HORIZON UTILITIES CORPORATION ("HORIZON UTILITIES")
RESPONSES TO
SCHOOL ENERGY COALITION INTERROGATORIES

DELIVERED: January 24th, 2011

Question 17

Reference: Ex. ½/2, App. 1-9(i)

With respect to the HR Business Plan:

a.   P. 3. Please provide a copy of the "multi-year HR/Labour Relations Strategy".

b.   P. 4. Please provide a copy of the 'workforce planning model".

c.   P. 7. Please advise whether a budget of this type is done every year, or only in a year in which there is a cost of service application. Please provide a copy of the HR Business Plan for 2010.

d.   P. 8. Please explain why the Applicant is hiring so many new apprentices if 2011 is the year in which it will "develop a more structured plan and process around the selection, development and progression of apprentices".

e.   P. 9-10. Please provide the numeric targets for each item for 2011.

f.   P. 11. Please advise the average years of service of Horizon employees.

g.   P. 11.   Please provide a copy of the "new Management Benefits package" introduced in 2009. Please advise the dollar impact on compensation of this package.

h.   P. 12. Please advise the savings associated with the ERP changes, and where we would find them reflected in the Application.

i.   App. A. Please advise why 1.75 FTEs are excluded.

Response:

a) The multi-year HR/Labour Relations Strategy is attached as Appendix 1.

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1 **b)** Please refer to Exhibit 4, Tab 2, Schedule 6, Appendix 4-2 - Workforce Labour
2 Strategy and Plan for the workforce planning model.

3 **c)** Horizon Utilities notes that there is no reference to the HR Business Plan on the page
4 in question. Horizon Utilities assumes that this Interrogatory pertains to the 2011 HR
5 budget provided in the Business Plan. The HR department, and all Horizon Utilities
6 departments, develop budgets to support their programs and outputs annually and not
7 only in a year in in which there is a cost of service application. The 2010 HR Business
8 Plan is attached as Appendix 2.

9 **d)** In 2011, Horizon Utilities will further develop its current apprenticeship program with
10 a more structured and broad based development plan for all apprentices across the
11 organization.   As part of its continuous improvement efforts, Horizon Utilities is
12 extending the apprenticeship program across the organization with enhancements to
13 ensure that the next generation of employees participate in an enhanced program.

14 **e)** These HR metrics were included in the 2011 Business Plan as examples of metrics
15 that are being reviewed and considered to develop benchmark metrics, reporting and
16 tracking mechanisms in 2011.   It is anticipated that the first part of 2011 will be
17 consumed with the development of these metrics and baselines; benchmarks will be
18 established with reporting against quantitative targets to commence in 2012.

19 **f)** The average years of service of Horizon Utilities' employees is 17.1 years. Please
20 refer to Exhibit 4, Tab 2, Schedule 10, Table 4-22, Page 2 of the Application for average
21 years of service. Such are referenced in the table as "Avg. Length of Service".

22 **g)** The new Management Benefits package introduced, in 2009, includes 5 items:

23 •   New policy on Alternative Work Arrangements

24 o   There is no cost associated with this benefit

25 •   New policy on vacation entitlement

26 o   There is no dollar cost associated with this benefit.

27

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1 • The introduction of a car allowance at the Director level

2 o Annual cost of $72,000 (associated offset of mileage savings which is no longer

3 paid)

4 • New policy regarding continuing education

5 o No additional cost. This represents clarification on an existing policy and benefit.

6 • The introduction of a Health Care Spending Account for non-union employees.

7 Employees at the Executive/Director level are eligible for up to $1000 per annum and

8 employees below the Director level are eligible for up to $500 per annum.

9 o The cost associated with this benefit varies dependent on utilization. The actual

10 cost in 2009 was $17,791. The coverage is restricted to coverage over and above such

11 items already provided by the company in its active employee benefit package.

12 **h)** Benefits within HR due to the implementation of the ERP included the electronic

13 reporting/authorizing of time cards and the central repository for all employee training

14 information.

15 **i)** The exclusion refers to 1.75 contract employees. These employees are not reflected

16 in the table as they were term (contract) employees (not FTE's)

Appendix 1 – Multi Year Labour Relations Strategy

Human Resources Multi-Year Strategic Plan

An HR Strategic Plan provides a framework to guide the application of all aspects of an organization's human resource practices. It identifies a long-term vision, supporting success factors, and the most immediate priorities needed to achieve the business strategies (together with detailed action plans to implement the priority projects). Understanding the Vision of the future state of the organization is critical.

