

**SECTION 3461 UNDER PART V OF THE CICA HANDBOOK
ACTUARIAL VALUATION REPORT AS AT 31 DECEMBER 2012
NON-PENSION POST RETIREMENT
LONDON HYDRO INC.
11 February 2013**



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Report highlights

Mercer has prepared this report for London Hydro Inc. (the “Entity”) to present actuarial estimates of liabilities as of 31 December 2012 for non-pension post retirement benefits and post employment retirement allowances and medical/dental benefits paid while on long term disability provided by London Hydro Inc. to incorporate, as London Hydro Inc. deems appropriate, in its financial statements under Section 3461 under Part V of the Canadian Institute of Chartered Accountants Handbook (CICA 3461) and to provide an estimate of the benefit cost for the fiscal year ending 31 December 2013.

All sections of this report relate to reporting under CICA 3461, unless specified otherwise.

London Hydro Inc.’s fiscal year-end date is 31 December and the measurement date for the plan obligations as described in this report is 31 December. Please note that due to the measurement date change for plan obligations reported at 31 December 2011; the fiscal year 2011 period is from 01 October 2010 to 31 December 2011.

Please note that in 2011, London Hydro Inc. requested that a valuation be done with respect to the liability for retirement allowances and medical/dental benefits paid while on long term disability (LTD). The results for these benefits are shown separately in the summary of results and at the end of the report highlights in a section called ‘Other Benefits’.

All results presented in this report are in Canadian dollars.

Please see Section 3 of this report provides further explanation as to the purposes and limitations of this report.

Summary of results

Below are highlights of the results as of 31 December 2012 compared to the corresponding figures as of 31 December 2011.

	31 December 2012			
	Post Retirement	Retirement Allowance	Medical/Dental on LTD	Total
Benefit cost	\$856,300	\$0	\$16,800	\$873,100
Benefit obligation	\$13,328,400	\$58,400	\$184,300	\$13,571,100
Unrecognized Loss (Gain)	\$2,269,700	\$0	\$0	\$2,269,700
Net asset (liability) recognized in financial statements	(\$11,058,700)	(\$58,400)	(\$184,300)	(\$11,301,400)
Discount rate at year-end	4.00% per year	5.00% per year	5.00% per year	
Initial weighted average health care trend rate	6.58% per year	N/A	N/A	
Ultimate weighted average health care trend rate	4.50% per year	N/A	N/A	
Year ultimate rate reached	2028	N/A	N/A	

31 December 2011¹

	Post Retirement	Retirement Allowance	Medical/Dental on LTD	Total
Benefit cost	\$1,180,600	\$58,400	\$167,500	\$1,406,500
Benefit obligation	\$11,478,800	\$58,400	\$167,500	\$11,704,700
Unrecognized Loss (Gain)	\$838,600	\$0	\$0	\$838,600
Net asset (liability) recognized in financial statements	(\$10,640,200)	(\$58,400)	(\$167,500)	(\$10,866,100)
Discount rate at year-end	5.00% per year	5.00% per year	5.00% per year	
Initial weighted average health care trend rate	6.69% per year	N/A	N/A	
Ultimate weighted average health care trend rate	4.50% per year	N/A	N/A	
Year ultimate rate reached	2028	N/A	N/A	

The 2012 benefit cost includes no charges/credits due to special events.

The estimated benefit cost for the non-pension post retirement benefits fiscal year 2013 is \$973,400 under CICA 3461. The estimated 2013 benefit cost information is in Appendix B.

Please note that the estimated 2013 benefit cost may be substantially different and may be revised if liabilities are remeasured during the year due to a significant event and/or cash flows are updated.

We have not been notified by London Hydro Inc. nor are we aware of any events subsequent to 31 December 2012 which, in our opinion, would have a material impact on the results of the valuation.

¹ Due to a measurement date change for plan obligations reported at 31 December 2011, the fiscal year 2011 period is from 01 October 2010 to 31 December 2011.

