niagara peninsula energy

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Delivered by RESS and Courier

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

Attention: Ms. Kirsten Walli, Board Secretary

Re: Niagara Peninsula Energy Inc. Application for 2011 Distribution Rates
Board File Number: EB-2010-0138
Response to Interrogatories – VECC

Dear Ms. Walli:

Please find attached Niagara Peninsula Energy Inc.'s responses to interrogatories on its 2011 Electricity Distribution Cost of Service Rate Application. Two hard copies will follow by courier.

If further information is required, please contact Suzanne Wilson, Vice-President Finance at 905-353-6004 or Suzanne.Wilson@npei.ca.

Yours truly,

Brian Wilkie
President & CEO

Cc: Intervenors of Record

# NIAGARA PENINSULA ENERGY INC. (NPEI)

# 2011 RATE APPLICATION (EB-2010-0138)

## VECC INTERROGATORIES – ROUND #1

### QUESTION #1

**Reference:** Exhibit 1, pages 40 and 68

a) Is Niagara West Transformer Corporation (NWTC) an OEB-licensed transmission owner/operator? If yes, are its charges regulated by the OEB?

b) Does NPEI pay the (NWTC) for the delivery of power from its 230kV/27.6kV station?

c) If the response to part (b) is yes, what is the basis for such payments and please provide a copy of the Affiliate Service Agreement.

d) If the response to part (b) is no, please explain how NWTC is compensated for NPEI's use of its facilities.

e) Is any of NWTC's cost for owning and/or operating the TS included in NPEI's proposed 2011 revenue requirement? If yes, please provide a schedule identifying all such costs.

### Response:

a) Niagara West Transformer Corporation was owned 50% by Grimsby Power Holding Company and 50% by Peninsula West Utilities Ltd. This investment by Peninsula West Utilities was excluded from the merger with Niagara Falls Hydro. The investment was transferred to Peninsula West Power which was the parent of PWU Ltd. NPEI does not have any investment in NWTC. NWTC is an OEB licensed transmission owner/operator and the $1.50

charge for transformation connection fees NPEI pays to NWTC monthly is a regulated charge by the OEB. NPEI is not affiliated with NWTC.

b) NPEI only pays NWTC a transformation connection fee every month. The fee is $1.50 / kW for the peak kW of that month. NPEI does not pay for the delivery of power.

c) Please see the response in part b).

d) NPEI pays NWTC for a monthly transformation connection fee.

e) No, NPEI does not own any part of NWTC and is not affiliated with NWTC.

**QUESTION #2**

**Reference:** Exhibit 3, page 7

a) Please confirm whether the distribution revenues by customer class shown in Table 3-1 exclude: a) the transformer ownership discount provided to certain GS customers and b) LV charges. If not, please provide a revised table for years 2009 – 2011 net of the transformer discount and LV charges.

**Response**

a) Table 3-1 distribution revenues by customer class included transformer ownership allowances for all years except the 2011 Test Year. None of the years included LV charges. Please see the revised table below with 2009 and 2010 restated to exclude transformer ownership allowances. No adjustment was made in 2011.

**Table 3.1 Summary of Operating Revenue revised 2009 and 2010 for**
Transformer Ownership Allowances

| Summary of Operating Revenue Table | 2009 Actual ($) | Variance From 2008 Actual ($) | Bridge Year 2010 ($) | Variance from 2009 Actual ($) | Test Year 2011 ($) | Variance From 2010 Test ($) |
|---|---|---|---|---|---|---|
| **Distribution Revenue** | | | | | | |
| Residential | 13,389,651 | (188,422) | 13,540,558 | 150,907 | 16,982,230 | 3,441,672 |
| GS<50 kW | 3,343,780 | (93,997) | 3,348,264 | 4,484 | 3,716,300 | 368,036 |
| GS>50 kW | 8,972,024 | 699,495 | 9,106,022 | 133,999 | 9,155,837 | 49,815 |
| Streetlighting | 67,282 | (39,708) | 86,542 | 19,259 | 182,318 | 95,776 |
| Sentinel Lights | 5,923 | 22 | 5,147 | (776) | 55,565 | 50,417 |
| Unmetered Scattered Load | 131,182 | (1,430) | 129,929 | (1,253) | 143,333 | 13,404 |
| Total | 25,909,842 | 375,961 | 26,216,462 | 306,620 | 30,235,583 | 4,019,121 |
| **Other Distribution Revenue** | | | | | | |
| Late Payment Charges | 500,364 | 150,340 | 518,557 | 18,193 | 518,557 | - |
| Specific Service Charges | 951,925 | (11,196) | 884,942 | (66,983) | 956,878 | 71,935 |
| Other Distribution Revenue | 552,999 | (62,527) | 558,164 | 5,165 | 558,164 | - |
| Other Income and Expenses | 293,632 | (167,434) | 202,805 | (90,827) | 152,148 | (50,657) |
| Total | 2,298,920 | (90,817) | 2,164,469 | (134,451) | 2,185,747 | 21,278 |
| **Grand Total** | 28,208,762 | 285,143 | 28,380,931 | 172,169 | 32,421,330 | 4,040,399 |
| Carrying Charges on Regulatory Assets | 198,081 | | 45,195 | | 45,195 | |
| Load Transfers Included on Income Statement as Other Revenue | | | | | | |
| Other PWU adustment | | | | | | |
| **Total Gross Profit per FS before Transformation Allowances** | 28,406,843 | | 28,426,126 | | 32,466,525 | |
| **Transformation Allowances** | (392,475) | | (397,066) | | | |
| **Total Gross Profit per FS** | 28,014,368 | | 28,029,060 | | | |

**QUESTION #3**

**Reference:** Exhibit 3, pages 22-23

a) Please indicate the date of the 2010 Ontario Budget document.

b) Are there any more recent forecasts of Ontario Real GDP for 2010 and 2011 available (e.g. from the major banks)? If so, please provide.

c) Please indicate how the monthly historical population values were established for the period 2002-2006 and for the period 2006-2009.

d) Are there any more recent population forecasts for NPEI's service area than the October 2008 forecast that was used? If yes, please provide.

**Response**

a) Please see Appendix A which is the document used for the 2010 and 2011 forecast changes in Real GDP of 2010 and 2011. This document was dated March 25, 2010.

b) Please see Appendix B from the 2010 Ontario Economic Outlook and Fiscal Review Fall Statement issued November 18, 2010, the projected 2010 Real GDP is 3.2% compared to the budget of 2.7% and the projected 2011 is 2.2% compared to the 2010 budget of 3.2%.

c) For the period 2002 to 2006 please see the table below which used the census date from 1996, 2001 and 2006 for the respective cities within NPEI's service area including the adjustment for Pelham resident who are Hydro One customers. The rate application, Exhibit 3 page 23 Census Data table omitted the adjustment for these Pelham residents however the weather normalization model accounted for this adjustment. The monthly historical population values were determined assuming and equal monthly growth over the respective 5 year periods outlined by the census.

**Census Data**

| | 1996 | 2001 | 2006 |
|---|---|---|---|
| Niagara | 76,917 | 78,815 | 82,184 |
| Lincoln | 18,801 | 20,612 | 21,722 |
| West Lincoln | 11,513 | 12,268 | 13,167 |
| Pelham | 14,393 | 15,272 | 16,155 |
| Total | 121,624 | 126,967 | 133,228 |
| Pelham excluded customers | (764) | (823) | (872) |
| | 120,860 | 126,144 | 132,356 |

For the period 2006 to 2009 the five year growth used was 5.63%. On a monthly basis this growth is 0.093686723% (5.63%/60 months).

d) No NPEI has not found any more recent population forecasts for NPEI's service area other than the one used in the rate application.

**QUESTION #4**

**Reference:** Exhibit 3, pages 23-25

a) With respect to historical CDM savings and Table 3-6, did NPEI offer any CDM programs that were not OPA programs that would have an impact during the estimation period?

b) If the response to part (a) is yes, are the results from these programs reflected in Table 3-6? If yes, please identify the results, by year, and indicate the how program results were established. If not, why not?

c) Over the period 2007-2010 the OPA has revised/updated its estimates as to the savings that can be achieved from certain CDM measures (e.g. CFLs). Are the results reported in Table 3-6 based on values initially reported by the OPA for each year or have they been revised to reflect the OPA's most current estimates for the unit savings for the various measures used by NPEI?

d) If the response to part c) is that no revisions have been made by NPEI, please recalculate the savings for each year using the OPA's most up-to-date estimates of the savings for the various measures included in the programs.

e) Based on the results from (d), please re-estimate the regression equation and provide a revised forecast for 2010 and 2011.

**Response**

a) Yes, NPEI's predecessor utilities Niagara Falls Hydro ("NFH") and Peninsula west Utilities ("PWU") both offered Third Tranche CDM programs from 2005 to 2007.

b) The initial year results of the 2005 Third Tranche CDM programs are included in Table 3-6. However, NPEI inadvertently omitted the 2005 persistence results and all of the results from the 2006 and 2007 Third Tranche CDM programs when preparing the application. The following table shows the initial-year CDM results for both OPA and Non-OPA programs that should have been included in the application:

| Year | As Originally Filed in Application | | | Updated to Reflect Omitted Non-OPA Results | | |
|---|---|---|---|---|---|---|
| | OPA Programs (initial year results) | Non-OPA Programs (initial year results) | Total (initial year results) | OPA Programs (initial year results) | Non-OPA Programs (initial year results) | Total (initial year results) |
| 2005 | | 768,907 | 768,907 | | 768,907 | 768,907 |
| 2006 | 4,178,894 | | 4,178,894 | 4,178,894 | 2,213,587 | 6,392,481 |
| 2007 | 3,686,683 | | 3,686,683 | 3,686,683 | 2,749,677 | 6,436,360 |
| 2008 | 3,031,498 | | 3,031,498 | 3,031,498 | | 3,031,498 |
| 2009 | 2,336,988 | | 2,336,988 | 2,336,988 | | 2,336,988 |

The above results of the Thirds Tranche programs were taken from the Annual CDM Reports for 2005 to 2007 that were filed with the OEB by NFH and PWU. The programs results were calculated using the measures and assumptions included in the Board's Total Resource Cost Guide.

c) The results included in Table 3-6 are based on the initially reported values. They have not been revised to reflect the OPA's most current estimates for savings.

d) NPEI has updated the CDM results for the 2005 to 2007 Third Tranche programs, and the OPA programs for 2006 to 2008 to reflect the most current estimates for unit savings of the various measures, based on the OPA document "2010 Prescriptive Measures and Assumptions" released January 2010. NPEI has not updated the results of the 2009 OPA programs, as these results were received from the OPA in June 2010 and are therefore presumed to be based on current assumptions.

The following table compares the initial year CDM results that were based on the original assumptions with the initial year results based on the OPA's most current assumptions:

| | **Original Assumptions** | | | **Updated to Reflect Updated 2010 OPA Assumptions and Measures** | | |
|---|---|---|---|---|---|---|
| **Year** | **OPA Programs (initial year results)** | **Non-OPA Programs (initial year results)** | **Total (initial year results)** | **OPA Programs (initial year results)** | **Non-OPA Programs (initial year results)** | **Total (initial year results)** |
| 2005 | | 768,907 | 768,907 | | 262,474 | 262,474 |
| 2006 | 4,178,894 | 2,213,587 | 6,392,481 | 3,290,631 | 1,859,639 | 5,150,269 |
| 2007 | 3,686,683 | 2,749,677 | 6,436,360 | 3,611,053 | 2,243,633 | 5,854,686 |
| 2008 | 3,031,498 | | 3,031,498 | 3,095,679 | | 3,095,679 |
| 2009 | 2,336,988 | | 2,336,988 | 2,336,988 | | 2,336,988 |

The following is an updated Table 3-6 that reflects the following changes in CDM results:

- Adding the persistence results for the 2005 Third Tranche programs.
- Adding the results (initial year and persistence) for the 2006 and 2007 Third Tranche programs.
- Updating all of the 2005 to 2008 results to reflect the most current OPA assumptions and measures.

**Niagara Peninsula Energy Inc.**
**CDM Data**
**Energy Saved in Year (kWh)**

**Updated Table 3-6**

| Year | NPEI Total kWh per Application | Based on Updated 2010 OPA Assumptions and Measures | | |
|---|---|---|---|---|
| | | OPA Programs | Non-OPA Programs | Total |
| **2005 Total** | 768,907 | | 262,474 | 262,474 |
| 2005 Programs Persistence | | | 262,474 | 262,474 |
| 2006 Initiatives | 4,178,894 | 3,290,631 | 1,859,639 | 5,150,269 |
| **2006 Total** | 4,178,894 | 3,290,631 | 2,122,113 | 5,412,744 |
| 2005 Programs Persistence | | | 262,474 | 262,474 |
| 2006 Programs Persistence | 4,178,894 | 3,290,631 | 1,534,422 | 4,825,052 |
| 2007 Initiatives | 3,686,683 | 3,611,053 | 2,243,633 | 5,854,686 |
| **2007 Total** | 7,865,577 | 6,901,683 | 4,040,529 | 10,942,212 |
| 2005 Programs Persistence | | | 262,474 | 262,474 |
| 2006 Programs Persistence | 4,178,894 | 3,290,631 | 1,534,422 | 4,825,052 |
| 2007 Programs Persistence | 3,670,167 | 3,594,875 | 2,055,713 | 5,650,588 |
| 2008 Initiatives | 3,031,498 | 3,095,679 | | 3,095,679 |
| **2008 Total** | 10,880,559 | 9,981,185 | 3,852,609 | 13,833,794 |
| 2005 Programs Persistence | | | 262,474 | 262,474 |
| 2006 Programs Persistence | 4,178,894 | 3,290,631 | 1,534,422 | 4,825,052 |
| 2007 Programs Persistence | 1,962,032 | 1,921,782 | 2,055,713 | 3,977,495 |
| 2008 Programs Persistence | 2,471,869 | 2,524,202 | | 2,524,202 |
| 2009 Initiatives | 2,336,988 | 2,336,988 | | 2,336,988 |
| **2009 Total** | 10,949,783 | 10,073,603 | 3,852,609 | 13,926,211 |
| 2005 Programs Persistence | | | 184,134 | 184,134 |
| 2006 Programs Persistence | 4,178,894 | 3,290,631 | 1,534,422 | 4,825,052 |
| 2007 Programs Persistence | 1,962,032 | 1,921,782 | 2,055,713 | 3,977,495 |
| 2008 Programs Persistence | 2,471,869 | 2,524,202 | | 2,524,202 |
| 2009 Programs Persistence | 2,336,257 | 2,336,257 | | 2,336,257 |
| 2010 Initiatives | 2,365,032 | 2,365,032 | | 2,365,032 |
| **2010 Total** | 13,314,084 | 12,437,903 | 3,774,268 | 16,212,172 |
| 2005 Programs Persistence | | | 184,134 | 184,134 |
| 2006 Programs Persistence | 2,653,450 | 2,044,175 | 1,397,167 | 3,441,342 |
| 2007 Programs Persistence | 1,962,032 | 1,921,782 | 2,055,713 | 3,977,495 |
| 2008 Programs Persistence | 2,471,869 | 2,524,202 | | 2,524,202 |
| 2009 Programs Persistence | 2,184,709 | 2,184,709 | | 2,184,709 |
| 2010 Programs Persistence | 2,364,292 | 2,364,292 | | 2,364,292 |
| 2011 Initiatives | 2,393,412 | 2,393,412 | | 2,393,412 |
| **2011 Total** | 14,029,765 | 13,432,573 | 3,637,014 | 17,069,587 |
| Cumulative | 61,987,569 | 56,117,578 | 21,541,615 | 77,659,193 |

e) NPEI has re-estimated the regression equation based on including the CDM results as calculated in part d) above. The regression summary output follows:

**Updated CDM Results**

| *Regression Statistics* | | | | | | |
|---|---|---|---|---|---|---|
| Multiple R | 0.969402646 | | | | | |
| R Square | 0.939741489 | | | | | |
| Adjusted R Square | 0.934948199 | | | | | |
| Standard Error | 2636492.092 | | | | | |
| Observations | 96 | | | | | |
| | | | | | | |
| ANOVA | | | | | | |
| | *df* | *SS* | *MS* | *F* | *Significance F* | |
| Regression | 7 | 9.5395E+15 | 1.36279E+15 | 196.0535179 | 7.65889E-51 | |
| Residual | 88 | 6.11696E+14 | 6.95109E+12 | | | |
| Total | 95 | 1.01512E+16 | | | | |
| | | | | | | |
| | *Coefficients* | *Standard Error* | *t Stat* | *P-value* | *Lower 95%* | *Upper 95%* |
| Intercept | -164433733.6 | 32977500.75 | -4.986240009 | 3.0642E-06 | -229969585.2 | -98897881.99 |
| Heating Degree Days | 24364.91143 | 1996.374542 | 12.20457931 | 1.25506E-20 | 20397.53662 | 28332.28624 |
| Cooling Degree Days | 195000.2459 | 10518.14418 | 18.53941556 | 3.85058E-32 | 174097.645 | 215902.8468 |
| Ontario Real GDP Monthly % | 840597.6514 | 119737.1616 | 7.02035726 | 4.41009E-10 | 602645.2088 | 1078550.094 |
| Number of Days in Month | 2831558.395 | 345196.4725 | 8.202744294 | 1.78446E-12 | 2145552.958 | 3517563.831 |
| CDM kWh Saved in month | -5.824337698 | 1.462930734 | -3.981280564 | 0.000140695 | -8.731605057 | -2.917070338 |
| Spring Fall Flag | -5211311.894 | 728800.4819 | -7.150532996 | 2.42434E-10 | -6659649.674 | -3762974.113 |
| Population | 462.3815857 | 305.6321905 | 1.51286939 | 0.133896056 | -144.998156 | 1069.761327 |

NPEI notes that, in this version of the regression model, the Population coefficient now appears to be statistically insignificant. Omitting the population variable gives the following regression summary output:

**Updated CDM Results, Population Removed**

| *Regression Statistics* | | | | | | |
|---|---|---|---|---|---|---|
| Multiple R | 0.968593949 | | | | | |
| R Square | 0.938174238 | | | | | |
| Adjusted R Square | 0.934006209 | | | | | |
| Standard Error | 2655512.482 | | | | | |
| Observations | 96 | | | | | |
| | | | | | | |
| ANOVA | | | | | | |
| | *df* | *SS* | *MS* | *F* | *Significance F* | |
| Regression | 6 | 9.52359E+15 | 1.58727E+15 | 225.0882283 | 1.50418E-51 | |
| Residual | 89 | 6.27605E+14 | 7.05175E+12 | | | |
| Total | 95 | 1.01512E+16 | | | | |
| | | | | | | |
| | *Coefficients* | *Standard Error* | *t Stat* | *P-value* | *Lower 95%* | *Upper 95%* |
| Intercept | -120487172.7 | 15723553.2 | -7.662846379 | 2.12472E-11 | -151729537.3 | -89244808.07 |
| Heating Degree Days | 23960.10974 | 1992.634523 | 12.02433736 | 2.39539E-20 | 20000.78747 | 27919.43201 |
| Cooling Degree Days | 193220.9475 | 10527.58781 | 18.35377212 | 5.26161E-32 | 172302.8552 | 214139.0398 |
| Ontario Real GDP Monthly % | 954112.273 | 93984.95082 | 10.15175584 | 1.55693E-16 | 767366.1817 | 1140858.364 |
| Number of Days in Month | 2870901.69 | 346698.76 | 8.280680583 | 1.15087E-12 | 2182018.654 | 3559784.727 |
| CDM kWh Saved in month | -4.339801385 | 1.092849156 | -3.971089113 | 0.000144845 | -6.511269334 | -2.168333437 |
| Spring Fall Flag | -5265943.546 | 733156.6066 | -7.182563041 | 1.99448E-10 | -6722710.076 | -3809177.017 |

The effects of the CDM updates on the forecast purchases are summarized in the following table:

| Model Version | V4 from Application | VECC IR #4 e) | VECC IR #4 e) without Population |
|---|---|---|---|
| Explanatory Variables Included | HDD, CDD, GDP Index, Number of Days, CDM, Spring/Fall, Population | HDD, CDD, GDP Index, Number of Days, CDM (Updated), Spring/Fall, Population | HDD, CDD, GDP Index, Number of Days, CDM (Updated), Spring/Fall |
| 2010 Bridge Year Predicted Purchases (GWh) | 1,230.38 | 1,233.63 | 1,219.58 |
| 2011 Test Year Predicted Purchases (GWh) | 1,277.01 | 1,278.92 | 1,263.12 |
| Adjusted R-Squared Value | 0.937 | 0.935 | 0.934 |
| Population regression coefficient | 680.78 | 462.38 | n/a |
| CDM kWh Saved Coefficient | (9.00) | (5.82) | (4.34) |

**QUESTION #5**

**Reference:** Exhibit 3, page 26

a) Please confirm what NPEI's actual CDM targets are – as approved by the OEB.

b) Please provide a schedule that sets out the calculation of the 35% per year CDM increase referenced at line 3.

c) What is the level of CDM that NPEI anticipates having to achieve in each year (2011-2014) in order to achieve the OEB approved target? In replying, please show how the annually achieved values contribute to the overall target.

