

UNDERTAKING NO. KT1.1: TO PROVIDE POLICY DOCUMENT FOR
CALCULATING CIACS.

Response:

CNPI's policy on CIACs is documented in its *Conditions of Service*, specifically in the following sections:

- Appendix A, which is based on the Distribution System Code, Appendix B, *Methodology and Assumptions for an Economic Evaluation*. The latter document provides specific guidelines for LDCs to follow when calculating CIACs.
- Section 2.1.2, *Expansions/Offer to Connect*.
- Sections 3.1.2, 3.1.4, 3.1.5, 3.2.4, 3.2.5, and 3.2.6. These sections specify treatment of Connection Charges and CIACs for various customer classes.



CANADIAN NIAGARA POWER INC.

A **FORTIS** ONTARIO
Company

Canadian Niagara Power Inc.
Conditions of Service

Revision: June 30, 2008

Conditions of Service

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SECTION 1. INTRODUCTION

1.1 IDENTIFICATION OF DISTRIBUTOR AND TERRITORY

Canadian Niagara Power Inc. referred to herein as CNPI is a corporation, incorporated under the laws of the Province of Ontario and carries on the business of an electricity distributor.

CNPI is licensed by the Ontario Energy Board (OEB) to supply electricity to Customers as described in the Transitional Distribution License and thereafter by the Distribution License issued to CNPI by the OEB. Additionally, there are requirements imposed on CNPI by the various codes referred to in the License and by the Electricity Act and the Ontario Energy Board Act.

CNPI is licensed to operate distribution facilities within its licence territory as defined in CNPI's Electricity Distribution Licence ED-2002-0572 Schedule 1.

Nothing contained in this document or in any contract for the supply of electricity by CNPI shall prejudice or affect any rights, privileges, or powers vested in CNPI by Law under any Act of the Legislature of Ontario or the Parliament of Canada, or any regulations thereunder.

CNPI will normally provide one electrical service to each Customer's location at a nominal service voltage.

Electrical energy purchased from CNPI may not be re-sold at a profit by any Customer to a third party using the CNPI's rates. In the case of multi tenant buildings with bulk metering, the owner must pay the total cost of electrical energy.

The Customer or their representative must make application for new or upgraded electrical services and temporary power services.

The Customer or their representative shall consult with CNPI concerning the availability of supply, the voltage of supply, service location, metering and any other details. These requirements are separate from and in addition to those of the Electrical Safety Authority (ESA). CNPI will confirm the characteristics of electric supply available at the specific site.

The Customer is required to provide CNPI sufficient lead-time in order to ensure: (a) the timely provision of supply to new and upgraded premises or (b) the availability of adequate capacity for additional loads to be connected in existing premises.

If special equipment is required or if equipment delivery problems occur, then longer lead times may be required. The Customer will be notified of any extended lead times.

Customers will be required to pay the cost of repair or replacement of CNPI's equipment that has been damaged through the Customer's actions or neglect.

The Customer shall not build, plant or maintain or cause to be built, planted or maintained any structure, tree, shrub or landscaping that would or could obstruct the construction and operation of distribution lines, endanger CNPI's equipment, interfere with the proper and safe operation of its facilities or adversely affect compliance with any applicable legislation in the sole opinion of CNPI.

The supply of energy is conditional upon CNPI being permitted and able to provide such a supply, obtaining the necessary apparatus and material, and constructing works to provide the service. Should CNPI not be permitted to supply or not be able to do so, it is under no responsibility to the Customer whatsoever.

Customers may be required to pay capital contribution for the addition of new electrical services in accordance to calculations on overall system cost impact.

1.2 RELATED CODES AND GOVERNING LAWS

CNPI is limited in the scope of its operation by the:

1. Ontario Energy Board Act, 1998
2. Electricity Act, 1998
3. Distribution License

4. Affiliate Relationships Code
5. Distribution System Code
6. Transmission System Code
7. Retail Settlement Code
8. Standard Service Supply Code

In the event of a conflict between this document and the Distribution License or regulatory codes issued by the OEB, or the Electricity Act, the provisions of the Act, the Distribution License and the associated regulatory codes shall prevail.

When planning and designing for electricity service, Customers and their agents must refer to all applicable provincial and Canadian electrical codes, and all other applicable federal, provincial, and municipal laws, regulations, codes and by-laws to ensure compliance with their requirements. The work shall be conducted in accordance with the Ontario Occupational Health and Safety Act, the regulations for Construction Projects and the Electrical & Utility Safety Association (E&USA) (or the OHSC Safety) Rulebook.

1.3 INTERPRETATIONS

In these Conditions of Service, unless the context otherwise requires:

- Headings and underlining are for convenience only and do not affect the interpretation of these Rules.
- Words referring the singular include the plural and vice versa.
- Words referring to a gender include any gender.

1.4 AMENDMENTS AND CHANGES

The provisions of these Conditions of Service and any amendments made from time to time form part of any Contract made between CNPI and any connected Customer, generator or their agents.

In the event of changes to the Condition of Service, a public notice shall be made in the form of either a notice in a local newspaper or a notice on CNPI's Website.

The Customer is responsible for contacting CNPI to ensure that the Customer has obtained, or to obtain, the current version of the Conditions of Service. CNPI may charge a reasonable fee for providing a copy of this document.

1.5 CONTACT INFORMATION

CNPI has its offices located in the Town of Fort Erie, Ontario. Normal business hours are 8:00 a.m. to 4:30 p.m. Monday through Friday. The contact information for all services provided by CNPI is as follows:

Canadian Niagara Power Inc.
1130 Bertie Street
P.O. Box 1218
Fort Erie, Ontario
L2A 5Y2
Telephone: (905) 871-0330
Fax: (905) 871-8772
Email: info@cnpower.com
Website: www.cnpower.com

In the event of an emergency, CNPI may be contacted 24 hours a day at (905) 871-0330.

In Port Colborne, Customers may, in the event of an emergency, contact (905) 835-0051.

In Gananoque, Customers may, in the event of an emergency, contact (613) 382-2118.

1.6 CUSTOMER RIGHTS AND LIABILITY

1.6.1 GENERAL

A Customer has the right to make application for service or modification to an existing service in accordance with these Conditions of Service. An application for and the provision of electrical service in accordance with these Conditions of Service shall constitute an implied contract between the Customer and CNPI.

The Customer has the right to have one free disconnect and reconnect for maintenance on the existing service each year (rolling year) without charge during normal business hours. Beyond normal business hours CNPI will charge the Customer the premium above the normal business hours cost. Additional works will be chargeable to the Customer.

A Customer may request a list of Retailers who have service agreements with CNPI. Customers have the right to receive Standard Supply Service from CNPI, or its agent, where:

1. The Customer has not chosen a retailer,
2. The Customer chooses to return from a retailer,
3. The Customer's retailer is unable to supply, and;
4. The Customer's retailer returns the Customer to CNPI.

1.6.2 IDENTIFICATION

The Customer is entitled to demand identification from any person purporting to be an authorized agent or employee of CNPI.

1.6.3 Damages

A Customer who believes that he has incurred damages to his property or equipment as a result of negligence or willful misconduct on the part of CNPI, or from an electrical disturbance within the reasonable control of CNPI, then the Customer may submit a claim for damages to CNPI. CNPI will investigate the claim and respond in writing within ten (10) business days of the receipt of the claim.

1.6.4 LIABILITY

A Customer shall be liable to CNPI for any damages which arise directly out of the willful misconduct or negligence of the Customer in being connected to CNPI's Distribution System.

1.7 CNPI'S RIGHTS

1.7.1 GENERAL RIGHTS

No employee, representative or agent of CNPI has the authority to make any promise, agreement or representation, whether verbal or otherwise, which is inconsistent with these Conditions of Service and no such promise, agreement or representation shall be binding on CNPI.

Any notice under these Conditions of Service will be considered to have been given to the Customer on the date it is received by the Customer; or, when received by facsimile transmission as confirmed by the sender's transmission report; or, five (5) days following the date it was delivered or mailed by CNPI to the Customer's last known address, whichever is sooner.

Where CNPI believes that it has incurred damages to its property or equipment as a result of negligence or willful misconduct on the part of the Customer, or from an electrical disturbance within the reasonable control of the Customer, then CNPI may seek restoration for damages from the Customer.

Where the Customer has chosen to hire a contractor to construct distribution facilities that will form part of CNPI's Distribution System, CNPI has the right to require the contractor to submit proof of previous experience and satisfactory performance acceptable to CNPI prior to work commencing.

1.7.2 CNPI LIABILITY

CNPI shall not be liable for any failure to supply service for any cause beyond its reasonable control, nor shall it be liable for any loss, damage or injury caused by the use of services or resulting from any cause

beyond the reasonable control of CNPI. CNPI shall only be liable to a Customer for any damages which arise directly out of the willful misconduct or negligence of CNPI in providing distribution services to the Customer or in meeting its obligations under the Distribution System Code or its licenses.

Notwithstanding the above, CNPI shall not be liable under any circumstances whatsoever for any loss of profits or revenues, business interruption losses, loss of contract or loss of goodwill or for any indirect, consequential, incidental or special damages, including but not limited to punitive or exemplary damages, whether any of the said liability, loss or damages arise in contract, tort or otherwise.

1.7.3 PROPERTY RIGHTS

The Customer shall:

- Provide CNPI with access to the serviced premise at all reasonable hours for purposes of meter reading, replacing, removing or testing its equipment, and measuring or checking the connected load
- Provide CNPI with space and cleared rights-of-way on private property for lines and equipment required to service the Customer
- Trim or allow CNPI to trim all trees in close proximity to service lines in order to maintain such lines in a safe manner
- Not unreasonably interfere with CNPI's access to its property
- Not attach wires, cables or any other fixture to CNPI's poles or other property except by prior written permission from CNPI
- Not erect any buildings or obstructions on CNPI's easements, lands or alter the grading of such lands without prior written approval of CNPI.

CNPI shall:

- Have the right to install, remove or replace any of its property as it deems necessary
- Maintain ownership of all equipment and facilities provided by the CNPI, whether or not a Contribution In Aid of Construction (CIAC) may have been applied.

1.8 DISPUTES

If, following good faith negotiations between a Customer or other market participant and CNPI, a resolution cannot be reached, the dispute may be submitted to a dispute resolution process.

Any dispute which shall arise between CNPI and a Customer(s) and other market participants subject to the terms of these Conditions of Service concerning the rights, duties or obligations of CNPI or others subject to these Conditions of Service, shall be subject to the following dispute resolution procedure:

Mediation

- Either party (the "Initiating Party") may invoke the dispute resolution procedure by sending a written notice to the other party (the "Respondent Party") describing the nature of the dispute and designating a representative of the Initiating Party with appropriate authority to be its representative in negotiations relating to the dispute. The Respondent Party shall, within five (5) business days of the receipt of such notice, send a written notice to the Initiating Party, designating a representative of the Respondent Party with the appropriate authority to be its representative in negotiations relating to the dispute.
- Within ten (10) business days of the receipt by the Initiating Party of the written notice of the Respondent Party, the designated representatives shall enter into good faith negotiations with a view to resolving the dispute. If the dispute is not resolved in thirty (30) days of the commencement of such negotiations, or such longer period as may be agreed upon, either party may, by written notice to the other party, require that the parties be assisted in their negotiations by a mediator. The mediator shall be acceptable to both parties and have knowledge and experience in the matter under dispute, or professional qualifications, or experience in alternative dispute resolution, or both. The parties shall thereafter participate in mediation with the mediator through such process as the mediator, in consultation with the parties, may determine.

- None of the parties shall be deemed to be in default of any matter being mediated until effective on or after the date mediation fails.

Referral to Dispute Resolution

Any dispute that is not resolved through mediation as described above shall be referred to a third party dispute resolution agency according to the following procedure:

- Upon the written demand of either of the parties, the dispute shall be referred to an independent third party disputes resolution agency that has been approved by the Board.
- An independent third party disputes resolution agency that has been approved by the Board, shall be selected within ten (10) days of the receipt of the demand by the other party.
- The third party disputes resolution agency selected to hear the dispute shall be qualified by education and training to pass on the particular question in dispute.
- The third party disputes resolution agency selected shall immediately proceed to hear the matter or matters in dispute. The decision of the third party disputes resolution agency shall be made within forty-five (45) days of the selection, subject to any reasonable delay due to unforeseen circumstances. Notwithstanding the foregoing, if the third party disputes resolution agency fails to make a decision within sixty (60) days of the selection, then either party may elect to have another third party disputes resolution agency hear the matter or matters as if none had previously heard the matter or matters.
- The decision of the third party disputes resolution agency shall be in writing and signed by the agency. It shall be final and binding upon all the parties hereto as to any matter or matters so submitted to the third party disputes resolution agency and shall observe and implement the terms and conditions thereof.
- The compensation and expenses of the third party disputes resolution agency (unless otherwise determined by the agency) shall be paid equally by the parties.

1.9 FORCE MAJEURE

1.9.1

CNPI shall not be held to have committed an event of default in respect of any obligation under the Distribution Code if prevented from performing that obligation, in whole or in part, because of a force majeure event.

1.9.2

If a force majeure event prevents CNPI from performing any of its obligations under the Distribution Code and the applicable Connection Agreement, then CNPI shall:

- Promptly notify the consumer of the force majeure event and its assessment in good faith of the effect that the event will have on its ability to perform any of its obligations. If the immediate notice is not in writing, it shall be confirmed in writing as soon as reasonably practicable;
- Not be entitled to suspend performance of any of its obligations under the Distribution Code to any greater extent or for any longer time than the force majeure event requires it to do so;
- Use its best efforts to mitigate the effect of the force majeure event, remedy its inability to perform, and resume full performance of its obligations;
- Keep the consumer continually informed of its efforts; and,
- Provide written notice to the consumer when it resumes performance of any obligations affected by the force majeure event.

1.9.3

Notwithstanding any of the foregoing, settlement of any strike, lockout, or labour dispute constituting a force majeure event shall be within the sole discretion of CNPI. The requirement that CNPI must use its best efforts to remedy the cause of the force majeure event, mitigate its effects, and resume full performance under the Distribution Code shall not apply to strikes, lockouts, or labour disputes.

Section 2. Distribution Activities (General)

2.1 CONNECTIONS

This section contains the information that is applicable to all Customer classes of CNPI. Information that is particular to a specific Customer class is covered in Section 3 – Customer Specific.

Under the terms of the Distribution Code, CNPI has an obligation to make an offer to connect any Customer located within its service territory. The Customer shall contact CNPI providing sufficient lead-time to ensure timely provision of service and adequate capacity. The Customer or its agent shall consult with CNPI on matters of location, loading, service voltage, metering and any other pertinent details of the service.

CNPI will make all reasonable efforts to respond to the Customer within fifteen (15) days of the request.

2.1.1 BUILDING THAT LIES ALONG

By definition a building Lies Along CNPI's Distribution System if it is located within CNPI's defined territory and along a public right-of-way, the building can be connected to the existing Distribution System without an expansion or enhancement, and it meets the conditions listed in these Conditions of Service.

Upon application for service by an applicant whose building Lies Along the Distribution System, and abuts on or has access to a maintained public right-of-way, and where CNPI has distribution facilities of the appropriate voltage and capacity, CNPI is obligated to offer a connection to the Distribution System.

CNPI will provide at no cost to the Customer such services and facilities as described in the Standard Connection Allowance for each Customer Class. Costs associated with facilities and services beyond those described in the Standard Connection Allowance shall be the responsibility of the Customer. CNPI will require full payment in advance prior to establishing a connection.

The Standard Connection Allowance for each Customer Class is addressed in Section 3 – Customer Specific.

2.1.2 EXPANSIONS / OFFER TO CONNECT

2.1.2.1 GENERAL

Upon application for service by an applicant whose building is located within CNPI's defined territory but does not Lie Along the Distribution System, or does not abut on or have access to a maintained public right-of-way, or has a load characteristic that is not compatible with existing distribution facilities, CNPI is obligated to offer a connection, This connection may include an expansion to CNPI's existing distribution system in the form of a physical extension of the existing system and/or upgrades in capacity of the existing system.

Any portion of the expansion to be owned by CNPI shall be constructed such that upon a municipal right-of-way and is readily accessible from a maintained roadway, to allow for initial construction and any and all maintenance that may be required from time to time. In certain cases, all or part of the expansion to be owned by CNPI may be allowed on private land or lands, presuming Registered Easements can be obtained. Responsibility for acquiring any such Easements is the responsibility of the customer.

Any portion of the required connection which does not lie upon a municipal right-of-way shall be the responsibility of the customer, which is responsible for all costs and efforts associated with such a line on private property, including detailed design and engineering, negotiating and acquiring land rights, line construction, and ongoing maintenance.

Generally, distribution equipment on private property that only supplies that property is owned and maintained by the property owner.

2.1.2.2 CONTRIBUTION IN AID OF CONSTRUCTION (CIAC)

The applicant may be required to pay CNPI a CIAC to offset the cost of the addition and/or expansion to the Distribution System. In addition to the CIAC, the Customer may (at the discretion of CNPI) be

required to provide a security deposit in a form acceptable to CNPI. Such a security deposit may be held as guarantee of the Customer's load projections.

CNPI will use good utility practices, and guidelines as defined from time to time by the Ontario Energy Board (OEB), to determine the Distribution System expansion and/or enhancement and related costs required to service the applicant's building based on the service requirements provided by the applicant. CNPI will provide service without a CIAC from the applicant, if CNPI determines that the capital cost and on-going maintenance costs of the expansion and/or enhancement will be recovered by future incremental revenue from the Customer. In the event that the capital cost and on-going maintenance costs exceed the future incremental revenue recovered from the Customer, then a CIAC will be required from the applicant prior to execution of the project.

Such Contributions In Aid of Construction will be calculated using the guidelines set out in the OEB's Distribution System Code, Sections 3.2 and Appendix B. Other fixed costs not subject to the CIAC are detailed in Section 3 – Customer Specific.

Based on the service requirements provided by the applicant, CNPI shall determine an estimate of costs to construct the expansion and/or enhancement. The final cost charged to the applicant shall be based on the actual cost incurred by CNPI.

In situations where a single Customer was required to pay a CIAC and an additional Customer or Customer(s) connect to the expansion within five years of the original connection date then the additional Customer(s) shall be required to pay their share of the original contribution and the original Customer shall be rebated based on a reasonable division of costs, if so requested by the original contributing Customer before the new connection is established.

This initial estimate will normally be provided at no charge to the customer. However, CNPI will generally require payment in advance before any detailed designs are prepared. In addition, the customer must prepay the amount of the CIAC before construction. Once all construction related to the connection is complete, the actual costs incurred by CNPI will be compared to the estimate, with any significant difference owed to or owing from the customer.

2.1.2.3 ALTERNATIVE BIDS

The applicant required to pay a CIAC may, if he wishes, seek alternative bids from pre-qualified contractors to design and/or construct all or portions of the expansion. Work by others on CNPI's existing circuits is not permitted.

In the event the applicant chooses to use an alternative bidder to construct the expansion, the applicant must administer the contract and provide onsite supervision or contract CNPI to provide these services. CNPI reserves the right to inspect the expansion prior to connection and will be reimbursed by the applicant on a fee for service basis. As well, the applicant will reimburse CNPI for incidental costs incurred as a result of the work being performed by the alternative bidder; this includes items such as establishing worker protection and costs associated with connecting the expansion to the existing Distribution System. All works expansion must be constructed in compliance with CNPI's approved construction standards, and any other standards as required by statute.

If the Customer elects to use an alternative constructor, CNPI will revise its connection cost analysis in accordance with the new scope of works to be performed by CNPI, and the amount of the CIAC required by CNPI will be adjusted accordingly as per section 3.2 of the Distribution System Code,

CNPI reserves the right to approve the choice of constructor of these works.

2.1.3 CONNECTION DENIAL

CNPI is not obligated to connect or offer to connect any building within its service territory if the connection will result in any of the following:

- A contravention of existing laws of Canada and/or the Province of Ontario.
- A violation of CNPI's Distributor's Licence.
- Use of a Distribution System line for a purpose that is not intended by CNPI.

- Adverse effect on the reliability and safety of the Distribution System.
- Imposition of an unsafe work situation beyond normal risks inherent in the operation of the Distribution System.
- A material decrease in the efficiency of CNPI's Distribution System.
- A material adverse effect on the quality of distribution services received by an existing connection.
- Discriminatory access to distribution services.
- A potential increase to the monetary amounts that are already in arrears with CNPI.
- Any other conditions documented in the Conditions of Service that are consistent with the conditions identified above and with the goals delineated in the *Energy Competition Act, 1998*.

If CNPI refuses to connect a building or facility, CNPI shall inform the person requesting the connection of the reason(s) for not connecting and, where CNPI is able to provide a remedy, make an offer to connect. If CNPI is unable to provide a remedy to resolve the issue, it is the responsibility of the Customer to do so before a connection may be made.

2.1.4 INSPECTIONS BEFORE CONNECTION

All Customer-owned electrical installations shall meet the requirements of these Conditions of Service and be inspected and approved by the Electrical Safety Authority. CNPI requires notification from the Electrical Safety Authority granting approval of the installation prior to connection to the Distribution System. Existing installations that have been disconnected from the Distribution System for a period of six (6) months or longer shall also be inspected and approved by the Electrical Safety Authority prior to reconnection.

Customer-owned substations shall be inspected and approved by the Electrical Safety Authority and CNPI prior to being connected to the Distribution System.

Transformer rooms, vaults and pads shall be inspected and approved by CNPI prior to installation of CNPI-owned equipment.

Underground distribution facilities shall be inspected and approved by CNPI prior to connection to the Distribution System.

Provision for metering shall be inspected and approved by CNPI prior to installation of the metering equipment and connection to the Distribution System.

2.1.5 TEMPORARY SERVICE

Where a Customer has made special arrangements for temporary service with CNPI, the Customer shall pay CNPI, in advance, a temporary connection charge. Examples of temporary service are construction sites, mobile facilities, festivals, etc.

The temporary connection charge is calculated as the estimated labour cost of installing **and removing** lines and equipment necessary to provide the service, including engineering costs, plus the cost of all issued material. Upon return to CNPI of any material in good reusable condition, the Customer will be issued an equivalent credit. All temporary lines and equipment shall conform to CNPI's construction standards.

There is no Standard Connection Allowance for Temporary Service. All costs associated with providing the service are determined by the Variable Connection Charge and a Basic Connection Charge.

At the discretion of CNPI, the Customer may be required to pay a security deposit prior to connecting the service.

The Customer's electrical installation will require an authorization from the Electrical Safety Authority prior to being connected to the Distribution System by CNPI.

2.1.6 RELOCATION OF PLANT

When requested to relocate distribution plant, CNPI shall exercise its rights and discharge its obligations in accordance with existing legislation such as the *Public Service Works on Highways Act*, regulations, formal agreements, easements and common law. In the absence of existing arrangements, CNPI is not obligated to relocate the plant. However, CNPI shall resolve the issue in a fair and reasonable manner. Resolution in a fair and reasonable manner shall include a response to the requesting party that explains the feasibility or infeasibility of the relocation and a fair and reasonable charge for relocation based on cost recovery principles.

To greater clarity, the customer will be expected to pay CNPI all costs associated with the relocation of distribution plant less the accumulated depreciation of the existing plant.

Requests by civic authorities to relocate distribution facilities related to road improvements will be done so in accordance with the appropriate regulations and CNPI will exercise its rights and discharge its obligations in accordance with existing acts, by-laws, regulations, easements and laws.

2.1.7 EASEMENTS

To maintain the reliability, integrity and efficiency of the Distribution System, CNPI has the right to have supply facilities on private property registered against title to the property. Easements are required whenever CNPI's underground or overhead Distribution System is to be located on private property or crosses over adjacent private property to service a Customer other than the owner of that adjacent property.

The Customer shall grant, at no cost to CNPI, where required, an easement to permit installation and maintenance of the service. The width and extent of this easement shall be determined by CNPI in consultation with the Customer, but in no case shall it be less than the applicable C.S.A. Standard.

The Customer will prepare at his own costs a reference plan and easement documents to the satisfaction of CNPI and register the easement. The requirement of an easement will be discussed at the consultation phase.

The Customer shall furnish to CNPI, free and clear of all encumbrances, sufficient easements to enable the servicing of all existing and proposed developments or subdivisions from plant located on the Customer's property.

Sufficient property at suitable locations shall be made available for the purpose of the installation of CNPI's assets.

2.1.8 CONTRACTS

It is not necessary in all cases for the Customer to sign a Standard Form of Contract prior to the service being connected to the Distribution System. However, notwithstanding the absence of a formal contract, the taking and using of service from CNPI by any person or persons constitutes the acceptance of all regulations, conditions and rates as established by CNPI, including without limitation CNPI's Conditions of Service and the terms of any applicable connection agreement. Such acceptance and use of service shall be deemed to be the acceptance of a binding contract with CNPI and the person so accepting shall be liable for payment for such service and the contract shall be binding upon the person's heirs, administrators, executors, successors and assigns.

Special contracts that are customized in accordance with the service requested by the Customer normally include, but are not limited to, the following:

- Temporary service;
- General service;
- Embedded generator;
- Embedded distributor;
- Private Area Lighting;

An owner of a serviced premise is responsible for the supply of electricity to the building and may request CNPI to terminate supply. Where the owner wishes to have the supply terminated temporarily, the owner may still be responsible for the monthly basic charge associated with that class of service during the period of disconnection. CNPI may refuse to terminate the supply of electricity to an owner's building when there are occupants in the building (i.e., during certain periods of the winter).

Where an occupant (not being the owner) has entered into a contract with CNPI for the supply of electricity service, CNPI will also require consent from the occupant prior to disconnection of service.

2.2 DISCONNECTION

CNPI reserves the right to disconnect the supply of electrical energy for causes including but not limited to the following:

- Where the service has been discontinued;
- On the account of, or to prevent, fraud or abuse;
- Where, in the opinion of CNPI, the Customer's electrical system is defective and represents a danger to life or property, or has an adverse effect on the reliability and safety of the Distribution System;
- Where the Customer's electrical system has been modified without compliance to Electrical Regulations;
- Where there is a material decrease in the efficiency of CNPI's Distribution System;
- Where there is a potentially adverse effect on the quality of distribution services received by an existing connection;
- Where the Customer has a building or structure under CNPI's wires which is within clearance recommended by the Canadian Standards Association;
- When ordered to do so by any authority having the legal right to issue such an order;
- Overdue amounts payable to CNPI for the distribution or retail of electricity as permitted by legislation; or,
- Where there is imposition of an unsafe worker situation beyond normal risks inherent in the operation of the Distribution System.

CNPI may disconnect the supply of electrical energy to a Customer without notice in accordance with a court order, for an emergency, safety or system reliability reasons.

CNPI may disconnect a service to make repairs or alterations to the Distribution System. Where reasonable and practical, CNPI shall give prior notice to the Customer.

2.2.1 DISCONNECTION AND RECONNECTION – PROCESS ON OVERDUE AMOUNTS

In accordance with applicable legislation and following the due date, procedures will be followed to collect the overdue amount of a bill for the provision of electricity service. If the overdue amount is still outstanding sixteen (16) days after the due date and seven (7) days after a disconnect notice has been given to the Customer, the service may be disconnected and not restored until satisfactory payment arrangements have been made, including payment of reconnection fees, and any applicable service charges. Disconnect notices will be in writing and may be delivered by prepaid mail, personal service or posted on the property in a conspicuous location. If given by prepaid mail the notice shall be deemed to be received on the third business day after mailing.

Such disconnection does not relieve the Customer of the obligation of the liability of arrears or the continued minimum bills while the service is maintained. CNPI shall not be liable for any damage to the Customer's premises resulting from the discontinuance of service.

2.3 CONVEYANCE OF ELECTRICITY

2.3.1 GUARANTY OF SUPPLY

CNPI shall use good utility practices in providing regular and uninterrupted supply but does not guarantee a constant supply or the maintenance of unvaried frequency or voltage and will not be liable for damages to the Customer by any reason of any failure in respect thereof.

Customers requiring a greater degree of security than that described here are responsible to provide their own service conditioning equipment. Customers utilizing three-phase service are advised to install protective apparatus designed to mitigate possible damage to their equipment that may result from the interruption of single-phase or non-simultaneous switching of phases of CNPI's supply.

It is CNPI's intent to minimize inconvenience to Customers resulting from service interruptions, however occasionally it may be necessary to interrupt a Customer's supply to maintain, enhance or expand the Distribution System. Where feasible, CNPI will make reasonable efforts to schedule interruptions to minimize the inconvenience to its Customers. Where possible CNPI will endeavor to provide reasonable advance notice of a planned interruption. An exception would apply in the event of an extreme emergency, involving danger to life or limb, or impending equipment damage that could jeopardize the integrity of the Distribution System.

Depending on the duration of the interruption and the number of Customers affected, CNPI may issue a news release to advise the general public of the outage.

CNPI will endeavor to notify Customers prior to interrupting the supply to any individual service. However, if an unsafe or hazardous condition is found to exist, or if the use of electricity by apparatus, or appliances, or other equipment is found to be unsafe or damaging to CNPI or the public, service may be disconnected without notice.

2.3.2 UNAUTHORIZED ENERGY USE

The unauthorized use of electricity from CNPI's Distribution System through means such as tampering with meters, meter sockets, metering devices, wiring etc., is a violation of these Conditions of Service and is illegal. CNPI will investigate all reports of suspected unauthorized use of energy. If the investigation leads to the conclusion of probable theft of service, CNPI may release all necessary information to the legal authorities to conduct a criminal investigation. Upon identification of a possible unauthorized use of energy, CNPI will notify the retailer that services the consumers affected by the unauthorized use of energy.

CNPI may recover from the consumer or party responsible for the unauthorized energy use, all costs incurred by CNPI arising from the unauthorized use including security deposit, inspection and repair costs.

If, in the opinion of CNPI, the unauthorized use of energy has created an unsafe connection, CNPI shall disconnect the service and it will remain disconnected until such time as authorization to reconnect is issued by the Electrical Safety Authority.

A service disconnected due to unauthorized use of energy will not be reconnected until such time as all arrears resulting from the unauthorized use has been resolved to the satisfaction of CNPI.

2.3.3 POWER QUALITY

In response to a Customer power quality concern where the utilization of electric power affects the performance of electrical equipment, CNPI will perform investigative analysis in an attempt to determine the cause. Depending on the circumstances, this may include review of relevant power interruption data, trend analysis, and a field audit of the Customer's electrical installation and/or use of diagnostic equipment.

Upon determination of cause resulting in the power quality concern, where it is deemed a system delivery issue, and where industry standards of good utility practice have not been met, CNPI will recommend and/or take appropriate mitigation measures at its expense. If CNPI is unable to fully correct the problem due to the impact on other Customers, then it is not obligated to do so. If the cause is on the Customer's

side of the ownership demarcation point, then CNPI may seek reimbursement for the time spent in investigating the problem.

Where CNPI has reason to believe that service to a Customer has or will have load characteristics that may cause undue interference with service to another Customer(s), the Customer shall upon written notice by CNPI provide and install at his expense and within a reasonable period of time, the equipment necessary to eliminate or prevent such interference. If the Customer does not take such action within a reasonable period of time, CNPI may disconnect the supply of electricity to the Customer.

2.3.4 ELECTRICAL DISTURBANCES AND UNPLANNED OUTAGES/EMERGENCY CONDITIONS

2.3.4.1 ELECTRICAL DISTURBANCES

CNPI shall follow good utility practice in managing power quality of CNPI's Distribution System and to meet the guidelines of Section 2.3.6. However, there are levels of voltage fluctuation and other electrical disturbances beyond its reasonable control, including without limitation Customer's equipment and the effects of lightning and storms. Examples of equipment that may contribute to a disturbance are large motors, welders, variable speed drives and equipment operating with switch mode power supplies.

Customers must ensure that their equipment does not cause any disturbance that might interfere with operation of other Customer's equipment that is connected to the Distribution System.

Customers, who may require an uninterrupted source of power supply, or a supply completely free of fluctuation or disturbance, must install their own power conditioning equipment for these purposes.

The Customer shall provide such protective devices as may be necessary to protect his property and equipment from any disturbance beyond the reasonable control of CNPI.

Customers taking three-phase supply are responsible for providing their own protective apparatus to avoid damage to their equipment that may be caused by the interruption of single-phase or non-simultaneous switching of the three-phase supply.