Horizon Utilities employees are our strategic advantage. To harness and develop that advantage we need to build a "Target Culture" that supports the corporate strategic direction and develops a results-driven engaged workforce. The development of this plan sends a powerful message to employees that Horizon Utilities values its people and is committed to becoming an employer of choice.
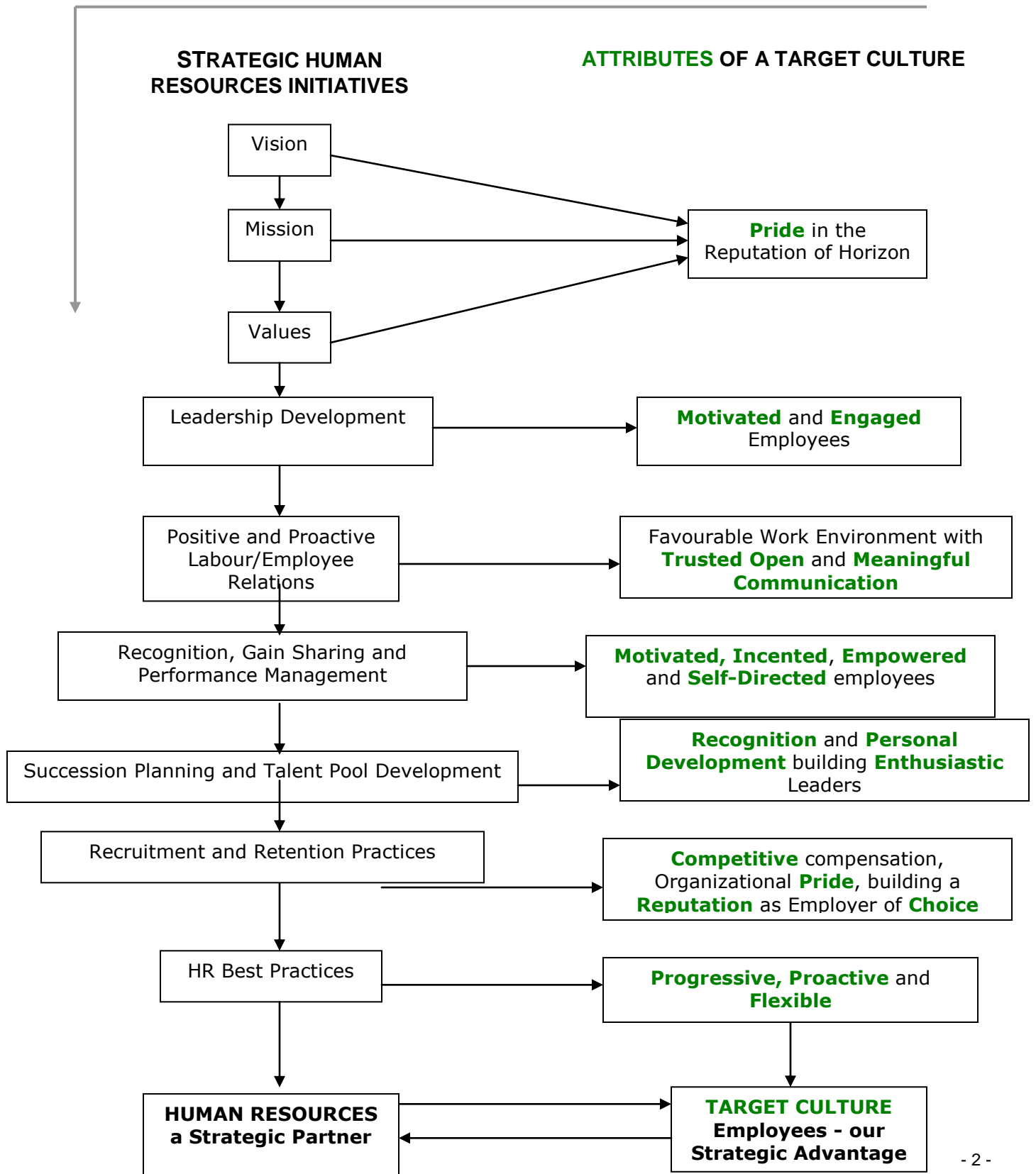
We would like to establish Horizon Utilities Corporation as a Target Culture organization. In doing so we want to create a culture of high trust, recognition, accountability, commitment, participation and personal leadership. We are committed to providing all employees with clear expectations, timely and appropriate feedback, meaningful and interesting work, and the resources to do their jobs safely and effectively.

As we work on our strategic initiatives, we must constantly relate our results to improved business performance outcomes identified as positive by our employees.

Human resources, as a department is committed to focusing on internal customer/client service, measuring benchmarks, implementing best practices, and developing tools for managers. This document has been developed based on research on industry best practices, literature reviews, results of the employee culture survey and discussions with management and will evolve with the changing needs of the organization and the external environment.

The Human Resource Strategic Plan addresses broad people effectiveness, not only the HR function

Business Strategy

Links to Human Resources Strategy

Organizational Strategy

- *Values*
- *Leadership*
- *Accountability*
- *Communication*
- *Performance Measurement*

Human Resource Strategy

- *Leadership Development*
- *Labour/Employee Relations*
- *Recognition/Performance*
- *Recruitment/Retention*
- *HR Best Practices*

Organizational and HR Effectiveness

Target Culture

STRATEGIC HUMAN RESOURCES INITIATIVES

ATTRIBUTES OF A TARGET CULTURE

Vision

Mission

Values

Pride in the Reputation of Horizon

Leadership Development

Motivated and **Engaged** Employees

Positive and Proactive Labour/Employee Relations

Favourable Work Environment with **Trusted Open** and **Meaningful Communication**

Recognition, Gain Sharing and Performance Management

Motivated, Incented, Empowered and **Self-Directed** employees

Succession Planning and Talent Pool Development

Recognition and **Personal Development** building **Enthusiastic** Leaders

Recruitment and Retention Practices

Competitive compensation, Organizational **Pride**, building a **Reputation** as Employer of **Choice**

HR Best Practices

Progressive, Proactive and **Flexible**

HUMAN RESOURCES a Strategic Partner

TARGET CULTURE Employees - our Strategic Advantage

A Vision to be a Great Place to Work

For Human Resources/Organizational Effectiveness

A dynamic and engaged workforce of leaders working together to deliver on the vision of Horizon Utilities Corporation

Human Resource issues are intrinsic to all activities undertaken within an organization. Employees at all levels are the people who accomplish all that we do, all leaders who support the vision and realize on our successes.

Management of human resources is not limited to the human resource department. The responsibilities of human resources management are spread throughout Horizon Utilities, involving all levels of management, supervisors and employees themselves.

The Human Resource Strategic Plan seeks to establish vision and direction not just for human resource effectiveness, but also for overall organizational effectiveness.

A dynamic workforce is one that is adaptable and flexible. It can respond quickly to changing requirements and demands. It is a workforce that is vibrant, energetic, engaged and motivated. The changing 'horizon' of the electricity distribution industry requires a Plan that helps employees embrace change and recognize opportunities that come from challenges.

Horizon Utilities employees are already highly skilled/trained and well-educated relative both to the positions they hold and in comparison to employees in other industry sectors. Nevertheless, the workforce of the future will need more and different skills to effectively meet the work challenges of tomorrow, skills that help them cope with change, understand behaviours, how to deal with conflict and recognize employees contributions.

The current generation of employees coming out of our education system value personal time for social pursuits more than they value money. The next generation of workers values flexibility, paid time off and cross-training opportunities more than the promise of a pension after thirty years of service.

Our vision emphasizes the need for employees to work together, each with an understanding of the business and their part in making it successful while feeling appreciated and challenged every day.

Key Success Factors

An important component to the Human Resource Strategic Plan is the definition and application of key success factors that will support and reflect the achievements of its vision.

They represent the factors that we, as an organization, collectively feel are critical to the successful achievement of our corporate vision, mission and organizational goals.