**Response**

a) NPEI confirms that its CDM Targets for 2011 – 2014, as approved by the OEB in its Decision in EB-2010-0215 and EB-2010-0216 on November 12, 2010, are as follows:

| | |
|---|---|
| 2014 Net Annual Peak Demand Target Savings = | 15.49 MW |
| 2011-2014 Net Cumulative Energy Savings Target = | 58.04 GWh |

b) The initial year results of NPEI's 2009 CDM programs, as provided by the OPA, is a savings of approximately 2.3 GWh. In order to achieve the OEB's target for 2011 – 2014 of 58 GWh, under the assumption that an equal amount of initial savings is realized each year, NPEI will have to achieve approximately 5.8 GWh per year in new CDM initiatives. At the time of preparing the application, there was considerable uncertainty regarding the nature of the 2011 OPA programs and related funding. Therefore, NPEI was unable to determine whether going from 2.3 GWh in CDM savings in 2009 to 5.8 GWh in 2011 was realistic.

An alternative approach involves annual increases in CDM results each year up to 2014, such that the cumulative results from 2011 to 2014 meet the approved OEB target. Beginning with the 2009 results, NPEI has calculated that the required annual growth is 33.5% (corresponding to the approximately 35% mentioned in the application), as set out in the following table:

| | | | |
|---|---|---|---|
| NPEI CDM Target, Cumulative 2011-2014, in kWh (not including any persistence savings for programs initiated prior to 2011) | 58,040,000 | | |
| Assumed Annual Growth Rate, 2010-2014 | 1.335 | a | Calculated Annual Growth Rate Required |
| 2009 Programs | 2,336,988 | b | Results Provided by OPA |
| 2010 Programs | 3,119,879 | c=a*b | |
| **2011 Results** | 4,165,039 | d=a*c | |
| 2011 Programs Persistence | 4,165,039 | | |
| 2012 Initiatives | 5,560,327 | e=a*d | |
| **2012 Total** | 9,725,366 | | |
| 2011 Programs Persistence | 4,165,039 | | |
| 2012 Programs Persistence | 5,560,327 | | |
| 2013 Initiatives | 7,423,036 | f=a*e | |
| **2013 Total** | 17,148,402 | | |
| 2011 Programs Persistence | 4,165,039 | | |
| 2012 Programs Persistence | 5,560,327 | | |
| 2013 Programs Persistence | 7,423,036 | | |
| 2014 Initiatives | 9,909,754 | g=a*f | |
| **2014 Total** | 27,058,156 | | |
| Total Savings 2011-2014 | 58,096,962 | | |

c) Based on the assumption of achieving an equal level of new initiative savings in each year from 2011 to 2014, NPEI will have to achieve approximately 5.8 million kWh per year in CDM savings. The table below sets out how the annually achieved values will contributes to the overall target.

**CDM Levels per Year**

| | |
|---|---|
| **2011 Results** | 5,804,000 |
| | |
| 2011 Programs Persistence | 5,804,000 |
| 2012 Initiatives | 5,804,000 |
| **2012 Total** | 11,608,000 |
| | |
| 2011 Programs Persistence | 5,804,000 |
| 2012 Programs Persistence | 5,804,000 |
| 2013 Initiatives | 5,804,000 |
| **2013 Total** | 17,412,000 |
| | |
| 2011 Programs Persistence | 5,804,000 |
| 2012 Programs Persistence | 5,804,000 |
| 2013 Programs Persistence | 5,804,000 |
| 2014 Initiatives | 5,804,000 |
| **2014 Total** | 23,216,000 |
| | |
| Total Savings 2011-2014 | 58,040,000 |

**QUESTION #6**

**Reference:** Exhibit 3, pages 22 and 26, lines 17-18

a) Please explain why a coefficient of -9.0 for CDM is considered to be plausible when one might reasonably expect a coefficient closer to -1.0 (i.e., CDM leads to an equivalent reduction in purchases, with some allowance for losses).

**Response:**

The Board Staff interrogatory 6b) was as follows **"**As an alternative to dropping the CDM variable, did NPEI estimate a regression model in which the coefficient of CDM would be constrained at -1.0 or some value nearer to -1 than to -9? In other words, did NPEI estimate a model that would forecast kWh purchases gross of cumulative CDM savings, while retaining the population or customer count variable?"

NPEI's response was as follows:

NPEI has interpreted this interrogatory to be a request for a regression model in which the "CDM kWh Saved" variable is replaced with an explanatory variable that represents cumulative life-to-date CDM kWh savings. NPEI has prepared such a model that includes the cumulative CDM kWh amounts shown in the table below. The Population variable was retained in this model.

| Month | Cumulative CDM kWh Saving (For Staff IR 6b) |
|---|---|
| Jan-02 | - |
| Feb-02 | - |
| Mar-02 | - |
| Apr-02 | - |
| May-02 | - |
| Jun-02 | - |
| Jul-02 | - |
| Aug-02 | - |
| Sep-02 | - |
| Oct-02 | - |
| Nov-02 | - |
| Dec-02 | - |
| Jan-03 | - |
| Feb-03 | - |
| Mar-03 | - |
| Apr-03 | - |
| May-03 | - |
| Jun-03 | - |
| Jul-03 | - |
| Aug-03 | - |
| Sep-03 | - |
| Oct-03 | - |
| Nov-03 | - |
| Dec-03 | - |
| Jan-04 | - |
| Feb-04 | - |
| Mar-04 | - |
| Apr-04 | - |
| May-04 | - |
| Jun-04 | - |
| Jul-04 | - |
| Aug-04 | - |
| Sep-04 | - |
| Oct-04 | - |
| Nov-04 | - |
| Dec-04 | - |
| Jan-05 | 64,076 |
| Feb-05 | 128,151 |
| Mar-05 | 192,227 |
| Apr-05 | 256,302 |
| May-05 | 320,378 |
| Jun-05 | 384,454 |
| Jul-05 | 448,529 |
| Aug-05 | 512,605 |
| Sep-05 | 576,680 |
| Oct-05 | 640,756 |
| Nov-05 | 704,832 |
| Dec-05 | 768,907 |
| Jan-06 | 1,117,148 |
| Feb-06 | 1,465,389 |
| Mar-06 | 1,813,631 |
| Apr-06 | 2,161,872 |
| May-06 | 2,510,113 |
| Jun-06 | 2,858,354 |
| Jul-06 | 3,206,595 |
| Aug-06 | 3,554,837 |
| Sep-06 | 3,903,078 |
| Oct-06 | 4,251,319 |
| Nov-06 | 4,599,560 |
| Dec-06 | 4,947,801 |

| Month | Cumulative CDM kWh Saving (For Staff IR 6b) |
|---|---|
| Jan-07 | 5,603,266 |
| Feb-07 | 6,258,731 |
| Mar-07 | 6,914,196 |
| Apr-07 | 7,569,660 |
| May-07 | 8,225,125 |
| Jun-07 | 8,880,590 |
| Jul-07 | 9,536,055 |
| Aug-07 | 10,191,519 |
| Sep-07 | 10,846,984 |
| Oct-07 | 11,502,449 |
| Nov-07 | 12,157,914 |
| Dec-07 | 12,813,378 |
| Jan-08 | 13,720,092 |
| Feb-08 | 14,626,805 |
| Mar-08 | 15,533,518 |
| Apr-08 | 16,440,231 |
| May-08 | 17,346,945 |
| Jun-08 | 18,253,658 |
| Jul-08 | 19,160,371 |
| Aug-08 | 20,067,084 |
| Sep-08 | 20,973,798 |
| Oct-08 | 21,880,511 |
| Nov-08 | 22,787,224 |
| Dec-08 | 23,693,937 |
| Jan-09 | 24,606,419 |
| Feb-09 | 25,518,901 |
| Mar-09 | 26,431,383 |
| Apr-09 | 27,343,865 |
| May-09 | 28,256,347 |
| Jun-09 | 29,168,829 |
| Jul-09 | 30,081,311 |
| Aug-09 | 30,993,792 |
| Sep-09 | 31,906,274 |
| Oct-09 | 32,818,756 |
| Nov-09 | 33,731,238 |
| Dec-09 | 34,643,720 |
| Jan-10 | 35,753,227 |
| Feb-10 | 36,862,734 |
| Mar-10 | 37,972,241 |
| Apr-10 | 39,081,748 |
| May-10 | 40,191,255 |
| Jun-10 | 41,300,762 |
| Jul-10 | 42,410,269 |
| Aug-10 | 43,519,776 |
| Sep-10 | 44,629,283 |
| Oct-10 | 45,738,790 |
| Nov-10 | 46,848,297 |
| Dec-10 | 47,957,804 |
| Jan-11 | 49,126,951 |
| Feb-11 | 50,296,098 |
| Mar-11 | 51,465,245 |
| Apr-11 | 52,634,392 |
| May-11 | 53,803,539 |
| Jun-11 | 54,972,686 |
| Jul-11 | 56,141,833 |
| Aug-11 | 57,310,980 |
| Sep-11 | 58,480,127 |
| Oct-11 | 59,649,275 |
| Nov-11 | 60,818,422 |
| Dec-11 | 61,987,569 |

The summary output of the regression analysis is as follows:

## Includes Cumulative CDM kWh and Population

| *Regression Statistics* | |
|---|---|
| Multiple R | 0.969737783 |
| R Square | 0.940391369 |
| Adjusted R Square | 0.935649773 |
| Standard Error | 2622236.458 |
| Observations | 96 |

ANOVA

| | *df* | *SS* | *MS* | *F* | *Significance F* |
|---|---|---|---|---|---|
| Regression | 7 | 9.5461E+15 | 1.36373E+15 | 198.3280382 | 4.76093E-51 |
| Residual | 88 | 6.05099E+14 | 6.87612E+12 | | |
| Total | 95 | 1.01512E+16 | | | |

| | *Coefficients* | *Standard Error* | *t Stat* | *P-value* | *Lower 95%* | *Upper 95%* |
|---|---|---|---|---|---|---|
| Intercept | -298207398.3 | 61483756.18 | -4.850181851 | 5.28287E-06 | -420393441.3 | -176021355.4 |
| Heating Degree Days | 24420.62187 | 1985.962068 | 12.2966205 | 8.25082E-21 | 20473.93967 | 28367.30408 |
| Cooling Degree Days | 196532.6038 | 10459.25379 | 18.79030835 | 1.49366E-32 | 175747.0352 | 217318.1725 |
| Ontario Real GDP Monthly % | 33731.4074 | 221158.9585 | 0.152521099 | 0.879125113 | -405775.5401 | 473238.3549 |
| Number of Days in Month | 2884656.783 | 342906.4507 | 8.412372464 | 6.63411E-13 | 2203202.284 | 3566111.283 |
| Cumulative CDM kWh | -0.43023135 | 0.104399197 | -4.121021657 | 8.50858E-05 | -0.637702811 | -0.222759889 |
| Spring Fall Flag | -5085669.335 | 724218.818 | -7.022282781 | 4.37132E-10 | -6524902.022 | -3646436.648 |
| Population | 2288.970228 | 679.7669628 | 3.367286664 | 0.001127472 | 938.0762611 | 3639.864196 |

This model results in predicted purchases of 1,193 GWh for the 2011 Test Year. The adjusted R-Square value is 0.94 and the regression coefficient for the Cumulative CDM variable is -0.43.

NPEI notes that in the regression model above, the Ontario Real GDP explanatory variable appears to be no longer statistically significant. The following table displays the summary output from the regression analysis when the Ontario GDP variable is removed:

## Includes Cumulative CDM kWh and Population, GDP Removed

| Regression Statistics | |
|---|---|
| Multiple R | 0.969729659 |
| R Square | 0.940375611 |
| Adjusted R Square | 0.936355989 |
| Standard Error | 2607807.794 |
| Observations | 96 |

ANOVA

| | df | SS | MS | F | Significance F |
|---|---|---|---|---|---|
| Regression | 6 | 9.54594E+15 | 1.59099E+15 | 233.9462957 | 3.01032E-52 |
| Residual | 89 | 6.05259E+14 | 6.80066E+12 | | |
| Total | 95 | 1.01512E+16 | | | |

| | Coefficients | Standard Error | t Stat | P-value | Lower 95% | Upper 95% |
|---|---|---|---|---|---|---|
| Intercept | -306655699.8 | 26538099.03 | -11.55530016 | 2.10527E-19 | -359386336.2 | -253925063.5 |
| Heating Degree Days | 24445.9274 | 1968.129936 | 12.420891 | 3.87658E-21 | 20535.29523 | 28356.55958 |
| Cooling Degree Days | 196649.8898 | 10373.55157 | 18.95685277 | 5.28764E-33 | 176037.8642 | 217261.9153 |
| Number of Days in Month | 2883172.4 | 340882.2549 | 8.45797151 | 4.96047E-13 | 2205846.635 | 3560498.165 |
| Cumulative CDM kWh | -0.443666045 | 0.055730655 | -7.960897699 | 5.2256E-12 | -0.554401668 | -0.332930423 |
| Spring Fall Flag | -5081332.864 | 719678.6125 | -7.060558388 | 3.50487E-10 | -6511318.907 | -3651346.822 |
| Population | 2388.471029 | 189.9758007 | 12.57250145 | 1.94044E-21 | 2010.993167 | 2765.94889 |

In this model, the Adjusted R-Square value is 0.94, the coefficient of the Cumulative CDM variable is -0.44, and all of the explanatory variables appear to be statistically significant. This model results in predicted purchases of 1,191 GWh for the test year.

The following table compares the results of the two models above that include the Cumulative CDM variable to the regression model that NPEI is proposing in the application:

| Model Version | V4 from Application | Staff IR #6 b | Staff IR #6 b without GDP |
|---|---|---|---|
| **Explanatory Variables Included** | HDD, CDD, GDP Index, Number of Days, CDM, Spring/Fall, Population | HDD, CDD, GDP Index, Number of Days, Cumulative CDM, Spring/Fall, Population | HDD, CDD, Number of Days, Cumulative CDM, Spring/Fall, Population |
| **2010 Bridge Year Predicted Purchases (GWh)** | 1,230.38 | 1,219.20 | 1,219.66 |
| **2011 Test Year Predicted Purchases (GWh)** | 1,277.01 | 1,192.93 | 1,191.37 |
| **Adjusted R-Squared Value** | 0.937 | 0.936 | 0.936 |
| **Population regression coefficient** | 680.78 | 2,288.97 | 2,388.47 |
| **CDM kWh Saved Coefficient** | (9.00) | n/a | n/a |
| **Cumulative CDM kWh Saved Coefficient** | n/a | (0.43) | (0.44) |

As a result the cumulative CDM kwh saved co-efficient is more plausible than just the CDM kWh saved.

However, NPEI submits that with any of the regression models considered, the coefficients of the explanatory variables should not be interpreted as having too much physical significance. For example, in NPEI's proposed weather normalization model, the coefficient of -9.0 for the CDM kWh Saved variable does not indicate that saving 1 kWh of CDM savings will directly reduce NPEI's system purchases by 9 kWh. Rather, the coefficient of -9 represents the overall trend in the system consumption that is statistically most correlated with the CDM variable. Some of this effect is physically related to CDM efforts and some if this effect is only statistically modeled by the CDM variable, not physically caused by CDM efforts.

## QUESTION #7

**Reference:** Exhibit 3, page 36

a) Please provide a schedule that sets out for the years 2007-2009:

- The difference in each year between the actual and "weather normal" values for HDD and CDD.
- The products of these differences for HDD and CDD and the respective coefficients for HDD and CDD as determined by the regression analysis.
- An estimation of the weather normal purchases for each year determined by adjusting actual purchases by the results calculated in the previous bullet.

b) What were NPEI's actual purchases for 2010?

c) Using the approach set out in part (a), what were the "weather normal" purchases for 2010?

**Response**

a) The tables below set out the requested calculation of "weather normal" purchases for 2007 to 2009:

| Year | Actual | | Weather Normal | | Difference | | Regression Coefficient | | Difference * Coefficient | |
|---|---|---|---|---|---|---|---|---|---|---|
| | HDD | CDD | HDD | CDD | HDD | CDD | HDD | CDD | HDD | CDD |
| 2007 | 3,363.7 | 422.1 | 3,403.5 | 353.2 | 39.8 | (68.9) | 24,605.3 | 195,869.4 | 978,913 | (13,502,521) |
| 2008 | 3,527.9 | 303.6 | 3,403.5 | 353.2 | (124.4) | 49.6 | 24,605.3 | 195,869.4 | (3,061,272) | 9,707,997 |
| 2009 | 3,507.9 | 239.3 | 3,403.5 | 353.2 | (104.4) | 113.9 | 24,605.3 | 195,869.4 | (2,568,921) | 22,302,397 |

| Purchases | 2007 | 2008 | 2009 |
|---|---|---|---|
| Actual Purchases (kWh) | 1,283,916,366 | 1,248,342,618 | 1,217,543,467 |
| Adjust for difference, Actual to Weather Normal HDD (kWh) | 978,913 | (3,061,272) | (2,568,921) |
| Adjust for difference, Actual to Weather Normal CDD (kWh) | (13,502,521) | 9,707,997 | 22,302,397 |
| Weather Normalized Purchases (kWh) | 1,271,392,759 | 1,254,989,344 | 1,237,276,944 |

b) NPEI's actual purchases for 2010 are as follows:

| Month | 2010 kWh Purchases |
|---|---|
| Jan | 112,413,953 |
| Feb | 98,822,728 |
| Mar | 99,590,880 |
| Apr | 88,866,064 |
| May | 97,708,833 |
| Jun | 106,489,650 |
| Jul | 129,819,711 |
| Aug | 125,064,295 |
| Sep | 98,983,964 |
| Oct | 93,865,161 |
| Nov | 96,656,392 |
| Dec | 111,304,958 |
| Total | 1,259,586,591 |

c) NPEI's actual 2010 weather data is included in the table below.

| Month | Actual 2010 Weather Data | |
|---|---|---|
| | HDD | CDD |
| Jan | 653.3 | 0.0 |
| Feb | 551.1 | 0.0 |
| Mar | 434.7 | 0.0 |
| Apr | 253.2 | 0.0 |
| May | 129.4 | 22.4 |
| Jun | 15.0 | 60.6 |
| Jul | 1.9 | 174.6 |
| Aug | 1.4 | 145.7 |
| Sep | 49.5 | 40.2 |
| Oct | 218.2 | 0.5 |
| Nov | 392.4 | 0.0 |
| Dec | 600.5 | 0.0 |
| Total | 3300.6 | 444.0 |

Using the 2010 actual weather data and the same approach as in part a), NPEI has computed the "weather normal" 2010 purchases as follows:

| | |
|---|---|
| 2010 Actual Purchases | 1,259,586,591 |
| Adjust HDD to Weather Normal<br>(3403.5 - 3300.6) * 24,605.3 | 2,531,506 |
| Adjust CDD to Weather Normal<br>(353.2 - 444.0) * 195,869.4 | (17,792,060) |
| 2010 Weather Normal Purchases | 1,244,326,037 |

**QUESTION #8**

**Reference:** Exhibit 3, pages 39-43

a) Are the data shown in Table 3-12 year end values or average annual values?

b) Please confirm that for Streetlights, Sentinel Lights and USL the values shown are the Number of Connections. For each, please also indicate if the number of connections is assumed to be equivalent to the number of fixtures/devices. If not, please indicate the relationship.

c) With respect to Tables 3-16 and 3-17 please indicate the historical geometric mean growth rate calculated for each customer class.

d) Please provide a schedule that sets out the actual customer/connection count (by customer class) for the most recent month available.