CNPI shall not be liable to the Customer for complete or partial failure or interruption of service, or for fluctuations in voltage, resulting from causes beyond its reasonable control or through the ordinary negligence of its employees, servants or agents.

2.3.4.2 UNPLANNED OUTAGE AND EMERGENCY CONDITIONS

CNPI may require a consumer or Customer or a party to a joint use agreement to comply with reasonable and appropriate instructions from CNPI during an unplanned outage or emergency situation.

To assist with Distribution System outages or emergency response, CNPI may require a Customer to provide CNPI emergency access to Customer-owned distribution equipment that normally is operated by CNPI or CNPI-owned equipment on Customer property.

During an emergency, CNPI may interrupt supply to a consumer in response to a shortage of supply or to effect repairs on the Distribution System or while repairs are being made to consumer-owned equipment.

CNPI requires consumers with permanently connected emergency generation equipment to notify CNPI regarding the presence of such equipment.

2.3.5 STANDARD VOLTAGE OFFERINGS

CNPI will normally provide and maintain one of the following standard secondary voltages depending upon the requirements of the load and the characteristics of the Distribution System that Lies Along.

- Single-phase, 3 wire, 120/240 volts
- Three-phase, 4 wire, 120/208 volts
- Three-phase, 4 wire, 347/600 volts

Transformation to other voltages will be provided, installed and maintained by the Customer.

The supply voltage and circuit characteristics limit the capacity of a service to a Customer's building. Service shall be supplied at single-phase 120/240 volts where it is determined by CNPI, in consultation with the Customer, that the maximum demand is less than 75 kVA. Service shall be supplied at one of the standard three-phase voltages where the maximum demand is determined to be 75 kVA or greater, and either the three-phase connected load is greater than 15 kVA, or, in the opinion of CNPI the nature of the load warrants three-phase voltage. CNPI may provide three-phase supply where the maximum demand is less than 75 kVA or the three-phase load is less than 15 kVA, if requested by the Customer, and a Contribution In Aid Construction is paid to CNPI to cover the extra cost of transformers and equipment required to provide the three-phase voltage. Such a contribution is in addition to a contribution that may apply for Distribution System Enhancements to provide three-phase voltage. If sufficient equipment and transformers of adequate capacity exists at the location requested, a CIAC may not be required to provide three-phase voltage.

CNPI will normally install and maintain overhead secondary circuits. For supply from an overhead circuit (secondary conductors) the following guidelines apply:

- Single-phase, 3 wire, 120/240 volts to a maximum of 200 amps
- Three-phase, 4 wire, 120/208 volts to a maximum of 200 amps
- Three-phase, 4 wire, 347/600 volts to a maximum of 200 amps

Customers shall install and maintain underground secondary circuits including the terminators (excluding Residential Customers). CNPI will make connection of the secondary circuits to the secondary bus of the transformer. For supply from an underground circuit (secondary conductors) the limitations are based on transformation and primary circuit capacity. CNPI will normally install and maintain transformers and associated equipment where the determined maximum demand will not exceed the following:

- 75 kVA, single-phase, 3 wire
- 300 kVA, three-phase, 4 wire where the available primary supply voltage is less than 5 kV
- 500 kVA, three-phase, 4 wire where the available primary supply voltage is greater than 5 kV but less than 15 kV
- 1000 kVA, three-phase, 4 wire where the available primary supply voltage is 15 kV or greater.

If the existing Distribution System is not capable of supporting the required additional transformer capacity, a Distribution System Enhancement may be required and the Customer will be required to pay a CIAC (see section 2.1.2).

Generally, Customers whose demand exceeds these guidelines shall install and maintain their own substation with transformers and associated equipment to receive three-phase, 4-wire voltage at the primary voltage level.

2.3.6 VOLTAGE GUIDELINES

CNPI shall endeavor to maintain service voltage at the Ownership Demarcation Point within the guidelines of C.S.A. Standard CAN3-C235-87 (Latest Revision), which allows variations from the nominal voltage as shown below. In the event of a discrepancy C.S.A. Standard CAN3-C235-87 (Latest Revision) shall take precedence.

Recommended Voltage Variation Limits at Service Entrances taken from C.S.A. Standard CAN3-C235-87 (Latest Revision)				
Nominal System Voltage	Voltage Variation Limits Applicable at Service Entrances			
	Extreme Operating Conditions			
		Normal Operating Conditions		
120/240	110/221	113/226	127/254	130/259
120/208	110/ 191	113/196	127/220	130/225
347/600	319/552	326/564	368/636	375/648

Where voltages are outside of the indicated limits for Normal Operating Conditions but within the indicated limits for Extreme Operating Conditions, improvement or corrective action will be take on a planned and programmed basis, but not necessarily on an emergency basis. Where voltages are outside the indicated limits for Extreme Operating Conditions, improvement or corrective action will be taken on an emergency basis. The urgency for such action will depend on such factors as the location and nature of the load and the extent to which the levels are exceeded and the duration.

2.3.7 BACK-UP GENERATORS

Customers with portable or permanently connected emergency generation shall comply with all aspects of the Ontario Electrical Safety Code, and in particular, shall ensure that the Customer emergency generation does not back feed on CNPI’s Distribution System.

Customers with permanently connected emergency generation equipment shall notify CNPI regarding the presence of such equipment. CNPI reserves the right to inspect the connection of this equipment.

2.3.8 METERING

CNPI will normally provide, install and maintain revenue metering, instrument transformers, test panels and all interconnecting wiring required for retail settlement and billing of all Customers connected to CNPI’s Distribution System, excluding embedded generation. The location and installation of indoor and outdoor metering shall be acceptable to CNPI and readily accessible at all times.

CNPI may, at its discretion, install a demand meter or interval meter for purposes of measuring demand to assign the Customer to a Rate Class or to set the appropriate distribution services rate for that Customer.

2.3.8.1 GENERAL (METERING)

Generally, metering will be at the utilization voltage. Where CNPI owns the primary transformation, primary metering will be permitted at the discretion of CNPI. However, primary transformation owned by the Customer shall be primary metered, unless the building qualifies for individual tenant metering, as outlined in the Customer Class Specific section of this document (Section 3). The incremental cost of primary metering is the responsibility of the Customer.

For metering at the utilization voltage the Customer shall provide at his expense:

- Space and location acceptable to CNPI, as outlined further in this Section, for the installation of the revenue metering equipment and if necessary associated communication equipment;
- A proper meter socket;
- Where required, a lockable enclosure with removable back plate, of dimensions outlined further in this Section;
- Installation of instrument transformers (supplied by CNPI), when mounting revenue-metering equipment in switchgear, and conduit for instrument transformer leads, where required;
- Direct access to the revenue meter and associated equipment by CNPI.

2.3.8.2 METERING CABINETS

Where metering cabinets are required, the Customer shall supply and install the cabinet to CNPI’s specifications. The metering cabinet shall be CSA approved, painted or galvanized, and constructed of No. 16 gauge (minimum) sheet metal and include a provision for sealing and locking. The dimensions of the metering cabinet will depend on the size of the service. The relationship is as follows:

Metering Cabinet - Dimensions		
Service Configuration	Amperage	Dimensions
120/240 Volt, 3 Wire	200 to 400 Amps	1 m x 1 m x 0.3 m
120/208 Volt, 4 Wire	200 to 800 Amps	1.2 m x 1.2 m x 0.3 m
347/600 Volt, 4 Wire	200 to 800 Amps	1.2 m x 1.2 m x 0.3 m
3-Phase, 4 Wire	Greater than 800 Amps & NOT supplied through switchgear	1.2 m x 1.2 m x 0.3 m for the current transformers; and, 1 m x 1 m x 0.3 m for

		the meter.
Other	N/A	1 m x 1 m x 0.3 m for the meter only.

Metering cabinets shall normally be installed indoors, except where otherwise approved by CNPI. Cabinets installed outdoors shall be suitable for an outdoor environment and approved by CNPI. Cabinets shall be installed such that it is not less than 0.6 m to the bottom and not more than 1.9 m to the top of the cabinet as measured from the floor. A minimum safe working space of 1.2 m in front of the installation from floor to ceiling with a minimum ceiling height of 2.1 m is required. The Customer's main switch immediately preceding the meter shall be installed with provisions for sealing and locking with the handle in the **OPEN** position and the door closed.

Normally, for services 800 Amps and greater the current transformers shall be installed in the secondary bus of the switchgear, at the Customer's expense. The Customer shall submit the appropriate shop drawings to CNPI for approval.

2.3.8.3 INTERVAL METERING

The OEB's Distribution System Code, as amended time to time, requires CNPI to meter Customers of specific load levels with an interval meter that are interrogated remotely. CNPI may also require such metering on any Customer whose load characteristics may have a significant impact on the Net System Load Shape, or where reasonable access to the meter for the purpose of acquiring metering data may be limited.

Once an interval meter installation process is part of CNPI's settlement process, and as affected the Net System Load Shape, the installation shall not be changed back to a non-interval meter installation.

CNPI shall provide an interval meter within a reasonable period of time to any consumer or his agent who submits a written request in accordance with the Retail Settlement Code to CNPI for an interval meter. The consumer shall compensate CNPI for all incremental costs associated with the supply, installation and maintenance of the interval meter.

Customers requiring or requesting interval metering shall provide a plywood metering board measuring 1.2 m x 1.2 m x 16 mm exclusively for metering equipment. The Customer will also provide access and connection to a direct dial voice quality telephone line available 24 hours a day to an extension jack located on the metering board. The phone line must be installed and functioning prior to the installation of the interval meter. Installation and ongoing maintenance and costs associated with the phone line shall be the responsibility of the Customer.

2.3.8.4 METER READING

CNPI or its agents shall have the right to read any meter installed on the Customer's premises, and the Customer shall maintain a safe environment and unobstructed access to the metering equipment.

All CNPI metering equipment located on the Customer's premise is in the care and at the risk of the Customer and if destroyed or damaged, other than by normal usage, the Customer will compensate CNPI for the cost of repair or replacement.

If CNPI is unable to obtain a meter reading due to circumstances beyond its reasonable control, CNPI may estimate the reading.

2.3.8.5 FINAL METER READING

When service is no longer required, or the Customer is switching energy providers, the Customer shall provide CNPI with a minimum prior notice of five (5) business days of the date that service is to be discontinued so that CNPI may obtain a final meter reading. The Customer will provide access to CNPI or its agent for this purpose.

If a final reading is not obtained, the Customer shall pay a sum based on an estimate for electricity used since the last meter reading.

2.3.8.6 FAULTY REGISTRATION OF METERS

Metering electricity usage for the purpose of billing is governed by the Federal Electricity and Gas Inspection Act and associated regulations, under the jurisdiction of Measurement Canada, Industry Canada.

In the event of incorrect electricity usage registration, CNPI will determine the correction factors based on the specific cause of the metering error and the Customer's electricity usage history. The Customer shall pay for all energy supplied, a reasonable sum based on the reading from any meter formerly or subsequently installed on the premise by CNPI, due regard being given to any change in the character of the installation.

If the incorrect measurement is due to reasons other than the accuracy of the meter, such as incorrect meter installation, incorrect connection of auxiliary metering equipment, or incorrect meter multiplier used in the bill calculation, the billing correction will apply for the duration of the error. CNPI will correct the bills for that period in accordance with the applicable regulations under the Act.

2.3.8.7 METER DISPUTE TESTING

CNPI will attempt to resolve billing enquiries. However, to give Customers confidence in the accuracy of electricity meters, CNPI will conduct an internal investigation to verify the accuracy of any meter the Customer believes to be recording incorrectly. If the internal investigation does not resolve the matter, the Customer or CNPI may request Measurement Canada to test the meter.

If the test indicates that the meter is not accurate, the Customer's historic billing will be adjusted and the meter dispute fee borne by CNPI. If the test indicates that the meter is accurate, the Consumer may be required to pay the meter dispute fee.

2.4 TARIFFS AND CHARGES

2.4.1 SERVICE CONNECTION

Charges for service connections are set out in CNPI's approved rates and may be obtained by request from CNPI. Notice of rate revisions maybe published in local newspapers and or mailed out to all Customers with the first billing issued at the revised rates.

2.4.2 ENERGY SUPPLY

Customers have the right to receive Standard Supply Service from CNPI, or its agent, where:

- The Customer has not chosen a retailer,
- The Customer chooses to return from a retailer,
- The Customer's retailer is unable to supply, or;
- The Customer's retailer returns the Customer to CNPI.

CNPI shall provide standard supply service for all (100%) of the electricity consumed by standard supply Customers.

2.4.3 DEPOSITS

Residential

CNPI may require a security deposit from any Customer before providing service or before reconnecting a service:

A security deposit is not required from Customers:

- Who have a good payment history in respect of another CNPI account in their name or with an affiliate of CNPI;
- Who supply a letter confirming a good payment history with another Ontario electric or natural gas distribution company;
- Who provide a satisfactory credit check made at the Customer's expense.

General Service

All new Customers shall pay a security deposit before connection or reconnection except for Customers:

- Who supply a letter confirming a good payment history with another Ontario electric or natural gas distribution company;
- Who supply a satisfactory credit report provided to CNPI at the Customer's expense.

The following are acceptable types of security deposits:

- Cash, cheque, money order.
- An irrevocable letter of credit from a chartered bank, trust company or credit union for a minimum of three (3) years;
- A bond from an insurance company.

Amount of Security Deposit:

Residential:

- Customers billed monthly: the amount of the security deposit shall be equal to 2.5 times the average bills for the service address during the most recent twelve (12) consecutive months within the previous twenty-four (24) months.
- Customers billed bi-monthly: the amount of the security deposit shall be equal to 1.75 times the average bills for the service address during the most recent twelve (12) consecutive months within the previous twenty-four (24) months.

Non-residential and Commercial/Industrial General Service Customers:

- Customers billed monthly: the amount of the security deposit shall be equal to 2.5 times the consumer's average monthly load with the distributor during the most recent twelve (12) consecutive months within the previous twenty-four (24) months.
- Customers billed bi-monthly: the amount of the security deposit shall be equal to 1.75 times the consumer's average monthly load with the distributor during the most recent twelve (12) consecutive months within the previous twenty-four (24) months.

For non-residential customers greater than 50kW who provide a credit rating from a recognized credit rating agency will be eligible for a reduction in their security deposit reduced as follows:

Credit Rating <i>(Using Standard & Poors Rating Terminology)</i>	Allowable Reduction in Security Deposit
AAA- and above or equivalent	100%
AA-, AA, AA+ or equivalent	95%

A-, From A, A+ to below AA or equivalent	85%
BBB-, From BBB, BBB+ to below A or equivalent	75%
Below BBB- or equivalent	0%

Where usage information is not available for the Customer's for twelve (12) consecutive months within the past two years, the Customer's average monthly load shall be based on a reasonable estimate made by CNPI.

Security deposits are normally paid to CNPI before the Customer moves into the premise. CNPI will allow Customers to pay security deposits in installments for a period of no more than four (4) months. Failure to pay the deposit will result in disconnection of the electrical service.

Deposit Duration and Interest

Security deposits will be returned to residential Customers after twelve (12) consecutive months of paying their invoices provided the following criteria are met:

- They have not received more than one (1) disconnection notice;
- They have not had more than one (1) insufficient funds cheque posted to their account;
- They have not had more than one (1) pre-authorized payment returned for insufficient funds;
- There have been no disconnections due to non-payment.

A Customer that meets these criteria shall be deemed to have a good payment history.

Non-residential and Commercial/Industrial General Service Customers:

Security deposits will be returned to non-residential and Commercial/Industrial General Service Customers after five (5) years of paying their invoices provided the following criteria are met:

- They have not received more than one (1) disconnection notice;
- They have not had more than one (1) insufficient funds cheque posted to their account;
- They have not had more than one (1) pre-authorized payment returned for insufficient funds;
- There have been no disconnections due to non-payment.

A Customer that meets these criteria shall be deemed to have a good payment history.

Otherwise, the security deposit will be held until the payment record meets the above criteria, or the Customer terminates service (whichever comes first). Subject to CNPI's right to use the security deposit to set off other amounts owing by the Customer, the security deposit shall be returned within six (6) weeks of closure of an account.

The interest rate for a cash or cheque security deposit is calculated at the prime business rate, as published on the Bank of Canada website, less two (2) percent (updated quarterly) and shall be posted to the Customer's account on a quarterly basis.

Except for deposits paid prior to February 2, 2004, the Company shall review every Customer's security deposit at least once in a calendar year to determine whether the entire amount of the security deposit is to be returned to the Customer or adjusted.

Where the Customer moves within the CNPI service territory, the security deposit may be applied to the security deposit requirements for the Customer's new service address.

CNPI may adjust the security deposit in consideration of the historical consumption or the Customer's anticipated load profile at the new service address in accordance with the above calculations. In the event that the Customer has established a good payment history, a security deposit will not be requested for the new address.

In the event that a Customer changes service from Standard Supply Service (SSS) to a competitive retailer that uses retailer-consolidated billing, or the Customer changes billing options from distributor-

consolidated billing to split billing or retailer consolidated billing, the distributor shall apply the Customers security deposit plus interest to the Customers account. CNPI will not pay any portions of the Customer's security deposit to a competitive retailer. Where the change is made from distributor-consolidated billing to split billing, CNPI may retain a portion of the security deposit in an amount that reflects the non-payment risk associated with the new billing option.

Methods of Enforcement

In addition to disconnection for non-payment of a security deposit, the Company may use any risk mitigation options available under law to manage Customer non-payment risk.

2.4.4 BILLING

The billing cycles are categorized geographically into routes. The billings are staggered throughout out the month.

- Residential Customer meters are read every month and billed monthly;
- General Service Customer meters, with billing demands less than 50 kW, are read every month and billed monthly;
- General Service Customer meters, with billing demands greater than 50 kW, are read every month and billed monthly;
- Streetlights are billed monthly;
- Sentinel lights are billed monthly;
- Flat rates are billed monthly.

Note: A card showing CNPI's current rates structure is available upon request.

2.4.5 PAYMENTS AND LATE PAYMENT CHARGES

All classes of electricity Customers have sixteen (16) days from the date of invoice to pay their account. An interest rate of 1.5% will be applied to the balance forward on overdue accounts.

2.5 CUSTOMER INFORMATION

2.5.1 RELEASE OF CURRENT INFORMATION TO THE RETAILER

Upon authorization by a Customer, CNPI shall make available the following current information to the retailer that provides electricity to a consumer within CNPI's service area:

- Customer's meter number;
- Customer's premise address;
- Customer's account number;
- The date of the most recent meter reading;
- The date of the previous meter reading;
- Multiplied kWh recorded at the time of the most recent meter reading;
- Multiplied kWh recorded at the time of the previous meter reading;
- Multiplied kW for the billing period (if demand metered);
- Multiplied kVA for the billing period (if available);
- An indicator of the read type;
- Average distribution loss factor for the billing period.

2.5.2 RELEASE OF HISTORICAL INFORMATION TO A CUSTOMER AND/OR RETAILER

Upon written consent and payment of an administrative fee by a Customer, CNPI shall provide to the Customer and/or one or more retailers the usage data, meter data and payment information as defined below:

- Customer's account number;
- Customer's service address;
- Customer's billing address;
- Identification of current regulated rates that apply to the consumer;
- Multiplied kWh used in each billing period;
- Multiplied kW for each billing period (if demand metered);
- Multiplied kVA for each billing period (if relevant);
- Date of actual or estimated meter read for each billing period;
- An indicator of the read type;
- The next scheduled meter read date;
- The next scheduled bill date;
- The distribution loss factor for the billing period.

For any of the above information, CNPI will provide data for up to twenty-four (24) billing periods, if available.

SECTION 3. CUSTOMER CLASS SPECIFIC

Customer class specific refers to services and requirements that are unique to individual Customer classes. This includes items such as line of demarcation, metering, service requirements, ownership and operational responsibilities, special contracts and other conditions specific to a particular Customer class. Also inspection of works not normally within the scope of the Electrical Safety Association is defined.

3.1 RESIDENTIAL

For purposes of these Conditions of Service, “residential” generally pertains to the supply of single-phase electrical energy to detached and semi-detached, single-family homes, and farms. A single-family home being a permanent structure or structures located on a single parcel of land and approved by a civic authority as a dwelling and occupied for that purpose by a single Customer on a year-round basis.

In these Conditions of Service, subdivisions, multi-units or townhouses developments, and customers requiring the construction of primary lines on private property, are considered as General rather than Residential for purposes of new connections if an expansion to CNPI’s distribution system will be required, or if CNPI is to assume ownership of assets once municipal rights-of-way are to be established. Refer to section 2.1.2 of this document for information on expansions to CNPI’s system.

The customers of these developments will ordinarily be billed at the appropriate residential rate class.

3.1.1 GENERAL

Normally, CNPI will provide one service or delivery point to each residence. The normal service voltage will be 120/240 volts, 60 Hz. The minimum service size for new and upgraded services shall be 100 amperes and the maximum size shall be 200 amperes. Residential services above 200 amperes will require consultation with and the approval of CNPI prior to construction.

In circumstances where two existing services are installed to a residence and one is being upgraded, the upgraded service will replace both of the existing services. Where existing revenue metering is located inside the residence, the Customer will relocate it to the exterior of the building at the time of upgrading the existing service.

3.1.2 SERVICING COSTS

CNPI has a Standard Connection Allowance for residential servicing. For works beyond the scope of that allocated in the Standard Connection Allowance, the Customer shall be required to contribute all or a portion of the additional costs.

3.1.2.1 STANDARD CONNECTION ALLOWANCE AND VARIABLE CONNECTION CHARGE

The Standard Connection Allowance (SCA) for a residential service includes the labour and materials costs for:

- thirty (30) meters of overhead service conductor, to a maximum size of 3/0 aluminum triplex
- one crossing pole and anchoring required for overhead road crossing (if required);
- connectors required to connect the service conductor to the Distribution System and to the Customers service wires;
- mechanical strain connectors to attach the service conductors to the Distribution System and the Customers service attachment;
- miscellaneous tape, sealants, protectors and corrosion inhibitors as required; and
- revenue meter and instrument transformers, if required .

A Variable Connection Charge shall be calculated by CNPI as the costs associated with the installation of plant and equipment above and beyond the Standard Connection Allowance for basic connection. CNPI will recover the Variable Connection Charge from the Customer **prior** to the connection of the service.

3.1.3 EARLY CONSULTATION

The location of the service entrance point and the meter base will be established through early consultation between the Customer and CNPI for both new and upgraded services. This consultation should be initiated by the Customer and take place not less than ten (10) business days prior to the required in-service date (additional time should be allowed for services requiring additions or enhancements). The Customer, if required, shall supply the following information during the consultation:

- the required service date,
- service capacity and voltage rating,
- location of other services such as gas, telephone, water and cable TV,
- details of any equipment which may demand a high consumption of electricity if applicable, and
- a site plan showing proposed location of the service entrance with respect to the lot lines.

Failure to comply may result in additional delays and/or expense to the Customer.

3.1.4.1 OVERHEAD SERVICE (SECONDARY)

CNPI will designate the pole (or span) from which service will be supplied and the location of a rigid service mast.

As per 3.1.2.1, CNPI will provide up to thirty (30) meters of overhead service conductor from the street line to the point of demarcation at no charge.

Where the distance from the main line (or secondary crossing pole) exceeds 30 meters, the customer will be required to contribute towards any additional costs incurred by CNPI. If CNPI is required to furnish one or more service poles, the customer will provide access along a maintained road to allow for initial construction and ongoing maintenance as may be required from time-to-time.

The Customer will provide a rigid service mast, to ESA requirements, of sufficient height to maintain proper minimum clearance in accordance to the ESA requirements. The maximum capacity of an overhead service is 200 amperes; larger capacity services will be installed underground.

3.1.4.2 OVERHEAD SERVICE (PRIMARY)

Where the distance from the Main Line to the desired point of service prevents the supply of 120/240V using 3/0 aluminum triplex, per Section 3.1.1 of this document, the customer shall be responsible to furnish their own primary pole line and secondary service to their point of attachment.

CNPI will furnish (and own) a primary disconnect device (fused) at the point of demarcation, a distribution transformer, and appropriate secondary metering. The customer will be expected to pay a contribution to offset CNPI's installed cost of the disconnect device and transformer. However, the customer will be entitled a credit equivalent to the SCA (see section 3.1.2.1), and will receive a credit for a portion of the installed cost of the overhead distribution transformer.

This line must be constructed in compliance with the current version of the Ontario Electrical Safety Code (OESC). The transformer pole must also comply with CNPI's approved construction standards. CNPI will require a Connection Authorization from the Electrical Safety Authority (ESA) prior to connection of such a line to CNPI's primary system.

3.1.5.1 UNDERGROUND SERVICE (SECONDARY)

CNPI will specify the location of the meter base.

From an overhead Distribution System, CNPI will install and maintain underground service conductors from the nearest connection point on the Distribution System to the point of demarcation at the Customer's expense. The Customer will receive credit for the equivalent overhead service of thirty (30) metres.

From an underground Distribution System, CNPI will install and maintain underground service conductors from the point of connection to the Distribution System to the Customer's meter base. The Customer will contribute to the cost of the service that exceeds the equivalent costs associated with section 3.1.2.1 .

The Customer will provide the trench and mechanical protection of the conductors located on the Customer's property to CNPI specifications. The trench and protection shall be inspected by CNPI prior to backfilling.

Generally, underground residential secondary service will be limited to no more than fifty (50) meters (cable length) across private property. Services beyond this length should be connected to CNPI's system as a Primary Underground Service (see next section)

3.1.5.2 UNDERGROUND SERVICE (PRIMARY)

CNPI will specify the location of the meter base.

Where distance from the Main Line to the desired point of service prevents the supply of 120/240V per section 3.1.1 or section 3.1.5.1 of this document, the customer shall be required to furnish and own their own single-phase underground primary line and secondary service. The customer will furnish and maintain all civil and electrical works, except as noted below.

CNPI will furnish (and own) a primary disconnect device (fused) at the point of demarcation, a distribution transformer, and appropriate secondary metering. The customer will be expected to pay a contribution to offset CNPI's installed cost of the disconnect device and transformer. However, the customer will be entitled a credit equivalent to the SCA (see section 3.1.2.1), and will receive a credit equivalent to a portion of the installed cost of an overhead distribution transformer.

This line must be constructed in compliance with the current version of the Ontario Electrical Safety Code (OESC). The transformer pad and grounding must also comply with CNPI's approved construction standards. CNPI will require a Connection Authorization from the Electrical Safety Authority (ESA) prior to connection of such a line to CNPI's primary system.

3.1.6 POINT OF DEMARCATION

Unless specific arrangements for the point of ownership change between CNPI and the customer are made, the following will be deemed to be the point of demarcation:

- For overhead secondary service, the point of demarcation where CNPI's operational and ownership responsibilities end is at the electrical connections at the service mast.
- For underground secondary service, the point of demarcation where CNPI's operational and ownership responsibilities end is at the source side electrical connections of the meter base.
- For residential primary service (overhead or underground), the point of demarcation where CNPI's operational and ownership responsibilities end is at the load side of the primary disconnect device. CNPI will own and maintain the distribution transformer, but the customer is responsible to own and maintain the transformer's supporting structure in good condition.

In all installations the revenue meter and, if applicable, the instrument transformers are owned and maintained by CNPI. The meter base remains the responsibility of the Customer.

3.1.7 Access

The Customer will provide unimpeded and safe access to CNPI at all times for the purpose of installing, removing, maintaining, constructing, operating distribution equipment and reading or changing metering and associated equipment.

3.1.8 METERING

The Customer will supply, install and maintain a meter socket and suitable space for auxiliary equipment if required, and it will be readily accessible to CNPI personnel. The meter base will be installed on the exterior of the residence at 1.7 metres above finished grade to the center of the meter. The meter shall be installed on the line side of the main disconnect device.

3.1.9 INSPECTION

The electrical installation inside and outside of the residence, including the meter base, service mast and any other customer-owned primary equipment, must be approved by ESA and an authorization issued prior to connection.

The service entry components including the meter base and service wire attachment must be acceptable to CNPI prior to connection.

Underground service installations shall be inspected by CNPI prior to backfilling.

3.1.10 SEASONAL RESIDENTIAL

For purposes of these Conditions of Service, "seasonal residential" pertains to the supply of electrical energy to detached and semi-detached, single-family homes. A single-family home being a permanent structure or structures located on a single parcel of land and approved by a civic authority as a dwelling and occupied for that purpose by a single Customer only during parts of the year. A seasonal residential service will not benefit from a contribution to a system expansion or enhancement as described in Sections 2.1.1 and 2.1.2. The provisions of the standard connection allowance detailed in Section 3.1.2 apply.

Due to the varied nature of seasonal dwellings some special arrangements may be required to service or reconnect service to these locations. Arrangements will be made in such a manner, suitable to CNPI, to provide services such as power restoration, maintenance and new construction without endangering the safety of CNPI personnel.

3.1.11 SUBDIVISION, MULTI-UNIT AND TOWNHOUSE DEVELOPMENT

Developers proposing subdivision, multi-unit and townhouse development shall consult with CNPI prior to submitting a design for electrical service. Prior to preparing a design the developer shall submit, at a minimum, the following information to CNPI:

- A grading and site plan showing the buildings in relationship to existing and proposed property lines as well as other buildings, streets and other services such as water, gas, telephone and cable television;
- Civic addresses;
- Legal reference plan;
- A layout showing the number of units and electrical service requirements;
- Required service date.

CNPI will make an offer to connect based on its CIAC Policy. The developer may be entitled to a non-refundable credit from CNPI, to offset CNPI's costs to install and connect the secondary services equivalent to the SCA as outlined in section 3.1.1 for each such secondary installed.

The developer is responsible for all civil works. If the developer intends to place meter bases anywhere other than on the individual residences being served, the developer is expected to furnish, at no cost to CNPI, a Registered Easement (in CNPI's favor) that encompasses any land that CNPI may need to cross or fixtures to which CNPI may need to attach for the service(s).

3.2 GENERAL SERVICE

For purposes of these Conditions of Service, general service pertains to the supply of electrical energy to single commercial and industrial buildings. Single commercial and industrial building is interpreted as a structure or structures on a single parcel of land occupied by one Customer.

3.2.1 GENERAL

Normally, CNPI will provide one service or delivery point for each General Service Customer. At CNPI's sole discretion, more than one delivery point may be allowed. Any such arrangement with a Customer must also be acceptable to the Electrical Safety Authority (ESA).

3.2.2 Early Consultation

Prior to the preparation of a design for a general service, the Customer will be required to provide the following information to CNPI, where applicable:

- The approximate date the Customer will require service;
- Site and grading plans showing the location of the building relative to property lines, public rights-of-way, driveways and parking lots;
- Locations of other services including gas, water, sewer, cable TV and telephone;
- The preferred routing for a duct bank, subject to approval by CNPI;
- Preferred location of the transformer, subject to approval by CNPI;
- The location of the revenue metering installation, subject to approval by CNPI;
- Amperage of the service;
- Preferred voltage of the service;
- Preferred location of the service entrance;
- Estimated initial electrical demand and ultimate maximum demand;
- Single line diagram;
- Listing of all significant loads such as lighting, motors, cooling, heating, X-ray units, welders, etc.;
- Copies of service entrance switchgear, detailing metering equipment installation;
- Substation information including transformer capacity, primary and secondary voltages, tap positions, impedances, connection details, grounding details and coordination information.

3.2.3 SUPPLY VOLTAGE

The secondary service voltage will be established by CNPI in consultation with the Customer and will be one of the following voltages and configurations:

- 120 / 240 volts 1-phase 3 wire
- 120 / 208 volts 3-phase 4 wire
- 347 / 600 volts 3-phase 4 wire

Transformation to any other secondary service voltage will be supplied, installed and maintained by the Customer.

Primary supplies to Customer-owned substations or transformation will be at one of the following voltages and configurations, depending on availability:

- 2,400 / 4,160 volts 3-phase 4 wire
- 4,800 volts 3-phase 3 wire
- 4,800 / 8,320 volts 3-phase 4 wire
- 16/27.6 kilovolts 3-phase 4 wire

- 19.9 / 34.5 kilovolts 3-phase 4 wire

Limitations related to the capacity of the service are specified in Section 2.3.5.

3.2.4 OVERHEAD SERVICE (SECONDARY)

Within the capacity limitations stated in Section 2.3.5, CNPI will normally provide one overhead service to a General Service Customer using service cable up to 3/0 aluminum triplex or quadruplex in size and up to 75 kVA single phase pole mounted transformers. Padmount transformers and underground installations are required for larger services. CNPI will designate the pole (or span) from which service will be supplied and the location of a rigid service mast.

