

**REPORT ON NON-PENSION POST RETIREMENT BENEFIT COST  
AND DISCLOSURE FOR THE FISCAL YEAR ENDING 31 DECEMBER  
2011 UNDER CICA SECTION 3461 AND DISCLOSURE IN RELATION  
TO THE TRANSITION TO IAS 19 AT 01 JANUARY 2011**

LONDON HYDRO INC.

07 FEBRUARY 2012

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## Report Highlights

This report has been prepared by Mercer (Canada) Limited at the request of London Hydro Inc. This report provides information on non-pension post retirement obligations and benefit cost calculated in accordance with Section 3461 of the Canadian Institute of Chartered Accountants Handbook ("CICA 3461") to enable London Hydro Inc. to satisfy accounting and disclosure requirements for financial statements pursuant to CICA 3461.

In addition, Mercer has prepared this report to assist the Company and its auditors in preparing financial reports relating to the transition to International Accounting Standard No. 19 ("IAS 19").

**All sections of this report relate to reporting under CICA 3461, unless specified otherwise. All results related to the transition to IAS 19 are shown in Appendix E.**

The Non-Pension Post Retirement Benefit Plan which is a defined benefit plan funded on a cash basis by contributions from London Hydro Inc.

London Hydro Inc.'s fiscal year-end date is 31 December. Please note the measurement date for the plan obligations as described in this report has been changed from 30 September to 31 December for the fiscal year ending 31 December 2011. All balances shown for the 2010 year use balances which are based on a 30 September measurement date.

All results presented in this report are in Canadian dollars.

### ***Fiscal Year Ending 31 December 2011***

The benefit cost (also referred to as expense in this report) calculated in accordance with CICA 3461 for the 15 month period ending 31 December 2011 is a charge of \$1,180,600. This consists of \$240,700 for the period 01 October 2010 to 31 December 2010 and \$939,900 for the period 01 January 2011 to 31 December 2011.

The Accrued Benefit Liability as calculated in accordance with CICA 3461 is \$10,640,200. The employer contributions and employer-paid benefit payments during the period 01 October 2010 to 31 December 2011 were \$477,200. This consists of \$106,800 for the period 01 October 2010 to 31 December 2010 and \$370,400 for the period 01 January 2011 to 31 December 2011.

Please note in 2011, London Hydro Inc. requested that a valuation be done for the liability of service awards, retirement allowances and medical/dental benefits paid while on long term

disability (LTD). The results for these benefits are shown separately at the end of report highlights in a section called 'Other Benefits'.

It should be noted that future health care cost trends are especially difficult to predict and actual experience is likely to differ from expected. The use of a health care cost trend of 1% per year above the assumptions used in this valuation for the fiscal year ending 31 December 2011 would result in an increase to the Accrued Benefit Obligation (ABO) calculated in accordance with CICA 3461 of approximately 9%.

### ***Changes in Plan Provisions***

There were no changes in plan provisions since the last disclosure as of 31 December 2010.

### ***Changes in Actuarial Assumptions***

There have been changes in actuarial assumptions since the last disclosure as of 31 December 2010. Please refer to the Summary of Assumptions in Appendix C for a description of these changes.

### ***Changes in Actuarial Methods***

There were no changes in actuarial methods since the last disclosure as of 31 December 2010.

## **Transition to International Financial Reporting Standards**

The Company will be adopting International Financial Reporting Standards ("IFRS") on 01 January 2012. Due to the requirement to provide comparative information in the first set of IFRS financial statements, the Company will transition to IFRS from current Canadian GAAP on 01 January 2011. On that date, a transition adjustment will be made to retained earnings to bring the existing current CICA 3461 balances in line with the requirements of IAS 19. The Company will continue to report under current Canadian GAAP in 2011. Two sets of financial results will be maintained for 2011, one for current Canadian GAAP and another for IFRS. In 2012, current Canadian GAAP will cease to exist and IFRS will commence with comparative information for 2011.

Under IFRS, the Company will follow the requirements of IAS 19 with respect to the non-pension post retirement benefits plan.

Appendix E contains detailed information on balance sheet entries under IAS 19 at 01 January 2011, on the non-pension post retirement benefit cost and amounts to report in other comprehensive income for 2011 and balance sheet entries at the end of the first comparator year. In addition, it contains information on the principal accounting policies adopted by the Company in relation to the transition to IAS 19.

## ***Other Benefits***

In 2011, London Hydro Inc. requested that a valuation be done for the liabilities of service awards, retirement allowances and medical/dental benefits while on LTD. The liability for medical and dental benefits on LTD as at 31 December 2011 based on a discount rate of 5.0% per annum is \$167,518. The liability for service awards and retirement allowances as at 31 December 2011 based on a discount rate of 5.0% per annum is \$153,648. These liabilities should be recognized in expense resulting in a total additional expense for other benefits of \$321,166 as at 31 December 2011.

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### Principal Expense and Disclosure Information

A summary of the principal expense and disclosure information, required pursuant to CICA 3461, for the current fiscal year and the prior fiscal year follows.

Components of Benefit Cost	15 Month Period Ending 31.12.11 <sup>1</sup>	Fiscal Year Ending 31.12.10
Current service cost	\$345,600	\$209,800
Interest cost	784,400	645,500
Actual return on plan assets	0	0
Actuarial loss (gain)	(1,121,300)	1,498,300
Plan amendments	0	0
Curtailement loss (gain)	0	0
Settlement loss (gain)	0	0
<b>Costs arising in the period</b>	<b>\$8,700</b>	<b>\$2,353,600</b>
Differences between costs arising in the period and costs recognized in the period in respect of:		
• Return on plan assets	0	0
• Actuarial loss (gain)	1,171,900	(1,498,300)
• Plan amendments	0	0
• Transitional obligation (asset)	0	0
<b>Benefit cost recognized</b>	<b>\$1,180,600</b>	<b>\$855,300</b>

<sup>1</sup> Reporting for the period 01 October 2010 to 31 December 2011 to account for the change in measurement date from 30 September to 31 December.

<b>Weighted-Average Assumptions for Expense</b>	<b>15 Month Period Ending 31.12.11</b>	<b>Fiscal Year Ending 31.12.10</b>
Discount rate	5.40% <sup>2</sup>	6.50%
Rate of compensation increase	4.00%	4.00%
Initial weighted average health care trend rate	6.79% <sup>3</sup>	6.93%
Ultimate weighted average health care trend rate	4.60%	4.60%
Year ultimate rate reached	2028	2028

  

<b>Weighted-Average Assumptions for Disclosure</b>	<b>31.12.11</b>	<b>31.12.10</b>
Discount rate	5.00%	5.20%
Rate of compensation increase	4.00%	4.00%
Initial weighted average health care trend rate	6.69% <sup>4</sup>	6.81%
Ultimate weighted average health care trend rate	4.50%	4.60%
Year ultimate rate reached	2028	2028

<sup>2</sup> A discount rate of 5.20% per annum is used for the first 3 months of the 2011 benefit cost determination while a discount rate of 5.40% per annum is used for the remaining 12 months of the 2011 benefit cost determination to account for the change in measurement date from 30 September to 31 December.

<sup>3</sup> A trend rate of 6.81% per annum is used for the first 3 months of the 2011 benefits cost determination while a trend rate of 6.79% per annum is used for the remaining 12 months of the 2011 benefit cost determination.

<sup>4</sup> Trend rate applied to the 2011 claim cost (01 July 2011 mid-point) to trend the claim cost forward twelve months to 01 July 2012 mid-point.

Change in Accrued Benefit Obligation (ABO)	15 Month Period Ending 31.12.11	Fiscal Year Ending 31.1210
<b>ABO at end of prior year</b>	<b>\$11,947,300<sup>5</sup></b>	<b>\$10,042,000<sup>6</sup></b>
Current service cost	345,600	209,800
Interest cost	784,400	645,500
Plan amendments	0	0
Benefits paid	(477,200) <sup>7</sup>	(448,300) <sup>8</sup>
Increase (decrease) in ABO due to curtailment	0	0
Actuarial loss (gain)	(1,121,300)	1,498,300
<b>ABO at end of year</b>	<b>\$11,478,800<sup>9</sup></b>	<b>\$11,947,300</b>

<sup>5</sup> Based on membership data as of 30 June 2009 projected to 30 September 2010.

<sup>6</sup> Based on membership data as of 30 June 2009 projected to 30 September 2019.

<sup>7</sup> Actual benefit payments over the period 01 October 2010 to 31 December 2011 (\$106,800 + \$370,400)

<sup>8</sup> Actual benefit payments over the period 01 October 2009 to 30 September 2010 (\$439,200 - \$109,800 + \$118,900)

<sup>9</sup> Based on membership data as of 30 September 2011 projected to 31 December 2011.



<b>Change in Plan Assets</b>	<b>15 Month Period Ending 31.12.11</b>	<b>Fiscal Year Ending 31.1210</b>
<b>Fair value of plan assets at end of prior year</b>	<b>\$0</b>	<b>\$0</b>
Actual return on plan assets	0	0
Employer contributions	477,200	448,300
Benefits paid	(477,200)	(448,300)
<b>Fair value of plan assets at end of year</b>	<b>\$0</b>	<b>\$0</b>
<b>Reconciliation of Funded Status to Accrued Benefit Asset (Liability)</b>	<b>15 Month Period Ending 31.12.11</b>	<b>Fiscal Year Ending 31.1210</b>
<b>Funded status at end of year</b>	<b>(\$11,478,800)</b>	<b>(\$11,947,300)</b>
Employer contributions during period from measurement date to fiscal year end	0	109,800
Unamortized transitional obligation (asset)	0	0
Unamortized past service costs	0	0
Unamortized net actuarial loss (gain)	838,600	2,010,500
<b>Accrued benefit asset (liability)</b>	<b>(\$10,640,200)</b>	<b>(\$9,827,000)</b>

Effect of Change in Assumed Health Care Cost Trend Rates	15 Month Period Ending 31.12.11	Fiscal Year Ending 31.1210
Effect on current service cost		
• One-percentage point increase	\$77,000	\$40,700
• One-percentage point decrease	(\$59,400)	(\$32,200)
Effect on interest cost		
• One-percentage point increase	\$83,800	\$55,700
• One-percentage point decrease	(\$67,500)	(\$45,700)
Effect on ABO at fiscal year end		
• One-percentage point increase	\$1,027,200	\$1,207,100
• One-percentage point decrease	(\$833,900)	(\$972,900)

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## Certification

We have prepared an actuarial valuation of London Hydro Inc.'s benefit obligations for accounting purposes as at 30 June 2009 and extrapolated those results to 30 September 2010 and 31 December 2010. In accordance with our mandate, the purpose of this valuation and extrapolation is to determine the benefit cost of the Plan in accordance with CICA 3461 for the fiscal year beginning 01 October 2010 and ending 31 December 2011 to enable the Company to account for the cost of the Plan under CICA 3461 and IAS 19.

