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March 31, 2009

Ms. Erica M. Hamilton
Commission Secretary
BC Utilities Commission
Sixth Floor, 900 Howe Street, Box 250
Vancouver, BC V6Z 2N3

Dear Ms. Hamilton:

**Re: FortisBC Inc. Revised Code of Conduct and Transfer Pricing Policy and
Request for Final Approval of the Brilliant Expansion Subcontractor Agreement**

FortisBC Inc. ("FortisBC" or the "Company") attaches for approval its Revised Code of Conduct and Transfer Pricing Policy, including responses to the Commission's letter dated February 26, 2009 and directives contained in Order G-199-08, which granted interim approval for the Subcontractor Agreement between FortisBC and Fortis Pacific Holdings Inc. for the supply of services to the Brilliant Expansion Power Corporation.

Accordingly, FortisBC requests final approval of the Subcontractor Agreement.

Sincerely,

A handwritten signature in blue ink that reads "Joyce Martin, for".

Dennis Swanson
Director, Regulatory Affairs

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1. Summary

FortisBC Inc. (“FortisBC” or the “Company”) is applying for approval of its Revised Code of Conduct and Transfer Pricing Policy. The Revised Code of Conduct (“Code”) governs the relationships between FortisBC and Non-Regulated Businesses (“NRBs”), which are defined as affiliates of the Company not regulated by the Commission, or divisions of the Company offering unregulated products and services, and replaces the Company’s Code of Conduct dated May 25, 1998. The Transfer Pricing Policy (“TPP”) updates the Company’s existing policy in regard to the appropriate loading rates.

Pursuant to Commission Order G-199-08, FortisBC is also applying for final approval of the Subcontractor Agreement between the Company and Fortis Pacific Holdings Inc. (“FPHI”) for the supply of services to the Brilliant Expansion Power Corporation (the “Brilliant Expansion Subcontract”), which was granted interim approval on January 20, 2009. In this submission FortisBC demonstrates that nonregulated work such as the Brilliant Expansion Subcontract provides substantial benefits, including rate mitigation, over the long term.

a. Revised Code of Conduct

The Code can be found as Attachment A. For reference, a blacklined version is included as Attachment B.

The Company’s Code of Conduct remains consistent with the Commission’s Retail Markets Downstream of the Utility Meter (“RMDM”) Guidelines dated April 1997. A small number of revisions to the 1998 Code of Conduct are proposed, related to:

1. The current scope of affiliate relationships of FortisBC. Affiliates of FortisBC include its parent company, other regulated utilities, stand-alone affiliate companies, and unregulated products divisions of the Company. The 1998 Code of Conduct reflected the limited nature of the affiliate relationships and transactions at the time. The relationships among FortisBC and its affiliates are described in more detail in section 2 e. below.
2. Contractual obligations between FortisBC and NRBs. Other than for corporate governance and a few other transactions, the majority of FortisBC’s transactions with

Revised Code of Conduct and Transfer Pricing Policy

NRBs will be subject to either contracts or shared service agreements. Language contained in this Code better recognizes FortisBC's requirement to integrate such contractual obligations into its regulated operations while ensuring that ratepayers will not be negatively impacted by participation in non-regulated activities.

Other changes to the language are of a housekeeping nature.

b. Transfer Pricing Policy

The revised Transfer Pricing Policy can found be as Attachment C. There are no changes to the guidelines of the existing policy. Overhead and loading rates have been refreshed. A small number of procedural changes are noted in the following descriptions. Other changes to the document are made for purposes of clarification. For reference, a blacklined version of the document is included as Attachment D.

The TPP is based on the principle of full cost recovery in order to ensure that the regulated business and customers are not subsidizing any of the costs of the NRB. Whenever possible, costs are charged directly to the NRB.

Loadings and allocations methodologies are described below:

1. Labour Loading –The loadings have been updated to reflect the current rate, which is 72.5 percent of all regular labour expense, compared to the 1998 rates of 55 percent and 45 percent for salaried and hourly employees respectively, and will be updated in future as required to remain current.
2. Material Loading – In order to reduce administrative effort, Material Loading has been changed to a flat 7 percent recovery applicable to all material charged out, consistent with FortisBC's practice for its regulated activities. Materials shipped directly to the NRB's job site will now attract the same loading rate.
3. General and Administrative Overhead ("G&A") – G&A loading will be applied at a flat rate of 5.5 percent of invoice rather than on a graduated scale by invoice amount. The derivation of the G&A loading is shown in Attachment E.

Revised Code of Conduct and Transfer Pricing Policy

G&A cost recoveries under the 1998 Transfer Pricing Policy amounted to \$179,000, through direct charging of services in addition to G&A loading. The Revised TPP would result in total recoveries through direct charges and loading of \$405,000.

4. Profit Margin – there has been no change to the Profit Margin of 10 percent. The profit margin is applied to the total invoice price, excluding the value of any contracting and consulting services arranged by FortisBC on behalf of the NRB.

2. Response to Commission letter dated February 26, 2009

In its letter dated February 26, 2009, the Commission requested additional information related to the Code of Conduct and Transfer Pricing Policy review. The information is provided in the following sections.

a. 2008 Affiliate Transactions:

A list of all affiliates with whom it transacted business during 2008, generally similar in format and content to those previously submitted covering 2006 and 2007. For 2008, the list should be supplemented by itemised descriptions of the business and financial transactions between FBC and the affiliates;

FortisBC's 2008 Affiliate Transactions Report is appended as Attachment F.

Affiliate transactions include the following:

- i. Corporate governance and strategic services between FortisBC and its ultimate parent company, Fortis Inc. (see section 2 e. i.);
- ii. Shared services between FortisBC and stand-alone affiliates, or between FortisBC and an NRB (see sections 2 e. i. and 2 e. ii.);
- iii. Operations of FortisBC's non-regulated products division (see section 2 e. iii.); and
- iv. shared services between FortisBC and other utilities regulated by the Commission (see section 2 e. iv.).

b. Updated Schedule A for 2009 and 2010:

An updated Schedule A, showing the loading rates that FBC proposes to use for affiliate transactions during 2009 and 2010;

Please see page 5 of Attachment C. The labour and material loading rates are subject to change with internal loading rates. General and Administrative loadings will be reviewed periodically and updated as required.

c. Collective Agreements

A copy of all collective agreements currently applicable to the unionized employees of FBC;

Attachments G and H, respectively, contain FortisBC's Collective Agreements with the Canadian Office and Professional Employees' Union, Local 378 for 2006 – 2011, and the International Brotherhood of Electrical Workers, Local 213 ("IBEW") for 2008 – 2009. The Company and IBEW recently reached a new collective agreement for the period 2009 - 2013. The agreement is presently being reviewed by the parties for final printing. FortisBC will forward a copy to the Commission once it becomes final.

d. Determination of Facilities Rental

A SAP report showing how facilities' rental fees were determined and billed to affiliates for the use of FBC offices and other locations during calendar 2008

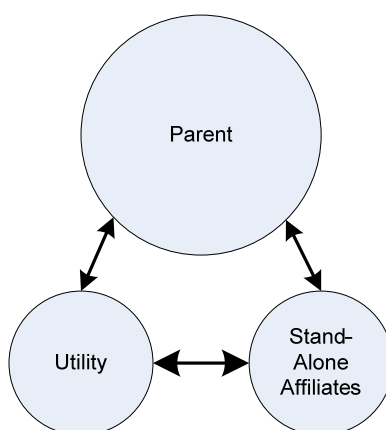
A portion of O&M expense associated with facilities maintenance is included in the General & Administrative Overhead Loading, as shown in Attachment E.

If NRB activity results in incremental costs for facilities, including buildings, furniture and fixtures or computer equipment or software, the incremental costs, including carrying cost calculated at the weighted average cost of capital plus depreciation, will be direct charged to the NRB. There were no such incremental costs or charges for 2008.

e. Organization of Affiliates

A diagram describing FBC and its affiliate relations, from a legal standpoint, based on the examples provided in Figure 4 of the Commission's Retail Markets Downstream of the Utility Meter Guidelines document (the "Guidelines");

An organization chart of FortisBC's affiliates is found at page 2 of Attachment F. The following diagrams describe the legal and operating relationships. 2008 transactions are summarized from FortisBC's 2008 Affiliate Transactions Report (Attachment F).

i. Utility to Parent and Stand-Alone Affiliates

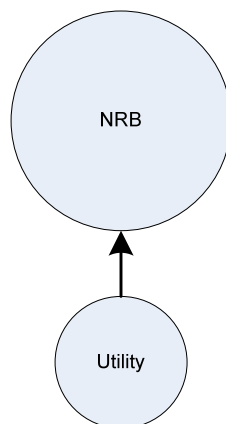
FortisBC provides to and receives services from its ultimate parent company, Fortis Inc. and a number of stand-alone affiliate companies, some of which are regulated utilities in other jurisdictions.

Charges from FortisBC are subject to the TPP.

Summary of 2008 Transactions
(\$ thousand)

| <u>Entity</u> | <u>Relationship</u> | <u>Charged To</u> | <u>Charged From</u> |
|-------------------------|---------------------|-------------------|---------------------|
| Fortis Inc. | ultimate Parent | \$ 103.0 | \$ 1,231.0 |
| FortisAlberta Inc. | related NRB | 58.0 | 277.0 |
| Newfoundland Power Inc. | related NRB | 23.0 | 12.0 |
| Terasen Inc. | related NRB | 135.0 | nil |
| Fortis Ontario Inc. | related NRB | nil | 5.0 |
| Fortis Properties Inc. | related NRB | nil | 2.0 |

Revised Code of Conduct and Transfer Pricing Policy

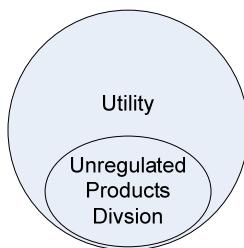
ii. Utility to Related NRB

FortisBC provides services to FPHI.

Charges from FortisBC are subject to the TPP.

Summary of 2008 Transactions
(\$ thousand)

| <u>Entity</u> | <u>Relationship</u> | <u>Charged To</u> | <u>Charged From</u> |
|------------------------------|---------------------|-------------------|---------------------|
| Fortis Pacific Holdings Inc. | Parent/ Related NRB | \$ 5,651.0 | nil |

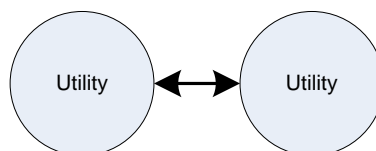
iii. Unregulated Products Division of Utility

FortisBC provides services to Walden Power Partnership, an unregulated division.

Charges from FortisBC are subject to the TPP.

Summary of 2008 Transactions
(\$ thousand)

| <u>Entity</u> | <u>Relationship</u> | <u>Charged To</u> | <u>Charged From</u> |
|---------------------------|----------------------|-------------------|---------------------|
| Walden Power Partnership. | Unregulated Division | \$ 255.0 | \$ nil |

iv. Regulated Utility to Regulated Utility

FortisBC provides to and receives services from Terasen Gas Inc., which is also regulated by the BC Utilities Commission.

Charges between FortisBC and Terasen Gas Inc. are subject to the respective transfer pricing policies of the utilities.

Summary of 2008 Transactions
(\$ thousand)

| <u>Entity</u> | <u>Relationship</u> | <u>Charged To</u> | <u>Charged From</u> |
|------------------|---------------------|-------------------|---------------------|
| Terasen Gas Inc. | Regulated Utility | \$ 398.5 | \$ 310.0 |

f. **Operational Structure of Affiliates**

A diagram describing FBC and its affiliate relations, from an operations standpoint, based on the examples provided in Figure 4 of the Guidelines;

The operational structures are also described in the section above.

g. **Risk-Related Advantages of Affiliate Structure**

A section explaining the risk-related advantages of the current FBC affiliate-relationship structure;

There is minimal risk exposure to FortisBC and its ratepayers arising as a result of the affiliate/ subcontractor arrangement between FortisBC and FPHI. FPHI and FortisBC enter into a subcontract agreement whereby FPHI retains FortisBC as a contractor to perform all of the services that FPHI may be required to perform for a third party. The subcontract agreements between FPHI and FortisBC expressly require FPHI to indemnify FortisBC in relation to any direct losses, costs, and expenses arising as a result of the provision of services by FortisBC on behalf of the third party and the breach or non-performance by FPHI of any term of the subcontract agreement with FortisBC.

The subcontract agreements between FortisBC and Fortis Pacific Holdings Ltd. ("FPHI") for services to the City of Kelowna and the Brilliant Expansion Power Corporation contain the following clause:

6. INDEMNITY

6.1 **FPHI** shall indemnify and save harmless FortisBC, together with its respective directors, officers, employees or those persons for whom FortisBC is responsible at law (collectively, the "Indemnitees") from and against any and all:

- (a) liabilities, direct (not indirect or consequential) losses, claims, demands, actions, causes of action, suits or proceedings whatsoever, including but not limited to those arising in respect of personal injury, death or property damage (collectively, the "Liabilities"), and
- (b) costs and expenses (including reasonable lawyers' fees and expenses on a solicitor and his own client basis) whatsoever, reasonably and actually incurred (collectively, the "Expenses"),

made, brought or claimed against any of the Indemnitees or to which any of the Indemnitees may become subject, as a direct result of:

- (c) the provision by FortisBC of the Services pursuant to this Agreement; or
- (d) the breach or non-performance by **FPHI** (or any other persons for whom it is responsible at law) of any term, covenant or condition of this Agreement.

FPHI's obligations under this section 6 are subject to (i) prompt written notification to **FPHI** by the Indemnitee(s) of the subject matter of the Liabilities and (ii) the FPHI's sole right to conduct the defense and all negotiations for settlement thereof.

The subcontract agreement between FortisBC and FPHI for services to the Arrow Lakes Power Company contains the same language (referencing UtiliCorp British Columbia Ltd., the predecessor of FortisBC, and UtiliCorp Networks Canada Ltd., in place of FPHI).

FortisBC's Shared Services Agreements with Terasen Gas Inc. and FortisAlberta Inc. also contain liability and indemnity provisions, which are standard for business contracts of this nature.

h. List of Personnel Services

A listing of the personnel specialties and services, rendered by FBC to affiliates during 2008, and any additional such personnel and services to be available during 2009 and 2010. Along with the listing, please include explanations as to whether FBC has made, or intends to make, those same personnel and services available to competitors of the non-regulated affiliate companies;

Services to FPHI and Unregulated Products Divisions

The scope of services provided to FPHI with regard to Arrow Lakes Power Corp. and Brilliant Expansion Power Corp., and to Walden Power include:

- Hydro Plant Operators;
- Electrical and other Tradesmen;
- Corrosion Control;
- Controls Expertise;
- Dispatch Service;
- Engineering;
- Planning;
- Project Management;
- Contract Services;
- Safety Management;
- Environmental Monitoring;
- Security Services;
- Site Maintenance; and
- Information Technology.

Services provided to FPHI with regard to the City of Kelowna include

- Power Line Technicians;
- Project Design and Drafting;
- Project Coordination;
- Land Services; and
- Contract Services.

Administrative and General services listed in Schedule 2 of the TPP that are directly used by NRBs are charged to the NRB prior to the application of overheads under the TPP.

At this time FortisBC does not expect any material changes to the services to be provided in 2009 and 2010.

FortisBC would consider, on a case by case basis, making the same personnel and services available to competitors of the NRBs, depending on the nature and location of the work, terms of the contract, and the requirements of the Utility at that time.

Other Services

FortisBC provides Executive Legal and occasional other corporate services to Terasen Gas Inc. and to NRBs. The Company does not intend to provide such services to unrelated parties.

i. Power Transactions

An account of any power transactions between FBC and its affiliates during 2008, specifying the MWh and applicable (unit) prices of the transactions.

FortisBC does not sell power to any of its affiliates, other than regulated Tariff sales of electricity to affiliates. The Tariff sales between FortisBC and Terasen Gas Inc. are identified in the Affiliate Transactions Report at Attachment F.

3. Brilliant Expansion Subcontract

In granting interim approval for the Brilliant Expansion Subcontract, the Commission requested further information to be filed with this submission. The following responses are made with reference to the revised TPP (Appendix C).

a. Analysis of Cost-Based Loadings

A detailed analysis of the cost based price loadings, including the General and Administrative Overhead loadings;

The G&A loading rate was derived in the following manner. The detailed calculation is included as Attachment E.

1. The 2008 corporate support O&M costs were adjusted for costs that would not be applicable to NRBs (for example, the cost of external auditors) and corporate support costs that were direct charged to NRBs were added back to arrive at a revised O&M actual cost by department.
2. An allocation factor based on management's best estimate or, where appropriate, based on the proportion of NRB to total FortisBC activity, was applied on a departmental basis to the revised O&M cost to determine the cost that should be allocated to NRBs.

3. The revised allocated O&M cost was then divided by the total revised O&M actual cost to determine the G&A loading rate

b. Resource Management

A description, with associated calculations, of the impact on costs and productivity of replacing experienced regular staff with temporary or contract staff--including a section specifically showing the adequacy of the General and Administrative Overhead loadings proposed for the Brilliant Expansion Power Corporation project;

At page 5 of the Reasons for Decision issued with Order G-199-08, the Commission stated that “The Commission Panel has not been persuaded that the productivity issues and potential risks of redundancy caused by returning FortisBC staff upon completion of their assignments have been adequately addressed”. The Panel questions whether temporary workers and contract forces will have the same productivity levels as FortisBC employees. Finally, the Commission Panel states that the “as and when required” nature of the subcontract may put FortisBC at a risk of greater costs.

Productivity and Cost Impacts

As noted in its response to BCUC IR No.1, Q2.6 dated November 24, 2008, FortisBC employs a permanent labour force that is able to meet the operating, maintenance and sustaining capital work for the Company’s own plants as well as the long term facility management agreements for third party-owned assets. Additional resourcing necessary to carry out major capital projects and any additional short term work is managed through the use of temporary workers and contractors.

In all cases, the Company endeavors to work productively and efficiently, and achieves this goal by ensuring that all crews are assembled with a proper mix of experience. This experience mix is maintained by assigning FortisBC permanent employees to act as project Charge Hands and Lead Hands. Temporary employees are mixed into the labour force considering their experience and abilities to ensure that projects and tasks are staffed by an appropriate level of experienced workers.

It is important to note that the temporary labour force that FortisBC employs is itself quite experienced. Many of these employees have been working with FortisBC since the

inception of the Generation Unit Life Extension (“ULE”) program in 1998, and are expected to remain until the completion of the ULE program, currently scheduled for completion in 2012. Table 1 shows the number of temporary employees currently employed at FortisBC’s Generation department and the original date of hire for each.

Table 1 – Temporary Employees by Date of Hire

| | Position | Original Date of Hire |
|----|----------------------|------------------------------|
| 1 | Journeyman Tradesman | September 1996 |
| 2 | Journeyman Tradesman | June 1998 |
| 3 | Journeyman Tradesman | April 2000 |
| 4 | Journeyman Tradesman | July 2002 |
| 5 | Journeyman Tradesman | July 2002 |
| 6 | Journeyman Tradesman | August 2002 |
| 7 | Journeyman Tradesman | June 2005 |
| 8 | Journeyman Tradesman | August 2005 |
| 9 | Journeyman Tradesman | August 2005 |
| 10 | Labourer | October 2005 |
| 11 | Labourer | January 2006 |
| 12 | Journeyman Tradesman | July 2006 |
| 13 | Labourer | October 2006 |
| 14 | Journeyman Tradesman | October 2006 |
| 15 | Labourer | November 2006 |
| 16 | Journeyman Tradesman | June 25 2007 |
| 17 | Journeyman Tradesman | July 2008 |
| 18 | Journeyman Tradesman | July 2008 |
| 19 | Labourer | August 2008 |
| 20 | Labourer | December 2008 |

In addition, specific projects (usually capital) are contracted. These contracts are for discreet units of work; beyond the completion of each contract FortisBC has no obligation to these contractors.

The utilization of temporary workers and contractors provides FortisBC the maximum flexibility in managing its labour force. The temporary workers and contractors allow FortisBC to address peaks in workload without increasing its permanent labour force, and likewise insulate the permanent labour force once the peak workload ends.

As a result, there is virtually no risk of increased costs arising from the Brilliant Expansion Subcontract. This risk is managed and mitigated through integrated resource planning for all of the generating plants owned, operated or maintained by the regulated entity. In addition, the termination clauses within the contract are sufficient that upon termination permanent employees at that site will be redeployed, and temporary employees or contractors will be released.

The characterization of the Brilliant Expansion Subcontract as being of an “as and when required” nature is misleading. The specific tasks required under this agreement are generally identified well in advance, being primarily driven by the equipment manufacturer’s recommendations and by safety, insurance and environmental considerations. The timing of work is primarily influenced by the Canal Plant Agreement and the allowable outage windows arising from that agreement. An outage schedule for the upcoming year is determined by September of the year previous, which provides certainty in work planning.

The work planning itself is carried out, in advance, in some detail. O&M work for the facility, as for all of FortisBC’s generation O&M, is managed and controlled by a work order system, within which each task has an associated labour hour estimate. These labour hour estimates are the product of FortisBC’s extensive historical experience with the operation and maintenance of similar generation facilities.

O&M resources are integrated with planning for internal capital work, which is determined during the Company's two-year Capital Expenditure Plan processes, and also takes place well prior to the start of the calendar year.

As a result, labour requirements for an upcoming year are identified and planned by September of the previous year. Once the labour needs are finalized, FortisBC can determine the level of contractors and temporary employees required to supplement its permanent employees to execute the required work.

Proper attention to the needs of the regulated business is addressed during the planning process. Control is maintained through regular resource scheduling meetings that occur monthly throughout the year and on an as needed basis.

Futhermore, the Services Agreement between BEPC and FPHI (reproduced with permission of FPHI) contains the following provision which recognizes the responsibility of FortisBC to its regulated operations:

*... if there is a material increase or change in the responsibilities of those FortisBC Inc. personnel in relation to FortisBC Inc.'s regulated business due to circumstances not reasonably foreseeable as at the date of this Agreement, and if that increase or change in responsibilities reasonably and materially interferes with the availability of FortisBC Inc. personnel to perform the Services (a "**Change in FortisBC Responsibilities**"), then FPHI will notify the Owner that there has occurred a Change in FortisBC Responsibilities and the Parties will cooperate to reschedule the Services to the extent possible to permit FortisBC Inc. personnel to perform the Services in such a manner as to fulfill the Owner's requirements.*

If scheduling does not permit FortisBC to complete the necessary work at BEPC, the NRB is then responsible to BEPC for resourcing the work.

In summary, the integration of temporary, generally highly experienced, employees into all of FortisBC's generation work groups and the use of contract employees for specific projects ensures that overall productivity levels are, at a minimum, maintained and mitigates the risk of stranded labour resources. Termination and other provisions in the Brilliant Expansion Subcontract and in the master agreement between FPHI and Brilliant

Expansion Power Corporation ensure that the risk of stranded labour costs arising from the Subcontractor Agreement is mitigated.

General and Administrative Loadings

In its reasons for Decision, the Commission Panel states that it was “not persuaded that the General and Administrative Overhead loadings are adequate when considering the variable staffing levels required by this agreement and the fact that the overall staffing level is likely to remain the same or increase”.

FortisBC considers that the G&A loadings are adequate. G&A loadings are related to corporate overheads as described in Schedule 2 of the TPP and do not vary with the staffing levels required for the Brilliant Expansion Subcontract. G&A functions in regard to NRBs are characterized by economies of scale – that is, the additional workloads associated with those general and administrative tasks are absorbed by existing employees. As stated in Schedule 2 of the TPP, “Notwithstanding this list of services included in General and Administrative Overhead, all services listed above that are directly used by the NRB will be separately accounted for and charged to the NRB”. Therefore the application of the G&A loading to nonregulated contracts has the effect of decreasing net administrative costs to the regulated business.

The overheads that would vary as a result of the Brilliant Expansion Subcontract are those specific to the generation function and are captured in a loading pool (Generation Absorption) and charged to all regulated and nonregulated generation work as a loading (currently \$30 per hour) on labour hours. The components of the Generation Absorption pool were identified in the Company’s response to BCUC IR No. 2 Q4.1.3, as follows:

- i. Generation Mechanical Shops
- ii. Generation Electric Shops
- iii. Generation Administration
- iv. Generation Maintenance Administration
- v. Generations Operations Administration
- vi. Generation Engineering
- vii. Generation Planning
- viii. Generation Asset Management

The effect of the Generation Absorption costing model is to allocate all generation overheads based on direct labour effort, to FortisBC, regulated third party contracts and NRBs.

In summary, overhead loadings do vary with staffing levels for those components where a causal relationship exists.

c. Competitive Market Price

Evidence regarding a competitive market price or a Fair Market Value price for the services offered to Fortis Pacific Holdings Inc. for the Brilliant Expansion Power Corporation Subcontractor Agreement, consistent with Section 5 of the Guidelines.

In its Reasons for Decision, the Commission states on page 4 that the Panel has not been persuaded that the price to be paid by FPHI to FortisBC is at least equal to the competitive market price for these services.

To FortisBC's knowledge, that there is no independent supplier in the Kootenay area for the same scope of services provided under the Brilliant Expansion Subcontract, and hence no comparable "competitive market price". FortisBC's base pay rates are comparable to others in the area.

There are a number of entities in the Kootenay area that provide components of the full service package that FortisBC provides to FPHI. Table 2 below is a matrix that demonstrates the nature of the service mix provided under the Brilliant Expansion Subcontract, contrasted with the scope of services provided by several local companies.

Revised Code of Conduct and Transfer Pricing Policy

Table 2**Scope of Available Services, Compared to FortisBC's Brilliant Expansion Operating Services**

| Services | Martech Electrical Systems | BC Enertech | West Kootenay Mechanical | Hinz Automation | AMEC | Ridgeview Industrial | Redwood Engineering | GE | EMPAC Engineering | Hatch Energy | ABB | T-Ray Engineering |
|--------------------------|---|--------------------|---|----------------------------|-------------|---------------------------------|--------------------------------|-----------|------------------------------|-------------------------|------------|------------------------------|
| Safety Management | X | X | X | | | | | | | | | |
| Hydro Plant Operators | | X | | | | | | | | | | |
| Electrical Tradesmen | X | | | | | X | | X | | | X | |
| Mechanical Tradesmen | X | | X | | | X | | X | | | X | |
| Welding | X | | X | | | X | | X | | | X | |
| Corrosion Control | | | | | | | | | | | | |
| IT | | X | | | X | | | | | X | | |
| Controls Expertise | X | X | | X | X | | X | X | X | X | X | X |
| Dispatch Service | | | | | | | | | | | | |
| Engineering | X | X | X | X | X | | X | X | X | X | X | X |
| Project management | X | X | | X | X | | X | X | X | X | X | X |
| Planning | | X | | X | X | | | X | X | X | | |
| Contract Services | X | X | | | X | | | | | X | | |
| Environmental Monitoring | | | | | | | | | | | | |
| Security Services | X | X | | | | | | | | | | |
| Site Maintenance | X | X | | | | | | | | | | |

The RMDM Guidelines state that ...*'if the service provided by the utility to the related-NRB could also be obtained from an independent supplier*, the price paid by the related-NRB to the utility should be no less than the competitive market price and will never be below the incremental cost (emphasis added).” As demonstrated above, the service provided to FPHI in respect of the Brilliant Expansion Subcontract could not be obtained by an independent supplier in the area.

Other jurisdictions recognize the potential for provision of services in a non-competitive market. For example, the Ontario Energy Board’s Affiliate Relationships Code provides that “Where a reasonably competitive market does not exist for a service, product, resource or use of asset that a utility sells to an affiliate, the utility shall charge no less than its fully-allocated cost to provide that service, product, resource or use of asset.” FortisBC’s Transfer Pricing Policy is consistent with such language.

Regulated versus Non-Regulated Allocations

The Commission Panel also commented at page 4 of the Reasons for Decision that FortisBC does not distinguish between regulated and non-regulated businesses in its cost recovery method.

FortisBC agrees that the allocation of generation overhead costs is the same for both regulated and non-regulated work; based on the generation absorption costing model, there is no reason to utilize separate cost allocation models for each type of work. The current cost allocation model is transparent and permits the regulated business to fully recover costs for all services. The current cost allocation model pools all related support costs such as fleet, management, engineering and administration costs and allocates these costs on the basis of productive labour hours worked at a facility.

With regard to general corporate overheads (G&A loadings), FortisBC does (and has always) distinguish between regulated and non-regulated businesses for the purpose of cost recovery (see Attachment C). In addition, all non-regulated activity is subject to a 10 percent profit margin.

4. Benefits to FortisBC Customers of Non-Regulated Business

FortisBC considers that its non-regulated business activity provides benefits to its regulated customers and to employees. There is minimal risk exposure to the Company and its ratepayers as a result of the terms of the subcontractor agreements, described in section 2 g above.

Associated costs are fully recovered and the work is managed so as not to adversely affect the regulated utility work. Revenues generated by these contracts have positive impacts on ratepayers by offsetting revenue requirements and mitigating rate impacts. They also provide intangible benefits to the labour force by producing and maintaining a more experienced and capable labor force.

Benefit to Ratepayers

As noted above, the management and administrative functions are subject to economies of scale. The only labour increase resulting from the Brilliant Expansion Subcontract was the addition of temporary tradesmen. FortisBC estimates that the impact of terminating the Brilliant Expansion Subcontract would be a loss of approximately \$ 0.2 million in revenue (comprised of transfer pricing margin and loss of direct overhead recoveries). This translates into a rate impact of approximately 0.1percent.

If FortisBC were to discontinue all non-regulated third party work (related to the Brilliant Expansion, Arrow Lakes Hydro and the City of Kelowna subcontracts) the overall revenue impact is would be approximately \$ 0.9 million with a corresponding rate impact of 0.4 percent.

FortisBC's non-regulated activities not only meets the RMDM Guidelines requirement that ratepayers are not harmed, but provides additional ratepayer benefits through rate mitigation, and has done so each and every year since the application of transfer pricing.

Benefits to Labour Force

Participation in third party non-regulated contracts provides FortisBC with opportunities to benefit through economies of scale. FortisBC employees gain experience in a wide variety of systems and equipment, improving their skills and providing value, including, in FortisBC's opinion, increased productivity to the regulated portion of the business.

Exposure to new facilities provides an opportunity to remain current with technology and strengthens the understanding of good utility practices.

5. Request for Final Approval of Brilliant Expansion Subcontractor Agreement

Commission Order G-199-08 granted interim approval of the Brilliant Expansion Subcontractor Agreement and required that FortisBC refund or charge to FPHI any difference between the interim and permanent rates.

FortisBC submits that the Brilliant Expansion Subcontract has been shown to be in the interest of FortisBC customers and accordingly requests final approval of the Subcontract Agreement.

FortisBC confirms that, upon approval of the revised Transfer Pricing Policy and final approval of the Subcontractor Agreement, it will invoice FPHI for the difference between the interim and revised rates.

Attachments

- A FortisBC Revised Code of Conduct**
- B FortisBC Revised Code of Conducted, blacklined**
- C FortisBC Revised Transfer Pricing Policy**
- D FortisBC Revised Transfer Pricing Policy, blacklined**
- E Calculation of General & Administrative Overhead Loading**
- F 2008 Affiliate Transactions Report**
- G Collective Agreement between FortisBC and COPE Local 378**
- H Collective Agreement between FortisBC and IBEW Local 213**

FortisBC Inc.
Code of Conduct
March 31, 2009

Purpose:

The purpose of the following Code of Conduct is to establish the business practices to be followed in the relationship between FortisBC Inc. ("FortisBC") and Non-Regulated Businesses ("NRBs"). An NRB is an affiliate of FortisBC not regulated by the British Columbia Utilities Commission ("Commission" or "BCUC") or a division of FortisBC offering unregulated products and services. All transactions with NRBs are to be in accordance with this Code of Conduct and the attached Transfer Pricing Policy.

The following issues are specifically addressed in the Code:

1. Shared Services and Personnel
2. Location of NRB Operations
3. Confidential FortisBC Information
4. Confidential NRB Information
5. Inter-company Procurement Policy
6. Preferred Market Treatment
7. Periodic Compliance Audits
8. Complaints
9. Financing
10. Use of Name

1. Shared Services and Personnel

FortisBC may provide shared services to NRBs, while ensuring that ratepayers will not generally be negatively impacted, and retaining effective control and efficient utilization of the Company's resources. The costs of providing such services will be as agreed upon by both parties and be in accordance with the Commission-approved FortisBC Transfer Pricing Policy.

Employees may transfer from FortisBC to an NRB and vice versa, in cases where there is mutual benefit to FortisBC and the NRB. Employees of FortisBC may accept temporary work assignments to the NRB provided that the Utility complies with Sections 3 and 4 of this Code, relating to confidential information, and no conflict of interest exists which will negatively impact on ratepayers.

2. Location of NRB Operations

NRBs will normally operate out of separate and distinct business offices and locations than used by FortisBC. An NRB may locate its operations within any of FortisBC's locations provided that such offices are physically separated from FortisBC offices.

FortisBC Inc.
Code of Conduct
March 31, 2009

3. Confidential FortisBC Information

To the extent FortisBC provides information to an NRB, it must do so contemporaneously, and to the same extent, for all other market participants. If FortisBC's customers agree to a release of customer information to an NRB, it should be provided to other market participants under the same terms and conditions and for the same price. Should an individual customer make a specific request to have information released to a particular third party, it will be released to that party only. FortisBC will recover from the customer the costs associated with the provision of this information.

Information learned by NRB personnel in the course of performing services for FortisBC is considered proprietary to FortisBC. Such information may only be publicly disclosed by the NRB with FortisBC's consent.

4. Confidential NRB Information

Information learned by FortisBC personnel in the course of performing services for an NRB is considered proprietary to the NRB. Such information may only be publicly disclosed by the NRB or with the NRB's consent.

5. Inter-company Procurement Policy

FortisBC must remain prudent and unbiased in sourcing services from an NRB. The NRB services must be judged by the same criteria as any other provider of services. FortisBC will ensure that evidence of prudence and objectivity exists whenever services are procured from the NRB.

6. Preferred Market Treatment

FortisBC may not give NRBs, or parties doing business with an NRB, preference over non-affiliated marketers or other parties.

No FortisBC employee will state or imply that favoured treatment will be available to customers of FortisBC as a result of using any service of an NRB. In addition, no regulated utility personnel will condone or acquiesce in any other person stating or implying that favoured treatment will be available to customers of FortisBC as a result of using any service of an NRB.

FortisBC Inc.
Code of Conduct
March 31, 2009

No FortisBC employee will preferentially direct customers seeking competitively offered services to an NRB. If a customer, or potential customer, requests from FortisBC information about services offered by an NRB or its competitors in retail markets, FortisBC may provide such information, including a directory of retailers of the service, but shall not promote any specific retailer in preference to any other retailer.

7. Periodic Compliance Audits

FortisBC will formally advise all employees of expected conduct related to these principles and it will undertake to perform periodic audits of FortisBC to ensure compliance with these principles. These audits will be performed no less than once a calendar year and filed with the Commission.

8. Complaints

Complaints by non-affiliated parties about the application of these principles, or any alleged breach thereof, will be brought to the immediate attention of the Vice President responsible for regulatory affairs of FortisBC and subsequently a report of the complaints, and action taken, will be filed with the Commission. The Company will endeavour to complete this investigation within one month of the complaint being made.

Where FortisBC determines that the complaint is unfounded, the Company may apply to the Commission for reimbursement of the costs of the investigation from the third party initiating the complaint or where this is not possible, for inclusion of those costs in rates.

9. Financing

The financing of the FortisBC and the NRB will be accounted for entirely separately with the financing costs reflecting the risk profile of each entity. No cross-guarantees or any form of financial assistance whatsoever should be provided directly or indirectly by FortisBC to the NRB without approval of the Commission.

10. Use of Name

An NRB may indicate an affiliation with FortisBC Inc. without approval of the Commission and carry on business in the name of FortisBC Inc. with approval of the Commission.

FortisBC Inc.
Code of Conduct
 March 31, 2009

Purpose:

The purpose of the following Code of Conduct is to establish the business practices to be followed in the relationship between FortisBC Inc. ("FortisBC") and ~~its~~ Non-Regulated Businesses ("NRBs"). An NRB is an affiliate of FortisBC not regulated by the British Columbia Utilities Commission ("Commission" or "BCUC") or a division of FortisBC offering unregulated products and services. All transactions with NRBs are to be in accordance with this Code of Conduct and the attached Transfer Pricing Policy.

Housekeeping

The following issues are specifically addressed in the Code:

1. ~~Employment Issues~~ Shared Services and Personnel
 2. Location of NRB Operations
 3. Confidential FortisBC Information
 4. Confidential NRB Information
 5. Inter-company Procurement Policy
 6. Preferred Market Treatment
 7. Periodic Compliance Audits
 8. Complaints
 9. Financing
 10. Use of Name
1. ~~Employment Issues~~ Shared Services and Personnel

~~FortisBC and NRBs are organized in a manner which results in effective control and efficient utilization of resources maintained by FortisBC. Employees of FortisBC may provide services from time to time to NRBs. Employees of FortisBC will perform services for NRBs only when their responsibilities to FortisBC permit. The employee providing such services may utilize his usual work area location or be requested to utilize the NRBs' facilities.~~

FortisBC may provide shared services to NRBs, while ensuring that ratepayers will not generally be negatively impacted, and retaining effective control and efficient utilization of the Company's resources. The costs of providing such services will be as agreed upon by both parties and be in accordance with the Commission-approved FortisBC Transfer Pricing Policy.