Review of results

The unfunded obligation increased from \$11,704,800 as at 31 December 2011 to \$13,571,100 as at 31 December 2012 and there was a current year loss of \$1,431,100. An analysis of the sources of this loss is shown in Appendix G

Details of the disclosure information under CICA 3461 are shown in Appendix A.

Changes in plan provisions

There were no changes in plan provisions since the previous reporting period. Plan provisions can be found in Appendix F. Please note that London Hydro Inc. has a service award benefit that does not require a liability to be held under CICA 3461.

Changes in actuarial assumptions

The actuarial assumptions changed since the last disclosure as of 31 December 2011. Details are shown in Appendix D. The approach used for setting the assumptions is similar to the prior year.

Changes in actuarial methods

The method used for determining the discount rate assumption was changed. The Mercer discount rate model was used for determining the discount rate for the 31 December 2011 year end disclosure and 2012 benefit cost. London Hydro Inc. requested that the discount rate model set out in the CIA Educational Note be used for determining the discount rate for the 31 December 2012 year end disclosure and 2013 benefit cost. There have been no other changes to the accounting methods or policies since the prior disclosure. Details regarding the actuarial methods are shown in Appendix E.

Changes in data

There have been no changes to the census data since the prior disclosure. A summary of participant data is provided in Appendix C.

To our knowledge there have been no changes since the prior valuation, not noted already, that will affect the valuation results.

Transition to International Financial Reporting Standards

London Hydro Inc. will be adopting International Financial Reporting Standards (“IFRS”) on 01 January 2014. Due to the requirement to provide comparative information in the first set of IFRS financial statements, the Entity will transition to IFRS from current CICA 3461 on 01 January 2013. 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 19R. The Entity will continue to report under current CICA 3461 in 2013. Two sets of financial results will be maintained for 2013, one for current CICA 3461 and another for IAS 19R. In 2014, IAS 19R will commence with comparative information for 2013.

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

Other Benefits

From 2011 onward, London Hydro Inc. requested that a valuation be done with respect to the liabilities for retirement allowances and medical/dental benefits while on LTD. Due to materiality, the liability for medical/dental benefits while on LTD was only adjusted for the change in number of claimants while the liability for retirement allowances was left unchanged. The liability for medical and dental benefits while on LTD as at 31 December 2012 based on a discount rate of 5.0% per annum is \$184,300. The corresponding liability for medical and dental benefits while on LTD as at 31 December 2011 based on a discount rate of 5.0% per annum was \$167,500. The LTD claimant count increased from a total of 10 to 11 claimants. The fiscal 2011 disclosure liability was prorated to arrive at the fiscal 2012 disclosure liability. This increase of \$16,500 should be recognized in expense for fiscal 2012. The liability for retirement allowances as at 31 December 2012 was unchanged based on a discount rate of 5.0% per annum is \$58,400 resulting in a benefit cost of 0.

These other benefits are excluded unless otherwise indicated from the results in the remainder of the report.

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Basis of valuation

Plan data

Mercer has used and relied on participant data as at 30 September 2011 as provided by London Hydro Inc. The participant data is summarized in Appendix C. The data was projected forward to 31 December 2012 using the method described in Appendix E, adjusted for the occurrence of any known significant events reported to Mercer and identified as such by London Hydro Inc.

London Hydro Inc. is responsible for ensuring that such membership data provides an accurate description of all persons who are participants under the terms of the plans or otherwise entitled to benefits that is sufficiently comprehensive and accurate for the purposes of this report. If the data supplied are not sufficiently comprehensive and accurate for the purposes of this report, the valuation results may differ significantly from the results that would be obtained with such data; this may require a later revision of this report.

We have applied tests for internal consistency, as well as for consistency with the data from the previous valuation. Although Mercer has reviewed the data for internal consistency and general reasonableness Mercer has not verified or audited any of the data or information provided.

Actuarial assumptions

To prepare the valuation report, assumptions are used in a forward looking financial and demographic model to present a single scenario from a wide range of possibilities; the results based on that single scenario are included in the valuation. The future is uncertain and the plan's actual experience will differ from those assumptions; these differences may be significant or material because these results are very sensitive to the assumptions made and, in some cases, to the interaction between the assumptions.

