Centre Wellington Hydro Ltd.
EB-2017-0032
Response to OEB Staff, VECC & SEC Interrogatories

Contents

Exhibit 4

4-Staff-52

Ref: Exhibit 4, Table 1 - Summary of Total OM&A-2013 Board Approved to 2018 Test Year
Exhibit 4, page 15
Exhibit 4, page 75

Preamble:

As per Exhibit 4, Table 1, 2018 Test Year OM&A of $2,404,300 has increased by 18.9% or $382,195 from 2013 OEB approved OM&A of $2,022,105. This is an average increase of 3.8% over five years.

OEB staff notes that the inflation rate is 1.9%.[1]

OEB staff also notes that 35.7% or $136,600 of the $382,195 increase from 2013 OEB approved OM&A, relates to "Administrative and General" expense. As per Exhibit 4, page 15, Centre Wellington stated that the majority of the increase in Administrative and General Expenses can be attributed to an increase in Management Salaries and expenses of $84,300." Centre Wellington stated that the big driver of this increase of $84,300 is a $50,600 increase, which is due to two factors:

- the former Centre Wellington CEO returning as a Special Projects Manager; and
- annual salary increases.

Centre Wellington Hydro stated that the Special Projects Manager position has remained in place and hours have been budgeted for this position. This position was created in 2015 and is designed "to assist with various reviews of policies, procedures and programs that had not been completed because of lack of time."

As per Exhibit 4, page 75, Centre Wellington Hydro stated that it "realizes that internal policies and procedures have fallen behind because of other duties taking priority and

[1] 2017 EDR Webpage October 27, 2016 Reference:
Consistent with the policy determinations set out in the Report of the Board on Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors (EB-2010-0379) (Issued November 21, 2013 and updated December 4, 2013), the OEB has calculated the value of the inflation factor for incentive rate setting under the Price Cap IR and Annual Index plans, for rate changes effective in 2017, to be 1.9%. The derivation of this is shown in the following table. The OEB will adjust the price escalator in each applicable electricity distributor's 2017 Incentive Regulation Mechanism model such that this inflationary adjustment is reflected in distribution rate changes resulting from Price Cap IR and Annual Index applications effective in 2017

necessity of having these updated on a regular bases to ensure the efficient running of the utility."

The $84,300 cost increase can be broken down as follows:

50,600	Special Project Manager and annual increases
32,500	premium increases in Payroll and company benefits
1,200	misc. expenses
84,300	

Question(s):

a) Please provide justification as to why the OEB should approve the 2018 Test Year OM&A of $2,404,300, which represents an approximate increase of 3.8% per year since 2013 OEB approved, when the inflation rate is 1.9%.

b) Please identify what improvements in services and outcomes Centre Wellington Hydro's customers will experience in 2018 and during the subsequent IRM term as a result of increasing the provision for OM&A in 2018 versus 2017, at about 1.48 times the average annual rate experienced over the 2013 to 2017 period.

c) Please provide justification as to why the OEB should approved an increase of $84,300 in "Administrative and General" expense from 2013 OEB approved, when Centre Wellington Hydro has not provided justification for cost increases such as $50,600 for a Special Projects Manager and annual salary increases. Please include specific justification for a Special Projects Manager, especially since this position was created in 2015 to do tasks such as revise policy and procedures. Please explain why this task of revising policies and procedures has not been completed since the introduction of this role in 2015. Please also state why other duties are taking higher priority and why the policies and procedures need to be updated on a regular basis.

Response(s):

a) Centre Wellington Hydro Ltd (CWH) has requested approval for total OMA of $2,404,300 which is over the 1.9% inflation factor for 2017. When preparing the 2017 Bridge Year and 2018 Test Year OMA budget, CWH reviewed the year over year increase in the all of the USoA OMA accounts between 2013 and 2016 actual costs to determine what the increases for 2017 and 2018 would be based on historical increases/decreases by various service providers. Where the annual increases were not readily available by review of the annual increases by the vendor, CWH used the 2016 annual inflation rate of 1.8%. Even though CWH would prefer to keep the increases to the inflation rate, the cost of various services provided to CWH far exceeds the inflation rate.

Examples of increases over the rate of inflation are included below:

An example of the increases above the rate of inflation, as repeated in 4.0 VECC-23, is the increase in meter reading costs is that the third (3rd) party vendor Elster has passed on increases as stated on their invoice "Elster Integrated solutions is increasing their rates by 4% as permitted by section 6 of Appendix D-2 MAS Server yearly system maintenance agreement fees." The Fairness Commissioner mandated that CWH install the Elster meters at the time that Smart Meters were installed. The monthly costs have also increased due to the increase in the number of meters that are in service. The fees for services provided by Elster have increased 20.8% (4.16 average per year) between the amount that was budgeted for in the OEB approved 2013 budget and the 2018 test year budget. The cost of the Retail Settlement has increased by $9,900 or 18.1% because the allocation to meter reading has increased due to the decline in the number of customers enrolled with Retailers. Previously a larger portion of this cost was being recovered via 1518-RCVA Retail and 1548-RCVA STR.

Community Relations increased by $14,900 over the 2013 approved amount of $28,600 to $43,500 or 52%. $10,000 of this increase is due to the requirement of doing Customer Satisfaction and ESA surveys every two years and the amortization of $8,400 amortized over 3 years ($2,800 per year) for community safety programs being offered to the students at the local elementary schools. Neither of these costs were included in the 2013 OEB approved amount. The remaining increase of $2,100 relates to changes in cost for advertising and wages related for preforming community relations related activities.

The cost of providing of underground locates has increased from OEB 2013 approved amount of $32,100 to $75,900 in 2018 Test Year or an increase of 136.4%. Further details of the increase is provided in the answer to Board Staff question 4-Staff-56.

In section 4.3.2 Program Variance Analysis, amended on June 14, 2017, pages 74 to 80, CWH goes into details on the increases in "Customer Service, Mailing Costs, Billing & Collections", "Executive, Financial, Legal, Professional and Insurance Services" and "Regulatory Costs" which CWH further explained in section 4.4.3 Regulatory Costs (pages 101 to 104)

Regulatory Cost are going up $44,900 or 36.4% which is due to a number of increases and decreases. The amortized amount for the COS application has increased by $34,175 per year or 340.9%; OEB annual assessment has gone from $18,000 to $31,700 or 76.7%, the use of consultants, category 6, has gone down from $25,000 to $11,000 a decrease of 56.7%; the cost of category 7-Operating expenses associated with staff resources allocated to regulatory matters has increased by $29,000 or 72.5%.

Table 18-OEB Appendix 2-K Employee Compensation shows the total increase in wages from the OEB 2013 approved amounts and the 2018 Test Year as being $219,354 or 17.8% and benefits increasing $49,378 or 17.3%. The actual increase in Payroll costs and benefits from 2013 Actual to the 2018 Test year is $64,383 or 23.8%. Details are given in section 4.4 Workforce Planning and Employee compensation on pages 81 to 90.

Pages 19 to 52 of Exhibit 4 explains the year-over-year cost drivers in detail.

Pages 53 to 80 of Exhibit 4 explains the various programs delivery cost with variance analysis.

b) The overall increase from 2013 OEB approved amount and the 2017 Bridge year of $275,395 ($2,297,500 less $2,022,105) represent an increase of 13.62% or 3.4% annually for the four years. CWH has forecasted and increase of $106,800 or 4.99% between 2017 and 2018.

The increase in OMA between 2017 and 2018 is $106,800 of which $46,700 relates to regulatory costs. $44,200 of this increase is due to the recording of 2018's Cost of Service (CoS) Rate Application Expenses currently being recorded as a prepaid expense and will be spread over the five (5) years of the CoS application. The spreading of the cost ensures that the customer is only paying for 1/5th of the cost in each year of the application.

After normalizing for the one-time costs associated with the CoS application, the actual underlying increase in OMA from 2017 to 2018 is $62.700 or 2.73%, which is lower than the average annual rate of cost increase during the previous 4 years of 3.55%

On page 47 of Exhibit 4, Table 9: 2017 Bridge vs. 2018 Test Year shows the breakout of the variances of OMA expenses. Explanations of the increases was given on pages 47-51. Operations shows a net increase of $700 or 0.19%; Maintenance an increase of $17,500 or 5.09%; Billing and Collecting an increase of $33,200 or 6.8%; Community Relations a decrease of $12,400 or 22.18%; Administrative & General an increase of $66,700or 6.49%.

Table 3: Appendix 2 JB-Recoverable OM&A Cost Driver Table further breaks out the cost increases and decreases over $5,000 by USoA account. All increases are under the materiality threshold of $50,000 except for the variance between 2014 and 2015 which shows an increase in 5610-Management Salaries and Expenses of $70,314 and 5630-Outside Services of $57,964. These variances are explained in Section 4.2.1 pages 33 and 34..

CWH is working to ensure that its customers are provided with a reliable and safe supply of electricity, accurate billing and responses to customer concerns as indicated in the customer surveys, and that the customer is informed of what is taking place within CWH service area. CWH has an open-door policy where the customer is encouraged to come into the office, either as a walk-in customer or via an appointment to express their concerns about what is happening within the service area.

c) The OEB staff has requested justification as to why the OEB should approve the $84,300 increase in the "Administrative and General" expenses from 2013 OEB approved when CWH has not provided justification for cost increases such as $50,600 for a Special Projects Manager and annual salary increases. The OEB staff has asked for specific justification for a Special Projects Manager, noting that this position was created in 2015 to do tasks such as revise policy and procedures, and questioning why these tasks have not been completed since the introduction of this role in 2015, why these other duties are taking priority and why the policies and procedures need to be updated on a regular basis.

The increase in Administrative & General Expenses directly related to the Special Project Manager (SPM) is $10,800 for both wages and payroll expenses. The balance of the $50,600 or $39,800 relates to increases in management salaries. Please see Table 15: Executive, Financial, Legal, Professional and Insurance services 2013 OEB Approved vs 2018 Test Year as shown on page 77 of Exhibit 4. The SPM Job Description (found as Appendix A) outlines the positions duties and activities this person is responsible for. Ensuring that our policies and procedures are reviewed and updated as needed is only one task this position is responsible for. All policies and procedures have been reviewed however these documents are not stagnant and new regulations and laws require them to be reviewed on an ongoing basis.

The Special Project Manager has over 40 years of utility experience in both administration and trades. Consequently, he has an intrinsic understanding of most procedures, policies and safety related issues as it pertains to an LDC. One of the main deliverables of this position is to review each policy to ensure they are kept current and updated with any new legislation or regulations. If a policy or procedure needs to be revised, identifiable sections of the policy are highlighted with recommendations and suggestions referencing the applicable legislation and is submitted to the President for review.

Table 20: Summary of Wage Increases by Year on page 87 shows the negotiated increases between 2013 and 2016 for a cumulative increase of 11.25% over the four years plus increases for 2017 & 2018 or $68,000. As provided in Table 21: Benefit Expenses related to Statutory deductions has increased by $5,085 or 5.3% and company benefits have increased by $59,297 or 33.8% between 2013 and 2018. Company benefits are broken down between OMERS of $24,438 or 23.9% increase which was caused because two part-time employees moved from part-time to full-time and started contributing to OMERS. Premiums for health, dental, life, AD&D has increased by $34,859 or 58.9% which can be attributed to the two part-time employees becoming full-time and also the increase in premiums to cover the cost of claims being placed with the benefit provider. CWH is a member of a consortium for these benefits which helps to even out the increases or there would have been a greater increase of 58.9%.

The above costs reflect an increase of $138,997 which is greater than the $84,300 as detailed in the question above. This is because CWH has found cost savings in other areas such as the reduction in the cost of outside services by $37,200, plus the effect of the reallocation of Insurance premiums to the appropriate departments of $10,200. Further offsetting reductions include a reduction in General Advertising expenses of $1,500 and miscellaneous reductions related to building maintenance, stationary, telephone, conferences and training, etc.

CWH over the next five years will continue to look for ways to reduce or maintain costs at the current level where at all possible.

4-Staff-53

Ref: Exhibit 4, Table 20: Summary of Wage Increases by Year
Appendix 2-K
Exhibit 4, page 81, 87

Preamble:

Appendix 2-K shows that total compensation of both management and non-management (union and non-union) have increased by 17.8% or $268,732 from $1,511,168 in 2013 OEB approved to $1,779,900 in the 2018 Test Year. This represents an approximate increase per year of 3.6%.

Exhibit 4, Table 20, shows actual annual wage increases for both management and non-management (union and non-union) ranging from 2.75% to 3.0% per year from September 1, 2013 to September 1, 2016. The cumulative increase over this period is 11.25%. OEB staff notes that the average increase over this 4 year period is 2.81%.

Centre Wellington Hydro stated that the increases from 2013 through 2016 represent the percentage increases that were negotiated with the Union employees. These increases were then applied to the office staff and management.

Centre Wellington Hydro "has budgeted an increase in wages for the contract period of September 1st, 2017 to August 31, 2020 but as the agreement has not been negotiated the value is not included."

Centre Wellington stated that 'the compensation package includes an annual adjustment equal to the annual percentage increase included in the union contract which was based on industry experience and projections."

Centre Wellington Hydro also stated that it "has no relevant compensation benchmarking studies available for filing with this application."

Question(s):

a) Please provide justification as to why the OEB should approve the 2018 Test Year Compensation when it has increased by approximately 3.6% per year since the 2013 OEB Approved, when the inflation rate is 1.9%.

b) If the agreement has been ratified, please provide the budgeted increase in wages for the contract period of September 1st, 2017 to August 31, 2020. Please also provide a copy of the Collective Agreement.

c) If the union agreement has not been ratified, please provide an estimate for the budgeted increase in wages effective September 1, 2017 and September 1, 2018.

d) Please provide the rationale for why the negotiated union increases are simply applied to the office staff and management, further to Centre Wellington Hydro's statement that the increase is "based on industry experience and projections." Please also explain why the increase is based on industry experience and projections when Centre Wellington Hydro stated that it "has no relevant compensation benchmarking studies available for filing with this application."

e) As noted above, Centre Wellington Hydro stated that it "has no relevant compensation benchmarking studies available for filing with this application", but rely on "industry experience and projections. "

Centre Wellington Hydro states that it did not undertake any relevant studies of its proposed increases in compensation/headcount on the basis of compensation benchmarking, or any other external comparators, and appears to have justified its proposed increases solely on the basis of its anticipated needs without any specific reference to any external comparators. Please explain what analyses and data Centre Wellington Hydro has used to derive its proposed compensation per headcount for the bridge and test years.

f) Please provide specific information on why the proposed cost increases are necessary for Centre Wellington Hydro to achieve the objectives that it has targeted in the capital and operating expenditure sections of its application. Please also provide alternative methods for achieving these objectives that were considered and rejected in favour of the proposed compensation increases.

Response(s):

a) CWH's total compensation package for 2018 increased by $268,732 or 17.78% or 3.56% per year over the OEB approved package for 2013, however, the total increase between the 2013 actual and 2018 Test year figures is $205,398 or 13.05% or 2.6% per year.

CWH is requesting the OEB to approve the 2018 Test year Employee Compensation as this is the amount that CWH will have to payout to cover the cost of 15.29 FTE employees. Even though CWH has stated that it "has no relevant compensation benchmarking studies available for filing with this application", CWH does compare wage and benefit compensation to employees with its neighbouring LDCs. This is a reasonable comparison as staff are required to complete similar tasks in similar environments in the same geographical area with similar cost of living values. This is also necessary as to offer employees compensation that is in line with other LDCs in order to attract and retain qualified personnel.

b) CWH confirms that the agreement has been ratified for the contract period of September 1st, 2017 to August 31, 2020 at an increase in wages of 2.15% and increase in benefits of 0.35% which stayed within the total budgeted amount for 2017 and 2018 of 2.5%. CWH has included a copy of the Union Contract, as Appendix B.

c) The Union agreement was ratified as per the above response.

d) The rationale is not to simply apply the same wage increase to the office staff and management that was negotiated with the union staff. The rational for negotiated union staff increases is a process using a comparison of wages and benefit compensation to employees with its neighbouring LDCs. This is a reasonable comparison as staff are required to complete similar tasks (for their respective positions) in similar environments in the same geographical area with similar cost of living values. This is also necessary as to offer employees compensation that is in line with other LDCs in order to attract and retain qualified personnel.

e) The above response explains CWH's statement in regards to relying on industry experience and projections. To clarify the statement "CWH has no relevant compensation benchmarking studies available for filing this application". CWH has not taken part in any formal compensation benchmarking studies or used consultants (which would drive costs up) previously accepted by the OEB for the purposes of comparison of wage and benefit compensation. As explained in the above response CWH did use external comparators and has justified proposed increases with referenced comparators. The table below presents wage and benefit comparison information used by CWH when determining appropriate compensation for its employees. CWH notes that it has reduced the FTE count since its last CoS by greater than 1 FTE, and has mitigated the need for new additional FTE hiring by collaborating with CHEC. By using CHEC staff such as the roving energy manager, CDM administrative support, finance and regulatory expert, safety and training consultant and communications and media consultant a custom fit of pay for performance has enabled CWH to control employee costs.

Monetary changes to employee benefits			
ARTICLE	CWH	Guelph	WNH
dispensing fee cap	$10.00	$7.00	$5.00
physio, chiro etc	$600.00	$500.00	$400 to $1200
Dental	100% of basic preventative and restorative	100% of basic preventative and restorative	100% of basic preventative and restorative
Dental-major restorative	50% to max of $2,000	50% at $1000.00	70%-$1500.00
Dental-orthodontics	50% lifetime max of $2,000	50% @ $1500.00	50%-$1500.00
fee guide	ODA fee guide	ODA fee guide	oda guide
glasses	$400.00 each family member per 24 months	$375.00 each family member per 24 months	$425.00 24 months
LTD	75% of monthly earnings to max of $5,600	$5768.00 per month/75%	66% $5800.00 max
workboots	$240	$210.00	$210.00
clothing	replace as needed	replace as needed	replace as needed
meal allowance	$16	$14.00	$14.00

Office staff wage comparison									
LDC	Guelph 2017	Guelph 2018	Guelph 2019	Waterloo 2017	Waterloo 2018	Waterloo 2019	CWH 2017	CWH 2018	CWH 2019
Reception/CSR	29.20	29.78	30.41	30.61	31.23	31.70	28.34	28.95	29.57
billing coordinator	34.94	35.64	36.39	32.61	33.27	33.77	34.49	35.23	35.99
senior accounting clerk	30.75	31.37	32.03	32.61	33.27	33.77	31.04	31.71	32.39

f) CWH's compensation package covers the core staff of 14 full-time employees and 1.29 FTE of part-time staff. The 1.29 FTEs includes the cost of the Special Project Manager, the contract employee to do locates, and summer outside staff to assist with maintenance and capital projects. The core staff is required in order to keep up with the distribution infrastructure planned projects, provide customer service, meet regulatory requirements and other financial and management duties to ensure that the LDC is providing the services required to customers.

4-Staff-54

Ref: Exhibit 4, page 85
Preamble:

Centre Wellington Hydro stated:

- CWH has been able to reduce the total FTE between 2013 Cost of Service and 2018 Test Year from 16.5 employees to 15.29 FTEs. This has been done through the re-organization of staff and responsibilities and the elimination of most part-time members.

- In 2017, CWH will have a stable staff force in place, which includes the promotion of two (2) existing non-management employees to management levels. These two positions are:

    - 1) Manager of Finance and Regulatory and

    - 2) Manager of Customer Service, Billing and CDM.

- These two staff members are now responsible for ensuring that the day-to-day operations are completed in a timely and efficient manner and to provide direct supervision of other staff members.

- This organizational change provides a balancing out of responsibilities and allows the Vice President of Finance and Regulatory to spend more time in overseeing the overall financial and regulatory aspects of the business as well as still providing financial direction to the Manager of Operations and Manager of Customer Service when those duties cross over to the financial line.

- The Superintendent was promoted to Manager of Operations and therefore assumes responsibility of all areas of operations

Question(s):

a) Regarding the new management positions that were created, are there FTEs budgeted in the 2018 Test Year OM&A based on their former roles? Please explain and provide more detail/rationale if the FTEs related to the former roles are included in the 2018 Test Year OM&A.

b) Was the reorganization noted above performed for succession planning purposes? Please explain.

   i. If yes, will certain FTEs not be required upon the retirement of some management staff? Please explain and provide the associated dollar amount of these FTEs included in the 2018 Test Year OM&A.

   ii. If no, why was it only required recently that the “Vice President of Finance and Regulatory” would be required “to spend more time in overseeing the overall financial and regulatory aspects of the business, as well as still providing financial direction to the Manager of Operations and Manager of Customer Service when those duties cross over to the financial line.”? Please explain.