**Response**

a) The data shown in Table 3-12 are average annual values.

b) For Streetlights, Sentinel Lights and USL the values shown in Table 3-12 are the number of connections. Yes the number of connections is assumed to be equivalent to the number of fixtures/devices.

c) The calculated historical geometric mean growth rate for each customer class is provided in the table below.

| Year | Residential | General Service < 50 kW | General Service > 50 kW | Streetlights | Sentinel Lights | Unmetered Scattered Load |
|---|---|---|---|---|---|---|
| Annual Growth Rate in Usage per Customer/Connection | | | | | | |
| 2003 | | | | | | |
| 2004 | 0.957 | 0.961 | 1.140 | 1.026 | 0.969 | 1.002 |
| 2005 | 1.141 | 0.926 | 1.041 | 1.047 | 1.298 | 0.986 |
| 2006 | 0.956 | 0.974 | 0.908 | 1.099 | 0.828 | 0.993 |
| 2007 | 1.014 | 1.056 | 1.057 | 0.844 | 0.972 | 0.939 |
| 2008 | 0.960 | 0.992 | 0.980 | 1.064 | 0.980 | 0.978 |
| 2009 | 0.957 | 0.978 | 0.973 | 0.957 | 1.024 | 1.003 |
| **Geomean** | **0.996** | **0.980** | **1.014** | **1.002** | **1.002** | **0.984** |

d) As at January 31, 2011 the actual/connection counts by customer class are as follows:

| | | | |
|---|---|---|---|
| Residential | 45,819 | Sentinel | 417 |
| GS<50 | 4,333 | USL | 359 |
| GS>50 | 851 | Streetlights | 12,372 |

## QUESTION #9

**Reference:** Exhibit 3, page 55

a) Please explain the decrease in Revenue from Non-Utility Operations (Acct. #4375) forecast between 2008 and 2011.

b) Please confirm that the amounts reported for Account #4405 (Interest and Dividends) do not include any interest related to regulatory asset accounts.

## Response

a) Account 4375 includes the OPA performance incentives. In 2009, there were 3 years of OPA program incentives trued-up. Please see the table below:

**Summary of OPA performance revenues by Year received**

| | Year revenues were accounted for | | | | |
|---|---|---|---|---|---|
| **Program Year** | **2008** | **2009** | **2010** | **2011** | **Total** |
| 2007 OPA programs | 50,899 | 64,200 | | | 115,099 |
| 2008 OPA programs | | 77,314 | | | 77,314 |
| 2009 OPA programs | | 40,709 | | | 40,709 |
| 2010 OPA programs | | | 60,038 | | 60,038 |
| 2011 OPA programs | | | | 65,480 | 65,480 |
| | 50,899 | 182,223 | 60,038 | 65,480 | 358,640 |

b) NPEI confirms the amounts reported for Account #4405 does not include any interest related to regulatory assets in Table 3-30.

## QUESTION #10

**Reference:** Exhibit 2, pages 148-152

a) Please provide a revised version of the Commodity portion of Table 2-27 based on the most recent OEB RPP report.

### Response

NPEI has revised the commodity portion of Table 2-27 to reflect the forecast supply costs provided by the OEB in the most recent RPP Price Report (November 2010 to October 2011, issued October 18, 2010). The supply costs included in this report are $68.38 per MWh for RPP and $65.61 per MWh for Non-RPP ($39.23 for the forecast wholesale electricity price plus $26.38 for the Global Adjustment).

The updated table is provided below.

| ***Electricity - Commodity*** Class per Load Forecast | 2011 Forecasted Metered kWhs - RPP | 2011 Loss Factor | 2011 | | |
|---|---|---|---|---|---|
| Residential | 388,590,040 | 1.0560 | 410,347,303 | $0.06838 | $28,059,549 |
| Street Lighting | 6,569,845 | 1.0560 | 6,937,692 | $0.06838 | $474,399 |
| Sentinel Lighting | 179,047 | 1.0560 | 189,072 | $0.06838 | $12,929 |
| GS<50kW | 101,825,576 | 1.0560 | 107,526,818 | $0.06838 | $7,352,684 |
| GS>50kW | 88,078,213 | 1.0560 | 93,009,737 | $0.06838 | $6,360,006 |
| Intermediate | | 1.0560 | 0 | $0.06838 | $0 |
| Unmetered Scattered Load | 1,211,706 | 1.0560 | 1,279,549 | $0.06838 | $87,496 |
| **TOTAL** | **586,454,426** | | **619,290,171** | | **$42,347,062** |

| ***Electricity - Commodity*** Class per Load Forecast | 2011 Forecasted Metered kWhs - Non-RPP | 2011 Loss Factor | 2011 | | |
|---|---|---|---|---|---|
| Residential | 70,816,883 | 1.0560 | 74,781,940 | $0.06561 | $4,906,443 |
| Street Lighting | 897,746 | 1.0560 | 948,011 | $0.06561 | $62,199 |
| Sentinel Lighting | 113,770 | 1.0560 | 120,140 | $0.06561 | $7,882 |
| GS<50kW | 19,611,967 | 1.0560 | 20,710,046 | $0.06561 | $1,358,786 |
| GS>50kW | 535,728,457 | 1.0560 | 565,724,040 | $0.06561 | $37,117,154 |
| Intermediate | | 1.0560 | 0 | $0.06561 | $0 |
| Unmetered Scattered Load | 1,123,722 | 1.0560 | 1,186,640 | $0.06561 | $77,855 |
| **TOTAL** | **628,292,545** | | **663,470,818** | | **$43,530,320** |

| ***Transmission - Network*** Class per Load Forecast | | Volume Metric | 2011 | | |
|---|---|---|---|---|---|
| Residential | | kWh | 485,129,243 | $0.0053 | $2,571,185 |
| Street Lighting | | kW | 20,107 | $1.5063 | $30,288 |
| Sentinel Lighting | | kW | 809 | $1.5139 | $1,225 |
| GS<50kW | | kWh | 128,236,864 | $0.0049 | $628,361 |
| GS>50kW | | kW | 1,806,009 | $1.9973 | $3,607,143 |
| Intermediate | | kW | | $0.0000 | $0 |
| Unmetered Scattered Load | | kWh | 2,466,189 | $0.0049 | $12,084 |
| **TOTAL** | | | | | **$6,850,285** |

| ***Transmission - Connection*** | | Volume | | | |
|---|---|---|---|---|---|
| **Class per Load Forecast** | | **Metric** | | **2011** | |
| Residential | | kWh | 485,129,243 | $0.0046 | $2,231,595 |
| Street Lighting | | kW | 20,107 | $1.2583 | $25,301 |
| Sentinel Lighting | | kW | 809 | $1.2847 | $1,039 |
| GS<50kW | | kWh | 128,236,864 | $0.0041 | $525,771 |
| GS>50kW | | kW | 1,806,009 | $1.6277 | $2,939,642 |
| Intermediate | | kW | 0 | $0.0000 | $0 |
| Unmetered Scattered Load | | kWh | 2,466,189 | $0.0041 | $10,111 |
| **TOTAL** | | | | | **$5,733,459** |

| ***Wholesale Market Service*** | | | | | |
|---|---|---|---|---|---|
| **Class per Load Forecast** | | | | **2011** | |
| Residential | | kWh | 485,129,243 | $0.0052 | $2,522,672 |
| Street Lighting | | kWh | 7,885,703 | $0.0052 | $41,006 |
| Sentinel Lighting | | kWh | 309,212 | $0.0052 | $1,608 |
| GS<50kW | | kWh | 128,236,864 | $0.0052 | $666,832 |
| GS>50kW | | kWh | 658,733,777 | $0.0052 | $3,425,416 |
| Intermediate | | kWh | 0 | $0.0052 | $0 |
| Unmetered Scattered Load | | kWh | 2,466,189 | $0.0052 | $12,824 |
| **TOTAL** | | | | | **$6,670,357** |

| ***Rural Rate Assistance*** | | | | | |
|---|---|---|---|---|---|
| **Class per Load Forecast** | | | | **2011** | |
| Residential | | kWh | 485,129,243 | $0.0013 | $630,668 |
| Street Lighting | | kWh | 7,885,703 | $0.0013 | $10,251 |
| Sentinel Lighting | | kWh | 309,212 | $0.0013 | $402 |
| GS<50kW | | kWh | 128,236,864 | $0.0013 | $166,708 |
| GS>50kW | | kWh | 658,733,777 | $0.0013 | $856,354 |
| Intermediate | | kWh | 0 | $0.0013 | $0 |
| Unmetered Scattered Load | | kWh | 2,466,189 | $0.0013 | $3,206 |
| **TOTAL** | | | | | **$1,667,589** |

| | **2011** |
|---|---|
| 4705-Power Purchased | $85,877,382 |
| 4708-Charges-WMS | $6,670,357 |
| 4714-Charges-NW | $6,850,285 |
| 4716-Charges-CN | $5,733,459 |
| 4730-Rural Rate Assistance | $1,667,589 |
| 4750-Low Voltage | $360,512 |
| **TOTAL** | **107,159,585** |

Total Cost of Power as filed in the rate application changes from $99,990,688 to $107,159,585 and increase of $7,168,897.

## QUESTION #11

**Reference:** Exhibit 2, pages 153-154

a) Please re-do the LV forecast for 2011 using the actual charge determinants for January – December 2010 and Hydro One Networks' approved 2011 Sub-Transmission rates.

## Response

NPEI has revised the 2011 forecast of LV charges using the actual charge determinants from the January to December 2010 Hydro One invoices and the approved 2011 Sub-Transmission rates:

| Component | Charge Determinant per Month | HONI Rate Effective Jan 2011 | 2010 Actual Charge Determinants | Monthly/ Yearly | Multiplier | Forecast 2011 LV |
|---|---|---|---|---|---|---|
| Service Charge | $/Delivery Pt | $292.56 | 10 | Month | 12 | $35,107.20 |
| Meter Charge | $/Meter | $466.14 | 2 | Month | 12 | $11,187.36 |
| Common ST Lines Charge | $/KW | $0.668 | 229,015 | Year | 1 | $152,982.02 |
| Specific Primary Lines Charge | $/KM | | | | | |
| LVDS | $/KW | $1.944 | 53,333 | Year | 1 | $103,679.35 |
| Specific ST Lines Charges | $/KM | $633.28 | 0.13 | Month | 12 | $987.92 |
| HVDS Low | $/KW | | | | | |
| HVDS High | $/KW | $1.597 | 157,005 | Year | 1 | $250,736.99 |
| | | | | **Totals** | | **$554,680.83** |

**QUESTION #12**

**Reference:** Exhibit 7, page 13

a) Please explain how the distribution revenues by customer class (e.g. $16,411,383 for Residential) were established.

**Response:**

The total Distribution Revenue per I3 TB Data cell H260 = $30,235,583 or the Base Revenue Requirement is allocated using the Distribution Revenue Proportion on Existing Rates which is from the Rate Design Model, Tab 2011 Test Yr on Existing Rates, column K, cells 9 to 15, please see the Table below:

| | Dist Rev At Existing Rates % | Base Revenue Requirement |
|---|---|---|
| | | 30,235,583 |
| **Residential** | 54.28% | 16,411,383 |
| **GS < 50 kW** | 12.29% | 3,716,300 |
| **GS >50** | 32.60% | 9,858,152 |
| **Large Use** | 0.00% | 0 |
| **Sentinel Lights** | 0.03% | 9,072 |
| **Street Lighting** | 0.32% | 97,344 |
| **USL** | 0.47% | 143,333 |
| | 100% | 30,235,583 |

**QUESTION #13**

**Reference:** Exhibit 8, pages 8-11

a) On page 8, NPEI states that "the OEB has indicated that for the time being, it does not expect distributors to make changes to the monthly service charge that result in a charge that is greater than the ceiling defined in the Methodology for the monthly service charge". Please explain why this expectation of the Board is not viewed as a ceiling (per page 9, lines 7-8).

**Response**

On page 9 of Exhibit 8, NPEI is referring to its GS>50 class where the ceiling monthly service charge calculated by the Cost Allocation Model is $114.35, however the proposed monthly service charge of $222.81 is above this ceiling amount. Based on the Board findings from the Report on Application of Cost Allocation, and the Norfolk Power EB-2007-0753 decision by the Board "In light of the consultation initiated by the Board on these subjects it would be inappropriate to attempt to predict its outcome and to impose a new structure on the Applicant. Accordingly the Board accepts the Applicant's proposal." As a result NPEI did not adjust its GS>50 monthly service charge downward to the ceiling amount. NPEI understands there is an approved ceiling amount however, this ceiling is under review.

**QUESTION #14**

**Reference:** Exhibit 8, pages 15-22

a) Please provide a schedule that sets out the IESO and HON charges for Network and Connection based on 2009 billing determinants and approved 2011 rates.

b) Please provide the results of escalating the total costs for each of Network and Connection per part (a) by the (%) increase in purchased energy from 2009 actual to 2011 forecast.

c) Please provide a schedule that sets out the revenues for 2011 (by customer class and in total) based on forecast billing determinants and the harmonized equivalent of currently approved RTSRs (per Tables 8-13 and 8-14).

d) Based on the percentage differences between the results for parts (b) and (c), please calculate the adjusted RTSR's for 2011 required to recover the costs for Network and Connection service as determined in part (b).

**Response**

a) The table below sets out the charges for Network and Connection based on 2009 billing determinants and approved 2011 rates.

**Transmission Charges Based on 2009 Charge Determinants and 2011 Approved Rates**

| Supplied By | 2009 Charge Determinants (kW) | | | Approved 2011 Rates ($/kW) | | | 2009 Determinants at 2011 Rates ($) | | |
|---|---|---|---|---|---|---|---|---|---|
| | NW | CN (Line) | CN (Trans) | NW | CN (Line) | CN (Trans) | NW | CN (Line) | CN (Trans) |
| IESO | 1,917,013 | 1,953,089 | 1,458,786 | 3.22 | 0.79 | 1.77 | 6,172,781 | 1,542,941 | 2,582,051 |
| Hydro One | 381,058 | 396,697 | 428,264 | 2.65 | 0.64 | 1.50 | 1,009,803 | 253,886 | 642,396 |
| Niagara West | | | 176,937 | | | 1.50 | - | - | 265,405 |
| Total | 2,298,070 | 2,349,786 | 2,063,987 | | | | 7,182,583 | 1,796,827 | 3,489,853 |
| | | | | | | | | Total CN | 5,286,679 |

b) The results of escalating each of the Network and Connection costs per part a) by the % increase in purchased energy from 2009 actual to 2011 forecast is as follows:

| | |
|---|---|
| 2009 Total Actual Energy Purchases (GWh) | 1,217.54 |
| 2011 Forecast Total Energy Purchases (GWh) | 1,277.01 |
| % Increase in Purchased Energy, 2011 over 2009 | 4.88% |

| | |
|---|---|
| Total Network Charges, per Part a) | 7,182,583 |
| Escalate by 4.88% | 350,834 |
| Total Forecast 2011 Network Charges | 7,533,417 |
| | |
| Total Connection Charges, per Part a) | 5,286,679 |
| Escalate by 4.88% | 258,228 |
| Total Forecast 2011 Connection Charges | 5,544,907 |

c) The table below indicates the transmission revenues for 2011 based on forecast billing determinants and the harmonized equivalent of current approved 2010 RTSRs.

| | | | Current Harmonized Equivalent RTSR ($/kWh or $/kW) | | Forecast Revenues at Current Harmonized Equivalent Rate ($) | |
|---|---|---|---|---|---|---|
| **Customer Class** | **Volume Metric** | **2011 Forecast** | **Network** | **Connection** | **Network** | **Connection** |
| Residential | kWh | 459,406,923 | 0.0053 | 0.0048 | 2,417,393 | 2,200,591 |
| GS<50 kW | kWh | 121,437,543 | 0.0048 | 0.0042 | 586,203 | 515,576 |
| GS>50 kW | kW | 1,806,009 | 1.9802 | 1.6642 | 3,576,261 | 3,005,497 |
| Sentinel | kW | 809 | 1.4661 | 1.3906 | 1,186 | 1,125 |
| Streetlighting | kW | 20,107 | 1.4970 | 1.2785 | 30,102 | 25,708 |
| Unmetered/Scattered | kWh | 2,335,428 | 0.0048 | 0.0043 | 11,260 | 9,942 |
| | | | | | 6,622,405 | 5,758,439 |

d) NPEI has calculated the percentage differences between the costs from part b) and the revenues from part c) as follows:

| | |
|---|---|
| Network Charges from Part b) | 7,533,417 |
| Network Revenues from Part c) | 6,622,405 |
| Increase (Decrease) required for Network | 911,012 |
| % Increase (Decrease) Required for Network | 13.8% |

| | |
|---|---|
| Connection Charges from Part b) | 5,544,907 |
| Connection Revenues from Part c) | 5,758,439 |
| Increase (Decrease) required for Connection | (213,532) |
| % Increase (Decrease) Required for Connection | -3.7% |

Increasing (decreasing) the current harmonized equivalent RTSRs by the percentages computed above gives the following adjusted RTSRs for 2011:

| Customer Class | Volume Metric | Current Harmonized Equivalent RTSR ($/kWh or $/kW) | | Required Adjustment as per VECC IR 14 | | Adjusted RTSRs as per VECC IR 14 | |
|---|---|---|---|---|---|---|---|
| | | Network | Connection | Network | Connection | Network | Connection |
| Residential | kWh | 0.0053 | 0.0048 | 13.8% | -3.7% | 0.0060 | 0.0046 |
| GS<50 kW | kWh | 0.0048 | 0.0042 | 13.8% | -3.7% | 0.0055 | 0.0041 |
| GS>50 kW | kW | 1.9802 | 1.6642 | 13.8% | -3.7% | 2.2526 | 1.6025 |
| Sentinel | kW | 1.4661 | 1.3906 | 13.8% | -3.7% | 1.6678 | 1.3390 |
| Streetlighting | kW | 1.4970 | 1.2785 | 13.8% | -3.7% | 1.7030 | 1.2311 |
| Unmetered/Scattered | kWh | 0.0048 | 0.0043 | 13.8% | -3.7% | 0.0055 | 0.0041 |

**QUESTION #15**

**Reference:** Exhibit 8, page 43

a) Please confirm that NPEI is not proposing to change any of its existing Specific Service Charges or introduce any new Specific Service Charges.

**Response**

NPEI confirms that it is not proposing to change any of its Specific Service Charges or introduce any new Specific Service Charges.

**QUESTION #16**

**Reference**: Exhibit 8, pages 59-64

a) Based on the most recent 12 months of customer billing data please indicate the number of former Peninsula West Residential Urban customers whose average monthly use falls in the following ranges:
   - Less than 250 kWh/month
   - 250 kWh to <500 kWh per month

b) Based on the most recent 12 months of customer billing data please indicate the number of former Peninsula West Residential Suburban customers whose average monthly use falls in the following ranges:
   - Less than 250 kWh/month
   - 250 kWh to <500 kWh per month

c) Was any consideration given to phasing in the harmonization of the Residential rates in order to mitigate the greater than 10% total bill impacts for these customers? If not, why not? If yes, why was it rejected?

**Response**

a) Based on the most recent 12 months of customer billing data, the number of former Peninsula West Residential Urban customers whose average monthly use falls in the following ranges:

- Less than 250 kWh/month

There were 850 former Peninsula West Residential Urban customers whose average monthly use fell in this range.

- 250 kWh to <500 kWh per month

There were 2,096 former Peninsula West Residential Urban customers whose average monthly use fell in this range.

b) Based on the most recent 12 months of customer billing data, the number of former Peninsula West Residential Suburban customers whose average monthly use falls in the following ranges:

- Less than 250 kWh/month

There were 272 former Peninsula West Residential Suburban customers whose average monthly use fell in this range.

- 250 kWh to <500 kWh per month

There were 437 former Peninsula West Residential Suburban customers whose average monthly use fell in this range.

c) No consideration was given to phasing in the harmonization of the Residential rates in order to mitigate the greater than 10% total bill impacts for these customers to ensure that the customer has only one rate change per year. We continue to work with all of NPEI's customers on conservation education to decrease usage and payment arrangements due to the impact of any bill.

**QUESTION #17**

**Reference:** Exhibit 9, pages 31-32

a) Please explain the significant drop in both revenues and costs posted to Accounts #1518 and #1548 between 2008 and 2009.

b) Please confirm that for these two accounts costs have exceeded revenues for all years from 2005 to 2009.

c) What increase in charges would have been required in order to equate the revenues and costs for each account over this period?

**Response**

a) NPEI notes that the figures in the additions and reductions columns in the continuity schedule do not represent expenses and revenues, respectively. The transactions shown for 2008 in the continuity schedule include amounts of 542,190 for account 1518 and 313,915 for account 1548, as both additions and reductions, which relate to amounts approved for disposition in NPEI's 2006 EDR applications. The transactions shown for 2009 are the sums of the monthly differences between revenues and expenses.