~~An NRB will normally fulfill its employment needs without preference to FortisBC personnel.~~ Employees may transfer from FortisBC to an NRB and vice versa, in cases where there is mutual benefit to FortisBC and the NRB. Employees of FortisBC may accept temporary work assignments to the NRB provided that ~~FortisBC can continue to be able to~~

FortisBC Inc.
Code of Conduct
March 31, 2009

~~fulfill its own responsibilities.~~ the Utility complies with Sections 3 and 4 of this Code, relating to confidential information, and no conflict of interest exists which will negatively impact on ratepayers.

Previous language does not recognize contractual obligations in affiliates relationships or transactions with stand-alone affiliates, over which FortisBC may not have control.

2. Location of NRB Operations

NRBs will normally operate out of separate and distinct business offices and locations than used by FortisBC. An NRB may locate its operations within ~~the~~ any of FortisBC's locations building at 1290 Esplanade, Trail, B.C. provided that such offices are ~~on a separate floor from or otherwise~~ physically separated from FortisBC offices.

Housekeeping

3. Confidential FortisBC Information

To the extent FortisBC provides information to an NRB, it must do so contemporaneously, and to the same extent, for all other market participants. If FortisBC's customers agree to a release of customer information to an NRB, it should be provided to other market participants under the same terms and conditions and for the same price. Should an individual customer make a specific request to have information released to a particular third party, it will be released to that party only. FortisBC will recover from the customer the costs associated with the provision of this information.

Information learned by NRB personnel in the course of performing services for FortisBC is considered proprietary to FortisBC. Such information may only be publicly disclosed by the NRB with FortisBC's consent.

4. Confidential NRB Information

Information learned by FortisBC personnel in the course of performing services for an NRB is considered proprietary to the NRB. Such information may only be publicly disclosed by the NRB or with the NRB's consent.

FortisBC Inc.
Code of Conduct
 March 31, 2009

5. Inter-company Procurement Policy

FortisBC must remain prudent and unbiased in sourcing services from an NRB. The NRB services must be judged by the same criteria as any other provider of services. FortisBC will ensure that evidence of prudence and objectivity exists whenever services are procured from the NRB. ~~The FortisBC employee contracting such services from the NRB is responsible to document such evidence.~~

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| Housekeeping: responsibility lies with FortisBC. |
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6. Preferred Market Treatment

FortisBC may not give NRBs, or parties doing business with an NRB, preference over non-affiliated marketers or other parties.

No FortisBC employee will state or imply that favoured treatment will be available to customers of FortisBC as a result of using any service of an NRB. In addition, no regulated utility personnel will condone or acquiesce in any other person stating or implying that favoured treatment will be available to customers of FortisBC as a result of using any service of an NRB.

No FortisBC employee will preferentially direct customers seeking competitively offered services to an NRB. If a customer, or potential customer, requests from FortisBC information about services offered by an NRB or its competitors in retail markets, FortisBC may provide such information, including a directory of retailers of the service, but shall not promote any specific retailer in preference to any other retailer.

7. Periodic Compliance Audits

FortisBC will formally advise all employees of expected conduct related to these principles and it will undertake to perform periodic audits of FortisBC to ensure compliance with these principles. These audits will be performed no less than once a calendar year and filed with the ~~British Columbia Utilities~~ Commission ~~("Commission")~~.

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| Housekeeping: term previously defined |
|---|

8. Complaints

Complaints by non-affiliated parties about the application of these principles, or any alleged breach thereof, will be brought to the immediate attention of the [Vice President responsible for regulatory affairs](#) ~~senior management~~ of FortisBC and subsequently a report of the complaints, and action taken, will be filed with the Commission. The [Company](#)

FortisBC Inc.
Code of Conduct
March 31, 2009

will endeavour to complete this investigation ~~report will be filed with the Commission~~
within one month of the complaint being made.

Where FortisBC determines that the complaint is unfounded, the Company may apply to the Commission for reimbursement of the costs of the investigation from the third party initiating the complaint or where this is not possible, for inclusion of those costs in rates.

[Housekeeping](#)

9. Financing

The financing of the FortisBC and the NRB will be accounted for entirely separately with the financing costs reflecting the risk profile of each entity. No cross-guarantees or any form of financial assistance whatsoever should be provided directly or indirectly by FortisBC to the NRB without approval of the Commission.

10. Use of Name

An NRB may indicate an affiliation with FortisBC Inc. without approval of the Commission and carry on business in the name of FortisBC Inc. with approval of the Commission. ~~An NRB will not indicate an affiliation with FortisBC Inc. in a manner that indicates that FortisBC's resources will support the NRB. An NRB may indicate an affiliation of Energy One and carry on business in the name of Energy One without approval of the Commission.~~

[Housekeeping](#)

FortisBC Inc.
Transfer Pricing Policy
March 31, 2009

1. Policy

It is the policy of FortisBC Inc. ("FortisBC" or "the Utility") to allocate costs for non-regulated activities in a manner that provides accurate and reliable business performance results and avoids cross subsidization between the regulated Utility and Non-Regulated Businesses ("NRB"). An NRB is an affiliate of FortisBC not regulated by the British Columbia Utilities Commission ("Commission" or "BCUC") or a division of FortisBC offering unregulated products and services.

2. Objectives

In all cases, the objectives of the transfer pricing policy should be maintained as determined by the Commission. They are:

- a) There must be no subsidy of unregulated business activities, whether undertaken by the Utility or the NRB, by Utility ratepayers,
- b) The risks associated with participation in the unregulated market must be borne entirely by the unregulated business activity; that is the risks must have no impact on Utility ratepayers, and:
- c) The most economically efficient allocation of goods and resources for ratepayers should be sought.

3. Scope

This transfer pricing policy applies to inter-business unit transactions. It does not apply to intra-business unit transactions within FortisBC.

4. Loadings Defined

Loadings are defined as the recovery of costs that, by their nature, would be administratively prohibitive to charge directly to each business activity. Loadings will be calculated based on the expected actual cost of the expense and allocated on a reasonable and consistent basis. When cost of capital is used in calculating loadings, it will be the weighted average cost of capital of the utility. Where applicable, loadings will be the same as those used for all other FortisBC activities.

FortisBC Inc.
Transfer Pricing Policy
March 31, 2009

5. Annual Review

The transfer pricing policy shall be reviewed annually by FortisBC to ensure ongoing compliance with the policy and ensure that prices are accurate, appropriate and consistent with the Retail Markets Downstream of the Utility Meter Guidelines developed by the British Columbia Utilities Commission.

6. Guidelines

- a) The use of any FortisBC facilities or services by an NRB will be separately accounted for and charged to the NRB in accordance with this policy.
- b) FortisBC and each NRB will define the Utility facilities and services to be provided to or from the NRB in an agreement between the parties. The facilities and services utilized will be priced according to this transfer pricing guideline.
- c) If the facility or service provided by the Utility to the related NRB could also be practically obtained from an independent supplier, the price paid by the related NRB to the Utility will be no less than the competitive market price and will never be below the incremental price.
- d) Development costs for new products and services transferred to an NRB will be tracked and charged to the NRB according to these pricing guidelines, net of any quantifiable benefits received by the Utility.
- e) The Utility will not undertake any financing or other financial assistance on behalf of an NRB that exposes Utility ratepayers to additional costs or risks, unless appropriate compensation is received by the Utility for such financing or other financial assistance, and such financing or other financial assistance is approved by the Commission.
- f) NRBs will be invoiced monthly for costs and appropriate loadings incurred in that month and participate in a credit policy on a basis consistent with other customers.
- g) Transfer of assets to NRBs will be at fair market value. An independent appraisal must be obtained for assets exceeding \$100,000.

FortisBC Inc.
Transfer Pricing Policy
March 31, 2009

7. Transfer Pricing Procedures

a) Labour Loading

All regular labour charged to the NRB will attract a Labour Loading calculated to recover all of the employee benefits over all regular chargeable hours worked. Overtime will be charged at cost but will not be loaded as it does not attract any additional benefits. Benefits include paid time not worked, pension plan contributions, statutory benefit contributions, and flexible benefit contributions. See Schedule 1 for the current loading rate.

Wherever practicable, employees working on behalf of the NRB will charge out their time to the NRB. Supervisory and engineering time should be directly charged to the NRB, except where captured in Generation Absorption costs, and is not included in General and Administrative Overhead.

b) Vehicles

Vehicles will be charged out on an hourly basis, except where captured in Generation Absorption costs. The vehicle class will determine the FortisBC vehicle charge-out rate, which is calculated to recover fleet operating expenses, amortization and capital costs of fleet capital assets.

c) Material Loading

Materials purchased for an NRB will be charged through at cost and will be loaded as shown in Schedule 1. The Material Loading rate is calculated by comparing the expected material handling costs to the expected material movement in the year.

d) Other Expenses

Notwithstanding the list of services included in Schedule 2, any services that are directly used by the NRB will be separately accounted for and charged to the NRB in accordance with this policy.

Incremental expenses such as travel will be direct charged to the NRB.

Rental of large tools and equipment will be charged to the NRB in accordance with this policy.

Contracting and consulting services arranged by FortisBC on behalf of the NRB will attract the General and Administrative Overhead. These services will not attract the Profit Margin.

The weighted average cost of capital plus depreciation will be charged to the NRB for the utilization of any of FortisBC's assets by the NRB.

FortisBC Inc.
Transfer Pricing Policy
March 31, 2009

e) General and Administrative Overhead

General and Administrative Overhead ("G&A") will be charged to recover general administrative expenses as defined in Schedule 2. It will be charged on the total invoice price in accordance with Schedule 1.

G&A is calculated by applying management's best estimate of the effort undertaken by the various corporate support departments on behalf of NRBs.

f) Profit Margin

A Profit Margin will be charged on the total invoice price including G&A. The Profit Margin will not be charged on the value of contracting and consulting services arranged by FortisBC on behalf of the NRB.

FortisBC Inc.
Transfer Pricing Policy
 March 31, 2009

Schedule 1

Loading Rates

| | |
|--|---------------------------|
| Labour Loading: | |
| Regular hours | 72.5% |
| Overtime hours | 0.0% |
| Material Loading | 7.0% of cost |
| General and Administrative Overhead | 5.5% of Loaded Labour and |
| - | Material Cost |
| Profit Margin | 10% |
| on total invoice price including General and Administrative Overhead | |

Note: The rates quoted above are the rates in effect at the time of the writing of this policy. The actual rates may be adjusted from time to time to ensure appropriate recovery of costs.

The Application of Loadings is illustrated in the following example.

| Component | Cost | Loading | Loaded Price |
|------------------------------------|---------------|---------|------------------|
| Costs Subject to Profit Margin | | | |
| Labour | | | |
| Regular Labour | \$5,000 | 72.5% | \$8,625 |
| Overtime Labour | 500 | 0.0% | 500 |
| Materials | | | |
| From Inventory | 25,000 | 7.0% | 26,750 |
| Shipped to Site | <u>25,000</u> | 7.0% | <u>26,750</u> |
| | | | 62,625 |
| General & Administrative | | 5.5% | <u>3,444</u> |
| | | | 66,069 |
| Profit Margin | | 10.0% | 6,607 |
| Subtotal | 55,500 | | 72,676 |
| Costs Not Subject to Profit Margin | | | |
| Contract Labour | | | |
| | <u>50,000</u> | 0.0% | 50,000 |
| General & Administrative | | 5.5% | <u>2,750</u> |
| Subtotal | 50,000 | | 52,750 |
| Total Invoice Price | | | <u>\$125,426</u> |

FortisBC Inc.
Transfer Pricing Policy
March 31, 2009

Schedule 2

General and Administrative Overhead

The allocation for General and Administrative Overhead will include but is not limited to the following incidental costs:

- clerical support
- office supplies
- buildings and related building services
- phone equipment
- human resource support
- accounting and financial support
- legal support
- information systems
- office equipment
- small tools and equipment
- training
- work order system
- communications
- marketing services
- executive services including strategic and corporate planning
- risk management and property and liability insurance

Notwithstanding this list of services included in General and Administrative Overhead, all services listed above that are directly used by the NRB will be separately accounted for and charged to the NRB in accordance with this policy.

FortisBC Inc.
Transfer Pricing Policy
March 31, 2009

1. Policy

It is the policy of FortisBC Inc. ("FortisBC" or "the Utility") to allocate costs for non-regulated activities in a manner that provides accurate and reliable business performance results and avoids cross subsidization between the regulated Utility and Non-Regulated Businesses ("NRB"). [An NRB is an affiliate of FortisBC not regulated by the British Columbia Utilities Commission \("Commission" or "BCUC"\) or a division of FortisBC offering unregulated products and services.](#)

[Housekeeping](#)

2. Objectives

In all cases, the objectives of the transfer pricing policy should be maintained as determined by the Commission. They are:

- a) There must be no subsidy of unregulated business activities, whether undertaken by the Utility or the NRB, by Utility ratepayers,
- b) The risks associated with participation in the unregulated market must be borne entirely by the unregulated business activity; that is the risks must have no impact on Utility ratepayers, and:
- c) The most economically efficient allocation of goods and resources for ratepayers should be sought.

3. Scope

This transfer pricing policy applies to inter-business unit transactions. It does not apply to intra-business unit transactions within FortisBC.

4. Loadings Defined

Loadings are defined as the recovery of costs that, by their nature, would be administratively prohibitive to charge directly to each business activity. Loadings will be calculated based on the expected actual cost of the expense and allocated on a reasonable and consistent basis. When cost of capital is used in calculating loadings, it will be the weighted average cost of capital of the utility. [Where applicable, loadings will be the same as those used for all other FortisBC activities.](#)

[Clarification](#)

Note: Some sections of 1998 TPP are re-ordered prior to editing

FortisBC Inc.
Transfer Pricing Policy
 March 31, 2009

5. Annual Review

The transfer pricing policy shall be reviewed annually by FortisBC to ensure ongoing compliance with the policy and ensure that prices are accurate, appropriate and consistent with the Retail Markets Downstream of the Utility Meter Guidelines developed by the British Columbia Utilities Commission.

6. Guidelines

- a) The use of any FortisBC facilities or services by an NRB will be separately accounted for and charged to the NRB in accordance with this policy.

- b) ~~An inter-entity service agreement (Schedule 3) will be entered into by FortisBC and each NRB which will define and schedule the utility facilities and services to be provided to the NRB. The facilities and services utilized will be priced according to this transfer pricing guideline. The signing of this service agreement by both FortisBC and the NRB indicate acceptance of the transfer pricing as set out in Schedule 1, the scheduled utilization of resources defined in the agreement, and the fair market value of any assets transferred.~~ FortisBC and each NRB will define the Utility facilities and services to be provided to or from the NRB in an agreement between the parties. The facilities and services utilized will be priced according to this transfer pricing guideline.

Housekeeping – form of agreements may vary

- c) If the facility or service provided by the Utility to the related NRB could also be practically obtained from an independent supplier, the price paid by the related NRB to the Utility will be no less than the competitive market price and will never be below the incremental price.

Clarification

- d) Development costs for new products and services transferred to an NRB will be tracked and charged to the NRB according to these pricing guidelines, net of any quantifiable benefits received by the Utility.
- e) The Utility will not undertake any financing or other financial assistance on behalf of an NRB that exposes Utility ratepayers to additional costs or risks,

Note: Some sections of 1998 TPP are re-ordered prior to editing

FortisBC Inc.
Transfer Pricing Policy
 March 31, 2009

unless appropriate compensation is received by the Utility for such financing or other financial assistance, and such financing or other financial assistance is approved by the Commission.

- f) NRBs will be invoiced monthly for costs and appropriate loadings incurred in that month and participate in a credit policy on a basis consistent with other customers.
- g) Transfer of assets to NRBs will be at fair market value. An independent appraisal must be obtained for assets exceeding \$100,000.

7. Transfer Pricing Procedures

Clarification – new document structure distinguishes guidelines from procedures

a) Labour Loading

All regular labour charged to the NRB will attract a Labour Loading calculated to recover all of the employee benefits over all regular chargeable hours worked. Overtime will be charged at cost but will not be loaded as it does not attract any additional benefits. Benefits include paid time not worked, pension plan contributions, statutory benefit contributions, and flexible benefit contributions. See Schedule 1 for the current loading rate.

~~f) —Wherever practicable, employees working on behalf of the NRB will charge out their time to the NRB. Labour will be loaded for fringe benefits as a percentage of cost as defined in Schedule 1. Overtime will be charged out at cost but will not be loaded as it does not attract any additional fringe benefits. Fringe benefits are defined to include paid time not worked, pension plan contributions, statutory benefit contributions, and flexible benefit contributions.~~ Supervisory and engineering time should be directly charged to the NRB, except where captured in Generation Absorption costs, and is not included in General and Administrative Overhead.

Clarification

b) Vehicles

Note: Some sections of 1998 TPP are re-ordered prior to editing

FortisBC Inc.
Transfer Pricing Policy
 March 31, 2009

~~h)~~ Vehicles will be charged out on an hourly basis, except where captured in Generation Absorption costs. The vehicle class will determine the FortisBC vehicle charge-out rate, which is calculated to recover fleet operating expenses, amortization and capital costs of fleet capital assets.

Clarification

c) Material Loading

~~i)~~ Materials purchased for an NRB will be charged through at cost and will be loaded as ~~defined shown~~ in Schedule 1. The Material Loading rate is calculated by comparing the expected material handling costs to the expected material movement in the year. Inventory items loading will include the costs of purchasing, invoice payment, storage and handling.

Clarification

~~j)~~ Items that are shipped directly to the job will be billed based on invoice cost of material and freight and will be loaded to include the costs of purchasing and invoice payment as defined in Schedule 1.

Modification – items shipped to job site will be subject to the same loading rate.

d) Other Expenses

Notwithstanding the list of services included in Schedule 2, any services that are directly used by the NRB will be separately accounted for and charged to the NRB in accordance with this policy.

Clarification

~~g)~~ Incremental expenses such as travel will be direct charged to the NRB, ~~through an expense account.~~

Housekeeping – incremental expenses are invoiced along with other transactions.

FortisBC Inc.
Transfer Pricing Policy
 March 31, 2009

~~m)~~ Rental of large tools and equipment will be charged to the NRB in accordance with this policy.

~~n)~~ Contracting and consulting services arranged by FortisBC on behalf of the NRB will attract the General and Administrative Overhead. These services will not attract the Profit Margin.

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|----------------------|
| <u>Clarification</u> |
|----------------------|

~~h)~~ The weighted average cost of capital plus depreciation will be charged to the NRB for the utilization of any of FortisBC's assets by the NRB.

e) General and Administrative Overhead

General and Administrative Overhead ("G&A") will be charged to recover general administrative expenses as defined in Schedule 2. ~~They~~ It will be charged on the total invoice price in accordance with Schedule 1.

G&A is calculated by applying management's best estimate of the effort undertaken by the various corporate support departments on behalf of NRBs.

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| <u>Clarification</u> |
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f) Profit Margin

A Profit Margin will be charged on the total invoice price including G&A. The Profit Margin will not be charged on the value of contracting and consulting services arranged by FortisBC on behalf of the NRB.

| |
|----------------------|
| <u>Clarification</u> |
|----------------------|

FortisBC Inc.
Transfer Pricing Policy
 March 31, 2009

Schedule 1

Loading Rates

Labour Loading: ~~on labour costs excluding overtime~~

Regular hours 72.5%

Overtime hours 0.0%

~~Salaried employees 55 %~~

~~Hourly employees 45 %~~

Material Loading 7.0% of cost

~~Inventory \$.50 per item~~

~~Shipped directly to job \$ 6.00 per transaction~~

~~Small item loading 14% on applicable inventory~~

~~Freight on inventory 5 % of cost~~

General and Administrative Overhead 5.5% of Loaded Labour and
 - ~~on total invoice price~~ Material Cost

~~10% on first \$1,000~~

~~2% on next \$9,000~~

~~1% on amounts > \$10,000~~

Profit Margin 10%

on total invoice price including General
 and Administrative Overhead

Note: The rates quoted above are the rates in effect at the time of the writing of this policy.
 The actual rates may be adjusted from time to time to ensure appropriate recovery of costs.

The Application of Loadings is illustrated in the following example.

FortisBC Inc.
Transfer Pricing Policy
 March 31, 2009

| Component | Cost | Loading | Loaded Price |
|---|---------------|---------|------------------|
| Costs Subject to Profit Margin | | | |
| Labour | | | |
| Regular Labour | \$5,000 | 72.5% | \$8,625 |
| Overtime Labour | 500 | 0.0% | 500 |
| Materials | | | |
| From Inventory | 25,000 | 7.0% | 26,750 |
| Shipped to Site | <u>25,000</u> | 7.0% | <u>26,750</u> |
| | | | 62,625 |
| General & Administrative | | 5.5% | <u>3,444</u> |
| | | | 66,069 |
| Profit Margin | | 10.0% | 6,607 |
| Subtotal | 55,500 | | 72,676 |
| Costs Not Subject to Profit Margin | | | |
| Contract Labour | | | |
| | <u>50,000</u> | 0.0% | 50,000 |
| General & Administrative | | 5.5% | <u>2,750</u> |
| Subtotal | 50,000 | | 52,750 |
| Total Invoice Price | | | <u>\$125,426</u> |

FortisBC Inc.
Transfer Pricing Policy
March 31, 2009

Schedule 2

General and Administrative Overhead

The allocation for General and Administrative Overhead will include but is not limited to the following incidental costs:

- clerical support
- office supplies
- buildings and related building services
- phone equipment
- human resource support
- accounting and financial support
- legal support
- information systems
- office equipment
- small tools and equipment
- training
- work order system
- communications
- marketing services
- executive services including strategic and corporate planning
- risk management and property and liability insurance

Notwithstanding this list of services included in General and Administrative Overhead, all services listed above that are directly used by the NRB will be separately accounted for and charged to the NRB in accordance with this policy.

FortisBC Inc.
Transfer Pricing Policy
March 31, 2009

SCHEDULE 3 – INTER-ENTITY SERVICE AGREEMENT IS DELETED

[Agreements will be determined on a case by case basis as described in section 6 b\).](#)

FortisBC Inc.

Revised Code of Conduct and Transfer Pricing Policy

Calculation of General and Administrative Overhead Loading

| | 2008 O&M | Expenses not Applicable to NRBs (\$000) | Total for Allocation | | Allocation to NRBs (\$000) | Allocation Factor |
|--------------------------------|------------------|--|-------------------------|------|----------------------------------|------------------------------------|
| Human Resources | \$ 1,079 | | \$ 1,079 | 3.1% | \$ 33 | Ratio NRB to total activity |
| Training | 460 | (200) | 260 | 3.1% | 8 | Ratio NRB to total activity |
| Internal Audit | 334 | | 334 | 3.1% | 10 | Ratio NRB to total activity |
| Corporate Admin (BOD) | 369 | | 369 | 0.5% | 2 | Minimal Effort |
| Insurance | 1,527 | (1,251) | 277 | 4.1% | 11 | Ratio NRB revenue to total revenue |
| Fortis Inc Charges | 830 | | 830 | 0.0% | 0 | n/a |
| Environmental | 219 | | 219 | 0.0% | 0 | n/a |
| Safety | 397 | | 397 | 3.1% | 12 | Ratio NRB to total activity |
| Facilities | 2,834 | | 2,834 | 3.1% | 88 | Ratio NRB to total activity |
| Communications | 1,079 | | 1,079 | 0.5% | 5 | Minimal Effort |
| Finance & Accounting | 2,598 | (250) | 2,348 | 3.1% | 73 | Ratio NRB to total activity |
| Procurement | 671 | | 671 | 3.1% | 21 | Ratio NRB to total activity |
| Legal & Regulatory | 1,293 | | 1,293 | 3.1% | 40 | Ratio NRB to total activity |
| Executive | 2,600 | | 2,600 | 0.5% | 13 | Minimal Effort |
| Information Systems | 2,834 | | 2,834 | 3.1% | 88 | Ratio NRB to total activity |
| Total | <u>\$ 19,124</u> | <u>\$ (1,701)</u> | <u>\$ 17,423</u> | | <u>\$ 405</u> | |
| Less Direct Charges | | | | | (123) | |
| Recoveries through G&A Loading | | | | | <u>\$ 282</u> | |
| Non Regulated Activity | | | | | 5,098 | |
| G&A Loading Rate | | | | | 5.54% | |
| Rounded to | | | | | 5.50% | |

NRB Allocation Factor

| | 2008 (\$000) | Percent of Total |
|--------------------------------|-----------------|---------------------|
| Operating and Maintenance | 44,844 | |
| Capital | 101,789 | |
| Regulated Third Party Work | 10,965 | |
| NRB Activity (s/t G&A Loading) | <u>5,098</u> | 3.1% |
| Total | 162,696 | |

FortisBC Inc.
Affiliate Transactions Report
For the year ended December 31, 2008

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graph TD
    FortisInc[Fortis Inc.] --> TerasenInc[Terasen Inc.]
    FortisInc --> NewfoundlandPower[Newfoundland Power]
    FortisInc --> FortisOntarioInc[FortisOntario Inc.]
    FortisInc --> FortisWestInc[FortisWest Inc.]
    FortisInc --> FortisEnergyBermuda[Fortis Energy (Bermuda) Ltd.]
    FortisInc --> FortisCaymanInc[Fortis Cayman Inc. (46.9%)]
    FortisInc --> MaritimeElectricCayman[Maritime Electric Cayman Inc. (11.6%)]
    FortisInc --> NewfoundlandEnergyCayman[Newfoundland Energy Cayman Inc. (11.6%)]
    FortisInc --> FortisEnergyCayman[Fortis Energy Cayman Inc.]
    FortisInc --> FortisPropertiesCorporation[Fortis Properties Corporation]
    FortisInc --> 52905Newfoundland[52905 Newfoundland and Labrador Inc.]
    FortisInc --> Inactives[Inactives]
    FortisInc --> 3233332Nova[3233332 Nova Scotia Limited]

    TerasenInc --> TerasenGasInc[Terasen Gas Inc.]
    TerasenInc --> TerasenGasVancouver[Terasen Gas (Vancouver Island) Inc.]
    TerasenInc --> TerasenGasWhistler[Terasen Gas (Whistler) Inc.]
    TerasenInc --> CustomerworksLP[Customerworks LP (30.07%)]

    NewfoundlandPower --> NewfoundlandLightPower[Newfoundland Light & Power Co. Limited]
    NewfoundlandPower --> NewfoundlandIndustries[Newfoundland Industries Limited]
    NewfoundlandPower --> NewfoundlandElectricCompany[Newfoundland Electric Company Limited]

    FortisOntarioInc --> CanadianNiagaraPower[Canadian Niagara Power Inc.]
    FortisOntarioInc --> CornwallStreetRailway[Corwall Street Railway Light & Power Co. Ltd.]
    FortisOntarioInc --> WestarioPowerHoldings[Westario Power Holdings Inc. (10%)]
    FortisOntarioInc --> RideauStLawrenceHoldings[Rideau St. Lawrence Holdings Inc. (10%)]
    FortisOntarioInc --> GrimstbyPower[Grimstby Power Inc. (10%) pending]
    FortisOntarioInc --> FortisOntarioDistrictHeating[FortisOntario District Heating Inc. (Formerly 1161557 Ontario Inc.)]
    FortisOntarioInc --> GanarogueWaterPower[Ganarogue Water Power Company]

    FortisWestInc --> FortisAlbertaHoldings[FortisAlberta Holdings Inc.]
    FortisWestInc --> FortisAlbertaInc[FortisAlberta Inc.]
    FortisWestInc --> FortisPacificHoldings[Fortis Pacific Holdings Inc.]
    FortisWestInc --> FortisBCInc[FortisBC Inc.]
    FortisWestInc --> ESIPowerWalden[ESI Power-Walden Corporation]
    FortisWestInc --> WestKootenayPower[West Kootenay Power Ltd.]
    FortisWestInc --> WaldenPowerPartnership[Walden Power Partnership]

    FortisEnergyBermuda --> CaribbeanUtilities[Caribbean Utilities Company Limited (54%)]
    FortisEnergyBermuda --> AtlanticEquipmentPower[Atlantic Equipment Power (Turks & Caicos) Limited]
    FortisEnergyBermuda --> PPCLimited[P.P.C. Limited]

    FortisCaymanInc --> FortisEnergyInternationalBelize[Fortis Energy (International) Belize Inc. (0.2%)]
    FortisCaymanInc --> BelizeElectricityLimited[Belize Electricity Limited]

    MaritimeElectricCayman --> BelizeElectricityLimited

    NewfoundlandEnergyCayman --> BelizeElectricityLimited

    FortisEnergyCayman --> BelizeElectricCompanyLimited[Belize Electric Company Limited]

    FortisPropertiesCorporation --> 11164Newfoundland[11164 Newfoundland Inc. (Delta St. John's)]
    FortisPropertiesCorporation --> MaritimeElectricCompanyLimited[Maritime Electric Company, Limited]
    FortisPropertiesCorporation --> FortisHydroCorporation[Fortis Hydro Corporation (Inactive)]

    52905Newfoundland --> FortisInvestmentsLimitedPartnership[Fortis Investments Limited Partnership]

    Inactives --> MaritimeBelizeLimited[Maritime Belize Limited]
    Inactives --> FortisBelizeLimited[Fortis Belize Limited]
    Inactives --> FortisEnergyCorporation[Fortis Energy Corporation]

    3233332Nova --> FortisUSInc[FortisUS Inc.]
    3233332Nova --> FortisUSEnergyCorporation[FortisUS Energy Corporation]
  
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FortisBC Inc.
Affiliate Transactions Report
For the year ended December 31, 2008

B. List of Affiliates with Whom FortisBC Transacted Business

The following is a list of all affiliates with whom FortisBC transacted business in the year ending **December 31, 2008 including the business address, list of officers and directors and a description of the Affiliates' business activities.**

Fortis Inc.

Suite 1201, 139 Water Street
P.O. Box 8837
St. John's, NL
A1B 3T2

Directors:

Geoffrey F. Hyland (Chair)
Peter E. Case
Frank J. Crothers
Linda L. Inkpen
H. Stanley Marshall
John S. McCallum
Harry McWatters
David G. Norris
Michael A. Pavey
Roy P. Rideout

Officers:

| | |
|---------------------|--|
| H. Stanley Marshall | <i>President and Chief Executive Officer</i> |
| Barry V. Perry | <i>Vice President, Finance and Chief Financial Officer</i> |
| Ronald W. McCabe | <i>Vice President, General Counsel and Corporate Secretary</i> |
| Donna G. Hynes | <i>Assistant Secretary</i> |

Description of Business: Fortis Inc. is a diversified, international distribution utility holding company with investments primarily in regulated electric distribution utilities in Canada and the Caribbean region. The Corporation also owns and operates non-regulated generation assets and commercial real estate & hotels.

FortisBC Inc.
Affiliate Transactions Report
For the year ended December 31, 2008

FortisAlberta Inc.

320 - 17th Avenue SW
Calgary, Alberta
T2S 2V1

Directors:

Gregory E. Conn (Chair)
Judith J. Athaide
Brian F. Bietz
Nora M. Duke
Al Duerr
Joanne R. Lemke
H. Stanley Marshall
John S. McCallum
Karl W. Smith
John C. Walker

Officers:

| | |
|-------------------|--|
| Karl W. Smith | <i>President and Chief Executive Officer</i> |
| Annette Butt | <i>Vice President, Human Resources and Corporate Communications</i> |
| Nipa Chakravarti | <i>Vice President, Customer Service</i> |
| Phonse Delaney | <i>Vice President, Operations and Engineering</i> |
| Cynthia Johnston- | <i>Vice President, Regulatory and Legal</i> |
| Ian G. Lorimer | <i>Vice President, Finance and Chief Financial Officer</i> |
| Alan Skiffington- | <i>Vice President, Business Services and Chief Information Officer</i> |
| Robert J. Fink | <i>General Counsel and Corporate Secretary</i> |
| Michael G. Olson | <i>Controller and Treasurer</i> |

Description of Business: FortisAlberta is a regulated electricity distribution utility in the Province of Alberta. Its business is the ownership and operation of regulated electricity distribution facilities that distribute electricity generated by other market participants from high-voltage transmission substations to end-use customers.

Fortis Pacific Holdings Inc.

25th Floor
4700 West Georgia Street
Vancouver, B.C.
V7Y 1B3

Directors:

John C. Walker
Michele Leeners
David Bennett

Officers:

| | |
|-----------------|--|
| John C. Walker | <i>President and Chief Executive Officer</i> |
| Michele Leeners | <i>Vice President, Finance and Chief Financial Officer</i> |
| Doyle Sam | <i>Vice President, Engineering and Operations</i> |
| David Bennett | <i>Secretary</i> |

Description of Business: Fortis Pacific Holdings Inc. is a British Columbia company that is the parent company of FortisBC.

FortisBC Inc.
Affiliate Transactions Report
For the year ended December 31, 2008

Newfoundland Power Inc.

55 Kenmount Road
P.O. Box 8910
St. John's NL
A1B 3P6

Directors:

David G. Norris (Chair)
Peggy Bartlett
Frank Davis
Ed Drover
Chris Griffiths
Georgina Hedges
Earl A. Ludlow
Fred O'Brien
Bruce Simmons
John C. Walker
Barry V. Perry
Jo Mark Zurel

Officers:

| | |
|------------------|--|
| Earl A. Ludlow | <i>President and CEO</i> |
| Jocelyn H. Perry | <i>Vice President Finance & CFO</i> |
| Lisa A. Hutchens | <i>Vice President, Customer Relations and Corporate Services</i> |
| Gary Smith | <i>Vice President, Engineering and Operations</i> |
| Peter S. Alteen | <i>Vice President, Regulatory Affairs and General Counsel</i> |

Description of Business: Newfoundland Power Inc. operates an integrated generation, transmission and distribution system throughout the island portion of Newfoundland and Labrador.

Terasen Inc.

Suite 1000
1111 West Georgia Street
Vancouver BC
V6E 4M3

Directors:

H. Stanley Marshall (Chairman)
Harold Calla
Brenda Eaton
Ida J. Goodreau
R.L. (Randy) Jespersen
Harry McWatters
Barry V. Perry
Linda S. Petch
David R. Podmore
John C. Walker

Officers:

| | |
|--------------------------|--|
| R.L. (Randy) Jespersen - | <i>President and Chief Executive Officer</i> |
| David C. Bennett | <i>Vice President & General Counsel</i> |
| Roger Dall'Antonia | <i>Vice President, Corporate Development and Treasurer</i> |
| Cynthia Des Brisay | <i>Vice President, Gas Supply and Transmission</i> |
| Jan A. Marston | <i>Vice President, Human Resources and Operations Governance</i> |
| Robert M. Samels | <i>Vice President, Business Services and Chief Information Officer</i> |
| Douglas L. Stout | <i>Vice President, Marketing and Business Development</i> |
| Scott A. Thomson | <i>Vice President, Regulatory Affairs and Chief Financial Officer</i> |

Description of Business: Terasen Inc., a Canadian corporation headquartered in Vancouver, British Columbia, is the parent company of the regulated Terasen Gas companies and Terasen Energy Services Inc. A wholly owned subsidiary of Fortis Inc., Terasen, together with its subsidiaries, it is one of the largest distributors of natural gas in the greater Pacific Northwest and a leading provider of alternative energy systems.

FortisBC Inc.
Affiliate Transactions Report
For the year ended December 31, 2008

Terasen Gas Inc.

10th floor
1111 West Georgia Street
Vancouver BC
V6E 4M3

Directors:

H. Stanley Marshall (Chairman)
Harold Calla
Ida J. Goodreau
R.L. (Randy) Jespersen
Harry McWatters
Barry V. Perry
Linda S. Petch
David R. Podmore
John C. Walker

Officers:

| | |
|------------------------|---|
| R.L. (Randy) Jespersen | <i>President and Chief Executive Officer</i> |
| David C. Bennett | <i>Vice President and General Counsel; Corporate Secretary</i> |
| Roger Dall'Antonia | <i>Vice President, Corporate Development and Treasurer</i> |
| Scott A. Thomson | <i>Vice President, Regulatory Affairs and Chief Financial Officer</i> |
| Debra G. Nelson | <i>Assistant Corporate Secretary</i> |

Description of Business: Terasen Gas is the largest distributor of natural gas in British Columbia. Major areas served by Terasen Gas are Greater Vancouver, the Fraser Valley and the Thompson, Okanagan, Kootenay and North Central Interior regions of the province. Terasen Gas provides transmission and distribution services to its customers, and obtains natural gas supplies on behalf of residential and commercial customers.

FortisOntario Inc.

1130 Bertie Street
P.O. Box 1218
Fort Erie, ON
L2A 5Y2

Directors:

Gilbert S. Bennett (Chair)
Peter E. Case
William J. Daley
Geoffrey F. Hyland
Barry V. Perry
Oskar T. Sigvaldson

Officers:

| | |
|------------------|--|
| William J. Daley | <i>President and Chief Executive Officer</i> |
| Glen King | <i>Vice President Finance and Chief Financial Officer</i> |
| R. Scott Hawkes | <i>Vice President, Corporate Services, General Counsel and Corporate Secretary</i> |
| Angus S. Orford | <i>Vice President, Operations</i> |

Description of Business: FortisOntario is primarily an electric transmission and distribution utility, which owns and operates Canadian Niagara Power Inc. and Cornwall Electric. The Company owns regulated transmission assets in the Niagara and Cornwall regions, including an interconnection between New York State and Fort Erie, Ontario. FortisOntario owns a 10 per cent interest in each of Westario Power Inc., Rideau St. Lawrence Holdings Inc., and Grimsby Power Inc. (pending), three regional electric distribution companies.

