

Hydro Ottawa Limited
3025 Albion Road North, PO Box 8700
Ottawa, Ontario K1G 3S4
Tel.: (613) 738-6400
Fax: (613) 738-6403
www.hydroottawa.com

Hydro Ottawa limitée
3025, chemin Albion Nord, C.P. 8700
Ottawa (Ontario) K1G 3S4
Tél. : (613) 738-6400
Téléc. : (613) 738-6403
www.hydroottawa.com



November 30, 2007

Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

Attention: Kirsten Walli
Board Secretary

**Re: Interrogatory Responses – Electricity Distribution Rates
EB-2007-0713**

Attached please find Hydro Ottawa's responses to the interrogatories sent by Board Staff, Energy Probe, the Consumers Council of Canada, the School Energy Coalition and the Vulnerable Energy Consumers Coalition for the above noted proceeding. Responses to the supplementary interrogatories sent by Board Staff on November 23, 2007 (#75 through #84) will be filed in the next few days.

If further information is required, please contact the undersigned at 613-738-5499 ext 527 or lynneanderson@hydroottawa.com.

Yours truly,

A handwritten signature in black ink, appearing to read "Lynne Anderson", written in a cursive style.

Lynne Anderson
Chief Regulatory Affairs and Government Relations Officer
Hydro Ottawa



1 **Interrogatory**

2
3 Interrogatory #1

4
5 Ref: Exhibit A1/Tab 7/Schedule 2

6
7 Background:

8
9 The evidence in this Schedule on Page 2 consists of 2 lists:

- 10
11 (a) the senior leadership team for Hydro Ottawa, which portrays a headcount
12 of 7, only one of whom holds an operational management position above
13 Director; and,
14
15 (b) the strategic leadership team for Hydro Ottawa which portrays a
16 headcount of 7, 6 of whom hold a strategic management position of Chief,
17 plus there is a General Counsel and Corporate Secretary position
18 included in the list.

19
20 Questions:

- 21
22 a) Please provide a chart portraying the reporting relationships among all of
23 the senior leadership team for Hydro Ottawa listed in this Schedule, both
24 one level above and one level below in terms of responsibility.
25
26 b) Please provide a chart portraying the reporting relationships among all of
27 the strategic leadership team for Hydro Ottawa listed in this Schedule,
28 both one level above and one level below in terms of responsibility.
29



- 1 c) Please identify the president and the CEO of Hydro Ottawa, and indicate
2 whether they are employees of the Applicant or if the functions are
3 outsourced.
4
5 d) Please advise the economies or benefits, if any, achieved by this
6 arrangements for residential customers of Hydro Ottawa.
7
8 e) Please provide any strategic study or report secured by, or generated by,
9 the Applicant or Holding Company in support of the current corporate
10 arrangement.decision.
11

12 **Response**
13

14 The Holding Company has adopted an Enterprise Management Framework for
15 the Hydro Ottawa Group of Companies; that is, the Holding Company and its
16 three Operating Divisions, in effect, comprising Hydro Ottawa, Energy Ottawa
17 and Telecom Ottawa (see Exhibit A1-7-2 at page 1). Hydro Ottawa and the
18 other two Operating Divisions retain their relatively autonomous positions but
19 with better strategic alignment facilitated through coordinated planning and
20 implementation of strategic objectives. The Hydro Ottawa Group (i.e., the
21 Enterprise) is led by the Enterprise Executive Team; namely, the President and
22 Chief Executive Officer ("CEO") of the Holding Company, the Chief Financial
23 Officer and Chief Information Officer ("CFO/CIO") of the Holding Company, and
24 the senior executive of each Operating Division. The Chief Operating Officer
25 ("COO") of Hydro Ottawa is accordingly a member of the Enterprise Executive
26 Team.
27

28 The Enterprise Executive Team, in turn, is supported by an Enterprise Strategic
29 Resources Team for each Operating Division. The members of this team for
30 Hydro Ottawa are the following positions in the Holding Company: CFO/CIO,
31 Chief Human Resources Officer, Chief Regulatory Affairs & Government



1 Relations Officer, Chief Communications Officer, Chief Enterprise Risk Officer
2 and Corporate Secretary & General Counsel.

3
4 The Enterprise model has been complemented, in the case of Hydro Ottawa, by
5 the Chief Operating Officer model. This model makes Hydro Ottawa's COO
6 accountable for the distribution system (asset management, construction,
7 maintenance, operations) and customer care (billing and collecting, call center,
8 conservation). The COO reports directly to the President and CEO of the Hydro
9 Ottawa Group of Companies or, put another way in the case of Hydro Ottawa,
10 the COO reports directly to the person who is the President and CEO of Hydro
11 Ottawa as well as the Holding Company. The COO is nevertheless accountable
12 to Hydro Ottawa's Board of Directors for the financial and operational
13 performance of Hydro Ottawa.

14
15 The following response to this interrogatory is based on the foregoing
16 explanation of the Enterprise model, as it pertains to Hydro Ottawa.