CNPI will provide up to thirty (30) meters of overhead service conductor from the street line to the point of demarcation at no charge.

Where the distance from the main line (or secondary crossing pole) exceeds 30 meters, the customer will be required to contribute towards any additional costs incurred by CNPI. If CNPI is required to furnish one or more service poles, the customer will provide access along a maintained road to allow for initial construction and ongoing maintenance as may be required from time-to-time.

The Customer will provide a rigid service mast, to ESA requirements, of sufficient height to maintain proper minimum clearance in accordance to the ESA requirements. The maximum capacity of an overhead service is 200 amperes; larger capacity services will be installed underground.

3.2.4.1 STANDARD CONNECTION ALLOWANCE AND VARIABLE CONNECTION CHARGE – OVERHEAD (SECONDARY)

The standard connection allowance for an overhead general service includes material and labor for:

- Up to Thirty (30) metres of 3/0 aluminum triplex service conductor;
- one service pole and anchoring required for road crossing (if required);
- connectors required to connect the service conductor to the Distribution System and to the Customers service wires;
- mechanical strain connectors to attach the service conductors to the Distribution System and the Customers service attachment;
- miscellaneous tape, sealants, protectors and corrosion inhibitors as required; and
- revenue meter and instrument transformers, if required.

A Variable Connection Charge shall be calculated by CNPI as the costs associated with the installation of plant and equipment above and beyond the Standard Connection Allowance for basic connection. CNPI will recover the Variable Connection Charge from the Customer prior to the connection of the service.

3.2.4.2 POINT OF DEMARCATION – OVERHEAD (SECONDARY)

For overhead general service, the point of demarcation where CNPI's operational and ownership responsibilities end is at the electrical connections at the service mast. In all installations the revenue meter and, if applicable, the instrument transformers are owned and maintained by CNPI. The meter base is the responsibility of the Customer.

3.2.5 UNDERGROUND SERVICE (SECONDARY)

Pole mounted Transformation

Within the capacity limitations stated in Section 2.3.5, CNPI will normally provide one underground service supplied from an overhead transformer installation to a General Service Customer. The Customer will provide and install the underground service to the overhead transformer installation, including a service mast attached to the transformer pole at the Customer's expense and to the satisfaction of CNPI. CNPI will install and maintain the connections to the transformer. All Customer-owned equipment shall be installed in compliance with both the OESC and CNPI's construction standards, and must be inspected by the ESA.

Pad mounted Transformation

Within the capacity limitations stated in Section 2.3.5, CNPI will normally provide one underground service supplied from a pad mounted transformer installation to a General Service Customer. At CNPI's sole discretion, more than one secondary delivery point may be allowed. Any such arrangement with a Customer must also be acceptable to the Electrical Safety Authority (ESA).

The Customer will provide and install the underground service to the pad mounted transformer installation, including the proper connectors to connect at the secondary bus of the pad mounted transformer, at his expense and to the satisfaction of CNPI. CNPI will install the connectors on the secondary bus of the transformer.

The Customer will provide at his expense, the following:

- Trenching, duct structure, safety marking and back filling from the Distribution System to the transformer;
- A transformer pedestal acceptable to CNPI, complete with all appropriate grounding equipment;
- If it is not practical to use a pad mounted transformer the Customer shall provide at his expense a suitable vault or enclosure, acceptable to CNPI, in the building for the exclusive use by CNPI for its equipment necessary to supply and maintain service to the Customer.

3.2.5.1 STANDARD CONNECTION ALLOWANCE AND VARIABLE CONNECTION CHARGE - UNDERGROUND

The standard connection allowance for an underground general service includes:

- Switches, fuses, lightning arrestors and guards, as required – labour and materials;
- Connection of the Customer's secondary connectors to the secondary bus of the transformer - labour;
- Inspection of the trench and duct installation - labour;
- Miscellaneous tape, sealants, protectors and corrosion inhibitors as required - labour and materials; and
- revenue meter and instrument transformers, if required - labour and materials.

A Variable Connection Charge shall be calculated by CNPI as the costs associated with the installation of plant and equipment above and beyond the Standard Connection Allowance for basic connection using its CIAC policy. CNPI will recover the Variable Connection Charge from the Customer prior to the connection of the service.

3.2.5.2 POINT OF DEMARCATION – UNDERGROUND (SECONDARY)

Pole mounted Transformation

The point of demarcation for an underground general service supplied from a pole mounted transformer installation is the connection at the secondary terminals of the transformer installation.

In all installations the revenue meter and, if applicable, the instrument transformers are owned and maintained by CNPI. The meter base is the responsibility of the Customer.

Pad mounted Transformation

The point of demarcation for an underground general service supplied from a pad mounted transformer installation is the connection at the secondary terminals of the transformer installation.

3.2.6 PRIMARY SERVICE

Customer taking primary service and supplying their own transformation shall take one of the following voltages:

- 2,400 / 4,160 volts 3-phase 4 wire
- 4,800 volts 3-phase 3 wire

- 4,800 / 8,320 volts 3-phase 4 wire
- 16/27.6 kilovolts 3-phase 4 wire
- 19.9 / 34.5 kilovolts 3-phase 4 wire

It is recommended that Customers' transformers have high voltage taps ranging from 107.5% to 97.5%. The Customer should consult with CNPI prior to procuring the transformer.

Shop drawings of the switchgear, transformer nameplate data and a single line diagram of the proposed system should be submitted for CNPI review. The Customer or his representative will coordinate fuse selection and/or relay settings with CNPI prior to commissioning. The Customer shall maintain an adequate supply of fuses to ensure service availability.

Lightning arrestors are recommended and should be installed at the termination pole.

All Customer-owned substations must be inspected by the ESA and CNPI and a pre-service inspection report will be provided to CNPI by the owner. To facilitate and encourage maintenance of the Customer-owned substations, CNPI will provide one power interruption annually. This is a free service if schedule during CNPI's normal business hours. Beyond normal business hours CNPI will charge the Customer the premium above the normal business hours cost. Additional works will be chargeable to the Customer.

3.2.6.1 STANDARD CONNECTION ALLOWANCE AND VARIABLE CONNECTION CHARGE – PRIMARY

There is no Standard Connection Allowance associated with primary service.

The cost associated with system expansion or enhancement shall be borne by the Customer. A Variable Connection Charge shall be calculated by CNPI as the costs associated with the installation of all plant and equipment associated with the service as per the CIAC Policy. CNPI will recover the Variable Connection Charge from the Customer prior to the commencement of construction.

3.2.6.2 POINT OF DEMARCATION – PRIMARY

The point of demarcation for a primary general service is the isolation device at the termination pole or point of underground connection. The isolation device and pole are the responsibility of the Customer.

In all installations the revenue meter and, if applicable, the instrument transformers are owned and maintained by CNPI. The meter base is the responsibility of the Customer.

3.2.7 LOCATION OF TRANSFORMERS

To minimize potential expense, the Customer shall consult with CNPI to determine the optimal location of the transformer during the early consultation phase of the project.

3.2.8 SUPPLY OF EQUIPMENT

Normally, CNPI will supply, install and construct all equipment located on the utility side of the point of demarcation. The Customer will supply, install and construct all equipment located on the Customer's side of the point of demarcation. Details as to the appropriate supply of equipment will be determined in the early consultation phase of the project.

3.2.9 SHORT CIRCUIT CAPACITY

The Customer shall ensure that his service entrance equipment has an adequate short circuit interrupting capability. CNPI will provide, on request, the maximum available short circuit symmetrical fault level at any specific location.

3.2.10 ACCESS

Service locations requiring access to adjacent properties (mutual drives, narrow setbacks, etc.) will require the completion of an easement or "Letter of Consent" from the property Customer(s) involved.

The Customer will provide unimpeded safe access to CNPI at all times for the purpose of installing, removing, constructing, maintaining, operating or changing metering and distribution equipment.

3.2.11 METERING

In all installations the revenue meter and, if applicable, the instrument transformers are owned and maintained by CNPI. The meter base is the responsibility of the Customer.

Where a metering cabinet is required the Customer shall supply and install equipment as specified in Section 2.3.8.2 Metering Cabinets.

Where telecommunications equipment is required for retail settlement the Customer will make available to CNPI such facilities as described in Section 2.3.8.3 Interval Metering.

Where a primary metering installation is required the Customer may be required to contribute to the cost of the metering equipment in accordance with the CIAC Policy stated in Appendix A.

3.3 EMBEDDED GENERATION

CNPI will make every reasonable effort to respond promptly to an Embedded Generator's request to connect to the Distribution System. CNPI will provide an opportunity for initial consultation with the Embedded Generator regarding the process to connect to the Distribution System within thirty (30) calendar days of receiving a written request from the Embedded Generator. Provided the Embedded Generator has provided CNPI with all the information requested in a timely manner, CNPI will make a final offer to connect the Generator within ninety (90) calendar days of receiving the initial request.

The maximum CNPI may charge an Embedded Generator for Enhancements and/or Additions to the Distribution System required to connect the Embedded Generator is the Embedded Generator's share of the present value of the projected present worth of the capital cost and ongoing maintenance cost for the equipment. CNPI's costs associated with preliminary review, study and final proposal are the responsibility of the Embedded Generator.

Prior to being connected to the Distribution System, the Embedded Generator will pay CNPI all charges determined by the cost sharing methodology together with CNPI's costs for review and consultation. In addition, the Embedded Generator will enter into a connection agreement with CNPI for the operation and connection of the Embedded Generator's facilities. The form of this connection agreement shall conform to the requirements of the Distribution System Code.

3.4 EMBEDDED MARKET PARTICIPANT

CNPI will make every reasonable effort to respond promptly to a Market Participant's request to connect to the Distribution System. CNPI will provide an opportunity for initial consultation with the Market Participant regarding the process to connect to the Distribution System within fifteen (15) calendar days of receiving a written request from the Market Participant. Provided the Market Participant has provided CNPI with all the information requested in a timely manner, CNPI will make a final offer to connect the Market Participant within sixty (60) calendar days of receiving the initial request.

Section 3.2 of these Conditions of Service shall apply with respect to applicable charges to connect.

An embedded market participant shall enter into a connection agreement with CNPI for the operation and connection of the Market Participant's facilities. The form of this connection agreement shall conform to the requirements of the Distribution System Code.

3.5 EMBEDDED DISTRIBUTOR

CNPI will make every reasonable effort to respond promptly to an Embedded Distributor's request to connect to the Distribution System. CNPI will provide an opportunity for initial consultation with the Market Participant regarding the process to connect to the Distribution System within thirty (30) calendar days of receiving a written request from the Embedded Distributor. Provided the Embedded Distributor has provided CNPI with all the information requested in a timely manner, CNPI will make a final offer to connect the Embedded Distributor within ninety (90) calendar days of receiving the initial request.

Section 3.2 of these Conditions of Service shall apply with respect to applicable charges to connect.

CNPI will make a good faith effort to enter into a connection agreement with another distributor to connect to CNPI's Distribution System. The form of this connection agreement shall conform to the requirements of the Distribution System Code.

3.6 UNMETERED CONNECTIONS

In instances where it is determined by CNPI that the nature of the Customer's load characteristic is constant over the billing period, normally with minimum energy consumption, CNPI may, at its discretion, designate the service to be unmetered. Energy consumption will be based on the connected wattage and calculated hours of use. Examples of unmetered services are traffic lights, area lighting, billboards, etc.

Special rules may apply with respect to additions and/or enhancements required to connect to the Distribution System.

The Customer's electrical installation will require an authorization from ESA prior to being connected to the Distribution System by CNPI.

3.6.1 BILLBOARDS

Provision of electrical service for the illumination of billboards is subject to the following conditions:

- Nominal service voltage, at the discretion of CNPI, will be 120/240 volt 3 wire;
- The method and location of the service will be established by CNPI in consultation with the Customer;
- Billing will be based on the connected wattage and the calculated hours of use;
- Where transformation does not exist the Customer will pay a CIAC to offset the cost of material and labour;
- CNPI will provide and install overhead service conductors up to a maximum distance of fifteen (15) metres from the nearest point of supply on the existing Distribution System. Additional lengths will be supplied and installed at the expense of the Customer. All civil work associated with the provision for underground service will be at the expense of the Customer. Cost to supply and install the underground conductor will be credited with the cost of providing fifteen (15) metres of overhead service conductor;
- Any addition and/or enhancement to the Distribution System required to connect the service will be at the expense of the Customer.

3.6.2 DECORATIVE LIGHTING, ROADWAY LIGHTING & AREA LIGHTING

Provision of electrical service for the operation of privately owned decorative lighting, roadway lighting, area lighting, etc. is subject to the following conditions:

- Nominal service voltage, at the discretion of CNPI, will be 120/240 volt 3 wire;
- The method and location of the service will be established by CNPI in consultation with the Customer;
- Billing will be based on the connected wattage and the calculated hours of use;
- Where transformation does not exist the Customer will pay a CIAC to offset the cost of material and labour;
- CNPI will provide and install overhead service conductors up to a maximum distance of fifteen (15) metres from the nearest point of supply on the existing Distribution System. Additional lengths will be supplied and installed at the expense of the Customer. All civil work associated with the provision for underground service will be at the expense of the Customer. Cost to supply and install the underground conductor will be credited with the cost of providing fifteen (15) metres of overhead service conductor;
- Any addition and/or enhancement to the Distribution System required to connect the service will be at the expense of the Customer.

3.6.3 TRAFFIC SIGNALS

Provision of electrical service for the operation of traffic signals is subject to the following conditions:

- Nominal service voltage, at the discretion of CNPI, will be 120/240 volt 3 wire;

- The method and location of the service will be established by CNPI in consultation with the Customer;
- Billing will be based on the connected wattage and the calculated hours of use;
- Transformation will be supplied and installed by CNPI at its expense;
- CNPI will provide and install overhead service conductors up to a maximum distance of thirty (30) metres from the nearest point of supply on the existing Distribution System. Additional lengths will be supplied and installed at the expense of the Customer. All civil work associated with the provision for underground service will be at the expense of the Customer. Cost to supply and install the underground conductor will be credited with the cost of providing thirty (30) metres of overhead service conductor;
- Any addition and/or enhancement to the Distribution System required to connect the service will be at the expense of the Customer.

3.6.4 CABLE TV AMPLIFIERS

Provision of electrical service for the Cable TV amplifiers is subject to the following conditions:

- Nominal service voltage, at the discretion of CNPI, will be 120/240 volt 3 wire;
- The method and location of the service will be established by CNPI in consultation with the Customer;
- Billing will be based on the connected wattage and the calculated hours of use;
- Where transformation does not exist the Customer will pay a CIAC to offset the cost of material and labour;
- CNPI will provide and install overhead service conductors up to a maximum distance of fifteen (15) metres from the nearest point of supply on the existing Distribution System. Additional lengths will be supplied and installed at the expense of the Customer. All civil work associated with the provision for underground service will be at the expense of the Customer. Cost to supply and install the underground conductor will be credited with the cost of providing fifteen (15) metres of overhead service conductor;
- Any addition and/or enhancement to the Distribution System required to connect the service will be at the expense of the Customer.

3.6.5 OTHER SMALL SERVICES

Provision of electrical service for other small services such as bus shelters, phone booths, etc. are subject to the following conditions:

- Nominal service voltage, at the discretion of CNPI, will be 120/240 volt 3 wire;
- The method and location of the service will be established by CNPI in consultation with the Customer;
- Billing will be based on the connected wattage and the calculated hours of use;
- Where transformation does not exist the Customer will pay a CIAC to offset the cost of material and labour;
- CNPI will provide and install overhead service conductors up to a maximum distance of fifteen (15) metres from the nearest point of supply on the existing Distribution System. Additional lengths will be supplied and installed at the expense of the Customer. All civil work associated with the provision for underground service will be at the expense of the Customer. Cost to supply and install the underground conductor will be credited with the cost of providing fifteen (15) metres of overhead service conductor;
- Any addition and/or enhancement to the Distribution System required to connect the service will be at the expense of the Customer.

3.7 PRIVATE AREA LIGHTING

CNPI will provide private area dusk to dawn lighting to its Residential or General Service Customers. For private area lighting service, CNPI shall use its best efforts to provide illumination during the hours of darkness for a total of approximately 4000 hours per year. Customers requesting private area lighting will be required to enter into a contract with CNPI for this service. A copy of the contract and applicable rates are available at the office. The service will be unmetered; rates are subject to change.

Provision of private area lighting is subject to the following conditions:

- Within the terms of the contract, CNPI will provide a maximum of thirty (30) metres of overhead wire and one (1) pole per fixture requested. The costs of additional poles and wire will be paid by the Customer in advance of the installation.
- CNPI will make all repairs necessary to maintain service during normal working hours, Monday through Friday, only. However, where lighting fixtures or lamps are wantonly, willfully, or negligently damaged or destroyed (other than through the negligence of CNPI) CNPI, may at its discretion after contacting the Customer, remove the facilities and end monthly billing thirty (30) days following removal. The Customer may choose to pay for the repairs in advance in order to maintain service.
- CNPI will supply the energy required.
- CNPI will not be required to provide private area lighting where, in the opinion of CNPI, the service is unsuitable for the task or where the nature of the activities carried out in the area would likely result in damage to the poles, wiring or fixtures.
- CNPI shall supply only certain fixture sizes utilizing an efficient lighting source in accordance with current industry standards.
- The location of fixtures and poles shall be determined by CNPI in consultation with the Customer. After poles and fixtures have been installed they shall not be relocated except at the expense of the Customer.
- CNPI does not guarantee that fixtures used for private area lighting will illuminate any specific area.
- CNPI, at its discretion, will not supply additional private area lighting to a Customer that is or has been in arrears with CNPI in the preceding twenty-four (24) months.
- If the Customer requires the private area lighting on a temporary basis, three years or less, than he will be required to pay, in advance of the installation and in addition to the monthly rental charge, a temporary connection charge. This charge will be calculated as the estimated labour cost of installing and removing the facilities, including engineering costs, plus the cost of non-salvageable material.

SECTION 4. GLOSSARY OF TERMS

4.1 DEFINITIONS

- **ARC** – Affiliate Relationships Code – sets out the standard and conditions for the interaction between electricity distributors or transmitters and their respective affiliated companies.
- **Basic Connection Fee** – Is a fixed fee associated with the provision of service to recover costs not included in rates and not recovered by a Standard Connection Allowance or a Variable Connection Charge.
- **CIAC** – Contribution In Aid of Construction – A monetary contribution by a *Customer* to CNPI towards the cost of a distribution facility or system improvement that is necessary to provide electrical service to that *Customer*, but is beyond that provided in the *Standard Connection Allowance*. Payment of a CIAC does not entitle the Customer to own all or part of the asset.
- **Connection** – Electrical connection of the Customer's building to the Distribution System.
- **Customer** – A person, company or developer that requires electrical servicing from Canadian Niagara Power Inc.
- **Distribution System** – A system for distributing electricity at voltages less than 50 kilovolts and includes any structures, equipment or other things used for that purpose.
- **Distributor** – one who owns or operates a Distribution System.
- **DSC** – Distribution System Code – the code approved by the OEB and in effect at the relevant time, which among other things, establishes the obligations of the distributor with respect to the services and terms of service to be offered to Customers and retailers and provides minimum technical operating standards of Distribution Systems.
- **Electricity Act** – the Electricity Act, 1998, S.O. 1998, c.15, Schedule A
- **Embedded Distributor** – a distributor who is not a wholesale market participant and that is provided electricity by a host distributor.
- **Embedded Generator** – a generator whose generation facility is not directly connected to the IMO-controlled grid, but instead is connected to a Distribution System.
- **ESA** – Electrical Safety Authority – the person or body designated under the Electricity Act regulations as the Electrical Safety Authority.
- **Good utility practice** – means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry in North America during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good practices, reliability, safety and expedition. Good utility practice is not intended to be limited to the optimum practice, method, or acts generally accepted in North America.
- **Interval Meter** – a meter that measures and records electricity consumption on an hourly or sub-hourly basis.
- **Metering Installation** – the meter and, if so equipped, the instrument transformers, wiring, test links, fuses, lamps, loss of potential alarms, meters, data recorders, telecommunications equipment and spin-off data facilities installed to measure power past a meter point, provide remote access to the metered data and monitor the condition of the installed equipment.
- **MIST Meter** – Meter Inside Settlement Timeframe – an interval meter from which data is obtained and validated within a designated settlement timeframe.
- **MOST Meter** – Meter Outside Settlement Timeframe – an interval meter from which data is only available outside of the designated timeframe.
- **OEB** – Ontario Energy Board – a regulatory agency of the Ontario Government that is an independent, quasi-judicial tribunal created by the Ontario Energy Board Act.
- **Point of Demarcation** – The point of separation between the Customer-owned facilities and CNPI's electrical distribution facilities.

- **Retailer** – one who retails electricity (does not include a provider of standard supply service)
- **RSC** – Retail Settlement Code - sets the minimum obligations that a distributor and retailer must meet in determining the financial settlement costs of electricity retailers and consumers in facilitating service transaction requests where a competitive retailer provides service to a consumer.
- **SSSC** – Standard Supply Service Code - sets out the rules that govern the conduct of Ontario electricity distributors in the provision of electricity to Customers connected to their Distribution System.
- **Standard Connection Allowance** – A standard allowance for basic connection and includes at a minimum supply and installation of an overhead transformer not larger than 75 kVA or equivalent credit and up to thirty (30) metres of overhead conductor or equivalent credit. The standard connection allowance shall be recovered tariffs or rates.
- **Temporary Service** – Electrical service provided by CNPI that is not connected to a permanent Customer premise and therefore does not allow cost recovery through rates.
- **TSC** – Transmission System Code - sets out the transmitter's obligations with respect to Customers, including performance standards, technical requirements and expansions and connections.
- **Variable Connection Charge** – Calculated cost associated with the installation of assets above and beyond the standard connection allowance for basic connection.

SECTION 5. APPENDICES

Appendix A - Methodology and Assumptions for an Offer to Connect

To achieve consistent business principles for the development of the elements of an economic evaluation model, the following parameters for a discounted cash flow (DCF) approach will be followed by CNPI. This will standardize the elements to be used in the DCF analysis as well as establish the parameters for the costs and revenues that are the inputs to that analysis.

The DCF calculation for individual projects will be based on a set of common elements and related assumptions listed below:

Revenue Forecasting

The common elements of any project will be as follows:

- (a) Total forecasted Customer connections over the Customer Connection Horizon, by class;
- (b) Customer Revenue Horizon as specified below;
- (c) estimate of average energy and demand added by Customer (by project) which reflects the mix of Customers to be added – for connections of various classes of Customers, this should be carried out by class;
- (d) Customer additions, as reflected in the model for each year of the Customer Connection Horizon specified in the document; and
- (e) rates derived from the existing rate schedules for CNPI reflecting the distribution rates.

Capital Costs

Common elements are:

- (a) An estimate of all capital costs directly associated with the connection of the forecasted Customer additions.
- (b) For connections to the Distribution System, costs of the following elements, where applicable, should be included:
 - distribution stations;
 - distribution lines;
 - distribution transformers;
 - secondary busses;
 - services, and
 - land and land rights.

Note that the “Ownership Demarcation Point” as specified in the text will define the point of separation between a Customer’s facilities and CNPI’s Distribution System.

- (c) Estimate of incremental overheads applicable to the Distribution System expansion.

Expense Forecasting

Common elements are:

- (a) Attributable incremental operating and maintenance expenditures – any incremental attributable costs directly associated with connection of new Customers to the system are included in the operating and maintenance expenditures.
- (b) Income and capital taxes based on tax rates underpinning the existing rate schedules.
- (c) Municipal property taxes based on projected levels.

Specific Parameters/Assumptions

Specific parameters of the common elements are:

- (a) A maximum Customer connection horizon of five years. Longer horizons will require a written explanation to the Board.
- (b) A maximum Customer revenue horizon of twenty-five (25) years, calculated from the in service date (projected) of new Customers.
- (c) A discount rate equal to the incremental after-tax cost of capital, based on the prospective capital mix, debt and preference share cost rates, and the latest approved rate of return on common equity.
- (d) Discounting to reflect the true timing of expenditures. Up-front capital expenditures will be discounted at the beginning of the project year and capital expenditure through out the year will be mid year discounted. The same approach to discounting will be used for revenues and operating and maintenance expenditures. For certain projects capital expenditures may be staged and can occur in any year of the five year Connection Horizon.
- (e) Wires only charges – distribution specific are calculated based on distribution (wires only) rates.

Discounted Cash Flow Methodology (DCF)

Net Present Value (“NPV”) = Present Value (“PV”) of operating cash flow + PV of CCA Tax Shield – PV of Capital

- 1. PV of Operating Cash Flow = PV of Net Operating Cash (before taxes) – PV of Taxes
 - a) PV of Net Operating Cash = PV of Net Operating cash Discounted at CNPI’s discount rate for the Customer revenue horizon. Mid-year discounting is applied. Incremental tax weighted average cost of capital is used in discounting.
 - Net (Wires) Operating Cash = Annual (Wires) Revenues – Annual (Wires) O&M
 - Annual (Wires) Revenue = Customer Additions * [Appropriate (Wires) Rates * Rate Determinant]
 - Annual (Wires) O&M = Customer Additions * Annual Marginal (Wires) O&M Cost per Customer
 - b) PV of Taxes = PV of Municipal Taxes + PV of Capital Taxes + PV of Income taxes (before interest tax shield)
 - Annual Municipal Taxes = Municipal Tax Rate * Total Capital Cost
 - Total Capital Taxes = Capital Tax Rate * Closing Undepreciated Capital Cost Balance
 - Annual Capital Tax = Capital Tax Rate * {Net Operating Cash – Annual Municipal Tax – Annual Capital Tax}

The Capital Tax Rate is a combination of the Provincial Capital Tax Rate and the Large Corporation Tax (Grossed up income tax where appropriate).

Note: Above is discounted, using mid-year discounting, over the Customer revenue horizon.

- 2. PV of Capital = PV of Total Annual Capital Expenditures
 - a) PV of Total Annual Capital Expenditures
 - Total Annual Expenditures over the Customer’s revenue horizon discounted to time zero
 - Total Annual Capital Expenditure = {for additions and/or enhancements investment + Customer Specific Capital + Overheads at the project level}

This applies to implicated system elements at the utility side of the Ownership Demarcation Point

Note: Above is discounted to the beginning of one year over the Customer addition horizon.

3. PV of CCA Tax Shield

PV of the CCA Tax Shield on Total Annual Capital

The PV of the perpetual tax shield may be calculated as:

PV at time zero of:

$$\frac{[(\text{Income Tax Rate}) * (\text{CCA Rate}) * \text{Annual Total Capital}]}{(\text{CCA Rate} + \text{Discount Rate})}$$

or,

Calculated annually and present valued in the PV of Taxes calculation.

Note: An adjustment is added to account for the ½ year rule.

SECTION 6. DEFINITION OF DISTRIBUTION SERVICE AREA

This Schedule specifies the Licensee's service area.

1. The Town of Fort Erie as of December 31, 1990 as per *Regional Municipality of Niagara Act, R.S.O. 1990.*
2. The customer located at 7780 Stanley Avenue, Niagara Falls.
3. The Town of Gananoque as of the date of this License.
4. The customers located in the Township of Leeds and the Thousand Islands, formerly in the Townships of the Front of Leeds and Lansdowne:
 - Concession 1 Broken Front lots 1-8 and the west half of lot 9, the south half (south of Hwy 401) of Concession 1 lot 9 and the islands of Pike Island; Sister Island, Cherry Island, Cunningham Island and part of Red Horse Island.
5. The customers located in the Township of Frontenac Islands, formerly in the Township of Howe Islands:
 - Fuller Road: Lot 21, Concession NR.
6. The customers located at the following lots and concessions or with the following civic numbers and future customers that lie along the Licensee's distribution system in the City of Kingston, formerly the Township of Pittsburgh:
 - Concession 2 lots 7 – 18 excluding existing customers that front on Joyceville Road and future customers that lie along that Hydro One Networks Inc. (HONI) distribution system, but including CNPI customers with civic numbers 1680, 1682 and 1776 Joyceville Road, and including lots 25 to 38 excluding one HONI navigation light service in lot 27.
 - Concession 3 lots 2 to 38, south of Hwy 401 including the existing customers on John F Scott Rd and future customers that lie along that CNPI distribution system, excluding existing customers that front on Joyceville Road and future customers that lie along that HONI distribution system and excluding one customer lot 18 with address Highway 401 at Exit 632 and excluding lot 38 customers with civic numbers 2101, 2931, 2131 and 2173 Deer Ridge Road and excluding future customers that lie along that HONI distribution system.
 - Concession 7: one station service Washburn Generating Station.
 - Concession 8: one house with civic address 3012 Brewer's Mill Road and one station service Brewers Mill Generating Station.
 - Concession 9: one station service at Jones Falls Generating Station.
 - Kingston Mills Road: 563, 537, 531, 513, 509, 501, 500, 497, 493, 492, 490, 480, 473, 474, 464, 462, 460, 456, 452, 448, 444, 436, 432, 429 and 431.
 - Old Kingston Mills Road: 946 and 950.
 - County Road #15: 1986 and 1993.

- Abbey Dawn Road: 1560, 1707, 1671, 1655, 1635, 1619, 1597, 1570 and 1569.
 - County Road #2: 3206, 3211, 3122 and 3275.
7. The customers located at the following civic numbers and future customers that lie along the Licensee's distribution system in the City of Kingston, formerly in the Township of Kingston:
- Italia Lane: 1174, 1110 and 104.
 - Montreal Street: 401 Parking lot, 1648, 1620, 1684, 1670, 1658 and 1702.
 - Thompson Crescent: 965, 949, 943, 937, 931, 927, 924, 921, 916, 905, 906 and 903.
 - Kingston Mills Road: 892, 885, 876, 875, 799, 793, 787, 781, 775, 773, 765, 759, 753, 749, 743, 737, 733, 727, 723, 719, 715, 71, 709, 707, 703, 697, 693, 689, 685, 681, 675, 669 and 661.
 - Daylan Avenue: 1628, 1633, 1632, 1672, 1668, 1646, 1650, 1654, 1656, 1655, 1658, 1660, 1682, 1692 and 1986.
8. The Town of Port Colborne as of December 31, 1990 as per *Regional Municipality of Niagara Act*, R.S.O. 1990.

APPENDIX B

Methodology and Assumptions for An Economic Evaluation

Last Revised October 21, 2009

**APPENDIX B -
METHODOLOGY AND ASSUMPTIONS FOR AN OFFER TO CONNECT ECONOMIC
EVALUATION**

**B.1 COMMON ELEMENTS OF THE
DISCOUNTED CASH FLOW MODEL**

To achieve consistent business principles for the development of the elements of an economic evaluation model, the following parameters for the approach are to be followed by all distributors.

The discounted cash flow (DCF) calculation for individual projects will be based on a set of common elements and related assumptions listed below.

Revenue Forecasting

The common elements for any project will be as follows:

- (a) Total forecasted customer additions over the Customer Connection Horizon, by class as specified below;
- (b) Customer Revenue Horizon as specified below;
- (c) Estimate of average energy and demand per added customer (by project) which reflects the mix of customers to be added – for various classes of customers, this should be carried out by class;
- (d) Customer additions, as reflected in the model for each year of the Customer Connection Horizon; and
- (e) Rates from the approved rate schedules for the particular distributor reflecting the distribution (wires only) rates.

Capital Costs

Common elements will be as follows:

- (a) An estimate of all capital costs directly associated with the expansion to allow forecast customer additions.
- (b) For expansions to the distribution system, costs of the following elements, where applicable, should be included:
 - distribution stations;
 - distribution lines;
 - distribution transformers;

**APPENDIX B -
METHODOLOGY AND ASSUMPTIONS FOR AN OFFER TO CONNECT ECONOMIC
EVALUATION**

- secondary busses;
- services; and
- land and land rights.

Note that the “Ownership Demarcation Point” as specified in the distributor’s Condition of Service would define the point of separation between a customers’ facilities and distributor’s facilities.