Shared Leadership
- Employee and bargaining unit leadership that supports the vision, strategies and values of Horizon
- Demonstrated by consistent behaviours and accountability

Performance Driven Culture
- Opportunities for all employees to contribute and be rewarded for the successes of Horizon
- Individual as well as corporate bonus structure for management, providing opportunity for employees to excel with measurable results, and rewarding them as appropriate

Clear Roles, Responsibilities and Accountabilities
- Effective work, job design and delegation of authority
- Line managers and supervisors held accountable for effective human resource performance and well-being
- Employees are aware of corporate and departmental direction and how their performance directly affects achieving goals and objectives
- Leaders and employees held accountable and recognized not just for performance and results but also for demonstrating the corporate values

Collaborative Union/Management Partnerships
- Joint initiatives, agreements and collaborative problem-solving that reflects the HR vision and values

Clearly Articulated Human Resource Policies
- Current policies that are meaningful, communicated and recognize the need for departmental flexibility
- Consistent application of those practices requiring a corporate approach

A Positive, Respectful, Safe and Healthy Workplace
- Conflict is managed and differences are respected
- An environment that supports the physical, psychological and social well-being of all employees

Shared Commitment for Career and Self-Development
- Employee commitment to managing his/her own continuous learning and growth
- Horizon provides opportunities and information to support continuous learning and growth
- Core competencies are identified for each job within the organization
- Management position profiles are posted to internal employees intranet to allow for education decisions on potential career growth

Open Communication and Knowledge Growth
- Sharing knowledge on trends and best practices throughout the organization and encouraging input from all employees
- Information sharing across all levels

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Key Human Resource Challenges

We have recognized four critical challenges in achieving the vision for the Human Resource Strategic Plan and building a Target Culture.

The Human Resource Plan is developed to allow us to anticipate and respond to additional emerging challenges while continuing to support Horizon employees and its strategic goals.

Exceptional Leadership

Engagement Driver – Exceptional Leadership

1. Create a 'positive and respectful' work environment
2. Management apply 'fair and consistent' application of people practices and are aligned in the application of the Collective Agreement

Enforcing the right behaviours in all employees aligned to Horizon's values (safety, respect, integrity, innovation and excellence) and providing employees with the tools and time they need to do their jobs will have a positive impact on the organization. Performance management, specifically at the frontline supervisor level, continues to be challenged by inconsistent practices.

Employee Engagement

Engagement Driver – *Organizational Practices & Systems*

1. Create a 'positive and respectful' work environment
2. Management apply 'fair and consistent' application of people practices and are aligned in the application of the Collective Agreement

Enforcing the right behaviours in all employees aligned to Horizon's values (safety, respect, integrity, innovation and excellence) and providing employees with the tools and time they need to do their jobs will have a positive impact on the organization. Frontline supervisors specifically continue to be a challenge in achieving fair and consistent application of people practices at Horizon. The Leadership Development program focused on building leadership skills. In 2009 the focus will be on building practical skills and providing tools for leading in a unionized environment.

Labour Relations

Engagement Driver – Organizational Practices & Systems

1. Build a 'partnership philosophy' with IBEW
2. Achieve a better understanding of each party's issues and business challenges

To achieve the strategy, there will be a continued approach of collaboration. This entails being inclusive, seeking 'win-win' solutions and communicating needs, desires, concerns and challenges important to both parties.

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Demographics

The effects of an aging workforce pose significant challenges to Horizon Utilities and the industry in general. A significant number of linemen will be retiring within the next 10 years. This pattern is repeated in utilities across the province. The same is true in frontline leadership positions. More significantly a great amount of our supervisors are also eligible to retire in the next 10 years. These departures will have considerable impact on the skill set of our organization. Many of the staff who will leave have many years of experience and highly specialized skills. Even if we are able to replace these staff, it will be unlikely that they will be replaced with equal skill levels.

At an organizational level, it will be important to focus our efforts on retention, education, succession and leadership development, so that we are better prepared to deal with the loss of skilled and experienced staff.
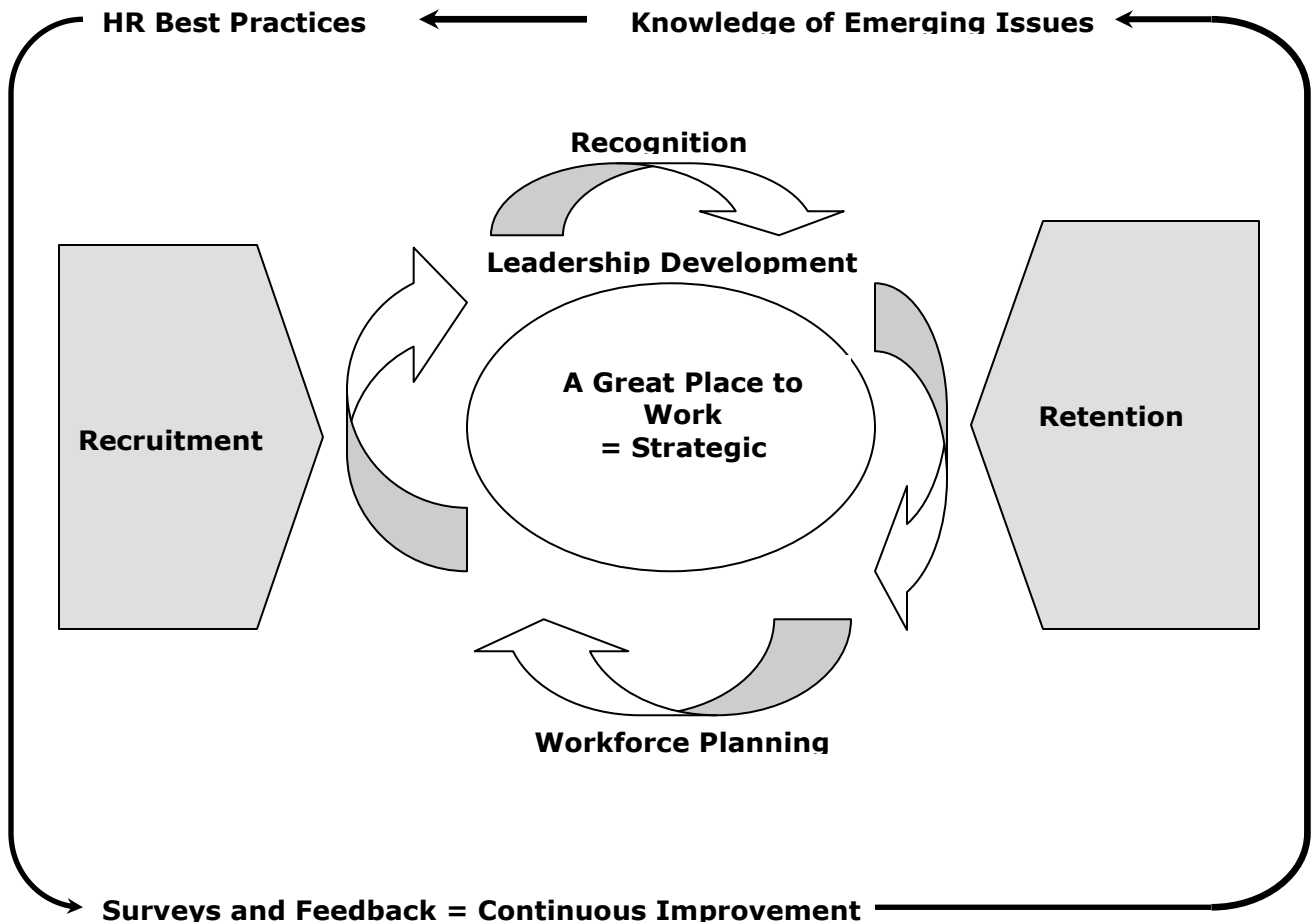
Concurrently as employees who have the age and service to retire leave Horizon, we are faced with recruiting the "Millennium Generation". The current generation of employees coming out of our education system value personal time for social pursuits more than they value money. This generation values flexibility, paid time off and cross-training opportunities more than the promise of a pension after thirty years of service.