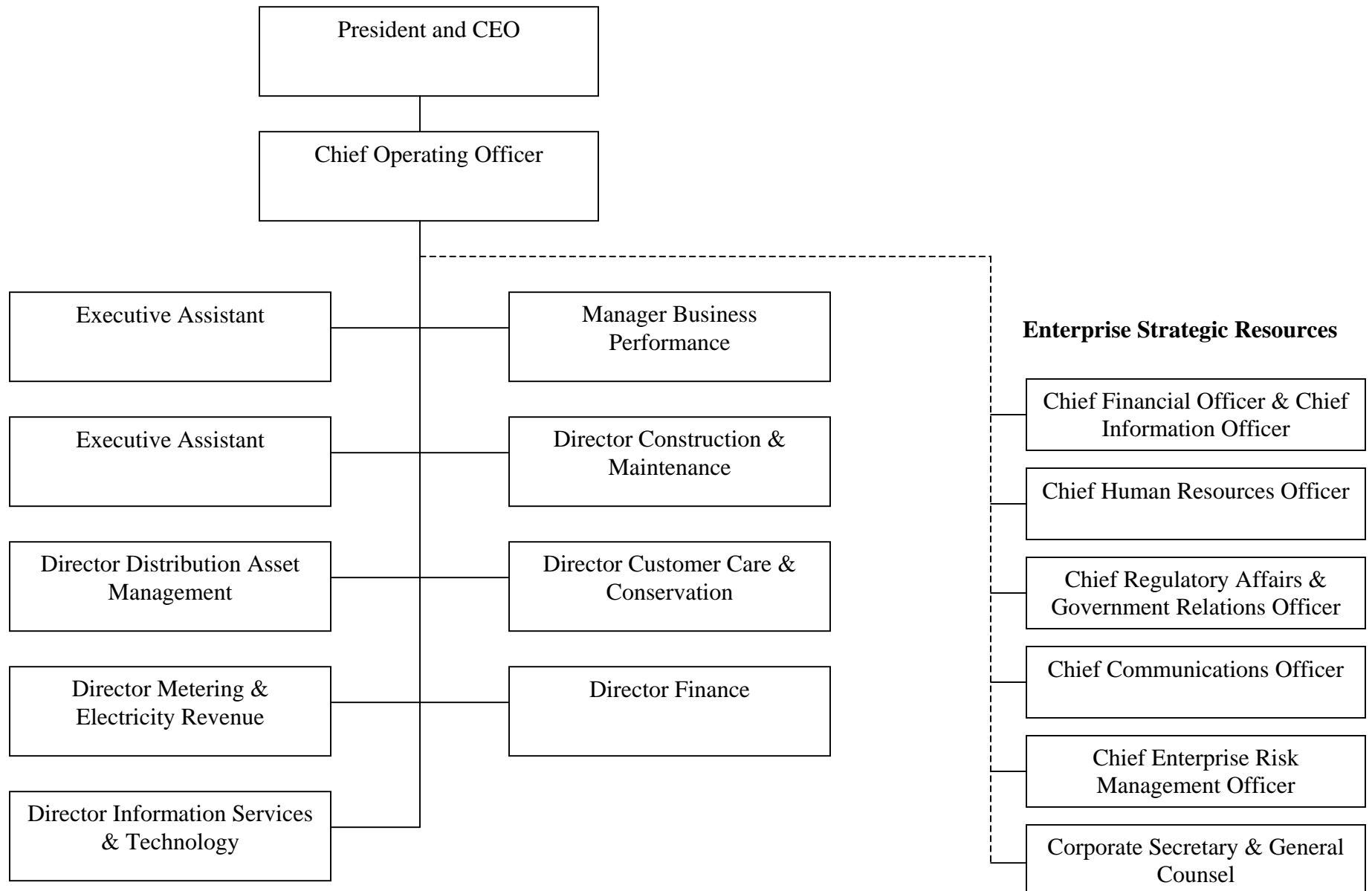
17
18 a) The senior leadership team for Hydro Ottawa is comprised of the
19 President and CEO, the COO, the Directors who report to the COO and
20 the Enterprise Strategic Resources Team. Attachment 1 is a chart
21 portraying the reporting relationships among the senior leadership team
22 for Hydro Ottawa. The level below is comprised of each Director's direct
23 reports (managers for the most part). The level above is the Board of
24 Directors of Hydro Ottawa.

25
26 b) The strategic leadership team for Hydro Ottawa is the same as the senior
27 leadership team in part a). The Enterprise Strategic Resources Team is
28 drawn from the Holding Company. Attachment 2 is a chart portraying the
29 reporting relationships among the team members within the Holding
30 Company. The level below is shown on the chart. The level above is the
31 Board of Directors of the Holding Company.