In addition, we have prepared a second actuarial valuation of London Hydro Inc.'s benefit obligations for accounting purposes as at 30 September 2011 and extrapolated those results to 31 December 2011. In accordance with our mandate, the purpose of this valuation and extrapolation is to determine the obligations of the Plan in accordance with CICA 3461 to enable the Company to satisfy the disclosure requirements under CICA 3461.

In addition, Mercer has prepared this report to assist the Company and its auditors in preparing financial reports relating to the transition to International Accounting Standard No. 19 ("IAS 19").

This report has been prepared exclusively for London Hydro Inc. This valuation report may not be relied upon for any purpose other than what is described in this report or by any party other than London Hydro Inc. and its auditors. Mercer is not responsible for the consequences of any other use.

Over time, a plan's total cost will depend on a number of factors, including the amount of benefits the plan pays, the number of people paid benefits, the amount of plan expenses, and the amount earned on any assets invested to pay the benefits. These amounts and other variables are uncertain and unknowable at the valuation date, but are predicted to fall within a reasonable range of possibilities.

To prepare this report, actuarial assumptions, as described in Appendix C, are used to select a single scenario from the range of possibilities. The results of that single scenario are included in this report. However, the future is uncertain and the plan's actual experience will differ from those assumptions; these differences may be significant or material. In addition, different assumptions or scenarios may also be within the reasonable range and results based on those assumptions would be different. Actuarial assumptions may also be changed from one valuation to the next because of legislated changes to government coverages, plan experience, changes in expectations about the future and other factors.

Because actual plan experience will differ from the assumptions, decisions about benefit changes, investment policy, funding amounts, benefit security and/or benefit-related issues should be made only after careful consideration of alternative future financial conditions and scenarios, and not solely on the basis of a valuation report or reports.

### ***Plan Provisions***

The results of the valuations set forth in this report reflect the provisions of the Plan as of the dates of the valuations as reported to us by Management.

The Plan has not been amended since the last valuation for accounting purposes as at 31 December 2011. A summary of the plan provisions is provided in Appendix D. These plan provisions have been certified by London Hydro Inc. under Employer Certification in Appendix F. We have included only those benefits as described in Appendix D in the valuations.

### ***Substantive commitment or Constructive Obligation***

There was no substantive commitment as defined under CICA 3461 reported to us by Management.

### ***Data***

The valuations and extrapolations as at 31 December 2010 used for expense, are based on membership data as at 30 June 2009 provided by London Hydro Inc. The valuations and extrapolations as at 31 December 2011 used for disclosure, are based on membership data as at 30 September 2011 provided by London Hydro Inc. The membership data is summarized in Appendix B.

### ***Subsequent Events***

Based on discussions with representatives of London Hydro Inc., to our knowledge there have been no events subsequent to 31 December 2011 which, in our opinion, would have a material impact on the results of the valuations and extrapolations.

### ***Methods and Assumptions***

The actuarial valuation methods, and Management accounting policies and assumptions used in the valuations and determination of benefit cost are summarized in Appendix C.

Valuation methods and assumptions are the same as the prior year's valuation with the exception of the following:

- London Hydro Inc.'s measurement has changed from 30 September to 31 December and as a result, fiscal 2011 represents the 15-month period from 1 October 2010 to 31 December 2011. The choice of using a 15-month period to affect the change in measurement date was

made by London Hydro Inc. There were no changes in actuarial methods since the last disclosure as of 31 December 2010.

- The discount rate was updated from 5.20% per annum as at 30 September 2010 to 5.40% per annum as at 31 December 2010 to 5.00% per annum as at 31 December 2011.

Emerging experience, differing from the assumptions, will result in gains or losses that will be revealed in future valuations and will affect future benefit cost.

Actuarial computations in accordance with CICA 3461 and IAS 19 are for purposes of enabling London Hydro Inc. to fulfill accounting requirements pursuant to CICA 3461 and IAS 19. Determination for purposes other than meeting employer financial accounting requirements may be significantly different from the results reported herein. Accordingly, additional determinations are needed for other purposes such as adequacy of funding for the ongoing plan, purchase price calculations or plan design costings.

## ***Statement of Opinion***

The methods used in the valuations of benefit obligations and determination of plan costs were selected by Management in accordance with the requirements of CICA 3461 and in accordance with the requirements of IAS 19.

The preparers of the financial statements (assumed to be Management of the company) have selected the assumptions used in the valuations of the plan obligations and determination of plan costs. They are Management's best-estimate assumptions, selected for accounting purposes, in accordance with CICA 3461 and in accordance with IAS 19. I am not expressing any opinion on these assumptions.

In my opinion,

- The data on which the valuations are based is sufficient and reliable for the purposes of the valuations, and
- The calculations have been made in accordance with the requirements of CICA 3461 and in accordance with IAS 19.

This report has been prepared and my opinion given, in accordance with accepted actuarial practice in Canada.

Respectfully submitted,

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Lois Pavlich  
FSA, FCIA

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Date

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## APPENDIX A

### Development of Costs

This Appendix shows the financial position of the Plan and the calculation of the various components of plan costs under CICA 3461.

#### Financial Position of the Plan

	01.01.11	01.10.10
1. ABO		
a. Retirees and surviving spouses	(\$6,435,000)	(\$6,542,100)
b. Active fully eligible members	(1,471,700)	(1,491,400)
c. Active not fully eligible members	(3,809,700)	(3,913,800)
<b>d. Total (a. + b. + c.)</b>	<b>(\$11,716,400)</b>	<b>(\$11,947,300)</b>
2. Fair value of plan assets	0	0
<b>3. Surplus (Deficit) (1.d. + 2.)</b>	<b>(\$11,716,400)</b>	<b>(\$11,947,300)</b>
4. Employer contributions during period from measurement date to fiscal year end	0	106,800
5. Unamortized transitional obligation (asset)	0	0
6. Unamortized past service cost	0	0
7. Unamortized net actuarial loss (gain)	1,645,700	2,013,500
<b>8. Accrued benefit asset (liability) (3. + 4. + 5. + 6. + 7.)</b>	<b>(\$10,070,700)</b>	<b>(\$9,827,000)</b>

## Reconciliation of Accrued Benefit Asset (Liability)

	15 Month Period Ending 31.12.11	Fiscal Year Ending 31.12.10
1. Accrued benefit asset (liability) at beginning of year	(\$9,827,000)	(\$9,410,900)
2. Benefit cost for the year	(1,180,600)	(855,300)
3. Benefit payments <sup>10</sup>	367,400	439,200
<b>4. Accrued benefit asset (liability) at end of year</b>	<b>(\$10,640,200)</b>	<b>(\$9,827,000)</b>

Components of the benefit cost calculations are developed below.

## Interest Cost

For Period 01 October 2010 to 31 December 2010	15 Month Period Ending 31.12.11
1. ABO	\$11,947,300
2. a. Current service cost	283,300
b. Weighted for timing	283,300
3. a. Plan amendment	0
b. Weighted for timing	0
4. a. Benefit payments	655,800
b. Weighted for timing	327,900
<b>5. Average ABO (1. + 2.b. + 3.b. - 4.b.)</b>	<b>\$11,936,100</b>
6. Discount rate	5.2%
<b>7. Annual Interest cost (5. x 6.)</b>	<b>\$618,900</b>
8. Period Weighting	0.25
<b>9. Interest Cost for Period (7. x 8.)</b>	<b>\$154,700</b>

<sup>10</sup> Benefit payments are \$370,400 + \$106,800 - \$109,800



<b>For Period 01 January 2011 to 31 December</b>	<b>15 Month Period Ending 31.12.11</b>	<b>Fiscal Year Ending 31.12.10</b>
1. ABO	\$11,716,400	\$10,042,000
2. a. Current service cost	274,800	209,800
b. Weighted for timing	274,800	209,800
3. a. Plan amendment	0	0
b. Weighted for timing	0	0
4. a. Benefit payments	661,500	643,300
b. Weighted for timing	330,800	321,700
<b>5. Average ABO (1. + 2.b. + 3.b. – 4.b.)</b>	<b>\$11,660,400</b>	<b>\$9,930,100</b>
6. Discount rate	5.4%	6.5%
<b>7. Interest cost (5. × 6.)</b>	<b>\$629,700</b>	<b>\$645,500</b>
<hr/>		
<b>Total Interest cost for the Period 01 October 2010 to 31 December 2011</b>	<b>\$784,400</b>	