Response(s):

a) The new management positions, FTEs budgeted in the 2018 Test Year OM&A is based on the new roles that the staff will be doing in 2018 and 2017. The two new management positions replaced the positions of “Financial Administrator” and “Accounting & Administrative Assistant & CDM” as shown in the table presented in 4.0-VECC-27.

b) Yes, the reorganization noted above was performed for succession planning purposes.

   i. All full-time positions will be retained after the retirement of the management staff member; therefore, no associated dollar amount is provided.

   ii. The Vice President of Finance and Regulatory previously was responsible for the overseeing of all the finance, human resources, regulatory and customer service activities. It was determined that with the increase in regulatory and financial regulations that the hands-on supervision and day to day management of all office staff members was too much of a workload and did not allow for appropriate response to the increase in demand of changes that were being required for customer service / billing changes in a timely manner. The creation of the two new management positions allows the Vice President of Finance and Regulatory to take a more proactive position in ensuring that duties are being completed on time. It also allows for the transfer of knowledge to the Managers of the two new positions. Provision of financial direction to the Manger of Customer

Service will ensure customer service regulations and changes are being processed in an appropriate manner and that financial information required for RRR reporting is being posted to the correct USoA accounts and that the information can be pulled from the CIS Billing system for the completion of RRR requirements.

The assistance provided to the Manager of Operations is again the setup of job costing tracking tools, assistance with capital, operation and maintenance budgeting and on-going budget analysis.

4-Staff-55

Ref: Exhibit 4, page 8

Preamble:

Operations expenses increased by $97,400 between the 2013 OEB Board Approved amount and the 2018 Test Year.

Centre Wellington Hydro stated that a big driver of this increase was due to an increase in Station Buildings and Fixtures expenses (account 5012) of $53,800 over the five years, broken down as follows:

7,700	building and equipment repairs
8,900	annual janitorial, hydro, heating, and snow removal cost
17,700	reallocated property taxes
19,500	wages and overheads to maintain the building, cold storage and yard
53,800	

Centre Wellington Hydro stated that it has "no significant control over the cost of taxes, heating, hydro, snow removal and the repairs to the building and fencing repairs."

Question(s):

a) Please explain why Centre Wellington has "no significant control" over these costs.

b) Please explain the steps the Centre Wellington has taken to manage costs that are within its control.

Response(s):

a) CWH stated that it "Has no significant control over the cost of taxes, heating, hydro, snow removal and the repairs building and fencing repairs."

This statement is true in that CWH has no input in the tax rates set by the municipality and has budgeted tax increases as an average of the previous years' increases. The cost of property taxes related to the various stations was reallocated from General Administration to Operations with the General Administration reflecting this cost decrease. Therefore, this account reflects the full amount as being an increase of $17,700. Property taxes has increased 7.8% between 2015 and 2018 or 1.95% increase per year.

At the end of 2016, gas prices related to heating went up 45.5% over the beginning of the year. CWH estimated a 7% increase in gas heating prices for 2018. Hydro prices increased by 8% in 2016 and CWH has budgeted an 8% increase for Hydro prices, CWH anticipates consumption to increase due to energy usage in the new storage building. The cost of water heater rental and servicing increase by 2% in 2016 and CWH has budgeted a 2% increase for 2018. These expenses have increased at greater that the 1.9% inflation rate.

CWH has experienced an increase in the cost of snow removal and sanding due to the increase in snow and / or icy conditions during the winter months.

The four-year average of building and fencing repairs between 2013-2016 was $8,400, CWH has budgeted $5,500 for these repairs in 2018. CWH, in changing the fencing configuration, is forecasting a small reduction in these expenses and has included the reduction in the 2018 Test year.

Wages and overheads have increased from the OEB Board approved amount of $900 allocated to this account in 2013 to $20,400 or an increase of $19,500. This is the result of the reallocation of the line crew hours between the various Operations, Maintenance and Capital accounts. The total labour hours between 2013 and 2018 has not increased, just the allocation of the related wages.

b) The steps that CWH has taken to manage the costs within the LDCs control was to reconfigure the fence around the parking lot and removing the automatic exit switch which was becoming quite expensive. This resulted in an annual reduction to our building and fencing repair budget of $2,900. CWH changed vendors for the disposal of waste products which resulted in a reduction of $900 per year which was reflected in both the 2017 and 2018 budgets. CWH will continue to look for cost savings in all areas, even when they appear to be small, to help offset increase in prices during the cost of service application.

4-Staff-56

Ref: Exhibit 4, page 11
Preamble:

Maintenance expenses increased by $59,300 between the 2013 OEB Board approved amount and the 2018 Test Year.

Centre Wellington Hydro stated that a big driver of this increase related to cost for underground locates. This cost has increased by $45,300 because the number of locates requested annually has increased from 896 in 2013 and to 3125 in 2016.

Centre Wellington Hydro further stated:

- In 2013 OEB approved budget, CWH had allocated $32,100 for 896 UG locates, which represents a cost of $35.83 for each locate.
- The actual cost per locate in 2013 was $38,595 / 896 = $43.07 per locate.
- CWH for 2018 has budgeted a cost of $77,400 for 3,125 locates at a cost of $24.77 per locate.

Question(s):

a) Please explain why the number of locates has increased by 896 in 2013 to 3,125 in 2016 and projected to be 3,125 in 2018.

Response(s):

a) Wightman Communications was awarded a contract to provide fibre connection to all residential, commercial and industrial customers in the Township of Centre Wellington. As a result, Wightman needed to complete extensive amounts of excavation to complete the project, locate requests increased to reflect this. The budgeted amount of $75,900.00 for 2018 is estimated based on anticipation of Wightman continuing their project.

4-Staff-57

Ref: Exhibit 4, page 13
Preamble:

Billing and Collecting expenses have increased by $73,995 between the 2013 OEB approved amount and the 2018 Test Year.

Centre Wellington stated:

- The majority of the increase in billing and collections can be attributed to an increase of $55,900 to Supervision (account 5305) as this position was not included in the 2013 cost of service application.

- In 2014, CWH went through a reorganization where one of the current staff members was promoted to Supervisor of Customer Services.

- In 2016, CWH implemented a full job costing system for all departments and this has resulted in a change in the allocation of payroll related expenses to align with where the employees' hours of work is accounted for instead of estimates. Costs being allocated to this account include salaries and expenses related to this position. This cost is partially offset by the reduction in billing salaries and benefits shown in account 5315.

- Due to the size of the organization the supervisor's time is split between supervision, billing, collecting and regulatory when the supervisor is pulling together RRR reports for submissions.

Question(s):

a) Please explain why it was necessary to create the position, Supervisor of Customer Services. In Centre Wellington's explanation, please also provide details as to why a Supervisor of Customer Services was needed, in addition to the new role titled "Manager of Customer Service, Billing and CDM" that was created since the 2013 last cost of service application. The creation of the Manager role is also outlined in another interrogatory above.

b) Regarding the position that the Supervisor of Customer Services held prior to their promotion:

    i. Please provide the job title of this position (the Former Position)

ii. Please explain if the Former Position was filled by another FTE

    i. If yes, please explain the need to fill the Former Position.

    ii. If yes, please confirm that the Former Position FTE has been included in the forecasted FTEs of 15.29 for the 2018 Test Year.

    iii. If no, please explain why the costs included in the 2018 Test Year OMA& of the Former Position have not been offset by the new position, Supervisor of Customer Services.

Response(s):

a) In 2014, the position of Supervisor of Customer Services was created in order to have a person dedicated to overseeing the Billing and Customer Service aspect of CWH's business because of all the changes that were taking place in the industry and the need to have someone take the lead in this area.

   The position of Supervisor of Customer Services was eliminated and changed to "Manager of Customer Service, Billing and CDM" effective January 1st, 2017. This was to recognize the full responsibilities of this position and the contributions being made to ensure that all the new regulatory requirements are being implemented into the billing system on time and accurately.

   The creation of the Manager position has resulted in "no" new hire but a change in job title and recognition of the contributions being made by the staff member.

b) The position of Supervisor of Customer Services:

   i. In 2013, this person held the position of Accounting and Administrative Assistant & CDM.

   ii. No new FTE was hired to fill the position that this person held. A utilization study, completed by an outside consultant, was completed in 2014 to best determine the duties and responsibilities of all staff members and whether or not there should be a dedicated supervisor of Customer Services.

      i. Not applicable

ii. Not applicable

iii. The cost of the new position has been partially offset by the savings from not hiring someone to fill the previous position. However, since 2013, there have been significant cost increases in a number of areas related to billing and collecting and this offsets' the reallocation of expenses from USoA accounts 5315, 5320 to account 5305. These increases include increases in costs related to postage, computer services, annual wage and benefit increases, stationary, telephone charges, third party collection fees.

4-Staff-58

Ref: Exhibit 1, page 36 & 37
Exhibit 4, page 15
Exhibit 4, page 104
Excel Appendix 2-M

Preamble:

As per Exhibit 1, page 36 & 37, Centre Wellington Hydro stated “Regulatory costs are also projected to be higher for 2018 due to provisions for an oral hearing and the drafting of the Distribution System Plan by a third-party engineering firm.”

As per Appendix 2-M, Centre Wellington Hydro is forecasting an increase of Regulatory Costs from 2013 OEB Approved of $153,600 to $168,400 in the 2018 Test Year.

Question(s):

a) Appendix 2-M states that 2013 OEB Approved Regulatory Costs were $153,600, whereas a different number of $123,500 was stated in Exhibit 4, page 15. Please state which is the correct number and update the evidence where required.

b) Please state how much regulatory costs are expected to increase in the 2018 Test Year revenue requirement due to “provisions for an oral hearing” and the “drafting of the Distribution System Plan by a third-party engineering firm.”

c) If this proceeding does not advance to an oral hearing, is Centre Wellington Hydro agreeable to removing such costs from its 2018 Test Year revenue requirement? Please explain.

d) In Excel Appendix 2-M, Centre Wellington Hydro is forecasting $69,000 for “Operating expenses associated with staff resources allocated to regulatory matters.” However, this is an increase of $29,000 versus 2013 OEB approved and $59,971 versus 2013 Actual. Exhibit 4, page 15, states that the $29,000 increase in Salaries and Payroll Expenses occurred due to the reallocation of wages and payroll expenses from General Administration. Exhibit 4, page 104, states that the increase represents the increase in the staff time and related payroll costs that are being charged to account 5655-Regulatory cost. In the 2013 Cost of Service, Centre Wellington Hydro received approval to hire an additional staff member to assist with the regulatory, compliance and financial issues. This staff member’s time has been allocated to both regulatory (5655) and general administration (5615) and the actual amounts reflect the time required to completed these duties.

i) Please explain why an increase of 73% versus 2013 OEB approved and increase of 664% versus 2013 Actual are justified for this type of expense.

ii) Please provide additional information to support this increase, if available.

iii) Please explain why the allocation of labour costs between Account 5655 (Regulatory) and Account 5615 (Administration) has not been consistent over the period 2013 to 2018.

Response(s):

a) The correct number for the 2013 OEB Approved Regulatory Costs is $123,500. The $153,600 included an amount of $40,100 in one-time costs which were split over the four (4) years of the 2013 CoS application. Regulatory Expenses before the addition of one-time charges was $113,500. Therefore, $123,500 is made up of regulatory expenses of $113,500 plus one-time cost of $10,000 ($40,100/4 rounded to the nearest $100).

b) The regulatory costs are expected to increase in the 2018 Test Year revenue requirement due to “provisions for an oral hearing” and the “drafting of the Distribution System plan by a third-party engineering firm” by $13,500. (DSP: $37,500 + Provision for Oral Hearing $30,000 = $67,500/5).

c) CWH does not commit to removing any regulatory costs projected in its CoS application until it has seen the full monetary impact of the OEB’s post filing process. The utility notes that it also incurred unexpected costs as a result of the Community Meeting such as printing costs for the billing insert and printing costs for the posters which were not communicated to the utility until days prior to the Community Meeting. In addition, at the time of the filing, the utility was not aware of the need for a presentation day which will no doubt lead to additional travel and accommodation costs which were not included in the regulatory projections. Therefore, CWH cannot commit to adjusting its regulatory costs until the completion of the settlement conference and (if necessary) hearing.

d) i) and ii) The increase in regulatory cost category 7 “Operating expenses associated with staff resources allocated to regulatory matters” has increased by 73% between the 2013 OEB approved amount and the 2018 Test year amount because of time spent on all regulatory matters whether it be Cost of Service, IRM applications, RRR, and other regulatory functions are being charged to this account. The further implementation of a job costing module to include all departments is allowing CWH to track the cost more closely and budget costs accordingly. However, CWH would like to state that no additional staffing is required for the 2018 Test Year and staff time is being more accurately allocated to the various jobs.

In 2013, the staff person who would have worked on the 2013 Cost of Service application and RRR reporting was on leave and therefore no time was posted to this category. The Vice President / Treasurer completed that portion of duties and all their time was posted to account 5610-Management Salaries and Expenses. Also, time spent by other staff members pulling information for the RRR was not being allocated to this category in 2013 either, but is for the 2018 Cost of Service proceeding. CWH is now working on getting the true cost attributed to regulatory matters through their job costing module.

In 2017, this category reflects an amount of $80,200 because of additional staff time spent on assisting with the 2018 CoS application. This amount is not being prorated over the five years because the staff members are full time employees. In 2018, CWH is asking for approval of $69,000 in this category because CWH feels it reflects the true cost of performing regulatory type duties. CWH would like to again point out that we are not seeking an increase in the number of employees and when increased time is allocated to one account time allocated to another account is decreased.

iii) As partially explained in i) and ii) the allocation between Account 5655 (Regulatory) and 5615 (Administration) has not been consistent over the period of 2013 to 2018 because in 2012/2013 and 2015/2016 there was a staff member on leave whose time would have normally been posted to these two accounts.

4-Staff-59

Ref: Exhibit 4, Excel and PDF Chapter 2 Appendix 2-JB, Appendix 2-K, Appendix 2-L

Preamble:

OEB staff notes that with respect to Chapter 2 appendices, certain data has been omitted:

- Excel Appendix 2-JB, certain data has been omitted in Excel file (e.g. the 2013 OEB approved and 2014 actuals are omitted).

- Excel Appendix 2-JC is missing a column for 2013 OEB approved data and the formulas in the column "Test Year Versus 2013 Actual (Last Rebasing Year)" and the column "Test Year Versus Most Current Actuals (2016)" have been overwritten with numbers.

- Excel Appendix 2-K also has certain data omitted (e.g. cell H12 refers to 2019 Test Year instead of 2018 Test Year and 2104 actuals are omitted). Also Excel Appendix 2-K, rows 14, 15 and 16 have been rounded up instead of using fractional numbers.

- Appendix 2-L also has certain data omitted (e.g. cell J13 refers to 2019 Test Year instead of 2018 Test Year and 2014 actuals are omitted).

Question(s):

a) Please update the Excel and PDF Appendix 2-JB, Appendix 2-K, Appendix 2-L, and Appendix 2-JC to reflect the correct labels and associated data.
b) Please perform a check of all PDF and Excel Chapter 2 Appendices to ensure that the correct labels and associated data is correct. Please update the evidence as required.

Response(s):

a) Centre Wellington Hydro has updated the 2018 Chapter 2 Appendices as requested.

1. Updated Appendix 2-JB OM&A cost Drivers, 2013 actuals and 2014 actuals were in the spreadsheet but the columns were hidden by accident. CWH has added 2013 Board approved data for a total of $2,024,805 (which equals the total 2013 OEB approved OM&A plus $2,700 for 6225-Other Deductions related to meals which was split out for ease of doing tax returns. CWH also added a row for account 5310-Meter Reading because the Board Approved amount in 2013 was $99,700 even though there were no drivers attached to it.

Revised Appendix 2-JB OM&A Cost Driver Table as requested

	Board	Variances	Variances	Variances	Variances	Variances	Variances
Reporting Basis	*Approved*	CGAAP	NEWGAAP	MIFRS	MIFRS	MIFRS	MIFRS
OM&A	**2013**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Opening Balance (2012 closing balance)		$2,157,218	$2,041,514	$2,046,360	$2,046,360	$2,138,832	$2,297,500
5005-Operation Supervision and Engineering	$108,000				-$35,868	$7,773	$5,400
5010-Load Dispatching	$14,300		-$7,592	$15,510	-$9,476		
5012-Station Buildings and Fixtures Expense	$25,300	$43,582			$6,186		
5017-Distribution Station Equipment - Operation Supplies and Expenses	$0	$9,764		$9,100	-$5,486	$20,316	-$20,800
5020-Overhead Distribution Lines and Feeders - Operation Labour	$1,300					$10,553	
5025-Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	$700	$7,245			-$5,032	$8,101	
5040-Underground Distribution Lines and Feeders - Operation Labour	$5,700	-$5,537					
5055-Underground Distribution Transformers - Operation	$7,000		-$5,530			$7,745	
5065-Meter Expense	$54,800	-$14,162	$9,552	-$16,664	$25,492		$16,400
5085-Miscellaneous Distribution Expense	$46,800	-$12,381	$12,383	$7,816			
5105-Maintenance Supervision and Engineering	$48,000		$15,457	-$19,473	-$16,439	$9,655	
5114-Maintenance of Distribution Station Equipment	$19,000		-$6,091		-$6,490	$6,564	$18,000
5120-Maintenance of Poles, Towers and Fixtures	$28,600		-$6,423	-$8,111	$13,715	-$5,422	
5125-Maintenance of Overhead Conductors and Devices	$47,700		-$46,516	$7,917	$29,980	-$30,909	
5130-Maintenance of Overhead Services	$31,000		$5,267	-$8,228	$25,540	-$24,159	
5135-Overhead Distribution Lines and Feeders - Right of Way	$45,400	$9,761	-$5,892	$13,678			
5155-Maintenance of Underground Services	$48,300	$5,174	$30,910	$5,662	$24,223		
5160-Maintenance of Line Transformers	$13,300		-$5,973	$32,090	-$28,018	$28,498	
5175-Maintenance of Meters	$12,600		-$12,355				
5305-Supervision	$0		$31,436	$6,037	$20,413	-$10,586	$8,600
5310-Meter Reading	$99,700						
5315-Customer Billing	$258,300		-$54,690		$10,121	$16,180	$24,500
5320-Collecting	$77,705		$13,716	$15,594	-$20,050	$12,070	
5335-Bad Debt Expense	$11,000	-$6,459	$12,170	-$12,418			
5410-Community Relations – Sundry	$19,300			-$5,072	$19,399		
5415-Energy Conservation	$3,400						-$7,100
5420-Community Safety Program	$0		$6,065	-$6,065		$8,500	-$5,700
5425-Miscellaneous Customer Service and Informational Expenses	$5,900				$5,530	-$5,020	
5610-Management Salaries and Expenses	$296,400	-$13,270	$11,443	$70,314		$7,430	$12,500
5615-General Administrative Salaries and Expenses	$235,100	$12,219	$13,380	-$45,410	-$6,346	$19,257	$5,800
5620-Office Supplies and Expenses	$61,800		$6,632	-$7,608	$9,345	-$5,518	
5630-Outside Services Employed	$87,500	$26,275	-$13,610	-$57,964	$11,014		
5635-Property Insurance	$16,000	-$10,322					
5640-Injuries and Damages	$30,000		$9,705	-$7,979	$9,350		
5645-Employee Pensions and Benefits	$0						
5646 Employee Pensions and OPEB	$3,300		$11,700			$7,356	-$5,700
5655-Regulatory Expenses	$123,500	-$27,629	-$31,084	$28,673	-$15,849	$44,090	$46,700
5665-Miscellaneous General Expenses	$90,400		$7,411		-$10,381	$9,975	
5675-Maintenance of General Plant	$19,000		$5,523				
Consolidated Expenses '< $5000	$28,700	-$139,964	-$2,148	$10,510	$41,598	$16,219	$8,200
Closing Balance	$2,024,805	$2,041,514	$2,046,360	$2,074,268	$2,138,832	$2,297,500	$2,404,300
OM&A Summary Integrity Check	**$2,024,805**	**$2,041,514**	**$2,046,360**	**$2,074,268**	**$2,138,832**	**$2,297,500**	**$2,404,300**
Difference	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

2. Updated Appendix 2-K Employee Costs showing the corrected labels, expanded rows 14, 15, & 16 to show fractional numbers and broke out management FTE's for 2017 and 2018.

