Ontario Energy Board (Board Staff) INTERROGATORY #62

Issue 4.2 **Is the proposed level of 2015-2019 common corporate costs spending appropriate with an adequate demonstration of efficiencies over the 5-year period?**

Interrogatory

Reference: **Exhibit C1/Tab 2/Schedule 6 & Technical Conference #2 TR pp. 120-122**

In Technical Conference #2, Hydro One indicated that a 'benefits realization plan' was developed for the Cornerstone IT project. Please provide the report or reports that show the costs of the Cornerstone project, the benefits realized from the Cornerstone project and how Cornerstone is contributing to realizing efficiencies over the course of this application time period, 2015 – 2019.

Response

See the following tables: "Cornerstone Cost Summary" and "Cornerstone Productivity Savings". Cornerstone activities include providing and managing computer systems and installing enterprise IT systems.

CORNERSTONE COST Summary
(for 2014-2019 Business Plan)

	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2013 Forecast	2014 BP	Total Projected Spend (per 2014-2019 BP)	Board Approval
Phase 1												
OMA	3.8	4.6	2.4	0.1	0.0	-	-	-	-	-	10.9	
CAPITAL	-	60.4	49.3	0.8	0.2	-	-	-	-	-	110.7	
MFA	-	3.2	2.4	-	-	-	-	-	-	-	5.6	
Total	**3.8**	**68.2**	**54.1**	**0.9**	**0.2**	**-**	**-**	**-**	**-**	**-**	**127.2**	**146.0**
Phase 2												
OMA	-	-	0.3	7.0	0.1	0.0	-	-	-	-	7.4	
CAPITAL	-	-	50.6	90.0	11.2	1.5	-	-	-	-	153.3	
MFA	-	-	4.5	0.2	-	-	-	-	-	-	4.7	
Total	**-**	**-**	**55.4**	**97.2**	**11.3**	**1.5**	**-**	**-**	**-**	**-**	**165.4**	**183.0**
Phase 3												
OMA	-	-	-	-	1.6	0.6	0.6	1.2	0.1	4.5	7.4	
CAPITAL	-	-	-	-	7.4	16.6	20.8	10.8	20.6	18.9	84.3	
MFA	-	-	-	-	0.3	1.2	0.0	-		-	1.6	
Total	**-**	**-**	**-**	**-**	**9.4**	**18.4**	**21.5**	**12.0**	**20.6**	**23.3**	**93.2**	**60.0**
Phase 4												
OMA	-	-	-	-	-	0.8	7.9	17.1	18.4	-	27.1	
CAPITAL	-	-	-	-	-	41.5	58.6	42.9	43.0	-	143.1	
MFA	-	-	-	-	-	10.1	-	0.2	0.2	-	10.3	
Total	**-**	**-**	**-**	**-**	**-**	**52.4**	**66.5**	**60.2**	**61.5**	**-**	**180.5**	**180.0**
TOTAL												
OMA	3.8	4.6	2.7	7.1	1.8	1.4	8.6	18.3	18.4	4.5	52.8	
CAPITAL	-	60.4	99.9	90.8	18.8	59.6	79.4	53.7	63.5	18.9	491.4	
MFA	-	3.2	7.0	0.2	0.3	11.3	0.0	0.2	0.2	-	22.2	
Total	**3.8**	**68.2**	**109.6**	**98.0**	**20.9**	**72.3**	**88.1**	**72.2**	**82.2**	**23.3**	**566.3**	**569.0**
Total Capital (inc. MFA	**-**	**63.5**	**106.9**	**90.9**	**19.1**	**70.9**	**79.5**	**53.9**	**63.7**	**18.9**	**513.6**	

OEB Filings	
	EB-2012-0031 Tx 2013-2014
	EB-2012-0136 Dx 2013 IRM
	EB-2013-0416 Dx 2015-2019

1

Transmission and Distribution
CORNERSTONE Productivity Summary Savings
(for 2009-2019)

	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Forecast	2015 Forecast	2016 Forecast	2017 Forecast	2018 Forecast	2019 Forecast	Total Projected Savings (per 2009-2019 BP)
Phase 1												
OMA	8.9	16.0	18.2	16.5	16.8	17.6	18.0	18.3	18.7	19.1	19.4	187.4
CAPITAL	6.4	11.1	12.9	27.0	36.6	36.6	36.6	36.6	36.6	36.6	36.6	313.4
Total	**15.3**	**27.1**	**31.1**	**43.5**	**53.4**	**54.2**	**54.5**	**54.9**	**55.3**	**55.6**	**56.0**	**500.8**
Phase 2												
OMA	1.6	3.8	4.6	3.4	4.0	4.5	4.5	4.5	4.5	4.5	4.5	44.5
CAPITAL	1.2	2.7	3.2	-	-	-	-	-	-	-	-	7.1
Total	**2.8**	**6.5**	**7.8**	**3.4**	**4.0**	**4.5**	**4.5**	**4.5**	**4.5**	**4.5**	**4.5**	**51.5**
Phase 3												
OMA	-		0.2	0.2	0.9	2.9	3.8	7.0	7.2	7.4	7.5	37.1
CAPITAL	-		2.3	2.3	-	2.8	4.6	4.8	5.0	5.2	5.2	32.2
Total	**-**	**-**	**2.5**	**2.5**	**0.9**	**5.7**	**8.5**	**11.8**	**12.2**	**12.6**	**12.7**	**69.3**
Phase 4												
OMA	-	-	-	-	-	10.3	19.8	19.8	19.8	19.8	19.8	109.2
CAPITAL	-	-	-	-	-	2.8	4.6	4.8	5.1	5.2	5.3	27.9
Total	**-**	**-**	**-**	**-**	**-**	**13.1**	**24.4**	**24.6**	**24.8**	**25.0**	**25.1**	**137.1**
TOTAL												
OMA	10.5	19.8	23.0	20.1	21.7	35.3	46.1	49.6	50.2	50.8	51.2	378.2
CAPITAL	7.6	13.8	18.4	29.3	36.6	42.2	45.8	46.2	46.6	47.0	47.0	380.5
Total	**18.1**	**33.6**	**41.4**	**49.4**	**58.3**	**77.5**	**91.9**	**95.7**	**96.8**	**97.8**	**98.3**	**758.7**

Reported in previous rate filings
Current Productivity Reporting

Notes:
Phase 1 includes: 50% of headcount reduction savings
Phase 2 includes: 50% of headcount reduction savings, IT application reduction savings
Phase 3 includes: E3, AIP, AA, WWF & BPC
Phase 4 includes: CIS

Ontario Energy Board (Board Staff) INTERROGATORY #63

Issue 4.2 **Is the proposed level of 2015-2019 common corporate costs spending appropriate with an adequate demonstration of efficiencies over the 5-year period?**

Interrogatory

Reference: **Exhibit C1/Tab 2/Schedule 7 & Technical Conference #2 TR pp. 123-122**

In Technical Conference #2, Hydro One discussed the Inergi outsourcing contract and indicated that a fees benchmarking study was performed.

a) Please provide a copy of this study.
b) Please provide an analysis of the findings and how these findings have informed Hydro One's plans for the future of this contract and the services covered under the contract.
c) Please provide an overview of how the new contract will increase the cost effectiveness and efficiencies of how these services are provided to Hydro One customers.

Response

a) Consistent with past practice, a redacted copy of the benchmarking report will be filed in paper form.

b) A summary of the findings is provided in section 2.3 of Exhibit C1, Tab 2, Schedule 7. As indicated in that Exhibit, there will be no changes to the fees charged by Inergi. Hydro One will continue to perform its obligations under the contract in accordance with the terms and conditions contained therein.

c) As part of the re-tendering process, Hydro One has defined objectives to increase cost effectiveness and efficiencies in providing services to the customer. These objectives are service delivery to reflect global practices, flexibility for Hydro One to change volumes and scope and access to new technologies. The details of how the new contract(s) will increase cost effectiveness and efficiencies will not be available until the new contract(s) have been negotiated and signed.

Sustainable Infrastructure Alliance of Ontario (SIA) INTERROGATORY #49

Issue 4.2 Is the proposed level of 2015-2019 common corporate costs spending appropriate with an adequate demonstration of efficiencies over the 5-year period?

Interrogatory

Reference: Exhibit D1/Tab 3/Schedule 8/p.2

HONI states that the primary driver for the increase in its Facilities budget is "the need to 11 provide suitable space and to accommodate the staff resources and equipment required to handle the substantial growth in core sustaining, development and operations work programs".

a) Please provide the utilization rate for HONI office space (e.g. employees/sq ft).

b) Has HONI analyzed this metric and compared it to industry averages? If so, please provide the summarized results. If not, why not?

Response

a) The office requirements are predominantly located in the GTA and Barrie, which rely on generic third-party market space. For all lines of business and employee types, office space is developed in an open office configuration to provide flexibility and facilitate collaboration and employs system furniture to optimize use of space. These offices fall into the range of 120 to 165 square feet per workstation with a weighted average of 150 square feet, on a rentable basis, which reflects approximately 500,000 square feet of office space and 3,400 workstations/occupants.

b) Industry standards are considered in the development of office space, which is available from a variety of government and private sources. The broad average covering various business sectors is 190 square feet per workstation/occupant. According to an industry survey[1], the above noted Hydro One utilization rate falls within the upper quartile of efficiency/performance.

[1] U.S. General Services Administration, Office of Governmentwide Policy (Office of Real Property Management, Performance Measurement Division), *Workspace Utilization and Allocation Benchmark*, July 2011.

Sustainable Infrastructure Alliance of Ontario (SIA) INTERROGATORY #50

Issue 4.2 Is the proposed level of 2015-2019 common corporate costs spending appropriate with an adequate demonstration of efficiencies over the 5-year period?

Interrogatory

Reference: Exhibit C1/Tab 2/Schedule 8

Please provide a breakdown of the Regulatory Affairs Budget from 2015 through 2019 into its major subcategories.

Response

Regulatory Affairs Budget Breakdown[1] ($ Millions)

Description	2015	2016	2017	2018	2019
Pricing	2.1	2.1	2.1	2.2	2.2
Compliance	1.4	1.4	1.4	1.5	1.5
Major Applications	1.8	2.5	1.3	2.7	1.9
Major Projects	0.7	0.7	0.7	0.8	0.8
Strategy & Regulatory Admin	1.9	1.1	2.0	0.7	1.5
OEB/NEB Costs[2]	13.5	14.5	14.0	15.5	15.0
Total	**21.5**	**22.4**	**21.6**	**23.3**	**22.9**

Note 1 – The amounts shown in this table represent the total for Hydro One Networks, including both Hydro One Distribution and Transmission. The Distribution allocated amount was then determined using the Common Corporate Costs, Cost Allocation Methodology discussed in Exhibit C1, Tab 5, Schedule 1.

Note 2 – The majority of the OEB/NEB costs are for the fixed cost assessment provided annually by the respective boards.

Sustainable Infrastructure Alliance of Ontario (SIA) INTERROGATORY #51

Issue 4.2 Is the proposed level of 2015-2019 common corporate costs spending appropriate with an adequate demonstration of efficiencies over the 5-year period?

Interrogatory

Reference: Exhibit C1/Tab 2/Schedule 8

a) Are any pre-2015 costs of this application included in any of the 2015-2019 forecast budget amounts?
b) Please provide the total cost of preparing and filing this application, broken into its major subcategories.

Response

a) Costs associated with this application are recorded as expended. Therefore any costs occurring prior to 2015 were recognized in that period and the 2015-2019 forecast included herein does not include any material prior period costs.

b)

Dx Application Costs ($ Millions)

Categories	2013	2014
Stakeholder consultation	0.08	0.08
Publication of Notices	0.05	0.05
Miscellaneous/Courier/Printing	0.02	0.11
OEB Variable Costs	0.08	0.08
Intervenors	0.38	0.60
Consultants	0.83	0.68
Finance - Studies	0.15	0.01
TOTAL	1.57	1.60

Stakeholder consultation: Includes Stakeholder funding for consultation sessions. This bucket of dollars is for completing 4 stakeholder sessions.
Publication of Notice: Publication of notices includes costs associated with four major English newspapers, and one major French newspaper, mailing of the notice to Hydro One Networks sub-transmission customers and intervenors of record from the last distributions rates proceeding.
Miscellaneous/Courier/Printing: Printing of the application for public perusal, travel costs, and courier.
OEB Variable cost: OEB costs pertaining to the distribution rate case.

Intervenors: Estimated funding for this application for intervenors in accordance with the boards practice direction on cost awards.
Consultants: Estimated costs for consultants to provide reports, and ongoing support; includes regulatory witness training, IT, Legal, and Telecom costs.
Finance - Studies: This includes the Cost Allocation Study by Black and Veatch, and the Lag/Lead Study by Navigant.

Vulnerable Energy Consumers Coalition (VECC) INTERROGATORY #67

Issue 4.2 **Is the proposed level of 2015-2019 common corporate costs spending appropriate with an adequate demonstration of efficiencies over the 5-year period?**

Interrogatory

Reference: A/T11/S3/

a) Please provide the basis/rationale for the forecast costs payable by affiliates to Networks (Table 2).
b) Please provide the same for Fees Payable by Networks (Table 3).

Response

a) Please see Exhibit C1, Tab 5, Schedule 1 and Attachment 1 thereto.

b) Please see Exhibit C1, Tab 5, Schedule 1 and Attachment 1 thereto.

Vulnerable Energy Consumers Coalition (VECC) INTERROGATORY #68

Issue 4.2 **Is the proposed level of 2015-2019 common corporate costs spending appropriate with an adequate demonstration of efficiencies over the 5-year period?**

Interrogatory

Reference: C1/T5/S1/pg. 3

a) Please provide the Allocation of CCF&S tables for 2010 through 2014.

Response

a) Please refer to the tables below:

Tables 1(a), 2(a), 3(a) and 4(a) of this response include the allocation of actuals for the period 2010-2013 between the Transmission and Distribution businesses. The allocation to, and recoveries from, affiliates for the same period are reflected in Tables 1(b), 2(b), 3(b) and 4(b). These amounts are incorporated as part of Common Corporate Costs and Other OM&A (see Exhibit C1, Tab 2, Schedule 1) under Other OM&A (see Exhibit C1, Tab 2, Schedule 8).

Table 5 provides an allocation for 2014 in a manner similar to how the allocations for the test years were created.

Table 1(a) - 2010 CCF&S Costs ($ Millions)

Description	Total	Transmission	Distribution
Corporate Management	5.0	2.9	2.1
Finance	31.4	18.1	13.3
Human Resources	16.4	9.5	7.0
Corporate Communications & Services	9.6	5.6	4.1
General Counsel & Secretariat	7.5	4.3	3.2
Regulatory Affairs	21.3	9.8	11.5
Corporate Security	2.4	1.4	1.0
Internal Audit	2.8	1.6	1.2
Real Estate & Facilities	49.9	23.5	26.3
Total CCF&S Costs	**146.3**	**76.7**	**69.7**

Table 1(b) - 2010 Allocation and Recoveries from Affiliates ($ Millions)

Description	Hydro One Telecom	Hydro One Brampton	Hydro One Remotes	Hydro One Inc.
Corporate Management	0.1	0.1	0.0	0.1
Finance	0.8	0.3	0.3	0.0
Human Resources	0.2	0.0	0.1	0.0
Corporate Communications & Services	0.0	0.0	0.1	0.0
General Counsel & Secretariat	0.1	0.2	0.2	0.1
Regulatory Affairs	0.0	0.0	0.1	0.0
Corporate Security	0.0	0.0	0.0	0.0
Internal Audit	0.0	0.1	0.1	0.0
Real Estate & Facilities	0.0	0.0	0.0	0.0
Total CCF&S Costs	**1.2**	**0.7**	**0.9**	**0.2**

Table 2(a) - 2011 CCF&S Costs ($ Millions)

Description	Total	Transmission	Distribution
Corporate Management	5.1	2.2	2.9
Finance	31.9	17.6	14.2
Human Resources	11.0	6.6	4.4
Corporate Communications & Services	8.7	3.8	4.9
General Counsel & Secretariat	7.4	4.2	3.2
Regulatory Affairs	20.1	8.9	11.3
Corporate Security	3.0	1.5	1.5
Internal Audit	3.1	2.0	1.1
Real Estate & Facilities	51.6	26.7	25.0
Total CCF&S Costs	**141.9**	**73.5**	**68.5**

Table 2(b) - 2011 Allocation and Recoveries from Affiliates ($ Millions)

Description	Hydro One Telecom	Hydro One Brampton	Hydro One Remotes	Hydro One Inc.
Corporate Management	0.1	0.1	0.0	0.1
Finance	0.6	0.2	0.3	0.0
Human Resources	0.2	0.0	0.1	0.0
Corporate Communications & Services	0.0	0.0	0.1	0.0
General Counsel & Secretariat	0.1	0.2	0.2	0.1
Regulatory Affairs	0.0	0.0	0.1	0.0
Corporate Security	0.0	0.0	0.0	0.0
Internal Audit	0.1	0.2	0.1	0.0
Real Estate & Facilities	0.0	0.0	0.0	0.0
Total CCF&S Costs	**1.1**	**0.7**	**0.9**	**0.2**

Table 3(a) - 2012 CCF&S Costs ($ Millions)

Description	Total	Transmission	Distribution
Corporate Management	5.0	2.5	2.4
Finance	35.2	20.7	14.5
Human Resources	9.9	6.0	4.0
Corporate Communications & Services	11.3	5.3	6.0
General Counsel & Secretariat	8.8	4.9	3.8
Regulatory Affairs	20.6	9.0	11.6
Corporate Security	3.1	1.5	1.6
Internal Audit	3.5	2.3	1.2
Real Estate & Facilities	54.6	28.3	26.3
Total CCF&S Costs	**152.0**	**80.5**	**71.4**

Table 3(b) - 2012 Allocation and Recoveries from Affiliates ($ Millions)

Description	Hydro One Telecom	Hydro One Brampton	Hydro One Remotes	Hydro One Inc.
Corporate Management	0.1	0.1	0.0	0.1
Finance	0.5	0.2	0.2	0.1
Human Resources	0.2	0.0	0.1	0.0
Corporate Communications & Services	0.0	0.0	0.1	0.0
General Counsel & Secretariat	0.1	0.2	0.2	0.1
Regulatory Affairs	0.0	0.0	0.1	0.0
Corporate Security	0.0	0.0	0.0	0.0
Internal Audit	0.1	0.2	0.1	0.0
Real Estate & Facilities	0.0	0.0	0.0	0.0
Total CCF&S Costs	**1.0**	**0.7**	**0.8**	**0.3**

Table 4(a) - 2013 CCF&S Costs ($ Millions)

Description	Total	Transmission	Distribution
Corporate Management	4.9	2.1	2.8
Finance	41.9	25.1	16.9
Human Resources	11.1	6.5	4.6
Corporate Communications & Services	15.0	6.5	8.5
General Counsel & Secretariat	9.6	5.4	4.1
Regulatory Affairs	20.6	10.3	10.3
Corporate Security	3.4	1.6	1.8
Internal Audit	3.4	2.1	1.3
Real Estate & Facilities	54.1	28.0	26.0
Total CCF&S Costs	**164.0**	**87.6**	**76.3**

Table 4(b) - 2013 Allocation and Recoveries from Affiliates ($ Millions)

Description	Hydro One Telecom	Hydro One Brampton	Hydro One Remotes	Hydro One Inc.
Corporate Management	0.1	0.1	0.0	0.1
Finance	0.6	0.2	0.2	0.1
Human Resources	0.2	0.0	0.1	0.0
Corporate Communications & Services	0.0	0.0	0.0	0.0
General Counsel & Secretariat	0.1	0.2	0.2	0.1
Regulatory Affairs	0.0	0.0	0.1	0.0
Corporate Security	0.0	0.0	0.0	0.0
Internal Audit	0.1	0.0	0.0	0.0
Real Estate & Facilities	0.0	0.0	0.0	0.0
Total CCF&S Costs	**1.1**	**0.5**	**0.6**	**0.3**

Table 5 - 2014 CCF&S Costs ($ Millions)

Description	Total	Transmission	Distribution	Hydro One Telecom	Hydro One Brampton	Hydro One Remotes	Hydro One Inc.
Corporate Management	5.3	2.7	2.4	0.1	0.1	0.0	0.1
Finance	45.0	25.5	18.2	0.8	0.2	0.3	0.0
Human Resources	13.1	7.0	5.8	0.2	0.0	0.1	0.0
Corporate Communications & Services	13.9	6.6	7.2	0.0	0.0	0.1	0.0
General Counsel & Secretariat	10.1	5.4	4.1	0.1	0.2	0.3	0.1
Regulatory Affairs	24.1	10.3	13.6	0.0	0.0	0.1	0.2
Corporate Security	4.8	2.2	2.5	0.0	0.0	0.0	0.0
Internal Audit	3.6	2.4	1.1	0.0	0.0	0.0	0.0
Real Estate & Facilities	60.2	36.0	24.3	0.0	0.0	0.0	0.0
Total CCF&S Costs	**180.1**	**98.1**	**79.2**	**1.2**	**0.5**	**0.9**	**0.4**

School Energy Coalition (SEC) INTERROGATORY #32

Issue 4.2 **Is the proposed level of 2015-2019 common corporate costs spending appropriate with an adequate demonstration of efficiencies over the 5-year period?**

Interrogatory

Reference: Exhibit C1/Tab 2/Schedule 8/p.2/Table 1

Please revise Table 1 to include the Distribution Allocation amounts for 2010-2014.

Response

Please refer to the table below:

Description	Historic Years				Bridge Year	DX Allocation				
	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
Corporate Management	5.0	5.1	5.0	4.9	5.3	2.1	2.9	2.4	2.8	2.4
Finance	31.4	31.9	35.2	41.9	45.0	13.3	14.2	14.5	16.9	18.2
Human Resources	16.4	11.0	9.9	11.1	13.1	7.0	4.4	4.0	4.6	5.8
Corporate Communications & Services	9.6	8.7	11.3	15.0	13.9	4.1	4.9	6.0	8.5	7.2
General Counsel and Secretariat	7.5	7.4	8.8	9.6	10.1	3.2	3.2	3.8	4.1	4.1
Regulatory Affairs	21.3	20.1	20.6	20.6	24.1	11.5	11.3	11.6	10.3	13.6
Security Management	2.4	3.0	3.1	3.4	4.8	1.0	1.5	1.6	1.8	2.5
Internal Audit	2.8	3.1	3.5	3.4	3.6	1.2	1.1	1.2	1.3	1.1
Real Estate & Facilities	49.9	51.6	54.6	54.1	60.2	26.3	25.0	26.3	26.0	24.3
Total CCF&S Costs	**146.3**	**141.9**	**152.0**	**164.0**	**180.1**	**69.7**	**68.5**	**71.4**	**76.3**	**79.2**

School Energy Coalition (SEC) INTERROGATORY #33

Issue 4.2 Is the proposed level of 2015-2019 common corporate costs spending appropriate with an adequate demonstration of efficiencies over the 5-year period?

Interrogatory

Reference: Exhibit C1/Tab 2/Schedule 8/p.21

Please provide a completed Appendix 2-M (*Filing Requirements For Electricity Distribution Rate Applications*).

Response

Refer to the response in Exhibit I, Tab 4.2, Schedule 2 SIA 51.

Hydro One proposes that these costs will be included as part of normal OM&A expenses in the year in which they are incurred and included as part of the approved rates. The majority of the costs for this application are to be expended in 2014. The proposed annual adjustment and annual reporting done through 2015 to 2019 are expected to be mechanical in nature and thus the costs associated with these activities are expected to be minimal and considered part of the overall Regulatory Affairs budget. Hydro One has not forecasted any costs associated with adjustments outside the normal course of business and for an off-ramp as the Company does not expect those to happen.

A detailed review of the regulatory costs proposed for recovery can be found in the evidence starting on Page 21 in Exhibit C1, Tab 2, Schedule 8. This schedule includes the costs associated with future applications that are expected to occur from time to time.

School Energy Coalition (SEC) INTERROGATORY #34

Issue 4.2 **Is the proposed level of 2015-2019 common corporate costs spending appropriate with an adequate demonstration of efficiencies over the 5-year period?**

Interrogatory

Reference: Exhibit C1/Tab 2/Schedule 8/p.21

Does the Applicant forecast test year cost savings from undertaking a 5 year Custom Application instead of another rate setting method available to it?

Response

Yes the Regulatory Affairs costs reflect the savings associated with a 5-year Custom Application.

School Energy Coalition (SEC) INTERROGATORY #35

Issue 4.2 **Is the proposed level of 2015-2019 common corporate costs spending appropriate with an adequate demonstration of efficiencies over the 5-year period?**

Interrogatory

Reference: Exhibit C1/Tab 2/Schedule 8/p.25

Please provide copies of all Internal Audit reports from 2010-2014 for all material OM&A expenditures.

Response

As stated in Exhibit C1, Tab 2, Schedule 8, Internal Audit's accountability at Hydro One is to provide independent assurance to management regarding controls over processes in areas of high risk and accordingly the internal audits focus on processes and internal operations across all aspects of Hydro One. The reports are for internal use only and are intended to help management improve the effectiveness of process. See Attachment 3 of Exhibit A, Tab 1, Schedule 2 for information on Hydro One's Audit and Finance Committee Mandate.

School Energy Coalition (SEC) INTERROGATORY #36

Issue 4.2 **Is the proposed level of 2015-2019 common corporate costs spending appropriate with an adequate demonstration of efficiencies over the 5-year period?**

Interrogatory

Reference: Exhibit C1/Tab 4/Schedule 1/p.14

Please explain the drivers of the increase in Fleet Management Services budget from 2011?

Response

The increase is due to additional costs required to maintain Hydro One's core fleet and additional equipment acquisitions required to fulfill increasing corporate work program requirements.

Consumers Council of Canada (CCC) INTERROGATORY #24

Issue 4.2 Is the proposed level of 2015-2019 common corporate costs spending appropriate with an adequate demonstration of efficiencies over the 5-year period?

Interrogatory

With respect to Outsourcing, the Current Agreement expires on February 28, 2015. HON has undertaken an RFP process for a service provider beyond the contract term. Please provide the most recent information regarding this process. Please indicate, specifically, when the new agreement is expected to be in place. Please provide a copy of the Current Agreement with Inergi. Please detail how the services provided by Inergi are expected to change going forward.

Response

a) Hydro One expects the new agreement(s) to be approved by the Board of Directors in fall of 2014. The effective date(s) of the new agreement(s) is unknown at this point. Services contracted under the new agreement(s) will remain similar to scope to those under the Current Agreement, but may be modified during contract negotiations.

Please see Hydro One's responses to Exhibit I, Tab 3.1, Schedule 9 SEC 20 and Exhibit I, Tab 3.1, Schedule 9 SEC23 for information on the Current Agreement and status of the current RFP process.

Consumers Council of Canada (CCC) INTERROGATORY #25

Issue 4.2 Is the proposed level of 2015-2019 common corporate costs spending appropriate with an adequate demonstration of efficiencies over the 5-yer period?

Interrogatory

Reference: Ex. C1/T2/S8/p. 2

For each of the categories in Table 1, entitled Total 2010-2019 CCFS Costs, please explain what specific productivity initiatives HON intends to pursue over the term of the plan. In effect, within each group, how can HON potentially reduce the overall costs?

Response

Please see Hydro One's response to Exhibit I, Tab 2.3, Schedule 6 VECC 42 for the productivity initiatives that are "owned" by the Corporate and Shared Services lines of business (LOB). Generally, projects or programs benefit from the cost savings generated by these productivity initiatives; the LOB's own expenses are not reduced. For example, the HR Pay Project will generate savings on the human capital costs charged to projects and programs, not specifically the Human Resources group within Hydro One. The productivity initiatives do not target any one of the groups in the evidentiary reference cited.

Consumers Council of Canada (CCC) INTERROGATORY #26

Issue 4.2 Is the proposed level of 2015-2019 common corporate costs spending appropriate with an adequate demonstration of efficiencies over the 5-yer period?

Interrogatory

Reference: Ex C1/T2/S8/p. 26-33

Please explain the extent to which HON has sought external advice regarding the management of its Real Estate and Facilities costs. How does HON ensure that these costs are reasonable?

Response

Hydro One retains external real estate and consulting services to provide market and building information and/or guidance when leasing or purchasing facilities. The results are validated by third-party real estate appraisals to ensure acquisitions are consistent with market. Furthermore, all alternatives are evaluated on a cost basis.

The maintenance and repair of all facilities, with minor exceptions, are contracted through competitive process to third parties. This work has a defined scope and is subject to regular inspections. Operating costs are assessed on a monthly and year-over-year basis. Periodic building condition assessments are completed by third parties to assist with the development of maintenance and capital plans.

Similarly, to a large extent, real estate management activities are outsourced to external firms, in the areas of legal conveyancing, appraisal services, property tax and real estate management. These service providers are retained through a competitive procurement process.

Ontario Energy Board (Board Staff) INTERROGATORY #64

Issue 4.3 Are the methodologies used to allocate common corporate costs to the distribution and transmission businesses and to determine the overhead capitalization rate for 2015-2019 appropriate?

Interrogatory

Reference: Exhibit C1/Tab3/Schedule3/p. 1 (Pensions & Post-Employment or Post-Retirement Benefits (OPEBs))

Hydro One recovers pensions on a cash basis (payments made) and OPEBs based on accrual accounting.

Please explain why Hydro One does not use pension accrual accounting to determine expense for recovery in revenue requirement. The allocation between distribution and transmission could be made following the same allocation methodology as cash payments.

Response

Please refer to EB-2012-0031, Exhibit I, Tab 7, Schedule 1.07, Staff 45(f) OEB Board Staff Interrogatory.

Hydro One uses the cash method rather than the accrual method for pension costs as it believes that, historically, Board rate orders requested such at a time in which the cash method resulted in lower pension expenses and thus lower electricity rates. As well, the cash basis, under a known three-year actuarial funding period, allows for less volatility in the short-term.

Ontario Energy Board (Board Staff) INTERROGATORY #65

Issue 4.3 **Are the methodologies used to allocate common corporate costs to the distribution and transmission businesses and to determine the overhead capitalization rate for 2015-2019 appropriate?**

Interrogatory

Reference: Exhibit C1/Tab3/Schedule3/pp. 2-3

Please provide the pension costs broken down between OM&A and capital for the historical periods 2010-2013, and the bridge year 2014, similar to the tables for the test years.

Response

2010 - Actual					
Corporate Pension Costs		**Transmission**	**Distribution**	**Other**	**Total**
OM&A	$M	57	74	4	135
Capital	$M	22	35	1	58
	$M	**79**	**109**	**5**	**193**
2011 - Actual					
Corporate Pension Costs		**Transmission**	**Distribution**	**Other**	**Total**
OM&A	$M	39	50	4	93
Capital	$M	23	37		60
	$M	**62**	**87**	**4**	**153**
2012 - Actual					
Corporate Pension Costs		**Transmission**	**Distribution**	**Other**	**Total**
OM&A	$M	33	40	3	76
Capital	$M	42	44	1	87
	$M	**75**	**84**	**4**	**163**
2013 - Actual					
Corporate Pension Costs		**Transmission**	**Distribution**	**Other**	**Total**
OM&A	$M	29	39	4	72
Capital	$M	50	37	1	88
	$M	**79**	**76**	**5**	**160**
2014 - Bridge					
Corporate Pension Costs		**Transmission**	**Distribution**	**Other**	**Total**
OM&A	$M	29	41	3	73
Capital	$M	43	43	1	87
	$M	**72**	**84**	**4**	**160**

Ontario Energy Board (Board Staff) INTERROGATORY #66

Issue 4.3 Are the methodologies used to allocate common corporate costs to the distribution and transmission businesses and to determine the overhead capitalization rate for 2015-2019 appropriate?

Interrogatory

Reference: Exhibit C1/Tab3/Schedule 3/pp. 3-4

The evidence indicates that Hydro One Inc. makes pension contributions of $159 million of which about $99 million represents annual current service costs. The remaining portion of approximately $60 million related to the going-concern deficit will be paid over 15 years. The going-concern deficit was $498 million in 2012. Multiplying 15 years by $60 million will result in $900 million being paid over 15 years related to a deficit of only $498 million.

a) Is Hydro One Inc. proposing to make other special payments to the pension plan?

b) Why would Hydro One Inc. pay so much more than the deficit calculated in the last funding valuation?

Response

a) Hydro One Inc. is not proposing to make special payments to the pension plan at this time, other than as per the actuarial valuation report which will result in the going-concern deficit payment being updated.

b) Hydro One's next actuarial valuation is required at December 31, 2014. As part of this valuation, the deficit position will be updated as will any requirement for special payments.

Ontario Energy Board (Board Staff) INTERROGATORY #67

Issue 4.3 Are the methodologies used to allocate common corporate costs to the distribution and transmission businesses and to determine the overhead capitalization rate for 2015-2019 appropriate?

Interrogatory

Reference: Exhibit C1/Tab3/Schedule 3

Staff downloaded the 2013 audited financial statements from Hydro One Inc.'s web-site. From the 2013 financial statements, the unfunded pension deficit at year-end 2012 on an accrual basis was $1.515 billion. At year-end 2013 the unfunded pension deficit had decreased to $845 million.

a) Hydro One Distribution forecasts pension costs for its 2015-2019 test years. Given the significant decline in the unfunded deficit in 2013, does Hydro One Inc. believe it will still have to make special payments of $60 million for 15 years?

b) Why does is Hydro One Distribution's forecast test year pension expense reasonable given the decline in the pension plan deficit in 2013 and the market's performance thus far in 2014?

c) Please explain why the test year forecast pension expense should not be updated.

Response

a) Please refer to Hydro One's response to Exhibit I, Tab 4.3, Schedule 1 Staff 66(b).

b) The pension expense is based on the actuarial determination of the contribution rate and special payments as per the last Actuarial Valuation Report for the Fiscal Year Ending December 31, 2011. Refer to EB-2012-0031, Technical Conference Responses, Staff-14, Attachment 2. This is consistent with the methodology used to forecast pension payments. Refer to EB-2012-0031, Technical Conference Responses, Staff-14 a) and b) wherein Hydro One stated, "It is Hydro One's intention to track the difference between the actual pension costs booked using the latest 2011 actuary assessment provided by Mercer and the estimated pension costs approved by the Board as part of this application for future recovery."

c) Please refer to Hydro One's response to b) above.

Ontario Energy Board (Board Staff) INTERROGATORY #68

Issue 4.3 **Are the methodologies used to allocate common corporate costs to the distribution and transmission businesses and to determine the overhead capitalization rate for 2015-2019 appropriate?**

Interrogatory

Reference: Exhibit C1/Tab3/Schedule 3

What is the ratio for employee and employer contributions to the pension plan?

Response

Regular Pension Contributions Ratio	2015	2016	2017	2018	2019
% Employees Contributions	28%	30%	32%	33%	35%
% Employer Contribution	72%	70%	68%	67%	65%
	100%	100%	100%	100%	100%

Ontario Energy Board (Board Staff) INTERROGATORY #69

Issue 4.3 **Are the methodologies used to allocate common corporate costs to the distribution and transmission businesses and to determine the overhead capitalization rate for 2015-2019 appropriate?**

Interrogatory

Reference: Exhibit C1/Tab3/Schedule 3/p. 1

What does Hydro One mean by "full recovery of Distribution pension costs included in OM&A"?

Response

The Board has previously allowed Hydro One to recover pension costs in rates (RP-1998-001 and RP 2005-0020/EB-2005-0378). As a result, it is Hydro One's intention to track the difference between the actual pension costs booked using the tri-annual actuarial assessment and the estimated pension costs approved by the Board as part of the application for future recovery.

Ontario Energy Board (Board Staff) INTERROGATORY #70

Issue 4.3 Are the methodologies used to allocate common corporate costs to the distribution and transmission businesses and to determine the overhead capitalization rate for 2015-2019 appropriate?

Interrogatory

Reference: Exhibit C1/Tab3/Schedule 3/p. 3

a) Please file the funding valuation dated December 31, 2011 that was filed with the Financial Services Commission of Ontario (FSCO).

b) Please file the actuarial valuations prepared for year-end pension and OPEB accounting for the years December 31, 2009 through December 31, 2013.

c) Please provide analysis and tables that show the split between distribution and transmission for both pensions and OPEBs.

Response

a) Please see Attachment 1 to this response.

b) Please see Attachment 2 to this response, which contains:

i. 2 reports for 2013 (RPP & SPP, NPPR & NPPE);
ii. 3 reports for 2012 (RPP, SPP, NPPR & NPPE);
iii. 3 reports for 2011 (RPP, SPP, NPPR & NPPE);
iv. 3 reports for 2010 (RPP, SPP, NPPR & NPPE); and
v. 3 reports for 2009 (NPPR & NPPE, RPP, SPP).

c) Please refer to Exhibit C1, Tab 3, Schedule 3 for a description of the pension information requested. Please see Table 1 of this response for the OPEB information requested.

Table 1

2015					
OPEB		**Transmission**	**Distribution**	**Other**	**Total**
OM&A	$M	23	28	2	53
Capital	$M	28	34		62
	$M	**51**	**62**	**2**	**115**
2016					
OPEB		**Transmission**	**Distribution**	**Other**	**Total**
OM&A	$M	20	26	2	48
Capital	$M	23	30		53
	$M	**44**	**56**	**2**	**102**
2017					
OPEB		**Transmission**	**Distribution**	**Other**	**Total**
OM&A	$M	18	23	2	43
Capital	$M	20	26		46
	$M	**38**	**48**	**2**	**88**
2018					
OPEB		**Transmission**	**Distribution**	**Other**	**Total**
OM&A	$M	19	24	2	45
Capital	$M	21	27		48
	$M	**40**	**51**	**2**	**93**
2019					
OPEB		**Transmission**	**Distribution**	**Other**	**Total**
OM&A	$M	18	23	2	43
Capital	$M	20	26		46
	$M	**38**	**48**	**2**	**88**

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HYDRO ONE PENSION PLAN

REPORT ON THE ACTUARIAL VALUATION FOR FUNDING PURPOSES AS AT DECEMBER 31, 2011

MAY 2012

Ontario Registration Number: 1059104
Canada Revenue Agency Registration Number: 1059104

Note to reader regarding actuarial valuations:

This valuation report may not be relied upon for any purpose other than those explicitly noted in the Introduction, nor may it be relied upon by any party other than the parties noted in the Introduction. Mercer is not responsible for the consequences of any other use. A valuation report is a snapshot of a plan's estimated financial condition at a particular point in time; it does not predict a pension plan's future financial condition or its ability to pay benefits in the future. If maintained indefinitely, 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.

To prepare the results in this report, actuarial assumptions are used to model a single scenario from a range of possibilities for each valuation basis. The results based on 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. Different assumptions or scenarios within the range of possibilities may also be reasonable, and results based on those assumptions would be different. Furthermore, actuarial assumptions may be changed from one valuation to the next because of changes in regulatory and professional requirements, developments in case law, plan experience, changes in expectations about the future and other factors.

The valuation results shown in this report also illustrate the sensitivity to one of the key actuarial assumptions, the discount rate. We note that the results presented herein rely on many assumptions, all of which are subject to uncertainty, with a broad range of possible outcomes and the results are sensitive to all the assumptions used in the valuation.

Should the plan be wound up, the going concern funded status and solvency financial position, if different from the wind-up financial position, become irrelevant. The hypothetical wind-up financial position estimates the financial position of the plan assuming it is wound-up on the valuation date. Emerging experience will affect the wind-up financial position of the plan assuming it is wound-up in the future. In fact, even if the plan were wound-up on the valuation date, the financial position would continue to fluctuate until the benefits are fully settled.

Because actual plan experience will differ from the assumptions used in this valuation, 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.

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Summary of Results

(in 000s)	31.12.11	31.12.09
Going Concern Financial Status		
Smoothed value of assets	$5,175,593	$4,771,203
Actuarial liability	$5,512,107	$5,205,515
Prior Year Credit Balance	$161,190	$0
Funding excess (shortfall)	($497,704)	($434,312)
Hypothetical Wind-up Financial Position		
Wind-up assets	$4,795,159	$4,334,416
Wind-up liability	$8,032,425	$6,468,702
Wind-up excess (shortfall)	($3,237,266)	($2,134,286)
Funding Requirements in the Year Following the Valuation [1]	2012	2010
Total current service cost	$126,221	$113,576
Estimated member's required contributions	($26,849)	($22,543)
Estimated employer's current service cost	$99,372	$91,033
Employer's current service cost as a percentage of members' pensionable earnings	18.9%	19.6%
Minimum annual special payments	$59,675	$48,380
Estimated minimum employer contribution	$159,047	$139,413
Estimated maximum eligible employer contribution	$3,336,638	$2,225,319
Next required valuation date	December 31, 2014	December 31, 2012

[1] Provided for reference purposes only. Contributions must be remitted to the Plan in accordance with the Minimum Funding Requirements and Maximum Eligible Contributions sections of this report.

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Introduction

To Hydro One Inc.

At the request of Hydro One Inc., we have conducted an actuarial valuation of the Hydro One Pension Plan (the "Plan"), sponsored by Hydro One Inc. (the "Company"), as at the valuation date, December 31, 2011. We are pleased to present the results of the valuation.

Purpose

The purpose of this valuation is to determine:

- The funded status of the plan as at December 31, 2011 on going concern, hypothetical wind-up and solvency bases
- The minimum required funding contributions from 2012, in accordance with the *Pension Benefits Act (Ontario)*
- The maximum permissible funding contributions from 2012, in accordance with the *Income Tax Act*

The information contained in this report was prepared for the internal use of the Company and for filing with the Financial Services Commission of Ontario and with the Canada Revenue Agency, in connection with our actuarial valuation of the Plan. This report will be filed with the Financial Services Commission of Ontario and with the Canada Revenue Agency. This report is not intended or suitable for any other purpose.

In accordance with pension benefits legislation, the next actuarial valuation of the Plan will be required as at a date not later than December 31, 2014, or as at the date of an earlier amendment to the Plan.

Terms of Engagement

In accordance with our terms of engagement with the Hydro One Inc., our actuarial valuation of the Plan is based on the following material terms:

- It has been prepared in accordance with applicable pension legislation and actuarial standards of practice in Canada.
- As instructed by the Hydro One Inc., we have reflected a margin for adverse deviations in our going concern valuation by reducing the going concern discount rate by 0.91% per year.
- We have reflected the Hydro One Inc. decisions for determining the solvency funding requirements, summarized as follows:
  - The same scenario was hypothesized for both the hypothetical wind-up and solvency valuations.
  - Certain excludable benefits were excluded from the solvency liabilities.
  - Solvency smoothing was used.
  - No funding relief measures have been applied.

See the Valuation Results - Solvency section of the report for more information.

Events Since the Last Valuation at December 31, 2009

Pension Plan

On March 19, 2010, the Superintendent of Financial Services (the "Superintendent") ordered that the Plan be partially wound up effective December 31, 2002 (the "Partial Wind-Up Date") in respect of a group of 73 Management Compensation Plan Members whose employment was terminated effective as of a date between September 1, 2002 and December 31, 2002, as a consequence of the merger of Hydro One Networks Inc. and Hydro One Network Services Inc. (the "Affected Members"). The partial wind-up report was filed with the Financial Services Commission of Ontario in June 2010. The partial wind-up shortfall was fully funded in 2011 and the benefits for Affected Members were settled on June 1, 2011. The impact of the partial wind-up has been fully reflected in this report.

There have been no other special events since the last valuation date.

This valuation reflects the provisions of the Plan as at December 31, 2011. The Plan was amended effective April 1, 2011 to increase employee contributions for members of the Power Workers Union by 0.5% of pensionable earnings. The Plan has not otherwise been amended since the date of the previous valuation, and we are not aware of any pending definitive or virtually definitive amendments coming into effect during the period covered by this report. The Plan provisions are summarised in Appendix F.

Assumptions

We have used the same going concern valuation assumptions and methods as were used for the previous valuation, except for the following:

	Current valuation	Previous valuation
Interest on employee contributions:	2.00%	4.50%

The hypothetical wind-up and solvency assumptions have been updated to reflect market conditions at the valuation date.

A summary of the going concern, and hypothetical wind-up and solvency methods and assumptions are provided in Appendices C and D, respectively.

Regulatory Environment and Actuarial Standards

There have been a number of changes to the Pension Benefits Act (Ontario) (the "Act") and regulations which impact the funding of the Plan.

The Government of Ontario has announced its intentions to makes changes to the funding requirements for pension plans registered in Ontario. Since then Bill 120 received Royal assent. However, the intended changes to the funding requirements which impact the funding of single-employer pension plans will be contained in regulations which have not yet been adopted.

Certain changes to the Canadian Institute of Actuaries Standard of Practice for determining pension commuted values ("CIA CV Standard") became effective on February 1, 2011. The changes affect the mortality assumptions used to value the solvency and wind-up liabilities for benefits assumed to be settled through a lump sum transfer. The financial impact of the change in the CIA CV Standard has been reflected in this actuarial valuation.

A new Canadian actuarial Standard of Practice – *Practice Specific Standards of Practice for Pension Plans* became effective December 31, 2010 (the "CIA Pension Standards"). The requirements of the CIA Pension Standards have been reflected in this report.

Subsequent Events

After checking with representatives of the Company, to the best of our knowledge there have been no events subsequent to the valuation date which, in our opinion, would have a material impact on the results of the valuation. Our valuation reflects the financial position of the Plan as of the valuation date and does not take into account any experience after the valuation date.

Impact of Case Law

This report has been prepared on the assumption that all of the assets in the pension fund are available to meet all of the claims on the Plan. We are not in a position to assess the impact that the Ontario Court of Appeal's decision in *Aegon Canada Inc. and Transamerica Life Canada versus ING Canada Inc.* or similar decisions in other jurisdictions might have on the validity of this assumption.

On July 29, 2004, the Supreme Court of Canada dismissed the appeal in Monsanto Canada Inc. versus Superintendent of Financial Services ("*Monsanto*"), thereby upholding the requirements to distribute surplus on partial plan wind-up under The *Pension Benefits Act (Ontario).* The decision has retroactive application and applies on the termination of Ontario employees if they are included in a partial plan wind-up, regardless of the province in which the pension plan is registered.

We are not aware of any partial plan wind-up having been declared in respect of the Plan where the Monsanto decision may apply. In preparing this actuarial valuation, we have therefore assumed that all the Plan's assets are available to cover the Plan's liabilities presented in this report. The subsequent declaration of a partial wind-up of the Plan where *Monsanto* may apply in respect of a past event, or disclosure of an existing past partial wind-up, could cause an additional claim on the Plan's assets, the consequences of which would be addressed in a subsequent report. We note the discretionary nature of the power of the regulatory authorities to declare partial wind-ups and the lack of clarity with respect to the retroactive scope of that power. We are making no representation as to whether the regulatory authorities might declare a partial wind-up in respect of other events in the Plan's history.

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Valuation Results – Going Concern

Financial Status

A going concern valuation compares the relationship between the value of Plan assets and the present value of expected future benefit cash flows in respect of accrued service, assuming the Plan will be maintained indefinitely.

The results of the current valuation, compared with those from the previous valuation, are summarized as follows:

(in 000s)	31.12.11	31.12.09
Assets		
Market value of assets (including in-transits)	$4,806,893	$4,346,343
Asset smoothing adjustment	$368,700	$424,860
Smoothed value of assets	$5,175,593	$4,771,203
Going concern funding target		
• Active members	$2,185,022	$2,061,480
• Pensioners and survivors	$3,286,025	$3,100,493
• Deferred pensioners	$40,279	$43,524
• Additional voluntary contributions	$781	$18
Total	$5,512,107	$5,205,515
Funding excess (shortfall)	($336,514)	($434,312)
Prior Year Credit Balance	($161,190)	$0
Net position	($497,704)	($434,312)

The going concern funding target includes a provision for adverse deviations.

Reconciliation of Financial Status

Funding excess (shortfall) as at previous valuation		($434,312)
Interest on funding excess (funding shortfall) at 5.50% per year		($49,088)
Employer's special payments, with interest		$271,200
Expected funding excess (funding shortfall)		($212,200)
Net experience gains (losses)		
• Net investment return	($85,639)	
• Increases in pensionable earnings	$23,101	
• Increase in YMPE/maximum pension	($308)	
• Indexation	($20,984)	
• Mortality	$11,187	
• Retirement	($23,633)	
• Termination	($3,959)	
• Disability	($11,201)	
Total experience gains (losses)	($111,436)	($111,436)
Impact of changes in assumptions		$298
Net impact of other elements of gains and losses		($13,176)
Funding excess (shortfall) as at current valuation		($336,514)

Current Service Cost

The current service cost is an estimate of the present value of the additional expected future benefit cash flows in respect of pensionable service that will accrue after the valuation date, assuming the Plan will be maintained indefinitely.

The current service cost during the year following the valuation date compared with the corresponding value determined in the previous valuation, is as follows:

(in $000s)	2012	2010
Total current service cost	$126,221	$113,576
Estimated members' required contributions	($26,849)	($22,543)
Estimated employer's current service cost	$99,372	$91,033
Employer's current service cost expressed as a percentage of members' pensionable earnings	18.9%	19.6%

The key factors that have caused a change in the employer's current service cost since the previous valuation are summarized in the following table:

Employer's current service cost as at previous valuation	19.6%
Demographic changes	(0.4%)
Plan amendments	(0.3%)
Employer's current service cost as at current valuation	18.9%

Discount Rate Sensitivity

The following table summarises the effect on the going concern funding target shown in this report of using a discount rate which is 1.00% lower than that used in the valuation:

Scenario	Valuation Basis	Reduce Discount Rate by 1%
(in 000s)		
Going concern funding target	$5,512,107	$6,352,769
Current service cost		
• Total current service cost	$126,221	$162,417
• Estimated members' required contributions	($26,849)	($26,849)
• Estimated employer's current service cost	$99,372	$135,568

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Valuation Results – Hypothetical Wind-up

Financial Position

When conducting a hypothetical wind-up valuation, we determine the relationship between the respective values of the Plan's assets and its liabilities assuming the Plan is wound up and settled on the valuation date, assuming benefits are settled in accordance with the Act and under circumstances producing the maximum wind-up liabilities on the valuation date. However, to the extent permitted by law, the actuary may disregard:

- Benefits that would not be payable under the hypothesized scenario
- Plan member earnings after the valuation date.

The hypothetical wind-up financial position as of the valuation date, compared with that at the previous valuation, is as follows:

(in $000s)	31.12.11	31.12.09
Assets		
Market value of assets (including in-transits)	$4,806,893	$4,346,343
Termination expense provision	($11,734)	($11,927)
Wind-up assets	$4,795,159	$4,334,416
Present value of accrued benefits for:		
• active members	$3,493,583	$2,718,326
• pensioners and survivors	$4,474,424	$3,696,529
• deferred pensioners	$63,637	$53,829
• additional voluntary contributions	$781	$18
Total wind-up liability	$8,032,425	$6,468,702
Wind-up excess (shortfall)	($3,237,266)	($2,134,286)

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Valuation Results – Solvency

Overview

The Act also requires the financial position of the Plan to be determined on a solvency basis. The financial position on a solvency basis is determined in a similar manner to the Hypothetical Wind-up Basis, except for the following:

Exceptions	Reflected in valuation based on the terms of engagement
The circumstance under which the Plan is assumed to be wound-up could differ for the solvency and hypothetical wind-up valuations.	The same circumstances were assumed for the solvency valuation as were assumed for the hypothetical wind-up.
Certain benefits can be excluded from the solvency financial position. These include: (a) any escalated adjustment (e.g. indexing), (b) certain plant closure benefits, (c) certain permanent layoff benefits, (d) special allowances other than funded special allowances, (e) consent benefits other than funded consent benefits, (f) prospective benefit increases, (g) potential early retirement window benefit values, and (h) pension benefits and ancillary benefits payable under a qualifying annuity contract.	The following benefits were excluded from the solvency liabilities shown in this valuation: • Indexing of benefits
The financial position on the solvency basis needs to be adjusted for any Prior Year Credit Balance.	A Prior Year Credit Balance has been reflected in the financial position
The solvency financial position can be determined by smoothing assets and the solvency discount rate over a period of up to 5 years.	Solvency assets and liabilities were smoothed over 5 years.
The benefit rate increases coming into effect after the valuation date can be reflected in the solvency valuation.	Not applicable.

Financial Position

The financial position on a solvency basis, compared with the corresponding figures from the previous valuation, is as follows:

	31.12.11	31.12.09
Assets		
Market value of assets (including in-transits)	$4,806,893	$4,346,343
Termination expense provision	($11,734)	($11,927)
Net assets	$4,795,159	$4,334,416
Present value of special payments	$269,350	$216,275
	$5,064,509	$4,550,691
Liabilities		
Total hypothetical wind-up liabilities	$8,032,425	$6,468,702
Difference in circumstances of assumed wind-up	$0	$0
Value of excluded benefits	($2,398,746)	($1,859,412)
Liabilities on a solvency basis	$5,633,679	$4,609,290
Surplus (shortfall) on a market value basis	($569,170)	($58,599)
Prior Year Credit Balance	($161,190)	$0
Liability smoothing adjustment	$626,531	$118,283
Asset smoothing adjustment	$368,700	$424,860
Surplus (shortfall) on a solvency basis	$264,871	$484,544
Solvency Ratio	100%	100%

Discount Rate Sensitivity

The following table summarises the effect on the solvency liabilities shown in this report of using a discount rate which is 1.00% lower than that used in the valuation:

Scenario (in 000s)	Valuation Basis	Reduce Discount Rate by 1%
Total hypothetical solvency liability	$5,633,679	$6,413,186

Solvency Incremental Cost to December 31, 2014

The solvency incremental cost is an estimate of the present value of the projected change in the solvency liabilities from the valuation date until the next scheduled valuation date, adjusted for the benefit payments expected to be made in that period.

The solvency incremental cost determined in this valuation is as follows:

	31.12.11
Number of years covered by report	3 years
Total solvency liabilities at the valuation date (A)	$5,633,679
Present value of projected solvency liability at the next required valuation (including expected new entrants) plus benefit payments until the next required valuation (B)	$6,310,401
Solvency incremental cost (B – A)	$676,722

The incremental cost is not an appropriate measure of the contributions that would be required to maintain the financial position of the Plan on a solvency basis unchanged from the valuation date and the next required valuation date, if actual experience is exactly in accordance with the going concern valuation assumptions. This is because it does not reflect the fact that the expected return on plan assets (based on the going concern assumptions) is greater than the discount rate used to determine the solvency liabilities.

6

Minimum Funding Requirements

The Act prescribes the minimum contributions that Hydro One Inc. must make to the Plan. The minimum contributions in respect of a defined benefit component of a pension plan are comprised of going concern current service cost and special payments to fund any going concern or solvency shortfalls.

On the basis of the assumptions and methods described in this report, the rule for determining the minimum required employer monthly contributions, as well as an estimate of the employer contributions, from the valuation date until the next required valuation are as follows:

	Employer's contribution rule			Estimated employer's contributions	
Period beginning	Monthly current service cost[2]	Explicit monthly expense allowance	Minimum monthly special payments	Monthly current service cost	Total minimum monthly contributions
December 31, 2011	18.9%	$0	$4,972,906	$8,281,000	$13,253,906
December 31, 2012	18.9%	$0	$4,972,906	$8,509,000	$13,481,906
December 31, 2013	18.9%	$0	$4,972,906	$8,743,000	$13,715,906

The estimated contribution amounts above are based on projected members' pensionable earnings. Therefore the actual employer's current service cost will be different from the above estimates and, as such, the contribution requirements should be monitored closely to ensure contributions are made in accordance with the Act.

The development of the minimum special payments is summarized in Appendix A.

The estimated minimum employer contribution for 2012 if the Prior Year Credit Balance were fully applied is $0.

Other Considerations

Differences between Valuation Bases

There is no provision in the minimum funding requirements to fund the difference between the hypothetical wind-up and solvency shortfalls, if any.

In addition, although minimum funding requirements do include a requirement to fund the going concern current service cost, there is no requirement to fund the expected growth in the hypothetical wind-up or solvency liability after the valuation date, which could be greater than the going concern current service cost.

[2] Expressed as a percentage of members' pensionable earnings.

Timing of Contributions

Funding contributions are due on monthly basis. Contributions for current service cost must be made within 30 days following the month to which they apply. Special payment contributions must be made in the month to which they apply.

Retroactive Contributions

The Company must contribute the excess, if any, of the minimum contribution recommended in this report over contributions actually made in respect of the period following the valuation date. This contribution, along with an allowance for interest, is due no later than 60 days following the date this report is filed.

Payment of Benefits

The Act imposes certain restrictions on the payment of lump sums from the Plan when the transfer ratio revealed in an actuarial valuation is less than one. If the transfer ratio shown in this report is less than one, the plan administrator should ensure that the monthly special payments are sufficient to meet the requirements of the Act to allow for the full payment of benefits, and otherwise should take the prescribed actions.

Additional restrictions are imposed when:

- The transfer ratio revealed in the most recently filed actuarial valuation is less than one and the administrator knows or 'ought to know' that the transfer ratio of the Plan has declined by 10% or more since the date the last valuation was filed.

- The transfer ratio revealed in the most recently filed actuarial valuation is greater than or equal to one and the administrator knows or 'ought to know' that the transfer ratio of the Plan has declined to less than 0.9 since the date the last valuation was filed.

As such, the administrator should monitor the transfer ratio of the Plan and, if necessary, take the prescribed actions.

7

Maximum Eligible Contributions

The *Income Tax Act* (the "ITA") limits the amount of employer contributions that can be remitted to the defined benefit component of a registered pension plan. However, notwithstanding the limit imposed by the ITA, for plans which are not 'Designated' as defined in the ITA, in general, the minimum required contributions under the Act can be remitted.

In accordance with Section 147.2 of the ITA and *Income Tax Regulation* 8516, for a plan which is underfunded on either a going concern or on a hypothetical wind-up basis the maximum permitted contributions are equal to the employer's current service cost, including the explicit expense allowance if applicable, plus the greater of the going concern funding shortfall and hypothetical wind-up shortfall.

For a plan which is fully funded on both going concern and hypothetical wind-up bases, the employer can remit a contribution equal to the employer's current service cost, including the explicit expense allowance if applicable, as long as the surplus in the plan does not exceed a prescribed threshold. Specifically, in accordance with Section 147.2 of the ITA, for a plan which is fully funded on both going concern and hypothetical wind-up bases, the plan may not retain its registered status if the employer makes a contribution while the going concern funding excess exceeds 25% of the going concern funding target.

Schedule of Maximum Contributions

The Company is permitted to fully fund the greater of the going concern and hypothetical wind-up shortfalls; $3,237,266,000 as well as make current service cost contributions. The portion of this contribution representing the payment of the hypothetical wind-up shortfall can be increased with interest at 4.18% per year from the valuation date to the date the payment is made, and must be reduced by the amount of any deficit funding made from the valuation date to the date the payment is made.

Assuming the Company contributes the greater of the going concern and hypothetical wind-up shortfall of $3,237,266,000 as of the valuation date, the rule for determining the estimated maximum eligible annual contributions, as well as an estimate of the maximum eligible contributions until the next valuation are as follows:

	Employer's contribution rule			Estimated employer's contributions
Year beginning	Monthly current service cost[3]	Monthly expense allowance	Deficit Funding	Monthly current service cost
December 31, 2011	18.9%	$0	$3,237,266,000	$8,281,000
December 31, 2012	18.9%	$0	$0	$8,509,000
December 31, 2013	18.9%	$0	$0	$8,743,000

The employer's current service cost in the above table was estimated based on projected members' pensionable earnings. The actual employer's current service cost will be different from these estimates and, as such, the contribution requirements should be monitored closely to ensure compliance with the ITA.

[3] Expressed as a percentage of members' pensionable earnings.

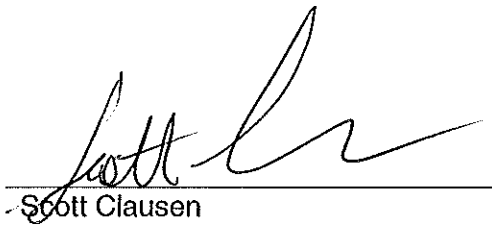
8

Actuarial Opinion

In our opinion, for the purposes of the valuations,

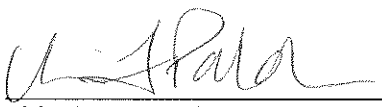
- the membership data on which the valuation is based are sufficient and reliable
- the assumptions are appropriate
- the methods employed in the valuation are appropriate

This report has been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada. It has also been prepared in accordance with the funding and solvency standards set by the Pension Benefits Act (Ontario).



Scott Clausen
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

29 May 2012
Date



M. Teresa Palandra
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

29 May 2012
Date

APPENDIX A

Prescribed Disclosure

Definitions

The Act defines a number of terms as follows:

Defined Term	Description	Result (in 000s)
Transfer Ratio	The ratio of: (a) solvency assets minus the lesser of the Prior Year Credit Balance and the minimum required employer contributions until the next required valuation; to (b) the sum of the solvency liabilities and liabilities for benefits, other than benefits payable under qualifying annuity contracts that were excluded in calculating the solvency liabilities.	0.58
Prior Year Credit Balance	Accumulated excess of contributions made to the pension plan in excess of the minimum required contributions (note: only applies if the Company chooses to treat the excess contributions as a Prior Year Credit Balance). Development summarized below.	$161,190
Solvency Assets	Market value of assets including accrued or receivable income and excluding the value of any qualifying annuity contracts.	$4,806,893
Solvency Asset Adjustment	The sum of: (a) the difference between smoothed value of assets and the market value of assets (b) the present value of any going concern special payments (including those identified in this report) within 5 years following the valuation date (c) the present value of any previously scheduled solvency special payments (excluding those identified in this report)	 $368,700 $269,350 $0 $638,050
Solvency Liabilities	Liabilities determined as if the plan had been wound up on the valuation date, including liabilities for plant closure benefits or permanent layoff benefits that would be immediately payable if the employer's business were discontinued on the valuation date of the report, but, if elected by the plan sponsor, excluding liabilities for, (a) any escalated adjustment, (b) excluded plant closure benefits, (c) excluded permanent layoff benefits, (d) special allowances other than funded special allowances, (e) consent benefits other than funded consent benefits, (f) prospective benefit increases, (g) potential early retirement window benefit values, and (h) pension benefits and ancillary benefits payable under a qualifying annuity contract.	$5,633,679
Solvency Liability Adjustment	The amount by which solvency liabilities are adjusted as a result of using a solvency valuation interest rate that is the average of market interest rates calculated over the period of time used in the determination of the smoothed value of assets.	($626,531)

Defined Term	Description	Result (in 000s)
Solvency Deficiency	The amount, if any, by which the sum of:	
	(a) the solvency liabilities	$5,633,679
	(b) the solvency liability adjustment	($626,531)
	(c) the prior year credit balance	$161,190
		$5,168,338
	Exceeds the sum of	
	(d) the solvency assets net of termination expense provision	$4,795,159
	(e) the solvency asset adjustment	$638,050
		$5,433,209
		$0

Timing of Next Required Valuation

In accordance with the *Act* the next valuation of the Plan would be required at an effective date within one year of the current valuation date if:

- The ratio of solvency assets to solvency liabilities is less than 80%.
- The ratio of solvency assets to solvency liabilities is less than 85% and solvency liabilities exceed solvency assets by $5 million or more.
- The employer elected to exclude plant closure or permanent lay-off benefits under Section 5(18) of the regulations, and has not rescinded that election.

Otherwise, the next valuation of the Plan would be required at an effective date no later than three years after the current valuation date.

Accordingly, the next valuation of the Plan will be required as of December 31, 2014.

Special Payments

Based on the results of this valuation, the Plan is not fully funded. In accordance with the Act, any going concern deficits must be amortized over a period not exceeding 15 years and any solvency deficits must be amortized over a period not exceeding 5 years.

As such, special payments must be made as follows:

Type of payment	Start date	End date	Monthly Special Payment	Present Value	
				Going Concern Basis[4]	Solvency Basis[5]
Going concern	Dec. 31, 2003	Dec. 31, 2018	$1,397,417	$97,677,000	$75,689,000
Going concern	Dec. 31, 2006	Dec. 31, 2021	$595,637	$55,221,000	$32,262,000
Going concern	Dec. 31, 2009	Dec. 31, 2024	$2,038,594	$228,600,000	$110,417,000
				$381,498,000	
New going concern	Dec. 31, 2011	Dec. 31, 2026	$941,258	$116,206,000	$50,982,000
				$497,704,000	$269,350,000
Total			$4,972,906		

The present value of going concern special payments scheduled in the previous valuation is lower than the going concern shortfall resulting in a going concern unfunded liability of $116,206,000. As a result, a new going concern special payment schedule had to be established.

Pension Benefit Guarantee Fund (PBGF) Assessment

The PBGF assessment base and liabilities are derived as follows:

Solvency assets	$4,806,893	(a)
PBGF liabilities	$5,633,679	(b)
Solvency liabilities	$5,633,679	(c)
Ontario asset ratio	100%	(d) = (b) ÷ (c)
Ontario portion of the fund	$4,806,893	(e) = (a) x (d)
PBGF assessment base	$826,786	(f) = (b) – (e)
Amount of additional liability for plant closure and/or permanent layoff benefits which is not funded and subject to the 2% assessment pursuant to s.37(4)	$0	(g)

[4] Calculation only considers going concern special payments and is based on a going concern discount rate.

[5] Calculation considers both solvency and going concern special payments (five years only) and is based on the average solvency discount rate.

The PBGF assessment is calculated as follows:

$5 for each Ontario member	$64,775	(h)
0.5% of PBGF assessment base up to 10% of PBGF liabilities	$2,817,000	(i)
1.0% of PBGF assessment base between 10% and 20% of PBGF liabilities	$2,634,000	(j)
1.5% of PBGF assessment base over 20% of PBGF liabilities	$0	(k)
Sum of (h), (i), (j) and (k)	$5,515,775	(l)
$300 for each Ontario member	$3,886,500	(m)
Lesser of (l) and (m)	$3,886,500	(n)
2.0% of additional liabilities ((g) x 2%)	$0	(o)
Total Guarantee Fund Assessment ((n) + (o), no less than $250) (before applicable tax)	$3,886,500	(p)

Prior Year Credit Balance

The Prior Year Credit Balance was determined as follows:

Prior Year Credit Balance at previous valuation	$0	(a)
Actual employer contributions	$458,225,000	(b)
Required employer contributions	$297,035,000	(c)
Prior Year Credit Balance at current valuation	$161,190,000	(d) = (a) + (b) – (c)

APPENDIX B

Plan Assets

The pension fund is held in trust by CIBC Mellon and is invested in accordance with investment policy. In preparing this report, we have relied upon the auditors' report signed by KPMG and the fund statements prepared by CIBC Mellon.

Reconciliation of Market Value of Plan Assets

The pension fund transactions since the last valuation are summarized in the following table:

(in 000s)	2010	2011
January 1	$4,346,096	$4,708,666
PLUS		
Members' contributions	$23,784	$26,501
Company's contributions	$193,493	$151,542
Reciprocal transfers	$3,963	$4,008
Investment income	$420,835	$102,394
	$642,075	$284,445
LESS		
Pensions paid	$248,404	$255,676
Lump-sums paid	$16,367	$30,128
Administration and investment fees	$14,734	$13,603
	$279,505	$299,407
December 31	$4,708,666	$4,693,703
Gross rate of return[6]	9.7%	2.2%
Rate of return net of expenses[7]	9.4%	1.9%

The market value of assets shown in the above table is adjusted to reflect in-transit amounts as follows:

(in 000s)	Previous Valuation	Current Valuation
Market value of invested assets	$4,346,096	$4,693,703
In-transit amounts		
• Company contributions	$0	$113,190
• Transfers	$247	$0
Market value of assets adjusted for in-transit amounts	$4,346,343	$4,806,893

We have tested the pensions paid, the lump-sums paid and the contributions for consistency with the membership data for the Plan members who have received benefits or made contributions. The results of these tests were satisfactory.

[6] Assuming mid-period cash flows.

[7] Assuming mid-period cash flows.

Investment Policy

The plan administrator adopted a statement of investment policy and procedures. This policy is intended to provide guidelines for the manager(s) as to the level of risk which is commensurate with the Plan's investment objectives. A significant component of this investment policy is the asset mix.

The constraints on the asset mix and the actual asset mix at the valuation date are provided for information purposes:

	Investment Policy	Actual Asset Mix as at December 31, 2011
	Target	
Cash, cash equivalents, and short term securities	2%	4%
Fixed income	33%	36%
Canadian public equity	17%	18%
Foreign public equity	41%	39%
Private equity and hedge funds	2%	3%
Real estate and infrastructure	5%	0%
	100%	100%

Because of the mismatch between the Plan's assets (which are invested in accordance with the above investment policy) and the Plan's liabilities (which tend to behave like long bonds) the Plan's financial position will fluctuate over time. These fluctuations could be significant and could cause the Plan to become under, or over, funded even if the Company contributes to the Plan based on the funding requirements presented in this report.

APPENDIX C

Methods and Assumptions – Going Concern

Valuation of Assets

For this valuation, we have used an adjusted market-value method to determine the smoothed value of assets. Under this method, the difference between actual and expected equity performance during a given year are spread on a straight-line basis over 5 years in accordance with the schedule shown in the following table:

(in 000s)	2008	2009	2010	2011
Equity portion of assets at year-end	$2,414,263	$2,855,533	$2,944,478	$2,727,859
Rate of return earning on equities (reported by fund managers)	-27.77%	16.63%	9.37%	-4.45%
Change in CPI	1.20%	1.26%	2.42%	2.22%
Expected rate of return on equities (change in CPI + 6%)	7.20%	7.26%	8.42%	8.22%
Investment return loss/(gain) on equities	$982,994	($246,987)	($27,490)	$359,238
Carry forward of 2008 loss/(gain)	$786,395	$589,796	$393,198	$196,599
Carry forward of 2009 loss/(gain)		($197,590)	($148,192)	($98,795)
Carry forward of 2010 loss/(gain)			($21,992)	($16,494)
Carry forward of 2011 loss/(gain)				$287,390
Total adjustment to assets				$368,700

Accordingly, the smoothed value of assets as at December 31, 2011 is $5,062,403,000 (market value of $4,693,703,000 plus $368,700,000).

The asset values produced by this method are related to the market value of the assets, with the advantage that, over time, the market-related asset values will tend to be more stable than market values. To the extent that more equity investments outperform the CPI + 6% benchmark over the long term, the smoothed value will tend to be lower than the market value.

The smoothed value of assets shown above is adjusted to reflect in-transit amounts as follows:

(in 000s)	Previous Valuation	Current Valuation
Smoothed value of assets	$4,770,956	$5,062,403
In-transit amounts		
• Employer contributions	$0	$113,190
• Transfers	$247	$0
Smoothed value of assets, adjusted for in-transit amounts	$4,771,203	$5,175,593

Going Concern Funding Target

Over time, the real cost to the employer of a pension plan is the excess of benefits and expenses over member contributions and investment earnings. The actuarial cost method allocates this cost to annual time periods.

For purposes of the going concern valuation, we have continued to use the projected unit credit actuarial cost method. Under this method, we determine the present value of benefit cash flows expected to be paid in respect of service accrued prior to the valuation date, based on projected final average earnings. This is referred to as the funding target. For each individual plan member, accumulated contributions with interest are established as a minimum actuarial liability.

The funding excess or funding shortfall, as the case may be, is the difference between the market or smoothed value of assets and the funding target. A funding excess on a market value basis indicates that the current market value of assets and expected investment earnings are expected to be sufficient to meet the cash flows in respect of benefits accrued to the valuation date as well as expected expenses – assuming the plan is maintained indefinitely. A funding shortfall on a market value basis indicates the opposite – that the current market value of the assets is not expected to meet the plan's cash flow requirements in respect of accrued benefits and absent additional contributions.

As required under the Act, a funding shortfall must be amortized over no more than 15 years through special payments. A funding excess may, from an actuarial standpoint, be applied immediately to reduce required employer current service contributions unless precluded by the terms of the plan or by legislation.

The actuarial cost method used for the purposes of this valuation produces a reasonable matching of contributions with accruing benefits. Because benefits are recognized as they accrue, the actuarial cost method provides an effective funding target for a plan that is maintained indefinitely.

Current Service Cost

The current service cost is the present value of projected benefits to be paid under the plan with respect to service expected to accrue during the period until the next valuation.

The employer's current service cost is the total current service cost reduced by the members' required contributions.

The employer's current service cost has been expressed as a percentage of the members' pensionable earnings to provide an automatic adjustment in the event of fluctuations in membership and/or pensionable earnings.

Under the projected unit credit actuarial cost method, the current service cost for an individual member will increase each year as the member approaches retirement. However, the current service cost of the entire group, expressed as a percentage of the members' pensionable earnings, can be expected to remain stable as long as the average age of the group remains constant.

Actuarial Assumptions – Going Concern Basis

The present value of future benefit payment cash flows is based on economic and demographic assumptions. At each valuation we determine whether, in our opinion, the actuarial assumptions are still appropriate for the purposes of the valuation, and we revise them, if necessary. Emerging experience will result in gains or losses that will be revealed and considered in future actuarial valuations.

The table below shows the various assumptions used in the current valuation in comparison with those used in the previous valuation.

Assumption	Current valuation	Previous valuation
Discount rate:	5.50%	5.50%
Inflation:	2.25%	2.25%
ITA limit / YMPE increases:	3.25%	3.25%
Pensionable earnings increases:	2.75% + Merit	2.75% + Merit
Post retirement pension increases:	2.25%	2.25%
Interest on employee contributions:	2.00%	4.50%
Retirement rates:	Age related table	Age related table
Termination rates:	Age related table	Age related table
Mortality rates:	100% of the rates of the 1994 Uninsured Pensioner Mortality Table	100% of the rates of the 1994 Uninsured Pensioner Mortality Table
Mortality improvements:	Fully Generational	Fully Generational
Disability rates:	Age Related Table	Age Related Table
Eligible spouse at retirement:	80%	80%
Spousal age difference:	Male 3 years older	Male 3 years older

The assumptions are best-estimate with the exception that the discount rate includes a margin for adverse deviations, as shown below.

Age and Service Related Tables

Sample rates from the age and service related tables are summarized in the following table:

	Termination			Retirement		
					Reduction Eligible	
Age	Males	Females	Disability	Unreduced	Male	Female
15	4%	5%				
20	4%	5%	0.00%	15%	0%	0%
25	4%	5%	0.00%	15%	0%	0%
30	2%	4%	0.105%	15%	0%	0%
35	2%	4%	0.110%	15%	0%	0%
40	1%	3%	0.115%	15%	0%	0%
45	1%	3%	0.120%	15%	0%	0%
50	1%	3%	0.295%	15%	0%	0%
55	0%	0%	1.000%	15%	2%	5%
56	0%	0%	1.000%	25%	2%	5%
57	0%	0%	1.000%	25%	2%	5%
58	0%	0%	1.000%	25%	2%	5%
59	0%	0%	1.000%	25%	2%	5%
60	0%	0%	1.878%	25%	2%	5%
61	0%	0%	1.878%	25%	7%	10%
62	0%	0%	1.878%	25%	7%	10%
63	0%	0%	1.878%	25%	7%	10%
64	0%	0%	1.878%	25%	7%	10%
65	0%	0%	1.878%	100%	100%	100%

Pensionable Earnings

The benefits ultimately paid will depend on each member's final average earnings. To calculate the pension benefits payable upon retirement, death or termination of employment, we have taken 2011 pensionable earnings and assumed that such earnings will increase at 3.25% per year plus and age/service dependent merit factor described below.

	Salary increases due to movement within the salary structure*	
Age	First 4 Years of Employment	Subsequent Years
Under 25	7.0%	1.0%
25 – 29	3.0%	1.0%
30 – 34	3.5%	1.5%
35 – 39	3.5%	1.5%
40 – 44	3.5%	2.0%
45 – 49	3.5%	1.5%
50 – 54	2.0%	1.5%
55 – 59	2.0%	1.5%
60 & over	2.0%	0.0%

** Over and above any increase in salaries due to adjustments to the salary structure itself.*

Rationale for Assumptions

A rationale for each of the assumptions used in the current valuation is provided below.

Discount Rate

We have discounted the expected benefit payment cash flows using the expected investment return on the market value of the fund. Other bases for discounting the expected benefit payment cash flows may be appropriate, particularly for purposes other than those specifically identified in this valuation report.

The discount rate is comprised of the following:

- Estimated returns for each major asset class consistent with market conditions on the valuation date and the target asset mix specified in the Plan's investment policy
- Additional returns assumed to be achievable due to active equity management equal to the fees related to active equity management.
- Implicit provision for expenses determined as the average rate of expenses paid from the fund
- A margin for adverse deviations of 0.91%

The discount rate was developed as follows:

Assumed investment return	6.48%
Additional returns for active management	0.18%
Expense provision	(0.25%)
Margin for adverse deviation	(0.91%)
Net discount rate	5.50%

Explicit Expenses

$0 explicit expense

Inflation

The inflation assumption is based on market expectations of long-term inflation implied by the yields on nominal and real return bonds at the valuation date

Income Tax Act Pension Limit and Year's Maximum Pensionable Earnings

The assumption is based on historical real economic growth and the underlying inflation assumption.

Pensionable Earnings

The general wage growth component of this assumption is based on historical real economic growth, current market conditions and the underlying inflation assumption.

The assumption for future merit and promotional increases over general wage growth is based on an experience study that was conducted in 2001 considering increases over the years 1998 to 2000.

Post Retirement Pension Increases

The assumption is based on the Plan formula and inflation assumption above.

Retirement Rates

The assumption is based on experience over the years 2000 to 2006. Subsequent experience has been consistent with these rates.

Termination Rates

The assumption is based on experience from 2000 to 2006. Subsequent experience has been consistent with these rates. For employees who terminate and will qualify for an unreduced pension or have 25 or more years of continuous service, the value includes the member's right to subsidized reductions if the pension commences before age 65 (age 60 for females hired before 1976).

Mortality Rates

There is no reason to expect the mortality to differ from the 1994 Uninsured Pensioners mortality table. Furthermore, there is strong evidence of continuing improvement in mortality since 1994 and it has become an industry standard to assume this trend continues into the future. We have used the AA projection scale to allow for improvements in mortality since 1994 up to 2012 and applied on a generational basis thereafter

Based on to the assumption used, the life expectancy of a member age 65 at the valuation date is 19.7 years for males and 22.1 years for females.

Recent experience has been consistent with the assumptions.

Interest on Employee Contributions

The assumption is based on Plan terms and the underlying investment return assumption.

Disability Rates

Use of a different assumption would not have a material impact on the valuation.

Eligible Spouse

The assumption is based on an industry standard for non-retired members (actual status used for retirees).

Spousal Age Difference

The assumption is based on an industry standard showing males are typically 4 years older than their spouse.

APPENDIX D

Methods and Assumptions – Hypothetical Wind-up and Solvency

Hypothetical Wind-up Basis

The Canadian Institute of Actuaries requires actuaries to report the financial position of a pension plan on the assumption that the plan is wound-up on the effective date of the valuation, with benefits determined on the assumption that the pension plan has neither a surplus nor a deficit. For the purposes of the hypothetical wind-up valuation, the plan wind-up is assumed to occur in circumstances that maximize the actuarial liability.

To determine the actuarial liability on the hypothetical wind-up basis, we have valued those benefits that would have been paid had the Plan been wound up on the valuation date, including benefits that would be immediately payable if the employer's business were discontinued on the valuation date, with all members fully vested in their accrued benefits.

The circumstances in which the plan wind-up is assumed to have taken place are as follows: unilateral termination of the plan. To determine the solvency actuarial liability, the cost of future indexing as been excluded from the solvency liabilities as permitted under the *Pension Benefits Act* (Ontario).

Upon plan wind-up members are given options for the method of settling their benefit entitlements. The options vary by eligibility and by province of employment, but in general, involve either a lump sum transfer or an immediate or deferred pension.

The value of benefits assumed to be settled through a lump sum transfer is based on the assumptions described in Section 3500 – *Pension Commuted Values* of the Canadian Institute of Actuaries' Standards of Practice applicable for December 31, 2011.

Benefits provided as an immediate or deferred pension are assumed to be settled through the purchase of annuities based on an estimate of the cost of purchasing annuities.

However, it may not be possible to settle the liabilities through the purchase of annuities due to the size of the Plan and the limited annuity market in Canada. In accordance with the *Canadian Institute of Actuaries Educational Note: Assumptions for Hypothetical Wind-up and Solvency Valuations with Effective Dates Between December 31, 2011 and December 30, 2012*, we have assumed that the settlement of such liabilities would be priced on the same basis as the smaller group annuities that are available in the market.

There is limited data available to provide credible guidance on the cost of a purchase of indexed annuities in Canada. In accordance with the *Canadian Institute of Actuaries Educational Note: Assumptions for Hypothetical Wind-up and Solvency Valuations with Effective Dates Between December 31, 2011 and December 30, 2012*, we have assumed that an appropriate proxy for estimating the cost of such purchase is using the yield on the long-term Government of Canada Real Return bonds.

We have not included a margin for adverse deviation in the solvency and hypothetical wind-up valuations.

The assumptions are as follows:

Form of Benefit Settlement Elected by Member	
Lump sum	70% of active members under age 55 and 40% of active members over age 55 elect to receive their benefit entitlement in a lump sum
Annuity purchase	All remaining members are assumed to elect to receive their benefit entitlement in the form of a deferred or immediate pension. These benefits are assumed to be settled through the purchase of deferred or immediate annuities from a life insurance company.
Basis for Benefits Assumed to be Settled through a Lump Sum	
Mortality rates:	U94 Generational
Interest rate (for solvency calculations):	3.74% per year for 10 years, 5.04% per year thereafter
Interest rate (for wind-up calculations):	2.60% per year for 10 years, 4.10% per year thereafter (non-indexed rates); and 1.30% per year for 10 years, 1.60% per year thereafter (indexed rates) *New Society and Management Members:* 2.60% per year for 10 years, 4.10% per year thereafter (non-indexed rates); and 1.60% per year for 10 years, 2.20% per year thereafter (indexed rates)
Basis for Benefits Assumed to be Settled through the Purchase of an Annuity	
Mortality rates:	U94 Generational
Interest rate (for solvency calculations):	4.30% per year
Interest rate (for wind-up calculations):	3.31% per year (non-indexed rates); 0.45% per year (indexed rates) *New Society and Management Members:* 3.31% per year (non-indexed rates); and 0.78% per year for 10 years, 1.06% per year thereafter (indexed rates)
Retirement Age	
Maximum value:	Members are assumed to retire at the age which maximizes the value of their entitlement from the Plan based on the eligibility requirements which have been met at the valuation date
Grow-in:	The benefit entitlement and assumed retirement age of Ontario members whose age plus service equals at least 55 at the valuation date, reflect their entitlement to grow into early retirement subsidies

Other Assumptions	
Final average earnings:	Based on actual pensionable earnings over the averaging period
Family composition:	Same as for going concern valuation
Maximum pension limit:	$2,646.67 increasing at 2.31% per year for 10 years, 3.44% per year thereafter
Termination expenses:	0.25% of assets

To determine the hypothetical wind-up position of the Plan, a provision has been made for estimated termination expenses payable from the Plan's assets in respect of actuarial and administration expenses that may reasonably be expected to be incurred in terminating the Plan and to be charged to the Plan.

In addition, termination expenses also include a provision for transaction fees related to the liquidation of the Plan's assets and for the reduction in the value of the Plan's equity assets resulting from their liquidation. Such fees and liquidation impact are difficult to assess and will vary depending on the nature of the assets held and market conditions at the time assets are liquidated.

Because the settlement of all benefits on wind-up is assumed to occur on the valuation date and is assumed to be uncontested, the provision for termination expenses does not include custodial, investment management, auditing, consulting and legal expenses that would be incurred between the wind-up date and the settlement date or due to the terms of a wind-up being contested. Expenses associated with the distribution of any surplus assets that might arise on an actual wind-up are also not included in the estimated termination expense provisions.

In determining the provision for termination expenses payable from the Plan's assets, we have assumed that the plan sponsor would be solvent on the wind-up date. We have also assumed, without analysis, that the Plan's terms as well as applicable legislation and court decisions would permit the relevant expenses to be paid from the Plan.

Actual fees incurred on an actual plan wind-up may differ materially from the estimates disclosed in this report.

Incremental Cost

In order to determine the incremental cost, we estimate the hypothetical wind-up liabilities at the next valuation date. We have assumed that the cost of settling benefits by way of a lump sum or purchasing annuities remains consistent with the assumptions described above. Since the projected hypothetical wind-up liabilities will depend on the membership in the Plan at the next valuation date, we must make assumptions about how the Plan membership will evolve over the period until the next valuation.

We have assumed that the Plan membership will evolve in a manner consistent with the going concern assumptions as follows:

- Members terminate, retire and die consistent with the termination, retirement and mortality rates used for the going concern valuation.
- Pensionable earnings, the Income Tax Act pension limit and the Year's Maximum Pensionable Earnings increase in accordance with the related going concern assumptions.
- Active members accrue pensionable service in accordance with the terms of the Plan.
- To accommodate for new entrants to the Plan, we have added to the projected liability an amount based on the liability of new entrants that have joined the Plan since the previous valuation.
- Cost of living adjustments are consistent with the inflation assumption used for the going concern valuation.

Solvency Basis

In determining the financial position of the Plan on the solvency basis, we have used the same assumptions and methodology as were used for determining the financial position of the Plan on the hypothetical wind-up basis, except for the differences in assumptions described above.

The solvency position is determined in accordance with the requirements of the Act.

APPENDIX E

Membership Data

Analysis of Membership Data

The actuarial valuation is based on membership data as at December 31, 2011, provided by Hydro One Inc.

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.), pensionable earnings, credited service, contributions accumulated with interest and pensions to retirees and other members entitled to a deferred pension. Contributions, lump sum payments and pensions to retirees were compared with corresponding amounts reported in financial statements. 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.

	31.12.11	31.12.09
Active Members		
Number	5,446	5,042
Total pensionable earnings for the following year	$493,804,272	$435,017,627
Average pensionable earnings for the following year	$90,673	$86,279
Average years of pensionable service	13.9	14.8
Average age	44.2	44.8
Accumulated contributions with interest	$350,040,313	$334,148,262
Members on Long Term Disability		
Number	130	125
Total pensionable earnings for the following year	$9,669,278	$8,808,644
Average pensionable earnings for the following year	$74,379	$70,469
Average years of pensionable service	24.6	25.2
Average age	55.4	55.2
Accumulated contributions with interest	$9,231,515	$9,126,864
Deferred Pensioners		
Number	299	320
Total annual pension	$3,223,848	$3,565,653
Average annual pension	$10,782	$11,143
Average age	52.6	52.0
Pensioners and Survivors		
Number	5,304	5,265
Total annual lifetime pension	$199,441,218	$184,259,583
Total annual temporary pension	$25,244,104	$25,090,168
Average annual lifetime pension	$37,602	$34,997
Average age	71.0	70.4
Pensioners and Survivors		
Number	1,776	1,819
Total annual lifetime pension	$41,307,153	$37,199,616
Total annual temporary pension	$567,542	$557,903
Average annual lifetime pension	$23,259	$20,451
Average age	79.6	78.3

The membership movement for all categories of membership since the previous actuarial valuation is as follows:

	Actives	Long Term Disabilities	Deferred Vested	Pensioners	Survivors	Total
Total at 12.31.2009	5,042	125	320	5,265	1,819	12,571
New entrants	792	2				794
Actives to LTD	(21)	21				0
LTD to actives	2	(2)				0
Terminations:						0
• transfers/ lump sums	(33)	0	(9)			(42)
• deferred pensions	(26)	0	26			0
• reciprocal completed	(3)					(3)
Deaths	(20)	(1)	(1)	(298)		(320)
Retirements	(287)	(15)	(37)	339		0
Beneficiaries					168	168
Benefits Expired	0	0	0	(2)	(211)	(213)
Total at 12.31.2011	5,446	130	299	5,304	1,776	12,955

The distribution of the active members by age and pensionable service as at the valuation date is summarized as follows:

	Years of Pensionable Service							
Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30 +**	**Total**
Under 25	89	1						90
	$67,198	*						$67,219
25 to 29	640	71						711
	$74,538	$85,163						$75,599
30 to 34	358	234	25					617
	$78,717	$87,303	$92,286					$82,523
35 to 39	221	175	68					464
	$83,728	$87,584	$93,907					$86,674
40 to 44	191	127	44	20	99	3		484
	$87,326	$97,027	$97,626	$89,937	$91,566	*		$91,828
45 to 49	166	105	94	23	359	240	23	1,010
	$86,793	$93,384	$92,418	$97,790	$95,369	$92,735	$100,098	$93,016
50 to 54	121	83	85	14	201	265	364	1,133
	$90,437	$91,976	$98,472	$98,471	$93,948	$95,350	$99,716	$96,005
55 to 59	64	48	60	14	86	110	320	702
	$90,254	$91,561	$94,603	$109,499	$93,755	$94,508	$102,475	$97,766
60 to 64	25	22	23	6	42	39	139	296
	$106,534	$99,304	$100,846	$113,676	$99,340	$93,695	$102,363	$101,028
65 +	9	7	15	2	12	9	15	69
	$90,817	$95,773	$109,138	*	$94,742	$90,858	$102,871	$99,123
Total	1,884	873	414	79	799	666	714	5,576
	$80,497	$90,359	$95,842	$99,475	$94,566	$94,108	$102,568	$90,293

* Data for cells with three or fewer members have been suppressed to preserve confidentiality of information.

The distribution of the inactive members by age as at the valuation date is summarized as follows:

	Deferred Pensioners		Pensioners		Survivors	
Age	Number	Average Pension	Number	Average Pension	Number	Average Pension
<45	31	$8,845			5	$14,235
45 - 49	49	$8,039			7	$16,209
50 - 54	93	$11,213	66	$44,807	21	$18,130
55 - 59	85	$12,983	520	$43,205	60	$19,212
60 - 64	38	$10,531	1,094	$39,507	82	$20,835
65 - 69	3	$3,075	985	$37,558	112	$25,972
70 - 74			706	$35,566	150	$24,132
75 - 79			701	$34,740	283	$23,279
80 - 84			706	$36,871	461	$24,857
85 - 89			370	$35,794	352	$23,002
90 - 94			129	$34,686	193	$22,333
95 +			27	$21,924	50	$17,959
Total	299	$10,782	5,304	$37,602	1,776	$23,259

APPENDIX F

Summary of Plan Provisions

This valuation is based on the plan provisions in effect on December 31, 2011.

The following is a summary of the main provisions of the Plan in effect on December 31, 2011. This summary is not intended as a complete description of the Plan.

Eligibility for membership	The following categories of employees are members of the Plan: • All regular employees • Employees for whom the Office and Professional Employees International Union was the bargaining agent prior to July 30, 1982. • Employees who became continuing construction clerical employees after July 29, 1982 and before August 8, 1984. • Employees who have completed three months of continuous employment as a probationary employee Any other employee, with the exception of construction trades, machinists, and hotel and restaurant employees, who has completed twenty-four months of continuous employment and who has at least 700 hours of employment or earnings of 35% of the YMPE (see note on next page) in each of the two previous calendar years, may elect to become a member of the Plan. Other members include pensioners, terminated employees with deferred pensions, and employees receiving long term disability benefits. **Note:** "YMPE" is the Year's Maximum Pensionable Earnings as defined under the Canada Pension Plan.
Employee Contributions	The employees contribute at the following rates until they complete 35 years of credited service: <u>Power Workers Union members</u> • 4.5% of base annual earnings up to the YMPE, • And 6.5% of base annual earnings in excess of the YMPE. <u>Management and Society members</u> • 4.0% of base annual earnings up to the YMPE, • And 6.0% of base annual earnings in excess of the YMPE. Society members are required to contribute an additional 0.5% of base annual earnings when the ratio of solvency assets to solvency liabilities is less than 106%.

Retirement Dates

Normal Retirement Date

- Female members whose continuous employment commenced prior to January 1, 1976:
  The first day of the month when she in fact retires, coincident with or next following the attainment of age 60 or any subsequent month up to the month coincident with or next following her sixty-fifth birthday.
- All other members:
  The first day of the month coincident with or next following the attainment of age 65.

Early Retirement Date

- An employee may retire prior to the normal retirement date without any reduction in the accrued pension, if the sum of the employee's age and years of continuous employment is equal to or greater than 82 (for management employees hired on or after January 1, 2004 and Society employees hired on or after November 17, 2005, if the sum of the employee's age and years of credited service is equal to or greater than 85).
- A female employee whose continuous employment commenced prior to 1976 with at least 15 years of continuous employment, or any other employee with 15 or more years of continuous employment but less than 25 years of continuous employment, who does not qualify for any of the previously mentioned early retirement provisions, may retire within 10 years of normal retirement date. In such a case the employee's accrued pension is reduced by 2% for each year up to five years and 3% for each additional year by which the early retirement date precedes the employee's normal retirement date.
- Otherwise, an employee may retire prior to age 60 with 25 or more years of continuous employment, but within 10 years of normal retirement date. In such a case, the employee's accrued pension is reduced by 3% for each year by which early retirement precedes age 60.
- An employee, who does not qualify under any of the previously mentioned early retirement provisions and who has at least two years of Plan membership, may retire within 10 years of normal retirement date. In such a case, the pension is the actuarial equivalent of the member's deferred pension.
- A terminated employee with a deferred pension may retire under any of the previously mentioned provisions for early retirement without reduction provided that such provision was in effect on the date of termination.
- A terminated employee with a deferred pension, who terminated after March 31, 1986, with 25 or more years of continuous employment has the same early retirement provisions as those in effect for active employees at the date of termination.
- Otherwise, a terminated employee with a deferred pension, who terminated with 15 or more years of continuous employment, or who terminated with 2 or more years of Plan membership after 1987, may receive a pension within 10 years of normal retirement in accordance with the rules in effect on the date of termination. In such a case, the pension is the actuarial equivalent of the member's deferred pension.

Normal Retirement Pension	(a) 2% of the member's "high three-year average" (high five-year average for management employees hired on or after January 1, 2004 and Society employees hired on or after November 17, 2005) (see note below) for each year of credited service, subject to a maximum of 35 years LESS (b) 0.625% of the member's "high five-year average" up to the "average YMPE" (see note below) for each year of credited service included in (a) above subsequent to December 31, 1965. This factor has been reduced from 0.625% to 0.50% for members of the Power Workers Union (PWU) and for Society members hired prior to November 17, 2005.
Bridge Pension	For everyone except management employees hired on or after January 1, 2004 and Society members hires on or after November 17, 2005, 0.625% of the member's "high five-year average" up to the "average YMPE" (see note below) for each year of credited service included in (a) above, subject to a maximum of 30 years, multiplied by 35, and divided by 30. The bridge benefit is payable in the same form as the lifetime pension, until the member attains age 65. Management employees hired on or after January 1, 2004 and Society members hired after November 17, 2005 are not entitled to receive a bridge benefit from the Plan. **Note:** "High three-year average" is the average of the member's base annual earnings plus bonuses up to a set percentage during the thirty-six consecutive months when the base earnings were highest. For earnings after 1999, the percentage of bonus under the performance achievement plan included in pensionable earnings is 50%. The "average YMPE" is the average of the YMPEs during the sixty consecutive months when the base earnings were highest.
Pension Increases	Pension increases of 100% (75% for management employees hired on or after January 1, 2004 and Society employees hired after November 17, 2005) of the increase in the CPI (Ontario) will be given every January 1 to pensioners, beneficiaries and terminated employees with deferred pensions.
Maximum Pension	The benefits in respect of continuous employment after 1991 are limited to the maximum allowable under the Income Tax Act.

Death benefits	Pre-retirement: (a) Benefits in respect of Continuous Employment Prior to 1987 (i) If the member has completed 10 years of continuous employment, the surviving spouse or dependent child is entitled to a survivor's pension. The survivor's pension is an amount equal to 66.67% of the pension to which the member would have been entitled had the member retired on the date of death with no reduction for early retirement. The survivor's pension is payable to the surviving spouse until death or, if there is no eligible spouse, to the dependent children until age 18 (longer if disabled or in full-time attendance at a school or university). The total benefits paid are subject to a minimum of the member's contributions with interest. (ii) Otherwise, a payment of the member's contributions with interest is made to the beneficiary or estate. (b) Benefits in respect of Continuous Employment After 1986 (i) If the member has less than 2 years of Plan membership and has not completed 10 years of continuous employment, a payment of the member's contributions with interest is made to the beneficiary or estate. (ii) If the member has less than 2 years of Plan membership, but has completed 10 years of continuous employment, the surviving spouse is entitled to a survivor's pension as described in (a)(i) above. (iii) If the member has at least 2 years of Plan membership, but has not completed 10 years of continuous employment, the surviving spouse is entitled to receive the commuted value of the member's deferred pension. In lieu of such payment, the surviving spouse may elect to receive an immediate or deferred pension of equivalent commuted value. If there is no surviving spouse, a payment of the commuted value of the member's deferred pension is made to the beneficiary or estate. (iv) If the member has at least 2 years of Plan membership and has completed 10 years of continuous employment, the surviving spouse is entitled to the greater of an immediate pension of 66.67% of the pension to which the member would have been entitled had the member retired on the date of death with no reduction for early retirement, or an immediate pension with commuted value equivalent to the commuted value of the member's deferred pension. In lieu of this pension, the surviving spouse may elect to receive the commuted value of the member's deferred pension or a deferred pension of equivalent commuted value. If there is no surviving spouse, the dependent children are entitled to a pension of 66.67% of the pension to which the member would have been entitled had the member retired on the date of death with no reduction for early retirement, payable to age 18 (longer if disabled or in full-time attendance at a school or university). If there is no surviving spouse, a payment of the commuted value of the member's deferred pension less the commuted value of the pension payable to any dependent children is made to the beneficiary or estate.
Death benefits	Post retirement: • A survivor's pension, an amount equal to 66.67% of the pension to which the member would have been entitled, is payable on death after retirement to the surviving spouse or dependent children, subject to other options chosen at the time of retirement.

Termination Benefits	(a) Benefits in respect of Continuous Employment Prior to 1987 (i) The member is entitled to a refund of all of the member's pre-1987 contributions with interest, subject to (iv) below. (ii) A member, who has at least one year of Plan membership, may elect to receive, in lieu of (i) above, the pension accrued prior to 1987 commencing at normal or early retirement age ascertained in accordance with the rules pertaining to terminated employees with deferred pensions in effect upon termination of employment. (iii) A member, who has at least 10 years of Plan membership, may elect to receive, in lieu of (i) or (ii) above, a cash payment of 25% of the commuted value of the pension accrued prior to 1987, with 75% of such pension being paid at normal or early retirement age ascertained in accordance with the rules pertaining to terminated employees with deferred pensions in effect upon termination of employment. (iv) A member, who has both attained age 45 and completed 10 or more years of continuous employment, may not elect to receive a refund of contributions in respect of service between January 1, 1965 and December 31, 1986. The member may, however, elect to receive, in lieu of (ii) or (iii) above, a refund of the member's contributions to the Fund prior to 1965 together with credited interest plus 25% of the commuted value of the pension accrued after 1964 but prior to 1987, with entitlement to 75% of such pension being paid commencing on the normal or early retirement date ascertained in accordance with the rules pertaining to terminated employees with deferred pensions in effect upon termination of employment. The member may elect to transfer (see note below) the greater of the commuted value of the 75% pension or 75% of the member" contributions with interest made after 1964 but prior to 1987. (b) Benefits in respect of Continuous Employment After 1986 (i) A member is entitled to a refund of the member's post-1986 contributions with interest, subject to (iii) below. (ii) A member, who has at least one year of Plan membership, may elect to receive, in lieu of (i) above, the pension accrued after 1986 commencing at normal or early retirement age ascertained in accordance with the rules pertaining to terminated employees with deferred pensions in effect upon termination of employment. (iii) A member, who has at least two years of Plan membership, may not elect to receive a refund under (i) above. The member may, however, elect, in lieu of (ii) above, to transfer (see note below) the commuted value of the deferred pension. Note: Amounts must be transferred to a pension fund related to another pension plan, a prescribed retirement savings arrangement, or a life annuity which does not commence before the earliest date on which the member would have been entitled to retire.
Disability Benefits	A totally disabled employee receives benefits from an income replacement plan and ceases to contribute to the Pension Fund, but continues to accrue credited service. For this member, the base annual earnings for pension purposes are deemed to be increased by the same percentage increases described for pensions above.

Excess Contributions	Upon the earliest of termination of employment, death or retirement, the amount by which the member's post-1986 contributions with interest exceed 50% of the commuted value of the deferred pension accrued after 1986 is refunded to the member (to the spouse, beneficiary or estate, in the case of death). Upon termination of employment, if a member who has attained age 45 and completed 10 or more years of continuous employment elects to fully divest the pension accrued prior to 1987, the member is entitled to receive the amount by which the contributions with interest made after 1964 but prior to 1987 exceeds the commuted value of the pension accrued after 1964 but prior to 1987.

APPENDIX G

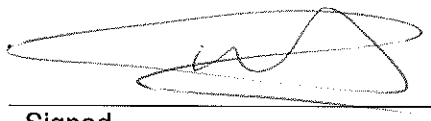
Employer Certification

With respect to the Report on the Actuarial Valuation for Funding Purposes as at December 31, 2011, of the Hydro One Pension Plan I hereby certify that, to the best of my knowledge and belief:

- The valuation reflects the terms of the Company's engagement with the actuary, particularly the requirement to include a margin of 0.91% in the discount rate used to perform the going concern valuation.
- The valuation reflects the Company's decisions in regards to determining the solvency funding requirements.
- A copy of the official plan documents and of all amendments made up to December 31, 2011 were provided to the actuary and is reflected appropriately in the summary of plan provisions contained herein.
- The asset information summarised in Appendix B is reflective of the Plan's assets.
- The membership data provided to the actuary included a complete and accurate description of every person who is entitled to benefits under the terms of the Plan for service up to December 31, 2011.

All events subsequent to December 31, 2011 that may have an impact on the Plan have been communicated to the actuary.

MAY 25/12
Date


Signed

SANDY STRUTHERS
Name



Mercer (Canada) Limited
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Consulting. Outsourcing. Investments.

3 February 2010

Hydro One Inc.

Report on Non-Pension Post Retirement and Post Employment Benefit Cost and Disclosure for the Fiscal Year Ending December 31, 2009 Under CICA Section 3461

MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

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Report Highlights

This report has been prepared by Mercer (Canada) Limited at the request of Hydro One Inc. This report provides information on non-pension post retirement and post employment obligations and benefit cost calculated in accordance with Section 3461 of the Canadian Institute of Chartered Accountants Handbook ("CICA 3461") to enable Hydro One Inc. to satisfy accounting and disclosure requirements for financial statements pursuant to CICA 3461. This report does not cover the other plans in the consolidated reporting for Other Post Employment Benefits such as the DSPS, SPS, MEU, Hydro One Brampton or WSIB plans. These figures are provided in other reports prepared by Mercer, or as is the case for WSIB, as prepared by Hydro One Inc.

The Non-Pension Post Retirement and Post Employment Benefit Plans are defined benefit plans funded on a cash basis by contributions from Hydro One Inc.

Hydro One Inc.'s fiscal year-end date is December 31 and the measurement date for the plan obligations as described in this report is December 31.

All results presented in this report are in Canadian dollars.

Fiscal Year Ending December 31, 2009

Non-Pension Post Retirement Benefits

The benefit cost (also referred to as expense in this report) calculated in accordance with CICA 3461 for the fiscal year ending December 31, 2009 is a charge of $74,029,000 which consists of $72,445,000 with respect to Hydro One Inc. and $1,584,000 with respect to Inergi.

The Accrued Benefit Liability as calculated in accordance with CICA 3461 is $822,585,000 which consists of $795,730,000 with respect to Hydro One Inc. and $26,855,000 with respect to Inergi.

The employer contributions and employer-paid benefit payments during the fiscal year ending December 31, 2009 are $32,354,000 which consists of $32,354,000 with respect to Hydro One Inc. and $0 with respect to Inergi.

Post Employment Benefits

The benefit cost calculated in accordance with CICA 3461 for the fiscal year ending December 31, 2009 is a credit of $526,000.

The Accrued Benefit Liability calculated in accordance with CICA 3461 as at December 31, 2009 is $81,803,000.

The employer contributions and employer-paid benefit payments during the fiscal year ending December 31, 2009 are $7,325,000.

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 December 31, 2009 would result in an increase to the Accrued Benefit Obligation (ABO) for the non-pension post retirement benefit plan calculated in accordance with CICA 3461 of approximately 15%.

Fiscal Year Ending December 31, 2010

The projected benefit cost for the non-pension post retirement benefit plan calculated in accordance with CICA 3461 for the fiscal year ending December 31, 2010, using a discount rate of 6.50% per annum is a charge of $81,114,000 which consists of $79,394,000 with respect to Hydro One Inc. and $1,720,000 with respect to Inergi.

The projected 2010 benefit cost for the post-employment benefit plan is estimated to be a charge of $821,000.

The actual benefit cost may differ from the above mentioned projection in order to reflect any benefit plan changes or significant events taking place during the coming fiscal year.

Changes in Plan Provisions

There were no changes in plan provisions since the last disclosure as of December 31, 2008.

Changes in Actuarial Assumptions

There have been changes in actuarial assumptions since the last disclosure as of December 31, 2008. Please refer to the Summary of Actuarial Assumptions in Appendix C of this report for a description of these changes.

Changes in Actuarial Methods

There were no changes in actuarial methods since the last disclosure as of December 31, 2008.

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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.

Non-Pension Post Retirement Benefits

All amounts in $000s

	Fiscal Year Ending 31.12.09			Fiscal Year Ending 31.12.08		
Components of Benefit Cost	Hydro One Inc.	Inergi	Total	Hydro One Inc.	Inergi	Total
Current service cost	$13,860	$0	$13,860	$15,341	$0	$15,341
Interest cost	55,313	1,614	56,927	52,655	1,574	54,229
Actual return on plan assets	0	0	0	0	0	0
Actuarial loss (gain)	81,962	2,368	84,330	(230,849)	(7,897)	(238,746)
Plan amendments	0	0	0	0	0	0
Curtailment loss (gain)	0	0	0	0	0	0
Settlement loss (gain)	0	0	0	0	0	0
Other/Adjustment	0	0	0	0	0	0
Costs arising in the period	**$151,135**	**$3,982**	**$155,117**	**($162,853)**	**($6,323)**	**($169,176)**
Differences between costs arising in the period and costs recognized in the period in respect of:						
▪ Return on plan assets	0	0	0	0	0	0
▪ Actuarial loss (gain)	(81,962)	(2,415)	(84,377)	247,106	8,177	255,283
▪ Plan amendments	3,272	17	3,289	3,272	17	3,289
▪ Transitional obligation (asset)	0	0	0	0	0	0
Benefit cost recognized	**$72,445**	**$1,584**	**$74,029**	**$87,525**	**$1,871**	**$89,396**

Weighted-Average Assumptions for Expense	Fiscal Year Ending 31.12.09	Fiscal Year Ending 31.12.08
Discount rate	7.25%	5.50%
Rate of compensation increase	2.75% + PPM	3.00% + PPM
Initial weighted average health care trend rate	8.81%[1]	8.33%
Ultimate weighted average health care trend rate	4.81%	4.40%
Year ultimate rate reached	2023	2018

Weighted-Average Assumptions for Disclosure	31.12.09	31.12.08
Discount rate	6.50%	7.25%
Rate of compensation increase	2.50% + PPM	2.75% + PPM
Initial weighted average health care trend rate	8.57%[2]	8.81%
Ultimate weighted average health care trend rate	4.81%	4.81%
Year ultimate rate reached	2023	2023

[1] Trend rate applied to the 2009 claim cost (July 1, 2009 mid-point) to trend the claim cost forward twelve months to July 1, 2010 mid-point.

[2] Trend rate applied to the 2010 claim cost (July 1, 2010 mid-point) to trend the claim cost forward twelve months to July 1, 2011 mid-point.

All amounts in $000s

Change in Accrued Benefit Obligation (ABO)	Fiscal Year Ending 31.12.09			Fiscal Year Ending 31.12.08		
	Hydro One Inc.	Inergi	Total	Hydro One Inc.	Inergi	Total
ABO at end of prior year	**$766,835**	**$22,551**	**$789,386**[3]	**$960,514**	**$28,874**	**$989,388**[4]
Current service cost	13,860	0	13,860	15,341	0	15,341
Interest cost	55,313	1,614	56,927	52,655	1,574	54,229
Employees' contributions	0	0	0	0	0	0
Benefits paid	(32,354)	0	(32,354)	(30,826)[5]	0	(30,826)
Actuarial loss (gain)	81,962	2,368	84,330	(230,849)	(7,897)	(238,746)
Plan amendments	0	0	0	0	0	0
Increase (decrease) in accrued benefit obligation due to curtailment	0	0	0	0	0	0
Reduction in accrued benefit obligation due to settlement	0	0	0	0	0	0
Special termination benefits	0	0	0	0	0	0
Net transfer in (out)	0	0	0	0	0	0
ABO at end of year	**$885,616**	**$26,533**	**$912,149**[6]	**$766,835**	**$22,551**	**$789,386**[7]

Change in Plan Assets	Fiscal Year Ending 31.12.09			Fiscal Year Ending 31.12.08		
	Hydro One Inc.	Inergi	Total	Hydro One Inc.	Inergi	Total
Fair value of plan assets at end of prior year	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Actual return on plan assets	0	0	0	0	0	0
Employer contributions	32,354	0	32,354	30,826	0	30,826
Employees' contributions	0	0	0	0	0	0
Benefits paid	(32,354)	0	(32,354)	(30,826)[5]	0	(30,826)
Settlements	0	0	0	0	0	0
Net transfer in (out)	0	0	0	0	0	0
Fair value of plan assets at end of year	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

3 Based on membership data as of September 1, 2008 projected to December 31, 2008.

4 Based on membership data as of December 31, 2005 projected to December 31, 2007.

5 The benefit payment for Hydro One is adjusted by ($277) to incorporate MEU into the Hydro One results.

6 Based on membership data as of September 1, 2008 projected to December 31, 2009.

7 Based on membership data as of September 1, 2008 projected to December 31, 2008.

All amounts in $000s

Reconciliation of Funded Status to Accrued Benefit Asset (Liability)	Fiscal Year Ending 31.12.09			Fiscal Year Ending 31.12.08		
	Hydro One Inc.	Inergi	Total	Hydro One Inc.	Inergi	Total
Funded Status at end of year	**($885,616)**	**($26,533)**	**($912,149)**	**($766,835)**	**($22,551)**	**($789,386)**
Unamortized transitional obligation (asset)	0	0	0	0	0	0
Unamortized past service costs	12,663	37	12,700	15,935	54	15,989
Unamortized net actuarial loss (gain)	77,223	(359)	76,864	(4,739)	(2,774)	(7,513)
Accrued benefit asset (liability)	**($795,730)**	**($26,855)**	**($822,585)**	**($755,639)**	**($25,271)**	**($780,910)**

Effect of Change in Assumed Health Care Cost Trend Rates	Fiscal Year Ending 31.12.09	Fiscal Year Ending 31.12.08
Effect on aggregate of current service cost and interest cost		
▪ One-percentage point increase	$12,988	$13,660
▪ One-percentage point decrease	($10,206)	($10,548)
Effect on ABO at fiscal year end		
▪ One-percentage point increase	$140,915	$107,650
▪ One-percentage point decrease	($113,070)	($87,511)

Post Employment Benefits

All amounts in $000s

Components of Benefit Cost	Fiscal Year Ending 31.12.09	Fiscal Year Ending 31.12.08
Current service cost	$3,518	$5,119
Interest cost	2,344	2,043
Actual return on plan assets	0	0
Actuarial loss (gain)	2,989	(3,700)
Plan amendments	0	0
Curtailment loss (gain)	0	0
Settlement loss (gain)	0	0
Other/Adjustment	0	0
Costs arising in the period	**$8,851**	**$3,462**
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)	(9,377)	(3,023)
▪ Plan amendments	0	0
▪ Transitional obligation (asset)	0	0
Benefit cost recognized	**($526)**	**$439**

Weighted-Average Assumptions for Expense	Fiscal Year Ending 31.12.09	Fiscal Year Ending 31.12.08
Discount rate	7.25%	5.50%
Rate of compensation increase	2.00%	2.25%
Initial weighted average health care trend rate	9.54%[8]	9.63%
Ultimate weighted average health care trend rate	4.83%	4.50%
Year ultimate rate reached	2023	2018

Weighted-Average Assumptions for Disclosure	31.12.09	31.12.08
Discount rate	6.50%	7.25%
Rate of compensation increase	2.00%	2.00%
Initial weighted average health care trend rate	9.21%[9]	9.54%
Ultimate weighted average health care trend rate	4.83%	4.83%
Year ultimate rate reached	2023	2023

[8] Trend rate applied to the 2009 claim cost (July 1, 2009 mid-point) to trend the claim cost forward twelve months to July 1, 2010 mid-point.

[9] Trend rate applied to the 2010 claim cost (July 1, 2010 mid-point) to trend the claim cost forward twelve months to July 1, 2011 mid-point.

All amounts in $000s

Change in ABO	Fiscal Year Ending 31.12.09	Fiscal Year Ending 31.12.08
ABO at end of prior year	**$35,048**[10]	**$38,420**[11]
Current service cost	3,518	5,119
Interest cost	2,344	2,043
Employees' contributions	0	0
Benefits paid	(7,325)	(6,834)
Actuarial loss (gain)	2,989	(3,700)
Plan amendments	0	0
Increase (decrease) in accrued benefit obligation due to curtailment	0	0
Reduction in accrued benefit obligation due to settlement	0	0
Special termination benefits	0	0
Net transfer in (out)	0	0
ABO at end of year	**$36,574**[12]	**$35,048**[13]

Change in Plan Assets	Fiscal Year Ending 31.12.09	Fiscal Year Ending 31.12.08
Fair value of plan assets at end of prior year	**$0**	**$0**
Actual return on plan assets	0	0
Employer contributions	7,325	6,834
Employees' contributions	0	0
Benefits paid	(7,325)	(6,834)
Settlements	0	0
Net transfer in (out)	0	0
Fair value of plan assets at end of year	**$0**	**$0**

Reconciliation of Funded Status to Accrued Benefit Asset (Liability)	Fiscal Year Ending 31.12.09	Fiscal Year Ending 31.12.08
Funded status at end of year	**($36,574)**	**($35,048)**
Employer contributions during period from measurement date to fiscal year-end	0	0
Unamortized transitional obligation (asset)	0	0
Unamortized past service costs	0	0
Unamortized net actuarial loss (gain)	(45,229)	(54,606)
Accrued benefit asset (liability)	**($81,803)**	**($89,654)**

[10] Based on membership data as of September 1, 2008 projected to December 31, 2008.

[11] Based on membership data as of December 31, 2006 projected to December 31, 2007.

[12] Based on membership data as of September 1, 2008 projected to December 31, 2009.

[13] Based on membership data as of September 1, 2008 projected to December 31, 2008.

3

Certification

We have prepared an actuarial valuation of Hydro One Inc.'s non-pension post retirement benefit obligations for accounting purposes as at September 1, 2008 and extrapolated those results to December 31, 2008. In accordance with our mandate, the purpose of this valuation and extrapolation is to determine the benefit costs of the non-pension post retirement benefit plan in accordance with CICA 3461 for the fiscal year beginning January 1, 2009 and ending December 31, 2009 to enable the Company to account for the cost of the Plan under CICA 3461.

The non-pension post retirement benefit obligations for accounting purposes as at September 1, 2008 was also extrapolated to December 31, 2009. 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 Company to satisfy the disclosure requirements under CICA 3461.

We have prepared an actuarial valuation of Hydro One Inc.'s post employment benefit obligations for accounting purposes as at September 1, 2008 and extrapolated those results to December 31, 2008. In accordance with our mandate, the purpose of this valuation and extrapolation is to determine the benefit cost of the post employment plan in accordance with CICA 3461 for fiscal year beginning January 1, 2009 and ending December 31, 2009 to enable the Company to account for the cost of the plan under CICA 3461.

The post employment benefit obligations for accounting purposes as at September 1, 2008 was also extrapolated to December 31, 2009. In accordance with our mandate, the purpose of this valuation and extrapolation is to determine the obligations of the post employment benefit plan in accordance with CICA 3461 to enable the Company to satisfy the disclosure requirements under CICA 3461.

This report has been prepared exclusively for Hydro One 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

Hydro One 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. A summary of plan provisions is provided in Appendix D of this report. These plan provisions have been certified by Hydro One Inc. under Employer Certification in Appendix E of this report.

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

Data

The non-pension post retirement and post employment valuations and extrapolations are based on membership data as at September 1, 2008. The membership data is summarized in Appendix B of this report.

Subsequent Events

Based on discussions with representatives of Hydro One Inc., to our knowledge there have been no events subsequent to December 31, 2009 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 of this report.

Valuation methods and assumptions are the same as the prior year's valuation with exception of the following changes made at December 31, 2009:

Non-Pension Post Retirement Plan

- The discount rate was changed from 7.25% per annum to 6.50% per annum;
- The salary scale assumption for non-LTD members was changed from 2.75% per annum + PPM to 2.50% per annum + PPM

Post Employment Plan

- The discount rate was changed from 7.25% per annum to 6.50% per annum

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 are for purposes of enabling Hydro One Inc. to fulfill accounting requirements pursuant to CICA 3461. 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 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.

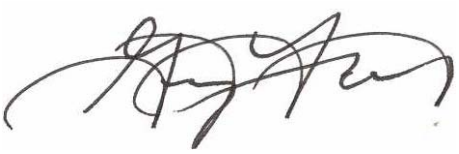
The preparers of the financial statements have selected the assumptions used in the valuations of the plan obligations and determination of plan costs. They are Management's best-estimate assumptions, selected for accounting purposes, in accordance with CICA 3461. These assumptions are in accordance with accepted actuarial practice in Canada.

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.

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

Respectfully submitted,



Guy K. Fors
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

2010 02 03
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.

Non-Pension Post-Retirement

All amounts in $000s

Financial Position of the Plan

		01.01.09			01.01.08		
		Hydro One Inc.	Inergi	Total	Hydro One Inc.	Inergi	Total
1.	ABO						
	a. Retirees and surviving spouses	($467,378)	($9,697)	($477,075)	($567,408)	($8,241)	($575,649)
	b. Active fully eligible members	(126,992)	(12,854)	(139,846)	(123,402)	(20,633)	(144,035)
	c. Active not fully eligible members	(172,465)	0	(172,465)	(269,704)	0	(269,704)
	d. Total (a. + b. + c.)	**($766,835)**	**($22,551)**	**($789,386)**	**($960,514)**	**($28,874)**	**($989,388)**
2.	Fair value of plan assets	0	0	0	0	0	0
3.	**Surplus (Deficit) (1(d) + 2.)**	**($766,835)**	**($22,551)**	**($789,386)**	**($960,514)**	**($28,874)**	**($989,388)**
4.	Employer contributions during period from measurement date to fiscal year end	0	0	0	0	0	0
5.	Unamortized transitional obligation (asset)	0	0	0	0	0	0
6.	Unamortized past service cost	15,935	54	15,989	19,207	71	19,278
7.	Unamortized net actuarial loss (gain)	(4,739)	(2,774)	(7,513)	242,367	5,403	247,770
8.	**Accrued benefit asset (liability) (3. + 4. + 5. + 6. + 7.)**	**($755,639)**	**($25,271)**	**($780,910)**	**($698,940)**	**($23,400)**	**($722,340)**

All amounts in $000s

Reconciliation of Accrued Benefit Asset (Liability)

		Fiscal Year Ending 31.12.09			Fiscal Year Ending 31.12.08		
		Hydro One Inc.	Inergi	Total	Hydro One Inc.	Inergi	Total
1.	Accrued benefit asset (liability) at the beginning of the year	**($755,639)**	**($25,271)**	**($780,910)**	**($698,940)**	**($23,400)**	**($722,340)**
2.	Benefit cost for the year	(72,445)	(1,584)	**(74,029)**	(87,525)	(1,871)	**(89,396)**
3.	Benefit payments	32,354	0	**32,354**	30,826	0	**30,826**
4.	**Accrued benefit asset (liability) at end of year**	**($795,730)**	**($26,855)**	**($822,585)**	**($755,639)**	**($25,271)**	**($780,910)**

Interest Cost

		Fiscal Year Ending 31.12.09			Fiscal Year Ending 31.12.08		
		Hydro One Inc.	Inergi	Total	Hydro One Inc.	Inergi	Total
1.	ABO	$766,835	$22,551	$789,386	$960,514	$28,874	$989,388
2.	a. Current service cost	13,860	0	13,860	15,341	0	15,341
	b. Weighted for timing	13,860	0	13,860	15,341	0	15,341
3.	a. Expected distributions	(35,508)	(587)	(36,095)	(36,979)	(525)	(37,504)
	b. Weighted for timing	(17,754)	(294)	(18,048)	(18,490)	(263)	(18,753)
4.	Average ABO (1. + 2.b. + 3.b.)	762,941	22,257	785,198	957,365	28,611	985,976
5.	Discount rate	7.25%	7.25%	7.25%	5.50%	5.50%	5.50%
6.	**Interest cost (4. × 5.)**	**$55,313**	**$1,614**	**$56,927**	**$52,655**	**$1,574**	**$54,229**

All amounts in $000s

Amortization Amounts

Hydro One Inc.

Amortizations	Unamortized Amount as of 01.01.09	Years Remaining	Annual Amortization Amount
1. Past service cost			
a. 2000 plan changes	$2,087	2.4	$854
b. 2001 plan changes	(631)	3.0	(214)
c. 2006 plan changes	14,479	5.5	2,632
d. Total	**$15,935**	**N/A**	**$3,272**

2. Unamortized loss (gain) subject to amortization as of January 1, 2009	
a. Unamortized net actuarial loss (gain)	($4,739)
b. ABO	766,835
c. 10% of ABO b.	76,684
d. Unamortized net actuarial loss (gain) subject to amortization *[excess of a. over c.]*	0
e. Expected average remaining service lifetime	11.0
f. Amortization amount (d. ÷ e.)	**$0**

Inergi

Amortizations	Unamortized Amount as of 01.01.09	Years Remaining	Annual Amortization Amount
1. Past service cost			
a. 2000 plan changes	$74	2.4	$23
b. 2001 plan changes	(20)	3.0	(6)
c. Total	**$54**	**N/A**	**$17**

2. Unamortized loss (gain) subject to amortization as of January 1, 2009	
a. Unamortized net actuarial loss (gain)	($2,774)
b. ABO	22,551
c. 10% of accrued benefit obligation b.	2,255
d. Unamortized net actuarial loss (gain) subject to amortization *[excess of a. over c.]*	(519)
e. Expected average remaining service lifetime	11.0
f. Amortization amount (d. ÷ e.)	**($47)**

All amounts in $000s

Analysis of Other Liability Loss (Gain)

Hydro One

Gains and Losses Due to:	Due to Remeasurement at 31.12.09
1. Updates to salary scale	(115)
2. Change in discount rate	85,231
3. Actual benefit payments differing from expected	(3,154)
4. Total	**$81,962**

Inergi

Gains and Losses Due to:	Due to Remeasurement at 31.12.09
1. Updates to salary scale	(26)
2. Change in discount rate	2,981
3. Actual benefit payments differing from expected	(587)
4. Total	**$2,368**

Post Employment

All amounts in $000s

Financial Position of Plan

	01.01.09	01.01.08
1. Accrued benefit obligation		
a. LTD income benefits	($22,150)	($23,536)
b. IBNR	(3,395)	(4,982)
c. Health benefits	(7,447)	(7,622)
d. Dental benefits	(1,051)	(1,251)
e. Life insurance benefits	(1,005)	(1,029)
f. Sick leave continuation	0	0
g. Total (a. + b. + c. + d. + e. + f.)	**($35,048)**	**($38,420)**
2. Fair value of plan assets	0	0
3. Surplus (Deficit) (1.g. + 2.)	**($35,048)**	**($38,420)**
4. Employer contributions during period from measurement date to fiscal year end	0	0
5. Unamortized transitional obligation (asset)	0	0
6. Unamortized past service cost	0	0
7. Unamortized net actuarial loss (gain)	(54,606)	(57,629)
8. Accrued benefit asset (liability) (3. + 4. + 5. + 6. + 7.)	**($89,654)**	**($96,049)**

Reconciliation of Accrued Benefit Asset (Liability)

	Fiscal Year Ending 31.12.09	Fiscal Year Ending 31.12.08
1. Accrued Benefit asset (liability) at beginning of year	($89,654)	($96,049)
2. Benefit cost for the year	526	(439)
3. Benefit payments	7,325	6,834
4. Accrued benefit asset (liability) at end of year	**($81,803)**	**($89,654)**

All amounts in $000s

Interest Cost

	Fiscal Year Ending 31.12.09	Fiscal Year Ending 31.12.08
1. Accrued benefit obligation (start of year)	$35,048	$38,420
2. Current service cost	3,518	5,119
3. Expected distributions	(5,693)	(5,082)
4. Expected benefit obligation (end of year)	35,217	40,500
5. Interest cost (4. – 3. – 2. – 1.)	**2,344**	**2,043**

Amortization Amounts

Amortizations	Unamortized Amount as of 01.01.09	Years Remaining	Annual Amortization Amount
1. Transitional obligation (asset)	$0	N/A	$0
2. Past service cost	$0	N/A	$0
3. Unamortized loss (gain) subject to amortization as of January 1, 2009			
a. Unamortized net actuarial loss (gain)			($54,606)
b. Accrued benefit obligation			35,048
c. 10% of accrued benefit obligation b.			3,505
d. Unamortized net actuarial loss (gain) subject to amortization *[excess of a. over c.]*			(51,101)
e. Expected average remaining service lifetime			8.0
f. Amortization amount (d. ÷ e.)			**($6,388)**

Analysis of Other Liability Loss (Gain)

Gains and Losses to be Deferred Due to:	Due to Remeasurement as of 31.12.09
1. Change in discount rate	$1,357
2. Actual benefit payments differing from expected	1,632
3. Total	**$2,989**

Appendix B

Membership Data

The Hydro One Inc. non-pension post retirement actuarial valuation results are based on membership data as at September 1, 2008, provided by the Mercer Pension Administration and Hydro One Inc. The Inergi actuarial valuation results are based on membership data as at September 1, 2008, as provided by Inergi. It is understood that the cost of the non-pension post retirement benefits offered to Inergi members will be divided between Hydro One Inc. and Inergi, relative to the service with each company at retirement. In addition, some Inergi employees were sold to Vertex in 2004. Inergi was not able to provide updated data for these employees this year, therefore, we have retained the Vertex employees from the last valuation in our data, as these employees continue to be eligible for Hydro One's non-pension post retirement benefit plan. Our figures pertain to Hydro One Inc.'s portion of the obligations only. Hydro One Inc. does not retain the obligation for Inergi members on disability, therefore, no post employment benefit figure is included here for such numbers.

The Hydro One Inc. post employment actuarial valuation results are based on membership data as at September 1, 2008, provided by Hydro One 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 for Non-Pension Post Retirement Benefits

Hydro One Inc.	01.09.08	31.12.05
Active Members		
Number	4,568	4,000
Average basic earnings	$83,067	$77,426
Average years of eligible service	17.5	19.4
Average age	45.3	46.1
Disabled Members		
Number	123	114
Average basic deemed earnings	$68,296	$61,382
Average years of eligible service	25.9	55.0
Average age	54.3	53.4
Deferred Vested Members		
Number	19	26
Average age	53.3	52.3
Retirees		
Number	5,189	5,299
Average age	70.0	69.0
Number of covered spouses	4,464	4,513
Surviving Spouses		
Number	1,653	1,645
Average	78.3	77.5

Inergi	01.09.08	31.12.05
Active Members		
Number	461	554
Average basic earnings	$80,756	$73,910[14]
Average years of eligible service	15.4	13.2
Average age	45.6	43.0
Disabled Members		
Number	19	23
Average basic deemed earnings	$43,571	$54,663
Average years of eligible service	21.8	18.0
Average age	48.3	44.4
Retirees		
Number	98	65
Average age	58.4	56.7
Number of covered spouses	98	65

[14] Based on December 31, 2003 valuation data increased with expected salary increases for two years.

The membership movement for all categories of membership since the previous actuarial valuation is as follows:

Reconciliation of Membership

Hydro One Inc.

Hydro One membership:

	Active	Disabled	Deferred Vested	Retirees	Surviving Spouses	Total
Total at Jan 01, 2006	**4,000**	**114**	**26**	**5,299**	**1,645**	**11,084**
Adjustments				2		2
New entrants	983					983
Terminations and deaths	(98)	(9)	(3)			(110)
Deferred pensions	(7)		7			-
Disability	(32)	32				-
Deaths				(169)	(238)	(407)
Surviving Spouses				(246)	246	-
Retirements	(278)	(14)	(11)	303		-
Reinstated to Active						-
Total at Sep 01, 2008	**4,568**	**123**	**19**	**5,189**	**1,653**	**11,552**

Inergi

	Active	Disabled	Retirees	Total
Total at Jan 01, 2006	**554**	**23**	**65**	**642**
Adjustments	-	-	-	-
Terminations and deaths	(61)	(3)	-	**(64)**
Disability	(1)	1	-	-
Retirements	(33)	-	33	-
Reinstated as Hydro One Active	2	(2)	-	-
Total at Sep 01, 2008	**461**	**19**	**98**	**578**

The distribution of the Hydro One Inc. active members by age and completed years of service as at September 1, 2008 is summarized as follows:

Distribution of Active Members for Hydro One Inc.
By Age Group and Completed Years of Service as at 01.09.08

	Years of Completed Service							
Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30+**	**Total**
Under 20	1							1
20 - 24	124	5						129
25 - 29	270	104	1					375
30 - 34	130	176	20					326
35 - 39	135	92	14	65	3			309
40 - 44	118	86	23	193	298	4		722
45 - 49	105	83	19	138	383	339	53	1,120
50 - 54	65	52	16	62	151	250	370	966
55 - 59	27	28	10	28	55	101	199	448
60 - 64	13	13	5	20	24	48	41	164
65+	1	2		1	2	2		8
Total	**989**	**641**	**108**	**507**	**916**	**744**	**663**	**4,568**

Summary of Active Members for Hydro One Inc.

	Number	Average Age	Average Years of Eligible Service	Average Annualized Basic Earnings	Number with Health Coverage	Number with Dental Coverage
Management	545	48.7	19.9	$120,563	519	521
Society	847	44.8	15.3	93,410	830	830
PWU	3,176	44.9	17.7	73,874	3,117	3,118
Total	**4,568**	**45.3**	**17.5**	**$83,067**	**4,466**	**4,469**

The distribution of the Inergi active members by age and completed years of service as at September 1, 2008 is summarized as follows:

Distribution of Active Members for Inergi
By Age Group and Completed Years of Service as at 01.09.08

	Years of Completed Service							
Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30+**	**Total**
Under 20								-
20 - 24								-
25 - 29		3						3
30 - 34		39	12					51
35 - 39		32	30	5				67
40 - 44		31	14	22	16	2		85
45 - 49		29	20	13	26	25	3	116
50 - 54		16	16	13	12	24	10	91
55 - 59		8	8	9	3	4	1	33
60 - 64		1	5	4	1	2		13
65+			1		1			2
Total	**0**	**159**	**106**	**66**	**59**	**57**	**14**	**461**

Summary of Active Members for Inergi

	Number	Average Age	Average Years of Eligible Service	Average Annualized Basic Earnings	Number with Health Coverage	Number with Dental Coverage
Management	30	48.8	20.0	$109,980	30	30
Society	164	47.3	18.0	99,755	161	161
PWU	267	44.3	13.4	95,803	262	262
Total	**461**	**45.6**	**15.4**	**$80,756**	**453**	**453**

Analysis of Membership Data for Post Employment Benefits

Summary of LTD Members

	31.12.08	31.12.06
Active Members		
Number	123	117
Number with Medical/Dental	120	114
Average age	54.3	50.4
Average duration of disability	7.7	7.6
Average deemed earnings benefit	$68,296	$61,766

The distribution of the disabled members by age and completed years of service as at September 1, 2008 is summarized as follows:

Distribution of Disabled Members for Hydro One Inc.
By Age Group and Completed Years of Service as at 01.09.08

	Years of Completed Service							
Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30+**	**Total**
Under 20								
20 - 24								
25 - 29								
30 - 34								
35 - 39	1	1		1				3
40 - 44		1	1		5			7
45 - 49	1	1		5	9	2	3	21
50 - 54		1		1	8	10	9	29
55 - 59	1	2		5	5	7	18	38
60 - 64		2	1	2	6	6	8	25
65+								
Total	**3**	**8**	**2**	**14**	**33**	**25**	**38**	**123**

Summary of LTD Members

	Number	Average Age	Average Years of Eligible Service	Average Annualized Basic Earnings	Number with Health Coverage	Number with Dental Coverage
Management	7	51.3	22.3	$79,851	6	6
Society	15	56.8	24.5	87,645	15	15
PWU	101	54.3	26.4	64,621	99	99
Total	**123**	**54.4**	**25.9**	**$68,296**	**120**	**120**

The distribution of the retirees and surviving spouses by age as at September 1, 2008 is summarized as follows:

Distribution of Retirees and Surviving Spouses
By Age Group as at 01.09.08

Age	Retirees	Surviving Spouses	Total
Under 50	0	15	15
50 - 54	133	29	162
55 - 59	834	52	886
60 - 64	984	66	1,050
65 - 69	755	110	865
70 - 74	714	193	907
75 - 79	833	349	1,182
80 - 84	583	388	971
85 - 89	262	280	542
90 - 94	78	129	207
95 - 99	13	38	51
100+	0	4	4
Total	**5,189**	**1,653**	**6,842**

Summary of Retirees for Hydro One Inc.

	Number	Average Age	Number with Health Coverage	Number with Dental Coverage	Number with Spouse
Management	697	71.6	687	687	605
Society	1,514	69.0	1,505	1,505	1,386
PWU	2,978	70.1	2,913	2,902	2,473
Total	**5,189**	**70.0**	**5,105**	**5,094**	**4,464**

Summary of Retirees for Inergi

	Number	Average Age	Number with Health Coverage	Number with Dental Coverage	Number with Spouse
Management	8	58.1	8	8	8
Society	49	57.4	49	49	49
PWU	41	59.6	40	40	40
Total	**98**	**58.4**	**97**	**97**	**97**

Summary of Surviving Spouses with Medical and/or Dental Coverage

	Number	Average Age
Management	221	81.4
Society	316	76.6
PWU	1,116	78.2
Total	**1,653**	**78.3**

Summary of Deferred Vested Members with Medical and Dental Coverage[15]

	Number	Average Age
Management	7	53.9
Society	4	56.0
PWU	8	51.5
Total	**19**	**53.3**

[15] Deferred vested members are members who terminated active membership with 25 or more years of eligibility service. They will receive post retirement health and dental benefits when they retire and collect a pension from Hydro One Inc.

Appendix C

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 for the non-pension post-retirement and the post-employment valuations.

Cost Method

Non-Pension Post Retirement

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 Services, 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:

For active employees with NRA 65	Earliest of age 55, 82 points and 35 years of service
For active employees with NRA 60	Age 50
For LTD members	Date of disability
For deferred vested members with 25 or more years of eligibility service	Immediate

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.

Post Employment Benefits

The liabilities for post employment benefits are determined on a terminal accounting basis. For each disabled employee on long-term disability, the liability is equal to the full present value of future benefit payments (including LTD income benefits and continuation of health, dental and life insurance coverage) until age 65 including projected recoveries and terminations from disability.

In addition, the liabilities include a provision for future benefit payments for disabled employees who are in the waiting period for qualification for long-term disability benefits (referred to as incurred but not reported (IBNR) claims reserve).

Funding Policy

The non-pension post retirement benefits and post employment 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 or post employment benefits.

Accounting Policies

Non-Pension Post Retirement

Management applied the Recommendations of CICA 3461 retroactively.

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 (10 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 (11 years).

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

Post Employment Benefits

As a result of recent plan experience, Hydro One Inc. has decided as of the end of 2006, to update the assumptions surrounding terminations and recoveries in calculating the accrued benefit obligation and has made a corresponding refinement in the approach to amortizing the resulting experience gains and losses for Post Employment benefits. Previously, gains and losses arising from changes in economic basis were deferred and amortized over the expected average disabled lifetime, using the 10% corridor method. Now, demographic experience, in addition to economic assumptions, are deferred and amortized using the 10% corridor method and amortized over the expected average remaining disabled lifetime (8 years).

Hydro One's fiscal year-end is December 31 and the measurement date of the company's obligations is December 31.

Summary of Assumptions

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

Measurement date	December 31	
Discount rate for non-pension post retirement	▪ 5.50% per annum for 2008 benefit cost determination ▪ 7.25% per annum for December 31, 2008 funded status and 2009 benefit cost determination ▪ 6.50% per annum for December 31, 2009 funded status	
Salary increases – non-LTD members	▪ 2.75% per annum plus PPM (promotion, productivity and merit, age and service-related scale) for December 31, 2008 funded status and 2009 benefit cost determination ▪ 2.50% per annum plus PPM (promotion, productivity and merit, age and service-related scale) for December 31, 2009 funded status	
Salary increases – LTD members	▪ 2.00% per annum	
Post retirement health care cost trend rates	Semi-private Hospital	5.00% per annum
	Prescription drugs[16]	10.00% per annum in 2009 grading down to 5.00% per annum in and after 2023
	Other medical	10.00% per annum in 2009 grading down to 5.00% per annum in and after 2023
	Vision care	2.00% per annum through to 2028 and 0% thereafter
	Dental	5.00% per annum
Post employment health care cost increases and trend rates	Medical	9.54% per annum in 2009 grading down to 4.90% per annum in and after 2023
	Dental	5.00% per annum
Mortality table	1994 Uninsured Pensioners Mortality Table with projected improvements (Generational)	
Withdrawal	Rates at sample ages are shown below:	

Age	Male	Female
20	4%	5%
30	2%	4%
40	1%	3%
50	1%	3%
55+	0%	0%

No recovery or termination is assumed for LTD members, other than by death

No withdrawal is assumed after attainment of eligibility for retirement.

[16] The initial trend rate for prescription drug after age 65 is assumed to be 80% of the above assumption and the ultimate trend rate is assumed to be 0.25% lower than the above assumption due to the non-inflated Bill 26 costs beyond age 65 (i.e. $100 deductible and $6.11 per dispensing fee).

Disability incidence

Rates at sample ages are shown below:

Age	Rate
20	0.100%
30	0.105%
40	0.115%
50	0.295%
60	1.878%

Retirement rates

Age	If Eligible for Reduced Pension		If Eligible for Unreduced Pension
	Male	Female	
< 55	0%	0%	15%
55 to 60	2%	5%	25%
61 to 64	7%	10%	25%
65	100%	100%	100%

LTD members are assumed to retire at age 65. Employees are eligible to retire for an unreduced pension when age plus years of continuous employment is greater than or equal to 82.

Deferred vested employees (25 years of service or more) are assumed to retire and receive health and dental benefits at age 55.

Termination (Including Recovery) assumptions for Disabled Employees on LTD

The assumptions are based on the industry 1987 GLTD table

Dependent coverage

Active members electing dependant coverage upon retirement varies by gender as follows:

- Males 90%
- Females 90%

Actual coverage data provided by the client is used for retired members.

Age difference

For active members, a male is assumed to be 4 years older than his spouse.

Actual data provided by the client is used for retired members.

2008 age 65 per capita claim costs for post-retirement benefits with administration and taxes

Semi-private hospital	$103
Prescription drugs[17]	715
Other medical	362
Vision care	154
Dental care	722
Total	**$2,056**

Annual credit for Management employees hired on or after January 1, 2004

$100 per year of service at retirement to a maximum of $3,000

[17] The costs for drug benefits reflect that the provincial government plans cover approximately 65% of drug costs for seniors age 65 and over.

2008 per capita disabled employee claim costs for post employment benefits with administration and taxes	Medical	$8,297
	Dental care	1,325
	Total	**$9,622**

Aging factors

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

Age	Semi-Private Hospital	Prescription Drug	Other Medical	Vision	Dental
55	7.0%	3.8%	(0.2%)	(0.5%)	(0.4%)
60	7.8%	2.8%	(0.6%)	(0.6%)	(0.7%)
65	10.0%	2.1%	(0.5%)	(0.6%)	(0.9%)
70	9.5%	1.1%	1.2%	(0.5%)	(1.1%)
75	9.3%	0.5%	1.7%	(0.6%)	(1.3%)
80	8.2%	(0.2%)	2.2%	(0.6%)	(1.8%)
85	6.8%	(0.3%)	2.3%	(0.7%)	(2.9%)

Prescription drug offset assumption at age 65 and after

65% of claims

Administrative expenses as a percentage of paid claims

Medical (excluding prescription drugs)	7.08%
Prescription drugs	6.71%
Dental	5.31%
Life	1.00%
LTD	4.75%

Taxes

10.00% of claims and administration expenses for medical, dental and life insurance benefits.

1.95% of claims and administration expenses for LTD benefits.

7.00% of administration expenses for medical and dental benefits.

15.00% of administration expenses for LTD benefits.

Participation

It is assumed that 100% of eligible members will participate in the non-pension post retirement benefit plan upon retirement.

Claims Cost Development – Non-Pension Post-Retirement

The per covered member claim costs used in the September 1, 2008 valuation were based on the actual retiree and dependant claims information for the period, January 1, 2006 to August 31, 2008. This claims experience was collected and analysed separately for Hospital, Prescription Drug, Vision Care, Other Medical and Dental benefits.

A description of the process used to set the "Age 65 per capita claim costs for post-retirement benefits" shown in the Summary of Assumptions section 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 dependants covered during the year.
- The costs are then trended forward from the claims experience year to the midpoint of the valuation year of March 1, 2009
- This cost per person has been adjusted to the cost per covered member at age 65 based on the actual individual ages of the covered members using the "Aging Factors" assumptions shown in the Summary of Assumptions section
- These costs have been increased to include the cost of insurance company administrative expenses and provincial taxes charged on the claims.
- As indicated, this analysis was performed for each calendar year 2006, 2007 and 2008 (Annualized). The assumed cost per covered member for the September 1, 2008 valuation was based on a weighted average of the costs for the three years, as follows:

Percentage Contribution to Valuation Assumed 2008 Claim Cost	Hospital, Vision Care, Prescription Drugs, Other Medical and Dental Benefits
2006 claims experience	33.3%
2007 claims experience	33.3%
2008 claims experience	33.3%
Total	**100.0%**

Development of Non-Pension Post Retirement Claims Costs Assumptions for 2008 Per Covered Member Claim Costs at Age 65

	2008 Total	2007 Total	2006 Total
Actual Hydro One - Management retirees' paid claims (before administration costs and taxes)			
Hospital	$1,929,387	$1,934,213	$2,079,934
Drug	9,176,357	9,446,932	9,478,044
Vision care	1,385,757	1,325,015	1,309,061
Other medical	3,502,146	3,964,900	3,292,612
Dental	6,286,085	6,300,492	5,816,641
Total	**$22,279,731**	**$22,971,552**	**$21,976,291**
Number of Hydro One - Management retirees, spouses and surviving spouses			
▪ Eligible for medical benefits	11,222	11,365	11,487
▪ Eligible for dental benefits	11,204	11,343	11,461
Per covered member costs			
Hospital	$172	$170	$181
Drug	$818	$831	$825
Vision care	$123	$117	$114
Other medical	$312	$349	$287
Dental	$561	$555	$508
Total	**$1,986**	**$2,022**	**$1,914**
Trend to March 1, 2009			
Hospital	1.03	1.08	1.12
Drug	1.07	1.17	1.29
Vision care	1.02	1.04	1.07
Other medical	1.03	1.08	1.12
Dental	1.03	1.08	1.12
2008 per covered member costs			
Hospital	$177	$183	$204
Drug	$871	$974	$1,064
Vision care	$126	$121	$122
Other medical	$321	$375	$322
Dental	$578	$598	$571
Total	**$2,073**	**$2,252**	**$2,282**
Weighting	**33%**	**33%**	**33%**
2008 per covered member costs			
Hospital	$188		
Drug	$970		
Vision care	$123		
Other medical	$340		
Dental	$582		
Total	**$2,202**		

Adjustment factors to convert 2008 per covered member costs into age 65 per covered member costs	
Hospital	0.4629
Drug	0.6249
Vision care	1.0251
Other medical	0.9008
Dental	1.0669

Drug offset assumption at age 65	**65%**

Per covered member age 65 claims costs (2008 per covered member costs x adjustment factors)	
Hospital	87
Drug - incorporating 65% drug offset	606
Vision care	126
Other medical	306
Dental	621
Total	**1,746**

Administration costs and taxes for medical (excluding prescription drugs)		
▪ Administration costs	7.08%	of claims
▪ Sales taxes	7.00%	of administration
▪ Premium and sales taxes	10.00%	of claims
Total administration costs and taxes	**18.33%**	**of claims**

Administration costs and taxes for prescription drugs		
▪ Administration costs	6.71%	of claims
▪ Sales taxes	7.00%	of administration
▪ Premium and sales taxes	10.00%	of claims
Total administration costs and taxes	**17.90%**	**of claims**

Administration costs and taxes for dental		
▪ Administration costs	5.31%	of claims
▪ Sales taxes	7.00%	of administration
▪ Premium and sales taxes	10.00%	of claims
Total administration costs and taxes	**16.25%**	**of claims**

Per covered member age 65 claims costs with administration costs and taxes	
Hospital	$103
Drug - incorporating 65% drug offset	$715
Vision care	$149
Other medical	$362
Dental	$722
Total	**$2,051**

Benefit adjustment factors due to differences in plan provisions	
Hospital	1.000
Drug	1.000
Vision care	1.035
Other medical	1.000
Dental	1.000

Hydro One 2008 per covered member age 65 claims costs with administration costs and taxes	
Hospital	$103
Drug - incorporating 0% drug offset	$715
Vision care	$154
Other medical	$362
Dental	$722
Total	**$2,056**

Claims Cost Development – Post Employment

The per disabled employee claim costs used in the September 1, 2008 valuation are based on the actual disabled member and dependants' claims experience for the period January 1, 2006 to August 31, 2008.

A description of the process used to set the "Per Capita disabled employee claim costs for post employment benefits" shown in the Summary of Assumptions section 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 disabled members covered during the year.
- 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 trended forward from the claims experience year to the midpoint of the valuation year of March 1, 2009.
- As indicated, this analysis was performed for each calendar year 2006, 2007 and 2008 (Annualized). The assumed cost per covered member for the September 1, 2008 valuation was based on a weighted average of the costs for the three years, as follows:

Percentage Contribution to Valuation Assumed 2008 Claim Cost	Medical and Dental Benefits
2006 claims experience	33.3%
2007 claims experience	33.3%
2008 claims experience	33.3%
Total	**100.0%**

Development of 2008 Post Employment Claims Costs Assumptions Per Covered Disabled Member

	2008 Total	2007 Total	2006 Total
Actual Hydro One disabled members' paid claims (before administration costs and taxes)			
Hospital	$14,971	$39,590	$23,454
Other	85,479	154,412	120,292
Drug	343,134	530,848	534,559
Vision care	14,219	26,115	31,752
Dental	82,708	115,742	131,387
Total	**$540,511**	**$866,707**	**$841,444**
Number of Hydro One disabled members			
▪ Eligible for medical benefits	117	117	117
▪ Eligible for dental benefits	117	117	117
Per covered disabled member costs			
Hospital	$192	$338	$200
Other	$1,096	$1,320	$1,028
Drug	$4,399	$4,537	$4,569
Vision care	$182	$223	$271
Dental	$1,060	$989	$1,123
Total	**$6,930**	**$7,408**	**$7,192**
Administration costs and taxes for medical (excluding prescription drugs)			
▪ Administration costs (including GST on admin)	7.58%	of claims	
▪ Premium and sales taxes	10.00%	of claims	
Total administration costs and taxes	**18.33%**	**of claims**	
Administration costs and taxes for prescription drugs			
▪ Administration costs (including GST on admin)	7.18%	of claims	
▪ Premium and sales taxes	10.00%	of claims	
Total administration costs and taxes	**17.90%**	**of claims**	
Administration costs and taxes for dental			
▪ Administration costs (including GST on admin)	5.68%	of claims	
▪ Premium and sales taxes	10.00%	of claims	
Total administration costs and taxes	**16.25%**	**of claims**	
Per covered disabled member claims costs with administration costs and taxes			
Hospital	$227	$400	$237
Other	$1,297	$1,562	$1,217
Drug	$5,186	$5,349	$5,387
Vision care	$216	$264	$321
Dental	$1,233	$1,150	$1,305
Total	**$8,159**	**$8,725**	**$8,467**
Trend to March 01, 2009			
Hospital	1.03	1.08	1.12
Other	1.03	1.08	1.12
Drug	1.07	1.17	1.29
Vision care	1.02	1.04	1.07
Dental	1.03	1.08	1.12
Weighting	**33%**	**33%**	**33%**

2008 Per Capita Claim Costs with Administration Costs and Taxes	
Medical	8,297
Dental	1,325
Total	9,622

Appendix D

Summary of Plan Provisions

Non-Pension Post Retirement

Eligibility

Retirees entitled to a pension are eligible for life insurance, retirement bonus, medical and dental coverage as described later.

Normal retirement age is 65. For females hired before January 1, 1976, the normal retirement age is 60.

An employee may retire and be eligible for benefits at the earliest of:

- 10 years prior to normal retirement age and two years of pension plan membership;
- 35 years of service; and
- The date at which age plus service equals 82

Deferred vested members with 25 or more years of service are eligible for medical and dental coverage at the time they receive a pension from the company (assumed to be age 55).

Spouses and dependants are eligible for medical and dental coverage while the retiree is alive. After the retiree's death, spouses and dependants are eligible for coverage if the spouse is in receipt of a pension. Surviving spouses and dependants of an employee who died in active employment or a disabled employee who dies while disabled are also eligible for medical and dental coverage if the spouse is in receipt of a pension. Spouses and dependants of a deferred vested member with 25 or more years of service who dies while deferred are eligible for benefits.

Benefits

Life Insurance

Life insurance coverage equal to 50% of base annual earnings at retirement is provided in the first 10 years of retirement, reducing to 25% of base annual earnings 10 years after retirement. For LTD members this benefit commences at age 65 as mentioned above.

Retirement Bonus

Employees (excluding Management employees who were hired on or after January 1, 2004) with 10 or more years' continuous service receive a lump sum payment of one month's earnings at retirement.

Medical and Dental

Medical and dental benefits vary depending on the employee group the retiree was in as an active employee. The groups (identified by the insurance contract Claims Branch Code) are as follows:

011 Society pensioners formerly in one of the following Employee Groups:

- Management and Professional, Field Management and Professional Management Function and Auditor/Management and Professional Trainees
- Office Supervisory and Services, Trades Management Supervisors, Trade Supervisors, System Control (SC), Supervising Electrical Inspectors and Helicopter Supervisors

014 Pensioners formerly in one of the following Employee Groups:

- Members of the Power Workers' Union (PWU) (CUPE Local 1000)
- Managerial Services
- Construction Field Foreman

013,015,016 Executive Salary Roll Pensioners and Non-Society Pensioners formerly in one of the following Employee Groups:

- Management and Professional, Field Management and Professional Management Function and Auditor/Management and Professional Trainees
- Office Supervisory and Services, Trades Management Supervisors, Trades Supervisors, System Control (SC), Supervising Electrical Inspectors and Helicopter Supervisors

Semi-Private Hospital Accommodation Plan

This plan covers:

- the semi-private differential between ward accommodation and semi-private accommodation in an active treatment hospital, and
- up to $40 per day for a maximum of 120 days in any period of 365 consecutive days towards semi-private or private room accommodation in a hospital for the chronically ill or a chronic care unit of a general hospital.

Extended Health Care Benefits Plan

This plan covers:

- The differential between semi-private and private room accommodation in an active treatment hospital.
- Up to $20 per day for PWU members for a maximum of 365 days per lifetime towards semi-private or private room accommodation in a contract (private) hospital or a convalescent/rehabilitative hospital (Non-union members are eligible for full semi-private hospital coverage at these hospitals up to 120 days per lifetime under the Semi-Private Hospital Accommodation Plan and Society members are eligible for 365 days per lifetime).
- Prescription drugs (as listed in the company's Formulary Drug List – including Lactaid), medicines, sera and vaccines, etc. subject to the following for Claims Branches 011, 013, 015 and 016:

    a. A maximum dispensing fee of $11.00 per prescription for drugs that require a prescription by law (the maximum does not apply in certain limited situations)
    b. Generic substitution unless the physician requests no substitution (for claims branch 014 as well)
    c. Over-the-counter drugs that do not require a prescription by law are covered where medically required (a dispensing fee of up to $6.11 is covered for electronic claims only for all claims branches). Over-the-counter drugs except for life sustaining drugs are not included in EHC benefits for Society and Management members

- Blood and blood products.
- Private duty nursing, subject to a maximum fee as set by the largest Nursing Registry in Ontario (cap of $50,000 per calendar year and a lifetime maximum of $150,000).
- Ambulance services.
- Physiotherapy treatments.
- Miscellaneous items such as prosthetic appliances, equipment rental, support stockings.
- Dental treatment as the result of an accident.
- Hearing aids.
- Eyeglasses (included contact lenses) up to $400 per person, every two calendar years (the calendar year periods vary by Claims Branch). For PWU and Society members, the vision care maximum increases from $450 to $475 per person, every two calendar years, as of January 1, 2009.

- Services of clinical psychologists, masseurs, speech therapists, chiropractors, podiatrists, chiropodists, naturopaths subject to certain per person calendar year maximums which may vary by Claims Branch.

The annual deductibles are as follows:

Claims Branches 011, 013, 014, 015 and 016:	$10 single/$20 family

The deductibles do not apply to vision care and hearing aids.

Out-of-Province Health Coverage

- For pensioners the plans do not cover any service or supply provided outside Ontario for an amount greater than it would pay for such benefit if supplied in Ontario.
- Pensioners and their dependents are covered for emergency illness or injury (only) which occurs while travelling outside Ontario. The coverage is through MEDEX and ceases once the emergency is dealt with. On-going medical care is not covered.
- No deductible applied under Out-of-Province Health Coverage.

Dental Benefits

This plan pays 100% of Class A Services and 85% of Class B Services.

Class A Services include examinations, x-rays, preventive services, periodontal services, endodontic services and extensive oral surgery.

Class B Services include dentures, crowns, bridges and temporomandibular joint appliances. For all employee groups, the current ODA Fee Guide applies.

No deductibles or annual or lifetime maximums apply with the exception of a $1,300 lifetime maximum per person on temporomandibular joint appliances.

This plan also pays 75% of eligible charges related to Orthodontic Benefits subject to a $4,000 lifetime maximum per individual for Claims Branches 011, 013, 014, 015 and 016.

Ontario Health Premium

Hydro One Inc. pays the Ontario Health Premium (OHP) for retirees.

Post Employment

Disabled employees are eligible for the following benefits:

Long-Term Disability Benefits

Long-term disability benefits begin at the later of 6 months of disability or the exhaustion of sick leave credits.

LTD benefits are the lesser of 65% of base earnings or 75% of base earnings less benefits received from the Canada Pension Plan or Workers' Compensation benefits. Benefits are indexed at 100% of the Consumers Price Index.

Benefits cease at the earlier of death, recovery, retirement or age 65.

Medical and Dental Benefits

Medical and dental coverage is continued for the disabled employee and his dependants. Benefit provisions are similar to that of the non-pension post retirement plan.

Life Insurance Benefits

Life insurance coverage of two or three times base annual salary (depending on the option chosen) is continued.

Appendix E

Employer Certification

With respect to the Report on Non-Pension Post Retirement Benefit Cost and Disclosure for the Fiscal Year Ending December 31, 2009 Under CICA Section 3461 of the Hydro One Inc.'s non-pension post retirement and post employment benefit plans, 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 the plans for service up to the date of the valuation, September 1, 2008 for non-pension post retirement and post employment plans;
- A copy of the plan documents and of all amendments made up to December 31, 2009 were supplied to the actuary;
- All substantive commitments have been communicated to the actuary;
- Accounting policies as 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;
- The Management's best-estimate assumptions for purposes of the valuations of the plan and the extrapolation of the financial position of the plan as of the fiscal year end December 31, 2009 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.

Feb 8 2010
Date

Karen Newman
Signed

Karen Newman
Name

Corporate Controller
Title

MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

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February 2010

Hydro One Inc. Pension Plan and Fund

Report on Pension Expense and Disclosure for the Fiscal Year Ending December 31, 2009 Under CICA Section 3461

MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

Consulting. Outsourcing. Investments.

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1

Report Highlights

Mercer has prepared this report exclusively to assist Hydro One Inc. and its auditors in preparing financial reports under Section 3461 of the Canadian Institute of Chartered Accountants Handbook ("CICA 3461") for defined benefit pension plans relating to the Hydro One Inc. Pension Plan and Fund for the fiscal year ending December 31, 2009.

The Hydro One Inc. Pension Plan and Fund is a defined benefit pension plan funded by contributions from Hydro One Inc. and from plan members. Pension benefits are based on length of service and final average earnings and are indexed for inflation.

Hydro One Inc.'s fiscal year end date is December 31 and the measurement date for the plan assets and obligations as described in this report is also December 31.

With the exception of the Membership Data section, all figures shown in tables are in thousands of Canadian dollars.

Fiscal year ending December 31, 2009

The net periodic pension cost calculated in accordance with CICA 3461 for the fiscal year ending Dec. 31, 2009 is a charge of $128,751,000.

The accrued benefit asset of $423,772,000 is included in Other Long-Term Assets and under Regulatory Liabilities in the Consolidated Balance Sheet.

The employer contributions to the pension fund during the fiscal year ending December 31, 2009 was $111,913,000. These employer contributions were made in accordance with our Report on the Actuarial Valuation for Funding Purposes as at December 31, 2006. The next actuarial valuation for funding purposes must be as of a date no later than December 31, 2009.

Changes in Plan Provisions

There were no changes in plan provisions since the last disclosure as of December 31, 2008.

Changes in Actuarial Cost Methods

There were no changes in actuarial cost methods since the last disclosure as of December 31, 2008.

Changes in Actuarial Assumptions

There were changes in actuarial assumptions since the last disclosure as of December 31, 2008. Please see the Summary of Actuarial Assumptions in Appendix C of this report for a description of these changes. The changes in assumptions have resulted in an increase in the accrued benefit obligation of $644,616,000 as at December 31, 2009.

Changes in Accounting Policy

There were no changes in accounting policy since the last disclosure as of December 31, 2008.

Transition to International Financial Reporting Standards

Accounting standards for publically accountable enterprises and some public sector entities are transitioning to International Financial Reporting Standards (IFRS) from Canadian GAAP for fiscal years beginning on or after January 1, 2011. Accounting for employee future benefit plans will be affected as International Accounting Standard 19 (IAS 19), although similar, is not identical to CICA 3461. At the date of adoption, entities will be required to comply with all effective IFRSs as prescribed in *IFRS 1 – First Time Adoption of International Financial Accounting Standards*.

2

Principal Expense and Disclosure Information

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

Components of Net Periodic Pension Cost[1]	Fiscal Year Ending Dec. 31, 2009 (in 000's)	Fiscal Year Ending Dec. 31, 2009 (in 000's)
Current service cost (employer portion)	$52,559	$78,094
Interest cost	285,718	277,119
Actual return on plan assets	(631,479)	1,113,047
Actuarial loss (gain)	643,246	(1,172,349)
Plan amendments	0	0
Costs arising in the period	**$350,044**	**$295,911**
Differences between costs arising in the period and costs recognized in the period in respect of:		
▪ Return on plan assets	358,971	(1,464,761)
▪ Actuarial loss (gain)	(583,815)	1,205,893
▪ Plan amendments	3,551	3,551
Net periodic pension cost recognized before adjustment for valuation allowance	**$128,751**	**$40,594**
Increase (decrease) in valuation allowance provided against accrued benefit asset	0	0
Net periodic pension cost recognized	**$128,751**	**$40,594**

[1] CICA 3461 requires an analysis of the components of net periodic pension cost showing separately amounts arising from events in the period, the difference between actual return on plan assets and the expected return on plan assets, other adjustments for deferrals and amortizations of amounts previously deferred, and the change in the valuation allowance if applicable. The actual derivation of the net periodic pension cost is set out in the Supplemental Information – Development of Costs section of this report.

Weighted-Average Assumptions for Expense	Fiscal Year Ending Dec. 31, 2009	Fiscal Year Ending Dec. 31, 2008
Discount rate	7.25%	5.50%
Expected long-term rate of return on plan assets	7.25%	7.00%
Rate of cost of living increase	2.00%	2.25%
Rate of compensation increase (excluding merit)	2.75%	3.00%

Weighted-Average Assumptions for Disclosure	Dec. 31, 2009	Dec. 31, 2008
Discount rate	6.50%	7.25%
Rate of cost of living increase	2.00%	2.00%
Rate of compensation increase (excluding merit)	2.50%	2.75%

Change in Accrued Benefit Obligation	Fiscal Year Ending Dec. 31, 2009 (in 000s)	Fiscal Year Ending Dec. 31, 2008 (in 000s)
Accrued benefit obligation at end of prior year	**$4,007,504**	**$5,076,686**
Current service cost (employer portion)	52,559	78,094
Interest cost	285,718	277,119
Employees' contributions	21,004	19,549
Benefits paid	(270,116)	(271,595)
Actuarial loss (gain)	643,246	(1,172,349)
Plan amendments	0	0
Net transfer in (out)	0	0
Accrued benefit obligation at end of year	**$4,739,915**	**$4,007,504**

Change in Plan Assets	Fiscal Year Ending Dec. 31, 2009 (in 000s)	Fiscal Year Ending Dec. 31, 2008 (in 000s)
Fair value of plan assets at end of prior year	**$3,835,956**	**$5,099,967**
Actual return on plan assets	642,571	(1,121,690)
Employer contributions	111,913	101,082
Employees' contributions	21,004	19,549
Benefits paid	(270,116)	(271,595)
Reciprocal transfers	5,543	21,522
Actual plan expenses	(11,092)	(12,879)
Fair value of plan assets at end of year	**$4,335,779**	**$3,835,956**

Reconciliation of Funded Status to Accrued Benefit Asset (Liability)	Fiscal Year Ending Dec. 31, 2009 (in 000s)	Fiscal Year Ending Dec. 31, 2008 (in 000s)
Excess (Deficit) at end of year	**$(404,136)**	**$(171,548)**
Unamortized past service costs	14,300	17,851
Unamortized net actuarial loss (gain)	813,608	594,307
Accrued benefit asset (liability) before valuation allowance	423,772	440,610
Valuation allowance against accrued benefit asset	0	0
Accrued benefit asset (liability) net of valuation allowance	**$423,772**	**$440,610**

Plan Assets by Asset Category	Fiscal Year Ending Dec. 31, 2009	Fiscal Year Ending Dec. 31, 2008
Equity securities	63.3%	63.0%
Debt securities	32.8%	32.8%
Other	3.9%	4.2%
Total	**100%**	**100%**

The plan's assets included investments in debt security in the Province of Ontario of $88,413,000 as of December 31, 2009 ($88,223,000 as of December 31, 2008).

3

Certification

Mercer has prepared this report exclusively to assist Hydro One Inc. and its auditors in preparing financial reports under CICA 3461 for defined benefit pension plans relating to the Hydro One Inc. Pension Plan and Fund for the fiscal year ending December 31, 2009.

This valuation report may not be used or relied upon by any other party or for any other purpose. Mercer is not responsible for the consequences of any unauthorized use.

A valuation report is a snapshot of a plan's estimated financial condition at a particular point in time; it does not predict a pension plan's future financial condition or its ability to pay benefits in the future.

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, plan expenses and the amount earned on any assets invested to pay the benefits. These amounts and others 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 Section 8, 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 changes in mandated requirements, plan experience, changes in expectations about the future, and other factors. Due to the limited scope of the assignment, we did not perform, and thus do not present, an analysis of the potential range of future possibilities and scenarios.

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.

Actuarial Valuations and Extrapolations

We have prepared an actuarial valuation of Hydro One Inc. Pension Plan and Fund's benefit obligations for accounting purposes as at December 31, 2006 and extrapolated those results to December 31, 2008. In accordance with our mandate, the purpose of this valuation and extrapolation is to account for the costs of the plan for the fiscal year beginning January 1, 2009 and ending December 31, 2009 in accordance with Section 3461 of the Canadian Institute of Chartered Accountants Handbook ("CICA 3461").

In addition, we have prepared a second actuarial valuation of Hydro One Inc. Pension Plan and Fund's benefit obligations for accounting purposes as at December 31, 2006 and extrapolated those results to December 31, 2009. In accordance with our mandate, the purpose of this valuation and extrapolation is to enable the Company to satisfy the disclosure requirements under CICA 3461.

The financial positions of the plan and the determination of net periodic pension cost set out in this report are based on actual plan asset data as of December 31, 2008 and December 31, 2009.

Details are provided below.

Plan Provisions

The results of the valuations set forth in this report reflect the contractual provisions of the plan as of the dates of the valuations.

There were no other amendments made to the plan since the date of the last valuation for accounting purposes as at December 31, 2008.

A summary of the plan provisions and the plan amendments are provided in Appendix D of our Report on the Actuarial Valuation for Funding Purposes as at December 31, 2006 dated October 2007 (the "Funding Report").

Substantive Commitment

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

Data

The valuations are based on the plan asset data provided to us by Hydro One Inc., for the period from January 1, 2009 to December 31, 2009. The pension fund is held in trust by CIBC Mellon and is invested in accordance with the investment policy of Hydro One Inc. The plan asset data is summarized in the Principal Pension Expense and

Disclosure Information section of this report. We have tested the pensions paid, the lump-sum refunds and the contributions for consistency with the membership data for the plan members who have received benefits or made contributions. The results of these tests were satisfactory.

The calculation of the pension expense for 2009 is based on an extrapolation of membership data as at December 31, 2006 provided by Hydro One Inc. The calculation of the accrued benefit obligation at the end of 2009 is based on an extrapolation of membership data as at December 31, 2006 provided by Hydro One Inc. The December 31, 2006 membership data is summarized in this report.

Subsequent Events

On July 29, 2004, the Supreme Court of Canada dismissed the appeal in Monsanto Canada Inc. v. Superintendent of Financial Services ("*Monsanto")*, thereby upholding the requirement to distribute surplus on partial plan wind ups under the *Pension Benefits Act (Ontario).* The decision has retroactive application. In preparing this actuarial valuation, we have assumed that all plan assets are available to cover the plan liabilities presented in this report. The subsequent declaration of a partial wind-up of the plan in respect of a past event, or disclosure of an existing past partial wind-up, could cause an additional claim on plan assets, the consequences of which would be addressed in a subsequent report. We note the discretionary nature of the power of the Superintendent of Financial Services to declare partial wind ups and the lack of clarity with respect to the retroactive scope of that power. We are making no representation as to whether the Superintendent might declare a partial wind-up in respect of events in the plan's history.

The Financial Services Commission of Ontario received a request from a group of former active members that it declare a partial wind up under the Plan in respect of some terminations from 2000 through 2003. The Superintendent initially decided that a partial wind up would not be declared. Following an appeal by the plan members, the Financial Services Tribunal reached a decision on August 1, 2007 to declare a partial windup only in respect of 73 members whose terminations were effective between the period September 1, 2002 and December 31, 2002, inclusive. The Company's appeal to the Ontario Divisional Court was dismissed in 2008. The Company's motion to appeal to the Ontario Court of Appeal was approved in 2008. The Company appealed the decision and it was dismissed by the Ontario Court of Appeal in 2010. Our valuation does not account for the impact of this ruling. The declaration of a partial wind up, if any, is not expected to have a material impact on the results disclosed in this report.

After checking with representatives of Hydro One Inc., to our knowledge there have been no other events subsequent to December 31, 2009 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 net periodic pension cost are summarized in the Supplemental Information section of this report.

Emerging experience, differing from the assumptions, will result in gains or losses that will be revealed in future valuations and will affect the financial position of the plan and future net periodic pension cost.

Actuarial computations under CICA 3461 are for purposes of fulfilling employer accounting requirements. 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 judging benefit security at termination or adequacy of funding for an ongoing plan.

4

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 Section 3461 of the CICA Handbook.

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 Section 3461 of the CICA Handbook. We are not expressing any opinion on these assumptions.

In our 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 Section 3461 of the CICA Handbook reflecting application of Hydro One's accounting policies described in this report.

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

Respectfully submitted,





Scott Clausen
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

February 3, 2010
Date

M. Teresa Palandra
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

February 3, 2010
Date

Appendix A

Development of Costs

This Appendix shows the liabilities for plan benefits and the calculation of the various components of plan costs.

Financial Position of the Plan

		Jan. 1, 2009 (in 000s)	Jan. 1, 2008 (in 000s)
1.	Accrued benefit obligation	($4,007,504)	($5,076,686)
2.	Fair value of plan assets	3,835,956	5,099,967
3.	Surplus Deficit (1. + 2.)	$(171,458)	$23,281
4.	Unamortized past service costs	17,851	21,402
5.	Unamortized net actuarial loss (gain)	594,307	335,439
6.	**Accrued benefit asset (liability) (3.+4.+5.)**	$440,610	$380,122
7.	Valuation allowance against accrued benefit asset	0	0
8.	**Accrued benefit asset (liability) net of valuation allowance (6. + 7.)**	**$440,610**	**$380,122**

Net Periodic Pension Cost

		Fiscal Year Ending Dec. 31, 2009 (in 000s)	Fiscal Year Ending Dec. 31, 2008 (in 000s)
1.	Current service cost (employer portion)	$52,559	$78,094
2.	Interest cost	285,718	277,119
3.	Expected return on plan assets	(272,508)	(351,714)
4.	Amortizations		
	a. Past service costs	3,551	3,551
	b. Net actuarial loss (gain)	59,431	33,544
5.	One-time adjustment	0	0
6.	**Net periodic pension cost before adjustment for valuation allowance (1.+2.+3.+4.+5.)**	**$128,751**	**$40,594**
7.	Increase (decrease) in valuation allowance provided against accrued benefit asset	0	0
8.	**Net periodic pension cost (6. + 7.)**	**$128,751**	**$40,594**

Components of these calculations are developed below:

Current Service Cost

		Fiscal Year Ending Dec. 31, 2009 (in 000s)	Fiscal Year Ending Dec. 31, 2008 (in 000s)
1.	Current service cost at beginning of year	$71,943	$97,643
2.	Expected employees' contributions	(19,384)	(19,549)
3.	**Current service cost (employer portion) (1. + 2.)**	**$52,559**	**$78,094**

Interest Cost

	Fiscal Year Ending Dec. 31, 2009 (in 000s)	Fiscal Year Ending Dec. 31, 2008 (in 000s)
1. Accrued benefit obligation	$4,007,504	$5,076,686
2. Employer current service cost weighted for timing	52,559	78,094
3. Employee current service cost weighted for timing	19,384	19,549
4. Expected benefit payments weighted for timing	(138,514)	(135,798)
5. Past service cost	0	0
6. Transfers in (out) weighted for timing	0	0
7. Average accrued benefit obligation (1.+ 2. + 3. + 4. + 5. + 6.)	$3,940,933	$5,038,531
8. Discount rate	7.25%	5.50%
9. **Interest cost (7. x 8.)**	**$285,718**	**$277,119**

Expected Return on Plan Assets

	Fiscal Year Ending Dec. 31, 2009 (in 000s)	Fiscal Year Ending Dec. 31, 2008 (in 000s)
1. Market-related value of assets	$3,835,956	$5,099,967
2. a. Expected employer contributions	103,204	101,082
b. Weighted for timing	51,602	50,541
3. a. Expected employees' contributions	19,384	19,549
b. Weighted for timing	9,692	9,775
4. a. Expected benefit payments	(277,027)	(271,595)
b. Weighted for timing	(138,514)	(135,798)
5. a. Transfers in (out)	0	0
b. Weighted for timing	0	0
6. Average expected market-related value of assets (1. + 2.b. + 3.b. + 4.b. + 5.b.)	$3,758,736	$5,024,485
7. Assumed rate of return on plan assets	7.25%	7.00%
8. **Expected return on plan assets (6. x 7.)**	**$272,508**	**$351,714**

Amortization Amounts

		Jan. 1, 2009 (in 000s)	Jan. 1, 2008 (in 000s)
1.	Past Service Costs		
	a.) Unamortized past service costs as of beginning of year	$17,851	$21,402
	b.) Amortization amount	**$3,551**	**$3,551**
2.	Unamortized (gain)/loss subject to amortization		
	a.) Unamortized net actuarial loss (gain) based on fair value of plan assets	$594,307	$335,439
	b.) Average years of future service [or alternate more rapid amortization period]	10	10
	c.) Amortization amount (a. ÷ b.)	**$59,431**	**$33,544**

Past Service Cost Detail

Past Service Cost of $17,851 at January 1, 2009 was composed of:

	Unrecognized Amount as of Jan. 1, 2009 (000s)	Years Remaining	Annual Amortization Amount (000s)
Past service costs			
a. Upgrade to PWU members	$7,000	3.5	$2,000
b. Reduced benefit offset for Society members	$6,533	7.0	$934
c. Society members strike (buy-back service)	$4,318	7.0	$617
d. Total	**$17,851**		**$3,551**

Appendix B

Membership Data

Plan membership as at December 31, 2006 is summarized below.

	31.12.06
Active Members	
▪ Number	4,047
▪ Total pensionable earnings	$323,300,891
▪ Average pensionable earnings for following year	$83,925
▪ Average years of pensionable service	18.0 years
▪ Average age	46.3
▪ Accumulated contributions with interest	$302,387,517
Members on Long Term Disability	
▪ Number	121
▪ Total deemed earnings for pension purposes	$7,775,965
▪ Average deemed earnings for pension purposes	$64,264
▪ Average years of pensionable service	23.19 years
▪ Average age	53.8
▪ Accumulated contributions with interest	$7,520,585
Deferred Pensioners	
▪ Number	360
▪ Total annual pension	$4,287,487
▪ Average annual pension	$11,910
▪ Average age	50.7

Pensioners	
▪ Number	5,360
▪ Total annual lifetime pension	$177,534,353
▪ Total annual temporary pension	$25,154,161
▪ Average annual lifetime pension	$33,122
▪ Average age	69.5
Survivors	
▪ Number	1,780
▪ Total annual lifetime pension	$33,115,211
▪ Total annual temporary pension	$465,574
▪ Average annual lifetime pension	$18,604
▪ Average age	77.5

The membership movement for all categories of membership since the previous actuarial valuation is as follows:

Reconciliation of Membership

	Actives	Members on LTD	Deferred Vested	Pensioners	Survivors	Total
Total at 31.12.05	**4,000**	**114**	**372**	**5,412**	**1,762**	**11,660**
New entrants	191					191
Terminations:						-
▪ paid out	(24)	(1)	(14)			(39)
▪ deferred pensions	(15)		15			-
Disability	(15)	15				-
Deaths	(5)	(2)		(154)	(88)	(249)
Retirements	(85)	(5)	(12)	102		-
New survivors					106	106
Data correction			(1)			(1)
Total at 31.12.06	**4,047**	**121**	**360**	**5,360**	**1,780**	**11,668**

Appendix C

Valuation Methods and Assumptions

This Appendix describes the methods and assumptions used to value the plan as well as the accounting policies used to calculate the net periodic pension cost.

Cost Method

Accrued benefit obligations shown in this report are computed using the Projected Benefit Method Pro Rated on Services as defined in CICA 3461. The objective under this method is to expense each participant's benefits under the plan as they would accrue, taking into consideration future salary increases. The accrued benefit is determined under this method as follows:

Under the Projected Benefit Method Pro Rated on Services an equal portion of the total estimated future benefit (i.e., with salary projection or cost escalation, where appropriate), is attributed to each year of service.

The accrued benefit obligation is the actuarial present value of the accrued benefit for valuation purposes at the beginning of the fiscal year and the current service cost is the actuarial present value of the benefit deemed to accrue in the fiscal year.

The plan's **current service cost** is the sum of the individual current service costs, and the plan's **accrued benefit obligation** is the sum of the individual accrued benefit obligations for all participants under the plan.

Accounting Policies

Future salary levels and inflation affect the amount of future pensions. The projected benefit method prorated on services has been used to determine the accrued benefit obligation and current service cost.

The expected return on plan assets is based on the fair value of plan assets.

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

Cumulative gains and losses are amortized over the average remaining service period of active members expected to receive benefits under the plan (10 years at December 31, 2006). The 10% corridor permitted by CICA 3461 was not applied.

Hydro One Inc.'s fiscal year-end date is December 31 and the measurement date of the plan's assets and obligations is December 31.

Obligations are attributed to the period beginning on the employee's date of joining the plan and ending on the earlier of the date of termination, death or retirement.

Extrapolation of the Financial Position of the Plan

The extrapolation of the financial position of the plan to December 31, 2009 is based on the membership data provided by Hydro One Inc. as of December 31, 2006 and asset information provided by Hydro One Inc. for the period from January 1, 2009 to December 31, 2009.

For the purposes of this extrapolation, we have used the actuarial assumptions and methods set out in this report as of December 31, 2009.

Summary of Assumptions

The assumptions used in valuing the liabilities and benefits under the plan, for the most part, are identical to those used in the Funding Valuation as at December 31, 2006. The differences are listed below.

Measurement date	December 31
Discount rate	▪ 7.25% per year for the 2009 expense determination ▪ 6.50% per year for the Dec. 31, 2009 funded status
Long-term rate of return on assets	▪ 7.00% per year for the fiscal year ending Dec. 31, 2008 ▪ 7.25% per year for the fiscal year ending Dec. 31, 2009
Increases in pensionable earnings (excluding merit)	▪ 2.75% per year for the 2009 expense determination ▪ 2.50% per year for the December 31, 2009 funded status
YMPE increases	▪ 3.00% per year for the 2009 expense determination ▪ 3.00% per year for the December 31, 2009 funded status
Increases in maximum pension permitted under the Income Tax Act	▪ $2,111.11 for 2006 ▪ $2,222.22 for 2008 ▪ $2,333.33 for 2009 ▪ $2,444.44 for 2009 ▪ 3.00% per year starting in 2010 for the December 31, 2008 funded status and 2009 expense ▪ 3.00% per year starting in 2010 for the December 31, 2009 funded status
Consumer Price Index	▪ 2.00% per year for the 2009 expense determination ▪ 2.00% per year for the December 31, 2009 funded status
Mortality	▪ 1994 Generational Uninsured Pensioners (UP94) Mortality for the 2009 expense determination ▪ 1994 Generational Uninsured Pensioner (UP94) Mortality Table for the December 31, 2009 funded status

Appendix D

Employer Certification

With respect to the Report on Pension Expense and Disclosure for the Fiscal Year Ending December 31, 2009 Under CICA Section 3461 of the Hydro One Inc. Pension Plan and Fund, I hereby certify that, to the best of my knowledge and belief:

- the membership data supplied to the actuary provide 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;
- a copy of the official plan documents and of all amendments made up to December 31, 2009 were supplied to the actuary;
- all substantive commitments (as defined under CICA 3461) have been communicated to the actuary;
- accounting policies as 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;
- the management best estimate assumptions for purposes of the valuations and the extrapolation of the financial position of the plan as of the fiscal year end December 31, 2009 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.

Feb 8, 2010
Date

Karen Newman
Signed

Karen Newman
Name

Corporate Controller
Title

MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

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Consulting. Outsourcing. Investments.

February 2010

Hydro One Inc.

Supplemental Pension Plan

Report on Pension Expense and Disclosure for the Fiscal Year Ending December 31, 2009 Under CICA Section 3461

MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

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1

Report Highlights

Mercer has prepared this report exclusively to assist Hydro One Inc. and its auditors in preparing financial reports under Section 3461 of the Canadian Institute of Chartered Accountants Handbook (“CICA 3461”) for defined benefit pension plans relating to the Hydro One Inc. Supplemental Pension Plan for the fiscal year ending December 31, 2009.

The Hydro One Inc. Supplemental Pension Plan automatically provides benefits to members of the Hydro One Inc. Pension Plan (the "Registered Plan") who are impacted by the limits of the Income Tax Act such that the benefits which cannot be paid from the Registered Plan due to the income tax limits are paid from the Supplemental Plan. The terms of the Supplemental Plan require that benefits be secured through a trust fund which is deemed to be a Retirement Compensation Arrangement ("RCA") for the purposes of the Income Tax Act.

The Supplemental Plan also provides supplementary benefits to particular members pursuant to special arrangements entered into between Hydro One and these individuals. These arrangements are covered in the Designated Supplementary Payment Schedule (“DSPS”) section of the Supplemental Plan.

This report does not cover the other plans in the consolidated reporting for Other Post Employment Benefits such as non pension post retirement and post employment, MEU, Hydro One Brampton or WSIB plans.

Hydro One Inc.’s fiscal year end date is December 31 and the measurement date for the plan assets and obligations as described in this report is also December 31.

With the exception of the Membership Data section, all figures shown in tables are in thousands of Canadian dollars.

Fiscal year ending Dec. 31, 2009

The net periodic pension cost calculated in accordance with CICA 3461 for the fiscal year ending December 31, 2009 is a charge of $2,381,000.

The accrued benefit liability of $65,787,000 is included in Employee Future Benefits Other than Pension in the Consolidated Balance Sheet.

The employer contributions to the Plan during the fiscal year ending December 31, 2009 were $3,234,000.

Changes in Plan Provisions

There were no changes in plan provisions since the last disclosure as of December 31, 2008.

Changes in Actuarial Cost Methods

There were no changes in actuarial cost methods since the last disclosure as of December 31, 2008.

Changes in Actuarial Assumptions

There were changes in actuarial assumptions since the last disclosure as of December 31, 2008. Please see the Summary of Actuarial Assumptions in Appendix C of this report for a description of these changes. The change in assumptions results in an increase in projected benefit obligations of $3,680,000 as at December 31, 2009.

Changes in Accounting Policy

There were no changes in accounting policy since the last disclosure as of December 31, 2008.

Transition to International Financial Reporting Standards

Accounting standards for publically accountable enterprises and some public sector entities are transitioning to International Financial Reporting Standards (IFRS) from Canadian GAAP for fiscal years beginning on or after January 1, 2011. Accounting for employee future benefit plans will be affected as International Accounting Standard 19 (IAS 19), although similar, is not identical to CICA 3461. At the date of adoption, entities will be required to comply with all effective IFRSs as prescribed in *IFRS 1 – First Time Adoption of International Financial Accounting Standards*.

2

Principal Expense and Disclosure Information

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

Components of Net Periodic Pension Cost[1]	Fiscal Year Ending Dec. 31, 2009 (in 000's)	Fiscal Year Ending Dec. 31, 2008 (in 000's)
Current service cost (employer portion)	$1,010	$1,624
Letter of Credit Fee	938	251
Interest cost	3,026	3,082
Actual return on plan assets	0	0
Actuarial loss (gain)	3,560	(17,415)
One time adjustment	0	0
Plan amendments	0	0
Costs arising in the period	**$8,534**	**($12,458)**
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)	(6,438)	16,153
▪ Plan amendments	285	285
Net periodic pension cost recognized before adjustment for valuation allowance	**$2,381**	**$3,980**
Increase (decrease) in valuation allowance provided against accrued benefit asset	0	0
Net periodic pension cost recognized	**$2,381**	**$3,980**

[1] CICA 3461 requires an analysis of the components of net periodic pension cost showing separately amounts arising from events in the period, the difference between actual return on plan assets and the expected return on plan assets, other adjustments for deferrals and amortizations of amounts previously deferred, and the change in the valuation allowance if applicable. The actual derivation of the net periodic pension cost is set out in the Supplemental Information – Development of Costs section of this report.

Weighted-Average Assumptions for Expense	Fiscal Year Ending Dec. 31, 2009	Fiscal Year Ending Dec. 31, 2008
Discount rate	7.25%	5.50%
Rate of cost of living increase	2.00%	2.25%
Rate of compensation increase (excluding merit)	2.75%	3.00%

Weighted-Average Assumptions for Disclosure	Dec. 31, 2009	Dec. 31, 2008
Discount rate	6.50%	7.25%
Rate of cost of living increase	2.00%	2.00%
Rate of compensation increase (excluding merit)	2.50%	2.75%

Change in Accrued Benefit Obligation	Fiscal Year Ending Dec. 31, 2009 (in 000s)	Fiscal Year Ending Dec. 31, 2008 (in 000s)
Accrued benefit obligation at end of prior year	**$41,222**	**$54,931**
Current service cost (employer portion)	1,010	1,624
Interest cost	3,026	3,082
Employees' contributions	0	0
Benefits paid	(1,233)	(1,000)
Actuarial loss (gain)	3,560	(17,415)
Plan amendments	0	0
Net transfer in (out)	0	0
Accrued benefit obligation at end of year	**$47,585**	**$41,222**

Change in Plan Assets	Fiscal Year Ending Dec. 31, 2009 (in 000s)	Fiscal Year Ending Dec. 31, 2008 (in 000s)
Fair value of plan assets at end of prior year	**$1,433**	**$1,185**
Actual return on plan assets	0	0
Employer contributions		
- Benefit Payments	1,233	1,000
- Letter of Credit Fee	2,001	499
Employees' contributions	0	0
Benefits paid	(1,233)	(1,000)
One time adjustment	0	0
Actual plan expenses	(938)	(251)
Fair value of plan assets at end of year	**$2,496**	**$1,433**

Reconciliation of Funded Status to Accrued Benefit Asset (Liability)	Fiscal Year Ending Dec. 31, 2009 (in 000s)	Fiscal Year Ending Dec. 31, 2008 (in 000s)
Excess (Deficit) at end of year	**($45,089)**	**($39,789)**
Unamortized past service costs	1,639	1,924
Unamortized net actuarial loss (gain)	(22,337)	(28,775)
Accrued benefit asset (liability) before valuation allowance	**($65,787)**	**($66,640)**
Valuation allowance against accrued benefit asset	0	0
Accrued benefit asset (liability) net of valuation allowance	**($65,787)**	**($66,640)**

The Supplemental Plan is backed by a letter of credit, which is issued by a bank and held by a trust fund, which is in turn characterised as a Retirement Compensation Arrangement.

An amount equal to the contribution paid directly to the RCA trust is remitted to the Refundable Tax Account (RTA) with the Canada Revenue Agency (CRA). The RTA is a non-interest bearing account and forms a part of the supplemental plan assets.

3

Certification

Mercer has prepared this report exclusively to assist Hydro One Inc. and its auditors in preparing financial reports under CICA 3461 for defined benefit pension plans relating to the Hydro One Inc. Supplemental Pension Plan for the fiscal year ending December 31, 2009.

This valuation report may not be used or relied upon by any other party or for any other purpose. Mercer is not responsible for the consequences of any unauthorized use.

A valuation report is a snapshot of a plan's estimated financial condition at a particular point in time; it does not predict a pension plan's future financial condition or its ability to pay benefits in the future.

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, plan expenses and the amount earned on any assets invested to pay the benefits. These amounts and others 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 Section 8, 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 changes in mandated requirements, plan experience, changes in expectations about the future, and other factors. Due to the limited scope of the assignment, we did not perform, and thus do not present, an analysis of the potential range of future possibilities and scenarios.

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.

Actuarial Valuations and Extrapolations

We have prepared an actuarial valuation of Hydro One Inc. Supplemental Pension Plan benefit obligations (excluding DSPS obligations) for accounting purposes as at December 31, 2006 and extrapolated those results to December 31, 2008. In accordance with our mandate, the purpose of this valuation and extrapolation is to account for the costs of the plan for the fiscal year beginning January 1, 2009 and ending December 31, 2009 in accordance with Section 3461 of the Canadian Institute of Chartered Accountants Handbook ("CICA 3461").

In addition, we have prepared a second actuarial valuation of Hydro One Inc. Supplemental Pension Plan's benefit obligations (excluding DSPS obligations) for accounting purposes as at December 31, 2006 and extrapolated those results to December 31, 2009. In accordance with our mandate, the purpose of this valuation and extrapolation is to enable the Company to satisfy the disclosure requirements under CICA 3461.

The benefit obligations for the DSPS were valued without extrapolation at December 31, 2008 and December 31, 2009 to account for fiscal year 2009 plan costs and for fiscal year 2009 disclosure requirements respectively.

The financial positions of the plan and the determination of net periodic pension cost set out in this report are based on actual plan asset data as of December 31, 2008 and December 31, 2009.

Details are provided below.

Plan Provisions

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

There were no other amendments made to the plan since the date of the last valuation for accounting purposes as at December 31, 2008.

A summary of the plan provisions is provided in Appendix D1 and Appendix D2 of our Report on Actuarial Valuation for the Purpose of Establishing the Face Amount of the Letter of Credit..

Substantive Commitment

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

Data

The valuations are based on the plan asset data provided to us by Hydro One Inc., for the period from January 1, 2009 to December 31, 2009. The plan asset data are summarized in the Principal Pension Expense and Disclosure Information section of this report. We have tested the pensions paid, the lump-sum refunds and the contributions for consistency with the membership data for the plan members who have received benefits or made contributions. The results of these tests were satisfactory.

The calculation of the pension expense for 2009 and the accrued benefit obligation at the end of 2009 are based on an extrapolation of membership data as at December 31, 2006 provided by Hydro One Inc. and are supplemented by actual DSPS data at December 31, 2008 and December 31, 2009 respectively. The December 31, 2006 membership data is summarized in this report.

After checking with representatives of Hydro One Inc., to our knowledge there have been no other events subsequent to December 31, 2009 which, in our opinion, would have a material impact on the results of the valuations and extrapolations.

Subsequent Events

After checking with representatives of Hydro One Inc., to our knowledge there have been no events subsequent to December 31, 2009 which, in our opinion, would have a material impact on the results of the valuations and extrapolations.

We have assumed that all plan assets are available to cover the plan liabilities presented in this report.

Methods and Assumptions

The actuarial valuation methods, and management accounting policies and assumptions used in the valuations and determination of net periodic pension cost are summarized in the Supplemental Information section of this report.

Emerging experience, differing from the assumptions, will result in gains or losses that will be revealed in future valuations and will affect the financial position of the plan and future net periodic pension cost.

Actuarial computations under CICA 3461 are for purposes of fulfilling employer accounting requirements. 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 judging benefit security at termination or adequacy of funding for an ongoing plan.

4

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 Section 3461 of the CICA Handbook.

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 Section 3461 of the CICA Handbook. We are not expressing any opinion on these assumptions.

In our 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 Section 3461 of the CICA Handbook reflecting application of Hydro One's accounting policies described in this report.

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

Respectfully submitted,





Scott Clausen
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

February 3, 2010
Date

M. Teresa Palandra
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

February 3, 2010
Date

Appendix A

Development of Costs

This Appendix shows the liabilities for plan benefits and the calculation of the various components of plan costs.

Financial Position of the Plan

		Jan. 1, 2009 (in 000s)	Jan. 1, 2008 (in 000s)
1.	Accrued benefit obligation	($41,222)	($54,931)
2.	Fair value of plan assets	1,433	1,185
3.	Surplus Deficit (1. + 2.)	($39,789)	($53,746)
4.	Unamortized past service costs	1,924	2,209
5.	Unamortized net actuarial loss (gain)	(28,775)	(12,622)
6.	**Accrued benefit asset (liability) (3.+4.+5.)**	**($66,640)**	**($64,159)**
7.	Valuation allowance against accrued benefit asset	0	0
8.	**Accrued benefit asset (liability) net of valuation allowance (6. + 7.)**	**($66,640)**	**($64,159)**

Net Periodic Pension Cost

		Fiscal Year Ending Dec. 31, 2009 (in 000s)	Fiscal Year Ending Dec. 31, 2008 (in 000s)
1.	Current service cost (employer portion)	$1,010	$1,624
2.	Interest cost	3,026	3,082
3.	Letter of Credit Fee	938	251
4.	Expected return on plan assets	0	0
5.	Amortizations		
	a. Past service costs	285	285
	b. Net actuarial loss (gain)	(2,878)	(1,262)
6.	One time adjustment	0	0
7.	**Net periodic pension cost before adjustment for valuation allowance (1.+2.+3.+4.+5.+6.)**	**$2,381**	**$3,980**
8.	Increase (decrease) in valuation allowance provided against accrued benefit asset	0	0
9.	**Net periodic pension cost (7. + 8.)**	**$2,381**	**$3,980**

Components of these calculations are developed below:

Current Service Cost

		Fiscal Year Ending Dec. 31, 2009 (in 000s)	Fiscal Year Ending Dec. 31, 2008 (in 000s)
1.	Current service cost at beginning of year	$1,010	$1,624
2.	Expected employees' contributions	0	0
3.	**Current service cost (employer portion) (1. + 2.)**	$1,010	$1,624

Interest Cost

	Fiscal Year Ending Dec. 31, 2009 (in 000s)	Fiscal Year Ending Dec. 31, 2008 (in 000s)
1. Accrued benefit obligation	$41,222	$54,931
2. Employer current service cost weighted for timing	1,010	1,624
3. Employee current service cost weighted for timing	0	0
4. Expected benefit payments weighted for timing	(509)	(523)
5. Average accrued benefit obligation (1.+ 2. + 3. + 4.)	$41,723	$56,032
6. Discount rate	7.25%	5.50%
7. **Interest cost (5. x 6.)**	**$3,026**	**$3,082**

Amortization Amounts

	Jan. 1, 2009 (in 000s)	Jan. 1, 2008 (in 000s)
1. Past Service Costs		
a.) Unamortized past service costs as of beginning of year	$1,924	$2,209
b.) Amortization amount	**285**	**285**
2. Unamortized (gain)/loss subject to amortization		
a.) Unamortized net actuarial loss (gain) at beginning of fiscal year	($28,775)	($12,622)
b.) Average years of future service	10	10
c.) Amortization amount (a. ÷ b.)	**($2,878)**	**($1,262)**

Past Service Cost Detail

Past Service Cost at January 1, 2009 was composed of:

	Unrecognized Amount as of Jan. 1, 2009 (000s)	Years Remaining	Annual Amortization Amount (000s)
Past service costs			
a. Society of Engineering Professionals offset improvement at January 1, 2004	$1,295	7	185
b. DSPS enhancement at January 1, 2004	75	9	8
c. DSPS enhancement at January 1, 2005	554	6	92
d. **Total**	**$1,924**		**$285**

Appendix B

Membership Data

Plan membership in the Supplemental Plan as at December 31, 2006 is summarized below. Eight inactive members are entitled to special benefits under the DSPS. The membership summaries shown below for actives, LTD and deferred pensioners are the same as those shown in the report prepared for the registered plan as the maximum pension limit is not applied until the time of pension commencement.

	December 31, 2006
Active Members	
▪ Number	4,047
▪ Total pensionable earnings	$323,300,891
▪ Average pensionable earnings for following year	$83,925
▪ Average years of pensionable service	18.0 years
▪ Average age	46.3
▪ Accumulated contributions with interest	$302,387,517
Members on Long Term Disability	
▪ Number	121
▪ Total deemed earnings for pension purposes	$7,775,965
▪ Average deemed earnings for pension purposes	$64,264
▪ Average years of pensionable service	23.19 years
▪ Average age	53.8
▪ Accumulated contributions with interest	$7,520,585

Deferred Pensioners	
▪ Number	360
▪ Total annual lifetime pension	$4,287,487
▪ Average annual lifetime pension	$11,910
▪ Average age	50.7
Pensioners	
▪ Number	189
▪ Total annual lifetime pension*	$1,090,786
▪ Total annual temporary pension*	$2,339
▪ Average annual lifetime pension	$5,771
▪ Average age	59.45
Survivors	
▪ Number	7
▪ Total annual lifetime pension**	$69,109
▪ Average annual lifetime pension**	$9,873
▪ Average age	67.9

* Includes pension effective January 1, 2010 for 3 DSPS pensioners.
** Includes pension effective January 1, 2010 for 3 DSPS survivors.

The membership movement for all categories of membership since the previous actuarial valuation is as follows:

Reconciliation of Membership

	Actives	Members on LTD	Deferred Vested	Pensioners	Survivors	Total
Total at 31.12.05	**4,000**	**114**	**372**	**183**	**8**	**4,677**
New entrants	191					191
Terminations:						
▪ paid out	(24)	(1)	(14)			(39)
▪ deferred pensions	(15)		15			0
Disability	(15)	15				0
Deaths	(5)	(2)		(1)	(2)	(10)
Retirements	(85)	(5)	(12)	7[1]		(95)
New survivors					1	1
Data correction			(1)			(1)
Total at 31.12.06	**4,047**	**121**	**360**	**189**	**7**	**4,724**

[1] Not all members of the RPP who retire have benefits under the SPS/DSPS plan.

Appendix C

Valuation Methods and Assumptions

This Appendix describes the methods and assumptions used to value the plan as well as the accounting policies used to calculate the net periodic pension cost.

Cost Method

Accrued benefit obligations shown in this report are computed using the Projected Benefit Method Pro Rated on Services as defined in CICA 3461. The objective under this method is to expense each participant's benefits under the plan as they would accrue, taking into consideration future salary increases. The accrued benefit is determined under this method as follows:

Under the Projected Benefit Method Pro Rated on Services an equal portion of the total estimated future benefit (i.e., with salary projection or cost escalation, where appropriate), is attributed to each year of service.

The accrued benefit obligation is the actuarial present value of the accrued benefit for valuation purposes at the beginning of the fiscal year and the current service cost is the actuarial present value of the benefit deemed to accrue in the fiscal year.

The plan's **current service cost** is the sum of the individual current service costs, and the plan's **accrued benefit obligation** is the sum of the individual accrued benefit obligations for all participants under the plan.

Accounting Policies

Future salary levels and inflation affect the amount of future pensions. The projected benefit method prorated on services has been used to determine the accrued benefit obligation and current service cost.

The Company has elected to amortize past service costs resulting from plan amendments on a linear basis over the average remaining service period of active members expected to receive benefits in respect of the plan amendment.

Cumulative gains and losses are amortized over the average remaining service period of active members expected to receive benefits under the plan (10 years at December 31, 2006). The 10% corridor permitted by CICA 3461 was not applied.

Hydro One Inc.'s fiscal year-end date is December 31 and the measurement date of the plan's assets and obligations is December 31.

Obligations are attributed to the period beginning on the employee's date of joining the plan and ending on the earlier of the date of termination, death or retirement.

Extrapolation of the Financial Position of the Plan

The extrapolation of the financial position of the plan to December 31, 2009 is based on the membership data provided by Hydro One Inc. as of December 31, 2006, DSPS membership data as at December 31, 2009 and asset information provided by Hydro One Inc. for the period from January 1, 2009 to December 31, 2009.

For the purposes of this extrapolation, we have used the actuarial assumptions and methods set out in this report as of December 31, 2009.

Summary of Assumptions

The assumptions used in valuing the liabilities and benefits under the plan, for the most part, are identical to those used in the Funding Valuation as at December 31, 2006. The differences are listed below.

Measurement date	December 31
Discount rate	▪ 7.25% per year for the 2009 expense determination ▪ 6.50% per year for the Dec. 31, 2009 funded status
Increases in pensionable earnings (excluding merit)	▪ 2.75% per year for the 2009 expense determination ▪ 2.50% per year for the December 31, 2009 funded status
YMPE increases	▪ 3.00% per year for the 2009 expense determination ▪ 3.00% per year for the December 31, 2009 funded status
Increases in maximum pension permitted under the Income Tax Act	▪ $2,111.11 for 2006 ▪ $2,222.22 for 2008 ▪ $2,333.33 for 2009 ▪ $2,444.44 for 2009 ▪ 3.00% per year starting in 2010 for the December 31, 2008 funded status and 2009 expense ▪ 3.00% per year starting in 2010 for the December 31, 2009 funded status
Consumer Price Index	▪ 2.00% per year for the 2009 expense determination ▪ 2.00% per year for the December 31, 2009 funded status
Mortality	▪ 1994 Generational Uninsured Pensioners (UP94) Mortality Table for the 2009 expense determination ▪ 1994 Generational Uninsured Pensioner (UP94) Mortality Table for the December 31, 2009 funded status

Appendix D

Employer Certification

With respect to the Report on Pension Expense and Disclosure for the Fiscal Year Ending December 31, 2009 under CICA Section 3461 of the Hydro One Inc. Supplemental Pension Plan, I hereby certify that, to the best of my knowledge and belief:

- the membership data supplied to the actuary provide 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;
- a copy of the official plan documents and of all amendments made up to December 31, 2009 were supplied to the actuary;
- all substantive commitments (as defined under CICA 3461) have been communicated to the actuary;
- accounting policies as 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;
- the management best estimate assumptions for purposes of the valuations and the extrapolation of the financial position of the plan as of the fiscal year end December 31, 2009 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.

Feb 8, 2010
Date

Karen Newman
Signed

Karen Newman
Name

Corporate Controller
Title

MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

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Consulting. Outsourcing. Investments.

2011 February

Hydro One Inc.

Report on Non-Pension Post Retirement and Post Employment Benefit Cost and Disclosure for the Fiscal Year Ending December 31, 2010 Under CICA Section 3461

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Report Highlights

This report has been prepared by Mercer (Canada) Limited at the request of Hydro One Inc. This report provides information on non-pension post retirement and post employment obligations and benefit cost calculated in accordance with Section 3461 of the Canadian Institute of Chartered Accountants Handbook ("CICA 3461") to enable Hydro One Inc. to satisfy accounting and disclosure requirements for financial statements pursuant to CICA 3461. This report does not cover the other plans in the consolidated reporting for Other Post Employment Benefits such as the DSPS, SPS, Hydro One Brampton or WSIB plans. These figures are provided in other reports prepared by Mercer, or as is the case for WSIB, as prepared by Hydro One Inc.

The Non-Pension Post Retirement and Post Employment Benefit Plans are defined benefit plans funded on a cash basis by contributions from Hydro One Inc.

Hydro One Inc.'s fiscal year-end date is December 31 and the measurement date for the plan obligations as described in this report is December 31.

All results presented in this report are in Canadian dollars.

Fiscal Year Ending December 31, 2010

Non-Pension Post Retirement Benefits

The benefit cost (also referred to as expense in this report) calculated in accordance with CICA 3461 for the fiscal year ending December 31, 2010 is a charge of $81,153,000 which consists of $79,435,000 with respect to Hydro One Inc. and $1,718,000 with respect to Inergi.

The Accrued Benefit Liability as calculated in accordance with CICA 3461 is $871,782,000 which consists of $843,209,000 with respect to Hydro One Inc. and $28,573,000 with respect to Inergi.

The employer contributions and employer-paid benefit payments during the fiscal year ending December 31, 2010 are $31,956,000 which consists of $31,956,000 with respect to Hydro One Inc. and $0 with respect to Inergi.

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 December 31, 2010 would result in an increase to the Accrued Benefit Obligation (ABO) for the non-pension post retirement benefit plan calculated in accordance with CICA 3461 of approximately 17%.

Post Employment Benefits

The benefit cost calculated in accordance with CICA 3461 for the fiscal year ending December 31, 2010 is a charge of $821,000.

The Accrued Benefit Liability calculated in accordance with CICA 3461 as at December 31, 2010 is $76,068,000.

The employer contributions and employer-paid benefit payments during the fiscal year ending December 31, 2010 are $6,556,000.

Changes in Plan Provisions

There were no changes in plan provisions since the last disclosure as of December 31, 2009.

Changes in Actuarial Assumptions

There have been changes in actuarial assumptions since the last disclosure as of December 31, 2009. Please refer to the Summary of Actuarial Assumptions in Appendix C of this report for a description of these changes.

Changes in Actuarial Methods

There were no changes in actuarial methods since the last disclosure as of December 31, 2009.

Transition to International Financial Reporting Standards

In 2010, the Canadian Accounting Standards Board announced that rate-regulated entities may elect to defer the mandatory adoption of International Financial Reporting Standards (IFRS) to January 1, 2012. It is our understanding that Hydro One has elected to delay adoption of IFRS until January 1, 2012.

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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.

Non-Pension Post Retirement Benefits

All amounts in $000s

	Fiscal Year Ending 31.12.10			Fiscal Year Ending 31.12.09		
Components of Benefit Cost	**Hydro One Inc.**	**Inergi**	**Total**	**Hydro One Inc.**	**Inergi**	**Total**
Current service cost	$18,625	$0	$18,625	$13,860	$0	$13,860
Interest cost	57,538	1,701	59,239	55,313	1,614	56,927
Actual return on plan assets	0	0	0	0	0	0
Actuarial loss (gain)	100,373	2,918	103,291	81,962	2,368	84,330
Plan amendments	0	0	0	0	0	0
Curtailment loss (gain)	0	0	0	0	0	0
Settlement loss (gain)	0	0	0	0	0	0
Other/Adjustment	0	0	0	0	0	0
Costs arising in the period	**$176,536**	**$4,619**	**$181,155**	**$151,135**	**$3,982**	**$155,117**
Differences between costs arising in the period and costs recognized in the period in respect of:						
▪ Return on plan assets	0	0	0	0	0	0
▪ Actuarial loss (gain)[1]	(100,373)	(2,918)	(84,377)	(81,962)	(2,415)	(84,377)
▪ Plan amendments	3,272	17	3,289	3,272	17	3,289
▪ Transitional obligation (asset)	0	0	0	0	0	0
Benefit cost recognized	**$79,435**	**$1,718**	**$81,153**	**$72,445**	**$1,584**	**$74,029**

[1] The determination of the amortizations for the current year are shown in Appendix A

Weighted-Average Assumptions for Expense	**Fiscal Year Ending 31.12.10**	**Fiscal Year Ending 31.12.09**
Discount rate	6.50%	7.25%
Rate of compensation increase	2.50% + PPM	2.75% + PPM
Initial weighted average health care trend rate	8.57%[2]	8.81%
Ultimate weighted average health care trend rate	4.81%	4.81%
Year ultimate rate reached	2029	2029

Weighted-Average Assumptions for Disclosure	**31.12.10**	**31.12.09**
Discount rate	5.75%	6.50%
Rate of compensation increase	2.50% + PPM	2.50% + PPM
Initial weighted average health care trend rate	8.31%[3]	8.57%
Ultimate weighted average health care trend rate	4.86%	4.81%
Year ultimate rate reached	2029	2029

2 Trend rate applied to the 2010 claim cost (March 1, 2011 mid-point) to trend the claim cost forward twelve months to March 1, 2012 mid-point.

3 Trend rate applied to the 2011 claim cost (March 1, 2012 mid-point) to trend the claim cost forward twelve months to March 1, 2013 mid-point.

