near term.

Organizational Chart



Rating Considerations Details

Strengths

(1) Toronto Hydro is predominately a regulated electric distribution company that operates in an improved regulatory environment. The Company's regulated business model provides a high degree of stability to earnings and cash flows over the longer term.

(2) Toronto Hydro is one of the largest municipally owned local distribution companies (LDCs) in Canada, serving a large customer base (683,000 customers) in a strong franchise area. Approximately 90% of Toronto Hydro's electricity sales are to residential and general service customers; demand is relatively stable year over year, as these customers are less sensitive to economic cycles.

(3) While Toronto Hydro's earnings have declined modestly from 2006 levels, due to lower regulated approved ROEs and significantly lower contributions from non-regulated businesses, the Company has been able to maintain stable financial metrics with debt-to-capital ratio at 57.0%, EBIT interest coverage at 2.18 times and cash flow-to-debt at 18.8% (12 months ended June 2008). Over the next two years, DBRS expects the Company to fund capital expenditure-related cash flow deficits out of cash on hand, which will underpin Toronto Hydro's credit metrics through the capital program.

(4) THESL continues to exceed OEB service level targets, which should provide a stable platform to maintain a constructive relationship with the regulators.

(5) Toronto Hydro's business risk profile has improved gradually over the years as higher-risk, non-regulated operations have continued to represent a decreasing proportion of consolidated operations.

Challenges

(1) The Company is in the middle of a significant capital expenditure program to replace aging assets and enhance the reliability of the system. DBRS expects capital investment in the range of $275 million to $300 million per annum through 2011, which, combined with dividends, is expected to exceed operating cash flows by approximately $100 million to $150 million per year.

(2) Regulatory-allowed ROE levels are low and could continue to decline if longer-term interest rates decline. The ROE of 8.57% in 2008 is slightly down from 9.00% in 2007. The lower ROE is expected to be somewhat offset as the equity component of the capital structure increases from 35% in 2007 to 40% in 2009.

(3) Earnings and cash flows for electricity distribution companies are partially dependent on the volume of electricity sold, given that rates typically include a variable charge component. Seasonality, economic cyclicality and weather variability directly impact the volume of electricity sold, and hence, revenue earned from electricity sales.

(4) Toronto Hydro is dependent upon the debt markets to refinance the $735 million City promissory note and fund longer-term capital investments in THESL. Over the next six years, Toronto Hydro will have to refinance 80% ($$960 million) of its outstanding debt, exposing the Company to interest rate risk. However, because much of this debt was incurred for THESL, a market-based interest rate on third-party debt should be fully recoverable from ratepayers. Furthermore, DBRS believes the Company will go to the market with longer-dated debentures and spread out the maturities in an effort to better match debt obligations with its average asset life and lessen the refinancing of a high percentage of outstanding debt during a short period of time. Maintaining adequate access to the debt markets is critical during this refinancing and build-out cycle.

Regulation

Toronto Hydro's electricity distribution operations are regulated by the Ontario Energy Board (OEB) under the *Electricity Act, 1998* (the Electricity Act), as modified by the following noteworthy amendments:

- The *Electricity Pricing, Conservation and Supply Act, 2002* (Bill 210) – December 9, 2002;
- The *Ontario Energy Board Amendment Act, 2003* (Bill 4) – December 18, 2003; and
- The *Electricity Restructuring Act, 2004* (Bill 100) – December 9, 2004.

Currently, THESL operates under cost-of-service regulation with a deemed ROE of 8.57%.

In May 2008, the OEB provided final approval for 2008 base distribution revenue requirements and rate base of $473 million and $1,968 million, respectively. Using the 2008 approved return on equity percentage, the LDC has estimated the 2009 base distribution revenue requirement and rate base at $502 million and $2,035 million, respectively with final numbers to be confirmed towards the end of Q1 2009. The OEB's decision also provides for an option for a mechanistic adjustment based on the then-prevailing IRM, for 2010. The decision represented the first time a multi-year approval of Toronto Hydro's rates has been granted. The multi-year approval differs from the OEB's current multi-year rate-setting plan, which begins with rates based on a cost-of-service review for the first year followed by a mechanistic rate adjustment for subsequent years.

For 2007, all electric distributors had their base distribution rates (exclusive of temporary rate riders) adjusted formulaically to reflect an allowance for inflation offset by a negative adjustment for deemed productivity growth. In each of three subsequent years, approximately one-third of electricity distributors will have their distribution rates reviewed in detail and reset through a cost-of-service type of rate proceeding. In 2009 and 2010, those distributors that have already had rates rebased will be subject to a "third generation" IRM for the purpose of determining further annual rate adjustments.

During 2007, the OEB approved the disposition of balances relating to the 2005 and 2006 smart meter deferral account (approximately $36 million) and added the resulting Smart Meter assets to the rate base. In addition, the OEB also approved the recovery of costs for lost revenue and utility incentives due to the successful conservation programs in 2005 and 2006 (approximately $7.0 million).

Earnings and Outlook

	12 mos ended	For the year ended December 31			
(CAD millions)	Jun. 2008	2007	2006	2005	2004
Net operating revenues *	529	529	521	512	510
Operating expenses	204	206	194	191	178
EBITDA*	325	322	326	321	324
EBIT*	164	171	189	189	189
Gross interest expense	74	75	79	83	84
Payments in lieu of income taxes*	46	49	51	56	53
Core net income*	55	62	77	64	64
Reported net income	68	83	92	92	97
Return on equity	6.0%	6.8%	8.9%	7.7%	8.0%
Operating margin	31%	32%	36%	37%	37%
Reported regulated EBIT	166	170	187	194	174
Reported non-regulated EBIT	(2)	0	23	30	65
% of EBIT non-regulated	-1%	0%	11%	13%	27%

*DBRS adjusted to exclude mark-to-market in revenues and the tax recovery settlement in 2008 (from 2001 & 2002).

Summary
Earnings, as measured by EBIT, have trended lower since 2006, driven by lower regulatory-approved ROE levels and significantly lower earnings contribution from non-regulated businesses.

Operating costs have steadily increased over the years, reflecting annual wage increases, increased employee headcount and higher maintenance costs attributable to aging infrastructure.

Gross interest expense continues to decline, largely due to the amended promissory note between the Company and the City, which represented a 69 basis point decrease from the 6.80% in 2006 to 6.11% in 2007. In 2006, the OEB decided to reduce the allowable interest rate recoverable on related party debt, which will continue to have a negative impact on earnings. This should be negated over time as the related party debt is refinanced with third-party debt.

The historical variance between DBRS's core net income and reported net income reflects the previous mark-to-market gains on non-regulated energy contracts (2004-2006), discontinued earnings associated with the Company's waterheater business in 2007, and the one-time tax recovery settlement in 2008 from an income tax audit from 2001/2002.

While it appears the Company has consistently earned below approved ROEs, the difference is largely due to the equity base at Toronto Hydro relative to the THESL rate base.

Outlook
DBRS expects earnings to remain relatively flat through the balance of 2008, before registering modest growth in 2009 and 2010, respectively, attributed to:

- Higher distribution rates to recover significant investment in electric infrastructure as well as deployment of smart meters.
- Equity component of capital structure to increase to 40% in 2009 from 35% in 2007.

DBRS believes gross interest expense should trend lower over the medium term as Toronto Hydro refinances higher-cost maturing issues.

The underlying fundamentals of Toronto Hydro's electricity distribution business remain favourable, and should generate reasonable returns over the longer term.

Toronto Hydro Corporation

Report Date:
October 8, 2008

Financial Profile and Outlook

Cash Flow Statement	12 mos ended	For the year ended December 31			
(CAD millions)	Jun. 2008	2007	2006	2005	2004
Net income (before non-recurring)	55	62	77	64	64
Depreciation and amortization	160	152	137	132	135
Other non-cash adjustments	18	12	4	6	13
Cash Flow From Operations *	**234**	**225**	**218**	**202**	**212**
Dividends paid	(41)	(46)	(46)	(68)	(49)
Capital expenditures	(284)	(301)	(185)	(140)	(110)
Gross Free Cash Flow	**(91)**	**(121)**	**(14)**	**(7)**	**53**
Changes in working capital	(67)	(17)	(145)	100	2
Net Free Cash Flow	**(158)**	**(138)**	**(158)**	**94**	**54**
Acquistions	0	0	0	(60)	0
Dispositions	1	2	1	5	5
Change in regulatory assets (increase)/ decrease	86	64	(4)	21	15
Non-recurring / Other	(58)	(80)	40	23	10
Cash Flow before Financing	**(130)**	**(152)**	**(122)**	**82**	**85**
Net debt financing	5	5	0	0	0
Customer deposits / repayment of capital lease	(3)	(2)	1	(22)	4
Net Change in Cash	**(127)**	**(112)**	**(121)**	**62**	**89**

Key Financial Ratios					
Total adjusted debt (1)	1,241	1,241	1,216	1,216	1,215
Total adj. debt-to-captial (1)	57.0%	57.2%	57.7%	59.0%	59.7%
Cash flow/total adj. debt (1)	18.8%	18.2%	17.9%	16.6%	17.4%
EBITDA gross interest coverage (times) (1)	4.26	4.17	4.11	3.83	3.84
EBIT gross interest coverage (times) (1)	2.18	2.24	2.39	2.27	2.25
Dividend payout ratio	75%	75%	60%	106%	77%

*Operating cash flow adjusted to exclude mark-to-market in revenues. (1)DBRS adjusted debt and interest expense for operating leases.

Summary

Despite modest operating cash flow growth, increases in capital investments combined with dividends have resulted in consistent gross free cash flow deficits. These deficits have been funded out of cash on hand, with no increases in debt.

While not reflected in the cash flow statement, in July 2008, Toronto Hydro closed the sale of THTI for $200 million in cash. Retained sale proceeds (estimated at $100 million) will be used to fund future capital investment in the utility.

The higher working capital deficit was due to the timing of billing and collection activities and the payment of electricity rebates.

Toronto Hydro issued $250 million of 5.15% senior unsecured debentures in November 2007. The net proceeds were used to repay $245 million of indebtedness outstanding to the City. Toronto Hydro's dividend policy is set at the greater of $25 million or 50% of net income.

While the Company continues to generate consistent free cash flow deficits, key credit metrics have improved gradually, as debt levels have been constant with a growing equity base and lower interest expense on the Company's promissory note and refinancing of maturing issues.

Outlook

Operating cash flow should trend higher over the medium term, underpinned by growing earnings and higher depreciation commensurate with increases in capital expenditures.

Capital expenditures are expected to average approximately $275 million and $300 million per annum through 2011. This, in conjunction with Toronto Hydro's current dividend policy, will increase cash needs through the capital build cycle.

While the Company will incur manageable levels of free cash flow deficits (in the range, on average, of $100 million to $150 million per year), debt levels are expected to remain constant, as proceeds from the THTI sale ($100 million DBRS estimate), along with current cash on the balance sheet ($200 million as of June 30, 2008), should sufficiently cover financing requirements over the medium term.

As such, leverage and coverage ratios are expected to gradually improve over the medium term, as a growing equity base, higher distribution rates and lower interest expense from lower-cost refinancings drive financial metrics.

Long-Term Debt Maturities and Bank Lines

Repayment schedule	%	CDN millions
2008	0%	0
2009	20%	245
2010	0%	0
2011	20%	245
2012	0%	0
2013	39%	470
Thereafter	20%	245
Total		**1,205**

Credit Facility (CAD millions)	Amount	Drawn/LOCs	Available	Expiry
Three year revolving credit facility	500	45	455	5/3/2010

Long-term debt	Int. rate	Jun. 2008	Dec. 2007
Senior unsecured debentures	5.6%	471	471
Promissory note payable to the City	6.1%	735	735
Total debt		**1,206**	**1,206**

Long-Term Debt

The debt repayment schedule is significant, with approximately 80% of long-term debt being refinanced by 2013. Most of these maturities are notes owed to the City, but also includes the $225 million in third-party debt issued in 2003. Refinancing maturing issues should be well within Toronto Hydro's financing capacity, given its low level of business risk and solid financial profile.

In November 2007, Toronto Hydro issued $250 million of senior unsecured debentures pursuant to the short-form base shelf prospectus dated January 2006. As of June 3, 2008, the Company has $750 million available under the shelf.

The debenture indenture includes the following covenants:

- Any additional indebtedness is subject to a 75% capitalization ratio test
- Negative pledge clause
- Limitations on designated subsidiary indebtedness

The $735 million promissory note with the City ranks pari passu with the senior unsecured debentures.

Liquidity

As of June 30, 2008, the Company had a $500 million credit line, of which $455 million was available. This facility, in addition to stable operating cash flow and a substantial cash balance of $200 million, gives the Company strong liquidity to support its working capital needs over the medium term.

DBRS notes that Toronto Hydro currently does not have a commercial paper program.

Toronto Hydro Corporation

Balance Sheet

(CAD millions)	As of	As at December 31			As of	As at December 31	
Assets	Jun. 2008	2007	2006	**Liabilities and Equity**	Jun. 2008	2007	2006
Cash + short-term investments	200	216	328	Short-term debt	-	-	245
A/R + unbilled revenue	419	432	435	A/P + accruals	297	309	285
Inventories/tax receivables	35	28	22	Other current liab.	34	11	25
Prepaids and other	119	2	15	**Current Liabilities**	330	320	555
Current Assets	773	678	800	Customer deposits	22	24	26
Net fixed assets	1,825	1,845	1,657	Long-term debt	1,206	1,206	960
Investments held to maturity	66	75	0	Employment benefits	148	144	135
Future income tax asset	5	15	16	Other liabilities	108	73	24
Regulatory assets	17	19	67	Shareholders' equity	938	929	892
Intangibles & other assets	68	64	52	**Total**	2,753	2,696	2,592
Total	2,753	2,696	2,592				

Ratio Analysis	12 mos ended	For the year ended December 31				
Liquidity Ratios	Jun. 2008	2007	2006	2005	2004	2003
Current ratio	2.34	2.12	1.44	1.13	1.24	1.11
Total debt-to-capital (1)	57.0%	57.2%	57.7%	59.0%	59.7%	61.2%
Cash flow/total debt (1)	18.8%	18.2%	17.9%	16.6%	17.4%	20.9%
Cash flow/capital expenditures	0.82	0.75	1.18	1.44	1.93	2.27
(Cash flow-dividends)/capital exp.	0.68	0.60	0.93	0.95	1.48	2.23
Debt/EBITDA (1)	3.82	3.85	3.73	3.79	3.75	3.27
Common dividend payout ratio	74.9%	75.0%	60.1%	106.3%	77.0%	4.9%
Deemed equity	35%	35%	35%	35%	35%	35%
Coverage Ratios						
EBITDA gross interest coverage (1)	4.29	4.20	4.12	3.84	3.85	4.51
EBITDA net interest coverage (1)	5.19	5.39	5.34	4.65	4.53	5.28
EBIT gross interest coverage (1)	2.18	2.24	2.39	2.27	2.25	2.94
EBIT net interest coverage (1)	2.63	2.85	3.09	2.75	2.64	3.45
Profitability/Operating Efficiency						
Operating margin	7.0%	7.3%	8.6%	7.4%	8.9%	10.1%
Net margin (before extras.)	10.5%	11.7%	14.8%	12.5%	12.5%	18.4%
Return on average equity (before extras.)	6.0%	6.8%	8.9%	7.7%	8.0%	14.2%
Electricity Throughputs (million kWh)	%	2007	2006	2005	2004	2003
Residential	21%	5,332	5,352	5,724	5,412	5,408
General service	69%	17,837	17,583	17,957	17,502	17,627
Large users	10%	2,591	2,592	2,563	2,594	2,570
Street lighting	0%	0	0	128	128	128
Total (million kWh)		25,760	25,527	26,372	25,636	25,733
Growth in electricity throughputs		0.9%	-3.2%	2.9%	-0.4%	-2.2%
Customers	%	2007	2006	2005	2004	2003
Residential	88%	601,515	599,080	597,469	594,976	590,109
General service	12%	78,349	78,978	79,162	78,150	78,517
Large users	0%	49	49	47	47	47
Street lighting	0%	1	1	1	1	1
Total		679,914	678,108	676,679	673,174	668,674
Growth in customer base		0.3%	0.2%	0.5%	0.7%	0.6%

(1) DBRS adjusted debt and interest expense for operating leases.

Financial results reflect adjustment to exclude mark-to-market in revenues and tax recovery settlement in 2008 (from 2001 & 2002).

Toronto Hydro Corporation

Report Date:
October 8, 2008

Rating

Debt	Rating	Rating Action	Trend
Short-Term Issuer Rating	R-1 (low)	Confirmed	Stable
Senior Unsecured Debentures & MTNs	A	Trend Change	Positive

Rating History

	Current	2007	2006	2005	2004
Short-Term Issuer Rating	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)
Senior Unsecured Debentures & MTNs	A	A	A	A	A (low)

Related Research

- Comments on Telecom Sale, June 16, 2008.

Note:
All figures are in Canadian dollars unless otherwise noted.

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RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

INTERROGATORY 10:

Reference(s): EB-2009-0243 Recovery of Remediation Costs for Contact Voltage Level III Emergency

a) To avoid VECC asking the same questions again, please provide for the record of this proceeding a copy of THESL's evidence and interrogatory responses to VECC from application EB-2009-0243.

RESPONSE:

a) Copies of THESL's evidence and interrogatory responses to VECC from application EB-2009-0243 are attached hereto as Appendices A and B respectively.

Colin J. McLorg
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cmclorg@torontohydro.com

toronto hydro electric system

2009 June 30

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St
Toronto, ON M4P 1E4

via RESS and courier

Dear Ms. Walli:

RE: EB-2009-0243; Application for Recovery of Contact Voltage Remediation Costs

I have enclosed an application from Toronto Hydro-Electric System Limited (THESL), requesting the Board's approval of rate riders to recover costs incurred by THESL for the remediation of contact voltage conditions on its system. Two paper copies of the application will follow by courier.

Please contact me as indicated below for all matters pertaining to this application.

Yours truly,



Colin McLorg

Manager, Regulatory Policy and Relations
416-542-2513
regulatoryaffairs@torontohydro.com

Introduction and Relief Sought

Toronto Hydro-Electric System Limited ("THESL") hereby applies to the Ontario Energy Board under Section 78.(3) of the *Ontario Energy Board Act* for disposition and recovery through rates of certain qualifying costs incurred by THESL arising from the emergency correction of contact voltage occurrences on its electricity distribution system (the 'Level III Emergency'). The costs were incurred by THESL from February through March of 2009, and in one category will be continued to year end 2009. These costs were unforeseen and incremental to THESL's existing approved revenue requirement. This Application is brought to demonstrate that these costs meet the eligibility requirements of the Board (Incrementality, Exogeneity, Materiality, and Prudence) pertaining to "Z-factor"-type costs and that recovery of these costs through rates is proper, just, and reasonable.

Specifically, THESL seeks an Order of the Board:

a) Approving for recovery through definite-term rate riders of a total amount of $14.35 million, allocated as between THESL's various rate classes in the manner set out below; and
b) Implementation of the approved definite-term rate riders for a period of one year commencing May 1, 2010, for classes other than Streetlighting and Unmetered Scattered Load, and for three years for the Streetlighting and Unmetered Scattered Load classes.

Background

Contact Voltage

'Contact Voltage' refers to the presence of voltage in locations or circumstances which present an electrical shock hazard to people, animals, or equipment that touch the electrified object.

Typically contact voltage occurs when a live conductor touches an object which is not itself grounded but which becomes grounded (allowing current to flow) when it is touched by someone or something else. Contact voltage is especially problematic when the electrified object is in a location where it is exposed to incidental contacts by people, animals, or other objects.

Events Leading to the Level III Emergency Declaration

On November 20, 2008 and January 13, 2009, THESL emergency response crews were dispatched to two separate locations in the vicinity of Keele and Annette Streets in the City of Toronto. These incidents involved dogs that received fatal electrical shocks from energized handwells. 'Handwells' are essentially electrical junction boxes embedded in sidewalks or other pavement, into which wire conductors are brought and connected. The wire-to-wire connections are normally covered by a plastic insulator cap in the shape of an inverted bucket, and the insulator and surrounding hole are covered by a metal plate bolted in place. Site investigations revealed that in each incident, contact voltage was caused by insulation breakdown on energized connectors, allowing voltage to energize the metal frame and cover of the respective handwells.

At approximately 3 pm on January 29, 2009 THESL was notified that five children received mild shocks emanating from the concrete sidewalk on the northwest corner of the intersection of Gerrard Street and Sumach Street in the City of Toronto. The children were unharmed. The incident was immediately investigated by a THESL Emergency Response crew, which blocked off the affected area to pedestrian traffic and made it safe for the public. The Emergency Response crew was unable to locate the source of the contact voltage on the THESL portion of the underground secondary system. The Emergency Response crew therefore suspected a problem on the underground streetlighting secondary system, and promptly requested that the THESL Control Centre contact Toronto Hydro Energy Services Inc ("THESI") to have a streetlighting crew dispatched to further investigate the situation. Upon arriving at the scene the THESI crew was able to determine the precise location of the contact voltage fault, but was unable to locate the source of the voltage supplying the fault until after 6 pm, at which time it was found to be an abandoned streetlight conductor that had become unintentionally energized due to the degradation of connectors elsewhere in the circuit. The source of the contact voltage was immediately disconnected to eliminate any further public safety hazards.

Declaration of the Level III Emergency

Considered together, the events outlined above indicated the possibility of systemic faults in underground equipment, which, if present, would pose an unacceptable risk to the public and to employees of THESL and THESI. The possible hazard to the public was heightened by the presence of road salt that when mixed with water, combined to form a highly conductive solution on sidewalks and thoroughfares throughout the city. Executive management of THESL therefore concluded that an emergency condition existed which demanded immediate and intensive efforts to correct. THESL declared a Level III emergency, the second highest level of system emergency, on January 30, 2009.

On February 2, 2009, Anthony Haines, the President of THESL, wrote to both the Chair and the Secretary of the Board to advise the Board of the Level III emergency. The text of that letter is reproduced below:

> I write to advise the Board that Toronto Hydro has declared an operational Level III Emergency in response to the discovery of possibly widespread occurrences of faulty electrification in equipment that the public may be exposed to. Specifically, electrical junction boxes or 'handwells' that are embedded in sidewalks and are used to connect streetlights and other equipment appear in some cases to be improperly electrified and capable of producing electrical shocks to persons, animals, and equipment. It is our opinion that this condition, where it exists, presents a serious threat to public safety and must be corrected as soon as possible using all reasonable measures.
>
> Toronto Hydro has therefore suspended all other non-emergency planned work on its system and has deployed its own utility and streetlighting crews, as well as

available contractor resources, on a 7 day per week, 24 hour per day basis to locate, diagnose, secure, and repair to a safe condition all the suspect equipment on its distribution and streetlighting systems.

In order to accomplish this substantial work program as quickly and effectively as possible, all the involved resources will be directed by senior management of the distribution utility. While Toronto Hydro will make every effort to capture and record all relevant information on the equipment itself and the directly associated expenditures, it will not be possible under the conditions to segregate the crews and assets of the streetlighting affiliate from those of the distribution utility. For any location determined to require repair, the first available crew will be dispatched regardless of the precise nature of the electrical fault or of crew personnel composition.

Starting immediately and throughout the course of the project, Toronto Hydro will keep the media and the public informed of any known hazards, as well as contact and other relevant information. Our Communications Department will also furnish any information at its disposal to the Board should the Board have need of any information for purposes of fielding inquiries from the public.

The expenditures undertaken will be substantial. Given the magnitude of the operation, at this early stage we estimate costs to be in the range of $15 million - $25 million. It is likely that after the conclusion of the project, Toronto Hydro will apply to the Ontario Energy Board for cost recovery related to this operation. For that purpose, Toronto Hydro will record in appropriate USoA accounts the capital and operating costs incurred and directly caused by this project.

It is clear that this work program will be disruptive, to varying degrees, of Toronto Hydro's normal business and planned activities. We expect that there may be additional operating and cost consequences and we intend to manage these diligently to minimize any adverse impacts. Please also be assured that Toronto Hydro will do our utmost to maintain our standard of response to outages and any other safety matters which present in the normal course of business.

Our concern for worker and public safety is paramount and guides our decisions around this challenge. I commit to maintaining heightened communication with the Board on this matter until its resolution and invite you to contact me directly should you have questions or concerns.

Level III Remediation Activities

The activities required to correct the potential contact voltage faults throughout the city fell broadly into two categories: detection and remediation.

Detection was carried out by means of remote voltage sensing equipment operated by the US firm Power Survey LLC ("PSC"), under contract to THESL. PSC personnel, under the general direction of THESL management, exhaustively patrolled the streets of Toronto to detect instances of contact voltage, not only on streetlighting equipment but on any object that the public might contact at or near street level, including business improvement area ("BIA") lighting, bus shelters, phone booths, traffic and cross-walk signals, electrified signs and displays, and other street furniture. Much of the detection work was conducted at night in order to identify electrification problems that would only be apparent when lighting equipment was energized.

Remediation was carried out by THESL crews, THESI crews, and crews from available electrical contractors, all working under the direction of THESL management. Remediation work was itself undertaken in two categories; response to identified contact voltage incidents, and systematic inspection and repair, as necessary, of all handwells.

For identified contact voltage incidents, the first available crew from any of the labour pools was dispatched as soon as possible to the location to correct the faulty presence of voltage. In cases where this involved equipment of THESL or THESI, the cause of the contact voltage was identified and corrected, and any necessary repairs related to preventing its recurrence were made. This could involve, for example, disconnecting an improperly connected source of voltage; reconnecting and securing existing conductors; or re-insulating conductors so as to remove contact with the improperly electrified object.

In cases where third party equipment was found to be improperly electrified, it was simply disconnected altogether from the source of voltage and no attempt was made to diagnose and/or repair the underlying fault. Where the owner of such equipment was identifiable, the owner was notified of the unsafe condition and disconnection; otherwise no notification was possible. The costs involved in such disconnection and notification were minimal.

The second category of remediation work was the systematic inspection and repair, if necessary, of handwells. As previously noted, handwells are essentially large electrical junction boxes; enclosures at surface level where connections to the underground secondary distribution system are made for the purpose of providing power to streetlighting and unmetered scattered loads (USL) such as those listed above. Within a typical handwell, several wires representing multiple circuits may be present. At their ends, these conductors are joined using approved connectors and insulating material like electrical tape. The wires and connectors are then bundled into a compact form and fitted into the available space within the handwell socket, and covered with another insulating, inverted plastic bucket or cap which protects and insulates the wire bundle. Finally a flush-fitting metal plate is bolted in place to provide structural strength to the whole assembly and protection from intrusion into the chamber, and support for foot traffic and other loads exerted on the handwell.

Existing handwells were systematically inspected because it had become apparent that they had significant potential to be involved in or contribute to an incident of contact voltage. Inspection revealed numerous instances of missing plastic caps; degraded or faulty insulation; and improper

repacking of the conductors. Any faults or sub-standard conditions found on inspection were corrected to prevent a future instance of contact voltage from occurring.

Level of Costs Incurred

In total, the expensed cost incurred by THESL for the Level III emergency was $11.94 million. A breakdown of these expenditures is given in Table 1. A further amount of $2.41 million will be expended through the balance of 2009 for the maintenance of the scanning program on a non-emergency basis in order to ensure that further instances of contact voltage are minimized.

TABLE 1

CONTACT VOLTAGE REMEDIATION EXPENDITURES

	Col. 1	Col. 2	
R. 1	**Description**		**Expenditure**
R. 3	**Level III Emergency Expenditures**		**$millions**
R. 5	Labour - Regular time	$	3.37
R. 6	Labour - Overtime	$	2.15
R. 7	**Labour - Total**	**$**	**5.52**
R. 9	Electrical Contractor Cost	$	0.67
R. 10	Scanning Contractor Cost	$	4.15
R. 11	Inventory and Materials	$	1.01
R. 12	Other	$	0.59
R. 13	**Total - Non Labour**	**$**	**6.42**
R. 15	**Total Level III Expenditures**	**$**	**11.94**
R. 17	**Continued Scanning Expenditures**	**$**	**2.41**
R. 19	**Total Contact Voltage Expenditures**	**$**	**14.35**

Recovery Eligibility Analysis of Expenditures Incurred

Incrementality Analysis of Expenditures Sought for Recovery

The incremental character of expenditures in this context refers to whether or not those expenditures are already included in the allowed revenue requirement, or are incremental to the allowed amount. THESL does not seek recovery in this Application of any amount that forms part of the approved 2009 revenue requirement. However, THESL submits that the expensed costs incurred in connection with the Level III emergency were unforeseen and truly incremental to the requested and allowed Opex amounts for 2009.

THESL's claim of incrementality of these costs rests fundamentally on the facts that the necessity of the expenditures was unforeseen, and that the expenditures were novel. No such work had apparently been necessary previously and the project overall was certainly unprecedented on the THESL system. As a result, neither THESL nor any other party had knowledge beforehand that such expenditures might be necessary, and THESL clearly did not include these as part of its requested Opex budget for 2009.

Examining the expensed costs category by category, those for Electrical Contractors, Scanning Contractors, Inventory and Materials, and Other (including External Services, Rental Vehicles, and Communication) were directly caused by the Level III emergency situation and would not have been incurred but for that event. In light of the experience gained, THESL will propose costs in certain categories such as system scanning for inclusion in revenue requirements on a going-forward basis. However, that does not detract from the fact that Level III expenditures in the categories listed above were unforeseen and definitely not included in the requested 2009 revenue requirement.

With respect to regular labour and other miscellaneous internal costs charged to the Level III emergency project, THESL submits that these are properly considered incremental to the approved revenue requirement because THESL is committed to achieving its planned and approved levels of operations and maintenance and capital work in 2009 and will therefore at least exhaust its approved revenue requirement in this category. In fact, it is highly likely that THESL will have to incur unbudgeted overtime and contractor costs in order meet this commitment; in any case though, given THESL's commitment to meet planned O&M and capital work, the diversion of the resources that would otherwise have been devoted to that work should be treated as incremental. In the case of overtime labour, this would not have been incurred at the level experienced in February 2009 but for this event.

THESL also submits on the same basis that the costs for continued system scanning are clearly incremental to the approved revenue requirement for 2009; these costs were unforeseen and are novel for THESL's system.

Exogeneity of Contact Voltage Control Costs

Exogeneity of costs in this context refers to their character as having been externally imposed or required, as distinct from being discretionary and voluntarily undertaken.

The Level III costs incurred by THESL meet the exogeneity criterion because it was imperative for reasons of public and worker safety to correct any instances of faulty electrification as soon as possible using all reasonable measures. Management judgement was certainly required and exercised with respect to <u>how</u> to respond to the situation, and that question goes to prudence; however, no discretion as to <u>whether</u> to respond could have been exercised or tolerated. There was no uncertainty about whether hazardous situations could exist; this had already been amply demonstrated by the contact voltage incidents described above.

Therefore a response was mandatory and it would have been grossly irresponsible for THESL not to have acted when it did. Similarly, THESL is obliged to maintain contact voltage surveillance through continued scanning.

Materiality of Contact Voltage Control Costs

The incremental costs of $14.35 million meet the Board's criteria for materiality expressed in the Board's July 2008 Report on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors. The Level III Emergency was a single event and the materiality threshold is $1 million for distributors with a distribution revenue requirement of more than $200 million.

Prudence of Contact Voltage Control Costs

The prudence of the Level III costs refers to whether the costs were reasonable and effective in producing the required results, in the circumstances and with the information available to management at the time. THESL submits that the assessment of prudence should be undertaken with due regard to THESL's responsibility to respond immediately and effectively to a demonstrated and serious threat to public safety, and that consideration of approaches that might be taken in non-emergency circumstances are irrelevant to the determination of prudence in this case. Correspondingly, the reasonableness of the measures and costs undertaken should be assessed by considering whether available alternative approaches, given the information and resources available, might have been used instead with greater effectiveness or lower cost.

On March 4, 2009, the Board issued a letter to distributors (attached as Appendix 1 to this Application) addressing issues around contact voltage. Among other things, the Board stated:

> "Public safety is of primary importance. Uncertainty as to connection demarcation points should not inhibit or delay the correction of unsafe wiring of unmetered load. Distributors should ensure that any unsafe wiring encountered on public walkways is addressed immediately."

As described above, the detection phase of the Level III emergency work was undertaken because of the requirement to immediately identify any existing (as distinct from potential) instances of contact voltage in locations which would present a hazard to people, animals, or equipment. At a minimum therefore, this would involved detecting contact voltages at street level throughout the entire service area of THESL. Essentially, there were two possible methods for conducting the detection work: manual approach and testing of all possible sources of contact voltage, which is itself invisible; or the use of remote sensing equipment mounted in trucks which could be used to sweep streetscapes for contact voltage sources which would otherwise not be visually apparent.

THESL submits that while the manual approach would have been theoretically possible, it would clearly have been unreasonable because of the exceedingly large amount of time and high cost that would have been required for such an approach. There are hundreds of thousands of electrically connected objects in Toronto thoroughfares. An enormous effort would have been required to manually test and catalogue all of those objects, and the time required to complete such a project

would itself have disqualified that approach apart from the cost. The presence throughout the city of salt water solutions, which are electrically conductive and can create a hazard where none exists under dry conditions, added to the urgency of identifying all contact voltage locations as soon as possible. Furthermore, it was necessary to suspend non-emergency planned work for the duration of the Level III project and consequently connections and other normal jobs were not being completed during this period. From the perspective of regular customer service it was vital to minimize the period of disruption to normal operations.

For these reasons THESL submits that it was prudent in the circumstances for it to hire the services of a contact voltage scanning contractor. The firm engaged by THESL to do this work was selected because of its competence to undertake the work and its immediate availability.

It followed from the urgency of the situation that overtime up to safe limits, and the engagement of available contractors outside of THESL, be undertaken to correct any detected instance of contact voltage as soon as possible.

While the remote sensing sweep and associated follow up was clearly necessary to correct existing instances of contact voltage, it was apparent that a systemic problem on the underground secondary distribution system throughout the city could exist and may have been being exacerbated by the presence of salt water solutions. There was ample evidence to suggest that the handwells presented incipient if not actual hazards and therefore as an effort complementary to the detection activities, a thorough inspection of all handwells was also undertaken as a preventive measure and to ensure the integrity and safety of that equipment.

During the Level III emergency, over 13,000 handwells were cleared of snow as necessary, opened, inspected, remediated as necessary and marked as complete. Remediation included disconnection of improperly connected conductors (e.g., redundant feeds), re-terminating connections, re-insulation of connectors and conductors, re-packing of conductors, replacement of plastic caps, and replacement of cover plates.

Again, the urgency of the situation demanded the use of available contractors and overtime up to safe levels in order to complete the necessary remediation as soon as possible and resume normal operations.

Non-Recovery of Costs From Asset Owners

In its letter of March 4, the Board also stated:

> "It is expected that distributors have planned for, and are able to accommodate, all necessary maintenance or isolation of connections for unmetered loads to ensure the public's safety. In this regard, distributors are also expected to recover from the customer the cost of repairs or isolation of customer owned equipment or connections. A one-time billing charge or direct invoice may be used for this purpose. Distributors should where possible discuss in advance the need for correction to customer equipment.

> The Board recognizes that in some circumstances distributors may seek future recovery of the costs of repairs made to customer owned equipment or connections. In these circumstances distributors should record the appropriate amounts in deferral Account 1572 – Extraordinary Events Cost. Distributors may seek disposition of these accounts in conjunction with rate application filings. In seeking disposition distributors should be prepared to explain the amounts for which recovery is sought and what steps were taken to recover costs included in repairing the customer's connection or equipment."

In the normal course of business THESL routinely plans for and accommodates customer needs for disconnection and isolation of any loads, unmetered or otherwise. In any circumstances in which the disconnection, isolation, and/or repair of customer owned equipment is undertaken with knowledge of the precise extent of the equipment and the identity of the owner, the costs of that work are routinely recovered from the asset owner.

The Level III emergency situation was distinctly and significantly different than business as usual. In contrast to the situation where a discrete piece of work is done on equipment for which the ownership is clear, the Level III emergency involved work on underground assets which in many cases were only nominally demarcated – the practical reality was that it was often difficult to distinguish whether the secondary equipment was a THESL, streetlighting, or other third party (e.g., BIA) asset. Furthermore the situation did not permit the time and effort to disentangle, analyze, and record whose was the faulty asset. In short, the circumstances did not support the usual recognition of and billing for work done on customer-owned equipment.

Nevertheless, as discussed below under Cost Allocation, THESL proposes that costs be recovered in a manner that results in an outcome substantially similar to that which likely would have prevailed if it had have been possible to discretely record and cost each individual piece of remediation work.

Furthermore, THESL has filed separate applications with the Board under docket numbers EB-2009-0180 to 0183 inclusively which seek, ultimately, the re-unification of the streetlighting system with the main distribution system. If granted, that re-unification would substantially clarify and simplify the ownership and operation of the secondary distribution system in Toronto.

Cost Allocation and Rate Riders

Cost Segregation

THESL proposes that the overall incremental costs sought for recovery be segregated into two categories for the purposes of allocation and recovery. The first category is composed of the scanning costs, $6.56 million out of the total incremental costs of $14.35 million.

The scanning costs were undertaken to ensure the safety of the entire distribution system, and as an operational matter the scanning could not have been, and should not have been, confined to a particular class or classes of customers. Furthermore the safety benefits could similarly not be confined to a particular class or classes of customers.

Therefore THESL proposes that the scanning costs of $6.56 million ($4.15 million in Level III, and $2.41 for continued scanning) be allocated to all classes.

THESL proposes that the remaining balance of $7.79 million related to the remediation of existing contact voltages and inspection and remediation of handwells be recovered from the Streetlighting and USL classes.

Cost Allocation

THESL proposes that scanning costs be allocated to all classes based on customer numbers, and specifically the customer numbers forecast and approved for purposes of the 2009 Distribution Rate Update. In practical terms this results in the large majority of these costs being allocated to residential and small general service customers.

THESL proposes that scanning costs be allocated to all classes based on the methodology embodied in the Board-developed Cost Allocation Model. Using this methodology, the number of customers on secondary, by class, is the allocator, and the (secondary) customer numbers forecast and approved for purposes of the 2009 Distribution Rate Update have been used. In practical terms this results in the large majority (86%) of these costs being allocated to residential and small general service customers, with substantially all of the remainder being allocated to streetlighting and USL.

With respect to the remaining remediation costs, THESL proposes that these be specifically allocated to the Streetlighting and USL classes in proportion to the number of connections in those classes respectively. As explained above, a strictly accurate determination of the allocation of remediation costs was not possible in the situation, but THESL submits that given the circumstances and the information available, this proposal produces as reasonable an outcome as can be suggested.

In the result, these proposals together produce amounts to be recovered as set out in Exhibit 1 to this Application: $5.071 million for the Residential class; $0.549 million for the General Service <50 kW class; $7.126 million for Streetlighting; $1.576 for USL; and lesser amounts for the remaining classes.

Recovery and Rate Riders

THESL proposes that the amounts related to scanning and allocated to classes other than Streetlighting and USL be recovered over 12 months commencing May 1, 2010 by way of rate riders calculated as fixed monthly amounts per customer as applicable. For residential customers, this produces a rate rider of $0.68 per customer per 30 days. The proposed rate riders for all classes are set out in Exhibit 1, and bill impacts relative to existing 2009 distribution and total bills are set out in Exhibits 2a and 2b respectively. It cannot be known at this time what the 2010 rate basis for comparison would be.

THESL proposes for the USL and Streetlighting classes that the remediation and scanning costs be recovered over three years in view of the significant bill impacts involved. The impacts shown in

Exhibit 2 for these classes are based on the total amount allocated to those classes for recovery being divided by three and being recovered over the three rate years 2010, 2011, and 2012.

Summary

THESL submits that the recovery of the costs sought in this Application is proper, just, and reasonable. THESL's actions and this Application were and are consistent with the direction provided to utilities by the Board in its letter of March 4, 2009 concerning this issue. The costs were necessary for the immediate correction of contact voltage conditions that created serious hazards to public safety. They were incremental to THESL's existing approved revenue requirement. They were material and were prudently incurred under emergency conditions.

THESL's proposal for recovery of those costs is balanced as between rate classes and reasonably matches costs with benefits. Moreover, it does not create undue rate impacts for any class.

THESL therefore respectfully submits that the Board should approve the proposals set out in this Application.