Revised – Appendix 2-K Employee Costs as requested.

	Last Rebasing Year - 2013- Board Approved	Last Rebasing Year - 2013- Actual	2014 Actuals	2015 Actuals	2016 Actuals	2017 Bridge Year	2018 Test Year
Number of Employees (FTEs including Part-Time)1							
Management (including executive)						5.00	5.00
Non-Management (union and non-union)	16.50	15.28	15.97	14.80	14.51	10.29	10.29
Total	16.50	15.28	15.97	14.80	14.51	15.29	15.29
Total Salary and Wages including ovetime and incentive pay							
Management (including executive)						558,800	574,700
Non-Management (union and non-union)	1,225,546	1,303,885	1,333,392	1,266,449	1,279,117	792,500	870,200
Total	1,225,546	1,303,885	1,333,392	1,266,449	1,279,117	1,351,300	1,444,900
Total Benefits (Current + Accrued) 2							
Management (including executive)						130,100	138,400
Non-Management (union and non-union)	285,622	270,617	305,030	305,760	312,503	186,000	196,600
Total	285,622	270,617	305,030	305,760	312,503	316,100	335,000
Total Compensation (Salary, Wages, & Benefits)							
Management (including executive)	-	-	-	-	-	688,900	713,100
Non-Management (union and non-union)	1,511,168	1,574,502	1,638,422	1,572,209	1,591,620	978,500	1,066,800
Total	1,511,168	1,574,502	1,638,422	1,572,209	1,591,620	1,667,400	1,779,900

3. Updated Appendix 2-L Recoverable OM&A Cost per Customer and per FTE, corrected labels changing 2019 Test year to read 2018 Test year, this in turn changed all the heading between 2019 and 2015 back one year. Figures originally shown as 2015 Actuals were in fact 2014 Actuals.

Revised Appendix 2-L Recoverable OM&A Cost per Customer and per FTE

	Last Rebasing Year - 2013- Board Approved	Last Rebasing Year - 2013- Actual	2014 Actuals	2015 Actuals	2016 Actuals	2017 Bridge Year	2018 Test Year
Reporting Basis							
OM&A Costs							
O&M	$1,047,005	$1,080,699	$1,065,808	$1,109,514	$1,180,232	$1,253,600	$1,292,600
Admin Expenses	$975,100	$960,815	$980,552	$964,755	$958,600	$1,043,900	$1,111,700
Total Recoverable OM&A from Appendix 2-JB [5]	$2,022,105	$2,041,514	$2,046,360	$2,074,269	$2,138,832	$2,297,500	$2,404,300
Number of Customers [2,4]	8,438	8,419	8,469	8,494	8,524	8,596	8,669
Number of FTEs [3,4]	16.5	15.28	15.97	14.8	14.51	15.29	15.29
Customers/FTEs	511	551	530	574	587	562	567
OM&A cost per customer							
O&M per customer	124	128	126	131	138	146	149
Admin per customer	116	114	116	114	112	121	128
Total OM&A per customer	240	242	242	244	251	267	277
OM&A cost per FTE							
O&M per FTE	63,455	70,726	66,738	74,967	81,339	81,988	84,539
Admin per FTE	59,097	62,881	61,400	65,186	66,065	68,273	72,708
Total OM&A per FTE	122,552	133,607	128,138	140,153	147,404	150,262	157,247

4. Updated Appendix 2-JC OMA Programs, added 2013 Board approved values and changed column “Test Year Versus 2013 Actual (Last Rebasing Year)” and column “Test Year Versus Most Current Actuals (2016)” to show formulas as requested.

Revised Appendix2_JC OM&A Program Table – Detail of OM&A Programs

Reporting Basis		Board Approved	NEWGAAP	NEWGAAP	MIFRS	MIFRS	MIFRS	MIFRS	Test Year Versus 2013 Actual (Last Rebasing Year)	Test Year Versus Most Current Actuals (2016)
Programs	**USoA**	**2013**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**Variance ($)**	**Variance ($)**
Customer Focus										
Community and Civic Co-ordination	5410 5415 5420 5425	$24,900.00	$25,326.82	$31,564.56	$23,289.59	$51,588.32	$55,900.00	$43,500.00	$18,173.18	-$8,088.32
Customer Service, Mailing Costs, Billing and Collections	5305 5315 5320 5325 5330 5340	$336,005.00	$330,408.89	$320,920.12	$342,149.00	$352,636.74	$370,300.00	$400,000.00	$69,591.11	$47,363.26
Bad Debts Collection	5335	$11,000.00	$4,540.91	$16,710.81	$4,293.04	$2,132.87	$6,300.00	$6,300.00	$1,759.09	$4,167.13
Meter Reading	5310	$99,700.00	$99,268.14	$99,816.63	$103,048.34	$106,918.86	$110,900.00	$114,400.00	$15,131.86	$7,481.14
Service Locates	5155.007	$32,100.00	$38,598.49	$66,209.76	$57,043.72	$81,990.99	$74,400.00	$75,900.00	$37,301.51	-$6,090.99
Sub-Total		$503,705.00	$498,143.25	$535,221.88	$529,823.69	$595,267.78	$617,800.00	$640,100.00	$141,956.75	$44,832.22
Operational Effectiveness										
Distribution & Transformer Stations -operating and maintenance	5016 5017 5030 5114	$19,600.00	$33,378.30	$21,614.12	$30,289.73	$19,524.38	$46,600.00	$43,900.00	$10,521.70	$24,375.62
Metering -operations maintenance	5065 5175	$67,400.00	$52,993.41	$50,190.20	$36,057.32	$59,018.69	$57,900.00	$74,300.00	$21,306.59	$15,281.31
Service Centre and Fixtures	5012 5110	$25,300.00	$68,882.43	$73,941.82	$69,534.67	$75,720.90	$78,400.00	$79,100.00	$10,217.57	$3,379.10
Asset management & maintenance department									$0.00	$0.00
Overhead lines, conductor, devices and services	5020 5025 5125 5130	$80,700.00	$89,123.16	$46,703.19	$49,351.72	$102,212.97	$65,800.00	$66,300.00	-$22,823.16	-$35,912.97
Underground Lines, conductor, devices and services	5040 5045 5150 5155.002	$25,800.00	$18,489.36	$21,776.98	$36,479.18	$34,780.34	$44,900.00	$43,200.00	$24,710.64	$8,419.66
Load dispatch activities, mapping, training & conferences	5010 5085	$61,100.00	$51,476.81	$56,268.32	$79,594.09	$73,907.67	$69,700.00	$67,900.00	$16,423.19	-$6,007.67
Operations & engineering ,Inspection drafting & design construction services	5005 5105	$156,000.00	$154,416.40	$174,222.90	$150,879.71	$98,572.50	$116,000.00	$125,400.00	-$29,016.40	$26,827.50
Distribution Transformers	5035 5055 5160	$20,300.00	$22,170.80	$10,667.80	$43,661.77	$18,757.34	$57,500.00	$57,400.00	$35,229.20	$38,642.66
Vegetation Management-Tree trimming	5135	$45,400.00	$55,161.39	$49,269.67	$62,947.87	$66,114.57	$69,900.00	$64,600.00	$9,438.61	-$1,514.57
Underground conduit	5145	$4,700.00	$4,062.15	$38.15	$1,406.16	$3,227.96	$1,400.00	$1,400.00	-$2,662.15	-$1,827.96
Poles Towers & Fixtures	5095 5120	$33,300.00	$32,315.17	$25,892.52	$19,279.48	$33,126.47	$27,700.00	$29,000.00	-$3,315.17	-$4,126.47
Fleet costs									$0.00	$0.00
Health & Safety Costs									$0.00	$0.00
Executive, Financial , Legal, Professional and Insurance Services	5610 5615 5630 5635 5640	$665,000.00	$680,919.70	$704,078.80	$660,638.85	$670,600.65	$693,900.00	$715,800.00	$34,880.30	$45,199.35
Post employment costs	5645 5646	$3,300.00	$3,159.16	$11,699.54	$14,641.81	$16,744.34	$24,100.00	$18,400.00	$15,240.84	$1,655.66
Procurement and Materials Management									$0.00	$0.00
Office building & security costs	5620 5675	$80,800.00	$76,128.55	$88,284.12	$80,902.30	$90,004.92	$88,900.00	$90,000.00	$13,871.45	-$4.92
Corporate Dues, Directors, Advertising	5660 5665	$92,400.00	$87,668.65	$94,422.97	$98,312.13	$87,624.95	$98,100.00	$100,900.00	$13,231.35	$13,275.05
IT, software, telecommunications									$0.00	$0.00
Internal Labour & Benefit Costs - attributed to capital work									$0.00	$0.00
Administrative services recovered from affiliates									$0.00	$0.00
Collection charges recovered from customers									$0.00	$0.00
Other	5195 6225	$2,700.00	$3,478.88	$3,368.44	$3,035.66	$1,862.23	$2,900.00	$2,900.00	-$578.88	$1,037.77
Sub-Total		$1,383,800.00	$1,433,824.32	$1,432,439.54	$1,437,012.45	$1,451,800.88	$1,543,700.00	$1,580,500.00	$146,675.68	$128,699.12
Public and Regulatory Responsiveness										
Regulatory & Compliance	5655	$123,500.00	$95,870.77	$64,786.39	$93,458.96	$77,609.94	$121,700.00	$168,400.00	$72,529.23	$90,790.06
Electricial Safety Authority Fees	5680	$10,100.00	$9,996.04	$9,981.99	$10,043.28	$10,223.27	$10,400.00	$10,500.00	$503.96	$276.73
Smart Meter data management program									$0.00	$0.00
LEAP	6205	$3,700.00	$3,679.52	$3,929.75	$3,929.75	$3,929.75	$3,900.00	$4,800.00	$1,120.48	$870.25
Sub-Total		$137,300.00	$109,546.33	$78,698.13	$107,431.99	$91,762.96	$136,000.00	$183,700.00	$74,153.67	$91,937.04
TOTAL OM&A		**2,024,805**	**2,041,514**	**2,046,360**	**2,074,268**	**2,138,832**	**2,297,500**	**2,404,300**	**362,786**	**265,468**
Integrity Check		**$2,024,805**	**2,041,514**	**2,046,360**	**2,074,268**	**2,138,832**	**2,297,500**	**2,404,300**		

b) CWH has reviewed Chapter 2 appendices and updated the tabs with correct labels & data where errors occurred. CWH is re-filing the Appendices in both PDF and Excel format.

4-Staff-60

Ref: Exhibit 4, page 83 & 84
Preamble:

Centre Wellington Hydro stated:

- OEB Appendix 2-K presented as Table 18 details CWH's employee compensation.
- In accordance with Board policy: "Where there are three or fewer employees in any category, the applicant must aggregate this category with the category to which it is most closely related. This higher level of aggregation must be continued, if required, to ensure that no category contains three or fewer employees."
- In 2013, the Board approved the FTE for Management to be included in with the Non- Management group as there were three or fewer staff in this group; the President/Secretary, the Vice President/Treasurer and the Superintendent.
- In the 2018, there will be five persons in the management grouping but these positions were effective January 1st, 2017 and consists of the President/Secretary; Vice President of Finance/Regulatory; Manager of Operations, Manager of Finance/Regulatory; and Manager of Customer Service, Billing & CDM.
- In the next Cost of Service application, CWH will split out the two groups.

Question(s):

a) Please provide the rationale as to why this data was not disaggregated into more detail as Centre Wellington Hydro is forecasting more than 3 employees in management positions (actually 5 management positions) to be incorporated in the 2018 Test Year revenue requirement.

b) Please re-issue Appendix 2-K showing this extra detail.

Response(s):

a) The data was not disaggregated into more details at the time of filing the application because for the time period of 2013-2016 there were three or fewer employees in the management category. CWH has revised table 18 – OEB Appendix 2-K Employee Compensation and split out management information for the years 2017 and 2018.

b) Revised Table 18 -OEB Appendix 2-K – Employee Compensation.

	Last Rebasing Year - 2013- Board Approved	Last Rebasing Year - 2013- Actual	2014 Actuals	2015 Actuals	2016 Actuals	2017 Bridge Year	2018 Test Year
Number of Employees (FTEs including Part-Time)1							
Management (including executive)						5.00	5.00
Non-Management (union and non-union)	16.50	15.28	15.97	14.80	14.51	10.29	10.29
Total	16.50	15.28	15.97	14.80	14.51	15.29	15.29
Total Salary and Wages including overtime and incentive pay							
Management (including executive)						558,800	574,700
Non-Management (union and non-union)	1,225,546	1,303,885	1,333,392	1,266,449	1,279,117	792,500	870,200
Total	1,225,546	1,303,885	1,333,392	1,266,449	1,279,117	1,351,300	1,444,900
Total Benefits (Current + Accrued) 2							
Management (including executive)						130,100	138,400
Non-Management (union and non-union)	285,622	270,617	305,030	305,760	312,503	186,000	196,600
Total	285,622	270,617	305,030	305,760	312,503	316,100	335,000
Total Compensation (Salary, Wages, & Benefits)							
Management (including executive)	-	-	-	-	-	688,900	713,100
Non-Management (union and non-union)	1,511,168	1,574,502	1,638,422	1,572,209	1,591,620	978,500	1,066,800
Total	1,511,168	1,574,502	1,638,422	1,572,209	1,591,620	1,667,400	1,779,900

4-Staff-61

Ref: Appendix 2-N
Exhibit 4, Table 31: Reconciliation of Non-Rate Regulated Utility Operations to Other Operating Revenues shown in Appendix 2-H.
Exhibit 4, page 91

Preamble:

As per Exhibit 4 page 91, Centre Wellington Hydro outlined that it provides water and sewer billing and street light maintenance to the Township of Centre Wellington. No services are provided to Centre Wellington Hydro by Township of Centre Wellington.

OEB staff notes that Centre Wellington Hydro has reconciled the "Water/Sewer billing" costs in Appendix 2-N to Appendix 2-H via Exhibit 4, Table 31, but not the "Street Lights Mtce and Installation" costs recorded in Appendix 2-N.

OEB staff also notes that Centre Wellington Hydro has not filed a complete Appendix 2-N. The "Shared Services" need to include details such as the revenue and cost amounts from 2013 through to 2018 for both "Water/Sewer billing" and ""Street Lights Mtce and Installation."

Question(s):

a) Please reconcile the "Street Lights Mtce and Installation" costs in Appendix 2-N to Appendix 2-H via a revised Exhibit 4, Table 31.

b) Please update Appendix 2-N for "Shared Services" to include details such as the revenue and cost amounts from 2013 through to 2018 for both "Water/Sewer billing" and "Street Lights Mtce and Installation."

c) Please reconcile the revised revenue amounts in Appendix 2-N to Appendix 2-H, via a revised Exhibit 4, Table 31.

Response(s):

a) CWH has shown the total cost of "Street Lights Maintenance and Installation" in Appendix 2-N under "Corporate Cost Allocation". When doing street light maintenance and installation, CWH charges the total expense of this work to a AR Recoverable (USoA account 1104) and does not include either the expense or the revenue in the LDC's Other Revenues or Expenses. The net of the two charges is zero impact on CWH rates.

b) Appendix 2-N Shared Services and Corporate Cost Allocation, under the section Corporate Cost Allocation did not have a column to show the revenues generated. CWH has added column G (highlighted in yellow) showing the revenues generated for both 'Water/Sewer billing" and "Street Lights Mtce and Installation".

c) Table 30: Corporate Cost Allocation – Costs Bases – Street Light Maintenance on page 96 reconciles the Revenues and Costs for Street Light Maintenance that are recorded in USoA account 1104 at the time the expense is incurred and later billed out to the Township of Centre Wellington at full cost. These figures are also reflected in the revised Appendix 2-N.

Table 31: Reconciliation of Non-Rate Regulated Utility Operations (USoA 4380) to Other Operating Revenues (USoA 437) shown in Appendix 2-H on page 97 reflects the revenues and expenses and shown in the revised Appendix 2-N for Water / Sewer Billing. The first section records the revenues posted to account 4375-Revenue-Non-Rate Regulated Utility Operations. The second section records the expenses posted to 4380-Expenses-Non-Rate Regulated Utility Operations. The third section sets out the net revenues that are generated from non-rate regulated utility operations.

Appendix 2-N – Shared Services and Corporate Cost Allocation

Year: 2013

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
N/A	N/A	N/A	N/A	N/A	N/A

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated	Revenues
From	To			%	$	$
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Water/Sewer billing	Cost Bases (See Notes)	100% of Cost	$ 116,745	$ 151,757
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Street Lights Mtce and Installation	Cost Bases (See Notes)	100% of Cost	$ 33,716	$ 33,716

Year: 2014

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
N/A	N/A	N/A	N/A	N/A	N/A

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated	Revenues
From	To			%	$	$
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Water/Sewer billing	Cost Bases (See Notes)	100% of Cost	$ 129,496	$ 153,927
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Street Lights Mtce and Installation	Cost Bases (See Notes)	100% of Cost	$ 47,513	$ 47,513

Year: 2015

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
N/A	N/A	N/A	N/A	N/A	N/A

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated	Revenues
From	To			%	$	$
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Water/Sewer billing	Cost Bases (See Notes)	100% of Cost	$ 124,803	$ 156,875
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Street Lights Mtce and Installation	Cost Bases (See Notes)	100% of Cost	$ 39,683	$ 39,683

Year: 2016

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
N/A	N/A	N/A	N/A	N/A	N/A

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated	Revenues
From	To			%	$	$
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Water/Sewer billing	Cost Bases (See Notes)	100% of Cost	$ 132,519	$ 161,914
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Street Lights Mtce and Installation	Cost Bases (See Notes)	100% of Cost	$ 20,952	$ 20,952

Year: 2017

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
N/A	N/A	N/A	N/A	N/A	N/A

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated	Revenues
From	To			%	$	$
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Water/Sewer billing	Cost Bases (See Notes)	100% of Cost	$ 149,700	$ 162,900
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Street Lights Mtce and Installation	Cost Bases (See Notes)	100% of Cost	$ 9,000	$ 9,000

Year: **2018**

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
N/A	N/A	N/A	N/A	N/A	N/A

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated	Revenues
From	To			%	$	$
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Water/Sewer billing	Cost Bases (See Notes)	100% of Cost	$ 148,600	$ 162,900
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Street Lights Mtce and Installation	Cost Bases (See Notes)	100% of Cost	$ 9,900	$ 9,900

4-Staff-62

Ref: Exhibit 4, Page 88, Table 21
Appendix 2-KA,
Exhibit 4, Appendix A, Actuarial Valuation

Question(s):

a) On page 88, table 21 shows health benefits ($99k) and life insurance ($9k) of $107k for 2018. Appendix 2-KA shows $18k of OPEBs included in rates. The Estimated Benefit Expense table in the Actuarial Evaluation shows $16k of defined benefit cost recognized in the income statement. Please explain which portion of the health benefits and life insurance in table 21 are considered OPEBs and how it reconciles to that shown in Appendix 2-KA and the Actuarial Valuation.

b) In Appendix 2-KA, for 2018

i. the amount included in rates includes an annual actuarial adjustment. Please explain why this is included as any actuarial gains or losses under MIFRS would be recorded in Other Comprehensive Income and not OM&A.

ii. the amount included in rates is the same as the paid benefit amount. Please explain whether this amount is based on the accrual or cash method of accounting.

iii. If it is based on the cash method of accounting, please explain whether Centre Wellington Hydro has taken into the account the guidance provided in *Report of the Ontario Energy Board on Regulatory Treatment of Pension and Other Post-employment Benefits (OPEBs) Costs* that was issued on May 18, 2017. Please also explain why the cash method is used and quantify any transition impacts.

Response(s):

a) The Benefit Expenses in Table 21 on page 21, does not include expenses related to OPEBs and therefore Table 21 does not reconcile to Appendix 2-KA. The expenses in Table 21 relates only to active FTE employees. The expenses in Appendix 2-KA relates directly to expenses posted to USoA account 5646-Employee Pensions and OPEB and relate to retired employees for the years of 2013- 2017. Appendix 2-KA for 2018 the amount of $18,400 includes the amount of $11,700 for forecasted OPEB's for retired employees paid during that year plus $6,700 for forecasted actuarial adjustment forecasted for 2018.