Different assumptions or scenarios within the range of possibilities may also be reasonable and results based on those assumptions would be different. As a result of the uncertainty inherent in a forward looking projection over a very long period of time, no one projection is uniquely "correct" and many alternative projections of the future could also be regarded as reasonable. Two different actuaries could, quite reasonably, arrive at different results based on the same data and different views of the future. A "sensitivity analysis" shows the degree to which results would be different if you substitute alternative assumptions within the range of possibilities for those utilized in this report.

The sensitivity of the results to changes in the healthcare trend rate assumption is shown in Appendix A for CICA 3461.

Assumptions may also be changed from one valuation to the next because of changes in mandated requirements, plan experience, changes in expectations about the future and other factors. A change in assumptions is not an indication that prior assumptions were unreasonable when made.

Actuarial methods

A valuation report is only a snapshot of a plan's estimated financial condition at a particular point in time; it does not predict the plan's future financial condition or its ability to pay benefits in the future and does not provide any guarantee of future financial soundness of the plan. 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 period of time over which benefits are paid, plan expenses and the amount earned on any assets invested to pay benefits. These amounts and other variables are uncertain and unknowable at the valuation date.

Because modelling all aspects of a situation is not possible or practical, we may use summary information, estimates, or simplifications of estimates to facilitate the modelling of future events in an efficient and cost-effective manner. We may also exclude factors or data that, if used, in our judgment, would not have significantly affected our results. Use of such simplifying techniques does not, in our judgment, affect the reasonableness of valuation results for the plan.

Valuations do not affect the ultimate cost of the plan, only the timing of when benefit costs are recognized. Cost recognition occurs over time. If the costs recognized over a period of years are lower or higher than necessary, for whatever reason, normal and expected practice is to adjust future expense levels with a view to recognizing the entire cost of the plan over time.

As instructed, Mercer has prepared the accounting disclosures in this report based on London Hydro Inc.'s accounting policies.

A summary of the actuarial methods, accounting policies and valuation procedures is provided in Appendix E.

Plan provisions

Mercer has used and relied on the plan documents, including amendments, and interpretations of plan provisions, supplied by London Hydro Inc. as summarized in Appendix F. The Entity is solely responsible for the validity, accuracy and comprehensiveness of this information. If any plan provisions supplied are not accurate and complete, the valuation results may differ significantly from the results that would be obtained with accurate and complete information. Moreover, plan documents may be subject to different interpretations, each of which could be reasonable, and the results under each of the different interpretations could vary. These plan provisions have been certified by London Hydro Inc. under Employer Certification in Appendix H.

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Actuarial certification

Mercer has prepared this report exclusively for London Hydro Inc.; subject to this limitation, London Hydro Inc. may direct that this report be provided to its auditors in connection with the audit of its financial statements. Mercer is not responsible for use of this report by any other party.

The only purposes of this report are to present actuarial estimates of liabilities as at 31 December 2012 for the London Hydro Inc.'s post retirement medical, dental, and life insurance plans and its post employment retirement allowances and medical/dental benefits paid while on long term disability for London Life Inc. to incorporate, as London Life Inc. deems appropriate, in its financial statements under CICA 3461 and to provide an actuarial estimate of benefit cost for the fiscal year ending 31 December 2013.

This report may not be used for any other purpose. Mercer is not responsible for the consequences of any unauthorized use. Its content may not be modified, incorporated into or used in other material, sold or otherwise provided, in whole or in part, to any other person or entity, without Mercer's permission.

This report was prepared in accordance with generally accepted actuarial principles and procedures. The actuarial assumptions were selected by London Hydro Inc. I am not expressing any opinion on these assumptions.

All parts of this report, including any documents incorporated by reference, are integral to understanding and explaining its contents; no part may be taken out of context, used or relied upon without reference to the report as a whole.