The following table indicates NPEI's 2008 and 2009 RCVA transactions, which have been restated such that the additions represent expenses and the reductions represent revenues:

| Year | Account | | Transactions (Additions ) During Year excluding interest and adjustments | Transactions (Reductions ) During Year excluding interest and adjustments | Net Change for Year |
|---|---|---|---|---|---|
| **2008** | | 1518 | 130,208 | (83,874) | 46,334 |
| | | 1548 | 60,101 | (2,501) | 57,600 |
| | **Total RCVA** | | **190,309** | **(86,375)** | **103,934** |
| **2009** | | 1518 | 124,511 | (80,996) | 43,514 |
| | | 1548 | 54,027 | (1,124) | 52,903 |
| | **Total RCVA** | | **178,537** | **(82,120)** | **96,417** |

b) NPEI confirms that the two cost accounts have exceeded revenues for all years from 2005 to 2009.

c) The largest component of the NPEI's retailer revenues are the variable charges of $0.50 per retailer customer. Based on the 2009 revenues, NPEI had 117,962 individual retailer transactions. In order to arrive at a zero variance for 2009, the revenue for each of these transactions would have to increase by 96,417 / 117,962 = $0.82. Therefore, increasing the per customer charge from $0.50 to $1.32 would equate NPEI's retailer revenues and costs.

**QUESTION #18**

**Reference:** Exhibit 9, pages 14and 16

a) Please confirm that the EDDVAR Report (page 21) only directed that distribution revenues be used to allocated certain specific HONI #1508 Accounts.

b) Please confirm that NPEI's Account #1508 costs related to additional charges from HONI for Sub-Transmission service.

c) Please recalculate the allocation of the disposition to classes using LV revenues by class to allocate Account #1508.

**Response**

a) NPEI confirms that the EDDVAR Report, at page 21, only directs that distribution revenues be used to allocate certain specific Hydro One accounts that are recorded in 1508.

b) NPEI confirms that the costs it has recorded in 1508 relate to the Hydro One approved Incremental Capital Rate Rider that was applied to charges for Sub-Transmission service.

c) NPEI has recalculated the customer class allocation for this account using LV revenues. The following tables display the results of the revised allocation.

| USoA Account Number | Deferral and Variance Accounts (Excluding Global Adjustment Sub-Account) | Balance for Disposition | Allocation Factor | Residential | GS < 50 kW | GS > 50 kW | Sentinel Lights | Streetlighting | Unmetered and Scattered | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Group 1 Accounts** | | | | | | | | | | |
| 1550 | Low Voltage Account | $ (472,199) | kWh | $ (159,756) | $ (51,855) | $ (256,656) | $ (175) | $ (2,933) | $ (825) | $ (472,199) |
| 1580 | RSVA - Wholesale Market Service Charge | $ (472,557) | kWh | $ (159,877) | $ (51,894) | $ (256,851) | $ (175) | $ (2,936) | $ (825) | $ (472,557) |
| 1584 | RSVA - Retail Transmission Network Charge | $ 151,976 | kWh | $ 51,417 | $ 16,689 | $ 82,604 | $ 56 | $ 944 | $ 265 | $ 151,976 |
| 1586 | RSVA - Retail Transmission Connection Charge | $ (424,470) | kWh | $ (143,608) | $ (46,613) | $ (230,714) | $ (157) | $ (2,637) | $ (741) | $ (424,470) |
| 1588 | RSVA - Power (excluding Global Adjustment) | $ (850,669) | kWh | $ (287,801) | $ (93,416) | $ (462,367) | $ (314) | $ (5,284) | $ (1,486) | $ (850,669) |
| | **Subtotal - Group 1 Accounts** | $ (2,067,919) | | $ (699,624) | $ (227,088) | $ (1,123,984) | $ (764) | $ (12,846) | $ (3,611) | $(2,067,919) |
| **Group 2 Accounts** | | | | | | | | | | |
| 1508 | Other Regulatory Assets - HONI Incremental Capital Charge | $ 4,198 | LV Revenue | $ 1,794 | $ 418 | $ 1,959 | $ 2 | $ 18 | $ 7 | $ 4,198 |
| 1518 | Retail Cost Variance Account - Retail | $ 463,917 | # of Customers | $ 413,158 | $ 40,148 | $ 7,748 | $ 1,436 | $ 37 | $ 1,390 | $ 463,917 |
| 1548 | Retail Cost Variance Account - STR | $ 343,178 | # of Customers | $ 305,630 | $ 29,699 | $ 5,731 | $ 1,062 | $ 27 | $ 1,029 | $ 343,178 |
| 1582 | RSVA - One-time Wholesale Market Service | $ 7,330 | kWh | $ 2,480 | $ 805 | $ 3,984 | $ 3 | $ 46 | $ 13 | $ 7,330 |
| | **Subtotal - Group 2 Accounts** | $ 818,623 | | $ 723,062 | $ 71,070 | $ 19,423 | $ 2,503 | $ 128 | $ 2,438 | $ 818,623 |
| | **Total for Disposition** | $ (1,249,295) | | $ 23,437 | $ (156,018) | $ (1,104,561) | $ 1,738 | $ (12,719) | $ (1,173) | $(1,249,295) |
| | **Balance to be collected or refunded per year** | **$ (1,249,295)** | | **$ 23,437** | **$ (156,018)** | **$ (1,104,561)** | **$ 1,738** | **$ (12,719)** | **$ (1,173)** | **$(1,249,295)** |

| Class | Residential | GS < 50 kW | GS > 50 kW | Sentinel Lights | Streetlighting | Unmetered and Scattered |
|---|---|---|---|---|---|---|
| **Regulatory Asset Rate Riders** | $ 0.0001 | $ (0.0013) | $ (0.6116) | $ 2.1490 | $ (0.6325) | $ (0.0005) |
| **Billing Determinants** | kWh | kWh | kW | kW | kW | kWh |

| USoA Account Number | Deferral and Variance Accounts (Global Adjustment Sub-Account) | Balance for Disposition | Allocation Factor | Residential | GS < 50 kW | GS > 50 kW | Sentinel Lights | Streetlighting | Unmetered and Scattered | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | |
| **Group 1 Accounts** | | | | | | | | | | |
| 1588 | RSVA - Power - Sub-Account - Global Adjustment | $1,152,393 | kWh for Non-RPP Customers | $ 111,625 | $ 37,959 | $ 999,104 | $ 307 | $ 1,598 | $ 1,799 | $1,152,393 |
| | **Subtotal - Group 1 Accounts** | $1,152,393 | | $ 111,625 | $ 37,959 | $ 999,104 | $ 307 | $ 1,598 | $ 1,799 | $1,152,393 |
| | | | | | | | | | | |
| | **Total for Disposition** | $1,152,393 | | $ 111,625 | $ 37,959 | $ 999,104 | $ 307 | $ 1,598 | $ 1,799 | $1,152,393 |
| | | | | | | | | | | |
| | Balance to be collected or refunded per year | $1,152,393 | | $ 111,625 | $ 37,959 | $ 999,104 | $ 307 | $ 1,598 | $ 1,799 | $1,152,393 |

| Class | Residential | GS < 50 kW | GS > 50 kW | Sentinel Lights | Streetlighting | Unmetered and Scattered |
|---|---|---|---|---|---|---|
| **Global Adjustment Rate Riders** | $ 0.0016 | $ 0.0019 | $ 0.6442 | $ 0.9780 | $ 0.6613 | $ 0.0016 |
| **Billing Determinants** | kWh | kWh | kW | kW | kW | kWh |

**QUESTION #19**

**Reference:** Exhibit 9, pages 22-24

a) Was the same type of smart meter purchased and installed for all customers?

b) If not, please provide a schedule that breaks the capital spending on Smart Meters down as between meters for Residential vs. GS<50 vs. GS>50 customers, by type. Please also include the number of meters purchased for each class and the resulting capital cost per meter.

c) If not, please explain why only one type of smart meter is shown in Sheet I7.1 (Meter Capital) of the Cost Allocation model.

**Response**

a) Yes the same type of smart meter was purchased and installed for all customers for those meters being transferred into rate base.

b) N/A

c) N/A

**QUESTION #20**

**Reference:** Exhibit 2, page 10

a) Please explain why the Telephone Accessibility SQI was below the 65% Standard in 2009 and indicate how NPEI has addressed this issue.

b) Please update this table by providing 2010 SQIs if available.

c) Why is the "Rescheduling a missed appointment – contact before missed and rescheduling within 1 day" unavailable for 2009?

**Response**

a) In review of the 2009 Telephone Accessibility SQI of being below 65% standard, it was found that with a billing system conversion, new telephone system, and staff shortages (due to long term unexpected sick time), customer service and billing representatives were feeling overwhelmed with the number of customer support, frequently ask questions and account inquiry phone calls. They were unable to manage call volumes, as well as, manage their administrative duties.

It became evident that NPEI needed to investigate ways to improve customer service without sacrificing employee productivity. As an immediate measure, temporary staff was recruited and training commenced.

With internet presence, web presentment tools were the natural solution. NPEI set out the requirements to implement a customer self service offering providing 24/7 customer self service functionality including a variety of customer inquiries, information on energy conservation and other power related resources. The web presentment tool will provide a secure access to customer billing and consumption history to compliment the customer service call centre which would relieve some of the stress put on the call centre representatives. The solution needed the scalability and flexibility to manage future internet projects including outage management, and would allow internal staff to create and manage site content. The critical success factors for the Online site include ease of use for customers and service representatives, downloadable data into spreadsheets for commercial customers, downloadable views of statements for residential customers and single access points for multiple account holders.

The implementation of a web presentment tool to address and improve telephone accessibility SQI was frustrating to NPEI in that it would take time to develop, install and train staff on a new solution. While trying to alleviate high volume of calls, NPEI would need to bring in temporary staff to meet the immediate need of getting calls answered; however, this also would take time leading to a gradual improvement to the SQI as new customer service measures were introduced such as placement and training of new staff, movement of existing staff between the call centre and the counter, and the implementation of web presentment tools.

NPEI found that 2010 was a transition period as new staff trained.

In addition to web presentment, NPEI introduced telephony solutions to address automated self service menus for customers to retrieve customer balance and payment history without being delayed in the call centre queues.

SQI was not improved in 2010 due to the timing of recruiting and training of staff and implementation of telephony (IVR) solutions where the automated balance and payment lookup was implemented in November 2010, representing that there would not be an improvement to SQI until December 2010 which was observed.

With the telephony solution in place and staff now trained, 2011 SQI is seeing gradual improvement. As call back solutions within the call centre, and web presentment tools are implemented in 2011, NPEI is confident that the SQI will continue to improve.

b) The data used historically for the Telephone Accessibility SQI represented general inquiries; it did not report on the remaining other queues such as billing, collections, and specific customer service queues such as moving, and new services. Therefore, to represent the performance of the entire call centre, the following tables outline the general inquiries, followed by all queues for 2010 SQIs.

To show the gradual increase in SQI, the 2011 numbers are also presented.

**Telephone Accessibility ( TelefonServicFactor TSF) – 2010 using Inquiries**

| **Month** | **# of General Inquiry Telephone Calls Answered within 30 sec** | **# of General Inquiry Calls** | **% TSF** |
|---|---|---|---|
| January | 795 | 1990 | 40% |
| February | 426 | 1641 | 26% |
| March | 700 | 1787 | 39% |
| April | 568 | 1680 | 34% |
| May | 627 | 1692 | 37% |
| June | 648 | 2252 | 29% |
| July | 337 | 1994 | 17% |
| August | 325 | 1853 | 18% |
| September | 176 | 1620 | 11% |
| October | 189 | 1600 | 12% |
| November | 245 | 1711 | 14% |
| December | 710 | 1626 | 44% |
| **Total** | 5746 | 21,446 | 27% |
| | | | |

**Telephone Accessibility ( TelefonServicFactor TSF) – 2010 using All Queues**

| Month | # of General Inquiry Telephone Calls Answered within 30 sec | # of General Inquiry Calls | % TSF |
|---|---|---|---|
| January | 2699 | 5598 | 48% |
| February | 1969 | 5333 | 37% |
| March | 2977 | 6005 | 50% |
| April | 2441 | 5370 | 45% |
| May | 2262 | 4538 | 50% |
| June | 2373 | 5673 | 42% |
| July | 2053 | 5430 | 38% |
| August | 2062 | 5224 | 39% |
| September | 1972 | 5808 | 34% |
| October | 1488 | 5268 | 28% |
| November | 1696 | 5366 | 32% |
| December | 2646 | 4517 | 59% |
| **Total** | 26638 | 64130 | 42% |

**Telephone Accessibility ( TelefonServicFactor TSF) – 2011 using Inquiries**

| Month | # of General Inquiry Telephone Calls Answered within 30 sec | # of General Inquiry Calls | % TSF |
|---|---|---|---|
| January | 1041 | 1782 | 58% |
| February | 1066 | 1478 | 72% |

**Telephone Accessibility ( TelefonServicFactor TSF) – 2011 using All Queues**

| Month | # of General Inquiry Telephone Calls Answered within 30 sec | # of General Inquiry Calls | % TSF |
|---|---|---|---|
| January | 3119 | 4747 | 66% |
| February | 2362 | 2975 | 79% |

c) The "Rescheduling a missed appointment – contact before missed and rescheduling within 1 day" is unavailable for 2009 as it was not recorded. Rather than updating an appointment, as missed, and rescheduling, the original appointment was updated, reflecting that there were no missed appointments and no reschedules. All appointments were met. This reporting has since been corrected.

**QUESTION #21**

**Reference:** Exhibit 2, page 27, Table 2-7

a) Please confirm that the 2005-2007 actuals in this table include capital additions for Niagara Falls Hydro and Peninsula West Utilities.

b) Please provide a description of the Vehicle Fleet/Transportation Equipment in each year, 2005-2011 inclusive, indicating for each individual Vehicle/Transportation Equipment: (i) the type of transportation equipment, (ii) vintage, (iii) mileage (if applicable), and (iv) need for the vehicle/equipment. For the years 2005-2007 inclusive, please provide the Niagara Falls Hydro and Peninsula West Utilities information separately.

c) Please provide a rationale for each year in which the Vehicle Fleet/Transportation Equipment has grown, i.e., if additional vehicles or transportation equipment were or are required please explain why the increases became necessary when they had not been necessary in the past.

d) For each vehicle disposed of or forecast to be disposed of in the years 2005-2011 inclusive, please indicate (i) the rationale for disposition, (ii) the sale/salvage/trade-in revenues upon disposal, and (iii) the treatment of the proceeds of disposition.

e) Please confirm that capital additions booked to account 1930 over the years 2005-2011 inclusive total over $3.4M.

f) Please update this Table for 2010 actuals.

g) Are any of the proposed 2011 expenditures on Transportation Equipment discretionary? Please explain.

**Response**

a) NPEI confirms that the 2005-2007 actual data in Table 2-7 includes additions for Niagara Falls Hydro and Peninsula West Utilities.

b) Please see the Table below:

| Asset ID | Asset Description | Area | Date in Service | Depreciable Value | Subtotal by Year | Need for Vehicle |
|---|---|---|---|---|---|---|
| | | | | | | |
| 1932-110 | C-4045 Digger Derrick | NF | 16-Mar-05 | 139,646 | | Purchased to add RBD (#16) to fleet for additional construction crew |
| 1932-111 | 2005 Ford 150 Supercab XL | NF | 24-May-05 | 34,618 | | Lead hand pick-up truck (#24)- replaced unit #6, scrapped. |
| 1932-121 | 2006 GMC Savana | PW | 1-Aug-05 | 32,811 | | Additional vehicle (#7920) for engineering staff complement |
| 1932-120 | PW Low bed Trailer | PW | 1-Jun-05 | 7,173 | 214,248 | New line material trailer, added to trailer complement |
| 1931-105 | 2006 Dodge Ram Pick-up | NF | 28-Apr-06 | 32,057 | | Line supervisor pick-up (#27), replaced unit #36, scrapped |
| 1932-112 | 2007 4400 4x2 Chassis | NF | 31-May-06 | 68,895 | | Chasis for new bucket truck (#45) for new construction crew, replace #10 |
| 1931-106 | 2006-Chev Colorado- Cream | NF | 31-Aug-06 | 29,694 | | Pick-up for Engineering supervisor (#29), replaced #40, removed from fleet. |
| 1932-113 | Tr 45 with Outrigger | NF | 7-Dec-06 | 102,317 | | Body and boom for truck (#45) additional bucket truck for new construction crew |
| 1932-129 | 2006 Digger Derrick | PW | 1-Jun-06 | 282,895 | 515,857 | New digger derrick to the Pen west fleet, only one RBD previously |
| 1931-107 | 2007-Sierra 2500-3/4 pick-up | NF | 15-Jun-07 | 29,802 | | Lead hand pick-up truck (#46) pick-up #19 to the garage for mobile repair support. |
| 1931-108 | 2007 GMC Van -White | NF | 23-Jul-07 | 26,853 | | New metering van (#47), replaced van #5, trade in |
| 1931-109 | 2007 GMC Van White | NF | 23-Jul-07 | 26,853 | | New metering van (#48), replaced van #7, trade in |
| 1931-110 | 2007 Chev Uplander -White | NF | 31-Jul-07 | 23,539 | | Additional vehicle (#49) for engineering staff complement |
| 1932-122 | 2008 Silverado | PW | 1-Sep-07 | 35,139 | | Line supervisor pick-up (#7922) for new line supervisor position PW |
| 1932-123 | 2008 Silverado Diesel | PW | 1-Sep-07 | 45,000 | | New lines pick-up (#7921) for on call vehicle PW, replace #7906 PW |
| 1932-124 | 2008 Silverado Crew Cab | PW | 1-Dec-07 | 40,521 | 227,707 | New lines pick-up (#7923) for new leadhand position PW |
| 1932-114 | Chassis & Cab Freightliner-Bucket | | 13-Mar-08 | 73,008 | | Chasis for new bucket truck (#50), existing bucket #8 becomes spare |
| 1932-130 | 2008 Aerial Device-M2 106 | | 22-Aug-08 | 138,722 | | Body and boom for truck (#50) |
| 1931-111 | 2009 Chev Uplander | | 2-Oct-08 | 23,585 | | New van (#51) for engineering staff, replaces #21, scrapped |
| 1931-112 | 2009 Ford F250 4x4 | | 2-Oct-08 | 33,061 | | Line supervisor pick-up (#52), replaced unit #3 |
| 1932-131 | Truck Layouts-42 | | 3-Oct-08 | 6,010 | | Additional body components for #42 |
| 1931-113 | 2009 Ford F250 4x4 | | 8-Oct-08 | 27,929 | | Lead hand pick-up truck (#53) old LH pick-up is yard sander. |
| 1932-132 | Chassis -45ft RBD | | 14-Oct-08 | 71,464 | | New chasis to add RBD (#56) to fleet for additional SV construction crew |
| 1931-115 | Tubes and Tool Box | | 22-Oct-08 | 1,161 | | Additional body components |
| 1932-133 | 10 ton Trailer | | 24-Oct-08 | 10,593 | | New reel trailer for higher weight reel handling |
| 1931-114 | Tool Drawers | | 31-Oct-08 | 4,809 | | Additional body components |
| 1931-116 | Aluminum Side Box | | 6-Nov-08 | 1,238 | | Additional body components |
| 1932-134 | 2009-Freightliner | | 25-Nov-08 | 81,048 | | New chasis to add bucket truck (#55) to fleet for additional SV construction crew |
| 1932-136 | Install Centre Console | | 3-Dec-08 | 1,910 | | Additional body components |
| 1932-135 | 2009-DEL Swap Loader | | 19-Dec-08 | 102,005 | 576,544 | New swap loader dump / flatbed (#54) for SV fleet, no previous vehicle for these duties |
| 1932-137 | 2009 Aerial Device | | 29-Jul-09 | 204,820 | | New body / boomt for bucket truck #55 |
| 1932-138 | Corner Mnt Digger Derrick | | 30-Sep-09 | 182,293 | | New body / boom for RBD truck #56 |
| 1931-117 | 2010 Ford F150 4x4 | | 16-Oct-09 | 31,097 | | Lead hand pick-up truck (#57) replaced pick-up #37, scrapped. |
| 1932-139 | Chassis & Cab M2-106 | | 23-Oct-09 | 85,380 | | Chasis for new RBD line truck (#60), existing RBD 1#7 becomes spare |
| 1932-140 | 2010 Freightliner | | 8-Dec-09 | 85,871 | 589,461 | New chasis to add bucket truck (#58) to fleet. |
| 1932-139-1 | Aerial Device Tr#58 | | 15-Feb-10 | 194,696 | | New body / boom for bucket truck #58 |
| 1931-118 | 2010 F150 Lariat -Gold | | 27-Apr-10 | 39,183 | | New pick-up for line superintendant, truck #23 scrapped |
| 1932-141 | Digger Derrick #60 | | 27-May-10 | 204,638 | | New body / boom for RBD line truck #60 |
| 1932-142 | Offroad Track Machine | | 9-Dec-10 | 426,020 | | New off road track RBD line vehicle, new to fleet |
| 1933-108 | Single Drop Platform Trailer | | 10-Nov-10 | 4,500 | 869,037 | New goose neck trailer for track RBD. |
| | | | | **2,992,854** | **2,992,854** | |

c) Please see below an explanation by year in which the vehicle fleet/transportation equipment has grown:

**2005** – RBD (#16) – The vehicle was added to the existing Niagara Falls fleet to provide an RBD for a new line construction crew. A re-organization of line staff permitted the creation of a 4th crew, providing more flexibility and efficiency in work execution.