## Amortization Amounts

Amortizations	Unamortized Amount as of 01.01.11	Years Remaining	Annual Amortization Amount
1. Transitional obligation (asset)	\$0	N/A	<b>\$0</b>
2. Past service cost	\$0	N/A	<b>\$0</b>
3. Unamortized loss (gain) subject to amortization as of 01 October 2010			
a. Unamortized net actuarial loss (gain)			\$2,010,600
b. ABO			11,947,300
c. 10% of ABO (b.)			1,194,700
d. Unamortized net actuarial loss (gain) subject to amortization (excess of a. over c., if any)			815,900
e. Expected average remaining service lifetime			13.4
f. Annual Amortization amount (d. ÷ e.)			\$60,900
g. Period Weighting			0.25
h. Amortization amount for Period (f. x g.)			\$15,200
4. Unamortized loss (gain) subject to amortization as of 01 January 2011			
a. Unamortized net actuarial loss (gain)			\$1,645,700
b. ABO			11,716,400
c. 10% of ABO (b.)			1,171,600
d. Unamortized net actuarial loss (gain) subject to amortization (excess of a. over c., if any)			474,100
e. Expected average remaining service lifetime			13.4
f. Annual Amortization amount (d. ÷ e.)			\$35,400
g. Period Weighting			1
h. Amortization amount for Period (f. ÷ g.)			\$35,400
<b>5. Total Unamortized loss (gain) subject to amortization for Fiscal Year Ending 31 December 2011 (3.h. + 4.h.)</b>			<b>\$50,600</b>

## Analysis of Loss (Gain) in Obligation (ABO) under CICA 3461 recognized for the period 01 October 2010 to 31 December 2011

Gains and Losses Due to:	Due to Remeasurement as of 31.12.11
1. Change in discount rate from 5.2% per annum to 5.0% per annum	\$249,400
2. Change in claim costs	(1,010,200)
3. Change in trend assumptions	(80,800)
4. All other demographic (gain) loss	68,500
5. Benefit payments differing from expected	(348,200)
<b>6. Total</b>	<b>(\$1,121,300)</b>

## Analysis of Loss (Gain) in Obligation (ABO) under IAS 19 recognized for the period 01 January 2011 to 31 December 2011

Gains and Losses Due to:	Due to Remeasurement as of 31.12.11
1. Change in discount rate from 5.4% per annum to 4.4% per annum	\$1,448,200
2. Change in claim costs	(1,010,200)
3. Change in trend assumptions	(80,800)
4. All other demographic (gain) loss	68,500
5. Benefit payments differing from expected	(291,200)
<b>6. Total</b>	<b>\$134,500</b>

## APPENDIX B

### Membership Data

The actuarial valuations are based on membership data as at 30 September 2011 provided by London Hydro Inc.

**We have not independently verified the accuracy or completeness of the data except to the extent required by generally accepted professional standards and practices. Mercer will not be held responsible for any liability arising from the use of incomplete, inaccurate or not up-to-date data or documentation. We have applied tests for internal consistency, as well as for consistency with the data used for the previous valuation. These tests were applied to membership reconciliation, basic information (date of birth, date of hire, date of membership, gender, etc.), earnings, and service. The results of these tests were satisfactory.**

Plan membership data are summarized below. For comparison, we have also summarized corresponding data from the previous valuation.

### Analysis of Membership Data

	30.09.11	30.06.09
<b>Total Active Members</b>		
Number		
• Fully Eligible	62	49
• Not Fully Eligible	221	208
• <b>Total</b>	<b>283</b>	<b>257</b>
Average age	46.6 years	47.0 years
Average years of service	16.2	17.0

	30.09.11	30.06.09
<b>Total Retired Members and Surviving Spouses</b>		
Number		
Pre-65	37	43
Post-65	173	169
Average age		
Pre-65	61.1 years	60.6 years
Post-65	77.7 years	77.4 years
Number with life insurance		
Pre-65	10	14
Post-65	127	132
Number with Medical or Dental Benefits		
Pre-65	37	43
Post-65	132	132
Number with Family coverage		
Pre-65	31	36
Post-65	66	72
Average age of spouse		
Pre-65	60.3 years	58.9 years
Post-65	73.8 years	72.8 years
<b>Retired Members with Pre-65 Hospital, Drug, EHC, Vision, OOC and Dental Benefits</b>		
Number		
Single	5	6
Family	32	37
<b>Total</b>	<b>37</b>	<b>43</b>
Average age of retiree	61.1 years	60.7 years
Average age of spouse	60.3 years	58.9 years
<b>Retired Members with Pre-65 Life Insurance Benefits</b>		
• Number	10	14
• Average age of retiree	62.7 years	62.0 years
• Average insurance amount	\$28,717	\$29,525

	30.09.11	30.06.09
<b>Retired Members with Post-65 Hospital Benefits</b>		
Number		
Single	17	17
Family	35	39
<b>Total</b>	<b>52</b>	<b>56</b>
Average age of retiree	79.5 years	78.3 years
Average age of spouse	75.4 years	75.2 years
<b>Retired Members with Post-65 Drug, EHC and OOC Benefits</b>		
Number		
Single	36	30
Family	88	95
<b>Total</b>	<b>124</b>	<b>125</b>
Average age of retiree	77.5 years	76.6 years
Average age of spouse	74.0 years	73.0 years
<b>Retired Members with Post-65 Vision Benefits</b>		
Number		
Single	20	18
Family	26	28
<b>Total</b>	<b>46</b>	<b>46</b>
Average age of retiree	76.4 years	75.2 years
Average age of spouse	73.4 years	74.2 years
<b>Retired Members with Post-65 Dental Benefits</b>		
Number		
Single	19	14
Family	38	40
<b>Total</b>	<b>57</b>	<b>54</b>
Average age of retiree	76.4 years	75.2 years
Average age of spouse	72.1 years	71.3 years

	30.09.11	30.06.09
<b>Retired Members with Post-65 Life Insurance Benefits</b>		
• Number	127	132
• Average age of retiree	78.3 years	77.7 years
• Average insurance amount (valuation year)	\$37,684	\$37,626

## Analysis of Post Employment Membership Data

	30.09.11
<b>Total Disabled Members</b>	
Number Receiving Continuation of Medical & Dental	7
Average age	47.4 years
Average disability duration	5.6

## APPENDIX C

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### Valuation Methods and Assumptions

This Appendix describes the methods and assumptions used to value the Plan as well as accounting policies used to calculate the benefit cost.

#### Cost Method

ABO numbers shown in this report are computed using the Projected Benefit Method Pro Rated on Service, as defined in CICA 3461. The objective under this method is to expense each member's benefits under the Plan as they accrue, taking into consideration projections of benefit costs to and during retirement. The ABO is determined under this method as follows:

Under the Projected Benefit Method Pro Rated on Service, an equal portion of the total estimated future benefit is attributed to each year of service.

The ABO is the actuarial present value of the accrued benefit as of the valuation date and the current service cost is the actuarial present value of the benefit deemed to accrue in the fiscal year.

For retirees, spouses and surviving spouses, the ABO is the present value of all future projected benefits.

For each active member, a "full eligibility" date is determined as the first date the member has or will have met the age and service requirements to qualify for all benefits after retirement.

**Full eligibility** is age 55.

For active members who have reached "full eligibility", the ABO is the present value as of the valuation date of all future projected benefits. For these members, the service cost is zero.

For active members who have not yet reached "full eligibility", the ABO is the present value of all future projected benefits, multiplied by the ratio of service at the valuation date to projected service at "full eligibility". For these members, the current service cost is the present value of benefits as of the valuation date deemed to accrue in the fiscal year, and is determined as the present value of all future projected benefits divided by the projected service at "full eligibility".

The Plan's **current service cost** is the sum of the individual current service costs, and the Plan's **ABO** is the sum of the individual ABOs for all members under the Plan.



## Changes Since Prior Valuation

- Measurement date changed from 30 September to 31 December.
- Age 65 per capita claims cost assumptions changed.
- Prescription Drug trend assumption changed to an initial trend of 8.5% per annum in 2011 grading down to 4.5% per annum in and after 2028.
- Medical trend assumption changed to a flat 4.5% per annum.
- Discount rate changed from 5.20% per annum to 5.40% per annum for the first 3 months of the benefit cost determination.
- Discount rate changed from 5.40% per annum to 5.00% per annum for 2011 disclosure and the last 12 months of the 2011 benefit cost determination

## Funding Policy

The non-pension post retirement benefits are funded on a pay-as-you-go basis. The company funds on a cash basis as benefits are paid. No assets have been segregated and restricted to provide the non-pension post retirement benefits.

## Accounting Policies

The Company has elected to amortize past service costs resulting from plan amendments on a linear basis over the expected average remaining service period (to full eligibility) of active members expected to receive benefits under the Plan (9.8 years).

Cumulative gains and losses in excess of 10% of the beginning of year ABO are amortized over the expected average remaining service of active members expected to receive benefits under the Plan (13.3 years).

Obligations are attributed to the period beginning on the member's date of hire and ending on the date the member reaches first full eligibility for benefits.

London Hydro Inc.'s fiscal year-end date is 31 December and the measurement date of the company's obligations has been updated from 30 September to 31 December, for the purposes of this report.

We have used claims and expense data submitted by the London Hydro's insurer without further audit and participant data as supplied by London Hydro. We have reviewed the information for internal consistency, and we have no reason to doubt its substantial accuracy.

## Summary of Assumptions for Post Retirement Plan

The following assumptions were used in valuing the benefit obligations under the Plan.

<i>Measurement date used for 2010 disclosure</i>	September 30	
<i>Measurement date used for 2011 disclosure</i>	December 31	
<i>Discount rate</i>	<ul style="list-style-type: none"> <li>▪ 6.50% per annum for the 2010 benefit cost determination</li> <li>▪ 5.20% per annum for 31 December 2010 disclosure and the 2011 benefit cost determination relating to the period 01 October 2010 to 31 December 2010</li> <li>▪ 5.40% per annum for the 2011 benefit cost determination relating to the period 01 January 2011 to 31 December 2011</li> <li>▪ 5.00% per annum for 31 December 2011 disclosure under CICA<sup>11</sup></li> <li>▪ 4.40% per annum for 31 December 2011 disclosure under IAS 19<sup>11</sup></li> </ul>	
<i>Salary increases</i>	4.00% per annum	
<i>Health care cost trend rates for 2010 disclosure and 2011 benefit cost determination</i>	Hospital	5.0% per annum
	Prescription drugs	9.0% per annum in 2008 grading down to 4.5% per annum in and after 2028
	Other Medical	5.0% per annum
	Vision Care	4.5% per annum
	Dental	4.5% per annum
<i>Health care cost trend rates for 2011 disclosure</i>	Hospital	4.5% per annum
	Prescription drugs	8.5% per annum in 2011 grading down to 4.5% per annum in and after 2028
	Other Medical	4.5% per annum
	Vision Care	4.5% per annum
	Dental	4.5% per annum

<sup>11</sup> Please note that London Hydro Inc. chose the mercer method to determine discount rates under CICA 3461 and the CIA method to determine discount rates under IAS 19.