FortisBC Inc.
Affiliate Transactions Report
For the year ended December 31, 2008

Fortis Properties Inc.

Suite 1201, 139 Water Street
P.O. Box 8837
St. John's, NL
A1B 3T2

Directors:

Linda L. Inkpen (Chair)
Nora M. Duke
H. Stanley Marshall
David G. Norris

Officers:

| | |
|------------------|--|
| Nora M. Duke | <i>President and Chief Executive Officer</i> |
| Jamie D. Roberts | <i>Vice President, Finance and Chief Financial Officer</i> |
| Terry K Chaffey | <i>Vice President, Real Estate</i> |
| Ronald W. McCabe | <i>Vice President, General Counsel and Corporate Secretary</i> |

Description of Business: Fortis Properties Inc. is a diversified company with holdings in commercial real estate, hotels and hydroelectric generation. The Company operates in eight Canadian provinces and one U.S. state.

Walden Power Partnership

Suite 100, 1975 Springfield Road
Kelowna, BC
V1Y 7V7

Description of Business: Walden Power Partnership is the owner of a non-regulated 16 MW run-of-river hydroelectric power plant near Lillooet, BC. The partnership is between FortisBC Inc. and West Kootenay Power Limited.

FortisBC Inc.
Affiliate Transactions Report
For the year ended December 31, 2008

C. List of Services Agreements

The following is a list of all Services Agreements in effect during the Reporting Period:

- a. Shared Services Agreement between FortisBC Inc. and FortisAlberta Inc. dated January 1, 2006.
- b. Property Tax Shared Services Agreement between FortisBC Inc., and Terasen Gas Inc. dated May 1, 2008.

FortisBC Inc.
Affiliate Transactions Report
For the year ended December 31, 2008

D. Affiliate Party Transactions Summary

The following is a summary overview of the types of transactions provided between FortisBC and its affiliates containing a general description of the transactions and services, the parties involved and the approximate aggregate value.

1. Transactions with **Fortis Inc.**

| Transactions charged to Fortis Inc. | |
|-------------------------------------|--------------------------------|
| <i>Transaction Type</i> | <i>Approximate 2008 Amount</i> |
| Executive Legal Services | \$ 101,000 |
| Travel and Misc. Expense | 2,000 |
| | |
| | |
| Total 2008 approximate value | \$ 103,000 |

| Transactions charged from Fortis Inc. | |
|--|--------------------------------|
| <i>Transaction Type</i> | <i>Approximate 2008 Amount</i> |
| Corporate Governance and Strategic Services | \$ 840,500 |
| Stock-Based Compensation (Non Regulated) | 347,000 |
| Pension Expense for employee covered by Fortis Inc. plan | 23,500 |
| Information Technology Services – Shared Ethics Reporting System | 20,000 |
| | |
| Total 2008 approximate value | \$ 1,231,000 |

2. Transactions with **FortisAlberta Inc.**

| Transactions charged to Fortis Alberta | |
|--|--------------------------------|
| <i>Transaction Type</i> | <i>Approximate 2008 Amount</i> |
| Pension Expense for Fortis Alberta employee covered by FortisBC plan | \$ 28,000 |
| Metering Equipment Maintenance | 24,000 |
| Travel Expenses, Board of Directors (J. Walker) | 4,000 |
| Staff Travel Expenses (recruitment to FortisAlberta) | 2,000 |
| | |
| Total 2008 approximate value | \$ 58,000 |

| Transactions charged from Fortis Alberta | |
|---|--------------------------------|
| <i>Transaction Type</i> | <i>Approximate 2008 Amount</i> |
| Materials Purchase (Capital) ⁴ | \$ 163,000 |
| Meter Management Services | 76,000 |
| Apprenticeship Technical Training | 35,500 |
| Property Tax Support Services | 2,000 |
| Interest on intercompany accounts | 500 |
| | |
| Total 2008 approximate value | \$ 277,000 |

FortisBC Inc.
Affiliate Transactions Report
For the year ended December 31, 2008

3. Transactions with **Newfoundland Power Inc.**

| Transactions charged to Newfoundland Power | |
|---|--------------------------------|
| Transaction Type | Approximate 2008 Amount |
| Travel Expenses, Board of Directors (J Walker) | \$ 23,000 |
| | |
| | |
| Total 2008 approximate value | \$ 23,000 |

| Transactions charged from Newfoundland Power | |
|--|--------------------------------|
| Transaction Type | Approximate 2008 Amount |
| Consulting fee – insurance services | \$ 8,500 |
| Share of Conference Board of Canada Subscription | 3,000 |
| Shared Membership Fee – Institute of Internal Auditors | 500 |
| Total 2008 approximate value | \$ 12,000 |

4. Transactions with **Terasen Inc.**

| Transactions charged to Terasen Inc. | |
|---|--------------------------------|
| Transaction Type | Approximate 2008 Amount |
| Executive Legal Services | \$ 130,000 |
| Travel Expenses, Board of Directors (J. Walker) | 5,000 |
| Total 2008 approximate value | \$ 135,000 |

FortisBC Inc.
Affiliate Transactions Report
For the year ended December 31, 2008

5. Transactions with **Terasen Gas Inc.**

| Transactions charged to Terasen Gas | |
|---|-------------------------|
| Transaction Type | Approximate 2008 Amount |
| Sale of Power (Tariff sales) | \$ 380,000 |
| Maintenance invoice paid on behalf of Terasen Gas | 1,000 |
| Energy Management – shared cost of pilot project | 17,500 |
| | |
| | |
| | |
| | |
| | |
| Total 2008 approximate value | \$ 398,500 |

| Transactions charged from Terasen Gas | |
|---|-------------------------|
| Transaction Type | Approximate 2008 Amount |
| Rental of Springfield Road office | \$ 221,500 |
| Property Tax Support Services including software and license fees and travel expenses | 45,500 |
| Sale of Natural Gas (Tariff sales) | 15,000 |
| Energy Efficiency Programs | 10,000 |
| Conference Expenses | 12,000 |
| Donations | 2,000 |
| Damage Repairs (Gas Line) | 2,500 |
| Travel Expenses, Board of Directors (R Jespersen) | 1,500 |
| | |
| Total 2008 approximate value | \$ 310,000 |

6. Transactions with **Fortis Ontario Inc.**

| Transactions charged from Fortis Ontario | |
|--|-------------------------|
| Transaction Type | Approximate 2008 Amount |
| Travel Expenses, Board of Directors (W Dailey) | \$ 5,000 |
| Total 2008 approximate value | \$ 5,000 |

7. Transactions with **Fortis Properties Inc.**

| Transactions charged from Fortis Properties | |
|---|-------------------------|
| Transaction Type | Approximate 2008 Amount |
| Share of Canadian Hydropower Dues | \$ 2,000 |
| Total 2008 approximate value | \$ 2,000 |

FortisBC Inc.
Affiliate Transactions Report
For the year ended December 31, 2008

8. Transactions with **Fortis Pacific Holdings Inc.**

| Transactions charged to FPHI | |
|--|--------------------------------|
| Transaction Type | Approximate 2008 Amount |
| Services pursuant to Subcontractor Agreements for City of Kelowna Electric Utility, Arrow Lakes Power Co., and Brilliant Expansion Power Corp. | \$ 5,626,000 |
| Interest on intercompany account balance | 25,000 |
| Total 2008 approximate value | \$ 5,651,000 |

9. Transactions with **Walden Power Partnership.**

| Transactions charged to Walden Power Partnership | |
|--|--------------------------------|
| Transaction Type | Approximate 2008 Amount |
| Operation & Maintenance, Walden Power Plant | \$ 105,000 |
| Interest Expense (Non Regulated) | 150,000 |
| Total 2008 approximate value | \$ 255,000 |
| | |
| Net cash invested in Walden in 2008 (Non Regulated) | \$700,000 |

Note: Non Regulated transactions with Walden Power Partnership are excluded from regulated operations for Revenue Requirements.

FortisBC Inc.
Affiliate Transactions Report
For the year ended December 31, 2008

E. Affiliate Party Financial Transactions Summary

The following is a summary of financial transactions provided between FortisBC and its affiliates.

FortisBC Inc.
Affiliate Party Financial Transactions
January 1, 2008 to December 31, 2008
('\$000s)

| Date | Related Party | Terms | Capital Transactions | Related Party Investing | Related Party Financing |
|-------------|------------------------------|---------------------|-----------------------------|--------------------------------|--------------------------------|
| 28-Feb-08 | Fortis Pacific Holdings Inc. | Dividend payment | (3,200) | - | - |
| 30-May-08 | Fortis Pacific Holdings Inc. | Dividend payment | (3,200) | - | - |
| 29-Aug-08 | Fortis Pacific Holdings Inc. | Dividend payment | (3,500) | - | - |
| 30-Sep-08 | Fortis Pacific Holdings Inc. | Common equity issue | 10,000 | - | - |
| 29-Dec-08 | Fortis Pacific Holdings Inc. | Common equity issue | 5,000 | - | - |
| 29-Dec-08 | Fortis Pacific Holdings Inc. | Dividend payment | (3,500) | - | - |

AGREEMENT

THIS AGREEMENT made

Between:

FORTISBC Inc.
(hereinafter called the "Company")

and

CANADIAN OFFICE AND PROFESSIONAL EMPLOYEES' UNION, LOCAL 378

representing the employees of FortisBC Inc.
affected by this Agreement, (hereinafter called the "Union")

WITNESSETH AS FOLLOWS:

1. These provisions shall take effect and be binding upon the Company and the Union for the period commencing February 1, 2006 and ending on January 31, 2011 save where specific provisions have different and specific effective dates.
2. It is hereby agreed that, in accordance with subsection 4 of Section 50 of the Labour Relations Code of British Columbia, subsection 2 and subsection 3 of Section 50 is excluded and shall not be applicable to this Agreement.
3. Either Party may at any time within four months immediately preceding the expiry date of this Agreement, give to the other Party written notice of its intention to re-open or amend this Agreement on its expiry date or any day thereafter.
4. After the expiry date of this Agreement and until a revised Agreement is signed, this Agreement and all its provisions shall remain in full force and effect without prejudicing the position of the revised Agreement in making any matter retroactive in such revised Agreement.

ARTICLE 1 UNION RECOGNITION**1.01**

- (a) This Agreement shall apply to and be binding upon all employees of the Company described in a Certification issued by the Labour Relations Board, Province of British Columbia, on the 19th day of November, 1980, and which are all employees of the Company employed in its establishment in British Columbia and designated as being "Office, clerical, technical and administrative employees".
- (b) Excluded from the term "employees" in this Agreement are those persons represented by Local Union 213, International Brotherhood of Electrical Workers, persons employed in a confidential, supervisory or professional capacity as provided in the Labour Relations Code of British Columbia.

1.02

- (a) The Company recognizes the Union as the exclusive representative of the employees for the purpose of conducting collective bargaining in respect of rates of pay, hours of work and other working conditions; and the Company shall continue to so recognize the Union as long as the Union retains its right to conduct collective bargaining for the employees under the law.
- (b) The Company recognizes the Union's right to select, subject to its sole discretion, Job Stewards and any other Union officials or representatives whose duties involve, in whole or in part, representing employees under this Agreement and the Company agrees to co-operate with these persons in the performance of their duties on behalf of the Union and its membership.
- (c) The Union will notify the Company in writing of the names of the persons authorized to represent the Union and/or the employees for the purposes of this Agreement, and of any changes in these names.

1.03

The Company will make all reasonable efforts or arrangements to grant leave of absence without pay to:

- (a) One employee appointed or elected to Union office for a period up to and including three years;
- (b) A reasonable number of employees elected as representatives to attend Executive Council meetings, conventions or other mutually agreed to activities;
- (c) Essential employees required to attend Labour Relations Board hearings or collective bargaining.

Reasonable notice for such leaves of absence must be given to the Company. Such leaves must be approved by the immediate supervisor and the Human Resources Department. Such requests for time off will not be unreasonably withheld.

1.04

Bulletin Boards shall be made available to the Union for the purpose of posting of Union notices. All notices shall be submitted to the Manager, Labour Relations, or his nominee for information before being posted.

1.05

(a) Duly authorized representatives of the Union, as designated by the Union, shall be granted time off during regular working hours to perform their duties and this time shall be deemed to be time worked. Accordingly, they shall be kept "whole" by the Company with respect to all pay, seniority, benefits and other rights and entitlements which would accrue to them under this Agreement had they remained working. Such time off work shall be for the purpose of investigating and resolving complaints; investigating and resolving grievances, including attending grievance meetings and arbitration hearings; representing employees involved in disciplinary matters; orientation of new employees; distributing Union literature; attending joint meetings of the Company and the Union; or other Union business, and will be reasonable for the circumstances.

(b) The Company will grant time off with pay for the grievor to permit the investigation and handling of grievances and attendance at grievance hearings, up to and including Stage 3. Such periods of absence shall be deemed to be time worked and will be reasonable for the circumstances.

1.06

It is recognized by the parties to this Agreement that, due to the size and geographic responsibility of the Company, some overlap in duties between employees and non-bargaining unit personnel does or could occur. Similarly, it is recognized that some overlap in duties between employees does or could occur. It is agreed that jobs listed in Appendix "C" will not be assigned to non-bargaining unit employees except to overcome immediate, short-term operational or personnel difficulties.

ARTICLE 2 UNION SECURITY

2.01

The Company shall deduct, as a condition of each employee's continued employment, Union dues, initiation fees, and special assessments, as established by a vote of the membership and as directed by the Executive of the Union.

2.02

Such Union dues shall commence in the month following the month of hire and be remitted to the Union monthly, together with a list of the name, work location, job title, status and pay group of employees from whom Union dues have been deducted.

2.03

As a condition employment, within fifteen days of employment with the company, employees shall join and remain members of the Union.

2.04

The parties agree to establish and maintain a Labour/Management forum at least one time per calendar year. The first of such forums will be held within the first 90 calendar days of each year. Included in this forum will be an annual overview of potential contracting out issues that may affect this Union.

2.05

A list of temporary employees designating the areas and function performed shall be forwarded to the Union quarterly.

2.06

New COPE employees will be introduced to area union stewards who will be afforded the opportunity to discuss union policy and collective agreement provisions.

ARTICLE 3 MANAGEMENT RIGHTS

3.01

All management rights heretofore exercised by the Company unless expressly limited by this Agreement are reserved to and are vested exclusively in the Company.

ARTICLE 4 GRIEVANCE PROCEDURE

4.01

The Parties to this Agreement agree that it is of utmost importance to resolve complaints and grievances as quickly as possible in accordance with the procedures set out in this Article. "Grievance" means any difference between the Parties bound by this Agreement concerning its interpretation, application, operation or any alleged violation thereof, including any questions as to whether any matter is grievable. All grievances or disputes shall be settled without stoppage of work, in accordance with the following procedures. All written correspondence to the Union concerning grievances will be sent to both the local's Councilor and the Union office.

4.02 EMPLOYEE GRIEVANCE

Stage 1

The employee or employees concerned, in person, with or without a Union representative in attendance, or a Union representative acting on behalf of an employee or employees, shall first seek to settle the complaint with the immediate supervisor concerned. Such discussion will take place not later than ten working days of the event causing the complaint or within ten working days from the time the employee became aware of the event causing the complaint.

Stage 2

A grievance not settled at Stage 1 above may be referred, in writing to Stage 2 within 10 working days by a representative of the Union to the appropriate Superintendent or Function Manager, or to a nominee appointed by him. Within five working days of the written referral to Stage 2, a Company nominee and a representative of the Union shall meet to investigate and attempt to resolve the grievance. The Company shall reply, in writing, within ten working days of the date of written referral to Stage 2. If the grievance is not settled at this stage, it may be referred to Stage 3 within 20 working days of receipt of the Company's written reply.

Stage 3

A grievance not settled at Stage 2 above may be referred, in writing, by the Union to the Manager, Human Resources, or to a nominee appointed by him. The Parties shall meet as soon as possible and attempt to resolve the grievance. The Company shall reply, in writing, within 15 working days of the date of written referral to Stage 3. If the grievance is not settled at this stage, it may be referred to Stage 4 within 30 working days of receipt of the Company's written reply.

Stage 4

A grievance not settled at Stage 3 above may be submitted by the Union to a Board of Arbitration by written notice to the Manager, Human Resources. The Board shall consist of three members: one to be selected by the Union, one by the Company and a third, mutually acceptable person, who shall act as Chairman, to be chosen by the two persons thus selected. Each Party shall advise the other of its selected member within 20 working days of the date of the notice of intent to submit the grievance to arbitration.

In the event that the member selected by the Union and the member selected by the Company are unable to agree on the selection of the third member, the Minister of Labour of British Columbia shall be requested to appoint such third member.

The Board of Arbitration shall be requested to render a decision within a period of 30 calendar days from the date of appointment of the Chairman.

The decision of the Board of Arbitration, or a majority thereof, shall be final and binding on both Parties.

Each Party shall pay the expenses incurred in connection with the preparation and presentation of its own case. The Parties shall bear in equal shares the expenses of the third member of the Board.

At any time, by the mutual consent of the Union and the Company, a single arbitrator may be appointed in lieu of a Board of Arbitration. The selection of such single arbitrator shall be made by the parties to this Agreement. Should the Parties be unable to agree on a single arbitrator, the Minister of Labour of British Columbia shall be requested to appoint a single arbitrator. The Parties shall bear in equal shares the expenses of such arbitrator.

4.03

The processing of a grievance dealing with suspension or termination will begin with Stage 3. By mutual agreement of the Company and the Union, any other grievance may begin with Stage 3.

4.04 POLICY GRIEVANCE

Should either the Company or Union consider that an action or contemplated action is, or will become a difference or dispute between the Parties concerning the application, interpretation or violation of this Agreement, then such will be considered a policy grievance and will be dealt with as follows:

- (a) The grieving Party, i.e., the Manager, Human Resources of the Company, or the President of the Union, or their nominee(s), shall initiate the grievance by letter. Within 20 working days of receipt of such written notice, the principals or their nominee(s), shall meet and attempt to resolve the grievance.
- (b) A written response to the Party initiating the grievance shall be forthcoming within ten working days following the meeting. Should such response not result in a satisfactory settlement, the grievance may be submitted to arbitration within ten working days of receiving that response and the other Party shall be so advised.

4.05

Time limits may be extended by mutual written consent of the Company and the Union.

ARTICLE 5 SENIORITY**5.01**

Commencing February 1, 1997, seniority shall be defined as the length of an Employee's continuous service with the Employer within the bargaining unit, subject to the other provisions of this Article.

5.02

An employee shall not be deemed to have any seniority until he or she has been employed by the Company, on a continuous basis, for three months. After completion of three months service, seniority shall accrue from the date of employment.

5.03

The Company shall maintain a record showing the date on which each employee's service commenced and terminated. Any employee may request information from the Company relative to his/her own seniority. A seniority list including, but not limited to, the name, employment status, job title, job group, established headquarters, service date and seniority date of each employee in the bargaining unit shall be prepared quarterly and will be forwarded to the Union office, with a copy to all local representatives of the Union.

5.04

(a) An employee who has been laid off and recalled per Article 11 will maintain their accumulated seniority as before the layoff.

(b) If an employee with five or more years of seniority in the COPE 378 bargaining unit resigns or otherwise leaves the bargaining unit and subsequently is rehired into the bargaining unit after February 1, 2006, s/he may reinstate this prior seniority to be effective five years after the employee's return to the bargaining unit if:

- (i) the employee serves notice to the Union of intent to reinstate within two years of his or her return to the bargaining unit; and
- (ii) the employee satisfies all other terms and conditions of reinstatement as determined by the Union.

5.05

Temporary employees shall be deemed to have seniority after six calendar months, and will be accrued in the ratio of their normal annual hours paid to the total normal annual hours paid for a full-time regular employee.

5.06

All regular part-time employees shall have their seniority as at December 31, 1982 protected. Effective January 1, 1983 an employee classified as regular part-time shall accrue further

seniority in the ratio of their normal annual hours paid to the total normal annual hours paid for a regular full-time employee.

5.07

An employee who is granted a leave of absence from the Company's service shall not lose seniority thereby.

5.08

“Service” for the purpose of this Agreement, shall be established on the basis of employment with the Company, whether or not under the terms of Article 1.01, and shall commence from the date last employed.

5.09

When application of seniority is required to determine priority between two or more employees for any entitlement under this Collective Agreement, their relative seniority shall be determined by a method of random selection mutually agreed upon between the Company and the Union.

ARTICLE 6 EMPLOYEE DEFINITIONS

6.01 Probationary Employee

- (a) All new employees entering the Company in a job covered by this Agreement shall be considered probationary for a period of six months and may be terminated during this period with one week's notice or pay in lieu of notice.
- (b) The probationary period may be extended by a further period of up to three months by mutual agreement between the Union and the Company. The Company will notify the employee in writing, with a copy to the Union, ten calendar days prior to the expiration of the probationary period in Article 6.01(a) above. The letter extending the probationary period will outline the duration and reasons for such extended probationary period.
- (c) The extended probationary period will be only to allow for further performance assessment, and therefore the Company may terminate the employee during this extended probationary period for reasons of inadequate performance only. All other provisions of the Collective Agreement, including the accrual of seniority, will apply.

6.02 Regular Full-Time Employee (RFT)

An employee hired to fill a regular, continuing full-time position. After completion of the established waiting period as set out in Plan documents or as otherwise provided in this Agreement, the employee is entitled to all benefits set out in this Agreement.

6.03 Regular Part-Time Employee (RPT)

- (a) An employee hired to work regular hours or days but who works less than full time hours on a regular and continuing basis.

After completion of the established waiting period as set out in Plan documents or as otherwise provided in this Agreement, the employee is entitled to all benefits set out in this Agreement.

- (b) Any periods of paid absence, excluding Long Term Disability, will be prorated in accordance with time worked. Stat Holidays will be prorated on the basis of hours actually worked to regular hours available for work in the month preceding the Stat Holiday.

- (c) A regular part-time employee shall be eligible to become a member of the COPE-FORTISBC Pension Plan on the first day of a month, not earlier than the effective date, at which time the employee

- (i) has completed at least 24 months of continuous service in which he or she has earned at least 35% of the YMPE in each of two consecutive calendar years, and
- (ii) is actively at work.

Pension entitlement will be prorated on the basis of hours actually worked in a given period.

- (d) The Company shall not hire or use RPT employees to avoid the continuance, creation or filling of positions for or by RFT employees.

6.04 Temporary Employee

An employee hired for a temporary period not to exceed 18 months, part-time or full-time, will work under the following conditions.

- (a) Temporary employees may be hired without job posting for work of a temporary nature for a period of up to six months. Temporary jobs which are anticipated to last longer than six months will be posted. Work of a temporary nature shall include a specific project, work overload, seasonal peaks or replacement purposes (sick leave, maternity leave and other leaves of absence.) The Company will not be obligated to fill the position in which the successful bidder on the temporary job was the incumbent prior to being awarded the temporary job.
- (b) The Parties, by mutual agreement, may agree to a period in excess of that specified in Article 6.04(a) above.
- (c) Temporary employees will receive vacation pay in accordance with Article 18 and 12% in lieu of benefits.
- (d) Sick Leave, unpaid vacation time, and any other periods of paid absence, excluding Long Term Disability, will be prorated in accordance with time worked. In accordance with Article 20.03, Statutory Holidays will be prorated on the basis of hours actually worked to regular hours available for work in the month preceding the Statutory Holiday.

- (e) Temporary employees may be required to complete the temporary assignment for which they were hired prior to filling a job for which they were selected under Article 7 - Job Posting. The provisions of Article 7.05 will not apply during this period.
- (f) Upon accepting a regular position, a temporary employee will undergo probation as defined in Article 6.01. If a temporary employee has worked six consecutive months on a full-time basis in a temporary position immediately prior to accepting the same position on a regular basis, the Company shall waive the probationary period.
- (g) A temporary employee shall join the COPE-FortisBC Pension Plan on the first day of the month, not earlier than the effective date, at which time the employee:
 - (i) has completed at least 24 months of continuous service in which he/she has earned at least 35% of the YMPE in each of two consecutive calendar years, and
 - (ii) is actively at work.

Pension entitlement will be prorated on the basis of hours actually worked in a given period.

- (h) The Company shall not hire or use Temporary employees to avoid the continuance, creation or filling of positions for or by Regular employees.

ARTICLE 7 POSTING OF JOB VACANCIES

7.01

- (a) Except as otherwise provided in this Agreement, all vacancies which occur in regular and temporary jobs covered by this Agreement or developed in accordance with this Agreement, shall be bulletined for a minimum of seven working days on all appropriate bulletin boards. The bulletin shall include all relevant information including duties, qualifications, wage scale and special conditions.
- (b) A Regular employee who is a successful applicant for a temporary job will return to his/her regular position when the temporary job is concluded.
- (c) The Company reserves the right to post internally and externally simultaneously.

7.02

Late applications from employees on sick leave, annual vacation, or other authorized leaves shall be considered provided the selection has not already been completed at the time of such application.

7.03

Applicants for job vacancies shall have their application acknowledged in writing and shall be notified of the name of the successful applicant when the selection is made.

7.04

- (a) Preference in selection for vacant jobs within the bargaining unit shall be given to applicants in the bargaining unit who are regular or temporary employees, in that order, provided, in the opinion of the Company, they have the qualifications for the job concerned.
- Employees shall be selected on the basis of knowledge, ability and performance. Should more than one employee within the unit meet the above requirements, then preference shall be given to the senior employee.
- (b) If there are no applicants within the unit who meet all the above requirements, then the Company may, without re-posting, choose to select an applicant with less than the required qualifications provided that, where two or more employees are comparatively equal in qualifications, preference shall be given to the senior applicant.
- (c) If there are no applicants within the unit suitable for selection, then the Company may fill the vacancy by hiring outside the bargaining unit. Such outside hire will not have less qualifications than was required of internal applicants.
- (d) The Company may invite a representative of the Union from the appropriate business unit to be present at job interviews for COPE 378 positions.
- (e) If a selection has not been made for a posted position within three months of the closing date on the job bulletin, the position will be re-bulletined unless otherwise agreed to between the Company and the Union.

7.05

The Company will endeavour to complete the selection procedure within 21 days of the job posting. A successful applicant for any job posting may be held in his present job for 45 calendar days from date of selection. Upon assumption of the new job or after 30 calendar days from the date of selection, whichever shall first occur, the employee will receive the appropriate salary adjustment for his new job. The above time limits may be extended by mutual agreement.

7.06

- (a) The Company will provide to the Councilor (Chief Job Steward), designated job stewards and the Union Office:
- (i) A copy of each current job posting as the notices are posted.
 - (ii) A letter which advises the final disposition of that posting.
- (b) The Company will make every effort to finalize all postings in an expeditious manner.

7.07

The Company will post the name of the successful applicant for any job posting. A copy of the letter of offer to new employees will be forwarded to the Union.

7.08

A successful applicant to a bulletined position shall not be eligible to apply for future bulletined vacancies for a period of 12 months unless agreed to by the Company.

7.09

If in the opinion of the Joint Job Evaluation Committee a job is substantially modified it may be necessary to post it as a new position.

Such substantially modified positions will be posted unless, upon review of the incumbent's seniority, education, experience and skills, the parties mutually agree to waive the posting.

ARTICLE 8 NO DISCRIMINATION

8.01

The Company, in carrying out its obligations under this Agreement, shall not discriminate in matters of hiring, training, promotion, transfer, layoff, discharge or otherwise because of race, colour, ancestry, place of origin, religion, marital status, family status, physical or mental disability, age, sex, sexual orientation, or any other grounds under the BC Human Rights Act.

8.02

The Company shall have the right to retire an employee at age 65 unless and until the provincial government enacts legislation which prohibits mandatory retirement.

8.03

The Company and Union agree that there shall be no intimidation or discrimination against any employee by reason of his or her being an officer, councillor, representative, steward or member of the Union and there shall be no intimidation or discrimination on the part of any officer, councillor, representative, steward or member of the Union towards any employee of the Company by reason of he or she not being a member of the Union.

8.04 RESPECTFUL WORKPLACE

The Company is committed to providing a work environment which promotes respect and is free from all forms of harassment and is supportive of the dignity, self-esteem and productivity of every employee. Any form of harassment of, or by, employees, customers, students, contractors, suppliers or other individuals associated with the Company while engaged in activities pertaining to the workplace will not be tolerated.

(a) Definitions

- (i) **Abuse of Authority** occurs when an individual uses authority or position with implicit power to undermine or maltreat others and/or to sabotage their work efforts. It may be

blatant or subtle and can include such acts as intimidation, threats, blackmail and coercion and can apply to the distribution of work assignments, training opportunities, promotional opportunities, performance appraisals or favoritism of one employee to the disadvantage of another. Abuse of authority does not include disciplinary actions and/or other supervisory responsibilities essential to achieving efficiency of daily organizational operations. There is an exception, however, that these duties will be carried out in an appropriate and judicious manner.

- (ii) **Complainant** is a person who reports harassing behaviour or alleges that he/she has been subject to harassment.
- (iii) **Formal complaint** is a written, signed statement which will result in an investigation by representatives of the Company and the Union, or an agreed to third party.
- (iv) **Harassment** is defined as any hostile, offensive or obnoxious conduct, comment or gesture known to be unwelcome or which a reasonable person would know to be unwelcome. It is a form of discrimination and can include behaviour such as demands, threats, gestures, innuendo, unwelcome remarks, jokes, slurs, display of offensive material, physical or sexual assault or taunting about a person's body, clothing, habits, customs or mannerisms. Harassment can also include inappropriate or unwelcome focus or comments on a person's physical characteristics and/or mental health. Harassment has the purpose or effect of creating an intimidating, hostile, abusive or offensive work environment.
 - 1. **Personal harassment** involves hostile, obnoxious or intimidating behaviour or behaviours which ought reasonably to be known to be hostile, obnoxious or intimidating. It may be targeted at a person or group of people because of a personal dislike or personality conflict with the individual(s). Other forms of personal harassment are based on biases against such personal characteristics as race, gender, ethnic origin, physical ability, sexual orientation, religion or any other status protected by law.
 - 2. **Sexual harassment** is defined as any verbal, physical or visual conduct, comment, gesture, material or contact of a sexual nature that is likely to cause offence or humiliation to an employee, or that might reasonably be perceived by the employee as placing a sexual condition on employment, training or promotion. It may include, but is not limited to:
 - an implied or expressed threat of reprisal for refusal to comply with a sexually oriented request;
 - a demand for sexual favours in return for (continued) employment or more favourable employment conditions;

- unwelcome remarks, jokes, innuendos, propositions or taunting about a person's body, attire, gender, sexual orientation or practices;
 - displaying of pornographic or sexist pictures or materials such as cartoons, films, graffiti, pinups, posters, calendars or drawings;
 - physical contact such as touching, patting, pinching or brushing up against someone, with an underlying sexual connotation;
 - leering (suggestive persistent staring); or
 - sexual assault.
- (v) **Informal complaint** is one which is resolved by mediation/consultation with the help of supervisory and/or Human Resources personnel **and the Union.**
- (vi) **Respondent** is the individual identified as the alleged harasser.
- (vii) **Workplace** is defined broadly and includes, but is not limited to, the actual work site (i.e. offices), work-related social functions, work-related assignments, conferences, training sessions and travel, and other work-related events.

(b) Reporting Procedure

The Employer and the Union agree that any allegation of harassment should be dealt with in an expeditious manner, and they will encourage their respective representatives to do all they can to ensure that delays in dealing with such allegations are minimized. The process must be fair, consistent, and expeditious.

This procedure is not intended to preclude any other existing recourse that may be available to an employee (e.g. redress through the Collective Agreement, a Human Rights complaint, criminal charges, or civil litigation).

1. An employee who feels subject to harassment should make every effort to tell the offending party to stop such behaviour, prior to proceeding with an informal or formal complaint.
2. If the problem is not resolved through discussion between the individuals concerned then the employee, or a Union Representative on behalf of the employee, may contact a Human Resources Advisor, who will advise the Union before proceeding with their investigation. All reports of inappropriate conduct will be promptly and thoroughly investigated, and the Company will act to ensure that any improper conduct ceases immediately and corrective action is taken to prevent a recurrence. Every effort will be made to keep complaints as confidential as possible.
3. In the event the problem is not resolved under Article 8.04 (b)2 above the employee, or the Union on behalf of the employee, may pursue other forms of redress.

4. No employee will suffer adverse employment consequences as a result of making a good faith complaint or taking part in the investigation of a complaint. An employee who knowingly alleges a false claim against another employee or individual or engages in any acts of retaliation against employees for making a report will be subject to disciplinary action, up to and including termination of employment.

ARTICLE 9 CONTRACTING OUT

9.01

The Company will not contract out work normally performed by bargaining unit employees if such contracting out will result in any layoff, termination or downgrading of an existing employee.

9.02 Work Done by Contractors

If it becomes necessary to consider contracting out work covered by Article 1.01, the Company will make every reasonable effort to advise the Union of the particulars at the earliest possible time. The Union will be invited to provide input to and/or review all stages of the contracting out process.

- (a) The Company and the Union agree to a joint process to review potential contracting out proposals. The Union will appoint two COPE378 representatives, one each for the Kootenay and Okanagan regions and the Company representative will be the applicable department Manager. It will be the COPE378 representative's responsibility to investigate all contracting out proposals prior to the contract being awarded. The COPE378 representative will investigate items such as:

- the type and nature of work to be performed;
- the reason for contracting out, including reasons why the work (all or in part) cannot be performed internally by COPE members;
- the union status of the proposed contractor; and
- whether the contractor has exhibited previous problems or is in good standing at FortisBC.

Managers will be notified in writing by COPE378, with a copy to the appropriate Director, of safety or job quality concerns regarding current contractors.

In case of an emergency, the Company reserves the right to review the process with the COPE378 representative after the fact.

- (b) Early consideration, following the COPE378 representative's input, will be given to having the work performed by employees within the bargaining unit before embarking on a competitive bidding process. If the Company decides to contract out work, the work will be performed by an independent contractor.

ARTICLE 10 STRIKES OR LOCKOUTS

10.01

The Company shall not cause or direct any lockout of employees during the life of this Agreement; and neither the Union, nor any officer, representative, steward or member of the Union shall in any way authorize, encourage or participate in any strike, walk-out, suspension of work or slow-down on the part of any employee or group of employees during the life of this Agreement.

ARTICLE 11 LAYOFF AND RECALL

11.01

When, in the opinion of the Company, it is necessary to reduce personnel, the Company will notify the Union immediately and invite them to cooperate in reducing inconvenience to any affected employee.

11.02

Layoffs within surplus job classifications shall be carried out in the following order at the headquarters and within the function involved:

- (a) Temporary employees will be released in the inverse order of seniority and without right of recall.
- (b) Regular employees without seniority rights shall be released next without right of recall.
- (c) Regular full-time and regular part-time employees will be released in inverse order of seniority.
- (d) **PLACEMENT:**
The Company will first consider the placement of any affected employee(s) as follows:
 - i) To an equal job group vacancy within the same Headquarters. If the employee declines such equal job group vacancy within the Headquarters, the employee shall be terminated and eligible for severance pay as per Article 11.09.
 - ii) To an equal or lower job group vacancy within the Bargaining Unit. If the employee cannot be placed, or declines placement, they may exercise their rights to bump under Article 11.02 (e).

In such instances, the Company will consider the suitability of the job to the employee and provide reasonable training. The Union will cooperate by waiving job postings.

(e) BUMPING

Regular full-time and regular part-time employees may displace any less senior employee from any equal or lower salary job group or, if unable to exercise or bump within the Headquarters and function, any less senior employee within the Bargaining Unit, provided that he/she has the pre-requisite qualifications and/or experience to perform the normal duties of the job within 60 working days.

(f) Should an employee who has exercised their bumping rights not be able to perform the normal duties of the NEW job as set out in Article 11.02 (e) within 60 working days, they shall be permitted to displace either the least senior full time or part time employee in an equal or lower job group within the Bargaining Unit and must be able to perform the new job within a period not to exceed 20 working days.

(g) Employees displaced by Article 11.02 may in turn exercise their rights under that Article.

11.03

Any employee who is ultimately laid off shall receive a minimum of ten working days notice or ten working days pay in lieu of notice at the option of the Company.

11.04

Employees laid off shall be placed on a recall list for a period of three years. Employees on layoff will keep the Company informed, in writing, of any change in address. Twice annually, the Company will provide a copy of the recall list to the Union.

11.05

Employees who bumped into another position as a result of layoff procedures shall have first claim on filling their former position or a position substantially derived from it if such should become vacant within a period of three years from the bumping date. The job in such instances shall not be bulletined and the employee shall receive the salary which he would have attained assuming he or she had never been bumped from such job.

11.06

New employees will not be hired until laid off employees who have the pre-requisite qualifications and/or experience to perform the normal duties of the job are recalled in their order of seniority. Employees who are laid off and rehired in their original job will be given a salary on rehire which is equivalent to the salary which they would have received assuming they had not been laid off. Employees who are rehired into a different job shall receive a salary on recall

which will equal their salary at the time of layoff except that such salary will not exceed the maximum or be less than the minimum salary for that job.