**2006** – Bucket (#45) – The vehicle was added to the existing Niagara Falls fleet to provide a bucket truck for the new line construction crew as noted above. Until this vehicle was available, existing bucket trucks were rotated by the construction crews as necessary to perform the work.

**2006** – RBD (#7909) – The vehicle was added to the existing Pen West Utilities fleet as a new unit with required higher capacity capabilities (lift and reach). The existing RBD was kept as a back-up vehicle.

**2007** – Pick-ups #7921, 7922 & 7923 – These vehicles were added to the existing Pen West Utilities fleet to provide a truck for the newly created positions of Lines Supervisor and Lines Lead hand. The 3rd pick-up provided for an “on call” vehicle.

**2008** – Bucket (#50) – The vehicle was added to the existing Niagara Peninsula Energy fleet (Niagara Falls location) to provide greater reach and lift capacity. The existing bucket truck # 8 was maintained in the fleet to provide back-up for the balance of the fleet buckets during vehicle maintenance activities.

**2008** – Swap Loader (#54) – The vehicle was added to the existing Niagara Peninsula Energy fleet (Smithville Location) to provide material hauling and dumping requirements for construction projects. No vehicles capable of this function previously existed in the Smithville fleet.

**2009** – Bucket (#55) – The vehicle was added to the existing Niagara Peninsula Energy fleet (Smithville location). The chassis purchase occurred in 2008 with the completed truck delivered in 2009. The vehicle was added to the existing Smithville fleet to provide a bucket truck for a new line construction crew. Additional line staff permitted the creation of a 2nd line construction crew.

**2009** – RBD (#56) – The vehicle was added to the existing Niagara Peninsula Energy fleet (Smithville location). The chassis purchase occurred in 2008 with the completed truck delivered in 2009. The vehicle was added to the existing Smithville fleet to provide an RBD for a new line construction crew. Additional line staff permitted the creation of a 2nd line construction crew.

**2010** – Bucket (#58) – The vehicle was added to the existing Niagara Peninsula Energy fleet (Niagara Falls location). The chassis purchase occurred in 2009 with the completed truck delivered in 2010. This vehicle replaced an existing bucket truck which was then used as a donor vehicle to provide boom parts for reconstruction of another fleet vehicle.

**2010** – RBD (#60) – The vehicle was added to the existing Niagara Peninsula Energy fleet (Niagara Falls location). The chassis purchase occurred in 2009 with the completed truck delivered in 2010. The vehicle was added to the existing Niagara Falls fleet to provide an RBD with greater reach and lift capabilities. The RBD it replaced (#17) now provides back-up for the balance of the fleet RBD's during vehicle maintenance activities.

**2010** – Track RBD (#61) – This vehicle is a track mounted RBD used specifically to install and maintain distribution plant in off road (inaccessible) locations. It was recognized that approximately 2,000 distribution poles owned by the utility were inaccessible by the fleet of "tired" vehicles. This vehicle will serve as the primary piece of equipment for proactive and reactive pole replacements of this inaccessible plant.

d) Please see the Table below for disposals

Disposals

| # | Year of Disposal | Disposals | Area | Cost | NBV on Disposal | Proceeds | |
|---|---|---|---|---|---|---|---|
| 6 | 2005 | 1992 Dodge | NF | (15,697) | 0 | 0 | Scrapped |
| 36 | 2006 | 1995 pick up | NF | (24,181) | 0 | 0 | Donated |
| 40 | 2006 | 1992 Dodge pickup | NF | (16,814) | 0 | 0 | Donated |
| 7906 | 2007 | 1999 Ford Pickup | PW | (30,345) | 0 | 0 | Scrapped |
| 5 | 2007 | 1994 Dodge Ram | NF | (21,639) | 0 | 0 | trade-in, reduced cost of New vehicle |
| 7 | 2007 | 1990 Dodge van | NF | (16,551) | 0 | 0 | trade-in, reduced cost of New vehicle |
| 10 | 2007 | 1985 Ford Cab & Chassis | NF | (41,093) | 0 | 0 | Scrapped |
| 21 | 2008 | 1995 Pontiac transport | NPEI | (20,963) | 0 | 0 | Scrapped |
| 3 | 2008 | 1996 Dodge 2500 4X4 | NPEI | (28,554) | 0 | 0 | Scrapped |
| 37 | 2009 | 1991 Dodge Pickup | NPEI | (11,270) | 0 | 500 | sold, proceeds recorded in IS |
| 23 | 2009 | 1998 Ford Explorer | NPEI | (39,436) | 0 | 0 | Scrapped |
| | | | | (266,543) | - | 500 | |

**Note:**
Amounts not reflected as Disposals to Cost or Accumulated Depreciation in Account 1930 on the FA continuity schedules are as follows:

| | |
|---|---|
| 2005 | (15,697) |
| 2007 | (79,283) |
| 2008 | (49,517) |

e) NPEI confirms the capital additions booked to account 1930 over the years 2005 to 2011 inclusive total over $3.4M. Total of actual additions from 2005 to 2010 = $2,992,854 + additions of $462,963 for 2011 for a total of $3,455,817.

f) Table 2-7 updated for 2010 actuals is presented below:

**Table 2.7**
**Summary of Capital Additions by Year - Updated to Include 2010 Actuals**

| USoA | Description | 2005 Actual | 2006 Actual | 2007 Actual | 2008 Actual | 2009 Actual | 2010 Bridge Forecast | 2010 Actual | 2011 Test |
|---|---|---|---|---|---|---|---|---|---|
| 1806 | Land Rights | 159,411 | 89,984 | 30,031 | - | - | - | | - |
| 1808 | Buildings and Fixtures | 0 | 10,204 | 18,296 | - | - | - | | - |
| 1815 | Transformer Station Equipment | (301,622) | (218,750) | - | - | - | - | 43,487 | - |
| 1820 | Distribution Station Equipment | 9,351 | 28,197 | - | - | 276,481 | 185,185 | 476,632 | 462,963 |
| 1830 | Poles, Towers and Fixtures | 635,300 | 1,639,570 | 2,901,140 | 1,856,704 | 1,982,247 | 2,860,613 | 1,960,627 | 2,482,838 |
| 1835 | Overhead Conductors and Devices | 850,779 | 1,487,310 | 2,527,454 | 2,865,321 | 2,060,811 | 1,231,327 | 1,528,973 | 972,176 |
| 1840 | Underground Conduit | 2,312,448 | 928,142 | 660,180 | 650,997 | 471,148 | 1,175,040 | 1,123,895 | 1,369,289 |
| 1845 | Underground Conductors and Devices | 1,803,836 | 2,293,204 | 1,978,131 | 1,738,623 | 2,200,580 | 1,723,794 | 1,943,735 | 1,572,596 |
| 1850 | Line Transformers | 1,581,156 | 1,378,952 | 2,048,116 | 1,189,608 | 1,222,298 | 1,384,010 | 1,075,315 | 1,284,894 |
| 1855 | Services | 547,476 | 567,794 | 701,366 | 342,962 | 324,654 | 486,923 | 394,289 | 499,935 |
| 1860 | Meters | 480,925 | 352,242 | 334,706 | 200,905 | 258,429 | 4,369,541 | 4,374,664 | 185,185 |
| 1905 | Land | 229,465 | - | - | - | 279,505 | - | | - |
| 1908 | Buildings and Fixtures | 50,705 | 45,388 | 430,422 | 4,146,632 | 2,385,705 | 188,557 | 67,188 | - |
| 1915 | Office Furniture and Equipment | 65,635 | 73,858 | 18,181 | 174,930 | 161,652 | 70,564 | 35,091 | 92,593 |
| 1920 | Computer Equipment - Hardware | 183,075 | 119,227 | 101,762 | 525,453 | 185,269 | 273,500 | 257,960 | 291,898 |
| 1925 | Computer Software | 643,900 | 213,418 | 62,326 | 208,496 | 369,215 | 278,954 | 250,022 | 182,870 |
| 1930 | Transportation Equipment | 214,249 | 515,857 | 227,707 | 576,543 | 589,462 | 824,149 | 869,037 | 462,963 |
| 1935 | Stores Equipment | (0) | - | - | - | 18,090 | 18,900 | 26,336 | - |
| 1940 | Tools, Shop and Garage Equipment | 154,514 | 48,599 | 60,052 | 38,218 | 49,335 | 94,342 | 94,973 | 92,593 |
| 1945 | Measurement and Testing Equipment | 38,940 | 71,867 | - | 6,083 | 12,160 | 4,690 | 5,700 | - |
| 1955 | Communication Equipment | (0) | - | 1,866 | 28,326 | 45,272 | 2,843 | 9,662 | - |
| 1960 | Miscellaneous Equipment | 0 | - | - | 24,228 | 5,586 | 5,049 | 5,049 | - |
| 1995 | Contributions and Grants | (3,920,772) | (1,354,458) | (1,683,128) | (1,712,904) | (1,197,961) | (1,200,000) | (1,160,428) | (850,000) |
| | **Total Capital Additions** | 5,738,770 | 8,290,606 | 10,418,607 | 12,861,125 | 11,699,938 | 13,977,982 | 13,382,205 | 9,102,793 |

g) NPEI confirms that none of the proposed 2011 expenditures on transportation equipment are discretionary.

**QUESTION #22**

**Reference:** Exhibit 2, pages 52 and 63

a) Were any pole replacements made in 2005?
b) Please provide the number of distribution poles replaced in 2006 under Project 06-01466.
c) Please provide a Table showing the average cost per pole under the replacement program for each year 2006-2011 inclusive. Please provide comments with respect to any significant increases in cost per pole from year to year.

**Response:**

a) Yes, poles were replaced in the year 2005. A specific pole replacement capital program was not created, therefore the costs incurred and reported were contained within numerous accounts. Table 2-16 identifies $273,475 under GL1830 as projects under the materiality threshold. A significant portion of this amount would be attributed to the pole changes that occurred.

b) Approximately 90 distribution poles were replaced under project 06-01466.

c)

| Year | Pole Count | Program Cost | Average Cost / Pole |
|---|---|---|---|
| | | | |
| 2006 | 85 | $270,392 | $3,181 |
| 2007 | 55 | $258,837 | $4,706 |
| 2008 | 201 | $891,463 | $4,435 |
| 2009 | 187 | $820,930 | $4,390 |
| 2010 | 150 | $674,742 | $4,498 |

The annual deviation in the average replacement cost per pole is primarily attributed to the configuration of the pole being changed. A pole supporting a single phase single circuit conductor is far less complicated to change than a pole that supports several 3 phase circuits. The complexity of managing numerous energized conductors adds time and therefore cost. A single phase single circuit pole change may cost $2,000 to replace while a double 3 phase circuit pole may cost upwards of $10,000. The complement of pole configurations contained within the annual program is always different, thus the annual average cost per pole varies. The results presented in the table indicate reasonable consistency.

**QUESTION #23**

**Reference:** Exhibit 4, page 18, Table 4-3

a) Please explain the significant increases in pole inspections costs in 2009, 2010, and in 2011.
b) Please explain the significant year-over-year variances in tree trimming costs.

**Response:**

a) The Pole Inspection item listed in Table 4-3 also includes a component for annual pad-mounted equipment inspection starting in 2009. NPEI established a formal pad-mounted equipment inspection program in order to meet the requirements of the distribution system code. Approximately 500 units are inspected annually under this program.

Per Exhibit 4, page 23, the # of poles inspected per year is as follows:

| Year | Pole Count |
|---|---|
| 2008 | 3875 |
| 2009 | 4332 |
| 2010 | 5397 |
| 2011 | 7591 |

In 2010, pole inspection costs increased due to an increase in the number inspected in that year. The cost per pole has also increased due to the scope of the work increasing. For installations with instances of suspect or missing ground conductors, damaged cable coverings, and missing guy guards, the damaged or missing components were replaced by the inspection company.

In 2011, the number of poles to be inspected is significantly greater than previous years. The inspection areas for 2011 contain large rural portions of the service territory (Southwest West Lincoln and the Southern portion of Niagara Falls). NPEI has maintained the pole inspection cycle areas defined by the former Pen West Utilities and Niagara Falls Hydro. When combined, the cycle areas for a given year will contain a quantity of poles that may not be consistent with previous years.

b) The year over year variance in the tree trimming costs primarily result from the differences in overhead distribution circuit length, tree species and tree density within the geographically defined tree trimming area's. The trimming cycle for the distribution territory is 5 years, therefore 5 trimming areas are defined and form the rotation cycle. The geographic boundaries of the areas do not contain equivalent lengths of overhead line sections that require trimming and the number of trees encroaching on the lines differs. Simply stated, there are different amounts of work to be performed in different trimming areas. It is easier and more efficient to manage well defined geographic areas.

**QUESTION #24**

**Reference:** Exhibit 4, page 21 and pages 73-74

a) Please provide a copy of the current collective bargaining agreement in effect.

b) Does NPEI expect that it will always have to offer a 3% or more wage increase in order to get a settlement, regardless of economic conditions, i.e., business cycle, inflation rate, median wage changes in the overall economy?

c) Please provide support for the statement that “NPEI’s pay rates are competitive with other like-sized utilities in the Niagara Region.”

**Response**

a) Please see Appendix C which is the current collective bargaining agreement in effect.

b) NPEI does not expect that it will always have to offer a 3% or more wage increase. Wage increases are a negotiated item between NPEI and its union. NPEI does not offer wage increases they are negotiated and several factors are used when it comes to negotiations. The last 3 three year contracts have historically had 3% increases which at the time took into account the various factors listed above as well as the industry increases that took place in those years of negotiations.

c) NPEI engaged a third party to prepare job evaluations and job descriptions as required due to the merger. This process resulted in pay ranges for each job. A comparison of job descriptions and pay rates was compared to other utilities in the area as part of the process.

## QUESTION #25

**Reference:** Exhibit 4, page 76, Table 4-15

a) Please expand this table adding columns for the years 2005, 2006, 2007, and 2008.

**Response:**

Please see the Table below, note FTE's were original submitted as the employee count as at the end of each year. These have been updated to include start and end dates.

| | Last Rebasing Year | 2005 | 2006 | 2007 | 2008 | Historical Year (Bridge Year -1) | Bridge Year | Test Year |
|---|---|---|---|---|---|---|---|---|
| **Number of Employees (FTEs including Part-Time)** | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Executive | 7 | 7 | 7.02 | 5.58 | 7 | 5 | 5 | 5 |
| Management | 18 | 14.67 | 14.17 | 15.08 | 19.92 | 22.44 | 21.33 | 24 |
| Non-Union | 21 | 13 | 12.12 | 12.67 | 9.94 | 8.78 | 10.26 | 14 |
| Union | 62 | 74.12 | 77.42 | 77.58 | 79 | 85 | 87 | 90 |
| Total | 108 | 108.79 | 110.73 | 110.91 | 115.86 | 121.22 | 123.59 | 133 |
| **Number of Part-Time Employees** | | | | | | | | |
| Executive | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Management | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Non-Union | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Union | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Salary and Wages** | | | | | | | | |
| Executive | 699,287 | 752,251 | 712,030 | 601,233 | 852,463 | 769,649 | 684,519 | 713,623 |
| Management | 1,027,908 | 1,041,231 | 1,081,487 | 1,105,668 | 1,450,511 | 1,623,272 | 1,700,261 | 2,010,974 |
| Non-Union | 676,107 | 325,931 | 296,500 | 289,264 | 271,819 | 223,027 | 445,195 | 620,448 |
| Union | 3,643,487 | 4,153,815 | 4,669,708 | 5,090,140 | 5,023,029 | 5,252,203 | 5,526,873 | 5,886,295 |
| Total | 6,046,789 | 6,273,228 | 6,759,725 | 7,086,304 | 7,597,822 | 7,868,152 | 8,356,848 | 9,231,340 |
| **Current Benefits** | | | | | | | | |
| Executive | 44,827 | 43,733 | 44,827 | 37,349 | 51,434 | 46,521 | 39,879 | 40,942 |
| Management | 131,171 | 127,972 | 131,171 | 137,724 | 144,618 | 184,487 | 191,517 | 196,359 |
| Non-Union | - | - | - | - | - | - | - | - |
| Union | 525,186 | 437,655 | 525,186 | 569,422 | 587,168 | 564,156 | 624,359 | 634,194 |
| Total | 701,184 | 609,360 | 701,184 | 744,495 | 783,220 | 795,164 | 855,755 | 871,495 |
| **Accrued Pension & Post Retirement Benefits** | | | | | | | | |
| Executive | 72,231 | 70,470 | 72,231 | 78,990 | 93,603 | 96,820 | 96,972 | 99,630 |
| Management | 134,890 | 131,600 | 134,890 | 157,980 | 198,183 | 211,490 | 213,977 | 219,326 |
| Non-Union | - | - | - | - | - | - | - | - |
| Union | 390,940 | 383,274 | 390,940 | 413,223 | 464,746 | 481,223 | 539,901 | 554,160 |
| Total | 598,061 | 585,344 | 598,061 | 650,193 | 756,532 | 789,532 | 850,850 | 873,117 |
| **Total Benefits (Current + Accrued)** | | | | | | | | |
| Executive | 117,058 | 114,203 | 117,058 | 116,339 | 145,037 | 143,341 | 136,850 | 140,572 |
| Management | 266,061 | 259,572 | 266,061 | 295,704 | 342,801 | 395,977 | 405,494 | 415,685 |
| Non-Union | - | - | - | - | - | - | - | - |
| Union | 916,126 | 820,929 | 916,126 | 982,645 | 1,051,914 | 1,045,379 | 1,164,261 | 1,188,354 |
| Total | 1,299,245 | 1,194,704 | 1,299,245 | 1,394,688 | 1,539,752 | 1,584,696 | 1,706,605 | 1,744,612 |
| **Total Compensation (Salary, Wages, & Benefits)** | | | | | | | | |
| Executive | 816,345 | 866,454 | 829,089 | 717,572 | 997,500 | 912,990 | 821,369 | 854,195 |
| Management | 1,293,969 | 1,300,803 | 1,347,548 | 1,401,371 | 1,793,312 | 2,019,249 | 2,105,755 | 2,426,660 |
| Non-Union | 676,107 | 325,931 | 296,500 | 289,264 | 271,819 | 223,027 | 445,195 | 620,448 |
| Union | 4,559,613 | 4,974,744 | 5,585,834 | 6,072,784 | 6,074,943 | 6,297,582 | 6,691,133 | 7,074,649 |
| Total | 7,346,034 | 7,467,932 | 8,058,970 | 8,480,992 | 9,137,574 | 9,452,848 | 10,063,452 | 10,975,952 |
| **Compensation - Average Yearly Base Wages** | | | | | | | | |
| Executive | 99,898 | 107,464 | 101,429 | 107,748 | 121,780 | 153,930 | 136,904 | 142,725 |
| Management | 54,538 | 70,977 | 76,322 | 73,320 | 72,817 | 72,300 | 79,712 | 83,791 |
| Non-Union | 32,196 | 25,072 | 24,464 | 22,831 | 27,346 | 25,402 | 43,391 | 44,318 |
| Union | 52,961 | 51,547 | 55,667 | 60,907 | 59,702 | 58,487 | 60,040 | 61,959 |
| Total | 52,627 | 57,664 | 61,047 | 63,892 | 65,578 | 64,908 | 67,618 | 69,409 |
| **Compensation - Average Yearly Overtime** | | | | | | | | |
| Executive | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Management | 389 | 299 | 294 | 625 | 241 | 0 | 0 | 0 |
| Non-Union | 1619 | 805 | 65 | 15 | - | 0 | 0 | 0 |
| Union | 2,386 | 4,294 | 4,586 | 4,580 | 3,820 | 3,304 | 3,487 | 3,444 |
| Total | 1,435 | 3,062 | 3,251 | 3,290 | 2,646 | 2,324 | 2,921 | 2,338 |
| **Compensation - Average Yearly Incentive Pay** | | | | | | | | |
| Executive | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Management | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Non-Union | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Union | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Compensation - Average Yearly Benefits** | | | | | | | | |
| Executive | 16,723 | 16,315 | 16,675 | 20,849 | 20,720 | 28,668 | 27,370 | 28,114 |
| Management | 14,781 | 17,694 | 18,776 | 19,609 | 17,209 | 17,646 | 19,010 | 17,320 |
| Non-Union | - | - | - | - | - | - | - | - |
| Union | 14,776 | 11,076 | 11,833 | 12,666 | 13,315 | 12,299 | 13,382 | 13,204 |
| Total | 12,030 | 10,982 | 11,733 | 12,575 | 13,290 | 13,073 | 13,809 | 13,117 |
| | | | | | | | | |
| **Total Compensation** | 7,346,034 | 7,467,932 | 8,058,970 | 8,480,992 | 9,137,574 | 9,452,848 | 10,063,452 | 10,975,952 |
| **Total Compensation Charged to OM&A** | 5,992,518 | 6,059,801 | 6,486,826 | 6,762,149 | 7,172,195 | 7,151,459 | 7,076,667 | 7,564,187 |
| **Total Compensation Capitalized** | 1,353,516 | 1,408,131 | 1,572,144 | 1,718,843 | 1,965,379 | 2,301,389 | 2,986,785 | 3,411,765 |

# Appendix A
# 2010 Ontario Budget

2010 ONTARIO BUDGET

Ontario

BACKGROUNDER

Ministry of Finance

OPEN ONTARIO

**ONTARIO'S ECONOMIC OUTLOOK AND FISCAL PLAN**

March 25, 2010

When the McGuinty government took office in 2003, it implemented a prudent and responsible plan that eliminated the hidden $5.5 billion deficit while investing in education, health care and infrastructure, and growing the provincial economy.