<i>Mortality</i>	UP 1994 Table with generational mortality improvement		
<i>Withdrawal</i>	Mercer "Ontario Light" Termination table Rates at sample ages are shown below:		
	<b>Age</b>	<b>Male</b>	<b>Female</b>
	20	18.8%	18.8%
	30	5.6%	5.6%
	40	2.2%	2.2%
	50	1.2%	1.2%
	60	0.0%	0.0%
	No withdrawal assumed after attainment of eligibility for retirement.		
<i>Retirement rates</i>	<b>Age</b>	<b>Rate</b>	
	55 – 59	7%	
	60 – 62	11%	
	63	12%	
	64	13%	
	65+	100%	
<i>Dependent coverage</i>	80% of active members are assumed to elect dependant coverage upon retirement Actual coverage data provided by the client is used for retired members.		
<i>Age difference</i>	For active members, a male is assumed to be 3 years older than his spouse. Actual data provided by the client is used for retired members.		
<i>2010 Age 65 per capita claims costs for 2010 disclosure and 2011 benefit cost determination<sup>12</sup></i>		<b>Pre-65 Plan</b>	<b>Post-65 Plan</b>
	Semi-private hospital	\$91	\$218
	Prescription drugs	2,057	666
	Other medical	206	182
	Vision care	85	85
	Out of Province	409	409
	Dental care	448	581
	<b>Total</b>	<b>\$3,296</b>	<b>\$2,141</b>

<sup>12</sup> 2010 claim cost (July 1, 2010 mid-point). Post-65 claims cost is before adjustment for 15% company cost sharing.

<i>2011 Age 65 per capita claims costs for 2011 disclosure<sup>13</sup></i>		<b>Pre-65 Plan</b>	<b>Post-65 Plan</b>																																																
	Semi-private hospital	\$97	\$145																																																
	Prescription drugs	2,057	726																																																
	Other medical	266	242																																																
	Vision care	109	85																																																
	Out of Province	230	363																																																
	Dental care	557	811																																																
	<b>Total</b>	<b>\$3,316</b>	<b>\$2,372</b>																																																
<i>Claims cost development</i>	<p>The 2011 age 65 per capita claim costs are based on the group's claims experience from 01 October 2008 to 30 September 2011 trended to the mid point of the valuation period, adjusted to age 65 and loaded 21% for administrative expenses and taxes.</p> <p>Claims costs were developed separately for Pre-65 and Post-65 retirees based on separate experience for each of these groups.</p> <p>The Out of Province rates were developed using 01 January 2012 premium rates.</p>																																																		
<i>Aging factors</i>	<p>The change in claiming levels from one age to the next are shown below for sample ages:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Age</th> <th style="text-align: center;">Prescription Drug</th> <th style="text-align: center;">Semi Private Hospital</th> <th style="text-align: center;">Other Medical</th> <th style="text-align: center;">Vision</th> <th style="text-align: center;">Dental</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">55</td> <td style="text-align: center;">3.8%</td> <td style="text-align: center;">7.0%</td> <td style="text-align: center;">(0.2)%</td> <td style="text-align: center;">(0.5)%</td> <td style="text-align: center;">(0.4)%</td> </tr> <tr> <td style="text-align: center;">60</td> <td style="text-align: center;">2.8%</td> <td style="text-align: center;">7.8%</td> <td style="text-align: center;">(0.6)%</td> <td style="text-align: center;">(0.6)%</td> <td style="text-align: center;">(0.7)%</td> </tr> <tr> <td style="text-align: center;">65</td> <td style="text-align: center;">2.1%</td> <td style="text-align: center;">10.0%</td> <td style="text-align: center;">(0.5)%</td> <td style="text-align: center;">(0.6)%</td> <td style="text-align: center;">(0.9)%</td> </tr> <tr> <td style="text-align: center;">70</td> <td style="text-align: center;">1.1%</td> <td style="text-align: center;">9.5%</td> <td style="text-align: center;">1.2%</td> <td style="text-align: center;">(0.5)%</td> <td style="text-align: center;">(1.1)%</td> </tr> <tr> <td style="text-align: center;">75</td> <td style="text-align: center;">0.5%</td> <td style="text-align: center;">9.3%</td> <td style="text-align: center;">1.7%</td> <td style="text-align: center;">(0.6)%</td> <td style="text-align: center;">(1.3)%</td> </tr> <tr> <td style="text-align: center;">80</td> <td style="text-align: center;">(0.2)%</td> <td style="text-align: center;">8.2%</td> <td style="text-align: center;">2.2%</td> <td style="text-align: center;">(0.6)%</td> <td style="text-align: center;">(1.8)%</td> </tr> <tr> <td style="text-align: center;">85</td> <td style="text-align: center;">(0.3)%</td> <td style="text-align: center;">6.8%</td> <td style="text-align: center;">2.3%</td> <td style="text-align: center;">(0.7)%</td> <td style="text-align: center;">(2.9)%</td> </tr> </tbody> </table>			Age	Prescription Drug	Semi Private Hospital	Other Medical	Vision	Dental	55	3.8%	7.0%	(0.2)%	(0.5)%	(0.4)%	60	2.8%	7.8%	(0.6)%	(0.6)%	(0.7)%	65	2.1%	10.0%	(0.5)%	(0.6)%	(0.9)%	70	1.1%	9.5%	1.2%	(0.5)%	(1.1)%	75	0.5%	9.3%	1.7%	(0.6)%	(1.3)%	80	(0.2)%	8.2%	2.2%	(0.6)%	(1.8)%	85	(0.3)%	6.8%	2.3%	(0.7)%	(2.9)%
Age	Prescription Drug	Semi Private Hospital	Other Medical	Vision	Dental																																														
55	3.8%	7.0%	(0.2)%	(0.5)%	(0.4)%																																														
60	2.8%	7.8%	(0.6)%	(0.6)%	(0.7)%																																														
65	2.1%	10.0%	(0.5)%	(0.6)%	(0.9)%																																														
70	1.1%	9.5%	1.2%	(0.5)%	(1.1)%																																														
75	0.5%	9.3%	1.7%	(0.6)%	(1.3)%																																														
80	(0.2)%	8.2%	2.2%	(0.6)%	(1.8)%																																														
85	(0.3)%	6.8%	2.3%	(0.7)%	(2.9)%																																														

<sup>13</sup> 2011 claim cost (April 1, 2011 mid-point). Post-65 claims cost is before adjustment for 15% company cost sharing.

<i>Administrative expenses as a percentage of paid claims</i>	Medical	10.0%	Not applied to Out of Province as valuing fully pooled premium
	Dental	10.0%	
	Life insurance	16.8%	
<i>Taxes</i>	8% of claims and administrative expenses for all medical and dental benefits. 2% premium tax on claims and administration expenses. 8% sales tax on claims, administration expenses and premium tax for life insurance.		
<i>Participation – Pre-65</i>	100% of members assumed to participate in the pre-65 retiree health plan.		
<i>Participation – Post-65</i>	<ul style="list-style-type: none"> <li>• 100% for drugs, OOP and other medical</li> <li>• 50% for hospital, vision and dental</li> </ul>		

## Summary of Assumptions for Service Awards and Retirement Allowances

The following assumptions were used in valuing the benefit obligations under the Plan.

<i>Measurement date</i>	December 31																				
<i>Discount rate</i>	<ul style="list-style-type: none"> <li>▪ 5.00% per annum for 31 December 2011 disclosure under CICA</li> <li>▪ 4.40% per annum for 31 December 2011 disclosure under IAS 19</li> </ul>																				
<i>Mortality</i>	UP 1994 Table with generational mortality improvement																				
<i>Withdrawal</i>	Mercer "Ontario Light" Termination table Rates at sample ages are shown below: <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="border-top: 1px solid black; border-bottom: 1px solid black;">Age</th> <th style="border-top: 1px solid black; border-bottom: 1px solid black;">Male</th> <th style="border-top: 1px solid black; border-bottom: 1px solid black;">Female</th> </tr> </thead> <tbody> <tr> <td>20</td> <td>18.8%</td> <td>18.8%</td> </tr> <tr> <td>30</td> <td>5.6%</td> <td>5.6%</td> </tr> <tr> <td>40</td> <td>2.2%</td> <td>2.2%</td> </tr> <tr> <td>50</td> <td>1.2%</td> <td>1.2%</td> </tr> <tr> <td>60</td> <td>0.0%</td> <td>0.0%</td> </tr> </tbody> </table> No withdrawal assumed after attainment of eligibility for retirement.			Age	Male	Female	20	18.8%	18.8%	30	5.6%	5.6%	40	2.2%	2.2%	50	1.2%	1.2%	60	0.0%	0.0%
Age	Male	Female																			
20	18.8%	18.8%																			
30	5.6%	5.6%																			
40	2.2%	2.2%																			
50	1.2%	1.2%																			
60	0.0%	0.0%																			
<i>Retirement rates</i>	Age	Rate																			
	55 – 59	7%																			
	60 – 62	11%																			
	63	12%																			
	64	13%																			
	65+	100%																			

<i>Taxes</i>	13% sales HST tax
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## Summary of Assumptions for LTD Plan

The following assumptions were used in valuing the benefit obligations under the Plan.