Exhibits

Exhibit 1 – Derivation of Rate Riders

Exhibit 2a – Distribution Bill Rate Impacts

Exhibit 2b – Total Bill Rate Impacts

Exhibit 1 - Derivation of Rate Riders

	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11
R. 1				RESIDENTIAL	GS < 50 kW	GS - 50 to 1000 kW	GS > 1000 to 5000 kW	LARGE USER	UNMETERED SCATTERED LOAD	STREETLIGHT	TOTAL
R. 2											
R. 3	**2009 Approved Load by Rate Class**										
R. 4	Number of Customers			611,808	66,191	11,719	530	49	1,135	1	**691,433**
R. 5	Number of Connections								19,907	162,450	**182,357**
R. 6	2009 - Cost of Service Allocation - Secondary Customer Base			611,808	66,191	2,803	12	0	19,907	90,026	**790,747**
R. 7											
R. 8	**Allocators Percentages**										
R. 9	2009 - Cost of Service Allocation - Secondary Customer Base (%)			77.37%	8.37%	0.35%	0.00%	0.00%	2.52%	11.38%	**100%**
R. 10	Connections Allocation								18.11%	81.89%	**100%**

R. 12			ALLOCATOR	RESIDENTIAL	GS < 50 kW	GS - 50 to 1000 kW	GS > 1000 to 5000 kW	LARGE USER	UNMETERED SCATTERED LOAD	STREETLIGHT	TOTAL
R. 13	**Scanning**	$6,555,000	Secondary Customer Base	$5,071,665	$548,698	23,234	$100	$3	$165,022	$746,279	**$6,555,000**
R. 14	**Remediation**	$7,790,000	Connections Allocation	$0	$0	-	$0	$0	$1,410,642	$6,379,358	**$7,790,000**
R. 15	**Total Recovery**	**$14,345,000**		**$5,071,665**	**$548,698**	**23,234**	**$100**	**$3**	**$1,575,664**	**$7,125,636**	**$14,345,000**

R. 17	***2010 - Rate Riders***	RECOVERY AMOUNT	ALLOCATOR	RESIDENTIAL	GS < 50 kW	GS - 50 to 1000 kW	GS > 1000 to 5000 kW	LARGE USER	UNMETERED SCATTERED LOAD	STREETLIGHT
R. 18	**Scanning Portion**	**$5,947,466**	Secondary Customer Base	**$ 0.68**	**$ 0.68**	**$ 0.16**	**$ 0.02**	**$ -**	**$ 0.23**	**$ 0.13**
R. 19	**Remediation Portion**	**$2,596,667**	Total Recovery	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1.94**	**$ 1.08**
R. 20	**Total Contact Voltage Rider**	**$8,544,133**		**$0.68**	**$0.68**	**$0.16**	**$0.02**	**$0.00**	**$2.17**	**$1.21**

R. 22	***2011 - Rate Riders***	RECOVERY AMOUNT	ALLOCATOR	RESIDENTIAL	GS < 50 kW	GS - 50 to 1000 kW	GS > 1000 to 5000 kW	LARGE USER	UNMETERED SCATTERED LOAD	STREETLIGHT
R. 23	**Scanning Portion**	**$303,767**	Secondary Customer Base	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 0.23**	**$ 0.13**
R. 24	**Remediation Portion**	**$2,596,667**	Total Contact Voltage Rider	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1.94**	**$ 1.08**
R. 25	**Total Contact Voltage Rider**	**$2,900,433**		**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$2.17**	**$1.21**

R. 27	***2012 - Rate Riders***	RECOVERY AMOUNT	ALLOCATOR	RESIDENTIAL	GS < 50 kW	GS - 50 to 1000 kW	GS > 1000 to 5000 kW	LARGE USER	UNMETERED SCATTERED LOAD	STREETLIGHT
R. 28	**Scanning Portion**	**$303,767**	Secondary Customer Base	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 0.23**	**$ 0.13**
R. 29	**Remediation Portion**	**$2,596,667**	Total Contact Voltage Rider	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1.94**	**$ 1.08**
R. 30	**Total Contact Voltage Rider**	**$2,900,433**		**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$2.17**	**$1.21**

Exhibit 2a: 2009 Distribution and Rate Rider Bill Impact

	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11
R. 1				2009 Rates			2009 Rates with CV Rate Riders			2009 Increase	
R. 2	kWh	kW	kVA	Distribution ($)	Rate Rider ($)	Total ($)	Distribution ($)	Rate Rider ($)	Total ($)	$	%
R. 3	**Residential**										
R. 4	100			18.29	0.57	18.86	18.29	1.25	19.54	**0.68**	**3.6%**
R. 5	250			20.45	0.45	20.90	20.45	1.13	21.58	**0.68**	**3.3%**
R. 6	500			24.04	0.25	24.29	24.04	0.93	24.97	**0.68**	**2.8%**
R. 7	750			27.64	0.05	27.69	27.64	0.73	28.37	**0.68**	**2.5%**
R. 8	1,000			31.23	-0.15	31.08	31.23	0.53	31.76	**0.68**	**2.2%**
R. 9	1,500			38.42	-0.55	37.87	38.42	0.13	38.55	**0.68**	**1.8%**
R. 10	2,000			45.61	-0.95	44.66	45.61	-0.27	45.34	**0.68**	**1.5%**
R. 11	**GS<50 kW**										
R. 12	1,000			41.23	0.24	41.47	41.23	0.92	42.15	**0.68**	**1.6%**
R. 13	5,000			120.39	-1.36	119.03	120.39	-0.68	119.71	**0.68**	**0.6%**
R. 14	10,000			219.34	-3.36	215.98	219.34	-2.68	216.66	**0.68**	**0.3%**
R. 15	20,000			417.24	-7.36	409.88	417.24	-6.68	410.56	**0.68**	**0.2%**
R. 16	**GS 50-999 kW**										
R. 17	30,000	100	100	548.61	-4.02	544.59	548.61	-3.86	544.75	**0.16**	**0.0%**
R. 18	40,000	100	100	548.61	-4.02	544.59	548.61	-3.86	544.75	**0.16**	**0.0%**
R. 19	150,000	500	556	2,898.91	-24.52	2,874.39	2,898.91	-24.36	2,874.55	**0.16**	**0.0%**
R. 20	200,000	500	556	2,898.91	-24.52	2,874.39	2,898.91	-24.36	2,874.55	**0.16**	**0.0%**
R. 21	270,000	900	1,000	5,191.89	-44.52	5,147.37	5,191.89	-44.36	5,147.53	**0.16**	**0.0%**
R. 22	360,000	900	1,000	5,191.89	-44.52	5,147.37	5,191.89	-44.36	5,147.53	**0.16**	**0.0%**
R. 23	450,000	900	1,000	5,191.89	-44.52	5,147.37	5,191.89	-44.36	5,147.53	**0.16**	**0.0%**
R. 24	**GS 1000-4999 kW**										
R. 25	300,000	1,000	1,111	5,516.79	-106.88	5,409.92	5,516.79	-106.86	5,409.94	**0.02**	**0.0%**
R. 26	400,000	1,000	1,111	5,516.79	-106.88	5,409.92	5,516.79	-106.86	5,409.94	**0.02**	**0.0%**
R. 27	500,000	1,000	1,111	5,516.79	-106.88	5,409.92	5,516.79	-106.86	5,409.94	**0.02**	**0.0%**
R. 28	600,000	2,000	2,222	10,328.24	-214.43	10,113.81	10,328.24	-214.41	10,113.83	**0.02**	**0.0%**
R. 29	800,000	2,000	2,222	10,328.24	-214.43	10,113.81	10,328.24	-214.41	10,113.83	**0.02**	**0.0%**
R. 30	1,000,000	2,000	2,222	10,328.24	-214.43	10,113.81	10,328.24	-214.41	10,113.83	**0.02**	**0.0%**
R. 31	**Large Use**										
R. 32	1,500,000	5,000	5,556	24,535.15	-548.76	23,986.39	24,535.15	-548.76	23,986.39	**0.00**	**0.0%**
R. 33	2,000,000	5,000	5,556	24,535.15	-548.76	23,986.39	24,535.15	-548.76	23,986.39	**0.00**	**0.0%**
R. 34	2,500,000	5,000	5,556	24,535.15	-548.76	23,986.39	24,535.15	-548.76	23,986.39	**0.00**	**0.0%**
R. 35	3,000,000	10,000	11,111	46,431.26	-1,098.21	45,333.05	46,431.26	-1,098.21	45,333.05	**0.00**	**0.0%**
R. 36	4,000,000	10,000	11,111	46,431.26	-1,098.21	45,333.05	46,431.26	-1,098.21	45,333.05	**0.00**	**0.0%**
R. 37	5,000,000	10,000	11,111	46,431.26	-1,098.21	45,333.05	46,431.26	-1,098.21	45,333.05	**0.00**	**0.0%**
R. 38	**Street Lighting**	Connections	Mthly kVA								
R. 39	9,182,014	159,861	26,461	666,540.82	-1,749.04	664,791.78	666,540.82	194,815.01	861,355.83	**196,564.05**	**29.6%**
R. 40	365	1	1	20.70	-0.07	20.64	20.70	1.14	21.85	**1.21**	**5.9%**
	Unmetered										
R. 41	**Scattered**	Customers	Connections								
R. 42	4,829,242	1,466	17,721	213,223.27	-8,161.42	205,061.85	213,223.27	30,293.15	243,516.42	**38,454.57**	**18.8%**
R. 43	365	1	1	19.04	-0.62	18.42	19.04	1.55	20.59	**2.17**	**11.8%**

Exhibit 2b: 2009 Total Bill Impact

	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Col. 12	Col. 13	Col. 14
R. 1					2009				2009 with CV Rate Riders				2009 Increase	
R. 2		kWh	kW	kVA	Distribution ($)	Rate Rider ($)	Non-Distribution ($)	Total ($)	Distribution ($)	Rate Rider ($)	Non-Distribution ($)	Total ($)	$	%
R. 3		**Residential**												
R. 4		100			18.29	0.57	7.90	26.76	18.29	1.25	7.90	27.44	**0.68**	**2.5%**
R. 5		250			20.45	0.45	19.38	40.27	20.45	1.13	19.38	40.95	**0.68**	**1.7%**
R. 6		500			24.04	0.25	38.51	62.80	24.04	0.93	38.51	63.48	**0.68**	**1.1%**
R. 7		750			27.64	0.05	57.64	85.32	27.64	0.73	57.64	86.00	**0.68**	**0.8%**
R. 8		1,000			31.23	-0.15	78.91	109.99	31.23	0.53	78.91	110.67	**0.68**	**0.6%**
R. 9		1,500			38.42	-0.55	121.84	159.71	38.42	0.13	121.84	160.39	**0.68**	**0.4%**
R. 10		2,000			45.61	-0.95	164.77	209.43	45.61	-0.27	164.77	210.11	**0.68**	**0.3%**
R. 11		**GS<50 kW**												
R. 12		1,000			41.23	0.24	78.84	120.31	41.23	0.92	78.84	120.99	**0.68**	**0.6%**
R. 13		5,000			120.39	-1.36	420.19	539.22	120.39	-0.68	420.19	539.90	**0.68**	**0.1%**
R. 14		10,000			219.34	-3.36	846.89	1,062.87	219.34	-2.68	846.89	1,063.55	**0.68**	**0.1%**
R. 15		20,000			417.24	-7.36	1,700.28	2,110.16	417.24	-6.68	1,700.28	2,110.84	**0.68**	**0.0%**
R. 16		**GS 50-999 kW**												
R. 17		30,000	100	100	548.61	-4.02	2,597.38	3,141.97	548.61	-3.86	2,597.38	3,142.13	**0.16**	**0.0%**
R. 18		40,000	100	100	548.61	-4.02	3,347.01	3,891.60	548.61	-3.86	3,347.01	3,891.76	**0.16**	**0.0%**
R. 19		150,000	500	556	2,898.91	-24.52	13,012.92	15,887.31	2,898.91	-24.36	13,012.92	15,887.47	**0.16**	**0.0%**
R. 20		200,000	500	556	2,898.91	-24.52	16,761.06	19,635.45	2,898.91	-24.36	16,761.06	19,635.61	**0.16**	**0.0%**
R. 21		270,000	900	1,000	5,191.89	-44.52	23,428.46	28,575.83	5,191.89	-44.36	23,428.46	28,575.99	**0.16**	**0.0%**
R. 22		360,000	900	1,000	5,191.89	-44.52	30,175.11	35,322.48	5,191.89	-44.36	30,175.11	35,322.64	**0.16**	**0.0%**
R. 23		450,000	900	1,000	5,191.89	-44.52	36,921.76	42,069.13	5,191.89	-44.36	36,921.76	42,069.29	**0.16**	**0.0%**
R. 24		**GS 1000-4999 kW**												
R. 25		300,000	1,000	1,111	5,516.79	-106.88	26,402.34	31,812.26	5,516.79	-106.86	26,402.34	31,812.28	**0.02**	**0.0%**
R. 26		400,000	1,000	1,111	5,516.79	-106.88	33,898.62	39,308.54	5,516.79	-106.86	33,898.62	39,308.56	**0.02**	**0.0%**
R. 27		500,000	1,000	1,111	5,516.79	-106.88	41,394.90	46,804.82	5,516.79	-106.86	41,394.90	46,804.84	**0.02**	**0.0%**
R. 28		600,000	2,000	2,222	10,328.24	-214.43	52,811.18	62,924.99	10,328.24	-214.41	52,811.18	62,925.01	**0.02**	**0.0%**
R. 29		800,000	2,000	2,222	10,328.24	-214.43	67,803.74	77,917.55	10,328.24	-214.41	67,803.74	77,917.57	**0.02**	**0.0%**
R. 30		1,000,000	2,000	2,222	10,328.24	-214.43	82,796.30	92,910.11	10,328.24	-214.41	82,796.30	92,910.13	**0.02**	**0.0%**
R. 31		**Large Use**												
R. 32		1,500,000	5,000	5,556	24,535.15	-548.76	130,580.78	154,567.16	24,535.15	-548.76	130,580.78	154,567.16	**0.00**	**0.0%**
R. 33		2,000,000	5,000	5,556	24,535.15	-548.76	167,443.20	191,429.59	24,535.15	-548.76	167,443.20	191,429.59	**0.00**	**0.0%**
R. 34		2,500,000	5,000	5,556	24,535.15	-548.76	204,305.63	228,292.01	24,535.15	-548.76	204,305.63	228,292.01	**0.00**	**0.0%**
R. 35		3,000,000	10,000	11,111	46,431.26	-1,098.21	261,168.05	306,501.10	46,431.26	-1,098.21	261,168.05	306,501.10	**0.00**	**0.0%**
R. 36		4,000,000	10,000	11,111	46,431.26	-1,098.21	334,892.90	380,225.95	46,431.26	-1,098.21	334,892.90	380,225.95	**0.00**	**0.0%**
R. 37		5,000,000	10,000	11,111	46,431.26	-1,098.21	408,617.75	453,950.80	46,431.26	-1,098.21	408,617.75	453,950.80	**0.00**	**0.0%**
R. 38		**Street Lighting**	Connections	Mthly kVA										
R. 39		9,182,014	159,861	26,461	666,540.82	-1,749.04	810,021.26	1,474,813.04	666,540.82	194,815.01	810,021.26	1,671,377.09	**196,564.05**	**13.3%**
R. 40		365	1	1	20.70	-0.07	28.80	49.44	20.70	1.14	28.80	50.65	**1.21**	**2.4%**
R. 41		**Unmetered Scattered Loads**	Customers	Connections										
R. 42		4,829,242	1,466	17,721	213,223.27	-8,161.42	396,581.69	601,643.54	213,223.27	30,293.15	396,581.69	640,098.11	**38,454.57**	**6.4%**
R. 43		365	1	1	19.04	-0.62	26.82	45.24	19.04	1.55	26.82	47.41	**2.17**	**4.8%**

Appendix 1

OEB Letter to Electricity Distributors re: Wiring Faults (March 4 2009)

Ontario Energy Board
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BY E-MAIL

March 4, 2009

To: All Licensed Electricity Distributors

Re: Wiring faults – servicing unmetered load connections

The Board has been monitoring reports of injuries as a result of connection faults. It has been suggested that uncertainty with respect to the demarcation point for outdoor unmetered load, such as streetlighting, may cause delays in correcting unsafe wiring. Issues have arisen specifically in respect to electrical junction boxes, or "handwells", that are located on public walkways.

Public safety is of primary importance. Uncertainty as to connection demarcation points should not inhibit or delay the correction of unsafe wiring of unmetered load. Distributors should ensure that any unsafe wiring encountered on public walkways is addressed immediately.

The Distribution System Code contemplates a utility taking the necessary steps to disconnect or otherwise correct customer connections. The sections include:

3.1.1 A distributor shall ensure that all electrical connections to its system meet the distributor's design requirements, unless the electrical connections are separated by a protection device that has been approved by the distributor. If an electrical connection does not meet the distributor's design requirements, a distributor may refuse connection.

4.1.7 A distributor may require that any consumer or customer condition that adversely affects the distribution system be corrected immediately by the consumer or customer at the consumer's or customer's cost.

4.1.8 A distributor may direct a consumer or customer connected to its distribution system to take corrective or preventive action on the consumer's or customer's electric system when there is a direct hazard to the public or the consumer or

customer is causing or could cause adverse effects to the reliability of the distributor's distribution system. If the situation is not corrected, the distributor may disconnect the consumer or customer in accordance with its disconnection policy.

4.2.6 In establishing its disconnection policy as specified in its Conditions of Service, consistent with section 30 and 31 of the Electricity Act and good utility practice, a distributor may consider the following reasons for disconnection:

- adverse effect on the reliability and safety of the distribution system;
- imposition of an unsafe worker situation beyond normal risks inherent in the operation of the distribution system; and,
- a materially adverse effect on the quality of distribution services received by an existing connection.

It is expected that distributors have planned for, and are able to accommodate, all necessary maintenance or isolation of connections for unmetered loads to ensure the public's safety. In this regard, distributors are also expected to recover from the customer the cost of repairs or isolation of customer owned equipment or connections. A one-time billing charge or direct invoice may be used for this purpose. Distributors should where possible discuss in advance the need for correction to customer equipment.

The Board recognizes that in some circumstances distributors may seek future recovery of the costs of repairs made to customer owned equipment or connections. In these circumstances distributors should record the appropriate amounts in deferral Account 1572 – Extraordinary Events Cost. Distributors may seek disposition of these accounts in conjunction with rate application filings. In seeking disposition distributors should be prepared to explain the amounts for which recovery is sought and what steps were taken to recover costs included in repairing the customer's connection or equipment.

If you have questions regarding this issue please contact the Ontario Energy Board at market.operations@oeb.gov.on.ca.

Yours truly,

Original Signed By

Kirsten Walli
Board Secretary

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

INTERROGATORY 1:

Reference(s): Application, page 3, paragraph 1

> "In order to accomplish this substantial work program as quickly and effectively as possible, all the involved resources will be directed by senior management of the distribution utility. While Toronto Hydro will make every effort to capture and record all relevant information on the equipment itself and the directly associated expenditures, it will not be possible under the conditions to segregate the crews and assets of the streetlighting affiliate from those of the distribution utility. For any location determined to require repair, the first available crew will be dispatched regardless of the precise nature of the electrical fault or of crew personnel composition."

a) Explain why THESL could not track and determine (Post event) the costs of remediation on a site specific basis in order to facilitate an appropriate allocation of these costs.

b) Why does not the utility's Work and Asset Management System work in such an emergency situation as for normal scheduled work. Please explain in detail.

c) Explain in detail why in respect of tracking of costs this situation was different than the Storm Damage Emergency of August 2009?

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

RESPONSE:

a) THESL was unable to discretely track costs incurred at each asset location due to the sheer volume of assets serviced. During this level III emergency event THESL staff and our contract partners inspected and serviced 65,499 asset locations. Discrete costing would require the creation of this same number of work orders and the transaction of unique charges to each work order. This exercise was not practical in the interest of expediently addressing this public safety concern within the time frame allowed by the OEB.

b) The THESL Work and Asset Management System (Ellipse) was not applicable during the level III emergency event because the street lighting assets did not belong to THESL and were not included in our asset register.

c) Emergency maintenance performed during storm events similar to that of August 20-21, 2009 are captured in less detail than the level III emergency event. In both cases all follow-up reactive repairs are tracked against the asset being repaired, with the newly created handwell and street light pole assets in the THESL asset register.

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

INTERROGATORY 2:

Reference(s): Application, page 5, Table 1

a) What is the basis of the costs claimed in Table 1? Provide the summary Worksheets showing the breakdown of costs on each line.
b) Explain in detail why Base compensation (as opposed to Overtime) for THESL staff deployed is incremental to the distribution revenue requirement? For example did THESL hire extra staff to back fill deployed staff?
c) If not included in a), provide the split in Labour costs (regular and OT) between THESL and THESC/Streetlighting.
d) Did THESL or Streetlighting not have Scanning Equipment and staff of its own that could be deployed? Explain.
e) Was the Contract for Scanning Services Tendered? If so provide details. If not on what basis was Power Survey LLC ("PSC") retained?

RESPONSE:

a) Additional information about the costs included in Table 1 is provided below.

Labour – Regular Time and Overtime:

Labour cost incurred for planning, inspection and remediation activities by internal staff. Labour costs include time for field crews and field supervision.

Electrical Contractor:

Costs incurred for inspection and repair of electrified assets by third parties. Due to the volume of work to be conducted in a short period of time, external contractors were engaged to address a portion of the work to be completed. The third parties

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

engaged were Enterra and Powerline Plus.

Scanning Contractor:
Costs incurred for the scanning of handwells and other objects to determine if they were electrified. Scanning activities were performed by Power Survey Company ("PSC").

Inventory and Materials:
Costs incurred for miscellaneous material used in the remediation work performed by internal labour and external contractors.

Other:
Primarily includes costs incurred for public communications and awareness campaigns with respect to this initiative and costs for rented and internal vehicles utilized during inspection and remediation activities.

b) THESL did not hire extra resources (other than the external contractor costs included in Table 1) to conduct its business during the Level III emergency. THESL is claiming the base compensation of the employees involved in the Level III emergency as the tasks performed by these employees were not included in the distribution revenue requirement and the time spent and related costs of such tasks were material.

Despite the delays related to the Level III emergency, THESL expects to deliver both its capital and maintenance programs for 2009. In order to do so, THESL will most

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

likely incur incremental overtime costs or incremental external contractor costs for the remainder of 2009. THESL did not believe that reducing the capital and maintenance programs for 2009 was a valid option due to the pressing need to improve its electricity infrastructure.

In addition, most of the base compensation incurred during the Level III emergency relates to employees deployed to capital programs. Under normal circumstances, the base compensation of these employees is capitalized as part of property, plant and equipment. Accordingly, only a fraction of the related costs would have been recovered in 2009 through the amortization and depreciation component of the distribution revenue requirement. THESL believes that since these costs were all expensed in 2009, THESL should be entitled to a full recovery of the costs as they were incurred.

c) The amount claimed in Table 1 only includes costs incurred by THESL. No costs incurred by THESI were included in Table 1.

d) No. Neither THESL nor THESI had the capability (i.e., technology or qualified and trained personnel) to provide mobile contact voltage detection services at the time.

e) Given the nature of the declared Level III Emergency and the urgency to protect public safety at the time, THESL retained PSC as a “Sole Source” (i.e., a tender was not issued to the market) service provider to provide mobile contact voltage detection services pursuant to corporate approved procurement policy.

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

PSC was selected based on THESL/THESI research, and references provided from other Utilities particularly in the eastern United States where contact voltage is becoming increasingly problematic. PSC has successfully demonstrated the ability to provide effective mobile contact voltage detection services to many utilities throughout the world.

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

INTERROGATORY 3:

Reference(s): Application, page 5
Table 1 and page 6

> "THESL also submits on the same basis that the costs for continued system scanning are clearly incremental to the approved revenue requirement for 2009; these costs were unforeseen and are novel for THESL's system."

a) Is the Level III emergency over? Provide copies of any correspondence in this regard. ~~Explain in detail why Base compensation (as opposed to Overtime) for THESL staff deployed is incremental to the distribution revenue requirement? For example did THESL hire extra staff to back fill deployed staff?~~ [repeats VECC IR # 2b]

b) If the Level III Emergency is over, is THESL retaining PSC on an ongoing basis? Explain the scope, cost and duration of this arrangement.

c) Provide information concerning the number of utilities PSC has provided similar services to in the last 3 years and if available whether the work related to low voltage urban distribution systems. Indicate Canadian utilities as a subset.

d) Explain why would not a utility such as THESL conduct surveys of its underground equipment to on an ongoing basis to detect leakage/unsafe conditions (or respond to complaints) as do the gas utilities, including Enbridge Gas Distribution?

e) Does THESL have the Equipment and trained staff to do routine Inspections surveys? If not why not?

f) Why are the Ongoing Survey costs listed in Table 1 not part of ongoing operations.

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

Provide a breakdown of this amount, including how the costs are allocated between distribution and Streetlighting/USL.

g) Explain why this work is not work of an ongoing nature that is prioritized along with other underground maintenance/remediation work related to both the distribution system and Streetlighting/USL.

RESPONSE:

a) Yes, the Level III emergency was deemed sufficiently mitigated on February 25, 2009, at which time THESL scaled back emergency operations to a declared Level II emergency status. Demobilization efforts continued beyond February 25 and were completed by the start of business on March 1, 2009. A copy of an inter-office email from System Operations declaring the emergency de-escalation is attached as Appendix A.

b) Yes, THESL has retained the services of Power Survey Company ("PSC") pursuant to approved corporate procurement policy effective August 2009, for a term of 36 months at a total cost of $4 M USD per annum.

PSC will provide a "turn-key" service that manages all aspects of contact voltage detection (three mobile scanning units), mitigation, and record keeping functions including support staff (technicians, inspectors, dispatchers and quality assurance technicians) dedicated solely to the operation of the PSC technology system and all support activities. Moreover, PSC will provide a complete data management system in which status information about progress of scanning operations, mitigation, and repair activities are tracked and updated daily.

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

c) See response to VECC IR # 2e.

d) Regular inspection of the underground electrical and civil infrastructure is part of THESL's ongoing maintenance program. Regular inspection attempts to reveal and repair deficiencies in the infrastructure before they erode to a more severe state and cause an interruption of power or pose a hazard to employees and the public.

The existence of Contact Voltage is not specific to any utility or region. Over the years, the frequency and severity of contact voltage instances at THESL have been virtually non-existent. Moreover, until recently the technologies required to detect contact voltage were found to be unreliable and not readily available. Consequently, utilities such as THESL could not justify the expense to permanently implement contact voltage detection programs.

Today, however, for electric distributors like THESL, the severity and frequency of contact voltage have increased considerably and annual contact voltage detection surveys, mitigation, and repair programs are becoming standard practice.

e) See response to VECC IR # 2d. Contact voltage detection systems, technologies, and expertise are for the most part relatively new in the electricity sector and in many cases proprietary and not available for sale. For example, PSC was only recently formed in 2004 following a string of Contact Voltage related incidents in the eastern United States. PSC's SVD2000 mobile Contact Voltage detection technology has received international acclaim but is proprietary and is not available for sale at this time thereby precluding THESL from performing the services internally.

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

f) The ongoing survey costs have historically never been part of ongoing operations because contact voltage is a new problem. However, these costs have now become part of ongoing operations, and the program will constitute part of THESL's regular maintenance activities. There is no further breakdown of the ongoing scanning cost amount. The allocation of the costs is provided at Exhibit 1 of the Application.

g) Please refer to the answer above.

From: Email Broadcast
To: Emergency Distribution List - August 2008
Date: Monday, February 23, 2009 5:43:52 PM
Subject: Level III Emergency - Standing Down

Hello Everyone,

Please be advised that Distribution Grid Operations is downgrading the Contact Voltage Emergency Level III to a Level II Emergency effective 17:30 today.

Thank you,

Dayana Bonifaz
Media Standby

CC: Dayana Bonifaz,Barry Buckley

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

INTERROGATORY 4:

Reference(s): Application Page

> On March 4, 2009, the Board issued a letter to distributors (attached as Appendix 1 to this Application) addressing issues around contact voltage. Among other things, the Board stated: "Public safety is of primary importance. Uncertainty as to connection demarcation points should not inhibit or delay the correction of unsafe wiring of unmetered load. Distributors should ensure that any unsafe wiring encountered on public walkways is addressed immediately."

a) Does THESL agree that there is no demarcation point(s) between distribution and streetlighting and between distribution and unmetered scattered load?
b) Is there a difference between the physical connection points for streetlights and other loads including USL (street signs bus shelters and other street furniture. Explain in detail.
c) With regard to the lack of demarcation between distribution and streetlighting does THESL adopt the testimony of Mr. Haines in EB-2009-0180-0183?

RESPONSE:

a) In practicality THESL agrees that no clear and consistent demarcation point exists between LDC distribution plant and either street lighting or unmetered loads.

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

b) In practicality these connections, which have evolved over past decades, are similar in nature.

c) Mr. Haines did not provide testimony in the proceeding named in the question.

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

INTERROGATORY 5:

Reference(s): Application Page 8

> In its letter of March 4, the Board also stated: "It is expected that distributors have planned for, and are able to accommodate, all necessary maintenance or isolation of connections for unmetered loads to ensure the public's safety. In this regard, distributors are also expected to recover from the customer the cost of repairs or isolation of customer owned equipment or connections. A one-time billing charge or direct invoice may be used for this purpose. Distributors should where possible discuss in advance the need for correction to customer equipment.

a) Explain in more detail why the costs cannot be recovered from the streetlighting and USL/BIA asset owner. In particular is the reason based on lack of incident reports or the inability of THESL to determine causation or both.
b) Out of the 13,000- handwells inspected, how many were found defective?
c) Provide a breakdown of the numbers according to the type of third party assets connected

RESPONSE:

a) Contact voltage remediation cost recovery for street lighting and unmetered scattered loads ("USL") is impractical due to the lack of unique account identification for each of these loads. The cost of effort required to effectively recover the incurred

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

expenses likely exceeds the value of the funds sought for recovery. Contact voltage costs related to BIA problems reflect only THESL's effort to isolate any defective services/areas for safety, with reconnection processed through normal customer connection processes.

b) See answer to EP IR #2a.

c) The question does not specify what "numbers" a breakdown is sought for, or what "types" third-party assets might fall into. As stated at page 4 of the Application, the costs involved in disconnecting third-party assets were minimal.

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

INTERROGATORY 6:

Reference(s): Application Page 8

> Nevertheless, as discussed below under Cost Allocation, THESL proposes that costs be recovered in a manner that results in an outcome substantially similar to that which likely would have prevailed if it had have been possible to discretely record and cost each individual piece of remediation work.

a) Explain in more detail why the proposed allocation is "substantially similar" to what would have prevailed if THESL had recorded the cost of each site remediation.
b) If there is no basis for cost causation, why should any costs be allocated to the residential class. Explain fully why residential connections are part of the problem.
c) Why is scanning of street level handwells in any way connected to any other loads than end use loads such as streetlighting, USL and BIA assets connected to these points? Please explain fully.
d) Provide a tabulation showing estimated BIA assets/connections, customers and loads by class.

RESPONSE:

a) The quoted passage (which appears at page 9) pertains to the allocation of remediation costs as between Streetlighting and USL. By definition, it is impossible to observe what an exact allocation of remediation costs would have been even if exact records could have been kept, since in any case assignment of joint remediation

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

costs would have been judgemental. THESL simply asserts that the proposed allocation as between USL and Streetlighting (18% and 82%, respectively) is likely similar to the result that would have been obtained otherwise.

b) THESL rejects the premise of the question that "there is no basis for cost causation". Furthermore, no remediation costs are allocated to the residential class.

c) The question mis-characterizes the scanning activity by implying that it is limited to handwells. It is not. The scanning program assesses all sources of contact voltage at street level and is directed at ensuring the safety of the overall system for the public and employees. A portion of scanning costs are proposed to be allocated to the residential class as one of the group of all classes.

d) The requested data is not available.

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

INTERROGATORY 7:

Reference(s): Application, pages 9-10: Exhibits 1, 2a) and 2b)

THESL proposes that of the total $14.35 million of costs for which recovery is being sought, $6.56 million of scanning costs be allocated to all classes on the basis that they were incurred to ensure the safety of the entire distribution system, while the remaining$7.79 million related to the remediation of existing contact voltages and inspection and remediation of handwells be recovered from the Streetlighting and USL classes only.

a) Please provide revised Exhibits 1, 2a and 2b on the basis of recovery of all costs from the Streetlighting and USL classes.
b) Provide revised Exhibits1, 2a and 2b on the basis of recovery of all costs except ongoing scanning ($2.4 million) from streetlighting and USL classes.
c) Based on the response VECC IR 6 d) provide revised Exhibits1, 2a and 2b on the basis of recovery of all costs except ongoing scanning, from streetlighting USL classes and Classes with BIA connections/loads. ~~If there is no basis for cost causation, why should any costs be allocated to the residential class. Explain fully why residential connections are part of the problem.~~ [same as VECC IR # 6b]

RESPONSE:

a) See Appendix A.

b) See Appendix B.

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

c) Please refer to responses to VECC IR #6c and 6d.

Exhitbit 1 - Derivation of Rate Riders

	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11
1				RESIDENTIAL	GS < 50 kW	GS - 50 to 1000 kW	GS > 1000 to 5000 kW	LARGE USE	UNMETERED SCATTER LOAD	STREETLIGHT	TOTAL
2											
3	**2009 Approved Load by Rate Class**										
4	**Number of Customers**			611,808	66,191	11,719	530	49	1,135	1	**691,433**
5	**Number of Connection**								19,907	162,450	**182,357**
6	**2009 - Cost of Service Allocation - Secondary Customer Base**			611,808	66,191	2,803	12	0	19,907	90,026	**790,747**
7											
8	**Allocators Percentages**										
9	**2009 - Cost of Service Allocation - Secondary Customer Base (%**			77.37%	8.37%	0.35%	0.00%	0.00%	2.52%	11.38%	**100%**
10	**Connections Allocation**								18.11%	81.89%	**100%**
11			ALLOCATOR	RESIDENTIAL	GS < 50 kW	GS - 50 to 1000 kW	GS > 1000 to 5000 kW	LARGE USER	SMALL SCATTER LOAD	STREETLIGHT	TOTAL
12	**Scanning**	$6,555,000	Connections Allocation	$0	$0	-	$0	$0	$1,187,004	$5,367,996	**$6,555,000**
13	**Remediation**	$7,790,000	Connections Allocation	$0	$0	-	$0	$0	$1,410,642	$6,379,358	**$7,790,000**
14	**Total Recovery**	**$14,345,000**		**$0**	**$0**	**-**	**$0**	**$0**	**$2,597,646**	**$11,747,354**	**$14,345,000**

	2010 - Rate Riders	RECOVERY AMOUNT	ALLOCATOR	RESIDENTIAL	GS < 50 kW	GS - 50 to 1000 kW	GS > 1000 to 5000 kW	LARGE USER	SMALL SCATTER LOAD	STREETLIGHT
15										
16	**Scanning**	$2,185,000	Connections Allocation	$ -	$ -	$ -	$ -	$ -	$ 1.63	$ 0.91
17	**Remediation**	$2,596,667	Connections Allocation	$ -	$ -	$ -	$ -	$ -	$ 1.94	$ 1.08
18	**Total Contact Voltage Rider**	$4,781,667		$0	$0	$0	$0	$0	$4	$2

	2011 - Rate Riders	RECOVERY AMOUNT	ALLOCATOR	RESIDENTIAL	GS < 50 kW	GS - 50 to 1000 kW	GS > 1000 to 5000 kW	LARGE USER	SMALL SCATTER LOAD	STREETLIGHT
19										
20	**Scanning**	$2,185,000	Connections Allocation	$ -	$ -	$ -	$ -	$ -	$ 1.63	$ 0.91
21	**Remediation**	$2,596,667	Connections Allocation	$ -	$ -	$ -	$ -	$ -	$ 1.94	$ 1.08
22	**Total Contact Voltage Rider**	$4,781,667		$0	$0	$0	$0	$0	$4	$2

	2012 - Rate Riders	RECOVERY AMOUNT	ALLOCATOR	RESIDENTIAL	GS < 50 kW	GS - 50 to 1000 kW	GS > 1000 to 5000 kW	LARGE USER	SMALL SCATTER LOAD	STREETLIGHT
23										
24	**Scanning**	$2,185,000	Secondary Customer Base	$ -	$ -	$ -	$ -	$ -	$ 1.63	$ 0.91
25	**Remediation**	$2,596,667	Connections Allocation	$ -	$ -	$ -	$ -	$ -	$ 1.94	$ 1.08
26	**Total Contact Voltage Rider**	$4,781,667		$0	$0	$0	$0	$0	$4	$2

Exhibit 2a: 2009 Distribution and Rate Rider Bill Impact

	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11
1				2009 Rates			2009 Rates with CV Rate Riders			2009 Increase	
2	kWh	kW	kVA	Distribution ($)	Rate Rider ($)	Total ($)	Distribution ($)	Rate Rider ($)	Total ($)	$	%
3	**Residential**										
4	100			18.29	0.57	18.86	18.29	0.57	18.86	**0.00**	**0.0%**
5	250			20.45	0.45	20.90	20.45	0.45	20.90	**0.00**	**0.0%**
6	500			24.04	0.25	24.29	24.04	0.25	24.29	**0.00**	**0.0%**
7	750			27.64	0.05	27.69	27.64	0.05	27.69	**0.00**	**0.0%**
8	1,000			31.23	-0.15	31.08	31.23	-0.15	31.08	**0.00**	**0.0%**
9	1,500			38.42	-0.55	37.87	38.42	-0.55	37.87	**0.00**	**0.0%**
10	2,000			45.61	-0.95	44.66	45.61	-0.95	44.66	**0.00**	**0.0%**
11	**GS<50 kW**										
12	1,000			41.23	0.24	41.47	41.23	0.24	41.47	**0.00**	**0.0%**
13	5,000			120.39	-1.36	119.03	120.39	-1.36	119.03	**0.00**	**0.0%**
14	10,000			219.34	-3.36	215.98	219.34	-3.36	215.98	**0.00**	**0.0%**
15	20,000			417.24	-7.36	409.88	417.24	-7.36	409.88	**0.00**	**0.0%**
16	**GS 50-999 kW**										
17	30,000	100	100	548.61	-4.02	544.59	548.61	-4.02	544.59	**0.00**	**0.0%**
18	40,000	100	100	548.61	-4.02	544.59	548.61	-4.02	544.59	**0.00**	**0.0%**
19	150,000	500	556	2,898.91	-24.52	2,874.39	2,898.91	-24.52	2,874.39	**0.00**	**0.0%**
20	200,000	500	556	2,898.91	-24.52	2,874.39	2,898.91	-24.52	2,874.39	**0.00**	**0.0%**
21	270,000	900	1,000	5,191.89	-44.52	5,147.37	5,191.89	-44.52	5,147.37	**0.00**	**0.0%**
22	360,000	900	1,000	5,191.89	-44.52	5,147.37	5,191.89	-44.52	5,147.37	**0.00**	**0.0%**
23	450,000	900	1,000	5,191.89	-44.52	5,147.37	5,191.89	-44.52	5,147.37	**0.00**	**0.0%**
24	**GS 1000-4999 kW**										
25	300,000	1,000	1,111	5,516.79	-106.88	5,409.92	5,516.79	-106.88	5,409.92	**0.00**	**0.0%**
26	400,000	1,000	1,111	5,516.79	-106.88	5,409.92	5,516.79	-106.88	5,409.92	**0.00**	**0.0%**
27	500,000	1,000	1,111	5,516.79	-106.88	5,409.92	5,516.79	-106.88	5,409.92	**0.00**	**0.0%**
28	600,000	2,000	2,222	10,328.24	-214.43	10,113.81	10,328.24	-214.43	10,113.81	**0.00**	**0.0%**
29	800,000	2,000	2,222	10,328.24	-214.43	10,113.81	10,328.24	-214.43	10,113.81	**0.00**	**0.0%**
30	1,000,000	2,000	2,222	10,328.24	-214.43	10,113.81	10,328.24	-214.43	10,113.81	**0.00**	**0.0%**
31	**Large Use**										
32	1,500,000	5,000	5,556	24,535.15	-548.76	23,986.39	24,535.15	-548.76	23,986.39	**0.00**	**0.0%**
33	2,000,000	5,000	5,556	24,535.15	-548.76	23,986.39	24,535.15	-548.76	23,986.39	**0.00**	**0.0%**
34	2,500,000	5,000	5,556	24,535.15	-548.76	23,986.39	24,535.15	-548.76	23,986.39	**0.00**	**0.0%**
35	3,000,000	10,000	11,111	46,431.26	-1,098.21	45,333.05	46,431.26	-1,098.21	45,333.05	**0.00**	**0.0%**
36	4,000,000	10,000	11,111	46,431.26	-1,098.21	45,333.05	46,431.26	-1,098.21	45,333.05	**0.00**	**0.0%**
37	5,000,000	10,000	11,111	46,431.26	-1,098.21	45,333.05	46,431.26	-1,098.21	45,333.05	**0.00**	**0.0%**
38	**Street Lighting**	Connections	Mthly kVA								
39	9,182,014	159,861	26,461	666,540.82	-1,749.04	664,791.78	666,540.82	321,525.71	988,066.54	**323,274.75**	**48.6%**
40	365	1	1	20.70	-0.07	20.64	20.70	1.92	22.63	**1.99**	**9.6%**
	Unmetered										
41	**Scattered Loads**	Customers	Connections								
42	4,829,242	1,466	17,721	213,223.27	-8,161.42	205,061.85	213,223.27	55,102.55	268,325.82	**63,263.97**	**30.9%**
43	365	1	1	19.04	-0.62	18.42	19.04	2.95	21.99	**3.57**	**19.4%**