11.07

Notice of recall will be sent by Registered Mail to the last known address of all employees on the recall list. Should an employee change their address during the period of layoff, they will inform the Company of the change by Registered Mail. Such employees will have ten calendar days in which to respond in writing to accept or decline the position. The employee may decline recall to a lower level job and remain on the recall list. An employee who fails to respond to any notice of recall will be deemed to be terminated. The notice of recall will clearly state this requirement.

11.08

An employee on layoff who fails to respond and report to work on recall to a full-time job of a continuing nature of equal or higher salary grade at the same headquarters as that job from which he was laid off, shall be terminated by the Company. Such employee will then receive his full severance pay entitlement.

11.09

Should the Company lay off any employee due to a shortage of work, then those employees laid off will be eligible for a severance payment of two weeks pay per year of service at the employee's regular rate of pay. Employees may elect to receive their severance pay entitlement at any time during the recall period and in any event of the end of the recall period. Employees accepting the severance pay shall do so as final termination of employment with the Company and will no longer be eligible for any recall rights under the Collective Agreement.

Termination of employment for reasons other than those stated above (i.e. quits or discharge for cause) are not to be construed as a layoff.

ARTICLE 12 TRANSFER AND TERMINATION

12.01

An employee may apply for a transfer to a position of another classification within the same job group. Applications for such transfer shall be made upon request of the employee and will be at the discretion of the employer. Any employee so transferred shall receive the same salary as in his former position.

12.02

(a) Employees may be dismissed for just and reasonable cause without notice. The burden of proof of just cause shall rest with the Employer. The Company shall immediately notify the Union and the Chief Job Steward in writing stating the reasons for the dismissal. In the event the Union is not in receipt of a copy of such written notification and the same is not a willful

act on the part of the Company, then such an event shall not be a breach of the terms and conditions of this Agreement.

- (b) The Employer shall advise an employee in writing of any disciplinary action and the reasons in full for such action, at the time of taking any such action. The Employer shall also promptly provide the Union and the Chief Job Steward with a copy of each such disciplinary notice.

12.03

Employees who have completed their probationary period may be terminated for inadequate performance. However, prior thereto, the Company will provide a written notice to the employee with a copy to the Union and the Chief Job Steward outlining the inadequacies and employees will be given a period of up to three months from the date of such notice during which the employee and the supervisor will endeavour to raise the employee's performance to an adequate level. This period will not be less than three months unless otherwise mutually agreed.

12.04

When a Company representative discusses discipline, discharge or termination with any employee a representative of the Union must be present.

12.05

An employee shall have the right to refuse to participate or to continue to participate in any interaction with the Company, or any person acting on behalf of the Company, which he or she believes ought to be subject to Union representation and such Union representation is not present. An employee who exercises this right of "non-participation" shall not suffer any prejudice, penalty, discipline or other adversity as a result.

12.06 Personnel Files

- (a) A personnel file shall be maintained by the Company for each employee in the bargaining unit. With the exception of payroll records, such file shall contain all records, reports and other documentation concerning the employee's employment and work performance.
- (b) No negative comment or report about any employee shall be placed in any personnel file until the employee concerned is first given a copy of the information.
- (c) Upon request by the employee to Human Resources any negative comment or report may be removed from the employee's personnel file 12 months after being written.

12.07 Performance Assessments

- (a) Written performance assessments shall only be used by the Company as a means of assisting in the training and development of employees or to bring to the employee's attention areas that require improvement. An employee shall be given sufficient opportunity to read, review

and discuss any such performance assessment. The employee may sign the assessment, which act shall only indicate completion of the assessment, and may write a rebuttal which must also become part of the employee's file.

- (b) A performance assessment which the employee concerned believes is unfair, unreasonable and/or which contains incorrect information shall be subject to revision through the grievance procedure.

ARTICLE 13 TECHNOLOGICAL AND PROCEDURAL CHANGE

13.01

The Company will provide the Union with as much notice as possible prior to introducing automation or new equipment or procedures which will result in the displacement or downgrading of any employee(s) covered by this Agreement.

13.02

Employees becoming redundant due to new equipment or procedures shall be eligible for re-training providing that they have the necessary basic education and attributes to absorb such training, to equip them for the operation of such new equipment or procedure. The Company will provide such re-training without loss of pay to the affected employees.

13.03

- (a) In cases where an employee is not trainable for the operation of new equipment or procedures, or whose position becomes redundant, the provisions of Article 11.02 will apply.

In the event the employee cannot be retrained, placed, is unable or elects not to exercise their bumping rights, he/she will receive one month minimum notice of layoff prior to being placed on the recall list. Notice is deemed to have been given at the time the employee is formally notified that his or her job is redundant. Severance pay will be in accordance with Article 11.

- (b) The application and order of the procedures under the above will be applied in respect of any employee who subsequently becomes affected by another employee exercising their rights as a result of technological and procedural change.

13.04

Temporary employees and employees serving their probationary period have no rights under this Article.

ARTICLE 14 LEAVE OF ABSENCE**14.01**

Compassionate leave of absence of three days with pay will be granted an employee, upon application, in the event of the death of a spouse, parent, child, brother, sister, mother-in-law, father-in-law, sister-in-law, brother-in-law, grandchild or grandparent of the employee. Additional compassionate or other leave with pay may be granted at the discretion of the Company by application to the Human Resources Department.

14.02

An employee who is subpoenaed as a witness and appears, or who attends for jury duty, or who serves on a jury shall continue to receive his regular salary. The employee concerned agrees to turn over to the Employer on request any monies received for performing this public duty.

14.03

Employees who wish to run for public office will be granted leave of absence without pay on request, and may continue to participate in the Company's welfare and pension plans provided the total cost of such plans are borne by the employee.

14.04

Employees who are elected or appointed to Union office or elected as an M.L.A. or M.P. shall be granted leave of absence without pay on request. Such employees may continue to participate in the Company's welfare and pension plans provided the Employer's cost share is borne by the Union or the employee. Employees on such leave shall continue to accrue seniority and service with the Company and on request will be re-employed in a position in the same Job Group as formerly held subject to such position becoming available, or any such other job which the employee may be qualified to fill. To better ensure the availability of such jobs, the returning employee should provide a maximum amount of notice of intent to return.

14.05

Subject to Company approval, employees may be granted other leaves of absence without pay, including leave to attend an educational institution, subject to the provisions of Article 14.03 in respect of participation in the Company's welfare and pension plans.

14.06

- (a) The Maternity Leave provisions contained in the Province of British Columbia Employment Standards Act in effect on May 1, 2006 will apply.
- (b) Employees who are on maternity leave and who have given birth to a child shall receive a six-week Maternity top-up to E.I. benefits as follows:

- (i) During the first six weeks of maternity leave the employer will pay a bi-weekly amount which, together with E.I. maternity benefits, will bring the employee's gross earnings up to 100% of pre-leave earnings in accordance with Appendix "B" and the Rate Calculation Period as defined in the Employment Insurance Act.
- (ii) The Company's contributions pursuant to the foregoing shall not reduce the employee's paid sick leave allowances or any other of the employee's time-off entitlements. However, the Company's contributions are limited to the equivalent of the employee's balance of paid sick leave allowances – in other words, an employee is not entitled to a greater "sick leave" benefit under this Article than she would be for any other disability.
- (iii) Payment of the top-up (following the two-week E.I. waiting period) is subject to the employee submitting proof of receipt of E.I. benefits during the applicable period.
- (iv) If a medically-substantiated illness or injury related to pregnancy or childbirth continues past the six week period, the employee may be eligible for a continuance of payments through the Maternity Top-Up Plan up to the limit of the employee's sick leave entitlements in accordance with Article 16.
- (v) The disability-related portion of the maternity leave is considered part of the term of maternity leave.

14.07

The Parental Leave provisions contained in the Province of British Columbia Employment Standards Act in effect on May 1, 2006 will apply.

14.08

- (a) A regular employee who terminates by not returning to work following maternity leave or a combination of maternity and parental leave, in accordance with Article 14.06 and 14.07, may obtain the right to apply for job bulletins.
- (b) In order to qualify for the right to apply for job bulletins, the employee must advise the Employer of her decision to resign not later than 12 weeks from the commencement of her leave of absence as per Article 14.06. The Employer may immediately proceed to fill the resultant job vacancy on a permanent basis.
- (c) The right to apply for job bulletins will be in effect for two years from the commencement of the employee's leave. The employees' seniority will continue to accrue to the date of her resignation and will bridge to her return to work date should she be the successful applicant in a job competition. The employee must be available to return to work within 30 days of notification of being the successful applicant in a job competition. Otherwise, the supervisor may consider her to have withdrawn from the competition.

ARTICLE 15 HOURS OF WORK, DAYWORKERS**15.01 Workday**

- (a) Regular Full-time employees (RFT) shall work 8 hours per scheduled working day. The starting time of the workday shall be 8:00 a.m. Hours of work shall be posted at each headquarters. Variations in the starting time between the hours of 7:00 a.m. and 10:00 a.m. may be made without penalty for the efficiency of operations.
- (b) Regular Part-time (RPT) employees will be scheduled for a minimum of four hours per shift and a minimum of 24 hours bi-weekly, except that RPT employees at the date of ratification will retain their current 20 hours per week minimum. Hours of work shall be posted at each headquarters.

Hours in addition to those previously scheduled will be offered on the following basis:

- (i) RPT employees currently on shift will be given first right of refusal in order of seniority, then
 - (ii) all other RPT employees in order of seniority.
- (c) Temporary employees working full-time hours shall work 7½ hours per scheduled working day. The hours of work for temporary employees working part-time hours shall be in accordance with Article 15.01 (b). After RPT employees, temporary employees will be offered, in order of seniority, any available hours of work.
- (d) The workday will be broken by a one-half hour unpaid meal break at or near the midpoint of the workday. There is no unpaid meal break for four hour shifts.
- (e) Two relief periods of ten minutes each shall be permitted in each workday, to be taken at or near the midpoint of each shift before and after the meal break. Such relief periods shall be considered as time worked. One relief period of ten minutes shall be permitted for shifts less than six hours.

15.02 Workweek

- (a) The workweek for all regular full-time employees and temporary employees working full-time hours will be Monday to Friday. Regular full-time employees shall bank ½ hour for each eight hour day worked to average a 37 1/2 hour work week, effective January 1, 2007.

- (b) The workweek for all regular part-time employees and temporary employees working part-time hours will be Monday to Friday, unless provided otherwise in this Collective Agreement.

15.03 Short Term Shift Assignment

- (a) Where, in order to overcome immediate, short-term operational or personnel difficulties, it is necessary to schedule a normal dayshift worker to shiftwork, the provisions of Article 28.01, 28.02 and 28.08 shall not apply. Where a short change occurs, the provisions of Article 29.01 shall apply and in all other cases the provisions of Article 28.06 will apply.
- (b) An employee assigned to short-term shiftwork under the provisions of Article 15.03(a) shall not be assigned to shiftwork more frequently than four times annually. Further, the aggregate short-term shift assignments shall not exceed 12 working days annually.

15.04 Administration of "E" Days

- (a) Entitlement to Equalization ("E") Days is restricted to
- (i) regular full-time employees, and
 - (ii) regular part-time employees where the part-time work schedule is based on five days per work week with a minimum schedule of 20 hours per work week.
- (b) (i) Regular full-time employees will bank time for "E" Days in accordance with Article 15.02 (a).
- (ii) For regular part-time employees, 15 minutes of each day worked will be placed in the Employee's "E" day bank.
- (c) "E" days shall be scheduled by mutual agreement between the employee and the manager. Where scheduling conflicts occur with departmental requirements or in single person district operations, other scheduling agreeable to the affected employee shall occur.
- (d) Any time banked for "E" days that is not taken or scheduled to be taken by December 31st of each year will be paid out by the second pay period of the following year.
- (e) It may be necessary for an employee to be assigned to relieve an employee absent on an "E" day or "E" days. Temporary promotion adjustments as set out in Article 23.05(b) will not apply.
- (f) The provisions of 15.01(a), 15.02 and 15.04 shall also apply to employees assigned to shift work under Article 28.04.

ARTICLE 16 SICK LEAVE AND LONG TERM DISABILITY

Basic Sick Leave Plan

16.01

An employee becomes eligible for paid Basic Sick Leave Benefits commencing with the date of hire.

16.02

Employees who are unable to work as a result of illness or accident will be eligible to receive the following benefits:

| Service with the Company | Full Regular Earnings for | Followed by Two-thirds (2/3) Regular Earnings for |
|-------------------------------|---------------------------|---|
| Less than 1 year | 1 Month | 5 Months |
| 1 year but less than 2 years | 2 Months | 4 Months |
| 2 years but less than 3 years | 3 Months | 3 Months |
| 3 years but less than 4 years | 4 Months | 2 Months |
| 4 years but less than 5 years | 5 Months | 1 Month |
| 5 years or more | 6 Months | -- |

16.03

The full benefit period is reinstated after one week back to active employment if a subsequent disability is unrelated and after one month back to active employment if the subsequent disability is related.

Long Term Disability

16.04

An employee becomes eligible for Long Term Disability protection following three months continuous service.

16.05

Long Term Disability Benefits commence after Basic Sick Leave Plan Benefits have expired. The benefit amount is 70 percent of regular monthly earnings regardless of service.

16.06 Benefit Period:

| Service with the Company | Length of Benefit Period |
|-------------------------------|--------------------------|
| 3 Months but less than 1 year | 2 years |
| 1 year but less than 3 years | 4 years |
| 3 years but less than 4 years | 6 years |
| 4 years but less than 5 year | 8 years |
| 5 years or more | Until normal retirement |

16.07 General

The full cost of both Plans is borne by the Company.

16.08

Benefits under both Plans will be reduced by the amount of any benefits the employee may be eligible to receive through Canada Pension Plan Disability benefits, Workers' Compensation or similar programs. Benefits payable under individually purchased policies are, however, excluded.

16.09

Employees are not eligible for coverage under the above Plans in the following cases:

- (a) While the employee is on Maternity Leave
- (b) Where the employee is not on the Active Roll by reason of layoff or unpaid Leave of Absence.

16.10

For purposes of this Article, the following definitions apply:

- (a) Regular earnings is the straight time base salary rate of an employee the day prior to the first day of absence.
- (b) Month refers to any 30 consecutive calendar days.
- (c) Week refers to any five consecutive working days.
- (d) Year refers to any consecutive 365 calendar day period.

16.11

- (a) At the request of the Company, employees will provide satisfactory medical certification substantiating any disability extending beyond five working days. In all cases where an employee has been absent, under either Plan, for a period in excess of one month, he or she must provide medical certification of his or her fitness to return to work.
- (b) The Company will pay the doctor's fees for completion of documents related to medical certification required in Article 16.11 (a).

ARTICLE 17 BENEFIT PLANS

17.01

The Company and all employees who are participants of the Medical Services Plan of British Columbia presently in effect, shall continue with the medical services plan. In addition, all such employees shall be covered by an Extended Health Benefits Plan. Adherence to both plans shall be a condition of employment for all new employees covered by this Agreement, except those otherwise covered. The Company will pay the full cost of the premium of the plans. The Extended Health Benefit Plan has an annual deductible of \$25.00, a lifetime maximum of \$1,000,000 and pays 80% of eligible expenses. The claimable amount for eligible prescription

receipts is \$1200.00 subject to the above (where benefits duplicate those of the Provincial Pharmacare Plan). Employees will be provided with a prescription drug card in order to facilitate electronic payments through the insurer. The employee is responsible to the pharmacy for any portion of the claim that is not covered under the plan.

17.02

The Company will provide all full time employees with Basic Life Insurance Benefits under the terms of its Group Life Insurance Policy. Coverage is effective the first of the month following the date of hire. Coverage is a condition of employment. Coverage is in an amount equal to the employee's Base Annual Salary Rate raised to the next highest multiple of 1,000 where it is not already a multiple of 1,000.

Coverage will be revised on the first of the month following any revision of the employee's Base Annual Salary Rate excluding temporary revisions.

The Company will pay the full premium cost of the Plan.

17.03

The Company will provide optional Group Life Insurance, in an amount equal to the basic insurance, to those employees who elect this option. Optional life insurance is paid by the employee at the premium rate in effect from time to time.

17.04 Dental

The Company will provide all employees with coverage under the Dental Plan currently in effect with the plan carrier. The Plan shall include unmarried dependent children to age 19, or unmarried dependent children to age 25 if they are a full-time student of a recognized educational institute.

The plan includes Plan "A" (charges up to a maximum of 100 % of the established insured fee schedule in effect in British Columbia) and Plan "B" (charges up to a maximum 100% of the established insured fee schedule in effect in British Columbia), and Plan "C" (orthodontic coverage) on the basis of 100% of fees to a lifetime maximum of \$3000 per family member. Employees and dependents will be allowed a maximum of \$2000/per person/per calendar year on Plan B charges. The Company will pay the full cost of these Plans.

17.05 AD&D Coverage

The Company will provide accidental death and dismemberment insurance in the amount of \$500,000 for employees while traveling at the request of the Company.

17.06 Vision Care

The Company will pay Vision Care for employees and dependents. Dependents to be covered are the employee's spouse and unmarried dependent children to the age of 19 or unmarried children to age 25 if they are a full-time student of a recognized educational institute. The Plan will be carried by a commercial insurer.

Effective the date of ratification the Company will pay:

- (i) \$75 for eye examinations every two years;
- (ii) a maximum of \$400 for Vision Care every two years;
- (iii) effective February 1, 2007, laser eye surgery to a lifetime maximum of \$2,000.

17.07 Benefit Options

- (a) Effective the date of ratification, all current Regular employees will elect to be covered by the benefit package outlined in clauses 17.01 through 17.05 inclusive, 17.07 and 17.08 (the standard benefit package) or by the ELEX benefits plan as described in Article 17.07(a)(i) below.
 - (i) Employees who choose to be covered by the ELEX benefits plan will be provided with "Benefit dollars" in the amount of 1.14% of the employee's base salary and \$1,900 to allocate to their selected benefit coverage and amounts.
- (b) Employees who elect to be covered by the ELEX benefits plan will have a one-time opportunity to change his/her election back to the standard benefit package, with changes effective on January 1, 2008.
 - (i) Changes in election within the ELEX benefit plan can be made as a result of a change in life event (i.e. loss of coverage previously available through a spouse, dependent status changes).
- (c) Employees who elect to be covered by the standard benefit package will have a one-time opportunity to change his/her election effective January 1, 2008.

17.08 Retiree Benefits

- (a) Basic provincial medical coverage will be provided under the Medical Services Plan of British Columbia (MSP) for the retiree, spouse and eligible dependents. The retiree's surviving spouse and eligible dependents are covered.
- (b) Coverage under the Extended Health Benefit Plan (EHB) at the benefit level in place at the time of retirement will be maintained for the retiree, spouse and eligible dependents.
The Plan will include coverage for vision care for the retiree and spouse to a maximum of \$150 per person every two calendar years.
Extended Health Benefit coverage ceases with the death of the retiree.

(c) Coverage for Emergency Medical Assistance when traveling outside of B.C. will be provided for the retiree, spouse and eligible dependents. Emergency Medical Assistance coverage ceases with the death of the retiree.

(d) A choice of Basic Life Insurance coverage will be provided at retirement:

(i) One times annual basic earnings at retirement, rounded to the next higher \$1,000. The maximum amount of coverage is \$150,000.

Under this coverage, benefits reduce to a percentage of the amount in force prior to age 65, as indicated.

| <u>Attained age</u> | <u>Reduced amount</u> |
|---------------------|-----------------------|
| 65 | 80% |
| 66 | 70% |
| 67 | 60% |
| 68 | 50% |
| 69 | 40% |
| 70 | 30% |

The maximum benefit will be \$50,000 when you reach age 70.

Or:

(ii) a fixed value of \$10,000.

(e) The full costs of these Plans will be borne by the Company.

17.09

The Company will provide the Union with a copy of each Benefit Plan contract and any amendments made to such contracts.

17.10

The Company will ensure that employees shall suffer no loss or reduction of coverage as a result of a change in carrier of a Benefit Plan.

ARTICLE 18 ANNUAL VACATIONS

Following ratification, all employees will be paid out their annual vacation accrued in 2005 for 2006. If the employee elects, this payment may be directed to the employee's RRSP. Effective January 1, 2006, regular employees will be granted annual vacation entitlements as provided below. Any vacation already taken in 2006 will be deducted from the employee's 2006 annual vacation entitlement.

18.01 Year of Hire Vacation Entitlement

For new employees, from their date of hire, 3 weeks' annual vacation will be granted on a pro-rated basis in their year of hire.

18.02 Annual Vacation Entitlements

Employees will be granted vacations based on service at the previous December 31st as follows:

| | |
|----------------------------|---------|
| <u>1 through 6 years</u> | 3 weeks |
| <u>7 through 16 years</u> | 4 weeks |
| <u>17 through 24 years</u> | 5 weeks |
| <u>25 through 29 years</u> | 6 weeks |
| 30 or more | 7 weeks |

18.03

Vacations may be taken in weekly blocks but normally at least two weeks of the year's entitlement must be taken as a continuous period. Employees will select vacation periods in order of seniority. However, only one vacation period will be selected by seniority until all employees in a Department or Office have selected one period. Subsequently, all employees in the Department or Office having additional vacation shall select in order of seniority for a second vacation period and again for additional periods until all vacations have been chosen.

18.04

For purposes of this Article, a week of vacation shall constitute 37 1/2 hours.

18.05

Vacation pay shall be based upon an employee's regular base salary rate in effect on the day preceding a paid vacation or, depending upon the vacation entitlement, 4% (2 weeks), 6% (3 weeks), 8% (4 weeks), 10% (5 weeks), 12% (6 weeks) or 14% (7 weeks) of actual gross earnings during a calendar year, whichever is the greater. Adjustments in respect to vacation pay shall be made by February 1 of the following year or upon termination.

18.06

In the year prior to becoming entitled to four, five or six weeks' annual vacation, an employee shall receive an increased annual vacation based on the date his/her service anniversary occurs in that year, as follows:

| Service Anniversary Date (both dates inclusive) | Additional Annual Vacation |
|--|-----------------------------------|
| January 1 to March 14 | 5 work days |
| March 15 to May 26 | 4 work days |
| May 27 to August 7 | 3 work days |
| August 8 to October 19 | 2 work days |
| October 20 to December 31 | 1 work day |

18.07

Where an accumulation of absences exceed six months in a calendar year due to sick leave, long term disability or Workers' Compensation injury, vacation entitlement in the following calendar year will be reduced by 1/6 for each full month of absence in excess of six months.

18.08

For absences other than those specified in Article 18.07 above:

Where an accumulation of such absences exceed three calendar months in any calendar year, annual vacation in the following calendar year will be reduced by 1/9 for each full month of absence in excess of three months.

18.09

An employee who has scheduled a vacation period and is unable to take it because of sickness or accident may, upon notification to his supervisor postpone such vacation provided that mutual agreement can be reached to reschedule such vacation within the same calendar year. Vacations postponed due to accident or sickness during the month of December may be rescheduled during the first quarter of the following year.

18.10

An employee who becomes sick or has an accident during a scheduled vacation period may, upon notification to his supervisor, be removed from vacation and placed on sick leave as eligible under "Article 16" provided that mutual agreement can be reached to reschedule such vacation within the same calendar year. Vacations postponed due to accident or sickness during the month of December may be rescheduled during the first quarter of the following year. In either case, sickness or accident must be proved by a doctor's certificate. Sickness or accident of less than five consecutive working days duration shall not be considered under this marginal paragraph.

18.11

Employees who have taken their annual vacation entitlement and subsequently leave the Company's service part way through the year will not be required to reimburse the Company for any portion of that year's annual vacation already taken.

ARTICLE 19 SPECIAL VACATION

19.01 Eligibility

- (a) Only employees with five years or more of service at December 31, 2006 will be eligible for Special Vacation. Employees with less than five years' service at December 31st, 2006 will receive a one time lump sum payment of \$3,000.
- (b) Employees who complete their fifth year of service prior to December 31, 2006 shall be eligible for fifteen Special Vacation days commencing January 1, 2007. These employees shall become eligible for a further fifteen days of Special Vacation following each subsequent five-year qualifying period.

19.02 Conditions Governing Special Vacations

- (a) They shall be taken at times which are suitable to both the Company and the employee.
- (b) The allocation of Annual Vacations shall have priority over the allocation of Special Vacations.
- (c) In determining the length of a Special Vacation, a week shall mean a normal work week. Where a Statutory Holiday falls within a week taken as Special Vacation, the employee shall receive an additional day off with pay.
- (d) Special Vacation pay shall be computed on the basis of the employee's regular salary at the time the Special Vacation is taken.
- (e) Within the first 12 months following the five-year qualifying period, employees will be required to either schedule their Special Vacation to be taken within the remaining 48 months or agree to be paid out for any unscheduled Special Vacation. Payout, if elected, will be made within two pay periods of the Employee's election.
- (f) If an employee leaves the service of the Company, or retires to pension, or his employment is terminated and he is at that time entitled to a Special Vacation, he will be paid a sum equal to the amount of Special Vacation pay which he would have received if he had taken his Special Vacation in the three-week period immediately preceding the date on which he leaves the service of the Company, or retires to pension, or his employment is terminated. In addition, he shall be paid a sum proportionate to the service he has completed in the next five-year qualifying period. Should his employment be terminated by his death, such sums shall be paid to his estate.
- (g) Absence by an employee during a five-year qualifying period due to sickness or accident up to a total of 12 months or absence for any reason other than sickness or accident up to 30 consecutive days shall not affect his Special Vacation benefits. That portion of absence due to sickness or accident which is in excess of 12 months, or any absence for other reasons in

excess of 30 consecutive days shall result in a pro-rata reduction in Special Vacation pay but shall not affect the time allowed for Special Vacation.

ARTICLE 20 HOLIDAYS

20.01

The following statutory holidays shall be recognized by the Company:

| | |
|----------------------|------------------|
| New Year's Day | Labour Day |
| Good Friday | Thanksgiving Day |
| Victoria Day | Remembrance Day |
| Canada Day | Christmas Day |
| British Columbia Day | Boxing Day |

In addition, each employee, after a total of 120 days of continuous service after hire, shall twice in each year be entitled to a Floating Statutory Holiday. These holidays will be scheduled at the mutual convenience of the Company and the employee. Unused Floating Statutory Holidays will be paid out by the second pay period of the following calendar year.

20.02

Any of the above fixed holidays falling on a Saturday or Sunday will be observed on the Monday immediately following. When Christmas Day falls on a Saturday or Sunday, the Monday immediately following will be considered to be the holiday for Christmas Day and the Tuesday immediately following will be considered to be the holiday for Boxing Day.

20.03

An employee will receive normal straight time earnings for any holiday described in Article 20.01 provided that on the working day immediately before and the working day immediately after the holiday he or she was at work, on sick leave, on vacation or on an approved leave of absence.

ARTICLE 21 OVERTIME

21.01

Overtime must be specifically authorized by the supervisor in order for such overtime to be compensated.

21.02

Overtime shall be assigned, as equitably as possible, to all employees within an office or department who are qualified to perform the work.

21.03

Work in excess of the normal hours of work as defined in Article 15 and Article 28 will receive payment at 200% of the employee's hourly rate for all overtime worked.

21.04

Employees who are called in to work on a scheduled day off or who are called back to work on a regular working day shall receive a minimum of two hours' pay at 200% of base hourly rate. All subsequent time will be paid at 200% of base hourly rate.

21.05

- (a) Employees who perform overtime work, as a continuation of a regular shift, for a period of two hours shall be entitled to a meal period. Such employees will be paid 1/2 hour at the prevailing overtime rate for such meal period. Where it is not practical to provide a meal, or where the employee elects not to have a meal, they shall instead receive 3/4 of one hour's pay at the prevailing overtime rate. An additional meal period, with pay of 1/2 hour at the prevailing overtime rate shall be allowed for each additional four hours of overtime work.
- (b) Employees performing overtime, which had been previously scheduled, on a regularly scheduled day off, during hours which correspond to their normal hours of work shall not be entitled to paid meal periods unless such overtime extends more than two hours beyond their normal quit time.
- (c) Employee who are called in to work on a scheduled day off or who are called back to work on a regular work day shall be entitled to a meal period after each four hour period of work. Such employee will be paid 1/2 hour at the prevailing overtime rate for any such meal period.
- (d) The Company shall provide a meal or reimburse the employee for receipted meal expenses when such employee qualifies under (a), (b) or (c) above.

21.06

Where an employee is required to work unscheduled overtime, the Company will, at the request of the employee, provide or pay reasonable costs for alternative transportation provided that the employee's normal means of transportation is not available.

21.07

Employees who perform overtime work under the provisions of Article 21.04 shall be compensated at 200% of base hourly rate for travel to and from the place of work, commencing when the employee leaves for the job site and terminating when the employee arrives home.

21.08

Where overtime work is performed under Article 21.03, an employee will be paid for a minimum of 1/2 hour. Time worked beyond the first 1/2 hour will be recorded to the next higher 1/4 hour.

21.09

- (a) At the employee's request, the Company shall withhold from the proceeds of the employee's pay, the overtime earnings. At a time mutually convenient to the employee and the Company, the employee may take time off with pay, to the extent his accumulated overtime permits.
- (b) Banked overtime in excess of 80 hours will be paid out on the first pay in April and the first pay in November at the employee's current rate.
- (c) Employees requesting overtime payout may do so at any time, but, must direct this request in writing to the pay office. The amount specified to be paid out shall be forwarded on the following payday.
- (d) Employees will be allowed the option of placing this accumulated overtime into a pre-retirement account. Overtime accumulated in this account will be used immediately prior to entering pension status at FortisBC. Other access to this account will be limited to those employees who sever their employment relationship with the Company, or wish to utilize a one time per year lump sum contribution to RRSP accounts. Any other special consideration must be approved by the Manager, Human Resources.

ARTICLE 22 MOVING AND TRAVELLING ENTITLEMENTS

22.01 Headquarters

Each employee will have an established headquarters which will be the location where the employee normally works, reports for work, or the location to which he returns between jobs and will be a permanently established Company place of business unless otherwise specifically agreed by the Parties.

22.02 General Provision - Transportation

Unless otherwise specifically limited below, employees who are required to travel on Company business will be provided with transportation by the Company at no cost to the employee.

22.03 Travel

(a) Travel – Company Business

The Company will pay the equivalent of economy air fare for air travel, and for other forms of travel will pay appropriate costs plus sleeping accommodation where required for employees traveling on Company business. All time spent traveling and waiting for connections for public transportation will be paid as time worked except that when an employee is provided with accommodation at his place of departure such pay shall not start until the employee is required to depart his place accommodation to catch the scheduled transportation. Pay for travel time on a day on which no work is performed will be limited to a day's pay at the prevailing straight time

rate, unless the travel occurs on their day of rest or during non-working hours, which will be compensated at 200% of the base hourly rate to a maximum of 7 ½ hours.

(b) Travel – Training

Employees who travel on their day of rest or during non-working hours for work related training will be eligible for travel time pay to a maximum of 7 ½ hours at the prevailing straight time pay.

22.04 Travel - Involving No Change in Lodging

Employees who are required to report to a temporary headquarters which does not involve any change in lodging will be reimbursed for additional transportation cost incurred or be provided with transportation by the Company and will travel on Company time.

22.05 Personal Vehicles

Employees who elect and who are permitted by the Company to use their personal vehicles in lieu of transportation supplied by the Company shall receive 50 cents per kilometre for the first 5,000 km and 44 cents per kilometer thereafter for all distance traveled on Company business.

22.06 Expense Claims

The CRA rules regarding taxable vs. non-taxable benefits apply to Article 22.06

- (a) Employees traveling on Company business or working away from their established headquarters will be reimbursed for reasonable expenses, as set out below, by submitting the appropriate Company form:
 - (i) Accommodation expenses for which receipts are required.
 - (ii) Meal expenses will include actual expenses incurred for all meals and gratuities. Receipts are required.
 - (iii) Personal vehicle mileage expenses subject to Article 22.05 and other travel expenses, which will include taxis and parking.
 - (iv) Miscellaneous expenses where incurred will include telephone, laundry, valet, and any other reasonable expense. Any one item in excess of \$15 will be explained and supported by receipts.
- (b) At the request of the employee, the Company shall instead of the provisions of Article 22.06 (a) (i) (ii) and (iv) above, pay an allowance to cover his increased expenses of \$100 per overnight stay for the period the employee is traveling on Company business or working away from his established headquarters.
- (c) At the request of the employee, the Company shall instead of the provisions of Article 22.06 (a) (ii) and (iv) (including the \$15 per night miscellaneous) pay an allowance of \$60 per overnight stay.

- (d) Expenses incurred while on Company business in the USA shall be reimbursed in American funds.

22.07 Moving Expenses

Full-time regular employees will be reimbursed for moving expenses when the employee's established headquarters is changed for reasons set out in Article 22.07(a) or 22.07(b).

Moving expenses will be paid in accordance with Article 22.08(a) (full expenses) or 22.08(b) (limited expenses) when all of the following conditions have been met:

- (i) The employee must be moving from, and to, a full-time regular position; and
 - (ii) The employee must actually incur a change in residence; and
 - (iii) The new headquarters must be further from the original residence than was the previous headquarters; and
 - (iv) The new headquarters must be more than 20 road miles away from the original residence; and
 - (v) The new residence must be closer to the new headquarters than is the old residence to the new headquarters; and
 - (vi) The employee must initiate his move to the new residence within three months of moving to his new headquarters; and
 - (vii) The employee must submit his claim for all moving expenses, including supporting documentation, within 12 months of moving to his new headquarters, unless a longer period is agreed to in writing by the Manager, Human Resources.
- (a) Full moving expenses will be paid in accordance with Article 22.08, where the change in headquarters within FortisBC results from:
- (i) The location of the employee's headquarters being changed by the Company, except as limited by Article 22.07(c).
 - (ii) A move as a result of the employee being displaced under Article 11, Layoff and Recall or Article 13 - Technological and Procedural Change.
 - (iii) A move as a result of the employee receiving a promotion under Article 23. Such payment is limited to a maximum of one move every five years.
- (b) Limited moving expenses will be paid in accordance with Article 22.08(b) where the change in headquarters results from a move as a result of the employee voluntarily transferring to a job of equal or lower salary level. Unless otherwise agreed by the Company, employees in such instances will not receive any moving expenses if they have less than five years continuous service or if they have received a move paid by the Company in the preceding

five years. Limited moving expenses will also be paid where, as a result of layoff or bumping, an employee changes headquarters.

- (c) An employee whose change in headquarters results from a transfer or demotion due to inadequate performance will not be entitled to moving expenses unless otherwise agreed by the Company.
- (d) The employee who receives limited moving expenses as a result of a voluntary transfer to a job of equal or lower salary level will reimburse the Company for all moving expenses received in those instances where the employee voluntarily leaves the employment of the Company within one year of the date of the move.

22.08

- (a) Full moving expenses are defined as follows:

1. Moving

- (i) Costs of:
 - packing and unpacking of household furniture and equipment;
 - mover's charge;
 - insurance against damage to household effects in transit;
 - storage of household furniture and equipment which is being moved to the employee's new residence for up to one month, or for such longer period as may be approved by the Manager, Human Resources.
- (ii) Providing any claim hereunder is supported by receipted vouchers, the Company will pay an amount not exceeding \$400 for incidental expenses. These incidental expenses include cost of cleaning existing residence, disconnecting and reconnecting appliances, altering rugs or drapes, and utility hookups, etc.
- (iii) The employer will be responsible for:
 - making arrangements for the move, for securing at least two competitive bids, for the selection of a reputable carrier, and prior to signing the contract, submitting the quotation for approval to the Manager, Human Resources.
 - placing of the insurance on his household effects in transit.
 - obtaining reimbursement from carriers for any damage to effects in transit.

2. Traveling and Living Expenses

The Company will pay all reasonable charges for:

- (i) transportation of entire family via air, rail or car. If the employee's own car is used, standard mileage rates will prevail. This includes meals, lodging enroute and normal living expenses.

- (ii) In the event that the employee precedes his family to the new location, the Company will pay his personal living expenses for up to one month in order to find reasonable living accommodation.

22.08

(b) Limited expenses are defined as follows:

1. Moving

(i) Costs of:

- packing and unpacking of household furniture and equipment;
- mover's charge;
- insurance against damage to household effects in transit;

(ii) The employer will be responsible for:

- making arrangements for the move, for securing at least two competitive bids, for the selection of a - reputable carrier, and prior to signing the contract, submitting the quotation for approval to the Manager, Human Resources.
- placing of the insurance on his household effects in transit.
- obtaining reimbursement from carriers for any damage to effects in transit.

2. Traveling and Living Expenses

The Company will pay all reasonable charges for:

- (i) Transportation of entire family via air, rail or car. If the employee's own car is used, standard mileage rates will prevail. This includes meals, lodging enroute and normal living expenses.
- (ii) In the event that the employee precedes his family to the new location, the Company will pay his personal living expenses for up to one month in order to find reasonable living accommodation.

ARTICLE 23 SALARY ADMINISTRATION

23.01

The Company shall pay basic salary or wage rates (hereinafter referred to as "base rates") to employees in accordance with Appendix "A" which is attached hereto and forms part of this Agreement.

- (a) Full time employees shall be paid on a bi-weekly basis and there shall be 26 such payments in a given year. For conversion purposes only, bi-weekly payments shall be calculated by dividing yearly salary in Appendix "A" by 26, and hourly rates shall be calculated by dividing the bi-weekly rate by 75 hours (1950). Salaries shall be paid every second Friday.