<i>Measurement date</i>	December 31		
<i>Discount rate</i>	<ul style="list-style-type: none"> <li>▪ 5.00% per annum for 31 December 2011 disclosure under CICA</li> <li>▪ 4.40% per annum for 31 December 2011 disclosure under IAS 19</li> </ul>		
<i>2011 premiums for 2011 disclosure</i>		<b>Single</b>	<b>Family</b>
	Semi-private hospital	\$149	\$262
	Vision care	96	314
	Other Medical	3,497	5,390
	Total Medical	3,742	5,966
	Dental care	695	1,609
	<b>Total</b>	<b>\$4,437</b>	<b>\$7,575</b>
<i>Premium development</i>	The 2011 per capita claim costs are based on the group's healthy premium rates multiplied by a disabled factor of 3 for all medical benefits.		
<i>Termination of Benefits</i>	Age 65		
<i>Recovery assumption</i>	<p>Mortality and recovery rate assumptions for medical and dental benefits provided to disabled employees are based on Canadian Group LTD Termination Experience 1988-1997.</p> <p>Modification factors vary by age and time since disability and are available upon request.</p>		

## Claims Cost Development

The 2011 age 65 per capita claim costs are based on the group's claims experience from 01 October 2008 to 30 September 2011 trended to the mid point of the valuation period, adjusted to age 65 and loaded 21% for administrative expenses and taxes. Claims costs were developed separately for Pre-65 and Post-65 retirees based on separate experience for each of these groups.

The per covered member claim costs used in the 30 September 2011 valuation and extrapolated for purposes of determining the liabilities as at 31 December 2011 were based on the actual retiree and dependent claims information for the 01 October 2008 to 30 September 2011, increased with assumed health care cost trend rates to 2011. This claims experience was collected and analysed separately for Semi-Private Hospital, Prescription Drugs, Other Medical, Vision Care, Out of Province and Dental benefits. Claims experience was also collected and analysed separately for Pre-65 and Post-65 retirees.

A description of the process used to set the "Age 65 per capita claims costs" (shown in Appendix C – Summary of Assumptions) is as follows:

- For each calendar year of claims, a cost per covered member was developed by dividing the total annual claims by the total number of eligible retirees, and dependents covered during the year.
- This cost per person has been adjusted to the cost per covered member at age 65 based on the individual ages of the covered members using the "Aging factors" assumptions shown in Appendix C – Summary of Assumptions).
- These costs have been increased to include the cost of insurance company administrative expenses and provincial taxes charged on the claims.
- The costs are then increased with assumed health care cost trend rates from the claims experience year to the midpoint of the valuation year of 30 September 2011.
- As indicated, this analysis was performed for each experience period 2008/09, 2009/10 and 2010/11. The assumed cost per covered member for the 30 September 2011 valuation was based on a weighted average of the costs for the three years, as follows:

Percentage Contribution to Valuation Assumed 2011 Claim Cost	Hospital, Vision, Other medical and Dental	Prescription Drugs
2008/09 claims experience	<b>30%</b>	<b>40%</b>
2009/10 claims experience	<b>40%</b>	<b>40%</b>
2010/11 claims experience	<b>40%</b>	<b>20%</b>
<b>Total</b>	<b>100%</b>	<b>100%</b>

Development of Non-Pension Post Retirement **Pre-65** Claims Costs Assumptions for 2011 Per  
Covered Member Claim Costs at Age 65

	2010/11	2009/10	2008/09
<b>Actual London Hydro Inc. Pre-65 retirees' paid claims (before administration costs and taxes)<sup>14</sup></b>			
Hospital	\$ 2,115	\$ 1,410	\$ 1,410
Drug	58,250	96,394	102,726
Vision care	5,896	6,030	6,731
Other medical	16,204	14,293	11,947
Dental	28,412	32,872	29,852
<b>Total</b>	<b>\$ 110,877</b>	<b>\$ 151,000</b>	<b>\$ 152,666</b>
<b>Number of London Hydro Inc. retirees, spouses and surviving spouses</b>			
▪ Eligible for medical benefits	67	80	83
▪ Eligible for prescription drug benefits	67	80	84
▪ Eligible for dental benefits	67	80	83
<b>Pre-65 Per covered member costs</b>			
Hospital	\$ 31.57	\$ 17.63	\$ 16.99
Drug	869.41	1,204.93	1,222.93
Vision care	88.00	75.38	80.13
Other medical	241.84	178.66	142.23
Dental	424.06	410.90	359.66
<b>Total</b>	<b>\$ 1,654.88</b>	<b>\$ 1,887.50</b>	<b>\$ 1,821.94</b>
<b>Trend to 31 March 2012</b>			
Hospital	1.0450	1.0920	1.1412
Drug	1.0833	1.1759	1.2791
Vision care	1.0000	1.0000	1.0000
Other medical	1.0450	1.0920	1.1412
Dental	1.0450	1.0920	1.1412
<b>2011 Pre-65 per covered member costs</b>			
Hospital	\$ 32.99	\$ 19.25	\$ 19.39
Drug	941.78	1,416.83	1,564.18
Vision care	88.00	75.38	80.13
Other medical	252.73	195.10	162.31
Dental	443.15	448.72	410.44
<b>Total</b>	<b>\$ 1,758.65</b>	<b>\$ 2,155.28</b>	<b>\$ 2,236.44</b>

<sup>14</sup> The Out of Province Costs are not listed here as the premium rates were used in development rather than actual costs.



<b>Weighting for Hospital, Vision, Other medical and Dental</b>	<b>40%</b>	<b>30%</b>	<b>30%</b>
<b>Weighting for Prescription Drugs</b>	<b>20%</b>	<b>40%</b>	<b>40%</b>

**2011 Pre-65 per covered member costs**

Hospital	\$ 24.78
Drug	1,380.76
Vision care	81.85
Other medical	208.31
Dental	435.00
<b>Total</b>	<b>\$ 2,130.72</b>

**Adjustment factors to convert 2011 per covered member costs into age 65 per covered member costs**

Hospital	3.23
Drug	1.23
Vision care	1.10
Other medical	1.06
Dental	1.06

**Pre-65 Per covered member age 65 claims costs (2011 per covered member costs x adjustment factors)**

Hospital	\$ 80.00
Drug - incorporating 55% drug offset	1,700.00
Vision care	90.00
Other medical	220.00
Dental	460.00
<b>Total</b>	<b>\$ 2,550.00</b>

**Administration costs and taxes**

▪ Administration costs for medical	10.00%	of claims
▪ Premium and sales taxes	10.00%	of claims
<b>Total administration costs and taxes</b>	<b>21.00%</b>	<b>of claims</b>

**Administration costs and taxes**

▪ Administration costs for dental	10.00%	of claims
▪ Premium and sales taxes	10.00%	of claims
<b>Total administration costs and taxes</b>	<b>21.00%</b>	<b>of claims</b>

**Pre-65 Per covered member age 65 claims costs with  
administration costs and taxes**

Hospital	\$ 96.80
Drug	2,057.00
Vision care	108.90
Other medical	266.20
Dental	556.60
<b>Total</b>	<b>\$ 3,085.50</b>

**Benefit adjustment factors due to differences in plan  
provisions**

Hospital	1.00
Drug	1.00
Vision care	1.00
Other medical	1.00
Dental	1.00

**London Hydro Inc. 2011 Pre-65 per covered member  
age 65 claims costs with administration costs and  
taxes**

	<b>Total</b>
Hospital	\$ 97
Drug	2,057
Vision care	109
Other medical	266
Dental	557
<b>Total</b>	<b>\$ 3,086</b>

Out of Province Premiums	230
<b>Total</b>	<b>\$ 3,316</b>

Development of Non-Pension Post Retirement **Post-65** Claims Costs Assumptions for 2011 Per Covered Member Claim Costs at Age 65

	2010/11	2009/10	2008/09
<b>Actual London Hydro Inc. Post-65 retirees' paid claims (before administration costs and taxes)<sup>15</sup></b>			
Hospital	\$ 19,035	\$ 10,164	\$ 54,575
Drug	111,852	103,229	96,620
Vision care	5,391	1,755	3,600
Other medical	35,078	28,392	22,128
Dental	55,085	46,625	38,634
<b>Total</b>	<b>\$ 5,100</b>	<b>\$ 1,400</b>	<b>\$ 2,125</b>
<b>Number of London Hydro Inc. retirees, spouses and surviving spouses</b>			
▪ Eligible for medical benefits	74	75	79
▪ Eligible for prescription drug benefits	191	189	188
▪ Eligible for dental benefits	91	86	82
<b>Post-65 Per covered member costs</b>			
Hospital	\$ 257.23	\$ 135.52	\$ 690.82
Drug	585.61	546.19	513.93
Vision care	85.57	28.77	59.02
Other medical	256.51	170.51	149.42
Dental	605.33	542.15	471.15
<b>Total</b>	<b>\$ 1,790.25</b>	<b>\$ 1,423.13</b>	<b>\$ 1,884.34</b>
<b>Trend to 31 March 2012</b>			
Hospital	1.0450	1.0920	1.1412
Drug	1.0833	1.1759	1.2791
Vision care	1.0000	1.0000	1.0000
Other medical	1.0450	1.0920	1.1412
Dental	1.0450	1.0920	1.1412
<b>2011 Post-65 per covered member costs</b>			
Hospital	\$ 268.81	\$ 147.99	\$ 788.34
Drug	634.36	642.24	657.35
Vision care	85.57	28.77	59.02
Other medical	268.06	186.20	170.51
Dental	632.57	592.04	537.66

<sup>15</sup> The Out of Province Costs are not listed here as the premium rates were used in development rather than actual costs.