Decisions about benefit changes, granting new benefits, funding policy, benefit security and/or benefit-related issues should not be made solely on the basis of this valuation, but only after careful consideration of alternative economic, financial, demographic and societal factors, including financial scenarios that assume future sustained investment losses.

London Hydro Inc. is ultimately responsible for selecting the plan's accounting policies, methods and assumptions. This information is referenced or described in section 2 of this report. The plan sponsor is solely responsible for communicating to Mercer any changes required to those policies, methods and assumptions.

This report is based on our understanding of applicable law and regulations as of the valuation date. Mercer is not an accountant or auditor and is not responsible for the interpretation of, or compliance with, accounting standards; citations to, and descriptions of standards provided in this report are for reference purposes only. Mercer is not engaged in the practice of law. This report does not constitute and is not a substitute for legal advice.

London Hydro Inc. should notify Mercer promptly after receipt of this valuation report if London Hydro Inc. disagrees with anything contained herein or is aware of any information that would affect the results of this report that has not been communicated to Mercer or incorporated therein. The valuation report will be deemed final and acceptable to London Hydro Inc. unless London Hydro Inc. promptly provides such notice to Mercer.

Statement of opinion

The methods used in the valuations of benefit obligations and determination of plan costs were selected by the management of London Hydro Inc. ("Management") in accordance with the requirements of CICA 3461.

The preparers of the financial statements 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. I am not expressing any opinion on these assumptions.

In my opinion,

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

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

Respectfully submitted,

Lois Pavlich

Fellow of the Society of Actuaries

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Date

APPENDIX A

Disclosure information for Non-Pension Post Retirement Benefits Only²

From To	1/1/2012 12/31/2012	10/1/2010 12/31/2011
Change in benefit obligation		
Benefit obligation - end of prior period	11,478,800	11,947,300
Current service cost (employer)	283,400	345,600
Interest cost	572,900	784,400
Employee contributions	0	0
Plan amendments	0	0
Benefits paid	(437,800)	(477,200)
Net transfer in (out)	0	0
Acquisitions (divestitures)	0	0
Increase (decrease) in obligation due to curtailment	0	0
Obligation being settled	0	0
Special termination benefits	0	0
Actuarial loss (gain)	1,431,100	(1,121,300)
Benefit obligation - end	<u>13,328,400</u>	<u>11,478,800</u>
Change in plan assets		
Market value of plan assets - end of prior period	0	0
Actual return on plan assets	0	0
Employer contributions	437,800	477,200
Employee contributions	0	0
Benefits paid	(437,800)	(477,200)
Surplus paid out to employer	0	0
Settlement payments	0	0
Net transfer in (out)	0	0
Acquisitions (divestitures)	0	0
Actual plan expenses	0	0
Market value of plan assets - end	<u>0</u>	<u>0</u>

² Retirement Allowance and LTD disclosure information can be found in Report Highlights. In addition, due to a measurement date change for plan obligations reported at 31 December 2011, the fiscal year 2011 period is from 01 October 2010 to 31 December 2011.

From	1/1/2012	10/1/2010
To	12/31/2012	12/31/2011
Reconciliation of funded status		
Benefit obligation - end	13,328,400	11,478,800
Market value of plan assets - end	0	0
Funded status - surplus (deficit)	(13,328,400)	(11,478,800)
Employer contributions after measurement date	0	0
Unamortized transitional obligation (asset)	0	0
Unamortized past service costs	0	0
Unamortized net actuarial loss (gain)	2,269,700	838,600
Accrued benefit asset (liability)	(11,058,700)	(10,640,200)
Unamortized	0	0
Valuation allowance	0	0
Accrued benefit asset (liability), net of valuation allowance	(11,058,700)	(10,640,200)
Components of benefit cost		
Current service cost (including provision for plan expenses)	283,400	345,600
Interest cost	572,900	784,400
Expected return on plan assets	0	0
Amortization of transitional obligation (asset)	0	0
Amortization of past service costs	0	0
Amortization of net actuarial loss (gain)	0	50,600
Curtailment loss (gain)	0	0
Settlement loss (gain)	0	0
Amortization of transitional increase (decrease) in VA	0	0
Increase (decrease) in valuation allowance	0	0
Special termination benefits	0	0
Net expense (income)	856,300	1,180,600