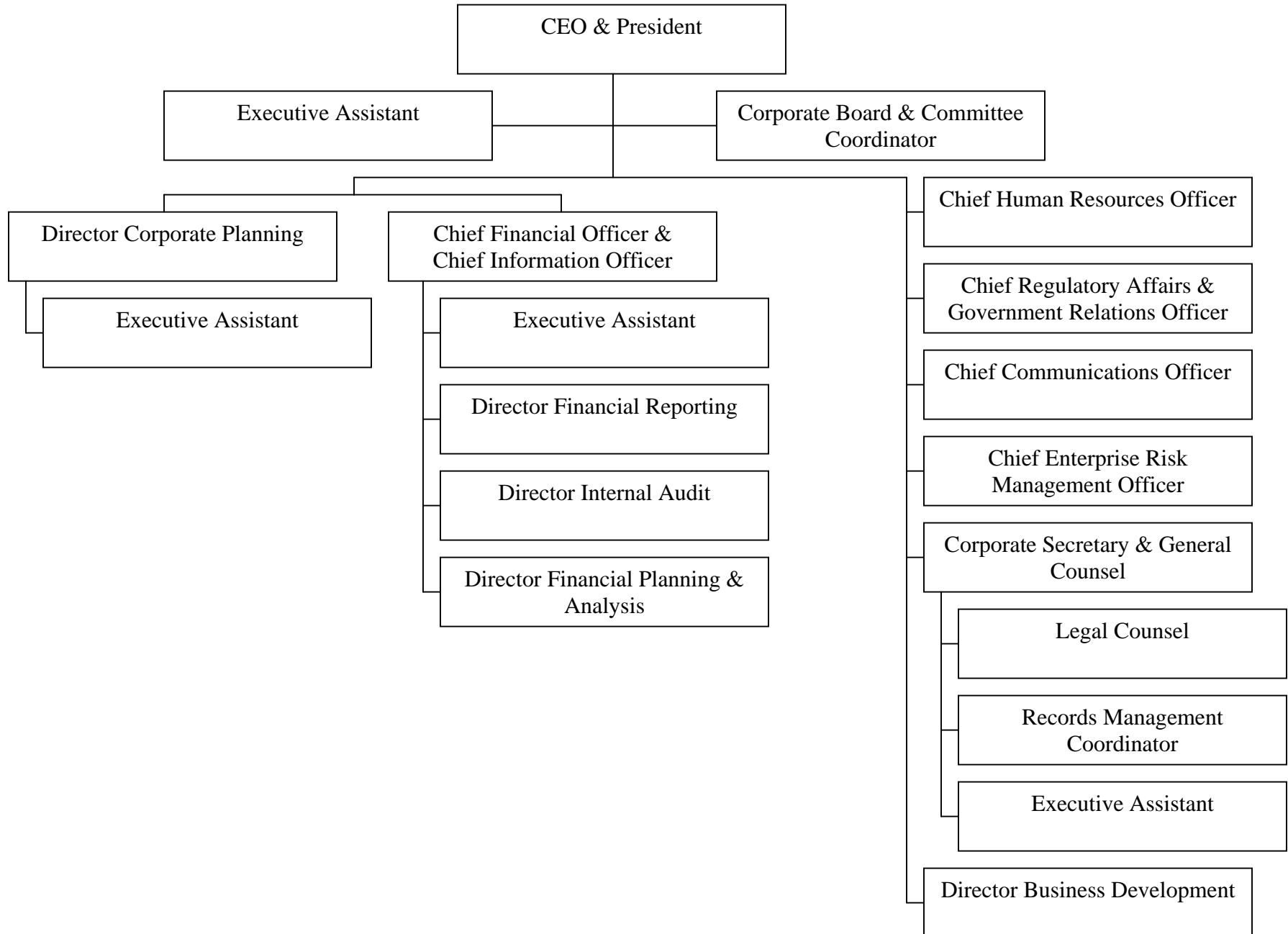


- 1
- 2 c) The President and CEO of Hydro Ottawa is Rosemarie T. Leclair. She is
- 3 employed by the Holding Company but, under the Enterprise model, she
- 4 is also the President and CEO of Hydro Ottawa.
- 5
- 6 d) The Enterprise model facilitates the development of business plans that
- 7 match strategic priorities of the Hydro Ottawa Group with a prioritization of
- 8 financial and other resources. Long-term planning, including risk
- 9 management at the Enterprise level, enables the Holding Company to
- 10 ensure that capital and other resources are available to meet the needs of
- 11 Hydro Ottawa's customers, including residential, through the management
- 12 of assets and the allocation of necessary resources. The sharing of
- 13 corporate services provided by the Holding Company among the
- 14 Operating Divisions reduces the costs that would otherwise be incurred by
- 15 Hydro Ottawa.
- 16
- 17 e) There are no such strategic studies or reports per se; however,
- 18 Attachment 3 is an internal announcement dated December 6, 2006 that
- 19 describes the Enterprise Management Framework. The document
- 20 provides a detailed description of, and the rationale for, the Enterprise
- 21 model. Further changes were implemented in 2007 with the departure of
- 22 the VP, Corporate Services.

Hydro Ottawa Organization Chart



Hydro Ottawa Holding Company Inc.