<b>Total</b>	\$ 1,889.36	\$ 1,597.24	\$ 2,212.88
<b>Weighting</b>	<b>40%</b>	<b>30%</b>	<b>30%</b>
<b>2011 Post-65 per covered member costs</b>			
Hospital	\$ 388.42		
Drug	643.62		
Vision care	60.56		
Other medical	214.24		
Dental	591.94		
<b>Total</b>	<b>\$ 1,898.78</b>		
<b>Adjustment factors to convert 2011 per covered member costs into age 65 per covered member costs</b>			
Hospital	0.31		
Drug	0.93		
Vision care	1.16		
Other medical	0.93		
Dental	1.13		
<b>Post-65 Per covered member age 65 claims costs (2011 per covered member costs x adjustment factors)</b>			
Hospital	\$ 120.00		
Drug - incorporating 55% drug offset	600.00		
Vision care	70.00		
Other medical	200.00		
Dental	670.00		
<b>Total</b>	<b>\$ 1,660.00</b>		
<b>Administration costs and taxes</b>			
▪ Administration costs for medical	10.00%	of claims	
▪ Premium and sales taxes	10.00%	of claims	
<b>Total administration costs and taxes</b>	<b>21.00%</b>	<b>of claims</b>	
<b>Administration costs and taxes</b>			
▪ Administration costs for dental	10.00%	of claims	
▪ Premium and sales taxes	10.00%	of claims	
<b>Total administration costs and taxes</b>	<b>21.00%</b>	<b>of claims</b>	

**Post-65 Per covered member age 65 claims costs with  
administration costs and taxes**

Hospital	\$ 145.20
Drug	726.00
Vision care	84.70
Other medical	242.00
Dental	810.70
<b>Total</b>	<b>\$ 2,008.60</b>

**Benefit adjustment factors due to differences in plan  
provisions**

Hospital	1.00
Drug	1.00
Vision care	1.00
Other medical	1.00
Dental	1.00

**London Hydro Inc. 2011 Post-65 per covered member  
age 65 claims costs with administration costs and  
taxes**

	<b>Total</b>
Hospital	\$ 145
Drug	726
Vision care	85
Other medical	242
Dental	811
<b>Total</b>	<b>\$ 2,009</b>

Out of Province Premiums	363
<b>Total</b>	<b>\$ 2,372</b>

## APPENDIX D

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### Summary of Plan Provisions

Hourly and Salaried employees who retire from active service after age 55 are entitled to paid up life insurance and continued health and dental benefit coverage for themselves and their eligible family for life.

In general, retirees are entitled to \$10,000 paid up life insurance. However, there are certain grandfathered active employees (5 as of 30 June 2009) who are entitled to retiree life insurance equal to 50% of their pre-retirement annual base earnings. Also, the majority of current retirees are entitled to non-paid up life insurance amounts under previous plan provisions equal to flat dollar amounts, 50% of their pre-retirement annual base earnings, or 70% of their pre-retirement life benefit.

### Retiree Divisions

Upon retirement, pre-age 65 hourly retirees are placed in Division 7999 and salaried retirees are placed in Division 7998. Upon the attainment of age 65, hourly and salaried retirees are classified as Division 1983 and 3282 respectively.

The plan provisions for all divisions are summarized below.

***Division 7999-00 - 100% Company Paid benefits***

<b>Benefit</b>	<b>Coverage Summary</b>
Life	\$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	\$10 Single Annual Deductible \$20 Family Annual Deductible
Paramedical	Chiropractor: \$350/calendar year All other practitioners (including physiotherapy): \$500/calendar year combined
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, \$5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative \$7.00 dispensing fee cap
Vision Care	100% coverage to \$250 maximum every 24 months per person
Out of Country	100% coverage for Emergency Care to a maximum \$1,000,000 180 day trip maximum Referral coverage to maximum of \$50,000
Basic Dental	100% coverage to \$1,000 / year maximum per person
Major Restorative	50% coverage to \$1,000 / year maximum per person
Orthodontia	50% coverage to \$1,250 / lifetime maximum per person

***Division 7999-01 - 100% Company Paid benefits***

<b>Benefit</b>	<b>Coverage Summary</b>
Life	\$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	\$10 Single Annual Deductible \$20 Family Annual Deductible
Paramedical	Chiropractor: \$350/calendar year Physiotherapist: \$750/calendar year All other practitioners: \$500/calendar year combined
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, \$5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative \$7.00 dispensing fee cap
Vision Care	100% coverage to \$300 maximum every 24 months per person
Out of Country	100% coverage for Emergency Care to a maximum \$1,000,000 180 day trip maximum Referral coverage to maximum of \$50,000
Basic Dental	100% coverage to \$1,000 / year maximum per person
Major Restorative	50% coverage to \$1,200 / year maximum per person
Orthodontia	50% coverage to \$1,500 / lifetime maximum per person



***Division 7999-05 - 100% Company Paid benefits***

<b>Benefit</b>	<b>Coverage Summary</b>
Life	\$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	\$10 Single Annual Deductible \$20 Family Annual Deductible
Paramedical	Chiropractor: \$350/calendar year Physiotherapist: \$750/calendar year All other practitioners: \$500/calendar year combined
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, \$5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative \$7.00 dispensing fee cap
Vision Care	100% coverage to \$350 maximum every 24 months per person
Hearing Aids	100% standard coverage to a maximum of \$500 every 3 years
Out of Country	100% coverage for Emergency Care to a maximum \$1,000,000 180 day trip maximum Referral coverage to maximum of \$50,000
Basic Dental	100% coverage to \$1,275 / year maximum per person
Major Restorative	50% coverage to \$1,350 / year maximum per person
Orthodontia	50% coverage to \$2,000 / lifetime maximum per person

***Division 7999-91 - 100% Company Paid benefits***

<b>Benefit</b>	<b>Coverage Summary</b>
Life	\$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	\$10 Single Annual Deductible \$20 Family Annual Deductible
Paramedical	Chiropractor: \$350/calendar year Physiotherapist: \$750/calendar year All other practitioners: \$500/calendar year combined
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, \$5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative \$7.00 dispensing fee cap
Vision Care	100% coverage to \$300 maximum every 24 months per person includes eye exam
Out of Country	100% coverage for Emergency Care to a maximum \$1,000,000 180 day trip maximum Referral coverage to maximum of \$50,000
Basic Dental	100% coverage to \$1,250 / year maximum per person
Major Restorative	50% coverage to \$1,350 / year maximum per person
Orthodontia	50% coverage to \$2,000 / lifetime maximum per person

***Division 7999-92 - 100% Company Paid benefits***

<b>Benefit</b>	<b>Coverage Summary</b>
Life	\$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	\$10 Single Annual Deductible \$20 Family Annual Deductible
Paramedical	Chiropractor: \$300/calendar year Physiotherapist: No maximum All other practitioners: Various cost per visit and/or calendar year maximums
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, \$5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative No dispensing fee cap
Vision Care	100% coverage to \$200 maximum every 24 months per person
Out of Country	100% coverage for Emergency Care to a maximum \$1,000,000 180 day trip maximum Referral coverage to maximum of \$50,000
Basic Dental	100% coverage to \$1,000 / year maximum per person
Major Restorative	50% coverage to \$1,000 / year maximum per person
Orthodontia	50% coverage to \$1,000 / lifetime maximum per person

***Division 7999-96 - 100% Company Paid benefits***

<b>Benefit</b>	<b>Coverage Summary</b>
Life	\$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	\$10 Single Annual Deductible \$20 Family Annual Deductible
Paramedical	Chiropractor: \$300/calendar year Physiotherapist: No maximum All other practitioners: Various cost per visit and/or calendar year maximums
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, \$5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative \$7.00 dispensing fee cap
Vision Care	100% coverage to \$200 maximum every 24 months per person
Out of Country	100% coverage for Emergency Care to a maximum \$1,000,000 180 day trip maximum Referral coverage to maximum of \$50,000
Basic Dental	100% coverage to \$1,000 / year maximum per person
Major Restorative	50% coverage to \$1,000 / year maximum per person
Orthodontia	50% coverage to \$1,000 / lifetime maximum per person

***Division 7998-02 - 100% Company Paid benefits***

<b>Benefit</b>	<b>Coverage Summary</b>
Life	\$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	\$10 Single Annual Deductible \$20 Family Annual Deductible
Paramedical	Chiropractor: \$350/calendar year Physiotherapist: \$750/calendar year All other practitioners: \$500/calendar year combined
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, \$5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative \$7.00 dispensing fee cap
Vision Care	100% coverage to \$300 maximum every 24 months per person
Hearing Aids	100% standard coverage every 5 years
Out of Country	100% coverage for Emergency Care to a maximum \$1,000,000 180 day trip maximum Referral coverage to maximum of \$50,000
Basic Dental	100% coverage to \$1,500 / year maximum per person
Major Restorative	50% coverage to \$1,500 / year maximum per person
Orthodontia	50% coverage to \$2,500 / lifetime maximum per person

***Division 7998-04 - 100% Company Paid benefits***

<b>Benefit</b>	<b>Coverage Summary</b>
Life	\$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	\$10 Single Annual Deductible \$20 Family Annual Deductible
Paramedical	Chiropractor: \$350/calendar year Physiotherapist: \$750/calendar year All other practitioners: \$500/calendar year combined
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, \$5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative \$7.00 dispensing fee cap
Vision Care	100% coverage to \$350 maximum every 24 months per person includes eye exams
Hearing Aids	100% standard coverage every 5 years
Out of Country	100% coverage for Emergency Care to a maximum \$1,000,000 180 day trip maximum Referral coverage to maximum of \$50,000
Basic Dental	100% coverage to \$1,600 / year maximum per person
Major Restorative	50% coverage to \$1,600 / year maximum per person
Orthodontia	50% coverage to \$2,500 / lifetime maximum per person

***Division 7998-10 - 100% Company Paid benefits***

<b>Benefit</b>	<b>Coverage Summary</b>
Life	\$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	\$10 Single Annual Deductible \$20 Family Annual Deductible
Paramedical	Chiropractor: \$350/calendar year Physiotherapist: \$750/calendar year All other practitioners: \$500/calendar year combined
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, \$5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative \$7.00 dispensing fee cap
Vision Care	100% coverage to \$375 maximum every 24 months per person includes eye exams
Hearing Aids	100% standard coverage every 3 years
Out of Country	100% coverage for Emergency Care to a maximum \$1,000,000 180 day trip maximum Referral coverage to maximum of \$50,000
Basic Dental	100% coverage to \$1,625 / year maximum per person
Major Restorative	50% coverage to \$1,600 / year maximum per person
Orthodontia	50% coverage to \$2,500 / lifetime maximum per person