From	1/1/2012	10/1/2010
To	12/31/2012	12/31/2011
Assumptions		
At beginning of period		
Discount rate	5.00%	5.20%
Rate of compensation increase	0.00%	0.00%
Health care inflation - Select	6.69%	6.90%
Health care inflation - Ultimate	4.50%	4.50%
Expected rate of return on plan assets	0.00%	0.00%
At end of period		
Discount rate	4.00%	5.00%
Rate of compensation increase	0.00%	0.00%
Health care inflation - Select	6.58%	6.69%
Health care inflation - Ultimate	4.50%	4.50%
Additional year-end information		
Required disclosures for post-employment medical plans		
Sensitivity to trend rate assumptions		
a. One percent increase in trend rate		
i. Effect on total service cost and interest cost components	114,600	160,800
ii. Effect on benefit obligation	1,435,900	1,027,200
b. One percent decrease in trend rate		
i. Effect on total service cost and interest cost components	(90,400)	(126,900)
ii. Effect on benefit obligation	(1,146,100)	(833,900)
Cash flow projection		
Expected benefit payments for the following years:		
2013:	629,400	
2014:	674,800	
2015:	696,400	
2016:	711,500	
2017:	752,200	
Next five years	4,100,700	

APPENDIX B

Estimated 2013 benefit cost information Under CICA 3461 for Non-Pension Post Retirement Benefits Only³

From To	1/1/2013 12/31/2013
Components of benefit cost	
Current service cost (including provision for plan expenses)	368,200
Interest cost	535,300
Expected return on plan assets	0
Amortization of transitional obligation (asset)	0
Amortization of past service costs	0
Amortization of net actuarial loss (gain)	69,900
Curtailement loss (gain)	0
Settlement loss (gain)	0
Amortization of transitional increase (decrease) in VA	0
Increase (decrease) in valuation allowance	0
Special termination benefits	0
Net expense (income)	<u>973,400</u>
Assumptions	
At beginning of period	
Discount rate	4.00%
Rate of compensation increase	0.00%
Health care inflation - Select	6.58%
Health care inflation - Ultimate	4.50%
Expected rate of return on plan assets	0.00%

³ Retirement Allowance and LTD disclosure information can be found in Report Highlights. In addition, due to a measurement date change for plan obligations reported at 31 December 2011, the fiscal year 2011 period is from 01 October 2010 to 31 December 2011.

APPENDIX C

Participant data

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

The Entity is responsible for ensuring that such participant data provides an accurate description of all persons who are participants under the terms of the plan or otherwise entitled to benefits that is sufficiently comprehensive and accurate for the purposes of this report. If the data supplied are not sufficiently comprehensive and accurate for the purposes of this report, the valuation results may differ significantly from the results that would be obtained with such data; this may require a later revision of this report. Although Mercer has reviewed the data for internal consistency and general reasonableness Mercer has not verified or audited any of the data or information provided.

Plan participant 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
Total Active Participant⁴		
Number		
• Fully Eligible	62	49
• Not Fully Eligible	221	208
• Total	283	257
Average age	46.6 years	47.0 years
Average years of service	16.2	17.0

⁴ The active participant population for non-pension post retirement benefits are the same population used in the retirement allowance valuation.