- (b) Part time employees will be paid on the basis of hourly wage rates. Such hourly rates will be calculated on the basis of the annual salary equivalent divided by 26 (pay dates) and then 75 (hours) (1950). Part time employees shall be paid on a bi-weekly basis every second Friday, for wages earned as at Thursday of the preceding week.
- (c) Should a payday fall on a scheduled day off work or on a Statutory Holiday, as set out in Article 20, employees shall, if practical, be paid on the preceding work day.
- (d) Payment shall be made by direct deposit to the bank, credit union or other financial institution of the employee's choice.

23.02 Hiring Rates

- (a) New employees will normally be hired at the minimum rate for their job. A new employee who has had experience directly applicable to the job may be paid up to and including the level indicated in Appendix "A".

Higher starting rates may be paid in exceptional cases by agreement of the Parties. No employee will be paid a base rate that is less than the minimum or more than the maximum for the job.

- (b) If a temporary employee is successful in obtaining an appointment to a regular job, and the job is at the same level as the temporary position held, then he or she will maintain their anniversary date for future salary increases. If the appointment is to a higher position than the one held then the temporary employee will be treated in accordance with clause Article 23.04. If the appointment is to a lower position than the one currently held by the temporary employee, the employee will be treated in accordance with clause Article 23.08.

23.03 Promotions

By definition, a "promotion" shall mean a move to a new job carrying a maximum step which is higher than the maximum step of the old job.

23.04

In the case of an employee obtaining a promotion to a permanent job, he or she will receive an increase of five per cent on his or her old base rate or the increase resulting from placement on the same Step in the new Job Group, whichever is greater. Where the resulting base rate would be higher than the maximum of the new Job Group, he or she shall be paid the maximum. Thereafter, progression along the salary scale will be at the established intervals.

23.05

- (a) Should an employee be temporarily promoted to a position in a higher Job Group, he or she shall be paid on the same basis as in the previous paragraph for time worked.
- (b) A temporary promotion within the bargaining unit is a promotion of six months duration or less. If a temporary promotion is occasioned by a leave of absence, including sick leave, the

promotional increase shall be in effect if the period of temporary promotion equals one working day or more, for all time in such higher position.

- (c) An employee temporarily on a higher job classification shall receive the benefit of automatic salary increases which he or she would have received on his or her permanent job, and shall have his promotional increase re-calculated on such higher base rate.
- (d) An increase in salary awarded for a temporary promotion terminates when the employee returns to his or her permanent job. Such employee, upon return to his or her regular job, will receive the salary he or she would be receiving had a temporary promotion not occurred.
- (e) An employee required by the Company to perform work in a higher job classification than his/her normal classification, whether for part or all of a shift, shall be paid at the higher classification rate for the whole shift.

23.06 Salary Progression

- (a) Salary advances in all salary ranges shall be automatic with the following exceptions:
 - (i) Employees who, at the time they become due for a salary advance, are absent due to Long Term Disability or are on an unpaid leave of absence, shall not be entitled to such salary advance until their return to active employment.
 - (ii) Where an increase is withheld for cause, at least one month's notice of intent to withhold shall be given by the Company to the Union and to the employee affected. When, in the opinion of the Company, the employee has restored his or her performance fully at some subsequent date, he or she may regain his or her position within the salary range on a non-retroactive basis.
- (b) Automatic salary increases for employees who are eligible shall be an amount equivalent to a full Step increase within the appropriate salary range.
- (c) A Regular Part-time employee shall progress through the salary scale on the basis of accumulated hours worked (inclusive of annual vacation, sick leave and absence due to Workers' Compensation) at the same job group. Such progression shall be determined by a quarterly review of accumulated hours, and shall be first applied after the employee has accumulated 975 hours for moving from the Entry level to the Six Month level and from the Six Month level to the 1 Year level. Subsequent progressions shall be applied upon accumulation of 1950 hour increments.

23.07 Demotions

By definition, a "demotion" shall mean a move to a new job carrying a maximum Step which is lower than the maximum Step of the old job.

23.08

For transfer to a lower job classification, either as a result of application by the employee or as a result of inadequate performance, the following salary policy will apply:

- (a) If the employee has one year or more of service in his or her present job, upon demotion his or her salary will be retained if it is not beyond the maximum of the lower job classification. If it is beyond maximum, the salary will be reduced to the maximum of the lower job.
- (b) If the employee has less than one year of service in his or her present job, upon demotion his or her salary rate will be retained if it is not beyond the six month level of the salary range for the lower job classification. If it is beyond the six month level, the salary will be reduced to the six month level of the lower job.
- (c) The employee will receive the general increases that accrue to his or her new job classification.

23.09

- (a) In the event of a transfer to a lower job classification for reasons not directly attributable to the employee, such as technological change, reorganization or reclassification of an existing job, the following policy will apply:
 - (i) Upon demotion, the employee will retain his current salary/wage irrespective of where it falls in the salary range or beyond the salary range of the lower job classification.
 - (ii) If the employee's salary is within the salary range of the lower job classification, he/she will receive such general increases as accrue to his/her new job classification.
 - (iii) If the employee's salary is beyond the maximum of the lower job classification, he/she will receive such general increases only to the extent that the new maximum of the lower job classification exceeds his/her present salary.
- (a) In the event of transfer to a lower job classification resulting from the provisions of Article 11, Layoff and Recall, employees will retain their salaries provided such salary is not beyond the maximum for the lower job. If the salary is above maximum, it will be reduced to the maximum for the new job.

23.10

Employees who temporarily perform supervisory functions shall be paid at 110% of their actual Salary Rate or 110% of the highest person supervised, whichever is the greater. The provisions of Article 23.05(b), (c) and (d) shall also apply.

23.11 First Aid Premiums

The Company recognizes the following levels of First Aid Certification and will pay a corresponding premium rate for holders of Designated First Aid and Relief First Aid positions.

| | <u>Designated Attendant</u> | <u>Relief Attendant</u> | <u>Transportation Premium</u> |
|---------|---------------------------------|-----------------------------|-----------------------------------|
| Level 3 | <u>\$300/mo.</u> | <u>\$150/mo.</u> | <u>included</u> |
| Level 2 | <u>\$200/mo</u> | <u>\$100/mo</u> | <u>\$25/mo</u> |
| Level 1 | <u>\$100/mo</u> | <u>\$75/mo</u> | <u>\$25/mo</u> |

Designated and Relief First Aid Attendants will be granted a paid leave of absence for this training and, as well, the Company will prepay full course costs including examination fees for both the initial certification and subsequent renewals.

23.12 Standby

An employee who is required by the Company to be on Standby at a time or times other than his/her regular working hours shall be paid:

- (a) A sum equivalent to one hour's pay at the base rate for his/her classification for each day on Standby which he/she actually works a regularly scheduled shift.
- (b) A minimum of four hours pay at his/her base rate on any scheduled day of rest.
- (c) Standby premiums will be paid in the pay period in which they are earned.

ARTICLE 24 JOB CLASSIFICATIONS - DESCRIPTION ADMINISTRATION

24.01

The Company will prepare and maintain detailed job descriptions, a copy of which will be provided to the Union and employees.

Job descriptions prepared in accordance with this Article will describe job duties and responsibilities as clearly and specifically as possible.

24.02

Employees may be required to perform other duties from time to time. These duties may be omitted from the job description provided such duties do not significantly affect the value of the job. Such job descriptions shall express as clearly as possible the education, experience and skills required to do the job. All job descriptions prepared and maintained by the Company shall bear the date of their last revision.

24.03

- (a) Should the Company determine that a new job classification is required and, as a result, a new salary scale is required, then the Company will implement an interim salary scale for the job. The Company and the Union will determine, through the Joint Job Evaluation Committee, the actual salary scale for the job.

- (b) The incumbent(s), the Company or the Union may request that a job be reviewed by the Joint Job Evaluation Committee. Eligibility for re-evaluation will be met by satisfying one of the following conditions:
- (i) A collection of tasks which has not been rated on the joint Job Evaluation Plan.
 - (ii) A change has occurred in an existing job which it is felt will lead to a change in the evaluation of the job.
 - (iii) A minimum of 12 months in the position is required prior to an employee requesting a job evaluation to remove a TBR (To Be Reviewed) rating. Once the new job has existed for 12 months, it must be evaluated within six months.
- (c) The incumbent(s) will obtain a Job Fact Sheet from Human Resources and submit the completed Job Fact Sheet to the Joint Job Evaluation Committee.

24.04

- (a) The Joint Job Evaluation Committee shall consist of four persons, two appointed by the Company and two appointed by the Union. The Committee will select a rotating chair every six months.
- (b) The Joint Job Evaluation Committee will meet once every four months or more frequently at the call of the Chair. The Committee will meet to review changes in duties and/or responsibilities in existing jobs and to review new "to be reviewed" jobs. The Committee will establish the appropriate point rating for the job using the "Factor Grade-Point Conversion Table" as outlined in the Joint Job Evaluation Plan. In the event that the Committee is unable to agree, then the dispute will be submitted to a single arbitrator as per Article 4.02.
- (c) Should the Joint Job Evaluation Committee be required to interview incumbents of jobs being reviewed then that interview will be conducted by one Company committee member and one Union committee member.

24.05

Should the Parties be unable to agree on the rates of pay for any new job or be unable to agree on the rates of pay for an existing job where the duties and responsibilities have changed, then the matter will be referred to a single arbitrator whose decision shall be final and binding. Each Party will pay the expenses incurred in connection with the presentation of its own case and will share the expenses and fees of the Board.

24.06

Rates of pay established under Article 24.03 and 24.04 above shall be effective for new jobs from date of hire and shall be effective for changes in rates to existing jobs from the date that the Union, the Company or the incumbent initiated the review.

24.07

In establishing rates of pay, an arbitrator will be guided as follows:

- (a) the arbitrator will establish rates in accordance with one of the listed pay grades in Appendix "A" except that an arbitrator may establish a pay grade higher than the highest pay grade set out in Appendix "A" if such is appropriate but such higher pay grade, when established, will bear the appropriate relative relationship to the existing pay grades;
- (b) the arbitrator in making this decision will consider all the changes in job duties and/or responsibilities which have occurred in the job since the previous job description was prepared and which established the previous pay classification level, or the job duties and/or responsibilities contained in the job description of any new job;
- (c) the arbitrator can compare the duties and responsibilities of any job in dispute with the duties and responsibilities of any other job covered by the Agreement in arriving at the decision except that the comparative jobs may be specifically limited by mutual agreement of the Parties.

ARTICLE 25 PROTECTIVE CLOTHING

Where protective clothing is required in the course of an employee's work the following shall apply:

25.01

With the exception of safety footwear, if employees are required to enter a worksite which requires safety equipment, then the equipment will be provided by the Company.

25.02

Employees who must purchase protective footwear may apply for a 50% reimbursement of the purchase price.

ARTICLE 26 TRAINING

26.01

The Company encourages employees to upgrade their education, knowledge and skills by private study and will assist in defraying the costs of certain courses and educational programs.

26.02

With prior approval the Company will pay the full cost of books and tuition fees where an employee takes a single course which will improve his or her performance in his or her present

position or assist in preparing the employee for advancement in the Company. Payment of such costs will be made upon successful completion of the course.

In situations where the course would exceed \$300, the Company will advance a loan to individual employees and immediately commence payroll deductions in order that this loan be paid off within one year of the advance being made.

26.03

With prior approval the Company will pay the costs of books and tuition fees for any continuing course or program directly related to the employee's present work or which will prepare him for advancement in the Company, and where such course or program will extend over one year and can be considered as being completed in sequential steps or stages. The Company's contribution will be to a maximum of \$300 for each stage of successful completion and a maximum of \$1200 for the successful completion of the course or program.

26.04

The Company will refund 50% of the instructional fee for any course which the Company deems has significant academic and/or peripheral value to the employee, to a maximum of \$100 upon successful completion.

26.05

The Company will refund the total cost of books, tuition and examination fees to any employee upon successful completion of the W.C.B. Industrial First Aid Course.

26.06

Applications for educational assistance must be submitted on the Company Application for Employee Education Rebate Form to the Department Manager.

26.07

The Human Resources Department will be available to discuss career opportunities with employees to identify areas of career interest. At the request of the Union, the Company agrees to meet to discuss specific training programs.

ARTICLE 27

SAFETY REQUIREMENTS

27.01

It is the intent of the parties to this Collective Agreement to conduct a safe operation.

27.02

Working practices shall be governed by FortisBC standards and procedures and the regulations of the Province of British Columbia insofar as they apply.

27.03

Employees may submit their concerns regarding safety and occupational health to their respective operation's function Supervisor and/or to the local Safety Coordinator.

27.04

No person shall be required to undertake any work when he/she has reasonable grounds to believe conditions are not safe. Such incidents must be reported immediately to the function Supervisor and/or to the local Safety Coordinator.

27.05

Findings and recommendations with respect to investigations undertaken as referenced in Article 27.04 shall be reported to the Manager of Environment, Health and Safety and the President of the Union or their delegates.

ARTICLE 28**SHIFTWORK, HOURS OF WORK AND CONDITIONS**

28.01 Introduction of Shifts

- (a) The Company will make every effort to provide the Union with three months written notice prior to introducing new shiftwork requirements of an ongoing nature.
- (b) Should a position having an incumbent employee become a shift position, the incumbent employee will have the option to either:
 - (i) Accept the shift position, or
 - (ii) Decline the shift position. In the latter event, the shift vacancy will be filled in accordance with the provisions of Article 7; the declining employee will be treated in accordance with the provisions of Article 13.

28.02 Shift Rotation

Length of shift rotation will be determined by the number of employees performing the same job at the same location, operational necessity and mutual agreement of the parties. Where more than one qualified employee exists for a shiftwork rotation, the selection of shifts will be made on the basis of seniority.

28.03 Temporary Change of Workshift

Where a shift employee's workshift has been changed and is not a part of the normal rotation and such change is for a period in excess of 20 working days, such change will be deemed permanent and Article 28.01 shall apply.

28.04 Working Hours

(a) Work Day

Any consecutive eight hours of work, exclusive of lunch period, in a 24 hour period.

(b) Work Week

Any consecutive five days of work out of seven consecutive calendar days. The remaining two days will be scheduled as days off in lieu of Saturday and Sunday.

(c) Lunch Periods

The lunch period shall be taken as close as possible to the midpoint of the shift.

(d) Rest Periods

A rest period of ten minutes will be permitted in both the first and second halves of the shift. Such periods shall be considered as time worked.

28.05 Definitions

(a) Day Shift

Any shift starting between the hours of 7:00 a.m. to 10:00 a.m. If the majority of hours worked occur prior to 3:00 p.m., no shift premium will be paid.

(b) Afternoon Shift

Any shift starting between the hours of 3:00 p.m. and 6:59 p.m.

(c) Night Shift

Any shift starting between the hours of 7:00 p.m. and 6:59 a.m. If the majority of hours worked occur after 5:00 a.m., no shift premium will be paid.

28.06 Shift Premium

Scheduled shiftwork shall attract a premium of \$1.50 per hour worked for afternoon shift and \$3.00 per hour worked for night shift. Shift premiums will apply only for those hours worked within the defined shift periods as specified in Article 28.05.

28.07 Overtime

The provisions of Article 21 shall apply to shift work.

28.08 Shift Job List

Jobs which will be required to be scheduled on a regular and ongoing shift basis because of departmental requirements of the Company are listed below. The Company will make every effort to provide the Union with three months notice of changes to the shift job list and will post changes to the list as they occur.

- All COPE 378 shift jobs in the Trail Contact Centre.

28.09 Pyramiding or Compounding

Under no circumstances shall there be pyramiding or compounding of premiums.

28.10 Statutory Holidays

- (a) In recognition that statutory holidays may be scheduled workdays for shift workers, employees will be scheduled off for ten days in lieu of statutory holidays as listed in Article 20.01. In addition, eligible employees will be scheduled off twice in each year on a floating statutory holiday, in accordance with Article 20.01.
- (b) All work performed by employees on statutory holidays shall be compensated for at the base rate, plus shift premium if applicable, and in addition for each 7 ½ hour shift worked such employees shall be provided with a day off and shall receive 7 ½ hours pay on the basis of his regular base rate (exclusive of shift differentials, overtime, bonuses, holiday or other premiums) for such day.

ARTICLE 29 SHIFT CHANGE AND CHANGE IN STARTING TIME OF A WORK DAY**29.01**

When the Company changes an employee's work shift or where the Company varies the starting time of an employee's work day by more than three hours, and in either case does not provide the employee with 48 hours of notice, said employee shall be paid at overtime rates for the initial changed shift. Such payment shall not be made upon return to the normal shift or start time of a work day from which he was changed. Changes which result from accommodation of employee requests, such as changes in hours of work, exchanges of work shifts or work days, vacations and approved leaves of absence, or from periodic changes to summer and winter hours of work, shall not be paid at overtime rates. Work performed by an employee at overtime rate on his scheduled rest day, or overtime work, or work on a callout, do not constitute a change in work shift and do not affect the rate of pay for the employee's succeeding regular shift.

ARTICLE 30 SAVINGS CLAUSE**30.01**

If any article, section, paragraph, clause or phrase of this Agreement shall by Provincial, Federal or other law or by decision of any court be declared or held illegal, void or unenforceable, the remaining portions of this Agreement shall continue to be valid and in full force and effect.

ARTICLE 31 COPE-FortisBC Pension Plan

31.01 Joint Committee (Former LOU WKP OTEU-95-2)

Pension Chair - The parties agree that the COPE-FortisBC Pension Plan Joint Committee of trustees shall consist of six trustees of whom three shall be appointed by the Company and three shall be appointed by the Union. The Chairperson shall be on a rotational basis among the trustees or as otherwise determined by the trustees.

The salary and expenses incurred by the Company appointees while serving as a trustee shall be borne by the Company. The salary and expenses incurred by Union appointees while serving as a trustee shall be borne by the Union. Employees appointed as trustees shall, however, have their salaries maintained by the Company.

31.04 Contribution Rate (Former Article 17.06)

Effective February 1, 1992 the provisions of the West Kootenay Power Staff Union Pension Plan for OPEIU Union Employees, 1992 shall come into effect. Effective February 1, 1995, the Company's contribution rate will be increased by 2.8% of base pay to provide for a reduction of the same amount in members' contributions.

31.03 OPEIU Pension Plan Amendments

The OPEIU Pension Plan will be amended to reflect the following:

- The PPSUE and OPEIU 1992 Pension Plan will be consolidated with an accrual rate of 1.1 for pre 1982 service effective February 1, 1997. The cost of the consolidation will be borne by the Company.
- an integration level of 75% of YMPE effective February 1, 1997
- Addition of "85 point rule" effective February 1, 1997
 - ⇒ only actual service with the Company will count towards the 85 points (i.e. there is no "grow-in" provision);
 - ⇒ there is no minimum age requirement to be eligible for the unreduced early retirement benefits; and
 - ⇒ the early retirement reductions will be determined from the member's earliest unreduced retirement date.
- Effective February 1, 1998 change the definition of final average earnings from the best of 60 months to the best of 36 months.
- The equivalent of Rate 9 will be utilized to offset the employee portion of the cost of the 85 point rule/integration/final average earnings of the OPEIU 1992 Pension Plan.
- Effective February 1, 2000 the OPEIU 1992 Pension Plan shall be amended to allow an employee the opportunity to retire with full basic pension at the earlier of age 60 or the age at which the member's age plus service equals 80. The Parties accept the cost estimate of this

change to be 0.8% of payroll. Effective February 1, 2000, employee contributions will rise by 0.8% of payroll to support this change.

- Effective February 1, 2000 the definition of plan earnings in the OPEIU 1992 Pension Plan shall be amended to read:
 - 80% of earnings up to the Canada Pension Plan's "year's maximum pensionable earnings" plus 100% of earnings in excess of that maximum. The Parties accept the cost estimate of this change to be 1.4% of payroll. The costs of this change will be implemented as follows: for the year February 1, 2000 to January 31, 2001, employee contributions will rise by 1.4%. Effective February 1, 2001, employer contributions will rise by 0.7% and employee contributions will decrease by 0.7%.

Effective February 1, 2002, employer contributions will rise by the remaining 0.7% and employee contributions will decrease by 0.7%.

The Parties confirm that the provisions of the OPEIU – WKP Pension Plan in respect of the January 1, 2000 actuarial valuation will apply (A4.02A).

31.04 Pension Eligibility

- (a) Regular full-time employees shall be eligible to join the COPE-FortisBC Pension Plan in accordance with Article 6.02.
- (b) Regular Part-time and Temporary employees shall be eligible to join the COPE-FortisBC Pension Plan on the first day of a month, not earlier than the effective date, at which time the employee
 - (i) has completed at least 24 months of continuous service in which he or she has earned at least 35% of the YMPE in each of two consecutive calendar years, and
 - (ii) is actively at work.

Pension entitlements will be prorated on the basis of hours actually worked in a given period.

IN WITNESS WHEREOF the Parties hereto have affixed
their hands through their respective officers on
the 24th day of June, 2006.

CANADIAN OFFICE AND PROFESSIONAL EMPLOYEES' UNION, LOCAL 378

Jackie Brown, Business Representative

Dave Mason, Executive Councillor

Rob Maschek

Suzanne Stansbury

FortisBC Inc.

Rita Ludwig, Manager, Human Resources

Franz Grubba

Tim Swanson

Ian Dyck

Patti Mitchell

| Annual Salary Rate Effective Feb 1, 2006 | | | | | | |
|--|---------------------------|-------------------------|-----------------------|--------------------|--------------------|--------------------|
| 2.4% increase over 2004 rates (2.0% plus COLA). | | | | | | |
| Job Group | T.S.K. Point Range | Entry Level 2005 | Six Month 2005 | 1 Year 2005 | 2 Year 2005 | 3 Year 2005 |
| 5 | 112-131 | \$33,537 | \$36,332 | \$39,127 | \$41,922 | |
| 6 | 132-151 | \$36,332 | \$39,350 | \$42,385 | \$45,404 | |
| 7 | 152-171 | \$39,114 | \$41,557 | \$43,987 | \$46,445 | \$48,874 |
| 8 | 172-191 | \$41,838 | \$44,464 | \$47,076 | \$49,690 | \$52,301 |
| 9 | 192-211 | \$44,765 | \$47,577 | \$50,373 | \$53,166 | \$55,962 |
| 10 | 212-231 | \$47,900 | \$50,907 | \$53,897 | \$56,888 | \$59,878 |
| 11 | 232-251 | \$51,252 | \$54,470 | \$57,671 | \$60,872 | \$64,071 |
| 12 | 252-271 | \$54,839 | \$58,283 | \$61,707 | \$65,132 | \$68,556 |
| 13 | 272-291 | \$58,679 | \$62,363 | \$66,028 | \$69,690 | \$73,355 |

| Annual Salary Rate Effective Feb 1, 2007, | | | | | | |
|--|---------------------------|-------------------------|-----------------------|--------------------|--------------------|--------------------|
| 2.5% increase over 2005 rates. | | | | | | |
| Job Group | T.S.K. Point Range | Entry Level 2007 | Six Month 2007 | 1 Year 2007 | 2 Year 2007 | 3 Year 2007 |
| 5 | 112-131 | \$34,375 | \$37,240 | \$40,105 | \$42,970 | |
| 6 | 132-151 | \$37,240 | \$40,334 | \$43,445 | \$46,539 | |
| 7 | 152-171 | \$40,092 | \$42,596 | \$45,087 | \$47,606 | \$50,096 |
| 8 | 172-191 | \$42,884 | \$45,576 | \$48,253 | \$50,932 | \$53,608 |
| 9 | 192-211 | \$45,884 | \$48,767 | \$51,632 | \$54,495 | \$57,361 |
| 10 | 212-231 | \$49,097 | \$52,180 | \$55,245 | \$58,311 | \$61,375 |
| 11 | 232-251 | \$52,534 | \$55,831 | \$59,112 | \$62,393 | \$65,672 |
| 12 | 252-271 | \$56,210 | \$59,740 | \$63,250 | \$66,760 | \$70,270 |
| 13 | 272-291 | \$60,146 | \$63,922 | \$67,678 | \$71,433 | \$75,189 |

| Annual Salary Rate Effective Feb 1, 2008, | | | | | | | |
|--|-----------------------------------|---------------------------------|-------------------------------|------------------------|------------------------|------------------------|--|
| representing a 2.5% increase over 2007 rates. | | | | | | | |
| Job Group | T.S.K. Point Range | Entry Level 2008 | Six Month 2008 | 1 Year 2008 | 2 Year 2008 | 3 Year 2008 | |
| 5 | 112-131 | \$35,235 | \$38,171 | \$41,108 | \$44,044 | | |
| 6 | 132-151 | \$38,171 | \$41,342 | \$44,531 | \$47,703 | | |
| 7 | 152-171 | \$41,094 | \$43,661 | \$46,214 | \$48,796 | \$51,349 | |
| 8 | 172-191 | \$43,956 | \$46,715 | \$49,460 | \$52,205 | \$54,949 | |
| 9 | 192-211 | \$47,031 | \$49,986 | \$52,923 | \$55,858 | \$58,795 | |
| 10 | 212-231 | \$50,325 | \$53,484 | \$56,626 | \$59,768 | \$62,910 | |
| 11 | 232-251 | \$53,847 | \$57,227 | \$60,590 | \$63,953 | \$67,314 | |
| 12 | 252-271 | \$57,616 | \$61,234 | \$64,831 | \$68,429 | \$72,026 | |
| 13 | 272-291 | \$61,650 | \$65,520 | \$69,370 | \$73,218 | \$77,069 | |

| Annual Salary Rate Effective Feb 1, 2009, | | | | | | |
|--|-----------------------------------|---------------------------------|-------------------------------|------------------------|------------------------|------------------------|
| representing a 2.5% increase over 2008 rates. | | | | | | |
| Job Group | T.S.K. Point Range | Entry Level 2009 | Six Month 2009 | 1 Year 2009 | 2 Year 2009 | 3 Year 2009 |
| 5 | 112-131 | \$36,116 | \$39,125 | \$42,136 | \$45,145 | |
| 6 | 132-151 | \$39,125 | \$42,376 | \$45,644 | \$48,895 | |
| 7 | 152-171 | \$42,121 | \$44,752 | \$47,369 | \$50,016 | \$52,632 |
| 8 | 172-191 | \$45,054 | \$47,883 | \$50,696 | \$53,510 | \$56,322 |
| 9 | 192-211 | \$48,207 | \$51,235 | \$54,246 | \$57,254 | \$60,265 |
| 10 | 212-231 | \$51,583 | \$54,821 | \$58,041 | \$61,262 | \$64,482 |
| 11 | 232-251 | \$55,193 | \$58,658 | \$62,105 | \$65,552 | \$68,997 |
| 12 | 252-271 | \$59,056 | \$62,764 | \$66,452 | \$70,140 | \$73,827 |
| 13 | 272-291 | \$63,191 | \$67,158 | \$71,104 | \$75,049 | \$78,996 |

| Annual Salary Rate Effective Feb 1, 2010, | | | | | | |
|--|-----------------------------------|---------------------------------|-------------------------------|------------------------|------------------------|------------------------|
| representing a 3.5% increase over 2009 rates. | | | | | | |
| Job Group | T.S.K. Point Range | Entry Level 2010 | Six Month 2010 | 1 Year 2010 | 2 Year 2010 | 3 Year 2010 |
| 5 | 112-131 | \$37,380 | \$40,494 | \$43,610 | \$46,725 | |
| 6 | 132-151 | \$40,494 | \$43,859 | \$47,242 | \$50,607 | |
| 7 | 152-171 | \$43,595 | \$46,319 | \$49,027 | \$51,766 | \$54,475 |
| 8 | 172-191 | \$46,631 | \$49,559 | \$52,470 | \$55,383 | \$58,294 |
| 9 | 192-211 | \$49,894 | \$53,029 | \$56,144 | \$59,258 | \$62,374 |
| 10 | 212-231 | \$53,388 | \$56,740 | \$60,073 | \$63,407 | \$66,739 |
| 11 | 232-251 | \$57,125 | \$60,711 | \$64,279 | \$67,846 | \$71,412 |
| 12 | 252-271 | \$61,123 | \$64,961 | \$68,778 | \$72,594 | \$76,411 |
| 13 | 272-291 | \$65,403 | \$69,508 | \$73,593 | \$77,676 | \$81,760 |

Appendix "B"

| Bi-Weekly Salary Rate Effective Feb 1, 2006 | | | | | | |
|---|--------------------|------------------|----------------|-------------|-------------|-------------|
| 2.4% increase over 2004 rates (2.0% plus COLA). | | | | | | |
| Job Group | T.S.K. Point Range | Entry Level 2005 | Six Month 2005 | 1 Year 2005 | 2 Year 2005 | 3 Year 2005 |
| 5 | 112-131 | \$1,290 | \$1,397 | \$1,505 | \$1,612 | |
| 6 | 132-151 | \$1,397 | \$1,513 | \$1,630 | \$1,746 | |
| 7 | 152-171 | \$1,504 | \$1,598 | \$1,692 | \$1,786 | \$1,880 |
| 8 | 172-191 | \$1,609 | \$1,710 | \$1,811 | \$1,911 | \$2,012 |
| 9 | 192-211 | \$1,722 | \$1,830 | \$1,937 | \$2,045 | \$2,152 |
| 10 | 212-231 | \$1,842 | \$1,958 | \$2,073 | \$2,188 | \$2,303 |
| 11 | 232-251 | \$1,971 | \$2,095 | \$2,218 | \$2,341 | \$2,464 |
| 12 | 252-271 | \$2,109 | \$2,242 | \$2,373 | \$2,505 | \$2,637 |
| 13 | 272-291 | \$2,257 | \$2,399 | \$2,540 | \$2,680 | \$2,821 |

| Bi-Weekly Salary Rate Effective Feb 1, 2007, | | | | | | |
|---|---------------------------|-------------------------|-----------------------|--------------------|--------------------|--------------------|
| 2.5% increase over 2005 rates. | | | | | | |
| Job Group | T.S.K. Point Range | Entry Level 2007 | Six Month 2007 | 1 Year 2007 | 2 Year 2007 | 3 Year 2007 |
| 5 | 112-131 | \$1,322 | \$1,432 | \$1,543 | \$1,653 | |
| 6 | 132-151 | \$1,432 | \$1,551 | \$1,671 | \$1,790 | |
| 7 | 152-171 | \$1,542 | \$1,638 | \$1,734 | \$1,831 | \$1,927 |
| 8 | 172-191 | \$1,649 | \$1,753 | \$1,856 | \$1,959 | \$2,062 |
| 9 | 192-211 | \$1,765 | \$1,876 | \$1,986 | \$2,096 | \$2,206 |
| 10 | 212-231 | \$1,888 | \$2,007 | \$2,125 | \$2,243 | \$2,361 |
| 11 | 232-251 | \$2,021 | \$2,147 | \$2,274 | \$2,400 | \$2,526 |
| 12 | 252-271 | \$2,162 | \$2,298 | \$2,433 | \$2,568 | \$2,703 |
| 13 | 272-291 | \$2,313 | \$2,459 | \$2,603 | \$2,747 | \$2,892 |

| Bi-Weekly Salary Rate Effective Feb 1, 2008, | | | | | | | |
|--|---------------------------|-------------------------|-----------------------|--------------------|--------------------|--------------------|--|
| representing a 2.5% increase over 2007 rates. | | | | | | | |
| Job Group | T.S.K. Point Range | Entry Level 2008 | Six Month 2008 | 1 Year 2008 | 2 Year 2008 | 3 Year 2008 | |
| 5 | 112-131 | \$1,355 | \$1,468 | \$1,581 | \$1,694 | | |
| 6 | 132-151 | \$1,468 | \$1,590 | \$1,713 | \$1,835 | | |
| 7 | 152-171 | \$1,581 | \$1,679 | \$1,777 | \$1,877 | \$1,975 | |
| 8 | 172-191 | \$1,691 | \$1,797 | \$1,902 | \$2,008 | \$2,113 | |
| 9 | 192-211 | \$1,809 | \$1,923 | \$2,035 | \$2,148 | \$2,261 | |
| 10 | 212-231 | \$1,936 | \$2,057 | \$2,178 | \$2,299 | \$2,420 | |
| 11 | 232-251 | \$2,071 | \$2,201 | \$2,330 | \$2,460 | \$2,589 | |
| 12 | 252-271 | \$2,216 | \$2,355 | \$2,494 | \$2,632 | \$2,770 | |
| 13 | 272-291 | \$2,371 | \$2,520 | \$2,668 | \$2,816 | \$2,964 | |

| Bi-Weekly Salary Rate Effective Feb 1, 2009, | | | | | | |
|--|-----------------------------------|---------------------------------|-------------------------------|------------------------|------------------------|------------------------|
| representing a 2.5% increase over 2008 rates. | | | | | | |
| Job Group | T.S.K. Point Range | Entry Level 2009 | Six Month 2009 | 1 Year 2009 | 2 Year 2009 | 3 Year 2009 |
| 5 | 112-131 | \$1,389 | \$1,505 | \$1,621 | \$1,736 | |
| 6 | 132-151 | \$1,505 | \$1,630 | \$1,756 | \$1,881 | |
| 7 | 152-171 | \$1,620 | \$1,721 | \$1,822 | \$1,924 | \$2,024 |
| 8 | 172-191 | \$1,733 | \$1,842 | \$1,950 | \$2,058 | \$2,166 |
| 9 | 192-211 | \$1,854 | \$1,971 | \$2,086 | \$2,202 | \$2,318 |
| 10 | 212-231 | \$1,984 | \$2,109 | \$2,232 | \$2,356 | \$2,480 |
| 11 | 232-251 | \$2,123 | \$2,256 | \$2,389 | \$2,521 | \$2,654 |
| 12 | 252-271 | \$2,271 | \$2,414 | \$2,556 | \$2,698 | \$2,840 |
| 13 | 272-291 | \$2,430 | \$2,583 | \$2,735 | \$2,886 | \$3,038 |