To: All Staff

From: Rosemarie Leclair, President & CEO, Hydro Ottawa Group of Companies

Date: December 6, 2006

Subject: Enterprise Management Framework

I am pleased today to announce the next phase in our continuing effort to position the Hydro Ottawa Group of Companies as a leading energy and telecom provider – a move to an Enterprise Management Framework. This represents a transformational change that will increase our strategic focus as a family of companies, and help to ensure continuing success.

Under the Enterprise model, the three Operating Divisions of Hydro Ottawa Holding Inc. – Hydro Ottawa Limited, Energy Ottawa and Telecom Ottawa – will retain their relatively autonomous position, but with better strategic alignment facilitated through coordinated planning and implementation of strategic objectives. This increased coordination will be led by the Enterprise Executive Team (President, CFO and Senior Executives of the Operating Divisions), supported by an Enterprise Strategic Resource Team.

The move to an Enterprise Management Framework is the result of extensive consultations with the Executive Team, along with Board discussions regarding strategic directions and priorities for the future. The key outcomes of these discussions are outlined below.

These are exciting times for the Hydro Ottawa Group of Companies, and I know that you will join me in bringing your talents and expertise to bear as we continue to build an innovative, financially solid and community focused enterprise to power our future.

OVERALL STRATEGY

At its meeting of November 21, 2006, the Board of Directors confirmed the following strategic priorities for the Hydro Ottawa Group of Companies:

1. Sustaining our businesses in order to meet the needs of the community and deliver value for our Shareholder, the City of Ottawa, and its taxpayers by
 - Maintaining one of the most cost-efficient, reliable and safe electrical power distribution systems in Ontario;
 - Developing and operating some of Canada's most environmentally-friendly power-generating stations; and
 - Delivering high-speed data connections to carriers, businesses, municipalities, universities, schools, hospitals and other government institutions;

2. Ensuring continued financial health by
 - Matching business decisions to strategic priorities;
 - Managing capital effectively to increase shareholder value; and
 - Maximizing organizational efficiency;
3. Positioning ourselves for the future by pursuing opportunities that are compatible with our strategic priorities to allow our businesses to grow.

To succeed as an enterprise, we need to ensure that our family of companies is aligned to and has the ability to support this strategic direction. That means:

- Ensuring that we have the financial and organizational capacity to achieve results, manage risks, and respond to new opportunities and emerging issues;
- Integrating our planning and performance management processes in order to match resource allocation to strategic priorities at all levels;
- Monitoring, measuring and reporting on our progress to facilitate continuous improvement and demonstrate our accountability to our stakeholders.

ENTERPRISE MANAGEMENT FRAMEWORK

To facilitate this alignment and integration, we are adopting an enterprise management model for the Hydro Ottawa Group of Companies. This is more than an organizational structure; it is a management framework that includes four key components:

1. **Structure** – an enterprise organizational structure that leverages strategic expertise and resources, as well as shared services where appropriate;
2. **Defined roles and documented policies and procedures** – defined and documented roles, responsibilities, authorities and functions for each component of the organization, and clearly documented enterprise policies, procedures and practices;
3. **Enterprise management and decision making framework** – defined enterprise management decision-making and consultation mechanisms to facilitate the coordinated implementation of strategic priorities; and
4. **Integrated planning** - integrated longer-term strategic planning supported by annual business planning, performance management and compensation frameworks to ensure:
 - Alignment throughout the enterprise to approved strategy,
 - Achievement of objectives and performance targets, and
 - A culture of continuous improvement.

Recognizing the need to balance the strategic and operational requirements of the enterprise, we will be implementing the framework in a phased approach beginning with

an immediate realignment of the organizational structure as described below, followed by the development and implementation of the other enabling components throughout 2007.

ENTERPRISE ORGANIZATIONAL STRUCTURE

The enterprise is the Hydro Ottawa Group of Companies. In the enterprise organizational structure:

- The President and CEO is accountable for enterprise strategic direction (enterprise mission/mandate, values, vision, strategic priorities), performance against plan, financial integrity, business growth and development, shareholder and reputation management, and regulatory compliance as these relate to the Hydro Ottawa Group of Companies;
- Our three companies – Hydro Ottawa Limited, Energy Ottawa, and Telecom Ottawa – are Operating Divisions within the enterprise;
- The Enterprise Executive Team (President & CEO, CFO and Senior Executives of the Operating Divisions) drives enterprise performance to achieve results across the three Operating Divisions by developing enterprise and risk management strategies;
- The individual Senior Executives of the Operating Divisions and the CFO ensure execution of enterprise strategy (i.e. are accountable for formulating and executing their division business plans in alignment with enterprise strategic direction, and for ensuring further alignment of all division operational plans, work plans, and activities down to individual performance), program delivery, operations and business support within their division; and
- Enterprise strategic resources act as agents of the Enterprise Executive Team and individual Senior Executives and divisions as required, to develop and execute enterprise strategy.