	30.09.11	30.06.09
Total Retired Members and Surviving Spouses		
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

	30.09.11	30.06.09
Retired Members with Pre-65 Hospital, Drug, EHC, Vision, OOC and Dental Benefits		
Number		
Single	5	6
Family	32	37
Total	37	43
Average age of retiree	61.1 years	60.7 years
Average age of spouse	60.3 years	58.9 years
Retired Members with Pre-65 Life Insurance Benefits		
• Number	10	14
• Average age of retiree	62.7 years	62.0 years
• Average insurance amount	\$28,717	\$29,525
Retired Members with Post-65 Hospital Benefits		
Number		
Single	17	17
Family	35	39
Total	52	56
Average age of retiree	79.5 years	78.3 years
Average age of spouse	75.4 years	75.2 years
Retired Members with Post-65 Drug, EHC and OOC Benefits		
Number		
Single	36	30
Family	88	95
Total	124	125
Average age of retiree	77.5 years	76.6 years
Average age of spouse	74.0 years	73.0 years

	30.09.11	30.06.09
Retired Members with Post-65 Vision Benefits		
Number		
Single	20	18
Family	26	28
Total	46	46
Average age of retiree	76.4 years	75.2 years
Average age of spouse	73.4 years	74.2 years
Retired Members with Post-65 Dental Benefits		
Number		
Single	19	14
Family	38	40
Total	57	54
Average age of retiree	76.4 years	75.2 years
Average age of spouse	72.1 years	71.3 years
Retired Members with Post-65 Life Insurance Benefits		
• 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
Total Disabled Members	
Number Receiving Continuation of Medical & Dental	7
Average age	47.4 years
Average disability duration	5.6

APPENDIX D

Actuarial assumptions

Summary of assumptions for non-pension post retirement benefit plan

The following assumptions were used in valuing the benefit obligations under the non-pension post retirement benefits plan.

<i>Measurement date</i>	31 December	
<i>Discount rate</i>	<ul style="list-style-type: none"> • 5.20% per annum for the 2011 benefit cost determination relating to the period 01 October 2010 to 31 December 2010 • 5.40% per annum for the 2011 benefit cost determination relating to the period 01 January 2011 to 31 December 2011 • 5.00% per annum for 31 December 2011 disclosure under CICA⁵ and 2012 benefit cost determination • 4.00% per annum for 31 December 2012 disclosure⁶ 	
<i>Salary increases</i>	4.00% per annum	
<i>Health care cost trend rates</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

⁵ Please note that London Hydro Inc. chose the Mercer discount model to determine the discount rate under CICA 3461.

⁶ Please note that London Hydro Inc. chose the CIA discount rate model to determine the discount rate under CICA 3461.

<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:		
	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%
	No withdrawal assumed after attainment of eligibility for retirement.		
<i>Retirement rates</i>	Age	Rate	
	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>2011 Age 65 per capita claims costs⁷</i>	Pre-65 Plan	Post-65 Plan
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
Total	\$3,316	\$2,372

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 Out of Province rates were developed using 01 January 2012 premium rates.

Aging factors

The change in claiming levels from one age to the next are shown below for sample ages:

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)%

⁷ 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"> • 100% for drugs, OOP and other medical • 50% for hospital, vision and dental 		

Summary of assumptions for retirement allowances

The following assumptions were used in valuing the benefit obligations for the retirement allowances.

<i>Measurement date</i>	31 December		
<i>Discount rate⁸</i>	▪ 5.00% per annum for 31 December 2011 disclosure and 31 December 2012 disclosure		
<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:		
	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%
	No withdrawal assumed after attainment of eligibility for retirement.		

⁸ Due to materiality, the liability for this benefit was not adjusted.

<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	

Summary of assumptions for other long term benefits

The following assumptions were used in valuing the benefit obligations for other long term benefits (medical/dental benefits while on long term disability).

<i>Measurement date</i>	31 December	
<i>Discount rate</i> ⁹	• 5.00% per annum for 31 December 2011 disclosure and 31 December 2012 disclosure	
<i>2011 premiums for 2011 disclosure</i>	Single	Family
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
Total	\$4,437	\$7,575

⁹ Due to materiality, the liability for this benefit was only adjusted for head counts for the 31 December 2012 disclosure.

<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>	Mortality and recovery rate assumptions for medical and dental benefits provided to disabled employees are based on Canadian Group LTD Termination Experience 1988-1997. Modification factors vary by age and time since disability and are available upon request.