Exhibit 2b: 2009 Total Bill Impact

	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Col. 12	Col. 13	Col. 14
1					2009				2009 with CV Rate Riders				2009 Increase	
2		kWh	kW	kVA	Distribution ($)	Rate Rider ($)	Non-Distribution ($)	Total ($)	Distribution ($)	Rate Rider ($)	Non-Distribution ($)	Total ($)	$	%
3	**Residential**													
4		100			18.29	0.57	7.90	26.76	18.29	0.57	7.90	26.76	**0.00**	**0.0%**
5		250			20.45	0.45	19.38	40.27	20.45	0.45	19.38	40.27	**0.00**	**0.0%**
6		500			24.04	0.25	38.51	62.80	24.04	0.25	38.51	62.80	**0.00**	**0.0%**
7		750			27.64	0.05	57.64	85.32	27.64	0.05	57.64	85.32	**0.00**	**0.0%**
8		1,000			31.23	-0.15	78.91	109.99	31.23	-0.15	78.91	109.99	**0.00**	**0.0%**
9		1,500			38.42	-0.55	121.84	159.71	38.42	-0.55	121.84	159.71	**0.00**	**0.0%**
10		2,000			45.61	-0.95	164.77	209.43	45.61	-0.95	164.77	209.43	**0.00**	**0.0%**
11	**GS<50 kW**													
12		1,000			41.23	0.24	78.84	120.31	41.23	0.24	78.84	120.31	**0.00**	**0.0%**
13		5,000			120.39	-1.36	420.19	539.22	120.39	-1.36	420.19	539.22	**0.00**	**0.0%**
14		10,000			219.34	-3.36	846.89	1,062.87	219.34	-3.36	846.89	1,062.87	**0.00**	**0.0%**
15		20,000			417.24	-7.36	1,700.28	2,110.16	417.24	-7.36	1,700.28	2,110.16	**0.00**	**0.0%**
16	**GS 50-999 kW**													
17		30,000	100	100	548.61	-4.02	2,597.38	3,141.97	548.61	-4.02	2,597.38	3,141.97	**0.00**	**0.0%**
18		40,000	100	100	548.61	-4.02	3,347.01	3,891.60	548.61	-4.02	3,347.01	3,891.60	**0.00**	**0.0%**
19		150,000	500	556	2,898.91	-24.52	13,012.92	15,887.31	2,898.91	-24.52	13,012.92	15,887.31	**0.00**	**0.0%**
20		200,000	500	556	2,898.91	-24.52	16,761.06	19,635.45	2,898.91	-24.52	16,761.06	19,635.45	**0.00**	**0.0%**
21		270,000	900	1,000	5,191.89	-44.52	23,428.46	28,575.83	5,191.89	-44.52	23,428.46	28,575.83	**0.00**	**0.0%**
22		360,000	900	1,000	5,191.89	-44.52	30,175.11	35,322.48	5,191.89	-44.52	30,175.11	35,322.48	**0.00**	**0.0%**
23		450,000	900	1,000	5,191.89	-44.52	36,921.76	42,069.13	5,191.89	-44.52	36,921.76	42,069.13	**0.00**	**0.0%**
24	**GS 1000-4999 kW**													
25		300,000	1,000	1,111	5,516.79	-106.88	26,402.34	31,812.26	5,516.79	-106.88	26,402.34	31,812.26	**0.00**	**0.0%**
26		400,000	1,000	1,111	5,516.79	-106.88	33,898.62	39,308.54	5,516.79	-106.88	33,898.62	39,308.54	**0.00**	**0.0%**
27		500,000	1,000	1,111	5,516.79	-106.88	41,394.90	46,804.82	5,516.79	-106.88	41,394.90	46,804.82	**0.00**	**0.0%**
28		600,000	2,000	2,222	10,328.24	-214.43	52,811.18	62,924.99	10,328.24	-214.43	52,811.18	62,924.99	**0.00**	**0.0%**
29		800,000	2,000	2,222	10,328.24	-214.43	67,803.74	77,917.55	10,328.24	-214.43	67,803.74	77,917.55	**0.00**	**0.0%**
30		1,000,000	2,000	2,222	10,328.24	-214.43	82,796.30	92,910.11	10,328.24	-214.43	82,796.30	92,910.11	**0.00**	**0.0%**
31	**Large Use**													
32		1,500,000	5,000	5,556	24,535.15	-548.76	130,580.78	154,567.16	24,535.15	-548.76	130,580.78	154,567.16	**0.00**	**0.0%**
33		2,000,000	5,000	5,556	24,535.15	-548.76	167,443.20	191,429.59	24,535.15	-548.76	167,443.20	191,429.59	**0.00**	**0.0%**
34		2,500,000	5,000	5,556	24,535.15	-548.76	204,305.63	228,292.01	24,535.15	-548.76	204,305.63	228,292.01	**0.00**	**0.0%**
35		3,000,000	10,000	11,111	46,431.26	-1,098.21	261,168.05	306,501.10	46,431.26	-1,098.21	261,168.05	306,501.10	**0.00**	**0.0%**
36		4,000,000	10,000	11,111	46,431.26	-1,098.21	334,892.90	380,225.95	46,431.26	-1,098.21	334,892.90	380,225.95	**0.00**	**0.0%**
37		5,000,000	10,000	11,111	46,431.26	-1,098.21	408,617.75	453,950.80	46,431.26	-1,098.21	408,617.75	453,950.80	**0.00**	**0.0%**
38	**Street Lighting**		Connections	Mthly kVA										
39		9,182,014	159,861	26,461	666,540.82	-1,749.04	810,021.26	1,474,813.04	666,540.82	321,525.71	810,021.26	1,798,087.80	**323,274.75**	**21.9%**
40		365	1	1	20.70	-0.07	28.80	49.44	20.70	1.92	28.80	51.43	**1.99**	**4.0%**
41	**Unmetered Scattered Loads**		Customers	Connections										
42		4,829,242	1,466	17,721	213,223.27	-8,161.42	396,581.69	601,643.54	213,223.27	55,102.55	396,581.69	664,907.51	**63,263.97**	**10.5%**
43		365	1	1	19.04	-0.62	26.82	45.24	19.04	2.95	26.82	48.81	**3.57**	**7.9%**

Exhitbit 1 - Derivation of Rate Riders

	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11
1				RESIDENTIAL	GS < 50 kW	GS - 50 to 1000 kW	GS > 1000 to 5000 kW	LARGE USE	UNMETERED SCATTER LOAD	STREETLIGHT	TOTAL
2				A	B		E	F		G	H
3	**2009 Approved Load by Rate Class**										
4	Number of Customers			611,808	66,191	11,719	530	49	1,135	1	**691,433**
5	Number of Connection								19,907	162,450	**182,357**
6	2009 - Cost of Service Allocation - Secondary Customer Base			611,808	66,191	2,803	12	0	19,907	90,026	**790,747**
7											
8	**Allocators Percentages**										
9	2009 - Cost of Service Allocation - Secondary Customer Base (%			77.37%	8.37%	0.35%	0.00%	0.00%	2.52%	11.38%	**100%**
10	Connections Allocation								18.11%	81.89%	**100%**
11			ALLOCATOR	RESIDENTIAL	GS < 50 kW	GS - 50 to 1000 kW	GS > 1000 to 5000 kW	LARGE USER	SMALL SCATTER LOAD	STREETLIGHT	TOTAL
12	On going Scanning	$2,410,000	Secondary Customer Base	$1,864,640	$201,733	8,542	$37	$1	$60,672	$274,376	**$2,410,000**
13	Scanning/Remediation	$11,935,000	Connections Allocation	$0	$0	-	$0	$0	$2,161,235	$9,773,765	**$11,935,000**
14	**Total Recovery**	**$14,345,000**		**$1,864,640**	**$201,733**	**8,542**	**$37**	**$1**	**$2,221,906**	**$10,048,141**	**$14,345,000**

	2010 - Rate Riders	RECOVERY AMOUNT	ALLOCATOR	RESIDENTIAL	GS < 50 kW	GS - 50 to 1000 kW	GS > 1000 to 5000 kW	LARGE USER	SMALL SCATTER LOAD	STREETLIGHT
15										
16	On going Scanning	$2,410,000	Secondary Customer Base	$ 0.25	$ 0.25	$ 0.06	$ 0.01	$ -	$ 0.25	$ 0.14
17	Scanning/Remediation	$3,978,333	Connections Allocation	$ -	$ -	$ -	$ -	$ -	$ 2.97	$ 1.65
18	Total Contact Voltage Rider	$6,388,333		$0	$0	$0	$0	$0	$3	$2

	2011 - Rate Riders	RECOVERY AMOUNT	ALLOCATOR	RESIDENTIAL	GS < 50 kW	GS - 50 to 1000 kW	GS > 1000 to 5000 kW	LARGE USER	SMALL SCATTER LOAD	STREETLIGHT
19										
20	On going Scanning	$0	Secondary Customer Base	$ -	$ -	$ -	$ -	$ -	$ -	$ -
21	Scanning/Remediation	$3,978,333	Connections Allocation	$ -	$ -	$ -	$ -	$ -	$ 2.97	$ 1.65
22	Total Contact Voltage Rider	$3,978,333		$0	$0	$0	$0	$0	$3	$2

	2012- Rate Riders	RECOVERY AMOUNT	ALLOCATOR	RESIDENTIAL	GS < 50 kW	GS - 50 to 1000 kW	GS > 1000 to 5000 kW	LARGE USER	SMALL SCATTER LOAD	STREETLIGHT
23										
24	On going Scanning	$0	Secondary Customer Base	$ -	$ -	$ -	$ -	$ -	$ -	$ -
25	Scanning/Remediation	$3,978,333	Connections Allocation	$ -	$ -	$ -	$ -	$ -	$ 2.97	$ 1.65
26	Total Contact Voltage Rider	$3,978,333		$0	$0	$0	$0	$0	$3	$2

Exhibit 2a: 2009 Distribution and Rate Rider Bill Impact

	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11
1				2009 Rates			2009 Rates with CV Rate Riders			2009 Increase	
2	kWh	kW	kVA	Distribution ($)	Rate Rider ($)	Total ($)	Distribution ($)	Rate Rider ($)	Total ($)	$	%
3	**Residential**										
4	100			18.29	0.57	18.86	18.29	0.82	19.11	**0.25**	**1.3%**
5	250			20.45	0.45	20.90	20.45	0.70	21.15	**0.25**	**1.2%**
6	500			24.04	0.25	24.29	24.04	0.50	24.54	**0.25**	**1.0%**
7	750			27.64	0.05	27.69	27.64	0.30	27.94	**0.25**	**0.9%**
8	1,000			31.23	-0.15	31.08	31.23	0.10	31.33	**0.25**	**0.8%**
9	1,500			38.42	-0.55	37.87	38.42	-0.30	38.12	**0.25**	**0.7%**
10	2,000			45.61	-0.95	44.66	45.61	-0.70	44.91	**0.25**	**0.6%**
11	**GS<50 kW**										
12	1,000			41.23	0.24	41.47	41.23	0.49	41.72	**0.25**	**0.6%**
13	5,000			120.39	-1.36	119.03	120.39	-1.11	119.28	**0.25**	**0.2%**
14	10,000			219.34	-3.36	215.98	219.34	-3.11	216.23	**0.25**	**0.1%**
15	20,000			417.24	-7.36	409.88	417.24	-7.11	410.13	**0.25**	**0.1%**
16	**GS 50-999 kW**										
17	30,000	100	100	548.61	-4.02	544.59	548.61	-3.96	544.65	**0.06**	**0.0%**
18	40,000	100	100	548.61	-4.02	544.59	548.61	-3.96	544.65	**0.06**	**0.0%**
19	150,000	500	556	2,898.91	-24.52	2,874.39	2,898.91	-24.46	2,874.45	**0.06**	**0.0%**
20	200,000	500	556	2,898.91	-24.52	2,874.39	2,898.91	-24.46	2,874.45	**0.06**	**0.0%**
21	270,000	900	1,000	5,191.89	-44.52	5,147.37	5,191.89	-44.46	5,147.43	**0.06**	**0.0%**
22	360,000	900	1,000	5,191.89	-44.52	5,147.37	5,191.89	-44.46	5,147.43	**0.06**	**0.0%**
23	450,000	900	1,000	5,191.89	-44.52	5,147.37	5,191.89	-44.46	5,147.43	**0.06**	**0.0%**
24	**GS 1000-4999 kW**										
25	300,000	1,000	1,111	5,516.79	-106.88	5,409.92	5,516.79	-106.87	5,409.93	**0.01**	**0.0%**
26	400,000	1,000	1,111	5,516.79	-106.88	5,409.92	5,516.79	-106.87	5,409.93	**0.01**	**0.0%**
27	500,000	1,000	1,111	5,516.79	-106.88	5,409.92	5,516.79	-106.87	5,409.93	**0.01**	**0.0%**
28	600,000	2,000	2,222	10,328.24	-214.43	10,113.81	10,328.24	-214.42	10,113.82	**0.01**	**0.0%**
29	800,000	2,000	2,222	10,328.24	-214.43	10,113.81	10,328.24	-214.42	10,113.82	**0.01**	**0.0%**
30	1,000,000	2,000	2,222	10,328.24	-214.43	10,113.81	10,328.24	-214.42	10,113.82	**0.01**	**0.0%**
31	**Large Use**										
32	1,500,000	5,000	5,556	24,535.15	-548.76	23,986.39	24,535.15	-548.76	23,986.39	**0.00**	**0.0%**
33	2,000,000	5,000	5,556	24,535.15	-548.76	23,986.39	24,535.15	-548.76	23,986.39	**0.00**	**0.0%**
34	2,500,000	5,000	5,556	24,535.15	-548.76	23,986.39	24,535.15	-548.76	23,986.39	**0.00**	**0.0%**
35	3,000,000	10,000	11,111	46,431.26	-1,098.21	45,333.05	46,431.26	-1,098.21	45,333.05	**0.00**	**0.0%**
36	4,000,000	10,000	11,111	46,431.26	-1,098.21	45,333.05	46,431.26	-1,098.21	45,333.05	**0.00**	**0.0%**
37	5,000,000	10,000	11,111	46,431.26	-1,098.21	45,333.05	46,431.26	-1,098.21	45,333.05	**0.00**	**0.0%**
38	**Street Lighting**	Connections	Mthly kVA								
39	9,182,014	159,861	26,461	666,540.82	-1,749.04	664,791.78	666,540.82	289,035.79	955,576.61	**290,784.83**	**43.7%**
40	365	1	1	20.70	-0.07	20.64	20.70	1.72	22.43	**1.79**	**8.7%**
	Unmetered										
41	**Scattered Loads**	Customers	Connections								
42	4,829,242	1,466	17,721	213,223.27	-8,161.42	205,061.85	213,223.27	48,900.20	262,123.47	**57,061.62**	**27.8%**
43	365	1	1	19.04	-0.62	18.42	19.04	2.60	21.64	**3.22**	**17.5%**

Exhibit 2b: 2009 Total Bill Impact

	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Col. 12	Col. 13	Col. 14
1					2009				2009 with CV Rate Riders				2009 Increase	
2		kWh	kW	kVA	Distribution ($)	Rate Rider ($)	Non-Distribution ($)	Total ($)	Distribution ($)	Rate Rider ($)	Non-Distribution ($)	Total ($)	$	%
3	**Residential**													
4		100			18.29	0.57	7.90	26.76	18.29	0.82	7.90	27.01	**0.25**	**0.9%**
5		250			20.45	0.45	19.38	40.27	20.45	0.70	19.38	40.52	**0.25**	**0.6%**
6		500			24.04	0.25	38.51	62.80	24.04	0.50	38.51	63.05	**0.25**	**0.4%**
7		750			27.64	0.05	57.64	85.32	27.64	0.30	57.64	85.57	**0.25**	**0.3%**
8		1,000			31.23	-0.15	78.91	109.99	31.23	0.10	78.91	110.24	**0.25**	**0.2%**
9		1,500			38.42	-0.55	121.84	159.71	38.42	-0.30	121.84	159.96	**0.25**	**0.2%**
10		2,000			45.61	-0.95	164.77	209.43	45.61	-0.70	164.77	209.68	**0.25**	**0.1%**
11	**GS<50 kW**													
12		1,000			41.23	0.24	78.84	120.31	41.23	0.49	78.84	120.56	**0.25**	**0.2%**
13		5,000			120.39	-1.36	420.19	539.22	120.39	-1.11	420.19	539.47	**0.25**	**0.0%**
14		10,000			219.34	-3.36	846.89	1,062.87	219.34	-3.11	846.89	1,063.12	**0.25**	**0.0%**
15		20,000			417.24	-7.36	1,700.28	2,110.16	417.24	-7.11	1,700.28	2,110.41	**0.25**	**0.0%**
16	**GS 50-999 kW**													
17		30,000	100	100	548.61	-4.02	2,597.38	3,141.97	548.61	-3.96	2,597.38	3,142.03	**0.06**	**0.0%**
18		40,000	100	100	548.61	-4.02	3,347.01	3,891.60	548.61	-3.96	3,347.01	3,891.66	**0.06**	**0.0%**
19		150,000	500	556	2,898.91	-24.52	13,012.92	15,887.31	2,898.91	-24.46	13,012.92	15,887.37	**0.06**	**0.0%**
20		200,000	500	556	2,898.91	-24.52	16,761.06	19,635.45	2,898.91	-24.46	16,761.06	19,635.51	**0.06**	**0.0%**
21		270,000	900	1,000	5,191.89	-44.52	23,428.46	28,575.83	5,191.89	-44.46	23,428.46	28,575.89	**0.06**	**0.0%**
22		360,000	900	1,000	5,191.89	-44.52	30,175.11	35,322.48	5,191.89	-44.46	30,175.11	35,322.54	**0.06**	**0.0%**
23		450,000	900	1,000	5,191.89	-44.52	36,921.76	42,069.13	5,191.89	-44.46	36,921.76	42,069.19	**0.06**	**0.0%**
24	**GS 1000-4999 kW**													
25		300,000	1,000	1,111	5,516.79	-106.88	26,402.34	31,812.26	5,516.79	-106.87	26,402.34	31,812.27	**0.01**	**0.0%**
26		400,000	1,000	1,111	5,516.79	-106.88	33,898.62	39,308.54	5,516.79	-106.87	33,898.62	39,308.55	**0.01**	**0.0%**
27		500,000	1,000	1,111	5,516.79	-106.88	41,394.90	46,804.82	5,516.79	-106.87	41,394.90	46,804.83	**0.01**	**0.0%**
28		600,000	2,000	2,222	10,328.24	-214.43	52,811.18	62,924.99	10,328.24	-214.42	52,811.18	62,925.00	**0.01**	**0.0%**
29		800,000	2,000	2,222	10,328.24	-214.43	67,803.74	77,917.55	10,328.24	-214.42	67,803.74	77,917.56	**0.01**	**0.0%**
30		1,000,000	2,000	2,222	10,328.24	-214.43	82,796.30	92,910.11	10,328.24	-214.42	82,796.30	92,910.12	**0.01**	**0.0%**
31	**Large Use**													
32		1,500,000	5,000	5,556	24,535.15	-548.76	130,580.78	154,567.16	24,535.15	-548.76	130,580.78	154,567.16	**0.00**	**0.0%**
33		2,000,000	5,000	5,556	24,535.15	-548.76	167,443.20	191,429.59	24,535.15	-548.76	167,443.20	191,429.59	**0.00**	**0.0%**
34		2,500,000	5,000	5,556	24,535.15	-548.76	204,305.63	228,292.01	24,535.15	-548.76	204,305.63	228,292.01	**0.00**	**0.0%**
35		3,000,000	10,000	11,111	46,431.26	-1,098.21	261,168.05	306,501.10	46,431.26	-1,098.21	261,168.05	306,501.10	**0.00**	**0.0%**
36		4,000,000	10,000	11,111	46,431.26	-1,098.21	334,892.90	380,225.95	46,431.26	-1,098.21	334,892.90	380,225.95	**0.00**	**0.0%**
37		5,000,000	10,000	11,111	46,431.26	-1,098.21	408,617.75	453,950.80	46,431.26	-1,098.21	408,617.75	453,950.80	**0.00**	**0.0%**
38	**Street Lighting**		Connections	Mthly kVA										
39		9,182,014	159,861	26,461	666,540.82	-1,749.04	810,021.26	1,474,813.04	666,540.82	289,035.79	810,021.26	1,765,597.87	**290,784.83**	**19.7%**
40		365	1	1	20.70	-0.07	28.80	49.44	20.70	1.72	28.80	51.23	**1.79**	**3.6%**
41	**Unmetered Scattered Loads**		Customers	Connections										
42		4,829,242	1,466	17,721	213,223.27	-8,161.42	396,581.69	601,643.54	213,223.27	48,900.20	396,581.69	658,705.16	**57,061.62**	**9.5%**
43		365	1	1	19.04	-0.62	26.82	45.24	19.04	2.60	26.82	48.46	**3.22**	**7.1%**

RESPONSES TO THE ELECTRICAL CONTRACTORS ASSOCIATION OF ONTARIO AND THE GREATER TORONTO ELECTRICAL CONTRACTORS ASSOCIATION INTERROGATORIES

INTERROGATORY 1:

Reference(s): Applications Covering Letter Dated June 15, 2009, page 3, 2nd paragraph; Application for a Distribution Licence (EB-2009-0180), page 10; Affidavit of Jean-Sebastien Couillard, paragraph 36.

The evidence describes the 2005 services agreement between THESI and the City of Toronto negotiated in 2005, which is to be transferred from THESI to the regulated distributor.

Please file a copy of this agreement.

RESPONSE:

Please see Appendix A of response to ECAO-GTECA Interrogatory 12 (Section F, Tab 21, Schedule 12).

RESPONSES TO THE ELECTRICAL CONTRACTORS ASSOCIATION OF ONTARIO AND THE GREATER TORONTO ELECTRICAL CONTRACTORS ASSOCIATION INTERROGATORIES

INTERROGATORY 2:

Reference: Application for a Distribution Licence (EB-2009-0180), pages 13 and 14.

The evidence refers to THESI staff, *"which have detailed Streetlighting System experience"*, to be transferred from THESI to the regulated distributor. The evidence states: *Upon completion of the proposed transaction, the amalgamated utility will be fully resourced to perform design, installation, operation and maintenance services for the Streetlighting System and the currently licensed distribution system in the City of Toronto.*

a) Which services associated with street light installation or maintenance are currently outsourced by THESI, and in what rough proportions (relative to work done by THESI employees).

b) Does THESL currently provide any services to THESI? If so, please list the services provided.

c) If the approvals requested are granted will these outsourcing arrangements be maintained following the transfer?

d) As these arrangements expire, will employees of the regulated distributor assume the functions currently outsourced?

e) Please detail any collective labour agreement provisions, requirements or restrictions that would impact THESL's ability to, or practices regarding, the outsourcing of street light installation or maintenance work.

RESPONSES TO THE ELECTRICAL CONTRACTORS ASSOCIATION OF ONTARIO AND THE GREATER TORONTO ELECTRICAL CONTRACTORS ASSOCIATION INTERROGATORIES

RESPONSE:

a) All pole and cable replacement work is currently outsourced. This is considered to be over capacity of THESI and therefore contracted as per THESI/IBEW agreement.

b) Please see interrogatory response VECC 2a) found at Section F, Tab 20, Schedule 2.

c) At this time, there is no intention in changing the outsourcing arrangements.

d) At this time, there is no intention in changing the outsourcing arrangements.

e) No requirement or restriction in the ability for THESL to outsource exists in the CBA.

RESPONSES TO THE ELECTRICAL CONTRACTORS ASSOCIATION OF ONTARIO AND THE GREATER TORONTO ELECTRICAL CONTRACTORS ASSOCIATION INTERROGATORIES

INTERROGATORY 3:

Reference(s): Application for a Distribution Licence (EB-2009-0180), page 20.

The evidence states: *The proposed transaction will have no effect on competition in Ontario's electricity commodity market.*

Will the transaction have an effect on competition in Ontario's electricity services market (including the market for the provision of electrical contracting services)? If not, why not.

RESPONSE:

THESL does not anticipate any effect on competition in Ontario's electricity services market. The City of Toronto contract is for a period of 30 years, and the transaction is not expected to have any material effects on sub-contracting practices related to streetlighting or the results thereof.

RESPONSES TO THE ELECTRICAL CONTRACTORS ASSOCIATION OF ONTARIO AND THE GREATER TORONTO ELECTRICAL CONTRACTORS ASSOCIATION INTERROGATORIES

INTERROGATORY 4:

Reference: Application for a Distribution Licence (EB-2009-0180), pages 21 and 22.

The evidence addresses issues regarding the maintenance and repair of the street lighting system and the impacts of that system on certain distribution customers served through that system.

a) Please provide a map which is marked to indicate in which areas of THESL's franchise territory distribution customers are served through the street lighting system.

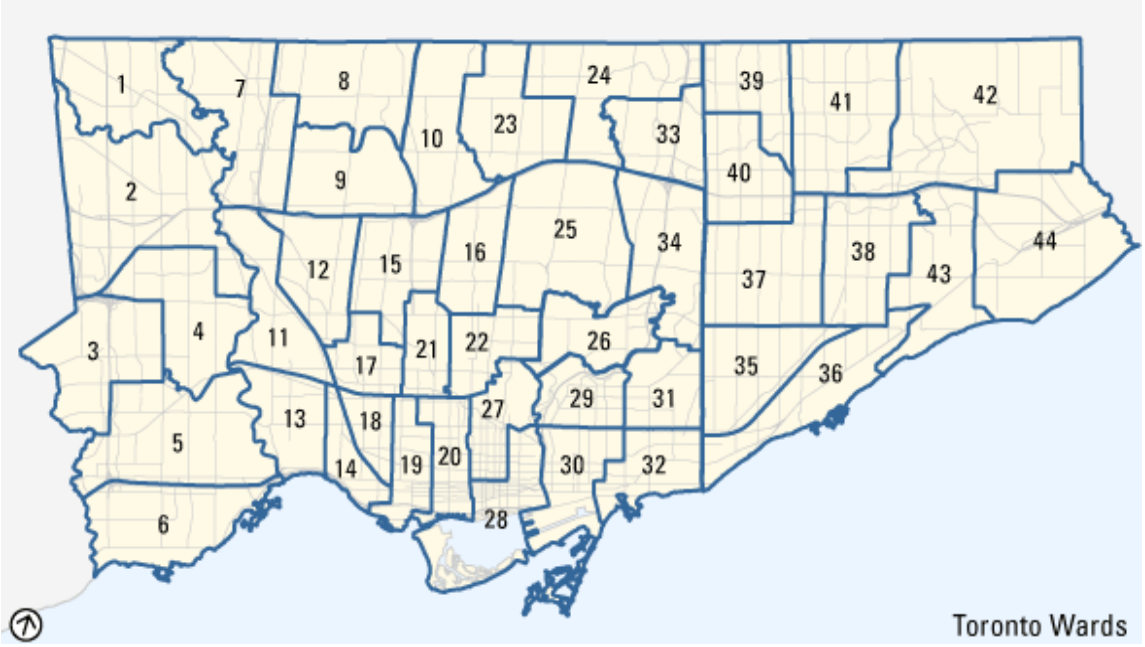
b) Do new connections continue to occur through the street lighting system rather than directly to the current distribution system? If not, when was the last such connection effected?

c) Please detail the alternatives to connection of distribution customers through the street lighting system, and indicate the specific types and average quantum of incremental costs entailed by the alternative configurations.

RESPONSE:

a) Distribution customers are served through the street lighting system throughout THESL's franchise area, shown on the map below.

RESPONSES TO THE ELECTRICAL CONTRACTORS ASSOCIATION OF ONTARIO AND THE GREATER TORONTO ELECTRICAL CONTRACTORS ASSOCIATION INTERROGATORIES



b) Yes.

c) The alternative to connecting USL customers to LDC plant would require the construction and maintenance of redundant, LDC low-voltage distribution plant. This plant would operate along-side the existing streetlighting mains. The incremental costs associated with this redundant infrastructure are variable, depending upon the area of installation, whether the plant must be underground, overhead or a hybrid, and the nature of the surface finish and utility density in the area of installation.

RESPONSES TO THE ELECTRICAL CONTRACTORS ASSOCIATION OF ONTARIO AND THE GREATER TORONTO ELECTRICAL CONTRACTORS ASSOCIATION INTERROGATORIES

INTERROGATORY 6:

Reference(s): Applications for leave to Transfer and Amalgamate (EB-2009-0181/0182/0183), page 11.

The evidence states: *By including the Streetlighting System in the distribution utility, any third party currently or wanting to connect to the Streetlighting System will be required to contract New THESL to arrange for only qualified personnel to conduct the work. This will ensure integrity of the system and improper [sic] connection to the system.*

a) Please indicate the current process for establishing a new load connection through the street lighting system as a distribution customer.

b) Please detail instances of *"improper connection to the system"* that have occurred under the current arrangement.

RESPONSE:

a) All new USL loads that are connected through the "streetlighting system" are managed through the Customer Connections and Maintenance business unit within THESL. All services are connected in accordance with the THESL Conditions of Service policy.

b) Improper connections to the system are not unique to the street lighting plant. THESL also manages the isolation and revenue recovery for improper connections related to marijuana grow-operations and general theft of power as examples. THESL is combating this problem by effectively securing access to all LDC plant through the use of uniquely-keyed fasteners that restrict access to only authorised and

RESPONSES TO THE ELECTRICAL CONTRACTORS ASSOCIATION OF ONTARIO AND THE GREATER TORONTO ELECTRICAL CONTRACTORS ASSOCIATION INTERROGATORIES

competent personnel.

RESPONSES TO THE ELECTRICAL CONTRACTORS ASSOCIATION OF ONTARIO AND THE GREATER TORONTO ELECTRICAL CONTRACTORS ASSOCIATION INTERROGATORIES

INTERROGATORY 7:

Reference: Applications for leave to Transfer and Amalgamate (EB-2009-0181/0182/0183), pages 12 and 13.

The evidence addresses the issue of policy drivers and regulatory context for the current distinction between the street lighting and the distribution systems, and the *"regulatory authority"* in respect of the former that the distributor proposes to assume.

Reference: Affidavit of Jean-Sebastien Couillard, paragraphs 11 et seq

The evidence describes pre-corporatization organization of municipal electric utilities, and the Ontario Hydro policy that lead to transfer of street lighting systems from these municipal departments to other municipal departments.

a) Under the current regulatory structure, who is responsible for planning and construction of new or replacement street lights in the City of Toronto?
b) Please detail THESL's current involvement in the planning and construction of new or replacement street lights within its franchise territory.
c) If the applications were granted, how would these responsibilities change?
d) In the current regulatory context, is the provision of street lighting for new subdivisions within Toronto Hydro's franchise a contestable activity?
e) Are there currently street lights located within Toronto Hydro's franchise territory that are not owned by THESI? If so, would this continue to be the case if the applications are granted?

RESPONSES TO THE ELECTRICAL CONTRACTORS ASSOCIATION OF ONTARIO AND THE GREATER TORONTO ELECTRICAL CONTRACTORS ASSOCIATION INTERROGATORIES

RESPONSE:

a) THESI.

b) Through a Service Level Agreement, THESL assists THESI with the installation of streetlighting assets in conjunction with THESL rebuild utilizing a joint use agreement.

c) The planning and construction of the new and replacement of the streetlighting system will be transferred to THESL.

d) Yes.

e) Yes and yes.

RESPONSES TO THE ELECTRICAL CONTRACTORS ASSOCIATION OF ONTARIO AND THE GREATER TORONTO ELECTRICAL CONTRACTORS ASSOCIATION INTERROGATORIES

INTERROGATORY 8:

Reference: Application (by NewCo) for a Distribution Licence (EB-2009-0180), page 7.

The evidence responds to a licence application form question regarding impacts on any other parties, e.g., joint users of poles.

a) Do distribution customers currently connected to the distribution system through the street lighting system pay any fees to THESI (i.e., incur any costs beyond the distribution charges charged by the regulated distributor)? If so, what will happen to these charges should the applications be approved?

b) Do distribution customers currently connected to the distribution system through the street lighting system enter into any agreements with THESI regarding their connections? If so, what will happen to these agreements should the applications be approved?

RESPONSE:

a) Customers currently connected to the S/L system are not required to pay system access fees to THESI. Should this application be approved these customers will not experience any changes in conditions of service or connection costs apart from changes in Board-approved rates.

b) Customers currently connected to the S/L system are not required to enter into any agreements with THESI. Should this application be approved these customers will not experience any changes in conditions of service or connection costs apart from

RESPONSES TO THE ELECTRICAL CONTRACTORS ASSOCIATION OF ONTARIO AND THE GREATER TORONTO ELECTRICAL CONTRACTORS ASSOCIATION INTERROGATORIES

changes in Board-approved rates.

RESPONSES TO THE ELECTRICAL CONTRACTORS ASSOCIATION OF ONTARIO AND THE GREATER TORONTO ELECTRICAL CONTRACTORS ASSOCIATION INTERROGATORIES

INTERROGATORY 9:

Reference(s): Affidavit of Jean-Sebastien Couillard, paragraphs 4 to 9

The evidence traces a history of development of the street lighting system as part of the distribution function. In demonstration of this history the evidence cites, and provides excerpts from, Toronto Hydro annual reports for the years 1915, 1917, 1921, 1922, 1924, 1972, 1973 and 1979.

ECAO/GTECA are interested in understanding what other commercial activities were part of the electricity utility at the relevant times, in order to fully consider the evolution of electricity distribution in the province. Please file full copies of the reports cited. (Electronic versions are acceptable if the material is voluminous.)

RESPONSE:

The information requested cannot be obtained with reasonable effort, and has little or no probative value for the Board in this proceeding, since “other commercial activities” are not at issue.

RESPONSES TO THE ELECTRICAL CONTRACTORS ASSOCIATION OF ONTARIO AND THE GREATER TORONTO ELECTRICAL CONTRACTORS ASSOCIATION INTERROGATORIES

INTERROGATORY 10:

Reference(s): Affidavit of Jean-Sebastien Couillard, paragraphs 16 et seq

The evidence describes the restructuring of Ontario's electricity sector to separate monopoly functions from competitive businesses. THESI, as a competitive energy services company, acquired the street lighting system from the City of Toronto.

a) If the applications are approved, will THESI continue to provide street lighting services of any kind?
b) What business activities would THESI continue to be engaged in following the proposed transactions?
c) Does THESI currently provide any services to THESL? If so;
    i. please list these services;
    ii. detail in each instance whether THESI or THESL employees, or some other entity's employees, are used in the provision of this service; and
    iii. indicate in each case whether the provision of the service by THESI to THESL will continue following the transactions proposed.

RESPONSE:

a) No.

b) At this time, it is expected that THESI will continue all current business activities excluding streetlighting.

RESPONSES TO THE ELECTRICAL CONTRACTORS ASSOCIATION OF ONTARIO AND THE GREATER TORONTO ELECTRICAL CONTRACTORS ASSOCIATION INTERROGATORIES

c) Yes.

i) Emergency response under the THESL Emergency Preparedness Plan.

ii) THESI employees provide the service.

iii) No, THESI would no longer provide this service.

RESPONSES TO THE ELECTRICAL CONTRACTORS ASSOCIATION OF ONTARIO AND THE GREATER TORONTO ELECTRICAL CONTRACTORS ASSOCIATION INTERROGATORIES

INTERROGATORY 11:

Reference(s): Affidavit of Jean-Sebastien Couillard, paragraph 34

The evidence provides the affiant's view to the effect that the government's policy regarding electricity sector structure has not directly considered street lighting activities.

a) Are any of the applicants aware of any discussions with Ministry of Energy staff regarding this issue, and if so what Ministry Staff's views have been?
b) Please provide copies of any correspondence with Ministry of Energy Staff in the possession of any of the applicants and relating to the ownership of street lighting assets or the provision of street lighting services.

RESPONSE:

a) None of the applicants is aware of recent discussions with MEI staff and in any case the applicants cannot comment on behalf of MEI staff.

b) The requested correspondence does not exist.

RESPONSES TO THE ELECTRICAL CONTRACTORS ASSOCIATION OF ONTARIO AND THE GREATER TORONTO ELECTRICAL CONTRACTORS ASSOCIATION INTERROGATORIES

INTERROGATORY 12:

Reference(s): Affidavit of Jean-Sebastien Couillard, paragraphs 13 and 36

The evidence describes two historical transactions involving transfer of the street lighting assets serving the City of Toronto. The first transaction was transfer of the assets from Toronto Hydro's predecessor to the City. The second was transfer of the assets from the City to THESI's predecessor.

Please provide all excerpts from the documents related to these previous transfers that describe the assets being transferred.

RESPONSE:

Documentation for the transfer of assets from Toronto Hydro's predecessor to the City is not available.

For transfer from the City please see the Asset Purchase Agreement between the City and Toronto Hydro Street Lighting Inc. which is attached as Appendix A.

TORONTO HYDRO STREET LIGHTING INC.

- and -

CITY OF TORONTO

ASSET PURCHASE AGREEMENT

Dated the 16th day of December, 2005

Borden Ladner Gervais LLP
Scotia Plaza
40 King Street West
Toronto, Ontario
M5H 3Y4

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ASSET PURCHASE AGREEMENT

THIS AGREEMENT made the 16th day of December, 2005,

BETWEEN:

TORONTO HYDRO STREET LIGHTING INC., a corporation existing under the laws of the Province of Ontario, (hereinafter called the "**Purchaser**"),

– and –

CITY OF TORONTO, a municipal corporation existing under the laws of the Province of Ontario, (hereinafter called the "**Vendor**"),

Recitals:

1. The Vendor owns the street and expressway lighting system in the City of Toronto.

2. The Vendor wishes to sell to the Purchaser and the Purchaser wishes to purchase from the Vendor certain of the assets and other rights associated with the street and expressway lighting system in the City of Toronto and subject to the terms and conditions set forth herein.

THIS AGREEMENT WITNESSES THAT in consideration of the respective covenants, agreements, representations, warranties and indemnities of the parties herein contained and for other good and valuable consideration (the receipt and sufficiency of which are acknowledged by each Party), the parties agree as follows:

ARTICLE I
INTERPRETATION

1.1 Defined Terms. For the purposes of this Agreement, unless the context otherwise requires, the following terms shall have the respective meanings specified or referred to below and grammatical variations of such terms shall have corresponding meanings:

(a) "**Affiliate**" has the meaning given to that term in the OBCA;

(b) "**Agreement**" means this Asset Purchase Agreement and all amendments made in writing by the Parties hereto and the term "herein" and similar expressions mean and refer to this Agreement and not to any particular Article, Section, Subsection or Schedule;

(c) "**Applicable Law**" means any and all applicable laws, including environmental laws, statutes, Codes, licensing requirements, directives, rules, regulations, protocols, policies, by-laws, orders, injunctions, rulings, awards, judgments or decrees or any requirement or decision or agreement with or by

any Government Authority and includes the standards and codes, licences and rulings issued by the OEB and the ESA;

(d) "**Assumed Liabilities**" has the meaning set out in Section 3.1;

(e) "**BIA**" means a business improvement area created by the City pursuant to Section 204 of the *Municipal Act, 2001* (Ontario);

(f) "**BIA Lighting**" means decorative or pedestrian scale lighting assets (which include poles, standards, luminaires, fixtures, control equipment (including relays and photocells), switches, ducts, reflectors, handwells, above and below ground wiring and other fixed assets relating to such decorative or pedestrian scale lighting) which are either free standing or attached to existing Equipment and are paid for and maintained by a BIA;

(g) **"Books and Records"** has the meaning set out in Section 2.1(e);

(h) "**Business Day**" means a day other than a Saturday, Sunday, statutory holiday in Ontario or any other day on which the principal chartered banks located in the City of Toronto are not open for business;

(i) "**City Licence Agreement**" has the meaning set out in Section 9.1(k);

(j) "**Claim**" has the meaning set out in Section 11.3;

(k) "**Closing**" means the closing of the Transaction with effect as of the Effective Date as contemplated by this Agreement;

(l) "**Closing Date**" means December 30, 2005 or such other date as the Vendor and the Purchaser may mutually agree;

(m) "**Code**" means any code established by the OEB from time to time applicable to the ownership or operation of the Purchased Assets;

(n) "**Contract**" means any agreement, indenture, contract, lease, understanding, arrangement, deed of trust, licence, option, instrument or other commitment, whether written or oral;

(o) "**Council**" means the municipal Council for the City of Toronto;

(p) "**Direct Claim**" has the meaning set out in Section 11.3;

(q) "**Distribution Assemblies**" has the meaning set out in Subsection 2.1(a).