Before the global recession, growth in spending on programs and services by the McGuinty government did not exceed growth in revenues. When the global economic recession occurred, it hit Ontario harder than other provinces, due to its reliance on its manufacturing and forestry sectors. Government revenues declined steeply. In fact, no other Canadian jurisdiction experienced a sharper decline in corporate tax revenues between 2007-08 and 2009-10.

The McGuinty government made a choice to help lessen the impact of the recession on Ontarians, through short-term stimulus investments that created jobs and helped restore growth. The government also made a decision to protect education and health care. As a result, Ontario, like other jurisdictions in Canada and around the world, has a fiscal deficit.

Ontario's 2010 Speech from the Throne set out a new five-year plan to Open Ontario to new jobs and economic growth. The Open Ontario plan lays the foundation for the province to seize new global opportunities and turn them into jobs for Ontarians. It positions Ontario to emerge from the global economic recession and return to a sound financial footing.

As part of the Open Ontario plan, commitments in the Budget include helping 20,000 more students go to college and university, and helping northern Ontario businesses create jobs and communities thrive. The government is also retraining laid-off workers, introducing full-day learning in our schools, and investing heavily in infrastructure to create jobs and stimulate the economy. The plan continues the investments in Ontario's future that are necessary to create jobs, boost economic growth and protect schools and hospitals.

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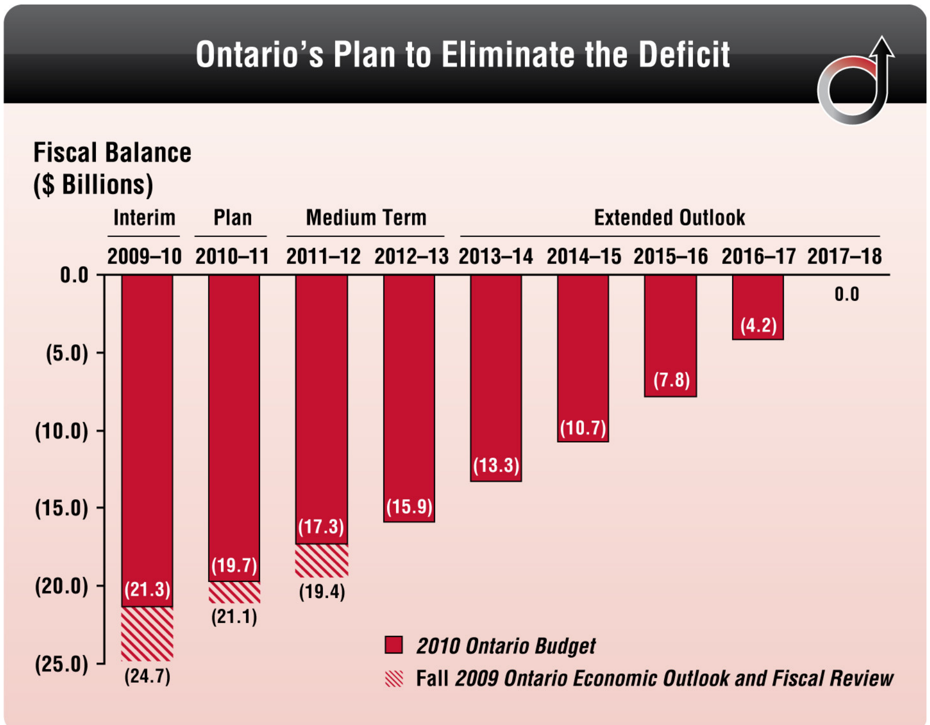
The 2010 Ontario Budget forecasts a deficit of $21.3 billion for 2009-10, down from the $24.7 billion projected in the Fall *2009 Ontario Economic Outlook and Fiscal Review,* due to a better-than-expected economic recovery and lower-than-expected expenditures. The deficit is projected to be $19.7 billion in 2010-11. The Budget lays out a plan to cut the deficit in half in five years and eliminate it in eight years.




## Economic Outlook

There are clear signs the Ontario economy has stabilized and that a recovery is taking shape. All major indicators have improved from lows posted during the recession. Ontario's real GDP has increased for two consecutive quarters, rising 0.5 per cent in the third and 1.6 per cent in the fourth quarters of 2009. Despite the improvement, real GDP is 2.8 per cent below the pre-recession level.

**Economic Recovery Post-Recession**

| | Pre-Recession Levels | Global Recession | Recovery to Date |
|---|---|---|---|
| Jobs (000s) | 6,722.8 | (249.7) | +91.7 |
| Real GDP ($ Billions, 2002) | 534.9 | (25.1) | +10.3 |
| Merchandise Exports ($ Billions) | 14.3 | (4.9) | +1.7 |
| Manufacturing Sales ($ Billions) | 24.4 | (7.4) | +2.7 |
| Retail Sales ($ Billions) | 12.8 | (1.2) | +1.0 |

*Sources:* Statistics Canada and Ontario Ministry of Finance.

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Ontario's families and businesses are still feeling the effects of the global financial and economic crisis. Despite the rebound of 91,700 jobs since May 2009, Ontario employment is still down more than 158,000 jobs from the pre-recession level. Over the five-year period before the global recession, Ontario's employment had increased by almost 490,000 net new jobs. The global economy remains fragile, which is a threat to Ontario's continuing recovery.

The Ministry of Finance is projecting real GDP growth of 2.7 per cent in 2010, 3.2 per cent in 2011, 3.2 per cent in 2012 and 3.0 per cent in 2013. Growth is expected to strengthen due to improving global demand for Ontario exports, significant government actions to support jobs and the economy, and government policies to promote long-term competitiveness and growth.

**Ontario Economic Outlook**
**(Per Cent)**

| | 2007 | 2008 | 2009 | 2010p | 2011p | 2012p | 2013p |
|---|---|---|---|---|---|---|---|
| Real GDP Growth | 2.3 | (0.5) | (3.4e) | 2.7 | 3.2 | 3.2 | 3.0 |
| Nominal GDP Growth | 4.5 | 0.4 | (3.5e) | 4.4 | 5.0 | 5.3 | 5.0 |
| Employment Growth | 1.6 | 1.4 | (2.4) | 1.1 | 2.1 | 2.3 | 2.0 |
| CPI Inflation | 1.8 | 2.3 | 0.4 | 1.9 | 2.1 | 2.0 | 2.0 |

e = estimate. p = Ministry of Finance planning projection.
*Sources:* Statistics Canada and Ontario Ministry of Finance.

Due to the sharp decline in GDP resulting from the global recession, Ontario real GDP is expected to remain below its pre-recession level until the first quarter of 2011. Since employment growth tends to lag real GDP growth, it is expected to take somewhat longer for the province to see the same level of employment as before the global recession.

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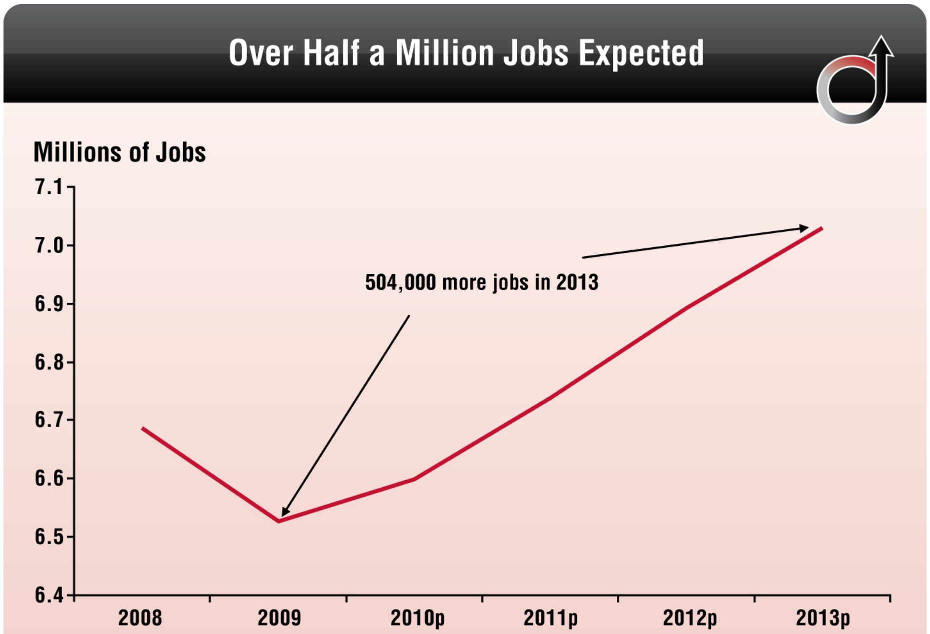
Employment is projected to increase by 1.1 per cent in 2010, strengthening to an average of 2.1 per cent annually over 2011 to 2013, resulting in 504,000 more jobs in 2013 than in 2009. The unemployment rate is expected to stabilize at 9.1 per cent in 2010 as job creation keeps pace with the increase in the number of people seeking jobs. Over the medium term, Ontario's unemployment rate is expected to decline to 6.8 per cent in 2013.




p = Ministry of Finance planning projection.
*Sources*: Statistics Canada and Ontario Ministry of Finance.

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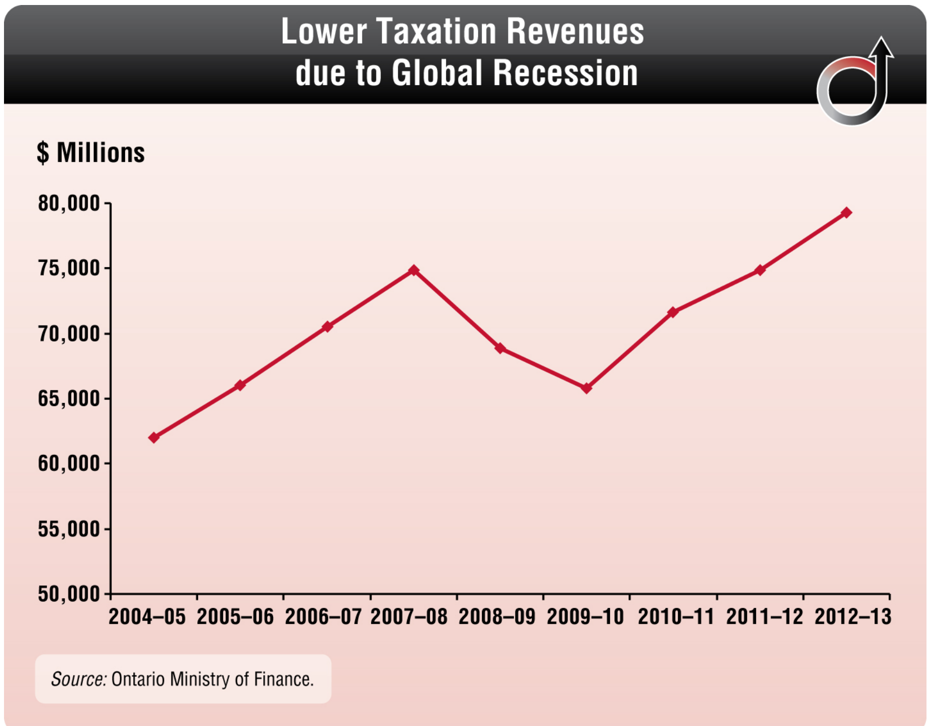
**Government Revenues**

Ontario government revenues have stabilized and are beginning to recover. However, the pace of recovery is moderate and the impact of the global financial crisis was substantial. Taxation revenues in 2009-10 are estimated at $65.8 billion, 12.2 per cent below their level two years ago. Revenues are projected to increase at an annual average rate of 5.1 per cent between 2009-10 and 2012-13. Taxation revenues are not expected to recover to their 2007-08 level until 2011-12.

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### Expenses

Total expense is projected to increase by an average annual rate of 2.5 per cent from 2009-10 to 2012-13, which is about half the projected growth in revenue over the same period. This reflects the government's continued commitment to follow through on policies that support jobs and growth while managing down growth in expenses.

**Medium-Term Fiscal Plan and Outlook[1]**
**($ Billions)**

| | Interim | Plan | Outlook | |
|---|---|---|---|---|
| | 2009–10 | 2010–11 | 2011–12 | 2012–13 |
| **Revenue** | **96.4** | **106.9** | **107.7** | **112.0** |
| **Expense** | | | | |
| Programs | 108.8 | 115.9 | 112.9 | 114.3 |
| Interest on Debt[2] | 8.9 | 10.0 | 11.1 | 12.5 |
| **Total Expense** | **117.7** | **125.9** | **124.1** | **126.9** |
| Reserve | – | 0.7 | 1.0 | 1.0 |
| **Surplus/(Deficit)** | **(21.3)** | **(19.7)** | **(17.3)** | **(15.9)** |
| Net Debt[3] | 193.2 | 220.0 | 245.0 | 267.8 |
| Accumulated Deficit[3] | 134.6 | 154.3 | 171.6 | 187.5 |

1 Both revenue and expense have been restated to reflect a fiscally neutral accounting change for the revised presentation of education property taxes.
2 Interest on Debt expense is net of interest capitalized during construction of tangible capital assets of $0.1 billion in 2009–10, $0.2 billion in 2010–11, $0.2 billion in 2011–12, and $0.2 billion in 2012–13.
3 Net Debt is calculated as the difference between liabilities and financial assets. The annual change in Net Debt is equal to the surplus/deficit of the Province plus the change in non-financial assets; and the change in the fair value of the Ontario Nuclear Funds. Accumulated Deficit is calculated as the difference between liabilities and total assets. The annual change in the Accumulated Deficit is equal to the surplus/deficit plus the change in the fair value of the Ontario Nuclear Funds.
*Note*: Numbers may not add due to rounding.



**FOR MEDIA INQUIRIES ONLY:**
Alicia Johnston, Minister's Office, 416-325-3645
Scott Blodgett, Ministry of Finance, 416-325-0324

**For public inquiries call 1-800-337-7222**
(Toll-free in Ontario only)

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# Appendix B
# Recent Forecast of Ontario Real GDP for 2010 and 2011
# Issued November 18, 2010

Chapter 2: Ontario's Economic Outlook - Windows Internet Explorer provided by Niagara Peninsula Energy Inc.

http://www.fin.gov.on.ca/en/budget/fallstatement/2010/chapter2.html

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## 2010 Ontario Economic Outlook and Fiscal Review

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### CHAPTER 2: Ontario's Economic Outlook

#### HIGHLIGHTS

- Government-projected 2010 real gross domestic product (GDP) growth — 3.2 per cent.
- Average private-sector projected 2011 real GDP growth — 2.4 per cent.
- Government-projected 2011 real GDP growth — 2.2 per cent, for prudence.
- Percentage of Ontario real GDP recovered since the recession, as of the second quarter of 2010 — 71 per cent.
- Percentage of Ontario jobs lost during the recession recovered as of October 2010 — 75 per cent.

#### OVERVIEW

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# Appendix C
Current Collective Agreement

## Preamble

This Collective Agreement is

Between

Niagara Peninsula Energy Inc.
(Hereinafter referred to as the "Corporation")

Party of the First Part

- And -

Local Union 636

Of The

International Brotherhood of Electrical Workers
Employees of Niagara Peninsula Energy Inc.
(Hereinafter referred to as the "Union")

Party of the Second Part

WHEREAS the employees are desirous of recording certain conditions in respect to their employment and have submitted and have made recommendations relative thereto, and

WHEREAS the Corporation is agreeable to the acceptance of the recommendations as set forth herein, and is also desirous of implementing these, and

WHEREAS the Corporation and the Union have authorized their respective executive officers to enter into this agreement on their behalf, and

WHEREAS throughout this agreement, words used in the masculine gender shall also apply in the feminine,

NOW THIS AGREEMENT WITNESSETH: that in consideration of the premises and the covenants of the parties hereto, herein expressed, the parties agree as follows:

## ARTICLE 1 - RECOGNITION

1.01 The Corporation recognizes the Union as the sole and exclusive bargaining agent for all regular employees of the Corporation, save and except supervisors, persons above the position of supervisor, the Executive Assistant to the CEO and students employed during the school vacation period.

1.02 This Agreement shall cover all employees who are members of the Union and employed by Niagara Peninsula Energy Inc.

1.03 The Corporation hereby recognizes the Union as the sole Collective Bargaining Agency for the employees coming within the coverage of this Agreement in respect to wages, hours of work and all other working conditions.

1.04 It is agreed that there shall be no discrimination, interference, restriction, coercion, harassment, intimidation or stronger disciplinary action, exercised or practised with respect to an employee by reason of age, race, creed, colour, national origin, political or religious affiliation, sex, sexual orientation, handicap, or membership or activity in the Union.

1.05 The Corporation also recognizes the Union Executive to consist of a maximum of five (5) stewards, who must be regular employees of the Corporation as defined in Article 4.01, and the Union business representative or designate. The Corporation will only recognize thee (3) stewards plus the Union business representative to attend grievance meetings.

1.06 The Company will keep bargaining unit members aware of any electronic surveillance used for security, safety and customer service reasons. An up to date policy manual shall be made available for employee review. The Company will ensure that new or revised policies and procedures are posted for a minimum of two weeks.

## ARTICLE 2 - MANAGEMENT RIGHTS

The Union acknowledges that it is the exclusive function of the Corporation to:

2.01 Maintain order, discipline and efficiency.

2.02 Hire, layoff, classify, direct, transfer, promote, discharge, demote and suspend or otherwise discipline employees for just and sufficient cause.

2.03 Generally to manage the activities or work in which the Corporation is engaged and without restricting the generality of the foregoing, to determine the work to be performed, the methods and schedules of such performance etc.

2.04 The Corporation also has the right to make and alter, from time to time, rules and regulations to be observed by the employees provided that no change shall be made by the Corporation in such rules and regulations without prior notice to, and discussion with the Union.

2.05 The Corporation agrees that these functions will be exercised in a manner consistent with the provisions of this Agreement, and a claim that the Corporation has exercised any of these rights in a manner inconsistent with any of the provisions of this Agreement may be the subject of a grievance.

2.06 Scheduling of personnel shall remain a management function.

## ARTICLE 3 - UNION SECURITY AND CHECK OFF

Except when in contradiction with the provisions of the Labour Relations Act Revised, it shall be a continuous condition of employment with the Corporation for the duration of this Agreement that:

3.01 All present employees of the Corporation who are members of the Union shall remain as such members in good standing.

3.02 That all future employees of the Corporation who are hired into the bargaining unit shall become members of the Union at the time of hire (as per Section 51 of the Labour Relations Act) with the Corporation and thereafter shall remain as such members in good standing.

3.03 All employees in the bargaining unit shall be required to sign an authorization assigning to the Union an amount equivalent to regular monthly dues and the Corporation shall deduct such amounts from the weekly wages of employees and remit the dues to the Financial Secretary of Local 636 by the 15th day of the month following the month in which the deductions were made with a list of the names of employees from whose pay such deductions have been made. The dues deducted will not include any fines or penalties. The dues are to be included in the T4 slip. The Corporation will also deduct a one-time initiation fee from employees upon the commencement of employment, as described by the Union.