In 2016, CWH recorded in USoA account 5646 $10,896 as actual OPEB's paid on behalf of retired employees during that year plus $5,848 as that portion of actuarial adjustment that related to 2016 only. The balance of the net actuarial loss/gain as at December 31 was recorded in Other Comprehensive Income account 3090-Accumulated Other Comprehensive Income and account 7010-Pension Actuarial Gains and Losses or Re-measurement Adjustment-Other Comprehensive Income.

USoA account 5646-Employee Pensions and OPEB states "The cost of non-OMERS pension expense and OPEB expense as determined by IAS 19 Employee Benefits shall be recorded in this account. Sub-accounts should be used to record the components of the expense recognized during each period, for example current service cost, interest cost, expected return on plan assets, actuarial gains and losses and pass service costs are reported in separate sub-accounts.

b) Appendix 2-KA, for 2018.
   i) In account 5646-Employee Pensions and OPEB for 2018 on line OM&A, in Appendix 2-KA, CWH has included an amount of $11,700 as forecasted premiums for its eligible retired members to be paid in 2018 plus and expected true up of $6,700 for the period.

   ii) The amount included in the rates is based on the accrual method.

   iii) Not required as CWH records expenses

4-Staff-63

Ref: **Exhibit 4, Pages 111-117, Appendix 2-C** For depreciation expense
Appendix 2-BB

Question(s):

a) In the calculation of the 2018 depreciation expense, the formula takes the 2016 full year depreciation and adds the 2018 depreciation for new additions. The formula should take the 2017 full year depreciation and add the 2018 depreciation for new additions. Please revise the appendix for 2018 depreciation expense.

b) There are variances between depreciation expense as calculated in Appendix 2-C and depreciation expense from Appendix 2-BA for Account 1611 Computer Software (from 2013 to 2018), Account 1820 Transmission Lines (from 2016 to 2018), Account 1920 Computer Equipment Hardware Smart Meter (2015) and Account 1920 Computer Equipment Hardware 6 Years (2016 to 2018). Please explain the variances and revise depreciation expense, if necessary.

c) Account 1920 Computer Equipment Hardware Smart Meter uses a useful life of 0.59 years in Appendix 2-C. However, Appendix 2-BB shows Account 1920 with a useful life of 3 years. Please explain why a useful life of 0.59 years is used to calculate depreciation expense in Appendix 2-C. Please revise depreciation expense as necessary.

Response(s):

a) The OEB Board Appendices have been corrected to reference the 2017 full year depreciation rather than the 2016.

b) & c) Variances have been explained below for the accounts requested:

Account 1611 Computer Software

In 2013 CWH transferred the gross smart meter computer software cost, $172k from 1555-Smart Meter Capital and Recovery Offset Variance Account, to account 1611-Computer Software. In 2013, the accumulated depreciation of $129K was transferred from account 1556-Smart Meter OM&A variance account to 2110-Accumlated Depreciation of Electric Utility Plant-Intangibles-sub account computer software. The life span for these specific assets was 5 years and the total accumulated depreciation was entered in 2013 as an addition for that year.

Therefore, the actual depreciation is significantly higher than what Appendix 2-CB calculates the amount should be.

In the years following 2013, there are variances in the Computer Software account due to the formulas taking 1/3 of the 2013 smart meter additions described above. In 2014, 2015 and 2016 the smart meter computer software assets became fully depreciated, however, due to the increased depreciation recorded in 2013 the forecast depreciation amount is not able to be properly reflected using the annual depreciation removed in the “Fully Depreciated during the year” column. In 2017 and 2018 there is not a column to remove fully depreciated assets.

Account 1820 Transmission Lines

In 2016, CWH disposed the Waterloo Street station, prior to it reaching its full life, therefore it is difficult to have the depreciation calculate accurately when there is a loss recorded, as the asset was not fully depreciated. This leads to a further variance from 2017 to 2018, although not over the material threshold.

Account 1920 Computer Equipment Hardware Smart Meter

In 2013, CWH transferred the gross smart meter computer hardware cost, $16k, from 1555-Smart Meter Capital and Recovery Offset Variance account to account 1920, Computer Hardware. In 2013, the accumulated depreciation was transferred from account 1556-Smart Meter OM&A variance account to 2105-Accumulated Depreciation of Electric Utility Plant-Property, Plant & Equipment. The life span for these specific assets was 5 years. Of the $16k of the computer hardware for the smart meter implementation, $14k was purchased and installed in 2009, therefore only had a full year and a half of its net value and the remaining $2k of asset was purchased and in service in 2010, thereby leaving a remaining useful life of 2.5 years. An adjusted useful life of 0.59 was used. As mentioned above, the assets for the smart meter hardware had an original life of 5 years.

Account 1920 Computer Equipment Hardware 6 years

There was a formula error on App2-CD MIFRS DepExp2015 tab wherein the incorrect amount of “2015 Full Year Depreciation” was being pulled from the previous year. The sheet has been corrected and no longer shows a variance.

4-Staff-64

Ref: PILS Model

Preamble:

The tax loss in the historical year in the PILS model is $825k, excluding the impact from regulatory adjustments.

Question(s):

Please explain how the significant tax loss accumulated in 2012 and 2013.

Response(s):

The loss carry forward for the 2016 taxation year in the PILS model is $825k. The loss carry forward includes losses from the following years:

- 2014: $16k
- 2013: $496.7k
- 2012: $381.8k
- 2011: $38k

The accounting net income before taxes for the 2013 taxation year was $308,155. The accounting income was adjusted by ($803,687) in 2013 for tax purposes, resulting in a taxable loss of ($495,532). The schedule 1 tax adjustments are summarized as follows:

1. Excess UCC over accounting amortization: ($84,929)
2. Change in reserves on Schedule 13s: ($732,973). Included in the Schedule 13s reserves are employee future benefits and regulatory purposes. The following outlines the change in the schedule 13s balances:
   a. Regulatory adjustments: decrease of ($732,973)
3. Other misc. items: $14,215

The accounting net income before taxes for the 2012 taxation year was $120,976. The accounting income was adjusted by ($501,910) in 2012 for tax purposes, resulting in a taxable loss of ($380,934). The schedule 1 tax adjustments are summarized as follows:

4. Excess UCC over accounting amortization: (143,708)
5. Change in reserves on Schedule 13s: ($345,498). Included in the Schedule 13s reserves are employee future benefits and regulatory purposes. The following outlines the change in the schedule 13s balances:
   a. Post –employment benefits: increase of $6k
   b. Regulatory adjustments: decrease of $351k
6. Other misc. items: ($12,680)

4-Staff-65

Ref: Exhibit 4, page 137
Preamble:

At a minimum, distributors must apply for the clearance of LRAMVA in a cost of service application. On page 137 of Exhibit 4 of the rate application, Centre Wellington Hydro stated the following:

> CWH is currently not requesting recovery of lost revenue resulting from Board-approved programs.

Questions(s):

a) Please confirm that Centre Wellington is requesting disposition of a credit balance of $1,992 in 2018 rates.

b) If not, please discuss the appropriateness of not clearing the credit amount as it currently represents over-recovery of CDM in rates.

Response(s):

a) & b) CWH is requesting disposition of the revised debit amount. CWH has populated the new 2018 LRAMVA model to include 2016 verified results and the revised LRAMVA balance sought for recovery is $9,667. In the new model, CWH is not seeking to recover any over or under-recovery of rates previously approved.

4-Staff-66

Ref: Tab 2 of LRAMVA Work Form
2013 Decision and Order, p. 8 (EB-2012-0113)

Preamble:

In the LRAMVA work form, Centre Wellington included the following amount for forecast CDM savings used for comparison against actual program results: 1,581,028 kWh in 2015.

In the 2013 Decision and Order on Centre Wellington's cost of service application, the OEB approved an LRAMVA threshold of 2,288,799 kWh.

Question(s):

a) Please discuss why Centre Wellington used an LRAMVA threshold of 1,581,028 kWh in 2015.

b) If the approved LRAMVA threshold of 2,288,799 kWh in 2015 should be used instead, please update your application using this threshold in the calculation of the 2015 LRAMVA. Please also ensure that the rate class breakdown of forecast CDM savings corresponds with the LRAMVA threshold of 2,288,799 kWh.

Response(s):

a) & b) CWH has populated the new 2018 LRAMVA model. This IR is no longer an issue as the new model uses of 2,288,799 kWh in 2015 and 2016

4-Staff-67

Ref: Tab 5 of LRAMVA Work Form (Table 11-a)

Question(s):

a) Please confirm that the total rate class allocation of 103% for the Efficiency: Equipment Replacement Incentive Initiative program in 2015 is correct. Please discuss why the total rate class allocations from the customer classes do not add up to 100%.

b) Please discuss and provide rationale, as appropriate, on the allocation of savings from the Efficiency: Equipment Replacement Incentive Initiative delivered in 2015 to the following rate classes:
- 43% to streetlighting customers
- 52% to GS 50-2999 kW
- 8% to GS<50 kW

Response(s):

a) This was an input error. The allocation to Street lighting was updated to 40% in the new LRAMVA model filed along with these responses.

b) In 2015, the Township of Centre Wellington converted all of its street lights to LED lights, therefore the Street Light category saw a significant amount of the savings, which is not typical and is not expected to happen again in the near future. The allocation of the "Efficiency: Equipment Replacement Incentive Initiative" was derived directly from program results.

4-Staff-68

Ref: Tab 5 of LRAMVA Work Form

Question(s):

a) Please confirm that the 2015 LRAMVA, as filed, does not include any persistence of savings from historical programs delivered in the 2011-2014 CDM framework into 2015.

b) If the 2015 LRAMVA amount is incorrect, please update the persistence savings rates from 2011-2014 in 2015 in Tab 6. (Note: This will automatically update Tab 5 with historical year's savings persistence in 2015.)

c) Please provide rationale for claiming historical year's persisting savings in 2015. In doing so, please confirm the year of actual CDM savings embedded into Centre Wellington's 2013 load forecast, as approved in the 2013 CoS proceeding.

Response(s):

a) & b) CWH has populated the new 2018 LRAMVA model therefore IR a) & b) are no longer an issue.

c) While the programs are no longer in the market, the savings from those customers that did participate still continue. CWH confirms that no 2015 savings were factored into the 2013 CoS proceeding.

4-Staff-69

Ref: LRAMVA work form

Question(s):

If Centre Wellington has made any changes to the LRAMVA work form as a result of its responses to interrogatories, please file an updated LRAMVA work form.

Response(s)

a) A revised 2018 LRAMVA model has been populated and filed along with these responses.

4.0-VECC-18

Reference Exhibit 4, Section 4.2.1/4.3.1/Appendix 2-JC

a) Please confirm that all OM&A in the Tables in Exhibit 4 show 2016 actual (not forecast) costs. If this is not confirmed please provide the OM&A summary and Appendix 2-JC (CWHI's USoA version) with 2016 actual costs included.
b) Please revise Appendix 2-JC CWHI's USoA version) to show 2017 costs to date.

Response(s):

a) CWH confirms that all of the OM&A tables in Exhibit 4 reflect the actual costs for 2016.

b) Because of time constraints, CWH will not be updating Appendix 2-JC Programs to show 2017 costs to date. However, we have are providing the below table that shows the actuals to September 30th, 2017 plus the budgeted amounts for October to December for total projected costs for 2017.

The table below shows the 2017 actual OM&A expenses between January and September plus three-month forecast.

2017 Trial Balance January-September Actuals and Three-Month Projections

General Ledger Account Description	Original 2017 Budget	2017 Actual Expenses + 3 month projection	Difference (original budget less Actual plus projected)
DISTRIBUTION EXPENSES-OPERATIONS			
5005-Operaation Supervision & Engineering	*79,500*	*75,845*	*3,655*
5010-Load Dispatching	*11,700*	*14,139*	*(2,439)*
5012-Station Building & Fixtures Expense	*78,400*	*62,389*	*16,011*
5016-Distribution Station Eq-Labour	*900*	*42*	*858*
5017-Distribution Station Eq-Supplies & Expenses	*32,800*	*18,472*	*14,328*
5020-OH Distrubution Lines & Feeders- Labour	*12,900*	*8,324*	*4,576*
5025-OH Distribution Lines & Feeders-Supplies & Exp	*13,300*	*13,300*	*-*
5030-OH Sub-transmission Feeders-Operation	*600*	*-*	*600*
5035-OH Distribution Transformers-Operation	*2,500*	*441*	*2,059*
5040-UG Distribution Lines & Feeders-Labour	*-*	*91*	*(91)*
5055-UG Distribution Transformers	*12,300*	*483*	*11,817*
5065-Meter Expense	*57,000*	*77,649*	*(20,649)*
5085-Miscellaneous Distribution Expense	*58,000*	*81,869*	*(23,869)*
5095-OH Distribution Lines & Feeders-Rental Paid	*6,300*	*5,862*	*438*
TOTAL Distribution Expenses-Operation	**$366,200**	**$358,906**	**$7,294**

DISTRIBUTION EXPENSES-MAINTENANCE			
5105-Mtce Supervision & Engineering	*36,500*	*22,094*	*14,406*
5114-Mtce Distribution Station Equipment	*12,300*	*11,427*	*873*
5120-Mtce Poles, Towers & Fixtures	*21,400*	*18,657*	*2,743*
5125-Mtce OH Conductors & Devices	*10,800*	*17,576*	*(6,776)*
5130-Mtce OH Services	*28,800*	*33,967*	*(5,167)*
5135-Mtce OH Distribution Lines & Feeder-Right of Way	*69,900*	*59,803*	*10,097*
5145-Mtce UG Conduit	*1,400*	*400*	*1,000*
5150-Mtce UG Conductors & Devices	*3,200*	*5,329*	*(2,129)*
5155-Mtce UG Services	*116,100*	*170,550*	*(54,450)*
5160-Mtce Line Transformers	*42,700*	*34,621*	*8,079*
5175-Mtce of Meters	*900*	*-*	*900*
TOTAL Distribution Expenses-Maintenance	**$50,700**	**$47,833**	**$2,867**

General Ledger Account Description	Original 2017 Budget	2017 Actual Expenses + 3 month projection	Difference (original budget less Actual plus projected)
BILLING AND COLLECTING			
5305-Supervision	*47,300*	*54,600*	*(7,300)*
5310-Meter Reading Expense	*110,900*	*110,099*	*801*
5315-Customer Billing	*226,400*	*244,670*	*(18,270)*
5320-Collecting	*96,600*	*78,509*	*18,091*
5325-Collecting-Cash over and Short		*(9)*	*9*
5335-Bad Debt Expense	*6,300*	*19,216*	*(12,916)*
TOTAL Billing & Collecting	**$487,500**	**$507,085**	**($19,585)**
COMMUNITY RELATIONS			
5410-Community Relations-Sundry	*29,800.0*	*26,295.1*	*3,504.9*
5415-Energy Conservation	*9,100.0*	*-*	*9,100.0*
5420-Community Safety Program	*8,500.0*	*7,850.0*	*650.0*
5425-Misc Customer Service and Informational Expenses	*8,500.0*	*7,936.1*	*563.9*
TOTAL Community Relations	**$55,900**	**$42,081**	**$13,819**
ADMINISTRATIVE & GENERAL EXPENSES			
5610-Management Salaries & Expenses	*368,200*	*359,270*	*8,930*
5615-General Administrative Salaries & Expenses	*228,200*	*211,989*	*16,211*
5620-Office Supplies & Expenses	*62,000*	*81,679*	*(19,679)*
5630-Outside Services	*49,700*	*56,573*	*(6,873)*
5635-Property Insurance	*5,700*	*5,718*	*(18)*
5640-Injuries & Damages	*42,100*	*35,047*	*7,053*
5646-Employee Pensions & OPEB	*24,100*	*18,472*	*5,628*
5655-Regulatory Expenses	*121,700*	*136,365*	*(14,665)*
5660-General Advertising Expenses	*500*	*-*	*500*
5665-Miscellaneous General Expenses	*97,600*	*88,683*	*8,917*
5675-Mtce of General Plant	*26,900*	*22,434*	*4,466*
5680-Electrical Safety Authority Fees	*10,400*	*10,199*	*201*
TOTAL Administrative & General Expenses	**$1,037,100**	**$1,026,429**	**$10,672**
6225-Other Deductions	*2,900*	*1,568*	*1,332*
TOTAL OM&A (5000, 5100,5300,5400,5600 +6225)	**$2,000,300**	**$1,983,902**	**$16,398**

4.0-VECC-19

Reference: Exhibit 4, Section 4.2.1

a) Please provide the actual bad debt costs for 2017 to date.
b) Please explain how the estimate of 2018 bad debt costs was estimated.

Response(s):

a) CWH currently has no balance in its USofA for bad debts, however, CWH completes write-offs at yearend and at that point the amount is posted to 5335-Bad Debt Expense. CWH in 2017 has sent $20,786 in hydro charges to the collection agency to date and anticipates writing these accounts off in December 2017.

b) CWH used the average of the last 4 years of Bad Debt accounts to come up with an average of $6,300 for 2017 and 2018. The 2016 Bad Debt Expense was lower due to a staff member leaving and final right offs not being completed until beginning of 2017. In January 2017 $9,000 was written off which, typically this would have been done in 2016, however with the change in staff it was not completed at its usual time. CWH, looking at the projected bad debts for 2017 would now anticipate that Bad Debt expenses for 2018 should have been at least $10,000.

However, the OEB issued a Decision and Order on November 2nd, 2017 amending the licences of all Ontario electricity distributors to ban the disconnection of residential consumers for reasons of non-payment, for the period between November 15th to April 30th.

As the 5-year average went from $6,300 to $10,000 with a disconnection ban between mid-February to April 30th (2 ½ months) to a ban of 5 ½ months, history would indicate that the bad debts could in all likely hood double to $20,000 per year.

4.0-VECC-20

Reference: Exhibit 4/Section 4.1.1/page 14

Preamble: CWH explains that a large increase in OM&A is attributable to the cost of doing the OEB and ESA mandated surveys.

a) Please provide the costs of each of these surveys for each year 2013 through 2018.
b) Please comment on the possibility of reducing these costs by combining surveys.

Response(s):

a) Starting in 2016, the cost of doing surveys will become annualized with CWH doing the ESA survey one year and the next year doing the required Customer Satisfaction Survey. This allows CWH to spread the cost out evenly for each year rather than having swings from one year to the next due to doing both in the same year. There were no survey costs in 2013 and 2015.

   In 2014 CWH did a joint customer satisfaction survey with other CHEC members at a cost of $3,919. By joint survey, CWH is saying that the results were not necessarily those of just CWH customers.

   In 2016, CWH completed a compulsory ESA stand alone survey at a cost of $9,700. CWH was part of a joint CHEC RFP for completion of this survey and therefore the price was lower then if we had gone out with our own RFP.

   In 2017, CWH completed the compulsory Customer Satisfaction survey at a cost of $8,859 and an additional cost of $700 for In House survey at the Commercial and Industrial Meeting in February 2017. The favourable pricing was the result of having completed a joint RFP with other CHEC members.

   CWH budgeted $9,300 for the ESA survey in 2018 plus the cost of doing In House surveys at open houses or informational sessions.

b) It is CWH's understanding that the surveys have been mandated as being done separately as the Customer Satisfaction survey relates only directly to CWH's customers while the ESA survey includes all customers within the service area whether they pay hydro directly to CWH or not. The ESA survey is also completed by members of the public who are not responsible for paying the hydro bills.

4.0-VECC-21

Reference: Exhibit 4/Section 4.1.1/page 15

a) Please explain the role and responsibilities of the "special project manager" at CWH.
b) Has this position a job description? If so please provide it.
c) Is this a permanent or temporary position? If the latter when is the expected end-date of the position.

Response(s):

a) At the direction of the President or board of directors, the SPM reviews policies and procedures from time to time, to ensure the President and/or the board of directors is made aware of any changes in rules, legislation or safe work practices.

   At the direction of the President, the SPM liaises with our customers, shareholder, CDM staff, operations staff on potential projects, energy savings opportunities and detailed infrastructure inspections and reporting.

b) A copy of this position's job description can be found in Appendix A

c) This is a permanent position.