(r) "**Easements**" mean the right (whether by way of easement or a right in the nature of an easement) of the Vendor to enter upon Private Property in the operation of the SEL System;

(s) "**Effective Date**" means 11:59 pm on December 31, 2005 or such other date as the Vendor and the Purchaser may mutually agree;

(t) "**Electricity Act**" means the *Electricity Act, 1998* (Ontario);

(u) "**Encumbrance**" means any security interest, mortgage, deed of trust, pledge, hypothecation, assignment by way of security, charge or deposit arrangement, encumbrance or lien (statutory or other); any right in or to any property securing or intended to secure payment or performance of an obligation including any statutory trust (actual or deemed) intended as a security or collection device, lease intended as a security device or deemed to be a security interest, preferred claim, prior claim or preferential arrangement of any kind or nature whatsoever in respect of any property and any matter, capable of registration against title, options, right of pre-emption, privilege or any contract to create any of the foregoing; the filing of any financing statement or application for registration naming the owner or conditional purchaser of the asset to which such interest lien relates as debtor or grantor; any other right of or arrangement with any creditor to have its claim satisfied out of any specified property or asset with the proceeds therefrom prior to the satisfaction of the claims of the general creditors of the owner thereof, whether or not filed or recorded; any absolute or contingent options, rights of first purchase, rights of first refusal, purchase rights, call rights, or agreements, or understandings or commitments with respect to any of the foregoing;

(v) "**Environmental Laws**" has the meaning set out in Subsection 5.14(a);

(w) "**Environmental Permits**" has the meaning set out in Subsection 5.14(b);

(x) "**Equipment**" has the meaning set out in Section 2.1(a);

(y) "**ESA**" means the Electrical Safety Authority of Ontario, and any successor thereto;

(z) "**ETA**" means Part IX of the *Excise Tax Act* (Canada), as amended from time to time;

(aa) "**Excluded Assets**" means,

(i) all Traffic Lighting;

(ii) all Parks Lighting;

(iii) all Public Square Lighting;

(iv) all BIA Lighting; and

(v) all TTC Lighting;

(bb) "**Excluded Liabilities**" has the meaning set out in Section 3.2;

(cc) "**Existing Agreements**" means the Contracts between the City and any other Person existing as at December 31, 2005 relating to the design, construction, service or maintenance of the SEL System that are listed on Schedule 1.1(cc);

(dd) "**Existing SLA**" means the service level agreement dated May 10, 2004 between the Vendor and the Purchaser in respect of the provision of services relating to street lighting assets to be provided by the Purchaser to the City prior to the Closing;

(ee) "**Government Authority**" means any federal, provincial, regional or municipal government, parliament, legislature or any regulatory authority, agency, commission or a board of any government, parliament or legislature, or any political subdivision thereof, or any court or, without limitation to the foregoing, any other law, regulation or rule making entity or any Person acting under the authority of any of the foregoing or any other authority charged with the administration or enforcement of laws, including the City of Toronto, OEB, IESO, OPA and ESA;

(ff) "**GST**" means all taxes payable under the ETA or under any provincial legislation similar to the ETA, and any reference to a specific provision of the ETA or any such provincial legislation shall refer to any successor provision thereto of like or similar effect;

(gg) "**Hazardous Substances**" has the meaning set out in Subsection 5.14(a);

(hh) "**IESO**" means the Ontario Independent Electricity System Operator, and any successors thereto;

(ii) "**Indemnified Party**" has the meaning set out in Section 11.3;

(jj) "**Indemnifying Party**" has the meaning set out in Section 11.3;

(kk) "**Intellectual Property**" means, any of the following (except to the extent they relate to commercially available off-the-shelf software): all trade or brand names, business names, trade marks, trade mark registrations and applications, service marks, service mark registrations and applications, copyrights, copyright registrations and applications, patents, patent registrations and applications and other patent rights (including any patents issued on such applications or rights), together with all rights under licences, technology transfer agreements and other agreements or instruments relating to any of the foregoing;

(ll) "**Knowledge**" means the actual knowledge of those individuals listed in Schedule 1.1(ll) after having made reasonable internal inquiries in the circumstances, none of whom have any personal liability;

(mm) "**Losses**" means, in respect of any matter, all claims, demands, proceedings, losses, damages, liabilities, deficiencies, costs and expenses (including all legal and other professional fees and disbursements, interest, penalties and amounts paid in settlement) arising directly as a consequence of such matter;

(nn) "**Material Adverse Effect**" means any effect that when considered either individually or in the aggregate is material and adverse to the condition and operation of the Equipment;

(oo) **"Night Patrol Licence"** has the meaning set out in the Service Agreement;

(pp) **"OBCA"** means the *Business Corporations Act* (Ontario);

(qq) "**OEB**" means the Ontario Energy Board, and any successor thereto;

(rr) "**OPA**" means the Ontario Power Authority, and any successor thereto;

(ss) "**Parks Lighting**" means all lighting assets (which include poles, standards, luminaires, fixtures, control equipment (including relays and photocells), switches, ducts, reflectors, handwells, above and below ground wiring and other fixed assets relating to such lighting assets) located on parks property and/or that are operated by the Vendor's Forestry and Recreation Division;

(tt) "**Party**" means a Party to this Agreement, and "**Parties**" means both of them;

(uu) "**PILS**" means payments in lieu of taxes payable pursuant to Section 93 of the *Electricity Act* or any similar tax or replacement or substitution thereof;

(vv) "**Pole Audit Report**" means the report of the results of the street light pole audit undertaken by Deloitte & Touche and attached as Exhibit 1;

(ww) "**Private Property**" means lands other than those lands owned by the Vendor or the Purchaser;

(xx) "**Public Square Lighting**" means all lighting assets (which include poles, standards, luminaires, fixtures, control equipment (including relays and photocells), switches, ducts, reflectors, handwells, above and below ground wiring and other fixed assets relating to such lighting assets) used in the operation of public squares;

(yy) "**Purchase Price**" has the meaning set out in Section 4.1;

(zz) "**Purchased Assets**" has the meaning set out in Section 2.1;

(aaa) "**Purchaser**" means Toronto Hydro Street Lighting Inc.;

(bbb) "**Purchaser's Counsel**" means Borden Ladner Gervais LLP;

(ccc) "**SEL Employees**" has the meaning set out in Section 2.2(a);

(ddd) "**SEL System**" means the street and expressway lighting system owned by the Vendor;

(eee) "**Senior Conference**" has the meaning set out in Section 12.1;

(fff) "**Service Agreement**" means the Street Lighting Service Agreement between the Vendor and the Purchaser in the form attached as Exhibit 2;

(ggg) "**Tax**" or "**Taxes**" means any federal, provincial, state, local, foreign or other income, gross receipts, profits, franchise, transfer, sales, use, customs, payroll, occupation, health, property, excise, GST or other taxes, fees, duties, assessments, withholdings or governmental charges of any nature, including PILS (including interest, penalties and additions to such taxes or charges);

(hhh) "**Tax Act**" means the *Income Tax Act* (Canada), as amended from time to time;

(iii) "**Third Party**" has the meaning set out in Section 11.5;

(jjj) "**Third Party Claim**" has the meaning set out in Section 11.3;

(kkk) "**Time of Closing**" means 9:00 a.m. (Toronto time) on the Closing Date, or such other time on the Closing Date as the Vendor and the Purchaser may mutually agree;

(lll) "**Traffic Lighting**" means, other than the Distribution Assemblies, lighting and related assets used to control the flow of traffic and includes joint use poles and other common infrastructure such as conduits, ducts, duct banks, handwells, maintenance holes, power supply cabinets and substation distribution centers installed by the Vendor's Transportation Services Division that contain traffic signal plant including traffic signals, pedestrian crossovers, flashing beacons, illuminated signs, closed circuit television cameras (CCTV), electronic changeable messages signs, transportation detector systems and fibre optic trunk and spur cables. For the purposes of this definition only, "joint use poles" shall be defined as traffic signal poles of galvanized steel construction installed by the Vendor's Transportation Services Division, that contain both street lighting plant and traffic signal plant;

(mmm) "**Transaction**" means the purchase of the Purchased Assets by the Purchaser from the Vendor in accordance with the terms and conditions provided in this Agreement;

(nnn) "**TTC**" means the Toronto Transit Commission;

(ooo) "**TTC Lighting**" means all lighting assets (which include poles used by the TTC alone and joint use poles, standards, luminaries, fixtures, control equipment (including relays and photocells), switches, ducts, reflectors, handwells, above and below ground wiring and other fixed assets relating to

such lighting assets) that are owned by the TTC. For the purpose of this definition only, "joint use poles" shall be defined as poles installed and owned by the TTC that contain both TTC assets (whether lighting assets or otherwise) and street lighting assets;

(ppp) "**Transferred Contracts**" has the meaning set out in Section 2.1(c);

(qqq) "**Vendor**" means the City of Toronto; and

(rrr) **"Vendor's Counsel"** means Stikeman Elliott LLP;

1.2 Currency. Unless otherwise indicated, all dollar amounts in this Agreement are expressed in Canadian funds.

1.3 Sections and Headings. The division of this Agreement into Articles, Sections and Subsections and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this Agreement. Unless otherwise indicated, any reference in this Agreement to an Article, Section, Subsection or Schedule refers to the specified Article, Section or Subsection of or Schedule to this Agreement.

1.4 Number, Gender and Persons. In this Agreement, words importing the singular number only shall include the plural and vice versa, words importing gender shall include all genders and words importing persons shall include individuals, corporations, partnerships, associations, trusts, unincorporated organizations, governmental bodies and other legal or business entities of any kind whatsoever.

1.5 Entire Agreement. This Agreement, together with the Schedules attached hereto, the Service Agreement, the Night Patrol Licence, and the City Licence Agreement, represent the entire agreement between the Parties respecting the subject matter hereto and supersedes all prior agreements, understandings, discussions, negotiations, representations and correspondence made by or between them respecting the subject matter hereof. There are no conditions, covenants, agreements, representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof except as herein provided.

1.6 Time of Essence. Time shall be of the essence of this Agreement.

1.7 Construction. The Parties agree that each Party and its counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement or any amendments, schedules or exhibits thereto.

1.8 Certain Phrases, etc. In this Agreement the words "including", "includes" and "include" mean "including (or includes or include) without limitation".

1.9 Interpretation of Statutes. Any reference to a statute refers to such statute and all rules and regulations made under it as the same may have been or may have been or may from time to time be amended or re-enacted.

1.10 Interpretation of Agreement. Any reference to an agreement or document refers to such agreement or document as the same may have been or may from time to time be amended, restated or replaced.

1.11 Time. A reference to a time or date is to the local time or date at Toronto, Ontario.

1.12 Approvals, Waivers, etc. in Writing. A reference to an approval, authorization, consent, designation, waiver or notice means a written approval, written authorization, written consent, written designation, written waiver or written notice.

1.13 Capitalized Terms. Any capitalized term used in this Agreement that is not otherwise defined herein shall have the generally accepted industry or technical meaning given to such term.

1.14 Applicable Law. This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the parties shall be governed by, the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each Party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of such province and all courts competent to hear appeals therefrom.

1.15 Successors and Assigns. This Agreement shall enure to the benefit of and shall be binding on and enforceable by the Parties and their respective successors and permitted assigns.

1.16 Amendments and Waivers. No amendment or waiver of any provision of this Agreement shall be binding on either Party unless consented to by such Party. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver constitute a continuing waiver unless otherwise provided. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right.

1.17 Schedules. The following Schedules are attached to and form part of this Agreement:

Schedule 1.1(cc)	Existing Agreements
Schedule 1.1(ll)	Knowledge
Schedule 2.1(a)	Distribution Assemblies
Schedule 2.1(c)	Transferred Contracts
Schedule 2.1(d)	Easements and Rights of Way
Schedule 2.1(e)	Books and Records
Schedule 3.1	Assumed Liabilities
Schedule 5.8	Intellectual Property
Schedule 5.12(b)	Third Party Consents
Schedule 5.13	Legal and Regulatory Proceedings

Exhibit 1	Pole Audit Report
Exhibit 2	Street Lighting Service Agreement
Exhibit 3	City Licence Agreement

ARTICLE II
PURCHASE AND SALE OF PURCHASED ASSETS

2.1 Purchased Assets. Subject to the provisions of this Agreement, the Vendor agrees to sell, assign and transfer to the Purchaser and the Purchaser agrees to purchase from the Vendor, effective as of the Effective Date, the following property and assets (collectively, the "**Purchased Assets**"):

(a) *Equipment.* All poles, standards, luminaires, fixtures, control equipment (including relays and photocells), conduits, switches, ducts, duct banks, reflectors, relays, handwells, above and below ground wiring and other fixed assets that are owned by the Vendor and used in the operation of the SEL System, including the street lighting poles included in the Pole Audit Report and the distribution assemblies listed in Schedule 2.1(a) (the **"Distribution Assemblies"**) (collectively, the **"Equipment"**), but excluding the Excluded Assets;

(b) *Inventories.* All inventories owned by the Vendor as of the Effective Date which are maintained for the purpose of replacing and maintaining the Equipment, including, materials, and replacement parts;

(c) *Transferred Contracts.* All of the Contracts to be assigned or transferred to the Purchaser and listed in Schedule 2.1(c);

(d) *Easements and Rights of Way.* All Easements which the Vendor has been granted, whether or not by operation of law, over Private Property, conferring the right, licence, liberty, privilege and easement or a right in the nature of an easement, to enter on, over, in, under, along, across and through any and all Private Property and the buildings and structures thereon, subject to the terms of such Easements and any agreements relating thereto, and to the extent such assignment of Easements to Purchaser is permitted by the terms of any underlying agreements or otherwise, including those Easements described in Schedule 2.1(d);

(e) *Books and Records.* The books and records maintained by the Vendor's Street and Expressway Lighting Unit and which are described in Schedule 2.1(e), (which may include asset lists, inventory and supply records, maintenance and construction records, standards and specifications of the Vendor relating to the Purchased Assets and correspondence files) but excluding all information contained therein which the City is prohibited from

disclosing under Applicable Law, including commercially sensitive information (the **"Books and Records"**);

2.2 SEL Employees.

(a) The Purchaser shall have no obligation to hire any of the employees of the Vendor involved in the operation of the SEL System (the **"SEL Employees"**).

(b) The SEL Employees shall remain the responsibility of the Vendor after Closing and the Purchaser shall not assume any liability in relation to any of the SEL Employees.

ARTICLE III
ASSUMPTION OF LIABILITIES

3.1 Assumption of Certain Liabilities by the Purchaser. Subject to the provisions of this Agreement, the Purchaser agrees to assume, pay, satisfy, discharge, perform and fulfil, from and after the Effective Date, only those obligations and liabilities which are specified in Schedule 3.1 (the "**Assumed Liabilities**").

3.2 Excluded Liabilities. For greater certainty, and without limiting the generality of the foregoing, the Vendor shall remain liable for and shall pay, satisfy, discharge, perform and fulfill, all other obligations and liabilities of the Vendor (the "**Excluded Liabilities**"), including, the obligations and liabilities of the Vendor relating to any of the following in connection with the SEL System:

(a) claims of SEL Employees or any other employees of the Vendor or, consultants, agents or, independent contractors, of the Vendor including all claims for salaries, commissions, benefits or plans, or any other form of direct or indirect compensation or indemnity obligations (contractual, statutory or other);

(b) claims in tort or under Applicable Law for penalties, fines or otherwise which arose or relate to activities which occurred prior to the Effective Date;

(c) the litigation and other claims which arose or relate to activities which occurred prior to the Effective Date, including those disclosed in Schedule 5.13;

(d) any liability or obligation arising under Environmental Laws which arose or relate to activities which occurred prior to the Effective Date;

(e) any undisclosed liabilities;

(f) incomplete records of the Vendor's Street and Expressway Lighting Unit;

(g) any liability or obligations relating to electricity consumed in the operation of the Purchased Assets either prior to or after Closing;

(h) any liabilities or obligations or claims arising under any of the Existing Agreements; or

(i) any liabilities or obligations or claims arising under the Transferred Contracts which arose or relate to activities which occurred prior to the Effective Date.

ARTICLE IV
PURCHASE PRICE

4.1 Purchase Price. The purchase price (the "**Purchase Price**") payable by the Purchaser to the Vendor for the Purchased Assets shall be sixty-million dollars ($60,000,000.00) and the assumption of the Assumed Liabilities. The Purchase Price shall be satisfied by the payment referred to in Section 4.2.

4.2 Closing Date Payment. At the Time of Closing, the Purchaser shall pay the Vendor sixty-million dollars ($60,000,000.00) by wire transfer of immediately available funds, payable to the following account of the Vendor:

Bank: Royal Bank of Canada Main Branch, Royal Bank Plaza, Toronto, Ontario
Financial Institution Number: 003
Branch Transit Number: 0002
Account Number 2378370

4.3 Allocation of Purchase Price. The Purchaser shall allocate the Purchase Price among the Purchased Assets as determined by the Purchaser.

4.4 Transfer Taxes. The Purchaser shall be liable for and shall pay all federal and provincial sales taxes (including any GST, retail sales taxes and land transfer taxes) and all other taxes, duties, fees or other like charges of any jurisdiction properly payable in connection with the transfer of the Purchased Assets by the Vendor to the Purchaser.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF THE VENDOR

The Vendor represents and warrants to the Purchaser as follows and acknowledges that the Purchaser is relying on such representations and warranties in connection with its purchase of the Purchased Assets:

5.1 Organization. The Vendor is a municipal corporation validly subsisting under the laws of the Province of Ontario and has the power and authority to own the Purchased Assets and to operate the SEL System as now being operated by it and to enter into this Agreement and to perform its obligations hereunder.

5.2 Authorization. This Agreement has been duly authorized, executed and delivered by the Vendor and is a legal, valid and binding obligation of the Vendor, enforceable against the Vendor by the Purchaser in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and

except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.

5.3 No Other Agreements to Purchase. No person other than the Purchaser has any written or oral agreement or option or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option for the purchase or acquisition from the Vendor of any of the Purchased Assets.

5.4 No Violation. The execution and delivery of this Agreement by the Vendor and the consummation of the Transaction will not result in:

(a) the breach or violation of any of the provisions of, or constitute a default under, or conflict with or cause the acceleration of any obligation of the Vendor under:

(i) any Contract to which the Vendor is a Party or by which it is or its properties are bound;

(ii) any judgment, decree, order or award of any court, governmental body or arbitrator having jurisdiction over the Vendor;

(iii) any licence, permit, approval, consent or authorization held by the Vendor required for the operation and maintenance of the Purchased Assets by the Vendor;

(iv) any Applicable Law; or

(b) the creation or imposition of any Encumbrance on any of the Purchased Assets.

5.5 Sufficiency of Purchased Assets. With the exception of (i) those Joint Use Assets (as defined in the Services Agreement) which constitute Excluded Assets, (ii) those rights of way granted to the Purchaser pursuant to the City Licence and (iii) assets required for the repair and maintenance of the SEL System (including trucks and repair machinery and equipment), the Purchased Assets are sufficient assets for the operation of the SEL System.

5.6 State of Repair. The Purchased Assets are in a reasonable state of repair.

5.7 Title to Purchased Assets. The Purchased Assets are owned beneficially by the Vendor with a good and marketable title thereto, free and clear of all Encumbrances.

5.8 Intellectual Property. Schedule 5.8 sets out all registered or pending Intellectual Property (including particulars of registration or application for registration) owned by the City and all licences and other Contracts that comprise or relate to Intellectual Property used by the City in connection with the operation of the SEL System. The operation of the SEL System does not infringe any third party rights in Intellectual Property. The Vendor is not aware of a claim of any infringement or breach of any third party rights in Intellectual Property in connection with the operation of the SEL System, nor has the Vendor received

any notice that the operation of the SEL System, including the use of Intellectual Property in connection therewith, infringes upon or breaches any third party rights in Intellectual Property, and the Vendor, after due inquiry, has no Knowledge of any infringement or violation of any of its rights in the Intellectual Property. To the Knowledge of the Vendor there is no state of facts that casts doubt on the validity or enforceability of any of the Intellectual Property owned by the City.

5.9 No Expropriation. No part of the Purchased Assets has been taken or expropriated by any federal, provincial, municipal or other authority, nor has any notice or proceeding in respect thereof been given or commenced, nor is the Vendor aware of any intent or proposal to give any such notice or commence any such proceedings.

5.10 Contracts and Commitments. The Vendor has performed all of the obligations required to be performed by it and is entitled to all benefits under, and is not in default or alleged to be in default in respect of, any Contract relating to the SEL System or Purchased Assets to which it is a Party or by which it is bound and all such Contracts are in good standing and in full force and effect, and no event, condition or occurrence exists that, after notice or lapse of time or both, would constitute a default under any of the foregoing.

5.11 Compliance With Laws; Governmental Authorization. The Vendor has complied with all Applicable Laws applicable to the operation or ownership of the SEL System or the Purchased Assets. There are no licences, permits, approvals, consents, certificates, registrations or authorizations necessary for the Vendor to operate the SEL System or for the Vendor to own any of the Purchased Assets.

5.12 Consents and Approvals.

(a) There is no requirement for the Vendor to make any filing with, give any notice to or obtain any licence, permit, certificate, registration, authorization, consent, or approval of, any Government Authority as a condition to the lawful consummation of the transactions contemplated by this Agreement.

(b) There is no requirement under any Contract relating to the SEL System or Purchased Assets to which the Vendor is a Party or by which it is bound to give any notice to, or to obtain the consent or approval of, any Party to such agreement, instrument or commitment relating to the consummation of the transactions contemplated by this Agreement, except for the notifications, consents and approvals described in Schedule 5.12(b).

5.13 Litigation. Except as described in Schedule 5.13, there are no actions, suits or proceedings (whether or not purportedly on behalf of the Vendor) pending against or affecting the Vendor at law or in equity or before or by any federal, provincial, municipal or other governmental department, court, commission, board, bureau, agency or instrumentality, domestic or foreign, or before or by an arbitrator or arbitration board affecting the SEL System or the Purchased Assets. Except as described in Schedule 5.13, there is no ground on which any such action, suit or proceeding that has commenced, which would have any reasonable likelihood of success.

5.14 Environmental.

(a) The Vendor, in respect of the SEL System and the Purchased Assets, has been, since January 1, 1998, and is in material compliance with all applicable federal, provincial, municipal and local laws, statutes, ordinances, by laws and regulations, and orders, directives and decisions rendered by any ministry, department or administrative or regulatory agency (**"Environmental Laws"**) relating to the protection of the environment, occupational health and safety or the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of any pollutants, contaminants, chemicals or industrial toxic or hazardous wastes or substances (**"Hazardous Substances"**).

(b) There are no material licences, permits, approvals, consents, certificates, registrations and other authorizations under Environmental Laws (the **"Environmental Permits"**) required specifically for the operation of the SEL System.

(c) To the Knowledge of the Vendor it has not received, since January 1, 1998, any notice of or been prosecuted for non compliance with any Environmental Laws in respect of the SEL System or the Purchased Assets, nor has the Vendor settled any allegation of non compliance with Environmental Laws short of prosecution in respect of the SEL System or the Purchased Assets. To the Knowledge of the Vendor there are no orders or directions relating to environmental matters requiring any work, repairs or construction or capital expenditures to be made with respect to the SEL System or the Purchased Assets, nor has the Vendor received notice of any of the same.

(d) To the Knowledge of the Vendor it has not caused or permitted, the material release of any Hazardous Substances on or from any of its properties or assets utilized specifically in the operation of the SEL System, nor does it have any Knowledge of the material release of any Hazardous Substances by any third party specifically with respect to the operation of the SEL System on the Vendor's behalf.

5.15 No Liabilities. There are no liabilities of the Vendor, whether or not accrued and whether or not determined or determinable, in respect of which the Purchaser may become liable on or after the consummation of the Transaction other than the Assumed Liabilities.

5.16 Full Disclosure. Neither this Agreement nor those documents to be delivered by the Vendor pursuant to Section 9.1 contain or will contain any untrue statement of a material fact or omit or will omit to state a material fact necessary to make the statements contained herein or therein not misleading.

ARTICLE VI
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser represents and warrants to the Vendor as follows and acknowledges and confirms that the Vendor is relying on such representations and warranties in connection with its sale of the Purchased Assets:

6.1 Organization. The Purchaser is a corporation validly subsisting under the laws of the Province of Ontario and has the corporate power and authority to enter into this Agreement and to perform its obligations hereunder.

6.2 Authorization. This Agreement has been duly authorized by all necessary corporate action on the part of the Purchaser, executed and delivered by the Purchaser and is a legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser by the Vendor in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may only be granted in the discretion of a court of competent jurisdiction.

6.3 No Violation. The execution and delivery of and performance by the Purchaser of this Agreement by the Purchaser and the consummation of the transactions herein provided for will not result in the violation of, or constitute a default under, or conflict with or cause the acceleration of any obligation of the Purchaser under:

(a) any Contract to which the Purchaser is a Party or by which it is bound;

(b) any provision of the constating documents or by-laws or resolutions of the board of directors (or any committee thereof) or shareholders of the Purchaser;

(c) any judgment, decree, order or award of any court, governmental body or arbitrator having jurisdiction over the Purchaser; or

(d) any Applicable Law.

6.4 Consents and Approvals. There is no requirement for the Purchaser to make any filing with, give any notice to or obtain any licence, permit, certificate, registration, authorization, consent or approval of, any Government Authority as a condition to the lawful consummation of the transactions contemplated by this Agreement.

6.5 Investment Canada. The Purchaser is a Canadian within the meaning of the *Investment Canada Act*.

ARTICLE VII
SURVIVAL OF COVENANTS, REPRESENTATIONS AND WARRANTIES

7.1 Survival of Covenants, Representations and Warranties.

(a) The representations and warranties of the Vendor set out in Article V shall survive the Closing and, notwithstanding such Closing or any investigation made by or on behalf of the Purchaser with respect thereto, shall continue in full force and effect for the benefit of the Purchaser provided, however, that with respect to a Claim of any inaccuracy of the representations and warranties set out in Article V, no Claim in respect thereof shall be valid unless it is made within a period of twenty-four (24) months from the Effective Date and upon the expiry of such limitation period, the Vendor shall have no further liability to the Purchaser with respect to the representations and warranties referred to in such section, except in respect of Claims which have been made by the Purchaser to the Vendor in writing prior to the expiration of such periods, as applicable, provided however, that such twenty-four (24) month survival period shall not apply to Claims relating to any inaccuracy of the representations and warranties set out in Section 5.1, 5.2, or 5.7.

(b) The representations and warranties of the Purchaser set out in Article VI shall survive the Closing and, notwithstanding such Closing or any investigation made by or on behalf of the Vendor with respect thereto, shall continue in full force and effect for the benefit of the Vendor provided, however, that no Claim in respect thereof shall be valid unless it is made within a period of twenty-four (24) months from the Closing Date and, upon the expiry of such limitation period, the Purchaser shall have no further liability to the Vendor with respect to the representations and warranties referred to in such section, except in respect of Claims which have been made by the Vendor to the Purchaser in writing prior to the expiration of such period.

ARTICLE VIII
COVENANTS

8.1 Access to Purchased Business and Purchased Assets. Prior to the Effective Date, the Vendor shall use reasonable efforts, to make available to the Purchaser and its authorized representatives the Books and Records. The Vendor shall permit the operational personnel of the Purchaser to have reasonable access during normal business hours to the Purchased Assets so long as such access does not unduly interfere with the ordinary conduct of the operation of the SEL System. Prior to the Effective Date, at the reasonable request of the Purchaser, the Vendor shall execute such consents, authorizations and directions as may be necessary to permit reasonable inspection of any of the Purchased Assets. The Vendor shall co-operate with the Purchaser in arranging any such meetings as the Purchaser should reasonably request with:

(a) suppliers or others who have a business relationship with the Vendor in respect of the SEL System; and

(b) the auditors, solicitors or any other persons engaged or previously engaged to provide services to the Vendor who have knowledge of matters relating to the SEL System or the Purchased Assets.

Notwithstanding the foregoing, the Purchaser will not conduct any invasive environmental testing or assessments, or any, physical testing of any particular Purchased Asset without the prior written consent of the Vendor.

8.2 Delivery of Books and Records after Closing. The Vendor shall deliver the Books and Records to the Purchaser in accordance with the timeline set out in Schedule 2.1(e). The Purchaser agrees that it will preserve the Books and Records so delivered to it for a period of six (6) years from the Effective Date, or for such longer period as is required by any Applicable Law, and will permit the Vendor or its authorized representatives reasonable access thereto in connection with the affairs of the Vendor relating to its matters, but the Purchaser shall not be responsible or liable to the Vendor for or as a result of any accidental loss or destruction of or damage to any such books or records.

8.3 Operation of SEL System Prior to Closing. Without in any way limiting any other obligations of the Vendor hereunder, during the period from the date hereof to the Effective Date:

(a) *Operate in the Ordinary Course.* The Vendor shall operate the Purchased Assets only in the ordinary and normal course consistent with past practice and the Vendor shall not, without the prior written consent of the Purchaser, enter into any transaction or refrain from doing any action that, if effected before the date of this Agreement, would constitute a breach of any representation, warranty, covenant or other obligation of the Vendor contained herein, and the Vendor shall not enter into any material supply, maintenance, purchase, service or other type of arrangements (for goods and services) relating to the SEL System or make any material decisions or enter into any Contracts with respect to the SEL System or extend or renew any contract without the consent of the Purchaser. Notwithstanding the foregoing, the Vendor may extend or renew only those Existing Agreements that are identified as continuing under Schedule 1.1(cc), provided the City is solely responsible for all payments and expenses relating thereto and the administration thereof.

(b) *Contractual Consents.* The Vendor shall give or obtain, at or prior to the Time of Closing, the notices, consents and approvals described in Schedule 5.12(b);

(c) *Discharge Liabilities.* The Vendor shall pay and discharge the liabilities of the Vendor relating to the Purchased Assets in the ordinary course in

accordance and consistent with the previous practice of the Vendor, except those contested in good faith by the Vendor;

(d) *Internal Approvals.* The Vendor shall use commercially reasonable efforts to take or cause to be taken all necessary action, steps and proceedings to approve or authorize validly and effectively the transfer of the Purchased Assets to the Purchaser and the execution and delivery of this Agreement and the other agreements and documents contemplated hereby and to cause all necessary meetings of Council to be held for such purpose; and

(e) *Reasonable Efforts.* The Vendor shall use its commercially reasonable efforts to satisfy the conditions contained in Section 9.1.

8.4 Delivery of Conveyancing Documents. The Vendor shall deliver to the Purchaser all necessary deeds, conveyances, bills of sale, assurances, transfers, assignments and any other documentation necessary or reasonably required to transfer the Purchased Assets to the Purchaser with a good and marketable title (except as provided therein), free and clear of all Encumbrances.

8.5 Delivery of Vendor's Closing Documentation. The Vendor shall deliver to the Purchaser (i) certified copies of the Council resolutions authorizing the execution, delivery and performance by the Vendor of this Agreement, the City Licence Agreement, the Service Agreement and any documents to be provided by it pursuant to the provisions hereof together with confidential reports related thereto (which confidential reports shall be subject to confidentiality undertakings by the Vendor and its counsel); (ii) any documents to be provided by it pursuant to the provisions hereof, including the certificates required by Section 9.1(a) and (b). The Vendor shall also execute and deliver or cause to be executed and delivered to the Purchaser copies of such other documents relevant to the closing of the Transaction as the Purchaser, acting reasonably, may request.

8.6 Delivery of Purchaser's Closing Documentation. The Purchaser shall deliver to the Vendor (i) a certified copy of a resolution of the shareholder of the Purchaser approving the execution, delivery and performance by the Purchaser of this Agreement, (ii) a certificate of status with respect to the Purchaser issued by an appropriate government official of the jurisdiction of its incorporation, and (iii) any documents to be provided by it pursuant to the provisions hereof. The Purchaser shall also execute and deliver or cause to be executed and delivered copies of such other documents relevant to the closing of the Transaction as the Vendor, acting reasonably, may request.

8.7 Co-operation to Secure Access to Purchased Assets. The Vendor shall, after the Effective Date, co-operate with the Purchaser to ensure access to the Purchased Assets over Private Property, to the extent that such access is refused by the owner of the Private Property. The Vendor shall co-operate with the Purchaser to assist the Purchaser to access the Purchased Assets, where such access is impeded by an owner of Private Property.

8.8 Transfer of Easements. The Vendor shall, after the Effective Date, transfer and assign to the Purchaser any and all Easements which are granted to it, whether or not by

operation of law, over Private Property, conferring the right, licence, liberty, privilege and easement or a right in the nature of an easement, to enter on, over, in, under, along, across and through any and all Private Property and the buildings and structures thereon, subject to the terms of such Easements and any agreements relating thereto and to the extent such assignment of Easements to Purchaser is permitted by the terms of any underlying agreements or otherwise.

ARTICLE IX
CONDITIONS OF CLOSING

9.1 Conditions of Closing in Favour of the Purchaser. The sale and purchase of the Purchased Assets is subject to the following terms and conditions for the exclusive benefit of the Purchaser, to be performed or fulfilled at or prior to the Time of Closing:

(a) *Representations and Warranties.* The representations and warranties of the Vendor contained in this Agreement shall be true and correct in all material respects at the Time of Closing with the same force and effect as if such representations and warranties were made at and as of such time, and a certificate of the Deputy City Manager and Chief Financial Officer, and the City Clerk dated the Closing Date, to that effect shall have been delivered to the Purchaser, such certificate to be in form and substance satisfactory to the Purchaser, acting reasonably;

(b) *Covenants.* All of the terms, covenants and conditions of this Agreement to be complied with or performed by the Vendor at or before the Time of Closing shall have been complied with or performed in all material respects, and a certificate of the Deputy City Manager and Chief Financial Officer, and the City Clerk, dated the Closing Date, to that effect shall have been delivered to the Purchaser, such certificate to be in form and substance satisfactory to the Purchaser, acting reasonably;

(c) *Contractual Consents.* The Vendor shall have given or obtained the notices, consents and approvals described in Schedule 5.12(b), in each case in form and substance satisfactory to the Purchaser, acting reasonably;

(d) *No Action or Proceeding.* No legal or regulatory action or proceeding shall be pending or threatened by any person (other than the Purchaser) to enjoin, restrict or prohibit the purchase and sale of the Purchased Assets contemplated hereby;

(e) *No Damage Having a Material Adverse Effect.* No damage by fire or other hazard to the whole or any material part of the Equipment shall have occurred from the date hereof to the Effective Date which would cause a Material Adverse Effect;

(f) *No Change Having a Material Adverse Effect.* There shall have been no change in the condition or operations of the Equipment since the date of this

Agreement to the Effective Date which would cause a Material Adverse Effect;

(g) *Legal Matters.* All actions, proceedings, instruments and documents reasonably required to implement this Agreement shall have been approved as to form and legality by Purchaser's Counsel acting reasonably;

(h) *Service Agreement.* The Vendor shall have approved, executed and delivered the Service Agreement substantially in the form attached hereto as Exhibit 2;

(i) *Night Patrol Licence.* The Vendor shall have approved, executed and delivered the Night Patrol Licence substantially in the form attached to the Service Agreement as Schedule L thereto; and

(j) *Tax Ruling.* The Purchaser shall have received an advance tax ruling from the Ministry of Finance (Ontario), satisfactory to the Purchaser, acting reasonably, confirming that: (i) the Purchaser will be considered to have acquired the Purchased Assets for the purpose of gaining or producing income for capital cost allowance purposes; and (ii) the capital cost to the Purchaser of certain of the Purchased Assets for capital cost allowance purposes will be equal to their fair market value at October 1, 2001 and (iii) the capital cost to the Purchaser of the balance of the Purchased Assets for capital cost allowance purposes will be determined in accordance with Paragraph 13(7)(e) of the Income Tax Act;

(k) *City Licence.* The Vendor shall have delivered an agreement substantially in the form attached hereto as Exhibit 3 (the **"City Licence Agreement"**).

If any of the conditions contained in this Section 9.1 shall not be performed or fulfilled at or prior to the Time of Closing to the satisfaction of the Purchaser, acting reasonably, the Purchaser may, by notice to the Vendor, terminate this Agreement and the obligations of the Vendor and the Purchaser under this Agreement, and in such event the Purchaser shall be released from all obligations hereunder except the obligations contained in Section 13.6. Any such condition may be waived in whole or in part by the Purchaser without prejudice to any claims it may have for breach of covenant, representation or warranty.

9.2 Conditions of Closing in Favour of the Vendor. The sale and purchase of the Purchased Assets is subject to the following terms and conditions for the exclusive benefit of the Vendor, to be performed or fulfilled at or prior to the Time of Closing:

(a) *Representations and Warranties.* The representations and warranties of the Purchaser contained in this Agreement shall be true and correct in all material respects at the Time of Closing with the same force and effect as if such representations and warranties were made at and as of such time, and a certificate of senior officers of the Purchaser, dated the Closing Date, to that effect shall have been delivered to the Vendor, such certificate to be in form and substance satisfactory to the Vendor acting, reasonably;

(b) *Covenants.* All of the terms, covenants and conditions of this Agreement to be complied with or performed by the Purchaser at or before the Time of Closing shall have been complied with or performed in all material respects, and a certificate of senior officers of the Purchaser, dated the Closing Date, to that effect shall have been delivered to the Vendor, such certificate to be in form and substance satisfactory to the Vendor, acting reasonably;

(c) *No Action or Proceeding.* No legal or regulatory action or proceeding shall be pending or threatened by any person (other than the Vendor) to enjoin, restrict or prohibit the purchase and sale of the Purchased Assets contemplated hereby;

(d) *Legal Matters.* All actions, proceedings, instruments and documents reasonably required to implement this Agreement shall have been approved as to form and legality by Vendor's Counsel, acting reasonably;

(e) *Financial Model.* The Purchaser shall have delivered a signed copy of its financial model for the provision of services under the Service Agreement; and

(f) *Service Agreement.* The Purchaser shall have approved, executed and delivered the Service Agreement substantially in the form attached hereto as Exhibit 2.

If any of the conditions contained in this Section 9.2 shall not be performed or fulfilled at or prior to the Time of Closing to the satisfaction of the Vendor acting reasonably, the Vendor may, by notice to the Purchaser, terminate this Agreement and the obligations of the Vendor and the Purchaser under this Agreement, and in such event the Vendor shall be released from all obligations hereunder except the obligations contained in Section 13.6. Any such condition may be waived in whole or in part by the Vendor without prejudice to any claims it may have for breach of covenant, representation or warranty.

ARTICLE X
CLOSING DATE AND TRANSFER OF POSSESSION

10.1 Transfer. Subject to compliance with the terms and conditions hereof, the transfer of possession of the Purchased Assets shall be deemed to take effect as at the Effective Date.

10.2 Place of Closing. The closing shall take place at the Time of Closing at the offices of the Purchaser's Counsel at 40 King Street West, Toronto, Ontario.

10.3 Further Assurances. From time to time subsequent to the Closing Date, each Party to this Agreement covenants and agrees that it will at all times after the Closing Date, at the expense of the requesting Party, promptly execute and deliver all such documents, including, all such additional conveyances, transfers, consents and other assurances and do all such other acts and things as the other Party, acting reasonably, may from time to time request be executed or done in order to better evidence or perfect or effectuate any provision of this Agreement or any of the respective obligations intended to be created hereby or thereby.

10.4 Risk of Loss. From the date hereof up to the Effective Date, the Purchased Assets shall be and remain at the risk of the Vendor. If, prior to the Effective Date, all or any material part of the Purchased Assets are destroyed or damaged by fire or any other casualty or shall be appropriated, expropriated or seized by governmental or other lawful authority, unless the Purchaser terminates its obligations under this Agreement as contemplated by Section 9.1, the Purchaser may elect to complete the purchase subject to a mutually agreed reduction of the Purchase Price to approximately reflect the value of the destroyed or damaged Purchased Assets.

ARTICLE XI
INDEMNIFICATION

11.1 Indemnification by the Vendor. Subject to the limitations set out in Section 11.8, the Vendor agrees to indemnify and save harmless the Purchaser from all Losses suffered or incurred by the Purchaser as a result of or arising directly or indirectly out of or in connection with:

(a) any breach by the Vendor of or any inaccuracy of any representation or warranty of the Vendor contained in this Agreement or in any agreement, certificate or other document delivered pursuant hereto (provided that the Vendor shall not be required to indemnify or save harmless the Purchaser in respect of any breach or inaccuracy of any representation or warranty unless the Purchaser shall have provided notice to the Vendor in accordance with Section 11.3 on or prior to the expiration of the applicable time period related to such representation and warranty as set out in Section 7.1) other than the representations and warranties specifically contemplated in Subsection 11.1(b);

(b) any breach by the Vendor of any inaccuracy of any representation or warranty in Section 5.1, Section 5.2, or Section 5.7 which, as a consequence of such breach or inaccuracy, the Vendor is required to buy back the Purchased Assets, provided that, notwithstanding anything to the contrary, such indemnification is limited solely and exclusively to its obligations set out in subsection 9.6 of the Service Agreement.

(c) any breach by the Vendor of any inaccuracy of any representation or warranty in Section 5.4(a)(iv) to the extent that such breach or inaccuracy relates to the by-laws or resolutions of the Vendor;

(d) any material breach or non-performance by the Vendor of any covenant to be performed by it that is contained in this Agreement or in any agreement certificate or other document delivered pursuant hereto;

(e) the operation of the Purchased Assets up to the Effective Date, unless such Losses were a result of or arose directly or indirectly out of or in connection with the maintenance services provided by the Purchaser to the Vendor pursuant to the Existing SLA; and

(f) any of the Excluded Liabilities.

11.2 Indemnification by the Purchaser. The Purchaser agrees to indemnify and save harmless the Vendor from all Losses suffered or incurred by the Vendor as a result of or arising directly or indirectly out of or in connection with:

(a) any breach by the Purchaser of or any inaccuracy of any representation or warranty contained in this Agreement or in any agreement, instrument, certificate or other document delivered pursuant hereto;

(b) any material breach or non-performance by the Purchaser of any covenant to be performed by it that is contained in this Agreement or in any agreement, certificate or other document delivered pursuant hereto;

(c) the operation of the Purchased Assets after the Effective Date as provided in Section 14.1(b) of the Service Agreement including, any failure by the Purchaser to pay, satisfy, discharge, perform or fulfil any of the Assumed Liabilities; and

(d) the solicitation by the Purchaser of any employee of the Vendor, unless such solicitation resulted from an advertisement of the Vendor to the general public.

11.3 Notice of Claim. In the event that a Party (the "**Indemnified Party**") shall become aware of any claim, proceeding or other matter (a "**Claim**") in respect of which the other Party (the "**Indemnifying Party**") agreed to indemnify the Indemnified Party pursuant to this Agreement, the Indemnified Party shall promptly give written notice thereof to the Indemnifying Party. Such notice shall specify whether the Claim arises as a result of a claim by a person against the Indemnified Party (a "**Third Party Claim**") or whether the Claim does not so arise (a "**Direct Claim**"), and shall also specify with reasonable particularity (to the extent that the information is available):

(a) the factual basis for the Claim; and

(b) the amount of the Claim, if known.

If, through the fault of the Indemnified Party, the Indemnifying Party does not receive notice of any Claim in time to effectively contest the determination of any liability susceptible of being contested, the Indemnifying Party shall be entitled to set off against the amount claimed by the Indemnified Party the amount of any Losses incurred by the Indemnifying Party resulting from the Indemnified Party's failure to give such notice on a timely basis.