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Moving Forward

A dynamic and engaged workforce of skilled leaders working together to deliver on the vision of Horizon Utilities

Key elements of this Human Resource Strategic Plan are continued communication of its vision and key success factors and implementation of those initiatives identified as areas for initial focus. The strategic organizational priorities work together to produce a balanced strategy with long-term focus for the future. These priorities link to Horizon's corporate strategies and performance metrics and individual outputs.

The Plan provides a framework for long-term direction in human resources and organizational effectiveness. It is concerned with all aspects of human resource management within Horizon. The Plan identifies a number of initiatives that need to be addressed in the short term. However, over time, our intent is to review and continuously improve all elements of our human resource management to ensure their ongoing alignment with Horizon's overall strategic direction.

HR Best Practices ← **Knowledge of Emerging Issues** ←

Recognition

Leadership Development

Recruitment

A Great Place to Work = Strategic

Retention

Workforce Planning

→ **Surveys and Feedback = Continuous Improvement**

Appendix 2 – HR 2010 Business Plan

Human Resources & Organizational Development Business Plan

Fiscal Year: 2010

Completion Date: July, 2009

Prepared by: Approved by:

_____   _____
Lise Galli, Director, Human Resources &   Marjorie Richards, VP Corporate Services
Organizational Development

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EXECUTIVE SUMMARY

- The Human Resources and Organizational Development team is responsible for the development and delivery of innovative programs and services designed to align with and support the achievement of the Corporate Mission.
- Initiatives planned for 2010 include activities to close ERP gaps, change management and training support for various cross-functional projects, recruitment activity to support workforce renewal and KPI development and reporting.
- 2010 will serve as the benchmark year for the establishment of KPI's in the department. 2011 and 2012 plans will include specific targets to improve performance relative to results in the benchmark year.
- Appropriate resourcing and achievement of 2010 objectives relative to ERP gap closure will result in the realization of ERP business case benefits.
- Leadership training will be on the agenda over the next 3 years as Horizon continues to focus on building leadership competencies within the organization.
- Departmental project plans are heavily reliant on IST resources. The inability to secure resources to support these projects will require refinement of the plan or additional costs added to the budget for outside IT support.
- The business plan and budget assume a full complement in the department which includes filling the position of Specialist, Compensation and Projects. A change in resources will require removal of some departmental initiatives
- Departmental resourcing assumes a vacancy rate of < 4.5 per cent. Increases in recruitment activity may require additional resources.
- The field device project will be completed and field devices fully operational by December 31, 2010. As such, the temporary time entry clerk has not been budgeted beyond the 2010 fiscal year.
- The Recruitment Officer/HR Advisor has been budgeted for 9 months to support the Employee Relations group during the Director's LOA.
- The workforce planning model has been used to support trades hiring in the Connections and Construction departments. Changes to the assumptions may require changes to supporting resource compliments.
- Capital equipment requirements will remain relatively constant between 2010-2012.
- Between 2010 and 2012 there will be an emphasis on leveraging the IFS system within the HR area by closing the gaps identified as part of the original implementation scope.
- Incremental operating costs are anticipated in 2011 due to the upcoming labour negotiations.

DESCRIPTION OF DEPARTMENT AND MISSION

To become a strategic business partner, the Human Resources and Organizational Development team must continuously develop and deliver innovative human resource programs and services designed to align with and support the achievement of the corporate mission. We will continuously seek methods to improve efficiency, better service our internal clients and advance towards being a "Great Place to Work".

The major duties/programs that fall within the scope of the Human Resources and Organizational Development Team include:

1. **Employee Relations**

   • Administration of Collective Agreement
   • Labour Relations
   • Recruitment & Selection
   • Employee Administration
   • Payroll & Benefit Administration
   • Attendance Management
   • Pandemic Planning
   • Policies & Procedures
   • Collective Bargaining
   • Pay Equity
   • Compensation Administration
   • Workforce management

2. **Change Management & Organizational Development**

   • Corporate support for all change management activities
   • Departmental process improvement
   • Organizational Design
   • Employee Engagement Survey

3. **Training & Development**

   • Sourcing, planning and coordination of all Corporate Training
   • Training File Maintenance & Reporting
   • Take Your Kids to Work Day
   • Corporate Orientation Program
   • Training Needs Analysis
   • Employee development planning support
   • Training budget development
   • Corporate Employee Development Programs

The current and anticipated organization structure and staffing levels from 2010 through to 2012 are outlined in the following organization chart:

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                        ┌─────────────────┐
                        │ Director, Human │
                        │   Resources &   │
                        │  Organizational │
                        │   Development   │
                        └─────────────────┘
          ┌──────────────────────┼──────────────────────┐
  ┌─────────────────┐   ┌─────────────────┐   ┌─────────────────┐
  │ Manager, Employee│   │Specialist, Change│   │Lead, Training & │
  │    Relations     │   │  Management &   │   │  Development     │
  │                  │   │    Process      │   │                  │
  └─────────────────┘   └─────────────────┘   └─────────────────┘
   ┌──────────┬──────────────┐                          │
┌──────────┐ ┌──────────┐ ┌─────────────┐      ┌─────────────┐
│Advisor,HR│ │Specialist,│ │ Specialist, │      │Coordinator, │
│          │ │ Payroll  │ │Compensation&│      │  Training   │
│          │ │          │ │  Projects   │      │             │
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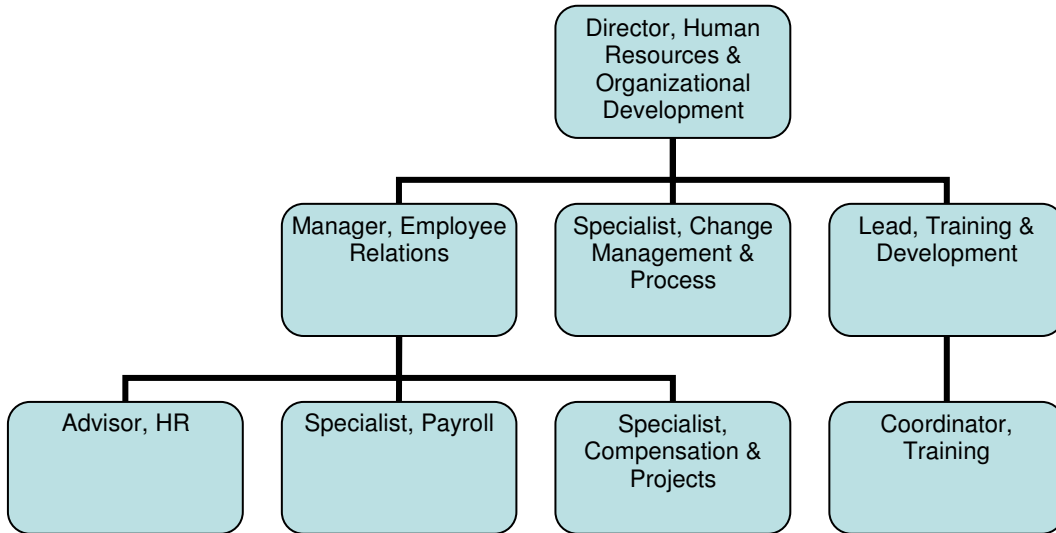
The Human Resource and Organizational Development Team support Horizon Utilities Corporation from a corporate perspective as well as its affiliates (i.e. Hamilton Community Energy). As noted above in the description of major duties, the full spectrum of Human Resource services is provided through this group. As the organization continues to evolve, the competencies within the HR & OD team will continue to be re-evaluated to ensure that the needs of our internal customers are met. Regulatory changes, the introduction of new legislation, the aging workforce and talent shortages will be key organizational challenges in the upcoming years. At this time, it is not anticipated that the team will require additional headcount as part of the 3-year plan. However, workforce renewal will pose a key challenge for the organization and innovative solutions and or resourcing may be required to meet future needs.

2010 will see the development and tracking of key performance indicators which will be used to measure departmental performance and allow for the establishment of improvement targets. Further, a few key "Corporate HR metrics" will be agreed upon and form part of the Corporate Scorecard.

DEPARTMENT OBJECTIVES

The Department's efforts align with the following Horizon Utilities Strategic Business Objectives:

1. Financial – Grow our Business Profitably

2. Customer – Be Easy to Do Business With

3. Operational Excellence – Be the Best Performing Utility

4. Learning and Growth – Be a Great Place to Work

While initiatives and objectives for 2010 are focused on the latter 2 objectives, it is recognized that several of these initiatives support multiple objectives.

I. Departmental Objectives, Programs and Initiatives for 2010:

1. **Operational Excellence – Be the Best Performing Utility**

    1.1   **Close ERP Gaps**
    - o   Implement Web Recruitment Technology (ERP Gap)
        - o   This involves the development of the web recruitment tool with appropriate screening built in and link/interface to IFS to realize on integration and efficiency benefits
        - o   Integration of the requisition process utilizing IFS will be solutioned as part of the recruitment process improvement
        - o   This technology will be developed and implemented in 2010 largely with the support of internal resources.
    - o   Interface/file transfer with benefit providers to streamline administrative tasks involved with updating employee data.
    - o   Interface/file transfer ADP/IFS re: updating employee information
    - o   Field Devices – Operational intiative that requires change management and training support from the HR department.
    - o   Planning and Scheduling – Utility Operations project that requires change management and training support.

    1.2.   **Smart Grid**
    - o   Engineering Project that requires additional resources – recruitment support required

    1.3   **New Customer Connection Process**
    - o   Work management project that requires change management and training support

    1.4   **Construction Staff Technical Training**
    - o   U/G Splicers – increased requirement for training due to plan to have all splicers obtain a class D licence and 16 ton training

- o Overhead – 4-5 year plan to have all line maintainers with a Branch II and Class A licence. (*Confirm with Steve whether this is all line maintainers or just new apprentices coming in. Also, confirm with Steve that we may certify someone in house to do this training (Class A)*)

1.5 KPI Development and Reporting

- o Development of an HR Scorecard to monitor and set targets for improved operational performance
- o Develop reports to enable the measurement of KPI's and monitor progress.
- o Participate in the development of reports as required by the line organization to better manage their business.

1.6 Customer Service Support

- o Revamp of call centre will require recruitment activity – minimum of 5 (particularly due to TOU) and change management
- o City of Hamilton SLA Improvement – recruitment activity

1.7 CSAZ1000 Implementation

- o Placeholder until defined – largely impacts training area

1.8 Cost of Service Filing (Rate Filing)

- o Provide data regarding employee figures, and 3 year Human Resource Strategy and Plan

2 Learning and Growth – Be a Great Place to Work

2.1 Employee Survey Corporate and Departmental Initiatives

- o Take active role in the implementation of Corporate initiatives resulting from Employee Engagement Survey outcomes.
- o Share results and facilitate improvement plans for Human Resources and Organizational Development team

2.2. Improve Labour Relations

- o Continue to meet between Labour Management Meetings to address issues on a timely basis
- o Have ER resource on site ½-1 day per week at both Nebo and St. Catharines service centres.

2.3. Develop Leadership Orientation/Training Program

- o Develop a program targeted at those in formal leadership positions to ensure appropriate introduction and preparation for a leadership role at Horizon.
- o Budget for 2 days for each management employee

2.4   Diversity Training

- o Training to be provided to all employees across the organization
- o Outsourced resource to provide training – internal coordination of sessions

RISKS AND OPPORTUNITIES

1. Opportunities

- o The business plan includes some activities related to closing ERP gaps. By achieving these objectives as well as supporting operational initiatives such as the Field Devices project, the department will be able to achieve efficiencies internally and support the organization in realizing on business case benefits in early 2011.

- o Continued focus on leadership development over the next 3 years demonstrates the commitment to building great leaders within the organization. A focus on key competencies such as communication, team building, and accountability will further contribute to improving employee engagement levels within the organization.

- o 2009 served as the baseline year for the introduction of a new "Management Benefits" package which included various benefits/policies that would apply to management only. This pattern will continue in each of the next 3 years to ensure that total rewards at the management level are diversified. This is a particularly sensitive area as the current economic downturn may result in management base salary increases tracking lower than bargaining unit increases. The "total rewards" concept will be emphasized and diversified to ensure an attractive value proposition for management employees.

- o The development of KPI's in 2010 will result in a baseline for departmental performance. 2011 and 2012 planning will include internal operational improvement objectives to enhance performance and client satisfaction.