3.04 In consideration of the deduction and forwarding service by the Corporation, the Union agrees to indemnify and save harmless the Corporation against any claim or liability arising out of or resulting from the collection and forwarding of the regular monthly dues.

3.05 Upon commencement of employment, a new Union employee shall be introduced to the Union Steward or their appointed designate and the Union and the employee shall be allowed fifteen (15) minutes paid time during regular working hours in order that the employee be introduced to the Union and its activities.

## ARTICLE 4 - EMPLOYEE CATEGORIES

4.01 A regular employee is a person who has satisfactorily served a probationary period and who is normally employed in full time positions of a continuing nature.

4.02 Temporary employees are persons hired for periods of limited duration not to exceed six (6) months per calendar year, who are not likely to become part of the Corporation's regular staff. Due to maternity and parental leave, the temporary period may be extended for a period of up to fourteen (14) consecutive months. Temporary employees shall not accumulate seniority nor shall they be entitled to any rights or privileges under this Agreement accruing to permanent employees and they may be discharged without having recourse to the grievance procedure.

4.03 Probationary employees are persons hired on trial to determine their suitability for continuing employment in regular positions. An employee shall be considered probationary for a six (6) calendar month period, during which time the employee is not entitled to any of the benefits of this Agreement and may be discharged without recourse to the grievance procedure. Probationary employees shall not accumulate seniority during the probationary period. At the end of the probationary period, seniority will be established from the date on which he began his probationary period.

## ARTICLE 5 - MEDICAL EXAMINATION

5.01 The Corporation requires all new employees to submit to a medical examination designed by the Corporation as a condition of employment. The employee shall have the examination performed by his own doctor at the expense of the Corporation.

## ARTICLE 6 - PROOF OF AGE

6.01 All new employees shall provide proof of age prior to being placed on the permanent staff.

## ARTICLE 7 - NO STRIKE/NO LOCKOUT

7.01 It is recognized that the Corporation is responsible for safe and efficient service to the customers. Therefore, the employees recognize their responsibility to assist in carrying out the services of the Corporation whenever summoned.

7.02 The Union agrees that it will not involve any employee of the Corporation or the Corporation itself in any dispute between another employer and their employees which may arise as a result of the Corporation employees endeavouring to carry out their normal duties while on the premises of the other employer. This shall not mean that an employee must proceed with the performance of his duties if he has reason to believe that his person or Corporation property will be in jeopardy due to a labour dispute.

7.03 No lockout or strike or cessation of work as defined by the Labour Relations Act of Ontario shall take place during the period of this Agreement.

## ARTICLE 8 - SENIORITY

8.01 Seniority shall in all cases date from the time the employee began his probationary period.

8.02 Seniority shall not be broken by illness or long-term disability, or while an employee is in receipt of Workplace Safety and Insurance Board benefits.

8.03 Seniority shall continue to accumulate during absences of temporary lay-off providing the lay-off does not extend beyond eighteen (18) consecutive months.

8.04 In the event of a national emergency, the seniority standing of the employees who may enlist in the Armed Forces, shall accumulate as from the date of enlistment in the same manner as if they had not enlisted.

8.05 An accurate list of employees indicating seniority, trade classifications, appointments and grades shall be supplied to the Union chief steward or a designate of the chief steward in July of each calendar year.

8.06 An employee shall lose seniority rating for any of the following reasons:

A. The employee resigns.
B. The employee is discharged and not reinstated through the grievance and arbitration procedure.
C. The employee fails to return to work after layoff within fifteen (15) working days after being notified by registered mail to do so, provided that if such failure to return is caused by sickness, certified by a duly qualified medical practitioner, the time for return shall be extended.
D. Fails to return to work after Workplace Safety & Insurance Board classifies the employee fit to return to work.

8.07 No employee shall be transferred to a position outside the bargaining unit without his consent. If an employee is transferred to a position outside of the bargaining unit, he shall retain his seniority acquired to the date of leaving the unit and continue to accumulate seniority for a period of one year only. If such an employee later returns to the bargaining unit, he shall be placed in a position consistent with his qualifications. Following the expiry of one (1) year, the employee name shall be deleted from the Union bargaining unit seniority list.

## ARTICLE 9 - GRIEVANCE / ARBITRATION

9.01 The parties agree that:

A. any disputes or differences between the parties be resolved in an orderly manner without interruption of service to the citizens under the service area of NPEI.

B. Employee concerns or complaints shall be dealt with as quickly as possible. It is understood that an employee has no grievance until the employee has first given the immediate supervisor the opportunity of discussing and resolving the concern or complaint.

C. a grievance is defined as a dispute or difference involving the interpretation, application or administration of the collective agreement.

STEP 1 Where an employee has a concern or complaint, it shall be discussed with the employee's immediate supervisor within five (5) working days of the event giving rise to the concern or complaint. A reply shall be given to the employee within five (5) working days of the discussion.

The parties encourage all employees to resolve concerns or complaints at Step 1.

STEP 1 (a) Within three (3) working days of receiving the supervisor's reply, an employee with the assistance of a Union steward may present a grievance back to the immediate supervisor. The supervisor will meet, discuss and respond in writing to the employee and the Union steward within three (3) working days of receipt of the written grievance.

STEP 2 Within three (3) working days after the supervisor's written reply in Step 1(a), the employee may submit the grievance, in writing, to the grievance committee who shall investigate the matter and decide whether it has merit. The grievance committee shall within five (5) working days, submit the matter, in writing to the department head. The department head will, within three (3) working days, convene a meeting between the grievance committee of the Union, the employee and the CEO of the Corporation and/or his designated representative who will decide the matter within five (5) working days.

Failing settlement at Step 2, either party may, within fifteen (15) working days after the written reply in Step 2, refer the grievance to arbitration. If no written request for arbitration is received within fifteen (15) working days after the written decision at Step 2 is given, the grievance shall be deemed to have been abandoned.

9.02 A policy grievance may be initiated at Step 2 within ten (10) working days of the event giving rise to the grievance. A policy grievance shall not be used to bypass the regular grievance procedure.

9.03 An employee who is discharged may initiate a grievance at Step 2 within five (5) working days of the event giving rise to this grievance.

9.04 The Corporation agrees that in the event grievances are not settled at Step 2 of the grievance procedure, the parties may mutually agree to refer the grievance to the grievance mediation process, in which there shall be a 50-50 cost sharing of the grievance mediator.

9.05 Arbitration Procedure

A. When either party to this agreement requests that a grievance be submitted to arbitration, it shall make such request in writing addressed to the other party, and, at the same time, submit the names of three (3) potential arbitrators.

B. Within ten (10) days thereafter, the party receiving the request will advise the other party of their concurrence with one of the submissions or failing agreement, further submit the names of three (3) other potential arbitrators.

C. If the parties are unable to come to an agreement on the selection of a single arbitrator, the party submitting the grievance to arbitration shall then make application to the Ontario Labour Relations Board and request that the Minister of Labour appoint a sole arbitrator.

D. No arbitrator shall have the power to alter or change any of the provisions of this agreement or to substitute any new provision for any existing provision, or to provide a decision which is inconsistent with any term or provision of this agreement.

E. The decision of the arbitrator shall be final and binding on both parties.

F. Each of the parties hereto shall bear the expense of its nominee and the parties shall share equally the expenses and fee of the arbitrator.

## ARTICLE 10 - UNION REPRESENTATION

10.01 A labour relations committee will consist of the Union Executives and the Union business representative or designate, and the Corporation representatives with the responsibility of dealing with matters of labour relations. Regular scheduled meetings of the labour relations committee will be held bi-monthly if required, at a time mutually agreeable to Union and Corporation representatives. An agenda outlining the matters for discussion will be submitted by each party to the other not less than two (2) working days prior to the scheduled meeting, except in cases of emergency. The Union Executives shall not suffer any loss of regular pay by reason of their attendance, including up to one (1) hour preparation time for each meeting.

10.02 A grievance committee composed of the Union Executives (and the business representative of the Union if requested) shall be responsible for the investigating, dealing with and processing of grievances in accordance with the grievance procedure as per Article 9, and conducting Union business that pertains to matters covered by this Agreement. Stewards and/or aggrieved members of the Union will not absent themselves from their regular work without first obtaining permission from their immediate supervisor. Permission shall not unreasonably be withheld. Stewards and/or aggrieved members of the Union shall not suffer any loss of regular pay by reason of such reasonable attendance to the discharge of their duties as described in this Article.

10.03 In the event there is a merger with another Corporation, Company or Companies in which the covered employees therein are represented by another Union, the representation rights and status quo of Local 636, I.B.E.W. members shall be maintained until a final determination is made under the Labour Relations Act of Ontario or any successor organization as to the proper representation of the combined group.

10.04 Should the Corporation merge, amalgamate or combine any of its operations or functions with another Corporation, Company or Companies, the employer agrees to give the Union reasonable notice in writing.

## ARTICLE 11 - HOURS OF WORK AND OVERTIME

11.01 Hours of Work

In order to meet future work requirements, the following hours of work are subject to change after discussion and mutual agreement between Management and the Union.

A. Office Employees – Accounting Clerk, Retail Settlement Clerk, Receptionist/ Switchboard Operator

The hours of work for employees designated “office employees” shall be 35 hours per week between the 0830 and 1630 with either a ½ hour unpaid lunch or 1 hour unpaid lunch, as arranged with management. Employees scheduled for ½ hour unpaid lunch will revert to 1 hour unpaid lunch if there is not sufficient staff to maintain operations.

B. Billing Clerk, Customer Service Clerk and Cashier

The billing Clerks will work a 7 hour shift Monday through Friday on a rotating basis between the hours of 0730 and 1630 with either a ½ hour unpaid lunch or 1 hour unpaid lunch, as arranged with Management. Customer Service Clerks will work a 7 hour shift Monday through Friday on a rotating basis between the hours of 0830 and 1645 with either a ½ hour unpaid lunch or 1 hour unpaid lunch, as arranged with Management. The Cashiers will work a 7hour shift Monday through Friday on a rotating basis between the hours of 0830 and 1645 with either a ½ unpaid lunch or 1 hour unpaid lunch, as arranged with Management.

Employees scheduled for ½ hour unpaid lunch will revert to 1 hour unpaid lunch if there is not sufficient staff to maintain operations.

C. Engineering/ Operations Assistants

The hours of work for the Engineering/ Operation Assistants shall be 37.5 hours per week. This will consist of five days per week Monday through Friday between the hours of 0800 and 1630 with 1 hour unpaid lunch.

D. Operations

The hours of work for Meter Department, Engineering Department, Stores and Garage shall be 40 hours per week. This will consist of five days per week Monday through Friday between the hours of 0800 and 1630 with ½ hour unpaid lunch. During the period of the first Monday in March until the last Friday in November, the hours for the Line Department will be 40 hours per week between 0800 and 1600 Monday through Friday with ½ hour paid lunch.

E. The hours of work for Lead Hand Linemen shall be 40 hours per week, between the hours of 0745 and 15:45, with lunch applicable to the Line Department.

F. Maintenance Handyman

The hours of work for the Maintenance Handyman shall be 40 hours per week. This will consist of five days per week Monday through Friday between the hours of 0700 and 1530 with ½ hour unpaid lunch. During the period of the first Monday in March until the last Friday in November, the hours of work will be 0700 to 1500 with ½ hour paid lunch on the job site.

G. Line Department

The hours of work for the Line Department shall be 40 hours per week. This will consist of five days per week Monday through Friday between the hours of 0800 and 1600 with ½ hour paid lunch on the job site. During a period of extreme cold temperatures consideration will be given to a ½ hour un-paid lunch, away from the job site and a quitting time of 1630

H. An employee temporarily assigned to another department will follow the hours of work for the department that they have been assigned to as outlined in Article 11.01, provided that there will be no reduction to the number of weekly paid hours. The above will only come into affect after the third consecutive day.

11.02 Overtime

For work outside the regular working hours set out in Article 11.01, an employee shall receive overtime pay at two (2) times his normal hourly rate, including unpaid lunch, Saturdays, Sundays and recognized holidays. It is understood that overtime will first be offered to bargaining unit members who normally perform the work and secondly to bargaining unit employees suitably trained to perform the work.

11.03 Call-Out

Any employee called out during any unpaid time will receive a minimum two hours pay at double time. Successive calls received during the minimum call-out period of time (first two hours) shall be considered continuous overtime and paid at the overtime rate or minimum call-out, whichever is greater. The maximum hours paid for any eight-hour time period is sixteen hours. Minimum call-out does not apply to lunch hours.

11.04 Banking of Overtime

All employees will be permitted to bank paid hours of overtime to an amount not to exceed eighty (80) hours during a calendar year. The time sheets must reflect either normal payment of overtime or a banking of overtime hours. Banking accumulated during a calendar year may be cashed out on the last pay of the year provided proper notification is given to the Accounting Department on or before December 1st.

11.05 Rest Time

A major consideration in extensive overtime work must be the well-being and safety of employees. An employee will qualify for 4 hours rest time to commence at the start of the next regular shift should he work more than 4 hours during the period between 2300 hours and 0800 hours and 8 hours rest time to commence at the start of the next regular shift should he work more than 6 between 2300 and 0800. All rest time will be paid at straight time pay. The employee qualifying for 4 hours rest time will have the option of taking his rest time towards the end of his shift.

## ARTICLE 12 - ON CALL DUTY

12.01 On call duty is defined as that duty performed by two Journeyman Linemen who are required by the Corporation to be readily available for emergency service at other than normal working hours. The on call duty employees shall be provided with a pager and shall have the use of a NPEI vehicle.

12.02 Trading of your on call duty will be allowed providing the duty is covered and remains on a equitable basis.

12.03 On call duty will be distributed on an equitable basis, starting in alphabetical order. The Corporation shall maintain an advance schedule of on call duty from Tuesday to Tuesday (7 days) normally 128 hours (plus statutory holidays if applicable). A new schedule starting each January 2 will be posted on the first Monday in November for on call duty employees.

12.04 Linemen who are on call for a statutory holiday, which occurs or is designated from Monday to Friday, will receive a day off in lieu with pay. The day off will be added to the employee’s vacation bank and granted at a time mutually agreed upon by the employee and his supervisor.

12.05 Payment for on call duty shall be equivalent to a (minimum) regular days pay at the Journeyman Lineman rate or the employees regular rate of pay. The on call employees will have the option of banking their standby pay to a maximum of two days in lieu. This option must be exercised to the Operations Superintendent at the start of the on call shift.

## ARTICLE 13 - MEALS

13.01 The Corporation shall provide a meal allowance to employees engaged in overtime work which will take four or more hours and during every four hours thereafter in the case of continuous work. The Corporation shall provide a meal allowance to employees who work or receive a "call out" prior to the start of their regular shift.

13.02 In the event an employee is required to work beyond his scheduled hours of work and is required to work for a period of 1 ½ hours, the Corporation shall provide a meal allowance to the employee.

13.03 In the event an employee has left the Company premises and is recalled between 1630 and 1800 hours without the advantage of his supper, the employee shall also be eligible for a meal allowance as stated in Article 13.02.

13.04 During continuous overtime work on Saturdays, Sundays or holidays, which extends to the four hour period, or if an employee is called out between the hours of 1630 to 1800 hours on Statutory Holidays the Corporation will provide a meal allowance as in Article 13.01.

13.05 A meal allowance of $13.50 effective April 1, 2008, $13.75 effective April 1, 2009, $14.00 effective April 1, 2010 per meal will be automatically applied to payroll.

ARTICLE 14 - CONTRACTING OUT

14.01 The Corporation agrees that contracting or subcontracting shall not result in layoff of existing Corporation employees. All contractors or subcontractors hired by the Corporation shall observe all safety rules as per the Occupational Health and Safety Act, and the Electrical and Utilities Safety Association 2004 Rule Book or amended version therein. Prior to contracting out of bargaining unit work, the Corporation will meet with the Union to discuss alternative options to keep the work in house.

ARTICLE 15 - JOB POSTING AND SELECTION

15.01 In selecting the most suitable candidate to fill a job vacancy, management reserves the right to determine the best fit for the position, based on competency which encompasses knowledge, skill and ability and whereby all are relatively equal then seniority shall govern. All internal applicants will be subject to a series of tests and interviews as determined by management at the Corporation's expense. Interviews will be conducted after successful grading of tests. The Company will ensure that a Union representative will be present during testing.

15.02 Where deemed advisable, a trial period may be arranged and, in such case, the Union committee's advice will be requested by the Corporation management.

15.03 In filling vacancies or new jobs for all classifications within union jurisdiction, notice shall be posted on the workforce announcements bulletin board for five (5) days prior to the filling of the position, present employees to be given first consideration.

15.04 The Union chief steward or a designate shall be notified of the results not later than six (6) weeks after date of posting.

15.05 Where an employee becomes physically unable to perform his normal job duties and, who has more than ten years service with the Corporation and is the successful applicant for a job posting in a lower rated classification, he will maintain a rate equivalent to the top rate of the job posted plus 75% of the difference between his rate and the rate of the job posted, until such a time as the newly acquired classification achieves or surpasses that rate. He must provide a Medical Fitness Memo, or Functional Abilities Form, which identifies permanent restrictions that prevent the employee from performing the normal duties of the previous job.

## ARTICLE 16 - LAY-OFF AND RECALL

16.01 In all cases of lay-off and recall of bargaining unit employees, seniority shall determine the order of lay-off provided that the employees affected have the physical capacity, qualifications and ability for the work to be performed. In lay-off, the employees affected shall apply in writing to management and transfer into a job classification and rate of pay applicable to the job. Then the last employee hired shall, in the case of lay-off, be the first laid-off, and the last employee laid-off shall be the first recalled.

## ARTICLE 17 - VACATIONS

17.01 Employees entitled to an increase in the number of vacation days in the following calendar year shall be entitled to select and take the incremental number of days in the calendar your of the entitlement change.

| Years of service completed during the calendar year for which vacation is given: | VACATION |
|---|---|
| Up to one (1) year | One working day per month up to a maximum of ten days, calculated from date of hiring. |
| After one year | Ten working days |
| After three years | Fifteen working days |
| After nine years | Twenty working days |
| After sixteen years | Twenty-Five working days |
| After twenty-two years | Twenty-Six working days |
| After twenty-three years | Twenty-Seven working days |
| After twenty-five years | Thirty working days |

Proration - To be entitled to vacation pay, an employee must work forty (40) of the weeks in the year ending December 31st. If an employee works fewer than forty (40) weeks, his vacation shall be reduced on a pro-rata basis for each week less than the forty weeks, which he does not work. Maternity leave, Workers' Safety & Insurance benefit and jury duty are excluded.

17.02 Employees recalled from a scheduled vacation shall receive straight time for all hours required to be worked within the normal work schedule with appropriate overtime pay for other than normal working hours, in addition to vacation pay, with rescheduled paid vacation.

17.03 In order to permit the greatest number of employees to take advantage of the July and August vacation period, it is understood that any vacation over fifteen working days in this period will not normally be granted.

17.04 In the event that sickness, disability, or a compensable accident occurs, or as a result of a recurrence of conditions relevant to a compensable accident occurs prior to and interferes with the scheduled vacation of an employee, the vacation will be rescheduled whenever practical within the calendar year. When not practical, the employee shall be granted his normal vacation pay.

17.05 While the Corporation will endeavour to grant vacation time when requested by the employee, the Corporation must reserve the right to fix the vacation times.

17.06 All vacation days are to be used by December 31 unless approval has been given for a winter vacation. Winter vacation is defined as January 1 to April 30 of the following year.

## ARTICLE 18 - RECOGNIZED HOLIDAYS

18.01 Full regular pay will be granted for the following holidays when they occur on a normal working day: New Years Day, Family Day, Good Friday, Easter Monday, Victoria Day, Canada Day, Civic Holiday, Labour Day, Thanksgiving Day, ½ Day before Christmas, Christmas Day, Boxing Day, ½ day New Year's Eve and two floaters each year, at the discretion of the supervisor (total 14 each year). Should the Federal, Provincial or Municipal government grant an additional holiday, such holiday will be added to the above holidays. If an employee has taken his floater holiday prior to the declaration of a statutory holiday, then the employee will be allowed t use a vacation day in lieu.

18.02 Whenever any of the above paid holidays falls on a Saturday or Sunday, it shall be observed on the following Monday, unless a day is set aside by Government or local order. Such arrangements shall be posted as soon as the information is available.