Appendix "B.1"

| Bi-Weekly Salary Rate Effective Feb 1, 2010, | | | | | | | |
|--|---------------------------|-------------------------|-----------------------|--------------------|--------------------|--------------------|--|
| representing a 3.5% increase over 2009 rates. | | | | | | | |
| Job Group | T.S.K. Point Range | Entry Level 2010 | Six Month 2010 | 1 Year 2010 | 2 Year 2010 | 3 Year 2010 | |
| 5 | 112-131 | \$1,438 | \$1,557 | \$1,677 | \$1,797 | | |
| 6 | 132-151 | \$1,557 | \$1,687 | \$1,817 | \$1,946 | | |
| 7 | 152-171 | \$1,677 | \$1,781 | \$1,886 | \$1,991 | \$2,095 | |
| 8 | 172-191 | \$1,794 | \$1,906 | \$2,018 | \$2,130 | \$2,242 | |
| 9 | 192-211 | \$1,919 | \$2,040 | \$2,159 | \$2,279 | \$2,399 | |
| 10 | 212-231 | \$2,053 | \$2,182 | \$2,310 | \$2,439 | \$2,567 | |
| 11 | 232-251 | \$2,197 | \$2,335 | \$2,472 | \$2,609 | \$2,747 | |
| 12 | 252-271 | \$2,351 | \$2,499 | \$2,645 | \$2,792 | \$2,939 | |
| 13 | 272-291 | \$2,515 | \$2,673 | \$2,831 | \$2,988 | \$3,145 | |

| Hourly Salary Rate Effective Feb 1, 2006 | | | | | | |
|--|---------------------------|-------------------------|-----------------------|--------------------|--------------------|--------------------|
| 2.4% increase over 2004 rates (2.0% plus COLA). | | | | | | |
| Job Group | T.S.K. Point Range | Entry Level 2005 | Six Month 2005 | 1 Year 2005 | 2 Year 2005 | 3 Year 2005 |
| 5 | 112-131 | \$17.20 | \$18.63 | \$20.07 | \$21.50 | |
| 6 | 132-151 | \$18.63 | \$20.18 | \$21.74 | \$23.28 | |
| 7 | 152-171 | \$20.06 | \$21.31 | \$22.56 | \$23.82 | \$25.06 |
| 8 | 172-191 | \$21.46 | \$22.80 | \$24.14 | \$25.48 | \$26.82 |
| 9 | 192-211 | \$22.96 | \$24.40 | \$25.83 | \$27.26 | \$28.70 |
| 10 | 212-231 | \$24.56 | \$26.11 | \$27.64 | \$29.17 | \$30.71 |
| 11 | 232-251 | \$26.28 | \$27.93 | \$29.57 | \$31.22 | \$32.86 |
| 12 | 252-271 | \$28.12 | \$29.89 | \$31.64 | \$33.40 | \$35.16 |
| 13 | 272-291 | \$30.09 | \$31.98 | \$33.86 | \$35.74 | \$37.62 |

| Hourly Salary Rate Effective Feb 1, 2007, | | | | | | |
|---|--------------------|------------------|----------------|-------------|-------------|-------------|
| 2.5% increase over 2005 rates. | | | | | | |
| Job Group | T.S.K. Point Range | Entry Level 2007 | Six Month 2007 | 1 Year 2007 | 2 Year 2007 | 3 Year 2007 |
| 5 | 112-131 | \$17.63 | \$19.10 | \$20.57 | \$22.04 | |
| 6 | 132-151 | \$19.10 | \$20.68 | \$22.28 | \$23.87 | |
| 7 | 152-171 | \$20.56 | \$21.84 | \$23.12 | \$24.41 | \$25.69 |
| 8 | 172-191 | \$21.99 | \$23.37 | \$24.75 | \$26.12 | \$27.49 |
| 9 | 192-211 | \$23.53 | \$25.01 | \$26.48 | \$27.95 | \$29.42 |
| 10 | 212-231 | \$25.18 | \$26.76 | \$28.33 | \$29.90 | \$31.47 |
| 11 | 232-251 | \$26.94 | \$28.63 | \$30.31 | \$32.00 | \$33.68 |
| 12 | 252-271 | \$28.83 | \$30.64 | \$32.44 | \$34.24 | \$36.04 |
| 13 | 272-291 | \$30.84 | \$32.78 | \$34.71 | \$36.63 | \$38.56 |

| Hourly Salary Rate Effective Feb 1, 2008, | | | | | | |
|--|---------------------------|-------------------------|-----------------------|--------------------|--------------------|--------------------|
| representing a 2.5% increase over 2007 rates. | | | | | | |
| Job Group | T.S.K. Point Range | Entry Level 2008 | Six Month 2008 | 1 Year 2008 | 2 Year 2008 | 3 Year 2008 |
| 5 | 112-131 | \$18.07 | \$19.57 | \$21.08 | \$22.59 | |
| 6 | 132-151 | \$19.57 | \$21.20 | \$22.84 | \$24.46 | |
| 7 | 152-171 | \$21.07 | \$22.39 | \$23.70 | \$25.02 | \$26.33 |
| 8 | 172-191 | \$22.54 | \$23.96 | \$25.36 | \$26.77 | \$28.18 |
| 9 | 192-211 | \$24.12 | \$25.63 | \$27.14 | \$28.64 | \$30.15 |
| 10 | 212-231 | \$25.81 | \$27.43 | \$29.04 | \$30.65 | \$32.26 |
| 11 | 232-251 | \$27.61 | \$29.35 | \$31.07 | \$32.80 | \$34.52 |
| 12 | 252-271 | \$29.55 | \$31.40 | \$33.25 | \$35.09 | \$36.94 |
| 13 | 272-291 | \$31.62 | \$33.60 | \$35.57 | \$37.55 | \$39.52 |

| Hourly Salary Rate Effective Feb 1, 2009, | | | | | | |
|---|--------------------------|------------------------|----------------------|----------------|----------------|----------------|
| representing a 2.5% increase over 2008 rates. | | | | | | |
| Job Group | T.S.K. Point Range | Entry Level 2009 | Six Month 2009 | 1 Year 2009 | 2 Year 2009 | 3 Year 2009 |
| 5 | 112-131 | \$18.52 | \$20.06 | \$21.61 | \$23.15 | |
| 6 | 132-151 | \$20.06 | \$21.73 | \$23.41 | \$25.07 | |
| 7 | 152-171 | \$21.60 | \$22.95 | \$24.29 | \$25.65 | \$26.99 |
| 8 | 172-191 | \$23.10 | \$24.56 | \$26.00 | \$27.44 | \$28.88 |
| 9 | 192-211 | \$24.72 | \$26.27 | \$27.82 | \$29.36 | \$30.90 |
| 10 | 212-231 | \$26.45 | \$28.11 | \$29.76 | \$31.42 | \$33.07 |
| 11 | 232-251 | \$28.30 | \$30.08 | \$31.85 | \$33.62 | \$35.38 |
| 12 | 252-271 | \$30.29 | \$32.19 | \$34.08 | \$35.97 | \$37.86 |
| 13 | 272-291 | \$32.41 | \$34.44 | \$36.46 | \$38.49 | \$40.51 |

| Hourly Salary Rate Effective Feb 1, 2010, representing a 3.5% increase over 2009 rates. | | | | | | |
|--|--------------------------|------------------------|----------------------|----------------|----------------|----------------|
| Job Group | T.S.K. Point Range | Entry Level 2010 | Six Month 2010 | 1 Year 2010 | 2 Year 2010 | 3 Year 2010 |
| 5 | 112-131 | \$19.17 | \$20.77 | \$22.36 | \$23.96 | |
| 6 | 132-151 | \$20.77 | \$22.49 | \$24.23 | \$25.95 | |
| 7 | 152-171 | \$22.36 | \$23.75 | \$25.14 | \$26.55 | \$27.94 |
| 8 | 172-191 | \$23.91 | \$25.41 | \$26.91 | \$28.40 | \$29.89 |
| 9 | 192-211 | \$25.59 | \$27.19 | \$28.79 | \$30.39 | \$31.99 |
| 10 | 212-231 | \$27.38 | \$29.10 | \$30.81 | \$32.52 | \$34.23 |
| 11 | 232-251 | \$29.29 | \$31.13 | \$32.96 | \$34.79 | \$36.62 |
| 12 | 252-271 | \$31.35 | \$33.31 | \$35.27 | \$37.23 | \$39.19 |
| 13 | 272-291 | \$33.54 | \$35.65 | \$37.74 | \$39.83 | \$41.93 |

APPENDIX “C” COPE JOB TITLES

Job Group 5

Clerical Assistant
Meter Data Management Assistant

Job Group 6

Accounts Receivable Assistant (TBR)
Customer Account Coordinator
Customer Service Representative (CSR)
Drafter (Tech/Design Progression (JG6-JG12)
Mail Room Coordinator
Material Services Progression (JG 6-JG 12)
Office Assistant

Job Group 7

Accounts Payable Clerk (TBR)
Accounts Receivable Analyst (TBR)
Administrative Assistant
Assistant Material Coordinator, Kootenay
Cash & Banking Coordinator (TBR)
Credit Analyst (TBR)
Customer Relations Coordinator
Sr. Customer Service Representative (Sr. CSR)

Job Group 8

Application Programmer 1 (IT Application
Progression (JG 8-JG 12)
Billing Analyst (TBR)
Financial Assistant (TBR)
Fleet Analyst (TBR)
IT Data Coordinator
Land Assistant
Meter Data Management Analyst
Payroll Administrator (TBR)
Technical Drafter (Tech/ Design Progression)
Technician 1 (IT Technical Progression) (JG 8-JG 12)

Job Group 9

Application Programmer 2 (IT Application
Progression)
Business Assistant
Buyer
Commodity Specialist III
Energy Efficiency Representative
Environmental Technician
Lead, Customer Service Representative (Lead CSR)
Net Ops Coordinator
Project Coordinator
System Scheduler, SCC
Technician 2 (IT Technical Progression)

Job Group 10

Accounts Payable Coordinator
Analyst 1 (IT Application Progression)
AMFM Data Integrity Coordinator (Tech/Design Progression)
Data Integrity Analyst
Design Technician 1(Tech/Design Progression)
Financial Analyst
Inventory Control Analyst (Material Services Progression)
Material Coordinator, Generation/Okanagan/Kootenay
Planner Scheduler
Technician 3 (IT Technical Progression)

Job Group 11

Accounting Services Representative
Analyst 2 (IT Application Progression)
Design Technician (Tech/Design Progression)
Technical Analyst 1 (IT Technical Progression)

Job Group 12

Analyst 3 (IT Application Progression)
Budget & Forecast Analyst (TBR)
Contracts Specialist
Corporate Reporting Analyst (TBR)
Design Technologist (Tech/Design Progression)
Energy Management Technical Advisor
Field Design Specialist
Protection & Control Technologist
Revenue & Margin Analyst (TBR)
Sr. Data Integrity Coordinator (Tech/Design Progression)
Technical Analyst 2 (IT Technical Progression)

Job Group 13

Coordinator, Purchasing & Contracts (TBR)
Sr. Systems Analyst
Sr. Technical Analyst

LETTERS OF UNDERSTANDING**WKP-OTEU 83-2**

July 25, 1983

Mr. J.C. Stevens
Manager, Human Resources
West Kootenay Power and Light
Company, Limited
Box 130
Trail, B.C. V1R 4L4

Dear Mr. Stevens:

Re: Sick Leave

The Union agrees that regular attendance at work is desirable and it will not condone any employee abuse of the Sick Leave provisions of the Collective Agreement. In this regard, the Company has the right to require an employee to provide a Doctor's Certificate for any absence on sick leave. Furthermore, the Company may, at its discretion, require employees to undergo a medical examination by a physician of the Company's choosing.

Yours truly,

I.C. Schierbeck
Business Representative, Local 378
Office and Technical Employees' Union

WKP-OTEU 95-1

Re: Employment of Students

Students employed during the regular holiday period of the educational institution to which they have been admitted or are attending shall be deemed to be temporary employees, but the duration of this temporary employment shall not exceed four (4) months. During this period students may be assigned, transferred, demoted or terminated as the Company requirements dictate, provided that such assignment does not result in the demotion or displacement of any employee or would result in the filling of a job vacancy that would normally be posted. Students shall not be entitled to Floating Statutory Holidays, sick leave, long term disability or any of the benefit plans outlined in Article 17 of this collective agreement.

In the case of a general reduction or layoff of bargaining unit employees at specific headquarters, students shall be terminated before regular employees are displaced. The Company will provide 2 days notice or pay in lieu of notice to students terminated prior to the normal expiration of their temporary work term.

Compensation for students performing work under the O.P.E.I.U. certification shall be at the Job Group 5 entry level. If there is a requirement to have students work at a higher level than Job Group 5 it is agreed that the parties will meet to determine the appropriate job group level.

Students must become and remain members of the union as a condition of employment as outlined in Article 2 of this agreement.

The Company will endeavor to advise the Union with at least 2 weeks advance notice prior to employment of summer students.

WKP-OTEU-95-3

December 17, 1993

John Montgomery
West Kootenay Power
TRAIL OPERATIONS CENTRE

Dear John:

As you are aware, on very rare occasions, O.P.E.I.U. staff are called out to work in conjunction with I.B.E.W. crew call-outs.

The I.B.E.W. collective agreement is specific with regards to rest periods prior to commencement of the employee's regular shift (Article 28.07).

Article 28.07 reads as follows:

28.07 Call-out Rest Period

- (i) Where an employee commences overtime work earlier than four (4) hours prior to his regular shift he shall be allowed a five (5) hour rest period immediately preceding the start of his regular shift. If the employee's regular shift is scheduled to commence before expiry of the five (5) hour rest period he will be permitted to remain at rest for the rest period and will be paid his standard hourly rate for the hours of his regular shift which falls within the rest period. The employee will receive his standard hourly rate for the remainder of his regular shift which he works.
- (ii) Where the employee is directed by his supervisor to return to work before he has completed his five (5) hour rest period he shall be compensated at the overtime rate for the time worked during the balance of time remaining in the five (5) our rest period.
- (iii) Where an employee returns to work for his regular shift or works into a regular day without rest time, and without his supervisor's authorization to do so, the provisions of 28.07(ii) will not apply.

The O.T.E.U. agreement, however, does not address the issue of rest periods following emergency call-outs.

The Company in its determination to treat all employees fairly, during an emergency call-out, is prepared to pay O.T.E.U. staff as per the above stated article.

If you are in agreement with this prepared clause, signify your intent by signing a copy of this letter and return it to me.

Yours truly,

Agreed this 20th day of December, 1993.

M.R. Bell
Director, Industrial Relations

John Montgomery
OTEU Councillor, Local 378

WKP-OPEIU 96-1**Joint Job Evaluation System**

In order to clarify the time line associated with a Job Evaluation Request from start to finish, the union agrees to the following:

- (1) A Job Request Form be filled out by the incumbent, asking for this review. The Date on this Form is the basis for all future compensation arising from such evaluation.

Under our present system of the Joint Committee meeting at least twice per year, there is no reason for any Job Review Request not to be completed in any given calendar year. The responsibility is upon the incumbent to ensure that the job fact sheet and all dates required is returned to the Job Evaluation Coordinator in a timely fashion.

The Job Evaluation Coordinator is responsible to ensure that the incumbents are advised of upcoming Committee Meetings so that their information is available for review by this committee.

Should by chance any impediments to the above, which are beyond the control of the incumbent to facilitate a timely review, then the Language of the Collective Agreement Article 24.06 will apply for date of compensation.

The Job Request Form should be supplied by the Job Evaluation Committee Chair.

Signed on Behalf of the Union _____

Signed on Behalf of the Company _____

WKP-OPEIU 96-2**Work Experience Placements**

The Parties agree to the following in respect to the offering of “Work Experience Placements” and “Job Shadowing Opportunities” at West Kootenay Power.

1. Students shall be enrolled in an educational institute program or government sponsored training program.
2. Participating students shall not (1) replace; (2) displace; (3) delay the filling of a vacant budgeted/approved position in the bargaining unit; or (4) replace leaves of absence.
3. Students shall not receive any form of remuneration for tasks performed, nor be entitled to become members of the Union.
4. The employee assigned to oversee, or provide a “shadow” opportunity to a student shall be provided with adequate time to do so.
5. The Employer will complete a Work Experience Placement Partnership Agreement form for each student with each school district participating in the program, which will also be signed by the local Union Representative, and a copy forwarded to the Union office.
6. This Agreement may be canceled by either Party providing 30 days notice, and is without prejudice to either Parties position regarding the offering of such placements.

Signed on Behalf of the Union _____

Signed on Behalf of the Company _____

WKP-OPEIU 96-3**Co-Operative Educational Students**

This will confirm the conditions with respect to the hiring of students under a Co-operative Education Program.

1. For the purposes of this letter, a co-op student is a student who is enrolled as an undergraduate, in a co-op program at a recognized College or University at all times during the period of employment.
2. It is the intent of the Parties that participation in this program will not adversely affect existing jobs or bargaining unit work. The employment of Co-op Educational Students shall not be utilized by the Employer to avoid the creation, continuance or filling of any regular or temporary jobs as defined in the Collective Agreement.
3. Any co-op student employed under this Letter of Understanding, will have a maximum employment period that matches their education institution program. Each such period of continuous employment for each student shall be deemed to be one (1) work term.
4. Co-op students may be re-employed provided there is at least one co-op period of absence between periods of employment. In such instances, the co-op student will advance one step on the salary schedule noted below.
5. Co-op students will not be entitled to sick leave and will not participate in the benefits outlined in Article 17 or the Pension Plan. Co-op Education Students will not be entitled to apply for regular or temporary OPEIU bulletined positions.
6. Co -Op students will qualify for designated stat holidays provided they are on active rolls at the time of such holiday. Co-op students will receive 4% vacation pay of gross earnings.
7. Either Party retains the right to discontinue participation in Co-operative education programs with four months notice to the other.
8. The OPEIU will be advised of the student's name, position and department prior to placement. Co-operative Educational Students shall receive salary treatment in accordance with the following schedule, which is based progressively on the number of Work Terms worked by each student:

| WORK TERM | PAY GROUP |
|------------------|---------------------|
| 1 | Group 5 Entry level |
| 2 | Group 5 6 mo. level |
| 3 | Group 5 1 yr. level |
| 4 | Group 5 2 yr. level |

WKP-OPEIU 97-1**Flexible Work Week**

During the current set of negotiations, discussions centered around the feasibility of compressed work schedules.

While neither WKP or OPEIU had specific proposals to present during contract talks, it was agreed that the topic warranted further dialogue and investigation.

The parties therefore accept that specific requests for compressed work arrangements which are supported by the employee(s) and supervisor(s) will be a subject of discussion and perhaps mutual acceptance by the parties during the term of this agreement.

Signed on Behalf of the Union _____

Signed on Behalf of the Company _____

COPE LOCAL 378 – FORTISBC 2006-1**2005 Vacation Pay**

The Parties agree that any employee who received calendar year of hire vacation in 2005 in excess of their entitlement in Article 18.07 will not be required to repay the associated vacation pay upon termination of their employment.

Agreed and Signed, June 14, 2006

COPE LOCAL 378 – FORTISBC 2006-2**Work Leadership**

In resolution to the Union's proposal in the 2006 collective bargaining regarding defining Work Leadership responsibilities, the Parties agree that the Company will prepare detailed job descriptions for all COPE jobs that include work leadership responsibilities, for review by the Joint Job Evaluation Committee in accordance with Article 24.

Agreed and Signed, June 24, 2006

Technician/Technical Analyst Progression Schedule

| | Technician 1 | Technician 2 | Technician 3 | Technical Analyst 1 | Technical Analyst 2 |
|---|---|---|--|--|--|
| Requirements | | | | | |
| Minimum Education | Job Group 8 2 Year Diploma in Computer or Electronics Technology None | Job Group 9 2 Year Diploma in Computer or Electronics Technology 2 Years | Job Group 10 2 Year Diploma in Computer or Electronics Technology N/A | Job Group 11 2 Year Diploma in Computer or Electronics Technology N/A | Job Group 12 2 Year Diploma in Computer or Electronics Technology N/A |
| Experience (external to FortisBC) to Start in Position | | | | | |
| Experience in FortisBC Information Technology Department before Progression to Next Level | 2 Years | 2 Years | 2 Years | 2 Years | N/A |
| Work Related Skills * | | | | | |
| Technical Operations | | Understanding of daily procedures applicable to the job | Knowledge of all operating systems applicable to the job | Extensive knowledge of all operating systems and system commands applicable to the job | |
| PC's and related peripherals | | Able to perform routine diagnostics on PC's and related peripherals using FortisBC Standard utilities | Working knowledge of FortisBC's current standard PC software | Working knowledge of FortisBC's server environment | |
| LAN/WAN/Data | | Understanding of layout of FortisBC LAN/WAN structure | Working knowledge of FortisBC's LAN/WAN infrastructure | | |
| Business Knowledge | | | | | |
| Information Technology | | | Familiar with FortisBC naming conventions for servers, workstations and file structure | Maintains business contacts with suppliers, service representatives and other businesses | |
| FortisBC | | | Familiar with FortisBC organizational structure and responsibilities | Working knowledge of all the business units within FortisBC | |
| Personal Skills | | | | | |
| | Good verbal and written communications | Follows instructions and ensures understanding of tasks required | Participates in meeting and presentations regarding technical requirements | Conducts meetings with customers to determine technical requirements | Conducts meetings and makes presentations to customers, peers and management |
| | | Communicates with peers on work assignments | Contributes to team environment | Able to take leadership role on team projects and direct other team members | Works with the business's to insure projects are completed according to specifications |

| Project Management | | | | | |
|--------------------|--|--|---|---|--|
| Timelines | | Ability to estimate/manage/compl ete simple tasks. | Ability to estimate/manage/co mplete complex tasks. | Ability to estimate/manage/compl ete a series of tasks required for a simple Project. | Ability to estimate/manage/compl ete a series of tasks required for a complex Project. |
| Resources | | | Able to manage one resource, set milestones and complete on schedule. | Able to manage multiple resources, task breakdown, delegation and set milestones. | Able to manage complex projects. Familiar with project management techniques - critical path, Gantt charts, etc. |
| Quality | | | Deliver tasks which meet customer expectations. | Deliver projects which meet or exceed expectations. | Deliver projects which meet or exceed customer expectations. |

| Notes | |
|-------|--|
| 1 | The skill levels outlined in the table represent the qualifications for the given job group and must be achieved prior to advancing to that level. |
| 2 | New employees would not normally be hired into a position higher than Technician 2 at the 2-year level. The exception to this occurs if the Sr. Systems Analyst position was vacant and no qualified personnel were available in-house. |
| 3 | Each employee will review his/her status every six months with their immediate supervisor to determine where short falls occur and to insure opportunities are in place to meet requirements necessary for their next progression step. |
| 4 | It is the Company's responsibility to ensure each employee has an opportunity to meet the necessary requirements for each progression step. If the Company is not able to provide the necessary opportunities to meet a specific requirement, it shall not prevent the incumbent from progressing to the next level. |
| 5 | If the incumbent fails to meet a specific requirement, the Company will ensure that another opportunity is provided to meet the requirement within a year. Progression will occur at the first six month review after the requirement has been met. |

Programmer/Systems Analyst Progression Schedule

| | Application Programmer 1 | Application Programmer 2 | Analyst 1 | Analyst 2 | Analyst 3 |
|---|---|---|--|---|--|
| Requirements | | | | | |
| Minimum Education | Job Group 8 2 Year Diploma in Computer Programming | Job Group 9 2 Year Diploma in Computer Programming | Job Group 10 2 Year Diploma in Computer Programming | Job Group 11 2 Year Diploma in Computer Programming | Job Group 12 2 Year Diploma in Computer Programming |
| Experience (external to FortisBC) to Start in Position | None | 2 Years | N/A | N/A | N/A |
| Experience In FortisBC Information Technology Department before Progression to Next Level | 2 Years | 2 Years | 2 Years | 2 Years | N/A |
| Work Related Skills | | | | | |
| Operations | | | | | |
| | | Understanding of daily procedures applicable to the job | Working knowledge of all procedures applicable to the job | Working knowledge of operating procedures for all core applications Extensive knowledge of operating system commands | Working knowledge of all applications |
| PC's and related peripherals | Familiar with PC operating environments | Working knowledge of PC operating systems used by FortisBC | Working knowledge of FortisBC current standard PC software | | |
| LAN/WAN/Data | | Sufficient knowledge of FortisBC LAN/WAN environment to troubleshoot minor problems | Working knowledge of FortisBC LAN/WAN to support development of LAN/WAN based applications | | |
| Business Knowledge | | | | | |
| Information Technology | | | Working knowledge of all core applications | Extensive knowledge of all a core applications. Able to complete complex modifications and structural changes | |
| FortisBC | | | Familiar with FortisBC organizational structure and responsibilities | Working knowledge of all the business units within FortisBC Maintains contact with all business units in FortisBC | |

| Personal Skills | | | | | |
|----------------------|---|---|--|---|---|
| | Good verbal and written communications | Follows instructions and ensures understanding of tasks required Communicates with peers on work assignments | Participates in meeting and presentations regarding technical requirements Contributes to team environment | Conducts meetings with customers to determine technical requirements Able to take leadership role on team projects and direct other team members | Conducts meetings and makes presentations to customers, peers and management Works with the business to insure projects are completed according to specifications |
| Programming Skills | | | | | |
| Languages | Conceptual knowledge of standard programming languages Able to follow instructions | Working knowledge of standard programming languages Write structured code according to detailed specifications Ability to use and implement OO code | Comprehensive knowledge of standard programming languages used by FortisBC Reliable and Maintainable Code | | |
| Object Oriented (OO) | Conceptual knowledge of OO practices | | Write structured code from minimal specifications Comprehensive knowledge of OO practices Ability to create new reusable OO code | Write specifications for programming assignments | |
| Project Management | | | | | |
| Timelines | | Ability to estimate/manage/complete simple tasks. | Ability to estimate/manage/complete complex tasks. | Ability to estimate/manage/complete a series of tasks required for a simple Project. Able to manage multiple resources, task breakdown, delegation and set milestones. | Ability to estimate/manage/complete a series of tasks required for a complex Project. Able to manage complex projects. Familiar with project management techniques - critical path, Gantt charts, etc. |
| Resources | | | | | |
| Quality | | | Deliver tasks which meet customer expectations. | Deliver projects which meet or exceed customer expectations. | |
| Design | | | | | |
| Database Design | | | Working knowledge of data dictionaries and ability to implement minor modifications to database structures. | Able to design simple database structures for new applications. | Able to design complex database structures and relationships for complex applications. |
| Object Oriented (OO) | Understanding of OO modeling concepts: abstraction, encapsulation, and packages. | | Modify standard OO templates to accomplish design goals of applications. | Develop OO templates which could be used to build applications. | |

| Analysis | | | | | |
|-----------------|--|---|--|--|--|
| ER Diagrams | Familiar with concepts | Understands concepts | Develop multiple entities for sub-system | Develop multiple entities and relationships for an Application | Develop multiple entities and relationships between Applications |
| Flowchart | Understands concepts | Develop flowcharts for multiple programs | Develop flowcharts for interdependencies in a sub-system | Develop a flowchart for an Application | Develop flowcharts for interdependencies between Multiple Applications |
| Technical | Understands concepts and terminology | Develop detailed specifications for multiple programs | Develop detailed specifications for sub-systems | Develop technical "White Paper" for an Application | Develop detailed specifications for interfaces and interdependence between Multiple Applications |
| Customer | Understands concepts | Develop a user guides for multiple programs | Develop user guides for sub-system | Develop user guides for Applications | |
| Requirements | Understands concepts and terminology | Work with requirement specifications. | Formulate specifications for sub-systems | Formulate specifications for applications | Work with customer to revise/finalize system specifications and obtain sign off. |
| Notes | | | | | |
| 1 | The skill levels outlined in the table represent the qualifications for the given job group and must be achieved prior to advancing to that level. | | | | |
| 2 | Core applications are defined as medium to large applications critical to the daily operations of FortisBC. | | | | |
| 3 | Non-core applications are defined as non-critical to the daily operations of FortisBC. | | | | |
| 4 | It is the Company's responsibility to ensure each employee has an opportunity to meet the necessary requirements for each progression step. If the Company is not able to provide the necessary opportunities to meet a specific requirement, it shall not prevent the incumbent from progressing to the next level. | | | | |
| 5 | If the incumbent fails to meet a specific requirement, the Company will ensure that another opportunity is provided to meet the requirement within a year. Progression will occur at the first six month review after the requirement has been met. | | | | |
| 6 | New employees would not normally be hired into a position higher than Analyst 1 at the 2-year level. The exception to this would occur if the Sr. Systems Analyst position was vacant and no qualified personnel were available in-house. | | | | |
| 7 | Each employee will review his/her status every six months with their immediate supervisor to determine where short falls occur and to insure opportunities are in place to meet requirements necessary for their next progression step. | | | | |
| 8 | It is the Company's responsibility to ensure each employee has an opportunity to meet the necessary requirements for each progression step. If the Company is not able to provide the necessary opportunities to meet a specific requirement, it shall not prevent the incumbent from progressing to the next level. | | | | |
| 9 | If the incumbent fails to meet a specific requirement, the Company will ensure that another opportunity is provided to meet the requirement within a year. Progression will occur at the first six month review after the requirement has been met. | | | | |

| Notes | |
|-------|--|
| 1 | The skill levels outlined in the table represent the qualifications for the given job group and must be achieved prior to advancing to that level. |
| 2 | Core applications are defined as medium to large applications critical to the daily operations of FortisBC |
| 3 | Non-core applications are defined as non-critical to the daily operations of FortisBC |
| 4 | It is the company's responsibility to ensure each employee has an opportunity to meet the necessary requirements for each progression step. If the company is not able to provide the necessary opportunities to meet a specific requirement, it shall not prevent the incumbent from progressing to the next level. |
| 5 | If the incumbent fails to meet a specific requirement, the company will ensure that another opportunity is provided to meet the requirement within a year. Progression will occur at the first six month review after the requirement has been met. |
| 6 | New employees would not normally be hired into a position higher than Analyst 1 at the 2 year level. The exception to this would occur if the Sr. Systems Analyst position were vacant and no qualified personnel were available in house |
| 7 | Each employee will review his/her status every six months with their immediate supervisor to determine where short falls occur and to insure opportunities are in place to meet requirements necessary for their next progression step |
| 8 | It is the Company's responsibility to ensure each employee has an opportunity to meet the necessary requirements for each progression step. If the company is not able to provide the necessary opportunities to meet a specific requirement, it shall not prevent the incumbent from progressing to the next level |
| 9 | If the incumbent fails to meet a specific requirement, the company will ensure that another opportunity is provided to meet the requirement within a year. Progression will occur at the first six month review after the requirement has been met. |

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WKP-OPEIU 2000-2

The following Material Service Progression shall be added as a Letter of Understanding in the Collective Agreement WKP-OPEIU 2000.2.

| MATERIAL SERVICES JOB PROGRESSION SCHEDULE | | | | | | | | |
|--|--|---|--|--|---|---|---|------------------------------------|
| Job Groups | | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| Minimum Education | | 2 Year Diploma in Business Admin. or equivalent experience in a Purchasing/Inventory Environment. Valid Class 5 Drivers License | Courses/seminars, workshops to improve work performance | Courses/seminars, workshops to improve work performance PMAC Level I or work experience equivalent , WHMIS | Courses/seminars, workshops to improve work performance PMAC Level II or work experience equivalent | PMAC Level III or work experience equivalent Warehouse Ticket | Courses/seminars, workshops to improve work performance PMAC Level IV or work experience equivalent | CPP, or work experience equivalent |
| Experience (external) to start in Position | | 0-1 | Provide general administrative support to the department | 1 year | 2 years | 4 years | 6 years | 8 years |
| Experience before progression to next level. | | 1 year | 1 year | 1 year | 1 year | 2 years | 1 years | |

| | | | | | | | |
|----------------------------|--------------------------------------|--|---|--|--|--|--|
| PC/MAINFRAME SKILLS | Differentiate between PC & Mainframe | Working knowledge (menu use, data entry, running reports, & procedures) of spreadsheet, database & word processing and basic use of principles of mainframe computer use in the areas of purchasing, warehousing, delivery & other material logistics and how they impact one another. | Able to create basic templates, databases & spreadsheets for use in the department. Apply the principles of mainframe computer use in the areas of purchasing, warehousing, delivery & other material logistics and how they impact one another | Create forms, macros, use & understand fundamentals of the Internet and how it relates to commodities. | Able to create more complex databases & spreadsheets. In depth knowledge of work procedures in all districts and system interaction with data entry. | | |
| | OFFICE SKILLS | General office duties - fax, copier & calculator, phone skills | Able to do general maintenance to correct printer halts/paper jams. | Provide general administrative support to the department | Co-ordinate work for others on an ad hoc basis. | | |

| | | | | | | | |
|---------------------------|---|--|--|---|---|--|---|
| BUSINESS KNOWLEDGE | Have an awareness of the basic terminology related to the utility industry & materials management | Basic knowledge of specific commodity groups of material, service & transportation requirements, their uses and applications | Able to maintain effective internal & external working relationships with customers. Exercise initiative, common sense & ability to interpret data | Maintain business contacts with service representatives and other businesses. | Develop business relationships with suppliers, service representatives and other businesses | Understand production & purchasing cycles & basic human relations in the art of motivation & negotiation | Understand the process of planning, implementing & controlling the efficient, cost-effective flow & storage of materials & related information from point of origin to point of consumption for the purpose of conformity to customer |
| | PERSONAL SKILLS | Good verbal and written communication s - pro-active attitude & team player | Follows instructions and ensures understanding of tasks required. | Communicates with peers on work assignments. | Contributes to team environment by providing input on relevant topics. | Participates in meetings and presentations regarding technical requirements. Act as a Resource. | Works with users, peers and management to ensure projects are completed according to specifications. |
| | | Good physical condition. Able to lift, climb ladder, work in inclement weather and dusty working conditions | | | | | |
| | | | | | | | |
| | | | | | | | |
| PHYSICAL SKILLS | | | | | | | |
| | | | | | | | |

| | | | | | | | |
|------------------------------------|--|--|---|---|---|---|--|
| PURCHASING | Understand the difference between electronic & manual purchase orders | Understand standard concepts & techniques in the resolution of routine purchasing decisions and be aware of the advantages & disadvantages inherent in their use | Understand & have basic knowledge of purchasing needs in commodities & services, including planning, requisition review, supplier selection & follow-up | Understand & interpret specifications of assigned commodities & services | Question anomalies and be able to handle credits, tender & quote analysis, vendor selection, acknowledge nts & sourcing. Major equipment purchases. | Be able to recognize, coordinate & communicate those commodities which could be centrally purchased | Be able to write specifications for assigned commodities & services, negotiate & enter into procurement contracts which ensure maximum company benefit. Analyze vendor performance |
| STOCK MANAGEMENT INVENTORY | Understand the purpose of inventories | Able to locate data on material in warehouse. Working knowledge of inventory procedures - basic stock identification. Understand principles for WHMIS labeling | Basic knowledge of standards for stock items and usage of the specified item at the required location of use | Able to monitor stock items for adherence to approved levels & dispose of surplus material. Basic knowledge of scrap disposal | Understand the principles of disposing of surplus or scrap material | Extensive knowledge of logistics management- planning & control, stores, inbound traffic, disposal/inventory recovery, receiving & inspection | |
| MATERIAL ANALYZING | | Able to observe physical patterns in stock levels | Run stock activity reports, collate data | Observe trends in types of materials that need adjusting | Observe and react to delivery and service problems | Able to recommend materials for analyzing | Assign materials for multiyear contracts |
| ASSET MANAGEMENT- LOGISTICS | Basic knowledge of procedures for recording transformers & PCB labeling. | Working knowledge of procedures for recording transformers & PCB labeling. Basic | Basic understanding of the write-off process & pricing variances. Apply WHMIS | Working knowledge of the write-off process & pricing variances | Able to source possible areas for disposal. Able to investigate & correct price variances | Able to determine materials for disposal, reviews stock classes | Set market values for scrap disposal. |

| | | knowledge of WHMIS procedures. | procedures. | | | | |
|---------|----------------------------------|--------------------------------|---------------------------|--|--|--|--|
| TRAFFIC | Freight terms, material movement | Outside warehouse logistics | Transportation logistics. | | | | |

1. The skill levels outlined in the table represent the qualifications for the given job group and must be achieved before advancing to next level.

2. COPE applications are defined as Purchasing, warehousing, delivery and other material logistics.

3. NON-CORE applications include those which are an interface to A/P, GL, accounting, work orders.

4. Working knowledge of an application is defined as knowledge of menu use, data entry, running reports, and procedures.

5. Extensive knowledge of an application is defined as in-depth knowledge of work procedures in all districts, system interaction with data entry, how the process relates to GL, work orders, stores accounting.

6. New employees would not normally be hired into a position higher than 6 level. The exception to this would occur if 11 – 12 position was vacant and no qualified personnel were available in-house.

7. New employees hired at 6 level would not be able to progress to the next level until they reach the full 1-year at their starting position.

8. Each employee will review his/her status every six months with their immediate supervisor to determine where short falls occur and to ensure opportunities are in place to meet requirements necessary for their next progression step.

9. It is the company's responsibility to ensure each employee has an opportunity to meet the necessary requirements for each progression step.

10. If the company is not able to provide the necessary opportunities to meet a specific requirement, it shall not prevent the incumbent from progressing to the next level.

If the incumbent fails to meet a specific requirement, the company will ensure that another opportunity is provided to meet the requirement within one year.

Progression will occur at the first six month review after the requirement has been met.

It is agreed that the integrity of the job evaluation system as outlined in Article 24 will be maintained. In the event any of the following progression rates are changed as a result of job evaluation, the Parties will meet and review the progression criteria.

Canadian Office & Professional Employees Union, Local 378 And FortisBC Inc.
Negotiations 2006

Integrated Progression Schedule for Generation, Stations, Transmission and Distribution Designers

| Title | Job Group 6 | | | | Job Group 8 | | | | Job Group 10 | | | | Job Group 11 | | | | Job Group 12 | | | |
|--|--|--|--|--|---|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | Job Group 6 | | | | Job Group 8 | | | | Job Group 10 | | | | Job Group 11 | | | | Job Group 12 | | | |
| Education | High School plus graduate of design course or a combination of equivalent training and experience | | | | High School plus 2 year technical diploma (BCIT/SAIT) or a combination of equivalent training and experience | | | | High School plus 2 year technical diploma (BCIT/SAIT) or a combination of equivalent training and experience | | | | High School plus 2 year technical diploma (BCIT/SAIT) or a combination of equivalent training and experience | | | | High School plus 2 year technical diploma (BCIT/SAIT) or a combination of equivalent training and experience | | | |
| Work Experience & Progression | | | | | 2 years at job group 6 in the same department or equivalent experience | | | | 2 years at job group 8 in the same department or equivalent experience | | | | 1 1/2 years at job group 10 in the same department or equivalent experience | | | | 1 1/2 years at job group 11 in the same department or equivalent experience | | | |
| Technical Skills | Should have demonstrable skills in a technical field (mechanical, electrical, civil, computer science etc) | | | | Interprets basic work packages, understands and knows when to apply design standards, produces basic work packages under supervision (all of the above must be applicable to employee's assigned department). | | | | Provides input into solutions and recommendations for problems identified within the department as well as other departments. Approves basic change requests from the field, interprets complex work packages, produces basic work packages requiring only a final check, produces complex work packages with supervision (all of the above must be applicable to employee's assigned department). | | | | Provides input into solutions and recommendations for problems identified within the department as well as other departments. Approves moderate change requests from the field, interprets complex work packages, produces packages requiring only a final check, produces complex work packages with minimal supervision (all of the above must be applicable to employee's assigned department). | | | | Provides technical support, specifications, solutions and recommendations for problems identified within the department as well as other departments. Provides department technical representation for maintenance or capital project commissioning. Approves complex change requests from the field, produces complex work packages requiring only a final check, checks basic work packages (all of the above must be applicable to employee's assigned department). | | | |
| Communication/Personal Skills | Good written and oral communication skills, | | | | Good written and oral communication skills. Interfaces well with other internal/peer departments, as required for the | | | | Good written and oral communication skills. Interfaces well with internal departments on complex issues, interfaces well with external parties on | | | | Advanced written and oral communication skills. Interfaces well with internal departments on complex issues, interfaces well with | | | | Excellent written and oral communication skills. Interfaces well with internal departments on complex issues, interfaces well with external parties on routine issues. Mentors employees in | | | |

| | | position. | routine issues. | external parties on routine issues. Mentors employees in lower grade group. | lower grade group, conducts meetings, makes presentations. |
|---------------------------|--|-----------|---|---|--|
| Business Skills | | | Understands all business processes involved in producing work packages. | Understands all business processes involved in producing work packages, understands financial systems related to the department and business unit. | Understands all business processes involved in producing work packages, understands financial systems related to the department and business unit. |
| Project Management | | | Organizes production of work packages within QSC requirements. | Manages field execution of small projects within scope, quality, schedule and cost requirements. Organize production of work packages within scope, quality, schedule, and cost requirements. | Takes leadership role in field execution of small projects within scope, quality, schedule, and cost requirements. Organizes production of work packages within scope, quality, schedule, and cost requirements. |

- 1) Work Packages and skill sets are specific to the department (Generation, Stations, Transmission and Distribution).
- 2) The skill levels outlined in the table represent the qualifications required for the given job group and must be achieved before advancing to the next level.
- 3) It is the company responsibility to ensure each employee has an opportunity to meet the necessary requirements for each progression step. If the company is not able to provide the necessary opportunities to meet a specific requirement, it shall not prevent the incumbent from progressing to the next level.
- 4) If the incumbent fails to meet a specific requirement, the company will ensure that another opportunity is provided to meet the requirement within a year. Progression will occur at the first six month review after the requirement has been met.
- 5) New employees would not normally be hired into a position higher Job Group 8 Technical Drafter at the 2 year level. The exception to this would occur if any higher level position were available and there were no qualified personnel were available in house.
- 6) Every employee will review his/her status every six months, based on hire date, with their immediate supervisor to determine where short falls occur and to insure opportunities are in place to meet requirements necessary for their next progression step.