11.4 Direct Claims. With respect to any Direct Claim, following receipt of notice from the Indemnified Party of the Claim, the Indemnifying Party shall have sixty (60) days to make such investigation of the Claim as is considered necessary or desirable. For the purpose of such investigation, the Indemnified Party shall make available to the Indemnifying Party the information relied upon by the Indemnified Party to substantiate the Claim, together with all such other information as the Indemnifying Party may reasonably

request. If both parties agree at or prior to the expiration of such 60-day period (or any mutually agreed upon extension thereof) to the validity and amount of such Claim, the Indemnifying Party shall immediately pay to the Indemnified Party the full agreed upon amount of the Claim, failing which the matter shall be referred to binding arbitration in such manner as the Parties may agree or shall be determined by a court of competent jurisdiction.

11.5 Third Party Claims. With respect to any Third Party Claim, the Indemnifying Party shall have the right, at its expense, to participate in or assume control of the negotiation, settlement or defence of the Claim and, in such event, the Indemnifying Party shall reimburse the Indemnified Party for all the Indemnified Party's out-of-pocket expenses as a result of such participation or assumption. If the Indemnifying Party elects to assume such control, the Indemnified Party shall have the right to participate in the negotiation, settlement or defence of such Third Party Claim and to retain counsel to act on its behalf, provided that the fees and disbursements of such counsel shall be paid by the Indemnified Party unless the Indemnifying Party consents to the retention of such counsel or unless the named parties to any action or proceeding include both the Indemnifying Party and the Indemnified Party and a representation of both the Indemnifying Party and the Indemnified Party by the same counsel would be inappropriate due to the actual or potential differing interests between them (such as the availability of different defences). If the Indemnifying Party, having elected to assume such control, thereafter fails to defend the Third Party Claim within a reasonable time, the Indemnified Party shall be entitled to assume such control and the Indemnifying Party shall be bound by the results obtained by the Indemnified Party with respect to such Third Party Claim. If any Third Party Claim is of a nature such that the Indemnified Party is required by Applicable Law to make a payment to any person (a "**Third Party**") with respect to the Third Party Claim before the completion of settlement negotiations or related legal proceedings, the Indemnified Party may make such payment and the Indemnifying Party shall, forthwith after demand by the Indemnified Party, reimburse the Indemnified Party for such payment. If the amount of any liability of the Indemnified Party under the Third Party Claim in respect of which such a payment was made, as finally determined, is less than the amount that was paid by the Indemnifying Party to the Indemnified Party, the Indemnified Party shall, forthwith after receipt of the difference from the Third Party, pay the amount of such difference to the Indemnifying Party.

11.6 Settlement of Third Party Claims. If the Indemnifying Party fails to assume control of the defence of any Third Party Claim, the Indemnified Party shall have the exclusive right to contest, settle or pay the amount claimed. Whether or not the Indemnifying Party assumes control of the negotiation, settlement or defence of any Third Party Claim, the Indemnifying Party shall not settle any Third Party Claim without the written consent of the Indemnified Party, which consent shall not be unreasonably withheld or delayed; provided, however, that the liability of the Indemnifying Party shall be limited to the proposed settlement amount if any such consent is not obtained for any reason.

11.7 Co-Operation. The Indemnified Party and the Indemnifying Party shall co-operate fully with each other with respect to Third Party Claims, and shall keep each other fully advised with respect thereto (including supplying copies of all relevant documentation promptly as it becomes available).

11.8 Limitations on Indemnification.

(a) The Vendor will have no obligation to make any payment for any Losses or otherwise for any Claim (for indemnification or otherwise) with respect to the matters described in subsection 11.1(a), (c), (d), (e) and (f), until the aggregate Losses with respect to such matters exceeds $500,000, and then only for the amount by which such Losses exceed $500,000, up to a maximum aggregate amount of the Purchase Price.

(b) In addition to the Purchaser's remedy under subsection 11.8(a), in the event of a breach or inaccuracy with respect to the matters described in subsection 11.1(c), the Vendor shall use all reasonable efforts to cause Council to take such action as shall be reasonably necessary to correct such breach or inaccuracy.

(c) Notwithstanding anything to the contrary, neither Party will have liability for any special, indirect, consequential, punitive or aggravated damages, including damages for lost profit, it being understood that Third Party Claims will not be considered claims for special, indirect, consequential, punitive or aggravated damages even if such Third Party Claim itself is a claim for consequential, incidental, indirect, special, punitive or aggravated damages.

11.9 Exclusivity. The provisions of this Article XI shall apply to any Claim for breach of any covenant, representation, warranty or other provision of this Agreement or any, certificate delivered pursuant to this Agreement (other than a claim for specific performance or injunctive relief) with the intent that all such Claims shall be subject to the limitations and other provisions contained in this Article XI. The indemnities provided in this Article XI shall constitute the only remedies of one Party against the other in the event of a breach of a representation, warranty, covenant or agreement between parties pursuant to this Agreement. Notwithstanding the foregoing, the Purchaser and the Vendor may exercise their rights of termination under Section 9.1 and Section 9.2, respectively. Each Party expressly waives and renounces any other remedies whatsoever, whether at law or in equity, to which it would otherwise be entitled as against the other Party.

ARTICLE XII
DISPUTE RESOLUTION

12.1 Disputes Generally. Other than disputes relating to confidentiality under Section 13.7, any dispute relating to this Agreement shall be referred to a senior representation of the Purchaser and a senior representation of the Vendor and the Parties shall cause their representatives to use reasonable efforts to resolve the dispute. If a dispute is not resolved within a period of ten (10) Business Days, the dispute shall be referred by such representatives in writing to senior management of each of the Parties for resolution (a "**Senior Conference**"). Such senior management shall use commercially reasonable efforts to resolve the dispute for a period of up to ten (10) Business Days.

12.2 Arbitration. Except as is expressly provided in this Agreement, if a dispute is not resolved in accordance with Section 12.1 within a period of fifteen (15) Business Days following the date of formal notification of a dispute, then upon written notice by any Party to the other Party, the dispute shall be finally settled by arbitration in accordance with the provisions of the *Arbitration Act, 1991* (Ontario), based upon the following:

(a) The arbitration tribunal shall consist of one arbitrator appointed by mutual agreement of the Parties, or in the event of failure to agree within ten (10) Business Days following delivery of the written notice to arbitrate, each of the Parties shall designate an arm's length third Person within a further ten (10) Business Days who together shall agree upon and appoint an arbitrator. In the event such arm's length third persons fail to appoint the arbitrator within such ten (10) Business Day period, any Party may apply to a judge of the Ontario Superior Court of Justice to appoint an arbitrator. The arbitrator must be qualified by education and training to rule upon the particular matter to be decided.

(b) The arbitrator shall be instructed that time is of the essence in the arbitration proceeding and that, in any event, the arbitration award must be made within sixty (60) days of the submission of the dispute to arbitration.

(c) After written notice is given to refer any dispute to arbitration, the Parties shall meet within five (5) Business Days of delivery of the notice and negotiate in good faith any changes in these arbitration provisions or the rules of arbitration which are adopted by this Article XII, in an effort to expedite the process and otherwise ensure that the process is appropriate given the nature of the dispute and the values at risk.

(d) The arbitration shall take place in English in Toronto, Ontario.

(e) The arbitration award shall be given in writing and shall be final and binding on the Parties, not subject to any appeal. The arbitration award shall deal with the question of costs of arbitration and all related matters, subject to the next sentence. A Party to a dispute may, at any time, make an offer to the other Party to the dispute to settle all or any part of the dispute. Any offer to settle is deemed to be an offer of compromise made in confidence and without prejudice. The fact that an offer to settle has been made may not be communicated to the arbitrator until the arbitrator has made a final determination of all aspects of the dispute other than costs. If an offer to settle is not accepted and the arbitration award is no more favourable to the Party to which the offer was made, the Party making the offer shall be entitled to all of its costs in connection with the arbitration in respect of the period from the date the offer to settle was made to the making of the arbitration award. The costs of arbitration include the arbitrators' fees and expenses, the provision of a reporter and transcripts, reasonable legal fees and reasonable costs of preparations.

(f) Judgment upon any award may be entered in any court having jurisdiction or application may be made to the court for a judicial recognition of the award or an order of enforcement, as the case may be.

(g) All disputes referred to arbitration (including the scope of the agreement to arbitrate, any statute of limitations, set-off claims, conflict of laws, rules, tort claims and interest claims) are governed by the substantive law of Ontario.

12.3 Municipal Arbitrations Act. The Parties agree that the dispute resolution mechanisms described in this Article XII shall apply to all disputes in connection with this Agreement, to the exclusion of the *Municipal Arbitrations Act* (Ontario).

12.4 Outstanding Disputes. If on the date of the termination of this Agreement there are dispute resolution proceedings pending or outstanding under this Article, the provisions of this Agreement shall continue to apply to such proceedings notwithstanding the termination of the Agreement.

ARTICLE XIII
MISCELLANEOUS

13.1 Notices.

(a) Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be delivered in person, transmitted by facsimile or by courier, charges prepaid, addressed as follows:

(i) if to the Vendor:

11th floor, East Tower,
Toronto City Hall
100 Queen Street West
Toronto ON M5H 2N2

Attention: City Manager
Fax No.: (416) 392-1827

with a copy to: City Solicitor

Legal Services
55 John Street
Stn. 1260, 26th Flr., Metro Hall
Toronto ON M5V 3C6
Fax No. (416) 397-5624

(ii) if to the Purchaser:

14 Carlton Street
Toronto, Ontario M5B 1K5
Attention: President, Street Lighting
Fax No.: (416) 542-2833

with a copy to: Purchaser's General Counsel

14 Carlton Street
Toronto, Ontario M5B 1K5
Fax No.: 416-542-2540

(b) Any such notice or other communication shall be deemed to have been given and received on the day on which it was delivered or transmitted (or, if such day is not a Business Day, on the next following Business Day) or, if sent by same day courier, on the date of delivery if sent on Business Day and delivery was made prior to 4:00 p.m. (local time place of receipts) and otherwise on the next Business Day or, if sent by overnight courier, on the next Business Day, or if sent by facsimile, on the Business Day following the date of confirmation of transmission by originating facsimile, on the third Business Day following the date of mailing; provided, however, that if at the time of mailing or within three (3) Business Days thereafter there is or occurs a labour dispute or other event that might reasonably be expected to disrupt the delivery of documents by mail, any notice or other communication hereunder shall be delivered or transmitted by means of recorded electronic communication as aforesaid.

(c) Either Party may at any time change its address for service from time to time by giving notice to the other Party in accordance with this Section 13.1.

13.2 Consultation. The parties shall consult with each other before issuing any press release or making any other public announcement with respect to this Agreement or the transactions contemplated hereby and, except as required by Applicable Law, neither of them shall issue any such press release or make any such public announcement without the prior written consent of the other, which consent shall not be unreasonably withheld, conditioned or delayed.

13.3 Severability. If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect.

13.4 Disclosure. Prior to any public announcement of the transaction contemplated hereby pursuant to Section 13.6, neither Party shall disclose this Agreement or any aspects of the Transaction except to its board of directors, members of Council, its senior management, its legal, accounting, financial or other professional advisors, any financial institution contacted by it with respect to any financing required in connection with such transaction and

counsel to such institution, or as may be required by any Applicable Law or any regulatory authority or stock exchange having jurisdiction.

13.5 Third Party Beneficiaries. Except as otherwise provided in Article XI, the Vendor and the Purchaser intend that this agreement will not benefit or create any right or cause of action in favour of any person, other than the Parties. Except for the Indemnified Parties, no person, other than the Parties shall be entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum. The Parties reserve this right to vary or rescind the rights at any time and in any way, whatsoever, if any, granted by or under this Agreement to any person who is not a Party, without notice to or consent of that Person, including any Indemnified Person.

13.6 Confidentiality

(a) No Party shall disclose the terms of this Agreement to any other Person (other than such Party's and its Affiliate's elected officials, officers, directors, employees, lenders, financing parties, counsel, consultants, advisors and accountants, all on a need-to-know basis and all of whom have agreed, or by the nature of their retainer, engagement or employment are required, to keep such terms confidential on similar terms, and for whose breach such Party shall be liable to the other Party), except in order to comply with any Applicable Law or stock exchange rule or reporting requirement, provided each Party shall notify the other Party of any proceeding of which it is aware that may result in disclosure and use reasonable efforts to prevent or limit the disclosure.

(b) The Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation, provided that all monetary damages shall be limited to actual direct damages. This provision shall survive the execution of this Agreement for a period of two (2) years.

(c) Each Party acknowledges that the other Party is subject to the *Municipal Freedom of Information and Protection of Privacy Act* (Ontario) ("**MFIPPA**") and that the other Party may be required to disclose confidential information concerning this Agreement in accordance with the provisions of MFIPPA.

13.7 Assignment.

(a) Except as provided in Section 13.7(b), neither Party may assign its rights under this Agreement in whole or in part to any other person without the prior written consent of the other Party, which consent should not be unreasonably withheld, conditioned or delayed.

(b) Notwithstanding Section 13.7(a), the Purchaser may assign this Agreement to an Affiliate that is wholly-owned by Toronto Hydro Corporation without the prior written consent of the Vendor.

13.8 Expenses. Except as otherwise expressly provided in this Agreement, each Party will pay for its own fees and expenses incurred in connection with this Agreement and the transactions contemplated by it.

13.9 Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF this Agreement has been executed by the Parties.

TORONTO HYDRO STREET LIGHTING INC.

By: _____
J.S. Couillard
Chief Financial Officer, Toronto Hydro Street Lighting Inc.

By: _____
David S. O'Brien
Chief Executive Officer and President, Toronto Hydro Corporation

CITY OF TORONTO

By: _____
LEN S. BRITTAIN For: Joseph Pennachetti
Deputy City Manager and Chief Financial Officer

By: _____
Marilyn M. Toft
For: Ulli Watkiss
City Clerk

Authorized by Clause 2 of Policy and Finance Committee Report No. 3 (following Item 168) adopted by Council at its Special Meetings on February 21, 22, 23, 24, 25, 28 and March 1, 2005; Clause 4 of Policy and Finance Committee Report No. 8 adopted by Council at its meeting of September 28, 29 and 30, 2005; and, Clause 8 of Policy and Finance Committee Report No. 10, as amended and adopted by Council at its Special Meeting of December 14 and 16, 2005.

_____
Marilyn M. Toft for **City Clerk**

Approved as to Form
JK/MS For: Anna Kinastowski
City Solicitor

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Schedule 1.1(cc) – Existing Agreements

Part 1 – Existing service and construction contracts to be terminated by the City before January 1, 2006

Name	Party	Number
Service Level Agreement between the City and Toronto Hydro, dated May 10, 2004	Toronto Hydro	N/A
District 4 Street Lighting Maintenance for the Period February 1, 2003 to January 31, 2006	Black & McDonald Ltd.	02TM-01SL
Expressway Lighting Maintenance Within the City of Toronto for the period August 1, 2002 to January 31, 2005	Stacey Electric Company Limited	02TM-03SL
Gardiner Expressway High Mast Lighting Installation from Hwy. 427 easterly to Humber River	Guild Electric Ltd.	02TM-04SL
Wash and Group Re-Lamp Street Lighting Luminares	Guild Electric Ltd.	05TM-02SL
2005 Street Lighting Pole and Luminaire Replacement	Black & McDonald Ltd.	05TM-03SL
Street Lighting Engineering Services	SNC Lavalin Engineers & Constructors Inc.	RFP No. 9117-02-7299
Engineering Services for the Development of a Street Lighting Design and Specifications Manual	McCormick Rankin Corporation	RFP No. 9119-02-7422
Routine Night Patrol Services to Report the Presence of Non-Functioning Street Lighting Luminaires	iTRANS Consulting Inc.	RFP No. 9155-01-7776

Part 2 – Construction contracts that will continue beyond January 1, 2006

Name	Party	Number	Termination Date
King Street West CN Rail Underpass (Tunnel) and Approach Lighting	Black & McDonald Ltd.	04TM-06SL	No later than March 31, 2006
The Restoration of Street Lighting System on Palmerston Boulevard Between Bloor Street and College Street in the City of Toronto	Black & McDonald Ltd.	04TM-05SL	No later than March 31, 2006

Schedule 1.1 (ll)
Persons Having Knowledge

1. Persons having Knowledge, with respect to the Vendor:

Deputy City Manager and Chief Financial Officer

City Solicitor

Manager of the Street and Expressway Lighting Unit

Schedule 2.1(a)
Distribution Assemblies

Expressway Locations	
(i) William R. Allen Road	
195 Glen Park Ave.	West of Allen Rd. north of Glencarin Ave.
254 Ranee Ave.	North side of Ranee Ave. west of Allen Rd.
558 Wilson Ave.	North side of Wilson Ave. east of Allen Rd. (in TTC Parking Lot)
302 Wilson Heights Blvd.	Southbound Wilson Heights south of Transit Rd.
Don Valley Parkway	
Eastern Ave.	North side of Eastern Ave. east of DVP
Royal Drive	East side of DVP at Royal Drive
Pottery Road	South side east of DVP
DVP/Lighting	Southbound Bayview Ramp/west of Bayview Ave.
Beechwood Dr.	North side east of DVP
Don Mills Rd.	On Don Mills Rd. at NB DVP Ramp
Grenoble Dr.	On Grenoble Dr. at Hydro Loc T15220
Grenoble Dr.	Southbound DVP north of Spanbridge Dr.
1230 Eglinton Ave.	North side east of DVP
Lawrence Ave.	South side east of DVP
1161 York Mills Rd.	South side of York Mills Rd. east of DVP
Frederick G. Gardiner	
590 Lakeshore Blvd. E.	Eastbound Lakeshore Blvd. E. west of Don River
British Columbia	South side at British Columbia Ramp (High Mast Lighting)
1902 Lakeshore Blvd.	North side Lakeshor Blv. W east of Ellis Ave.
2002 Lakeshore Blvd.	WB Lakeshore Blvd. W. north side west of Windemere
2077 Lakeshore Blvd.	WB Lakeshore Blvd. W. west of Palace Pier
2120A Lakeshore Blvd.	WB Lakeshore Blvd. W. east of Ramp to WB FGE
500 Oxford St.	South of FGE west side of Grand Ave.
100 St. Lawrence Ave.	West of Islington south of the Queensway
0 Wickman	At corner of Wickman Rd. & Fordhouse Blvd.

Schedule 2.1(c)
Transferred Contracts

1. Easement Agreements

No.	Title	Dated
(a)	Utility Crossing Agreement between the City of Toronto and the Canadian National Railway	November 17/04

2. Permission Letters to attach Lane Lights and Cables to Private Structures:

No.	Address	Name	Dated
(a)	48 Kelvin Avenue	Farhana Ahmed	August 18, 2004
(b)	555 Sherbourne Street	Julian Lebel	February 20, 2001
(c)	782 Annette Street	Susan Dawson	August 20, 2002
(d)	15 Breadalbane Street	YMCA of Greater Toronto	September 19, 2001
(e)	99 Crown's Lane	Greg Young	February 6, 2003
(f)	220 Cowan Avenue	Vincent Lawrence per Parkdale Community Recreation Centre	April 11, 2002
(g)	57 Winchester Street	B. David Lynch per Little Brothers of the Good Shepherd (Canada)	April 9, 2002
(h)	323 Queen Street East	David Neden	May 25, 2004
(i)	388 Richmond Street West	Oliver Corneau per Simerra Property Management	September 1, 2004
(j)	1370 St. Clair Avenue West	Peter Catanelli	January 5, 2005
(k)	509 Parliament Street	Canadian Childrens Dance The Theatre Inc.	January 11, 2002
(l)	1437 Davenport Road	Manuel Rolo/Rosa Rolo	January 24, 2001

No.	Address	Name	Dated
(m)	261 Davenport Road	Eric Inspektor per. 1306598 Ontario Inc.	February 20, 2001
(n)	49 Donlands Avenue	Harold Shepherd per St. Davids Anglican Church	January 15, 2002
(o)	842 Yonge Street	Cora Tan per China Panda	November 27, 2000
(p)	9A Yorkville Avenue	Joseph Lewis/Minnie Lewis	October 30, 2000
(q)	27 Yorkville Avenue	Helen Freidman / Frederick Weinberg	September 18, 2000
(r)	26 Cumberland Street	Torindo Limited	September 18, 2000
(s)	22 Cumberland Street	Minic Investments Ltd.	September 18, 2000

3. Permits granted for attachments to Purchased Assets

No.	Location	Details	Applicant	Expiry
(a)	2257 Bloor St. W., from South Kingsway to Glendonwynne Road	Install Christmas decorations on street lighting poles as per lists submitted	Bloor West Village Business Improvement Area	January 15, 2006
(b)	Dundas St. W. Toronto, at Runnymede Rd to Quebec Avenue	Permit to attach 15 banners on north side, and 15 banners on south side on street lighting poles	Malta Village Business Association	May 4, 2006
(c)	Bloor Street from South Kingsway to Glendonwynne Road	Permit to attach Christmas decorations on street lighting poles	Bloor West Village BIA	January 15, 2006
(d)	Bloor Street from Prince Edward Dr. N. to Montgomery Rd.	Permit to attach Christmas decorations on street lighting poles	Kingsway BIA	January 15, 2006
(e)	Bloor St W (800 to 1000)	Seasonal Banners	Bloorcourt Village BIA	January 31, 2006
(f)	St. Clair Ave W (700 to 835)	Seasonal Banners	Hillcrest Village BIA	March 31, 2006

No.	Location	Details	Applicant	Expiry
(g)	Queen St E (Lockwood to Neville Park)	Seasonal Banners	Beaches BIA	January 31, 2006
(h)	Danforth Av (350 to 740)	Seasonal Banners	Danforth BIA	January 7, 2006
(i)	College St (780 to 1000)	Seasonal Banners	College Promenade	June 10, 2006
(j)	Various	Seasonal Banners	Harbourfront Centre	September, 2006
(k)	Bloor Street West between Dundas Street West and Keele Street	Temporarily install Christmas decorations on poles	Bloor by the Park BIA	January 31, 2006
(l)	Mercer Street between Blue Jays Way and John Street, Toronto	Maintain banners on the poles for the Second City	Carol's Flag & Banner Company & Installation Unlimited	February 19, 2006
(m)	Bloor Street West between Avenue Road and Spadina Avenue	Temporarily install banners in connection with "Bata: Icons of Elegance"	Carol's Flag & Banner Company & Installation Unlimited	January 15, 2006
(n)	Centre Avenue Toronto between Armoury Street and Dundas Street West	Install banners for the "Textile Museum of Canada"	Carol's Flag & Banner Company & Installation Unlimited	January 15, 2006
(o)	Front Street East between Jarvis Street and Parliament Street, Toronto	Maintain banner program for CanStage: Hair	Carol's Flag & Banner Company & Installation Unlimited	January 16, 2006
(p)	Queen's Park Crescent East intersected by St. Joseph Street	Renew renaissance ROM banners on poles	Carol's Flag & Banner Company, division of Kerputt Inc.	January 31, 2006
(q)	Front Street East between Yonge Street and Scott Street	install banners in connection with the Hummingbird Centre	Carol's Flag & Banner Company, division of Kerputt Inc.	January 31, 2006
(r)	Yonge Street between Richmond Street East and Grosvenor Street, Toronto	Temporarily install banners on poles	Downtown Yonge BIA	February 15, 2006
(s)	Danforth Avenue between Hampton Avenue and Dewhurst Boulevard, Toronto	Maintain Greek Town generic banners and install Holiday banners on poles	Greek Town on the Danforth BIA	January 31, 2006

No.	Location	Details	Applicant	Expiry
(t)	Yonge Street between Walker Avenue and Balmoral Avenue, Toronto	Install banners to celebrate the 40th anniversary of the York School	The York School	January 9, 2006
(u)	Duncan Street between King Street West and Adelaide Street West	Maintain existing rope lighting and flower baskets on the poles on Duncan Street	Toronto Entertainment District Association	February 16, 2006
(v)	Duncan Street between King Street West and Queen Street West	Installation of banners	Carol's Flag & Banner Company & Installation Unlimited on behalf of Toronto Entertainment District Association	January 31, 2006
(w)	Various downtown locations	Installation of banners	Carol's Flag & Banner Company & Installation Unlimited on behalf of City of Toronto Live With Culture	February 28, 2006

Schedule 2.1(d)
Easements and Rights of Way

1. Permission Letters to attach Lane Lights and Cables to Private Structures:

No.	Address	Third Party	Description of Permission
(a)	48 Kelvin Avenue	Farhana Ahmed	To attach and maintain a lane light and power supply cable to the north wall of 48 Kelvin.
(b)	555 Sherbourne Street	Julian Lebel	To attach ten ceiling mounted square pak luminaries and power supply cable to the north and south columns of the pedestrian platform structure at 555 Sherbourne Street
(c)	782 Annette Street	Susan Dawson	To attach a lane light and power supply cable to the west wall of the property
(d)	15 Breadalbane Street	YMCA of Greater Toronto	To attach a lane light and power supply cable to the east wall of the property
(e)	99 Crown's Lane	Greg Young	To attach a lane light and power supply cable to the west wall of the property
(f)	220 Cowan Avenue	Vincent Lawrence per Parkdale Community Recreation Centre	To attach two wall mounted luminaries and associated power cabling to the wall above the bicycle rack of premises
(g)	57 Winchester Street	B. David Lynch per Little Brothers of the Good Shepherd (Canada)	To attach a lane light and power supply cable to the west wall of the property
(h)	323 Queen Street East	David Neden	To attach a lane light and power supply cable to the south wall of the property
(i)	388 Richmond Street West	Oliver Corneau per Simerra Property Management	To attach a lane light and power supply cable to the west wall of the property
(j)	1370 St. Clair Avenue West	Peter Catanelli	To attach a lane light and power supply cable to the east wall of the property

No.	Address	Third Party	Description of Permission
(k)	509 Parliament Street	Canadian Childrens Dance The Theatre Inc.	To attach a lane light and power supply cable to the east wall of the property
(l)	1437 Davenport Road	Manuel Rolo/Rosa Rolo	To attach a lane light and power supply cable to the west wall of the property
(m)	261 Davenport Road	Eric Inspektor per. 1306598 Ontario Inc.	To attach a lane light and power supply cable to the west wall of the property
(n)	49 Donlands Avenue	Harold Shepherd per St. Davids Anglican Church	To attach a lane light and power supply cable to the south wall of the property
(o)	842 Yonge Street	Cora Tan per China Panda	To attach a lane light and power supply cable to the west wall of the property
(p)	9A Yorkville Avenue	Joseph Lewis/Minnie Lewis	To attach a lane light and power supply cable to the west wall of the property
(q)	27 Yorkville Avenue	Helen Freidman / Frederick Weinberg	To attach a lane light and power supply cable to the south wall of the property
(r)	26 Cumberland Street	Torindo Limited	To attach a lane light and power supply cable to the west wall of the property
(s)	22 Cumberland Street	Minic Investments Ltd.	To attach a lane light and power supply cable to the north-east corner wall of the property

2. Rights of Way:

No.	Address	Grantor	Description of the Right of Way
(a)	Street lighting cable installation – Jameson Avenue Bridge over Canadian National Railway, South of Springhurst Avenue	Canadian National Railway	Access to CN land on Jameson Avenue Bridge for repair and maintenance of street lighting assets.

Schedule 2.1(e)
Books and Records

	Record	Delivery Date
1.	Location files related to spot improvement projects approved or costed, or pending review and approval	Prior to the Effective Date
2.	Other location files	60 days after the Effective Date
3.	Design Initiation Notices with respect to 2006 capital projects that the Vendor's SEL Unit has not yet responded to.	60 days after the Effective Date
4.	Historical contracts and data tables with respect to the Group Relamp project.	Prior to the Effective Date
5.	Inventory lists for the inventory transferred pursuant to Section 2.1(b).	Prior to the Effective Date
6.	Expressway records describing the locations of poles, wiring and power supplies for the expressway lighting on the Don Valley, Allen and Gardiner Expressways.	Prior to the Effective Date
7.	Maintenance records in TMMS (provided via 1 year read only access to TMMS) from the Effective Date to December 31, 2006.	Prior to the Effective Date
8.	2005 list of the locations of deteriorated poles.	Prior to the Effective Date
9.	Historic capital projects records.	60 days after the Effective Date
10.	Plans indicating the location of street lighting plant in East district.	Prior to the Effective Date
11.	Electronic copy of the draft "Street Lighting Design and Specifications Manual."	Prior to the Effective Date

Schedule 3.1
Assumed Liabilities

1. All obligations and liabilities under the Transferred Contracts arising after the Effective Date, including all obligations to maintain attachments as permitted in the Transferred Contracts.

2. All obligations and liabilities arising after the Effective Date relating to the rights of BIAs to:

    (i) install electricity outlets onto the Poles and use such outlets in a reasonable manner for the purposes of energizing decorations;

    (ii) install onto the Poles clamp on lights for pedestrian scale lighting;

    (iii) install hanging baskets and holiday decorations onto the Poles; and

    (iv) attach signs and banners onto the Poles for any municipal purpose or service directly undertaken by the BIA and not related to any third party commercial endeavour.

Schedule 5.8
Intellectual Property

1. Software (other than commercially available off-the-shelf software) used in connection with the SEL System:

1. Toronto Maintenance Management System

2. Night Patrol

Schedule 5.12(b)
Third Party Consents

Consent of the Canadian National Railway in order to transfer the Utility Crossing Agreement dated November 17, 2004 between the City of Toronto and the Canadian National Railway.

Schedule 5.13
Legal and Regulatory Proceedings

1. The following claims are threatened or outstanding:

(a) Bus Accident.

Date of Incident: June 26, 2004

Description: Passenger on a private bus stuck head out of window, became trapped between pole and bus resulting in fatal injuries.

Claim: Family seeking damages against the Vendor. No specific claim or threat has been made with respect to street lighting, but the Vendor's SEL Unit has been asked to review the facts that are under investigation due to the fact that a street lighting pole was involved in the incident.

Status: Response to Mclarens Brouwer (adjusters on behalf of Vendor) in progress.

(b) Splice box soft tissue injury

Date of Incident: June 20, 2001.

Issue: A woman fell on a splice box that is either owned by the Vendor or by Toronto Hydro. The plaintiff filed claims against the Vendor and Toronto Hydro. If the box is owned by the Vendor, the Vendor may raise the defence that the claim was brought after the lapse of a three-month limitation period.

Claim: The woman seeks compensation from the Vendor and from Toronto Hydro for her soft tissue injury. The cost, if successful, is likely less than $50,000.

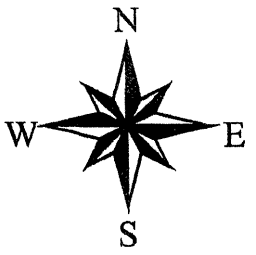
Status: Mediation is scheduled for January 25, 2006. The Vendor may move for summary judgment.

Exhibit 1
Pole Audit Report

Material	Condition	Total
Ced	Decr	19
	Fair	188
	Good	2035
	Poor	40
Con	Decr	1654
	Fair	1306
	Good	34764
	Poor	1360
Stl	Decr	2529
	Fair	437
	Good	4799
	Poor	73
N/A	Decr	2
	Good	2

Condition	Total
Total Surveyed	49208
Good	41600
Fair	1931
Poor	1473
Decorative	4204

Final Toronto as of Aug 1 2005



Total Surveyed for Condition: 49208
Condition Good: 41600
Fair: 1931
Poor: 1473
Decr: 4204



Cityoftorontofinal.shp
- **Decr**
- **Fair**
- **Good**
- **Poor**

Roadcentreline.shp

iTRANS

Exhibit 2
Street Lighting Service Agreement

STREET AND EXPRESSWAY LIGHTING SERVICE AGREEMENT

BETWEEN

CITY OF TORONTO

AND

TORONTO HYDRO STREET LIGHTING INC.

Dated the 1st day of January, 2006

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STREET LIGHTING SERVICE AGREEMENT

THIS AGREEMENT is made as of the 1st day of January, 2006.

B E T W E E N:

CITY OF TORONTO, a municipal corporation incorporated under the laws of Ontario

(hereinafter referred to as the "**City**")

- and -

TORONTO HYDRO STREET LIGHTING INC., a corporation incorporated under the laws of Ontario

(hereinafter referred to as "**Toronto Hydro**")

RECITALS:

1. Pursuant to an asset purchase agreement dated December 16th, 2005 (the "**Asset Purchase Agreement**"), the City sold to Toronto Hydro the assets comprising the Existing SEL System (as defined herein); and

2. The City wishes to retain Toronto Hydro to provide street and expressway lighting services to the City including the management and operation of the SEL System (as defined herein) and the design, installation, maintenance and repair of the SEL System and Toronto Hydro agrees to provide such street and expressway lighting services upon the terms and conditions as contained herein.

NOW THEREFORE in consideration of the premises and the mutual covenants and agreements herein set forth and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by each of the Parties, the Parties hereby covenant and agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Defined Terms

Whenever used in this Agreement including the recitals and Schedules hereto, unless the context otherwise requires, the following terms shall have the respective meanings specified or referred to below and grammatical variations of such terms shall have corresponding meanings:

(a) "**Affiliate**" has the meaning provided in the *Business Corporations Act* (Ontario);

(b) "**Adjusted CPI**" has the meaning provided in Section 5.2;

(c) **"Adjustment Date"** has the meaning provided in Section 5.3(a);

(d) **"Agreement"**, "hereto, "hereof", "hereby", "hereunder" and similar expressions refer to this Street Lighting Service Agreement, and not to any particular Article, Section, Subsection or other portion thereof, and include any and every amendment hereto;

(e) **"Annual Adjustment"** has the meaning provided in Section 5.2(a);

(f) **"Applicable Law"** means any and all applicable laws, including environmental laws, statutes, codes, licensing requirements, directives, rules, regulations, protocols, policies, guidelines, specifications, by-laws, orders, injunctions, rulings, awards, judgments or decrees or any requirement or decision or agreement with or by any Government Authority and includes the standards and codes, licences and rulings issued by the OEB and the ESA;

(g) **"Arbitration"** means arbitration in accordance with Section 13.2;

(h) **"Asset Purchase Agreement"** has the meaning provided in the recitals;

(i) **"BIA"** means a business improvement area created by the City pursuant to Section 204 of the *Municipal Act* as such section may from time to time be amended, restated or replaced, provided that the City continues to be responsible for the obligations of a BIA in a manner consistent with the City's responsibility as of the Effective Date;

(j) **"Business Day"** means a day other than a Saturday, Sunday, statutory holiday in Ontario, Easter Monday or any other day on which the principal chartered banks located in the City of Toronto are not open for business;

(k) **"Capital Projects"** means Spot Improvements, Expressway Projects, Hydro Conversion and Pole Replacement Services and any change to the structure or configuration of the SEL System which are not the result of a Special Service, a Greenfield Expansion or the general maintenance services contemplated in Section 2.1(a) or Section 2.1(b);

(l) **"Capital Projects Cap Amount"** means the amount of capital expenditures budgeted for Capital Projects in each year of the Term as specified in Schedule "I";

(m) **"Change"** means any material change to the Services;

(n) **"Change of Control Transaction"** has the meaning provided in Section 9.7(b);

(o) **"City"** means City of Toronto and its successors;

(p) **"City Representative"** has the meaning set out in Section 11.2;

(q) **"Complaint"** has the meaning set out in Section 4.1;

(r) **"Continuing Existing Contracts"** has the meaning provided in Section 2.21;

(s) **"Contract"** means any agreement, indenture, contract, lease, understanding, arrangement, deed of trust, licence, option, instrument or other commitment, whether written or oral;

(t) **"Council"** means the municipal council for the City of Toronto, or any successor body;

(u) **"CPI"** means the consumer price index for the Toronto census metropolitan area published on an annual basis by Statistics Canada or any successor Government Authority or, if Statistics Canada ceases to publish such consumer price index, an annual index of inflation that the Parties agree to as a substitute;

(v) **"Defaulting Party"** has the meaning provided in Section 9.1;

(w) **"Disputed Amount"** has the meaning provided in Section 6.4(a);

(x) **"Effective Date"** means January 1, 2006;

(y) **"Electricity Costs"** has the meaning provided in Section 7.1(a);

(z) **"ESA"** means the Electrical Safety Authority of Ontario, and any successor thereto;

(aa) **"Event of Insolvency"** means, with respect to a Party, that:

(i) the Party becomes bankrupt or insolvent within the meaning of the *Bankruptcy and Insolvency* Act (Canada) or the *Municipal Affairs Act* (Ontario) or any similar law, admits its inability to or fails to pay generally its debts as they become due or otherwise admits its insolvency, or ceases or threatens to cease carrying on business;

(ii) the Party makes a general assignment for the benefit of creditors, makes a proposal under the *Bankruptcy and Insolvency Act* (Canada) or similar law, seeks relief under the *Companies Creditors Arrangement Act* (Canada), the *Municipal Affairs Act* (Ontario) or any similar law, any proceeding seeking general relief as a debtor, any proceeding is initiated by or against the Party to declare it bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, arrangement or composition of it or its debts or for an order for similar relief under any law relating to bankruptcy, insolvency or relief of debtors or seeking appointment of a receiver, trustee or other similar official for the Party or for any substantial part of its assets, and, in the case of a proceeding instituted against the Party, such proceeding has not been dismissed or stayed within thirty (30) days;

(iii) a receiver or similar official is appointed with respect to a substantial portion of the assets of the Party by a court or a creditor and such appointment has not been terminated within thirty (30) days; or

(iv) an encumbrancer takes possession of a substantial part of the Party's assets, or any writ of execution, warrant of attachment or similar process is issued, levied or enforced against a substantial part of the Party's assets;

(bb) **"Excluded Assets"** has the meaning provided in the Asset Purchase Agreement;

(cc) **"Existing Contracts"** means the Contracts listed in Part 1 of Schedule B;

(dd) **"Existing SEL System"** means the Street Lighting Assets acquired by Toronto Hydro as at the Effective Date pursuant to the Asset Purchase Agreement;

(ee) **"Expressway Projects "** means the following three projects:

(i) the installation of high mast lighting on the median tall-wall on the portion of the Gardiner Expressway from Royal York Road to Kipling Avenue and the removal of the existing conventional system in co-ordination with the Gardiner rehabilitation road works as described in Part 1 of Schedule A. It is currently anticipated by the City that this work will need to be performed in 2009/2010;

(ii) replacing the Low Pressure Sodium fixtures on the elevated portion of the Gardiner Expressway from Dufferin Street to the Don Valley Parkway and mounting new fixtures outside of the parapet wall in co-ordination with other Gardiner initiatives such as deck rehabilitations or any other major modifications to the Gardiner as described in Part 2 of Schedule A. It is currently anticipated by the City that this work will need to be performed between 2015 and 2019; and

(iii) replacing the WR Allen Road System existing conventional (Cobra Head) lighting system as described in Part 3 of Schedule A. It is currently anticipated by the City that this work will need to be performed between 2020 and 2034.

(ff) **"Extraordinary Review"** has the meaning provided in Section 5.5;

(gg) **"Fees"** means the Service Fees and any Special Service Fees payable by the City to Toronto Hydro in accordance with Article 5;

(hh) **"Financial Reports"** means a report of Toronto Hydro's revenues and operating and capital costs and expenses relating to the SEL System and the Services for a year;

(ii) **"Force Majeure"** has the meaning provided in Section 15.1;

(jj) **"Government Authority"** means any federal, provincial, regional or municipal government, parliament, legislature or any regulatory authority, agency, commission or a board of any government, parliament or legislature, or any political subdivision thereof, or any court or arbitrator having authority over the Parties or, without limitation to the foregoing, any other law, regulation or rule making entity or any Person acting under the authority of any of the foregoing or any other authority charged with the administration or enforcement of laws, including the City, OEB, IESO, OPA and ESA;

(kk) **"Greenfield Expansion"** means the expansion of the SEL System to provide street or expressway lighting service to roadways (i) not serviced by the Existing SEL System including the installation of any Street Lighting Assets to service any new subdivision or as a result of any severance or site plan or (ii) at a different illumination standard than the then existing street or expressway lighting service where such different standard is required due to a rezoning;

(ll) **"GST"** means the federal Goods and Services Tax applicable under the *Excise Tax Act* (Canada);

(mm) **"Hydro Conversion"** means the services and payments required in connection with the relocation of street lighting plants necessitated by Toronto Hydro Electric System Limited upgrades to its distribution network;

(nn) **"IESO"** means the Ontario Independent Electricity System Operator and any successors;

(oo) **"Illumination Standards"** has the meaning provided in Section 2.3(c);

(pp) **"including"** means including without limiting the generality of the foregoing and **"includes"** has a similar meaning;

(qq) **"Indemnitee"** has the meaning provided in Section 14.1(c);

(rr) **"Indemnitor"** has the meaning provided in Section 14.1(c);

(ss) **"Interest Rate"** means for any date a rate of interest equal to the lower of: (a) the variable, per annum, prime rate of interest on Canadian dollar corporate loans of the Royal Bank of Canada in Toronto, Ontario commonly known as its "Prime Rate"; or (b) the maximum lawful rate of interest under Applicable Law.

(tt) **"Joint Use Agreement"** has the meaning provided in Section 2.14(a);

(uu) **"Joint Use Assets"** means (i) assets which, prior to the Effective Date, were used by the City partly in the operation of the SEL System and partly for another purpose together with any replacements to such assets, and (ii) assets similar to those identified in (i) which are reasonably necessary to be used for both a street lighting and any municipal purpose or service, including the assets listed in Schedule "N".