All amounts in $000s

Change in Accrued Benefit Obligation (ABO)	Fiscal Year Ending 31.12.10			Fiscal Year Ending 31.12.09		
	Hydro One Inc.	Inergi	Total	Hydro One Inc.	Inergi	Total
ABO at end of prior year	**$885,616**	**$26,533**	**$912,149**[4]	**$766,835**	**$22,551**	**$789,386**[5]
Current service cost	18,625	0	18,625	13,860	0	13,860
Interest cost	57,538	1,701	59,239	55,313	1,614	56,927
Employees' contributions	0	0	0	0	0	0
Benefits paid	(31,956)	0	(31,956)	(32,354)	0	(32,354)
Actuarial loss (gain)	100,373	2,918	103,291	81,962	2,368	84,330
Plan amendments	0	0	0	0	0	0
Increase (decrease) in accrued benefit obligation due to curtailment	0	0	0	0	0	0
Reduction in accrued benefit obligation due to settlement	0	0	0	0	0	0
Special termination benefits	0	0	0	0	0	0
Net transfer in (out)	0	0	0	0	0	0
ABO at end of year	**$1,030,196**	**$31,152**	**$1,061,348**[6]	**$885,616**	**$26,533**	**$912,149**[7]

Change in Plan Assets	Fiscal Year Ending 31.12.10			Fiscal Year Ending 31.12.09		
	Hydro One Inc.	Inergi	Total	Hydro One Inc.	Inergi	Total
Fair value of plan assets at end of prior year	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Actual return on plan assets	0	0	0	0	0	0
Employer contributions	31,956	0	31,956	32,354	0	32,354
Employees' contributions	0	0	0	0	0	0
Benefits paid	(31,956)	0	(31,956)	(32,354)	0	(32,354)
Settlements	0	0	0	0	0	0
Net transfer in (out)	0	0	0	0	0	0
Fair value of plan assets at end of year	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

4 Based on membership data as of September 1, 2008 projected to December 31, 2009.

5 Based on membership data as of September 1, 2008 projected to December 31, 2008.

6 Based on membership data as of September 1, 2008 projected to December 31, 2010.

7 Based on membership data as of September 1, 2008 projected to December 31, 2009.

All amounts in $000s

Reconciliation of Funded Status to Accrued Benefit Asset (Liability)	Fiscal Year Ending 31.12.10			Fiscal Year Ending 31.12.09		
	Hydro One Inc.	Inergi	Total	Hydro One Inc.	Inergi	Total
Funded Status at end of year	**($1,030,196)**	**($31,152)**	**($1,061,348)**	**($885,616)**	**($26,533)**	**($912,149)**
Unamortized transitional obligation (asset)	0	0	0	0	0	0
Unamortized past service costs	9,391	20	9,411	12,663	37	12,700
Unamortized net actuarial loss (gain)	177,596	2,559	180,155	77,223	(359)	76,864
Accrued benefit asset (liability)	**($843,209)**	**($28,573)**	**($871,782)**	**($795,730)**	**($26,855)**	**($822,585)**

Effect of Change in Assumed Health Care Cost Trend Rates	Fiscal Year Ending 31.12.10	Fiscal Year Ending 31.12.09
Effect on aggregate of current service cost and interest cost		
▪ One-percentage point increase	$14,641	$12,988
▪ One-percentage point decrease	($11,518)	($10,206)
Effect on ABO at fiscal year end		
▪ One-percentage point increase	$184,335	$140,915
▪ One-percentage point decrease	($145,896)	($113,070)

Post Employment Benefits

All amounts in $000s

Components of Benefit Cost	Fiscal Year Ending 31.12.10	Fiscal Year Ending 31.12.09
Current service cost	$3,802	$3,518
Interest cost	2,215	2,344
Actual return on plan assets	0	0
Actuarial loss (gain)	4,994	2,989
Plan amendments	0	0
Curtailment loss (gain)	0	0
Settlement loss (gain)	0	0
Other/Adjustment	0	0
Costs arising in the period	**$11,011**	**$8,851**
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)	(10,190)	(9,377)
▪ Plan amendments	0	0
▪ Transitional obligation (asset)	0	0
Benefit cost recognized	**$821**	**($526)**

Weighted-Average Assumptions for Expense	**Fiscal Year Ending 31.12.10**	**Fiscal Year Ending 31.12.09**
Discount rate	6.50%	7.25%
Rate of compensation increase	2.00%	2.00%
Initial weighted average health care trend rate	9.21%[8]	9.54%
Ultimate weighted average health care trend rate	4.83%	4.83%
Year ultimate rate reached	2029	2029

Weighted-Average Assumptions for Disclosure	**31.12.10**	**31.12.09**
Discount rate	5.75%	6.50%
Rate of compensation increase	2.00%	2.00%
Initial weighted average health care trend rate	8.87%[9]	9.21%
Ultimate weighted average health care trend rate	4.90%	4.83%
Year ultimate rate reached	2029	2029

[8] Trend rate applied to the 2010 claim cost (March 1, 2011 mid-point) to trend the claim cost forward twelve months to July 1, 2012 mid-point.

[9] Trend rate applied to the 2011 claim cost (June 1, 2011 mid-point) to trend the claim cost forward twelve months to June 1, 2012 mid-point.

All amounts in $000s

Change in ABO	**Fiscal Year Ending 31.12.10**	**Fiscal Year Ending 31.12.09**
ABO at end of prior year	**$36,574**[10]	**$35,048**[11]
Current service cost	3,802	3,518
Interest cost	2,215	2,344
Employees' contributions	0	0
Benefits paid	(6,556)	(7,325)
Actuarial loss (gain)	4,994	2,989
Plan amendments	0	0
Increase (decrease) in accrued benefit obligation due to curtailment	0	0
Reduction in accrued benefit obligation due to settlement	0	0
Special termination benefits	0	0
Net transfer in (out)	0	0
ABO at end of year	**$41,029**[12]	**$36,574**[13]

Change in Plan Assets	**Fiscal Year Ending 31.12.10**	**Fiscal Year Ending 31.12.09**
Fair value of plan assets at end of prior year	**$0**	**$0**
Actual return on plan assets	0	0
Employer contributions	6,556	7,325
Employees' contributions	0	0
Benefits paid	(6,556)	(7,325)
Settlements	0	0
Net transfer in (out)	0	0
Fair value of plan assets at end of year	**$0**	**$0**

Reconciliation of Funded Status to Accrued Benefit Asset (Liability)	**Fiscal Year Ending 31.12.10**	**Fiscal Year Ending 31.12.09**
Funded status at end of year	**($41,029)**	**($36,574)**
Employer contributions during period from measurement date to fiscal year-end	0	0
Unamortized transitional obligation (asset)	0	0
Unamortized past service costs	0	0
Unamortized net actuarial loss (gain)	(35,039)	(45,229)
Accrued benefit asset (liability)	**($76,068)**	**($81,803)**

[10] Based on membership data as of September 1, 2008 projected to December 31, 2009.

[11] Based on membership data as of September 1, 2008 projected to December 31, 2008.

[12] Based on membership data as of Novebmer 30, 2010 projected to December 31, 2010.

[13] Based on membership data as of September 1, 2008 projected to December 31, 2009.

3

Certification

We have prepared an actuarial valuation of Hydro One Inc.'s non-pension post retirement benefit obligations for accounting purposes as at September 1, 2008 and extrapolated those results to December 31, 2009. In accordance with our mandate, the purpose of this valuation and extrapolation is to determine the benefit costs of the non-pension post retirement benefit plan in accordance with CICA 3461 for the fiscal year beginning January 1, 2010 and ending December 31, 2010 to enable the Company to account for the cost of the Plan under CICA 3461.

The non-pension post retirement benefit obligations for accounting purposes as at September 1, 2008 was also extrapolated to December 31, 2010. 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 Company to satisfy the disclosure requirements under CICA 3461.

We have prepared an actuarial valuation of Hydro One Inc.'s post employment benefit obligations for accounting purposes as at September 1, 2008 and extrapolated those results to December 31, 2009. In accordance with our mandate, the purpose of this valuation and extrapolation is to determine the benefit cost of the post employment plan in accordance with CICA 3461 for fiscal year beginning January 1, 2010 and ending December 31, 2010 to enable the Company to account for the cost of the plan under CICA 3461.

We have prepared a second actuarial valuation of the Hydro One Inc.'s post employment benefit obligations for accounting purposes as at November 30, 2010 and extrapolated those results to December 31, 2010. In accordance with our mandate, the purpose of this valuation and extrapolation is to determine the obligations of the post employment benefit plan in accordance with CICA 3461 to enable the Company to satisfy the disclosure requirements under CICA 3461.

This report has been prepared exclusively for Hydro One 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 Hydro One 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 valuations for accounting purposes. A summary of plan provisions is provided in Appendix D of this report. These plan provisions have been certified by Hydro One Inc. under Employer Certification in Appendix E of this report.

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

Data

The non-pension post retirement valuations and extrapolations are based on membership data as at September 1, 2008. The post employment valuations and extrapolations are based on membership data as at September 1, 2008 and November 30, 2010. The membership data is summarized in Appendix B of this report.

Subsequent Events

Based on discussions with representatives of Hydro One Inc., to our knowledge there have been no events subsequent to December 31, 2010 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 of this report.

Valuation methods and assumptions are the same as the prior year's valuation with exception of the following changes made at December 31, 2010:

Non-Pension Post Retirement Plan

- The discount rate was changed from 6.50% per annum to 5.75% per annum;

Post Employment Plan

- The discount rate was changed from 6.50% per annum to 5.75% per annum;
- The medical and dental claim costs for disabled employees were revised to reflect more recent experience;
- The administrative expenses and tax assumptions for the LTD income replacement benefits were revised based on updated administrative service agreement;
- The LTD disability mortality and recovery assumptions were updated to reflect the 2009 CIA (Canadian Institute of Actuaries) Disability Termination Study.

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 are for purposes of enabling Hydro One Inc. to fulfill accounting requirements pursuant to CICA 3461. 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 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.

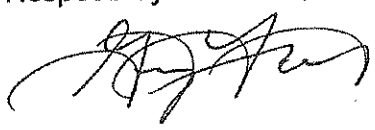
The preparers of the financial statements have selected the assumptions used in the valuations of the plan obligations and determination of plan costs. They are Management's best-estimate assumptions, selected for accounting purposes, in accordance with CICA 3461. These assumptions are in accordance with accepted actuarial practice in Canada.

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.

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

Respectfully submitted,



Guy K. Fors
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

2011 February 02
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.

Non-Pension Post-Retirement

All amounts in $000s

Financial Position of the Plan

		01.01.10			01.01.09		
		Hydro One Inc.	**Inergi**	**Total**	**Hydro One Inc.**	**Inergi**	**Total**
1.	ABO						
	a. Retirees and surviving spouses	($524,179)	($11,093)	($535,272)	($467,378)	($9,697)	($477,075)
	b. Active fully eligible members	(147,937)	(15,440)	(163,377)	(126,992)	(12,854)	(139,846)
	c. Active not fully eligible members	(213,500)	0	(213,500)	(172,465)	0	(172,465)
	d. Total (a. + b. + c.)	**($885,616)**	**($26,533)**	**($912,149)**	**($766,835)**	**($22,551)**	**($789,386)**
2.	Fair value of plan assets	0	0	0	0	0	0
3.	**Surplus (Deficit) (1(d) + 2.)**	**($885,616)**	**($26,533)**	**($912,149)**	**($766,835)**	**($22,551)**	**($789,386)**
4.	Employer contributions during period from measurement date to fiscal year end	0	0	0	0	0	0
5.	Unamortized transitional obligation (asset)	0	0	0	0	0	0
6.	Unamortized past service cost	12,663	37	12,700	15,935	54	15,989
7.	Unamortized net actuarial loss (gain)	77,223	(359)	76,864	(4,739)	(2,774)	(7,513)
8.	**Accrued benefit asset (liability) (3. + 4. + 5. + 6. + 7.)**	**($795,730)**	**($26,855)**	**($822,585)**	**($755,639)**	**($25,271)**	**($780,910)**

All amounts in $000s

Reconciliation of Accrued Benefit Asset (Liability)

		Fiscal Year Ending 31.12.10			Fiscal Year Ending 31.12.09		
		Hydro One Inc.	**Inergi**	**Total**	**Hydro One Inc.**	**Inergi**	**Total**
1.	Accrued benefit asset (liability) at the beginning of the year	**($795,730)**	**($26,855)**	**($822,585)**	**($755,639)**	**($25,271)**	**($780,910)**
2.	Benefit cost for the year	(79,435)	($1,718)	**($81,153)**	(72,445)	(1,584)	**(74,029)**
3.	Benefit payments	31,956	0	**31,956**	32,354	0	**32,354**
4.	**Accrued benefit asset (liability) at end of year**	**($843,209)**	**($28,573)**	**($871,782)**	**($795,730)**	**($26,855)**	**($822,585)**

Interest Cost

		Fiscal Year Ending 31.12.10			Fiscal Year Ending 31.12.09		
		Hydro One Inc.	**Inergi**	**Total**	**Hydro One Inc.**	**Inergi**	**Total**
1.	ABO	$885,616	$26,533	$912,149	$766,835	$22,551	$789,386
2.	a. Current service cost	18,625	0	18,625	13,860	0	13,860
	b. Weighted for timing	18,625	0	18,625	13,860	0	13,860
3.	a. Expected distributions	(38,079)	(714)	(38,793)	(35,508)	(587)	(36,095)
	b. Weighted for timing	(19,040)	(357)	(19,397)	(17,754)	(294)	(18,048)
4.	Average ABO (1. + 2.b. + 3.b.)	885,201	26,176	911,377	762,941	22,257	785,198
5.	Discount rate	6.50%	6.50%	6.50%	7.25%	7.25%	7.25%
6.	**Interest cost (4. × 5.)**	**$57,538**	**$1,701**	**$59,239**	**$55,313**	**$1,614**	**$56,927**

All amounts in $000s

Amortization Amounts

Hydro One Inc.

Amortizations	Unamortized Amount as of 01.01.10	Years Remaining	Annual Amortization Amount
1. Past service cost			
a. 2000 plan changes[14]	$1,233	1.4	$854
b. 2001 plan changes[15]	(417)	2.0	(214)
c. 2006 plan changes[16]	11,847	4.5	2,632
d. Total	**$12,663**	**N/A**	**$3,272**

2. Unamortized loss (gain) subject to amortization as of January 1, 2010	
a. Unamortized net actuarial loss (gain)	$77,233
b. ABO	855,616
c. 10% of ABO b.	85,562
d. Unamortized net actuarial loss (gain) subject to amortization *(excess of a. over c.)*	0
e. Expected average remaining service lifetime	11.0
f. Amortization amount (d. ÷ e.)	**$0**

Inergi

Amortizations	Unamortized Amount as of 01.01.10	Years Remaining	Annual Amortization Amount
1. Past service cost			
a. 2000 plan changes[14]	$51	1.4	$23
b. 2001 plan changes[15]	(14)	2.0	(6)
c. Total	**$37**	**N/A**	**$17**

2. Unamortized loss (gain) subject to amortization as of January 1, 2010	
a. Unamortized net actuarial loss (gain)	($359)
b. ABO	26,533
c. 10% of accrued benefit obligation b.	2,653
d. Unamortized net actuarial loss (gain) subject to amortization *(excess of a. over c.)*	0
e. Expected average remaining service lifetime	11.0
f. Amortization amount (d. ÷ e.)	**$0**

[14] The plan was amended to provide additional benefits to members in the partial wind-upand Society group, as well as changing the plan full eligibility date from 84 points to 82 points.

[15] The plan was amended to reduce benefits for disabled employees in the Management group.

[16] The plan was amended to add coverage of the OHIP Premium for Hydro One employees and current retirees.

All amounts in $000s

Analysis of Other Liability Loss (Gain)

Hydro One

Gains and Losses Due to:	Due to Remeasurement at 31.12.10
1. Change in discount rate	106,496
2. Actual benefit payments differing from expected	(6,123)
3. Total	**$100,373**

Inergi

Gains and Losses Due to:	Due to Remeasurement at 31.12.10
1. Change in discount rate	3,632
2. Actual benefit payments differing from expected	(714)
3. Total	**$2,918**

Post Employment

All amounts in $000s

Financial Position of Plan

	01.01.10	01.01.09
1. Accrued benefit obligation		
a. LTD income benefits	($22,630)	($22,150)
b. IBNR	(3,682)	(3,395)
c. Health benefits	(8,004)	(7,447)
d. Dental benefits	(1,107)	(1,051)
e. Life insurance benefits	(1,151)	(1,005)
f. Sick leave continuation	0	0
g. Total (a. + b. + c. + d. + e. + f.)	**($36,574)**	**($35,048)**
2. Fair value of plan assets	0	0
3. Surplus (Deficit) (1.g. + 2.)	**($36,574)**	**($35,048)**
4. Employer contributions during period from measurement date to fiscal year end	0	0
5. Unamortized transitional obligation (asset)	0	0
6. Unamortized past service cost	0	0
7. Unamortized net actuarial loss (gain)	(45,229)	(54,606)
8. Accrued benefit asset (liability) (3. + 4. + 5. + 6. + 7.)	**($81,803)**	**($89,654)**

Reconciliation of Accrued Benefit Asset (Liability)

	Fiscal Year Ending 31.12.10	Fiscal Year Ending 31.12.09
1. Accrued Benefit asset (liability) at beginning of year	($81,803)	($89,654)
2. Benefit cost for the year	(821)	526
3. Benefit payments	6,556	7,325
4. Accrued benefit asset (liability) at end of year	**($76,068)**	**($81,803)**

All amounts in $000s

Interest Cost

	Fiscal Year Ending 31.12.10	Fiscal Year Ending 31.12.09
1. Accrued benefit obligation (start of year)	$36,574	$35,048
2. Current service cost	3,802	3,518
3. Expected distributions	(5,896)	(5,693)
4. Expected benefit obligation (end of year)	36,695	35,217
5. Interest cost (4. – 3. – 2. – 1.)	**$2,215**	**$2,344**

Amortization Amounts

Amortizations	Unamortized Amount as of 01.01.10	Years Remaining	Annual Amortization Amount
1. Transitional obligation (asset)	$0	N/A	$0
2. Past service cost	$0	N/A	$0
3. Unamortized loss (gain) subject to amortization as of January 1, 2010			
a. Unamortized net actuarial loss (gain)			($45,229)
b. Accrued benefit obligation			36,574
c. 10% of accrued benefit obligation b.			3,657
d. Unamortized net actuarial loss (gain) subject to amortization *[excess of a. over c.]*			(41,572)
e. Expected average remaining service lifetime			8.0
f. Amortization amount (d. ÷ e.)			**($5,196)**

Analysis of Other Liability Loss (Gain)

Gains and Losses to be Deferred Due to:	Due to Remeasurement as of 31.12.10
1. Change in discount rate	$1,380
2. Change in mortality and recovery rate assumption	1,683
3. Change in LTD claims cost assumption	(1,111)
4. Actual benefit payments differing from expected	660
5. Change in administrative expenses and tax for LTD income replacement	(752)
6. Increase in net income benefit	4,736
7. All other demographic changes	(1,602)
8. Total	**$4,994**

Appendix B

Membership Data

The Hydro One Inc. non-pension post retirement actuarial valuation results are based on membership data as at September 1, 2008, provided by the Mercer Pension Administration and Hydro One Inc. The Inergi actuarial valuation results are based on membership data as at September 1, 2008, as provided by Inergi. It is understood that the cost of the non-pension post retirement benefits offered to Inergi members will be divided between Hydro One Inc. and Inergi, relative to the service with each company at retirement. In addition, some Inergi employees were sold to Vertex in 2004. Inergi was not able to provide updated data for these employees this year, therefore, we have retained the Vertex employees from the last valuation in our data, as these employees continue to be eligible for Hydro One's non-pension post retirement benefit plan. Our figures pertain to Hydro One Inc.'s portion of the obligations only. Hydro One Inc. does not retain the obligation for Inergi members on disability, therefore, no post employment benefit figure is included here for such members.

The Hydro One Inc. post employment actuarial valuation results are based on membership data as at November 30, 2010, provided by Hydro One 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 for Non-Pension Post Retirement Benefits

Hydro One Inc.	01.09.08	31.12.05
Active Members		
Number	4,568	4,000
Average basic earnings	$83,067	$77,426
Average years of eligible service	17.5	19.4
Average age	45.3	46.1
Disabled Members		
Number	123	114
Average basic deemed earnings	$68,296	$61,382
Average years of eligible service	25.9	55.0
Average age	54.3	53.4
Deferred Vested Members		
Number	19	26
Average age	53.3	52.3
Retirees		
Number	5,189	5,299
Average age	70.0	69.0
Number of covered spouses	4,464	4,513
Surviving Spouses		
Number	1,653	1,645
Average	78.3	77.5

Inergi	01.09.08	31.12.05
Active Members		
Number	461	554
Average basic earnings	$80,756	$73,910[17]
Average years of eligible service	15.4	13.2
Average age	45.6	43.0
Disabled Members		
Number	19	23
Average basic deemed earnings	$43,571	$54,663
Average years of eligible service	21.8	18.0
Average age	48.3	44.4
Retirees		
Number	98	65
Average age	58.4	56.7
Number of covered spouses	98	65

[17] Based on December 31, 2003 valuation data increased with expected salary increases for two years.

The membership movement for all categories of membership since the previous actuarial valuation is as follows:

Reconciliation of Membership

Hydro One Inc.

Hydro One membership:

	Active	Disabled	Deferred Vested	Retirees	Surviving Spouses	Total
Total at Jan 01, 2006	**4,000**	**114**	**26**	**5,299**	**1,645**	**11,084**
Adjustments				2		2
New entrants	983					983
Terminations and deaths	(98)	(9)	(3)			(110)
Deferred pensions	(7)		7			-
Disability	(32)	32				-
Deaths				(169)	(238)	(407)
Surviving Spouses				(246)	246	-
Retirements	(278)	(14)	(11)	303		-
Reinstated to Active						-
Total at Sep 01, 2008	**4,568**	**123**	**19**	**5,189**	**1,653**	**11,552**

Inergi

	Active	Disabled	Retirees	Total
Total at Jan 01, 2006	**554**	**23**	**65**	**642**
Adjustments	-	-	-	-
Terminations and deaths	(61)	(3)	-	**(64)**
Disability	(1)	1	-	-
Retirements	(33)	-	33	-
Reinstated as Hydro One Active	2	(2)	-	-
Total at Sep 01, 2008	**461**	**19**	**98**	**578**

The distribution of the Hydro One Inc. active members by age and completed years of service as at September 1, 2008 is summarized as follows:

Distribution of Active Members for Hydro One Inc.
By Age Group and Completed Years of Service as at 01.09.08

	Years of Completed Service							
Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30+**	**Total**
Under 20	1							1
20 - 24	124	5						129
25 - 29	270	104	1					375
30 - 34	130	176	20					326
35 - 39	135	92	14	65	3			309
40 - 44	118	86	23	193	298	4		722
45 - 49	105	83	19	138	383	339	53	1,120
50 - 54	65	52	16	62	151	250	370	966
55 - 59	27	28	10	28	55	101	199	448
60 - 64	13	13	5	20	24	48	41	164
65+	1	2		1	2	2		8
Total	**989**	**641**	**108**	**507**	**916**	**744**	**663**	**4,568**

Summary of Active Members for Hydro One Inc.

	Number	**Average Age**	**Average Years of Eligible Service**	**Average Annualized Basic Earnings**	**Number with Health Coverage**	**Number with Dental Coverage**
Management	545	48.7	19.9	$120,563	519	521
Society	847	44.8	15.3	93,410	830	830
PWU	3,176	44.9	17.7	73,874	3,117	3,118
Total	**4,568**	**45.3**	**17.5**	**$83,067**	**4,466**	**4,469**

The distribution of the Inergi active members by age and completed years of service as at September 1, 2008 is summarized as follows:

Distribution of Active Members for Inergi
By Age Group and Completed Years of Service as at 01.09.08

	Years of Completed Service							
Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30+**	**Total**
Under 20								-
20 - 24								-
25 - 29		3						3
30 - 34		39	12					51
35 - 39		32	30	5				67
40 - 44		31	14	22	16	2		85
45 - 49		29	20	13	26	25	3	116
50 - 54		16	16	13	12	24	10	91
55 - 59		8	8	9	3	4	1	33
60 - 64		1	5	4	1	2		13
65+			1		1			2
Total	**0**	**159**	**106**	**66**	**59**	**57**	**14**	**461**

Summary of Active Members for Inergi

	Number	**Average Age**	**Average Years of Eligible Service**	**Average Annualized Basic Earnings**	**Number with Health Coverage**	**Number with Dental Coverage**
Management	30	48.8	20.0	$109,980	30	30
Society	164	47.3	18.0	99,755	161	161
PWU	267	44.3	13.4	95,803	262	262
Total	**461**	**45.6**	**15.4**	**$80,756**	**453**	**453**

The distribution of the retirees and surviving spouses by age as at September 1, 2008 is summarized as follows:

Distribution of Retirees and Surviving Spouses
By Age Group as at 01.09.08

Age	Retirees	Surviving Spouses	Total
Under 50	0	15	15
50 - 54	133	29	162
55 - 59	834	52	886
60 - 64	984	66	1,050
65 - 69	755	110	865
70 - 74	714	193	907
75 - 79	833	349	1,182
80 - 84	583	388	971
85 - 89	262	280	542
90 - 94	78	129	207
95 - 99	13	38	51
100+	0	4	4
Total	**5,189**	**1,653**	**6,842**

Summary of Retirees for Hydro One Inc.

	Number	Average Age	Number with Health Coverage	Number with Dental Coverage	Number with Spouse
Management	697	71.6	687	687	605
Society	1,514	69.0	1,505	1,505	1,386
PWU	2,978	70.1	2,913	2,902	2,473
Total	**5,189**	**70.0**	**5,105**	**5,094**	**4,464**

Summary of Retirees for Inergi

	Number	Average Age	Number with Health Coverage	Number with Dental Coverage	Number with Spouse
Management	8	58.1	8	8	8
Society	49	57.4	49	49	49
PWU	41	59.6	40	40	40
Total	**98**	**58.4**	**97**	**97**	**97**

Summary of Surviving Spouses with Medical and/or Dental Coverage

	Number	Average Age
Management	221	81.4
Society	316	76.6
PWU	1,116	78.2
Total	**1,653**	**78.3**

Summary of Deferred Vested Members with Medical and Dental Coverage[18]

	Number	Average Age
Management	7	53.9
Society	4	56.0
PWU	8	51.5
Total	**19**	**53.3**

[18] Deferred vested members are members who terminated active membership with 25 or more years of eligibility service. They will receive post retirement health and dental benefits when they retire and collect a pension from Hydro One Inc.

Analysis of Membership Data for Post Employment Benefits

Summary of LTD Members

	30.11.10	01.09.08
Active Members		
Number	125	123
Number with Medical/Dental	125	120
Average age	55.8	54.3
Average duration of disability	8.5	7.7
Total net LTD income benefit	$421,400	$327,200
Average deemed earnings benefit	$71,393	$68,296

The distribution of the disabled members by age and completed years of service as at November 30, 2010 is summarized as follows:

Distribution of Disabled Members

By Age Group and Completed Years of Service as at 30.11.10

	Years of Completed Service							
Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30+**	**Total**
Under 20								**0**
20 - 24								**0**
25 - 29								**0**
30 - 34		1						**1**
35 - 39	1	1						**2**
40 - 44				2	1			**3**
45 - 49	1	2	1	2	9	2	1	**18**
50 - 54		1		3	9	2	12	**27**
55 - 59	1	1	1	0	6	5	18	**32**
60 - 64		2		4	5	3	20	**34**
65+		1			3		4	**8**
Total	**3**	**9**	**2**	**11**	**33**	**12**	**55**	**125**

Summary of LTD Members

	Number	Average Age	Average Years of Eligible Service	Average Annualized Basic Earnings	Number with Health Coverage	Number with Dental Coverage
Management	7	56.8	25.7	$89,472	7	7
Society	13	57.5	26.5	82,781	13	13
PWU	105	55.5	25.8	68,777	105	105
Total	**125**	**55.8**	**25.9**	**$71,393**	**125**	**125**

Appendix C

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 for the non-pension post-retirement and the post-employment valuations.

Cost Method

Non-Pension Post Retirement

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 Services, 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:

For active employees with NRA 65	Earliest of age 55, 82 points and 35 years of service
For active employees with NRA 60	Age 50
For LTD members	Date of disability
For deferred vested members with 25 or more years of eligibility service	Immediate

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.

Post Employment Benefits

The liabilities for post employment benefits are determined on a terminal accounting basis. For each disabled employee on long-term disability, the liability is equal to the full present value of future benefit payments (including LTD income benefits and continuation of health, dental and life insurance coverage) until age 65 including projected recoveries and terminations from disability.

In addition, the liabilities include a provision for future benefit payments for disabled employees who are in the waiting period for qualification for long-term disability benefits (referred to as incurred but not reported (IBNR) claims reserve).

Funding Policy

The non-pension post retirement benefits and post employment 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 or post employment benefits.

Accounting Policies

Non-Pension Post Retirement Benefits

Management applied the Recommendations of CICA 3461 retroactively.

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 (10 years as at December 31, 2010).

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 (11 years as at December 31, 2010).

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

Post Employment Benefits

As a result of recent plan experience, Hydro One Inc. has decided as of the end of 2006, to update the assumptions surrounding terminations and recoveries in calculating the accrued benefit obligation and has made a corresponding refinement in the approach to amortizing the resulting experience gains and losses for Post Employment benefits. Previously, gains and losses arising from changes in economic basis were deferred and amortized over the expected average disabled lifetime, using the 10% corridor method. Now, demographic experience, in addition to economic assumptions, are deferred and amortized using the 10% corridor method and amortized over the expected average remaining disabled lifetime (7 years as at December 31, 2010).

Hydro One's fiscal year-end is December 31 and the measurement date of the company's obligations is December 31.

Summary of Assumptions

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

Measurement date	December 31	
Discount rate for non-pension post retirement	▪ 7.25% per annum for 2009 benefit cost determination ▪ 6.50% per annum for December 31, 2009 funded status and 2010 benefit cost determination ▪ 5.75% per annum for December 31, 2010 funded status	
Salary increases – non-LTD members	▪ 2.50% per annum plus PPM (promotion, productivity and merit, age and service-related scale)	
Salary increases – LTD members	▪ 2.00% per annum	
Post retirement health care cost trend rates	Semi-private Hospital	5.00% per annum
	Prescription drugs[19]	10.00% per annum in 2009 grading down to 5.00% per annum in and after 2023
	Other medical	10.00% per annum in 2009 grading down to 5.00% per annum in and after 2023
	Vision care	2.00% per annum through to 2028 and 0% thereafter
	Dental	5.00% per annum
Post employment health care cost increases and trend rates	Medical	9.54% per annum in 2009 grading down to 4.90% per annum in and after 2023
	Dental	5.00% per annum
Mortality table	1994 Uninsured Pensioners Mortality Table with projected improvements (Generational)	
Withdrawal	Rates at sample ages are shown below:	

Age	Male	Female
20	4%	5%
30	2%	4%
40	1%	3%
50	1%	3%
55+	0%	0%

No recovery or termination is assumed for LTD members, other than by death

No withdrawal is assumed after attainment of eligibility for retirement.

[19] The initial trend rate for prescription drug after age 65 is assumed to be 80% of the above assumption and the ultimate trend rate is assumed to be 0.25% lower than the above assumption due to the non-inflated Bill 26 costs beyond age 65 (i.e. $100 deductible and $6.11 per dispensing fee).

Disability incidence

Rates at sample ages are shown below:

Age	Rate
20	0.100%
30	0.105%
40	0.115%
50	0.295%
60	1.878%

Retirement rates

Age	If Eligible for Reduced Pension		If Eligible for Unreduced Pension
	Male	Female	
< 55	0%	0%	15%
55 to 60	2%	5%	25%
61 to 64	7%	10%	25%
65	100%	100%	100%

LTD members are assumed to retire at age 65. Employees are eligible to retire for an unreduced pension when age plus years of continuous employment is greater than or equal to 82.

Deferred vested employees (25 years of service or more) are assumed to retire and receive health and dental benefits at age 55.

Termination (Including Recovery) assumptions for Disabled Employees on LTD

- The assumptions for 2010 benefit cost are based on the industry 1987 GLTD table
- The assumptions for 2010 funded status are based on the GLTD table from the 1988-1997 CIA Disability Termination Study

Dependent coverage

Active members electing dependant coverage upon retirement varies by gender as follows:

- Males 90%
- Females 90%

Actual coverage data provided by the client is used for retired members.

Age difference

For active members, a male is assumed to be 4 years older than his spouse.

Actual data provided by the client is used for retired members.

2008 age 65 per capita claim costs for post-retirement benefits with administration and taxes

Semi-private hospital	$103
Prescription drugs[20]	715
Other medical	362
Vision care	154
Dental care	722
Total	**$2,056**

Annual credit for Management employees hired on or after January 1, 2004

$100 per year of service at retirement to a maximum of $3,000

[20] The costs for drug benefits reflect that the provincial government plans cover approximately 65% of drug costs for seniors age 65 and over.

2008 per capita disabled employee claim costs for post employment benefits with administration and taxes for 2010 benefit cost	Medical	$8,297
	Dental care	1,325
	Total	**$9,622**
2010 per capita disabled employee claim costs for post employment benefits with administration and taxes for 2010 funded status	Medical	$7,542
	Dental care	1,467
	Total	**$9,009**

Aging factors for non-pension post-retirement benefits

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

Age	Semi-Private Hospital	Prescription Drug	Other Medical	Vision	Dental
55	7.0%	3.8%	(0.2%)	(0.5%)	(0.4%)
60	7.8%	2.8%	(0.6%)	(0.6%)	(0.7%)
65	10.0%	2.1%	(0.5%)	(0.6%)	(0.9%)
70	9.5%	1.1%	1.2%	(0.5%)	(1.1%)
75	9.3%	0.5%	1.7%	(0.6%)	(1.3%)
80	8.2%	(0.2%)	2.2%	(0.6%)	(1.8%)
85	6.8%	(0.3%)	2.3%	(0.7%)	(2.9%)

Prescription drug offset assumption at age 65 and after	65% of claims	
Administrative expenses as a percentage of paid claims	Medical (excluding prescription drugs)	7.08%
	Prescription drugs	6.71%
	Dental	5.31%
	Life	1.00%
	LTD income for 2010 benefit cost	4.75%
	LTD income for 2010 funded status	3.63%

Taxes for non-pension post-retirement benefits

10.00% of claims and administration expenses for medical, dental and life insurance benefits.

7.00% of administration expenses for medical and dental benefits.

1.95% of claims and administration expenses for LTD income benefits for 2010 benefit cost.

0.56% of claims and administration expenses for LTD income benefits for 2010 funded status.

15.00% of administration expenses for LTD benefits for 2010 benefit cost.

13.00% of administration expenses for LTD benefits for 2010 funded status.

Participation

It is assumed that 100% of eligible members will participate in the non-pension post retirement benefit plan upon retirement.

Claims Cost Development – Non-Pension Post-Retirement

The per covered member claim costs used in the September 1, 2008 valuation were based on the actual retiree and dependant claims information for the period, January 1, 2006 to August 31, 2008. This claims experience was collected and analysed separately for Hospital, Prescription Drug, Vision Care, Other Medical and Dental benefits.

A description of the process used to set the "Age 65 per capita claim costs for post-retirement benefits" shown in the Summary of Assumptions section 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 dependants covered during the year.
- The costs are then trended forward from the claims experience year to the midpoint of the valuation year of March 1, 2009
- This cost per person has been adjusted to the cost per covered member at age 65 based on the actual individual ages of the covered members using the "Aging Factors" assumptions shown in the Summary of Assumptions section
- These costs have been increased to include the cost of insurance company administrative expenses and provincial taxes charged on the claims.
- As indicated, this analysis was performed for each calendar year 2006, 2007 and 2008 (Annualized). The assumed cost per covered member for the September 1, 2008 valuation was based on a weighted average of the costs for the three years, as follows:

Percentage Contribution to Valuation Assumed 2008 Claim Cost	Hospital, Vision Care, Prescription Drugs, Other Medical and Dental Benefits
2006 claims experience	33.3%
2007 claims experience	33.3%
2008 claims experience	33.3%
Total	**100.0%**

Development of Non-Pension Post Retirement Claims Costs Assumptions for 2008 Per Covered Member Claim Costs at Age 65

	2008 Total	*2007 Total*	*2006 Total*
Actual Hydro One - Management retirees' paid claims (before administration costs and taxes)			
Hospital	$1,929,387	$1,934,213	$2,079,934
Drug	9,176,357	9,446,932	9,478,044
Vision care	1,385,757	1,325,015	1,309,061
Other medical	3,502,146	3,964,900	3,292,612
Dental	6,286,085	6,300,492	5,816,641
Total	**$22,279,731**	**$22,971,552**	**$21,976,291**
Number of Hydro One - Management retirees, spouses and surviving spouses			
• Eligible for medical benefits	11,222	11,365	11,487
• Eligible for dental benefits	11,204	11,343	11,461
Per covered member costs			
Hospital	$172	$170	$181
Drug	$818	$831	$825
Vision care	$123	$117	$114
Other medical	$312	$349	$287
Dental	$561	$555	$508
Total	**$1,986**	**$2,022**	**$1,914**
Trend to March 1, 2009			
Hospital	1.03	1.08	1.12
Drug	1.07	1.17	1.29
Vision care	1.02	1.04	1.07
Other medical	1.03	1.08	1.12
Dental	1.03	1.08	1.12
2008 per covered member costs			
Hospital	$177	$183	$204
Drug	$871	$974	$1,064
Vision care	$126	$121	$122
Other medical	$321	$375	$322
Dental	$578	$598	$571
Total	**$2,073**	**$2,252**	**$2,282**
Weighting	**33%**	**33%**	**33%**
2008 per covered member costs			
Hospital	$188		
Drug	$970		
Vision care	$123		
Other medical	$340		
Dental	$582		
Total	**$2,202**		

Adjustment factors to convert 2008 per covered member costs into age 65 per covered member costs	
Hospital	0.4629
Drug	0.6249
Vision care	1.0251
Other medical	0.9008
Dental	1.0669

Drug offset assumption at age 65	**65%**

Per covered member age 65 claims costs (2008 per covered member costs x adjustment factors)	
Hospital	87
Drug - incorporating 65% drug offset	606
Vision care	126
Other medical	306
Dental	621
Total	**1,746**

Administration costs and taxes for medical (excluding prescription drugs)	
▪ Administration costs	7.08% of claims
▪ Sales taxes	7.00% of administration
▪ Premium and sales taxes	10.00% of claims
Total administration costs and taxes	**18.33% of claims**

Administration costs and taxes for prescription drugs	
▪ Administration costs	6.71% of claims
▪ Sales taxes	7.00% of administration
▪ Premium and sales taxes	10.00% of claims
Total administration costs and taxes	**17.90% of claims**

Administration costs and taxes for dental	
▪ Administration costs	5.31% of claims
▪ Sales taxes	7.00% of administration
▪ Premium and sales taxes	10.00% of claims
Total administration costs and taxes	**16.25% of claims**

Per covered member age 65 claims costs with administration costs and taxes	
Hospital	$103
Drug - incorporating 65% drug offset	$715
Vision care	$149
Other medical	$362
Dental	$722
Total	**$2,051**

Benefit adjustment factors due to differences in plan provisions	
Hospital	1.000
Drug	1.000
Vision care	1.035
Other medical	1.000
Dental	1.000

Hydro One 2008 per covered member age 65 claims costs with administration costs and taxes	
Hospital	$103
Drug - incorporating 0% drug offset	$715
Vision care	$154
Other medical	$362
Dental	$722
Total	**$2,056**

Claims Cost Development – Post Employment

The per disabled employee claim costs used in the November 30, 2010 valuation are based on the actual disabled member and dependants' claims experience for the period January 1, 2008 to October 31, 2010.

A description of the process used to set the "2010 per capita disabled employee claim costs for post employment benefits with administration and taxes" shown in the Summary of Assumptions section is as follows:

- For each calendar year of claims, a cost per covered disabled employee was developed by dividing the total annual claims by the total number of disabled employees covered during the year.
- 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 trended forward from the claims experience year to the midpoint of the valuation year of May 31, 2011.
- As indicated, this analysis was performed for each calendar year 2008, 2009 and 2010 (Annualized). The assumed cost per covered member for the November 30, 2010 valuation was based on a weighted average of the costs for the three years, as follows:

Percentage Contribution to Valuation Assumed 2010 Claim Cost	Medical and Dental Benefits
2008 claims experience	33.3%
2009 claims experience	33.3%
2010 claims experience	33.3%
Total	**100.0%**

- Due to the small number of disabled employees in the Management group, Hydro One could not provide annual claims information for these employees in order to protect their confidentiality. To determine the final per disabled employee claim costs, we applied an adjustment factor to the weighted average claim costs produced above to reflect the different claiming pattern of the Management employees.

Development of 2010 Post Employment Claims Costs Assumptions Per Covered Disabled Member

	2010 Total	2009 Total	2008 Total
Actual Hydro One disabled members' paid claims (before administration costs and taxes)			
Hospital	$13,110	$10,740	$17,646
Drug	476,921	454,558	470,290
Vision care	25,732	23,541	22,117
Other	102,256	123,596	117,959
Dental	134,384	145,394	118,162
Total	**$752,402**	**$757,829**	**$746,174**
Number of Hydro One disabled members			
• Eligible for medical benefits	127	129	120
• Eligible for dental benefits	127	129	120
Per covered disabled member costs			
Hospital	$103	$83	$147
Drug	$3,746	$3,518	$3,927
Vision care	$202	$182	$185
Other	$803	$957	$985
Dental	$1,056	$1,125	$987
Total	**$5,910**	**$5,865**	**$6,230**
Administration costs and taxes for medical (excluding prescription drugs)			
• Medical (excluding prescription drugs)	7.08%	of claims	
• Prescription drugs	6.71%	of claims	
• Dental	5.31%	of claims	
Taxes			
• Premium and sales taxes on claims	10.16%	of claims	
• Premium and sales taxes on administration costs	15.26%	of administration costs	
Per covered disabled member claims costs with administration costs and taxes			
Hospital	$122	$98	$174
Drug	$4,416	$4,148	$4,629
Vision care	$239	$216	$218
Other	$950	$1,132	$1,165
Dental	$1,227	$1,309	$1,147
Total	**$6,955**	**$6,902**	**$7,334**
Trend to May 31, 2011			
Hospital	1.04	1.09	1.14
Drug	1.09	1.20	1.32
Vision care	1.02	1.05	1.07
Other	1.04	1.09	1.14
Dental	1.04	1.09	1.14
Weighting	**33%**	**33%**	**33%**
Adjustment factors	**110%**		

2010 Per Capita Claim Costs with Administration Costs and Taxes	
Medical	7,542
Dental	1,467
Total	9,009

Appendix D

Summary of Plan Provisions

Non-Pension Post Retirement

Eligibility

Retirees entitled to a pension are eligible for life insurance, retirement bonus, medical and dental coverage as described later.

Normal retirement age is 65. For females hired before January 1, 1976, the normal retirement age is 60.

An employee may retire and be eligible for benefits at the earliest of:

- 10 years prior to normal retirement age and two years of pension plan membership;
- 35 years of service; and
- The date at which age plus service equals 82

Deferred vested members with 25 or more years of service are eligible for medical and dental coverage at the time they receive a pension from the company (assumed to be age 55).

Spouses and dependants are eligible for medical and dental coverage while the retiree is alive. After the retiree's death, spouses and dependants are eligible for coverage if the spouse is in receipt of a pension. Surviving spouses and dependants of an employee who died in active employment or a disabled employee who dies while disabled are also eligible for medical and dental coverage if the spouse is in receipt of a pension. Spouses and dependants of a deferred vested member with 25 or more years of service who dies while deferred are eligible for benefits.

Benefits

Life Insurance

Life insurance coverage equal to 50% of base annual earnings at retirement is provided in the first 10 years of retirement, reducing to 25% of base annual earnings 10 years after retirement. For LTD members this benefit commences at age 65 as mentioned above.

Retirement Bonus

Employees (excluding Management employees who were hired on or after January 1, 2004) with 10 or more years' continuous service receive a lump sum payment of one month's earnings at retirement.

Medical and Dental

Medical and dental benefits vary depending on the employee group the retiree was in as an active employee. The groups (identified by the insurance contract Claims Branch Code) are as follows:

011	Society pensioners formerly in one of the following Employee Groups: ▪ Management and Professional, Field Management and Professional Management Function and Auditor/Management and Professional Trainees ▪ Office Supervisory and Services, Trades Management Supervisors, Trade Supervisors, System Control (SC), Supervising Electrical Inspectors and Helicopter Supervisors
014	Pensioners formerly in one of the following Employee Groups: ▪ Members of the Power Workers' Union (PWU) (CUPE Local 1000) ▪ Managerial Services ▪ Construction Field Foreman
013,015,016	Executive Salary Roll Pensioners and Non-Society Pensioners formerly in one of the following Employee Groups: ▪ Management and Professional, Field Management and Professional Management Function and Auditor/Management and Professional Trainees ▪ Office Supervisory and Services, Trades Management Supervisors, Trades Supervisors, System Control (SC), Supervising Electrical Inspectors and Helicopter Supervisors

Semi-Private Hospital Accommodation Plan

This plan covers:

- the semi-private differential between ward accommodation and semi-private accommodation in an active treatment hospital, and
- up to $40 per day for a maximum of 120 days in any period of 365 consecutive days towards semi-private or private room accommodation in a hospital for the chronically ill or a chronic care unit of a general hospital.

Extended Health Care Benefits Plan

This plan covers:

- The differential between semi-private and private room accommodation in an active treatment hospital.
- Up to $20 per day for PWU members for a maximum of 365 days per lifetime towards semi-private or private room accommodation in a contract (private) hospital or a convalescent/rehabilitative hospital (Non-union members are eligible for full semi-private hospital coverage at these hospitals up to 120 days per lifetime under the Semi-Private Hospital Accommodation Plan and Society members are eligible for 365 days per lifetime).
- Prescription drugs (as listed in the company's Formulary Drug List – including Lactaid), medicines, sera and vaccines, etc. subject to the following for Claims Branches 011, 013, 015 and 016:

  a. A maximum dispensing fee of $11.00 per prescription for drugs that require a prescription by law (the maximum does not apply in certain limited situations)
  b. Generic substitution unless the physician requests no substitution (for claims branch 014 as well)
  c. Over-the-counter drugs that do not require a prescription by law are covered where medically required (a dispensing fee of up to $6.11 is covered for electronic claims only for all claims branches). Over-the-counter drugs except for life sustaining drugs are not included in EHC benefits for Society and Management members

- Blood and blood products.
- Private duty nursing, subject to a maximum fee as set by the largest Nursing Registry in Ontario (cap of $50,000 per calendar year and a lifetime maximum of $150,000).
- Ambulance services.
- Physiotherapy treatments.
- Miscellaneous items such as prosthetic appliances, equipment rental, support stockings.
- Dental treatment as the result of an accident.
- Hearing aids.
- Eyeglasses (included contact lenses) up to $400 per person, every two calendar years (the calendar year periods vary by Claims Branch). For PWU and Society members, the vision care maximum increases from $450 to $475 per person, every two calendar years, as of January 1, 2009.

- Services of clinical psychologists, masseurs, speech therapists, chiropractors, podiatrists, chiropodists, naturopaths subject to certain per person calendar year maximums which may vary by Claims Branch.

The annual deductibles are as follows:

Claims Branches 011, 013, 014, 015 and 016:	$10 single/$20 family

The deductibles do not apply to vision care and hearing aids.

Out-of-Province Health Coverage

- For pensioners the plans do not cover any service or supply provided outside Ontario for an amount greater than it would pay for such benefit if supplied in Ontario.
- Pensioners and their dependents are covered for emergency illness or injury (only) which occurs while travelling outside Ontario. The coverage is through MEDEX and ceases once the emergency is dealt with. On-going medical care is not covered.
- No deductible applied under Out-of-Province Health Coverage.

Dental Benefits

This plan pays 100% of Class A Services and 85% of Class B Services.

Class A Services include examinations, x-rays, preventive services, periodontal services, endodontic services and extensive oral surgery.

Class B Services include dentures, crowns, bridges and temporomandibular joint appliances. For all employee groups, the current ODA Fee Guide applies.

No deductibles or annual or lifetime maximums apply with the exception of a $1,300 lifetime maximum per person on temporomandibular joint appliances.

This plan also pays 75% of eligible charges related to Orthodontic Benefits subject to a $4,000 lifetime maximum per individual for Claims Branches 011, 013, 014, 015 and 016.

Ontario Health Premium

Hydro One Inc. pays the Ontario Health Premium (OHP) for retirees.

Post Employment

Disabled employees are eligible for the following benefits:

Long-Term Disability Benefits

Long-term disability benefits begin at the later of 6 months of disability or the exhaustion of sick leave credits.

LTD benefits are the lesser of 65% of base earnings or 75% of base earnings less benefits received from the Canada Pension Plan or Workers' Compensation benefits. Benefits are indexed at 100% of the Consumers Price Index.

Benefits cease at the earlier of death, recovery, retirement or age 65.

Medical and Dental Benefits

Medical and dental coverage is continued for the disabled employee and his dependants. Benefit provisions are similar to that of the non-pension post retirement plan.

Life Insurance Benefits

Life insurance coverage of two or three times base annual salary (depending on the option chosen) is continued.

Appendix E

Employer Certification

With respect to the Report on Non-Pension Post Retirement Benefit Cost and Disclosure for the Fiscal Year Ending December 31, 2010 Under CICA Section 3461 of the Hydro One Inc.'s non-pension post retirement and post employment benefit plans, 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 the plans for service up to the date of the valuation, September 1, 2008 for non-pension post retirement benefit plan and September 1, 2008 and November 30, 2010 for post employment benefit plan;
- A copy of the plan documents and of all amendments made up to December 31, 2010 were supplied to the actuary;
- All substantive commitments (as defined under CICA 3461), have been communicated to the actuary;
- Accounting policies as 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;
- The Management's best-estimate assumptions for purposes of the valuations of the plan and the extrapolation of the financial position of the plan as of the fiscal year end December 31, 2010 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.

February 3, 2011
Date

Karen Newman
Signed

Karen Newman
Name

Corporate Controller
Title

MERCER

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28 January 2011

Hydro One Inc. Pension Plan and Fund

Report on Pension Expense and Disclosure
for the Fiscal Year Ending
December 31, 2010
Under CICA Section 3461

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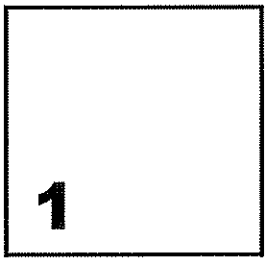
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Report Highlights

Mercer has prepared this report exclusively to assist Hydro One Inc. and its auditors in preparing financial reports under Section 3461 of the Canadian Institute of Chartered Accountants Handbook ("CICA 3461") for defined benefit pension plans relating to the Hydro One Inc. Pension Plan and Fund for the fiscal year ending December 31, 2010.

The Hydro One Inc. Pension Plan and Fund is a defined benefit pension plan funded by contributions from Hydro One Inc. and from plan members. Pension benefits are based on length of service and final average earnings and are indexed for inflation.

Hydro One Inc.'s fiscal year end date is December 31 and the measurement date for the plan assets and obligations as described in this report is also December 31.

With the exception of the Membership Data section, all figures shown in tables are in thousands of Canadian dollars.

Fiscal year ending December 31, 2010

The net periodic pension cost calculated in accordance with CICA 3461 for the fiscal year ending December 31, 2010 is a charge of $154,323,000.

The accrued benefit asset of $460,330,000 is included in Other Long-Term Assets and under Regulatory Liabilities in the Consolidated Balance Sheet.

The employer contributions to the pension fund during the fiscal year ending December 31, 2010 was $190,881,000. These employer contributions were made in accordance with our Report on the Actuarial Valuation for Funding Purposes as at December 31, 2009. The next actuarial valuation for funding purposes must be as of a date no later than December 31, 2012.

Changes in Plan Provisions

There were no changes in plan provisions since the last disclosure as of December 31, 2009.

Changes in Actuarial Cost Methods

There were no changes in actuarial cost methods since the last disclosure as of December 31, 2009.

Changes in Actuarial Assumptions

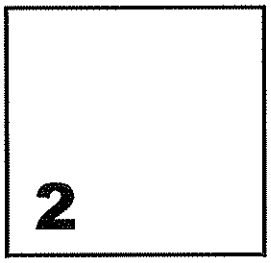
There were changes in actuarial assumptions since the last disclosure as of December 31, 2009. Please see the Summary of Actuarial Assumptions in Appendix C of this report for a description of these changes. The changes in assumptions have resulted in an increase in the accrued benefit obligation of $418,014,000 as at December 31, 2010. This increase in the accrued benefit obligation was partially offset by an experience gain of $118,339,000 resulting from a new actuarial valuation of the plan in 2010. The net actuarial loss in 2010 is therefore $299,675,000.

Changes in Accounting Policy

There were no changes in accounting policy since the last disclosure as of December 31, 2009.

Transition to International Financial Reporting Standards

Accounting standards for publically accountable enterprises and some public sector entities are transitioning to International Financial Reporting Standards (IFRS) from Canadian GAAP for fiscal years beginning on or after January 1, 2011. Accounting for employee future benefit plans will be affected as International Accounting Standard 19 (IAS 19), although similar, is not identical to CICA 3461. At the date of adoption, entities will be required to comply with all effective IFRSs as prescribed in *IFRS 1 – First Time Adoption of International Financial Accounting Standards*.



Principal Expense and Disclosure Information

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

Components of Net Periodic Pension Cost[1]	**Fiscal Year Ending Dec. 31, 2010 (in 000's)**	**Fiscal Year Ending Dec. 31, 2009 (in 000's)**
Current service cost (employer portion)	$70,241	$52,559
Interest cost	293,833	285,718
Actual return on plan assets	(406,379)	(631,479)
Actuarial loss (gain)	299,675	469,661
Plan amendments	0	0
Costs arising in the period	**$257,370**	**$176,459**
Differences between costs arising in the period and costs recognized in the period in respect of:		
▪ Return on plan assets	129,075	358,971
▪ Actuarial loss (gain)	(235,673)	(410,230)
▪ Plan amendments	3,551	3,551
Net periodic pension cost recognized before adjustment for valuation allowance	**$154,323**	**$128,751**
Increase (decrease) in valuation allowance provided against accrued benefit asset	0	0
Net periodic pension cost recognized	**$154,323**	**$128,751**

[1] CICA 3461 requires an analysis of the components of net periodic pension cost showing separately amounts arising from events in the period, the difference between actual return on plan assets and the expected return on plan assets, other adjustments for deferrals and amortizations of amounts previously deferred, and the change in the valuation allowance if applicable. The actual derivation of the net periodic pension cost is set out in the Supplemental Information – Development of Costs section of this report.

Weighted-Average Assumptions for Expense	Fiscal Year Ending Dec. 31, 2010	Fiscal Year Ending Dec. 31, 2009
Discount rate	6.50%	7.25%
Expected long-term rate of return on plan assets	6.50%	7.25%
Rate of cost of living increase	2.00%	2.00%
Rate of compensation increase (excluding merit)	2.50%	2.75%

Weighted-Average Assumptions for Disclosure	Dec. 31, 2010	Dec. 31, 2009
Discount rate	5.75%	6.50%
Rate of cost of living increase	2.00%	2.00%
Rate of compensation increase (excluding merit)	2.50%	2.50%

Change in Accrued Benefit Obligation	Fiscal Year Ending Dec. 31, 2010 (in 000s)	Fiscal Year Ending Dec. 31, 2009 (in 000s)[2]
Accrued benefit obligation at end of prior year	**$4,566,330**	**$4,007,504**
Current service cost (employer portion)	70,241	52,559
Interest cost	293,833	285,718
Employees' contributions	23,782	21,004
Benefits paid	(261,629)	(270,116)
Actuarial loss (gain)	299,675	469,661
Plan amendments	0	0
Net transfer in (out)	3,963	0
Accrued benefit obligation at end of year	**$4,996,195**	**$4,566,330**

[2] The 2009 actuarial loss has been restated to reflect updated information on member obligations. As Hydro One follows the cash basis of accounting for pension costs, the restatement has no financial impact.

Change in Plan Assets	Fiscal Year Ending Dec. 31, 2010 (in 000s)	Fiscal Year Ending Dec. 31, 2009 (in 000s)
Fair value of plan assets at end of prior year	**$4,335,779**	**$3,835,956**
Actual return on plan assets	421,113	642,571
Employer contributions	190,881	111,913
Employees' contributions	23,782	21,004
Benefits paid	(261,629)	(270,116)
Reciprocal transfers	3,963	5,543
Actual plan expenses	(14,734)	(11,092)
Fair value of plan assets at end of year	**$4,699,155**	**$4,335,779**

Reconciliation of Funded Status to Accrued Benefit Asset (Liability)	Fiscal Year Ending Dec. 31, 2010 (in 000s)	Fiscal Year Ending Dec. 31, 2009 (in 000s)
Excess (Deficit) at end of year	**$(297,040)**	**$(230,551)**
Unamortized past service costs	10,749	14,300
Unamortized net actuarial loss (gain)	746,621	640,023
Accrued benefit asset (liability) before valuation allowance	460,330	423,772
Valuation allowance against accrued benefit asset	0	0
Accrued benefit asset (liability) net of valuation allowance	**$460,330**	**$423,772**

Plan Assets by Asset Category	Fiscal Year Ending Dec. 31, 2010	Fiscal Year Ending Dec. 31, 2009
Equity securities	63.6%	63.3%
Debt securities	30.7%	32.8%
Other	5.8%	3.9%
Total	**100%**	**100%**

The plan's assets included investments in debt security in the Province of Ontario and Hydro One of $84,800,000 as of December 31, 2010 ($88,413,000 as of December 31, 2009).

3

Certification

Mercer has prepared this report exclusively to assist Hydro One Inc. and its auditors in preparing financial reports under CICA 3461 for defined benefit pension plans relating to the Hydro One Inc. Pension Plan and Fund for the fiscal year ending December 31, 2010.

This valuation report may not be used or relied upon by any other party or for any other purpose. Mercer is not responsible for the consequences of any unauthorized use.

A valuation report is a snapshot of a plan's estimated financial condition at a particular point in time; it does not predict a pension plan's future financial condition or its ability to pay benefits in the future.

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, plan expenses and the amount earned on any assets invested to pay the benefits. These amounts and others 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 Section 8, 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 changes in mandated requirements, plan experience, changes in expectations about the future, and other factors. Due to the limited scope of the assignment, we did not perform, and thus do not present, an analysis of the potential range of future possibilities and scenarios.

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.

Actuarial Valuations and Extrapolations

We have prepared an actuarial valuation of Hydro One Inc. Pension Plan and Fund's benefit obligations for accounting purposes as at December 31, 2006 and extrapolated those results to December 31, 2009. In accordance with our mandate, the purpose of this valuation and extrapolation is to account for the costs of the plan for the fiscal year beginning January 1, 2010 and ending December 31, 2010 in accordance with Section 3461 of the Canadian Institute of Chartered Accountants Handbook ("CICA 3461").

In addition, we have prepared a second actuarial valuation of Hydro One Inc. Pension Plan and Fund's benefit obligations for accounting purposes as at December 31, 2009 and extrapolated those results to December 31, 2010. In accordance with our mandate, the purpose of this valuation and extrapolation is to enable the Company to satisfy the disclosure requirements under CICA 3461.

The financial positions of the plan and the determination of net periodic pension cost set out in this report are based on actual plan asset data as of December 31, 2009 and December 31, 2010.

Details are provided below.

Plan Provisions

The results of the valuations set forth in this report reflect the contractual provisions of the plan as of the dates of the valuations.

There were no amendments made to the plan since the date of the last valuation for accounting purposes as at December 31, 2009.

A summary of the plan provisions and the plan amendments are provided in Appendix F of our Report on the Actuarial Valuation for Funding Purposes as at December 31, 2009 dated September 2010 (the "Funding Report").

Substantive Commitment

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

Data

The valuations are based on the plan asset data provided to us by Hydro One Inc., for the period from January 1, 2010 to December 31, 2010. The pension fund is held in trust by CIBC Mellon and is invested in accordance with the investment policy of Hydro One Inc. The plan asset data is summarized in the Principal Pension Expense and

Disclosure Information section of this report. We have tested the pensions paid, the lump-sum refunds and the contributions for consistency with the membership data for the plan members who have received benefits or made contributions. The results of these tests were satisfactory.

The calculation of the pension expense for 2010 is based on an extrapolation of membership data as at December 31, 2006 provided by Hydro One Inc. The calculation of the accrued benefit obligation at the end of 2010 is based on an extrapolation of membership data as at December 31, 2009 provided by Hydro One Inc. The membership data at December 31, 2006 and December 31, 2009 is summarized in this report.

Subsequent Events

On July 29, 2004, the Supreme Court of Canada dismissed the appeal in Monsanto Canada Inc. v. Superintendent of Financial Services (*"Monsanto"*), thereby upholding the requirement to distribute surplus on partial plan wind-ups under the *Pension Benefits Act (Ontario)*. The decision has retroactive application. In preparing this actuarial valuation, we have assumed that all plan assets are available to cover the plan liabilities presented in this report. The subsequent declaration of a partial wind-up of the plan in respect of a past event, or disclosure of an existing past partial wind-up, could cause an additional claim on plan assets, the consequences of which would be addressed in a subsequent report. We note the discretionary nature of the power of the Superintendent of Financial Services to declare partial wind-ups and the lack of clarity with respect to the retroactive scope of that power. We are making no representation as to whether the Superintendent might declare a partial wind-up in respect of events in the plan's history.

The Financial Services Commission of Ontario received a request from a group of former active members that it declare a partial-wind-up under the Plan in respect of certain employee terminations from 2000 through 2003. The Superintendent initially decided that a partial wind-up would not be declared. Following an appeal by the plan members, the Financial Services Tribunal reached a decision on August 1, 2007 to declare a partial wind-up only in respect of 73 members whose terminations were effective between the period September 1, 2002 and December 31, 2002, inclusive. The Company's appeal to the Ontario Divisional Court was dismissed in 2008. The Company's motion to appeal to the Ontario Court of Appeal was approved in 2008. The Company appealed the decision and it was dismissed by the Ontario Court of Appeal in 2010 and a partial wind-up report was filed with the Financial Services Commission of Ontario in 2010. Our valuation does not account for the impact of this ruling. The declaration of a partial wind-up is not expected to have a material impact on the results disclosed in this report.

After checking with representatives of Hydro One Inc., to our knowledge there have been no other events subsequent to December 31, 2010 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 net periodic pension cost are summarized in the Supplemental Information section of this report.

Emerging experience, differing from the assumptions, will result in gains or losses that will be revealed in future valuations and will affect the financial position of the plan and future net periodic pension cost.

Actuarial computations under CICA 3461 are for purposes of fulfilling employer accounting requirements. 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 judging benefit security at termination or adequacy of funding for an ongoing plan.

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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 Section 3461 of the CICA Handbook.

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 Section 3461 of the CICA Handbook. We are not expressing any opinion on these assumptions.

In our 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 Section 3461 of the CICA Handbook reflecting application of Hydro One's accounting policies described in this report.

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

Respectfully submitted,





Scott Clausen
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

January 28, 2011
Date

Scott McManus
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

January 28, 2011
Date

Appendix A

Development of Costs

This Appendix shows the liabilities for plan benefits and the calculation of the various components of plan costs.

Financial Position of the Plan

		Jan. 1, 2010 (in 000s)	Jan. 1, 2009 (in 000s)
1.	Accrued benefit obligation	($4,566,330)	($4,007,504)
2.	Fair value of plan assets	4,335,779	3,835,956
3.	Surplus Deficit (1. + 2.)	$(230,551)	$(171,548)
4.	Unamortized past service costs	14,300	17,851
5.	Unamortized net actuarial loss (gain)	640,023	594,307
6.	**Accrued benefit asset (liability) (3.+4.+5.)**	$423,772	$440,610
7.	Valuation allowance against accrued benefit asset	0	0
8.	**Accrued benefit asset (liability) net of valuation allowance (6. + 7.)**	**$423,772**	**$440,610**

Net Periodic Pension Cost

	Fiscal Year Ending Dec. 31, 2010 (in 000s)	Fiscal Year Ending Dec. 31, 2009 (in 000s)
1. Current service cost (employer portion)	$70,241	$52,559
2. Interest cost	293,833	285,718
3. Expected return on plan assets	(277,304)	(272,508)
4. Amortizations		
a. Past service costs	3,551	3,551
b. Net actuarial loss (gain)	64,002	59,431
5. One-time adjustment	0	0
6. **Net periodic pension cost before adjustment for valuation allowance (1.+2.+3.+4.+5.)**	**$154,323**	**$128,751**
7. Increase (decrease) in valuation allowance provided against accrued benefit asset	0	0
8. **Net periodic pension cost (6. + 7.)**	**$154,323**	**$128,751**

Components of these calculations are developed below:

Current Service Cost

	Fiscal Year Ending Dec. 31, 2010 (in 000s)	Fiscal Year Ending Dec. 31, 2009 (in 000s)
1. Current service cost at beginning of year	$91,929	$71,943
2. Expected employees' contributions	(21,688)	(19,384)
3. **Current service cost (employer portion) (1. + 2.)**	**$70,241**	**$52,559**

Interest Cost

	Fiscal Year Ending Dec. 31, 2010 (in 000s)	Fiscal Year Ending Dec. 31, 2009 (in 000s)
1. Accrued benefit obligation	$4,566,330	$4,007,504
2. Employer current service cost weighted for timing	70,241	52,559
3. Employee current service cost weighted for timing	21,688	19,384
4. Expected benefit payments weighted for timing	(137,759)	(138,514)
5. Past service cost	0	0
6. Transfers in (out) weighted for timing	0	0
7. Average accrued benefit obligation (1.+ 2. + 3. + 4. + 5. + 6.)	$4,520,500	$3,940,933
8. Discount rate	6.50%	7.25%
9. **Interest cost (7. x 8.)**	**$293,833**	**$285,718**

Expected Return on Plan Assets

	Fiscal Year Ending Dec. 31, 2010 (in 000s)	Fiscal Year Ending Dec. 31, 2009 (in 000s)
1. Market-related value of assets	$4,335,779	$3,835,956
2. a. Expected employer contributions	114,712	103,204
b. Weighted for timing	57,356	51,602
3. a. Expected employees' contributions	21,688	19,384
b. Weighted for timing	10,844	9,692
4. a. Expected benefit payments	(275,518)	(277,027)
b. Weighted for timing	(137,759)	(138,514)
5. a. Transfers in (out)	0	0
b. Weighted for timing	0	0
6. Average expected market-related value of assets (1. + 2.b. + 3.b. + 4.b. + 5.b.)	$4,266,220	$3,758,736
7. Assumed rate of return on plan assets	6.50%	7.25%
8. **Expected return on plan assets (6. x 7.)**	**$277,304**	**$272,508**

Amortization Amounts

	Jan. 1, 2010 (in 000s)	Jan. 1, 2009 (in 000s)
1. Past Service Costs		
a.) Unamortized past service costs as of beginning of year	$14,300	$17,851
b.) Amortization amount	**$3,551**	**$3,551**
2. Unamortized (gain)/loss subject to amortization		
a.) Unamortized net actuarial loss (gain) based on fair value of plan assets	$640,023	$594,307
b.) Average years of future service [or alternate more rapid amortization period]	10	10
c.) Amortization amount (a. ÷ b.)	**$64,002**	**$59,431**

Past Service Cost Detail

Past Service Cost of $14,300 at January 1, 2010 was composed of:

	Unrecognized Amount as of Jan. 1, 2009 (000s)	Years Remaining	Annual Amortization Amount (000s)
Past service costs			
a. Upgrade to PWU members	$5,000	2.5	$2,000
b. Reduced benefit offset for Society members	$5,599	6.0	$934
c. Society members strike (buy-back service)	$3,701	6.0	$617
d. Total	**$14,300**		**$3,551**

Appendix B

Membership Data

Plan membership as at December 31, 2009 is summarized below.

	12.31.2009	12.31.2006
Active Members		
Number	5,042	4,047
Total pensionable earnings	$435,017,627	$323,300,891
Average pensionable earnings for following year	$86,279	$83,925
Average years of pensionable service	14.84	18.0
Average age	44.8	46.3
Accumulated contributions with interest	$334,148,262	$302,387,517
Members on Long Term Disability		
Number	125	121
Total pensionable earnings	$8,808,644	$7,775,965
Average pensionable earnings for following year	$70,469	$64,264
Average years of pensionable service	25.2	23.2
Average age	55.2	46.3
Accumulated contributions with interest	$9,126,864	$302,387,517
Deferred Pensioners		
Number	320	360
Total annual pension	$3,565,653	$4,287,487
Average annual pension	$11,143	$11,910
Average age	52.0	50.7

	12.31.2009	12.31.2006
Pensioners		
Number	5,265	5,360
Total annual lifetime pension	$184,259,583	$177,534,353
Total annual temporary pension	$25,090,168	$25,154,161
Average annual lifetime pension	$34,997	$33,122
Average age	70.4	69.5
Survivors		
Number	1,819	1,780
Total annual lifetime pension	$37,199,616	$33,115,211
Total annual temporary pension	$557,903	$464,574
Average annual lifetime pension	$20,451	$18,604
Average age	78.3	77.5

The membership movement for all categories of membership since the previous actuarial valuation is as follows:

Reconciliation of Membership

	Actives	Long Term Disabilities	Deferred Vested	Pensioners	Survivors	Total
Total at 12.31.2006	4,047	121	360	5,360	1,780	11,668
New entrants	1,454					1,454
Rehires:	9		(3)			6
Actives to LTD	(29)	29				0
LTD to actives	2	(2)				0
Terminations:						0
▪ not vested	0	0	0			0
▪ transfers/ lump sums	(51)	(1)	(6)			(58)
▪ deferred pensions	(25)	0	25			0
▪ reciprocal completed	(7)		(6)			(13)
Deaths	(25)	(6)	(2)	(484)		(517)
Retirements	(333)	(16)	(48)	397		0
Beneficiaries					320	320
Benefits Expired	0	0	0	(8)	(281)	(289)
Total at 12.31.2009	5,042	125	320	5,265	1,819	12,571

Appendix C

Valuation Methods and Assumptions

This Appendix describes the methods and assumptions used to value the plan as well as the accounting policies used to calculate the net periodic pension cost.

Cost Method

Accrued benefit obligations shown in this report are computed using the Projected Benefit Method Pro Rated on Services as defined in CICA 3461. The objective under this method is to expense each participant's benefits under the plan as they would accrue, taking into consideration future salary increases. The accrued benefit is determined under this method as follows:

Under the Projected Benefit Method Pro Rated on Services an equal portion of the total estimated future benefit (i.e., with salary projection or cost escalation, where appropriate), is attributed to each year of service.

The accrued benefit obligation is the actuarial present value of the accrued benefit for valuation purposes at the beginning of the fiscal year and the current service cost is the actuarial present value of the benefit deemed to accrue in the fiscal year.

The plan's **current service cost** is the sum of the individual current service costs, and the plan's **accrued benefit obligation** is the sum of the individual accrued benefit obligations for all participants under the plan.

Accounting Policies

Future salary levels and inflation affect the amount of future pensions. The projected benefit method prorated on services has been used to determine the accrued benefit obligation and current service cost.

The expected return on plan assets is based on the fair value of plan assets.

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

Cumulative gains and losses are amortized over the average remaining service period of active members expected to receive benefits under the plan (10 years at December 31, 2006). The 10% corridor permitted by CICA 3461 was not applied.

Hydro One Inc.'s fiscal year-end date is December 31 and the measurement date of the plan's assets and obligations is December 31.

Obligations are attributed to the period beginning on the employee's date of joining the plan and ending on the earlier of the date of termination, death or retirement.

Extrapolation of the Financial Position of the Plan

The extrapolation of the financial position of the plan to December 31, 2010 is based on the membership data provided by Hydro One Inc. as of December 31, 2009 and asset information provided by Hydro One Inc. for the period from January 1, 2010 to December 31, 2010.

For the purposes of this extrapolation, we have used the actuarial assumptions and methods set out in this report as of December 31, 2010.

Summary of Assumptions

The assumptions used in valuing the liabilities and benefits under the plan, for the most part, are identical to those used in the Funding Valuation as at December 31, 2009. The differences are listed below.

Measurement date	December 31
Discount rate	▪ 6.50% per year for the 2010 expense determination ▪ 5.75% per year for the Dec. 31, 2010 funded status
Long-term rate of return on assets	▪ 7.25% per year for the fiscal year ending Dec. 31, 2009 ▪ 6.50% per year for the fiscal year ending Dec. 31, 2010
Increases in pensionable earnings (excluding merit)	▪ 2.50% per year for the 2010 expense determination ▪ 2.50% per year for the December 31, 2010 funded status
YMPE increases	▪ 3.00% per year for the 2010 expense determination ▪ 3.00% per year for the December 31, 2010 funded status
Increases in maximum pension permitted under the Income Tax Act	▪ $2,111.11 for 2006 ▪ $2,222.22 for 2008 ▪ $2,333.33 for 2009 ▪ $2,444.44 for 2009 ▪ $2,494.44 for 2010 ▪ 3.00% per year starting in 2010 for the December 31, 2009 funded status and 2010 expense ▪ 3.00% per year starting in 2011 for the December 31, 2010 funded status
Consumer Price Index	▪ 2.00% per year for the 2010 expense determination ▪ 2.00% per year for the December 31, 2010 funded status
Mortality	▪ 1994 Generational Uninsured Pensioners (UP94) Mortality for the 2010 expense determination ▪ 1994 Generational Uninsured Pensioner (UP94) Mortality Table for the December 31, 2010 funded status

Appendix D

Employer Certification

With respect to the Report on Pension Expense and Disclosure for the Fiscal Year Ending December 31, 2010 Under CICA Section 3461 of the Hydro One Inc. Pension Plan and Fund, I hereby certify that, to the best of my knowledge and belief:

- the membership data supplied to the actuary provide 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;
- a copy of the official plan documents and of all amendments made up to December 31, 2010 were supplied to the actuary;
- all substantive commitments (as defined under CICA 3461) have been communicated to the actuary;
- accounting policies as 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;
- the management best estimate assumptions for purposes of the valuations and the extrapolation of the financial position of the plan as of the fiscal year end December 31, 2010 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.

February 3, 2011
Date

Karen Newman
Signed

Karen Newman
Name

Corporate Controller
Title

MERCER

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28 January 2011

Hydro One Inc.

Supplemental Pension Plan

Report on Pension Expense and Disclosure
for the Fiscal Year Ending
December 31, 2010
Under CICA Section 3461

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Report Highlights

Mercer has prepared this report exclusively to assist Hydro One Inc. and its auditors in preparing financial reports under Section 3461 of the Canadian Institute of Chartered Accountants Handbook ("CICA 3461") for defined benefit pension plans relating to the Hydro One Inc. Supplemental Pension Plan for the fiscal year ending December 31, 2010.

The Hydro One Inc. Supplemental Pension Plan automatically provides benefits to members of the Hydro One Inc. Pension Plan (the "Registered Plan") who are impacted by the limits of the Income Tax Act such that the benefits which cannot be paid from the Registered Plan due to the income tax limits are paid from the Supplemental Plan. The terms of the Supplemental Plan require that benefits be secured through a trust fund which is deemed to be a Retirement Compensation Arrangement ("RCA") for the purposes of the Income Tax Act.

The Supplemental Plan also provides supplementary benefits to particular members pursuant to special arrangements entered into between Hydro One and these individuals. These arrangements are covered in the Designated Supplementary Payment Schedule ("DSPS") section of the Supplemental Plan.

This report does not cover the other plans in the consolidated reporting for Other Post Employment Benefits such as non pension post retirement and post employment, MEU, Hydro One Brampton or WSIB plans.

Hydro One Inc.'s fiscal year end date is December 31 and the measurement date for the plan assets and obligations as described in this report is also December 31.

With the exception of the Membership Data section, all figures shown in tables are in thousands of Canadian dollars.

Fiscal year ending Dec. 31, 2010

The net periodic pension cost calculated in accordance with CICA 3461 for the fiscal year ending December 31, 2010 is a charge of $3,534,000.

The accrued benefit liability of $67,128,000 is included in Employee Future Benefits Other than Pension in the Consolidated Balance Sheet.

The employer contributions to the Plan during the fiscal year ending December 31, 2010 were $2,193,000.

Changes in Plan Provisions

There were no changes in plan provisions since the last disclosure as of December 31, 2009.

Changes in Actuarial Cost Methods

There were no changes in actuarial cost methods since the last disclosure as of December 31, 2009.

Changes in Actuarial Assumptions

There were changes in actuarial assumptions since the last disclosure as of December 31, 2009. Please see the Summary of Actuarial Assumptions in Appendix C of this report for a description of these changes. The change in assumptions results in an increase in projected benefit obligations of $6,923,000 as at December 31, 2010. There was an additional increase in the accrued benefit obligation of $11,124,000 resulting from a new actuarial valuation of the plan in 2010. The net actuarial loss in 2010 is therefore $18,047,000.

Changes in Accounting Policy

There were no changes in accounting policy since the last disclosure as of December 31, 2009.

Transition to International Financial Reporting Standards

Accounting standards for publically accountable enterprises and some public sector entities are transitioning to International Financial Reporting Standards (IFRS) from Canadian GAAP for fiscal years beginning on or after January 1, 2011. Accounting for employee future benefit plans will be affected as International Accounting Standard 19 (IAS 19), although similar, is not identical to CICA 3461. At the date of adoption, entities will be required to comply with all effective IFRSs as prescribed in *IFRS 1 – First Time Adoption of International Financial Accounting Standards.*

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Principal Expense and Disclosure Information

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

Components of Net Periodic Pension Cost[1]	**Fiscal Year Ending Dec. 31, 2010 (in 000's)**	**Fiscal Year Ending Dec. 31, 2009 (in 000's)**
Current service cost (employer portion)	$1,216	$1,010
Expected Letter of Credit Fee	1,136	938
Interest cost	3,131	3,026
Actual return on plan assets	0	0
Actuarial loss (gain)[2]	17,274	3,560
One time adjustment	0	0
Plan amendments	0	0
Costs arising in the period	**$22,757**	**$8,534**
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)	(19,508)	(6,438)
▪ Plan amendments	285	285
Net periodic pension cost recognized before adjustment for valuation allowance	**$3,534**	**$2,381**
Increase (decrease) in valuation allowance provided against accrued benefit asset	0	0
Net periodic pension cost recognized	**$3,534**	**$2,381**

[1] CICA 3461 requires an analysis of the components of net periodic pension cost showing separately amounts arising from events in the period, the difference between actual return on plan assets and the expected return on plan assets, other adjustments for deferrals and amortizations of amounts previously deferred, and the change in the valuation allowance if applicable. The actual derivation of the net periodic pension cost is set out in the Supplemental Information – Development of Costs section of this report.

[2] 2010 includes experience resulting from actual Letter of Credit Fee different than expected.

Weighted-Average Assumptions for Expense	Fiscal Year Ending Dec. 31, 2010	Fiscal Year Ending Dec. 31, 2009
Discount rate	6.50%	7.25%
Rate of cost of living increase	2.00%	2.00%
Rate of compensation increase (excluding merit)	2.50%	2.75%

Weighted-Average Assumptions for Disclosure	Dec. 31, 2010	Dec. 31, 2009
Discount rate	5.75%	6.50%
Rate of cost of living increase	2.00%	2.00%
Rate of compensation increase (excluding merit)	2.50%	2.50%

Change in Accrued Benefit Obligation	Fiscal Year Ending Dec. 31, 2010 (in 000s)	Fiscal Year Ending Dec. 31, 2009 (in 000s)
Accrued benefit obligation at end of prior year	**$47,585**	**$41,222**
Current service cost (employer portion)	1,216	1,010
Interest cost	3,131	3,026
Employees' contributions	0	0
Benefits paid	(1,303)	(1,233)
Actuarial loss (gain)	18,047	3,560
Plan amendments	0	0
Net transfer in (out)	0	0
Accrued benefit obligation at end of year	**$68,676**	**$47,585**

Change in Plan Assets	Fiscal Year Ending Dec. 31, 2010 (in 000s)	Fiscal Year Ending Dec. 31, 2009 (in 000s)
Fair value of plan assets at end of prior year	**$2,496**	**$1,433**
Actual return on plan assets	0	0
Employer contributions		
- Benefit Payments	1,303	1,233
- Letter of Credit Fee	890	2,001
Employees' contributions	0	0
Benefits paid	(1,303)	(1,233)
One time adjustment	0	0
Actual plan expenses	(363)	(938)
Fair value of plan assets at end of year	**$3,023**	**$2,496**

Reconciliation of Funded Status to Accrued Benefit Asset (Liability)	**Fiscal Year Ending Dec. 31, 2010 (in 000s)**	**Fiscal Year Ending Dec. 31, 2009 (in 000s)**
Excess (Deficit) at end of year	**($65,653)**	**($45,089)**
Unamortized past service costs	1,354	1,639
Unamortized net actuarial loss (gain)	(2,829)	(22,337)
Accrued benefit asset (liability) before valuation allowance	**($67,128)**	**($65,787)**
Valuation allowance against accrued benefit asset	0	0
Accrued benefit asset (liability) net of valuation allowance	**($67,128)**	**($65,787)**

The Supplemental Plan is backed by a letter of credit, which is issued by a bank and held by a trust fund, which is in turn characterised as a Retirement Compensation Arrangement.

An amount equal to the contribution paid directly to the RCA trust is remitted to the Refundable Tax Account (RTA) with the Canada Revenue Agency (CRA). The RTA is a non-interest bearing account and forms a part of the supplemental plan assets.

3

Certification

Mercer has prepared this report exclusively to assist Hydro One Inc. and its auditors in preparing financial reports under CICA 3461 for defined benefit pension plans relating to the Hydro One Inc. Supplemental Pension Plan for the fiscal year ending December 31, 2010.

This valuation report may not be used or relied upon by any other party or for any other purpose. Mercer is not responsible for the consequences of any unauthorized use.

A valuation report is a snapshot of a plan's estimated financial condition at a particular point in time; it does not predict a pension plan's future financial condition or its ability to pay benefits in the future.

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, plan expenses and the amount earned on any assets invested to pay the benefits. These amounts and others 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 Section 8, 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 changes in mandated requirements, plan experience, changes in expectations about the future, and other factors. Due to the limited scope of the assignment, we did not perform, and thus do not present, an analysis of the potential range of future possibilities and scenarios.

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.

Actuarial Valuations and Extrapolations

We have prepared an actuarial valuation of Hydro One Inc. Supplemental Pension Plan benefit obligations (excluding DSPS obligations) for accounting purposes as at December 31, 2006 and extrapolated those results to December 31, 2009. In accordance with our mandate, the purpose of this valuation and extrapolation is to account for the costs of the plan for the fiscal year beginning January 1, 2010 and ending December 31, 2010 in accordance with Section 3461 of the Canadian Institute of Chartered Accountants Handbook ("CICA 3461").

In addition, we have prepared a second actuarial valuation of Hydro One Inc. Supplemental Pension Plan's benefit obligations (excluding DSPS obligations) for accounting purposes as at December 31, 2009 and extrapolated those results to December 31, 2010. In accordance with our mandate, the purpose of this valuation and extrapolation is to enable the Company to satisfy the disclosure requirements under CICA 3461.

The benefit obligations for the DSPS were valued without extrapolation at December 31, 2009 and December 31, 2010 to account for fiscal year 2010 plan costs and for fiscal year 2010 disclosure requirements respectively.

The financial positions of the plan and the determination of net periodic pension cost set out in this report are based on actual plan asset data as of December 31, 2009 and December 31, 2010.

Details are provided below.

Plan Provisions

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

There were no other amendments made to the plan since the date of the last valuation for accounting purposes as at December 31, 2009.

A summary of the plan provisions is provided in Appendix D1 and Appendix D2 of our Report on the Actuarial Valuation as at December 31, 2009 for the Purpose of Establishing the Face Amount of the Letter of Credit for the period ending December 31, 2011.

Substantive Commitment

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

Data

The valuations are based on the plan asset data provided to us by Hydro One Inc., for the period from January 1, 2010 to December 31, 2010. The plan asset data are summarized in the Principal Pension Expense and Disclosure Information section of this report. We have tested the pensions paid, the lump-sum refunds and the contributions for consistency with the membership data for the plan members who have received benefits or made contributions. The results of these tests were satisfactory.

The calculation of the pension expense for 2010 is based on an extrapolation of the membership data as at December 31, 2006 provided by Hydro One Inc. and is supplemented by actual DSPS data at December 31, 2009. The calculation of the accrued benefit obligation at the end of 2010 is based on an extrapolation of membership data as at December 31, 2009 provided by Hydro One Inc. and is supplemented by actual DSPS data at December 31, 2010. The December 31, 2009 membership data is summarized in this report.

Subsequent Events

After checking with representatives of Hydro One Inc., to our knowledge there have been no events subsequent to December 31, 2010 which, in our opinion, would have a material impact on the results of the valuations and extrapolations.

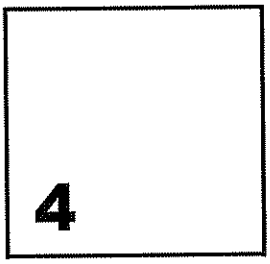
A partial wind-up of the registered pension plan was declared in respect of certain employee terminations in 2002 and 2003 and a partial wind-up report was filed with the Financial Services Commission of Ontario in 2010. Some members affected by the partial wind-up are entitlement to benefits payable from the Supplemental Pension Plan. Our valuation does not account for the impact of the partial wind-up on the Supplemental Pension Plan. The declaration of a partial wind up is not expected to have a material impact on the results disclosed in this report.

Methods and Assumptions

The actuarial valuation methods, and management accounting policies and assumptions used in the valuations and determination of net periodic pension cost are summarized in the Supplemental Information section of this report.

Emerging experience, differing from the assumptions, will result in gains or losses that will be revealed in future valuations and will affect the financial position of the plan and future net periodic pension cost.

Actuarial computations under CICA 3461 are for purposes of fulfilling employer accounting requirements. 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 judging benefit security at termination or adequacy of funding for an ongoing plan.



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 Section 3461 of the CICA Handbook.

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 Section 3461 of the CICA Handbook. We are not expressing any opinion on these assumptions.

In our 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 Section 3461 of the CICA Handbook reflecting application of Hydro One's accounting policies described in this report.

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

Respectfully submitted,



Scott Clausen
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

January 28, 2011
Date



Scott McManus
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

January 28, 2011
Date

Appendix A

Development of Costs

This Appendix shows the liabilities for plan benefits and the calculation of the various components of plan costs.

Financial Position of the Plan

		Jan. 1, 2010 (in 000s)	Jan. 1, 2009 (in 000s)
1.	Accrued benefit obligation	($47,585)	($41,222)
2.	Fair value of plan assets	2,496	1,433
3.	Surplus Deficit (1. + 2.)	($45,089)	($39,789)
4.	Unamortized past service costs	1,639	1,924
5.	Unamortized net actuarial loss (gain)	(22,337)	(28,775)
6.	**Accrued benefit asset (liability) (3.+4.+5.)**	**($65,787)**	**($66,640)**
7.	Valuation allowance against accrued benefit asset	0	0
8.	**Accrued benefit asset (liability) net of valuation allowance (6. + 7.)**	**($65,787)**	**($66,640)**

Net Periodic Pension Cost

	Fiscal Year Ending Dec. 31, 2010 (in 000s)	Fiscal Year Ending Dec. 31, 2009 (in 000s)
1. Current service cost (employer portion)	$1,216	$1,010
2. Interest cost	3,131	3,026
3. Expected Letter of Credit Fee	1,136	938
4. Expected return on plan assets	0	0
5. Amortizations		
a. Past service costs	285	285
b. Net actuarial loss (gain)	(2,234)	(2,878)
6. One time adjustment	0	0
7. **Net periodic pension cost before adjustment for valuation allowance (1.+2.+3.+4.+5.+6.)**	**$3,534**	**$2,381**
8. Increase (decrease) in valuation allowance provided against accrued benefit asset	0	0
9. **Net periodic pension cost (7. + 8.)**	**$3,534**	**$2,381**

Components of these calculations are developed below:

Current Service Cost

	Fiscal Year Ending Dec. 31, 2010 (in 000s)	Fiscal Year Ending Dec. 31, 2009 (in 000s)
1. Current service cost at beginning of year	$1,216	$1,010
2. Expected employees' contributions	0	0
3. **Current service cost (employer portion) (1. + 2.)**	$1,216	$1,010

Interest Cost

	Fiscal Year Ending Dec. 31, 2010 (in 000s)	Fiscal Year Ending Dec. 31, 2009 (in 000s)
1. Accrued benefit obligation	$47,585	$41,222
2. Employer current service cost weighted for timing	1,216	1,010
3. Employee current service cost weighted for timing	0	0
4. Expected benefit payments weighted for timing	(629)	(509)
5. Average accrued benefit obligation (1.+ 2. + 3. + 4.)	$48,172	$41,723
6. Discount rate	6.50%	7.25%
7. **Interest cost (5. x 6.)**	**$3,131**	**$3,026**

Amortization Amounts

	Jan. 1, 2010 (in 000s)	Jan. 1, 2009 (in 000s)
1. Past Service Costs		
a.) Unamortized past service costs as of beginning of year	$1,639	$1,924
b.) Amortization amount	**285**	**285**
2. Unamortized (gain)/loss subject to amortization		
a.) Unamortized net actuarial loss (gain) at beginning of fiscal year	($22,337)	($28,775)
b.) Average years of future service	10	10
c.) Amortization amount (a. ÷ b.)	**($2,234)**	**($2,878)**

Past Service Cost Detail

Past Service Cost at January 1, 2010 was composed of:

	Unrecognized Amount as of Jan. 1, 2010 (000s)	Years Remaining	Annual Amortization Amount (000s)
Past service costs			
a. Society of Engineering Professionals offset improvement at January 1, 2004	$1,110	6	185
b. DSPS enhancement at January 1, 2004	67	8	8
c. DSPS enhancement at January 1, 2005	462	5	92
d. **Total**	**$1,639**		**$285**

Appendix B

Membership Data

Plan membership in the Supplemental Plan as at December 31, 2009 is summarized below. Eight inactive members are entitled to special benefits under the DSPS. The membership summaries shown below for actives, LTD and deferred pensioners are the same as those shown in the report prepared for the registered plan as the maximum pension limit is not applied until the time of pension commencement.

	December 31, 2009	December 31, 2006
Active Members		
Number	5,042	4,047
Total pensionable earnings	$435,017,627	$323,300,891
Average pensionable earnings for following year	$86,279	$83,925
Average years of pensionable service	14.84	18.0 years
Average age	44.8	46.3
Accumulated contributions with interest	$334,148,262	$302,387,517
Members on Long Term Disability		
Number	125	121
Total deemed earnings for pension purposes	$8,808,644	$7,775,965
Average deemed earnings for pension purposes	$70,469	$64,264
Average years of pensionable service	25.2	23.19 years
Average age	55.2	53.8
Accumulated contributions with interest	$9,126,864	$7,520,585

Deferred Pensioners		
Number	320	360
Total annual lifetime pension	$3,565,653	$4,287,487
Average annual lifetime pension	$11,143	$11,910
Average age	52.0	50.7
Pensioners		
▪ Number	193	189
▪ Total annual lifetime pension*	$1,186,870	$1,090,786
▪ Total annual temporary pension*	$2,406	$2,339
▪ Average annual lifetime pension	$6,150	$5,771
▪ Average age	62.2	59.5
Survivors		
▪ Number	9	7
▪ Total annual lifetime pension**	$73,807	$69,109
▪ Average annual lifetime pension**	$8,201	$9,873
▪ Average age	68.7	67.9

* Includes pension effective January 1, 2010 for 3 DSPS pensioners.
** Includes pension effective January 1, 2010 for 3 DSPS survivors.

The membership movement for all categories of membership since the previous actuarial valuation is as follows:

Reconciliation of Membership

	Actives	Members on LTD	Deferred Vested	Pensioners	Survivors	Total
Total at 31.12.06	**4,047**	**121**	**360**	**189**	**7**	**4,724**
New entrants and re-hires	1,463		(3)			1,460
Transfers between Actives and LTD	(27)	27				
Terminations:						
▪ paid out	(51)	(1)	(6)			(58)
▪ deferred pensions	(25)		25			0
▪ reciprocal	(7)		(6)			(13)
Deaths	(25)	(6)	(2)	(2)		(35)
Retirements	(333)	(16)	(48)	6[1]		(391)
New survivors					2	2
Data correction						
Total at 31.12.09	**5,042**	**125**	**320**	**193**	**9**	**5,689**

[1] Not all members of the RPP who retire have benefits under the SPS/DSPS plan.

Appendix C

Valuation Methods and Assumptions

This Appendix describes the methods and assumptions used to value the plan as well as the accounting policies used to calculate the net periodic pension cost.

Cost Method

Accrued benefit obligations shown in this report are computed using the Projected Benefit Method Pro Rated on Services as defined in CICA 3461. The objective under this method is to expense each participant's benefits under the plan as they would accrue, taking into consideration future salary increases. The accrued benefit is determined under this method as follows:

Under the Projected Benefit Method Pro Rated on Services an equal portion of the total estimated future benefit (i.e., with salary projection or cost escalation, where appropriate), is attributed to each year of service.

The accrued benefit obligation is the actuarial present value of the accrued benefit for valuation purposes at the beginning of the fiscal year and the current service cost is the actuarial present value of the benefit deemed to accrue in the fiscal year.

The plan's **current service cost** is the sum of the individual current service costs, and the plan's **accrued benefit obligation** is the sum of the individual accrued benefit obligations for all participants under the plan.

Accounting Policies

Future salary levels and inflation affect the amount of future pensions. The projected benefit method prorated on services has been used to determine the accrued benefit obligation and current service cost.

The Company has elected to amortize past service costs resulting from plan amendments on a linear basis over the average remaining service period of active members expected to receive benefits in respect of the plan amendment.

Cumulative gains and losses are amortized over the average remaining service period of active members expected to receive benefits under the plan (10 years at December 31, 2006). The 10% corridor permitted by CICA 3461 was not applied.

Hydro One Inc.'s fiscal year-end date is December 31 and the measurement date of the plan's assets and obligations is December 31.

Obligations are attributed to the period beginning on the employee's date of joining the plan and ending on the earlier of the date of termination, death or retirement.

Extrapolation of the Financial Position of the Plan

The extrapolation of the financial position of the plan to December 31, 2010 is based on the membership data provided by Hydro One Inc. as of December 31, 2009, DSPS membership data as at December 31, 2010 and asset information provided by Hydro One Inc. for the period from January 1, 2010 to December 31, 2010.

For the purposes of this extrapolation, we have used the actuarial assumptions and methods set out in this report as of December 31, 2010.

Summary of Assumptions

The assumptions used in valuing the liabilities and benefits under the plan, for the most part, are identical to those used in the Funding Valuation as at December 31, 2009. The differences are listed below.

Measurement date	December 31
Discount rate	▪ 6.50% per year for the 2010 expense determination ▪ 5.75% per year for the Dec. 31, 2010 funded status
Increases in pensionable earnings (excluding merit)	▪ 2.50% per year for the 2010 expense determination ▪ 2.50% per year for the December 31, 2010 funded status
YMPE increases	▪ 3.00% per year for the 2010 expense determination ▪ 3.00% per year for the December 31, 2010 funded status
Increases in maximum pension permitted under the Income Tax Act	▪ $2,111.11 for 2006 ▪ $2,222.22 for 2007 ▪ $2,333.33 for 2008 ▪ $2,444.44 for 2009 ▪ $2,494.44 for 2010 ▪ 3.00% per year starting in 2010 for the December 31, 2009 funded status and 2010 expense ▪ 3.00% per year starting in 2011 for the December 31, 2010 funded status
Consumer Price Index	▪ 2.00% per year for the 2010 expense determination ▪ 2.00% per year for the December 31, 2010 funded status
Mortality	▪ 1994 Generational Uninsured Pensioners (UP94) Mortality Table for the 2010 expense determination ▪ 1994 Generational Uninsured Pensioner (UP94) Mortality Table for the December 31, 2010 funded status

Appendix D

Employer Certification

With respect to the Report on Pension Expense and Disclosure for the Fiscal Year Ending December 31, 2010 under CICA Section 3461 of the Hydro One Inc. Supplemental Pension Plan, I hereby certify that, to the best of my knowledge and belief:

- the membership data supplied to the actuary provide 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;
- a copy of the official plan documents and of all amendments made up to December 31, 2010 were supplied to the actuary;
- all substantive commitments (as defined under CICA 3461) have been communicated to the actuary;
- accounting policies as 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;
- the management best estimate assumptions for purposes of the valuations and the extrapolation of the financial position of the plan as of the fiscal year end December 31, 2010 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.

February 3, 2011
Date

Karen Newman
Signed

Karen Newman
Name

Corporate Controller
Title

MERCER

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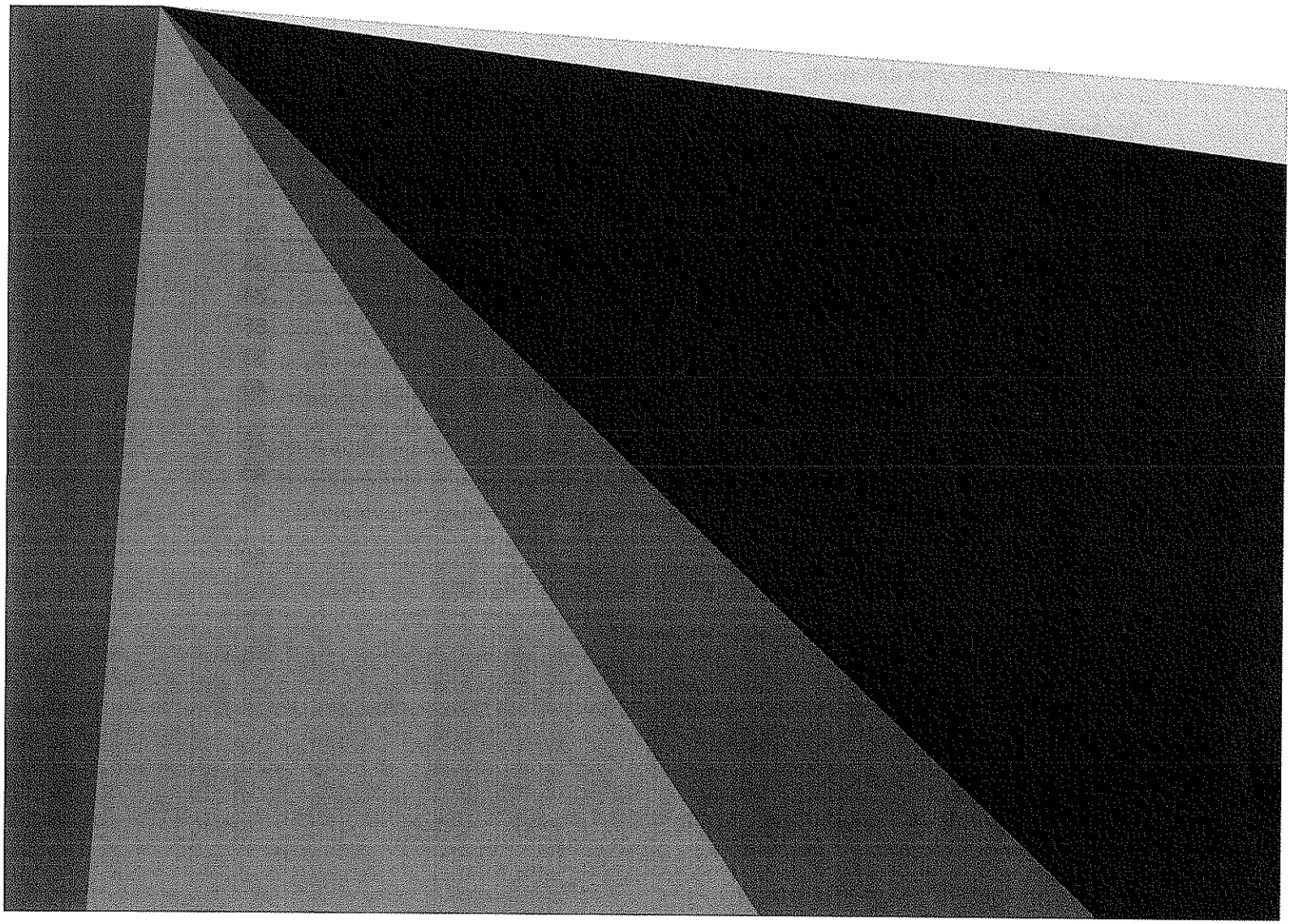
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REPORT ON NON-PENSION POST RETIREMENT AND POST EMPLOYMENT BENEFIT COST AND DISCLOSURE FOR THE FISCAL YEAR ENDING DECEMBER 31, 2011 UNDER SECTION 3461 IN PART V OF THE CICA HANDBOOK

HYDRO ONE INC.

24 JANUARY 2012



MARSH & McLENNAN COMPANIES

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Report Highlights

This report has been prepared by Mercer (Canada) Limited at the request of Hydro One Inc. This report provides information on non-pension post retirement and post employment obligations and benefit cost calculated in accordance with Section 3461 in Part V of the Canadian Institute of Chartered Accountants Handbook ("CICA 3461") to enable Hydro One Inc. to satisfy accounting and disclosure requirements for financial statements pursuant to CICA 3461. This report does not cover the other plans in the consolidated reporting for Other Post Employment Benefits such as the DSPS, SPS, Hydro One Brampton or WSIB plans. These figures are provided in other reports prepared by Mercer, or as is the case for WSIB, as prepared by Hydro One Inc.

The Non-Pension Post Retirement and Post Employment Benefit Plans are defined benefit plans funded on a cash basis by contributions from Hydro One Inc.

Hydro One Inc.'s fiscal year-end date is December 31 and the measurement date for the plan obligations as described in this report is December 31.

All results presented in this report are in Canadian dollars.

Fiscal Year Ending December 31, 2011

Non-Pension Post Retirement Benefits

The benefit cost (also referred to as expense in this report) calculated in accordance with CICA 3461 for the fiscal year ending December 31, 2011 is a charge of $95,960,000 which consists of $94,175,000 with respect to Hydro One Inc. and $1,785,000 with respect to Inergi.

The Accrued Benefit Liability as calculated in accordance with CICA 3461 is $936,523,000 which consists of $906,165,000 with respect to Hydro One Inc. and $30,358,000 with respect to Inergi.

The employer contributions and employer-paid benefit payments during the fiscal year ending December 31, 2011 are $31,219,000 which consists of $31,219,000 with respect to Hydro One Inc. and $0 with respect to Inergi.

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 December 31, 2011 would result in an increase to the Accrued Benefit Obligation (ABO) for the non-pension post retirement benefit plan calculated in accordance with CICA 3461 of approximately 16%.

Post Employment Benefits

The benefit cost calculated in accordance with CICA 3461 for the fiscal year ending December 31, 2011 is a charge of $161,000.

The Accrued Benefit Liability calculated in accordance with CICA 3461 as at December 31, 2011 is $69,054,000.

The employer contributions and employer-paid benefit payments during the fiscal year ending December 31, 2011 are $7,175,000.

Changes in Plan Provisions

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

Changes in Actuarial Assumptions

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

Changes in Actuarial Methods

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

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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.

Non-Pension Post Retirement Benefits

All amounts in $000s

	Fiscal Year Ending 31.12.11			Fiscal Year Ending 31.12.10		
Components of Benefit Cost	**Hydro One Inc.**	**Inergi**	**Total**	**Hydro One Inc.**	**Inergi**	**Total**
Current service cost	$25,080	$0	$25,080	$18,625	$0	$18,625
Interest cost	59,507	1,768	61,275	57,538	1,701	59,239
Actual return on plan assets	0	0	0	0	0	0
Actuarial loss (gain)	(33,015)	(544)	(33,559)	100,373	2,918	103,291
Plan amendments	0	0	0	0	0	0
Curtailment loss (gain)	0	0	0	0	0	0
Settlement loss (gain)	0	0	0	0	0	0
Other/Adjustment	0	0	0	0	0	0
Costs arising in the period	**$51,572**	**$1,224**	**$52,796**	**$176,536**	**$4,619**	**$181,155**
Differences between costs arising in the period and costs recognized in the period in respect of:						
• Return on plan assets	0	0	0	0	0	0
• Actuarial loss (gain)[1]	39,795	544	40,339	(100,373)	(2,918)	(84,377)
• Plan amendments	2,808	17	2,825	3,272	17	3,289
• Transitional obligation (asset)	0	0	0	0	0	0
Benefit cost recognized	**$94,175**	**$1,785**	**$95,960**	**$79,435**	**$1,718**	**$81,153**

[1] The determination of the amortizations for the current year are shown in Appendix A.

Weighted-Average Assumptions for Expense	Fiscal Year Ending 31.12.11	Fiscal Year Ending 31.12.10
Discount rate	5.75%	6.50%
Rate of compensation increase	2.50% + PPM	2.50% + PPM
Initial weighted average health care trend rate	8.31%[2]	8.57%
Ultimate weighted average health care trend rate	4.86%	4.81%
Year ultimate rate reached	2029	2029

Weighted-Average Assumptions for Disclosure	31.12.11	31.12.10
Discount rate	5.25%	5.75%
Rate of compensation increase	2.50% + PPM	2.50% + PPM
Initial weighted average health care trend rate	8.11%[3]	8.31%[2]
Ultimate weighted average health care trend rate	4.50%	4.86%
Year ultimate rate reached	2031	2029

[2] Trend rate applied to the 2011 claim cost (March 1, 2012 mid-point) to trend the claim cost forward twelve months to March 1, 2013 mid-point.

[3]Trend rate applied to the 2012 claim cost (January 1, 2013 mid-point) to trend the claim cost forward twelve months to January 1, 2014 mid-point.

All amounts in $000s

Change in Accrued Benefit Obligation (ABO)	Fiscal Year Ending 31.12.11			Fiscal Year Ending 31.12.10		
	Hydro One Inc.	Inergi	Total	Hydro One Inc.	Inergi	Total
ABO at end of prior year	**$1,030,196**	**$31,152**	**$1,061,348**[4]	**$885,616**	**$26,533**	**$912,149**[6]
Current service cost	25,080	0	25,080	18,625	0	18,625
Interest cost	59,507	1,768	61,275	57,538	1,701	59,239
Employees' contributions	0	0	0	0	0	0
Benefits paid	(31,219)	0	(31,219)	(31,956)	0	(31,956)
Actuarial loss (gain)	(33,015)	(544)	(33,559)	100,373	2,918	103,291
Plan amendments	0	0	0	0	0	0
Increase (decrease) in accrued benefit obligation due to curtailment	0	0	0	0	0	0
Reduction in accrued benefit obligation due to settlement	0	0	0	0	0	0
Special termination benefits	0	0	0	0	0	0
Net transfer in (out)	0	0	0	0	0	0
ABO at end of year	**$1,050,549**	**$32,376**	**$1,082,925**[6]	**$1,030,196**	**$31,152**	**$1,061,348**[7]

Change in Plan Assets	Fiscal Year Ending 31.12.11			Fiscal Year Ending 31.12.10		
	Hydro One Inc.	Inergi	Total	Hydro One Inc.	Inergi	Total
Fair value of plan assets at end of prior year	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Actual return on plan assets	0	0	0	0	0	0
Employer contributions	31,219	0	31,219	31,956	0	31,956
Employees' contributions	0	0	0	0	0	0
Benefits paid	(31,219)	0	(31,219)	(31,956)	0	(31,956)
Settlements	0	0	0	0	0	0
Net transfer in (out)	0	0	0	0	0	0
Fair value of plan assets at end of year	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

[4] Based on membership data as of September 1, 2008 projected to December 31, 2010.

[5] Based on membership data as of September 1, 2008 projected to December 31, 2009.

[6] Based on membership data as of January 1, 2011 projected to December 31, 2011.

[7] Based on membership data as of September 1, 2008 projected to December 31, 2010.

All amounts in $000s

Reconciliation of Funded Status to Accrued Benefit Asset (Liability)	Fiscal Year Ending 31.12.11			Fiscal Year Ending 31.12.10		
	Hydro One Inc.	Inergi	Total	Hydro One Inc.	Inergi	Total
Funded Status at end of year	**($1,050,549)**	**($32,376)**	**($1,082,925)**	**($1,030,196)**	**($31,152)**	**($1,061,348)**
Unamortized transitional obligation (asset)	0	0	0	0	0	0
Unamortized past service costs	6,583	3	6,586	9,391	20	9,411
Unamortized net actuarial loss (gain)	137,801	2,015	139,816	177,596	2,559	180,155
Accrued benefit asset (liability)	**($906,165)**	**($30,358)**	**($936,523)**	**($843,209)**	**($28,573)**	**($871,782)**

Effect of Change in Assumed Health Care Cost Trend Rates	Fiscal Year Ending 31.12.11	Fiscal Year Ending 31.12.10
Effect on aggregate of current service cost and interest cost		
• One-percentage point increase	$19,593	$14,641
• One-percentage point decrease	($13,589)	($11,518)
Effect on ABO at fiscal year end		
• One-percentage point increase	$173,288	$184,335
• One-percentage point decrease	($137,422)	($145,896)

Post Employment Benefits

All amounts in $000s

Components of Benefit Cost	Fiscal Year Ending 31.12.11	Fiscal Year Ending 31.12.10
Current service cost	$2,353	$3,802
Interest cost	2,227	2,215
Actual return on plan assets	0	0
Actuarial loss (gain)	1,189	4,994
Plan amendments	0	0
Curtailment loss (gain)	0	0
Settlement loss (gain)	0	0
Other/Adjustment	0	0
Costs arising in the period	**$5,769**	**$11,011**
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)	(5,608)	(10,190)
• Plan amendments	0	0
• Transitional obligation (asset)	0	0
Benefit cost recognized	**$161**	**$821**

Weighted-Average Assumptions for Expense	Fiscal Year Ending 31.12.11	Fiscal Year Ending 31.12.10
Discount rate	5.75%	6.50%
Rate of compensation increase	2.00%	2.00%
Initial weighted average health care trend rate	8.87%[8]	9.21%
Ultimate weighted average health care trend rate	4.90%	4.83%
Year ultimate rate reached	2029	2029

Weighted-Average Assumptions for Disclosure	31.12.11	31.12.10
Discount rate	5.25%	5.75%
Rate of compensation increase	2.00%	2.00%
Initial weighted average health care trend rate	8.54%[9]	8.87%[8]
Ultimate weighted average health care trend rate	4.90%	4.90%
Year ultimate rate reached	2029	2029

[8] Trend rate applied to the 2011 claim cost (June 1, 2011 mid-point) to trend the claim cost forward twelve months to June 1, 2012 mid-point.

[9] Trend rate applied to the 2012 claim cost (June 1, 2012 mid-point) to trend the claim cost forward twelve months to June 1, 2013 mid-point.

All amounts in $000s

Change in ABO	Fiscal Year Ending 31.12.11	Fiscal Year Ending 31.12.10
ABO at end of prior year	**$41,029**[10]	**$36,574**[11]
Current service cost	2,353	3,802
Interest cost	2,227	2,215
Employees' contributions	0	0
Benefits paid	(7,175)	(6,556)
Actuarial loss (gain)	1,189	4,994
Plan amendments	0	0
Increase (decrease) in accrued benefit obligation due to curtailment	0	0
Reduction in accrued benefit obligation due to settlement	0	0
Special termination benefits	0	0
Net transfer in (out)	0	0
ABO at end of year	**$39,623**[12]	**$41,029**[13]

Change in Plan Assets	Fiscal Year Ending 31.12.11	Fiscal Year Ending 31.12.10
Fair value of plan assets at end of prior year	**$0**	**$0**
Actual return on plan assets	0	0
Employer contributions	7,175	6,556
Employees' contributions	0	0
Benefits paid	(7,175)	(6,556)
Settlements	0	0
Net transfer in (out)	0	0
Fair value of plan assets at end of year	**$0**	**$0**

[10] Based on membership data as of November 30, 2010 projected to December 31, 2010.

[11] Based on membership data as of September 1, 2008 projected to December 31, 2009.

[12] Based on membership data as of November 30, 2010 projected to December 31, 2011.

[13] Based on membership data as of November 30, 2010 projected to December 31, 2010.

All amounts in $000s

Reconciliation of Funded Status to Accrued Benefit Asset (Liability)	Fiscal Year Ending 31.12.11	Fiscal Year Ending 31.12.10
Funded status at end of year	**($39,623)**	**($41,029)**
Employer contributions during period from measurement date to fiscal year-end	0	0
Unamortized transitional obligation (asset)	0	0
Unamortized past service costs	0	0
Unamortized net actuarial loss (gain)	(29,431)	(35,039)
Accrued benefit asset (liability)	**($69,054)**	**($76,068)**

3

Certification

We have prepared an actuarial valuation of Hydro One Inc.'s non-pension post retirement benefit obligations for accounting purposes as at September 1, 2008 and extrapolated those results to December 31, 2010. In accordance with our mandate, the purpose of this valuation and extrapolation is to determine the benefit costs of the non-pension post retirement benefit plan in accordance with CICA 3461 for the fiscal year beginning January 1, 2011 and ending December 31, 2011 to enable the Company to account for the cost of the Plan under CICA 3461.

In addition, we have prepared a second actuarial valuation of Hydro One Inc.'s benefit obligations for accounting purposes as at January 1, 2011 and extrapolated those results to December 31, 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.

We have prepared an actuarial valuation of Hydro One Inc.'s post employment benefit obligations for accounting purposes as at November 30, 2010 and extrapolated those results to December 31, 2010. In accordance with our mandate, the purpose of this valuation and extrapolation is to determine the benefit cost of the post employment plan in accordance with CICA 3461 for fiscal year beginning January 1, 2011 and ending December 31, 2011 to enable the Company to account for the cost of the plan under CICA 3461.

The post employment benefit obligations for accounting purposes as at November 30, 2010 was also extrapolated to December 31, 2011. In accordance with our mandate, the purpose of this valuation and extrapolation is to determine the obligations of the post employment plan in accordance with CICA 3461 to enable the Company to satisfy the disclosure requirements under CICA 3461.

This report has been prepared exclusively for Hydro One 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 Hydro One 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 Hydro One Inc.

The Plan has not been amended since the last valuations for accounting purposes. A summary of plan provisions is provided in Appendix D of this report. These plan provisions have been certified by Hydro One Inc. under Employer Certification in Appendix E of this report.

There was no substantive commitment as defined under CICA 3461 reported to us by Hydro One Inc.

Data

The non-pension post retirement valuations and extrapolations are based on membership data as at September 1, 2008 and January 1, 2011. The post employment valuations and extrapolations are based on membership data as at November 30, 2010. The membership data is summarized in Appendix B of this report.

Subsequent Events

Based on discussions with representatives of Hydro One Inc., to our knowledge there have been no events subsequent to December 31, 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, accounting policies and assumptions used in the valuations and determination of benefit cost are summarized in Appendix C of this report.

Valuation methods and assumptions are the same as the prior year's valuation with exception of the following changes made at December 31, 2011:

Non-Pension Post Retirement Plan

- The claims costs and administrative expense assumptions have been updated based on the group's recent claim experience;
- The trend assumption for prescription drugs and other medical benefits have been updated from 10.00% per annum in 2009 grading down to 5.0% per annum in and after 2023, to 8.92% per annum in 2011 grading down to 4.50% per annum in and after 2031;
- The trend assumption for semi-private hospital and dental have been updated from 5.00% per annum to 4.50% per annum;
- The discount rate has been changed from 5.75% per annum to 5.25% per annum.

Post Employment Plan

- The discount rate was changed from 5.75% per annum to 5.25% per annum.

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 are for purposes of enabling Hydro One Inc. to fulfill accounting requirements pursuant to CICA 3461. 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 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 the management of Hydro One Inc. ("Management") in accordance with the requirements of CICA 3461.

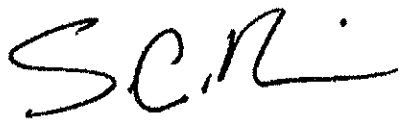
The preparers of the financial statements have selected the assumptions used in the valuations of the plan obligations and determination of plan costs. They are Management's best-estimate assumptions, selected for accounting purposes, in accordance with CICA 3461. These assumptions are in accordance with accepted actuarial practice in Canada.

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.

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

Respectfully submitted,



S. Conor Rankin
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

January 27, 2012
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.

Non-Pension Post-Retirement Benefits

All amounts in $000s

Financial Position of the Plan

		01.01.11			01.01.10		
		Hydro One Inc.	**Inergi**	**Total**	**Hydro One Inc.**	**Inergi**	**Total**
1.	ABO						
	a. Retirees and surviving spouses	($590,321)	($12,636)	($602,957)	($524,179)	($11,093)	($535,272)
	b. Active fully eligible members	(173,622)	(18,516)	(192,138)	(147,937)	(15,440)	(163,377)
	c. Active not fully eligible members	(266,253)	0	(266,253)	(213,500)	0	(213,500)
	d. Total (a. + b. + c.)	**($1,030,196)**	**($31,152)**	**(1,061,348)**	**($885,616)**	**($26,533)**	**($912,149)**
2.	Fair value of plan assets	0	0	0	0	0	0
3.	**Surplus (Deficit) (1(d) + 2.)**	**($1,030,196)**	**($31,152)**	**(1,061,348)**	**($885,616)**	**($26,533)**	**($912,149)**
4.	Employer contributions during period from measurement date to fiscal year end	0	0	0	0	0	0
5.	Unamortized transitional obligation (asset)	0	0	0	0	0	0
6.	Unamortized past service cost	9,391	20	9,411	12,663	37	12,700
7.	Unamortized net actuarial loss (gain)	177,596	2,559	180,155	77,223	(359)	76,864
8.	**Accrued benefit asset (liability) (3. + 4. + 5. + 6. + 7.)**	**($843,209)**	**($28,573)**	**($871,782)**	**($795,730)**	**($26,855)**	**($822,585)**

All amounts in $000s

Reconciliation of Accrued Benefit Asset (Liability)

		Fiscal Year Ending 31.12.11			Fiscal Year Ending 31.12.10		
		Hydro One Inc.	Inergi	Total	Hydro One Inc.	Inergi	Total
1.	Accrued benefit asset (liability) at the beginning of the year	**($843,209)**	**($28,573)**	**($871,782)**	**($795,730)**	**($26,855)**	**($822,585)**
2.	Benefit cost for the year	(94,175)	(1,785)	**(95,960)**	(79,435)	($1,718)	**($81,153)**
3.	Benefit payments	31,219	0	**31,219**	31,956	0	**31,956**
4.	**Accrued benefit asset (liability) at end of year**	**($906,165)**	**($30,358)**	**($936,523)**	**($843,209)**	**($28,573)**	**($871,782)**

Interest Cost

		Fiscal Year Ending 31.12.11			Fiscal Year Ending 31.12.10		
		Hydro One Inc.	Inergi	Total	Hydro One Inc.	Inergi	Total
1.	ABO	$1,030,196	$31,152	$1,061,348	$885,616	$26,533	$912,149
2.	a. Current service cost	25,080	0	25,080	18,625	0	18,625
	b. Weighted for timing	25,080	0	25,080	18,625	0	18,625
3.	a. Expected distributions	(40,741)	(795)	(41,536)	(38,079)	(714)	(38,793)
	b. Weighted for timing	(20,371)	(398)	(20,769)	(19,040)	(357)	(19,397)
4.	Average ABO (1. + 2.b. + 3.b.)	1,034,905	30,754	1,065,659	885,201	26,176	911,377
5.	Discount rate	5.75%	5.75%	5.75%	6.50%	6.50%	6.50%
6.	**Interest cost (4. x 5.)**	**$59,507**	**$1,768**	**$61,275**	**$57,538**	**$1,701**	**$59,239**

All amounts in $000s

Amortization Amounts

Hydro One Inc.

Amortizations	Unamortized Amount as of 01.01.11	Years Remaining	Annual Amortization Amount
1. Past service cost			
a. 2000 plan changes[14]	$379	0.4	$379
b. 2001 plan changes[15]	(203)	1.0	(203)
c. 2006 plan changes[16]	9,215	3.5	2,632
d. Total	**$9,391**	**N/A**	**$2,808**

2. Unamortized loss (gain) subject to amortization as of January 1, 2011	
a. Unamortized net actuarial loss (gain)	$177,596
b. ABO	1,030,196
c. 10% of ABO b.	103,020
d. Unamortized net actuarial loss (gain) subject to amortization *(excess of a. over c.)*	74,576
e. Expected average remaining service lifetime	11.0
f. Amortization amount (d. ÷ e.)	**$6,780**

[14] The plan was amended to provide additional benefits to members in the partial wind-up and Society group, as well as changing the plan full eligibility date from 84 points to 82 points.

[15] The plan was amended to reduce benefits for disabled employees in the Management group.

[16] The plan was amended to add coverage of the OHIP Premium for Hydro One employees and current retirees.

All amounts in $000s

Inergi

Amortizations	Unamortized Amount as of 01.01.11	Years Remaining	Annual Amortization Amount
1. Past service cost			
a. 2000 plan changes[14]	$28	0.4	$23
b. 2001 plan changes[15]	(8)	1.0	(6)
c. Total[17]	**$20**	**N/A**	**$17**

2. Unamortized loss (gain) subject to amortization as of January 1, 2011	
a. Unamortized net actuarial loss (gain)	$2,559
b. ABO	31,152
c. 10% of accrued benefit obligation b.	3,115
d. Unamortized net actuarial loss (gain) subject to amortization *(excess of a. over c.)*	0
e. Expected average remaining service lifetime	11.0
f. Amortization amount (d. ÷ e.)	**$0**

Analysis of Other Liability Loss (Gain)

Hydro One

Gains and Losses Due to:	Due to Remeasurement as of 31.12.11
1. Change in demographics	$13,171
2. Change in claims cost and admin expenses	(112,668)
3. Change in trend assumptions	2,380
4. Change in discount rate	73,624
5. Actual benefit payment differing from expected	(9,522)
6. Total	**($33,015)**

[17] The remaining unamortized past service cost of $3,000 will be amortized in fiscal 2012.

All amounts in $000s

Inergi

Gains and Losses Due to:	Due to Remeasurement as of 31.12.11
1. Change in demographics	$914
2. Change in claims cost and admin expenses	(3,181)
3. Change in trend assumptions	20
4. Change in discount rate	2,498
5. Actual benefit payment differing from expected	(795)
6. Total	**($544)**

Post Employment Benefits

All amounts in $000s

Financial Position of Plan

		01.01.11	01.01.10
1.	Accrued benefit obligation		
	a. LTD income benefits	($30,349)	($22,630)
	b. IBNR	(1,144)	(3,682)
	c. Health benefits	(7,232)	(8,004)
	d. Dental benefits	(1,236)	(1,107)
	e. Life insurance benefits	(1,068)	(1,151)
	f. Sick leave continuation	0	0
	g. Total (a. + b. + c. + d. + e. + f.)	**($41,029)**	**($36,574)**
2.	Fair value of plan assets	0	0
3.	**Surplus (Deficit) (1.g. + 2.)**	**($41,029)**	**($36,574)**
4.	Employer contributions during period from measurement date to fiscal year end	0	0
5.	Unamortized transitional obligation (asset)	0	0
6.	Unamortized past service cost	0	0
7.	Unamortized net actuarial loss (gain)	(35,039)	(45,229)
8.	**Accrued benefit asset (liability) (3. + 4. + 5. + 6. + 7.)**	**($76,068)**	**($81,803)**

Reconciliation of Accrued Benefit Asset (Liability)

		Fiscal Year Ending 31.12.11	Fiscal Year Ending 31.12.10
1.	Accrued benefit asset (liability) at beginning of year	($76,068)	($81,803)
2.	Benefit cost for the year	(161)	(821)
3.	Benefit payments	7,175	6,556
4.	**Accrued benefit asset (liability) at end of year**	**($69,054)**	**($76,068)**

All amounts in $000s

Interest Cost

	Fiscal Year Ending 31.12.11	Fiscal Year Ending 31.12.10
1. Accrued benefit obligation (start of year)	$41,029	$36,574
2. Current service cost	2,353	3,802
3. Expected distributions	(6,953)	(5,896)
4. Expected benefit obligation (end of year)	38,656	36,695
5. Interest cost (4. – 3. – 2. – 1.)	**$2,227**	**$2,215**

Amortization Amounts

Amortizations	Unamortized Amount as of 01.01.11	Years Remaining	Annual Amortization Amount
1. Transitional obligation (asset)	$0	N/A	$0
2. Past service cost	$0	N/A	$0
3. Unamortized loss (gain) subject to amortization as of January 1, 2011			
a. Unamortized net actuarial loss (gain)			($35,039)
b. Accrued benefit obligation			41,029
c. 10% of accrued benefit obligation b.			4,103
d. Unamortized net actuarial loss (gain) subject to amortization *(excess of a. over c.)*			(30,936)
e. Expected average remaining service lifetime			7.0
f. Amortization amount (d. ÷ e.)			**($4,419)**

All amounts in $000s

Analysis of Other Liability Loss (Gain)

Gains and Losses to be Deferred Due to:	Due to Remeasurement as of 31.12.11
1. Change in discount rate	$967
2. Actual benefit payments differing from expected	222
3. Total	**$1,189**

APPENDIX B

Membership Data

The Hydro One Inc. non-pension post retirement actuarial valuation results are based on membership data as at September 1, 2008 and January 1, 2011, provided by the Mercer Pension Administration and Hydro One Inc respectively. The Inergi actuarial valuation results are based on membership data as at September 1, 2008 and January 1, 2011, as provided by Inergi. It is understood that the cost of the non-pension post retirement benefits offered to Inergi members will be divided between Hydro One Inc. and Inergi, relative to the service with each company at retirement. Our figures pertain to Hydro One Inc.'s portion of the obligations only. Hydro One Inc. does not retain the obligation for Inergi members on disability; therefore, no post employment benefit obligation is included in this report for such members.

The Hydro One Inc. post employment actuarial valuation results are based on membership data as at November 30, 2010, provided by Hydro One 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 for Non-Pension Post Retirement Benefits

Hydro One Inc.	01.01.11	01.09.08
Active Members		
Number	5,594	4,568
Average basic earnings	$89,163	$83,067
Average years of eligible service	14.6 years	17.5 years
Average age	43.5	45.3
Disabled Members		
Number	117	123
Average basic deemed earnings	$63,028	$68,296
Average years of eligible service	26.8 years	25.9 years
Average age	55.5	54.3
Deferred Vested Members		
Number	9	19
Average age	51.8	53.3
Retirees		
Number with life insurance	4,814	5,014
Average life insurance benefit	$31,744	$30,117
Average age for members with life insurance	70.7	70.2
Number with medical	4,987	5,105
Average age for members with medical	70.6	70.0
Number of spouses with medical coverage	4,288	4,464
Average age of spouses	66.4	65.9
Surviving Spouses		
Number	1,635	1,653
Average	78.9	78.3

Inergi	01.01.11	01.09.08
Active Members		
Number	383	461
Average basic earnings	$88,438[18]	$80,756
Average years of eligible service	17.1 years	15.4 years
Average age	47.8	45.6
Disabled Members		
Number	17	19
Average basic deemed earnings	$60,944[18]	$43,571
Average years of eligible service	23.5 years	21.8 years
Average age	49.7	48.3
Retirees		
Number	143	98
Average age	59.4	58.4
Number of covered spouses	138	98

[18] Based on actual 2010 salary provided by Hydro One and projected to the 2011 level using the salary increase assumption

The membership movement for all categories of membership since the previous actuarial valuation is as follows:

Reconciliation of Membership

Hydro One Inc.

	Actives	Disabled	Deferred Vested	Retirees	Surviving Spouses	Total
Total at September 1, 2008	**4,568**	**123**	**19**	**5,189**	**1,653**	**11,552**
Adjustments						-
New entrants	1,455					1,455
Terminations and deaths	(78)	(20)	(11)			(109)
Deferred pensions	(2)		2			-
Disability	(26)	26				-
Deaths				(285)	(271)	(556)
Surviving spouses				(253)	253	
Retirements	(334)	(1)	(1)	336		-
Reinstated to Active	11	(11)				-
Total at January 1, 2011	**5,594**	**117**	**9**	**4,987**	**1,635**	**12,342**

Inergi

	Active	Disabled Members	Retirees and Surviving Spouses	Total
Total at September 1, 2008	**461**	**19**	**98**	**578**
Adjustments	11		10	21
New entrants				-
Disability				-
Terminations	(53)	(1)		(54)
Deaths			(2)	(2)
Retirements	(36)	(1)	37	-
Surviving spouses				-
Total at January 1, 2011	**383**	**17**	**143**	**543**

The distribution of the Hydro One Inc. active members by age and completed years of eligible service as at January 1, 2011 is summarized as follows:

Distribution of Active Members
By Age Group and Completed Years of Eligible Service as at 01.01.11

	Years of Completed Service							
Age	**0–4**	**5–9**	**10–14**	**15–19**	**20–24**	**25–29**	**30+**	**Total**
Under 20								0
20 – 24	251	6						257
25 – 29	544	198	1					743
30 – 34	259	230	66					555
35 – 39	204	155	85	5	9			458
40 – 44	194	92	54	46	183	6		575
45 – 49	172	111	54	47	498	228	31	1,141
50 – 54	105	68	40	30	200	265	341	1,049
55 – 59	65	34	32	11	90	94	242	568
60 – 64	26	15	14	8	30	46	73	212
65 +	2	4	5	2	8	7	8	36
Total	**1,822**	**913**	**351**	**149**	**1,018**	**646**	**695**	**5,594**

Summary of Active Members for Hydro One Inc.

	Number	Average Age	Average Years of Eligible Service	Average Annualized Basic Earnings	Number with Health Coverage	Number with Dental Coverage
Management	679	48.2	16.8	$119,371	616	614
Society	1,396	41.8	11.5	98,655	1,353	1,353
PWU	3,519	43.3	15.4	79,569	3,418	3,418
Total	**5,594**	**43.5**	**14.6**	**$89,163**	**5,387**	**5,385**

The distribution of the Inergi active members by age and completed years of eligible service as at January 1, 2011 is summarized as follows:

Distribution of Active Members
By Age Group and Completed Years of Eligible Service as at 01.01.11

	Years of Completed Service							
Age	**0–4**	**5–9**	**10–14**	**15–19**	**20–24**	**25–29**	**30+**	**Total**
Under 20								0
20 – 24								0
25 – 29								0
30 – 34		1	11					12
35 – 39		4	49					53
40 – 44		3	48	3	14	1		69
45 – 49		2	38	1	39	23	1	104
50 – 54			42	2	15	16	6	81
55 – 59		1	13	5	13	6	4	42
60 – 64			13	4	3	1		21
65 +			1					1
Total	**0**	**11**	**215**	**15**	**84**	**47**	**11**	**383**

Summary of Active Members for Inergi

	Number	Average Age	Average Years of Eligible Service	Average Annualized Basic Earnings	Number with Health Coverage	Number with Dental Coverage
Management	25	50.1	21.0	$119,620	25	25
Society	132	49.1	19.3	113,792	131	131
PWU	226	46.7	15.5	70,179	223	223
Total	**383**	**47.8**	**17.1**	**$88,438**	**379**	**379**

The distribution of Hydro One Inc. retirees and surviving spouses by age as at January 1, 2011 is summarized as follows:

Distribution of Inactive Members
By Age Group as at 01.01.11

Age	Retirees	Surviving Spouses	Total
Under 50	1	25	26
50 - 54	101	27	128
55 - 59	586	49	635
60 - 64	1,125	74	1,199
65 - 69	770	99	869
70 - 74	685	158	843
75 - 79	676	326	1,002
80 - 84	639	425	1,064
85 - 89	295	295	590
90- 94	92	120	212
95 - 99	16	33	49
100+	1	4	5
Total	**4,987**	**1,635**	**6,622**

Summary of Retirees for Hydro One Inc.

	Number	Average Age	Number with Health Coverage	Number with Dental Coverage	Number with Spouse
Management	702	71.8	702	702	599
Society	1,442	70.2	1,442	1,442	1,299
PWU	2,843	70.5	2,843	2,831	2,390
Total	**4,987**	**70.6**	**4,987**	**4,975**	**4,288**

Summary of Retirees for Inergi

	Number	Average Age	Number with Health Coverage	Number with Dental Coverage	Number with Spouse
Management	16	59.3	16	16	15
Society	68	58.4	68	68	65
PWU	59	60.6	59	59	58
Total	**143**	**59.4**	**143**	**143**	**138**

Summary of Surviving Spouses for Hydro One Inc. with Medical and/or Dental Coverage

	Number	Average Age
Management	210	81.5
Society	359	77.6
PWU	1,066	78.8
Total	**1,635**	**78.9**

Summary of Deferred Vested Members for Hydro One Inc. with Medical and Dental Coverage[19]

	Number	Average Age
Management	2	52.2
Society	2	54.4
PWU	5	50.6
Total	**9**	**51.8**

[19] Deferred vested members are members who terminated active membership with 25 or more years of eligibility service. They will receive post retirement health and dental benefits when they retire and collect a pension from Hydro One Inc.

Analysis of Membership Data for Post Employment Benefits

Summary of LTD Members

	30.11.10	01.09.08
Active Members		
Number	125	123
Number with Medical/Dental	125	120
Average age	55.8	54.3
Average duration of disability	8.5	7.7
Total net LTD income benefit	$421,400	$327,200
Average deemed earnings benefit	$71,393	$68,296

The distribution of the disabled members by age and completed years of service as at November 30, 2010 is summarized as follows:

Distribution of Disabled Members
By Age Group and Completed Years of Eligible Service as at 30.11.10

	Years of Completed Service							
Age	**0–4**	**5–9**	**10–14**	**15–19**	**20–24**	**25–29**	**30+**	**Total**
Under 20								0
20 – 24								0
25 – 29								0
30 – 34		1						1
35 – 39	1	1						2
40 – 44				2	1			3
45 – 49	1	2	1	2	9	2	1	18
50 – 54		1		3	9	2	12	27
55 – 59	1	1	1	0	6	5	18	32
60 – 64		2		4	5	3	20	34
65 +		1			3		4	8
Total	**3**	**9**	**2**	**11**	**33**	**12**	**55**	**125**

Summary of LTD Members

	Number	Average Age	Average Years of Eligible Service	Average Annualized Basic Earnings	Number with Health Coverage	Number with Dental Coverage
Management	7	56.8	25.7	$89,472	7	7
Society	13	57.5	26.5	82,781	13	13
PWU	105	55.5	25.8	68,777	105	105
Total	**125**	**55.8**	**25.9**	**$71,393**	**125**	**125**

APPENDIX C

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 for the non-pension post-retirement and the post-employment valuations.

Cost Method

Non-Pension Post Retirement

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 Services, 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:

For active employees with NRA 65	Earliest of age 55, 82 points and 35 years of service
For active employees with NRA 60	Age 50
For LTD members	Date of disability
For deferred vested members with 25 or more years of eligibility service	Immediate

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.

Post Employment Benefits

The liabilities for post employment benefits are determined on a terminal accounting basis. For each disabled employee on long-term disability, the liability is equal to the full present value of future benefit payments (including LTD income benefits and continuation of health, dental and life insurance coverage) until age 65 including projected recoveries and terminations from disability.

In addition, the liabilities include a provision for future benefit payments for disabled employees who are in the waiting period for qualification for long-term disability benefits (referred to as incurred but not reported (IBNR) claims reserve).

Funding Policy

The non-pension post retirement benefits and post employment 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 or post employment benefits.

Accounting Policies

Non-Pension Post Retirement Benefits

Management applied the Recommendations of CICA 3461 retroactively.

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 (10 years as at December 31, 2010).

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 (11 years as at December 31, 2010).

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

Post Employment Benefits

As a result of recent plan experience, Hydro One Inc. has decided as of the end of 2006, to update the assumptions surrounding terminations and recoveries in calculating the accrued benefit obligation and has made a corresponding refinement in the approach to amortizing the resulting experience gains and losses for Post Employment benefits. Previously, gains and losses arising from changes in economic basis were deferred and amortized over the expected average disabled lifetime, using the 10% corridor method. Now, demographic experience, in addition to economic assumptions, are deferred and amortized using the 10% corridor method and amortized over the expected average remaining disabled lifetime (7 years as at December 31, 2010).

Hydro One's fiscal year-end is December 31 and the measurement date of the company's obligations is December 31.

Summary of Assumptions

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

Measurement date	December 31	
Discount rate for non-pension post retirement	• 6.50% per annum for 2010 benefit cost determination • 5.75% per annum for December 31, 2010 funded status and 2011 benefit cost determination • 5.25% per annum for December 31, 2011 funded status	
Salary increases – non-LTD members	• 2.50% per annum plus PPM (promotion, productivity and merit, age and service-related scale)	
Salary increases – LTD members	• 2.00% per annum	
Post retirement health care cost trend rates for December 31, 2010 funded status and 2011 benefit cost determination	Semi-private Hospital	5.00% per annum
	Prescription drugs[20]	10.00% per annum in 2009 grading down to 5.00% per annum in and after 2023
	Other medical	10.00% per annum in 2009 grading down to 5.00% per annum in and after 2023
	Vision care	2.00% per annum through to 2028 and 0% thereafter
	Dental	5.00% per annum
Post retirement health care cost trend rates for December 31, 2011 funded status	Semi-private Hospital	4.50% per annum
	Prescription drugs[20]	8.92% per annum in 2011 grading down to 4.50% per annum in and after 2031
	Other medical	8.92% per annum in 2011 grading down to 4.50% per annum in and after 2031
	Vision care	2.00% per annum through to 2028 and 0% thereafter
	Dental	4.50% per annum
Post employment health care cost increases and trend rates	Medical	9.54% per annum in 2009 grading down to 4.90% per annum in and after 2023
	Dental	5.00% per annum
Mortality table	1994 Uninsured Pensioners Mortality Table with projected improvements (Generational)	

[20] The initial trend rate for prescription drug after age 65 is assumed to be 80% of the above assumption and the ultimate trend rate is assumed to be 0.25% lower than the above assumption due to the non-inflated Bill 26 costs beyond age 65 (i.e. $100 deductible and $6.11 per dispensing fee).

Withdrawal for non-pension post retirement benefits plan

Rates at sample ages are shown below:

Age	Male	Female
20	4%	5%
30	2%	4%
40	1%	3%
50	1%	3%
55+	0%	0%

No recovery or termination is assumed for LTD members, other than by death

No withdrawal is assumed after attainment of eligibility for retirement.

Disability incidence

Rates at sample ages are shown below:

Age	Rate
20	0.100%
30	0.105%
40	0.115%
50	0.295%
60	1.878%

Retirement rates

	If Eligible for Reduced Pension		If Eligible for Unreduced Pension
Age	Male	Female	
< 55	0%	0%	15%
55 to 60	2%	5%	25%
61 to 64	7%	10%	25%
65	100%	100%	100%

LTD members are assumed to retire at age 65. Employees are eligible to retire for an unreduced pension when age plus years of continuous employment is greater than or equal to 82.

Deferred vested employees (25 years of service or more) are assumed to retire and receive health and dental benefits at age 55.

Termination (Including Recovery) assumptions for post employment plan

Based on the GLTD table from the 1988-1997 CIA Disability Termination Study

Dependent coverage

Active members electing dependant coverage upon retirement varies by gender as follows:

- Males 90%
- Females 90%

Actual coverage data provided by the client is used for retired members.

Age difference	For active members, a male is assumed to be 4 years older than his spouse. Actual data provided by the client is used for retired members.	
2008 age 65 per capita claim costs for post-retirement benefits with administration and taxes for December 31, 2010 funded status and 2011 benefit cost determination	Semi-private hospital	$103
	Prescription drugs[21]	715
	Other medical	362
	Vision care	154
	Dental care	722
	Total	**$2,056**
2011 age 65 per capita claim costs for post-retirement benefits with administration and taxes for December 31, 2011 funded status	Semi-private hospital	$86
	Prescription drugs[21]	729
	Other medical	513
	Vision care	150
	Dental care	801
	Total	**$2,279**
Annual credit for Management employees hired on or after January 1, 2004	$100 per year of service at retirement to a maximum of $3,000	
2010 per capita disabled employee claim costs for post employment benefits with administration and taxes	Medical	$7,542
	Dental care	1,467
	Total	**$9,009**

Aging factors for non-pension post-retirement benefits

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

Age	Semi-Private Hospital	Prescription Drug	Other Medical	Vision	Dental
55	7.0%	3.8%	(0.2%)	(0.5%)	(0.4%)
65	10.0%	2.1%	(0.5%)	(0.6%)	(0.9%)
75	9.3%	0.5%	1.7%	(0.6%)	(1.3%)
85	6.8%	(0.3%)	2.3%	(0.7%)	(2.9%)

Prescription drug offset assumption at age 65 and after	65% of claims

[21] The costs for drug benefits reflect that the provincial government plans cover approximately 65% of drug costs for seniors age 65 and over.

Administrative expenses as a percentage of paid claims for 2010 benefit cost	Medical (excluding prescription drugs)	7.08%
	Prescription drugs	6.71%
	Dental	5.31%
	Life	1.00%
	LTD income	3.63%
Administrative expenses as a percentage of paid claims for 2011 funded status	Medical (excluding prescription drugs)	4.80%
	Prescription drugs	4.65%
	Dental	3.35%
	Life	1.82%
	LTD income	3.63%
Taxes for non-pension post-retirement benefits	10.00% of claims and administration expenses for medical, dental and life insurance benefits.	
Taxes for post-employment benefits	0.56% of claims and administration expenses for LTD income benefits. 13.00% of administration expenses for LTD benefits.	
Participation	It is assumed that 100% of eligible members will participate in the non-pension post retirement benefit plan upon retirement.	

Claims Cost Development – Non-Pension Post-Retirement

The per covered member claim costs used in the 2011 valuation were based on the actual retiree and dependant claims information for the period, January 1, 2009 to June 30, 2011. This claims experience was collected and analysed separately for Hospital, Prescription Drug, Vision Care, Other Medical and Dental benefits.

A description of the process used to set the "Age 65 per capita claim costs for post-retirement benefits" shown in the Summary of Assumptions section 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 dependants covered during the year.
- The costs are then trended forward from the claims experience year to the midpoint of the valuation year
- This cost per person has been adjusted to the cost per covered member at age 65 based on the actual individual ages of the covered members using the "Aging Factors" assumptions shown in the Summary of Assumptions section
- These costs have been increased to include the cost of insurance company administrative expenses and provincial taxes charged on the claims.
- As indicated, this analysis was performed for each calendar year 2009, 2010 and 2011 (Annualized). The assumed cost per covered member for the 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 Care, Prescription Drugs, Other Medical and Dental Benefits
2009 claims experience	33.3%
2010 claims experience	33.3%
2011 claims experience	33.3%
Total	**100.0%**

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

	2011 Total	2010 Total	2009 Total
Actual Hydro One Networks retirees' paid claims (before administration costs and taxes)			
Hospital	$898,507	$1,908,992	$1,914,778
Drug	4,554,723	10,041,340	10,227,642
Vision care	687,444	1,420,015	1,453,139
Other medical	2,599,334	4,435,183	4,877,641
Dental	3,446,516	6,962,352	6,677,197
Total	**$12,186,524**	**$24,767,882**	**$25,150,397**
Number of Hydro One Networks retirees, spouses and surviving spouses			
▪ Eligible for medical benefits	11,354	11,474	11,509
▪ Eligible for dental benefits	11,344	11,452	11,481
Per covered member costs			
Hospital	$161.50	$166.38	$166.37
Drug	818.69	875.14	888.66
Vision care	123.56	123.76	126.26
Other medical	467.22	386.54	423.81
Dental	620.04	607.96	581.59
Total	**$2,191.00**	**$2,159.77**	**$2,186.70**
Trend to March 31, 2011			
Hospital	1.00	1.04	1.09
Drug	1.00	1.07	1.18
Vision care	1.00	1.01	1.04
Other medical	1.00	1.07	1.18
Dental	1.00	1.04	1.09
2011 per covered member costs			
Hospital	$161.50	$172.56	$181.18
Drug	818.69	937.50	1,047.19
Vision care	123.56	125.61	130.71
Other medical	467.22	414.09	499.41
Dental	620.04	630.55	633.36
Total	**$2,191.00**	**$2,280.30**	**$2,491.85**
Weighting	**33%**	**33%**	**33%**
Trend to January 1, 2012			
Hospital	1.042		
Drug	1.077		
Vision care	1.017		
Other medical	1.077		
Dental	1.042		
2012 per covered member costs			
Hospital	$178.92		
Drug	1,006.63		
Vision care	128.75		
Other medical	495.79		
Dental	654.20		
Total	**$2,464.29**		

Adjustment factors to convert 2012 per covered member costs into age 65 per covered member costs		
Hospital	0.4192	
Drug	1.7981	
Vision care	1.0097	
Other medical	0.8976	
Dental	1.0776	
Drug offset assumption at age 65	**65%**	
Per covered member age 65 claims costs (2012 per covered member costs x adjustment factors)		
Hospital	$75.00	
Drug - incorporating 65% drug offset	633.50	
Vision care	130.00	
Other medical	445.00	
Dental	705.00	
Total	**$1,988.50**	
Administration costs and taxes		
• Administration costs for medical	4.80%	of claims
• Premium and sales taxes	10.00%	of claims
Total administration costs and taxes	**15.28%**	**of claims**
Administration costs and taxes		
• Administration costs for drugs	4.65%	of claims
• Premium and sales taxes	10.00%	of claims
Total administration costs and taxes	**15.12%**	**of claims**
Administration costs and taxes		
• Administration costs for dental	3.35%	of claims
• Premium and sales taxes	10.00%	of claims
Total administration costs and taxes	**13.69%**	**of claims**
Per covered member age 65 claims costs with administration costs and taxes		
Hospital	$86.46	
Drug - incorporating 65% drug offset	729.25	
Vision care	149.86	
Other medical	513.00	
Dental	801.48	
Total	**$2,280.05**	
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	

Hydro One Networks 2012 per covered member age 65 claims costs with administration costs and taxes

	Total
Hospital	$86.46
Drug - incorporating 65% drug offset	729.25
Vision care	149.86
Other medical	513.00
Dental	801.48
Total	**$2,280.05**

Claims Cost Development – Post Employment

The per disabled employee claim costs used in the 2010 valuation are based on the actual disabled member and dependants' claims experience for the period January 1, 2008 to October 31, 2010.

A description of the process used to set the "2010 per capita disabled employee claim costs for post employment benefits with administration and taxes" shown in the Summary of Assumptions section is as follows:

- For each calendar year of claims, a cost per covered disabled employee was developed by dividing the total annual claims by the total number of disabled employees covered during the year.
- 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 trended forward from the claims experience year to the midpoint of the valuation year.
- As indicated, this analysis was performed for each calendar year 2008, 2009 and 2010 (Annualized). The assumed cost per covered member for the 2010 valuation was based on a weighted average of the costs for the three years, as follows:

Percentage Contribution to Valuation Assumed 2010 Claim Cost	Medical and Dental Benefits
2008 claims experience	33.3%
2009 claims experience	33.3%
2010 claims experience	33.3%
Total	**100.0%**

- Due to the small number of disabled employees in the Management group, Hydro One could not provide annual claims information for these employees in order to protect their confidentiality. To determine the final per disabled employee claim costs, we applied an adjustment factor to the weighted average claim costs produced above to reflect the different claiming pattern of the Management employees.

Development of 2010 Post Employment Claims Costs Assumptions Per Covered Disabled Member

	2010 Total	2009 Total	2008 Total
Actual Hydro One disabled members' paid claims (before administration costs and taxes)			
Hospital	$13,110	$10,740	$17,646
Drug	476,921	454,558	470,290
Vision care	25,732	23,541	22,117
Other	102,256	123,596	117,959
Dental	134,384	145,394	118,162
Total	**$752,402**	**$757,829**	**$746,174**
Number of Hydro One disabled members			
▪ Eligible for medical benefits	127	129	120
▪ Eligible for dental benefits	127	129	120
Per covered disabled member costs			
Hospital	$103	$83	$147
Drug	$3,746	$3,518	$3,927
Vision care	$202	$182	$185
Other	$803	$957	$985
Dental	$1,056	$1,125	$987
Total	**$5,910**	**$5,865**	**$6,230**
Administration costs and taxes for medical (excluding prescription drugs)			
▪ Medical (excluding prescription drugs)	7.08%	of claims	
▪ Prescription drugs	6.71%	of claims	
▪ Dental	5.31%	of claims	
Taxes			
▪ Premium and sales taxes on claims	10.16%	of claims	
▪ Premium and sales taxes on administration costs	15.26%	of administration costs	
Per covered disabled member claims costs with administration costs and taxes			
Hospital	$122	$98	$174
Drug	$4,416	$4,148	$4,629
Vision care	$239	$216	$218
Other	$950	$1,132	$1,165
Dental	$1,227	$1,309	$1,147
Total	**$6,955**	**$6,902**	**$7,334**
Trend to May 31, 2011			
Hospital	1.04	1.09	1.14
Drug	1.09	1.20	1.32
Vision care	1.02	1.05	1.07
Other	1.04	1.09	1.14
Dental	1.04	1.09	1.14
Weighting	**33%**	**33%**	**33%**
Adjustment factors	**110%**		

2010 Per Capita Claim Costs with Administration Costs and Taxes	
Medical	7,542
Dental	1,467
Total	9,009

APPENDIX D

Summary of Plan Provisions

Non-Pension Post Retirement Benefits

Eligibility

Retirees entitled to a pension are eligible for life insurance, retirement bonus, medical and dental coverage as described later.

Normal retirement age is 65. For females hired before January 1, 1976, the normal retirement age is 60.

An employee may retire and be eligible for benefits at the earliest of:

- 10 years prior to normal retirement age and two years of pension plan membership;
- 35 years of service; and
- The date at which age plus service equals 82

Deferred vested members with 25 or more years of service are eligible for medical and dental coverage at the time they receive a pension from the company (assumed to be age 55).

Spouses and dependants are eligible for medical and dental coverage while the retiree is alive. After the retiree's death, spouses and dependants are eligible for coverage if the spouse is in receipt of a pension. Surviving spouses and dependants of an employee who died in active employment or a disabled employee who dies while disabled are also eligible for medical and dental coverage if the spouse is in receipt of a pension. Spouses and dependants of a deferred vested member with 25 or more years of service who dies while deferred are eligible for benefits.

Benefits

Life Insurance

Life insurance coverage equal to 50% of base annual earnings at retirement is provided in the first 10 years of retirement, reducing to 25% of base annual earnings 10 years after retirement. For LTD members this benefit commences at age 65 as mentioned above.

Retirement Bonus

Employees (excluding Management employees who were hired on or after January 1, 2004) with 10 or more years' continuous service receive a lump sum payment of one month's earnings at retirement.

Medical and Dental

Medical and dental benefits vary depending on the employee group the retiree was in as an active employee. The groups (identified by the insurance contract Claims Branch Code) are as follows:

011 Society pensioners formerly in one of the following Employee Groups:

- Management and Professional, Field Management and Professional Management Function and Auditor/Management and Professional Trainees
- Office Supervisory and Services, Trades Management Supervisors, Trade Supervisors, System Control (SC), Supervising Electrical Inspectors and Helicopter Supervisors

014 Pensioners formerly in one of the following Employee Groups:

- Members of the Power Workers' Union (PWU) (CUPE Local 1000)
- Managerial Services
- Construction Field Foreman

013,015,016 Executive Salary Roll Pensioners and Non-Society Pensioners formerly in one of the following Employee Groups:

- Management and Professional, Field Management and Professional Management Function and Auditor/Management and Professional Trainees
- Office Supervisory and Services, Trades Management Supervisors, Trades Supervisors, System Control (SC), Supervising Electrical Inspectors and Helicopter Supervisors

Semi-Private Hospital Accommodation Plan

This plan covers:

- the semi-private differential between ward accommodation and semi-private accommodation in an active treatment hospital, and
- up to $40 per day for a maximum of 120 days in any period of 365 consecutive days towards semi-private or private room accommodation in a hospital for the chronically ill or a chronic care unit of a general hospital.

Extended Health Care Benefits Plan

This plan covers:

- The differential between semi-private and private room accommodation in an active treatment hospital.
- Up to $20 per day for PWU members for a maximum of 365 days per lifetime towards semi-private or private room accommodation in a contract (private) hospital or a convalescent/rehabilitative hospital (Non-union members are eligible for full semi-private hospital coverage at these hospitals up to 120 days per lifetime under the Semi-Private Hospital Accommodation Plan and Society members are eligible for 365 days per lifetime).
- Prescription drugs (as listed in the company's Formulary Drug List – including Lactaid), medicines, sera and vaccines, etc. subject to the following for Claims Branches 011, 013, 015 and 016:

    a. A maximum dispensing fee of $11.00 per prescription for drugs that require a prescription by law (the maximum does not apply in certain limited situations)
    b. Generic substitution unless the physician requests no substitution (for claims branch 014 as well)
    c. Over-the-counter drugs that do not require a prescription by law are covered where medically required (a dispensing fee of up to $6.11 is covered for electronic claims only for all claims branches). Over-the-counter drugs except for life sustaining drugs are not included in EHC benefits for Society and Management members

- Blood and blood products.
- Private duty nursing, subject to a maximum fee as set by the largest Nursing Registry in Ontario (cap of $50,000 per calendar year and a lifetime maximum of $150,000).
- Ambulance services.
- Physiotherapy treatments.
- Miscellaneous items such as prosthetic appliances, equipment rental, support stockings.
- Dental treatment as the result of an accident.
- Hearing aids.

- Eyeglasses (included contact lenses) up to $400 per person, every two calendar years (the calendar year periods vary by Claims Branch). For PWU and Society members, the vision care maximum increases from $450 to $475 per person, every two calendar years, as of January 1, 2009.
- Services of clinical psychologists, masseurs, speech therapists, chiropractors, podiatrists, chiropodists, naturopaths subject to certain per person calendar year maximums which may vary by Claims Branch.

The annual deductibles are as follows:

Claims Branches 011, 013, 014, 015 and 016:	$10 single/$20 family

The deductibles do not apply to vision care and hearing aids.

Out-of-Province Health Coverage

- For pensioners the plans do not cover any service or supply provided outside Ontario for an amount greater than it would pay for such benefit if supplied in Ontario.
- Pensioners and their dependents are covered for emergency illness or injury (only) which occurs while travelling outside Ontario. The coverage is through MEDEX and ceases once the emergency is dealt with. On-going medical care is not covered.
- No deductible applied under Out-of-Province Health Coverage.

Dental Benefits

This plan pays 100% of Class A Services and 85% of Class B Services.

Class A Services includes examinations, x-rays, preventive services, periodontal services, endodontic services and extensive oral surgery.

Class B Services include dentures, crowns, bridges and temporomandibular joint appliances. For all employee groups, the current ODA Fee Guide applies.

No deductibles or annual or lifetime maximums apply with the exception of a $1,300 lifetime maximum per person on temporomandibular joint appliances.

This plan also pays 75% of eligible charges related to Orthodontic Benefits subject to a $4,000 lifetime maximum per individual for Claims Branches 011, 013, 014, 015 and 016.

Ontario Health Premium

Hydro One Inc. pays the Ontario Health Premium (OHP) for retirees.

Post Employment Benefits

Disabled employees are eligible for the following benefits:

Long-Term Disability Benefits

Long-term disability benefits begin at the later of 6 months of disability or the exhaustion of sick leave credits.

LTD benefits are the lesser of 65% of base earnings or 75% of base earnings less benefits received from the Canada Pension Plan or Workers' Compensation benefits. Benefits are indexed at 100% of the Consumers Price Index.

Benefits cease at the earlier of death, recovery, retirement or age 65.

Medical and Dental Benefits

Medical and dental coverage is continued for the disabled employee and his dependants. Benefit provisions are similar to that of the non-pension post retirement plan.

Life Insurance Benefits

Life insurance coverage of two or three times base annual salary (depending on the option chosen) is continued.

APPENDIX E

Employer Certification

With respect to the Report on Non-Pension Post Retirement and Post Employment Benefit Cost and Disclosure for the Fiscal Year Ending December 31, 2011 Under Section 3461 in Part V of the CICA Handbook for the Hydro One Inc.'s non-pension post retirement and post employment benefit plans, 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 the plans for service up to the date of the valuation, January 1, 2011 for non-pension post retirement benefit plan and November 30, 2010 for post employment benefit plan;
- A copy of the plan documents and of all amendments made up to December 31, 2011 were supplied to the actuary;
- All substantive commitments (as defined under CICA 3461), have been communicated to the actuary;
- Accounting policies as 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;
- The Management's best-estimate assumptions for purposes of the valuations of the plan and the extrapolation of the financial position of the plan as of the fiscal year end December 31, 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.

January 25, 2012
Date

Signed

Karen Newman
Name

VP Corporate Controller
Title



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27 January 2012

Hydro One Inc. Pension Plan and Fund

Report on Pension Expense and Disclosure
for the Fiscal Year Ending
December 31, 2011
Under CICA Section 3461

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1

Report Highlights

Mercer has prepared this report exclusively to assist Hydro One Inc. and its auditors in preparing financial reports under Section 3461 of Part V of the Canadian Institute of Chartered Accountants Handbook ("CICA 3461") for defined benefit pension plans relating to the Hydro One Inc. Pension Plan and Fund for the fiscal year ending December 31, 2011.

The Hydro One Inc. Pension Plan and Fund is a defined benefit pension plan funded by contributions from Hydro One Inc. and from plan members. Pension benefits are based on length of service and final average earnings and are indexed for inflation.

Hydro One Inc.'s fiscal year end date is December 31 and the measurement date for the plan assets and obligations as described in this report is also December 31.

With the exception of the Membership Data section, all figures shown in tables are in thousands of Canadian dollars.

Fiscal year ending December 31, 2011

The net periodic pension cost calculated in accordance with CICA 3461 for the fiscal year ending December 31, 2011 is a charge of $147,627,000.

The accrued benefit asset of $465,567,000 is included in Other Long-Term Assets and under Regulatory Liabilities in the Consolidated Balance Sheet.

The employer contributions to the pension fund during the fiscal year ending December 31, 2011 was $152,864,000. These employer contributions were made in accordance with our Report on the Actuarial Valuation for Funding Purposes as at December 31, 2009. The next actuarial valuation for funding purposes must be as of a date no later than December 31, 2012.

Changes in Plan Provisions

Effective April 1, 2011 the required employee contributions for employees that are members of the Power Workers Union were increased by 0.5% of pay. This change did not have a material impact on the plan's benefit obligation. There were no other changes in plan provisions since the last disclosure as of December 31, 2010.

Changes in Actuarial Cost Methods

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

Changes in Actuarial Assumptions

There were changes in actuarial assumptions since the last disclosure as of December 31, 2010. Please see the Summary of Actuarial Assumptions in Appendix C of this report for a description of these changes. The changes in assumptions have resulted in an increase in the accrued benefit obligation of $356,375,000 as at December 31, 2011.

Changes in Accounting Policy

There were no changes in accounting policy since the last disclosure as of December 31, 2010.

Transition to US Financial Accounting Standards

Hydro One has indicated that the company will transition to US GAAP financial accounting standards ("FAS") as established by the Financial Accounting Standards Board. The transition to FAS accounting will be effective January 1, 2012, with 2010 and 2011 presented as comparator years. The transition to FAS accounting will require a one-time adjustment to the balance sheet at January 1, 2012. The impact of transitioning to FAS will be presented in a separate report.

2

Principal Expense and Disclosure Information

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

Components of Net Periodic Pension Cost[1]	**Fiscal Year Ending Dec. 31, 2011 (in 000's)**	**Fiscal Year Ending Dec. 31, 2010 (in 000's)**
Current service cost (employer portion)	$81,120	$70,241
Interest cost	285,588	293,833
Actual return on plan assets	(88,606)	(406,379)
Actuarial loss (gain)	356,375	299,675
Plan amendments	0	0
Costs arising in the period	**$634,477**	**$257,370**
Differences between costs arising in the period and costs recognized in the period in respect of:		
▪ Return on plan assets	(201,901)	129,075
▪ Actuarial loss (gain)	(288,500)	(235,673)
▪ Plan amendments	3,551	3,551
Net periodic pension cost recognized before adjustment for valuation allowance	**$147,627**	**$154,323**
Increase (decrease) in valuation allowance provided against accrued benefit asset	0	0
Net periodic pension cost recognized	**$147,627**	**$154,323**

[1] CICA 3461 requires an analysis of the components of net periodic pension cost showing separately amounts arising from events in the period, the difference between actual return on plan assets and the expected return on plan assets, other adjustments for deferrals and amortizations of amounts previously deferred, and the change in the valuation allowance if applicable. The actual derivation of the net periodic pension cost is set out in the Supplemental Information – Development of Costs section of this report.

Weighted-Average Assumptions for Expense	Fiscal Year Ending Dec. 31, 2011	Fiscal Year Ending Dec. 31, 2010
Discount rate	5.75%	6.50%
Expected long-term rate of return on plan assets	6.25%	6.50%
Rate of cost of living increase	2.00%	2.00%
Rate of compensation increase (excluding merit)	2.50%	2.50%

Weighted-Average Assumptions for Disclosure	Dec. 31, 2011	Dec. 31, 2010
Discount rate	5.25%	5.75%
Rate of cost of living increase	2.00%	2.00%
Rate of compensation increase (excluding merit)	2.50%	2.50%

Change in Accrued Benefit Obligation	Fiscal Year Ending Dec. 31, 2011 (in 000s)	Fiscal Year Ending Dec. 31, 2010 (in 000s)
Accrued benefit obligation at end of prior year	**$4,996,195**	**$4,566,330**
Current service cost (employer portion)	81,120	70,241
Interest cost	285,588	293,833
Employees' contributions	26,501	23,782
Benefits paid	(288,971)	(261,629)
Actuarial loss (gain)	356,375	299,675
Plan amendments	0	0
Net transfer in (out)	4,008	3,963
Accrued benefit obligation at end of year	**$5,460,816**	**$4,996,195**

Change in Plan Assets	**Fiscal Year Ending Dec. 31, 2011 (in 000s)**	**Fiscal Year Ending Dec. 31, 2010 (in 000s)**
Fair value of plan assets at end of prior year	**$4,699,155**	**$4,335,779**
Actual return on plan assets	102,122	421,113
Employer contributions	152,864	190,881
Employees' contributions	26,501	23,782
Benefits paid	(288,971)	(261,629)
Reciprocal transfers	4,008	3,963
Actual plan expenses	(13,516)	(14,734)
Fair value of plan assets at end of year	**$4,682,163**	**$4,699,155**

Reconciliation of Funded Status to Accrued Benefit Asset (Liability)	**Fiscal Year Ending Dec. 31, 2011 (in 000s)**	**Fiscal Year Ending Dec. 31, 2010 (in 000s)**
Excess (Deficit) at end of year	**($778,653)**	**$(297,040)**
Unamortized past service costs	7,198	10,749
Unamortized net actuarial loss (gain)	1,237,022	746,621
Accrued benefit asset (liability) before valuation allowance	465,567	460,330
Valuation allowance against accrued benefit asset	0	0
Accrued benefit asset (liability) net of valuation allowance	**$465,567**	**$460,330**

Plan Assets by Asset Category	**Fiscal Year Ending Dec. 31, 2011**	**Fiscal Year Ending Dec. 31, 2010**
Equity securities	59.4%	63.6%
Debt securities	37.1%	30.7%
Other	3.5%	5.8%
Total	**100%**	**100%**

The plan's assets included investments in debt security in the Province of Ontario and Hydro One of $240,000,000 as of December 31, 2011 ($84,800,000 as of December 31, 2010).

3

Certification

Mercer has prepared this report exclusively to assist Hydro One Inc. and its auditors in preparing financial reports under CICA 3461 for defined benefit pension plans relating to the Hydro One Inc. Pension Plan and Fund for the fiscal year ending December 31, 2011.

This valuation report may not be used or relied upon by any other party or for any other purpose. Mercer is not responsible for the consequences of any unauthorized use.

A valuation report is a snapshot of a plan's estimated financial condition at a particular point in time; it does not predict a pension plan's future financial condition or its ability to pay benefits in the future.

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, plan expenses and the amount earned on any assets invested to pay the benefits. These amounts and others 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 changes in mandated requirements, plan experience, changes in expectations about the future, and other factors. Due to the limited scope of the assignment, we did not perform, and thus do not present, an analysis of the potential range of future possibilities and scenarios.

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.

Actuarial Valuations and Extrapolations

We have prepared an actuarial valuation of the Hydro One Inc. Pension Plan and Fund's benefit obligations for accounting purposes as at December 31, 2009 and extrapolated those results to December 31, 2010. In accordance with our mandate, the purpose of this valuation and extrapolation is to account for the costs of the plan for the fiscal year beginning January 1, 2011 and ending December 31, 2011 in accordance with Section 3461 of Part V of the Canadian Institute of Chartered Accountants Handbook ("CICA 3461").

In addition, we have prepared a second actuarial valuation of the Hydro One Inc. Pension Plan and Fund's benefit obligations for accounting purposes as at December 31, 2009 and extrapolated those results to December 31, 2011. In accordance with our mandate, the purpose of this valuation and extrapolation is to enable the Company to satisfy the disclosure requirements under CICA 3461.

The financial positions of the plan and the determination of net periodic pension cost set out in this report are based on actual plan asset data as of December 31, 2010 and December 31, 2011.

Details are provided below.

Plan Provisions

The results of the valuations set forth in this report reflect the contractual provisions of the plan as of the dates of the valuations.

Effective April 1, 2011 the required employee contributions for employees that are members of the Power Workers Union were increased by 0.5% of pay. This change did not have a material impact on the plan's benefit obligation. There were no other changes in plan provisions since the last disclosure as of December 31, 2010.

A summary of the plan provisions and the plan amendments are provided in Appendix F of our Report on the Actuarial Valuation for Funding Purposes as at December 31, 2009 dated September 2010 (the "Funding Report").

Substantive Commitment

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

Data

The valuations are based on the plan asset data provided to us by Hydro One Inc., for the period from January 1, 2011 to December 31, 2011. The pension fund is held in

trust by CIBC Mellon and is invested in accordance with the investment policy of Hydro One Inc. The plan asset data is summarized in the Principal Pension Expense and Disclosure Information section of this report. We have tested the pensions paid, the lump-sum refunds and the contributions for consistency with the membership data for the plan members who have received benefits or made contributions. The results of these tests were satisfactory.

The calculation of the pension expense for 2011 and the accrued benefit obligation at the end of 2011 is based on an extrapolation of membership data as at December 31, 2009 provided by Hydro One Inc. The membership data at December 31, 2009 is summarized in this report.

Subsequent Events

On July 29, 2004, the Supreme Court of Canada dismissed the appeal in Monsanto Canada Inc. v. Superintendent of Financial Services (*"Monsanto"*), thereby upholding the requirement to distribute surplus on partial plan wind-ups under the *Pension Benefits Act (Ontario)*. The decision has retroactive application. In preparing this actuarial valuation, we have assumed that all plan assets are available to cover the plan liabilities presented in this report. The subsequent declaration of a partial wind-up of the plan in respect of a past event, or disclosure of an existing past partial wind-up, could cause an additional claim on plan assets, the consequences of which would be addressed in a subsequent report. We note the discretionary nature of the power of the Superintendent of Financial Services to declare partial wind-ups and the lack of clarity with respect to the retroactive scope of that power. We are making no representation as to whether the Superintendent might declare a partial wind-up in respect of events in the plan's history.

The Financial Services Commission of Ontario received a request from a group of former active members that it declare a partial wind-up under the Plan in respect of certain employee terminations from 2000 through 2003. The Superintendent initially decided that a partial wind-up would not be declared. Following an appeal by the plan members, the Financial Services Tribunal reached a decision on August 1, 2007 to declare a partial wind-up only in respect of 73 members whose terminations were effective between the period September 1, 2002 and December 31, 2002, inclusive. The Company's appeal to the Ontario Divisional Court was dismissed in 2008. The Company's motion to appeal to the Ontario Court of Appeal was approved in 2008. The Company appealed the decision and it was dismissed by the Ontario Court of Appeal in 2010 and a partial wind-up report was filed with the Financial Services Commission of Ontario in 2010. Benefits in respect of the partial wind-up were paid in 2011. The partial wind-up did not have a material impact on the results disclosed in this report.

After checking with representatives of Hydro One Inc., to our knowledge there have been no other events subsequent to December 31, 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 net periodic pension cost are summarized in the Supplemental Information section of this report.

Emerging experience, differing from the assumptions, will result in gains or losses that will be revealed in future valuations and will affect the financial position of the plan and future net periodic pension cost.

Actuarial computations under CICA 3461 are for purposes of fulfilling employer accounting requirements. 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 judging benefit security at termination or adequacy of funding for an ongoing plan.

4

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 Section 3461 of Part V of the CICA Handbook.

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 Section 3461 of Part V of the CICA Handbook. We are not expressing any opinion on these assumptions.

In our 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 Section 3461 of Part V of the CICA Handbook reflecting application of Hydro One's accounting policies described in this report.

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

Respectfully submitted,

Anna Quinn

Anna Quinn
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

January 27, 2012
Date

Scott McManus
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

January 27, 2012
Date

Appendix A

Development of Costs

This Appendix shows the liabilities for plan benefits and the calculation of the various components of plan costs.

Financial Position of the Plan

		Jan. 1, 2011 (in 000s)	Jan. 1, 2010 (in 000s)
1.	Accrued benefit obligation	($4,996,195)	($4,566,330)
2.	Fair value of plan assets	4,699,155	4,335,779
3.	Surplus Deficit (1. + 2.)	$(297,040)	$(230,551)
4.	Unamortized past service costs	10,749	14,300
5.	Unamortized net actuarial loss (gain)	746,621	640,023
6.	**Accrued benefit asset (liability) (3.+4.+5.)**	$460,330	$423,772
7.	Valuation allowance against accrued benefit asset	0	0
8.	**Accrued benefit asset (liability) net of valuation allowance (6. + 7.)**	**$460,330**	**$423,772**

Net Periodic Pension Cost

	Fiscal Year Ending Dec. 31, 2011 (in 000s)	Fiscal Year Ending Dec. 31, 2010 (in 000s)
1. Current service cost (employer portion)	$81,120	$70,241
2. Interest cost	285,588	293,833
3. Expected return on plan assets	(290,507)	(277,304)
4. Amortizations		
a. Past service costs	3,551	3,551
b. Net actuarial loss (gain)	67,875	64,002
5. One-time adjustment	0	0
6. **Net periodic pension cost before adjustment for valuation allowance (1.+2.+3.+4.+5.)**	**$147,627**	**$154,323**
7. Increase (decrease) in valuation allowance provided against accrued benefit asset	0	0
8. **Net periodic pension cost (6. + 7.)**	**$147,627**	**$154,323**

Components of these calculations are developed below:

Current Service Cost

	Fiscal Year Ending Dec. 31, 2011 (in 000s)	Fiscal Year Ending Dec. 31, 2010 (in 000s)
1. Current service cost at beginning of year	$103,980	$91,929
2. Expected employees' contributions	(22,860)	(21,688)
3. **Current service cost (employer portion) (1. + 2.)**	**$81,120**	**$70,241**

Interest Cost

	Fiscal Year Ending Dec. 31, 2011 (in 000s)	Fiscal Year Ending Dec. 31, 2010 (in 000s)
1. Accrued benefit obligation	$4,996,195	$4,566,330
2. Employer current service cost weighted for timing	81,120	70,241
3. Employee current service cost weighted for timing	22,860	21,688
4. Expected benefit payments weighted for timing	(133,431)	(137,759)
5. Past service cost	0	0
6. Transfers in (out) weighted for timing	0	0
7. Average accrued benefit obligation (1.+ 2. + 3. + 4. + 5. + 6.)	$4,966,744	$4,520,500
8. Discount rate	5.75%	6.50%
9. **Interest cost (7. x 8.)**	**$285,588**	**$293,833**

Expected Return on Plan Assets

	Fiscal Year Ending Dec. 31, 2011 (in 000s)	Fiscal Year Ending Dec. 31, 2010 (in 000s)
1. Market-related value of assets	$4,699,155	$4,335,779
2. a. Expected employer contributions	141,916	114,712
b. Weighted for timing	70,958	57,356
3. a. Expected employees' contributions	22,860	21,688
b. Weighted for timing	11,430	10,844
4. a. Expected benefit payments	(266,862)	(275,518)
b. Weighted for timing	(133,431)	(137,759)
5. a. Transfers in (out)	0	0
b. Weighted for timing	0	0
6. Average expected market-related value of assets (1. + 2.b. + 3.b. + 4.b. + 5.b.)	$4,648,112	$4,266,220
7. Assumed rate of return on plan assets	6.25%	6.50%
8. **Expected return on plan assets (6. x 7.)**	**$290,507**	**$277,304**

Amortization Amounts

		Jan. 1, 2011 (in 000s)	Jan. 1, 2010 (in 000s)
1.	Past Service Costs		
	a.) Unamortized past service costs as of beginning of year	$10,749	$14,300
	b.) Amortization amount	**$3,551**	**$3,551**
2.	Unamortized (gain)/loss subject to amortization		
	a.) Unamortized net actuarial loss (gain) based on fair value of plan assets	$746,621	$640,023
	b.) Average years of future service[1]	11	10
	c.) Amortization amount (a. ÷ b.)	**$67,875**	**$64,002**

Past Service Cost Detail

Past Service Cost of $10,749 at January 1, 2011 was composed of:

	Unrecognized Amount as of Jan. 1, 2010 (000s)	Years Remaining	Annual Amortization Amount (000s)
Past service costs			
a. Upgrade to PWU members	$3,000	1.5	$2,000
b. Reduced benefit offset for Society members	$4,665	5.0	$934
c. Society members strike (buy-back service)	$3,084	5.0	$617
d. Total	**$10,749**		**$3,551**

[1] The 2010 pension expense is based on the December 31, 2006 actuarial valuation and the 2011 pension expense is based on the December 31, 2009 actuarial valuation. The expected average years of future service was 10 as at December 31, 2006 and 11 as at December 31, 2009.

Appendix B

Membership Data

Plan membership as at December 31, 2009 is summarized below. Plan membership data at the date of last actuarial valuation is included for comparison.

We have applied tests for internal consistency, as well as for consistency with the data used for the previous valuation. The results of these tests were satisfactory. See the Funding Report for more details.

	12.31.2009	12.31.2006
Active Members		
Number	5,042	4,047
Total pensionable earnings	$435,017,627	$323,300,891
Average pensionable earnings for following year	$86,279	$83,925
Average years of pensionable service	14.84	18.0
Average age	44.8	46.3
Accumulated contributions with interest	$334,148,262	$302,387,517
Members on Long Term Disability		
Number	125	121
Total pensionable earnings	$8,808,644	$7,775,965
Average pensionable earnings for following year	$70,469	$64,264
Average years of pensionable service	25.2	23.2
Average age	55.2	46.3
Accumulated contributions with interest	$9,126,864	$302,387,517

	12.31.2009	12.31.2006
Deferred Pensioners		
Number	320	360
Total annual pension	$3,565,653	$4,287,487
Average annual pension	$11,143	$11,910
Average age	52.0	50.7
Pensioners		
Number	5,265	5,360
Total annual lifetime pension	$184,259,583	$177,534,353
Total annual temporary pension	$25,090,168	$25,154,161
Average annual lifetime pension	$34,997	$33,122
Average age	70.4	69.5
Survivors		
Number	1,819	1,780
Total annual lifetime pension	$37,199,616	$33,115,211
Total annual temporary pension	$557,903	$464,574
Average annual lifetime pension	$20,451	$18,604
Average age	78.3	77.5

The membership movement for all categories of membership since the previous actuarial valuation is as follows:

Reconciliation of Membership

	Actives	Long Term Disabilities	Deferred Vested	Pensioners	Survivors	Total
Total at 12.31.2006	4,047	121	360	5,360	1,780	11,668
New entrants	1,454					1,454
Rehires:	9		(3)			6
Actives to LTD	(29)	29				0
LTD to actives	2	(2)				0
Terminations:						0
▪ not vested	0	0	0			0
▪ transfers/ lump sums	(51)	(1)	(6)			(58)
▪ deferred pensions	(25)	0	25			0
▪ reciprocal completed	(7)		(6)			(13)
Deaths	(25)	(6)	(2)	(484)		(517)
Retirements	(333)	(16)	(48)	397		0
Beneficiaries					320	320
Benefits Expired	0	0	0	(8)	(281)	(289)
Total at 12.31.2009	5,042	125	320	5,265	1,819	12,571

Appendix C

Valuation Methods and Assumptions

This Appendix describes the methods and assumptions used to value the plan as well as the accounting policies used to calculate the net periodic pension cost.

Cost Method

Accrued benefit obligations shown in this report are computed using the Projected Benefit Method Pro Rated on Services as defined in CICA 3461. The objective under this method is to expense each participant's benefits under the plan as they would accrue, taking into consideration future salary increases. The accrued benefit is determined under this method as follows:

Under the Projected Benefit Method Pro Rated on Services an equal portion of the total estimated future benefit (i.e., with salary projection or cost escalation, where appropriate), is attributed to each year of service.

The accrued benefit obligation is the actuarial present value of the accrued benefit for valuation purposes at the beginning of the fiscal year and the current service cost is the actuarial present value of the benefit deemed to accrue in the fiscal year.

The plan's **current service cost** is the sum of the individual current service costs, and the plan's **accrued benefit obligation** is the sum of the individual accrued benefit obligations for all participants under the plan.

Accounting Policies

Future salary levels and inflation affect the amount of future pensions. The projected benefit method prorated on services has been used to determine the accrued benefit obligation and current service cost.

The expected return on plan assets is based on the fair value of plan assets.

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

Cumulative gains and losses are amortized over the average remaining service period of active members expected to receive benefits under the plan (11 years at December 31, 2009). The 10% corridor permitted by CICA 3461 was not applied.

Hydro One Inc.'s fiscal year-end date is December 31 and the measurement date of the plan's assets and obligations is December 31.

Obligations are attributed to the period beginning on the employee's date of joining the plan and ending on the earlier of the date of termination, death or retirement.

Extrapolation of the Financial Position of the Plan

The extrapolation of the financial position of the plan to December 31, 2011 is based on the membership data provided by Hydro One Inc. as of December 31, 2009 and asset information provided by Hydro One Inc. for the period from January 1, 2011 to December 31, 2011.

For the purposes of this extrapolation, we have used the actuarial assumptions and methods set out in this report as of December 31, 2011.

Summary of Assumptions

The assumptions used in valuing the liabilities and benefits under the plan, for the most part, are identical to those used in the Funding Valuation as at December 31, 2009. The differences are listed below.

Measurement date	December 31
Discount rate	▪ 5.75% per year for the 2011 expense determination ▪ 5.25% per year for the Dec. 31, 2011 funded status
Long-term rate of return on assets	▪ 6.50% per year for the fiscal year ending Dec. 31, 2010 ▪ 6.25% per year for the fiscal year ending Dec. 31, 2011
Increases in pensionable earnings (excluding merit)	▪ 2.50% per year for the 2011 expense determination ▪ 2.50% per year for the December 31, 2011 funded status
YMPE increases	▪ 3.00% per year for the 2011 expense determination ▪ 3.00% per year for the December 31, 2011 funded status
Increases in maximum pension permitted under the Income Tax Act	▪ $2,444.44 for 2009 ▪ $2,494.44 for 2010 ▪ $2,552.22 for 2011 ▪ 3.00% per year starting in 2011 for the December 31, 2010 funded status and 2011 expense ▪ 3.00% per year starting in 2012 for the December 31, 2011 funded status
Consumer Price Index	▪ 2.00% per year for the 2011 expense determination ▪ 2.00% per year for the December 31, 2011 funded status
Mortality	▪ 1994 Generational Uninsured Pensioners (UP94) Mortality for the 2011 expense determination ▪ 1994 Generational Uninsured Pensioner (UP94) Mortality Table for the December 31, 2011 funded status

Appendix D

Employer Certification

With respect to the Report on Pension Expense and Disclosure for the Fiscal Year Ending December 31, 2011 Under CICA Section 3461 (Part V) of the Hydro One Inc. Pension Plan and Fund, I hereby certify that, to the best of my knowledge and belief:

- the membership data supplied to the actuary provide 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;
- a copy of the official plan documents and of all amendments made up to December 31, 2011 were supplied to the actuary;
- all substantive commitments (as defined under CICA 3461 (Part V)) have been communicated to the actuary;
- accounting policies as 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;
- the management best estimate assumptions for purposes of the valuations and the extrapolation of the financial position of the plan as of the fiscal year end December 31, 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 or of a future valuation have been communicated to the actuary.

January 26 2012
Date

Karen Newman
Signed

Karen Newman
Name

VP Corporate Controller
Title



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27 January 2012

Hydro One Inc.

Supplemental Pension Plan

Report on Pension Expense and Disclosure
for the Fiscal Year Ending
December 31, 2011
Under CICA Section 3461

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Appendix D: Employer Certification

1

Report Highlights

Mercer has prepared this report exclusively to assist Hydro One Inc. and its auditors in preparing financial reports under Section 3461 of Part V of the Canadian Institute of Chartered Accountants Handbook ("CICA 3461") for defined benefit pension plans relating to the Hydro One Inc. Supplemental Pension Plan for the fiscal year ending December 31, 2011.

The Hydro One Inc. Supplemental Pension Plan automatically provides benefits to members of the Hydro One Inc. Pension Plan (the "Registered Plan") who are impacted by the limits of the Income Tax Act such that the benefits which cannot be paid from the Registered Plan due to the income tax limits are paid from the Supplemental Plan. The terms of the Supplemental Plan require that benefits be secured through a trust fund which is deemed to be a Retirement Compensation Arrangement ("RCA") for the purposes of the Income Tax Act.

The Supplemental Plan also provides supplementary benefits to particular members pursuant to special arrangements entered into between Hydro One and these individuals. These arrangements are covered in the Designated Supplementary Payment Schedule ("DSPS") section of the Supplemental Plan.

This report does not cover the other plans in the consolidated reporting for Other Post Employment Benefits such as non pension post retirement and post employment, MEU, Hydro One Brampton or WSIB plans.

Hydro One Inc.'s fiscal year end date is December 31 and the measurement date for the plan assets and obligations as described in this report is also December 31.

With the exception of the Membership Data section, all figures shown in tables are in thousands of Canadian dollars.

Fiscal year ending December 31, 2011

The net periodic pension cost calculated in accordance with CICA 3461 for the fiscal year ending December 31, 2011 is a charge of $6,338,000.

The accrued benefit liability of $70,837,000 is included in Employee Future Benefits Other than Pension in the Consolidated Balance Sheet.

The employer contributions to the Plan during the fiscal year ending December 31, 2011 were $2,629,000.

Changes in Plan Provisions

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

Changes in Actuarial Cost Methods

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

Changes in Actuarial Assumptions

There were changes in actuarial assumptions since the last disclosure as of December 31, 2010. Please see the Summary of Actuarial Assumptions in Appendix C of this report for a description of these changes. The change in assumptions results in an increase in projected benefit obligations of $5,731,000 as at December 31, 2011.

Changes in Accounting Policy

There were no changes in accounting policy since the last disclosure as of December 31, 2010.

Transition to US Financial Accounting Standards

Hydro One has indicated that the company will transition to US GAAP financial accounting standards ("FAS") as established by the Financial Accounting Standards Board. The transition to FAS accounting will be effective January 1, 2012, with 2010 and 2011 presented as comparator years. The transition to FAS accounting will require a one-time adjustment to the balance sheet at January 1, 2012. The impact of transitioning to FAS will be presented in a separate report.

2

Principal Expense and Disclosure Information

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

Components of Net Periodic Pension Cost[1]	Fiscal Year Ending Dec. 31, 2011 (in 000's)	Fiscal Year Ending Dec. 31, 2010 (in 000's)
Current service cost (employer portion)	$1,734	$1,216
Expected Letter of Credit Fee	566	1,136
Interest cost	4,010	3,131
Actual return on plan assets	0	0
Actuarial loss (gain)[2]	5,517	17,274
One time adjustment	0	0
Plan amendments	0	0
Costs arising in the period	**$11,827**	**$22,757**
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)	(5,774)	(19,508)
▪ Plan amendments	285	285
Net periodic pension cost recognized before adjustment for valuation allowance	**$6,338**	**$3,534**
Increase (decrease) in valuation allowance provided against accrued benefit asset	0	0
Net periodic pension cost recognized	**$6,338**	**$3,534**

[1] CICA 3461 requires an analysis of the components of net periodic pension cost showing separately amounts arising from events in the period, the difference between actual return on plan assets and the expected return on plan assets, other adjustments for deferrals and amortizations of amounts previously deferred, and the change in the valuation allowance if applicable. The actual derivation of the net periodic pension cost is set out in the Supplemental Information – Development of Costs section of this report.

[2] Includes experience resulting from actual Letter of Credit Fee different than expected.

Weighted-Average Assumptions for Expense	Fiscal Year Ending Dec. 31, 2011	Fiscal Year Ending Dec. 31, 2010
Discount rate	5.75%	6.50%
Rate of cost of living increase	2.00%	2.00%
Rate of compensation increase (excluding merit)	2.50%	2.50%

Weighted-Average Assumptions for Disclosure	Dec. 31, 2011	Dec. 31, 2010
Discount rate	5.25%	5.75%
Rate of cost of living increase	2.00%	2.00%
Rate of compensation increase (excluding merit)	2.50%	2.50%

Change in Accrued Benefit Obligation	Fiscal Year Ending Dec. 31, 2011 (in 000s)	Fiscal Year Ending Dec. 31, 2010 (in 000s)
Accrued benefit obligation at end of prior year	**$68,676**	**$47,585**
Current service cost (employer portion)	1,734	1,216
Interest cost	4,010	3,131
Employees' contributions	0	0
Benefits paid	(1,929)	(1,303)
Actuarial loss (gain)	5,731	18,047
Plan amendments	0	0
Net transfer in (out)	0	0
Accrued benefit obligation at end of year	**$78,222**	**$68,676**

Change in Plan Assets	Fiscal Year Ending Dec. 31, 2011 (in 000s)	Fiscal Year Ending Dec. 31, 2010 (in 000s)
Fair value of plan assets at end of prior year	**$3,023**	**$2,496**
Actual return on plan assets	0	0
Employer contributions		
- Benefit Payments	1,929	1,303
- Letter of Credit Fee	700	890
Employees' contributions	0	0
Benefits paid	(1,929)	(1,303)
One time adjustment	0	0
Actual plan expenses	(352)	(363)
Fair value of plan assets at end of year	**$3,371**	**$3,023**

Reconciliation of Funded Status to Accrued Benefit Asset (Liability)	**Fiscal Year Ending Dec. 31, 2011 (in 000s)**	**Fiscal Year Ending Dec. 31, 2010 (in 000s)**
Excess (Deficit) at end of year	**($74,851)**	**($65,653)**
Unamortized past service costs	1,069	1,354
Unamortized net actuarial loss (gain)	2,945	(2,829)
Accrued benefit asset (liability) before valuation allowance	**($70,837)**	**($67,128)**
Valuation allowance against accrued benefit asset	0	0
Accrued benefit asset (liability) net of valuation allowance	**($70,837)**	**($67,128)**

The Supplemental Plan is backed by a letter of credit, which is issued by a bank and held by a trust fund, which is in turn characterised as a Retirement Compensation Arrangement.

An amount equal to the contribution paid directly to the RCA trust is remitted to the Refundable Tax Account (RTA) with the Canada Revenue Agency (CRA). The RTA is a non-interest bearing account and forms a part of the supplemental plan assets.

3

Certification

Mercer has prepared this report exclusively to assist Hydro One Inc. and its auditors in preparing financial reports under CICA 3461 for defined benefit pension plans relating to the Hydro One Inc. Supplemental Pension Plan for the fiscal year ending December 31, 2011.

This valuation report may not be used or relied upon by any other party or for any other purpose. Mercer is not responsible for the consequences of any unauthorized use.

A valuation report is a snapshot of a plan's estimated financial condition at a particular point in time; it does not predict a pension plan's future financial condition or its ability to pay benefits in the future.

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, plan expenses and the amount earned on any assets invested to pay the benefits. These amounts and others 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 changes in mandated requirements, plan experience, changes in expectations about the future, and other factors. Due to the limited scope of the assignment, we did not perform, and thus do not present, an analysis of the potential range of future possibilities and scenarios.

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.

Actuarial Valuations and Extrapolations

We have prepared an actuarial valuation of Hydro One Inc. Supplemental Pension Plan benefit obligations (excluding DSPS obligations) for accounting purposes as at December 31, 2009 and extrapolated those results to December 31, 2010. In accordance with our mandate, the purpose of this valuation and extrapolation is to account for the costs of the plan for the fiscal year beginning January 1, 2011 and ending December 31, 2011 in accordance with Section 3461 of Part V of the Canadian Institute of Chartered Accountants Handbook ("CICA 3461").

In addition, we have prepared a second actuarial valuation of Hydro One Inc. Supplemental Pension Plan's benefit obligations (excluding DSPS obligations) for accounting purposes as at December 31, 2009 and extrapolated those results to December 31, 2011. In accordance with our mandate, the purpose of this valuation and extrapolation is to enable the Company to satisfy the disclosure requirements under CICA 3461.

The benefit obligations for the DSPS were valued without extrapolation at December 31, 2010 and December 31, 2011 to account for fiscal year 2011 plan costs and for fiscal year 2011 disclosure requirements respectively.

The financial positions of the plan and the determination of net periodic pension cost set out in this report are based on actual plan asset data as of December 31, 2010 and December 31, 2011.

Details are provided below.

Plan Provisions

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

There were no amendments made to the plan since the date of the last valuation for accounting purposes as at December 31, 2010.

A summary of the plan provisions is provided in Appendix D1 and Appendix D2 of our Report on the Actuarial Valuation as at December 31, 2010 for the Purpose of Establishing the Face Amount of the Letter of Credit for the period ending December 31, 2012.

Substantive Commitment

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

Data

The valuations are based on the plan asset data provided to us by Hydro One Inc., for the period from January 1, 2011 to December 31, 2011. The plan asset data are summarized in the Principal Pension Expense and Disclosure Information section of this report. We have tested the pensions paid, the lump-sum refunds and the contributions for consistency with the membership data for the plan members who have received benefits or made contributions. The results of these tests were satisfactory.

The calculation of the pension expense for 2011 is based on an extrapolation of the SPS membership data as at December 31, 2009 provided by Hydro One Inc. and is supplemented by actual DSPS data at December 31, 2010. The calculation of the accrued benefit obligation at the end of 2011 is based on an extrapolation of SPS membership data as at December 31, 2009 provided by Hydro One Inc. and is supplemented by actual DSPS data at December 31, 2011. The December 31, 2009 membership data is summarized in this report.

Subsequent Events

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

A partial wind-up of the registered pension plan was declared in respect of certain employee terminations in 2002 and 2003 and a partial wind-up report was filed with the Financial Services Commission of Ontario in 2010. Benefits in respect of the partial wind-up were paid in 2011. Some members affected by the partial wind-up are entitlement to benefits payable from the Supplemental Pension Plan. The partial-wind did not have a material impact on the results disclosed in this report.

Methods and Assumptions

The actuarial valuation methods, and management accounting policies and assumptions used in the valuations and determination of net periodic pension cost are summarized in the Supplemental Information section of this report.

Emerging experience, differing from the assumptions, will result in gains or losses that will be revealed in future valuations and will affect the financial position of the plan and future net periodic pension cost.

Actuarial computations under CICA 3461 are for purposes of fulfilling employer accounting requirements. 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 judging benefit security at termination or adequacy of funding for an ongoing plan.

4

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 Section 3461 of Part V of the CICA Handbook.

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 Section 3461 of Part V of the CICA Handbook. We are not expressing any opinion on these assumptions.

In our 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 Section 3461 of Part V of the CICA Handbook reflecting application of Hydro One's accounting policies described in this report.

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

Respectfully submitted,

Anna Quinn

Anna Quinn
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

January 27, 2012
Date

Scott McManus
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

January 27, 2012
Date

Appendix A

Development of Costs

This Appendix shows the liabilities for plan benefits and the calculation of the various components of plan costs.

Financial Position of the Plan

		Jan. 1, 2011 (in 000s)	Jan. 1, 2010 (in 000s)
1.	Accrued benefit obligation	($68,676)	($47,585)
2.	Fair value of plan assets	3,023	2,496
3.	Surplus Deficit (1. + 2.)	($65,653)	($45,089)
4.	Unamortized past service costs	1,354	1,639
5.	Unamortized net actuarial loss (gain)	(2,829)	(22,337)
6.	**Accrued benefit asset (liability) (3.+4.+5.)**	**($67,128)**	**($65,787)**
7.	Valuation allowance against accrued benefit asset	0	0
8.	**Accrued benefit asset (liability) net of valuation allowance (6. + 7.)**	**($67,128)**	**($65,787)**

Net Periodic Pension Cost

		Fiscal Year Ending Dec. 31, 2011 (in 000s)	Fiscal Year Ending Dec. 31, 2010 (in 000s)
1.	Current service cost (employer portion)	$1,734	$1,216
2.	Interest cost	4,010	3,131
3.	Expected Letter of Credit Fee	566	1,136
4.	Expected return on plan assets	0	0
5.	Amortizations		
	a. Past service costs	285	285
	b. Net actuarial loss (gain)	(257)	(2,234)
6.	One time adjustment	0	0
7.	**Net periodic pension cost before adjustment for valuation allowance (1.+2.+3.+4.+5.+6.)**	**$6,338**	**$3,534**
8.	Increase (decrease) in valuation allowance provided against accrued benefit asset	0	0
9.	**Net periodic pension cost (7. + 8.)**	**$6,338**	**$3,534**

Components of these calculations are developed below:

Current Service Cost

		Fiscal Year Ending Dec. 31, 2011 (in 000s)	Fiscal Year Ending Dec. 31, 2010 (in 000s)
1.	Current service cost at beginning of year	$1,734	$1,216
2.	Expected employees' contributions	0	0
3.	**Current service cost (employer portion) (1. + 2.)**	$1,734	$1,216

Expected Letter of Credit Fee

		Fiscal Year Ending Dec. 31, 2011 (in 000s)	Fiscal Year Ending Dec. 31, 2010 (in 000s)
1.	Beginning of year accrued benefit obligation	$68,676	$47,585
2.	Letter of credit fee paid in prior year as a percentage of the accrued benefit obligation	0.77%	2.25%
3.	Expected end of year obligation	$73,091	$50,629
4.	**Expected letter of credit fee (2. x 3.)**	$566	$1,136

Interest Cost

	Fiscal Year Ending Dec. 31, 2011 (in 000s)	Fiscal Year Ending Dec. 31, 2010 (in 000s)
1. Accrued benefit obligation	$68,676	$47,585
2. Employer current service cost weighted for timing	1,734	1,216
3. Employee current service cost weighted for timing	0	0
4. Expected benefit payments weighted for timing	(665)	(629)
5. Average accrued benefit obligation (1.+ 2. + 3. + 4.)	$69,745	$48,172
6. Discount rate	5.75%	6.50%
7. **Interest cost (5. x 6.)**	**$4,010**	**$3,131**

Amortization Amounts

		Jan. 1, 2011 (in 000s)	Jan. 1, 2010 (in 000s)
1.	Past Service Costs		
	a.) Unamortized past service costs as of beginning of year	$1,354	$1,639
	b.) Amortization amount	**285**	**285**
2.	Unamortized (gain)/loss subject to amortization		
	a.) Unamortized net actuarial loss (gain) at beginning of fiscal year	($2,829)	($22,337)
	b.) Average years of future service[1]	11	10
	c.) Amortization amount (a. ÷ b.)	**($257)**	**($2,234)**

Past Service Cost Detail

Past Service Cost at January 1, 2011 was composed of:

	Unrecognized Amount as of Jan. 1, 2011 (000s)	Years Remaining	Annual Amortization Amount (000s)
Past service costs			
a. Society of Engineering Professionals offset improvement at January 1, 2004	$925	5	185
b. DSPS enhancement at January 1, 2004	59	7	8
c. DSPS enhancement at January 1, 2005	370	4	92
d. **Total**	**$1,354**		**$285**

[1] The 2010 pension expense is based on the December 31, 2006 actuarial valuation and the 2011 pension expense is based on the December 31, 2009 actuarial valuation. The expected average years of future service was 10 as at December 31, 2006 and 11 as at December 31, 2009.

Appendix B

Membership Data

Plan membership in the Supplemental Plan as at December 31, 2009 is summarized below. Eight inactive members are entitled to special benefits under the DSPS. The membership summaries shown below for actives, LTD and deferred pensioners are the same as those shown in the report prepared for the registered plan as the maximum pension limit is not applied until the time of pension commencement.

	December 31, 2009	December 31, 2006
Active Members		
Number	5,042	4,047
Total pensionable earnings	$435,017,627	$323,300,891
Average pensionable earnings for following year	$86,279	$83,925
Average years of pensionable service	14.84	18.0 years
Average age	44.8	46.3
Accumulated contributions with interest	$334,148,262	$302,387,517
Members on Long Term Disability		
Number	125	121
Total deemed earnings for pension purposes	$8,808,644	$7,775,965
Average deemed earnings for pension purposes	$70,469	$64,264
Average years of pensionable service	25.2	23.19 years
Average age	55.2	53.8
Accumulated contributions with interest	$9,126,864	$7,520,585

Deferred Pensioners		
Number	320	360
Total annual lifetime pension	$3,565,653	$4,287,487
Average annual lifetime pension	$11,143	$11,910
Average age	52.0	50.7
Pensioners		
▪ Number	193	189
▪ Total annual lifetime pension*	$1,186,870	$1,090,786
▪ Total annual temporary pension*	$2,406	$2,339
▪ Average annual lifetime pension	$6,150	$5,771
▪ Average age	62.2	59.5
Survivors		
▪ Number	9	7
▪ Total annual lifetime pension**	$73,807	$69,109
▪ Average annual lifetime pension**	$8,201	$9,873
▪ Average age	68.7	67.9

* Includes pension effective January 1, 2010 for 3 DSPS pensioners.
** Includes pension effective January 1, 2010 for 3 DSPS survivors.

The membership movement for all categories of membership since the previous actuarial valuation is as follows:

Reconciliation of Membership

	Actives	Members on LTD	Deferred Vested	Pensioners	Survivors	Total
Total at 31.12.06	**4,047**	**121**	**360**	**189**	**7**	**4,724**
New entrants and re-hires	1,463		(3)			1,460
Transfers between Actives and LTD	(27)	27				
Terminations:						
▪ paid out	(51)	(1)	(6)			(58)
▪ deferred pensions	(25)		25			0
▪ reciprocal	(7)		(6)			(13)
Deaths	(25)	(6)	(2)	(2)		(35)
Retirements	(333)	(16)	(48)	6[1]		(391)
New survivors					2	2
Data correction						
Total at 31.12.09	**5,042**	**125**	**320**	**193**	**9**	**5,689**

[1] Not all members of the RPP who retire have benefits under the SPS/DSPS plan.

Appendix C

Valuation Methods and Assumptions

This Appendix describes the methods and assumptions used to value the plan as well as the accounting policies used to calculate the net periodic pension cost.

Cost Method

Accrued benefit obligations shown in this report are computed using the Projected Benefit Method Pro Rated on Services as defined in CICA 3461. The objective under this method is to expense each participant's benefits under the plan as they would accrue, taking into consideration future salary increases. The accrued benefit is determined under this method as follows:

Under the Projected Benefit Method Pro Rated on Services an equal portion of the total estimated future benefit (i.e., with salary projection or cost escalation, where appropriate), is attributed to each year of service.

The accrued benefit obligation is the actuarial present value of the accrued benefit for valuation purposes at the beginning of the fiscal year and the current service cost is the actuarial present value of the benefit deemed to accrue in the fiscal year.

The plan's **current service cost** is the sum of the individual current service costs, and the plan's **accrued benefit obligation** is the sum of the individual accrued benefit obligations for all participants under the plan.

Accounting Policies

Future salary levels and inflation affect the amount of future pensions. The projected benefit method prorated on services has been used to determine the accrued benefit obligation and current service cost.

The Company has elected to amortize past service costs resulting from plan amendments on a linear basis over the average remaining service period of active members expected to receive benefits in respect of the plan amendment.

Cumulative gains and losses are amortized over the average remaining service period of active members expected to receive benefits under the plan (11 years at December 31, 2009). The 10% corridor permitted by CICA 3461 was not applied.

Hydro One Inc.'s fiscal year-end date is December 31 and the measurement date of the plan's assets and obligations is December 31.

Obligations are attributed to the period beginning on the employee's date of joining the plan and ending on the earlier of the date of termination, death or retirement.

Extrapolation of the Financial Position of the Plan

The extrapolation of the financial position of the plan to December 31, 2011 is based on the membership data for the SPS provided by Hydro One Inc. as of December 31, 2009, DSPS membership data as at December 31, 2011 and asset information provided by Hydro One Inc. for the period from January 1, 2011 to December 31, 2011.

For the purposes of this extrapolation, we have used the actuarial assumptions and methods set out in this report as of December 31, 2011.

Summary of Assumptions

The assumptions used in valuing the liabilities and benefits under the plan, for the most part, are identical to those used in the Funding Valuation as at December 31, 2009. The differences are listed below.

Measurement date	December 31
Discount rate	▪ 5.75% per year for the 2011 expense determination ▪ 5.25% per year for the December 31, 2011 funded status
Increases in pensionable earnings (excluding merit)	▪ 2.50% per year for the 2011 expense determination ▪ 2.50% per year for the December 31, 2011 funded status
YMPE increases	▪ 3.00% per year for the 2011 expense determination ▪ 3.00% per year for the December 31, 2011 funded status
Increases in maximum pension permitted under the Income Tax Act	▪ $2,444.44 for 2009 ▪ $2,494.44 for 2010 ▪ $2,552.22 for 2011 ▪ 3.00% per year starting in 2011 for the December 31, 2010 funded status and 2011 expense ▪ 3.00% per year starting in 2012 for the December 31, 2011 funded status
Consumer Price Index	▪ 2.00% per year for the 2011 expense determination ▪ 2.00% per year for the December 31, 2011 funded status
Mortality	▪ 1994 Generational Uninsured Pensioners (UP94) Mortality Table for the 2011 expense determination ▪ 1994 Generational Uninsured Pensioners (UP94) Mortality Table for the December 31, 2011 funded status

Appendix D

Employer Certification

With respect to the Report on Pension Expense and Disclosure for the Fiscal Year Ending December 31, 2011 under CICA Section 3461 (Part V) of the Hydro One Inc. Supplemental Pension Plan, I hereby certify that, to the best of my knowledge and belief:

- the membership data supplied to the actuary provide 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;
- a copy of the official plan documents and of all amendments made up to December 31, 2011 were supplied to the actuary;
- all substantive commitments (as defined under CICA 3461 (Part V)) have been communicated to the actuary;
- accounting policies as 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;
- the management best estimate assumptions for purposes of the valuations and the extrapolation of the financial position of the plan as of the fiscal year end December 31, 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 or of a future valuation have been communicated to the actuary.

January 26, 2012
Date

Karen Newman
Signed

Karen Newman
Name

VP Corporate Controller
Title



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ASC 715 (US GAAP)
ACTUARIAL VALUATION REPORT AS AT DECEMBER 31, 2012

HYDRO ONE PENSION PLAN

February 2013



MARSH & McLENNAN COMPANIES

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Report highlights

Mercer has prepared this report for Hydro One to present actuarial estimates of liabilities as at December 31, 2012 for Hydro One to incorporate, as Hydro One deems appropriate, in its financial statements under US accounting standards.

All figures in this report are expressed in CDN$ unless otherwise stated.

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

Summary of results

Below are highlight of the results as at December 31, 2012 compared to the corresponding figures as at December 31, 2011.

	Fiscal year ending December 31, 2012	Fiscal year ending December 31, 2011
Net periodic benefit cost	207,428,000	147,627,000
Benefit obligation	6,507,081,000	5,460,816,000
Fair value of plan assets	4,992,345,000	4,682,163,000
Funded status	(1,514,736,000)	(778,653,000)
Discount rate at year-end	4.25%	5.25%
Expected rate of return on assets in year	6.25%	6.25%

The net periodic benefit cost for the fiscal year ending December 31, 2012 includes no charges/credits due to special events.

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

Changes in plan provisions

There were no changes in plan provisions since the previous reporting period.

Changes in actuarial assumptions

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

Changes in actuarial methods

There have been no changes to the actuarial methods or accounting policies since the prior valuation.

Changes in data

We have incorporated new census data in the actuarial valuation at December 31, 2012. This increased the benefit obligation by $65,421,000.

To our knowledge there have been no other changes since the prior valuation that will affect the valuation results.

Details of the disclosure information are shown in Appendix A. The estimated net periodic benefit cost information are shown in Appendix B. Details of plan assets are shown in Appendix C. Please refer to the remainder of the report for more information about these summary numbers.

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Basis of valuation

Plan data

To prepare this report Mercer has used and relied on financial data submitted as at the measurement date by Hydro One without further audit. Customarily, this information would not be verified by a plan's actuary. We have reviewed the information for internal consistency and we have no reason to doubt its substantial accuracy.

Mercer has also used and relied on participant data as described in the statutory funding valuation as at December 31, 2011 as supplied by Hydro One. The participant data is summarized in Appendix A. The data was projected forward to December 31, 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 Hydro One.

Hydro One 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. 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.), pensionable earnings, credited service, contributions accumulated with interest and pensions to retirees and other members entitled to a deferred pension. Contributions, lump sum payments and pensions to retirees were compared with corresponding amounts reported in financial statements. The results of these tests were satisfactory.

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.

We have not been engaged to perform such a sensitivity analysis and thus the results of such an analysis are not included in this report. At the client's request, Mercer is available to perform sensitivity or scenario analysis.

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 Hydro One'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 Hydro One as summarized in the statutory funding valuation report of the plan dated December 31, 2012. Hydro One 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.

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Actuarial certification

Mercer has prepared this report exclusively for Hydro One; subject to this limitation, Hydro One 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 purpose of this report is to present actuarial estimates of liabilities as at December 31, 2012 for Hydro One Pension Plan for Hydro One to incorporate, as Hydro One deems appropriate, in its financial statements under US accounting standards.

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 Hydro One. We express no opinion about the reasonableness of the assumptions used.

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, investment policy, 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.

Hydro One 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. Hydro One is solely responsible for communicating to Mercer any changes required to those policies, methods and assumptions.

Hydro One is solely responsible for selecting the plan's investment policies, asset allocations and individual investments. The Mercer actuaries who prepared this report have not provided any investment advice to the Hydro One.

This report is based on our understanding of applicable law and regulations as at 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 accounting 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.

Hydro One should notify Mercer promptly after receipt of this valuation report if Hydro One 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 Hydro One unless Hydro One promptly provides such notice to Mercer.

Professional qualifications

We are available to answer any questions on the material contained in this report, or to provide explanations or further details as may be appropriate. Collectively, the undersigned credentialed actuaries meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report. We are not aware of any direct or material indirect financial interest or relationship, including investments or other services that could create a conflict of interest, that would impair the objectivity of our work.