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 D – Actuarial 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 D – Actuarial 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	30%	40%
2009/10 claims experience	40%	40%
2010/11 claims experience	40%	20%
Total	100%	100%

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
Actual London Hydro Inc. Pre-65 retirees' paid claims (before administration costs and taxes)¹⁰			
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
Total	\$ 110,877	\$ 151,000	\$ 152,666
Number of London Hydro Inc. retirees, spouses and surviving spouses			
▪ Eligible for medical benefits	67	80	83
▪ Eligible for prescription drug benefits	67	80	84
▪ Eligible for dental benefits	67	80	83
Pre-65 Per covered member costs			
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
Total	\$ 1,654.88	\$ 1,887.50	\$ 1,821.94
Trend to 31 March 2012			
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

¹⁰ The Out of Province Costs are not listed here as the premium rates were used in development rather than actual costs.

2011 Pre-65 per covered member costs

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
Total	\$ 1,758.65	\$ 2,155.28	\$ 2,236.44

Weighting for Hospital, Vision, Other medical and Dental	40%	30%	30%
Weighting for Prescription Drugs	20%	40%	40%

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
Total	\$ 2,130.72

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
Total	\$ 2,550.00

Administration costs and taxes

▪ Administration costs for medical and dental	10.00%	of claims
▪ Premium and sales taxes	10.00%	of claims
Total administration costs and taxes	21.00%	of claims

Age-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
Total	\$ 3,085.50

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

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

Out of Province Premiums	230
Total	\$ 3,316

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
Actual London Hydro Inc. Post-65 retirees' paid claims (before administration costs and taxes)¹¹			
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
Total	\$ 5,100	\$ 1,400	\$ 2,125
Number of London Hydro Inc. retirees, spouses and surviving spouses			
▪ Eligible for medical benefits	74	75	79
▪ Eligible for prescription drug benefits	191	189	188
▪ Eligible for dental benefits	91	86	82
Post-65 Per covered member costs			
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
Total	\$ 1,790.25	\$ 1,423.13	\$ 1,884.34
Trend to 31 March 2012			
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

¹¹ The Out of Province Costs are not listed here as the premium rates were used in development rather than actual costs.

2011 Post-65 per covered member costs

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
Total	\$ 1,889.36	\$ 1,597.24	\$ 2,212.88
Weighting	40%	30%	30%

2011 Post-65 per covered member costs

Hospital	\$ 388.42
Drug	643.62
Vision care	60.56
Other medical	214.24
Dental	591.94
Total	\$ 1,898.78

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

Hospital	0.31
Drug	0.93
Vision care	1.16
Other medical	0.93
Dental	1.13

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

Hospital	\$ 120.00
Drug - incorporating 55% drug offset	600.00
Vision care	70.00
Other medical	200.00
Dental	670.00
Total	\$ 1,660.00

Administration costs and taxes

• Administration costs for medical and dental	10.00%	of claims
• Premium and sales taxes	10.00%	of claims
Total administration costs and taxes	21.00%	of claims

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
Total	\$ 2,008.60

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

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

Out of Province Premiums	363
Total	\$ 2,372

APPENDIX E

Actuarial methods

Valuations and extrapolations for non-pension post retirement benefits

We have prepared an actuarial valuation of London Hydro Inc.'s non-pension post retirement 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 benefit cost for the non-pension post retirement benefit plan in accordance with CICA 3461 for the fiscal year beginning 01 January 2012 and ending 31 December 2012 to enable the Entity to account for the cost of the non-pension post retirement benefit plan under CICA 3461.

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 2012. In accordance with our mandate, the purpose of this valuation and extrapolation is to determine the obligations of the non-pension post retirement benefit plan in accordance with CICA 3461 to enable the Entity to satisfy the disclosure requirements under CICA 3461.

Cost method for non-pension post retirement benefits and retirement allowance benefits

Accrued Benefit Obligation (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 ABO for all members under the plan.

Cost method for medical/dental benefits while on LTD

The benefit obligation is the actuarial present value of the expected future benefits as of the valuation date.