- (c) Estimate of incremental overheads applicable to distribution system expansion.
- (d) A per kilowatt enhancement cost estimate – the per kilowatt enhancement cost estimate shall be set annually and shall be based on a historical three to five year rolling average of actual enhancement costs incurred in system expansions.
 - (d.1) paragraph (d) shall cease to apply to a distributor as of the date on which the distributor’s rates are set based on a cost of service application for the first time following the 2010 rate year.
- (e) For residential customers, the amount the cost of the basic connection referred to in section 3.1.4 of the Code.
- (f) For non-residential customers, if the distributor has chosen to recover the non-residential basic connection charge as part of its revenue requirement, a description of, and the amount for, the connection charges referred to in section 3.1.5 of the Code that have been factored into the economic evaluation.

Expense Forecasting

Common elements will be as follows:

- (a) Attributable incremental operating and maintenance expenditures - any incremental attributable costs directly associated with the addition of new customers to the system would be included in the operating and maintenance expenditures.
- (b) Income and capital taxes based on tax rates underpinning the existing rate schedules.
- (c) Municipal property taxes based on projected levels.

Specific Parameters/Assumptions

APPENDIX B - METHODOLOGY AND ASSUMPTIONS FOR AN OFFER TO CONNECT ECONOMIC EVALUATION

Specific parameters of the common elements include the following:

- (a) A maximum customer connection horizon of five (5) years, calculated from the energization date of the facilities.¹
- (b) A maximum customer revenue horizon of twenty five (25) years, calculated from the in service date of the new customers.²
- (c) A discount rate equal to the incremental after-tax cost of capital, based on the prospective capital mix, debt and preference share cost rates, and the latest approved rate of return on common equity.
- (d) Discounting to reflect the true timing of expenditures. Up-front capital expenditures will be discounted at the beginning of the project year and capital expended throughout the year will be mid-year discounted. The same approach to discounting will be used for revenues and operating and maintenance expenditures.³

¹ For customer connection periods of greater than 5 years an explanation of the extension of the period will be provided to the Board

² For example, that the revenue horizon for customers connected in year 1, is 25 years while for those connected in year 3, the revenue horizon is 22 years.

³ For certain projects Capital Expenditures may be staged and can occur in any year of the five year Connection Horizon.

APPENDIX B - METHODOLOGY AND ASSUMPTIONS FOR AN OFFER TO CONNECT ECONOMIC EVALUATION

B.2 DISCOUNTED CASH FLOW (DCF) METHODOLOGY

<u>Net Present Value ("NPV")</u>	=	Present Value ("PV") of Operating Cash Flow + PV of CCA Tax Shield - PV of Capital
1. <u>PV of Operating Cash Flow</u>	=	P V of Net Operating Cash (before taxes) - P V of Taxes
a) PV of Net Operating Cash	=	PV of Net Operating Cash Discounted at the Company's discount rate for the customer revenue horizon. Mid-year discounting is applied. Incremental after tax weighted average cost of capital will be used in discounting.
Net (Wires) Operating Cash	=	(Annual(Wires) Revenues - Annual (Wires) O&M)
Annual (Wires) Revenue	=	Customer Additions * [Appropriate (Wires) Rates * Rate Determinant]
Annual (Wires) O&M	=	Customer Additions * Annual Marginal (Wires) O&M Cost/customer
b) PV of Taxes	=	PV of Municipal Taxes + PV of Capital Taxes + PV of Income Taxes (before Interest tax shield)
Annual Municipal Tax	=	Municipal Tax Rate * (Total Capital Cost)
Total Capital Cost	=	Distribution Capital Investment + Customer Related Investment + overheads at the project level
Annual Capital Taxes	=	(Capital Tax Rate) * (Closing Undepreciated Capital Cost Balance)
Annual Capital Tax	=	(Capital Tax Rate) * (Net Operating Cash - Annual Municipal Tax B Annual Capital Tax)

The Capital Tax Rate is a combination of the Provincial Capital Tax Rate and the Large Corporation Tax (Grossed up for income tax effect where appropriate).

Note: Above is discounted, using mid-year discounting, over the customer revenue horizon.

2. <u>PV of Capital</u>	=	P V of Total Annual Capital Expenditures
a) PV of Total Annual Capital Expenditures		
Total Annual Capital Expenditures over the customer's revenue horizon discounted to time zero		
Total Annual Capital Expenditure	=	(for New Facilities and/or Reinforcement Investments + Customer Specific Capital + Overheads at the project level). This applies for implicated system elements at the utility side of the "Ownership Demarcation Line".

Note: Above is discounted to the beginning of year one over the customer addition horizon

**APPENDIX B -
METHODOLOGY AND ASSUMPTIONS FOR AN OFFER TO CONNECT ECONOMIC
EVALUATION**

3. PV of CCA Tax Shield

P V of the CCA Tax Shield on [Total Annual Capital]

The PV of the perpetual tax shield may be calculated as:

PV at time zero of:
$$\frac{[(\text{Income tax Rate}) * (\text{CCA Rate}) * \text{Annual Total Capital}]}{(\text{CCA Rate} + \text{Discount Rate})}$$

or,

Calculated annually and present valued in the PV of Taxes calculation.

Note: An adjustment is added to account for the ½ year CCA rule.

4. Discount Rate

PV is calculated with an incremental, after-tax discount rate.

UNDERTAKING NO. KT1.2: TO PROVIDE DETAILS, IF A MODEL WAS DEVELOPED, FOR WHOLESALE PURCHASES FOR PORT COLBORNE AND FORT ERIE, AS PER OEB IRR NO. 17.

Response:

A model for wholesale purchases for Port Colborne is not available. A wholesale model was estimated for Fort Erie and is displayed below.

OLS, using observations 2005:01-2011:12 (T = 84)
 Dependent variable: WholesalekWh

	<i>Coefficient</i>	<i>Std. Error</i>	<i>t-ratio</i>	<i>p-value</i>	
const	6.54473e+06	2.64607e+06	2.4734	0.01553	**
HDD	8127.86	481.565	16.8780	<0.00001	***
CDD	47973.6	2390.59	20.0677	<0.00001	***
StCNiaFTE	61882	13251.2	4.6699	0.00001	***
Peakdays	238500	82128.4	2.9040	0.00478	***
Mean dependent var	24923449	S.D. dependent var		2148796	
Sum squared resid	5.12e+13	S.E. of regression		805018.8	
R-squared	0.866411	Adjusted R-squared		0.859647	
F(4, 79)	128.0916	P-value(F)		1.03e-33	
Log-likelihood	-1258.898	Akaike criterion		2527.795	
Schwarz criterion	2539.949	Hannan-Quinn		2532.681	
rho	0.364002	Durbin-Watson		1.252876	

UNDERTAKING NO. KT1.3: TO EXPLAIN THE NORMAL LEVEL OF HEATING AND COOLING DEGREE DAYS FOR EACH SERVICE AREA USED TO EXPLAIN LOADS.

Response:

Information used to explain the normal level of heating and cooling degree days for each service area was obtained from Toronto Lester B. Pearson International Airport. Please see data below:

Station Name Toronto Lester B. Pearson International Airport
 Province Ontario
 Latitude 43.68
 Longitude -79.63
 Elevation 173.4
 Climate Identifier 6158733
 WMO Identifier 71624
 TC Identifier YYZ

Heating Degree Days

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Jan	572.2	814.5	849.1	770	551.8	647.1	623.5	830.2	720	775.3
Feb	540.2	699	631.7	616.4	604.3	740.1	674.7	606.4	598.3	654.2
Mar	545.6	581.1	487.3	608.6	516.6	546.7	610.2	533.8	422.8	572.8
Apr	329.5	372.5	331.5	306.8	293.3	356.4	253.9	305.8	225.1	332.3
May	227.5	177.9	158.9	189.4	136.9	136.4	193.5	158.8	107.9	134.1
Jun	36.2	43.4	44.2	8.9	19.5	16.5	22.7	49.3	21.7	19
Jul	0	0.2	3.6	0	0	3.2	1	6.2	1.8	0
Aug	0.2	2	12.8	0.2	4.2	5.2	12.7	9.8	2.1	0
Sep	21.8	54.9	30	22.6	80.9	36.9	59	55.2	78.1	48.2
Oct	292.2	276	226.3	220.2	288.3	137.7	278.6	287.8	241.6	235.5
Nov	445	398.5	379.1	388.4	382.2	462.5	451.6	361.2	405.3	342.1
Dec	619.4	561.5	643.4	665.3	500.5	630.7	654.6	631.3	676.2	534
Total	3,629.8	3,981.5	3,797.9	3,796.8	3,378.5	3,719.4	3,836.0	3,835.8	3,500.9	3,647.5

**Cooling Degree
 Days**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Jan	0	0	0	0	0	0	0	0	0	0
Feb	0	0	0	0	0	0	0	0	0	0
Mar	0	0	0	0	0	0	0	0	0	0
Apr	8.3	2.4	0	0	0	0	0	1.2	0	0
May	7.8	0	8.6	0.8	26	22.4	2.5	6.9	45.7	13
Jun	70	52.9	31.6	146.3	73.6	99.2	71.5	34.2	58.7	52.2
Jul	192.4	118.3	86.4	188.7	167.3	106.1	111	43.7	164.9	198.5
Aug	142.7	128	59.6	140.7	101.6	141	64	91	138.8	122.2
Sep	87.6	24	41.2	52.1	12.9	47.5	26.7	20.9	31.5	39.7
Oct	10	0	1.5	7.6	1.1	19.8	0	0	0	2.4
Nov	0	0	0	0	0	0	0	0	0	0
Dec	0	0	0	0	0	0	0	0	0	0
Total	518.8	325.6	228.9	536.2	382.5	436	275.7	197.9	439.6	428.0

UNDERTAKING NO. KT1.4: TO PROVIDE EXPLANATION AS TO SIGNIFICANT INCREASE IN OTHER ELECTRIC REVENUES FOR FIRST SIX MONTHS OF 2012 AND, IF SO, WHETHER THERE SHOULD BE AN UPDATE TO 2013 FORECAST.

Response:

The balance of OEB account 4220 - Other electric revenue, at June 30, 2012 has a one-time revenue of \$9,170 as a result of a retail sales tax refund and \$4,643 in HST credits that will be offset with debits. Therefore the actual balance in the account at June 30, 2012 without one-time items and timing issues would be \$1,105.

Based on the nature of the one-time items for YTD 2012, no forecast update is required for 2013.

UNDERTAKING NO. KT1.5: TO PROVIDE ESTIMATE OF ANY EXPECTED GAINS FROM THE DISPOSITION OF ASSETS, I.E., VEHICLES AND DETAILS ACCOUNT 4360, LOSS ON DISPOSITION UTILITY AND OTHER PROPERTY.

Response:

Please see answer on page 2.

CNPI FE and EOP
 Account 4360 - Gain/loss on disposal

	2009	2010	2011	June 30 2012	Forecast 2012	Forecast 2013
Loss on retirements	31,257	5,500	2,737	64	64	
Scrap sales (metal)	(36,224)	(20,387)	(20,984)	(11,368)	(20,000)	(20,000)
Scrap sales - 2 distribution power transformers		(19,866)		(6,000)	(6,000)	(6,000)
Scrap sales - 6 transmission power transformers	(39,000)					
Vehicle gain on sale	(9,000)	(4,800)	(6,827)		(22,000)	(10,500)
Total	(52,967)	(39,553)	(25,075)	(17,304)	(47,936)	(36,500)

UNDERTAKING NO. KT1.6: TO PROVIDE LIST OF ALL RETIREMENTS AND COMPARISON BETWEEN THE ELIGIBILITY DATES AND ACTUAL RETIREMENT DATES, SINCE LAST REBASING APPLICATION.

Response:

RETIREE POSITION	DATE OF ENTITLEMENT TO FULL PENSION	ACTUAL DATE OF RETIREMENT
UTILITYPERSON	April 1, 2015	July 1, 2011
SYSTEM OPERATOR	Feb. 1, 2012	June 1, 2011
METERPERSON	July 1, 2016	July 1, 2012
LINEMAN	August 1, 2012	August 1, 2012

UNDERTAKING NO. KT1.7: TO PROVIDE COMPARISON OF
LINEMEN RATES BETWEEN GANANOQUE AND FORT ERIE.

Response:

JOURNEYMAN LINEMAN RATES							
	2009	2010	2011	2012	2013	2014	2015
CNPI	\$33.04	\$34.04	\$35.06	\$36.04	\$37.08	\$38.19	\$39.37
EOP*	\$30.61	\$31.22	\$32.48	-	-	-	-

*2012 - 2015 EOP increases to be based on renewed collective agreement -
settlement not ratified

UNDERTAKING NO. KT1.8: TO PROVIDE EOP'S MOST RECENT
COLLECTIVE AGREEMENT AND OLD FORT ERIE/PORT COLBORNE
COLLECTIVE AGREEMENT.

Response:

Please reference attachment A (CNPI – FE/PC) & attachment B (EOP).



CANADIAN NIAGARA POWER INC.

A FORTIS ONTARIO
Company

Agreement
Between
Canadian Niagara Power Inc.
And
Local Union 636
Of The
International
Brotherhood
Of Electrical Workers
June 1, 2009 - May 31, 2012

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AGREEMENT

This Agreement made and entered into this 1st day of June 2009, by and between the Canadian Niagara Power Inc. (hereinafter referred to as the 'Company') and Local Union 636 of the International Brotherhood of Electrical Workers, affiliated with the A.F.L., C.I.O. and the Canadian Labour Congress (hereinafter referred to as the 'Union').

WITNESSETH

WHEREAS the Company and the Union have met and bargained in good faith for a renewal of their collective agreement and, for the purposes of facilitating the peaceful adjustment of the differences that may arise from time to time between the parties and of promoting harmony and efficiency, now desire to enter into a new collective agreement to supersede on June 1, 2009, the collective agreement between the parties that was effective on June 1, 2006 and expired on May 31, 2009, to the end that the Company, the Union and the general public may mutually benefit:

NOW, THEREFORE

The Company and the Union agree as follows:

ARTICLE 1

RECOGNITION AND REPRESENTATION

The Company recognizes the Union as the sole and exclusive bargaining agent for employees of the Company working at or out of its facilities in the City of Niagara Falls, Town of Fort Erie and the City of Port Colborne in the job classifications shown in the Index of Job Titles attached hereto and made a part hereof and any new job classifications not hereafter excluded which are created by the Company during the term of this Agreement, save and except forepersons and supervisors, persons above the rank of foreperson and supervisor, executive assistants, Manager of Human Resources, HR/ HS Assistant, administrative assistants, buyers, students employed during the school vacation period, students employed on a co-operative program from a school, college or university and persons employed for not more than twenty-four (24) hours per week, except those employees deemed to be regular part-time within the Customer Service Department. The words "employee" or "employees" where used in this Agreement shall mean only those employees in the aforesaid bargaining unit and not any other persons employed by the Company.

The Company shall not employ more than five (5) co-op students at one time.

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

The Company also agrees to recognize the following committees and stewards:

- (a) Grievance Committee of three (3) members.
- (b) Labour-Management Committee with four (4) Union representatives, which shall be the Bargaining Unit Chairperson and three (3) members. In addition, an

outside Union Business Representative may attend meetings of this committee. There shall be four (4) management representatives on the committee. The Company and the Union recognize the advantage of joint meetings to discuss problems of general interest and working conditions within the Company. This committee shall meet on a regular basis and agenda items for discussions shall be presented in advance of meetings. Either party may call special meetings.

- (c) Negotiating Committee of five (5) employee members and, in addition, the Local Union Business Representative and/or Business Manager and/or a Representative of the International Office of the IBEW.
- (d) Joint Health and Safety Committee of employee and management members in accordance with the most current *Occupational Health and Safety Act* (Ontario).
- (e) Benefits committee of (6) employee members and in addition, the local union business representative and/or local President. There shall be (4) management representatives on the committee. The Company and the union shall meet as required and use this committee to manage the employee benefits as noted under Article 18(2). The union members of this committee will be responsible for ensuring any decisions made in this committee are presented to the union membership.
- (f) Shop Stewards
 - (i) The Company shall recognize up to seven (7) employees as shop stewards as designated by the Union in writing to the Company.
 - (ii) It is a steward's first responsibility to perform the work required of him as an employee of the Company. It is recognized, however, that a steward is the Union representative in the workplace with whom the Company is required to deal as required by this Agreement. Accordingly, a steward will, with the advance permission of his supervisor, be granted reasonable time during working hours without loss of pay to attend grievance meetings as required under Article 7 hereof or to attend discipline meetings as required under Article 1(f)(iii). A steward's attendance at such meetings shall be subject to operational requirements but a supervisor shall not unreasonably withhold his permission for such attendance. Upon return to work following such attendance a steward shall report to his supervisor.
 - (iii) A steward may, where an employee so requests, attend any meeting between the employee and management which is for the purpose of issuing discipline, a suspension or discharge of the employee provided the steward is readily available in the employee's work location (either Niagara Falls, Fort Erie or Port Colborne). The foregoing shall not apply where the suspension or discharge is not issued in person to the employee.

- (iv) During the first four (4) weeks of his employment the Company shall permit a new employee to meet with a steward for up to fifteen (15) minutes during working hours without loss of pay for either the employee or steward, for the purpose of obtaining the necessary application for Union membership.

The Union will notify the Company in writing of the names of its members of the above committees and of the stewards. The parties hereto recognize that a strong union with full and active participation on the part of all employees in the bargaining unit is desirable.

ARTICLE 2

MANAGEMENT RIGHTS

1. The Union recognizes that the management of the Company, the direction of its working forces, the determination of the number of employees it will employ or retain, the right to hire, suspend, discharge, and discipline for just cause; promote, demote, or transfer, and the right to release employees because of lack of work or for other proper and legitimate reasons, are vested in and reserved to the Company, subject, however, to the provisions of this Agreement and the employee's right to adjustment of grievances as provided herein. The Company agrees that there shall be no discrimination, interference, restraint, or coercion by the company, or by any of its agents, on behalf of or against any employee because of his membership in the Union or because of any lawful activities on behalf of the Union.
2. Managers and supervisors shall not perform work of the type and grade regularly performed by members of the bargaining unit except:
 - (a) in cases of emergencies; or
 - (b) for purposes of instruction or training provided this does not reduce overtime opportunities for bargaining unit employees.

ARTICLE 3

UNION SECURITY

1. The Company agrees that all employees shall become and remain members of the Union in good standing as a condition of employment. All new employees shall, as a condition of employment, become members in good standing in the Union and commence to pay dues to the Union upon commencement of employment.
2. The Company agrees to deduct an amount equivalent to the regular monthly Union dues as certified in writing by the Union from the pay as per Section 47 of the Labour Relations Act of Ontario and an initiation fee as described by the Union from each new employee. An employee shall, upon commencement of employment, sign a written authorization for the deduction of an amount equivalent to the regular Union dues as certified by the Union. The amounts so deducted shall be forwarded to the Union so that they are received by the Union no later than the fifteenth (15th) day of the month following the month in respect of which the dues are deducted and shall be accompanied by an alphabetical listing of the names of each employee

on behalf of whom the deductions were made, the amount deducted on behalf of each employee, and information upon which such deductions were calculated. The regular monthly Union dues deducted from the pay of each employee in a calendar year shall be recorded by the Company on the Revenue Canada T4 slip given to that employee in respect of that calendar year.

3. An employee who has paid the initiation and Union dues uniformly required of all members of the bargaining unit shall be deemed to have complied with this Article.

4. For clarification purposes, the Union does not collect dues from employees while they are covered on long term disability benefits as per Article 18(1)(b) of this agreement or while they are on an unpaid leave of absence as per Article 20(2). Furthermore, the Company agrees to indicate on the check off list the employees on LTD or unpaid leave of absence.

ARTICLE 4

STRIKES AND LOCKOUTS

It is agreed that during the life of this Agreement the Union will not authorize a strike or work stoppage and the Company will not engage in a lockout. The Union further agrees that it will take every reasonable means within its power to induce employees engaged in a strike or work stoppage to return to work, to keep the Company in continuous operation and to prevent damage to the Company's property. The words "strike" and "lockout" shall be defined as in the *Labour Relations Act* (Ontario).

ARTICLE 5

CONTRACTING OUT

1. Prior to a lay off, all contractors, students, temporary employees, part time employees, and individuals employed on a Government sponsored program shall be laid off first.

2. All contractors or subcontractors hired by the Company shall observe all safety rules as per the Occupational Health and Safety Act, and the Electrical and Utilities Safety Association 1997 rule book or amended version therein.

ARTICLE 6

DEFINITIONS

1. TEMPORARY EMPLOYEE

A temporary employee is one hired and assigned to a specific job classification to perform work of the type and grade which may be assigned to regular employees in such job classification for a fixed term or terms not exceeding twelve (12) consecutive months, except that this period may be extended beyond twelve (12) months for up to another six (6) months by mutual agreement between the Company and the Union. A temporary employee is included in the bargaining unit but, notwithstanding any other provision of this Agreement, a temporary employee shall not be covered by or entitled to any rights or benefits under the following provisions of this Agreement:

Article 8 (4)	- Standby Duty
Article 9	- Overtime Compensation
Article 10	- Compensation for Scheduled Time Not Worked
Article 12	- Seniority
Article 13	- Vacations
Article 14	- Holidays
Article 18	- Employee benefits
Article 20	- Leaves of absence
Schedule B	
Letters of understanding	

The Company shall pay a temporary employee at least at Pay Group 9, First Step.

The Company shall not employ more than five (5) temporary employees in the bargaining unit at any one time unless the Union has agreed to a greater number.

Temporary employees shall be entitled to paid holidays, vacation with pay, pregnancy/parental leave and overtime pay at a minimum in accordance with the *Employment Standards Act* (Ontario).

The Company and the Union will, however, discuss those cases where, in the opinion of either, the use of a temporary employee continues for so long as to indicate that a regular job exists.

2. PROBATIONARY EMPLOYEE

- (a) A probationary employee is one hired with a view to filling a regular position who, before being advanced to the status of a regular employee, must undergo a period of probation of six (6) consecutive months employment in a job classification shown in the Index of Job Titles attached hereto, which period may be extended by the Company by a further period with the agreement of the Union during which time his qualifications can be determined and after which he must become a regular employee or leave the service of the Company. The Company may discharge a probationary employee at any time for reasons of unsuitability as reasonably determined by the

Company acting in good faith and non-arbitrarily. The Company shall advise the Union of the reasons for any discharge of a probationary employee. The Company may layoff or transfer a probationary employee at any time with or without notice and without regard to the seniority provisions of this Agreement.

REGULAR EMPLOYEE TRIAL PERIOD

(b) When an existing regular employee takes on a new position through the job posting procedure, re-deployment or promotion, that employee will be subject to a 90-day trial period where the employee will be subject to a review process in the new position at regular intervals following the start date of the new position. If the employee is found by the Company to be unsuited for the new position, the employee will be returned to his/her former position or subject to alternate re-deployment.

3. REGULAR EMPLOYEE

A regular employee is a full-time active employee who is working in a job classification shown in the Index of Job Titles attached hereto, has successfully completed the probationary period as provided in Paragraph 2 above and who is not a temporary employee.

4. REGULAR PART TIME EMPLOYEE

Completion of a probationary period for a regular part time employee is attained upon successful completion of six (6) continuous months employment and a successful probationary review; providing that a minimum of six hundred and twenty-four (624) hours have been worked within this time period. If the minimum hours have not been worked; then probation is extended until such minimum hours have been accumulated. All other aspects of Article 6(2) shall apply.

A regular part time employee means an employee who has successfully completed his probationary period and works on a regular basis for less than thirty-two (32) hours per week and who is not a temporary employee.

5. DAY WORKER

A day worker is an employee who is normally required to work eight (8) hours per day exclusive of a thirty (30) minute unpaid meal period from Monday to Friday inclusive between the hours of 7:00 a.m. and 6:00 p.m. inclusive but may, under certain conditions, be rescheduled for three (3) or more consecutive tours of night duty. Job titles of day workers are as identified in the Index of Job Titles attached hereto.

6. SHIFT WORKER

A shift worker is an employee working on a job which is operated twenty-four (24) hours per day, seven (7) days per week and who rotates regularly as to the hours of the day and the days of the week. Job titles of shift workers are as identified in the Index of Job titles attached hereto.

7. SCHEDULED WORKER

A scheduled worker is an employee other than a shift or a day worker who works upon a regular schedule of hours at different times of the day and on different days of the week as required in the routine conduct of the Company's business including Saturdays, Sundays and holidays. Job titles of scheduled workers are as identified in the Index of Job Titles attached hereto.

8. SCHEDULED WORK

Scheduled work is work which is performed by an employee during his customary tours of duty specified in advance as to the particular hours of the day and the particular days of the week that such employee is expected to be on duty.

9. RESCHEDULED WORK

Rescheduled work is work performed by an employee after predetermined reassignment of the particular hours of the day and/or particular days of the week that such employee is expected to be on duty, involving no change in total hours of work per tour of duty or total hours of work per week. In those cases where an employee is transferred from one position to another position in any given work week in such a manner as to require more than five (5) days of work that week, such work under his new schedule that is in excess of a basic forty (40) hour work week shall be deemed to be overtime work that week rather than rescheduled work.

10. OVERTIME WORK

Overtime work is work in excess of eight (8) hours per day or forty (40) hours per week which an employee (except those following Shift Schedule 40-H) may be called up to perform from time to time to suit the requirements of the Company.

11. PROMOTIONAL CHART

A promotional chart is a chart that shows the natural line of promotion, step by step, from the lowest to the highest job in a particular department or sub-department of the Company.

12. DEPARTMENTAL SENIORITY

Departmental seniority is defined as the total length of service (including previous uninterrupted service as a probationary employee) of a regular employee in a particular type and grade of work in a particular department or sub-department including length of service in any higher rate of job in the natural line of promotion in the department. An employee's

departmental seniority shall be deemed to be greater than the departmental seniority of all other employees in any lower rated job in the same department as shown on the applicable promotional chart for the department.

13. COMPANY SENIORITY

Company seniority is defined as the total length of continuous service (including previous uninterrupted service as a probationary employee) of a regular employee with the Company including accredited service, if any, with another Company of the FortisOntario System.

14. BASIC WAGE RATE

The basic straight time hourly rate for each Pay Group is as provided in Schedule A to this Agreement with effect on the dates as provided therein. The Step 1 rate for each pay group is the rate to be paid to probationary employees and temporary employees regularly assigned to a job classification in such pay group. In addition, an employee who is transferred or permanently promoted to a job classification in a higher pay group shall be paid at the Step 1 rate for the first six (6) months provided the Step 1 rate is greater than the rate for his prior job classification. If the Step 1 rate is less than or equal to his rate for his prior job, he shall immediately be placed at the Step 2 rate of the job classification to which he has been permanently transferred or promoted.

15. SHIFT PREMIUM

The shift premium payable for any tour of duty within the basic forty (40) hour work week that begins before 7:00 a. m. or terminates after 6:00 p.m. shall be sixty-four cents (.64) per hour except that for all work between the hours of midnight and 8:00 a.m. it shall be seventy cents (.70) per hour providing such work is within the basic forty (40) hour work week.

ARTICLE 7

GRIEVANCE PROCEDURE

1. A grievance may only arise from a dispute concerning the interpretation, application, administration or alleged violation of this Agreement. Such grievance shall be processed in the following manner:

Step 1 If an employee has a complaint or grievance, he shall first take it up verbally with his supervisor, department head or manager, within ten (10) working days of the time the employee became aware of the incident giving rise to the grievance. A shop steward shall be present. The decision of the supervisor, department head or manager shall be given within five (5) working days from the day the grievance was first presented.

Step 2. If the grievance is not resolved, it shall be submitted to the supervisor, department head or manager in writing by the employee and shop steward within five (5) working days of the decision at step one. The written grievance shall state the

nature of the problem, and the remedy sought. The supervisor, department head or manager shall render his decision in writing within five (5) working days of receipt of the grievance.

Step 3. If the grievance is not resolved, the grievance committee shall refer it to the Manager, Human Resources of the Company or his designate within five (5) working days of the decision at step two. The Manager, Human Resources shall render his decision in writing within ten (10) working days of receipt of the alleged grievance at step three. The Union will notify the Company of their intent relative to arbitration within ten (10) working days after receiving the written reply of the Manager, Human Resources.

2. The Company agrees that in the event grievances are not settled at Step 3 of the grievance procedure, the parties agree that referral to Grievance Mediation process shall be a 50 - 50 cost sharing arrangement relating to the cost of the Grievance Mediator process.

GROUP GRIEVANCES:

1. Where two or more employees wish to present grievances which are sufficiently common in nature that they may be dealt with together, such grievances shall constitute a group grievance, and shall be submitted at step one by the Union grievance committee.

ARBITRATION PROVISION:

1. The parties to this Agreement may request the Ontario Minister of Labour to appoint a single arbitrator in accordance with the provisions of the *Labour Relations Act* (Ontario) or the parties may otherwise agree to the appointment of a single arbitrator to hear any difference between the parties arising from the interpretation, application, administration or alleged violation of this Agreement and the provisions hereof which are applicable to the Arbitration Board shall apply to the single arbitrator.

2. In the event that the Company raises any questions as to the meaning, application or operation of this Agreement, such dispute or difference shall be settled by the procedures outlined in Step 3 of the Grievance Procedure and the Arbitration Provision of this Article.

3. Any of the time intervals provided for in this Article may be changed by mutual consent of the parties to this Agreement.

4. In connection with any arbitration proceedings under the provision of this Agreement, it is agreed that each party shall bear the expense of the arbitrator appointed by it. The expense of the impartial arbitrator together with any incidental or general expense connected with the arbitration proceedings shall be divided equally between the parties hereto.

5. Subject to Article 6(2), if an employee represented by the Union hereunder is disciplined or discharged and believes he has been unjustly dealt with, such action shall constitute a dispute or difference for determination under the method of adjusting grievances as provided for in this Article.

6. The Arbitrator shall not be authorized to alter, modify, and amend any

part of this Agreement, nor to make any decision inconsistent with the provisions hereof nor to deal with any matter not covered by this Agreement or any matter which does not involve the interpretation, application, administration, or alleged violation of this Agreement.

7. Letters of reprimand will be removed from the record of any employee twenty-four (24) months following the employee's receipt of such letter provided that the employee's record has been discipline free for such twenty-four (24) month period. However, in the event that the Company identifies an employee with a disciplinary problem, which may lead to progressive discipline, the Company shall meet with the Union and advise them of their decision to maintain the disciplinary documentation for an additional twelve (12) month period. Upon conclusion of the additional twelve (12) months, the parties will reconvene to review the employee's performance with the intention of removing the documentation if the employee's performance warrants such removal.

ARTICLE 8

WORK SCHEDULES AND WAGE PROVISIONS RELATING THERETO

1. DAY WORKERS

(a) The normal work schedule of day workers as identified in the Index of Job Titles attached hereto, shall be as defined in Article 6(5).

(b) A day worker may be rescheduled for a period of not less than three days, as to hours of the day, Monday through Friday, for the repair of major equipment or other work of comparable importance which must be continued on a day and night basis or which cannot be performed during normal hours, provided the magnitude of the project is sufficiently great to preclude the possibility of an employee doing it on an overtime basis in addition to his usual daytime work. The basic hourly rate plus the applicable shift premium shall apply to all rescheduled tours of night duty within the basic work week including any regular tour of duty beginning Friday night which extends into the early morning hours of the next calendar day. Night work of less than three days duration performed by day workers will be on an overtime basis.

(c) If a day worker is rescheduled to night work under the preceding clause and the Company does not give him forty-eight (48) hours notice before he begins work on the revised schedule, he shall be paid for his first rescheduled tour of duty at the applicable overtime rate. Subsequent tours of such rescheduled night duty shall be paid for at his basic rate plus the applicable shift premium. If he receives forty-eight (48) hours notice before the starting time of the first rescheduled night tour, there shall be no premium except the applicable shift premium.

(d) When an employee is returned to his regular daytime schedule with less than forty-eight (48) hours advance notice, the first regular tour of such daytime duty shall be paid for at a rate of one and one-half (1½) times the basic hourly rate.

2. **SHIFT WORKERS**

- (a) Shift workers shall work in accordance with the provisions of Shift Schedule 40-H.
- (b) Subject to approval by the department head, shift workers will be allowed to interchange working periods with each other to suit their own convenience provided no overtime penalties are imposed on the Company by reason of such interchange.
- (c) Each shift worker when working from midnight to 8:00 am or from 4:00 pm to midnight shall receive the applicable shift premium for all time actually worked on such shifts within his basic forty (40) hour work week.
- (d) If a shift worker's regular schedule including supernumerary days is changed so that he is required to begin work on the revised schedule with less than twenty-four (24) hours notice in advance of the new starting time, his first rescheduled tour of duty only shall be paid for at a rate one and one-half (1½) times the basic hourly rate except an employee designated as supernumerary may be changed without premium within the calendar day provided eight (8) hours notice is given. Such premium for change of schedule without advance notice is not payable for days of absence from work.
- (e) An additional half time over the basic day's pay will be made to operators for scheduled work performed on Saturday and Sunday.
- (f) An additional one time over the basic day's pay will be made to operators for scheduled work performed on an observed holiday as cited in Article 14, (1) of this Agreement.