February 5, 2013		February 5, 2013	
M. Teresa Palandra, FSA, FCIA	**Date**	**Scott McManus, FSA, FCIA**	**Date**

APPENDIX A

Disclosure information

	Figures in $000s	Hydro One Pension Plan
	Fiscal year ending on	12/31/2012
	Currency Information	
1.	Local currency:	CDN$
A.	**Change in benefit obligation**	
1.	Benefit obligation at beginning of year	5,460,816
2.	Service cost	96,026
3.	Interest cost	285,712
4.	Employee contributions	26,919
5.	Plan amendments	-
6.	Plan curtailments	-
7.	Plan settlements	-
8.	Special termination benefits	-
9.	a. Benefits paid from the plan	(290,582)
	b. Direct benefit payments	-
10.	Medicare subsidies received	-
11.	Expenses paid	-
12.	Taxes paid	-
13.	Premiums paid	-
14.	Net transfer in/(out) (including the effect of any business combinations/divestitures)	1,111
15.	Plan combinations	-
16.	Actuarial loss (gain)	927,079
17.	Exchange rate changes	-
18.	Benefit obligation at end of year	6,507,081
B.	**Change in plan assets**	
1.	Fair value of plan assets at beginning of year	4,682,163
2.	Actual return on plan assets	425,136
3.	a. Employer contributions to plan	162,928
	b. Employer direct benefit payments	-
4.	Employee contributions	26,919
5.	Plan settlements	-
6.	a. Benefits paid from the plan	(290,582)
	b. Direct benefit payments	-
7.	Medicare subsidies received	-
8.	Expenses paid	(15,330)
9.	Taxes paid	-
10.	Premiums paid	-
11.	Acquisitions / divestitures	1,111
12.	Plan combinations	-
13.	Adjustments	-
14.	Exchange rate changes	-
15.	Fair value of plan assets at end of year	4,992,345

C.	**Reconciliation of funded status**	
1.	Fair value of plan assets	4,992,345
2.	Benefit obligations	6,507,081
3.	Funded status (plan assets less benefit obligations)	(1,514,736)
4.	Contributions and distributions made by company from measurement date to fiscal year end	-
5.	Net amount [asset (obligation)] recognized in statement of financial position	(1,514,736)
D.	**Amounts recognized on the consolidated balance sheet position consists of**	
1.	Noncurrent assets	-
2.	Current liabilities	-
3.	Noncurrent liabilities	(1,514,736)
4.	Net amount [asset (obligation)] recognized in statement of financial position	(1,514,736)
E.	**Reconciliation of amounts recognized in statement of financial position**	
1.	Initial net asset(obligation)	-
2.	Prior service credit (cost)	(4,647)
3.	Net gain (loss)	(1,931,156)
4.	Accumulated other comprehensive income (loss)	(1,935,803)
5.	Accumulated contributions in excess of net periodic benefit cost	421,067
6.	Net amount [surplus (deficit)] recognized in statement of financial position	(1,514,736)
F.	**Components of net periodic benefit cost**	
1.	Service cost	96,026
2.	Interest cost	285,712
3.	Expected return on plan assets	(289,318)
4.	Amortization of initial net obligation (asset)	-
5.	Amortization of prior service cost	2,551
6.	Amortization of net (gain) loss	112,457
7.	Curtailment (gain) / loss recognized	-
8.	Settlement (gain) / loss recognized	-
9.	Special termination benefit recognized	-
10.	Net periodic benefit cost	207,428
G.	**Changes recognized in other comprehensive income**	
	Changes in plan assets and benefit obligations recognized in other comprehensive income	
1.	New prior service cost	-
2.	Net loss (gain) arising during the year*	806,591
3.	Effect of exchange rates on amounts included in AOCI	-
	Amounts recognized as a component of net periodic benefit cost	
4.	Amortization, settlement or curtailment recognition of net transition asset (obligation)	-
5.	Amortization or curtailment recognition of prior service credit (cost)	(2,551)
6.	Amortization or settlement recognition of net gain (loss)	(112,457)
7.	Total recognized in other comprehensive loss (income)	691,583
8.	Total recognized in net periodic benefit and other comprehensive loss (income)	899,011
	**Includes curtailment gains not recognized as a component of net periodic cost*	
	Estimated amounts that will be amortized from accumulated other comprehensive income over the next fiscal year	
9.	Initial net asset (obligation)	-
10.	Prior service credit (cost)	(1,549)
11.	Net gain (loss)	(175,560)
		(177,109)
H.	**Weighted-average assumptions to determine benefit obligations**	
1.	Discount rate	4.25%
2.	Rate of compensation increase	2.50%
3.	Measurement date	31-Dec-2012

I.	**Assumptions to determine net cost**	
1.	Discount rate	5.25%
2.	Expected return on assets	6.25%
3.	Rate of compensation increase	2.50%
J.	**Additional year-end information**	
	Required information for all defined benefit plans	
1.	Accumulated benefit obligation	6,073,921
K.	**Additional year-end information for plans with accumulated benefit obligations in excess of plan assets**	
1.	Projected benefit obligation	6,507,081
2.	Accumulated benefit obligation	6,073,921
3.	Fair value of plan assets	4,992,345
L.	**Additional year-end information for plans with projected benefit obligations in excess of plan assets**	
1.	Projected benefit obligation	6,507,081
2.	Fair value of plan assets	4,992,345
M.	**Cash flows**	
1.	Projected company contributions for following fiscal year	163,822
2.	Expected benefit payments for FYE	
	31-Dec-2013 :	298,776
	31-Dec-2014 :	305,863
	31-Dec-2015 :	312,613
	31-Dec-2016 :	318,148
	31-Dec-2017 :	323,645
	Next five years	1,689,657
N.	**Accumulated contributions in excess of net periodic benefit cost**	
1.	Amount as of beginning of year	465,567
2.	Net periodic pension (cost) income for fiscal year	(207,428)
3.	Employer contributions made in fiscal year (excludes contributions made between measurement year end and fiscal year end)	162,928
4.	Benefits paid directly by company in the fiscal year (excludes contributions made between measurement year end and fiscal year end)	-
5.	FAS 88 (expense) income	-
6.	Other gain / (loss) recognized	-
7.	Plan combinations	-
8.	Adjustment to match local books	-
9.	Exchange rate adjustment	-
10.	Preliminary amount as of end of year	421,067
11.	Contributions and direct benefit payments made between measurement date and fiscal year end	-
12.	Amount as of end of year	421,067
O.	**Reconciliation of transition obligation (asset)**	
1.	Amount as disclosed as of prior year end	-
	Amounts recognized as a component of net periodic benefit cost	
2.	Amortization	-
3.	Effect of curtailment	-
4.	Effect of settlement	-
5.	Total amount recognized as a component of net periodic benefit cost	-
	Other changes (adjustment to accumulated comprehensive income, retained earnings)	
6.	Plan combinations	-
7.	Difference between prior year end and beginning of current year	-
8.	Total amount recognized as other change in accumulated other comprehensive income	-
9.	Exchange rate adjustment	-
10.	Amount at end of year	-

P.	**Reconciliation of prior service cost (credit)**	
1.	Amount as disclosed as of prior year end	7,198
	Amounts recognized as a component of net periodic benefit cost	
2.	Amortization	(2,551)
3.	Effect of curtailment	-
4.	Total amount recognized as a component of net periodic benefit cost	(2,551)
	Changes in plan assets and benefit obligations recognized in other comprehensive income	
5.	Plan amendments	-
	Other changes (adjustment to accumulated comprehensive income, retained earnings)	
6.	Plan combinations	-
7.	Difference between prior year end and beginning of current year	-
8.	Total amount recognized as other change in accumulated other comprehensive income	-
9.	Exchange rate adjustment	-
10.	Amount at end of year	4,647

Q.	**Reconciliation of net (gain) loss**	
1.	Amount as disclosed as of prior year end	1,237,022
	Amounts recognized as a component of net periodic benefit cost	
2.	Amortization	(112,457)
3.	Effect of settlement	-
4.	Total amount recognized as a component of net periodic benefit cost	(112,457)
	Changes in plan assets and benefit obligations recognized in other comprehensive income	
5.	Liability experience	927,079
6.	Asset experience	(120,488)
7.	Effect of curtailment	-
8.	Extraordinary event that adjusts assets	-
9.	Total amount recognized as a change in plan assets and benefit obligations	806,591
	Other changes (adjustment to accumulated comprehensive income, retained earnings)	
10.	Plan combinations	-
11.	Adjustment to match local books	-
12.	Difference between prior year end and beginning of current year	-
13.	Difference between calculated year-end gain/loss and amount using events that occurred during the year	-
14.	Total amount recognized as other change in accumulated other comprehensive income	-
15.	Exchange rate adjustment	-
16.	Amount at end of year	1,931,156

APPENDIX B

Plan assets

Plan assets have been taken at their fair value as provided by Hydro One. A summary of the breakdown of the fair value of plan assets is shown in the table below.

Plan Assets by Asset Category	Fiscal Year Ending Dec. 31, 2012	Fiscal Year Ending Dec. 31, 2011
Equity securities	60.2%	59.4%
Debt securities	33.6%	37.1%
Other	6.2%	3.5%
Total	**100%**	**100%**

Asset Category	Target Allocation as of Dec. 31, 2012*
Domestic public equity	17.0%
International public equity	41.0%
Domestic fixed income	33.0%
Real estate	2.5%
Infrastructure	2.5%
Private equity	2.0%
Cash and cash equivalents	2.0%
Other	0.0%

Description of basis used to determine overall expected long-term rate of return assumption:
To develop the expected long-term rate of return on assets assumption, Hydro One considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selection of the 6.25% assumption (net of expenses).

Method for determining market-related value of assets
The asset valuation method is the fair market value.

APPENDIX C

Actuarial assumptions

We have used actuarial assumptions selected by Hydro One. The principal financial and demographic assumptions used at December 31, 2012 and December 31, 2011 are shown in the table below. The assumptions as at the reporting date are used to determine the present value of the benefit obligation at that date and the net periodic benefit cost for the following year.

Measurement date	**December 31**
Discount rate	5.25% per year for the December 31, 2011 funded status and 2012 expense determination 4.25% per year for the December 31, 2012 funded status
Long-term rate of return on assets	6.25% per year (net of expenses) for fiscal years 2011 and 2012
Increases in pensionable earnings (excluding merit)	2.50% per year
YMPE increases	3.00% per year
Increases in maximum pension permitted under the Income Tax Act	$2,552 per year in 2011, increasing by 3.00% per year starting in 2012 for the December 31, 2011 funded status and 2012 expense $2,647 per year in 2012, increasing by 3.00% per year starting in 2013 for the December 31, 2012 funded status
Consumer Price Index	2.00% per year
Mortality	1994 Generational Uninsured Pensioners (UP94) Mortality Table

There have been no changes in actuarial assumptions since the prior valuation other than the changes to the principal assumptions shown in the table above.

APPENDIX D

Actuarial methods

Benefit obligations are estimated using the Projected Unit Credit method. Under this method each participant's benefits under the plan are attributed to years of service, taking into consideration future salary increases and the plan's benefit allocation formula. Thus, the estimated total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service.

A description of the calculation follows:

- An individual's estimated attributed benefit for valuation purposes related to a particular separation date (e.g. expected date of retirement, leaving service or death) is the benefit described under the plan based on credited service as at the measurement date, but determined using the projected salary that would be used in the calculation estimate of the benefit on the expected separation date.
- The benefit attributed to an individual's service during a plan year is the excess of the attributed benefit for valuation purposes at the end of the plan year over the attributed benefit for valuation purposes at the beginning of the plan year. Both attributed benefits are estimated from the same projections to the various anticipated separation dates.
- An individual's estimated benefit obligation is the present value of the attributed benefit for valuation purposes at the beginning of the plan year, and the service cost is the present value of the benefit attributed to the year of service in the plan year. If multiple decrements are used, the benefit obligation and the service cost for an individual are the sum of the component benefit obligations and service costs associated with the various anticipated separation dates. Such benefit obligations and service costs reflect the estimated attributed benefits and the probability of the individual separating on those dates.
- The vested benefit obligation is based on the expected date of separation, and an individual's projected benefit obligation is constrained to be not less than his or her accumulated benefit obligation.

In all cases, the **benefit obligation** is the total present value of the individuals' attributed benefits for valuation purposes at the measurement date, and the **service cost** is the total present value of the individuals' benefits attributable to service during the year. If multiple decrements are used, the present values take into account the probability of the individual leaving employment at the various anticipated separation dates.

Valuation procedures

The following approximations have been made in applying this method:

- The benefit obligations at the year end have been based on a projection of the results of the last formal funding actuarial valuation of the plan as of December 31, 2011. This projection involves rolling forward the results at the earlier date allowing for interest on the liabilities, the accrual of further benefits by active members, the actual benefits payments paid out and an estimate of the effect of any changes in the actuarial assumptions. We have assumed that all other experience during the projection, apart from investment returns, contributions, and benefit payments have been in line with the assumptions made at the start of the year.
- Effective July 1, 2012, changes to Ontario pension legislation provided for enhanced pension benefits for employees that are terminated involuntarily, subject to certain eligibility criteria. The termination liability for the plan does not reflect an allowance for enhanced benefits that may be payable to plan members under this legislation.
- Plan members are eligible to receive some or all of their pension benefit as a lump sum payment from the plan, determined in accordance with prescribed assumptions. We have not made an allowance in the obligations for members that may elect to receive their benefit as a lump sum in lieu of a pension.

Accounting policies

The accounting policies in cases where Hydro One has a choice of policy are set out below. There have been no changes to the actuarial methods or accounting policies since the prior valuation

Materiality threshold: Hydro One has not instructed us to make any adjustments to the valuation procedures described in order to satisfy its materiality threshold.

Net periodic benefit cost measurement: The net periodic benefit cost charged to profit or loss is budgeted for at the start of each reporting period using actuarial assumptions fixed at the start of the period, including assumptions about expected pensionable salaries, contributions and benefit payments that will be made during the period. It is only updated to allow for subsequent experience in the event of material changes.

Interest on service cost: Interest on the current service cost is included in the interest cost during the reporting period.

Administration expenses: An allowance for administration expenses is implicitly included in the pension expense as part of the expected return on plan assets.

Discretionary benefits: No allowance is made in the benefit obligation for discretionary benefits.

Significant events: No significant events have occurred during the reporting period that require accounting policy decisions.

Amortization method and periods: The cumulative gains and losses at the beginning of the year are amortized over the expected average remaining working lives of the employees participating in the plan.

APPENDIX E

Participant data

Plan membership as at December 31, 2011 is summarized below. Plan membership data at the date of last actuarial valuation is included for comparison.

We have applied tests for internal consistency, as well as for consistency with the data used for the previous valuation. The results of these tests were satisfactory. See the Report on the Actuarial Valuation for Funding Purposes as at December 31, 2011 for more details.

	31.12.11	31.12.09
Active Members		
Number	5,446	5,042
Total pensionable earnings for the following year	$493,804,272	$435,017,627
Average pensionable earnings for the following year	$90,673	$86,279
Average years of pensionable service	13.9	14.8
Average age	44.2	44.8
Accumulated contributions with interest	$350,040,313	$334,148,262
Members on Long Term Disability		
Number	130	125
Total pensionable earnings for the following year	$9,669,278	$8,808,644
Average pensionable earnings for the following year	$74,379	$70,469
Average years of pensionable service	24.6	25.2
Average age	55.4	55.2
Accumulated contributions with interest	$9,231,515	$9,126,864

	31.12.11	31.12.09
Deferred Pensioners		
Number	299	320
Total annual pension	$3,223,848	$3,565,653
Average annual pension	$10,782	$11,143
Average age	52.6	52.0
Pensioners and Survivors		
Number	5,304	5,265
Total annual lifetime pension	$199,441,218	$184,259,583
Total annual temporary pension	$25,244,104	$25,090,168
Average annual lifetime pension	$37,602	$34,997
Average age	71.0	70.4
Pensioners and Survivors		
Number	1,776	1,819
Total annual lifetime pension	$41,307,153	$37,199,616
Total annual temporary pension	$567,542	$557,903
Average annual lifetime pension	$23,259	$20,451
Average age	79.6	78.3

The membership movement for all categories of membership since the previous actuarial valuation is as follows:

	Actives	Long Term Disabilities	Deferred Vested	Pensioners	Survivors	Total
Total at 12.31.2009	5,042	125	320	5,265	1,819	12,571
New entrants	792	2				794
Actives to LTD	(21)	21				0
LTD to actives	2	(2)				0
Terminations:						0
• transfers/ lump sums	(33)	0	(9)			(42)
• deferred pensions	(26)	0	26			0
• reciprocal completed	(3)					(3)
Deaths	(20)	(1)	(1)	(298)		(320)
Retirements	(287)	(15)	(37)	339		0
Beneficiaries					168	168
Benefits Expired	0	0	0	(2)	(211)	(213)
Total at 12.31.2011	5,446	130	299	5,304	1,776	12,955

APPENDIX F

Employer certification

With respect to the Actuarial Valuation Report for fiscal year ending December 31, 2012 under US accounting standards of the Hydro One Pension 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 the plan for service up to the date of the valuation, December 31, 2011.
- Copies of the official plan documents and of all amendments made up to December 31, 2012 have been supplied to the actuary.
- All substantive commitments (as defined under US accounting standards) have been communicated to the actuary.
- Accounting policies as adopted by Hydro One 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 plan as at December 31, 2012 are those described in this report.
- 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 January 24/13

Signed

Karen Newman
Name

VP, Corporate Controller
Title



MERCER

TALENT • HEALTH • RETIREMENT • INVESTMENTS

ASC 715 (US GAAP)
ACTUARIAL VALUATION REPORT AS AT DECEMBER 31, 2012

HYDRO ONE SUPPLEMENTAL PENSION PLAN

February 2013



MARSH & McLENNAN COMPANIES

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Report highlights

Mercer has prepared this report for Hydro One to present actuarial estimates of liabilities as at December 31, 2012 for Hydro One to incorporate, as Hydro One deems appropriate, in its financial statements under US accounting standards.

The Supplemental Pension Plan includes two components. The Supplementary Payment Schedule ("the SPS") automatically provides benefits to members of the Hydro One Pension Plan ("the Registered Plan") who are impacted by the limits of the Income Tax Act such that the benefits which cannot be paid from the Registered Plan due to the income tax limits are paid from the SPS. The Designated Supplementary Payment Schedule ("the DSPS") provides supplementary benefits to particular members pursuant to special arrangements entered into between Hydro One and these individuals. This report includes liabilities in respect of both the SPS and the DSPS.

All figures in this report are expressed in CDN$ unless otherwise stated.

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 at December 31, 2012 compared to the corresponding figures as at December 31, 2011.

	Fiscal year ending December 31, 2012	Fiscal year ending December 31, 2011
Net periodic benefit cost	7,100,000	6,338,000
Benefit obligation	90,637,000	78,222,000
Fair value of plan assets	3,597,000	3,371,000

	Fiscal year ending December 31, 2012	Fiscal year ending December 31, 2011
Funded status	(87,040,000)	(74,851,000)
Discount rate at year-end	4.25%	5.25%
Expected rate of return on assets in year	0.0%	0.0%

The net periodic benefit cost for the fiscal year ending December 31, 2012 includes no charges/credits due to special events.

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

Changes in plan provisions

There were no changes in plan provisions since the previous reporting period.

Changes in actuarial assumptions

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

Changes in actuarial methods

There have been no changes to the actuarial methods or accounting policies since the prior valuation.

Changes in data

We have incorporated new census data in the actuarial valuation at December 31, 2012. This decreased the benefit obligation by $4,771,000.

To our knowledge there have been no other changes since the prior valuation that will affect the valuation results.

Details of the disclosure information are shown in Appendix A. The estimated net periodic benefit cost information are shown in Appendix B. Details of plan assets are shown in Appendix C. Please refer to the remainder of the report for more information about these summary numbers.

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Basis of valuation

Plan data

To prepare this report Mercer has used and relied on financial data submitted as at the measurement date by Hydro One without further audit. Customarily, this information would not be verified by a plan's actuary. We have reviewed the information for internal consistency and we have no reason to doubt its substantial accuracy.

Mercer has also used and relied on participant data as described in the statutory funding valuation as at December 31, 2011 as supplied by Hydro One. The participant data is summarized in Appendix A. The data was projected forward to December 31, 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 Hydro One.

Hydro One 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. 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.), pensionable earnings, credited service, contributions accumulated with interest and pensions to retirees and other members entitled to a deferred pension. Contributions, lump sum payments and pensions to retirees were compared with corresponding amounts reported in financial statements. The results of these tests were satisfactory.

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.

We have not been engaged to perform such a sensitivity analysis and thus the results of such an analysis are not included in this report. At the client's request, Mercer is available to perform sensitivity or scenario analysis.

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 Hydro One'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 Hydro One as summarized in the funding valuation report of the plan dated October 2012. Hydro One 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.

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Actuarial certification

Mercer has prepared this report exclusively for Hydro One; subject to this limitation, Hydro One 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 purpose of this report is to present actuarial estimates of liabilities as at December 31, 2012 for Hydro One Supplemental Pension Plan for Hydro One to incorporate, as Hydro One deems appropriate, in its financial statements under US accounting standards.

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 Hydro One. We express no opinion about the reasonableness of the assumptions used.

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, investment policy, 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.

Hydro One 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. Hydro One is solely responsible for communicating to Mercer any changes required to those policies, methods and assumptions.

Hydro One is solely responsible for selecting the plan's investment policies, asset allocations and individual investments. The Mercer actuaries who prepared this report have not provided any investment advice to Hydro One.

This report is based on our understanding of applicable law and regulations as at 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 accounting 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.

Hydro One should notify Mercer promptly after receipt of this valuation report if Hydro One 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 Hydro One unless Hydro One promptly provides such notice to Mercer.

Professional qualifications

We are available to answer any questions on the material contained in this report, or to provide explanations or further details as may be appropriate. Collectively, the undersigned credentialed actuaries meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report. We are not aware of any direct or material indirect financial interest or relationship, including investments or other services that could create a conflict of interest, that would impair the objectivity of our work.

February 5, 2013		February 5, 2013	
M. Teresa Palandra, FSA, FCIA	**Date**	**Scott McManus, FSA, FCIA**	**Date**

APPENDIX A

Disclosure information

Figures in $000s	Hydro One Supplemental Pension Plan *(SPS / DSPS)* 12/31/2012
Fiscal year ending on	
Currency Information	
1. Local currency:	CDN$
A. Change in benefit obligation	
1. Benefit obligation at beginning of year	78,222
2. Service cost	2,020
3. Interest cost	4,157
4. Employee contributions	-
5. Plan amendments	-
6. Plan curtailments	-
7. Plan settlements	-
8. Special termination benefits	-
9. a. Benefits paid from the plan	-
b. Direct benefit payments	(1,941)
10. Medicare subsidies received	-
11. Expenses paid	-
12. Taxes paid	-
13. Premiums paid	-
14. Net transfer in/(out) (including the effect of any business combinations/divestitures)	-
15. Plan combinations	-
16. Actuarial loss (gain)	8,179
17. Exchange rate changes	-
18. Benefit obligation at end of year	90,637
B. Change in plan assets	
1. Fair value of plan assets at beginning of year	3,371
2. Actual return on plan assets	-
3. a. Employer contributions to plan	553
b. Employer direct benefit payments	1,941
4. Employee contributions	-
5. Plan settlements	-
6. a. Benefits paid from the plan	-
b. Direct benefit payments	(1,941)
7. Medicare subsidies received	-
8. Expenses paid	(327)
9. Taxes paid	-
10. Premiums paid	-
11. Acquisitions / divestitures	-
12. Plan combinations	-
13. Adjustments	-
14. Exchange rate changes	-
15. Fair value of plan assets at end of year	3,597

C.	**Reconciliation of funded status**	
1.	Fair value of plan assets	3,597
2.	Benefit obligations	90,637
3.	Funded status (plan assets less benefit obligations)	(87,040)
4.	Contributions and distributions made by company from measurement date to fiscal year end	-
5.	Net amount [asset (obligation)] recognized in statement of financial position	(87,040)
D.	**Amounts recognized on the consolidated balance sheet position consists of**	
1.	Noncurrent assets	-
2.	Current liabilities	-
3.	Noncurrent liabilities	(87,040)
4.	Net amount [asset (obligation)] recognized in statement of financial position	(87,040)
E.	**Reconciliation of amounts recognized in statement of financial position**	
1.	Initial net asset(obligation)	-
2.	Prior service credit (cost)	(784)
3.	Net gain (loss)	(10,813)
4.	Accumulated other comprehensive income (loss)	(11,597)
5.	Accumulated contributions in excess of net periodic benefit cost	(75,443)
6.	Net amount [surplus (deficit)] recognized in statement of financial position	(87,040)
F.	**Components of net periodic benefit cost**	
1.	Service cost	2,020
2.	Expected letter of credit fee	370
3.	Interest cost	4,157
4.	Expected return on plan assets	-
5.	Amortization of initial net obligation (asset)	-
6.	Amortization of prior service cost	285
7.	Amortization of net (gain) loss	268
8.	Curtailment (gain) / loss recognized	-
9.	Settlement (gain) / loss recognized	-
10.	Special termination benefit recognized	-
11.	Net periodic benefit cost	7,100
G.	**Changes recognized in other comprehensive income**	
	Changes in plan assets and benefit obligations recognized in other comprehensive income	
1.	New prior service cost	-
2.	Net loss (gain) arising during the year*	8,136
3.	Effect of exchange rates on amounts included in AOCI	-
	Amounts recognized as a component of net periodic benefit cost	
4.	Amortization, settlement or curtailment recognition of net transition asset (obligation)	-
5.	Amortization or curtailment recognition of prior service credit (cost)	(285)
6.	Amortization or settlement recognition of net gain (loss)	(268)
7.	Total recognized in other comprehensive loss (income)	7,583
8.	Total recognized in net periodic benefit and other comprehensive loss (income)	14,683
	**Includes curtailment gains not recognized as a component of net periodic cost*	
	Estimated amounts that will be amortized from accumulated other comprehensive income over the next fiscal year	
9.	Initial net asset (obligation)	-
10.	Prior service credit (cost)	(285)
11.	Net gain (loss)	(983)
		(1,268)
H.	**Weighted-average assumptions to determine benefit obligations**	
1.	Discount rate	4.25%
2.	Rate of compensation increase	2.50%
3.	Measurement date	31-Dec-2012

I.	**Assumptions to determine net cost**	
1.	Discount rate	5.25%
2.	Expected return on assets	Not applicable
3.	Rate of compensation increase	2.50%
J.	**Additional year-end information**	
	Required information for all defined benefit plans	
1.	Accumulated benefit obligation	78,517
K.	**Additional year-end information for plans with accumulated benefit obligations in excess of plan assets**	
1.	Projected benefit obligation	90,637
2.	Accumulated benefit obligation	78,517
3.	Fair value of plan assets	3,597
L.	**Additional year-end information for plans with projected benefit obligations in excess of plan assets**	
1.	Projected benefit obligation	90,637
2.	Fair value of plan assets	3,597
M.	**Cash flows**	
1.	Projected company contributions for following fiscal year	3,463
2.	Expected benefit payments for FYE	
	31-Dec-2013 :	2,781
	31-Dec-2014 :	2,983
	31-Dec-2015 :	3,229
	31-Dec-2016 :	3,424
	31-Dec-2017 :	3,581
	Next five years	22,502
N.	**Accumulated contributions in excess of net periodic benefit cost**	
1.	Amount as of beginning of year	(70,837)
2.	Net periodic pension (cost) income for fiscal year	(7,100)
3.	Employer contributions made in fiscal year (excludes contributions made between measurement year end and fiscal year end)	553
4.	Benefits paid directly by company in the fiscal year (excludes contributions made between measurement year end and fiscal year end)	1,941
5.	FAS 88 (expense) income	-
6.	Other gain / (loss) recognized	-
7.	Plan combinations	-
8.	Adjustment to match local books	-
9.	Exchange rate adjustment	-
10.	Preliminary amount as of end of year	(75,443)
11.	Contributions and direct benefit payments made between measurement date and fiscal year end	-
12.	Amount as of end of year	(75,443)
O.	**Reconciliation of transition obligation (asset)**	
1.	Amount as disclosed as of prior year end	-
	Amounts recognized as a component of net periodic benefit cost	
2.	Amortization	-
3.	Effect of curtailment	-
4.	Effect of settlement	-
5.	Total amount recognized as a component of net periodic benefit cost	-
	Other changes (adjustment to accumulated comprehensive income, retained earnings)	
6.	Plan combinations	-
7.	Difference between prior year end and beginning of current year	-
8.	Total amount recognized as other change in accumulated other comprehensive income	-
9.	Exchange rate adjustment	-
10.	Amount at end of year	-

P.	**Reconciliation of prior service cost (credit)**	
1.	Amount as disclosed as of prior year end	1,069
	Amounts recognized as a component of net periodic benefit cost	
2.	Amortization	(285)
3.	Effect of curtailment	-
4.	Total amount recognized as a component of net periodic benefit cost	(285)
	Changes in plan assets and benefit obligations recognized in other comprehensive income	
5.	Plan amendments	-
	Other changes (adjustment to accumulated comprehensive income, retained earnings)	
6.	Plan combinations	-
7.	Difference between prior year end and beginning of current year	-
8.	Total amount recognized as other change in accumulated other comprehensive income	-
9.	Exchange rate adjustment	-
10.	Amount at end of year	784
Q.	**Reconciliation of net (gain) loss**	
1.	Amount as disclosed as of prior year end	2,945
	Amounts recognized as a component of net periodic benefit cost	
2.	Amortization	(268)
3.	Effect of settlement	-
4.	Total amount recognized as a component of net periodic benefit cost	(268)
	Changes in plan assets and benefit obligations recognized in other comprehensive income	
5.	Liability experience	8,136
6.	Asset experience	-
7.	Effect of curtailment	-
8.	Extraordinary event that adjusts assets	-
9.	Total amount recognized as a change in plan assets and benefit obligations	8,136
	Other changes (adjustment to accumulated comprehensive income, retained earnings)	
10.	Plan combinations	-
11.	Adjustment to match local books	-
12.	Difference between prior year end and beginning of current year	-
13.	Difference between calculated year-end gain/loss and amount using events that occurred during the year	-
14.	Total amount recognized as other change in accumulated other comprehensive income	-
15.	Exchange rate adjustment	-
16.	Amount at end of year	10,813

APPENDIX B

Plan assets

Plan assets have been taken at their fair value as provided by Hydro One. The terms of the Supplemental Pension Plan require that benefits be secured through a trust fund which is deemed to be a Retirement Compensation Arrangement ("RCA") for purposes of the Income Tax Act. A letter of credit is purchased annually and held in trust within the RCA. The RCA rules require that an amount equal to the annual letter of credit fee be deposited in a non-interest bearing accounting with the Canada Revenue Agency. The assets of the plan for this report consist of accumulated amounts held by CRA as a refundable tax.

Method for determining market-related value of assets
The asset valuation method is the fair market value.

APPENDIX C

Actuarial assumptions

We have used actuarial assumptions selected by Hydro One. The principal financial and demographic assumptions used at December 31, 2012 and December 31, 2011 are shown in the table below. The assumptions as at the reporting date are used to determine the present value of the benefit obligation at that date and the net periodic benefit cost for the following year.

Measurement date	**December 31**
Discount rate	5.25% per year for the December 31, 2011 funded status and 2012 expense determination 4.25% per year for the December 31, 2012 funded status
Long-term rate of return on assets	0.00%
Increases in pensionable earnings (excluding merit)	2.50% per year
YMPE increases	3.00% per year
Increases in maximum pension permitted under the Income Tax Act	$2,552 per year in 2011, increasing by 3.00% per year starting in 2012 for the December 31, 2011 funded status and 2012 expense $2,647 per year in 2012, increasing by 3.00% per year starting in 2013 for the December 31, 2012 funded status
Consumer Price Index	2.00% per year
Mortality	1994 Generational Uninsured Pensioners (UP94) Mortality Table

There have been no changes in actuarial assumptions since the prior valuation other than the changes to the principal assumptions shown in the table above.

APPENDIX D

Actuarial methods

Benefit obligations are estimated using the Projected Unit Credit method. Under this method each participant's benefits under the plan are attributed to years of service, taking into consideration future salary increases and the plan's benefit allocation formula. Thus, the estimated total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service.

A description of the calculation follows:

- An individual's estimated attributed benefit for valuation purposes related to a particular separation date (e.g. expected date of retirement, leaving service or death) is the benefit described under the plan based on credited service as at the measurement date, but determined using the projected salary that would be used in the calculation estimate of the benefit on the expected separation date.
- The benefit attributed to an individual's service during a plan year is the excess of the attributed benefit for valuation purposes at the end of the plan year over the attributed benefit for valuation purposes at the beginning of the plan year. Both attributed benefits are estimated from the same projections to the various anticipated separation dates.
- An individual's estimated benefit obligation is the present value of the attributed benefit for valuation purposes at the beginning of the plan year, and the service cost is the present value of the benefit attributed to the year of service in the plan year. If multiple decrements are used, the benefit obligation and the service cost for an individual are the sum of the component benefit obligations and service costs associated with the various anticipated separation dates. Such benefit obligations and service costs reflect the estimated attributed benefits and the probability of the individual separating on those dates.
- The vested benefit obligation is based on the expected date of separation, and an individual's projected benefit obligation is constrained to be not less than his or her accumulated benefit obligation.

In all cases, the **benefit obligation** is the total present value of the individuals' attributed benefits for valuation purposes at the measurement date, and the **service cost** is the total present value of the individuals' benefits attributable to service during the year. If multiple decrements are used, the present values take into account the probability of the individual leaving employment at the various anticipated separation dates.

Valuation procedures

The following approximations have been made in applying this method:

- The benefit obligations at the year end have been based on a projection of the results of the last formal funding actuarial valuation of the plan as of December 31, 2011. This projection involves rolling forward the results at the earlier date allowing for interest on the liabilities, the accrual of further benefits by active members, the actual benefits payments paid out and an estimate of the effect of any changes in the actuarial assumptions. We have assumed that all other experience during the projection, apart from investment returns, contributions, and benefit payments have been in line with the assumptions made at the start of the year.
- Effective July 1, 2012, changes to Ontario pension legislation provided for enhanced pension benefits for members of registered pension plans for employees that are terminated involuntarily, subject to certain eligibility criteria. The termination liability for the Supplemental Plan does not reflect an allowance for enhanced benefits that may be payable to plan members under this legislation.

Accounting policies

The accounting policies in cases where Hydro One has a choice of policy are set out below. There have been no changes to the actuarial methods or accounting policies since the prior valuation

Materiality threshold: Hydro One has not instructed us to make any adjustments to the valuation procedures described in order to satisfy its materiality threshold.

Net periodic benefit cost measurement: The net periodic benefit cost charged to profit or loss is budgeted for at the start of each reporting period using actuarial assumptions fixed at the start of the period, including assumptions about expected pensionable salaries, contributions and benefit payments that will be made during the period. It is only updated to allow for subsequent experience in the event of material changes.

Interest on service cost: Interest on the current service cost is included in the interest cost during the reporting period.

Administration expenses: An allowance for the expected annual letter of credit fee is included as a component of the pension expense. Other administration fees are expected to be paid from outside the plan.

Discretionary benefits: No allowance is made in the benefit obligation for discretionary benefits.

Significant events: No significant events have occurred during the reporting period that require accounting policy decisions.

Amortization method and periods: The cumulative gains and losses at the beginning of the year are amortized over the expected average remaining working lives of the employees participating in the plan.

APPENDIX E

Participant data

The liabilities for active, disabled, and deferred vested employees in respect of benefits expected to be paid under the SPS at the time they receive a pension are based on the same data used to determine the obligations of the underlying Registered Pension Plan. The data for active, disabled and deferred vested employees is summarized below.

The data in respect of SPS and DSPS benefits for retired employees as at December 31, 2011 are also summarized below.

We have applied tests for internal consistency, as well as for consistency with the data used for the previous valuation. The results of these tests were satisfactory. See the Report on the Actuarial Valuation for Funding Purposes as at December 31, 2011 for more details.

	December 31, 2011	December 31, 2009
Active Members		
Number	5,446	5,042
Total pensionable earnings for the following year	$493,804,272	$435,017,627
Average pensionable earnings for the following year	$90,673	$86,279
Average years of pensionable service	13.9	14.8
Average age	44.2	44.8
Accumulated contributions with interest	$350,040,313	$334,148,262
Members on Long Term Disability		
Number	130	125
Total pensionable earnings for the following year	$9,669,278	$8,808,644
Average pensionable earnings for the following year	$74,379	$70,469
Average years of pensionable service	24.6	25.2
Average age	55.4	55.2
Accumulated contributions with interest	$9,231,515	$9,126,864

	December 31, 2011	December 31, 2009
Deferred Pensioners		
Number	299	320
Total annual pension	$3,223,848	$3,565,653
Average annual pension	$10,782	$11,143
Average age	52.6	52.0

	December 31, 2011	December 31, 2009
Pensioners and Survivors		
Number	242	202
Total annual lifetime pension *	$1,984,038	$1,260,677
Average annual lifetime pension *	$8,199	$6,241
Average age	65.4	62.5

**Includes pension increase effective January 1, 2012*

Two deferred vested members are also entitled to benefits payable from the DSPS in addition to the amounts summarized in the table above that are payable from the registered plan and the SPS. Additional data on the DSPS entitlements for these members is not provided to preserve member confidentiality.

The membership movement for all categories of membership since the previous actuarial valuation is as follows:

	Actives	Long Term Disabilities	Deferred Members	Pensioners & Survivors
Total at 12.31.2009	5,042	125	320	202
New entrants	792	2		
Actives to LTD	(21)	21		
LTD to actives	2	(2)		1
Terminations:				
• transfers/ lump sums	(33)	0	(9)	
• deferred pensions	(26)	0	26	
• reciprocal completed	(3)			
Deaths	(20)	(1)	(1)	(2)
Retirements	(287)	(15)	(37)	31
Beneficiaries				2
Benefits Expired				
Data corrections				8
Total at 12.31.2011	5,446	130	299	242

APPENDIX F

Employer certification

With respect to the Actuarial Valuation Report for fiscal year ending December 31, 2012 under US accounting standards of the Hydro One Supplemental Pension 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 the plan for service up to the date of the valuation, December 31, 2011.
- Copies of the official plan documents and of all amendments made up to December 31, 2012 have been supplied to the actuary.
- All substantive commitments (as defined under US accounting standards) have been communicated to the actuary.
- Accounting policies as adopted by Hydro One 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 plan as at December 31, 2012 are those described in this report.
- 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.

January 29/13
Date

K Newman
Signed

Karen Newman
Name

Corporate Control
Title



MERCER

TALENT • HEALTH • RETIREMENT • INVESTMENTS

ASC 715 AND ASC 712 (US GAAP) ACTUARIAL VALUATION REPORT FOR THE FISCAL YEAR ENDING DECEMBER 31, 2012

NON-PENSION POSTRETIREMENT AND POSTEMPLOYMENT

HYDRO ONE INC.

February 11, 2013



MARSH & McLENNAN COMPANIES

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Report highlights

Mercer has prepared this report for Hydro One Inc. (the "Entity") to provide reporting and disclosure information for financial statements and other interested parties, pursuant to ASC 715 and ASC 712 (US GAAP) for the year ending December 31, 2012 relating to Hydro One Inc.'s non-pension postretirement and postemployment benefit obligations and to provide an estimate of the net periodic benefit cost for the year ending December 31, 2013.

The non-pension postretirement and postemployment benefit plans are defined benefit plans funded on a cash basis by contributions from Hydro One Inc.

Applicable income tax effects are **not** shown in this report.

All figures shown in this report are expressed in Canadian dollars.

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

Summary of results

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

Non-Pension Postretirement Benefits
All amounts in $000s

Net periodic benefit cost ("Benefits expense")

Plan	Estimated 2013 Benefits Expense	2012 Benefits Expense	2011 Benefits Expense
Hydro One Inc.	$108,215	$85,285	$94,175
Inergi	$1,965	$1,680	$1,785
Total	**$110,180**	**$86,965**	**$95,960**

Funded status

	December 31, 2012			December 31, 2011		
Plan	**Assets**	**Liabilities**	**Surplus (Deficit)**	**Assets**	**Liabilities**	**Surplus (Deficit)**
Hydro One Inc.	$0	$1,282,257	($1,282,257)	$0	$1,050,549	($1,050,549)
Inergi	$0	$39,261	($39,261)	$0	$32,376	($32,376)
Total	**$0**	**$1,321,518**	**($1,321,518)**	**$0**	**$1,082,925**	**($1,082,925)**

Key assumptions

	December 31, 2012	December 31, 2011
Discount rate	4.25%	5.25%
Salary scale	2.50% + PPM	2.50% + PPM
Initial weighted average healthcare trend rate	6.89%	6.99%
Ultimate weighted average healthcare trend rate	4.39%	4.39%
Year ultimate rate reached	2031	2031

The 2012 benefits expense includes no charges/credits due to special events. Please note that the estimated 2013 benefits expense may be substantially different and may be revised if liabilities are remeasured during the year due to a significant event and/or cashflows are updated.

Postemployment Benefits
All amounts in $000s

Net periodic benefit cost ("Benefits expense")

	Estimated 2013 Benefits Expense	2012 Benefits Expense	2011 Benefits Expense
Total	**$5,000**	**$9,274**	**$5,769**

Funded status

	December 31, 2012			December 31, 2011		
	Assets	**Liabilities**	**Surplus (Deficit)**	**Assets**	**Liabilities**	**Surplus (Deficit)**
Total	**$0**	**$40,876**	**($40,876)**	**$0**	**$39,623**	**($39,623)**

Key assumptions

	December 31, 2012	December 31, 2011
Discount rate	4.25%	5.25%
Salary scale	2.00%	2.00%
Initial weighted average healthcare trend rate	7.55%	8.02%
Ultimate weighted average healthcare trend rate	4.32%	4.91%
Year ultimate rate reached*	2031	2023

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

Review of results

Non-Pension Postretirement

The unfunded obligation increased by $238,593,000 between December 31, 2011 and December 31, 2012 and there was a current year loss of $188,782,000. The contributing factors to the loss include:

- The discount rate decreased by 100 basis points from 5.25% per annum to 4.25% per annum. This created a loss of $195,548,000; and
- The difference between actual benefit payments and expected benefit payments created a gain of $6,766,000.

Postemployment

The unfunded obligation increased by $1,253,000 between December 31, 2011 and December 31, 2012 and there was a current year loss of $4,815,000. The contributing factors to the loss include:

- The discount rate decreased by 100 basis points from 5.25% per annum to 4.25% per annum. This created a loss of $2,117,000;
- The claims costs assumptions have been updated based on the Entity's recent claims experience. This created a gain of $2,075,000;
- The healthcare trend rate assumptions have been updated. This created a loss of $162,000; and
- We incorporated new census data in our valuation and reflected actual 2012 benefit payments. This created a loss of $4,611,000.

Changes in plan provisions

There were no changes in plan provisions since the previous reporting period.

Changes in actuarial assumptions

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

Changes in actuarial methods

There have been no changes to the accounting methods or policies since the prior disclosure.

Changes in data

We have incorporated new census data as at September 30, 2012 in the postemployment valuation at December 31, 2012. This contributed to the experience loss of $3,761,000 for the postemployment benefit plan.

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

Details of the disclosure information are shown in Appendix A and the estimated 2013 net periodic benefit cost information in Appendix B. Please refer to the remainder of the report for more information about these summary numbers.

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Basis of valuation

Plan data

Mercer has used and relied on participant data as at January 1, 2011 for the non-pension post-retirement actuarial valuation and November 30, 2010 and September 30, 2012 for the postemployment actuarial valuation as provided by Hydro One Inc. The participant data is summarized in Appendix F. The data was projected forward to December 31, 2012.

Hydro One Inc. is responsible for ensuring that such participant 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 used for the previous valuation. These tests were applied to membership reconciliation and, basic information (date of birth, date of hire, date of membership, gender, etc.). The results of these tests were satisfactory.

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.

An indication of the sensitivity of the results to changes in the healthcare trend rate assumptions is included in Appendix A.

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 Hydro One Inc.'s accounting policies.

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

Plan provisions

Mercer has used and relied on the plan documents, including amendments, and interpretations of plan provisions, supplied by Hydro One Inc. as summarized in Appendix E. 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.

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Actuarial certification

Mercer has prepared this report exclusively for Hydro One Inc.; subject to this limitation, Hydro One 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 of December 31, 2012 for defined benefits relating to the non-pension postretirement benefits and postemployment benefits, as Hydro One Inc. deems appropriate, in its financial statements under US GAAP and to provide an actuarial estimate of the net periodic benefit costs for the fiscal year ending December 31, 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 Hydro One Inc. We express no opinion about the reasonableness of the assumptions used.

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.

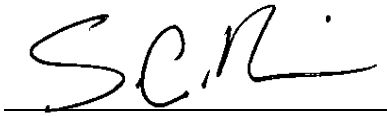
Decisions about benefit changes, granting new benefits, funding policy, benefit security and/or benefit-related issues should not be made solely on the basis of this valuation, but only after careful consideration of alternative economic, financial, demographic and societal factors, including financial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

Hydro One 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.

Hydro One Inc. should notify Mercer promptly after receipt of this valuation report if Hydro One 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 Hydro One Inc. unless Hydro One Inc. promptly provides such notice to Mercer.

Professional qualifications

I am available to answer any questions on the material contained in this report, or to provide explanations or further details as may be appropriate. I am qualified by education and experience to render the actuarial opinion contained in this report. I am not aware of any direct or material indirect financial interest or relationship, including investments or other services that could create a conflict of interest that would impair the objectivity of my work.



February 11, 2013

Conor Rankin
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

Mercer
161 Bay Street, P.O. Box 501
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Date

APPENDIX A

Disclosure information

Non-Pension Postretirement Benefits

All amount in $000s

	Plan Name:	Hydro One PRB		Inergi PRB		Total	
	Country	Canada	Canada	Canada	Canada	Canada	Canada
		1,000	1,000	1,000	1,000	1,000	1,000
	Fiscal year ending on	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011
A.	**Change in benefit obligation**						
1.	Benefit obligation at beginning of year	1,050,549	1,030,196	32,376	31,152	1,082,925	1,061,348
2.	Service cost	24,474	25,080	-	-	24,474	25,080
3.	Interest cost	55,450	59,507	1,677	1,768	57,127	61,275
4.	Employee contributions	-	-	-	-	-	-
5.	Plan amendments	-	-	-	-	-	-
6.	Plan curtailments	-	-	-	-	-	-
7.	Plan settlements	-	-	-	-	-	-
8.	Special termination benefits	-	-	-	-	-	-
9.	a. Benefits paid from the plan	-	-	-	-	-	-
	b. Direct benefit payments	(31,279)	(31,219)	(511)	-	(31,790)	(31,219)
10.	Net transfer in/(out) (including the effect of any business combinations/divestitures)	-	-	-	-	-	-
11.	Plan combinations	-	-	-	-	-	-
12.	Actuarial loss (gain)	183,063	(33,015)	5,719	(544)	188,782	(33,559)
13.	Exchange rate changes	-	-	-	-	-	-
14.	Benefit obligation at end of year	1,282,257	1,050,549	39,261	32,376	1,321,518	1,082,925

	Plan Name:	Hydro One PRB		Inergi PRB		Total	
	Country	Canada	Canada	Canada	Canada	Canada	Canada
		1,000	1,000	1,000	1,000	1,000	1,000
	Fiscal year ending on	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011
B.	**Change in plan assets**						
1.	Fair value of plan assets at beginning of year	-	-	-	-	-	-
2.	Actual return on plan assets	-	-	-	-	-	-
3.	a. Employer contributions to plan	-	-	-	-	-	-
	b. Employer direct benefit payments	31,279	31,219	511	-	31,790	31,219
4.	Employee contributions	-	-	-	-	-	-
5.	Plan settlements	-	-	-	-	-	-
6.	a. Benefits paid from the plan	-	-	-	-	-	-
	b. Direct benefit payments	(31,279)	(31,219)	(511)	-	(31,790)	(31,219)
7.	Acquisitions / divestitures	-	-	-	-	-	-
8.	Plan combinations	-	-	-	-	-	-
9.	Adjustments	-	-	-	-	-	-
10.	Exchange rate changes	-	-	-	-	-	-
11.	Fair value of plan assets at end of year	-	-	-	-	-	-
C.	**Reconciliation of funded status**						
1.	Fair value of plan assets	-	-	-	-	-	-
2.	Benefit obligations	1,282,257	1,050,549	39,261	32,376	1,321,518	1,082,925
3.	Funded status (plan assets less benefit obligations)	(1,282,257)	(1,050,549)	(39,261)	(32,376)	(1,321,518)	(1,082,925)
4.	Contributions and distributions made by company from measurement date to fiscal year end	-	-	-	-	-	-
5.	Net amount [asset (obligation)] recognized in statement of financial position	(1,282,257)	(1,050,549)	(39,261)	(32,376)	(1,321,518)	(1,082,925)
D.	**Amounts recognized on the consolidated balance sheet position consists of**						
1.	Noncurrent assets	-	-	-	-	-	-
2.	Current liabilities	(40,269)	(37,681)	(980)	(872)	(41,249)	(38,553)
3.	Noncurrent liabilities	(1,241,988)	(1,012,868)	(38,281)	(31,504)	(1,280,269)	(1,044,372)
4.	Net amount [asset (obligation)] recognized in statement of financial position	(1,282,257)	(1,050,549)	(39,261)	(32,376)	(1,321,518)	(1,082,925)

Plan Name:	Hydro One PRB		Inergi PRB		Total	
Country	Canada	Canada	Canada	Canada	Canada	Canada
	1,000	1,000	1,000	1,000	1,000	1,000
Fiscal year ending on	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011
E. Reconciliation of amounts recognized in statement of financial position						
1. Initial net asset(obligation)	-	-	-	-	-	-
2. Prior service credit (cost)	(3,951)	(6,583)	-	(3)	(3,951)	(6,586)
3. Net gain (loss)	(318,135)	(137,801)	(7,734)	(2,015)	(325,869)	(139,816)
4. Accumulated other comprehensive income (loss)	(322,086)	(144,384)	(7,734)	(2,018)	(329,820)	(146,402)
5. Accumulated contributions in excess of net periodic benefit cost	(960,171)	(906,165)	(31,527)	(30,358)	(991,698)	(936,523)
6. Net amount [surplus (deficit)] recognized in statement of financial position	(1,282,257)	(1,050,549)	(39,261)	(32,376)	(1,321,518)	(1,082,925)
F. Components of net periodic benefit cost						
1. Service cost	24,474	25,080	-	-	24,474	25,080
2. Interest cost	55,450	59,507	1,677	1,768	57,127	61,275
3. Expected return on plan assets	-	-	-	-	-	-
4. Amortization of initial net obligation (asset)	-	-	-	-	-	-
5. Amortization of prior service cost	2,632	2,808	3	17	2,635	2,825
6. Amortization of net (gain) loss	2,729	6,780	-	-	2,729	6,780
7. Curtailment (gain) / loss recognized	-	-	-	-	-	-
8. Settlement (gain) / loss recognized	-	-	-	-	-	-
9. Special termination benefit recognized	-	-	-	-	-	-
10. Net periodic benefit cost	85,285	94,175	1,680	1,785	86,965	95,960
G. Changes recognized in other comprehensive income						
Changes in plan assets and benefit obligations recognized in other comprehensive income						
1. New prior service cost	-	-	-	-	-	-
2. Net loss (gain) arising during the year*	183,063	(33,015)	5,719	(544)	188,782	(33,559)
3. Effect of exchange rates on amounts included in AOCI	-	-	-	-	-	-
Amounts recognized as a component of net periodic benefit cost						
4. Amortization, settlement or curtailment recognition of net transition asset (obligation)	-	-	-	-	-	-
5. Amortization or curtailment recognition of prior service credit (cost)	(2,632)	(2,808)	(3)	(17)	(2,635)	(2,825)
6. Amortization or settlement recognition of net gain (loss)	(2,729)	(6,780)	-	-	(2,729)	(6,780)
7. Total recognized in other comprehensive loss (income)	177,702	(42,603)	5,716	(561)	183,418	(43,164)
8. Total recognized in net periodic benefit and other comprehensive loss (income)	262,987	51,572	7,396	1,224	270,383	52,796

**Includes curtailment gains not recognized as a component of net periodic cost*

Plan Name:	Hydro One PRB		Inergi PRB		Total	
Country	Canada	Canada	Canada	Canada	Canada	Canada
	1,000	1,000	1,000	1,000	1,000	1,000
Fiscal year ending on	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011
G. Changes recognized in other comprehensive income						
Estimated amounts that will be amortized from accumulated other comprehensive income over the next fiscal year						
9. Initial net asset (obligation)	-		-		-	
10. Prior service credit (cost)	(2,632)		-		(2,632)	
11. Net gain (loss)	(15,826)		(317)		(16,143)	
	(18,458)		(317)		(18,775)	
H. Weighted-average assumptions to determine benefit obligations						
1. Discount rate	4.25%	5.25%	4.25%	5.25%		
2. Rate of compensation increase	2.50% + PPM	2.50% + PPM	Not applicable	Not applicable		
3. Measurement date	31-Dec-2012	31-Dec-2011	31-Dec-2012	31-Dec-2011		
Additional information for post-retirement medical plans						
4. Assumed health care trend rate						
a. Immediate Trend Rate	6.89%	6.99%	6.89%	6.99%		
b. Ultimate Trend Rate	4.39%	4.39%	4.39%	4.39%		
c. Year that the rate reaches ultimate trend rate	2031	2031	2031	2031		
I. Assumptions to determine net cost						
1. Discount rate	5.25%	5.75%	5.25%	5.75%		
2. Expected return on assets	Not applicable	Not applicable	Not applicable	Not applicable		
3. Rate of compensation increase	2.50% + PPM	2.50% + PPM	Not applicable	Not applicable		
Additional information for post-retirement medical plans						
4. Assumed health care trend rate						
a. Immediate Trend Rate	6.99%	7.53%	6.99%	7.53%		
b. Ultimate Trend Rate	4.39%	4.91%	4.39%	4.91%		
c. Year that the rate reaches ultimate trend rate	2031	2029	2031	2029		

Plan Name:

	Hydro One PRB		Inergi PRB		Total	
Country	Canada	Canada	Canada	Canada	Canada	Canada
	1,000	1,000	1,000	1,000	1,000	1,000
Fiscal year ending on	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011
J. Additional year-end information						
Required disclosures for post-retirement medical plans						
1. Sensitivity to trend rate assumptions						
a. One percent increase in trend rate						
i. Effect on total service cost and interest cost components	16,579	18,963	294	630	16,873	19,593
ii. Effect on benefit obligation	237,338	167,681	7,516	5,607	244,854	173,288
b. One percent decrease in trend rate						
i. Effect on total service cost and interest cost components	(12,528)	(13,508)	(234)	(81)	(12,762)	(13,589)
ii. Effect on benefit obligation	(184,466)	(132,962)	(5,907)	(4,460)	(190,373)	(137,422)
K. Additional year-end information for plans with accumulated benefit obligations in excess of plan assets						
1. Projected benefit obligation	-	-	-	-	-	-
2. Accumulated benefit obligation	-	-	-	-	-	-
3. Fair value of plan assets	-	-	-	-	-	-
L. Additional year-end information for plans with projected benefit obligations in excess of plan assets						
1. Projected benefit obligation	1,282,257	1,050,549	39,261	32,376	1,321,518	1,082,925
2. Fair value of plan assets	-	-	-	-	-	-
M. Cash flows						
1. Projected company contributions for following fiscal year	40,269		980		41,249	
2. Expected benefit payments for FYE						
31-Dec-2013 :	40,269		980		41,249	
31-Dec-2014 :	43,065		1,078		44,143	
31-Dec-2015 :	45,835		1,172		47,007	
31-Dec-2016 :	48,641		1,276		49,917	
31-Dec-2017 :	51,533		1,370		52,903	
Next five years	300,221		8,260		308,481	

Postemployment Benefits

All amount in $000s

	Plan Name:		Hydro One PEB	
	Country		Canada	Canada
			1,000	1,000
	Fiscal year ending on		12/31/2012	12/31/2011
A.	**Change in benefit obligation**			
1.	Benefit obligation at beginning of year		39,623	41,029
2.	Service cost		2,500	2,353
3.	Interest cost		1,959	2,227
4.	Employee contributions		-	-
5.	Plan amendments		-	-
6.	Plan curtailments		-	-
7.	Plan settlements		-	-
8.	Special termination benefits		-	-
9.	a. Benefits paid from the plan		-	-
	b. Direct benefit payments		(8,021)	(7,175)
10.	Medicare subsidies received		-	-
11.	Expenses paid		-	-
12.	Taxes paid		-	-
13.	Premiums paid		-	-
14.	Net transfer in/(out) (including the effect of any business combinations/divestitures)		-	-
15.	Plan combinations		-	-
16.	Actuarial loss (gain)		4,815	1,189
17.	Exchange rate changes		-	-
18.	Benefit obligation at end of year		40,876	39,623

	Plan Name:	Hydro One PEB	
	Country	Canada	Canada
		1,000	1,000
	Fiscal year ending on	12/31/2012	12/31/2011
B.	**Change in plan assets**		
1.	Fair value of plan assets at beginning of year	-	-
2.	Actual return on plan assets	-	-
3.	a. Employer contributions to plan	-	-
	b. Employer direct benefit payments	8,021	7,175
4.	Employee contributions	-	-
5.	Plan settlements	-	-
6.	a. Benefits paid from the plan	-	-
	b. Direct benefit payments	(8,021)	(7,175)
7.	Medicare subsidies received	-	-
8.	Expenses paid	-	-
9.	Taxes paid	-	-
10.	Premiums paid	-	-
11.	Acquisitions / divestitures	-	-
12.	Plan combinations	-	-
13.	Adjustments	-	-
14.	Exchange rate changes	-	-
15.	Fair value of plan assets at end of year	-	-
C.	**Reconciliation of funded status**		
1.	Fair value of plan assets	-	-
2.	Benefit obligations	40,876	39,623
3.	Funded status (plan assets less benefit obligations)	(40,876)	(39,623)
4.	Contributions and distributions made by company from measurement date to fiscal year end	-	-
5.	Net amount [asset (obligation)] recognized in statement of financial position	(40,876)	(39,623)
D.	**Amounts recognized on the consolidated balance sheet position consists of**		
1.	Noncurrent assets	-	-
2.	Current liabilities	(6,587)	(7,171)
3.	Noncurrent liabilities	(34,290)	(32,453)
4.	Net amount [asset (obligation)] recognized in statement of financial position	(40,876)	(39,623)

Plan Name:	Hydro One PEB	
Country	Canada	Canada
	1,000	1,000
Fiscal year ending on	12/31/2012	12/31/2011
E. Reconciliation of amounts recognized in statement of financial position		
1. Initial net asset(obligation)	-	-
2. Prior service credit (cost)	-	-
3. Net gain (loss)	-	-
4. Accumulated other comprehensive income (loss)	-	-
5. Accumulated contributions in excess of net periodic benefit cost	(40,876)	(39,623)
6. Net amount [surplus (deficit)] recognized in statement of financial position	(40,876)	(39,623)
F. Components of net periodic benefit cost		
1. Service cost	2,500	2,353
2. Interest cost	1,959	2,227
3. Expected return on plan assets	-	-
4. Amortization of initial net obligation (asset)	-	-
5. Amortization of prior service cost	-	-
6. Amortization of net (gain) loss	4,815	1,189
7. Curtailment (gain) / loss recognized	-	-
8. Settlement (gain) / loss recognized	-	-
9. Special termination benefit recognized	-	-
10. Net periodic benefit cost	9,274	5,769
G. Changes recognized in other comprehensive income		
Changes in plan assets and benefit obligations recognized in other comprehensive income		
1. New prior service cost	-	-
2. Net loss (gain) arising during the year*	-	-
3. Effect of exchange rates on amounts included in AOCI	-	-
Amounts recognized as a component of net periodic benefit cost		
4. Amortization, settlement or curtailment recognition of net transition asset (obligation)	-	-
5. Amortization or curtailment recognition of prior service credit (cost)	-	-
6. Amortization or settlement recognition of net gain (loss)	-	-
7. Total recognized in other comprehensive loss (income)	-	-
8. Total recognized in net periodic benefit and other comprehensive loss (income)	9,274	5,769

**Includes curtailment gains not recognized as a component of net periodic cost*

Plan Name:	Hydro One PEB	
Country	Canada	Canada
	1,000	1,000
Fiscal year ending on	12/31/2012	12/31/2011
G. Changes recognized in other comprehensive income		
9. Initial net asset (obligation)	-	
10. Prior service credit (cost)	-	
11. Net gain (loss)	-	
	-	
H. Weighted-average assumptions to determine benefit obligations		
1. Discount rate	4.25%	5.25%
2. Rate of compensation increase	2.00%	2.00%
3. Measurement date	31-Dec-2012	31-Dec-2011
Additional information for post-retirement medical plans		
4. Assumed health care trend rate		
a. Immediate Trend Rate	7.55%	8.02%
b. Ultimate Trend Rate	4.32%	4.91%
c. Year that the rate reaches ultimate trend rate	2031	2023
I. Assumptions to determine net cost		
1. Discount rate	5.25%	5.75%
2. Expected return on assets	Not applicable	Not applicable
3. Rate of compensation increase	2.00%	2.00%
Additional information for post-retirement medical plans		
4. Assumed health care trend rate		
a. Immediate Trend Rate	8.02%	8.29%
b. Ultimate Trend Rate	4.91%	4.91%
c. Year that the rate reaches ultimate trend rate	2023	2023

Plan Name:	Hydro One PEB	
Country	Canada	Canada
	1,000	1,000
Fiscal year ending on	12/31/2012	12/31/2011
J. Additional year-end information		
Required disclosures for post-retirement medical plans		
1. Sensitivity to trend rate assumptions		
a. One percent increase in trend rate		
i. Effect on total service cost and interest cost components	62	57
ii. Effect on benefit obligation	576	558
b. One percent decrease in trend rate		
i. Effect on total service cost and interest cost components	(60)	(53)
ii. Effect on benefit obligation	(522)	(513)
K. Additional year-end information for plans with accumulated benefit obligations in excess of plan assets		
1. Projected benefit obligation	-	-
2. Accumulated benefit obligation	-	-
3. Fair value of plan assets	-	-
L. Additional year-end information for plans with projected benefit obligations in excess of plan assets		
1. Projected benefit obligation	40,876	39,623
2. Fair value of plan assets	-	-
M. Cash flows		
1. Projected company contributions for following fiscal year	6,587	
2. Expected benefit payments for FYE		
31-Dec-2013 :	6,587	
31-Dec-2014 :	6,787	
31-Dec-2015 :	6,994	
31-Dec-2016 :	7,209	
31-Dec-2017 :	7,432	
Next five years	40,749	

APPENDIX B

Estimated 2013 net periodic benefit cost information

Non-Pension Postretirement Benefits

All amount in $000s

	Plan Name:	Hydro One PRB	Inergi PRB	Total
	Country	Canada	Canada	Canada
		1,000	1,000	1,000
	Fiscal year ending on	12/31/2013	12/31/2013	12/31/2013
A.	**Components of projected net periodic benefit cost**			
1.	Service cost	34,644	-	34,644
2.	Interest cost	55,113	1,648	56,761
3.	Expected return on plan assets	-	-	-
4.	Amortization of initial net obligation (asset)	-	-	-
5.	Amortization of prior service cost	2,632	-	2,632
6.	Amortization of net (gain) loss	15,826	317	16,143
7.	Curtailment (gain) / loss recognized	-	-	-
8.	Settlement (gain) / loss recognized	-	-	-
9.	Special termination benefit recognized	-	-	-
10.	Net periodic benefit cost	108,215	1,965	110,180
B.	**Weighted-average assumptions to determine net cost**			
1.	Discount rate	4.25%	4.25%	
2.	Expected return on assets	Not applicable	Not applicable	
3.	Salary scale	2.5% + PPM	Not applicable	
4.	Assumed health care trend rate			
	a. Immediate trend rate	6.89%	6.89%	
	b. Ultimate trend rate	4.39%	4.39%	
	c. Year that the rate reaches ultimate trend rate	2031	2031	

Postemployment Benefits

All amount in $000s

	Plan Name:	
		Hydro One PEB
	Country	Canada
		1,000
	Fiscal year ending on	12/31/2013
	Currency Information	
1.	Local currency:	CDN
2.	Reporting currency:	CDN
3.	Units of local currency equal to 1 unit of reporting currency	1.00000
A.	**Components of projected net periodic benefit cost**	
1.	Service cost	3,332
2.	Interest cost	1,668
3.	Expected return on plan assets	-
4.	Amortization of initial net obligation (asset)	-
5.	Amortization of prior service cost	-
6.	Amortization of net (gain) loss	-
7.	Curtailment (gain) / loss recognized	-
8.	Settlement (gain) / loss recognized	-
9.	Special termination benefit recognized	-
10.	Net periodic benefit cost	5,000
B.	**Weighted-average assumptions to determine net cost**	
1.	Discount rate	4.25%
2.	Expected return on assets	Not applicable
3.	Salary scale	2.00%
4.	Assumed health care trend rate	
	a. Immediate trend rate	7.55%
	b. Ultimate trend rate	4.32%
	c. Year that the rate reaches ultimate trend rate	2031

APPENDIX C

Actuarial assumptions

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

Measurement date	December 31
Discount rate	• 5.75% per annum for 2011 benefits expense determination • 5.25% per annum for December 31, 2011 funded status and 2012 benefits expense determination • 4.25% per annum for December 31, 2012 funded status and estimated 2013 benefits expense determination
Salary increases – non-LTD members	• 2.50% per annum plus PPM (promotion, productivity and merit, age and service-related scale)
Salary increases – LTD members	• 2.00% per annum

<table>
<tr><td rowspan="5">Healthcare trend rates for non-pension postretirement benefits and postemployment benefits (healthcare trend rates apply to December 31, 2012 obligation and estimated 2013 benefits expense only for postemployment benefits)</td><td>Semi-private hospital</td><td>4.50% per annum</td></tr>
<tr><td>Prescription drugs[1]</td><td>8.92% per annum in 2011 grading down to 4.50% per annum in and after 2031</td></tr>
<tr><td>Other medical</td><td>8.92% per annum in 2011 grading down to 4.50% per annum in and after 2031</td></tr>
<tr><td>Vision care</td><td>2.00% per annum through to 2028 and 0% thereafter</td></tr>
<tr><td>Dental</td><td>4.50% per annum</td></tr>
<tr><td rowspan="2">Healthcare trend rates for 2011 benefits expense, December 31, 2011 funded status, and 2012 benefits expense for postemployment benefits only</td><td>Medical</td><td>9.54% per annum in 2009 grading down to 4.90% per annum in and after 2023</td></tr>
<tr><td>Dental</td><td>5.00% per annum</td></tr>
<tr><td>Mortality table</td><td colspan="2">1994 Uninsured Pensioners Mortality Table with projected improvements (Generational)</td></tr>
<tr><td>Withdrawal for non-pension postretirement benefits plan</td><td colspan="2">Rates at sample ages are shown below:
<table>
<tr><th>Age</th><th>Male</th><th>Female</th></tr>
<tr><td>20</td><td>4%</td><td>5%</td></tr>
<tr><td>30</td><td>2%</td><td>4%</td></tr>
<tr><td>40</td><td>1%</td><td>3%</td></tr>
<tr><td>50</td><td>1%</td><td>3%</td></tr>
<tr><td>55+</td><td>0%</td><td>0%</td></tr>
</table>
No recovery or termination is assumed for LTD members, other than by death
No withdrawal is assumed after attainment of eligibility for retirement.</td></tr>
</table>

[1] The initial trend rate for prescription drug after age 65 is assumed to be 80% of the above assumption and the ultimate trend rate is assumed to be 0.25% lower than the above assumption due to the non-inflated Bill 26 costs beyond age 65 (i.e. $100 deductible and $6.11 per dispensing fee).

Disability incidence

Rates at sample ages are shown below:

Age	Rate
20	0.100%
30	0.105%
40	0.115%
50	0.295%
60	1.878%

Retirement rates

Age	If Eligible for Reduced Pension		If Eligible for Unreduced Pension
	Male	Female	
< 55	0%	0%	15%
55 to 60	2%	5%	25%
61 to 64	7%	10%	25%
65	100%	100%	100%

LTD members are assumed to retire at age 65. Employees are eligible to retire for an unreduced pension when age plus years of continuous employment is greater than or equal to 82.

Deferred vested employees (25 years of service or more) are assumed to retire and receive health and dental benefits at age 55.

Termination (Including Recovery) assumptions for postemployment plan

Based on the GLTD table from the 1988-1997 CIA Disability Termination Study

Dependent coverage

90% of active members are assumed to elect dependant coverage upon retirement:

Actual coverage data provided by the client is used for retired members.

Age difference

For active members, a male is assumed to be 4 years older than his spouse.

Actual data provided by the client is used for retired members.

2011 age 65 per capita claim costs for postretirement benefits with administration and taxes	Semi-private hospital	$86
	Prescription drugs[2]	729
	Other medical	513
	Vision care	150
	Dental care	801
	Total	**$2,279**
Annual credit for Management employees hired on or after January 1, 2004	$100 per year of service at retirement to a maximum of $3,000	
2010 per capita disabled employee claim costs for postemployment benefits with administration and taxes for 2011 benefits expense, December 31, 2011 funded status and 2012 benefits expense determination	Medical	$7,542
	Dental care	1,467
	Total	**$9,009**
2012 per capita disabled employee claim costs for postemployment benefits with administration and taxes for December 31, 2012 funded status and estimated 2013 benefits expense	Medical	$6,982
	Dental care	1,282
	Total	**$8,264**

[2] The cost for drug benefits reflects that the provincial government plans cover approximate 65% of drug costs for seniors age 65 and over.

<table>
<tr><td>Aging factors for non-pension postretirement benefits</td><td colspan="6">The change in claiming levels from one age to the next are shown below for sample ages:

<table><tr><th>Age</th><th>Semi-Private Hospital</th><th>Prescription Drug</th><th>Other Medical</th><th>Vision</th><th>Dental</th></tr><tr><td>55</td><td>7.0%</td><td>3.8%</td><td>(0.2%)</td><td>(0.5%)</td><td>(0.4%)</td></tr><tr><td>65</td><td>10.0%</td><td>2.1%</td><td>(0.5%)</td><td>(0.6%)</td><td>(0.9%)</td></tr><tr><td>75</td><td>9.3%</td><td>0.5%</td><td>1.7%</td><td>(0.6%)</td><td>(1.3%)</td></tr><tr><td>85</td><td>6.8%</td><td>(0.3%)</td><td>2.3%</td><td>(0.7%)</td><td>(2.9%)</td></tr></table></td></tr>
<tr><td>Prescription drug offset assumption at age 65 and after</td><td colspan="6">65% of claims</td></tr>
<tr><td rowspan="5">Administrative expenses as a percentage of paid claims</td><td colspan="4">Medical (excluding prescription drugs)</td><td colspan="2">4.80%</td></tr>
<tr><td colspan="4">Prescription drugs</td><td colspan="2">4.65%</td></tr>
<tr><td colspan="4">Dental</td><td colspan="2">3.35%</td></tr>
<tr><td colspan="4">Life</td><td colspan="2">1.82%</td></tr>
<tr><td colspan="4">LTD income</td><td colspan="2">3.63%</td></tr>
<tr><td>Taxes for non-pension postretirement benefits</td><td colspan="6">10.00% of claims and administration expenses for medical, dental and life insurance benefits.</td></tr>
<tr><td rowspan="2">Taxes for postemployment benefits</td><td colspan="6">0.56% of claims and administration expenses for LTD income benefits.</td></tr>
<tr><td colspan="6">13.00% of administration expenses for benefits other than LTD.</td></tr>
<tr><td>Participation</td><td colspan="6">It is assumed that 100% of eligible members will participate in the non-pension postretirement benefit plan upon retirement.</td></tr>
</table>

APPENDIX D

Actuarial methods

Actuarial cost method

Non-pension postretirement benefits

Accumulated Postretirement Benefit Obligation (APBO) numbers shown in this report are computed using the Projected Unit Credit method. The objective under this method is to expense each member's benefits under the non-pension postretirement benefit plan, taking into consideration projections of benefit costs to and during retirement.

Under the Projected Unit Credit method, an equal portion of the total estimated future benefit is attributed to each year of service.

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

For retirees, spouses and surviving spouses, the APBO 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:

For active employees with NRA 65	Earliest of age 55, 82 points and 35 years of service
For active employees with NRA 60	Age 50
For LTD members	Date of disability
For deferred vested members with 25 or more years of eligibility service	Immediate

For active members who have reached “full eligibility”, the APBO 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 APBO 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 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 non-pension postretirement benefit plan’s current service cost is the sum of the individual service costs, and APBO is the sum of the APBOs for all participants under this Plan. The APBO is noted as the “Benefit Obligation” in Appendix A.

Postemployment benefits

The liabilities for postemployment benefits are determined on a terminal accounting basis. For each disabled employee on long-term disability, the liability is equal to the full present value of future benefit payments (including LTD income benefits and continuation of health, dental and life insurance coverage) until age 65 including projected recoveries and terminations from disability.

In addition, the liabilities include a provision for future benefit payments for disabled employees who are in the waiting period for qualification for long-term disability benefits (referred to as incurred but not reported (IBNR) claims reserve).

Funding policy

The non-pension postretirement benefits and postemployment benefits are funded on a pay-as-you-go basis. Hydro One funds on a cash basis as benefits are paid. No assets have been segregated and restricted to provide the non-pension postretirement benefits or postemployment benefits.

Accounting policies

Non-pension postretirement benefits

The Entity has elected to amortize prior 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 (2.5 years remaining as at January 1, 2012 for 2006 Hydro One plan changes[3]).

Cumulative gains and losses in excess of 10% of the beginning of year APBO are amortized over the expected average remaining service of active members expected to receive benefits under the Plan (12 years as at December 31, 2011).

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

Postemployment benefits

US GAAP does not permit the deferral and amortization of actuarial gains and losses, prior services costs, or transition obligations associated with benefits accounted under ASC 712. Any actuarial gains and losses arising during the fiscal year are recognized immediately in the current year benefits expense.

Hydro One's fiscal year-end is December 31 and the measurement date of the Entity's obligations is December 31.

[3] As at January 1, 2012, an unamortized past service cost of $3,000 remained for Inergi. This full amount was amortized in the fiscal 2012 benefits expense.

APPENDIX E

Plan provisions

Non-pension postretirement benefits

Eligibility

Retirees entitled to a pension are eligible for life insurance, retirement bonus, medical and dental coverage as described later.

Normal retirement age is 65. For females hired before January 1, 1976, the normal retirement age is 60.

An employee may retire and be eligible for benefits at the earliest of:

- 10 years prior to normal retirement age and two years of pension plan membership;
- 35 years of service; and
- The date at which age plus service equals 82

Deferred vested members with 25 or more years of service are eligible for medical and dental coverage at the time they receive a pension from the company (assumed to be age 55).

Spouses and dependants are eligible for medical and dental coverage while the retiree is alive. After the retiree's death, spouses and dependants are eligible for coverage if the spouse is in receipt of a pension. Surviving spouses and dependants of an employee who died in active employment or a disabled employee who died while disabled are also eligible for medical and dental coverage if the spouse is in receipt of a pension. Spouses and dependants of a deferred vested member with 25 or more years of service who dies while deferred are eligible for benefits.

Benefits

Life insurance

Life insurance coverage equal to 50% of base annual earnings at retirement is provided in the first 10 years of retirement, reducing to 25% of base annual earnings 10 years after retirement. For LTD members this benefit commences at age 65 as mentioned above.

Retirement bonus

Employees (excluding Management employees who were hired on or after January 1, 2004) with 10 or more years' continuous service receive a lump sum payment of one month's earnings at retirement.

Medical and Dental

Medical and dental benefits vary depending on the employee group the retiree was in as an active employee. The groups (identified by the insurance contract Claims Branch Code) are as follows:

011 Society pensioners formerly in one of the following Employee Groups:

- Management and Professional, Field Management and Professional Management Function and Auditor/Management and Professional Trainees
- Office Supervisory and Services, Trades Management Supervisors, Trade Supervisors, System Control (SC), Supervising Electrical Inspectors and Helicopter Supervisors

014 Pensioners formerly in one of the following Employee Groups:

- Members of the Power Workers' Union (PWU) (CUPE Local 1000)
- Managerial Services
- Construction Field Foreman

013,015,016 Executive Salary Roll Pensioners and Non-Society Pensioners formerly in one of the following Employee Groups:

- Management and Professional, Field Management and Professional Management Function and Auditor/Management and Professional Trainees
- Office Supervisory and Services, Trades Management Supervisors, Trades Supervisors, System Control (SC), Supervising Electrical Inspectors and Helicopter Supervisors

Semi-private Hospital Accommodation Plan

This plan covers:

- the semi-private differential between ward accommodation and semi-private accommodation in an active treatment hospital, and
- up to $40 per day for a maximum of 120 days in any period of 365 consecutive days towards semi-private or private room accommodation in a hospital for the chronically ill or a chronic care unit of a general hospital.

Extended Health Care Benefits Plan

This plan covers:

- The differential between semi-private and private room accommodation in an active treatment hospital.
- Up to $20 per day for PWU members for a maximum of 365 days per lifetime towards semi-private or private room accommodation in a contract (private) hospital or a convalescent/rehabilitative hospital (Non-union members are eligible for full semi-private hospital coverage at these hospitals up to 120 days per lifetime under the Semi-Private Hospital Accommodation Plan and Society members are eligible for 365 days per lifetime).
- Prescription drugs (as listed in the company's Formulary Drug List – including Lactaid), medicines, sera and vaccines, etc. subject to the following for Claims Branches 011, 013, 015 and 016:
  a. A maximum dispensing fee of $11.00 per prescription for drugs that require a prescription by law (the maximum does not apply in certain limited situations)
  b. Generic substitution unless the physician requests no substitution (for claims branch 014 as well)
  c. Over-the-counter drugs that do not require a prescription by law are covered where medically required (a dispensing fee of up to $6.11 is covered for electronic claims only for all claims branches). Over-the-counter drugs except for life sustaining drugs are not included in EHC benefits for Society and Management members
- Blood and blood products.
- Private duty nursing, subject to a maximum fee as set by the largest Nursing Registry in Ontario (cap of $50,000 per calendar year and a lifetime maximum of $150,000).

- Ambulance services.
- Physiotherapy treatments.
- Miscellaneous items such as prosthetic appliances, equipment rental, support stockings.
- Dental treatment as the result of an accident.
- Hearing aids.
- Eyeglasses (included contact lenses) up to $400 per person, every two calendar years (the calendar year periods vary by Claims Branch). For PWU and Society members, the vision care maximum increases from $450 to $475 per person, every two calendar years, as of January 1, 2009.
- Services of clinical psychologists, masseurs, speech therapists, chiropractors, podiatrists, chiropodists, naturopaths subject to certain per person calendar year maximums which may vary by Claims Branch.

The annual deductibles are as follows:

Claims Branches 011, 013, 014, 015 and 016: $10 single/$20 family

The deductibles do not apply to vision care and hearing aids.

Out-of-Province Health Coverage

- For pensioners the plans do not cover any service or supply provided outside Ontario for an amount greater than it would pay for such benefit if supplied in Ontario.
- Pensioners and their dependents are covered for emergency illness or injury (only) which occurs while travelling outside Ontario. The coverage is through MEDEX and ceases once the emergency is dealt with. On-going medical care is not covered.
- No deductible applied under Out-of-Province Health Coverage.

Dental Benefits

This plan pays 100% of Class A Services and 85% of Class B Services.

Class A Services includes examinations, x-rays, preventive services, periodontal services, endodontic services and extensive oral surgery.

Class B Services include dentures, crowns, bridges and temporomandibular joint appliances.
For all employee groups, the current ODA Fee Guide applies.

No deductibles or annual or lifetime maximums apply with the exception of a $1,300 lifetime maximum per person on temporomandibular joint appliances.

This plan also pays 75% of eligible charges related to Orthodontic Benefits subject to a $4,000 lifetime maximum per individual for Claims Branches 011, 013, 014, 015 and 016.

Ontario Health Premium

Hydro One Inc. pays the Ontario Health Premium (OHP) for retirees.

Postemployment Benefits

Disabled employees are eligible for the following benefits:

Long-Term Disability Benefits

Long-term disability benefits begin at the later of 6 months of disability or the exhaustion of sick leave credits.

LTD benefits are the lesser of 65% of base earnings or 75% of base earnings less benefits received from the Canada Pension Plan or Workers' Compensation benefits. Benefits are indexed at 100% of the Consumers Price Index.

Benefits cease at the earlier of death, recovery, retirement or age 65.

Medical and Dental Benefits

Medical and dental coverage is continued for the disabled employee and his dependants. Benefit provisions are similar to that of the Non-Pension Postretirement plan.

Life Insurance Benefits

Life insurance coverage of two or three times base annual salary (depending on the option chosen) is continued.

Inergi

It is understood that the cost of the non-pension postretirement benefits offered to Inergi members will be divided between Hydro One Inc. and Inergi, relative to the service with each company at retirement. Our figures pertain to Hydro One Inc.'s portion of the obligations only. Hydro One Inc. does not retain the obligation for Inergi members on disability; therefore, no postemployment benefit obligation is included in this report for such members.

APPENDIX F

Participant data

The Hydro One Inc. non-pension postretirement actuarial valuation results are based on participant data as at September 1, 2008 and January 1, 2011, provided by the Mercer Pension Administration and Hydro One Inc respectively. The Inergi actuarial valuation results are based on participant data as at September 1, 2008 and January 1, 2011, as provided by Inergi.

The Hydro One Inc. postemployment actuarial valuation results are based on participant data as at November 30, 2010 and September 30, 2012, provided by Hydro One 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.

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

Non-Pension Postretirement Benefits

Analysis of Membership Data

Hydro One Inc.	01.01.11	01.09.08
Active Members		
Number	5,594	4,568
Average basic earnings	$89,163	$83,067
Average years of eligible service	14.6 years	17.5 years
Average age	43.5	45.3
Disabled Members		
Number	117	123
Average basic deemed earnings	$63,028	$68,296
Average years of eligible service	26.8 years	25.9 years
Average age	55.5	54.3
Deferred Vested Members		
Number	9	19
Average age	51.8	53.3
Retirees		
Number with life insurance	4,814	5,014
Average life insurance benefit	$31,744	$30,117
Average age for members with life insurance	70.7	70.2
Number with medical	4,987	5,105
Average age for members with medical	70.6	70.0
Number of spouses with medical coverage	4,288	4,464
Average age of spouses	66.4	65.9
Surviving Spouses		
Number	1,635	1,653
Average	78.9	78.3

Inergi	01.01.11	01.09.08
Active Members		
Number	383	461
Average basic earnings	$88,438[4]	$80,756
Average years of eligible service	17.1 years	15.4 years
Average age	47.8	45.6
Disabled Members		
Number	17	19
Average basic deemed earnings	$60,944[4]	$43,571
Average years of eligible service	23.5 years	21.8 years
Average age	49.7	48.3
Retirees		
Number	143	98
Average age	59.4	58.4
Number of covered spouses	138	98

[4] Based on actual 2010 salary provided by Hydro One and projected to the 2011 level using the salary increase assumption

The movement for all categories of membership since the previous actuarial valuation is as follows:

Reconciliation of Membership

Hydro One Inc.

	Actives	Disabled	Deferred Vested	Retirees	Surviving Spouses	Total
Total at September 1, 2008	**4,568**	**123**	**19**	**5,189**	**1,653**	**11,552**
Adjustments						-
New entrants	1,455					1,455
Terminations and deaths	(78)	(20)	(11)			(109)
Deferred pensions	(2)		2			-
Disability	(26)	26				-
Deaths				(285)	(271)	(556)
Surviving spouses				(253)	253	
Retirements	(334)	(1)	(1)	336		-
Reinstated to Active	11	(11)				-
Total at January 1, 2011	**5,594**	**117**	**9**	**4,987**	**1,635**	**12,342**

Inergi

	Active	Disabled Members	Retirees and Surviving Spouses	Total
Total at September 1, 2008	**461**	**19**	**98**	**578**
Adjustments	11		10	21
New entrants				-
Disability				-
Terminations	(53)	(1)		(54)
Deaths			(2)	(2)
Retirements	(36)	(1)	37	-
Surviving spouses				-
Total at January 1, 2011	**383**	**17**	**143**	**543**

The distribution of the Hydro One Inc. active participants by age and completed years of eligible service as at January 1, 2011 is summarized as follows:

Distribution of Active Participants
By Age Group and Completed Years of Eligible Service as at 01.01.11

	Years of Completed Service							
Age	**0–4**	**5–9**	**10–14**	**15–19**	**20–24**	**25–29**	**30+**	**Total**
Under 20								0
20 – 24	251	6						257
25 – 29	544	198	1					743
30 – 34	259	230	66					555
35 – 39	204	155	85	5	9			458
40 – 44	194	92	54	46	183	6		575
45 – 49	172	111	54	47	498	228	31	1,141
50 – 54	105	68	40	30	200	265	341	1,049
55 – 59	65	34	32	11	90	94	242	568
60 – 64	26	15	14	8	30	46	73	212
65 +	2	4	5	2	8	7	8	36
Total	**1,822**	**913**	**351**	**149**	**1,018**	**646**	**695**	**5,594**

Summary of Active Members for Hydro One Inc.

	Number	Average Age	Average Years of Eligible Service	Average Annualized Basic Earnings	Number with Health Coverage	Number with Dental Coverage
Management	679	48.2	16.8	$119,371	616	614
Society	1,396	41.8	11.5	98,655	1,353	1,353
PWU	3,519	43.3	15.4	79,569	3,418	3,418
Total	**5,594**	**43.5**	**14.6**	**$89,163**	**5,387**	**5,385**

The distribution of the Inergi active members by age and completed years of eligible service as at January 1, 2011 is summarized as follows:

Distribution of Active Members
By Age Group and Completed Years of Eligible Service as at 01.01.11

	Years of Completed Service							
Age	**0–4**	**5–9**	**10–14**	**15–19**	**20–24**	**25–29**	**30+**	**Total**
Under 20								0
20 – 24								0
25 – 29								0
30 – 34		1	11					12
35 – 39		4	49					53
40 – 44		3	48	3	14	1		69
45 – 49		2	38	1	39	23	1	104
50 – 54			42	2	15	16	6	81
55 – 59		1	13	5	13	6	4	42
60 – 64			13	4	3	1		21
65 +			1					1
Total	**0**	**11**	**215**	**15**	**84**	**47**	**11**	**383**

Summary of Active Members for Inergi

	Number	Average Age	Average Years of Eligible Service	Average Annualized Basic Earnings	Number with Health Coverage	Number with Dental Coverage
Management	25	50.1	21.0	$119,620	25	25
Society	132	49.1	19.3	113,792	131	131
PWU	226	46.7	15.5	70,179	223	223
Total	**383**	**47.8**	**17.1**	**$88,438**	**379**	**379**

The distribution of Hydro One Inc. retirees and surviving spouses by age as at January 1, 2011 is summarized as follows:

Distribution of Inactive Members
By Age Group as at 01.01.11

Age	Retirees	Surviving Spouses	Total
Under 50	1	25	26
50 - 54	101	27	128
55 - 59	586	49	635
60 - 64	1,125	74	1,199
65 - 69	770	99	869
70 - 74	685	158	843
75 - 79	676	326	1,002
80 - 84	639	425	1,064
85 - 89	295	295	590
90- 94	92	120	212
95 - 99	16	33	49
100+	1	4	5
Total	**4,987**	**1,635**	**6,622**

Summary of Retirees for Hydro One Inc.

	Number	Average Age	Number with Health Coverage	Number with Dental Coverage	Number with Spouse
Management	702	71.8	702	702	599
Society	1,442	70.2	1,442	1,442	1,299
PWU	2,843	70.5	2,843	2,831	2,390
Total	**4,987**	**70.6**	**4,987**	**4,975**	**4,288**

Summary of Retirees for Inergi

	Number	Average Age	Number with Health Coverage	Number with Dental Coverage	Number with Spouse
Management	16	59.3	16	16	15
Society	68	58.4	68	68	65
PWU	59	60.6	59	59	58
Total	**143**	**59.4**	**143**	**143**	**138**

Summary of Surviving Spouses for Hydro One Inc. with Medical and/or Dental Coverage

	Number	Average Age
Management	210	81.5
Society	359	77.6
PWU	1,066	78.8
Total	**1,635**	**78.9**

Summary of Deferred Vested Members for Hydro One Inc. with Medical and Dental Coverage[5]

	Number	Average Age
Management	2	52.2
Society	2	54.4
PWU	5	50.6
Total	**9**	**51.8**

[5] Deferred vested members are members who terminated active membership with 25 or more years of eligibility service. They will receive postretirement health and dental benefits when they retire and collect a pension from Hydro One Inc.

Postemployment Benefits

Analysis of Membership Data

Summary of LTD Members

	30.09.12	30.11.10
Active Members		
Number	130	125
Number with Medical/Dental	130	125
Average age	55.2	55.8
Average duration of disability	8.7	8.5
Total net LTD income benefit	$391,300	$421,400
Average deemed earnings benefit	$76,030	$71,393

The distribution of the disabled members by age and completed years of service as at September 30, 2012 is summarized as follows:

Distribution of Disabled Members
By Age Group and Completed Years of Eligible Service as at 30.12.12

	Years of Completed Service							
Age	**0–4**	**5–9**	**10–14**	**15–19**	**20–24**	**25–29**	**30+**	**Total**
Under 20								0
20 – 24								0
25 – 29								0
30 – 34	2	1						3
35 – 39	2	2	1					5
40 – 44	1	1		1				3
45 – 49	1	1	1	2	12			17
50 – 54					13	7	7	27
55 – 59	4	1		1	10	6	12	34
60 – 64		1	1	1	10	10	18	41
65 +								0
Total	**10**	**7**	**3**	**5**	**45**	**23**	**37**	**130**

Summary of LTD Members

	Number	Average Age	Average Years of Eligible Service	Average Annualized Basic Earnings	Number with Health Coverage	Number with Dental Coverage
Management	8	53.4	21.6	$93,853.40	8	8
Society	15	55.3	19.3	$97,308.70	15	15
PWU	107	55.3	25.4	$71,714.55	107	107
Total	**130**	**55.2**	**24.4**	**$76,030.12**	**130**	**130**

APPENDIX G

Employer certification

With respect to the actuarial valuation report for the fiscal year ending December 31, 2012 and estimated 2013 net periodic benefit cost under US GAAP of the non-pension postretirement and postemployment plans, 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 the plan for service up to the date of the valuation;
- Copies of the official plan documents and of all amendments made up to December 31, 2012 have been supplied to the actuary;
- All substantive commitments (as defined under US GAAP) have been communicated to the actuary;
- Accounting policies as adopted by Hydro One 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 December 31, 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.

January 24, 2013
Date

Signed

Karen M Kumar
Name

VP, Corporate Controller
Title



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Hydro One Inc. Non-Pension Post-Retirement Benefits Plan and Post-Employment Benefits Plan

Actuarial Valuation Report
Disclosure for Fiscal Year Ending December 31, 2013

January 2014

TOWERS WATSON

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Purposes of valuation

As requested by Hydro One Inc. (“Hydro One”), this report provides information for year-end financial reporting purposes required under FASB Accounting Standards Codification Topic 715-20-50 (ASC 715) for fiscal year ending December 31, 2013 for the Hydro One Inc. Non-Pension Post-Retirement Benefits Plan and Post-Employment Benefits Plan (the “Plans”).

The exhibits present year-end financial reporting information in accordance with ASC 715-20-50, including net balance sheet position of the Plans, cash flow, amortization amounts during the fiscal year, participant information, the provisions on which the valuation is based, and the actuarial assumptions and methods used in the calculations.

Limitations

This valuation has been conducted for the purposes described above and may not be suitable for any other purpose.

Section 1: Summary of key results

Benefit cost, assets & obligations

Hydro One - Non-Pension Post-Retirement Benefits Plan and Post-Employment Benefits Plan
All monetary amounts shown in CAN Dollars 000s

Fiscal Year Ending		12/31/2013				12/31/2012			
		Hydro One PRB	Inergi PRB	Total PRB	PEB	Hydro One PRB	Inergi PRB	Total PRB	PEB
Benefit Cost/ (Income)	Net Periodic Benefit Cost/(Income)	108,215	1,965	110,180	14,864	85,285	1,680	86,965	9,274
	Immediate Recognition of Benefit Cost/(Income) due to Special Events	0	0	0	0	0	0	0	0
	Total Benefit Cost/(Income)	108,215	1,965	110,180	14,864	85,285	1,680	86,965	9,274
Measurement Date		12/31/2013				12/31/2012			
		Hydro One PRB	Inergi PRB	Total PRB	PEB	Hydro One PRB	Inergi PRB	Total PRB	PEB
Plan Assets	Fair Value of Assets (FVA)	-	-	-	-	-	-	-	-
	Market Related Value of Assets (MRVA)	-	-	-	-	-	-	-	-
	Return on Fair Value Assets during Prior Year	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Benefit Obligations	Projected Benefit Obligation (PBO)	(1,344,639)	(40,314)	(1,384,953)	(48,288)	(1,282,257)	(39,261)	(1,321,518)	(40,876)
Funded Ratios	Fair Value of Assets to PBO	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accumulated Other Comprehensive (Income)/Loss	Net Prior Service Cost/(Credit)	1,319	-	1,319	-	3,951	-	3,951	-
	Net Loss/(Gain)	307,821	6,822	314,643	-	318,135	7,734	325,869	-
	Total Accumulated Other Comprehensive (Income)/Loss	309,140	6,822	315,962	-	322,086	7,734	329,820	-
Assumptions	Discount Rate	4.750%	4.750%		4.750%	4.250%	4.250%		4.250%
	Expected Long-term Rate of Return on Plan Assets	n/a	n/a		n/a	n/a	n/a		n/a
	Rate of Compensation Increase [1]	2.500%	n/a		n/a	2.500%	n/a		n/a
	Health Care Inflation - Initial	6.790%	6.790%		7.350%	6.890%	6.890%		7.550%
	Health Care Inflation - Ultimate	4.390%	4.390%		4.320%	4.390%	4.390%		4.320%
	Mortality	CPM-RPP2014 Public; projected using CPM improvement scale A	CPM-RPP2014 Public; projected using CPM improvement scale A		n/a	UP94 table projected generationally using scale AA	UP94 table projected generationally using scale AA		n/a
Participant Data	Census Date	1/1/2011	1/1/2011		11/30/2013	1/1/2011	1/1/2011		9/30/2012

Comments on results

Please note the following with respect to the results disclosed in this report:

- Disclosure information in respect of the prior year (i.e. fiscal year ending December 31, 2012) and the benefit cost for fiscal year 2013 has been based on information provided by Mercer in their year-end disclosure report dated February 11, 2013 ("ASC 715 and ASC 712 (US GAAP) Actuarial Valuation Report for the Fiscal Year Ending December 31, 2012, Non-Pension Postretirement and Postemployment, Hydro One Inc").

- For the Post-Employment Benefits Plan, the benefit cost for fiscal year 2013 also reflects losses based on a valuation performed as at December 31, 2013 and differences in actual benefit payments compared to expected.

- With respect to the disclosures in respect of the current year (i.e. fiscal year ending December 31, 2013), we have relied on the information provided by Mercer in the memo to Suzanne Jacques on January 3, 2014 titled "Information on Year-end Accounting Disclosure – Non-Pension Plans" (Mercer Information Letter), the results of the year-end 2012 disclosures and the December 31, 2013 valuation for the Post-Employment Benefits Plan.

Basis for valuation

Appendix A summarizes the assumptions and methods used in the valuation. Appendix B references our understanding of the principal provisions of the plan being valued.

Changes in assumptions

During the period covered by this report, the following changes have been incorporated into the actuarial assumptions:

- The discount rate used to determine the liabilities increased from 4.25% per annum to 4.75% per annum for the Plans. As a result of this change, the Project Benefit Obligation (PBO) at December 31, 2013 decreased by $113,622,000, $3,409,000 and $1,311,000, respectively, for the Hydro One Post-Retirement Benefits Plan, the Inergi Post-Retirement Benefits Plan and the Post-Employment Benefits Plan.

- For the Non-Pension Post-Retirement Benefits Plan as of December 31, 2013, the mortality table was updated from the UP94 projected generationally using Scale AA to the CPM – RPP2014 Public mortality table, projected using CPM improvement scale A, without pension size adjustments, as published in the draft report on Canadian Pensioners Mortality issued by the Canadian Institute of Actuaries on July 2013. As a result of this change, the Project Benefit Obligation (PBO) at December 31, 2013 increased by $126,516,000 and $3,794,000 for the Hydro One Post-Retirement Benefits Plan and the Inergi Post-Retirement Benefits Plan, respectively.

- The medical and dental per capita claims cost assumption for the Post-Employment Benefits Plan was revised with the December 31, 2013 valuation, based on disabled claims experience from January 1, 2011 through November 30, 2013. As a result of this change, the Project Benefit Obligation (PBO) at December 31, 2013 decreased by $1,150,000 for the Post-Employment Benefits Plan.

- The disability termination assumptions for the Post-Employment Benefits Plan were revised with the December 31, 2013 valuation to include an adjustment at the two year duration of disability point to reflect Hydro One's definition of disability of "any occupation". As a result of this change, the Project Benefit Obligation (PBO) at December 31, 2013 increased by $1,244,000 for the Post-Employment Benefits Plan.

Changes in methods

There were no changes in methods since the prior accounting report.

Changes in benefits valued

We are not aware of any changes since the prior accounting report to the provisions of the Plans. We have relied on the information provided by Mercer with respect to the plan provisions.

Subsequent events

As at the date of this report, we are not aware of any subsequent events that would have a material impact on the results of the valuations or on Hydro One's financial statements.

Actuarial certification

This valuation has been conducted in accordance with generally accepted actuarial principles and practices. However, please note the information discussed below regarding this valuation.

Reliances

In preparing the results presented in this report, we have relied upon information regarding plan provisions, participants, financial information, and sponsor accounting policies and methods provided by Hydro One and other persons or organizations designated by Hydro One. As specifically noted in this report, we have relied upon information provided by Mercer. We have relied on all the data and information provided as complete and accurate. We have reviewed this information for overall reasonableness and consistency, but have neither audited nor independently verified this information. Based on discussions with and concurrence by the plan sponsor, assumptions or estimates may have been made if data were not available. We are not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations. The results presented in this report are directly dependent upon the accuracy and completeness of the underlying data and information. Any material inaccuracy in the data, assets, plan provisions or other information provided to us may have produced results that are not suitable for the purposes of this report and such inaccuracies, as corrected by Hydro One, may produce materially different results that could require that a revised report be issued.

Measurement of benefit obligations, plan assets and balance sheet adjustments

Census date/measurement date

The measurement date is December 31, 2013. The benefit obligations were measured as of Hydro One's December 31, 2013 fiscal year end and are based on participant data as of January 1, 2011 for the Non-Pension Post-Retirement Benefits Plan and data as of November 30, 2013 for the Post-Employment Benefits Plan. For the Non-Pension Post-Retirement Benefits Plan, we have projected forward benefit obligations from the previous year-end to the end of 2013, adjusting for benefit payments, expected growth in benefit obligations, changes in key assumptions and plan provisions. For the Post-Employment Benefits Plan, the benefit obligation as of December 31, 2013 reflects the results of a valuation at December 31, 2013. Additional details with respect to the projection of the benefit obligations is included under Appendix A.

For the Non-Pension Post-Retirement Benefits Plan, this is the same data that was used for the calculation of the Net Periodic Postretirement Benefit Cost/(Income) for the fiscal year ending December 31, 2013. For the Post-Employment Benefits Plan, the calculation of the Net Periodic Postretirement Benefit Cost/(Income) for the fiscal year ending December 31, 2013 was based on the December 31, 2013 actuarial valuation using participant data as of November 30, 2013 with updates due to changes in key assumptions and differences in actual benefit payments compared to expected.

Plan assets and balance sheet adjustments

These plans are funded on a pay-as-you-go basis, with Hydro One paying benefits on a cash basis as they occur.

Hydro One provided information about the general ledger account balances for the Plans' costs at December 31, 2013, which reflect the 2013 actual benefit payments.

Accumulated other comprehensive (income)/loss amounts shown in the report are shown prior to adjustment for deferred taxes. Any deferred tax effects in AOCI should be determined in consultation with Hydro One's tax advisors and auditors.

Assumptions and methods under ASC 715-30-35

As required by U.S. GAAP, the actuarial assumptions and methods employed in the development of the other postretirement benefit cost and other financial reporting have been selected by Hydro One. Towers Watson has concurred with these assumptions and methods. ASC 715-30-35 requires that each significant assumption "individually represent the best estimate of a particular future event."

The results shown in this report have been developed based on actuarial assumptions that, to the extent evaluated by Towers Watson, we consider to be reasonable and within the "best-estimate range" as described by the Actuarial Standards of Practice. Other actuarial assumptions could also be considered to be reasonable and within the best-estimate range. Thus, reasonable results differing from those presented in this report could have been developed by selecting different points within the best-estimate ranges for various assumptions.

A summary of the assumptions and methods used is provided in Appendix A. Note that any subsequent changes in methods or assumptions for the December 31, 2013 measurement date will change the results shown in this report.

Nature of actuarial calculations

The results shown in this report are estimates based on data that may be imperfect and on assumptions about future events that cannot be predicted with any certainty. The effects of certain plan provisions may be approximated, or determined to be insignificant and therefore not valued. Reasonable efforts were made in preparing this valuation to confirm that items that are significant in the context of the actuarial liabilities or costs are treated appropriately, and are not excluded or included inappropriately.

If overall future plan experience produces higher benefit payments than assumed, the relative level of plan costs reported in this valuation will likely increase in future valuations (and vice versa). Future actuarial measurements may differ significantly from the current measurements presented in this report due to many factors, including: plan experience differing from that anticipated by the economic or demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for the measurements (such as the end of an amortization period), and changes in plan provisions or applicable law.

With respect to the proposed Ontario seniors drug plan changes, no provision has been made in the disclosures as the corresponding regulations have not yet been adopted.

Limitations on use

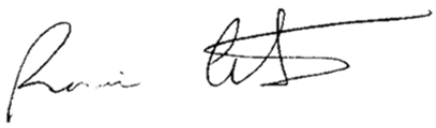
This report is provided subject to the terms set out herein, the terms of our engagement as confirmed in the materials provided to us by Hydro One on January 15, 2014, and in accordance with any accompanying or referenced terms and conditions.

The information contained in this report was prepared for the internal use of Hydro One Inc. and its auditors in connection with our actuarial valuation of the Plans as described above. We are aware that the auditors intend to use this report as audit evidence. It is not intended for and may not be used for other purposes, and we accept no responsibility or liability in this regard.

Professional qualifications

The undersigned consultants with actuarial credentials meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. Our objectivity is not impared by any relationship between the plan sponsor and our employer, Towers Watson Canada Inc.

Towers Watson Canada Inc.



Ross Cristiano, FSA, FCIA



Harindra Sebastian, FSA, FCIA

Toronto, Ontario
January 2014

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Section 2: Accounting exhibits

2.1 Disclosed benefit cost

Hydro One - Non-Pension Post-Retirement Benefits Plan and Post-Employment Benefits Plan
All monetary amounts shown in CAN Dollars 000s

Fiscal Year Ending		12/31/2013				12/31/2012			
		Hydro One PRB	Inergi PRB	Total PRB	PEB	Hydro One PRB	Inergi PRB	Total PRB	PEB
A	**Disclosed Benefit Cost**								
1	Employer service cost	34,644	0	34,644	3,332	24,474	0	24,474	2,500
2	Interest cost	55,113	1,648	56,761	1,668	55,450	1,677	57,127	1,959
3	Expected return on assets	0	0	0	0	0	0	0	0
4	Subtotal	89,757	1,648	91,405	5,000	79,924	1,677	81,601	4,459
5	Net prior service cost/(credit) amortization	2,632	0	2,632	0	2,632	3	2,635	0
6	Net loss/(gain) amortization	15,826	317	16,143	9,864	2,729	0	2,729	4,815
7	Amortization subtotal	18,458	317	18,775	9,864	5,361	3	5,364	4,815
8	Net periodic benefit cost/(income)	108,215	1,965	110,180	14,864	85,285	1,680	86,965	9,274
9	Curtailments	0	0	0	0	0	0	0	0
10	Settlements	0	0	0	0	0	0	0	0
11	Special/contractual termination benefits	0	0	0	0	0	0	0	0
12	Disclosed benefit cost	108,215	1,965	110,180	14,864	85,285	1,680	86,965	9,274
B	**Assumptions Used to Determine Benefit Cost**								
1	Discount rate	4.25%	4.25%		4.25%	5.25%	5.25%		5.25%
2	Long-term rate of return on assets	n/a	n/a		n/a	n/a	n/a		n/a
3	Rate of Compensation Increase [1]	2.50%	n/a		n/a	2.50%	n/a		n/a
4	Health Care Inflation - Initial	6.89%	6.89%		7.55%	6.99%	6.99%		8.02%
5	Health Care Inflation - Ultimate	4.39%	4.39%		4.32%	4.39%	4.39%		4.91%

2.2 Balance sheet asset/(liability)

Hydro One - Non-Pension Post-Retirement Benefits Plan and Post-Employment Benefits Plan

All monetary amounts shown in CAN Dollars 000s

Fiscal Year Ending		12/31/2013				12/31/2012			
		Hydro One PRB	Inergi PRB	Total PRB	PEB	Hydro One PRB	Inergi PRB	Total PRB	PEB
A	**Development of Balance Sheet Asset/(Liability)**								
1	Projected benefit obligation (PBO)	(1,344,639)	(40,314)	(1,384,953)	(48,288)	(1,282,257)	(39,261)	(1,321,518)	(40,876)
2	Fair value of assets (FVA)	0	0	0	0	0	0		0
3	Net balance sheet asset/(liability)	(1,344,639)	(40,314)	(1,384,953)	(48,288)	(1,282,257)	(39,261)	(1,321,518)	(40,876)
B	**Current and Noncurrent Allocation**								
1	Noncurrent assets	0	0	0	0	0	0	0	0
2	Current liabilities	(43,065)	(1,078)	(44,143)	(7,017)	(40,269)	(980)	(41,249)	(6,587)
3	Noncurrent liabilities	(1,301,574)	(39,236)	(1,340,810)	(41,271)	(1,241,988)	(38,281)	(1,280,269)	(34,289)
4	Net balance sheet asset/(liability)	(1,344,639)	(40,314)	(1,384,953)	(48,288)	(1,282,257)	(39,261)	(1,321,518)	(40,876)
C	**Reconciliation of Net Balance Sheet Asset/(Liability)**								
1	Net balance sheet asset/(liability) at end of prior fiscal year	(1,282,257)	(39,261)	(1,321,518)	(40,876)	(1,050,549)	(32,376)	(1,082,925)	(39,623)
2	Employer service cost	(34,644)	0	(34,644)	(3,332)	(24,474)	0	(24,474)	(2,500)
3	Interest cost	(55,113)	(1,648)	(56,761)	(1,668)	(55,450)	(1,677)	(57,127)	(1,959)
4	Expected return on assets	0	0	0	0	0	0	0	0
5	Plan amendments	0	0	0	0	0	0	0	0
6	Actuarial gain/(loss)	(5,512)	595	(4,917)	(9,864)	(183,063)	(5,719)	(188,782)	(4,815)
7	Employer contributions	32,887	0	32,887	7,452	31,279	511	31,790	8,021
8	Benefits paid directly by the Company	0	0	0	0	0	0	0	0
9	Administration expenses	0	0	0	0	0	0	0	0
10	Transfer payments	0	0	0	0	0	0	0	0
11	Acquisitions/divestitures	0	0	0	0	0	0	0	0
12	`	0	0	0	0	0	0	0	0
13	Settlements	0	0	0	0	0	0	0	0
14	Special/contractual termination benefits	0	0	0	0	0	0	0	0
15	Net balance sheet asset/(liability) at end of current fiscal year	(1,344,639)	(40,314)	(1,384,953)	(48,288)	(1,282,257)	(39,261)	(1,321,518)	(40,876)
D	**Assumptions and Dates Used at Disclosure**								
1	Discount rate	4.75%	4.75%		4.75%	4.25%	4.25%		4.25%
2	Rate of Compensation Increase [1]	2.50%	n/a		n/a	2.50%	n/a		n/a
3	Census date	1/1/2011	1/1/2011		11/30/2013	1/1/12011	1/1/12011		9/30/2012
4	Health Care Inflation - Initial	6.79%	6.79%		7.35%	6.89%	6.89%		7.55%
5	Health Care Inflation - Ultimate	4.39%	4.39%		4.32%	4.39%	4.39%		4.32%

[1] Prior to adding merit and promotion scale

2.3 Accumulated other comprehensive (income)/loss

Hydro One - Non-Pension Post-Retirement Benefits Plan and Post-Employment Benefits Plan
All monetary amounts shown in CAN Dollars 000s

Fiscal Year Ending		12/31/2013				12/31/2012			
		Hydro One PRB	Inergi PRB	Total PRB	PEB	Hydro One PRB	Inergi PRB	Total PRB	PEB
A	**Accumulated Other Comprehensive (Income)/Loss**								
	1 Net prior service cost/(credit)	1,319	0	1,319	0	3,951	0	3,951	0
	2 Net loss/(gain)	307,821	6,822	314,643	0	318,135	7,734	325,869	0
	3 Accumulated other comprehensive (income)/loss	309,140	6,822	315,962	0	322,086	7,734	329,820	0
B	**Development of Accumulated Other Comprehensive (Income)/Loss (AOCI)**								
	1 AOCI at prior fiscal year end	322,086	7,734	329,820	0	144,384	2,018	146,402	0
	2 Less amounts amortized during the year								
	a Net prior service (cost) / credit	(2,632)	0	(2,632)	0	(2,632)	(3)	(2,635)	0
	b Net (loss) / gain	(15,826)	(317)	(16,143)	0	(2,729)	0	(2,729)	0
	3 Occurring during the year								
	a Net prior service cost / (credit)	0	0	0	0	0	0	0	0
	b Net loss / (gain)	5,512	(595)	4,917	0	183,063	5,719	188,782	0
	4 AOCI at current fiscal year end	309,140	6,822	315,962	0	322,086	7,734	329,820	0

2.4 Additional disclosure information

Hydro One - Non-Pension Post-Retirement Benefits Plan and Post-Employment Benefits Plan
All monetary amounts shown in CAN Dollars 000s

		Hydro One PRB	Inergi PRB	Total PRB	PEB
A	**Accumulated Benefit Obligation (ABO)**				
	1 ABO at current fiscal year end	1,344,639	40,314	1,384,953	48,288
	2 ABO at prior fiscal year end	1,282,257	39,261	1,321,518	40,876
B	**Expected Future Benefit Payments**				
	1 During fiscal year ending 12/31/2014	43,065	1,078	44,143	7,017
	2 During fiscal year ending 12/31/2015	45,835	1,172	47,007	6,302
	3 During fiscal year ending 12/31/2016	48,641	1,276	49,917	5,641
	4 During fiscal year ending 12/31/2017	51,533	1,370	52,903	5,113
	5 During fiscal year ending 12/31/2018	54,597	1,471	56,068	4,762
	6 Next five years	318,071	8,869	326,940	17,565
C	**Expected Contributions during fiscal year ending December 31, 2014**				
	1 Employer	43,065	1,078	44,143	7,017
	2 Plan participants	-	-	-	-
D	**Expected Amortization Amounts during fiscal year ending December 31, 2014**				
	1 Amortization of net prior service cost/(credit)	1,319	-	1,319	-
	2 Amortization of net loss/(gain)	14,446	233	14,679	-
	3 Total	15,765	233	15,998	-
E	**Sensitivity: Trend + 1%**				
	1 Change in ABO at current fiscal year end	248,885	7,718	256,603	680
	2 Change in 2013 SC + IC	20,955	319	21,274	68
F	**Sensitivity:Trend - 1%**				
	1 Change in ABO at current fiscal year end	(193,440)	(6,065)	(199,505)	(617)
	2 Change in 2013 SC + IC	(15,594)	(251)	(15,845)	(66)

2.5 Changes in disclosed liabilities and assets

Hydro One - Non-Pension Post-Retirement Benefits Plan and Post-Employment Benefits Plan
All monetary amounts shown in CAN Dollars 000s

Fiscal Year Ending		12/31/2013				12/31/2012			
		Hydro One PRB	Inergi PRB	Total PRB	PEB	Hydro One PRB	Inergi PRB	Total PRB	PEB
A	**Change in Projected Benefit Obligation (PBO)**								
1	PBO at prior fiscal year end	1,282,257	39,261	1,321,518	40,876	1,050,549	32,376	1,082,925	39,623
2	Employer service cost	34,644	0	34,644	3,332	24,474	0	24,474	2,500
3	Interest cost	55,113	1,648	56,761	1,668	55,450	1,677	57,127	1,959
4	Actuarial loss/(gain)	5,512	(595)	4,917	9,864	183,063	5,719	188,782	4,815
5	Plan Participants' contributions	0	0	0	0	0	0	0	0
6	Benefits paid from plan assets	(32,887)	0	(32,887)	(7,452)	(31,279)	(511)	(31,790)	(8,021)
7	Benefits paid from the Company	0	0	0	0	0	0	0	0
8	Transfer from (to) other plans	0	0	0	0	0	0	0	0
9	Administrative expenses	0	0	0	0	0	0	0	0
10	Plan change	0	0	0	0	0	0	0	0
11	Acquisitions/divestitures	0	0	0	0	0	0	0	0
12	Curtailments	0	0	0	0	0	0	0	0
13	Settlements	0	0	0	0	0	0	0	0
14	Special/contractual termination benefits	0	0	0	0	0	0	0	0
15	PBO at current fiscal year end	1,344,639	40,314	1,384,953	48,288	1,282,257	39,261	1,321,518	40,876
B	**Change in Plan Assets**								
1	Fair value of assets at prior fiscal year end	0	0	0	0			0	
2	Actual return on assets	0	0	0	0	0	0	0	0
3	Employer contributions	32,887	0	32,887	7,452	31,279	511	31,790	8,021
4	Plan participants' contributions	0	0	0	0	0	0	0	0
5	Benefits paid	(32,887)	0	(32,887)	(7,452)	(31,279)	(511)	(31,790)	(8,021)
6	Transfer from (to) other plans	0	0	0	0	0	0	0	0
7	Administrative expenses	0	0	0	0	0	0	0	0
8	Acquisitions/divestitures	0	0	0	0	0	0	0	0
9	Settlements	0	0	0	0	0	0	0	0
10	Special/contractual termination benefits	0	0	0	0	0	0	0	0
11	Fair value of assets at current fiscal year end	0	0	0	0	0	0	0	0

Section 3: Data exhibits

3.1 Plan participant data

Non-Pension Post-Retirement Benefits Plan

For the membership data pertaining to the Non-Pension Post-Retirement Benefits Plan, please refer to Appendix F of Mercer's report "ASC 715 and ASC 712 (US GAAP) Actuarial Valuation Report for the Fiscal Year Ending December 31, 2012, Non-Pension Postretirement and Postemployment, Hydro One Inc", dated February 11, 2013.

Post-Employment Benefits Plan

Census Date	November 30, 2013	September 30, 2012
Disabled Members [1]		
Number	129	130
Average age (years)	55.7	55.2
Average duration from disability (years)	9.6	8.7
Average net disability income benefit (per month)	$3,900	$3,010
Average salary	$78,500	$76,030

Note:

[1] The disabled member data as of November 30, 2013 was used for the December 31, 2013 valuation. The disabled member data summary as of September 30, 2012 was provided by the prior actuary.

Appendix A

Statement of actuarial assumptions and methods

Plan Sponsor

Hydro One

Statement of Assumptions

This provides background information with respect to the selection of assumptions for the FAS ASC Topic 715 Disclosure as of December 31, 2013 for Hydro One's defined benefit postretirement and postemployment benefits plans.

The assumptions used as of December 31, 2012 are also presented for comparison purposes. Please note that all rates are expressed on a per annum basis.

Measurement Date	**December 31, 2013**	**December 31, 2012**
Economic Assumptions		
Discount Rate (all plans)	4.75%	4.25%
Health Care Trend Rates		
Non-Pension Post-Retirement Benefits Plan Specific		
• Prescription Drug Other Medical	8.26% in 2014 grading to 4.50% after 2031	8.48% in 2013 grading to 4.50% after 2031
• Hospital and Dental	4.50%	4.50%
• Vision Care	2.0% through 2028 and 0% thereafter	2.0% through 2028 and 0% thereafter
Post-Employment Benefits Plan Specific		
• Medical	7.90% in 2014 grading to 4.30% after 2031	8.10% in 2013 grading to 4.30% after 2031
• Dental	4.50%	4.50%
Per Capita Claim Costs		
Non-Pension Post-Retirement Benefits Plan	Please see Appendix C of the Mercer report "ASC 715 and ASC 712 (US GAAP) Actuarial Valuation Report for the Fiscal Year Ending December 31, 2012, Non-Pension Postretirement and Postemployment, Hydro One Inc", dated February 11, 2013 for per capita claim costs and the corresponding aging factors and expense / tax rates.	
Post-Employment Benefits Plan		
• Medical	$7,000 in 2014	$6,982 in 2012
• Dental	$1,400 in 2014	$1,282 in 2012

Measurement Date	**December 31, 2013**	**December 31, 2012**
Salary Increases	2.50%+M&P	2.50%+M&P
Inflation on Disability Income Benefits	2.00%	2.00%
Demographic assumptions		
Mortality		
Non-Pension Post-Retirement Benefits Plan	CPM – RPP2014Public; projected using CPM improvement scale A, without pension size adjustments[1]	UP94 table projected generationally using Scale AA
Post-Employment Benefits Plan	UP94 table projected generationally using Scale AA	UP94 table projected generationally using Scale AA
Retirement rates	Age-related table[2]	Age-related table[2]
Termination rates	Age-related table[2]	Age-related table[2]
Disability rates	Age-related table[2]	Age-related table[2]
Disability Termination rates for Post-Employment Benefits Plan only	Based on the GLTD table from the 1988-1997 CIA Disability Termination Study, with adjustment at 2 year duration of disability to reflect Hydro One definition of disability of "any occupation"	Based on the GLTD table from the 1988-1997 CIA Disability Termination Study
Incurred but not Reported (IBNR) for Post-Employment Benefits Plan only	Estimated assuming a six month provision based on recent experience	Estimated assuming a six month provision based on recent experience
Dependent Coverage	90% of active members are assumed to elect dependant coverage upon retirement. Actual coverage data is used for retired members	90% of active members are assumed to elect dependant coverage upon retirement. Actual coverage data is used for retired members
Age Difference	For active members, a male is assumed to be 4 years older than his spouse. Actual data is used for retired members.	For active members, a male is assumed to be 4 years older than his spouse. Actual data is used for retired members.

Notes:

[1] As published in the draft report on Canadian Pensioners Mortality issued by the Canadian Institute of Actuaries, July 2013.

[2] Please see December 31, 2011 pension funding valuation report prepared by Mercer for more details. See table below for reference.

	Termination			Retirement		
					Eligible for Reduced Pension	
Age	Male	Female	Disability Incidence	Eligible for Unreduced Pension	Male	Female
15	4%	5%				
20	4%	5%	0.100%	15%	0%	0%
25	4%	5%	0.100%	15%	0%	0%
30	2%	4%	0.105%	15%	0%	0%
35	2%	4%	0.110%	15%	0%	0%
40	1%	3%	0.115%	15%	0%	0%
45	1%	3%	0.120%	15%	0%	0%
50	1%	3%	0.295%	15%	0%	0%
55	0%	0%	1.000%	15%	2%	5%
56	0%	0%	1.000%	25%	2%	5%
57	0%	0%	1.000%	25%	2%	5%
58	0%	0%	1.000%	25%	2%	5%
59	0%	0%	1.000%	25%	2%	5%
60	0%	0%	1.878%	25%	2%	5%
61	0%	0%	1.878%	25%	7%	10%
62	0%	0%	1.878%	25%	7%	10%
63	0%	0%	1.878%	25%	7%	10%
64	0%	0%	1.878%	25%	7%	10%
65	0%	0%	1.878%	100%	100%	100%

Please note that the responsibility for the actual choice of economic assumptions lies with Hydro One. With the exception of the discount rate, each assumption should reflect Hydro One's best estimate of the long-term expectations.

For additional details regading the selection of the assumptions described above, please refer to our letter to Gary Beck dated January 6, 2014.

Methods – Benefit Cost and Funded Position

Census date	Non-Pension Post-Retirement Benefits Plan: January 1, 2011 Post-Employment Benefits Plan: November 30, 2013
Measurement date	December 31, 2013 The benefit obligations are based on census data collected as of January 1, 2011 and November 30, 2013 for the Non-Pension Post-Retirement Benefits Plan and the Post-Employment Benefits Plan, respectively. For the Non-Pension Post-Retirement Benefits Plan, we have projected forward the benefit obligations disclosed by Mercer in their December 31, 2012 disclosures reports to December 31, 2013, adjusting for benefit payments and expected growth in the benefit obligations. For purpose of reflecting the change in assumptions (mainly the discount rate and mortality table) at December 31, 2013, we relied on the information provided in the Mercer Information Letter dated January 3, 2014 in order to estimate the impact on the benefit obligation at December 31, 2013. For the Post-Employment Benefits Plan, the obligation as of December 31, 2013 reflects the results of a new valuation at December 31, 2013.
Service cost and accumulated postretirement benefit obligation	Costs for the Non-Pension Post-Retirement Benefits Plan are determined using the Projected Unit Credit Cost Method. The annual service cost is equal to the present value of the portion of the projected benefit attributable to service during the upcoming year, and the Accumulated Postretirement Benefit Obligation (APBO) is equal to the present value of the portion of the projected benefit attributable to service before the measurement date. Service from hire date through the expected full eligibility date is counted in allocating costs. Full eligibility is defined as follows: * For active employees with NRA 65: Earliest of age 55, 82 points and 35 years of service * For active employees with NRA 60: Age 50 * For LTD members: Date of disability * For deferred vested members with 25 or more years of eligibility service: Immediate For the Post-Employment Benefits Plan, the liability for each disabled employee is equal to the full present value of expected future benefit payments until termination from the plan. Termination could be through death, recovery, retirement or attainment of age 65. The Accumulated Postretirement Benefit Obligation also includes a reserve for Incurred by not Reported (IBNR) claims, to account for employees currently in the 6 month elimination period.
Market-related value of assets	Funded on a pay-as-you-go basis.

Methods – Benefit Cost and Funded Position

Amortization of unamortized amounts:

Recognition of past service cost/(credit)	For the Non-Pension Post-Retirement Benefits Plan, amortization of net prior service cost/ (credit) resulting from a plan change is included as a component of Net Periodic Postretirement Benefit Cost/ (Income) in the year first recognized and every year thereafter until such time as it is fully amortized. The annual amortization payment is determined in the first year as the increase in Projected Benefit Obligation due to the plan change divided by the average remaining service to full eligibility age of participating employees expected to receive benefits under the Plan. However, when the plan change reduces the PBO, existing positive prior service costs are reduced or eliminated before a new prior service credit base is established. For the Post-Employment Benefits Plan, any prior service costs arising during the fiscal year are recognized immediately in the current year benefits expense.
Recognition of gains or losses	For the Non-Pension Post-Retirement Benefits Plan, amortization of the net gain or loss resulting from experience different from that assumed and from changes in assumptions is included as a component of Net Periodic Postretirement Benefit Cost/(Income) for a year. The cumulative gains and losses at the beginning of the period in excess of 10% of the beginning of year Accumulated Postretirement Benefit Obligation are amortized over the expected average remaining working lives of the employees participating in the plan. We have relied on information provided by Mercer with respect to the expected average remaining working lives of the employees participating in the plans. For the Post-Employment Benefits Plan, any actuarial gains and losses arising during the fiscal year are recognized immediately in the current year benefits expense.
Benefits not valued	All benefits described in the Plan Provisions section of this report were valued. Towers Watson has reviewed the plan provisions with Hydro One and, based on that review, is not aware of any other significant benefits required to be valued that were not.

Data Sources

Hydro One furnished Non-Pension Post-Retirement participant data as of January 1, 2011 and Post-Employment participant data as of September 31, 2012 to Mercer, and Post-Employment participant data as of November 30, 2013 to Towers Watson. In resepect of the data provided to Mercer, the summaries in this report were based on the December 31, 2012 disclosure report prepared by Mercer.

We are not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations.

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Appendix B

Summary of principal other postretirement benefit plan provisions

Non-Pension Post-Retirement Benefits Plan

A summary of plan provisions can be found in Appendix E of the Mercer report "ASC 715 and ASC 712 (US GAAP) Actuarial Valuation Report for the Fiscal Year Ending December 31, 2012, Non-Pension Postretirement and Postemployment, Hydro One Inc", dated February 11, 2013.

Post-Employment Benefits Plan

Definitions	
Elimination period	Later of 6 months of disability of the exhaustion of sick leave credits
Termination	Earlier of death, recovery, retirement or age 65
Long-Term Disability Benefits (Income Benefits)	
Coverage	Lesser of 65% of base earnings or 75% of base earnings less benefits received from the Canada Pension Plan or Workers Compensation benefits. Benefits are indexed at 100% of the Consumer Price Index.
Medical Benefits	
Coverage	Medical coverage is continued for the disabled employee and his dependants. Benefit provisions are similar to that of the Non-Pension Post-Retirement Benefits Plan.
Dental Benefits	
Coverage	Dental coverage is continued for the disabled employee and his dependants. Benefit provisions are similar to that of the Non-Pension Post-Retirement Benefits Plan.
Life Insurance Benefits	
Coverage	Two or three times base annual salary (depending on option chosen)

Appendix C

Employer Representation

With respect to the information summarized or referenced in this report, I hereby confirm that to the best of my knowledge and belief:

- As per applicable accounting standards, the assumptions set forth in Appendix A for each plan in the present report reflect Hydro One Inc. management's best estimates regarding future events as at December 31, 2013. The discount rate was selected for each plan by Hydro One Inc., based on market bond yields as at December 31, 2013;
- The description of the methods and the accounting policies employed, included in Appendix A of the present report is complete and accurate;
- The membership data referenced in Section 3 of the present report are a complete and accurate description of all employees or former employees who are or may become entitled to benefits under the terms of the plans;
- The information on benefit payments provided to Towers Watson and summarized in the present report is complete and accurate;
- The plan provisions, as referenced in Appendix B of the present report are a complete and accurate description of all benefits to which employees and former employees may become entitled and which have a material effect on the determination of obligations and costs for plans covered by this report;
- There have been no events subsequent to the census date that would materially change the plans' financial position or costs.

Signature	Title: VP Corporate Controller
Name: Karen Newman	Date: January 28, 2014

Hydro One Inc. Pension Plan and Hydro One Inc. Supplemental Pension Plan

Actuarial Valuation Report
Disclosure for Fiscal Year Ending December 31, 2013

January 2014

TOWERS WATSON

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Purposes of valuation

As requested by Hydro One Inc. ("Hydro One"), this report provides information for year-end financial reporting purposes required by FASB Accounting Standards Codification Topic 715-20-50 ("ASC 715") for your fiscal year ending December 31, 2013 for the Hydro One Inc. Pension Plan and the Hydro One Inc. Supplemental Pension Plan (the "Plans").

The exhibits present year-end financial reporting information in accordance with ASC 715, including net balance sheet position of the Plans, cash flow, plan asset information, amortization amounts during the fiscal year, participant information, the provisions on which the valuation is based, and the actuarial assumptions and methods used in the calculations. Additional input is required (as described below) by Hydro One in relation to the plan asset disclosures specified in ASC 715-20-50-1(d) (public entities) or ASC 715-20-50-5(c) (nonpublic entities).

Limitations

This valuation has been conducted for the purposes described above and may not be suitable for any other purpose. In particular, please note the following:

1. As discussed above, certain year-end financial reporting information in accordance with ASC 715 is not included in this report and must be provided by Hydro One, as follows:
    - Categorization of assets, actual asset allocation at December 31, 2013 and December 31, 2012, and the target asset allocation for 2014.
    - A description of Hydro One's investment policy for the assets held by the pension plan.
    - A description of the basis used to determine the expected long-term rate of return on plan assets.
2. This report does not determine liabilities on a plan termination basis, for which a separate extensive analysis would be required.

Section 1: Summary of key results

Benefit cost, assets & obligations

Hydro One Pension Plan

All monetary amounts shown in CAN Dollars 000s

Fiscal Year Beginning		01/01/2014	01/01/2013
Benefit Cost/ (Income)	Net Periodic Benefit Cost/(Income)	287,010	207,428
	Immediate Recognition of Benefit Cost/(Income) due to Special Events	0	0
	Total Benefit Cost/(Income)	287,010	207,428
Measurement Date		**12/31/2013**	**12/31/2012**
Plan Assets	Fair Value of Assets (FVA)	5,731,259	4,992,345
	Market Related Value of Assets (MRVA)	5,731,259	4,992,345
	Return on Fair Value Assets during Prior Year	18.0%	-11.7%
Benefit Obligations	Projected Benefit Obligation (PBO)	(6,576,627)	(6,507,081)
Funded Ratios	Fair Value of Assets to PBO	87.1%	76.7%
Accumulated Other Comprehensive (Income)/Loss	Net Prior Service Cost/(Credit)	3,098	4,647
	Net Loss/(Gain)	1,135,935	1,931,156
	Total Accumulated Other Comprehensive (Income)/Loss	1,139,033	1,935,803
Assumptions	Discount Rate	4.75%	4.25%
	Expected Long-term Rate of Return on Plan Assets	6.25%	6.25%
	Rate of Compensation Increase[1]	2.50%	2.50%
	Mortality	CPM-RPP2014 Public; projected using CPM improvement scale A	UP94 table projected generationally using scale AA
Participant Data	Census Date	12/31/2011	12/31/2011

[1] Prior to adding the merit and promotion scale

Hydro One Supplemental Pension Plan

All monetary amounts shown in CAN Dollars 000s

Fiscal Year Beginning		01/01/2014	01/01/2013
Benefit Cost/ (Income)	Net Periodic Benefit Cost/(Income)	7,424	7,100
	Immediate Recognition of Benefit Cost/(Income) due to Special Events	0	0
	Total Benefit Cost/(Income)	7,424	7,100
Measurement Date		**12/31/2013**	**12/31/2013**
Plan Assets	Fair Value of Assets (FVA)	3,727	3,597
	Market Related Value of Assets (MRVA)	3,727	3,597
Benefit Obligations	Projected Benefit Obligation (PBO)	(91,716)	(90,637)
Funded Ratios	Fair Value of Assets to PBO	4.1%	4.0%
Accumulated Other Comprehensive (Income)/Loss	Net Prior Service Cost/(Credit)	499	784
	Net Loss/(Gain)	8,070	10,813
	Total Accumulated Other Comprehensive (Income)/Loss	8,569	11,597
Assumptions	Discount Rate	4.75%	4.25%
	Expected Long-term Rate of Return on Plan Assets	Not Applicable	Not Applicable
	Rate of Compensation Increase[1]	2.50%	2.50%
	Mortality	CPM-RPP2014 Public; projected using CPM improvement scale A	UP94 table projected generationally using scale AA
Participant Data	Census Date	12/31/2011	12/31/2011

[1] Prior to adding the merit and promotion scale

Comments on results

Please note the following regarding the results disclosed in this report:

- Disclosure information in respect of the prior year (i.e. for the fiscal year ending December 31, 2012) has been based on the information provided by Mercer in their draft year-end disclosure report dated January 22, 2013 (Hydro One Pension Plan) and January 24, 2013 (Hydro One Supplemental Pension Plan); and

- The benefit cost for fiscal year 2013 reflects the benefit cost provided by Mercer for the purpose of the multi-year expense projection in their December 11, 2013 letter ("Mercer Projection Letter") without any adjustment.

Basis for valuation

Appendix A summarizes the assumptions and methods used in the valuation. Appendix B references the principal provisions of the Plans being valued.

Changes in assumptions

During the period covered by this report, the following changes have been incorporated into the actuarial assumptions:

- The discount rate used to determine the liabilities increased from 4.25% per annum to 4.75% per annum. As a result of this change, the Projected Benefit Obligation (PBO) at December 31, 2013 decreased by $443,401,000 and $7,003,000, respectively, for the Hydro One Inc. Pension Plan and the Hydro One Inc. Supplemental Pension Plan.

- The expected long-term return on plan assets used to determine the pension costs increased from 6.25% per annum at December 31, 2012 [used to determine 2013 benefit cost] to 6.50% per annum at December 31, 2013 [to be used to determine 2014 benefit cost].

- The mortality table was updated from the UP94 projected generationally using Scale AA to the CPM – RPP2014 Public mortality table, projected using CPM improvement scale A, without pension size adjustments, as published in the draft report on Canadian Pensioners Mortality issued by the Canadian Institute of Actuaries on July 2013. As a result of this change, the PBO at December 31, 2013 increased by $380,766,000 and $5,310,000, respectively, for the Hydro One Inc. Pension Plan and the Hydro One Inc. Supplemental Pension Plan.

Changes in methods

There were no changes in methods since the prior accounting report.

Changes in benefits valued

Since the last year-end disclosure report, there have been changes made to the future level of employee contributions required under the Hydro One Inc. Pension Plan as outlined in the Mercer Projection Letter. We have assumed that the impact on the PBO at December 31, 2013 (if any) for the Plans would be negligible.

We are not aware of any other changes to the terms of the Plans.

Subsequent events

As at the date of this report, we are not aware of any subsequent events that would have a material impact on the results of the valuations or on Hydro One's financial statements.

Actuarial certification

This valuation has been conducted in accordance with generally accepted actuarial principles and practices. However please note the information discussed below regarding this valuation.

Reliances

In preparing the results presented in this report, we have relied upon information regarding plan provisions, participants, assets, and sponsor accounting policies and methods provided by Hydro One. Further, and as specifically noted in this report, we have also relied upon certain information provided by Mercer. We have relied on all the data and information provided as complete and accurate. We have reviewed this information for overall reasonableness and consistency, but have neither audited nor independently verified this information. The results presented in this report are directly dependent upon the accuracy and completeness of the underlying data and information. Any material inaccuracy in the data, assets, plan provisions or other information provided to us may have produced results that are not suitable for the purposes of this report and such inaccuracies, as corrected by Hydro One, may produce materially different results that could require that a revised report be issued.

Measurement of benefit obligations, plan assets and balance sheet adjustments

Census date/measurement date

The measurement date is December 31, 2013. The benefit obligations were measured as of Hydro One's December 31, 2013 fiscal year end and are based on participant data as of December 31, 2011. We have projected forward benefit obligations to the end of the year, adjusting for benefit payments, expected growth in benefit obligations, changes in key assumptions and plan provisions. Additional details with respect to the projection of the benefit obligations are included in Appendix A.

The December 31, 2011 participant data was also used for the calculation of the Net Periodic Benefit Cost/ (Income) for the fiscal year ending December 31, 2013.

Plan assets and balance sheet adjustments

With respect to the Hydro One Inc. Pension Plan, the market value of asset at December 31, 2013 as well as actual 2013 cash flow information (contributions, benefit payments and expenses) was provided by Hydro One.

With respect the Hydro One Inc. Supplemental Pension Plan:

- The Refundable Tax Account (RTA) balance at December 31, 2013, actual 2013 benefit payments and actual letter of credit fee were provided by Hydro One; and
- Based on the cash flows provided and the RTA balance at December 31, 2013, we have determined that the 'taxes paid' in 2013 were equal to $274,000.

Accumulated other comprehensive (income)/loss amounts shown in the report are shown prior to adjustment for deferred taxes. Any deferred tax effects in AOCI should be determined in consultation with Hydro One's tax advisors and auditors.

Assumptions and methods under ASC 715-30-35

ASC 715-30-35 requires that each significant assumption "individually represent the best estimate of a particular future event." The actuarial assumptions and methods employed in the development of the pension cost and other financial reporting have been selected by Hydro One, after discussion with Towers Watson. We have concurred with these assumptions and methods.

A summary of the assumptions and methods used is provided in Appendix A. Note that any subsequent changes in methods or assumptions for the December 31, 2013 measurement date will change the results shown in this report.

Nature of actuarial calculations

The results shown in this report are estimates based on data that may be imperfect and on assumptions about future events that cannot be predicted with any certainty. The effects of certain plan provisions may be approximated, or determined to be insignificant and therefore not valued. Reasonable efforts were made in preparing this valuation to confirm that items that are significant in the context of the actuarial liabilities or costs are treated appropriately, and are not excluded or included inappropriately.

If overall future plan experience produces higher benefit payments or lower investment returns than assumed, the relative level of plan costs reported in this valuation will likely increase in future valuations (and vice versa). Future actuarial measurements may differ significantly from the current measurements presented in this report due to many factors, including: plan experience differing from that anticipated by the economic or demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for the measurements (such as the end of an amortization period), and changes in plan provisions or applicable law.

Limitations on use

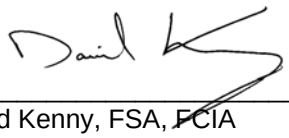
This report is provided subject to the terms set out herein, the terms of our engagement as confirmed in the materials provided to us by Hydro One on January 15, 2014, and in accordance with any accompanying or referenced terms and conditions.

The information contained in this report was prepared for the internal use of Hydro One Inc. and its auditors in connection with our actuarial valuation of the Plans as described above. We are aware that your auditors intend to use this report as audit evidence. It is not intended for and may not be used for other purposes, and we accept no responsibility or liability in this regard.

Professional qualifications

The undersigned consultants with actuarial credentials meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. Our objectivity is not impaired by any relationship between the plan sponsor and our employer, Towers Watson Canada Inc.

Towers Watson Canada Inc.



David Kenny, FSA, FCIA



Suzanne Jacques, FSA, FCIA

Toronto, Ontario
January 29, 2014

Section 2: Accounting exhibits

2.1 Disclosed benefit cost

Hydro One Pension Plan

All monetary amounts shown in CAN Dollars 000s

	Fiscal Year Ending	12/31/2013	12/31/2012
A	**Disclosed Benefit Cost**		
1	Employer service cost	140,993	96,026
2	Interest cost	277,501	285,712
3	Expected return on assets	(308,593)	(289,318)
4	Subtotal	109,901	92,420
5	Net prior service cost/(credit) amortization	1,549	2,551
6	Net loss/(gain) amortization	175,560	112,457
7	Amortization subtotal	177,109	115,008
8	Net periodic benefit cost/(income)	287,010	207,428
9	Curtailments	0	0
10	Settlements	0	0
11	Special/contractual termination benefits	0	0
12	Disclosed benefit cost	287,010	207,428
B	**Assumptions Used to Determine Benefit Cost**		
1	Discount rate	4.25%	5.25%
2	Long-term rate of return on assets	6.25%	6.25%
3	Rate of compensation increase[1]	2.50%	2.50%

[1] Prior to adding the merit and promotion scale.

Hydro One Supplemental Pension Plan

All monetary amounts shown in CAN Dollars 000s

Fiscal Year Ending		12/31/2013	12/31/2012
A	**Disclosed Benefit Cost**		
1	Employer service cost	1,940	2,020
2	Interest cost	341	370
3	Expected letter of credit fee	3,875	4,157
4	Expected return on assets	0	0
5	Subtotal	6,156	6,547
6	Net prior service cost/(credit) amortization	285	285
7	Net loss/(gain) amortization	983	268
8	Amortization subtotal	1,268	553
9	Net periodic benefit cost/(income)	7,424	7,100
10	Curtailments	0	0
11	Settlements	0	0
12	Special/contractual termination benefits	0	0
13	Disclosed benefit cost	7,424	7,100
B	**Assumptions Used to Determine Benefit Cost**		
1	Discount rate	4.25%	5.25%
2	Long-term rate of return on assets	Not Applicable	Not Applicable
3	Rate of compensation increase[1]	2.50%	2.50%

[1] Prior to adding the merit and promotion scale.

2.2 Balance sheet asset/(liability)

Hydro One Pension Plan

All monetary amounts shown in CAN Dollars 000s

Fiscal Year Ending		12/31/2013	12/31/2012
A	**Development of Balance Sheet Asset/(Liability)**		
1	Projected benefit obligation (PBO)	(6,576,627)	(6,507,081)
2	Fair value of assets (FVA)	5,731,259	4,992,345
3	Net balance sheet asset/(liability)	(845,368)	(1,514,736)
B	**Current and Noncurrent Allocation**		
1	Noncurrent assets	0	0
2	Current liabilities	0	0
3	Noncurrent liabilities	(845,368)	(1,514,736)
4	Net balance sheet asset/(liability)	(845,368)	(1,514,736)
C	**Reconciliation of Net Balance Sheet Asset/(Liability)**		
1	Net balance sheet asset/(liability) at end of prior fiscal year	(1,514,736)	(778,653)
2	Employer service cost	(140,993)	(96,026)
3	Interest cost	(277,501)	(285,712)
4	Expected return on assets	308,593	289,318
5	Plan amendments	0	0
6	Actuarial gain/(loss)	641,676	(791,261)
7	Employer contributions	159,608	162,928
8	Benefits paid directly by the Company	0	0
9	Expenses paid	(22,015)	(15,330)
10	Transfer payments	0	0
11	Acquisitions/divestitures	0	0
12	Curtailments	0	0
13	Settlements	0	0
14	Special/contractual termination benefits	0	0
15	Net balance sheet asset /(liability) at end of current fiscal year	(845,368)	(1,514,736)
D	**Assumptions and Dates Used at Disclosure**		
1	Discount rate	4.75%	4.25%
2	Rate of compensation increase[1]	2.50%	2.50%
3	Census date	12/31/2011	12/31/2011

[1] Prior to adding the merit and promotion scale.

Hydro One Supplemental Pension Plan

All monetary amounts shown in CAN Dollars 000s

Fiscal Year Ending		12/31/2013	12/31/2012
A	**Development of Balance Sheet Asset/(Liability)**		
1	Projected benefit obligation (PBO)	(91,716)	(90,637)
2	Fair value of assets (FVA)	3,727	3,597
3	Net balance sheet asset/(liability)	(87,989)	(87,040)
B	**Current and Noncurrent Allocation**		
1	Noncurrent assets	0	0
2	Current liabilities	0	0
3	Noncurrent liabilities	(87,989)	(87,040)
4	Net balance sheet asset/(liability)	(87,989)	(87,040)
C	**Reconciliation of Net Balance Sheet Asset/(Liability)**		
1	Net balance sheet asset/(liability) at end of prior fiscal year	(87,040)	(74,851)
2	Employer service cost	(1,940)	(2,020)
3	Interest cost	(3,875)	(4,157)
4	Expected return on assets	0	0
5	Plan amendments	0	0
6	Actuarial gain/(loss)	1,693	(8,179)
7	Employer contributions - benefits paid	3,043	1,941
8	Employer contributions - letter of credit fee	404	553
9	Benefits paid directly by the Company	0	0
10	Taxes Paid	(274)	(327)
11	Transfer payments	0	0
12	Acquisitions/divestitures	0	0
13	Curtailments	0	0
14	Settlements	0	0
15	Special/contractual termination benefits	0	0
16	Net balance sheet asset /(liability) at end of current fiscal year	(87,989)	(87,040)
D	**Assumptions and Dates Used at Disclosure**		
1	Discount rate	4.75%	4.25%
2	Rate of compensation increase[1]	2.50%	2.50%
3	Census date	12/31/2011	12/31/2011

[1] Prior to adding the merit and promotion scale.

2.3 Accumulated other comprehensive (income)/loss

Hydro One Pension Plan

All monetary amounts shown in CAN Dollars 000s

Fiscal Year Ending			12/31/2013	12/31/2012
A	**Accumulated Other Comprehensive (Income)/Loss**			
1	Net prior service cost/(credit)		3,098	4,647
2	Net loss/(gain)		1,135,935	1,931,156
3	Accumulated other comprehensive (income)/loss		1,139,033	1,935,803
B	**Development of Accumulated Other Comprehensive (Income)/Loss (AOCI)**			
1	AOCI at prior fiscal year end		1,935,803	1,244,220
2	Less amounts amortized during the year			
	a	Net prior service (cost)/credit	(1,549)	(2,551)
	b	Net (loss)/gain	(175,560)	(112,457)
3	Occurring during the year			
	a	Net prior service cost/(credit)	0	0
	b	Net loss/(gain)	(619,661)	806,591
4	AOCI at current fiscal year end		1,139,033	1,935,803

Hydro One Supplemental Pension Plan

All monetary amounts shown in CAN Dollars 000s

Fiscal Year Ending			12/31/2013	12/31/2012
A	**Accumulated Other Comprehensive (Income)/Loss**			
1	Net prior service cost/(credit)		499	784
2	Net loss/(gain)		8,070	10,813
3	Accumulated other comprehensive (income)/loss		8,569	11,597
B	**Development of Accumulated Other Comprehensive (Income)/Loss (AOCI)**			
1	AOCI at prior fiscal year end		11,597	4,014
2	Less amounts amortized during the year			
	a	Net prior service (cost)/credit	(285)	(285)
	b	Net (loss)/gain	(983)	(268)
3	Occurring during the year			
	a	Net prior service cost/(credit)	0	0
	b	Net loss/(gain)	(1,760)	8,136
4	AOCI at current fiscal year end		8,569	11,597

2.4 Additional disclosure information

Hydro One Pension Plan

All monetary amounts shown in CAN Dollars 000s

A	**Accumulated Benefit Obligation (ABO)**		
	1	ABO at current fiscal year end[1]	(5,998,041)
	2	ABO at prior fiscal year end	(5,934,613)
B	**Expected Future Benefit Payments[2]**		
	1	During fiscal year ending 12/31/2014	309,706
	2	During fiscal year ending 12/31/2015	318,851
	3	During fiscal year ending 12/31/2016	327,268
	4	During fiscal year ending 12/31/2017	335,398
	5	During fiscal year ending 12/31/2018	343,384
	6	During fiscal year ending 12/31/2019 through 12/31/2023	1,698,045
C	**Expected Contributions during fiscal year ending December 31, 2014[3]**		
	1	Employer	156,017
	2	Plan participants	34,152
D	**Expected Amortization Amounts during fiscal year ending December 31, 2014[4]**		
	1	Amortization of net prior service cost/(credit)	1,549
	2	Amortization of net loss/(gain) [5]	103,267
	3	Total	104,816

1 The ABO/PBO ratio at December 31, 2013 was assumed to be the same as the ABO/PBO ratio as at December 31, 2012 and is based on information provided by Mercer in the ASC 715 (US GAAP) actuarial valuation report as at December 31, 2012 dated January 22, 2013.
2 Reflects information provided in the Mercer Projection Letter.
3 Reflects information provided in the Mercer Projection Letter.
4 These amounts have been determined assuming there are no special events, plan amendments, assumption changes, or actuarial losses/ (gains) during the upcoming fiscal year.
5 Based on EARSL of 11 years.

Hydro One Supplemental Pension Plan

All monetary amounts shown in CAN Dollars 000s

A	**Accumulated Benefit Obligation (ABO)**		
	1	ABO at current fiscal year end[1]	79,452
	2	ABO at prior fiscal year end	78,517
B	**Expected Future Benefit Payments[2]**		
	1	During fiscal year ending 12/31/2014	2,983
	2	During fiscal year ending 12/31/2015	3,229
	3	During fiscal year ending 12/31/2016	3,424
	4	During fiscal year ending 12/31/2017	3,581
	5	During fiscal year ending 12/31/2018	3,758
	6	During fiscal year ending 12/31/2019 through 12/31/2023	23,106
C	**Expected Contributions during fiscal year ending December 31, 2014[3]**		
	1	Employer	2,983
	2	Plan participants	-
D	**Expected Amortization Amounts during fiscal year ending December 31, 2014[4]**		
	1	Amortization of net prior service cost/(credit)	285
	2	Amortization of net loss/(gain) [5]	734
	3	Total	1,019

1 The ABO/PBO ratio at December 31, 2013 was assumed to be the same as the ABO/PBO ratio as at December 31, 2012 and is based on information provided by Mercer in the ASC 715 (US GAAP) actuarial valuation report as at December 31, 2012 dated January 24, 2013.

2 Reflects information provided in the Mercer Projection Letter.

3 Reflects information provided in the Mercer Projection Letter.

4 These amounts have been determined assuming there are no special events, plan amendments, assumption changes, or actuarial losses/ (gains) during the upcoming fiscal year.

5 Based on EARSL of 11 years.

2.5 Changes in disclosed liabilities and assets

Hydro One Pension Plan

All monetary amounts shown in CAN Dollars 000s

	Fiscal Year Ending	12/31/2013	12/31/2012
A	**Change in Projected Benefit Obligation (PBO)**		
1	PBO at prior fiscal year end	6,507,081	5,460,816
2	Employer service cost	140,993	96,026
3	Interest cost	277,501	285,712
4	Actuarial loss/(gain)	(62,635)	927,079
5	Plan participants' contributions	29,783	26,919
6	Benefits paid from plan assets	(316,592)	(290,582)
7	Benefits paid from the Company	0	0
8	Transfers from (to) other plans	496	1,111
9	Expenses paid	0	0
10	Plan change	0	0
11	Acquisitions/divestitures	0	0
12	Curtailments	0	0
13	Settlements	0	0
14	Special/contractual termination benefits	0	0
15	PBO at current fiscal year end	6,576,627	6,507,081
B	**Change in Plan Assets**		
1	Fair value of assets at prior fiscal year end	4,992,345	4,682,163
2	Actual return on assets	887,634	425,136
3	Employer contributions	159,608	162,928
4	Plan participants' contributions	29,783	26,919
5	Benefits paid	(316,592)	(290,582)
6	Transfer payments	496	1,111
7	Expenses paid	(22,015)	(15,330)
8	Acquisitions/divestitures	0	0
9	Settlements	0	0
10	Special/contractual termination benefits	0	0
11	Fair value of assets at current fiscal year end	5,731,259	4,992,345

Hydro One Supplemental Pension Plan

All monetary amounts shown in CAN Dollars 000s

	Fiscal Year Ending	12/31/2013	12/31/2012
A	**Change in Projected Benefit Obligation (PBO)**		
1	PBO at prior fiscal year end	90,637	78,222
2	Employer service cost	1,940	2,020
3	Interest cost	3,875	4,157
4	Actuarial loss/(gain)	(1,693)	8,179
5	Plan participants' contributions	0	0
6	Benefits paid from plan assets	(3,043)	(1,941)
7	Benefits paid from the Company	0	0
8	Transfers from (to) other plans	0	0
9	Administrative expenses paid	0	0
10	Plan change	0	0
11	Acquisitions/divestitures	0	0
12	Curtailments	0	0
13	Settlements	0	0
14	Special/contractual termination benefits	0	0
15	PBO at current fiscal year end	91,716	90,637
B	**Change in Plan Assets**		
1	Fair value of assets at prior fiscal year end	3,597	3,371
2	Actual return on assets	0	0
3	Employer contributions - benefits paid	3,043	1,941
4	Employer contributions - letter of credit fee	404	553
5	Plan participants' contributions	0	0
6	Benefits paid	(3,043)	(1,941)
7	Transfer payments	0	0
8	Taxes Paid	(274)	(327)
9	Acquisitions/divestitures	0	0
10	Settlements	0	0
11	Special/contractual termination benefits	0	0
12	Fair value of assets at current fiscal year end	3,727	3,597

2.6 Reconciliation of net balances

Hydro One Pension Plan

All monetary amounts shown in CAN Dollars 000s

A Reconciliation of Net Prior Service Cost/(Credit) [1]

Description	Net Amount at 12/31/2012	Amortization Amount in 2013	Effect of Curtailments	Other Events	Net Amount at 12/31/2013	Amortization Amount in 2014
Reduced benefit offset for Society members	2,799	933	0	0	1,866	933
Society members strike service buyback	1,848	616	0	0	1,232	616
Total	$4,647	$1,549	0	0	$3,098	$1,549

All monetary amounts shown in CAN Dollars 000s

B Reconciliation of Net Loss/(Gain) [1]

Net Amount at 12/31/2012	Amortization Amount in 2013	Experience Loss/(Gain)	Effect of Curtailments	Effect of Settlements	Net Amount at 12/31/2013	Amortization Amount in 2014
$1,935,935	$175,560	$(619,661)	0	0	$1,139,033	$103,267

[1] Net amount at December 31, 2012 and 2013 amortization amounts as provided by Mercer in their letter to Towers Watson dated January 2, 2014.

Hydro One Supplemental Pension Plan

All monetary amounts shown in CAN Dollars 000s

A Reconciliation of Net Prior Service Cost/(Credit) [1]

Description	Net Amount at 12/31/2012	Amortization Amount in 2013	Effect of Curtailments	Other Events	Net Amount at 12/31/2013	Amortization Amount in 2014
Reduced benefit offset for Society members	554	185	0	0	369	185
Enhancement provided to DSPS member	50	10	0	0	40	10
Enhancement provided to DSPS member	180	90	0	0	90	90
Total	$784	$285	0	0	$499	$285

All monetary amounts shown in CAN Dollars 000s

B Reconciliation of Net Loss/(Gain) [1]

Net Amount at 12/31/2012	Amortization Amount in 2013	Experience Loss/(Gain)	Effect of Curtailments	Effect of Settlements	Net Amount at 12/31/2013	Amortization Amount in 2014
$10,813	$983	$(1,760)	0	0	$8,070	$734

[1] Net amount at December 31, 2012 and 2013 amortization amounts as provided by Mercer in their letter to Towers Watson dated January 2, 2014.

Section 3: Data exhibits

3.1 Plan participant data

Hydro One Pension Plan

Census Date		December 31, 2011
A	**Active and Disabled Members**	
1	Number	5,576
2	Total pensionable earning	$503,473,550
3	Average pensionable earning	$90,293
4	Average age	44.5
5	Average credited service	14.1
6	Accumulated contribution with interest	$359,271,828
B	**Terminated Vested Members**	
1	Number	299
2	Total annual pension	$3,223,848
3	Average annual pension	$10,782
4	Average age	52.6
C	**Retired Members and Beneficiaries**	
1	Number	7,080
2	Total annual lifetime pension	$240,748,371
3	Total annual temporary pension	$25,811,646
4	Average annual pension	$34,004.01
5	Average age	73.2

Note:

The above information has been based on the summary of membership data provided by Mercer in the ASC 715 (US GAAP) actuarial valuation report as at December 31, 2012 dated January 22, 2013. Additional details with respect to the membership data are included in their report.

Hydro One Supplemental Pension Plan

Census Date		December 31, 2011
A	**Active and Disabled Members**	
1	Number	5,576
2	Total pensionable earning	$503,473,550
3	Average pensionable earning	$90,293
4	Average age	44.5
5	Average credited service	14.1
6	Accumulated contribution with interest	$359,271,828
B	**Terminated Vested Members**	
1	Number	299
2	Total annual pension	$3,223,848
3	Average annual pension	$10,782.10
4	Average age	52.6
C	**Retired Members and Beneficiaries**	
1	Number	242
2	Total annual pension	$1,984,038
3	Average annual pension	$8,199
4	Average age	65.4

Notes:

The above information has been based on the summary of membership data provided by Mercer in the ASC 715 (US GAAP) actuarial valuation report as at December 31, 2012 dated January 24, 2013. Additional details with respect to the membership data are included in their report.

Appendix A

Statement of actuarial assumptions and methods

Plan Sponsor

Hydro One Inc.

Statement of Assumptions

The assumptions disclosed in this Appendix are for the fiscal year ending December 31, 2013 financial reporting (with December 31, 2012 assumptions provided for comparison purposes).

The rates in the following table on a per annum basis.

Measurement Date	**December 31, 2013**	**December 31, 2012**
Economic Assumptions		
Discount Rates:		
• Registered pension plan	4.75%	4.25%
• SPS/DSPS	4.75%	4.25%
Expected Long-term Return on Plan Assets (EROA) – registered plan only [1]	6.50%	6.25%
Consumer Price Index (Inflation)	2.00%	2.00%
YMPE Increases	3.00%	3.00%
Increase in maximum pension under the Income Tax Act	3.00%	3.00%
Salary Increases	2.50%+M&P	2.50%+M&P
Demographic assumptions		
Mortality	CPM – RPP2014Public; projected using CPM improvement scale A, without pension size adjustments[2]	UP94 table projected generationally using Scale AA
Retirement rates	Age-related table	Age-related table
Termination rates	Age-related table	Age-related table
Disability rates	Age-related table	Age-related table
Other assumptions		
Eligible spouse at retirement	80%	80%
Spousal age difference	Male 3 years older	Male 3 years older

Notes:

[1] Return on asset assumption is net of any expenses paid by the trust. It is assumed that administrative expenses will reduce the rate of return on investments by approximately 0.35% per annum.

[2] As published in the draft report on Canadian Pensioners Mortality issued by the Canadian Institute of Actuaries, July 2013.

Age-related tables

	Termination			Retirement		
					Reduction Eligible	
Age	Male	Female	Disability	Unreduced	Male	Female
15	4%	5%				
20	4%	5%	0.000%	15%	0%	0%
25	4%	5%	0.000%	15%	0%	0%
30	2%	4%	0.105%	15%	0%	0%
35	2%	4%	0.110%	15%	0%	0%
40	1%	3%	0.115%	15%	0%	0%
45	1%	3%	0.120%	15%	0%	0%
50	1%	3%	0.295%	15%	0%	0%
55	0%	0%	1.000%	15%	2%	5%
56	0%	0%	1.000%	25%	2%	5%
57	0%	0%	1.000%	25%	2%	5%
58	0%	0%	1.000%	25%	2%	5%
59	0%	0%	1.000%	25%	2%	5%
60	0%	0%	1.878%	25%	2%	5%
61	0%	0%	1.878%	25%	7%	10%
62	0%	0%	1.878%	25%	7%	10%
63	0%	0%	1.878%	25%	7%	10%
64	0%	0%	1.878%	25%	7%	10%
65	0%	0%	1.878%	100%	100%	100%

Methods – Pension Cost and Funded Position

Census date	December 31, 2011
Measurement date	December 31, 2013
	The PBO are based on census data collected as of December 31, 2011. We have projected forward the PBOs disclosed by Mercer in their December 31, 2012 disclosure reports to December 31, 2013, adjusting the service cost for actual vs. expected employee contributions, actual benefit payments and expected growth in the PBO. For the purpose of reflecting the impact of changes in assumptions, the PBO has been adjusted based on sensitivity information provided by Mercer. In addition, for the Hydro One Pension Plan, the PBO reflects an adjustment for reciprocal transfers and employee service buybacks during 2013 (as shown in the plan assets for 2013).
Service cost and projected benefit obligation	The Projected Unit Credit Cost Method is used to determine the PBO and the related current service cost. Under this method, a "projected accrued benefit" is calculated based upon service as of the measurement date and projected future compensation and social security levels at the age at which the employee is assumed to leave active service.
Market-related value of assets	For the Hydro One Pension Plan, the fair value of assets is used to determine the expected investment return during the year. As of December 31, 2013, the plan assets were invested as follows:

	Allocation percentage
Equity securities:	63.9%
Debt securities:	28.4%
Real estate/properties:	0.0%
Cash and cash equivalent:	5.9%
Other:	1.8%

For the Hydro One Supplemental Pension Plan, consistent with past practice, the asset at December 31, 2013 has been based on the Refundable Tax Account balance at that date. This is a non-interest bearing account and therefore there is no expected return on asset included in the calculation of the benefit cost for this plan.

Amortization of unamortized amounts:	
Recognition of past service cost/(credit)	Amortization of net prior service cost/ (credit) resulting from a plan change is included as a component of Net Periodic Benefit Cost/ (Income) in the year first recognized and every year thereafter until such time as it is fully amortized. The annual amortization payment is determined in the first year as the increase in PBO due to the plan change divided by the average remaining service period of participating employees expected to receive benefits under the plan.

Recognition of gains or losses	Amortization of the net gain or loss resulting from experience different from that assumed and from changes in assumptions (excluding asset gains and losses not yet reflected in market-related value) is included as a component of Net Periodic Benefit Cost/(Income) for a year. The cumulative gains and losses at the beginning of the period are amortized over the expected average remaining working lives of the employees participating in the plan. For the purpose of preparing this current report, we have relied on information provided by Mercer with respect to the expected average remaining working lives of the employees participating in the plans.
Benefits not valued	We have assumed that all benefits referenced in the Plan Provisions section of this report were fully reflected in the PBO determined by Mercer at December 31, 2012.
Letter of credit fee – Hydro One Supplemental Pension Plan	Consistent with past practice, an allowance for the expected letter of credit fee is included as a component of the benefit cost.

Data Sources

For the Hydro One Inc. Pension Plan, we have relied on the summary of membership data provided by Mercer in the ASC 715 (US GAAP) actuarial valuation report as at December 31, 2012 dated January 22, 2013.

For the Hydro One Inc. Supplemental Pension Plan, we have relied on the summary of membership data provided by Mercer in the ASC 715 (US GAAP) actuarial valuation report as at December 31, 2012 dated January 24, 2013.

We are not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations.

Appendix B

Summary of principal pension plan provisions

Hydro One Pension Plan

A summary of plan provisions can be found in the report on the actuarial valuation for funding purposes as at December 31, 2011 prepared by Mercer and dated May 2012. Details regarding future changes to member contribution rates are contained in the Mercer Projection Letter.

Hydro One Supplemental Pension Plan

A summary of plan provisions can be found in the report on the actuarial valuation as at December 31, 2011 prepared by Mercer for the purpose of establishing the face amount of the letter of credit for the period ending December 31, 2013 dated October 2012.

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Appendix C

Employer Representation

With respect to the information summarized or referenced in this report, I hereby confirm that to the best of my knowledge and belief:

- As per applicable accounting standards, the assumptions set forth in Appendix A for each plan in the present report reflect Hydro One Inc. management's best estimates regarding future events as at December 31, 2013. The discount rate was selected for each plan by Hydro One Inc., based on market bond yields as at December 31, 2013;
- The description of the methods and the accounting policies employed, included in Appendix A of the present report is complete and accurate;
- The membership data referenced in Section 3 of the present report are a complete and accurate description of all employees or former employees who are or may become entitled to benefits under the terms of the plans;
- The information on plan assets, contributions, benefit payments and other transactions forwarded to Towers Watson and summarized in the present report is complete and accurate;
- The plan provisions, as referenced in Appendix B of the present report, are a complete and accurate description of all benefits to which employees and former employees may become entitled (including constructive obligations) and which have a material effect on the determination of obligations and costs for plans covered by this report; and
- There have been no events subsequent to the measurement date that would materially change the Plans' financial position or costs.

K Newman
Signature

VP, Corporate Controller
Title

Karen Newman
Name

January 28, 2014
Date

Ontario Energy Board (Board Staff) INTERROGATORY #71

Issue 4.3 Are the methodologies used to allocate common corporate costs to the distribution and transmission businesses and to determine the overhead capitalization rate for 2015-2019 appropriate?

Interrogatory

Reference: Exhibit C1/Tab3/Schedule 3/p. 4

a) What does Hydro One mean by the following sentence?
"The staff reductions reflected in the current service cost supports the requirements of the work program."

b) Has Hydro One included the forecast staff reductions during the period 2015-2019 in its forecast of pension and OPEB costs? Please provide the evidence references.

If the information does not appear in the current evidence, please provide tables and analysis that show the relationship of the staff reductions with the forecast pension and OPEB costs for the period 2015-2019.

Response

a) Headcount is forecast to decline year-over-year in the period 2015-2019. However, the headcount is sufficient to support the forecasted work program in these years.

b) Yes. The headcount data used is the same as the data disclosed in Exhibit C1, Tab 3, Schedule 2, Attachment 2.

Ontario Energy Board (Board Staff) INTERROGATORY #72

Issue 4.3 Are the methodologies used to allocate common corporate costs to the distribution and transmission businesses and to determine the overhead capitalization rate for 2015-2019 appropriate?

Interrogatory

Reference: Exhibit C1/Tab3/Schedule 3/p. 5

a) Please provide the strategic plan asset mix for 2014. Please explain how this differs from asset mixes over the last five years.

b) What was the actual return on pension plan assets for 2013?

c) What was the pension fund's benchmark performance for 2013?

d) What is the benchmark performance set for 2014?

e) What is the actual return on pension plan assets for the period January 1 to May 31, 2014?

f) Staff has provided a schedule below that shows the expected returns on plan assets taken from Hydro One Inc.'s audited financial statements from 2000 through 2013. The expected returns are higher than the 5.63% (now updated to 6.56%) shown at C1/T3/S3/page 5.

2000	2001	2002	2003	2004	2005	2006
7.75%	7.50%	7.25%	7.25%	7.00%	7.00%	6.75%

2007	2008	2009	2010	2011	2012	2013
6.75%	7.00%	7.25%	6.50%	6.25%	6.25%	6.25%

Please explain why the pension plan appears to have underperformed compared to what Hydro One expected each year from 2000 through 2013 as stated in its audited financial statements.

Response

a) The Hydro One Pension Plan's Policy Asset Mix (PAM) or the strategic plan asset mix (as the question refers to it) for the years 2010 and 2014 are provided in the table below:

	Asset Class	**2010**	**2014**
Return Seeking Assets:	Canadian equity	18%	17%
	US equity	22%	13%
	EAFE equity	22%	13%
	Global equity	-	15%
	Private equity	2.5%	2%
	Hedge funds	2.5%	-
	Real estate	-	2.5%
	Infrastructure	-	2.5%
	Total Return Seeking Assets	**67%**	**65%**
Liability Matching Assets:	Universe bonds	18%	18%
	Long bonds	-	15%
	Real Return Bonds	15%	-
	Cash	-	2%
	Total Liability Matching Assets	**33%**	**35%**
	Total	**100%**	**100%**

At a high level, the Liability Hedging Assets (LHA) component of the Policy Asset Mix increased from 33% to 35% due to the introduction of a dedicated allocation of 2% to Cash. As a consequence, the portion of Return Seeking Assets (RSA) was reduced from 67% to 65%.

At a more granular level, the total allocation of 2.5% to hedge funds was eliminated. In addition, the combined allocation to U.S. equity and EAFE equity was reduced from by 44% to 26%, Canadian equities were reduced from 18% to 17%, and private equity by 0.5% to 2%. A new allocation of 15% was made to Global equity holdings. Furthermore, a 5% allocation was made to Real Assets, specifically to Infrastructure (2.5%) and Real Estate (2.5%) holdings. Within the LHA component, the allocation to Real Return Bonds was eliminated, and a new dedicated allocation to Long Bonds was introduced.

b) The actual 2013 return was 17.91%.

c) The 2013 pension fund's Policy Asset Mix return was 16.22%.

d) The expected Policy Asset Mix return over the long-term is approximately 6.5%. Hydro One is not able to forecast short-term performance returns. However, over 1-year periods, on average, it is expected that the fund outperforms the Policy Asset Mix return.

e) The actual return for the January 1st to May 31st, 2014 period was 6.18%.

f) The expected return on assets (EROA), as referenced in the table above, was a long-term estimate determined by the Plan's actuary and generally does not vary significantly from year to year. The purpose of the EROA is not to accurately forecast the real market returns for the year, but rather to provide an estimate of the expected long-term average. This average helps smooth pension expenses year to year, with the understanding that, while actual market returns can vary widely up and down each year, over time they will average near the forecasted projections.

The Fund's investment objective is to achieve a long-term rate of return at least equal to the discount rate used by the Plan's actuary to determine the going-concern liability. Since inception, the Fund has outperformed the Policy Asset Mix and the long-term discount rate used by the Plan's actuary to determine the going-concern liability. As at December 31, 2013, the Fund's long-term (10-year) return was 6.90% versus its long term discount rate of 5.5% and its (10-year) Policy Asset Mix benchmark return of 6.79%.

Ontario Energy Board (Board Staff) INTERROGATORY #73

Issue 4.3 Are the methodologies used to allocate common corporate costs to the distribution and transmission businesses and to determine the overhead capitalization rate for 2015-2019 appropriate?

Interrogatory

Reference: Exhibit C1/Tab3 (Compensation, Wages, Benefits & Post-Employment or Post-Retirement Benefits (OPEBs))

a) Has Hydro One Inc. used the recoveries from ratepayers for OPEBs for general corporate purposes since 1999? Please explain what the money was used for.

b) Hydro One Inc.'s 2013 audited financial statements in Note 15 shows an unfunded deficit for OPEBs of $1.531 billion calculated on an accounting accrual basis. Hydro One Inc. through the distribution and transmission businesses has been recovering OPEB costs from ratepayers since 1999.

   i. Is it Hydro One's position that ratepayers are responsible for the OPEB deficit of $1.531 billion?

   ii. What would the regulatory deficit be at the end of 2013 if the amounts already collected from ratepayers (in capital and in OM&A) for OPEBs since inception in 1999 were shown as plan assets? Please show the sum of the recoveries from 1999 through 2013 without interest improvement.

   iii. What would be the impact on the test year OPEB forecast if the amounts recovered from ratepayers since 1999 existed in the table in the audited financial statements?

c) Has Hydro One considered creating an irrevocable trust for OPEBs? If not, please explain why this would not be prudent.

d) Staff has attached a FERC policy document on this subject – FERC 61. This document discusses the advantages and disadvantages of creating an irrevocable trust for OPEBs. Please comment on the applicability of the recommendations for Hydro One's circumstances.

e) Please describe what steps would be necessary to create an irrevocable trust for OPEBs.

f) Please provide an estimate of the costs to set up the trust and an estimate of the annual operating costs for such a trust fund.

g) Please provide an analysis of OPEBs similar to that for pensions found on Exhibit C1-T3-S3-pages 2-3 which shows amounts in OM&A and amounts capitalized. Please provide the OPEB amounts determined on the accrual accounting basis. Please include the historical years 2010-2013, and bridge year 2014, OPEB numbers as a comparison to the test years 2015-2019.

h) Please file the actuarial valuation prepared for year-end OPEB accounting as at December 31, 2013.

Response

a) The recovery is for the current employees' portion of the future benefit expensed in the year.

b) See responses below.

i. Ratepayers are not responsible for the full liability amount. Most of it has already been recovered from ratepayers, and a portion will be recovered as outlined in Exhibit 1, Tab 7, Schedule 1.08 Staff 46(c)i. in proceeding EB-2012-0031 (excerpted below).

> Hydro One does not expect to "directly" recover or refund the regulatory assets and liabilities for pensions and OPEB that are recognized for financial reporting purposes. These regulatory amounts represent offsets to the funded status of the benefit plans recognized on the balance sheet under regulatory accounting under US GAAP. The amounts conceptually represent timing differences that are reported on the balance sheet under regulatory accounting norms. These amounts, and the deferred pension asset that existed under legacy CGAAP, differ from deferral and variance accounts that are also reported as regulatory assets. Changes in the employee benefit obligations are reflected in future rates in future periods and are subject to periodic adjustment due to actuarial valuations. Under rate regulated accounting, regulatory offsets are established for those adjustments to assets or obligations that would have been included in the calculation of net income or accumulated other comprehensive income ("AOCI") for the current period for an unregulated business.
>
> Under US GAAP the funded status of the plans is re-measured every year end based on an actuarial calculation and the offsetting regulatory amounts are adjusted accordingly. Based on the funded status of the plans, the regulatory offset can be a regulatory liability or asset notionally representing a future reduction or increase in future rates respectively. OPRB and OPEB are unfunded plans and would therefore always have a regulatory asset offset.

ii. The regulatory deficit would be unchanged as the amounts collected from ratepayers represent offsets to the funded status of the benefit plans recognized on

the balance sheet under regulatory accounting under US GAAP. Please refer to Hydro One's response in Exhibit I, Tab 4.3, Schedule 1 Staff 73(b)i. above.

iii. Please refer to Hydro One's response in Exhibit I, Tab 4.3, Schedule 1 Staff 73(b) i.

c) The tax vehicles to fund OPEB are not tax efficient in Canada. For example:, a supplementary executive retirement plan (SERP) is subject to a 50% upfront tax on contributions, which is only refundable when the benefits are paid. In addition, trusts are generally taxable at the highest marginal tax rate applicable to individuals, which is 49.53% for 2014.

d) Please see Hydro One's response to c) above.

e) Please see Hydro One's response to c) above.

f) Please see Hydro One's response to c) above.

g) See the table below.

2010 - Actual					
Corporate non-pension Costs		**Transmission**	**Distribution**	**Other**	**Total**
OM&A	$M	21	29	1	51
Capital	$M	14	20	1	35
	$M	**35**	**49**	**2**	**86**
2011 - Actual					
Corporate non-pension Costs		**Transmission**	**Distribution**	**Other**	**Total**
OM&A	$M	25	34	2	61
Capital	$M	17	24		41
	$M	**42**	**58**	**2**	**102**
2012 - Actual					
Corporate non-pension Costs		**Transmission**	**Distribution**	**Other**	**Total**
OM&A	$M	21	25	2	48
Capital	$M	27	28		55
	$M	**48**	**53**	**2**	**103**
2013 - Actual					
Corporate non-pension Costs		**Transmission**	**Distribution**	**Other**	**Total**
OM&A	$M	23	32	3	58
Capital	$M	41	30		71
	$M	**64**	**62**	**3**	**129**
2014 - Bridge					
Corporate non-pension Costs		**Transmission**	**Distribution**	**Other**	**Total**
OM&A	$M	23	32	3	58
Capital	$M	33	33		66
	$M	**56**	**65**	**3**	**124**

h) Please refer to the actuarial valuations for Non-Pension Post-Retirement Benefits Plan, Non-Pension Post-Employment Benefits Plan and Supplemental Pension Plan filed in response to Exhibit I, Tab 4.3, Schedule 1 Staff 70(b).

Vulnerable Energy Consumers Coalition (VECC) INTERROGATORY #69

Issue 4.3 Are the methodologies used to allocate common corporate costs to the distribution and transmission businesses and to determine the overhead capitalization rate for 2015-2019 appropriate?

Interrogatory

Reference: C1/T5/S2

a) Please explain the variation in overhead capitalization rates during the period 2015-2019

Response

The variation in overhead capitalization rates can be attributed mostly to the ratio between Capital and OM&A spent during each year. Total OM&A forecast in 2015 is lower than 2016-19 while capital expenditures are relatively flat. Please refer to Exhibit C1, Tab 5, Schedule 2 Attachment 1, Appendix A.

Energy Probe Research Foundation (EP) INTERROGATORY #32

Issue 4.3 Are the methodologies used to allocate common corporate costs to the distribution and transmission businesses and to determine the overhead capitalization rate for 2015-2019 appropriate?

Interrogatory

Reference: Exhibit C1, Tab 5, Schedule 1, Allocation of Corporate Common Costs

Preamble:
A time study was conducted within Hydro One's Planning & Operating and Customer Service groups. The time study for these groups spanned a four week period ending May 31, 2013 and represented approximately $115 million of labour costs. Incorporating the time study's results caused a shift in allocated costs from Distribution to Transmission ($10.8 million or 2.4% of the total common corporate costs).

Updating the time allocations of the functions and activities of all other groups that did not participate in the time study resulted in a shift from Telecom ($0.6 million or 0.1%), Brampton ($0.4 million or 0.1%) and Remotes ($0.3 million or 0.1%) to Distribution ($0.9 million or 0.2%) and Hydro One's shareholder ($0.3 million or 0.1%). (Percentages are based on total common corporate costs.)

a) Confirm CCFS Costs are allocated to the HO 5 Business Units (primarily Dx and Tx).

b) Confirm Tables 1-5 show the annual amounts sand Allocations to the Business Units.

c) Since the time study was updated in 2013 and showed that changes were required to the allocations, what are the plans to update the Time allocations during the MY COS custom IRM? (B&V Study Page 6 Table 3 2015-2019 allocations).

d) Please explain why the % of CCFS to Dx increases by 0.5% (and Decreases for Tx) from 2016-2019.

Response

a) CCFS costs are allocated to Transmission, Distribution, Telecom, Brampton, Remotes and Hydro One Inc. The majority of the costs are allocated to Transmission and Distribution.

b) Tables 1-5 show the annual amounts allocated to each of the business units.

c) Hydro One notes that rates are set prospectively. There are no plans to update the time allocations during the rate term.

d) Please refer to the page in Exhibit C1, Tab 5, Schedule 1 that this question is referring to. For 2016-2019 the allocation of CCFS costs between Dx and Tx is relatively stable.

Energy Probe Research Foundation (EP) INTERROGATORY #33

Issue 4.3 **Are the methodologies used to allocate common corporate costs to the distribution and transmission businesses and to determine the overhead capitalization rate for 2015-2019 appropriate?**

Interrogatory

Reference: **Exhibit C1, Tab 2, Schedule 7, Outsourcing-Inergi Contract and Renewal**

Preamble:
In the fourth quarter of 2013 Networks exercised its right to a benchmarking review of Inergi's fees under the current agreement. Networks anticipates that a report will be completed by February 2014. The reviewer will be TPI Sourcing Consultants Canada Corp (TPI) an affiliate of Information Services Group Inc.

a) Please provide a Copy of TPI Report and

b) Discuss HO action(s) and evidence to be filed.

c) Please provide a Status Report on Termination Transition Plan and Renewal (OAR Project).

d) Please provide a schedule that details the Residual Obligations to Inergi employees (former HO employees).

e) Please provide the Date for New Contract (June 2014) and indicate required Regulatory Approvals including treatment of Cost Consequences during MY Cos plan if Service Costs Higher /Lower than Forecast.

f) Confirm renewal/replacement of contract affects both Tx and Dx and affects allocation of common costs to DX and TX.

g) What Evidence will HO provide on the updated Outsourcing costs and the allocations to Dx and Tx.

h) When will this occur? Please provide how this will be addressed from a regulatory perspective.

Response

a) Please refer to Hydro One's response to Exhibit I, Tab 4.2, Schedule 1 Staff 63.

b) As stated in Exhibit C1, Tab 2, Schedule 7, there will be no changes to the fees charged by Inergi.

c) Regarding the Termination Transition Plan, Hydro One has informed Inergi LP that it will require their termination and transition services beyond the expiration of the current agreement. The nature and extent of the services will be identified once new contract(s) are in place. The status of the retendering process remains largely unchanged from what was stated in the rates application.

d) The only residual obligation is for certain post-retirement benefits that were accumulated prior to the commencement of the original agreement. These payments are made after the affected Inergi employees retire.

e) The date(s) of new contract(s) will be determined once the new Supplier(s) are selected, as approved by the Board of Directors. Hydro One is unaware of any regulatory approvals required associated with these new contracts.

f) It is confirmed that the new contracts will affects both Hydro One's Distribution and Transmission Businesses. The cost allocations set out in Hydro One's rates application will remain unchanged for the purposes of rate-setting.

g) Hydro One does not intend to submit new evidence referred to as Hydro One anticipates the new contracts will be signed after the Board hears this application.

h) See response to g) above.

Energy Probe Research Foundation (EP) INTERROGATORY #34

Issue 4.3 Are the methodologies used to allocate common corporate costs to the distribution and transmission businesses and to determine the overhead capitalization rate for 2015-2019 appropriate?

Interrogatory

Reference: Exhibit A, Tab 11, Schedule 2, Page 9

a) Please provide details of Ad Hoc Strategy Committee. Specifically include why it is Ad Hoc and what response to PACGA is it expected to provide.

b) Please provide a copy of the Terms of Reference once these have been reviewed by the BOD.

c) Please provide the Schedule for this Committee in the format of Exhibit A-11-2 Attachment 2.

Response

a) The term ad hoc was used because from time to time the Board may appoint ad hoc Committees to address certain issues of a more short term nature and the meetings are set up as required. This Committee is now known as the Strategy Committee as approved by Board. The Committee is an advisory to the Board, generally to assist the Board in its Strategic Planning or specifically to assist the Board in meeting with and formulating and preparing submissions to the Premier's Advisory Council on Government Assets.

b) See 4.3 EP 34, Attachment 1

c) See 4.3 EP 34, Attachment 2

STRATEGY COMMITTEE

MANDATE

1. Pursuant to By-Law No. 1 of Hydro One Inc., (the "Corporation"), an ad hoc committee of the directors to be known as the "Strategy Committee" (hereinafter referred to as the "Committee") is hereby established.

2. The Committee shall be composed of a minimum of four directors.

3. The members of the Committee shall be appointed or reappointed at the Organizational Meeting of the Board of Directors (the "Board") immediately following each Annual Meeting of the Shareholder of the Corporation. Each member of the Committee shall continue to be a member thereof until his/her successor is appointed, unless he/she shall resign or be removed by the Board or he/she shall cease to be a director of the Corporation. Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board and shall be filled by the Board if the membership of the Committee is less than four directors as a result of the vacancy. Whenever there is a vacancy on the Committee, the remaining members may exercise all of the powers of the Committee as long as a quorum remains in office.

4. The Board or, in the event of its failure to do so, the members of the Committee, shall appoint a Chair from amongst their number. If the Chair of the Committee is not present at any meeting of the Committee, the Chair of the meeting shall be chosen by the Committee from among the members present. The Committee Chair shall be responsible for the leadership of the Committee, including the preparation of the agenda, presiding over meetings and determining Committee assignments. The Chair presiding at any meeting of the Committee shall have a casting vote in case of deadlock. The Committee shall also appoint a Secretary who need not be a director.

5. The time and place of meetings of the Committee and the procedure at such meetings shall be determined from time to time by the members thereof provided that:

   (a) a quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permit all persons participating in the meeting to speak and hear each other;

   (b) the Committee shall meet at least quarterly; and

   (c) notice of the time and place of every meeting shall be given in writing or by electronic mail to each member of the Committee at least 24 hours prior to the time fixed for such meeting; provided, however, that a member may in any manner waive a notice of a meeting, and attendance of a member at a meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

6. The Committee Chair is responsible for reporting to the Board on behalf of the Committee on matters considered by the Committee, its activities and compliance with this mandate.

7. For the purposes of this section, the term "Corporation" shall include Hydro One Inc. and its subsidiaries, as defined by the *Business Corporations Act* (Ontario).

   The Committee shall be advisory to the Board and, in such capacity, shall be responsible for:

   a) generally, as may be requested or required and as the Board may delegate to it from time to time, assisting the Board of Directors in fulfilling its oversight responsibility for Strategic Planning as set out in the Board of Directors Mandate; and

   b) specifically, assisting the Board in meeting with and formulating and providing submissions to the Premier's Advisory Council on Government Assets ("the Council") with respect to the Council's work and mandate.

8. The Committee shall review and reassess the Committee's mandate at least annually and recommend changes to the Board.

HYDRO ONE INC.
2014 BOARD AND COMMITTEE MEETING DATES

Board/Committee	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
HYDRO ONE BOARD	**14 Tues** 4:00-5:00 *By telephone* **27 Mon** 10:30-11:00 *By telephone*	**13 Thur** 8:30-12:30	**25 Tues** 2:45-3:15	**11 Fri** 2:00-2:30 *By telephone*	**6 Tues** 8:00-8:30 *By telephone* **7 Wed** 10:45-12:30 **Board Meeting** 1:00-4:30 **Pre-Strategy/ Education Session** **8 Thur** 8:30-4:30 **Board Strategy** **9 Fri** 8:30-12:00 **Board Strategy**	**18 Wed** 8:30-11:00 **Director Education** **24 Tues** 2:45-3:30		**11 Aug** 8:30-4:30 *(time tbd)* **Director Education** **14 Thur** 8:30-12:30	**24 Wed** **HOI Annual Forum** 8:30-10:30 **25 Thur** **Board Tour (TBD)**		**13 Thur** 10:30-3:30	**10 Wed** 8:30-3:30
COMMITTEES												
Human Resources & Corporate Governance	**14 Tues** 2:30-4:00 *By telephone*	**11 Tues** 8:00-12:00 **13 Thur*** 2:00-2:30	**19 Wed*** 10:00-11:00 *By telephone* **25 Tues** 1:00-2:00			**24 Tues** 2:00-2:30		**12 Tues** 8:30-1:30			**11 Tues** 8:30-12:00	**9 Tues** 8:30-1:30
Audit, Finance & Investment Pension	**14 Tues** *1:30-2:15* *By telephone* **27 Mon** 10:00-10:30 *By telephone*	**12 Wed** 8:30-12:00	**25 Tues** 2:00-2:30		**7 Wed** 8:30-10:30	**24 Tues** 12:00-2:00		**13 Wed** 8:30-1:30			**12 Wed** 8:30-3:00	
Health, Safety and Environment		**12 Wed** 4:30-6:30	MARCH BREAK				SUMMER BREAK	**12 Tues** 1:45-3:45 *(tbc)*			**11 Tues** 12:30-2:45	
Regulatory and Public Policy		**11 Tues** 12:30-3:30						**13 Wed** 1:30-4:30 *(tbc)*			**12 Wed** 3:15-6:15	
Business Transformation		**11 Tues** 3:45-6:15 **27 Thur** 9:30-11:00	**12 Wed** 1:30-3:00 **25 Tues** 3:30-5:00	**10 Thur** 1:00-2:30 **24 Thur** 1:00-2:30	**22 Thur** 1:30-3:00	**24 Tues** 3:45-5:00		**13 Wed** 4:30-6:30 *(tbc)*			**11 Tues** 3:00-5:30	**9 Tues** 1:45-4:15
Strategy					**28 Wed** 9:00-12:00	**6 Fri** 10:30-1:30 **17 Tues** 8:00-10:00 ~~**24 Tues**~~ ~~8:30-10:30~~ cancelled						

Note: Shaded areas indicate new meeting scheduled or change in date and/or time of a previously scheduled meeting. Asterisk (*) denotes in camera meeting.

June 20, 2014

Energy Probe Research Foundation (EP) INTERROGATORY #35

Issue 4.3 **Are the methodologies used to allocate common corporate costs to the distribution and transmission businesses and to determine the overhead capitalization rate for 2015-2019 appropriate?**

Interrogatory

Reference: Exhibit A, Tab 11, Schedule 3, Page 10 and Table 3, line 2.

a) Please provide breakout and allocation of annual total costs of President/CEO/Chairman.

b) Please provide details of the basis of indicated allocation to each of Networks and other Affiliates.

c) Please provide the summary of the Time Studies/Estimates for allocations of each sub-function to Networks, Remotes, Telecom and Brampton.

d) Reconcile with Exhibit A-11-03 Appendix A Schedule A.

Response

a)

2015

	SERVICES TO BE PROVIDED BY HYDRO ONE INC. TO: (in $Thousands)			
Services	**Hydro One Networks Inc.**	**Hydro One Remote Communities Inc.**	**Hydro One Telecom Inc.**	**Hydro One Brampton Networks Inc.**
President/CEO Office	1,487	6	12	12
Chair	314	8	3	7
Board	1,866	5	12	17
Corporate Donations (Non Tx or Dx)	1,100	0	0	0
Total (President / CEO / Chairman Services)	**4,767**	**19**	**28**	**36**

2016

	SERVICES TO BE PROVIDED BY HYDRO ONE INC. TO: (in $Thousands)			
Services	**Hydro One Networks Inc.**	**Hydro One Remote Communities Inc.**	**Hydro One Telecom Inc.**	**Hydro One Brampton Networks Inc.**
President/CEO Office	1,499	6	13	13
Chair	317	8	4	7
Board	1,866	5	12	17
Corporate Donations (Non Tx or Dx)	1,100	0	0	0
Total (President / CEO / Chairman Services)	**4,783**	**19**	**28**	**36**

2017

	SERVICES TO BE PROVIDED BY HYDRO ONE INC. TO: (in $Thousands)			
Services	**Hydro One Networks Inc.**	**Hydro One Remote Communities Inc.**	**Hydro One Telecom Inc.**	**Hydro One Brampton Networks Inc.**
President/CEO Office	1,512	6	13	13
Chair	321	8	4	7
Board	1,866	5	12	17
Corporate Donations (Non Tx or Dx)	1,100	0	0	0
Total (President / CEO / Chairman Services)	**4,799**	**19**	**29**	**36**

2018

	SERVICES TO BE PROVIDED BY HYDRO ONE INC. TO: (in $Thousands)			
Services	**Hydro One Networks Inc.**	**Hydro One Remote Communities Inc.**	**Hydro One Telecom Inc.**	**Hydro One Brampton Networks Inc.**
President/CEO Office	1,539	6	13	13
Chair	325	8	4	7
Board	1,866	5	12	17
Corporate Donations (Non Tx or Dx)	1,100	0	0	0
Total (President / CEO / Chairman Services)	**4,830**	**20**	**29**	**36**

2019

	SERVICES TO BE PROVIDED BY HYDRO ONE INC. TO: (in $Thousands)			
Services	**Hydro One Networks Inc.**	**Hydro One Remote Communities Inc.**	**Hydro One Telecom Inc.**	**Hydro One Brampton Networks Inc.**
President/CEO Office	1,561	7	13	13
Chair	329	8	4	7
Board	1,866	5	12	17
Corporate Donations (Non Tx or Dx)	1,100	0	0	0
Total (President / CEO / Chairman Services)	**4,856**	**20**	**29**	**37**

b) Please refer to Exhibit C1, Tab 5, Schedule 1, Attachment 1.

c) Please refer to Hydro One's response to question a) above.

d) Exhibit A, Tab 11, Schedule 3, Appendix A, Schedule A includes the dollars allocated for 2014. However, Exhibit A, Tab 11, Schedule 3, Page 10 and Table 3, line 2 looks at 2015-2019 which are the test years.

Ontario Energy Board (Board Staff) INTERROGATORY #74

Issue 4.4 Is the compensation strategy for 2015-2019 appropriate and does it result in reasonable compensation costs?

Interrogatory

Reference: Exhibit C1/Tab 3/Schedule 1/p. 2

The Annual Retirements table on page 2 indicates that retirements increase significantly in 2013, with a final year end number of 253.

a) Why does this number increase so significantly in 2013?
b) Why does the 2014forecast not reflect the significant 2013 increase?

Response

a) Given the decision to retirement is often a very personal and based on individual circumstances, it is difficult to fully account for the increased retirements in 2013. This said, 2013 was a bargaining year for both the PWU and Society so it is reasonable to conclude that some employees opted to retire to hedge against any potential changes to the pension plan. In addition, Employers generally are experiencing an increase in retirements due to the fact employees are recovering from any personal financial impact caused by the 2008 financial crisis.

b) The 2014 retirement forecast is based upon those employees who have achieved the 'rule of 90' (age plus pensionable service =90). Forecasting actual retirements is not a precise science since there are many individual variables that impact an employee's decision to retire or not. While the 2014 and beyond retirement forecast was not changed by the 2013 retirement actuals, Hydro One will monitor future retirements and assess whether the retirement assumption needs to be adjusted.

Ontario Energy Board (Board Staff) INTERROGATORY #75

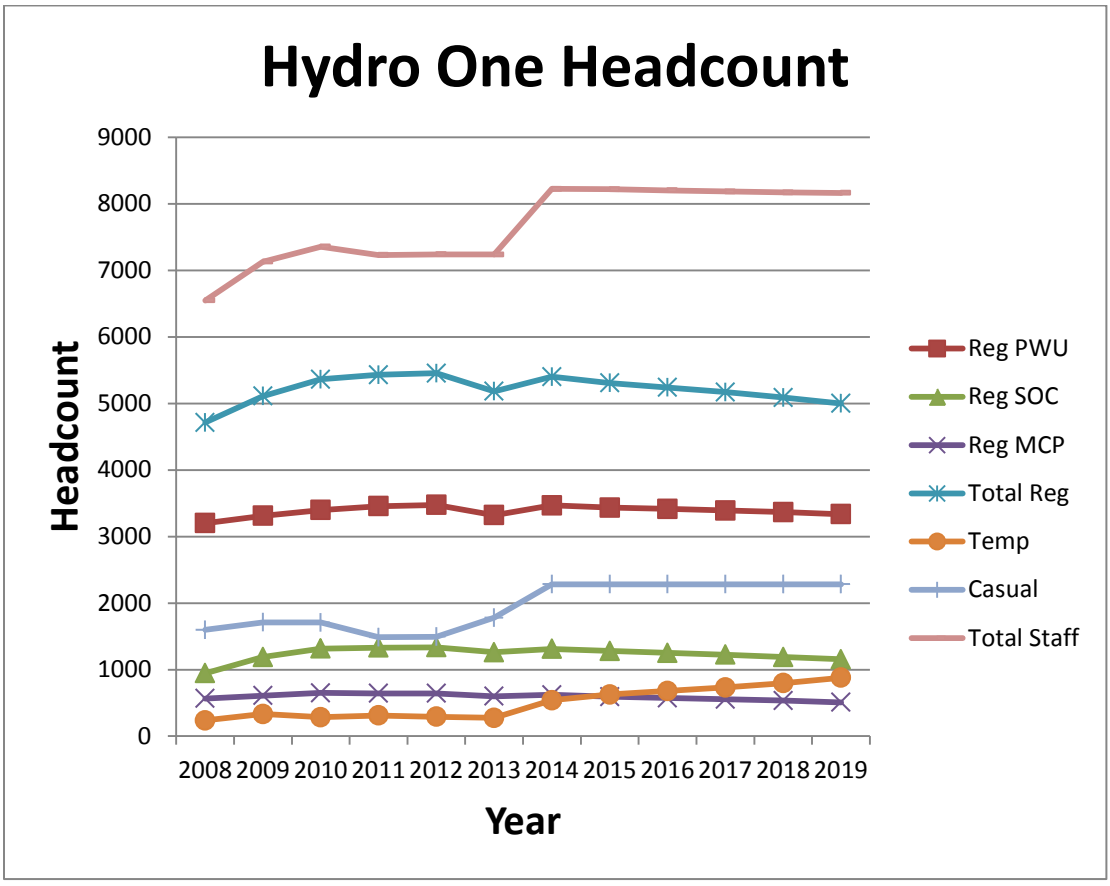
Issue 4.4 **Is the compensation strategy for 2015-2019 appropriate and does it result in reasonable compensation costs?**

Interrogatory

Reference: **Exhibit C1/Tab 3/Schedule 1/p. 6**
Exhibit C1/Tab 3/Schedule 2/Attachment 2

Please provide an update of Table 3, including a separate line for Temporary Staff, Casual Staff and Overall Total Staff as found at C1-3-2, Attachment 2 and complete the chart to 2019.

Response



Ontario Energy Board (Board Staff) INTERROGATORY #76

Issue 4.4 Is the compensation strategy for 2015-2019 appropriate and does it result in reasonable compensation costs?

Interrogatory

Reference: Exhibit C1/Tab 3/Schedule 2/p. 3 & Exhibit C1-3-2, Attachment 1

Hydro One indicates that the Mercer Study results for the PWU reflect the increased use of the Hiring Hall.

How is the effect of using additional Hiring Hall staff reflected in the methodology of the Mercer salary survey?

Response

Seven of the benchmarked jobs in the Mercer Study are resourced through the use of the PWU "hiring hall". Hiring hall employees have different (lower value) pension and benefits than regular Hydro One employees in the same jobs. The value of the hiring hall total compensation was taken into account, weighted by number of job incumbents on that arrangement, for these seven jobs under the "current" plan.

Vulnerable Energy Consumers Coalition (VECC) INTERROGATORY #70

Issue 4.4 Is the compensation strategy for 2015-2019 appropriate and does it result in reasonable compensation costs?

Interrogatory

Reference: C1/T3/S1

a) Please provide the training budgets for each of the years 2010 through 2019 for (a) engineering/operations and (b) corporate/financial/general

Response

The requested training budgets by departments are not readily available. On a best efforts basis, below are the historical and forecasted non–technical training costs for Hydro One Networks.

Year	Non Technical Training ($M)*
2010	$1.4
2011	$1.4
2012	$1.3
2013	$0.7
2014	$1.5
2015	$2.1
2016	$1.4
2017	$0.9
2018	$0.8
2019	$0.8

* Manager/Supervisory training including course and facility costs.

Vulnerable Energy Consumers Coalition (VECC) INTERROGATORY #71

Issue 4.4 Is the compensation strategy for 2015-2019 appropriate and does it result in reasonable compensation costs?

Interrogatory

Reference: C1-3-2 Attachment 2

a) Please create a line graph showing (separately) the number of regular, temporary and casual employees for the years 2010 through 2019.
b) Please create a separate line graph with the total of all employees for the same period

Response

Please see response to Exhibit I, Tab 4.4, Schedule 1 Staff 75.

Vulnerable Energy Consumers Coalition (VECC) INTERROGATORY #72

Issue 4.4 Is the compensation strategy for 2015-2019 appropriate and does it result in reasonable compensation costs?

Interrogatory

Reference: C1-3-2 Attachment 2

a) The evidence shows a significant increase in the number of temporary employees beginning in 2014 and continuing throughout the rate plan period (over 100% from 2013). Please explain the reason for this.
b) What percentage of temporary employees in 2013 were retirees of Hydro One?
c) What are Hydro One's policies with respect to (a) rehiring retirees; (b) hiring persons who are family members of a current employee?

Response

a) Hydro One's work execution strategy, utilizes a number of approaches to resource and accomplish the required work. To address the fluctuating and seasonal nature of the work programs and to be responsive to cost and regular headcount concerns, Hydro One will be using more 'contingent' employees.

b) Based on year end headcount, approximately 3% of temporary/casual employees were retirees of Hydro One. Of the number of retirees who were hired as temporary/casual employees, 93% were union represented resources sent to Hydro One through a hiring hall arrangement. Hydro One submits a requisition for staff with a specific skill set/qualifications and the union hiring hall sends the temporary resources.

c) Rehiring retirees, with the exception of hiring hall referrals, is governed by the *Re-employment of Former Employees* policy. Managers are required to seek executive level approval for the rehire of former employees and the criterion for considering rehiring a former employee is that it is in in the best interest of Hydro One and no other alternative exists.

Hydro One's *Fair Hiring Policy* and the *Business Code of Conduct* govern hiring family members. Family members of existing employees are not barred from applying to job opportunities but Hydro One's hiring processes are designed to ensure that they do not have an advantage over other candidates.

Vulnerable Energy Consumers Coalition (VECC) INTERROGATORY #73

Issue 4.4 Is the compensation strategy for 2015-2019 appropriate and does it result in reasonable compensation costs?

Interrogatory

Reference: C1/T3/S1

a) Please explain how the forecast for 2014 – 2019 for causal employees was derived.
b) The evidence suggests that casual employees are highly correlated with the capital budget plans. If Hydro One were to maintain 2012 capital budget amounts what would be impact on the forecast of casual employees (i.e. what is the sensitivity of budget dollars to causal FTEs)?

Response

a) Casual employees can be represented by the PWU, CUSW, LIUNA or EPSCA trades. To establish the percentage of work to be completed by each union group in the test years, work performed by each union in 2012 is used as the baseline. The work to be performed in each test year is assessed to determine a total number of hours required. Assuming that the number of regular staff remain at the 2012 level, the regular resource hours available is subtracted from the total hours required to determine the non regular resources required. The percentage of work performed by each union group is then applied to the non regular required resources.

For clarity, the 2013 figure for casual employees in the compensation chart found at Exhibit C1, Tab 3, Schedule 2 is 2013 year end actuals. The forecasted casual employees in years 2014-19 is FTE's. As noted in the exhibit on page 10, this chart is illustrative of trends in compensation costs for both the Distribution and Transmission businesses and does not reflect the revenue requirements for this filing.

b) The impact of reducing Distribution capital budget to 2012 levels on a reduction of casual employees would be:

2015	2016	2017	2018	2019
107	155	210	158	274

School Energy Coalition (SEC) INTERROGATORY #37

Issue 4.4 Is the compensation strategy for 2015-2019 appropriate and does it result in reasonable compensation costs?

Interrogatory

Reference: Exhibit C1/Tab 3/Schedule 1/p.1

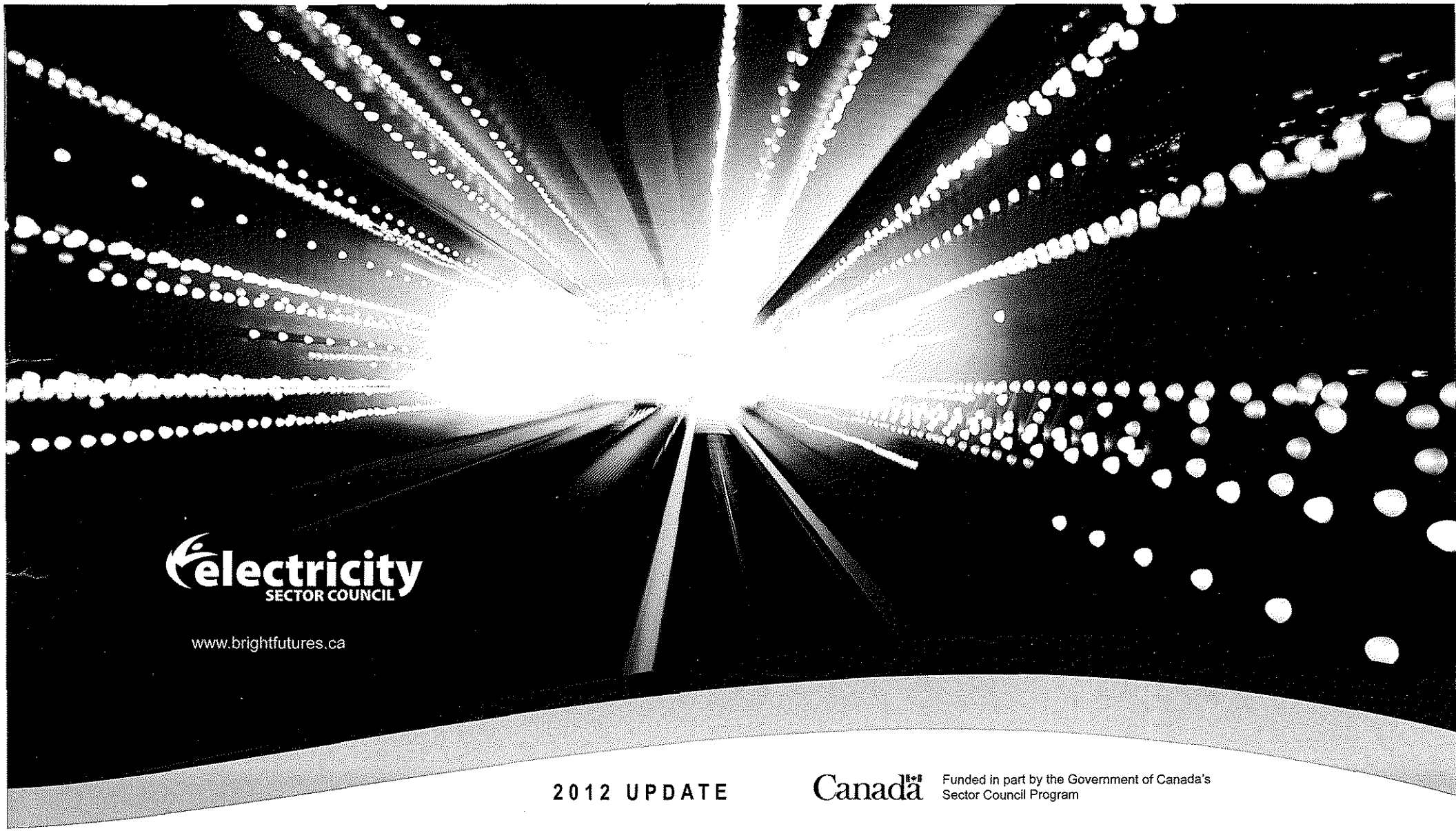
Please provide a copy of the 'Power in Motion, 2011 Labour Market Information Study'.

Response

Please see attached.

Power in Motion

2011 LABOUR MARKET INFORMATION (LMI) STUDY



2012 UPDATE

Canada Funded in part by the Government of Canada's Sector Council Program

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Executive Summary

Canadian electricity industry employers share labour requirements that are distinct from those of competing industries. Acting together to target these requirements will maximize the impact of limited resources.

Power to the Next Generation

In 2011, the electricity and renewable energy industry is experiencing a major investment boom that will see much of the existing system replaced or upgraded, and as much as one third of the generating capacity switch to renewable sources, particularly wind.

These conditions create the most severe skills shortages and labour market challenges that the industry may have ever faced.

Between 2011 and 2016, Canada's electricity and renewable energy industry will need to recruit over 45,000 new employees – almost half of the starting workforce, and more than twice the number recruited in the last five years.

Of these new employees, 23,000 will be in critical occupations that are specific to the electricity industry. Many will replace a wave of specialized and experienced retirees. All will be on the leading edge of Next Generation infrastructure.

For many key occupations, the available workforce will not meet the unprecedented labour requirements. Employers will need to look for new recruits – with new skills tied to a very different system of electricity generation, transmission and distribution.

Where will these new recruits come from? This report addresses this question. It is a condensed version of the 2011 update to the 2008 Electricity Sector Council (ESC) Labour Market Information (LMI) Study – Powering Up the Future – and the third round of in-depth research on the topic.

The human resources challenge

Each successive LMI study has found a higher level of urgency to renew and rebuild the industry workforce with HR initiatives that have grown from this research.

While the ESC and industry work to address most issues, labour market changes are accelerating and competitive forces growing stronger.

Next Generation projects will involve two decades of construction and cost $295 billion or more – raising annual spending by 50% over past decades. Given the need to replace over 40% of the workforce, the industry should expect comparable investments in human resources.

This LMI update highlights four key human resources challenges:

- Anticipate the pace of older boomer retirements, identify and prepare younger boomer replacements, and find additional Generation-Xers.
- Plan technology training and certification programs to meet the needs of the Next Generation infrastructure and workforce.
- Track labour markets and map recruiting plans for new IT occupations.
- Plan strategies for competing with other employers and industries in a rapidly changing environment.

United action is needed

For electricity and renewable energy employers, the recruiting challenge is unprecedented. Individually and following past HR strategies, they will not be able to succeed. United action is needed.

The electricity sector requires specialized skills and occupations that are distinct from those in other industries. Acting together on initiatives that target these requirements will maximize the impact of limited resources and improve labour markets for the sector as a whole.

These initiatives are outlined in the following recommendations. This report details their rationale as revealed by the latest research.

Putting the power in motion

Employers and human resources planners need to work together to add, intensify, target and refine the following strategies and programs:

Expand knowledge transfer and training

- Expand knowledge transfer programs that are preparing candidates to replace skilled retirees.
- Work with Provincial governments, colleges and universities to add new programs and certifications for technicians, technologists and specialized trades for work with new technologies.
- Work with unions to build a skilled workforce and add specialized and advanced qualifications and certifications.
- Work with other electricity sector employers in initiatives to improve the transition from post secondary training to the workplace. This includes targeting higher rates of apprenticeship completions, enhanced internship programs for engineers, and carefully targeted co-op programs for IT grads.

Recruit immigrants and diversity groups

- Target permanent immigrants, including programs that integrate new arrivals into the community.
- Systematically target temporary foreign workers in key occupations and move the best candidates into Provincial Nominee Programs.
- Work with unions to add diversity to the workforce and integrate permanent immigrants and temporary foreign workers.
- Develop a strategy for attracting more women, Aboriginals and diversity groups that take advantage of existing programs offered by individual employers and other groups.

This industry will be transformed with 45,000 new skilled workers over the next five years.





1. Introduction

Welcome to the 2011 Labour Market Information (LMI) Study

This condensed version presents the key results from a third round of in-depth research and comprehensive analysis conducted by the Electricity Sector Council (ESC).

Canada's electricity and renewable energy industry has begun a major transformation that will expand, replace and refurbish most of the electricity infrastructure by 2030. This transition from Legacy systems to Next Generation began as early as 2006 and is gaining momentum. New infrastructure is already emerging and employing a very different workforce.

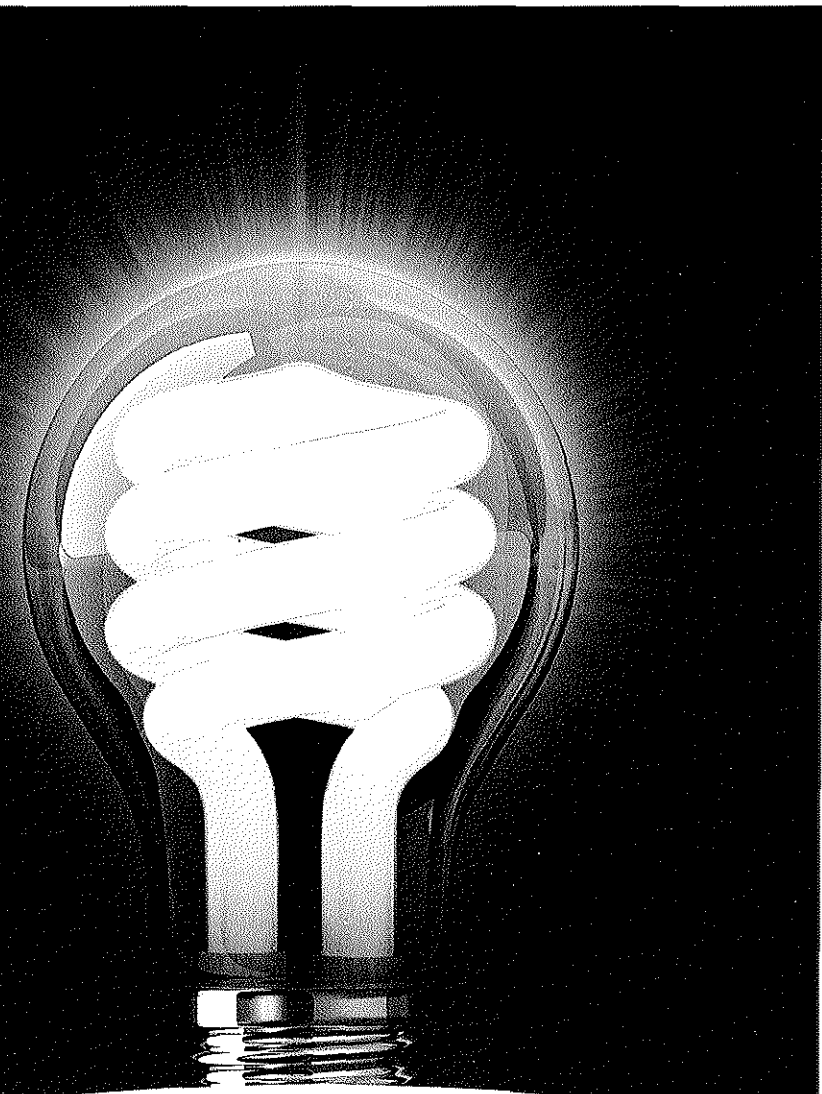
As a result, employers are facing multiple human resources challenges. They vary by region, sector and occupation. Some are familiar, such as retirements and competition with other industries. Others are new, such as hiring and training staff for large renewable energy projects.