The Executive Team has identified key functional areas that require strategic leadership at an enterprise level. The first priorities are Finance, Information Technology, Human Resources, Regulatory Affairs, Stakeholder and Public Relations, Business Development, Risk Management, Legal, and Corporate Planning.

I am pleased to introduce the Enterprise Strategic Resource Team, who will provide functional leadership enterprise-wide in each of these strategic areas:

- **Wojo Zielonka** will continue as **Chief Financial Officer**, and will take on the role of **Chief Information Officer** as well. As such, Wojo will assume responsibility for Procurement Policy and IT Strategy in addition to his current responsibilities of Finance and Internal Audit;

- **Lyne Parent-Garvey** will become **Chief Human Resources Officer**, assuming responsibility for Human Resources across the enterprise;
- **Lynne Anderson** will move from Hydro Ottawa Limited to become **Chief Regulatory Affairs & Government Relations Officer**;
- **Nathan Benson** joins our organization as the new **Chief Communications Officer**, with responsibility for stakeholder and public relations;
- **Mohammed Siddiqui's** title will change to **Chief Enterprise Risk Management Officer**; and
- **Paul Hughes** will continue in the role of **Corporate Secretary & Counsel**.

At a minimum, the members of the Strategic Resource Team will fulfill the following roles, which will be refined as we move into the next phase of our roll out:

- Subject Matter Experts - SMEs;
- Functional SME leadership enterprise-wide;
- Strategic Advisors to Enterprise Executive Team;
- Strategic Advisors to President and Senior Executives of the Operating Divisions;
- Functional SME strategy development and execution;
- Enterprise policy, program and standards design, development, implementation planning, monitoring, evaluation and reporting;
- Agents for implementation across the enterprise and within Operating Divisions;
- Management of enterprise functional work plans;
- Direct access to related functional staff in Operating Divisions as required; and
- Liaison with external bodies.

HYDRO OTTAWA LIMITED

To complement the enterprise model and ensure effective business operations of Hydro Ottawa Limited, we are adopting a Chief Operating Officer model for that Operating Division. This means that a Chief Operating Officer (COO) will oversee all the distribution and customer operations of Hydro Ottawa Limited. A Vice President, Shared Services will oversee the provision of support services to Hydro Ottawa Limited operations, and to the enterprise as appropriate. Both positions will report directly to the President and Chief Executive Officer of the Hydro Ottawa Group of Companies.

It is with regret that I announce that Kim Osmars has decided to step down from his position as CEO of Hydro Ottawa Limited to pursue other executive opportunities. Kim's last day with us will be December 15, 2006. I want to take this opportunity to thank him for his efforts and contribution during his time with us, and to wish him and his family all the best for the future.

I am pleased to announce the appointment of **Norm Fraser**, currently the VP of Operations, to the position of **Chief Operating Officer of Hydro Ottawa Limited**, and

Dan Ralph, currently the VP of Corporate Services, to the position of **VP, Shared Services** effective December 16, 2006.

In his new role as COO, Norm will continue to be responsible for the 'Operations' portfolio, and will also assume responsibility for the 'Customer Care' portfolio. The Operations and Customer Care portfolios will be realigned to report to the COO through four Director positions as follows:

- **Bill Bennett, Director, Distribution Asset Management.** Distribution Planning staff will continue reporting to Bill. In addition, Stations and Systems Operations will now report to Bill.
- **Lance Jefferies, Director, Construction and Maintenance.** Construction and Maintenance staff will continue to report to Lance. In addition, Central Services will now report to Lance.
- **Roger Marsh, Director, Metering and Electricity Revenue.** Billing, Collections, Meter Data Services and CIS support staff will continue to report to Roger. In addition the Meter Shop and the Smart Meter Project will now report to Roger as well.
- **Dave McKendry, Director, Customer Care and Conservation.** The staff of Customer Contact, Communications and Conservation will continue to report to Dave.

Details of further realignment of functions within Hydro Ottawa Limited operations are currently being refined and will be communicated to you when they are final.

Distribution and customer operations will continue to be supported by 'Finance', 'HR' and 'Corporate Services' functions and resources with a few adjustments:

- Dan Ralph's current title of VP, Corporate Services will change to become VP, Shared Services;
- Human Resources staff currently reporting into Dan will be realigned to report to the Chief Human Resources Officer, Lyne Parent-Garvey, similar to the Finance organizational model, and will continue to provide services for Hydro Ottawa Limited and enterprise-wide as required. Ken Lewis will return to his position of Manager, HR Services. I would like to thank Ken for his dedicated service during this transition period.
- IT staff will continue to report to Dan through David Reeves, the Director of Information Services and Technology; however, responsibility for IT strategy will reside with Wojo Zielonka in his capacity as Chief Information Officer.

All other support services functions and staff - fleet and facilities, supply chain, safety and environment, and business continuity/emergency response – will continue to report to

Dan as VP, Shared Services, and will also provide services for Hydro Ottawa Limited and enterprise-wide as required.

I am also pleased to announce that **Doug Shannon** has been appointed to the position of **Director, Finance for Hydro Ottawa Limited**, with responsibility for financial management and reporting.