3. **SCHEDULED WORKERS**

- (a) Scheduled workers shall work in accordance with schedules posted from time to time and arranged so far as practicable to suit the convenience of the majority of such employees. Before posting, such schedules will be discussed with the Union on a local basis.
- (b) Each scheduled worker shall receive the applicable shift premium for each tour of duty within his basic forty (40) hour workweek that falls on Sunday or begins before 7:00 a.m. or terminates after 6:00 p.m. on other days of the week.
- (c) If a scheduled worker's regular schedule is changed so that he is required to begin work on the revised schedule with less than twenty-four (24) hours notice in advance of the new starting time, his first rescheduled tour of duty only shall be paid for at the applicable overtime rate. Such premium for change of schedule without advance notice is not payable for days of absence from work.

4. **STANDBY DUTY**

(a) Certain employees in the Transmission and Distribution Department may be designated, from time to time, by the Company as being subject to call in for emergency work. An employee so designated with respect to any particular time period will not be required to remain "on call" in or about the place of business of the Company but will be required to remain within thirty (30) minutes driving time of their designated work location. Employees must carry a telephone pager provided by the Company at all times and be able to be paged and if paged must respond to such page and report to work as required as soon as possible.

(b) Effective June 1, 2009, such employees shall receive compensation of two hundred dollars (\$200.00) for each seven (7) calendar day period of standby duty; and effective June 1, 2011, such employees shall receive compensation of two hundred and five dollars (\$205.00) for each seven (7) calendar day period of standby duty.

(c) For those employees required to be on call during a week that has a statutory holiday, effective June 1, 2009 the employee shall receive two hundred and twenty dollars (\$220.00) compensation for that week and effective June 1, 2011 the employee shall receive two hundred and twenty-five dollars (\$225.00) compensation for that week.

(d) If an employee on standby duty is required to report for work, he shall receive compensation in addition to that provided for in sub-paragraph (b) above for not less than two (2) hours of work at the applicable overtime rate except as provided for in Article 9(4).

ARTICLE 9

OVERTIME COMPENSATION

1. Overtime compensation shall not be paid when an employee fails to report for overtime duty.

2. Except as otherwise provided for in Article 8(1)(b) when a day worker is required to work on Saturday such work shall be deemed to be overtime work.

3. Compensation shall be allowed for overtime work, (as defined in Article 6(10)), at two (2) times the employee's basic hourly rate, as defined in Article 6(14), with the exception of overtime worked for the first one and one half (1.5) hours immediately following the end of the scheduled work day, including emergency and scheduled work which will be paid at one and one half (1½) times the basic hourly rate.

4. When an employee is required to report for off-scheduled work (prearranged or emergency), he shall be entitled to compensation for not less than two (2) hours of work at the applicable overtime rate. The two (2) hour overtime minimum allowance shall not apply to the one (1) hour period of overtime work immediately preceding a normal tour of duty. Such compensation shall be allowed in the event the prearranged overtime work is cancelled upon less

than twelve (12) hours advance notice or less than twenty (20) hours advance notice in the case of day workers notified on Friday between 8:00 a.m. and 12:00 p.m. of the need to work on Saturday between 8:00 a.m. and 4:30 p.m.

5. Shift workers required to work on their thirty-two (32) hour break between scheduled tours of duty or on an observed holiday as cited in Article 14(1) of this Agreement shall be reimbursed at the rate of two (2) times the basic hourly rate.

6. In lieu of payment for overtime worked, a regular employee has the option to future off within the calendar year up to a maximum of twelve (12) days. The time off will be calculated at the applicable overtime rate. If the employee worked the overtime in an upgraded position, the difference between the upgraded rate and their normal regular wage rate will be included with their normal week's earnings. If because of workload the Company finds it impracticable to grant time off, the employee will be paid for the overtime hours at the applicable rate by the fifteenth (15th) day of January of the following year.

7. There shall be no pyramiding of overtime, premium or any other payments under this Agreement except that this shall not disentitle a shift worker to both shift premium and overtime pay for the same hours where provided for in Article 8(2)(e) and (2)(f) of this Agreement.

ARTICLE 10

COMPENSATION FOR SCHEDULED TIME NOT WORKED

1. (a) For time lost because of non-occupational personal illness or injury, all employees with less than one (1) year of Company seniority shall receive no pay during the first forty (40) scheduled straight time hours lost due to such illness or injury and for such time lost during the 2nd to 27th working week thereafter only regular employees shall receive from the Company's accident and sickness benefit plan an amount equal to their regular basic wage rate for all scheduled straight time hours lost during such period. Overtime hours and upgraded wage rates are not included.

(b) Regular part-time employees will adhere to this article with the following being noted:

- References to one (1) year of Company Seniority shall equal 2080 hours worked; holidays and vacation will be counted as time worked, overtime hours and upgraded wage rates are not included
- References to 'the first forty (40) scheduled straight time hours lost' due to non-occupational personal illness or personal injury shall be interpreted to mean 'the regular weekly scheduled straight time hours lost.' For variable hours worked, an average of the last six (6) months worked will be taken.

2 (a) For time lost because of non-occupational personal illness or injury, only regular employees with one (1) or more years of Company seniority shall receive straight time pay during the first forty (40) scheduled straight time hours lost due to such illness or injury and for such time lost during the 2nd to 27th working week thereafter such regular employees shall receive from the Company's accident and sickness benefit plan an

amount equal to their regular basic wage rate for all scheduled straight time hours lost during such period. Overtime hours and upgraded wage rates are not included.

(b) Notwithstanding (2a) above, for lost time because of non-occupational personal illness or injury, a regular employee with one (1) or more years of Company seniority who has lost time because of non-occupational personal illness or injury on more than five (5) occasions in a calendar year shall, commencing with the sixth (6th) occasion of such an absence in the calendar year not receive any pay for the first sixteen (16) scheduled straight time hours of such absence lost due to such illness or injury in the first working week of such absence.

3. Whenever a regular employee with one (1) or more years of Company seniority becomes disabled by reason of injury or suffers a recurrence of disability arising out of and in the course of his employment with the Company, compensable under the *Workplace Safety and Insurance Act*, he shall receive straight time pay for each scheduled straight time hour lost during the first (7) days of such disability. If the employee later becomes entitled under the said Act to disability benefits for such first week, the Company shall then receive the claimed amount which will be equal to 85% (or the applicable WSIB benefit amount) of the employee's normal straight time net earnings (gross pay less applicable income tax, CPP and EI). Upon receipt of this payment for the first seven (7) days of such disability, the Company will adjust the employee's year-to-date taxable earnings downward by such amount. The purpose of this clause is to ensure that employees will not suffer any decrease in the level of their regular pay group as a result of their medically substantiated occupational disability.

4. Whenever occupational disability or recurrence thereof extends beyond seven (7) days to a maximum of twenty-six (26) weeks, a regular employee eligible for benefits under the *Workplace Safety and Insurance Act* shall receive a WSIB top-up, in the form of a pay cheque and subject to normal payroll source deductions. The WSIB top-up will be equal to straight time pay for each scheduled straight time hour lost less 85% (or the applicable WSIB benefit amount) of the employee's normal straight time net earnings (gross pay less applicable income tax, CPP and EI). In addition to the WSIB top-up, the employee shall receive 85% (or the applicable WSIB benefit amount) of their normal straight time net earnings (gross pay less applicable income tax, CPP and EI) in the form of an interest free WSIB-related loan. WSIB benefits subsequently received by the Company will be applied to the advanced interest free loan. Any overpayment or underpayment on the interest free loan, from the benefit claims received by the Company, will be adjusted to the employee's compensation using the above said manner once the claim has been finalized and closed by WSIB. The purpose of this clause is to ensure that employees will not suffer any decrease in the level of their regular pay group rate as a result of their medically substantiated occupational disability.

5. Whenever the Company holds joint conferences with the Union, the employees designated by the Union as its official representatives will be excused from duty and will receive straight time pay for scheduled straight time hours lost because of such meeting except that the Union Negotiating Committee will be compensated for a maximum of thirty-two (32) hours per committee member, or a combined total of one hundred and sixty (160) hours, including time for exchange of proposals and contract signing.

6. Required attendance at meetings pertaining to Company activities such as first aid meetings and safety meetings shall be held on Company time.

7. When after extended periods of overtime work it is possible to grant employees time off for required rest, such rest periods shall not result in loss to regular employees of wages which would have resulted from previously scheduled work included in their basic work week. The following method is included herein as a rule with respect to rest after extended overtime work not prearranged:

(a) When after an extended period of overtime work, the employee is permitted to cease work at least eight (8) hours before his next regular tour of duty, he shall report for work as scheduled.

(b) When after an extended period of overtime work, the employee is permitted to cease work less than eight (8) hours before his next regular tour of duty, no regular work will be required for a minimum of eight (8) hours, provided, however, that no employee shall be required to report for his next regular tour of duty if such eight (8) hour minimum rest period ends within four (4) hours of normal quitting time for his regular scheduled work on that day.

(c) When it is not possible to grant an employee a rest period in accordance with the foregoing and an employee who would otherwise receive a rest period is required to continue to work without an intervening break he shall, for such time worked when he would otherwise be on a rest period, either be paid at double time or be paid at straight time and receive an equivalent amount of time off at a later date mutually agreed to between the employee and the Company.

ARTICLE 11

MERGERS AND AMALGAMATIONS

1. Should the Company merge, amalgamate or combine any of its operations or functions with another Commission, Company or Companies, the employer agrees to give the Union reasonable notice in writing prior to any intent by the employer to implement the above.

2. In the event there is a merger with another Commission, Company or Companies, in which the covered employees therein are represented by another Union, the representation rights and Collective Agreement of Local Union 636 IBEW members shall be maintained in respect of those members 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.

ARTICLE 12

SENIORITY

1. PROMOTIONS:

(a) Departmental Seniority List

A departmental seniority list prepared by the Company and approved by the Union shall be subject to revision, from time to time, as promotions are made or job assignments are changed for other reasons. The Company shall furnish a revised list annually on September 1st and as may be deemed necessary thereafter during the term of this Agreement.

For regular part-time employees, seniority accumulated shall be calculated on a pro rata basis; one (1) year seniority equals 2080 regular hours worked; eligible holiday and vacation time will be counted as time worked, overtime hours are not included. Regular part time employees will be included on the seniority list and their seniority will be updated each year as of September 1st.

(b) Promotion Awards

In all cases of promotions (other than temporary promotions) of regular employees the following factors shall be considered by the Company, in this order:

- (i) Ability, skill, knowledge of application to and training for the job;
- (ii) Attendance record (not taking into account any absences of an employee while he is in receipt of compensation under the *Workplace Safety and Insurance Act* and physical fitness for the job; and
- (iii) Departmental Seniority as defined in of Article 6(12)

If two (2) or more employees are relatively equal with respect to the factors referred to in (i) and (ii), the employee with the greatest departmental seniority shall receive the preference.

(c) Temporary Promotions

- (i) If any regular employee is assigned to a higher grade of work than that specified by his regular classification and the duration of that work is for four (4) hours or more, the employee's wage rate will be adjusted to suit the conditions for the entire period of such work. Upon completion of the assignment or upon evidence of inability to perform such assignment, the employee shall be restored to his former position and wage rate. The wage rate applicable to a temporary assignment shall be on the same basis as if the assignment were permanent.

- (ii) It is understood and agreed between the parties that the time will be accumulated during intermittent assignments of short duration as the basis for advancement to the maximum rate for the job. An employee will be advanced one (1) pay step after having accumulated one hundred (100) days of working time in the upgraded position. The upgraded rate will apply on holidays and during vacations that occur within the upgraded period.
- (iii) The departmental seniority rights of an employee occupying a demoted position because of prior curtailment of departmental activities shall be deemed to be greater than the departmental seniority rights of other employees when a vacancy occurs in any higher rated job formerly held by the demoted employee.

(d) Bulletin Board Postings

Notice of job vacancies of the following types shall be posted on all bulletin boards for a period of five (5) working days:

- (i) When there is no qualified applicant in the department affected.
- (ii) When a new job is created within the purview of collective bargaining.

Any employee desiring assignment to such job vacancy shall submit written application stating his qualifications for such assignment. All unsuccessful applicants shall be entitled to an explanation as to why they were not awarded the job.

The Company will make every effort to promote from within before any consideration is given to hire from outside sources.

2. LAYOFFS AND DEMOTIONS

(a) Layoffs of regular employees shall be made within each department in inverse order of departmental seniority provided that the remaining employees in the department have the necessary ability, skill and knowledge to perform the remaining jobs in the department. In the event a regular employee is displaced from a department after applying the foregoing, he may elect to displace an employee with lesser Company seniority from an equal or lesser rated job in another department provided he has the necessary ability, skill and knowledge to perform the job with reasonable orientation to but not training for the job. Alternately, such an employee may displace an employee with lesser Company seniority from a higher rated job in another department if he previously held that job and continues to have the necessary ability, skill and knowledge to perform the job. The foregoing shall apply to any employee thereby displaced, and so on.

(b) Any regular employee who is demoted three (3) or more pay groups may elect to take a separation allowance rather than accept such demotion. If he elects the separation allowance it will be computed under the terms, conditions and limitations of the Separation Allowance Plan of the Company on the basis of the wage rate then applicable to the job classification from which such employee is demoted. A regular employee who elects to take separation allowance in lieu of such a demotion shall, upon

making such election, be deemed to lose all of his Company seniority and department seniority and his employment shall be terminated.

3. **TRANSFERS**

(a) Subject to Article 12(2) - Layoffs and Demotions and 12(4) - Recall, interdepartmental transfers will not be made if such action would result in the simultaneous demotion, layoff or termination of any other employee whose work performance is satisfactory.

(b) The Company may temporarily transfer an employee to perform work of an equal or lesser grade without change in his job classification or wage rate, for a period of up to six (6) consecutive months which period may be extended for up to another six (6) months by mutual agreement between the Company and the Union.

(c) When an employee is on a temporary transfer and required by the Company to report to work at a place other than their regular place of work, the Company shall reimburse mileage incurred above and beyond the distance they would normally have to travel to and from their regular place of work at the current CRA rate. The foregoing provisions shall only apply where the distance between the employee's home and place of work is increased by virtue of the transfer.

4. **RECALL**

(a) Upon layoff of a regular employee he may elect either to take a separation allowance under the terms, conditions and limitations of the Company's Separation Allowance Plan or be placed on a recall list and remain eligible for recall. If such employee elects to take a separation allowance he shall, upon making such election, be deemed to lose his Company and departmental seniority and his employment shall be deemed terminated. If such an employee elects to remain eligible for recall, he shall remain eligible for recall for a period of twelve (12) consecutive months from the layoff date and any decision to recall such employee shall be made in accordance with the provisions of this Article 12(1)(b) - Factors Considered. At any time during the period of layoff such employee may elect to take a separation allowance pursuant to the terms, conditions and limitations of the Company's Separation Allowance Plan and upon making such an election he shall be deemed to lose his Company and departmental seniority and his employment shall be deemed terminated. If no such election is made and the employee is not recalled upon the expiry of the period of twelve (12) months from the layoff date, his Company and departmental seniority shall be deemed to be lost and his employment shall be deemed to be terminated and he shall receive a separation allowance pursuant to the terms, conditions and limitations of the Company's Separation Allowance Plan. Any amounts paid to an employee pursuant to the Company's Separation Allowance Plan shall be deemed to be inclusive of any amounts to which such employee may be entitled for termination pay or severance under the *Employment Standards Act* (Ontario).

(b) Any regular employee who has been deemed to have lost his Company and departmental seniority and to have had his employment terminated as provided in

Paragraph (a) above and any former probationary employee shall, upon any rehiring by the Company, be considered as a new employee.

(c) Where there is a regular employee on layoff the Company shall not hire a temporary employee for a job for which such regular employee on layoff has the necessary ability, skill, knowledge of, application to and training without first offering such job to such regular employee on layoff. A regular employee on layoff who accepts such job shall be employed as a temporary employee for a fixed term or terms as specified in Article 6(1) and he shall during such fixed term or terms be deemed to be a temporary employee for the purposes of all provisions of this Agreement except that he shall, at the same time, be deemed to continue to be a regular employee on layoff for the purposes of Article 12(2) - Layoffs and Demotions and 12(4) - Recall. Without limiting the generality of the foregoing, the period for which such a regular employee on layoff is eligible for recall shall continue to run while he is working as a temporary employee and upon the expiry of such period or upon electing to take a separation allowance pursuant to the terms, conditions and limitations of the Company's Separation Allowance Plan, such a regular employee on layoff shall be deemed to lose his Company and departmental seniority and his employment as a regular employee shall be deemed terminated notwithstanding the fact that he may continue to be a temporary employee.

5. DEPARTMENTS

The following are the departments of the Company for purposes of applying the seniority rules of this Article:

- (a) System Control
- (b) Facilities Maintenance and Purchasing & Stores
- (c) Electrical Maintenance
- (d) Meter Services
- (e) Operations Technicians Services
- (f) Line Services
- (g) Customer Service
- (h) Finance
- (i) Engineering & Technical Services
- (j) Information Technology Services

6. DISCUSSION OF PERSONNEL CHANGES WITH THE UNION

In order to avoid possible grievances, the Company shall discuss in advance with the Labour-Management Committee as designated in Article 1 of this Agreement, personnel changes which involve promotions, demotions, transfers, discharges, layoffs and rehiring of employees represented by the Union, except in those cases where the employees with the greatest Departmental or Company seniority as applicable is selected for promotion or the employee with the least Departmental or Company seniority as applicable is selected for demotion or layoff. Any other changes made by the Company without discussion with the Labour-Management Committee shall not be considered final until so discussed. Supervisors, department heads or managers shall advise shop stewards promptly of all changes affecting employees in their department.

7. AUTOMATION AND TECHNOLOGICAL CHANGE

(a) Whenever practicable the Company shall give at least two (2) months advance notice to the Union of the implementation of major automation or technological change in the operations of the Company which directly causes a significant adverse impact on regular employees. If requested by the Union, the Company will meet with Union representatives to discuss such automation or technological change and steps, which may be taken to eliminate or reduce such impact. Any regular employee who is displaced from his job classification, as a direct consequence of the implementation of major automation or technological change in the operations of the Company shall be dealt with as follows:

- (i) first, prior to such employee exercising any bumping rights which he may have pursuant to Article 12(2) - Layoffs and Demotions, the Company shall endeavour to make available to such employee the opportunity to be re-trained and re-assigned to a vacancy in another job classification (which the Company may make available to such employee without regard to Article 12(1)(b) - Promotion Awards and 12(d) - Bulletin Board Postings) on such terms and conditions as prescribed by the Company including reasonable re-training of the employee for such job (not to exceed two (2) months in duration). Provided such employee with the benefit of such reasonable re-training has the necessary ability, skill, knowledge of, application to and training for the available job he will be re-assigned on the terms and conditions prescribed by the Company and, if the rate of pay for the job classification to which he is re-assigned is less than the rate of pay for the job classification from which he was displaced, he shall continue to receive the rate of pay for the job classification from which he was displaced and such rate of pay shall be red circled and shall not be adjusted notwithstanding any other provisions of this Agreement until such time as the rate of pay for the job classification to which he has been reassigned catches up to such red circled rate of pay at which time he shall receive the rate of pay for the job classification to which he has been reassigned as prescribed in this Agreement; and
- (ii) second, in the event such employee is not re-assigned in accordance with the provisions of Paragraph 1 above, then such employee may exercise whatever bumping rights he may have pursuant to Article 12(2) - Layoffs and Demotions and the provisions of Paragraph (i) above shall have no application to any employee who is thereby displaced by the exercise of such bumping rights.

8. EMPLOYMENT STANDARDS ACT (ONTARIO)

Whenever reference is made in this Article 12 to an employee taking a separation allowance under the terms, conditions and limitations of the Company's Separation Allowance Plan, such a reference shall be deemed to state that the employee shall take the greater of such separation allowance and his entitlement, if any, to severance pay pursuant to Section 58 of the *Employment Standards Act* (Ontario), as amended and the provisions of this Article shall apply

to an employee taking such severance pay in the same manner as they apply to the employee taking such separation allowance.

ARTICLE 13

VACATIONS

1. All employees who have completed less than one (1) year of continuous service on December 31st of the previous year shall, after acquiring regular status, have one (1) day of paid vacation during the current year for each full month of continuous service rendered during the previous year up to a maximum of ten (10) working days at the regular basic rate.

2.

(a) All regular employees who have completed one (1) year or more of continuous service during the current year shall be entitled to vacation with pay during the current year based on years of continuous service completed during the current year in accordance with the following table.

Year of Continuous Service Completed During the Current Calendar Year	Weeks of Vacation During the Current Calendar Year	Hours of Vacation pay at the Basic Rate
1 to less than 3	2 week	80 hours
3 to less than 10	3 weeks	120 hours
10 to less than 17	4 weeks	160 hours
17 to less than 25	5 weeks	200 hours
25 or more	6 weeks	240 hours

(b) Regular part time employees will have their vacation percentage entitlement added to their regular pay on a weekly basis. All part time employees who have completed less than one year of continuous service on December 31st of the previous year shall, after acquiring regular status, have one unpaid day off for each full month of continuous service rendered during the previous year. The maximum number of unpaid days off allowed is ten.

Effective January 1, 2010, regular part-time employees vacation earnings (%) will accumulate and be paid out accordingly at time of vacation. Vacation hours entitlement will be pro-rated based on previous years actual hours worked

All Regular Part Time Employees who have completed one year or more of continuous service during the current year shall be entitled to vacation during the current year based on having met the minimum number of hours worked in accordance with following table. Years of continuous service completed during the current calendar year shall be calculated on a pro rata basis as follows:

Years of Service	Min. Hours Worked	Vacation Pay (Calculated on gross earnings)	Unpaid Time Off
1 to less than 3	2080	4%	80 Hours
3 to less than 10	6240	6 %	120 Hours
10 to less than 17	20 800	8 %	160 Hours
17 to less than 25	35 360	10 %	200 Hours
25 or more	52 000	12 %	240 Hours

3. Vacations will, so far as practicable, be granted at the time most desired by employees, but in order to ensure orderly operations the final right to allotment of vacations and the final right to require employees to work in lieu of vacations is exclusively reserved to the Company. Out-of-pocket expenses will be paid to any employee who is put to such expense because of having to defer his vacation under orders from management or to return to work before his vacation has expired.

4. When a day observed as a holiday falls within the vacation period, one extra regular day's pay at the basic rate will be allowed or, with proper departmental approval, an extra vacation day will be allowed.

5. A maximum of five (5) full days of an employee's annual vacation entitlement may be carried forward to the next calendar year. Carried forward vacation days must be taken prior to May 1st of that year. The scheduling of carry forward vacation shall not take preference over those employees with greater seniority booking vacation. Individual carry forward days will not have preference over employees scheduling current year vacation.

6. In the event that sickness, disability or compensable accident occurs prior to and interferes with the scheduled vacation of any employee, the vacation will be rescheduled whenever practicable within the calendar year. The vacation period will not be extended because of sickness or non-occupational disability incurred while on vacation. If prolonged disability occurs prior to an employee's vacation and makes it impossible for him to take such vacation that year, the unused vacation will be carried over into the next calendar year. Vacation carried over into the next calendar year will be reimbursed at the wage rate applicable at the end of the year in which the vacation normally would have been taken.

7. If death occurs in an employee's immediate family as defined in Article 20(3) occurs during the vacation, such vacation time shall not be considered and these days shall be rescheduled at the request of the employee whenever practicable within the calendar year.

8. Whenever a regular employee voluntarily resigns, is laid off because of lack of work, is discharged, or is retired, he shall be entitled to his earned vacation, based on his services during the previous year, or pay at the basic rate in lieu thereof and a prorated vacation allowance for time worked during the year in which termination occurs. Comparable benefits shall be paid to the deceased employee's estate.

ARTICLE 14

HOLIDAYS

1. The following thirteen holidays shall be observed:

New Year's Day	Labour Day
Family Day	Remembrance Day - Floating**
Good Friday	Thanksgiving Day
Easter Monday*	Christmas Day
Victoria Day	Boxing Day
Canada Day	Employee's Birthday - Floating***
Civic Holiday	

* Should legislation be enacted declaring Heritage Day, or other such holiday is proclaimed by the Federal or Provincial Government, as a paid statutory holiday, Easter Monday or one other existing holiday to be once agreed upon, will be withdrawn to assure that paid holidays remain at thirteen.

** The office will be open for business on Remembrance Day and this day is subject to the same terms and conditions as in Article 13(7). Employees must select such Holiday at the time they make their vacation schedule.

*** Selection of such Floating Birthday Holiday is subject to the same terms and conditions as in Article 13(7), and that employees must select such Holiday at the time they make their vacation selection and that the day selected will be a scheduled day of work. Employees are entitled to a Floating Birthday Holiday once they have become 'regular' status.

Regular part-time employees are eligible for the 'Floating Birthday Holiday'. The pay rate for this day will be pro-rated based on the average hours worked the previous year.

2. Whenever a holiday falls on Sunday it shall be observed on the following Monday.
3. Whenever a holiday falls on Saturday it shall be observed on the preceding Friday.
4. Regular and probationary employees who are not required to work on a day observed, as a holiday shall receive eight (8) hours basic pay for the holiday.
5. Regular and probationary employees who are required to work on a day observed as a holiday shall receive holiday pay as provided for in Paragraph 4 above and, in addition thereto, shall receive compensation at the applicable overtime rate for all work actually performed that day.

ARTICLE 15

WAGE SCHEDULE

1. The Job Classification Manual will include only those job classifications included in the Index of Job Titles, as amended with necessary additions, deletions and amendments.

2. The relative value of each job shall be as indicated by the pay group number assigned to it and basic wage rates shall be determined for each indicated pay group from the two-pay step wage schedules attached hereto as Schedule A to this Agreement and made a part hereof. Effective June 1, 2006 wage rates shall be as shown on Wage Schedule A. If, however, as a result of the adoption of the Job Classification Manual any regular or probationary employee was reclassified to a lower pay group than that formerly applicable to his particular type and grade of work, he shall suffer no reduction in rate but will, while continuing in such classification, be entitled to any and all semi-annual increases and subsequent general increases, if any, on the basis of his former pay group assignment.

(a) The first pay step shall apply during the first six (6) months of employment in any job or jobs classified in the indicated pay group, except that a part-time employee must work a minimum of 624 hours.

(b) Semi-annual adjustments of one (1) pay step will be made for regular employees until the classified maximum for the job is attained, except that no semi-annual adjustment will be granted to an employee while on sick leave or other leave of absence. If a civilian leave of absence is granted for thirty (30) or more calendar days, semi-annual adjustment shall be postponed for a corresponding interval of time. Semi-annual adjustments shall always be made effective on the Sunday nearest the readjustment date.

(c) Upon promotion of an employee to a higher rated job, he will be advanced to the standard wage rate next above his former rate or to the minimum rate for his new job assignment, whichever provides the greater increase but in no case will the employee be advanced to a rate in excess of the maximum classified rate for his new job.

3. When a regular employee becomes unable to perform the essential duties of his job or there is no longer any requirement to have such work performed, the Company will endeavour to place the employee in some other job that is suited to his abilities. His rate of pay will not be reduced below the maximum established rate for his new job assignment.

4. Anytime during the term of this Agreement, a designee of the IBEW Local 636, or the Manager, Human Resources may notify the other party of a need to review any new job or any existing job in regard to where there is a claim of a material job content change. Upon such notification, each will appoint an appropriate committee to meet within an agreed-upon time, to review the facts related thereto. A copy of the job description, highlighting the relevant job changes, will be submitted to the IBEW Unit Chairperson and the Manager, Human Resources, one (1) week prior to the scheduled meeting. The Manager, Human Resources will make arrangements for a joint meeting to negotiate all issues that may be involved, with any agreed upon changes being made promptly.

5. In the event any new job classifications in the bargaining unit not shown in the Index of Job Titles attached hereto are created by the Company during the term of this Agreement, the Company shall inform the Union of such creation and, if requested by the Union, shall discuss the pay group and wage rate set by the Company for such job classification.

ARTICLE 16

SAFETY

1. It is agreed between the parties that the Joint Health & Safety Committee shall meet at reasonable intervals of time, upon a request being made by either party (but not less than four (4) times per year) for purposes of reviewing case histories of actual lost-time accidents involving members of the Union and to consider recommendations and suggestions of the Union regarding existing and proposed safety rules. Before new safety rules are adopted they shall be subject to full discussion with the Joint Health and Safety Committee.

2. A copy of each report of an accident involving an employee in the bargaining unit which results in lost time or requires medical attention by a physician will be furnished by the Health, Safety and Environment Department to the Union representative of the Local Union or such other duly designated representative of the Union. The Employer shall provide the Unit Chairperson with a copy of the Employer's Report of Injury or Disease (Form 7) when submitting same to the *Workplace Safety and Insurance Board* in order to give the Union an opportunity to discuss with the Employer any errors or omissions which may exist.

3. The parties hereto agree that the safety rules, as prescribed from time to time by the Company, or by any law (and regulations thereunder) applicable to the territory covered by this Agreement, shall be strictly adhered to by the employees and by the Company. First-aid kits shall be placed in all headquarters, substation and generating stations and in all trucks. The Company shall provide protective devices and other equipment, such as safety glasses (plain and/or tinted), rubber blankets, rubber gloves, rubber coats, rubber hats and rubber boots deemed necessary in accordance with good operating practices properly to protect employees from injury.

4. The Company agrees to review options, and if available, expand the existing types of prescription safety glasses available to those employees during the term of the agreement.

5. At all times, the following rules shall apply:

(a) Not less than two (2) qualified men shall work together on energized overhead distribution primaries and shall not be separated from each other by a distance greater than a single span length.

(b) When installing or removing grounds on transmission lines, not less than two (2) qualified men shall work together in the immediate proximity of the structure upon which the work is being performed.

(c) Installation and removal of grounds on oil switches at Rankine Station shall

be performed by two (2) qualified employees.

ARTICLE 17

USE OF BULLETIN BOARDS

It is agreed that the Union may have a reasonable use of the Company bulletin boards for the purpose of posting notices with regard to meetings or matters of special interest to the employees. All posted information should be dated and removed accordingly.

ARTICLE 18

EMPLOYEE BENEFITS

1. (a) As agreed between the parties during the Agreement negotiations, the Employee Retirement Plan and Disability and Separation Allowance Plan, as amended June 1, 1987, substantially in the form discussed during such Agreement negotiations will remain in full force and effect during the term of this Agreement.

(b) The Company agrees to continue in full force and effect during the term of this Agreement a Long Term Disability Plan (LTD) to supplement where applicable, as noted below, the present Disability Retirement Plan. The Company will contribute 100% of the cost of this plan. Medical coverage and life insurance will be provided by the Company only during the term of the Disability Retirement Allowance. Refer to the CNP Policy Manual for plan details. The minimum coverage is 70% of the current regular pay group rate, subject to applicable taxes, effective June 1, 2003.

(c) The company shall administer two (2) optional contributory Group Life Insurance Plans (Option 1 and Option 2) for regular employees during the term of this agreement. The employee contribution for such basic group life insurance is 100% of premium costs paid for through payroll deduction. Plan details are as follows:

Option 1

(i) 150% of annual basic earnings rounded upwards to the nearest \$1,000 up to a maximum of \$600,000.

(ii) Supplementary Insurance of \$7,000 with the purchase of Optional Life Insurance.

Option 2

(i) 250% of annual basic earnings rounded upwards to the nearest \$1,000 up to a maximum of \$600,000.

(ii) Supplementary Insurance of \$7,000 with the purchase of the Optional Life Insurance.

Coverage for Option 1 and Option 2 terminates upon:

- The date that current employment ends;
- The date that the employee or his/her dependents cease to qualify for coverage based on the plan's eligibility requirements;
- The date the insured enters armed services on full-time duty;

- The date that the Company receives a written request from the insured employee to terminate the insurance;
- The date the insured employee attains the age of 65;
- The date the insured employee retires;
- The date the Group Plan is cancelled

The first \$40,000 of coverage of basic group life insurance will include a double indemnity provision for regular employees in the event of accidental death arising out of or in the course of their employment.