This report describes the next five years of these changes in over 140 labour markets and 30 occupations. The aim is to provide practical insights to guide the industry's human resources management and planning.

Findings are gathered into three themes:

- The transition from Legacy to Next Generation infrastructure
- Labour requirements for this transition and beyond
- Assessment of future markets using the ESC LMI model

A major technology shift is demanding specialized new skills occupations. The industry is making progress.



2. Trends in the Electricity and Renewable Energy Industry

2a The industry is in transition to Next Generation infrastructure

Electric utilities are among the largest employers in Canada. The industry employs over 100,000 people in almost 700 establishments, from big government owned or regulated utilities to small start-up businesses. Large organizations dominate, and the 32 largest employ over 78,000 workers (78% of the workforce).

Electricity generation, transmission and distribution are capital intensive processes with a large scale, complex, specialized infrastructure and an established workforce.

The Legacy infrastructure built over 25 years ago has been eroded by time and technology, and events are moving ever more rapidly towards Next Generation infrastructure.

Along the way, the industry has been decentralized and deregulated, encouraging retail and wholesale providers to enter most markets. New technologies and government programs have also brought many renewable energy suppliers into the industry.

This transition is not just changing the way electrical power is generated, transmitted and distributed. It is changing the way the electricity industry works to build and operate the new infrastructure. Above all it is intensifying competition in labour markets across Canada as employers look for new requirements in their workforce and for new education and training programs to fill the knowledge gap.

Meeting these challenges will shape the character of the electricity industry's employment for years to come.

EXHIBIT 2.1: LEGACY TO NEXT GENERATION

LEGACY	NEXT GENERATION
Twenty-plus years of limited growth	Twenty years of rising investment
High concentration of capacity and workforce	Distributed generation of renewable capacity
Established support systems in post secondary programs, regulations	Deregulation, change to specialized, flexible training and certification
Stable, large scale operations	Large number of smaller new entrants
Long asset lives	Rapid replacement, high maintenance
Large employers, and a specialized, qualified, experienced workforce	Exit of experienced workforce; shortage of entrants with midlevel experience
Dominant, preferred employers in local labour markets	Intensifying competition in labour markets, post secondary programs

Source: ESC Employer Survey 2011

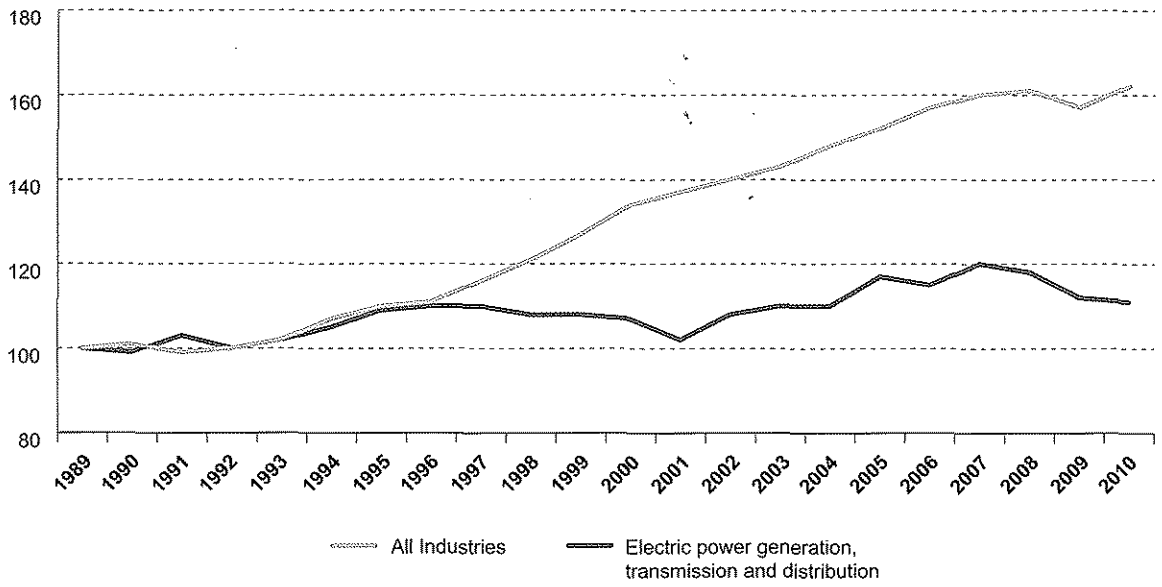
A gradual increase in electricity demand

While demand for electricity has grown at a steady gradual rate for years, it is not the major reason for replacing the Legacy infrastructure.

National trends for major markets show that overall electricity demand (in gigawatt hours) has risen just 16%, with some markets leading and others lagging.

Output trends from 1990 show that the Gross Domestic Product (GDP) total gain for the electrical utilities sector has been only 11% in over 20 years – far less than for the overall economy which grew 62% in the same period. In fact, from the mid-1990s the shift to energy conservation has caused a steady decline in energy intensity of the economy.

EXHIBIT 2.8*: TRENDS IN GDP 1989-2010



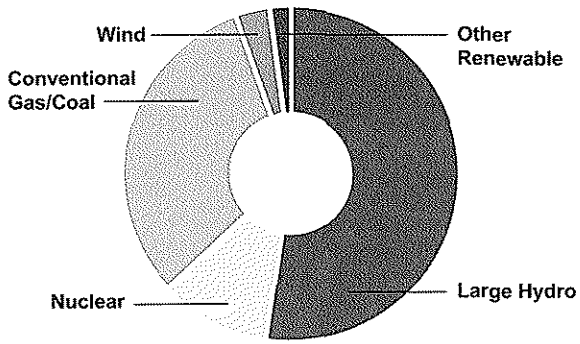
Source: Statistics Canada, Energy Statistics Handbook, Fourth Quarter 2010
* Note: Exhibit numbers refer to the full report and may not appear in numerical order.

A major shift in technology and environmental regulation

Pressure to replace the Legacy infrastructure has increased in the past decade, driven by environmental requirements, advances in technology and deterioration in original facilities.

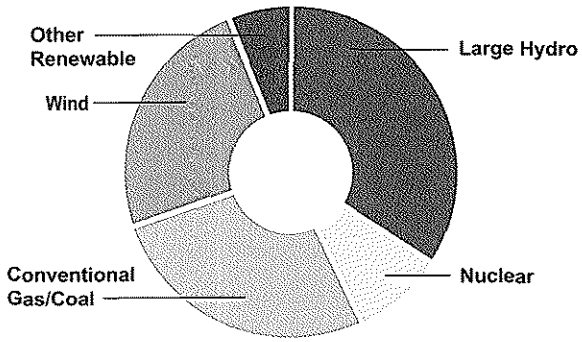
The transition will impact major sectors differently. While the dominant fuels for generating electricity are still hydro, coal, gas and nuclear, new forms of energy are developing quickly and the operational structure is changing.

EXHIBIT 2.4: DISTRIBUTION OF EXISTING GENERATION CAPACITY (118,000 MW)



Source: The Conference Board of Canada, 2011

EXHIBIT 2.5: DISTRIBUTION OF EXPECTED INVESTMENT IN GENERATING CAPACITY 2010 TO 2030 (39,400 MW)



Source: The Conference Board of Canada, 2011

Power generation

Generation is the process of producing electric energy by transforming other forms of energy.

Canada's current electrical generating capacity is 118,000 MW, dominated by Legacy investments in large hydro, coal and gas, and nuclear systems. In the next two decades the industry projects an additional generating capacity of 39,400 MW, of which 30% (12,000 MW) will come from renewable sources, mostly wind.

Ongoing evolution in power generation has encouraged a shift to smaller scale facilities including co-generation systems and local gas-powered generators. New investments from 2010 to 2030 will be used to replace coal plants, refurbish nuclear systems, and respond to environmental concerns by adding renewable energy generation systems.

Hydro – Canada has a relatively low emissions system with large scale historical development in hydro-electric.

Coal and Gas – Coal generation in Ontario and Alberta has grown to be a significant proportion of supply. Plans to replace / upgrade these plants are driven by environmental regulations, international agreements to reduce carbon emissions, and the potential of "clean coal" technology.

Nuclear – Major investments are also underway to refurbish / upgrade nuclear facilities. Plans are also being considered to add major base load capabilities with new nuclear technologies (after 2016).

Wind and Other Renewables – Driven by new technology and the government's green initiatives, the addition of renewable energy generation systems (wind, solar, geothermal, bio-fuel) has accelerated rapidly since the 2008 LMI study and is poised to expand significantly from 2011 to 2016.

Power transmission

Transmission is the process of moving higher voltage electricity in bulk from the supply source to distribution centres.

New technologies also impact investments to repair / refurbish bulk transmission and distribution systems. The planned improvements and expansion of the north-south grid will focus on the quality of the overall system.

Power distribution

Distribution is the process of moving electricity at lower voltages from major substations to customers.

The growing focus on distributed generation downstream of the transmission grid will change the way the grid is operated and require significant investments. The shift in generation capacity to smaller scale / micro facilities will impose major changes in local distribution and consumption patterns.

Three complex and unpredictable changes will impact distribution and consumption:

1. Accommodating the distribution of power generated by small facilities and maintaining quality
2. Investments associated with developing "smart grid" technology that will predict and intelligently respond to electricity supply and demand
3. Changing electricity requirements related to time of use and major demands (e.g., electric vehicles)

Massive investments are being made

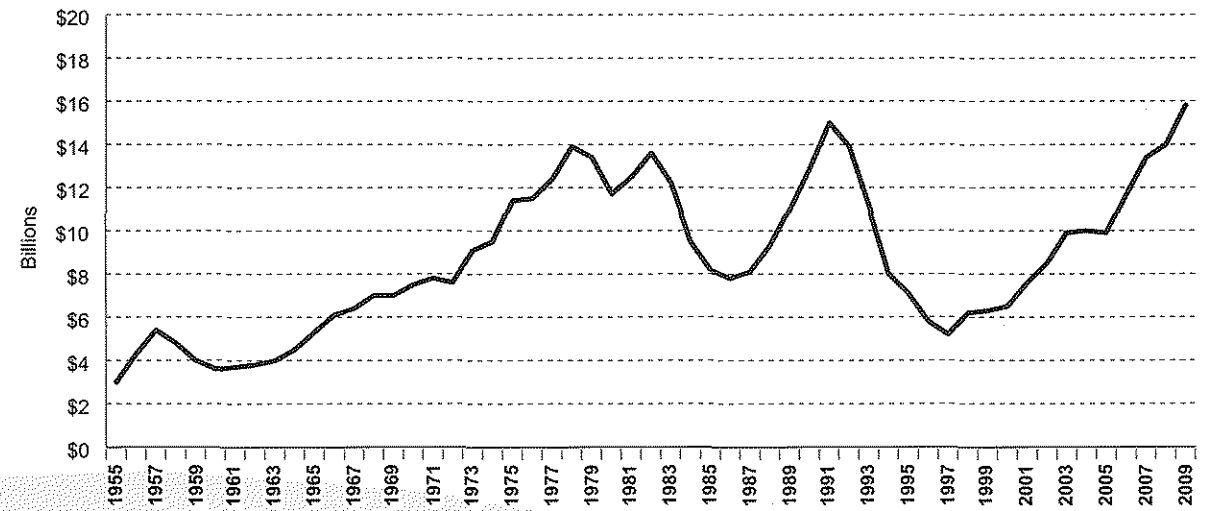
Almost $300 billion over the next 20 years

Work to transition from Legacy to Next Generation systems will be completed through a massive investment program between 2010 and 2030. This is to cover an infrastructure deficit that grew over more than a decade of weak investment in Canada's electricity utilities.

Tracking investments since the 1950s shows that they peaked in the late 1970s and 80s when most of the Legacy system was built. Starting in the 1990s, investment fell for over a decade and delayed system improvements. This created a large accumulated infrastructure deficit and a demand for work to renew or upgrade the system.

In the late 1990s investment started on an upward track. It began with an extended period

EXHIBIT 2.7: PRODUCTIVE CAPITAL STOCK: ELECTRIC POWER INDUSTRY TOTAL INVESTMENT (2002 $ BILLIONS)



Source: Statistics Canada, CANSIM Table 031-0002

of lower investment, associated with very limited growth in demand for electricity and significantly lower employment. By 2005, however, evidence of infrastructure deterioration was apparent, and in 2006-07 the process of replacing and refurbishment began.

The current investment program is predicted to reach annual levels of over $15 billion – more than 50% above that of past decades – and will total $293.8 billion over the next 20 years (2010-2030).

To be invested in power generation, transmission and distribution

Of the $293.8 billion total investments, $195.7 billion will be in generating capacity, mostly to replace coal plants and refurbish nuclear facilities. New generating capacity will come from renewable energy providers (especially wind) and expansion of energy development in Alberta.

An estimated $35.8 billion will be invested in transmission systems and $62.3 billion in distribution systems, mostly for repairs and upgrades.

Note: Because there are few details on the cost of new technology and upgrades (such as smart grid systems), investment numbers exclude these and may **underestimate** coming activity.

EXHIBIT 2.6: ELECTRICITY INVESTMENT REQUIREMENTS IN CANADA 2010 TO 2030

SECTOR	2010 $ BILLIONS
Generation	195.7
Transmission	35.8
Distribution	62.3
Total	**293.8**

Source: The Conference Board of Canada, 2011

Over 30 occupations are affected[1]

19 electrical occupations

Designing and constructing Next Generation infrastructure involves most electrical occupations as well as a group of support trades and specialists. Previous ESC LMI reports studied employees in 16 electrical occupations including managers, engineers, technicians and skilled trades. This 2011 study expands the list and their role in managing, maintaining and operating facilities. It tracks employment in 19 occupations from 2006 to 2010, and uses these growth trends to forecast markets for the five year period from 2011 to 2016.

EXHIBIT 2.2: EMPLOYMENT IN THE ELECTRICITY INDUSTRY BY OCCUPATION, CANADA, 2006 AND 2010

19 ELECTRICAL OCCUPATIONS	EMPLOYMENT 2006	EMPLOYMENT 2010
Engineering Managers	545	628
Utility Managers	3635	4189
Construction Managers	155	179
Financial Auditors and Accountants	1330	1411
Civil Engineers	550	634
Mechanical Engineers	2330	2685
Electrical and Electronic Engineers	4225	4869
Information Systems Analysts and Consultants	1750	1857
Civil Engineering Technicians and Technologists	485	559
Mechanical Engineering Technicians and Technologists	910	1049
Electrical and Electronic Engineering Technicians and Technologists	3535	4074
Contractors and Supervisors, Electrical Trades and Telecommunications	1190	1371
Electricians (Except Power Systems and Industrial)	255	294
Industrial Electricians	315	363
Electrical Power Line and Cable Workers	8395	5313
Power Systems Electricians	4610	10548
Power System and Power Station Operators	6380	6769
Stationary Engineers and Auxiliary Equipment Operators	760	806
Construction Millwrights and Industrial Mechanics	2050	2362
Total Electrical Occupations	**43405**	**50033**
Total Support Occupations	**50345**	**58019**
Total All Occupations	**93760**	**108052**

Source: Statistics Canada, Census 2006, C4SE, ESC Employer Survey 2011

[1] The 19 occupations listed in Exhibit 2.2 are expanded later in the report as the survey results identified power system operators and power station operators as separate occupations in the employer survey. This latter approach is closer to general industry practices. At other points in the research the number of occupations is reduced because of data reliability concerns.

EXHIBIT 2.3: EMPLOYMENT IN THE NEXT GENERATION, CONSTRUCTION AND DESIGN, CANADA, 2006 AND 2010

12 CONSTRUCTION OCCUPATIONS	2006		2010	
	Construction	All Industries	Construction	All Industries
Boilermakers	7553	10318	8289	11079
Carpenters	122090	143995	120860	143613
Crane operators	4620	13020	5494	14206
Electricians (including industrial and power system)	60800	99005	64303	102874
Heavy-duty equipment mechanics	4125	37535	5187	43534
Heavy equipment operators (except crane)	39985	73405	50262	84342
Ironworkers and structural metal fabricators & fitters	6710	21925	8147	23955
Sheet metal workers	20090	29374	21049	29109
Steamfitters, pipefitters, sprinkler system installers	10305	19925	11416	21118
Trades helpers and labourers	115150	152130	119220	158896
Truck drivers	16035	285005	19733	292606
Welders and related machine operators	8300	96670	10097	102019
Total	**415763**	**982307**	**444057**	**1027351**

Source: Construction Sector Council (CSC)

Working conditions for all these electrical occupations are changing. Managing the training, certification and recruiting that will implement these changes is a major HR challenge.

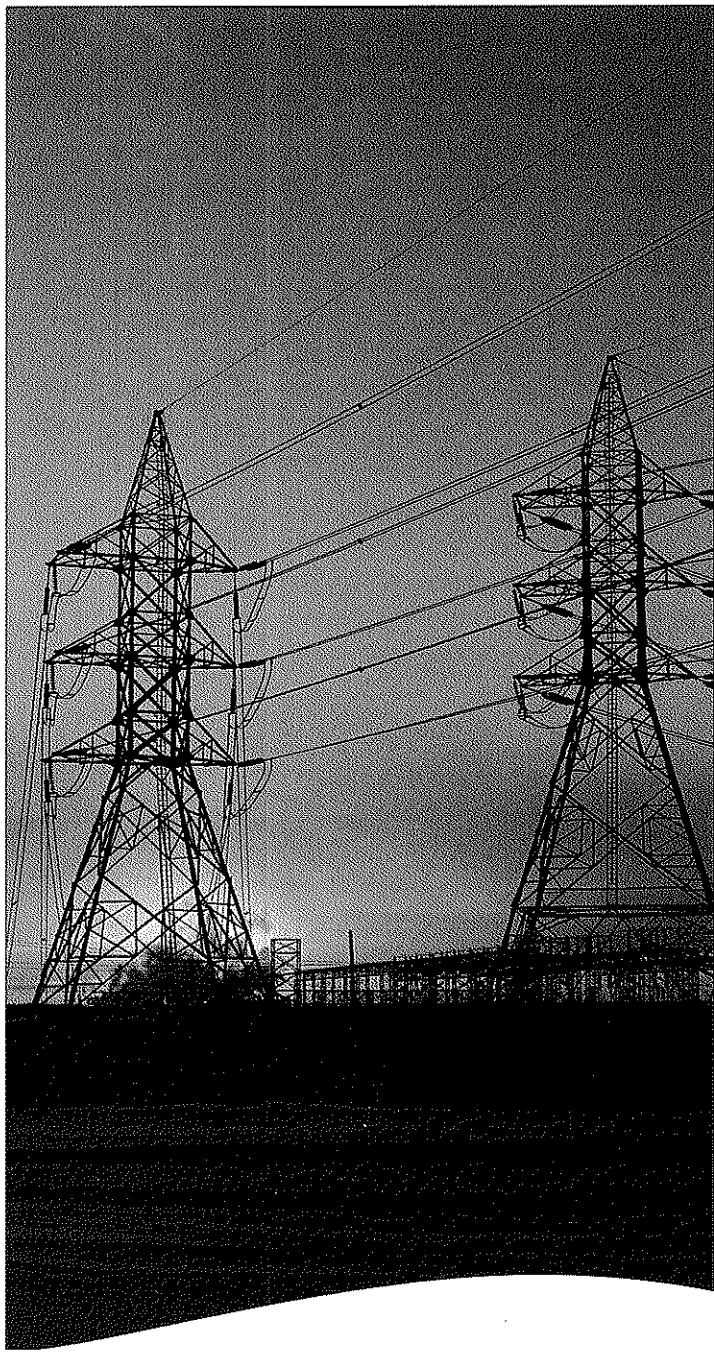
12 construction occupations

Construction makes up the largest group of "non-electrical" occupations required to build Next Generation infrastructure. These 12 trades and occupations have roles either on electricity company in-house teams or with contractors and consultants working with electricity companies.

Renewable energy occupations are not captured

Labour requirements for renewable energy providers are changing, and many new training programs are qualifying specialists such as solar and wind system designers and installers. These occupations, however, are not captured in standard statistical sources and their emerging labour markets can not yet be assessed.

Therefore, the surveys and interviews for this study focused only on the 19 electrical occupations and 12 construction occupations to pinpoint their labour market issues, training requirements and HR management practices.



2b Workers are in position for Next Generation training

A wave of retirements is having a ripple effect

Perhaps the biggest human resources challenge is replacing workers who are retiring now and in the coming years. It's all part of the electricity industry's "legacy" of baby boomers. From the 1970s and 80s, employers recruited a large wave of boomers (born 1947-1965), and in 2006 they began to take early retirement.

In 2011, the oldest boomers are in their early 60s and the youngest in their mid-40s. As older boomers retire, young boomers (middle management) are moving up to fill their jobs. Managing this transition is a top priority and will require plans to retain and build skills and transfer knowledge.

These challenges have a ripple effect as Generation-Xers (age 35-44) are called on to fill the middle management jobs left by young boomers. Gen-Xers have the crucial 5-plus years of experience that is so hard to find in outsiders. They are also a very small group demographically, and firms who have not hired and trained this critical demographic may have trouble filling the occupations left by young boomers.

The situation is most acute for utility managers and supervisors, but many other occupations including millwrights and some engineering disciplines will also feel the pinch. The exception is IT occupations, which have a younger age profile reflecting more recent hiring.

Challenges related to age profile have grown more acute in the three years since the last survey. While the proportion of older boomers (aged 55-64) is the same, young boomers (aged 45-54) have grown relatively larger and Gen-Xers (aged 35-44) smaller.

Electricity industry workforce dynamics are notably skewed towards a high and rising number of retirements that will run well above other industries. The average age at retirement across all occupations is 58, compared to age 61 for the overall economy. This 3-year gap is very large and will add cumulatively to retirement losses. By 2016 all but the youngest boomers will have reached age 58 and likely have the 30 years of experience to qualify for full pension. A high proportion will take it.

Since the 2008 survey, the proportion of workforce eligible for full pension has increased from 8.5% to over 11%. The proportion of the workforce retiring in 2011 (3.9%) is 60% higher than in 2006 (2.4%). It is also above the estimates for the overall economy (just under 3%) and this gap widens in the future. Electricity sector retirements are expected to more than double by 2016, while for the overall economy workforce they rise from 3% to 4%.

There are variations among occupations – for example, electrical engineers, and engineering technicians and technologists stay at work longer while managers, supervisors and trades take advantage of pension eligibility. Managers and supervisors have the highest age and the highest retirement profiles.

BOOMERS AT A GLANCE (Born 1947-1965)	
In 1970	age 5-23
In 1980	age 15-33
In 1990	age 25-43
In 2006	**age 41-59**
In 2011	**age 46-64**
In 2016	**age 51-69**
In 2023	**age 58-76**
In 2030	**age 65-83**

EXHIBIT 2.30: AGE DISTRIBUTION, ELECTRICAL OCCUPATIONS

	n	% of Sample By Age					
		<25	25 to 34	35 to 44	45 to 54	55 to 64	>65
Engineering Managers	43	0%	4%	22%	49%	24%	1%
Utility Managers	38	0%	4%	19%	58%	19%	0%
Construction Managers	27	0%	4%	18%	48%	29%	1%
Supervisors of Electricians and Electrical Power Line Workers	50	1%	7%	19%	56%	17%	1%
Civil Engineers	23	1%	29%	23%	31%	14%	1%
Mechanical Engineers	19	2%	47%	18%	23%	10%	0%
Electrical and Electronic Engineers	37	4%	29%	24%	27%	14%	1%
Information Systems Analysts and Consultants	33	1%	20%	31%	36%	11%	0%
Civil Engineering Technicians and Technologists	18	2%	20%	23%	38%	16%	1%
Mechanical Engineering Technicians and Technologists	16	2%	20%	25%	34%	18%	1%
Electrical and Electronic Engineering Technicians and Technologists	36	4%	22%	22%	38%	13%	1%
Electrical Power Line and Cable Workers	50	9%	29%	22%	28%	12%	1%
Power System Electricians	35	3%	20%	24%	37%	15%	1%
Power System Operators	29	7%	23%	20%	37%	13%	0%
Power Station Operators	20	4%	23%	26%	36%	12%	0%
Millwrights and Industrial Mechanics	21	3%	20%	22%	38%	16%	1%
All Other Trades	29	4%	16%	18%	43%	19%	1%
Total Electrical Occupations	38	4%	21%	22%	37%	15%	1%

Source: ESC Employer Survey 2011

EXHIBIT 2.32: RETIREMENT PROJECTIONS, ELECTRICAL OCCUPATIONS

	n	% of Current Workforce Retiring in 2011	% of Current Workforce Retiring in 2016
Engineering Managers	20	4.9%	8.3%
Utilities Managers	27	6.3%	10.6%
Construction Managers	18	7.3%	12.9%
Supervisors of Electricians and Electrical Power Line Workers	28	7.0%	19.8%
Civil and Other Engineers	14	3.3%	9.2%
Mechanical Engineers	13	0.6%	4.0%
Electrical and Electronic Engineers	20	2.7%	5.8%
IT Occupations	20	3.4%	6.9%
Civil and Other Engineering Technologists and Technicians	12	4.1%	9.5%
Mechanical Engineering Technologists and Technicians	13	3.8%	10.9%
Electrical and Electronics Engineering Technologists and Technicians	23	3.4%	10.0%
Electrical Power Line and Cable Workers	33	1.7%	4.5%
Power System Electricians	21	3.8%	9.0%
Power System Operators	24	6.4%	25.4%
Power Station Operators	14	3.2%	7.0%
Millwrights or Industrial Mechanics	17	3.8%	6.4%
All Other Trades	18	5.7%	18.8%
Total Electrical Occupations	**335**	**3.9%**	**10.0%**

Source: ESC Employer Survey 2011

Current workforce demographics

Age profile gap

In 2006 the electricity workforce had a distinct make-up that captured much of the Legacy period. Employees were hired in the 1970s-80s as the Legacy system was built. Employment reached record levels in the early 1990s, then fell with investments starting in the mid-1990s, and stayed well below past peaks until 2006 with sustained employment losses exceeding 25%.

The 2006 workforce profile still showed the impact of this investment and employment gap. For example, the surge of new entrants (age 15-24) in the 1970s-80s are now aged 50 plus. The result is a peak for 45-54-year olds and a lower share for under-25-year-olds. This has important implications for retirement patterns, internal promotions and external recruiting.

Well educated, well paid

The electricity workforce has notably higher levels of educational achievement than the general workforce, with a concentration of graduates from university, college and apprenticeship programs. In 2006 they earned an average income of $78,421, which is 53% above the economy average of $51,221.

Educational qualifications reflect an occupation mix that is weighted to professional and technical jobs in natural and applied sciences. Over half the workforce are engineers, engineering technicians/technologists, and trades. However, many picked up this training 20 to 30 years ago, and few in the workforce completed post secondary training in the last ten years. This has implications for new recruit needs and training.

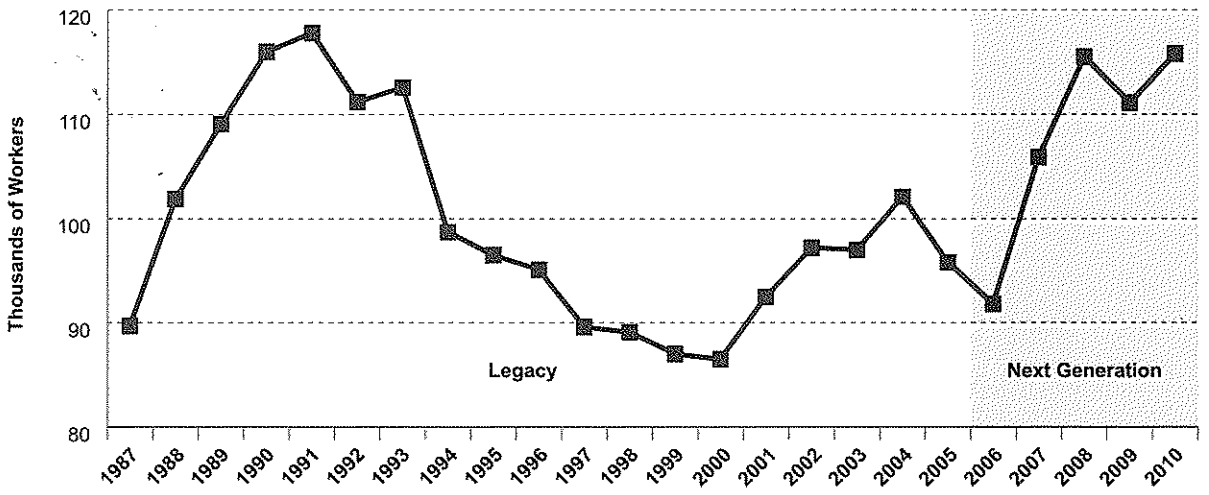
Fewer women

The electricity sector employs far fewer women than men. Overall, 10% of the employer survey sample workforce were women (higher in electricity generation and lower in distribution). While this is well below the average for the entire Canadian workforce, it is not unlike many industries that concentrate on professional and technical occupations in natural sciences and trades. Women are traditionally underrepresented in these key occupations, and targeted recruiting to ease this imbalance would be a productive way to begin renewing their workforce.

Fewer immigrants

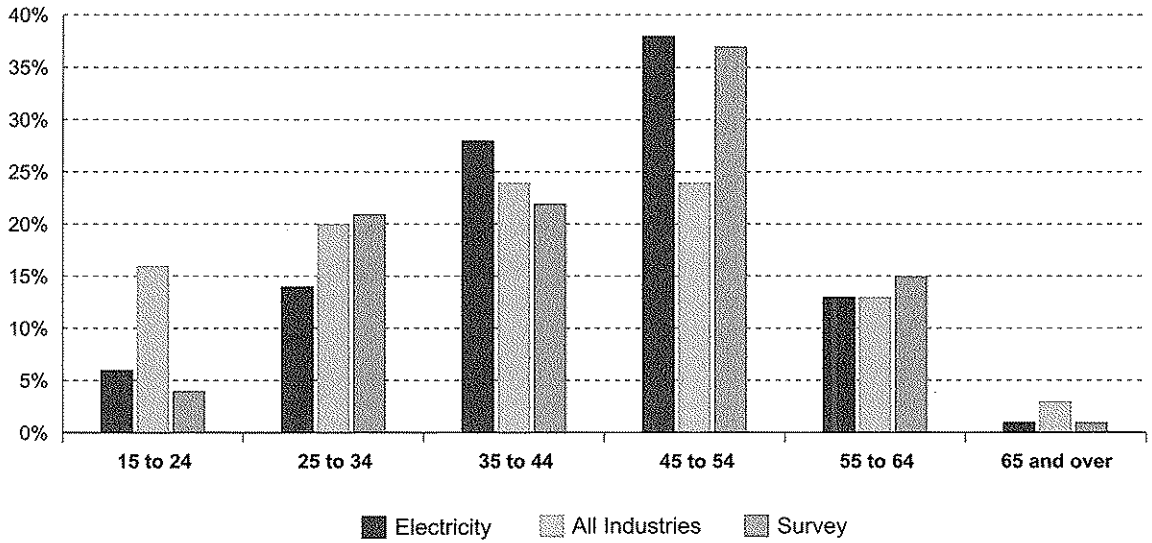
The electricity industry also has a low average population of immigrants – about 12% of the workforce compared to 21% for all other employers. This reflects the investments cycle, as over two thirds of the immigrant workforce arrived before 1991 with a second wave between 1995 and 2000. Immigrant workers are concentrated in engineering and engineering technician/technologist occupations and will be an important source for the Next Generation workforce.

EXHIBIT 2.11: EMPLOYMENT IN ELECTRICAL POWER GENERATION, TRANSMISSION AND DISTRIBUTION, CANADA



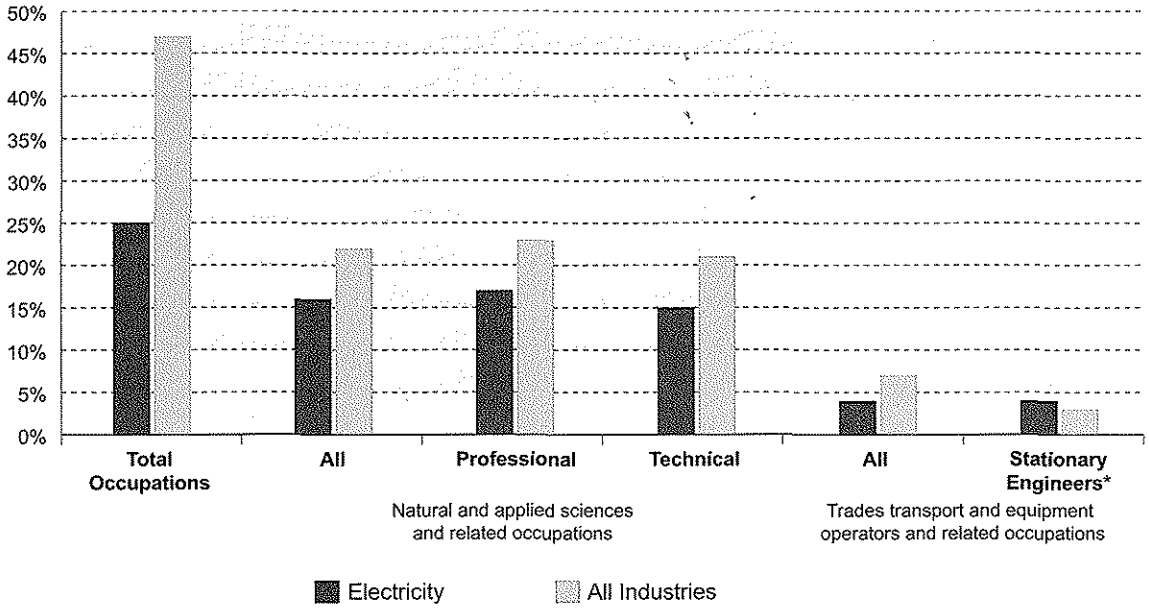
Source: Statistics Canada, Labour Force Survey 2010

EXHIBIT 2.12: ELECTRICITY INDUSTRY IN CANADA, AGE DISTRIBUTION OF THE WORKFORCE



Source: Statistics Canada, 2006 Census, ESC Employer Survey 2011

EXHIBIT 2.15: DISTRIBUTION OF THE WORKFORCE BY GENDER (PERCENTAGE OF WOMEN IN THE WORKFORCE)



Source: Statistics Canada, 2006 Census
*Includes: Stationary engineers, power station operators and electrical trades and telecommunications occupations

Recruiting recent graduates and apprentices

Much of the skills and training to meet Next Generation challenges will come from:

- University undergraduate and graduate programs in engineering
- College programs for engineering technicians and technologists
- Apprenticeships

Apprenticeship and university engineering programs prepare new entrants for 10 of the 19 electrical occupations in the study. Trends in these programs may help to satisfy rising labour requirements.

Expansion of university, college and apprenticeship programs are adding to the pool of new graduates seeking work in electrical occupations. But these trends do not extend to all areas and there are many challenges to continuing improvement. The path from post secondary programs to the labour force is filled with barriers that will limit the available workforce with credentials, needed skills and experience.

The need for more specialized and experienced recruits will require continuing changes at each level of the post secondary system. Many are underway and more will be needed. Electricity employers could refine the qualifications of post secondary graduates by expanding and deepening their relationships with institutions and by supporting investment in the new technologies and equipment they need for training.

Engineering programs

It's easy to recruit juniors but hard to find experienced engineers.

The ESC survey of post secondary programs suggests that graduations from engineering technician and technology programs have been rising, perhaps faster than other programs. Human resources managers have found it relatively easy to recruit new entrants, but an ongoing challenge to find specialized or experienced engineers.

Employers are seeking engineers with both core technical skills taught in undergrad programs and additional business or specialized skills and experience. Trends for both undergraduate and graduate programs are a leading indicator of future candidates.

Enrolments and degrees in electrical programs have lagged notably behind other engineering programs since 2006. While civil engineering is growing strong, electrical engineering shows an established downward trend. This will likely level out, but there is little prospect of significant increases across the 2011-2016 horizon. What's more, programs offered in electrical engineering include specializations that may not meet the electricity industry's needs.

Graduate engineering programs look more promising, but visa students may not stay in Canada – Enrolments and graduations for graduate programs have risen steadily over the last decade in all disciplines, normally a good indicator of the potential availability of specialized engineers. A rising proportion of these programs are filled with foreign (visa) students however, and most will return home after graduation. New government programs are encouraging these foreign students to stay in Canada.

Not all engineering graduates are headed for the labour market – Of the 71% who entered the workforce, only 50% are likely to find long term placement in engineering jobs within the electricity sector. According to a 2006 study, the other half will apply their engineering skills in other industries or will be "underemployed" in occupations not requiring engineering qualifications.

Employers have shifted to hiring engineers with five or more years of experience and have limited the number of jobs available to junior engineers. While this has created an oversupply of new grads, employers are reporting a shortage of professional skills that come with experience including specific industry, technology and business practice understanding.

Some job seekers are adapting – To acquire the specialized skills and experience the market wants, some engineering job seekers are earning additional formal qualifications in graduate school or by training as engineering technologists in the college system.

Skilled trades and apprenticeships

More programs and higher registration, but lower completion in favour of on-the-job specialization.

Higher registration – Significant investments in the past decade are reflected in rising new registrations for most trades as well as the introduction of new trades and related programs. Recently there have been large registration gains in the six electrical trades:

1. Construction Millwright and Industrial Mechanic (Manager)
2. Power System Electrician
3. Electrical Power Line and Cable Worker
4. Stationary Engineer and Auxiliary Equipment Operator
5. General Electrician
6. Industrial Electrician

More apprenticeship programs – Two large trades, general electrician and industrial electrician, are not common occupations in utilities but are crucial for contractors who service the industry and also provide prerequisite skills for specialized electrician trades and occupations. Very large increases in these two programs indicate that the workforce will adapt to the needs of Next Generation infrastructure.

In most provinces, apprenticeship programs recognize specializations including allied trades (such as power system electricians) where core skills and training are applied in more advanced programs. In some cases, advanced requirements can be added by combining college technician programs with trades qualifications. In other cases, advanced qualifications are available to certified journeypersons.

Lower apprenticeship completions – There has been a growing lag in the rate of apprenticeship completions for three of the four key electrical trades – millwright, stationary engineer, and electrical power system electrician. The important exception is power line workers, the largest trade in terms of utilities employment and essential for repair and refurbishment of distribution systems. Employers have reported shortages, and the apprenticeship system is growing to meet these labour requirements.

More on-the-job specialization – As markets change, there is a growing trend to specializations that meet electricity employer needs but do not include all features of traditional apprenticeship and are not recognized or certified in the apprenticeship system. These specializations are critical for utilities and contractors. They are also vital for renewable energy providers as they refine processes for installing and operating solar, wind and geothermal systems. In some cases, employers are hiring electrical apprentices and training them on the job for these "non-certified" specializations. This may be one reason for lower apprenticeship completions.

Educational institution findings

Institutions are asking for the industry's help to keep up with technology and equipment.

Registration is growing – Respondents from 47 universities, colleges and technical institutes

reported on over 130 programs related to electrical power systems (with over 8,000 students) and assessed their growth relative to other programs. They reported expected increases in college programs for engineering technicians/technologists as well as in trades and apprenticeships.

There are barriers to program improvement – Future skilled labour needs make it vital to expand registrations in electricity related programs. However, educational institutions report challenges to doing this. Foremost is the cost of acquiring technology and equipment associated with new smart grid, renewable energy systems, and solar and wind training. The second challenge is insufficient numbers of students enrolling in such classes, related to the industry's recent history of limited hiring and the small cohort between the ages of 15 and 24.

Since the 2007 survey, technology issues have become more important and student insufficiency less so, but both situations can be improved with the help of electricity employers and contractors.

Many have diversity initiatives – Two thirds of survey respondents said their institutions have diversity programs, often targeting women, Aboriginals and foreign students. These may be connected to initiatives offered by unions, occupational groups, industries and government.

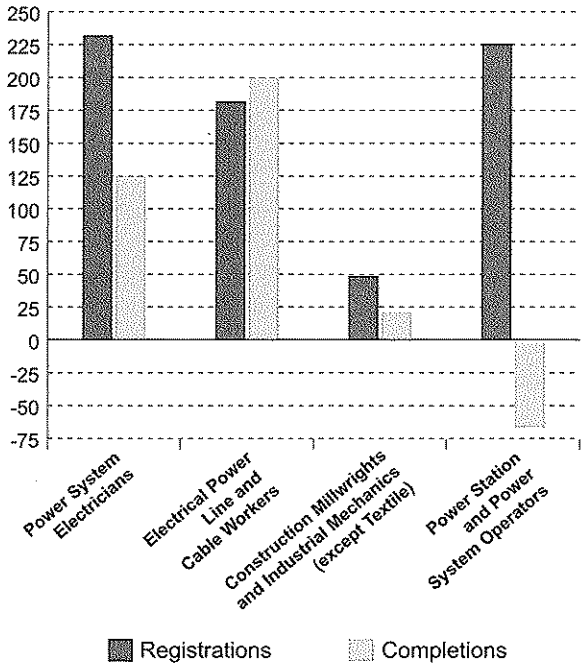
Need better communication with industry – For the electricity industry, respondents said that the most effective initiatives would focus on improved communication and shared experiences among industry, schools and the workforce.

EXHIBIT 2.22: REGISTRATIONS AND COMPLETIONS FROM APPRENTICESHIP PROGRAMS IN CANADA, 2000-2008

SKILLED TRADES	2000	2001	2002	2003	2004	2005	2006	2007	2008
Construction Millwright and Industrial Mechanic (Millwright)									
Registrations	8265	8859	9039	9624	9714	10155	11391	11415	12342
Completions	909	1005	795	993	1032	900	933	1014	1098
Electrician, Except Industrial and Power System									
Registrations	22128	24597	26547	28305	30849	33990	37980	42249	46062
Completions	2139	2322	2274	1998	2805	2946	3249	3672	4020
Industrial Electrician									
Registrations	7320	8355	9435	10377	10785	11349	11790	12351	6333
Completions	315	510	534	543	444	486	501	546	240
Power System Electrician									
Registrations	84	99	123	144	147	186	210	234	279
Completions	12	9	12	12	9	18	27	24	27
Electrical Power Line and Cable Worker									
Registrations	1092	1296	1488	1647	1767	1962	2301	2691	3081
Completions	93	81	108	123	156	174	171	210	279
Stationary Engineer and Auxiliary Equipment Operator									
Registrations	327	357	402	429	396	288	291	285	1032
Completions	18	9	9	3	15	12	6	6	6
Total									
Registrations	**39216**	**43563**	**47034**	**50526**	**53658**	**57930**	**63963**	**69225**	**69129**
Completions	**3486**	**3936**	**3732**	**3672**	**4461**	**4536**	**4887**	**5472**	**5670**

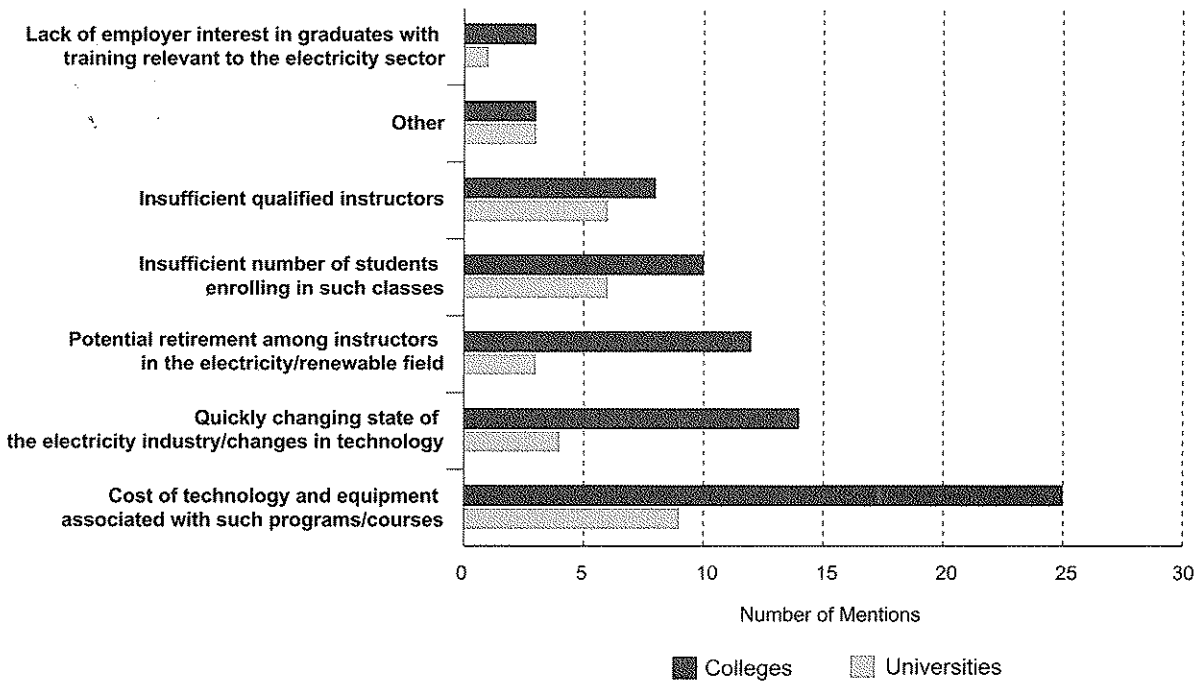
Source: Statistics Canada, Registered Apprenticeship Information System

EXHIBIT 2.23: REGISTRATIONS AND COMPLETIONS IN ELECTRICAL APPRENTICESHIP PROGRAMS, % CHANGE FROM 2000-2008



Source: Statistics Canada, Registered Apprenticeship Information System

EXHIBIT 2.25: POST SECONDARY TRAINING FOR ELECTRICAL OCCUPATIONS, CHALLENGES FACING PROGRAMS



Source: ESC Post Secondary Institutions Survey 2011

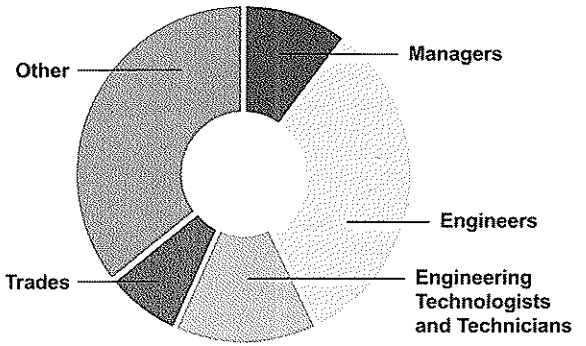
Recruiting immigrants and foreign trained workers

A likely source for engineering recruits, but the electricity industry needs to catch up.

The electricity industry has a far lower proportion of immigrants than other industries, and most of these were hired during the 1970s-80s investment cycles that built the Legacy infrastructure. From 1993 to 2006, however, employment lags left the electricity sector out of a major immigration cycle that dominated labour markets for engineers and engineering technicians and technologists.

At its peak in 2000-2001 this cycle exceeded labour requirements and prompted several years of adjustment as international engineering graduates struggled to find jobs. The market was more severe for electrical/electronics engineers and engineering technicians/technologists. This may have discouraged young Canadians from seeking these careers and contributed to the drop in post secondary enrolment in electrical engineering programs during the last decade.

EXHIBIT 2.28: DISTRIBUTION OF IMMIGRATION* BY INTENDED OCCUPATION, CANADA, 2009, ELECTRICAL OCCUPATIONS



Source: Citizenship & Immigration Canada, RDM as of Dec 2010
*Permanent and Temporary Foreign Workers

Electricity employers seeking engineers in today's immigrant workforce will face competition. Shortages of skilled and experienced workers are driving employers across all industries to recruit immigrants. And other industries have a lead in developing human resources practices that take advantage of immigration policy.

The electricity industry is arriving late to this new reality, and their human resources strategies will need to catch up. For example other industries have been recruiting specialized and experienced temporary foreign workers. While they are only authorized to work in Canada for two years, employers can arrange permanent residency through the Provincial Nominee Programs.

Recruiting women

Actively recruit women.

While educational institutions and employer groups are encouraging women to register in engineering and trades programs, more needs to be done. Women are traditionally underrepresented in these key occupations in all industries, and offer a natural focus for human resources planning. The electricity industry should make a point of recruiting women for skilled trades in electricity generation and distribution (such as electrical power line and cable workers) and for emerging renewable energy occupations. Or link to ongoing efforts by engineers and skilled trade groups in all industries to bring women into engineering technician and technologist programs.

Recruiting Aboriginal workers

Recruit Aboriginal students to training programs and provide employment when they graduate.

Statistics Canada data in 2007 showed that Aboriginal employees made up only 2.2% of employees in the electricity sector. In previous ESC surveys, one third of employers reported having a program to recruit Aboriginal workers. Some educational institutions had programs to raise their profile among Aboriginal community groups and native populations, and offered courses for individuals who lack prerequisites or require upgrading. Employers and educational institutions could collaborate to specifically recruit Aboriginal students in appropriate training programs and provide employment in the sector when they graduate.

Using consultants and contractors

Often called on for big projects.

Electricity sector firms often consult or contract with specialists and outside resources for the labour to build, generate, transmit and distribute electricity. Over 25% of the work is routinely or frequently contracted. Employers describe using consultants and contractors in information technology, facility maintenance, engineering and skilled trades.

This will continue during transition to divide the work of operating, maintaining and repairing Legacy facilities and building Next Generation infrastructure. With new specializations and technologies, these very big projects will involve engineering consulting firms, information technology firms and construction contractors.

In many cases, unions will play an important role. Over two thirds of the electrical industry workforce is unionized (more than twice the national rate) and many of the Next Generation trade workers may be dispatched from hiring halls. In these cases unions will work with employers to plan for labour requirements, including apprenticeships, special training and advanced certifications.

2c Employers are in competition for key occupations

Turnover, vacancies and hiring by major occupational groups

All turnover, vacancy and hiring measures are notably higher than in the 2008 survey. Total separation rates of 1.3% have risen to 2.7%. Vacancy rates are up from 3.2% to 5.7%. Hiring rates have risen for managers and supervisors as well as for engineers and engineering technicians/technologists.

As rates in 2008 were already well above long term values, this is further evidence of the continuing ramp up of employment during the first stage of transition.

Managers and supervisors – Lower voluntary separation rates and fewer unfilled positions reflect their more stable relationship with employers.

Engineers, engineering technicians / technologists – Higher turnover rates in general reflect competition with other industries for these occupations.

Trades – Higher separation rates simply reflect the union process that dispatches members to work from hiring halls on a long or short term basis. The low proportion of unfilled positions also reflects access to union ranks as the workforce turns over. While markets are tighter for some trades, others seem better than in 2008, thanks to the role of unions and conditions in other labour markets that allowed trades with portable skills to transfer into the electricity industry. Much depends on the degree of specialization required and the capacity of training systems to adjust.

Information technology and communications – A very high proportion of unfilled positions reflects the rapidly growing need for these occupations in adopting new technology. It also reflects competition with other industries. Markets are tightest for these specialists, consistent with 2008 findings.

Current recruiting conditions

Most 2011 survey measures are consistent with very tight labour markets and almost unprecedented challenges for recruiting. For all occupations, over 40% of responding employers report moderate difficulty hiring and almost 20% report extreme difficulty. Conditions are most severe for filling manager positions, but likely extend to finding experienced or specialized recruits in all occupations. Some relief may be found in recruiting outside the industry.

EXHIBIT 2.33: CURRENT CONDITIONS, CHANGES IN THE WORKFORCE, ELECTRICAL OCCUPATIONS, MAJOR GROUPS

ELECTRICAL OCCUPATIONS	# in Sample	Separation Rate (%)	Unfilled Positions (%)	New Hires (%)
Engineering Managers	1033	1.0%	1.7%	4.2%
Utilities Managers	2268	1.1%	3.4%	3.7%
Construction Managers	298	3.1%	5.4%	9.4%
Supervisors of Electricians and Electrical Power Line Workers	1791	1.0%	6.0%	7.4%
Civil and Other Engineers	1205	1.4%	16.3%	17.3%
Mechanical Engineers	1540	2.5%	0.5%	2.0%
Electrical and Electronic Engineers	4019	1.7%	5.0%	10.9%
IT Occupations	2227	1.1%	20.6%	19.6%
Civil and Other Engineering Technologists and Technicians	1019	0.4%	10.2%	9.8%
Mechanical Engineering Technologists and Technicians	709	2.7%	1.4%	2.0%
Electrical and Electronics Engineering Technologists and Technicians	4253	0.5%	11.1%	13.4%
Electrical Power Line and Cable Workers	6460	6.8%	3.2%	7.1%
Power System Electricians	4010	3.3%	3.5%	6.5%
Power System Operators	1610	2.3%	3.0%	3.5%
Power Station Operators	2945	0.8%	4.3%	6.2%
Millwrights or Industrial Mechanics	2484	5.6%	1.2%	2.3%
All Other Trades	6132	2.6%	4.4%	8.5%
Total Electrical Occupations*	**44003**	**2.7%**	**5.7%**	**8.2%**

Source: ESC Employer Survey 2011

*Calculated using a weighted average of reponses

Recruiting managers and supervisors – Most are found internally and from other electricity employers. The focus is on the large contingent of younger boomers (age 35-54) already in the ranks, and on managing their transition to more senior management as older boomers retire.

Recruiting engineers, technicians, technologists and trades – A high proportion are hired from post secondary programs or other employers, but poaching from other industries may be dictated by the relatively limited ranks of young skilled workers. Electricity sector employers will be rewarded for taking on apprentices, co-op students, engineers in training and other junior positions, as the technical skills of new entrants are specialized to industry needs.

Recruiting IT specialists – The most distinctive findings are for the IT occupations, where most hiring is from outside the industry. This implies, among other things, that needed skills are not readily available from internal staff or post secondary grads. This pattern is important as the evidence indicates that IT occupations are a key to the introduction of new technologies.

EXHIBIT 2.34: CURRENT CONDITIONS, RECRUITING, ELECTRICAL OCCUPATIONS

				Distribution of External Hiring by Sources					
	(n)	New Hires (#)	Internal	Recent Post-Secondary Graduates	Recent Immigrants	Electricity Employers	Other Employers	Workers with No Previous Experience	Other
Engineering Managers	28	43	53.6%	4.3%	4.3%	87.1%	4.3%	0.0%	0.0%
Utilities Managers	33	83	46.8%	4.7%	0.0%	56.8%	38.5%	0.0%	0.0%
Construction Managers	28	28	62.8%	29.8%	0.0%	55.4%	15.1%	0.0%	0.0%
Supervisors of Electricians and Electrical Power Line Workers	34	133	76.3%	0.0%	12.2%	87.8%	0.0%	0.0%	0.0%
Civil and Other Engineers	25	208	13.1%	36.8%	11.0%	10.8%	19.4%	14.6%	7.2%
Mechanical Engineers	21	31	0.0%	44.3%	1.7%	45.7%	8.3%	0.0%	0.0%
Electrical and Electronic Engineers	35	437	19.3%	45.6%	10.0%	24.8%	19.7%	0.0%	0.0%
IT Occupations	20	437	13.8%	11.3%	0.0%	4.2%	84.6%	0.0%	0.0%
Civil and Other Engineering Technologists and Technicians	22	100	43.5%	25.7%	0.5%	2.1%	20.5%	52.4%	0.0%
Mechanical Engineering Technologists and Technicians	21	14	20.5%	64.5%	0.6%	2.6%	32.2%	0.0%	0.0%
Electrical and Electronics Engineering Technologists and Technicians	36	570	28.6%	52.9%	0.1%	33.2%	4.9%	8.8%	0.0%
Electrical Power Line and Cable Workers	44	456	16.5%	43.6%	5.0%	38.7%	4.3%	8.5%	0.0%
Power System Electricians	29	261	20.9%	25.7%	0.4%	43.0%	16.3%	14.7%	0.0%
Power System Operators	24	57	34.4%	33.4%	0.8%	40.9%	13.9%	11.1%	0.0%
Power Station Operators	21	184	24.4%	31.3%	1.1%	15.9%	27.1%	24.6%	0.0%
Millwrights or Industrial Mechanics	23	57	21.0%	2.8%	0.6%	1.3%	85.3%	9.9%	0.0%
All Other Trades	27	524	14.8%	6.9%	1.1%	40.7%	49.4%	2.0%	0.0%
Total Electrical Occupations	**471**	**3623**	**23.4%**	**29.5%**	**3.3%**	**31.1%**	**28.1%**	**7.7%**	**0.4%**

Source: ESC Employer Survey 2011

Competition with other industries

All industries are looking for skilled workers to fill engineering, construction and Information and Communication Technology (ICT) occupations.

Exhibit 2.34 (previous page) reports that in 2011 a significant percentage of hiring was from outside the industry, by recruiters looking for IT workers and trades not specialized to the industry.

Of the 19 electrical occupations, only four are specialized trades dedicated to the electricity and renewable energy industry:

- Power System Electricians
- Power Line Technicians
- Power Station and System Operators
- Stationary Engineers

The remaining 15 electrical occupations are portable into and out of electricity sector jobs:

- Engineering Managers
- Utility Managers
- Construction Managers
- Financial Auditors and Accountants
- Civil Engineers
- Mechanical Engineers
- Electrical and Electronic Engineers
- Information Systems Analysts and Consultants
- Civil Engineering Technicians and Technologists
- Mechanical Engineering Technicians and Technologists
- Electrical and Electronic Engineering Technicians and Technologists
- Contractors and Supervisors, Electrical Trades and Telecommunications
- Electricians (except Power System and Industrial)
- Industrial Electricians
- Construction Millwrights and Industrial Mechanics

Most workers in these "portable" occupations are currently employed outside the electricity industry. Ease of recruiting them will depend on conditions and available workforce in other markets and on the employer's needs for specialties and work experience in electricity and renewable energy.

Three LMI sources describe these broader labour markets: Engineers Canada, Construction Sector Council, and Information and Communication Technology Council.

Competition for engineers and engineering technicians/technologists

Employers should promote and develop in-house.

Engineers Canada completed a 2008 Engineering and Technology Labour Market Study that tracked market trends for engineers and engineering technicians/technologists across all industries.

Most labour requirements have been related to retirements, not to output growth. Over the last decade the market saw a wave of immigration and a flat or modest upward trend in post secondary graduations. Engineering labour markets moved from over-supply to more balanced conditions by 2008, followed by temporary market weakness during the 2008-09 recession.

In 2011, engineering labour markets generally show labour requirements balanced with available workforce. Many markets, however, have a surplus of recent graduates and a shortage of specialized engineers with over five years of experience. Recruiters attach high importance to specialized skills and work experience and new graduates are no substitute. Increasing enrolment in post secondary programs will not meet employer needs.

On the positive side, undergrad programs are becoming a starting point for graduates to move into specific industries and evolve into specialized engineers including aerospace, systems, transportation, structural and industrial. A workforce measured for broad disciplines (like mechanical, electrical, civil or chemical engineering) often conceals crucial groups of specialized and experienced engineers.

Many electricity employers have taken advantage of these labour market conditions with HR plans that emphasize employment and subsequent in-house development of junior engineers. Employers are recruiting 35% to 45% of their engineers from post secondary programs and finding many strong candidates. A relatively low proportion of respondents reported extreme difficulty recruiting engineers. Others recruiting from within the industry or from other industries would likely have less success finding experienced engineers.

Competition for construction trades

Many organizations planning or executing major construction projects face clear HR risk related to project schedules and labour costs.

The Construction Sector Council produces an annual "Construction Looking Forward" review of labour markets for 33 occupations in Canadian provinces and regions. It includes national mapping of project cycles that will draw skilled workers to and from major projects.

The review reports labour requirements for a short list of key trades and occupations involved in building Next Generation infrastructure, as well as construction managers (see Exhibit 2.3, section 2a).

Labour market conditions for all of these occupations have been notably tight across the last decade, and industry and government have invested in many initiatives to attract, train and certify more workers in these areas. Apprenticeship registrations have often more than doubled. Shortages have also been addressed by special immigration provisions including the Temporary Foreign Worker Program.

This broader perspective suggests that in some markets, electricity utility projects building Next Generation infrastructure will collide with other major resource and infrastructure projects competing for these occupations. Whether design and construction are contracted out, completed in-house, or added capabilities for a project, the many organizations planning and executing major construction face clear human resources risk related to project schedules and labour costs in the near future. Much depends on construction cycles, the timing of major projects, and regional differences. Markets are tightening in Saskatchewan, and Newfoundland and Labrador, where major projects including electrical utility work are underway. In other provinces, supply side initiatives combined with stimulus provided through the recession have left more balanced markets.

Competition for Information and Communication Technology (ICT)

Occupations that require only ICT skills are growing slowly, while those that require ICT combined with other domain skills are growing rapidly.

Information and Communication Technology Council (ICTC) has created a new LMI system that identifies 10 occupations, from database analysts and administrators to computer engineers. This system describes a growing gap between the needs of employers and the qualifications of recent graduates and internationally educated professionals.

Information Systems Analysis and Consulting is by far the largest occupation selected by electricity industry employers as key for their ICT needs.

Next Generation infrastructure is built on complex information systems that will integrate the operation of generation, transmission and distribution systems for both Legacy and renewable energy systems. Designing and implementing these systems will require ICT specialists who have both core technical IT systems expertise and knowledge of new electricity systems. Just as important, employers want ICT specialists who are ready to work on practical problems in their industry and cooperate with experienced team members.

Increasingly dissatisfied with ICT professionals who lacked soft skills or relevant business experience, employers developed a new capabilities profile that combines technical skills with communication, teamwork and an understanding of the business processes to which ICT is applied.

By 2010 this broader capabilities profile was the new norm, but as more employers adopted it they found it harder to find ICT candidates who met the requirements. Respondents found just 11% of these external hires from post secondary programs, and 85% from outside the industry where competition is likely. Electricity industry employers will face competition for these recruits in the coming five years.

Implications for HR management

People are retiring and replacements need to be trained

The electricity sector faces a high and rising number of losses to retirement – likely among the highest for any Canadian industry – driven by its history of major hiring during the 1970s-80s to build the Legacy infrastructure.

By 2006, the baby boomers hired in the 1970s-80s began accumulating over 30 years of experience, and steadily rising numbers are becoming eligible for full pensions. This is creating a ripple effect as replacements are hired to fill in the ranks.

Most replacements are hired internally. The immediate HR implication is the need for plans to transfer the knowledge and experience of retiring workers to the relatively large cohort of younger

boomers aged 45-54. This process is well underway and programs and systems are available.

Promoting these young boomers, however, reveals another challenge – the much smaller cohort of Generation-X workers aged 35-44 who must now take their place. The skills required by this group will be determined entirely by Next Generation infrastructure.

The HR challenge – To anticipate the pace of older boomer retirements, identify and prepare younger boomer replacements, and find additional Generation-Xers.

Technology is changing and new IT specialists need to be recruited

Next Generation infrastructure involves integrating and operating new, untested and large scale renewable energy systems. Managing the growing complexity of multiple, widely distributed generation and consumption sites requires new IT systems that connect users and producers.

While a new group of IT specialists are at the leading edge of these changes, most occupations in the current workforce will see their work environment change and need to learn more about the IT systems that will drive this change.

New post secondary training and certification programs are emerging for these Next Generation occupations, but graduates won't always fit the traditional categories of professional, technical and trade employees. They will also be distributed more widely across smaller and specialized employers. Many will work with contractors and consultants, and maybe not in Canada.

The HR challenge – To track labour markets and map recruiting plans for these new IT occupations.

New training programs are being introduced and formal qualifications need to follow

Certification and licensing of trades and occupations are part of the industry culture. Formal qualifications are critical to assess candidates, build employee pride and promote mentoring. New technologies and competition, however, are pressuring apprentices and interns to abandon or delay their path to formal qualification in favour of on-the-job training.

Some new certification programs are emerging. In the U.S., for instance, the North American Board of Certified Energy Practitioners system has introduced small wind installer, PV installer and solar thermal installer. In Canada a new certification program for construction electricians installing Solar Photovoltaic Systems has been launched by CSA Standards, the National Electrical Trade Council (NETCO) and the International Brotherhood of Electrical Workers (IBEW). In all provinces, universities and colleges are introducing programs in new energy technologies for engineers and engineering technicians/technologists.

More needs to be done, and electricity industry employers have a vital voice in creating the certifications they need.

The HR challenge – To plan technology training and certification programs that will meet the needs of the Next Generation infrastructure and workforce.

Other industries are competing, and employers need a plan

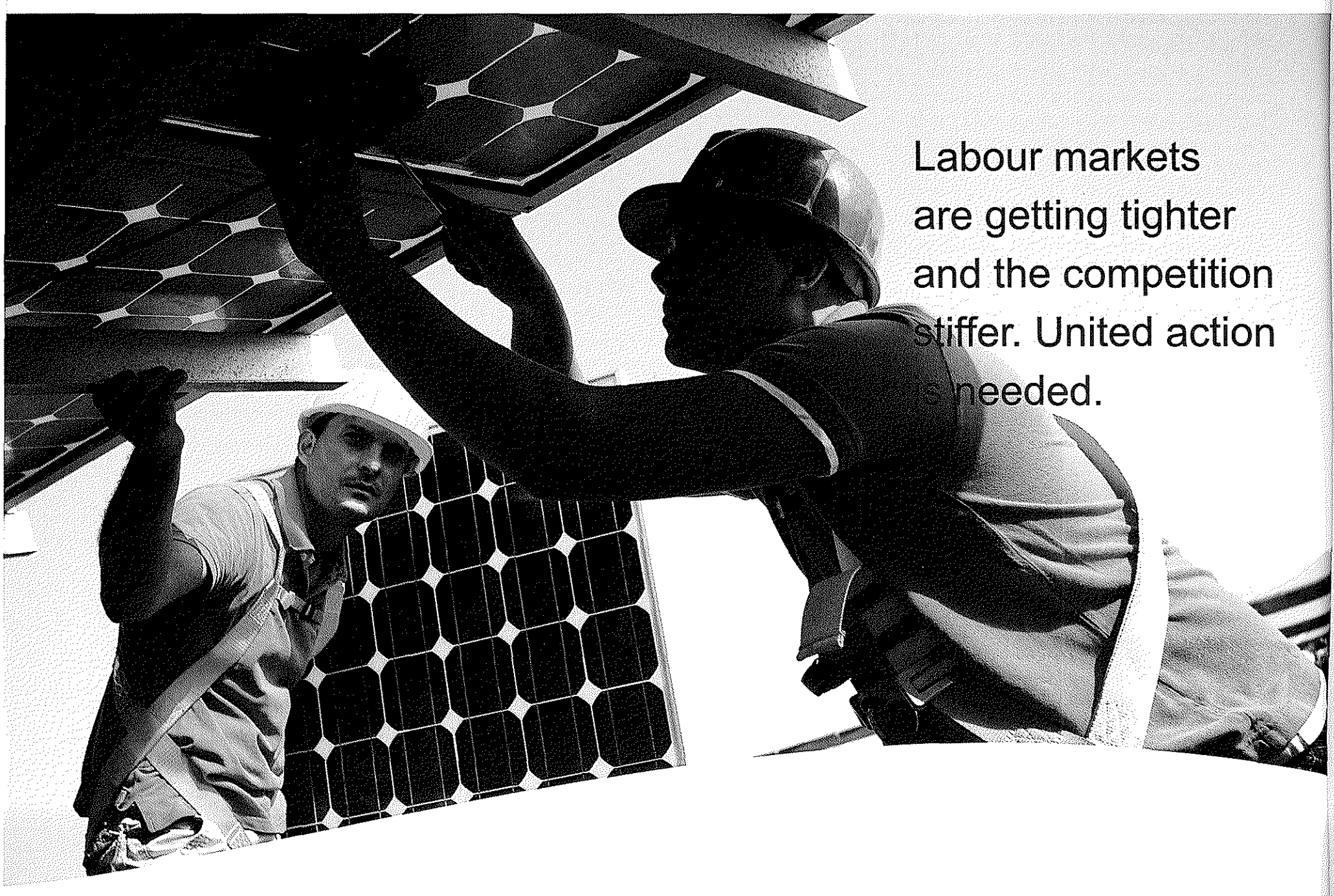
The electricity industry faces very tight labour markets. Most other Canadian industries face very similar conditions and will be competing to attract a skilled and experienced technical workforce.

Recruiters often reach out to other industries and also compete with local employers to retain skilled technical staff. Many industries and occupations have launched broader strategies. Some are focusing on permanent immigrants and tracking Temporary Foreign Workers into Provincial Nominee Programs. Others are targeting new entrants from high school and post secondary programs by working to add new curriculum, attract the best students and develop new certifications.

Electricity employers have an advantage in this area. They have been active in professional organizations and advisory committees for skilled trades, apprentices, engineers in training and co-op programs. However, using these relationships may be seen as high cost strategies by regulators.

In fact, any competitive advantage or weakness in the current environment is temporary. Circumstances can change rapidly with government policies, regulations and incentives, political changes, economic and investment cycles and technological advances. Conditions for Next Generation labour markets will be far less certain than they were during the Legacy period.

The HR challenge – To plan strategies for competing with other employers and industries in a rapidly changing environment.



Labour markets are getting tighter and the competition stiffer. United action is needed.

3. Assessing Future Labour Markets and HR Management

3a Future labour demands – Who we'll need and why

This section provides a national overview of labour market conditions for the 19 electrical occupations and describe key demand and supply side measures across the 2011-2016 forecast horizon.

Over 23,000 more workers in key electrical occupations – almost 25% of what the industry has now

The total employment requirements for key electrical occupations over the next five years represent almost 25% of the current electricity sector workforce. If we include all the workers required to meet expansion and replacement demand in the industry the number jumps to 45,000 or almost 48% of the current workforce. Of the 23,460 workers in the electrical occupations, 77% will be needed to replace workers lost through deaths and retirement, and 23% to meet expected expansion requirements.

Historically these labour requirements are very high. They are also front end loaded as gains fall heavily in 2011-2012.

Expansion demand is approaching a peak of 23%

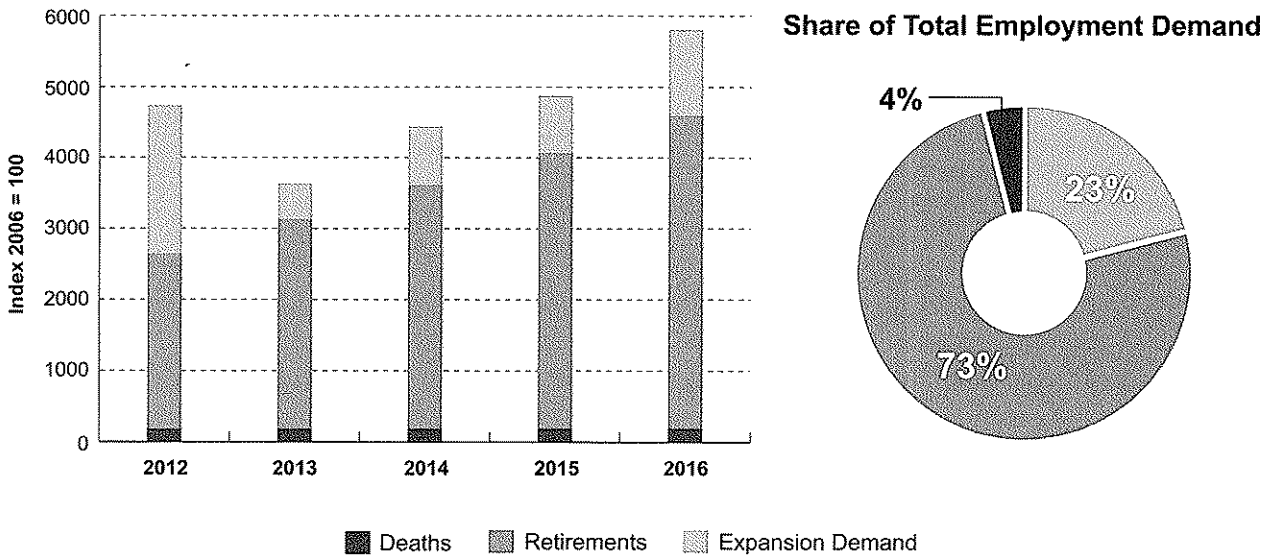
Expansion demand means change in employment as activity grows or contracts each year in response to economic conditions.

Industry employment estimates for each occupation, in each region, are projected forward to 2016 using a weighted average of the annual rate of change in output (measured by GDP) and investment in the electricity and renewable energy industry.

Expansion demand related to expected GDP growth is limited, consistent with the slow growth in demand over the last decade. The National Energy Board forecasts from 2010 to 2016 average just over 1.0% each year, with total growth of 6.9% in the high price case and 7.8% in the low price case.

Expansion demand in the early stages of transition has been driven mostly by investment. From 2006 to 2011, investment in major refurbishments of nuclear and hydro facilities and in renewable generation have contributed to a 63% increase in utilities investment. Over the next five years investment is expected to rise 13% or more, maintaining pressure in most labour markets.

EXHIBIT 3.4: TOTAL RECRUITMENT REQUIREMENTS; ELECTRICAL OCCUPATIONS, 2012-2016



Source: Centre for Spatial Economics, Prism Economics, Census 2006, Growth calculations cover the 5 year period; 2012 to 2016

Over the 2011-2016 scenario, employment is expected to rise an average of 2% per year for a cumulative increase of just under 10%. As investment continues past 2016, employment is expected to slowly grow higher. IT related occupations expect notably higher than average growth, reflecting their growing role in adopting new technology.

From 2011 to 2016, the pace of employment growth depends on the timing of large investment projects. Based on industry and government lists, announced projects and new utility estimates, significant growth in investment in 2010 to 2012 is expected to raise labour requirements at the fastest pace. This reflects the rising levels of productivity associated with new infrastructure and a modest rise in electricity output (measured by utilities GDP).

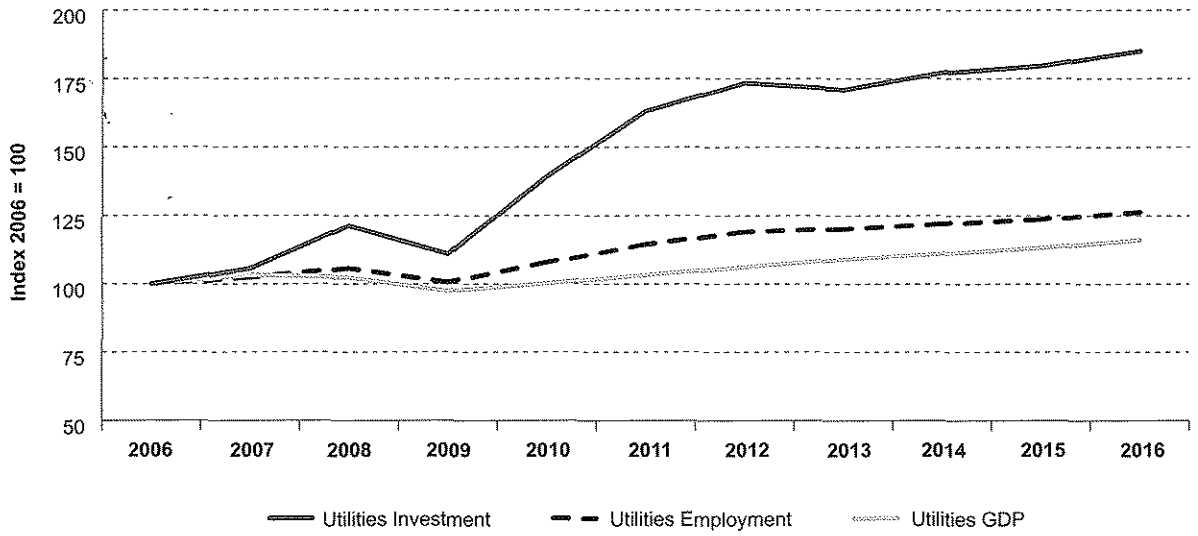
As these requirements plateau in 2013 and beyond, the pace of new job creation will ease and expansion demand settle at a more manageable pace. Employment will have reached record high levels.

Replacement demand will reach 77%

Replacement demand means recruiting needed to replace permanent loss of workforce to retirement or death.

Even as expansion demand slows, total labour requirements will continue to rise from 2013 to 2016 because the proportion of workers retiring from the labour force will grow significantly from 3.9% in 2011 to over 7% by 2016. This will contribute to a tighter labour market, especially for occupations with older age demographics. Over the next five years retirements will represent 73% of labour requirements, and deaths 4%.

EXHIBIT 3.1: PROJECTIONS FOR EXPANSION DEMAND, CANADA



Source: Centre for Spatial Economics, Prism Economics and Analysis, 2006 Census

EXHIBIT 3.5: TOTAL LABOUR REQUIREMENTS: 2012-2016

DEMAND TYPE	TOTAL REQUIREMENT 2012-2016	% OF CURRENT LABOUR FORCE	SHARE OF TOTAL REQUIREMENT
Expansion Demand	5,408	10%	23%
Retirements	17,139	32%	73%
Deaths	913	2%	4%
Total	**23,460**	**44%**	**100%**

Source: Center for Spatial Economics; Prism Economics and Analysis, Census 2006. Requirement calculations cover the 5 year period; 2012 to 2016

3b Future labour supply – Who will be available and where

Supply side sources

Employers will look to new entrants, recent grads, apprenticeship completions, immigrants, and other industries.

While survey respondents said that they have recruited almost one third of their new hires from other electricity employers, this does not add to the industry's labour supply. The industry's ability to meet the new workforce requirements will depend on the availability of both new entrants and more senior experienced candidates.

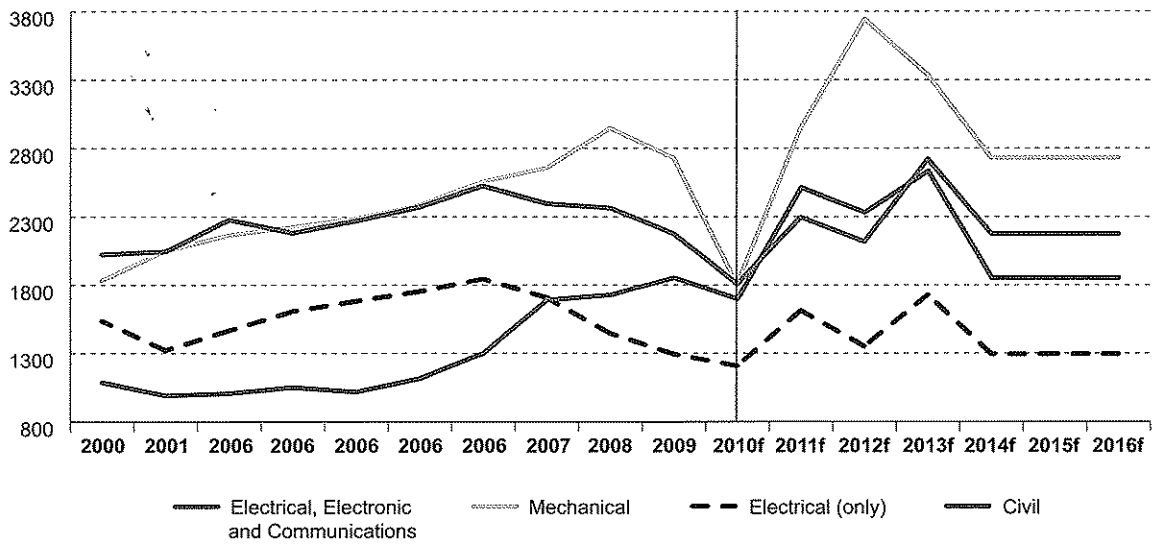
Much depends on the capacity of the local workforce, the availability of training programs and the employer's ability to compete with other industries.

New entrants with no experience

New entrants will be among the easiest to recruit. Candidates will need strong essential skills and some secondary school science and math, but electricity industry employers will be an attractive target.

Even so, new entrants entering the electricity industry workforce each year make up only 2% of total labour requirements. The gap widens from 2011 to 2016 as retirements grow and employers look for more experienced recruits from other industries.

EXHIBIT 3.9: GRADUATIONS FROM UNDERGRADUATE ENGINEERING PROGRAMS, 2000 – 2016



Source: Engineers Canada

For new entrants who do get hired, most will start as helpers in the trades, installers or sales personnel in the renewable energy sector, and may be destined for apprenticeship or new renewable energy training programs. For the remaining occupations, employers are more likely to turn to other sources.

Post secondary program graduates

The study assesses the capacity of the post secondary system to meet expected labour requirements for engineers if the recent pattern of enrolment and completion extends to 2016. Trends for mechanical and civil engineering are upward and will bring more new engineers to the workforce. Trends for electrical engineers are flat or downward and will bring fewer graduates to the labour market.

Immigrants and temporary foreign workers

While electricity industry employers have not yet turned to immigration on the same scale as other industries, tight labour markets suggest that their recruiting may emphasize immigration more in future.

Based on history, the only really large pool of new immigrant labour available to electricity industry employers will be engineers. Note, however, that some permanent immigrants who identify engineering as their intended occupation will find that they are not properly qualified and not able to enter the workforce. On the other hand, some temporary foreign workers who are qualified and arrive with a job offer can be invited to stay in Canada beyond their allotted two years under the Provincial Nominee and other programs.

Candidates from other industries

This supply side analysis suggests that there will be very limited growth in the available workforce, and that the labour supply will be mostly new entrants with no experience and graduates from post secondary programs. Recruitment from other industries emerges as the most important source, but most of these industries are also facing recruitment challenges.

The next section looks at projections for labour market conditions outside the electricity industry.

Labour market rankings

Measuring demand and supply for different occupations over the next 5 years (2011-2016).

A new computer based LMI model has been created for electrical occupations that consolidates estimates into market rankings. For each occupation in each region it calculates labour market conditions for all industries and for electricity and renewable energy providers.

For all industries the model tracks: Employment, Labour force, Unemployment, Retirements, Deaths, New entrants, Net in-mobility (recruiting from outside the market), Enrolments and graduations (engineering only), Apprenticeship registrations and completions (trades only), and Permanent immigration and temporary foreign workers.

EXHIBIT 3.11: LABOUR MARKET RANKINGS DEFINED

	RANKINGS & DESCRIPTION
1	**Significant excess of supply over demand** No difficulty in recruiting qualified staff with 0-5 years or 5-10 years of Canadian experience at established compensation norms within the local labour market.
2	**Excess of supply over demand** No difficulty in recruiting qualified staff with 0-5 years or 5-10 years of Canadian experience at established compensation norms within the local or regional labour market. The geographic range of recruiting and the range of acceptable qualifications is broader than in 1.
3	**Moderate supply pressures** Difficulty in recruiting qualified staff with more than 5 years of Canadian experience, with industry or technology-specific skills, and with appropriate non-technical skills. The time required to fill these positions is typically longer than historic norms. Vacancies sometimes need to be re-posted. Employers actively solicit applications from outside the local and regional labour market and reimburse applicants for travel expenses related to interviews, etc. Recruiting engineering staff with 0-5 years of Canadian experience poses fewer challenges.
4	**Significant supply pressures** Difficulty across the board in recruiting qualified staff in the local and regional labour market. It is normal practice to actively solicit applications from outside the local and regional labour market and to reimburse applicants for travel expenses related to interviews. Employers are generally obliged to improve offered terms of compensation and to assist with relocation costs. Recruitment difficulties lead many employers to increase their use of third-party recruiters and to increase their use of contracting trades work, outsourcing of engineering and technology work to consultancies or staffing the assignment with workers from another region. There is a significant increase in the risk of project delays and compensation-driven cost escalations.
5	**Supply constraints** Systemic difficulty in recruiting qualified staff. International recruiting is common among large employers. There is widespread perception that the contracting and consulting sector is working at full capacity and that there is little, if any, remaining scope to outsource construction, engineering and ICT work to qualified suppliers with a known track record.

Source: Engineers Canada

LOWER RANKINGS (1,2) = LOWER DEMAND	HIGHER RANKINGS (3,4,5) = HIGHER DEMAND
• Increase in available candidates at all experience levels • No need to recruit from other industries • More unemployment • Workers can seek employment in other industries	• Decrease in available candidates with 5 or more years of Canadian experience • Need to recruit workers from other industries • Where other markets are also tight, need to recruit immigrants

For electricity and renewable energy providers the model includes: Employment, Labour force, Unemployment, Deaths, Retirements, New entrants, and Net in-mobility (recruiting from outside the market)

Each ranking distinguishes between conditions for new entry workers and experienced or specialized workers. Also, each ranking is based on conditions within the market before any outside recruiting.

To read the chart

A lower ranking (1 or 2) is good news for employers – It describes a general excess of available workforce (supply) over labour requirements (demand). This may be associated, for instance, with the end of a project or conditions that temporarily delay retirements. The excess would add to unemployment and there would be no need to recruit in other markets. In fact, some workers may leave the market in search of work elsewhere.

A higher ranking (3, 4 or 5) is bad news for employers – It signals the need for employers across Canada to recruit in other industries. Where conditions there are also tight, the result will be a general increase in immigration – the only remaining source. Immigration became an important source for some electrical occupations in 2000-2008 when high rankings were common. Demographic conditions make it likely that immigration will again be a key strategy in tight labour markets.

Rankings by occupation

Rankings point to very tight markets – perhaps the most difficult recruiting conditions since the new cycle of growth and transition to Next Generation began.

Exhibit 3.12 presents national rankings for electricity and renewable energy providers by occupation, each based on a range of factors that are often unique to the occupation. Note these general findings:

Very high rankings (high demand) in 2010-11 – These are largely driven by the investment cycle and major projects starting up. New capacity, repairs and refurbishments are particularly strong in some provinces and these regional variations are recorded in the regional reports.

Lower rankings (lower demand) in 2012-2015 – As the investment cycle flattens, the associated occupations (construction managers, engineers and engineering technicians/technologists) slip down one rank. This eases the growth in labour requirements related to expansion.

EXHIBIT 3.12: NATIONAL LABOUR MARKET RANKINGS FOR ELECTRICAL OCCUPATIONS

ELECTRICAL OCCUPATIONS	2010	2011	2012	2013	2014	2015	2016
Engineering managers	5	5	4	4	4	4	4
Construction managers	4	5	4	4	4	4	4
Utilities managers	5	5	4	4	4	4	4
Financial auditors and accountants	3	3	3	3	3	3	3
Civil engineers	4	4	4	3	3	3	3
Mechanical engineers	4	4	4	3	3	3	4
Electrical and electronics engineers	4	4	4	3	3	3	3
Information systems analysts and consultants	4	4	4	4	4	4	4
Civil engineering technologists and technicians	3	4	4	3	3	4	4
Mechanical engineering technologists and technicians	4	4	3	3	3	4	4
Electrical and electronics engineering technologists and technicians	4	4	4	3	4	4	4
Contractors and supervisors, electrical trades and telecommunications	4	4	4	3	4	4	4
Electricians (except industrial and power system)	4	4	4	4	4	4	4
Industrial electricians	4	4	4	4	4	4	4
Power system electricians	4	4	4	3	4	4	4
Electrical power line and cable workers	4	5	4	4	3	4	4
Stationary engineers and auxiliary equipment operators	4	4	4	4	4	4	4
Power system and power station operators	4	4	4	4	4	4	4
Construction millwrights and industrial mechanics (except textile)	4	4	4	3	3	3	3

Source: ESC Employer Survey 2011

Rankings (demand) tend to rise again in 2016 – This is most often due to steady additions to the number of retirements that dominate markets and create recruiting challenges.

How electricity employers react to these conditions in their own market will often be tied to conditions in other markets and the potential to find needed workers there in specific occupations.

Manager and supervisor rankings

Higher rankings reflect higher demand for age and experience. Recruit internally.

Engineering, utilities and construction managers and supervisors are much older than the average worker and have the knowledge and experience requirements associated with senior positions. This makes recruiting them much more challenging. Recruiters looking into other markets will face growing frustrations.

Rankings for engineering and construction managers, and electrical trade contractors and supervisors are also tied to the investment cycle. Project demands create high rankings in 2010-11 and then level out around 2013.

All of these rankings are driven high by retirements. As retiring managers are generally replaced internally, employers will need well established career plans, succession planning, knowledge transfer and flexible pension arrangements.

Engineer and engineering technician/technologist rankings

High rankings start to level out after 2013. Recruit from new grads, immigrants and other industries.

These rankings (which combine conditions for both new graduates and older, experienced engineers) show that labour market conditions stay tight through the peak investment cycle and the transition to Next Generation infrastructure. As investment activity levels out after 2013, balanced conditions are restored with older than average retirement ages, lower than average retirement rates, and rising numbers of new graduates from engineering programs.

From 2008 to 2010, recruiting new graduates offered wide choices as rising enrolments combined with a limited number of jobs for junior positions. Recruiting more experienced or specialized engineers was much more difficult as many likely moved into management jobs, leaving large gaps in the 35-54 age group.

Recruiting immigrants is also traditional for these occupations. Engineers were among the most populous arrivals early in the last decade and may be again as demand for experienced engineers rises. The Temporary Foreign Worker program may be well suited to fill this market.

Engineers will need specialized skills and experience to replace retired managers and to adapt systems to new technologies. It's not clear if good candidates can be found outside the industry, but employers will have to look there, as Engineers Canada Labour Market Conditions Report show initial demand is lower in other markets.

For qualified engineers with more than five years of Canadian experience – In 2010 and 2011, national rankings across all industries are lower than for electricity, an encouraging sign that electricity industry recruiters will find more candidates in the broader workforce pool. Even so, there are obstacles:

- Market conditions will vary depending on the experience level of the engineer
- Retirements and age profile drive labour requirements higher later in the period

EXHIBIT 3.13: NATIONAL LABOUR MARKET RANKINGS FOR ENGINEERING, ALL INDUSTRIES

LABOUR MARKET RANKINGS	2010	2011	2012	2013	2014	2015	2016
Civil engineers	3	3	4	4	4	4	4
Mechanical engineers	3	3	4	3	3	3	4
Electrical and electronics engineers	3	3	3	3	3	3	4

Source: Engineers Canada

- Experienced and specialized engineers in other industries will also be in short supply
- Skills and experience among engineering candidates from other industries may not fit the criteria needed to fill management or senior jobs vacated by retirement

For engineering technicians and technologists – Rankings from more limited evidence suggests slightly tighter market conditions. Technicians and technologists are older and their replacement demand, vacancy rates, hiring and other measures are higher.

Recruits will likely come from immigrants and college graduates. More limited access to immigrants may be balanced by colleges reporting above average gains in enrolments and graduations for these programs.

Skilled trades in construction

High rankings show virtually all skilled trades are stretched to the limit. Recruit from new graduates, apprentices and other markets.

For trades specialized to work in the electricity and renewable energy industry – Labour markets will continue very tight, dominated by industry requirements and training initiatives. There are four of these specialized trades:

- Power System Electrician
- Electrical Power Line and Cable Workers
- Stationary Engineers and Auxiliary Equipment Operators
- Power System and Power Station Operators

Expansion demand is strongest for power line and cable workers, where investments to refurbish and

EXHIBIT 3.14: LABOUR MARKET RANKINGS FOR ELECTRICAL NEXT GENERATION OCCUPATIONS, ALL INDUSTRIES, SELECTED MARKETS

LABOUR MARKET		2010	2011	2012	2013	2014	2015	2016
Boilermakers	Alberta	4	3	3	4	3	4	4
	Greater Toronto Area (GTA)	3	2	5	4	4	5	5
	Newfoundland and Labrador	3	5	3	5	4	2	1
	Saskatchewan	4	5	4	3	1	1	1
Carpenters	Alberta	4	4	4	4	4	3	3
	Greater Toronto Area (GTA)	3	2	4	4	4	3	3
	Newfoundland and Labrador	2	3	3	3	2	3	2
	Saskatchewan	3	4	4	3	2	1	1
Crane Operators	Alberta	4	4	4	3	3	4	4
	Greater Toronto Area (GTA)	3	3	4	4	4	4	4
	Newfoundland and Labrador	3	4	3	4	3	2	1
	Saskatchewan	3	4	3	2	1	1	1
Electricians	Alberta	4	4	3	4	3	3	3
	Greater Toronto Area (GTA)	3	3	4	4	4	4	4
	Newfoundland and Labrador	3	4	3	5	3	2	2
	Saskatchewan	4	5	4	3	1	1	1
Heavy-duty Equipment Mechanics	Alberta	2	3	3	3	2	3	3
	Greater Toronto Area (GTA)	3	2	3	4	4	4	4
	Newfoundland and Labrador	4	4	3	3	3	2	2
	Saskatchewan	3	3	2	2	2	2	2
Ironworkers & Structural Metal Fabricators & Fitters	Alberta	4	4	4	4	3	4	4
	Greater Toronto Area (GTA)	4	2	5	4	4	4	4
	Newfoundland and Labrador	4	5	3	5	3	3	2
	Saskatchewan	3	5	3	3	2	1	1
Sheet Metal Workers	Alberta	4	4	4	4	3	4	4
	Greater Toronto Area (GTA)	3	3	4	4	4	4	4
	Newfoundland and Labrador	3	4	3	4	3	2	2
	Saskatchewan	4	5	4	2	1	1	1
Steamfitters, Pipefitters and Sprinkler System Installers	Alberta	4	4	4	4	3	4	4
	Greater Toronto Area (GTA)	3	2	5	4	4	4	5
	Newfoundland and Labrador	2	4	3	4	4	3	2
	Saskatchewan	3	5	4	2	1	1	1
Trades Helpers	Alberta	3	4	3	3	3	2	2
	Greater Toronto Area (GTA)	4	2	5	4	4	4	4
	Newfoundland and Labrador	2	3	2	3	2	2	2
	Saskatchewan	3	5	4	3	2	1	1
Truck Drivers	Alberta	3	3	3	4	3	3	3
	Greater Toronto Area (GTA)	3	2	4	4	4	4	4
	Newfoundland and Labrador	4	4	3	4	3	2	1
	Saskatchewan	3	5	3	2	1	1	1
Welders and Related Machine Operators	Alberta	4	4	4	4	3	4	4
	Greater Toronto Area (GTA)	3	3	4	4	4	4	4
	Newfoundland and Labrador	4	5	3	5	3	2	2
	Saskatchewan	3	5	3	2	1	1	1

Source: Prism Economics and Analysis

upgrade distribution networks are a priority. Though slightly younger than other occupations, they also retire younger, and their overall ranking / demand rises strongly from 2010 to 2016.

Recruits will likely be new graduates and apprentices. Much of the training that renews this workforce will be managed by electricity industry employers in collaboration with provincial apprenticeship and colleges. While above average growth in recent enrolment suggests that investments are being made to keep pace, provincial government and regulatory pressures to contain costs may limit the spending needed to increase training and certification programs for future labour requirements.

For electricians and millwrights in electrical occupations and Next Generation construction trades – Labour markets are dominated by construction and maintenance activity across all industries. Major investments in Next Generation infrastructure will have a disproportionately large impact on electrical trade occupations. Major generation, transmission and distribution projects in Alberta, Saskatchewan, Ontario (GTA), and Newfoundland and Labrador will drive demand and move these skilled workers among markets.

High rankings are associated with start up and peak demands of major industrial, resource and utility projects, most commonly electricity projects including renewable energy systems. As projects end, markets shift to easier conditions.

Big projects in small regions (e.g., Saskatchewan in 2011 and Newfoundland in 2012) often push rankings to the highest levels, signalling that the local workforce cannot meet requirements and employers must recruit from outside markets. Mobility among provinces and across industries becomes crucial.

EXHIBIT 3.15: NATIONAL LABOUR MARKET RANKINGS, INFORMATION SYSTEMS ANALYSTS AND CONSULTANTS

LABOUR MARKET RANKINGS	2010	2011	2012	2013	2014	2015	2016
Information Systems Analysts and Consultants	3	3	3	4	4	4	4

Source: Information, Communications and Technology Council (ICTC)

Information and Communication Technology (ICT) rankings

Highest rankings here show markets are tightest for these specialized occupations.

IT related occupations will remain in high demand as New Generation technologies require greater expertise than Legacy systems. Higher than average employment growth and competition from other industries will maintain tight labour markets in most regions.

For all industries – The ICTC report's overall message is that employer needs will be very hard to fill, especially for Information Systems Analysts and Consultants:

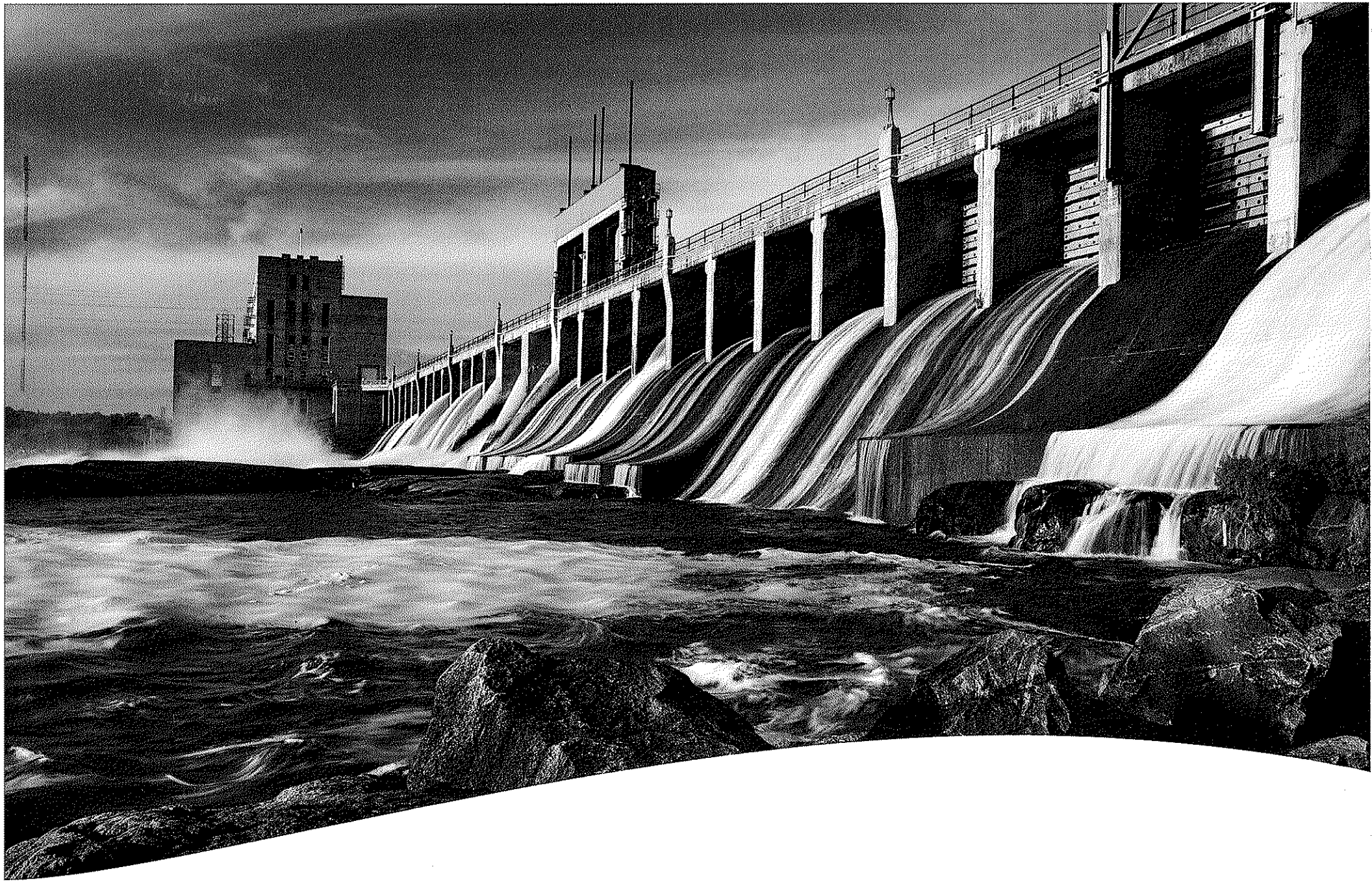
"In most regions, and for most ICT occupations, employers will encounter systemic shortages when recruiting for ICT jobs that require five or more years of experience. The severity of these shortages will increase when employers are looking for leading edge skills or particular combinations of domain experience and ICT expertise.

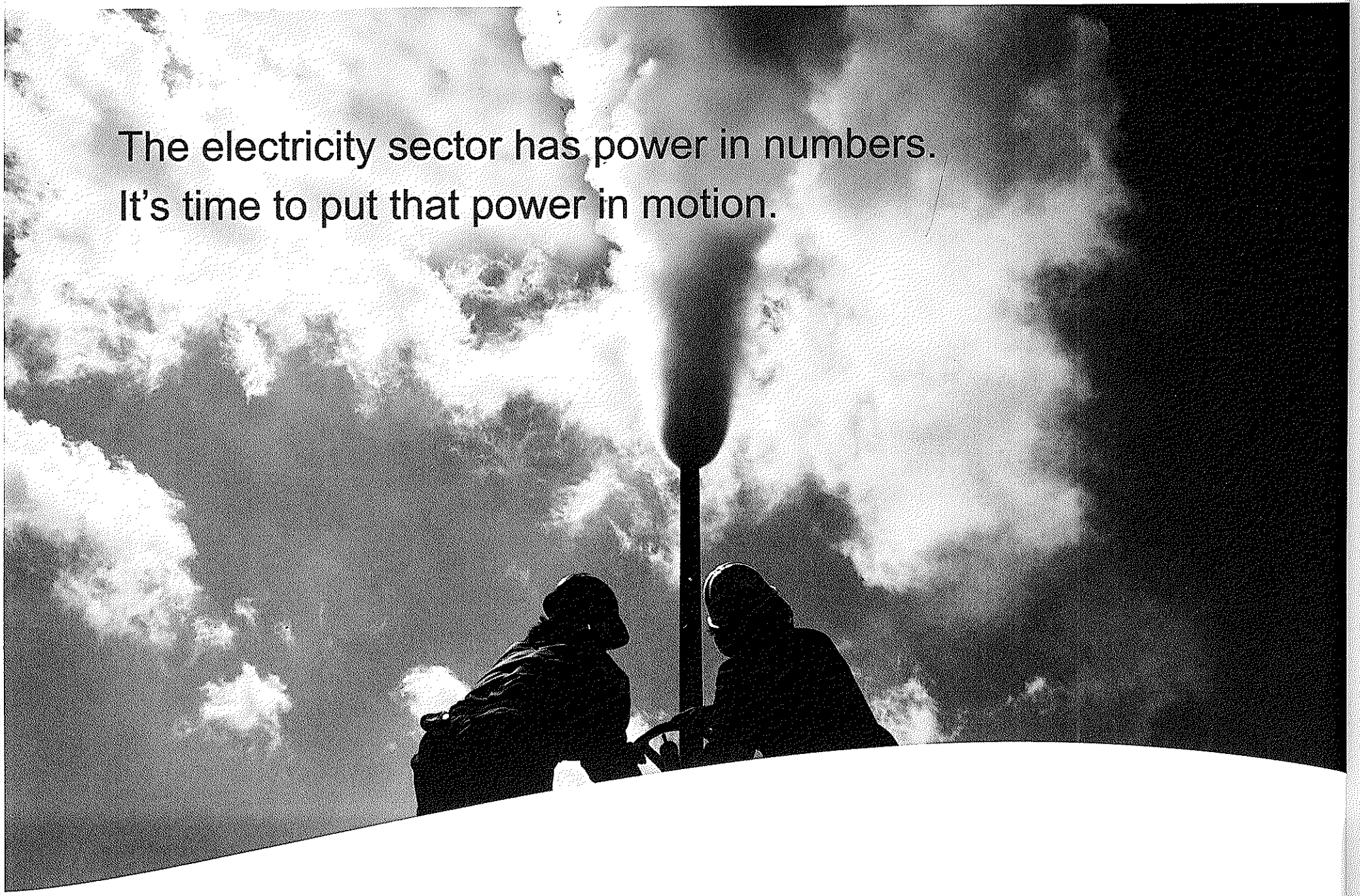
"Conversely, most employers will encounter little or no difficulty in recruiting for jobs that require less than five years of experience or for which recent graduates would be qualified.

"For Information Systems Analysts and Consultants, the primary driver of shortages is increasing demand counterpoised with the limited capacity to train ICT professionals with the mix of business skills that are required in the occupation."

For the electricity and renewable energy industry – With the industry in the critical stages of transition, rankings for Information Systems Analysts and Consultants will be even tighter in coming years than the ICTC report implies. Implementing the new smart grid requires ICT skills to develop new and specialized computer systems to manage the complex information that joins customer demands and distributed generation systems.

All ICT rankings predict challenges for recruiters looking for experienced and specialized workers. Prospects for finding qualified new entrants and junior candidates are generally better.




The electricity sector has power in numbers.
It's time to put that power in motion.

4. Implications, Recommendations and Conclusion

4a Implications for human resources

Unprecedented labour requirements

Between 2011 and 2016, electricity industry employers will need to recruit over 45,000 new workers – over 40% of the current workforce. These are required to (a) replace retiring workers, (b) refurbish existing generation, transmission and distribution systems, and (c) build and operate the Next Generation of infrastructure including renewable energy.

Of these new employees, 23,000 will be in the 19 critical electrical occupations covered in this report. To fill these vacancies, every employer is looking for candidates with special technical qualifications as well as sector experience and business knowledge.

Employers in the survey expect to take over 30% of these new workers from other employers in the electricity and renewable energy industry. However, moving the existing workforce between firms will not meet the growing labour requirements for the industry as a whole. At least 50% of new hires must be found in other Canadian industries or among immigrants. The remaining recruits will be recent graduates of post secondary and apprenticeship programs or new entries with no experience.

Limited labour supply

This report has assessed the labour market (both local and broader) for the electricity sector and for Next Generation occupations. In general these assessments point to tight markets where recruiting will be difficult.

Projections from 2011 to 2016 focus on the need to attract immigrants and workers from other industries. These opportunities will open in some labour markets, but more often other employers are looking for the same workers – engineers, technicians and technologists, information technology (IT) specialists, and skilled trades with five or more years of experience. Electricity sector employers looking for these candidates will face stiff competition.

Specific recruiting challenges

Internal promotion – From 2011 to 2015, much of the Legacy workforce (older boomers) will retire, and employers must focus on transferring knowledge to the younger boomers who move up to replace them. It will be harder, however, to fill the positions left by these younger boomers. While it makes sense to move up the Generation-Xers who are next in line, these are a much smaller demographic and there may not be enough to promote internally. And because Gen-Xers have the coveted five or more years experience, they are far harder to recruit than new entrants and junior candidates. To help fill these gaps, employers are advised to continue (or increase) hiring recent graduates and supporting co-op, internship and apprenticeship programs.

Recent graduates – Training and education required by the electricity and renewable energy industry is specialized, complex and expensive. Post secondary programs, contractors and consultancies are adapting to help meet the challenge, but their capacity to support employers is restricted because government funding is limited and other industries are competing for the same support. The expansion of post secondary programs may not meet the growing needs of electricity employers.

Immigrants, women and diversity groups – Most of the current electricity workforce was trained and recruited 20 or more years ago. Since then, labour markets have shifted to include a far higher proportion of women, Aboriginals, new Canadians and diversity groups. The electricity workforce will need to catch up with this new reality. Current industry initiatives for recruiting youth, diversity groups and immigrants will need to grow larger and more targeted.

Other industries – Given the finite potential to find recruits in other sources, half of all hiring for all electricity employers is expected to come from other industries. Successful recruiting here will require a competitive edge.

Sector advantages and strategies

Canada's electricity industry has unique HR advantages to offer and distinct strategies to apply.

Employer of choice – Electricity employers are among the biggest and best known in many

provinces. They can attract new workers with career opportunities, internal training, strong benefits packages and employment security. Renewable energy providers can promise green jobs and fast growth with rapidly changing technologies.

Respected training partner – The electricity industry has a strong tradition of supporting licensing and certifications, and building a path for new graduates and apprentices into occupations that require specialized knowledge and skills. Now the industry has a major stake in the continued certification of technology occupations that are changing with transition.

Much has already been accomplished and new courses and certifications are appearing. Colleges and universities, however, have identified technology and equipment costs as a primary barrier to expanding needed programs. The electricity industry is well positioned to make a case for new investments in post secondary training and apprenticeship. This report can help by presenting evidence of the unique and potentially limiting impacts of skill shortages.

Outsourcing efficiencies – Many of the industry's labour requirements will be accessed through contractors and consultancies, especially for Next Generation occupations and construction trades. While contractors and consultants will face similar recruitment challenges, this outsourcing shifts the HR challenges to other employers and unions, and promotes workforce mobility so that available skills are used most efficiently.

4b Recommendations

To meet the challenges, electricity industry employers and human resources planners will need to add, expand, target and refine the following strategies:

1. Expand knowledge transfer and training

- Expand knowledge transfer programs that are preparing candidates to replace skilled retirees.
- Work with Provincial governments, colleges and universities to add new programs and certifications for technicians, technologists and specialized trades for work with new technologies. Make a case for new investments in post secondary training and apprenticeship.
- Work with unions to build a skilled workforce and add specialized and advanced qualifications and certifications. Encourage unions to allow mobility so resources are used more efficiently.
- Work with other electricity sector employers on initiatives to improve the transition from post secondary training to the workplace. This includes targeting higher rates of apprenticeship completions, enhanced internship programs for engineers, and carefully targeted co-op programs for IT grads.

2. Target immigrants and diversity groups

- Target permanent immigrants, including programs that integrate new arrivals into the community.
- Systematically target temporary foreign workers in key occupations and move the best candidates into Provincial Nominee Programs.
- Work with unions to add diversity to the workforce and integrate permanent immigrants and temporary foreign workers.
- Develop a strategy for attracting more women, Aboriginals and diversity groups that take advantage of existing programs offered by individual employers and other interest groups.

3. Focus on the requirements of the Next Generation investments

- Track construction trades and markets for contractors.
- Track emerging labour markets for specialized installers, maintenance and related work in solar, wind turbine and geothermal systems.

4. Assess the competition in other markets

- Assess industries and regions where labour requirements will be rising.
- Assess training and certification programs that compete for resources.
- Collaborate with other employer groups with common objectives.

Above all, take united action. *There is power in numbers.*

All employers in the electricity and renewable energy industry are facing an unprecedented recruiting challenge. Individually and following past HR strategies, they will not be able to succeed. United action is needed.

The electricity sector requires specialized skills and occupations that are distinct from those in other industries. Acting together on initiatives that target these requirements will maximize the impact of limited resources, capitalize on the potential of workers in all markets, and muster the industry's collaborative legacy to power the Next Generation.

4c Conclusion

In 2011 the electricity and renewable energy industry is experiencing a major investment boom that will see much of the existing system replaced or upgraded, and up to a third of the generating capacity switch to renewable sources, particularly wind.

These conditions create the most severe skills shortages and labour market challenges that the industry may have ever faced.

While industry and educational programs are addressing most issues, labour market changes are accelerating and competitive forces are growing stronger. This will become increasingly apparent as older workers retire and investment projects multiply.

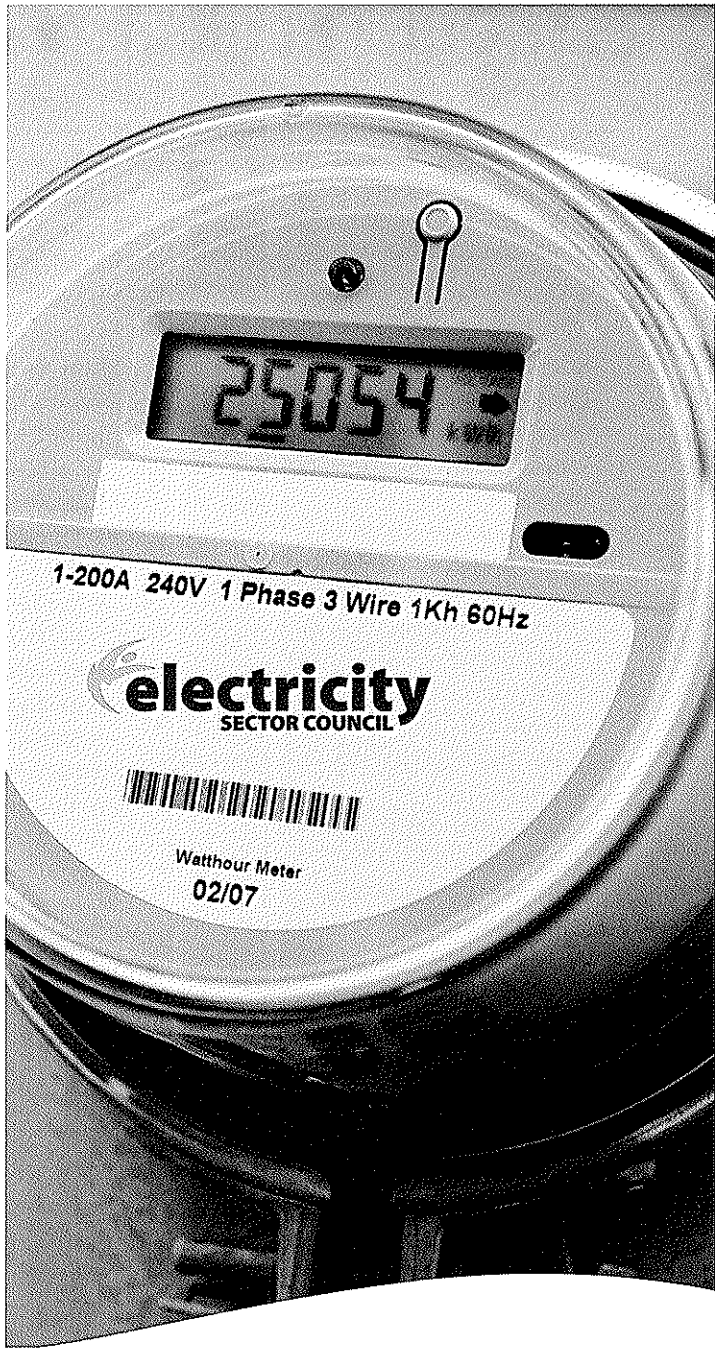
This update confirms the findings of two earlier LMI studies and adds a new degree of urgency to initiatives that have grown from this research.

To renew Canada's electricity system and shift to renewable sources, the industry must add to the skills of its workforce.

To renew this essential workforce, the industry must work together to make most effective use of the labour markets.

This report projects the next five years of workforce challenges and changes for more than 30 occupations. We hope it provides practical insights to guide human resources management and planning throughout the electricity sector.

We are happy to receive comments and questions on this research, and look forward to exploring the industry's progress for the next 5-year update planned for 2016.



5. Our Thanks to Study Participants

We would like to acknowledge the generous time and support of the employers, educational institutions and other key stakeholders who participated in this study.

Organizations

A. R. Milne Electrical Ltd.
Ace Construction Ltd.
Advantage Electric Thunder Bay Ltd.
Alberta Electric System Operator
All - Tech Services
Allteck Line Contractors
Anmar Mechanical and Electrical Contractors Ltd.
Arrow Installations
ATCO Electric
ATCO Power
Atikokan Hydro Inc.
Battle River Rural Electrification Association
BC Hydro
Brant County Power
Broder Electric Ltd.
Brookfield Renewable Power
Bruce Power
Burlington Hydro Inc.
Cambridge & N. Dumfries Hydro Inc.
Cartier Énergie Éolienne inc.
Central Alberta Rural Electrification Association
City of Medicine Hat, Electric Utility
City of New Westminster
City of Penticton
City of Red Deer
City of Swift Current Light & Power
Commercial Electric (Welland) Limited
Cubit Power Systems
Dryden Electrix Inc.
Electrigaz Inc.
Énergie Northland Power Québec S.E.C.
Enersource
ENMAX Corporation
Éolectric Inc.
EPCOR
Festival Hydro Inc.
FortisAlberta
FortisBC
Guelph Hydro Electric Systems Inc.
Horizon Electric Inc.
Horizon Power Installations
Horizon Utilities Corporation
Hubbell Canada LP
Hydro One Inc.
Hydro Ottawa Holding Inc.
Hydro-Québec
KEMA Consulting Canada Limited
Langley Utilities Contracting
Leader Resources Services Corp
Manitoba Hydro
Nalcor Energy
New Brunswick Power Corporation
Newfoundland Power Inc.
Norfolk Power Distribution
Nova Scotia Power Inc.
Oakville HE Distribution Inc.
Ontario Power Generation Inc.
OZZ Electric Inc.
Partner Technologies Inc.
Paul Reitzel Industrial
Peterborough Utilities Group
Powerline Utility Contractors Inc.
PowerTel Utilities Contractors Ltd.
Primary Engineering & Construction
PUC Services Inc.
Renfrew Hydro Inc.
Rideau St. Lawrence Distribution Inc.
Roberts Onsite
Rocky Rural Electrification Association
S&C Electric Canada Ltd.
Saint John Energy
SaskPower
Sioux Lookout Hydro
South Alta Rural Electrification Association
St. Thomas Energy Inc.
Sunny Corner Enterprises
Tetra Tech
Thunder Bay Hydro Electricity Distribution Inc.
Tillsonburg Hydro Inc.
Toronto Hydro Corporation
Valard Construction Ltd.
Valley Power Line Contracting Ltd.
Wasaga Distribution Inc.
Wellington North Power Inc.
Westario Power Inc.
Western Pacific Enterprises GP
Woodstock Hydro Services
Yukon Energy
ZE Power Engineering

Educational Institutions

Algonquin College
Cambrian College
Cégep de Victoriaville
Collège Boréal
Collège communautaire du Nouveau-Brunswick Campus de Bathurst
College of the North Atlantic
Confederation College
Dawson College
Georgian College
Humber Institute of Technology & Advanced Learning
Lakehead University
Lambton College
Loyalist College of Applied Arts and Technology
McMaster University
Memorial University
New Brunswick Community College
Niagara College
North Island College
Northern Alberta Institute of Technology
Northern College of Applied Arts and Technology
Northern Lights College
Nova Scotia Community College
Okanagan College
PWU Training Inc
Red River College
Royal Military College of Canada
Saskatchewan Institute of Applied Science and Technology (SIAST)
Sault College
Seneca College
Simon Fraser University
St.Clair College
Thompson Rivers University
Université de Moncton
University of Alberta
University of Calgary
University of Manitoba
University of New Brunswick
University of Toronto
University of Victoria
University of Waterloo
Western University

6. Acknowledgements

A project such as this requires the help and participation of numerous individuals and organizations. For that reason, we would like to express our sincere gratitude and appreciation to the following individuals who participated on the 2011 LMI Steering Committee.

2011 Labour Market Information Study Steering Committee:

Damon Rondeau
Chair, Steering Committee
Human Resources Planner
Manitoba Hydro

John Briegel
Manager
IBEW, Local 254

Samantha Colasante
Manager, Research and Diversity
Engineers Canada

Berit Watson
Manager, Careers and Team Effectiveness
New Brunswick Power

Nathalie Couture
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Norm Fraser
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Electricity Sector Council

Debra Beauregard
Project Manager
Electricity Sector Council

Leigh-Anne Donovan
Project Coordinator
Electricity Sector Council

Research Consultant
PRISM Economics:
Bill Empey
John O'Grady

A special acknowledgement to the companies who made the undertaking of the 2011 LMI Study possible through their partnership and support.

School Energy Coalition (SEC) INTERROGATORY #38

Issue 4.4 Is the compensation strategy for 2015-2019 appropriate and does it result in reasonable compensation costs?

Interrogatory

Reference: Exhibit C1/Tab 3/Schedule 1/p.2/Table 2

Please explain how the Applicant forecasted annual retirements for the test period.

Response

Retirement forecasting can be challenging in that the decision to retire is often very personal and different individual circumstances play a major role in the final decision. Based on historical trend data, on average the majority of our staff retire 4 years after the rule of 82 (age + pensionable service = 82) eligibility for an undiscounted pension is satisfied. Based on this trend, Hydro One uses a Rule of 90 (age + pensionable service = 90) to derive a forecast of staff retirements for the business planning periods of 2014 to 2019

School Energy Coalition (SEC) INTERROGATORY #39

Issue 4.4 Is the compensation strategy for 2015-2019 appropriate and does it result in reasonable compensation costs?

Interrogatory

Reference: Exhibit C1/Tab 3/Schedule 1/p.3-4

Please provide a copy of any formal document outlining the 'Craft of Management" program.

Response

The "Craft of Management " program at Hydro One is an internal management training program that focuses on establishing an accountability based performance management system. The program is based on the organizational design theory of Elliot's Jacque's "*Requisite Organization*".

Attached is an Article that further explores some of the key concepts of an accountability based performance management system.

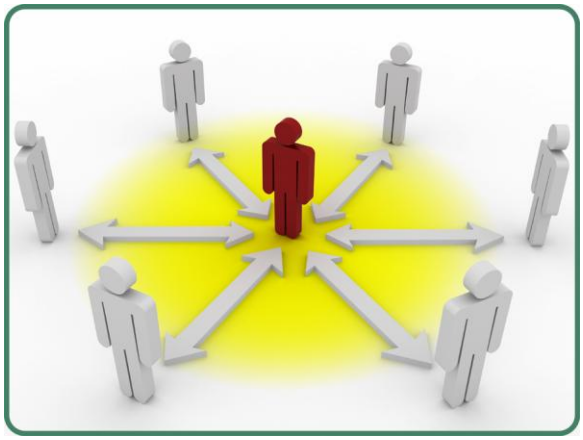
FORREST™

Growing leaders of character who achieve extraordinary results™

Accountability

Unleashing Potential through Clarity

Clarifying the roles of managers and direct reports accelerates the achievement of strategy.



Julian C. Chapman
Vice-President, Coaching & Facilitation; and
Michael Clark
Director, Marketing & Communications
Forrest & Company Limited

Accountability is in the news. Electioneering politicians cite its lack as the cause of our current economic crisis. CEOs call for it as the means to survive and grow past the crisis. While all this talk is encouraging, it has contributed more to the mystification of accountability than to its clarity. As a result, intrigued executives only lightly delving into accountability often recoil. Without a complete understanding of accountability, and more importantly a "system of accountability", an executive takes away the perception that accountability undermines their organization's capacity to grow, adapt or innovate. Nothing could be further from the truth. A system of accountability unleashes potential by providing clarity of expectations to all members of the organization and placing them within a flexible and sustainable framework. Accountability injects energy into your hierarchy.

The Benefits of Accountability

The sole purpose of a system of accountability is to accelerate the achievement of strategy. In the broadest of terms it does this by clarifying expectation where it is needed most: the relationship between people getting work done, namely, the employees with whom and for whom one works, and particularly the relationship between a manager and her direct report. An enormous amount of time and effort is being squandered repeatedly resolving (or not resolving) who is to do what, using what resources, when. These functions are the very engines of business,

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and the engines aren't running as well as they should. A system of accountability provides the mechanism to capture all this time and effort and propel it toward the achievement of strategy.

Along the way, accountability dramatically improves engagement, creating the foundation for the much sought after "great place to work" with its attendant productivity and talent retention. Once employees know and understand their role, their authorities, and to whom they are accountable, they become aligned, focussed, and engaged, their energy expended solely in the service of strategy. This both reinforces and amplifies the effectiveness of accountability.

The net result of a system of accountability is that CEOs can implement strategy, coordinate the work of different functions and have the workforce they need now and in the future. For shareholders, they see the strategic path to the organization's vision is being achieved at the lowest possible cost.

Accountability: What is it?

And so, what is accountability, really? At an abstract level, "an" accountability is a promise. "I am accountable" means that "I" have promised to do something. In its organizational sense, accountability extends to include consequence. "I" hold "you" to account, means that you have made a promise to me, and I will determine the degree to which you have fulfilled that promise whereupon I will apply consequences, positive or negative (reward or withholding reward). In most organizations, accountability looks like this: "You (the employee) have promised to give me (the organization) this unit of work within these defined terms, and I give you this much money in exchange for that unit of work if I consider that work sufficient to the terms."

Unfortunately, it is at this point that most understanding of accountability stops, and why accountability in its abstract or basic organizational sense is lifeless and adds little toward the achievement of strategy. It is merely a hierarchy enforced by contract. Contracts do a very poor job of defining ongoing relationships like those between an organization and an employee, or a manager and a direct report. Based on distrust, they inevitably leave the party on whom the onus is placed (the employee, the direct report) feeling disengaged and disposable. Unavoidably, this type of relationship falls into the blame game – using accountability to point fingers: "You" have not fulfilled "your" promise.

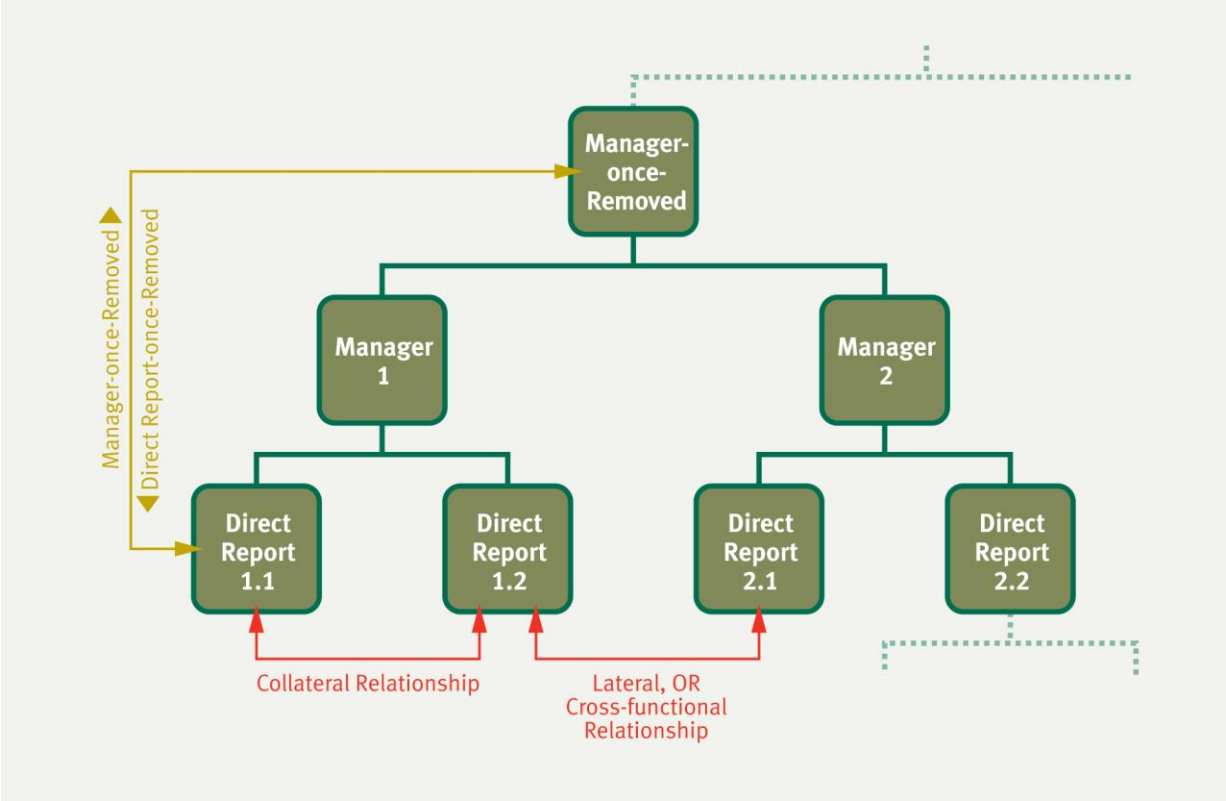
There is, however, a more robust application of accountability that broadens and energizes its terms even as it clarifies what it broadens. It does so by adopting the manager-direct report relationship as the foundation of getting work done and expressly defining the terms of that relationship. An organization that does so has recognized that the manager-direct report relationship is the first, and universal, hierarchy and that clarity provided to this relationship flows through and populates the entire organization. This becomes a "system of accountability", or an "accountability hierarchy". In this system, employees have the clarity they need (and want) to get work done efficiently and effectively.

In a "system of accountability", accountability functions as follows:

- Managers clearly define the roles of their direct reports: the purpose of the role within the context of strategy and the role's specific accountabilities and authorities.
- Managers *then* assign work to their direct reports, committing to do so within the parameters of the role, and being expressly clear about the nature and timing of the work.
- Direct reports *then* commit to their manager to complete the work assigned.
- Managers *then* hold their direct reports to their commitment through effective managerial leadership, including monitoring, coaching and evaluating effectiveness.

Accountability and Authority

Inherent to accountability is authority. They are opposite sides of the same coin. One cannot have an accountability without authority; it is fundamentally unfair, rendering the person accountable incapable of fulfilling the accountability. And one cannot have an authority without accountability; it is fundamentally



dangerous and self-defeating as demonstrated by the dictatorships that fill the dustbin of history, or the corporate malfeasance of the likes of Enron. Seen from this perspective, historically it was the lack of balance between accountabilities and authorities that inevitably produced unionism and the laws that protect employees and shareholders.

A system of accountability, centered on the manager-direct report relationship, achieves this balance. For example, employees are made accountable solely to their managers. This immediately brings clarity to all employees – no one need ever wonder who is really one's boss. Inversely, it is only a manager of a direct report who has the authority to assign tasks. This accountability-authority reflection resolves the complexity of doing work or sharing resources laterally within a team or across functions or business units. Whatever authorities are given collaterally or cross-functionally, every employee is accountable only to their manager for the appropriate use of that authority. That these accountabilities and authorities, and all others, are made explicit and transparent only adds to clarity and effectiveness.

Accountability is Not Responsibility

We have found that an effective way to clarify how accountability drives strategic success is to clarify what it is not, particularly the one thing with which accountability is most often confused: responsibility.

"You are responsible for X" means something very different from "You are accountable for X". Responsibility is a one-way personal sense of obligation, and lacks accountability's inherent consequence. Responsibility wells up internally and is self-justified, whereas accountability is external and is a mutually agreed upon construct. In responsibility, "giving" is perceived by the "giver" as its own reward. The relationships between a donor and a beneficiary, a volunteer and a recipient, or a devotee and a charismatic leader are for the most part based on responsibility, not accountability.

Organizations that have not applied the rigour required to implement a system of accountability, or those that have not applied accountability even in

its organizational sense will, by default, turn to a system of responsibility to get work done. The limitation of doing so is that the internalized nature of responsibility means that motivation and the nature, volume, quality and strategic value of employees' work rests with them – employees are doing what *they* believe to be important to whatever direction, degree or duration they feel is right.

This is the state of many, perhaps most, organizations today. Looking around, we can see that it is, in fact, possible to get work done in a system of responsibility. However, its effectiveness is wildly erratic and its output is fraught with inefficiencies, misalignment and, potentially, abuse.

Without accountability, employees attempting to secure resources in order to do their work must, to the limit of their personal ability, appeal to their colleagues' sense of responsibility through charm, barter, bribery, "bending the knee" or even threats. As a result, unpredictably, some work will get done and some will not, irrespective of its strategic value. "White knights" emerge – those employees with an overly keen sense of responsibility who charge around the organization helping where they are inclined, but whose work strays outside the parameters of their role and may not even be aligned to strategy. Inversely, "black knights" appear – those employees whose sense of responsibility is primarily to themselves or their team who, embracing the lack of accountability, incidentally or deliberately impede or undermine the work of others with the intent of empowering themselves at the cost of organizational success.

Engagement is not sustainable in a culture of responsibility. Those employees with a greater sense of responsibility are valued more than those with a lesser, which may work for a time, but ultimately results in burnout or disaffection and talent loss. Additionally, since the degree of an employee's sense of responsibility is internal in nature, the organization cannot rely on the constancy of these "heroes", let alone the strategic alignment of their work.

It is important to note, though, that responsibility has its place in a system of accountability. It is the brightest evidence of engagement by both employees and the truly effective leader. In a system of accountability capturing the benefits of responsibility occurs *after* clarifying accountability. In accountability, responsibility is not the basis of the hierarchy, it is an added value and can only be proffered at the discretion and to the degree of the giver.

Lateral Integration, Vertical Execution and Role Clarity

Down from the executive level where strategy is devised based on organizational vision and mission, the work to achieve that strategy is distributed throughout the organization. In a system of accountability, *prior* to the execution of work vertically toward strategy, managers must first ensure that their team is laterally integrated toward the work assigned.

This is achieved through role clarity, an authority of all employees (and inversely, an accountability of all managers). While simultaneously developing explicit clarity on the roles of their direct reports – namely the purpose of the role relative to strategy, and the role's specific accountabilities and authorities – managers determine the best means to complete their team's portion of strategy. The result is the most effective, efficient and aligned execution of the work of their team. When implemented, role clarity focuses the efforts of each member of the team toward strategy by making clear what is their own work as well as the lateral and collateral authorities and accountabilities they may be issued specific to their role.

Implicit in the nature of an accountability hierarchy is that managers are members of two teams – firstly being direct reports of their own manager, secondly being the manager of their own direct reports. As such, managers act as linchpins, ultimately ensuring that all work is aligned up through the organization. The effect is that all managers, must learn "followership" prior to practising leadership. Exposure to the accountabilities and authorities of being a direct report reinforces the accountability hierarchy and informs the leadership efforts of all managers.

The Manager-once-Removed

For a fully energized accountability hierarchy there are accountabilities and authorities specific to an additional role: the manager-once-removed (MoR). Overall, the MoR is accountable for talent pool development and cross-functional activity.

The Accountabilities and Authorities of MoRs

- Hold their manager direct reports accountable for being good managerial leaders
- Develop the talent pool among their direct reports and direct reports-once-removed (DRoRs), including:
  - Mentoring DRoRs
  - In dialogue with their direct reports, initiate the appointment of a DRoR and veto the removal of a DRoR
- Determine the accountabilities and authorities in the cross-functional relationships of their DRoRs
- Hear appeals by DRoRs concerning their managers

Recalling responsibility described above, lateral integration makes clear to managers the need to focus or curtail their knights, white and black. Further, within the parameters of role clarity and alignment, employees may bring as much a sense of responsibility as they are inclined or that can be garnered by effective leadership and resultant engagement.

Universal Accountabilities and Authorities in an Accountability Hierarchy

Understanding clarity of expectation, the balance of accountabilities and authorities, the role of responsibility, lateral integration and role clarity provides the context needed to understand the mechanics of an accountability hierarchy. The list below consists of the universal accountabilities and authorities for all employees and for managers.

The list is far from arbitrary. A closer examination reveals an interlocking logic designed to propel the achievement of strategy. The resulting clarity of expectation, provided to every employee, drives work that is expressly strategically relevant through the manager-direct report relationship.

Employees

The accountabilities of all employees
All employees (at any level of the hierarchy) are held accountable by their manager to:

- Be engaged with full commitment on work assigned by their manager
- Work at the level of complexity required by their role
- Give their manager their best advice
  - Meaning, anything that will add value to getting the work done. For example, the assigned work is not possible, too easy, or not most appropriately assigned to him or her.
- Stay within the policies of the organization

The authorities of all employees
All employees (at any level of the hierarchy) have the authority (also known as the "right") to:

- Be assigned work within the parameters of their role definition
- Be clear about their tasks and resources
- Be coached by someone more capable than themselves
  - Specifically, their manager or someone designated by their manager
- Appeal to their manager-once-removed when in chronic difficulty with their manager
- Be safe, physically, psychologically and socially

Managers

There are accountabilities and authorities particular to managers of people. These are in addition to the generic accountabilities and authorities of all employees listed above.

The accountabilities of all managers
All managers are accountable to their manager for:

- The outputs of their direct reports
- The working behaviours of their direct reports
- Leading the team to the accomplishment of team goals
- Building a team of increasingly capable direct reports
- Practising continuous improvement regarding products, polices, processes and procedures

The authorities of all managers
All managers have the authority to:

- Assign tasks to their direct reports, and be the only one to do so
- Perform direct report reviews
    - Evaluate performance and assign positive or negative consequence
- In dialogue with their manager, initiate the removal of a direct report from his or her team, and veto an appointment of a direct report to his or her team

A Manager's Role is to Manage

Within the interlocking list above, one point is most often overlooked or misunderstood though it lies at the heart of an accountability hierarchy: a manager is accountable for the output of his or her direct reports. As obvious as that seems, we have nonetheless found that for those trying to understand a system of accountability, this point is the most eye-opening revelation. Managerial accountability contains the hard logic that, in order for managers to succeed, they must enable their direct reports to succeed – organizational strategy is achievable only if managers ensure their direct reports output as specified. It is for this reason that a manager is given their particular authorities, but more importantly, the implication is that the role of a manager is to manage.

But, how *should* a manager manage? Some managers succeed for a while by more-or-less forcibly extracting output from direct reports, using consequence as a blunt instrument or, more frequently, manipulating a direct report's misplaced sense of responsibility. This is, of course, not a sustainable managerial framework. Even in the most "un"accountable organizations, a manager that leaves a trail of bodies on the way to his own success ultimately undermines any organization that values leadership or has long-term goals.

To be truly effective, managers must not only manage well, they must also lead well. The distinction is an important one: management is the cognitive science of completing tasks through a team, whereas leadership is the affective art of unifying and directing teams. By successfully doing both, managers emerge as managerial leaders, the capstone of a system of accountability.

Managerial Leadership and Accountability

Effective managerial leadership is a function of accountability. If a manager is accountable for direct report output, a manager (at every level of the hierarchy) is accountable to ensure those of his subordinates who are managers themselves, have knowledge of, skills with, and make daily use of the best practices of managerial leadership in order to lead their teams to the accomplishment of team goals. Of course, since the manager-direct report relationship is universal, this accountability flows through the organization from CEO to lead hand.

Among these best practices are certain complementary and balanced principles that reinforce accountability: a manager must use their judgment and discretion; and a manager must foster an environment of dialogue and trust. Managers are hired to make decisions – even the unpopular ones, even the very hard ones. Managing means stepping out from behind checklists and processes and putting yourself on the line. It means not passing off the tough decisions to HR, and yes, sometimes being the bad guy. This means, for example, that managerial leaders step up to deal with the working behaviours of their team (not the least of which is their own), identifying and resolving interpersonal friction through coaching. Complementing judgment and discretion, a manager must also

create dialogue and trust. That means that a manager proactively engages his direct reports, being open and honest with them and welcoming the same back. How else could a manager effectively bring their judgment and discretion?

The effective managerial leader nurtures the relationship with each of his direct reports, comes to know and understand them as individuals and looks out for their best interests and personal welfare. In order to do so, and in order to understand their own motivations behind judgment and discretion, leaders must be eminently self-aware, fully understanding their own strengths and weaknesses and the impact their decisions have on those around them.

The "Great Place to Work" and Managerial Responsibility

A system of accountability drives the effective managerial leader (and by accountability, her team) down two parallel yet united paths: firstly, the achievement of strategy (a task focus), and secondly, the creation of a "great place to work" (a people focus). The achievement of strategy has self-evident value, but what of this "great place to work"? The "great place" is not merely a means to securing engagement and all its contributions to strategy and shareholder value. It is nothing short of a contribution to societal health. Most of us spend over thirty percent of our daily lives within employment organizations. Making improvements to that experience by engaging, growing and providing clarity at work can only translate to improvements in the balance of time we share with others.

If we take the will to create the great place to work and combine it with the principle of dialogue and trust, we discover that leadership is about caring for people. Despite managerial accountability for direct report output, "caring" is not an accountability. It is, by definition, an internally motivated sense of obligation – a responsibility.

A truly great managerial leader approaches his or her relationship with direct reports as something that transcends the specifics of accountability – the relationship is a covenant. Covenants convey a relationship that is deeper and more enduring than can be defined by accountability or any other framework. Covenants are based on trust; they are not negotiated. Rather, the covenanting parties (managers and direct reports) commit through trust to the nature of the relationship itself, which in this case is mutual engagement and growth. Once a leader understands this, and chooses to embrace that sense of responsibility, he becomes a leader of character. Think of a great leader in your experience; the one to whom you were most engaged; the one for whom you did your best work. Did she not bring this quality to her leadership role?

Moving to managerial accountability, let alone managerial responsibility, can make current managers uncomfortable. Effective managerial leaders must take on the sometimes difficult task of fostering their direct reports. Managerial leaders must understand who they are, be willing and capable of learning and being coached in the principles and practices of effective managerial leadership and ultimately of having the difficult conversations and making the hard decisions that come with being a manager of people striving toward the achievement of strategy.

Conclusion

Do not doubt that it takes a great deal of rigour to incorporate a system of accountability into an organization. Fundamentally, we live in an unsteady world filled with unpredictable individuals, and bringing and applying clarity to that takes effort. Nevertheless, it is all eminently doable and sustainable. A system of accountability focusses on the manager-direct report relationship as a means to populate your entire organization with the clarity and managerial leadership needed for your people to be continually aligned, focussed and engaged. The investment in the effort to bring clarity will quickly be recouped by the potential unleashed and the subsequent acceleration toward the achievement of your strategic vision.

Julian C. Chapman is Vice-President of Coaching & Facilitation at Forrest & Company Limited. With over 25 years of business experience, he is sought

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School Energy Coalition (SEC) INTERROGATORY #40a

Issue 4.4 Is the compensation strategy for 2015-2019 appropriate and does it result in reasonable compensation costs?

Interrogatory

Reference:

How many of the Applicant's employees are on the Public Sector Salary Disclosure 2014 list (2013 calendar year)? What percentage of the Applicant's full time employees for 2013 does that represent?

Response

Please refer to Exhibit I, Tab 4.4, Schedule 10 CCC 28A. For 2013, this represents approximately 69% of Hydro One's regular employees.

School Energy Coalition (SEC) INTERROGATORY #40b

Issue 4.4 Is the compensation strategy for 2015-2019 appropriate and does it result in reasonable compensation costs?

Interrogatory

Reference: Exhibit C1/Tab 3/Schedule 1/p.10

Please provide copies of the Applicant's collective agreement with the:

(a) Power Workers' Union
(b) Society of Energy Professionals

Response

Current PWU and Society collective agreements attached.

Filed: 2014-07-04
EB-2013-0416
Exhibit I-4.4-9 SEC 40b
Attachment 1
Page 1 of 391

COLLECTIVE AGREEMENT

Between

HYDRO ONE INC.

And

POWER WORKERS' UNION
CANADIAN UNION OF PUBLIC EMPLOYEES – C.L.C.
LOCAL 1000

April 1, 2013 – March 31, 2015

COLLECTIVE AGREEMENT

Between

HYDRO ONE INC.

and

POWER WORKERS' UNION

CANADIAN UNION OF PUBLIC EMPLOYEES – C.L.C.

LOCAL 1000

April 1, 2013– March 31, 2015

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NOTE

*In order to readily identify changes in this Agreement from the previous one, new changes are printed bold and in italics. Note that certain foreign words used within the text are, by convention, also printed in italics however these words are easily identifiable and should not cause confusion.

_____ _____

Hydro One Inc. Power Workers Union

_____

Date

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MT-2	Responsibility for Obtaining Licenses	NPP 2	Active
MT-3	Time Charges and Expenses – Power Workers' Union Representatives	NPP 3	Active
MT-4	Hand Tool Ownership and Trades Occupational Definitions	NPP 4	Active
MT-5	Expense Reports and Transportation Requisitions	NPP 6	Active
MT-6	Special Time Off – Extreme Weather Closures	NPP 15	Active
MT-7	Burial Expenses and Allowance to Estate of a Deceased Employee	NPP 16 NPP 22	Active
MT-8	Employees Participating in Politics	NPP 25	Active
MT-9	Payment of Corporation Employees Utilized for Forest Fire Fighting	NPP 26	Active
MT-10-1	Banked Time Arrangement for Trades and Weekly Salaried Staff	BT 64 BT 42	Active
MT-11	Processing of Waiver Requests	PW 1-1	Active
MT-12	Contracting Out	PW 2	Suspended
MT-13	Late Applications	PW 4	Active
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MT-15	Provision of French Language Services	PW 32	Active
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MT-17	Benefit Entitlement of Construction Employees Transferring into the Power Workers' Union Bargaining Unit	PW 35	Active
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COLLECTIVE AGREEMENT

BETWEEN

HYDRO ONE INC. (The Company)

and

POWER WORKERS' UNION (PWU), CANADIAN UNION OF PUBLIC EMPLOYEES, Local 1000 – CLC, hereinafter referred to as the "Union" which executes this Agreement by M. Hyatt, ***B. Roberts***, T. Chessell and G. Dawson, who have been duly appointed the purpose, in accordance with the constitution of the Union.

WHEREAS the Union has requested the Company to enter into a Collective Agreement and the Company has consented thereto:

NOW THIS AGREEMENT WITNESSETH

that there shall be four parts, namely, Part 'A' – General Items, Part 'B' – Maintenance Trades, Part 'C' – Controllers/Dispatchers/Trainees, and Part 'D' – Weekly-Salaried. It is also witnessed that the Company and the Union agree each with the other as follows:

ARTICLE 1
RECOGNITION
COLLECTIVE BARGAINING UNIT

1.1 The Company recognizes the Union as the sole bargaining agent for all regular, part-time and temporary employees[1], including technicians of the construction field forces and security employees[2] but excluding:

(a) Employees now represented by other bargaining agents.

(b) Persons above the rank of working supervisor.

(c) Persons who exercise managerial functions in accordance with the *Ontario Labour Relations Act*.

(d) Persons employed in a confidential capacity in matters relating to labour relations in accordance with the *Ontario Labour Relations Act*.

1 "Employees" are employees pursuant to the *Labour Relations Act* for Ontario SO, ***1995, c.1 Schedule A,*** as amended.

2 Security employees at the following locations: (At the time of printing no locations were identified).

1.2 When an employee is removed from normal duties to act in a vacated position or relieve for an incumbent or perform a temporary assignment, the following shall apply:

(a) When the length of time involved is known to be three months or less, the employee will retain his/her present jurisdictional status.

(b) When it is expected that the length of time will be longer than three months, the employee will be excluded or included at the commencement of his/her new responsibilities. However, in the event the period is actually less than three months:

(1) in exclusion cases, the Union will be reimbursed the dues which would have been paid;

(2) in inclusion cases, the Union will reimburse the employee the dues which have been paid.

(c) When the length of time is unknown, the employee will retain his/her present jurisdictional status up to the three month period. If the period extends beyond three months, the employee will then be either included or excluded.

ARTICLE 2
GRIEVANCE PROCEDURE

2.1 Any allegation that an employee has been subjected to unfair treatment or any dispute arising out of the content of this Agreement shall be understood to be a fit matter for the following grievance procedure. All matters of grievance by any employee or group or class of employees for whom the Union is the bargaining agent and which the Union may desire to present shall be dealt with in accordance with the following procedure.

2.2 It is mutually agreed by the parties hereto that it is the spirit and intent of this Agreement to adjust grievances promptly. Therefore, any employee covered by this Agreement having a grievance may present such grievance to the representative of the Union appointed by the Union for that purpose. The Union representative may then proceed to have such grievance adjusted in accordance with the following steps established hereby for the purpose of adjusting grievances.

2.3 Grievances

Grievances are to be filed within thirty (30) days from the date that the grievor knew or should have known the facts giving rise to the grievance. The Company is to reply in writing within seven (7) days.

Steps in grievance process: Non-disciplinary matters:

Step 1 Within seven (7) days of reply or time limited for reply, a meeting with contact supervisor.

Step 2 If Step 1 meeting not held or if grievance not resolved at Step 1, grievances go to next scheduled meeting of Grievance Review Board.

2.4 Grievance Review Board

The Grievance Review Board shall consist of two Union representatives (at a high level) and two Management representatives (at a high level), who will have the authority to agree unanimously to a final and binding settlement of any grievance or unanimously agree to the scheduling of any grievance.

Grievance Review Board meetings are to be scheduled regularly as agreed to by the parties or ordered by the Chief Arbitrator in all work locations. The purpose of the Grievance Review Board will be to attempt to settle all cases, failing which the Grievance Review Board will agree to facts where possible and ensure that all documentary and other evidence is disclosed by the parties.

If not resolved at the Grievance Review Board, grievances move to arbitration.

2.5 Disciplinary Matters

2.5.1 Prior to the imposition of any disciplinary penalty, the Company shall hold a Disciplinary Interview, which shall replace Step 1 of the grievance process.

2.5.2 The Company shall provide the Union and any employees who may be disciplined three (3) days' notice of the Interview.

2.5.3 The Interview shall take place between the Company, the Union and the accused individual.

2.5.4 The Company shall set out its allegations and except where the allegations could constitute a criminal offence, the Union or the individual(s) shall set out their version of the events. Minutes, but not a transcript, of the Interview setting out the substance of the discussion shall be taken.

2.5.5 The minutes of the meeting shall be provided to the Union and the accused individual(s) within seven (7) days of the Interview.

2.5.6 The Union and the accused individual(s) shall forward a written reply to the minutes, if any, within seven (7) days of receipt of the minutes.

2.5.7 Should the Company choose to impose discipline, the Union has ten (10) days to file a grievance commencing at Step 2.

2.5.8 Nothing in the disciplinary interview process is intended to interfere with the Company's right to investigate matters.

2.6 Facilities and Costs

2.6.1 The Company shall provide the necessary facilities for all meetings in the grievance process.

2.6.2 Maintenance of normal earnings and payment of expenses shall be provided by the Company for all Union representatives on a grievance committee.

2.6.3 The fees of all arbitrators and costs associated with arbitration hearings shall be shared equally by the parties, subject to current practices.

2.7 Dispute Resolution – Article 8, Plan B and OGLs

Any Article 8, Plan B or OGL disputes shall be resolved on an expedited basis as set out below:

2.7.1 The Union shall commence this dispute resolution process by filing a grievance with the relevant contact supervisor. The parties shall meet within seven (7) days to attempt to resolve the grievance. Failing a resolution of the matter within fourteen (14) days of filing the grievance, the matter will be referred to the next meeting of the Job Classification Committee (JCC). Failing resolution at that meeting, the grievance shall be referred to the Job Classification Tribunal (JCT).

2.7.2 The JCC shall sit monthly or as otherwise agreed to by the parties and consist of two (2) Union and two (2) employer representatives. It shall have the power to resolve any Article 8 and Plan B disputes referred to it by unanimous agreement.

2.7.3 The JCT shall consist of a Chair, a Union nominee and a Company Nominee. The parties hereby nominate Chris Paliare and John West as their nominees. Martin Teplitsky shall be the Chair and may, after consultation with the parties, appoint his successor as Chair.

2.7.4 The JCT shall hear grievances on an expedited basis and decide at least fifteen (15) grievances per day. No decision of the JCT is precedent setting unless the JCT expressly declares it to be so.

2.7.5 Briefs shall be prepared by each party for each grievance including a statement of facts, brief argument and the relevant provisions

of the Collective Agreement. These briefs shall be provided to the Chair of the JCT at least 7 days prior to any hearing date. The Chair of the JCT will advise which grievances will require witnesses for credibility issues. The parties will also exchange these briefs.

2.7.6 The JCT shall determine its own procedure, may admit evidence that would not be admissible in court and may rely on such evidence to render a decision. The JCT shall have the power and authority to determine the real issues in dispute between the parties in any particular case and to relieve against time limits in the grievance process. All decisions will be final and binding. All arbitrators shall have the power to make interim relief orders. The JCT shall take into consideration the relevant terms of the Collective Agreement and its appendices.

2.8 Facilities and Costs

2.8.1 The Company shall provide the necessary facilities for all meetings in the Article 8, Plan B, and OGL grievance process.

2.8.2 Maintenance of normal earnings and the payment of expenses shall be provided by the Company for all Union representatives on a dispute resolution committee as per Article 2.7.

2.8.3 The fees of the JCT Chair and costs associated with JCT hearings shall be shared equally by the parties. Each party will pay its own nominee on the JCT.

2.9 The Company will finalize any formal grievances presently in the process of completion but not finalized before the Agreement is signed.

ARTICLE 2A
DISCIPLINE AND DISCHARGE

2A.1 Any allegation that an employee has been demoted, suspended, discharged or otherwise disciplined without just cause shall be a fit matter for the grievance and arbitration procedures as provided for in this Collective Agreement.

2A.2 When disciplining or discharging probationary employees for just cause, it is recognized that the probationary period is an extension of the selection process and that they have short service. Therefore, the threshold for discipline and discharge may be less than that of a regular employee in similar circumstances.

2A.3 Disciplinary penalties resulting in a suspension without pay will not be imposed until a final decision, (agreement between Union and Management, or an arbitrator's judgment) has been reached.

2A.4 A copy of all letters of employee reprimand shall be sent to the chief steward, except in cases where in the Company's opinion the matter involved is of a confidential nature. In the latter instance, the letter will state that the Union has not received a copy of the letter.

This shall not prevent a supervisor from taking on-the-job disciplinary action including immediate suspension subject to later confirmation.

2A.5 Unless otherwise agreed to, after a letter(s) of reprimand has been on an employee's file for a maximum of two years, and there have been no further occurrences, then the letter(s) of reprimand will be removed from all files.

ARTICLE 3
ARBITRATION

3.0 The Arbitration Process

The arbitration process will continue on the basis of the practice currently adhered to by the parties, but any disputes relating to such practice or any requests for changes in the practice may be referred to the Chief Arbitrator, or Deputy Chief Arbitrator as referred to herein, for a ruling.

3.1 This procedure shall not apply to Union allegations of unfair treatment or Union concerns regarding the adequacy of job documents and/or the rating, for jobs covered by the Clerical-Technical Job Evaluation Plan or the Area Clerk Plan, which shall be processed in accordance with the challenge procedures contained in The Union Clerical-Technical Job Evaluation Manual.

3.2 Where a difference arises between the parties relating to the interpretation, application, or administration of this Agreement, including any question as to whether a matter is arbitrable, or where an allegation is made that this Agreement has been violated, either of the parties may, after exhausting any grievance procedure established by this Agreement, notify the other party in writing of its desire to submit the difference or allegation to arbitration.

3.3 Unless the parties agree to a Board of Arbitration, or the Chief Arbitrator or the Deputy Chief Arbitrator so order, all grievances shall be submitted to Single Panel Arbitration.

3.4 Chief Arbitrator and Deputy Chief Arbitrator

For the duration of this Collective Agreement, Martin Teplitsky shall serve as the Chief Arbitrator. The Chief Arbitrator will have

exclusive, final and binding authority over all issues relating to the scheduling of cases, including decisions as to who hears which case and when it is heard and shall have the power to relieve against time limits, including those in the grievance process and the referral to arbitration in respect of all cases.

3.5 All Arbitrators

All arbitrators are to determine their own procedure, may admit evidence that would not be admissible in court and may rely on such evidence to render a decision. All arbitrators will have the power and authority to determine the real issues in dispute between the parties in any particular case and to relieve against time limits in the grievance process. All arbitrators' decisions will be final and binding. All arbitrators shall have the power to make interim relief orders.

3.6 Principles of Single Panel Arbitration

(a) Arbitrators shall decide up to fifteen (15) grievances each day. The cases shall be heard on an expedited basis after the parties have exchanged their written briefs. Oral evidence may be called only where the arbitrator deems necessary and only with leave of the arbitrator.

(b) The decisions are precedent setting and shall be accompanied by reasons on any non-factual issues.

(c) The parties may use the services of counsel.

3.7 Powers of the Chief Arbitrator in the Single Panel Process

(a) The Chief Arbitrator, in consultation with the parties, will have the power to:

(i) appoint arbitrators;

(ii) assign grievances for resolution;

(iii) schedule hearing dates in consultation with the parties.

Any of the Chief Arbitrator's powers may be delegated to the Deputy Chief Arbitrator.

3.8 Board of Arbitration

A Board of Arbitration shall consist of a Company nominee, a PWU nominee, and an Arbitrator. A party requesting that a grievance be heard by a Board of Arbitration shall do so in writing to the other

party within 10 days of the date the GRB referred the grievance to arbitration.

3.8.1 Nominees

Once either party notifies the other party that an unresolved grievance will be referred to arbitration, such notice shall contain the name of the first party's nominee to an arbitration board. The recipient of the notice shall within 10 days, if he/she consents to the grievance being heard by a Board of Arbitration, advise the other party of the name of its appointee to the arbitration board. The parties shall then have 10 days to agree to a Chairperson for the Board of Arbitration.

3.8.2 Arbitrator

If the parties agree that a Board of Arbitration should hear a grievance but fail to agree upon a chairperson within the time limit, an appointment shall be made by the Chief Arbitrator, or, if the Chief Arbitrator is incapable of doing so, through the facilities of the Ontario Labour Management Arbitration Commission or the Minister of Labour, upon the request of either party. The Arbitration Board shall hear and determine the difference or allegation and shall issue a decision and the decision shall be final and binding upon the parties and upon any employee affected by it. The decision of a majority shall be the decision of the Board of Arbitration, but if there is no majority, the decision of the chairperson shall govern. However, in no event shall the Board of Arbitration have the power to change, alter, modify or amend any provision of this Agreement.

3.8.3 Powers of the Chief Arbitrator in the Board of Arbitration Process

(a) To determine the hours within which arbitrations are conducted.

(b) To assist in reducing the cost, and reducing the delay and increasing the efficiency of the arbitration process.

ARTICLE 4
WORKING CONDITIONS

4.1 Working conditions during the term of this Agreement shall be as outlined in this Agreement and Mid-Term Agreement[3] except such Mid-Term Agreements as are agreed obsolete by the parties.

3 A Mid-Term Agreement is a modification of the Collective Agreement executed by the parties on the prescribed form (a specimen of which is shown below) during the term of the Collective Agreement.

In addition, the general environmental privileges surrounding an employee shall also be considered as working conditions. These privileges would include such things as wash-up time, transportation facilities, safety appliances, general safety or health precautions.

4.2 Any modification within the confines of this Agreement shall be subject to agreement by the Company and the Union's executive. Changes to the undernoted subjects, however, can be made with the written agreement of the Chief Steward with the exception as noted in 4.2 (e) and may be cancelled by either party upon the giving of 30 days' notice:

(a) Changes in working hours between the hours of 7:00 am to 6:00 pm for an individual, work group or crew.

(b) The extension of acting positions beyond 90 days as outlined in Part B Section 10.0 and Part D Section 8.0.

(c) Modifications to hours of work (specific) at all locations for banked time arrangements.

(d) Local extensions to a maximum of three months beyond the normal 15 accumulated months (in which there have been no breaks in employment exceeding five months) on the use of temporary employees to meet short term staffing requirements without invoking regular-seasonal status.

(e) Arrangements allowing flexibility for employees assigned to temporary work headquarters subject to PWU Sector Vice-President or delegate approval.

4.3 Unless specifically referred to in a Mid-Term Agreement the pertinent provisions of the Collective Agreements shall apply.

(SAMPLE)
MID-TERM AGREEMENT
TITLE

Number Date

It is jointly agreed that the following Mid-Term Agreement shall form part of the Collective Agreement between the parties:

THE COMPANY UNION

4.4 Employees shall be allowed access to their own personnel file. Employees should submit the written request to their supervisor. Review of the file shall be carried out in the presence of the supervisor or human resources contact. Additions or deletions to

the file shall be made only with the approval of the supervisor and the human resources contact.

ARTICLE 5
UNION SECURITY

5.1 All employees covered by this Agreement who are members of the Union on the date hereof shall, as a condition of employment, maintain such membership.

5.2 Employees who are not members on the date hereof but who become members of the Union subsequent to said date shall as a condition of employment, maintain their membership thereafter.

5.3 New employees shall, as a condition of employment, be or become members of the Union within 15 days of their engagement and shall, as a condition of employment, maintain their membership thereafter.

5.4 Membership as a condition of employment as specified in 5.1, 5.2 and 5.3 shall not apply while membership is withheld or suspended, or where a member is expelled by the Union.

5.5 In all cases for employees in the Collective Bargaining Unit as defined in Article 1, the Company shall be responsible for the signing of dues authorizations and shall deduct from the weekly wages of each employee, an amount equal to the weekly Union dues in effect at the time and shall transmit the monies so deducted to the Financial Officer of the Union at the times designated by the Union.

5.6 A Union representative will be given an opportunity to conduct an orientation session for new probationary/regular employee(s) or temporary employees with greater than 6 months' service within regular working hours at a time and of a duration that is mutually agreeable between the Company and the Union. The purpose is to acquaint the new employee with the benefits and duties of Union membership.

5.7 The Company will not oppose any action by the Union to discipline its members as identified in its constitution.

ARTICLE 6
NO DISCRIMINATION

6.1 The Company shall not discriminate against an employee because of membership or activity in the Union or the exercise of his/her lawful rights, and any employee covered by the Agreement who feels that he or she has suffered discrimination shall have the

right to seek redress in accordance with Grievance and Arbitration Procedures.

6.2 An employee who has a complaint with respect to discrimination in the employment relationship, as envisioned under the Human Rights Code, will have access to the internal Human Rights resolution process if he/she so desires. The employee, if he/she so desires, may have a Union representative present. The complaint, the Human Rights resolution process and the results of same shall not be subject to the grievance/arbitration process.

ARTICLE 7
MANAGERIAL RIGHTS OF THE COMPANY

The Company has and shall retain the exclusive right and power to manage its business and direct its working forces including, but without restricting the generality of the foregoing, the right to hire, suspend, discharge, promote, demote, and discipline any employee. The Company shall exercise the said functions in accordance with the provisions of this Collective Agreement.

ARTICLE 8
JOB CLASSIFICATION AND WAGE RATES

Job classification and wage rates shall be as they appear in wage schedules constituting part of this Agreement. The Company shall discuss with the Union any changes to existing job classifications and wage rates, or the introduction of new job classifications and new wage rates. Where a difference arises between the parties, the Company may introduce the new or amended job classification or wage rates; but either party may require that the difference between them be submitted directly to the arbitration process as detailed in Article 2.7 and the decision shall be binding on both parties.

ARTICLE 9
SPECIFIC MATTERS OF AGREEMENT

9.1 These matters are to be dealt with in accordance with Parts 'A', 'B', 'C', 'D' and the Union Clerical-Technical Job Evaluation Manual.

9.2 Where a new field of endeavour is undertaken by the Company and the employees concerned fall within the jurisdiction of the Union by virtue of Article 1, the question of whether such employees will be covered by an existing part of the Collective Agreement, an existing part of the Collective Agreement with special provisions or modifications, or a new part of the Collective Agreement will be one for joint agreement.

ARTICLE 10
SELECTION TO VACANCIES

10.1 General

10.1.1 No person shall be appointed to a vacancy in the PWU jurisdiction until all qualified PWU represented applicants have been selected. This restriction is limited to situations involving inter-Union jurisdiction and does not apply to non-Union personnel.

10.1.2 If an employee is appointed to a vacancy within the PWU jurisdiction from a bargaining unit which restricts seniority in the Company to its own membership, his/her seniority will be limited to service within the PWU bargaining unit.

10.1.3 The Company may request a waiver of Posting and/or Selection from PWU when there are medical reasons related to the employee or his/her immediate family, as verified by the Chief Physician/ Manager of the Health Services Department. If the waiver request is agreed to by the Union, the employee will be appointed to the position.

Employees appointed to positions, which are filled due to an agreed to waiver of posting and/or selection, will be entitled to moving expenses in accordance with the provisions of Part 'A', Item 23.0.

10.1.4 Appointments/Notification

1. If the candidate selected has already been appointed to another position, but has not yet reported to the new job, he/she shall be given the opportunity of choosing the one he/ she prefers unless it is in the Company's interest that he/she accepts the first appointment.

2. On request, the Company will explain, in writing, to any unsuccessful applicant for an advertised vacancy, the reason why he/she was not selected for the position.

3. All regular full time and regular part time positions within or one level above the Union's jurisdiction will be advertised province-wide when they become vacant. Selection to be made or the vacancy cancelled within four months after the posting date of the advertisement. Transfers of successful applicants to be made or rate for the new position paid in accordance with the Promotion Rule as identified in Part A, Section 24.1, 60 days from the date of selection for the position.

4. Vacancies as set out in Article 10.5 shall not be subject to the provisions contained herein 10.1.4.7 to 10.1.4.9 inclusive.

5. ***One electronic copy of all posted vacancies within or one level above the PWU's jurisdiction will be forwarded to the Union as designated by Sector 3 Vice President.***

6. One copy of the compiled list of applicants for all advertised vacancies will be forwarded to the Union office.

7. When a final decision has been made, the supervisor of the vacancy will ensure that:

The unsuccessful applicants who were interviewed are notified of the final decision as soon as possible. The name of the successful applicant should be given.

The successful applicant and his/her supervisor is notified.

Notify Human Resources of the name of the successful applicant for publication in the selection notices. This published list will be considered appropriate notification for those applicants who were not interviewed.

8. Similar Vacancies

When a similar vacancy occurs beyond four months following the posting date of the advertisement, it must be re-posted and considered separately.

9. Instructors and Training Technicians

Advertised vacancies for instructors and training technicians may be filled on a temporary basis. The time period shall not exceed 18 months after which the incumbent will revert to his/her regular classification and location. The position(s) will be advertised each time with the provision that an employee will not be selected for two (2) consecutive terms. The employee shall be compensated as per Part 'A' Item 17.1.1 for the position while he/she is retained in it and his/her progression in his/her original classification will not be delayed because of such temporary assignment. The number of positions in a department filled on a temporary basis will not exceed 50% of the positions filled on a regular basis.

10.1.5 The following definitions shall be used to determine an employee's entitlement to be considered for a non-supervisory vacancy:

(A) Seniority

Except as provided in Section 10.1 of this Article:

1. An employee's seniority, for purposes of selection to vacancies, shall be the service credit as defined in Part 'A', Item 5.0.

2. Service with an acquired company will be added to the employee's seniority.

3. The total service credit with the Company will be used for comparing seniority of applicants rather than service in a position, trade, or occupation.

(B) Base Weekly Income

1. The maximum base rate per classification as shown on wage schedules 20, 21, and 31.

2. The maximum base hourly rate per classification as shown on wage schedules 24, 25, 26, 27, 28, 29, 30 and 32 multiplied by 40 hours.

(C) Promotion Application

1. Where the base weekly income (maximum rate) of the advertised position is higher than the base weekly income (maximum rate) of the applicant's present position.

2. Where an employee submits an application to a position of equal rating (same base weekly income) which requires fewer normal weekly hours of work.

3. Where an employee who presently occupies a position regularly requiring or subject to shift work, applies for a position of equal rating (same base weekly income) but not regularly requiring or subject to shift work.

(D) Lateral Application

Where the maximum rate (base weekly income) of the position applied for is equal to the maximum rate of the applicant's present position and the factors identified in 10.1.5 C (2) and 10.1.5 C (3) do not exist.

(E) Demotion Application

Where the maximum rate (base weekly income) of the position applied for is lower than the maximum rate of the applicant's present position.

10.2 Supervisory Positions

1. In considering applicants for supervisory positions, primary consideration should not be given to seniority but to personal qualities such as leadership, reliability, judgment, ability to organize and instruct and an understanding and a display of the practice of good human relations. For supervisory positions, an endeavour will be made to select the most promising candidate.

2. Only those individuals satisfactorily possessing the above characteristics, as assessed by the Company, should be considered. Where practicable, applicants for supervisory positions should be interviewed by the supervisor responsible for the selection. Seniority will govern only in cases where there does not appear, in the Company's opinion, to be much difference in qualifications.

3. For the purpose of this Article, supervisory positions will include:

   (a) Union Trades Supervisor – Level 3 and higher positions in the trades

   (b) Clerical-technical jobs which are credited with degree 3 or higher in the Responsibility for Supervision factor of the Clerical-Technical Job Evaluation Plan.

   (c) Supervising Meter Reader

4. The provisions of Article 10.2.(3.) above will not affect the status of incumbents for Union representation or the future posting of vacancies as they may occur.

5. Appointments to positions above the jurisdiction of the Union shall not be subject to the Grievance Procedure. However, the Company will give due consideration to representations of the Union where there is evidence of obvious irregularities or discrepancies.

6. Candidates selected to supervisory vacancies which represent a lateral or demotion in accordance with Article 10.1.5 and employed for a minimum of five years in their current work headquarters shall be entitled to moving

expenses in accordance with the provisions of Part 'A', Item 23.0. Candidates selected to promotions shall be entitled to moving expenses in accordance with the provisions of Part 'A', Item 23.0.

10.3 Non-Supervisory Positions: Clerical Technical and Controller/Dispatchers

Exceptions: Positions identified in Section 10.2, 10.4 and 10.5 of this Article.

1. The Company will use all available information and determine those applicants who are qualified to fill the vacancy.

   One of the requisites is the minimum years of experience as set out in the job specification. Before any consideration is given to seniority the supervisor responsible for making the selection must determine, from the list of applicants, those employees who have the qualifications to do the job satisfactorily.

   A recommendation by the supervisor should then be made from the qualified employees, overall seniority being the governing factor.

   An employee's experience with another company will be taken into consideration in determining his/her qualifications for a position.

10.3.1 Management reserves the right to restrict the application to a vacancy under Article 10.3 when the selection of candidates, for whom it may result in a lateral or demotion, reduces the capability in a given classification below that considered by Management as required for the effective continued operation of the sending department at a location (eg, P&C Staff at Middleport). In such situations, only those senior qualified candidates will be selected from that department at a location which will not adversely affect its effective continued operation; the remaining senior qualified candidates will be selected from other departments at a location on the same basis. Location is defined in Article 11.3.

Employees will receive written notice from his/her supervisor if their selection may be voided because they cannot be released. A copy of this written notice is to be given to the Chief Steward.

10.3.2 Transportation and Moving Expenses

Candidates selected to non-supervisory vacancies which represent a lateral or demotion in accordance with Article 10.1.5 and

employed for a minimum of five years in their current work headquarters shall be entitled to moving expenses in accordance with the provisions of Part 'A', Item 23.0. Candidates selected to the promotions shall be entitled to moving expenses in accordance with the provisions of Part 'A', Item 23.0.

10.4 Non-Supervisory Positions: Trades

Selection to Trade Classifications on Wage Schedule 25 (Trade Groups 01 and 02), Wage Schedule 28, Wage Schedule 27 (Trade Group 01, 02, 07), Wage Schedule 24 (Trade Group 01, 10).

1. Senior qualified journeyperson[4] from a formally established travelling crew with three (3) or more years continuous service on the travelling crew for whom the vacancy represents an equal classification, provided that not more than 20% of the total classification complement from a travelling crew is transferred in a calendar year. In calculating the 20% attrition ratio, a transfer for purposes of this item will be defined as any employee transfer out of such travelling crew to any position within the Company. Moving expenses as defined in Part 'A', Section 23.5 will apply to such transfers.

2. Senior qualified journeyperson applicant for whom the vacancy represents an equal classification.

3. Senior qualified applicant from another classification.

4. The Union will meet with Management twice yearly to participate in the development of selection strategies of the following:

   (I) Senior qualified journeypersons from the PWU Hiring Hall.

   (II) Senior qualified employees from the PWU Hiring Hall who have successfully completed the Hydro One Inc. apprenticeship or are currently enrolled in the Hydro One Inc. apprenticeship. This group shall comprise 70% of the selections (rounded to the closest number of employees) under this item provided sufficient applicants are available. Selections beyond 70% require joint agreement.

   (III) All other regular internal applicants.

4 Defined as the qualified journeyperson who has the longest tenure on their current formally established travelling crew. Tenure flows between travelling crews if employees are transferred as a result of Article 11.

Note: When selecting from (I) or (II) above, Section 18 of Appendix "A" shall apply to each group separately.

5. External applicants

10.4.1 Selection will be subject to:

(a) The employee must be releasable in accordance with the provisions of Article 10.3.1. This does not apply to 10.4.(1.)

(b) Employees with documented performance deficiencies or job related health limitations as identified by the Health Services Department may not be eligible for lateral considerations.

10.4.2 Transportation and Moving Expenses

Candidates selected to non-supervisory trades positions will not be automatically entitled to the moving and transportation expenses provided in Part 'A', Item 23.0. Reimbursement of any such expenses incurred by the employee, in whole or in part, shall be at Management's discretion.

10.5 Non-Supervisory Positions: Other Positions

The following classifications will be selected on the following basis:

- Trades positions of journeyperson rank and lower covered by Part 'B' with the exception of Wage Schedule 25 (Trade Groups 01 and 02), Wage Schedule 28, Wage Schedule 27 (Trade Group 01, 02, 07), and Wage Schedule 24 (Trade Group 01, 10).

- Controller/Dispatcher Trainees

- Other jobs below Grade 55 covered by the Clerical-Technical Job Evaluation Plan.

1. Article 10.5 vacancies will be internally advertised province-wide for the same time period as other vacancies. Similar vacancies that occur within four months of the posting date of the advertisement will not require posting.

2. All employees are eligible to apply and will be given fair and objective consideration prior to hiring of applicants from outside the Company. When making appointments, seniority will not be the governing factor.

3. The senior qualified journeyperson applicant for whom the vacancy represents an equal classification will be selected subject to the following:

(I) The employee must be releasable in accordance with the provisions of Article 10.3.1.

(II) Employees with documented performance deficiencies or job related health limitations as identified by the Health Services Department may not be eligible for lateral considerations.

(III) When filled by the senior qualified applicant as per the above, the resulting backfill vacancy will be filled in accordance with provisions of paragraph 10.5.(2.)

4. Selection Priority

Selections will be made in the following order:

(I) Senior qualified journeyperson applicants for whom the vacancy is an equal classification.

(II) Applicants selected on the basis of fair and objective consideration.

5. Article 10.5 vacancies are different from other vacancies, hence there shall be no requirement upon the Company to apply the provisions related to posting of vacancies contained in 10.1.4. The successful applicant will be identified in the Selection Notices.

10.5.1 Transportation and Moving Expenses

Candidates selected to vacancies as per Article 10.5 will not be automatically entitled to the moving and transportation expenses provided in Part 'A', Item 23.0. Reimbursement of any such expenses incurred by the employee, in whole or in part, shall be at Management's discretion.

Candidates selected to controller/dispatcher trainee positions who have two years' service shall be entitled to moving expenses in accordance with the provisions of Part 'A', Item 23.0.

10.6 Transition Provisions

(a) After March 31, 2002, an employee in a bargaining unit whose collective agreement has a reciprocal clause who is in receipt of a notice of termination/layoff from that bargaining unit or who has been laid off and subject to recall or who has been identified as overcomplement is eligible to apply to posted vacancies and placement opportunities in Hydro One. He/she will be given fair and objective consideration for employment before new hires. A successful applicant will

transfer his/her service credit and seniority credits to the new Company. No employee hired pursuant to this Article will be entitled to any relocation or moving expenses under the provision of any Collective Agreement.

(b) Employees in a bargaining unit who are not covered by Item 10.6 (a) may apply for posted vacancies and placement opportunities in another bargaining unit. The employer in receipt of the application has no obligation to consider the application of such employee(s) from another bargaining unit. A successful applicant will transfer his/her service and seniority credits to the new employer.

(c) The provisions of Article 10.6 (a), and (b) have no application to any person who was not an employee of Ontario Hydro on August 31, 1998 or whenever the move to successor Collective Agreements is complete.

(d) Any service credit restoration, as per Part A, Item 5.0, shall include service earned as an Ontario Hydro employee and service earned as an employee of any Ontario Hydro successor company.

ARTICLE 11
SURPLUS STAFF PROCEDURE

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NOTE:

Appendices A & B of Article 11 form part of this Collective Agreement. Any changes to lists, including the addition or deletion of locations, worksites and work centres shall require joint agreement. Such joint agreement will be reached prior to the movement of staff.

11.0 Worksite Redeployment

This provision may be implemented and completed without activating Article 11 in total.

Employees who are over complement and must redeploy will be given the options of available sites along with the option of severance as described in Article 11.14.1 and item 2(a) below.

1. Within a worksite[5], Management may deploy employees within equal classifications.

2. Where Management has identified an over-complement in a classification at a worksite(s) and an under-complement at another worksite(s) in an equal classification[6], Management may deploy employees from an over-complement worksite to an under-complement worksite on a senior choice/junior force basis until either the over-complement or under-complement ceases to exist, whichever occurs first.

   (a) A junior employee who refuses to be transferred will be subject to discipline up to and including termination. All disputes regarding the discipline and termination of an employee who refuses a transfer will be referred to Martin Teplitsky for resolution on an expedited basis. An employee who is terminated for refusing a transfer under the terms of this agreement shall be eligible to receive reduced severance pay pursuant to Article 11.14.1(i) as well as Article 11.14.2 (Benefit Continuance/Tuition/ Outplacement Services), if the proposed transfer is to a worksite that is not within a reasonable commuting distance from his/her residence.

   Where an employee is terminated for refusing to transfer to a worksite which is within reasonable commuting distance from his/her residence, there is no severance or other provisions payable to such employees.

   (b) Management has the right to determine the classification(s), number of over-complement positions, number of under-complement positions and the worksite(s) that will be dealt with under each operation of this provision.

   (c) Management will provide at least four (4) weeks' notice to employees in the over-complement classification and worksite of the intended date of transfer by posting in the over-complement worksite(s) a notice which sets out:

   - the affected classifications;
   - number of positions to be filled;
   - under-complement worksite(s); and
   - proposed transfer date.

   Subsequent to this four (4) week posting employees designated for transfer will be provided with at least two (2) weeks' notice of their actual transfer date. In determining an employee's transfer date the company will consider the

5 As defined by Article 11, Appendix B

6 As defined by Article 11

personal circumstances of the employee and the business needs of the company. A copy of this notice will be provided to the PWU Sector 3 Vice President.

(d) Employees transferring will be entitled to moving expenses and housing assistance as set out in Part A, Item 23 except where as a result of the transfer the employee has a different work headquarters that is within a reasonable commuting distance from his/her residence.

3. Under-complement positions that remain vacant after the operation of 1 and 2(a) will be posted in accordance with the Collective Agreement.

4. If the transfer results in a move to a lower-rated equal classification, wage maintenance as per 11.19 will apply.

5. There will be no permanent transfers under this Article into a worksite/centre which has been identified as a worksite/centre to be closed permanently during the 18 month period following intended transfer date.

6. Medically restricted at work (MRAW) employees who have had a special position created for them cannot be terminated for refusing a transfer under 11.0 (2). In the event that there is a closure of a worksite, the MRAW employee will transfer in accordance with this Article and where necessary be accommodated in accordance with applicable legislation.

7. Performance Limitations: When an individual has a verifiable physical or medical limitation and is not required to be accommodated under the Human Rights legislation and which prevents him/her from performing the essential functions of a job in his/her Occupational Group Listing (OGL) into which he/she may be transferred, and which is voluntarily identified in advance of determining those to be transferred, the Company and the Union will meet to discuss this individual. It is understood that if there is no mutual agreement the Company may proceed to implement the layoff. Nothing in this Article is intended to require any employee to self-identify or to modify in any way the rights or obligations of the Company, Union or employee under the Human Rights legislation.

8. Employees on pregnancy/parental leave, or assignment outside Ontario or approved leave of absence, vacation, sick leave will be subject to this process and be required to participate as if they were in their regular position. Such employees will assume their new positions upon return and until such time the positions will be filled on a temporary basis if required by the Company.

The company will make reasonable efforts to contact personally employees on such leave but in any event such employees will be provided with written notification that the Company is initiating a worksite redeployment. The Company can only rely on the last address and telephone number provided by the employee.

9. Employees on LTD including those in a LTD funded Rehabilitation and Re-employment Program may not be subject to the provisions of Article 11.0.

10. Notwithstanding the provisions of this Article an employee who is within five years of normal retirement or within five years of eligibility for undiscounted pension when faced with worksite redeployment, with joint agreement may be given special consideration for worksite protection/preference.

11. Notwithstanding the provisions of this Article, the parties may make special arrangements for employees who are disabled to the extent that alternative employment would be difficult to find.

11.1 Surplus Staff Procedure – Sequence of Events

Prior to/in place of the implementation of the surplus staff procedure outlined below the Company will offer Cash Out to employees in a location in an over complement classification (or equal classification) to eliminate the over complement situation. Employees who elect to accept the Cash Out offer shall be eligible to receive the provisions of Article 11.8.1.

In the event that the number of employees to be issued initial notice of termination/layoff is 40 or less, the process outlined below shall be modified such that only those employees impacted as a result of the layoff or displacement process shall participate. The company will provide the PWU a listing of those employees who will receive initial notice of layoff/ termination and those employees potentially impacted by the displacement process two weeks in advance.

Layoffs/Termination(s) of regular employees, as a result of the operation of Article 11.1 will be implemented a maximum of once each calendar year.

1. The Company will notify the PWU and the Job Evaluation Department of the intention to run Article 11 approximately two weeks in advance. Job challenges and Management job reviews will be frozen from the date of this notification until the announcement date of the results of Article 11.

2. All regular employees will have a completed option election form retained on their personnel file (901). Approximately one week prior to notice date, all regular full-time and regular part-time employees shall be provided with a personal information package.

3. The Company will give initial notice of termination/layoff in accordance with Article 11.5.

4. The Company will confirm to employees all information received on revised Option Election Forms.

5. Requests to correct employee base data (in item #2 above) are received by the PWU from the employee and forwarded to the Company.

6. Employees who received initial notice of termination/layoff and employees who are in an equal classification at the location shall receive priority consideration to posted vacancies which represent a lateral or demotion, commencing 8 (eight) days after initial notice has been provided.

7. After all data is collected and the Company is in a position to apply Article 11, there will be a "freeze" period during which vacancies will be held open. This period shall be for a minimum of three weeks before employee displacement rights are determined and announced by the Company. These vacancies may be filled on a temporary basis during this freeze period pending the determination and announcement of the results of the application of Article 11.

8. Employee displacement rights will be determined and those employees who will be displaced, laid off and/or terminated shall be identified. All displacements and the names of employees to be laid off or terminated will be identified "on paper" at the outset prior to implementation of any changes resulting from the announced reduction of complement.

9. The names of the employees who will be displaced, laid off and terminated shall be announced.

10. After the Company announces the results of the application of Article 11, employees displacing into another location will be identified and worksite/centre preference will be determined by seniority on a senior choice/junior force basis.

11. The "freeze" on filling vacancies ends at the time of the announcement. During the period after the announcement and prior to the date of termination set out in the initial notice of termination/layoff, the Company, pursuant to Article 10, will post vacancies which remain unfilled after the displacement process and new vacancies as they arise. Employees faced with layoff shall be given priority consideration to such vacancies which represent a lateral or demotion over other applicants. If vacancies remain unfilled after the Article 10 process, during the period prior to the

layoff fair and objective consideration for such vacancies will be given to applications from employees to be laid off.

12. The implementation of displacements, layoffs and terminations pursuant to the Article 11 process will commence on the date of termination/layoff identified in the initial notices unless extended by the Company in accordance with the *Employment Standards Act* and regulations and subject to any "reversals" which may have occurred as a result of employee terminations.

11.2 Application

(a) This procedure applies only to the bargaining unit in this Collective Agreement.

(b) This procedure applies to regular full-time and regular part-time employees. The displacement and recall rights of probationary employees and regular-seasonal employees are limited to those contained in 11.12.

(c) The Company will supply the PWU Bargaining Resource Department with an accurate computerized seniority list (see note below) separated by Occupational Group Listings (OGL's) and sorted by province and locations on February 1st and August 1st and at the time the Company gives initial notice of termination/layoff under this Article.

The Company will also post a seniority list in each worksite on February 1 and August 1. The seniority list will be a single list of employees, which will include the following information (subject to revision after consultation with the Company and the PWU):

- Name/employee number
- ECD
- Base OGL
- Level
- OCC code
- Title
- Building code
- Geographic location
- Status
- Business

In the absence of a challenge in writing by the Union within thirty (30) calendar days of posting, the seniority list will be deemed to be accurate and the Union will not subsequently be able to challenge the accuracy of the list. In the event of a challenge, the parties will try to resolve any differences. If there is no agreement, either party may refer the challenge to

Arbitrator Teplitsky under the expedited dispute resolution process for deciding OGL disputes.

NOTE

The computerized seniority list provided to the PWU will contain the following data:

Last Name, Initials, ECD, Occupational Code, Job Title, Schedule, Base Occupational Group Number, Grade, Location, Building Code, Payroll Number, Business Unit, Division, Department, Hours of Work, Date of Notice of Termination/Layoff, Date of Expiry of Recall, End Rate of Classification.

(d) Approximately one week prior to notice date, all regular full-time and regular part-time employees shall be provided with a personal information package containing the following:

- Name
- Employee Number
- Established Commencement Date (ECD)
- Base Building Code
- Geographic Location
- Occupation Code
- Job Title
- OGL number and level
- Current Option/Election form choices
- Blank Option/Election form
- Listing of locations (Appendix A)
- Copy of Hydro One Inc. maps

In the absence of a written challenge by the union prior to freeze date, the employee data will be deemed to be accurate and the union will not subsequently be able to challenge the accuracy of the information.

(e) Medically Restricted at Work (MRAW) employees who have had a special position created for them cannot be displaced. In the event that there is a closure of a worksite or the special position is redundant, the MRAW employee will displace in accordance with this Article and where necessary be accommodated in accordance with applicable legislation. For purposes of Article 11 the MRAW employee will be deemed to be in the classification held immediately prior to being placed in the special position.

(f) Performance Limitations: When an individual has a verifiable physical or medical limitation and is not required to be accommodated under the Human Rights legislation

and which prevents him/her from performing the essential functions of a job in his/her Occupational Group Listing (OGL) into which he/she may be displaced, and which is voluntarily identified in advance of determination of displacement rights following notice of layoff, the Company and the Union will meet to discuss this individual. It is understood that if there is no mutual agreement the Company may proceed to implement the layoff. Nothing in this Article is intended to require any employee to self-identify or to modify in any way the rights or obligations of the Company, Union or employee under the Human Rights legislation.

(g) Employees on pregnancy/parental leave, or assignment outside Ontario or approved leaves of absence, vacation, sick leave will be subject to this process and be required to participate as if they were in their regular position. Such employees will assume their new positions upon return and until such time the positions will be filled on a temporary basis if required by the Company.

The Company will make reasonable efforts to contact personally employees on such leave but in any event such employees will be provided with written notification that the Company has initiated lay-off procedures and that their employment status may be affected. The Company can rely on the last address and telephone number provided by the employee.

(h) Employees on LTD including those in a LTD funded Rehabilitation and Re-Employment Program may not displace nor are they subject to displacement.

(i) Notwithstanding the provisions of this Article an employee who is within five years of normal retirement or within five years of eligibility for undiscounted pension when faced with displacement or layoff, with joint agreement may be given special consideration for worksite protection/preference.

(j) Notwithstanding the provisions of this Article, the parties may make special arrangements for employees who are disabled to the extent that alternative employment would be difficult to find.

11.3 Definitions

1. "Base weekly rate" and "base hourly rate" include pay equity adjustments.

2. "Classification" shall mean an employee's trade or job title.

3. "Equal Classification" or "Equal" is a classification in an employee's OGL where the base weekly rate or base hourly rate is the same except that:

   (a) Some hourly rated trades have been identified as equals where most of the job duties are the same but the wage rate is different.

   (b) For pay equity adjusted rates, equal will be deemed to be those jobs whose terminal rates meet or exceed the Step 3 rates listed on Salary Schedule 20.

      Example 1: Grade 55 + PEA, equivalent to Grade 57, Step 2 = Grade 56 and can displace Grade 56 jobs under Article 11 (Grade 56 (no PEA) can also displace this Grade 55 job).

      Example 2: Grade 55 + PEA, equivalent to Grade 58 Step 2 = Grade 57 and can displace Grade 57 jobs under Article 11 (Grade 57 or 56 (no PEA) can also displace this Grade 55 job).

4. Lower: Lower Classification or Lower is a classification in an employee's OGL where the base weekly rate or base hourly rate is lower.

   For pay equity adjusted rates, lower will be deemed to be those jobs whose terminal rates are lower than the Step 3 rates listed on Salary Schedule 20.

   Example 1: Grade 56 (no PEA) is lower than a Grade 55 + PEA equivalent to Grade 57 Step 3.

5. "Worksite" is a place of operations as identified by building code(s) and identified in Appendix A. An employee's worksite will be their regular work headquarters as defined in Part A, Item 18.2.

6. "Work Centre" as identified in Appendix A.

7. "Location" means a geographic area which includes worksite(s) and/or work centres. Locations are identified in Appendix A.

8. "Occupational Group List (OGL)" means a jointly agreed to list of Equal and Lower classifications into which an employee can exercise displacement rights. OGLs are equals and lowers within the appropriate job family which an employee can satisfactorily perform within a reasonable period of familiarization and orientation.

9. "Surplus Employee" is an employee who has been given notice of termination/layoff by the Company or an employee who may be displaced or who is displaced from his/her position.

10. (a) "Seniority" means the service credit as defined in Part A Section 5.0, except for the restrictions contained in Article 10.1.2.

(b) Where employees have the same seniority the employee with the highest employee number is deemed to be the more senior employee.

For purposes of determining displacements, layoffs and terminations, seniority will be calculated as of the date of the initial notice of termination/layoff. For all other purposes including subsequent layoffs, seniority will continue to accrue.

11. "Job Family" is a collection of jobs or job classifications involved in the same general nature of work.

It is recognized that some jobs straddle two (2) job families, e.g., technical-clerical. For these exceptions, jobs from both families may be included in the OGL.

The family for those jobs which do not neatly fall into one of the below will be jointly determined as required.

There are four families as listed below:

Clerical: Involving gathering, analysing, processing, recording, disseminating information or data, and/or the operation of miscellaneous office machines or equipment.

Technical: Involving the choice, application and/or manipulation of formulae, principles, techniques or natural laws in practical, mechanical or industrial arts or applied sciences.

Drafting: Involving the drawing up or preparation of plans, drawings, bills of materials, etc.

Trades/Controller/Dispatcher:
Involving skilled labour in areas such as electrician, mechanic, Regional Maintainer, labourer, controllers/ dispatchers, etc.

12. "Former Classification" is defined as the position/ classification (previous occupation code) last occupied by the employee within five years of the Notice of Termination/Layoff excluding relief,

acting and temporary assignments. If the previous occupation code has been obsoleted and replaced by a new code, the new code and the old code will be deemed to be one and the same code for the purposes of determining former classification.

11.4 Occupational Group Listings (OGLs)

1. For a job to be included in an OGL, it must be a job which can be satisfactorily performed by the average employee in the surplus classification within a reasonable period of familiarization and orientation. This period will vary depending on the complexity of the job.

2. All existing jobs are placed in OGLs. OGLs shall be part of this agreement but shall be published in a separate publication.

3. New OGLs shall be jointly developed for new jobs or for existing jobs which have materially changed or for jobs which have the wage rate adjusted. If the parties cannot agree on an OGL, the dispute will be referred to Arbitrator Teplitsky for resolution in accordance with Article 11.4.2.

11.4.1 Failure to Demonstrate Qualifications

Once an employee displaces into a position in an OGL, the employee must be able to demonstrate an acceptable level of performance within a reasonable period of familiarization and orientation. Failure to achieve an acceptable level of performance in this time will result in layoff with severance as per 11.14 and recall rights to their pre-displacement classification.

11.4.2 Expedited Grievance and Arbitration Process for Job Classification Grievances and OGL Dispute Resolution

If the parties cannot agree on an OGL the disputes will be referred to Arbitrator Teplitsky for resolution as per Article 2.7 Dispute Resolution – Article 8, Plan B and OGL Process.

1. In the event of any lay-off, it is the parties' intention that best efforts will be used to resolve outstanding disputes before the beginning of the "freeze" period which precedes the announcement of displacement rights and the expedited procedure established herein will be used for this purpose. Where possible, priority shall be given to those disputes which could have an influence on classifications which may be affected by the proposed layoff. However, any unresolved disputes will not stop the Company from implementing any terminations/layoffs.

11.5 Notice of Termination/Layoff

1. The Company will give initial notice of termination/layoff to the most junior employees in a classification in a worksite. Employees

who receive initial notice of termination/layoff shall also receive cash-out information, selection priority information, and personal OGL information. Notices listing those employees receiving initial notice of termination will be posted at all Company worksites/centres. Pursuant to the terms of this Article, employees receiving such notice will be permitted to take another position in the Company as a result of which some other person either loses his/her position and is permitted to take another position or loses his/her employment. Such notice shall be deemed to be notice of termination to all affected employees including to those employees who may be displaced and to those employees whose employment is terminated or who are laid off.

2. Employees receiving initial notice of termination/layoff will be provided with two (2) months' notice of termination/layoff. An employee who has been given notice of termination/layoff may be given temporary work following the date of termination in accordance with the *Employment Standards Act* and regulations.

3. When an employee is given notice of termination/layoff the Company will notify the Union office and Chief Stewards within three working days from the date the employee is notified. The Union will be responsible for keeping the Company advised of the names of all Chief Stewards.

11.6 Employee Elections

1. All employees will be required to supply the Company, by a date determined by the Company, with information necessary to enable the Company to make decisions relating to employee displacements in Locations, and the Province. This information will be provided by employees on the Option/Election Form and a Location Preference Ranking Form, both of which are computer readable. The employees will rank all locations outside of their own in order of preference on the Location Preference Ranking form.

2. The information provided by the employee on the forms will amount to a decision by each employee, unless amended as set out in 11.6(4). The Company will be entitled to rely on this information for purposes of applying the provisions of Article 11.

3. In addition to providing other information requested on the Forms provided, employees shall elect to be placed into positions in their OGLs in one of two streams, either the Equal Stream or the Lower Stream. The employee may also elect to displace outside his/her OGL pursuant to 11.11.1(2) by supplying the required information.

4. Each employee will ensure the Company has an updated option election form, to be maintained in his/her personnel file. When

the Company initiates a layoff of employees under this Article, employees will have the opportunity to amend the option election form. Revisions to the option election form must be received prior to freeze date. The employee will be provided with a written confirmation of the information provided (refer to Article 11.1). If there is no request to amend by the employee by freeze date, the information contained in the confirmation shall be deemed accurate for all purposes.

11.7 Failure to Complete the Form

Any employee failing to supply the information requested on the forms, who receives initial notice of termination/layoff or is displaced, will be deemed to have chosen a lower classification in his/her Location and will not be entitled to displace into an equal or lower classification in the Province regardless of seniority. If there is no position in a lower classification in the Location into which he/she can displace, the employee will be laid off with recall or severance rights as per 11.14.

11.8 Cash Out During the Notice Period

1. Where a reduction in complement is to take place in a classification in a Location, all employees in that classification (or in an equal classification) in that Location may notify the Company of their desire to resign from the Company during the notice period. Upon request by an employee, the Company will provide relevant pension and benefit information to enable him/her to make an informed decision prior to being required to give notice of his/her intention to cash out during the notice period. Written notification by the employee of his/her desire to resign must be given within 7 days of receipt of the notice of termination/layoff. From the total number of eligible employees who indicate that they wish to resign, the Company will accept on a seniority basis a number from the classification (or an equal classification) equal to the number of surplus employees in the classification in that Location. Those employees accepted must resign and will receive:

   (i) severance pay as per Article 11.14; and,

   (ii) base pay from the employee's date of resignation to the end of the two (2) month notice period provided in the notice of termination/layoff, plus a lump sum payment (in lieu of notice) equal to three (3) months base pay (total = 21 weeks). (For employees who resign within the seven (7) day period and whose resignation is accepted, the payment will be five (5) months pay.)

   The maximum number of weeks payable (i + ii) shall be 104.

2. Where the number of eligible employees who have resigned in the 7 day period is less than the number of surplus employees in a classification in the Location, additional resignations will be accepted on a first come basis from employees in that classification (or in an equal classification) until the freeze period commences or until the resignations from eligible employees equal the number of surplus employees in the classification in the Location. The resignation by the employee must be in writing in order to be accepted by the Company.

3. Employees who resign with cash out may not be from the worksite/centres or the actual classification with the surplus and a temporary deployment of employees to other worksite/centres within the location may be required to balance the complement.

   To achieve this balance between worksite/centres the most senior employee who is prepared to accept the transfer and who is in the classification or an equal classification in which there is an overcomplement, and is at the worksite/centre from which an employee is to be transferred will be selected to the position. In the absence of senior volunteers, the most junior employee in the classification or an equal classification will be transferred to the position.

11.9 General

1. All employees work at a worksite or work centre in a Location.

2. Each employee shall have the responsibility to notify the Company of his/her current address and telephone number and any subsequent change. The Company shall be entitled to rely on the last address and telephone number furnished by the employee for all purposes.

3. Grievances under this agreement or a predecessor agreement which have not been resolved before the commencement of the freeze period do not affect the Company's right to layoff pursuant to Article 11.

4. At least two weeks before the determination of employee rights and the announcement of the results of the application of Article 11, a freeze period shall be implemented wherein all vacancies shall be held and filled temporarily where necessary. This freeze on filling vacancies shall end when the results of the application of Article 11 are announced.

11.10 Senior Choice/Junior Force (Province Displacement)

The principle of "senior choice/junior force" is designed to allow senior employees to have Location preference where it is available. Employees

who can be displaced in a Location, in the Province are always the most junior employees in the classification into which the more senior employee can displace.

Therefore, the Locations in which the most junior employees in a classification are employed are the Locations which are available to more senior employees who may wish to exercise displacement rights out of one Location and into another in the Province. Where there are junior employees in Locations who may be displaced, senior employees will be given Location preference to the extent possible. However, the Company will assign an employee to an available position to a location in the Province where the employee's preference is not accommodated (i.e., he/she can be forced to accept a particular Location).

11.11 Displacements

(a) Subject only to the provisions of paragraph 11.11.1 (2), an employee can only displace another employee of less seniority in classifications within his/her occupational group list.

Regular-Seasonal and Temporary positions and Agency employees are also displacement opportunities for regular employees in the absence of any regular positions.

(b) A regular full time employee may elect, in advance on the Option/Election Form, to decline all available regular part time positions. A regular part time employee may elect in advance, on the Option/Election Form to decline all available full time regular positions. The employee must indicate his/her choice on the election option form failing which the employee will be deemed to have chosen to displace into both regular full time or regular part time positions.

Each employee must indicate his/her status (i.e., regular full-time or regular part-time) on the Option/Election Form. The employee's designation must be accurate. The employer will confirm the designation.

(c) When an occupational group has more than one classification at the same level, the least senior employee shall be the most junior among all of the classifications at that level.

(d) A vacancy within an employee's OGL is deemed to be the junior equal (see process in 11.11.1 below) or lower, (see process in 11.11.2 below) in all applications of the displacement process.

(e) Displacements shall be on a senior choice, junior force basis.

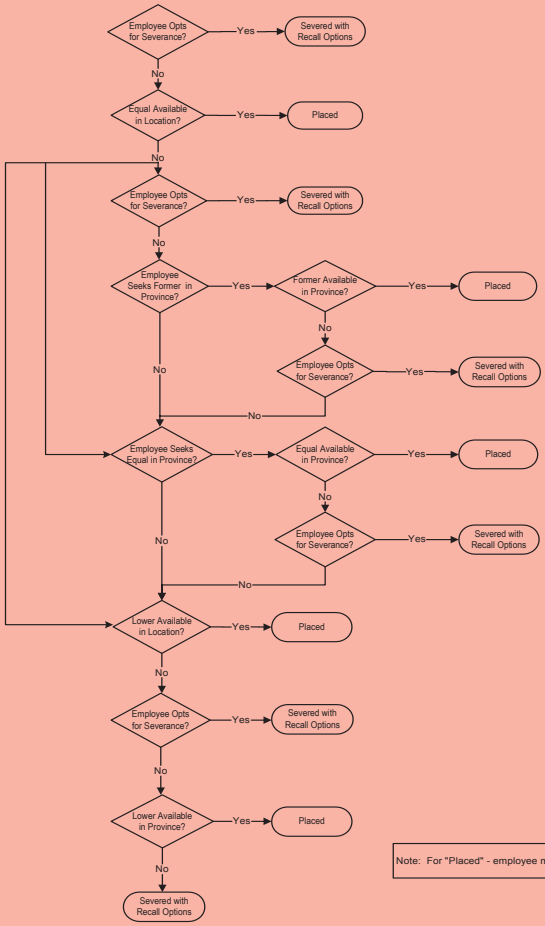
(f) Apprentices or Trainees are granted displacement rights into the classifications listed in the OGL of his/her terminal rated

classification. An Apprentice or Trainee can displace a junior employee within his/her OGL including a Journeyperson. If an Apprentice or Trainee displaces a Journeyperson in an equal classification, the apprentice or Trainee will continue in the apprenticeship program and will be paid as per their progression schedule.

(g) Seniority rights outside the Location are only exercisable in the Province by employees with seniority of two (2) years or more.

Article 11
Displacement Flowchart

(This chart shall be read in conjunction with the text of the Collective Agreement)



11.11.1 Equal Stream

1. At the location an employee must displace the least senior employee in an equal classification. Refusal to accept results in termination of employment. If no position is available, then;

2. Where an employee has so elected on the Option/Election Form, he/she must displace the most junior employee with less seniority in the Province in the employee's former classification provided the employee was in the classification within five years of the date the notice of termination/layoff was issued pursuant to 11.5. Failure to accept results in termination of employment. If no position is available, then;

3. The employee will move to the "Lower Stream", or, if eligible, the surplus employee who has elected to displace in an equal classification in the Province must displace the most junior employee with less seniority in the Province. Refusal to accept results in termination of employment. If no position is available, then;

4. The employee will move to the "Lower Stream".

11.11.2 Lower Stream

1. An employee who has elected to displace in the Lower Stream must displace the least senior employee in an equal classification in the Location. Refusal to accept results in termination of employment. If no position is available, then;

2. An employee who has elected to displace into a lower classification and an employee not placed in the Equal Stream must displace the most junior employee with less seniority in next lower classification in his/her Location. If no position is available, then the employee will go to lower classifications in descending order in his/her Location until placed. Refusal to accept results in termination of employment. If no position is available, then;

3. An employee who has elected to displace into a lower classification must displace the most junior employee with less seniority in next lower classification in the Province. If no position available then the employee will go to lower classifications in the Province in descending order until placed. Refusal to accept results in termination of employment. If no position is available, then;

4. The employee is laid-off with recall rights.

11.11.3 Senior Choice/Junior Force (Within Location)

After the Company announces the results of the application of Article 11, employees displacing into another location will be identified and worksite/centre preference will be determined by seniority on a senior choice/junior force basis.

Employees displacing into a location will be given worksite/centre preference within the location to the extent possible on a seniority basis. Where there is more than one (1) employee displacing into a classification in a location, the principle of senior choice junior force will be applied to displace the most junior employees in the classification in the worksites/centres. In the absence of senior volunteers, the most junior employee in the classification will be transferred to the position.

11.12 Displacement and Recall Rights

The following sets out in full, the displacement, recall and severance rights, if any, for Probationary and Regular-Seasonal.

11.12.1 Probationary Employees

1. A probationary employee will displace the junior employee of lesser seniority in the next lower classifications in their OGL in descending order within his/her worksite/centre.

2. If 1. is not available, a probationary employee can displace a temporary employee in an equal or lower classification in his/her occupational group within his/her worksite/centre.

3. If 2. is not available, a probationary employee can displace an agency employee in an equal or lower classification in his/her occupational group within his/her line of business in head office or within his/her worksite/centre outside of head office.

4. If 3. is not possible, employment is terminated.

5. Probationary employees shall not be entitled to recall rights or severance pay.

11.12.2 Regular Seasonal

1. A Regular Seasonal employee can displace a temporary employee in an equal or lower classification in his/her occupational group within his/her worksite/centre.

2. If 1. above is not available, a regular seasonal employee can displace an agency employee in an equal or lower classification in his/her occupational group within his/her worksite/centre.

3. If 2. above is not available, employment is terminated.

4. Regular seasonal employees shall be entitled to recall to temporary positions for a period of three years from the date of last termination.

5. A regular seasonal employee shall be entitled to recall to their Location, provided they have at least 24 months accumulated service.

6. To be recalled the employee must have filed a written request with the Company prior to March 1 of each year.

7. A person who is recalled by the Company shall be personally contacted when possible. Failing this contact a recall notice shall be forwarded by registered mail addressed to the last known address that he/she has recorded with his/her human resources manager. They shall be obliged to advise his/her supervisor of his/her intention to return to work within three working days and shall be available for work within five working days after receipt of recall notice.

   (a) Except in case of sickness, failure to be available for work within five days of issuance of the recall notice shall make him/her ineligible for any further recall.

   (b) It shall be the person's sole responsibility to inform the Union and the personnel manager in writing of any change of address. The Union will be notified in writing when persons are recalled to vacancies.

8. The Company shall notify the employee in writing at time of termination of the recall procedure. If the employee is not considered suitable for recall they shall be notified in writing and a copy of this letter shall be given to the employee's Chief Steward. Upon request the Company will provide the employee with the reasons why they are not considered suitable for recall.

9. The Company may hire a temporary employee for a period not exceeding one month without using this recall procedure.

10. Summer students both secondary and post secondary levels have no rights to this recall procedure.

11. A Recall List from each work Location for regular-seasonal employees shall be provided to the Chief Steward concerned.

12. Regular seasonal employees shall not be entitled to severance pay except in the case of permanent layoff. When permanently laid off severance pay will be calculated on actual time worked.

11.13 Permanent Location Closings

There will be no permanent displacements or moves into a worksite/centre which has been identified as a worksite/centre to be closed permanently during the 18 month period following notice of layoff/termination.

11.14 Severance Pay

Except as set out in 11.14.1, employees eligible for severance under Article 11 will receive the following:

(a) An employee receiving severance pay waives any other rights under Article 11.

(b) An employee may direct all or a portion of his/her payment into an RRSP up to the amount permitted by law. The employee shall provide the Company with the TD2 Form directing the payment into his/her RRSP.

(c) An employee entitled to severance pay under 11.14 may elect to take a lump sum severance payment, or severance may be divided into two (2) equal instalments, the first on the date of termination and the second on or about January 15 of the following year, subject to statutory deductions, as follows:

(i) 4 weeks' base pay per year of service up to a maximum of 104 weeks' base pay (payments for incomplete years of service will be pro-rated).

(d) For purposes of clarification at any time during the three (3) year recall period, a laid off employee may opt for his/her full severance entitlement, once this election is made all recall rights will cease.

(e) For regular part-time employees severance payments shall be pro-rated.

11.14.1 Reduced Severance Pay on Refusing a Position

1. An employee who refuses to accept a position under Article 11.11.1 or 11.11.2 (except in 2. below) will be terminated and is disqualified from receiving severance pay under Article 11.14 and shall have no recall rights under Article 11.17. Such employees may elect to take a lump sum severance payment, or severance may be divided into two (2) equal instalments, the first on the date of termination and the second on or about January 15 of the following year, subject to statutory deductions as follows:

(i) two weeks' base pay per year of service up to a maximum of 52 weeks' base pay (payments for incomplete years of service will be pro-rated).

2. In cases where an employee refuses to accept a position where the new classification provides either a reduction of base wages of two (2) or more salary grades for job evaluated positions or in excess of 10% for others, the employee will receive severance pay pursuant to 11.14.

3. An employee may direct all or a portion of his/her payment into an RRSP up to the amount permitted by law. The employee shall provide the Company with the TD2 Form directing the payment into his/her RRSP.

4. For regular part time employees severance payments shall be pro-rated.

11.14.2 Benefit Continuance/Tuition/Outplacement Services

A surplus employee who takes severance pay and terminates his/her employment is entitled to:

i) coverage under the Company's Health and Dental Plan for a period of six (6) months from the date of termination of employment or until the commencement of alternate employment whichever occurs first;

ii) reimbursement for tuition fees and other associated expenses up to a maximum of $5000.00 upon production of receipts from an approved educational program within 12 months of his/her termination;

iii) outplacement services; the Company will determine the level of service and the service provider.

11.15 Failure to Report to Assigned Positions

In the event that an employee declines an assigned position and is terminated, or does not displace into a job occupied by another employee, or terminates after displacing another employee, the Company may reverse the displacement and leave the employee who would have been displaced in his/her job or return the displaced employee to his/her job. In all instances as described above the terminating employee will be entitled to severance pay in accordance with the appropriate sections of this Article.

Any vacancy which results from such a reversal will be filled by moving the previous incumbent back to his/her job. In other words, the chain of bumps (i.e., the displacement thread) caused by the initial reversal will be reversed except in circumstances set out below.

Where an employee has relied to his/her detriment on the announced relocation, and would be prejudiced by revocation of the displacement, the employee will not revert to his/her original position. Where the Company

would be prejudiced, the employee will not revert to his/her original position even if the employee does not object.