AGREEMENT

BETWEEN

FortisBC

AND

**Local 213 of the
International Brotherhood
Of Electrical Workers**

February 1, 2008 to January 31, 2009



THIS AGREEMENT made the 10th day of December, 2007,
effective the 1st day of February, 2008.

BETWEEN:

LOCAL 213 of the INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, representing
employees of FortisBC Inc., engaged in specified occupations in the generating and distribution system
owned, operated or under construction by the Company,
(hereinafter called "the Union")

OF THE FIRST PART

AND:

FORTISBC Inc.

(hereinafter called "the Company")

OF THE SECOND PART

WITNESSETH AS FOLLOWS:

ARTICLE 1. DEFINITIONS

1.01

The word "employees" as used in this Agreement means all employees of the Company employed in and about power plants owned, operated or under construction by the Company, and the power lines connected thereto, and in those areas in British Columbia where the Company's power lines supply service, except persons excluded by the *Labour Relations Code* of British Columbia, office employees, persons employed in a confidential capacity and persons employed in a supervisory capacity.

1.02 Permanent Headquarters

Headquarters will be Crawford Bay, Creston, Kaslo, South Slocan, Castlegar, Trail, Salmo, Grand Forks, Greenwood, Oliver, Osoyoos, Penticton, Kelowna, Keremeos, and Waneta.

1.03 Temporary Headquarters

From time to time the Company will assign employees to locations that are deemed to be temporary headquarters. These locations will typically have normal necessities, including proper living accommodations and restaurants. Big White, Princeton, Summerland, Slocan City and Nelson are typical examples of locations with suitable amenities.

1.04

Words in this Agreement which import the masculine gender shall include the feminine.

ARTICLE 2. RECOGNITION OF UNION

2.01

The Company recognizes the Union as the exclusive representative of the employees for the purpose of conducting collective bargaining in respect of rates of pay, wages, hours of work and other working conditions; and the Company shall continue so to recognize the Union as long as the Union retains its right to conduct collective bargaining for the employees under the law. The Union and individual members agree to cooperate with the Company in increasing efficiency and giving satisfaction to the Company's customers.

2.02

The Company agrees that all new employees hired subsequent to the effective date of this Agreement, shall as a condition of employment, fifteen days from the date of employment, become and remain members of the Union.

2.03

If the business or part of the business is sold, leased, transferred, or otherwise disposed of, the purchaser, leasee, or transferee, is bound by this Agreement.

ARTICLE 3. TERM OF AGREEMENT**3.01**

This Agreement shall remain in effect from 1st day of February, 2008 until and including the 31st day of January, 2009.

Thereafter this Agreement shall remain in full force and effect until such time as a new collective agreement is negotiated, the Union is legally locked out or the Company is legally struck.

3.02

Operation of subsections (2) and (3) of Section 50 of the *Labour Relations Code* shall not be applicable and is excluded from this Agreement.

ARTICLE 4. RIGHTS RESERVED TO MANAGEMENT**4.01**

The Union recognizes the undisputed right of the Company to operate and manage its business, and to make and alter from time to time rules and regulations to be observed by employees, which rules and regulations shall not be inconsistent with the provisions of this Agreement.

4.02

Nothing in this Agreement shall be interpreted as interfering in any way with the Company's right to extend, limit, curtail, or shut down its operations, or any part of its operations, when, in its sole discretion, the Company may consider it advisable to do so.

4.03

The Company shall always have the right to hire, discipline, demote, and discharge employees for proper cause; and to retire an employee at age 65. The selection of supervisors shall be entirely a matter for Company decision.

ARTICLE 5. NO DISCRIMINATION**5.01**

The Company agrees that there shall be no discrimination against any employee by reason of his legitimate activities as an officer, representative or member of the Union and there shall be no intimidation or discrimination on the part of any officer, representative or member of the Union towards any employee of the Company by reason of his not being a member of the Union.

ARTICLE 6. STRIKES OR LOCK-OUTS**6.01**

The Company shall not cause or direct any lock-out of employees during the term of this Agreement; and neither the Union, nor any representative of the Union, nor any employee, shall in any way authorize, encourage or participate in any strike, walk-out, suspension of work or slow-down on the part of any employee or group of employees during the term of this Agreement.

ARTICLE 7. DEDUCTION OF UNION DUES**7.01**

During the term of this Agreement, the Company shall deduct, as a condition of each employee's continued employment, Union dues as established by a vote of the membership, from each pay cheque, and remit the

same to the Union following each pay period. The Company will provide on a monthly basis, the name the employee from whose pay such deduction has been made and the area in which said employee is employed.

ARTICLE 8. ACTIVITIES OF THE UNION ON COMPANY TIME

8.01

The officers, representatives and members of the Union shall not solicit membership in the Union, or collect dues for the Union, or engage in any activity for the Union on Company time or within the plants of the Company. The Assistant Business Manager of the Union may, however, providing he has first obtained the permission of the District Supervisor or Plant Superintendent concerned or his appointed deputy, have access to Company property. In requesting such permission for access, he will indicate the nature of his business and the individual he wishes to contact and will carry out his visit in an expeditious manner with a minimum of interference to the Company's operations.

ARTICLE 9. JOB DESCRIPTIONS

9.01

Where during the term of the collective agreement, duties or responsibilities associated with a job are substantially changed, or the Company creates a new job, such job will be reviewed by the Company. Where it is determined that an existing job has changed substantially, or that a new job has been created, the Company will alter the existing job description or create a new one within three months of the need being identified. Once the job description has been created, it will be forwarded to the Union who will, within one month of receiving the job description, provide input on the job description, and discuss with the Company appropriate rates of pay. No position will be filled until the job description has been agreed to by both parties. Where the Company and the Union are unable to come to agreement on rates of pay or the content of the job description, the parties agree to use an arbitrator to resolve the issue.

ARTICLE 10. SAFETY

10.01

The Company agrees to distribute to each employee, from time to time, a copy of the laws and regulations of the Workers' Compensation Board having the force of law relating to accident prevention practice applicable to the operations of the Company.

10.02

Safety meetings will be held at each Company Headquarters involving employees at that headquarters on a monthly basis.

10.03

A Shop Steward of the Union may represent the Union regarding accidents occurring in his own area.

10.04

Copies of the booklets on the Company's safety rules and regulations will be made available to the Union and to all employees.

10.05

If an employee suffers a compensable accident, he shall be paid for the full shift during which the accident occurred.

ARTICLE 11. SENIORITY

11.01

For the purposes of this Article the "seniority" of an employee shall, subject to Marginal Paragraph 14.05, be established on the basis of the length of his service with the Company computed from the date on which he last entered the employ of the Company; provided that the period spent by an employee "on loan" in the service of another employer shall be considered as service with the Company.

11.02

An employee shall not be deemed to have any seniority until he has been employed by the Company for six months, and during which period he shall be on probation and the Company may terminate his employment for any reason save Union activity.

11.03

The Company shall keep a record showing the date upon which each employee's service commenced and terminated. Any employee may request information from the Company relative to his own seniority. On request, the Union will be supplied with information relative to the seniority of any employee or group of employees.

11.04

When an employee is granted an approved leave of absence such as Maternity, Paternity or Compassionate Leave, for seniority purposes, the date on which he entered the service of the Company will remain as before the approved leave of absence.

ARTICLE 12. VACANCIES AND PROMOTIONS**12.01**

(a) Subject to the provisions of Marginal Paragraph 12.04, all vacancies which the Company decides to fill, including new positions, shall be bulletined on a Company-wide basis. If no applications have been received for a posted bulletin and if another vacancy occurs within four months in the same classification and the same location, then the Company will not be required to bulletin that vacancy. The bulletin will set out details of the vacancy to be filled and the approximate date on which it is to be filled, provided that the foregoing shall not limit or affect the operation of any other provisions of this Article. Copies of letters accepting or rejecting bids will be supplied to the Union.

(b) Where, in the opinion of the Company, it is desirable to retain an apprentice upon completion of his apprenticeship, upgrade him to Journeyman and retain him in the District or operation where he completed his apprenticeship, such may be done free of the other provisions of this Marginal Paragraph 12.01.

12.02

Where ability, and efficiency, are relatively equal, seniority shall be the governing factor in filling vacancies. Relatively equal is a difference of 10% or less. The Company will invite participation in the interview process from a Union member in the same business unit of the vacancy.

12.03

An employee shall not be promoted until a vacancy occurs in a higher job classification, provided that if an employee is absent from his normal job because of sickness, accident, or a leave authorized by the Company, he shall, on his return, be reinstated in the job classification he would have held had he not been so absent.

12.04

The Company is not obligated to consider seniority in the case of non-permanent transfers, promotions or demotions not in excess of 30 days, but such period of time may be extended by mutual agreement of the Company and the Union.

12.05

A person originally hired by the Company to exercise a special trade or skill or to participate in a special assignment of work may, notwithstanding anything in this Agreement to the contrary, be discharged when his employment at such special trade, skill or assignment comes to an end. If he is retained, his seniority will be considered as being effective from the date on which he last entered the employ of the Company. The Company shall notify the Union of the hiring of such persons and also of their termination.

12.06

Notwithstanding anything contained in this Agreement, the Company shall have the right from time to time to select persons who are to be given special experience or training in preparing them or determining their capabilities for other or broader assignments with the Company, or for future service, other than with the Company, and to promote and demote such persons, engage, retain or dispense with their services, and direct their efforts from time to time, free from any limitations provided for in this Agreement: PROVIDED, however, that no such person shall remain in any job for more than three months unless a longer period is agreed to by the Union or be assigned to take over the job occupied at the time by an employee outranking such person for promotion purposes, if such an assignment would result in the demotion of such employee.

ARTICLE 13. TRANSFERS**13.01**

The Company shall have the right to transfer any employee covered by this Agreement. The transfer of employees will be discussed with the Union by the Company before the transfer is made. The decision to accept or reject a transfer from one Headquarters, to another, due to redundancy, or lack of work, will rest with the senior employee, provided the transfer does not adversely impact the Company's ability to do work at the original site.

The Company shall also have the right to transfer any person in its employ who is not within the definition of "employee" in Marginal Paragraph 1.01 to a job classification within the definition, and to assign him to a job commensurate with his seniority, ability and efficiency; PROVIDED that if such person was at one time classified as an employee he shall be assigned to a job not less favourable than the one he would have held had he not been transferred from a job classification covered by this Agreement. In no case shall any such transfer result in the demotion or layoff of any employee at the time of such transfer.

ARTICLE 14. CREW REDUCTION**14.01**

Subject to the competency requirements of the Company, a layoff involving termination of employment shall be carried out in the following order at the headquarters involved:

- (a) Those employees serving their probation period as defined in Marginal Paragraph 11.02 shall be laid off.
- (b) Employees with seniority rights and in declared surplus classifications shall then be laid off in the inverse order of their seniority within the declared surplus classifications.

14.02

Employees who are to be laid off under the provisions of Marginal Paragraph 14.01(b) may displace another employee as follows:

- (a) The employee to be laid off may first elect to displace the most junior employee in his classification on the Company rolls.
- (b) If there is no more junior employee in his classification, the employee to be laid off may then elect to displace the most junior employee in any equal or lower paid classification subject to the following:
 - (i) The employee being displaced must be less seniorthan the employee displacing him.
 - (ii) The employee displacing must have the prerequisite qualifications and/or experience to perform the job of the employee displaced.

14.03

The provisions of Marginal Paragraph 14.02(a) or 14.02(b) will apply to employees displaced by the provisions of Marginal Paragraph 14.01.

14.04

As far as practicable, the Company agrees to rehire employees who have been laid off in the inverse order of their termination, and not to hire new employees until those laid off have been recalled, except in the case of employees covered by Marginal Paragraph 12.05. Recall procedures are as follows:

- (a) Upon layoff, employees will be placed on a Company-wide Recall List, according to their seniority. It shall be the responsibility of the laid off employee to notify Human Resources of any changes in his postal address. Employees being recalled shall be notified by the Company, either personally or by registered mail at their last known address, of the date on which they are to report for work, the headquarters and the available position. Recalled employees will be given 48 hours to notify the Company of their acceptance or rejection of the position offered. A recalled employee will have a maximum period of ten calendar days to report for work. Failure to report or rejection of the position offered will result in his name being removed from the Company-wide Recall List.
- (b) Removal from the Company-wide Recall List will not result in a laid off employee losing the right of re-employment. He will then be placed on a Headquarters Recall List, applying solely to his last headquarters prior to layoff, according to his seniority. Should a position occur at a given headquarters, the position shall be offered to the most senior person on the Headquarters Recall List at the headquarters; subject only to his having the prerequisite qualifications and/or experience to perform the job. Employees on a Headquarters Recall List will be contacted for positions at the headquarters concerned prior to other laid off employees being recalled.
- (c) Refusal of a recall from a Headquarters Recall List will result in loss of right of re-employment.
- (d) In no case shall the Company be obligated to re-employ any former employee who has been laid off for a period longer than one year.

14.05

An employee laid off in accordance with Marginal Paragraph 14.01, 14.02 or 14.03, or who leaves the Company's employ and is re-employed within three months, will be reinstated; and for seniority purposes the date on which he entered the service of the Company will remain as before the layoff.

14.06

Where an employee has been reassigned to a lower job classification as a result of layoffs, and where subsequent layoff occurs at his headquarters, he shall be permitted to use his full seniority in his previous and higher job classification, according to Marginal Paragraph 14.02(a) or (b) as applicable.

Where an employee has been assigned to a lower job classification as a result of layoffs, and where such reassignment does not exceed 30 scheduled working days, the employee's wages shall retroactively be adjusted to the base rate for his original higher classification.

ARTICLE 15. TEMPORARY EMPLOYMENT**15.01 General**

- (a) Except as modified in this Article, the provisions of the collective agreement apply to temporary employees.
- (b) The provisions of this Article shall not apply to employment of persons as set out in Article 11, 21 and 32 and Marginal Paragraph 12.05.
- (c) Temporary employees shall be considered as probationary employees as defined in Marginal Paragraph 11.02, regardless of the length of their temporary assignment.

15.02 Conditions of Hire

Temporary employees may be hired under the following conditions without bulletining the position:

- (a) For work of a temporary nature in connection with a specific assignment or project. In such cases, the Company will provide the employee and the Union notice in writing of the start and completion date of the assignment. It is not the Company's intention to use this clause to reduce the regular work force.
- (b) Temporary employees shall not be hired where employees having re-hire rights, as set out in Marginal Paragraph 14.04, are available and qualified to perform the temporary work assignment.
- (c) Temporary employees may be utilized to augment the workload of permanent staff for a continuing work arrangement of not more than two days/week. As this arrangement is expected to be of considerable duration a bulletined vacancy is required.

15.03 Conditions of Employment

Employees hired under this Article will be governed by the following conditions:

- (a) Temporary employees will not attain "seniority" as set out in Marginal Paragraph 11.02 but, should the employee successfully bid to a regular position, after completing six months probation in the permanent position, his seniority will be considered as being effective from the date on which he last entered the employ of the Company.
- (b) Temporary employees will receive the same regular vacation, health and welfare benefits as they would had they been regular employees.
- (c) Once it has been determined that no employee who has seniority as set out in Marginal Paragraph 11.02 is interested in or qualified for a posted position, temporary employees who applied may be considered.

Temporary employees who have exceeded 12 cumulative months employment will have preferential bid rights over other temporary and outside applicants. An employee who resigns their employment with the Company will lose their preferential bid rights. In addition, an employee laid-off for a period of time equal to, or greater than their accumulated service, will lose preferential bid rights.

The Company reserves the right to retain temporary employees for the duration of their current assignments prior to allowing a transfer through job posting. Both parties agree to the principle of credited retroactive pension service purchase on a joint contribution basis and will seek reasonable time parameters from the Joint Pension Committee.

- (d) Temporary employees will not be given special employment consideration over summer students.
- (e) Temporary employees will not have bumping rights.
- (f) The Company undertakes to keep the number of temporary employees at any given headquarters to a minimum.
- (g) Temporary employees will be entitled to a 4% of base pay Group RRSP (similar to the FortisBC Group RRSP) to be started on the first pay day of the month following one month of employment until eligibility for the IBEW-FortisBC Pension Plan in accordance with PBSA rules.
Temporary employees who are laid-off and subsequently rehired will not be required to re-qualify but will be entitled to RRSP contributions immediately on rehire.

15.04

The Company shall advise the Union, on an ongoing basis, of temporary work requirements, temporary employees hired, and the cessation of temporary work assignment.

ARTICLE 16. HOURS OF WORK**16.01**

The hours and days of work for all employees shall be either:

- (a) Day Shift: Monday through Friday from 7:00 a.m. to 3:00 p.m. with a one-half hour unpaid lunch break;
- (b) Afternoon Shift: Monday through Friday from 3:00 p.m. to 11:00 p.m. with a one-half hour unpaid lunch break;
- (c) Night Shift: Monday through Friday from 11:00 p.m. to 7:00 a.m. with a one-half hour unpaid lunch break; or
- (d) Continuous Operations with shift commencement times as defined above. Employees shall work eight hours and shall bank one-half hour per shift to be taken as unpaid time off so as to average 37 ½ hours of work per week over a 12 week cycle. The System Control Centre continuous operations work schedule is attached in Appendix A - Letter of Understanding #6.

The determination of shift assignments shall be proposed by the employees affected and approved by their supervisor.

- (e) Modified Shifts: It is recognized that certain crews or employees work or may be required to work hours not set out above. The below listed Modified Shifts have been agreed to by the Parties:

- (i) Fleet Operations Employees:

Day Shift: Monday through Friday from 7:00 a.m. to 3:00 p.m., 9:00 a.m. to 5:00 p.m. or 10:00 a.m. to 6:00 p.m.: each with a one-half hour unpaid lunch break.

Employees assigned to Fleet Operations Centre rotate through two or more of the above shifts according to a pre-arranged schedule.

Employees in Fleet Operations will be exempt from the provisions of Marginal Paragraphs 16.01(a) Day Shift 7:00 a.m. to 3:00 p.m.; 16.01(b) Afternoon Shift, 3:00 p.m.-11:00 p.m. and 16.01(c) Night Shift, 11:00 p.m. to 7:00 a.m.

- (ii) Customer Service Employees:

Day Shift: Monday through Friday from either 7:00 a.m. to 3:00 p.m. or from 8:00 a.m. to 4:00 p.m.: in either case with a one-half hour unpaid lunch break.

Changes from one to the other of the above hours of work shall be made in accordance with Marginal Paragraph 16.03.

Employees in Customer Service will be exempt from the provisions of Marginal Paragraphs 16.01(a) Day Shift, 7:00 a.m.- 3:00 p.m.; 16.01(b) Afternoon Shift, 3:00 p.m.- 11:00 p.m.; and 16.01(c) Night Shift 11:00 p.m.- 7:00 a.m.

- (iii) During the months of December and January, Construction, Operations and Maintenance crews may be assigned to Day Shift: Monday to Friday from 8:00 a.m. to 4:00 p.m.

Changes to and from this modified shift shall be made in accordance with Marginal Paragraph 16.03.

(iv) Network Services and Generation employees

Four nine hour and 20 minute days followed by three days of rest as per Letter of Understanding #9.

(f) Other modified shifts may be implemented from time to time by agreement between the Parties in writing. The Parties recognize that the normal work schedule for the majority of the workforce consists of Monday-Friday. An employee may, for personal reasons, request the option of working five consecutive days other than the Monday-Friday sequence. The Parties agree to accommodate such request whenever practical.

16.02 Posting of Shift Schedules

The Company shall post at a suitable place in each headquarters the hours and days of work for each group of employees reporting to that headquarters. A work schedule of assigned work days and rest days shall be provided to those employees involved in continuous operations.

16.03 Change in Start Time of Afternoon or Night Shift

(a) A change in the starting time of an Afternoon or Night shift, exclusive of continuous operations, and to a maximum of two hours preceding the start times identified in Marginal Paragraph 16.01 (b) and (c) shall not attract overtime pay but shall attract a shift premium for the entire shift, subject always to (b) and (c) below.

(b) Where a change in hours and days of work is for three working days or more and the employee has been given 48 hours notice in writing, no overtime pay shall apply.

(c) Where such change is for less than three working days or where 48 hours notice in writing was not provided, such employee will receive overtime pay for all hours worked within the 48 hour period immediately following the time at which the employee received notice of the change.

(d) Employees involved in continuous operations may exchange work shifts, it being understood that no overtime pay is involved and that such exchange was not directed by the Company.

16.04 Work Day

The normal work day is any day an employee is normally at work according to his assigned schedule commencing at the time he is scheduled to commence work and ending 24 hours later.

16.05 Work Schedule

A work schedule is defined as an employee's complete period of work and rest days commencing with the first scheduled work day and concluding at the termination of the first-occurring rest day or days.

16.06 Change in Starting Time of a Shift

The starting time of a shift as posted may be changed by the Company. Where this occurs the Company shall endeavour to give 48 hours posted notice. Where the period of change is three working days or more and said 48 hours notice has been given, the schedule shall come into effect without overtime rates. If said 48 hours notice has not been given, overtime rates will be paid during the first 48 hours of the new shift for the hours worked which were not included in the work hours of the previous schedule. On completion of a temporary job for which the starting time has been changed, the starting time of the previous shift shall be resumed.

16.07 Change of Less than Three Days

Where the period of change is for a period of less than three days, overtime rates shall be paid for the hours of the new shift worked which were not included in the work hours of the previous schedule whether or not 48 hours notice of change of starting time has been given.

16.08 Change in Work Schedule

When the Company changes an employee's work schedule and if the employee is required to work on the rest days of the work schedule which he had commenced and from which he was changed, he shall be paid

overtime rates for those days. The new schedule will become the employee's regular schedule at the conclusion of the rest days of the work period from which he was changed.

16.09 Short Change in Work Shift

When the Company changes an employee's work shift with the result that the employee has a short change which is not a normal part of his work schedule, the employee shall be paid overtime rates for the hours worked of the second shift which are within the same work day as the first shift unless 48 hours notice of such change is given. Overtime in such cases shall be paid only on the single shift actually constituting the short change and shall not be paid for subsequent shifts. Short changes which result from accommodation of employee requests, such as changes in hours of work, exchanges of work shifts or work days, vacations and approved leaves of absence, shall not be paid at overtime rates. Work performed by an employee at overtime rate on his scheduled rest day, or overtime work, or work on a callout, do not constitute a change in work shift and do not affect the rate of pay for the employee's succeeding regular shift.

ARTICLE 17. PROCEDURE FOR SETTling DISPUTES

17.01

Should a dispute arise between the Company and any employee or employees regarding the interpretation or a violation of this Agreement, an earnest effort shall be made to settle the dispute in the following manner:

Stage 1.

The employee or employees concerned, in person, with or without his or their shop steward in attendance, shall first seek to settle the dispute with his or their immediate supervisor.

Stage 2.

Failing a satisfactory settlement within four days after the dispute was submitted under Stage 1, the employee or employees concerned, in person, with or without a shop steward in attendance, may submit the dispute, which shall be stated in writing, to the Function Superintendent, or to a representative appointed by him, who may appoint others to assist in the investigation of the dispute. The Company reply at Stage 2 shall be in writing.

Stage 3.

Failing a satisfactory settlement within five days after the dispute was submitted under Stage 2, the Union may submit the dispute, which shall be stated in writing, to the management of the Company, or the accredited representative or representatives of management, who may at their discretion require the employee or employees concerned, and members of supervisory staff concerned in or having knowledge of the dispute to appear before them and give evidence regarding the dispute. The Company reply at Stage 3 shall be in writing.

Stage 4.

Failing a satisfactory settlement within 10 days after the dispute is referred to management under Stage 3, the Union may, on giving to the Company 14 days' notice in writing of their intention, refer the dispute to a Board of Arbitration. The Board shall consist of three members: one to be selected by the Company, one by the Union and a third mutually acceptable person, who shall act as chairman, to be chosen by the two persons thus selected. Such third member shall be chosen having regard to his impartiality, his qualifications in the interpretation of agreements and his familiarity with industrial matters. In the event the Union and the Company are unable to agree upon the selection of a third member of the Board, the Minister of Labour of British Columbia shall be requested to appoint such third member.

The decision of the Board of Arbitration, or a majority thereof, in respect of an interpretation or alleged violation of this Agreement, shall be final and binding upon the Parties, but in no event shall the Board have the power to alter, modify or amend this Agreement in any respect. Each Party shall pay the expenses incurred in connection with the presentation and preparation of its own case, provided that the Parties shall bear in equal shares the expense of the third member of the Board.

At any time, by the mutual consent of the Union and the Company, a single arbitrator may be appointed in lieu of a Board of Arbitration. The selection of such single arbitrator shall be made by the Parties to this Agreement. Should the Parties be unable to agree on a single arbitrator, the Minister of Labour of British Columbia shall be requested to appoint a single Arbitrator. The Parties shall bear in equal shares the expenses of such arbitrator.

17.02 If a dispute:

- (i) is not submitted under Stage 1 within 30 calendar days after the occurrence of the act or decision giving rise to the dispute, or
- (ii) is not referred under Stage 2 to the Function Superintendent or his representative within 16 days after a decision was made or should have been made in Stage 1, or
- (iii) is not referred under Stage 3 to Management within 16 days after a decision was made or should have been made in Stage 2, or
- (iv) is not referred to a Board of Arbitration under Stage 4 within 30 calendar days after a decision was made or should have been made in Stage 3, then the dispute shall be deemed to be abandoned, and all rights of recourse to the dispute procedure shall be at an end. Saturdays, Sundays and Statutory Holidays shall not be counted in determining the time within which any action must be taken under (ii) or (iii) aforesaid but shall be included in determining the calendar day periods under (i) and (iv) aforesaid.

17.03

From the date of notification to the Company of its intention to refer the dispute to arbitration, the Union shall have 30 calendar days within which to notify the Company of the appointment of the Union's Arbitration Board member and alternate; if the Union fails to do so within this time limit, then the grievance shall be deemed to have been abandoned.

17.04

After being notified by the Union of the appointment of its Arbitration Board member and alternate, the Company shall have 30 calendar days within which to notify the Union of the appointment of the Company's Arbitration Board member and alternate; if the Company fails to do so within this time limit then the grievance shall be deemed to have been conceded by the Company.

17.05

The procedure for settling disputes set out in this Article shall be strictly adhered to, but the Union shall have the right to refer any dispute regarding the interpretation or a violation of this Agreement to the Company at Stage 3 where:

- (i) There is no aggrieved employee or employees possible of identification at the time the dispute arose; or
- (ii) The grievance involves Company policy in which case the grievor or grievors possible of identification shall be named on the face of the grievance form.

17.06

The Company shall have the right to refer any dispute regarding the interpretation or a violation of this Agreement to the Union. Failing a satisfactory settlement within 14 days of such submission in writing, the Company shall have the right to refer the dispute to a Board of Arbitration constituted in accordance with this Article.

17.07

Nothing in this Article shall be interpreted as preventing an employee from presenting his own case in turn to his immediate supervisor, Plant or Division Superintendent and the Management of the Company.

17.08

In the meantime, and in all cases while disputes are being investigated and settled, the employee or employees and all other parties involved, except an employee serving a disciplinary suspension, must continue to work, but where an employee or employees has or have been discharged by the Company, he or they shall not remain in the employ of the Company while his or their case is being investigated and settled. If a claim be made within five days exclusive of Saturdays, Sundays and Statutory Holidays that an employee or employees has or have been unjustly suspended or discharged, the case shall be dealt with according to this Article and if it is proven that he or they have been unjustly dealt with, he or they shall be reinstated. If a claim is made for compensation for time lost in cases wherein reinstatement has followed, it shall be left with the Union and Company to decide what amount, if any, is to be paid, and failing agreement, with the same Board of Arbitration that dealt with the claim, which shall be reconvened for the purpose of fixing such compensation.

17.09

In a grievance involving a discharge, the grievance must be presented directly at Stage 3 of the grievance procedure.

17.10

Any time limits provided for in this Article may be varied by the mutual consent of the Company and the Union and confirmed in writing.

ARTICLE 18. TRANSPORTATION PROVISIONS

The CRA rules regarding taxable vs. non-taxable benefits apply to Article 18.

18.01 Transportation for Standby

The Company will provide transportation for employees on standby as follows: Where in the opinion of the Company an employee is required to use a Company vehicle when called out he shall, where reasonably practical, be permitted to take a Company vehicle to his place of residence for his use in the event of a callout. Where it is not reasonably practical to provide an employee on standby with a Company vehicle, he shall be provided with alternative means of transportation as approved by the Company. If an employee declines to use the transportation provided by the Company and elects to use his personal vehicle for a callout, he shall be compensated for the use of his personal vehicle in accordance with the Company's regulations.

18.02 Transportation for Temporary Transfers

(a) In the event of a temporary transfer of an employee, transportation will be supplied by the Company. If an employee requests to use his personal vehicle for transportation and such request is approved by his supervisor, he will be reimbursed at 44 cents per kilometre for the initial trip and the trip home at the conclusion of the temporary assignment. Such approval shall not unreasonably be withheld. It is understood, however, that, when it is necessary to move Company vehicles, employees may be required to transport Company vehicles rather than utilizing personal vehicles.

(b) Where an employee travels on a day of rest to his temporary headquarters at the request of the Company, pay will be in accordance with Marginal Paragraph 28.02 if scheduled work is being performed and in accordance with Marginal Paragraph 23.01 if transportation of the employee and his personal tools only is involved.

Scheduled work is performed by the driver if:

- (i) The Company requires the vehicle to be delivered to the destination.
- (ii) The Company requires tools (other than the employee's personal tools), equipment and material to be delivered to the destination.

Travel only is involved if:

- (i) The Company provides the vehicle (rented or Company-owned) for the convenience of the employee, for the transportation of himself and/or others and their personal tools to the destination.

18.03

When the services of an employee are dispensed with because of completion of work, transportation to his regularly established headquarters shall be furnished and paid for by the Company.

18.04

Employees resigning or dismissed while in the field shall be paid in full for all time worked by them and transportation to current headquarters shall be furnished or paid for by the Company.

18.05

Employees who are required to report to their headquarters at the start of their work day will travel to and from their work place or work site, on the Company's time. Exceptions to this are outlined below.

(a) Network Service Employees

Employees who take home a Company vehicle, or are assigned to a different or a temporary headquarters, are expected to travel the first and last 15 minutes on their own time. This 15 minutes is meant to place the employee closer to their intended work location or job site in the morning, and the inverse is true at the end of the day.

(b) Generation Employees

South Slokan or Waneta are the Generation employee's headquarters and the locations where Generation employees are expected to start work. However, with 36 hours notice, Generation employees who have the South Slokan dam as their headquarters can be required to start work at Corra Linn, Upper Bonnington, Lower Bonnington, or Brilliant dam sites provided the assignment to the alternate location will last longer than 3 working days. In these cases where South Slokan headquartered employees are required to report to one of the other dams, they will receive a travel allowance of one half hour straight time pay for each day they report to that dam.

Generation employees may also be directed to report directly to Arrow Lakes Generating Station with the same notice as above. Employees who live at or beyond the junction of Highways #3A and #6 (Playmor Junction) will be paid \$10.40 per day for mileage in addition to the ½ hour straight time reporting pay. This agreement for ALGS will remain in effect until December 31, 2002 or until termination of the service contract at ALGS.

ARTICLE 19. RELOCATION PROVISIONS

The CRA rules regarding taxable vs. non-taxable benefits apply to Marginal Paragraph 19.01.

19.01 Permanent Transfers

(a) When at the request of the Company it is necessary for an employee to permanently change his regularly established headquarters the Company will undertake to move or to have moved at the Company's expense such employee's reasonable personal household effects. The Company's obligation in this respect is in accordance with the Company's IBEW Relocation Guidelines.

(b) The Company will pay 100% of authorized moving expenses as set out in (a) above for an employee who has more than five years continuous service with the Company from the date of last hire and who is transferred following successful application for a vacancy under Marginal Paragraph 12.01. Should an employee leave the Company within two years of his transfer date, with the exception of an involuntary termination, he will be required to reimburse the Company on a pro-rated basis.

This provision will not apply to situations where employees are displaced under Marginal Paragraph 14.02.

19.02 Temporary Transfers

The CRA rules regarding taxable vs. non-taxable benefits apply to Marginal Paragraph 19.02.

- (a) Where the transfer is temporary the Company shall provide or allow reasonable expenses for meals and accommodation, including miscellaneous expense allowance of \$15.00 per night until such employee returns to his former headquarters.
- (b) The employee may elect, instead of the provisions of Marginal Paragraph 19.02(a) above, a flat rate of \$100.00 per day worked for the period of temporary transfer.
- (c) If an employee decides to return home on a statutory holiday or weekend during his temporary transfer and had elected the provisions of Marginal Paragraphs 19.02(a) or 19.02(e), the Company will pay a travel allowance of \$50.00 per day not worked. In no instance will the Company pay meals and accommodation where an employee is absent from his temporary headquarters. Nothing in this Agreement shall prevent the Company from terminating a temporary transfer prior to any weekend provided the employee is returned to his regular headquarters.
- (d) Where an employee, while on a period of temporary transfer but prior to the end of such temporary transfer, requests time off for vacation or other paid or unpaid absence (sickness excepted) payment of expenses or living-out allowance shall be suspended for that period of time between the last shift worked and the first shift back.
- (e) At the employee's option and for the duration of a temporary headquarter change, the employee may elect a per diem of \$60.00 per day worked plus accommodation. This per diem is in lieu of Marginal Paragraph 19.02(a) above.
- (f) The Company will endeavour whenever possible, to provide 72 hours notice to employees transferred under this Article.

ARTICLE 20. WORK DONE BY CONTRACTORS

20.01

If it becomes necessary to consider contracting out work, the Company will make every reasonable effort to advise the Union of the particulars at the earliest possible time. The Union is invited to provide input to the Company at any stage of the contracting out process.

20.02

If the Company decides to contract out traditional/core work, this work shall be performed on a "closed shop" basis utilizing unionized contractors whose unions are recognized by the British Columbia Federation of Labour unless mutual agreement is reached to do otherwise.

In rural or thinly populated districts outside of cities, the Company may permit its customers, or their servants or agents, to build extensions that are to be connected to the Company's lines, provided that such extensions are built in accordance with the Company's specifications, for the purpose of securing light and power for themselves, without regard for this Article. However, in any such case, the Company shall inspect the branch line before it is energized.

20.03

The Company agrees that it will not contract out any work at any of its operations if, as a direct result, an employee will be demoted or laid off.

ARTICLE 21. STUDENTS

21.01

Students employed during the regular holiday period of the educational institution to which they have been admitted or are attending shall be deemed to be temporary employees but the duration of this temporary employment shall not exceed four months. During this period students may be assigned, transferred,

demoted or laid off as the Company requirements dictate and in the case of a general reduction in crew, students shall be laid off before regular employees. During this period students will not qualify for Sickness and Accident Protection or Long Term Disability.

21.02

In the event a student's employment on the student roll is terminated, but he is rehired by the Company with no break in service, then the time spent on the student roll from the last date of hire shall be considered as continuous service with the Company with respect to the probationary period. In all other respects, service on the student roll shall be the same as service by other employees.

ARTICLE 22. REPORTING PAY

22.01

Where an employee reports for work on his regular shift, unless otherwise directed, and is sent home because of the fact that no work of any kind is available, he shall receive a minimum of three hours' pay at the prevailing base rate.

ARTICLE 23. TRAVEL TIME PAY

23.01 Normal Travel Time

(a) Employees who travel on a normal scheduled working day whenever possible shall travel on company time at straight-time rates. Travel time outside of the normal scheduled day shall be compensated at an overtime rate of two times the base rate.

(b) Employees who travel on a day of rest shall be compensated for their overtime travel up to a maximum of seven and one-half hours, at an overtime rate of two times the base rate.

23.02 Travel Time for Training

(a) On a normal scheduled working day, employees not able to travel for training on Company time shall be compensated at straight time rates for the first two hours of total travel time outside their normal scheduled working hours. Two hours travel is expected to encompass 160 km of normal driving conditions.