(vv) **"Labour Index"** means the actual average percentage increase on an annual basis in respect of the wages payable by Toronto Hydro to its unionized employees under its collective bargaining agreement with CUPE Local 1 or any successor bargaining unit;

(ww) **"LDC"** means Toronto Hydro-Electric System Limited or any successor thereto;

(xx) **"Licence Agreement"** has the meaning provided in Section 3.1(a);

(yy) **"MFIPPA"** has the meaning provided in Section 16.1(c);

(zz) **"Municipal Act"** means the *Municipal Act, 2001* (Ontario);

(aaa) **"New Street Lighting Assets"** means Street Lighting Assets installed or otherwise acquired by Toronto Hydro after the Effective Date pursuant to this Agreement;

(bbb) **"Night Patrol Licence"** has the meaning provided in Section 2.17;

(ccc) **"Non-Defaulting Party"** has the meaning provided in Section 9.1;

(ddd) **"OEB"** means the Ontario Energy Board and any successor thereto;

(eee) **"OPA"** means the Ontario Power Authority and any successor thereto;

(fff) **"Obsolete Poles"** means Poles that have been decommissioned by Toronto Hydro and which are no longer necessary for the SEL System;

(ggg) **"Other Charges"** means any regulated or other charges, fees or rates that the IESO, OEB, OPA or any electricity distributor, transmitter or any Government Authority may assess, impose upon or require to be paid in relation to the purchase or consumption of electricity;

(hhh) **"Party"** means a party to this Agreement, and **"Parties"** means both of them;

(iii) **"Person"** means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted;

(jjj) **"Poles"** means any poles which form part of the SEL System;

(kkk) **"Pole Replacement Services"** means the replacement of: (i) end of service life Poles in a deteriorated state, (ii) obsolete types of Poles and (iii) poles owned by third parties on which luminaires reside which have been or are expected to be removed by the owner;

(lll) **"PST"** means the Ontario Provincial Sales Tax applicable under the *Retail Sales Tax Act* (Ontario);

(mmm) **"Purchase Price"** has the meaning ascribed to such term in the Asset Purchase Agreement;

(nnn) **"Records"** means all written information relating to the Services, including financial and accounting information and records, service reports, records and logs, purchase orders and supporting documentation relating to the foregoing;

(ooo) **"Retail Settlement Code"** means the Retail Settlement Code established by the OEB, as amended or replaced from time to time;

(ppp) **"RFR Period"** has the meaning set out in Section 10.1(d);

(qqq) **"Sale Notice "** has the meaning set out in Section 10.1(b);

(rrr) **"Sale of Subsidiary Transaction"** has the meaning set out in Section 9.7(c);

(sss) **"SEL System"** means the Existing SEL System together with all New Street Lighting Assets;

(ttt) **"Senior Conference"** has the meaning set out in Section 13.1(a);

(uuu) **"Services"** has the meaning set out in Section 2.1;

(vvv) **"Service Credits"** has the meaning provided in Section 2.4(a);

(www) **"Service Fees"** has the meaning provided in Section 5.1(a);

(xxx) **"Service Response Report"** has the meaning provided in Section 2.11(b);

(yyy) **"Service Response Standards"** has the meaning provided in Section 2.3(d);

(zzz) **"Special Services"** has the meaning provided in Section 2.5(a);

(aaaa) **"Special Service Fees"** has the meaning provided in Section 5.1(b);

(bbbb) **"Spot Improvements"** means the installation of new street lighting assets within the territory serviced by the SEL System other than: (i) replacement of existing Street Lighting Assets as a result of ordinary course maintenance and repair; (ii) as a result of Greenfield Expansion or (iii) capital projects requiring full system replacement or upgrade of a particular street or area which constitute a Special Service;

(cccc) **"Spot Improvements Cap Amount"** means $500,000 as adjusted annually as at January 1st to reflect the percentage change in the Adjusted CPI from the previous year;

(dddd) **"Spot Improvements Procedure"** means the following process to address complaints concerning lighting levels in a particular location:

(i) within thirty (30) days or such shorter period of time Toronto Hydro, in its discretion, believes appropriate based on bona fide safety issues, of receiving a complaint regarding lighting levels Toronto Hydro shall conduct an investigation including field data collection and analysis using lighting software to compare existing lighting levels against then current Illumination Standards;

(ii) if such Illumination Standards are not met, further analysis is performed to determine the extent of the improvements required to meet the then current Illumination Standards in the most cost-effective manner; and

(iii) the preparation and delivery of a written summary of the investigation (whether improvements are recommended or not) to the inquirer with a copy to the appropriate ward Councillor within (30) days of completing the investigation or such shorter period of time Toronto Hydro, in its discretion, believes appropriate based on bona fide safety issues;

(eeee) **"Standard Supply Service"** shall have the meaning provided in the Retail Settlement Code or, if the concept of Standard Supply Service ceases to be applicable then the defined term "Standard Supply Service" shall be deemed to refer to the method of payment for electricity consumed by the SEL System which is selected by Toronto Hydro after consultation with the City;

(ffff) **"Street Lighting Assets"** means the physical assets constituting the street lighting and expressway lighting systems within the City of Toronto, including all poles, standards, luminaires, fixtures, wires, ducts, reflectors, relays, handwells and related equipment but not including the Excluded Assets;

(gggg) **"Taxes"** means GST, PST, any and all ad valorem, property, occupation, severance, generation, first use, conservation, Btu or energy, transmission, utility, gross receipts, privilege, sales, use, consumption, excise, lease, transaction and other taxes, governmental charges, surcharges, licenses, fees, permits and assessments, or increases therein, new taxes, charges, debt reduction or retirement charges, competition transition charges, stranded debt charges, and any interest or penalties thereon, but excluding taxes based on net income or net worth;

(hhhh) **"Term"** has the meaning provided in Section 8.1;

(iiii) **"TH Continuing Contracts"** has the meaning provided in Section 9.9(b);

(jjjj) **"Toronto Hydro"** means Toronto Hydro Street Lighting Inc.;

(kkkk) **"Toronto Hydro Representative"** has the meaning set out in Section 11.1;

(llll) **"Toronto Hydro Specifications"** means the standards and specifications relating to the materials, design, construction and installation of Street Lighting Assets developed by Toronto Hydro from time to time during the Term;

(mmmm) **"TTC"** means the Toronto Transit Commission or any successor; and

(nnnn) **"year"** means a calendar year.

1.2 Currency

All dollar amounts in this Agreement are expressed in Canadian funds.

1.3 Sections and Headings

The division of this Agreement into Articles, Sections, Subsections, paragraphs and clauses and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this Agreement. Unless otherwise indicated, any reference in this Agreement to an Article, Section, Subsection or Schedule refers to the specified Article, Section, Subsection or Schedule to this Agreement.

1.4 Number and Gender

In this Agreement, words importing the singular number only shall include the plural and vice versa, words importing gender shall include all genders.

1.5 Rules of Interpretation

In this Agreement, unless there is something in the subject matter or context inconsistent therewith:

(a) Any reference to a statute refers to such statute and all rules and regulations made under it as the same may have been or may from time to time be amended or re-enacted.

(b) Any reference to an agreement or document (except for reference to the Illumination Standards) refers to such agreement or document as the same may have been or may from time to time be amended, restated or replaced.

(c) A reference to a time or date is to the local time or date at Toronto, Ontario.

(d) A reference to an approval, authorization, consent, designation, waiver or notice means a written approval, written authorization, written consent, written designation, written waiver or written notice.

1.6 Severability

If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or

affect the validity, legality or enforceability of the remaining provisions hereof, and each provision is hereby declared to be separate, severable and distinct.

1.7 Successors and Assigns

This Agreement shall enure to the benefit of and shall be binding on and enforceable by the Parties and their respective successors and permitted assigns.

1.8 Amendments and Waivers

No amendment or waiver of any provision of this Agreement shall be binding on either Party unless consented to in writing by such Party. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver constitute a continuing waiver unless otherwise provided.

1.9 Schedules

The following Schedules are attached to and form part of this Agreement:

Schedule "A" - Expressway Projects

Schedule "B" - Existing Contracts

Schedule "C" - Illumination Standards

Schedule "D" - Service Response Standards

Schedule "E" - Quarterly Service Response Report

Schedule "F" - Service Credits

Schedule "G" - Joint Use Agreement

Schedule "H" - Licence Agreement

Schedule "I" - Capital Expenditures

Schedule "J" - Change Request Form

Schedule "K" - Escalation Procedure

Schedule "L" - Night Patrol Licence

Schedule "M" - Street Lighting Asset Conveyance

Schedule "N" - Joint Use Assets

ARTICLE 2
PROVISION OF SERVICES

2.1 Street Lighting Services

Toronto Hydro covenants and agrees that it shall, pursuant to the terms and limitations set out in this Agreement, provide the following services to the City (the "**Services**") in accordance with the standards set out in Section 2.3:

(a) operation, design, installation, maintenance and repair of the SEL System, including the performance of locate services;

(b) replacing any decorative lighting asset which forms part of the SEL System with a similar asset;

(c) undertaking Spot Improvements in accordance with Section 2.15;

(d) use commercially reasonable efforts to pursue cost recovery services for all costs incurred in connection with third party damage to the Street Lighting Assets;

(e) provision of 24 hour call centre services to receive and process calls from the public with respect to the operation, maintenance and repair of the SEL System;

(f) provide general advice to developers, BIAs and third parties regarding illumination issues, including phone support and, where reasonable, face to face meetings and on-site visits; and

(g) perform the Expressway Projects, Hydro Conversion and Pole Replacement Services in accordance with Section 2.6.

2.2 Scope of Agreement

During the Term the City agrees that, subject to Applicable Law, Toronto Hydro shall have the sole and exclusive right to (i) own, operate and maintain a street and expressway lighting system including the SEL System, (ii) perform construction in connection therewith and (iii) perform, in accordance with Section 2.7, any Greenfield Expansion within the municipal boundaries of the City of Toronto as of the Effective Date and as such boundaries may change during the Term or any other successor municipality or Government Authority. Notwithstanding the foregoing, if, pursuant to a Continuing Existing Contract, any work relating to the SEL System is being performed on behalf of the City, the work performed under such Contract may continue after the Effective Date in accordance with Section 2.21.

2.3 Service Standards

Toronto Hydro covenants and agrees that:

(a) it shall operate and maintain the Existing SEL System so as to maintain the illumination levels that would be achieved by the Existing SEL System as at the Effective Date as if all luminaires existing at the Effective Date were in proper working condition;

(b) it shall maintain the SEL System in a reasonable state of repair considering (i) the Service Fees paid hereunder and (ii) the state of repair of the Existing SEL System;

(c) it shall operate and maintain the New Street Lighting Assets so as to meet the illumination standards of the Illumination Engineering Society of North America (or any successor body) which are currently known as the RP-08 standards for municipal roadways attached as Schedule C as such standards may be amended, restated or replaced (the "**Illumination Standards**") which are in effect at the time such New Street Lighting Assets are installed;

(d) it shall comply with the standards set out in Schedule "D" with respect to response times relating to the repair and maintenance of the Street Lighting Assets (the "**Service Response Standards**"); and

(e) the Services will be performed in a professional and workmanlike manner, using the reasonable care and skill of a professional provider of the Services consistent with industry standards.

2.4 Failure to Meet Service Response Standards

(a) The Parties acknowledge that the failure of Toronto Hydro to, on average, achieve the Service Response Standards in any year throughout the Term shall entitle the City to receive the applicable service credits in accordance with Schedule "F" ("**Service Credits**") up to a maximum aggregate credit in any year of $250,000. Toronto Hydro acknowledges that any failure to achieve a Service Response Standard may cause damages to the City and the Parties acknowledge and confirm that Service Credits are a fair assessment of the damages which would be incurred by the City.

(b) Any failure by Toronto Hydro to meet the Service Response Standards due to an event of Force Majeure shall not require Toronto Hydro to pay any Service Credit to the City pursuant to Section 2.4(a) and shall not be included in the calculation of whether Toronto Hydro has achieved the Service Response Standards in any year of the Term.

(c) Upon any failure to meet a service level, the City shall have the right to escalate the service requirement in accordance with the procedure described in Schedule "K".

(d) The City must claim all Service Credits in the year following the year in which such Service Credits accrued.

2.5 Special Services

(a) The City may from time to time during the Term request that Toronto Hydro provide services ("**Special Services**") in connection with the design, operation and maintenance of the SEL System which are not included in the Services. If Toronto Hydro is able to provide such requested Special Services the Parties shall negotiate in good faith to determine the additional fees to be paid by the City to Toronto Hydro in respect of the Special Services.

(b) For greater certainty, Special Services shall include any request by the City for Toronto Hydro to:

(i) provide services that are not related to the maintenance or repair of the SEL System;

(ii) provide any Service at a standard that is greater than the standards prescribed in the Illumination Standards or the Service Response Standards;

(iii) undertake or fund Spot Improvements in excess of the Spot Improvement Cap Amount; or

(iv) undertake in any single year, any activities or fund any amounts relating to Capital Projects, including Expressway Projects, in excess of the Capital Projects Cap Amount.

(c) Except as contemplated by the Expressway Projects, Spot Improvements, Hydro Conversion or Pole Replacement Services, Toronto Hydro shall have no obligation to move or relocate any of the Street Lighting Assets or undertake or manage any procurement or construction process or agreement in relation thereto. Toronto Hydro shall consider reasonable requests from the City to relocate Street Lighting Assets which are a Special Service and will determine on a case-by-case basis the cost to the City for the requested relocation of Street Lighting Assets. In each such case Toronto Hydro shall advise the City of the cost of relocation of Street Lighting Assets and if the City requests Toronto Hydro to proceed to relocate Street Lighting Assets the City shall pay Toronto Hydro for the cost of such relocation.

(d) The City shall be responsible for all costs associated with (i) Spot Improvements requested to be performed by the City in excess of the Spot Improvements Cap Amount, and (ii) Capital Projects requested to be performed by the City in excess of the Capital Projects Cap Amount. All costs associated with Greenfield Expansion shall be paid by the developer or the City as described in Section 2.7. Any request by the City pursuant to (i) or (ii) above shall be addressed as a Special Service in accordance with Section 2.5(a).

2.6 Capital Projects

The Services to be provided by Toronto Hydro shall not include any obligation in any year to undertake or fund Capital Projects in excess of the Capital Projects Cap Amount.

2.7 Greenfield Expansion

(a) Toronto Hydro shall fulfill its development review obligations including approval of street lighting design of developers and reviewing street lighting in unassumed developments to ensure compliance with Toronto Hydro requirements, at no additional cost to the City.

(b) It is the intention of the Parties that all Greenfield Expansion is to be paid for by the City or, whenever possible, by developers. In the event that Toronto Hydro is required to pay for the installation of any new Street Lighting Assets in relation to Greenfield Expansion, the City agrees to reimburse Toronto Hydro or to ensure that Toronto Hydro is paid for all costs incurred by Toronto Hydro in relation thereto.

(c) Toronto Hydro shall approve the design of all Greenfield Expansions so as to provide the then current Illumination Standards;

(d) The City agrees to arrange (through Contract, by-law or otherwise) and to cause developers to:

(i) submit to Toronto Hydro a plan relating to the street lighting for each Greenfield Expansion;

(ii) obtain the prior written approval of Toronto Hydro for all aspects of the street lighting for each Greenfield Expansion;

(iii) comply with the Illumination Standards in the design of all New Street Lighting Assets;

(iv) comply with the Toronto Hydro Specifications;

(v) pay for the repair and maintenance of all New Street Lighting Assets until the development is assumed by the City; and

(vi) transfer all New Street Lighting Assets to the City upon assumption of the development by the City.

(e) With respect to any Greenfield Expansion during the Term, the City agrees that it shall:

(i) not approve any plan of subdivision or site plan until Toronto Hydro has approved the plan for street lighting; and

(ii) not assume any Greenfield Expansion until Toronto Hydro has inspected and approved the New Street Lighting Assets.

(f) Toronto Hydro shall have the option to assume responsibility to construct all Greenfield Expansion or allow developers to assume such responsibility. In the event that Toronto Hydro elects to assume responsibility for the construction of any Greenfield Expansion:

(i) Toronto Hydro shall, in the ordinary course, retain third party contractors to perform the construction of such Greenfield Expansion through a competitive tender process. The City shall have the right to review the competitive tender process undertaken by Toronto Hydro; and

(ii) Toronto Hydro may, on an exception basis, undertake construction of a Greenfield Expansion directly without undertaking a competitive tender process. In such cases the developer or City shall reimburse Toronto Hydro for the cost of such Greenfield Expansion based on Toronto Hydro's direct labour and material costs incurred plus 12.5%.

(g) Throughout the Term, upon acquiring Street Lighting Assets as a result of a Greenfield Expansion (including as a result of any subdivision or severance agreement existing prior to the Effective Date), the City shall transfer such Street Lighting Assets to Toronto Hydro at no charge to Toronto Hydro in accordance with Section 3.4.

(h) The City agrees to consult with Toronto Hydro from time to time concerning any requirements, which may reasonably have an impact on street lighting, that the City imposes on developers.

2.8 Construction Work

(a) Toronto Hydro shall have the option to perform any construction relating to the SEL System in connection with a City initiated project. In the event Toronto Hydro elects to perform any construction relating to the SEL System in connection with a City initiated project, the City shall reimburse Toronto Hydro for the cost of such construction based on Toronto Hydro's direct labour and material costs incurred plus 12.5%.

(b) In the event that the City requires construction relating to the SEL System in connection with a larger development project and Toronto Hydro elects to assume responsibility for such construction, Toronto Hydro shall reasonably cooperate with the project timetable.

2.9 Toronto Hydro Employees and Subcontractors

(a) Toronto Hydro shall employ throughout the Term, employees or contractors with the qualifications and business experience necessary to competently undertake and provide the Services pursuant to this Agreement.

(b) Toronto Hydro may, from time to time, subcontract the performance of part or all of the Services to one or more third parties provided that:

(i) Toronto Hydro shall remain liable to the City for the fulfillment of all of Toronto Hydro's obligations under this Agreement; and

(ii) such subcontractors have the qualifications and business experience necessary to competently undertake and provide the Services pursuant to this Agreement.

2.10 Permits and Compliance with Applicable Law

Toronto Hydro shall, at its sole expense, obtain and maintain during the Term, all permits, licenses and approvals required by Applicable Law to conduct its business generally and to perform its duties under this Agreement and to undertake and provide the Services. Toronto Hydro shall comply with all Applicable Laws and requirements of all Government Authorities in undertaking and providing the Services.

2.11 Toronto Hydro Records and Reports

(a) Toronto Hydro shall keep complete and accurate Records and shall maintain such Records for a seven (7) year period.

(b) Toronto Hydro shall, within thirty (30) days after March 31, June 30, September 30 and December 31 in each year during the Term provide to the City a report for each ward located within the City (the **"Service Response Report"**) concerning Service response times relating to Services performed in such ward substantially in the form attached as Schedule E hereto or on such other form as may be agreed by the Parties from time to time.

(c) Toronto Hydro shall, within 120 days after December 31 in each year during the Term provide to the City the Financial Reports.

(d) Toronto Hydro shall, from time to time during the Term, at no additional cost to Toronto Hydro, provide the City with available information relating to the location and specifications of newly installed Poles and luminaires and any relocated Poles and luminaires.

2.12 City Audit Rights

(a) During each five year Service Fee review described in Section 5.3, the City shall have the right to audit relevant Records to the extent reasonably required to verify the details of the new Fees proposed by Toronto Hydro.

(b) The City shall have the right to audit all relevant Records of Toronto Hydro to the extent reasonably required to verify the accuracy of the Service Response Reports, the Financial Reports and any documentation provided by Toronto Hydro pursuant to an Extraordinary Review;

(c) The City shall provide Toronto Hydro with at least sixty (60) days notice of its intention to exercise its right to audit the relevant Records of Toronto Hydro pursuant to Sections 2.12(a) or 2.12(b) and such audits shall be (i) subject to Applicable Law, (ii) conducted during Toronto Hydro's normal business hours, and (iii) conducted in a manner so as to minimize disruption to Toronto Hydro's business and operations.

2.13 Attachments

(a) It is understood and agreed that this Agreement does not confer upon the City any vested rights, or franchise, by implication or otherwise, to use or to confer on any other Person any right or franchise to use or attach to the Street Lighting Assets otherwise than as expressly provided for by this Agreement.

(b) Subject to Section 2.13(c) and Section 2.13(d), Toronto Hydro shall have the right to charge any Person for attaching any sign, banner, decoration or other attachment to the Poles or other equipment forming part of the SEL System and to establish rules and requirements (including requiring any such Person to obtain a permit from Toronto Hydro or enter into an appropriate attachment agreement) related to the use of its Poles or other equipment for such purpose including requiring the use of Toronto Hydro approved contractors.

(c) Notwithstanding Section 2.13(b) but subject to Section 2.13(e), Toronto Hydro agrees that, throughout the Term, provided a BIA has complied with all permit requirements of Toronto Hydro regarding attachment to Poles or other equipment forming part of the SEL System, it shall not charge to any such BIA any fee to:

(i) install electricity outlets onto the Poles and use such outlets in a reasonable manner for the purposes of energizing decorations;

(ii) install onto the Poles clamp on lights for pedestrian scale lighting;

(iii) install hanging baskets and holiday decorations onto the Poles; and

(iv) attach signs and banners onto the Poles for any municipal purpose or service directly undertaken by the BIA and not related to any third party commercial endeavour,

provided that Toronto Hydro shall be entitled to recover from the City or the relevant BIA any costs of (i) installing, affixing, insuring, monitoring and removing any such electricity outlet, clamp on light, hanging basket, holiday decoration, sign, banner, or other decoration which Toronto Hydro incurs and (ii) any related administrative services or field checks which Toronto Hydro is required to provide.

(d) Notwithstanding Section 2.13(b) but subject to Section 2.13(e), Toronto Hydro agrees that, throughout the Term, provided the City has complied with all permit requirements of Toronto Hydro regarding attachment to Poles or other equipment

forming part of the SEL System, it shall not charge the City any rental fee for the right to affix on a temporary or, where reasonable, permanent basis to the Poles or other equipment forming part of the SEL System, any sign, banner, decoration or other attachment for a municipal purpose or service directly undertaken by an agency, board or commission of the City, provided that Toronto Hydro shall be entitled to recover from the City any costs of (i) installing, affixing, insuring, monitoring and removing any sign, banner, decoration or other attachment to the Poles or other equipment forming part of the SEL System which Toronto Hydro incurs and (ii) any related administrative services or field checks which Toronto Hydro is required to provide.

(e) Toronto Hydro agrees that it shall, as a Special Service and subject to a Special Service Fee, administer and issue permits under Section 2.13(c) and Section 2.13(d) with respect to the attachment of any sign, banner, decoration or other attachment to the Poles or other equipment forming a part of the SEL System on such basis as may be acceptable to Toronto Hydro, acting reasonably. Notwithstanding anything to the contrary herein, Toronto Hydro shall provide this permit administration and issuance as a Special Service at no cost to the City for a one (1) year period beginning on the Effective Date. The City agrees that it shall from time to time use reasonable efforts to cause Council to amend any by-law or resolution, including the Toronto Municipal Code, Chapter 313, which conflicts or is inconsistent with or would prohibit or preclude Toronto Hydro from administering and issuing permits under Section 2.13(c) and Section 2.13(d) as provided therein or herein.

2.14 Joint Use Assets

(a) Each Party shall license to the other access to and use of the Joint Use Assets owned by the other Party on terms and conditions substantially similar to the agreement attached hereto as Schedule "G" (the **"Joint Use Agreement"**).

(b) Except as described in the Joint Use Agreement the owner of a Joint Use Asset shall have no obligation to maintain, replace or repair such Joint Use Asset for damages not attributable to it except as may be agreed to by the Parties.

(c) Toronto Hydro shall not be in default pursuant to Section 9.1 if Toronto Hydro's failure to perform its obligations under this Agreement is a result of the failure of the City to provide Toronto Hydro with access to any Joint Use Assets owned by the City unless Toronto Hydro was denied access due to repairs necessitated by Toronto Hydro's actions.

2.15 Spot Improvements

Toronto Hydro shall undertake and fund Spot Improvements in accordance with the following:

(a) Toronto Hydro shall not be required in any year of the Term to undertake or fund any Spot Improvements where the cost to do so would be in excess of the Spot Improvements Cap Amount for that year;

(b) Toronto Hydro shall comply with the Spot Improvement Procedure;

(c) Toronto Hydro shall maintain an ongoing database that tracks all outstanding Spot Improvements;

(d) Toronto Hydro shall, in its discretion, prioritize the performance of Spot Improvements based on bona fide safety issues, length of time the commitment to make an improvement has been outstanding, carry-over of committed Spot Improvement from prior years as well as public/political concerns; and

(e) any Spot Improvements not completed in a year are to be carried into subsequent years.

2.16 Contracts

Toronto Hydro shall use commercially reasonable efforts to ensure that all Contracts it enters into which relate to the SEL System are assignable upon termination of this Agreement to the City without the other party's prior written consent.

2.17 Night Patrol

In connection with the Services, the City shall license to Toronto Hydro the City's proprietary Night Patrol application on terms and conditions substantially similar to the licence attached hereto as Schedule L (the "**Night Patrol Licence**").

2.18 Other Infrastructure

(a) To the extent that, on the Effective Date any infrastructure maintained by the City receives electricity from the Existing SEL System, Toronto Hydro shall not remove the connections between the Existing SEL System and such infrastructure without ensuring that the infrastructure will continue to receive electricity following such removal.

(b) From and after the Effective Date, any infrastructure installed by the City shall not be connected to the SEL System except with the prior written consent of Toronto Hydro.

2.19 Streetscape Manual

(a) Toronto Hydro shall use commercially reasonable efforts to comply with the City's streetscape manual during the Term.

(b) The City agrees to consult with Toronto Hydro from time to time concerning any changes to the City's streetscape manual which may reasonably be expected to have an impact on street lighting.

2.20 TTC Poles

The City agrees to co-operate reasonably with Toronto Hydro to assist Toronto Hydro to reach an agreement with the TTC whereby: (i) the TTC shall consult with Toronto Hydro prior to decommissioning any poles; and (ii) the TTC will transfer such decommissioned poles to Toronto Hydro for the consideration of $1.00 per pole where such transfer would minimize costs for both Parties.

2.21 Existing Contracts

(a) Each of the Existing Contracts, except for those Existing Contracts specified in Part 2 of Schedule B (the "**Continuing Existing Contracts**"), shall be terminated by the City on or before December 31, 2005.

(b) Each of the Continuing Existing Contracts shall be terminated by the City on or before March 31, 2006 or such later date as the Parties may agree.

(c) The City shall remain solely responsible for all obligations, payments and expenses arising in connection with all Existing Contracts.

(d) Toronto Hydro shall not assume any obligations under any of the Existing Contracts except such obligations as may be undertaken by Toronto Hydro as Special Services pursuant to Section 2.5.

(e) The City shall not extend the term or expand the scope of work of any Existing Contract without the prior written consent of Toronto Hydro.

ARTICLE 3
FURTHER ASSURANCES

3.1 Licence Agreement

(a) The City shall provide Toronto Hydro with access to City property in accordance with the Licence Agreement attached hereto as Schedule "H" (the **"Licence Agreement"**).

(b) Notwithstanding anything to the contrary contained in the Licence Agreement or this Agreement, the Parties acknowledge and agree that the Licence Agreement shall terminate upon the purchase of the SEL System by the City as contemplated in Article 9. This Section 3.1(b) shall survive the termination or expiration of this Agreement.

3.2 Work Requirements

(a) Toronto Hydro shall, in performing any Work (as defined in the Licence Agreement) on the Public Highways (as defined in the Licence Agreement), whether in respect of the Services, or otherwise, comply at all times with Applicable Law, including all standard application, permission, consent and permitting requirements imposed by the City on third party utilities performing work similar to the Work over, under, within or upon the Public Highways. As of the date of this Agreement, such application, permission, consent and permitting requirements consist of site servicing permits where no cuts are permitted and cut permits where cuts are permitted within the road allowance of the Public Highway (from property line to property line on each side of the road allowance) for repairs to existing facilities or new construction applications (which applications may require application drawings to be submitted prior to the work and "as-constructed" drawings to be submitted after completion of the work to the City's General Manager of Transportation) all in accordance with the terms and conditions established by the City.

(b) Any fees or charges imposed on Toronto Hydro in accordance with Section 3.2(a), above will not be in excess of those imposed on any third party utilities performing work similar to the Work over, under, within or upon the Public Highways.

(c) Toronto Hydro agrees that it shall participate in joint planning and co-ordination processes where, in the opinion of the City's General Manager of Transportation, such processes are required in order to reduce disruption and damage to the Public Highways.

3.3 Liens

(a) Toronto Hydro agrees that the Licence Agreement does not create or provide it with any interest in the Public Highways other than a mere license and that no person shall be entitled to register or claim an interest of any kind against the Public Highways.

(b) Whenever any construction or other lien for work, labour, services or materials supplied to or for Toronto Hydro or for the cost of which Toronto Hydro may be in any way liable or claims therefore shall arise or be filed, Toronto Hydro shall within 10 days after receipt of notice thereof procure and register the discharge thereof, including any certificate of action registered in respect of any lien, by payment or in such other manner as may be required or permitted by Applicable Law. In the event of a failure of Toronto Hydro to procure and register a discharge as herein required, the City may but is not obligated to, discharge the lien and seek reimbursement of its costs from Toronto Hydro within fifteen (15) days of a written request for same.

3.4 Subsequent Transfer of Assets

In the event that after the Effective Date the City acquires additional Street Lighting Assets either as a result of any Contract, Greenfield Expansion or otherwise, it shall transfer such Street Lighting Assets to Toronto Hydro at no cost to Toronto Hydro on terms and conditions substantially similar to the form of conveyance attached as Schedule "M".

3.5 Co-operation Concerning Rights

Throughout the Term, the Parties shall use their reasonable commercial efforts to co-operate with each other to give effect to Section 3.1. The City shall at any time and from time to time, upon request from Toronto Hydro, execute and deliver such further documents and do such further acts and things as Toronto Hydro may reasonably request to facilitate the performance by Toronto Hydro of the Services in accordance with this Agreement. Each Party shall at any time and from time to time, upon request from the other Party, execute and deliver such further documents and do such further acts and things as the other Party may reasonably request to facilitate the performance by the other Party of its obligations herein.

ARTICLE 4
COMPLAINTS

4.1 Co-operation

Toronto Hydro shall co-operate reasonably with the City to address any complaints made in respect of individuals performing the Services (each, a **"Complaint"**).

4.2 Investigation

In response to a Complaint in connection with the performance of the Services, Toronto Hydro shall conduct an investigation of the claims or allegations made in a Complaint and shall use commercially reasonable efforts to provide the City with a full report within sixty (60) days or as soon as possible thereafter. Toronto Hydro shall cooperate with the City in connection with the City's investigation of any Complaint.

ARTICLE 5
FEES

5.1 Obligation to Pay Fees

In consideration for the provision of Services by Toronto Hydro to the City, the City agrees to pay to Toronto Hydro the following fees:

(a) service fees which as at the Effective Date are in the amount of $13,600,000 per year, and which shall be adjusted from time to time in accordance with this

Article 5, ("**Service Fees**") to be paid monthly in arrears in twelve (12) equal instalments in accordance with Article 6; and

(b) for any Special Services, special service fees ("**Special Service Fees**") to be agreed by the Parties from time to time.

5.2 Annual Adjustment

(a) Subject to Subsection 5.2(b)) the Service Fees (as adjusted from time to time in accordance with Section 5.3, Section 5.4 and Section 5.5) shall be adjusted annually (the "**Annual Adjustment**") to take effect as and from January 1 in each year by an amount equal to the percentage change in CPI from January 1 of the previous year applied to fifty percent (50%) of the then Service Fee and an amount equal to the Labour Index for that year applied to fifty percent (50%) of the then Service Fee (the "**Adjusted CPI**").

(b) Notwithstanding Subsection 5.2(a), a portion of the Service Fees equal to $6,700,000 shall not be subject to the Annual Adjustment required by Subsection 5.2(a) for the initial three (3) years of the Term.

(c) In each year of the Term in which the Service Fees are to be adjusted in accordance with Subsection 5.2(a), Toronto Hydro shall, within ninety (90) days of the beginning of the year, provide the City with a notice indicating the amount of the Annual Adjustment for that year commencing as of January 1 and setting out in reasonable detail the calculation of the Annual Adjustment for that year. The notice shall include any amounts payable in respect of the first ninety (90) days of that year as a consequence of the Annual Adjustment for that year.

(d) If the City disputes the calculation of the Annual Adjustment for any year then, upon providing prior written notice to Toronto Hydro, the City shall be entitled to invoke the dispute resolution process set out in Article 13 provided that, pending resolution of the dispute, the City shall pay the Service Fees as calculated by the City. If the dispute is resolved in favour of Toronto Hydro, the City shall pay all Service Fees held back plus interest calculated in accordance with the Interest Rate.

5.3 Five-Year Review of Service Fees

(a) The Parties agree that they shall review and adjust the Service Fees on every fifth (5^{th}) anniversary date of the Effective Date (each an "**Adjustment Date**") to reflect any change in the numbers of street lighting and expressway lighting Poles and luminaires during the prior five (5) period.

(b) In the event that there has been a change in the number of street lighting or expressway lighting Poles or luminaires as contemplated by Section 5.3(a) then the Service Fees shall be adjusted by an amount equal to Toronto Hydro's actual average annual cost for the maintenance and repair of luminaires and Poles during the year prior to the Adjustment Date multiplied by the net increase or decrease in

the number of Poles or luminaires in the prior five (5) year period, excluding any consideration of replacement Poles and luminaires installed in the ordinary course of maintaining the SEL System.

(c) During each five year review the Parties shall discuss all material changes relating to the SEL System, and mutually determine, acting reasonably, whether the Service Fees should be increased or decreased to reflect the impact of such material changes.

5.4 Review of Capital Expenditures

(a) In conjunction with the review of Service Fees provided in Section 5.3, the Parties shall review the expenditures of Toronto Hydro for Capital Projects relating to the SEL System for the prior five (5) year period;

(b) If it is determined that the aggregate capital expenditures for the prior five (5) year period are less than 95% or more than 105% of the aggregate of the Capital Projects Cap Amount for the same five (5) year period, then the Parties, acting in a commercially reasonable manner, shall agree upon a plan that demonstrates that capital expenditures in the next five (5) year period will offset the amount of the under or over spending on capital expenditures, it being the intention of the Parties that by the end of Year 10 of this Agreement aggregate capital expenditures for the first 10 years of this Agreement shall equal 100% of the Capital Projects Cap Amount for that 10 year period. If the Parties cannot agree on a plan in accordance with this Section 5.4(b) then the matter shall be resolved in accordance with the dispute resolution provisions in Article 13.

(c) If after the first 10 years of this Agreement the Parties determine that the aggregate capital expenditures for the prior ten (10) year period do not equal 100% of the aggregate of the Capital Projects Cap Amount for the same ten (10) year period, then the Parties, acting in a commercially reasonable manner, shall agree to an adjustment to the Service Fees that recovers the difference between the amount spent during the prior ten year period and 100% of the Capital Projects Cap Amount for that period. If the Parties cannot agree on an adjustment to the Service Fees or a capital spending plan in accordance with this Section 5.4(c) then the matter shall be resolved in accordance with the dispute resolution provisions in Article 13.

(d) The Parties will repeat the process set out in Section 5.4(b) and Section 5.4(c) in Years 15 and 20 respectively of this Agreement.

(e) Any adjustment to Service Fees in Years 10 and 20 of this Agreement resulting from this Section 5.4 shall be apportioned annually over the subsequent five (5) year period on an equal basis, or such other period as the Parties may agree.

(f) The Parties will repeat the process set out in Section 5.4(b) in Year 25 of this Agreement.

(g) If at the end of Year 29 of this Agreement the Parties determine that the aggregate capital expenditures for the prior nine (9) year period do not equal 100% of the aggregate of the Capital Projects Cap Amount for the same nine (9) year period, then the Parties, acting in a commercially reasonable manner, shall agree to an adjustment to the Service Fees otherwise payable by the City in Year 30 that recovers the difference between the amount spent during the prior nine (9) year period and 100% of the Capital Projects Cap Amount for that period or, alternatively and at the sole discretion of the City, the City may elect to apply any such adjustment to amount it must otherwise pay to Toronto Hydro for the purchase of the Street Light Assets upon the expiry of the Term of this Agreement.

5.5 Extraordinary Adjustments

(a) In addition to the review of the Service Fees provided in Section 5.3, either Party may initiate a review of the Service Fees (an "**Extraordinary Review**") no more than once each year if, due to circumstances beyond the initiating Party's reasonable control (including, pole attachment fees, catastrophic events, changes in Applicable Law or changes in industry standards), it has experienced (on a cumulative basis) events relating to the SEL System that have resulted in a material adverse effect having an impact of at least one percent (1%) of the then current annual Service Fee. The Party initiating the Extraordinary Review shall provide the other Party with reasonable documentation to (i) justify the Extraordinary Review and (ii) demonstrate the cumulative impact of the events warranting the Extraordinary Review.

(b) In the event that a material adverse effect contemplated by Section 5.5(a) has occurred, the Parties shall agree on a plan that would compensate in a monetary or other manner for the impact of the event on the initiating Party. If the Parties cannot agree on a plan in accordance with this Section 5.5(b) then the matter shall be resolved in accordance with the dispute resolution provisions in Article 13.

5.6 Procedure for Adjustments

(a) Either Party wishing to effect an adjustment to the Service Fees contemplated in this Article 5 shall:

(i) in the case of a review of Service Fees pursuant to Section 5.3(a) or 5.3(c), provide the other Party with proposed new Service Fees at least ninety (90) days prior to the applicable Adjustment Date, setting out in reasonable detail the proposed new Service Fees and any documentation or data in support of such proposed new Service Fees; or

(ii) in the case of a review of Service Fees caused by any of the changes contemplated by Section 5.5, provide the other Party with proposed new Service Fees as soon as practicable after the determination of such

changes, setting out in reasonable detail the proposed new fees and any documentation or data in support of such new Service Fees.

(b) If the Parties are unable to agree on a change to the Service Fees pursuant to Section 5.6(a), then, upon providing prior written notice to the other Party, either Party shall be entitled to invoke the dispute resolution procedures set out in Article 13 to resolve the matter, and pending such resolution, the City shall pay the Service Fees as proposed by Toronto Hydro provided that the City will not be required to pay any increase in the Service Fees that exceeds the percentage change in the Adjusted CPI for the preceding twelve (12) month period pending resolution of such dispute.

(c) Any adjustment to the Service Fees pursuant to an agreement between the Parties or a resolution of a dispute under Article 13 shall take effect as of: (i) the Adjustment Date in the case of an adjustment pursuant to Section 5.3; or (ii) the date of the extraordinary event in the case of an adjustment pursuant to Section 5.5.

5.7 Taxes

The Fees are exclusive of all applicable Taxes. Toronto Hydro shall invoice the City for all Taxes required to be collected and remitted by Toronto Hydro in respect of the Services and the Special Services, and the City shall remit payment for all such Taxes together with the Fee payment as contemplated in Article 6. Each Party shall be responsible for the payment of and will pay any Taxes levied on it from time to time by a Governmental Authority in relation to this Agreement.

ARTICLE 6
BILLING AND PAYMENT

6.1 Invoicing

(a) Service Fees are payable by the City to Toronto Hydro monthly in arrears.

(b) Toronto Hydro shall render electronically by e-mail to the City for each calendar month during the Term, an invoice which sets forth the total Service Fees for that month. Such invoice shall be rendered to the City by the first (1st) Business Day of the month following the month to which such invoice relates. The invoice for Service Fees contemplated by this Section 6.1(b) may also include amounts payable by the City for Electricity Costs in accordance with Section 7.3.

(c) Invoices for Special Service Fees shall be rendered from time to time during the Term when Special Services are provided by Toronto Hydro.

6.2 Payments

(a) (i) The City shall pay to Toronto Hydro the amount due to Toronto Hydro in respect of Service Fees on the first Business Day following the calendar month in which the Services were performed.

(ii) The City shall pay to Toronto Hydro the amount due to Toronto Hydro in respect of Special Service Fees set forth in an invoice issued pursuant to Section 6.1(c), no later than thirty (30) days after the receipt of such invoice.

(iii) If the City fails to pay the full amount of the invoice when due in accordance with Sections 6.2(a)(i) or (ii), the City shall pay Toronto Hydro a late charge on the unpaid balance that shall accrue for each calendar day from the relevant due date calculated at the Interest Rate until paid in full.

(b) Toronto Hydro shall pay to the City the amount due to the City in respect of Service Credits set forth in the claim described in Section 2.4(d) within thirty (30) days of receiving such claim.

(c) All payments made by either Party to the other with respect to a payment obligation of such Party under this Agreement, shall be made by way of electronic transfer in immediately available funds deposited to receiving Party's account in accordance with the instructions provided in Section 6.3. The City and Toronto Hydro hereby agree to provide each other and any bank or other financial institution all necessary information and to execute any authorization or other documents necessary to establish, implement and maintain such electronic transfer payment arrangements.

6.3 Toronto Hydro Bank Account

(a) All payments by the City to Toronto Hydro under this Agreement shall be made by electronic transfer in immediately available funds to the following bank account:

Bank: Royal Bank of Canada
Transit Number: 00002
Bank Code: 0003
Account Number: 1132414
Royal Bank of Canada
Main Branch, Royal Bank Plaza, Toronto

Toronto Hydro may from time to time change the foregoing bank account details upon providing at least five (5) days prior notice to the City in accordance with Section 17.2.