The declining of an assignment will not require the Company to re-do the Article 11 process.

11.16 Selection to Vacancies

Between the end of the 7 day cash out window and freeze date and after the end of the freeze period all positions which remain unfilled and any new vacancies which arise shall be posted under Article 10. During the period after the end of the 7 day cash out window and before freeze date and after freeze date but before announcement of results, priority consideration for vacancies which represent a lateral or demotion will be given to surplus employees and to those employees who are in an equal classification (to the over-complement employee) in the location. After announcement of results and before layoff occurs applications from employees who are to be laid off shall be given fair and objective consideration for vacancies. Employees who, prior to being laid off, applied for vacancies continue to be entitled to fair and objective consideration for those vacancies after lay-off. If selected to a vacancy posted prior to the date of layoff, the employee is eligible for moving expenses under Article 11. Among successful applicants seniority shall govern selection where all other factors are relatively equal.

11.16.1 Jurisdiction

No person outside the Union's jurisdiction will be selected to a vacancy commencing with the issuance of the notice of termination/layoff pursuant to 11.5 until:

(i) All qualified PWU members are selected, including persons on the recall list, and,

(ii) All PWU applicants entitled to fair and objective consideration are selected pursuant to 11.16.

11.16.2 Selection Priority

The following applies for equal and lower-rated vacancies.

Each category will be considered independently and in the order indicated:

(i) Surplus employees and those employees in an equal classification to the surplus employee at the location where the surplus exists.

(ii) As per Article 10.

11.17 Recall

1. Laid off employees who do not receive severance payments shall have recall rights.

2. Employees who are laid off will be entitled to recall to classifications in their OGL for a period of three (3) years from the date of his/her layoff. Recall lists will be maintained province wide.

If a person is recalled within one year of the date he/she was laid off, entitlement to vacation credit, seniority, and sick leave credits shall be the same entitlement as on the day of termination less any vacation allowance received at termination.

If a person is recalled during the second or third year after layoff, he/she shall be treated as a new employee for all purposes. Service credit will be restored in accordance with Part A, Item 5.3.

Reinstatement in the pension plan shall be in accordance with the pension regulations.

3. A person who is recalled shall be personally contacted by the Company where possible. Failing this contact, a recall notice shall be forwarded by registered mail addressed to the last known address that he/she has recorded with his/her Human Resources Manager. They shall be obliged to advise his/her supervisor of the intention to return to work within five (5) working days and shall be available for work within ten (10) working days after receipt of the recall notice.

NOTE

(i) It shall be the employee's sole responsibility to inform the Union and the Human Resources Manager in writing of any change of address. The Union will be notified in writing when employees are recalled to vacancies.

(ii) Except in the case of sickness, failure to be available for work within ten (10) days after the receipt of recall notice shall make him/her ineligible for any further recall.

4. Except as noted later in this paragraph, if an employee refuses recall to a regular full time equal position or lower position at the location level he/she will be removed from the recall list and be entitled to reduced severance pay in accordance with 11.14.1. In cases where an employee refuses to accept recall to a position where the new classification provides either a reduction of base wages of two (2) or more salary grades for job evaluated positions or in excess of 10% for others, the employee will remain on the recall list. Refusal to accept recall to any position outside the Location will not result in loss of recall rights.

5. At any time during the three (3) year recall period, a laid off employee may opt for his/her full severance pay entitlement. Once this election is made all recall rights will cease.

6. If at the end of the three (3) year recall period an employee has not been recalled or has not elected to receive severance pay, he/she will automatically receive the full severance pay entitlement.

7. An employee who is laid off and does not elect to accept severance payment shall be entitled to receive:

   i) coverage under the Company's Health and Dental Plan for a period of six (6) months from the date of commencement of layoff or until the commencement of alternate employment whichever occurs first; and

   ii) reimbursement for tuition fees and other associated expenses up to a maximum of $5000.00 upon production of receipts from an approved educational programme within 12 months of his/her layoff; and

   iii) outplacement services; the Company will determine the level of service and the service provider.

8. Persons on the recall list will be recalled for vacancies contained in their OGL's which are posted as per Article 10 and 11.16 prior to the selection of candidates to whom they are senior.

9. People on recall will have the first priority on a seniority basis for temporary positions in their OGL arising at their location which were not filled by any displacements. Where such a temporary position also represents a recall opportunity for a regular seasonal, the position will be offered on seniority.

11.18 Limitations to Turnover

(a) A maximum of 51 percent (51%) of employees in a classification in a worksite/centre may be displaced during one single application of Article 11. Where there is only one employee in the classification in the site/centre he/she may be displaced.

Subject to operating exigencies for the purposes of this item, all classifications of controller/dispatcher/trainees at a worksite/ workcentre will be deemed to be in equal classification.

(b) The limitation to turnover (51%) will apply to all personnel within a classification within a worksite/centre regardless of assignment to day work or shift work.

(c) Where employees displace to vacant positions such vacancies will not be counted as part of the percentages applied to limitation to turnover.

11.19 Wage Maintenance

When an employee displaces another employee and is reclassified to a lower-rated position, or when an employee is selected to a lower rated vacancy pursuant to 11.16 they will receive wage maintenance. His/her wage rate will be adjusted downward in accordance with the following:

(i) Employees with two or more years' service will have their rate frozen for a period of three months at which time a two percent (2%) reduction in rate will take place. Subsequent reductions of two percent will take place annually thereafter until the maximum rate for the lower rated job is reached.

(ii) Employees with less than two years' service will have their rate frozen for a period of three months, after which time their rate will be adjusted to the maximum rate for the new job.

11.20 Moving Expenses

Notwithstanding Part A, Item 23 the Company will not be required to pay the moving expenses of an employee householder who displaces another employee or is selected to a vacancy and as a result has a different regular work headquarters which is within reasonable commuting distance from his/her residence. Where an employee is entitled to receive moving expenses, the amount of expenses will be in accordance with Part A, Item 23. Such moves will be treated as Company-initiated moves.

Except as is provided for in 11.16, the Company will not be required to pay moving costs of an employee who is recalled from layoff.

ARTICLE 12
PURCHASED SERVICES AGREEMENT

12.0 Scope

This Article has been developed jointly in a spirit of co-operation and trust. It is intended to provide a joint approach to making good business decisions which involve the use of purchased services. Its application calls for these decisions to be made in the same spirit of co-operation and trust.

What follows is based upon the belief that there is a value and benefit to the employee, the co-operation and the customer if:

- There is a greater involvement by employees in the decision-making process.
- There is an improved understanding as to why purchased services are used.
- Employment security is enhanced by a productive, healthy, and cost effective organization.

- Union and Management work together and act responsibly, balancing the interests of the customer, the Company and the employee in decisions relating to the use of purchased services.

This is a way of deciding how work gets done. It is not intended to hinder getting work done.

12.1 Assignment Of Work

12.1.1 Philosophy

It is the Company's intent to use regular staff to perform most of its work of a continuing nature. Furthermore, the Company will strive to provide regular staff with stability of employment.

The parties agree that a consistent, managed and joint approach to the assignment of work within the Company is necessary to provide security for employees, a more effective, productive organization and an excellent product for the customer.

12.1.2 Principles

The following principles apply to the relationship between the Company and the Union and the work performed by Union members.

(a) We will within the Company have all work conducted as effectively as possible.

(b) We will measure the effectiveness of all work by its impact on staff, on the business and by its ultimate impact on our customers.

(c) We will do most work of a continuing nature with Company employees.

(d) We will determine when work is to be done by non-PWU members through a joint decision making process and the results of these decisions will be a joint responsibility.

(e) We will ensure that the impact of these decisions on continuous employment is minimized.

(f) We will use a team and consensus approach when making decisions and any issues arising will be resolved internally where possible.

(g) We will consult and make timely decisions consistent with the need to get work done.

(h) We will develop, implement and continue a joint process of communications and education.

(i) We will achieve consistency through the use of these principles versus policy and procedure.

12.2 Decision Process (See Mid-Term Agreement MT-50-2 also)

12.2.1 Responsibility for Decisions

The persons who are responsible for applying the decision process are the Company representative with the appropriate decision authority and the Union representative designated by the Sector Vice President. It is recognized that a given decision may require the involvement of more than these two persons.

Subject to 12.2.6 and 12.3.2(c) below, decisions to use purchased services will be made on a consensus basis. Both parties must consider all relevant criteria with the mutual goal of selecting the most effective option.

The decision makers are responsible for making timely decisions and for the decision itself.

12.2.2 Opportunity

The parties recognize that work may be done more effectively internally or externally. Opportunities for the application of this Article to new or existing work can be initiated by Management and/or the Union. It is intended that joint discussion should commence as soon as possible and before detailed definition of the need to have new or existing work done by purchased services.

12.2.3 Definition of Need

The parties will consider what work must be done and why and include such dimensions as when it must commence and the duration of the work; the quantity of resources required; the quality of the results; the skills required and their availability internally and externally; and safety requirements.

12.2.4 Alternatives

The parties will consider such alternatives as, do the work internally; do part of the work internally and part externally; do the work externally and agree to acquire capability to do the work internally in future; or do the work externally.

12.2.5 Evaluation

The parties will evaluate the alternatives considering the impact on the customer, employees and the business. Such criteria as reliability of service to the customer, customer responsiveness, community impact, Company relations impact, job continuity, ability to perform work, degree of overtime required for the work, availability of resources, cost, timeliness, quality,

need for control over results, safety and impact on environment will be assessed.

The total effectiveness of the alternatives will be evaluated considering both the short and long-term impacts. In given situations, certain criteria may be given a greater or lesser degree of importance.

12.2.6 Establishment of Thresholds

The establishment of the threshold is designed to remove from the process on a case by case basis certain issues relating to purchased services. The threshold will operate in such a way as to allow flexibility in local decision making. Any decisions regarding what is below the threshold will be non-precedent setting.

If there is a dispute with the union on whether the proposed purchased service is permitted by the threshold and there is no consensus, and if it makes sense in the circumstances the dispute will be resolved before the purchased service occurs. Lack of agreement on obtaining an advance resolution will not preclude the work from being performed, neither will it preclude the matter from being resolved under the 12.2.7 process.

The guidelines to determine whether a purchased service is below the threshold are as follows:

- subject matter lacking in substance; or
- any consequences are relatively insignificant; or
- where the nature or consequences of the work which represents a purchased service is remote from work currently performed by the PWU on a continuing basis. For purposes of clarity, this does not mean geographically remote; or
- emergencies; or
- any work performed under a manufacturer's warranty, except where the manufacturer authorized the Company to do the work.

Except in the case of an emergency, failure by the Company to supply the Union with the following information by fax or as otherwise agreed will result in the work in question being deemed to be above threshold. (In the case of emergency such decisions to use purchased services will be subject to the same information requirements, review and dispute resolution as non-emergency cases).

The Company will notify the Union of the:

- Value of Work as reflected in Tender/Contract/Bid or Estimate Documents
- Scope of the Work
- Location of Work
- Estimated Date of Commencement and Duration of the Work

Except in the case of emergency, after receipt of the above information regarding the work the union shall have three (3) working days to request an opportunity to discuss the proposed purchased service, failing which the proposed purchased service will be deemed to be below threshold.

The parties will make themselves available for discussion within three (3) working days of the request for a discussion.

Upon request, once the work has been performed the Company will provide the Union with the details of the final contract costs.

(a) Threshold grievances will be completed by the Chief Steward responsible for the PSA and presented to the line Management person responsible for the work in question.

(b) Line Management must respond in writing to the grievance citing its position within 48 hours (as is required with all other grievances). Both parties should endeavour locally to complete a Record of Discussion form or an agreed statement of fact sheet.

(c) The PWU office will assign a grievance number. Copies of the completed grievance and associated fact sheets or Records of Discussion forms should be sent to the PWU office and Labour Relations – Corporate Human Resources.

(d) Grievances will be referred to Arbitration and scheduled through joint agreement between Labour Relations – Corporate Human Resources and the PWU office.

(e) If it makes sense to do so, local discussions may take place with a view to resolving the threshold grievance up to the arbitration date.

12.2.7 Dispute Resolution Process

(a) Mr. Teplitsky shall be appointed as Facilitator to assist the parties to resolve all issues of application and interpretation of this Article with the power and authority of an arbitrator under the *Ontario Labour Relations Act* but not subject to the Arbitrators' Act.

(b) Any dispute between the parties relating to whether this Article applies to any decision to use purchased services or if a purchased service falls within the categories set out in 12.2.6 will be determined in an expedited manner by the facilitator whose decision shall be final and binding.

(c) The Union will not be prejudiced in any subsequent case by a particular purchase of services. Similarly, the Company will not be prejudiced by any decision not to purchase services. This applies to all cases including threshold cases.

12.3 Joint Resolution Committee

12.3.1 Purpose

The purpose of this Joint Committee is to resolve disagreements, on a consensus basis in a timely and expeditious manner, as to whether proposed purchased services which are above threshold above may proceed. In its deliberations, the committee will consider the factors in items 12.0, 12.1 and 12.2.

Prior to a meeting of the Joint Committee, the Company will provide the Union with the following information related to the proposed PSA:

- copies of the Tender or Request for Proposal documents, if there are any;
- an accurate description of the work which is the subject of the proposed PSA;
- accurate details on bids e.g., price, scope of the work as set forth in the bid;
- a full cost benefit analysis including incremental costs but excluding overhead costs which would be incurred.

12.3.2 Membership

The membership of the Joint Committee shall be as follows:

(a) The facilitator Mr. Teplitsky who shall act as Chairperson;

(b) One Management and one union representative plus additional resources as required.

(c) In the event of the parties not being able to reach a consensus decision the facilitator will have the power to make decisions. Mr. Teplitsky will have the authority to make such orders as he deems appropriate to give full affect to his decision(s) and to deal with any consequences his decision(s) might have in the workplace.

(d) Where either party wishes to proceed with a Purchased Services discussion which is above threshold, the parties will endeavour to complete discussion within 10 days of notice to the union in the prescribed form and that full resolution, including review by the JRC, will occur within 30 days of notification.

12.4 Application of This Article

12.4.1 The parties will jointly develop and maintain an operating plan consistent with the provisions of this Article. Such plans will be approved by the appropriate Company official and the Power Workers' Union Vice President. Failure to jointly develop an

operating plan will not adversely affect either party's rights under the provisions of this Article.

These operational plans will include:

- An approach for the development and delivery of joint training of decision makers
- An identification of the type of contracts that are not subject to an in-depth review.
- A guideline for a time table on how often contracts of a recurring nature must be reviewed under this Article.
- A process for joint review of potential contracts which involve work normally performed by PWU represented employees and other stakeholders.
- A process and a time frame for decision making.
- An internal process for dispute resolution.

12.4.2 Management and Union representatives may choose to jointly review the application of their operating plan and determine the need for changes at any time over the life of this agreement.

12.4.3 Until March 31, ***2015***, Article 13, Article 14, Mid-Term Agreement MT-12 Contracting Out, MT-21, MT-21 Appendix A, and Mid-Term Agreement MT-14 Future Agency Employees are suspended. Item 12.1 of this Article will apply to decisions regarding the use of agency employees.

ARTICLE 12 – APPENDIX A

The provisions in this Appendix and Article 12.3.2 (c) are to be applied to those situations where employees are given surplus status as a result of a joint or arbitrated decision to use purchased services to do the work normally performed by the affected employees. The definitions contained in Articles 10 and 11 will also apply to this Appendix.

1.0 Joint Employment Security Committee

The function of the Joint Employment Security Committee is to resolve disputes regarding the appropriate application of this Appendix.

The committee will consist of six regular members, three representing the Union and three representing the Company. Two additional members from each party may be added from a work unit affected by the surplus situation under consideration. Meetings may be called by either party.

In all disputes referred to the committee for settlement, the committee's decision will be final and binding on both parties.

In the event that the Joint Employment Security Committee is unable to resolve a dispute, it will be referred to Mr. Teplitsky. The intention of both

parties is to have a speedy resolution of the dispute. Verbal decisions which will be confirmed by a written decision will be acceptable and all decisions are final and binding on both parties.

2.0 Employment Security

The provisions of this Appendix will apply to a regular employee with two (2) or more years' seniority who becomes surplus from his/her position as a result of contracting out the work normally performed by that employee. The effect of decisions to use purchased services on PWU members will be minimized by accommodating required staff reductions wherever possible by attrition, transfer to other jobs or retraining. Redeployment/career counselling will be made available to affected staff when they are notified of their surplus status. Training and career options will be discussed and incorporated into the redeployment plan. Reasonable training and educational leave will be applied as appropriate. The provisions of this Article will not apply to regular-seasonal employees. The definitions contained in Articles 10 and 11 will also apply to this Appendix.

For the purposes of determining if the employee has sufficient seniority to qualify for this Appendix, his/her seniority will be counted up to the surplus date.

2.1 Surplus Identification

When a decision to contract out results in a surplus in a classification in any work site the least senior employee in that classification in the work site shall be identified as surplus. Such employees will be able to apply for vacancies as per Article 10.

2.1.2 If an employee with five (5) or more years seniority has not been selected to a vacancy within one (1) year after the surplus date, or an employee with two (2) years but less than five (5) years' seniority has not been selected to a vacancy within sixteen (16) weeks after the surplus date, he/she will be given displacement rights as contained in Article 11 and all other terms and conditions of Article 11 will apply. At this time all other provisions of Appendix A will cease to apply.

2.1.3 The one (1) year period for employees with five or more years' seniority and the sixteen week period for employees with two or more but less than five years' seniority is designed to allow employees not selected to vacancies to avail themselves of the retraining and reskilling opportunities outlined in 2.0 prior to any displacement as per Article 11.

2.2 Wage and Salary Treatment

2.2.1 Seniority – Five Years or More

The employee's grade and progression step shall be maintained and negotiated increases shall apply for one (1) year from the surplus date regardless of placement. If the employee accepts a vacancy in a lower-rated classification his/her dollar rate shall be frozen at the end of the one (1) year until the rate for the classification equals the employee's dollar rate, at which time the normal wage and salary treatment shall apply.

2.2.2 Seniority – Two Years – Less than Five Years

The employee's grade and progression step shall be maintained and negotiated increases shall apply for sixteen (16) weeks from the surplus date regardless of placement. If the employee accepts a vacancy in a lower-rated classification his/her dollar rate shall be frozen at the end of sixteen (16) weeks for a period of three (3) months at which time a four percent (4%) reduction in rate will take place. Subsequent reductions of four percent (4%) will take place annually thereafter until the maximum rate for the lower-rated job is reached.

2.3 General Conditions

2.3.1 Notwithstanding the provisions of this Article an employee who is within five years of normal retirement or within five years of eligibility for undiscounted pension when faced with displacement or layoff, with joint agreement may be given special consideration for work site protection/preference.

Notwithstanding the provisions of this Article, the parties may make special arrangements for employees who are disabled to the extent that alternative employment would be difficult to find.

2.4 Moving Expenses

Prior to Article 11 applying, an employee who is identified as surplus as per this Appendix and is required to relocate his/her residence shall receive moving expenses in accordance with the provisions of Part A, Item 23. Such moves will be treated as Company-initiated moves.

ARTICLE 13
EMPLOYMENT SECURITY PLAN[7]

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13.0 Purchased Services

During the term of this Collective Agreement, no regular employee will be declared surplus in his/her position as a result of the use of purchased services to perform the work normally performed by that employee.

13.1 Employment Security

Numerous factors may affect the nature and methods of accomplishing work. Changes in work patterns cannot be prevented but the effect of such changes on regular employees should be minimized as much as possible. The effect of such changes on PWU members will be minimized by accommodating required staff reductions wherever possible by attrition, transfer to other jobs or retraining rather than layoff.

The provisions of this Article will apply to a regular employee with five or more years' seniority who becomes surplus from his/her position as a result of contracting out the work normally performed by that employee. The provisions of this Article will not apply to regular-seasonal employees.

Employees who become surplus for reasons other than contracting out will be entitled to Article 11 as applicable.

The definitions contained in Articles 10 and 11 will also apply to this Article.

For the purpose of determining if the employee has sufficient seniority to qualify for Article 13, his/her seniority will be counted up to the surplus date.

7 This Article is suspended for the term of this agreement.

13.2 Joint Employment Security Committee

The function of the Joint Employment Security Committee is to resolve disputes regarding the appropriate application of Article 13 versus Article 11.

The committee will consist of six regular members, three representing the Union and three representing the Company. Two additional members from each party may be added from a work unit affected by the surplus situation under consideration. Meetings may be called by either party.

In all disputes referred to the committee for settlement, the committee's decision will be final and binding on both parties.

In the event that the Joint Employment Security Committee is unable to resolve a dispute, it will be referred to an expedited arbitration process. The intention of both parties is to have a speedy resolution of the dispute. A list of arbitrators will be agreed upon who are prepared to meet on short notice (within seven days) and to render a decision within 14 days. Verbal decisions will be acceptable and all decisions are final and binding on both parties.

13.3 Application

When a surplus is identified in a classification in any location, the least senior employee in the surplus classification in the location shall be declared surplus.

Employees will be notified, in writing, a minimum of three months in advance of their surplus date. A copy of the notice shall be sent to the PWU office and the Divisional Chairperson.

13.4 Selection

The following selection criteria apply to vacancies and placement opportunities in equal- and lower-rated classifications:

1. For non-supervisory vacancies, the senior qualified surplus regular employee applicant will be selected.

2. Placement opportunities will be filled from among the qualified surplus applicants so long as there are qualified surplus applicants. For selection to a placement opportunity in an equal classification (if the equal classifications have been determined at the time the application is made), the senior qualified surplus regular employee applicant will be selected.

3. Selections to supervisory positions will continue to be governed by Article 10.1.3A except when the vacancy is in the same

classification as the surplus employee in which case the senior surplus applicant shall be selected.

4. If a surplus applicant is selected to a vacancy he/she must render his/her decision within three working days of the offer being made. Failure to do so will be considered a rejection of the offer and will not affect his/her further treatment under this Article.

When there are no qualified surplus applicants, Management will assess the capability of the surplus applicants to become qualified in a reasonable period of time. Management will select from among those assessed to be qualifiable in a reasonable period of time.

Employees covered by this plan will be given surplus priority consideration from the date of notification until eleven months after the surplus date. The selection priority will be the same as detailed in Article 11.4.3 which are repeated here for ease of application.

The following applies for equal and lower rated vacancies.

Each category will be considered independently and in the order indicated.

1. Surplus employees represented by the PWU and surplus managerial services employees[8].

2. Employees who were required to displace someone in a lower classification as a result of being surplus and who were previously in the classification that is now vacant.

3. Persons on the recall list whose occupational group contains the vacant classification.

4. As per Article 10.

13.5 Wage and Salary Treatment

The employee's grade and progression step shall be maintained and negotiated increases shall apply for one year from the surplus date or until the date the employee accepts a vacancy whichever comes first.

If the employee accepts a vacancy in a lower-rated classification, his/her dollar rate shall be frozen until the rate for the classification equals the employee's dollar rate, at which time the normal wage and salary treatment shall apply.

8 Managerial services employees in this context means employees paid from salary schedule 16 with the following exceptions: security guards, fire and safety inspectors, first aid attendants, and project medical attendants.

13.6 Displacement

If the employee has not been selected to a vacancy within one year after the surplus date he/she will be given displacement opportunities available in Article 11 and all other terms and conditions of Article 11 will apply, except for Article 11.4.

All other provisions of Article 13 will cease to apply.

NOTE

Employees of the construction field forces will not be entitled to the displacement opportunities of Article 11.

13.7 General Conditions

An employee who is within five years of normal retirement or within five years of eligibility for undiscounted pension or an employee who is disabled to the extent that alternate employment will be difficult to obtain, may by agreement between the Company and the Union, be given special consideration when faced with displacement.

One year's additional seniority shall be allowed stewards and chief stewards for the determination of which employees are surplus within the electoral unit of the chief steward.

An employee who is assigned temporary duties or who accepts a vacancy will assume the working conditions of the position.

A surplus employee who is required to relocate his residence, shall receive moving expenses in accordance with the provisions of Part 'A', Section 23.0. Such moves will be treated as the Company initiated moves.

ARTICLE 14
EMPLOYMENT SECURITY AND WORK ASSIGNMENT[9]

14.0 It is the Company's intent to use regular staff to perform most of its work of a continuing nature. Furthermore, the Company will strive to provide regular staff with stability of employment.

The Working Paper on Staffing and Employment dated March 15, 1985 states Management's intentions with regard to continuity of employment for regular staff and proportions of work expected to be undertaken by regular staff. For at least the term of this Collective Agreement, the Company will not reduce the stated proportions of work to be done by regular staff.

9 This Article is suspended for the term of this agreement.

At the end of each six-month period commencing January 1987, the Company will prepare a statement showing the proportions of work done by regular staff and make this information available to the PWU.

It is understood that the Working Paper on Staffing and Employment, as distinct from the terms of the above provisions, does not form part of the Collective Agreement and is not subject to the grievance and arbitration process.

14.1 Work Assignment

1. It is understood that the assignment of work to purchased services does not convey a right to such work in the future, nor does it create any precedent with respect to future assignment of such work to purchased service employees by the employer.

2. It is agreed between the parties that no more than 450 of the Company tradespersons will be assigned by the Company at any one time under the EPSCA Maintenance Assist agreement to perform work for the Company. The Company agrees to inform the Union of the number of Company tradespersons assigned under the EPSCA Maintenance Assist agreement on a monthly basis.

ARTICLE 15
SUCCESSOR RIGHTS

The employer agrees that it will not directly or indirectly request government to exempt the Company or the Union from the successor rights provisions of the applicable labour relations legislation.

The successor rights provisions of the applicable labour relations statute shall be incorporated by reference into this Collective Agreement. No board of arbitration established pursuant to the grievance and arbitration provisions of this contract has jurisdiction to make any decision within the jurisdiction of the Labour Relations Board and nothing herein is intended to affect the jurisdiction of the Labour Board to resolve disputes related to the application of the provisions of the statute. For purposes of s.48 of the *Ontario Labour Relations Act* and s.57 of the *Canada Labour Code*, the Ontario Labour Relations Board or the Canada Labour Relations Board shall be deemed to be a Board of Arbitration for the resolution of disputes related to the interpretation, application, administration or alleged violation of this provision of the Collective Agreement. The remedial powers of the Labour Board shall be as set out in the relevant statutory provisions governing successor rights.

ARTICLE 16
DURATION OF THE AGREEMENT

This agreement shall come into effect as of the 1st day of April ***2013***, and shall remain in effect until the 31st day of March ***2015,*** and thereafter from

year to year unless terminated by written notice given by one of the parties to the other within a period of not more than two months, but not less than one month prior to the anniversary date.

In the event that either party desires to amend the Agreement but not to terminate the same, either party may, by notice in writing not more than 90 days and not less than 30 days before the anniversary date, serve notice of the proposed amendments and both parties shall thereupon commence to negotiate in good faith with a view to arriving at an agreement on the proposed amendments and all provisions of the Agreement, other than those proposed to be amended, shall continue in full force and effect.

ARTICLE 17
TRANSFER OF EMPLOYEES ON CHANGE OF EMPLOYER

1. In this Article, transfer shall mean any sale, lease, transfer or any other transaction between Hydro One and the new employer, by virtue of which the control over any part of Hydro One's business or assets becomes held by the new employer and Hydro One employees become employees of the new employer.

   Hydro One recognizes the importance of, securing for employees, opportunity for continuing employment with the new employer and will make all reasonable efforts to secure such opportunity for employees with the new employer.

2. Hydro One will provide the Power Workers' Union (PWU) with a listing of the positions and number to be transferred to the new employer 60 days prior to the new employer commencing operations (the "Affected Employees"). This listing will specifically identify any employees to be transferred who have previously transferred from an acquired municipal electric utility (MEU) to Hydro One and who have been provided with a period of employment protection, that is still active, as a result of such transfer. At the same time employees who are eligible to retire on or before the transfer date will be notified of their proposed transfer.

   Prior to the new employer commencing operations as a result of the Agreement referred to in paragraph 1 herein, Hydro One will advise the Affected Employees of their transfer to the new employer. Any Affected Employees seeking to remain at Hydro One instead of transferring to the new employer shall be dealt with under paragraph 6 herein. Such Affected Employees must notify in writing the PWU and Hydro One within seven days of their notification of impending transfer.

3. Effective on the date Hydro One officially provides the PWU with the listing and number of affected positions referred to in 2 above:

(a) Subject to paragraph 3(b) herein, an employee who successfully applies for a vacancy in the affected business shall thereafter exercise seniority rights within the affected business and will have no seniority rights enforceable outside the affected business notwithstanding any other provision of the Collective Agreement.

(b) Subject to paragraph 2 herein, employees in the affected business may apply for vacancies outside the affected business in accordance with the applicable provisions of the Collective Agreement up to 30 days prior to the scheduled date for closing of the Agreement referred to in paragraph 1 herein, but not thereafter, subject to paragraph 6 herein.

4. PWU represented employees transferred to the new employer who had applied to vacancies in Hydro One prior to the new employer commencing operations as a result of the Agreement referred to in paragraph 1 herein may exercise their rights to file failure to select grievances to those vacancies.

5. All PWU represented employees transferred to the new employer who are currently on rotation to a position within Hydro One will be allowed to complete the rotation subject to the agreement of Hydro One, the new employer and the employee. Such rotations shall be treated as secondments by Hydro One. All PWU Hydro One employees on a rotation in a position that is transferred to the new employer will be allowed to complete the rotation subject to the agreement of Hydro One, the new employer and the employee. Such rotations shall be treated as secondments by Hydro One. While on such rotations, all service credit, vacation, pension (employee to pay employee contribution), sick leave and seniority credits will continue to accrue within Hydro One.

6. If there is no agreement between Hydro One and the PWU on issues relating to employees who wish to decline continuing employment with the new employer, the issues will be submitted to an expedited mediation/arbitration process. Martin Teplitsky Q.C. will be the mediator/arbitrator for such purpose and any other matter relating to the interpretation or application of this agreement. The mediator/arbitrator will have complete and unfettered discretion to make any award which he considers fair and reasonable in all of the circumstances and his award shall be final and binding.

7. If Hydro One hires employees doing the same work in the same classification or a classification performing substantially the same duties as transferred employees within 24 months of their transfer then such transferred employees will be offered positions in the classification being hired by Hydro One (subject to the agreement

of their current employer) on a basis of seniority and without loss of seniority for their period of employment outside Hydro One.

8. An employee who is not afforded the opportunity for continuing employment by the new employer shall have full rights under Article 11.

9. The PWU agrees that no proceedings will be brought against Hydro One claiming Hydro One is a related or common employer with the new employer or any of the new employers related or subsidiary businesses so long as the relationship in the Agreement contemplated in paragraph 1 does not materially change.

Signed
Hydro One Inc.

_____
Vice-President, Labour Relations

Signed
Power Workers' Union
Canadian Union of Public Employees – Local 1000

Witness as to signatures above written on this paper:

_____
Sector Vice-President

duly appointed to execute this Agreement on behalf of the Union.

PART A
GENERAL ITEMS

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PART A
GENERAL ITEMS

1.0 EMPLOYEE CATEGORIES

All employees fall into one or the other of four principal categories as outlined below. For PWU 'hiring hall' categories refer to Appendix A**.**

1.1 Probationary

This category describes persons taken on strength on a probationary basis with the prospect, if their services are found satisfactory, of a change of category to Regular full-time or Regular part-time (Section 1.2, following).

1.2 Regular

Regular employees are those employees who, having satisfactorily met the job requirements, are judged medically fit by the Health and Safety Division for positions which are part of the continuing organization of the Company. They must have served the required time in a probationary category which is part of the Company's continuing organization, or in a temporary category which becomes part of the Company's continuing organization.

1.2.1 Regular Full-Time

Regular full-time employees work the regular hours of the classification into which they are hired.

1.2.2 Regular Part-Time

The establishment of a regular part-time position is a joint decision of local management and the chief steward made in a spirit of trust and co-operation. The parties will ensure that regular part-time positions are appropriately used to maintain corporate effectiveness, not to split a regular full-time position.

Regular part-time employees are regularly employed on an average of 24 hours or less per week calculated on a monthly basis. They are employed for a minimum of 16 hours per month. Regular part-time employees are treated as regular employees except where noted otherwise.

Pro-Ration Formula: The regular part-time employee benefit pro-ration formula is calculated based on the hours worked by the regular part-time employee expressed as a percentage of the normal scheduled number of hours for the classification. Where the number of regular part-time hours vary in a week it will be necessary to calculate this percentage over a jointly agreed upon extended period to get an accurate figure.

1.2.3 Regular – Job Share

Regular full time employees interested in job sharing arrangements shall find an appropriate partner from the same work location with similar skills and the same or lower terminal rates. These employees must establish an acceptable arrangement between themselves before approaching Management with the request.

Upon attaining agreement between Management and the employees, the job share arrangement will operate for a trial 6-month period. Following the 6-month trial period, the arrangement will:

(a) be considered a temporary arrangement and be extended by a maximum of six (6) months at which time the arrangement will end,

OR

(b) be considered a permanent job share arrangement. At this time the vacated position will be posted and filled in accordance with Article 10. In the case of the permanent job share arrangement, the incumbents are required to remain in their arrangement until one partner permanently leaves the job share. At that time, the other partner is required to assume responsibility for the full-time position on 30 days' notice.

Employees engaged in a job share work arrangement are regular part-time employees for the purposes of benefits administration. Employees in job share arrangements will revert to regular full-time status for the purposes of application of Article 10 and Article 11.

Service credit for time spent in job sharing arrangements will be calculated on a pro-rata basis.

1.3 Regular-Seasonal

Regular-seasonal employees are those judged medically fit by the Health and Safety Division for the position involved, who have attained one year's accumulative service, and who are steadily employed through the year, except for short-term layoffs.

1.4 Temporary

Temporary employees are hired to perform work that is expected to last for a short period of time or to perform work in place of a regular employee who is absent from his/her position.

For temporary full-time and temporary part-time employees, accumulated service shall mean the period of employment during which there has been no break in employment exceeding five months.

1.4.1 Temporary Full-Time

Temporary full-time employees work the regular hours of the classification into which they are hired and may be engaged for up to 12 months of accumulated service.

1.4.2 Temporary Part-Time

Temporary part-time employees are employed for a period of up to 12 accumulated months on an average of 24 hours or less per week (calculated on a monthly basis). Temporary part-time employees are treated as temporary employees except where noted otherwise. Benefits are pro-rated the same as regular part-time employees.

To ensure that temporary part-time employees are properly classified as temporary, an assessment is to be made as to the regular or temporary status of the position whenever the temporary part-time employee is employed for twelve continuous[1] calendar months. This assessment is subject to the grievance procedure.

This assessment is made based on the definition of a regular part-time position, i.e. the work is of a continuing nature with a minimum of 16 hours in a calendar month. If the position is determined to be temporary this will be conveyed to the Chief Steward (the employee should be given an end date and will remain temporary).

If the position is determined to be regular part-time, a joint discussion must take place as per the Regular Part-time provisions in the agreement prior to the position being posted. If the incumbent's employment exceeds 12 continuous months the incumbent will be given regular part-time status and the incumbent's seniority will be calculated on a pro-rated basis.

If as a result of the assessment above, the position is still temporary part-time at the 12 month accumulated service mark one of the following options must be selected:

1) the job is posted as a regular part-time. This decision is a joint decision as per regular part-time provisions in the agreement.

2) The Steward agrees to an extension of the temporary part-timer's service for a specific period and the employee retains temporary status.

3) The temporary part-timer is terminated.

Accumulated service applies to temporary employees. Such employees do not have either seniority or service credit.

1 If an employee commences on January 20th and works any portion of a calendar month for 12 continuous months, they will have 12 continuous calendar months service on January 20th of the following year.

1.4.3 Benefits

The following are the benefit provisions that apply to temporary employees.

1.4.3.1 Vacations

Entitled to a cash vacation allowance of four percent (4%) of accumulated wages.

1.4.3.2 Statutory Holidays

Temporary employees will be entitled to statutory holiday pay provided that they have more than three months' accumulated service.

Temporary part-time employees will be entitled to statutory holiday pay provided that they:

1. Have more than three months' calendar service;

2. Have worked on at least 12 days during the four weeks immediately preceding the holiday;

3. Have worked on their scheduled regular day of work preceding and following the holiday.

Payment for such statutory holidays will be the amount the employee would normally earn on a scheduled day of work.

1.4.3.3 Floating Holidays

Temporary employees who have accumulated 20 weeks' service in a calendar year will be entitled to three floating holidays subject to the following:

1. Floating holidays may be taken on such days as the employee and his/her supervisor mutually agree upon, following reasonable advance notice on the part of the employee.

2. Floating holidays shall not be carried over into the following year unless work considerations prevent the employee from taking the floater(s) in the year of entitlement.

3. Where the employee is unable to reach mutual agreement with his/her supervisor to take his/her floating holiday(s) before year-end because of absence due to illness, unused floating holidays will be assigned on the last working day(s) of the year.

4. Where an employee falls sick on his/her scheduled floating holiday, that day will not be charged against his/her sick leave credits, but shall be treated as a floating holiday for pay purposes.

5. Entitlement on Termination: If the employee terminates after having accumulated 20 weeks' service in the calendar year, the Company will make a cash payment in lieu of any unused floating holiday credit.

   If the employee terminates prior to accumulating 20 weeks' service in the calendar year, entitlement will be as follows:

   (a) If the employee has not qualified for entitlement in the previous year, he/she will have no entitlement in the current year. If he/she was granted a floating holiday under 4. above, the Company will recover one day's pay for each floating holiday taken.

   (b) If the employee has qualified for entitlement in the previous year, his/her entitlement will be prorated based on the number of weeks' accumulated service in the year of termination. For example, an employee who terminates after accumulating five weeks' service in the year would be entitled to 5/20ths of three days.

   The Company will either make a cash payment in lieu of any unused floating holiday credit or recover the value of the unearned portion of floating holidays taken under 4. above.

   In no case will an employee be entitled to more than three floating holidays or floating holiday credit in a calendar year.

6. Temporary part-time employees shall receive pro-rated payment. (Ref. Part A, Item 1.4.2)

1.4.3.4 Sick Leave Entitlement

Temporary employees shall earn sick leave credit of one-half day at 100 percent (l00%) pay for each month of accumulated service to a maximum of six days[2].

1.4.3.5 Health Insurance Plan (Excluding Summer Students Regardless of Wage Schedule Paid From)

These employees shall be considered as a group in order that they may apply to participate in the Supplementary Plan and the Extended Health Benefit Plan at group rates. One hundred percent (l00%) of all premiums will be paid by the employees. These employees will be required to make election on benefit coverage at the time of hire for the duration of employment.

2 Day, in this instance, is the number of hours normally worked by a regular employee in a classification and/or the work group of which the temporary part-time employee is a member (seven or eight hours). Sick leave is used on the basis of payment for the number of hours the employee was off work.

The Company will pay one hundred percent (l00%) of the Ontario Health Insurance Plan premium for temporary employees who have four months' accumulated service.

1.4.4 Notice of Termination

When the employment of a temporary employee is terminated for other than cause, he/she is entitled to one week's notice in writing if his/her period of employment is three months or more.

2.0 REGULAR STATUS

Appointments to regular status are contingent on satisfactorily meeting the Company's medical requirements.

1. Probationary employees must serve a minimum of three months on probation. If service is satisfactory, they may be accorded regular status at that time. A period of not more than three more months can be used as a further period of probation if it is needed. At the end of this further period, employees must either be made regular, transferred to another position or dismissed. Regular part-time probationary employees must serve up to six calendar months on probation.

2. Temporary employees engaged in work of a continuing nature, shall be afforded regular status upon attaining 12 months accumulated service. In such circumstances the employee's position will be considered to be a vacancy. If the former temporary employee is not selected to this vacancy he/she will be declared surplus in accordance with Article 11.

3. Temporary employees engaged in work which is not of a continuing nature, shall be afforded regular-seasonal status upon attaining 15 months' accumulated service.

3.0 ANNIVERSARY PROGRESSION

Progression dates shall be calculated from the date of appointment or promotion to the position. Subsequent salary adjustments shall be on anniversary dates except as otherwise specified on the appropriate wage schedule.

NOTE

(a) The progression date for a regular part-time employee who works on average 50% or more of the base hours of the full time classification for the year will be at the completion of one and one third years of service.

(b) The progression date for a regular part-time employee who works on average less than 50% of the base hours of the full time classification for the year will be at the completion of two years service.

As a regular practice employees shall automatically progress from minimum to maximum as indicated in the respective wage schedules subject to the following:

3.1 Withholding Progression (Unsatisfactory Performance)

If an employee fails to make satisfactory progress his/her progression may be withheld for a period of six months. (8 months for a regular part-time employee working 50% or more of the base hours; 12 months for regular part-time employee working less than 50% of the base hours.)

In taking this action the Company shall provide the employee with one month's notice and the reason for the withholding.

The performance of an employee whose progression has been withheld as above will be reviewed within seven months (nine months for a regular part-time employee working 50% or more of the base hours of the classification and fourteen months for regular part-time employee working less than 50% of the base hours of the classification). If progress and general performance are found to be satisfactory, progression shall be granted. If not, the employee shall be either transferred or dismissed.

If at the time of this review the employee's progress and general performance were found satisfactory and if six months after the review his/her performance has continued to be satisfactory, he/she may be granted the next step in his/her progression.

This will then re-establish his/her original progression status.

If an employee in a recognized hourly-rated training program has not reached the acceptable level of performance his/her progression may again be withheld in accordance with the above. Progression to the journeyperson or job rate will not be delayed by more than six months.

3.2 Deferral of Progression (Absences from Work)

When an employee has been absent from work for a period in excess of three months, excluding approved vacation, his/her progression may be deferred without prior notice for a period of time not to exceed the length of the absence. Subsequent progression dates may be adjusted accordingly.

3.3 Progressions for Part C Controller-Trainees and Dispatcher-Trainees

Advancement as a controller-trainee and dispatcher-trainee will be by controlled progression, based on satisfactory progress in training and study courses. On successful completion of training at the end of 36 months, controller-trainees will become Controller, Step 1. On successful completion of training at the end of 24 months, dispatcher-trainees will become Dispatcher Step 1.

4.0 RETROGRESSION POLICY

The term 'retrogression' is used to indicate a gradual reduction in pay to predetermined adjusted rate.

4.1 Where Applicable

1. Retrogression shall apply where a regular employee becomes unable to perform the duties of a job for which he/she is receiving the standard rate and is transferred to a lower-rated job because of:

   (a) A disability caused by accident or illness.

   (b) Inability to cope with increased responsibility due to change in job content.

   (c) Where the unsatisfactory performance is due to faulty selection and the employee has served in the position for a period of at least one year.

   Any retrogression for medical reasons is subject to ratification by the Chief Physician/Manager Health Services.

2. Retrogression shall not apply where:

   (a) An employee has less than ten years' established service credit.

   (b) The change to the lower-rated job is made at the request of the employee to escape heavy work or responsibility or for personal reasons.

   (c) The change to the lower-rated job is made necessary for unsatisfactory job performance due to causes other than in Section 4.1(1.).

NOTE

Where retrogression does not apply, the employee will receive the job rate for the new job effective at the time of transfer to the new job.

4.2 How Applied

The Company will endeavour to provide an employee to whom Section 4.1 (1) applies with work he/she is capable of performing. His/her rate of pay shall be calculated as follows:

1. A new rate for the employee will be calculated at the time the employee is retrogressed. This is calculated by adding to the base rate of the new classification an additional two and one-half percent (2.5%) (except as specified below) of the differential between the base for the new job and the base rate for the employee's former job for each year by which his/her continuous service exceeds ten years at the time of transfer. For regular part-time employees, the new rate is calculated on an hourly basis. For employees with 25 or more years of service, where the reason for retrogression is one of 4.1(1)(a) or (b), five percent (5%) is used in the calculation instead of two and one-half percent (2.5%).

   The calculation determines the rate to which the employee's pay will be reduced.

2. The reduction in rate will take place in steps each amounting to but not exceeding approximately four percent (4%) of his/her former base rate. (Hourly rate for regular part-time employees.) The first step shall occur three months after he/she has been transferred to the new job. The subsequent steps shall occur at six-month intervals until the rate determined in 4.2(1.) has been reached.

3. Where the retrogressed employee is unable to do the job to which he/she has been retrogressed and demotion to another job is necessary, the rate for this new job shall be based on the differential between the base rate of the original job from which he/she has been retrogressed and the base rate of his/her new job.

4. While retrogression is in progress and after retrogression is completed, increases in pay that occur will be applied only to the base rate for the new job and the retrogressed employee will only receive a benefit when the base rate for the new job exceeds his/her adjusted rate.

5. It shall be the responsibility of each Human Resources Manager/ Officer to advise the Union in writing when any employees are placed on retrogression. This information will be provided to the

Union as soon as possible but in any case before the reduction in rate specified in 4.2(2.) takes place.

4.3 Special Provisions

1. Retrogressed employees who are within 10 years of being eligible to retire without discount or who are within 15 years of normal retirement, shall have their rate frozen until the rate for the job being performed catches up to the frozen rate.

2. An employee with 20 years' service who is retrogressed for medical reasons related to the working conditions and job environment during a significant portion of his/her employment with the Company, will have his/her wages maintained until he/she is eligible for an undiscounted pension. The wage rate will be frozen thereafter.

   The medical reasons will be reviewed and assessed by the LTD Review Committee.

3. If, in the opinion of the LTD Review Committee, an employee is retrogressed because of a serious injury that resulted from an on-the-job accident with the Company, he/she will have his/her wages maintained until he/she is eligible for an undiscounted pension. This provision will apply to all regular employees regardless of service.

4. An employee with ten years' service who is retrogressed because of a muscular-skeletal repetitive strain injury or injury arising therefrom, which is deemed compensible by the WSIB and relates to his/her working conditions with the Company will have his/her wages maintained until eligible for an undiscounted pension. The wage rate will be frozen thereafter.

   The medical reasons will be reviewed and assessed by the LTD Review Committee.

4.4 Nothing in this regulation will override special commitments that have been made by the Company that in certain instances rates of pay will be maintained.

5.0 SERVICE CREDIT

5.1 Introduction

This item defines service credit and describes the basis for calculating service credit for all purposes except those of the Pension Plan which are covered in the Hydro One Inc. Pension Plan Rules.

The application of such service credit to vacations, LTD, sick leave and other benefits will continue to be governed by the appropriate instructions.

5.2 Service Credit Calculation

In most cases the service credit of a regular employee is that employee's seniority. The exception to this can be found in Article 10.1.2 where an employee who is appointed to a position within the PWU jurisdiction from a bargaining unit which restricts seniority to its own membership, has his/her seniority limited to service within the PWU bargaining unit.

Seniority applies to regular, regular-seasonal, and probationary employees only.

Temporary employees have accumulated service only.

Service credit will not be granted for absences without pay of greater than 15 days with the exception of:

1. Normal and Extended Pregnancy/Parental/Adoptive leave.

2. Elected Union officials absent on Union business.

3. Medical leave of absence.

4. Time off in lieu of overtime worked.

5.2.1 Regular Employees

Service credit shall be the period of employment with the Company and any service restored as per Part A, Item 5.3.

5.2.2 Temporary Full-Time and Part-Time Employees When Granted Regular Status

When temporary employees are granted regular or regular-seasonal status, service credit shall be granted for all previous full-time service and on a pro-rata basis for all part-time service.

5.3 Restoration of Service Credit

Regular employees who terminate and are re-employed to a continuing position shall have their service credit restored. Proof of past service must be provided by the employee in the first 60 days of re-employment unless the Company is capable of providing the proof within the first 60 days of re-employment. They shall not be required to serve a further probationary period. No service credit will be allowed for the period between termination and re-employment. Regular employees who were formerly employees of Ontario Hydro shall have their service credit restored as per Article 10.6.

Former regular employees who are rehired for temporary full-time or temporary part-time assignments will not be granted regular status upon rehire. Former regular-seasonal employees will retain regular-seasonal

status when rehired for a temporary assignment, within one year of their last termination date.

5.4 Restoration of Previous Service for Pregnancy Leave

Female employees of the Company or its predecessor, Ontario Hydro, who were granted pregnancy leave will be eligible for service credit as follows:

(a) those employees who took normal pregnancy leaves will be eligible for service credit up to a maximum of 17 weeks.

(b) those employees who took extended pregnancy leaves on or after April 1, 1977 will be eligible for service credit for the full duration.

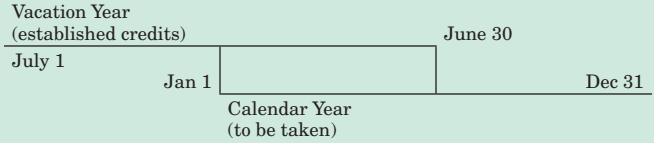
6.0 VACATIONS

6.1 General Policy

Whenever possible, vacations will be granted at dates requested by the employees, but in view of the Company's role in providing a vital service at all times, the Company reserves the right to determine the dates when vacations may be taken.

6.2 Relationship between Vacation Year and Calendar Year

For the purpose of calculating vacation allowances, the vacation year commences July 1 of the previous year and ends June 30 of the calendar year in which the vacation is to be taken.



6.3 Vacation Entitlement

Definition: The *Employment Standards Act* states that every employer shall give to each employee a vacation with pay of at least two weeks upon the completion of each 12 months of employment. The amount of pay for such vacation shall not be less than an amount equal to four percent (4%) of the wages of the employee in the 12 months of employment for which the vacation is given.

Wages are defined as any monetary remuneration payable by an employer to an employee under the terms of a contract of employment as well as any payment under the *Employment Standards Act* except vacation pay. Included in wages are termination pay, overtime pay, holiday pay, sick

pay, equal pay adjustments, shift differentials, premiums for weekend or holidays, on-call and standby.

Wages do not include vacation pay previously paid in the 12-month period, supplementary unemployment benefits, tips or other gratuities, gifts and bonuses that are dependent on the discretion of the employer and are not related to hours, production or efficiency. Also excluded are travelling allowances or expenses, contributions made by an employer to pension funds, unemployment insurance, death grants, disability plans, accident plans, sickness plans, medical plans, nursing plans or dental plans.

Where an employee receives a greater benefit for vacation or vacation pay, that benefit will prevail over the conditions set out in the *Employment Standards Act*.

The amount of pay for a vacation shall be not less than an amount equal to four percent (4%) of the accumulated wages of the employee in the 12 months of employment for which the vacation is given and in calculating wages no account shall be taken of any vacation pay previously paid.

Regular Employees

A regular employee shall be eligible for a vacation of:

Less than One Year's Service by June 30: One working day for each full month of service completed between June 30 of the previous year and July 1 of the current year up to a maximum of two weeks (10 working days).

The employee shall be paid four percent (4%) of the accumulated wages in the year for which the vacation is given.

For One Year and Less Than Three Years' Service: 10 working days (two weeks) annually. Vacation pay shall equal 10 days' base earnings or four percent (4%) of accumulated wages, whichever is greater.

For Three to Seven Years of Service: 15 working days (three weeks) annually when an employee has completed from three to seven years of service by the end of any calendar year. Vacation pay shall equal 15 days' base earnings or four percent (4%) of accumulated wages whichever is greater.

For Eight to Fifteen Years of Service: 20 working days (four weeks) annually when an employee has completed 8 to 15 years of service by the end of any calendar year. Vacation pay shall equal 20 days' base earnings.

For Sixteen to Twenty-Four Years of Service: 25 working days annually when an employee has completed 16 to 24 years of service by the end of a calendar year.

Vacation pay shall equal 25 days' base earnings.

In the year in which the employee is first eligible for 25 working days' vacation, he/she shall be granted it in one continuous period if he/she so requests.

NOTE

Employees hired on the first working day of January shall be deemed to have completed a calendar year on December 31 of the same year.

For Twenty-Five or More Years of Service: 30 working days' vacation in the calendar year in which he/she completes 25 years of service, and in each succeeding year.

Vacation Bonus

In the calendar year in which a regular employee completes:

26 years' service – 1 day's base pay
27 years' service – 2 days' base pay
28 years' service – 3 days' base pay
29 years' service – 4 days' base pay
30 years' service – 5 days' base pay
31 years' service – 6 days' base pay
32 years' service – 7 days' base pay
33 years' service – 8 days' base pay
34 years' service – 9 days' base pay
35 years' service – 10 days' base pay and beyond

The vacation bonus shall be calculated on the employee's base rate of pay as of July 1st of the year in which the bonus is payable. These bonuses are payable on the closest payday to July 1st of each year.

Regular Part-Time Employees

Regular part-time employees are eligible for paid vacation time off. The entitlement is based on calendar years of service and payment for time off is calculated on a pro-rata basis. (Ref. Part A, Item 1.2.2).

Probationary Employees

A probationary employee shall be entitled to a vacation of one working day for each full month of service completed between June 30 of the previous year and July 1 of the current year up to maximum of two weeks (10 working days).

Four percent (4%) of the total pay of the employee shall be paid in the year for which the vacation is given – whichever is greater.

Temporary Employees Made Regular

On attaining regular status, temporary employees will receive vacation entitlement for all service as defined in Part 'A', Item 5.2.2.

Temporary Employees

For less than one year's accumulated service: Entitled to a cash vacation allowance of four percent (4%) of all accumulated wages.

6.4 Special Provisions and Allowances

6.4.1 Deferment or Interruptions of Vacations

Reimbursement will be made for out-of-pocket expenses incurred by an employee who, at the request of the Company, either defers an approved vacation or returns before the vacation has expired.

When an employee is called back from vacation or when an employee's vacation is cancelled at the request of the Company, the employee shall receive premium rates of pay for all normal hours worked on cancelled vacation days for which seven calendar days' notice has not been given up to a maximum of seven calendar days.

NOTE

In the above cases, the deferred or interrupted vacation days are to be rescheduled at a later date subject to Sections 6.1 and 6.5.

6.4.2 Statutory Holidays and Vacations

If statutory holidays, to which an employee is entitled with pay, occur within his or her vacation period, the employee shall be granted an additional day's vacation for each in lieu thereof.

6.4.3 New Employees

An employee joining the staff between January 1 and June 30 and taking a vacation before July 1, shall receive only the days allowed for service to the date of commencing the vacation. Any remaining days credited for service between the vacation commencement date and June 30 shall be taken between July 1 and December 31.

An employee joining the staff between January 1 and June 30 and taking his vacation after July 1, shall receive only the days allowed for service to June 30.

If an employee joins the staff between July 1 and December 31, no vacation allowance can be used until after December 31.

6.4.4 Re-engaged Employees

An employee whose employment is terminated and who is re-engaged within 12 months of termination shall be granted a vacation allowance based on the employee's re-established service credit (see Part 'A', Section 5.0). However, the initial vacation allowance, while prorated on the same basis as above, must be taken as outlined in Section 6.4.3.

6.5 Postponed Vacations

6.5.1 With the exception of new employees as outlined in Section 6.4.3, vacations appropriate to the particular calendar year may be granted at any time but normally must be completed by the end of that year. Carry-over or postponement of vacations beyond the end of that year shall be in accordance with the following:

1. Where it is mutually agreeable, the employee may carry-over a maximum of one week's vacation to the following year (to be taken by April 30 of that following year). Request for carry-over must be made prior to September 1.

2. Under special extenuating circumstances (as identified in Subsections 6.4.1, 6.5.2 and 6.5.4), application for postponement or carry-over of more than one week's vacation may be made to the respective director, or official of equivalent rank, but the vacation must be completed by April 30 of the next year.

6.5.2 An employee who is on sick leave shall not be granted a vacation until judged fit to return to work. If still disabled when sick leave credits expire, however, the employee may be placed on earned vacation. With Directors approval an employee whose 100% sick leave credits have expired and who is unable to return to work on modified duties, may be paid vacation in full day increments (5 days maximum) to offset loss of income once per calendar year.

6.5.3 An employee who becomes ill while on vacation shall not be placed on sick leave until after termination of the vacation. Under exceptional circumstances in case of very serious illness, sick leave may be granted at the discretion of the Chief Physician/Manager Health Services. The employee would then be entitled to the unused portion of his/her vacation after recovery from the illness.

Minor illnesses and injuries may cause some degree of discomfort or disability to an employee while on vacation. Yet for the most part, these do not necessitate complete removal from the vacation setting or loss of the beneficial effects of the holiday. However, when an employee on vacation becomes seriously ill or injured and as a result must be removed from vacation setting entirely, he or she should be entitled to sick leave.

The decision as to when an illness or non-occupational injury is sufficiently severe to justify transfer from vacation to sick leave should be made on medical grounds and rests with the ***Chief Physician/Manager Health Services***. Normally hospitalization or complete confinement to bed in the home under regular physician's care have been the criteria used to judge severity, often after consultation with the attending doctor. "Exceptional circumstances" may include a number of things such as hospitalization, the need to be flown home from a trip abroad, becoming seriously ill on the first day of vacation, etc.

The decision to transfer from vacation to sick leave must be based on reliable medical evidence and made by ***the Chief Physician/Manager Health Services***. All cases of requests for such consideration should be referred to the ***Chief Physician/ Manager Health Services*** without exception.

6.5.4 Where an employee is on sick leave or workers' compensation and thereby is unable to use his or her vacation credit during the current year such vacations may be carried over to the following year in accordance with Sections 6.1 and 6.5.1. Any outstanding vacation credit that has not been approved for carry over into the next year shall be paid out by Dec. 31 of the current year.

6.6 Vacation Payment on Termination

An employee whose service is terminated by the Company or by resignation shall be entitled to a cash payment in lieu of an outstanding vacation allowance, calculated proportionately from July 1 marking the beginning of the 12-month period in which the vacation entitlement applies. Upon the death of an employee, his or her estate shall be entitled to the same payment.

The payment will be based on:

1. Four percent (4%) of accumulated wages for an employee entitled to the prorated amount of 10 working days annually.

NOTE

In each of the following subsections, the minimum amount to be paid must be at least four percent (4%) of accumulated wages (see Definition, Subsection 6.3) of the employee in the year for which the vacation is earned.

2. Six percent (6%) of base earnings to date for an employee entitled to 15 working days annually.

3. Eight percent (8%) of base earnings to date for an employee entitled to 20 working days annually.

4. Ten percent (10%) of base earnings to date for an employee entitled to 25 working days annually.

5. Twelve percent (12%) of base earnings to date for an employee entitled to 30 working days annually.

The value of the vacation bonus will be based on the employee's base rate at the time of termination. The vacation bonus for the incomplete year of service is pro-rated for the number of completed months from the employee's ECD to the date the employee terminates.

Vacation allowance regulations for employees whose service is terminated owing to retirement on early, normal, disability or postponed pension are in accordance with the above.

6.7 Part C (Controller/Dispatcher and Trainee) Vacations

Vacations for controller/dispatchers will be governed by the following:

1. Subject to exceptions resulting from unforeseen or emergent conditions, arrangements will be made to provide vacations as under-noted:

   (a) Fourteen consecutive days[3] off within the period July 1 to December 31 (summer schedule) to all regular controller/dispatchers.

   (b) If desired by the controller/dispatcher and he/she makes this known to the Company prior to the preparation of the master work schedule, 21 consecutive days[3] off including three weekends within the period July 1 to December 31 (summer schedule) to all regular controllers/dispatchers who qualify for three or more weeks' vacation.

   (c) Where mutually convenient to the Company and the employees, if individual controller/dispatchers so request, all or part of the vacation allowance may be taken outside the period July 1 to December 31.

   (d) A request by an individual controller/dispatcher for an extension of his/her vacation period may be granted at the Company's discretion by interchanging his/her scheduled vacation days or unused vacation entitlement with days of work, providing qualified staff (controller/dispatcher/trainee) is available.

2. If it becomes necessary to cancel the additional extension as outlined in this item, the controller/dispatcher granted the

3 The consecutive days referred to would normally include other than vacation entitlement.

extension will be required to return to his/her original schedule without penalty to the Company.

3. If, in any instance and due to unforeseen circumstances, vacation schedules are adversely affected, the Company will use available relief so as to reduce the abnormal period to a minimum.

7.0 STATUTORY HOLIDAYS

7.1 Recognized

The days listed below will be recognized by the Company as statutory holidays, regardless of any conflict between these holidays and those declared as statutory holidays by municipal, provincial or federal statutes.

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

When Canada Day falls on a Saturday or Sunday it shall be observed on the following Monday.

In the event that Boxing Day or New Year's Day falls on a Sunday, it shall be observed on Monday. Similarly, if Christmas Day falls on a Sunday, it shall be observed on Monday and Boxing Day on Tuesday.

When Christmas falls on Tuesday, Boxing Day shall be observed on Monday.

All regular and probationary employees shall be paid for statutory holidays.

A statutory holiday falling within an employee's vacation period shall not be counted as part of his/her vacation but shall be taken as an extra day of holiday.

Regular part-time employees will be entitled to statutory holiday pay provided that they:

1. Have more than three months' accumulated service;

2. Have worked on at least 12 days during the four weeks immediately preceding the holiday;

3. Have worked on their scheduled regular day of work preceding and following the holiday.

Payment for such statutory holidays will be the amount the employee would normally earn on a scheduled day of work.

7.2 Sick Leave Credits

If an employee is not scheduled to work on a statutory holiday and falls sick, his/her pay for that day will not be charged against his/her sick leave credits and he/she will receive payment at 100 percent (100%) of his/her normal daily base earnings.

If an employee is scheduled to work on a statutory holiday and falls sick, that day is treated as a normal sick day and the employee would receive a lieu day at a later date.

8.0 FLOATING HOLIDAYS

Regular, regular-seasonal and probationary employees who have accumulated 20 weeks' continuous service in any calendar year will be entitled to three floating holidays subject to the following:

1. Floating holidays may be taken on such days as the employee and his/her supervisor mutually agree upon, following reasonable advance notice on the part of the employee.

2. Floating holidays shall not be carried over into the following year unless work considerations prevent the employee from taking the floater(s) in the year of entitlement.

3. Where the employee is unable to reach mutual agreement with his/her supervisor to take his/her floating holiday(s) before year-end because of absence due to illness (except when exhausting sick leave prior to LTD) unused floating holidays will be assigned on the last working day(s) of the year.

4. Where an employee falls sick on his/her scheduled floating holiday, that day will not be charged against his/her sick leave credits, but shall be treated as a floating holiday for pay purposes.

5. Regular and probationary employees may take their floating holiday(s) before accumulating 20 weeks' service in a calendar year.

6. Regular part-time employees are entitled to three (3) floating holidays upon completing 20 weeks of service. Pay treatment for the three (3) days is on a pro-rata basis. (Ref. Part A, Item 1.2.2)

7. Entitlement on Termination: If the employee terminates after having accumulated 20 weeks' service in the calendar year, the Company will make a cash payment in lieu of any unused floating holiday credit.

   If the employee terminates prior to accumulating 20 weeks' service in the calendar year, entitlement will be as follows:

(a) If the employee has not qualified for entitlement in the previous year, he/she will have no entitlement in the current year. If he/she was granted a floating holiday under 5. above, the Company will recover one day's pay for each floating holiday taken.

(b) If the employee has qualified for entitlement in the previous year, his/her entitlement will be prorated based on the number of weeks' accumulated service in the year of termination. For example, an employee who terminates after accumulating five weeks' service in the year would be entitled to 5/20ths of three days.

The Company will either make a cash payment in lieu of any unused floating holiday credit or recover the value of the unearned portion of floating holidays taken under 5. above.

In no case will an employee be entitled to more than three floating holidays or floating holiday credit in a calendar year.

9.0 SPECIAL TIME OFF

9.1 Additional Time Off at Christmas and New Year's Holidays

When Christmas falls on Friday and Boxing Day on Saturday, an additional half holiday will be granted employees on the preceding Thursday.

When Christmas falls on Saturday and Boxing Day on Monday, an additional half holiday will be granted employees on the preceding Friday.

When Christmas falls on Wednesday, the Friday following Boxing Day shall be granted as an additional holiday.

When New Year's Day falls on a Saturday, an additional holiday shall be granted on either the preceding Friday or the following Monday.

Those regular part-time employees whose regular scheduled day of work falls on the holidays referenced above shall be granted the time off and compensated at a rate equal to their normal daily earnings.

9.2 Payment for Time in 9.1

Eligible employees required to work during the days in 9.1 shall be paid as follows:

1. If employees are normally scheduled to work and are required to work on such a day, they shall be paid straight time for such work within normal scheduled hours and given equivalent time off with pay, up to a maximum of normal scheduled hours, within the following six months.

2. If employees are not normally scheduled to work on such a day and are required to work, they shall be paid at the rate normally paid for overtime work.

3. Eligible shift employees on a seven-day coverage basis whose normal scheduled day off falls at such designated time, shall be allowed equivalent time off with pay, within the following six months.

9.3 Treatment for Vacation

Special time off, as noted in 9.1, falling within eligible employees' vacation period shall not be counted as part of their vacation but shall be taken as additional time off.

9.4 Remembrance Day

This section was originally created to allow employees paid time off on Remembrance Day for those who served in the armed forces of Canada, Great Britain or their allies during World War II, the armed forces of the United Nations in Korea from 1950 to 1953, and the Allied Merchant Marine from 1939 to 1945.

Employees who can verify they have served in the Canadian Armed Forces, and those in the Reserve components of the Canadian Armed Forces, who have served in a foreign country, will be eligible for time off or payment if required to work.

9.5 Sick Leave Credit

When special time off, as noted in 9.1 occurs while eligible employees are on sick leave credit, their pay will not be charged against sick leave credits and they will receive 100% payment at their base rate for normal scheduled hours.

10.0 LEAVE OF ABSENCE

10.1 With Pay

Occasionally, an employee will be in a situation where there is no reasonable alternative to being absent from work for personal reasons. Sometimes the employee will, at the same time, be committed to considerable additional expense. Provision is made so that the Company may ameliorate the hardship to the employee which may result.

10.1.1 General

When in the Company's judgment the circumstances warrant such action, leave of absence with pay may be granted.

This leave is based upon reasons of personal emergency, such as severe illness in the immediate family which would necessitate remaining home until adequate arrangements could be made for outside help, or being in close attendance at a hospital. Also, in cases where an employee is faced with the effects of a severe storm, fire or flood.

10.1.2 Funerals

A regular employee may be released from duty for a period up to three days without reducing base earnings in the event of the death of a member of the immediate family including parent, parent-in-law, step-parent, brother, brother-in-law, step-brother, sister, sister-in-law, step-sister, husband, wife, son, son-in-law, step-son, daughter, daughter-in-law, step-daughter, grandparents, grandparents-in-law and grandchildren. In the event a regular employee is on approved vacation, the employee's vacation day may be transferred to funeral leave.

In the event of the death of a fellow employee, a regular employee may be allowed time off with pay to attend the funeral. Usually the time required is less than one-half day. Regular part-time employees shall be granted the time off with pay if scheduled to work.

NOTE

Section 10.1.2 is a guide applicable under ordinary circumstances, on the distinct understanding that it does not set rigid limits either maximum or minimum.

10.1.3 Annual Training for Reserve Forces

A regular employee who serves with the Reserve Force of the Canadian Armed Forces and can be spared from work may be granted leave of absence in order to attend annual training.

The employee will be paid the difference between the gross amount received from the Department of National Defence for the full training period and base earnings for the period of absence. The employee will be required to furnish his/her supervisor with a statement from the commanding officer of the reserve unit, showing the amount received from the Department of National Defence for the training period.

10.1.4 Legal Hearings

Base earnings will be maintained when an employee is called for jury duty or is subpoenaed to appear in court as a witness except in cases involving inter-union jurisdictional disputes.

10.2 Equivalent Time Off Without Pay

Employees who have worked overtime may be granted one hour off for each hour worked, without pay, in increments of not less than one-half day, provided the employee requests the time off and the workload permits.

10.3 Family Leave

Family leave of up to 5 unpaid days per year shall be granted when requested by the employee. This benefit will not be pyramided with any legislated benefits under the Employment Standards Act or other legislation.

11.0 PREGNANCY/ADOPTION/PARENTAL LEAVES

11.1 General Provisions

To be eligible, the employee must have worked for the Company for a period of at least 13 weeks preceding the estimated delivery date or have been employed by the Company for 13 weeks by the date on which the child comes into the custody, care and control of the parent for the first time.

These leave provisions are available to all categories of employees. In addition, regular employees including regular part-time employees eligible for pregnancy leave or adoption leave are entitled to supplementary unemployment benefits (Ref. 11.4).

Pregnant employees are entitled to pregnancy leave including those women whose pregnancies are terminated by still-birth or miscarriage within 17 weeks of the expected birth date (Ref. 11.2). Following the birth of the child, the employee is also eligible for parental leave. (Ref. 11.5).

Adoption leave is available to the parent who is designated as the primary caregiver (Ref. 11.3). Parental leave is also available to such an employee (Ref. 11.5).

Parental leave is also available to employees not eligible for pregnancy or adoption leave but who have become the parent of a child (e.g. an employee whose spouse has given birth to a child or the adoptive parent who is not the primary caregiver. Ref. 11.5).

Service credit will be granted for the full duration of such leaves.

Two weeks' notice is required for such a leave, except as noted in 11.2.2. The commencement date can be advanced or delayed upon the giving of a further two weeks notice. Similarly, the termination date can be advanced or delayed upon giving four weeks notice.

Eligibility for such leave does not necessarily mean the employee is entitled to EI benefits. However, EI benefits may be available in the case of such

a leave and employees should be referred to the nearest EI office to check their entitlement.

The Company will continue for the duration of any such leave to pay the same share of the premiums for OHIP, EHB, Dental Plan, Life Insurance and Pension Plan that it would normally pay for the employee. This will not apply with respect to any benefit plan where the employee is normally required to make an employee contribution and he/she has given the Company written notice that he/she does not intend to pay such contributions.

An employee going on such a leave may prepay his/her pension contributions prior to taking the leave or make up contributions on return to work to establish pensionable service for the period of absence. Prior to the leave, he/she must sign the appropriate forms indicating whether or not he/she wishes to prepay the pension plan contributions.

Positions temporarily vacated as a result of a pregnancy/adoption or parental leave will be filled on a temporary basis only until the employee on leave returns.

Provided the employee returns to work no later than the expiration of his/her leave entitlement, he/she will be offered:

(a) The position most recently held if it still exists at a rate of pay not less than his/her wages at the commencement of the leave or if greater the wages that the employee would be earning had the employee worked throughout the leave.

(b) Should the position most recently held not exist as a result of a surplus in the unit in accordance with Article 11 he/she will be offered a comparable position at the location he/she was previously working at a rate of pay not less than his/her wages at the commencement of the leave or if greater the wages that the employee would be earning had the employee worked throughout the leave.

(c) Should (a) or (b) not exist he/she will be treated in accordance with Article 11.

The granting of extensions to the normal 90-day acting period for positions vacated by an employee on pregnancy/adoption/parental leave shall be automatic. The Union chief steward shall be advised of all cases where this subsection applies.

11.2 Pregnancy Leave – General

Prior to commencing pregnancy leave, the female employee must indicate in writing her desire to return to work following her pregnancy.

The *Ontario Human Rights Code* requires the employer to accommodate the needs of pregnant employees in the workplace, unless to do so would cause undue hardship to the business. If a pregnant employee is unable to work in her regular work location because of the possible radioactivity level, her normal base rate of pay will be maintained during the period of relocation.

11.2.1 Duration of Leave

An eligible female employee may apply for pregnancy leave, to commence after the 22nd week of pregnancy for a duration of up to 17 weeks.

The pregnancy leave of an employee who is not entitled to take parental leave ends on the later of the day that is seventeen weeks after the pregnancy leave began or the day that is six weeks after the birth, still-birth or miscarriage.

NOTE

> Female employees who are the parent of a child are entitled to parental leave in addition to pregnancy leave. Parental leave is described in 11.5. Unless otherwise mutually agreed, parental leave must immediately follow the pregnancy leave unless the child has not come into the custody, care and control of the parent for the first time.

11.2.2 Physician's Certificate

When a female employee applies for pregnancy leave she must provide her supervisor with a certificate from her physician stating that she is pregnant and giving the estimated date of delivery at least two weeks prior to the date she plans to commence the leave.

In the case of a female employee who stops working prior to the commencement of her scheduled leave because of a birth, still-birth or miscarriage that happens earlier than the employee was expected to give birth, that employee must, within two weeks of stopping work, give her supervisor:

(a) written notice of the date the pregnancy leave began or is to begin, and

(b) a certificate from a legally qualified medical practitioner that states the date of the birth, still-birth or miscarriage and the date the employee was expected to give birth.

When a female employee resigns without notifying her supervisor that she is pregnant and she has not applied for pregnancy leave, but within two weeks following her resignation, provides her supervisor with a certificate from her physician stating she was unable to perform her job duties because

of a medical condition arising from her pregnancy and giving the estimated or actual delivery date, she shall be entitled to pregnancy leave if it is requested.

NOTE

The supervisor should obtain the advice and assistance of the Health and Safety Division if clarification is required.

11.2.3 Pregnancy and the Sick Leave Plan

Normal pregnancy leading to confinement is not an illness under the terms of the Sick Leave Plan. However, absences due to pregnancy-related illnesses or complications shall be considered as sick leave under the terms of the Sick Leave Plan.

11.3 Legal Adoptions – Primary Care-Giver

In cases of legal adoption where the child is raised in the home the following will apply after receipt of the child.

1. Where the child is less than elementary school age, the primary caregiver will be granted leave of up to 17 weeks.

2. Where the child is elementary school age or older and the primary caregiver requests leave, the duration will be based on the recommendation of the adoption agency with the final decision being made by the Company's Chief Physician.

3. The primary caregiver is also entitled to parental leave (Ref 11.5).

11.4 Benefits Under the Supplementary Unemployment Benefit Plan for Regular Employees

Provided they qualify for EI payments regular female employees who are eligible for pregnancy leave or the regular employee who is the parent designated as the primary caregiver in a legal adoption proceeding shall be paid a benefit in accordance with the Supplementary Unemployment Benefit Plan. In order to receive this benefit, the employee must provide the Company with proof that he/she has applied for and is eligible to receive unemployment insurance benefits pursuant to the *Employment Insurance Act*. The grant payment may only be paid upon receipt of proof that the employee is eligible for EI benefits. The simplest "proof of eligibility" is the counterfoil from the employee's first EI cheque.

According to the Supplementary Unemployment Benefit Plan payment will consist of:

1. Two weeks at 93 percent (93%) of the employee's base pay.

2. Up to fifteen additional weekly payments dependent on the length of his/her EI entitlement, equivalent to the difference between the unemployment insurance benefits the employee is eligible to receive and 93 percent (93%) of the employee's base pay.

3. In the case of a legal adoption, in addition to the Supplementary Unemployment Benefit Plan payments, the primary caregiver shall receive the equivalent of 93% of two weeks base salary in the thirteenth and fourteenth weeks of the leave.

4. Other earnings received by the employee will be considered so that the total combination of SUB, EI benefit and other earnings will not exceed 93 percent of the employee's base pay.

These payments will only be made if the employee signs an agreement with the Company, providing:

(a) that he/she will return to work and remain in the Company's employ for a period of six months from the date of return to work;

(b) that he/she will return to work on the date of the expiry of her pregnancy leave or his/her adoption leave, unless the employee is entitled to another leave provided for in this agreement;

(c) that the employee recognizes that he/she is indebted to the Company for the payments received if he/she fails to return to work as per the provisions of subsections (a) and (b).

11.5 Parental Leave

11.5.1 General

Employees who have been employed by the Company (including service with Ontario Hydro) for a period of at least 13 weeks by the date on which the child is born or comes into the custody, care and control of the parent for the first time are eligible for an unpaid parental leave. A parent includes a person with whom a child is placed for adoption and a person who is in a relationship of some permanence with a parent of a child and who intends to treat the child as his or her own.

11.5.2 Duration of Leave

Employees eligible for parental leave may take this leave beginning not later than 52 weeks of the child being born or coming into care. Unless otherwise mutually agreed females on pregnancy leave wishing to take a parental leave must commence parental leave immediately following the end of the pregnancy leave unless the child has not come into custody, care and control of the parent for the first time. The duration of this leave is up to 35 weeks.

Employees who wish to take this leave must give the Company two weeks' notice in writing prior to the date the leave would begin and four weeks' notice of the date the leave will end if they wish to terminate the leave prior to 35 weeks following the date the leave commenced.

11.6 Service Credit

Employees who were granted pregnancy/adoption/parental leave from the Company or its predecessor, Ontario Hydro, on or after November 18, 1990 will be eligible for service credit for the full duration.

12.0 DISABILITY BENEFITS AND INCOME PROTECTION

12.1 Sick Leave Plan

The benefits of the Company's Sick Leave Plan shall be considered as part of this Agreement. However, it is recognized that its provisions are not an automatic right of an employee and the administration of this plan and all decisions regarding the appropriateness or degree of its application shall be vested solely in the Company.

When required by the employer, Major Medical Absence Reports and associated follow up reports shall be paid for by the employer up to $40.00.

The Company's Sick Leave Plan will provide that probationary and regular employees will commence with a credit of eight days at 100 percent (100%) and 15 days at 75 percent (75%) pay, payable from the first day of sickness. This credit will continue to be available until the employee attains his/her first annual accumulation date as a regular employee. At the time of this accumulation date and each subsequent accumulation date he/she will acquire additional credits of eight days at 100 percent (100%) pay and 15 days at 75 percent (75%) pay. The accumulation of credits will be subject to the provisions of the Company's Sick Leave Plan.

Regular part-time employees shall receive a pro-rated number of sick days. When a regular part-time employee is absent due to illness on a scheduled day of work, they shall be paid for the hours of work scheduled for that day provided sick leave credits are available.

Normally employees will be expected to arrange routine medical or dental appointments during non-working hours. Where such appointments cannot be arranged during non-working hours and the employee can be released from his/her duties, then the time shall be charged against an employee's sick leave time.

Employees who are on sick leave for 30 days or more may be eligible to participate in a vocational rehabilitation programme in accordance with the Company's policy.

12.1.1 Medical Leave with Pay

Employees who are injured while commuting under Part A Item 20 to a temporary work headquarters which is 50 kilometers or less from their regular work headquarters, will be eligible for a Medical Leave of Absence with Pay provided they are deemed unable to work by the Chief Physician. The employee must apply for WSIB. This leave shall be paid at 75 percent (75%) of the employee's base rate once sick leave credits are exhausted. Sick leave plan rules apply. The medical leave shall be for a maximum of six months or when the employee is placed on LTD, whichever occurs first.

12.2 Long Term Disability

12.2.1 General Provisions of LTD Plan

The Long Term Disability (LTD) Plan provides financial security and rehabilitative employment features to regular employees during their absence from work due to extended sickness or injury. LTD benefits commence upon completion of the qualifying period which is defined below. Regular employees who are approved for the provisions of the LTD Plan will be subject to the following contractual provisions.

All employees who are in receipt of LTD benefits will be eligible to participate in the Rehabilitation and Re-employment Programme dependent upon their medical suitability and procedural requirements.

DEFINITIONS:

LTD Qualifying Period – The qualifying period is defined as the period six calendar months from the starting date of the employee's continuous absence due to disability; or a total of six months in accumulative authorized medical absences in the year prior to the date sick leave expires due to the same progressively deteriorating disability; or the expiration of sick leave whichever is longer.

Disability Period – The period in which an employee cannot continuously perform the essential duties of any position available in accordance with the priority placement criteria of the Rehabilitation and Re-Employment Procedure.

Benefit Level – The Company agrees to assume the full cost of an LTD Plan for all regular employees. The Plan would provide for a monthly income during the disability period equal to the lesser of:

1. Sixty-five percent (65%) of base earnings at the end of the qualifying period for LTD benefits, or

2. Seventy-five percent (75%) of base earnings at the end of the qualifying period for LTD benefits less any compensation awards from the Workplace Safety and Insurance Board (WSIB) (excluding

the Non-Economic Loss award) and/or the Canada Pension Plan, excluding benefits for dependents.

NOTE

Regular part-time employees shall be eligible for pro-rated income benefits.

Miscellaneous Provisions – A person who runs out of sick leave credits will be granted a leave of absence without pay until such time as the LTD qualifying period elapses. The employee will continue to receive service credit during this period and have coverage maintained in but will not be required to contribute to the Company's Pension Plan, Health and Dental benefits, and the Company's Group Life Insurance Plan.

Where an employee has been retrogressed to a lower-rated job for medical reasons and within two years (not including the LTD qualifying period) begins receiving a monthly income under the LTD Plan for reasons directly related to the original medical condition, the base earnings used to compute the LTD monthly income payment shall be the current rate of the employee's original classification.

Exceptions and Limitations to the LTD Plan

LTD benefits will not be made available for claims resulting from:

1. A disability for which the person is not under continuing medical supervision and treatment considered satisfactory by the Insurance Carrier and the Company.

2. A disability caused by intentional self-inflicted injuries or illness while sane.

3. A disability from bodily injury resulting directly or indirectly from insurrection, war, service in the armed forces of any country, or participation in a riot.

4. Normal pregnancy leading to confinement.

5. Disability from occupational injuries for which the employee is receiving Loss of Earning ("LOE") award from the Workplace Safety & Insurance Board for the first 24 months of payment due to total disability.

No amount of LTD benefit will be payable with respect to the disability of an employee during any of the following periods:

1. If the disability is due to mental disorder, any period while the employee is not under the continuing care of a certified psychiatrist or other care authorized by the employee's psychiatrist.

2. If the disability is due to substance abuse, alcoholism and/or drug addiction any period in which the employee is not certified as being actively supervised by and receiving continuing treatment from a rehabilitation centre or a provincially designated institution.

3. The period during which the employee is on leave of absence, including Pregnancy Leave of Absence. The LTD qualify period begins on the date the employee is expected to return to work from that leave of absence.

12.2.2 Benefits While on LTD

1. **Service Credit**: Service credit shall not continue while the employee is in receipt of LTD benefits. Upon return to work, service credit shall be applied as per Item 12.2.4.

2. **Vacation Credit**: Any outstanding vacation entitlement for a person going on LTD will be paid in cash upon expiry of sick leave. The cash payment will be calculated on the base earnings at the expiration of sick leave for the prorated days of vacation entitlement, any outstanding lieu days, any outstanding floating statutory holidays, and banked time for 40-hour per week employees. No vacation entitlement, floating holidays, or banked time for 40-hour per week employees accrues while a member is in receipt of LTD benefits.

3. **Vacation Credit During Rehabilitation Employment**: Vacation credits will be earned based on the hours worked and the employee's vacation entitlement multiplied by the corresponding percentage listed below. These credits will be paid in cash in the last pay period of the year if not used by December 31, or upon return to regular employment, or upon termination.

Vacation Entitlement (Based on Service Credit)	**Percentage of Accumulated Earnings/Hours Worked**
10 working days or less annually	4%
15 working days annually	6%
20 working days annually	8%
25 working days annually	10%
30 working days annually	12%

4. The Company health and dental coverage premiums continue to be maintained by the Company.

5. **The Company Pension Plan**: The employee's membership in the plan continues. Upon expiry of sick leave, the requirement for employee contributions is waived. An employee is not required to make contributions to the plan while he/she is receiving LTD benefits. The retirement pension continues to accumulate. Years of service continue to accumulate for entitlement to rights and benefits under the Pension Plan.

6. **The Company Group Life Insurance Plan**: Commencing the first day of the month following the end of the qualifying period for LTD benefits, an employee will continue receiving the same insurance option during receipt of LTD benefits as that in force prior to such receipt. An employee who is in receipt of LTD benefits is not required to make contributions to the Group Life Insurance plan.

7. **Sick Leave Entitlement**: Upon receipt of the memorandum from the Chief Physician recommending that the employee should make application for LTD benefits, entitlement to accumulate or restore sick leave credits shall cease on the day following the next accumulation date provided that it falls within the qualifying period.

8. **Union Dues**: Upon expiry of sick leave an employee's Union dues shall cease.

9. Employee status will continue with respect to maintaining redress rights to contractual provisions.

12.2.3 Recurring Disability After Return to Regular Work

If, on return to regular employment after receiving disability benefits, a subsequent period of disability recurs within six months and is related to the cause of the previous disability, the following shall apply:

Entitlement to existing sick leave credits shall cease, the qualifying period shall be waived, and the employee shall immediately receive LTD benefits as if there had been no return to work.

12.2.4 Individual Returns to Regular Employment

1. **Service Credit**: Continuous service recommences upon return to work and service credit accumulated prior to the date of receipt of LTD benefits will be added to it. In addition, for employees returning to regular employment within the first two years in receipt of LTD benefits, full service credit will be granted for that period as well. It should be noted that seniority for all employees in receipt of LTD benefits continues to accrue during the period they are in receipt of LTD benefits.

2. **Vacation Credit**: The employee will start earning vacation credit based on total service credit.

3. **The Company Health and Dental Coverage**: Premiums continue to be maintained by the Company.

4. **The Company Pension Plan**: Employee contributions recommence.

5. **The Company Group Life Insurance Plan**: Employee contributions recommence.

6. **Sick Leave Entitlement**: Eight days at 100 percent (100%) and 15 days at 75 percent (75%) pay shall be immediately credited. On the first accumulation date, restoration of sick leave credits will take place based on the total service credit. It is recognized that this provision is subject to the provisions of recurring disability as defined in Section 12.2.3.

7. **Union Dues**: Union dues recommence.

12.2.5 Termination of LTD Benefits

The LTD benefit ceases when any of the following events occur:

1. The date the individual ceases to be totally disabled or engages in any occupation for wage or profit except as permitted by the Rehabilitative Employment Clause.

2. The date the individual reaches age 65.

3. The date the individual fails unreasonably to furnish proof of the continuance of such total disability, or fails to submit to an examination requested by the Plan's medical advisors. At that point all LTD benefits will cease and the employee will be terminated.

   When an employee does not comply with the above requirements the Union will be informed and act as the employee's advocate prior to such termination.

4. The date the individual dies.

5. The date the individual receives pension under the Company Pension Plan.

12.2.6 Indexation

1. **LTD Benefits**: Individuals who are in receipt of LTD benefits will have their LTD benefit level indexed by the same amount that pensions are indexed.

2. **Pension Calculation – Base Earnings**: For the purposes of calculating the pension benefit for LTD recipients the base earnings at the end of the qualifying period will be increased by the amount of the indexation increase granted in 1. above.

3. **Insurance Benefit – Base Earnings**: It is agreed that for purposes of calculating the group life insurance benefit for LTD recipients, the base earnings at the end of the qualifying period will be increased by the amount of the indexation increase granted in 1. above.

12.3 Rehabilitation and Re-employment

Rehabilitative employment is an important feature of the Plan which provides an employee with additional financial incentive and assistance to re-enter the work force. It is defined as any employment within the Company and remains in effect until the employee is offered regular employment.

If during the disability period, an employee becomes capable of working, the Company shall endeavour to provide an (disabled) employee with work he/she is capable of performing. It is recognized that an employee must be prepared to attempt rehabilitative employment. In the event the employee refuses reasonable rehabilitative or regular employment, he/she shall be terminated and forfeit all rights to LTD benefits.

During rehabilitative employment, remuneration will be prorated based on the hours worked and the hourly rate of the current base rate of the rehabilitative position. Employees will continue to receive approved LTD/ Sick Leave benefits, however, the benefit level will be adjusted so that the total of the rehabilitative earnings and these benefits shall not exceed the current base rate of the position occupied prior to disablement.

After the employee has successfully completed his/her rehabilitative employment and has been placed in a regular job on a continuing capacity, he/she will be paid at the normal rate of the job in which he/she has been placed, subject to any applicable retrogression policy.

12.4 Workplace Safety and Insurance Board Payments

The *Workplace Safety and Insurance Board* (WSIB) is responsible for administering the Workplace Safety and Insurance Act, and payments will be made according to the provisions set out within that Act. Any future legislative or regulatory changes may necessitate further discussion on the part of both parties.

Pending the decision of the WSIB regarding entitlement to awards, an employee's normal earnings will be maintained at his/her current level of sick leave (i.e. 100%, 75%, 0%).

12.5 Supplementary Grant

12.5.1 Definition of Supplementary Grant

The supplementary grant is an amount equal to the difference between the WSIB award and the employee's normal earnings after income tax deductions.

NOTE

> WSIB award for this section excludes permanent impairment awards granted for accident dates prior to January 1, 1990, Non-Economic Loss Awards or Older Worker Supplements.

The employee's earnings for the purpose of calculating the supplementary grant will include only regular scheduled hours for a normal week.

The supplementary grant will be such an amount as to maintain the employee's normal net pay.

NOTE

> Such a grant will not include payments for shift bonus, relief pay, overtime or premium hours or other payments which are not applicable when the employee is absent from and not available for work.

12.5.2 Who Receives the Supplementary Grant

The supplementary grant will be made only to probationary and regular employees.

Employees who are receiving *Workplace Safety and Insurance Board* benefits for claims or injuries suffered while in the employ of an employer other than the Company are required to notify the Company of being in receipt of those benefits in order to qualify for the supplementary grant. These employees will not be eligible for sick leave while receiving *Workplace Safety and Insurance Board* benefits that qualify for the supplementary grant.

12.5.3 Responsibility for Payment

The responsibility for payment will be in accordance with The Standard Authorities – Payroll Documents.

12.5.4 Withholding the Grant

The award of the supplementary grant should not be withheld unless there is strong evidence of gross negligence or obvious misconduct on the part of the injured employee. The supplementary grant will be withheld if the employee is not co-operating in the Early and Safe Return to Work Process or a WSIB Work Reintegration Plan or refuses a medically suitable position.

Authority for withholding the grant is vested in Vice President(s), Directors, Superintendents, in consultation with Human Resources, Labour Relations and the Manager of Heath Services & Rehabilitation.

12.5.5 Payment While in Receipt of WSIB Award

An employee in receipt of Total Temporary Disability (TTD) benefits will receive the supplementary grant for the entire period. Upon notification of the amount of the FEL award and/or LOE award the Company agrees to pay supplementary grant monthly on the FEL award and/or Loss of Earning (LOE) award for a maximum of 24 months. Any workers' compensation payments in excess of the FEL award and/or LOE award, excluding the Non-Economic Loss (NEL) award, shall be considered part of the FEL award and/or LOE award for purposes of calculating the supplementary grant. Upon request, the employee shall be paid out any outstanding vacation entitlement while payments are being processed.

For employees on rehabilitative employment the total compensation of FEL and/or WSIB Award plus rehabilitative earnings plus the Company supplementary grant shall not exceed 100% of the current rate of the pre-disability job.

If after 24 months in receipt of supplementary grant and a FEL award and/or LOE award the employee is still unable to return to work, he/she shall be placed on sick leave. The employee will continue to draw from his/her sick leave bank on a daily basis at the rate of half a day if the amount equal to the supplementary grant is equal to, or less than 4 hours, and a full day if the amount equal to the supplementary grant is greater than 4 hours per day. While on approved sick leave, however, the benefit level will be adjusted so that the total of any WSIB award and the sick leave benefit shall not exceed the employee's current base rate. Upon expiry of sick leave, if the employee is still unable to return to work, he/she shall qualify for LTD less any award, pension entitlement and/or any supplement from the Workplace Safety and Insurance Board (excluding NEL award) and/or the Canada Pension Plan.

12.6 Waiver of Posting or Selection

If at any time an individual who is in receipt of LTD or *Workplace Safety and Insurance Board* benefits is capable of returning to any further service with the Company or if a medically suitable position becomes available for an employee who is medically restricted while at work or on sick leave,

the Company will request, and the Union shall normally grant a waiver of posting or selection after considering all medically restricted employees eligible under the Rehabilitation and Re-Employment Policy.

13.0 HEALTH INSURANCE PLANS

13.1 Regular Employees, Pensioners and Regular Employees Receiving Workplace Safety and Insurance Board Payments

Subject to the condition that employees enroll their spouse and dependent children, the Company agrees to pay 100 percent (100%) of the premiums for:

Exception: Regular part-time employees shall be eligible for Health Insurance Plan coverage. Such employees will be required to pay costs of premiums (except OHIP) based on hours not worked divided by the regular hours of the classification. If he/she elects not to pay, coverage will not be provided.

1. OHIP – Covers medical and standard ward hospital services.

2. Supplementary Plan – Covers semi-private hospital services.

3. Extended Health Benefit Plan – Coverage details are contained in the current brochure entitled "Extended Health Benefits for Hydro One Inc."

4. Group Dental Insurance Plan – Coverage details are contained in the current brochure entitled "Supplemental Group Dental Benefits for Hydro One Inc. "

An employee may voluntarily discontinue coverage in plans 2., 3. and 4. Upon reentry, and depending upon the terms of each plan, a waiting period must be satisfied before services will be covered. This would not apply to changes relating to marital/dependents status.

Effective January 1 of each year of the collective agreement, dentist fees will be paid up to the amounts shown in the current ODA Fee Guide.

13.2 Probationary Employees

The Company will pay 100 percent (100%) of all claims and fees for all probationary and regular employees who are covered by the Semi-Private Hospital Accommodation Plan, Extended Health Benefits Plan and Dental Plan. Coverage will commence on the employee's Established Commencement Date and will cease on the employee's termination date.

The Company will pay 100 percent (100%) of OHIP premiums commencing the second month of employment.

14.0 PENSION AND INSURANCE

NOTE:

As a result of Re-Opener Negotiations and the subsequent Teplitsky Award dated June 15, 1998 and 2000 Negotiations, several revisions were made to the Ontario Hydro Pension Plan which were incorporated in the Hydro One Inc. Pension Plan.

The changes include:

Notional Account

In consideration for the Rule of 82, changes to indexing, and changes to survivor benefits each as described below, the Notional Account will be eliminated in respect of all members, former members and beneficiaries of the plan and the elimination shall be confirmed by the obtaining of all necessary orders (including an order varying the order of Mr. Justice Trainor dated November 4, 1991).

The union will take, on an expeditious basis, all steps as may be required in order to obtain the necessary orders and will support Hydro in any steps Hydro may be required to take. Each party shall bear its own costs.

Rule of 82

Effective July 1, 2000, any member who on the date of retirement is represented by the Power Workers Union may, on or after the first day of the month in which the sum of the member's age in years and years of continuous employment is equal to or greater than eighty two, receive a pension that is 100 percent of the member's earned pension computed in accordance with the rules of the pension plan, in particular, rule 6.

Indexing

Effective on the date the Notional Account is eliminated, the plan shall be amended, in respect of members and former members who immediately prior to termination of employment were members of the union, to increase pension benefits on January 1 of each year by 100 percent of the increase in the Consumer Price Index, up to a maximum of 8 percent per year. In the event that the increase in the CPI exceeds 8 percent, the increase shall be carried forward to future years. In the event that the CPI decreases, the percentage decrease shall be applied in determining subsequent increases in pension benefits. A decrease in the CPI shall not reduce pension benefits in payment.

Changes to indexing as described in this section are subject to the condition precedent that the Notional Account will be eliminated for all members and former members and confirmation thereof by order as set out above.

In the absence of such an amendment and elimination of the Notional Account, the pensions of members and former members who immediately prior to termination of employment were members of the union will be increased by 100 percent of the increase in the CPI effective January 1, 1999 and January 1, 2000 and the cost of such indexing shall be charged to the Notional Account in the same way as was done in respect of the increase on January 1, 1998.

Survivor Benefits

Effective July 1, 2000, pensions of survivors of members or former members who on the date their employment ceased were members of the union shall be based on 66 and 2/3 percent of the member's pension rather than 64 percent of the member's pension.

Contribution Holidays

The parties agree that they will jointly approach the Government of Ontario to amend the *Power Corporation Act* to permit the Corporation to take contribution holidays from April 1, 1998 to the earlier of the date the collective agreement expires or the date subsection 22(4) of the *Power Corporation Act* is repealed.

14.1 Changes to the Pension Plan

14.1.1 The present Hydro One Inc. Plan forms part of this Collective Agreement. The pension portion of the Plan is generally described in the current brochure "Your Hydro Pension Plan". Changes to the plan affecting employees within the jurisdiction of the Union shall be subject to the following:

1. Subject to 2, Hydro One Inc. shall not make rules which would change employee benefits unless upon mutual consent.

2. In the event of the enactment of any general pension legislation applicable to the employees of Hydro One Inc., amongst others, Hydro One Inc. may, after notification to the Union, effect amendment of the Hydro One Inc. Plan provided that the combination of benefits resulting from the Hydro One Inc. Plan as so amended and such legislation will not be less in the aggregate than the benefits now provided.

14.1.2 Pension items will be submitted at the time that regular amendments to the Collective Agreement are submitted and will be negotiated at the time of regular bargaining.

14.2 Pension Plan

14.2.1 The interest rate on contributions returned to terminated employees will be calculated as set out in the Hydro One Inc. Pension Plan.

14.2.2 Integration with Other Benefits: Pension disability to be discontinued upon implementation of LTD Plan. Those presently on pension disability to continue under the existing provisions.

14.2.3 In recognition of proposed benefit improvements the Union agrees that the value of any EI rebate shall accrue to Hydro One Inc.

14.2.4 Early Retirement – Without Discount

1. Effective January 1, 1981 employees with the following age/service combinations may retire early with no loss of accrued benefits:

   – Age 60 or over with 25 years' service.

   – Age 59 or over with 26 years' service.

   – Age 58 or over with 27 years' service.

   – Age 57 or over with 28 years' service.

2. Employees may retire without discount when their age and years of continuous service equals 82 or more.

3. Employees who do not qualify for an unreduced early retirement pension under 14.2.4(1.) or 14.2.4(2.) may retire without discount after completing 35 years of continuous service.

Early Retirement Discounts

Table 1		Table 2		Table 3	
All employees with 25 or more years' continuous service (except females hired prior to 1976)		**All employees with 15 or more but less than 25 years' continuous service (except females hired prior to 1976)**		**Female employees hired prior to 1976 with 15 or more years' continuous service**	
Age	**Percent Discount**	**Age**	**Percent Discount**	**Age**	**Percent Discount**
55	15	55	25	50	25
56	12	56	22	51	22
57	9	57	19	52	19
58	6	58	16	53	16
59	3	59	13	54	13
60	0	60	10	55	10
61	0	61	8	56	8
62	0	62	6	57	6
63	0	63	4	58	4
64	0	64	2	59	2
65	Normal Retirement	65	Normal Retirement	60-65	Normal Retirement

NOTE

The above factors apply to employees who do not otherwise qualify for undiscounted early retirement pension.

14.2.5 Early Retirement – With Discount

1. The early retirement discount factors shown in Table 1 are for employees with 25 or more years' continuous service (except females hired before 1976) who do not qualify for undiscounted early retirement pension.

2. All employees who terminate and vest their pension will be entitled to the same early retirement discount as set out under 1.

above provided they had completed 25 years' continuous service by the date of their termination.

3. The early retirement discount factors shown in Table 2 apply to all employees who have 15 or more but less than 25 years' continuous service, except females hired before 1976.

4. The early retirement discount factors shown in Table 3 apply to all female employees hired before 1976 who have 15 or more years' continuous service and do not qualify for an undiscounted pension.

14.2.6 Transfer of Pension Credits Between Reciprocal Employers and Hydro One Inc.

Providing the reciprocal employers agree, the pension credits may be transferred to and from the reciprocal employer and Hydro One Inc. if the affected employees have fully vested their pension credits with the former employer and were hired by Hydro One Inc./reciprocal employer within three months of the termination date. This provision allows retroactive application.

14.3 Group Life Insurance

The present Life Insurance Plan of Hydro One Inc. forms part of this Collective Agreement.

14.3.1 At the time permanent wage adjustments to base annual earnings (as defined in the insurance plan) are implemented, adjustments will also be made in insurance coverage as follows:

1. If the change is effective on or between the first calendar and the first fiscal day of the month, eligibility is established for the given month.

2. If the change is effective on any other day of the month, eligibility is established for the next month.

14.3.2 Life insurance coverage of $20,000.00 will be provided for employees who are required to work or travel in helicopters or aircraft. This coverage shall be in addition to the Group Life Insurance Plan.

14.3.3 Additional Employee, Spousal and Dependent Life Insurance

Effective July 1, 1994, eligibility under the Spousal Life Insurance Program in place as of April 1, 1994 will be extended to PWU represented employees. Effective July 1, 2001, eligible dependents will be eligible for life insurance coverage on the same basis as the Spousal Life Insurance Program at no cost to the Company.

At no cost to the employer, effective July 1, 2002, employees will have the option of purchasing additional term insurance in blocks of $10,000 to a maximum of $150,000 at rates established and with the conditions defined by the insurance company.

15.0 RETIREMENT

15.1 Bonus and Outstanding Vacation Payments on Retirement

1. An employee who has completed 10 years of continuous employment, shall be given, on retirement, a cash bonus equal to one month's pay. (In the case of a regular part-time employee, the one month's pay will be pro-rated as per Part A, Item 1.2.2.)

2. The employee on retirement shall also be given a cash payment for any outstanding vacation credits. The cash payment will be on the same basis as outlined in Part 'A', Section 6.6 – Vacation Payment on Termination.

3. If required by the Company to postpone his/her vacation for the year immediately prior to retirement, he/she shall receive a cash payment for that period. No payment shall be made for unused vacation for any other years.

15.2 Retirement While Ill

An employee who falls ill and is not able to return to work prior to the approved normal or early retirement date, shall, subject to approval by the Chief Physician, continue to be carried on the payroll as follows:

15.2.1 Sick Leave Grant Extends to or Beyond Retirement Date

If the sick leave grant carries the employee to or beyond the approved retirement date, the employee shall be retired upon being declared fit to return to work, or upon expiration of the sick leave grant, whichever comes first. The employee shall be given a cash payment in lieu of any outstanding vacation entitlement up to normal retirement date [see Subsection 15.1(2.) preceding], plus a bonus of one month's pay [if applicable, see Subsection 15.1(1.)].

15.2.2 Vacation Credit and Bonus Extends to or Beyond Retirement Date

If the sick leave grant expires prior to the approved retirement date, but part or all of the outstanding vacation credit (Part 'A', Section 6.6 – Vacation Payment on Termination) and bonus of one month's pay [if applicable, see Subsection 15.1(1.) preceding] carries to or beyond the approved retirement date, the employee shall be given a cash payment in lieu of any unused portion of:

1. The vacation credit accumulated up to the expiry of the sick leave; and/or

2. The month's bonus.

15.2.3 Sick Leave Grant, Vacation Credit and Bonus Expires Before Retirement Date

If the sick leave grant together with any outstanding vacation credit and month's bonus [where applicable, see the preceding Subsection 15.1(1.)] does not carry to the approved date, the case shall be referred to the Director of Health and Safety for a determination of the employee's eligibility for LTD.

15.2.4 Unused Vacation Credit for Preceding Year

An employee on sick leave grant which extends over the beginning of a calendar year may be allowed credit for any unused vacation for the preceding year, subject to the approval of the director, or official of equivalent or higher status with the concurrence of the Director of Health and Safety.

16.0 REDUCED HOURS OF WORK FOR EMPLOYEES WHOSE NORMAL HOURS OF WORK ARE 40 PER WEEK

Effective April 1, 1994, the base work week for 39.5 hour per week employees was reduced to 39.0 hours per week.

1. The normal scheduled and paid hours of work will remain at 40 per week.

2. Overtime rates will be paid for all hours in excess of normal scheduled hours.

3. This banked time may be taken on such days as the employee and his/her supervisor mutually agree upon following reasonable advance notice on the part of the employee.

4. Banked time may be taken off in a minimum of half-day (i.e., four-hour) increments.

5. Banked time accumulated in a calendar year must be taken by April 30 of the following year.

6. Where the employee is unable to reach mutual agreement with his/her supervisor to take his/her banked time entitlement (except when exhausting sick leave prior to LTD as noted in Part 'A', Item 12.2.1), unused banked time entitlement will be assigned on the last working day(s) prior to April 30.

7. Where an employee falls sick on his/her scheduled banked time off, that day will not be charged against his/her sick leave credits, but shall be treated as banked time off for pay purposes.

8. Banked time will not accumulate for any period of unpaid leave exceeding 40 consecutive scheduled hours. Scheduled days off will not be considered as breaking the consecutive nature of scheduled hours. Banked time will accumulate during a paid leave of absence and Pregnancy / Adoptive / Parental Leave.

9. When an employee terminates or when an employee is reclassified to a job where the normal hours of work are less than 40 hours per week, unused banked time will be paid off at straight time rates.

16.1 Alternate Hours of Work Arrangements

In the interests of promoting organization effectiveness whilst meeting the needs of employees, the local chief steward and the appropriate management designate may agree to Hours of Work Arrangements for a work group or crew other than the normal scheduled hours/days for purposes of using up banked hours only. Either party with reasonable notice may cancel or request a change to the hours of work arrangement. Where banking of time is the agreed upon arrangement, the provisions of 16.2 will apply.

The following organization effectiveness criteria will be considered to determine which hours of work arrangement including banking time is appropriate.

(i) Where possible, hours should be arranged to allow more flexibility for employees

(ii) Productivity levels overall will be maintained

(iii) Cost effectiveness e.g. impact on overtime, staff levels

(iv) Requirement for job coverage

(v) Effective work flow and interface among work units

(vi) Level of service to external and internal customers

16.2 Where an alternate hours of work arrangement has not been agreed to in 16.1, the employees will continue to work 40 hours per week, banking one hour per week at straight time subject to the following:

1. The normal scheduled and paid hours of work will remain at 40 per week.

2. Overtime rates will be paid for all hours in excess of normal scheduled hours.

3. Bearing in mind organization effectiveness and with reasonable advance notice on the part of the employee, this banked time may be taken on such days as the employee and his/her supervisor mutually agree. Banked time must be taken by April 30th of the following year.

4. Banked time for shift workers shall be rescheduled as part of the time balanced schedule. Should the parties affected by a particular schedule mutually agree otherwise, the banked days may be scheduled outside the shift schedule.

5. Banked time may be taken off in a minimum of half day (i.e. four hour) increments. By mutual agreement fewer hours may be taken off to accommodate abnormal situations.

6. Banked time will be calculated on a calendar basis. At that time bank time credits will be calculated and adjusted accordingly. Note: This represents a change in the period used for calculating banked time (i.e. from April 1 – Mar 31). Employees will not earn more or lose time as a result of this transition.

7. Where the employee is unable to reach mutual agreement with his/her supervisor to take his/her banked time entitlement (except when exhausting sick leave prior to LTD as noted in Part 'A', Item 12.2.1), unused banked time entitlement will be assigned on the last working day(s) prior to April 30.

8. Where an employee falls sick on his/her scheduled banked time off, that day will not be charged against his/her sick leave credits, but shall be treated as banked time off for pay purposes.

9. Banked time will not accumulate for any period of unpaid leave exceeding 40 consecutive scheduled hours. Scheduled days off will not be considered as breaking the consecutive nature of scheduled hours. Banked time will accumulate during a paid leave of absence, and pregnancy leave and parental leave.

10. When an employee terminates or when an employee is reclassified to a job where the normal hours of work are less than 40 hours per week, unused banked time will be paid off at straight time rates.

11. Within the calendar year, banked time may be taken off prior to it being earned. If an employee leaves a banked time arrangement having taken more time than time earned, the employee will pay back the unearned amount by one of the following methods:

i) vacation or floating holidays, and where applicable statutory holiday credit;

ii) payroll deduction – the employee may be required to provide written authorization for payroll deduction.

17.0 PAYMENT FOR ALLOWANCES

17.1 Temporary Instruction

17.1.1 Daily Allowance

An allowance of $30.00 per day or part of a day will be paid to an employee withdrawn from his/her normal duties for up to a maximum of thirty consecutive working days, to prepare for and/or to deliver classroom instruction or group demonstration.

Instructors assigned beyond thirty consecutive working days will be compensated at the regular Training Technician rate (Grade 65, Step 3), or 6% more than the individual's normal base rate whichever is greater.

Temporary Instructor requirements anticipated to exceed five months in duration but not greater than eighteen months shall be posted as Temporary Instructor vacancies (as per Article 10). Compensation will be at the regular Training Technician rate (Grade 65, Step 3), or 6% more than the individual's normal base rate whichever is greater.

These training delivery opportunities will be distributed as equitably as possible based on the skills necessary to carry out the training.

Employees so appointed who are required to give instruction outside of normal working hours shall be paid for this time at the appropriate premium rate in addition to the allowance/rate.

This allowance would not apply to:

- preparing and/or presenting a segment of his/her routine safety meeting
- on the job training given by an employee
- those employees whose normal duties include instruction
- any supervisor who is not removed from his/her normal duties and who receives greater than 5 percent more than those he/she supervises
- normal journeyperson to apprentice relationships
- the evaluation of performance on a specific training project as in the Electrical Maintenance Training Program.

17.1.2 Weekly Allowance

Those employees who are appointed to instruct Controller/Dispatcher Trainee along with their regular duties shall receive $50.00 per week bonus which is in compensation for the instruction and preparation of instruction material and for evaluating the performance and progress of the Controller/ Dispatcher Trainee on a continuing basis of at least one week's duration.

Employees so appointed who are required to give instruction outside of normal working hours shall be paid for this time at the appropriate premium rate in addition to the allowance specified above.

This allowance does not apply to:

- on the job training given by an employee
- employees whose normal duties include instruction.

17.2 Part B Employees (Maintenance Trades)

17.2.1 Apprentices Attending School

Where an apprentice is required to attend a trades school in order to qualify as a tradesperson, or where it is clearly in the Company's interest to have the apprentice attend such a school, the apprentice will be granted a living allowance equivalent to 75 percent (75%) of his/her normal earnings in addition to any government grant, while attending a vocational or trades school under the Apprenticeship Act.

17.2.2 Field Allowance

A field allowance of $25.00 per overnight stay will apply to all employees when working from bush camps or in northern communities in the Northeast and Northwest served by local diesel generation.

17.3 Part D Employees (Weekly Salaried)

17.3.1 Frontier Allowance

Regular weekly-salaried employees involved in construction who are absent from their headquarters for a period in excess of three consecutive weeks performing engineering and survey work in isolated locations in the Northeast and Northwest shall be entitled to a special 'Frontier' Allowance of $5.00 per week for the full period worked.

17.3.2 Remote Northern Communities

An allowance of $25.00 per overnight stay will apply to all regular employees in 'Protection and Control' when working in northern communities in the Northeast and Northwest served by local diesel generation.

18.0 HEADQUARTERS

18.1 General

Two classes of headquarters are established by the Company: work headquarters and residence headquarters.

18.2 Definitions

Work Headquarters – Regular: That location to which the employee normally reports in order to receive his/her daily work assignment or to perform his/her regular duties.

Work Headquarters – Temporary: The centre from which an employee is directed to work when carrying out all or part of his/her duties away from his/her regular work headquarters.

Residence Headquarters: The residence headquarters is that location within which or adjacent to which he/she is expected to reside or is assumed by the Company to reside for purposes of payment of allowances.

NOTE

The residence headquarters may or may not be the same location as the work headquarters.

Householder: Householder is defined as a person who maintains a complete dwelling.

18.3 Establishment of Headquarters

18.3.1 Work Headquarters

The Company may, at its discretion, establish work headquarters in any location for effective administration.

Notice Period – Overnight Absence at Temporary Work Headquarters: In the event an employee is assigned to temporary work headquarters and overnight absence is required, three working days' notice will be given. Notice will not be required where emergent conditions exist.

Penalty: Failure to provide notice as above will require payment of premium[4] rates for work performed from the temporary work headquarters until the notice period has expired. This provision does not apply to travelling crews.

4 Time and one-half for two hours, double time for next four hours.

18.3.2 Residence Headquarters

The establishment of residence headquarters will be dependent upon the presence of adequate living facilities at that location.

Residence headquarters for employees with no spouse or dependents may be any location where there are boarding facilities either Company or privately owned.

Residence headquarters for employees with a spouse and/or dependents may be any location where there is housing accommodation whether it be Company or privately owned.

NOTE

Such accommodation must be one at which it is reasonable for the employee to reside.

Establishment of New Residence Headquarters: When a residence headquarters is established in a location which was not previously so designated, the human resources manager shall advise Labour Relations who, in turn, shall advise the Union.

NOTE

The Union need not be advised on individual moves from one established residence headquarters to another.

18.4 Change of Headquarters Upon Transfer

18.4.1 Advice of Headquarters

An employee shall be advised, when employed or transferred, of the location of his/her residence and work headquarters.

18.4.2 Notice of Transfer

When employees with more than one month's service are transferred and a change of residence headquarters is involved, a minimum of one month's written notice shall be given. This shall not apply in the case of an employee being transferred as a result of an advertised vacancy or as a result of the Worksite Redeployment clause of Article 11.0.

18.4.3 Duration of Stay in New Residence Headquarters

Householder: A change in residence headquarters will not be made for a householder unless it would appear that he/she will be located at the new residence headquarters for a period of at least six months.

Living in Trailers: For those employees living in household trailers, moves for lesser periods than six months may be authorized at the discretion of the division or region concerned, bearing in mind the distance and economics involved.

19.0 TRAVELLING TIME OUTSIDE NORMAL WORKING HOURS

When a supervisor directs employees to travel between one work centre and another work centre, they shall be entitled in any calendar day to payment for travelling at the appropriate premium rate in accordance with conditions governing overtime up to a maximum of the number of hours which constitute a normal work day subject to the following:

1. Overtime will be paid when employees are required to drive a Company vehicle outside normal working hours unless being used exclusively for their own personal transportation.

2. When travelling by public transportation, travelling time shall be considered to include waiting periods beyond the employee's control up to a maximum of five hours; both preceding, during and subsequent to the travelling period, but excluding meal periods (one hour each) occurring during the waiting period.

3. When a berth or overnight accommodation is allowed and available, compensation shall not be made between 2300 hours and 0800 hours, nor shall the time spent for noon and evening meals (one hour each) be subject to compensation.

4. Normally selection interviews are conducted during employee's normal working hours. However, where it is unavoidable, and an interview is scheduled outside an employee's normal working hours, additional payment will be made at straight time for each hour spent in interviewing or travelling up to a maximum of a normal day's basic pay for each day involved.

5. No compensation for travelling time outside the normal working hours shall be made in the following circumstances:

   (a) For the first three hours travelling time each way when directed by his/her supervisor to attend a training course away from his/her normal work headquarters for five days or more. Payment for periods beyond the first three hours will be at straight time rates up to maximum of a normal day's basic pay.

   (b) For attendance at conventions (except where it is part of the employee's normal function).

   (c) When a change of residence headquarters and related transfer is involved, the employee will normally travel

during normal working hours without any loss of base pay. If the employee is required to travel on a regular day off, payment for travelling time will be made at straight time up to a maximum of the number of hours which constitute a normal work day.

(d) On periodic return to residence headquarters resulting from a permanent transfer, as outlined in Section 23.12.

(e) For a new employee reporting to some administrative centre or station for instruction or training before reporting for work at his/her new location.

6. Where the Company normally provides transportation facilities between residence headquarters and work headquarters for normal daily hours an employee required to work extension overtime will be provided free transportation to the residence headquarters.

NOTE

Equivalent time off without pay may be granted on the basis of an hour off for each hour spent travelling provided the workload permits.

20.0 COMPENSATION AT TEMPORARY HEADQUARTERS

During the term of this Collective Agreement, Management agrees it will not establish TWHQs that are less than 25 km from the regular work headquarters, with the following exceptions:

1. Within the Greater Toronto Area.

2. By mutual agreement between the Supervisor (FLM or Manager) and the PWU Chief Steward

It is understood that Management retains the right to deny employees the opportunity to commute to and/or from a TWHQ if there is a bona fide health and safety concern. Examples of such concerns are:

1. When the combination of work hours and commuting time would exceed 14 hours.

2. When there is extreme weather conditions.

20.1 Travel Outside of Residence Headquarters

When employees are directed to work at a temporary work headquarters which is outside of their residence headquarters, and when such headquarters is 50 kilometers or less from their residence headquarters, the

employee will be eligible to receive the commuting expense outlined below. When the distance is greater than 50 kilometers the employee may wish to commute daily rather than remain at the temporary work headquarters. When commuting, the employee may claim a daily travel expense on the following basis:

1. Where the temporary work headquarters is 50 road kilometres or less from the regular work headquarters: – $35.00.

2. Where the temporary work headquarters is greater than 50 road kilometres but less than 101 road kilometres from the regular work headquarters: – $55.00.

3. Where the temporary work headquarters is 101 road kilometres or more from the regular work headquarters: – $85.00.

Employees are required to be at their temporary work headquarters at normal starting time and remain until normal quitting time. Employees will normally arrange for their own transportation, however, employees being paid a daily commuting expense may be required to drive a Hydro One vehicle to the Temporary Work Headquarters rather than their own personal vehicle. In these situations, the employee is still entitled to claim the full daily commuting expense and transportation arrangements will be made to return them to their regular work headquarters. Any passengers are also entitled to claim the full daily commuting expense. The driver is not entitled to overtime payments.

Employees must inform their supervisor, prior to commencing the TWHQ assignment, whether they elect the daily travel expense or remaining at the temporary headquarters for TWHQ greater than 50 kilometers. Such elections are for a one week period or the duration of the TWHQ assignment if it is less than a full week. On an exception basis, and only due to extenuating circumstances, the employee can change his/her election. When this occurs, all that is changed is the daily travel expense (that is, one return trip) is exchanged for motel and meals (or vice versa) for each affected day. As well, on an exception basis, and only due to extenuating circumstances, the supervisor can change the employee's election to take the daily travel expense. When this occurs, all that is changed is the daily travel expense (that is, one return trip) is exchanged for motel and meals for each affected day.

When employees elect to stay at the temporary headquarters as outlined above they shall be:

1. Paid for time spent travelling on the first trip when the work headquarters is changed and the last trip when he/she returns to his/her regular work headquarters.

   While an employee is in receipt of benefits under Section 20.1, he/she will not be entitled to any of the provisions as set forth in 20.3.

20.2 Travel – Compensation When Assigned to Temporary Work Headquarters – Outside Residence Headquarters

It is often necessary for Company employees including those on transfer to work at temporary work headquarters which are at points distant from their residence headquarters.

Having due regard to the nature, importance, and length of the job and when practicable, the Company shall, within reasonable limits, reimburse the employee for expenses incurred in returning to his/her residence headquarters once each week. If an employee chooses to remain at the temporary work headquarters, the Company will pay the lesser of the cost of meals and accommodation or the cost of the return trip to his/her regular work headquarters.

This item does not apply to an employee in receipt of a daily commuting expense outlined in item 20.1.

20.3 Return to Residence Headquarters When Transferred to a Temporary Work Headquarters

Entitlement will be for the duration of the transfer (subject to postponement as per 20.6.2 below).

All travel time associated with return to regular headquarters will be outside the employee's scheduled hours of work. The employee will be entitled to payment for actual time spent travelling at straight time to a maximum of eight hours each way.

This item does not apply to an employee in receipt of a daily commuting expense outlined in item 20.1.

20.4 Assignments to Training Courses

Employees assigned to temporary work headquarters for training courses of five days or more will be compensated for expenses incurred in returning to his/her residence headquarters once each week.

No compensation shall be made for the first three hours of travelling time each way. Payment for periods beyond the first three hours will be at straight time rates up to a maximum of a normal day's basic pay.

This item does not apply to an employee in receipt of a daily commuting expense outlined in item 20.1.

20.5 Expenses – Outside Residence Headquarters

The Company shall assume, within reasonable limits, the cost associated with meals, travel and lodging while an employee is assigned to a temporary headquarters. Where possible, single room accommodation will be provided.

Board and lodging shall be supplied without charge if the employee is living in Company-operated quarters.

When employees are required to work away from their normal headquarters for three consecutive days or more in a week, they shall be entitled to claim $20.00 in compensation for laundry and long distance telephone calls home.

This item does not apply to an employee in receipt of a daily commuting expense outlined in item 20.1.

20.6 Qualifications to Above Policy

The return trips mentioned in Section 20.3, will be granted subject to the following conditions:

20.6.1 Scheduling of Trips

Return trips to residence headquarters shall be made at times when service or apparatus will not be jeopardized thereby except in case of emergency such as illness in the family or other matters highly important to an employee.

The Company will schedule the trip to meet the needs of the majority concerned or by mutual agreement where the work of some employees is dependent on the assistance or presence of other employees.

20.6.2 Postponement of Return to Residence Headquarters

If, at the end of a week, when a return to residence headquarters would normally take place, it appears that the job will be completed on or before Wednesday of the following week, the return trip may be postponed until the job has been completed. If work is not planned on the weekend, the employee will have the option of remaining at the temporary headquarters or claiming the equivalent cost of staying at the temporary work headquarters and make his/her own arrangements.

20.6.3 Use of Company Vehicles

The round trip to residence headquarters must be made within the scheduled non-working period. It must be made in a Company vehicle whenever the services of a suitable vehicle are available.

When a suitable Company vehicle is available, employees who do not avail themselves of these facilities will not be reimbursed for transportation expenses. Those who remain at the temporary work headquarters will be treated as if they were at residence headquarters.

When transportation by Company vehicle is not provided, the equivalent of public transportation costs or the standard kilometre allowance, whichever is lesser, will be authorized by his/her supervisor for an employee who

chooses to use his/her own car instead of public transportation for himself/herself alone or for carrying other employees as passengers.

This item does not apply to an employee in receipt of a daily commuting expense outlined in item 20.1.

20.6.4 Alternate Working Arrangements

In special cases when a temporary work headquarters is remote from public transportation, employees will be allowed to accumulate or "bank" overtime at straight time rates to a maximum of 40 hours in order to have extra time away from the job. Such permission shall only be granted when the majority of the affected employees agree. Each special case is subject to agreement between the PWU Executive Committee and Labour Relations.

When mutually agreed to by management and the local chief steward alternate hours of work (e.g. 7 days on 7 days off) may be established to allow employees to have extra time away from the job.

20.7 Alternative to Return to Residence Headquarters

The Company will consider paying travelling costs up to a maximum of the costs to residence headquarters when an employee wishes to go to some other location for personal reasons such as to join his/her family who are vacationing.

This item does not apply to an employee in receipt of a daily commuting expense outlined in item 20.1.

20.8 Travel Inside Residence Headquarters

When employees are directed to report for work at normal starting time at a temporary work headquarters which is within their residence headquarters, they will be paid a daily travel expense equivalent to the return road kilometres between the temporary work headquarters and the regular work headquarters, computed at the current standard kilometre rate. This travel expense will be paid each day the employee works at the temporary work headquarters. In addition to this daily travel expense, the employee shall be paid for time spent travelling on the first trip when the work headquarters is changed and the last trip when he/she returns to his/her regular work headquarters. Trades and Protection and Control staff, whose regular work headquarters is within the city of Toronto, shall be eligible for the commuting expense outlined in Part A Item 20.1 when assigned to a temporary work headquarters within residence headquarters.

20.9 When employees are directed to work at a temporary work headquarters as in Section 20.8 and the Company provides a vehicle for daily transportation, the above daily travel expenses shall be reduced by 50 percent (50%).

21.0 METROPOLITAN TORONTO BOUNDARIES

For purposes of payment of travelling allowances the boundaries of Metropolitan Toronto, for Company purposes, shall conform to the Toronto metropolitan area boundaries as recognized by the municipalities constituting Metropolitan Toronto.

NOTE

This does not affect other special settlements relative to moving allowance, meals, etc., presently in effect within the metropolitan area of Toronto.

22.0 KILOMETRE RATES

Kilometre rates paid to employees using their automobiles on Company business shall be as follows:

1. The rate paid per kilometre is related to changes in the Private Transportation Index component of the Consumer Price Index of Canada.

2. The rate of .40 cents per kilometre will take effect on June 1, 2000.

3. Future increases of one cent per kilometre will occur with each additional ten percent (10%) point increase from the base figure of 31.5 (1992 CPI = 100) in accordance with the formula described in a letter of agreement between The Company and the Union dated May 25, 1983.

4. Conversion factor is 1 mile = 1.6 km.

5. A decline in the index below the level of a previously surpassed trigger point for two or more consecutive months will result in a reduction in the paid rate to the appropriate amount.

6. The effective date for any new kilometre rate triggered by this indexing formula will be the first of the month following the month in which the index is published.

7. The additional payment for hauling household trailers will be nine cents per kilometre. The payment for hauling smaller trailers (camper, ski-doo, boat, etc.) will be three cents per kilometre.

8. The above rates will apply on a province-wide basis.

As a condition of employment, the Company does not require anyone to own a car. When transportation is required, the employee may, with the Company's approval elect to use his/her own car at the approved kilometre rate but if he/she does not elect to use his/her own car or if he/she does not

own a car, the Company will, if necessary, provide alternative transportation appropriate to the occasion. However, ownership of an appropriate driver's license may be a condition of employment in some situations.

23.0 TRANSPORTATION AND MOVING EXPENSES

23.1 General

Method of Transportation: The method of transportation and all expenses chargeable to the Company in moves of employees are subject to the control and approval of the Company.

Packing and Shipping Furniture: In view of the Company's willingness to pay for packing furniture, as well as transportation, employees usually will not be allowed time or travelling expenses to return from point of work in order to look after packing and shipping of furniture, subject to Subsection 23.5, Time Off For Move.

23.2 Notice of Transfer

Refer to Section 18.4.2.

23.3 Transfer of Temporary Employees

The Company will only pay necessary travelling expenses of temporary employees when they are moved from one location to another at the Company's request.

NOTE

The transportation of families and/or furniture of such employees will not be paid.

23.4 Appointment of New Probationary Employees

A new employee hired for a regular position in a location other than the point of hire will not ordinarily be recompensed for moving expenses.

NOTE

In exceptional cases, as part of the employment agreement, a director may pay all or part of the moving expenses of the employee and household to the location where the employee will be employed.

This rule applies to a new controller/dispatcher-trainee or a new apprentice who is being assigned to the first location.

NOTE

Costs of transporting the family of a controller/dispatcher trainee or of an apprentice to a new location during the training period will be paid, but costs of moving the household effects of a controller/dispatcher trainee or of an apprentice who is a householder will only be paid when they have attained two years' service or on the final move to a regular position.

23.5 Transfer of Regular Employees

The following instructions will apply to all regular employees subject to the following limitations: A controller/dispatcher trainee will be eligible when progressing satisfactorily with the training course, after the attainment of two years' service. Apprentices will be eligible upon successful completion of the learner stage of their development, i.e., when they become improvers. In the case of regular part-time positions, expenses for employees will be pro-rated based on the hours of the position into which they are moving except for moves governed by Article 11.20 in which case Part A, Item 23.0 applies in whole.

Householders: When the residence headquarters of a regular employee, who is a householder, is changed and the employee's work headquarters is moved 15 km further from his/her home and such employee has moved his/her household at least 15 km closer to his/her new work headquarters, the Company will pay the cost of:

NOTE

A householder is defined as a person who maintains a complete dwelling.

1. Transporting the employee and family.

2. The packing, freight or truck charges on household effects, among which will be included boats and second automobiles which are part of the personal effects of the employee.

NOTE

Items of this kind which are used for business farming or commercial purposes, as well as large boats such as houseboats which would require special transportation would not be included in moving expenses paid by the Company.

3. The cost of board and lodging for the employee's family while furniture is in transit.

Board and Lodging: The Company will also pay the expenses or board and lodging allowance for the employee as applicable under Part 'A', Section 23.15.

Part 'D', Job/Field Clerks: Moving expenses will only be paid when there is a minimum of six months' work available at an established work headquarters or on a special project for these employees who are householders.

NOTE

For regular employees living in household trailers, moves for lesser periods of time than six months may be authorized by the department head or construction manager concerned. In this connection the distances and economics must be carefully considered.

Incidental Out-of-Pocket Moving Expenses: Employees may claim a $4,500 allowance for miscellaneous out-of-pocket expenses required by the move. The requirement for supporting receipts and taxability of the allowance will be governed by Accounting Service Procedures.

Lease Termination: The Company will pay up to the maximum of two months rent towards the actual cost in terminating a lease.

Time off for Move: If regular employees who are householders are required to move their household to new residence headquarters on a regular scheduled day of work, they shall be granted one day off with pay to assist in the move.

NOTE

Extension of this time off with pay will be at the discretion of the director concerned.

Non-householders: When the residence headquarters of a regular employee who is a non-householder is changed, the cost of transporting the employee will be paid. A director, at his/her discretion, may authorize actual moving expenses to a maximum of $750.00 or a lump sum payment of $750.00 towards the cost of moving personal effects, including furniture. No reimbursement will be made for incidental out-of-pocket expenses.

NOTE

This section does not apply to controller/dispatcher-trainees nor to indentured apprentices with less than two years' service.

Kilometre: All employees described under the Householders and Non-householders sections may be allowed the regular kilometre rate for driving

the employee's car to the new location provided that such cost is not more than it would otherwise cost for transportation of the employee's family and for freight on shipment of the automobile.

NOTE

When the Company considers a preliminary trip to the new location is necessary for interview or for the employee to seek a house, the time, board and lodging and travelling expenses of the employee may be paid.

Legal and Real Estate Brokerage Fees: In addition to the provisions of the Householders and Kilometre sections, with the exception of employees and circumstances listed in Exceptions subsection below, regular employees who are householders, required by the Company to move their principal residence, shall be entitled to the following:

1. The Company will reimburse the employee up to $3,500.00 for legal fees and disbursements actually incurred in selling the old residence and/or buying the new principal residence, (legal fees will be in accordance with a standard recognized scale and could include such items as land transfer tax, survey and legal fees associated with arranging or discharging a first mortgage and mortgage appraisal fees).

2. The Company will reimburse the employee for standard brokerage fees up to $11,500.00 related to the sale of the old principal residence.

3. To qualify for payment of expenses involved in purchasing a new residence, the employee must give written notice at the time of his/her transfer that he/she intends to buy a residence.

4. If an employee sells a mobile home [i.e., a trailer designed and used exclusively as a residence which exceeds 2.6 metres (8.5 feet) in width or 10.67 metres (35 feet) in length], he/she is considered to have sold his/her residence.

5. When an employee's actual cost exceeds the maximum allowed in either 1 or 2 above the employee may utilize any surplus in the other item up to the maximum of $15,000.

Exceptions: Any transaction which is not commenced within one year of the date of the employee's transfer. Extension of this time period shall be at the discretion of a director.

Moves resulting from a demotion for cause.

23.6 Housing Assistance Plan

Eligibility for the Housing Assistance Plan is conditional on the employee abiding by all the requirements of the Housing Assistance Plan as listed below:

23.6.1 Application

23.6.1.1 The housing assistance plan applies to regular employees eligible under Item 23.5 who are subject to a forced transfer or who have received a written declaration that they are surplus.

23.6.1.2 The provisions of this policy are only applicable to the principal residence of the employee, but do not cover other commercial (income producing) properties, cottages which are not the principal residence, farms, commercial real estate holdings, tenanted properties (e.g. duplex or triplex), mobile homes on leased land, or residences with urea formaldehyde foam insulation (UFFI) or properties as defined in Item 23.6.1.3.

23.6.1.3 It will be the prerogative of the Company to reject an employee's application for Housing Assistance if the property is not an acceptable risk, with free and clear title.

23.6.2 Purchase Guarantee

23.6.2.1 The Company will provide a purchase guarantee based on an appraisal of the property's current worth by a group of up to three appraisers, to be selected by mutual agreement between Corporate Real Estate and the employee. The appraisals will be done at a time that is convenient to the employee and his/her family. Individual appraisals provided to the Company by the realtors/appraisers will not be disclosed to ensure objectivity for current and future appraisals.

23.6.2.2 The Company will not request appraisals until the employee is ready to list his or her house in the marketplace, providing this is within one year of the employee's transfer to the new work location, and the employee is prepared to abide by Subsection 23.6.2.4 and Subsection 23.6.3.1.

23.6.2.3 The employee must accept or reject the Company's Purchase Guarantee within five working days of its receipt. If the employee rejects the Purchase Guarantee, the Company has no further responsibility with regard to Housing Assistance or the Purchase Guarantee, however, the employee will still be entitled to the other relocation assistance benefits including 23.6.5.3.

23.6.2.4 If the employee wishes to participate in the Housing Assistance Plan, the employee must not list the property for sale until the Purchase Guarantee has been accepted.

23.6.3 Listing of Property

23.6.3.1 If an employee chooses to participate in the Housing Assistance Plan, by accepting the Purchase Guarantee, the employee will immediately list the property for 90 days on MLS (where such service is available) at a price not exceeding 107% of the guaranteed price.

23.6.3.2 Under the Housing Assistance Plan, the Company purchases an employee's principal residence in the former location at market value, if the employee is unable to sell it within 90 days. The house may be purchased by or turned over to the Company after 30 days if the house is vacant and the employee agrees with this action. The employee must put in writing that no real estate fees will be paid if the property is purchased by the Company.

23.6.3.3 The employee will retain the right to sell to a third party until such time as the property is purchased by or turned over to the Company for resale.

23.6.3.4 In order to assist the employee to dispose of the property expeditiously and at a fair market value, the employee must notify the Employee Relocation Administrator of all offers to purchase during the listing period. The Company may ask the employee to accept an offer which is lower than the Purchase Guarantee, whereupon the employee will be compensated for the difference between the Company's Purchase Guarantee and the amount of the offer. The employee's acceptance of any offer less than the Company's Purchase Guarantee is not mandatory and the employee will retain control of the sale of the residence throughout the listing period. All offers to purchase will be held in confidence by the Employee Relocation Administrator.

23.6.4 Sale of Property by the Company

23.6.4.1 The employee must be prepared to sign power of attorney authorizing the Company to sell property on the employee's behalf on the first day following the 90 day listing period. If the employee will be unable to vacate the premises at that time, the Employee Relocation Administrator must be notified.

23.6.4.2 The Company will pay to the employee the difference between the value of the property to the Company (Purchase Guarantee) and all existing encumbrances, including the advance of equity when the house is turned over to the Company or at the end of the 90 day listing period, whichever comes first.

23.6.4.3 When an employee applies for assistance under this procedure, he or she must declare under oath, if required by the Company, all encumbrances of any nature or kind whatsoever, including executions, chattel mortgages, and notices of conditional sales contracts which the employee is obliged to pay.

23.6.4.4 In consideration of the payment to the employee of the amount established in Subsection 23.6.4.2, the employee will complete a deed of sale of the property, conveying the same by good and marketable title, but subject to all existing encumbrances, to the Company or its nominee.

23.6.5 Advance of Equity

23.6.5.1 In order to provide the employee with funds for a deposit or down payment on a residence at the new location, an advance of up to 100% of the employee's equity (Purchase Guarantee minus encumbrances) in the employee's principal residence at the former location may be loaned to the employee by the Company.

23.6.5.2 If the employee accepts the Company purchase guarantee and sells his/her principal residence during the 90 day listing period, he/she is responsible for repaying the Advance of Equity to the Company within five working days of the closing date of the sale of the former residence. Failure to do so will activate the appropriate interest charges to the employee based on the Treasury Division's Published Interest Rate Schedule (employee housing loan five-year term) in effect on the closing date of sale. It is the employee's responsibility to repay the Advance of Equity to the Company within five days of the sale of the former residence, or within 90 days from the date of issue of the Advance, whichever comes first.

23.6.5.3 An employee who rejects the Company's Purchase Guarantee, may take advantage of the Advance of Equity option. If the former principal residence is not sold within 90 days of the date of issue, the employee must pay interest to the Company at his/her own expense commencing on the 91st day. The interest rate will be based on the Treasury Division's Published Interest Rate Schedule (employee housing loan five-year term) upon the expiration of the 90-day period. It is the employee's responsibility to repay the Advance of Equity to the Company when the former residence is sold, or within 180 days (six months) from date of issue of the Advance, whichever comes first.

23.6.6 House Evaluation and Guarantee Plan

Upon subsequent transfer within the Company, an employee will be guaranteed his/her purchase price up to a maximum of four times his/her base salary at the time of the transfer (plus or minus $3,000 for improvements or damages to the property). This guarantee will be for

a period of ten years from the date of purchase. Improvements must be verified by receipts and do not include normal painting, decorating and maintenance costs. An employee may not sell his/her house for less than the guaranteed amount without the consent of the Company.

If an employee contracts to have a house built in the new location, the Employee Relocation Administrator, Corporate Real Estate, must arrange for an appraisal of the new principal residence upon completion to establish the "guarantee amount".

If an employee who is eligible for the House Evaluation and Guarantee Plan rejects, or does not qualify for, the Company's Housing Assistance Plan, the following stipulation will apply. The employee must not sell to a third party for a price less than the employee's original purchase price, unless the sale price is approved by the Employee Relocation Administrator, Corporate Real Estate.

The price level guaranteed by the House Evaluation and Guarantee Plan will be modified downwards in the event of a significant reduction in the level of real estate prices throughout Ontario.

23.7 Transfer of Regular Employees – Staff Reduction and Recall Procedure – PWU Agreement – Article 11

No moving expenses will be paid for an employee being recalled to a vacancy.

Recall shall include employees who are reclassified from a lower classification to their original classification as well as employees who have terminated employment and are recalled.

When regular employees who, with the approval of the region or division are occupying a house or a trailer on Company property or a site under control of the Company, become surplus and are unable to transfer under Article 11 but are laid off, they shall, if required by the Company to move, be reimbursed under Section 23.5 or 23.7, whichever is applicable, in an amount equal to the cost of a move back to the regional office or to the actual location to which the employee desires to move, whichever is the lesser.

23.8 Use of Trailers

Special Trailer Allowance: Regular employees entitled to moving expenses who are moving to sites that do not have convenient facilities for parking household trailers will be entitled to a special trailer allowance of $150.00. Such facilities include blocking up of trailers, hook-up of water, sewage, electricity and the like.

NOTE

Employees moving to established trailer parks, either privately owned or on Company property, will not be entitled to this special allowance.

At Temporary Headquarters: Regular employees who desire to live in a trailer while working away from their residence headquarters may do so with the approval of the department head.

When moving the trailer from one temporary location to another temporary location, the employee will be allowed the cost of only public transportation unless the employee is using his/her car for Company purposes, in which case the standard kilometre rate will be allowed.

At Residence Headquarters:

1. When a regular employee lives in a trailer and moves it to the new residence headquarters by car, payment shall be:

   (a) In addition to the authorized car kilometre rate, a sum equal to nine cents per kilometre for moving by the shortest practical route between the two residence headquarters.

   (b) Normal living expense en route for the employee and immediate family.

   (c) The special trailer allowance of $150.00 will be paid.

NOTE

Incidental out-of-pocket moving expenses will not be paid.

2. When an employee lives in a trailer but does not own a car or feels that the car is not suitable to pull the trailer:

   (a) The Company will arrange for the moving of the trailer by the most economical method.

   (b) The employee will be responsible for arranging a new location for the trailer.

   (c) The employee and/or family will not occupy the trailer while in transit.

   (d) Transportation expense will be supplied in the same manner as if the employee were moving from one house to another except that incidental out-of-pocket moving expenses will not be paid.

(e) The special trailer allowance of $150.00 will be paid where applicable.

3. When an employee who lives in a trailer, decides to live in a house at the new location:

(a) Personal effects and furniture excluding the trailer will be moved.

(b) The employee and family will be supplied transportation in the usual manner.

(c) The employee may claim a $4,500 allowance for miscellaneous out-of-pocket expenses required by the move. The requirement for supporting receipts and taxability of the allowance will be governed by Accounting Service Procedures.

4. When an employee who lives in a house decides to live in a trailer at the new location, payment shall be either:

(a) Moving expenses for furniture and family, but not trailer, if the employee desires the furniture shipped, or

(b) Expenses as outlined in residence headquarters Subsections 1. and 2., if furniture is moved in the trailer.

(c) The special trailer allowance of $150.00 will be paid where applicable, but the disturbance allowance will not be paid.

NOTE

The Company will not accept responsibility for any damage to an employee's trailer and/or contents while in transit under any of the circumstances mentioned in Subsection 1.5.

23.9 Transfer to Non-Supervisory Vacancies: Other Positions

Where management requests an individual employee to submit his/her application to a "Non-Supervisory Vacancy: Other Positions" to a particular location, moving expenses as outlined in Subsections 23.5 and 23.7 will be paid.

The payment of moving expenses to employees who are being transferred at their request and entirely for their own accommodation will be at management's discretion.

23.10 On Retirement

A regular employee on retirement shall be reimbursed under Subsection 23.5 or 23.7, whichever is applicable, in an amount equivalent to the cost of the move to any location in Ontario in which the employee desires to settle if:

1. A house or trailer is occupied on Company property or a site under the Company's control; and

2. The Company requires the move.

23.11 Allocation of Moving Expenses

When an employee is moved from one location to another, the expenses involved shall be charged to the location to which the employee is moved except in the case of a move of a retiring employee occupying a Company-owned house. In this instance the expenses shall be charged to the residence headquarters at the time of retirement.

23.12 Return to Residence Headquarters on Permanent Transfer

An employee permanently transferred to a new residence headquarters will be reimbursed for expenses incurred in returning to his/her old residence headquarters once each week until he/she moves his/her family to the new location. The maximum period of entitlement will be four months from the date of transfer to the new residence headquarters unless extension is authorized by the appropriate director.

Entitlement shall cease when the employee moves his/her family to the new location.

All travel time associated with the return to residence headquarters will be outside the employee's scheduled hours of work.

The employee will not be entitled to claim payment for travel time.

23.13 Conditions of Return Trip

The return trips mentioned in Section 23.12, will be granted subject to the following conditions:

23.13.1 Scheduling of Trips

Return trips to residence headquarters shall be made at times when service or apparatus will not be jeopardized thereby except in case of emergency such as illness in the family or other matters highly important to an employee.

The Company will schedule the trip to meet the needs of the majority concerned or by mutual agreement where the work of some employees is dependent on the assistance or presence of other employees.

23.13.2 Use of Company Vehicles

The round trip to residence headquarters must be made within the scheduled non-working period. It must be made in a Company vehicle whenever the services of a suitable vehicle are available.

When a suitable Company vehicle is available, employees who do not avail themselves of these facilities will not be reimbursed for transportation expenses. Those who remain at the temporary work headquarters will be treated as if they were at residence headquarters.

When transportation by Company vehicle is not provided, the equivalent of public transportation costs or the standard kilometre allowance, whichever is lesser, will be authorized by his/her supervisor for an employee who chooses to use his/her own car instead of public transportation for himself/herself alone or for carrying other employees as passengers.

23.14 Alternative to Return to Residence Headquarters

The Company will consider paying travelling costs up to a maximum of the costs to residence headquarters when an employee wishes to go to some other location for personal reasons such as to join his/her family who are vacationing.

23.15 Board and Lodging

23.15.1 General

The payment or nonpayment of board and lodging (or living-out allowance in lieu thereof) shall be predicated on separation or non-separation from the employee's Residence Headquarters as defined in Part 'A' Item 18.0.

NOTE

No free board and lodging shall be given to employees while they are located in their residence headquarters except where camp facilities are provided.

When Applicable: Board and lodging allowance is only applicable when the employee is absent from residence headquarters for more than one month.

For periods of time up to one month, the employee is entitled to submit an expense report for actual expense incurred.

23.15.2 Rate of Allowance

The board and lodging allowance shall be $45.00 per day.

Statutory Holidays and Vacation: Board and lodging will be allowed for statutory holidays.

During annual vacation period, lodging expenses only will be allowed, whenever it is necessary for the employee to retain this lodging for use after vacation, and approval has been obtained from the department head.

NOTE

If, under certain circumstances and local conditions, the standard rate is considered inadequate, and it would result in undue hardship to the employee, a higher weekly limit, commensurate with existing conditions, may be set with the approval of the vice-president or the general manager concerned. In this case, the request must be supported by vouchers.

23.15.3 Absence from Residence Headquarters

Board and lodging shall be supplied without charge if the employee is living in Company-operated quarters.

Employees are eligible to claim $20.00 in compensation for laundry and long distance telephone calls home when away from their normal headquarters for three consecutive days or more in a week, in addition to actual expenses claimed or any board and lodging allowance received due to a change in residence headquarters in accordance with 23.16.

23.16 Change of Headquarters

23.16.1 Regular Employees – Householders

A regular employee shall be paid expenses up to a maximum period of four months as follows:

Actual expenses for up to one month from the date of actual transfer to the new location, and thereafter the standard board and lodging allowance until the time the household is moved to the new location.

NOTE

Such an employee must be a householder and entitled to the payment of expenses as outlined in Part 'A' Item 23.0.

Extension of Allowance: Payment of any allowance beyond the period of four months must be authorized by the appropriate director.

Eligible Employees: Payment of this allowance will be made only to an employee who indicates an intention to move to the new location.

If the employee fails to move within the time limit, any cash allowance paid in lieu of board allowance shall be recovered by the Company unless the reasons for not moving were beyond the control of the employee and/or the employee actually did board in the new location during this period.

23.16.2 Non-householders

An employee who is a non-householder shall be permitted actual expenses to a maximum of up to one month, after which no allowance will be made.

23.17 Apprentices

If transferred to a new headquarters upon completion of the training course, the apprentice shall receive allowances as provided for a non-householder in Section 23.16.2.

24.0 PROMOTIONS

Promotion means a change to a new job which carries a higher maximum salary schedule rate (base rate) or a higher salary grade resulting from an increase in job demands and responsibilities within a job. (See also definition in Article 10.1.5 (C))

24.1 Part D (Weekly Salaried)

24.1.1 Promotion Rule

Object: The object of the rule is to ensure, on promotion, an increase in salary to compensate for an increase in job demands and responsibilities.

1. On promotion, the employee's rate is to be set at the lowest progression step (in the salary grade for the job) which will give a minimum increase of three percent (3%) above the employee's existing basic rate.

2. In the case of single grade promotions (or the equivalent under Pay Equity) the following will apply:

   - If at step 1 of the current grade, go to step 1 of the next grade.
   - If at step 2 of the current grade, go to step 1 of the next grade.
   - If at step 3 of the current grade, go to step 2 of the next grade.

3. In cases where 24.1.1(2) does not result in at least a three percent (3%) increase, a rate that reflects not less than a three percent (3%) increase from their current rate will be paid. This interim

rate will continue in effect until the next anniversary date at which time the employee will resume his/her place on the current salary schedule. This rate will be the next step in the salary grade which guarantees an increase of at least one and one half percent (1.5%) from the interim rate.

NOTE

An employee who is affected by such an "off-schedule" rate will be affected only once during his/her progression to the top step of his/her job. In no case will the rate be more than the maximum rate for the job grade.

24.1.2 Payment of the Salary Grade for the Job

On promotion, the employee will be placed directly in the salary grade for the job, except in training situations under the Clerical-Technical Plan (where an employee may be advanced gradually through the appropriate training job levels to the terminal job grade). He/she will be granted the progression step required by the promotion rule, except where a higher progression step is being granted for previous experience (Subsection 24.1.5).

24.1.3 Promotion from Hourly-Paid to Weekly-Salaried Jobs

The promotion rule applies in the case of an hourly-paid employee being promoted to a weekly-salaried job.

The rule does not apply in the case of a weekly-salaried employee being promoted to an hourly job.

24.1.4 Payroll Rates in Excess of Approved Job Grades

When an employee is being paid a special rate (such as results from restructuring of jobs, retrogression, implementation of new salary plan, or salary guarantee) which exceeds the appropriate rate for the job he/she holds, he/she should on promotion:

1. Continue to be paid the special rate, or

2. Be paid the progression step resulting from application of the promotion rule to the appropriate progression step in the approved grade of his/her former job, whichever is higher.

24.1.5 Previous Experience

Where an employee being promoted has had previous applicable experience in a higher level job but was demoted for reasons other than cause or inability, a higher progression step than is indicated by the promotion rule may be chosen by the Company.

24.1.6 Relief Situations

In relief situations where less than the normal duties are being performed and a lower salary grade has been established for the relief period, the promotion rule will be used to establish the appropriate progression step or off-schedule rate in the lower salary grade.

24.1.7 Progression Following Promotion

Progression dates shall be calculated from the date of appointment or promotion date to the position. Subsequent salary adjustments shall occur at 12-month intervals from the appointment or promotion date.

25.0 JOINT COMMITTEES

25.1 Joint Pension Committee

1. **Scope:** To monitor the administration and the financial status of the Pension Plan covering all plan members and to recommend changes as set out below:

2. **Personnel:** The "Joint Pension Committee" shall meet at least twice a year or as requested by either party and shall consist of the following members:

   – three PWU members
   – three Company management members

   Each party will have the right to have a reasonable number of resource personnel attend the meeting.

   The chair will rotate between Hydro One Inc. and PWU, one meeting each.

   Every effort will be made to reach unanimous decisions. In the event that a unanimous decision cannot be reached, decisions will be by a vote of a majority of members representing both PWU and the Company.

3. **Function:** In an advisory capacity with access to the necessary information: (This is limited in that it does not apply in respect of information as to the service, salary, pension benefits or other personal information related to any specific person without that person's prior consent.)

   Pensions

   (a) Monitor Hydro One Inc.'s administration of the Pension Plan as established under associated regulations and rules, and applicable legislation.

(b) Make recommendations respecting the administration of the Pension Plan.

(c) Promote awareness and understanding of the Pension Plan on the part of Plan members.

(d) Review the Company's approved annual financial statements and investment performance.

(e) Review the Company's approved Actuarial Valuations of the Pension Plan and discuss the need for assumption changes.

(f) Identify potential benefit changes and discuss cost and other implications. Committee recommendations for benefit level changes will be subject to ratification of the respective parent bodies.

Life Insurance

(a) Review the financial position, premiums and taxable benefits of the life insurance provisions of the Plan.

(b) Identify potential benefit changes and discuss cost and other implications. Committee recommendations for benefit level changes will be subject to ratification of the respective parent bodies.

25.2 Joint Health and Safety Consultation

The parties will consult regularly on corporate level employee health and safety matters. The following two joint committees will be established to facilitate this consultation.

25.2.1 Joint Health and Safety Policy Committee

The Joint Health and Safety Policy Committee provides a forum for the parties to consult regularly on corporate level employee health and safety matters.

1. Goal

To participate in the formation of health and safety strategy and policy by providing information and opinion from the Union to the Company's executive on employee health and safety.

***2.* Personnel**

Two Management Representatives
Two Power Workers' Union Representatives
Two Society Representatives

The Chair will rotate between Management, Society and Power Workers' Union

3. Function

(a) Identify problems and issues of Company significance which have not been resolved in the Joint Health and Safety Working Committee.

(b) Review proposed initiatives and advise the corporate executive.

(c) Provide direction/assignment/scope of project initiatives to the working committee or adhoc committees for execution.

(d) Evaluate existing policy and advise the corporate executive on recommended changes. This function applies particularly to safety rules and work protection code.

(e) Develop Joint Policies on Health and Safety

i) Authority to Stop Work

(f) The committee will meet two times per year or as mutually agreed.

25.2.2 Joint Health and Safety Working Committee

The Joint Health and Safety Working Committee represent Management, Society and PWU members within Hydro One.

1. Goal

(a) Provide recommendations to assist the Health and Safety Division in the development, promotion, implementation and evaluation of Hydro One employee health and safety policy and programs.

2. Personnel

Three Management Representatives
Three Power Worker Representatives
Three Society Representatives
The Chair will rotate between Management, Society and Power Workers Union.

3. Function

(a) Participate in the identification of problems and issues of Company significance in employee health and safety policy and practice.

(b) Participate in the development, promotion and implementation of Company health and safety programs.

(c) Study, develop and make recommendations for changes to the corporate safety rules and work protection code. This function can be delegated to an ad hoc group.

(d) The committee will normally attempt to resolve issues of mutual interest before seeking intervention by senior management or the Joint Committee on Health and Safety.

(e) The committee will meet quarterly or as mutually agreed.

25.3 Joint Trades Classification Committee

A joint committee shall be established on the following basis:

1. **Name:** Joint Trades Classification Committee.

2. **Personnel:** Maximum of three appointees from each party.

3. **Function:** To study and formulate descriptions and duties of all hourly-rated and weekly-rated trade classifications on wage schedules 24, 25, 27, 31, and 32, presently not included in Mid-Term Agreement MT-4, but not to produce a job evaluation or ranking system.

   The committee will commence its work within one month after the settling of the 1972 Collective Agreement and shall meet regularly until the task is completed.

4. **Limits of Authority:** The committee shall work within the recommendations, preamble and occupational format agreed to previously.

   The results of this committee's activity shall be subject to acceptance and ratification by the Union and the Company at the negotiating level.

5. A copy of all occupational definitions will be made available to each employee through his/her contact supervisor.

6. The Joint Trades Classification Committee shall ensure that duties for trades jobs are defined. Their focus will be on the development of documents describing job duties, and will not consider or establish compensation for these jobs. There is a need for direct line management involvement to determine current and future duties. The Committee should also work towards developing a system which will allow definitions/documents to be produced quickly and easily to facilitate responsiveness to changing needs.

25.4 Joint Diversity Committee

1. **Objectives:** (a) To provide a joint forum for work on Corporate Employment Equity, Human Rights and Diversity policies, and/or associated Corporate issues. (b) To participate in making and bringing forward recommendations and providing advice to the Vice-President, Corporate Human Resources on Corporate policies and plans impacting on equity in the workplace and Corporate issues arising from the Employment Systems Review. (c) To participate in making and bringing forward recommendations to the PWU Executive on equity issues in the workplace which fall within their jurisdiction.

2. **Personnel:** The committee will be structured to provide two Company representatives and two Union representatives. Each party is entitled to one alternate.

3. **Function**:

   3.1 Meet and exchange information regularly to ensure that the committee is informed of progress on initiatives undertaken by the Corporation and the Union. Each party will identify and bring forward emerging Corporate issues for discussion.

   3.2 The committee will work together to formulate recommendations by:

      (a) Working to meet the work program deliverables as identified below within required timelines.

      (b) Discussing options and their impacts in meeting the work program deliverables (including obtaining input through consultative forums – see below).

      (c) Attempting to agree on recommendations acceptable to all parties and for delivery to the Vice-President, Human Resources and/or the PWU Executive where appropriate.

   3.3 Where agreement cannot be achieved, each party will communicate expeditiously their position to the Vice-President, Human Resources before Corporate decisions are made.

4. **Work Program** – to be established annually.

5. **Responsibilities:**

   5.1 **Consultative Forum** – To provide input to the committee on work program deliverables as follows:

(a) Management members will ensure input is received from line management and non-represented staff members.

(b) The Union members will ensure input is received from their constituencies.

(c) The committee will also seek input from advocacy groups and designated group members on issues as required.

5.2 **Support Resources** – Committee to determine needs (administrative, research, preparation, etc.) and arrange as required. Treatment will be as per the collective agreement.

5.3 Management is responsible for time and expenses, except for union staff time, associated with the work program of this team.

5.4 At the end of each year, the parties will review the Terms of Reference and make recommendations for the coming year.

25.5 EHB/WSIB/LTD Committee

The Committee would be comprised of:
Power Workers' Union
Health Services & Rehabilitation
Compensation and Benefits Department

A. To review existing and future LTD applications to ensure they are receiving the required medical attention and the possibility of returning them to the workforce.

Terms of Reference:

1.0 Develop a questionnaire for employees not in receipt of CPP disability.

2.0 Review returned questionnaires to determine if any employees can be placed on immediate vocational rehabilitation.

3.0 Determine if an independent medical evaluation is required before attempting vocational rehabilitation.

4.0 Review existing procedure for LTD applications.

5.0 Develop a roster of physicians to use in the process.

6.0 Forward recommendations for process improvements to Director, Compensation and Benefits/Chief Physician.

B. Review/Update – To meet, on a regular basis (e.g. semi-annually), to discuss and/or resolve issues associated with the following processes:

(a) Long Term Disability
(b) WSIB
(c) Sick Leave
(d) Drug Formulary

25.6 Joint Employee and Family Assistance Committee

1. **Goal:** Provide recommendations to assist the Company and the Union in the development, implementation and evaluation of employee and family assistance policy and programs.

2. **Personnel:**

(a) Chair: The Chair shall rotate on a yearly basis.

(b) Members:

- Representative from the Company
- Two (2) PWU representatives and one staff advisor.

(c) Secretary: The secretary shall be supplied by the Company.

3. **Function:**

3.1 Participate in the identification of problems and issues of significance in employee and family assistance policy and practices.

3.2 Participate in the development, promotion and implementation of employee and family assistance programs throughout the province.

3.3 On an ongoing basis study, develop and make recommendations for change to the Company emloyee and family assistance program. This function can be delegated to the sub-committee by mutual agreement.

3.4 The committee will normally attempt to resolve issues of mutual interest before seeking intervention by the Senior Joint Union/Management Committee.

25.7 Controller/Dispatcher Consultative Committee

The Controller/Dispatcher Consultative Committee, established in 1954, shall continue to act under the following terms:

1. Personnel:

Maximum of three appointees from each party.

2. Function:

To act as a liaison between the Company and the employees in the field for the purpose of exchanging information relating to changing conditions as they affect controller/dispatchers.

To discuss mutual operating problems of a general nature which arise from time to time.

Any program developed by the Company to establish standards of qualifications for operating positions will be a matter of Union advisement as to progress and discussion.

The committee may be convened at approximately three-month intervals to deal with agenda submitted by either the Union or the Company and acceptable to both parties as being within the scope of the committee's function.

3. Limits of Authority:

It is understood that this committee will meet to discuss general operating problems of common interest to the Union and the Company and shall not have bargaining power or authority to amend existing policy, or interpret collective agreements. Any recommendations which arise as a result of discussions shall be presented separately to the Union and to the Company by their respective members.

26.0 DISTRIBUTION OF AGREEMENT AND WAGE SCHEDULES

This Agreement shall be printed as soon as practicable after the date of signing and made available by the Company to the Union in sufficient quantities for distribution to its membership.

27.0 TIME CHARGES – UNION ACTIVITIES

27.1 Time Charges and Expenses – Union Representatives

Time off and expenses for Union officers will be granted in accordance with Mid-Term Agreement MT-3.

27.2 Time Charges for Employees On Union Business

When the time of employees on Union business is payable by the Union, such time shall be charged at normal rates of pay. The normal payroll burden without the administration charge of ten percent (10%) will be applicable only for Union releases in excess of five consecutive days.

27.3 Roles and Responsibilities of Chief Stewards

As Hydro One Inc. evolves into the new regulated and competitive marketplaces, it is important that the Company leverages its position by defining as clearly as possible Principles to anchor the relationship between the elected PWU representatives and Management.

(i.) Mutual Recognition of Respective Roles and Responsibilities

- A recognition that the Chief Stewards provide an important role in the success of the Company.
- A recognition that Chief Stewards are Hydro One employees as well as PWU representatives.
- As time away from the job increases, loss of skills may be an issue. As such, the Company will provide reasonable re-training to replenish these skills.
- It is recognized that there will be differences between the Parties. In these cases, respective opinions can be expressed, however, they should be communicated in a professional manner.

(ii.) Chief Stewards are accountable for their time.

- It is understood that Chief Stewards will be required to be away from their Company job.
- Time away from the job will be dependent upon the Chief Stewards' specific issues, number of committees, size of membership, geographical factors, etc.
- Chief Stewards have an identified supervisor. As in any employee-supervisory relationships, the Chief Steward will advise their supervisor as to what activities they will be involved in, in generic terms (some issues are confidential). They will have vacation days approved and sick days reported.
- Chief Stewards should schedule their PWU activities with consideration for their Company job. Any unallocated time will be spent performing their Company job.

(iii.) Chief Stewards play an important role in Communication.

- Where feasible, joint communications are encouraged for initiatives that affect PWU employees.
- Joint training is encouraged in roll-out initiatives that impact PWU employees (e.g. Gainsharing, collective bargaining roll-out).
- Consistent messages are important.
- There will be a need to review these principles.

28.0 EYE PROTECTION

Approved eye protection shall be supplied to individual prescription to all employees who normally wear glasses and are required to wear eye protection for an appreciable amount of time in the performance of their duties.

29.0 PERSONAL TOOLS

29.1 General

Employees in trade categories and designated weekly-salaried categories will provide at their own expense, the ordinary hand tools of the trade. These tools are listed in the appropriate occupational definition/job document and must be of at least industrial quality, which permits employees to perform their work safely, efficiently and to the standard ordinarily demanded in any given trade. (Owing to the marked differences in the nature of work performed by employees who are classified in the same trade category, it is unreasonable to expect a tradesperson to possess or have on the job, every tool listed for his/her trade. Learners and Improvers must acquire any of the tools listed as and when his/her work demands their use. Employees are encouraged to buy tools which carry a lifetime guarantee.) Tools which are required for equipment of special types, which are peculiar to certain locations as well as tools that fall in the class of shop equipment, will be supplied and maintained by the Company. These, and similar types of tools, have been purposely omitted from the lists.

29.2 Tool Replacement/Upgrading

Each employee, as described in, 29.1 will be allowed 8% of the personal tool list retail price calculation per calendar year for tool replacement or upgrading (metric tools included as upgrades) based on his own tool list as defined in the Occupational Definition. A minimum allowance of $50.00 per year for each employee in each classification is available. For those entitled to the minimum allowance of $50.00, the unused portion for one year may be carried forward to the following year to a maximum of $50.00.

To qualify for any reimbursement receipts must be accumulated and submitted for amounts in excess of $50.00. For amounts of less than $50.00 these receipts should be submitted at the end of the year.

29.3 Loss by Fire or Theft

Personal tools which are stolen, are destroyed or damaged by fire to an extent which renders them unusable, will be replaced by the Company. These losses must be incurred in the exercise of Company business and on Company property, except where they occur on or at non-Company locations in the exercise of Company business. Small or inconsequential losses would be recovered through 29.2.

30.0 SPECIAL CLOTHING FOR EMPLOYEES

30.1 General Policy Regarding Work Clothing

Except where provided by the Company in accordance with this Collective Agreement, employees must provide at their own expense suitable clothing for the performance of their regular duties. In general, clothing must be suitable for the safe and efficient performance of the work but need not be uniform in appearance.

So far as is consistent with standard stores' policy, the Company will purchase certain types of work clothing in bulk for resale on the most favourable terms possible to employees requiring them in connection with Company work.

30.2 Special Clothing That May Be Provided at Company Expense

Subject to certain conditions outlined herein, special clothing may be obtained at the expense of the Company for issuance to employees under the following conditions:

30.2.1 Where Uniform Appearance is Required

Where uniform appearance is required by the Company as in the case of certain receptionists, guides, messengers, drivers, and security guards uniforms will be provided.

30.2.2 For Work Outside of the Employee's Regular Routine Duties

A limited number of rainproof coats and hats may be obtained and kept available at construction headquarters, attended stations, etc., for persons who normally work indoors but who are occasionally required to work out of doors under adverse weather conditions, as for example when working during emergencies, operating switches, cleaning racks, etc.

Clothing supplied at stations should be limited to one or two coats and hats, depending upon the number of employees.

30.2.3 For Normal Work Which Must be Performed Occasionally, Under Extreme Conditions

Hip or knee length rubber boots and weatherproof coats and hats may be obtained and issued temporarily to construction workers, maintenance workers, and labourers when required to work in extremely wet locations or under adverse weather conditions.

One or two rainproof coats and hats, depending upon the number of employees involved, may be provided for each line, forestry and maintenance

truck or gang for use in emergencies when workers could not be reasonably expected to have protective clothing available at all times.

30.2.4 For Work Involving Exposure to Materials that are Injurious to Health and Particularly Destructive of Clothing

Rubber boots, aprons and gloves of an approved material may be provided for employees when handling acids for batteries, cleaning transformer coils or for other work which is similarly destructive of clothing.

Aprons, gloves and sleeves made of plastic, plastic-coated or other approved material may be provided for employees who are required to handle creosote, creosoted poles or timber as a protection against burns or damage to clothing.

Protective clothing such as coveralls, gloves and rubber boots may be provided for temporary issuance to employees for use when applying herbicides.

Because of the fire hazard in welding and the destructive nature of the work, welders' aprons, armlets and gauntlets may be provided.

30.2.5 To Promote Safety

Safety headgear, eye protection, rubber gloves (electrical), and similar items which are designed exclusively for the safety of employees and the wearing of which is made obligatory on certain types of work, will be provided by the Company.

Special footwear will be provided for the safety of workers when required to work near forebays, sluices, etc., under icy, slippery or otherwise hazardous conditions.

Safety Footwear and Clothing:

I Effective January 1, ***2014***, employees who are required by the Company to wear safety footwear (CSA Approved ESR)/ clothing will be reimbursed ***for actual expenses*** as follows:

(A) For those employees required to regularly wear climbing spurs or who are regularly required to climb steel structures as part of their normal duties – ***up to a maximum of $400.00*** per year.

(B) For those employees who choose or are required to wear CSA approved ESR protective footwear – ***up to a maximum of $275.00*** per year.

(C) For those employees who choose not to wear approved ESR protective footwear – $150.00 per year.

(D) ***In order to be eligible for reimbursement employees*** who qualify ***must submit appropriate supporting documentation/receipts.***

II Employees who are not required to wear protective footwear:

Employees who purchase safety footwear will be reimbursed thirty-three and one-third percent (33-1/3%) of the actual cost up to a maximum reimbursement of $20.00 per pair subject to the approval of the appropriate manager or supervisor.

NOTE

Temporary employees will be reimbursed for a maximum of one pair in each six-month period.

A limit of two pairs of safety shoes or boots per person will be subsidized in a calendar year.

These actual cost maximums include applicable taxes.

III Refer to Mid-Term Agreement MT-61 for payments associated with Flame and Arc Resistant Clothing.

30.2.6 Special Conditions

Requests for items of clothing not mentioned but which might be reasonably supplied under the conditions set forth herein will be considered, each case on its own merits.

30.3 Issuance, Care of, and Responsibility for Clothing Provided by the Company

In order that the use obtained from clothing purchased by the Company may justify the expenditure, the following shall be carefully observed:

1. Except in isolated cases, special clothing must not be issued to any one employee for exclusive use but must be kept available for any employee who may require it for Company purposes mentioned herein.

2. When no longer required on the job, clothing must be promptly returned to local headquarters, station or truck where it will be readily available when required.

3. All clothing furnished by the Company will remain the property of the Company and must be clearly and prominently marked for easy identification.

4. Where loss or destruction of Company clothing issued to an employee occurs as a result of carelessness on the part of the employee, the employee will be required to make good such loss.

30.4 Part B Employees (Maintenance Trades)

30.4.1 Issue of Gloves to Tradespersons

The Company will issue gloves to regional maintainer – lines, regional maintainer – forestry, SMD riggers, mechanical maintenance and building maintenance crews and all associated personnel regularly working with these crews, subject to the following:

1. The employee will be required to purchase the first pair of gloves, whether summer or winter type, providing he/she has not already been participating.

2. The issue of new gloves will be controlled by the supervisor.

3. A pair of worn-out gloves may be exchanged for a new pair.

4. The Union will exercise its influence to promote economy in the operation of this plan.

30.4.2 Uniforms

The Company shall supply uniforms, where they are required to be worn, at no cost to the employee.

30.4.3 Stocking of Overalls and Associated Smocks

The Company will stock bib-type overalls, coveralls and associated smocks in Central Stores which will be available for purchase by employees on the basis of a cash sale.

30.4.4 Work Clothing

Automotive Trades and Painters: The Company will pay for laundry service to clean coveralls. Responsibility for ensuring proper use of the privilege will rest with the Union.

The plan is as follows:

1. Coveralls will be provided by the tradespersons.

2. One pair of coveralls per employee per week will be laundered.

3. The trades covered by this service are:

   (a) Automotive Trades – auto, truck diesel or industrial equipment mechanics, body and metal mechanics, tire serviceworkers, painters, radiator repairworkers, battery

rebuilders, lubricators, undercoaters, steam cleaners, washers.

(b) Trade Group III – painters.

Forestry Spray Crews: Forestry spray crews shall , during the period of spraying operations, be with supplied laundered coveralls or other suitable clothing on a weekly basis or more frequently as may be required. Arrangements shall also be made to provide adequate washing facilities.

30.4.4.1 Laundering and/or Supplying Clothing

In situations other than those covered in the preceding subsections, when the supervisor in charge of a work crew deems a specific job dirty for the particular trade function, he/she shall either:

1. Authorize laundering of the employee's work clothing, or

2. Issue coveralls or other suitable clothing during the period in which this job is being performed.

30.4.4.2 Coveralls – Central Services Division

The provisions of this item supersede the conditions as noted in Item 30.4.4.1 and applies only to employees, paid from Wage Schedules 25 and 27, who form part of the Central Services Division and are located at the Hydro One Inc. Kipling Complex.

The Company agrees to supply and launder two (2) pairs of coveralls per week for each of the above-noted employees. The employee must exercise reasonable care in the use of clothing so supplied.

It is recognized that reasonable but limited quantity and size range of spare coveralls will be kept available for emergencies.

31.0 PURCHASING PRIVILEGES – SURPLUS EQUIPMENT STORES

Employees shall have purchasing privileges at Surplus Equipment and Material Stores to the same limit as extended to the general public.

32.0 RETURN OF COMPANY PROPERTY

It is agreed that employees whose employment terminates with the Company shall be responsible for the return of any Company property issued to them during the term of their employment. Failure to return such property shall result in the Company deducting its current value from any monies owing to the employees.

33.0 TIME CHANGE – SHIFT WORKERS

When the clocks are changed due to daylight saving time, the following principles will apply:

1. Employees who are scheduled to work during the affected hours will work a shift which is either shortened or extended by one hour.

2. Payment for the shortened or extended shift will not be calculated on the basis of actual hours worked, rather will be based on the number of hours normally worked (eight or twelve).

34.0 REST PERIODS

Each employee shall be entitled to a 10 minute rest period in the first half and second half of each scheduled work day at a time designated by the Company.

35.0 BI-WEEKLY PAY DAYS

1. Salaries and wages of all employees throughout the Company covered by this Agreement shall be once every week on the third Thursday following completion of the pay period, effective with the implementation of bi-weekly pay, once every two weeks. This payment will be by direct deposit to one account designated by the employee in a Canadian financial institution with a Canadian Payment Association (CPA) serviceability code of 1 or 2. (CPA serviceability code definitions in effect June 5, 1991 or subsequent code numbers providing equivalent accessibility). The Company is responsible for the cost of depositing these funds to the employee's account.

   The implementation of direct deposit pay will be phased in for PWU members. It is the responsibility of the employee to inform the Company of any changes to the designated account 14 days in advance of the payment date. Any errors in employee payment that result from employee provision of incorrect account information or the late provision of changed account information are solely the responsibility of the employee.

2. Existing employees who were paid the equivalent of one week's base pay during the transition from weekly pay to weekly direct deposit pay will have the amount of this one week payment deducted from their final payment of salaries and wages from the Company (i.e., termination, retirement, etc.)

36.0 BANKING OF REDUCED HOURS OF WORK DAYS AND VACATION DAYS TO BE UTILIZED IMMEDIATELY PRIOR TO RETIREMENT

1. Employees who have earned time off under Part A Item 16.0 (Reduced Hours of Work for Employees Whose Normal Hours of Work are 40 Per Week) shall be eligible to bank up to 6.5 days per year to be utilized immediately prior to retirement.

2. Employees who are eligible for 25 days or greater vacation shall be eligible to bank up to 6.5 days per year to be utilized immediately prior to retirement.

3. The sum of days banked under items 1 and 2 above shall not exceed 6.5 days per year. Employees are eligible to bank a maximum of 30 weeks (150 days).

4. Employees must provide a minimum four months notice to schedule these dates. The employee will retire once these days have been utilized.

5. These days are not eligible for cash payout except in circumstances beyond the employee's control (e.g. LTD, Death, W.S.I.B.).

37.0 SELF-FUNDED SABBATICALS

Definition

"Self-funded sabbaticals" means an approved arrangement where an employee works regularly scheduled hours while receiving eighty percent (80%) of his/her base salary for each of four years. In the fifth year, the employee is granted a leave of absence for one year, funded by the accumulated deferred pay.

Approvals

Hydro One will approve an employee's application for a self funded sabbatical where it determines that this arrangement will benefit the business and can be accommodated without adversely impacting the viability of his/her work unit.

Terms and Conditions of Self-funded Sabbaticals

The Salary holdback (i.e. twenty percent for four years) will be kept in a special account and interest will be paid annually at an appropriate rate fixed by Hydro One.

During the leave of absence (i.e. the fifth year):

- The employee may not be declared surplus.

- The employee is responsible for his/her health and dental benefits and shall be given the option of continuing coverage under the Hydro One plan through pre-payment.
- The employee's entitlement to group life, living benefit and spousal life insurance benefits shall continue pursuant to Part A, Item 14.0.
- Hydro One shall pay the sum accumulated in the trust to the participating employee in a lump sum or in regular installments.

As a condition of approving a self-funded sabbatical arrangement, Hydro One may require the participating employee to sign a written commitment to return to Hydro One following the expiry of the leave for a period not to exceed the length of the leave (i.e. maximum one year).

Treatment of Employee Upon Return from Leave

Upon completion of the leave the employee shall have the right to contribute to the pension plan the amount that would have been contributed if he/she had remained on payroll at full (i.e. 100%) base earnings during the leave and if such contribution is made the period of time on leave shall be included in calculating his/her continuous employment or established service, as the case may be.

Upon completion of the leave, where the employee's pre-leave position continues to exist and has not been filled or has been filled temporarily, the employee shall return to that position.

Upon completion of the leave, if the employee's pre-leave position no longer exists or has been filled by an ongoing appointment, the employee will be placed in a position at the same salary grade and same location as the pre-leave position.

In the event Article 11 is triggered during or upon completion of the leave, subject to the other provisions in this Article, the participating employee will be redeployed in accordance with that Article.

PART B
MAINTENANCE TRADES

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PART B
MAINTENANCE TRADES

Specific Matters of Agreement

1.0 WAGES

Wage rates shall be in accordance with the wage schedules which are part of this Agreement.

2.0 STANDBY, SERVICE DUTY AND ON CALL

Employees may be placed, as required, outside of their regular working hours on any one of three types of special duty, depending on the nature of the anticipated work and the extent to which their freedom must be restricted, as follows:

2.1 Standby

Employees on standby shall remain at a specified point from which they shall be ready to proceed to their work location immediately upon receipt of instructions. Their freedom is restricted to the same degree as if they were being held at their regular work headquarters pending issuance of work instructions, and they are considered for all intents and purposes to be already on the job.

Any employee of the Company may be required to perform this type of service, for which payment will be made at the rate appropriate to the particular situation.

2.2 Service Duty

The work of employees on service duty is generally but not necessarily always confined to that of maintaining service to customers of areas, maintaining transmission circuits.

There are two types of service duty, namely, telephone answering service and trouble call service.

Telephone Answering Service: Telephone answering service applies to an employee who is required to remain available outside of normal office hours for the specific purpose of answering telephone calls in connection with customer service trouble, and to report this trouble to the appropriately delegated person(s). Where this type of service is required, it is allocated on a weekly basis and for each particular location must be equitably rotated among all suitably qualified members of the line staff, exclusive of non-working supervisors, except in cases when such personnel are not available. Under these circumstances, it shall be the Company's prerogative to detail any employees for service as required. Except in cases

of emergency an employee on telephone answering service duty shall not leave his/her telephone to perform other work.

Trouble Call Service: Trouble call service is that performed by an employee who is required to hold himself/herself readily available within a reasonable length of time outside of normally scheduled hours for dispatch to trouble clearing work generally. When required, one or more employees shall be delegated per area to trouble call service, on a weekly or weekend basis. Work so delegated in areas will be equitably rotated among all suitably qualified members of the line staff, exclusive of non-working supervisors. In addition to those delegated to trouble call service duty on a weekly basis, it may be found desirable from time to time to augment the number on trouble call service by additional delegation for periods of one day or more. When such action is necessary, employees will only be required to accept such duty against their wishes if sufficient volunteers cannot be obtained.

Special Hours of Work Provision (Lines):

Between May 1st and October 31st the employees referred to above in the Trouble Call Service provision may, with seven (7) days notice, have their hours of work established as follows:

I. 12:00 hours to 20:00 hours Monday to Friday or,

II. by mutual local agreement, 10:00 hours to 20:00 hours Monday to Thursday.

Such hours will be equitably rotated among all qualified employees, as per their on-call schedule.

These employees will not be required to work more than one (1) rotation of these hours in a four (4) week period.

These employees will eat on the job in the minimum amount of time. Such time will not be deducted from the employees' pay.

These employees will receive two (2) times the payment for service duty as described in Part 'B', Item 2.2.

These employees may be assigned work other than the trouble clearing work they normally perform. All hours worked outside of the 12:00 hours to 20:00 hours or the 10:00 hours to 20:00 hours will be compensated at two (2) times their base hourly rate.

Payment for Service Duty: The rate of pay for service duty of both types to be computed one half (1/2) hour at the employee's basic hourly rate per day, except for Saturdays, Sundays and statutory holidays when the rate will be one (1) hour at the employee's basic hourly rate per day. This rate includes payment for the use of the employee's telephone. An employee required to report for work while on trouble call, service duty shall be paid for his/

her working time in accordance with the standard regulations governing overtime work, including the regulation governing work performed on a "short-call" basis.

2.3 On Call

On call is the term used to cover trouble call service performed by station maintenance personnel, Customer Service Representatives I, Customer Service Representatives, Cable Crew Trades Staff, and hourly rated mechanics and electricians in the Operation and Maintenance Section of the Workplace Services Division who, because of their limited numbers and the resultant increased frequency with which they are required to perform service duty, are allowed up to a maximum of two hours between the time they are called and the time when they report for work. In all other respects, including rates of payment, on-call and trouble call service are identical.

Subject to safe application, volunteers from Station Maintenance will be requested prior to the mandatory assignment of on call. Hourly rated mechanics and electricians in the Operation and Maintenance Section of the Workplace Services Division and Cable Crew Trades Staff will be assigned to on-call duty only if sufficient volunteers cannot be obtained. On-call duty by Customer Service Representatives I and Customer Service Representatives will be on a purely voluntary, individual basis.

2.4 When an employee is on service duty or on call a paging device will be supplied where such service is available and experience in that area has proven it will provide a reliable service.

3.0 TRAVELLING TIME TO AND FROM THE JOB

Hourly-rated employees shall travel from their headquarters to and from the job on Company time. The word "headquarters" shall be for the purpose of this item "where the employee normally reports for work".

4.0 HEADQUARTERS

Headquarters, as referred to herein, means the building or point designated by the Company at which the employees are expected to report for work or to assemble for preparation for leaving for work at outside points. Employees moving from point to point, as in the case of regional maintainers – lines and forestry, may have temporary headquarters established at some hotel or boarding place or some garage at which the truck is kept and at which the employees are to assemble.

5.0 WELDERS

Welders who hold welder "A" certificates issued by the Company and who hold an identification card issued by the Ontario Ministry of Consumer and Commercial Relations and who are required to perform first class work shall be classified as welder "A" in group 01 of wage schedule for tradespersons. Welders who do not meet the requirements of welder "A" shall be classified as welder "B" in group 02 of wage schedule for tradespersons.

6.0 MARINE VESSELS

During normal scheduled hours, if an employee is called upon to operate a boat 7.92 m (26 feet) in length or more, he/she shall be paid the Boat Operator rate for 8 hours.

7.0 CARPENTER SPECIAL

Carpenters performing duties requiring a higher skill than those normally required of a journeyperson carpenter such as cabinet making, model making, or the fabrication of scroll cases, will be classified as journeyperson "AA" of trade group 02.

8.0 TRUCK DRIVERS' CLASSIFICATION

Class I – Operates any vehicle or combination of vehicle and trailer with a Gross Vehicle Weight (GVW) of greater than 28,000 pounds (12,700 kg)

Class II – Operates any vehicle or combination of vehicle and trailer with a GVW of greater than 9,000 pounds (4,082 kg) but not greater than 28,000 pounds (12,700 kg)

NOTE

Any Class II vehicle equipped with a hydraulic radial boom derrick or hydraulically operated articulated or telescopic aerial devices will be classified as Class I.

Class III – Operates any vehicle or combination of vehicle and trailer with a GVW of greater than 5,000 pounds (2,268 kg) but not greater than 9,000 pounds (4,082 kg).

NOTE

Any Class III vehicle with a snowplow installed on it will be classified as Class II.

8.1 Truck Driver Classification Vacancies

In filling class I truck driver vacancies, the most senior class II truck driver in that region will be given the first opportunity.

In filling class II truck driver vacancies, the most senior class III truck driver in that area will be given the first opportunity.

Replacement of a vehicle by one of a different class or modifications due to the addition or removal of equipment which affects the truck classification shall not be deemed to create a vacancy or a surplus. When such replacement requires a change in the classification of the driver, the driver position shall be filled as follows:

1. When the position is upgraded, the most senior truck driver in the next lower classification in the area will be given the first opportunity, on a probationary basis, to reach an acceptable level of performance.

2. When the position is downgraded, the most junior truck driver in the classification affected, in the area, will be downgraded.

9.0 JOURNEYPERSON "AA"

A journeyperson tradesperson who is required to work at another trade requiring skills of a level equal to or greater than his/her own trade shall be entitled to journeyperson 'AA' rating for a minimum of eight hours.

If a journeyperson tradesperson receives the journeyperson 'AA' rate for any part of a day during 40 days or more in any calendar year, he/she will be appointed and paid as a journeyperson 'AA' for that entire calendar year.

If the journeyperson 'AA' rate is paid for more than 50% of a calendar year to the members of a crew, for a specific trade, one of the members of the crew will be appointed and paid as a journeyperson 'AA' for that entire calendar year.

Journeyperson "AA" will not be applicable to Regional Maintainer classifications.

10.0 APPRENTICES

Upon completion of their learner apprenticeship training, apprentices shall be entitled to all the benefits afforded a regular employee as outlined in Part 'A', Section 23.0.

11.0 CONTRACT MONITORING

Employees required to monitor the quantity, quality and/or safety of contractors work shall be paid five percent (5%) above the journeyperson rate of his/her trade. This rate will not be applicable to Regional Maintainer classifications.

12.0 SUPERVISORY RESPONSIBILITIES

Many factors are involved in trades supervision. The depth of involvement in these factors defines the level of supervision required. There are three levels of regular supervision within union jurisdiction. These are: union trades supervisor – level 3, union trades supervisor – level 2 and union trades supervisor – level 1. The responsibilities associated with each of these levels are set out in the "Trades Responsibilities and Supervisory Criteria" dated July 15, 1968, which is an appendix to this Agreement.

12.1 Tradesperson Responsibilities

A tradesperson is required to exercise judgment and control over his/her own actions so that the assigned work may be performed safely, efficiently, and effectively, and with consideration of its effect on others.

In a work situation, a journeyperson will be responsible only for his/her own work and the work and training of one apprentice or helper. However, for the purposes of training, a journeyperson may be required to teach trade skills of a specific task to more than one apprentice or journeyperson at one time. During such a teaching situation, the journeyperson is responsible, only, for the demonstration of trade skills and not for the work of the apprentices or journeyperson involved.

Related to the above, a "helper" is a person of lower classification than the tradesperson he/she is assisting; and "apprentice" is a person of lower classification than journeyperson progression in a trade.

12.2 Supervisory Responsibilities of a Union Trades Supervisor – Level 3

A union trades supervisor – level 3 supervises an assigned crew on specific jobs and does so for periods up to five days without face-to-face contact with his/her supervisor who will carry out the higher responsibilities of the job. Less frequent contact requires that the union trades supervisor – level 3 be paid at the appropriate supervisor rate. He/she performs physical work activities. This classification is paid at a rate which is eight percent (8%) above the journeyperson rate of his/her trade or eight percent (8%) above the journeyperson rate of the highest trade supervised, whichever is the greater.

For the purposes of this item, if either the supervisor or the employees being supervised are receiving a Journeyperson "AA" rate, this rate will be used in determining the appropriate Union Trades Supervisor rate.

12.3 Supervisory Responsibilities of a Union Trades Supervisor – Level 2

A union trades supervisor – level 2 supervises staff on a continuing basis to carry out a given work program. He/she performs physical work activities. This classification is paid at a rate which is 17 percent (17%) above the journeyperson rate of his/her trade or 17 percent (17%) above the journeyperson rate of the highest trade supervised, whichever is the greater.

For the purposes of this item, if either the supervisor or the employees being supervised are receiving a Journeyperson "AA" rate, this rate will be used in determining the appropriate Union Trades Supervisor rate.

12.4 Supervisory Responsibilities of a Union Trades Supervisor – Level 1

A union trades supervisor – level 1 performs the complete supervisory responsibilities over a trade staff. He/she performs physical work activities. This classification is paid at a rate which is 22 percent (22%) above the journeyperson rate of his/her trade or 22 percent (22%) above the journeyperson rate of the highest trade supervised, whichever is the greater.

For the purposes of this item, if either the supervisor or the employees being supervised are receiving a Journeyperson "AA" rate, this rate will be used in determining the appropriate Union Trades Supervisor rate.

12.5 Supervisory Responsibilities of a Management Supervisor

A management supervisor's responsibilities are of a supervisory nature as described in the Trades Responsibilities and Supervisory Criteria. Normally, they must not take the place of skilled workers. In the event that an emergency work condition arises, skilled help should be called in. However, where suitable skilled help is not available at the required time, supervisors are expected to perform whatever duties are necessary. The foregoing is not intended to prohibit the supervisor from using the tools of the trade for training purposes.

13.0 PAYMENT FOR TEMPORARY SUPERVISION

Overall supervision of a crew is provided by a supervisor and/or union trades supervisor – level 3 carrying out the appropriate responsibilities set out in 12.2 to 12.5. However, a crew may be assigned a task without a regular supervisor in attendance, in which case a temporary supervisor may be appointed. In such instances, any responsibility for supervision must be assigned, it cannot be assumed. When so assigned, the level of supervision to be performed and paid must be designated in accordance with Section 12.0, above.

Employees shall not be held accountable for more than journeyperson responsibilities that have not been assigned.

Where no regular supervisor is on a job the following shall apply:

1. Where a journeyperson is responsible for one helper or one apprentice, there shall be no payment for supervision.

2. Where two journeypersons are working together and each is responsible for his/her own work, there shall be no payment for supervision. However, where a journeyperson is held responsible for the work of another tradesperson, other than a helper, he/she shall be appointed and paid as a lead hand or union trades supervisor – level 3. A lead hand shall be paid for assigned responsibilities in excess of two hours per day, in which case he/she shall be paid five percent (5%) above the journeyperson rate of his/her trade, or five percent (5%) above the journeyperson rate of the highest trade supervised, whichever is greater, for a minimum of four hours, or the actual hours worked as a lead hand, whichever is greater. Lead hand responsibilities are as appended to the "Trades Responsibilities and Supervisory Criteria" document. Lead Hand rate will not be applicable to Regional Maintainer classifications.

3. Where a group of employees are working at a location on jobs which are independent of one another and planned by a supervisor so that no coordination of their activities is required, additional supervision will not be required.

   Where the job is being performed by three or more employees, one of them shall be appointed and paid as a union trades supervisor – level 3 or level 2. In such cases if he/she supervises for more than two hours in a day he/she shall be paid the supervisor rate for a minimum of four hours or the actual hours he/she supervises, whichever is greater.

13.1 Schedule of Payment for Relief Supervision in an Established Position

The following schedule shows the rate to be paid for employees relieving a supervisor. The column figures represent the percentage to be paid above the basic journeyperson rate.

Classification Performed			
Regular Classification	**Level 3 Supervisor**	**Level 2 Union or Management Supervisor**	**Level 1 Union or Management Supervisor**
Journeyperson	8	17	22
Level 3 Supervisor		17	22
Level 2 Supervisor		17	22
Level 1 Supervisor			22

13.2 Payment for Supervision – Motorized Forestry Spray Operation

In the Company's motorized spraying operations, each work group, clearly separated, will be supervised by a qualified forestry tradesperson.

In all cases of such supervision, the concerned qualified forestry tradesperson shall be paid at least eight percent (8%) more than his/her existing rate, or of the rate of the highest tradesperson supervised, whichever is the greater.

13.3 Service Truck Supervision

1. When more than two employees constitute the work crew on a service truck, the person in charge shall be deemed to be providing supervision and shall be temporarily reclassified to the appropriate supervisory rate (union trades supervisor – level 3 or working supervisor).

2. Payment of a supervisory rate (union trades supervisor – level 3 or working supervisor) while in charge of a service truck will be based on the following:

   If the total daily hours where supervision is provided are:

   (a) Less than one hour – no payment at supervisory rate.

   (b) One hour to four hours – four hours at the appropriate rate.

   (c) More than four hours – eight hours at the appropriate supervisory rate.

14.0 ADVERSE WEATHER

When in the Company's opinion the weather is unduly adverse, employees shall not normally be required to work outside and the following shall apply:

14.1 Regular Employees

Regular employees shall within normal scheduled hours be provided with inside work.

14.2 Regular-Seasonal Employees

Employees who have attained regular-seasonal status in accordance with Part 'A', Item 2.0, and continue to be employed on a seasonal basis shall be entitled to a half day's pay per day or pay for actual hours worked or held whichever is the greater, providing the employee reports for work.

14.3 Temporary Employees

Two hours' pay will be allowed when a temporary employee reports and is prepared to remain for two hours at his/her place of work and is prevented from working due to unduly adverse weather.

If a temporary employee is required to remain at his/her place of work longer than two hours, he/she shall be paid for all the time he/she is required to stay on the job.

15.0 POWERLINE GROUND ASSISTANTS, HANDYPERSONS AND LABOURERS PROHIBITED FROM CLIMBING

Powerline Ground Assistants, handypersons and labourers are prohibited from climbing poles, towers or structures used for transmitting electrical energy for the purpose of doing work which is properly the work of tradespersons.

This will not prohibit numbering poles or painting structures, which does not involve exposure to live equipment hazard.

16.0 MOBILE EQUIPMENT

The Company undertakes to continue the investigation of the problems connected with suitable mobile equipment for the transportation of employees and undertakes to get employees from headquarters to work and back without exposing them to undue physical danger and with reasonable protection from the weather.

17.0 REGIONAL MAINTAINER – ELECTRICAL TRAINING COURSE

Electrical tradespersons who are not specifically required to take the Regional Maintainer – Electrical Training Course may make application to attend and participate in the Conference and Training Facility portion of this course.

18.0 MEAL PROVISIONS

18.1 Conditions Governing Allowance for Meals

Recognizing the fact that employees are required to provide their own meals (except as in 18.2) the following conditions will apply:

1. The Company shall not require an employee to carry or provide more than one meal on a day when work is performed.

2. Wherever possible, supervisors shall notify employees who do not normally carry a lunch of the necessity to carry a lunch the following day.

3. If an employee is sent away from headquarters in an emergency without sufficient notice for him/her to provide and take his/her own lunch, the Company will pay the cost of the employee's noon day meal.

4. If an employee is required to continue working beyond a normal day, the Company will provide the employee's meal after two hours or more and every four hours thereafter while the employee continues working.

5. If an employee is required to work extended periods of overtime, Monday to Friday inclusive, the Company shall pay the cost of the employee's meal on approximately a four-hour interval basis.

6. If an employee is called out to work extended periods of overtime on Saturday, Sunday or statutory holidays without forewarning, the Company shall pay the cost of the employee's meal on approximately a four-hour interval basis. If forewarned, the employee shall carry or provide the first meal and the Company shall pay the cost of any further meals on approximately a four-hour interval basis.

7. When overtime has been scheduled in advance, a meal period will be allowed and no time will be paid for this period. When the overtime is not scheduled in advance, no time will be deducted if employees eat at the job site in a minimum of time.

8. In the conditions outlined in 3, 4, 5. and 6, the Company will either bring the meal to the employee or release him/her from duty long enough to secure and eat it. Where necessary, the Company will provide transportation for this purpose.

9. It is recognized that between the hours of midnight and normal starting time, it may not be feasible for the Company to provide a hot meal and the employee may not feel the need for one. In such cases, sandwiches and hot soup or a hot beverage shall be considered as fulfilling the requirement of a meal.

18.2 Winter Meal Provisions

In general, the winter months, for the purpose of this clause, shall cover the period of December 1st to March 31st for the areas south of the French River and the period November 1st to April 30th for areas north of the French River. However, if unseasonable weather is experienced any day during the two-week period immediately prior to the opening dates or subsequent to the closing dates, the supervisor in charge may, at his/her discretion, treat such days in the same manner as though they were included in the prescribed period.

During the winter months, if employees are required to work outdoors or in unheated buildings, subject to 3. hereunder, the Company will:

1. Provide means for carrying or storing the employee's lunches in some warm place and also provide where necessary, transportation for reaching some warm and suitable place for eating lunch. Such time involved in transportation both ways to be absorbed by the Company, thereby allowing the full meal period upon arrival, or

2. Supply or pay for a hot meal and provide transportation. The meal period's duration will be between the times of departure and re-arrival at the point of work and thus any time involved in transportation, both ways, is absorbed by the employee. Should the meal period be extended beyond its normal duration, any such excess will be absorbed by the employee by working equivalent overtime at straight time rates which will result in a total of normal daily hours of work and pay. This shall not preclude the providing of a meal when time involved is in excess of the normal meal period.

3. In some thinly-settled localities, there may be no warm place for storing or eating lunches, and no place where hot meals may be prepared within a reasonable distance from the point of work. Such conditions are beyond the Company's control and necessarily form part of the working conditions in that locality. In such cases, lunches must be carried but employees will eat on the job in a minimum period of time. Such time shall not be deducted and the conditions listed above do not apply.

4. Where it is mutually agreeable, employees will carry their lunch and will eat on the job in a minimum period of time. Where employees work in a group, the views of a minimum of 50% of the work group shall prevail and trigger this provision.

18.3 Extension of Lunch Periods

Where lunch periods are restricted to half an hour and when it has been demonstrated that it has been difficult for employees to get their lunch and return to the job within one-half hour, the Company may exercise its prerogative in extending the lunch period to a maximum of one hour, with the necessary adjustments to the working hours of the day.

19.0 RELIEF WORK, ACTING IN VACANCIES & TEMPORARY AND ROTATIONAL ASSIGNMENTS

19.1 Acting in Vacancies

All acting positions are to be limited to 90 days unless extensions are agreed to by the Company and the Chief Steward of the Union. Pending the arrival of the successful applicant and his/her assuming of the normal duties, the

acting incumbent who is performing the normal duties and responsibilities of an "acting" position shall receive the rate for the position.

19.2 Assignment to a Higher-rated Classification

An employee who is presently in the top step of his/her job when temporarily stepped up to work in a higher-rated classification, shall receive the top rate of that classification.

20.0 HOURS OF WORK

20.1 Hourly-Rated Employees

1. The normal work week for the Company's hourly-rated trades employees shall be 40 hours per week consisting of five (5) days of eight (8) hours (not before 6:00 a.m. and not later than 6:00 p.m.), Monday to Friday inclusive.

2. A change to established hours of work within the core hours (6:00 a.m. to 6:00 p.m) shall be a matter for discussion between the Union (Chief Steward) and the Company. When changes in hours of work are contemplated the preference of 70% of affected staff in the classification(s) will be considered to be the preference of that classification(s). Where the work of classifications is interdependent (e.g., rehabilitation work, electrical, mechanical, civil), the preference of 70% of the employees in the interdependent classifications will be deemed to be the preference.

   However, if in the Company's opinion the desired hours of work of the affected classifications cannot be accommodated then the Company will provide the Union (Chief Steward) with written rationale for such a decision.

3. The normal work week for T&W-Field Mechanics shall be 40 hours per week consisting of five (5) days of eight (8) hours (not before 6:00 a.m. and no later than 8:00 p.m.), Monday to Friday inclusive. The start times for these employees may be adjusted within the window by Management with seven (7) days' notice to the affected individuals. Such adjusted start times will be equitably rotated among all employees in the classification at the work site.

   The Company may assign employees on a voluntary basis to work five (5) eight (8) hour days Monday to Friday ending no later than 12:00 a.m. These employees will be eligible for shift differential (Item 21.3 afternoon shift). An employee who is selected to an advertised vacancy for these hours will be deemed to have volunteered.

4. Excepting for shift work, all other work outside of the normally scheduled hours shall be considered overtime and paid for at the appropriate premium rates.

5. Switching Agents shall work between the hours of 0:00 and 8:00 Monday to Friday. Employees shall be eligible for shift differential (Item 21.3 night shift).

20.2 Weekly-Rated Employees

The normal work week for janitors and vehicle services attendants shall be 40 hours.

21.0 SHIFT WORK

Shift work may be established under the following conditions:

1. **Rehabilitation work**: Shift work for normal day workers may be established for major rehabilitation work (minimum of 10 working days confined to one unit) on frequency changers with rate capacity of 10,000 kV.A or more.

2. During abnormal or emergency conditions.

3. Conditions other than in 1 and 2 above require agreement by the appropriate Chief Steward.

4. The procedures for establishing shift work in accordance with 1, 2, and 3 above are as follows:

   (a) Staff shall be assigned to the work for which the shift was established. Staff assigned to other work for a period of greater than one hour per shift shall be paid at two times the employee's normal base rate for the period worked in excess of one hour in that shift.

   (b) Such rescheduling is not to be considered for the performing of ordinary routine maintenance except as described in Part 'B' Item 21.0 (3).

   (c) In the case of abnormal or emergency conditions, three days' advance notice and, in the case of major rehabilitation work and other conditions as agreed to in Part 'B' Item 21.0 (3), seven days' advance notice of the commencement date shall be given to the employee by his/her supervisor. Shift shall commence on the day specified or within the following two days.

   In the case of illness, which would result in a staff shortage, four (4) days' advance notice will be given when placing an employee on shift.

   If the appropriate advance notice of the commencement date has not been given, premium time shall be paid for all work

outside the normal scheduled hours until three or seven days have elapsed after notice has been given. If shifts do not commence on the specified days, nor within the following two days, actual commencement shall be considered a change in normal scheduled hours and subject to all the principles of establishing shift work.

(d) Three-shift work for normal day workers shall be established for a minimum period of three days or more on an eight-hour shift basis commencing on any day in the week.

(e) The appropriate premium rates shall be paid for work in excess of eight hours on a daily shift basis, Monday to Friday, inclusive.

The appropriate premium rates shall be paid for all scheduled work on Saturdays, Sundays and statutory holidays.

(f) Subject to the same notice and conditions for three-shift work, two-shift work may be introduced on either an eight hour or ten hour basis.

Shift work on a ten hour basis shall be established in accordance with Part 'B' Item 21.2.

(g) Change in shift conforming with the preceding regulations shall be deemed to be a change in normal scheduled hours.

(h) Shift work will be equitably rotated amongst qualified staff with each shift being rotated on a weekly or bi-weekly basis.

(i) Prior to implementation of shift work, a schedule shall be posted and a copy shall be given to the appropriate steward stating the group, the reason for shift work and the estimated length of the work period involved.

(j) Employees on shift work shall have a paid meal period and shall eat their meal during the shift hours as conditions permit.

21.1 Shift Work Central Maintenance Shop Pickering

Shift work may be established under the following conditions:

1. (a) For short duration shifts (maximum three (3) consecutive weeks). No more than four (4) rotations onto these shifts may be worked by any individual in one (1) calendar year.

(b) During abnormal or emergency conditions.

(c) Shift work for normal day workers may be established (minimum of 15 working days) confined to major project type work.

(d) For other work as agreed to by the appropriate Union Chief Steward.

2. The procedures for establishing shift work in accordance with the above are as follows:

(a) Staff shall be assigned to the work for which the shift was established. Staff assigned to other work for a period of greater than one hour per shift shall be paid at two times the employee's normal base rate for the period worked in excess of one hour in that shift. Premium pay shall not apply where such assigned other work is as a result of equipment breakdown, inspection delays, customer delays or material delays. Premium pay does not apply to situations where the work that was established for shift comes to a completion within the shift.

(b) Such rescheduling is not to be considered for the performing of ordinary routine maintenance except as described in Part 'B', Item 21.1.1 (d).

(c) In the case of conditions as described in Part 'B' – Item 21.1.1 (a and b), three (3) days' advance notice will be given. In all other conditions seven days' advance notice of the commencement date shall be given to the employees by his/her supervisor. Shifts shall commence on the day specified or within the following two days. In the case of illness which would result in a staff shortage, three (3) days' advance notice will be given when placing an employee on shift. If the appropriate advance notice of the commencement date has not been given, premium time shall be paid for all work outside the normal scheduled hours until seven days have elapsed after notice has been given. If shifts do not commence on the specified days nor within the following two days, actual commencement shall be considered a change in normal scheduled hours and subject to all the principles of establishing shift work.

(d) Three-shift work for normal day workers shall be established for a minimum period of three days or more on an eight-hour shift basis commencing on any day in the week.

(e) The appropriate premium rates shall be paid for work in excess of eight hours on a daily shift basis, Monday to Friday, inclusive.

(f) The appropriate premium rates shall be paid for all scheduled work on Saturdays, Sundays and statutory holidays.

(g) Management will determine the number of hours to be covered by shift work.

Subject to the same notice and conditions for three-shift work, two-shift work may be introduced on either an eight hour basis. The preference of 70% of the affected staff for a particular shift schedule in the classification(s) will be considered to be the preference of the classification(s). The vote will be administered by the local Chief Steward.

Shift work on a ten hour basis shall be established in accordance with Part 'B' Item 21.2.

(h) Change in shift conforming with the preceding regulations shall be deemed to be a change in normal scheduled hours.

(i) Shift work will be equitably rotated amongst qualified staff with each shift being rotated on a weekly or bi-weekly basis.

(j) Prior to implementation of shift work, a schedule shall be posted and a copy shall be given to the appropriate steward stating the group, the reason for shift work and the estimated length of the work period involved.

(k) Employees on shift work shall have a paid meal period and shall eat their meal during the shift hours as conditions permit.

21.2 Ten-Hour Shift Provisions Maintenance Trades Staff

1. Applies to Maintenance Trades Staff assigned to shift work under Part 'B' Items 21.0 (1), 21.0 (2), 21.0 (3) and 21.1 of the Collective Agreement.

2. Ten hour shifts shall be implemented when it is mutually agreeable to Hydro One and 70% of affected staff. Where Hydro One deems there are reasons not to implement ten hour shifts, these reasons will be provided to the Union (Chief Steward).

3. The normal hours of work for non-time balanced ten hour shifts are 40 per pay week. Staff involved shall work ten hours per shift Monday, Tuesday, Wednesday and Thursday at straight time (banked two hours per day for total eight hours) which may be performed within the following shift windows:

1st shift – 06:00 hrs to 18:00 hrs
2nd shift – 14:00 hrs to 02:00 hrs

Shift Differential

1st shift – no shift differential
2nd shift – 64 cents per hour

Part 'B' Item 21.3 shall not apply to ten hour shifts.

4. The appropriate premium rates shall be paid for work in excess of ten hours per shift on a daily basis Monday to Thursday inclusive.

If it is necessary for employees to work on the Friday, it will be paid at one and one-half times the employee's basic rate for the first two hours worked and two times the employee's basic rate for all additional hours worked.

The appropriate premium rates shall be paid for all scheduled work on Saturdays, Sundays and statutory holidays.

5. Ten hour shift provisions shall not apply to work weeks containing one or more statutory holidays.

6. For staff assigned to shift work under Part 'B' Item 21.0 (1), 21.0 (2) and 21.0 (3) all other provisions Part 'B' Item 21.0 except Part B, Item 21.0(1), 21.0(2) and 21.0(3) all other provisions of Part B, Item 21.0 except 21.0(4)(d), and 21.0(4)(e) shall apply to ten hour shifts.

7. For staff assigned to shift work under Part B, Item 21.1 all other provisions of Part B, Item 21.1 except 21.1(2)(d), 21.1(2)(e) and 21.1(2)(f) shall apply to ten hour shifts.

8. (a) The following items will be credited for pay purposes on an hour-for-hour basis. In the application of undernoted items – 1, 2, 3 and 4, a reference under the appropriate contract provision to "days" entitlement will mean eight (8) hours. Therefore a ten (10) hour shift will constitute one and a quarter (1.25) days deducted from credits.

(1) Vacation
(2) Floating Holiday
(3) Sick Leave
(4) Leave of Absence
(5) Travelling Time Outside Normal Working Hours
(6) Payment for Temporary Supervision
(7) Time Charges and Expenses for employee Union Representatives

(b) When an employee is scheduled to work a ten (10) hour shift and one of the undernoted conditions occurs, a "day" will be considered to be 10 hours:

(1) Jury Duty
(2) Funerals
(3) Moving Day

21.3 Differential for Shift Work Tradespersons and Stationary Engineers

Shift differentials shall apply to employees required to work on a three-shift schedule or a two-shift schedule. The first part of a three-shift or a two-shift schedule shall begin at normal starting time.

A shift differential of 70 cents per hour shall be paid to employees who are scheduled to work between the hours of 1600 and 2400.

A shift differential of 1 dollar per hour shall be paid to employees who are scheduled to work between the hours of 0000 to 0800.

For Regular part-time and Temporary part-time employees, shift differential is not applicable when the shift starts and ends between the hours of 0700 and 1800.

The wage schedule rates for the following classifications are deemed to include full payment for the normal hours and days of work as shown in their schedule and shift differentials shall not apply:

Janitor 'AA' Janitor 'A'

The appropriate shift differential shall be paid for the first eight hours of each scheduled shift on any regular scheduled day of work and shall not apply for any overtime hours. When premium time is involved for payment of shift work, the premium rate shall be computed on the standard basic rate, excluding shift differential [see Subsection 21.0(4)(e)].

22.0 OVERTIME PROVISIONS

Due to the nature of the Company operations, some employees will be required to work overtime. Overtime will be minimized and managed within the limits of corporate effectiveness and customer impact. In recognition of employee well-being and inconvenience, an effort shall be made to equitably distribute overtime amongst all qualified employees.

22.1 Overtime Definitions

Overtime: Overtime, as used herein, means that part of the actual working time which is outside the normal scheduled hours and is therefore, subject to compensation at premium rates.

22.2 Minimum Payments

All overtime performed, or reported for due to lack of notice of cancellation, shall result in a minimum payment of the greater of four hours at straight time pay or the actual time worked at the appropriate premium rate, except in the following circumstances:

1. Overtime arranged during normal working hours and worked as an extension before and/or after the employee's normal hours of work requires no minimum payment.

2. When short call-outs are repeated within one hour of the completion of a previous call-out for which the minimum was paid, no additional minimum payment is required.

3. For overtime call-outs occurring less than two hours before the commencement of normal starting time, the minimum will not apply and the appropriate premium rate will be paid continuously from call-out time until normal starting time.

22.3 Premium Payments

Premium payment for overtime which does not include shift work shall be as follows:

1. One and one-half times the employee's basic rate shall be paid for all work performed during the first two clock hours after normal quitting time, Monday to Friday inclusive.

2. Two times the employee's basic rate shall be paid for:

   All work performed outside of the first two clock hours after normal quitting time, Monday to Friday inclusive.

   All work performed on Saturday, Sunday and statutory holidays.

3. When less than 48 hours' notice has been provided and an extra trip to the work location has been made to work overtime, time shall be counted from the time the employee leaves his/her home until he/she returns.

22.3.1 Overtime Cancellation Payments

All overtime cancelled within 48 hours of its scheduled commencement shall result in a cancellation payment of two hours at straight time rate except in the following circumstances:

1. Overtime arranged during normal scheduled hours as an extension to those normal scheduled hours requires no cancellation payments.

2. Overtime arranged as an extension before the normal hours of work requires no cancellation payment if cancelled with more than 16 hours' notice prior to its commencement.

22.4 Special Provisions Concerning Overtime

1. Because an employee was required to work overtime or because he/she lost time in changing shifts, he/she shall not be prevented from working his/her total number of normal daily hours in any normal scheduled day of work. If the employee cannot be supplied with the work required to make up the eight hours' work in that day, his/her pay shall be adjusted to provide a minimum of eight hours' work.

2. If an employee who has worked overtime is physically capable and the gang of which he/she is ordinarily a member is at work, he/she shall not be deprived of the opportunity of working his/her normal scheduled hours in addition to the overtime he/she may have worked.

3. An employee who has accumulated overtime hours shall receive this, in earnings, calculated at the appropriate premium rate and cannot be required to take time off in lieu of payment.

4. Employees who have worked overtime qualify for a rest period based on the following:

    1. An employee who is required to work continuously for more than 16 hours, or an employee who accumulates 16 hours of working time in any 24-hour period, shall be entitled to an eight-hour rest period. Time spent for meals may be deducted from the total elapsed time but is not to be considered as breaking the continuity of the hours worked.