4.0-VECC-22

Reference: Exhibit 4/Section 4.2.1/pgs.36,48

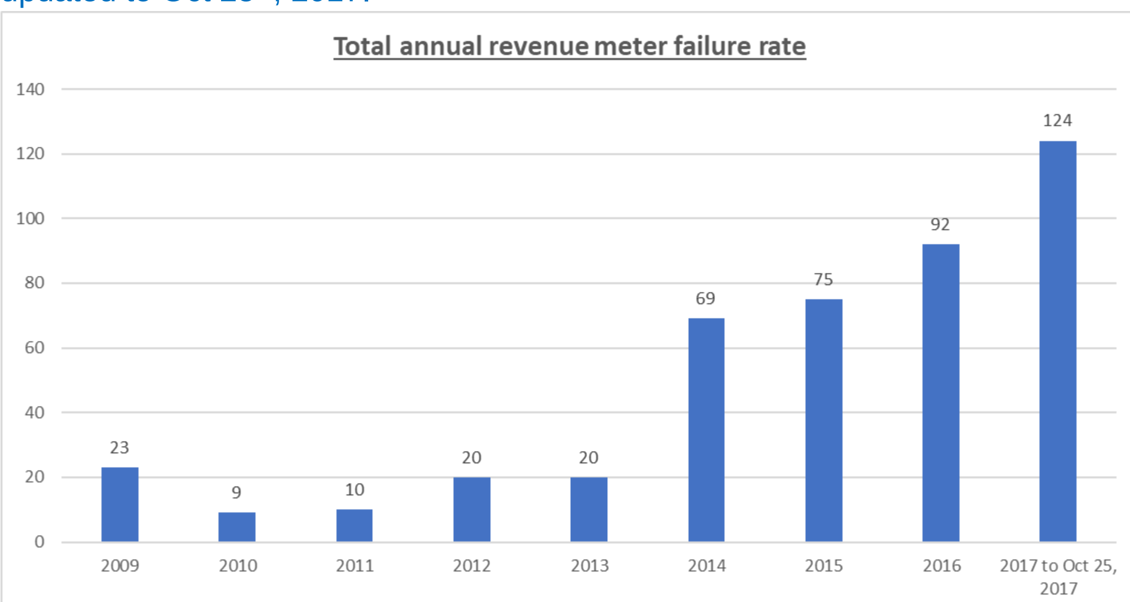
a) CWHI states it has incurred increase metering expenses due to failure of smart meters. Please provide more detail on the increased cost and expected increased cost in the future of smart meters, including:
   I. Type of meters experiencing premature failure
   II. Book depreciation vs actual experience
   III. Discussion with meter manufacture (if any)
   IV. CWHI's plan for replacement of faulty meters (i.e. manufacture type, warranty provisions etc.).
   V. Overall comparison of experience of smart meter costs as compared to older generation mechanical meters.

b) CWHI has proposed to use 15 year life for meters (Exhibit 2 Appendix A) rather than the 25-35 life suggested by the Kinectric study. How was this 15 year life chosen?

Response(s):

a)

I. The types of meters experiencing premature failure are mainly the residential rex2 single phase meters installed during mass deployment of 2009. C&I type A3RL meters are also failing earlier than their expected useful life. See the below graph titled "Total annual revenue meter failure rate" updated to Oct 25th, 2017.



II. CWH uses a typical useful life of 15 years for smart meters, this can be seen in CWH's Exhibit 2, Section 2.2.2 Table 27. The table above as response to question (a I) shows the annual failure rate is increasing each year.

III. Discussions with the meter manufacturer in regards to revenue meter failures have been directed to ELSTER's "General Terms and Conditions of Sale". A copy of this document is attached as Appendix C

IV. CWH's plan for replacement of faulty and seal expired meters is as follows:

CWH will sample 100 meters in each year of 2016 and 2017 and in accordance with Measurement Canada's "S-S-05—Performance Requirements Applicable to Meters Granted a Conditionally Lengthened Initial Reverification Period under S-EG-01" - sample its meter population to acquire an extension of 8 years.

The following is a schedule for the meter replacements/change outs that will be completed by CWH staff for residential type, rex2, single phase meters.

	2016	2017	2018	2019	2020	2021
Revenue Meter Requirements for Recalibration	100	100	250			
Revenue Meter Requirements for Replacing failed meters	100	100	100	200	200	200
Total Revenue Meter Requiremtns	200	200	350	200	200	200

Below is CWH's plan for reverifying C&I meters with 2019 seal expiration dates in 2019:

Job Reference:	CP13		Total Job Amount:	$65,400.00
Investment Category:	System Service		Description:	Revenue Meters
Service Start Date:	ongoing 2019		In Service Date:	ongoing 2019
Related Customer Attachments: N/A				

Project Driver:

Replacement of failed meters, meter exchanges for reverification purposes and sample testing as per Measurement Canada regulations. C&I annual meter- replacement needs are estimated as being: two new C&I Connections, 1 new generator connection, 1 upgrade to GS>50 and 3 annual meter failures. Reverification of C&I meters that have seals expiring in accordance with Measurement Canada regulations.

Risk:

No unforeseen risks

Need:

The majority of CWH smart meters for residential and GS <50 kW connections were installed in 2009 with a seal year of 2019, and the majority of the C&I meters for >50 kW connections were installed in 2009 and 2010. CWH has experienced a total meter failure (disposal) rate of 226 between 2009 and 2015. These failures have escalated to 69 in 2014 and 75 in 2015 for residential and small commercial meters and a year over year average of 3, meter failures for C&I meters.

Scope:

Pursuant to a sampling group schedule CWH plans on exchanging out of seal meters in the field with meters that have a current seal through a rotating meter reverification schedule. The bulk of active C&I meters have a seal year of 2019 therefore all of these meters will require testing and calibrating at an accredited meter shop. In addition, it is estimated that there is a requirement of six new C&I meters annually for new connections, generation, and service upgrades to GS>50.

V. The average cost of a smart meter for a residential or GS<50 customer in 2016 was $106 per meter. This is the direct cost of the meter and doesn't include the cost to install the meter, nor does it take into consideration the cost of gatekeepers, the MDMR, or the costs associated with losses when the meter does not meet the expected 15-year useful life. CWH no longer has available the cost of the individual meters that were stranded in 2009.

b) CWH chose a 15-year life span as opposed to a 25 to 35-year life span as smart meters are electronic devices as opposed to conventional electro-mechanical devices that were much more robust in handling the elements they are exposed to. New electronic smart meter failure rates are rising year over year due to electronic components failing in the field including the display, metrology and communication boards. The Kinectrics study indicates smart meters, repeaters – smart metering, and data Collectors – Smart Metering useful lives are 5 – 20 years as seen in the below table from the study. Residential Energy Meters are manufactured in the same way with similar components in all devices and as such CWH expects residential Energy Smart Meters to have a similar lifespan.

Table F - 2 summarizes useful and typical lives for Ontario's Local Distribution Companies' non-distribution assets. Please note that the useful life values were based on industry standards and utility's practices. A further analysis of these assets is not considered necessary.

Table F - 2 Summary Useful Life of Minor Assets

#	ASSET DETAILS Category - Component - Type		USEFUL LIFE RANGE
1	Office Equipment		5-15
2	Vehicles	Trucks & Buckets	5-15
		Trailers	5-20
		Vans/Cars	5-10
3	Administrative Buildings		50-75
4	Leasehold Improvements		5
5	Station Buildings	Station Building	50-75
		Parking	25-30
		Fence	25-60
		Roof	20-30
6	Computer Equipment	Hardware	3-5
		Software	2-5
7	Equipment	Power Operated	5-10
		Stores	5-10
		Tools, Shop, Garage Equipment	5-10
		Measurement & Testing Equipment	5-10
8	Communication	Towers	60-70
		Wireless	2-10
9	Residential Energy Meters		25-35
10	Industrial/Commercial Energy Meters		25-35
11	Wholesale Energy Meters		15-30
12	Current & Potential Transformer (CT & PT)		35-50
13	Smart Meters		5-15
14	Repeaters - Smart Metering		10-15
15	Data Collectors - Smart Metering		15-20

Note: Table 2 contains assets that were not studied in detail in this analysis and represent recommended ranges based on the experience of Ontario LDCs interviewed.

4.0-VECC-23

Reference: Exhibit 4/Section 4.3.1/page 60

a) Please explain why meter reading costs have been increasing significantly above inflation (approx. 1.9%) at 3.25% to 3.65%.

Response(s):

a) One of the reasons for the increase in meter reading costs is that the third (3^{rd}) party vendor Elster has passed on increases as stated on their invoice "Elster Integrated solutions is increasing their rates by 4% as permitted by section 6 of Appendix D-2 MAS Server yearly system maintenance agreement fees." The Fairness Commissioner mandated that CWH install the Elster meters at the time that Smart Meters were installed. The monthly costs have also increased because of the increase in the number of meters that are in service. The fees for services provided by Elster have increased 20.8% between the amount that was budgeted for in the OEB approved 2013 budget and the 2018 test year budget.

   Another reason for the increase is a larger portion of the Wholesale settlement invoice is being charged to meter reading as the number of Retailer customers are dropping. CWH has prorated the total cost of the charge based on the number of customers with the Retailers and the number of SSS customers. This has resulted in a 18% increase in the amount being charged to Meter reading as hydro customers are dropping their Retailers as their contracts expire. The offset decrease is reflected in the amounts that are being charged through to the variance accounts 1518-RCVA Retail and 1548 RCVA STR.

4.0-VECC-24

Reference: Exhibit 4/Section 4.3.1/page 70

a) Please provide the fees paid to the EDA annual in each year 2013 through 2018 (forecast).
b) Please provide the same any CHEC membership or staff related fees.

Response(s):

a) and b) the below table reflects the annual miscellaneous corporate membership and association dues. Please note that the 2017 dues are lower than 2016 for "other staff related fees" because an amount of $600 related to 2017 membership dues was recorded in 2016 in error.

USoA account 5665-A&G: Misc Corporate Membership and Association Dues

	Forecasted Test Year 2018	YTD Actual 2017	Actual 2016	Actual 2015	Actual 2014	Actual 2013	Actual 2012
EDA Membership	17,000.00	16,900.00	16,700.00	16,500.00	16,000.00	15,300.00	14,600.00
CHEC Membership Dues	21,500.00	21,269.00	21,127.00	21,033.50	20,289.00	20,091.00	19,542.00
Other Staff related fees	4,700.00	4,099.64	5,156.57	4,529.46	3,254.94	2,271.28	2,509.58
Total dues to USOA 5665	43,200.00	42,268.64	42,983.57	42,062.96	39,543.94	37,662.28	36,651.58

4.0-VECC-25

Reference: Exhibit 4/Section 4.3.1/pg.75

a) Please explain the increase in employee training costs & travel in 2018 as compared to prior years.
b) Is this increase a one-time matter related to activities in 2018 or are these ongoing costs?

Response(s):

Table 14: Customer Service 2013 OEB Adjusted OEB approved to 2018 Test Year shows Employee training and travel was has increased from 2013 amount of $3,300 to $13,400 in 2018 for an increase of $10,100.

The below table provides employee training costs in 2018 as compared to prior years.

	OEB Approved 2013	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Forecasted	2018 Forecasted
Employee Training & Travel Expenses	3,300.00	1,636.00	9,283.00	13,905.00	9,110.00	12,245.41	13,400.00

In 2013, after the OEB decision on the Cost of Service was issued, CWH cut out all training and travel expenses that were not already committed to, therefore, the training and travel expenses were understated for 2013 when compared to the normal levels.

CWH normal process is to send two staff members to the CIS system conference annually in order for staff to keep abreast with the enhancements that are taking place in the CIS system and to ensure that the system is being used to the fullest capacity. This training has allowed staff attending the conference to return and implement processing procedures that have been upgraded during the year and to communicate these changes to other staff members. Staff members need to keep up to date on the changes that are taking place in the CIS system to meet on-going changes due to regulatory requirements. In 2014 only 1 staff attended due to outside issues. In 2015, two staff members attended the conference, then again in 2016 only one staff member attending due to the timing of a staff member handing in their resignation. In 2017, two staff members are again attending the conference. In 2018 and going forward, CWH anticipates two staff members attending each year.

In addition to the annual conference, CWH provides all CRS staff with customer service training, CPR training, Excel and Word training, Cyber security training and management supervision training to the appropriate staff members.

b) CWH anticipates the training cost to remain at the $13,400 level to be an ongoing costs.

4.0-VECC-26

Reference: Exhibit 4/Section 4.4/Table 18 /p.83

a) Please provide Table 18 (Appendix 2-K) to show separately union and non-union positions and compensation.
b) Please also add a row showing the total amount of compensation capitalized in each year.

Response(s):

a) & b) Table 18 (Appendix 2-K) below has been adjusted to show union and non-union positions and compensation separately plus the capitalized compensation for each year as per RRR 2.1.5 and forecast for 2017 & 2018.

	Last Rebasing Year - 2013- Board Approved	Last Rebasing Year - 2013- Actual	2014 Actuals	2015 Actuals	2016 Actuals	2017 Bridge Year	2018 Test Year
Number of Employees (FTEs including Part-Time)1							
Management (including executive)		3.18	3.59	4.00	4.00	5.00	5.00
Non-Management (union and non-union)	16.50	12.11	12.38	10.80	10.51	10.29	10.29
Total	16.50	15.28	15.97	14.80	14.51	15.29	15.29
Total Salary and Wages including ovetime and incentive pay							
Management (including executive)		328,055	345,638	355,420	373,244	558,800	574,700
Non-Management (union and non-union)	1,225,546	1,303,885	987,753	911,029	905,874	792,500	870,200
Total	1,225,546	1,631,940	1,333,392	1,266,449	1,279,117	1,351,300	1,444,900
Total Benefits (Current + Accrued) 2							
Management (including executive)		53,082	68,101	83,324	85,955	130,100	138,400
Non-Management (union and non-union)	285,622	217,535	236,929	222,436	226,549	186,000	196,600
Total	285,622	270,617	305,030	305,760	312,503	316,100	335,000
Total Compensation (Salary, Wages, & Benefits)							
Management (including executive)	-	381,137	413,739	438,744	459,198	688,900	713,100
Non-Management (union and non-union)	1,511,168	1,521,420	1,224,682	1,133,465	1,132,422	978,500	1,066,800
Total	1,511,168	1,902,557	1,638,422	1,572,209	1,591,620	1,667,400	1,779,900
Total Compensation Capitalized in each year							
Direct Labour Capitalized		212,629	190,698	144,206	135,519	147,100	165,800
Capitalized Overhead		156,874	154,137	149,029	133,310	162,500	183,800
Total		369,504	344,834	293,234	268,830	309,600	349,600

4.0-VECC-27

Reference: Exhibit 4/Section 4.4/

a) Please provide a table describing the 15 actual positions in 2014 and the 15 positions forecast for 2018.

Response(s):

a) The table below sets out the various positions and FTE for each position between 2014 and 2018. The positions in brackets are those that were in place in 2014 that are replaced with the corresponding positions.

Employee Positions	FTE 2014	FTE 2018
President	0.85	1.00
Acting President	0.15	-
Vice President of Operations	0.85	-
Manager of Operations (Superintendent)	0.79	1.00
Line Superintendent-(Retired 2014)	0.46	-
Foreman	1.00	1.00
Lineman	1.00	1.00
Lineman	1.00	1.00
Engineer Technician / Lineman	0.59	1.00
Manager of Customer Service, Billing & CDM (Accounting & Administrative Assistant & CDM)	1.00	1.00
CSR-Billing Clerk	1.00	1.00
CSR-Cashier / Receptionist	1.00	1.00
CSR-Billing Rep/Administrative Assistant	1.00	1.00
Vice President / Finance & Regulatory (VP Treasurer-2014 on Leave)	0.74	1.00
Manager of Finance & Regulatory (Financial Administrator)	1.00	1.00
Finance/Regulatory Coordinator (Financial Analyst)	1.00	1.00
Finance Clerk	1.00	1.00
System Analyst-IT	0.63	-
Special Project Manager	-	0.29
Co-op Student - Outside Crew Assistant	0.74	0.63
Contract Employee-Locates & inspections	0.17	0.37
Total Full Time Equivalent Employees	**15.97**	**15.29**

4.0-VECC-28

Reference: Exhibit 4/Section 4.4/Table 20, pg. 87

a) Does CWHI receive information on union settlements at other Ontario Utilities from the EDA, CHEC or any other source?
b) Please provide the wage comparisons CWHI has used during its past negotiations with the IBEW.

Response(s):

a) CWH doesn't receive union settlements from the EDA or CHEC and relies on sources that are on public record. CWH has received information on union settlements informally from neighbouring Utilities.

b) Below is a chart with wage comparisons for the purpose of negotiations with the IBEW.

LDC	HONI 2017	Guelph 2017	Guelph 2018	Guelph 2019	Waterloo 2017	Waterloo 2018	Waterloo 2019	CWH 2017	CWH 2018	CWH 2019
Powerline Maintainer	$45.32	$40.72	$41.53	$42.37	$40.88	$42.12	$42.75	$39.95	$40.81	$41.69

4.0-VECC-29

Reference: Exhibit 4/Section 4.3.2/Table 17 & Excel Chapter 2 Appendix 20170626 Appendix 2-M 7 /Section 4.4.3 Table 35

a) Please confirm that the actual amortized costs of the last COS application included in rates for 2013 through 2017 was $28,053 (i.e. $140,267/5). If this is not correct please provide the actual and Board approved cost for the prior application that was amortized for the period 2013-2017.

b) The Application Cost (2nd) Table in Appendix 2-M (Excel) shows a cost for Expert Witness of $30,000. Please explain what witness costs are being contemplated with this estimate.

Response(s):

a) CWH is unable to determine where the amount of $28,053 as stated by VECC was derived from. The amount of one-time cost that were included in the 2013 cost of service as shown on page 80, Table 17 Appendix 2-M – Regulatory Costs was $40,100 or $10,025 per year. This table shows the Board approved amount as being $123,500 for 2013. The large portion of the 2013 CoS expenses were recorded as part of the 2012 actual expenses in account 5655-Regulatory expenses. In 2013, CoS expenses were recorded in the year that they occurred rather than amortized.

For the 2018 CoS, CWH has recorded all outside expenses in USoA account 1180-Prepaid Expenses and will amortize that amount over the five (5) years of the cost of service which is estimated at $44,200 per year as shown in Table 17 Appendix 2-M-Regulatory Costs.

b) The $30K was mislabeled and should be labeled as oral hearing. For details regarding Oral Hearing costs please see response to 4-staff 58 b and c.

4.0 -VECC-30

Reference: Exhibit 4, pages 136-138
LRAMVA Work Form

a) Please clarify what CWHI is requesting in regards to CDM Lost Revenue recovery. The LRAMVA Work Form shows a negative balance of $1,991.53. However, Exhibit 4 does not make reference to CWHI seeking to clear Account #1568 and the DVA Continuity Schedule does not include any amounts for Account #1568.
b) If CWHI is seeking recovery of the impacts of any programs implemented in 2011-2014, please provide a copy of the IESO's Report regarding CWHI's Verified 2011-2014 savings (in Excel format). Please also provide any reports from the IESO regarding the persistence of these savings through to 2015.
c) If CWHI is seeking recovery of the impacts of any programs implemented in 2015, please provide a copy of the IESO's Report regarding CWHI's Verified 2015 savings in Excel format.
d) If CWHI is seeking recovery of the impacts of any programs implemented in 2011-2015, please provide the Board approved LRAMVA baselines for these years and references to previous decisions or evidence that supports these values.

Response(s):

a) CWH has populated the new 2018 LRAMVA model. Section a) of this IRs is no longer an issue.

b) & c) CWH has filed the requested document along with these responses.

d) The new LRAMVA model reflects the approved threshold from Decision and Order EB-2012-0113.

Ontario Energy Board **EB-2012-0113**
Centre Wellington Hydro Ltd.

programs in 2011, 2012 and 2013, and the corresponding amount used to derive the balance for the LRAMVA. The company proposed that the LRAMVA be determined using annualized "net" CDM savings of 2,288,799 kWh. Board staff and VECC supported this proposal. The Board accepts CWH's proposal for the amount, and the allocation to customer classes on a kWh and kW basis, to be used for the determination of the LRAMVA for 2013 and 2014.