2. Risks

- o The business plan assumes relatively static levels of recruitment based on current activity and the workforce planning model assumptions. Changes to these assumptions i.e. greater quantity of work completed in house will result in the need for increased resources to carry out the recruitment function. Additional recruitment resources could be obtained within a relatively short time period (1-2 months).

- o The Specialist, Compensation and Projects role is currently vacant due to the 2009 cost containment initiative. This position must be filled in Q1 to ensure proper resourcing within the department. Failure to fill this position in Q1 will require adjustments to departmental plans and/or the ability to properly support cross functional initiatives.

- o There is a heavy dependence on IST resources to complete the Web Recruitment Project, Benefit Provider Interface/File Transfer, ADP/IFS interface/file development for employee data and KPI development and reporting. A lack of IST resources to properly support these projects will require either outsourcing the technology portion of the project (costs not included in the business plan) or the deferral of projects. In the case of Web Recruitment, interface/file development of IFS/ADP for employee data and

Benefit Provider Interface the ability to realize certain qualitative ERP business case benefits would be impacted.

o   The progress and outcome of 2009 initiatives will impact on 2010 project plans and/or achievements should there be deferrals i.e. HR Modifications.

CROSS FUNCTIONAL SUPPORT REQUIREMENTS

Project	Resource Type	Requirement
Web Recruitment	IST	Programming
KPI Development	IST	Specification support and programming
Interface/File Transfer to Benefit Providers	IST	Solutioning and developing file to download/interface with benefit providers
Leadership Orientation/Training	All functional Areas	Stakeholdering, support to develop training curriculum
Interface/File Development & Transfer of IFS/ADP Employee Data	IST	Solutioning and developing file to download/interface with

Also included in Appendix A is a Resource Planning template identifying the key organizational and/or departmental projects and the related staffing requirements, including cross functional department requirements. This template is not yet complete as it requires a final review of Operational Plans to validate the original requirements and the establishment of timing associated with initiatives.

2009 FORECAST
1. Forecast Summary

	2009 Budget	2009 Q2 Forecast	Inc/ (Dec)
Revenue	$0		
Salaries and Benefits			
Operating Expenses, before distributables			-146,440*
Distributable Expenses	$0		
Total Operating Expenses	See budget		
Income (Expense) from Operations			
due to cost containment initiative as at Q2			

Horizon Group of Companies
2010 Departmental Business Plan
Department Name: Human Resources & Organizational Development

2.   2009 Forecast Adjustments

As part of the cost containment initiative for 2009 the Human Resources and Organizational Development Department submitted the following:

- o   Timing of hires delayed – $65k
- o   Do not hire summer student - $6,440
- o   Deferral of on-boarding video to 2010 - $25k
- o   Program to improve communications deferred - $50k

Total deferred/removed as part of the $2.5 million = $146,440

Additional adjustments to contribute to further stretch goal of $0.5 million in cost containment.
- o   Defer hiring of Specialist, Compensation & Projects to January 2010- $40k
- o   Defer hire of Training Coordinator to September 2009 - $20k
- o   Defer Project Management training to 2010 - $10k
- o   Savings associated with management training – Managing in a Unionized Environment - $15k (will go into Q3 forecast)

Total deferral/savings as part of the $0.5 million stretch = $85k

2010 BUDGET

1. Budget Summary

	2009 Budget	2009 Forecast	2010 Forecast *	2010 Budget	Inc/ (Dec)	% Inc(Dec)
Revenue						
Salaries and Benefits	771,770		1,003,411	1,003,411		30%
Operating Expenses, before distributables	801,726		614,187	614,187		(30%)
Distributable Expenses	135,904		221,762	221,762		
Total Operating Expenses	1,709,400		1,839,360	1,839,360		7.6%
Income (Expense) from Operations						

Overall, there will not be significant increases within the HR & OD budget in 2010. The introduction of case management services to support the health, wellness and early return to work of employees with non-compensable type illnesses represents the only modest increase in the operating budget.

2. Key Assumptions

The following is a summary of the key assumptions underlying the department budget, as well as the identification of budget expenditures to support incremental business initiatives.

- The field device project will be fully operational by the end of 2010 and time entry will be completed in the field. The contract Time Entry Clerk will no longer be required beyond December 31, 2010.
- The vacancy rate will be consistent with 2009 3rd quarter levels (<4.0%)
- The contract Recruitment Officer/Advisor will not be required beyond September 30, 2009 due to the return of the Director on leave.
- The Specialist, Compensation and Projects will be hired in Q1-2010 in order to properly support departmental and cross functional initiatives.
- The contracting of case management services are required to ensure that increasingly complex sick leaves are dealt with expediently and appropriately by qualified resources and will contribute to reductions in sick time averages.
- Identified projects can be appropriately supported by cross functional resources required.

2.1   Operating Expenses

Case/Care Management – Increase of $36,000 to operating budget
- Disability Management is an integrated and systematic process of returning employees to functioning lifestyles following an event of disability by ensuring that they are in active treatment.
- The focus is on:
    o The well being of the employee through proven return to wellness strategies
    o Restoring the employee to function
    o Minimizing the financial impact of absence and disability on the employer
- Resources/staff supporting these services include regulated health care professionals with a high level of experience in the disability management field.
- Benefits to Horizon include:
    o Early intervention for absent employees
    o Controlled cost of employee benefit program
    o Unique benefit for employees
    o Support in the health care process
    o Compliance with legislation
    o Reduced human and financial cost of disability
    o Strategic desire to retain valuable human resources (talent competition, hiring, training and retraining costs

2.2   Incremental Initiatives/Projects

Project/Initiative	Operating	Capital	Total
IFS Gap Closure (consulting services)	$20,000		$20,000
Case Management	$36,000		$36,000
Safety Orientation on-line development costs	$8,000		$8,000

2010 BUDGET
3. Human Resource Plan

The following table summarizes the Human Resource requirements for 2010.

Type	FTEs	$ Base Salary
Current Full Time Staff (includes approved vacant position)	9	$659,089
New Hires- Contract 9 months for Recruitment Officer/Advisor*	.75	$37,500
Ongoing current Time Entry Clerk	1	$38,220
Reductions	0	$0
Total Budget 2010	**10.75**	**$734,809**
Students	1	$7000

*The recruitment Officer/Advisor is budgeted as a contract role for 9 months in 2010. This role is meant to provide additional support during the Director, Human Resources & Organizational Development LOA from January to September 2009.

**the Time Entry Clerk will remain until such time as Field Devices are implemented. In the interim, centralized time entry within the Payroll area will continue. This is currently anticipated to be required for all of 2010.