        If the rest period extends into the employee's normal scheduled hours of work he/she shall be paid at straight time rates for the portion of the rest period which extends into the normal scheduled hours. This is in addition to the overtime worked.

        Should the employee be required to continue working beyond the above 16-hour work periods, the employee shall be paid two times his/her normal basic rate until an eight-hour rest period is granted.

        Should an employee be released before 16 hours have elapsed, he/she will not be entitled to an eight-hour rest period, and his/her right to continue work at straight time will be governed by Section 22.4(2), above.

2. An employee on day work who is required to work 4 but less than 6 accumulative overtime hours between the hours of 2300 and 0700 shall be entitled to a 4 hour rest period.

3. An employee on day work who is required to work 6 or greater accumulative overtime hours between the hours of 2300 and 0700 shall be entitled to an 8 hour rest period.

4. If the rest period in 2 and 3 above extends into the employee's normal scheduled hours of work, he/she shall be paid at straight time rates for the portion of the rest period which extends into the normal scheduled hours. Should the employee be required to continue working during normal scheduled hours, the employee shall be paid at two times his/her normal basic rate until the rest period is granted.

5. In computing overtime for hourly-rated employees on shift work, excluding stationary engineers, 4th class, one and one-half times the employee's basic rate shall be paid for all work performed during the two-hour period following the scheduled shift and two times the employee's basic rate shall be paid for all work performed during the 14-hour period prior to the start of the scheduled shift, Monday to Friday inclusive. All work performed on Saturday, Sunday and statutory holidays shall be paid at two times the employee's basic rate.

6. Overtime Weekly-Rated: The following trades weekly-rated classifications shall receive overtime in accordance with the "premium payments" section of Part B Item 22.3 for all work in excess of the indicated hours:

(a) In excess of eight hours in a day; janitorial staff and vehicle services attendants.

22.5 Overtime – Regular Part-Time and Temporary Part-Time Employees

Overtime is defined as:

(a) Hours worked which are in excess of the normal daily hours of the classification. The premium payment for such work is one and one-half times the employee's basic rate for all work performed during the first two clock hours after the normal quitting time of the classification, and two times the employee's basic rate for all work performed outside of the first two clock hours after the classification's normal quitting time.

and/or

(b) Hours worked in excess of 24 in a week. The premium payment for such work is one and one-half times the employee's basic rate for the first two hours worked in a day. Two times the employee's basic rate for all work performed in excess of two hours in a day.

and/or

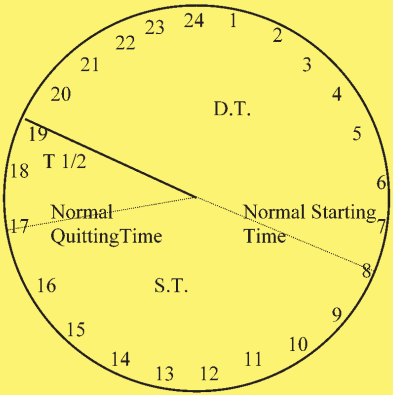
(c) Unscheduled hours worked on Saturday and Sunday. The premium payment for unscheduled hours worked on Saturday and Sunday is two times the employee's basic rate.

22.6 Equivalent Time Off Without Pay

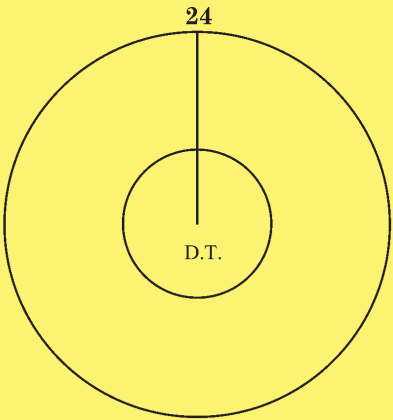
See Part 'A' Section 10.2

OVERTIME TABLE – HOURLY RATED EMPLOYEES

Monday to Friday



Saturday, Sunday, & Statutory Holiday



HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
WAGE SCHEDULE 24 - REPRODUCTION & GRAPHIC SERVICES
- Dollars per Hour

GRADE	TRADE	STEP 0	STEP 1	STEP 2	STEP 3	STEP 4	UTS LVL 3 STEP 7	SUPV LEVEL 2 STEP 8
01	Cameraperson, Litho Press Operator I		39.80	40.84	41.89		45.24	
04	Micrographic Worker II, Film Quality Inspector, Photocompositor I, Press Operator			33.74	35.86		38.73	41.96

Advancement through trade groups is not automatic.

All progressions shall be in accordance with Item 3 of Part A.

RULES OF APPLICATION

(1) All jobs on Wage Schedule 24 will be advertised within the Reproduction and Graphics Services Department when they become vacant

(2) Step 1 does not apply to the classification of Camerapersons.

Labour Relations
Effective: April 1, 2013

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
WAGE SCHEDULE 25 - TRADES
- Dollars per Hour

GRADE (GROUP)	TRADE	LEARNER STEP 0	LEARNER STEP 1	LEARNER STEP 2	IMPROVER STEP 3	IMPROVER STEP 4	IMPROVER STEP 5	J'PER STEP 6	J'PER AA STEP 7	UTS LVL 3 STEP 8	UTS LVL 3A STEP 9
01	Customer Service Representative 'A'; Electrician; Fitter Mechanic; Instrument Mechanic; Powerline Maintainer; Machinist; Mechanic 'A'; P.M. Electrician 'A'; Welder 'A' Cable Splicer. (2), Switching Agent	23.60	25.56	27.53	29.50	31.46	35.40	39.33	41.30	42.48	
02	Building Mechanic; Carpenter; Crane Operator (Licensed) 20 tons and over; Forester; Mechanic; Mechanic B (1); Meter Mechanic; P.M. Electrician B Pipefitter; Tinsmith; Rigger; Welder B; Underground Cable Stakeout Person; Power Equipment Component Refinisher. (2)	22.82	24.73	26.63	28.53	31.19	34.46	38.04	39.94	41.08	

		LEARNER		IMPROVER		J'PER	(3A)	J'PER AA	UTS LVL 3	UTS LVL 3A
03	Asst Mechanic; Crane Operator (licensed) 8 tons and under 20 tons; Customer Service Representative; Mechanic C (1); Meter Repairer; Painter; Tool & Equipment Repair Person. (3) Regional Site Maintenance Person (3A) Assistant Power Maintenance Electrician I	22.27	24.64	27.00	31.37	36.39	36.80	38.21	39.30	39.74

		LEARNER		IMP'R	J'PER	(4A)	J'PER AA	UTS LVL 3
04	Assistant Power Maintenance Electrician Crane Operator (Licensed) under 8 tons; Maintenance Worker; Meter Reader, Asst Cable Splicer. (3) Station Maintenance & Inspection; Meter Reader/Data Collector	22.30	24.67	27.03	34.74	35.83	36.48	37.52

GRADE (GROUP)	TRADE	STEP 1	STEP 2	STEP 3	J'PER AA STEP 6	UTS LVL 3 STEP 7
05	Handyperson (4)	22.31	28.58	31.51	33.09	34.03
06	Powerline Ground Assistant	28.60	30.22	31.78	33.37	34.32
07	Powerline Maintainer Special (5)	36.39				

		STEP 0	STEP 1	STEP 2	UTS LVL 3 STEP 3	SUPV LEVEL 2 STEP 4
08	Labourer (6)	22.31	25.77	28.63	30.92	33.50
09	Summer Student (7)	17.01	18.43			
10	Meter Reader B		21.64	24.79		
11	Supervising Meter Reader; Supervising Meter Reader/Data Collector		39.95			

See Page 2 for Explanatory Notes

NOTES:

(1) Advancement from Mechanic C to B or A is not automatic.

(2) For all Trade Group 1 and 2 jobs, progressions are on 6-month intervals until step 4 is reached and are then on an anniversary basis until Journeyperson level is reached.

(3) For all Trade Group 3 and 4 jobs, first increase six months after start, second increase twelve months after starting date. All other progressions are on an anniversary basis until Journeyperson level is reached.

(3A) Step 5 is used for Regional Site Maintenance employees who are required to hold a valid MOEE Herbicide Land Exterminator Class 01 licence. The base rate for Step 5 will be 41 cents per hour above Step 4, retroactive to January 1, 1999.

(4) First increase six months after starting date.

(4A) Step 5 is used as a step-up rate for Meter Reader/Data Collector employees required to perform Cable Locates.

(5) Not a hiring classification. Restricted for use of retrogressed Powerline Maintainers or former Rural Linepersons who are not fully qualified to perform the duties of their present positions.

(6) Progressions are on six (6) month intervals until Step 2 is reached.

(7) Step 0 paid for first year of employment, Step 1 paid for second year of employment.

NOTE: In the Trades' schedule, when an employee not at the maximum rate for his/her group is regraded, he/she will receive the rate of the corresponding year in the higher group and retain the same progression date.

All progressions shall be in accordance with Item 3 of Part A.

Labour Relations
Effective: April 1, 2013

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
WAGE SCHEDULE 26 - WORKING SUPERVISORS
- Dollars per Hour

SCHEDULE 25 TRADE GROUP	GRADE	GROUP 1 STEP 1	GROUP 2 STEP 2
01	01	46.02	47.98
02	02	44.51	46.41
03	03	42.58	44.40
03	3A	43.06	44.90
04	04	40.65	42.38
05	05	36.87	38.44

SCHEDULE 27 TRADE GROUP	GRADE	GROUP 1 STEP 1	GROUP 2 STEP 2
01	11	48.57	50.64
02	12	44.52	46.42
03	13	42.58	44.40
04	14	40.62	42.36
05	15	34.67	36.15

SCHEDULE 28 TRADE GROUP	GRADE	GROUP 1 STEP 1	GROUP 2 STEP 2
01	21	49.70	51.83
02	22	46.73	48.73

NOTES:

These grades are applicable to PWU Supervisors who supervise employees paid from Schedules 25, 27 and 28 and for union members who relieve in Trades Supervisory positions.

Group 1 is the hourly rate for union Supervisors Level 2. It is also applicable to union members relieving in union Supervisors Level 2 positions or union members relieving in Level 2 Trades Supervisory Positions. Rate is based on PWU Journeyperson Rate, Regional Maintainer 1 Rate or WSD Civil Maintainer 1 Rate x 1.17.

Group 2 is the hourly rate for union Supervisors Level 1. It is also applicable to union members relieving in union Supervisors Level 1 positions or union members relieving in Level 1 Trades Supervisory Positions. Rate is based on PWU Journeyperson Rate, Regional Maintainer 1 Rate or WSD Civil Maintainer 1 Rate x 1.22.

Trade Group 3, Grade 3A applicable to Schedule 25 (Group 03, Step 5).

Labour Relations
Effective: April 1, 2013

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
WAGE SCHEDULE 27 - MOTIVE POWER TRADES
- Dollars per Hour

GRADE (GROUP)	TRADE	LEARNER STEP 0	LEARNER STEP 1	LEARNER STEP 2	LEARNER STEP 3	IMPROVER STEP 4	IMPROVER STEP 5	IMPROVER STEP 6	J'PER STEP 7	J'PER AA STEP 8	UTS LVL 3 STEP 9
01	Regional Field Mechanic; Transport & Work Equipment Mechanic (1)	24.91	26.98	29.06	31.13	33.21	35.28	37.36	39.43	41.51	44.83
07	Autobody Fabricator; Hydraulics & Automotive Machinist;	23.60	25.56	27.53	29.50	31.46	33.43	35.40	38.05	39.33	42.48

		LEARNER				IMPROVER			J'PER		
02	Regional Shop Mechanic Transport Mechanic; Work Equipment Mechanic; Auto Body Repairer (1)	22.83	24.73	26.64	28.54	31.20	33.48	35.77	38.05		41.09

		LEARNER		IMPROVER		J'PER					
03	Automotive Painter (2)	22.27	24.64	27.00	31.37	36.39					39.30
06	Fuel and Electrical Systems Mechanic (3)	22.27	24.64	27.00	31.37	36.39					39.30

		LEARNER		IMP'R	J'PER						
04	Accessories Installer	22.39	24.72	27.05	34.72						37.50

		LRN'R	IMP'R	J'PER							
05	Service Station Attendant	22.13	24.39	29.63							32.00

All progressions shall be in accordance with Item 3 of Part A.

NOTES:

(1) For all Trade Group 1 and 2 jobs, progressions are on 6-month intervals until Step 4 is reached and are then on an anniversary basis until Journeyperson level is reached.

(2) For Trade Group 3 jobs, progressions are on 6-month intervals until Journeyperson level is reached.

(3) For Trade Group 6 jobs, progressions are on 6-month intervals until Step 2 is reached and are then on an anniversary basis until Journeyperson level is reached.

Labour Relations
Effective: April 1, 2013

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
WAGE SCHEDULE 28
REGIONAL MAINTAINERS
- Dollars per Hour

GRADE		LEARNER			IMPROVER			REGIONAL MAINTAINER 2		REG MAIN 1	UTS LVL 3
(GROUP)	TRADE	STEP 0	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7	STEP 8	STEP 9
01	Regional Maintainer-Lines;	23.60	25.56	27.53	29.50	31.46	35.40	39.33	40.90	42.48	45.88
	Regional Maintainer - Electrical;										
	Regional Maintainer - Mechanical.										
	Regional Maintainer - Cable Splicer.										
	Customer Service Representative - I										

		LEARNER			IMPROVER			REGIONAL OR WSD MAIN 2	MAIN 1	UTS LVL 3
		STEP 0	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7	STEP 9
02	Regional Maintainer - Civil;	22.82	24.73	26.63	28.53	31.19	34.46	38.04	39.94	43.14
	Regional Maintainer - Forestry;									

NOTES:

Progressions are on 6-month intervals until step 4 is reached and are then on an anniversay basis until the Maintainer 1 level is reached.

All progressions shall be in accordance with Item 3 of Part A.

Labour Relations
Effective: April 1, 2013

HYDRO ONE

POWER WORKERS' UNION COLLECTIVE AGREEMENT

SALARY SCHEDULE 31

TRADES - SERVICES (WEEKLY RATED)

- DOLLARS PER WEEK

GRADE	TITLE	STEP 0	STEP 1	STEP 2	STEP 3	UTS LVL 3 STEP 4	SUPV LEVEL 2 STEP 5
16	Janitor 'A'		1,083.12	1,183.74		1,278.44	1,384.98

This schedule is applicable to a 40-hour work week.

All progressions shall be in accordance with Item 3 of Part A.

Labour Relations
Effective: April 1, 2013

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
WAGE SCHEDULE 32 - TRADES - SERVICES (HOURLY RATED)
- Dollars per Hour

GRADE	TITLE	STEP 0*	STEP 1	STEP 2	STEP 3	UTS LVL 3 STEP 7	SUPV LVL 2 STEP 8
04	Office Cleaner**	23.05				24.89	
09	Vehicle Services Attn	31.51					36.87
10	Truck Driver Class 3	29.40	30.75	31.51			
11	Truck Driver Class 2	30.76	31.67	32.62			
12	Truck Driver Class 1	31.55	32.93	34.48			
16	Stockkeeper Helper		29.58	31.00	32.22		
18	Stockhandler		30.75	32.11	33.03	35.67	38.65
19	Forklift Operator		31.43	32.81	33.76		39.50
21	Stockkeeper, Waste Co-Ordinator		35.02	36.02	36.75	39.69	43.00
30	Material Handler 'B'		30.75	32.11	33.03	35.67	38.65
31	Material Handler 'A'		31.43	32.81	33.76	36.46	39.50

* First increase six months after starting date.

** 27.5 hours per week.

All progressions shall be in accordance with Item 3 of Part A.

Labour Relations
Effective: April 1, 2013

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
WAGE SCHEDULE 24 - REPRODUCTION & GRAPHIC SERVICES
- Dollars per Hour

GRADE	TRADE	STEP 0	STEP 1	STEP 2	STEP 3	STEP 4	UTS LVL 3 STEP 7	SUPV LEVEL 2 STEP 8
01	Cameraperson, Litho Press Operator I		40.19	41.25	42.31		45.69	
04	Micrographic Worker II, Film Quality Inspector, Photocompositor I, Press Operator			34.08	36.22		39.12	42.38

Advancement through trade groups is not automatic.

All progressions shall be in accordance with Item 3 of Part A.

RULES OF APPLICATION

(1) All jobs on Wage Schedule 24 will be advertised within the Reproduction and Graphics Services Department when they become vacant

(2) Step 1 does not apply to the classification of Camerapersons.

Labour Relations
Effective: October 1, 2013

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
WAGE SCHEDULE 25 - TRADES
- Dollars per Hour

GRADE (GROUP)	TRADE	LEARNER STEP 0	LEARNER STEP 1	LEARNER STEP 2	IMPROVER STEP 3	IMPROVER STEP 4	IMPROVER STEP 5	J'PER STEP 6	J'PER AA STEP 7	UTS LVL 3 STEP 8	UTS LVL 3A STEP 9
01	Customer Service Representative 'A'; Electrician; Fitter Mechanic; Instrument Mechanic; Powerline Maintainer; Machinist; Mechanic 'A'; P.M. Electrician 'A'; Welder 'A' Cable Splicer. (2), Switching Agent	23.83	25.82	27.80	29.79	31.78	35.75	39.72	41.71	42.90	
02	Building Mechanic; Carpenter; Crane Operator (Licensed) 20 tons and over; Forester; Mechanic; Mechanic B (1); Meter Mechanic; P.M. Electrician B Pipefitter; Tinsmith; Rigger; Welder B; Underground Cable Stakeout Person; Power Equipment Component Refinisher. (2)	23.05	24.97	26.89	28.82	31.50	34.81	38.42	40.34	41.49	

GRADE (GROUP)	TRADE	LEARNER		IMPROVER	J'PER	(3A)	J'PER AA	UTS LVL 3	UTS LVL 3A
		STEP 0	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7	STEP 8	STEP 9
03	Asst Mechanic; Crane Operator (licensed) 8 tons and under 20 tons; Customer Service Representative; Mechanic C (1); Meter Repairer; Painter; Tool & Equipment Repair Person. (3) Regional Site Maintenance Person (3A)	22.49	24.88	27.27	31.68	36.75	37.16		38.59	39.69	40.13
	Assistant Power Maintenance Electrician I										

GRADE (GROUP)	TRADE	LEARNER STEP 0	LEARNER STEP 1	IMP'R STEP 2	J'PER STEP 3	(4A) STEP 4	J'PER AA STEP 5	UTS LVL 3 STEP 6
04	Assistant Power Maintenance Electrician Crane Operator (Licensed) under 8 tons; Maintenance Worker; Meter Reader, Asst Cable Splicer. (3) Station Maintenance & Inspection; Meter Reader/Data Collector	22.53	24.91	27.30	35.09	36.19	36.84	37.90

GRADE (GROUP)	TRADE	STEP 1	STEP 2	STEP 3	J'PER AA STEP 6	UTS LVL 3 STEP 7
05	Handyperson (4)	22.54	28.87	31.83	33.42	34.38
06	Powerline Ground Assistant	28.89	30.53	32.10	33.71	34.67
07	Powerline Maintainer Special (5)	36.75				

	TRADE	STEP 0	STEP 1	STEP 2	UTS LVL 3 STEP 3	SUPV LEVEL 2 STEP 4
08	Labourer (6)	22.54	26.03	28.92	31.23	33.84
09	Summer Student (7)	17.18	18.61			
10	Meter Reader B		21.86	25.04		
11	Supervising Meter Reader; Supervising Meter Reader/Data Collector		40.35			

See Page 2 for Explanatory Notes

NOTES:

(1) Advancement from Mechanic C to B or A is not automatic.

(2) For all Trade Group 1 and 2 jobs, progressions are on 6-month intervals until step 4 is reached and are then on an anniversary basis until Journeyperson level is reached.

(3) For all Trade Group 3 and 4 jobs, first increase six months after start, second increase twelve months after starting date. All other progressions are on an anniversary basis until Journeyperson level is reached.

(3A) Step 5 is used for Regional Site Maintenance employees who are required to hold a valid MOEE Herbicide Land Exterminator Class 01 licence. The base rate for Step 5 will be 41 cents per hour above Step 4, retroactive to January 1, 1999.

(4) First increase six months after starting date.

(4A) Step 5 is used as a step-up rate for Meter Reader/Data Collector employees required to perform Cable Locates.

(5) Not a hiring classification. Restricted for use of retrogressed Powerline Maintainers or former Rural Linepersons who are not fully qualified to perform the duties of their present positions.

(6) Progressions are on six (6) month intervals until Step 2 is reached.

(7) Step 0 paid for first year of employment, Step 1 paid for second year of employment.

NOTE: In the Trades' schedule, when an employee not at the maximum rate for his/her group is regraded, he/she will receive the rate of the corresponding year in the higher group and retain the same progression date.

All progressions shall be in accordance with Item 3 of Part A.

Labour Relations
Effective: October 1, 2013

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
WAGE SCHEDULE 26 - WORKING SUPERVISORS
- Dollars per Hour

SCHEDULE 25			
TRADE GROUP	GRADE	GROUP 1	GROUP 2
		STEP 1	STEP 2
01	01	46.47	48.46
02	02	44.95	46.87
03	03	43.00	44.84
03	3A	43.48	45.34
04	04	41.06	42.81
05	05	37.24	38.83

SCHEDULE 27			
TRADE GROUP	GRADE	GROUP 1	GROUP 2
		STEP 1	STEP 2
01	11	49.06	51.15
02	12	44.96	46.88
03	13	43.00	44.84
04	14	41.03	42.79
05	15	35.02	36.51

SCHEDULE 28			
TRADE GROUP	GRADE	GROUP 1	GROUP 2
		STEP 1	STEP 2
01	21	50.19	52.34
02	22	47.20	49.21

NOTES:

These grades are applicable to PWU Supervisors who supervise employees paid from Schedules 25, 27 and 28 and for union members who relieve in Trades Supervisory positions.

Group 1 is the hourly rate for union Supervisors Level 2. It is also applicable to union members relieving in union Supervisors Level 2 positions or union members relieving in Level 2 Trades Supervisory Positions. Rate is based on PWU Journeyperson Rate, Regional Maintainer 1 Rate or WSD Civil Maintainer 1 Rate x 1.17.

Group 2 is the hourly rate for union Supervisors Level 1. It is also applicable to union members relieving in union Supervisors Level 1 positions or union members relieving in Level 1 Trades Supervisory Positions. Rate is based on PWU Journeyperson Rate, Regional Maintainer 1 Rate or WSD Civil Maintainer 1 Rate x 1.22.

Trade Group 3, Grade 3A applicable to Schedule 25 (Group 03, Step 5).

Labour Relations
Effective: October 1, 2013

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
WAGE SCHEDULE 27 - MOTIVE POWER TRADES
- Dollars per Hour

GRADE (GROUP)	TRADE	LEARNER STEP 0	LEARNER STEP 1	LEARNER STEP 2	LEARNER STEP 3	IMPROVER STEP 4	IMPROVER STEP 5	IMPROVER STEP 6	J'PER STEP 7	J'PER AA STEP 8	UTS LVL 3 STEP 9
01	Regional Field Mechanic; Transport & Work Equipment Mechanic (1)	25.16	27.25	29.35	31.45	33.54	35.64	37.74	39.83	41.93	45.28
07	Autobody Fabricator; Hydraulics & Automotive Machinist;	23.83	25.82	27.80	29.79	31.78	33.76	35.75	38.43	39.72	42.90
		LEARNER				IMPROVER			J'PER		
02	Regional Shop Mechanic Transport Mechanic; Work Equipment Mechanic; Auto Body Repairer (1)	23.06	24.98	26.90	28.82	31.51	33.82	36.12	38.43		41.50
		LEARNER		IMPROVER		J'PER					
03	Automotive Painter (2)	22.49	24.88	27.27	31.68	36.75					39.69
06	Fuel and Electrical Systems Mechanic (3)	22.49	24.88	27.27	31.68	36.75					39.69
		LEARNER		IMP'R	J'PER						
04	Accessories Installer	22.62	24.97	27.32	35.07						37.88
		LRN'R	IMP'R	J'PER							
05	Service Station Attendant	22.36	24.63	29.93							32.32

All progressions shall be in accordance with Item 3 of Part A.

NOTES:

(1) For all Trade Group 1 and 2 jobs, progressions are on 6-month intervals until Step 4 is reached and are then on an anniversary basis until Journeyperson level is reached.

(2) For Trade Group 3 jobs, progressions are on 6-month intervals until Journeyperson level is reached.

(3) For Trade Group 6 jobs, progressions are on 6-month intervals until Step 2 is reached and are then on an anniversary basis until Journeyperson level is reached.

Labour Relations
Effective: October 1, 2013

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
WAGE SCHEDULE 28
REGIONAL MAINTAINERS
- Dollars per Hour

GRADE		LEARNER			IMPROVER			REGIONAL MAINTAINER 2		REG MAIN 1	UTS LVL 3
(GROUP)	TRADE	STEP 0	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7	STEP 8	STEP 9
01	Regional Maintainer-Lines; Regional Maintainer - Electrical; Regional Maintainer - Mechanical. Regional Maintainer - Cable Splicer. Customer Service Representative - I	23.83	25.82	27.80	29.79	31.78	35.75	39.72	41.31	42.90	46.33

		LEARNER			IMPROVER			REGIONAL OR WSD MAIN 2	REGIONAL OR WSD MAIN 1	UTS LVL 3
		STEP 0	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7	STEP 9
02	Regional Maintainer - Civil; Regional Maintainer - Forestry;	23.05	24.97	26.89	28.82	31.50	34.81	38.42	40.34	43.57

NOTES:

Progressions are on 6-month intervals until step 4 is reached and are then on an anniversay basis until the Maintainer 1 level is reached.

All progressions shall be in accordance with Item 3 of Part A.

Labour Relations
Effective: October 1, 2013

HYDRO ONE

POWER WORKERS' UNION COLLECTIVE AGREEMENT

SALARY SCHEDULE 31

TRADES - SERVICES (WEEKLY RATED)

- DOLLARS PER WEEK

GRADE	TITLE	STEP 0	STEP 1	STEP 2	STEP 3	UTS LVL 3 STEP 4	SUPV LEVEL 2 STEP 5
16	Janitor 'A'		1,093.96	1,195.58		1,291.23	1,398.83

This schedule is applicable to a 40-hour work week.

All progressions shall be in accordance with Item 3 of Part A.

Labour Relations
Effective: October 1, 2013

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
WAGE SCHEDULE 32 - TRADES - SERVICES (HOURLY RATED)
- Dollars per Hour

GRADE	TITLE	STEP 0*	STEP 1	STEP 2	STEP 3	UTS LVL 3 STEP 7	SUPV LVL 2 STEP 8
04	Office Cleaner**	23.28				25.14	
09	Vehicle Services Attn	31.83					37.24
10	Truck Driver Class 3	29.70	31.07	31.83			
11	Truck Driver Class 2	31.07	31.99	32.95			
12	Truck Driver Class 1	31.86	33.25	34.82			
16	Stockkeeper Helper		29.87	31.30	32.54		
18	Stockhandler		31.06	32.43	33.36	36.03	39.03
19	Forklift Operator		31.75	33.15	34.10		39.90
21	Stockkeeper, Waste Co-Ordinator		35.38	36.38	37.12	40.09	43.43
30	Material Handler 'B'		31.06	32.43	33.36	36.03	39.03
31	Material Handler 'A'		31.75	33.15	34.10	36.83	39.90

* First increase six months after starting date.

** 27.5 hours per week.

All progressions shall be in accordance with Item 3 of Part A.

Labour Relations
Effective: October 1, 2013

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
WAGE SCHEDULE 24 - REPRODUCTION & GRAPHIC SERVICES
- Dollars per Hour

GRADE	TRADE	STEP 0	STEP 1	STEP 2	STEP 3	STEP 4	UTS LVL 3 STEP 7	SUPV LEVEL 4 STEP 8
01	Cameraperson, Litho Press Operator I		40.79	41.87	42.94		46.38	
04	Micrographic Worker II, Film Quality Inspector, Photocompositor I, Press Operator			34.59	36.76		39.70	43.01

Advancement through trade groups is not automatic.

All progressions shall be in accordance with Item 3 of Part A.

RULES OF APPLICATION

(1) All jobs on Wage Schedule 24 will be advertised within the Reproduction and Graphics Services Department when they become vacant

(2) Step 1 does not apply to the classification of Camerapersons.

Labour Relations
Effective: April 1, 2014

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
WAGE SCHEDULE 25 - TRADES
- Dollars per Hour

GRADE (GROUP)	TRADE	LEARNER STEP 0	LEARNER STEP 1	LEARNER STEP 2	IMPROVER STEP 3	IMPROVER STEP 4	IMPROVER STEP 5	J'PER STEP 6	J'PER AA STEP 7	UTS LVL 3 STEP 8	UTS LVL 3A STEP 9
01	Customer Service Representative 'A'; Electrician; Fitter Mechanic; Instrument Mechanic; Powerline Maintainer; Machinist; Mechanic 'A'; P.M. Electrician 'A'; Welder 'A' Cable Splicer. (2), Switching Agent	24.19	26.21	28.22	30.24	32.26	36.29	40.32	42.34	43.55	
02	Building Mechanic; Carpenter; Crane Operator (Licensed) 20 tons and over; Forester; Mechanic; Mechanic B (1); Meter Mechanic; P.M. Electrician B Pipefitter; Tinsmith; Rigger; Welder B; Underground Cable Stakeout Person; Power Equipment Component Refinisher. (2)	23.40	25.35	27.30	29.25	31.98	35.33	39.00	40.95	42.12	

GRADE (GROUP)	TRADE	LEARNER	LEARNER	IMPROVER	IMPROVER	J'PER	(3A)	J'PER AA	UTS LVL 3	UTS LVL 3A
03	Asst Mechanic; Crane Operator (licensed) 8 tons and under 20 tons; Customer Service Representative; Mechanic C (1); Meter Repairer; Painter; Tool & Equipment Repair Person. (3) Regional Site Maintenance Person (3A)	22.83	25.25	27.68	32.15	37.30	37.71	39.17	40.28	40.73
	Assistant Power Maintenance Electrician I	LEARNER		IMP'R	J'PER	(4A)		J'PER AA	UTS LVL 3	
04	Assistant Power Maintenance Electrician Crane Operator (Licensed) under 8 tons; Maintenance Worker; Meter Reader, Asst Cable Splicer. (3) Station Maintenance & Inspection; Meter Reader/Data Collector	22.87	25.29	27.71	35.62	36.73		37.40	38.47	

GRADE (GROUP)	TRADE	STEP 1	STEP 2	STEP 3	J'PER AA STEP 6	UTS LVL 3 STEP 7
05	Handyperson (4)	22.88	29.31	32.31	33.93	34.89
06	Powerline Ground Assistant	29.32	30.98	32.58	34.21	35.19
07	Powerline Maintainer Special (5)	37.30				

		STEP 0	STEP 1	STEP 2	UTS LVL 3 STEP 3	SUPV LEVEL 2 STEP 4
08	Labourer (6)	22.88	26.42	29.35	31.70	34.34
09	Summer Student (7)	17.44	18.89			
10	Meter Reader B		22.19	25.42		
11	Supervising Meter Reader; Supervising Meter Reader/Data Collector		40.96			

See Page 2 for Explanatory Notes

NOTES:

(1) Advancement from Mechanic C to B or A is not automatic.

(2) For all Trade Group 1 and 2 jobs, progressions are on 6-month intervals until step 4 is reached and are then on an anniversary basis until Journeyperson level is reached.

(3) For all Trade Group 3 and 4 jobs, first increase six months after start, second increase twelve months after starting date. All other progressions are on an anniversary basis until Journeyperson level is reached.

(3A) Step 5 is used for Regional Site Maintenance employees who are required to hold a valid MOEE Herbicide Land Exterminator Class 01 licence. The base rate for Step 5 will be 41 cents per hour above Step 4, retroactive to January 1, 1999.

(4) First increase six months after starting date.

(4A) Step 5 is used as a step-up rate for Meter Reader/Data Collector employees required to perform Cable Locates.

(5) Not a hiring classification. Restricted for use of retrogressed Powerline Maintainers or former Rural Linepersons who are not fully qualified to perform the duties of their present positions.

(6) Progressions are on six (6) month intervals until Step 2 is reached.

(7) Step 0 paid for first year of employment, Step 1 paid for second year of employment.

NOTE: In the Trades' schedule, when an employee not at the maximum rate for his/her group is regraded, he/she will receive the rate of the corresponding year in the higher group and retain the same progression date.

All progressions shall be in accordance with Item 3 of Part A.

Labour Relations
Effective: April 1, 2014

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
WAGE SCHEDULE 26 - WORKING SUPERVISORS
- Dollars per Hour

SCHEDULE 25 TRADE GROUP	GRADE	GROUP 1 STEP 1	GROUP 2 STEP 2
01	01	47.17	49.19
02	02	45.63	47.58
03	03	43.64	45.51
03	3A	44.12	46.01
04	04	41.68	43.46
05	05	37.80	39.42

SCHEDULE 27 TRADE GROUP	GRADE	GROUP 1 STEP 1	GROUP 2 STEP 2
01	11	49.80	51.92
02	12	45.64	47.59
03	13	43.64	45.51
04	14	41.65	43.43
05	15	35.54	37.06

SCHEDULE 28 TRADE GROUP	GRADE	GROUP 1 STEP 1	GROUP 2 STEP 2
01	21	50.95	53.13
02	22	47.91	49.96

NOTES:

These grades are applicable to PWU Supervisors who supervise employees paid from Schedules 25, 27 and 28 and for union members who relieve in Trades Supervisory positions.

Group 1 is the hourly rate for union Supervisors Level 2. It is also applicable to union members relieving in union Supervisors Level 2 positions or union members relieving in Level 2 Trades Supervisory Positions. Rate is based on PWU Journeyperson Rate, Regional Maintainer 1 Rate or WSD Civil Maintainer 1 Rate x 1.17.

Group 2 is the hourly rate for union Supervisors Level 1. It is also applicable to union members relieving in union Supervisors Level 1 positions or union members relieving in Level 1 Trades Supervisory Positions. Rate is based on PWU Journeyperson Rate, Regional Maintainer 1 Rate or WSD Civil Maintainer 1 Rate x 1.22.

Trade Group 3, Grade 3A applicable to Schedule 25 (Group 03, Step 5).

Labour Relations
Effective: April 1, 2014

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
WAGE SCHEDULE 27 - MOTIVE POWER TRADES
- Dollars per Hour

GRADE (GROUP)	TRADE	LEARNER STEP 0	LEARNER STEP 1	LEARNER STEP 2	LEARNER STEP 3	IMPROVER STEP 4	IMPROVER STEP 5	IMPROVER STEP 6	J'PER STEP 7	J'PER AA STEP 8	UTS LVL 3 STEP 9
01	Regional Field Mechanic; Transport & Work Equipment Mechanic (1)	25.54	27.66	29.79	31.92	34.05	36.18	38.30	40.43	42.56	45.96
07	Autobody Fabricator; Hydraulics & Automotive Machinist;	24.19	26.21	28.22	30.24	32.26	34.27	36.29	39.01	40.32	43.55

		LEARNER				IMPROVER			J'PER		
02	Regional Shop Mechanic Transport Mechanic; Work Equipment Mechanic; Auto Body Repairer (1)	23.41	25.36	27.31	29.26	31.99	34.33	36.67	39.01		42.13

		LEARNER		IMPROVER		J'PER	
03	Automotive Painter (2)	22.83	25.25	27.68	32.15	37.30	40.28
06	Fuel and Electrical Systems Mechanic (3)	22.83	25.25	27.68	32.15	37.30	40.28

		LEARNER		IMP'R	J'PER	
04	Accessories Installer	22.96	25.35	27.73	35.60	38.45

		LRN'R	IMP'R	J'PER	
05	Service Station Attendant	22.69	25.00	30.38	32.81

All progressions shall be in accordance with Item 3 of Part A.

NOTES:

(1) For all Trade Group 1 and 2 jobs, progressions are on 6-month intervals until Step 4 is reached and are then on an anniversary basis until Journeyperson level is reached.

(2) For Trade Group 3 jobs, progressions are on 6-month intervals until Journeyperson level is reached.

(3) For Trade Group 6 jobs, progressions are on 6-month intervals until Step 2 is reached and are then on an anniversary basis until Journeyperson level is reached.

Labour Relations
Effective: April 1, 2014

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
WAGE SCHEDULE 28
REGIONAL MAINTAINERS
- Dollars per Hour

GRADE		LEARNER			IMPROVER			REGIONAL MAINTAINER 2		REG MAIN 1	UTS LVL 3
(GROUP)	TRADE	STEP 0	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7	STEP 8	STEP 9
01	Regional Maintainer-Lines; Regional Maintainer - Electrical; Regional Maintainer - Mechanical. Regional Maintainer - Cable Splicer. Customer Service Representative - I	24.19	26.21	28.22	30.24	32.26	36.29	40.32	41.93	43.55	47.03

		LEARNER			IMPROVER			REGIONAL OR WSD MAIN 2	REGIONAL OR WSD MAIN 1	UTS LVL 3
		STEP 0	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7	STEP 9
02	Regional Maintainer - Civil; Regional Maintainer - Forestry;	23.40	25.35	27.30	29.25	31.98	35.33	39.00	40.95	44.23

NOTES:

Progressions are on 6-month intervals until step 4 is reached and are then on an anniversay basis until the Maintainer 1 level is reached.

All progressions shall be in accordance with Item 3 of Part A.

Labour Relations
Effective: April 1, 2014

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
SALARY SCHEDULE 31
TRADES - SERVICES (WEEKLY RATED)
- DOLLARS PER WEEK

GRADE	TITLE	STEP 0	STEP 1	STEP 2	STEP 3	UTS LVL 3 STEP 4	SUPV LEVEL 2 STEP 5
16	Janitor 'A'		1,110.36	1,213.51		1,310.59	1,419.81

This schedule is applicable to a 40-hour work week.

All progressions shall be in accordance with Item 3 of Part A.

Labour Relations
Effective: April 1, 2014

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
WAGE SCHEDULE 32 - TRADES - SERVICES (HOURLY RATED)
- Dollars per Hour

GRADE	TITLE	STEP 0*	STEP 1	STEP 2	STEP 3	UTS LVL 3 STEP 7	SUPV LVL 2 STEP 8
04	Office Cleaner**	23.63				25.52	
09	Vehicle Services Attn	32.31					37.80
10	Truck Driver Class 3	30.15	31.53	32.31			
11	Truck Driver Class 2	31.53	32.47	33.44			
12	Truck Driver Class 1	32.34	33.75	35.34			
16	Stockkeeper Helper		30.32	31.77	33.03		
18	Stockhandler		31.52	32.91	33.86	36.57	39.62
19	Forklift Operator		32.22	33.64	34.61		40.49
21	Stockkeeper, Waste Co-Ordinator		35.91	36.93	37.68	40.69	44.09
30	Material Handler 'B'		31.52	32.91	33.86	36.57	39.62
31	Material Handler 'A'		32.22	33.64	34.61	37.38	40.49

* First increase six months after starting date.

** 27.5 hours per week.

All progressions shall be in accordance with Item 3 of Part A.

Labour Relations
Effective: April 1, 2014

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
WAGE SCHEDULE 24 - REPRODUCTION & GRAPHIC SERVICES
- Dollars per Hour

GRADE	TRADE	STEP 0	STEP 1	STEP 2	STEP 3	STEP 4	UTS LVL 3 STEP 7	SUPV LEVEL 2 STEP 8
01	Cameraperson, Litho Press Operator I		41.20	42.29	43.37		46.84	
04	Micrographic Worker II, Film Quality Inspector, Photocompositor I, Press Operator			34.94	37.13		40.10	43.44

Advancement through trade groups is not automatic.

All progressions shall be in accordance with Item 3 of Part A.

RULES OF APPLICATION

(1) All jobs on Wage Schedule 24 will be advertised within the Reproduction and Graphics Services Department when they become vacant

(2) Step 1 does not apply to the classification of Camerapersons.

Labour Relations
Effective: October 1, 2014

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
WAGE SCHEDULE 25 - TRADES
- Dollars per Hour

GRADE (GROUP)	TRADE	LEARNER STEP 0	LEARNER STEP 1	LEARNER STEP 2	LEARNER STEP 3	IMPROVER STEP 4	IMPROVER STEP 5	J'PER STEP 6	J'PER AA STEP 7	UTS LVL 3 STEP 8	UTS LVL 3A STEP 9
01	Customer Service Representative 'A'; Electrician; Fitter Mechanic; Instrument Mechanic; Powerline Maintainer; Machinist; Mechanic 'A'; P.M. Electrician 'A'; Welder 'A' Cable Splicer. (2), Switching Agent	24.43	26.47	28.50	30.54	32.58	36.65	40.72	42.76	43.98	
02	Building Mechanic; Carpenter; Crane Operator (Licensed) 20 tons and over; Forester; Mechanic; Mechanic B (1); Meter Mechanic; P.M. Electrician B Pipefitter; Tinsmith; Rigger; Welder B; Underground Cable Stakeout Person; Power Equipment Component Refinisher. (2)	23.63	25.60	27.57	29.54	32.30	35.69	39.39	41.36	42.54	

		LEARNER		IMPROVER		J'PER	(3A)	J'PER AA	UTS LVL 3	UTS LVL 3A
03	Asst Mechanic; Crane Operator (licensed) 8 tons and under 20 tons; Customer Service Representative; Mechanic C (1); Meter Repairer; Painter; Tool & Equipment Repair Person. (3) Regional Site Maintenance Person (3A) Assistant Power Maintenance Electrician I	23.05	25.50	27.95	32.47	37.67	38.08	39.55	40.68	41.13

		LEARNER		IMP'R	J'PER	(4A)	J'PER AA	UTS LVL 3
04	Assistant Power Maintenance Electrician Crane Operator (Licensed) under 8 tons; Maintenance Worker; Meter Reader, Asst Cable Splicer. (3) Station Maintenance & Inspection; Meter Reader/Data Collector	23.10	25.55	27.99	35.98	37.10	37.78	38.86

GRADE (GROUP)	TRADE	STEP 1	STEP 2	STEP 3	J'PER AA STEP 6	UTS LVL 3 STEP 7
05	Handyperson (4)	23.10	29.60	32.63	34.26	35.24
06	Powerline Ground Assistant	29.62	31.30	32.91	34.56	35.54
07	Powerline Maintainer Special (5)	37.67				

		STEP 0	STEP 1	STEP 2	UTS LVL 3 STEP 3	SUPV LEVEL 2 STEP 4
08	Labourer (6)	23.10	26.68	29.64	32.01	34.68
09	Summer Student (7)	17.61	19.08			
10	Meter Reader B		22.41	25.67		
11	Supervising Meter Reader; Supervising Meter Reader/Data Collector		41.38			

See Page 2 for Explanatory Notes

NOTES:

(1) Advancement from Mechanic C to B or A is not automatic.

(2) For all Trade Group 1 and 2 jobs, progressions are on 6-month intervals until step 4 is reached and are then on an anniversary basis until Journeyperson level is reached.

(3) For all Trade Group 3 and 4 jobs, first increase six months after start, second increase twelve months after starting date. All other progressions are on an anniversary basis until Journeyperson level is reached.

(3A) Step 5 is used for Regional Site Maintenance employees who are required to hold a valid MOEE Herbicide Land Exterminator Class 01 licence. The base rate for Step 5 will be 41 cents per hour above Step 4, retroactive to January 1, 1999.

(4) First increase six months after starting date.

(4A) Step 5 is used as a step-up rate for Meter Reader/Data Collector employees required to perform Cable Locates.

(5) Not a hiring classification. Restricted for use of retrogressed Powerline Maintainers or former Rural Linepersons who are not fully qualified to perform the duties of their present positions.

(6) Progressions are on six (6) month intervals until Step 2 is reached.

(7) Step 0 paid for first year of employment, Step 1 paid for second year of employment.

NOTE: In the Trades' schedule, when an employee not at the maximum rate for his/her group is regraded, he/she will receive the rate of the corresponding year in the higher group and retain the same progression date.

All progressions shall be in accordance with Item 3 of Part A.

Labour Relations
Effective: October 1, 2014

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
WAGE SCHEDULE 26 - WORKING SUPERVISORS
- Dollars per Hour

SCHEDULE 25 TRADE GROUP	GRADE	GROUP 1 STEP 1	GROUP 2 STEP 2
01	01	47.64	49.68
02	02	46.09	48.06
03	03	44.07	45.96
03	3A	44.55	46.46
04	04	42.10	43.90
05	05	38.18	39.81

SCHEDULE 27 TRADE GROUP	GRADE	GROUP 1 STEP 1	GROUP 2 STEP 2
01	11	50.30	52.45
02	12	46.10	48.07
03	13	44.07	45.96
04	14	42.07	43.87
05	15	35.90	37.43

SCHEDULE 28 TRADE GROUP	GRADE	GROUP 1 STEP 1	GROUP 2 STEP 2
01	21	51.46	53.66
02	22	48.39	50.46

NOTES:

These grades are applicable to PWU Supervisors who supervise employees paid from Schedules 25, 27 and 28 and for union members who relieve in Trades Supervisory positions.

Group 1 is the hourly rate for union Supervisors Level 2. It is also applicable to union members relieving in union Supervisors Level 2 positions or union members relieving in Level 2 Trades Supervisory Positions. Rate is based on PWU Journeyperson Rate, Regional Maintainer 1 Rate or WSD Civil Maintainer 1 Rate x 1.17.

Group 2 is the hourly rate for union Supervisors Level 1. It is also applicable to union members relieving in union Supervisors Level 1 positions or union members relieving in Level 1 Trades Supervisory Positions. Rate is based on PWU Journeyperson Rate, Regional Maintainer 1 Rate or WSD Civil Maintainer 1 Rate x 1.22.

Trade Group 3, Grade 3A applicable to Schedule 25 (Group 03, Step 5).

Labour Relations
Effective: October 1, 2014

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
WAGE SCHEDULE 27 - MOTIVE POWER TRADES
- Dollars per Hour

GRADE (GROUP)	TRADE	LEARNER STEP 0	LEARNER STEP 1	LEARNER STEP 2	LEARNER STEP 3	IMPROVER STEP 4	IMPROVER STEP 5	IMPROVER STEP 6	J'PER STEP 7	J'PER AA STEP 8	UTS LVL 3 STEP 9
01	Regional Field Mechanic; Transport & Work Equipment Mechanic (1)	25.79	27.94	30.09	32.24	34.39	36.54	38.69	40.84	42.99	46.43
07	Autobody Fabricator; Hydraulics & Automotive Machinist;	24.43	26.47	28.50	30.54	32.58	34.61	36.65	39.40	40.72	43.98

		LEARNER				IMPROVER			J'PER		
02	Regional Shop Mechanic Transport Mechanic; Work Equipment Mechanic; Auto Body Repairer (1)	23.64	25.61	27.58	29.55	32.31	34.67	37.04	39.40		42.55

		LEARNER		IMPROVER		J'PER	
03	Automotive Painter (2)	23.05	25.50	27.95	32.47	37.67	40.68
06	Fuel and Electrical Systems Mechanic (3)	23.05	25.50	27.95	32.47	37.67	40.68

		LEARNER		IMP'R	J'PER	
04	Accessories Installer	23.19	25.60	28.01	35.96	38.84

		LRN'R	IMP'R	J'PER	
05	Service Station Attendant	22.92	25.25	30.68	33.13

All progressions shall be in accordance with Item 3 of Part A.

NOTES:

(1) For all Trade Group 1 and 2 jobs, progressions are on 6-month intervals until Step 4 is reached and are then on an anniversary basis until Journeyperson level is reached.

(2) For Trade Group 3 jobs, progressions are on 6-month intervals until Journeyperson level is reached.

(3) For Trade Group 6 jobs, progressions are on 6-month intervals until Step 2 is reached and are then on an anniversary basis until Journeyperson level is reached.

Labour Relations
Effective: October 1, 2014

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
WAGE SCHEDULE 28
REGIONAL MAINTAINERS
- Dollars per Hour

GRADE		LEARNER			IMPROVER			REGIONAL MAINTAINER 2		REG MAIN 1	UTS LVL 3
(GROUP)	TRADE	STEP 0	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7	STEP 8	STEP 9
01	Regional Maintainer-Lines; Regional Maintainer - Electrical; Regional Maintainer - Mechanical. Regional Maintainer - Cable Splicer. Customer Service Representative - I	24.43	26.47	28.50	30.54	32.58	36.65	40.72	42.35	43.98	47.50

		LEARNER			IMPROVER			REGIONAL OR WSD MAIN 2	REGIONAL OR WSD MAIN 1	UTS LVL 3
		STEP 0	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7	STEP 9
02	Regional Maintainer - Civil; Regional Maintainer - Forestry;	23.63	25.60	27.57	29.54	32.30	35.69	39.39	41.36	44.67

NOTES:

Progressions are on 6-month intervals until step 4 is reached and are then on an anniversay basis until the Maintainer 1 level is reached.

All progressions shall be in accordance with Item 3 of Part A.

Labour Relations
Effective: October 1, 2014

HYDRO ONE

POWER WORKERS' UNION COLLECTIVE AGREEMENT

SALARY SCHEDULE 31

TRADES - SERVICES (WEEKLY RATED)

- DOLLARS PER WEEK

GRADE	TITLE	STEP 0	STEP 1	STEP 2	STEP 3	UTS LVL 3 STEP 4	SUPV LEVEL 2 STEP 5
16	Janitor 'A'		1,121.47	1,225.65		1,323.70	1,434.01

This schedule is applicable to a 40-hour work week.

All progressions shall be in accordance with Item 3 of Part A.

Labour Relations
Effective: October 1, 2014

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
WAGE SCHEDULE 32 - TRADES - SERVICES (HOURLY RATED)
- Dollars per Hour

GRADE	TITLE	STEP 0*	STEP 1	STEP 2	STEP 3	UTS LVL 3 STEP 7	SUPV LVL 2 STEP 8
04	Office Cleaner**	23.87				25.78	
09	Vehicle Services Attn	32.63					38.18
10	Truck Driver Class 3	30.44	31.85	32.63			
11	Truck Driver Class 2	31.85	32.79	33.77			
12	Truck Driver Class 1	32.66	34.08	35.69			
16	Stockkeeper Helper		30.62	32.09	33.36		
18	Stockhandler		31.84	33.24	34.20	36.94	40.01
19	Forklift Operator		32.55	33.98	34.96		40.90
21	Stockkeeper, Waste Co-Ordinator		36.27	37.30	38.06	41.10	44.53
30	Material Handler 'B'		31.84	33.24	34.20	36.94	40.01
31	Material Handler 'A'		32.55	33.98	34.96	37.76	40.90

* First increase six months after starting date.

** 27.5 hours per week.

All progressions shall be in accordance with Item 3 of Part A.

Labour Relations
Effective: October 1, 2014

PART C
CONTROLLERS/DISPATCHERS/TRAINEES

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PART C
CONTROLLERS/DISPATCHERS AND TRAINEES

Specific Matters of Agreement

1.0 WAGE RATES

Controllers/dispatchers and trainees will be paid on the basis of an hourly rate. Basic wage, shift bonus, and all premium time entitlement shall be at an hourly rate with balanced weekly payments of the basic wage.

Wage rates shall be in accordance with wage schedule 30 which is part of this Agreement.

2.0 CONTROLLERS/DISPATCHERS ORGANIZATIONAL STRUCTURE

2.1 Application

Refer to arbitration award HO-P-8, HO-P-10, HO-O-20 and HO-0-21, dated May 30, 2002, for a description of the controller/dispatcher organization structure.

2.2 Application of Controller/Dispatcher Organizational Structure

Where it is mutually recognized that a problem or problems exist regarding the application of the controller/dispatcher organizational structure, a meeting of the Union and the Company will be called to resolve these specific problems. However, individual problems regarding the interpretation and application of the method will be initially dealt with in the field between the employee and his/her supervisor.

3.0 SUPERVISORY DUTIES

Under normal circumstances controller/dispatcher/trainee's non- union supervisor's duties are of a supervisory nature. His/her principal responsibility is to guide and direct his/her staff in the safe and proper performance of their work. It is necessary for him/her to gauge the degree of supervision required by the employees under his/her direction. Normally, a non-union supervisor must not take the place of a controller/dispatcher.

In the event that an emergent condition arises, a controller/dispatcher must be called in. However, when such a controller/dispatcher is not immediately available, the non-union supervisor may perform whatever duties are necessary until the controller/dispatcher can report for duty.

4.0 ON CALL CONTROLLERS/DISPATCHERS/TRAINEES

On call is the term used to cover on-call service performed by controllers/dispatchers/trainees. While on call they are allowed up to a maximum of one (1) hour between the time they are called and the time when they report to work.

The rate of pay for on-call duty will be one-half hour at the employee's basic hourly rate per day, except for Saturdays, Sundays and statutory holidays when the rate will be one (1) hour at the employee's basic hourly rate per day. An employee required to report to work for on-call duty shall be paid for his/her working time in accordance with the standard regulations governing overtime, including the regulation governing work performed on a short call basis.

On-call duty by controllers/dispatchers/trainees will be on a purely voluntary, individual basis.

5.0 MEAL PROVISIONS

5.1 Provision of Meals

In recognition of the importance of regular meals to an individual's health and effectiveness on the job, the Company will supply meals as outlined below and when required, will assign an employee to secure the meals.

(a) Employees provide their own meals on regular days of work.

(b) When an employee works overtime on a regular day off, he/she will be expected to provide one meal if 23 hours notice has been given.

(c) When an employee works extension overtime before or after normal scheduled hours, all required meals will be provided by the Company. The first meal (or meal allowance) will be provided when two (2) hours of overtime are worked. Subsequent meals or meal allowances will be provided every four (4) hours of overtime worked thereafter.

(d) When meals cannot be reasonably obtained[1], an allowance of $15.00 per meal will be paid.

5.2 Meal Periods

(a) Employees on day work shall take a meal period designated by the Company and shall not be paid for this time (unless otherwise provided for in the Collective Agreement).

(b) Employees on shift work shall eat their meals during the shift hours as conditions permit.

1 'Reasonably obtained' is to be defined locally by Union and Management.

(c) When an employee works extension overtime, no time shall be deducted for eating such meals where the employee eats the meal on the job and in a minimum of time.

6.0 RELIEF WORK, ACTING IN VACANCIES & TEMPORARY AND ROTATIONAL ASSIGNMENTS

6.1 Selection to/Acting in Vacancies

Selection to positions in the controller/dispatcher/trainee wage schedule to be made within 90 days after the vacancy is created providing there is a suitable applicant.

6.2 Relief Work In a Non-Union Position

1. When a controller/dispatcher is used to supply relief in a non-union supervisory position he/she shall receive five percent (5%) above their base rate. When a controller/dispatcher is used to supply relief in a higher rated non-union non-supervisory position he/she shall receive three percent (3%) above their base rate.

2. The entitlement of controllers/dispatchers for payment of vacation days at a relief rate as outlined in 1. above will be determined by the amount of relief provided during the period from January 1st to December 31st each year. If relief has been provided for 50 percent (50%) or more of this time in a higher position, all vacation days taken during this same period will be paid at the higher rate. Time worked after a permanent promotion to a higher position will not be counted towards the 50 percent (50%) credit.

3. When a controller/dispatcher relieves in a non-union position and he/she acquires a lieu day (statutory holiday), the lieu day shall be paid at the higher rate.

4. When relieving in a non-union position during his/her normally scheduled hours of work, a controller/dispatcher shall be paid a minimum of four hours' pay at the appropriate relief rate, or the actual hours worked, whichever is greater.

7.0 SHIFT WORK

The content, preparation, posting and administration of shift schedules is the sole responsibility of the Company.

The posting of master shift schedules will be done in a manner that considers the needs of both the employee and the Company.

7.1 Regular Controllers/Dispatchers

7.1.1 Master Work Schedule

A six-month (commencing in January and July) master work schedule, averaging 40 hours per week, posted one month in advance, will be prepared and posted indicating the days, hours of work (shift) for each controller/dispatcher. The master work schedule will provide a minimum of 16 hours off between eight hour shifts.

7.1.2 Time Balance

1. The master work schedule shall have the time balance adjusted for each controller/dispatcher to zero on June 30 and December 31. Statutory holidays occurring and vacation allowances taken during the respective periods shall be included when computing time balances.

2. Plus time balances on the above dates shall be paid for at premium rates of pay.

3. Minus time balances which occur as a result of implementing the provisions of 7.1.2(1), 7.4.4 and 7.4.5 shall be worked off in the master work schedule in which they occur or the two-month period immediately following the establishment of the minus time, whichever is the greater.

7.1.3 Revisions to Master Work Schedule

Revisions to master work schedules should be done in a manner that mutually meets the needs of both the employee and the Company.

It is the Company's intent to minimize the impact of revisions to master work schedules on the affected employees consistent with good business practices.

This shall be accomplished by open discussion with all potentially affected employees to ensure:

– the impact of disruption to the employee's previously scheduled time off is considered

– that employees understand the impact of the changes on the cost to the Company.

Master work schedules may be subject to revisions as follows:

1. Individual controllers/dispatchers may be changed within the master work schedule for strengthening of shifts providing a

minimum of seven days' notice is given. The intention is that such changes shall normally be of a permanent nature.

In the case of illness, which would result in a staff shortage, four (4) days' advance notice will be given when placing an employee on shift.

2. Supernumerary hours of work may be changed within a calendar day to strengthen a shift providing a minimum notice of 16 non-working hours is given before the start of the first affected shift. If sufficient notice cannot be provided, this change will not be made.

3. With a minimum of four days' notice, supernumerary days of work may be interchanged with scheduled days off, for meetings (excluding meetings involving Union), interviews, short leaves of absence, familiarization trips, training programs and for additional help during heavy workload periods. If more than four weeks separates a scheduled supernumerary day from a scheduled day off or four days' notice cannot be given then these may not be interchanged.

4. Once per schedule per controller/dispatcher and with a minimum of four days' notice an individual controller/dispatcher may be temporarily transferred from his/her master work schedule to the master work schedule of a controller/dispatcher who will be absent for at least ten working days. Seven days' notice will apply for subsequent temporary transfers. Such transfers shall be for the purpose of staff shortages due to transfers, leaves of absence or the absence of a controller/dispatcher involved in training as outlined in 7.4.5. A controller/dispatcher so transferred shall be required to assume the schedule of the absent controller/dispatcher and two days' notice shall be given when returning to his/her normal master work schedule.

   A maximum of two additional regular controllers/dispatchers may be temporarily transferred to fill in behind the relieving controller/dispatcher and their moves shall be governed by the foregoing of this item.

5. An individual controller/dispatcher's schedule on a master shift schedule may be changed without penalty, as a result of his/her request for an extension of his/her vacation as outlined in Part A Section 6.7(1)(d).

7.1.4 Penalties

1. Failure to comply with one month's advance posting, as indicated in 7.1.1 shall require the payment of premium rates for work performed under the new schedule for which one month's advance posting has not been provided.

2. Failure to give the required notice, as indicated in 7.1.2(1) shall require the payment of premium rates until the notice period has elapsed.

7.2 Controller/Dispatcher Trainees and Surplus Controller/ Dispatchers

7.2.1 Work Schedule (Supernumerary)

When supernumerary, surplus controllers/dispatchers and trainees shall be given a four-week schedule, averaging 40 hours per week, posted one week in advance, showing days and hours of work.

7.2.2 Revisions to Work Schedule

Supernumerary schedules themselves may be subject to revisions for purposes of necessary training, as follows:

1. Once per schedule per controller/dispatcher/trainee, scheduled supernumerary days of work may be interchanged with scheduled days off providing a minimum of one days' notice is given. For subsequent occurrences (i.e., within that 4-week schedule) a minimum of four days' notice will be given. If more than four weeks separate a scheduled supernumerary day from a scheduled day off, then these may not be interchanged. The one day's notice provision applies only to trainees who have less than five years' service in the electrical operating discipline.

2. Supernumerary hours of work may be changed within a calendar day providing a minimum notice of 16 non-working hours is given before the start of the first affected shift.

7.2.3 Transfers between Work Schedule and Master Work Schedule

1. When transferring from a supernumerary schedule to the schedule of a regular controller/dispatcher position and also when returning to their supernumerary schedule they shall be given one day's notice providing the transfer involves a change in the hours of work.

2. Plus time that has accumulated as a result of having worked in master work schedules shall be scheduled as time off during the four-week period following the controllers/dispatchers' return to their supernumerary schedules. Failure to schedule this time off as outlined above, or a cancellation of such scheduled time off, shall require the payment of all remaining plus time at the appropriate premium rate.

3. When occupying a regular controller/dispatcher position they shall be subject to the provisions governing regular controllers/ dispatchers as detailed in 7.0.

7.2.4 Penalties

1. Failure to comply with the one week's advance posting, as indicated in 7.2.1 shall require the payment of premium rates for work performed under the new schedule for which one week's advance posting has not been provided.

2. Failure to give the required notice, as indicated in 7.2.2(1), 7.2.2(2) and 7.2.3 shall require the payment of premium rates until the notice period has elapsed.

7.3 Controller/Dispatcher Trainees

7.3.1 Work Schedule (Supernumerary)

When supernumerary, trainees shall be given an eight-week schedule, averaging 40 hours per week, posted two weeks in advance, showing days and hours of work.

7.3.2 Revisions to Work Schedule

While adherence to the supernumerary schedule is desirable, flexible utilization of trainees' working time will, on occasion, necessitate change in days of work on 24 hours' notice and hours of work on 16 hours' notice.

7.3.3 Transfers between Work Schedule and Master Work Schedule

1. When transferring from a supernumerary schedule to the schedule of a regular controller/dispatcher position and also when returning to their supernumerary schedule they shall be given one day's notice providing the transfer involves a change in the hours of work.

2. Plus time that has accumulated as a result of having worked in master work schedules shall be scheduled as time off during the four-week period following the trainees' return to their supernumerary schedules. Failure to schedule this time off as outlined above, or cancellation of such scheduled time off, shall require the payment of all remaining plus time at the appropriate premium rate.

3. When occupying a regular controller/dispatcher position they shall be subject to the provisions governing regular controller/ dispatcher as detailed in 7.0.

7.3.4 Penalties

Failure to comply with the two weeks' advance posting, as indicated in 7.3.1 shall require the payment of premium rates for work performed under the new schedule for which one week's advance posting has not been provided.

Failure to give the required notice, as indicated in 7.3.2 and 7.3.3 shall require the payment of premium rates until the notice period has elapsed.

7.4 Miscellaneous Scheduling Provisions

7.4.1 Administration

Although the content, preparation, posting and administration of shift schedules is the sole responsibility of the Company, the preference of the majority of controllers/dispatchers for a particular basic type of schedule will be adopted. Such preferences will be made known to the Company prior to commencement of preparation of new schedule.

However, if in the Company's opinion, the efficiency of the station or the health of a controller/dispatcher could be detrimentally affected by the chosen schedule, then the Company will provide the Union (chief steward) with reasons or medical opinions why the desired schedule cannot be implemented.

The preference of individual controller/dispatchers regarding vacation periods will be considered, providing such preferences are made known prior to commencement of preparation of new schedules.

Controller/dispatcher positions identified on the Master Work Schedule will normally be filled.

7.4.2 Changing Positions on a Shift

Changing of positions on a given shift shall not involve premium rates of pay.

7.4.3 Definition

Notice as referred to in this item shall be defined as per the following example: One day's notice shall mean 24 hours prior to the start of the first affected shift. Also, the notice period shall be deemed to commence coincident with the posting of the revised schedule.

7.4.4 Training

Regular and supernumerary controller/dispatchers (surplus, and trainees) may be temporarily transferred from their work schedules for purposes of job related formal training and development at locations where planned controller/dispatcher training is provided.

The controller/dispatcher being trained will be surplus to the regular staff complement but he/she may be assigned certain definite responsibilities as his/her training progresses.

The controller/dispatcher being trained will be assigned specific hours of work for the duration of the training period; these will be assigned at or before the time he begins training.

There will be no loss of basic earnings (40 hours time hourly rate) due to participation in any training program.

Seven days' notice shall be given to all participating controller/dispatchers except in the event of a late cancellation in which case an alternate controller/dispatcher may be selected and he/she may waive the notice period.

7.4.5 Floating Statutory Holiday

A floating holiday may be interchanged with a supernumerary day or with a day where step-up relief can be provided. Floating holidays may be taken in the 12 month period from January 1 to December 31.

7.5 Twelve-Hour Shifts – Controllers/Dispatchers

This item is applicable to all basic shift-working controller/dispatchers. Developmental staff may be permitted to work twelve-hour supernumerary shifts (excluding Items 7.5.1 and 7.5.2.1).

7.5.1 Implementation

To implement twelve-hour shifts or discontinue twelve-hour shifts at any location, 51% of all affected basic staff, must vote in favour by secret ballot. The vote will be administered by the controller/dispatcher Steward.

The implementation vote will be conducted sufficiently in advance to permit the posting of the Master Schedule. The amount of advanced notice will be determined by the local supervisor.

Those controller/dispatchers who do not normally provide continuous shift coverage will not be permitted to vote. Item 7.5.2.2 must be adhered to.

7.5.2 Scheduling Provisions

7.5.2.1 A posted time-balanced twelve-hour shift schedule with equitable rotation per Part C, Item 7.7, must be complemented by a manpower availability requirement (MAR) list to cover unexpected absences or unavailability of staff, so that no individual will normally be required to work continuously more than fourteen (14) hours.

The MAR list is optional based on a decision made by the employees covered by the schedule. If availability to provide shift coverage becomes a problem,

following discussions between the Chief Steward and local management, the following provisions for the MAR list and Item 7.5.2.2 will apply.

i) The MAR list must identify at least one individual from the normal station complement authorized to work twelve-hour shifts, who is on a regular day off and capable of relieving on short notice any shift operating position vacated unexpectedly. Developmental staff may not be used for the express purpose of satisfying MAR list requirements.

ii) The individual(s) identified on the MAR list must be available during the period two hours prior to and one hour after normal shift change times. This is not deemed to be time worked for any pay purposes.

7.5.2.2 Any new appointee must accept the posted twelve-hour shift schedule and MAR list as a condition of appointment; such appointees will vote for subsequent shift schedules and must accept the results.

Any controller/dispatcher/trainee used in replacing a basic position must accept the posted twelve-hour shift schedule and the MAR list obligations of the position involved.

7.5.2.3 Rescheduling and utilization of supernumerary time (all or a portion thereof) under circumstances and conditions in accordance with the Collective Agreement to cover part of a twelve-hour shift will not result in premium time payment.

7.5.2.4 No more than four (4) twelve-hour shifts may normally be scheduled in sequence and must be followed by a minimum of forty-eight (48) hours off. For cycles greater than thirty (30) days, one short change of twenty-four (24) hours off will be permitted per cycle.

7.5.2.5 When a regular shift commences before midnight and continues after midnight, e.g. 20:00 to 08:00, all hours during the continuous shift shall, for pay and time balance purposes, be recorded and treated as if they occurred during the calendar day in which the shift ends.

7.5.2.6 Shift changes between twelve-hour shifts will provide a minimum of twelve (12) hours off for the individual involved; shift changes from twelve-hour shifts to eight-hour shifts will provide a minimum of twelve (12) hours off; similarly, changes from eight (8) to twelve (12) hour shifts will provide a minimum of sixteen (16) hours off.

7.5.2.7 All vacation days, floating and statutory holidays, hours of work, and supernumerary days included on the Posted Master Schedule must be identified as being twelve (12), eight (8) or (4) hour shifts (vacation and supernumerary days).

7.5.3 Election Coverage

With particular regard to elections, it may be necessary to reschedule working hours of some or all individuals, without penalty.

To avoid the use of eight (8) hour shifts, the following strategy for all Federal, Provincial and Municipal Elections will apply.

7.5.3.1 All employees scheduled to work the twelve-hour shift on the day of the election will be encouraged to vote at the Advance Polls.

7.5.3.2 For those employees scheduled to work the twelve-hour day shift on the day of the election who found it impossible to vote at the Advance Polls, provisions will be made by their supervisor to release them for the time required to vote and then return to work. Transportation and expenses to and from the polling station are the employee's responsibility. Employees requiring time off to vote will endeavor to notify their supervisor 7 days before the election day so adequate coverage can be arranged.

If not notified, the supervisor will make the appropriate changes to shift coverage notifying staff at least 4 days in advance of the election day.

In the event that an employee does not use the advance poll, but requires time off, it may be necessary to revert to eight-hour shifts for the election.

7.5.4 Administration of Entitlements

7.5.4.1 Entitlement for vacation, statutory holidays, floating holidays, special time off, and sick leave, as noted in Part A General Items, shall be credited in hours, with each day of entitlement constituting eight (8) hours.

7.5.4.2 Only when an employee is scheduled to work a twelve-hour shift, will a "day" with reference to items 7.5.4.2.1, 7.5.4.2.2, and 7.5.4.2.3 constitute twelve (12) hours deducted from credits; a "day" with reference to 7.5.4.2.4, 7.5.4.2.5, 7.5.4.2.6, 7.5.4.2.7, and 7.5.4.2.8 will constitute twelve (12) hours.

Items 7.5.4.2.9, 7.5.4.2.10 and 7.5.4.2.11 will be credited for pay purposes on any actual hour-for-hour basis.

7.5.4.2.1	Vacation
7.5.4.2.2	Floating and Statutory Holidays
7.5.4.2.3	Sick Leave
7.5.4.2.4	Paid Leave of Absence
7.5.4.2.5	Legal Hearings
7.5.4.2.6	Funerals
7.5.4.2.7	Moving Days
7.5.4.2.8	Pregnancy/Adoption/Parental Leave
7.5.4.2.9	Travelling Time Outside Scheduled Hours
7.5.4.2.10	Payment for Temporary Supervision
7.5.4.2.11	Time Charges and Expenses-Union Representation

A vacation day, floating or statutory holiday, scheduled on a posted Master Schedule will constitute eight (8) hours deducted from credits.

A scheduled supernumerary day on a posted Master Schedule will constitute eight (8) hours. One four (4) or twelve (12) hour supernumerary shift per six month schedule may be utilized for balancing purposes. Where mutually agreeable, more than one (1) four and/or twelve-hour supernumerary shift may be used.

Training days will be identified on a posted Master Schedule. When it is necessary to remove an individual from his/her normal shift rotation to establish training days, these identified days will not be moved by revisions to the master work schedule, except as noted below. Scheduling of these training days will be mutually agreed upon.

When scheduled training is cancelled, these identified days may be moved by revisions to the master work schedule for strengthening shifts, providing a minimum of seven (7) days' notice is given.

If the training is deferred, every effort will be made to accommodate the individual originally scheduled.

7.5.5 Shift differential will be paid for the night shift only. The shift differential will be the sum of the differentials in Part C, Item 7.7 multiplied by 8/12.

7.5.6 Overtime will be paid as per Part C, Item 8.3.2.1. Unscheduled overtime is paid as per the actual hours worked, not per shift basis.

7.5.7 Termination of Twelve-Hour Shifts

7.5.7.1 Initial and subsequent twelve-hour shifts may be terminated by the Company without notice or penalty if considered to have adverse impact upon public or staff safety.

7.5.7.2 Twelve-hour shifts may be cancelled for any reasons by either the Company or the Union upon two (2) months' written notice to the other prior to the beginning of the subsequent schedule.

7.6 Forty-Hour Per Week Controllers/Dispatchers/Trainees

7.6.1 Non-shift Day Controllers/Dispatchers

The normal work week for these positions shall be 40 hours per week, consisting of five days of eight hours each, Monday to Friday, inclusive, statutory holidays excepted. The specific hours of work shall be 0800 to 1200 hours and 1300 to 1700 hours, except where such controllers/dispatchers are part of a shift complement, in which case their hours of work shall be 0800 to 1600 hours.

Controllers/Dispatchers filling such positions shall not be required to accept service duty or on-call duty.

7.7 Differential for Shift Work

Shift differentials shall apply to employees required to work on a three-shift schedule or a two-shift schedule. The first part of a three-shift or a two-shift schedule shall begin at normal starting time.

Regular part-time and temporary part-time employees will not be eligible for shift differential when the shift starts and ends between the hours of 0700 and 1800.

1. A shift differential of 70 cents per hour shall be paid to employees who are scheduled to work between the hours of 1600 and 2400.

2. A shift differential of 1 dollar per hour shall paid to employees who are scheduled to work between the hours of 0000 and 0800.

The appropriate shift differential shall be paid for the first eight hours of each scheduled shift on any regular scheduled day of work and shall not apply for any overtime hours. When premium time is involved for payment of shift work, the premium rate shall be computed on the standard basic rate, excluding shift differential. Controllers/Dispatchers Trainees will be paid this shift differential when they are working shift work.

8.0 OVERTIME PROVISIONS

Due to the nature of the Company operations, some employees will be required to work overtime. Overtime will be minimized and managed within the limits of corporate effectiveness and customer impact. In recognition of employee well-being and inconvenience, an effort shall be made to equitably distribute overtime amongst all qualified employees.

8.1 Overtime Definitions

Overtime: Overtime, as used herein, means that part of the actual working time which is outside the normal scheduled hours (or controller's/dispatcher's/trainee's schedule, subject to provisions Part C Item 7.0), and is therefore, subject to compensation at premium rates.

Prearranged Overtime: Work performed outside the normal scheduled hours for which notification must be given a minimum of 24 hours in advance (21 hours for computer sub-branch shift working employees). Time shall be counted from the time the employee reports for work until the employee finishes work. Where this advance notice is not given, overtime shall be considered as emergency overtime.

Emergency Overtime: Work performed outside the normal scheduled hours which is neither prearranged nor extension overtime. Time shall be

counted from the time the employee reports for work until the employee finishes work.

Extension Overtime: Work performed outside the normal scheduled hours as an extension of the normal scheduled hours/shift (either immediately preceding or following the normal scheduled hours/shift). Time shall be counted from the time the employee reports for work until normal starting time or from normal quitting time until the employee finishes work. Extension overtime will not be used for controllers/dispatchers/trainees where coverage is required for a complete shift and a controller/dispatcher/ trainee is available.

8.2 Minimum Payments

8.2.1 Emergency Overtime

All emergency overtime worked shall receive a minimum payment of three hours' straight time pay or the actual time worked at the appropriate premium rates, whichever is the greater providing short emergency calls are not repeated within one hour of the completion of a previous call, for which the three hours' minimum (three hours at straight time) was paid.

In addition to the payment for emergency overtime or minimum payment as outlined above, one hour (straight time) shall be paid to the controller/ dispatcher/trainee as compensation for travelling from his/her home to his/ her place of work and return.

8.2.2 Prearranged Overtime

All prearranged work outside of normal hours performed or reported for due to lack of notice of cancellation on a scheduled day of work shall receive a minimum of two hours' straight time pay or the actual time worked at the appropriate premium rate, whichever is the greater.

All prearranged work performed or reported for due to lack of notice of cancellation on a scheduled day off shall receive a minimum of four hours' straight time pay or the actual time worked at the appropriate premium rate, whichever is the greater.

All prearranged overtime work cancelled within 24 hours of the designated work commencement time shall require payment of two hours at the basic rate to all affected controllers/ dispatchers/trainees.

One hour at straight time will be paid in lieu of time spent travelling when an employee is called in to work overtime and an extra trip is involved.

8.3 Premium Payments

8.3.1 Payment for Overtime

Overtime, as used herein, means that part of the actual working time which is outside the normal scheduled hours, and is therefore, subject to compensation at premium rates.

Premium payment for overtime shall be as follows:

1. One and one-half times the employee's basic rate shall be paid for all work performed during the first two clock hours after normal quitting time, Monday to Friday inclusive. It will also apply to the first two hours of overtime worked on an unscheduled day of work.

2. Two times the employee's basic rate shall be paid for:

   - all work performed outside of the first two hours after normal quitting time, Monday to Friday inclusive, and after the first two hours on an unscheduled day of work.

   - all overtime work performed on Saturday, Sunday and statutory holidays which occur Monday to Friday.

3. Two and one-half times the employee's basic rate shall be paid for all overtime hours worked on a statutory holiday which occurs on Saturday.

8.3.2 Scheduled Work

1. One and one-half times the employee's basic rate shall be paid for scheduled work performed on Saturdays and Sundays.

2. Two times the employee's basic rate shall be paid for:

   (a) Scheduled work performed on a statutory holiday which occurs on Monday to Friday. An additional day off will be scheduled in lieu of the statutory holiday within six months of the end of the posted schedule.

   (b) Scheduled work performed on a statutory holiday which occurs on a Saturday. The premium for scheduled Saturday in 1. above shall not apply.

8.3.3 Cancelled Vacation Days

When an employee's vacation is cancelled by the Company, the employee shall receive the appropriate premium rate for all normal hours worked on cancelled vacation days for which seven calendar days' notice has not been given up to a maximum of seven calendar days. If more than seven calendar

days' notice has been given, the employee shall receive straight time for all normal hours worked.

Where possible, and where it is mutually agreeable, cancelled vacation days shall be rescheduled during the current or succeeding six months' schedule. If this is not possible, the cancelled vacation shall be included in the employee's time balance at the end of the schedule in which it occurred.

When a controller's/dispatcher's/trainee's vacation is postponed owing to his/her illness, this postponed vacation will be rescheduled at a mutually agreeable time during the current or succeeding six months' schedule. If this is not possible, the cancelled vacation will be paid for at straight time rates.

NOTE

Controllers/Dispatchers/Trainees shall receive entitlement for the same number of statutory holidays as Part 'B' hourly-rated employees. Therefore, when a statutory holiday falls on a Saturday, statutory holiday credit shall not apply.

8.4 Special Provisions Concerning Overtime

An employee who is required to work continuously for more than 16 hours shall be entitled to an eight-hour rest period. Time spent for meals may be deducted from the total elapsed time but is not to be considered as breaking the continuity of the hours worked.

If the rest period extends into the employee's normal scheduled hours of work he/she shall be paid at straight time rates for the portion of the rest period which extends into the normal scheduled hours. This is in addition to the overtime worked.

Should he/she be required to continue working beyond 16 hours he/she shall be paid two times his/her normal basic rate until an eight-hour rest period is granted.

Should an employee be released before 16 hours have elapsed, he/she will not be entitled to an eight-hour rest period.

8.5 Overtime – Regular Part-Time and Temporary Part-Time Employees

Overtime is defined as:

(a) Hours worked which are in excess of the normal daily hours of the classification. The premium payment for such work is one and one-half times the employee's basic rate for all work performed during the first two clock hours after the normal quitting time

of the classification, and two times the employee's basic rate for all work performed outside of the first two clock hours after the classification's normal quitting time.

and/or

(b) Hours worked in excess of 24 in a week. The premium payment for such work is one and one-half times the employee's basic rate for the first two hours worked in a day. Two times the employee's basic rate for all work performed in excess of two hours in a day.

and/or

(c) Unscheduled hours worked on Saturday and Sunday. The premium payment for unscheduled hours worked on Saturday and Sunday is two times the employee's basic rate.

8.6 Equivalent Time Off Without Pay

See Part 'A' Section 10.2

29
13A

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
WAGE SCHEDULE 29 - ELECTRICAL OPERATORS
- Dollars per Hour

GRADE		STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
01	Sr. Electrical Area Supervisor; Outage Scheduler	50.57	52.53			
08	Senior Shift Authority (SSA) Operator	49.12	50.58			
02	Level IA - Operator; Electrical Area Supervisor	47.66	49.10			
03	Level I - Operator;	46.06	47.50			
04	Level II - Operator	43.07	44.37			
05	Level III - Operator	38.97	38.97			
06	Reserve Operator	32.46	34.64	36.71	38.97	
07	Operator-in-Training	23.60	25.56	27.53	29.50	30.63

Progressions shall be in accordance with Item 3 of Part A.

NOTES:

OIT'S progress in 6-month intervals until Step 5 is reached, then after 12 months, progress to Grade 06, Step 1 - Reserve Operator.

Reserve Operators progress on an anniversary basis until Reserve Operator Step 3 is reached. Progression to Step 4 will occur at 84 months.

Labour Relations
Effective: April 1, 2013

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13A

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
Wage Schedule 30 - Controller/Dispatcher
- Dollars per Hour

GRADE		STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
01	Controller	41.46	47.50	49.10	52.09	54.11
02	Dispatcher	38.13	39.33			
03	Controller/Trainee	23.60	25.56	27.53	29.50	30.63
04	Dispatcher Trainee	23.60	27.53	30.63		

Progressions shall be in accordance with Item 3 of Part A except as modified by this agreement

NOTES:

Dispatcher Trainees progress in 6-month intervals until Step 3 is reached, then after 12 months, progress to Grade 02, Step 1 - Dispatcher.

Controller Trainees progress in 6-month intervals until Step 5 is reached, then after 12 months, progress to Grade 01, Step 1 - Controller.

Labour Relations
Effective: April 1, 20

29
13B

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
WAGE SCHEDULE 29 - ELECTRICAL OPERATORS
- Dollars per Hour

GRADE		STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
01	Sr. Electrical Area Supervisor; Outage Scheduler	51.08	53.06			
08	Senior Shift Authority (SSA) Operator	49.61	51.09			
02	Level IA - Operator; Electrical Area Supervisor	48.14	49.59			
03	Level I - Operator;	46.52	47.98			
04	Level II - Operator	43.50	44.81			
05	Level III - Operator	39.36	39.36			
06	Reserve Operator	32.79	34.99	37.08	39.36	
07	Operator-in-Training	23.83	25.82	27.80	29.79	30.94

Progressions shall be in accordance with Item 3 of Part A.

NOTES:

OIT'S progress in 6-month intervals until Step 5 is reached, then after 12 months, progress to Grade 06, Step 1 - Reserve Operator.

Reserve Operators progress on an anniversary basis until Reserve Operator Step 3 is reached. Progression to Step 4 will occur at 84 months.

Labour Relations
Effective: October 1, 2013

30
13B

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
Wage Schedule 30 - Controller/Dispatcher
- Dollars per Hour

GRADE		STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
01	Controller	41.87	47.98	49.59	52.61	54.65
02	Dispatcher	38.51	39.72			
03	Controller/Trainee	23.83	25.82	27.80	29.79	30.94
04	Dispatcher Trainee	23.83	27.80	30.94		

Progressions shall be in accordance with Item 3 of Part A except as modified by this agreement

NOTES:

Dispatcher Trainees progress in 6-month intervals until Step 3 is reached, then after 12 months, progress to Grade 02, Step 1 - Dispatcher.

Controller Trainees progress in 6-month intervals until Step 5 is reached, then after 12 months, progress to Grade 01, Step 1 - Controller.

Labour Relations
Effective: October 1, 2013

29
14A

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
WAGE SCHEDULE 29 - ELECTRICAL OPERATORS
- Dollars per Hour

GRADE		STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
01	Sr. Electrical Area Supervisor; Outage Scheduler	51.85	53.85			
08	Senior Shift Authority (SSA) Operator	50.35	51.86			
02	Level IA - Operator; Electrical Area Supervisor	48.86	50.34			
03	Level I - Operator;	47.22	48.70			
04	Level II - Operator	44.16	45.48			
05	Level III - Operator	39.95	39.95			
06	Reserve Operator	33.28	35.52	37.63	39.95	
07	Operator-in-Training	24.19	26.21	28.22	30.24	31.40

Progressions shall be in accordance with Item 3 of Part A.

NOTES:

OIT'S progress in 6-month intervals until Step 5 is reached, then after 12 months, progress to Grade 06, Step 1 - Reserve Operator.

Reserve Operators progress on an anniversary basis until Reserve Operator Step 3 is reached. Progression to Step 4 will occur at 84 months.

Labour Relations
Effective: April 1, 2014

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14A

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
Wage Schedule 30 - Controller/Dispatcher
- Dollars per Hour

GRADE		STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
01	Controller	42.50	48.70	50.34	53.40	55.47
02	Dispatcher	39.09	40.32			
03	Controller/Trainee	24.19	26.21	28.22	30.24	31.40
04	Dispatcher Trainee	24.19	28.22	31.40		

Progressions shall be in accordance with Item 3 of Part A except as modified by this agreement

NOTES:

Dispatcher Trainees progress in 6-month intervals until Step 3 is reached, then after 12 months, progress to Grade 02, Step 1 - Dispatcher.

Controller Trainees progress in 6-month intervals until Step 5 is reached, then after 12 months, progress to Grade 01, Step 1 - Controller.

Labour Relations
Effective: April 1, 2014

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14B

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
WAGE SCHEDULE 29 - ELECTRICAL OPERATORS
- Dollars per Hour

GRADE		STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
01	Sr. Electrical Area Supervisor; Outage Scheduler	52.37	54.39			
08	Senior Shift Authority (SSA) Operator	50.85	52.38			
02	Level IA - Operator; Electrical Area Supervisor	49.35	50.84			
03	Level I - Operator;	47.69	49.19			
04	Level II - Operator	44.60	45.94			
05	Level III - Operator	40.35	40.35			
06	Reserve Operator	33.61	35.87	38.01	40.35	
07	Operator-in-Training	24.43	26.47	28.50	30.54	31.72

Progressions shall be in accordance with Item 3 of Part A.

NOTES:

OIT'S progress in 6-month intervals until Step 5 is reached, then after 12 months, progress to Grade 06, Step 1 - Reserve Operator.

Reserve Operators progress on an anniversary basis until Reserve Operator Step 3 is reached. Progression to Step 4 will occur at 84 months.

Labour Relations
Effective: October 1, 2014

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
Wage Schedule 30 - Controller/Dispatcher
- Dollars per Hour

GRADE		STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
01	Controller	42.93	49.19	50.84	53.93	56.02
02	Dispatcher	39.48	40.72			
03	Controller/Trainee	24.43	26.47	28.50	30.54	31.72
04	Dispatcher Trainee	24.43	28.50	31.72		

Progressions shall be in accordance with Item 3 of Part A except as modified by this agreement

NOTES:

Dispatcher Trainees progress in 6-month intervals until Step 3 is reached, then after 12 months, progress to Grade 02, Step 1 - Dispatcher.

Controller Trainees progress in 6-month intervals until Step 5 is reached, then after 12 months, progress to Grade 01, Step 1 - Controller.

Labour Relations
Effective: October 1, 2014

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PART D
WEEKLY-SALARIED

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PART D
WEEKLY-SALARIED

Specific Matters of Agreement

1.0 SALARIES

Salaries shall be in accordance with the salary schedules which are part of this Agreement.

2.0 ON CALL

2.1 On Call – Protection and Control

On call is the term used to cover trouble call service performed by Protection and Control Technicians and Technologists. While on call, they are allowed up to a maximum of two (2) hours between the time they are called and the time when they report to work.

The rate of pay for on-call duty will be one-half hour at the employee's basic hourly rate per day, except for Saturdays, Sundays and statutory holidays when the rate will be one (1) hour at the employee's basic hourly rate per day. An employee required to report to work for on-call duty shall be paid for his/her working time in accordance with the standard regulations governing overtime, including the regulation governing work performed on a short call basis.

Subject to safe application, volunteers will be requested prior to the mandatory assignment of on call.

2.2 On Call-Hydro One Telecom Technical Staff

On call is the term used to cover trouble call service performed by Hydro One Telecom technical staff. While on call, they are to report to work in a reasonable length of time.

The rate of pay for on-call duty will be one-half hour at the employee's basic hourly rate per day, except for Saturdays, Sundays and statutory holidays when the rate will be one (1) hour at the employee's basic hourly rate per day. An employee required to report to work for on-call duty shall be paid for his/her working time in accordance with the standard regulations governing overtime, including the regulation governing work performed on a short-call basis.

2.3 On Call Helicopter Pilots and Air Engineers

On call is the term used to cover trouble call service performed by Helicopter Services, Helicopter Pilots and Air Engineers. While on call, employees are to report to the site of the Helicopter, in a maximum of 3 hours from the time of being called/paged. On call will be on a voluntary individual basis

for Air Engineers. Subject to safe application, volunteers will be requested from Helicopter Pilots prior to mandatory assignment of on call. Helicopter Pilots will not be required to accept on call more than thirteen (13) times per pilot per calendar year.

The rate of pay for on call duty will be one (1) hour at the employee's basic hourly rate per day for Saturdays, Sundays and Statutory Holidays.

3.0 POSTING OF VACANCIES

All vacancies as set out in Article 10 and as covered by this section of the agreement will be posted when they become vacant with the following exceptions:

1. A change to the job duties, rating and/or salary grade resulting from a Clerical-Technical Job Evaluation Plan challenge, or a Review of a Rating by the Job Classification Committee, or a change to a job title and/or occupation code only, shall not be considered to create a vacancy.

2. A change to the duties of an occupied job, wherein the salary grade remains unchanged, shall not be considered to create a vacancy.

3. A change to the duties of a job covered by the Clerical-Technical Job Evaluation Plan which results in an increase to the salary grade shall not be considered to create a vacancy if there is, in the Company's opinion, an employee in the immediate work group who is the only one qualified to perform the resulting job. However, in such cases, if there is a more senior employee in the same job in the same work group who was not appointed to the resulting job, he/she shall have the right to seek redress under Article 2, Grievance Procedure.

4. Changes to jobs which result in a surplus in staff complement of the work group shall not be considered to create a vacancy in the resulting job(s).

5. The restructuring of a job in a manner which justifies application of the Downward Restructuring Rule (Section 4.9.2 of this section of Agreement) to the incumbent, shall not be considered to create a vacancy.

3.1 Posting Procedures

A notice of vacancy referring to jobs covered by the Clerical-Technical Job Evaluation Plan shall be based on the job description and job specification and shall be posted province wide. Nothing contained in the notice of vacancy shall contravene the information contained in the job documents. No important information (subject to space limitations) shall be omitted. A notice of vacancy setting out a higher education or experience requirement

than indicated in the job specification will require a corrected notice of vacancy and an extended date of closure.

Vacancies for applications technician and service specialist within the jurisdiction of the Union shall be posted on a province-wide basis subject to all conditions relating to positions once removed from the Union's jurisdiction.

4.0 CLERICAL-TECHNICAL JOB EVALUATION

NOTE:

1. The job challenge process contained in Clerical-Technical Job Evaluation Manual, "Plan B" and referred to in this section shall be replaced for the term of this Collective Agreement with the expedited process contained in Article 2.7, Dispute Resolution – Article 8, Job Challenges, and OGLs. The Job Classification Committee shall assume all the responsibilities normally associated with the Joint Salary Committee for the term of this Collective Agreement.

2. When a management review of a job document that is occupied by more than one employee results in a proposed change of the job grade rating, management will discuss the proposed change with the Chief Steward prior to the review of the Job Description and Job Specification with the incumbents.

4.1 The Clerical-Technical Job Evaluation Plan

The provisions which form the basis of the Clerical-Technical Job Evaluation Plan, formerly referred to as Plan 'B', are contained in the Collective Agreement and the Union Clerical-Technical Job Evaluation Manual. Matters pertaining to the application of dollars are contained in the Collective Agreement. Job evaluation matters are contained in the Manual. The Company shall identify the Company groups responsible for dealing with the Union in the foregoing matters.

4.2 Jobs Covered by the Clerical-Technical Job Evaluation Plan

The plan shall cover all jobs falling under this section of the Collective Agreement excepting those covered by salary schedule 21.

4.3 Identification of Jobs in Salary Schedule

All jobs processed under the Clerical-Technical Job Evaluation Plan shall be designated a salary grade in the current salary schedule issued in conjunction with the Collective Agreement.

4.4 The Union Clerical-Technical Job Evaluation Manual

The Manual is a supplement of the Collective Agreement and its provisions shall apply as if set forth in full herein.

The Manual shall be supplied to all employees whose jobs are covered by the plan.

4.5 Rights of the Parties

The Company has and shall retain the exclusive right and power to decide what work is to be done and who is to do it and accordingly the Company shall apply the Clerical-Technical Job Evaluation Plan to determine appropriate salary grades for jobs. The Company shall exercise these rights in accordance with the provisions as set forth in the Collective Agreement and the Union Clerical-Technical Job Evaluation Manual.

The Union's right shall be to act on behalf of its members to ensure that the Clerical-Technical Job Evaluation Plan is being properly applied. In order to carry out this function, the Union Job Evaluation Officer shall work in liaison with the appropriate Company groups responsible for the administration of such matters and he/she shall be permitted, within reason, to interview employees during regular working hours.

The Union shall exercise these rights in accordance with the provisions as set forth in the Collective Agreement and the Union Clerical-Technical Job Evaluation Manual.

The Union shall retain its rights to participate jointly with the Company in developing and/or modifying the Clerical-Technical Job Evaluation Plan.

In the event of conflict between the foregoing general statements, regarding the rights of the parties, and the specific provisions contained in the Collective Agreement and the Union Clerical-Technical Job Evaluation Manual, the latter shall govern.

4.6 Salary Schedule

The salary schedule for jobs covered by the Clerical-Technical Job Evaluation Plan and issued in conjunction with the current Collective Agreement shall have the following characteristics:

1. The salary schedule shall be a salary range schedule with a total of 18 salary grades.

2. The percentage increment from salary grade to salary grade (based on step 3 of each salary grade) calculated from salary grade 51, step 3, shall be annotated on the schedule 20 which is currently in effect.

3. Each salary grade is composed of three steps. The second step is 97 percent (97%) of the maximum and the first step is 94 percent (94%) of the maximum. The time interval required for anniversary progression shall be in accordance with Part 'A', Section 3.0.

4. When an incumbent is promoted from one salary grade to another, he/she shall be promoted in accordance with Part A, Section 24.1.1.

5. The relationship between the salary grade and the point range shall be 13 points for the first salary grade and 21 points for each salary grade thereafter.

4.7 Wages and Retroactivity upon Upward Reclassification

Upward Reclassification as a Result of Company Initiated Action:

1. Transfer from the existing salary grade to the new higher salary grade shall be by the promotion rule.

2. Retroactive entitlement shall be computed by going back to the date when the increased job demands and responsibilities were instituted or undertaken.

Upward Reclassification as a Result of Employee Initiated Action Through the Issuance of a Record of Discussion Form:

1. Transfer from the existing salary grade to the new higher salary grade shall be by the promotion rule, except in the following situations where it shall be by the step-to-step method:

   (a) Where there is no change in job content or job demand, but the job specification factor ratings change resulting in an upward reclassification of the job.

   (b) Where a change in job demand is recognized resulting in an upward reclassification of the affected incumbents and where such incumbents have been performing the duties and/or undertaking the responsibilities which caused the upgrading for a period of one year or more prior to the date of the first discussion as recorded on the Record of Discussion form and where these same incumbents have been in the maximum step of the salary grade for the job for one year or more prior to the date of the first discussion.

2. The date of the transfer of an employee to a higher salary grade whether by the promotion rule or the step-to-step method shall be the date of the commencement of the retroactivity and the transfer shall be from the salary grade and step in effect on that date.

3. Retroactive entitlement in Subsection 1. above shall be as set out in the Union Clerical-Technical Job Evaluation Manual.

4. An incumbent who has left the Company's service shall be entitled to retroactive payment, as a result of challenge for the affected period during which he/she was in the Company's employ.

4.8 Training Situations

Normally, an employee receives his/her training and experience by being promoted through a series of established jobs for which job descriptions and job specifications exist. His/her movement up the ladder from job to job will occur when the Company determines that he/she is capable of performing the duties and responsibilities of a higher-rated job, and an opening exists.

At times, however, in certain types of work, an employee will be advanced through a planned series of training steps in which he/she will be directly trained for a specific job which he/she will eventually occupy, i.e., a terminal job. This is termed a training situation.

The Company will identify the need for such a training situation and will structure the terminal job. A job description and job specification will be prepared for the terminal job only. The Job Classification Committee will establish the final rating for the terminal job, and will determine the appropriate training steps leading to the terminal job rate.

The training steps will be established in the following manner:

4.8.1 Formula for Developing Training Situations

The hiring rates will be established based on survey data supplied by the Company and/or the Union and will be consistent with the mean hiring rate being paid by other companies to inexperienced graduates possessing the specified education required to perform the terminal job.

The time span of the training situation will consist of a number of years equal to the minimum number of years indicated in the experience factor applying to the terminal job.

For each year of the time span as determined above an annual training step will be established. The Job Classification Committee may approve the division of annual steps into quarterly or semi-annual sub-steps where such action has been recommended by line management.

Salary step dollars shall be calculated to proceed in geometric progression from the hiring rate to step 1 of the salary grade for the terminal job in the number of years of the training situation. The dollar values thus obtained for each step shall be translated to the nearest salary grade and step (above

or below) which appears on schedule 20. The factor used to multiply each annual step dollars to find the next annual step will be 'F' i.e.,

$$F = \sqrt[n]{\frac{R_t}{R_s}}$$

Where,

n	=	Number of years in the training situation
R_s	=	Hiring rate
R_t	=	Terminal rate

Where applicable the dollars for the half-yearly step will be starting dollars multiplied by 'Fh' i.e.,

$$Fh = \sqrt[2n]{\frac{R_t}{R_s}}$$

4.8.2 Advancement Through Training Situations

1. A trainee will (subject to Subsections 2. and 3. following) advance to each subsequent training step at the designated intervals based on the date of appointment to the training situation. Upon completion of his/her training, he/she will be placed in the first progression step of the salary grade applying to the terminal job. He/she will then be subject to the conditions of the Clerical-Technical Job Evaluation Plan.

2. If at any time the trainee is judged to be incapable of performing the terminal job in a satisfactory way, he/she may be removed from the training situation.

3. If a trainee, in the Company's opinion, fails to make satisfactory progress his/her next training step may be delayed, in accordance with the provisions of Part 'A', Subsection 3.0. Such a delay may take place on one occasion only throughout the training program.

4. If a trainee, in the opinion of the Company displays exceptional ability, he/she may be advanced to the training step which is more in keeping with his/her achieved progress.

5. If a person having suitable experience is appointed to a training situation, the Company may place him/her in any training step judged to be appropriate to his/her applicable experience.

6. If a trainee, who has not yet attained the terminal job level, believes that he/she is fully performing the duties, and has the responsibilities of the terminal job document, he/she may institute a challenge.

4.8.3 Continuing Administration of Training Situations

The established hiring rates will remain in effect until altered through negotiation between the parent bodies or until altered through action resulting from a review by the Job Classification Committee upon the request by the parent bodies.

Recalculation of training step values (according to 4.8.1) will occur with a change in the hiring rate.

The existing trainees will remain on the training situations on which they were hired until they have reached the step 3 of the salary grade of the terminal job.

4.8.4 Tiered Training Situations

In certain instances, it may be necessary to develop a hierarchy of terminal jobs with training situations leading to each level, e.g., to the junior, to intermediate, and to senior levels. In such cases, the principles and practices as set out in this agreement will serve as a guide in the development of training steps and their values.

4.9 Clerical-Technical Job Evaluation Plan

4.9.1 Merit Rating

It is agreed that if, as and when merit rating is to be instituted, the plan (system of measurement), but not the application, shall be subject to negotiations.

4.9.2 Downward Restructuring Rule

This provision shall apply to incumbents whose jobs are covered by the Clerical-Technical Job Evaluation Plan.

Should the job which an incumbent is performing be changed, but the basic function and significant duties of the job remain unchanged, and should the job then fall into a lower salary grade, the following shall apply:

1. The incumbent's salary dollars (rate) shall be held constant, except for increases referred to in Subsection 5.9.2(4.), commencing on the date of issue of the Advice of Rating form issued by the Company.

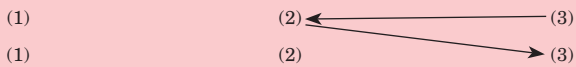
2. Annually thereafter, the incumbent shall have his/her rate reduced by one progression step in the manner portrayed by the chart below.

3. The above process shall continue until the maximum dollars in the salary range for the restructured job are reached.

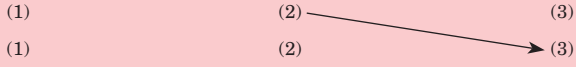
4. In the foregoing process of reduction, current salary schedule dollars shall be used. These include general negotiated increases and cost of living increases.

5. Reduction of One Salary Grade

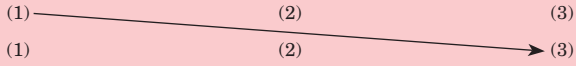
(a) Incumbent is in 3rd progression step[1]



(b) Incumbent is in 2nd progression step[2]

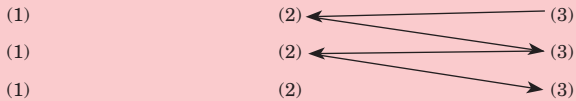


(c) Incumbent is in 1st progression step[3]

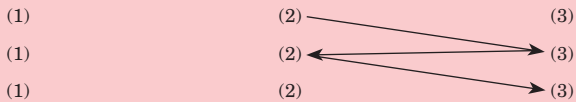


6. Reduction of More than One Salary Grade

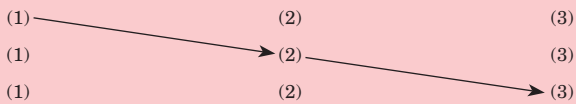
(a) Incumbent is in 3rd progression step[4]



(b) Incumbent is in 2nd progression step[5]



(c) Incumbent is in 1st progression step[6]



1 On the date of issue of the Advice of Rating form.
2 On the date of issue of Advice of Rating Form.
3 ibid
4 ibid
5 ibid
6 ibid

5.0 POSITIONS EXCLUDED AS PER ARTICLE 1 – WEEKLY-SALARIED (CLERICAL AND TECHNICAL)

Incumbents in positions excluded under Article 1 perform certain inherent work functions which are part of their normal duties. It is also recognized, however, that such work functions will not be performed for the purpose of reducing staff requirements or deliberately to avoid overtime for employees represented by the Union. If the Union believes that this provision is being abused, it may lodge a grievance under Article 2 of the Collective Agreement.

6.0 JOB/FIELD CLERKS

6.1 Hours of Work

The normal work week for employees in these two classifications shall be 37-1/2 hours per week consisting of eight hours per day Monday through Thursday, and five and one-half hours on Friday.

All hours worked in excess of normal daily hours will be paid for at appropriate overtime rate.

For alternate hours of work arrangements refer to the Bargaining Memorandum of Understanding dated December 13, 1991.

6.2 Christmas Shutdown

6.2.1 It is recognized that the Company shall retain the right to designate those positions which require coverage during the shutdown. When a Christmas shutdown is declared by the Company, eligible weekly-salaried employees shall have the option of repayment by:

1. Applying unused vacation credits from the present year (when a Christmas shutdown period extends into the next calendar year, an employee will have the right to use his/her unused vacation from the previous year).

2. Applying next year's vacation entitlement (restricted to shutdown days only).

3. Requesting time off without pay (restricted to shutdown days only).

4. The use of make-up time at straight time.

   The Company will maintain salaries of weekly-salaried employees who elect to work make-up time. The employee will work make-up time within the following periods:

Shutdown Period	Make-up Period
4 working days or less	October 15 to February 1
More than 4 working days	October 1 to March 31

5. The use of banked overtime hours as per Section 6.3. The selection of option 4. above precludes the use of this option during the make-up period.

Unpaid overtime worked shall be paid to the employee at the appropriate premium rate in the event of his/her transfer or termination prior to receiving the time off with pay during the shutdown period.

The employee will indicate to his/her supervisor his/her selection of the above options prior to the commencement of the make-up period. The employee may change his/her options at any time provided the employee's supervisor authorizes the change.

6.2.2 The employee may elect to bank one hour for each overtime hour worked for application to the Christmas shutdown. The maximum number of hours that can be banked is equal to the duration of the Christmas shutdown. The premium portion of the overtime worked shall be received in earnings the following pay period or in equivalent time off with pay.

6.3 Equivalent Time Off With Pay

Job/Field Clerks will be compensated, either in money or in time off, for all overtime authorized by the supervisory staff.

The employee may request that the method of compensation be time off for the hours worked plus premium hours, but time off with pay will be subject to the supervisor's approval.

When time off is used as a method of compensation, the time off will be taken within six months of the date the overtime was worked subject to the approval of management.

6.4 Lateral Transfer of Job/Field Clerks

Employees will be laterally transferred when staff becomes available at a particular residence headquarters and corresponding needs become apparent in the same classifications at other residence headquarters.

Management will inform all employees affected when a change occurs in the construction program which may cause staff to be transferred.

If there is more than one qualified employee in the classification, the selection for transfer will be made on the basis of the most senior employee

who is prepared to accept the transfer. If none of the qualified employees in the classification accept the transfer, then the most junior qualified employee will be transferred. The Chief Steward will be the last one in a classification required to be transferred, provided that the employee concerned has the necessary qualifications to perform remaining work.

6.4.1 Surplus Staff Procedure

The surplussing of staff shall be done in accordance with Article 11 after the provisions of 6.4 have been applied.

6.5 Notice of Transfer

When Job/Field Clerks are transferred and a change of residence headquarters is involved, a minimum of two weeks' notice shall be given.

When the Company considers a preliminary trip to the new location is necessary for interview of employee or for him/her to seek a house, the time, board and lodging and travelling expenses of the employee may be paid. Following an employee's move to this/her new residence headquarters, and while awaiting the transfer of his/her family, time off may be required in order for him/her to seek a house. For such purposes reasonable time off without loss of earnings may be granted at the Company's discretion. This allowance would normally be expected to supplement efforts made by the employee during non-working hours and as such would not normally exceed a total of one full working day.

6.6 Board and Travel Expense – Job/Field Clerks

1. A residence headquarters will be established for each job/field clerk.

2. Job/Field clerks will be paid a board and travel expense subject to the following:

   No compensation will be payable to the job/field clerk for travel from his/her residence to the regular work headquarters (e.g. first site on the line). In remote locations where it is not possible to have residence headquarters established within reasonable close proximity (40 road km) to the work headquarters, the board and travel expense will be paid.

   – at subsequent temporary work headquarters, compensation will be based on the distance from the employee's residence to the temporary workheadquarters as follows:

up to 16 road km	– no expenses
16 and up to 39 road km	– $13.00 per day worked
40 and up to 55 road km	– $15.00 per day worked
56 and up to 79 road km	– $20.00 per day worked
80 and up to 104 road km	– $26.00 per day worked
Greater than 104 road km	– $31.00 per day worked

In unusual circumstances, the Company at its discretion may place employees in hotels/motels or camps at no charge to the employees. In such cases, the expenses as noted above will not apply.

6.7 Job Shutdown Due to Lack of Work

Job clerks will be subject to standoff when no work is available. Vacation, floating statutory holidays, leave of absence without pay or equivalent time off with pay can be used under such circumstances.

6.8 Extreme Weather Closure

At certain times of the year, the offices or other buildings of the Company may be closed due to extreme weather conditions.

Job/Field Clerks shall receive time off with pay for these periods.

7.0 MEAL PROVISIONS

7.1 Provision of Meals

In recognition of the importance of regular meals to an individual's health and effectiveness on the job, the Company will supply meals as outlined below and when required, will assign an employee to secure the meals.

(a) Employees provide their own meals on regular days of work.

(b) When an employee works overtime on a regular day off, he/she will be expected to provide one meal if 23 hours notice has been given.

(c) When an employee works extension overtime before or after normal scheduled hours, all required meals will be provided by the Company. The first meal (or meal allowance) will be provided when two (2) hours of overtime are worked. Subsequent meals or meal allowances will be provided every four (4) hours of overtime worked thereafter.

(d) When meals cannot be reasonably obtained[7], an allowance of $15.00 per meal will be paid

7.2 Meal Periods

(a) Employees on day work shall take a meal period designated by the Company and shall not be paid for this time (unless otherwise provided for in the Collective Agreement).

(b) Employees on shift work shall eat their meals during the shift hours as conditions permit.

7 'Reasonably obtained' is to be defined locally by Union and Management.

(c) When an employee works extension overtime, no time shall be deducted for eating such meals where the employee eats the meal on the job and in a minimum of time.

8.0 RELIEF WORK, ACTING IN VACANCIES & TEMPORARY AND ROTATIONAL ASSIGNMENTS

All assignments that are expected to last six (6) months or longer will be posted for one week.

8.1 Principles Re Resourcing For Relief, Acting, Temporary and Rotational Assignments

Recognizing that relief, acting and temporary assignments contribute to the development of personnel and contribute to the work being done effectively, the following will be considered when resourcing these assignments:

- the more senior employees will be given preference;
- assignments may be split between employees;
- specific qualifications/knowledge required for the position will be taken into consideration;
- for supervisory positions primary consideration will be given to personal qualities such as leadership and the understanding and display of the practice of good human relations;
- employee development;
- Employment Equity objectives discussed in advance with the Union shall be considered;
- amount of notice and duration of assignment will be considered.

These assignments will be distributed as equitably as possible, over time, once the above conditions have been considered. ***Circumstances which negate consideration of the above conditions will normally be discussed in advance with the Union.***

The format for utilization of the above in a Business Unit (or smaller unit) will be a joint responsibility.

Item 8.1 shall not be subject to the grievance/arbitration procedure.

Disputes will be resolved locally and may be referred to Chief Steward and the Local Manager.

If there is no resolution locally, the Chief Steward obtains a "D" number from the PWU Grievance Office. The PWU Grievance Office will notify the Hydro One Labour Relations Office.

The Chief Steward will complete a fact finder with the Local Manager and if there is still no resolution, the PWU Grievance Office will work with the Hydro One Labour Relations Office to schedule the Dispute to be heard at the next available GRB meeting.

The GRB will attempt to facilitate a resolution to the Dispute. If there is no resolution at the GRB, the PWU Sector Vice-President and designated Hydro One Executive will remain seized of the Dispute and will ensure the "Principles Re: Resourcing for Relief, Acting, Temporary and Rotational Assignments" above are being followed in accordance with the 1992 Joint Intent Document.

8.2 Relief Work

Intent

It is the intent of this item that when an employee is relieving in a higher rated position that he/she be properly compensated for the duties that he/she is performing. The assignment of relief is a Management right and increased duties must be assigned not assumed.

1. The Company shall notify the employee in writing, in advance where possible, of the requirement to perform relief, of the general nature of the major duties to be performed, and the rate to be paid during the relief period.

2. Employees in the weekly-salaried schedule, when relieving for the normal duties of an employee in a higher job grade, not defined in 8.2(3) below, for a period of one full working day or more shall be paid, for the full relief period, at the rate established by the Company for the relieved position or three percent (3%) above the employee's normal rate whichever is greater.

   In relief situations where less than the normal duties are being performed and a lower salary grade has been established for the relief period, the promotion rule will be used to establish the appropriate progression step or off-schedule rate in the lower salary grade.

   Failure to notify the employee in writing of the major duties to be performed and the rate to be paid will require the payment of the first step of the salary grade of the relieved position or three percent (3%) above the employee's normal rate whichever is greater, for the entire relief period.

3. Employees in the weekly-salaried schedule, when relieving for the normal duties of an employee in a non-union supervisory position for a period of one full working day or more shall be paid for the full period at the rate established by the Company for the relieved

position or five percent (5%) above the employee's normal rate whichever is greater.

Failure to notify the employee in writing of the major duties to be performed and the rate to be paid will require the payment of 10 percent (10%) above the employee's normal rate, for the entire relief period.

4. Notification of the Chief Steward is required when the employee is required to relieve for a period of two working days or more.

5. Statutory holidays will not affect the continuity if they occur between the first and second days.

Payment for a statutory holiday shall be at the relief rate if it occurs during the relief period and at the normal rate if it occurs at the beginning or the end of the relief period.

8.3 Acting in a Vacant Position

An employee may act in an existing job in which a vacancy is created, pending the arrival of a successful applicant to the vacancy. When an employee is to be placed in an acting position, the Company shall notify the employee and the chief steward in writing setting out:

1. The reason for the acting position.
2. The general nature of the major duties to be performed.
3. The rate to be paid for the acting position.
4. The expected duration.

The duration of the acting period shall not exceed 90 days from the date the employee is placed in the acting capacity, unless an extension is agreed to by the Company and the Chief Steward of the Union. Pending the arrival of the successful applicant and his/her assuming the normal duties, the acting incumbent who is performing the normal duties and responsibilities of an acting position shall receive the appropriate rate in accordance with the Weekly-Salaried Relief Clause of this Agreement.

NOTE

Failure to notify and/or request further extension accordingly will require payment of the penalty described in the appropriate Weekly-Salaried Relief Clause of this Agreement.

9.0 HOURS OF WORK

9.1 Hours of Work – General

1. Weekly-salaried employees whose basic hours of work are 35 hours per week may be periodically required to change their work location and to work 40 hours per week or the same hours as field staff. All hours in excess of seven hours per day, Monday to Friday, are to be paid at the appropriate premium rate.

2. Certain technician classifications which have been established on a 40-hour week basis shall continue to work normal hours of 40 hours per week but when on field work may be required to work the same hours as the field staff.

3. Employees[8] in the following classifications and other similar categories as yet undefined who by the nature of their jobs, are required to make public, business or trade contacts outside normal hours shall work a normal work week of 35 hours, Monday to Friday:

   Applications Technician
   Customer Service Assistant
   Service Specialist

   Owing to the controlling influences from outside agencies, the normally established daily hours of starting and quitting may require changes. In such instances these changes will be the prerogative of the Company.

4. The normal work week of all weekly-salaried employees of the Corporate Mailing Section shall be 35 hours per week consisting of five days of seven hours per day, Monday to Friday inclusive. Such employees shall normally be free to select variable working hours within the period 7:30 am to 5:30 pm in accordance with Subsection 9.3.

   Where, in the opinion of the Company, such selections fail to maintain an effective mail service, the Company may establish hours of work between 7:30 am and 4:30 pm for all employees on the basis of weekly work schedules which shall be posted in the work location seven days in advance of their application. Early starting times shall be rotated equitably among the staff.

8 The provisions of Article 4.2(c) and the following Hours of Work – Specific will have no application to these employees.

9.2 Hours of Work – Specific

With the exception of shift work, head office hours shall be a 35-hour week

8:30 am – 12:00 noon (Monday through Friday)
1:00 pm – 4:30 pm (Monday through Friday)

9.3 Variable Working Hours in Head Office

Employees will be requested each month to select their standard work period for the following month. The work week will consist of five, seven-hour days, Monday to Friday. The hours of work selected must be in accordance with the observation of core working hours of 9:00 a.m. to 11:45 and 1:15 to 3:00.

Employees may select a starting time which is not earlier than 7:00 a.m. and not later than 9:00 a.m. or at 1/4 hour intervals prior to that. Their finishing time will not be earlier than 3:00 p.m. They may select either a 30, 45, 60, 75 or 90 minute lunch period to be taken between 11:45 a.m. and 1:15 p.m. By mutual agreement of the supervisor and the employee a start time may be set as early as 6:30 a.m. with a finishing time no earlier than 2:30 p.m.

The hours of work selected are subject to the supervisor's approval. The supervisor may, if necessary, restrict some employees to the hours of 8:30 am to 4:30 pm (for 35 hour per week employees). The supervisor may not assign 35 hour per week employees to hours of work outside of 8:30 am to 4:30 pm, except as provided for in Part 'D', Section 4.0 – Overtime.

Where in the Company's opinion, a work unit cannot be operated satisfactorily under variable working hours, they will not be implemented in that unit.

Individual deviation from selected work schedules will require the supervisor's prior approval.

9.4 Hours of Work – Outside Head Office

Hours of work (including variable hours of work) in locations other than head office shall be negotiated by the Company and the Chief Steward of the Union.

Where in the Company's opinion, a work unit cannot be operated satisfactorily under variable working hours, they will not be implemented in that unit.

9.5 Hours of Work – Miscellaneous

The normal weekly hours of work shall be 40 for the following classifications and other similar categories as yet undefined:

Line Inspectors
Helicopter Pilots
Air Engineers

NOTE

Meal allowance will only apply when the employee has worked two hours beyond a normal eight-hour day.

10.0 SHIFT WORK

10.1 Shift Differential and Shift Work

It is recognized that from time to time it may be necessary, due to the nature of the Company's operations, to place certain weekly-salaried day working employees on shift work. Where this occurs, the following provisions will apply:

1. Shift work shall not be implemented for a period of three working days or less. If the working period is three days or less, the appropriate premium rate will be paid for the minimum three-day period.

2. The Company will provide 72 hours' (three calendar days) posted notice of the commencement and termination of a shift. Failure to provide such notice will require a penalty payment of premium rates for all changed hours of work within the notice period.

3. Such a placing on shift work shall not deprive an employee of his/her total number of normal scheduled weekly hours.

4. Revision to the work schedule shall provide for a minimum of 15 hours off between shifts. Failure to provide such time off will require the penalty payment for the first affected shift.

5. Shift differential shall apply to employees required to work on a three-shift schedule or a two-shift schedule and shall not apply for overtime hours.

6. Shift work will be scheduled on a Monday to Friday basis.

7. Work in excess of the total number of normal daily hours will be paid at the appropriate overtime rates.

8. The following shift differentials shall apply:

   (a) Seventy cents per hour to employees scheduled to work between the hours of 1600 and 2400.

   (b) One dollar per hour to employees scheduled to work between the hours of 0000 and 0800.

9. Regular part-time and temporary part-time employees will not be eligible for shift differential when the shift starts and ends between the hours of 07:00 and 18:00.

10.2 Shift Work – Microwave Alarm Centre Technicians

These employees shall be covered by the provisions of 10.1 except those listed below.

The following items as set out in Part D will not apply to the position of microwave attendant.

1. Section 9.1: Hours of Work – General

2. Section 9.2: Hours of Work – Specific

3. Section 9.4: Hours of Work – Outside Head Office

4. Section 10.1: Shift Differential and Shift Work

5. Section 11.3 number 4: Payment for Overtime

6. Section 11.4

7. Section 11.2: Minimum Payments – Overtime

The following provisions will also apply to the position of microwave alarm centre technician:

10.2.1 Hours of Work and Schedule Provisions

The content, preparation, posting and administration of shift schedules is the sole responsibility of the Company, the preference of the majority of attendants at each station for a particular basic type of schedule will be adopted. Such preferences will be made known to the Company prior to commencement of preparation of new schedule.

However, if in the Company's opinion, the efficiency of the station or the health of a technician could be detrimentally affected by the chosen schedule, then the Company will provide the Union (chief steward) with reasons or medical opinions why the desired schedule cannot be implemented.

The preference of individual technicians regarding vacation periods will be considered, providing such preferences are made known prior to commencement of preparation of new schedules.

1. A six-month regular schedule, averaging 40 hours per week, posted one month in advance, will be prepared and posted, indicating the days and hours of work (shift) for each employee. The design of the regular schedule shall provide for a minimum of 16 hours off between shifts.

2. Each employee shall have his/her time balance adjusted to zero at the end of the shift cycle nearest to April 30 and October 31. The actual date for striking the balance is to be indicated on the master schedule at the time of posting. Plus time balances shall be paid for at premium rate.

10.2.2 Schedule Alterations

A minimum of seven days' notice shall be given when an employee's hours of work, as shown on the schedule, are to be changed with the following exceptions:

1. Supernumerary hours of work may be changed within a calendar day to supply relief providing a minimum notice of 16 non-working hours is given before the start of the first affected shift. If sufficient notice cannot be provided, this change will not be made.

2. With a minimum of four days' notice, supernumerary days of work may be interchanged with scheduled days off for purposes of relief, meetings (excluding meetings involving the Union), interviews, short leaves of absence, familiarization trips, training programs and for additional help during heavy work load periods. If more than four weeks separates a scheduled supernumerary day from a scheduled day off or four days' notice cannot be given then these may not be interchanged.

3. In the case of illness, which would result in a staff shortage, four (4) days' advance notice will be given when placing an employee on shift.

10.2.3 Penalties

Failure to comply with the notice provisions set out in Subsection 10.2.1(1) and 10.2.2 above shall require the payment of appropriate premium rates until the notice period has elapsed.

NOTE

In the above revisions every effort will be made by the Company to maintain the minimum of 16 hours off

between shifts. However, where it is necessary to do so and with the appropriate notice, less than 16 hours off between shifts may be scheduled. These short changes will be limited to two changes per employee for a posted master schedule.

10.2.4 Overtime Definitions

Prearranged Overtime: Work performed outside normal scheduled hours for which notification must be given a minimum of 48 hours in advance, for which time shall be counted from the time the employee reports at his/her headquarters until he/she finishes work at headquarters. In the case of failure to give 48 hours' notice such overtime shall be considered extension or emergency overtime and subject to provisions below.

Extension Overtime: Extension overtime covers work performed outside of normal scheduled hours as continuation or extension of the normal work period in order to complete necessary specific jobs during that work period and for which time shall be counted from normal quitting time until the employee finishes work less any assigned meal periods.

Emergency Overtime: Work outside normal scheduled hours for which there is no prearrangement, or which cannot be considered extension overtime. Such time will be counted from when the employee reports for work at the station until he/she finishes work at the station.

10.2.5 Minimum Payments

1. When minimum payments do not apply, one hour at straight time will be paid in lieu of time spent travelling.

2. All emergency overtime worked shall receive a minimum payment of four hours' straight time pay or the actual time worked at the appropriate overtime rate, whichever is the greater. Time shall be counted from the time the employee arrives at his/her regular work headquarters until he/she finishes work at that headquarters.

3. All prearranged work outside normal hours performed or reported for due to lack of notice of cancellation on a scheduled day of work shall receive a minimum of two hours' straight time pay or the actual time worked at the appropriate overtime rate, whichever is the greater.

4. All prearranged work performed or reported for due to lack of notice of cancellation on a scheduled day off shall receive a minimum of four hours' straight time pay or the actual time worked at the appropriate overtime rate, whichever is the greater.

5. All prearranged overtime work cancelled within 48 hours of the designated work commencement time shall require payment of two hours at the basic rate to all affected employees.

10.2.6 Special Provisions Concerning Overtime

An employee who is required to work continuously for more than 16 hours shall be entitled to an eight-hour rest period. Time spent for meals may be deducted from the total elapsed time but is not to be considered as breaking the continuity of the hours worked.

If the rest period extends into the employee's normal scheduled hours of work he/she shall be paid at straight time rates for the portion of the rest period which extends into the normal scheduled hours. This is in addition to the overtime worked.

Should he/she be required to continue working beyond 16 hours he/she shall be paid two times his/her normal basic rate until an eight-hour rest period is granted.

10.2.7 Premium Payments

The computing of hourly rates for overtime shall be in accordance with the following:

The basic weekly rate of each employee's classification as set out in salary schedule 20, without any increments, premiums or bonuses, shall be divided by 40.

10.2.7.1 Unscheduled Work

As per Part D Item 11.3(1) and (2), paragraphs 1 and 2.

10.2.7.2 Scheduled Work

One and one-half times the employee's basic rate shall be paid for all hours worked on Saturday, Sunday and statutory holidays which occur Monday to Friday inclusive.

Two times the employee's basic rate shall be paid for all hours worked on a statutory holiday which occurs on Saturday.

NOTE

These employees shall receive entitlement for the same number of statutory holidays as Monday-Friday, day-working, weekly-salaried employees. Therefore, when a statutory holiday falls on a Saturday, statutory holiday credit shall not apply.

10.2.8 Shift Differential

A shift differential of 70 cents per hour shall be paid to employees who are scheduled to work between the hours of 1600 and 2400.

A shift differential of 1 dollar per hour shall be paid to employees who are scheduled to work between the hours of 0000 to 0800. Regular part-time and temporary part-time employees will not be eligible for shift differential when the shift starts and ends between the hours of 0700 and 1800.

The appropriate shift differential shall be paid for the first eight hours of each scheduled shift on any regular scheduled day of work and shall not apply for any overtime hours. When premium time is involved for payment for shift work, the premium rate shall be computed on the standard basic rate, excluding shift differential.

10.3 Shift Work – CADS Personnel

The provisions of this Agreement shall apply to those employees hired after April 1, 1980 and designated by the Company as being required to work shift work to operate the Computer Aided Drafting System (CADS).

1. Employees hired prior to April 1, 1980 will have their day status protected until such time as they apply for and are accepted to a position requiring shift work. Every effort will be made to provide these employees with exposure to CADS work during day hours.

2. Future vacancy notices will identify whether or not shift work is a requirement. The number of shift positions which will be advertised will not exceed that required for the economic utilization of the terminals. Shift positions will be comprised of intermediate, senior and design draftspersons.

3. Applicants to advertised vacancies will not be denied promotion due to the lack of opportunity for training on CADS equipment.

4. Employees who are selected to vacancies which are identified as requiring shift work will be subject to the provisions of this Agreement.

5. Day status employees may volunteer for a trial period of shift work after which time they may either apply for a shift position when vacant or retain their day status as in 1. above.

The provisions of Part 'D' (Weekly-Salaried) of the Collective Agreement shall apply with the exception of:

1. Section 9.2: Hours of Work – Specific

2. Section 10.1: Shift Differential and Shift Work

The following items will apply to the employees working with the CADS:

10.3.1 Hours of Work – Day Work

Employees as defined in this Agreement, may be required to work on "day work". Day work may include assignments to conventional drafting or to CADS equipment. When employees are transferred to or from day work a minimum of seven days' notice shall be given. When working day work the provisions of Part 'D' (Weekly-Salaried) shall apply.

10.3.2 Working Conditions – Shift

10.3.2.1 Work Schedules

Although the content, preparation, posting and administration of shift schedules is the sole responsibility of the Company, the preference of the majority of shift workers for a particular basic type of schedule will be adopted, provided it meets the requirements of the Company for effective operation of the system.

A shift schedule covering a nine week period will be posted a minimum of 14 days before its effective date. The schedule will show the days, hours of work (shifts) for each employee.

For purposes of this Agreement, the shift schedule shall be comprised of an afternoon and/or night shift in addition to day work. The shift rotation guidelines shall permit an employee to remain on one specific shift for a maximum period of three consecutive weeks without rotation. Assignments to day work are not subject to this limitation.

The design of the schedule will provide for a minimum of 14 hours off between shifts.

10.3.2.2 Hours of Work – Specific

The normal hours of work will be seven hours per day, 35 per week on a Monday to Friday basis.

The shift work hours shall be as follows:

1. Afternoon – 1630 – 2330 hours

2. Night – 0000 – 0700 hours

10.3.3 A minimum of seven days' notice shall be given when an employee's hours of work as shown on the schedule are to be changed.

In the case of illness, which would result in a staff shortage, four (4) days' advance notice will be given when placing an employee on shift.

10.3.4 Failure to comply with the notice provisions set out in Section 10.3(1) and (3) of this Agreement shall require the payment of appropriate premium rates for all full shifts worked until the notice period has elapsed.

10.3.5 Shift Differential

A shift differential of 70 cents per hour shall be paid to employees who work scheduled hours between 1630 and 2330.

A shift differential of 1 dollar per hour shall be paid to employees who work scheduled hours between 0000 and 0700. Regular part-time and temporary part-time employees will not be eligible for shift differential when the shift starts and ends between 0700 and 1800.

The appropriate shift differential shall be paid for the scheduled shift on any regular scheduled day of work and shall not apply for any overtime hours. When premium time is involved for payment for shift work, the premium rate shall be computed on the standard basic rate, excluding shift differential.

10.3.6 Shift work will not be scheduled on statutory holidays Monday to Friday.

10.4 Shift Work – Technical Staff (Instructor)

10.4.1 Applicability

This section covers the following classification: Instructor.

10.4.2 Intent

The intent of this section is to provide a framework within which employees in the above named classifications may be assigned to shift work on a Monday to Friday basis for limited periods of time. The "limited period" is to be less than three months in each year for each employee unless the employee involved specifically consents to an extension.

10.4.3 Implementation

When shift work is required, management will solicit preferences for shift work from the employees in the required classifications. If employees with the required skill, knowledge, experience, etc., indicate a preference for shift work, management will select from among these employees. If insufficient qualified volunteers are available, management will assign the shift work to qualified employees, endeavouring to minimize personal inconvenience.

10.4.4 Duration of Shift Hours

The employees who may be required to work shifts under this section include both 35 and 40 hour per week positions. They will work a time balanced schedule.

Forty hour per week employees when assigned to shift work will work the same hours as regular shift workers on shift.

Thirty-five hour per week employees when assigned to shift work will normally work seven-hour shifts. This may, at management's discretion, be increased to eight-hour shifts.

10.4.5 Special Provisions When on Shift

1. Shift work shall not be implemented for a period of three working days or less. If the working period is three days or less, the appropriate premium rate will be paid for the minimum three-day period.

2. The Company will provide 72 hours' (three calendar days) posted notice of the commencement and termination of a shift. Failure to provide such notice will require a penalty payment of premium rates for all changed hours of work within the notice period.

3. Such a placing on shift work shall not deprive an employee of his/her total number of normally scheduled weekly hours.

4. Revision to the work schedule shall provide for a minimum of 15 hours off between shifts. Failure to provide such time off will require the penalty payment for the first affected shift.

5. Shift differential shall apply to employees required to work on a three-shift schedule or a two-shift schedule and shall not apply for overtime hours. Regular part-time and temporary part-time employees will not be eligible for shift differential when the shift starts and ends between 0700 and 1800.

6. Work in excess of the total number of normal daily hours will be paid at the appropriate overtime rates.

10.4.6 Deleted Provisions When on Shift

When an individual is assigned a shift and the provisions of 10.4.5 are in effect, the following provisions of Part 'D' will not apply:

1. Section 9.1: Hours of Work – General
2. Section 9.2: Hours of Work – Specific
3. Section 9.4: Hours of Work – Outside Head Office

11.0 OVERTIME PROVISIONS

Due to the nature of the Company operations, some employees will be required to work overtime. Overtime will be minimized and managed within the limits of corporate effectiveness and customer impact. In recognition of employee well-being and inconvenience, an effort shall be made to equitably distribute overtime amongst all qualified employees.

11.1 Overtime Definitions

Overtime: Overtime, as used herein, means that part of the actual working time which is outside the normal scheduled hours, and is therefore, subject to compensation at premium rates.

Prearranged Overtime: Work performed outside the normal scheduled hours for which notification must be given a minimum of 24 hours in advance (21 hours for computer sub-branch shift working employees). Time shall be counted from the time the employee reports for work until the employee finishes work. Where this advance notice is not given, overtime shall be considered as emergency overtime.

Emergency Overtime: Work performed outside the normal scheduled hours which is neither prearranged nor extension overtime. Time shall be counted from the time the employee reports for work until the employee finishes work.

Extension Overtime: Work performed outside the normal scheduled hours as an extension of the normal scheduled hours/shift (either immediately preceding or following the normal scheduled hours/shift). Time shall be counted from the time the employee reports for work until normal starting time or from normal quitting time until the employee finishes work. Extension overtime will not be used for controllers/dispatchers/trainees where coverage is required for a complete shift and a controller/dispatcher/trainee is available.

11.2 Minimum Payments

All Part 'D' weekly-salaried employees who are called out to work overtime with or without notice shall receive the following:

When minimum payments apply no travel allowance will be paid.

1. All prearranged overtime performed or reported for due to lack of notice of cancellation, Monday to Friday inclusive, shall receive a minimum of two hours at straight time or the actual time worked at the appropriate premium rates, whichever is the greater.

2. All prearranged overtime cancelled with 48 hours of the designated time of work commencement shall require payment of two hours at straight time.

3. All prearranged overtime performed or reported for due to lack of notice of cancellation on Saturdays, Sundays and statutory holidays shall receive a minimum payment of four hours at straight time or the actual time worked at the appropriate premium rates, whichever is the greater.

4. This shall not apply where the overtime period commences on a Saturday, Sunday or statutory holiday, as part of a longer overtime period continuing into the next calendar day.

5. All emergency overtime work shall receive a minimum payment of four hours at straight time or the actual time worked at the appropriate premium rate, whichever is the greater, providing short emergency calls are not repeated within one hour of the completion of a previous call for which the four-hour minimum was paid.

   If the call-out occurs less than two hours before the commencement of normal starting time, the minimum will not apply and the appropriate premium rate will be paid continuously from the call-out time until normal starting time.

6. Minimum payments will not apply to concrete inspectors required to work up to two and one-half hours overtime on Friday unless an extra trip to work is required.

11.3 Premium Payments

Overtime, as used herein, means that part of the actual working time which is outside the normal scheduled hours, and is therefore, subject to compensation at premium rates.

Premium payment for overtime shall be as follows:

1. One and one-half times the employee's basic rate shall be paid for all work performed during the first two clock hours after normal quitting time, Monday to Friday inclusive. It will also apply to the first two hours of overtime worked on an unscheduled day of work.

2. Two times the employee's basic rate shall be paid for:

   - All work performed outside of the first two hours after normal quitting time, Monday to Friday inclusive, and after the first two hours on an unscheduled day of work.

   - All work performed on Saturday, Sunday and statutory holidays which occur Monday to Friday.

3. Overtime rates shall be computed by dividing the employee's basic weekly salary by his/her normal weekly hours of work.

4. Helicopter pilots and line maintenance supervisors (helicopters) whose hours of work are dependent upon weather conditions and other variables inherent in the nature of their jobs do not, except as noted below, receive payment in money for overtime. Compensation for overtime worked shall be made in the form of time off with pay. This time off shall be determined on the basis of one and one-half hours off for each hour worked during the first two (2) clock hours after normal quitting time. For overtime worked outside the first two (2) clock hours after normal quitting time or on Saturdays, Sundays and Statutory Holidays time off shall be at two hours for each hour worked. Time off will be at a time convenient to the Company and the employee. The Company may assign time off to reduce the overtime bank up to twelve (12) days (8 hours per day) per employee per calendar year. Any balance beyond twelve (12) days (8 hours per day) shall be paid at the appropriate rate on the next pay period after April 30th and August 31st. The equivalent time off shall reach a zero balance during the month of December each year.

   In the event that this is not accomplished, all outstanding overtime as of December 31 shall be paid for at the appropriate rates. When it is accomplished, any further occurrence of overtime between the date of zero balance and December 31 will be subject to accumulation if necessary and considered for the following year.

11.4 Special Provisions Concerning Overtime

1. In order to alleviate excessive inconvenience, an effort shall be made to equitably distribute overtime amongst all qualified employees. Where employees feel they have been assigned abnormal amounts of overtime, consideration of such cases shall be considered fit matter for discussion at local level.

2. The Company agrees to control excessive authorized overtime by restricting actual overtime to not more than 12 hours per week, excluding travelling time. Under extraordinary circumstances, the Union will consider waiving the restrictive features of this clause.

3. A travelling allowance up to a maximum of one hour shall be paid at the appropriate overtime rate when an employee is called in to work overtime and an extra trip is involved. See also Section 11.2.

4. Because an employee was required to work overtime or because he/she lost time in changing shifts, he/she shall not be prevented from working his/her total number of normal daily hours in any normal scheduled day of work. If the employee cannot be supplied with the work required to make up the normal daily hours of work in that day, his/her pay shall be adjusted to provide a minimum of his /her normal weekly hours of work.

5. If an employee who has worked overtime and is physically capable and the group of which he/she is ordinarily a member is at work, he/she shall not be deprived of the opportunity of working his/her normal scheduled hours in addition to the overtime he/she may have worked.

6. An employee who has accumulated overtime hours shall receive this in earnings, calculated at the appropriate premium rate and cannot be required to take time off in lieu of payment.

7. An employee who is required to work continuously for more than 16 hours or an employee who accumulates 16 hours of working time in any 24 hour period shall be entitled to an eight-hour rest period. Time spent for meals may be deducted from the total elapsed time but is not to be considered as breaking the continuity of the hours worked.

   If the rest period extends into the employee's normal scheduled hours of work, he/she shall be paid at straight time rates for the portion of the rest period which extends into the normal scheduled hours. This is in addition to the overtime worked.

   Should he/she be required to continue working beyond 16 hours he/she shall be paid two times his/her normal basic rate until an eight-hour rest period is granted. Should an employee be released before 16 hours have elapsed, he/she will not be entitled to an eight-hour rest period, and his/her right to continue work at straight time will be governed by Section 11.4(5).

8. An employee on day work who is required to work 4 but less than 6 accumulative overtime hours between the hours of 2300 and 0700 shall be entitled to a 4 hour rest period.

9. An employee on day work who is required to work 6 or greater accumulative overtime hours between the hours of 2300 and 0700 shall be entitled to an 8 hour rest period.

10. If the rest period in 8 and 9 above extends into the employee's normal scheduled hours of work, he/she shall be paid at straight time rates for the portion of the rest period which extends into the normal scheduled hours. Should the employee be required to continue working during normal scheduled hours, the employee shall be paid at two times his/her normal basic rate until the rest period is granted.

None of the provisions of Subsections 11.4(1), (2), (4), (5) and (6) is applicable to employees referred to in Section 9.1(4).

11.5 Overtime – Regular Part-Time and Temporary Part-Time Employees

Overtime is defined as:

(a) Hours worked which are in excess of the normal daily hours of the classification. The premium payment for such work is one and one-half times the employee's basic rate for all work performed during the first two clock hours after the normal quitting time of the classification, and two times the employee's basic rate for all work performed outside of the first two clock hours after the classification's normal quitting time.

and/or

(b) Hours worked in excess of 24 in a week. The premium payment for such work is one and one-half times the employee's basic rate for the first two hours worked in a day. Two times the employee's basic rate for all work performed in excess of two hours in a day.

and/or

(c) Unscheduled hours worked on Saturday and Sunday. The premium payment for unscheduled hours worked on Saturday and Sunday is two times the employee's basic rate.

11.6 Equivalent Time Off Without Pay

See Part 'A' Section 10.2

11.7 Overtime – Marketing and Audio, Visual, Writing and Graphic Design Services

Employees identified in Part D Section 9.1(4) and Audio, Visual, Writing and Graphic Design Services employees shall be paid for all overtime work performed in accordance with Section 11.3.

Employees identified in Part D Part A Section 9.1(4) and Audio, Visual, Writing and Graphic Design Services employees who, by the nature of their jobs, are required to make public, business or trade contacts outside normal hours may, where mutually agreed between the employee and the supervisor, take time off in lieu of payment for overtime. Where it is agreed that time off in lieu will be taken, such time will be credited on a premium basis in the same manner as would apply if payment had been made. Such time off must be arranged within a two-month period following the date overtime was worked. If this cannot be arranged within the two-month period, payment shall be made.

TIME ENTITLEMENT –
INFORMATION MANAGEMENT FACILITIES

	Monday to Friday	**Saturday**	**Sunday**	**Statutory Holiday Monday to Friday**	**Statutory Holiday Saturday**
Scheduled Hours of Work	Straight Time	Straight Time	Time and one-half	Time and one-half plus statutory holiday credit	Time and one-half
Non-Scheduled Hours of Work	First ***two*** clock hours worked after normal quitting time at one and one-half times. All other hours worked at 2 times.	Double Time	Double Time	Double time plus statutory holiday credit	Double Time
Scheduled Day Off	No Entitlement	No Entitlement	No Entitlement	Statutory Holiday Credit	No Entitlement

TIME ENTITLEMENT –
MICROWAVE ALARM CENTRE TECHNICIANS

	Monday to Friday	**Saturday**	**Sunday**	**Statutory Holiday Monday to Friday**	**Statutory Holiday Saturday**
Scheduled Hours of Work	Straight Time	Time and one-half	Time and one-half	Time and one-half plus statutory holiday credit	Double Time
Non-Scheduled Hours of Work	First ***two*** clock hours after normal quitting time at one and one-half times. All other hours worked at 2 times.	Double Time	Double Time	Double time plus statutory holiday credit	Double Time
Scheduled Day Off	No Entitlement	No Entitlement	No Entitlement	Statutory Holiday Credit	No Entitlement

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HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
SALARY SCHEDULE 20
CLERICAL/TECHNICAL/TECHNOLOGIST
- DOLLARS PER WEEK

GRADE	STEP 1	STEP 2	STEP 3
68	2,140.37	2,208.68	2,276.99
67	2,019.23	2,083.68	2,148.12
66	1,905.12	1,965.92	2,026.72
65	1,797.70	1,855.08	1,912.45
64	1,696.47	1,750.61	1,804.75
63	1,601.17	1,652.27	1,703.37
62	1,511.45	1,559.69	1,607.93
61	1,426.95	1,472.49	1,518.03
60	1,347.35	1,390.35	1,433.35
59	1,272.40	1,313.01	1,353.62
58	1,198.23	1,236.47	1,274.71
57	1,128.48	1,164.49	1,200.51
56	1,062.70	1,096.61	1,130.53
55	1,000.81	1,032.75	1,064.69
54	942.51	972.59	1,002.67
53	887.60	915.93	944.26
52	835.92	862.60	889.28
51	787.19	812.32	837.44

This schedule is applicable to positions established as having a 35, 37-1/2, or 40-hour basic work week.

NOTE: All progressions shall be in accordance with Item 3 of Part A.

Labour Relations
Effective: April 1, 2013

HYDRO ONE

POWER WORKERS' UNION COLLECTIVE AGREEMENT

SALARY SCHEDULE 21

BARGAINED RATE - WEEKLY SALARIED POSITIONS

- DOLLARS PER WEEK

GRADE		STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6
	LIBRARIANS						
02	Librarian	1,508.00	1,546.00	1,633.00	1,661.00		
	HELICOPTER POSITIONS						
21	Air Engineer	1,743.25	1,780.18	1,813.42	1,846.66		
22	Helicopter Pilot	2,320.50	2,430.36	2,556.30	2,679.56		
24	Helicopter Maintenance Inspector	1,920.66	1,956.56	1,994.45			
	AUDIO-VISUAL, WRITING AND GRAPHIC DESIGN SERVICES						
33	Editorial Assistant	1,189.86	1,274.85	1,361.30	1,465.34		
34	Artist	1,262.10	1,399.00	1,517.15	1,637.17	1,755.32	1,875.34
41	Assistant Environment Specialist	1,576.71	1,675.26	1,773.80	1,872.35	1,970.89	

Librarians, Grades 02 are rounded to the nearest whole dollar.

All progressions shall be in accordance with Item 3 of Part A.

Labour Relations
Effective: April 1, 2013

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
SALARY SCHEDULE 86
UNDERGRADUATE UNIVERSITY, COMMUNITY COLLEGE AND ASSOCIATED CO-OP PROGRAMS
- DOLLARS PER WEEK

GRADE	COMMUNITY COLLEGE STUDENTS	STEP 1 1st year	STEP 2 2nd year	STEP 3 3rd year	STEP 4
21	Group 2 - Community College and Polytechnical	734.88	821.40	906.54	

		1st or 2nd Term	3rd Term	4th Term	5th Term
22	Group 3 - Community College and Polytechnical Co-Op Programs	734.88	777.43	863.98	906.54

GRADE	UNIVERSITY STUDENTS	STEP 1 1st year	STEP 2 2nd year	STEP 3 3rd year	STEP 4 4th year	STEP 5	STEP 6
31	Group 4 - University	767.51	906.54	1,046.97	1,186.01		

		1st or 2nd Term	3rd Term	4th Term	5th Term	6th Term	7th Term
		4 or 8 mo	12 mo	16 mo	20 mo	24 mo	28 mo
32	Group 5 - University Co-Op Programs	767.51	837.01	977.47	1,046.97	1,116.51	1,186.01

NOTES:

1. This schedule is applicable to positions established as having a 35, 37-1/2, or 40-hour basic work week.

2. Appropriate experience (other than previous summer work) can justify a higher rate than the academic year of the student in question.

3. Students will normally be required to join the PWU within 15 days.

4. The grade and corresponding rate paid to the student is based on the academic term that the student has successfully completed, rather than actual work activities. The exceptions are:

   4.1 Students who are hired into an hourly-rated position will be paid the applicable hourly rate.

   4.2 When a student is placed in a Clerical-Technical position for which a wage or salary grade has been established, the student shall be paid the rate for that position.

5. Allowance will be paid to a summer student in accordance with the normal practice for the setting in which the student works.

Labour Relations
Effective: April 1, 2013

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HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
SALARY SCHEDULE 87
SUMMER STUDENTS
- DOLLARS PER WEEK

GRADE		STEP 1
01	1st year of employment	595.86
02	2nd year of employment	645.49

Labour Relations
Effective: April 1, 2013

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HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
SALARY SCHEDULE 20
CLERICAL/TECHNICAL/TECHNOLOGIST
- DOLLARS PER WEEK

GRADE	STEP 1	STEP 2	STEP 3
68	2,161.77	2,230.77	2,299.76
67	2,039.42	2,104.51	2,169.60
66	1,924.17	1,985.58	2,046.99
65	1,815.68	1,873.62	1,931.57
64	1,713.43	1,768.12	1,822.80
63	1,617.18	1,668.79	1,720.40
62	1,526.57	1,575.29	1,624.01
61	1,441.22	1,487.21	1,533.21
60	1,360.82	1,404.25	1,447.68
59	1,285.13	1,326.15	1,367.16
58	1,210.21	1,248.84	1,287.46
57	1,139.77	1,176.14	1,212.52
56	1,073.33	1,107.58	1,141.84
55	1,010.82	1,043.08	1,075.34
54	951.94	982.32	1,012.70
53	896.48	925.09	953.70
52	844.28	871.22	898.17
51	795.06	820.44	845.81

This schedule is applicable to positions established as having a 35, 37-1/2, or 40-hour basic work week.

NOTE: All progressions shall be in accordance with Item 3 of Part A.

Labour Relations
Effective: October 1, 2013

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
SALARY SCHEDULE 21
BARGAINED RATE - WEEKLY SALARIED POSITIONS
- DOLLARS PER WEEK

GRADE		STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6
	LIBRARIANS						
02	Librarian	1,524.00	1,562.00	1,649.00	1,678.00		
	HELICOPTER POSITIONS						
21	Air Engineer	1,760.68	1,797.99	1,831.56	1,865.13		
22	Helicopter Pilot	2,343.71	2,454.67	2,581.87	2,706.36		
24	Helicopter Maintenance Inspector	1,939.86	1,976.12	2,014.39			
	AUDIO-VISUAL, WRITING AND GRAPHIC DESIGN SERVICES						
33	Editorial Assistant	1,201.75	1,287.59	1,374.91	1,479.99		
34	Artist	1,274.72	1,412.99	1,532.32	1,653.54	1,772.87	1,894.09
41	Assistant Environment Specialist	1,592.48	1,692.01	1,791.54	1,891.07	1,990.60	

Librarians, Grades 02 are rounded to the nearest whole dollar.

All progressions shall be in accordance with Item 3 of Part A.

Labour Relations
Effective: October 1, 2013

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
SALARY SCHEDULE 86
UNDERGRADUATE UNIVERSITY, COMMUNITY COLLEGE AND ASSOCIATED CO-OP PROGRAMS
- DOLLARS PER WEEK

GRADE	COMMUNITY COLLEGE STUDENTS	STEP 1 1st year	STEP 2 2nd year	STEP 3 3rd year	STEP 4
21	Group 2 - Community College and Polytechnical	742.23	829.61	915.61	
		1st or 2nd Term	3rd Term	4th Term	5th Term
22	Group 3 - Community College and Polytechnical Co-Op Programs	742.23	785.20	872.62	915.61

GRADE	UNIVERSITY STUDENTS	STEP 1 1st year	STEP 2 2nd year	STEP 3 3rd year	STEP 4 4th year	STEP 5	STEP 6
31	Group 4 - University	775.19	915.61	1,057.44	1,197.87		
		1st or 2nd Term	3rd Term	4th Term	5th Term	6th Term	7th Term
		4 or 8 mo	12 mo	16 mo	20 mo	24 mo	28 mo
32	Group 5 - University Co-Op Programs	775.19	845.38	987.24	1,057.44	1,127.68	1,197.87

NOTES:

1. This schedule is applicable to positions established as having a 35, 37-1/2, or 40-hour basic work week.

2. Appropriate experience (other than previous summer work) can justify a higher rate than the academic year of the student in question.

3. Students will normally be required to join the PWU within 15 days.

4. The grade and corresponding rate paid to the student is based on the academic term that the student has successfully completed, rather than actual work activities. The exceptions are:

   4.1 Students who are hired into an hourly-rated position will be paid the applicable hourly rate.

   4.2 When a student is placed in a Clerical-Technical position for which a wage or salary grade has been established, the student shall be paid the rate for that position.

5. Allowance will be paid to a summer student in accordance with the normal practice for the setting in which the student works.

Labour Relations
Effective: October 1, 2013

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HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
SALARY SCHEDULE 87
SUMMER STUDENTS
- DOLLARS PER WEEK

GRADE		STEP 1
01	1st year of employment	601.82
02	2nd year of employment	651.94

Labour Relations
Effective: October 1, 2013

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HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
SALARY SCHEDULE 20
CLERICAL/TECHNICAL/TECHNOLOGIST
- DOLLARS PER WEEK

GRADE	STEP 1	STEP 2	STEP 3
68	2,194.20	2,264.23	2,334.26
67	2,070.01	2,136.08	2,202.14
66	1,953.03	2,015.36	2,077.69
65	1,842.91	1,901.72	1,960.54
64	1,739.13	1,794.64	1,850.14
63	1,641.44	1,693.82	1,746.21
62	1,549.47	1,598.92	1,648.37
61	1,462.84	1,509.52	1,556.21
60	1,381.24	1,425.32	1,469.40
59	1,304.41	1,346.04	1,387.67
58	1,228.36	1,267.57	1,306.77
57	1,156.87	1,193.79	1,230.71
56	1,089.43	1,124.20	1,158.97
55	1,025.98	1,058.73	1,091.47
54	966.22	997.05	1,027.89
53	909.93	938.97	968.01
52	856.94	884.29	911.64
51	806.99	832.75	858.50

This schedule is applicable to positions established as having a 35, 37-1/2, or 40-hour basic work week.

NOTE: All progressions shall be in accordance with Item 3 of Part A.

Labour Relations
Effective: April 1, 2014

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
SALARY SCHEDULE 21
BARGAINED RATE - WEEKLY SALARIED POSITIONS
- DOLLARS PER WEEK

GRADE		STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6
	LIBRARIANS						
02	Librarian	1,546.00	1,585.00	1,674.00	1,703.00		
	HELICOPTER POSITIONS						
21	Air Engineer	1,787.10	1,824.96	1,859.03	1,893.11		
22	Helicopter Pilot	2,378.87	2,491.49	2,620.60	2,746.96		
24	Helicopter Maintenance Inspector	1,968.96	2,005.76	2,044.61			
	AUDIO-VISUAL, WRITING AND GRAPHIC DESIGN SERVICES						
33	Editorial Assistant	1,219.78	1,306.91	1,395.53	1,502.19		
34	Artist	1,293.84	1,434.19	1,555.30	1,678.34	1,799.46	1,922.50
41	Assistant Environment Specialist	1,616.37	1,717.39	1,818.41	1,919.44	2,020.46	

Librarians, Grades 02 are rounded to the nearest whole dollar.

All progressions shall be in accordance with Item 3 of Part A.

Labour Relations
Effective: April 1, 2014

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
SALARY SCHEDULE 86
UNDERGRADUATE UNIVERSITY, COMMUNITY COLLEGE AND ASSOCIATED CO-OP PROGRAMS
- DOLLARS PER WEEK

GRADE	COMMUNITY COLLEGE STUDENTS	STEP 1 1st year	STEP 2 2nd year	STEP 3 3rd year	STEP 4
21	Group 2 - Community College and Polytechnical	753.36	842.05	929.34	
		1st or 2nd Term	3rd Term	4th Term	5th Term
22	Group 3 - Community College and Polytechnical Co-Op Programs	753.36	796.98	885.71	929.34

GRADE	UNIVERSITY STUDENTS	STEP 1 1st year	STEP 2 2nd year	STEP 3 3rd year	STEP 4 4th year	STEP 5	STEP 6
31	Group 4 - University	786.82	929.34	1,073.30	1,215.84		
		1st or 2nd Term	3rd Term	4th Term	5th Term	6th Term	7th Term
		4 or 8 mo	12 mo	16 mo	20 mo	24 mo	28 mo
32	Group 5 - University Co-Op Programs	786.82	858.06	1,002.05	1,073.30	1,144.60	1,215.84

NOTES:

1. This schedule is applicable to positions established as having a 35, 37-1/2, or 40-hour basic work week.

2. Appropriate experience (other than previous summer work) can justify a higher rate than the academic year of the student in question.

3. Students will normally be required to join the PWU within 15 days.

4. The grade and corresponding rate paid to the student is based on the academic term that the student has successfully completed, rather than actual work activities. The exceptions are:

   4.1 Students who are hired into an hourly-rated position will be paid the applicable hourly rate.

   4.2 When a student is placed in a Clerical-Technical position for which a wage or salary grade has been established, the student shall be paid the rate for that position.

5. Allowance will be paid to a summer student in accordance with the normal practice for the setting in which the student works.

Labour Relations
Effective: April 1, 2014

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HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
SALARY SCHEDULE 87
SUMMER STUDENTS
- DOLLARS PER WEEK

GRADE		STEP 1
01	1st year of employment	610.85
02	2nd year of employment	661.72

Labour Relations
Effective: April 1, 2014

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
SALARY SCHEDULE 20
CLERICAL/TECHNICAL/TECHNOLOGIST
- DOLLARS PER WEEK

GRADE	STEP 1	STEP 2	STEP 3
68	2,216.14	2,286.87	2,357.60
67	2,090.71	2,157.44	2,224.16
66	1,972.56	2,035.52	2,098.47
65	1,861.34	1,920.75	1,980.15
64	1,756.52	1,812.58	1,868.64
63	1,657.85	1,710.76	1,763.67
62	1,564.96	1,614.90	1,664.85
61	1,477.46	1,524.62	1,571.77
60	1,395.04	1,439.57	1,484.09
59	1,317.46	1,359.50	1,401.55
58	1,240.65	1,280.24	1,319.84
57	1,168.44	1,205.73	1,243.02
56	1,100.33	1,135.44	1,170.56
55	1,036.24	1,069.31	1,102.38
54	975.88	1,007.02	1,038.17
53	919.03	948.36	977.69
52	865.51	893.14	920.76
51	815.06	841.08	867.09

This schedule is applicable to positions established as having a 35, 37-1/2, or 40-hour basic work week.

NOTE: All progressions shall be in accordance with Item 3 of Part A.

Labour Relations
Effective: October 1, 2014

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
SALARY SCHEDULE 21
BARGAINED RATE - WEEKLY SALARIED POSITIONS
- DOLLARS PER WEEK

GRADE		STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6
	LIBRARIANS						
02	Librarian	1,562.00	1,601.00	1,691.00	1,720.00		
	HELICOPTER POSITIONS						
21	Air Engineer	1,804.97	1,843.21	1,877.62	1,912.04		
22	Helicopter Pilot	2,402.66	2,516.41	2,646.81	2,774.43		
24	Helicopter Maintenance Inspector	1,988.65	2,025.82	2,065.06			
	AUDIO-VISUAL, WRITING AND GRAPHIC DESIGN SERVICES						
33	Editorial Assistant	1,231.97	1,319.97	1,409.49	1,517.21		
34	Artist	1,306.78	1,448.53	1,570.86	1,695.13	1,817.46	1,941.73
41	Assistant Environment Specialist	1,632.53	1,734.56	1,836.59	1,938.63	2,040.66	

Librarians, Grades 02 are rounded to the nearest whole dollar.

All progressions shall be in accordance with Item 3 of Part A.

Labour Relations
Effective: October 1, 2014

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
SALARY SCHEDULE 86
UNDERGRADUATE UNIVERSITY, COMMUNITY COLLEGE AND ASSOCIATED CO-OP PROGRAMS
- DOLLARS PER WEEK

GRADE	COMMUNITY COLLEGE STUDENTS	STEP 1 1st year	STEP 2 2nd year	STEP 3 3rd year	STEP 4
21	Group 2 - Community College and Polytechnical	760.89	850.47	938.63	
		1st or 2nd Term	3rd Term	4th Term	5th Term
22	Group 3 - Community College and Polytechnical Co-Op Programs	760.89	804.95	894.57	938.63

GRADE	UNIVERSITY STUDENTS	STEP 1 1st year	STEP 2 2nd year	STEP 3 3rd year	STEP 4 4th year	STEP 5	STEP 6
31	Group 4 - University	794.69	938.63	1,084.03	1,228.00		
		1st or 2nd Term	3rd Term	4th Term	5th Term	6th Term	7th Term
		4 or 8 mo	12 mo	16 mo	20 mo	24 mo	28 mo
32	Group 5 - University Co-Op Programs	794.69	866.64	1,012.07	1,084.03	1,156.05	1,228.00

NOTES:

1. This schedule is applicable to positions established as having a 35, 37-1/2, or 40-hour basic work week.

2. Appropriate experience (other than previous summer work) can justify a higher rate than the academic year of the student in question.

3. Students will normally be required to join the PWU within 15 days.

4. The grade and corresponding rate paid to the student is based on the academic term that the student has successfully completed, rather than actual work activities. The exceptions are:

   4.1 Students who are hired into an hourly-rated position will be paid the applicable hourly rate.

   4.2 When a student is placed in a Clerical-Technical position for which a wage or salary grade has been established, the student shall be paid the rate for that position.

5. Allowance will be paid to a summer student in accordance with the normal practice for the setting in which the student works.

Labour Relations
Effective: October 1, 2014

87
14B

HYDRO ONE
POWER WORKERS' UNION COLLECTIVE AGREEMENT
SALARY SCHEDULE 87
SUMMER STUDENTS
- DOLLARS PER WEEK

GRADE		STEP 1
01	1st year of employment	616.96
02	2nd year of employment	668.34

Labour Relations
Effective: October 1, 2014

NOTES

APPENDIX "A"

for Construction and Supplementary Maintenance

made and entered into

BETWEEN

HYDRO ONE INC.
(the "Employer")

and

POWER WORKERS' UNION (PWU)
(hereinafter called the "Union")

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Hydro One Inc./ Power Workers' Union Appendix

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SECTION 1 PREAMBLE

100 WHEREAS the Union, as defined in the covering page of this Collective Agreement, has in its membership competent, skilled and qualified workers to perform the work coming within scope of this agreement; and

WHEREAS Hydro One Inc. and the Union desire to mutually establish and stabilize wages, hours and working conditions for all employees of Hydro One Inc. performing construction and supplementary maintenance work and further, to encourage closer co-operation and understanding between Hydro One Inc. and the Union to the end that a satisfactory, continuous and harmonious relationship will exist between the parties to this Agreement.

NOW THEREFORE, The Company and the Union mutually agree that the working conditions as set out below shall be applicable to these employees of Hydro One Inc.

SECTION 2 SCOPE OF AGREEMENT

200 A. Hydro One Inc. recognizes the Union as the sole bargaining agent for all employees who perform construction and maintenance work save and except that work which is performed by other unions within the scope clauses of their current Collective Agreements with Hydro One Inc.

B. This section applies to all work as defined in A. above save and except that work which is performed by PWU regular employees as defined in the main agreement and shall include the following classifications:

Electrician Journeyperson including senior forepersons, forepersons and sub-forepersons
Electrician Apprentice
Electrical Forester – Journeyperson including senior foreperson, forepersons and sub-forepersons
Electrical Forester – Apprentice
Electrical Forester – Skidder Operator, including senior foreperson, forepersons and sub-forepersons
Electrical Forester – Labourer including senior foreperson, forepersons and sub-forepersons
Linepersons (formerly lineman) including senior forepersons, forepersons and sub-forepersons
Line Apprentice
Communication Electrician including senior foreperson, forepersons and sub-forepersons

Mechanical Trades Persons including senior foreperson, forepersons and sub-forepersons
Mechanical Trade Apprentice
Civil Trade Apprentice
Civil Trades Persons including senior forepersons, forepersons and sub-forepersons
General Helper
Meter Reader
Meter Reader 'B'
Stockkeeper
Operator 1, 2, 3
Meter Reader Data Collector
Cable Splicer
Protection and Control Technologist
Civil Uncertified – Lines
Civil Uncertified – Stations Services

Such other classifications subsequently agreed to by the parties.

An employee of any classification required to operate vehicles or work equipment shall have a current license as required by provincial legislation.

Additional Classifications:

On the request of the Hydro One Inc. Vice President Labour Relations, or the PWU Sector Vice President, the parties will meet to discuss the merits of adding any new classifications.

The parties will consider adding a classification when:

1. Work is required in the classification and,

2. Regular employees are not available to perform the work and,

3. The work is not ongoing in nature.

Nothing in this clause limits the current right of Hydro One Inc. to hire temporary employees in those classifications not included in Appendix "A".

C. The Union recognizes Hydro One Inc. as the exclusive Employer agency for this Agreement, and in all matters pertaining to the administration of this Agreement.

D. The term "employee" refers to all casual employees of the Employer in the classifications as set out in Item B above.

E. A sub-foreperson is an individual who exercises some supervisory responsibility and may use the tools of the trade.

F. The term "Employer" shall mean Hydro One Inc.

201 A. This Agreement shall be deemed to include any additional Appendix and/or wage schedule added, as the said appendices and/or wage schedules may be revised by Hydro One Inc. and the Union by mutual agreement, from time to time.

202 Geographic Jurisdiction

A. The jurisdiction of the Union is all of Hydro One Inc.

SECTION 3 MID-TERM AGREEMENT

302 A. This Agreement shall be subject to amendment at any time by mutual consent of the parties hereto.

SECTION 4 WORK ASSIGNMENT

400 A. No Construction and/or supplementary maintenance work for Network Services shall be contracted or subcontracted except where Network Services does not normally perform the work of the Mechanical and/or Civil Trades, such work may be contracted or subcontracted.

B. Hydro One Inc. will provide notice to the Union as far in advance as possible of all new work coming under the scope of this Appendix and all related contracted or subcontracted work.

C. The jurisdiction of the Union shall be as described in Section 2 of this Appendix.

D. The jurisdiction of each classification shall be established by the Union.

SECTION 5 UNION RIGHTS AND REPRESENTATIVES

501 A. The Union will designate Union representatives as Accredited Union Representatives to handle the day-to-day administration of this Agreement. The

Union will notify Hydro One Inc. Management in writing of the names of such Union representatives, or alternates in the event of illness or unavailability, so that they may be issued identification cards to permit entry to work locations. Upon entering the work location, such representatives after identifying themselves to the Hydro One Inc. representative will be free to observe the progress and conduct of the work and to conduct normal Union business associated with the administration of this Collective Agreement. The Union undertakes that these representatives will not unduly interfere in any way with said work.

502 A. The Union reserves the right to appoint or remove any Steward or Senior Steward on any work site where workers are employed under the terms of this Agreement. If a Steward is transferred to another worksite, and they will continue to be recognized as a Steward unless there is another Steward on that site. In such cases, the transferred Steward will not be recognized unless the Employer is notified by the Union.

B. The Hydro One Inc. Representative shall be notified in writing when a Steward or Senior Steward is appointed and when such Stewards cease to act as Stewards.

C. The Steward will be responsible for his/her regularly assigned work on behalf of his/her Employer.

D. Such Stewards shall be allowed sufficient time to see that the provisions of this Agreement are observed.

E. No Steward shall be discriminated against by the Employer because of the performance of their duties as a Steward.

F. Provided he/she is qualified to do the work, a Steward who is working at a worksite where overtime is being worked shall be given the first opportunity to work on that overtime work.

Provided he/she is qualified to do the work, a Steward who is working in a work group where overtime is being worked on Saturdays, Sundays or Recognized Holidays shall be given the first opportunity to work.

G. Where appropriate as decided by the Union and where more than one Steward is required, one Steward shall be appointed Senior Steward.

H. The Senior Steward, providing he/she is qualified to perform the work, shall not have their employment terminated or be transferred without the consent of the Accredited Union Representative until as near as possible to the completion of the job, unless with just cause. Where an Employer has only one Steward appointed for a job, such Steward will receive the same consideration given a Senior Steward as noted above.

I. The Employer shall notify the Union prior to transferring a Steward to another Superintendent.

503 A. Any worker acting as the designated or certified Health & Safety representative or alternate as defined by the Occupational Health & Safety Act shall be treated the same as Senior Stewards for purposes of layoff. Providing he/she is qualified to perform the remaining work, the designated certified Health & Safety representative or certified alternate shall be the last to be laid off prior to the Senior Steward.

B. If management feels that any Health and Safety representative is not discharging his/her health and safety duties in a manner that follows the intent and spirit of the legislation, the Employer may refer the issue to the Joint Committee referred to in Section 15 for resolution. If the matter cannot be resolved by the Joint Committee, the grievance procedure may be invoked.

SECTION 6 EMPLOYEE DESIGNATION

600 A. It is understood that senior forepersons, forepersons and sub-forepersons hold responsible positions in the relationship between the Employer and the Union. Both parties agree that every effort should be made to recruit and retain senior forepersons, forepersons and sub-forepersons who have a high degree of efficiency in the performance of their jobs and in the handling of their workers. Recognizing the responsibilities involved in performing supervisory duties and being a member of the Union, the Employer and the Union will make every effort to minimize problems that may arise which concern the relationship between the foreperson, senior forepersons and sub-forepersons, the Employer, and the Union.

B. The parties recognize the responsibilities of senior forepersons and forepersons to discharge their supervisory duties. If the Union feels that the senior

foreperson and foreperson is not discharging his/her supervisory duties in a manner that is fair and equitable, or if an Employer feels that the Union is interfering with the senior foreperson or foreperson in the performance of his/her supervisory duties, the Employer or the Union may refer the problem to the Joint Committee referred to in Section 15 – Committees, Subsection 1500 – Joint Committee, for resolution. If the matter cannot be resolved by the Joint Committee, the grievance procedure may be invoked by either party.

C. The selection of forepersons will be the responsibility of the Employer and done by name hiring from Union members. When making appointments to the foreperson and subforeperson levels, the Employer will give consideration to those PWU members presently employed pursuant to this Appendix however this does not create an obligation to make an appointment of a foreperson from these employees. The retention of forepersons will be the exclusive right of the Employers.

D. Such forepersons and subforepersons shall be members of the PWU and shall register at the Union Office be issued with clearance cards. If clearance has not been provided within three (3) working days the Employer may proceed with the employment of the foreperson unless the employee's Union dues are in arrears.

E. In the interest of efficiency and productivity, the Employer shall have the right to move forepersons and sub-forepersons from worksite to worksite.

F. The senior forepersons differential shall be fifteen (15) percent above the journeyperson rate differential as set out in the existing wage schedule. The senior foreperson has responsibilities over and above the forepersons e.g., multiple crews. The foreperson's differential shall be twelve (12) percent above the journeyperson rate differential as set out in the existing wage schedules. The sub-foreperson's differential shall be six (6) percent above the journeyperson rate differential as set out in the existing wage schedules. The rates of pay for all forepersons and subforepersons covered by this Agreement will be set forth in the current wage schedules. Hydro One Inc. will provide the Union with current wage schedules.

G. PWU members acting as a General Foreperson for periods of less than three (3) months shall be members of the Union.

H. Persons appointed to foreperson and senior forepersons positions will be provided supervisory training, prior to appointment, when possible.

I. Forepersons may be required to work the tools when the crew size is five (5) or less including the foreperson.

J. Employees employed under this Appendix shall work in separate crews with separate Union Supervision unless mutually agreed upon otherwise by Management and the PWU Sector Vice President.

SECTION 7 UNION SECURITY

700 A. All employees falling under the scope of this agreement will be members or will apply for membership in the PWU within fifteen (15) calendar days, and will maintain such membership in good standing in the Union as a condition of employment. The Employer will cooperate with the Union but bears no responsibility for policing membership status.

SECTION 8 EMPLOYMENT PRACTICES/HIRING

800 A. A contact person will be designated by Hydro One Inc. for the purpose of co-ordinating employment as specified in this Section.

B. Hydro One Inc. and the Union will exchange the names of their representatives who will be responsible for co-operating in the referral and employment of reliable and competent Union members.

C. Hydro One Inc. will notify the Union of future staffing requirements for all employees coming within the scope of this Agreement.

D. The Union will co-operate with the Employer and advise the Hydro One Inc. contact person of the name, address and telephone number of those being referred as soon as it is known and before the employee commences work.

E. The Union will review the job description and Physical Demands Analysis (PDA) with potential employees prior to referral to Hydro One Inc. The employee will be expected to sign off the job description and PDA on hire.

F. The Union will direct members to provide, at hiring, all applicable licenses and certificates. In addition, upon hire, all referrals who are members of and/or referred by the Labourers Internal Union of North America (LIUNA) must provide proof of standard Safety, First Aid, CPR & AED training in the same manner as outlined in the EPSCA/LIUNA OPDC MOA/Collective Agreement.

801 A. The employment of workers shall be carried out on the following basis and sequence:

(i) Such workers shall not be employed unless they are in possession of a clearance card from the Union office.

(ii) If the Union is unable to furnish appropriately qualified or certified members or non-member (permit holders) workers to the Employer within three (3) working days of the time the Union office receives the request for workers (excepting Saturdays, Sundays, and Holidays), the Employer shall be afforded the right to employ workers (permit holders) as are available. The Union will issue clearance cards to workers hired in these circumstances. Non-members referred in this situation will be considered permit holders and the Union will notify the Employer when permit holders are referred.

Permit holders by classification may be replaced by Union members after three (3) working days' notice to the Employer but in no case until such permit holders have worked a minimum of one (1) month.

802 A. When unable to proceed with work, an Employer may elect to either layoff or standoff part or all of his/her crew. The Employer shall provide the Union with the names and classifications of affected employees within a reasonable amount of time.

In all cases of layoff the Employer shall layoff its employees within the classification in the following sequence:

(i) permit holders;
(ii) Union members;

B. The purpose of this Section is to ensure fair and equitable treatment of employees in the event of reductions in the work force while, at the same time, allowing the Employer to direct and deploy the work force. Nothing in this Section restricts the Employer's right to transfer employees to meet work demands.

(i) The retention of employees who are members of the Union and covered by this Agreement in the Employer's service shall be governed by this Section.

(ii) For the purposes of this Section, there shall be the following classifications of employees:

Electrician Journeyperson including senior foreperson, forepersons and sub-forepersons
Electrician Apprentice
Electrical Forester – Journeyperson including senior foreperson, forepersons and sub-forepersons
Electrical Forester – Apprentice
Electrical Forester – Skidder Operator, including senior foreperson, forepersons and sub-forepersons
Electrical Forester – Labourer including senior foreperson, forepersons and sub-forepersons
Linepersons (formerly lineman) including senior foreperson, forepersons and sub-forepersons
Line Apprentice
Communication Electrician including senior foreperson, forepersons and sub-forepersons
Mechanical Trades Persons including senior foreperson, forepersons and sub-forepersons
Mechanical Trade Apprentice
Civil Trade Apprentice
Civil Trades Persons including senior foreperson, forepersons and sub-forepersons
General Helper
Meter Reader
Meter Reader 'B'
Stockkeeper
Operator 1, 2, 3
Meter Reader Data Collector
Cable Splicer
Protection and Control Technologist
Civil Uncertified – Lines
Civil Uncertified – Stations Services

Such other classifications subsequently agreed to by the parties in Section 2.

(iii) Employees to be retained must have the necessary qualifications skills and ability to satisfactorily perform the work to be done.

(iv) Seniority as used in this Section is based on the employee's Established Commencement Date (ECD).

(v) In the event of a reduction of staff (excluding standoffs) and subject to (iii) and (iv) above, employees who are not members of Union shall be laid off prior to employees who are members of Union. Employees who are not members of Union shall not be subject to the conditions contained in (vi) below.

(vi) Subject to (iii) and (iv) above, the following conditions shall apply:

(a) In the event of a reduction of staff (excluding standoffs), the Employer will identify which of the classifications listed in (ii) will be affected.

(b) In the event of a reduction of staff (excluding standoffs), employment retention by seniority shall be as follows:

0 to (9) months	No Seniority
Nine (9) months to (5) years	Seniority by Geographic Territory (Southwestern, Central, Eastern, Northeastern & Northwestern)
Over five (5) years	Seniority Province Wide

* When relocating employees as a result of the application of this Section, the Employer shall provide transportation or pay the equivalent of the cost of public transportation or mileage, whichever is deemed appropriate by the Employer, for the initial trip to the new work

location from the employee's most recent work location. The Employer shall also pay travelling time at the appropriate straight-time rate up to a maximum of eight (8) hours per day.

(vii) In cases involving reduction of staff, an employee will not lose their service credit unless he/she has a break in service of greater than six (6) months. An employee terminated for any of the following reasons will not lose their service credit unless he/she has a break in service of greater than three (3) months:

(a) voluntary termination;

(b) layoff necessitated by refusal to accept a transfer resulting from the implementation of the Seniority Clause.

For discharge for cause the employee will immediately lose their service credit.

C. Standoff

(i) Standoff is a mechanism to be utilized for short durations by the Employer, when work is delayed e.g., spring breakup (1/2 load season) material shortages, outages and release of scheduled work. The standoff process is not intended to circumvent the Layoff procedure.

(ii) If the Employer elects standoff, it reserves the right to standoff its employees including stewards without pay up to a maximum of fifteen (15) consecutive working days. No daily travel or room and board allowance will be paid to an employee for a standoff period. Senior stewards shall only be placed on standoff when all others in the work group are on standoff.

(iii) If standoff continues beyond fifteen (15) consecutive working days, an employee, at his/her option, may elect to remain on standoff up to a maximum of 45 days or be removed from standoff at anytime during that 45 days.

(iv) An employee who elects to remain on standoff shall be issued a Record of Employment Form indicating "standoff – lack of work" dating back to his/her first day on standoff.

(v) If an employee elects layoff, it shall be carried out in accordance with the terms of Subsection 802, Item A and B. Where appropriate, an employee laid off will be issued a Record of Employment Form indicating "layoff – shortage of work" dating back to his/her first day on standoff.

(vi) No employee shall be placed on standoff more than twice annually, in a calendar year (January 1st to December 31st), unless additional standoff(s) is agreed to by the employee.

(vii) Notwithstanding the limitations to the duration of standoff in this Section, the Employer and the PWU Sector Vice President may agree to longer standoff duration to accommodate snow conditions that restrict the access to the work.

803 A. Transfer of Employees

(i) The Employer reserves the right to transfer employees to meet its needs, having regard for the special requirements of the work. The Employer shall provide transportation or pay the cost of public transportation or pay mileage at $.40 per kilometer whichever is deemed appropriate by the Employer, for the initial trip to the new work location from the employee's most recent work location. The Employer shall also pay travelling time at the appropriate straight-time rate up to a maximum of eight (8) hours per day.

(ii) The Employer will make every reasonable effort to transfer employees as near as possible to their regular residence as the work permits.

(iii) Employees who are receiving subsistence allowance shall be notified of all potential transfers or layoffs no later than Thursday of the previous week.

B. Transfer Line Work

(i) When making decisions regarding the transfer of individual employees or crews for line work, the Employer shall adhere to the transfer

process detailed in subsections C and D, subject to the following exclusions from application:

(a) Transfers within a Superintendent's jurisdiction.
(b) Individual employees and crews with specialized skills.
(c) Forepersons.
(d) Apprentice in conjunction with the mandate of the Joint Apprenticeship Council on transfers.

C. Individual Transfers

(i) Prior to implementing any transfers of individual employees for line work, the Employer shall identify the work location requiring additional staff and the work location with staff available for transfer. The Employer shall first attempt to satisfy a requirement for additional staff by considering any outstanding requests for transfers which are on file and requesting volunteers from the work location with available staff.

(ii) If there is an insufficient number of volunteers to meet requirements, the Employer shall request additional volunteers from the "Work Group" covering the above work location.

(iii) Volunteers from the appropriate classification will be transferred to meet requirements.

(iv) If after soliciting volunteers through steps (i) and (ii) there are still insufficient volunteers, then the most junior person in the appropriate classification within the "Work Group" will be transferred.

D. Crew Transfers

(i) Crew transfers to another work group will be of a temporary nature and last no more than six (6) weeks in duration. Subject to the approval by the Union, crew transfers may be extended beyond six (6) weeks in duration.

(ii) Prior to selecting the crew(s) to transfer for line work, the Employer will identify the location requiring the additional crew(s) and the

work location having the available crew(s) for transfer.

E. Transfer for Other Than Line Work

(i) When making decisions regarding the transfer of employees for other than line work the Employer shall adhere to the transfer process detailed in subsection (ii), subject to the following exclusions from application:

(a) Transfers within a Superintendent's jurisdiction.
(b) Individual employees with specialized skills.
(c) Foreperson.
(d) Apprentices in conjunction with the mandate of the Joint Apprenticeship Council on transfers.

(ii) Transfers

(a) Prior to implementing any transfers for other than line work, the Employer shall identify the work location requiring additional staff and the Superintendent with staff available for transfer. The Employer shall first attempt to satisfy a requirement for additional staff by considering requests for transfers from volunteers.

(b) If there is an insufficient number of volunteers to meet requirements, the Employer will select the most junior person in the appropriate classification under the Superintendent to be transferred.

(c) Exception: When the Superintendent has responsibility for an unusually large geographic area, the work group may be split into sub-groups by mutual agreement of the parties and the Employer will transfer the most junior person from the appropriate classification within the "sub group". It is agreed that the current geographic area of the Superintendent in the North falls under this exception rule.

F. The Employer reserves the right to transfer employees between all construction sectors to meet its needs.

804 A. The designated certified Health & Safety Representative and certified Health & Safety alternate, Joint Health & Safety Committee members, Health & Safety Representatives, and Union Safety Representative shall be excluded from the transfer provisions. These individuals will be transferred by joint agreement of the Superintendent and the Accredited Union Representative based on the overall health, safety and efficiency needs of both parties.

SECTION 9 HOURS OF WORK

900 A. The normal weekly hours of work for all employees of Employers covered by this Agreement shall be forty (40).

The weekly hours shall be:

(i) worked in five (5) days of eight (8) hours each, Monday to Friday inclusive, or

(ii) the weekly hours of work (Monday to Friday inclusive) for all employees may be arrived at by having the employees work four (4) consecutive ten-hour shifts or by having the employees work five (5) consecutive eight-hour shifts. Weekly hours will be established for a minimum period of thirty (30) days. Fifteen (15) days written notice shall be sent to the local Union prior to a change in weekly hours. The notice period may be reduced with unanimous agreement of the affected crew.

901 The normal daily hours, as provided for in Subsection 900, Item A, are to be worked between 7:00 am and 6:00 pm.

902 A. (i) For employees working normal hours on a five (5) day work week, a fifteen (15) minute rest period will be allotted, at the time directed by the Employer, for each half shift worked.

(ii) For employees working normal hours on a four (4) day work week, a fifteen (15) minute rest period will be allotted, at the time directed by the Employer, for each half shift worked.

B. For employees required to work overtime, a ten (10) minute rest period will be allotted prior to the end of the normal shift before commencing overtime work.

C. For employees working overtime, a fifteen (15) minute rest period will be allotted, at the time directed by the Employer, after each two (2) hours of overtime worked.

D. A thirty (30) minute lunch break shall be provided at a time established by the Employer.

903 A. An employee who reports for work, unless directed not to report the previous day by the Employer, shall receive a minimum of two (2) hours pay plus the appropriate daily travel or board allowance at the applicable rate when he/she reports for work but is unable to commence or continue to work because of circumstances beyond his/her control. An employee will not receive this allowance if unable to complete the shift as a result of inclement weather.

B. Notwithstanding Subsection 903, Item A above, when an Employer considers it necessary to shut down a job to avoid the possible loss of human life, because of an emergency situation that could endanger the life and safety of an employee, in such cases, employees will be compensated for the actual time worked plus applicable travel or board allowance.

904 A. An employee who reports for work at the beginning of a shift and is unable to commence work due to inclement weather will receive pay for one half of the scheduled shift at the applicable rate. To qualify, the employee must remain at a protected place or area as designated by the Employer for one half of the scheduled shift unless excused by an authorized representative of the Employer.

B. An employee who reports for and commences work but is unable to continue work due to inclement weather shall receive pay for one half of the scheduled shift at the applicable rate of pay for the actual time worked for that shift, whichever is greater.

C. An employee in receipt of inclement weather pay shall also receive travel or board allowance if applicable.

905 A. The holidays recognized under this Agreement are:

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

B. Recognized holidays falling on a Saturday or Sunday shall be observed on the following Monday. When Christmas Day falls on a Saturday or Sunday, it shall be observed on the following Monday and Boxing Day on the following Tuesday.

906 A. When working an eight (8) hour day on a five (5) day per week work schedule, overtime shall be paid at 1-1/2 times their straight time rate for all work performed during the first two (2) hours after normal quitting time.

When working a ten (10) hour day on a four (4) day per week work schedule, overtime shall be paid at 1-1/2 times the straight time rate for all work performed during the first two (2) hours after normal quitting time.

Employees who work in excess of twenty-four (24) hours continuously will continue to be paid premium rate for all additional hours worked until such time as the employee receives an eight (8) hour break from work.

All other hours worked outside the normal daily scheduled hours and overtime worked on Saturday, Sunday, Recognized Holidays and non-shift days shall be paid at two (2) times the straight time rate.

B. When an employee has not been notified the previous day that he/she will be required to work for more than two (2) hours beyond the normal quitting time of his/her shift, and after approximately two (2) hours has been worked, he/she shall be provided with a lunch and allowed thirty (30) minutes to consume same at the base hourly rate of pay. After each additional four (4) hours is worked, the employee shall be allowed thirty (30) minutes to eat at the base hourly rate of pay and a lunch when work is required beyond that four (4) hour period.

Where an employee has been notified the previous day, no lunch will be provided, but the employee will be allowed thirty (30) minutes to eat at the base hourly rate of pay.

When a paid meal period overlaps a rest period, the paid meal period will supplant the rest period.

The above-noted is not applicable to the first eight (8) hours worked on Saturdays, Sundays and Recognized Holidays.

907 A. When an employee is called in to work outside of his/her normal hours of work, he/she shall receive a minimum of two (2) hours work at two (2) times the straight time rate plus travel allowance where applicable.

B. If the employee's normal hours of work commence within this two (2) hour period, the employee will be paid two (2) times the straight time rate for the actual hours worked and revert to his/her normal rate at the commencement of his/her normal hours of work.

908 A. (i) Shift work may be established on all work except tower erection and stringing operations provided that there are at least four (4) consecutive days of shifts to be worked excluding Saturdays, Sundays and Recognized Holidays.

(ii) Where shift work is established, the normal shift hours shall be the same as the day hours.

(iii) The normal starting time for day shift hours shall be the same as the day work hours described in Subsection 901.

(iv) The second shift hours shall commence with the conclusion of the day shift hours.

B. (i) Employees required to work shift work on the second shift of a two-shift operation shall receive a shift differential of time and one-seventh for normal scheduled shift hours worked. If an employee is removed from their scheduled shift prior to completing four (4) consecutive shifts, the employee will be paid shift differential for the balance of the four (4) consecutive shifts that would have been worked had the employee had not be reassigned, up to a maximum of four (4) days of shift differential.

(ii) No employee shall be required to work more than one shift in any twenty-four (24) hour period unless the overtime rate is paid.

(iii) The shift rate will be based on the day in which the shift begins.

909 A. It may be necessary from time to time to vary the hours of work established in Subsections 901 and 908. Any amendments to the hours of work will be established

by mutual agreement between Hydro One Inc. and the Union.

910 A. Annual unpaid entitlement vacation shall be twenty (20) working days and in special circumstances, upon agreement of the Union and the Employer additional vacation may be granted providing work scheduling will permit. All vacation will be taken with the approval of the Employer and approval shall not be unreasonably denied.

SECTION 10 WAGES AND PAY PROCEDURE

1000 A. Wage rates for employees in the classifications listed in Subsection 200, Item B, of this Agreement shall be as set forth in the current wage schedules. Hydro One Inc. will provide the Union with current wage schedules.

B. Wage rates for all classifications listed in Sub-section 200, Item B of this Agreement, excluding acting general forepersons, senior forepersons, forepersons and sub-forepersons (see section 600 F & G), will be drawn up in accordance with the following Table of Relationships. This table indicates the relationship to be maintained between the basic classifications within the bargaining unit. Changes in basic classification wage rates shall be accompanied by changes in the subsidiary classification wage rates in accordance with the percentages shown in the table. Base Rate is calculated by subtracting Vacation and Statutory Holiday pay, the Pension remittance and the Welfare remittance from the Total Wage Package for non-Civil Certified Trades. The Total Wage Package for non-Civil Certified Trades shall be $50.47.

Table of Relationships

Classification	Percent of *Base Rate
Certified Trade 5 year Apprenticeship (other than Civil Trades)	
– Journeyperson	*100
– Apprentice	
5th period	80
4th period	70
3rd period	60
2nd period	50
1st period	40

Classification	Percent of *Base Rate
Certified Trade 4 year Apprenticeship (other than Civil Trades)	
– Journeyperson	*100
– Apprentice	
4th period	80
3rd period	70
2nd period	60
1st period	50

Certified Civil Trade e.g. Carpenters, Painters, Insulators, Asbestos Workers, Plasterers, Cement Masons and Operators which have an Apprenticeship Program will be paid at ninety-five (95) percent of base rate for Journeyperson Lineperson. Apprenticeship rates are based on this rate.

– Welder	100
– Electrical Forester/Stockkeeper	85
– Apprentice (Apprentice rates are based on Electrical Forester rate.)	
4th period	80
3rd period	70
2nd period	60
1st period	50
– Electrical Forester (Skidder Operator)	70
– Electrical Forester (Labourer)	55
– General Helper	55
– Civil Trades (No Apprenticeship)	85
– Meter Reader	68

1001 A. Normal

(i) Employees shall be paid weekly and payment for any given week will be made not later than the sixth working day after the close of the payroll period, but in any event, not later than Thursday of the following week.

(ii) Wages shall be paid by the Employer at the work location, before quitting time, in cash or by cheque, payable at par in the locality of the work location.

Accompanying each payment of wages shall be a statement, in writing, which can be retained by the employee, setting forth:

(a) the period of time or the work for which the wages are being paid;

(b) the rate of wages to which the employee is entitled;

(c) the amount of wages to which the employee is entitled;

(d) the amount of each deduction from the wages of the employee and the purpose for which each deduction is made;

(e) any allowance or other payment to which the employee is entitled;

(f) the amount of vacation pay for which the employee is being credited;

(g) the amount of recognized holiday pay for which the employee is being credited; and

(h) the net amount of money being paid to the employee.

(iii) In cases where inclement weather is declared on pay day, employees will receive their pay before leaving the work location provided it is available at the work location.

B. On Termination

(i) An employee who voluntarily terminates their employment will be provided final pay ***direct deposited*** on the next regular pay day for the period worked.

(ii) At work locations where the Employer does not have an on-site pay office, an employee will have final pay ***direct deposited*** and ***his/her Record of Employment information sent electronically to Service Canada*** eight (8) working days from termination. This does not preclude an employee being paid his/her final pay at the work location prior to the expiration of the eight-day period.

(iii) An employee who is discharged shall be provided with his/her final pay immediately if the Employer's pay facilities are at the work locations or as per Item B (ii) above, if the Employer's pay facilities are not at the work location.

(iv) Failure of the Employer to comply with the requirements in Clause 1001 B (I), (ii) and (iii) will entitle the employee to two (2) hours at the straight time rate for each normal work day of non-compliance.

SECTION 11 UNION AND BENEFIT FUNDS

1100 A. The Employer agrees to deduct from the total wage package above and pay into an operative welfare plan for all hours earned. Such welfare payments will be set forth in the wage schedules provided by Hydro One Inc.

B. The Employer agrees to deduct from the total wage package and pay into an operative retirement plan an amount of money per hour to be determined by the Union for all hours earned. Such pension payments will be set forth in the wage schedules provided by Hydro One Inc.

1101 A. The vacation and recognized holiday pay rate shall be ten (10) percent of vacationable gross earnings. The vacation pay rate shall be four (4) percent and the recognized holiday pay rate shall be six (6) percent.

B. Payment of vacation and recognized holiday pay shall be made weekly.

1102 A. The Employer agrees to deduct Union Funds from wages and to remit the amounts deducted to the Union. The amounts to be deducted and remitted will be as set out in the wage schedules attached hereto.

B. A checkoff system of Union initiation fees and dues will be made operative for the lifetime of this Agreement. The Employer will supply full check-off lists of employees subject to checkoff at regular intervals and agrees to collect monthly for the Union dues payable to the Union. The Employer will transmit the monies so collected to the designated officials of the Union. The Union will indemnify the Employer for any liability arising from the deduction of initiation fees and dues as requested by the Union.

C. The Employer shall put into effect any changes to Union funds or dues upon notification by the Union.

D. The Employer will arrange for each worker falling under the jurisdiction of the Union to sign a Union dues checkoff authorization as a condition of employment at the time he/she is employed.

SECTION 12 TRAVEL AND ROOM AND BOARD ALLOWANCE

1200 Daily Travel Allowance

A. The daily travel allowance will be paid by the Employer to its employees who are not living in camp or receiving a subsistence allowance as referred to in Subsection 1201, on the following basis:

(i) If an employee lives within 40 radius kilometers of the work location or declared assembly point * no travel allowance will be paid.

(ii) If an employee lives within 40-56 radius kilometers of the work location or declared assembly point they shall receive ***$24.60 (effective April 1, 2014, $25.22)*** per day travel allowance for each day worked or reported for.

(iii) If an employee lives within 56 to 80 radius kilometers of the work location or declared assembly point they shall receive ***$29.41 (effective April 1, 2014, $30.15)*** per day travel allowance for each day worked or reported for.

(iv) If an employee lives within 80-97 radius kilometers of the work location or declared assembly point they shall receive ***$34.21 (effective April 1, 2014, $35.07)*** per day travel allowance for each day worked or reported for.

(v) If an employee lives greater than 97 radius kilometers from the work location or declared assembly point, and does not qualify for subsistence allowance under Subsection 1201 below, they shall receive ***$38.70 (effective April 1, 2014, $39.67)*** per day travel allowance for each day worked or reported for provided the employee continues to travel greater than 97 radius kilometers daily.

* For the purpose of this Section, "declared assembly point" is a material yard, field office

or other location that may from time to time be designated by the Employer as a location for assembling prior to leaving for the work location.

(vi) When an employee is directed to report to a location that involves travelling around a natural barrier, the distance around the natural barrier shall be the shortest distance measured by a series of straight lines. The sum of the distance of these straight lines shall be applied to the ring concept to establish the employee's travel allowance entitlement, board allowance entitlement and initial and return allowance entitlement.

(vii) A natural barrier is defined as any obstruction or impediment which creates an unreasonable relationship between radius kilometres and actual kilometres travelled.

A joint team, made up of one Union representative and one Management representative will review situations where employees feel the relationship between radius kilometres and actual kilometres travelled is unreasonable and decide the issue without prejudice or precedent.

B. The Employer reserves the right to base daily travel allowance on the distance in radius kilometres from where an employee lives to either the work location or declared assembly point, depending on where the employee is directed to report.

1201 Room and Board Allowance (Subsistence)

A. The following conditions will apply for employees whose regular residence* is more than 97 radius kilometres from the work location or declared assembly point:

(i) An Employer may supply either:

(a) free room and board in camp or a good standard of board and lodging; or

(b) a subsistence allowance; or

* For the purpose of this Section "regular residence":

1. The place where the employee maintains a self-contained, domestic establishment (a dwelling house, apartment or similar place of residence where a person generally eats and sleeps and for which he/she can show proof of financial commitment). This is in contrast to a boarding house facility which is not self-contained; and

2. The employee normally resides in the residence except for those periods of time when, because of the location of the work, the employee obtains temporary accommodation for that work location.

3. For metropolitan areas (Toronto and Hamilton) the calculation of distance shall be the employee's regular residence.

4. For all other areas, the calculation of distance shall be based on the location of the city or town hall of the municipality where an employee maintains a self-contained domestic establishment described above. In those municipalities where a city or town hall does not exist, then the post office serving his/her self-contained domestic establishment will apply.

(ii) An employee may exercise his/her option not to stay in a camp or accept free room and board. An employee who exercises this option shall receive a subsistence allowance as follows:

(a) When an employee's regular residence is more than 97 radius kilometres from the work location, or declared assembly point which is north of the French River and the employee maintains temporary accomodations at or near the work location or declared assembly point the employee shall be paid a subsistence allowance of ***$100.23 (effective April 1, 2014, $102.74)*** per day for each day worked or reported for.

South of the French River an employee will be paid ***$93.54 (effective April 1, 2014, $95.88)*** per day for each day worked or reported for.

(b) When an employee's residence is more than 450 kilometres from the work location and the employee is working a four (4) day by ten (10) hour per day shift, the employee will be paid one (1) additional day's subsistence allowance.

B. An employee shall not qualify for daily travel allowance or room and board allowance as provided for in Subsection 1200 and Subsection 1201, Item A above, when such employee reports for work but does not remain at work for his/her scheduled daily hours unless excused by an authorized representative of his/her Employer. Such permission shall not be unreasonably denied.

C. Upon application, payment of Room and Board/Travel Allowance will be issued for the first two pay periods. Failure to provide satisfactory proof of eligibility during this period, will result in cessation of payments and the recovery in two equal amounts. In the event of termination for any reason before full recovery, any balance owing will be deducted from the final pay.

1202 Travel Time

A. The Employer will supply transportation between the assembly points and work locations.

B. All travel time will be outside of normal working hours.

C. On normal working days an employee will be paid his/her straight-time rate for all time spent travelling from his/her assembly point to his/her work location.

D. On Saturdays, Sundays and Recognized Holidays identified in Subsection 905 A, B and C, an employee will be paid his/her premium rate for all time spent travelling from his/her assembly point to his/her work location.

E. An employee will travel up to a maximum of one (1) hour on his/her own time when returning from the work location to the assembly point.

(i) On normal working days an employee will be paid straight-time rate for all time spent travelling in excess of one (1) hour.

(ii) On Saturdays, Sundays and Recognized Holidays identified in Subsection 905 A, B and C an employee will be paid premium rate for all time spent travelling in excess of one (1) hour.

1203 Initial and Return Travel and Transportation

A. On recruitment of workers who live beyond 161 radius kilometres from the work location, the Employer shall pay $.40 per radius kilometre, plus travel time based on one hour's pay for each 80 kilometres, or part thereof, of travel to a maximum of 8 hours pay for the initial trip to the work location from where the worker lives. On recruitment of workers who live outside Ontario, the distance calculation for this allowance shall be from where the worker lives or the Union Referral Hall, whichever is closer.

B. To qualify for payment in Item A, the employee must be engaged in work for a minimum of fifteen (15) working days or the duration of the job, whichever is less.

C. On termination of employment due to a reduction of staff, an employee qualified for payment as a result of Item B above, shall be entitled to return travel expenses calculated in the same manner as in Items A above for the return trip from the current work location to where the worker lives. An employee whose employment terminates for any reason other than reduction of staff shall not be eligible for return payment.

D. At the end of each three (3) months of continuous employment at a work site where the employee resides in a camp or a camp situation, he/she shall receive eight (8) hours pay at his/her appropriate straight time rate to assist in defraying costs of returning home.

1204 Use of Personal Vehicle

A. An employee who is requested or receives approval from an authorized representative of his/her Employer to use his/her personal vehicle for the convenience of his/her Employer shall be reimbursed at $.40 per kilometre travelled for such use of his/her vehicle.

SECTION 13 TOOLS AND CLOTHING

1300 A. Employees shall be required to provide themselves with the ordinary hand tools of the trade as specified in the attached tool listing*. The Employer will provide

insofar as is practical, separate facilities for storing the tools, but shall not be held responsible for losses, except as noted hereunder.

(i) When personal tools valued in excess of $15.00 are lost due to fire, the Employer will consider replacement or payment value to a maximum of $500.00 based on the merit of tools that a tradesperson is required to have to perform their normal duties with the Employer.

(ii) The Employer agrees to compensate employees for tools lost by theft, as supported by claims submitted in writing with substantiating evidence to establish theft resulting from forcible entry to locked storage provided by the Employer to a maximum of $500.00.

(iii) In the event of a loss by fire at a work location, replacement or payment of the full estimated value in excess of $15.00 but not exceeding $500.00 for the loss of personal clothing will be made.

(iv) In the event of a loss by fire at an Employer operated camp, replacement or payment of the full estimated value in excess of $15.00 but not exceeding $750.00 for the loss of personal clothing will be made.

B. Employees who have obtained tools from the Employer's tool crib shall be allowed sufficient time, in the opinion of Management, to return such tools to the tool crib during working hours. Employees receiving tools from such tool crib shall be held responsible for the return of such tools in good condition, subject to normal wear and tear. On layoff or standoff, employees will be allowed reasonable time to return tools.

C. Gang tools which are issued to a foreperson are used by one or more members of the crew. Such tools are not identified on trade tools lists, nor are then the tools and equipment identified in A. and B. of this section. Such tools shall be the responsibility of the Employer.

D. Employees eligible for payment under A. above shall be reimbursed within ten (10) working days after the date of submitting a claim.

1301 A. Employees are required to wear protective clothing and use protective equipment appropriate for the work being done. The Employer shall supply employees working in close proximity to obvious fire hazards (i.e., open flames) with flame resistant coveralls. Refer to Mid-Term Agreement MT-61 for terms and conditions for the provision of Flame and Arc Resistant Clothing.

B. The Employer will supply protective clothing including gloves, high visibility clothing, rainwear and coveralls where appropriate at no cost to the employee. Protective clothing that is provided by the Employer will be charged out to an employee and the employee shall be responsible for the return of such protective clothing and equipment upon completion of the work involved.

C. Employees shall supply themselves with, and wear at all times on the job, an approved safety helmet and safety footwear.

When an Employer wishes an employee to wear a specifically identified safety helmet, the Employer shall provide it on loan, complete with a new liner.

SECTION 14 GRIEVANCES AND ARBITRATIONS

1400 (a) Hydro One Inc. shall appoint employees beyond the jurisdiction of the Union to act as contact supervisor. Each contact supervisor shall be responsible for giving or securing a decision on any grievance submitted to him/her by a Union representative on behalf of any employee or group of employees under his/her supervisor. Grievances will be referred to the contact supervisor within 30 days of the discovery of the event giving rise to the grievance. If a satisfactory decision is not made by the contact supervisor within 48 hours, the Union representative may, within 30 days, refer the grievance to arbitration.

Employees shall be entitled to Union representation at any disciplinary meeting.

(b) The referral to arbitration shall be made to one of the following single arbitrators on a rotating basis:

(i) Jules Bloch
(ii) Rob Herman
(iii) Louisa Davie

(c) The arbitrator shall set a hearing date to take place within ten (10) working days of the date of the referral and shall render a decision on the case within 30 days of the completion of the hearing of the matter. The parties agree that they will facilitate to the greatest extent possible the expeditious completion of the hearing process.

(d) The decision of the arbitrator shall be final and binding on the parties. The arbitrator shall not have jurisdiction to alter or overrule this agreement or to make any decision inconsistent with this agreement.

(e) The arbitrator shall have all the power and authority of an arbitrator under Section 48 of the Labour Relations Act, 1995.

(f) Maintenance of normal earnings shall be provided by Hydro One Inc. for all Union representatives, attending at the grievance process, including the arbitration hearing. Arbitrator costs will be shared.

SECTION 15 <u>COMMITTEES</u>

1500 Joint Committee

A. To advance harmonious relations between Hydro One Inc. and the Union, Hydro One Inc. and the Union shall appoint a Joint Committee comprised of two (2) PWU and two (2) Management as appointed by the parties.

The Committee shall meet at least annually to review the work program and matters associated with the administration of this Appendix with the intent of achieving uniformity of application of this Appendix wherever employees are working. The Committee may also consider matters related to safety.

1501 Joint Apprenticeship Committees (subject to the attached letter "Principles Related to Apprenticeship Program", related Committee Agreements, and Certificate of Qualification requirements.)

A. A Joint Apprenticeship Council (JAC) shall be established and shall meet on a regular basis. This Council shall consist of an equal number of members of the Union and representatives of the Employer. Where applicable, a representative of the Apprenticeship Branch of the Ontario Government may also be

appointed as an advisor to the regular Council members.

B. The JAC shall be responsible for the establishment and maintenance of the apprenticeship training programs, as well as adopting operating rules and conditions with respect thereto which are complementary to and in keeping with the intent of the Apprenticeship and Trades Qualification Act RSO 1970 as amended.

C. Apprentices shall be hired by the Employer, as and when required, from a pool of qualified apprentices established by the JAC in accordance with the procedures established under the JAC Terms of Reference.

D. All apprentices shall be governed by the Ontario Apprenticeship and Trades Qualification Act and Regulations but the ratio of apprentices to Journeypersons may be set from time to time by the Joint Committee.

E. In order to expedite the Apprentice's entrance into Journeyperson status, the following policy shall apply:

(i) The Apprentice must apply to the Apprenticeship Branch to write his/her examination as soon as possible after he/she has reached his/her total hours, less 300.

(ii) The Apprentice will give the JAC two weeks notice that he/she is going to write his/her examination.

(iii) After writing the examination, the Apprentice will check his/her hours in his/her Progress Record Book, with the JAC.

(iv) The Employer will commence paying the Journeyperson's rate of pay the day after the Apprentice completes his/her hours and providing the following conditions have been met:

(a) The Employer is satisfied that the Apprentice has completed his/her hours. If there is a question concerning the completion of hours, confirmation will be supplied by the JAC and/or the Union; and,

(b) The Employer is shown written proof of Certification from the Apprenticeship Branch, or has verbal confirmation from the JAC and/or the Union; and,

(c) The Apprentice has passed his/ her examination for his/her Certification of Qualification (C of Q).

F. In the event that an Apprentice fails his/her examination for his/her C of Q, he/she will be paid the journeyperson rate of pay from the day he/she passes any future examinations.

G. Where the JAC is unable to reach an agreement on any matter concerning apprenticeship, the issue shall be referred to the Joint Committee for their decision.

SECTION 16 LUNCHROOM AND WASHROOM FACILITIES

1600 Lunchroom Facilities

A. The Employer will provide clean and adequately heated facilities for employees where such facilities may reasonably be provided. Lunchroom facilities are to include adequate space with tables and benches and are to be separated from storage areas. Washroom facilities are to include flush toilets and hot and cold running water where reasonable and practicable.

SECTION 17 PREGNANCY/PARENTAL/ADOPTION LEAVES

1700 A. Provisions of the Employment Standards Act will apply to a pregnant employee. In addition, an employee's seniority will accumulate while on leave provided this does not affect the normal date of layoff.

SECTION 18 SELECTION TO VACANCIES

PWU represented members who have performed work for Hydro One Inc. pursuant to this Appendix will be entitled to apply to regular positions within Hydro One Inc. for which they are qualified and will be selected on the basis of seniority.

Seniority for the purposes of applying to regular positions will be calculated on the basis of accumulated service with the Hydro One Inc. gained through this Appendix.

Employees in receipt of a Hydro One Inc. pension are not eligible for selection to Vacancies.

Dated at Toronto this _____ day of _____ 1998.

FOR: Hydro One Inc.

_____

FOR: POWER WORKERS' UNION

_____

Principles Related to Apprenticeship Program

The parties agree to establish an apprenticeship program recognizing that the apprenticeship program should be structured to best support the Hydro One Inc. requirements, the Apprentice and the requirements of the Trades Qualification Act.

The parties agree that the following principles should be accepted when developing the apprenticeship program:

- PWU Apprentices will be acquired through the provisions of the Appendix to the Hydro One Agreement.

- The Apprenticeship Program will be managed by the Joint Councils outlined in the Appendix to the Hydro One Agreement.

- Apprentices will be assigned to regular work crews and to casual work crews for the purposes of their training program.

- When Apprentices are doing work on an assigned basis with regular work crews, these crews will not be considered as composite crews. In this circumstance the non-monetary provisions of the Main Agreement apply as well as the meal provisions contained in Part B, Item 18.2 and Mid-Term Agreement MT-61.

- The administration of the Apprentice Program will be funded by the Employer and operated from the Union Office.

The parties further agree that a committee would be established comprised of two (2) representatives from Hydro One Inc. and two (2) representatives from the Union to meet and develop the procedures to be followed on the Apprenticeship Program.

Appendix A – TOOL LIST

All journeypersons electricians are required to have the following tools:

1 Centre punch
1 1/2" Cold Chisel
1 Half-round File
1 Ball Peen Hammer
1 Adjustable Hacksaw Frame
1 Knife
1 Medium Level
5 Prs of Pliers – 8" Sidecutters, Diagonal, Longnose and 2 pairs of Channelock
6 Screwdrivers, Robertson and Standard Types
1 6" Square or Combination Square
1 6' Folding Wood Rule
1 Small Tap Wrench
1 Tool Box
1 Tool Pouch and belt for hand tools

Lineperson Tool List

1 Tool Box and lock
1 Ball Peen Hammer
1 Jackknife or Stripping Knife
1 9" Pliers
1 6' Folding Wood Rule
1 Screwdriver, flat blade, 8"
1 8" Adjustable Crescent Wrench
1 10" or 12" Adjustable Crescent Wrench

Electrical Forester

1 Saw, hand, pruning
1 Set of appropriate hand saw sharpening equipment
1 Jack Knife
1 Hand Pruners

All Journeyperson Mechanical Tradespersons are required to have the following tools:

1 punches, centre set
1 punch, pin, set
4 punch, taper set
4 rule, steel, 6"
3 screwdrivers, flat blade, 4" 8" and 12".
1 screwdriver, flat blade, stubby
1 screwdriver, flat blade, offset
1 screwdriver, robertson, set of detachable head
1 screwdriver, phillips, set of detachable head
1 scriber, steel
1 square, combination, with level, protractor and centre head 12"
1 tape rule, steel, 6' or longer.
1 wrench, tap – to handle up to 1/4" taps
3 wrenches, adjustable, crescent type, 4" 8" and 12"
1 wrench, vise grip

March 26, 1998

D.F. MacKinnon
Sector Vice President
Power Workers' Union
244 Eglinton Avenue East
Toronto, Ontario
M4P 1K2

Dear Mr. MacKinnon:

1988 Negotiations – Transmission Agreement

This will confirm the discussion at negotiations regarding the natural barrier concept.

It is agreed that an obstruction or impediment will include those areas where roads have not been constructed and which causes an unreasonable relationship between radius Kilometres and actual kilometres travelled.

Yours truly,

March 26, 1998

D.F. MacKinnon
Sector Vice President
Power Workers' Union
244 Eglinton Avenue East
Toronto, Ontario
M4P 1K2

Dear Mr. MacKinnon:

1988 Negotiations – Transmission Agreement

This will confirm the discussion at negotiations regarding parking allowance in Toronto.

Employees working in the downtown core of Toronto will be paid $3.00 per day worked as a parking allowance when an Employer does not provide parking space.

The downtown core is defined as the area bounded by the east side of Dufferin Street in the west, the west side of Sherbourne Street and Mount Pleasant Road in the east, the south side of Eglinton Avenue in the north and by Lake Ontario in the south.

Yours truly,

Add to the Hydro One Inc. Collective Agreement

Assignment of Work & Dispute Resolution Process – Appendix A Construction & Supply Maintenance

1. No regular Hydro One Inc. employee will be laid off as a direct result of work being performed pursuant to Appendix A of the Collective Agreement.

2. Hydro One Inc. shall share all related information for making an assignment as far in advance of the work as possible.

3. Hydro One Inc. representatives and the PWU Sector Vice-President will agree upon the proposed assignment prior to the assignment being made by the Employer.

4. Failing to agree on the assignment of work will result in an expedited resolution process.

5. Should the parties fail to agree on the assignment of work to employees hired pursuant to Appendix A, the issue will be referred to Mr. Martin Teplitsky, or his deputy who will act as the sole arbitrator for resolution of the dispute.

6. The arbitrator will hear the dispute within three (3) days of the dispute being referred to Arbitration. The Arbitration may be conducted by conference call.

7. Briefs shall be prepared by each party which will include a statement of facts, a brief argument and any other information and/or documents relevant to the issue. Briefs will be exchanged between the parties and provided to the arbitrator at least 24 hours before the arbitration hearing begins. Witnesses may be called with leave of the arbitrator.