4-SEC-16

[Ex.4, p.35] The Applicant states that the decrease in costs in Account 5005 in 2015 is a result of the new job costing process. Was the more accurate allocation in the supervisor’s costs primarily to other OM&A accounts, or was it capitalised?

Response(s):

The job costing process allows for the allocation of the supervisor’s costs to be directly charge to the job that the supervisor is working on whether it be capital, operations or maintenance.

Where the labour is attributable to a particular program or capital the time is now being allocated to that account. If time was identifiable as preparation work for a capital job the labour would now be allocate to capital.

The decrease in the dollar amount being allocated to 5005 would be spread out to any number of accounts whether it is capital, operations and maintenance depending on whether or not the costs are directly related to a program/job.

4-SEC-17

[Ex.4. p.21] Please provide Appendix 2-JB on a program, not USoA basis.

Response(s):

CWH will not be providing Appendix 2-JB on a program basis at this time because it is a time consuming task and given the time constraint of this proceeding it cannot be completed in time to be useful.

On June 14, 2017, CWH filed an amendment to Exhibit 4 as requested by the OEB Staff; this amendment included the 2013 OEB Board Approved amounts and the addition of the variance between 2013 Board Approved to the 2018 Test year.

CWH then explained the variances over the materiality threshold for 2013 Board Approved and 2018 Test Year in the amended filing on pages 74 to 77.

Table 12:Appendix 2-JC OM&A Program Table (with 2013 OEB Approved amounts) with variances between 2018 Test year to 2013 OEB approved; 2018 Test Year versus 2013 Actual amounts; and 2018 test year versus most recent actuals (2016) was provided on page 12.

Program Descriptions and Tables 11 & 12 show OM&A by program with the identified USoA account shown in the second column. This is referenced to pages 53-71.

Program Variance Analysis (Section 4.3.2) pages 72 to 80 provides details on the variances.

Summary and Cost Drivers Tables (Section 4.2) pages 19 to 50 provides details on the cost drives via USoA accounts on a year over year basis.

4-SEC-18

[Ex.4, p.75] Please provide further details regarding the internal policies and procedures that the 'Special Project Manager' was contracted to update.

Response(s):

The Special Project Manager updated and or developed the following policies and procedures:

- Respect in the Workplace (formerly workplace harassment)
- Cellular devices
- Health and Safety Policy
- Integrated Accessibility Standard Regulation
- Accessibility Standards for Customer Service

The SPM also ensures CWH is compliant with the Accessibility for Ontarians with Disabilities Act (AODA), completing the accessibility compliance report and having the documents posted on the company website prior to December 31st.

4-SEC-19

[Ex.4, p.83] For each year between 2013 and 2018, please provide the number of management and non-management FTEs the Applicant has or has forecasted to have.

Response(s):

Please refer to OEB Staff question 60 b). CWH has split the 2017 Bridge Year and 2018 Test Year between management and non-management FTE's.

2013 to 2016 was not split out as there were three or fewer management staff over that period.

4-SEC-20

[Ex.4, p.83] Please provide a list of the titles of all of the Applicant's employees.

Response(s):

Please refer to table presented in VECC's question 27 above. CWH has listed all the positions and FTE's for the years of 2014 and 2018 Test Year.

4-SEC-21

[Ex.4, p.82] With respect to union compensation:

a. Please provide an update regarding the negotiations between the Applicant and IBEW Local 636.
b. For the purposes of the Test Year budget, what has the applicant assumed would be the negotiated wage change as a result of those negotiations?
c. Who is responsible for negotiating the collective agreement on behalf of the Applicant (the employer) and who provides them with instructions?
d. Please provide the Applicant's analysis it stated it would be undertaking by reviewing "the agreements of the LDCs within its geographic service area to ensure that the amount being required is reasonable for the industry and does not exceed the going rate but remains competitive so that employee retention is not jeopardized".

Response(s):

A settlement with the IBEW Local 636 has been ratified and a new Collective Agreement signed.

b) The assumed negotiated wage and benefit change used for the Test year budget was a total of 2.5% increase which matches the actual negotiated increases of 2.15% for wages and 0.35% for increased benefits. The increase in the cost of benefit was calculated a hourly rate to ensure that the total increase did not exceed the amount included in the 2018 Test Year calculations.

c) Negotiating the collective agreement on behalf of the employer is the responsibility of the President and the CWH Board of Directors which provides the instruction.

d) The below tables were used to compare wages with neighbouring LDC's and negotiate with the IBEW staff.

Monetary changes to employee benefits			
ARTICLE	CWH	Guelph	WNH
dispensing fee cap	$7 move to $10	$7.00	$5.00
physio, chiro etc	$500/yr move to $600	$500.00	$400 to $1200
Dental	%100 of basic preventative and restorative	100% prevent and restore	100% rest/prevent
Dental-major restorative	%50 to max of $2,000/yr	50% at $1000.00	70%-$1500.00
Dental-orthodontics	50% lifetime max of $2,000	50% @ $1500.00	50%-$1500.00
fee guide	ODA fee guide	ODA fee guide	oda guide
glasses	$375/yr -dependant. 2yr others. Can go to laser. $75 for exams same timeframe. Move to $400	$375.00 each family member per 24 months	$425.00 24 months
LTD	75% of monthly earnings to max of $5300. Move to $5,600	$5768.00 per month/75%	66% $5800.00 max
workboats	$210. Move to $240	$210.00	$210.00
clothing	$550/yr. Move to replace as needed	replace as needed	replace as needed
meal allowance	$7.00 prior to noon; $15 after noon. Move to $16 and $16	$14.00	$14.00

LDC	HONI 2017	Guelph 2017	Guelph 2018	Guelph 2019	Waterloo 2017	Waterloo 2018	Waterloo 2019	CWH 2017	CWH 2018	CWH 2019
Powerline Maintainer	$45.32	$40.72	$41.53	$42.37	$40.88	$42.12	$42.75	$39.95	$40.81	$41.69

4-SEC-22

[Ex.4, p.82, 87] Why does the Applicant believe it is appropriate to match non-Union employees wage increases on the results of the contract negotiated with the IBEW?

Response(s):

The rational for negotiated non-union staff increases is a similar process using a comparison of wages and benefit compensation to employees with its neighbouring LDCs. This is a reasonable comparison as staff are required to complete similar tasks (for their respective positions both in operations, billing and administration) in similar environments in the same geographical area with similar cost of living values. This is also necessary as to offer employees compensation that is in line with other LDCs in order to attract and retain qualified personnel.

4-SEC-23

[Ex.4, p.95] Please provide a copy of the Applicant's agreement that sets out the terms of the water and sewer billing arrangement with the Township of Centre Wellington.

Response(s):

The current water and sewer billing arrangement is governed by a resolution of the Board of Directors of Centre Wellington Hydro Ltd. Dated March 20, 2008 (the "Resolution"). The Resolution establishes rates of $1.05 per customer/per month for water and $1.05 per sewer customer/per month to be charged to the Township of Centre Wellington for the meter reading, billing, collection and customer service tasks related to the monthly water and sewer billing. In addition, the Resolution establishes a commitment to review the rates on an annual basis to ensure that all related billing costs are recovered and that a reasonable rate of return occurs. It is the result of this annual review that is provided at Exhibit 4, page 95 Table 29, which compares the revenue collected from the Township of Centre Wellington against the allocated costs for the water and sewer billing services that are provided. The Resolution is attached as Appendix D to this response.

The Resolution refers to previous rates of $1.15 per customer/per month for water and $1.11 per customer/per month for sewers; the previous rates were included in a written agreement between CWH and the Township of Centre Wellington that was executed sometime before 1999. CWH is using its best efforts to locate a copy of the agreement; to date it appears that copies of the agreement, either in the possession of CWH or the Township of Centre Wellington, have been misplaced, possibly during the consolidation of the Municipalities and Hydro offices that took effect January 1st, 1999. At that time five municipalities merged to create the Township of Centre Wellington and the two local hydro utilities subsequently merged to create Centre Wellington Hydro. Upon consolidation all files from all the various townships were combined and put into storage. CWH also further consolidated two work centres into one work centre in 2000; it is possible that the agreement was misplaced during that consolidation.

4-SEC-24

[Ex.4, p.95] With respect to the water sewer billing services, please explain why costs have increased since 2015, yet revenues have stayed flat.

Response(s):

The cost has increased since 2015 because the number of water customers has increased since 2015 and time spent on water / sewer related issue are being charged directly to 4380-Expenses of Non-Rate -Regulated Utility Operations. Also, where cost is not easily identifiable as just water and sewer but also contains an element of hydro services these expenses are charged out based on the number of number of accounts that are being billed for the Township of Centre Wellington versus the number of hydro bills that are being billed.

The revenues have remained flat and is being monitored by CWH because the return for doing water and sewer billing has, historically, far exceeded the regulated rate of return. CWH is anticipating a 10% rate of return on providing the service in 2018.

Please refer to question 4-SEC-23 above for further details. Also 4-Staff-61 indicates that costs in providing water and sewer billing are 100% fully allocated to account 4380-Expenses from Non- Rate-Regulated Utility Operations – Sub Account.

4-SEC-25

[Ex.4, p.99] Please provide a similar Table showing the products and services from non-affiliates for 2014, 2015 and 2017.

Response(s):

Tables as requested are shown below.

2014 Products and Services from Non-Affiliates

Vendor Name	Activity	Process/Department	Total 2014 Expense
BURMAN ENERGY CONSULTANT GROUP	CDM retrofit program evaluation & delivery agent for small business lighting incentive	The RFP's outlined the required services, reporting requirements, anticipated kWh savings and the ability to support the program until the end of the current framework	$ 151,396.85
COSTELLO ASSOCIATES INC	Engineering Consultant	Operations/stations reliable engineering services	$ 125,063.67
G&W CANADA	Switchgear	Request for Quotes: Operations/stations/dependable product with good value for the costs	$ 86,811.12
HYDRO ONE NETWORKS INC.	Energy Purchase	CW Hydro is an embedded distributor and thus requires a feed from the Hydro One network	$ 10,831,398.06
HD SUPPLY POWER SOLUTIONS	Line maintenance materials	request for quotes supply poleline hardware/reliable competitive pricing	$ 52,400.62
J.C.H. CONTRACTING LTD	Construction/Excavation	RFP was used in the selection/excavation contractor/reliable dependable approved workmanship	$ 51,724.87
KILLARNEY CONSTRUCTORS INC	Substation Construction	RFP was used in the selection/station contractor/reliable dependable approved workmanship	$ 121,528.58
K-LINE MAINTENANCE	Substation Construction	RFP was used in selection/station contractor good workmanship good value for customers	$ 1,195,381.79
MANULIFE FINANCIAL	Employee Benefits	Vendor is selected through a broker who goes out to tender once every 3 years. Through the broker, CWH belongs to a consortium of like size companies which allow for better pricing	$ 89,682.11
MEARIE MANAGEMENT INC.	Employee Benefits, Employee Training, Consultant	Vendor was selected via RFP process,	$ 56,598.93
NORDMIN ENGINEERING LTD	Engineering Consultant	Operations/stations reliable engineering services	$ 128,255.85
OEFC	DRC Remittance	Government/Regulatory Body	$ 917,299.79
RECEIVER GENERAL FOR CANADA	HST Remittance	Government/Regulatory Body	$ 372,045.20
RECEIVER GENERAL FOR CANADA	Payroll Remittance	Government/Regulatory Body	$ 401,699.66
S & C ELECTRIC CANADA LTD	Substation Construction	request for quotes/supplier of station reclosures and switchgear	$ 76,783.50
UTILISMART CORPORATION	Meter Data - Wholesale Retail Settlement Process	RPF was used in the selection	$ 71,156.10
UTILITY COLLABORATIVE SERVICE	CIS Software, Hosting, Support	CWH belongs to the UCS group. This group using the RFP process will go to vendors providing CIS software, IT hosting and support to request vendor pricing that obtains better pricing breaks due to the increase in customer numbers	$ 132,188.54
VIRGINIA TRANSFORMER CORP	Transformers	station transformer supply/request for quote in process	$ 164,490.00

2015 Products and Services from Non-Affiliates

Vendor Name	Activity	Process/Department	Total 2015 Exps
ALTRUCK INTERNATIONAL TRUCK	Transportation Equipment	RFP outlined requirements, outside consultant outline all spec for the vehicle.	118,579.94
BURMAN ENERGY CONSULTANT GR	CDM retrofit program evaluation & delivery agent for small business lighting incentive	The RFP's outlined the required services, reporting requirements, anticipated kWh savings and the ability to support the program until the end of the current framework	114,096.69
CAYENTA	Financial Computer Software & Support	Quote - upgrade of system	73,407.55
COSTELLO ASSOCIATES INC	Engineering Consultant	Operations/stations reliable engineering services,	127,834.83
ELOQUIP LTD.	Transportation Equipment	RFP outlined requirements, outside consultant outline all spec for the vehicle.	70,060.00
ELSTER METERING	Meters	RFP-Metering/large scale respected meter supplier	100,466.93
EPTCON LTD	Substation Construction	RFP -station construction, respected, experienced contractor	563,571.41
GUELPH UTILITY POLE CO	Hydro Poles	request for Quotes: hydro pole supplier/dependable product with good value /great delivery timelines	65,871.09
G&W CANADA	Switchgear	Request for Quotes: Operations/stations/dependable product with good value for the costs	86,811.12
HYDRO ONE NETWORKS INC.	Energy Purchase	CW Hydro is an embedded distributor and thus requires a feed from the Hydro One network	15,120,571.48
JAMES KEATING CONSTRUCTION	Public Washroom Construction	RPF was used in the selection/local experienced contractor	110,982.49
KING LUMINAIRE CO INC.	Street Light Inventory	request for quote, reliable dependable streetlight stock supplier	52,446.69
K-LINE MAINTENANCE	Substation Construction	RFP was used/dependable respected electrical sub-contractor	132,820.21
MANULIFE FINANCIAL	Employee Benefits	Vendor is selected through a broker who goes out to tender once every 3 years. Through the broker, CWH belongs to a consortium of like size companies which allow for better pricing	83,071.46
OEFC	DRC Remittance	Government/Regulatory Body	971,726.28
POSI-PLUS ONTARIO INC.	Transportation Equipment	RFP outlined requirements, outside consultant outline all spec for the vehicle.	248,048.40
RECEIVER GENERAL FOR CANADA	HST Remittance	Government/Regulatory Body	458,379.59
RECEIVER GENERAL FOR CANADA	Payroll Remittance	Government/Regulatory Body	397,655.26
UTIL-ASSIST	Project Mgmt. & Billing Support	RFP from CHEC	66,670.53
UTILISMART CORPORATION	Meter Data-Wholesale Retail Settlement Process	RPF was used in the selection	71,393.40
UTILITY COLLABORATIVE SERVICES	CIS Software, Hosting, Support	CWH belongs to the UCS group. This group using the RFP process will go to vendors providing CIS software, IT hosting and support to request vendor pricing that obtains better pricing breaks due to the increase in customer numbers	106,030.56

2017-Year to Date Products and Services from Non-Affiliates

Name	Activity	Process/Department	YTD - Oct 30, 2017
ALTRUCK INTERNATIONAL TRUCK	Transportation Equipment	RFP outlined requirements, outside consultant outline all spec for the vehicle.	$ 125,154.28
BURMAN ENERGY CONSULTANT GROUP	CDM retrofit program evaluation & delivery agent for small business lighting incentive	The RFP's outlined the required services, reporting requirements, anticipated kWh savings and the ability to support the program until the end of the current framework	$ 62,868.67
CANADA POST CORPORATION	Postage for Customer Bills	National postal service	$ 67,975.15
DOMM CONSTRUCTION LIMITED	Work Centre Renovation	Request for Quotes: Operations/historical contractor built service center	$ 59,908.08
ELOQUIP LTD.	Transportation Equipment	RFP outlined requirements, outside consultant outline all spec for the vehicle.	$ 83,057.90
ELSTER METERING	Meters	RFP-Metering/large scale respected meter supplier	$ 60,315.14
FOLMUR CONSTRUCTION LIMITED	Excavation	Request for Quotes: Operations/local respected contractor	$ 79,534.32
HYDRO ONE NETWORKS INC.	Energy Purchase	CW Hydro is an embedded distributor and thus requires a feed from the Hydro One network	$ 12,608,431.48
MANULIFE FINANCIAL	Employee Benefits	Vendor is selected through a broker who goes out to tender once every 3 years. Through the broker, CWH belongs to a consortium of like size companies which allow for better pricing	$ 83,801.46
MEARIE MANAGEMENT INC.	Employee Benefits, Employee Training, Consultant	Vendor was selected via RFP process,	$ 52,394.30
OEFC	DRC Remittance	Government/Regulatory Body	$ 503,046.71
POSI-PLUS TECHNOLOGIES INC	Transportation Equipment	RFP outlined requirements, outside consultant outline all spec for the vehicle.	$ 167,546.23
RECEIVER GENERAL FOR CANADA	HST Remittance	Government/Regulatory Body	$ 293,806.03
RECEIVER GENERAL FOR CANADA	Payroll Remittance	Government/Regulatory Body	$ 348,507.13
UTILISMART CORPORATION	Meter Data - Wholesale Retail Settlement Process	RPF was used in the selection	$ 62,432.50
UTILITY COLLABORATIVE SERVICE	CIS Software, Hosting, Support	CWH belongs to the UCS group. This group using the RFP process will go to vendors providing CIS software, IT hosting and support to request vendor pricing that obtains better pricing breaks due to the increase in customer numbers	$ 113,325.61

4-SEC-26

[Ex.4, p.103, Table 35] Please provide a breakdown of 2017 regulatory expert witness and consultant costs.

Response(s):

Breakdown of Regulatory expert witness and consultant costs to September 30, 2017 is as follows:

	2017 To Date	**2018 COS Projected Costs**
Application Consulting - (TESI)	$32,810.57	$45,000.00
Application DSP (Metsco)	$29,305.00	$35,000.00
Application - Auditor (KPMG)	$2,700.00	$14,600.00
Application - Legal Review	$6,950.00	$5,000.00
Interrogatories Consulting - (TESI)	$6,431.25	$15,000.00
Interrogatories DSP (Metsco)		$2,500.00
Interrogatories - Auditor (KPMG)		$2,500.00
Interrogatories - Legal Review		$5,000.00
Settlement-Consulting - (TESI)		$15,000.00
Settlement-Legal Review		$10,000.00
Public Notice	$1,730.87	$1,500.00
Oral hearing		$30,000.00
Reply submission		$0.00
Intervenor costs		$40,000.00
Total Cost of Service Filing costs	$79,927.69	$221,100.00

Public Notice cost to date only includes expenses directly related to CWH's cost for putting together information for the community meeting and does not at this time include costs incurred by the OEB Staff for the Community Meeting held on September 21, 2017.

Exhibit 4

Appendix A

JOB DESCRIPTION

JOB TITLE: **Special Projects Manager**

DATE REVIEWED: **July 1st, 2015**

JOB SUMMARY To effectively coordinate and engage special projects within our community that will directly or indirectly benefit Centre Wellington Hydro and all their customers and ratepayers, and the Township of Centre Wellington.

PRIMARY ACTIVITIES AND REPRESENTATIVE MAJOR TASKS

- **Combined Heat and Power (CHP):** Responsible for all aspects of implementing CHP installations within the township of Centre Wellington. To include, coordinating and liaising with potential customers, establishing partnerships and/or relationships with external experts and government agencies.

- **Conservation Demand Management (CDM):** Liaise with all CDM staff to look for new opportunities and initiatives to help Centre Wellington Hydro succeed in meeting imposed conservation targets.
- **Customer Engagement:** Assist staff in customer engagement including, attending public functions, consulting with customers, communicating with community service groups and agencies, and liaise with representatives from special community events and festivals.

Secondary Responsibilities:

- Review and revise policies and procedures as required.

- Represent CW Hydro at various functions as required. (Functions, information sessions and speaking engagements are often held on weekends and evenings.

- Report to the President/Secretary of Centre Wellington Hydro on any issues that may have an impact on the organization.

- Liaise with township CAO and council to keep them informed on any potential projects that may impact the township.

- Liaise with township's engineers and solicitor to ensure they are aware of any projects that may impact the township, its corporations, or its ratepayers.

- Manage relationships with partner organizations and manage the work of various individuals and team to produce the necessary reports.