(d) It is understood by the parties that the continuance of the Employee Retirement Plan and the Disability and Separation Allowance Plan referred to in l(a) above shall at all times remain and be vested in the Board of Directors of the Company in its uncontrolled discretion.

(e) For any employee who retires prior to the age of 65, the existing coverage under Option 1 or Option 2 may be converted at the employee's request, without medical evidence, to a private individual plan under the terms of this arrangement with the insurance carrier for which the employee will be responsible to maintain premium payment directly to the insurer to keep the coverage in effect.

(f) Employees currently enrolled in the OMERS pension plan through Canadian Niagara Power as an OMERS Associated Employer, will continue to be covered by this pension plan so long as they maintain their eligibility under the provisions of OMERS.

(g) Employees hired after June 1, 2003, will have health and dental retiree benefits from the date of retirement to the age of 65, provided that they have a minimum of 20 years continuous service with the Company.

Current regular employees and their eligible dependants as of May 31, 2003, will be covered upon retirement, by the terms and conditions of the Company's benefits policy.

2. The Company agrees to pay for each regular full-time employee, upon successful completion of their probation period, and their eligible dependents, 100% of the premium cost for the benefit plan as outlined. Regular part-time employees, upon successful completion of their probation, will become eligible for this benefit plan at a pro-rated cost to them.

(a) Semi-Private Hospital Coverage

(b) The cost of each regular and probationary employee's and his dependants' subscription to Extended Health Care Coverage (no co-insurance), subject to existing benefit plan terms and conditions. The following changes to the Extended Health Care Coverage have been agreed to:

- Prescription drugs will have a dispensing fee cap of eight dollars (\$8.00); effective June 1, 2010 prescription drugs will have a dispensing fee cap of nine dollars (\$9.00).

- The current plan will be modified to a mandatory generic drug plan. All eligible employees and their dependents shall be subject to the mandatory generic drug definition. Employees who utilize brand name prescription drugs will be required to pay the cost difference between the brand name drug and the generic substitution. Terms and conditions shall be as outlined in the existing drug plan.
- Effective June 1, 2006, the current plan will be modified to cover 100% of all formulary drugs. There will be no coverage on non-formulary drugs; with the exception of those cases where it is deemed medically necessary by a physician in which case it will be covered 100%.

(c) The cost of the subscription to a group dental plan for each regular employee and his dependants (no co-insurance). Benefits under such plan shall be at the limits cited in the current Ontario Dental Association (ODA) fee schedule, and such benefits shall be automatically updated to remain current at any such time as the ODA fee schedule is amended. The terms and conditions shall be as outlined in the existing benefit plan.

The following change to the Dental Plan has been agreed to effective June 1, 2000:

- Dental recall for adults shall be every nine (9) months and for children under the age of eighteen (18) shall be every six (6) months. Terms and conditions shall be as outlined in the existing benefit plan.

The following change to the Dental Plan has been agreed to effective June 1, 2003:

- 50/50 co-share on caps and crowns to a maximum of \$1000 annually per each member and eligible dependants

(d) The cost of the subscription of an employee and his dependants to a Group Vision Care Plan which will pay three hundred and twenty-five dollars (\$325.00) towards the cost of eyeglasses, contact lenses and/or eye exams in any period of twenty-four (24) consecutive months for a covered regular employee and his covered dependants subject to existing benefit plan terms and conditions.

(e) The cost of coverage for each regular employee and his dependants under the existing benefit travel plan terms and conditions covering travel outside Ontario.

The Company and Union jointly recognize the necessity of establishing cost containment strategies addressing the ongoing premiums for employee health insurance. The Benefits Committee, as described in Article (1)(e), will review program utilization and costs with the intent of identifying adverse trends that may be addressed through improved employee education and utilization of the benefit programs. Also, in an effort to ensure the continued affordability of the health insurance plan, the Benefits Committee will investigate possible design plan

modifications. The Company may present such modification requests to the Union for a ratification vote during the term of the agreement. The Union shall present the changes to the membership and conduct a ratification vote to determine if the changes shall be implemented.

Furthermore, the Company and Union acknowledge the significant impact and role that employee wellness contributes to health insurance cost containment and as such, jointly commit to promoting education programs and employee lifestyle in support of this goal.

3. The Company agrees to continue to make available an Employee Savings Fund Plan.
4. The Company agrees to continue to make available an Employee Assistance Program.
5. The Company will furnish work gloves to all employees who are required to use them in the performance of their work.
6. Effective June 1, 2009, the Company shall reimburse, upon delivery of the necessary receipt to their immediate supervisor, up to two hundred and ten dollars (\$210.00) per year towards the purchase of up to two pairs of Company approved safety foot wear for all employees who are required to use them in the performance of their work. (No monies will be carried forward).
7. The Company agrees to make available to eligible regular employees an Aid to Education Plan, which will provide for reimbursement of tuition and certain other charges upon the successful completion of approved courses taken outside of working hours. Reimbursement will be at the rate of 100% for company related courses. No reimbursement will be provided for a failing grade.
8. A committee from the Company and the Union will meet annually in February to review the operation of all current benefit plans.
9. The Company shall defray moving expenses whenever regular employees are required to move from one location to another.
10. The provisions of Paragraph 9 of this Article shall not apply when a transfer from one location to another is arranged in compliance with the request of an employee, or through the award of a job as provided in the promotional procedures of this Agreement. Neither shall it apply to an employee who elects to accept the employment in another location to avoid layoff.
11. Each Journeyman shall provide the tools necessary to properly perform the duties of his particular trade. If such tools are broken or lost while performing Company work they shall be replaced by the Company. Tools other than those required for a Journeyman's particular trade shall be furnished by the Company Tool Crib.
12. The Company agrees to reimburse employees that are required by the Company to obtain an 'AZ' license. Reimbursement will consist of the initial costs associated with successfully acquiring this license and the cost of ongoing medical certification.

13. Except as otherwise provided herein, the Company agrees to continue to provide safety clothing in accordance with The Electrical and Utilities Safety Association (E&USA) and current legislation on an as needed basis as determined by the Company.

ARTICLE 19

SEVERABILITY

If the enactment of legislation, or a determination by a court of final jurisdiction (whether in a proceeding between the parties or in one based on a similar state of facts) invalidates any portion of this Agreement, it shall not affect the validity of the rest of this Agreement, which shall remain in full force according to its terms in the same manner and with the same effect as if such invalid portion had not originally been included herein.

ARTICLE 20

LEAVES OF ABSENCE

1. UNION BUSINESS:

Employees elected or appointed to represent the Union may apply in writing to the Manager, Human Resources (or his/her designate) for a leave of absence for up to six (6) cumulative days per calendar year to attend outside Union meetings, conventions or seminars. Any additional time must be mutually agreed to by the parties. Such application must be made as far in advance as possible and not less than two (2) weeks prior to the commencement of the leave. The Company may refuse to grant permission for such leaves based on operational requirements but otherwise permission for such leaves will not be unreasonably withheld.

The Union agrees to reimburse the Company for the regular hourly wages that are paid to such employees for such absence (no burden or levy will be assessed).

2. MATERNITY AND PARENTAL LEAVE:

The Company will grant Maternity and Parental Leave in accordance with the appropriate parts of the *Employment Standards Act* (Ontario) or successor organization. There shall be no loss of seniority during this leave, all benefits shall be maintained by the employer and the employee's vacation shall not be pro-rated or reduced in any manner, provided the leave is not longer than 52 weeks. Details regarding both pregnancy leave and parental leave will be made available through the Human Resources Department.

3. COMPASSIONATE LEAVE:

Regular employees shall receive a maximum number of consecutive working days leave of absence without loss of pay for bereavement purposes including making arrangements for and/or attending the funeral or memorial service as follows:

- Five (5) days for employee's spouse (including common law spouse), child or parent;
- Three (3) days for employee's brother, sister, parent-in-law, grandparent or grandchild;
- One (1) day for employee's sister-in-law, brother-in-law, aunt, uncle, step-mother, step-father, step-brother or step-sister.

4. JURY DUTY & CROWN WITNESS:

A regular employee who is summoned and reports for jury duty shall be granted a leave of absence with pay for any time lost from his/her normal work week provided:

- (a) he has notified the head of his department immediately upon receiving such jury duty summons; and
- (b) whenever a regular employee who has been granted a leave of absence pursuant to this Article is released from jury duty in the forenoon of any day he shall, as a condition of receiving full pay for that day, return to work at the commencement of his afternoon scheduled hours of work.

Any regular employee who is subpoenaed by the Crown to appear in Court as a witness shall be paid at regular rates for time lost from his normal work week which he would otherwise have worked.

Any regular employee receiving the above provisions shall return to the Company any moneys less actual expenses, e.g., lunch, parking, etc. that he/she may receive while serving as a juror or crown witness.

ARTICLE 21

DRIVING OFFENCES

In the event that an employee is convicted of a driving offence, which results in the loss of his/her driver's license, the Company will meet with the Union's Labour Relations Committee.

Each case will be judged on its own merit and may include all or some of the following:

1. Possible change of jobs;
2. Possible leave of absence; and/or
3. Possible wage reduction if moved to lower classification.

In the event a leave of absence is granted for this conviction, which extends beyond three (3) months, such regular employee shall not accumulate seniority for the period beyond three (3) months, but shall retain his/her seniority already accumulated upon the return to work.

If a Leave of Absence is granted, such Leave shall not exceed one (1) year and further to this, if the regular employee is convicted for this offence again while on such Leave of Absence, such Leave shall be rendered null and void.

ARTICLE 22

TRAVELING TO WORK SITES OUTSIDE THE NIAGARA REGION

- (a) The Company may require an employee(s) to temporarily perform work outside the Niagara Region.
- (b) In all cases of work to be carried out by employees outside the Niagara Region a rotational schedule may be applied wherever practicable, respecting employee's personal circumstances. Should the requirement from the Company as stated in (a), not produce sufficient volunteer(s), the Company will meet with the Union to discuss alternate mechanisms.
- (c) Expenses incurred by employees, as well as the provision for overtime, will be reimbursed
in accordance with FortisOntario Business Travel Policy C-108. Mileage and overtime provisions will be in accordance with this collective agreement.

ARTICLE 23

ENTIRE AGREEMENT

This Agreement supersedes and cancels all prior practices and agreements between or among the Union and/or the employees on the one hand and the Company on the other hand, whether written or oral, unless expressly stated to the contrary herein, and together with any letters of understanding executed concurrently with or after this Agreement constitutes the complete and entire agreement between the Company and the Union and concludes collective bargain for its term.

ARTICLE 24

TERM OF AGREEMENT

Except as otherwise provided for herein, this Agreement shall take effect as of June 1, 2009, and shall remain in full force and effect until May 31, 2012, and shall automatically renew itself from year to year thereafter unless either party notifies the other party in writing, not less than sixty (60) days prior to the expiration date, of its desire to amend or terminate this Agreement.

Ten (10) signed, sealed Collective Agreements will be provided to the Union within thirty (30) days of ratification by both parties. A printed version will be distributed within forty-five (45) working days to those covered by the Collective Agreement. The cost of this printed version in booklet form shall be at the expense of the Company.

IN WITNESS WHEREOF the Company has caused this instrument to be executed by its duly authorized officers and its corporate seal to be hereunto affixed; and the Local Union, having taken all action required to be taken to make this Agreement effective, including provision for its approval by the International Office of the International Brotherhood of Electrical Workers, has caused this instrument to be executed by its officers duly authorized to act for itself and on behalf of the members in the bargaining unit this 4th day of June, 2009.

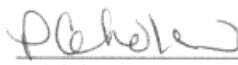
CANADIAN NIAGARA POWER INC.

Approved:


K. Carmichael

(SEAL)



H. Clutterbuck


P. Coholan


S. Sheogobind

LOCAL UNION 636, INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS

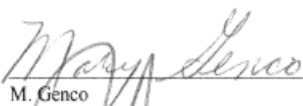
Approved:

International President I.B.E.W.

D. Murdaca, Business Representative


K. Watson, Unit Chairperson

(SEAL)


T. Burrell


M. Genco


N.W. Damato


J. Hoover

**SCHEDULE A
CANADIAN NIAGARA POWER INC.**

**WAGE SCHEDULE
BASIC WEEKLY WAGE RATES AND STRAIGHT TIME HOURLY EQUIVALENTS**

<u>EFFECTIVE JUNE 1, 2009</u> <u>A, B & C = 1.25% Increase</u>			<u>EFFECTIVE DEC. 1, 2009</u> <u>A, B & C = 1.25% Increase</u>		
<u>PAY GROUP</u>	<u>STEP 1 - HOURLY RATE</u>	<u>STEP 2 - HOURLY RATE</u>	<u>PAY GROUP</u>	<u>STEP 1 - HOURLY RATE</u>	<u>STEP 2 - HOURLY RATE</u>
24-B	\$ 38.53	\$ 40.12	24-B	\$ 39.01	\$ 40.62
23-A	\$ 37.04	\$ 38.90	23-A	\$ 37.50	\$ 39.39
23-B	\$ 36.66	\$ 38.53	23-B	\$ 37.12	\$ 39.01
22-B	\$ 35.14	\$ 36.66	22-B	\$ 35.58	\$ 37.12
21-A	\$ 34.01	\$ 35.49	21-A	\$ 34.44	\$ 35.93
21-B	\$ 33.68	\$ 35.14	21-B	\$ 34.10	\$ 35.58
20-B	\$ 32.32	\$ 33.68	20-B	\$ 32.72	\$ 34.10
19-A	\$ 31.39	\$ 32.63	19-A	\$ 31.78	\$ 33.04
19-B	\$ 31.08	\$ 32.32	19-B	\$ 31.47	\$ 32.72
18-B	\$ 29.68	\$ 31.08	18-B	\$ 30.05	\$ 31.47
18-C	\$ 27.17	\$ 28.45	18-C	\$ 27.51	\$ 28.81
17-A	\$ 28.92	\$ 29.97	17-A	\$ 29.28	\$ 30.34
17-B	\$ 28.63	\$ 29.68	17-B	\$ 28.99	\$ 30.05
17-C	\$ 26.20	\$ 27.17	17-C	\$ 26.53	\$ 27.51
16-B	\$ 27.70	\$ 28.63	16-B	\$ 28.05	\$ 28.99
16-C	\$ 25.35	\$ 26.20	16-C	\$ 25.67	\$ 26.53
15-A	\$ 26.52	\$ 27.97	15-A	\$ 26.85	\$ 28.32
15-B	\$ 26.27	\$ 27.70	15-B	\$ 26.60	\$ 28.05
14-B	\$ 25.14	\$ 26.26	14-B	\$ 25.45	\$ 26.59
14-C	\$ 23.01	\$ 24.04	14-C	\$ 23.30	\$ 24.34
13-A	\$ 24.54	\$ 25.39	13-A	\$ 24.85	\$ 25.71
13-B	\$ 24.30	\$ 25.14	13-B	\$ 24.60	\$ 25.45
12-A	\$ 23.43	\$ 24.53	12-A	\$ 23.72	\$ 24.84
12-B	\$ 23.21	\$ 24.30	12-B	\$ 23.50	\$ 24.60
12-C	\$ 21.23	\$ 22.23	12-C	\$ 21.50	\$ 22.51
11-B	\$ 22.22	\$ 23.21	11-B	\$ 22.50	\$ 23.50
10-A	\$ 21.57	\$ 22.45	10-A	\$ 21.84	\$ 22.73
10-B	\$ 21.36	\$ 22.22	10-B	\$ 21.63	\$ 22.50
10-C	\$ 19.55	\$ 20.34	10-C	\$ 19.79	\$ 20.59
9-B	\$ 20.44	\$ 21.36	9-B	\$ 20.70	\$ 21.63
9-C	\$ 18.71	\$ 19.55	9-C	\$ 18.94	\$ 19.79

Note: A = 4% Increase 2006, 3% 2007 & 2008
 B = 2006 – 2008 3% increase each year
 C = Wage Freeze 2006 - 2008

WAGE SCHEDULE
BASIC WEEKLY WAGE RATES AND STRAIGHT TIME HOURLY EQUIVALENTS

EFFECTIVE JUNE 1, 2010			EFFECTIVE DEC. 1, 2010		
<u>A, B & C = 2% INCREASE</u>			<u>A, B & C = 1% INCREASE</u>		
<u>PAY GROUP</u>	<u>STEP 1 - HOURLY RATE</u>	<u>STEP 2 - HOURLY RATE</u>	<u>PAY GROUP</u>	<u>STEP 1 - HOURLY RATE</u>	<u>STEP 2 - HOURLY RATE</u>
24-B	\$ 39.79	\$ 41.43	24-B	\$ 40.19	\$ 41.84
23-A	\$ 38.25	\$ 40.18	23-A	\$ 38.63	\$ 40.58
23-B	\$ 37.86	\$ 39.79	23-B	\$ 38.24	\$ 40.19
22-B	\$ 36.29	\$ 37.86	22-B	\$ 36.65	\$ 38.24
21-A	\$ 35.13	\$ 36.65	21-A	\$ 35.48	\$ 37.02
21-B	\$ 34.78	\$ 36.29	21-B	\$ 35.13	\$ 36.65
20-B	\$ 33.37	\$ 34.78	20-B	\$ 33.70	\$ 35.13
19-A	\$ 32.42	\$ 33.70	19-A	\$ 32.74	\$ 34.04
19-B	\$ 32.10	\$ 33.37	19-B	\$ 32.42	\$ 33.70
18-B	\$ 30.65	\$ 32.10	18-B	\$ 30.96	\$ 32.42
18-C	\$ 28.06	\$ 29.39	18-C	\$ 28.34	\$ 29.68
17-A	\$ 29.87	\$ 30.95	17-A	\$ 30.17	\$ 31.26
17-B	\$ 29.57	\$ 30.65	17-B	\$ 29.87	\$ 30.96
17-C	\$ 27.06	\$ 28.06	17-C	\$ 27.33	\$ 28.34
16-B	\$ 28.61	\$ 29.57	16-B	\$ 28.90	\$ 29.87
16-C	\$ 26.18	\$ 27.06	16-C	\$ 26.44	\$ 27.33
15-A	\$ 27.39	\$ 28.89	15-A	\$ 27.66	\$ 29.18
15-B	\$ 27.13	\$ 28.61	15-B	\$ 27.40	\$ 28.90
14-B	\$ 25.96	\$ 27.12	14-B	\$ 26.22	\$ 27.39
14-C	\$ 23.77	\$ 24.83	14-C	\$ 24.01	\$ 25.08
13-A	\$ 25.35	\$ 26.22	13-A	\$ 25.60	\$ 26.48
13-B	\$ 25.09	\$ 25.96	13-B	\$ 25.34	\$ 26.22
12-A	\$ 24.19	\$ 25.34	12-A	\$ 24.43	\$ 25.59
12-B	\$ 23.97	\$ 25.09	12-B	\$ 24.21	\$ 25.34
12-C	\$ 21.93	\$ 22.96	12-C	\$ 22.15	\$ 23.19
11-B	\$ 22.95	\$ 23.97	11-B	\$ 23.18	\$ 24.21
10-A	\$ 22.28	\$ 23.18	10-A	\$ 22.50	\$ 23.41
10-B	\$ 22.06	\$ 22.95	10-B	\$ 22.28	\$ 23.18
10-C	\$ 20.19	\$ 21.00	10-C	\$ 20.39	\$ 21.21
9-B	\$ 21.11	\$ 22.06	9-B	\$ 21.32	\$ 22.28
9-C	\$ 19.32	\$ 20.19	9-C	\$ 19.51	\$ 20.39

WAGE SCHEDULE
BASIC WEEKLY WAGE RATES AND STRAIGHT TIME HOURLY EQUIVALENTS

EFFECTIVE JUNE 1, 2011

A, B & C = 3% INCREASE

<u>PAY GROUP</u>		<u>STEP 1 - HOURLY RATE</u>		<u>STEP 2 - HOURLY RATE</u>
24-B	\$	41.40	\$	43.10
23-A	\$	39.79	\$	41.80
23-B	\$	39.39	\$	41.40
22-B	\$	37.75	\$	39.39
21-A	\$	36.54	\$	38.13
21-B	\$	36.18	\$	37.75
20-B	\$	34.71	\$	36.18
19-A	\$	33.72	\$	35.06
19-B	\$	33.39	\$	34.71
18-B	\$	31.89	\$	33.39
18-C	\$	29.19	\$	30.57
17-A	\$	31.08	\$	32.20
17-B	\$	30.77	\$	31.89
17-C	\$	28.15	\$	29.19
16-B	\$	29.77	\$	30.77
16-C	\$	27.23	\$	28.15
15-A	\$	28.49	\$	30.06
15-B	\$	28.22	\$	29.77
14-B	\$	27.01	\$	28.21
14-C	\$	24.73	\$	25.83
13-A	\$	26.37	\$	27.27
13-B	\$	26.10	\$	27.01
12-A	\$	25.16	\$	26.36
12-B	\$	24.94	\$	26.10
12-C	\$	22.81	\$	23.89
11-B	\$	23.88	\$	24.94
10-A	\$	23.18	\$	24.11
10-B	\$	22.95	\$	23.88
10-C	\$	21.00	\$	21.85
9-B	\$	21.96	\$	22.95
9-C	\$	20.10	\$	21.00

**SCHEDULE B
CANADIAN NIAGARA POWER INC. INDEX OF JOB TITLES
OF EMPLOYEES REPRESENTED BY I.B.E.W.
LOCAL UNION 636**

CLASS OF EMPLOYEE

Job Title	Pay Group	Day Worker	Scheduled Worker	Shift Worker
System Control Trainee	12-A		X	
System Control Apprentice I	13-A		X	
System Control Apprentice II	15-A		X	
System Control Apprentice III	17-A		X	
Relief System Control	19-A		X	
System Control Operator	21-A			
Mechanic Helper	10-B	X		
Mechanic I	13-B	X		
Mechanic II	15-B	X		
Mechanic III	17-B	X		
Mechanic IV	19-B	X		
Mechanic Lead Hand	21-B	X		
Electrical Helper	10-A	X		
Electrician I	13-A	X		
Electrician II	15-A	X		
Electrician III	17-A	X		
Electrician IV	19-A	X		
Electrician Lead Hand	21-A	X		
Electrical Specialist	23-A	X		
Operations Technician Trainee	12-A	X		
Operations Technician I	13-A	X		
Operations Technician II	15-A	X		
Operations Technician III	17-A	X		
Operations Technician IV	19-A	X		
Senior Operations Technician	21-A	X		
Operations Specialist	23-A			
Meter Helper	10-B	X		
Meterperson I	13-B	X		
Meterperson II	15-B	X		
Meterperson III	17-B	X		
Meterperson IV	19-B	X		
Meterperson Leadhand	21-B			
Meter Reader	9-B	X		
Meter Reader – Rural	15-B	X		

**SCHEDULE B
CANADIAN NIAGARA POWER INC. INDEX OF JOB TITLES
OF EMPLOYEES REPRESENTED BY I.B.E.W.
LOCAL UNION 636**

CLASS OF EMPLOYEE

	Pay Group	Day Worker	Scheduled Worker	Shift Worker
Lineman Helper	10-A	X		
Lineman I	13-A	X		
Lineman II	15-A	X		
Lineman III	17-A	X		
Lineman IV	19-A	X		
Line Lead Hand	21-A	X		
T.D. Line Technician	21-A	X		
Storekeeper	15-B	X		
Storekeeper A	17-B	X		
Storekeeper B	18-B	X		
General Service Clerk (Part Time)	9-C	X		
Customer Service Rep. I	10-C	X		
Customer Service Rep. II	12-C	X		
Customer Service Rep. III	14-C	X		
Customer Service Rep. IV	16-C	X		
Customer Service Field Rep.	15-B	X		
IT Technician I	15-B	X		
IT Technician II	17-B	X		
IT Technician III	19-B	X		
Junior Clerk	12-C	X		
Accounts Receivable/Payroll Clerk	17-C	X		
Accounts Payable Clerk	17-C	X		
Draftsperson I	11-B	X		
Draftsperson II	13-B	X		
Draftsperson III	15-B	X		
Electric Planner I	15-B	X		
Electric Planner II	18-B	X		
Electric Planner III	21-B	X		
Electric Planner Leadhand	23-B	X		
Electric Planner IV	24-B	X		
Transmission & Distribution Clerk	14-B	X		

**SCHEDULE B
CANADIAN NIAGARA POWER INC. INDEX OF JOB TITLES
OF EMPLOYEES REPRESENTED BY I.B.E.W.
LOCAL UNION 636**

CLASS OF EMPLOYEE

Job Title	Pay Group	Day Worker	Scheduled Worker	Shift Worker
Consumer Rep. A	15-B	X		
Consumer Rep. B	18-B	X		
Consumer Rep. C	20-B	X		
Janitor	9-B	X		
Labourer	10-B	X		
Truck Driver	11-B	X		
Utilityperson	12-B	X		

LETTERS OF UNDERSTANDING

The following are the letters of understanding between the parties which are deemed to be executed concurrently with the Collective Agreement and shall form a part of the Collective Agreement between the parties.

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**LETTER OF UNDERSTANDING
RE: LINE SERVICES
APPRENTICESHIP PROGRESSION
EFFECTIVE JUNE 1, 2009**

The job classifications in the Line Services Department are as follows:

<u>Job Classification</u>	<u>Pay Group</u>
Lineman Helper	10 A
Lineman I	13 A
Lineman II	15 A
Lineman III	17 A
Lineman IV	19 A
Line Lead Hand	21 A

The Company and the Union agree that regular employees working in job classifications in the Line Services Department shall be subject to the following provisions with respect to automatic progression:

1. An employee, hired with the intention of entering into an apprenticeship program, shall work in the job classification of Lineman Helper for six (6) consecutive months. If the probationary period is successfully completed, and the employee is deemed by the Company to have the mental and physical ability, the employee will be registered into the apprenticeship program. As part of this final requirement, the Company may require a medical or fitness certificate to determine eligibility.
2. An employee working in the job classification of Lineman Helper shall automatically progress to the job classification of Lineman I after working twelve (12)-consecutive months as a Lineman Helper provided he has successfully completed the probationary period under the Agreement, has successfully completed the first level industry standard accredited training and is deemed by the Company to have the mental and physical ability to develop into a Lineman. As part of this final requirement, the Company may require a medical or fitness certificate to determine eligibility.
3. An employee working in the job classification of Lineman I shall automatically progress to the job classification of Lineman II, pay group 15, after he has completed twelve (12) months continuous service as a Lineman I, has passed the second level industry standard accredited training and successfully meets the Company's documented position requirements.
4. An employee working in the job classification of Lineman II shall automatically progress to the job classification of Lineman III, pay group 17, after he has completed twelve (12) months continuous service as a Lineman II, has passed the third level industry standard accredited training, course and successfully meets the Company's documented position requirements.
5. An employee working in the job classification of Lineman III shall automatically progress to the job classification of Lineman IV, pay group 19, after he has completed twelve

(12) months continuous service as a Lineman III, has passed the fourth level industry standard accredited training and successfully meets the Company's documented position requirements.

6. An employee who fails a Lineman course at the industry standard accredited training Lineman school (whether the same course or different courses) on more than one occasion shall be deemed to lose his Company and departmental seniority and his employment with the Company shall be deemed terminated. An employee who fails to automatically progress in the Line Services Department at the twelve (12) months intervals referred to above shall, subject to any delay as a consequence of such employee being permitted to fail up to one (1) Lineman course at the industry standard accredited training Lineman school be deemed to lose all of his Company seniority and departmental seniority and his employment shall be deemed terminated.

7. In the event an employee is absent from work (for reasons other than vacation or attendance at the industry standard accredited training Lineman school) during any of the twelve (12) month periods referred to above a cumulative total greater than six (6) working days, the Company may, in its discretion, delay such employees progression by such period as deemed appropriate by the Company.

8. The Company will schedule all training for the apprentice employees within the parameters of the progression schedule unless unforeseen circumstances occur.

9. A qualified and competent employee may only be promoted to the position of Lineman Lead Hand if it has been deemed by the Company that there is a requirement and a qualified individual.

**LETTER OF UNDERSTANDING
RE: SYSTEM OPERATORS
APPRENTICESHIP
PROGRESSION
EFFECTIVE JUNE 1, 2009**

The job classifications in the System Control Department are as follows:

<u>Job Classification</u>	<u>Pay Group</u>
System Control Trainee	12 A
System Control Apprentice I	13 A
System Control Apprentice II	15 A
System Control Apprentice III	17 A
Relief System Control	19 A
System Control Operator	21 A

The Company and the Union agree that regular employees working in this job classification in the System Control Department shall be subject to the following provisions with respect to progression:

1. The first six (6) consecutive months as a System Control Apprentice Trainee shall be deemed the probationary period. Along with successfully completing the probationary period the Company has to deem the employee to have the mental and physical ability to develop into a Relief System Control (Journeyman Electrical Operator). As part of this final requirement, the Company may require a medical or fitness certificate to determine eligibility. After successfully completing the probationary period, six (6) consecutive months, the employee shall automatically progress to System Control Apprentice I.
2. An employee working in the job classification of System Control Apprentice I shall automatically progress to the job classification of System Control Apprentice II after working twelve (12) consecutive months as an System Control Apprentice I.
3. An employee working in the job classification of System Control Apprentice II shall automatically progress to the job classification of System Control Apprentice III after he has completed twelve (12) months continuous service as a System Control Apprentice II, has passed the defined courses as deemed required for this level (Electrical Operator Level I) and has successfully met the Company's documented position requirements.
4. An employee working in the job classification of System Control Apprentice III shall automatically progress to the job classification of Relief System Control after he has completed twelve (12) months continuous service as a System Control Apprentice III, has passed the defined courses as deemed required for this level (Electrical Operator Level II) and has successfully met the Company's documented position requirements.
5. An employee in the classification of Relief System Control, upon completing the required training and hours (8000), will attain the Journeyman Electrical Operator certification through the industry accredited school.

6. A qualified and competent employee may only be promoted to the position of System Control Operator if it has been deemed by the company that there is a requirement for this position.

7. An employee who fails a required course at the industry standard accredited training school on more than one occasion shall be deemed to lose his Company and departmental seniority and his employment with the Company shall be deemed terminated.

8. In the event an employee is absent from work (for reasons other than vacation or attendance at the industry standard accredited training school) during any of the twelve (12) month periods referred to above a cumulative total greater than six (6) working days, the Company may, in its discretion, delay such employees progression by such period as deemed appropriate by the Company.

NOTE: The job classifications listed in this letter will not affect the two current incumbents, Harry Saylor and Brian Nicholson who will retain the job title of Operator-In-Charge – Pay Group 23A

**LETTER OF UNDERSTANDING
RE: OPERATIONS TECHNICIAN APPRENTICESHIP
PROGRESSION
EFFECTIVE JUNE 1, 2009**

The job classifications in the Transmission and Distribution Department are as follows:

<u>Job Classification</u>	<u>Pay Group</u>
Operations Technician Trainee	12A
Operations Technician I	13A
Operations Technician II	15A
Operations Technician III	17A
Operations Technician IV	19A
Senior Operations Technician	21A
Operations Specialist	23A

The Company and the Union agree that regular employees working in this job classification in the Transmission and Distribution Department shall be subject to the following provisions with respect to progression:

1. An employee working in the job classification of Operations Technician Trainee shall automatically progress to the job classification of Operations Technician I after working six (6) consecutive months as an Operations Technician Trainee provided he/she has successfully completed the probationary period under the Agreement and is deemed by the Company to have the mental and physical ability to develop into a Operations Technician IV. As part of this final requirement, the Company may require a medical or fitness certificate to determine eligibility.
2. An employee working in the job classification of Operations Technician I shall automatically progress to the job classification of Operations Technician II after he has completed twelve (12) months continuous service as an Operations Technician I, has passed the defined courses as deemed required for this level through the industry standard accredited training (Substation Electrician Level I) and has successfully met the Company's documented position requirements.
3. An employee working in the job classification of Operations Technician II shall automatically progress to the job classification of Operations Technician III after he has completed twelve (12) months continuous service as a Operations Technician II, has passed the defined courses as deemed required for this level through the industry standard accredited training (Substation Electrician Level II) and has successfully met the Company's documented position requirements.
4. An employee working in the job classification of Operations Technician III shall automatically progress to the job classification of Operations Technician IV after he has completed twelve (12) months continuous service as a Operations Technician III, has passed the defined courses as deemed required for this level through the industry standard accredited training (Substation Electrician Level III and Electrical Operator I) and has successfully met the Company's documented position requirements.

