

PWU - 1

Reference(s): Exhibit B, Tab 2, Schedule 1, Page 4 of 16

Subject to supportive tax rulings sought from the Ministry of Finance (Ontario), the Parties envision a future transfer of the distribution business from Alectra to a Limited Partnership structure ("LDC LP") in order to attract investment while managing certain taxes imposed under the *Electricity Act, 1998*, such as Transfer Tax and Payments in Lieu of Taxes.... At such time as supportive tax rulings with respect to the partnership are received, Alectra would apply to the Board for the approval of the transfer of the distribution business of Alectra to LDC LP.

- a) Has Alectra already sought for such supportive tax rulings from the Government? If yes, when does Alectra expect to receive such rulings?**
- b) What does Alectra consider to be supportive tax rulings?**

Response:

- 1 a) Alectra has not sought the above-mentioned tax rulings from the Government, as yet.
- 2 Please see the Applicants' response to Interrogatory B-Staff-1.

- 3 b) Please see the Applicants' response to Interrogatory B-Staff-1.

PWU – 2

Reference(s): Exhibit B, Tab 2, Schedule 1, Page 5 of 16, Footnote 4

Guelph Hydro filed a MAADs application seeking approval for leave to amalgamate Envida with Guelph Hydro on February 27, 2018 (EB-2018-0114); this Application is prepared on the assumption the Envida amalgamation with Guelph Hydro will be approved by the OEB.

a) Is the current application dependent on the condition that the OEB approves the Guelph Hydro - Envida application for amalgamation? Specifically, explain if this application proceeds regardless of the approval and what the impact on this application would be if OEB didn't approve the Guelph Hydro - Envida amalgamation?

Response:

- 1 a) On May 31, 2018, the OEB issued its Decision and Order approving the application filed by
- 2 Guelph Hydro for the amalgamation of Envida Community Energy Inc. with Guelph Hydro
- 3 (EB-2018-0114). There is no further impact to the current MAADs application before the
- 4 OEB.

PWU – 3

Reference(s): Exhibit B, Tab 2, Schedule 1, Page 8 of 16

With respect to certain intermediate steps in the Alectra-Guelph Hydro consolidation, and in conjunction with this Application, notices of proposal will also be filed under sections 80 and 81 in respect of Alectra Inc.'s acquisition of shares in the capital of Guelph Hydro and GMHI's acquisition of shares in the capital of Alectra Inc.

a) Has Alectra filed these notices of proposal? If so, what is the status of the notices?

Response:

- 1 a) Please see the Applicants' response to Interrogatory B-Staff-3.

PWU - 4

Reference(s): Exhibit B, Tab 5, Schedule 4, Page 5 of 11

Employee Focus

As is the case for the consolidating Parties, Alectra's most important resource will be its employees. There will be human resource redundancies as a result of consolidating the two LDCs, given that each of the two have similar business purposes and functions.

Exhibit B, Tab 6, Schedule 1, Page 1 of 5

...the OM&A savings will be achieved through \$32.5MM (net of transition costs) in savings over the first ten years post consolidation from \$24.2MM in payroll reductions and \$8.3MM (net of transition costs) for non-payroll cost reductions.

- a) What functions and how many employees are expected to be affected by this consolidation?**
- b) Would the consolidation result in the co-mingling of employees of Alectra and Guelph? If so, in what functions would co-mingling occur?**

Response:

- 1 a) Please see the Applicants' responses to Interrogatories B-Staff-7 and B-Staff-10. While
2 many functions are anticipated to be affected by this consolidation, functions that are
3 intended to be centralized over time will likely be impacted more than others. The
4 Applicants' business case assumed that 30 positions will become redundant due to the
5 merger. These positions will be dealt with through retirements, natural attrition and a
6 targeted Voluntary Separation Program ("VSP"). A further 30 positions will likely need to be
7 re-located over an approximate 12-month to 36-month time frame as the merger integration
8 process unfolds. Approximately 70 positions will remain in the Southwest Operations
9 Centre which will operate out of Guelph Hydro's current head office.
- 10 b) The Integration Teams have begun to meet. Over the next few months, they will be
11 recommending a high level Organizational Design to the Integration Steering Committee for
12 approval in Q4, 2018. Whether or not co-mingling will occur will be determined when the
13 Organizational Design and organizational needs have been assessed, in detail. As PWU is
14 aware, Alectra Utilities and PWU are currently negotiating one Collective Bargaining
15 Agreement ("CBA") covering the four legacy LDCs and five legacy CBAs. Following

- 1 regulatory approval of this merger, the Ministry of Labour is expected to determine which
- 2 union will represent Guelph Hydro's IBEW employees.

PWU - 5

Reference(s): Exhibit B, Tab 6, Schedule 2, Page 3 of 4

2 **Figure 23 - Total Operating Expenditure Savings (\$MM)**

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total
Payroll Cost Savings	-	0.29	1.99	3.04	3.08	3.13	3.18	3.23	3.27	3.32	3.37	27.91
Payroll Transition Costs	-	(3.73)	(0.01)	-	-	-	-	-	-	-	-	(3.74)
Total Payroll Savings	-	(3.44)	1.98	3.04	3.08	3.13	3.18	3.23	3.27	3.32	3.37	24.17
Non-Payroll Cost Savings	-	0.71	0.94	0.94	0.94	0.94	0.94	0.94	0.94	0.94	0.94	9.14
Non-Payroll Transition Costs	-	-	(0.55)	(0.25)	-	-	-	-	-	-	-	(0.80)
Total Non-Payroll Savings	-	0.71	0.39	0.69	0.94	0.94	0.94	0.94	0.94	0.94	0.94	8.34
Total OPEX Savings	-	(2.73)	2.37	3.73	4.02	4.07	4.11	4.16	4.21	4.26	4.31	32.51

3

a) **What are the job functions/positions and number of employees expected to be lost to achieve these Payroll Cost Savings in each year provided in Figure 23?**

Response:

1 a) Please see the Applicants' responses to Interrogatory B-Staff-7 c), Interrogatory B-Staff-11,
 2 Interrogatory PWU-4 and Interrogatory IBEW-3.

3
 4 The payroll cost savings shown in Figure 23 represent a mix of specific functions and yet-to-
 5 be-confirmed retirement assumptions from across the organization. For example, there will
 6 be no need for a second CEO following the amalgamation, as Alectra already has a
 7 President and CEO for Alectra Inc. Other than this specific job function, the balance of the
 8 payroll savings was based on retirement assumptions, combined with an estimated timeline
 9 for when critical systems and functions would be integrated.

10
 11 As a result of the retirement assumptions, labour savings were identified throughout the
 12 organization. Guelph Hydro has experienced some attrition, due to retirements or as a result
 13 of employees that have left the organization.