18.03 To be entitled to the floaters, he must be employed for a minimum of six months. A probationary employee hired after July 1st shall not be entitled to floater holidays in his starting year.

## ARTICLE 19 - PENSION AND INSURANCE

19.01 All permanent employees shall participate in the Corporation's Pension Plan (OMERS) in accordance with its terms and shall authorize payroll deductions as required. The Life Insurance Plan (Death Benefit) feature of the former pension and insurance plan shall continue to be maintained at the Corporation's expense. For employees hired after January 1, 2007, the Life Insurance benefit will cease at the date of retirement. For employees hired before January 1, 2007, the Life Insurance benefit shall continue for the life of the employee.

19.02 Both parties agree that the Ontario Municipal Employee Retirement System (OMERS) pension benefits are set out by OMERS Board of Directors and is legislated by the Province of Ontario and are not subject to negotiations.

## ARTICLE 20 - SICK LEAVE PLAN

Pen West Employees will receive 10 days per year of service up to a maximum opening balance of 85 days effective December 31, 2007. Days will then accumulate in accordance with Article 20 effective January 1, 2008.

Sick benefit pay will be granted by the Corporation subject to the following:

20.01 Sick benefit pay shall not apply to cases covered by the Workplace Safety and Insurance Board.

20.02 Except in extreme emergencies, sick benefit will not be granted unless the employee notifies his immediate supervisor or answering service before commencement of the work period to be missed, a minimum of ½ hour before starting time.

20.03 The employee must provide the Corporation management satisfactory proof of illness. A doctor's certificate, Medical Fitness Memo or Functional Abilities Form may be requested, such to be at the employer's expense.

20.04 The Corporation reserves the right to have a second medical opinion, which is satisfactory to the employer. In the event that further medical evidence is required, the employee agrees to provide a medical note, Medical Fitness Memo or Functional Abilities Form at the expense of the employer by another qualified physician.

20.05 Sick benefit credits will be available to all employees based upon the length of time the employee has participated in the sick plan.

20.06 The accumulation date will be December 31st.

20.07 In the first year of participation, each employee will receive a credit of 1 ½ days for each completed month of employment. A probationary employee's sick leave credits shall not accumulate unless and until the employee acquires regular status and shall then accumulate from date of hiring.

20.08 In each year of employment thereafter, 18 days, at full pay will be credited on the annual accumulation date.

20.09 Sick benefit pay will be granted to the full value of the credit shown at the accumulation date previous to the commencement of illness. Credits will be deducted as used.

20.10 Sick benefit pay will not be granted if the employee has a zero balance in their sick bank. Borrowing from next years' entitlement is not allowed.

20.11 After five years of continuous service with the Corporation and except for discharge with cause, upon retirement, death, lay off longer than six months, or an employee resigning his job, an employee or his estate shall receive a lump sum payment totalling 50% of the employee's unused sick credit at the time of termination, with a maximum equal to 130 days pay, and subject to the provisions of the Municipal Act.

20.12 Vesting will not be allowed to employees hired after April 1, 1987.

## ARTICLE 21 - HEALTH CARE PLANS

The Corporation agrees to pay 100% of the premiums for each employee participating in the following health care plans:

21.01 Employer health tax.

21.02 The Carrier's Extended Health Plan with semi-private and a $0.20 deductible plan for prescription drugs and also including a Vision Care Plan ($400 per family member every two years, effective April 1, 2008 and Eye Exam coverage of $70 per family member every two years, effective April 1, 2008).

21.03 The Carrier's comprehensive Dental Plan will apply, effective January 1, 2008, the 2007 O.D.A. fee will apply, effective January 1, 2009, the 2008 O.D.A. fee will apply, and effective January 1, 2010, the 2009 O.D.A. fee will apply. This will include 100% of periodontal, orthodontics, crowns, bridges (maximum per year per family member is $2,000 effective April 1, 2008, $2,100 effective April 1, 2009 and $2,200 effective April 1, 2010).

21.04 The Corporation agrees to pay 100% of the premiums for employees leaving the Corporation from the age 55-65 who have a minimum of 20 years service with the Corporation for the above health care plans and shall be the same as a regular employee. This will include dependants of employees and/or retirees covered by this clause upon their death, regardless of years service until the employee's normal retirement date or the spouse remarries. Employees hired after January 1, 2007, the Corporation agrees to pay 55% of the premiums for early retirees for the above health care plans, with a minimum of 20 years service. This will include dependants of employees and/or retirees covered by this clause upon their death, regardless of years service until the employee's normal retirement date or the spouse remarries.

21.05 Where the Corporation finds it desirable or necessary to change any carrier, either independently or through sharing of services with another organization, the benefits provided by the substitute plan must be mutually agreed upon as being equivalent to the existing benefits.

21.06 The Corporation agrees to pay 100% of all costs levied against each employee participating in a Long Term Disability Plan paying 66 2/3 % of base pay to a maximum of $3,000 per month effective April 1, 2008, $3,250 effective April 1, 2009, $3,500 effective April 1, 2010 commencing after a waiting period of six months or after all sick credits have been used, whichever is longer.

21.07 The Corporation will continue to pay for existing employee's benefits while the employee is on L.T.D. up to a maximum of twenty-four months.

## ARTICLE 22 - LEAVE OF ABSENCE

22.01 Leave of absence may be granted by the Corporation, which will be without pay unless specifically stated "with pay", and such absence shall not affect seniority.

22.02 When an employee is granted leave of absence without pay in excess of ten working days in any calendar year at his request, vacation credits and sick benefit credits will not accumulate for the period of absence. The employee must pay his own and the Corporation's portions of all premiums for the Carrier's Extended Health, Dental and Vision Care Plans and MEARIE Group Life Insurance. If the employee wants to maintain full pension credits, he may do so by paying both his own and the Corporation's share of the premiums.

22.03 <u>Pregnancy/Parental Leave</u>

A. Employees who qualify for, and who have completed thirteen weeks continuous employment with the Corporation, shall be granted leave of absence without pay in accordance with the provisions of the Employment Standards Act of Ontario.

B. An employee will continue to accrue seniority while on leave of absence for pregnancy/parental leave.

C. During the period of time an employee is on pregnancy or parental leave, he or she may continue to participate in the benefit plans as defined in the Employment Standards Act, unless he or she elects in writing not to do so. Sick leave credits will not accrue during any period of time when an employee is absent from work on pregnancy or parental leave.

D. The Corporation shall grant parental leave of absence without pay to an employee in accordance with the Employment Standards Act of Ontario. The Corporation shall grant adoption leave of absence without pay. The employee shall advise the employer as far in advance as possible with respect to a prospective adoption, and shall request the leave of absence, in writing, to the appropriate supervisor upon receipt of confirmation of the pending adoption. If, because of late receipt of confirmation of pending adoption, the employee finds it impossible to request the leave of absence in writing, the request may be made verbally to the appropriate supervisor and subsequently verified in writing to the appropriate supervisor.

22.04 Leave of absence with pay will be considered in case of serious illness in the immediate family.

## <u>ARTICLE 23 - BEREAVEMENT LEAVE</u>

23.01 Bereavement leave may be granted for five working days with pay to any employee in case of death of a husband, wife, children, parent or common law spouse partner.

23.02 Bereavement leave may be granted for three working days with pay to any employee in case of death of a brother, sister or parent-in-law.

23.03 Bereavement leave of one working day may be granted for grandchildren, grandparents, spouse's brothers and sisters, step parents.

23.04 In extreme cases, further extension of this time period may be considered on recommendation of the Union executive committee.

## <u>ARTICLE 24 - COURT LEAVE</u>

24.01 Employees will be granted time off with pay when subpoenaed for jury duty, coroner's inquest, or crown witness. Payment of wages by the court will be reimbursed to the Corporation and such reimbursement will exclude the payment of travel and meal allowance.

## <u>ARTICLE 25 - WORKPLACE SAFETY & INSURANCE</u>

25.01 In cases covered by the Workplace Safety and Insurance Board and where a loss of earnings benefit is allowed, the Corporation will pay the employee the difference between the benefit and his regular full pay, up to a maximum of sixty working days after which the Corporation will pay the employee the amount as determined by the WSIB, except in cases where disability pension is being paid by the WSIB.

25.02 The Corporation will pay the health care benefits as specified in Article 21 for regular employee on WSIB disability claim up to a maximum of twenty four (24) months from the date of injury.

## ARTICLE 26 - MODIFIED WORK

26.01 The Corporation and Union are committed to the safe integration of injured or ill employees into the workplace at the earliest opportunity. Every effort will be made to modify the employee's regular position where possible or to provide modified work suitable to medical limitations and capabilities. The parties will jointly endeavour to work with all concerned to promote rehabilitation goals.

26.02 Before returning from an absence caused by illness or injury, a Medical Fitness Memo or Functional Abilities Form will be submitted at the employer's expense. The memo will attest to the employee's fitness to return to work or identify restrictions that may be imposed on the employee's ability to perform the normal duties of the job.

26.03 In cases where an employee has been sick or injured and returns to work, a reasonable and suitable period of modified work shall be arranged. If the period of modified work extends beyond three months, consideration shall be given to the rate of pay.

26.04 An employee on modified duties will follow the hours of work for the department that they have been assigned to as outlined in Article 11.01, provided that there will be no reduction to the number of weekly paid hours, unless otherwise stated in the collective agreement. The above will only come into effect if the assignment is longer than three consecutive working days.

## ARTICLE 27 - CLOTHING/ BOOT ALLOWANCE

27.01 The individual employee shall be held responsible for proper care of all clothing issued, and shall not wear clothing that is torn unless properly repaired using the proper repair kits supplied by the Corporation.

27.02 The Corporation will supply clothing as outlined in Appendix "1". Employees in departments in which clothing is issued must wear the clothing while on duty.

27.03 All employees will be reimbursed by way of a cheque once annually, up to a maximum value of $175 – April 1/08, $185 – January 1/09 and $195- January 1/10 upon submission of a valid receipt.

27.04 The individual employee shall be held responsible for proper care of all clothing, tools, equipment and trucks used by him providing the foregoing is in good condition and excluding normal wear and tear.

## ARTICLE 28 – PERSONAL PROTECTIVE EQUIPMENT/ EQUIPMENT

28.01 The Corporation shall supply, without expense to the employee, rubber gloves, rubber boots, rubber coats and hats, climbers, body and safety belts, flash goggles, working gloves, when required on the strict understanding that each employee shall make the best use of such equipment for his own safety and the protection of others. An employee shall not be required to use defective equipment but each employee shall be responsible for advising his immediate supervisor of any defect in any such equipment.

## ARTICLE 29 – TOOLS & SAFETY EQUIPMENT

29.01 The Corporation, at its own expense, will replace all worn out and damaged basic line tools (as defined in Appendix "1") that the employees use to perform work on the Corporation's plant, subject to the approval of their immediate management supervisor. The worn out and/or damaged basic line tools must be turned in before another one is issued. The individual employee shall be held responsible for proper care of all tools, equipment and trucks used by him providing the foregoing is in good condition and excluding normal wear and tear.

29.02 Corporation shall supply, without expense to the employee, the necessary equipment for covering live apparatus on the strict understanding that each employee shall make the best use of such equipment for his own safety and the protection of others while on hazardous work.

## ARTICLE 30 – SAFETY

30.01 The Corporation and the Union recognize the obligation and responsibility of all parties to ensure establishment and maintenance of good health and safety work practices.

30.02 A Rubber gloves with a designated class (as per Table 3 of the EUSA Rule book 2004) shall be tested once each month

B All other protective equipment (as per Table 3 of the EUSA Rule book 2004) at least once a year.

30.03 Safety first lectures, resuscitation and rescue practices shall be held once each month with no loss of time to employees.

30.04 In all cases of work, on wires or equipment, and above 750 volts, the work shall be carried out by at least two Journeyman Lineman, one whom shall be a Journeyman, Grade 1, Lineman, and the other a Journeyman Lineman who is trained and competent to effect a rescue.

This clause will not apply for training purpose or for switching procedures as these are covered in the EUSA Rule Book.

30.05 Meter Technicians, or other qualified personnel may carry out metering function at ground level. Where the work is of more than the usual hazard, a Supervisor shall supervise the work.

## ARTICLE 31 - LICENSES

For all employees who are required to drive Corporation vehicles, the Corporation agrees to:

31.01 Pay for the compulsory medical examination associated with the required license to operate a Corporation Vehicle and\or with the test if billed.

31.02 Pay for the cost of the license.

31.03 Provide a Corporation vehicle for the test.

31.04 Allow paid time off for the test.

31.05 Pay for the cost of the test.

31.06 Should an employee fail any of the required tests and retesting is necessary, the employee shall pay all of the costs associated with the retesting except for the supplying of a vehicle.

31.07 Should an employee lose their license, all costs associated with having their license reinstated, with the exception for supplying a vehicle for Class D, shall be the responsibility of the employee.

## ARTICLE 32 - WASH-UP

32.01 The Corporation will supply and maintain adequate washing, locker, toilet, lunchroom and clothes drying facilities.

## ARTICLE 33 - CORRESPONDENCE

33.01 All correspondence between the parties hereto arising out of this Agreement, or incident thereto shall be forwarded to the area representative of the Union with copies to the chief steward or a designate steward at the request of the chief steward.

33.02 The employer agrees to maintain a personnel record file, a personal file and health and safety file for each employee. Employees will be granted permission, within a reasonable time, to access their files. Such access shall be granted by their supervisor at a mutually agreed upon time between the employee and supervisor.

33.03 In cases of disciplinary action taken against an employee, the employee and steward will be given a copy of such written reprimand or notified in writing that disciplinary action is being taken. Copies shall be sent to the chief steward and business representative.

33.04 The Corporation agrees that matters of discipline, which are more than 24 months old shall not be used against the employee permitted that no other disciplinary action has occurred within that time period.

## ARTICLE 34 - MEETINGS

34.01 Employees attending meetings or other functions at the Corporation's request or appointment during regular working hours will receive full regular pay.

34.02 Leave of absence, without pay, will be granted to duly appointed Union delegates to conventions, meetings, etc. when such leave is applied for in writing by the Union at least three working days in advance.

34.03 The Corporation shall pay for a total of 20 hours for each member of the Union's negotiating committee who attends negotiation meetings (excluding exchanging of agendas) held during the normal hours of work, up to but not including conciliation or mediation meetings.

## ARTICLE 35 - CLASSIFICATIONS AND PROGRESSIONS

35.01 All employees will be paid in accordance with this clause of the Agreement, the rate of pay as called for by their trade classification or appointment and grade as indicated on the basic pay scale which is attached hereto as Appendix 2, Appendix 3 and Appendix 4. In case of reclassification to a trade with a lower pay scale, the lower scale shall apply subject to conditions as stated in Article 15.05.

35.02 The basic pay scale shall be operated and interpreted as follows, each employee shall be assigned:

A. a trade classification eg. Lineman, Meter Technician, Engineering Technician etc.
and

B. an appointment eg. Learner, Improver, Journeyman etc.
and

C. a grading eg. 1, 2 or 3
These determine the rate of pay (see Article 35.01).

35.03 In each appointment there are one or more grades indicated 3, 2 or 1.

35.04 In the case of Learner and Junior appointments, progression is to be considered at the end of six months.

35.05 In the case of the Improver and the Intermediate appointments, the progression is considered at the end of six months.

35.06 In the case of Journeyman and Senior appointments, progression is considered at the end of one year.

35.07 A regular employee, who is serving a trial period in another classification, is not entitled to progression while on trial.

35.08 To move from one grade or appointment to the next, requires that the employee has the necessary qualities, ability, and knowledge and has been recommended to management by the supervisor. The employee is to be given a copy of the recommendation.

35.09 Trade classifications may be changed only after Corporation management consent.

35.10 Employees on progression shall normally be progressed in accordance with the schedule and the other conditions of this article. However, if any employee fails to make satisfactory progress, his advancement will be withheld for a period of six (6) months. If a progression is withheld, management shall give one (1) month's notice to the employee and reasons for withholding routine progression. At the next routine progression date, his general performance will be reviewed and if found satisfactory, a progression will be granted.

35.11 Where pay difficulties arise in relation to individual employee the Union executive may negotiate with the Corporation management (or vice-versa) for special arrangements to meet the situation.

35.12 The heads of departments shall or the Union may, as the occasion warrants, make recommendations to the Corporation management for increase in pay or promotion for those persons, who through length of service, increased proficiency, assumption of greater responsibility or duties or volume of work accomplished appear to warrant special consideration.

35.13 The minimum requirement for entry into the classification of Accountant shall be the holding of third year level of a Certified Management Accountant (CMA) or Certified General Accountant (CGA) or Chartered Accountant (CA) equivalent. Entry shall be at pay group S-3 and shall progress through increments to pay group S-1 provided that the incumbent advances academic qualifications by one additional semester course above the minimum standards for each progression step. The granting of pay group S-1 shall be contingent upon attaining certification for CA, CMA or CGA.

The minimum requirement for entry into the classification of Junior Accounting Clerk S-2 is completion of five (5) individual courses in the Accounting for Management Decisions Certificate Program at a recognized Community College. Entry into classification S-1 is achieved with the Accounting for Management Decisions Certificate.

35.14 In the case of a Vehicle Technician Apprentice and with respect to the 6 year Apprenticeship Program, each appointment will be 12 months in duration and the progression is considered at the end of one year.

35.15 Progression to J1 Journeyman Lineman to be immediately after completion of 4$^{th}$ year schooling, 8000 hours, and a successful evaluation by management through NPEI evaluation process.

ARTICLE 36 - RELIEF IN HIGHER CLASSIFICATION

36.01 Where an employee is delegated by management to work in a higher position on a temporary basis for a period of four (4) hours or more, the employee will receive an additional 50% of the difference in rate between the employee’s regular position and the new higher position to a minimum of $0.35 per hour.

36.02 (a) Where a Lineman is placed in charge of a crew of three (3) or more (including himself) on a temporary basis for a period of four (4) hours or more, he shall receive the Lead Hand rate for all regular hours worked.

36.02 (b) An employee who is placed in charge of their respective shop, departmental, office operation or a crew of four (4) or more (self included) on a temporary basis for a period of four (4) hours or more, shall receive 7% above their own rate.

36.03 Where an office employee is filling in at a higher paid position, he will receive the pay for the higher grade at his appointment.

36.04 Lineman in charge of the service truck is to be paid at Sub-Foreman's rate. This position to be filled by order of seniority starting from the most seniority to the least, the Lineman with most seniority having the first opportunity to accept.

ARTICLE 37 - NOTICE BOARDS

37.01 Notice Boards will be made available to the Union providing that:

A. Notice shall be concerned only with the meetings of the Union, social and recreational activities.

B. All notices be signed by approved officers of Local 636 I.B.E.W., namely the President or Union chief steward or his designate.

ARTICLE 38 - INCLEMENT WEATHER

38.01 During inclement weather there shall be no layoff of permanent employees and only work of an emergency nature shall be carried on out of doors. Emergency nature shall be defined as: an outage, or a hazard to life or property. Both parties agree that the employee's safety is the utmost concern during inclement weather conditions. The decision as to when such weather exists and the appropriate nature of the emergency rests with the supervisor.

ARTICLE 39 - DURATION

39.01 This Agreement shall be renewed and remain in effect from the first day of April 2008 for three years and expire on the thirty-first day of March 2011. Thereafter this Agreement shall be renewed automatically from year to year, unless, at not more than ninety days and not less than thirty days notice prior to the expiry date, either party shall furnish the other with notice of the termination, or proposed revision, or addition to any provision thereof. In such event, any negotiation on such matters shall take place within thirty days of such notice. All provisions not covered by the notice shall continue in force and effect.

ARTICLE 40 - WAGE INCREASES AND PAY AGREEMENT

40.01 Pay will increase by 3% effective April 1, 2008 and by 3 % effective April 1, 2009 and by 3% effective April 1, 2010. Effective April 1, 2009 to March 31, 2010 a 1% increase to the Ontario CPI over that published in April 2009 (e.g. Index for March 2009) and effective April 1, 2010 to March 31, 2011 a 1% increase in the Ontario CPI over that published in April 2010 (e.g. Index for March 2010) will active the escalator clause (e.g. for each full 1% increase in the Ontario CPI beyond the activation point), wage and salary will be adjusted by 1% concurrent with this increase. This clause will terminate March 31, 2011, when the February 2011 Ontario CPI is published.

40.02 Wages shall be paid by means of a direct deposit, to the personal bank account of each employee at an acceptable financial institution of their choice, by noon every Thursday.

40.03 All employees shall receive a pay stub provided in a sealed envelope every Thursday.

IN WITNESS WHEREOF each of the parties hereto has caused this Agreement to be signed by its duly -