5. An employee working in the job classification of Operations Technician IV shall successfully complete the defined courses as deemed required for this level through the industry standard accredited training (Electrical Operator II) and successfully meet the Company's documented position requirements within twelve (12) consecutive months in this classification.
6. An employee who fails a required course at the industry standard accredited training school on more than one occasion shall be deemed to lose his Company and departmental seniority and his employment with the Company shall be deemed terminated.
7. In the event an employee is absent from work (for reasons other than vacation or attendance at the industry standard accredited training school) during any of the twelve (12) month periods referred to above a cumulative total greater than six (6) working days, the Company may, in its discretion, delay such employees progression by such period as deemed appropriate by the Company.
8. A qualified and competent employee may only be promoted to the positions of Senior Operations Technician and Operations Specialist if it has been deemed by the company that there is a requirement and a qualified individual.

**LETTER OF UNDERSTANDING
RE: ELECTRICAL MAINTENANCE
APPRENTICESHIP PROGRESSION
EFFECTIVE JUNE 1, 2009**

The job classifications in the Electrical Maintenance Department are as follows:

<u>Job Classification</u>	<u>Pay Group</u>
Electrical Helper	10 A
Electrician I	13 A
Electrician II	15 A
Electrician III	17 A
Electrician IV	19 A
Electrical Lead Hand	21 A
Electrical Specialist	23 A

The Company and Union agree that regular employees working in the Electrical Maintenance Department, and entering into an apprenticeship, shall be subject to the following:

1. An employee hired with the intention of entering into an apprenticeship program shall work in the job classification of Electrical Helper for six (6) consecutive months. If the probationary period is successfully completed, and the employee is deemed by the Company to have the mental and physical ability, the employee will be registered into the apprenticeship program. As part of this final requirement, the Company may require a medical or fitness certificate to determine eligibility.
2. An employee shall, upon successful completion of twelve (12) months continuous service as an Electrical Helper, successful completion of the first level industry standard accredited training and having successfully met the Company's documented position requirements, shall automatically progress to Pay Group 13 - Electrician I.
3. An employee shall, upon successful completion of twelve (12) months continuous service as an Electrician I, successful completion of the second level industry standard accredited training and having successfully met the Company's documented position requirements, shall automatically progress to Pay Group 15 - Electrician II.
4. An employee shall, upon successful completion of twelve (12) months continuous service as an Electrician II, successful completion of the third level industry standard accredited training and having successfully met the Company's documented position requirements, shall automatically progress to Pay Group 17 -Electrician III.
5. An employee shall, upon successfully completing twelve (12) months continuous service as an Electrician III and having successfully met the Company's documented position requirements, an employee shall automatically progress to Pay Group 19 - Electrician IV.
6. In the event an employee is absent from work (for reasons other than vacation or attendance at school) during any of the time periods referred to above for a cumulative total greater than six (6) working days, the Company may, in its discretion, delay such employee's progression by such period as deemed appropriate by the Company.

7. An employee who fails an industry standard accredited training course (whether the same course or different courses) on more than one occasion, shall be deemed to lose his/her company and departmental seniority and his/her employment with the company shall be deemed terminated.
8. The Company will schedule all training for the apprentice employees within the parameters of the progression schedule unless unforeseen circumstances occur.
9. A qualified and competent employee may only be promoted to the positions of Electrical Lead Hand and Electrical Specialist if it has been deemed by the Company that there is a requirement and a qualified individual.

**LETTER OF UNDERSTANDING
RE: METER SERVICES
APPRENTICESHIP PROGRESSION
EFFECTIVE JUNE 1, 2009**

The job classifications within the Meter Services Department are as follows:

<u>Job Classification</u>	<u>Pay Group</u>
Meter Helper	10 B
Meterperson I	13 B
Meterperson II	15 B
Meterperson III	17 B
Meterperson IV	19 B
Meterperson Lead Hand	21 B

The Company and the Union agree that regular employees working in the job classifications noted above shall be subject to the following provisions with respect to progression:

1. An employee, hired with the intention of entering into an apprenticeship program, shall work in the job classification of Meter Helper, Pay Group 10 Step 1 for six (6) consecutive months. If the probationary period is successfully completed, and the employee is deemed by the Company to have the mental and physical ability, the employee will be registered in the industry standard accredited training program.
2. An employee shall, upon successful completion of (twelve) 12 months continuous service as a Meter Helper, successful completion of the first level of the industry standard accredited training program, as well as the company's prescribed position requirements, shall automatically progress to Pay Group 13 - Meterperson I.
3. An employee shall, upon successfully completing 12 months continuous service as Meterperson I, and successfully completing the second level industry standard accredited training, as well as the company's prescribed position requirements, automatically progress to Pay Group 15 -Meterperson II.
4. An employee shall, upon successfully completing 12 months continuous service as Meterperson II, and the successfully completing the third level industry standard accredited training as well as the company's prescribed position requirements, automatically progress to Pay Group 17 – Meterperson III.
5. An employee shall, after successfully completing 12 months continuous service as Meterperson III, as well as the company's prescribed position requirements, automatically progress to Pay Group 19 – Meterperson IV.
6. In the event an employee is absent from work (for reasons other than vacation or attendance at school) during any of the time periods referred to above for a cumulative

total greater than six (6) working days, the Company may, in its discretion, delay the employee's progression by such period as deemed appropriate.

- 7 An employee who fails an industry standard accredited training course (whether the same course or different courses) on more than one occasion, shall be deemed to lose his/her company and departmental seniority and his/her employment with the Company shall be deemed terminated.
- 8 The Company will schedule all training for the apprentice employees within the parameters of the progression schedule unless unforeseen circumstances occur.
9. A qualified and competent employee may only be promoted to the position of Meterperson Lead Hand if it has been deemed by the Company that there is a requirement and a qualified individual.

LETTER OF UNDERSTANDING
RE: CUSTOMER SERVICE DEPARTMENT PROGRESSION
EFFECTIVE FEBRUARY 1, 2000

The job classifications in the Customer Service Department are as follows:

<u>Job Classification</u>	<u>Pay Group</u>
General Service Clerk (Part time)	9
Customer Service Representative I	10
Customer Service Representative II	12
Customer Service Representative III	14
Customer Service Representative IV	16

The Company and Union agree the Customer Service Representative classifications, working in the Customer Service Department, shall be subject to the following provisions with respect to progression:

1. An employee working in the job classification of Customer Service Representative I shall be paid at pay group 10 according to the appropriate wage schedule. An employee working in the job classification of Customer Service Representative I shall automatically progress to the job classification of Customer Service Representative II after actively working 6 months as a Customer Service Representative I, provided they have successfully demonstrated the skills identified in the required schools of training outlined by the Company. The company will ensure that the employee will be provided ample opportunity to demonstrate their skills within the required timeframe.
2. An employee working in the job classification of Customer Service Representative II shall be paid at pay group 12 according to the appropriate wage schedule. An employee working in the job classification of Customer Service Representative II shall automatically progress to the job classification of Customer Service Representative III after actively working 12 months as a Customer Service Representative II, provided they have successfully demonstrated the skills identified in the required schools of training outlined by the Company. The company will ensure that the employee will be provided ample opportunity to demonstrate their skills within the required timeframe.
3. An employee working in the job classification of Customer Service Representative III shall be paid at pay group 14 according to the appropriate wage schedule. An employee working in the job classification of Customer Service Representative III must demonstrate the skills identified in the required schools of training as outlined by the Company within twelve months of appointment as Customer Service Representative III. The company will ensure that the employee will be provided ample opportunity to demonstrate their skills within the required timeframe
4. An employee shall be eligible to advance to the job classification of Customer Service Representative IV pay group 16 (subject to a position being available) provided that:

- a) they have successfully completed 12 months as a Customer Service Representative III
 - b) they have successfully completed the required schools of training as identified by the Company
5. The company will provide paid training to obtain the necessary skills in order to complete the required training as identified by the Company.
 6. In the event a Customer Service Representative III is required to perform the work of a Customer Service Representative IV for a period of four (4) hours or more, the rate of pay will be adjusted pursuant to Article 12(1)(c)(i).
 7. The Company may, with union concurrence, permit an employee to progress to the Customer Service Representative II, III, IV classifications at an earlier time than as prescribed above.

**LETTER OF UNDERSTANDING
RE: PART TIME EMPLOYMENT -
CUSTOMER SERVICE DEPARTMENT
EFFECTIVE FEBRUARY 17, 2000**

The parties agree that this letter of understanding addresses all issues pertaining to the position of General Service Clerk in the Customer Service Department. Employees hired to fill this position are entitled to all the rights and privileges outlined in the collective agreement with the following conditions:

1. The position shall be classified as a regular part time position in the bargaining unit and be classified as Pay Group 9.
2. Incumbents in this position will be required to become members of the union and pay the equivalent of union dues in accordance with Article 3 of the collective agreement.
3. Seniority accumulated in this position shall be calculated on a pro rata basis as per Article 12(1)(a) and Article 10 of the 2003 collective agreement.
4. Vacation entitlement and sick leave provisions shall be calculated on a pro rata basis as per Article 13(2)(b) and Article 10 of the 2003 collective agreement.
5. Incumbents may elect to receive full time benefit coverage as outlined under Article 18(2) of the 2003 collective agreement. Premium payments for these benefits shall be calculated on a pro rata basis and will be subject to payroll deductions on a weekly basis.
6. Incumbents shall not be offered overtime opportunities outside of their regular job duties (see attached) until it has been offered to all qualified full time employees in the department. It is further agreed that incumbents in this position shall not perform outbound credit calls on an overtime basis, prior to being offered to the regular full-time employees in the department.
7. In the event that an incumbent works overtime, any hours worked outside of eight (8) hours per day or forty (40) hours per week shall be paid at the applicable overtime rates.
8. The normal hours of work in this position shall be scheduled between the hours of 7:00 a.m. and 6:00 p.m. Monday through Friday.
9. When applicable, the incumbent shall be entitled to scheduled rest periods and meal breaks.
10. Hiring of part time workers in the above job classification will not result in the layoff, demotion or termination of any regular full-time worker in the Customer Service Department.
11. The terms and conditions outlined herein are agreed to without prejudice or precedent to any similar circumstances, which may arise in the future.

12. It is understood between the parties that due to changing business requirements of the company, it may be necessary to review this agreement and make revisions as required. If this occurs, the parties shall meet and mutually agree upon the necessary changes.

**LETTER OF UNDERSTANDING
RE: INFORMATION TECHNOLOGY DEPARTMENT PROGRESSION
EFFECTIVE NOVEMBER 1, 1999**

The job classifications in the Information Technology Department are as follows:

<u>Job Classification</u>	<u>Pay Group</u>
IT Technician I	15
IT Technician II	17
IT Technician III	19

The Company and Union agree the IT Technician classification, working in the Information Technology Department, shall be subject to the following provisions with respect to automatic progression.

1. An employee working in the job classification of IT Technician I shall be paid at pay group 15 according to the appropriate wage schedule. An employee working in the job classification of IT Technician I shall automatically progress to the job classification of IT Technician II after actively working 12 months as an IT Technician I, provided that they have successfully completed the required certifications outlined in the IT Technician I Job Description.
2. An employee working in the job classification of IT Technician II shall be paid at pay group 17 according to the appropriate wage schedule. An employee working in the job classification of IT Technician II shall automatically progress to the job classification of IT Technician III after actively working 12 months as an IT Technician II, provided they have successfully completed the required certifications outlined in the IT Technician II Job Description.
3. An employee working in the job classification of IT Technician III shall be paid at pay group 19 according to the appropriate wage schedule. An employee working in the job classification of IT Technician III must complete the requirements for certification within twelve months of appointment as IT Technician III.
4. The company will provide paid training to obtain the necessary qualification certifications.
5. An employee who fails to meet the requirements for progression or the IT Technician III 12 month qualification or is unable to satisfactorily perform the required duties of a specific job classification, as defined by the company, shall lose all of their company and departmental seniority and their employment shall be deemed terminated.
6. The Company may, in its discretion, permit an employee to progress to the IT Technician II, III classifications at an earlier time than as prescribed above.

**LETTER OF UNDERSTANDING
RE: CROSS TRAINING AND TEMPORARY REASSIGNMENT PROGRAM
EFFECTIVE JUNE 1, 2000**

The Company and the Union agree to the principle of cross training and temporary reassignment to reduce costs, improve customer service, enhance job security and offer opportunities to learn additional job skills while allowing for increased efficiencies. The Company and the Union will mutually agree on cross training and temporary reassignment as required.

**LETTER OF UNDERSTANDING
RE: JOB RE-EVALUATION FOR OPERATORS & OPERATORS-IN-CHARGE**

Based on the changed job position responsibilities of the Operators-In-Charge and the 2nd Operator, it is agreed between the parties that these jobs will be formally re-evaluated within six months of the signing of the new contract and a mutually agreed upon Pay Group will be established at that time.

**LETTER OF UNDERSTANDING
RE: PART TIME EMPLOYMENT –
CUSTOMER SERVICE & GENERAL ACCOUNTING DEPARTMENT
EFFECTIVE JUNE 1, 2006**

The parties agree that this letter of understanding addresses all issues pertaining to all part-time positions in the Customer Service and General Accounting Department. Employees hired to fill part-time positions are entitled to all the rights and privileges outlined in the collective agreement with the following conditions:

1. The position shall be classified as a regular part time position in the bargaining unit and be classified at the applicable Pay Group (subject to job evaluation for the EBT Clerk).
2. Incumbents in part-time position will be required to become members of the union and pay the equivalent of union dues in accordance with Article 3 of the collective agreement.
3. Seniority accumulated in this position shall be calculated on a pro rata basis as per Article 12(1)(a) and Article 10 of the 2006 collective agreement.
4. Vacation entitlement and sick leave provisions shall be calculated on a pro rata basis as per Article 13(2)(b) and Article 10 of the 2006 collective agreement.
5. Incumbents may elect to receive full time benefit coverage as outlined under Article 18(2) of the 2006 collective agreement. Premium payments for these benefits shall be calculated on a pro rata basis and will be subject to payroll deductions on a weekly basis.
6. Incumbents shall not be offered overtime opportunities outside of their regular job duties until it has been offered to all qualified full time employees in the department. For the Customer Service Dept.; it is further agreed that part-time employees shall not perform outbound credit calls on an overtime basis, prior to being offered to the regular full-time employees in the department.
7. In the event that an incumbent works overtime, any hours worked outside of eight (8) hours per day or forty (40) hours per week shall be paid at the applicable overtime rates.
8. The normal hours of work in this position shall be scheduled between the hours of 7:00 a.m. and 6:00 p.m. Monday through Friday.
9. When applicable, the incumbent shall be entitled to scheduled rest periods and meal breaks.
10. Hiring of part time workers in the above job classification will not result in the layoff, demotion or termination of any regular full-time worker in the Customer Service or General Accounting Department.
11. The terms and conditions outlined herein are agreed to without prejudice or precedent to any similar circumstances, which may arise in the future.
12. It is understood between the parties that due to changing business requirements of the company, it may be necessary to review this agreement and make revisions as required. If this occurs, the parties shall meet and mutually agree upon the necessary changes.

13. The Company will not hire more than one part-time employee in Customer Service and Finance Department unless mutually agreed upon by the union; with the exception of the General Service Clerk and the EBT Clerk.

COLLECTIVE AGREEMENT

BETWEEN

CANADIAN NIAGARA POWER INC.

(hereinafter referred to as “The Company”)

AND

LOCAL 636 OF THE I.B.E.W.

A.F.L. – C. I. O.

REPRESENTING THE EMPLOYEES OF THE COMPANY

(hereinafter referred to as “The Union”)

Duration: August 1, 2009 to July 31, 2012

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ARTICLE 1 PREAMBLE

1.01 This Agreement is made and entered into and between Canadian Niagara Power Inc., hereinafter referred to as the “Company” and Local Union 636 of The International Brotherhood of Electrical Workers, hereinafter referred to as the “Union”, representing the employees of the Company.

ARTICLE 2 PURPOSE

2.01 It is the objective of the parties that the obligation of the Company for successful operation of its business and fulfillment of its responsibilities to the employees covered by this Agreement be carried on without interference arising from differences between the parties.

2.02 The general purpose of this Agreement is to establish wages, working conditions and benefits, and to provide an orderly means to resolve the differences arising from this Agreement.

ARTICLE 3 RECOGNITION

3.01 The Company hereby acknowledges Local 636 International Brotherhood of Electrical Workers, hereinafter referred to as the “Union”, as the sole collective bargaining agent for all employees of the Company working at or out of its facilities in the Town of Gananoque, certain facilities in the City of Kingston and Leeds County, County Frontenac, and the Rideau Falls facility in the City of Ottawa save and except foremen, persons above the rank of foremen, office staff, sales staff, students employed during the school vacation period or on a co-operative program and persons regularly employed for not more than twenty-four (24) hours per week.

ARTICLE 4 MANAGEMENT’S RIGHTS

4.01 The Union recognizes and acknowledges that the management of the Company’s operations and direction of the employees are fixed exclusively in the Company and without restricting the generality of the foregoing, the Union acknowledges that it is the exclusive function of the Company to:

- a) Maintain order and efficiency;
- b) Hire, promote, demote, classify, transfer, layoff, suspend and retire employees, and to discipline or discharge any employee provided that a claim by an employee who has acquired seniority that he has been discharged or otherwise disciplined without just cause may be the subject of a grievance and dealt with as hereinafter provided;
- c) Determine the nature and kind of business conducted by the Company, the kinds and locations of operations, equipment and materials to be used, the control of materials and parts, the methods and techniques of work, the number of employees to be employed, the extension, limitation, curtailment or cessation of operations or any part thereof.

- 4.02 To determine and exercise all other functions and prerogatives which shall remain solely with the Company except as specifically limited by the express provisions of this Agreement. The rights reserved to management herein are subject to the other provisions of this Agreement and shall be exercised in a manner that is consistent with the terms of the Agreement.
- 4.03 Without limiting the generality of the foregoing provisions, it is expressly understood and agreed that breach of any of the Company's rules, or of any of the provisions of this Agreement, shall be deemed to be sufficient cause for discipline up to and including dismissal of an employee, provided that nothing herein shall prevent an employee going through the grievance procedure to determine whether or not such breach actually took place.
- 4.04 The Company may discharge a probationary employee at any time for reasons of unsuitability as determined by the Company. The Company shall advise the Union of the reasons for the discharge of a probationary employee. The Company may layoff or transfer a probationary employee at any time with or without notice but consistent with the provisions of this Collective Agreement.
- 4.05 It is further understood and agreed that the application of any standard of reasonableness shall be limited to those provisions where a standard of reasonableness is expressly provided and that there shall not be deemed to be any implied standard of reasonableness where the provision of the Collective Agreement does not expressly provide for any such standard.

ARTICLE 5 UNION SECURITY & CHECK-OFF

- 5.01 All regular employees who were members of the Union on the date of issue of the Certificate by the Ontario Labour Relations Board or who have been hired since, shall become and remain members of the Union as a condition of continuing employment.
- 5.02 Membership as a condition of employment as specified in 5.01 above, shall not apply while membership is withheld or suspended or where a member is expelled from the Union. In all cases, an employee, as a condition of employment, shall pay Union dues or the equivalent of Union Dues to the Union.
- 5.03 All employees shall pay as a condition of employment the equivalent of regular monthly Union Dues on completion of thirty (30) days as an employee.

Amounts so deducted shall be forwarded to the financial secretary of the Union by the fifteenth (15th) day of each calendar month following the month of deduction along with a duplicate copy of the names of employees from whom the deductions have been made. Any changes in

the amount of dues shall be submitted in writing by the Union to the Company, thirty (30) days before such changes are put into effect.

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

5.04 The parties agree that there will be no discrimination, interference, restraint, or coercion exercised or practiced by the parties with respect to any employee. There will be no union activity at the work place of the employee during working hours, except as provided for under this Agreement.

5.05 When Management schedules a disciplinary meeting with an employee, the Union Steward shall be present.

5.06 There shall be no strikes or lockouts as defined in the Ontario Labour Relations Act during the term of this Agreement in accordance with this request. The Union and Employees agree to make every reasonable effort to perform their duties in the event of secondary picketing.

The Union further agrees that there shall be no slowdowns of production or work to rule campaign nor will the Union involve the Company in any dispute between any other group of employees and their employer.

5.07 The Company will provide the Union with a listing of active employees covered by this Agreement. This listing will indicate for each employee his date of hire and occupational classification.

ARTICLE 6 COMMITTEES AND STEWARDS

6.01 The Company will recognize a committee of up to two (2) employees of the Company and/or representatives of the local Union, as the local Union may decide, in negotiations and second step of the grievance procedure.

6.02 The Company acknowledges the right of the Union to appoint stewards. It is understood and agreed that stewards and committee members have their regular work to perform on behalf of the Company. If it is necessary for a steward or committee members to attend negotiations or to service a grievance during working hours, he shall not leave his work without first obtaining permission from his immediate supervisor. When resuming his regular work, he shall again report to his immediate supervisor. Such permission shall not be unreasonably withheld.

ARTICLE 7 EMPLOYEE CATEGORIES

7.01 Probationary Employees

a) 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. At the end of his probationary period, his date of hiring will be established as the commencement date of his current probationary period;

- b) An employee will have no seniority rights during his probationary period and an employee on probation may be terminated at any time during the probationary period; and
- c) The dismissal, layoff or failure to recall after layoff of a probationary employee shall not be the subject matter of a grievance.

7.02 Temporary Employees

Temporary employees are persons hired for periods of limited duration not to exceed six (6) months in positions which are not likely to become part of the Company's continuing organization. Where Temporary employees are hired for the sole purpose of replacing a regular employee on maternity/parental leave, the temporary period will be extended for the duration of the maternity/parental leave. Temporary employees shall not have recourse to the provisions of this Agreement, except for the Hours of Work, Overtime, Minimum Call-out/On-Call and Shift Differential provisions and Wages. Vacation and recognized holiday entitlement would be as per the Employment Standards Act.

7.03 Regular Worker

A Regular Worker is an employee who is normally required to work eight (8) hours per day including a thirty (30) minute paid meal period at the worksite, except for Generation employees who are required to work outside town limits, (as scheduled by the employee's supervisor) from Monday to Friday inclusive between 0700 hours and 1800 hours.

ARTICLE 8 COMPANY SERVICE CREDIT

8.01 Company service credit shall be defined as the length of continuous service that a regular employee has established with the Company from the most recent date that the employee entered the employ of the Company.

8.02 An employee shall lose his Company service credit and shall cease to be an employee of the Company if he:

- 1) terminates voluntarily;
- 2) is discharged and not reinstated;
- 3) retires;
- 4) is laid off for a period exceeding twelve (12) calendar months;
- 5) fails to report to work after a layoff within ten (10) working days of recall, notice of which has been mailed by registered mail to the last address the employee reported to Management;
- 6) is absent from work for three (3) or more working days without permission unless the employee provides the Company with

documented evidence of unavoidable reasons for not reporting for work;

7) is permanently disabled and unable to work for the Company in a job classification in which there is a job available;

8.03 The Company will continue to provide extended health and dental benefits to employees on eligible sick or medical leave.

ARTICLE 9 GRIEVANCES

9.01 Definition

For the purpose of this Agreement, dispute claim or complaint which involves the interpretation, application or alleged violation of this Agreement, including a claim by an employee who has attained seniority, that he has not been dismissed or disciplined for just cause, including any issue of arbitrability, shall be considered a fit matter for grievance and shall be dealt with promptly and as specified in this Article.

The parties acknowledge that in the interest of promoting good working relationships, the above mentioned dispute, claim or complaint should be dealt with and settled at the earliest possible stage. Generally the aggrieved employee will seek to resolve the issue with their supervisor prior to filing a grievance.

9.02 Grievance Procedure

a) Step 1

An employee believing he has a grievance shall, within ten (10) working days of the alleged grievance, present said grievance in writing to his immediate supervisor, specifying the nature of the grievance, the article(s) of the collective agreement or specific sections of relevant legislation which are alleged to have been violated and the nature of the remedy sought, signed by the grievor. Within four (4) working days of receipt of the grievance, the supervisor will discuss the matter with the aggrieved employee accompanied by his Steward. The supervisor shall give his disposition in writing within five (5) working days of such discussion.

b) Step 2

If the grievor (or the Union) is not satisfied with the reply at Step 1 he may, within ten (10) working days of the reply at Step 1, submit the grievance to the Manager or his designated representative. The Manager shall within five (5) working days of the receipt of the grievance at this Step, convene a grievance meeting at which the employee shall be accompanied by his Union representative. The Manager shall give his disposition in writing within five (5) working days of the Second Step meeting.

c) The time limits set out for the processing of grievances shall be adhered to except in the case of mutual Agreement to alter the time limits. Any grievance which is not processed within the time limits set

out in this Article shall be deemed to be abandoned or forfeited by the responding party. Article 48/16 of the Ontario Labour Relations Act 1995 as amended shall not apply to the Collective Agreement.

- d) A grievance resulting from discharge shall be submitted at the Final Step of the Grievance Procedure not later than fifteen (15) calendar days from the date the employee was notified of such discharge.

ARTICLE 10 ARBITRATION PROCEDURE

- 10.1 Failing settlement at Step 2, the Union may within fifteen (15) calendar days of the issuance of the disposition at Step 2, notify the Company of its intention to submit the grievance to arbitration, and at the same time inform the Company of the Union nominee to a sole arbitrator.
- 10.2 The parties must mutually agree to a sole arbitrator whose decision shall be final and binding upon both parties.
- 10.3 After the sole arbitrator has been chosen, they shall meet to hear the evidence of both parties and shall attempt to render a decision within ten (10 days) after the completion of the taking of the evidence in cases involving discharge.
- 10.4 No sole 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.
- 10.5 Each party to this Agreement will bear the expenses and fee of the sole arbitrator and the parties will share equally the expenses and fee of the Arbitrator.

ARTICLE 11 HOURS OF WORK AND OVERTIME

- 11.1 This section provides the basis for establishing working schedules and for the calculation and payment of overtime, but shall not be read or construed as a guarantee of hours of work per day or week or a guarantee of days of work per week.
- 11.2 The normal work week of Line and Generation employees shall be forty (40) hours consisting of five (5) days of eight (8) continuous hours each, Monday to Friday inclusive, between 0700 hours and 1800 hours.

Rest periods (breaks) will normally be taken in such a way that the work site does not have to be dismantled then set up all over again. For the Line and Generation Departments rest periods, including lunch, shall normally be taken at the work site, with the thirty (30) minute lunch period paid at regular rates. Line and Generation employees shall normally come prepared every day to eat in the field.

The normal work week of all other employees shall be forty (40) hours per week consisting of five (5) days of eight (8) hours per day Monday to Friday inclusive between 0700 hours and 1800 hours exclusive of an unpaid meal period.

11.3 The parties to this Collective Agreement recognize that, in its desire to maintain an economical cost of operation, the Company may from time to time find it necessary for employees to work outside of the normal schedules at all hours of the day or night. Management shall authorize such work as overtime subject to the Overtime provisions of this Agreement.

11.4 Overtime

Unless otherwise agreed, any work performed in excess of the normal daily or weekly scheduled hours as outlined above shall be considered overtime and shall be paid in accordance with the following:

- i) one and one-half (1 ½) times the employee's regular straight time rate of pay shall be paid for all work performed from scheduled quitting time until 2300 hours (11:00 p.m.), Monday to Friday inclusive.
- ii) all other overtime hours worked will be paid at two (2) times the employees regular rate of pay including recognized holidays.
- iii) a regular employee may request, in lieu of payment for overtime worked, future time off within the calendar year up to a maximum of forty (40) hours. The time off will be calculated at the applicable overtime rate. If because of workload the Company finds it impracticable to grant time off, the employee will be paid for the overtime hours at the applicable rate by the fifteenth (15th) day of January of the following year.
- iv) two (2) working days notice where practicable, will be provided to those employees required to perform scheduled overtime.

There shall be no pyramiding of premiums under this Agreement.

11.5 Prolonged Overtime

The parties recognize that the employee's work is often hazardous and it is therefore necessary that the employee should be alert at all times. It is therefore agreed that only in cases of emergency would employees be required to work in excess of thirteen (13) hours and, should this occur, they will be given at least eight (8) hours rest. Additional rest time will be allowed for long distance travel at the discretion of the Company. Should

this period of rest occur during a normal scheduled shift, it will be paid at regular straight time rate of pay.

11.6 Minimum Call

When an employee is called in for emergency work outside of his normal working hours, he shall be provided with a minimum payment of three (3) hours pay at regular straight time rate of pay or the actual time worked at appropriate premium rate, whichever is the greater, except when another call follows within one (1) hour of the completion of a previous call, in which case time shall be considered continuous from the start of the previous call. There shall be no minimum payment applicable to overtime worked as an extension, either preceding or following, of an employee's normal daily work hours or when a call-out has come within one (1) hour before an employee's scheduled shift commencement time or within one (1) hour after the scheduled shift completion time.

11.7 On-Call

- a) All qualified employees will be required to perform on-call duty. Management shall maintain an advance schedule of on-call duty which shall be made available to the staff concerned.
- b) Effective August 1, 2009, the payment for on-call duty for qualified employees shall be two hundred dollars (\$200.00) per week for "on-call" duty and an additional twenty dollars (\$20) per statutory holiday.

Effective August 1, 2010, the payment for on-call duty for qualified employees shall be two hundred ten dollars (\$210.00) per week for "on-call" duty and an additional twenty dollars (\$20) per statutory holiday.

- c) An employee on "on-call" duty shall remain readily available to promptly respond to call-outs. Employees designated for on-call duty who are unable to perform such duty because of illness shall notify management immediately. Should an employee be absent for his regular shift immediately preceding his designated on-call duty, the employer may select another employee on the on-call list to perform on-call duties.
- d) The Company will provide an appropriate communication device for "on-call" employees.

ARTICLE 12 TRAVELING TO WORK SITES OUTSIDE THE NORMAL WORK AREA

- a) The Company may require an employee(s) to temporarily perform work outside the normal work area.
- b) In all cases of work to be carried out by employees outside the normal work area, a rotational schedule may be applied wherever practicable, respecting employee's personal circumstances. Should the requirement from the Company as stated in (a), not produce sufficient

volunteer(s), the Company will meet with the Union to discuss alternate mechanisms.

- c) Expenses incurred by employees, as well as the provision for overtime, will be reimbursed in accordance with FortisOntario Business Travel Policy C-108. Overtime provisions will be in accordance with this collective agreement.

ARTICLE 13 RECOGNIZED HOLIDAYS

13.1 The following holidays shall be recognized by the Company:

New Year's Day	Civic Holiday
Family Day	Labour Day
Good Friday	Thanksgiving Day
Easter Monday	Christmas Day
Victoria Day	Boxing Day
Canada Day	Floater Holiday

13.2 Regular and probationary employees of the Company will be entitled to payment of regular straight time rate of pay for such holidays provided they have worked the full scheduled shift which immediately precedes the holidays and the full scheduled shift which immediately follows the holidays, or on authorized leave of absence with pay.

13.3 When a recognized holiday falls within an employee's vacation period, such holiday shall not be counted as a vacation day but shall be allowed to the employee at a time mutually agreed upon consistent with operational requirement, with this exception: holiday pay is considered income maintenance and in no case will an employee receive more than one (1) day's pay because of benefits received from any other source for which the Company pays premium.

13.4 When any of the above holidays falls on a Saturday or Sunday, either the preceding Friday or the following Monday, at the discretion of Management, shall be declared a holiday with pay.

ARTICLE 14 VACATIONS

14.1 Vacation pay shall be calculated as a percentage of the basic earnings of the employee immediately prior to the date on which vacation monies become payable. For the purpose of this Article, basic earnings are wages earned as a result of regularly scheduled work. In the cases of temporary, probationary and terminating employees, vacation pay will be made in accordance with the Employment Standards Act.

14.2 Vacation entitlement is based on time worked and will be directly proportional to the amount of time worked with the Company during the accumulation period.