SUPERVISION/DIRECTION REQUIRED

- Works on own.
- Reports to the Centre Wellington Hydro President

Exhibit 4

Appendix B

COLLECTIVE AGREEMENT

between

CENTRE WELLINGTON HYDRO LTD.

Hereinafter referred to as "the Employer"

and

LOCAL UNION 636 OF THE

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS

(A.F. of L. – CIO – C.L.C.)

Hereinafter referred to as "the Union"

September 1st, 2017– August 31st, 2020

TABLE OF CONTENTS

THIS AGREEMENT MADE THIS 3rd DAY OF OCTOBER, 2017

Between

CENTRE WELLINGTON HYDRO LTD.
"Hereinafter referred to as "the Employer"

and

LOCAL UNION 636
OF THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS
(AF of L - CIO - CLC) hereinafter referred to as "the Union"

ARTICLE 1 - PURPOSE

1.01 The purpose of this Agreement is to promote and maintain a harmonious relationship between the Employer and the employees and to provide an amicable method of settling any differences or grievances, which might possibly arise.

ARTICLE 2 - RECOGNITION

2.01 The Employer recognizes the Union as the exclusive bargaining agent for negotiating working conditions, hours of work and wages on behalf of the employees in the bargaining unit as defined below:

2.02 All employees of the Employer save and except Superintendent, Operations Manager, those above that rank, temporary employees who perform general maintenance and cleaning duties at the shop, office staff and students hired during their summer vacation period, or on a school cooperative program.

ARTICLE 3 - GOODWILL

3.01 The Employer agrees that it will not in any manner object to any employees being or becoming a member of the Union and will not discriminate against such employee because of his membership or proposed membership in the Union. The Employer has, and shall retain, the exclusive right to manage its business and direct its working forces. The Employer shall retain the right to hire, suspend, discharge, demote and discipline any employee. No regular employee shall be discharged or disciplined except for just and sufficient cause. Any regular employee who feels he has been subjected to unfair treatment shall have the right to seek redress in accordance with Article 7.

ARTICLE 4 - UNION SHOP AND DUES CHECK-OFF

4.01 The Employer hereby agrees that after the date of signing of this Agreement, present employees who are members of the Union and all new employees within the bargaining unit shall be members of the Union and remain in good standing in said Union. When new employees are engaged, they shall have a trial period of six (6) months, and if retained and found satisfactory, they shall be deemed to be regular employees and shall file application for membership in, and immediately become members of, the Union and remain in good standing during their employment with the Employer.

4.02 The Employer agrees during the term of this Agreement to deduct from the first pay of each month of each employee who is a member of the Union such employee's current monthly dues and submit them to the Financial Secretary of the Union by the fifteenth (15^{th}) day of the month. The Union will furnish to the Employer a list of the members and deductions to be made. The Employer shall also deduct the Union initiation fee from the first pay of new employees and submit it to the Financial Secretary of the Union. The Union shall be responsible for advising the Employer of the amount of the initiation fee.

4.03 The Union agrees to indemnify and save harmless the Employer against any claim or liability arising out of or resulting from the collection and forwarding of regular monthly dues.

ARTICLE 5 - SENIORITY

5.01 Seniority shall be defined as the length of continuous service with the Employer by employees of the Employer falling within the bargaining unit.

5.02 In filling vacancies and making promotions or transfers among employees of the bargaining unit, management will consider the qualifications and ability as primary factors. In the event qualifications and ability of the respective applicants are relatively equal, then seniority shall be the deciding factor. When vacancies occur or when new positions are created, a notice shall be posted on the bulletin board for a period of five (5) working days. Regular employees covered by this agreement shall have the opportunity of filling an application for the said position.

5.03 In the event of a lay-off the last employee hired shall be the first employee laid off; upon recalling employees to work after a lay-off, the last employee laid off shall be the first employee recalled to work provided the remaining or recalled employees are capable of performing the required work. Recall to work after lay-off shall be by registered letter to the employee's last known address with a copy to the local representative.

5.04 Employee Categories

Probationary employees are persons hired on a trial basis for a period of six (6) months to determine their suitability for employment in regular positions. A probationary employee may be discharged at the sole discretion of the Employer and does not have recourse to the grievance procedure for discharge.

Regular employees are persons who have successfully completed the probationary period and are currently working for the Employer.

ARTICLE 6 - LOCKOUTS AND STRIKES

6.01 The Employer agrees that it will not cause or direct any lockout of its employees from the date of execution of this Agreement to the date of termination thereof. The Union agrees its members shall not sanction or call a strike and shall refrain from any interruption of or interference with the operations (including slow-downs) from the date of execution of this Agreement to the date of termination thereof. The Union agrees that it will not coerce employees into joining the Union.

ARTICLE 7 - LABOUR RELATIONS PROCEDURE AND ARBITRATION

7.01 Should the Union, or any employee(s), feel it has a grievance, or any employee feels he has been unfairly treated, redress shall be sought in accordance with the following:

(a) Before any matter becomes a formal grievance, the President/Secretary shall be given an opportunity to review the matter and make known his decision in the same within three (3) working days of the review;

(b) If not satisfied with the decision rendered by the President/Secretary, the employee or the Union shall have the right to file a formal grievance, as per the following procedure:

i) The grievance shall be put in writing and signed by the grievor;

ii) The grievance shall be made known to the Employer within ten (10) working days of the decision rendered by the President/Secretary in (a) above, whichever is later;

iii) The Employer shall meet with the Union within seven (7) working days of receipt to discuss the grievance. Should no agreement be reached at this meeting or within seven (7) working days of the same, the matter may be referred to arbitration as provided below:

iv) The time limits for the processing of grievances shall be strictly followed except by mutual consent of the parties;

v) An employee may request the presence of a representative from the Union at any of the foregoing steps.

7.02 Failing settlement of the grievance within seven (7) working days of the meeting with the Employer [(iii) above], either party shall have a further ten (10) working days in which to notify the other party in writing of its desire to submit the grievance to a sole arbitrator and the notice shall contain the names of three (3) arbitrators.

The recipient of the notice shall within five (5) days inform the other party of acceptance of one of the three (3) arbitrators or alternatively, the Employer may submit a list of three (3) arbitrators. At this time, both parties will attempt to come to agreement on selecting a sole arbitrator. In the event the parties are unable to agree on a sole arbitrator, the Minister of Labour for Ontario shall be requested to appoint a sole arbitrator.

The Arbitrator shall hear and determine the difference or allegation and shall issue a decision and the decision is final and binding upon the parties and upon any employee or Employer affected by it.

No person may be appointed as an arbitrator who has been involved in any attempt to negotiate or settle the grievance being arbitrated, unless both parties agree.

Each party shall pay one half (1/2) of the remuneration and expenses of the Sole Arbitrator and each party shall hear the expenses for their own representatives and any others expenses incurred in presenting their case.

As an alternative to a Sole Arbitrator, a Board of Arbitration may be requested by either party if mutually agreeable. Each party shall bear the expense of their own appointees to the Board.

7.03 Prior to proceeding to arbitration, the parties may mutually agree to refer the grievance to the Grievance Mediation Process in which case there shall be a 50-50 cost sharing of the Grievance Mediator.

ARTICLE 8 - WORKING HOURS

8.01 A normal working day is one of eight (8) hours, Monday to Friday, inclusive, from 7:30 a.m. to 4:00 p.m. with one-half (1/2) hour for lunch. A normal workweek is one of forty (40) hours consisting of five (5) consecutive working days.

8.02 Overtime

Due to the nature of the Employer's operations, the Employer may require employees to work overtime. Overtime shall be defined as that time worked, which is outside of the normal hours of work, which are outlined in (a) above. Payment for overtime hours worked shall be as follows:

Double Time

Two (2) times the employee's normal hourly rate shall be paid for all hours worked outside of their regular working hours.

Banked Time

Employees may opt to bank their overtime hours at the rate at which they are earned to a maximum of 40 hours per calendar year. Banking of overtime requires the approval of the President/Secretary.

8.03 Standby duties are defined as duties performed outside of the normal working hours Friday to Friday.

Employees performing standby duties shall be paid the amount of $22.00 per day from Monday to Thursday, $54.30 per day for Friday and Saturday and $61.40 per day for Sunday effective September 1, 2014 plus pay at the applicable overtime rate of pay for all actual time worked. A minimum of two (2) hours for call-out will be paid at the appropriate overtime rate to the employee on standby duty. All calls within two hours shall be considered as one (1) call. Time in excess of two (2) hours shall be paid at the appropriate overtime rate. An employee required to do standby on a Recognized Holiday shall be paid his normal day's pay, plus the applicable overtime rate of pay for all actual time worked, with an additional day off in lieu of the Recognized Holiday worked. Time off in lieu of a Recognized Holiday shall be mutually agreed upon between the Superintendent and the employee affected. Employees who are on standby duty will commence at 4:00 p.m. Thursday and continue until 4:00 p.m. the following Thursday. In the event that a statutory holiday falls on a Thursday, the employee currently on call shall retain his on call duty until Friday at 07:30 a.m. In the event that a statutory holiday falls on a Thursday and Friday, the employee currently on call shall cease to be on call at 07:30 a.m. the Wednesday prior to the statutory holiday. In any case, the amount of on call payment shall remain consistent regardless of the number of days in a week that the employee is on call.

Employees may exchange their period of duty with other qualified employees provided such change or exchange is satisfactory to the Superintendent. The superintendent shall not unreasonably deny the exchange.

8.04 An employee who is not on standby and is called out shall receive a minimum of two (2) hours' pay at his overtime rate of pay. All calls within two (2) hours shall be considered as one (1) call.

Meal Allowance

Except in pre-arranged overtime, an employee required to work overtime a minimum of one hour prior to his/her normal starting time and overtime continues to the normal starting time, the Employer shall reimburse the employee for the cost of a meal to a maximum of $16.00, upon presentation of a receipt. One-half hour recess time for such meal will be paid except where the recess time is not taken.

Except in pre-arranged overtime if an employee is required to continue working beyond normal quitting time, the Employer shall reimburse the employee the cost of a meal to a maximum of $16.00 upon presentation of a receipt, after two and one-half (2 ½) hours or more and every four (4) hours thereafter.

ARTICLE 9 - RECOGNIZED HOLIDAYS

9.01 The holidays recognized by the Employer and paid for at the employee's hourly rate of pay are as follows:

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

The full day for one-half (1/2) of the employees on the last working day before Christmas Day and the other one-half (1/2) of the employees working on the last working day before New Year's Day or as agreed between the Employer and the Union and one (1) additional day to be taken at the employee's option with the approval of the President/Secretary for a total of fourteen (14) paid holidays. If one (1) of the specified holidays falls on a Saturday, the Holiday will be observed on the Friday immediately preceding, and if on a Sunday, the Holiday will be observed on the Monday immediately following.

ARTICLE 10 - ANNUAL VACATION

10.01 Employees in their first year of service shall receive 5/6 day of vacation for each month of service to a maximum of ten days.

10.02 In the year in which an Employee completes one year of continuous service with the Employer, he shall be entitled to ten (10) days (80 hours at his normal hourly rate) paid vacation.

10.03 In the year in which an Employee completes three years of continuous service with the Employer, he shall be entitled to fifteen (15) days (120 hours at his normal hourly rate) paid vacation.

10.04 In the year in which an Employee completes nine years of continuous service with the Employer, he shall be entitled to twenty (20) days (160 hours at his normal hourly rate) paid vacation.

10.05 In the year in which an Employee completes sixteen years of continuous service with the Employer, he shall be entitled to twenty-five (25) days (200 hours at his normal hourly rate) paid vacation.

10.06 In the year in which an Employee completes twenty-five years of continuous service with the Employer, he shall be entitled to thirty (30) days (240 hours at his normal hourly rate) paid vacation.

10.07 The employee's vacation schedule shall be determined by May 1st with the Employer each year, providing the taking of vacation does not interfere with the efficient operation of the Employer's business. Should Recognized Holidays as per Article 9 fall within an employee's vacation period, the employee will be allowed another day off in lieu of the holiday, or an extra day's pay (8 hours at his normal hourly rate).

10.08 Seniority shall be the deciding factor when making choice of vacations up to and including March 1st. After March 1st, vacations shall be granted on a first come first serve basis.

10.09 Up to five (5) days of unused vacation may be carried over and taken by April 30th of the next calendar year.

ARTICLE 11 - MEDICAL AND HOSPITAL BENEFITS

11.01 The Employer shall pay one hundred percent (100%) of the cost of the following plans for each employee:

Manulife Financial as outlined in the Group Benefit Plan-Edition Update December 2016

Dispensing fee cap of $10.00 per prescription to be implemented upon ratification.

ward coverage

Dental Plan – Manulife Financial as outlined in the Group Benefit Plan-Edition Update December 2011: Basic Preventative and Basic Restorative including endodontics, periodontics, and standard denture services, (including relining and rebasing denture adjustments) at 100% reimbursement/unlimited maximum.

Add Major Restorative at 50% reimbursement, maximum $2,000 per calendar year per employee and their dependents, and add orthodontics at 50% reimbursement, with lifetime maximum of $2,000 for dependent children.

All dental services are reimbursed in accordance with the current ODA fee guide for General Practitioners.

11.02 Payment for absence due to sickness and long-term disability shall be made as listed below.

11.03 The Employer will pay for provision of prescription eye-glasses for dependents under 18, $450.00 every 12 months, all other persons $450.00 every 24 months. Employees may utilize such coverage for laser eye surgery.
The Employer shall reimburse for the cost of eye examinations, by a qualified practitioner, to a maximum of $100.00 annually for dependents under the age of eighteen and $100.00 every twenty four months for all other persons

For benefits paid 100% by the Company, the Company reserves the right to tender this coverage and place it to its advantage as long as the coverage is not less than the benefits provided by the previous carrier at the time of transfer.

Professional Services Chiropractor: $600 per calendar year,. In addition, up to 1 x-ray per calendar. Delete subject to the limitation of no claims for the first $150 of eligible expenses in a calendar year
Osteopath: $600 per calendar year. In addition, up to 1 x-ray per calendar.
Podiatrist: $600 per calendar year combined for services of a podiatrist and chiropodist. In addition, up to 1 x-ray per calendar year.

Chiropodist: $600 per calendar year combined for services of a podiatrist and chiropodist. In addition, up to 1 x-ray per calendar year.
Massage Therapist: $600 per calendar year
Naturopath: $600 per calendar year
Speech Therapist: $600 per calendar year
Physiotherapist: $600 per calendar year
Psychologist: $600 per calendar year

11.04 Sick Leave Plan

(a) For every month of service an employee shall be entitled to a sick leave credit of one and one-half (1½) days per month and such credits shall be cumulative from month to month and year to year. From such credits shall be deducted the number of days which an employee is absent by reason of illness, but not by reason of injuries received in the course of duty unless such absence or illness is not covered by the benefits through the Workplace Safety and Insurance Board.

(b) Monthly sick leave credit accrues to an employee on the first day of the month following each completed calendar month of service and is cumulative to an amount not exceeding one hundred and eighty (180) days for a period of continuous and unbroken service with the Employer.

11.05 An employee who has qualified for sick leave credit is entitled to sick leave at his standard normal hourly rate of pay. Overtime, extra pay, or any other additional remuneration shall not be included in calculation of sick pay allowance.

11.06 An employee is not entitled to sick leave credits in any month that the employee is absent without leave for two (2) days or more. However, if the duration of absence is only one (1) day in any month the employee will accumulate a half (1/2) day of sick leave credit for that month.

11.07An employee is not entitled to sick leave pay:

(a) if he fails to report his absence from work on his first day of absence due to illness;
(b) if he fails to file a sick leave certificate from his doctor if his absence from work due to illness exceeds three (3) working days; if the Employer requests a medical certificate, the Employer will pay the cost, if any;
(c) during a period of lay-off;
(d) during leave of absence granted without pay;
(e) during any absence immediately following annual vacation, unless a sick leave certificate from his doctor is filed; subject to the provisions of Clause 4(b) of this Appendix;
(f) notwithstanding the provisions of Paragraph (b) of this section, an employee claiming sick leave pay may be required to file a sick leave certificate for one (1) or more days of absence, subject to the provision of Clause 4(b) of this Appendix.

11.08 An employee loses his cumulative sick leave credit and any benefits under this sick leave plan if he:

i) is discharged from his employment for just and sufficient cause, and is not reinstated through the grievance procedure;

ii) resigns his employment.

11.09 (a) When an employee is absent due to an accident and is in receipt of Workers' Compensation, the Employer shall make up the difference between the amount of Workers' Compensation paid and his salary, for twelve (12) calendar months, and the difference shall be charged against his sick leave credits to the limit of such accrued credits after twelve (12) calendar months.

(b) Sick leave credits under this sick leave plan shall continue to accrue to an employee during his absence from work due to accident or illness not in excess of twelve (12) per month.

(c) An employee who:

(i) is absent by reason of injury caused by another person, whereby his sick leave credits are reduced or exhausted and recovers damages by way of action or settlement from such other person for such loss of sick leave credits, shall be entitled to repay to the Employer the sum so awarded to him so as to restore pro tanto his sick leave credits to the position in which they were before the accident, computed according to his rate of remuneration at that time;

(ii) resigns or is discharged for just cause and returns to employment by the Employer, may be considered to be a new employee and may not be entitled to re-establishment of any credits accumulated by reason of his previous employment unless mutually agreed to by the parties.

11.10 (a) Only regular assigned working days form a part of an illness period and only such working days shall be charged against an employee's cumulative sick leave credit.

(b) Paid holidays and regular days off do not form part of an illness period.

11.11 Long Term Disability Plan

The Employer will provide and pay for a Long Term Disability Plan with the following provision:

(a) Waiting period – six (6) months;

(b) Seventy-five percent (75%) of monthly basic earnings to a maximum of $5,600 effective September 1, 2017.

(i) COLA adjustment applied each January 1 to a maximum of 5%

(c) OHIP, EHC and Life Insurance premiums will continue to be paid for a period of six (6) calendar months from date of commencement of LTD benefits.

Seniority with the Employer shall be maintained for a period of twenty-four (24) calendar months from the date of commencement of long-term disability.

ARTICLE 12 - PENSION AND INSURANCE

12.01 All employees covered by the Agreement shall participate in the Ontario Municipal Employees' Retirement System Plan and the Canada Pension Plan on an integrated basis. The Employer shall provide at no cost to the employee a Life Insurance Plan equivalent to two (2) times the amount of their regular annual wages.

ARTICLE 13 - LEAVE OF ABSENCE

13.01 A regular employee will be allowed up to four (4) consecutive days' leave of absence with pay in the event of the death of his/her father, mother, husband, wife, son and daughter. Such leave shall be for the purpose of making arrangements for attending the funeral and/or grieving. Only that portion of said four (4) days that would otherwise have been regular time worked will be paid.

13.02 Regular employees will be allowed up to three (3) consecutive days' leave of absence with pay in the event of the death of his/her grandparent, grandchild, sister, brother, mother-in-law, brother-in-law, sister-in-law and father-in-law. Such leave shall be for the purpose of making arrangements for attending the funeral and/or grieving. Only that portion of said three (3) days that would otherwise have been regular time worked will be paid.

13.03 Regular employees will be allowed up to one (1) day leave of absence with pay in the event of the death of a daughter-in-law, son-in-law, aunt, uncle and when asked as a pallbearer. This leave shall be for the purpose of attending the funeral or making funeral arrangements.

13.04 Regular employees will be granted one-half (1/2) days' leave of absence with pay for the purpose of attending the funeral of a fellow employee from the same department, subject to the maintenance of customer service.

13.05 Leave of absence without loss of pay or benefits shall be granted to an employee when requested to report for Jury Duty or when summoned or subpoenaed to appear in court as a witness. In all cases of this nature, the Employer shall continue to employee's normal pay and benefits, and the employee shall turn over to the Employer any remuneration paid by the Courts for such appearance, minus any personal expense allowance the Courts may grant said employee.

13.06 Leave of absence with pay will be granted to employees while discussing matters relative to this Agreement during working hours with the Employer or Management. Permission for same must be arranged in advance.

13.07 Leave of absence without pay to a maximum of five (5) days per year may be granted to bargaining unit representatives to attend special Union training or functions. Permission for such time off must be arranged in advance with the President/Secretary.

13.08 Personal unpaid leaves of absence require the written permission of the Superintendent and applications for such leave should be submitted in writing two (2) weeks in advance to ensure consideration.