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

HYDRO ONE
PWU CONSTRUCTION AND SUPPLEMENTARY MAINTENANCE APPENDIX
WAGE SCHEDULES
CERTIFIED TRADES (OTHER THAN CIVIL TRADES)
SALARY SCHEDULE 50

50 / 13A

GRADE AND STEP	CLASSIFICATIONS, OCCUPATION CODES & EFFECTIVE DATES	BASE HOURLY RATE	VACATION & STAT. HOLIDAY	PENSION	WELFARE	TOTAL WAGE PCKGE
01-9	LINES SENIOR FOREPERSON - 411164					
02-9	MECHANICAL SENIOR FOREPERSON - 435362					
03-9	ELECTRICAL SENIOR FOREPERSON - 411061					
	04-01-13	50.54	5.05	3.00	3.00	61.59
01-8	LINES FOREPERSON - 411165					
02-8	MECHANICAL FOREPERSON - 435363					
03-8	ELECTRICAL FOREPERSON - 411062					
	04-01-13	49.22	4.92	3.00	3.00	60.14
01-7	LINES SUBFOREPERSON - 411153					
02-7	MECHANICAL SUBFOREPERSON - 435352					
03-7	ELECTRICAL SUBFOREPERSON - 411051					
	04-01-13	46.59	4.66	3.00	3.00	57.25
01-6	LINES JOURNEYPERSON - 411134					
02-6	MECHANICAL JOURNEYPERSON - 435332					
03-6	ELECTRICAL JOURNEYPERSON - 411031					
05-6	CABLE SPLICER JOURNEYPERSON - 001377					
	04-01-13	43.95	4.40	3.00	3.00	54.35
	ELECTRICAL APPRENTICE (5 YEAR PROGRAM) - 411113					
	MECHANICAL TRADE APPRENTICE (5 YEAR PROGRAM) - 435312					
	CABLE SPLICER APPRENTICE (5 YEAR PROGRAM) - 001727					
01-0	1ST PERIOD					
	04-01-13	17.58	1.76	3.00	3.00	25.34
01-1	2ND PERIOD					
	04-01-13	21.98	2.20	3.00	3.00	30.18
01-2	3RD PERIOD					
	04-01-13	26.37	2.64	3.00	3.00	35.01
01-3	4TH PERIOD					
	04-01-13	30.77	3.08	3.00	3.00	39.85
01-4	5TH PERIOD					
	04-01-13	35.16	3.52	3.00	3.00	44.68
	LINES APPRENTICE (4 YEAR PROGRAM) - 410312					
02-0	1ST PERIOD					
	04-01-13	21.98	2.20	3.00	3.00	30.18
02-1	2ND PERIOD					
	04-01-13	26.37	2.64	3.00	3.00	35.01
02-2	3RD PERIOD					
	04-01-13	30.77	3.08	3.00	3.00	39.85
02-3	4TH PERIOD					
	04-01-13	35.16	3.52	3.00	3.00	44.68

Note: The normal weekly hours of work for all employees of Employers is forty (40).

OVERTIME RATE:

Mon-Fri: Scheduled Work Days - 1 1/2 times for up to and including 2 hours beyond the normal daily scheduled number of hours. This applies for both 4 day x 10 hours per day schedule and 5 day by 8 hour per day schedule.
Non-Scheduled Work Days - 2 times for all hours worked.

Sat: 2 times for all hours worked.

Sun&Hol: 2 times for all hours worked.

GRADE AND STEP	CLASSIFICATIONS, OCCUPATION CODES & EFFECTIVE DATES	BASE HOURLY RATE	VACATION & STAT. HOLIDAY	PENSION	WELFARE	TOTAL WAGE PCKGE
	MECHANICAL TRADES APPRENTICE (4 YEAR PROGRAM) - 435313					
02-10	1ST PERIOD					
	04-01-13	26.37	2.64	3.00	3.00	35.01
02-11	2ND PERIOD					
	04-01-13	30.77	3.08	3.00	3.00	39.85
02-12	3RD PERIOD					
	04-01-13	35.16	3.52	3.00	3.00	44.68
02-13	4TH PERIOD					
	04-01-13	39.56	3.96	3.00	3.00	49.52
11-9	CIVIL SENIOR FOREPERSON - 435764					
	04-01-13	48.01	4.80	3.00	3.00	58.81
11-8	CIVIL FOREPERSON - 435763					
	04-01-13	46.76	4.68	3.00	3.00	57.44
11-7	CIVIL SUBFOREPERSON - 435753					
	04-01-13	44.26	4.43	3.00	3.00	54.69
11-6	CIVIL JOURNEYPERSON - 435733					
	04-01-13	41.75	4.18	3.00	3.00	51.93
	CIVIL APPRENTICE (5 YEAR PROGRAM) - 435713					
11-0	1ST PERIOD					
	04-01-13	16.70	1.67	3.00	3.00	24.37
11-1	2ND PERIOD					
	04-01-13	20.88	2.09	3.00	3.00	28.97
11-2	3RD PERIOD					
	04-01-13	25.05	2.51	3.00	3.00	33.56
11-3	4TH PERIOD					
	04-01-13	29.23	2.92	3.00	3.00	38.15
11-4	5TH PERIOD					
	04-01-13	33.40	3.34	3.00	3.00	42.74
	CIVIL APPRENTICE (4 YEAR PROGRAM) - 435714					
12-0	1ST PERIOD					
	04-01-13	20.88	2.09	3.00	3.00	28.97
12-1	2ND PERIOD					
	04-01-13	25.05	2.51	3.00	3.00	33.56
12-2	3RD PERIOD					
	04-01-13	29.23	2.92	3.00	3.00	38.15
12-3	4TH PERIOD					
	04-01-13	33.40	3.34	3.00	3.00	42.74

Note: The normal weekly hours of work for all employees of Employers is forty (40).

OVERTIME RATE:

Mon-Fri: Scheduled Work Days - 1 1/2 times for up to and including 2 hours beyond the normal daily scheduled number of hours. This applies for both 4 day x 10 hours per day schedule and 5 day by 8 hour per day schedule.
Non-Scheduled Work Days - 2 times for all hours worked.

Sat: 2 times for all hours worked.

Sun & Hol: 2 times for all hours worked.

GRADE AND STEP	CLASSIFICATIONS, OCCUPATION CODES & EFFECTIVE DATES	BASE HOURLY RATE	VACATION & STAT. HOLIDAY	PENSION	WELFARE	TOTAL WAGE PACKAGE
21-9	ELECTRICAL FORESTER SENIOR FOREPERSON - 415363					
	04-01-13	42.96	4.30	3.00	3.00	53.26
21-8	ELECTRICAL FORESTER FOREPERSON - 415364					
	04-01-13	41.84	4.18	3.00	3.00	52.02
21-7	ELECTRICAL FORESTER SUBFOREPERSON - 415351					
	04-01-13	39.60	3.96	3.00	3.00	49.56
21-6	ELECTRICAL FORESTER JOURNEYPERSON - 415331					
21-5	STOCKKEEPER - 427502					
21-10	*UNCERTIFIED CIVIL TRADESPERSON - LINES - 002702*					
21-11	*UNCERTIFIED CIVIL TRADESPERSON - STATION SERVICES - 002703*					
	04-01-13	37.36	3.74	3.00	3.00	47.10
	ELECTRICAL FORESTER APPRENTICE (4 YEAR PROGRAM) - 415311					
21-0	1ST PERIOD					
	04-01-13	18.68	1.87	3.00	3.00	26.55
21-1	2ND PERIOD					
	04-01-13	22.42	2.24	3.00	3.00	30.66
21-2	3RD PERIOD					
	04-01-13	26.15	2.62	3.00	3.00	34.77
21-3	4TH PERIOD					
	04-01-13	29.89	2.99	3.00	3.00	38.88
22-9	ELECTRICAL FORESTER (SKID OPERATOR) SR FOREPERSON - 415323					
	04-01-13	35.39	3.54	3.00	3.00	44.93
22-8	ELECTRICAL FORESTER (SKID OPERATOR) FOREPERSON - 415324					
	04-01-13	34.46	3.45	3.00	3.00	43.91
22-7	ELECTRICAL FORESTER (SKID OPERATOR) SUBFOREPERSON - 415325					
	04-01-13	32.62	3.26	3.00	3.00	41.88
22-6	ELECTRICAL FORESTER (SKID OPERATOR) JOURNEYPERSON - 415313					
	04-01-13	30.77	3.08	3.00	3.00	39.85
23-9	ELECTRICAL FORESTER (LABOURER) SENIOR FOREPERSON - 415319					
	04-01-13	27.80	2.78	3.00	3.00	36.58
23-8	ELECTRICAL FORESTER (LABOURER) FOREPERSON - 415318 [1]					
	04-01-13	27.07	2.71	3.00	3.00	35.78
23-7	ELECTRICAL FORESTER (LABOURER) SUBFOREPERSON - 415317 [1]					
	04-01-13	25.62	2.56	3.00	3.00	34.18
23-6	ELECTRICAL FORESTER (LABOURER) JOURNEYPERSON - 415316 [1]					
	04-01-13	24.17	2.42	3.00	3.00	32.59
24-1	METER READER - 461105					
	04-01-13	29.89	2.99	3.00	3.00	38.88
25-0	GENERAL HELPER - 461106					
	04-01-13	24.17	2.42	3.00	3.00	32.59
26-0	METER READER 'B' - 461107					
	04-01-13	25.16	2.52	3.00	3.00	33.68
22-0	METER READER/DATA COLLECTOR - 000677 [2]					
	04-01-13	34.17	3.41	3.00	3.00	43.59
27-1	Operator 1 - 461108					
	04-01-13	40.89	4.09	3.00	3.00	50.98
27-2	Operator 2 - 461109					
	04-01-13	46.93	4.69	3.00	3.00	57.62
27-3	Operator 3 - 461102					
	04-01-13	48.53	4.85	3.00	3.00	59.38
30-1	*P&C Technologist - 00001402*					
	04-01-13	*47.25*	*4.73*	*3.00*	*3.00*	*57.98*

Note: The normal weekly hours of work for all employees of Employers is forty (40).

OVERTIME RATE:

Mon-Fri: Scheduled Work Days - 1 1/2 times for up to and including 2 hours beyond the normal daily scheduled number of hours. This applies for both 4 day x 10 hours per day schedule and 5 day by 8 hour per day schedule.
Non-Scheduled Work Days - 2 times for all hours worked.

Sat: 2 times for all hours worked.

Sun & Hol: 2 times for all hours worked.

Labour Relations
Effective: April 1, 2013

[1] Licensed spray applicators will be paid $1.25 per hour in addition to their normal rate of pay.

[2] When required to perform the work of "cable locates" the Meter Reader/Data Collector classification will receive an aditional $1.01 per hour on top of their normal wage rate for the entire day.

HYDRO ONE
PWU CONSTRUCTION AND SUPPLEMENTARY MAINTENANCE APPENDIX
WAGE SCHEDULES
CERTIFIED TRADES (OTHER THAN CIVIL TRADES)
SALARY SCHEDULE 50

50 / 13B

GRADE AND STEP	CLASSIFICATIONS, OCCUPATION CODES & EFFECTIVE DATES	BASE HOURLY RATE	VACATION & STAT. HOLIDAY	PENSION	WELFARE	TOTAL WAGE PCKGE
01-9	LINES SENIOR FOREPERSON - 411164					
02-9	MECHANICAL SENIOR FOREPERSON - 435362					
03-9	ELECTRICAL SENIOR FOREPERSON - 411061					
	10-01-13	51.11	5.11	3.00	3.00	62.22
01-8	LINES FOREPERSON - 411165					
02-8	MECHANICAL FOREPERSON - 435363					
03-8	ELECTRICAL FOREPERSON - 411062					
	10-01-13	49.77	4.98	3.00	3.00	60.75
01-7	LINES SUBFOREPERSON - 411153					
02-7	MECHANICAL SUBFOREPERSON - 435352					
03-7	ELECTRICAL SUBFOREPERSON - 411051					
	10-01-13	47.11	4.71	3.00	3.00	57.82
01-6	LINES JOURNEYPERSON - 411134					
02-6	MECHANICAL JOURNEYPERSON - 435332					
03-6	ELECTRICAL JOURNEYPERSON - 411031					
05-6	CABLE SPLICER JOURNEYPERSON - 001377					
	10-01-13	44.44	4.45	3.00	3.00	54.89
	ELECTRICAL APPRENTICE (5 YEAR PROGRAM) - 411113					
	MECHANICAL TRADE APPRENTICE (5 YEAR PROGRAM) - 435312					
	CABLE SPLICER APPRENTICE (5 YEAR PROGRAM) - 001727					
01-0	1ST PERIOD					
	10-01-13	17.78	1.78	3.00	3.00	25.56
01-1	2ND PERIOD					
	10-01-13	22.22	2.22	3.00	3.00	30.44
01-2	3RD PERIOD					
	10-01-13	26.66	2.67	3.00	3.00	35.33
01-3	4TH PERIOD					
	10-01-13	31.11	3.11	3.00	3.00	40.22
01-4	5TH PERIOD					
	10-01-13	35.55	3.56	3.00	3.00	45.11
	LINES APPRENTICE (4 YEAR PROGRAM) - 410312					
02-0	1ST PERIOD					
	10-01-13	22.22	2.22	3.00	3.00	30.44
02-1	2ND PERIOD					
	10-01-13	26.66	2.67	3.00	3.00	35.33
02-2	3RD PERIOD					
	10-01-13	31.11	3.11	3.00	3.00	40.22
02-3	4TH PERIOD					
	10-01-13	35.55	3.56	3.00	3.00	45.11

Note: The normal weekly hours of work for all employees of Employers is forty (40).

OVERTIME RATE:

Mon-Fri: Scheduled Work Days - 1 1/2 times for up to and including 2 hours beyond the normal daily scheduled number of hours. This applies for both 4 day x 10 hours per day schedule and 5 day by 8 hour per day schedule.
Non-Scheduled Work Days - 2 times for all hours worked.

Sat: 2 times for all hours worked.

Sun&Hol: 2 times for all hours worked.

GRADE AND STEP	CLASSIFICATIONS, OCCUPATION CODES & EFFECTIVE DATES	BASE HOURLY RATE	VACATION & STAT. HOLIDAY	PENSION	WELFARE	TOTAL WAGE PCKGE
	MECHANICAL TRADES APPRENTICE (4 YEAR PROGRAM) - 435313					
02-10	1ST PERIOD					
	10-01-13	26.66	2.67	3.00	3.00	35.33
02-11	2ND PERIOD					
	10-01-13	31.11	3.11	3.00	3.00	40.22
02-12	3RD PERIOD					
	10-01-13	35.55	3.56	3.00	3.00	45.11
02-13	4TH PERIOD					
	10-01-13	40.00	4.00	3.00	3.00	50.00
11-9	CIVIL SENIOR FOREPERSON - 435764					
	10-01-13	48.55	4.86	3.00	3.00	59.41
11-8	CIVIL FOREPERSON - 435763					
	10-01-13	47.29	4.73	3.00	3.00	58.02
11-7	CIVIL SUBFOREPERSON - 435753					
	10-01-13	44.75	4.48	3.00	3.00	55.23
11-6	CIVIL JOURNEYPERSON - 435733					
	10-01-13	42.22	4.22	3.00	3.00	52.44
	CIVIL APPRENTICE (5 YEAR PROGRAM) - 435713					
11-0	1ST PERIOD					
	10-01-13	16.89	1.69	3.00	3.00	24.58
11-1	2ND PERIOD					
	10-01-13	21.11	2.11	3.00	3.00	29.22
11-2	3RD PERIOD					
	10-01-13	25.33	2.53	3.00	3.00	33.86
11-3	4TH PERIOD					
	10-01-13	29.55	2.96	3.00	3.00	38.51
11-4	5TH PERIOD					
	10-01-13	33.78	3.38	3.00	3.00	43.16
	CIVIL APPRENTICE (4 YEAR PROGRAM) - 435714					
12-0	1ST PERIOD					
	10-01-13	21.11	2.11	3.00	3.00	29.22
12-1	2ND PERIOD					
	10-01-13	25.33	2.53	3.00	3.00	33.86
12-2	3RD PERIOD					
	10-01-13	29.55	2.96	3.00	3.00	38.51
12-3	4TH PERIOD					
	10-01-13	33.78	3.38	3.00	3.00	43.16

Note: The normal weekly hours of work for all employees of Employers is forty (40).

OVERTIME RATE:

Mon-Fri: Scheduled Work Days - 1 1/2 times for up to and including 2 hours beyond the normal daily scheduled number of hours. This applies for both 4 day x 10 hours per day schedule and 5 day by 8 hour per day schedule.
Non-Scheduled Work Days - 2 times for all hours worked.

Sat: 2 times for all hours worked.

Sun & Hol: 2 times for all hours worked.

GRADE AND STEP	CLASSIFICATIONS, OCCUPATION CODES & EFFECTIVE DATES	BASE HOURLY RATE	VACATION & STAT. HOLIDAY	PENSION	WELFARE	TOTAL WAGE PACKAGE
21-9	ELECTRICAL FORESTER SENIOR FOREPERSON - 415363					
	10-01-13	43.44	4.34	3.00	3.00	53.78
21-8	ELECTRICAL FORESTER FOREPERSON - 415364					
	10-01-13	42.30	4.23	3.00	3.00	52.53
21-7	ELECTRICAL FORESTER SUBFOREPERSON - 415351					
	10-01-13	40.04	4.00	3.00	3.00	50.04
21-6	ELECTRICAL FORESTER JOURNEYPERSON - 415331					
21-5	STOCKKEEPER - 427502					
21-10	*UNCERTIFIED CIVIL TRADESPERSON - LINES - 002702*					
21-11	*UNCERTIFIED CIVIL TRADESPERSON - STATIONS SERVICES - 002703*					
	10-01-13	37.77	3.78	3.00	3.00	47.55
	ELECTRICAL FORESTER APPRENTICE (4 YEAR PROGRAM) - 415311					
21-0	1ST PERIOD					
	10-01-13	18.89	1.89	3.00	3.00	26.78
21-1	2ND PERIOD					
	10-01-13	22.66	2.27	3.00	3.00	30.93
21-2	3RD PERIOD					
	10-01-13	26.44	2.64	3.00	3.00	35.08
21-3	4TH PERIOD					
	10-01-13	30.22	3.02	3.00	3.00	39.24
22-9	ELECTRICAL FORESTER (SKID OPERATOR) SR FOREPERSON - 415323					
	10-01-13	35.78	3.58	3.00	3.00	45.36
22-8	ELECTRICAL FORESTER (SKID OPERATOR) FOREPERSON - 415324					
	10-01-13	34.84	3.48	3.00	3.00	44.32
22-7	ELECTRICAL FORESTER (SKID OPERATOR) SUBFOREPERSON - 415325					
	10-01-13	32.98	3.30	3.00	3.00	42.28
22-6	ELECTRICAL FORESTER (SKID OPERATOR) JOURNEYPERSON - 415313					
	10-01-13	31.11	3.11	3.00	3.00	40.22
23-9	ELECTRICAL FORESTER (LABOURER) SENIOR FOREPERSON - 415319					
	10-01-13	28.11	2.81	3.00	3.00	36.92
23-8	ELECTRICAL FORESTER (LABOURER) FOREPERSON - 415318 [1]					
	10-01-13	27.37	2.74	3.00	3.00	36.11
23-7	ELECTRICAL FORESTER (LABOURER) SUBFOREPERSON - 415317 [1]					
	10-01-13	25.91	2.59	3.00	3.00	34.50
23-6	ELECTRICAL FORESTER (LABOURER) JOURNEYPERSON - 415316 [1]					
	10-01-13	24.44	2.44	3.00	3.00	32.88
24-1	METER READER - 461105					
	10-01-13	30.22	3.02	3.00	3.00	39.24
25-0	GENERAL HELPER - 461106					
	10-01-13	24.44	2.44	3.00	3.00	32.88
26-0	METER READER 'B' - 461107					
	10-01-13	25.47	2.55	3.00	3.00	34.02
22-0	METER READER/DATA COLLECTOR - 000677 [2]					
	10-01-13	34.57	3.46	3.00	3.00	44.03
27-1	Operator 1 - 461108					
	10-01-13	41.35	4.14	3.00	3.00	51.49
27-2	Operator 2 - 461109					
	10-01-13	47.45	4.75	3.00	3.00	58.20
27-3	Operator 3 - 461102					
	10-01-13	49.06	4.91	3.00	3.00	59.97
30-1	*P&C Technologist - 00001402*					
	10-01-13	*47.78*	*4.78*	*3.00*	*3.00*	*58.56*

Note: The normal weekly hours of work for all employees of Employers is forty (40).

OVERTIME RATE:

Mon-Fri: Scheduled Work Days - 1 1/2 times for up to and including 2 hours beyond the normal daily scheduled number of hours. This applies for both 4 day x 10 hours per day schedule and 5 day by 8 hour per day schedule.

Non-Scheduled Work Days - 2 times for all hours worked.

Sat: 2 times for all hours worked.

Sun & Hol: 2 times for all hours worked.

Labour Relations
Effective: October 1, 2013

[1] Licensed spray applicators will be paid $1.25 per hour in addition to their normal rate of pay.

[2] When required to perform the work of "cable locates" the Meter Reader/Data Collector classification will receive an additiona $1.01 per hour on top of their normal wage rate for the entire day.

GRADE AND STEP	CLASSIFICATIONS, OCCUPATION CODES & EFFECTIVE DATES	BASE HOURLY RATE	VACATION & STAT. HOLIDAY	PENSION	WELFARE	TOTAL WAGE PCKGE
01-9	LINES SENIOR FOREPERSON - 411164					
02-9	MECHANICAL SENIOR FOREPERSON - 435362					
03-9	ELECTRICAL SENIOR FOREPERSON - 411061					
	04-01-14	51.97	5.20	3.00	3.00	63.17
01-8	LINES FOREPERSON - 411165					
02-8	MECHANICAL FOREPERSON - 435363					
03-8	ELECTRICAL FOREPERSON - 411062					
	04-01-14	50.61	5.06	3.00	3.00	61.67
01-7	LINES SUBFOREPERSON - 411153					
02-7	MECHANICAL SUBFOREPERSON - 435352					
03-7	ELECTRICAL SUBFOREPERSON - 411051					
	04-01-14	47.90	4.79	3.00	3.00	58.69
01-6	LINES JOURNEYPERSON - 411134					
02-6	MECHANICAL JOURNEYPERSON - 435332					
03-6	ELECTRICAL JOURNEYPERSON - 411031					
05-6	CABLE SPLICER JOURNEYPERSON - 001377					
	04-01-14	45.19	4.52	3.00	3.00	55.71
	ELECTRICAL APPRENTICE (5 YEAR PROGRAM) - 411113					
	MECHANICAL TRADE APPRENTICE (5 YEAR PROGRAM) - 435312					
	CABLE SPLICER APPRENTICE (5 YEAR PROGRAM) - 001727					
01-0	1ST PERIOD					
	04-01-14	18.08	1.81	3.00	3.00	25.89
01-1	2ND PERIOD					
	04-01-14	22.60	2.26	3.00	3.00	30.86
01-2	3RD PERIOD					
	04-01-14	27.11	2.71	3.00	3.00	35.82
01-3	4TH PERIOD					
	04-01-14	31.63	3.16	3.00	3.00	40.79
01-4	5TH PERIOD					
	04-01-14	36.15	3.62	3.00	3.00	45.77
	LINES APPRENTICE (4 YEAR PROGRAM) - 410312					
02-0	1ST PERIOD					
	04-01-14	22.60	2.26	3.00	3.00	30.86
02-1	2ND PERIOD					
	04-01-14	27.11	2.71	3.00	3.00	35.82
02-2	3RD PERIOD					
	04-01-14	31.63	3.16	3.00	3.00	40.79
02-3	4TH PERIOD					
	04-01-14	36.15	3.62	3.00	3.00	45.77

Note: The normal weekly hours of work for all employees of Employers is forty (40).

OVERTIME RATE:

Mon-Fri: Scheduled Work Days - 1 1/2 times for up to and including 2 hours beyond the normal daily scheduled number of hours. This applies for both 4 day x 10 hours per day schedule and 5 day by 8 hour per day schedule.
Non-Scheduled Work Days - 2 times for all hours worked.

Sat: 2 times for all hours worked.

Sun&Hol: 2 times for all hours worked.

GRADE AND STEP	CLASSIFICATIONS, OCCUPATION CODES & EFFECTIVE DATES	BASE HOURLY RATE	VACATION & STAT. HOLIDAY	PENSION	WELFARE	TOTAL WAGE PCKGE
	MECHANICAL TRADES APPRENTICE (4 YEAR PROGRAM) - 435313					
02-10	1ST PERIOD					
	04-01-14	27.11	2.71	3.00	3.00	35.82
02-11	2ND PERIOD					
	04-01-14	31.63	3.16	3.00	3.00	40.79
02-12	3RD PERIOD					
	04-01-14	36.15	3.62	3.00	3.00	45.77
02-13	4TH PERIOD					
	04-01-14	40.67	4.07	3.00	3.00	50.74
11-9	CIVIL SENIOR FOREPERSON - 435764					
	04-01-14	49.37	4.94	3.00	3.00	60.31
11-8	CIVIL FOREPERSON - 435763					
	04-01-14	48.08	4.81	3.00	3.00	58.89
11-7	CIVIL SUBFOREPERSON - 435753					
	04-01-14	45.51	4.55	3.00	3.00	56.06
11-6	CIVIL JOURNEYPERSON - 435733					
	04-01-14	42.93	4.29	3.00	3.00	53.22
	CIVIL APPRENTICE (5 YEAR PROGRAM) - 435713					
11-0	1ST PERIOD					
	04-01-14	17.17	1.72	3.00	3.00	24.89
11-1	2ND PERIOD					
	04-01-14	21.47	2.15	3.00	3.00	29.62
11-2	3RD PERIOD					
	04-01-14	25.76	2.58	3.00	3.00	34.34
11-3	4TH PERIOD					
	04-01-14	30.05	3.01	3.00	3.00	39.06
11-4	5TH PERIOD					
	04-01-14	34.34	3.43	3.00	3.00	43.77
	CIVIL APPRENTICE (4 YEAR PROGRAM) - 435714					
12-0	1ST PERIOD					
	04-01-14	21.47	2.15	3.00	3.00	29.62
12-1	2ND PERIOD					
	04-01-14	25.76	2.58	3.00	3.00	34.34
12-2	3RD PERIOD					
	04-01-14	30.05	3.01	3.00	3.00	39.06
12-3	4TH PERIOD					
	04-01-14	34.34	3.43	3.00	3.00	43.77

Note: The normal weekly hours of work for all employees of Employers is forty (40).

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Non-Scheduled Work Days - 2 times for all hours worked.

Sat: 2 times for all hours worked.

Sun & Hol: 2 times for all hours worked.

GRADE AND STEP	CLASSIFICATIONS, OCCUPATION CODES & EFFECTIVE DATES	BASE HOURLY RATE	VACATION & STAT. HOLIDAY	PENSION	WELFARE	TOTAL WAGE PACKAGE
21-9	ELECTRICAL FORESTER SENIOR FOREPERSON - 415363					
	04-01-14	44.17	4.42	3.00	3.00	54.59
21-8	ELECTRICAL FORESTER FOREPERSON - 415364					
	04-01-14	43.02	4.30	3.00	3.00	53.32
21-7	ELECTRICAL FORESTER SUBFOREPERSON - 415351					
	04-01-14	40.71	4.07	3.00	3.00	50.78
21-6	ELECTRICAL FORESTER JOURNEYPERSON - 415331					
21-5	STOCKKEEPER - 427502					
21-10	*UNCERTIFIED CIVIL TRADESPERSON - LINES - 002702*					
21-11	*UNCERTIFIED CIVIL TRADESPERSON - STATIONS SERVICES - 002703*					
	04-01-14	38.41	3.84	3.00	3.00	48.25
	ELECTRICAL FORESTER APPRENTICE (4 YEAR PROGRAM) - 415311					
21-0	1ST PERIOD					
	04-01-14	19.21	1.92	3.00	3.00	27.13
21-1	2ND PERIOD					
	04-01-14	23.05	2.31	3.00	3.00	31.36
21-2	3RD PERIOD					
	04-01-14	26.89	2.69	3.00	3.00	35.58
21-3	4TH PERIOD					
	04-01-14	30.73	3.07	3.00	3.00	39.80
22-9	ELECTRICAL FORESTER (SKID OPERATOR) SR FOREPERSON - 415323					
	04-01-14	36.37	3.64	3.00	3.00	46.01
22-8	ELECTRICAL FORESTER (SKID OPERATOR) FOREPERSON - 415324					
	04-01-14	35.43	3.54	3.00	3.00	44.97
22-7	ELECTRICAL FORESTER (SKID OPERATOR) SUBFOREPERSON - 415325					
	04-01-14	33.53	3.35	3.00	3.00	42.88
22-6	ELECTRICAL FORESTER (SKID OPERATOR) JOURNEYPERSON - 415313					
	04-01-14	31.63	3.16	3.00	3.00	40.79
23-9	ELECTRICAL FORESTER (LABOURER) SENIOR FOREPERSON - 415319					
	04-01-14	28.58	2.86	3.00	3.00	37.44
23-8	ELECTRICAL FORESTER (LABOURER) FOREPERSON - 415318 [1]					
	04-01-14	27.83	2.78	3.00	3.00	36.61
23-7	ELECTRICAL FORESTER (LABOURER) SUBFOREPERSON - 415317 [1]					
	04-01-14	26.34	2.63	3.00	3.00	34.97
23-6	ELECTRICAL FORESTER (LABOURER) JOURNEYPERSON - 415316 [1]					
	04-01-14	24.85	2.49	3.00	3.00	33.34
24-1	METER READER - 461105					
	04-01-14	30.73	3.07	3.00	3.00	39.80
25-0	GENERAL HELPER - 461106					
	04-01-14	24.85	2.49	3.00	3.00	33.34
26-0	METER READER 'B' - 461107					
	04-01-14	25.94	2.59	3.00	3.00	34.53
22-0	METER READER/DATA COLLECTOR - 000677 [2]					
	04-01-14	35.17	3.52	3.00	3.00	44.69
27-1	Operator 1 - 461108					
	04-01-14	42.05	4.21	3.00	3.00	52.26
27-2	Operator 2 - 461109					
	04-01-14	48.25	4.83	3.00	3.00	59.07
27-3	Operator 3 - 461102					
	04-01-14	49.88	4.99	3.00	3.00	60.87
30-1	*P&C Technologist - 00001402*					
	04-01-14	*48.58*	*4.86*	*3.00*	*3.00*	*59.44*

Note: The normal weekly hours of work for all employees of Employers is forty (40).

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Non-Scheduled Work Days - 2 times for all hours worked.

Sat: 2 times for all hours worked.

Sun & Hol: 2 times for all hours worked.

Labour Relations
Effective: April 1, 2014

[1] Licensed spray applicators will be paid $1.25 per hour in addition to their normal rate of pay.

[2] When required to perform the work of "cable locates" the Meter Reader/Data Collector classification will receive an aditional $1.01 per hour on top of their normal wage rate for the entire day.

HYDRO ONE
PWU CONSTRUCTION AND SUPPLEMENTARY MAINTENANCE APPENDIX
WAGE SCHEDULES
CERTIFIED TRADES (OTHER THAN CIVIL TRADES)
SALARY SCHEDULE 50

50 / 14B

GRADE AND STEP	CLASSIFICATIONS, OCCUPATION CODES & EFFECTIVE DATES	BASE HOURLY RATE	VACATION & STAT. HOLIDAY	PENSION	WELFARE	TOTAL WAGE PCKGE
01-9	LINES SENIOR FOREPERSON - 411164					
02-9	MECHANICAL SENIOR FOREPERSON - 435362					
03-9	ELECTRICAL SENIOR FOREPERSON - 411061					
	10-01-14	52.56	5.26	3.00	3.00	63.82
01-8	LINES FOREPERSON - 411165					
02-8	MECHANICAL FOREPERSON - 435363					
03-8	ELECTRICAL FOREPERSON - 411062					
	10-01-14	51.18	5.12	3.00	3.00	62.30
01-7	LINES SUBFOREPERSON - 411153					
02-7	MECHANICAL SUBFOREPERSON - 435352					
03-7	ELECTRICAL SUBFOREPERSON - 411051					
	10-01-14	48.44	4.84	3.00	3.00	59.28
01-6	LINES JOURNEYPERSON - 411134					
02-6	MECHANICAL JOURNEYPERSON - 435332					
03-6	ELECTRICAL JOURNEYPERSON - 411031					
05-6	CABLE SPLICER JOURNEYPERSON - 001377					
	10-01-14	45.70	4.57	3.00	3.00	56.27
	ELECTRICAL APPRENTICE (5 YEAR PROGRAM) - 411113					
	MECHANICAL TRADE APPRENTICE (5 YEAR PROGRAM) - 435312					
	CABLE SPLICER APPRENTICE (5 YEAR PROGRAM) - 001727					
01-0	1ST PERIOD					
	10-01-14	18.28	1.83	3.00	3.00	26.11
01-1	2ND PERIOD					
	10-01-14	22.85	2.29	3.00	3.00	31.14
01-2	3RD PERIOD					
	10-01-14	27.42	2.74	3.00	3.00	36.16
01-3	4TH PERIOD					
	10-01-14	31.99	3.20	3.00	3.00	41.19
01-4	5TH PERIOD					
	10-01-14	36.56	3.66	3.00	3.00	46.22
	LINES APPRENTICE (4 YEAR PROGRAM) - 410312					
02-0	1ST PERIOD					
	10-01-14	22.85	2.29	3.00	3.00	31.14
02-1	2ND PERIOD					
	10-01-14	27.42	2.74	3.00	3.00	36.16
02-2	3RD PERIOD					
	10-01-14	31.99	3.20	3.00	3.00	41.19
02-3	4TH PERIOD					
	10-01-14	36.56	3.66	3.00	3.00	46.22

Note: The normal weekly hours of work for all employees of Employers is forty (40).

OVERTIME RATE:

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Non-Scheduled Work Days - 2 times for all hours worked.

Sat: 2 times for all hours worked.

Sun&Hol: 2 times for all hours worked.

GRADE AND STEP	CLASSIFICATIONS, OCCUPATION CODES & EFFECTIVE DATES	BASE HOURLY RATE	VACATION & STAT. HOLIDAY	PENSION	WELFARE	TOTAL WAGE PCKGE
	MECHANICAL TRADES APPRENTICE (4 YEAR PROGRAM) - 435313					
02-10	1ST PERIOD					
	10-01-14	27.42	2.74	3.00	3.00	36.16
02-11	2ND PERIOD					
	10-01-14	31.99	3.20	3.00	3.00	41.19
02-12	3RD PERIOD					
	10-01-14	36.56	3.66	3.00	3.00	46.22
02-13	4TH PERIOD					
	10-01-14	41.13	4.11	3.00	3.00	51.24
11-9	CIVIL SENIOR FOREPERSON - 435764					
	10-01-14	49.93	4.99	3.00	3.00	60.92
11-8	CIVIL FOREPERSON - 435763					
	10-01-14	48.63	4.86	3.00	3.00	59.49
11-7	CIVIL SUBFOREPERSON - 435753					
	10-01-14	46.03	4.60	3.00	3.00	56.63
11-6	CIVIL JOURNEYPERSON - 435733					
	10-01-14	43.42	4.34	3.00	3.00	53.76
	CIVIL APPRENTICE (5 YEAR PROGRAM) - 435713					
11-0	1ST PERIOD					
	10-01-14	17.37	1.74	3.00	3.00	25.11
11-1	2ND PERIOD					
	10-01-14	21.71	2.17	3.00	3.00	29.88
11-2	3RD PERIOD					
	10-01-14	26.05	2.61	3.00	3.00	34.66
11-3	4TH PERIOD					
	10-01-14	30.39	3.04	3.00	3.00	39.43
11-4	5TH PERIOD					
	10-01-14	34.74	3.47	3.00	3.00	44.21
	CIVIL APPRENTICE (4 YEAR PROGRAM) - 435714					
12-0	1ST PERIOD					
	10-01-14	21.71	2.17	3.00	3.00	29.88
12-1	2ND PERIOD					
	10-01-14	26.05	2.61	3.00	3.00	34.66
12-2	3RD PERIOD					
	10-01-14	30.39	3.04	3.00	3.00	39.43
12-3	4TH PERIOD					
	10-01-14	34.74	3.47	3.00	3.00	44.21

Note: The normal weekly hours of work for all employees of Employers is forty (40).

OVERTIME RATE:

Mon-Fri: Scheduled Work Days - 1 1/2 times for up to and including 2 hours beyond the normal daily scheduled number of hours. This applies for both 4 day x 10 hours per day schedule and 5 day by 8 hour per day schedule.
Non-Scheduled Work Days - 2 times for all hours worked.

Sat: 2 times for all hours worked.

Sun & Hol: 2 times for all hours worked.

GRADE AND STEP	CLASSIFICATIONS, OCCUPATION CODES & EFFECTIVE DATES	BASE HOURLY RATE	VACATION & STAT. HOLIDAY	PENSION	WELFARE	TOTAL WAGE PACKAGE
21-9	ELECTRICAL FORESTER SENIOR FOREPERSON - 415363					
	10-01-14	44.68	4.47	3.00	3.00	55.15
21-8	ELECTRICAL FORESTER FOREPERSON - 415364					
	10-01-14	43.51	4.35	3.00	3.00	53.86
21-7	ELECTRICAL FORESTER SUBFOREPERSON - 415351					
	10-01-14	41.18	4.12	3.00	3.00	51.30
21-6	ELECTRICAL FORESTER JOURNEYPERSON - 415331					
21-5	STOCKKEEPER - *427502*					
21-10	*UNCERTIFIED CIVIL TRADESPERSON - LINES - 002702*					
21-11	*UNCERTIFIED CIVIL TRADESPERSON - STATIONS SERVICES - 002703*					
	10-01-14	38.85	3.89	3.00	3.00	48.74
	ELECTRICAL FORESTER APPRENTICE (4 YEAR PROGRAM) - 415311					
21-0	1ST PERIOD					
	10-01-14	19.43	1.94	3.00	3.00	27.37
21-1	2ND PERIOD					
	10-01-14	23.31	2.33	3.00	3.00	31.64
21-2	3RD PERIOD					
	10-01-14	27.20	2.72	3.00	3.00	35.92
21-3	4TH PERIOD					
	10-01-14	31.08	3.11	3.00	3.00	40.19
22-9	ELECTRICAL FORESTER (SKID OPERATOR) SR FOREPERSON - 415323					
	10-01-14	36.79	3.68	3.00	3.00	46.47
22-8	ELECTRICAL FORESTER (SKID OPERATOR) FOREPERSON - 415324					
	10-01-14	35.83	3.58	3.00	3.00	45.41
22-7	ELECTRICAL FORESTER (SKID OPERATOR) SUBFOREPERSON - 415325					
	10-01-14	33.91	3.39	3.00	3.00	43.30
22-6	ELECTRICAL FORESTER (SKID OPERATOR) JOURNEYPERSON - 415313					
	10-01-14	31.99	3.20	3.00	3.00	41.19
23-9	ELECTRICAL FORESTER (LABOURER) SENIOR FOREPERSON - 415319					
	10-01-14	28.91	2.89	3.00	3.00	37.80
23-8	ELECTRICAL FORESTER (LABOURER) FOREPERSON - 415318 [1]					
	10-01-14	28.16	2.82	3.00	3.00	36.98
23-7	ELECTRICAL FORESTER (LABOURER) SUBFOREPERSON - 415317 [1]					
	10-01-14	26.65	2.67	3.00	3.00	35.32
23-6	ELECTRICAL FORESTER (LABOURER) JOURNEYPERSON - 415316 [1]					
	10-01-14	25.14	2.51	3.00	3.00	33.65
24-1	METER READER - 461105					
	10-01-14	31.08	3.11	3.00	3.00	40.19
25-0	GENERAL HELPER - 461106					
	10-01-14	25.14	2.51	3.00	3.00	33.65
26-0	METER READER 'B' - 461107					
	10-01-14	26.25	2.63	3.00	3.00	34.88
22-0	METER READER/DATA COLLECTOR - 000677 [2]					
	10-01-14	35.58	3.56	3.00	3.00	45.14
27-1	Operator 1 - 461108					
	10-01-14	42.53	4.25	3.00	3.00	52.78
27-2	Operator 2 - 461109					
	10-01-14	48.78	4.88	3.00	3.00	59.66
27-3	Operator 3 - 461102					
	10-01-14	50.44	5.04	3.00	3.00	61.48
30-1	*P&C Technologist - 00001402*					
	10-01-14	*49.12*	*4.91*	*3.00*	*3.00*	*60.03*

Note: The normal weekly hours of work for all employees of Employers is forty (40).

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Non-Scheduled Work Days - 2 times for all hours worked.

Sat: 2 times for all hours worked.

Sun & Hol: 2 times for all hours worked.

Labour Relations
Effective: October 1, 2014

[1] Licensed spray applicators will be paid $1.25 per hour in addition to their normal rate of pay.

[2] When required to perform the work of "cable locates" the Meter Reader/Data Collector classification will receive an aditional $1.01 per hour on top of their normal wage rate for the entire day.

COLLECTIVE AGREEMENT

BETWEEN

HYDRO ONE INC.
("Hydro One" or "The Employer")

AND

THE SOCIETY OF ENERGY PROFESSIONALS
("The Society" or "The Union")

April 1, 2013 - March 31, 2016

IN WITNESS THEREOF the parties hereto have caused the Agreement to be executed by their proper officers duly authorized in that behalf at Toronto, Ontario.

_____	_____
Hydro One Inc.	The Society of Energy Professionals

_____
Date

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PART I – MANAGEMENT RIGHTS

1 MANAGERIAL RIGHTS OF THE COMPANY

Hydro One Inc. has and shall retain the exclusive right and power to manage its business and direct its working forces, including, but without restricting the generality of the foregoing, the right to hire, suspend, discharge, promote, demote and discipline any employee. Hydro One shall exercise the said functions in accordance with the provisions of the Collective Agreement.

PART II - RECOGNITION

2 RECOGNITION CLAUSE

2.1 Provincial Jurisdiction

Hydro One Inc. recognizes the Society as the exclusive bargaining agent for a bargaining unit comprised of:

All employees employed in Hydro One Inc., hereinafter known as Hydro One***,*** in the Province of Ontario employed as supervisors, professional engineers, engineers-in-training, scientists, and professional, administrative and associated employees, save and except for persons who perform managerial functions as distinct from supervisory functions; persons employed in a confidential capacity with respect to labour relations; and persons in bargaining units for which any trade union held bargaining rights as of November 13,1991.

2.2 Federal Jurisdiction

The Society was certified in May 1995 under the Canada Labour Code for a bargaining unit comprised of the following***:***

All employees of Ontario Hydro employed by Ontario Hydro Nuclear (OHN) in the Province of Ontario employed as supervisors, professional engineers, engineers-in-training, scientists, and professional, administrative and associated employees, save and except for persons who perform managerial functions as distinct from supervisory functions; persons employed in a confidential capacity with respect to labour relations; and persons in bargaining units for which any trade union held bargaining rights as of November 13, 1991.

On April 1, 1998, jurisdiction for labour relations for the above Ontario Hydro noted federal bargaining unit was delegated to the Province of Ontario***.***

2.3 Clarity Notes

2.3.1 For the purposes of clarity, the bargaining units set out above:

Include:

a) all regular, probationary, graduate students, reduced-hours and temporary employees whose functions are included in the classifications paid from Salary Schedules 01, 02 and 03.

Exclude:

a) those persons who perform managerial functions as distinct from supervisory functions. An employee is performing managerial functions if:

i) she/he performs managerial functions such as hiring, promotion, performance ***management and step progression***, discharge, etc., over other employees in the bargaining unit; and

she/he is required to spend the majority of his/her time performing managerial duties; and

she/he supervises at least seven (7) employees (directly and indirectly) on a regular and continuous basis; or

ii) she/he supervises persons who are excluded from the Society's bargaining unit by reason of performing managerial functions or being employed in a confidential capacity with respect to labour relations.

2.3.2 Definitions

a) "Supervisors" means employees who primarily perform supervisory functions, including the requirement to make recommendations regarding any staff or personnel matter. These staff or personnel matters include, but are not limited to, such areas as selection, promotion, appraisal, discipline, transfer, staffing needs, work methods, changes in terms and conditions of employment, grievances, or the interpretation and administration of the applicable Collective Agreement. "Supervisors" includes employees in other employee classifications who perform supervisory functions.

b) "Professional engineer" means either: a) an employee who is a member of the engineering profession entitled to practice in Ontario and employed in a professional capacity; or b) an employee with equivalent credentials who is in a position that requires engineering expertise and specialized knowledge. This definition includes all employee categories included under the heading of "Professional Engineer" listed in Attachment A to Appendix I "Utilization and Advancement of Professional Engineers and Scientists" in this Agreement. "Professional engineers" includes employees who satisfy these criteria and who are required to perform supervisory functions.

c) "Engineers-in-training" means an employee who has completed a course of specialized instruction in engineering sciences and graduated from a university or similar institution, who has not satisfied all the requirements for practicing as a professional engineer and who is on a structured training program to partially satisfy these requirements.

d) "Scientists" means employees who are university graduates in the Natural Sciences, the Applied Sciences, Mathematics or Computer Sciences, who are not classified as professional engineers, and who are engaged in the application of this specialized knowledge in the course of their employment. This definition includes all incumbents in positions identified under the heading of "Scientists" listed in Attachment A to Appendix I entitled "Utilization and Advancement of Professional Engineers and Scientists" in this Agreement. "Scientists" includes employees who satisfy these criteria and who are required to perform supervisory functions.

e) "Professional employee" means an employee who:

i) in the course of his/her employment is engaged in the application of specialized knowledge ordinarily acquired by a course of instruction and study resulting in graduation from a university or similar institution; and

ii) is eligible to be a member of a professional organization that is authorized by statute to establish the qualifications for membership in the organization; or

iii) performs the functions, but lacks the qualifications of a professional employee.

"Professional employees" include employees who satisfy these criteria and who are required to perform supervisory functions.

f) "Administrative employee" means an employee who normally supervises persons engaged in office administration, construction**,** security or maintenance work who are represented by another trade union. This definition includes employees who share a community of interest with "supervisors".

g) "Associated employees" means employees in positions which normally require a university degree or equivalent education or experience. This definition encompasses employees who share a community of interest with "professional engineers", "scientists" or "professionals" and includes, but is not limited to, Nurses. "Associated employees" includes employees who satisfy these criteria and who are required to perform supervisory functions.

2.4 Supervisory Employees - Code of Ethics

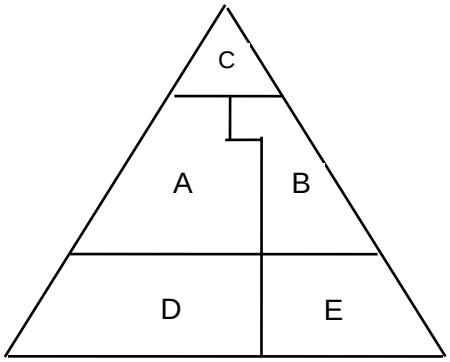
Hydro One agrees to include supervisory employees in the bargaining unit on the condition that the parties recognize that supervisory employees will continue to exercise key functions in the control and operation of Hydro One. As members of Hydro One's managerial staff, supervisors use judgment to express and make operative the decisions of Management. They are responsible for fostering a healthy work environment. The parties recognize the responsibility of supervisors to discharge their supervisory duties in good faith. The Society and Hydro One will identify, minimize and/or avoid the conflicts/perceived conflicts of interest that may arise concerning the relationship between supervisors, the Society and Hydro One.

It is recognized that supervisory employees may be disciplined for failure to act in good faith as a representative of Management and fulfilling their responsibilities including abuse of supervisory position and breach of trust.

2.5 Exclusions Process

Hydro One and the Society agree to the following process for the purpose of excluding new and changed positions from the Society's jurisdiction.

1. ***a*** The following new or changed job documents or their electronic equivalents in Scenarios A to D will be sent to the Society for their review:



A - Society Jobs
B – ***Band 7& 8 MCP*** Jobs
C – ***Band 6 and above MCP*** Jobs
D - Borderline Society/PWU Jobs
E – ***Band 8 and below MCP*** Jobs

Scenario	New Jobs	Revised Jobs
A	Documents will be sent to the Society after finalization.	i) If job leaves Society jurisdiction, documents will be sent to the Society before finalization. ii) If Society jurisdiction does not change, documents will be sent to the Society after finalization.
B	Documents for new ***Band 7 & 8 MCP*** jobs will be sent to the Society before finalization.	If jurisdiction changes to Society bargaining unit, documents will be sent to the Society after finalization.
C	Documents for new ***Band 6 and above[1] MCP*** jobs will be sent to the Society before finalization.	If jurisdiction changes to Society bargaining unit, documents will be sent to the Society after finalization.
D	Documents for the following new jobs not established as PWU jobs in the past will be sent to the Society before finalization: i) supervisory jobs, and ii) non-supervisory jobs which report to a Society-represented position and are paid at the final step rate at or above MP1 reference point.	If jurisdiction changes to Society bargaining unit, documents will be sent to the Society after finalization.

1. b Clarity Note regarding the Application of Exclusions Process to New or Changed MCP Jobs that are excluded under the new exclusion criterion (see Appendix III):

[1] ***In this section "above Band…" refers to MCP salary bands that are higher in the organizational hierarchy (e.g. Band 5 is above Band 6) and "below Band…" refers to MCP salary bands that are lower in the organizational hierarchy (e.g. Band 6 is below Band 5).***

i. Vice-President jobs and/or jobs rated Band 4 or above do not need to go through the exclusion process. Hydro One will notify the Society about any applicable new jobs.

ii. The exclusions process does not apply to jobs that have an MCP report.

iii. Subject to (ii) above, the exclusions process will apply to jobs rated Band 5 and below (including but not limited to Bands 6 and 7).

iv. In the event that Hydro One changes the system used to classify MCP jobs, or significantly alters the MCP band structure, the parties will attempt to reach agreement on how to apply the principles set out above to the new/modified classification system. Failing agreement, either party may refer this dispute to a mutually agreeable arbitrator.

1. c Frozen Landscape

The parties agree that the frozen jurisdictional landscape as agreed to in the May 31, 2007 Memorandum of Agreement will form the basis of the ongoing jurisdictional landscape between the parties. For clarity, Hydro One will not alter or amend any existing Society represented jobs such that as a result they fall outside the Society's jurisdiction. Hydro One can introduce newly created MCP jobs, which will be processed in accordance with the exclusion process. Also, Hydro One can replace individuals who leave existing MCP jobs or add additional positions to existing MCP jobs.

The employer will provide the Society with a complete list of the jobs included in the "frozen landscape", including job title and occupation code. The employer will provide the Society with a written summary of any changes in "frozen landscape" jobs, including job title revisions, every year. These timelines may be amended by mutual agreement.

2. If a new or changed job is excluded from the Society's jurisdiction and the Society has concerns with the exclusion, the parties will meet within 15 days of the exclusion request to attempt to resolve any outstanding issues.

3. If the parties are unable to resolve the issues, the Society can request that the dispute be submitted to expedited arbitration. A hearing will be held within 30 days of the referral, and a decision will be rendered within 15 days of the hearing. Management cannot implement the exclusion until the Arbitrator's decision. The Society must inform Hydro One of their intent to request arbitration within 10 days of the meeting taking place. If the Society does not request arbitration, Hydro One is free to implement the excluded position.

4. Management will notify the Society office of any jurisdictional grievance filed by another trade union against a Society-represented position and will advise the Society of any change in status (e.g., referred to next step, resolved, withdrawn).

5. Attachment 1 is the exclusion form which will be used in accordance with this process. The Society's agreement to exclude any position under this process is without prejudice to its position in any proceedings and will not limit the Society's right to challenge the exclusion at a later point in time.

ATTACHMENT 1 Hydro One Request for Society Exclusion

-Note: Before an occupation code can be issued, completion of the shaded areas by Line Management and/or Human Resources is mandatory.

date	**job title**	**schedule/grade**
business unit	**division**	**department**

This is a: ☐ new document

☐ revised and previously excluded document - existing occupation code:

☐ revised and previously included document - existing occupation code:

☐ Managerial Exclusion ☐ Confidential Exclusion ☐ Within Another Trade Union

SOCIETY UNIT DIRECTOR	**SOCIETY STAFF OFFICER**
☐ Agreed ☐ Disagreed	☐ Agreed ☐ Disagreed
If disagreed, why?	If disagreed, why?
_____	_____
Society Unit Director (signature)	Society Staff Officer (signature)
_____	_____
Date:	Date:

(The Society's agreement to exclude any position from its jurisdiction is without prejudice to challenge this exclusion at a later point.)

Line Management (signature)	Human Resources Department (signature)
_____	_____
Date:	Date:

Note: See Article 2 of the Society-Hydro One Collective Agreement for the complete Recognition Clause and Letter of Understanding, dated Oct. 4, 1994. For clarification or information regarding exclusion, please contact your Human Resources Officer or Labour Relations - Corporate HR or the Society Office or a Society Unit Director.

2.6 Successor Rights

2.6.1 Hydro One agrees that it will not directly or indirectly request government to exempt the Company or the Society from the successor rights provisions of the applicable labour relations legislation.

2.6.2 The successor rights provisions of the applicable labour relations statute shall be incorporated by reference into this collective agreement. No board of arbitration established pursuant to the grievance and arbitration provisions of this contract has jurisdiction to make any decision within the jurisdiction of the Labour Relations Board and nothing herein is intended to affect the jurisdiction of the Labour Board to resolve disputes related to the application of the provisions of the statute. For purposes of s.48 of the *Ontario Labour Relations Act* and s. 57 of the *Canada Labour Code*, the Ontario Labour Relations Board or the Canada Labour Relations Board shall be deemed to be a Board of Arbitration for the resolution of disputes related to the interpretation, application, administration or alleged violation of this provision of the collective agreement. The remedial powers of the Labour Board shall be as set out in the relevant statutory provisions governing successor rights.

3 EMPLOYEE CLASSIFICATIONS

3.1 Probationary Employees

A probationary employee is an employee who is hired on a trial basis with the prospect of being reclassified as a regular employee, if the employee's performance satisfactorily meets the job requirements. The probation period is normally a minimum of ***six (6)*** months and a maximum of ***twelve (12)*** months ***upon mutual agreement of the employer and the Society representative***[2]. After six (6) months***, or after twelve months where an extension has been agreed to,*** the employee will either be made regular, transferred to another probationary position or terminated unless there is an expectation that a longer probationary period will result in improvement in a specific area which has been identified to the employee (e.g. completion of a training course or a specific work assignment, interrupted probationary period as a result of parental leave, etc.) The employee's benefits and working conditions are the same as regular employees with exceptions identified in the provisions where different treatment has been agreed to.

3.2 Regular Employees

A regular employee is an employee who has either served the required probationary term or has previously been employed in one of the other categories and has satisfactorily met the job requirements. The employee occupies a position that is considered part of the on-going organization of Hydro One***.***

3.2.1 Reduced Hours of Work Regular Employees

A reduced hours of work regular employee is an employee who has regular status but works less than the base hours for a full-time position. The employee's

[2] ***For the meaning and application of the term "Society representatives" throughout this agreement, see Appendix IX ("Designation of Society Representative Contact Persons/Decision-Makers in the Society-Hydro One Collective Agreement")***

benefits and working conditions are pro-rated and based on the entitlements of the regular employees. The pro-rating is described in Article 71 (Reduced Hours of Work).

3.3 Temporary Employees

3.3.1 A temporary employee is an employee who is hired for short-term work assignment which is not ongoing (i.e. normally not extending beyond 24 months). The employee's benefits and working conditions are as per Article 33 (Temporary Employees).

3.3.2 Reduced Hours of Work Temporary Employees

A reduced hours of work temporary employee is an employee who has temporary status but works less than the base hours for a full-time position. The employee's benefits and working conditions are pro-rated as per Article 33 (Temporary Employees).

3.3.3 Student Employees

A student employee is an employee who is hired for short-term work which is not ongoing. He/she is normally in the process of completing his/her post-graduate studies and is expected to return to his/her studies after an agreed employment period. The employee's benefits and working conditions are as per Article 33 (Temporary Employees).

4 SERVICE CREDIT DEFINITIONS

Service credits shall be based on all previous full-time (regular, temporary and casual) service and part-time/reduced hours (regular and temporary) unless otherwise specified. (See Section 9.3 Transition Provisions)

4.1 Established Commencement Date (ECD)

The "ECD" represents the latest date of hire, subject to authorized adjustments for previous service as detailed below.

a) Regular

The ECD for regular employees is calculated by giving service credits for:

- probationary employment;
- 100% of employment service in an acquired company;
- previous regular and temporary (full-time and reduced hours employment), if there has been no break in service exceeding twelve (12) months;
- previous casual construction employment if there was no break in employment exceeding three (3) months (or 12 months for casual construction employees on the Pension and Insurance Plan).

(The ECD has an impact on sick leave and severance pay.)

b) Temporary

The ECD for temporary employees is calculated by giving service credits for:

- previous temporary employment, if there has been no break in service exceeding 3 months and employee has less than 12 months service;
- previous temporary employment, if there has been no break in service exceeding 12 months and employee has greater than 12 months service.

(The ECD has an impact on statutory holidays and floating holidays.)

4.2 Vacation Credit Date (VCD)

The VCD represents all service regardless of breaks. While a regular employee, service credits shall be based on the current ECD and adjusted for all previous periods of Hydro One employment. All employees who currently work reduced hours or have done so in the past, will have such service calculated as if were full time.

(VCD is used to determine vacation bonus.)

4.3 External Experience Value (EEV)

The EEV represents a vacation credit quantity expressed in number of years, months and days for external work experience granted to qualifying regular employees (Section 40.7). The EEV and VCD determine total years credit for vacation entitlement (days) and service-based payment in lieu of notice (Subsection 64.13.1).

4.4 Service Recognition Date (SRD**)**

The SRD for regular employees represents all service while a Hydro One employee on payroll regardless of breaks in employment. Service credits shall be based on the last hire date and adjusted for all previous periods of Hydro One employment. All employees who currently work reduced hours or have done so in the past, will have such service calculated as if it were full time (it should never be pro-rated).

Authorized Adjustments:

a) Personal Leaves of Absence

SRD includes the time an employee is on "leave", if the employee is on a:

- personal leave of absence with pay; or
- personal leave of absence without pay which is less than 15 working days; or
- personal leave of absence without pay which is more than 15 working days and which was started on or after April 15, 1993 -- only that portion which was taken during the period from April 15, 1993 to August 31, 1997.
- prepaid leave of absence, under the enhanced leaves of absence policy dated April 16, 1993, greater than eight (8) weeks.

b) Pregnancy/Parental Leaves

SRD includes the time an employee is on a pregnancy/parental leave (previously referred to as normal or extended maternity/adoption leave).

c) Job Sharing

SRD is calculated as if the employee is working full-time hours.

d) Work Sharing

SRD is calculated as if the employee is working full-time hours.

(SRD has an impact on recognition of employee service at years 25 and 40, Quarter Century Club Membership and seniority (Article 64).)

4.5 "Eligibility Service" or "Continuous Employment" for Pension Purposes

Generally, it is the number of years (including a portion of a year) a pension plan member has been continuously employed in which there has been no break in employment exceeding 12 months. It includes previous Ontario Hydro/Hydro One pensionable service which has been reinstated; external service which has been transferred into the pension plan under a reciprocal pension transfer agreement; and periods of pregnancy/parental leave. It may include certain types of non-Hydro One regular service purchased under special provisions. It generally excludes leaves of absence without pay except where the employee elects to pay the pension contribution. The exceptions are detailed in the pension rules.

Eligibility Service (ES) is used as an eligibility criterion for early retirement and the associated early retirement discounts; and in conjunction with Membership Service (i.e., the service subsequent to the date actually joining/started contributing to the Plan) and Age, to determine death and termination benefit entitlements.

5 TEMPORARY ASSIGNMENTS

There may be instances when employees are temporarily removed from their normal duties to perform work outside of the Society's bargaining unit. Likewise, employees from outside of the bargaining unit may be assigned temporarily to work within the Society's bargaining unit.

In such instances, the parties agree that:

5.1 Employees Temporarily Excluded from Society Jurisdiction

5.1.1 The Society shall be given prior notice of any temporary assignment exceeding three months' duration that Hydro One considers outside the bargaining unit, along with a rationale for the proposed exclusion.

5.1.2 The Society shall continue to represent employees who have been temporarily removed from their regular positions to perform work outside the bargaining unit for the first three months of the temporary assignment. Dues shall be deducted and remitted to the Society for the three month period.

5.1.3 Except where otherwise specified in this Agreement, Society-represented employees who are temporarily assigned to positions outside the bargaining unit shall have access to all benefits, plans or entitlements under Part X (Health Benefits), Part VII (Pension and Insurance), Part XI (Relocation Assistance), and Articles 64 *(*Redeployment*,* Surplus Staff and Change of Employer*)* and 65 (Vacancies) of the Collective Agreement for the full duration of the assignment.

5.2 Employees Temporarily Included in Society Jurisdiction

5.2.1 Hydro One personnel from outside the Society's bargaining unit who are temporarily assigned work within Society jurisdiction shall be represented by the Society for that portion of the assignment extending beyond three months, and dues shall be deducted for the period beyond three months.

5.2.2 During the period of Society representation, temporarily included employees shall be subject to the provisions of the Collective Agreement, but the following shall not apply:

- Article *31* (***Salary Progression Plan)***
- Part *IX* (Absence from Work)
- Part X ***(***Health Benefits)
- Part VII (Pension and Insurance)
- Part XI (Relocation Assistance), except for Article ***56*** (Compensation when Assigned to Temporary Work Headquarters)
- Part XIII (Working Conditions) except for vacancy rights pursuant to Clause 65.6.3.g
- Other provisions or agreements to the extent they concern the above

5.3 Grievance

The Society's Complaint and Grievance/Arbitration procedure shall apply to any dispute relating to an applicable provision of the Society's Collective Agreement, including any dispute as to whether the Collective Agreement is applicable in the circumstances. The employee and/or the employee's bargaining agent retain any rights in respect of terms and conditions of employment to which the Society's Collective Agreement does not apply.

6 EMPLOYEES ON TEMPORARY OUT-OF-PROVINCE ASSIGNMENT

6.1 Terms and Conditions of Employment During Assignment

6.1.1 When a Society-represented employee accepts a temporary assignment outside Ontario, the employee:

a) retains his/her status as an employee of Hydro One;

b) continues to accrue service credit for all purposes under Article 4 of the Collective Agreement;

c) is required to pay Society dues during the term of any assignment beginning on or after January 1, 1995.

6.1.2 The employee remains represented by the Society until he or she begins this assignment. When an employee accepts a personal services contract, that contract together with this Article shall constitute the employee's complete terms and conditions of employment for the full term of the assignment. Hydro One will advise the Society after a personal services contract with a Society-represented employee is signed.

6.1.3 Hydro One will indemnify, or cause to be indemnified, each employee who, in the course of work on temporary out-of-province assignment, becomes subject to a claim made against him/her or to a threat of discipline from an association with statutory power to apply professional standards. Article 13 will apply unless indemnification provisions specific to a given contract or project are identified in the personal services contract.

6.2 Filling the Pre-Assignment Position

Before the employee commits to the assignment, Management will determine whether it intends to fill the position on a temporary or regular basis and discuss the decision and rationales with the employee. Hydro One will inform the employee of any intent to change this plan while the employee is on an out-of-province assignment.

6.3 Redeployment Upon Completion of Assignment

6.3.1 The line manager in the employee's pre-assignment Business Unit shall provide or shall identify appropriate personnel to provide the returning employee with employment-related information and assistance and to carry out the provisions of this Subsection upon completion of the assignment and return to Ontario.

6.3.2 When the employee's pre-assignment position with Hydro One continues to exist and has not been filled or has been filled temporarily, the employee shall return to that position.

6.3.3 When the employee's pre-assignment position with Hydro One no longer exists or has been filled regularly, and the employee is not surplus by operation of Article 64, the employee shall be placed in an Hydro One vacancy for which he/she is qualified, in the following order:

a) a lateral vacancy within the employee's pre-assignment Business Unit at the pre-assignment location;

b) within the pre-assignment Business Unit, a choice of a lateral vacancy at a new location, or a vacancy within two salary grades lower at the pre-assignment location;

c) within the pre-assignment Business Unit, a vacancy within two salary grades lower, in a new location;

d) redeployment in accordance with Article 64.

6.3.4 Placements under Subsection 6.3.3 (a), (b) or (c) above are exceptions to Hydro One posting requirements, consistent with Subsection 65.6.1 (b).

6.3.5 When there is a reasonable expectation that an employee will be placed in a different position upon return from a temporary out-of-province assignment, Hydro One will identify and notify the employee of potential placements. An employee who is not placed within 30 days of completion of the assignment and return to Ontario shall have the right to be redeployed in accordance with Article 64.

6.4 Employment Continuity During Temporary Out-of-Province Assignment

6.4.1 Employees on temporary out-of-province assignments will be neither advantaged nor disadvantaged with respect to rights under Article *64* upon return from the assignment. When an employee's pre-assignment position has been included in a Unit of Application for redeployment under Article 64, the employee will be redeployed in accordance with Article 64.

The Joint Redeployment and Planning Team (JRPT) will consider issues such as:

- the number of employees within the unit of application who are on temporary out-of-province assignments;
- the duration of the assignments;
- the seniority of the affected employees;
- the qualifications of the affected employees;
- the ability to factor the employee into the on-going joint planning efforts (i.e., will the employee be returning during or shortly after the joint planning process);
- the ability to fill positions in the new organization on a temporary assignment basis in order to accommodate a returning employee;
- the need to fill positions in the new organization on a continuing basis;
- the need to keep employees apprised of developments within their unit of application that may impact on their job status during the assignment.

6.4.2 If an employee is declared surplus while he/she is on temporary out-of-province assignment, the employee will be notified and all surplus entitlements will be deferred until the employee completes the assignment and returns to Ontario.

6.4.3 An employee on temporary out-of-province assignment who is subject to redeployment under Article 64 in his/her absence and the JRPT determines:

a) the employee would have been matched to a position by virtue of seniority and qualifications and is, therefore, deemed not surplus; and

b) the employee will not be matched in the redeployment; then the employee will be entitled to treatment under Section 6.3 above.

7 LETTERS OF UNDERSTANDING

7.1 Letters of Understanding will form part of this collective agreement. Letters of Understanding are found in Part XVI.

7.2 Letters of Understanding

7.2.1 Intent

A Letter of Understanding may serve the following purposes:

- amend or add to the current provisions of the agreement;
- elaborate/clarify the intentions of a provision of the collective agreement
- establish provisions for issues not covered by the agreement

7.2.2 Grievance/Arbitration

Letters of Understanding are subject to the same grievance and arbitration provisions as are other items in the collective agreement

7.2.3 Approval

Letters of Understanding must bear the signatures of both the Vice-President Labour Relations (for Hydro One) and the Local Vice-President (for the Society) or their designates.

7.2.4 Duration

The parties agree that, for the most part, Letters of Understanding should contain "sunset clauses". In those cases where such a clause has not been put into a Letter of Understanding, the Society and Hydro One will at some time during collective agreement negotiations determine the status of each such Letter of Understanding (e.g., incorporate in to the collective agreement, delete it, extend it, etc.).

PART III - VOLUNTARY RECOGNITION AGREEMENT

8 VRA AMENDMENTS

A Voluntary Recognition Agreement (VRA) between Ontario Hydro and the Society came into effect on January 14, 1992. A complete text of the VRA between Ontario Hydro and the Society is found in Appendix IV. The VRA, as amended in this Article, is applicable to Hydro One. The VRA shall remain in effect thereafter except for Sections 4.0 and 5.0 of the VRA (outlined in Articles 14 and 15 of this Agreement) which may be terminated by written notice by either party not less than six months prior to the expiry of the Collective Agreement in operation on January 1, 2005 or any subsequent Collective Agreement. On January 6, 2003, Hydro One provided the Society with written notice of termination of paragraphs 4.0 and 5.0 of the VRA.

In the event that either party desires to amend the VRA on or after January 1, 2005, it must notify the other party in writing not less than six months prior to the expiry of the Collective Agreement in effect on January 1, 2005 or thereafter six months prior to the expiration of any subsequent Collective Agreement. In such circumstances the parties will have the right, if either party so chooses, to appoint a mutually agreeable mediator for the purpose of reaching a settlement of the issues and where there is mutual agreement the mediator shall arbitrate outstanding matters in dispute.

Notwithstanding the above, the parties may mutually agree to amend the VRA at any time.

8.1 Supervisory Employees

For the purposes of this Article, the parties agree that Supervisory positions are those that are not excluded under Article 2.0 above and that satisfy the following criteria:

a) Employees on Salary Schedule 01 who under Plan A "Nature of Supervision" have either Degree 3 (or higher) or its equivalent;

b) Employees on Schedules 02 or 03 on condition they normally supervise other employees.

PART IV - COLLECTIVE AGREEMENT TERM - NO STRIKE/NO LOCKOUT

9 COLLECTIVE AGREEMENT TERM - NO STRIKE/NO LOCKOUT

9.1 This Collective Agreement shall remain in effect from ***April 1, 2013*** to ***March 31, 2016*** inclusive and, thereafter, shall be renewed automatically from year to year unless either Party notifies the other in writing not less than 90 days prior to the expiration of the Collective Agreement that it desires to amend the Collective Agreement.

9.2 No Strike/No Lockout

The Society, employees within the scope of the bargaining unit, and Hydro One are pledged to the effective and efficient operation of Hydro One and they pledge themselves, individually and collectively, to refrain from taking part in strikes, lockouts or sympathy strikes and other interference with work or production during the term of the Agreement.

Nothing in this Collective Agreement is intended to interfere with the exercise of lawful economic sanctions under the *Ontario Labour Relations Act* and the *Canada Labour Code* by any member of the bargaining unit or bargaining units as the case may be or by the Society itself should either party to the Agreement elect to terminate Sections 4.0 and 5.0 of the Voluntary Recognition Agreement.

9.3 Transition Provisions

9.3.1 The following transitional provisions have no application to any person who was not an employee on January 1, 1999.

9.3.2 The term “bargaining unit” for the purposes of Section 9.3 herein (“this Section”) will mean the Society bargaining unit with one of Ontario Power Generation Inc. (Nuclear), Ontario Power Generation Inc. (Non - Nuclear), Hydro One Inc., Independent Market Operator or Electrical Safety Authority.

9.3.3 After December 31, 2002, an employee in a bargaining unit who is declared surplus, who is eligible to exercise rights under *the* “Pre Mix and Match Surplus Declarations” LOU (dated March 31, 1995) or who has recall rights is eligible to apply to posted vacancies in another bargaining unit. Such applicant will be given fair and objective consideration for employment before new hires. A successful applicant will transfer his or her service to the new Employer in accordance with paragraph 9.3.5, below. No employee hired under this provision will be entitled to any relocation or moving expense under the provisions of any Collective Agreement.

9.3.4 An employee in a bargaining unit, to the extent he/she is not subject to other selection – provisions in this Section, may apply for posted vacancies and placement in another bargaining unit as an external applicant on the basis of Article 65.6.3(h).

9.3.5 Any successful applicant to a position in another bargaining unit shall transfer all accumulated service, vacation, seniority, pension, and sick leave credits as set out in Articles 4 (“Service Credits”), 44 (“Sick Leave Plan”) and 64

("Redeployment***,*** Surplus Staff Procedure and Change of Employer") to the new employer. The employee shall be reimbursed by the former employer for all his or her outstanding accumulated vacation, including current year, bonus, banked and deferred vacation, as applicable under Article 40 ("Vacation") according to the collective agreement with the former employer. The provisions of this paragraph also apply to employees changing bargaining units pursuant to LOU #***4***.

9.3.6 Priority consideration for vacancies and service credit transfer under this Article shall only apply where it is reciprocated in the collective agreement of the bargaining unit from which the employee is applying/transferring.

PART V - UNION SECURITY

10 SOCIETY MEMBERSHIP AND DUES DEDUCTION

10.1 Membership in the Society

The Society agrees to permit members to withdraw from membership in the Society.

10.2 Dues Deduction (Rand Formula)

Society dues, as prescribed by the Society Constitution, or an equivalent amount, shall be deducted monthly (or more frequently if agreed) by Hydro One by compulsory payroll deductions from all Society-represented employees and shall be forwarded to the Society on their behalf with a list of appropriate employee information.

The Society confirms it will respect the applicable provisions of the *Ontario Labour Relations Act (RSO 1990*) and the *Canada Labour Code* with respect to bona fide religious convictions or beliefs.

11 PRINCIPLES REGARDING INVOLVEMENT WITH RESPECT TO SUCCESSOR RIGHTS

Consistent with the parties' commitment to deal with issues in an open and co-operative manner with the earliest possible involvement of each party, the parties have developed the following principles and intent:

a) Prior to the finalization of negotiations that could lead to the sale of all or part of the business, privatization of all or part of a Business Unit, the creation of joint ventures or partnerships or other enterprises which could adversely impact on the Society's bargaining rights or the contractual rights of its members, the Society will be consulted to the extent that circumstances reasonably permit. The Society agrees that confidentiality will be maintained.

b) The parties agree to attempt to minimize the negative impacts on Hydro One employees in these circumstances.

c) Hydro One agrees to apprise any external third party involved in negotiations that Hydro One has employees represented by the Society and Hydro One will undertake to provide the Society with an opportunity to present its interests to the third party.

PART VI - DISPUTE RESOLUTION PROCESSES

12 NO DISCRIMINATION

12.1 Human Rights

Every employee has a right to be free of harassment and discrimination in the workplace on the basis of prohibited grounds, as outlined in the Hydro One Human Rights Policy. An employee who has a harassment or discrimination complaint on the basis of these grounds will have access to Hydro One's Human Rights and Harassment Complaints resolution policy process or the grievance process.

Any Society-represented employee involved in Hydro One's Human Rights and Complaints process may consult with and be accompanied by a Society representative if he or she chooses to do so. No record of a complaint will be maintained in an employee's personnel file, except in the case of individuals who have received disciplinary action. Any person against whom a formal complaint is filed must be given particulars of the complaint.

As long as an employee has an active complaint of discrimination or harassment on the basis of prohibited grounds, either under Hydro One's Human Rights and Complaints process or with the Human Rights Commission, the Society will not make such a complaint or Hydro One's process the subject of a grievance on the employee's behalf.

12.2 Union Activity

Hydro One shall not discriminate against an employee on the basis of membership or activity in the Society. An employee who has a complaint of such discrimination shall have the right to seek redress under the Grievance and Arbitration Procedure.

13 EMPLOYEE INDEMNIFICATION

13.1 Hydro One will provide assistance and financial indemnification to an employee who, as a consequence of performing the normal duties of his or her job for Hydro One, is made, or threatened to be made, a party to a civil action or a criminal proceeding (other than for offences under the Criminal Code of Canada) or quasi-criminal proceeding, or other administrative proceeding (such as formal complaint filed with the Human Rights Commission), or is subject to a threat of discipline or actual discipline from an association that is empowered by statute to regulate professional standards. This assistance will include independent legal representation at Hydro One's expense, subject to Hydro One's approval of the employee's choice of his/her counsel.

Notwithstanding the above paragraph, Hydro One will not provide financial indemnification to an employee considered by Hydro One to have acted with dishonesty, bad faith, or with intentional or reckless disregard for the best interests of Hydro One.

An employee who is subject to prosecution under criminal law (Criminal Code of Canada) as a consequence of performing the normal duties of his/her job and found to be not guilty, or against whom charges have been dropped, may receive financial indemnification.

14 VOLUNTARY RECOGNITION AGREEMENT DISPUTES

14.1 Enforcement

The primary method of enforcement of the Voluntary Recognition Agreement shall be pursuant to the grievance and arbitration provision in this Collective Agreement. However, should the Collective Agreement not be in operation or applicable to the dispute, either party shall have the right to refer to final and binding arbitration any differences between the parties arising from the interpretation, application, administration or alleged violation of the Voluntary Recognition Agreement, including any question as to whether a matter is arbitral.

Subject to the conditions of this Agreement, if a mediator or arbitrator is not appointed within 30 days of a matter being referred to mediation and/or arbitration, either the Society or Hydro One shall have the right to refer the matter to the Minister of Labour (provincial or federal) or the Chief Justice of the Ontario Court of Justice and the Minister or Chief Justice shall appoint a mediator and/or arbitrator. The arbitrator will have the power accorded under the *Ontario Labour Relations Act* and the *Canada Labour Code*.

15 HEALTH AND SAFETY DISPUTES

15.1 Except for disputes involving the principles set out in the Tripartite Agreement on Joint Health and Safety Committees, all other disputes involving allegations that Hydro One has violated the provisions of the *Occupational Health and Safety Act (OHSA)* will not be subject to the provisions of the grievance/arbitration procedure except where provided for by the legislation itself. The parties will attempt to resolve such disputes at the lowest level possible. Failing resolution, the dispute may be forwarded to the Ministry of Labour for final resolution.

15.2 Disputes which involve interpretations about Sections of the OHSA, or any of its associated regulations will be resolved in accordance with the procedure set out in the joint agreement *"Handling Legislative and Regulatory Impasses Pertaining to the Occupational Health and Safety Act and its Associated Regulations"* dated December 5, 1991.

16 COMPLAINT AND GRIEVANCE/ARBITRATION PROCEDURE

16.1 Preamble and Principles of Operation

The following procedure for dispute resolution consists of three elements: a complaint process, a grievance procedure and an arbitration process. These processes will be used by the Parties in order to resolve complaints and grievances submitted by Society-represented staff, the Society, or Hydro One unless the parties have expressly agreed elsewhere in this Agreement on alternate dispute resolution processes to limit the scope of the grievance/arbitration procedure.

Early discussions and resolutions at the lowest level possible are encouraged because this leads to addressing issues before a grievance is lodged. The Parties also recognize that early and open discussions are key to maintaining a positive working relationship.

The Parties recognize the need for open and honest discussions at all levels of the complaint and grievance process. These discussions will allow for a common

understanding of all the facts and will enhance the chance of a mutually acceptable resolution.

This process should have the flexibility to respond to the advantages gained through a problem-solving approach to dispute resolution.

This process is designed to be simple, efficient, and understandable for all parties involved.

16.2 Definitions

a) Employee Complaint

An employee complaint is a claim of unfair treatment that an employee has requested the Society to present on the employee's behalf. An employee complaint which does not meet the criteria of an employee grievance shall not be subject for the grievance/arbitration procedure.

b) Employee Grievance

An employee grievance is defined as any dispute between Hydro One and the Society arising from the application, administration, interpretation or alleged violation of the Collective Agreement, or unreasonable exercise of Management discretion in the administration and application of the collective agreement. An employee grievance shall be filed at Step 2, normally following consideration of an employee complaint at Step 1.

c) Group Grievance

A Group grievance is defined as any dispute between Hydro One and the Society arising from the application, administration or alleged violation of the Collective Agreement, or unreasonable exercise of Management discretion in the administration and application of the collective agreement relating to the same dispute by more than one employee. A Group grievance shall be filed at Step 2. Grouped complaints will normally be considered at the Complaint Step if the employees report to a single supervisor.

d) Policy Grievance

A Policy grievance is defined as any dispute between Hydro One and the Society arising from matters of application, administration, interpretation, or alleged violation of the Collective Agreement. A policy grievance shall be filed at Step 2, and must be filed within 60 days after the circumstances giving rise to the grievance have come or ought to have reasonably come to the attention of the Society.

e) Management Grievance

Hydro One may present to the Society any complaint with respect to the conduct of the Society. If such a complaint is not resolved, it may be treated as a grievance and referred to arbitration under the provisions of this Article.

16.3 Scope Notes – Grievance and Arbitration

16.3.1 Grievances concerning personal performance appraisals which are not related to the interpretation or application of Article 19 are not arbitral. These

grievances will be processed up to and including step 2 of the grievance process.

If a grievance concerning an employee's performance appraisal cannot be resolved by the step 2 Committee, the performance assessment, which includes the employee's comments, will stand as a record of that year's appraisal.

16.3.2 Grievances related to selections based upon Article 65.6.4 may be processed through the grievance/arbitration process. If the arbitrator rules the process for selection was unfair, the arbitrator is limited to ordering a new selection process take place.

16.3.3 Disputes concerning Article 90 relating to the Occupational Health and Safety Act or Part II of the Canada Labour Code will normally be referred to the Ministry of Labour consistent with Article 15.

16.3.4 Both Hydro One and the Society have access to the grievance/arbitration procedure for disputes arising from the application of Part II (Recognition).

16.3.5 The grievance/arbitration procedure may be used to challenge any unreasonable, arbitrary or bad faith action taken by Hydro One which results in the exclusion of any employee or position from the bargaining unit. The Parties will attempt to resolve disputes expeditiously. The Society may initiate an unresolved dispute as a Policy Grievance.

16.4 Timeliness

The grievance procedure shall proceed without unnecessary delay. It is recognized that in some cases strictly enforced time limitations may interfere with a mutually acceptable process of fact-finding or problem resolution. However, either Party may invoke a time limitation upon five (5) days' written notice to the other Party. Except by mutual agreement, time limits for initiating a complaint/grievance, however, must be adhered to.

16.5 Step 1: Employee Complaint

a) The Society will file an employee's complaint with the local line manager within 30 working days of the date the employee should reasonably have been aware of the action or decision giving rise to the complaint. The Society will provide a form outlining the grievor's complaint, proposed resolution and will identify the employee's society representative.

b) An employee's complaint must normally be raised with the employee's supervisor and/or Society delegate and every effort should be made to resolve it informally. Hydro One will provide independent facilitation where the Parties agree that this is a reasonable approach to resolving the complaint.

c) Where mutually agreeable, the Society may initiate an employee grievance arising from disciplinary suspension or discharge directly at Step 2.

d) Local management and the Society representative will meet to attempt resolution within ten (10) working days of the date that the complaint is filed. Where mutually agreeable, the employee may attend the Step 1 meeting. Any resolution at Step 1 will be without prejudice and will not constitute a precedent in any other matter between the Parties except by written agreement.

16.6 Step 2: Meetings Of The Standing Grievance Settlement Committee ("GSC")

a) The Society may file an employee's intent to grieve, with the grievor's manager, within ten (10) working days of the step 1 meeting. The Society will file all Step 2 grievances within 30 working days from the 1st Step meeting. A policy grievance shall be initiated at step 2. The grievance form will indicate the articles in issue, outline the grievance and wherever possible, propose a resolution.

b) Where a grievance is based upon discrimination or harassment, the parties will attempt to incorporate the following elements into the fact-finding :
i) the use of a neutral investigator agreeable to both parties;
ii) consideration of reports from preceding investigations;
iii) interviews with affected employees;
iv) mediation, if deemed appropriate by the parties upon consent of the affected employees.

c) The parties will form a standing grievance settlement committee that will regularly schedule one meeting day every other month to attempt settlement of the grievance before it. Each party will appoint 3 standing members to the GSC. Each GSC shall comprise 1 standing member from each of the parties. These appointees must be representatives with decision-making authority.

d) GSC hearing dates shall be determined and published annually on a calendar basis.

e) Grievances heard by the GSC may be resolved by written agreement of the GSC. Unresolved grievances may be referred to expedited arbitration.

16.7 Grievance Arbitration

16.7.1 Expedited Arbitration

A. Subject to Subsection 16.7.2, either Party may refer an unresolved grievance to expedited arbitration within 10 working days following the end of the Step 2. Expedited Arbitration shall be by a single arbitrator chosen by mutual agreement from the list at Article 16.7.5.
B. Multiple cases will be heard on each day of expedited arbitration.
C. Written briefs will be exchanged between the parties 1 week in advance of the expedited arbitration. Copies of the briefs will be forwarded to the arbitrator 1 week in advance of the hearing.
D. The arbitrator will rely upon the briefs as much as possible and witnesses will only be called if required by the arbitrator.
E. Expedited arbitrations will be held in alternating months in which the GSC hears grievances.

16.7.2 Regular Arbitration

A. Unless the parties agree that expedited Arbitration is appropriate, Grievances based upon i) discharge/discipline, ii) harassment or discrimination, iii) policy grievances or iv) any other grievance the parties agree is not suitable for expedited arbitration, will be referred to a mutually agreeable arbitrator as per Article 16.7.5. Either party may refer an unresolved grievance to a single arbitrator within 10 days of the Step 2

meeting. Regular arbitration shall be scheduled within 60 days of the referral to arbitration.

16.7.3 General

A. Each Party shall assume its own costs of the arbitration proceedings and shall share equally the cost of the arbitrator.
B. An arbitrator shall consider any difference which arises between the parties relating to the interpretation, application or administration of this Agreement, including any question as to whether a matter is arbitrable, or where an allegation is made that this agreement has been violated. An arbitrator shall also consider any matter of interpretation, application, and administration of policy and practice as may be referred to him/her by employee grievance. An arbitrator shall consider only such evidence as is presented to him/her by representatives of Hydro One or the Society.
C. The arbitrator shall have the power to settle or decide such matters as are referred to him/her in a fair and equitable manner, and the arbitrator's decision shall be final and binding. An arbitrator shall not have the power to amend or terminate this Agreement, policies, or procedures save only any policies and procedures which may conflict with the terms of this Agreement.
D. If mutually agreeable, the arbitrator may be requested to act as a mediator prior to formally commencing the arbitration.
E. All arbitration decisions shall be delivered to the parties within 10 days of the arbitration hearing

16.7.4 Arbitrators

The following individuals are to be used as arbitrators if mutually agreed to:

Michel Picher
Jane Devlin
Jules Bloch
Rob Herman
Kevin Burkett

17 DISCIPLINE AND DISCHARGE

17.1 No employee, except as noted below, shall be disciplined or discharged without just cause.

When disciplining or discharging probationary employees for just cause, it is recognized that the probationary period is an extension of the selection process and that these employees have short service. Therefore, the threshold for discipline and discharge may be less than that of a regular employee in similar circumstances.

17.2 An employee is entitled, prior to the imposition of discipline or discharge, to be notified at a meeting with Management of the reasons for considering such action, unless he/she is a danger to himself/herself or others. A Society representative may be present at such a

meeting if the employee so desires. ***The Society representative*** will be advised ***a minimum of 24 hours*** in advance by Management of the time and place of the meeting.

17.3 Where an employee is required to participate in an interview in circumstances where discipline is likely to follow for such employee, the employee shall be advised of his or her right to have a Society representative present, and to have such a representative present during the interview if he or she chooses***.***

17.4 Disciplinary penalties resulting in a suspension without pay will not be imposed until a final decision (agreement between the Society and Hydro One or an arbitrator's decision) has been reached.

17.5 Employment File

a) Documents communicating discipline and discharge will be maintained in the employee's official employment file (normally 901 file).

b) Unless otherwise agreed to, after documents communicating discipline have been on an employee's file for a maximum of two years, and there have been no further disciplinary occurrences, then the documents communicating discipline will be removed

c) Employees shall be allowed access to their own personnel files. Employees should submit the written request to their supervisor. Review of the file shall be carried out in the presence of the supervisor or human resources contact. Additions or deletions to the file shall be made only with the approval of the supervisor and the human resource contact.

18 PRINCIPLE AND PROCESS OF PRIOR INVOLVEMENT IN JURISDICTIONAL ISSUES/DISPUTES

18.1 Hydro One should advise the Society and provide an opportunity for its involvement at the appropriate organizational level (e.g., Hydro One, Business Unit, Division, Station) prior to making any final decision which could adversely affect the Society's jurisdiction.

The Society's jurisdiction may be adversely impacted by an organizational or operational changes, including technological changes, workload changes, and business process re-engineering. The Society's jurisdiction is adversely impacted by any assignment of functions customarily done by Society-represented employees to persons or employees outside of its bargaining unit and/or reduces the proportion of work customarily performed by Society-represented employees relative to that done by persons or employees outside of its jurisdiction.

18.2 Prior to making a final decision that could adversely impact the Society's jurisdiction, at the request of either party, Hydro One will establish a joint team with the Society which will review relevant facts and issues. In the event that the jurisdiction of another union is affected by this decision, the Society and Hydro One will strive to include a representative of this union in the review team. The criteria considered by the joint or tripartite review team will include the following:

- representational rights
- skill and training
- safety

- economy and efficiency
- past practice

18.3 The parties agree to make their best efforts to reach consensus on issues affecting the Society's jurisdiction which will form the basis of recommendations to Senior Management.

18.4 In the event that consensus is not reached on issues affecting the Society's jurisdiction or Senior Management rejects the joint/tripartite team's recommendation(s), Hydro One will make the final decision and will provide written rationale for the decision to the Society.

18.5 The principle and process set out in 18.1 to 18.4 are not grievable with the exception of Hydro One's final decision. The recommendations of joint tripartite teams are without prejudice and cannot be relied upon at grievance/arbitration or before any labour relations board.

19 PERFORMANCE APPRAISAL FEEDBACK AND PERFORMANCE MANAGEMENT

19.1 Principles

19.1.1 Supervisors are expected to ensure all employees understand what is expected of them, encourage ambitious goal setting, stress accountability for results, and tolerate honest mistakes but not poor performance.

19.1.2 The Performance Appraisal process will be conducted in an atmosphere of mutual respect and empathy to encourage a positive two-way communication session. The employee should be given adequate notice and time to prepare.

19.1.3 The supervisor will endeavour to provide recognition to employees commensurate with contribution and performance. Performance expectations should be guided by the job document, work program of the unit and the employee's length of service in the job.

19.1.4 The supervisor should communicate on an ongoing basis and counsel the employee toward improved performance. Also, opportunities for improvement, training, performance counselling, assistance and sufficient opportunity and time to raise performance to the level required, should be part of the building blocks for the future.

19.1.5 The employee is responsible for recognizing that a problem exists and making a joint commitment to improve performance, or to jointly look at other alternatives, such as job skill match, etc.

19.2 Every employee has the right to an annual assessment with written feedback of his/her work over the preceding twelve (12) months.

19.3 Employee must be provided with a written record of the performance appraisal. Employees should receive written confirmation that the performance appraisal has taken place, and a statement of the employee's step standing as of the next "anniversary" progression date.

19.4 Performance Management

a. If an employee fails to make satisfactory progress, his/her progression may be withheld for a period of six months.

b. In taking this action, the Employer shall provide the employee ***and his/her Society representative*** with one month's notice with written reasons for withholding the progression and what is required to rectify the unsatisfactory performance.

c. The performance of an employee whose progression has been withheld as above will be reviewed within six months. If progress and general performance are found to be satisfactory, progression shall be granted and the review date becomes the employee's new anniversary date. However, if progress and general performance are not satisfactory, the employee shall be either transferred or dismissed.

d. If six months after the review his/her performance has continued to be satisfactory, he/she may be granted the next step in his/her progression. This will then re-establish his/her original progression status.

20 ROLE OF SUPERVISORS

20.1 As members of Hydro One's managerial staff, supervisory employees have a role to play in the resolution of disputes in their work units before they reach the grievance/arbitration procedure. In the event that a dispute reaches the grievance/arbitration procedure, the Society agrees not to discriminate against supervisors who represent Management in Society grievances.

20.2 The Society will exclude supervisors directly involved in a particular grievance from the decisions on the referral of the grievance through the grievance/arbitration procedure. Supervisors will not act on behalf of the Society in matters associated with a particular grievance where the grievance has been lodged by another member(s) who reports to the particular supervisor.

20.3 Society Representatives

A Society representative will be granted reasonable time off from normal duties and have normal base earnings maintained while acting as a Society representative in any of the steps of the grievance procedure or when required by Management to be a participant in arbitration proceedings under Articles 16, 19, and 64. Requests for time off will be made to Labour Relations, Hydro One Human Resources.

PART VII – PENSION AND INSURANCE

21 LIFE INSURANCE

21.1 The benefits and terms and conditions of the benefit entitlement for group life, living benefit and spousal life insurance for employees are as described in: the Collective Agreement; the brochure entitled "Group Life Insurance, Living Benefit and Spousal Life Insurance, updated May 31, 2000". These documents, by reference, form part of the Collective Agreement. The benefits and terms and conditions of benefit entitlement as described in the above documents can be changed by mutual consent only.

21.1.1 The employee will be required to submit evidence of insurability if a re-election results in total increased insurance coverage.

21.1.2 Any re-election shall become effective on the January 1st following the year in which the re-election is made or on the date of approval by the insurer of any required evidence of insurability, whichever is later.

21.2 Life Insurance Options

Option	**Basic Term Insurance**[3]	**Additional Term Insurance**[4]
I	Two Times Base Salary	Nil
II	Two Times Base Salary	One Times Base Salary

21.3 An employee is eligible to purchase additional term life insurance in blocks of $10,000 to a maximum of $150,000 at no cost to the employer. Effective April 1, 2008, the Employer will no longer subsidize the cost of optional life Insurance.

21.4 An employee who meets the following criteria shall be eligible to cash out 50% of his/her total claim value to a maximum of $50,000.

Criteria:

- the illness must be terminal with death likely to occur within 24 months;
- Hydro One's consent is required;
- the consent of the employee;
- the beneficiary must have reached the age of majority; and
- the employee must be competent and able to understand a transaction of this nature.

Payments must be processed as a loan and interest charged to avoid making the payment a taxable benefit to the employee.

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[3] Basic Term Insurance is composed of term insurance equal to base annual earnings raised to the next $500.00 and multiplied by 2.

[4] Additional Term Insurance is the optional term insurance which an employee may elect in addition to the basic insurance coverage. It is equal to base annual earnings raised up to the next $1,000.00.

When death occurs, the advance payment plus accrued interest is deducted from the claim value.

21.5 Spousal Insurance

21.5.1 Only spouses of active employees are eligible.

21.5.2 Insurance is available in units of $10,000 to a maximum of $150,000 (or 15 units).

21.5.3 The entire cost, including administration costs, will be paid by the employee.

21.5.4 The participation rate will have to be 20-30% otherwise proof of insurability will be required.

21.5.5 The premium rate will be different from the rate for employees, and will be experience rated. The premiums would then vary from year to year based on the experience of the previous year.

21.6 Dependent Insurance

21.6.1 Effective March 1, 2002 employees may purchase life insurance for their eligible dependents in the amounts of either $10,000 or $25,000 as detailed by the Insurance Carrier and at no cost to the employer.

22 PENSION PLAN

The Hydro One Pension Plan (Registration #1059104) constitutes the present Pension Plan and forms part of this collective agreement. The provisions of the Pension Plan are generally described in the brochure “A Guide to your Hydro One Pension Plan” (June 23, 2002).

Changes to the Pension Plan affecting Society-represented members of the plan, other than legislative changes, shall be made only upon mutual consent. It is agreed that normal administrative matters such as changing financial advisors are not considered to be changes to the Pension Plan, subject to any understanding, agreement or decision to the contrary with the PWU.

22.1 The employer shall not request legislation, regulations, or Order-in-Council approval or make rules which would change pension benefits, unless upon mutual consent. Moreover, the employer shall not seek legislation to change access to surplus unless upon mutual consent.

22.2 Any changes to actuarial assumptions used for the purpose of filing a funding valuation shall be discussed with the Society prior to filing. The Society reserves the right to challenge the actuarial assumptions used for such filing.

22.3 ***Actuarial Buy-Backs of Previous Service***

The purchase of previous service at actuarial values pursuant to Amendment 17 of the Hydro One Pension Plan is limited to employees who were members of the Pension Plan on or before March 31, 2013.

22.4 Retirement Bonus

Employees who have completed 10 years or more of continuous employment shall be given, upon retirement, a cash bonus equal to one month's pay. The retirement bonus may be paid in cash or by transfer to an employee's Registered Retirement Savings Plan (RRSP) , at the employee's option.

22.5 Pension Committee

The parties agree to establish a committee to:

- provide a forum for the discussion of Society issues and concerns related to the operations of the pension administration unit;
- provide a forum for the discussion of contractual obligations (e.g. the introduction of new amendments to the plan, discussion of actuarial assumptions used for funding valuations);
- provide the Society with information on pension related issues that may be of assistance in educating their members;
- provide a forum to review valuations filed with FSCO or valuations to be used to trigger increased employee contributions and annual pension plan financial statements that have been approved by Hydro One.

In order to fulfill its purpose, the committee members and resource persons will have access to reasonable pension plan and pension fund information, subject to the understanding that certain confidential information will not be available, and any confidential information that is supplied will be maintained in strict confidence by the committee/resource persons.

The Committee will be comprised of two Society representatives and two Employer representatives. Each party shall have the right to have a reasonable number of resource persons attend the meeting. The Committee shall meet twice per year.

22.6 Society members of the Hydro One Pension Plan, whose pension income as a pensioner will exceed the limits prescribed by the Income Tax Act (ITA) for pension paid from a registered pension plan, are eligible for the Supplementary Payment Schedule (SPS). The SPS tops up the amount one receives from the Hydro One Pension Plan to the amount one would receive if there were no ITA limits.

22.7 Hydro One shall exercise reasonable efforts to establish reciprocal transfer agreements with its successor companies or companies with whom it forms partnerships or joint ventures.

22.8 ***Employee Contributions***

a) ***Employee pension plan contributions shall be increased as follows:***

- ***By 0.75% of base earnings effective April 1, 2013***
- ***By 1.00% of base earnings effective April 1, 2014***
- ***By 0.75% of base earning effective April 1, 2015***

b) Plan Formula

(This ***Sub-section*** does not apply to regular employees hired on or after November 17, 2005***).***

Effective January 1, 2004, the CPP integration adjustment factor shall be reduced from .625% to .500%. Employees' contributions shall increase by .5% if and when the assets fall below 106% of the liabilities based upon a solvency valuation and shall continue until the assets are at or above 106% based upon a solvency valuation, and shall thereafter be in place or not based upon whether the assets are below, or at or above, 106% of the liabilities based upon a solvency valuation.

Clarity Note #1:

Hydro One may trigger the provision for increasing employee contributions as described above ("provision") by filing a valuation with the Financial Services Commission of Ontario (FSCO). Where it does so, it is not required to exceed the frequency of filing required by law. Hydro One is not obligated to trigger the provision by a FSCO filing only, and, instead, may do so by an internal valuation. Where Hydro One elects to proceed by an internal valuation, it must do so annually and must share any valuation with the Society for comment if it is relying upon the valuation to cause employee contributions to change. If the Society believes the valuation to be in material error and Hydro One disagrees, the Society may cause a review of the valuation by an independent actuary whose opinion on that complaint shall be final and binding. The independent actuary mutually selected by the parties, or if in disagreement, appointed by a rights arbitrator under the collective agreement, may conduct his/her review in any manner he/she considers appropriate of his/her sole discretion. Hydro One shall pay the actuary's fees and disbursements. However, if the independent actuary concludes, in his/her sole discretion, that the Society's objections were unreasonable, the actuary may direct the Society to reimburse Hydro One for all or a portion of the fees and disbursements invoiced by the actuary.

Clarity Note #2:

The change in the CPP integration factor will apply to all of the established service of a Society-represented member who retires after the effective date provided that some portion of such Society-represented established service occurred after the effective date of the change in the CPP integration factor.

22.9 Pension Plan Provisions for Regular Employees hired on or after November 17, 2005

The following provisions apply to regular employees hired on or after November 17, 2005:

Benefit	Provision
Benefit Formula	2% per year to maximum of 35 years
Final Average Earnings	Highest 60 consecutive months
Bridge Benefit	None
Integrated with CPP	Yes (CPP integration adjustment factor = 0.625%)
Indexing	75% of Ontario CPI (maximum of 5%, no carryover)
Normal Retirement	Age 65
Early Unreduced Retirement	Rule of 85, based on Established Service.
Early Reduced Retirement	Age 55
Survivor Benefit	66.67%
Membership Eligibility	1st of month following 3 months of continuous service. No buy back of these three months.
Vesting	1 year
Post Retirement Benefit Eligibility	2 years of pension plan membership and 10 years continuous service with Hydro One

Regular employees hired on or after November 17, 2005 may opt not to enrol in the pension plan. They may elect an additional 3.5% of base earnings in lieu of pension plan participation.

All provisions of the Pension Plan and this Article apply to regular employees hired on or after November 17, 2005 except Section 22.8 (“Plan Formula”) and as otherwise specified in this Section.

The Employer will ensure affected employees are notified of their election options, including the default selection and the fact that the default option does not afford the employee the option to buy-back service. The Employer will copy the employee’s Society ***representative*** on this notice.

PART VIII - SALARY

23 SALARY SCHEDULES

23.1 Salary rates shall be in accordance with Salary Schedules 01, 02 and 03 that are part of this Agreement.

23.2 The salary schedules shall be increased ***by 2.0% effective April 1, 2013, by 2.25% effective April 1, 2014 and by 2.25% effective April 1, 2015.***

24 ESCALATOR CLAUSE

24.1 In the event that Hydro One and the Society negotiate a Collective Agreement for a term of more than one year, a Cost of Living Adjustment (COLA) escalator clause shall become part of such an Agreement and shall be applicable to all employees covered by that Agreement.

24.2 For the term of this Collective Agreement the escalator clause will only be applicable in the third ***year*** (i.e. April 1, 201***5*** – March 31, 201***6***) of the contract. A year in which the escalator clause operates shall be termed an "applicable year". The escalator clause is designed to generate a maximum of one wage increase at the end of each applicable year (i.e. March 31, 201***6***) to a maximum of 2.0% (per applicable year).

In ***the*** applicable year the following formula shall apply:

(a) Activation Point

For the third year:

A ***2.25*** % increase in the CPI for Ontario (All Items - 1992 = 100) over that published in March 201***5*** (i.e., the index for February 201***5***) will activate the Escalator Clause.

(b) For a full one percent increase in the CPI beyond the activation point in an applicable year, all Wage and Salary Schedules will be adjusted at the end of the applicable year by an amount which increases rates in effect at that time by one percent. Concurrent with this increase, a new activation point will be established at a level one percent above the previous activation point.

(c) Any adjustment in the Wage and Salary Schedules necessitated by a change in the CPI, shall be effective at the end of the applicable year. A lump sum payment for months one percent above the activation point will be made retroactive to the first payroll period of the fiscal month following the publication of the CPI which activated the payment. The payment will be made in the form of a lump sum effective on March 31st of the applicable year.

All Escalator Clause increases will be applied in accordance with the current Methods of calculating.

25

HYDRO ONE

01
13

SALARY SCHEDULE 01
35 – HOUR SCHEDULE

Dollars Per Week

Step	MP2	MP3	MP4	MP5	MP6
1	1343	1432	1527	1628	1735
2	1439	1535	1636	1745	1859
3	1534	1637	1745	1861	1983
4	1611	1719	1832	1954	2082
5	1688	1800	1919	2047	2182
6	1745	1862	1985	2117	2256
7	1803	1923	2050	2186	2330
8	1860	1985	2116	2256	2405
9	1918	2046	2181	2326	2479

HYDRO ONE

SALARY SCHEDULE 02

37.5 – HOUR SCHEDULE

02
13

Dollars Per Week

Step	FMP09	FMP10	FMP11	FMP12	FMP13	FMP14	FMP15	FMP16
1	1187	1266	1349	1439	1534	1635	1744	1859
2	1271	1356	1445	1541	1644	1752	1869	1992
3	1356	1446	1542	1644	1754	1869	1994	2125
4	1424	1519	1619	1726	1841	1962	2093	2231
5	1492	1591	1696	1808	1929	2056	2193	2337
6	1542	1645	1754	1870	1995	2126	2268	2417
7	1593	1700	1811	1932	2060	2196	2342	2497
8	1644	1754	1869	1993	2126	2266	2417	2576
9	1695	1808	1927	2055	2192	2336	2492	2656

HYDRO ONE

SALARY SCHEDULE 03

40 – HOUR SCHEDULE

03
13

Dollars Per Week

Step	TMS01	TMS02	TMS03	TMS04	TMS05
1	1181	1259	1343	1432	1527
2	1265	1349	1439	1535	1636
3	1350	1438	1534	1637	1745
4	1417	1510	1611	1719	1832
5	1485	1582	1688	1800	1919
6	1535	1636	1745	1862	1985
7	1586	1690	1803	1923	2050
8	1636	1744	1860	1985	2116
9	1687	1798	1918	2046	2181

HYDRO ONE

SALARY SCHEDULE 01

35 – HOUR SCHEDULE

01
14

Dollars Per Week

Step	MP2	MP3	MP4	MP5	MP6
1	1373	1464	1561	1665	1775
2	1471	1569	1673	1784	1901
3	1569	1674	1784	1902	2028
4	1647	1757	1873	1998	2129
5	1726	1841	1962	2093	2231
6	1785	1904	2029	2164	2307
7	1843	1966	2096	2235	2383
8	1902	2029	2163	2307	2459
9	1961	2092	2230	2378	2535

HYDRO ONE

SALARY SCHEDULE 02

37.5 – HOUR SCHEDULE

02
14

Dollars Per Week

Step	FMP09	FMP10	FMP11	FMP12	FMP13	FMP14	FMP15	FMP16
1	1213	1294	1379	1471	1569	1672	1784	1901
2	1300	1387	1478	1576	1681	1792	1911	2037
3	1386	1479	1576	1681	1793	1911	2038	2173
4	1456	1553	1655	1765	1882	2007	2140	2281
5	1525	1627	1734	1849	1972	2102	2242	2390
6	1577	1683	1793	1912	2039	2174	2319	2472
7	1629	1738	1852	1975	2107	2246	2395	2553
8	1681	1794	1911	2038	2174	2317	2472	2635
9	1733	1849	1970	2101	2241	2389	2548	2716

HYDRO ONE

SALARY SCHEDULE 03

40 – HOUR SCHEDULE

03
14

Dollars Per Week

Step	TMS01	TMS02	TMS03	TMS04	TMS05
1	1208	1287	1373	1464	1561
2	1294	1379	1471	1569	1673
3	1380	1470	1569	1674	1784
4	1449	1544	1647	1757	1873
5	1518	1617	1726	1841	1962
6	1570	1673	1785	1904	2029
7	1622	1728	1843	1966	2096
8	1673	1783	1902	2029	2163
9	1725	1838	1961	2092	2230

HYDRO ONE

SALARY SCHEDULE 01

35 – HOUR SCHEDULE

01
15

Dollars Per Week

Step	MP2	MP3	MP4	MP5	MP6
1	1404	1497	1596	1702	1814
2	1504	1604	1710	1824	1944
3	1604	1711	1824	1946	2074
4	1684	1797	1915	2043	2177
5	1764	1882	2006	2140	2281
6	1825	1946	2075	2213	2359
7	1885	2011	2143	2286	2436
8	1945	2075	2212	2359	2514
9	2005	2139	2280	2432	2592

HYDRO ONE

SALARY SCHEDULE 02

37.5 – HOUR SCHEDULE

02
15

Dollars Per Week

Step	FMP09	FMP10	FMP11	FMP12	FMP13	FMP14	FMP15	FMP16
1	1240	1324	1410	1504	1604	1710	1824	1944
2	1329	1418	1511	1611	1718	1832	1954	2083
3	1418	1513	1611	1718	1833	1954	2084	2222
4	1488	1588	1692	1804	1924	2052	2188	2333
5	1559	1664	1772	1890	2016	2150	2292	2444
6	1613	1721	1833	1955	2085	2223	2371	2527
7	1666	1778	1893	2019	2154	2296	2449	2610
8	1719	1834	1954	2084	2222	2370	2527	2694
9	1772	1891	2014	2148	2291	2443	2605	2777

HYDRO ONE

SALARY SCHEDULE 03

40 – HOUR SCHEDULE

03
15

Dollars Per Week

Step	TMS01	TMS02	TMS03	TMS04	TMS05
1	1235	1315	1404	1497	1596
2	1323	1409	1504	1604	1710
3	1411	1503	1604	1711	1824
4	1482	1578	1684	1797	1915
5	1552	1654	1764	1882	2006
6	1605	1710	1825	1946	2075
7	1658	1766	1885	2011	2143
8	1711	1823	1945	2075	2212
9	1764	1879	2005	2139	2280

PAY TREATMENT OF PROFESSIONAL TRAINEES

25.1 **Pay Treatment**

Professional Trainees ("trainees") will be paid at Step 1 or 2 of the MP2 salary schedule. Trainees will be defined as follows:

a) all "new graduates" i.e. employees hired for Management and Professional (M&P) or Field Management and Professional (FM&P) work, when they have less than the following applicable experience requirements after Bachelor graduation:

Job Level	Applicable Experience Requirements
MP2	2 years
MP3 and over	2.5 years

or;

b) employees who are appointed to entry M&P or FM&P positions from non-M&P/FM&P salary schedules where such employees are not fully qualified or do not meet the minimum experience requirements for the position.

25.2 Individuals with advanced degrees or some applicable experience may be given an appropriate time credit when they are placed on Salary Schedule 01.

25.3 Progression of trainees from step-to-step on Salary Schedule 01 will be dependent on satisfactory performance.

25.4 A trainee's progression may be withheld due to unsatisfactory performance. In such cases the employee's performance will be reviewed at the next progression date and, if performance has been satisfactory, the employee will progress to the next level. If progression must be withheld due to unsatisfactory performance for two consecutive progression periods, there may be cause for termination. If the employee's performance is satisfactory for one year following the withholding of a progression step the employee will be awarded a two-step increase, thus restoring his/her original progression pattern.

An absence greater than one month due to illness, pregnancy, parental leave, etc. may result in an extension of a step in the progression process. The original progression dates may be reinstated if satisfactory progress can be shown to have been made during an extension period.

25.5 Management will appoint trainees who have not yet been appointed to an ongoing M&P/FM&P position to an ongoing MP2 position upon successful completion of Step 2**,** except during the operation of Article 64 or when there are surplus employees.

25.6 Vacation provisions that apply to M&P staff on Schedule 01 will also apply to trainees.

25.7 Articles contained in Part X***I*** (Relocation Assistance) will apply to trainees when they are appointed to an ongoing M&P or FM&P job.

25.8 Eligibility for other benefits and allowances which apply to regular staff will be granted to ***regular and probationary*** trainees.

25.9 Shift compensation reference point rate for trainees will be step 3 of MP2.

25.10 Student employees will be paid at Steps 1 or 2 of the MP2 salary range.

25.11 Management may utilize Steps 1 and 2 for all employees covered by the collective agreement and not just for Professional Trainees.

26 PAYMENT OF FM&P EMPLOYEES

Employees in jobs rated under the Field Management and Professional Job Evaluation Plan will be paid in accordance with Schedule 02. The upper five grades of Schedule 02 will be equivalent to Schedule 01 (e.g. FMP16 = MP6) except prorated to reflect a base work week of 37.5 hours instead of 35 hours.

27 PAYMENT OF MANAGEMENT AND PROFESSIONAL (M&P) EMPLOYEES

Employees in jobs rated under the Plan A Job Evaluation Manual will be paid in accordance with Schedule 01.

28 PAYMENT OF TRADES MANAGEMENT SUPERVISORS (TMS)

Employees in jobs rated under the Trades Management Supervisors' Job Evaluation Manual will be paid in accordance with Schedule 03. Step 9 of TMS3 shall be equivalent to the Step 9 of MP2 (Schedule 1).

29 JOB EVALUATION PLANS

Job evaluation plans that are used to rate Society-represented jobs form part of this Collective Agreement. These plans are:

- Plan A (revised January, 1988), used to classify all M&P jobs;
- Plan A Job Evaluation Manual: - delete the phrase "Once exclusion from CUPE Local 1000 has been confirmed" on page 3; ***Section 10 "Plan A Point Ranges for Salary Grade" (p. 27) – amend to read "MP6 point range 314 and up" and delete note 5***
- Field Management and Professional Job Evaluation Plan (revised July, 1988), used to classify all FM&P jobs;
- Trades Management Supervisors Job Evaluation Manual (April, 1986), used to classify all TMS jobs;
- TMS Job Evaluation Manual - delete criteria "(a) qualify for exclusion from union jurisdiction" on page 2.
- Hay Plan (July, 1990), used to classify all Nursing jobs.

30 TMS AGREEMENTS

Trades Management Supervisors/Trades Supervisors (TMS) shall receive payments calculated as follows:

30.1 Union Relief Rate (currently 17% or 22%, whichever is applicable in each situation) minus the actual pay differential between the TMS step 9 rate and the base rate of the highest trade group supervised, as per occupational definition, plus 3%.

$$JP \left(URR - \frac{(TMS - JP)}{JP} \times 100 + 3\%\right)$$

URR = Union Relief Rate (17% or 22% depending on situation)
JP = Highest Journeyperson Rate Supervised
TMS = Step 9 rate of Relevant TMS Position

An example of the payment would be: if the differential between the Union journeyperson and the TMS = 15%, then the payment would be 17% (appropriate relief rate) minus 15% plus 3% = 5%.

30.2 In addition, where a TMS is supervised by a TMS, the existing salary grade differential will be maintained (6.625% or 13.25%, whichever is applicable in each situation).

30.3 a) These payments will be based on PWU CUPE Local 1000 rates effective April 1 of each year and calculated on an annual basis. In addition, the payments will be prorated in situations where a person is promoted to a TMS position during the year.

b) During the term of the Collective Agreement TMS's whose "base" salary (including any applicable relativity allowance) is less than the equivalent to the applicable URR will receive a "top up" allowance to bring their "base" salary (including any applicable relativity allowance) up to this equivalent level, as a minimum. This "top up" allowance will be treated in accordance with Section 30.4 and will not affect the employee's ***step placement***. Calculations for these payments will be done annually in April 2003 and April 2004**.** The "top up" allowance calculated in April may be revised by subsequent step increases.

30.4 ***For the term of the collective agreement*** these payments will be paid on a weekly basis and treated like base salary with respect to overtime, pension and other wage-sensitive entitlements including any promotion increase. An employee's ***step placement*** will not be affected by this payment.

30.4.1 When a TMS position is temporarily given a higher TMS classification or a TMS relieves for a higher-rated TMS for a minimum of five consecutive days or ten cumulative days annually, and in these situations there is a relief rate rub per Sections 30.1 or 30.2, payments will be recalculated to reflect the rub point in the reclassified/relief position and paid on a pro-rated basis for these periods. Under no circumstances will the TMS's pay (base plus any applicable relativity allowance) decrease.

For the sake of clarity by the addition of the TMS Relativity payment formula to Attachment A, Article 7, it is intended that the amount of money available for any change to this formula will be the same as that provided to the applicable Business Unit under Article 30.1 and 30.2. Flexibility is given to negotiate a redistribution of this money to TMS's within the Business Unit. There is no flexibility to modify the amount of money in the "envelope" or to change other provisions in Article 30 e.g., payments must be treated like base pay. Any Business Unit agreement would be in accordance with Article 7 and also subject to ratification by TMS's in the affected Business Unit. The default would be the formula in Article 30.

31 SALARY PROGRESSION PLAN

31.1 Effective October 1, 2007 the Performance Pay Plan (1978, revised 1987) is eliminated and replaced by a new salary progression plan as described in Section 31.2. For clarity, at the end of 2007 Hydro One will not make the minimum performance payout of 1.0% of base payroll for the performance year 2007.

31.2 A new salary progression plan will be implemented on October 1, 2007 that includes the following features:

a. Three salary schedules will be created, recognizing 35-hour, 37.5-hour and 40-hour work weeks. The 35-hour schedule will replace Schedule 01, the 40-hour schedule will replace schedule 08 and the 37.5-hour schedule will replace schedule 02. Current prorating pay treatment for base hours as per Article 68 remains unchanged with the exception of those covered under LOU #5.

b. The current job evaluation plans will continue to apply.

c. Progression will be on an annual basis.

d. The MP1 salary band will be eliminated and MP2 through MP6 salary bands will remain.

e. Salary ranges for all salary bands shall be equivalent to current 70% - 100%.

f. Progression from 70% to 100% shall be as follows:

i. 70% to 80% in 5% steps

ii. 80% - 88% in 4% steps

iii. 88% to 100% in 3% steps

g. Schedule 04 is eliminated as it is incorporated into the initial steps of MP2. All new grads will be hired at either 70% or 75% of MP2. Article 25 will be amended and/or obsoleted as required.

h. Employees will automatically progress to the next step on their anniversary date of appointment to their position unless withheld by management (as per Article 19.4).

31.3 The transition to the new salary progression plan will be as follows:

a. Effective October 1, 2007, all current employees will be mapped to the step nearest in the applicable salary band that is not less than their current pay.

b. All employees paid above the rate for the highest step in their salary band will be “green circled” i.e. will continue to be eligible to receive economic increases.

c. October 1 will become the “anniversary date” for employees except as follows:

i. For employees who are appointed to a different position or persons hired into Society-represented positions subsequent to the implementation date, their anniversary date will become the date of appointment to this new position.

32 PROMOTION-IN-PLACE PLANS

32.1 Definition

A "promotion-in-place plan" (PIP) means a developmental plan involving a hierarchy of related jobs, in which employees who meet defined criteria will be promoted without advertising, and where it is the normal expectation that employees will reach the end position.

32.2 Principles

32.2.1 The Society should be involved in the development and periodic review of PIPs.

32.2.2 Either the Society or Management may initiate discussions on PIP proposals.

32.3 Conditions

32.3.1 All new and revised PIPs must have the joint agreement of the parties. During the term of the Collective Agreement, a catalogue of existing PIPs will be developed and the parties will determine the schedule for their review upon request by either party.

32.3.2 Salary treatment upon promotion within PIP will be in accordance with Section 66.2.

32.3.3 Employment continuity treatment of employees with respect to PIPs will be in accordance with Clause 64.10.2.1.

32.3.4 Vacancies for PIP jobs will be advertised in accordance with Clause 65.6.1 (e).

32.3.5 All jobs in a PIP must be evaluated under the applicable job evaluation plan.

32.4 Standard Features

All PIPs must have the following features:

- based on a developmental plan to an end position;
- based on the expectation that normally employees in PIP jobs will reach the end position;
- a sunset clause;
- joint Society-Management agreement on promotion criteria consistent with the PIP;
- promotion within PIP based upon the employee meeting defined criteria (e.g., performance measures, experience, breadth of assignments). If an employee has

met all of the criteria for a promotion, and the only item preventing the promotion is the individual's performance standing, then the promotion should be implemented;

- targeted to have sufficient staff in the higher level positions for unit viability;
- specification of the normal expected time period an employee should take to progress through the various stages of the PIP;
- provision for employees to have a reasonable opportunity to fulfill requirements to qualify for progression within the normal expected time frame.

33 TEMPORARY EMPLOYEES

Intent: Temporary employees are employees hired for short-term work assignments which are not ongoing and/or where there are no available qualified regular employees to perform the work. The impact on employment continuity should be an important consideration in the decision to hire temporary employees.

33.1 Society Notification

Hydro One will discuss the circumstances with the local Society representative prior to hiring a temporary employee. The Society will be informed of the job skill needs, the salary classification for the position, the expected job duties, and the duration of the assignment.

Assignment extension beyond 12 months is conditional on the employer's compliance with its prior consultation as described above. If the employer has not complied with this obligation, the employee will be terminated at 12 months. At 24 months, Hydro One will either terminate the employee, advertise the position if there is an ongoing staff requirement, or obtain the agreement of the Society for a further extension. If the position is advertised, and the temporary employee is not selected for the vacancy, the employee will be terminated.

Temporary employees will have their applications for vacancies considered in accordance with Clause 65.6.3.g ***with the following exception: the employer may, at its sole discretion, refuse to process and consider an application for a vacancy from a temporary employee up to but not including the last six months of the employee's temporary assignment. This discretion is not subject to the grievance-arbitration procedure. (Selection priority g becomes h effective April 1, 2014).***

Notwithstanding the above, Hydro One may utilize a temporary employee for up to 36 months with the approval of the appropriate Society ***representative***.

33.2 Temporary Employees with Less than 12 Months' Service

33.2.1 Compensation and Benefits Treatment

i) Vacations: payment of the prorated amount of 15 days adjusted earnings or 4%, whichever is greater.

ii) Statutory Holidays:

Temporary employees with less than three months' accumulated service shall be paid for those statutory holidays covered under the Employment Standards Act ("ESA'). For clarity, the public holidays covered by the ESA are: New Year's Day, Family Day, Good Friday, Victoria Day, Canada Day, Labour Day, Thanksgiving Day, Christmas Day and Boxing Day. Payment for such statutory holidays will be the amount stipulated by the ESA (i.e. the total amount of regular wages earned and vacation pay payable to the employee in the four pay periods before the pay period in which the public holiday occurred, divided by 20; or if the employee works on the public holiday, the premium rate or a substitute day off will be provided as described in the ESA). In order to be entitled to public holiday pay, these employees must also meet the qualifying conditions of the ESA, namely the "Last and First Rule." As Easter Monday and the Civic Holiday are not ESA public holidays, they will not be paid as such. If the employee does not work, the day will be considered a day off without pay. If the employee does work, premium rates will not apply.

Temporary employees with more than 3 months' accumulated service shall be entitled to pay for all statutory holidays provided for under Article 41 of the Collective Agreement.

iii) Floating Holidays: three floating holidays after 20 weeks' continuous service.

iv) Sick Leave: credits for one-half day at 100% pay for each month of accumulated service.

v) Semi-Private and EHB Plan: optional at employee's cost.

vi) Remembrance Day; Personal Time Off; Parental Leave (excluding the SUB Plan); Jury Duty; Special Time Off at Christmas: same as regular employees.

vii) Kilometre Rates: same as regular employees.

viii) Personal Travel and Accident Benefits: same as regular employees.

33.2.2 Termination

When a temporary employee with less than 12 months' service is terminated for other than cause, he/she will receive at least two weeks' notice in writing.

33.3 Temporary Employees with More than 12 Months' Service

Temporary employees with more than 12 months' service are entitled to sick leave credits equal to eight days at 100% and 15 days at 75% per annum, performance appraisals and consideration for step progression and severance pay equal to two weeks' base salary

per continuous year of service. All items in Section 33.2 above, except for 33.2.1 (iv), will also apply to these employees.

33.4 Temporary Employees Working Reduced Hours

Temporary employees who work reduced hours will have the items listed in Sections 33.2.1 and 33.2.2 prorated in accordance with the provisions outlined in Article 71 (Reduced Hours of Work).

33.5 Temporary Employees and Purchased Services

33.5.1 Management shall give serious consideration and where possible (e.g., cost effective and timely) give preference to the option of using temporary employees rather than using purchased services.

33.5.2 Where management deems it appropriate, Hydro One may pay temporary employees at rates higher than Society-represented salary schedules.

PART IX - ABSENCE FROM WORK

34 PAID/UNPAID TIME OFF

Intent: It is recognized that from time to time, an employee will be faced with situations that may require him/her to be absent from his/her work. Such time will be either with or without pay, or a combination of both, and will be granted where there is an entitlement under this Agreement, a clear legal or statutory requirement, or where, in the supervisor's judgment, such time off is warranted by specific circumstances. It is further recognized that it is the employee's responsibility to balance his/her need for a leave of absence with the work requirements of his/her unit.

Where the granting of the absence is discretionary, considerations would include: factors beyond an employee's control that prevent him/her from attending work; severity or nature of circumstance; workload of the unit.

The exact amount of time off is at the discretion of Management; however, the entitlements of employees in specific circumstances include those described below.

34.1 Jury Duty/Required Attendance at Court

For the duration of the Jury Duty, or required attendance at an Inquest or court (subpoenaed witness), the employee's normal base earnings and benefits will be maintained. The employee is responsible for informing his/her supervisor as to the probable duration of the jury duty.

34.2 Funeral Leave

a) Provincially Regulated Employees

In the event of the death of a family member, including parent, parent-in-law, brother, brother-in-law, sister, sister-in-law, husband, wife, son, son-in-law, daughter, daughter-in-law, grandparents, grandparents-in-law, and grandchildren, an employee may be granted leave of absence with pay. The supervisor will take into consideration the relationship of the deceased, the distance that the employee has to travel, and the need for the employee to attend to arrangements when deciding how much time is to be granted. Usually a period of up to three days is an adequate amount of time. In the event of the death of a fellow employee, time off with pay may be granted to attend the funeral.

b) Federally Regulated Employees

i) An employee will be granted leave of absence on any of his/her normal working days during the three days immediately following the death of a member of his/her “immediate” family. Base earnings will be maintained for employees who have completed at least 3 consecutive months of continuous service.

“Immediate” family shall be as defined in the Canada Labour Code: spouse, including common-law; father and mother of employee; spouse of father and mother, including common-law; children; brothers and sisters; father-in-law; mother-in-law; spouse of father-in-law and of mother-in-law, including

common law and relative of employee who resides permanently in the employee's household or with whom the employee resides.

ii) An employee may be granted leave of absence with pay of up to 3 days in the event of the death of the following family members: brother-in-law, sister-in-law, son-in-law, daughter-in-law, grandparents, grandparents-in-law, and grandchildren.

iii) In the event of the death of a fellow employee, time off with pay may be granted to attend the funeral.

34.3 Medical and Dental Appointments

An employee may attend a medical consultation, receive dental treatment or be absent because of sickness for less than one-half day without reduction of sick leave credits and/or pay.

34.4 Family Care

An employee is entitled to take time off for family care. Normally, up to five (5) days a year may be taken for this purpose. By mutual agreement with his/her supervisor, the employee may pay for this time by using his/her banked overtime, by working back the time over a reasonable period of time, or by taking the time off without pay.

34.5 Reserve Forces

Regular employees who are members of Reserve Forces of the Canadian Armed Forces may be granted leave of absence to attend annual training (normally two weeks in duration). If such leave is granted, Hydro One will maintain the employee's health and dental benefits and will pay the employee the difference between the gross amount of pay received from the Armed Forces and his/her normal base earnings for this period.

34.6 World Class Sport Events

Employees may be granted leave to participate in world class sports events as athletes or coaches or as officials and administrators. If such leave is granted, for each day of vacation that the employee uses for participation in such an event, Hydro One will provide two days leave of absence with pay up to a maximum of two weeks.

34.7 Remembrance Day

Employees who can verify that they have served in the Canadian Armed Forces, and those in the Reserve components of the Canadian Armed Forces, who have served in a foreign country, will be eligible for time off with pay or payment if required to work on Remembrance Day.

35 SHORT-TERM ABSENCES

Payment for short-term absences (e.g., vacation, sick leave) will be based on the normal rate paid for scheduled job hours, except as stated elsewhere in this Agreement.

36 EDUCATION LEAVE

36.1 Definitions

"Educational Leave" shall mean an approved absence from work during which an employee engages in planned learning activities that provide him/her with skills that are expected to result in benefits to Hydro One.

"Reimbursable Costs" shall mean expenses incurred by the employee in the course of engaging in the planned learning activity and include registration, tuition and examination fees as well as textbooks/discs and applicable taxes. They may also include reasonable, incremental meal, accommodation and travel expenses.

"Financial assistance" shall mean an employee's base salary, health and dental benefits and reimbursable costs.

36.2 Approvals

Hydro One will grant an employee's application for an educational leave where Hydro One determines that the leave will benefit the business and the employee's absence may be accommodated without adversely impacting the viability of his/her work unit.

36.3 Terms and Conditions During Leave

36.3.1 The duration of educational leaves will normally be for a period of up to one academic year.

36.3.2 If management determines that the needs of the business would best be served by an employee taking an educational leave, then Hydro One will maintain the employee's full salary, health and dental benefits and reimburse his/her costs.

36.3.3 For other educational leaves, management will reasonably determine the level of financial assistance that the company will provide to the employee during the leave based on the expected resulting benefit to the business.

36.3.4 Where management continues to pay all or a portion of an employee's base salary during an educational leave, it shall also maintain health and dental benefit coverage for the employee for this period.

36.3.5 Where Hydro One requires an employee to take an educational leave, the company will pay the employee's full salary, health and dental benefits and reimbursable costs, including all reasonable incremental expenses (e.g., travel, accommodation, meals).

36.3.6 Where Hydro One requires an employee on leave to return to work prior to the expiry of the approved leave, the company will assume all expenses incurred as a result of this action.

36.3.7 As a condition of granting a leave application by an employee, Hydro One may require a participating employee to sign a written commitment to return to Hydro One following the expiry of the leave for a period not to exceed four times the duration of the leave times the percentage of base salary paid by Hydro One

during the leave. Where Hydro One requires an employee to take an educational leave, there will be no period of stipulated continued employment.

36.4 Treatment of Employee on Return from Leave

36.4.1 Upon completion of the leave, where the employee's pre-leave position continues to exist and has not been filled or has been filled temporarily, the employee shall return to that position.

36.4.2 Upon completion of the leave, if the employee's pre-leave position no longer exists or has been filled by an ongoing appointment, the employee will be placed in a position at the same salary grade and same location as the pre-leave position.

36.4.3 In the event Article 64 is triggered during or upon completion of the leave, the employee will be redeployed in accordance with that Article.

36.4.4 Upon completion of an educational leave without pay, an employee shall have the right to contribute to the pension plan the amount that would have been contributed if he/she had remained on payroll at full base earnings during the leave and if such contribution is made the period of time on leave shall be included in calculating his/her continuous employment or established service.

37 SELF FUNDED SABBATICALS

37.1 Definition

"Self-funded sabbaticals" means an approved arrangement where an employee works regularly scheduled hours while receiving eighty percent (80%) of his/her base salary for each of four years. In the fifth year, the employee is granted a leave of absence for one year, funded by the accumulated deferred pay.

37.2 Approvals

Hydro One will approve an employee's application for a self-funded sabbatical where it determines that this arrangement will benefit the business and can be accommodated without adversely impacting the viability of his/her work unit.

37.3 Terms and Conditions of Self-funded Sabbaticals

37.3.1 The salary holdback (i.e., twenty percent for four years) will be kept in a special account and interest will be paid annually at an appropriate rate fixed by Hydro One.

37.3.2 During the leave of absence (i.e., the fifth year):

- The employee may not be declared surplus.
- The employee is responsible for his/her health and dental benefits and shall be given option of continuing coverage under the Hydro One plan through pre-payment.
- The employee's entitlement to group life, living benefit and spousal life insurance benefits shall continue pursuant to Article 2***1***.

- Hydro One shall pay the sum accumulated in the trust to the participating employee in a lump sum or in regular instalments.

37.3.3 As a condition of approving a self-funded sabbatical arrangement, Hydro One may require the participating employee to sign a written commitment to return to Hydro One following the expiry of the leave for a period not to exceed the length of the leave (i.e., maximum one year).

37.4 Treatment of Employee Upon Return from Leave

37.4.1 Upon completion of the leave the employee shall have the right to contribute to the pension plan the amount that would have been contributed if he/she had remained on payroll at full (i.e., 100%) base earnings during the leave and if such contribution is made the period of time on leave shall be included in calculating his/her continuous employment or established service, as the case may be.

37.4.2 Upon completion of the leave, where the employee's pre-leave position continues to exist and has not been filled or has been filled temporarily, the employee shall return to that position.

37.4.3 Upon completion of the leave, if the employee's pre-leave position no longer exists or has been filled by an ongoing appointment, the employee will be placed in a position at the same salary grade and same location as the pre-leave position.

37.4.4 In the event Article 64 is triggered during or upon completion of the leave, subject to the other provisions in this Article, the participating employee will be redeployed in accordance with that Article***.***

38 EMPLOYEES HIRED AS SOCIETY STAFF

At the request of the Society, a leave of absence may be granted to an employee who is offered a Society staff position. During this period the Society will assume:

- Cost of salary;
- Hydro One's cost of contributions to the Pension Plan, the Group Life Insurance Plan and the LTD Plan.
- The responsibility and cost of providing Health, Dental and Sick Leave Insurance/coverage;
- The responsibility for any other employee contributions related to employee wages and benefits provided by the Society.
- At the end of the leave of absence, Hydro One is obligated to relocate the employee within Hydro One at a salary classification as close as possible to the position held at the time the leave of absence was granted. An employee on leave will be neither advantaged nor disadvantaged in a surplus situation.

39 RELEASE OF SOCIETY REPRESENTATIVES

39.1 Intent

Hydro One will grant elected Society representatives reasonable paid time off from normal duties for purposes of involvement in joint processes and business related to Society/Management relations under this Agreement.

Hydro One recognizes and appreciates the dual responsibility employees elected to hold Society office have to their job and to Society members. Society representatives and their supervisors (those excluded from the Society) are encouraged to pursue a mutually acceptable and cooperative approach to managing the requirement for absences as a result of this dual role. Management recognizes that the need for time off from normal duties will vary with the position that the employee holds within the Society. The higher up in the Society the more will be the demands for time off.

39.2 Specific Circumstances

39.2.1 Absence from work due to the Society representative's involvement in joint processes, tripartite processes or with respect to other business related to Society/Management relations under this Agreement, should not negatively impact on his/her performance appraisal.

39.2.2 In the expectation that the joint problem solving approach based on the principles outlined in the former Article 1.2 will be mutually beneficial to the relationship between Hydro One and the Society, Management agrees to continue its practice of maintaining base salaries for Society representatives involved in all joint processes up to but not including arbitration unless required by Management to attend.

39.2.3 Society Delegates and members of the Board of Directors will be permitted two (2) days per year at their normal base rates to attend Delegates' Council meetings. Members of the Board of Directors will be permitted up to 12 additional days per calendar year at their normal base rates, to attend Society Board meetings.

39.2.4 Hydro One will release elected Society representatives from their normal duties without pay for other Society business. The Society will give Management reasonable notice of such releases, and Management will normally release such representatives. From time to time there may be unexpected events that prevent such a release, but such situations will be the exception.

39.2.5 Hydro One shall contribute towards the salaries of the Society Executive who are employees of Hydro One. The Society Executive for this purpose shall include the President, EVP/VP. Members of the Society Executive shall remain on the payroll of Hydro One, and Hydro One shall bill the Society for the cost of salary and benefits of such persons except for an amount equal to the salary of 0.5 FTE (@ Step 9 MP6). It is understood that the salary paid to the members of the Society Executive, who are employees of Hydro One, shall be the salary specified in writing by the Society.

39.3 Treatment During Release and on Return to Work

When an employee is released from his/her regular position to serve as a Society representative he/she will retain his/her pre-release position subject to the applicable provisions of the Collective Agreement. On return to work, the employee is entitled to such reasonable training or re-skilling required to return to normal duties as is feasible.

40 VACATIONS

40.1 Vacation Entitlement

The combination of Vacation Commencement (VCD) plus External Experience Value (EEV) determines service for vacation entitlement for the purpose of this Article.

40.2 Less Than One Year of Service by June 30

One and one-half (1-1/2) days' vacation for each full month of service completed between June 30 of the previous year and July 1 of the current year to a maximum of three (3) weeks (15 working days).

40.3 One to Seven Years of Service

Fifteen (15) working days (three weeks) annually when an employee has completed from one (1) to seven (7) years of service by the end of the calendar year.

40.4 From Eight to Fifteen Years of Service

Twenty (20) working days (four weeks) annually when an employee has completed from eight (8) to fifteen (15) years of service by the end of the calendar year.

40.5 For Sixteen to Twenty-Four Years of Service

Twenty-five (25) working days (five weeks) annually when an employee has completed sixteen (16) years to twenty-four (24) years of service by the end of the calendar year.

40.6 For Twenty-Five or More Years of Service

Thirty (30) working days (six weeks) annually in the calendar year in which an employee completes twenty-five (25) years of service and in each succeeding year.

40.7 External Experience Credit

(Applicable to 4, 5, and 6 Weeks' Vacation Entitlement)

40.7.1 Appointments to Positions Paid from Salary Schedules 01, 02, 03,

Employees who were or are hired directly into, or within one year of their ECD were or are appointed to a Society-represented position and paid from Salary Schedules 01, 02, 03, 05, 06, 07, 08, 09, 13, will receive the following vacation credits for external experience, applicable to four, five, and six weeks' vacation entitlement. Credits are based upon the highest salary grade attained within one year of hiring and are translated into an External Experience Value (EEV).

The effective date of External Experience Credit entitlements will be as follows:

Salary Schedules 01, 02 April 1, 1956
Salary Schedules 03, January 1, 1992

Salary Grade Hired Into	Vacation Credit
MP1/FMP11/TMS1-2/TS1-6/ OSS1-8/SCT3[5]	1 year
MP2/MF22/FMP12/TMS3/ TS7-8/OSS9/SCO1[6]	2 years
MP3/MF23/FMP13/TMS4/SEI1/ TS9-10/OSS1O/SCO2	3 years
MP4/FMP14/TMS5/SEI2/OSS11/ SCO3	4 years
MP5/FMP15/OSS12/SCO4	5 years
MP6/FMP16/HO1	6 years

40.7.2 Appointments to Positions Covered by Article 25

An employee hired on or after December 31, 1981 to a position covered by Article 25 will receive one year's vacation credit[3].

40.8 Vacation Credit for Prior Service

Employees will be entitled to vacation credits for all prior service with Hydro One, including casual employment, regardless of breaks in service (see Section 9.3 Transition Provisions).

40.9 Vacation Without Pay

Up to one week off without pay may be taken by employees for vacation purposes.

40.10 Use of Vacation Credits of Succeeding Year at Christmas

For purposes of taking time off at Christmas (December 15 to December 31) employees will be permitted to utilize earned vacation credits for the succeeding year.

40.11 Banked Vacation

Effective January 1, 1993, upon eligibility for 25 working days (five weeks) of annual vacation, employees may defer and accumulate any vacation entitlement beyond 15 days per year. A maximum of 30 weeks' vacation may be banked. Banked vacation may be taken at a later date, subject to the supervisor's approval, or may be taken as a cash payment upon retirement.

40.12 Vacation Bonus

Employees shall receive one day's base pay (or adjusted earnings) for each year of service beyond twenty-five (25) years, to a maximum of ten (10) days' pay. ***On retirement or termination, vacation bonus payout will be prorated based on the employee's VCD.***

[5] Relevant work experience of one year or more is required to receive this credit.
[6] Relevant work experience of two years or more is required to receive this credit.

40.13 Vacation Entitlement on Retirement/Termination

40.13.1 Retirement

A retiring employee may take part/all of earned vacation for the year in which he/she retires, plus authorized carryover from previous years and banked vacation, or receive cash payment in lieu, plus any vacation bonus.

40.14 Vacation Pay on Retirement/Termination is as follows:

a) If an employee terminates between July 1, and December 31, he/she receives the following:

i) pay for any unused vacation days earned up to June 30, and not taken during the current calendar year; plus

ii) 4% of accumulated earnings from July 1, to the date of termination, or the appropriate percentage (determined by vacation entitlement) of base earnings from July 1, to the date of termination; whichever is greater.

b) If an employee terminates between January 1, and June 30, he/she receives the following:

i) 4% accumulated earnings from July 1, to date of termination, *or* the appropriate percentage (determined by vacation entitlement) of base earnings from July 1, to the date of termination; whichever is greater; *minus*

ii) vacation taken in the current calendar year.

"Base earnings" in this Section refers to base pensionable earnings for normal scheduled hours of work.

"Accumulated earnings" in this Section refers to base earnings, plus overtime pay, shift allowances, etc.

The appropriate percentages determined by vacation entitlement are as follows:

- 4% of accumulated wages if entitlement is 10 working days or less annually;
- 6% of base earnings or adjusted earnings to date if entitlement is 15 working days annually;
- 8% of base earnings or adjusted earnings to date if entitlement is 20 working days annually;
- 10% of base earnings or adjusted earnings to date if entitlement is 25 working days annually plus any vacation bonus;
- 12% of base earnings or adjusted earnings to date if entitlement is 30 working days annually plus any vacation bonus.

If the reason for termination is the death of an employee, the payment will be made to the estate or beneficiary.

For calculation purposes, the termination date is the employee's last day of work. The employee is removed from payroll on this date.

In cases where the termination is due to causes other than death, the termination date must not be extended to permit use of outstanding vacation credits or lieu days which are paid for in cash on termination.

40.15 Deferment or Interruption of Vacations

40.15.1 Reimbursement will be made for out-of-pocket expenses incurred by an employee who, at the request of Hydro One, either defers an approved vacation or returns before the vacation has expired.

40.15.2 When an employee is called back from vacation or when an employee's vacation is cancelled at the request of Hydro One, the employee shall receive premium rates of pay for all normal hours worked on cancelled vacation days for which seven calendar days' notice has not been given up to a maximum of seven calendar days.

40.15.3 Deferred or interrupted vacation days will be rescheduled at a later date.

40.16 Vacation Carry-Over

Where it is mutually agreeable, the employee may carry-over a maximum of one week's vacation to the following year (to be taken by March 31 of that following year). Request for carry-over must be made prior to September 1.

41 STATUTORY HOLIDAYS AND FLOATING HOLIDAYS

For federally regulated employees, the parties agree that Article 41 meets the requirements of Part III, Division V, General Holidays of the Canada Labour Code and that the Civic Holiday is substituted for November 11 (Remembrance Day).

41.1 The following days are recognized by Hydro One as Statutory Holidays:

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

If a Statutory Holiday falls on a day when an employee is off on sick leave, pay is not charged against sick leave credits for that day. A Statutory Holiday falling within an employee's vacation period is not counted as part of the vacation, but is taken as an extra day of holiday.

Payment for statutory holidays will be on the basis of straight time for the normal hours of work per day.

41.1.1 When Canada Day falls on a Saturday or Sunday, it shall be observed on the following Monday.

41.1.2 When Christmas falls on a Friday and Boxing Day on Saturday, a half holiday will be granted on the preceding Thursday. The days of observance will not be moved.

When Christmas falls on a Saturday and Boxing Day on a Sunday, a half holiday will be granted on the preceding Friday. Christmas will be observed on Saturday. Boxing day will be observed on Monday.

If Christmas Day falls on a Sunday, it shall be observed on Monday and Boxing Day on Tuesday.

When Christmas Day falls on a Tuesday, Boxing Day shall be observed on Monday.

When Christmas falls on a Wednesday and Boxing Day falls on Thursday, the Friday following Boxing Day will be granted as an additional holiday. The days of observance will not be moved.

41.1.3 When New Year's Day falls on a Saturday, an additional holiday shall be granted on either the preceding Friday, or the following Monday. The day of observance will not be moved.

When New Year's day falls on a Sunday, it shall be observed on Monday.

41.1.4 Holiday Shutdown

Hydro One may authorize a shutdown over the Christmas - New Year period. In order to encourage employees to voluntarily take this time off, employees will be allowed to use up earned vacation from the following calendar year in order to cover the shutdown period.

41.2 Floating Holidays

Employees who have completed 20 weeks of continuous service in any calendar year are entitled to three floating holidays. Such days will be taken on dates mutually agreeable to the employee and the supervisor. Floating holidays must be taken in the year they are earned (i.e. there is no carryover for floating holidays).

If an employee terminates after completing 20 weeks of continuous service in a calendar year, Hydro One will make a cash payment in lieu of any unused floating holiday credits.

If an employee terminates prior to the completion of 20 weeks of continuous service in a calendar year, entitlement is as follows:

- An employee not entitled to floating holidays in the previous calendar year is not entitled to floating holidays in the current calendar year. If an employee has been granted a floating holiday(s), Hydro One will recover one day's pay for each floating holiday taken.

- For an employee entitled to floating holidays in the previous calendar year, entitlement will be prorated based on the number of weeks of continuous service in the year of termination. Hydro One will either make a cash payment for any unused floating holiday credit or recover the value of any unearned portion taken.

42 EMPLOYMENT INSURANCE COMMISSION REBATE

The value of any Employment Insurance Commission (EI) rebate shall accrue to Hydro One.

43 PREGNANCY/PARENTAL LEAVE

Definitions

Pregnancy leave means a leave of absence of up to 17 weeks for a pregnant employee who has been employed by Hydro One for at least 13 weeks immediately preceding the expected birth date. Unless provided for in this Article, this leave is without pay.

Parental leave means a leave of absence for an employee who has been employed by Hydro One for at least 13 weeks and who is the parent of a child. This employee is entitled to a leave of absence following the birth of the child, or the coming of the child into the custody, care and control of the parent for the first time. Unless provided for in this Article, this leave is without pay.

For an employee who takes pregnancy leave, the leave of absence is for a period of up to 35 weeks. For an employee who does not take pregnancy leave, the leave of absence is for a period of up to 37 weeks.

43.1 Pregnancy Leave

a) Start Date: Pregnancy leave may begin at any time during the 17 weeks immediately preceding the expected date of delivery.

b) End Date: Pregnancy leave normally ends 17 weeks after the pregnancy leave began.

c) Notice: The employee must give Hydro One as much notice as possible and a certificate from a legally-qualified medical practitioner stating the expected birth date. In no case, however, will the employee provide less than two weeks' written notice of the day the leave is to begin.

d) Reinstatement: At the end of pregnancy leave, the employee will be eligible to return to the position the employee had prior to the leave, if it still exists, or to a comparable position, if it does not.

e) Benefits: Hydro One will continue to pay Hydro One portion of the contributions for Group Dental, Extended Health Benefits, Pension Plan, Life Insurance, and any other type of benefit plan related to the employee's employment as prescribed by the *Employment Standards Act* for provincially regulated employees, and the *Canada Labour Code* for federally regulated employees, for the duration of the pregnancy leave, unless the employee gives Hydro One written notice that the employee does not intend to pay the employee portion of the contributions, if any.

f) Service Credits: Employees on pregnancy leave shall be entitled to normal accumulation of service credits for the duration of the pregnancy leave.

g) A pregnant employee may continue to work during a normal pregnancy until such time as the duties of her position cannot be reasonably performed.

h) An employee on pregnancy leave does not qualify for sick leave.

43.2 Parental Leave

a) Start Date: The parental leave must begin no later than 52 weeks after the day the child is born or comes into the custody, care and control of the parent for the first time for provincially or federally regulated employees.

The parental leave of an employee who takes a pregnancy leave must begin when the pregnancy leave ends unless the child has not yet come into the care and control of the parent for the first time.

b) End Date: Parental leave normally ends 35 weeks after the parental leave began for an employee who also took pregnancy leave or 37 weeks for an employee who did not take pregnancy leave.

c) Notice: The employee must give Hydro One as much notice as possible but in no case will there be less than two weeks' written notice of the date the leave is to begin.

d) Reinstatement: At the end of parental leave, the employee will be eligible to return to the position the employee had prior to the leave, if it still exists, or to a comparable position, if it does not.

e) Benefits: Hydro One will continue to pay the employer portion of the contributions for Group Dental, Extended Health Benefits, Pension Plan, Life Insurance, and any other type of benefit plan related to the employee's employment as prescribed by the Employment Standards Act for provincially regulated employees, and the Canada Labour Code for federally regulated employees, for the duration of the parental leave, unless the employee gives Hydro One written notice that the employee does not intend to pay the employee portion of the contributions, if any.

f) Service Credits: Employees on parental leave shall be entitled to normal accumulation of service credits for the duration of the parental leave.

g) An employee on parental leave does not qualify for sick leave.

43.3 Benefits Under the Supplementary Unemployment Benefit (SUB) Plan

a) In order to be paid a leave benefit in accordance with the SUB Plan, the employee:

i) must provide Hydro One with proof that she/he has applied for, and is eligible to receive unemployment insurance benefits pursuant to the *Employment Insurance Act* (EI); *and,*

ii) must be regular and employed by Hydro One for at least 13 weeks immediately preceding the date of delivery/adoption; *and*,

iii) must (a) be on pregnancy leave, *or* (b) be on parental leave.

b) According to the SUB Plan, payments will consist of the following:

i) for the first two (2) weeks, payments equivalent to ninety-three percent (93%) of the employee's base pay (pregnancy leaves only, not parental leaves); and

ii) when receiving EI benefits, payments equivalent to the difference between the EI benefits and ninety-three percent (93%) of the employee's base pay. See attached chart for duration of this “top up”.

iii) where an employee becomes eligible for an annual increment/salary schedule adjustment during the period of pregnancy/parental leave, payments under 4***3***.3(b)(i), 4***3***.3(b)(ii) and 4***3***.3 (b)(iii) shall be adjusted accordingly.

c) An employee who qualifies under Section 43.3(a) shall sign an agreement with Hydro One providing:

i) that she/he will return to work and remain in Hydro One’s employ for a period of six (6) months from the date of return to work;

ii) that she/he will return to work on the date of the expiry of pregnancy/parental leave, unless this date is modified with Hydro One’s consent or unless the employee is then entitled to a leave extension provided for in this Article;

iii) that should the employee fail to return to work as per the provisions of Subsections 43.3(c)(i) and 43.3(c)(ii), the employee recognizes that she/he is indebted to Hydro One for the amount received under the SUB plan.

PREGNANCY/PARENTAL LEAVES - TIME LINES

P R O V I N C I A L

(Only maximum entitlements available are shown)

Birth Mothers:

Pregnancy Leave

2 wks	15 wks
93%	EI SUB=93%

Plus Parental Leave as outlined below.

All Parents who are Entitled to Parental Leave and EI Benefits in accordance with Employment Standards Act

Parental Leave if EI Eligible

2 week waiting period (if required)*	***3*** weeks	Maximum 32 weeks
Unpaid	EI + SUB = 93%	EI

- Duration of Parental Leave is maximum 35 weeks if the employee has preceded their Parental Leave with Pregnancy Leave. Otherwise, maximum is 37 weeks.

***** Note: A waiting period is not always required. Should parents choose to share parental benefits, the parent filing the second claim will not be required to serve a two-week waiting period. There will be one waiting period per birth or adoption.

All Parents who are entitled to Parental Leave in accordance with Employment Standards Act but who are ineligible for EI Benefits

Parental Leave if ineligible for EI

Maximum 35 weeks
Unpaid

44 SICK LEAVE PLAN

It is recognized that the provisions of the Sick Leave Plan are not an automatic right of an employee and that administration of this Plan and all decisions regarding the appropriateness or degree of its application shall be vested solely in the Company.

44.1 The Sick Leave Plan provides for maintenance of an employee's income when he/she is absent from work due to illness or non-occupational injury.

44.2 Employees are granted 23 days of sick leave a year - eight (8) days at full pay and 15 days at three-quarter pay. These grants accumulate continuously each year if not used, up to a maximum of 200 days at three-quarter pay and no limit to the number of days at full pay.

44.3 (This Section applies only to employees hired before January 1, 2002. It does not apply to employees hired on or after this date). In the year in which an employee completes six years of service, all sick leave used in the first year of service will be restored. In the 7th year of service, all sick leave used in the 2nd year of service will be restored. This will continue until the employee has completed 15 years of service. In the 16th year of service, all sick leave used in the 11th through to the 15th years of service will be restored. In every year after 16 years of service, sick leave credits will be restored at the end of the year following the year in which they were used. There will be no payout of unused sick leave credits when an employee leaves the service of Hydro One.

44.4 An employee will be reimbursed for any doctor’s note required by Hydro One.

44.5 The following provisions apply only to employees hired on or after January 1, 2002. They do not apply to employees hired before this date.

44.5.1 When employees have exhausted their sick leave credits and are on sick leave, they will be paid at 75% of their base rate for a period of up to 6 months or until approved for Long Term Disability (LTD), whichever comes first.

44.5.2 Employees who are on continuous sick leave for 6 months and who qualify must go on LTD.

44.5.3 In the event of denial of LTD benefits, employees will have their wages maintained at 75% of their base rate until completion of their LTD appeal, for a period not to exceed 2 months.

45 LONG TERM DISABILITY

The Long Term Disability (LTD) Plan provides financial security and rehabilitative employment features to regular employees during their absence from work due to extended sickness or injury. The benefits and terms and conditions of benefit entitlement of the Long Term Disability Plan are as described in: the Collective Agreement and the brochure entitled “Sick Leave and Long term Disability Plans, updated May 31, 2000”. These documents, by reference, form part of the Collective Agreement. The benefits and terms and conditions of benefit entitlement as described in the above documents can be changed by mutual consent only.

45.1 Qualifying Period

The qualifying period is defined as the period six calendar months from the starting date of the employee's continuous absence due to disability; or a total of six months in accumulative authorized medical absences in the year prior to the date sick leave expires due to the same progressively deteriorating disability; or the expiration of sick leave whichever is longer.

45.2 Disability Period

The period in which an employee cannot continuously perform the essential duties of any position available in accordance with the priority placement criteria of the Rehabilitation and Re-employment Procedure.

45.3 Benefits

During the disability period, the plan will provide an income equal to the lesser of:

Sixty-five percent (65%) of base earnings at the end of the qualifying period for LTD benefits, or

Seventy-five percent (75%) of base earnings at the end of the qualifying period for LTD benefits less any pension entitlement and/or any supplement from the WSIB (excluding the Non-Economic Loss award) and or the Canada Pension Plan, excluding benefits for dependents.

A person who runs out of sick leave credits during the qualifying period will be granted a leave of absence without pay until such time as the LTD qualifying period elapses. The employee will continue to receive service credit during this period and have coverage maintained in, but will not be required to contribute to, the Hydro One Pension Plan, Health and Dental benefits, and the Group Life Insurance Plan.

45.4 Other Conditions

45.4.1 Hydro One and/or the insurance carrier reserve the right to periodically obtain necessary proof of continued disability. If at any time an individual who has been declared disabled and placed on LTD is capable of returning to any further service with Hydro One, Hydro One will request and the Society will normally grant a waiver of posting requirements except in the case of redeployment under Employment Continuity.

45.4.2 Employees who are in receipt of LTD benefits will have their LTD benefit levels adjusted by the indexation increase which is applied to Hydro One’s Pension Plan.

45.4.3 Where a position is identified that both Hydro One and the employee on LTD agree he/she can become qualified for through educational retraining, Hydro One will pay tuition fees associated with the retraining, up to a maximum of three years.

45.4.4 Employees on LTD must apply for CPP disability benefits after an appropriate period (6 months) unless there are compelling (e.g., medical) reasons that prevent the employee from doing so.

46 WORKERS' COMPENSATION LEAVE

An employee awarded a Workers' Compensation grant shall be granted a compensable disability leave with compensation made up of a tax-free Workplace Safety and Insurance Board award, and a taxable top-up grant for the duration of Workers' Compensation Disability benefits. The top-up grant will ensure an employee's net pay is maintained.

If the employee is awarded a ***Loss of Earnings*** (***LOE***) award and is unable to perform the essential duties of any available job, the leave and top-up grant will be extended for the first 24 months of the ***LOE*** award. If an employee is unable to return to work during the first two years of a ***LOE*** award, an application for LTD should be submitted. The qualifying period is waived in these cases, and LTD benefits will be payable at the expiry of the first ***LOE*** for a qualifying employee.

Pending a decision of the Workplace Safety and Insurance Board regarding the legitimacy of a claim the employee will receive sick leave. Employees who are receiving Workers' Compensation benefits for claims or injuries suffered while in the employ of an Employer other than Hydro One are required to notify Hydro One of being in receipt of those benefits in order to qualify for the top up grant. These employees will not be eligible for sick leave while receiving Workers' Compensation benefits for the top-up grant.

The top-up grant for compensable disability leave will be withheld if the employee refuses a medically suitable position that she/he is capable of performing, pursuant to the provisions of Article 47 ("Rehabilitation and Re-Employment") of the Collective Agreement. The grant may also be withheld where an employee is subject to appropriate discipline or discharge for cause pursuant to Article 17 ("Discipline and Discharge").

Authority for withholding the supplementary grant is vested in Directors.

47 REHABILITATION AND RE-EMPLOYMENT

47.1 Application

This Article applies to Hydro One employees ("eligible employees") who:

- Qualify for Long Term Disability (LTD) Plan benefits; and/or
- Have been approved for a Workplace Safety and Insurance Board (WSIB) award; and/or
- Are regular employees who have medical disabilities that prevent them from performing the essential duties of their jobs. These employees are referred to as medically-restricted-at-work (MRAW).

47.2 Definitions

"Medical rehabilitation" shall mean medical support services to facilitate speedy and maximum recuperation prior to or during rehabilitative employment, including physical, psychological or emotional assessments, therapy, treatment and conditioning.

"Vocational Rehabilitation" shall mean support services to facilitate re-employment, including assessment of transferable occupational skills/aptitudes, identification of specific job accommodation and associated training requirements and formulation of rehabilitative employment plans and counselling.

"Rehabilitative employment" shall mean temporary work assigned to a recovering or recovered employee with an ultimate goal of continuing full employment.

"Affected employees" shall mean employees who have undertaken vocational rehabilitation assessments provided by Hydro One and the results indicate a need for active services to facilitate the goal of returning to continuing full employment. This classification includes employees in receipt of LTD benefits who are assessed medically able to return to work.

"Rehabilitative employees" shall mean employees who are eligible for rehabilitation and are capable of rehabilitative employment.

47.3 General

Rehabilitation employment may not be used as a means to manage, discipline or place employees with poor/unsatisfactory performance unrelated to medical reasons.

47.4 Vocational Rehabilitation

47.4.1 Hydro One shall identify eligible employees as soon as possible and ensure their timely assessment regarding their need for vocational rehabilitation services.

47.4.2 Hydro One shall provide timely vocational rehabilitation services for affected employees. The goal is to facilitate the employee's re-employment in a continuing capacity that will make maximum use of his or her capabilities.

47.4.3 Hydro One shall develop a rehabilitation plan ("the plan") for each affected employee. The plan is subject to mutual agreement of the employee, his/her personal physician, the Society (if its participation has been requested by the employee) and Hydro One. The plan will establish a return to work goal that is reasonable and realistic in the circumstances (e.g., recognition that a six-month rehabilitation may be insufficient for LTD benefit recipients in some cases). It will also describe the training, conditioning and therapy programs required to enhance the employee's capabilities within a defined timeframe. It will include an assessment of an affected employee's job accommodation needs (e.g., reduced hours, modified light duties, altered work station). The plan shall have a pre-determined duration and will be subject to periodic monitoring to assess the need for corrective actions to maximize the probability of successful continuing full time employment. Any party to the plan may request its review and/or revision.

47.4.4 Hydro One shall pay for vocational rehabilitation services and reimburse employees for reasonable expenses related to vocational rehabilitation.

47.4.5 Affected employees shall cooperate in the development of their vocational rehabilitation plans. MRAW employees shall provide confirmation of the nature of their medical restrictions by his/her personal physician to Hydro One or arrange with Hydro One to have these restrictions assessed.

47.5 Rehabilitative Employment

47.5.1 This section applies to rehabilitative employees.

47.5.2 An employee is entitled to placement in a medically suitable and reasonable position that accommodates his/her needs as identified in his/her rehabilitation plan (e.g., reduced hours, modified duties). Where an employee is MRAW, his/her fitness to perform essential duties of a job and work restrictions shall be identified.

47.5.3 Although the goal of rehabilitation is continuing employment in a full-time position, some employees have medical disabilities that may not be supportive of working full-time. Where the rehabilitation plan identifies reduced hours (minimum 14 hours maximum 28 hours per week) as a permanent medical restriction (supported by medical evidence) the employee will be re-employed and accommodated in an available and suitable ongoing position while retaining his/her LTD status.

47.5.4 The priority placement shall be the employee's return to his/her pre-disability position. Hydro One shall make all efforts to accommodate the employee in his/her pre-disability position.

47.5.5 In the event that efforts to satisfy an employee's assessed accommodation needs in his/her pre-disability position are not feasible or upon mutual agreement of the employee, Hydro One and the Society (where the employee has requested its participation), employees may be placed in a suitable alternate position. In these cases, Hydro One shall identify a target position or family of positions compatible with the employee's medical restrictions.

47.5.6 Where suitable alternate placement is required or agreed upon, an employee shall apply for vacancies identified by Hydro One as having essential job duties compatible with his/her medical restrictions.

47.5.7 Employees will be selected for suitable alternate positions in accordance with Article 65. Where more than one position is available, the employee will be offered the position nearest the salary level of the pre-disability position. The job offer may be no more than two salary levels below the pre-disability position.

47.5.8 Priority will be given to placement of employees in positions within Hydro One. External job opportunities, however, will be explored if appropriate internal positions do not exist. The employee must agree to any external placement.

47.6 Terms and Conditions of Rehabilitative Employment

47.6.1 Base salary in rehabilitative employment positions shall reflect normal scheduled hours worked at the current base hourly rate of the position (i.e., prorating shall apply in reduced hours situations).

47.6.2 When a rehabilitative employee is placed in a position whose salary grade is lower than his/her pre-disability position, Hydro One will maintain the base salary and benefits of the pre-disability position until the employee's current pay entitlement as determined by ***step placement*** in the new position exceeds that of the pre-disability position.

47.6.3 Rehabilitative employees shall continue to receive approved LTD/WSIB/Sick Leave benefits in accordance with the applicable statutory or collective agreement provisions. However, these entitlements shall be adjusted so that the total of the rehabilitative base salary and these benefits shall not exceed the current full-time base rate of the position occupied by the employee prior to disablement.

47.6.4 Where an employee returning from LTD receives a base salary less than the LTD benefit, Hydro One shall pay a supplementary amount equal to the shortfall to the employee.

47.6.5 Employees in receipt of LTD benefits shall receive the greater of the base salary for hours worked or LTD benefit entitlement.

47.6.6 Employees in receipt of LTD benefits shall continue to receive full (i.e., full time) service credit during rehabilitative employment and have full coverage (i.e., no prorating) in the Pension and Group Life Insurance Plans.

47.6.7 Rehabilitative employees shall be eligible for performance pay increases. They shall receive performance appraisals where medical restrictions do not preclude their application. Performance appraisals and pay adjustments shall take into account medical restrictions with respect to establishing goals and measuring achievements.

47.6.8 Following the successful completion of rehabilitative employment and placement in an ongoing position, the employee shall be ineligible for LTD/WSIB/Sick Leave benefits and will receive the normal base salary for their position.

47.7 Termination of Employment

In the event an eligible employee refuses reasonable rehabilitative employment or a reasonable job offer for re-employment, the employee shall be terminated without entitlement to LTD benefits. Where an employee grieves termination for medical incapacity an arbitrator shall have jurisdiction to consider relevant post-termination evidence of rehabilitation.

PART X - HEALTH BENEFITS

Hydro One, through its claims services provider, shall provide extended health benefits and dental coverage as outlined in the brochure entitled "Health and Dental Plan for Society (effective ***April*** 1, ***2008***)" (dated ***January 12, 2009)*** as amended pursuant to Section 48.***3*** and in accordance with the insurance carrier contract in effect at the commencement of the collective agreement. This does not in any way restrict the Employer's right to change the insurance carrier provided employee benefits are unaffected.

48 EXTENDED HEALTH BENEFITS (EHB)

48.1 Hydro One agrees to offer employees the option of using the Preferred Vision Services (PVS) Plan, subject to its availability.

48.2 Subject to the written consent of the Society, on a case by case and without prejudice basis, Hydro One and individual employees may enter into written agreements ("individual agreements") whereby, for a specified duration, the employees may waive their rights under the EHB Plan and opt for a different/alternative treatment. This enabling provision does not constitute an employee entitlement to different/alternative treatments but rather allows special requests to be accommodated by mutual agreement without increasing the costs of, or entitlements under, the EHB Plan. Neither the provisions of these individual agreements nor the decision by any party not to enter into such an arrangement are grievable***.***

48.***3*** The health and dental plan and associated brochure shall be amended to include provision for the following changes;

- ❑ Increase vision care to $***600*** every two years effective ***January*** 1, 20***15.***
- ❑ ***Increase coverage of chiropractic charges (excess over OHIP coverage) to $700 per year***.
- ❑ ***Mandatory use of generic prescription drugs unless the employee's prescribing regulated health professional requires the use of brand name prescription drugs on medical grounds.***
- ❑ ***Align coverage of hearing aids with coverage under Ontario Government's Assisted Devices Program (ADP): reimbursement for the purchase of a replacement hearing aid is limited to when the existing hearing aid is not suitable and/or cannot be repaired at a reasonable cost.***
- ❑ ***Change definition of "reasonable and customary" charges to be calculated provincially.***
- ❑ ***Ontario Drug Benefit (ODB) Plan – Coordination with Hydro One Plan: amend to apply to employees aged 65 and over. Effective when OBD Plan changes introduced as part of the March 2012 Ontario budget are implemented, cap reimbursement for ODB Plan deductible at $100 per year for an individual and $200 per year for a couple.***

49 DENTAL PLAN

49.1 Effective January 1st of each year of the collective agreement, the dentist fees will be paid up to the amounts shown in the current Ontario Dental Association (ODA) Fee Guide.

50 SEMI-PRIVATE HOSPITAL ACCOMMODATION PLAN

Coverage under the Semi-Private Hospital Accommodation Plan is unchanged.

51 PERSONAL ACCIDENTS

51.1 Hydro One shall pay accident benefits to employees for accidental bodily injury causing temporary total disability, permanent total disability or death in accordance with the current Table of Personal Accident Benefits.

51.2 Hydro One shall reimburse employees for medical expenses incurred as a result of an accident in excess of coverage provided by the Hydro One health benefits plans, OHIP or WSIB to the extent permitted by law

PART XI- RELOCATION ASSISTANCE

The following provisions apply to regular employees and are outlined in the brochure entitled "Relocation Assistance Benefits for Performance Paid Staff" (1995). Employees in positions covered by Article 25 will receive the treatment contained herein when appointed to regular positions, and required to relocate as a result of Hydro One's business.

52 HOUSING ASSISTANCE PLAN

52.1 Intent

52.1.1 Hydro One's purchase of an employee's principal place of residence is designed to ensure that an employee who moves will not be forced to endure unreasonable periods of family separation or inconvenience due to inability to sell the employee's home at a fair market price.

52.1.2 It will be the prerogative of Hydro One to reject an employee's application for Housing Assistance if in Management's opinion the property is not an acceptable risk.

52.1.3 The employee must abide by all of the requirements of the Housing Assistance Plan. Failure to do so will result in the employee becoming ineligible for housing assistance from Hydro One.

52.2 Purchase Guarantee

52.2.1 Hydro One will provide a purchase guarantee based on an appraisal of the property's current worth by a group of up to three appraisers, to be selected by the Real Estate Service in conjunction with the employee.

52.2.2 Hydro One will not request appraisals until the employee is ready to list his or her house in the marketplace providing this is within one year of the employee's transfer to the new work location and the employee is prepared to abide by Subsection 52.2.4 and Subsection 52.3.1.

52.2.3 The employee must acknowledge acceptance or rejection of Hydro One's Purchase Guarantee within five days of its receipt. If the employee rejects the Purchase Guarantee, Hydro One has no further responsibility with regard to Housing Assistance or the Purchase Guarantee.

52.2.4 If the employee wishes to participate in the Housing Assistance Plan, the employee must not list the property for sale until the Purchase Guarantee has been accepted.

52.2.5 Home Appraisal Documentation

Hydro One will provide the Society with an initial six month report of home appraisal documentation prior to January 1, 1995. Representatives from Hydro One and the Society will meet to discuss the particular form and content of subsequent reports. Upon agreement on the form and content a letter of understanding will be developed which will require the report to be given to the Society on a semi-annual basis for the term of this collective agreement. Any

anomalies in the report may be discussed by the Society and the Hydro One confidentially with full disclosure of information (including appraisals).

52.3 Listing of Property

52.3.1 If an employee chooses to participate in the Housing Assistance Plan, by accepting the Purchase Guarantee, the employee will immediately list the property for 90 days on MLS (where such service is available) at a price not exceeding 107% of the guaranteed price.

52.3.2 The employee will retain the right to sell to a third party until such time as the property is turned over to Hydro One for resale.

52.3.3 In order to assist the employee to dispose of the property expeditiously and at a fair market value, the employee should notify the Employee Relocation Administrator of all offers to purchase during the listing period. Hydro One may ask the employee to accept an offer which is lower than the Purchase Guarantee, whereupon the employee will be compensated for the difference between Hydro One's Purchase Guarantee and the amount of the offer. The employee's acceptance of any offer less than Hydro One's Purchase Guarantee is not mandatory and the employee will retain control of the sale of the residence throughout the listing period. All offers to purchase will be held in confidence by the Employee Relocation Administrator.

52.4 Sale of Property by Hydro One

52.4.1 The employee must be prepared to sign power of attorney authorizing Hydro One to sell property on the employee's behalf on the first day following the 90 day listing period. If the employee will be unable to vacate the premises at that time, the Employee Relocation Administrator must be notified.

52.4.2 Hydro One will pay to the employee the difference between the value of the property to Hydro One (Purchase Guarantee) and all existing encumbrances, including the advance of equity.

52.4.3 When an employee applies for assistance under this procedure, he or she must declare under oath, if required by Hydro One, all encumbrances of any nature or kind whatsoever, including executions, chattel mortgages, and notices of conditional sales contracts which the employee is obliged to pay.

52.4.4 In consideration of the payment to the employee of the amount established in Subsection 52.4.2, the employee will complete a deed of sale of the property, conveying the same by good and marketable title, but subject to all existing encumbrances, to Hydro One or its nominee.

52.5 Advance of Equity

In order to provide the employee with funds for a deposit or down payment on a residence at the new location, an advance of up to 100% of the employee's equity (Purchase Guarantee minus encumbrances) in the residence at the former location may be loaned to the employee by Hydro One. Advance of equity is interest free for employees who avail themselves of the Purchase Guarantee for 90 days for until the house is turned over to Hydro One or until the closing date of the sale of the house to a

third party, whichever comes first. For employees who reject the Purchase Guarantee, the advance of equity is interest free for 90 days. Repayment is as set out in the Relocation Assistance Benefits brochure.

53 MOVING EXPENSES

53.1 Intent

53.1.1 Since Hydro One has province-wide operations, employees may be required to move about the Province as part of their jobs. For clarification, relocation assistance entitlements are not limited to moves within the Province.

53.1.2 Hydro One recognizes that there may be a number of relatively costly expenditures associated with moving and will endeavour to ensure that such expenses will be adequately covered.

53.1.3 Hydro One will not assume responsibility to compensate for any upgrading in an employee's standard of living which may take place as a result of moving.

53.1.4 The Housing Assistance Plan will apply to the employee's principal place of residence and will not cover summer cottages, commercial real estate holdings or other secondary properties.

53.1.5 Employees who receive any moving expenses are subject to Canada Customs and Revenue Agency rules and regulation.

53.1.6 Relocation expenses will not be paid for work headquarter transfers within the boundary of the current City of Toronto, save for exceptional circumstances of hardship as may be reasonably determined by Hydro One.

53.1.7 Notwithstanding anything in this Article, in order to qualify for moving expenses after the employee’s headquarters moves, the headquarters move must result in a greater distance from the employee’s home.

53.2 Minimum Moving Distance

53.2.1 Normally, an employee must move a minimum of 40 road kilometres by the shortest normal route closer to the new work location to qualify for relocation assistance.

53.2.2 The provisions set out in Subsection 53.2.1 will apply unless Mid-Term agreements pursuant to Article 7 are in effect.

53.3 Expenses for Reimbursement

53.3.1 Household Effects

Hydro One will arrange for and shall pay the cost of packing, moving by freight or truck and insurance charges on household effects.

53.3.2 Home Buying and Legal Fees

Employees shall be reimbursed for legal disbursements and real estate brokerage fees associated with the purchase and/or sale of property valued up to five times the employee's annual base salary in the new location at the time of job transfer as follows:

a) Legal Fees

- The employee will advise Hydro One of his/her preferred lawyer. Hydro One will request the lawyer for an estimate on what the fees will be to complete the sale and/or purchase transaction. If Hydro One finds the solicitor's estimate to be unreasonable, Hydro One will ask the employee to recommend another solicitor to close the transaction.
- Legal fees and disbursements actually incurred in selling an old and buying a new residence will be paid by Hydro One.
- Legal fees shall be defined to include fees for arranging or discharging a first mortgage when required and will include land transfer tax.
- Disbursements shall be defined herein as those items paid by a lawyer on behalf of the employee for services in connection with the purchase or sale of the employee's residence including land transfer tax and land surveys when required, Ontario New Home Warranty Program if required for a new house, GST, and penalty costs to a maximum of three months' interest payments involved in discharging a first mortgage on the residence in the former location when required.

b) Referral Fees/Home Inspection

- When the employee is prepared to submit an offer to purchase on a property, Hydro One will make arrangement for one home inspection at Hydro One's expense. All offers to purchase should have a clause in the offer conditional upon the positive results of an inspection report. Any additional inspections for any reason will be at the employee's expense.
- Real estate brokerage fees charged by a real estate agency to the maximum standard recognized scale for services rendered in selling the employee's house shall be paid by Hydro One.

Note: The changes identified above are not meant to take away the existing right of the employee to select the real estate agent or lawyer.

53.3.3 Transfer Expenses

A transferred employee is expected to make arrangements to move expeditiously but this should not exceed a period of one year from date of transfer, except where there is a specific agreement between the employee and local management for an extension. The employee must provide in writing his/her intention to move to the supervisor, prior to receiving payment for any applicable living expenses. Reimbursement for actual costs incurred in the move will be allowed as follows:

- All employees who are eligible for moving expenses shall be afforded 12 weeks from the date the employee reports to work in the new location (i.e., date of transfer) to decide whether or not they wish to move. Payment of the following expenses is predicated on the employee maintaining his/her previous principal residence:

  a) During this 12 week period, the employee shall have the option of either commuting to and from his/her new work location and receiving incremental travel expenses (i.e., additional travel costs beyond the employee's normal travel costs to the old work location), the total cost of which not to exceed living expense equivalent, or being paid living expenses in the new location. If the employee expressly indicates that he/she does not intend to relocate his/her residence, all expenses will cease at that time.

  b) All expenses will stop at the end of the 12 week decision period unless the employee has provided in writing his/her intention to move within one year of date of transfer. Providing that the employee demonstrates to Management's satisfaction that arrangements to move with employee's family to the new location are being made as quickly as possible, the employee's living expenses in the new location or incremental travel expenses will be paid until such time as the employee moves or for a period not to exceed a further 6 months unless the employee can demonstrate serious hardship, in which case the period of expense coverage is 9 months (in addition to the initial 12 week decision period). The time limits mentioned above may be extended by a specific mutual agreement between the employee and line management for a total period not to exceed two years from the date of transfer.

  c) If an employee, after providing written notification of his/her intention to move fails to do so, all expenses paid on his/her behalf or travel expenses paid to him/her for any period beyond the initial 12 weeks from the date of transfer or the date of his/her written intent to move, whichever comes first, shall be repayable to Hydro One. Repayment shall be made within one month of a written communication stating his/her intention not to move or within one year of date of transfer whichever comes first.

  d) Exceptions to the repayment requirement should the employee fail to move may be made by reasonable exercise of the Business Leader's discretion (e.g., for reasons of significant unforeseen life hardships, Hydro One transfers, Hydro One international assignments, etc.).

- Transportation to the new location and living expenses while in transit to the new location will be paid for the employee and family (spouse and dependent children) and any other dependents of the employee's household. A reasonable number of visits by the employee and family, to the new location to assist in the selection of a new principal residence will be paid at the discretion of local Management.

- Living expenses of the employee and family during the period while household effects are in transit will be paid.

- Reasonable upkeep costs including mortgage interest on the old residence will be paid for a period of up to three months after the employee has moved to the new residence but still retains title to the old residence due to an inability to sell. If closure of the sale is imminent, the period may be extended by up to six weeks.
- Time off with pay to a maximum of one day's base earnings if the day of the move falls on a normally scheduled working day.
- Employees may elect, subject to the negotiations of their availability through Business Unit Mid-Term Agreements (Article 7), to receive lump sum payments in lieu of the following:

  * temporary living expenses;

  * reimbursement for costs associated with return to residence headquarters;

  * benefits and expenses associated with house hunting trips;

  * temporary storage, etc.

53.3.4 Spousal Assistance

An employee will be reimbursed for his or her spouse's job search expenses, supported by receipts, up to a maximum of $750.00.

53.3.5 Rental Assistance

An employee who transfers to a higher cost rental area and who rents comparable rental accommodation will be provided with rental assistance by Hydro One as follows. The extent of this assistance will be the lesser of:

a) the monthly rent in the old location multiplied by Hydro One's rental differential;

   or

b) the amount of the monthly increase in rent.

An employee who rents in the former location and purchases in the new location will be eligible for the equivalent of rental assistance as will the employee who conversely owns a home in the former location and rents in the new location.

Rental assistance will be provided for a five year period, based on 100% assistance in the first year and decreasing by 10% annually over the next four years.

This assistance will cease if the employee transfers to a new work location, terminates his/her employment with Hydro One, ceases to rent, retires or dies.

53.3.6 Rental Management Program

Upon request, Hydro One will arrange for a rental management firm to rent an employee's house when he/she is expected to return within five years and will pay the costs associated with this arrangement if it is in Hydro One's financial interests to do so.

53.3.7 Miscellaneous Expenses

Employees will be reimbursed for miscellaneous expenses associated with the move up to the limit of one month's salary based on normal scheduled hours of work. These expenditures are intended to cover items such as:

- cost of rental search assistance;
- costs incurred as a result of the move such as, cleaning, painting and decorating costs; adaptation, removal, installation or replacement of house furnishings and appliances;
- costs for connecting water, natural gas, and electricity to a new house if charged to the employee as purchaser.

Employees will not be reimbursed for capital expenditures which tend to increase the market value of a house, major house repairs or renovations.

53.4 Second Related Move

If a suitable residence is not available at time of transfer, an employee may rent temporary premises for up to one year. Under these circumstances, Hydro One will reimburse the employee for costs incurred in accordance with all Sections of this Agreement for either one of the two moves. For the other move, only costs of transportation, moving household effects, and legal fees incurred will be paid.

53.5 On Retirement

53.5.1 If Hydro One requires an employee who occupies a house or trailer on Hydro One property or a site under Hydro One control to move on retirement, the employee will be reimbursed as outlined in Section 53.3 for the cost of a move to any location in Ontario in which he or she desires to settle.

53.5.2 If an employee is requested to undertake a change in work headquarters involving a change in principal residence, and is age 55 or older on the date of transfer, consideration shall be given to the reimbursement of some or all of the moving expenses of that individual upon eventual retirement from Hydro One. The extent and terms of the assistance to be provided upon retirement will be determined at the time of transfer.

53.5.3 Only moving expenses within the Province of Ontario or to the nearest exit point from the Province will be eligible for consideration.

54 FINANCIAL ASSISTANCE PLAN

Hydro One shall contribute towards the interest costs on the increase in capital expenditure for an employee who is transferred to a higher cost housing area. Eligibility for this assistance will be determined by using:

a) a house-for-house comparison conducted by Hydro One.

The amount of assistance will depend upon the:

- sale price of the residence in the former location;
- relative value of comparable housing in the new location;
- actual increase in housing costs (purchase price less sale price);
- current interest costs

The locality differential will be based on the differential in effect as of the date of closing of the purchase of the residence in the new location. The interest rate used to calculate the level of assistance will be based on Hydro One's employee housing loan rate for a five year term as published by the Treasury Division (or the actual mortgage rate, whichever is less) as of the date of closing of the purchase of the residence in the new location.

The financial assistance will decrease annually in twenty (20) percent increments over a five year period.

An employee receiving financial assistance must advise Hydro One if he/she sells or rents his/her house in the new location within five years of purchase. Assistance provided to the employee will be reviewed and revised accordingly.

Financial Assistance ceases upon termination or retirement. However, should an employee die while receiving financial assistance associated with relocation, such assistance may continue as per the original entitlement based on a case-by-case review by the Business Unit providing the following condition is met:

- the designated beneficiary provides affidavits on an annual basis that the principal residence for which the assistance is paid continues to be his/her principal residence and that no new revenues for renting any portion of the residence are being received.

55 HOUSE EVALUATION AND GUARANTEE PLAN

Upon subsequent transfer within Hydro One, an employee will be guaranteed his/her purchase price up to a maximum of four times his/her base salary at the time of the initial transfer (plus $1500 for capital improvements on new homes, $15,000 for resale homes or minus $3,000 for damages to the property). This guarantee will be for a period of ten years from the date of purchase. Improvements must be verified by receipts and do not include normal painting, decorating and maintenance costs. An employee may not sell his/her house for less than the guaranteed amount without the consent of Hydro One.

56 COMPENSATION WHEN ASSIGNED TO TEMPORARY WORK HEADQUARTERS

56.1 Intent

a) When there is an assignment to a Temporary Work Headquarters, the employee and his/her supervisor must have a mutual understanding of the terms of the assignment prior to its commencement using the following provisions.

b) Employees assigned to a Temporary Work Headquarters should not be separated from their families for exceptionally long periods of time due to work requirements and should be compensated for all reasonable out-of-pocket expenses and travel costs.

c) When an employee is assigned to a Temporary Work Headquarters, the employee will normally remain at the Temporary Work Headquarters. If there is mutual agreement between the supervisor and employee to commute daily, then the employee may do so.

d) Employees will be reimbursed for all reasonable out-of-pocket expenses associated with being assigned to the Temporary Work Headquarters.

e) Employees will be reimbursed for any additional travel costs beyond their normal travel costs to their Regular Work Headquarters.

f) Travel time on the first trip to, and on the last trip from, the Temporary Work Headquarters shall be either during normal scheduled hours or compensated in accordance with Article 59 (Travel Time) if outside normal scheduled hours.

g) Selections for Temporary Work Headquarters assignments should not be made on the basis of travel cost considerations.

56.2 Definitions

"Regular Work Headquarters": The location to which the employee normally reports in order to receive work assignments or to perform regular duties.

"Temporary Work Headquarters": The location to which an employee is directed in order to carry out assigned duties away from Regular Work Headquarters.

"Periodic Return": The return to the employee's principal residence once every two weeks.

56.3 Compensation When Remaining at Temporary Work Headquarters (TWHQ)

a) When the employee resides at the TWHQ and does not commute, the employee shall be reimbursed for all reasonable out-of-pocket expenses incurred while at the TWHQ.

b) An employee who resides at the TWHQ will be allowed a periodic return once every two weeks.

The employee shall be reimbursed for travel costs associated with the periodic return for the distance between his/her principal residence and his/her TWHQ, less normal travelling costs. Travel time associated with periodic return, outside normal scheduled hours and in excess of one hour each way, shall also be compensated. Compensation will be either in equivalent time off, or in pay, at straight time rates. Time spent in obtaining a meal will not be compensated.

c) On intermediate weekends, if the cost of remaining at the TWHQ would be less than the cost of a return trip, the employee may claim actual travel costs up to the cost of remaining at the TWHQ. If the cost of remaining at the TWHQ is greater than the cost of a return trip, the employee may be reimbursed for all travel costs incurred for a return trip on that weekend.

d) For employees who reside in rental or leased accommodation at the TWHQ, cost of travel on intermediate weekends will be based on the lesser of a per diem rate

based on the daily costs of normally used local hotel/motel accommodation (meals included) or actual travel costs (less normal travelling costs).

e) Travel time will not be paid for return trips to home on intermediate weekends.

56.4 If the temporary assignment appears to cause the employee to reside separately from his/her family for a long duration, and for long distances, i.e., more than 100 kilometres, the supervisor may permit the employee to rent accommodation for his/her family near the TWHQ. In this situation, the employee will be reimbursed for all reasonable out-of-pocket costs, including the difference in rent paid out in the temporary location and any rent received from the principal residence.

56.5 Compensation for Daily Commuting To, and From, Temporary Work Headquarters

a) When an employee and supervisor have mutually agreed that the employee may commute to the TWHQ on a daily basis, the employee shall be compensated for his/her travel time in accordance with the provisions of Article 59 ("Travel Time").

The use of a Hydro One vehicle will be one of the commuting options considered.

If a Hydro One vehicle is not used, the employee shall be compensated for his/her travel costs (i.e., public transportation costs or cents per kilometre, whichever, in the Supervisor's opinion, is the most reasonable considering the travel time and transportation expenses involved) in addition to his/her travel time.

The total amount of reimbursement for the employee's travel time and travel costs will be up to a maximum of the expenses that would have been incurred if the employee were to remain at the Temporary Work Headquarters (lodging and meals). In determining this maximum, consideration will also be given to the expenses that would have been incurred if the employee had used a Hydro One vehicle.

b) When an employee commutes daily, he/she is required to be at the Temporary Work Headquarters at normal starting time and remain until normal quitting time.

Note: Where the planned duration of the assignment at a Temporary Work Headquarters is greater than one year, the employee will be eligible for full relocation assistance.

56.6 Exception

This Article does not apply to employees who on a daily or short-term basis may be required to work at a number of different work headquarters. In these cases, local management will determine the appropriate compensation treatment, but such compensation will not be less than that applicable to other employees under this Article.

PART XII - TIME WORKED OUTSIDE NORMAL HOURS

57 ON-CALL SERVICE

The following on-call service provisions shall apply.

57.1 Definition

On-call service is the requirement to be available outside normal work hours to meet unusual conditions, satisfy needs for assistance or direction, and return to work within a reasonable time, as specified by the supervisor. During the period of assignment, the staff member must be capable of responding. Normally, employees are not expected to be on call for a continuous, long-term period.

57.2 Payment

57.2.1 Compensation for on-call service is applicable in the following cases:

a) there is a regular need for it (e.g. weekly, monthly, annually) and;

b) the supervisor formally notifies the employee of the assignment.

57.2.2 The on-call service payment for any 16-hour period outside normal work hours is one half hour per day calculated at Step 9 MP4/TMS5.

57.2.3 The on-call service payment for any 24-hour period outside normal work hours (i.e., Saturday, Sundays, Statutory Holidays and granted days) is one hour per day calculated at Step 9 MP4/TMS5.

57.2.4 The on-call service payments specified above will apply only to the time periods as specified.

58 OVERTIME

The following provisions shall apply to employees when assigned to work overtime.

58.1 The method of compensation, for authorized overtime, may be money or time off at the appropriate premium rate. The employee or the supervisor may propose the method of payment, but it is the supervisor's responsibility to approve the method of payment most compatible with the unit's needs. Prior understanding between the supervisor and employee is desirable. ***If no request is made prior to the overtime being worked or if there is no agreement between the employee and the supervisor on the method of compensation, payment at the appropriate overtime rates will be automatic and paid. Lieu time for overtime accrued shall be limited in total to the number of hours equivalent to the employees normal work week. When an employee reaches these hours, he/she will be unable to request further lieu time for overtime worked until he/she has brought the hours below the set limit. The accrued lieu time will be taken at a time which is mutually-agreeable to both parties and can be carried over to the following calendar year. If a mutually agreeable time cannot be established by both parties, the employee will be required to cash out the lieu time banked on March 31st of the following calendar year.***

58.2 Day Workers

Overtime Worked	**Overtime Hours**	**Rate of Payment**
Monday to Friday	Authorized overtime beyond normal scheduled hours worked in the day	Time and one half (T-1/2)
Saturday	Authorized overtime	Time and one-half (T-1/2)
Sunday	Authorized overtime	Two times (2T)
Statutory Holiday	Authorized overtime	Monday to Friday: Two times (2T) for all unscheduled hours plus a Statutory Holiday credit. Saturday: Two times (2T) for all unscheduled hours worked.

58.3 Shift Workers

Overtime Worked	**Overtime Hours**	**Rate of Payment**
Scheduled Work Days	Authorized overtime beyond normal scheduled hours worked in the day.	Monday to Saturday: Time and one half (T-1/2) Sundays and Statutory Holidays*:* Two times (2T)
Scheduled Days Off	Authorized overtime on a normally scheduled day off.	Monday to Saturday*:* Time and one-half (T-1/2). Sunday: Two times (2T). Statutory Holidays (Monday to Friday): Two times (2T) plus a Statutory Holiday credit for hours worked up to normal hours for the day. Statutory Holiday (Saturday)*:* Two times (2T).

58.4 For OSS and TMS staff required to work overtime and supervise staff receiving a higher overtime rate than that paid under Sections 58.2 and 58.3 above, the treatment shall be as follows: OSS and TMS staff receive two times their base hourly rate for all work, as described above, performed outside the first four clock hours after normal quitting time, Monday to Friday, and for all such work performed on Saturday.

58.5 In addition to employees covered under Subsection 58.4 employees who are directly involved in the operation, maintenance or construction of production, transmission or distribution facilities (exclusive of head office staff) and who directly supervise or work beside PWU employees will be compensated with the equivalent to PWU overtime premiums for all overtime worked, including the minimum payments received by PWU staff for both emergency and scheduled overtime. Employees work beside PWU employees if, as a regular part of their job, they are required to work with PWU staff on essentially the same job, under the same general conditions, and their presence at site for the overtime in question is necessary for task progress.

Employees may be designated as eligible under the above on an on-going basis or on an assignment by assignment basis at the discretion of Hydro One.

58.6 Recording Overtime

Management shall record assigned and paid overtime and will report the same to the Society every 6 months.

59 TRAVEL TIME

The following provisions shall apply to employees who are required to travel on business for Hydro One.

59.1 General

Some traveling time outside of normal hours of work to and from work locations, other than the regular work headquarters, is an inherent part of many jobs, for which no additional compensation is normally made.

59.2 Excessive Travel

a) It is recognized that in some situations travel might be excessive. In these cases, the preference is for the supervisor and the employee to arrive at a mutual agreement as to what constitutes "excessive". This determination should be based on the following considerations:

- the amount of travel time that is required (hours per day, week and month)
- the choice of travel options
- the cost of travel choice/option
- if the employee travels with PWU employees (i.e., internal relativity)
- the time above and beyond the employee's normal travel time between home and normal work headquarters
- the desire to compensate for travel time with time off

Where there is no mutual agreement, excessive travel time shall be defined as follows and compensated at straight time:

- the travel time in excess of one hour at the beginning and end of the normal scheduled day and greater than the employee's normal travel time; OR
- where the daily rate is not exceeded, the travel time in excess of five hours per week greater than the employee's normal travel time; OR
- where neither the daily nor weekly rate is exceeded, the travel time in excess of twenty (20) hours per month greater than the employee's normal travel time.

b) When a special assignment calls for departure from the employee's home in the evening, or on a regular day off, time spent in travel will be compensated at straight time.

59.3 Emergency Overtime Work

Non-Prearranged Overtime Work: Travel time will be paid at the appropriate overtime rates for any work outside and in addition to normally scheduled hours for which there has been no pre-arrangement and an extra trip is required. Notification for prearranged overtime must be given at least 24 hours in advance of the start of such work.

59.4 Attendance at Seminars, Conventions, Etc.

a) When an employee attends a convention, seminar, training course, or similar function and does not arrive at the destination or depart from it until after normal work hours, no additional time allowance will be paid, i.e., this travel time will be considered as part of the employee's contribution to attendance at a mutually benefiting function of this nature.

b) Where Hydro One directs an employee to take a training course, travel time will be compensated in accordance with Article 59.2 .

59.5 Flexibility

Variations to the provisions of this Article made by agreement between the supervisor and the employee are permitted, subject to Director approval.

60 SHIFT WORK (M&P, TMS))

60.1 Definitions

Shift: All scheduled hours of a shift are considered to occur in the calendar day that the shift ends.

Scheduled Work: The hours of work assigned as per the shift schedule. Scheduled work cannot include overtime.

Positive/Negative Time Balances: Total hours accumulated in a time bank less the product of the normal scheduled hours of work for the position times the number of weeks since the time bank was previously balanced to zero. The result may be positive or negative.

60.2 Shift Workers

Consultation with the Society will occur prior to implementation of any future change to scheduled hours. Hours of Work will not be changed as a result of this Article.

Some jobs are shift work jobs e.g. Shift Operating Supervisors. Management reserves the right to put incumbents in these jobs on shift.

The job evaluation plan used to evaluate M&P jobs will be used as the vehicle to determine the relative worth of M&P shift positions within the shift family of jobs, and to

establish appropriate relativity between positions in this family and other non-shift M&P positions.

The requirement to obtain and maintain a license(s) to hold a shift position shall be identified in the job document (description and specification).

The number of personnel provided per shift position shall be such that no regularly scheduled overtime will be required. Due to the nature of Hydro One's operations, it may be necessary for employees on shift to work some overtime.

Management shall retain the right to place employees in shift positions for training and development purposes provided that the implications of possible classification changes on completion of the shift development phase are fully identified to the incumbent before the shift position is accepted.

Management shall provide an opportunity for input from employees prior to establishing shift schedules.

Management will use reasonable efforts to provide a minimum of seven (7) days' notice for shift workers when their hours of work, as shown on the regular schedule, are to be changed, except in the case of a forced unit outage or for reasons of equipment failure or safety. Management will use reasonable efforts in revising the regular schedule so as to provide the following minimum hours off between shifts:

a) Shift change notices between 12-hour shifts will provide at least 12 hours off.

b) Shift change notices from a 12-hour shift to an eight-hour shift will provide at least 12 hours off.

c) Shift change notices from an eight-hour shift to a 12-hour shift will provide at least 15 hours off.

d) Shift change notices between eight-hour shifts will provide at least 15 hours off.

60.3 Shift Allowances (M&P, TMS)

a) Shift Premiums

- Shift work on Saturdays and Sundays: 50% of 95% of MP4 Step 9 rate per hour worked.

- Shift work on statutory holidays: 95% of MP4 Step 9 rate per hour worked.

The Statutory Holiday shift premium shall be paid on an actual hourly-as-worked basis.

b) Shift Differentials

- For work on an 8-hour afternoon shift (1600 - 2400 hours) - ***75***¢ per hour worked

- For work on an 8-hour night shift (0000 - 0800 hours) - ***$1.00*** per hour worked

- For work on a 12-hour night shift only - $1.***15*** per hour worked.

60.4 Information Technology Organizations (M&P)

In information technology organizations where the shift allowance payable to an M&P Shift Supervisor does not amount to at least 112% of the shift-related payments received by the PWU-represented staff working the same shifts, an annual adjustment will be made to the shift allowance for the M&P Shift Supervisor.

Until Hydro One is able to solve the relativity problem in information technology organizations, M&P shift supervisors shall receive an annual adjustment which would result in a 12% differential between their shift allowance and the shift-related payments received by the PWU-represented staff working the same shifts. Where a 12% differential exists, no annual adjustment will be made.

Employees in information technology organizations who either start or leave an M&P shift position during the year will receive a monthly pro-rated allowance. One-half month's tenure is necessary for receipt of the allowance for that month.

60.5 Ten Hour Shifts

Hydro One may assign employees covered by this Article to 10 hour shifts, without a vote, with the exception of employees subject to the Letter of Understanding re "Hours of Work for Field Management and Professional (FM&P) Staff" dated July 2, 1996.

The following conditions shall apply:

a) Notice

Management will use reasonable efforts in revising the regular schedule so as to provide the following minimum hours off between shifts:

i) Shift change notices between 10-hour shifts will provide at least 12 hours off.

ii) Shift change notices between a 10-hour shift to a 12-hour shift or vice versa, will provide at least 12 hours off.

iii) Shift changes notices from a 10-hour shift to an 8 hour shift or vice versa will provide at least 15 hours off.

b) Shift Differential

- First shift - 0600 - 1800 hours - no shift differential
- Second shift - 1400 - 0200 hours - $0.***75*** differential per hour worked

c) Shift Premium

- Shift work on Saturdays and Sundays - 50% of 95% of MP Step 9 rate per hour worked.
- Shift work on statutory holidays - 95% of MP4 Step 9 rate per hour worked.

- The statutory holiday shift premium shall be paid on an actual hourly-as-worked basis.

d) Special Circumstances

Collective Agreement provisions for time off shall apply except as modified for the following Special Circumstances;

On 10-hour day/shifts the following items will be credited for pay purposes on an hour-for-hour basis:

i) Vacation
ii) Floating Holidays
iii) Sick Leave
iv) Leave of Absence/Unpaid Time Off
v) Travel Time
vi) Medical and Dental Consultation - Periods of less than four hours shall not be deducted from sick leave credits.

a) In the application of the above-noted items (i) (ii) and (iii), a “days” entitlement will mean eight hours, i.e. a 10-hour day/shift will constitute one day and two hours deducted from credits.

b) When an employee is scheduled to work a 10-hour day/shift and one of the under-noted conditions occurs, a “day” will be considered to be 10 hours.

i) Jury duty and attendance at court
ii) Funerals
iii) Moving Day
iv) Time Charges for Attendance at Delegates’ Council and meetings of the Society’s Board of Directors.

60.6 Periodic Shifts for Non-Shift Workers

1) Periodic shifts for non-shift employees shall be allowed to mirror shifts created under PWU "periodic shift" agreements in force at the time of settlement, when the Society employee(s) provides direct supervision or technical support (including inspection/testing) alongside such PWU-represented employees for:

a) field settings
b) laboratory settings.

2) In the circumstances described in paragraph 1, above, an employee shall be assigned to periodic shifts for a maximum of 60 working days per fiscal year in the aggregate, under applicable shift provisions of the Collective Agreement including normal shift differentials and premiums. Where the PWU supply non-shift workers, the Society shall not unreasonably withhold its consent to supply consistent supervision for the duration of the project.

3) This Article does not alter existing local agreements in force at the time of settlement, including agreements reached pursuant to Article 71, and modifications of the provisions of paragraphs 1 and 2 are negotiable as local agreements pursuant to Article 7.

4) The parties may review the application and operation of this Article prior to the end of the Collective Agreement.

61 SHIFT WORK (FM&P)

61.1 Intent

- Assignment of FM&P staff to shift will normally be on a voluntary basis. However, in the absence of any qualified volunteers, Hydro One reserves the right to appoint specific individuals to perform the work.
- An employee who has volunteered may opt out of a shift arrangement by giving one month's written notice, subject to the above.
- Except in an emergency situation, at least seven days' notice will be given with respect to shift change notices.
- Hydro One will propose shift arrangements and seek the Society's input on proposed shift arrangements.
- A minimum period for a shift is four days.
- Hydro One reserves the right to terminate specific shift arrangements by giving one month's written notice.

61.2 Definitions (See Article 60)

61.3 Shift Differentials

Scheduled hours worked in shifts commencing during the following hours shall have the following shift differential apply:

a) two- or three-shift coverage of eight hours or less:

07:00 – 10:00	Zero differential
10:00 – 18:00	An amount equal to one-seventh of FM&P 12 reference point rate per hour worked
18:00 – 07:00	An amount equal to one-fifth of FM&P 12 reference point rate per hour worked

b) two-shift coverage of greater than eight hours:

06:00 – 10:00	Zero differential
10:00 – 06:00	An amount equal to one-fifth of FM&P 12 reference point rate per hour worked

61.4 Shift Premiums

Scheduled hours worked on Saturday and Sunday will be paid at an amount equal to the employee's base rate plus half of FM&P 12 Step 9 rate per hour worked.

For scheduled work performed on a statutory holiday, the amount paid equals the employee's base rate plus one times FM&P 12 Step 9 rate per hour worked. An additional day off will be scheduled in lieu of the statutory holiday.

61.5 Overtime

Authorized overtime beyond the normal scheduled shift hours shall be compensated in accordance with the overtime provisions of this Agreement.

61.6 Time Balancing

A time bank will be established for each employee to record the total number of scheduled hours worked plus scheduled hours paid for vacation, sick leave, time off in lieu or other approved paid time off. The time bank will be reduced to zero after the duration of the shift schedule.

For positive time balances the employee may elect:

i) payment at time and a half for 50% of the hours and double time for the remainder;

or

ii) time off at straight time.

Negative time balances existing at the end of the shift schedule, or caused by interruption or cancellation, will be written off.

Overtime hours are not counted in the time bank.

61.7 Special Circumstances

In the application of the under-noted items a reference under the appropriate provision to "days" entitlement will mean eight hours. For example, a 12-hour shift will constitute one and one-half days deducted from credits. Items (e) and (f) will be credited, for pay purposes, on an hour-for-hour basis.

a) Vacation

b) Floating Holidays

c) Sick Leave

d) Leave of Absence

e) Travelling Time Outside Normal Working Hours

f) Payment for Relief Work

When an employee is scheduled to work shift and one of the following items applies, a "day" will be considered to be one scheduled shift.

a) Legal Hearings

b) Funerals

c) Moving Day

61.8 10 Hour Days/Shifts

On 10-hour days/shifts the following items will be credited for pay purposes on an hour-for-hour basis:

a) Vacation

b) Floating Holidays

c) Sick Leave

d) Leave of Absence/Unpaid Time Off

e) Travel Time

f) Medical and Dental Consultations – Periods of less than four hours shall not be deducted from sick leave credits.

In the application of (a), (b) and (c) above, a "day's" entitlement will mean eight hours i.e., a 10-hour day/shift will constitute one day and two hours deducted from credits.

When an employee is scheduled to work a 10-hour day/shift and one of the following conditions occurs, a "day" will be considered 10 hours:

- Jury duty and attendance at court
- Funerals
- Moving Day
- Time Charges for Attendance at Delegates' Council and Meetings of the Society Board of Directors.

On a 10-hour day/shift, basic Statutory Holiday and special time off provisions remain unchanged i.e., time off and pay entitlements will continue to be calculated on an eight-hour basis. Employees will be given the opportunity to recover two hours when a Statutory Holiday falls on a scheduled 10-hour day/shift and the employee is not given the opportunity to work. Such hours shall be worked at straight time and shall be scheduled by mutual agreement between the employee and his/her supervisor.

On a 10-hour day/shift, authorized overtime beyond 10 hours work on scheduled workdays and all hours worked on scheduled days off shall be compensated in accordance with Article 58.

62 COMPENSATION AND WORKING CONDITIONS - 12-HOUR SHIFT SCHEDULE

The following provisions apply to employees who work a 12-hour shift schedule.

62.1 General Provisions

62.1.1 The 12-hour shift schedule will average the regular scheduled hours per week for employees and will indicate the days and hours of work (shift) for each

employee. Payment will be determined in accordance with this Article and as outlined elsewhere in Article 60 ("Shift Work - M&P, TMS)".

62.1.2 The implementation of 12-hour shift work will be on the understanding that its application will not result in any appreciable increase in cost to Hydro One.

62.1.3 Hydro One or the Society shall have the right to terminate 12-hour shift work. Written notice must be provided by the Department Manager to the Society President or vice versa.

a) If the notice is two months prior to the end of the current schedule, 12-hour shift work will terminate at the end of the current schedule. Reason(s) for termination will be provided by the respective party.

b) The 12-hour shift schedule may be cancelled immediately by Hydro One should any of the following be adversely affected: safe operation of plant; health of shift workers; public safety.

Shift work monitoring criteria may include employee health, employee safety, employee attitude, attrition, overtime availability, insufficient notice for shift change, operating error, productivity, shift turnover and cost.

c) When employees at any Department have exercised the right to opt out of time-balanced 12-hour shift work, no new 12-hour shift work may be introduced for those employees without the mutual agreement of local management and the local Society ***representative***.

62.1.4 All policies and agreements which normally apply to employees will continue to apply unless specifically stated otherwise in this Article.

62.2 Shift Differential

A shift differential of $1.***15*** per hour worked will be paid to 12-hour shift employees for each night shift hour worked, in accordance with Article 60.3 ("Shift Work (M&P, TMS").

62.3 Shift Premium

Hourly shift allowances shall be paid to M&P and TMS shift workers, for hours worked as follows:

Shift work on Saturdays and Sundays	50% of 95% of the MP4 Step 9 rate per hour worked.
Shift work on Statutory Holidays	95% of the MP4 Step 9 rate per hour worked.

The Statutory Holiday shift premium shall be paid on an actual hourly-as-worked basis.

62.4 Overtime

62.4.1 Authorized overtime beyond 12 hours of work on scheduled workdays Monday to Saturday inclusive and all hours worked on scheduled days off Monday to

Saturday inclusive shall be compensated in accordance with the overtime provisions of this Agreement.

62.4.2 Authorized overtime beyond 12 hours of work on scheduled workdays which are Sundays or Statutory Holidays and all hours worked on scheduled days off which are Sundays or Statutory Holidays shall be compensated in accordance with the overtime provisions of this Agreement.

62.5 On-Call

On-call service payments will not be applied to those employees on the Minimum Availability Requirement (MAR) list (see Section 62.8).

62.6 Special Conditions

62.6.1 The following items will be credited for pay purposes on an hour-for-hour basis:

a) Vacation

b) Floating Holidays

c) Sick Leave

d) Time Off Without Pay

e) Travel Time

f) Medical and Dental Consultations - Periods of less than four hours shall not be deducted from sick leave credits.

62.6.2 In the application of the above-noted items (a), (b) and (c), a reference under the current provisions of this Article to a "day's" entitlement will mean eight hours. Therefore a 12-hour shift will constitute one and one-half days deducted from credits.

62.6.3 When an employee is scheduled to work a 12-hour shift and one of the under-noted conditions occurs, a "day" will be considered to be 12 hours.

62.6.4 Jury duty and attendance at court.

62.6.5 Funerals.

62.6.6 Moving Day.

62.6.7 Time Charges for Attendance at Delegates' Council and meetings of the Society's Board of Directors.

62.7 The basic Statutory Holiday and special time off provisions remain unchanged in that time off and pay entitlements will continue to be calculated on an eight-hour basis.

62.8 Minimum Availability Requirement (MAR) List

62.8.1 In order that a sufficient number of shift employees are on duty to maintain and ensure a continuous operation at any Department utilizing 12-hour shifts, a MAR List will be prepared.

62.8.2 A sufficient number of employees, by job classification and qualifications, will be determined by Hydro One. Employees will volunteer their willingness to be called in to work in this situation, by placing their name on the MAR List under the day(s) they wish to be called. If there are no volunteers, Hydro One reserves the right to assign employees to the MAR List. Employees will not be placed on the MAR List who are scheduled to work on an adjoining shift.

62.8.3 An employee on the MAR List agrees to be available during the Required Availability Period (RAP), to report to work to cover short-term absence. The RAP is the period of time commencing two hours prior to each shift change and ending one hour after each shift change.

62.8.4 If an employee whose name is on the MAR List cannot be available for the specified day(s), the employee must arrange for a substitute acceptable to Hydro One, whose name then would be added to the MAR List.

62.8.5 Volunteering or being assigned to the MAR List for RAP periods does not entitle the person to any compensation, i.e., on-call pay, etc., nor does it guarantee that overtime will result.

62.8.6 In the event that an employee is called to work from the MAR List, he/she will be entitled to overtime premium rates (outlined in Section 62.4) for all hours worked.

62.9 Twelve-hour shift work may be introduced when the following conditions are met:

62.9.1 If local management determines that a 12-hour shift work arrangement is appropriate, a vote will be held in the affected work unit(s).

62.9.2 More than 50% of those eligible to vote in the work unit(s) must vote in favour of 12-hour shift work.

62.9.3 The vote will be determined by a secret ballot scrutinized by the appointees of Hydro One and the Society.

APPENDIX I

Master Schedule Guidelines

1.0 All work groups must follow the same schedule.

2.0 An excessive number of 12-hour shifts cannot be worked in sequence. Three would be the maximum for nights; four would be the maximum for days.

3.0 At least 48 hours off will immediately follow each sequence of shifts. At least two regular days off will be schedule in each week.

4.0 Time balances should cycle between +36, with an additional +4 hours as an exception.

5.0 Other specific rules in the Article should also be noted.

Note:

1. Supernumerary shifts will be worked between the hours of 08:00 and 16:00. These shifts will be spread evenly throughout the year except for July and August. Supernumerary shifts will only be scheduled in July and August if required for outage schedules.

2. For hours actually worked by an individual the following implementation rules apply:

    2.1 Maximum of 3 night shifts in a row, except for MAR list needs.

    2.2 A minimum of 48 hours off per pay period, except for MAR list needs

63 SHIFT TURNOVER

63.1 A shift turnover allowance will be paid to employees who have been authorized to perform shift turnovers, based on the criteria in Sections 63.2 and 63.3 and in compliance with the chart below.

63.2 Only one person will be paid for each shift turnover, either the incoming or the outgoing shift, but not both.

63.3 Rights to overtime are waived in favour of the above allowance when performing normal shift turnovers. The exception to this is in cases where the turnover is 30 minutes or longer due to unusual circumstances. In such cases all time beyond normal working hours will be compensated according to the overtime provisions of this Agreement in place of the allowance.

- Payment Per Shift Turnover -

Salary Grade	
MP6	$16.40
MP5	15.30
MP4	14.40
MP3	13.50
MP2	12.65
TMS 05	12.60
TMS 04	11.80
TMS 03	11.10
TMS 02	10.40
TMS 01	9.70

PART XIII- WORKING CONDITIONS

64 REDEMPLOYMENT, SURPLUS STAFF PROCEDURE AND CHANGE OF EMPLOYER

64.1 Scope

This Article applies to the redeployment or transfer of employees within Hydro One and from Hydro One to a new employer to whom a portion of Hydro One's business is transferred.

This Article will apply to all employees except temporary employees, and takes precedence over other provisions of this Collective Agreement with regard to vacancies and job placements unless otherwise specified. Article 33 describes the entitlements for temporary employees. Employees on leave (e.g. LTD) or on foreign assignments will be neither advantaged nor disadvantaged upon return from the leave.

64.1.1 Preference for Regular Employees

Surplus regular employees will be retained in preference to temporary employees under the following conditions:

- within the same Unit of Application;
- where the regular employees are qualified to perform the work and are able to perform the job within a reasonable period of time given the length of the assignment;
- where the work is normally performed by Society-represented employees.