Included in Appendix A are the following documents to support the Human Resource requirements for 2010:

Request for temporary Recruitment Officer/HR Advisor to provide additional Employee Relations support for the term of the Director's LOA.

Resource Planning template identifying the key organizational and/or departmental projects and the related staffing requirements, including cross functional department requirements.

4. Operating Plan

The Operating Plan for 2010 includes costs for ongoing departmental activities in addition to projects to support further ERP gap closure and the introduction of case management services. Cross functional support is summarized as part of the resource plan and it has been assumed that resource costs only will be incurred.

Upon final review of operating plans, the HR & OD Resource Planning template will be finalized and a review of requirements will determine the ultimate level of support that can be provided to the organization with the current budgeted resources.

2010 BUDGET

5. Capital Plan

	2009 Budget	2010 Forecast*	2010 Budget	Inc/ (Dec)
Computer Hardware/Software	$28,000		$18,800	-$9,200
Office Furniture & Equipment	0		$5,000	$5000
Communication Equipment	0			
Other	0			
TOTAL CAPITAL BUDGET			**$23,800**	**-$4,200**

* 2010 Forecast – as per 2009 Budget and Three Year Plan

The budgeted capital outlay is to replace computer equipment for current staff and to provide equipment for the new hire in the Compensatoin and Projects role. The office furniture requirement is for a bookcase/wall unit for the Director's office.

3 YEAR PLAN

1. Three Year Plan Summary

Summary	2010 Budget	2011 Forecast	2012 Forecast
Revenue	$0	$0	$0
Operating Expenses	$1,610,631	+$3,913	+$40,000
Capital*	$18,800	+ $400	+$800
# FTEs**	10.75	-1.75	0

*assumes similar level of spend with 2% inflation
** contract resources removed in 2011

The figures outlined above for 2011 and 2012 represent incremental dollars using 2010 as a baseline.

2011 Fiscal Year (Overall Incremental $3,913)

- o Resourcing in 2011 assumes the removal of the 2 contract resources currently supporting the department due to the Director LOA and the work arounds resulting from ERP gaps (-$91,088)
- o 2011 will be a bargaining year hence legal and training costs are anticipated to increase (+$45,000)
- o In order to support the redevelopment of the Performance Evaluation document consulting services will be required (+$30,000)
- o Additional costs will be incurred for further ERP gap closure – Web Portal (+$25,000)
- o Succession planning deeper into the organization will be an area of focus late in 2011/early 2012. At this point, no costs have been allocated towards this initiative as this would largely be an internal exercise.

2012 Fiscal Year

- o Additional costs will be incurred for further ERP gap closure - +$40,000

3 YEAR PLAN

2. Departmental Objectives, Programs and Initiatives for 2011-2012:

Project/Initiative	Year	Operating	Capital	Total
1. Closure of ERP Gaps				
- web portal	2011	$25,000	$0	$25,000
- HR self serve	2012	$40,000	$0	$40,000
- Document Management	2012			
- Performance management				
- Grievance procedure	2012			
	2012			
2. Labour Negotiations Consulting & Training	2011	$45,000		$45,000
Total		**$110,000**		**$110,000**

1. Closure of ERP Gaps

Beyond 2010 ERP gaps related to the potential HR functionality within IFS will still exist. As such, it is anticipated that projects to close these gaps will largely fall into the 2011 and 2012 operating year. Costs associated with closing these gaps are high level estimates only representing potential consulting dollars required to solution and execute the project plans.

2. Labour Negotiations Consulting and Training

2011 represents another bargaining year. As such, it is anticipated that legal costs for labour consulting will increase. Further, part of the strategic preparation for negotiations in 2011 will include training for the Management Bargaining Committee and if permitted, joint training with the Labour Bargaining Committee. Strike contingency has not been included as part of these estimated costs and would therefore be incremental should there be a labour disruption.

APPENDIX A

HUMAN RESOURCE PLAN

1. Included is a resource planning template to demonstrate allocation of departmental resources to identified Corporate/Operational Initiatives.
2. A summer student is requested to support general HR Projects. This will likely be a cooperative education student studying the HR field. Likely time of hire will be in either Q1 or Q2. Included below is a list of general responsibilities:

- o Data entry into IFS system
- o Career Fair Preparation
- o Administrative activities related to training
- o Support for recruitment process including:
  - i. setting of appointments/interviews;
  - ii. reference checking;
  - iii. requesting driver abstracts, criminal record checks, hearing tests;
  - iv. general filing and miscellaneous functions

HUMAN RESOURCE PLAN
STAFF REQUIREMENTS

		2010	2011	2012		2010	2011	2012
			FTE				$	
Beg. Of Year*								
	Management	3	3	3		$290k	$299k	$308k
	Staff	6	6	6		$392K	$404K	$416K
	Apprentices	-	-	-		-	-	-
	Total	9	9	9		$682K	$703K	$724K
New Hires								
	Management	-	-	-				
	Staff	-	-	-				
	Apprentices	-	-	-				
	Total	-	-	-				
Reductions								
	Management	-	-	-				
	Staff	-	-	-				
	Apprentices	-	-	-				
	Total	-	-	-				

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End of Year*								
	Management	3	3	3		$290k	$299k	$308k
	Staff	6	6	6		$392K	$404K	$416K
	Apprentices	-	-	-		-	-	-
	Total	9	9	9		$682K	$703K	$724K
Students								

*Figures exclude .75 Recruitment Officer/HR Advisor and 1 Time Entry clerk in 2010.
** Salaries in each of 2010, 2011 and 2012 include an assumption for a 3% increase in each year.

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Question 18

Reference: Ex. ½/2, App. 1-9(j)

With respect to the Information Systems and Technology Business Plan:

a.   P. 1. Please provide any current IT plan, strategy and/or roadmap. If there is no overall plan, strategy or roadmap, please provide details on the basis used to determine what IT initiatives to implement, and to prioritize IT spending.

b.   P. 1. Please advise how much of the cost of the "upgrade, standardization and modernization of the… web presence" is included in the IST budget, and how much is included in the budgets of other departments

c.   P. 1. Please provide the Applicant's most current list of hardware and software scheduled for replacement, and the replacement dates and costs of each if known.

d.   P. 8. Please provide the Business Case for the Enterprise Data Warehousing and Reporting initiative.

e.   P. 8. Please file the Business case for ERP filed previously in the EB-2007-0697 proceeding.

f.   P. 9. Please provide the full project plan for the Enterprise Cyber Security Project.

g.   P. 14. Please explain why the Applicant is in a situation where it does not have subject matter experts or specialists relating to its major technologies currently in use.

h.   P. 16. Please confirm that the budgets on this table are not IT budgets, but total budgets for the items listed. Please advise the IT amount included in each of the

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1 budget amounts listed.