(b) All payments by Toronto Hydro to the City under this Agreement shall be made by electronic transfer in immediately available funds to the following bank account:

Bank: Royal Bank of Canada
Transit Number: 00002
Bank Code: 003
Account Number: 237837-0
Royal Bank of Canada
Main Branch, Royal Bank Plaza, Toronto

The City may from time to time change the foregoing bank account details upon providing at least five (5) days prior notice to Toronto Hydro in accordance with Section 17.2.

6.4 Disputed Amounts

(a) Notwithstanding Section 6.2, payment of Special Service Fees or Service Credits reasonably disputed by the City or Toronto Hydro, respectively (along with the interest payable thereon) (the "**Disputed Amount**") may be deferred for up to thirty (30) days following the date such Special Service Fees or Service Credits (as applicable) were due pursuant to Section 6.2 or such other date on which payment is due, provided the Party disputing the payment:

(i) pays all amounts owing, other than the Disputed Amount, on or before the date on which payment is due;

(ii) presents a written statement of the reasons for such dispute to the other Party in reasonable detail, together with appropriate supporting documentation on or before the date on which payment is due; and

(iii) negotiates in good faith with the other Party for the purpose of resolving such dispute within such thirty (30) day period.

(b) If the Parties resolve such dispute and as a result of such resolution the Parties agree that any portion of the Disputed Amount is payable by the City to Toronto Hydro, the City shall pay such amount plus interest (calculated at the Interest Rate until paid in full) within ten (10) days of such resolution.

(c) If the Parties fail to resolve such dispute within such thirty (30) day period (unless Toronto Hydro has agreed in writing to extend such period), all disputed Service Fees together with the interest payable thereon (calculated at the Interest Rate until paid in full) shall become immediately due and payable; however this shall not be construed to prevent the City from exercising its rights to have such dispute dealt with in accordance with Article 13 and any such payment shall be without prejudice to the exercise of such rights. If the City does not pay all amounts it is required to pay pursuant to this Section 6.4 when such amounts are due and

payable, Toronto Hydro shall be entitled to exercise its rights to have the dispute dealt with in accordance with Article 13.

(d) The City shall be entitled to dispute any Fees it has paid pursuant to Section 6.2 provided it gives Toronto Hydro written notice that it is disputing such Service Fees no later than twelve (12) months after the date it received the invoice for such Fees.

(e) Neither Party shall have any right to set off any amount owing to the other Party pursuant to this Agreement against any amounts that may be owed to it under this Agreement or any other Contract.

ARTICLE 7
ELECTRICITY COSTS

7.1 Arrangement and Cost of Electricity

(a) The City shall be responsible for all costs associated with the procurement and consumption of electricity required to operate the SEL System including the cost of the electricity commodity, all Other Charges and all applicable Taxes and any advisory or consulting fees (collectively the **"Electricity Costs"**).

(b) It is the intention of the Parties that the City shall be the customer of the LDC with respect to electricity required to operate the SEL System and shall be invoiced directly by the LDC and make all payments directly to the LDC for all such electricity requirements.

(c) If the City is not able to become the customer of the LDC directly as contemplated by Section 7.1(b) then the City acknowledges and agrees that: (i) Toronto Hydro, as owner of the SEL System, will be a Standard Supply Service customer of the LDC and that Toronto Hydro shall have no obligation to, and shall not, enter into any agreement with any Person, to fix the price of electricity to operate the SEL System, except in accordance with Section 7.2; and (ii) the City shall reimburse Toronto Hydro for all Electricity Costs charged to Toronto Hydro.

7.2 City Hedging Arrangements

(a) In the event that the City wishes to enter into any arrangement to fix the price of electricity to operate the SEL System where such arrangements will require Toronto Hydro to enter into an agreement with any Person (whether such agreement is to be settled pursuant to the Retail Settlement Code or bilaterally between Toronto Hydro and such Person), the City shall provide a copy of such agreement to Toronto Hydro with all relevant details of the proposed arrangement and Toronto Hydro shall agree to any reasonable request of the City to enter into such agreement provided that any such agreement shall provide, *inter alia*, that the City agrees to provide all credit support or collateral required and to promptly pay all Electricity Costs charged to Toronto Hydro pursuant to such agreement.

(b) The City shall reimburse Toronto Hydro for reasonable external legal costs associated with the review of any fixed electricity price agreement proposed by the City.

7.3 Payment Arrangements for Electricity

(a) In the event that Toronto Hydro is required to pay any amounts related to the supply of electricity to operate the SEL System, either as a Standard Supply Service customer of the LDC or pursuant to a fixed electricity price agreement as contemplated by Section 7.2, then Toronto Hydro shall invoice the City for all Electricity Costs on the first Business Day following the calendar month in which the electricity was consumed in conjunction with the invoice to be sent to the City pursuant to Section 6.2. For the purposes of such invoice Toronto Hydro shall estimate the Electricity Costs for the relevant month based on historic consumption of electricity by the SEL System. The City shall pay such estimated Electricity Costs as invoiced by Toronto Hydro to the City on or before the first Business Day following receipt of the invoice.

(b) Toronto Hydro shall make adjustments resulting from any differences between the estimated Electricity Costs and the actual Electricity Costs as determined by the LDC (or other relevant third party) in a subsequent invoice without delay once such information is made available to Toronto Hydro by the LDC (or other relevant third party) and the City agrees to promptly pay such amount.

(c) The City shall have the right upon request to Toronto Hydro to receive copies of any information received by Toronto Hydro from the LDC or other relevant third party used by Toronto Hydro to calculate the Electricity Costs invoiced to the City.

ARTICLE 8
TERM OF AGREEMENT

8.1 Term

The term of this Agreement shall be for a period which is thirty (30) years (the **"Term"**) from the Effective Date.

8.2 New Agreement

(a) Two (2) years prior to the expiry of the Term the Parties shall commence discussions on the terms of a new street lighting services agreement to replace this Agreement.

(b) If the Parties are not able to agree on the terms and conditions of a new street lighting services agreement, the City shall purchase the SEL System from Toronto Hydro effective as at the expiry of the Term at the value determined in accordance with Section 9.6.

ARTICLE 9
TERMINATION

9.1 Termination for Cause

(a) In the event that either Party (the "**Defaulting Party**") fails to perform or observe any material obligation under this Agreement, such failure shall be remedied within ninety (90) days of the other Party (the "**Non-Defaulting Party**") providing written notice of such failure to the Defaulting Party. Upon the end of such ninety (90) day notice period, the Non-Defaulting Party may, acting reasonably: (i) terminate this Agreement or (ii) extend such notice period for an additional ninety (90) days provided the Defaulting Party employs commercially reasonable and diligent efforts to cure or resolve the failure or default during such additional notice period. If the Non-Defaulting Party elects to extend the notice period for an additional ninety (90) day period and the failure or default has not been cured during such period, the Non-Defaulting Party may terminate this Agreement at the end of such period. Notwithstanding the foregoing, the Parties may extend the notice period to such longer period as may be agreed to by both Parties.

(b) Either Party may terminate this Agreement if, as a result of an event of Force Majeure, the other Party is unable to perform a material obligation under this Agreement for a period in excess of six (6) consecutive months.

(c) The exercise of a right of termination by the Non-Defaulting Party under Section 9.1(a) shall be without prejudice to the Non-Defaulting Party's rights to seek monetary damages or pursue any other right or remedy, subject to the limitations and exclusions set out in Article 13 and Article 14.

9.2 Termination Upon Insolvency

(a) Either Party may terminate this Agreement immediately upon the occurrence of an Event of Insolvency with respect to the other Party.

(b) The City may terminate this Agreement if the credit rating for Toronto Hydro Corporation's most senior unsecured debt falls to BB- or less as assigned by Standard & Poors or an equivalent rating from any other generally recognized credit rating agency.

9.3 Termination for Change of Law

(a) The Parties acknowledge that the subject matter of this Agreement may be subject to the rulings of one or more Government Authorities including the OEB and ESA from time to time. The Parties agree to consult and negotiate in good faith, in the event that any term of this Agreement is affected by any such ruling.

(b) If any change of Applicable Law after the date of this Agreement renders this Agreement illegal, unenforceable or uneconomic, then the Parties shall be

required to negotiate in good faith for thirty (30) days with the goal of developing a new agreement which would be economically consistent with such change of Applicable Law and this Agreement, provided however, that no Party will be required to agree to any new agreement if to do so would cause such Party to not be in compliance with any Applicable Law.

(c) Either Party may terminate this Agreement, if at any time after the Effective Date there is a change in Applicable Law, which requires the City to own the Street Lighting Assets or would otherwise cause this Agreement or the ownership of the Street Lighting Assets by Toronto Hydro to be contrary to Applicable Law or uneconomic or the Parties are unable to agree on the terms of a new agreement pursuant to Section 9.3(b).

9.4 Terminate for Change of Scope

Toronto Hydro may terminate this Agreement if, during the Term, the scope of this Agreement provided in Section 2.2 is materially limited or restricted as a result of any action of the City or any third party.

9.5 Suspension of Services

In addition to any other rights that Toronto Hydro may have pursuant to this Agreement, in the event that the City fails to make any payment of Service Fees under this Agreement and such failure is not remedied within sixty (60) days of Toronto Hydro providing written notice of such failure to the City, Toronto Hydro shall have the right to suspend performance of all Services and Special Services (including Capital Projects) other than operation and maintenance of the SEL System until such time as the failure has been remedied by the City.

9.6 Transfer of SEL System for Lack of Authority

(a) In the event that this Agreement is terminated pursuant to Section 9.3(c) or that the City is found to be in breach of its representations and warranties in Section 5.1, Section 5.2 or Section 5.7 of the Asset Purchase Agreement and/or Section 12.2 herein, the City shall be required to repurchase the SEL System, and the Parties agree that the City shall:

(i) purchase the SEL System from Toronto Hydro at the Purchase Price; and

(ii) notwithstanding anything to the contrary, be liable to Toronto Hydro for all claims, demands, losses, damages, liabilities, deficiencies, costs and expenses arising directly as a consequence of such breach or inaccuracy up to an aggregate maximum of $1,000,000.

(b) The City shall pay the amounts in Section 9.6(a) to Toronto Hydro within sixty (60) days of the next Council meeting following the occurrence of the event requiring the City to repurchase the SEL System.

9.7 Transfer of SEL System on Termination

(a) In the event that: (i) the Parties do not agree on the terms of a new street lighting services agreement to take effect upon the expiry of the Term of this Agreement; or (ii) this Agreement is terminated by either Party in accordance with Sections 9.1, 9.2, or 9.4 then the City shall purchase all of the SEL System from Toronto Hydro at the value of the SEL System as determined in accordance with Section 9.8 by an independent valuator jointly selected and retained by the City and Toronto Hydro. The purchase shall be completed on the expiry of the Term or otherwise within ninety (90) days of the valuator's report.

(b) If the City desires to sell more than fifty percent (50%) of the shares of Toronto Hydro Corporation to a Person who is not an Affiliate (a **"Change of Control Transaction"**), the City shall have the option to purchase all of the SEL System from Toronto Hydro at the value of the SEL System as determined in accordance with Section 9.8 by an independent valuator jointly selected and retained by the City and Toronto Hydro. The purchase shall be completed no later than the closing of the Change of Control Transaction.

(c) If Toronto Hydro Corporation sells any of the shares of Toronto Hydro to a Person who is not an Affiliate that is wholly owned by Toronto Hydro Corporation (a **"Sale of Subsidiary Transaction"**), the City shall have the option, exercisable within thirty (30) days of receipt of notice from Toronto Hydro of the sale of Subsidiary Transaction, to purchase all of the SEL System from Toronto Hydro at the value of the SEL System as determined in accordance with Section 9.8 by an independent valuator jointly selected and retained by the City and Toronto Hydro. The purchase shall be completed no later than the closing of the Sale of Subsidiary Transaction.

9.8 Valuation Principles

(a) In the event that the City purchases the SEL System from Toronto Hydro pursuant to Section 9.7(a) or exercises its option to purchase the SEL System from Toronto Hydro pursuant to Sections 9.7(b) or (c), the purchase price to be paid by the City shall be an amount that is equal to the lesser of:

(i) fair market value of the SEL System solely in its use as street lights and shall not take into account additional value or revenue generating potential, as determined using a depreciated replacement cost methodology in accordance with then current generally accepted valuation principles;

(ii) fair market value of the SEL System solely in its use as street lights and shall not take into account additional value or revenue generating potential, as determined using a discounted cash flow methodology in accordance with then current generally accepted valuation principles; and

(iii) any bona fide third party offer to purchase the SEL System.

(b) The fair market values in Sections 9.8(a)(i) and (ii) shall be as determined by an independent valuator jointly selected and retained by the City and Toronto Hydro.

(c) The valuation shall be completed within ninety (90) days of the appointment of the valuator.

(d) The valuation shall be reduced by the pro rata value of all Street Lighting Assets transferred to Toronto Hydro in accordance with Section 2.7(g) or Section 3.4.

(e) If the Parties do not agree on an independent valuator, either Party may apply to a judge of the Ontario Superior Court of Justice to appoint a valuator.

9.9 Transfer to City

(a) (i) The Parties shall co-operate in arranging for the orderly transfer of the SEL System to the City or another service provider designated by the City. Each Party shall promptly return to the other Party all property of the other Party that is in its possession or control. Toronto Hydro shall use commercially reasonable efforts to transfer or assign to the City or its designee all third party licences, leases and other Contracts that are related exclusively to the SEL System, subject to the payment to Toronto Hydro of any amounts required to be paid to third Parties in connection with such assignment or transfer and the unrecovered portion of any pre-payments or charges under such Contracts.

(ii) The City shall be responsible for and shall indemnify Toronto Hydro against all obligations and liabilities arising in connection with the SEL System arising after the date of transfer.

(iii) Toronto Hydro shall be responsible for and shall indemnify the City against all obligations and liabilities arising in connection with the SEL System arising after the Effective Date and prior to the date of transfer, except where such obligations and liabilities are the subject of an existing indemnity from the City to Toronto Hydro pursuant to the Asset Purchase Agreement and this Agreement.

(iv) Subject to Applicable Law, together with the transfer of the Street Lighting Assets, Toronto Hydro shall provide the City with a copy of all records and documentation in Toronto Hydro's control or possession which relate to the SEL System.

(b) At the time of transfer of the SEL System, the City shall provide to Toronto Hydro, at no cost to Toronto Hydro, such license or other rights to access and use the SEL System (provided such license and other access and use rights are on the same terms as the access and use rights granted herein and in the Licence Agreement) so as to allow Toronto Hydro to fulfill any obligations Toronto Hydro may have to third parties pursuant to Contracts in existence at the date of transfer (the "**TH Continuing Contracts**").

(c) Following the transfer of the SEL System, Toronto Hydro shall ensure that:

(i) the TH Continuing Contracts do not restrict the City's ability to properly operate and maintain the SEL System;

(ii) any costs incurred in connection with the TH Continuing Contracts are at Toronto Hydro's sole expense;

(iii) all TH Continuing Contracts will be terminated upon the date the Term would have expired, or, if this Agreement had been renewed prior to the transfer, upon the expiration of the then applicable renewal period.

(d) Following the transfer of the SEL System:

(i) all revenues under all TH Existing Contracts shall be exclusively for the benefit of Toronto Hydro; and

(ii) the City shall not take any action to frustrate or impede the fulfilment of any TH Existing Contract and shall co-operate reasonably with Toronto Hydro to allow Toronto Hydro to fulfill its obligations under the TH Existing Contracts.

(e) Following the transfer of the SEL System, Toronto Hydro shall be responsible for and shall indemnify the City against all obligations and liabilities arising in connection with the continuation of the TH Continuing Contracts.

ARTICLE 10
RIGHT OF FIRST REFUSAL

10.1 Right of First Refusal

(a) Notwithstanding anything to the contrary in this Section 10.1, Toronto Hydro shall be entitled to transfer or sell from time to time: (i) all Obsolete Poles; and (ii) an aggregate of one thousand (1000) Poles throughout the Term without triggering the right of first refusal described in this Section 10.1 provided Toronto Hydro ensures that its right to attach luminaires to such Poles is transferable to the City without the owner's consent.

(b) Subject to Subsection 10.1(a), if Toronto Hydro desires to transfer or sell all or any part of the SEL System to another Person (other than an Affiliate that is wholly owned by Toronto Hydro Corporation), Toronto Hydro shall first provide the City with notice of such proposed sale and a copy of the terms and conditions, including the price and date of closing, of such proposed sale (a "**Sale Notice**").

(c) Upon the Sale Notice being given to the City, the City shall have the option (but not the obligation) to purchase all of the SEL System, at its sole discretion, either (i) on the terms and conditions, including price specified in the Sale Notice, or (ii) a purchase price calculated in accordance with Section 9.8.

(d) The City shall have ninety (90) days following receipt of the Sale Notice (the "**RFR Period**") to notify Toronto Hydro that it elects to exercise its option to purchase all of the SEL System by providing Toronto Hydro with written notice of its intention to purchase all of the SEL System. If the City does not exercise its option to purchase all of the SEL System within the RFR Period, then Toronto Hydro shall have the right to sell all or substantially all of the SEL System without further approval of the City provided such sale is completed within one (1) year of the expiry of the RFR Period on terms and conditions including price, which are no less onerous than those specified in the Sale Notice.

(e) If the City exercises its option to purchase the SEL System it shall close the purchase transaction within sixty (60) days of the next Council meeting.

(f) If all or substantially all of the SEL System is not sold within such one (1) year period then the rights of the City pursuant to this Article10 shall again take effect.

ARTICLE 11
RELATIONSHIP MANAGEMENT

11.1 Toronto Hydro Representative

Toronto Hydro shall designate, from time to time, an individual (the "**Toronto Hydro Representative**") who shall serve as the primary point of contact for the City for all matters arising in connection with this Agreement, other than day-to-day operational matters. Toronto Hydro shall also designate one or more individuals, from time to time, to act as the Toronto Hydro Representative in the event that the primary designated individual is not available. Toronto Hydro shall ensure that the Toronto Hydro Representative is reasonably available for consultation with the City to resolve any issues arising in connection with this Agreement, and has the authority to make operational decisions and commitments on behalf of Toronto Hydro. The Toronto Hydro Representative shall not, however, have the authority to amend this Agreement.

11.2 City Representative

The City shall designate, from time to time, an individual (the "**City Representative**") who shall serve as the primary point of contact for Toronto Hydro for all matters arising in connection with this Agreement, other than normal, day-to-day operational matters. The City shall also designate one or more individuals, from time to time to act as the City Representative in the event that the primary designated individual is not available. The City shall ensure that the City Representative is reasonably available for consultation with Toronto Hydro to resolve any issues arising in connection with this Agreement, and has the authority to make operational decisions and commitments on behalf of the City. The City Representative shall not, however, have the authority to amend this Agreement.

11.3 Service Management Reviews

The Parties shall conduct reviews on a regular basis, but no less than annually, to discuss strategic direction in connection with the Services, identify areas for innovation, discuss issues and opportunities for improvement under this Agreement.

11.4 Change Request

(a) The Party requesting a Change will deliver a Change Request Form describing the change, the reason for it, and the effect it may have on the Services, to the other Party. Upon receipt of a Change Request Form, a Party shall have sixty (60) calendar days to either (i) approve the change request; (ii) undertake further study regarding its desirability and impact on the Services (and agree on the funding of the study); or (iii) reject it.

(b) Both Parties must sign the approval portion of the Change Request Form before any change that affects the Service's scope, schedule, or the Service Fees shall be implemented.

ARTICLE 12
REPRESENTATIONS AND WARRANTIES

12.1 Representations and Warranties

Each Party represents and warrants to the other Party as follows and acknowledges and confirms that the other Party is relying on such representations and warranties in connection with its execution of this Agreement:

(a) that such Party is a corporation validly subsisting under the laws of the Province of Ontario and has the power to enter into this Agreement and to perform its obligations hereunder;

(b) that the execution and delivery of this Agreement by the Party will not result in the violation of, or constitute a default under, or conflict with or cause the acceleration of any obligation of the Party under:

(i) any Contract to which the Party is a party or by which it is bound;

(ii) any provision of the constating documents or by-laws or resolutions of the board of directors (or any committee thereof) or shareholders of the Party;

(iii) any judgment, decree, order or award of any court, Governmental Authority or arbitrator having jurisdiction over the Party; or

(iv) any Applicable Law; and

(c) that there is no requirement for the Party to make any filing with, give any notice to or obtain any licence, permit, certificate, registration, authorization, consent or

approval of, any Governmental Authority as a condition to the lawful consummation of the transactions contemplated by this Agreement.

12.2 Authorization

Each Party represents and warrants to the other Party throughout the Term that this Agreement has been duly authorized, executed and delivered by the Party and is a legal, valid and binding obligation of the Party, enforceable against the Party by the other Party in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may only be granted in the discretion of a court of competent jurisdiction.

ARTICLE 13
DISPUTE RESOLUTION

13.1 Disputes Generally

(a) Other than disputes relating to Article 16, any dispute relating to this Agreement shall be referred to the Toronto Hydro Representative and the City Representative and the Parties shall cause their representative to use reasonable efforts to resolve the dispute. If a dispute is not resolved within a period of ten (10) Business Days, the dispute shall be referred by the Parties' representatives in writing to senior management of each of the Parties for resolution (a "**Senior Conference**"). Such senior management shall use best efforts to resolve the dispute for a period of up to ten (10) Business Days, but the provisions of this Subsection 13.1(a) requiring a Senior Conference shall not preclude a Party from pursuing any other available means of resolving the dispute, subject to the provisions of Section 13.2.

(b) Except where clearly prevented by the matter in dispute or a suspension of Services contemplated in Section 9.5, both Parties agree to continue performing their respective obligations under this Agreement while the Dispute is being resolved, unless and until such obligations are terminated or expire in accordance with the terms of this Agreement.

13.2 Arbitration

Except as is expressly provided in this Agreement, if a Dispute is not resolved in accordance with Section 13.1 within a period of fifteen (15) Business Days following the date of formal notification of a dispute, then upon written notice by any Party to the other Party, the dispute shall be finally settled by arbitration in accordance with the provisions of the *Arbitration Act, 1991* (Ontario), based upon the following:

(a) The arbitration tribunal shall consist of one arbitrator appointed by mutual agreement of the Parties, or in the event of failure to agree within ten (10) Business Days following delivery of the written notice to arbitrate, each of the Parties shall designate an arm's length third Person within a further ten (10)

Business Days who together shall agree upon and appoint an arbitrator. In the event such arm's length third Persons fail to appoint the arbitrator within such ten (10) Business Day period, any Party may apply to a judge of the Ontario Superior Court of Justice to appoint an arbitrator. The arbitrator must be qualified by education and training to rule upon the particular matter to be decided.

(b) The arbitrator shall be instructed that time is of the essence in the arbitration proceeding and that, in any event, the arbitration award must be made within thirty (30) days of the submission of the dispute to arbitration.

(c) After written notice is given to refer any dispute to arbitration, the Parties shall meet within five (5) Business Days of delivery of the notice and negotiate in good faith any changes in these arbitration provisions or the rules of arbitration which are adopted by this Section, in an effort to expedite the process and otherwise ensure that the process is appropriate given the nature of the dispute and the values at risk.

(d) The arbitration shall take place in English in Toronto, Ontario.

(e) The arbitration award shall be given in writing and shall be final and binding on the Parties, not subject to any appeal. The arbitration award shall deal with the question of costs of arbitration and all related matters, subject to the next sentence. A Party to a dispute may, at any time, make an offer to the other Party to the dispute to settle all or any part of the dispute. Any offer to settle is deemed to be an offer of compromise made in confidence and without prejudice. The fact that an offer to settle has been made may not be communicated to the arbitrator until the arbitrator has made a final determination of all aspects of the dispute other than costs. If an offer to settle is not accepted and the arbitration award is no more favourable to the Party to which the offer was made, the Party making the offer shall be entitled to all of its costs in connection with the arbitration in respect of the period from the date the offer to settle was made to the making of the arbitration award. The costs of arbitration include the arbitrators' fees and expenses, the provision of a reporter and transcripts, reasonable legal fees and reasonable costs of preparations.

(f) Judgment upon any award may be entered in any court having jurisdiction or application may be made to the court for a judicial recognition of the award or an order of enforcement, as the case may be.

(g) All disputes referred to arbitration (including the scope of the agreement to arbitrate, any statute of limitations, set-off claims, conflict of laws, rules, tort claims and interest claims) are governed by the substantive law of Ontario.

13.3 Municipal Arbitrations Act

The Parties agree that the dispute resolution mechanisms described in this Article 13 shall apply to all disputes in connection with this Agreement, to the exclusion of the *Municipal Arbitrations Act* (Ontario).

13.4 Outstanding Disputes

If on the date of the termination of this Agreement there are dispute resolution proceedings pending or outstanding under this Article, the provisions of this Agreement shall continue to apply to such proceedings notwithstanding the termination of the Agreement.

ARTICLE 14
LIABILITY, DAMAGE AND INSURANCE

14.1 Indemnity

(a) The City shall indemnify, defend and save harmless Toronto Hydro, its officers, representatives, employees and agents from all fines, suits, proceedings, liabilities, losses, damages, costs, expenses, claims, demands or actions of any nature or kind whatsoever caused directly or indirectly by or related to:

(i) the City's assets which are the subject of this Agreement, or

(ii) from the failure of the City to perform its obligations under this Agreement, the Night Patrol Licence, the Licence Agreement and the Joint Use Agreement

and against any and all damages, costs, expenses and fees (including without limitation all legal expenses) incurred by or on behalf of any of the foregoing in the investigations or defense of any and all such suits, proceedings, claims, damages or actions.

(b) Toronto Hydro shall indemnify, defend and save harmless the City, its officers, representatives, employees and agents from all fines, suits, proceedings, liabilities, losses, damages, costs, expenses, claims, demands or actions of any nature or kind whatsoever caused directly or indirectly by or related to:

(i) Toronto Hydro's assets or operations which are the subject of this Agreement, or

(ii) from the failure of Toronto Hydro to perform its obligations under this Agreement, the Night Patrol Licence, the Licence Agreement and the Joint Use Agreement

and against any and all damages, costs, expenses and fees (including without limitation all legal expenses) incurred by or on behalf of any of the foregoing in

the investigation or defense of any and all such suits, proceedings, claims, damages or actions.

(c) In the event that any Claim that would be covered by an indemnity set out in Sections 14.1(a) or 14.1(b) is made against any person who is entitled to and intends to seek indemnification thereunder (an "**Indemnitee**"), such Indemnitee shall give prompt notice of such claim or threatened claim to the indemnifying Party (the "**Indemnitor**"), and reasonable details of such claim or threatened claim, if known. If the Indemnitor acknowledges in writing to the Indemnitee that the indemnity set out in this Agreement applies to such Claim, then the Indemnitor shall be entitled to assume direction and control of the investigation, defence, appeal and settlement of the Claim, and the Indemnitee shall co-operate fully with the Indemnitor in connection therewith and shall be responsible for any legal or other costs it incurs in connection with its continued participation in the investigation, defence, appeal or settlement of such Claim. If the Indemnitor does not provide such acknowledgement, then each of the Indemnitor and Indemnitee will co-operate fully with each other in the investigation, defence, appeal and settlement of the Claim. No Indemnitee shall settle or compromise any such claim without the prior approval of the Indemnitor.

14.2 Limitation of Liability for Consequential Damages

Neither Party shall in any circumstances whatsoever be liable hereunder to the other Party for incidental or consequential or punitive damages including, without limitation, loss of profit, sustained or claimed by the other Party; provided however that nothing herein shall in any way limit the right of a Party to be indemnified by the other Party for a claim to the extent that such Party is seeking indemnity for a third party claim for incidental or consequential or punitive damages including, without limitation, loss of profits.

14.3 Insurance

Toronto Hydro shall provide and maintain general liability insurance covering the operations which are the subject of this Agreement and protecting against all claims which might arise from their operations performed by its respective officers, employees and agents under this Agreement, including bodily injury (including sickness and disease, mental injury, mental anguish, shock and death), personal injury (including humiliation and harassment), broad form property damage (including loss of use thereof), products and completed operations, sudden and accidental time element pollution liability, non-owned automobile liability, blanket contractual liability, cross liability and subject to limits of not less than ten million dollars ($10,000,000) inclusive per occurrence.

14.4 Survival

If this Agreement expires or is terminated in accordance with Article 9, this Article Article 14 shall survive until the termination of the Licence Agreement.

ARTICLE 15
FORCE MAJEURE

15.1 Definition

Except for the payment of any monies required hereunder and the obligations described in Section 15.2, neither Party shall be deemed to be in default of this Agreement where the failure to perform or the delay in performing any obligation is due to a cause beyond its reasonable control, including, but not limited to, an act of God, act of any Government Authority, war, terrorist attacks, civil commotion, strikes, lockouts and other labour disputes, fires, floods, sabotage, earthquakes, ice storms and epidemics ("**Force Majeure**"). As soon as a Party anticipates that a Force Majeure event may occur which will delay or prevent it from performing any of its obligations under this Agreement, it shall promptly notify the other Party and shall exercise all reasonable efforts to mitigate or limit the effect on the other Party.

15.2 Notice of Force Majeure

Once a Party becomes subject to such an event of Force Majeure, it shall promptly notify the other Party of its inability to perform, or of any delay in performing, due to an event of Force Majeure and shall provide an estimate, as soon as practicable, as to when the obligation will be performed. The Party subject to the Force Majeure event shall also continue to furnish timely reports to the other Party with respect to the Force Majeure event during the continuation of the said event and the said Party shall exercise all reasonable efforts to mitigate or limit damages to the other Party. The Party subject to the Force Majeure event shall use commercially reasonable efforts, in consultation with the other Party, to perform its obligations under this Agreement and to correct or cure the event or condition excusing performance and when the said Party is able to resume performance of its obligations thereunder, it shall give the other Party written notice to that effect and shall promptly resume performance thereunder. The time for performing the obligation shall be extended for a period equal to the time during which the Party was subject to the event of Force Majeure. The Parties shall explore all reasonable avenues available to avoid or resolve events of Force Majeure in the shortest time possible.

15.3 Strikes

Notwithstanding Sections 15.1 and 15.2, the settlement of any strike, lockout, restrictive work practice or other labour disturbance constituting a Force Majeure event shall be within the sole discretion of the Party involved in such strike, lockout, restrictive work practice or other labour disturbance and nothing in the two preceding paragraphs shall require the said Party to mitigate or alleviate the effects of such strike, lockout, restrictive work practice or other labour disturbance.

15.4 No Right to Terminate or Claim Damages

Neither Party shall have the right to claim damages from the other Party or terminate this Agreement as a result of the inability of the other Party to perform its obligations under

this Agreement solely as a result of an event of Force Majeure except for the right to terminate the Agreement provided in Section 9.1(b).

ARTICLE 16
CONFIDENTIALITY

16.1 Confidentiality

(a) No Party shall disclose the terms of this Agreement to any other Person (other than such Party's and its Affiliate's elected officials, officers, directors, employees, lenders, financing parties, counsel, consultants, advisors and accountants, all on a need-to-know basis and all of whom have agreed, or by the nature of their retainer, engagement or employment are required, to keep such terms confidential on similar terms, and for whose breach such Party shall be liable to the other Party), except in order to comply with any Applicable Law or stock exchange rule or reporting requirement, provided each Party shall notify the other Party of any proceeding of which it is aware that may result in disclosure and use reasonable efforts to prevent or limit the disclosure.

(b) The Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation, provided that all monetary damages shall be limited to actual direct damages and a breach of this Section 16.1 shall not give rise to a right to suspend performance under, or terminate this Agreement. This provision shall survive any termination of this Agreement, or the expiry of the Term, for a period of two (2) years.

(c) Each Party acknowledges that the other Party is subject to the *Municipal Freedom of Information and Protection of Privacy Act* (Ontario) ("**MFIPPA**") and that the other Party may be required to disclose confidential information concerning this Agreement in accordance with the provisions of MFIPPA.

ARTICLE 17
MISCELLANEOUS

17.1 Entire Agreement

(a) This Agreement, together with Schedules attached hereto, the Asset Purchase Agreement, the Licence Agreement, the Joint Use Agreement and the Night Patrol Licence represents the entire agreement between the Parties hereto respecting the subject matter hereto and supersedes all prior agreements, understandings, discussions, negotiations, representations and correspondence made by or between them respecting the subject matter hereto.

(b) This Agreement hereby supersedes and replaces as of the Effective Date, any prior oral or written agreement between the City and Toronto Hydro in respect of the provision of services relating to the SEL System, including without limitation, the Service Level Agreement dated May 10, 2004.

(c) In the event of any conflict between the provisions of this Agreement and the provisions of the Licence Agreement and/or the Joint Use Agreement, the provisions of this Agreement shall govern.

17.2 Notices

(a) Any notice, direction or other instrument required or permitted to be given to any Party shall be in writing and shall be sufficiently given if delivered personally, mailed or transmitted by fax or other form of recorded communication tested prior to transmission to such Party, as follows:

(i) in the case of the City at:

11th floor, East Tower,
Toronto City Hall
100 Queen Street West
Toronto ON M5H 2N2

Attention: City Manager
Fax No.: (416) 392-1827

with a copy to: City Solicitor, at:

Legal Services
55 John Street
Stn. 1260, 26th Flr., Metro Hall
Toronto ON M5V 3C6
Fax No. (416) 397-5624

(ii) in the case of Toronto Hydro, at:

14 Carlton Street
Toronto, Ontario
M5B 1K5

Fax: (416) 542-2833

Attention: President, Street Lighting

With a copy to Toronto Hydro General Counsel, at:

14 Carlton Street
Toronto, Ontario
M5B 1K5

Fax: (416) 542-2540

(b) Any such notice, direction or other instrument, if delivered personally, shall be deemed to have been given and received on the date on which it was delivered, provided that if such day is not a Business Day then the notice, direction or other instrument shall be deemed to have been given and received on the first Business Day next following such day; if mailed, shall be deemed to have been given and received on the third day after it was mailed, provided that if such day is not a Business Day then the notice, direction or other instrument shall be deemed to have been given and received on the first Business Day next following such day; and if transmitted by fax or other form of recorded communication, shall be deemed to have been given and received on the day of its transmission, provided that if such day is not a Business Day or if it is transmitted or received after the end of normal business hours then the notice, direction or other instrument shall be deemed to have been given and received on the first Business Day next following the day of such transmission.

(c) A Party may change its address for service from time to time by notice given to the other Party in accordance with the foregoing provisions.

17.3 Assignment

This Agreement shall not be assigned by either Party except with the prior written consent of the other Party, such consent not to be unreasonably withheld, conditioned or delayed, provided however, that Toronto Hydro may assign this Agreement to an Affiliate or a third party purchaser of the SEL System without the prior written consent of the City, provided that, in the case of a third party purchaser that is not an Affiliate that is wholly owned by Toronto Hydro Corporation, Toronto Hydro has complied with the provisions of Article 9 and the City has determined not to exercise its option to purchase the Street Lighting Assets.

17.4 Independent Contractor

In performing this Agreement, Toronto Hydro shall operate as an independent contractor, maintaining its own organization as a distinct and separate legal entity from the City. Neither Party shall have the authority to hold themselves out as acting on behalf of or to legally bind the other Party. Nothing in this Agreement shall be deemed to constitute a partnership or a joint venture or to create any fiduciary relationship between Toronto Hydro and the City.

17.5 Counterparts

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same agreement.

17.6 Governing Law

This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the Parties shall be governed by, the laws of the

Province of Ontario and the federal laws of Canada applicable therein, and each Party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of such province and all courts competent to hear appeals therefrom.

IN WITNESS WHEREOF this Agreement has been executed by the Parties.

TORONTO HYDRO STREET LIGHTING INC.

By: _____

J.S. Couillard
Chief Financial Officer, Toronto Hydro Street Lighting Inc.

By: _____

David S. O'Brien
Chief Executive Officer and President, Toronto Hydro Corporation

CITY OF TORONTO

By: _____

For: Joseph Pennachetti
Deputy City Manager and Chief Financial Officer

By: _____

For: Ulli Watkiss
City Clerk

Authorized by Clause 2 of Policy and Finance Committee Report No. 3 (following Item 168) adopted by Council at its Special Meetings on February 21, 22, 23, 24, 25, 28 and March 1, 2005; Clause 4 of Policy and Finance Committee Report No. 8 adopted by Council at its meeting of September 28, 29 and 30, 2005; and, Clause 8 of Policy and Finance Committee Report No. 10, as amended and adopted by Council at its Special Meeting of December 14 and 16, 2005.

_____
City Clerk

Approved as to Form
____For: Anna Kinastowski
City Solicitor

SCHEDULE "A"
EXPRESSWAY PROJECTS

Part 1 – F. G. Gardiner Expressway West

- From Royal York Road to Kipling Avenue (2.2 kms)
- Installation of High Mast Lighting on Tall Wall Barrier in Centre Median
- Installation of conventional lighting on ramps where required

Item	Quantity	Unit Cost	Extended Cost
High Mast Poles (includes pole, ring including fixtures, raising/lowering device, shroud)	19	$100,000	$1,900,000
Conventional Poles (black poles and quality fixtures)	80	$7,000	$560,000
Distribution Assemblies (power supplies)	2	$25,000	$50,000
	TOTAL COST		**$2,510,000***

Part 2 – F. G. Gardiner Expressway West

- Elevated section (Dufferin to DVP 7.5 kms)
- Installation of conventional lighting (similar to existing DVP/FGG conventional) to replace existing low pressure sodium

Item	Quantity	Unit Cost	Extended Cost
Conventional Poles (black poles and quality fixtures)	600	$7,000	$4,200,000
Distribution Assemblies (power supplies)	4	$25,000	$100,000
	TOTAL COST		**$4,300,000***

Part 3 – W. R. Allen Expressway

- Installation of conventional lighting to replace existing system at end of service life

Item	Quantity	Unit Cost	Extended Cost
Conventional Poles (direct buried concrete poles and Cobraheads)	300	$6,000	$1,800,000
Distribution Assemblies (power supplies)	3	$25,000	$75,000
	TOTAL COST		**$1,875,000***

***NOTE:**

- all costs are estimates using 2005 dollars
- all costs represent installed costs inclusive of labour and materials

SCHEDULE "B"
EXISTING CONTRACTS

Part 1 – Existing service and construction contracts to be terminated by the City before January 1, 2006

Name	Party	Number
Service Level Agreement between the City and Toronto Hydro, dated May 10, 2004	Toronto Hydro	N/A
District 4 Street Lighting Maintenance for the Period February 1, 2003 to January 31, 2006	Black & McDonald Ltd.	02TM-01SL
Expressway Lighting Maintenance Within the City of Toronto for the period August 1, 2002 to January 31, 2005	Stacey Electric Company Limited	02TM-03SL
Gardiner Expressway High Mast Lighting Installation from Hwy. 427 easterly to Humber River	Guild Electric Ltd.	02TM-04SL
Wash and Group Re-Lamp Street Lighting Luminares	Guild Electric Ltd.	05TM-02SL
2005 Street Lighting Pole and Luminaire Replacement	Black & McDonald Ltd.	05TM-03SL
Street Lighting Engineering Services	SNC Lavalin Engineers & Constructors Inc.	RFP No. 9117-02-7299
Engineering Services for the Development of a Street Lighting Design and Specifications Manual	McCormick Rankin Corporation	RFP No. 9119-02-7422
Routine Night Patrol Services to Report the Presence of Non-Functioning Street Lighting Luminaires	iTRANS Consulting Inc.	RFP No. 9155-01-7776

Part 2 – Construction contracts that will continue beyond January 1, 2006

Name	Party	Number	Termination Date
King Street West CN Rail Underpass (Tunnel) and Approach Lighting	Black & McDonald Ltd.	04TM-06SL	No later than March 31, 2006
The Restoration of Street Lighting System on Palmerston Boulevard Between Bloor Street and College Street in the City of Toronto	Black & McDonald Ltd.	04TM-05SL	No later than March 31, 2006

SCHEDULE "C"
ILLUMINATION STANDARDS

The Standard Practice Subcommittee of the Illumination Engineering Society of North America Roadway Lighting Committee, *American National Standard Practice for Roadway Lighting, RP-8-00*, as approved by the American National Standards Institute, 27 June 2000.

SCHEDULE "D"
SERVICE RESPONSE STANDARDS

The following are the response times between Toronto Hydro identifying the need for repair and maintenance Service to Street Lighting Assets and arrival of the maintenance crew.

Table 1- North, East and West Districts Priority and Response Times

PRIORITY	RESPONSE TIME
High Priority	Within One and One Half (1 ½) Hours
Medium Priority *	By End of Next Business Day
Low Priority **	Within Five (5) Business Days

Table 2 - South District Priority and Response Times

PRIORITY	RESPONSE TIME
High Priority	Within One and One Half (1 ½) Hours
Medium Priority *	By End of Next Business Day
Low Priority **	Within Ten (10) Business Days

* Example: If a medium priority is identified at 09:50 Tuesday, the call must be responded to by 16:00 Wednesday.

** Example: If a low priority is identified at 16:05 Tuesday, the call must be responded to by 16:00 the following Tuesday for North, East and West Districts.

If a low priority is identified on a weekend (Saturday or Sunday), Toronto Hydro must respond by 16:00 Tuesday. In the case of a holiday Monday, Toronto Hydro must respond by 16:00 Wednesday.