ENERGY OTTAWA

Energy Ottawa will see one organizational change with the appointment of **Shawn Sutton** to the position of **Director, Financial Planning and Analysis** in the Holding Company. The vacancy created by his departure will be filled as soon as possible.

TELECOM OTTAWA

There are no changes to the organizational structure of Telecom Ottawa. However, I am pleased to announce the appointment of **Gary Bartholomew** to the position of **Director, Operations**.

NEW ENTERPRISE ORGANIZATIONAL STRUCTURE GRAPHIC

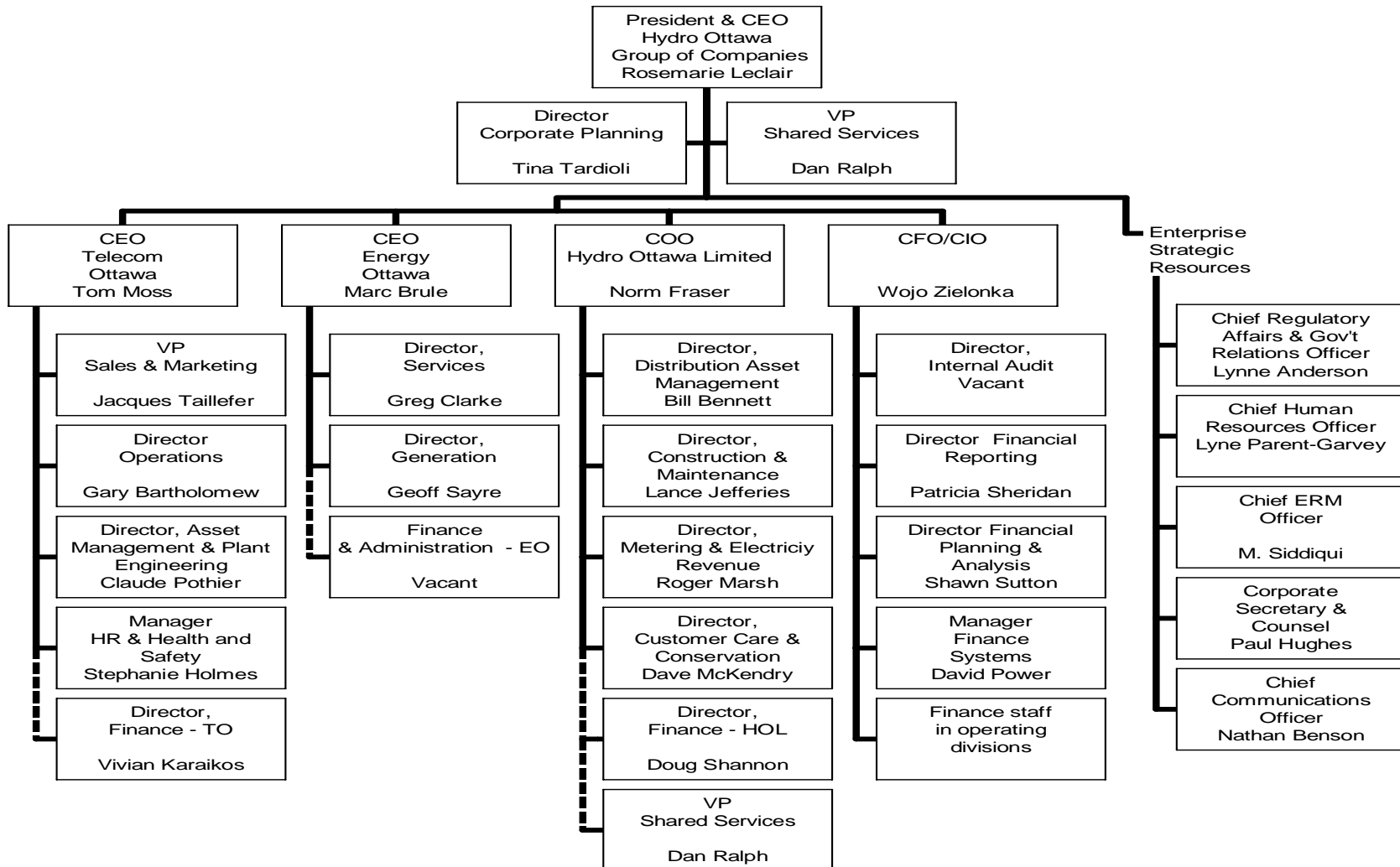
Attached as 'Annex A' is the organizational chart that shows the new enterprise structure.

CONCLUDING THOUGHTS

As I mentioned at the outset, this new organizational framework is the result of extensive consultations with the Executive Team and the Board. We see it as an exciting and essential step forward in preparing the Hydro Ottawa Group of Companies to power our future – by ensuring our financial strength, increasing our strategic focus, and positioning us to grow and to take advantage of new and emerging opportunities.

Your partnership in making the Enterprise Management Framework a reality will be essential to our long-term success, and I know that you will continue to devote your skills and energies to the task of building a leading energy and telecom provider. Thank you for your continuing hard work and dedication.