2 **i.**   P. 28.   Please advise how many PCs are being replaced for $374,000, and what

3 percentage this is of all PCs.

4 **j.**   P. 31.   Please confirm that the $3 million cost to upgrade the ERP to V7.5 was

5 included in the business case for the 2008 acquisition of the system.

6 **Response:**

7 **a.** The current IT plan is filed as part of EB-2010-01-31 Ex.1/T2/S2/A (j). Departmental

8   specific business plans, also filed as part of EB-2010-01-31 Ex.1/T2/S2, include

9   details for IT initiatives related to those departments. During the Horizon Utilities

10   business planning process, IT initiatives are identified by functional business units in

11   response to identified regulatory requirements, business risks, and operational

12   needs. Through discussions with business units executives, Horizon Utilities planned

13   IT initiatives are identified.

14 **b.** All costs associated with the "Upgrade, standardization, and modernization of

15   the…web presence" are incorporated into the capital and operating budgets of the

16   Corporate Communications department.   The capital budget is $80,000 and the

17   operating budget is $215,000. IT operating costs related to web sites are associated

18   with staffing required to support the existing web environment. These costs will not

19   change as existing staff will support the new web environment.

20 **c.** Attached are two lists: Appendix 1- SEC 18c– 'Server Hardware Inventory' which

21   lists major server hardware and application software; and Appendix 2- SEC 18c -

22   Network Infrastructure Hardware Inventory' which lists network infrastructure

23   hardware. Both lists include planned replacement dates.

24 **d.** The Business Case for the Enterprise Data Warehousing and Reporting initiative is

25   under development with an expected completion date of Q1-Q2 2011. This initiative

26   addresses a significant risk for Horizon Utilities, which is elaborated as follows::

27 • The hardware, database, and applications of existing transactional systems

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1   cannot efficiently and effectively store, manage, and consolidate the billions of

2   transactions being collected annually from SCADA, grid devices, and smart

3   meters. Existing technologies will not support collection of additional data

4   resulting from grid devices to the distribution grid over the planning period;

5   • The volumes of data being collected and stored in transactional systems servers

6   and databases are negatively affecting the performance of these systems. As

7   the amount of data builds in the transactional system databases, the nightly

8   window for processing the data has increased, meaning that the processing

9   continues into the day time period impacting system performance for customer

10   service, settlement, and billing. In order to continue to collect and store these

11   data volumes, transactional systems would require significant investments in

12   server hardware and database upgrades and Horizon Utilities would still not be

13   able to maximize use of the data as the hardware and software platforms are not

14   designed for managing high-volume transaction business analytics.

15   • Existing systems for business analytics and reporting are not capable of

16   delivering the enterprise data analytics and reporting required to maximize the

17   utilization of transactional data being collected. Horizon Utilities has been using

18   feeder loading data, provided by its SCADA system, for load forecasting and

19   planning purposes. While the feeder loading data from SCADA has been

20   essential to Horizon Utilities' system planning, it does not provide specific loading

21   information such as the loading profile along the distance of a feeder. With an

22   Enterprise Data Warehouse, planning functions could take advantage of hourly

23   data for each load on the system, and other engineering functions would benefit

24   as well. Hourly load data in Horizon Utilities' system modeling software would

25   enable accurate analyses of loading trends, generation connection impacts,

26   losses and potential, transformer loading, switching optimization, capacitor

27   placement, and phase balancing. Through an Enterprise Data Warehouse,

28   utilizing previously unavailable data, Horizon Utilities would be able to make

29   more informed decisions regarding the design, management, and operation of its

30   distribution system.

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1 • Enterprise information management requires a set of specialized core skills and
2 competencies that do not currently exist within Horizon Utilities. There are
3 insufficient resources both in IT and business units to effectively manage,
4 analyze, and utilize the enormous volume of valuable data now being collected
5 by the organization for the benefit of operational and financial planning. The
6 existing IT staff capacity is fully utilized managing and supporting the current
7 infrastructure and applications. Horizon Utilities does not presently have internal
8 capability to develop and deliver methodologies, processes, and technologies
9 required to ensure the consistent use of the data and information services. The
10 present complement of IT staff does not have the specialized skill sets required
11 to design, implement, and support the required data warehousing technology
12 solutions and business intelligence and analytics applications.

13 Cost estimates for the Enterprise Data Warehouse initiative are based on
14 preliminary discussions with potential solution

15 **e.** The business case for ERP previously filed in the EB-2007-0697 has been
16 attached as Appendix 3.

17 **f.** Horizon Utilities is providing its 2011 Cyber Security Management Plan in
18 confidence for reasons which are outlined in the cover letter accompanying
19 Horizon Utilities' interrogatory responses.

20 **g.** Horizon Utilities business and regulatory requirements have significantly
21 increased the number and complexity of business processes and required supporting
22 technologies. This has necessitated a change to the information technology support
23 model from technology generalists to technology specialists. The convergence of
24 Information Technology (telecommunications, security and applications/data center
25 operations) with Operational Technology (AMI, smart meters, networked grid devices
26 and their supporting applications) is requiring a shift to IT specialization. In 2010,
27 Horizon Utilities commenced this shift by retraining existing staff and by hiring IT
28 specialist where needed (telecommunications and IT security). This transition will
29 continue as business requirements and new technologies are introduced.

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1 **h.** The budgets on Ex.1/T2/S2 (j) page 16 are not IT budgets but represent the total

2 budgets for the items listed.

3 **i.** Horizon Utilities is planning to replacing 147 of its 460 PC's in 2011 as provided

4 in the following table:

	No.	Cost	Total Cost	Details
2011 Laptops	**40**	**$4,000**	**$ 160,000**	Includes: Laptop, Docking Station, Monitor, Mouse, Keyboard, GOBI Mobile Access, Vendor Configuration & Setup Services
2011 Desktops	**107**	**$2,000**	**$ 214,000**	Includes: Laptop, Docking Station, Monitor, Mouse, Keyboard, GOBI Mobile Access, Vendor Configuration & Setup Services
Total	**147**		**$ 374,000**	

5

6 **j.** In the business case for the ERP system included in EB-2007-0697 it was stated

7 that the total cost of ownership was to be amortized over 5-years and before anticipated

8 upgrades.

9

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3   **Appendix 1- SEC 18c– 'Server Hardware Inventory**

4

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3 **Appendix 2- SEC 18c - Network Infrastructure Hardware Inventory**

4

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3   **Appendix 3 – ERP Business Case (EB-2007-0697)**