***Division 7998-82 - 100% Company Paid benefits***

<b>Benefit</b>	<b>Coverage Summary</b>
Life	\$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	\$10 Single Annual Deductible \$20 Family Annual Deductible
Paramedical	Chiropractor: \$300/calendar year Physiotherapist: No maximum All other practitioners: Various cost per visit and/or calendar year maximums
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, \$5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative
Vision Care	100% coverage to \$200 maximum every 24 months per person
Hearing Aids	100% standard coverage every 5 years
Out of Country	100% coverage for Emergency Care to a maximum \$1,000,000 180 day trip maximum Referral coverage to maximum of \$50,000
Basic Dental	100% coverage to \$1,500 / year maximum per person
Major Restorative	50% coverage to \$1,500 / year maximum per person
Orthodontia	50% coverage to \$2,000 / lifetime maximum per person



***Division 7998-86 - 100% Company Paid benefits***

<b>Benefit</b>	<b>Coverage Summary</b>
Life	\$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	\$10 Single Annual Deductible \$20 Family Annual Deductible
Paramedical	Chiropractor: \$300/calendar year Physiotherapist: No maximum All other practitioners: Various cost per visit and/or calendar year maximums
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, \$5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative \$7.00 dispensing fee cap
Vision Care	100% coverage to \$200 maximum every 24 months per person
Hearing Aids	100% standard coverage every 5 years
Out of Country	100% coverage for Emergency Care to a maximum \$1,000,000 180 day trip maximum Referral coverage to maximum of \$50,000
Basic Dental	100% coverage to \$1,500 / year maximum per person
Major Restorative	50% coverage to \$1,500 / year maximum per person
Orthodontia	50% coverage to \$2,000 / lifetime maximum per person

***Division 7998-90 - 100% Company Paid benefits***

<b>Benefit</b>	<b>Coverage Summary</b>
Life	\$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	\$10 Single Annual Deductible \$20 Family Annual Deductible
Paramedical	Chiropractor: \$350/calendar year All other practitioners (including physiotherapy): \$500/calendar year combined
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, \$5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative \$7.00 dispensing fee cap
Vision Care	100% coverage to \$250 maximum every 24 months per person
Hearing Aids	100% standard coverage every 5 years
Out of Country	100% coverage for Emergency Care to a maximum \$1,000,000 180 day trip maximum Referral coverage to maximum of \$50,000
Basic Dental	100% coverage to \$1,500 / year maximum per person
Major Restorative	50% coverage to \$1,500 / year maximum per person
Orthodontia	50% coverage to \$2,500 / lifetime maximum per person

***Division 1983-00 – 15% Company Paid benefits***

<b>Benefit</b>	<b>Coverage Summary</b>
Life	\$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	\$10 Single Annual Deductible \$20 Family Annual Deductible
Paramedical	Chiropractor: \$350/calendar year All other practitioners (including physiotherapy): \$500/calendar year combined
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, \$5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative \$7.00 dispensing fee cap
Vision Care	100% coverage to \$250 maximum every 24 months per person
Out of Country	100% coverage for Emergency Care to a maximum \$1,000,000 180 day trip maximum Referral coverage to maximum of \$50,000
Basic Dental	100% coverage to \$1,000 / year maximum per person
Major Restorative	50% coverage to \$1,000 / year maximum per person
Orthodontia	50% coverage to \$1,250 / lifetime maximum per person

***Division 1983-01 - 15% Company Paid benefits***

<b>Benefit</b>	<b>Coverage Summary</b>
Life	\$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	\$10 Single Annual Deductible \$20 Family Annual Deductible
Paramedical	Chiropractor: \$350/calendar year Physiotherapist: \$750/calendar year All other practitioners: \$500/calendar year combined
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, \$5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative \$7.00 dispensing fee cap
Vision Care	100% coverage to \$300 maximum every 24 months per person
Out of Country	100% coverage for Emergency Care to a maximum \$1,000,000 180 day trip maximum Referral coverage to maximum of \$50,000
Basic Dental	100% coverage to \$1,000 / year maximum per person
Major Restorative	50% coverage to \$1,200 / year maximum per person
Orthodontia	50% coverage to \$1,500 / lifetime maximum per person

***Division 1983-11 - 15% Company Paid benefits***

<b>Benefit</b>	<b>Coverage Summary</b>
Life	\$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	\$10 Single Annual Deductible \$20 Family Annual Deductible
Paramedical	Chiropractor: \$350/calendar year Physiotherapist: \$750/calendar year All other practitioners: \$500/calendar year combined
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, \$5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative \$7.00 dispensing fee cap
Vision Care	100% coverage to \$350 maximum every 24 months per person
Hearing Aids	100% standard coverage to a maximum of \$500 every 3 years
Out of Country	100% coverage for Emergency Care to a maximum \$1,000,000 180 day trip maximum Referral coverage to maximum of \$50,000
Basic Dental	100% coverage to \$1,275 / year maximum per person
Major Restorative	50% coverage to \$1,350 / year maximum per person
Orthodontia	50% coverage to \$2,000 / lifetime maximum per person

***Division 1983-94 - 15% Company Paid benefits***

<b>Benefit</b>	<b>Coverage Summary</b>
Life	\$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	\$10 Single Annual Deductible \$20 Family Annual Deductible
Paramedical	Chiropractor: \$350/calendar year Physiotherapist: \$750/calendar year All other practitioners: \$500/calendar year combined
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, \$5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative \$7.00 dispensing fee cap
Vision Care	100% coverage to \$300 maximum every 24 months per person includes eye exam
Out of Country	100% coverage for Emergency Care to a maximum \$1,000,000 180 day trip maximum Referral coverage to maximum of \$50,000
Basic Dental	100% coverage to \$1,250 / year maximum per person
Major Restorative	50% coverage to \$1,350 / year maximum per person
Orthodontia	50% coverage to \$2,000 / lifetime maximum per person

***Division 1983-96 - 15% Company Paid benefits***

<b>Benefit</b>	<b>Coverage Summary</b>
Life	\$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	\$10 Single Annual Deductible \$20 Family Annual Deductible
Paramedical	Chiropractor: \$300/calendar year Physiotherapist: No maximum All other practitioners: Various cost per visit and/or calendar year maximums
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, \$5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative \$7.00 dispensing fee cap
Vision Care	100% coverage to \$200 maximum every 24 months per person
Out of Country	100% coverage for Emergency Care to a maximum \$1,000,000 180 day trip maximum Referral coverage to maximum of \$50,000
Basic Dental	100% coverage to \$1,000 / year maximum per person
Major Restorative	50% coverage to \$1,000 / year maximum per person
Orthodontia	50% coverage to \$1,000 / lifetime maximum per person

***Division 1983-98 - 15% Company Paid benefits***

<b>Benefit</b>	<b>Coverage Summary</b>
Life	\$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	\$10 Single Annual Deductible \$20 Family Annual Deductible
Paramedical	Chiropractor: \$300/calendar year Physiotherapist: No maximum All other practitioners: Various cost per visit and/or calendar year maximums
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, \$5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative No dispensing fee cap
Vision Care	100% coverage to \$200 maximum every 24 months per person
Out of Country	100% coverage for Emergency Care to a maximum \$1,000,000 180 day trip maximum Referral coverage to maximum of \$50,000
Basic Dental	100% coverage to \$1,000 / year maximum per person
Major Restorative	50% coverage to \$1,000 / year maximum per person
Orthodontia	50% coverage to \$1,000 / lifetime maximum per person



***Division 3282-88 - 15% Company Paid benefits***

<b>Benefit</b>	<b>Coverage Summary</b>
Life	\$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	\$10 Single Annual Deductible \$20 Family Annual Deductible
Paramedical	Chiropractor: \$300/calendar year Physiotherapist: No maximum All other practitioners: Various cost per visit and/or calendar year maximums
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, \$5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative No dispensing fee cap
Vision Care	100% coverage to \$200 maximum every 24 months per person
Hearing Aids	100% standard coverage every 5 years
Out of Country	100% coverage for Emergency Care to a maximum \$1,000,000 180 day trip maximum Referral coverage to maximum of \$50,000
Basic Dental	100% coverage to \$1,500 / year maximum per person
Major Restorative	50% coverage to \$1,500 / year maximum per person
Orthodontia	50% coverage to \$2,000 / lifetime maximum per person

***Division 3282-86 - 15% Company Paid benefits***

<b>Benefit</b>	<b>Coverage Summary</b>
Life	\$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	\$10 Single Annual Deductible \$20 Family Annual Deductible
Paramedical	Chiropractor: \$300/calendar year Physiotherapist: No maximum All other practitioners: Various cost per visit and/or calendar year maximums
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, \$5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative \$7.00 dispensing fee cap
Vision Care	100% coverage to \$200 maximum every 24 months per person
Hearing Aids	100% standard coverage every 5 years
Out of Country	100% coverage for Emergency Care to a maximum \$1,000,000 180 day trip maximum Referral coverage to maximum of \$50,000
Basic Dental	100% coverage to \$1,500 / year maximum per person
Major Restorative	50% coverage to \$1,500 / year maximum per person
Orthodontia	50% coverage to \$2,000 / lifetime maximum per person

***Division 3282-90 - 15% Company Paid benefits***

<b>Benefit</b>	<b>Coverage Summary</b>
Life	\$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	\$10 Single Annual Deductible \$20 Family Annual Deductible
Paramedical	Chiropractor: \$350/calendar year All other practitioners (including physiotherapy): \$500/calendar year
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, \$5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative \$7.00 dispensing fee cap
Vision Care	100% coverage to \$250 maximum every 24 months per person
Hearing Aids	100% standard coverage every 5 years
Out of Country	100% coverage for Emergency Care to a maximum \$1,000,000 180 day trip maximum Referral coverage to maximum of \$50,000
Basic Dental	100% coverage to \$1,500 / year maximum per person
Major Restorative	50% coverage to \$1,500 / year maximum per person
Orthodontia	50% coverage to \$2,500 / lifetime maximum per person