Annex A





1 **Interrogatory**

2
3 Interrogatory #2

4
5 Ref: Exhibit A1/Tab 7/Schedule 2

6
7 Background:

8
9 The evidence in this Schedule on Page 2, beginning at Line 13, in referring to
10 the strategic leadership provided by the listed positions in the Holding
11 Company, states the following in the third sentence:

12
13 Operational activities related to these functions remain within Hydro
14 Ottawa.

15
16 Questions:

- 17
- 18 a) Please provide the headcount number in the Holding Company which
19 supports the strategic leadership positions listed.
20
 - 21 b) Please provide the amount of time each one of the Chiefs listed in the
22 Holding Company spends on direct strategic leadership of their reporting
23 operational activities in Hydro Ottawa.
24
 - 25 c) Can the Applicant envision any negative effects on its regulatory
26 relationship with the Board caused by having its strategic leadership
27 outside of the regulated entity?
28



Response

a) The total headcount number in the Holding Company is 18 positions. The organization chart was provided in response to EP Interrogatory 1b). All but seven of 18 positions are in strategic leadership positions.

b) The 2008 budget for Hydro Ottawa was based on a \$2.1M allocation of costs from the Holding Company. This was 39% of the total Holding Company forecasted costs. The basis for allocating the forecasted costs was largely determined from the typical activity levels by department from 2007. A subsequent review of the allocation percentages has indicated that activity related to Hydro Ottawa is higher than the 39% that has been forecasted; however, Hydro Ottawa is not proposing to change the 2008 forecasted costs. The percentages by department used in determining the \$2.1M forecast are as follows. Costs for functions not included below were not included in the Holding Company's cost allocation to Hydro Ottawa forecasted for 2008.

Human Resources (based on head count)	~ 85%
Corporate Secretary	~ 45%
Internal Audit	~ 55%
Risk Management	~ 40%
Corporate Communications	~ 60%
Legal Counsel	~ 45%
Regulatory Affairs	~ 85%
CFO/CIO	~ 40%
President/CEO	~ 40%

c) Strategic leadership for Hydro Ottawa remains in Hydro Ottawa as explained in the response to EP Interrogatory #1.



Interrogatory

Interrogatory #3

Ref: Exhibit A1/Tab 7/Schedule 1

Exhibit A1/Tab 7/Schedule 3

Background:

The evidence in Exhibit A1, Tab 7, Schedule 1 on Page 2, beginning at Line 1, describes the principle business of the Holding Company as being the strategic oversight of Hydro Ottawa, Energy Ottawa and Telecom Ottawa. The evidence goes on to describe the role of the Holding Company in greater detail.

The evidence in Schedule 3 provides Service Level Agreements, including Attachments I, J and K which describe services provided to the Holding Company by the Applicant.

Questions:

- a) Please provide the Service Level Agreement between Hydro Ottawa Holding Inc. and Hydro Ottawa Limited detailing the services provided to the Applicant by the Holding Company described on Page 2 of Tab 7, Schedule 1 at the top of Page 2.
- b) Please describe the relationship, including communication channels, between the Board of Directors of the Applicant, charged with oversight of the Applicant, and those employees of the Holding Company providing strategic oversight of Hydro Ottawa.



Response

a) Please see the response to VECC Interrogatory #10.

b) The working relationship between the Board of Directors of Hydro Ottawa and the employees of the Holding Company is constructive and evolving. Since the creation of the Board of Directors of Hydro Ottawa effective July 1, 2006, the Board of Directors and the Holding Company have worked to refine the relative areas of responsibility of the Boards of both companies and the roles performed by employees of both companies.

In part, the nature of the relationship is defined by the scope of matters addressed by the Board of Directors of Hydro Ottawa that must be submitted to the Board of Directors of the Holding Company for approval, as well as matters solely within the responsibility of the Holding Company, all pursuant to the Shareholder Declaration for Hydro Ottawa. These requirements are designed to ensure that the Holding Company sets broad guidelines for the Enterprise (i.e. the Hydro Ottawa Group) and that the Board of Directors of Hydro Ottawa oversees the management and approval of matters within these broad guidelines as they pertain to Hydro Ottawa. In particular, operating and capital budgets are subject to Holding Company Board acceptance to ensure that they are within financial strategies set at the Enterprise level and comply with covenants of credit facilities secured at the Enterprise level. Lines of business and business plans are subject to Holding Company Board approval to ensure that the strategic goals of the Enterprise are met and the control of risk exposure is maintained.

There are regular lines of communication between the Board of Directors of Hydro Ottawa and employees of the Holding company. The President of the Holding Company is a member of the Board of Directors of Hydro



1 Ottawa and interacts with members of the Board on strategic issues
2 considered at the Holding Company level. The Chief Financial Officer of
3 the Holding Company regularly attends meetings of Hydro Ottawa's Board
4 of Directors. Hydro Ottawa's Board of Directors also regularly receives
5 reports and presentations from employees of the Holding Company
6 providing strategic oversight of Hydro Ottawa.