SERVICE PRIORITY LIST	
High Priority	**Medium Priority**
- Street Lights All Out — No Power	- 3 or More Consecutive Lamps Out
- Pole Down — Reported Accident	
- Davit Arm or Bracket Low or Loose	
- Fixture Facing Up or Sideways	
- Fixture Loose or Falling Off	**Low Priority**
- Overhead Wire Low or Loose	- Pole Leaning (not a safety hazard)
- Cabinet Hit or Damaged	- Pole Damaged — Non-Reported Accident
- Cabinet Door(s) Open	- Pole Handhole Cover Missing
- Pole Leaning — Safety Hazard	- Back Guy Loose or Damaged
- Exposed Wires	- Handwell Lid Broken or Missing

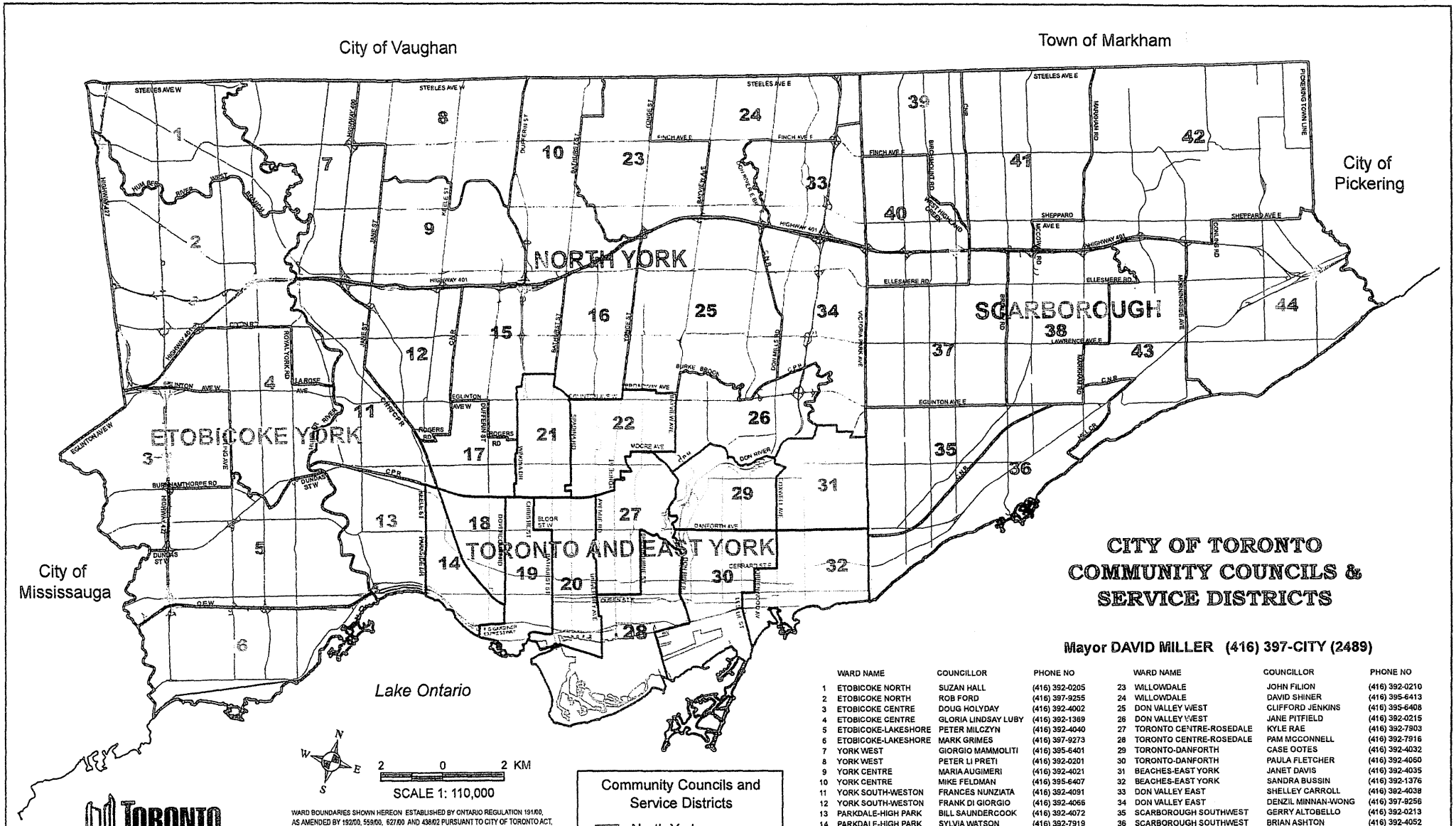
Note:
The South District is comprised of Electoral Wards 14, 18, 19, 20, 21, 22, 27, 28, 29, 30, 31 and 32.

The North District is comprised of Electoral Wards 8, 9, 10, 15, 16, 23, 24, 25, 26, 33 and 34.

The East District is comprised of Electoral Wards 35, 36, 37, 38, 39, 40, 41, 42, 43 and 44.

The West District is comprised of Electoral Wards 1, 2, 3, 4, 5, 6, 7, 11, 12, 13 and 17.

See attached map for Electoral Ward boundaries.



CITY OF TORONTO COMMUNITY COUNCILS & SERVICE DISTRICTS

Mayor DAVID MILLER (416) 397-CITY (2489)

	WARD NAME	COUNCILLOR	PHONE NO
1	ETOBICOKE NORTH	SUZAN HALL	(416) 392-0205
2	ETOBICOKE NORTH	ROB FORD	(416) 397-9255
3	ETOBICOKE CENTRE	DOUG HOLYDAY	(416) 392-4002
4	ETOBICOKE CENTRE	GLORIA LINDSAY LUBY	(416) 392-1369
5	ETOBICOKE-LAKESHORE	PETER MILCZYN	(416) 392-4040
6	ETOBICOKE-LAKESHORE	MARK GRIMES	(416) 397-9273
7	YORK WEST	GIORGIO MAMMOLITI	(416) 395-6401
8	YORK WEST	PETER LI PRETI	(416) 392-0201
9	YORK CENTRE	MARIA AUGIMERI	(416) 392-4021
10	YORK CENTRE	MIKE FELDMAN	(416) 395-6407
11	YORK SOUTH-WESTON	FRANCES NUNZIATA	(416) 392-4091
12	YORK SOUTH-WESTON	FRANK DI GIORGIO	(416) 392-4066
13	PARKDALE-HIGH PARK	BILL SAUNDERCOOK	(416) 392-4072
14	PARKDALE-HIGH PARK	SYLVIA WATSON	(416) 392-7919
15	EGLINTON-LAWRENCE	HOWARD MOSCOE	(416) 392-4027
16	EGLINTON-LAWRENCE	KAREN STINTZ	(416) 392-4090
17	DAVENPORT	CESAR PALACIO	(416) 392-7011
18	DAVENPORT	ADAM GIAMBRONE	(416) 392-7012
19	TRINITY-SPADINA	JOE PANTALONE	(416) 392-4009
20	TRINITY-SPADINA	OLIVIA CHOW	(416) 392-4044
21	ST. PAUL'S	JOE MIHEVC	(416) 392-0208
22	ST. PAUL'S	MICHAEL WALKER	(416) 392-7906
23	WILLOWDALE	JOHN FILION	(416) 392-0210
24	WILLOWDALE	DAVID SHINER	(416) 395-6413
25	DON VALLEY WEST	CLIFFORD JENKINS	(416) 395-6408
26	DON VALLEY WEST	JANE PITFIELD	(416) 392-0215
27	TORONTO CENTRE-ROSEDALE	KYLE RAE	(416) 392-7903
28	TORONTO CENTRE-ROSEDALE	PAM MCCONNELL	(416) 392-7916
29	TORONTO-DANFORTH	CASE OOTES	(416) 392-4032
30	TORONTO-DANFORTH	PAULA FLETCHER	(416) 392-4060
31	BEACHES-EAST YORK	JANET DAVIS	(416) 392-4035
32	BEACHES-EAST YORK	SANDRA BUSSIN	(416) 392-1376
33	DON VALLEY EAST	SHELLEY CARROLL	(416) 392-4038
34	DON VALLEY EAST	DENZIL MINNAN-WONG	(416) 397-8256
35	SCARBOROUGH SOUTHWEST	GERRY ALTOBELLO	(416) 392-0213
36	SCARBOROUGH SOUTHWEST	BRIAN ASHTON	(416) 392-4052
37	SCARBOROUGH CENTRE	MICHAEL THOMPSON	(416) 397-9274
38	SCARBOROUGH CENTRE	GLENN DE BAEREMAEKER	(416) 392-0204
39	SCARBOROUGH-AGINCOURT	MIKE DEL GRANDE	(416) 392-1374
40	SCARBOROUGH-AGINCOURT	NORMAN KELLY	(416) 392-4047
41	SCARBOROUGH-ROUGE RIVER	BAS BALKISSOON	(416) 392-1375
42	SCARBOROUGH-ROUGE RIVER	RAYMOND CHO	(416) 392-4076
43	SCARBOROUGH EAST	DAVID SOKNACKI	(416) 392-4008
44	SCARBOROUGH EAST	GAY COWBOURNE	(416) 392-1373

N W E S

2 0 2 KM

SCALE 1: 110,000

Community Councils and Service Districts

- North York
- Toronto and East York
- Scarborough
- Etobicoke York
- Ward Boundary

TORONTO

MAP PRODUCED BY:
TECHNICAL SERVICES DIVISION
SURVEY AND MAPPING SERVICES
18 DYAS ROAD, 4TH FLOOR
TORONTO, ONTARIO, M3B 1V5
TEL: (416) 392-7755
DATE: OCTOBER 19, 2005

WARD BOUNDARIES SHOWN HEREON ESTABLISHED BY ONTARIO REGULATION 191/00, AS AMENDED BY 192/00, 559/00, 627/00 AND 438/02 PURSUANT TO CITY OF TORONTO ACT, 1997, EFFECTIVE THE 1ST DAY OF DECEMBER 2003.

COMMUNITY COUNCIL BOUNDARIES AND NAMES IN ACCORDANCE WITH CITY OF TORONTO MUNICIPAL CODE, CHAPTER 27, COUNCIL PROCEDURES (AS AMENDED).

SERVICE DISTRICTS REALIGNED AND NAMED PURSUANT TO MOTION F(1) ADOPTED BY COUNCIL ON APRIL 12, 13, 14, 2005.

COUNCILLOR NAMES AND PHONE NUMBERS PROVIDED BY CITY CLERKS DIVISION.

SCHEDULE "E"
QUARTERLY SERVICE RESPONSE REPORT,
WARD ____

Maintenance Service Requests

Priority of Activity	Number of Service Requests Received	Number of Service Requests Completed Within Applicable Response Standard
High Priority		
Medium Priority		
Low Priority		

Other Requests

	Number of Requests Received	Number Completed	Number of Outstanding Requests at End of Period
Spot Improvement Requests			

SCHEDULE "F"
SERVICE CREDITS

Performance Targets/Penalties

$000s

High Priority Response		within 90 minutes				
Achievement	85%	80%	70%	60%	50%	40%
Penalty	25	50	100	150	200	250
2006 Penalty	-	-	0	50	100	150
Medium Priority Response		within 24 hours				
Achievement	90%	80%	70%	60%	50%	40%
Penalty	-	50	100	150	200	250
Low Priority Response		within 5 days				
Achievement	90%	80%	70%	60%	50%	40%
Penalty	-	50	100	150	200	250

Notes:
For high priority responses in 2006: straight line interpolation between data points, with penalties starting when achievement drops below 70%.
eg. 67% = 3/10 x $50,000 = $15,000

For high priority responses after 2006: straight line interpolation between data points, with penalties starting when achievement drops to 85%, and an immediate penalty of $25,000 at 85%.
eg. 86% = 0; 85% = $25,000; 83% = $25,000 + 2/5 x ($50,000 - $25,000) = $35,000

For medium and low priority responses: straight line interpolation between data points, with penalties starting when achievement drops below 90%.
eg. 87% = 3/10 x $50,000 = $15,000

Annual Aggregate Maximum (Cap) = $250,000.00

Achievement as reported quarterly and penalties assessed based on annual results.

SCHEDULE "G"
JOINT USE AGREEMENT

THIS JOINT USE AGREEMENT is made as of the 31st day of December, 2005.

BETWEEN:

CITY OF TORONTO, a municipal corporation incorporated under the laws of Ontario

(hereinafter referred to as the "**City**")

- and -

TORONTO HYDRO STREET LIGHTING INC., a corporation incorporated under the laws of Ontario

(hereinafter referred to as "**Toronto Hydro**")

WHEREAS the Parties wish to enter into a license for the Joint Use Assets (as defined herein);

NOW THEREFORE THIS AGREEMENT WITNESSES THAT, in consideration of the premises and other good and valuable consideration, subject to the terms and conditions set out in this Agreement, the Parties hereto agree with each other as follows:

ARTICLE 1
DEFINITIONS

1.1 Definitions

In this Agreement:

(a) "**Agreement**" means this Joint Use Agreement;

(b) "**Joint Use Assets**" means (i) assets which, prior to the Effective Date, were used by the City partly in the operation of the SEL System and partly for another purpose together with any replacements to such assets, and (ii) assets similar to those identified in (i) which are reasonably necessary to be used for both a street lighting and any municipal purpose or service, including the assets listed in Schedule 1.1(b);

(c) "**Licensee**" means, with respect to a Joint Use Asset, the Party licensed to access and use such Joint Use Assets pursuant to Section 2.1;

(d) "**Owner**" means, with respect to a Joint Use Asset, the Party which owns such Joint Use Asset; and

(e) **"Service Agreement"** means the service agreement between the City and Toronto Hydro dated January 1, 2006.

1.2 Other Defined Terms

Capitalized terms that are not defined in this Agreement shall have the meanings ascribed thereto in the Service Agreement.

ARTICLE 2
LICENSE

2.1 License

(a) The City hereby grants to Toronto Hydro a license to access and use the Joint Use Assets owned by the City as necessary to permit Toronto Hydro to construct, own, operate, maintain and otherwise exploit the SEL System.

(b) Toronto Hydro hereby grants to the City a license to access and use the Joint Use Assets owned by Toronto Hydro as necessary to permit the City to construct, own, operate, maintain and otherwise exploit its assets for any municipal purpose or service.

ARTICLE 3
TERM

3.1 Term

This Agreement shall immediately terminate upon the City purchasing the SEL System as contemplated in Section 9.7 or Section 9.8 of the Service Agreement.

ARTICLE 4
USE

4.1 Use

(a) Each Licensee shall only access and use the Joint Use Assets in accordance with the license granted herein.

(b) Each Licensee shall not, during the term of this Agreement, do, suffer, nor permit to be done any act or thing which may impair, damage or injure the Joint Use Assets. In the event that any such impairment, damage or injury occurs, the Owner, acting reasonably, shall undertake all necessary repairs, at the cost and expense of the Licensee, as set out in Section 5.1(c) of this Agreement.

4.2 Non-exclusive

The right to use the Joint Use Asset shall not be exclusive, provided that the Owner shall use commercially reasonable efforts to ensure that no permitted use of the Joint Use Asset by a third party will interfere with the licensed access and use contemplated herein.

4.3 Access

Each Licensee, subject to the work requirements specified in Section 3.2 of the Service Agreement, shall have unrestricted access to the Joint Use Assets at all times for itself, its officers and employees and contractors together with the main means of ingress and egress to and from the Joint Use Assets. The Owner shall provide the Licensee from time to time with such keys, access codes and/or pass cards as may be necessary to permit access to the Joint Use Assets. The Owner shall provide and maintain such areas of ingress and egress, as determined by it in its sole discretion acting reasonably.

4.4 Restrictions

Each Licensee shall only use the Joint Use Asset in a manner that does not interfere with the operations of the Owner or other parties occupying any portion of the Joint Use Asset. In the event of such interference, the Owner shall immediately advise the Licensee, and the Licensee shall immediately take all necessary action to eliminate such interference. If such action is not taken within a reasonable period of time, as reasonably determined by the Owner, the Owner reserves the right to remove from service any or all of the Licensee's equipment located in or attached to the Joint Use Asset as may be necessary to eliminate such interference, at the cost and expense of the Licensee and the Licensee shall have no claim against the Owner with respect to such removal, as set out in Section 5.1(c) of this Agreement.

4.5 Alterations, Additions and Improvements

Each Licensee shall not make, nor cause to be made, any alteration, addition or improvement to the Joint Use Assets without the prior written approval of the Owner. Any such alteration, addition or improvement shall be done by contractors or other workers or tradesmen qualified to perform the work in a good and workmanlike manner with first-class materials, as approved by the Owner. The Licensee shall submit to the Owner for its prior written approval, such approval not to be unreasonably withheld, details of the proposed work including drawings and specifications by qualified designers and conforming to good engineering practice, and such indemnification against liens, costs, damages and expenses as the Owner may reasonably require.

4.6 Destruction

Should any portion of a Joint Use Asset be damaged in whole or in part to an extent rendering it either partially or totally unusable in the opinion of the Owner, the Parties shall co-operate in determining the cause of the occurrence and in determining the feasibility of restoring the Joint Use Asset to full use, provided always that the Owner shall be under no obligation to restore or rebuild the Joint Use Asset in whole or in part.

ARTICLE 5
REPAIRS

5.1 Repairs

(a) Each Licensee shall at all times maintain the Joint Use Assets in accordance with the Owner's reasonable requirements for the Joint Use Assets as communicated by the Owner from time to time.

(b) Each Licensee shall, upon written notice by the Owner, repair at its own cost, any damage to the Joint Use Asset resulting from any act or omission of the Licensee.

(c) If a Licensee does not promptly repair damage to a Joint Use Asset as contemplated in Section 5.1(b), the Owner may, acting reasonably, repair the damage and the Licensee shall promptly upon demand reimburse the Owner the cost of repairs for all damage to the Joint Use Asset incurred as a result of any act or omission of the Licensee.

5.2 Notification of damage

Each Licensee shall promptly notify the Owner of any damage to, malfunction of or deficiency or defect in any part of the Joint Use Asset or any equipment or utility systems in or serving the Joint Use Asset which it has noticed and which might cause injury or damage to persons or property.

ARTICLE 6
FORCE MAJEURE

6.1 Definition

Neither Party shall be deemed to be in default of this Agreement where the failure to perform or the delay in performing any obligation is due to an event of Force Majeure. As soon as a Party anticipates that a Force Majeure event may occur which will delay or prevent it from performing any of its obligations under this Agreement, it shall promptly notify the other Party and shall exercise all reasonable efforts to mitigate or limit the effect on the other Party.

ARTICLE 7
WARRANTIES, LIABILITY AND INSURANCE

7.1 No Warranty

The Joint Use Assets are provided "as is", without warranty of any kind, and each Owner expressly disclaims all warranties, conditions, undertakings or terms, express or implied, written or oral, including warranties of merchantability and fitness for a particular purpose. The Owner does not warrant, guarantee, or make any representations regarding the use or the results of the use of the Joint Use Assets. The entire risk as to use of the Joint Use Assets is assumed by the Licensee. The Owner does not warrant that operation of the Joint Use Assets will be uninterrupted.

7.2 Limitation of Liability

The Owner of a Joint Use Asset shall not be liable to the Licensee for any direct, indirect, incidental, punitive, special or consequential damages whatsoever which in any way arise out of, or relate to, or are a consequence of, the performance or non-performance by the Owner under this Agreement, including with respect to loss of profits, loss of revenues, goodwill, business interruption, loss of data, claims of customers, failure to realize expected savings or any other commercial or economic loss of any kind, even if advised of the possibility of such damages.

7.3 Indemnification

Each Licensee agrees that the indemnity provided by it under the Service Agreement shall include any and all claims, loss or damage that may be suffered by the Owner in consequence of any default made by the Licensee in the performance of any of its obligations under this Agreement.

ARTICLE 8
MISCELLANEOUS

8.1 Sale, Conveyance and Assignment

This Agreement shall not be assigned by either Party except with the prior written consent of the other Party, such consent not to be unreasonably withheld, conditioned or delayed, provided however, that Toronto Hydro may assign this Agreement to an Affiliate or a third party purchaser of the SEL System without the prior written consent of the City, provided that, in the case of a third party purchaser that is not an Affiliate that is wholly owned by Toronto Hydro Corporation, Toronto Hydro has complied with the provisions of the Service Agreement and the City has determined not to exercise its option to purchase the Street Lighting Assets. Notwithstanding the foregoing, Toronto Hydro shall not assign its rights under this Agreement to Toronto Hydro Telecom Inc., or its successors, without the consent of the City.

8.2 Entire Agreement

This Agreement, together with the Service Agreement represents the entire agreement between the parties hereto respecting the subject matter hereto and supersedes all prior agreements, understandings, discussions, negotiations, representations and correspondence made by or between them respecting the subject matter hereto.

8.3 Successors and Assigns

This Agreement shall enure to the benefit of and shall be binding on and enforceable by the Parties and their respective successors and permitted assigns.

8.4 Amendments and Waivers

No amendment or waiver of any provision of this Agreement shall be binding on either Party unless consented to in writing by such Party. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver constitute a continuing waiver unless otherwise provided.

8.5 Severability

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect.

8.6 Applicable Law

This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the parties shall be governed by, the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each Party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of such province and all courts competent to hear appeals therefrom.

IN WITNESS WHEREOF this Agreement has been executed by the Parties.

TORONTO HYDRO STREET LIGHTING INC.

By: _____

J.S. Couillard
Chief Financial Officer, Toronto Hydro Street Lighting Inc.

By: _____

David S. O'Brien
Chief Executive Officer and President, Toronto Hydro Corporation

CITY OF TORONTO

By: _____

For: Joseph Pennachetti
Deputy City Manager and Chief Financial Officer

BY: _____

For: Ulli Watkiss
City Clerk

Authorized by Clause 2 of Policy and Finance Committee Report No. 3 (following Item 168) adopted by Council at its Special Meetings on February 21, 22, 23, 24, 25, 28 and March 1, 2005; Clause 4 of Policy and Finance Committee Report No. 8 adopted by Council at its meeting of September 28, 29 and 30, 2005; and, Clause 8 of Policy and Finance Committee Report No. 10, as amended and adopted by Council at its Special Meeting of December 14 and 16, 2005.

_____

City Clerk

Approved as to Form
____For: Anna Kinastowski
City Solicitor

SCHEDULE 1.1(b)
Joint Use Assets

Joint Use Assets shall include the following:

(i) Traffic signal poles of galvanized steel construction installed by the Vendor's Transportation Services Division, that contain both street lighting plant and traffic signal plant; and

(ii) other common infrastructure such as conduits, ducts, duct banks, handwells, maintenance holes, power supply cabinets and substation distribution centers installed by the Vendor's Transportation Services Division that contain street lighting plant and traffic signal plant including traffic signals, pedestrian crossovers, flashing beacons, illuminated signs, closed circuit television cameras (CCTV), electronic changeable messages signs, transportation detector systems and fibre optic trunk and spur cables.

SCHEDULE "H"
LICENCE AGREEMENT

RESPONSES TO THE ELECTRICAL CONTRACTORS ASSOCIATION OF ONTARIO AND THE GREATER TORONTO ELECTRICAL CONTRACTORS ASSOCIATION INTERROGATORIES

INTERROGATORY 13:

Reference(s): Affidavit of Ben [LaPianta]

The evidence describes the physical configuration and components of the street lighting system.

Was any consideration given to transferring that part of the current street lighting system which actually distributes electricity (e.g., the low-voltage underground electrical circuit which actually transmits) but retaining in the unregulated affiliate the electricity consuming (and associated) assets (e.g., the lights and poles)? If not, why not. If so, why was this option rejected?

RESPONSE:

Yes, and THESL concluded that to retain an artificial separation between the operations would defeat the purpose of the Application, which is to promote efficiency, improve reliability, and enhance public safety.

RESPONSES TO THE ELECTRICAL CONTRACTORS ASSOCIATION OF ONTARIO AND THE GREATER TORONTO ELECTRICAL CONTRACTORS ASSOCIATION INTERROGATORIES

INTERROGATORY 14:

Reference(s): Affidavit of Ben [LaPianta], paragraphs 15 and 16

The evidence states that THESI crews cannot work on THESL assets, and vice versa.

a) What barriers exist to an agreement that would provide authorization to employees or contractors of both companies to work on either company's assets?

b) Does THESL ever provide employees, in emergency situations or otherwise, to work on assets owned by another entity? If so, please describe the circumstances in which such arrangements are made, and how they are effected.

c) Does THESL contract out any work on its distribution system? If so, please describe what work is contracted out and the process for authorizing non-THESL employees to work on distribution assets.

d) What alternatives to the proposed transactions have the applicants considered to address each of the safety, efficiency and reliability concerns expressed as the basis for the instant applications? Please provide any existing documentation of the alternatives considered.

RESPONSE:

a) It is a business decision that determines the separation of work between THESL and THESI, allowing each affiliate to focus on their core competency and business. This is based on associated cost, efficiency, materials availability, related training, safety and work planning.

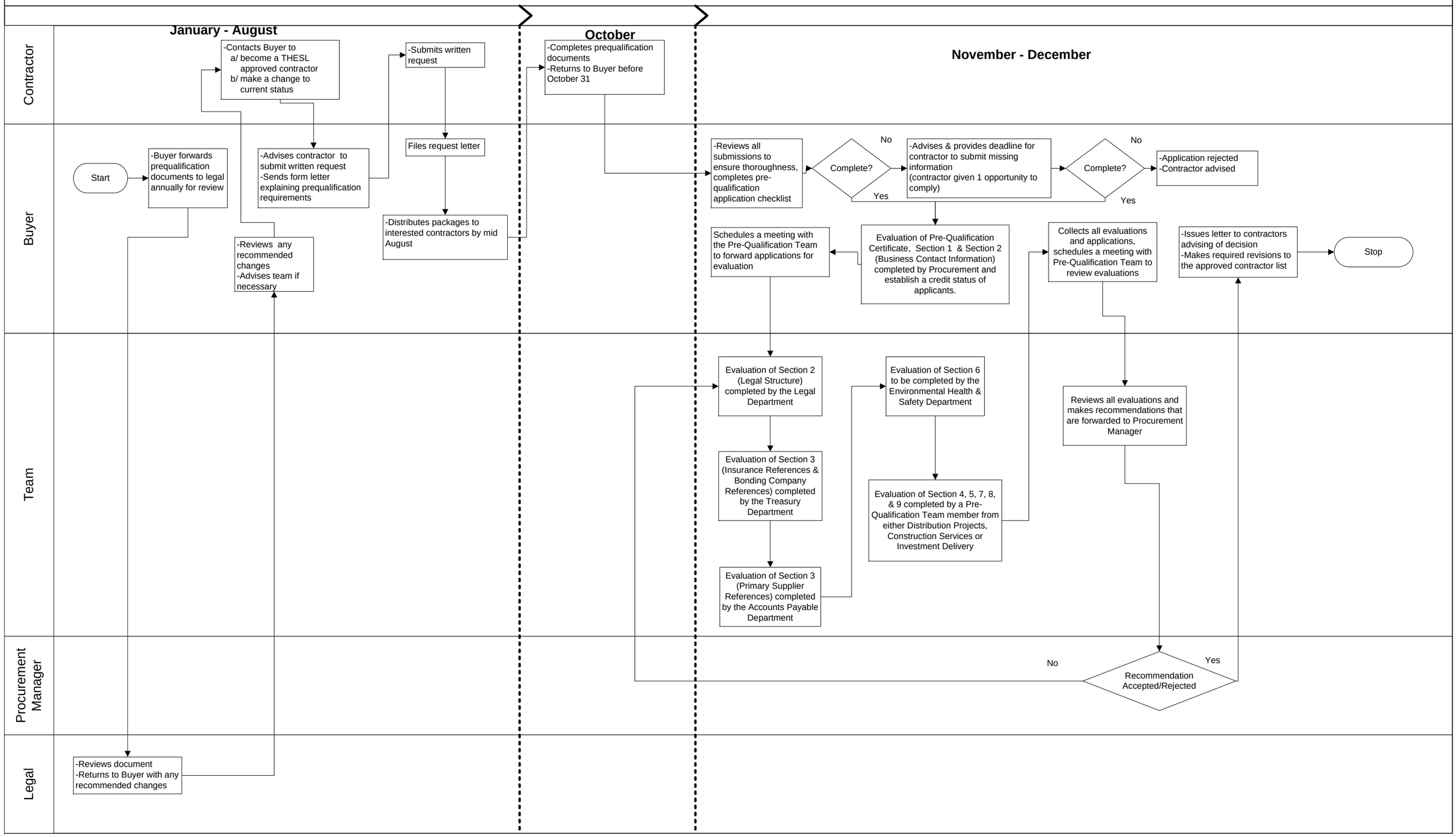
RESPONSES TO THE ELECTRICAL CONTRACTORS ASSOCIATION OF ONTARIO AND THE GREATER TORONTO ELECTRICAL CONTRACTORS ASSOCIATION INTERROGATORIES

b) Yes. The Level III Emergency to address streetlight contact voltage issues is one example. In addition, THESL responds to requests from other LDCs experiencing emergency situations. In both cases, sufficient crews are mobilized to respond to the scope of the emergency.

c) Yes. THESL utilizes pre-approved contractors for the execution of work on its distribution system. The pre-qualification process is attached as Appendix A.

d) Please refer to the answer to ECAO-GTECA Interrogatory 13 (Section F, Tab 21, Schedule 13).

Contractor Pre-Qualification Process



RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

INTERROGATORY 1:

Reference(s): Corporate and Regulatory Steps

a) Please explain the purpose of NewCo. Why is it necessary to incorporate a new company, transfer the assets of THESI to the new company, and then merge the new company with THESL? Why not just transfer the assets of THESI to THESL and/or amalgamate THESI and THESL?

RESPONSE:

a) As noted throughout the applications, NewCo was incorporated solely for the purposes of obtaining an electricity distributor licence in the City of Toronto and thereafter to facilitate the transfer of the Streetlighting System from THESI to NewCo and the amalgamation of NewCo and THESL.

In addition to owning and operating the Streetlighting System, THESI is also a licensed electricity retailer, wholesaler, generator and gas marketer and THESI owns and operates a number of other assets related to competitive businesses that are not intended to be transferred to THESL as part of the proposed transaction. Because of THESI's other competitive business activities, an amalgamation of THESI and THESL would not be possible.

By transferring the Streetlighting System to NewCo, and having NewCo file an application for a distribution licence pursuant to which NewCo further seeks a declaration of the Board that the Streetlighting System be deemed a distribution system, the applicants have given the Board an opportunity to hear the merits of the

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

proper treatment of the Streetlighting System as a part of the distribution system in a public hearing process. In the opinion of the applicants, by using NewCo to apply for an electricity distribution licence the applicants have improved the body of evidence before the Board by way of including an Application for Electricity Distribution Licence that would have otherwise not been required if the assets were transferred directly from THESI to THESL.

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

INTERROGATORY 3:

Reference(s): Corporate and Regulatory Steps

Other than distribution revenues, will NewTHESL derive any revenues from its ownership of the streetlighting assets? If so, what are they?

RESPONSE:

THESL will derive revenues from the service agreement with the City of Toronto regarding street and expressway lighting assets services and other revenue from related activities. Such revenues will be treated as a revenue off-set in the calculation of future rates.

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

INTERROGATORY 4:

Reference(s): Corporate and Regulatory Steps

The application states that:

a) the Toronto Hydro Electric Commission sold its streetlighting assets to the City of Toronto for $1 in 1989.

b) The City of Toronto sold the streetlighting assets (which by then also included the assets for the former commissions of Scarborough, East York, North York, Etobicoke, and York) to THESI for $65 million.

Please:

(i) Confirm the above is correct.

(ii) Explain when, and for how much, the streetlighting assets of the former commissions in Scarborough, East York, North York, Etobicoke, and York, were transferred to the City of Toronto. If these assets had previously been transferred to their respective former municipalities (City of Scarborough, City of North York, etc.) please also provide that information.

(iii) Provide an [sic] fixed asset continuity schedule in respect of the streetlighting assets, from 1988 to 2009.

RESPONSE:

(i) This is correct.

(ii) This information is not available to THESL or THESI.

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

(iii) This information is not available to THESL or THESI.

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

INTERROGATORY 5:

Reference(s): Corporate and Regulatory Steps

Given Mr. Lapianta's evidence that there is no clear demarcation point between current distribution assets and the streetlighting assets, please:

a) explain how a value (net book value or otherwise) was determined for the streetlighting assets.

b) state whether a valuation of the streetlighting assets has been done within the past five years, and if so, please provide a copy.

RESPONSE:

a) The initial valuation performed when THESI purchased the assets from the City was based on a discounted cash flow model derived from the expected revenue associated with the 30-year service agreement signed between THESI and the City of Toronto. An allocation by asset class was derived from this model using information provided by our valuation advisor Deloitte. Concurrently, THESI obtained a tax ruling from the Ministry of Finance affirming that the net book value of the assets of $60.0M would qualify for CCA deduction.

The allocation by asset classes was derived using poles, fixtures and towers. The remaining allocation was assigned to the overhead and underground connections based on high level assumptions as there was no clear demarcation between these assets and the THESL electricity distribution assets that would have allowed a more conclusive allocation.

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

b) A valuation of the assets was performed by Deloitte for THESI in 2005 to support the purchase decision and tax position. This valuation is subject to confidentiality obligations and is exempted from disclosure by applicable privacy legislation. Also, it was not related to regulated activities at the time. Accordingly, the valuation will not be filed.

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

INTERROGATORY 6:

Reference(s): Corporate and Regulatory Steps

The Asset Purchase Agreement (Tab 7) states that the purchase price for the streetlighting assets is $66.066 million. Please confirm that this is the amount NewTHESL proposes to include in its regulated rate base in respect of the streetlighting assets and that this represents what THESL states to be the net book value of the assets.

RESPONSE:

The balance of $66.066M is the net book value of the assets related to streetlighting activities of THESI at May 31st, 2009. This balance will be updated to reflect the net book value of the assets at the date of the final transfer of the assets pursuant to the dispositions included in the Assets Purchase Agreement. It should be noted that no material variance are expected at this point. The expected net book value of the fixed assets to be added to the rate base is $62.5M.

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

INTERROGATORY 7:

Reference(s): Corporate and Regulatory Steps

The Licence Application by Newco (Tab 2, para. 19(b) and (c)) describes various operational efficiencies and savings anticipated as a result of the proposed amalgamation.

Please provide an estimate of the dollar value of the savings described therein as well as any other potential costs savings identified by the applicants.

RESPONSE:

THESL is unable to quantify the operational efficiencies and savings anticipated from this transaction at this point in time.

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

INTERROGATORY 8:

Reference(s): Corporate and Regulatory Steps

Pursuant to Article 3.1 of the Asset Purchase Agreement, NewTHESL will assume all liabilities ("contingent, accrued, present and future") related to the streetlighting business. Attached to the Asset Purchase Agreement as Schedule 5.8 thereto is a list of current potential liabilities. Please:

a) Confirm that the liabilities NewTHESL will assume pursuant to the Asset Purchase Agreement is not limited to those listed in Schedule 5.8 and could include liabilities not currently known.

b) How does NewTHESL propose to allocate the costs of these liabilities, including defence costs as well as judgment and/or settlement costs?

RESPONSE:

a) Confirmed.

b) Please refer to response to OEB Interrogatory #9c) found at Section F, Tab 18, Schedule 9.

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

INTERROGATORY 9:

Reference(s): Affidavit of Ben Lapianta

a) Pg. 3: please provide a copy of the "Contact Voltage Review".
b) Please describe the regulatory system under which the former electric utilities operated in in 1989 when they owned the streetlighting assets. For example:
   i. were they under a cost of service regime?
   ii. Did they receive a return on equity for capital employed?
c) Paras. 15-16: please provide an estimate of the number of times per year that THESL crews are dispatched for a call that turns out to be street-light related.
d) Please provide an estimate of the number of times per year that a THESI crew is dispatched for a call that turns out to be distribution-system related.
e) Para. 17: Please explain why the safety concerns described can't be resolved by having THESL enter into a services agreement with THESI wereby THESL performs all maintenance work on the streetlight system with ownership of the system remaining in THESI.
f) Paras. 22 and following: with respect to the ARC issues, please explain why an exemption from ARC for the purposes of sharing safety-related information would not resolve the safety concerns addressed in this part of the affidavit.

RESPONSE:

a) The term "Contact Voltage Review" refers to the Contact Voltage remediation activities and is not a document.

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

b) THESL does not claim to have accurate and complete information in this area. THESL understands that the financial administration of local hydro-electric commissions (HECs) involved adjusting rates periodically to maintain a level of working capital that was deemed adequate for the purposes of the utility. That financial administration was not substantially equivalent to cost of service regulation and the concept of equity did not apply to non-profit HECs.

c) Approximately 670 crews are dispatched.

d) Approximately 70 crews are dispatched.

e) Please refer to OEB interrogatory response 2 found at Section F, Tab 18, Schedule 2.

f) Please refer to OEB interrogatory response 2 found at Section F, Tab 18, Schedule 2.

RESPONSES TO SCHOOL ENERGY COALITION INTERROGATORIES

INTERROGATORY 10:

Reference(s): Section C, Tab E: Special Resolution of Toronto Hydro Energy Services Inc. dated June 15, 2009

a) Please provide a copy of the "Draft Agreement" referred to in the recitals of the Special Resolution;

b) Please provide a copy of the minutes of the "Board Meeting" of the Parent company of Toronto Hydro Energy Services Inc., Toronto Hydro Corporation. The Board Meeting was held June 1, 2009 and is referred to in the recitals of the Special Resolution.

RESPONSE:

a) The "Draft Agreement" is the Asset Purchase Agreement between 1798594 Ontario Inc. and Toronto Hydro Energy Services Inc. which has been filed at Tab 7.

b) THC is not an Applicant in these proceedings. Accordingly, the minutes will not be filed.

RESPONSES TO CITY OF TORONTO INTERROGATORIES

INTERROGATORY 1:

Reference(s): Tab C Transaction Documents

Tab C provides the proposed agreements that will be executed and enforceable upon approval by the Board. Please provide all currently in force agreements and contracts related to Street Expressway Lighting between:

a) THESL and its affiliates; and

b) THESL or its affiliates and the City of Toronto.

Please describe the proposed status of each agreement assuming the Board grants the requested orders.

RESPONSE:

Please refer to response to VECC interrogatory 2a) found at Section F, Tab 20, Schedule 2.

The service level agreement between THESL and THESI as it relates to street lighting and expressway lighting services would be terminated. The Service Agreement with the City of Toronto would remain in force.

RESPONSES TO CITY OF TORONTO INTERROGATORIES

INTERROGATORY 3:

Reference(s): none

For the years 2006, 2007, 2008 please provide:

a) The actual amounts paid by the City of Toronto to:

   i. THESI

   ii. THESL by flow though of third party costs, recovery of time and materials not covered through authorized rates or the application of authorized rates

for Street Expressway Lighting and Unmetered Scattered Load services and activities.

RESPONSE:

i. Please refer to response to VECC Interrogatory 2b) found at Section F, Tab 20, Schedule 2.

ii. No amount was paid by the City to THESL from 2006 to 2008 regarding Street Lighting and Unmetered Scattered Load for activities not covered by electricity distribution rates.

RESPONSES TO CITY OF TORONTO INTERROGATORIES

INTERROGATORY 5:

Reference(s): none

Please provide:

a) the changes in Street Expressway Lighting and Unmetered Scattered Load costs to overcome Contact Voltage per the findings of the Contact Voltage Review and any other applicable analyses;

b) the amount of this change that will be paid by the City of Toronto and the name of the party to whom it will be paid; and

c) all relevant agreement(s).

RESPONSE:

a) Costs incurred to remediate the Level III Emergency respecting Contact Voltage have been documented by THESL in EB-2009-0243, which is currently being reviewed by the Ontario Energy Board.

b) Since the recovery of costs relating to Contact Voltage is still under review by the OEB, THESL is unable to definitively assess the cost responsibility for these costs. However, THESL's proposed cost recovery has been documented in EB-2009-0243, which, as noted, is currently being reviewed by the Board.

c) Since the items in question will be determined by the Board, there are no agreements that are relevant.

RESPONSES TO CITY OF TORONTO INTERROGATORIES

INTERROGATORY 6:

Reference(s): none

Sound rate making practices indicate that rates be set so that, among other things, Revenue:Cost ratios will be held to +/- 5% of unity. Please estimate THESL's 2008 Street Expressway Lighting and Unmetered Scattered Load distribution rates that result in a Revenue:Cost ratio of 100% assuming:

a) Costs per the 2006 CAR-IF;
b) plus the costs that will overcome Contact Voltage in THESL's licensed service area as supported by the findings of the Contact Voltage Review and any other applicable analyses.

Please state all assumptions and provide all working papers.

RESPONSE:

a) The following table illustrates 2008 distribution rates as approved by the Board and as calculated assuming a revenue to cost ratio of 1 for the Streetlighting and Unmetered Scattered Load classes.

RESPONSES TO CITY OF TORONTO INTERROGATORIES

	Approved 2008 Distribution Rates	2008 Distribution Rates Assuming R/C ratio of 1
Streetlighting		
Service Charge ($ per connection per 30 days)	0.66	1.72
Volumetric Rate ($/kVA per 30 days)	15.37	40.01
Unmetered Scattered Load		
Service Charge ($ per customer per 30 days)	2.96	4.86
Service Charge ($ per connection per 30 days)	0.33	0.54
Volumetric Rate ($/kWh)	0.0367	0.0602

b) Please see the response to City of Toronto Interrogatory 5 found at Section F, Tab 23, Schedule 5.