Therefore, when there are both regular and temporary employees within the same Unit of Application and a surplus arises, the surplus regular employees will be retained over the temporary employees, if the conditions above are satisfied.

In situations where there are surplus regular employees, they will be used in preference to temporary employees, if a temporary requirement arises and if the above conditions are satisfied.

64.1.2 Grievability/Arbitrability

Employees may use the grievance/arbitration procedure to appeal decisions of the joint teams referred to in this Article if they believe they have been treated unfairly. JRPT decisions and processes are grievable. It is expected that the parties will support their decisions and recommendations. This is not intended to prevent the parties from jointly agreeing to change their decisions and recommendations. The recommendations and decisions by other Joint Redeployment Planning Teams and other Joint Reasonable Offer Teams are without prejudice and cannot be used as precedents in grievance arbitration. Any agreements reached by the parties within the scope of Article 64 are neither grievable nor arbitral.

64.2 Preamble and Principles of Operation

It is intended that the parties will make their best efforts to interpret, apply and administer the provisions of this Article to reflect a balance among the principles set out below and throughout this Article.

The parties are committed to sustaining a work climate that supports a high level of employee commitment, performance and job satisfaction. The following principles reflect our underlying values and beliefs and provide the direction on which this Article is founded:

64.2.1 Career change should be expected and viewed positively.

64.2.2 Individuals are responsible for their own career decisions and should be involved in developing options affecting their careers.

64.2.3 Hydro One and The Society recognize the value of retaining, utilizing and enhancing the asset of employee skills and abilities.

64.2.4 Redeployment issues will be discussed openly and employees and their representatives should be involved in these discussions as early as possible.

64.2.5 Employees will be provided with access to opportunities for learning and development and will take a proactive role in their development to prepare for the future.

64.2.6 It is in the best interests of both our customers and our employees for Hydro One to be a viable and healthy business entity.

64.2.7 Redeployment policies must reflect a balance between the fundamental interests of Hydro One and its employees.

64.2.8 Employees will be treated fairly and with respect and dignity.

64.2.9 Hydro One and The Society recognize that there will be competing individual interests and will structure redeployment strategies which will minimize the occurrence of that competition and its negative impact.

64.2.10 A commitment to short and long range planning is critical for the effective and efficient utilization and deployment of employee skills.

64.3 Definitions

64.3.1 “ADVERSE IMPACT” shall mean that, as a result of a Hydro One business decision, an employee does not have an ongoing position for which he/she is qualified or for whom the only available ongoing position for which he/she is qualified represents a demotion and for which he/she has not voluntarily applied.

64.3.2 “ALLOCATION” shall mean the lateral placement of an employee into an ongoing position where the exercise of employee choice is not required on the basis of the rules set out in Subsection 64.7 and there is no adverse impact.

64.3.3 "BASIC PAYMENT IN LIEU OF NOTICE" shall mean 24 weeks.

64.3.4 "CHANGE OF EMPLOYER" shall mean any sale, lease, transfer or any other transaction between Hydro One and any other entity, by virtue of which the ownership or control over any part of the company's business or assets becomes held by such other entity and some or all of the Company's employees become employees of a new employer as part of the commercial transaction.

64.3.5 "CONSENSUS" shall mean an agreement on a given issue that all parties to the agreement can live with and publicly support.

64.3.6 "DECLARED SURPLUS" shall mean that the employee has insufficient seniority and/or qualifications to be matched to an ongoing position that is deemed to be a reasonable offer in his/her unit of application.

64.3.7 "INCUMBENCY" is a concept that will be used as a part of a redeployment process. An employee may be identified as an incumbent only if the position meets the following criteria:

the majority of the core functions/key accountabilities are the same[7]**;**
unchanged location;
unchanged hours of work;
unchanged salary grade or where the salary grade increases as a result of the prospective addition of duties/accountabilities pursuant to Clause 66.3.1.c.

64.3.8 "LATERAL POSITION" shall mean a job paid from:

a) the same salary schedule and is the same salary grade as the employee's current grade;

or

b) a different salary schedule in which the salary level is equivalent to the employee's current job measured by salary grade Reference Points (100%).

64.3.9 "LATERAL PLACEMENT" shall mean the placement of an employee into an ongoing lateral position or into an ongoing position that is upgraded pursuant to Clause 66.3.1.c.

64.3.10 "MAPPING" shall mean the lateral placement of an employee into an ongoing position where the exercise of employee choice is required on the basis of the rules set out in 64.7 and there is no adverse impact.

64.3.11 "ONGOING POSITION" shall mean an assignment other than a relief of rotational assignment. An employee's ongoing position determines his/her base jurisdiction for the purposes of employment continuity and other entitlements (see Article 5).

64.3.12 "PRIORITY CONSIDERATION" shall mean an obligation to select the most suitable candidate from amongst the qualified surplus applicants for advertised vacancies for whom the vacancy represents a lateral or lower-rated position. If there are no qualified surplus applicants Management is then obliged to select

[7] The operational meaning as determined by the JRPT in adverse impact situations.

the most suitable candidate from amongst those surplus applicants who can become qualified in a reasonable period of time. "Priority consideration" is provided to surplus employees.

64.3.13 "PROMOTION" shall mean a position in which the demands and responsibilities are greater than in the employee's current job and the position is a minimum of one salary grade higher than the employee's current job if rated on the same salary schedule or the equivalent of one salary grade higher if rated on a different salary schedule.

64.3.14 “QUALIFIED” shall mean having the qualifications and experience required to perform the job within a reasonable period of time, normally not expected to exceed six months.

64.3.15 “REDEPLOYMENT” shall mean the staffing of new or changed organizations in accordance with the provisions of this Article.

64.3.16 "SENIORITY" shall mean all prior service with Ontario Hydro *and* Hydro One or other eligible seniority as per the transition provisions in Section 9.***3*** regardless of breaks in employment, employee category and/or bargaining unit/ representational status. Regular employees who currently work reduced hours or have done so in the past, will have such service calculated as if it were full-time. In the event that a contractor is determined to be dependent, service shall be counted from the date of a declaration of dependent contractor application to the OLRB or the date of joint agreement between Hydro One and The Society regarding contractor status.

64.3.17 “SERVICE" for the purpose of calculating severance shall mean the employee's Established Commencement Date (ECD) and does not include any external experience credits. Employees who have received severance pay under this Article shall not be entitled to the service used to calculate previous severance pay in any future employment with Hydro One.

64.3.18 "SERVICE BASED PAYMENT IN LIEU OF NOTICE” shall be based on the surplus employee's Service Recognition Date (SRD) plus External Experience Value (EEV).

64.3.19 “SUBSIDIARY COMPANY” shall mean a Hydro One subsidiary or holding company.

64.3.20 “VACANCY TRANSITION PHASE” (VTP) shall mean a period not to exceed six weeks following the conclusion of a mix and match during which vacancies are unfrozen and surplus employees who elect to remain for this phase have the right to priority consideration for vacancies in accordance with Subsection 65.6.3.

64.4 Notification and Involvement of The Society

64.4.1 Principle of Prior Involvement

Prior to making final decisions on significant organizational or operational changes that have an adverse impact on the employment continuity of Society-represented employees, Hydro One will establish a team in a timely manner

which will include representatives appointed by The Society. The team will examine how the organizational or operational change will be implemented and will strive to develop mutually acceptable recommendations in a timely manner for the appropriate level of Management based on this examination.

64.4.2 Involvement

The Society will be involved in all decisions respecting how Society represented employees are treated with respect to this Article.

There are two levels of involvement in this Article. They are as follows:

a) Joint Consultation

Hydro One and The Society will discuss the issue and attempt to reach a jointly acceptable course of action.

Failing an agreement, Hydro One will make the final decision.

b) Joint Recommendation

Hydro One and The Society will attempt to reach consensus on an issue that will form the basis of a recommendation to senior management.

In the event a JRPT does not reach consensus on the appropriate Unit of Application, the default Unit of Application defined pursuant to Subsection 64.10.1 will be used. Other outstanding issues will be submitted by either party to a standing arbitrator.

64.5 Application

64.5.1 This Article applies to all situations where:

- There is a change of employer for employees; and/or
- The employment continuity of employees is adversely impacted; and/or
- Positions with incumbents are transferred within/between subsidiary companies, relocated or significantly changed (e.g., a change to job duties and/or skills/qualifications and/or rate as covered in the job document) but where no adverse impact results ***with the following exception: where positions with incumbents are transferred to a different organizational unit and/or line of business and there are no changes in: a) location (i.e. regular work headquarters); or b) job document and/or job ratings; or c) hours of work.***

These impacts may arise due to organizational and operational changes that include technological changes, workload changes, business process re-engineering and other circumstances.

64.5.2 Where there is no adverse impact, the provisions of 64.7 shall apply.

64.5.3 Where there is adverse impact, the provisions of 64.8 to 64.15 inclusive shall apply.

64.5.4 Where there is a change of employer, the provisions of 64.6 shall apply.

64.5.5 Hydro One shall consult with the Society regarding the applicable redeployment process (i.e., whether to use the “adverse impact” or the “no adverse impact” track) prior to redeploying employees.

64.5.6 Exceptions to mandated “freezes” on filling vacancies in the “change of employer”(Subsection 64.6.6) and “mapping” (Clause 64.7.6.2) processes may be permitted where the parties mutually agree.

Change of Employer

64.6 Change of Employer

64.6.1 This Section shall apply where there is a change of employer for some or all employees.

64.6.2 Hydro One recognizes the importance of securing for employees opportunity for continuing employment with the new employer and will endeavour to secure such opportunity for employees with the new employer.

64.6.3 In addition to Article 11, at the earliest possible time prior to the transaction, Hydro One further agrees that it shall provide in writing to the Society all available information relating to the new employer that is relevant to employees to the extent that circumstances reasonably permit. The Society agrees that confidentiality will be maintained.

64.6.4 Until such time as staff positions and numbers to be transferred to the new employer are provided to the Society, employees may apply to vacancies in accordance with the Collective Agreement. All applications from employees (“affected employees”) in the affected businesses or assets for laterals and demotions will be processed and considered unless the move would seriously jeopardize the viability of the work unit.

64.6.5 Hydro One will provide the Society with a listing of the potentially affected employees, positions and numbers to be transferred to the new employer as soon as possible. This listing will specifically identify any employees who are from an acquired municipal electrical utility (MEU) and who have been provided with a period of employment protection under the Hydro One Acquisitions Letter of Understanding (LOU#7).

64.6.6 Commencing on the date that Hydro One provides the information described in Subsection 64.6.5, displacements into and selections into or out of the affected businesses or assets shall cease.

64.6.7 Where the number of affected employees exceeds the new employer’s needs or where there is adverse impact, the following shall apply:

64.6.7.1 Article 64.8 shall apply to affected employees.

64.6.7.2 Where there continues to be adverse impact, affected employees will be placed through an expedited mix and match process in accordance with Sections 64.9 to 64.10.3. Where there is no adverse impact, the provisions of Subsection 64.6.8 shall apply. Affected employees who are placed in positions with the new employer through the mix and match process will transfer to the new employer.

64.6.7.3 Affected employees who are not placed pursuant to Clause 64.6.7.2 will be redeployed in Hydro One in accordance with the applicable provisions of this Article (i.e., either the “no adverse impact” or the “adverse impact” tracks).

64.6.7.4 Where the number of affected employees does not exceed the needs of the new employer or where there is no adverse impact for these employees, affected employees will be redeployed into positions with the new employer in accordance with Section 64.7.

64.6.7.5 Except for employees who terminate pursuant to Section 64.8, employees who refuse to accept a placement with the new employer in accordance with the applicable process (i.e., Subsection 64.7.5 for employees who are allocated, Clause 64.7.6.9 for employees who are mapped, and Sub-clause 64.10.3.v.9 for employees who are mixed and matched by a JRPT) shall be deemed to have voluntarily terminated Hydro One without severance.

64.6.7.6 Where as a result of the transfer of employees to a new employer an adverse impact arises for employees remaining at Hydro One, the latter shall be redeployed in accordance with the “adverse impact” provisions of this Article.

64.6.7.7 The Society agrees that no grievances under the Ontario Labour Relations Act or any other applicable legislation will be undertaken as a result of the implementation of this Section other than to enforce its terms.

No Adverse Impact

64.7 Allocation/Mapping

64.7.1 Where Hydro One redeploys employees and there is no adverse impact, employees shall be either allocated or mapped in accordance with the rules set out in this Subsection.

64.7.2 Hydro One shall consult with the Society prior to determining whether employees shall be allocated or mapped. Process decisions shall be communicated to the affected employees as soon as possible.

64.7.3 Employees shall be allocated where a whole work group/single classification is being transferred to a different organization and/or location and none of the conditions listed in Subsection 64.7.4 apply.

64.7.4 The conditions under which employees shall be mapped include any one of the following:

- A work unit or function is split within or between subsidiary companies; and/or
- Relocations are required involving positions with the same classification with more than one regular work headquarters; and/or
- Where there are a different number of incumbents than positions for which incumbency rights can be exercised; and/or
- Multiple qualified candidates for a lateral placement.

64.7.5 Where employees are to be allocated, the following rules shall apply:

- All employees shall be allocated;
- Employees shall “follow their work”;
- The placement of employees shall be reasonable within the meaning of Subsection 64.11.3. Employees who refuse to accept their placement offer shall be deemed to have voluntarily terminated employment with Hydro One without severance.

64.7.6 Where employees are to be mapped, the following rules shall apply:

64.7.6.1 The redeployment of employees shall take no longer than four (4) weeks from the date when Hydro One finalizes its organization.

64.7.6.2 During the mapping period all vacancies within the affected Division shall be frozen except pursuant to Clauses 64.7.6.6 or 64.7.6.10. Division shall mean the Divisional Default Unit of Application as defined pursuant to Subsection 64.10.1.

64.7.6.3 All employees shall be mapped.

64.7.6.4 Wherever possible, employees shall “follow their work”.

64.7.6.5 Employees may be promoted in the mapping process pursuant to Clause 66.3.1.c or where there are essentially no lateral placement opportunities or where the employee has been previously demoted through the application of Article 64 and no displacement of another employee will result.

64.7.6.6 Positions that do not have an incumbent or for which there are no qualified candidates for lateral placement within the affected organization will be filled through the advertised vacancy process pursuant to Section 65.6. The posting period shall be one week. Selections to these positions will be made before finalizing mapping decisions.

64.7.6.7 Under any of the conditions listed in Subsection 64.7.4 or otherwise where it is determined that employees shall be given the opportunity to express their preferences, subject to unit viability, “senior choice,

junior force" shall apply. Employees shall have five (5) working days to submit their preferences.

64.7.6.8 If an employee is not an incumbent or following his/her work, he/she may request in writing a review of where he/she has been "draft mapped". The Society and management will expeditiously jointly review this request and may make mapping amendments as necessary.

64.7.6.9 Placement offers shall be reasonable within the meaning of Subsection 64.11.3. Employees who refuse to accept a placement where he/she is the incumbent or where the assignment is reasonable may be deemed to have voluntarily terminated employment with Hydro One without severance.

64.7.6.10 Positions unfilled at the conclusion of the mapping process shall be advertised in accordance with Article 65.

Adverse Impact

64.8 Voluntary Surplus

In circumstances where Management is aware that job loss may occur, subject to work unit viability Hydro One will allow for voluntary termination by an employee in the affected work group. In such cases, employees who terminate their employment, will be entitled to 100% of their own basic and service-based payment in lieu of notice and severance entitlements, plus an additional week of severance for each completed year of service, to a maximum additional payment of 26 weeks' pay. The combined total of the employee severance entitlement, plus the additional week under this Section cannot exceed 78 weeks. The combined total of the payment in lieu of notice and severance entitlement cannot exceed 138 weeks. With the agreement of the Society, Hydro One may offer voluntary separation incentives such as focused pension incentives, retirement bridges etc.

Subject to any Canada Revenue Agency (CRA) rules and regulations, an employee may:

- Transfer a portion of any monies received into a RRSP; and/or
- Elect to receive his/her payment in one (1) lump sum or two (2) equal instalments over 2 consecutive calendar years. Where the employee elects two (2) instalments, Hydro One will make the 2nd payment within the first half of the 2nd year.

64.9 Set Up Joint Redeployment and Planning Team

Hydro One shall decide the organizational structure required to carry out approved work programs.

Hydro One and The Society will appoint an equal number of representatives to the Joint Redeployment and Planning Team (JRPT). This team will develop a redeployment plan which minimizes to the extent possible the effect on and number of employees to be declared surplus, consistent with the need to carry out Hydro One's work and will be responsible for overseeing its implementation. The team is also responsible for

communications to affected staff. The Joint Redeployment and Planning Team will develop its recommendations/decisions by consensus using problem solving techniques.

Senior Management (e.g., Directors, General Managers) shall meet to discuss with the Joint Redeployment and Planning Team the number and type of positions that will no longer be required.

64.10 Joint Planning - Responsibilities of the JRPT

a) The Joint Redeployment and Planning Team will prepare a report including decisions with respect to:

(i) The Unit of Application for identification of surplus staff;
(ii) The name of the standing arbitrator and outline of arbitration process;
(iii) The process and strategies used for redeploying staff within the Unit of Application;
(iv) The preparation of seniority lists and identification of surplus staff;
(v) Identification of separation incentives for the purpose of minimizing involuntary terminations.
(vi) The timetable of events, including specified deadlines, to ensure that the process is completed within the contractual timeframe.

b) Respond to questions and grievances related to its process and decisions.

c) Ensure that purchased services contracts are reviewed by Hydro One throughout the redeployment process.

d) Appoint JROT members.

64.10.1 Unit of Application

64.10.1.1 Definitions

Unit of Application shall mean the organizational unit (e.g., Department, Division, Business Unit, Subsidiary or a cross Hydro One grouping) in which seniority and the identification of surplus staff shall be administered.

Business Unit shall mean the organizational unit under a subsidiary President/CEO.

Division shall mean an organizational unit under a direct report to a subsidiary President/CEO.

64.10.1.2 Size of the Unit of Application

In determining the size of the unit for purposes of identifying who is surplus, the parties will be governed by the following:

- The size of the unit will be sufficiently large to provide a fair means for identifying the surplus employee(s).

- The size of the unit will be sufficiently small to minimize the disruption to both the employee and the work to be done.

A joint recommendation will be made in determining the size of the unit of application.

64.10.1.3 Default Unit of Application

Should the parties not agree to the size of the unit of application for the identification of surplus, then the unit size will be the Business Unit with this exception:

Where fewer than 10% of Society-represented employees in a Business Unit, and fewer than 20% of The Society-represented employees in the Division are adversely affected, then the default Unit of Application will be the Division.

64.10.1.4 Unit of Application Beyond the Business Unit

A JRPT may jointly recommend to a Vice-President or General Manager (or equivalent) that the Unit of Application should be expanded beyond the Business Unit in a surplus situation. If the recommendation is approved, the recommendation will be jointly discussed with the Business Unit(s) into which expansion of the Unit of Application has been recommended. If no jointly agreeable solution is achieved at this stage, the recommendation may be brought by either party to the Society-Hydro One Issues Team ***(“***Issues Team”) for consideration and resolution. In appropriate circumstances (e.g., Corporate Functions, Multiple Business Unit JRPTs), matters may be directly referred to the Issues Team.

64.10.1.5 With respect to the Hydro One organization effective ***April 1, 2013***, the default Units of Application shall be defined pursuant to the chart found at Appendix VII.

64.10.1.6 Where organizations have been split and adverse impact subsequently arises in any receiving unit with respect to the functions of these organizations, the default Unit of Application shall consist of the functions from the old organizational unit and new organizational units if applicable.

64.10.1.7 Employees covered by the FM&P Letter of Understanding dated July 2, 1996 will have a Unit of Application that consists of Hydro One.

64.10.1.8 All employees will normally be assigned to one and only one unit of application.

64.10.1.9 Where Hydro One establishes organizational units which do not clearly fit the definitions contained in the unit of application default provisions, the matter of the appropriate unit of application will be reviewed by the Issues Team***.*** The Issues Team will make a decision which ensures that surplus rights are fairly applied.

64.10.1.10 In the event of a change during the term of the Agreement that cannot be resolved by the parties, the following dispute resolution will be used:

a) The parties shall exchange written briefs within 10 working days of reaching impasse on the matter.

b) A mutually agreed arbitrator shall decide the matter within 10 working days after the briefs have been exchanged. The arbitrator has all the powers under the applicable Labour Relations Act.

c) The arbitrator shall hear the matter in the most expeditious manner possible, and shall only hear oral evidence where he or she determines that it cannot be determined on the basis of the written briefs and oral submissions.

d) The arbitrator shall issue an award within 5 working days of the hearing, setting out the default unit of application.

e) The JRPT shall continue to function and develop other elements of its report pending determination of the default unit of application through this process, and the outcome of this process does not preclude the JRPT from achieving consensus on a unit of application notwithstanding the arbitrator's award.

f) This process does not prejudice or waive any grievance rights under this Article, but the arbitrator's award on the default unit of application cannot be grieved.

64.10.2 Process for Staff Changes - Mix and Match

The Joint Redeployment and Planning Team will develop the mix and match procedures to fill positions in the new organizational structure from employees within the Unit of Application. The intent is to sort employees within the Unit of Application among the jobs in the new organization on the basis of qualifications and seniority. In the event there are no qualified employees from the Unit of Application, the positions will be advertised in accordance with Article 65.

JRPTs are expected to keep accurate records of the reasons for deeming employees not qualified. Upon request, the employee will be provided with the written reasons for being deemed not qualified.

64.10.2.1 Mix and Match Rules

1) No promotions except as specified, i.e., only laterals or demotions are permitted in a mix and match process. (Note: Exceptions are described in 64.10.2.1 (11) and 64.10.4 and includes prospective reclassifications pursuant to Clause 66.3.1.c).

2) Applies within the affected Unit of Application except as specified at Rule 13.

3) The process must be open and participatory and involve individual employees in planning and an agreed-upon form of posting within the Unit of Application.

4) In the event there are more qualified candidates than positions available in the new organization, then the most senior of the qualified candidates will be selected to fill the positions.

5) If a job offer is found to be unreasonable by the Joint Reasonable Offer Team, then the JROT will re-examine the match. If no reasonable job is available, then the employee will be declared surplus with full entitlements.

6) Employees who accept a lower-rated position or who experience a reduction in hours of work as a direct result of Mix and Match will be entitled to the provisions of 64.12 "Compensation".

7) Pregnancy Leave and Paid Parental Leave

The employee should be treated as though he/she is at work.

8) Other Leaves/Absences

The employee will under normal circumstances participate in the Mix and Match process.

9) Out-of-Province Assignments

Refer to 6.4 "Employment Continuity during Temporary Out-of-Province Assignments".

10) Temporary Assignments/Rotations

Employees will exercise the redeployment rights applicable to their ongoing positions.

11) Employees Previously Demoted via Article 64

An employee previously demoted through the application of Article 64 is eligible for consideration at up to his/her previous higher level during a subsequent Mix and Match subject to the following:

- The subsequent Mix and Match (i.e., upon approval of the first report) must occur within two years of the date that the employee reported to the lower-rated position.

- Displacement of another employee at a level higher than their current level is not permitted.

12) Promotion-in-Place Programs (PIPs)

a) Employees in a PIP will be retained in their PIP (should it continue to exist) based on seniority, subject to item (d) below.

b) Employees in non-PIP positions or in other PIPs will be considered for PIP positions subject to the following:

i) for lateral or lower-rated levels of the PIP only;

ii) must be minimally qualified at the entry level of the PIP;

iii) able to achieve the terminal level of the PIP;

iv) placement is based on seniority.

c) Employees in a PIP position will be considered for non-PIP positions for which they are qualified, subject to the following:

i) considered for lateral or lower-rated positions;

ii) placement is based on seniority.

d) Hydro One may determine a minimum number of employees qualified at the terminal level of the PIP at an appropriate work unit level (e.g., Division, Department, Section).

13) Any employee may be matched to a vacancy for which he/she is qualified outside of the Unit of Application based on other Mix and Match rules provided that no displacement of another employee results.

64.10.2.2 Available Options if Employee Refuses a Job Offer

An employee who rejects an offer that is upheld by the Joint Reasonable Offer Team (refer to 64.11.3) as reasonable must, within 48 hours of being advised of the decision, choose between options (a) or (b) as follows:

a) Accept job offer; or

b) Confirm refusal and terminate with 75% of lump sum payments pursuant to Clause 64.13.2.2.

Exception: Employees who have been demoted as a result of the direct application of Article 64 and who, in a subsequent mix and match, face a demotion again due to the direct application of Article 64 will be allowed to choose between accepting the demotion or

being declared surplus with full entitlements. They will not be required to submit to the JROT process.

64.10.2.3 Refusal of an Incumbent Position

Where an employee has been declared to be an incumbent to a position by the JRPT, he/she will not be entitled to file a challenge with the JROT in relation to the incumbent position. If the employee does not accept a match to his/her incumbent position, he/she may be deemed by Management to have voluntarily terminated his/her employment with Hydro One.

64.10.3 Sequence of Events

The following process shall apply in situations where an adverse impact arises:

(i) Where the number of employees exceeds Hydro One's needs, Section 64.8 will apply.

(ii) The filling of Society-represented vacancies pursuant to Subsection 65.6 shall be frozen across Hydro One during the mix and match period. These vacancies will be unfrozen when the mix and match is concluded and surplus employees (if any) are identified.

(iii) The mix and match process will take no longer than 4 weeks. Prior to the beginning of the 4 week period, Management will provide the JRPT with the following information:

- Details on the new organizational structure at a detail level that will indicate the classification, location, number of positions in the new organization;
- A seniority list by pay grade and occupation code;
- Identification in writing of the qualifications and selection criteria for positions without incumbents, for the affected work group.

(iv) A standing arbitrator will be appointed at the beginning of each mix and match.

(v) The mix and match process will involve the following steps with viability check after each step:

1. Incumbent matching
2. Matching to lateral vacancies in the same location (Volunteer/Force)
3. Volunteering for location change and/or a demotion.

(Note: Steps 1, 2 and 3 require organizational charts only within the work group. Steps 1-3 only apply to the new/changed organization).

4. Matching to lateral vacancies in another location in Hydro One (Volunteer/Force).
5. Displacement on the basis of seniority and qualifications to the most junior lateral first in the Unit of Application

6. Matching to demotion vacancies descending within salary grades in Hydro One (Volunteer/Force)
7. Displacement on the basis of seniority and qualifications to the most junior demotion (descending within salary grades) in the Unit of Application.

(Note: Steps 4, 5, 6 & 7 do not require organizational charts).

8. If unable to be placed through any of above steps, the employee will be declared surplus.
9. Subject to subsections 64.11.3 and 64.10.2, employees who refuse a placement in the above process will be considered to have resigned from their employment.

64.10.4 Identification of Surplus Employees

The Joint Redeployment and Planning Team will compare the seniority of employees performing work that requires substantially the same qualifications and experience. In addition the team will compare the qualifications and experience of displaced employees with the qualifications and experience required by lateral or lower rated positions in the Unit of Application and retain the most senior at that level in descending order. Through this process the Joint Redeployment and Planning Team shall decide by consensus which employees within the Unit of Application have greater seniority and shall be retained to fill the ongoing positions and which employees have least seniority and shall be declared surplus subject to (a) and (b) below.

Seniority rights apply to lateral and lower rated positions but are not applicable to higher rated positions except for prospective reclassifications pursuant to Clause 66.3.1.c. The exception to this can occur where there are essentially no lateral or demotional positions with respect to which an employee can exercise his/her Employment Continuity rights and where the JRPT believes there are reasonable opportunities for promotion. The JRPT will identify the individual employee(s) or categories of employees facing these circumstances and the positions or categories of positions that represent promotional opportunities.

Employees who are not supervisors shall not exercise their seniority and displace supervisory employees with respect to supervisory positions unless they have supervisory qualifications. Employees who are not First Line Managers (FLM) shall not exercise their seniority and displace FLM employees with respect to FLM positions unless they have FLM qualifications.

Employees in positions covered by Article 25 (“trainees”) will not normally have their seniority considered with employees from Salary Schedules 01 or 02. The Joint Redeployment and Planning Team may decide on exceptions when trainees have achieved at least Step 2 and have greater seniority than entry level employees on Salary Schedules 01 or 02 or where Article 25 is being used as a salary bridge for employees selected to Salary Schedules 01 or 02 positions.

For the purposes of Subsection 65.6.3 where the Joint Redeployment and Planning Team has agreed to make exceptions based on the above circumstances, such trainees will have priority consideration in the same

manner as other Salary Schedule 01 or 02 surplus employees. Where the Joint Redeployment and Planning Team does not accept that the circumstances warrant exceptions, surplus trainees will have priority consideration for MP2 and equivalent or lower rated vacancies following consideration of the surplus regular employees from within the bargaining unit and before the applications of all other employees.

Employees from outside of the bargaining unit shall not displace Society-represented employees.

In the event that the team is unable to reach consensus on the identification of surplus employees, Hydro One will determine who is declared surplus in accordance with the provisions of Subsection 64.10.4.

a) Viability of the Work Unit

If the ability of the organizational unit to adequately perform its functions is placed in jeopardy by the application of seniority, the Joint Redeployment and Planning Team may decide to protect sufficient lesser service employees to restore the viability of the organizational unit. If the team is unable to reach consensus, then Senior Management (e.g., Directors, General Managers) will decide. In situations where junior staff are protected by the implementation of this Subsection, and where the Unit of Application is smaller than a Business Unit, greater service employees who cannot be placed as a result of such protection shall have the right to have their seniority applied across the Business Unit.

b) Employment Equity

If employment equity programs will be seriously set back, the Joint Redeployment and Planning Team may by consensus agree to protect sufficient lesser service employees in order to prevent such a set back from happening and extend the same provisions as set out in (a) above. This provision is not intended to further or enhance employment equity initiatives. Where the team has not reached consensus on the need to protect lesser service employees because of employment equity concerns, then the normal rules for identifying surplus employees on the basis of seniority will apply as outlined above in Subsection 64.10.4.

64.10.5 Declared Surplus

Employees declared surplus will receive written notice. The written notice shall contain:

- The cause of the surplus.
- A reference to this Article.
- The expected expiration date of the “vacancy transition phase”.
- The right to Hydro One wide priority consideration for vacancies in accordance with Subsection 65.6.3 if the employee elects to remain for the

"vacancy transition phase" or elects to receive his/her severance payment in weekly instalments to a maximum of one year.

- An election form that the employee is required to fill out and return within three (3) working days indicating whether or not he/she wishes to remain for the "vacancy transition phase" or to terminate immediately.

- The total monetary value of the payment in lieu of notice and severance entitlements.

- The anticipated date the employee will vacate his/her position.

64.10.5.1 Voluntary Surplus

An employee from the affected unit of application who would not otherwise be surplus may volunteer to be declared surplus, subject to the following:

a) The withdrawal of surplus status will be offered in seniority order to those surplus employees who are qualified to perform the duties and responsibilities of the position of the employee who is volunteering.

b) The surplus employee will not be considered for a promotion, but may be considered for a promotion-in-place position.

c) This must result in the withdrawal of surplus status from the surplus employee.

d) The employee who is volunteering to be surplus will assume the surplus entitlements of the surplus employee who has his/her surplus status removed. A JRPT may recommend that different entitlements be made available to employees volunteering to be surplus.

e) The exchange of employees arising out of the application of these provisions is subject to the approval of Hydro One. The decision to approve (or disapprove) will be on the basis of further disruption to the work of the affected work unit.

64.10.5.2 Vacancy Transition Phase (VTP)

Employees who are declared surplus have the option of remaining on payroll for the "vacancy transition phase", which will last for a maximum of six (6) weeks. During the VTP, vacancies frozen at the beginning of the mix and match will be unfrozen and management must finalize the selections for these vacancies by the end of this period. The posting period will be one week. Surplus employees who remain during the VTP will have priority consideration for vacancies in accordance with Subsection 65.6.3. Subject to Section 64.14, surplus employees who remain during the VTP who have not accepted an offer of a position by the end of the VTP will be terminated. Surplus employees terminated at the end of the VTP will

have their entitlements calculated as of the date of surplus declaration (e.g., the period on payroll during the VTP will be deducted from the severance and in lieu of notice payment on termination).

Employees who elect not to remain on payroll during the VTP will be terminated immediately and receive payment in accordance with Section 64.13.

64.11 Job Offers

64.11.1 Acceptance/Rejection of Job Offers

A surplus employee will have up to 7 calendar days to accept or refuse an offer of a position.

64.11.2 Assessment of Suitability

If there is more than one applicant for a vacancy within The Society's jurisdiction, the applicants will be considered in the priority set out in Subsection 65.6.3.

Within each category the most suitable candidate will be selected.

64.11.3 Reasonable Offer Challenge Process

A Joint Reasonable Offer Team (JROT) will be established for each Unit of Application established under this Article.

This team will resolve employees' appeals arising from offers made during the mix and match process.

The team will meet and make a decision within three (3) working days of receipt of the appeal. The decision will become part of the JRPT final report recommendation.

It will take into consideration items such as job level, geographical location, responsibilities, status, health, family, legal precedents, community standards and past practices.

The team will be made up of two employees representing Hydro One and two employees representing The Society. The members of the team must be different than those on the Joint Redeployment and Planning Team. The team's membership composition should avoid conflict of interest.

The surplus employee is responsible for presenting his/her own case.

64.12 Compensation

64.12.1 Salary Maintenance

64.12.1.1. The surplus employee's base rate of pay will be maintained, including economic increases and special allowances in the case of TMS staff (refer to Article 30), until placement or termination.

64.12.1.2 If an employee accepts a position at the same salary level, it will be at the same salary and ***step placement*** subject to later performance reviews. Entitlement to special allowances for TMS staff will reflect the conditions of the new position.

64.12.1.3 If an employee accepts placement in a lower rated position his/her current base salary dollars will be frozen until the employee's current pay entitlement as determined from the salary grade and ***step placement*** exceeds the frozen level. This salary treatment must be conveyed in writing when the offer is made.

Exception:

An employee who is within three years of eligibility for an undiscounted pension will be entitled to any negotiated economic increases for the period of time prior to qualifying for the undiscounted pension. In the event that the employee does not retire upon qualifying for an undiscounted pension, his/her base salary dollars will be frozen at that time. (This would include any economic increases occurring during the period of time prior to qualifying for an undiscounted pension.) At this point, the normal salary maintenance provisions will apply.

64.12.1.4 Premiums will be calculated on the basis of the ***step placement*** assessed for the lateral or lower rated job.

64.12.2 Reduction in Hours of Work

(Applicable to Employees paid from Salary Schedules with base 35-hour workweek)

64.12.2.1 Principles

- Pay should reflect hours worked.
- Pay should reflect the job performed.

64.12.2.2 Where employees move to positions where the normal weekly hours are less than in their former positions, the following will apply:

a) The Society and Hydro One will attempt to reach a local agreement on a transition which would allow the affected employees to work additional hours above the 35 hour base for an extended period of time with staged reductions.

64.12.2.3 Failing agreement in accordance with Clause 64.12.2.2, the following treatment will apply:

The employee's working hours and salary will be frozen for a six-month period at which point they will be reduced on a pro-rated basis by 2.5 hours. They will be further reduced by increments of 2.5 hours every six months thereafter until such time as the hours of work are the same as that of the new position.

64.13 Compensation on Surplus Termination

64.13.1 Payment in Lieu of Notice Entitlement Calculations

All full-time and reduced-hours employees who are declared surplus will have a payment in lieu of notice entitlement calculated as follows:

- no less than a 24 week basic payment in lieu of notice entitlement;

  plus

  - service-based payment in lieu of notice entitlement equal to the sum of:
    - ♦ two (2) weeks per year of service for the first five years of service, and
    - ♦ one (1) week per year of service for service greater than five years, and
    - ♦ employees with relevant previous experience will receive additional service-based job search credits based upon their highest salary grade within one year of hiring in accordance with the following:

Salary Grade Hired Into	Credit
MP1/FMP11/TMS1-2/	2 weeks
MP2/FMP12/ /TMS3/	4 weeks
MP3/FMP13/ TMS4/	6 weeks
MP4/FMP14/ TMS5/	8 weeks
MP5/FMP15/OSS12/	10 weeks
MP6/FMP16/	12 weeks

- For reduced hours employees, the service-based payment in lieu of notice entitlement will be calculated as if all service had been worked full-time.

  The total payment in lieu of notice entitlement will not exceed 60 weeks.

64.13.2 Severance, Lump-Sum Payments and Voluntary: Resignation

64.13.2.1 Severance

Severance pay for the purpose of this Article will be calculated, for employees with less than 20 years' service, at a rate of 2 weeks for each year of service at the date of surplus declaration. Employees with a minimum of 20 years of service shall receive severance pay of

3 weeks per year of service at the date of surplus declaration to a maximum of 78 weeks. It will be calculated at the weekly rate for base hours of work for the full-time position (refer to Section 71.2) to the nearest whole month (30 days). Credit will be given on a prorated basis for any service which exceeds a whole year to the nearest whole month (30 days). The relativity allowances paid to TMS staff will be treated as base salary in the calculation of severance for TMS staff.

Severance pay is paid only when employment has terminated.

Persons receiving severance pay will not be considered employees for the purpose of any benefit, service accumulation nor for any other purpose from the day of termination except for recall as per Section 64.15.

The maximum amount of severance is 78 weeks.

64.13.2.2 Lump Sum Payments and Voluntary Resignation

On termination**,** surplus employees will be entitled to their payment in lieu of notice and severance entitlements in the form of a lump sum payment in accordance with the following:

One hundred percent (100%) of their basic payment in lieu of notice entitlement, plus 100% of their service based payment in lieu of notice entitlement plus 100% of their severance pay entitlement, less any period on payroll during the vacancy transition phase if applicable.

64.13.2.3 Previous Severance and Lump Sum Payment

Surplus employees who have received a payment under a predecessor Article 64 or Agreement S3 will have their severance calculated on the basis of continuous service since the last time severance was paid.

64.13.2.4 Transitional Assistance

On termination, surplus employees shall also be eligible for the following:

(i) Coverage under Hydro One's Health and Dental Plan for a period of nine (9) months from the date of termination of employment or until the commencement of alternate employment whichever occurs first;

(ii) Reimbursement for tuition fees and other associated expenses up to a maximum of $4,000.00 upon production of receipts from an approved educational program within 12 months of his/her termination;

(iii) Reimbursement of outplacement services up to a maximum value of two weeks' salary (e.g. Outplacement counselling, legal or financial counselling, external job search expenses), upon production of receipts.

(iv) Recall and vacancy selection priority rights pursuant to 64.15.

64.13.3 Legal Notice of Termination of Employment

It is agreed that compensation for basic payment in lieu of notice and the service-based payment in lieu of notice is sufficient and full notice as per the requirements of the relevant legislation. This Article meets the requirements of the *Canada Labour Code* for federally regulated employees.

64.14 Termination of Employment

If a surplus employee who elects to remain on payroll during the Vacancy Transition Phase is not placed by the end of this Phase he/she will be terminated with severance pay entitlement as per Sub-clause 64.12.2.2.1 "Severance".

Surplus employees on rotation may continue employment with Hydro One beyond the Vacancy Transition Phase at the discretion of the receiving unit (i.e., the unit with the rotational assignment). Normally the extension will be for the duration of the rotational assignment, but a cancellation provision (minimum of 30 calendar days) may be included as one of the terms of the rotational assignment at the discretion of the receiving unit. For the period of employment following the expiration of the Vacancy Transition Phase, employees will be considered per Clause 65.6.3 (f) for selections to corporate vacancies. The period of employment extension shall not be used for the calculation of any entitlement (e.g., severance and payment in lieu of notice) under this Article. In all other respects, the affected employees will be treated as regular employees under the Collective Agreement.

Throughout this Article, wherever surplus employees eligible to retire terminate their employment voluntarily or involuntarily, such employees will be entitled to full retirement benefits in addition to full entitlements under this Article.

64.15 Recall Rights

Employees whose employment is about to terminate are entitled to the following:

a) A terminating surplus employee will be eligible for either:

- a weekly paid severance payment with entitlements to recall within Hydro One;

or

- a lump sum severance payment with no right to recall.

b) Terminated surplus employees with more than 3 years' service will be eligible for recall rights for 12 months from the date of their termination. Employees on Schedule 04 or who have less than 3 years' service will be eligible for recall rights for 24 months from the date of their termination.

c) Former surplus employees with recall rights will be considered for vacancies in the bargaining unit as per Subsection 65.6.3, including their right to grieve non-selection (refer to Subsection 65.6.3).

d) Weekly severance payments will cease in the event a terminated former surplus employee is rehired.

e) Severance pay received prior to recall will be subtracted from any future severance pay entitlements under this Article.

f) Persons on recall are not employees and shall not be entitled to any benefits provided to employees except recall rights as noted above.

64.16 Relocation and Housing Assistance

64.16.1 Hydro One will restructure the cost of relocation so it mitigates the disincentive in the redeployment of surplus staff.

64.16.2 A surplus employee in a community where Hydro One's presence influences the housing market may avail himself/herself of the House Evaluation and Guarantee Plan in accordance with the Hydro One policy.

65 VACANCIES (RELIEF, ROTATIONS AND SELECTIONS)

65.1 Intent

To provide open, fair access to career opportunities and enable Hydro One to optimize staffing requirements over time.

65.2 Definitions

"Relief/Rotations" assignments are short assignments where an individual is assigned duties outside their normal job duties.

"Relief" assignments will mean short term assignments (normally up to 3 months) where an individual is appointed to act temporarily in an ongoing position or which is expected to become an ongoing position. In some cases, the individual may not be required to perform all of the duties and responsibilities of the position.

"Rotations" will mean assignments normally greater than 3 months but not exceeding 2 years in duration ***(unless there is agreement between the applicable Society representative and the employer)*** in positions which are not expected to be ongoing.

65.3 Advance Planning

Prior to filling the work assignment, Management will meet with the local Society representative to discuss the nature of the requirement (e.g., relief, rotation) its expected duration, the selection process and whether there is an expectation that the work assignment will result in an on-going position.

65.4 Relief

65.4.1 Relief is used to cover (a) short-term absences for vacation, sickness, relief absences, etc., (b) short-term bridging periods for selection or rotation, and (c) short-term emergency situations.

65.4.2 The process for selecting the employee to fill the relief assignment should be easy and quick and provide a fair opportunity to employees in the work unit to perform relief.

65.4.3 If there is mutual agreement between the ***applicable*** Society ***representative*** and Management prior to the beginning of the relief assignment, the relief assignment and the incumbent(s) can run for a period of up to one year. In the absence of mutual agreement, the relief assignment is limited to 90 days.

65.4.4 Relief assignments will not be used continuously to avoid advertising either a rotation or an ongoing position.

65.4.5 Pay treatment while on relief will be in accordance with Article 66.

65.5 Rotations Within the Bargaining Unit

(This Article does not apply to rotations outside the unit.)

Rotations are used to accomplish work for situations that occur between short-term relief and on-going positions. At the completion of the rotation, the employee will return to his/her original position or a comparable position normally within the sending unit, except in the circumstances where the employee is surplus (see Article 64).

65.5.1 Principles

Job rotations serve many purposes such as:

a) to provide development opportunities to employees consistent with their career objectives;

b) to allow Management to meet temporary work programs and work load requirements;

c) to manage work performance or to test skills and capabilities where it is believed that an employee's skills and capabilities may be better utilized in another position;

d) to broaden the experience of employees so that they may better perform their regular jobs;

e) to provide employees with the opportunity to develop new skills for career advancement or to enhance career options in the case of anticipated redeployment or technological change which could result in skill redundancy or obsolescence;

f) to meet Hydro One’s employment equity objectives;

g) to provide Management with flexibility in resourcing regular positions as a result of employees being provided rotational opportunities and temporary relief assignments.

65.5.2 Rotations ***that will last longer than twelve (12)*** months in duration will be posted. The scope of the posting will be determined by the receiving unit and may be within the Department, Division/Business Unit or Hydro One-wide. Hydro One will post rotational opportunities on the Hydro One website. ***Rotations that are not posted will not exceed twelve (12) months in duration.***

Unless there is mutual agreement, the rotation will not continue beyond two years except where the position is formally identified as an ongoing training position.

A job rotation posting should include basic information such as the position name and location, salary level, a description of required duties, starting date and proposed duration of the rotation.

65.5.3 The optimal selection process is one in which the employee's interest in the job rotation opportunity, the sending unit's ability to release the employee and the receiving unit's interest in the employee coincide. Rotations will be voluntary. ***All applications for rotations that represent a promotion must be processed unless it is determined that releasing the applicant would seriously jeopardize the viability of the work unit.***

The selection process should include the use of formal selection criteria and interviews will be the responsibility of the receiving unit.

65.5.4 Employees selected for rotation will be provided with a letter in advance of the rotation stating the nature, terms and conditions of the assignment, including rotation duration and details of the performance appraisal process. These terms and conditions should be mutually acceptable.

65.5.5 An employee, other than those who are surplus, who accepts a job rotation will be given a guarantee by the sending unit that he/she can return to his/her original position, if available, or to a comparable position normally with the sending unit.

65.5.6 Terms and working conditions while on a job rotation will comply with all applicable Articles in the Collective Agreement concerning pay treatment, overtime, ***salary progression*** plan and appraisal process, moving expenses, travel expenses and related Hydro One policies.

65.5.7 Employees should not be restricted from applying to advertised vacancies or from being subsequently released from the rotational assignment if selected where the employee is surplus or the vacancy represents a promotion.

65.5.8 Performance feedback is an essential ingredient in any rotational assignment and should be provided during and upon completion of the rotation. A rotation should not normally have a negative effect on an employee's ***step progression***.

65.6 Selections for Ongoing Positions (i.e., Assignments Other Than Relief or Rotations)

65.6.1 All vacancies for ongoing positions (i.e., assignments which do not fall into the category of relief or rotations***)*** shall be advertised Hydro One**-**wide unless there is agreement with the ***applicable*** Society ***representative*** or the following conditions apply:

a) during implementation of Article 64 (Redeployment***,*** Surplus Staff Procedure and Change of Employer);

b) laterals or demotions in the case of sickness; employees with disabilities or special needs; employees returning from rotations, LTD, leaves of absence, foreign assignments, secondments/assignments outside Hydro One;

c) performance management that takes place following consultation with the Society;

d) ongoing exceptions in specified organizational units where there has been joint agreement by the parties***.***

e) "promotions" within a promotion-in-place plan or a proposal which has the joint agreement of the Issues Team in accordance with Subsection 32.3.1. Vacancies for positions in a promotion-in-place plan will be advertised in a manner which informs employees that the position is included in a promotion-in-place plan and that where the best candidate does not satisfy the qualifications or experience required for the end position the employee may be offered the position at a lower rate and be promoted in place.

Employees in categories (a) to (e) in subsection 65.6.3 will be considered at all levels of the PIP prior to those employees in categories (f) to (***j***) and subject to unit viability. Unit viability which would alter this consideration will be discussed in advance of advertising the PIP.

Exceptions to provide for the advertising of the position at a lower rate than the end position will be permitted by joint agreement between the Society ***representative*** and the Business Unit Leader based upon a balanced consideration of:

- future work planning needs
- providing developmental opportunities for lower-rated staff outside of the promotion-in-place plan
- current work requirements
- unit viability and the need to have sufficient number of staff in the end positions.

In such cases, the vacancy notice will state that the position is part of a PIP Plan and surplus employees will be considered for placement at a lateral level.

f) a regular position currently held by an employee where a job review has resulted in a change in salary schedule and/or salary grade.

g) to fill vacancies with the same occupation code within six (6) months of the ongoing posting, in which case Management may select from the previous list of candidates, after checking that surplus employees have not become available for consideration since the vacancy was last advertised;

h) to meet legislative requirements;

i) pursuant to Section 25.5.

65.6.2 All applications which represent a promotion must be processed.

When an application to an advertised vacancy represents a lateral or demotion to a non-surplus employee, the following will apply:

a) Applications from employees with less than one year's service in their current position will be processed and considered if the employee's supervisor agrees.

b) Applications from employees with one to three years' service in their current position will be processed and considered if, in the opinion of the current supervisor and the hiring supervisor, the move on balance would be in the best interest of Hydro One and the employee.

c) Applications from employees with over three years' service in their current position will normally be processed and considered unless the move would seriously jeopardize the viability of the work unit.

65.6.3 Selection Priority for Vacancies

If there is more than one applicant for a vacancy within the Society's jurisdiction, the applicants will be considered in the priority set out below:

a) Surplus Society-represented applicants who have elected to remain on payroll for the “vacancy transition phase” for whom the vacancy represents a lateral or demotion including surplus trainees applying for MP2 or equivalent or lower rated positions on Schedules 01 and 02 who have progressed to at least Step 5 and who were mixed and matched with Schedule 01 and 02 employees;

b) Surplus employees ***in positions covered by Article 25 (“trainees”)*** who were not mixed and matched with Schedule 01 and 02 employees and who have greater seniority than Surplus Applicants on Salary Schedules 01 and 02 and have elected to remain on payroll for the “vacancy transition phase” will have priority consideration for MP2 and equivalent or lower rated vacancies before the applications from all other individuals other than those in (a) above.

c) Surplus Management Compensation Plan (MCP) applicants from positions that are excluded from the Society for whom the vacancy represents a

lateral or demotion who remain on payroll during the six week period following their surplus declaration.

d) Surplus terminated persons with recall rights pursuant to Section 64.15***.***

e) Rehabilitative employees pursuant to Section 47.5.

f) All regular Society-represented and ***(until March 31, 2014)*** regular MCP applicants to the vacancy. This includes applicants from another Society bargaining unit with selection priority pursuant to the transition provisions in Article 9.

g) Regular MCP applicants (effective April 1, 2014).

h) Temporary employees.

i) ***E***mployees temporarily included in the Society's bargaining unit paying Society dues (See Section 5.2).

j) Members of other bargaining units who are active employees of Hydro One.

k) External to Hydro One.

Assessment of the suitability of a surplus employee for a lateral or lower level placement opportunity will include education, experience, personal contribution factors and potential for training to perform the job requirements within a reasonable period of time (e.g. up to six (6) months). A surplus employee who is placed and who requires additional training to perform the job requirements will be provided with assistance to obtain the necessary training and development to perform the new job requirements. Hydro One will restructure the cost of retraining so it mitigates the disincentive in the redeployment of surplus staff.

A determination that none of the applicants in category (a) is qualified or qualifiable within a reasonable period of time is required before considering the applicants from the next category. The same is true with respect to categories (b), (c), (d), (e)***,*** (f) (g), ***(h) and (i).*** "Qualifiable" means that the employee can perform the job requirements normally within 6 (six) months.

See subsection 65.6.1 for priority consideration of applicants to promotion in place plan vacancies.

Hydro One agrees to grant priority to Society represented employees who are surplus and to those who fall within subsection 65.6.3(e) who apply for positions excluded from all union jurisdictions and for whom the vacancy represents a lateral or demotion, after the consideration of surplus applicants who are excluded from all unions for whom the vacancy represents a lateral or demotion and prior to consideration of all other applicants.

(The following paragraph is deleted effective April 1, 2014). Regular MCP applicants are granted the same priority consideration as regular Society-represented applicants at level (f) on condition that Society-represented applicants are granted the same priority consideration as MCP applicants for MCP vacancies except as otherwise provided for in this sub-section.

65.6.4 In determining who is the best qualified candidate for positions, in each category of subsection 65.6.3, the primary basis for the selection of employees is their assessed capability to perform the necessary work. The selection criteria would normally include but not be limited to the following:

a) requirements including skill, knowledge, education, experience, transferable/generic skills such as analytical skills, communications skills, project management skills, consulting skills, self-management skills, accountability, responsibility, etc.;

b) the candidate's past track record and what she/he brings to the position;

c) the candidate's potential to develop competence for more senior positions;

d) the need to meet legislative requirements;

e) the need to balance the overall requirements of the work unit.

65.6.5 Employee selection measures which are used as aids in selection decisions shall be job related and be used in a manner that is fair and equitable to the individuals being assessed. Individuals will be entitled to prior knowledge of the selection criteria and be entitled to information with respect to their performance in the selection process upon request.

65.6.6 Some flexibility should be exercised in accepting late applications to advertised vacancies after the closing date in order to permit employees a fair opportunity to continue employment yet still allowing the Business Unit to resource expeditiously.

Where the closing date is FIRM, it must be stated clearly in the vacancy posting that late applications will not be considered.

a) Surplus and non surplus employees are normally expected to have made application to a vacancy by the closing date.

b) It is recognized that in some instances, there will be applications filed after the official closing date. In these cases, unless the closing date is FIRM, late applications must be filed with the advertising location NOT later than the date that the “short list” of applicants is finalized for formal consideration.

- The term “Short List” refers to the first list of applicants who Management plans to interview for a vacancy.

c) Employees who have applied for vacancies and are later declared surplus have until the “short list” date to notify the advertising location of the change in their status.

65.6.7 Applicants to advertised vacancies are to be advised of the status of the vacancy (and of their applications) within a reasonable period of time for each successive step they qualify for.

65.6.8 Hydro One shall provide copies of all offer letters, including for rotational assignments and new hires***,*** to the ***applicable*** Society ***representative.***

65.6.9 When outstanding vacancies remain unfilled for longer than six months, employees in the work unit concerned should be advised of the reason for not filling such vacancies.

65.6.10 All positions on salary schedules 01, 02, and 03 which are excluded under the Recognition Clause and ***Band 6 MCP*** vacancies including rotational opportunities expected to last longer than six months will be posted on appropriate bulletin boards (and through electronic means where possible).

65.6.11 Release of Employees Selected to a Vacancy

Intent:

a) Hydro One will strive to facilitate the expeditious release of employees who are selected to a vacancy**.**

Normally, employees should be released within 90 days of the vacancy selection. In the event that a release date greater than 90 days appears likely, Management will discuss the reasons for the delay and a release date with the Society**.**

66 SALARY TREATMENT FOR PROMOTIONS, TEMPORARY ASSIGNMENTS, LATERAL TRANSFERS AND DEMOTIONS

66.1 Definitions

"Promotion": This occurs when an employee is appointed to a position in which the demands and responsibilities are greater than in the employee's current job and the position is a minimum of one salary grade higher than the employee's current job if rated on the same salary schedule or the equivalent of one salary grade higher if rated on a different salary schedule.

"Higher-Rated" Job:

A job paid from:

a) the same salary schedule and is a minimum of one salary grade higher than the employee's current job; or

b) a different salary schedule in which the salary level is greater than in the employee's current job, measured by Step 9 salary grade rates.

"Lateral Transfer":

This occurs when an employee is appointed to a job paid from:

a) the same salary schedule and is the same salary grade as the employee's current job; or

b) a different salary schedule in which the salary level is equivalent to the employee's current job, measured by Step 9 salary grade rates.

"Demotion":

This occurs when an employee is appointed to a position in which the demands and responsibilities are less than in the employee's current job and the job is a minimum of one salary grade lower than the employee's current job if rated on the same salary schedule or the equivalent of one salary grade lower if rated on a different salary schedule.

66.2 Promotion

66.2.1 It is normally expected that an employee will receive a salary increase upon promotion to compensate for the greater demands and responsibilities of the new, or revised, job.

66.2.2 A promoted employee will be placed at the step which reflects a reasonable expectation of his/her performance in the new or revised job.

66.2.3 It is normally expected that employees who are “green-circled” as a result of the implementation of the new salary progression plan and whose “green-circled” rate is above Step 9 of the rate of the new job will receive a salary increase, to a maximum of 3%, upon promotion.

66.3 Reclassification as a Result of a Job Re-evaluation

66.3.1 Reclassification may occur under several circumstances**:**

a) when the salary grade for a job increases with no change in the employee’s actual job duties/responsibilities;

b) when the employee has been and will continue to perform additional job duties/responsibilities;

c) when additional job duties/responsibilities are to be added to the job.

Reclassification as a result of (a) or (b) above will result in the employee being placed in the same step in the higher salary grade.

Reclassification as a result of (c) above will be considered as a promotion. However, at the next performance appraisal the employee will be eligible to be placed in the same step as before the reclassification.

In circumstances (a), (b) or (c), it is normally expected that employees who are “green-circled” as a result of the implementation of the new salary progression

plan and whose "green-circled" rate is above Step 9 of the rate of the reclassified job will receive a salary increase, to a maximum of 3%, upon reclassification.

66.3.2 Short-term increases in the employee's actual job duties/responsibilities do not require reclassification but may be subject to the relief provisions of this collective agreement.

66.3.3 Retroactive payments, if any, that result from reclassification either because of a Management or employee-initiated job review will be limited to a maximum of one year prior to the date of the job review request. The employee must have performed the relevant duties and responsibilities which resulted in the reclassification during this period in order to qualify for retroactivity.

66.3.4 Retroactivity which results from a reclassification decision will be paid within 60 calendar days of the decisions (i.e., if no dispute, date of Management decision to implement; if dispute goes to grievance, date of Step 2 decision or date of arbitration award.

66.4 Relief Pay

An employee will receive a salary increase after five (5) consecutive days when temporarily relieving in a higher-rated position or after 10 cumulative working days. Where such increases occur, they will be paid retroactive to the first day of relief. The amount of increase should reflect the increase in job demands and responsibilities. Employees who are "green-circled" as a result of the implementation of the new salary progression plan and whose "green-circled" rate is above Step 9 of the rate of the relief position will receive a salary increase, upon meeting the conditions outlined above, to a maximum of 3%.

66.5 Lateral Transfer

Normally, an employee who is appointed to a lateral position should receive no increase in current pay.

66.6 Demotions

For voluntary demotions, the employee will take the rate of the lower-rated position except as follows:

- Where employee involuntarily demoted pursuant to Article 64, "red-circling" (i.e. the freezing of the employee's base salary dollars) will continue until employee's new pay rate exceeds the frozen level, regardless of the number of appointments.

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67 PURCHASED SERVICES

No employee will be laid off as a direct result of contracting out.

68 HOURS OF WORK

68.1 Salary schedule 01 applies to all employees with a 35 hour base work week and to all employees in jobs rated under the Plan A Job Evaluation Manual, with regularly scheduled hours between 35 and 40 hours per week paid on a prorated basis.

68.2 Salary schedule 02 applies to all employees with a 37.5 base work week, with regularly scheduled hours between 37.5 and 40 hours per week paid on a prorated basis.

68.3 Salary schedule 03 applies to all employees with a 40 hour base work week in jobs rated under the TMS Job Evaluation Manual or to which LOU #5 applies.

68.4 Reduction of Hours of Work

Where Management reduces the standard hours of work for a position, the following will apply:

a) The Society and Hydro One will attempt to reach a local agreement in advance of the change on a transition which would allow the affected employees to work additional hours above the 35 hour base for an extended period of time with staged reductions.

b) Failing agreement in accordance with (a), the following treatment will apply:

i) Where an employee is within 3 years of eligibility for an undiscounted pension, the employee's normal hours of work will not be reduced for 3 years, or until such time the employee is eligible for an undiscounted pension if earlier, and the employee will continue to receive economic pay adjustments. If the employee does not retire upon qualifying for an undiscounted pension, then their hours of work and base rate will be immediately reduced to the hours and rate of the position.

ii) For other employees than those in category (i), the employee's working hours and salary will be frozen for a six month period at which point they will be reduced on a pro-rated basis by 2.5 hours. They will be further reduced by increments of 2.5 hours every six months thereafter until such time as the hours of work are the same as that of the new position.

68.5 Hydro One will comply with legislative requirements regarding hours of work.

69 REDUCED BASE HOURS (40 HOUR WORKERS)

The base hours of work for employees whose regularly scheduled hours of work are 40 hours is 39 hours per week.

These employees will continue to work 40 hours per week, banking one hour per week at straight time.

a) The normal scheduled and paid hours of work will remain at 40 per week.

b) Overtime rates will be paid for all hours in excess of normal scheduled hours.

c) Banked time may be taken on such days as the employee and his/her supervisor mutually agree upon following reasonable advance notice on the part of the employee.

d) Banked time may be taken off in a minimum of half day (i.e. four hour) increments.

e) Banked time accumulated in a calendar year must be taken by April 30th of the following year.

f) Where an employee is unable to reach mutual agreement with his/her supervisor to take his/her banked time entitlement (except when exhausting sick leave prior to LTD), unused banked time entitlement will be assigned on the last working day(s) prior to April 30th.

g) Where an employee falls sick on his/her scheduled banked time off, that day will not be charged against his/her sick leave credits, but shall be treated as banked time off for pay purposes.

h) Banked time will not accumulate for any period of unpaid leave exceeding 40 consecutive scheduled hours. Scheduled days off will not be considered as breaking the consecutive nature of scheduled hours. Banked time will accumulate during a paid leave of absence and parental leave.

i) When an employee terminates or when an employee is appointed to a job where the normal hours of work are less than 40 hours per week, unused banked time will be paid off at straight time rates.

70 ALTERNATE HOURS OF WORK ARRANGEMENTS

70.1 Principles

70.1.1 That any alternative arrangements will positively affect our customers. That cost, quality, service and value are key to our success.

70.1.2 That work is best achieved when individuals manage their own time and accept the accountability and the responsibility for the results.

70.1.3 That processes for negotiating and establishing hours of work arrangements will be uniform across Hydro One, and accessible to all. The processes will be designed to ensure equitable treatment. However the results of applying the processes may differ from location to location and unit to unit.

70.1.4 That decisions should be made at the most appropriate level that is closest to the work being done.

70.1.5 That individual concerns will be factored into group proposals and wherever possible, participation in changed hours of work will be on a voluntary basis.

70.2 Application

The procedure described in this Article applies to all forms of alternate hours of work arrangements.

70.3 Definitions

"STANDARD HOURS OF WORK" are to be worked to provide coverage for the business hours. For people assigned to day work, a start time window is established to allow a flexible start-time between 7:00 a.m. and 9:00 a.m. and standard hours will not end after 6:00 pm. They are:

- for 35 hour/week staff - Monday through Friday, 7 hours per day and
- for 37.5 hour/week staff - Monday through Thursday, 8 hours/day and 5.5 hours on Friday and
- for 40 hour/week staff - 8 hours per day, Monday through Friday.

In the absence of any other agreed upon arrangements these are the hours which will be worked.

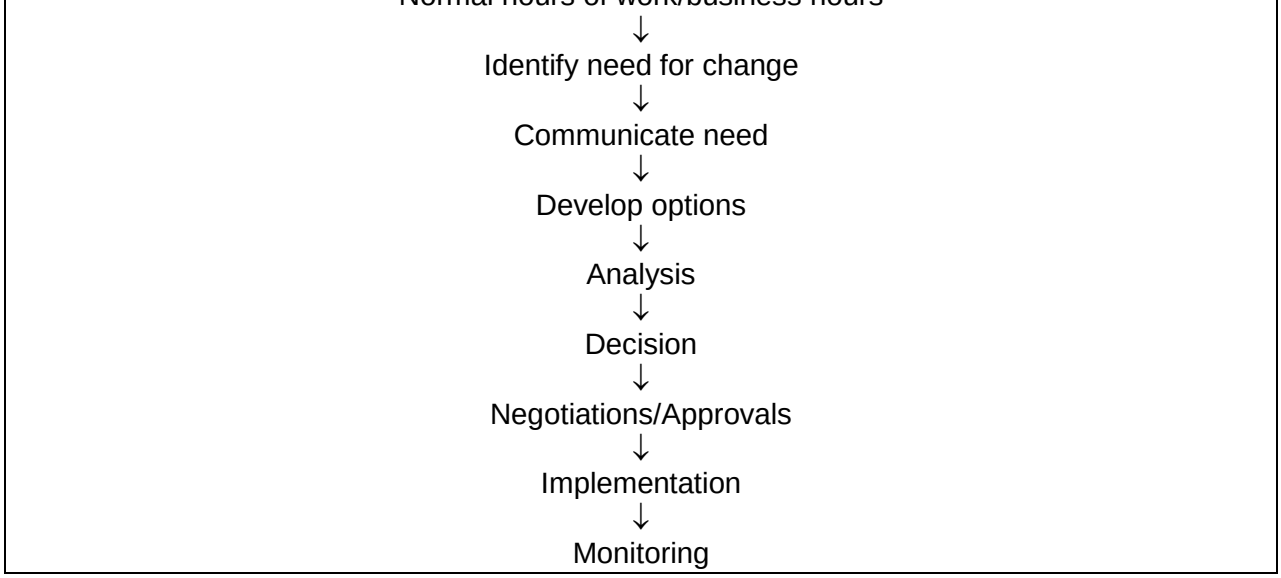
In situations where there is need for 24 hour and/or 7 day/week coverage the hours of work will be a matter of local arrangement.

"NORMAL HOURS OF WORK" are either the standard hours of work or another arrangement as agreed upon using this process.

"STANDARD BUSINESS HOURS" are determined by the needs of the business and the customers.

"NORMAL BUSINESS HOURS" are either the standard business hours or another arrangement as agreed upon using this process. The normal business hours are just a variation on the standard business hours. They would normally arise from a change in customer needs.

FLOW CHART OF THE PROCESS



70.4 Overtime

Hours worked in excess of the normal hours of work will be considered to be overtime except where there has been agreement between the supervisor and the employee for the employee to work in excess of normal hours to make up time.

The pay treatment for Saturday and Sunday will form part of the Agreement which establishes the normal hours of work.

70.5 Process

70.5.1 Identify Need for Change

Identification of the desire for change can come from Management, an individual or a group. A request to change business hours would normally come from Management whereas a request to change working hours would normally come from an individual or group. Where a change to the hours of work for a group is being considered, the Society will be informed and involved in the discussions.

70.5.2 Communicate Need for Change

A request for a change should be communicated to the other party in order that deliberations can begin. Requests will be actively considered by the other party within a reasonable period of time. The process will be joint (Society and Management) and will use a collaborative approach in which the needs and interests of the parties are discussed in an open and honest manner and decisions are made by consensus.

70.5.3 Develop Options

A list of options will be jointly developed and agreed upon. As a minimum, the following criteria will be considered when analyzing the options:

- customer needs
- business needs
- maximum/minimum number of hours that can be worked daily
- overtime/premium provisions
- employee needs
- health and safety considerations
- legal and contractual considerations

70.5.4 Analysis

All options should be analyzed using appropriate tools and measures. The analysis should include a discussion of the options considered, their relative merits and the rationale for the recommendation.

70.5.5 Decision

All decisions will be reached by consensus. If consensus is not achieved then the existing "normal" hours remain in effect.

Consensus means everyone can live with and publicly support the outcome.

70.5.6 Negotiations/Approvals

Negotiations and/or approvals should occur at the appropriate level closest to the situation. The line Director will determine the appropriate level of Management approval and in all cases the Management approval must be outside of the bargaining unit. If necessary, mid-term agreements will be established between Management and the Society to document normal hours of work or normal business hours.

All parties to negotiations under Article 70 should negotiate with the support of principals who will ultimately approve negotiated conditions.

70.5.7 Implementation

Implementation will be on a trial basis initially for an agreed upon length of time and with appropriate cancellation provisions. Criteria for success/failure must be established.

70.5.8 Monitor

The trial will be monitored and evaluated against the criteria. The accountable manager is responsible for monitoring the arrangement.

Following a successful trial period the hours (business hours of work) used in the trial period will become the new normal hours.

Monitoring of key indicators will continue to ensure that the arrangement remains viable.

In the event that the viability ceases to be realized, as determined by either party, the hours of work will revert to the previous "normal" hours unless the parties can jointly find another mutually acceptable alternative. When either party is making a determination about viability it must consider the previously established criteria for success/failure.

71 REDUCED HOURS OF WORK (RHOW) ARRANGEMENTS

71.1 Principles

71.1.1 Employees working RHOW are regular employees and have equal access to all Hydro One policies and agreements (e.g. employment continuity).

71.1.2 The RHOW arrangement must be mutually beneficial and acceptable to both the employee(s) and to Hydro One.

71.1.3 The benefit entitlement will be prorated, wherever possible and appropriate.

71.2 Definitions

A "REDUCED HOURS OF WORK (RHOW) AGREEMENT" is a formal arrangement which individual employees can enter into with Management to perform work over a

period of time by working less than the base hours for a full-time position. A RHOW agreement could apply to one individual or two or more in a job sharing arrangement.

"WORK UNIT" is an organizational grouping of employees and may be as small as a crew or as large as a Business Unit.

"BASE HOURS" are used to establish the rate for a full-time position; such as 35, 37.5, or 40 hours per week.

"NORMAL (SCHEDULED REDUCED) HOURS" are the agreed upon reduced hours of work, which are less than the base hours, and form the basis for prorating benefits.

71.3 Guidelines

In determining if a RHOW arrangement is acceptable, the following factors will be considered:

Productivity levels will be maintained or improved. There should be identification of how this change will potentially affect the productivity of the work unit (including assumptions and rationale used to assess the impact), and identification of the proposed method for follow-up and measurement of productivity impact(s) resulting from the change.

The need to maintain staff capability on an ongoing basis is to be taken into account. Identification of the staff capabilities required by the work unit to maintain effective operations, and how the reduced hours of work arrangement will accommodate or improve this capability should occur.

The appropriate level of service to both external customers and internal customers/clients should be provided. There should be identification of the customers/clients of the work unit and the service provided by the work unit to these customers/clients, and anticipation of the impact of the reduced hours of work arrangement on the service provided.

Effective workflow among work units will be maintained. Other work units impacted by the change, and the anticipated impact of the reduced hours of work arrangement on the workflow among the work units should be identified.

Requirements for supervision must be taken into account. Potential issues relating to supervision (e.g., span of hours), and how the work unit plans to deal with these issues should be determined.

The change to reduced hours should be agreeable to both Management and the employee(s) involved. A written Reduced Hours of Work Agreement must be signed to confirm that this matter has been agreed upon by the parties involved.

71.4 General Conditions - Reduced Hours Arrangements

71.4.1 Advertised Vacancies, ***Salary Progression***, and Employment Continuity

Employees who are on Reduced Hours are regular employees and will be treated accordingly. Therefore, they will be: (a) eligible to apply and be considered for advertised vacancies; (b) given annual performance reviews; (c) where applicable, participate in the step progression process; and (d) have access to the Article 64.

71.4.2 Established Commencement Date (ECD)

ECD will be manually adjusted at the beginning of each year, to reflect the normal (scheduled reduced) hours worked in the previous year while on Reduced Hours, or at such intervals as may be necessary, to reflect the equivalent full years worked. ECD will not be adjusted for sick leave purposes.

71.4.3 Vacation Credit Date (VCD)

The VCD will not be adjusted. It will reflect calendar years. This date affects vacation bonus entitlement for all eligible staff and includes all Hydro service regardless of breaks. It may be different from the ECD.

71.4.4 Service Recognition Date (SRD)

For recognition of 5, 15, 25, and 40 years of service with Hydro One and consistent with the provisions of Section 9.4, the SRD will not be adjusted.

71.4.5 Wages

Reduced hours employees will be paid for normal (scheduled reduced) hours worked, based on the hourly rate for their base hours. Wages will be prorated based on the proportion of the normal (scheduled reduced) hours of work compared to the base hours of the work unit or the appropriate full time position.

Example: Base Hours = 35 per week.

Base Salary = $700.00 per week.

Normal (Scheduled Reduced) Hours = 21 per week.

Normal (Scheduled Reduced) Hours Salary = $700.00 x 21/35 = $420.00 per week

71.4.6 Pension Plan

71.4.6.1 Pension Plan Membership

New employees working reduced hours must apply for membership in the Pension Plan after completing 24 months of continuous service, subject to the following conditions:

- accumulated earnings, including overtime, must equal 35% of the Year's Maximum Pensionable Earnings (YMPE),

and/or

- all accumulated hours, including overtime, must equal 700 (scheduled reduced) hours in each of the two previous calendar years.

71.4.6.2 Pension Plan Deductions

Once qualified as above, Pension Plan deductions for Regular Reduced Hours employees will be based on base earnings for the position and then pro-rated in proportion to the ratio of normal (scheduled reduced) hours to base hours.

Example: Base rate (earnings) $45,000

Base hours	35
Normal hours	20
YMPE for year	$32,000

Calculate 4% of the base earnings up to the first $32,000 (4/100 x $32,000 = $1,280)

Calculate 6% of the portion of base earnings exceeding the first $32,000 ($45,000 - $32,000 = $12,800) (6/100 x $12,800 = $768)

Calculate proportional Pension Plan contributions ($1,280 + $768 = $2,048) (20/35 x $2,048 = $1,170.29).

Calendar service will be used to determine eligibility for retirement and death benefits (currently defined for pension purposes as Eligible Service or Continuous Employment).

Service credit to define the years of Pension Plan membership (years of membership in the Pension Plan) for pension calculation purposes (currently defined by the Effective Date on Pension and Insurance) is prorated. See pension calculation example below.

The Service Credit starts from the date of joining the Pension Plan.

Service for termination benefits, currently defined by the Pension Termination Service Date (PTSD), is to be credited on a calendar basis starting with the date of hire. Service related to the PTSD is not prorated.

71.4.6.3 Pension Calculation

The following is an example of how the pension of an employee in a Reduced Hours of Work arrangement would be calculated. Assume an employee has the following years of employment: 20 years full-time, followed by 5 years of 50% part-time, and then 10 years full-time.

For pension eligibility purposes the employee has 35 years' service, i.e. 20 + 5 + 10 to calculate the amount of pension to be received the part-time years are pro-rated.

20 + 5/2 + 10 = 32.5 years pensionable service
30 + 5/2 x 2% = 65% pension.

If the reduced hours years were the last five years, i.e. 30 years full-time + 5 last years at 50% part-time, the part-time earnings would be annualized as follows, assuming the part-time earnings are $25,000 or 50% of the yearly rate of $50,000 for the last three years of employment.

The calculation is as follows:

(30 + 5/2) x 2% = 65% pension
annualized pension is $50,000 x 65% = $32,500/year.

71.4.7 Life Insurance

Probationary employees after 3 months service and all regular employees are covered under the Group Life Insurance Plan. Membership in the plan begins on the first day of the month following the date the employee completes 3 months of probationary service or is granted regular status. The basic insurance (2 times salary) plus any additional term insurance will be prorated in accordance with the prorating of wages above.

71.4.8 Health and Dental Benefits

Employees will have the option of receiving full benefit coverage for semi-private hospital, extended health benefits, and/or dental benefits, by using payroll deduction to reimburse Hydro One the cost consistent with the appropriate pro-ration. For example:

If an employee works 21 hours per week, he/she would be subsidized for 21/35 or 60% of the costs and he/she would pay the remaining 40%. If an employee chooses not to pay the remaining prorated percentage, there will be no coverage.

71.4.9 Sick Leave

Restoration of sick leave credits for days used will be in accordance with the Sick Leave Plan provisions.

Sick leave should accumulate at the regular times (January 1 or July 1). While ECD is adjusted for other purposes, sick leave accumulation and restoration dates should remain unchanged.

Annual sick leave credits will be prorated, based on normal hours worked.

Example

100% Entitlement Accumulation

- Employee works 21 hours per week 21/35 x 8 days = 4.8 days, rounded to 5 days.

75% Entitlement Accumulation

- Employee works 21 hours per week 21/35 x 15 = 9 days.

Rounding should be to the nearest half day. Time Reporting for vacation, sickness, accident and overtime, etc. will be the same as for any other regular employee.

71.4.10 Long Term Disability (LTD)

Long term disability (LTD) coverage is only available to ***regular employees***.

71.4.11 Accident Insurance

Employees are eligible for 100% benefit.

71.4.12 Statutory Holidays

Both the entitlement to statutory holidays and the payment for the statutory holidays will be prorated. The following table illustrates the entitlement:

Days Worked Per Week	Number of Days Entitled to per Year
1	2
2	4
3	8
4	8 (9 for Federally-Regulated Employees)
5	10

The pay on a statutory holiday will be equal to the pay for the average daily hours of the RHOW employee. For example:

An employee works 4 days per week @ 5 hrs per day. In accordance with the entitlement table above the employee is entitled to 8 statutory holidays per year. Payment for each statutory holiday will be for 5 hours since that is the average of the 4 days per week the employee works.

71.4.13 Floating Holidays

These will be prorated in the same manner as statutory holidays, i.e. both the entitlement and the payment on the days will be prorated. For example, an employee who works 3 days per week and 7 hours on each day worked will receive:

3/5 x 3 days = 1.8 rounded to nearest half day = 2 days

The payment for each day will be for at 7 hours since that is the average hours per day the employee works.

71.4.14 Vacation

A. Less than 1 year - 4% of accumulated wages.

B. For one year, or more:

Vacation entitlement will be based on calendar years (i.e. VCD). The entitlement in any given year will be prorated based on the average number of days worked per week and the actual payment for those days will be based on the average number of hours worked per day.

Example - (a)

A regular full-time employee who commences RHOW on January 1 and who otherwise would be entitled to 20 days' vacation, contracts to work 3 days per week at 7 hours per day (21 hours per week), for the full vacation year, while the remainder of the work unit works 35. The vacation entitlement will then be:

20 x 3/5 = 12 scheduled days off.

The payment on each of the 12 days would be for 7 hours pay since that is the average number of hours the employee works per day. Therefore the total pay will be 12 days @ 7 hours pay = 84 hours pay.

Example (b*)*

An employee who works 5 days per week but works only 4 hours per day.

20 x 5/5 = 20 scheduled days off

The payment for each day would be for 4 hours since that is the average number of hours the employee works per day. Therefore the total pay will be 20 days x 4 hours pay = 80 hours pay.

71.4.15 Overtime

The normal lieu time provisions will apply. Overtime will be paid at appropriate rates for:

- hours worked beyond the base full-time hours on a day (unless additional hours are part of the RHOW arrangement);
- hours worked beyond the base full-time hours in a week;
- hours worked on a Saturday, Sunday or statutory holiday that is not a normally scheduled day.

71.4.16 Pregnancy/Parental Leave

Employees will be eligible for pregnancy/parental benefits. Coverage will be based on normal (scheduled reduced) earnings and normal (scheduled reduced) hours.

71.4.17 Unemployment Insurance Contributions

This is based on gross earnings (which includes overtime premiums, shift differential, etc.).

71.4.18 Canada Pension Plan (CPP)

CPP contributions are based on gross earnings.

71.4.19 Workers' Compensation Benefits

Entitled to 90% of normal weekly net earnings, plus a supplementary grant (total is 100% of normal weekly net earnings).

71.5 Termination of the RHOW Agreement

The initial period of a RHOW arrangement will be considered to be a trial period. The length of the trial period is to be determined by the parties but will not normally be longer than 1 year. If problems are encountered during this period, the employee(s) and the supervisor will attempt to find a solution(s). In the event that these efforts are not successful the RHOW arrangement can be cancelled by either party with 30 days' notice.

After the trial period, situations may arise where the RHOW is no longer working or the workload has increased or decreased. In such situations alternate arrangements can be tried. These could include offering additional hours/days (if there is some) to the RHOW employee, or advertising another RHOW arrangement to make up any difference.

In situations where the workload increases, the employee working the reduced hours will have the first option of working the additional hours. The employee could choose not to work the additional hours. If satisfactory alternative arrangements are not found, Article 64 will be applied.

An employee who wishes to terminate the arrangement has the same rights to vacancies as full-time employees. If unsuccessful in obtaining another position or in negotiating a new arrangement with Management, and the employee terminates the arrangements, the employee will be considered to have resigned from Hydro One.

(SAMPLE) REDUCED HOURS OF WORK AGREEMENT

To: _____Department: _____

Effective date: _____
Type of Arrangement: ___Individual ___ Job Sharing ___Temporary Work

The following information is pertinent to your Reduced Hours of Work Agreement with Hydro One.

1. Hours of work:

_____ days (_____ hours) per week, _____ hours per day.

2. Salary:

Weekly salary will be $ _____ per week based on scheduled reduced hours of per week at Schedule ____ Grade _____.

3. Health and Dental Benefits:

Indicate, by circling the appropriate "yes" or "no", whether or not you are exercising the option of receiving full benefit coverage for semi-private hospital coverage, extended health benefits, and/or dental benefits, using payroll deductions to reimburse Hydro One for the cost consistent with the appropriate proration. Should you elect health and/or dental benefits, the monthly cost will be as follows:

Elected Coverage:
Semi-private hospital coverage _____%$_____Yes / No
Extended Health Benefits _____%$_____Yes / No
Dental Benefits _____%$_____Yes / No

4. All other terms and conditions will be in accordance with the Article on Reduced Hours of Work for Society Represented staff.

The trial period will be for ____ months. The parties agree that the agreement can be terminated with one month's notice during this trial period in the event the arrangement is unsuccessful.

If you agree with the conditions set out above, please sign one copy of this agreement for your Personnel File. Also, please indicate if you wish to be covered by any, or all, of the above health and dental benefits.

Manager: _____ Employee: _____
Date signed: _____ Date signed: _____

cc: Human Resources office Society Unit Director

71.6 Responsibilities

The Employee(s):

The employee(s) should discuss his/her interest in a Reduced Hours of Work agreement with the manager/supervisor. An employee who wishes to work Reduced Hours should prepare a proposal for doing so. The proposal should include a current job description and ways in which the job requirements could be met under a Reduced Hours of Work agreement. It should include suggestions for methods of communication among Regular staff members, their managers/supervisor, customers and clients with whom the job interfaces, as per the Guidelines (Section 71.3).

The Manager/Supervisor:

The Manager/Supervisor is responsible for determining if a Reduced Hours of Work agreement is appropriate and in certain instances may initiate action to implement such an arrangement. The Manager/Supervisor will discuss the possibility of a Reduced Hours of Work agreement with interested employees to assist them in establishing appropriate arrangements. The Manager/Supervisor will identify issues specific to the job which need to be addressed, inform employees of their entitlements and approve the proposed Reduced Hours of Work agreement after the appropriate review.

The Manager/Supervisor is responsible for ensuring that the productivity in the work unit does not deteriorate as the result of a Reduced Hours of Work agreement. If productivity is seen to decline, the supervisor should work with the incumbent(s) to identify ways to improve the situation.

72 PEAK DEMAND HOURS ARRANGEMENTS

72.1 Intent

The intent of this Article is to establish a framework of treatment of employees who by the nature of their jobs, are likely required to work more than their normal work week and/or hours different from their normal hours during peak work load periods of the year, and less than the total hours in a normal work week during other parts of the year.

The guidelines for the application of this Article are contained in Appendix V.

Once it has been decided to apply this Article within a business unit, Management will meet with the Society to determine how best to apply these guidelines in their particular situation. The parties are not required to rigidly adhere to the guidelines in Appendix V and may revise them as they deem appropriate.

Either party may refer unresolved items to “interest” arbitration for resolution.

72.2 Process

The parties will develop a design for the Peak Demand Hours Arrangement in local areas using Appendix V as a guideline**,** including an implementation plan for the arrangement. That plan could involve staffing the arrangement with volunteers on a test basis. The volunteers would have to volunteer for a full 12-month cycle. The fact that an individual did not volunteer will not negatively reflect on his/her performance evaluation. The

results of that test application could be reviewed by the parties. This review might result in revisions to the arrangement.

It is expected that ultimately the arrangement would become a local mid-term agreement.

73 WORK SHARING

73.1 "Work sharing" occurs when sufficient members of a work unit agree to work fewer hours for reduced compensation in order to accommodate a temporary reduction in work load and to help maintain employment continuity in the event of an adverse impact situation under Article 64 - Redeployment, Surplus Staff Procedure and Change of Employer.

73.2 Work sharing is a temporary arrangement. A work sharing arrangement will normally not exceed one year in duration but can be extended by mutual agreement. Beyond a period of one year, a work share arrangement will normally be governed by the terms and conditions of Article 71 - Reduced Hours of Work (RHOW) Arrangements.

73.3 The Society will be involved in the discussion and negotiation of the work sharing arrangement.

73.4 The size of the work unit involved in the work share will be the subject of joint agreement between Hydro One and the Society. The agreement of the employees participating in the work sharing arrangement must be obtained prior to implementation. A sufficient number of employees in the work unit must participate in order to make the work share a viable working arrangement.

73.5 Either party to a work sharing arrangement will have the right to terminate it with 30 days' written notice. Following termination of a work sharing arrangement, the previous hours of work arrangement will be reinstated. Reduction in the number of employees in a work sharing arrangement through attrition, promotion, etc. will result in a joint review in order to ascertain the continued viability of the work share.

73.6 Employees participating in a work sharing arrangement remain regular employees.

73.7 Reduction in hours of work pursuant to a work sharing arrangement will not exceed 20% of regular hours and will be matched by an equivalent reduction in salary for a maximum of one year.

73.8 Employees participating in a work sharing arrangement will retain full benefits coverage during the term of the work sharing arrangement up to a maximum period of one year.

73.9 Pension, life insurance and LTD coverage will continue to be calculated against regular base earnings during the term of a work sharing arrangement up to a maximum period of one year.

73.10 Employees will continue to participate in the step progression process while participating in a work sharing arrangement.

73.11 Employees will not be declared surplus while participating in a work sharing arrangement. This section will be suspended during the operation of Article 64 -- Employment Continuity.

74 ASSIGNMENT OF NON-BARGAINING UNIT WORK DURING A STRIKE/LOCKOUT

Normally, Hydro One shall not assign an employee to perform non-bargaining unit work unless this work is essential work. It is agreed that the following provisions govern the assignment of essential work, ordinarily performed by employees in another bargaining unit, to Society-represented employees in the event that the members of that bargaining unit are in a lawful strike/lockout situation.

74.1 If a job/function is not performed, it is considered "essential work" if it would result in:

a) a dangerous or unsafe situation for employees or the public;

b) a threat to the environment;

c) damage to equipment, systems or property;

d) the violation of licenses, regulations or other statutory requirements as applicable in (a), (b) and (c) above;

e) activities going undone which are required to support employees who are performing essential work in accordance with (a), (b), (c) and (d) above;

f) such other condition or concern as may be reasonable in the circumstances.

74.2 The process for identifying and assigning work will be a joint process involving a Management representative(s) designated by the Business Unit and the Society ***representative*** /designate(s) of the Business Unit. As a part of this process, an employee will advise the Management representative(s) and the Society ***representative***/ designate(s) in a timely manner as to whether he/she will accept the tentative work assignment. Due consideration will be given to family or extenuating personal circumstances raised by an individual employee prior to assigning essential work.

74.3 Requests to employees to accept essential work assignments will contain as much information about the assignment as possible, such as work location and training schedules. It is expected that Management will request work assignments as close to employees' home locations as possible.

74.4 In the event that the Society claims that an activity is not "essential", it may make a claim before ***Robert Herman, or if he is unavailable, a mutually agreed*** facilitator/arbitrator, who shall make a ruling on an expedited basis.

74.5 Hydro One may assign work involuntarily to Society-represented staff if no MF/ESR or qualified Society volunteers are available. There is no obligation to assign MF/ESR before seeking a Society volunteer.

74.6 Any proposed shift schedules which may be worked by Society-represented employees during assignment to non-bargaining unit work shall be reviewed by the appropriate Society ***representative***/designate prior to the official issuance of the shift schedule.

74.7 Employees assigned to essential work will have the appropriate skills and training to perform the duties.

74.8 The terms and conditions of compensation for performing essential work are as follows:

74.8.1 General

74.8.1.1 All policies and practices and terms of the collective agreement which normally apply to Society-represented staff will continue to apply during a strike/lock-out unless modified, replaced or set aside in accordance with this Agreement.

74.8.1.2 All employees, including employees not assigned to work of another bargaining unit, will continue to receive their normal pay rate, including ***step placement***, for their regular job.

74.8.1.3 For those employees who normally work shifts, all existing shift schedule arrangements, including time-balanced schedules, will be suspended from the date the work stoppage commences until the work stoppage ends. Compensation treatment will be equitable for all employees assigned to essential duties during the work stoppage.

74.8.1.4 All employees assigned to essential duties will be compensated based on a 35-hour work week. As a minimum, employees will continue to receive pay equivalent to their normal base earnings. For employees whose rate is normally based on a 37.5 hour or 40 hour week, a premium of 0.5 times the hourly rate will apply after 35 hours in a week until their normal hours of work (i.e., 37.5 or 40) is reached. Overtime beyond this will be compensated at the appropriate overtime rate.

A positive time balance will be paid at the termination of the essential service assignment and a negative time balance will be written off.

74.8.1.5 For situations involving the crossing of picket lines, refer to Article 77 of the Collective Agreement (“Crossing Picket Lines of Other Unions”).

74.8.2 Compensation

74.8.2.1 Scheduled Work on Weekdays

74.8.2.1.1 Employees assigned to essential work will be compensated at straight time rates for the first seven (7) hours of work. The following seven (7) hours worked shall be compensated at time and one half subject to treatment for employees normally working 37.5 or 40 hours a week as outlined in Clause 74.7.1.4.

74.8.2.1.2 All hours worked in excess of fourteen (14) continuous hours shall be compensated at:

a) double time; or
b) straight time plus an hour off for each hour worked in excess of fourteen (14) hours.

74.8.2.2 Scheduled Work on Saturdays, Sundays, and Statutory Holidays

74.8.2.2.1 All employees assigned to work shifts and scheduled to work on Saturdays and Sundays will receive straight time pay for the first seven hours worked as part of a normal scheduled work week.

74.8.2.2.2 All employees assigned to work shifts will receive straight time pay for the first seven hours worked on a statutory holiday as part of their normal scheduled work week. One hour off for each hour worked up to the statutory holiday credit (seven hours) will be given at a later date acceptable to the employee and Management.

74.8.2.2.3 The appropriate shift allowances as per Article 60 (“Shift Work [M&P, TMS]”) and Article 61 (“Shift Work [FM&P]”) will be paid to all employees required to work shifts.

74.8.2.3 Overtime Worked on Saturdays, Sundays and Statutory Holidays

74.8.2.3.1 Employees shall be compensated at time and one half for the first fourteen (14) hours worked on a Saturday.

74.8.2.3.2 Employees shall be compensated at double time for the first fourteen (14) hours worked on a Sunday.

74.8.2.3.3 Employees shall be compensated at double time for the first fourteen (14) hours worked on a statutory holiday. In addition, one hour off for each hour worked up to the statutory holiday credit (seven hours) will be given at a later date acceptable to the employee and Management.

74.8.2.3.4 All hours worked in excess of fourteen (14) hours on a Saturday, Sunday or statutory holiday will be compensated at:

a) double time; or
b) straight time plus an hour off for each hour worked in excess of fourteen (14) hours.

74.8.2.4 Time Off in Lieu

Employees may choose to be compensated in money, paid time off, or a combination of both for overtime worked while assigned to essential work. Scheduling of time off will be subject to agreement of the regular supervisor following the end of the work stoppage.

74.8.2.5 Travel Time

All travel time except time spent in travel when called out for any emergency overtime, will be compensated at straight time. Travel time for emergency overtime will be considered as overtime.

74.8.2.6 Expenses

74.8.2.6.1 Reimbursement will be made for appropriate out-of-pocket expenses incurred as a result of undertaking assignments during a strike situation. As such employees should not profit from reimbursement of expenses. Appropriate expenses include, but are not limited to, travel, meals, accommodation, cancellation of vacations, increased child care, and damage or loss of private property.

74.8.2.6.2 Expenses incurred during a temporary assignment will be submitted to the temporary supervisor for approval.

74.8.2.7 Essential Work Rating Scale

The Essential Work Rating Scale set out in Attachment A forms part of this Agreement and will be updated by the Joint Society-Management Committee, prior to application.

ATTACHMENT A

Essential Work Rating Scale

(A) WORKING CONDITIONS

Employees who are assigned to essential work will automatically receive credit for this factor. It is assumed the individual will be subjected to pressures, demands or unfavourable/hazardous working conditions which deviate significantly from the norms of the regular position. Employees/supervisors whose work responsibility will increase significantly as a result of a work stoppage may be assigned to special duties by their respective line management.

Payment per Day: $30.00

(B) SHIFT ASSIGNMENT

Employees who are assigned to work a shift schedule will automatically receive credit for this factor for each day they work the shift schedule.

Payment per Day: $30.00

(C) SPECIFIC ALLOWANCES

The following allowances are to compensate for situations where employees are required to perform essential work under specific working conditions.

An employee can receive compensation for only one of the following allowances.

24- Hour Availability

An employee who is required or elects to remain at a designated place, other than home (e.g., motel) in readiness to proceed immediately to the work location on a 24-hour basis.

Hours worked by an employee are included in this 24-hour period.

Payment per Day: $46.00

OR

Remaining at Hydro One Facilities on 24-Hour Basis

An employee is required to remain/live at the work location for a 24-hour period.

Payment per Day: $120.00

On-Call Service

An employee is permitted to remain at home following his/her scheduled work but is required to be available to work outside normal working hours.

(Reference: Article 57 - “On-Call Service”)

Note: Employees who are required to live at the work location on a continuing 24-hour basis and will be paid for only those hours worked plus the applicable allowances.

75 TELEWORKING

75.1 Definition of Teleworking:

Telework refers to a Hydro One employee who:
- Is working out of an office in his or her home;
- Does not normally have another office at Hydro One;
- Is not working at home on an occasional or casual basis.

75.2 Collective Agreement Standards:

Where Hydro One determines that teleworking may be implemented, the following provisions will apply:

a) The arrangement will be mutually agreed upon and will be documented prior to commencement of teleworking;
b) The terms and conditions of the collective agreement will apply except where modified by agreement among Hydro One, the Society and the employee;
c) Teleworkers will not be required to meet with customers or other Hydro One employees in their home;
d) Teleworking arrangements will be voluntary, and are subject to cancellation as locally agreed;
e) Teleworking will not change the employment status of the teleworker;
f) Hydro One will provide appropriate health & safety advice and guidance to the teleworker;
g) Hydro One will provide appropriate business and personal security advice to the teleworker;
h) Hydro One shall provide all furnishings/equipment it deems necessary to meet job expectations;
i) Hydro One will pay for additional insurance costs, if required;
j) If the teleworking arrangement is terminated then the employee will be entitled to relocation assistance as provided in the collective agreement;
k) It is agreed that the Society represents employees who fall within the Society recognition clause of the Collective Agreement and who are teleworking;
l) Hydro One will provide in a timely manner the Society with the names, business phone number and business address of teleworkers.

75.3 Local Agreements

Local management, the employee and the Society will agree on these items as part of a local agreement:

- performance measures
- relevant terms and conditions (e.g. travel)
- training where appropriate
- sunset (with a minimum term)
- cancellation

76 DIRECT DEPOSIT

Employees will be paid weekly by means of electronic deposit. Bi-weekly pay will be implemented in accordance with LOU #9 ***(Re: Implementation of Bi-Weekly Pay)***. Time exceptions (e.g. overtime) will continue to have a time lag. Such time lag will only be for the period required for the effective operation of the time reporting centres and pay processes.

77 CROSSING PICKET LINES OF OTHER UNIONS

77.1 Employees will be required to cross picket lines of other unions in order to perform work at their regular/temporary work headquarters.

77.2 During such picket action, some flexibility with respect to the normal scheduled hours of work on the part of both Management and the employee is particularly desirable.

77.3 Normally, an employee who is prevented from arriving at work for his/her normal starting time due to such picket action will have his/her salary maintained without the requirement to make up the hours missed, subject to the following guidelines:

a) An employee is expected to make a reasonable attempt to arrive at work at their normal starting time.

b) If an employee who is late for work should have been able to cross the picket line without being late, the no work - no pay principle will apply.

78 THE PROVISION OF FRENCH LANGUAGE SERVICES

78.1 Designated Positions

Hydro One will designate positions that require French language capability, to the extent required by the Act. Hydro One shall determine the actual number of positions to be designated and which positions will be designated.

Changes to the designated positions require joint agreement between the local Contact Supervisor/Human Resources Manager and the ***applicable Society representative***. Whenever a change is made to the designated positions list, the Contact Supervisor/Human Resources Manager will provide written notification of the addition to the Society office and Labour Relations, Hydro One Human Resources. Labour Relations, Hydro One Human Resources will issue an up-to-date version of the designated positions list annually to the Society. A position can only be removed or modified when it is vacant.

78.2 Job Security

The implementation and operation of this Article will not result in any declarations of surplus, lay-offs, displacements, forced geographic relocations or financial losses.

78.3 Training

Hydro One will not impose any mandatory training for the purpose of complying with the Act. Any person wishing to take optional external training to obtain French language capability will be provided 100% financial support, so long as the request is in accordance with Article 83 - Extramural Training. In locations where extramural training

in French is not available, Hydro One will provide, at no cost to the employee(s), self-paced learning packages in order to assist interested staff to become qualified in French.

78.4 Posting and Selection

French language capability is deemed to be a legitimate selection criterion, in addition to the normal selection criteria, for officially designated positions. The job documents for designated positions will not be amended to include French language proficiency as a duty and/or evaluation factor pending future discussions with the Society.

A notice of posting for a designated position will contain the following wording:

"This position requires the ability to communicate in French. This ability is deemed to be a qualification for the purposes of selection."

French language capability will only be used as a selection criterion when the number of qualified incumbents in a designated position falls below the number specified in this Article. Specific qualifications and requirements must be posted and reasons given for non-selection in writing.

In cases where a location has more than the required number of qualified incumbents in a designated position, the officially designated employee(s) shall be those who are senior and qualified.

78.5 Surplus Staff

When a surplus employee applies to a designated position she or he shall receive the selection priorities established in Article 65 to the extent that the organizational unit retains the capability to meet the requirements of the Act.

78.6 Allowance

Hydro One will pay an allowance of $18.00 gross weekly. It is recognized that the allowance may be paid to all qualified employees in a designated position in a location, rather than just the employees who officially occupy the designated position. This allowance is the same regardless of the number of hours an employee works per week.

The allowance will be paid only while the incumbent is in a designated classification. The payment of this allowance will cease once the employee has been absent for two months. Transfer to an undesignated position, or removal of a position from the designated positions list, will cause immediate stoppage of the allowance.

An employee who relieves in a designated position must have the French language capability required by the position in order to receive the allowance.

79 SPECIAL CLOTHING

79.1 Employees are responsible for providing, at their own expense, suitable clothing for the performance of their regular duties. Subject to certain conditions, outlined below, special clothing may be obtained at the expense of Hydro One for issue to employees.

79.2 Hydro One will make bulk purchases of certain types of work clothing, for resale to employees, on the most favourable terms possible.

79.3 A limited number of rainproof coats and hats may be obtained and kept available at construction headquarters etc, for persons who normally work indoors, but who are occasionally required to work out of doors under adverse weather conditions.

79.4 Safety items that are designed exclusively for such safety purposes will be provided to employees required to perform certain types of work, at no cost to the employee.

79.5 All clothing issued by Hydro One will remain the property of Hydro One. Employees may be required to replace item(s) lost or destroyed as a result of their own carelessness.

79.6 Staff ***who are required by the Company to wear safety footwear*** will be reimbursed as follows:

- Safety boots/shoes - 50% of actual cost to a maximum of $75/pair;
- Electric Shock Resistant Footwear - ***100% of actual cost to an annual maximum of $250.00.***

79.7 Requests for special items of clothing not specifically mentioned, but which might be reasonably supplied under the conditions set out above, will be considered, each case on its own merits. Such clothing must be kept available for any Hydro employee who may require it for Hydro One work.

80 PAYMENT FOR USE OF PERSONAL VEHICLE

80.1 Where an employee is authorized to use his/her personal vehicle for Hydro One related business/travel, the rate of reimbursement will be based on the Private Transportation Component of the Canadian CPI as reported by Statistics Canada.

80.2 Future increases of one cent/km will occur with each additional 10% increase in the Private Transportation Index - 1986 = 100. A decline in the Index below a previously surpassed trigger point for two or more consecutive months will result in a reduction by the appropriate amount of the rate paid.

If the Hydro One business/travel involves the hauling of household trailers, an additional $0.09/km will be paid. For the hauling of smaller trailers (Camper, Ski-doo, boat etc.), the amount will be $0.03/km. The above rates will apply on a province-wide basis.

80.3 By virtue of receiving the above kilometre rates, the employee is responsible for any expenses incurred involving his/her vehicle while on Hydro One's business. This would include such items as insurance premiums, license fees, traffic/parking violations, maintenance costs, any repairs or replacement of parts, fuel, lubricants and the like. The employee is further responsible for informing his/her insurance company that the vehicle is being used for business purposes, and for paying any additional premium that the insurance company deems fit.

80.4 An employee driving his/her personal vehicle on Hydro One business must have a minimum of $1,000,000.00 liability insurance.

81 BUSH FIRE FIGHTING AND VOLUNTEER FIRE BRIGADES

81.1 Employees who are conscripted by the Ministry of Natural Resources for bush firefighting or employees who participate in local Fire Brigades may be granted time off work with pay subject to the following conditions:

81.1.1 Regular and Probationary Employees - Bush Fighting

Regular and probationary employees will have their normal base pay maintained.

81.1.2 Temporary Employees - Bush Fighting

Temporary employees will have their normal base pay maintained for a maximum of five working days or to the end of the intended employment period, whichever comes first. If the firefighting period extends beyond five working days, the employee will be placed on an unpaid leave of absence until he/she returns to work, or to the end of the originally intended employment period.

81.1.3 Volunteer Fire Brigades

Employees who are registered volunteer fire fighters may be granted leave of absence with pay if called to service while at work.

82 EXTREME WINTER WEATHER CONDITIONS

In the event of extreme winter weather conditions, employees will normally receive pay for hours worked.

82.1 Make Up Time

Employees who, due to extreme winter weather conditions, arrive late, miss work or receive approval to leave early, may seek approval to make up lost time by working back the missed hours by:

a) using a vacation day;

b) using a floating holiday;

c) using a lieu day (or banked time where applicable).

82.1.1 For employees who receive approval to work back the lost time, their pay will be maintained for the number of normal scheduled daily hours lost, provided there is work available to be performed.

82.1.2 Employees will work at straight time rate of pay while working back the lost hours.

82.1.3 Time lost due to extreme weather conditions will be worked back within the pay week period. Any lost time not worked back by the end of the pay period will be deducted from the employee's pay.

82.1.4 Senior Management at the location have the discretion to maintain some or all of an employee's normal base pay if they are satisfied that every reasonable effort was made to report to work on time.

82.2 Closure

Employees included in an authorized closure will have their pay maintained for the number of hours between closure and normal quitting time.

82.3 Stranded Employees

Employees who are confined at a regular work location which is an acceptable shelter, will have their normal base pay maintained for their normal scheduled hours of work.

82.3.1 Payment for time worked in excess of normal scheduled hours will be made only if approval was given in advance for such work.

82.3.2 Employees will be reimbursed for reasonable expenses for food and shelter, and will have normal base pay maintained when stranded away from their residence headquarters while on Hydro One business.

82.3.3 Employees working in a location where a minimum level of acceptable shelter does not exist shall be considered as still being at work until acceptable shelter can be reached.

83 EXTRAMURAL TRAINING

In order to enhance a regular employee's job performance now, or in the future, Hydro One may provide financial support for external training activities consistent with Hydro One Policy, subject to the following conditions:

a) the employee is expected to obtain prior approval from his/her supervisor prior to registering in the training course;

b) the external training should normally be completed outside normal working hours. Where this is not possible, time off with pay to attend external training programs will be at the discretion of the employee's supervisor. In no circumstances will the external training exceed six weeks if the employee is required to be absent from work.

c) 100% of reasonable costs paid by the employee for external training courses will be reimbursed where:

- the training course will create or maintain the employee's capability related to current job performance;

- the training course develops an employee's capability for a position identified in a succession, retraining, or redeployment plan.

d) 75% of registration/tuition fees and learning material costs will be paid for external training courses which improve an employee's capability for future jobs within Hydro One.

e) An employee will be reimbursed for reasonable costs subject to:

1. Satisfactory course completion and a passing grade where applicable, except where the course is taken upon the request of Management.

2. Costs will not be reimbursed if the employee has given notice of resignation prior to completion of the course.

3. All approved costs will be reimbursed for courses which cannot be completed due to the employee being transferred to another location.

84 MEAL EXPENSES

Normally, employees are expected to provide their own meals. Where there is a requirement for a meal as a result of legitimate business functions, employees will be entitled to be reimbursed for reasonable out-of-pocket expenses.

85 VOLUNTARY SEVERANCE (NON-SURPUS)

85.1 Employees who wish to discuss a voluntary severance arrangement with Hydro One will be advised by Hydro One to (a) seek independent legal counsel and (b) seek advice from the Society.

85.2 Hydro One will also notify the Society of any employee with whom it is discussing a voluntary severance arrangement and disclose the details of the discussions in advance of finalizing such a severance arrangement with the employee.

86 SECURITY CLEARANCES

86.1 The Society acknowledges and agrees that the Employer has the right to perform appropriate Personal Risk Assessments (PRA) on existing, regular employees when required for valid reasons. Where the Employer has reasonable cause to remove an employee from his/her position as a result of an employee's inability to pass a PRA, the employee will be transferred to an equivalent position for which a PRA is not required with no loss of salary.

PART XIV - ADMINISTRATION

87 REPRESENTATION ON HYDRO ONE COMMITTEES

The parties recognize the roles and responsibilities of appointees to committees and task forces, i.e., as a representative of Management on the one hand, and the Society, on the other. When an employee represented by the Society is appointed by Management, his/her responsibility is to Management. When he/she is appointed by the Society, his/her responsibility is to the Society. This role distinction should be made clear at the time of appointment. Notwithstanding the above, and in keeping with Subsection 2.4 (Supervisory Employees - Code of Ethics), Management will endeavour to appoint its representatives having regard to the Society's interests in effective representation.

88 GUIDELINES FOR SOCIETY REPRESENTATIVES ON JOINT/TRIPARTITE TEAMS

The following guidelines apply when employees are appointed by the Society to serve as Society representatives on joint/tripartite teams. They do not apply when employees are appointed by the employer to serve on teams as an employment assignment.

88.1 ***E***mployees have a legitimate role to play in the development and operation of ***joint/tripartite*** teams at Hydro One.

88.2 When employees representing the Society are to be included on a ***joint/tripartite*** team, they will be officially appointed by the ***applicable Society representative*** following discussions with the appropriate line managers. The Society will normally be provided ***with the team's terms of reference, including an estimate of the time required, as well as with selection criteria to assist in the selection of appropriate subject matter experts for the activities at hand. The Society will consider input provided by the employer concerning its selection of representatives to serve on a joint/tripartite team but retains the right to make the final appointment.***

88.3 Employees representing the Society on ***joint/tripartite*** teams will be given the opportunity to be involved in all aspects of the team activity; i.e., joint communications, joint training and education, etc.

88.***4*** Performance appraisals should support ***participation on joint/tripartite teams***. Toward that end, participation by employees ***on joint/tripartite teams*** should be considered in a positive light when conducting performance appraisals providing their contribution to the ***joint/tripartite*** team has been useful.

88.***5*** ***Employees representing the Society*** will be reimbursed for reasonable costs related to participation in ***joint/tripartite teams*** by Hydro One.

89 TRIPARTITE AGREEMENT ON JOINT HEALTH AND SAFETY COMMITTEES

Hydro One and the Society agree to adhere to the Tripartite Agreement below:

TRIPARTITE AGREEMENT ON JOINT HEALTH AND SAFETY COMMITTEES

PRINCIPLES OF AGREEMENT between the employer, the Power Workers Union and The Society concerning the establishment or modification of Joint Health and Safety Committees to

meet the requirements and intent of *The Occupational Health and Safety Act*, as amended by Bill 208.

89.1 Size and Composition of Joint Health and Safety Committees

That the size of JHSCs will be determined through discussions and agreement between the three parties.

That the PWU and The Society shall comprise a minimum of 75% of the JHSC membership with the relative percentage of PWU and Society JHSC members being determined by these two parties based on criteria including but not limited to representation by population and historical make-up. Neither union shall have less than 25% of the total number of Committee representatives nor more than 50%. Disputes regarding numbers shall be referred to the Executive level of the PWU and Society for resolution and if agreement is not reached, to an arbitrator mutually agreed upon by the parties for binding resolution.

That Management's Committee representatives will be from outside of PWU and Society jurisdiction.

That the status, rights and treatment of all representatives on the JHSCs will be equal.

That the meetings of the JHSC will be chaired on a rotating basis by the Co-Chair of each party represented on the committee.

89.2 Training and Certification

That all JHSC members will be trained and certified. Training and certification will be jointly determined and in accordance with legal requirements and the PWU and Society Authority to Stop Work Agreements, with the costs to be borne by the employer.

89.3 Policy Committee (Non-legislated)

That a corporate-level Health and Safety Policy Committee shall be established to participate in the formation and evaluation of health and safety strategy and policy, to resolve policy-level issues impacting on tripartite health and safety initiatives including the Work Protection Code and Corporate Safety Rules.

That the Policy Committee be comprised of an equal number of senior representatives from The Society, the PWU and Management.

That the parties will each select their respective committee members.

That the Policy Committee shall meet at least once per quarter.

That the employer shall provide the resources and training that the Policy Committee deems necessary with costs to be borne by the employer. Training development and delivery will be jointly determined.

That the Policy Committee shall receive a formal response to its input to policies/programming within 30 days.

89.4 Annual Experience Review

That each year, upon request by any one of the parties to this Agreement, an experience review be undertaken by the parties of the benefits and difficulties of implementation of the Agreement and the impacts of organizational changes.

89.5 Amendments to the Agreement

Amendments to the Agreement may be made at any time by the parties with mutual agreement in writing. If mutual agreement cannot be reached, the parties will refer to an arbitrator, mutually agreed upon by the parties, for binding resolution.

90 **AUTHORITY TO STOP WORK**

90.1 Definitions

"Where an Employee's health and safety is in immediate danger" (refer to ***90***.4.3), "immediate danger" shall mean, "conditions that pose an immediate threat to life or health, or conditions that pose an immediate threat of severe exposure to contaminants such as radioactive materials which are likely to have adverse or cumulative or delayed effects on health."

90.2 Intent

"Responsibilities and Accountability" are intended to reinforce the fact that this is a joint policy for which both parties are jointly responsible, i.e. we are in this together.

90.3 Introduction

Effectively involving employees and Employers in joint health and safety committee activities can enhance workplace health and safety. Under the Occupational Health and Safety Act, the use of Joint Health and Safety Committees (JHSC) is part of the legislative process which has been labelled as the "Internal Responsibility System" (IRS). Within this participatory management concept, the JHSC's have been given specific rights and responsibilities under the Act such that, with their involvement, the right to know, the right to participate and the right to refuse unsafe work is further enhanced.

Hydro One and The Society of Energy Professionals ("the Society") agree that all unsafe work must be stopped. This Article on health and safety for the authority to stop work will further enhance the activities of the JHSC's and the IRS concept.
Changes to this Article can only be made by mutual agreement of the Joint Working Committee on Health and Safety. Where no agreement can be reached, the matter will be referred to the Issues Team for resolution.

90.4 Authority to Stop Work

90.4.1 Where a workplace is unsafe, a Certified Society and Management member of the local JHSC can jointly prevent the start of the work or stop the work.

90.4.2 Where there is a disagreement between the Certified Society or Certified Management member of the local JHSC that the workplace is unsafe, the issue shall be immediately presented to the local JHSC for review and resolution.

90.4.3 Where an employee's health or safety is in immediate danger, a Certified Society or Management member of the local JHSC can stop the work. After calling the work stoppage, the Certified Society or Management member must contact the respective counterpart immediately and seek to obtain joint agreement on the stoppage as soon as possible. If joint agreement cannot be reached, the issue shall be presented to the local JHSC for review and resolution.

90.4.4 In cases where the JHSC cannot resolve issues arising from 2 or 3 above, the Ministry of Labour Inspector shall be called in for resolution.

90.5 Training/Certification

90.5.1 The Society Joint Health and Safety Working Committee shall fully participate in the development of a specialized training program for all members of the Joint Health and Safety Committees.

90.5.2 The Society Joint Health and Safety Working Committee shall fully participate in the development, putting in place, and administration of testing and re-testing standards for all members of the JHSC's.

90.5.3 The Society Joint Health and Safety Working Committee shall fully participate in the establishment of a specific Training/Certification program for members of the JHSC's.

90.5.4 The Society Joint Health and Safety Working Committee shall fully participate in the development, implementation and administration of testing and re-testing standards for accrediting JHSC members into the Certification program. Such standards shall not be less than those established by the regulatory agencies or deemed to be equivalent to the intent of the regulatory standards.

90.6 Responsibility and Accountability

There shall be a shared responsibility and accountability by the Society and Management for the actions of their Certified members of the JHSC's.

90.7 Compensation and Discipline

It is understood that employees directly or indirectly affected by the application of this Agreement will not suffer any loss of wages or disciplinary action.

90.8 Decertification

Should a Certified member fail to act in good faith, the Society Joint Health and Safety Working Committee shall review the representative's action and make appropriate decisions.

Where there is disagreement regarding the action of the Certified member, the issue shall be taken to Issues Team for resolution.

90.9 Assessment

The Joint Working Committee on Health and Safety shall be responsible for assessing the effectiveness of this Agreement from time to time.

91 JOINT HEALTH AND SAFETY COMMITTEES

91.1 Hydro One will establish a Joint Policy Committee in which Society representatives are able to address the health and safety concerns of employees with Management of various levels depending on needs where jointly agreed.

91.2 All Society-represented employees are entitled to representation on joint health and safety committees and to associated training.

91.3 There are to be three levels of representation:

- Hydro One/Society level
- Corporate Health and Safety /Society working committee level (based on the attached Terms of Reference, agreed to on September 27, 1989 by the parties).
- Local workplace level health and safety committees

Terms of Reference - September 27, 1989
Joint Working Committee on Health and Safety

1.0 Goal

Provide recommendations to assist the Health and Safety Division in the development, implementation and evaluation of Hydro One employee health and safety policy and programs.

2.0 Personnel

Manager, Programming Department, Health and Safety Division and other Management staff as deemed necessary from time to time.

Chairperson of Society Health and Safety Committee and other Society members or a staff advisor to a maximum of five.

The Chair will rotate between the Manager of Programming Department and Chair of the Society Health and Safety Committee.

3.0 Function

Participate in the identification and resolution of problems and issues of Hydro One significance in employee health and safety policy and practice.

Participate in the development, promotion and implementation of Hydro One health and safety programs.

The Committee will meet quarterly or as mutually agreed.

Hydro One will pay the expenses related to jointly agreed projects undertaken by or on behalf of the Joint Working Committee on Health and Safety.

91.4 Hydro One agrees to consult with the Society regarding new health and safety policies and procedures and regarding changes to existing health and safety policies or procedures except where provided for by the legislation itself. The Society will be given a reasonable amount of time to comment prior to implementation.

92 PROBLEM SOLVING COMMITEE

92.1 A Problem Solving Committee shall be established and constituted by Hydro One ***Senior Management representatives*** and the Society ***Local*** VP and Unit Directors. The Problem Solving Committee shall meet ***upon request of either party and when mutually agreed***.

92.2 The Problem Solving Committee Oversight Committee shall consist of the President and CEO of Hydro One and the President of the Society and shall meet ***upon request of either party and when mutually agreed***.

92.3 Negotiations between Hydro One and the Society shall take place through a body to which each party will appoint an equal number of representatives. Negotiations shall be conducted in good faith and both parties shall make every reasonable effort to reach agreement on matters of mutual interest as expeditiously as possible.

93 PUBLICATION OF COLLECTIVE AGREEMENT

All Society-represented staff should have personal access to a copy of the Collective Agreement. The preferred method is to provide access to this Agreement via an electronic basis. Where there is no electronic access the document could be distributed via disc.

Hydro One agrees to print sufficient copies for distribution to all elected Society representatives and to those employees without access to computer technology. The cost of printing the copies that are required (to be determined by joint agreement) will be shared on the following basis: 75% (Hydro One); 25% (Society).

94 USE OF HYDRO ONE COMPUTER FACILITIES

94.1 The Society may make use of any of the services provided by information technology organizations to Hydro One line units.

94.2 The Society will be treated identically to Hydro One line with respect to service standards, procedures and support.

94.3 The price charged for the service will be the published rates of the Computer Centre plus the charge for administration, referred to as General Overhead which may change.

94.4 Information regarding these services, e.g., technical support, manuals, billing structure, training, etc., may be obtained from information technology organizations.

94.5 The Society will seek approval from the appropriate authorities prior to accessing or attempting to access any line unit's application programs or data. Any infringement of this condition by a Society member will be grounds for cancellation of this Article.

94.6 The services provided under this Article are to be used only for the purposes of assisting in the conduct of normal Society business and for provisions of service to its members.

94.7 Society data and programs may be protected from access by others by taking advantage of existing password mechanisms. It is the Society's responsibility to make arrangements to utilize such mechanisms.

95 NOTE TO PART XV - APPENDICES

Hydro One and the Society have not amended all the Appendices in Part XV to reflect the separate collective agreement status of Hydro One. In particular, the Appendices dealing with the Voluntary Recognition Agreement and subsequent amendments are historic documents and, therefore, references to “Ontario Hydro” have been maintained. It is agreed, however, that the commitments, terms and conditions in these Appendices shall apply to Hydro One in the same manner as they were applied to Ontario Hydro, to the extent that they are applicable to Hydro One.

PART XV - APPENDICES

Appendix I - Re: Utilization and Advancement of Professional Engineers and Scientists

Ontario Hydro and the Society agree the following principles will govern the utilization and advancement of professional engineers and scientists in Ontario Hydro.

1.0 The terms "professional engineers" and "scientists" shall include the employees' categories identified in Attachment A.

2.0 The MP2/FMP12 level of work shall normally be considered as a developmental stage for professional engineers and scientists performing engineering or scientific work.

3.0 The MP4/FMP14 level of work shall be considered as the "normal expectancy" level for fully qualified and competent engineers, or scientists in Ontario Hydro. MP3/FMP13 may continue to be a "journeyperson" level for engineers and scientists in some areas of activity.

4.0 Every effort should be made to provide professional engineers and scientists with an opportunity for advancement to MP4/FMP14, when they are capable of performing work at this level and such work is available.

5.0 Where an individual has demonstrated the willingness and capability to advance, and where advancement is impeded by lack of opportunity in the work area, every effort should be made to assist the individual in career advancement. This could include specific action steps such as training, job transfers, and rotations which will provide greater promotional opportunity.

6.0 Greater emphasis is required on the screening of professional staff at an early stage in their careers for both their potential capability to perform work at the MP4/FMP14 level and their suitability for further employment in Ontario Hydro.

(signed by W.G. Morison for Management and F.R. Greenholtz for the Society, February 27, 1984)

ATTACHMENT A

UTILIZATION AND ADVANCEMENT OF PROFESSIONAL ENGINEERS AND SCIENTISTS

Professional Engineers

Incumbents of jobs with 600000 or 860000 occupation codes who are:

a) Licensed to practice engineering by the Association of Professional Engineers of Ontario (APEO)

or

b) University graduates in one of the following engineering disciplines:

Aeronautical Engineering (Aero Space, etc.)	Engineering General
Agricultural Engineering	Engineering Science (Physics)
Chemical Engineering	Geological Engineering
Civil Engineering	Mechanical Engineering
Electrical Engineering	Mining Engineering
Electrical Engineering	Metallurgy & Material Science
Electronics Engineering	Nuclear Engineering
Engineering Business (Industrial)	Water Resources Engineering

Scientists

Incumbents of jobs with 600000 or 860000 occupation codes who are university graduates in one of the Natural Sciences, the Applied Sciences, Mathematics or Computer Science and who are not classified as professional engineers.

Appendix II - Re: Input To Association Of Professional Engineers Of The Province Of Ontario (APEO) Salary Survey

It is agreed that the method of input to the APEO Salary Survey of Employers and the analysis and use of the survey shall be in accordance with the following.

1.0 Data Input

1.1 The salary rates input to the survey shall be the rates paid for normally scheduled hours of work.

1.2 Such salaries shall be input for all Ontario Hydro engineers at Bachelor and/or post-graduate levels in engineering disciplines, who are engaged in engineering or scientific work (incumbents of M&P 600000 series jobs and of FM&P 860000 series jobs, who are represented by the Society), including engineering trainees who are registered (or eligible for registration) by the APEO.

2.0 Method of Input

2.1 Level A

Engineers whose Bachelor graduation occurred during the current or two previous calendar years, who are not incumbents of jobs classified as MP4 and FMP14 or higher.

2.2 Level B

i) Engineers whose Bachelor graduation occurred during the third, fourth or fifth calendar year prior to the current year, who are not incumbents of jobs classified as MP4 or FMP14 or higher.

ii) Engineers in jobs classified as MP1 and FMP11 who have sufficient years of experience to exempt them from eligibility for input to Level A.

2.3 Level C

Engineers in jobs classified as MP2, MP3, FMP12 or FMP13 who have sufficient years of experience to exempt them from the requirement to be input to Levels A or B.

2.4 Level D

Engineers in jobs classified as MP4, MP5, FMP14, FMP15.

2.5 Level E

Engineers in jobs classified as MP6, FMP16.

3.0 Annual Relative Standing

Ontario Hydro data will be excluded from the APEO survey data when making comparisons of Ontario Hydro's position relative to the community.

(signed by J.R. O'Connor for Management and B.A. Green for the Society, November 29, 1984 - revised in 1992/1994 Collective Agreement)

Appendix III - Re: Amendment to the Voluntary Recognition Agreement (VRA)

In light of major changes that have occurred since the Voluntary Recognition Agreement (VRA) came into effect on January 14, 1992, including significant Corporate restructuring, the parties' agreement to conduct a joint internal relativity project, and the need to clarify the Society's historical jurisdiction, the Society and Ontario Hydro agree to replace Sections 1.0 and 2.0 of the VRA with Article 2 of their Collective Agreement as amended by the Framework Agreement dated October 4, 1994.

The parties further confirm that the terms of the VRA as amended in the Collective Agreement remain applicable in all respects, including the agreed upon dispute resolution processes, to all provincially and federally regulated employees, subject only to previously agreed amendments and this amendment.

As a result of renewal negotiations for the 1999-2000 Collective Agreement, the parties agreed to extend Section 9.0 of the VRA to the expiry of the Collective Agreement in operation on January 1, 2005.

As a result of renewal negotiations for the 2007-2013 Collective Agreement, the parties agreed to amend Section 1.0 of the VRA effective July 1, 2007 to delete the provision excluding persons on the basis that they are incumbents in jobs rated 335 points or more under the Plan A Job Evaluation Manual and replace it with the following:

New Exclusion Criterion:

<u>Strategic Business Decisions</u>

1. Responsibility for making significant decisions that will have a material impact on the Company's business and/or staffing (what work gets accomplished, how much is done, when it is done and by whom)

2. Responsibility for making significant business/strategy decisions that will have a material impact on how the Company's business is to be run

3. Items 1 and 2 above also apply to work done by consultants and service providers

4. Regular knowledge of high level confidential Hydro One information prior to its disclosure. No person shall be excluded simply as a consequence of preparing, analyzing or making recommendations with respect to the information

<u>Represent the Company at External Forums</u>

5. Responsibility for being a principal presenter at OEB hearings. No person shall be excluded simply as a consequence of being asked to testify as an ad hoc witness

6. Responsibility for deciding what substantive positions will be taken at the OEB

7. Company spokesperson in matters that affect Labour Relations

Appendix IV Re: Article 2 - Recognition Clause

Hydro One and the Society confirm the following understanding with respect to their agreement to amend Article 2 ("Recognition Clause") of their Collective Agreement:

1. The parties agree that the Voluntary Recognition Agreement (Attachment A), subsequent amendments to the VRA and correspondence between the parties concerning jurisdictional matters will be admissible in the event of any future interpretation disputes concerning the Society's recognition clause.

2. The parties agree that the intent of these amendments is to clarify the Society's historic jurisdiction as the exclusive bargaining representative for the broad mix of professional and supervisory employees that comprise the M&P/FM&P and TMS/TS/OSS/SEI salary classifications on salary schedules 01, 02, 03, 04, 05, 06, 07, 08, 09, 13 and 18 except where such persons are performing managerial functions or are employed in a confidential capacity. As such, these amendments constitute a reconfirmation by Ontario Hydro of the commitments made by D.B. MacCarthy regarding the Society's jurisdiction in his April 18, 1994 letter to P.T. Suchanek, Registrar of the Canadian Labour Relations Board.

3. The Society acknowledges that Ontario Hydro has consented to the deletion of the following subparagraphs from the bargaining unit description on the basis of the assurance of the Society contained in paragraph 4 below:

    - those persons included on the Executive Salary Roll and above;
    - employees whose full-time duties are security work;
    - employees in the Executive Office;
    - employees in the Office of the General Counsel and Secretary including the Law Division except Corporate Official Records Analysts, Corporate Archivists and Corporate Records Centre Supervisors.

4. The Society assures Ontario Hydro that this agreement, to delete the sub-paragraphs contained in paragraph 3 above, does not extend the previously agreed upon jurisdiction of the Society, except upon consent of the parties, beyond that jurisdiction identified in the Voluntary Recognition Agreement. However, should jurisdictional claims be made by any other bargaining agent for the classifications referred to in paragraph 3 above, the Society may assert a parallel or related claim.

5. The parties acknowledge that there are thirteen jurisdictional grievances filed by the Society pending resolution (listed in Addendum A) and that these amendments are not intended to prejudice the outcome of these disputes.

6. The parties acknowledge that the definition "associated employees" in Subsection 2.3.2 includes, but is not limited to, positions listed below, and other similar positions created in the future.

Occupation Code	Job Title	Salary Schedule	Salary Grade
748042	Vault Officer	01	01
748836	Recruitment and Training Officer	01	01
739055	Organization and Systems Analyst	01	01
748105	Recruitment and Training Officer	01	01
752215	International Project Administrator	01	01
741051	Co-ordinator - Area Office Practices	01	02
719010	LAN Administrator	01	02
741050	Co-ordinator - Customer Service Practices	01	02
748252	Assistant Training Officer	01	02
734075	Business Systems Analyst	01	02
753063	Trade Development Officer	01	02
741845	Transportation Field Co-ordinator	01	02
753847	Material Systems Officer	01	02
734080	Information Systems Support Analyst	01	02
739008	Regional Office LAN Administrator	01	02
623013	Materials and Procurement Services Officer	01	02
730844	Facilities and Services Analyst	01	02
759090	Team Leader - Transportation Planning	01	02
753860	Administrative Services Officer	01	02
752046	Business Planning Co-ordinator	01	02
729051	Transportation of Dangerous Goods Specialist	01	02
719009	LAN Administrator	01	02
734078	Information Systems Specialist	01	02
734079	Office Systems Analyst	01	02
748867	Business Systems and Training Officer	01	02
748850	Emergency Preparedness Officer	01	02
741817	Service Co-ordinator - Kipling Complex	01	03
741072	Co-ordinator - Lines Work Methods	01	03
729056	Building Maintenance Officer	01	03
748865	Field Training Officer	01	03
753403	Senior Employment Officer – Nuclear Operations	01	03
710007	Digital Mapping Co-ordinator	01	03
759026	Training Officer	01	03
741828	Operating & Maintenance Projects Co-ordinator	01	03
741827	Service Co-ordinator	01	03
729043	Building & Facilities Disposal Officer	01	04
741841	Production Co-ordinator	01	04
729014	Maintenance Specialist – Mechanical	01	04

(signed by B.R. Story and C.B. Cragg - October 4, 1994)

ATTACHMENT A

VOLUNTARY RECOGNITION AGREEMENT

This Agreement including the accompanying Framework Agreement, included as Schedule A, resolves all issues raised during proceedings at the Ontario Labour Relations Board, regarding the Society's Applications for Certification (dated November 5,1986 and October 2, 1990) or otherwise arising as to the status of the Master Agreement as a Collective Agreement before such Board or the Courts. This Voluntary Recognition Agreement is entered pursuant to the Ontario Labour Relations Act and is acknowledged to be enforceable pursuant to that Act. The parties agree that the Memorandum of Agreement, June 19, 1991, known as the Letter of Understanding, is no longer in force or effect.

1.0 Recognition Clause

Pursuant to section 16(3) of the Ontario Labour Relations Act, Ontario Hydro agrees to recognize the Society as the exclusive bargaining agent for the "employees" defined as follows:

"All employees employed by Ontario Hydro in the Province of Ontario as supervisors, professional engineers, engineers-in-training, scientists, professional, administrative and associated employees save and except:

a) those persons included on the Executive Salary Roll and above;

b) employees in bargaining units for which any trade union holds bargaining rights as of the signing of this Agreement;

c) those persons who perform managerial functions as distinct from supervisory functions. An employee is performing managerial functions if:

i) she/he performs managerial functions such as hiring, promotion, performance increase, discharge, etc. over other employees in the bargaining unit and;

she/he is required to spend the majority of his/her time performing managerial duties and;

she/he supervises at least seven (7) employees (directly or indirectly) on a regular and continuous basis.

ii) she/he supervises employees who are excluded from the Society under (c) (i), (d), (e) or (f);

d) employees who are primarily employed in a confidential capacity affecting the terms and conditions of employment for Ontario Hydro staff;

e) employees whose full-time duties are security work;

f) employees who are members of a profession entitled to practice in Ontario and who are employed in a professional capacity where the Ontario Labour Relations Act excludes such persons from coming under the Act by virtue of their profession."

2.0 Clarity Notes

For the purposes of clarity, the bargaining unit set out above:

2.1 Includes**:**

a) All regular, probationary, part-time and temporary employees whose functions are included in the classifications paid from Salary Schedules 01, 02, 04, 05, 07, 08, 09, and 18; and

b) All employees paid from Salary Schedule 13 (Nurses), Salary Schedule 03 (System Control Operators) and Salary Schedule 06 (Helicopter Operator Supervisors), except employees excluded by virtue of 1.0 of this agreement, will be entitled to vote to determine if they wish to be represented by the Society. If the majority of eligible employees voting on any schedule vote in favour of being represented by the Society, eligible employees on that schedule will be represented by the Society. The vote will be conducted by the Society and Ontario Hydro by secret ballot.

2.2 Excludes employees in accordance with 1.0 (c) above as follows:

a) M&P (Schedule 01) - in salary classification MP4 (or higher) rated by the Plan A Point System of Job Evaluation January 1988 (“Plan A”), or its equivalent, carrying “Nature of Supervision” Degree 4 (or higher) or its equivalent and “Numbers Supervised” Degree 3 (or higher) or its equivalent who normally supervise other Society represented employees.

b) FM&P (Schedule 02) - who normally supervise other FM&P employees and who normally supervise at least seven (7) employees directly or indirectly.

c) TMS and TS (Schedules 08 and 07) - who normally supervise other TMS or TS positions and who normally supervise at least seven (7) employees directly or indirectly.

d) OSS (Schedule 05) - who normally supervise other OSS positions and who normally supervise at least seven (7) employees directly or indirectly.

e) Supervising Electrical Inspectors (Schedule 09) - who normally supervise other SEI positions and who normally supervise at least seven (7) employees directly or indirectly.

f) Area Managers.

2.3 Excludes employees in accordance with 1.0 (d) above as follows:

a) Employees paid from Salary Schedule 01 rated under Plan A as having “Staff Responsibility” Degree 4 (or higher) or its equivalent and MP6 employees as having “Staff Responsibility” Degree 3 (or higher) or its equivalent.

b) Employees in the Executive Office.

c) Employees in the Office of the General Counsel and Secretary including the Law Division except Corporate Official Records Analysts.

d) Positions currently listed in Agreement RS-1 dated October 11, 1990.

e) Human Resource trainee positions on Schedule 04.

3.0 The grievance and arbitration procedure may be used to challenge any unreasonable, arbitrary or bad faith action taken by Ontario Hydro which results in the exclusion of any employee or position from the bargaining unit.

4.0 Arbitration

4.1 Future contract negotiations disputes shall be resolved by binding arbitration in accordance with Section 38 of the Ontario Labour Relations Act and the negotiating process for resolving such disputes shall be set out in full in the collective agreement.

The dispute resolution process shall be mediation-arbitration using the same individual as both the mediator and arbitrator.

The mediator-arbitrator shall consider the following issues as relevant to the determination of the award on monetary issues:

a) a balanced assessment of internal relativities, general economic conditions, external relativities;

b) Ontario Hydro's need to retain, motivate and recruit qualified staff;

c) the cost of changes and their impact on total compensation;

d) the financial soundness of Ontario Hydro and its ability to pay.

A mediator-arbitrator shall have the power to settle or decide such matters as are referred to mediation-arbitration in any way he/she deems fair and reasonable based on the evidence presented by representatives of Ontario Hydro or the Society in light of the criteria in items (a) to (d) and his/her decision shall be final and binding.

4.2 The parties will hereby undertake to develop appropriate internal comparisons, an external community for comparison and criteria for measuring total compensation by no later than September 1, 1992 and failing such agreement either party may refer the outstanding differences to an arbitrator for a final and binding decision. This undertaking and its referral to arbitration shall be enforceable under the Arbitrations Act.

5.0 No Strike/No Lockout

The collective agreement will recognize that the Society, employees within the scope of the bargaining unit, and the Corporation are pledged to the effective and efficient operation of Ontario Hydro and that they pledge themselves, individually and collectively, to refrain from taking part in strikes, lockouts or sympathy strikes and other interference with work or production as long as the terms and conditions in section 4.0 continue.

6.0 Supervisory Employees

For the purposes of section 9.0, the parties agree that Supervisory positions are those that are not excluded under section 1.0 above and that satisfy the following criteria:

a) Employees on Salary Schedule 01 who have under Plan A "Nature of Supervision" Degree 3 (or higher) or its equivalent;

b) Employees on Schedules 07, 08, 02, 05 and 09 on condition they normally supervise other employees.

7.0 Enforcement

The primary method of enforcement of this agreement shall be pursuant to the grievance and arbitration provision of the parties' collective agreement. However, should the collective agreement not be in operation or applicable to the dispute, either party shall have the right to refer to final and binding arbitration any differences between the parties arising from the interpretation, application, administration or alleged violation of this Voluntary Recognition Agreement, including any question as to whether a matter is arbitral.

The arbitrator shall have all of the powers of an arbitrator pursuant to section 44 of the Ontario Labour Relations Act or the Arbitrations Act as the case may be.

Subject to the conditions of this Agreement, if a mediator or arbitrator is not appointed within 30 days of a matter being referred to mediation and/or arbitration, either the Society or Ontario Hydro shall have the right to refer the matter to the Minister of Labour or the Chief Justice of the Ontario Court of Justice and the Minister or Chief Justice shall appoint a mediator and/or arbitrator.

8.0 Selection of Mediators and Arbitrators

Mediators and arbitrators shall be selected from a list of mutually acceptable persons which are to be set out in the collective agreement and the costs of using them will be shared equally by Ontario Hydro and the Society.

9.0 Duration

The agreement shall come into effect on the date of ratification and shall remain in effect thereafter except for section 4.0 and 5.0 which may be terminated by written notice by either party not less than six months prior to the expiry of the collective agreement in operation on January 1, 2001 or any subsequent collective agreement. In the event that the Society provides notice of termination of sections 4.0 and 5.0, Ontario Hydro may require that the supervisors defined in this agreement form a separate bargaining unit for which the Society shall be recognized as the bargaining agent and for which there shall be a separate collective agreement. In addition, the Society shall continue to be recognized as the bargaining agent for non-supervisory staff defined in this Voluntary Recognition Agreement. Disputes on the identification of supervisors shall be submitted to a mutually-acceptable arbitrator for settlement. If the parties fail to agree to appoint an arbitrator, either party may refer the matter to the Minister of Labour or the Chief Justice who shall appoint an arbitrator. If Ontario Hydro provides notice of termination of sections 4.0 and 5.0, it shall continue to recognize the Society as representing all employees in one bargaining unit per this Voluntary Recognition Agreement and ensuing collective agreements.

In the event that either party desires to amend this agreement on or after January 1, 2001, it must notify the other party in writing not less than six months prior to the expiry of the collective agreement in effect on January 1, 2001 or thereafter six months prior to the expiration of any subsequent collective agreement. In such circumstances the parties will have the right, if either party so chooses, to appoint a mutually-agreeable mediator for the purpose of reaching a settlement of the issues and where there is mutual agreement the mediator shall arbitrate outstanding matters in dispute.

Notwithstanding the above, the parties may mutually agree to amend this agreement at any time.

10.0 Federal Jurisdiction

In the event that nuclear workers are found to be covered under the Canada Labour Code and the Society applies to represent these employees, Ontario Hydro will not oppose certification for any employee represented by the Society under this agreement.

11.0 Ratification

The Society Executive recommends acceptance of this agreement to its members and the agreement shall become effective upon the date of ratification. Persons eligible to vote will include all employees who will be represented by the Society under this Voluntary Recognition Agreement. The vote will be conducted by secret ballot.

12.0 Effective upon the date of ratification or as soon as reasonably practical, Ontario Hydro undertakes to make available to those employees excluded under 1.0(c) and 1.0(d) an enhanced Redress Procedure for Management Function staff, which includes the right to representation of their choice, and as a final step in the process, to binding arbitration by an external third party acceptable to the employee and to Ontario Hydro.

13.0 Until the terms of a first collective agreement are reached, Ontario Hydro agrees to adhere to the terms and conditions of employment found in the existing Master Agreement, Subsidiary Agreements and Memoranda of Understanding with respect to the agreed upon bargaining unit. Applicable sections of the Manual of Human Resources Policies and Procedures will act as a supplement to the aforementioned joint documents.

14.0 Effective the first month following the date of ratification, Ontario Hydro shall deduct dues from each employee in the unit and remit this amount to the Society forthwith.

This agreement was arrived at with the assistance of and under the auspices of George Adams as mediator.

[signed by C. Cragg for W. Hirst (Society) and W.S. O'Neill (Ontario Hydro), November 13, 1991.]

Schedule A

Memorandum of Understanding for a Framework Agreement

Ontario Hydro and the Society of Ontario Hydro Professional and Administrative Employees agree as part of the Voluntary Recognition Agreement to be found by the following principles and practices and agree that the negotiation and operation of all collective agreements ensuing from the Voluntary Recognition Agreement will be in accordance with this memorandum unless otherwise mutually agreed.

1.0 Society Interests vs. Corporate Interests

The object of this agreement is to promote harmonious relations between employer and employees consistent with the preamble of the Ontario Labour Relations Act and in recognition of the need for the successful accomplishment of the public purposes for which Ontario Hydro has been established as set forth in the Power Corporation Act and enunciated in the Corporate Direction.

The objective of the parties is to facilitate the peaceful adjustment of salaries and benefits, working conditions, issues of fair treatment, all disputes and grievances, and to prevent inefficiencies and avoidable expenses and to reduce unnecessary delays.

Ontario Hydro's mission is to contribute to the enhancement of the quality of life of the people of Ontario by serving their energy needs. The Society's mission is to strive to ensure the best rewards, career opportunities and working conditions for its members. The Society recognizes a responsibility for providing an essential service to the people of Ontario and in working towards the continued viability and continuity of Ontario Hydro as the provincial electrical utility. Both parties recognize the fundamental importance of service to the Corporation's customers.

The parties recognize that situations may arise where their missions, objectives, or actions come into conflict. These conflicts may impact on the bargaining unit and particularly on supervisory employees represented by the Society. The parties agree that supervisors will be able to participate fully as members and perform supervisory responsibilities without fear of reprisal or recrimination by either party.

Provided nothing in this Framework Agreement is intended to interfere with the exercise of lawful economic sanctions by any member of the bargaining unit or bargaining units as the case may be or by the Society itself should either party to the agreement elect to terminate sections 4.0 and 5.0 of the Voluntary Recognition Agreement.

2.0 Collective Agreement

The collective agreement between the parties will include sections 1.0, 2.0, 3.0, 4.0, 5.0, 6.0, 8.0 of the Voluntary Recognition Agreement, in addition to section 1.0 of Schedule A and the principles set out in sections 3.0 to 7.0 as noted below.

3.0 Supervisory Employees - Code of Ethics

Ontario Hydro agrees to include supervisory employees in the bargaining unit on the condition that the parties recognize that supervisory employees will continue to exercise key functions in the control and operation of Ontario Hydro. As members of Ontario

Hydro's managerial staff, supervisors use judgment to express and make operative the decisions of Management. They are responsible for fostering a healthy work environment. The parties recognize the responsibility of supervisors to discharge their supervisory duties in good faith. The Society and Ontario Hydro will identify, minimize and/or avoid the conflicts/perceived conflicts of interest that may arise concerning the relationship between supervisors, the Society and Ontario Hydro.

It is recognized that supervisory employees may be disciplined for failure to act in good faith as a representative of Management and fulfilling their responsibilities including abuse of supervisory position and breach of trust.

3.1 Grievance Procedure

The collective agreement will have a grievance procedure which will recognize:

- access by either party for disputes arising from the administration of the Collective Agreement and from the application of section 1.0. If such disputes proceed to arbitration, the arbitrator will consider the principles contained in section 1.0;

- the role of supervisors in resolving disputes before they reach the formal procedure;

- that the Society agrees not to discriminate against supervisors who represent Management in Society grievances;

- that the Society will exclude supervisors directly involved in a particular grievance from the decisions on the referral of the grievance through the formal process;

- that supervisors will not act on behalf of the Society in matters associated with a particular grievance where the grievance has been lodged by another member(s) who reports to the particular supervisor.

4.0 Representation on Corporate Committees

The collective agreement will recognize the roles and responsibilities of appointees to committees and task forces, i.e., as a representative of Management on the one hand, and the Society, on the other. When an employee represented by the Society is appointed by Management, his/her responsibility is to Management. When he/she is appointed by the Society, his/her responsibility is to the Society. This role distinction should be made clear at the time of appointment. Notwithstanding the above, and in keeping with section 3.0, Management will endeavour to appoint its representatives having regard to the Society's interests in effective representation.

5.0 Selection of Supervisors

The collective agreement will incorporate the existing practices for selecting the "best qualified candidate" in filling supervisory positions.

6.0 Membership in the Society

The Society agrees to permit members to withdraw membership in the Society.

7.0 Dues Deduction (Rand Formula)

The collective agreement will provide for Society dues, as prescribed by the Constitution, or an equivalent amount, to be deducted monthly (or more frequently if agreed) by Ontario Hydro by compulsory payroll deductions from all Society-represented employees and to be forwarded to the Society on their behalf with a list of appropriate employee information.

The Society confirms it will respect the provision of section 47 of the Ontario Labour Relations Act with respect to bona fide religious convictions or beliefs.

(signed by C. Cragg for W. Hirst [Society] and W.S. O'Neill [Ontario Hydro], November 13, 1991)

Appendix V- Re: Peak Demand Hour Arrangements

The following are definitions and guidelines for the implementation of peak demand hour arrangements.

Definitions

Normal Work Week: For purposes of this Article, a normal work week will mean the total of the standard hours normally worked during a pay period, outside of the peak work load periods.

Normal Hours: Normal hours worked outside of a peak work load period (as per Article 70).

Peak Work Load Period(s): One or more periods during the year in which the expected magnitude or nature of the work to be performed reasonably requires employees to work more than their normal work week, and/or hours different from their normal hours. Peak work load periods may be the result of a need to minimize equipment downtime, or other factors which are expected to occur every year.

Peak Demand Workers: Employees who are likely required to work more than their normal work week, and/or hours different from their normal hours during peak work load periods, and less than their normal work week during other periods of the year.

Intent

a) Peak demand workers may be required to work normal hours, or scheduled hours on a work and/or shift schedule which are different from their normal hours, and which, in total, may exceed their normal work week during peak work load periods. Scheduled hours worked in excess of the normal work week will be "banked" and taken as time off (consistent with the conditions outlined in this Appendix), during periods of the year when the work load may not require all of the normal hours available.

b) Work and/or shift schedules, and all other administrative matters regarding the hours of work for peak demand workers will be determined within the business unit, subject to the conditions contained in this Appendix.

c) The design of work and/or shift schedules and other hours of work arrangements will give consideration of the requirement to perform work in the most effective, efficient and safe manner.

d) The design of work and/or shift schedules and other hours of work arrangement will give consideration of the need to maintain good working relationships within the affected group and the relativity to other employees not covered by this Appendix.

Conditions

a) The peak work load periods will be declared prior to the start of the year for the entire year. The declared peak work load periods for the year will not be less than four weeks' cumulative duration (or normal conditions for the employee will apply). The declared peak work load periods will not exceed 26 weeks of the year cumulative duration. For purposes of this Appendix, the year may be any designated fiscal year which will not be changed for the work group once established.

b) Peak demand workers may be assigned to normal hours, work and/or shift schedules that average more than the normal work week during the declared peak work load

periods. Other articles in this collective agreement regarding shift work, hours of work, and standard hours do not apply during declared peak work load periods, except:

- Articles 60.3, 61.4, 62.2 and 62.3 regarding shift allowance for work schedules on weekends, and nights; and
- special conditions for 12 hour shifts as per Article 62.6.

c) Management will strive to provide at least seven days' notice of an assignment to a work or shift schedule that requires work outside of normal hours during the declared peak work load periods. However, any hours worked outside of normal hours without at least three days' notice will not be considered scheduled work for purposes of this Appendix.

d) Work performed outside of scheduled hours is overtime and will be compensated at the appropriate overtime rate(s).

e) During the declared peak work load periods, an amount equal to the number of scheduled hours worked each week in excess of the normal work week will be "banked". The banked time will be taken as time off at straight time during times of the year outside of the declared peak work load periods, subject to meeting work requirements. When possible, the time off will be scheduled by mutual agreement between the employee and Management. If work requirements have prevented an employee from taking his/her "banked" time off, the time remaining will be compensated as follows: for positive balances in the time bank remaining at the end of the year, the employee will receive payment at time and one-half for 50% of the hours and double time for the balance.

f) An employee's base wages will be maintained throughout the year, regardless of the number of scheduled hours worked per week during the declared peak work load periods, or hours taken off at straight time from the time balance "bank" during other periods of the year.

g) The design of work and/or shift schedules used during the declared peak work load periods will be flexible to meet work requirements and consistent with the limitations of the appropriate legislation. Specific rules to be adopted for the design of work and/or shift schedules for peak demand workers may include:

1. The length of a scheduled shift or extended work day cannot exceed 12 hours.
2. No more than 48 hours of work may be scheduled (i.e., exclusive of overtime) in a week.
3. The start of a scheduled shift or work period must be at least 24 hours following the start of the previous scheduled shift or work period.
4. At least eight hours of time off will be provided between work periods including overtime.
5. Although the content, preparation, costing and administration of work and/or shift schedules is the sole responsibility of the corporation, the preference of the majority of peak demand workers to be assigned in the affected work group will be considered in designing the work and/or shift schedule.
6. Every attempt will be made to assign employees from those in the appropriate work group, to a work and/or shift schedule under this Appendix, on a voluntary basis. However, in the absence of sufficient qualified volunteers, the corporation may assign specific individuals to perform the work.

Appendix VI - Guidelines for Applying Burkett Overtime Award

As a result of continuing questions concerning the Burkett overtime award, the Society and Ontario Hydro have agreed to issue these guidelines to assist local representatives in interpreting this award.

Employees found eligible for compensation under this award are entitled to receive compensation equivalent to PWU overtime premiums for all overtime worked, retroactive to January 1, 1993. This entitlement applies to all PWU overtime premiums, including double time Saturdays, double time for all work performed outside of their first four clock hours after normal quitting time Monday to Friday inclusive and minimum payments for emergency and scheduled overtime. It does not apply to travel time outside of normal scheduled hours.

To determine compensation eligibility under this award:

First, determine which employees are eligible to receive the PWU equivalent overtime premium. A list of eligible employees should be developed locally using the statement of intent in Part A and the employee eligibility guidelines set out in Part B. Local Society representatives should be involved in developing the list of eligible employees to minimize the possibility of disputes.

Second, decide whether an employee deemed eligible in step one will be compensated with PWU equivalent overtime premiums on an on-going or on an assignment-by-assignment basis. This decision is Management's prerogative. If the decision is made to compensate on an assignment-by-assignment basis, the guidelines set out in the statement of intent in Part A and the guidelines in Parts C and D should be followed to determine when an eligible Society-represented employee qualifies to receive the applicable PWU equivalent overtime premium. Local Society representatives should be involved in the development of local adaptations of these guidelines to ensure fair and consistent employee treatment and to minimize disputes.

Part A - Intent of the Award

The intent of the award is to correct the internal "relativity rub" that arises when Society-represented staff are required to directly supervise or work beside PWU-represented employees performing overtime work in a field environment or facility while receiving less providential overtime provisions than these employees. It is not intended to address internal relativity problems other than those that specifically arise when members of both employee groups work overtime.

Part B - Conditions of Employee Eligibility

1. The following conditions must be satisfied before an employee is eligible to receive award compensation:

    a) an employee must work in a field environment/facility (="field condition");

    and

    b) he/she must directly supervise or work beside PWU-represented employees (="interface condition").

2. To meet the "field condition", an employee must be "directly involved in the operations, maintenance or construction of production, transmission, or distribution facilities".

3. "Head office" refer to non-production, non-transmission or non-distribution facilities and, as of January 1,1993, includes the following locations: 700 University, 393 University, Murray Street, College Park, Place Nouveau and the Atrium. When performing overtime work at these locations, employee do not meet the "field condition". Local Society and Management representatives should assess whether or not employees, when performing overtime work at other locations, meet the "field condition" on a case-by-case basis, by examining the nature of the employee's work in light of the statement of intent in Part A and the guidelines contained in this section. In the event of disagreements, the matter should be referred to the Issues Team.

4. Employees whose regular work headquarters are "field" locations (i.e., those *not* included under guideline #2 above) and who train PWU-represented staff meet the "field condition". Employees who satisfy this condition include those who work at the Orangeville C&D Centre and the Nuclear and Thermal training centres.

5. Employees whose overtime work at their regular work headquarters does not meet the "field condition" (e.g., head office staff) shall be deemed to meet this condition for overtime work performed at "field" locations when they directly supervise or work beside employees involved in the operation, maintenance or construction of production, transmission or distribution facilities (e.g., research, telecommunications or information systems work performed at stations).

6. Employees "work beside" PWU-represented staff if they work at the same time as PWU-represented staff on the same projects/task assignments and this is a normal feature of their work and necessary to carry out their job responsibilities (e.g., P&C Engineers). To determine employee eligibility in this regard, the nature of the Society-represented employee's job responsibilities, rather than the frequency of his or her actual contact with PWU-represented staff, should be the primary consideration.

Part C - Conditions That Trigger Award Compensation

(Management has the discretion to compensate employees who are deemed eligible under Part B above with the equivalent to PWU overtime premiums on an on-going or on an assignment-by-assignment basis. If Management chooses to compensate on an on-going basis, the sole condition that must be satisfied for award compensation to trigger is the eligible employee's performance of overtime work. If Management chooses to compensate on an assignment-by-assignment basis, then the guidelines below apply. NB. An individual guidelines does not stand alone: all conditions set out in this Part must be satisfied before an eligible employee qualifies for award compensation.)

1. Both the Society-represented employee and the PWU-represented employee whom he/she supervises or works beside must be on overtime. Example: if a Society-represented employee who normally works days Monday to Friday works on a Saturday with a PWU-represented employee who is working on his/her normal scheduled shift (and does not work beyond the scheduled hours), the Society-represented employee does not qualify for award compensation.

2. Award compensation applies to the period of time when the Society-represented employee is "rubbed" by an unfavourable overtime premium differential. Example: if a Society-represented employee who normally works days Monday to Friday works on a Saturday

from 7:00 am to 3:00 pm with a PWU-represented shift employee (for whom the Saturday is a scheduled work day) whose shift ends at 7:00 am but who continues to work (on overtime) until 3:00 pm, the Society-represented employee qualifies for double time from 11:00 am until 3:00 pm, i.e., when the PWU-represented employee received double time for overtime work.

3. The presence of a Society-represented employee for the overtime in question must be necessary for the work to progress (i.e., if the employee was not there, then the task could not proceed). In most cases, this condition is met if the other conditions set out in the Part are also satisfied.

4. A direct supervisory or "working beside" interface must exist between Society-represented and PWU-represented employees during the overtime in question. The mere presence of a PWU-represented employee on overtime at the same location and at the same time as a Society-represented employee is working overtime does not trigger the award. Example: if a number of eligible Society-represented supervisors work overtime at the same time as PWU-represented employee works overtime, only the supervisor to whom the PWU-represented employee reports during the overtime in question qualifies for award compensation.

Part D - Clarifications

1. Even if only one PWU-represented employee is on overtime for a particular assignment, and the other (PWU-represented) members of his/her crew or task group are not, assuming the other conditions are met, the Society-represented employee on overtime with him/her qualifies for award compensation.

2. Normal shift turnover work of less than 30 minutes does not qualify for coverage under this award, but rather is compensated in accordance with Article 62 ("Shift Turnover") in the Collective Agreement. Shift turnover work of 30 minutes of longer performed outside of normal working hours, however, as well as work other than shift turnover work an employee is required to perform prior to normal starting time are eligible for compensation under this award provided that: a) the employee directly supervises or works beside a PWU-represented employee; and b) both are on overtime; and c) an overtime premium rub exists.

(dated February 28, 1994)

Appendix VII - Default Units of Application

(See Article 64.10.1.5)

Divisions (Default)	*Business Unit (Default)*
**Network Operating* **Project Development & Engineering & Project Management* **Asset Management/Network Development* **Information Systems Division* **Construction* **Telecom*	*Planning & Operating* *Engineering & Technology*
**Remote Communities* **Stations/CMS* **Forestry* **Lines* **Technical Services/Quality Assurance & Operations Support* **Health, Safety & Environment*	*Remote Communities* *Operations & Maintenance* *Health, Safety & Environment*
**Finance (Corporate Finance, Treasury & Risk, Audit, Business Planning, Pensions, Regulatory Affairs, Corporate Tax, Outsourced Services)* **Facilities & Real Estate* **TWE* **Supply Chain*	*Shared Services*
Customer Service	*Customer Service*
Corporate Relations	*Corporate Relations*

Appendix VIII - Side Letters
1999-2000 Negotiations

December 4, 1998

Mr. John Wilson, President
The Society of Ontario Hydro Professional and
Administrative Employees
525 University Avenue, Suite 630
Toronto, Ontario
M5G 2L3

Dear Mr. Wilson:

This will confirm certain understandings reached during collective bargaining, concerning the Pension Plan:

a) The employees represented by the Society constitute a separate class within the Ontario Hydro Pension Plan;

b) The committee established as a result of the Memorandum of Settlement for the 1997-1998 Collective Agreement shall continue to have access to reasonable pension plan and pension fund information, which shall include reasonable information related to the allocation and transfer of pension funds from the Ontario Hydro Financial Corporation Pension Plan to a successor pension plan as contemplated by S. 100 of the *Energy Competition Act*. Prior to its publication, the committee will review any brochure, which provides a summary of the pension plan and any specific provisions and entitlements of the Society pension class;

c) In the event of a division of the Ontario Hydro Pension Plan into two or more successor pension plans, the provisions of this letter are applicable in respect of each successor pension plan.

d) The employer confirms it remains responsible in respect of all rights and. benefits under Article 88 of the Collective Agreement.

Yours truly,

Steve Strome
Vice President, Labour Relations,
Compensation & Benefits

December 4, 1998

Mr. John Wilson
President
The Society of Ontario Hydro Professional and
Administrative Employees
525 University Avenue, Suite 630
Toronto, Ontario
M5G 2L3

Dear Mr. Wilson:

Hiring Hall Agreement

This letter will confirm the intent behind the Hiring Hall Agreement ("Appendix"), as previously communicated by Richard Sogawa.

During the negotiations the Management Team guarded against impacts on Society positions by ensuring that:

- The position of Sub-Foreperson aligned with the PWU UTS III position;
- The position of Foreperson aligned with the PWU UTS II position;
- The position of Senior Foreperson aligned with the PWU I position;
- PWU members acting as General Forepersons (those which are Society positions) can only do so for less than 3 months. After that time they must become Society dues paying members.

Yours truly,

Steve Strome
Vice President, Labour Relations,
Compensation & Benefits

Appendix IX -

Designation of "Society Representative" Contact Persons/Decision-makers in the Society-Hydro One Collective Agreement

February 15, 2013

Mr. Jon Rebick
Vice-President Labour Relations
Hydro One

Dear Jon:

As you are aware, the Society-Hydro One collective agreement contains numerous references to "Society Representative or "local Society Representative" as the Society contact person and/or approval authority for the administration of various processes under this agreement without specifying whether the reference is to the local Society Delegate or to the applicable Society Unit Director (e.g. Section 65.3). In some cases, this has led to confusion for local line management and to misunderstandings between the parties.

To avoid these problems in the future, this is to provide Hydro One with formal notice that in all cases references to "Society Representative" or "local Society Representative" as the Society contact person/decision-maker in the collective agreement should be read as referring to the applicable Society Unit Director unless the Society Hydro One LVP or the applicable Society Unit Director has provided the employer with written notice to the contrary for specific circumstances.

Please note that this designation in no way diminishes or detracts from the entitlements of Unit Directors and/or other Society representatives under the collective agreement including, but not limited to, in Articles 39, 88, 91 and 93.

If you have any questions or wish to discuss this matter further, please do not hesitate to contact me. Thank you.

Sincerely,

Keith Rattai
Society Local VP-Hydro One

PART XVI - LETTERS OF UNDERSTANDING

LETTER OF UNDERSTANDING #1

Re: Society-*MCP* Boundary Issues

Intent

This LOU seeks to clarify employee rights during the operation of Article 64 related to positions at or near to the boundary between the Society and ***MCP*** and provide an equitable means for employees to participate in competitions or a mix and match and follow their work where it has been transferred in or out of the Society's jurisdiction as a result of a reorganization. It is not intended to provide enhanced employment continuity rights in comparison to employees whose work has not changed jurisdiction.

The Problem

1. Position X is in the old organization and is in the Society. The duties change very little in the new organization but the change is sufficient to alter the jurisdiction of the position (e.g., the span of supervision and control is expanded and there will be more Society direct reports).

   Under the current rules the Society-represented employees currently in position X will not be permitted to compete for the position in the new organization during a mix and match.

2. There is a converse of 1. Position Y is currently excluded from the Society (i.e., ***MCP***). In the new organization the position is substantially the same but the jurisdiction of the job will move to the Society's jurisdiction. Once again, the change is minimal (e.g., there is reduced supervision and fewer or no Society direct reports).

3. Position Z is being formed in the new organization. It appears that it will be excluded/included but there is uncertainty about some factors (e.g., the number of direct reports). Therefore, the jurisdiction is uncertain and may eventually change.

   In this case, Management could make an arbitrary designation as excluded and the Society could challenge the designation later. If Management were to do this, then the Society-represented employees would not be able to compete for the position during a mix and match process. If the ultimate jurisdiction was within the Society, it could be that the selection process would have to be repeated.

   If Management were to designate the position as included in the Society then ***MCP*** would be excluded from a mix and match process. A similar result could occur, if the jurisdiction were to subsequently change.

The Solution

A joint process for identifying positions X, Y and Z will be established as follows:

1. Management will identify the X, Y and Z positions and identify the employees who could be adversely affected. The Society will have approval/veto rights. (Note: This is intended to ensure X, Y and Z positions are legitimate and not intended to increase the opportunities for ***MCP*** employees or reduce the opportunities for Society represented employees to exercise their seniority rights in the mix and match process.)

2. Category X - These positions will be filled in the ***MCP*** mix and match or advertised Hydro One-wide using the normal vacancy process if not filled in the mix and match. Society

represented employees identified under paragraph 1 will be treated equally to ***MCP*** employees during a mix and match but may only be selected for Position X. If the position is advertised Hydro One-wide then the employee will be treated preferentially (i.e., be granted the same priority as surplus ***MCP***) for the specified position only. If the employee is not selected, then the employee can exercise all of his/her normal rights under Article 64. Where the employee is not selected for the position, the Society and the employee will be advised of the selection criteria and provided with reasons for non-selection.

3. Category Y - These positions will be filled in the Society mix and match or advertised Hydro One-wide using the normal vacancy process if not filled in the mix and match. ***MCP*** employees identified under paragraph 1 will be treated equally to Society employees during a mix and match but can only be selected providing they meet the senior qualified criteria for Position Y (i.e., such employees cannot be placed in any other position or displace Society-represented employees). If the position is advertised Hydro One-wide, then the employee will be treated preferentially (i.e., be granted the same priority as surplus Society) for the specified Y position only. If the employee is not selected, then the employee will be treated similarly to other ***MCP*** staff in all other respects and have no additional rights.

4. Category Z - The parties will attempt to reach consensus on the jurisdiction of the position based on all available information (which will include an organization chart showing reporting relationships, selection criteria, and description of duties) prior to the selection process. Where consensus is not reached, Management will determine the jurisdiction and the Society will have the right to grieve.

5. The rights of the Society to grieve the jurisdiction of positions are unaffected by agreements reached under this process.

6. This Letter of Understanding expires March 31, ***2016.***

(***Original version*** signed by Steve Strome for Hydro One and Keith Rattai for the Society, January 2003. ***Revised to update acronyms effective April 1, 2013).***

LETTER OF UNDERSTANDING #2
Re: Expediting Redeployment Grievances and Arbitrations

The undersigned Parties agree as follows:

Complaint and Grievance Procedure

1. This agreement applies to grievances arising from the administration of Employment Continuity provisions of the Collective Agreement (Article 64.1.2), including the redeployment process in each Unit of Application, non-selection to positions in the mix and match and non-selection of employees entitled to priority placement in the search/notice period, and to decisions of JROTs.

2. Except as specified in this agreement, all provisions and practices established in relation to the Complaint and/Grievance/Arbitration Procedure apply to these grievances.

3. An employee's complaint must be submitted no later than 20 working days after completion of the Mix and Match, e.g. final approval of the JRPT Second Report or equivalent, the JROT decision, or the selection process that includes the decision he or she feels is unfair.

4. At Step 1 of the grievance procedure, the Society will submit complaints within the scope of this agreement to the relevant JRPT, JROT, and/or line management through Labour Relations Strategy Division. Management and The Society will be given 10 working days to attempt to resolve the grievance. The Society's position on the grievance is not prejudiced by that of Society members of JRPTs or JROTs.

5. Failing resolution at Step 1, The Society may advance the grievance to Step 2 of the grievance procedure within a further 10 working days.

6. The Parties will appoint regular and backup members to at least one Standing Redeployment Grievance Team, which will act as a Second Step Grievance Committee according to the terms of the Collective Agreement. The Committee will meet within ten days of a grievance being filed to attempt to resolve the grievance.

7. Failing resolution at Step 2, The Society may refer the grievance to arbitration within 20 working days. The Parties will designate and retain one arbitrator for grievances under this agreement.

Arbitration

8. The parties will review case by case the appropriateness of the following expedited arbitration process for grievances arising from the Expedited Redeployment Grievance process.

9. Mr. Joseph W. Samuels, or another arbitrator acceptable to the parties, will be retained as arbitrator for Employment Continuity grievances and he will be asked to deal with agreed-upon cases according to the terms of point 10, below. The arbitrator shall control the proceedings and retain jurisdiction to require further submissions of fact or argument as he deems necessary to determine the matter.

10. The expedited arbitration process will require the following:

    - ♦ each grievance can be heard on one day, more than one grievance may be scheduled per day subject to the arbitrator's direction.

- the parties will prepare and sign a Joint Statement of the facts giving rise to the dispute, the facts in dispute (to the extent practicable), and any agreement as to the issues to be decided by the arbitrator. The Joint Statement must be developed prior to scheduling the hearing date.

- each party will present three copies of a Case Statement at the outset of the hearing. The Case Statement will state the issues to be determined, the facts on which the party relies, and a summary of the position of the party, supported by documentary exhibits and references to the Collective Agreement, jurisprudence or other authorities.

- witnesses may be called where the arbitrator rules that there is a material factual dispute and determines which parts of the evidence sought to be called appear relevant and material to the determination of the grievance. Witnesses will be under oath and subject to examination and cross-examination.

- oral argument will be limited to the position of the party set out in the Case Statement and the rebuttal of the other party's argument.

- the arbitrator will determine the matter as soon as possible, with a written decision issued to the parties within ten working days of the hearing date. Failure to meet a time limitation under this process will be deemed a technicality that does not invalidate the proceedings or the award.

11. Where the parties do not agree that a case is appropriate for this procedure, it will be dealt with by the same arbitrator as a conventional referral to arbitration.

(signed by B.R. Story and M. Germani - June 13, 1995)

LETTER OF UNDERSTANDING #3

Re: First Line Management Supervisory Positions (TMS)

The parties agree to maintain commitments with respect to the jurisdiction of First Line Management Supervisory positions (TMS) as set out in the following Letters of Understanding, which are in other respects terminated as complete:

(a) Implementation of the Retail Systems Agreement (August 16, 1995);

(b) The Implementation of the Grid System Agreement on TMS (January 30, 1996);

(Signed by Steve Strome for Hydro One and John Cameron for the Society, March 2001).

LETTER OF UNDERSTANDING #4

Re: Allocation of Society Staff to Ontario Hydro Successor Companies

All employees of Ontario Hydro on payroll at December 2, 1998 were allocated to the successor companies/bargaining units: OPGI Non-Nuclear, OPGI Nuclear, OHSC ***(now Hydro One)***, IMO ***(now IESO)***, ESA.

In certain cases, one successor company/bargaining unit ("service provider") continued to provide a service to one or more successor companies/bargaining units ("service recipient"), after the de-merger of Ontario Hydro (April 1, 1999). In these situations, management determined the number of FTEs required to provide the service, in consultation with the Society***.***

The employees allocated to positions providing the service shall be subject to the following:

1. If the service arrangement is later terminated, a number of employees equivalent to the number of FTEs identified above shall be allocated to the service recipient on the basis of seniority and preference, subject to work unit viability and reasonableness as in paragraph 2 above.

2. An employee who does not wish to resign employment with the service provider may remain with the company/bargaining unit subject to applicable redeployment provisions of the Society's Collective Agreement with that company/bargaining unit.

3. An employee who is offered a position under this subsection shall be entitled, as an employee of the service recipient, to relocation assistance on such terms as it exists in the collective agreement that applies to the receiving organization at the time of reallocation under this section.

(***Original version s***igned by Steve Strome for Hydro One and John Cameron for the Society, March 2001. ***Revised to update acronyms effective April 1, 2013***).

LETTER OF UNDERSTANDING #5

Re: Reclassification of 40-Hour FLM Jobs That Primarily Supervise Non-Trades

Without prejudice and without creating a precedent regarding any other matter, the undersigned parties agree as follows:

1. This Letter of Understanding is intended to address, on an interim basis[1], the problem of appropriately evaluating First Line Manager (FLM) jobs with regularly scheduled hours of work of forty hours per week that exclusively or primarily[2] manage[3] non-tradespersons[4] under the Trades Management Supervisor (TMS) job evaluation plan.

2. This agreement applies to incumbents in the Customer Service FLM, the Distribution FLM - Remote Communities Shift Manager jobs and FLM – Field Technical Services ("included jobs"). The incumbents in these jobs as of the date of signing of this agreement are listed in Appendix A. The Society and Hydro One may mutually agree to extend the application of this Letter of Understanding to other jobs consistent with the intent expressed in paragraph 1.

3. The included jobs will be reclassified MP4 and paid off of salary schedule 01 effective the date of signing of this Letter of Understanding. While these jobs remain on salary schedule 01, incumbents will have all rights under Plan A until such time as the parties have agreed on a replacement job evaluation plan.

4. Employees shall be given "point to point" (i.e., as if placed at the same performance standing at the MP4 salary grade) retroactive compensation for the period they were incumbents in the jobs listed in paragraph 2 between January 1, 1999 and the date of signing of the Letter of Understanding.

5. The regularly scheduled hours of work per week for incumbents in included jobs shall be 40 hours.[5] For the purposes of these jobs only, salary schedule 01 applies to 40 hours per week. As a result, regularly scheduled hours between 35 and 40 hours per week will not be paid on a pro-rated basis.

6. Management shall expeditiously produce job documents for included jobs reflecting the changes agreed to in this Letter of Understanding. These documents shall provide management with the flexibility to assign incumbents to supervise different employee classifications (e.g., trades, clerical-technical, operators) as required. This provision is without prejudice to whether or not this reassignment creates an "adverse impact" within the meaning of Article 64 of the Collective Agreement.

7. Except as expressly modified by this Letter of Understanding, all provisions of the Collective Agreement shall continue to be applicable.

8. This Letter of Understanding shall remain in effect until the earlier of when the parties reach agreement of a new job evaluation plan (pursuant to Section 30.5 of the Collective Agreement) or December 31, 2000. If no agreement on a new job evaluation plan is reached by December 31, 2000, this Letter of Understanding shall continue in effect thereafter subject to termination by either party on 90 days' written notice.

1 "Interim" means until agreement is reached on a new job evaluation plan pursuant to Section 30.5 of the Collective Agreement.

2 "Primarily" means that normally more than 50% of time is spent managing non-tradespersons.

3 In this Letter of Understanding, "manage" is used in the context of the continuation of the jurisdictional commitments given in LOU #3.

4 "Tradespersons" means those recognized as such under the PWU-Hydro One Collective Agreement.

5 For the sake of clarity, Article 69 of the Collective Agreement ("Reduced Base Hours - 40 Hour Workers) applies to incumbents in these jobs.

(Signed by Steve Strome for Hydro One and John Wilson for the Society, July 14, 1999).

LETTER OF UNDERSTANDING #6

Re: Process for Updating the Hydro One Drug Formulary

A. New Drugs Requiring a Prescription By Law

1. New "generic substitutes" for "name brand drugs" already listed on the Formulary will automatically be added to the Formulary as soon as they are approved for use in Canada.

2. New “strengths/dosages/forms” for drugs listed on the Formulary will automatically be added to the Formulary as soon as they are approved for use in Canada.

3. Out-of-country drugs with the same chemical base as drugs listed on the Formulary will be covered on the same basis as their Formulary equivalent.

4. The Chief Physician (or other employer-designated decision-maker) shall review all drugs that have been newly approved for use in Canada and advise the employer whether the drug is commonly and customarily recognized throughout the physician’s profession as appropriate in the treatment of a patient’s diagnosed sickness, injury or condition. The employer will make all reasonable efforts to make this determination as soon as possible after the drug has been approved for use in Canada. When a drug is deemed by the Chief Physician (or other employer-designated decision-maker) to meet this criteria, the drug shall be added to the Formulary.

5. Any drug on the Formulary that is no longer approved for use in Canada will automatically by deleted from the Formulary effective the date federal approval is withdrawn.

B. Over-The-Counter (OTC) Products

1. A new OTC product that falls into the following categories:

   (a) considered life sustaining;

   (b) different strengths or repackaging of life sustaining products already on the Formulary (same product/same company);

      (a) products already on the Formulary whose DINs may have changed as a result of a company takeover or reorganization shall be reviewed by the Chief Physician (or other employer-designated decision-maker). The Chief Physician (or other employer-designated decision-maker) will advise the employer whether: a) the OTC product is commonly and customarily recognized throughout the physician’s profession as appropriate in the treatment of a patient’s diagnosed sickness, injury or condition; and, b) Best Average Pricing (i.e. Manufacturer’s wholesale price to the carrier) is available for the product. When the OTC product is deemed by the Chief Physician (or other employer-designated decision-maker) to meet this criteria, the product shall be added to the formulary.

      When Best Average Pricing information is not available for an OTC product, a paper claim will be reimbursed subject to determination by the Chief Physician (or other) employer-designated decision maker) that there

is no reasonable alternative product on the existing formulary and that the product is commonly and customarily recognized throughout the physician's profession as appropriate in the treatment of a patient's diagnosed sickness, injury or condition.

C. MISCELLANEOUS

1. The Corporation agrees to provide the following to The Society: a full and complete copy of the list of new drugs approved for use in Canada, as received from the Carrier (usually monthly); a list of (prescription and OTC) items added to the Formulary (including, where applicable, what country it applies to); and, upon written request from The Society, a written rationale for not including a drug on the formulary

2. Notification of the employer's decision to not add a drug to the Formulary, and any ensuing discussion with respect to the employer's rationale for not doing so:

    - Shall not be deemed to trigger timelines under Article 16 of the Collective Agreement;
    - Shall be without prejudice to The Society's position with respect to whether the drug meets the "reasonable and customary" standard; and,
    - Shall not prejudice The Society's entitlement, or the entitlement of any Society-represented employee(s), to grieve the employer's decision at a later date.

Where a timely grievance is successful, reimbursement for a denied claim shall be limited to the date of claim and retroactive additions to the Formulary shall be limited to the date of claim denial.

3. The Corporation agrees to provide The Society with an electronic copy of the complete Drug Formulary on a regular basis (calendar year).

4. The Corporation agrees to install, and update on a regular basis, the complete Drug Formulary on the Intranet.

(Signed by Steve Strome for Hydro One and John Cameron for the Society, July 11, 2000).

LETTER OF UNDERSTANDING #7
Re: Hydro One Acquisitions

Without prejudice and without creating a precedent regarding any other matter, the undersigned agree as follows:

Hydro One Inc. is engaged in the acquisition of various Utility businesses. In most cases, Hydro One Inc. intends to integrate the work force of the Utility with the Hydro One Inc. work force. This Letter of Understanding will apply to all employees the Society represents after the acquisition of the Utility or part thereof.

1. Upon acquisition of the Utility, or part thereof, and where the Society represents the employees, Hydro One Inc. shall employ in the bargaining unit all employees of the Utility (the "employees") who would typically fit within the Society's recognition clause and shall intermingle such employees and the business of the Utility with its own employees and business. Hydro One Inc. shall provide the Society with Notification of the intent to transfer employees from the Utility to the Society's jurisdiction within Hydro One. A joint review of the employees' classifications shall be conducted to assess how they fit in the bargaining unit as soon as possible and before the transfer of these employees to Hydro One Inc.

2. Where employment or location protection has been provided as part of the sale agreement, these employees ("protected employees") shall have a protected period which is the period of time beginning when the protected employee commences employment with Hydro One Inc. and ending when the first of any of the following events occurs:

    a) The number of years of protection noted in the purchase agreement, to a maximum of 5 years, have elapsed since the date the protected employee commenced employment with Hydro One Inc.

    b) The protected employee voluntarily obtains another position within Hydro One Inc. in accordance with paragraph 5 below.

    c) The protected employee voluntarily retires or leaves the employ of Hydro One Inc.

    d) The protected employee voluntarily notifies Hydro One Inc. and the Society in writing that he/she wishes to terminate his/her protected period. No such notice shall be served during any period of time when Hydro One Inc. is redeploying other members of the bargaining unit pursuant to Article 64 of the Collective Agreement or any other negotiated redeployment arrangements.

3. During the protected period, the protected employees shall not be subject to permanent transfer, displacement or any part of Article 64 of the current Society Collective Agreement.

4. Employees shall carry forward their seniority and service credit from the Utility. Employees shall accrue seniority and service credit under the Collective Agreement for all purposes under the Collective Agreement.

5. Protected employees shall be eligible to apply for vacancies pursuant to Article 65 and shall be considered at selection priority level (f) for vacancies filled in accordance with Subsection 65.6.3 of the Collective Agreement. Protected employees shall not be given preference or priority consideration over other Society-represented employees in the filling of vacancies other than on the basis of the selection criteria set out in Article 65.

6. Any positions that are vacant prior to the acquisition and which Management intends to fill shall be advertised in accordance with the applicable section of Article 65 of the Collective Agreement.

7. No regular Society-represented employee shall be subject to Article 64 as a direct result of protected employees performing their work during the protected period.

8. Each acquisition, and a list of the associated protected employees, shall be documented on an attachment to this Letter of Agreement.

(Signed by Steve Strome for Hydro One and John Cameron for the Society, September 26, 2000).

LETTER OF UNDERSTANDING #8
Re: Career Edge

Career Edge is a non-profit organization which connects university and college graduates with employers to develop marketable career-related skills to help the individual succeed in today's market place.

Society-represented employees may be utilized to mentor, train and to oversee training related assignments of Career Edge participants. It is expected that any investment of time by Society-represented employees in training and mentoring will be offset by the contributions of Career Edge participants.

Hydro One and the Society support the goal of the Career Edge program. To assist with its objectives, the parties agree to the following:

1. Participants may have an internship program of either 6, 9, 12 or 18 months.

2. Hydro One will advise the Society Office of each potential Career Edge opportunity that is within the Society's jurisdiction prior to finalizing an agreement with Career Edge.

3. Career Edge participants will not become employees of Hydro One.

4. Career Edge is the legal employer of the participants so all payroll administration and associated liabilities reside with Career Edge.

5. In order to make the internship as beneficial as possible, participants may be assigned training exercises consisting of work within the Society's jurisdiction.

6. Participants will not be represented by the Society.

7. There will be no adverse impact within the meaning of Articles 64 and/or 18 on a Society-represented employee or the Society, including no reduction in Society-represented positions (and associated hiring requirements) nor any displacement of Society-represented employees from their positions, as a result of the Career Edge program.

(Signed by Steve Strome for Hydro One and John Cameron for the Society, September 21, 2000).

LETTER OF UNDERSTANDING #9

Re: Implementation of Bi-Weekly Pay

Without prejudice and without creating a precedent regarding any other matter, pursuant to and in full completion of the commitment set out in Article 76, the undersigned parties agree to introduce bi-weekly pay for Society-represented employees in Hydro One on the following basis:

1. Bi-weekly pay will be introduced the later of January 2002 or when bi-weekly pay is implemented for PWU-represented staff in Hydro One.

2. In order to facilitate the transition to a bi-weekly pay cycle, Hydro One will advance the equivalent of one (1) week's net pay on the last weekly-pay pay date to all employees except those who elect not to receive this payment in accordance with paragraph 3 below.

3. Employees will be canvassed to determine whether they wish to receive the advancement described in paragraph 2 above. Failure to respond within two (2) weeks of receiving the option form will result in the employee deemed to wish to receive the advancement.

4. Employees who receive the advancement will be required to pay it back in equal instalments over six months. Such deductions will be taken directly off the employee's bi-weekly pay deposit. If an employee's net pay is insufficient to cover the required repayment amount, the employee will provide a cheque for the required amount payable to Hydro One.

5. In the event an employee terminates from Hydro One before repaying the advancement in full, any money owed will be deducted from outstanding monies owed to the employee.

6. No regular employee will be laid off as a direct result of moving to the bi-weekly pay cycle.

7. This agreement is conditional upon finalization of an agreement between the PWU and Hydro One on the implementation of bi-weekly pay for PWU-represented staff. In the event that Hydro One and the PWU agree to more provident terms than those contained in this agreement, the Society will have the choice of accepting this agreement or the PWU agreement.

(Signed by Steve Strome for Hydro One and John Cameron for the Society, October 30, 2001).

LETTER OF UNDERSTANDING #10

Re: Return of Employees from Inergi to Hydro One
Warehouse Operations

Without prejudice and without creating a precedent regarding this or any other matter, the undersigned parties agree to the following:

1. The purpose of this Letter of Understanding is to identify the employees who are returning from Inergi to Hydro One as a result of the repatriation of the warehouse operations.

2. The following employees will be transferred from Inergi to Hydro One:
    - T. Crawford (617911) – Warehouse Operations Supervisor
    - E. Kapitan (676774) – Warehouse Operations Supervisor
    - P. Martin (107681) – Warehouse Operations Supervisor

3. Effective the date of transfer, the above named employees shall transfer all accumulated service, vacation, seniority, sick leave and subject to the agreement of Inergi, pension credits as set out in Articles 4 and 64 for all Inergi and previous Hydro One service to Hydro One. For the sake of clarity, these employees shall be considered employees hired before January 1, 2002 for the purposes of Article 44.

(Signed by Steve Strome for Hydro One and Keith Rattai for the Society, April 7, 2004).

LETTER OF UNDERSTANDING #11

Re: Biometrics Information at the Barrie HONOC

1. It is acknowledged that the introduction of and requirement to provide biometrics information is a condition of employment at the Barrie HONOC.

2. The collection and use and disclosure of the personal information provided will be restricted to the stated purpose of using biometric templates, which is to secure verification of the identity of individuals for access to the Barrie HONOC facility. The biometric template is not a fingerprint as used in law enforcement.

3. This LOU does not set a precedent for either party regarding security access requirements at other locations, currently or in the future.

(Signed by Steve Strome for Hydro One and Keith Rattai for the Society, July 9, 2004).

LETTER OF UNDERSTANDING #12

Re: Work Refusal

It is jointly agreed that the following Letter of Understanding is an agreement between the parties and that any changes require joint agreement. The parties further agree that any detailed associated documents must meet the intent described within this Letter of Understanding.

1. Items within any detailed associated documents will clearly identify the rights and accountabilities of workers, supervisors and the employer under the Occupational Health and Safety Act, section 43.

2. The parties agree that the work refusal process established within Hydro One will have a three stage process. The three stages will outline a worker concern process – stage 1, a worker refusal process – stage 2 (internal) and a worker refusal process – stage 3 (Ministry of Labour Involvement).

3. The parties will ensure the process identifies the Union representative's role.

4. The process will ensure active participation of Senior Management and the Society Hydro One Local Vice-President, prior to contacting the Ministry of Labour.

5. Either party may cancel this Letter of Understanding on 60 days' notice.

(Signed by Steve Strome for Hydro One and Keith Rattai for the Society, April 18, 2005).

LETTER OF UNDERSTANDING #13

Re: Incident Rating and Investigations

It is jointly agreed that the following Letter of Understanding is an agreement between the parties and that any changes require joint agreement. The parties further agree that any detailed associated documents must meet the intent described within this Letter of Understanding.

Incident Rating

1. The Society representatives on the Joint Health and Safety Committee shall be provided with the opportunity for input into incident, Maximum Reasonable Potential for Harm (MRPH) ratings.

2. Where the rating of an incident is in dispute, Line Management or Joint Health and Safety Committee members can seek timely resolution of the dispute through an adjudication by the Vice-President of Health, Safety and Environment.

Incident Investigation

1. All incidents shall be investigated. Whenever a team is appointed to investigate an incident, the Society shall be invited to participate on investigation teams and shall select their representative.

2. It is Hydro One's general intent to share all management corrective action plans with all employees and their unions as broadly as possible. However, it is acknowledged that in respect of certain incidents, such as those out of which significant personal or corporate liability may arise, this may not always be possible or desirable. In respect of such incidents, with a view to protecting the rights of employees of the Corporation and the Corporation itself and subject only to the Joint Health and Safety Committee and Society representatives' right to review the written corrective action, Management reserves the right to not publish or distribute a copy of the written corrective action plan and, if the written corrective action plan is published or distributed, to prohibit or limit its further disclosure or reproduction in any form. In these instances the Corporation will identify this to the Society prior to the start of the investigation. The Society representative, who will be a person designated by the Society Vice-President, may sign off that the Society is in agreement with Management's decision to withhold, prohibit or limit reproduction of the corrective action plan.

3. It is agreed between the parties that joint investigations are performed to identify the root cause(s) of the incident and not to lay blame on any individual. It is agreed that any information gathered during the investigation process will not be used to discipline any Society member. If Management so desires they can conduct a separate investigation for disciplinary purposes.

4. The team established will sign off on the final report. If the Society disagrees with the report the Society representative's comments will be noted in the report.

5. All applicable release costs and associated expenses shall be borne by the company as per the Collective Agreement and the Occupational Health and Safety Act.

6. Joint Health and Safety Committee members and the Union representatives shall have the right to review the management approved corrective action plan, except as noted in item 2 above.

7. There will be a discussion between the parties prior to the release of a final report, by either party, that is not described in item 2 above.

8. Either party may cancel this Letter of Understanding on 60 days' notice.

(Signed by Steve Strome for Hydro One and Keith Rattai for the Society, April 18, 2005).

LETTER OF UNDERSTANDING #14

Re: Career Bridge

Career Bridge is a non-profit organization which connects internationally Qualified (foreign trained) Professionals with employers to gain Canadian work experience to help the individual succeed in today's market place.

Society represented employees may be utilized to mentor, train and to oversee training related assignments of Career Bridge participants. It is expected that any investment of time by Society represented employees in training and mentoring will be offset by the contributions of Career Bridge participants.

Hydro One and the Society support the goal of the Career Bridge program. To assist with its objectives, the parties agree to the following:

1. Internship lengths are of at least 4 months and can be extended to a maximum of 12 months at the discretion of Hydro One.

2. Hydro One will advise the Society Office of each potential Career Bridge opportunity that is within the Society's jurisdiction prior to finalizing an agreement with Career Bridge.

3. Career Bridge participants will not become employees of Hydro One.

4. Career Bridge is the legal employer of the participants so all payroll administration and associated liabilities reside with Career Bridge.

5. In order to make the internship as beneficial as possible, participants may be assigned training exercises consisting of work within the Society's jurisdiction.

6. Participants will not be represented by the Society.

7. There will be no adverse impact within the meaning of Articles 64 and/or 18 on a Society represented employee or the Society, including no reduction in Society represented positions (and associated hiring requirements) nor any displacement of Society represented employees from their positions, as a result of the Career Bridge program.

(Signed by Steve Strome for Hydro One and Keith Rattai for the Society, February 28, 2006).

LETTER OF UNDERSTANDING #15

Re: Time Limits for Filing Health and Dental Claims

This letter details the understanding between the parties regarding time limits for filing Employee Health and Dental Claims and will become effective on January 1, 2009.

In order to be eligible for payment, Society-represented employees must submit their claims within two years of the date on which the expense was incurred. For example, a health or dental expense incurred on December 1, 2007 must be submitted by December 1. 2009 in order to be eligible for payment.

Failure to submit within this time limit will result in automatic rejection of the claim.

(Signed by Steve Strome for Hydro One and Keith Rattai for the Society, September 9, 2008).

LETTER OF UNDERSTANDING #16

Re: Joint Health and Safety Working Committee

It is jointly agreed that this Letter of Understanding is an agreement between the parties and that any changes require joint agreement.

The Joint Health and Safety Working Committee shall be established to provide recommendations to assist the Health and Safety Division in the development, promotion, implementation and evaluation of Hydro One employee health and safety policy and programs.

Personnel

The Committee will be comprised of three representatives from each of the following:

The Society, the PWU and Management.

The parties will each select their respective committee members.

The chair will rotate among Management, Society and Power Workers' Union.

Function

(a) Participate in the identification of problems and issues of Company significance in employee health and safety policy and practice.

(b) Participate in the development, promotion and implementation of Company health and safety programs.

(c) Study, develop and make recommendations for changes to the corporate safety rules and work protection code. This function can be delegated to an ad hoc group.

(d) The committee will normally attempt to resolve issues of mutual interest before seeking intervention by senior management or the Joint Health and Safety Policy Committee.

(e) The committee will meet quarterly or as mutually agreed.

(Signed by Steve Strome for Hydro One and Keith Rattai for the Society, September 29, 2008).

LETTER OF UNDERSTANDING #17

Re: Building Trades Union Employees
who are temporarily working in the Society's Jurisdiction

Without prejudice and without creating a precedent regarding this or any other matter, the undersigned parties agree as follows:

1. ***This Letter of Understanding applies to Hydro One employees whose base position is represented by one of the Building Trades Unions ("BTU employee").***

2. ***A BTU employee who is temporarily assigned work within the Society's jurisdiction shall be paid from his/her applicable base Building Trades Union wage schedule for the duration of this assignment, including the period beyond three months.***

3. ***Except as expressly provided for in this Letter of Understanding, all other terms and conditions of the Society collective agreement shall apply to BTU employees who are temporarily working in the Society's jurisdiction as outlined in Article 5.2 of the Hydro One/Society Collective Agreement.***

(Signed by Jon Rebick for Hydro One and Keith Rattai for the Society, June 9, 2011)

LETTER OF UNDERSTANDING #18

Re: Statutory Holiday Credit Compensation

The following outlines the options available to Society-represented staff who are assigned to work overtime in circumstances where they would be entitled to a statutory holiday credit pursuant to Section 58.2 ("Overtime: Day Workers"):

1. ***In all circumstances, except as outlined in #2 below, an employee assigned to work overtime on a statutory holiday will be compensated as per Article 58.***

2. ***Upon mutual agreement, the employee may request to be paid for his/her statutory holiday credit at the same time as the overtime is paid. The employee must request the paid option in advance of working on the statutory holiday and the manager must approve this arrangement. If there is no agreement, the employee will be compensated as per Article 58.***

3. ***This Letter of Understanding terminates on March 31, 2016.***

(Signed by Jon Rebick for Hydro One and Keith Rattai for the Society July 15, 2013)

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School Energy Coalition (SEC) INTERROGATORY #41

Issue 4.4 Is the compensation strategy for 2015-2019 appropriate and does it result in reasonable compensation costs?

Interrogatory

Reference: Exhibit C1/Tab 3/Schedule 1/p.10

Please provide all documents and information, including but not limited to strategies, proposals, memorandums, opinion, and expert analysis, utilized by the Applicant during the negotiations of its current collective agreement with the Power Workers' Union.

Response

Due to the ongoing contractual relationship with the PWU, the information requested is considered to be confidential and propriety, Hydro One respectfully declines to provide.

School Energy Coalition (SEC) INTERROGATORY #42

Issue 4.4 Is the compensation strategy for 2015-2019 appropriate and does it result in reasonable compensation costs?

Interrogatory

Reference: Exhibit C1/Tab 3/Schedule 1/p.10

Please provide all documents and information, including but not limited to strategies, proposals, memorandums, opinion, and expert analysis, utilized by the Applicant during the negotiations of its current collective agreement with the Society of Energy Professionals.

Response

Due to the ongoing contractual relationship with the Society, the information requested is considered to be confidential and propriety, Hydro One respectfully declines to provide.

School Energy Coalition (SEC) INTERROGATORY #43

Issue 4.4 Is the compensation strategy for 2015-2019 appropriate and does it result in reasonable compensation costs?

Interrogatory

Reference: Exhibit C1/Tab 3/Schedule 1/p.10

Please provide all assumptions the Applicant is making for the purposes of this application for future collective agreements between itself and the Power Workers' Union and Society of Energy Professionals.

Response

It is assumed that there will be a continued focus on cost containment and increased flexibility as Hydro One enters collective bargaining in 2015 and 2016. It is premature to elaborate on specifics at this time.

School Energy Coalition (SEC) INTERROGATORY #44

Issue 4.4 Is the compensation strategy for 2015-2019 appropriate and does it result in reasonable compensation costs?

Interrogatory

Reference:

In 2013, the Auditor General of Ontario's Annual Report made a number of findings regarding OPG's compensation, benefits and HR practices. Does Applicant believe any of those findings may similarly apply to it. If so, what actions, if any, is the Applicant undertaking as a result?

Response

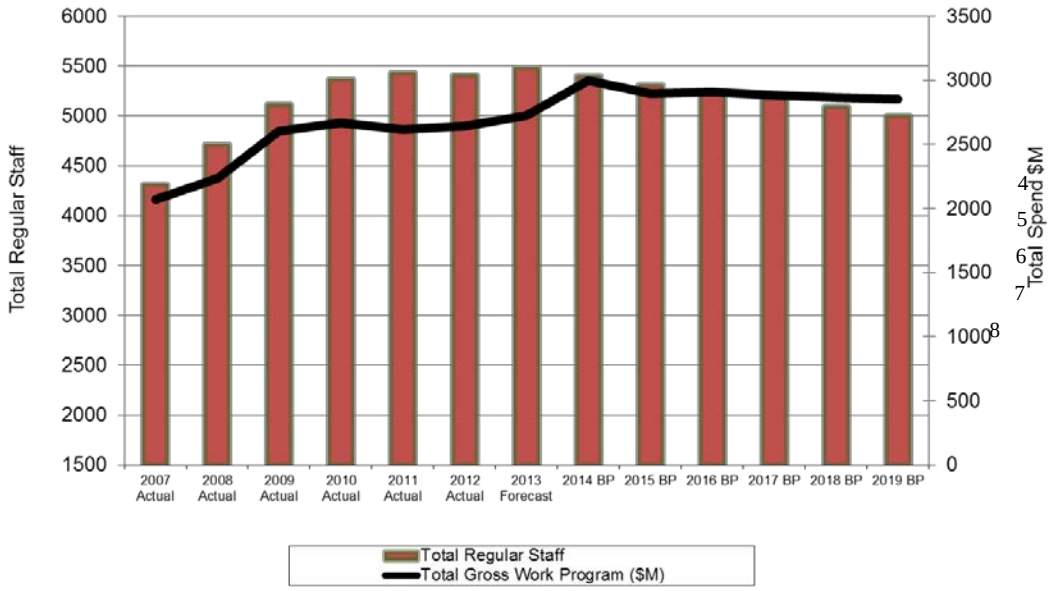
The 2013 Auditor General of Ontario's Annual Report was a thorough and comprehensive review of numerous human resources practices at Ontario Power Generation. On a best efforts basis, Hydro One has reviewed the OPG audit and has informally benchmarked Hydro One's human resources practices against some of the key findings. The OPG audit reviewed 10 years of data; due to system and resource constraints, this review is restricted to the last few years in most areas.

Staffing Practices

Staffing levels relative to output

Staff levels are largely driven by work programs. A proxy for that is total spend (capital and maintenance). The graph below shows Regular Staff vs. Total Gross Work Program.

1. From 2007-2013, staff levels have roughly followed the Total Gross Work Program
2. From 2014-2019, staff levels are expected to fall with a relatively flat TGWP



Operational functions often understaffed while associated support functions significantly overstaffed

Hydro One does not have specific benchmark data to make a similar comparison. As a proxy, the table below identifies the number and percentage of Direct (performing direct work such as Lines, Forestry, Stations, Construction, Engineering) and Indirect staff (Planning, Operating, Shared Services, Customer Service, People and Culture, etc.).
The ratio has been constant, despite a fluctuating work program.

Regular Staff Direct/Indirect Roles

	2013	**2012**	**2011**	**2010**	**2009**	
Direct	3534	3488	3515	3444	3295	
Indirect		1948	1922	1915	1919	1814
Total	5482	5410	5430	5363	5109	
Direct %	64.5%	64.5%	64.7%	64.2%	64.5%	
Indirect %	35.5%	35.5%	35.3%	35.8%	35.5%	

Number of former employees rehired

As at December 2012, there were 9 former employees who had retired and been rehired and were working as temporary staff, as per the table below. None received lump sum pension payouts. The CUSW (5) and PWU HH (2) are casual construction, union represented resources sent to Hydro One through a hiring hall arrangement. Hydro One puts in a request for staff with specific skills and/or qualifications and the union sends the workers. Hydro One does not have an ability to dictate who is sent to work. The 2 PWU staff filled technical roles.
All rehires of retired employees are closely managed, require justification and CEO approval.

Hydro One has a Fair Hiring Policy as well as a Re-employment of Former Employees Policy in effect.

Former Employees Rehired

CUSW	5
PWU HH - Networks	2
PWU - Networks	2
TOTAL	**9**

Increases in Senior Staff/Executive Staff

Executives*: 27 in 2005, 27 in 2012 (0%)
*Executives are defined as Bands 1-4

Senior Managers*: 34 in 2005, 62 in 2012 (+82%)
*Senior Managers are defined as Band 5 (Director)

Increases in management occurred after the Society strike in 2005. Hydro One assessed the impact of the work stoppage and determined that the organization could benefit from a stronger managerial structure. Furthermore, in 2010, Hydro One adopted a new management system which identified gaps in our management structure leading to increases in director roles, as well as other management positions.

Senior Management Positions without a job title or job description

100% of all MCP employees have a role document.

Instances where annual base salaries of staff exceeded max amount set out in base salary schedule

- No MCP employees exceed compensation band maximum
- Society – Approximately 15% Society staff exceed the max. These are mostly 'grandfathered" employees as a result of the introduction of a new salary schedules in 2007. As these employees retire, this number will decrease.
- PWU – less than 1% of PWU staff exceed the max. Typically arises due to collective agreement obligations.

Compensation ranked higher than industry comparators

Total Compensation Studies ('the Mercer Studies") show that Hydro One is moving to market median. The latest study is filed at Exhibit C1, Tab 3, Schedule 3, Attachment 1.

Weak Link between Performance and Awards

Close to 90% of Hydro One's regular employees are paid from pay-scales that are negotiated through Collective Bargaining processes. Performance management tools are available to manage performance of unionized staff (e.g. discipline, progression freeze, etc.).

For non-represented (Management Compensation Plan-MCP) staff, compensation is composed of two elements:

• Merit pay relates to base compensation and movement is based on general performance and contribution in the role, growth in capability, potential to move to more demanding roles, future value to the Company and related to that, flight risk.

• Short Term Incentive (STI) pay for MCP staff is based on the extent to which a MCP employee fulfills the terms of their performance agreement.

Executives with incomplete or no performance evaluation documents

All executives have performance agreements. The Hydro One Board of Directors approves the Band 1-3 performance contracts and bonus payout of the CEO, CFO, and COO.

Nepotism

Approximately 5% of employees reside at the same address as another Hydro One employee.

Family members of existing employees are not barred from applying, but Hydro One's hiring processes are designed to ensure that they are not at an advantage in any way over other candidates.

School Energy Coalition (SEC) INTERROGATORY #45

Issue 4.4 Is the compensation strategy for 2015-2019 appropriate and does it result in reasonable compensation costs?

Interrogatory

Reference:

Does the Applicant track formally or informally, which other distributors it hires employees from, or other distributors which its employees leave to work for? If so, please detail those findings.

Response

Hydro One does not track employees hired from other distributors. If a Hydro One employee is recruited by another distributor, this information may be obtained during the employee exit interview but it is not tracked.

School Energy Coalition (SEC) INTERROGATORY #46

Issue 4.4 Is the compensation strategy for 2015-2019 appropriate and does it result in reasonable compensation costs?

Interrogatory

Reference: Exhibit C1/Tab 3/Schedule 2/Attachment 2/p.2-3

Please explain the significant increase in total employees from 2013 to 2014.

Response

In reference to the exhibit at C1, Tab 3, Schedule 2, Attachment 2, the 2013 regular headcount is year-end actual. Due to timing issues, some forecasted hiring for 2013 did not occur until 2014.

The 2013 figure for casual employees is year-end actual. Since a large percentage of casual employees are laid off/stood down at year end, the actual year end number does not reflect the usage of this category during the peak months. The forecasted casual employees in years 2014-19 is FTE's.

School Energy Coalition (SEC) INTERROGATORY #47

Issue 4.4 Is the compensation strategy for 2015-2019 appropriate and does it result in reasonable compensation costs?

Interrogatory

Reference: Exhibit C1/Tab 3/Schedule 2/Attachment 1/p.6-7

Please explain why only four other Ontario distributors were invited to participate in the compensation benchmarking survey. Please explain why it was not more appropriate to benchmarking the Applicant's compensation with all the other distributors in the province.

Response

The benchmarking study was designed to gather and analyze total compensation data from a panel of organizations with which Hydro One competes for talent. A single panel of organizations was used to benchmark the Hydro One employee groups, in accordance with the selection criteria described below, to facililitate cross-group comparisons and to increase the survey efficiency.

Mercer selects peer organizations, for compensation benchmarking purposes, based on a stable metric that reflects the size and operating complexity of the organization (typically, this is revenue and/or total assets). Where there is a relatively small sample of relevant comparator organizations, Mercer establishes limits of 33% to 300% of the scope criteria for the organization we are analyzing.

For the purposes of this study, Mercer considered all organizations with limits of 33% to 300% from a pool of organizations in the following industry segments:

- Electric utilities, multi-utilities, generators, and gas utilities industries in Canada
- Local Distribution Companies ("LDCs") in Ontario
- Other comparable regulated businesses (i.e., integrated telecommunication services, railroads etc.)

These industry segments were indicated by Hydro One as areas that reasonably reflect the same labour market that Hydro One competes for talent in.

Some organizations were included in the analysis despite falling below the 33% of revenue threshold value. These organizations were primarily Ontario based local distribution companies that are seen as important benchmarks by stakeholders. Specifically these organizations were Enersource, Horizon Utilities, Powerstream, and Toronto Hydro. Two other Ontario LDC's were invited to participate, Hydro Ottawa and Veridian, however both declined because of internal resource constraints.

Consumers Council of Canada (CCC) INTERROGATORY #27

Issue 4.4 Is the compensation strategy for 2015-2019 appropriate and does it result in reasonable compensation costs?

Interrogatory

Reference: Ex. C1/T3/S1

Please set all the ways in which HON is seeking to reduce its overall compensation amounts during the course of its 2015-2019 Custom Plan. Has HON sought external advice in this regard? If not, why not?

Response

Since approximately 90% of Hydro One employees are covered by binding collective agreements (PWU's expires March 31st 2015 and Society's expires March 31st 2016) and the only way to alter compensation is through the collective bargaining process, it is premature to speculate on new initiatives to reduce compensation costs during the test years.

Previously negotiated employee pension contribution increases will be implemented on April 1, 2015 for all Society and PWU represented employees.

For non represented employees, the *Broader Public Sector Accountability Act (BPSAA) 2010*, compensation freeze will continue for MCP employees in compensation bands 1-4 until there is no deficit in the Ontario budget.

Since 2008, the Human Resources Committee of the Board (HRC) has engaged an independent compensation consultant, Hugessen Consulting Inc. to provide the HRC with advice on the competitiveness and effectiveness of all elements of management compensation.

Consumers Council of Canada (CCC) INTERROGATORY #28a

Issue 4.4 Is the compensation strategy for 2015-2019 appropriate and does it result in reasonable compensation costs?

Interrogatory

For each year since the Public Salary Disclosure list was published, please indicate how many of HON's employees were on that list (employees with salaries exceeding $100,000). For each year please indicate the total number of HON employees.

Response

Year	# on Disclosure List*	# of Regular Staff **
1999	393	5632
2000	470	4337
2001	767	4516
2002	977	3656
2003	1319	3696
2004	1302	3848
2005	1044	3915
2006	1810	4018
2007	1908	4312
2008	2279	4714
2009	2468	5086
2010	2684	5363
2011	3195	5430
2012	3241	5454
2013	3623	5181

* 1999-2008 includes Hydro One Networks, Hydro One Brampton, Hydro One Remotes and Hydro One Telecom. 2009-2013 data is Hydro One Networks only.

** Hydro One Networks

Energy Probe Research Foundation (EP) INTERROGATORY #36

Issue 4.4 Is the compensation strategy for 2015-2019 appropriate and does it result in reasonable compensation costs?

Interrogatory

Reference: Exhibit C1, Tab 3, Schedule 1 (Staffing) and Exhibit C1, Tab 3, Schedule 2 (Compensation)

Preamble:
Issues
-Total Head Count Breakdown by Group Historic and Forecast
-Historic and forecast FTE allocations to DX and TX(by Group)
-Total Compensation
-TC Allocations to TX and DX (by Group)

a) Please provide schedules that show the Payroll/Compensation forecast for the Corporation for each year of the MY COS Plan.

b) Please provide an estimate of the costs allocated to Dx and Tx over the Plan period.

c) Please indicate how often the Payroll /total compensation costs will be updated.

d) Please indicate how often will the allocation to DX and Tx be updated.

e) Confirm HO declined to provide these forecasts and allocations in prior rate *cases.*

Response

a) Please refer to Exhibit C1, Tab 3, Schedule 2, Attachment 2.
b) Hydro One has an integrated workforce for its Distribution and Transmission businesses. This allows Hydro One to take advantage of economies of scale and efficiencies that would not be available through separate transmission and distribution operations. As a result of its integrated workforce, separate workforce data for each business is not available.
c) Exhibit C1, Tab 3, Schedule 2, Attachment 2 will be updated at Hydro One's next cost of service application.
d) See b)
e) See b)

Energy Probe Research Foundation (EP) INTERROGATORY #37

Issue 4.4 Is the compensation strategy for 2015-2019 appropriate and does it result in reasonable compensation costs?

Interrogatory

Reference: Exhibit C1, Tab 3, Schedule 2 (Mercer Report) Compensation – Benchmarking

a) Confirm the Mercer Report shows HO is overall nearer to the Peer Group Median due to PW-represented (largest Group) However not case for Society- represented (higher) and MCP (same i.e. at median)

b) What Plans does HO have to bring the Society in line with the peer group?

Response

a) The latest results of the Mercer Total Compensation Study do demonstrate that overall, Hydro One's total compensation has moved toward market median. Since the PWU represent the largest group of employees at Hydro One and due to the PWU's total compensation movement toward market median, the PWU's results do have a significant impact on this result.

b) Since Society employees are represented by the Society of Energy Professionals, changes to the collective agreement can only be done through the collective bargaining process. The current collective agreement expires March 31st 2016.

Energy Probe Research Foundation (EP) INTERROGATORY #38

Issue 4.4 Is the compensation strategy for 2015-2019 appropriate and does it result in reasonable compensation costs?

Interrogatory

Reference: Exhibit C1, Tab 3, Schedule 2, Attachment 2, Pages 1-5- Total Payroll

a) Schedule shows Historic (2010-2014) and Forecast 2015-2019) Payroll Costs.

b) Confirm the schedule shows a huge increase in Casual Employees (+ 790) and associated $61.6 million increase in Labour Costs starting in 2013 and continuing into the future.

c) Please explain this change in Hiring and Compensation and discuss the cost consequences.

d) Provide an estimate of the allocation of total and incremental casual employees to TX and DX over the plan period.

Response

a) Correct.

b) There is not an increase in the use of casual employees. The compensation table at C1 Tab 3 Schedule 2 Attachment 2 reflects the 2013 year end actual temporary and casual employee compensation. The forecasted casual employees in years 2014-19 is a FTE calculation. As noted in Exhibit C1 Tab 3 Schedule 2 (page 10), this chart is illustrative of trends in compensation costs for both the Distribution and Transmission businesses and does not reflect the revenue requirements for this filing.

c) See b) above

d) Hydro One has an integrated workforce for its Distribution and Transmission businesses. This allows Hydro One to take advantage of economies of scale and efficiencies that would not be available through separate transmission and distribution operations. As a result of its integrated workforce, separate workforce data for each business is not available

Energy Probe Research Foundation (EP) INTERROGATORY #39

Issue 4.4 Is the compensation strategy for 2015-2019 appropriate and does it result in reasonable compensation costs?

Interrogatory

Reference: Exhibit A, Tab 16, Schedule 1, Table 4 -Burden Rates (%)

a) Confirm these burden rates are a % of Base Earnings and that Earnings are forecast to increase on average by 2% a year over the plan period.

b) Accordingly please provide the projected actual percentage increases and using 2013 as the base the index of burden that will result for each category of burden for the test years.

c) Please provide a chart that shows a projection of total burden costs for the test years and includes the base pay projection over the plan period.(exclude powerflex incentives)

Response

a) Confirmed

b)

Percentage increases using 2013 as the base

Networks	2015	2016	2017	2018	2019
Total Statutory Benefits *	4.71%	-0.58%	-0.46%	1.35%	4.78%
Total Non-Statutory Benefits excluding pension	-3.82%	-12.84%	-21.88%	-18.70%	-21.57%
Pension Benefit	0.62%	0.92%	1.21%	1.81%	2.06%

* includes regular and non-regular staff

c)

Networks $M	2015	2016	2017	2018	2019
Total Burden Cost Projection	353.1	337.5	324.7	331.2	329.2
Base Pay Projection*	816.7	827.6	838.4	848.7	859.0

* refer EB-2013-0416/Exhibit C1-3-2/Attachment 2: Hydro One Year End Compensation Payroll Table 2010-2019

Society of Energy Professionals (SEP) INTERROGATORY #10

Issue 4.4 Is the compensation strategy for 2015-2019 appropriate and does it result in reasonable compensation costs?

Interrogatory

Reference: Exhibit C1/Tab 3/Schedule 1/ p.1/ln 14-15

2011 Labour Market Information (LMI) Study, states "Between 2011 and 2016, Canada's electricity and renewable energy industry will need to recruit 45,000 new employees almost half of the starting workforce …"

a) Please provide the annual number of new employees recruited between 2011 and 2013 in Hydro One.
b) Please provide Hydro One's forecast annual new employee recruits for 2014 to 2016
c) Please provide the total annual new employee recruits for 2011 to 2016 and the percentage this is of the 2010 year end regular staff.
d) Please explain the variance if this percentage is not almost 50%.

Response

a) 2011 -142
2012 -186
2013 -133

b) 2014 – 125
2015 – 111
2016- 106

c) Based on actuals to 2013 and forecast to 2016, the total number of new employee recruits is 803. This represents approximately 15% of 2010 year end regular staff.

d) Hydro One has not replaced every retirement/termination with a regular employee. Instead, Hydro One continues to take advantage of a flexible resourcing strategy to complete its work programs in an efficient and cost effective manner.