7
8 There remains a significant reporting relationship between management
9 of Hydro Ottawa and the Board of Directors of Hydro Ottawa. The Chief
10 Operating Officer reports directly to the Board and its Audit Committee, as
11 do other members of management designated as "Directors". For
12 example, the Director of Finance for Hydro Ottawa will report to the Audit
13 Committee. In addition, business plans and budgets for Hydro Ottawa are
14 developed by management of Hydro Ottawa and are approved by Hydro
15 Ottawa's Board of Directors, subject to Holding Company acceptance of
16 the financial parameters.

17
18 The employees of the Holding Company will raise strategic issues and
19 concerns relating to matters being considered by Hydro Ottawa's Board of
20 Directors. To the extent that those matters rest within the purview of the
21 Board of Directors of Hydro Ottawa, that Board of Directors will consider
22 these recommendations and provide its direction on these matters.



1 **Interrogatory**

2
3 Interrogatory #4

4
5 Ref: Exhibit D1/Tab 5/Schedule 1

6
7 Background:

8
9 The evidence in this Schedule on Page 10, Section 7 – Pension Costs –
10 provides pension premiums for 2006, Forecast and Actual, as well as an
11 Estimate for 2007 and a 2008 Forecast. There was no mention of an actuarial
12 report.

13
14 In Section 8 – Post Retirement Benefits – the evidence, through Footnote # 4,
15 indicates that the Applicant recorded the following:

16
17 “...a one-time provision related to retirement grants paid to unionized
18 employees who leave the company with at least 25 years of continuous
19 service.”

20
21 Questions:

- 22
- 23 a) Please describe the Applicant’s actuarial support for its Pension Plan.
 - 24
 - 25 b) Are all permanent employees of the Applicant enrolled in the OMERS
 - 26 Plan when they become eligible?
 - 27
 - 28 c) Is the Post Retirement Benefits one-time provision described in Footnote
 - 29 # 4, a one-time per retiring employee benefit, or is the evidence describing
 - 30 a one-time initiative of the Applicant?
 - 31



1 d) Is the retiring employee grant paid out of a pension fund or is it part of the
2 collective agreement with the International Brotherhood of Electrical
3 Workers?
4

5 e) Please provide the financial details of how the retirement grant is
6 computed.
7

8 **Response**
9

10 a) Hydro Ottawa retained the services of Morneau Sobeco to perform an
11 evaluation of post-retirement benefits, other than pension, as at January
12 1, 2007.
13

14 Purpose
15

- 16 - To determine the accrued benefit obligation, and liability for post-
17 retirement benefits other than pensions as at January 1, 2007.
18 Specifically:
19
20 ➤The post-retirement life insurance plan;
21 ➤The retirement grant program; and
22 ➤The unregistered supplemental pension program for widows.
23
24 - To determine the accounting expense to be recognized for financial
25 statement purposes for the fiscal year ended December 31, 2006
26 and projected for 2007.
27
28 - To provide the information and the actuarial opinion required by
29 Hydro Ottawa's auditor.
30



1 Actuarial Assumptions and Methods

2
3 The “projected benefit method pro rated on service” was used for
4 calculating the accrued benefit obligation and the current service cost for
5 all active employees. The employee post-retirement benefits were
6 calculated using an annual compensation rate increase of 3%, an inflation
7 rate of 2%, and a discount rate of 5.1%.

8
9 b) Yes, all permanent full-time employees are enrolled in the OMERS Plan
10 when they become eligible. Eligibility in OMERS is based on date of hire.

11
12 c) The Post Retirement Benefit is a one-time per retiring employee benefit,
13 provided the employee is a member of the bargaining unit and has
14 attained 25 years of service. Please note the provision in the collective
15 agreement also applies to those employees who have resigned, but still
16 have attained 25 years of service.

17
18 d) The retiring employee grant is part of the collective agreement with the
19 International Brotherhood of Electrical Workers, and is fully paid by Hydro
20 Ottawa.

21
22 e) The retirement grant is computed as follows:

- 23
24 • Retirement Grant is comprised of either a minimum of four weeks
25 pay (20 days) or payment up to a maximum of seven weeks pay (35
26 days) depending upon years of service and edibility criteria as
27 outlined below.
28 • Years of service for an employee are determined, verifying that the
29 employee has a minimum of 25 years service for eligibility.
30 (Maximum years of service is set at 35).



- Calculate total sick leave credits earned over the span of employment.
- Calculate total sick leave credits utilized over span of employment.
- Calculate average sick leave utilized per year.
- Using the following table, the percentage of days (one day per year of service * eligibility percentage) to be paid out is calculated:

Average Sick Leave Usage per Year	Eligibility
4.0 days	100%
4.5 days	80%
5.0 days	60%
5.5 days	40%
6.0 days	20%
Over 6.0 days	0%

- The greater of four weeks (20 days) or the number of days calculated using the eligibility percentage is paid to the employee.