***Division 3282-02 - 15% Company Paid benefits***

<b>Benefit</b>	<b>Coverage Summary</b>
Life	\$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	\$10 Single Annual Deductible \$20 Family Annual Deductible
Paramedical	Chiropractor: \$350/calendar year Physiotherapist: \$750/calendar year All other practitioners: \$500/calendar year combined
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, \$5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative \$7.00 dispensing fee cap
Vision Care	100% coverage to \$300 maximum every 24 months per person
Hearing Aids	100% standard coverage every 5 years
Out of Country	100% coverage for Emergency Care to a maximum \$1,000,000 180 day trip maximum Referral coverage to maximum of \$50,000
Basic Dental	100% coverage to \$1,500 / year maximum per person
Major Restorative	50% coverage to \$1,500 / year maximum per person
Orthodontia	50% coverage to \$2,500 / lifetime maximum per person

***Division 3282-10 - 15% Company Paid benefits***

<b>Benefit</b>	<b>Coverage Summary</b>
Life	\$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	\$10 Single Annual Deductible \$20 Family Annual Deductible
Paramedical	Chiropractor: \$350/calendar year Physiotherapist: \$750/calendar year All other practitioners: \$500/calendar year combined
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, \$5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative \$7.00 dispensing fee cap
Vision Care	100% coverage to \$375 maximum every 24 months per person includes eye exams
Hearing Aids	100% standard coverage every 3 years
Out of Country	100% coverage for Emergency Care to a maximum \$1,000,000 180 day trip maximum Referral coverage to maximum of \$50,000
Basic Dental	100% coverage to \$1,625 / year maximum per person
Major Restorative	50% coverage to \$1,600 / year maximum per person
Orthodontia	50% coverage to \$2,500 / lifetime maximum per person

## Service Award and Retirement Bonus Provisions

London Hydro Inc. will pay bonus amounts upon the attainment of specific service levels. Service attainments and the corresponding bonus amounts are shown below:

Service Level Attained	Bonus Amount
5 years	\$60
10 years	\$110
15 years	\$150
20 years	\$250
25 years	\$300
30 years	\$400
35 years and above (5 year increments)	\$450
Retirement	\$500

## Disability Plan Provisions

London Hydro Inc. shall continue the payment of medical premiums in Article 24:01 for twelve (12) months after expiration of the Corporation sick leave plan.

After twelve (12) months, further payments shall be prorated according to length of service as determined by the posted seniority list as follows:

- Less than five (5) years service - no further payment
- For each year of service over five (5) - six (6) months payment
- In no case shall payment be continued past age sixty-five (65).

When the employee is no longer eligible for Corporation payment of premiums, they may remain in the Corporation group and make across-the-counter payments to continue these benefits.

If payment of medical premiums can be secured from other sources, such as spouse's employment or premium assistance, the Corporation is not obligated for these payments.

## APPENDIX E

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### Transition to International Financial Reporting Standards

This appendix contains information to enable the Company to disclose the impact of the transition to IFRS in its financial reports.

#### **Accounting Policies**

##### ***Transition Methodology***

The Company has elected to adopt the “fresh start” exemption allowed under *IFRS 1 – First Time Adoption of International Financial Accounting Standards*. Under the “fresh start” exemption, any unamortized amounts<sup>16</sup> at 30 September 2010 as well as the difference in funded status at early measurement date (including 4th quarter contributions) and at transition date are immediately recognized at 01 January 2011 as a transition adjustment to retained earnings.

##### ***Recognition of Actuarial Gains and Losses***

When reporting under IAS19, the Company has decided to recognize actuarial gains and losses immediately in other comprehensive income in the period in which they occur.

##### ***Past Service Costs***

In accordance with IAS 19, the amortization of past service costs emerging from plan amendments is made on a linear basis over the average vesting period of the benefits granted for active members expected to receive benefits under the plan. If the benefits granted vest immediately then the full past service cost is recognised immediately.

##### ***Valuation Methods***

The actuarial cost method and attribution of benefits to employee service are as described in the report for CICA 3461.

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<sup>16</sup> Unamortized amounts include unamortized gains or losses, past service costs or credits and transitional asset or obligations that arose from the adoption of CICA 3461 in 2000. The sole exception is that any unamortized past service costs that have not yet vested continue to be amortized over that period that such benefits vest.

## Principal Expense and Disclosure Information

### *Opening IFRS Balance Sheet*

The net asset (liability) at 01 January 2011 under IAS 19, is \$11,716,400.

<b>Amounts Recognized in the Balance Sheet Under IAS 19</b>	<b>01.01.11</b>
Benefit obligation	(\$11,716,400)
Fair value of plan assets	0
<b>Excess (deficit)</b>	<b>(\$11,716,400)</b>
Unamortized unvested past service costs (credits)	0
<b>Net asset (liability) under IAS 19</b>	<b>(\$11,716,400)</b>

The charge to retained earnings due to the transition to IAS 19 from CICA 3461 is \$1,645,700 for the Plan and is determined as follows:

<b>Reconciliation to IAS 19 from CICA 3461</b>	<b>01.01.11</b>
Net asset /(liability) under CICA 3461	(\$10,070,700)
<b>LESS</b>	
Net asset /(liability) under IAS 19	(\$11,716,400)
<b>Total charge (credit) to retained earnings</b>	<b>\$1,645,700</b>

<b>Reconciliation to IAS 19 from CICA 3461</b>	<b>01.01.11</b>
Unamortized transitional obligation (asset)	\$0
Unamortized vested past service costs (credits)	0
Unamortized net actuarial loss (gain)	1,645,700
Difference in attribution period	0
Difference in scope of plans valued	0
Difference in funded status at early measurement date (including 4 <sup>th</sup> quarter contributions) and transition date <i>01 January 2011</i>	0
<b>Total charge (credit) to retained earnings</b>	<b>\$1,645,700</b>



### **Comparator Year IFRS Non-Pension Post Retirement Benefit Expense**

The non-pension post retirement benefit cost under IAS 19 for the fiscal year ending 31 December 2011 is determined as follows.

<b>Components of Non-Pension Postretirement Benefit Cost under IAS 19</b>	<b>Fiscal Year Ending 31.12.11</b>
Amounts recognized in profit or loss:	
• Current service cost	\$274,800
• Interest cost	629,700
• Expected return on plan assets	0
• Amortization of unvested past service cost (credit)	0
• Recognition of vested past service cost (credit)	0
• Amortization of net loss (gain)	0
• Curtailment loss (gain) recognized	0
• Settlement loss (gain) recognized	0
<b>Total non-pension post retirement benefit cost/(credit) under IAS 19 recognized in profit or loss</b>	<b>\$904,500</b>
Amounts recognized in other comprehensive income:	
Actuarial loss (gain) immediately recognized	134,500
<b>Total non-pension post retirement benefit cost/(credit) under IAS 19 recognized in OCI</b>	<b>\$134,500</b>

### **End of Comparator Year IFRS Balance Sheet**

The net asset (liability) at 31 December 2011 under IAS 19, is \$12,385,000.

<b>Amounts Recognized in the Balance Sheet under IAS 19</b>	<b>31.12.11</b>
Benefit obligation	(\$12,385,000)
Fair value of plan assets	0
<b>Excess (deficit)</b>	<b>(\$12,385,000)</b>
Unamortized unvested past service costs (credits)	0
Unamortized net actuarial loss (gain)	0
<b>Net asset (liability) under IAS 19</b>	<b>(\$12,385,000)</b>

## ***Adjustment to Equity on Adoption of IFRS***

The adjustments required on adoption of IFRS on 01 January 2011 are determined as follows:

<b>Additional Adjustment to Equity on Adoption of IFRS</b>	<b>Fiscal Year Ending 31.12.11</b>
Total non-pension post retirement benefit cost/(credit) under IAS 19 recognized in profit or loss	\$904,500
<b>PLUS</b>	
Total non-pension post retirement benefit cost/(credit) under IAS 19 recognized in OCI	134,500
<b>LESS</b>	
Net periodic non-pension post retirement benefit cost under CICA 3461 for the period 01 January 2011 to 31 December 2011	939,900
<b>Additional charge (credit) to equity</b>	<b>\$99,100</b>
 <b>Total Adjustment to Equity</b>	 01.01.12
Initial charge (credit) at 01 January 2011	\$1,645,700
Additional charge (credit) at 31 December 2011	99,100
<b>Charge (credit) to equity</b>	<b>\$1,744,800</b>

## ***Other Benefits***

Under IAS 19, the liability for medical and dental benefits while on LTD as at 31 December 2011 based on a discount rate of 4.4% per annum is \$170,503. The liability for service awards and retirement allowances as at 31 December 2011 based on a discount rate of 4.4% per annum is \$159,861. These liabilities should be recognized in expense resulting in a total additional expense for other benefits of \$330,364 as at 31 December 2011 under IAS 19.

## APPENDIX F

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### Employer Certification

With respect to the benefits included in the Report on Non-Pension Post Retirement Benefit Cost and Disclosure for the Fiscal Year Ending 31 December 2011 under CICA Section 3461 and Disclosure in Relation to the Transition to IAS 19 at 01 January 2011 of London Hydro Inc.'s Non-Pension Post Retirement Benefit Plan, I hereby certify that, to the best of my knowledge and belief:

- The membership data supplied to the actuary provides a complete and accurate description of all persons who are entitled to benefits under the terms of these Plans for service up to the date of the valuation, 30 September 2011.
- A copy of the plan documents and of all amendments made up to 31 December 2011 for these Plans were supplied to the actuary;
- All substantive commitments (as defined under CICA 3461) and constructive obligations (as defined under IAS 19) have been communicated to the actuary;
- Accounting policies adopted by the Company are those described in this report;
- The actuarial methods, amortization method and amortization periods to be used for the purposes of the valuation are those described in this report;
- Management's best-estimate assumptions for purposes of the valuation of the Plan and the extrapolation of the financial position of the Plan as of the fiscal year end 31 December 2011 are those described in this report; and
- All events subsequent to the valuation that may have an impact on the results of the valuation have been communicated to the actuary.

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Date

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Signed

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Name

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Title



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