13.09 Pregnancy and parental leaves shall be granted without pay in accordance with the Employment Standards Act of Ontario. When possible, employees are requested to provide a minimum of thirty (30) days written notice to the employer when requesting such leave.

ARTICLE 14 - GENERAL

14.01 Weather Conditions
During inclement weather other work will be carried on, as assigned by the Superintendent, at the employee's normal hourly rate of pay. The decision as to what is inclement weather shall be made by the Superintendent, when necessary. In emergency for employees to work during such weather, the Employer will supply rubber boots, coats and hats.

14.02 Tools and Equipment

The Employer will supply all tools and equipment necessary to carry out the work involved in maintaining the service. An employee must return worn out or broken article in order to receive a replacement. The employee will be responsible for proper care of all such tools. The Employer will supply the regulation rubber gloves and covers. The rubber gloves to be tested by approved methods at least every three (3) months or sooner if the employee has reason to believe that his gloves have become defective. The Employer will supply to the employees the required number of pairs of work gloves for summer and winter wear. A sum of two hundred and forty dollars ($240.00) will be allowed towards the purchase of recognized safety work boots, payable on or about September 1st. In addition, every two (2) years the employer will supply chainsaw boots/or equivalent, as deemed acceptable by the employer.

The cost of the first pair of prescription glasses, including the optical dispensing fee, will be paid for by Centre Wellington Hydro to a maximum amount of $175.00. For subsequent prescription renewals, CWH will pay up to $175.00 every two years towards the cost of prescription safety glasses. Employees will be responsible for paying the cost of the optical dispensing fee, when charged, for renewal prescriptions obtained.
The CSA publishes the Canadian Standard for Eye and Face Protectors, Z.94.3-07. The American National Standards Institute (ANSI) publishes the Occupational and Educational Personal Eye & Face Protection Devices ANSI/ASSE Z87.1-2003 as the U.S. standard. Only eyewear manufactured to these standards is acceptable for use at CWH.
The employee MUST obtain a signature from the dispensing optician verifying that the product meets the CSA/ANSI standards as per above, along with a detailed receipt of payment.

14.03 First Aid Practice
First aid kits will be supplied by the Employer and made easily available to all employees. The Employer will hold safety meetings from time to time, to familiarize the employees with safe working practices and to entertain suggestions relating to safety in general.

14.04 **Safety Clothing**

Upon hire, the Company shall issue an initial allotment of the following clothing. This clothing must be worn by employees while working in the field. On an as needed basis, the employer shall then replace any of the clothing up to the allotted maximums as set out below, which is damaged due to normal wear and tear, upon the return by the employee of the damaged clothing. The employer shall also cover the delivery costs for such clothing for two bulk orders for all employees, one on or about May 1, and one on or about October 1.

4 pair of FR work pants
5 FR orange long sleeve work/t-shirts (crew neck or polo style)
5 FR orange t-shirts
1 pair 14 oz. FR bib coveralls
1 orange FR traffic bomber or 1 FR insulated vest or 1 FR hooded sweatshirt
1 FR parka or a bomber
1 pair of FR insulated Bib overalls

Each current Employee shall be issued a Parka/ Bomber, and a pair of Insulated Bib Overalls

ARTICLE 15 - WAGE RATES AND CLASSIFICATION

15.01 The wage rates and classifications of the employees covered by this Agreement shall be those shown in Appendix 'A' attached hereto and forming an integral part of this Agreement.

ARTICLE 16 - DURATION OF AGREEMENT

16.01 The provisions of this Agreement shall be effective September 1st, 2017 and remain in effect until August 31st, 2020 and from year to year thereafter unless either party gives notice in writing of its desire to amend same within a period of not more than ninety (90) days and not less than sixty (60) days previous to the expiry date.

ARTICLE 17 - LABOUR MANAGEMENT COMMITTEE

17.01 The parties agree to the establishment of a Labour/Management Committee to discuss items of mutual interest. Such time in attendance shall be considered as time worked, exclusive of premiums.

ARTICLE 18 - SAFETY COMMITTEE

18.01 The parties agree to the setting of a safety committee composted of Employer and Union Representatives, which shall meet once every three (3) months, unless the Committee agrees otherwise. Such time in attendance shall be considered as time worked, exclusive of premiums.

ARTICLE 19 - RESPONSE TIME

19.01 The parties agree that response time to emergencies and standby calls by the bargaining unit employees shall be a maximum of twenty-five (25) minutes to the main service center.

ARTICLE 20 - CONTRACTING OUT

20.01 No seniority employees shall be laid off as a result of the Employer contracting out any of its present work or services.

20.02 In the event that a reduction of staff does occur, it is further agreed that probationary, temporary and student employees who are not permanent full time employees of the Employer shall be released before any bargaining unit employee is laid off.

ARTICLE 21 - NEW - MERGER/AMALGAMATION

21.01 Should the Employer merge, amalgamate, or combine any of its operations or functions with another Commission, Company or Companies, the Employer agrees to give the Union as much notice as practically possible prior to any intent by the Employer to implement the above.

21.02 In the event there is a merger with another Commission, Company or Companies, in which the covered Employees therein are represented by another Union, the representation rights and the Collective Agreement and the status quo of Local 636 IBEW members shall be maintained in respect of those members until a final determination is made under the Labour Relations Act of Ontario or any successor organization as to the proper representation of the combined group.

IN WITNESS THEREOF, the parties hereto have executed this Agreement under the hands of their proper officers this 3rd day of October, 2017.

CENTRE WELLINGTON
HYDRO LTD.

Keith Roszell

Keith Roszell – Chairman

Wayne Dyce

Wayne Dyce – President

LOCAL UNION 636 OF THE INTERNATIONAL
BROTHERHOOD OF ELECTRICAL WORKERS

Adam Chatterton

Adam Chatterton

Brian Manninger

Brian Manninger – Business Representative

Barry Brown

Barry Brown
Business Manager/
Financial Secretary

APPENDIX 'A'

Wage rates and classifications shall be based on the following progression schedule listed below:

CLASSIFICATION	SEPT.1/2017	SEPT. 1/2018	SEPT. 1/2019
Foreman	$44.89	$45.86	$46.85
Journeyman Lineman	$40.81	$41.69	$ 42.59
Meter Technician	$40.81	$41.69	$ 42.59
Operations Technician/ Lineman	$40.81	$41.69	$ 42.59

Progression to Journeyman Lineman and Meter Technician classifications to be as follows:

During 1st six months of employment 60% of Journeyman Lineman, Meter Technician or Operations Technician/Lineman rate.

During 2nd six months of employment 70% of Journeyman Lineman, Meter Technician or Operations Technician/Lineman rate.

During 3rd six months of employment 80% of Journeyman Lineman, Meter Technician or Operations Technician/Lineman rate.

During 4th six months of employment 85% of Journeyman Lineman, Meter Technician or Operations Technician/Lineman rate.

During third year of employment 90% of Journeyman Lineman, Meter Technician or Operations Technician/Lineman rate.

During fourth year of employment 95% of Journeyman Lineman, Meter Technician or Operations Technician/Lineman rate.

Thereafter, 100% of Journeyman Lineman, Meter Technician or Operations Technician/Lineman rate, whichever category the employee is hired to. An employee shall qualify himself to the satisfaction of the Superintendent in order to progress in accordance with the above schedules.

Should an employee not progress in accordance with the above schedules; the Superintendent shall make known the reasons in writing, to the employee affected, so that he can make every effort to improve himself/herself. The Superintendent shall review the employee's progress every six (6) months.

The employee classified as Foreman shall receive ten percent (10%) above the Journeyman Lineman rate.
The senior man or designate shall assume the Supervisor's position in the absence of the Superintendent and the Foreman and shall be paid a premium of five percent (5%) above his/her normal hourly rate of pay.

Exhibit 4

Appendix C

ELSTER METERING,

A DIVISION OF ELSTER CANADIAN METER COMPANY INC.

GENERAL TERMS AND CONDITIONS OF SALE

1. General. Unless otherwise agreed by the parties in writing, the terms and conditions contained herein constitute the entire agreement (the "Agreement") between the parties with respect to Purchaser's order of goods and supersede all prior communications and agreements regarding the order. Acceptance by Elster Metering ("Elster") of the order, or Purchaser's acceptance of Elster's quotation or proposal (the "Proposal"), is expressly limited to and conditioned upon Purchaser's acceptance of these terms and conditions. Purchaser's acceptance of goods from Elster shall be deemed to be Purchaser's acceptance of these terms and conditions. These terms and conditions may not be changed or superseded by any different or additional terms and conditions proposed by Purchaser in a purchase order or other document, unless expressly agreed to in writing by Elster. Notwithstanding the foregoing, any software licenses purchased by Purchaser shall be governed exclusively by the terms and conditions of the applicable software license agreement (including, if applicable, a shrink-wrap or click-wrap software license agreement) in effect between the parties.

2. Prices.
(a) Unless otherwise specified in writing, all Proposals expire thirty (30) days from the date thereof.
(b) Unless otherwise specified by Elster, the price does not include any federal, provincial or local property, license, privilege, sales, use, excise, gross receipts, or other like taxes which may now or hereafter be applicable. Purchaser will assume the payment of all taxes, duties, fees and other charges assessed by any taxing authority with respect to the goods order. Purchaser agrees to pay or reimburse any such taxes, duties, fees or other charges which Elster or its suppliers are required to pay or collect. If Purchaser is exempt from the payment of any tax or holds a direct payment permit, Purchaser shall, upon order placement, provide Elster a copy, acceptable to the relevant governmental authorities of any such certificate or permit.
(c) All prices are in Canadian Dollars unless otherwise specified.

3. Payment.
(a) Unless specified to the contrary in writing by Elster, payment terms are net cash, payable without offset, in Canadian Dollars, 30 days from date of invoice to Seller's office in accordance with the conditions stated by Elster in the Proposal.
(b) Purchaser shall pay, in addition to the overdue payment, a late charge equal to the lesser of 1 ½ (1.5)% per month or any part thereof or the highest applicable rate allowed by law on all such overdue amounts plus Elster's attorneys' fees and court costs incurred in connection with collection.

4. Changes.

(a) Any changes requested by Purchaser affecting the ordered scope of work must be accepted by Elster and resulting adjustments to affected provisions, including price, schedule, and guarantees mutually agreed in writing prior to implementation of the change.

(b) Elster may, at its expense, make such changes in the goods as it deems necessary, in its sole discretion, to conform the goods to the applicable specifications. If Purchaser objects to any such changes, Elster shall be relieved of its obligation to conform to the applicable specifications to the extent that conformance may be affected by such objection.

5. Delivery.

(a) All goods delivered hereunder will be delivered Ex Works (...named place) as per Incoterms 2000, freight extra.

(b) When the Proposal calls for delivery FCA point of destination, Elster will deliver FCA accessible common carrier point nearest first destination, freight prepaid and included in the price and 2% will be added to the net price.

(c) If the scheduled delivery of goods is delayed by Purchaser or by Force Majeure, Elster may move the goods to storage for the account of and at the risk of Purchaser whereupon it shall be deemed to be delivered.

(d) Shipping and delivery dates are contingent upon Purchaser's timely approvals and delivery by Purchaser of any documentation required for Elster's performance hereunder.

(e) Claims for shortages or other errors in delivery must be made in writing to Elster within ten days of delivery. Goods may not be returned except with the prior written consent of and subject to terms specified by Elster. Claims for damage after delivery shall be made directly by Purchaser with the common carrier.

(f) Unless otherwise agreed in writing by the parties, the Purchaser shall be responsible for any required export/import licenses. The obligations of the Purchaser to pay for the goods shall not in any manner be waived by the delay or failure to secure or renew, or by the cancellation of any required export/import licenses.

6. Inspection and Acceptance. Purchaser shall have up to thirty (30) days after delivery of the goods to the FCA delivery point to inspect and reject or accept the goods. Failure to reject the goods during such time shall be deemed acceptance of the goods.

7. Title & Risk of Loss. Title to goods shall remain in Elster until fully paid for. Notwithstanding any agreement with respect to delivery terms or payment of transportation charges, risk of loss or damage shall pass to Purchaser upon delivery to the FCA/Ex Works delivery point. Notwithstanding the foregoing, title to any software delivered to Purchaser shall remain in Elster, and Purchaser shall receive only a license to use such software pursuant to the terms of the applicable software license agreement between the parties.

8. Warranties and Remedies.

(a) Warranty. Elster warrants that goods shall be delivered free of defects in material and workmanship. The Warranty Remedy Period for goods shall end twelve (12) months after installation or eighteen (18) months after date of shipment, whichever first occurs.

(b) Remedy. If a nonconformity to the foregoing warranty is discovered in the goods during the Warranty Remedy Period, as specified above, under normal and proper use and provided the goods have been properly stored, installed, operated and maintained and written notice of such nonconformity is provided to Elster promptly after such discovery and within the

applicable Warranty Remedy Period, Elster shall, at its option, either (i) repair or replace the nonconforming portion of the goods or (ii) refund the portion of the price applicable to the nonconforming portion of goods.
(c) Exceptions. In no event shall Elster be responsible for gaining access to the goods, disassembly, reassembly or transportation of the product or parts from or to the place of installation, all of which shall be at Purchaser's risk and expense. Elster shall have no obligation hereunder with respect to any goods which (i) have been improperly repaired or altered; (ii) have been subjected to misuse, negligence or accident; (iii) have been used in a manner contrary to Elster's instructions; (iv) are comprised of materials provided by or a design specified by Purchaser; or (v) have failed as a result of ordinary wear and tear. Goods supplied by Elster but manufactured by others is warranted only to the extent of the manufacturer's warranty, and only the remedies, if any, provided by the manufacturer will be allowed.
(d) THE FOREGOING WARRANTIES ARE EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES OF QUALITY AND PERFORMANCE, WHETHER WRITTEN, ORAL OR IMPLIED, AND ALL OTHER WARRANTIES INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USAGE OF TRADE ARE HEREBY DISCLAIMED. THE REMEDIES STATED HEREIN CONSTITUTE PURCHASER'S EXCLUSIVE REMEDIES AND ELSTER'S ENTIRE LIABILITY FOR ANY BREACH OF WARRANTY.

9. Limitation of Liability.
(a) In no event shall Elster, its suppliers or subcontractors be liable for special, indirect, incidental or consequential damages, whether in contract, warranty, tort, negligence, strict liability or otherwise, including, but not limited to, loss of profits or revenue, loss of use of the goods or any associated equipment, cost of capital, cost of substitute equipment, facilities or services, downtime costs, delays, and claims of customers of the Purchaser or other third parties for any damages. Elster's liability for any claim whether in contract, warranty, tort, negligence, strict liability, or otherwise for any loss or damage arising out of, connected with, or resulting from this Agreement or the performance or breach thereof, or from the design, manufacture, sale, delivery, resale, repair, replacement, installation, technical direction of installation, inspection, operation or use of any equipment covered by or furnished under this Agreement, or from any services rendered in connection therewith, shall in no case exceed the purchase price allocable to the goods or part thereof which gives rise to the claim.
(b) All causes of action against Elster arising out of or relating to this Agreement or the performance or breach hereof shall expire unless brought within one year of the time of accrual thereof.

10. Choice of Law. This Agreement shall be governed by the laws of the Province of Ontario, which shall have jurisdiction in any matter relating to the same. If any provision hereof, partly or completely, shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision or portion hereof and these terms shall be construed as if such invalid or unenforceable provision or portion thereof had never existed.

11. Force Majeure. Elster shall neither be liable for loss, damage, detention or delay nor be deemed to be in default for failure to perform when prevented from doing so by causes

beyond its reasonable control, including but not limited to acts of war (declared or undeclared), Acts of God, acts of war or terrorism, fire, strike, labor difficulties, acts or omissions of any governmental authority or of Purchaser, compliance with government regulations, insurrection or riot, embargo, delays or shortages in transportation or inability to obtain necessary labor, materials, or manufacturing facilities from usual sources or from defects or delays in the performance of its suppliers or subcontractors due to any of the foregoing enumerated causes. In the event of delay due to any such cause, the date of delivery will be extended by period equal to the delay plus a reasonable time to resume production, and the price will be adjusted to compensate Elster for such delay.

12. Cancellation. Any order may be cancelled by Purchaser only upon prior written notice and payment of termination charges, including but not limited to, all costs identified to the order incurred prior to the effective date of notice of termination and all expenses incurred by Elster attributable to the termination, plus a fixed sum of ten (10) percent of the final total price to compensate for disruption in scheduling, planned production and other indirect costs. Payment shall be made within 30 days after the date of invoice.

13. Termination.
Elster may terminate any order for nonpayment or other material breach by Purchaser that is not cured within thirty (30) days following written notice thereof. No termination by Purchaser for default shall be effective unless, within thirty (30) days after receipt by Elster of Purchaser's written notice specifying such default, Elster shall have failed to initiate and pursue with due diligence correction of such specified default.

14. Export Control.
(a) Purchaser represents and warrants that the goods provided hereunder and the "direct product" thereof are intended for civil use only and will not be used, directly or indirectly, for the production of chemical or biological weapons or of precursor chemicals for such weapons, or for any direct or indirect nuclear end use. Purchaser agrees not to disclose, use, export or re-export, directly or indirectly, any information provided by Elster or the "direct product" thereof as defined in the Export Control Regulations of the United States Department of Commerce, except in compliance with such Regulations.
(b) If applicable, Elster shall file for a U.S. export license, but only after appropriate documentation for the license application has been provided by Purchaser. Purchaser shall furnish such documentation within a reasonable time after order acceptance. Any delay in obtaining such license shall suspend performance of this Agreement by Elster. If an export license is not granted or, if once granted, is thereafter revoked or modified by the appropriate authorities, this Agreement may be canceled by Elster without liability for damages of any kind resulting from such cancellation. At Elster's request, Purchaser shall provide to Elster a Letter of Assurance and End-User Statement in a form reasonably satisfactory to Elster.

15. Nuclear Insurance – Indemnity. For applications in nuclear projects, the Purchaser and/or its end user customer shall have complete insurance protection against liability and property damage resulting from a nuclear incident to and shall indemnify Elster, its subcontractors, suppliers and vendors against all claims resulting from a nuclear incident.

16. Resale. If Purchaser resells any of the goods, the sale terms shall limit Elster's liability to the buyer to the same extent that Elster's liability to Purchaser is limited hereunder.

17. Assignment. Neither this agreement nor any interest under it shall be assigned by Purchaser without the prior written consent of Elster, which consent may not be reasonably held.

18. Successors and Assigned. All successors, receivers managers, trustees and permitted assigns of the parties will be bound by the rights and liabilities set out in this Agreement.

19. No Waiver. All of Elster's rights and remedies shall be cumulative and may be exercised singularly or concurrently. If the Purchaser fails to perform any term of this contract and Elster does not enforce that term, failure to enforce on that occasion shall not prevent enforcement on any other occasion.

20. Severability. If any provision, clause or part thereof of this Agreement is determined to be invalid or unenforceable by an arbitrator or a court of any competent jurisdiction, that provision shall be deemed to be severed from this Agreement in such jurisdiction to the extent necessary so as not to affect the original intent of the parties, and shall not in any manner affect such provisions in any other jurisdiction, and the remaining provisions of this Agreements shall not be affected.

21. Counterparts and Delivery. This Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument. Delivery of this Agreement by fax shall constitute valid and effective delivery.

Exhibit 4

Appendix D

CENTRE WELLINGTON HYDRO LTD.
P. O. BOX 217
730 GARTSHORE STREET, FERGUS, ONTARIO N1M 2W8
PHONE: (519) 843-2900 FAX: (519) 843-7601

Motion No. 08-013

Centre Wellington Hydro Ltd.

FERGUS, ONTARIO **DATE: March 20, 2008**

Moved By: Audrey McNiven

Seconded By: Ron Hallman

That the Board of Directors accepts the recommendations of staff to reduce rates charged to the Township of Centre Wellington for the meter reading, billing, collection and customer service tasks related to the monthly water and sewer billing.

Staff recommends that the billing rate for each customer billed for water of $1.15 per customer/per month be reduced to $1.05 per customer/per month.

Staff recommends that the billing rate for each customer billed for sewers of $1.11 per customer/per month be reduced to $1.05 per customer/per month.

The new rates are to take effect April 1st, 2008 and will be reviewed on annual basis to ensure that all related billing costs are recovered and that a reasonable rate of return occurs.

Carried: Keith Roszell