- 14.3 Vacations will, as far as it is practical, be granted at the times most desired by the employees. An employee, to ensure consideration of his request and his relative Seniority, must notify Management of his preferred vacation period by April 1 in any given year. Management reserves the authority to designate vacation periods for employees in a manner consistent with efficient operation of the system. Vacation time once scheduled may not be changed by the Company except in the case of an emergency or by mutual agreement.
- 14.4 Normal vacations shall not be accumulative and shall be taken in the calendar year in which they become due unless otherwise expressly provided by Management.
- 14.5 **1 Year Service**
An employee with one (1) year or more of continuous service will be entitled annually to eleven (11) days' vacation with pay.
- 14.6 **5 Years Service**
Upon completion of five (5) years' continuous service, a regular employee will be entitled to sixteen (16) days' vacation with pay.
- 14.7 **10 Years Service**
Upon completion of ten (10) years' continuous service and annually thereafter, a regular employee will be entitled to twenty-one (21) days' vacation with pay.
- 14.8 **21 Years Service**
Upon completion of twenty-one (21) years' continuous service, a regular employee will be entitled to twenty-six (26) days vacation with pay.
- 14.9 **26 Years Service**
Upon completion of twenty-six (26) years' continuous service, a regular employee will be entitled to thirty-one (31) days' vacation with pay.
- 14.10 **30 Years Service**
Upon completion of thirty (30) years' continuous service, an additional day's vacation entitlement will apply.
- 14.11 The first vacation will not be taken until after the first anniversary date of the employee's hiring. In subsequent years, the vacation may be taken before or after the anniversary date, however, if the employee leaves the employ of the Company before the anniversary date, having already taken his vacation, the Company shall recover the unearned portion of the vacation pay.
- 14.12 In the event that another day, or other such holiday shall be designated as a public holiday pursuant to the Employment Standards Act, one (1) of the

vacation days referred to in clauses 14.5 through 14.9 inclusive shall be deleted and the new public holiday shall be substituted.

ARTICLE 15 SICK LEAVE

15.1 Eligibility

To be eligible for payment of sick pay, an employee must:

- i) have completed one full year of continuous service;
- ii) ensure that his non-occupational illness is reported to Management as soon as possible;
- iii) be suffering from a bona fide non-occupational illness which prevents his useful employment;
- iv) submit written verification of his non-occupational illness signed by a qualified Doctor of Medicine if requested;
- v) submit to medical examination by a Doctor of Medicine designated by Management upon request;
- vi) return to work as soon as possible following recovery from illness;
- vii) do everything possible to speed up recovery.

15.2 Sick Leave Credit

With the renewal of this agreement it is hereby agreed to and understood that the credits that exist from this former arrangement will be frozen and no further accumulations will occur.

It is also understood that the employees affected by this Collective Agreement will be eligible for the Company's Short Term Disability Plan after five (5) consecutive sick days with sufficient medical documentation; and any unused credits in the Sick Leave accumulation will be used prior to utilization of the Short Term Disability Plan.

Upon retirement of a regular employee who has accumulated sick leave credits, the credits available at the time of retirement will be paid out to the retiring employee.

15.3 It is each employee's responsibility to report for work in proper physical condition in order to be able to perform his assigned duties. No injuries or accidents suffered by an employee while performing other paid employment will be allowed or covered by his Sick Leave Plan.

15.4 Workplace Safety and Insurance Board (WSIB)

When an employee, through his paid employment with the Company, suffers an occupational illness or injury, which is compensable under the WSIB, the employee will receive payment in accordance with the current WSIB.

For the period of time not to exceed twenty-four (24) months those employees on leave covered by WSIB shall be given consideration for any job if available, for which the employee is capable and qualified to perform.

ARTICLE 16 HEALTH PLANS

It is understood and agreed that the employees covered by this collective agreement will be brought fully under the Canadian Niagara Power Inc. Health and Benefits plan and will be entitled to all amendments made to the plan throughout the duration of this Collective Agreement. This coverage will be effective with the renewal of this Collective Agreement. Refer to the Benefits Manual for full plan details.

16.1 Company Paid Premiums

For full-time employees hired as of August 1, 2003 and their eligible dependents, the Company agrees to pay one hundred percent (100%) of the monthly premium of:

- Extended Health Care Plan
- Dental Plan
- Long Term Disability Plan (LTD) that covers seventy percent (70%) of normal straight time wages, less applicable taxes. Maximum monthly benefit is \$5000.00.

16.2 Eye Glasses

The Company agrees to pay one hundred percent (100%) of the monthly premiums for prescription eye glasses subject to the conditions of the Carrier. The maximum amount payable in any twenty-four (24) month period is three hundred and twenty five dollars (\$325.00), this includes eye exams.

16.3 Dental

The Company agrees to pay the cost of the subscription to a group dental plan for each regular employee and his/her dependants (no co-insurance). Benefits under such plan shall be at the limits cited in the current Ontario Dental Association (ODA) fee schedule, and such benefits shall be automatically updated to remain current at any such time as the ODA fee schedule is amended. The terms and conditions shall be as outlined in the existing benefit plan.

Dental recall for adults shall be every nine (9) months and for children under the age of eighteen (18) shall be every six (6) months. Terms and conditions shall be as outlined in the existing benefit plan.

50/50 co-share on caps and crowns to a maximum of \$1000 annually per each member and their eligible dependants

16.4 Prescription Drugs

Prescription drugs will have a dispensing fee cap of \$8.00 effective August 1, 2009 and \$9.00 effective June 1, 2010.

All eligible employees and their eligible dependents shall be subject to the mandatory generic drug definition unless otherwise specified on prescription by physician. Terms and conditions shall be as outlined in the existing drug plan.

Effective January 1, 2007, the current plan was modified to cover 100% of all formulary drugs. There is no coverage on non-formulary drugs; with the exception of those cases where it is deemed medically necessary by a physician, in which case it will be covered 100%.

- 16.5 Employees hired after August 1, 2003, will have health and dental retiree benefits from the date of retirement to age of 65, provided that they have a minimum of 20 years of continuous service with the Company. Current regular employees and their eligible dependents as of August 1, 2003 will be covered upon retirement, by the terms and conditions of the Company's benefits policy.

ARTICLE 17 PENSION AND LIFE INSURANCE

- 17.1 It is understood and agreed that the eligible employees covered by this Collective Agreement will be brought fully under the Canadian Niagara Power Defined Contribution Pension Plan and that the existing Granite Power Corporation Pension Plan's assets will be transferred to the Canadian Niagara Power's Pension Plan upon renewal of this Collective Agreement.

- 17.2 The company shall administer two (2) optional contributory Group Life Insurance Plans (Option 1 and Option 2) for regular employees during the term of this agreement. The employee contribution for such basic group life insurance is 100% of premium costs paid for through payroll deduction. Plan details are as follows:

Option 1

- (i) 150% of annual basic earnings rounded upwards to the nearest \$1,000 up to a maximum of \$600,000.
- (ii) Supplementary Insurance of \$7,000 with the purchase of Optional Life Insurance.

Option 2

- (i) 250% of annual basic earnings rounded upwards to the nearest \$1,000 up to a maximum of \$600,000.
- (ii) Supplementary Insurance of \$7,000 with the purchase of the Optional Life Insurance.

Coverage for Option 1 and Option 2 terminates upon:

- The date that current employment ends;
- The date that the employee or his/her dependents cease to qualify for coverage based on the plan's eligibility requirements;
- The date the insured enters armed services on full-time duty;
- The date that the Company receives a written request from the insured employee to terminate the insurance;

- The date the insured employee attains the age of 65;
- The date the insured employee retires;
- The date the Group Plan is cancelled

The first \$40,000 of coverage of basic group life insurance will include a double indemnity provision for regular employees in the event of accidental death arising out of or in the course of their employment.

For any employee who retires prior to the age of 65, the existing coverage under Option 1 or Option 2 may be converted at the employee's request, without medical evidence, to a private individual plan under the terms of this arrangement with the insurance carrier for which the employee will be responsible to maintain premium payment directly to the insurer to keep the coverage in effect.

ARTICLE 18 JOB POSTING AND SELECTION

- 18.1 Management agrees to post any vacancy within the bargaining unit, except temporary vacancies not to exceed six calendar months for a period of four (4) working days in order to give employees an opportunity to make application for the position. All employees interested in the job vacancy must make an application within eight (8) working days from the date of posting. Management is not necessarily obliged to fill the job or jobs from the applications received.
- 18.2 In selecting a candidate to fill a vacancy within the bargaining unit, the Company shall consider skill, ability, qualifications, aptitude, attendance and efficiency. When these factors are relatively equal among the applicants, the employee with the greatest Company service credit shall be given preference.
- 18.3 In selecting a candidate to fill a job within the bargaining unit requiring the exercise of some supervisory responsibilities, the primary consideration should be given to qualifications and to personal qualities such as leadership, reliability, attendance, judgment, ability to organize and instruct and an understanding and a display of the practice of good human relations.

For these supervisory jobs, an endeavour will be made to promote the most promising employee for the particular job.

ARTICLE 19 LAY-OFF AND RECALL

- 19.1 Seniority accumulated immediately prior to lay-off will determine the descending order of lay-off and recall (i.e. the employee having the least seniority is the first to be laid off and last to be recalled), provided the employees have the knowledge and ability to perform the work remaining and are willing to do so.

- 19.2 Management will send notice by registered mail to the last known address which the employee has filed with Management.

ARTICLE 20 ALLOWANCES

20.1 Meal Allowance

- a) It is the general policy that employees will provide their own meals during a meal break as scheduled.
- b) For unscheduled emergency work, and if in the interest of Customer Service, it is not practical to take a meal break, employees shall eat on the job and a meal shall be provided after every four (4) consecutive hours of unscheduled overtime. Receipts for reasonable meal expenses will be paid.
- c) For Generation employees scheduled to work outside the Town limits, the Company shall provide a meal allowance of \$12.00 throughout the calendar year.
- d) For scheduled work during normal hours and inside the Town limits, no meal allowance will be provided.

20.2 Safety Shoe and Clothing Allowance

The Company will provide appropriate safety clothing in each job class as deemed appropriate and when necessary by the Company.

The Company agrees to reimburse, upon receipt, two hundred and fifty dollars (\$250.00) for one pair of safety boots per calendar year. One pair of overshoes per calendar year may be purchased with unused amount of allowance.

ARTICLE 21 BEREAVEMENT LEAVE

- 21.1 A regular employee will be allowed up to five (5) consecutive days leave of absence from work at regular straight time rate of pay in the event of the death of his/her spouse and children.

A regular employee will be allowed up to three (3) consecutive days leave of absence from work at regular straight time rate of pay in the event of the death of his/her parents, brother, sister, parents-in-law, grandparents and grandchildren.

A regular employee will be allowed one (1) day of leave of absence at regular straight time rate of pay in the event of the death of an aunt, uncle, niece and nephew.

- 21.2 Such leave shall be for the purpose of making arrangements for and/or attending the funeral. Only that portion of the said eligible days that would otherwise have been regular time worked will be paid. The Company recognizes that an eligible bereavement day may be taken at a later date upon approval by the Company.

21.3 In extenuating circumstances, the Company may approve an extension to the foregoing.

21.4 It is understood and agreed that the employee will contact his supervisor personally to request leave of absence and advise him of all the necessary facts.

ARTICLE 22 GENERAL

22.1 Safety

It is understood and agreed that either the Union or Management may request a meeting with representatives of the other party who will normally number no more than two (2), to receive and discuss recommendations regarding safety matters.

22.2 Training

It is understood that employees may be required to attend training courses from time to time.

22.3 Effective Dates

The terms of this Agreement are effective from August 1, 2009 to July 31, 2012.

Article 23 Wage Schedule

		August 1, 2009 1.5% + 10% for Lineman 1.5% + 4% for Maint. Mech Operator & Utility Tech.	August 1, 2010 2%	February 1, 2011 1%	August 1, 2011 3%
Working Foreman					
Lead Hand					
Lineman	"A"	\$30.61	\$31.22	\$31.53	\$32.48
	"B"	\$27.62	\$28.17	\$28.45	\$29.30
	"C"	\$24.48	\$24.97	\$25.22	\$25.98
	"D"	\$21.38	\$21.81	\$22.03	\$22.69
	Start	\$18.41	\$18.78	\$18.97	\$19.54
Electrical/Mechanical Maintenance Man					
	"A"	\$27.30	\$27.85	\$28.13	\$28.97
	"B"	\$24.63	\$25.12	\$25.37	\$26.13
	"C"	\$21.84	\$22.28	\$22.50	\$23.18
	"D"	\$19.07	\$19.45	\$19.64	\$20.23
	Start	\$16.43	\$16.76	\$16.93	\$17.44
Maintenance Mechanic Operator					
	"A"	\$27.30	\$27.85	\$28.13	\$28.97
	"B"	\$24.63	\$25.12	\$25.37	\$26.13
	"C"	\$21.84	\$22.28	\$22.50	\$23.18
	"D"	\$19.07	\$19.45	\$19.64	\$20.23
	Start	\$16.43	\$16.75	\$16.92	\$17.43
Meter Reader					
	"A"	\$21.70	\$22.13	\$22.35	\$23.02
	"B"	\$19.58	\$19.97	\$20.17	\$20.78
	Start	\$17.34	\$17.69	\$17.87	\$18.41
Utility Technician					
	"A"	\$26.07	\$26.59	\$26.86	\$27.67
	"B"	\$23.41	\$23.88	\$24.12	\$24.84
	Start	\$20.85	\$21.27	\$21.48	\$22.12
Operations/Maintenance					
Helper	"A"	\$14.03	\$14.31	\$14.45	\$14.88
	"B"	\$13.24	\$13.50	\$13.64	\$14.05
Labourer		\$11.27	\$11.50	\$11.62	\$11.97

- 23.1 The establishment of new classifications is the prerogative of Management provided that the wages, working conditions and hours of work are negotiated with the Union within thirty (30) days and shall become part of this Agreement.
- 23.2 The schedule of wages is solely for the purpose of payment of wages only.
- 23.3 Progressions will be based on time worked, industry standard accredited training and the employee's ability to meet the Company's prescribed position requirements.
- 23.4 The Lead Hand will receive a 5% premium on their current wage rate.
- 23.5 **Relieving in a Higher Classification**
When a regular employee is delegated by the Company to relieve in a higher grade for a period of eight (8) consecutive working hours or more, the employee will be paid the rate for the position being relieved from the time such relief was delegated. When an employee is asked to temporarily perform work in a lower grade, he shall continue to receive his regular straight time rate of pay. (Note: in the event relief is provided for a wage classification outside the bargaining unit, the rate will be 5% above the highest wage classification in the bargaining unit.)
- 23.6 **Temporary Rates**
The rate for "temporary" help will be the greater of the lowest rate in the wage schedule or the starting rate for the classification normally being assisted.
- 23.7 The Working Foreman will receive an additional 5% in wages above the highest rate in that class.

ARTICLE 24 DURATION

This Agreement shall remain in force for a period of three (3) years from August 1, 2009 to July 31, 2012 and shall continue in force from year to year thereafter unless in any year not more than ninety (90) days and not less than thirty (30) days before the date of its termination, either party shall furnish the other with notice of a desire to terminate or amend this Agreement.

ARTICLE 25 ENTIRE AGREEMENT


This Agreement supercedes and cancels all prior practices and agreements between or among the Union and/or the employees on the one hand and the Company on the other hand, whether written or oral, unless expressly stated to the contrary herein, and constitutes the complete and entire agreement between the Company and the Union for the term of this contract.

Signed this 28 day of Sept, 2009

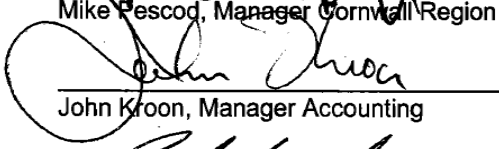
ON BEHALF OF THE COMPANY



Kristine Carmichael, Manager, Human Resources,
Customer Service & Corporate Communications



Mike Pescod, Manager Cornwall Region



John Kroon, Manager Accounting

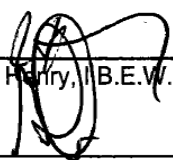


Rod Barber, Human Resources Coordinator

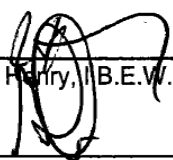
ON BEHALF OF THE UNION



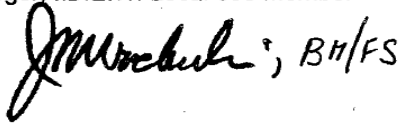
Allen Gates, I.B.E.W. Local 636 Business Rep.



Jeff Henry, I.B.E.W. Local 636 Chairperson



Alain Leger, I.B.E.W. Local 636 Member



J. M. ..., BH/FS

**LETTER OF AGREEMENT
BETWEEN CANADIAN NIAGARA POWER INC. (EOP) AND IBEW LOCAL 636
REGARDING ARTICLE 16 - BENEFIT COVERAGE**

JUNE 15, 2009

It is understood and agreed upon that the employees of Eastern Ontario Power will receive all amendments of the Canadian Niagara Power Inc. Health and Benefits Plan that became effective June 1, 2009.

UNDERTAKING NO. KT1.9: TO PROVIDE BREAKDOWN OF
INDIVIDUAL METER COSTS BY TYPE OF METER, AND EXPLAIN
WHY THESE METERS ARE IN A SINGLE CLASS, AS DISTINCT
FROM BEING ALLOCATED ACROSS SEVERAL CLASSES

Response:

CNPI on Sheet I7.1 has identified certain residential meters having a cost of \$770. These are central meters which are normally pole mounted metering installations for residential farms. The metering installation employs instrument transformers which contribute to the higher cost.

The second reference is to a GS less than 50 kW meters costing \$1900. These are transformer style meters normally used on the GS greater than 50 kW installations. These meters are found on GS less than 50 kW installations where the capability exists to exceed a demand of 50 kW. For example a customer may have a service entrance capable of taking a demand of 200 kW but has historically drawn a billing demand less than 50 kW on a monthly basis. The metering installation must be sized with the service size.

UNDERTAKING NO. KT1.10: TO COMBINE THE RTSR MODELS CURRENTLY FILED AND CREATE RATES BASED ON THE FORECASTED VOLUMES FOR FORT ERIE, PORT COLBORNE AND EOP COMBINED.

Response:

The RTSR Model works on the assumption that there are current RTSR Rates and is able to evaluate current trends between the charges for transmission services and the revenues collected from customers. In this case there are no initial rates as to compare with a harmonized rate and trending therefore cannot be evaluated.

In order to provide an indication of the harmonized RTSR, CNPI calculated rates based on projected costs from the IESO and Hydro One using the 2013 the combined RRR data and the 2013 test year forecast for revenues. The distribution of revenues were based on the average of the three RTSR models filed with the Application.

See below for details of the calculation.

Network

		Billed kWh	Billed kW	Billed Amount		
Residential	kWh	217,060,032	-	1,534,104	41.1%	0.0071
General Service Less Than 50 kW	kWh	75,030,757	-	487,333	13.1%	0.0065
General Service 50 to 4,999 kW	kW	255,376,181	765,246	1,669,612	44.8%	2.1818
Sentinel Lighting	kW	761,035	2,334	4,973	0.1%	2.1306
Street Lighting	kW	4,475,402	11,789	23,621	0.6%	2.0036
Unmetered Scattered Load	kWh	1,603,867	-	9,946	0.3%	0.0062
				3,729,588	100.0%	

Connection

		Billed kWh	Billed kW	Billed Amount		
Residential	kWh	217,060,032	-	1,517,942	40.7%	0.0070
General Service Less Than 50 kW	kWh	75,030,757	-	512,197	13.7%	0.0068
General Service 50 to 4,999 kW	kW	255,376,181	765,246	1,660,910	44.5%	2.1704
Sentinel Lighting	kW	761,035	2,334	4,973	0.1%	2.1306
Street Lighting	kW	4,475,402	11,789	23,621	0.6%	2.0036
Unmetered Scattered Load	kWh	1,603,867	-	9,946	0.3%	0.0062
				2,966,798	100.0%	

The table on the following page compares these rates with those requested in the Application.

		Harmonized	Proposed Fort Erie	Proposed Gananoque	Proposed Port Colborne
Network Charge					
Residential	kWh	0.0071	0.0071	0.0046	0.0067
General Service Less Than 50 kW	kWh	0.0065	0.0065	0.0038	0.0057
General Service 50 to 4,999 kW	kW	2.1818	2.6588	1.7821	2.2579
Sentinel Lighting	kW	2.1306	2.1222	1.3145	1.7112
Street Lighting	kW	2.0036	2.0051	1.3077	1.6490
Unmetered Scattered Load	kWh	0.0062	0.0065	0.0043	0.0057
Connection Charge					
Residential	kWh	0.0070	0.0057	0.0036	0.0052
General Service Less Than 50 kW	kWh	0.0068	0.0050	0.0034	0.0046
General Service 50 to 4,999 kW	kW	2.1704	2.0312	1.3967	1.8581
Sentinel Lighting	kW	2.1306	1.6032	1.0334	1.4644
Street Lighting	kW	2.0036	1.5702	1.0121	1.4664
Unmetered Scattered Load	kWh	0.0062	0.0050	0.0034	0.0046

UNDERTAKING NO. KT1.11: TO ADVISE WHAT CUSTOMERS IN GANANOQUE WOULD PAY AT THE PREVAILING DEBT RETIREMENT CHARGE, AND AT THE DEBT RETIREMENT CHARGE AS APPLICABLE TO THE CUSTOMERS THERE

RESPONSE:

Gananoque

Rate Class	2013 Forecast
	kWh
Residential	29,354,957
General Service Less Than 50 kW	12,578,164
General Service 50 to 4,999 kW	16,434,932
Unmetered Scattered Load	157,458
Sentinel Lighting	60,462
Street Lighting	551,513
Total	59,137,486
Prevailing Debt Retirement Charge	0.0070
Applicable Debt Retirement Charge	0.0051
Cost to Customers at the Prevailing Charge	\$ 413,962
Cost to Customers at the Applicable Charge	\$ 301,601
Benefit to the Customers	\$ 112,361

Data comes from Exhibit 2, Tab 1, Schedule 13, page 3

UNDERTAKING NO. KT1.12: TO ADVISE THE DIFFERENCE IN
COST OF POWER AT A THEORETICAL LOSS FACTOR OF
6.2 PERCENT

Response:

Please see attached two pages.

Gananoque

	2013 Forecast kWh	% RPP	%Non- RPP	RPP Price	Non- RPP Price	Loss Factor	RPP Cost of Power	Non-RPP Cost of Power
Residential	29,354,957	88%	12%	0.08069	0.07877	1.1113	2,316,409	308,358
GS Less Than 50 kW	12,578,164	91%	9%	0.08069	0.07877	1.1113	1,026,384	99,095
GS 50 to 4,999 kW	16,434,932	9%	91%	0.08069	0.07877	1.1113	132,636	1,309,186
USL	157,458	4%	96%	0.08069	0.07877	1.1113	565	13,232
Sentinel Lighting	60,462	99%	1%	0.08069	0.07877	1.1113	5,367	53
Street Lighting	551,513	100%	0%	0.08069	0.07877	1.1113	49,455	-
							3,530,815	1,729,924
							Subtotal	5,260,739
						Cost of Power		\$ 5,260,739

	2013 Forecast kWh	% RPP	%Non- RPP	RPP Price	Non- RPP Price	Loss Factor	RPP Cost of Power	Non-RPP Cost of Power
Residential	29,354,957	88%	12%	0.08069	0.07877	1.0062	2,097,337	279,195
GS Less Than 50 kW	12,578,164	91%	9%	0.08069	0.07877	1.0062	929,314	89,723
GS 50 to 4,999 kW	16,434,932	9%	91%	0.08069	0.07877	1.0062	120,092	1,185,371
USL	157,458	4%	96%	0.08069	0.07877	1.0062	511	11,981
Sentinel Lighting	60,462	99%	1%	0.08069	0.07877	1.0062	4,860	48
Street Lighting	551,513	100%	0%	0.08069	0.07877	1.0062	44,777	-
							3,196,892	1,566,318
							Subtotal	4,763,210
						Cost of Power		\$ 4,763,210

Difference \$ (497,529)

UNDERTAKING NO. KT1.14: TO EXPLAIN HOW PORT COLBORNE
APPLIES TO THIS SCENARIO.

RESPONSE:

Prior to April 2002, Port Colborne Hydro Inc. (PCH) was a municipally owned utility that paid PILS on its distribution revenues under section 93 of the Electricity Act, 1998. In April 2002, Canadian Niagara Power Inc. (CNPI) leased the distribution assets of PCH and assumed operating responsibility for the Port Colborne service territory. CNPI made lease payments to PCH and made expenditures to operate the service territory including operating and capital expenditures. In return for these commitments, CNPI was compensated with the distribution revenue for the service territory. CNPI paid income tax on the Port Colborne distribution revenue. Based on the foregoing, disbursement of the Deferred PILS Account 1562 for the Port Colborne is only required pre-April 2002.

UNDERTAKING NO. KT1.X: CNPI AGREED TO PROVIDE A RATE
DESIGN SHOWING REVENUE TO COST RATIOS AND FIXED
VARIABLE SPLITS THROUGH TO 2016

Response:

CNPI has projected rate designs through the anticipated regulatory cycle to demonstrate how rates may be harmonized in a future cost of service proceeding and minimize rate impacts and cost transference. During the regulatory cycle each service territory i.e., Fort Erie/Gananoque and Port Colborne contributes only to its respective revenue requirement. The table on the following page shows the evolution of rate design through the regulatory cycle.

This clearly demonstrates that through systematic adjustments to the service area specific revenue to cost ratio and fixed to variable ratio adjustments it is practical to harmonize distribution rates in an effective manner.

Fort Erie / Gananoque							Port Colborne					
2013							2013					
Customer Class	Revenue to Cost Ratio	Revenue Requirement with Addback	Adjusted Fixed Component	Adjusted Variable Component	Fixed Rate	Variable Rate	Revenue to Cost Ratio	Revenue Requirement with Addback	Adjusted Fixed Component	Adjusted Variable Component	Fixed Rate	Variable Rate
Residential	89.12%	6,931,683	60.7%	39.3%	20.00	0.0189	100.27%	3,447,955	54.6%	45.4%	19.23	0.0244
GS Less Than 50 kW	115.99%	1,709,984	28.3%	71.7%	24.66	0.0251	98.38%	793,217	40.2%	59.8%	29.89	0.0201
GS 50 to 4,999 kW	124.75%	3,235,758	7.4%	92.6%	133.68	7.8923	101.19%	1,613,981	24.1%	75.9%	410.00	3.9315
USL	178.91%	50,359	33.5%	66.5%	56.22	0.0354	185.54%	23,035	36.2%	63.8%	49.60	0.0253
Sentinel Lighting	82.20%	58,244	81.0%	19.0%	4.27	4.8183	95.43%	2,816	88.3%	11.7%	5.05	8.2506
Street Lighting	101.14%	327,854	74.8%	25.2%	5.53	10.7852	83.26%	129,007	67.1%	32.9%	3.61	10.3036
Total		\$ 12,313,882						\$ 6,010,010				
2014							2014					
Customer Class	Revenue to Cost Ratio	Revenue Requirement with Addback	Adjusted Fixed Component	Adjusted Variable Component	Fixed Rate	Variable Rate	Revenue to Cost Ratio	Revenue Requirement with Addback	Adjusted Fixed Component	Adjusted Variable Component	Fixed Rate	Variable Rate
Residential	90.66%	7,064,007	58.9%	41.1%	19.76	0.0202	100.27%	3,447,955	56.1%	43.9%	19.76	0.0236
GS Less Than 50 kW	115.99%	1,709,984	29.4%	70.6%	25.66	0.0247	99.15%	794,500	38.7%	61.3%	28.89	0.0207
GS 50 to 4,999 kW	120.00%	3,107,789	8.5%	91.5%	148.40	7.4860	101.19%	1,613,981	19.8%	80.2%	337.50	4.1520
USL	164.18%	46,003	35.0%	65.0%	53.64	0.0316	144.58%	21,752	36.2%	63.8%	46.84	0.0239
Sentinel Lighting	82.20%	58,244	81.0%	19.0%	4.27	4.8183	95.43%	2,816	88.3%	11.7%	5.05	8.2506
Street Lighting	101.14%	327,854	74.8%	25.2%	5.53	10.7852	83.26%	129,007	67.1%	32.9%	3.61	10.3036
Total		\$ 12,313,882						\$ 6,010,010				
2015							2015					
Customer Class	Revenue to Cost Ratio	Revenue Requirement with Addback	Adjusted Fixed Component	Adjusted Variable Component	Fixed Rate	Variable Rate	Revenue to Cost Ratio	Revenue Requirement with Addback	Adjusted Fixed Component	Adjusted Variable Component	Fixed Rate	Variable Rate
Residential	92.89%	7,255,762	57.3%	42.7%	19.76	0.0215	100.27%	3,447,955	56.1%	43.9%	19.76	0.0236
GS Less Than 50 kW	112.50%	1,654,312	31.4%	68.6%	26.47	0.0232	99.30%	795,783	37.6%	62.4%	28.08	0.0211
GS 50 to 4,999 kW	115.00%	2,973,085	8.9%	91.1%	148.40	7.1312	101.19%	1,613,981	15.6%	84.4%	265.00	4.3725
USL	149.45%	41,647	35.0%	65.0%	48.56	0.0286	136.39%	20,469	36.2%	63.8%	44.08	0.0225
Sentinel Lighting	91.10%	65,210	81.0%	19.0%	4.79	5.3947	95.43%	2,816	88.3%	11.7%	5.05	8.2506
Street Lighting	100.00%	323,865	74.8%	25.2%	5.46	10.6540	83.26%	129,007	67.1%	32.9%	3.61	10.3036
Total		\$ 12,313,882						\$ 6,010,010				
2016							2016					
Customer Class	Revenue to Cost Ratio	Revenue Requirement with Addback	Adjusted Fixed Component	Adjusted Variable Component	Fixed Rate	Variable Rate	Revenue to Cost Ratio	Revenue Requirement with Addback	Adjusted Fixed Component	Adjusted Variable Component	Fixed Rate	Variable Rate
Residential	94.44%	7,388,642	56.3%	43.7%	19.76	0.0224	100.27%	3,447,955	56.1%	43.9%	19.76	0.0236
GS Less Than 50 kW	111.00%	1,630,414	32.8%	67.2%	27.27	0.0224	99.30%	795,783	36.5%	63.5%	27.27	0.0214
GS 50 to 4,999 kW	111.00%	2,865,322	9.3%	90.7%	148.40	6.8474	101.19%	1,613,981	11.3%	88.7%	192.50	4.5931
USL	135.00%	37,374	35.0%	65.0%	43.58	0.0257	128.00%	19,154	36.2%	63.8%	41.25	0.0210
Sentinel Lighting	95.00%	68,264	81.0%	19.0%	5.01	5.6473	95.43%	2,816	88.3%	11.7%	5.05	8.2506
Street Lighting	100.00%	323,865	74.8%	25.2%	5.46	10.6540	84.05%	130,322	67.1%	32.9%	3.64	10.4086
Total		\$ 12,313,882						\$ 6,010,010				
2017							2017					
Customer Class	Revenue to Cost Ratio	Revenue Requirement with Addback	Adjusted Fixed Component	Adjusted Variable Component	Fixed Rate	Variable Rate	Revenue to Cost Ratio	Revenue Requirement with Addback	Adjusted Fixed Component	Adjusted Variable Component	Fixed Rate	Variable Rate
Residential	95.94%	7,517,781	55.3%	44.7%	19.76	0.0233	100.03%	3,439,181	56.2%	43.8%	19.76	0.0235
GS Less Than 50 kW	108.00%	1,582,619	33.8%	66.2%	27.27	0.0214	99.30%	795,783	36.5%	63.5%	27.27	0.0214
GS 50 to 4,999 kW	108.00%	2,784,499	9.5%	90.5%	148.40	6.6346	101.19%	1,613,981	8.7%	91.3%	148.40	4.7272
USL	120.00%	32,938	35.0%	65.0%	38.41	0.0226	120.00%	17,901	36.0%	64.0%	38.41	0.0197
Sentinel Lighting	100.00%	72,179	76.6%	23.4%	5.01	7.3534	100.00%	2,959	83.3%	16.7%	5.01	12.3520
Street Lighting	100.00%	323,865	74.8%	25.2%	5.46	10.6540	90.00%	140,206	67.1%	32.9%	3.92	11.1980
Total		\$ 12,313,882						\$ 6,010,010				