Changes since prior valuation for non-pension post retirement benefits

- Discount rate changed from 5.00% per annum based on the Mercer discount rate model to 4.00% per annum based on the CIA discount rate model, for the 2012 disclosure.

Funding policy

The non-pension post retirement benefits, retirement allowance benefits and medical/dental benefits while on LTD are funded on a pay-as-you-go basis. The Entity 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 for non-pension post retirement benefits and retirement allowance benefits

The Entity 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.

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.

Accounting policies for medical/dental benefits while on LTD

The liabilities for medical/dental benefits while on LTD are determined on a terminal accounting basis. On this basis, the liability is triggered by each employee's absence, and there is no accrual during active service.

The benefit obligation with respect to the continuation of life insurance coverage, medical and dental benefits and self-insured income replacement benefits during disability has been determined as the present value of expected future benefit payments and expenses as of a particular date.

London Hydro Inc. recognizes the full change in this benefit obligation during the period as the benefit cost for the period. Our report does not address actual benefit payments as we do not have information on these amounts. This method of accounting assumes that the actual payments are expensed outside of the accounting shown in this report.

APPENDIX F

Plan provisions

Non-pension post retirement benefits plan

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

Benefit	Coverage Summary
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

Benefit	Coverage Summary
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

Benefit	Coverage Summary
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

Benefit	Coverage Summary
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

Benefit	Coverage Summary
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

Benefit	Coverage Summary
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

Benefit	Coverage Summary
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

Benefit	Coverage Summary
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

Benefit	Coverage Summary
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

Benefit	Coverage Summary
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

Benefit	Coverage Summary
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

Benefit	Coverage Summary
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

Benefit	Coverage Summary
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

Benefit	Coverage Summary
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

Benefit	Coverage Summary
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

Benefit	Coverage Summary
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

Benefit	Coverage Summary
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

Benefit	Coverage Summary
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

Benefit	Coverage Summary
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

Benefit	Coverage Summary
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

Benefit	Coverage Summary
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

Benefit	Coverage Summary
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

Benefit	Coverage Summary
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

Retirement allowance provisions

London Hydro Inc. will pay bonus amounts upon retirement.

Service Level Attained	Bonus Amount
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 G

Additional information

Analysis of liability (gain) loss

(Gains) losses Due to:	Fiscal Year Ending 31.12.2012
Change in discount rate assumption	\$1,602,100
Actual benefit payments differing from expected	(\$171,000)
Total (gain) and losses	\$1,431,100

Accumulated non-pension post retirement benefit obligation as at December 31, 2012

	Medical	Dental	Life	Total
Current retirees	\$1,907,700	\$363,000	\$4,270,500	\$6,541,200
Other participants fully eligible	1,479,000	276,600	354,000	2,109,600
Other participants not fully eligible	3,636,200	646,900	394,500	4,677,500
Total	\$7,022,900	\$1,286,500	\$5,019,000	\$13,328,400

APPENDIX H

Employer certification

With respect to the Disclosure Report for fiscal year ending 31 December 2012 and estimated 2013 benefit cost of the non-pension post retirement plan and the post employment retirement allowances and medical/dental benefits payable while on LTD, I hereby certify that, to the best of my knowledge and belief:

- The participant data supplied to the actuary provides a complete and accurate description of all persons who are entitled to benefits under the terms of the plan for service up to the date of the valuation;
- Copies of the official plan documents and of all amendments made up to 31 December 2012 have been supplied to the actuary;
- All substantive commitments (as defined under Section 3461 in Part V of the CICA Handbook) have been communicated to the actuary;
- Accounting policies as adopted by London Hydro Inc. are those described in this report;
- The actuarial methods to be used for the purposes of the valuation are those described in this report;
- The Management's best estimate assumptions for purposes of the valuations and the extrapolation of the financial position of the plans as of 31 December 2012 are those described in this report; and
- All events subsequent to the valuation that may have an impact on the results of the valuation or of a future valuation have been communicated to the actuary.

Date

Signed

Name

Title



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