(b) Prior to undertaking training, mutual agreement must be reached for those employees wishing to obtain overnight accommodations rather than travel excessive hours outside their normal scheduled working day.

(c) Employees who travel on their day of rest for employee discretionary training will not be eligible for travel time pay.

(d) Employees who travel on their day of rest for non-discretionary training will be eligible for straight time pay for actual time traveled up to a maximum of seven and one-half hours.

(e) Employees who travel on a normal scheduled working day whenever possible shall travel on company time with company vehicles. If company vehicles are unavailable the employees will be compensated with appropriate mileage rate designated in Marginal Paragraph 18.02 for use of private vehicles.

ARTICLE 24. LEAVES OF ABSENCE

24.01 Bereavement Leave

(a) On application by a regular full-time employee, bereavement leave with pay shall be granted in the event of death in the employee's immediate family. The maximum period of such leave shall be three working days, terminating with the day of the funeral. "Employee's immediate family" shall mean the husband, wife, daughters, sons, brother, sister, mother, father, grandmother, grandfather, or equivalent in-laws of the employee. While on such leave an employee will receive seven and one-half hours, or eight hours pay, as appropriate, for each regularly scheduled working day occurring during the period of such leave on the basis of his regular base rate for each day. Paid leave under the terms of this Article will not disqualify an employee for Statutory Holidays. Additional compassionate bereavement leave may be granted at the discretion of the Company by application to the Human Resources department.

(b) One day without pay shall be granted to attend a funeral as a pallbearer provided such employee has the approval of his supervisor

24.02 Jury Duty

(a) A regular full-time employee who is required to report for jury duty on a work day on which he would normally have worked, will be reimbursed by the Company for the difference between his regular straight time hourly rate of pay and the jury duty pay received for that day. Reimbursement shall not be for hours in excess of seven and one-half or eight hours per day, or 37½ or 40 hours per week, as appropriate. The employee will be required to furnish a certificate of service signed by the Clerk of the Court to the Company before payment is made.

(b) Time paid for jury duty will be counted as hours worked for the purpose of qualifying for vacations and statutory holidays.

24.03 Leave of Absence

(a) Subject to Company approval, employees may be granted leave of absence without pay. Reasons for such leaves of absence include, but are not limited to, election or appointment to union office, election to the House of Commons or the Legislative Assembly of British Columbia or to attend an educational institution. Employees may continue to participate in the Company's welfare and pension plans provided that the full cost of such plans are borne by the employee.

(b) For the purposes of leave granted under Marginal Paragraph 24.03 (a) the Company shall be permitted to engage temporary replacement employees for the duration of said leave.

ARTICLE 25. TECHNOLOGICAL CHANGE

25.01 Technological Change

In the event that technological, mechanization or automation changes are instituted at any time in the Company's operations which result in the demotion of any employee, the rate of pay of such employee shall not be reduced by more than one wage grade if he has at least five years of continuous service with the Company from the date of last hire at the time the demotion takes place. It is agreed that this shall not apply in the case of demotions for other reasons including reductions of crews for reasons other than technological, mechanization or automation changes.

ARTICLE 26. WAGES

26.01

The Company shall pay basic wage rates (hereinafter called "base rates") to employees in accordance with Schedule "A" which is attached hereto and forms part of this Agreement.

26.02

Employees shall be paid bi-weekly by payroll deposit every second Friday for all wages due for the ten day period up to and including the pay date. Employees shall be paid bi-weekly by the same payroll deposit for all premium payments due up to and including Thursday of the preceding week. If the regular pay day falls on a holiday, employees shall be paid, if practicable, on the preceding work day.

ARTICLE 27. PREMIUMS

27.01 Lead Hand

A Lead Hand is an employee who shall be designated as the person responsible for lockout/switching procedures and on the job planning, scheduling and supervision of men and equipment, as well as the verification of locates with other utilities and customers.

It shall be the duty of a Lead Hand to supervise the work of the men under his direction in such a manner that work may be carried out safely, efficiently and expeditiously. A Lead Hand will be designated to supervise a crew consisting of not more than four other tradesmen or not more than six labourers. Selection of an individual to be designated as Lead Hand will be a matter of company discretion and shall not be subject to job posting procedures.

The Lead Hand will attract a premium of 9% over his regular hourly rate.

27.02 Charge Hand

In addition to the responsibilities as designated in the Lead Hand classification, the Charge Hand will assume primary responsibility for specific projects. The incumbent will undertake administration, supervision, organization and planning duties and is expected to assist Management staff in employee recruitment, evaluation and counselling.

A Charge Hand will be designated to supervise a crew which consists of more than four tradesmen or more than six labourers. Selection of an individual to be designated as a Charge Hand will be a matter of company discretion and shall not be subject to job posting procedures.

The Charge Hand will attract a premium of 13% over his regular hourly rate. This premium is applicable for jobs of less than 12 months duration

Nothing contained in Marginal Paragraph 27.01 or 27.02 shall preclude the company from designating an employee as a Lead Hand/Charge Hand where, in the company's opinion, circumstances so warrant.

27.03 First Aid

The Company recognizes the following levels of First Aid Certification and will pay a corresponding premium rate to full-time and regular part-time employees who are holders of Designated First Aid, Relief First Aid and Non-Designated First Aid positions.

| | Designated | Relief | Non-Designated |
|---------|-------------------|---------------|-----------------------|
| Level 3 | \$300/mo. | \$100/mo. | \$100/mo. |
| Level 2 | \$125/mo. | \$ 75/mo. | \$ 75/mo. |

Designated and Relief First Aid Attendants will be granted a paid leave of absence for this training as well as full course costs including examination fees for both the initial certification and subsequent renewals.

Non-designated First Aid Attendants will be reimbursed full course costs including examination fees for the initial certification and subsequent renewals.

Non-designated First Aid premiums will be discontinued for those employees who refuse to act or assist in First Aid if requested by the Company.

27.04 Pay for Work at Higher Classification

An employee required by the Company to perform work in a job classification higher than his normal classification for four hours or less during a shift shall be paid at the higher classification rate for the time worked, and if for more than four hours during a shift shall be paid at the rate of the higher classification for the whole shift.

27.05 Shiftworker Premiums

(a) Shift employees on afternoon and night shift shall be paid a premium rate of \$1.00 and \$1.50 per hour, respectively, for time worked.

27.06 Standby Premiums

An employee who is required by the Company to be on standby at a time or times other than his regular working hours shall be paid:

(a) A sum equivalent to one hour's pay at his base rate according to his classification for each such day on standby on which he actually works a seven and one-half hour shift,

(b) Effective February 1, 1994, a sum equivalent to four hours pay at his base rate shall be paid to employees on standby on a regular scheduled day of rest or on one of the 10 statutory holidays covered by the Agreement.

(c) A Power Line Technician shall have the authority, after being called out, to require another employee to assist him.

(d) The duration of callout time for which the employee is paid will be deemed to commence at the time the employee leaves for the job site in the vehicle provided or stipulated for such purpose and will terminate when the employee declares the job completed.

27.07 High Elevation Premium

While working at an elevation of 85 feet or more above the ground on transmission lines, an employee shall be paid a premium equal to his hourly rate at straight time. The lines terminate at the dead end on the switching (or transformer) station. This includes a jumper end of the conductor which normally is attached to the line disconnects.

27.08 Helicopter Premium

Employees who are actually engaged in working in or working in direct conjunction with helicopters shall be paid a premium of 25% of their normal base rates per hour as set out in the Agreement.

ARTICLE 28. OVERTIME PROVISIONS

28.01 Proviso

Subject to the proviso set out in Marginal Paragraph 28.05:

28.02 Overtime Scheduled Outside of Work Day

Scheduled work performed by an employee on his assigned day or days off duty shall be paid for at double the base rate.

28.03 Emergency Callout Rate

(a) Work performed by an employee on an emergency callout shall be paid for at double the base rate.

(b) An employee called out to work at a time other than the beginning of his regular shift shall receive a minimum pay of four hours at the prevailing base rate. However, if the employee is called out more than once in a work day or day of rest he shall not be paid more than he would have received at overtime rates had he worked from the commencement of the first callout to the termination of the final callout, within a work day or rest day.

28.04 Overtime Wage Rate

Work performed by an employee on his regular working day in excess of seven and one-half hours, or other scheduled shifts, as outlined within this Agreement, where such work is performed as a continuation of his normal shift, shall be paid for at double the base rate.

28.05 Overtime Meals

(a) Continuation of a Regular Shift

(i) As a continuation of a regular shift, the Company will provide a meal, if practical, upon the first two hours of overtime and every four hours thereafter, where such overtime is a continuation of the employee's regular shift.

(ii) Overtime pay shall continue through the period of time over which the meal is taken, to a maximum of one-half hour. Where it is not practical to provide a meal, or where the employee elects not to have a meal, he shall instead receive three-quarters of one hour's pay at the prevailing overtime rate.

(b) Scheduled overtime

(i) In the event of work scheduled during a normal rest day or for a change of shift, where the schedule commences and ends within the normal hours of work, the employee will provide his own meal for the

first meal break which is to be taken on his own time. If the work continues beyond a seven and one-half hour period, the provision of (a) above will apply.

(ii) In the event of scheduled overtime during a normal rest day where the schedule is for less than seven and one-half hours, and where the employee states that he has missed a normal meal, the Company will, if practical, provide him with a meal, such meal to be eaten on the employee's own time.

(c) General Callout

(i) When an employee is called out to work and works through his normal meal time, or any portion thereof, the Company will provide him with a meal to be eaten on his own time and reimburse the employee on submission of a valid meal receipt.

(ii) Where an employee is called out to work and works for more than four hours, he shall be provided with a meal, if practical, and shall continue on overtime pay for the duration of the meal time to a maximum of one-half hour. Should it not be practical to provide a meal or should the employee elect not to have a meal, he shall instead receive three-quarters of one hour's pay at the prevailing overtime rate. Each subsequent four-hour period will be handled in the same manner.

(d) Temporary Transfer

Special conditions for those on living-out allowance or full room and board at a temporary headquarters

(i) Since the Company is already providing a meal (actual expenses) or pay in lieu (living-out allowance), these employees will not have the standard option regarding the first overtime meal.

(ii) Employees on actual expenses will either take the overtime meal, and up to one-half hour to eat or wait until they return to their lodgings, eat their normal meal and claim the one-half hour at overtime rates.

(iii) Those on living-out allowances will claim the one-half hour eating time but will not charge the Company for the meal as the meal that they missed has already been paid for through the living-out allowance.

(iv) Subsequent overtime meal breaks in the same work day will be handled in the normal manner.

28.06 Rest Period

(a) Where an employee commences overtime work earlier than four hours prior to his regular working day or shift, he shall not return to, nor continue into, his working day, or shift unless otherwise requested until he has had eight hours time off which shall be calculated from the time his last callout finished.

(b) He shall be paid for his regular working day or shift at straight-time until the eight hours rest time expires at which time he must return to work to qualify for the remainder of his working day or shift at straight-time rates.

(c) Notwithstanding the above, if the eight-hour rest period expires five hours or later after the normal starting of the shift, an employee will not be required to return to work but will be paid straight time for the remainder of the shift. When on a call-out, the rest period is calculated from the time his last call-out is finished.

(d) Where an employee is requested to return to work at any time during his scheduled shift before he has completed his eight-hour rest period, he shall continue to be compensated at the overtime rate for all time worked, plus straight-time for the difference between the portion of the rest period taken and eight hours.

(e) Where an employee is requested to continue to work into his working day or shift without rest time he shall continue to be compensated at the overtime rate for all time worked, plus straight-time for his regular day or shift.

(f) Where an employee returns to work on a regular day or works into a regular day without completing rest time, and without his supervisor's authorization to do so, the overtime provision of this Article shall not apply.

28.07 Call-out Prior to Commencement of Regular Shift

Where an employee is called out less than four hours prior to the start of his regular shift and where the call-out work is completed prior to or extends into his regular shift, the employee shall be entitled to one hour off with pay at straight time to prepare for his regular shift. If the employee requests a meal under this provision the Company will provide a meal.

ARTICLE 29. BANKED TIME

29.01 Standby Premium

If an employee so chooses, he may elect, as an option to being paid at the time he is on standby, to allocate the standby dollars to the pre-retirement hour account as outlined in Marginal Paragraph 29.02 (b).

29.02 Overtime Pay

(a) Employees may elect to receive overtime pay by the following procedures:

1. by designating full pay out on their daily time sheets. Where employee does not signify a choice, the company will automatically defer to this option; or,
2. by signifying the overtime portion be withheld and rescheduled at a time mutually agreeable between the employee and the Company; or,
3. by signifying the entire overtime rate be withheld and rescheduled at a time mutually agreeable between the employee and the Company. In the event the time off in part 1 and 2 above, cannot be mutually agreed to before March 31st in the following year, all amounts above \$10,000 as of the first pay period in March, will be paid to the employee in the first pay period in April.

(b) For all banked overtime, employees will be provided the following options:

1. Deferred dollars to the pre-retirement account with a lifetime maximum of 3000 hours. Employees shall receive time off with pay for each hour banked in the deferred overtime account. Time off under this account may only be utilized immediately prior to going on pension rolls. While on this leave employees will accrue vacation and benefits etc. Once an employee has elected to utilize this leave, the decision to retire is irrevocable. Upon notification of the irrevocable retirement date, pre-retirement hours can be utilized under the following options:
 - i. one continuous block of hours to be utilized to the retirement date; or,
 - ii. the ability to utilize pre-retirement hours in conjunction with a Company approved work schedule.
2. Allocate funds to a personal RRSP
3. Maintain the funds in the account as signified in the guidelines outlined in (a) above.
4. Request a lump sum payment of, some or all monies in the account at any time, but not less than \$500.00.

(c) In the event of termination of employment before the time off is scheduled, any wages withheld will be paid to the employee. In no event shall an employee be entitled to greater payment than has been withheld by the Company.

(d) Overtime on 3rd party non-regulated contracts will be paid out.

ARTICLE 30. STATUTORY HOLIDAYS

30.01

(a) The following Statutory Holidays shall be recognized by the Parties:

| | |
|------------------------|------------------|
| New Year's Day | Labour Day |
| Good Friday | Thanksgiving Day |
| Victoria Day | Remembrance Day |
| Dominion Day | Christmas Day |
| British Columbia Day | Boxing Day |
| (1st Monday in August) | |

When any day is proclaimed as a holiday under the law of British Columbia in lieu of such holiday, then that day only shall be considered as the holiday.

(b) All work performed by employees on shift work schedules on the holidays set out in (a) above shall be compensated for at the base rate plus shift premium, if applicable, and in addition, for each seven and one-half hour shift worked, such employees shall be provided with a day off and shall receive seven and one-half hours pay on the basis of his regular base rate (exclusive of shift differentials, overtime, bonuses, holiday or other premiums) for such day.

(c) Day worker employees scheduled to work on any of the holidays set out in (a) above shall be compensated for at two times the base rate and in addition for each seven and one-half hour shift worked, such employees shall be provided with a day off and shall receive seven and one-half hours pay on the basis of his regular base rate (exclusive of shift differentials, overtime, bonuses, holiday or other premiums) for such day.

30.02

Where the holiday falls on an employee's work day but where the Company does not require the employee to work that day, such employee shall receive pay subject to the following terms and conditions:

(a) To qualify for pay on a holiday the employee shall work his last scheduled shift before the holiday and his first scheduled shift after the holiday but absence due to illness or injury shall not disqualify an employee for pay for a Statutory Holiday provided that such employee has worked at least one shift in the pay period in which the Statutory Holiday falls, and provided further that such employee shall upon request of the Company, furnish evidence satisfactory to the Company that illness or injury prevented him from working the days on which he was absent from work

(b) An employee who qualifies for pay for a holiday under this Article and who does not work on such holiday, shall receive seven and one-half hours pay on the basis of his regular base rate (exclusive of shift differentials, overtime, bonuses, holiday or other premiums) for the shift worked by him immediately prior to such holiday. An employee so qualifying shall not be entitled to such pay if he does not work on a holiday after being required by the Company to do so.

30.03

Where the holiday falls on an employee's scheduled day of rest, such employee shall receive no payment for the said holiday, but in its stead shall be provided with another day off in lieu thereof, subject to meeting the terms and conditions of Marginal Paragraphs 30.02(a) and 30.02(b) above as they apply to the said holiday, and the pay for such day off in lieu shall be as in Marginal Paragraph 30.02(b).

30.04

When any such holiday falls during an employee's vacation with pay taken under Article 31, and he would have become entitled to pay for such holiday not worked had he not been on vacation, he shall be paid for such holiday.

30.05

A day off as provided in Marginal Paragraph 30.01 or a day off in lieu thereof as provided in Marginal Paragraph 30.03 shall be at a time mutually agreeable to the employee and the Company. In the event that no mutually agreeable day off can be arrived at by the end of a calendar year, the employee shall receive payment therefore during the last pay period in the calendar year.

30.06

Each employee shall be entitled to four Floating Statutory Holidays during each calendar year that he is in the Company's employ, which shall be taken at a time that is suitable to both the Company and the employee. To qualify for Floating Statutory Holidays an employee must have completed 120 days of continuous service with the Company. In the event that a date for the Floating Statutory Holidays has not been mutually agreed to at least 90 calendar days prior to the end of a calendar year, the Company shall set the day on which the Floating Statutory Holidays will be taken. The employee may have the option of

requesting straight time pay for any or all of the four floating stats available each year. Floaters unable to be scheduled off by year end will be paid out at straight time rates.

30.07

The provisions of Marginal Paragraph 30.02 through 30.04 shall apply to Floating Statutory Holidays.

30.08

In the event the Federal or Provincial Government proclaims a new Statutory Holiday, the proclaimed day shall replace one of the Floating Statutory Holidays, herein provided, in the year following the year of proclamation. Thereafter such new Statutory Holiday shall be deemed to be included in the holidays enumerated in Marginal Paragraph 30.01 in place of a Floating Statutory Holiday.

ARTICLE 31. REGULAR VACATIONS WITH PAY

All employees shall earn vacations to December 31 in each year on the following basis:

31.01

New employees will earn vacations at a rate of one and one-quarter days per full calendar month worked from date of hire until December 31 of the same year.

31.02

An employee having completed one through six full years of service shall earn a vacation of three weeks.

31.03

Employees having completed seven through 16 full years of service shall earn a vacation of four weeks.

31.04

An employee having completed 17 through 24 full years of service shall earn a vacation of five weeks.

31.05

An employee having completed 25 through 29 full years of service shall earn a vacation of six weeks.

31.06

An employee having completed 30 full years of service shall earn a vacation of seven weeks.

31.07

The word "week" shall be considered as being constituted of 37½ hours. Vacations shall be paid on the basis of the base rate at which the employee worked the majority of shifts during the calendar month immediately preceding the vacation.

31.08

For each period of 30 consecutive days an employee is absent from work, a portion of one-twelfth of the vacation he would otherwise be eligible to earn shall be deducted from his vacation entitlement in the following year; PROVIDED that, time spent on paid leave, to a maximum of 12 consecutive months from the commencement of such paid leave, shall be considered as time worked.

31.09

In the calendar year prior to becoming entitled to four, five, six or seven weeks vacation, an employee shall be entitled to an increased vacation with pay based on the date his service anniversary occurs in that year, as follows:

| Service Anniversary Date | Increased Annual Vacation |
|-------------------------------------|--------------------------------------|
| (both dates inclusive) | |
| January 1 to March 14 | 37 ½ hours |
| March 15 to May 26 | 30 hours |
| May 27 to August 7 | 22 ½ hours |
| August 8 to October 19 | 15 hours |
| October 20 to December 31 | 7 ½ hours |

Service Anniversary date shall be defined as:

- (a) In the case of an employee whose service with the Company is recognized as continuous, that date of the commencement of service shall be the employee's service anniversary date.
- (b) In the case of an employee having broken service, his total period of employment as at December 31, 1978 shall be computed in complete years and days of service. Such days, in excess of complete years, shall be used to determine a calculated anniversary date.
- (c) In the case of an employee being hired subsequent to December 31, 1978 and having prior service, his service anniversary date shall be computed on December 31 of the year of rehire on the same basis as (b) above.

31.10

An employee who is unable to take his scheduled vacation period because of sickness or accident may, upon notification to his supervisor postpone such vacation provided that mutual agreement can be reached to reschedule such vacation within the same calendar year. Vacations postponed due to accident or sickness during the month of December may be rescheduled during the first quarter of the following year.

31.11

An employee who becomes sick or has an accident during a scheduled vacation period may, upon notification to his supervisor, be removed from vacation and placed on sick leave as eligible under Addendum "A" provided that mutual agreement can be reached to reschedule such vacation within the same calendar year. Vacations postponed due to accident or sickness during the month of December may be rescheduled during the first quarter of the following year. In either case, sickness or accident must be proved by a Doctor's certificate. Sickness or accident of less than five consecutive working days duration shall not be considered under this marginal paragraph.

In the event that vacations cannot be scheduled at a mutually agreeable time in any year, the vacations not utilized will be paid out.

ARTICLE 32. SPECIAL VACATION

32.01

Those employees who have completed five years or more of service by January 1, 1978 shall be entitled to a Special Vacation of three weeks in addition to their normal vacation entitlement to be taken within the period January 1, 1978 to December 31, 1982. During each subsequent five-year qualifying period, those employees shall become eligible for a further three weeks of special vacation. Employees who complete their fifth year of service after January 1, 1978 shall be eligible for this program during the five year period commencing with the January 1st following the year in which they complete five years service and, during each subsequent five-year qualifying period, those employees shall become eligible for a further three weeks of Special Vacation.

32.02

Special Vacations shall be governed by the following conditions:

- (a) They shall be taken at times which are suitable to both the Company and the employee.
- (b) The allocation of regular vacations with pay shall have priority over the allocation of Special Vacations.
- (c) In determining the length of a Special Vacation, a week shall mean a work week as defined in the Agreement and shall include any holidays falling within the period provided that if a Statutory Holiday as defined herein falls within the period and the employee concerned would have become entitled to pay for such holiday not worked if he had not been on Special Vacation he shall be paid for such holiday.
- (d) Special Vacation pay shall be computed on the basis of 37½ hours remuneration per week based on the employee's regular base rate during the calendar month immediately preceding the Special Vacation.

(e) In the event that an employee's Special Vacation cannot be scheduled to be taken within the required five-year period, then at the end of such period the employee will be paid a sum equal to the amount of Special Vacation pay which he would have received if he had taken his Special Vacation in the three-week period immediately preceding the end of the five-year period.

(f) If an employee leaves the service of the Company, or retires to pension, or his employment is terminated and he is at that time entitled to a Special Vacation, he will be paid a sum equal to the amount of Special Vacation pay which he would have received if he had taken his Special Vacation in the three-week period immediately preceding the date on which he leaves the service of the Company, or retires to pension, or his employment is terminated. In addition, he shall be paid a sum proportionate to the service he has completed in the next five-year qualifying period. Should his employment be terminated by his death, such sums shall be paid to his estate.

(g) Absence by an employee during a five-year qualifying period due to sickness or accident up to a total of 12 months shall not affect his Special Vacation benefits. That portion of absence due to sickness or accident which is in excess of 12 months, or any absence for other reasons shall result in a pro-rata reduction in Special Vacation pay but shall not affect the time allowed for Special Vacation.

(h) No employee shall receive more than three weeks Special Vacation during any five-year period following the date of qualification.

ARTICLE 33. GENERAL

33.01 Special Driver's Licence

Upon request, any competent employee shall drive any automotive vehicle of the Company. If this duty necessitates such employee holding a special driver's license or endorsement, the Company shall defray the cost of such licence.

33.02 Protective Clothing

Where in the opinion of the Company working conditions are such that they warrant the wearing of protective clothing, the Company shall provide such protective clothing as it considers necessary. Employees who wish to purchase protective rain gear may apply for a 50% reimbursement of the purchase price to a maximum \$50.00 per year. Rain gear must be suitable for the job, fire retardant and have prior management approval before being eligible for reimbursements. One pair of leather gloves, which shall be a matter of Company selection, shall be provided to employees on a quarterly basis.

33.03 Tool Purchase and Replacement

(a) An employee may purchase, through the Company's purchasing facilities, tools required for use in the performance of his job. Such purchases must be approved by the employee's immediate supervisor. Where approval of such tool purchase has been given, the employee will receive a discount of 50% of the cost of such tool.

(b) The Company will replace worn or lost tools owned by an employee which are required in the normal course of his employment. The Company can only replace tools that are shown on an employee's tool list. This list must indicate tool description, make, value and, where possible, serial number. It is the employee's responsibility to make sure this list is up to date.

33.04 Foot Wear

The Company will pay a rebate of 50% of the retail price or 50% of the cost of repairs to approved protective footwear purchased or repaired by the employee for his own use in the course of his work, provided the employee first obtains a purchase requisition from his supervisor before making the purchase or repairs.

ARTICLE 34. PENSIONS

34.01 Plan Earnings

Best average plan earnings shall be a members average annual plan earnings, in the **36 month period of service**, in which the members plan earnings are the highest.

34.02 Pension Contributions

(a) The employer and each member shall contribute a percentage of plan earnings which provides for:

- The cost of benefits expected to be accrued by the members in respect of credited service in that pay period, plus,
- The average per pay period expenses expected to be charged to the trust fund, in the respect of the period from the effective date of the most recent actuarial valuation to the effective date of the next actuarial valuation.

(b) The percentage in ‘(a)’ above, shall be allocated between the employer and each member as follows:

| Start Date | Employer Percentage Of Total | Member percentage Of Total |
|-------------------|---|---------------------------------------|
| Feb 1, 2001 | 50% | 50% |

ARTICLE 35. INDENTURED APPRENTICES

35.01 Proviso

Except as modified in this Article, the provisions of this collective agreement apply to indentured apprentices.

35.02 Termination/Promotion

The Company retains the right to terminate an apprenticeship prior to completion of the apprenticeship program. The decision on whether or not an apprentice who completes this program is promoted to Journeyman status rests solely with the Company.

35.03 Transfers

The Company may transfer an indentured apprentice to any operation of the Company for training purposes. The provisions of Marginal Paragraphs 12.04 and 13.01 will not apply in the event of a transfer.

35.04 Layoffs

A layoff involving termination of employment of an indentured apprentice shall be carried out in the following order at the headquarters involved:

- (a) Indentured apprentices shall be laid off in the inverse order of their total continuous time within the apprenticeship program.
- (b) Apprentices to be laid off under (a) above may displace another employee as follows:
 - (i) An apprentice to be laid off may first elect to displace that apprentice having the least total continuous time in the apprenticeship program throughout the Company.
 - (ii) If there is no other apprentice in the Company having less total continuous time in the apprenticeship program, the apprentice to be laid off may apply, as total seniority, his service from the date he last entered service, to displace an employee in accordance with Marginal Paragraph 14.02(b).
- (c) Any apprentice displaced under (b) above will be treated on the basis of the provisions set out in Marginal Paragraph 35.05(b) (ii).

35.05 Recall

(a) In respect to recall, indentured apprentices on layoff will receive equal treatment to any other laid-off employee as set out in Marginal Paragraph 14.04, in respect to non-apprentice job opportunities.

(b) Recognizing the desirability of permitting apprentices to complete their apprenticeship and, where possible, attain journeyman status with the Company, the Parties to this Agreement agree to the following:

(i) When an apprentice position becomes available and where apprentices in that trade are on layoff or have been displaced and taken a non-apprentice position, the provisions of Marginal Paragraph 12.01 will be waived, and

(ii) The former apprentice having had the greatest total continuous time within the apprenticeship program will be offered the position.

(iii) Failure to accept any apprentice position offered will not affect any former apprentices' employment status. The offer will then be extended to the former apprentice having had the next greatest total continuous time within the apprenticeship program.

(iv) The time provisions set out in Marginal Paragraph 14.04 (a) will apply.

(v) The provisions of Marginal Paragraph 14.04 (d) will apply.

(c) Indentured Apprentices will be eligible to claim a per diem of \$60.00 for each full day they are required to live away from home and attend Provincial Training Courses directly related to obtaining a Provincial Journeyman ticket. Employees receiving any alternate reimbursement for meal allowances or accommodation will be ineligible for this per diem.

35.06

Indentured apprentices will be ineligible to apply for bulletined vacancies in alternate apprenticeship job postings or vacancies leading to alternate apprentice openings.

35.07 Apprentice Selection

Selection to an apprenticeship program will be determined by a Union appointed and Management appointed committee. The interview committee will consist of two Union members from the applicable business unit and two management personnel. The minimum education requirement for applicants is academic English 12, Math 11, and Physics 11 plus post-secondary pre-apprentice schooling or the FortisBC Pre-apprentice PLT Program.

The selection criteria and weighting percentages will be determined by the trade specific committee using the following factors: trade courses, trades related experience, physical ability, attitude, adaptability, education and seniority. The seniority factor will be set at 25%.

The Union/Company apprentice selection committee shall utilize a 60% passing level as a minimum entrance standard to the apprentice program.

35.08 PLT Pre-apprentice Selection

Notwithstanding Marginal Paragraph 35.07, selection to the FortisBC Pre-apprentice PLT Program will be determined by a Union appointed and Management appointed committee. The interview committee will consist of two Union members from the applicable business unit and two management personnel. The minimum education requirement for applicants is academic English 12, Math 11 and Physics 11.

The selection criteria and weighting percentages will be determined by the trade specific committee using the following factors: trade courses, trades related experience, physical ability, attitude, adaptability, education and seniority. The seniority factor will be set at 25%.

The Union/Company pre-apprentice selection committee shall utilize a 60% passing level as a minimum entrance standard to the apprentice program.

35.09 Pre-apprentice Education Requests

In accordance with Company policy, requests for a leave of absence for pre-apprentice education purposes must be provided in writing to Human Resources for approval. Successful completion of external education programs will be reimbursed as per the Company education guidelines. Should the employee leave the Company within two years following successful completion and reimbursement for the pre-apprenticeship schooling, with the exception of an involuntary termination, the employee will be required to reimburse the Company on a pro-rated basis.

NOTE:

The intent of the above listed indicators (Marginal Paragraphs 35.07 and 35.08) is to prorate based on the following:

Seniority – is not prorated

Education – No points applied for English 12, Math 11 and Physics 11-examples are (but not limited to): Post-secondary education, Equivalent courses

Trade Courses – examples are (but not limited to): EET Level 1 NETA, Entry level trades training as per ELTT (electrical), Electrical Awareness

Trades Related Training – examples are (but not limited to): 1st Aid, Class 3 Drivers License, WHMIS training, Confined spaces, Lockout, Rigging/Fortlift/Hilti.

Physical Ability – must be physically able to handle the requirements of the job.

Adaptability – “Able to adjust easily to changes and new conditions.”

Attitude – **will include** (but not limited to): Teamwork, Communication, Approach to Safety, Willingness to Learn, Problem Solving, Past Performance (for external, includes reference checks).

IN WITNESS WHEREOF the parties hereto have executed this Agreement the day and year first above written.

LOCAL 213 of the International
Brotherhood of Electrical Workers

Richard Dowling, Business Manager

Gord Van Dyck, Assistant Business Manager

FortisBC Inc.

Rita Ludwig

ADDENDUM "A" BENEFITS

The following subsidies with respect to the medical plan, sickness and accident plan, long term disability, group life insurance, helicopter insurance, dental plan and vision care shall be in effect during the term of this Agreement.

1. Medical

Basic medical coverage will be provided under the overall Medical Services Plan of British Columbia and coverage under an Extended Health Benefit Plan will also be maintained. The full cost these plans will be borne by the Company.

The Extended Health Benefit Plan has an annual deductible of \$25.00 and pays 100% of eligible expenses. The claimable amount for eligible prescription receipts is \$1200 subject to the above (where benefits duplicate those of the Provincial Pharmacare Plan). Effective July 1, 1996, dependents to be covered are the employee's spouse and unmarried dependent children to age 19, or unmarried dependent children to age 25 if they are a full-time student of a recognized educational institute. Employees will be provided with a prescription drug card in order to facilitate electronic payments through the insurer. The employee is responsible to the pharmacy for any portion of the claim that is not covered under the plan.

Basic medical coverage will be provided under Medical Services Plan of British Columbia (MSP) for retirees and surviving spouse provided the employee retired with **15** years of service. Coverage under the Extended Health Benefit Plan (EHB) will also be maintained for retirees at the benefit level in place at time of retirement. Surviving spouses and dependents are not eligible for the EHB plan. The full cost of these Plans will be borne by the Company.

Employees and retirees will be covered for Emergency Medical Assistance when traveling outside of BC.

2. Sickness and Accident Protection

The Company will pay 100% of the actual premium cost per employee per month for a Sickness and Accident Benefit Plan paid up to a maximum of 26 weeks. Participation in the Plan is to be mandatory for all employees. No benefits shall be paid under the Plan for compensable accident or disease.

The Plan is to be registered with the Employment Insurance Commission and, in recognition of maintaining the benefit amount at or in excess of the required level under the Employment Insurance Act, the reduction in Employment Insurance premiums resulting from such registration will be directed towards the premium cost of the Plan.

The Plan will be carried by a commercial insurer and the terms of any such insurance policy will be binding on the employees.

Provisions of the Plan include:

- (a) The Plan will provide coverage from the first day of illness or injury.
- (b) An employee becomes eligible for paid Benefits commencing with the date of hire.

(c) Employee who are unable to work as a result of illness or accident will be eligible to receive the following benefits:

| Service with the Company | Full Regular Earnings for | Followed by Two-thirds (2/3) Regular Earnings for |
|---------------------------------|----------------------------------|--|
| Less than 1 yr. | 1 Month | 5 Months |
| 1 yr. but less than 2 yrs. | 2 Months | 4 Months |
| 2 yrs. but less than 3 yrs. | 3 Months | 3 Months |
| 3 yrs. but less than 4 yrs. | 4 Months | 2 Months |
| 4 yrs. but less than 5 yrs. | 5 Months | 1 Month |
| 5 yrs. or more | 6 Months | - |

(d) The full benefit period is reinstated after one week back to active employment if a subsequent disability is unrelated and after one month back to active employment if the subsequent disability is related.

(e) Benefits under the Plan will be reduced by the amount of any benefits the employee may be eligible to receive through Canada Pension Plan, Workers' Compensation or similar programs. Benefits payable under individually purchased policies are, however, excluded.

(f) Employee are not eligible for coverage under the Plan in the following cases:

- (i) While the employee is on Maternity Leave.
- (ii) Where the employee is not on the Active Roll by reason of layoff or unpaid Leave of Absence.

(g) For purposes of this Plan, the following definitions apply:

- (i) Regular earnings are the straight time base rate of an employee the day prior to the first day of absence.
- (ii) Month refers to any 30 day consecutive calendar days.
- (iii) Week refers to any five consecutive working days.
- (iv) Year refers to any consecutive 365 calendar day period.

(h) The Parties agree that regular attendance at work is desirable and it will not condone any employee abuse of the Sickness and Accident provisions of the Agreement. In this regard the Company has the right to require an employee to provide a Doctor's certificate for any absence on sick leave. Furthermore, the Company may, at its discretion, require employees to undergo a medical examination by a physician of the Company's choosing.

(i) The Company will reimburse the costs of Doctor fees charged with initiating sick leave claim forms.

(j) Commencing February 1, 2005 the Accident Prevention Plan shall be substituted by the Company Advisor Program.

The Company Advisor Program offers a comprehensive approach to disability management by combining early medical coordination services along with earlier rehabilitation and specialist referral services. This comprehensive approach is aimed at reducing the duration of a disability, and easing stress and possible uncertainty for employees. The Company provides professional assistance through various resources.

The Company program is directed at illnesses of more than five days duration, thereby eliminating the claims procedure for truly short term absences. The Company Advisor Program does not approve the claim but provides advice while acting as a liaison between the employee, physician and the Company. The Company program provides ongoing support that begins at the first report of illness or injury and continues through the recovery and a return to work through access to a network of specialists to assist in the potential for rehabilitation. In a traditional sick leave program, these services are not introduced until the employee is

on Long Term Disability. The Company Advisor Program results in better treatment for disabled employees at an earlier stage allowing a timely return to productive employment.

3. Long Term Disability

The Long Term Disability Plan will provide eligible employees with benefits of 70% of regular base monthly salary (1955 hrs. x hourly rate divided by 12 months) or retain the flat rate of \$2500 per month whichever is the greater. The Plan will generally provide coverage to commence following 26 weeks of absence from the job on the Sickness and Accident Benefit Plan referred to in Section 2 of this Addendum and will continue through to retirement or age 65, for employees with five years or more of service. For employees with less than five years of service, the Plan will provide, together with the Sickness and Accident Plan coverage, a total period of protection equal to the employee's years of service with the Company.

The Plan will not provide duplication of benefits receivable by employees in respect of disability covered by the Plan (other than benefits from an employee's private plan) and without limiting generality, any Workers' Compensation benefits and any disability benefits under the Canada Pension Plan or other government plan payable in respect of such disability will be deductible from the benefits payable under the Plan, the full cost of which will be borne by the Company.

The Plan will be carried by a commercial insurer and the terms of any such insurance policy will be binding on the employees.

4. Group Life Insurance

Effective February 1, 1998 an active employee who has at least three months of continuous service shall have basic insurance coverage amounting to three times the normal paid hours in a year (1955 hours), this sum being raised to the next highest multiple of one thousand if not already a multiple.

Coverage will be revised on the first of the month following any revision of the employee's Base Hourly Rate excluding temporary revisions.

Participation in the Plan is mandatory after three months of continuous service. The full cost of 'basic' insurance will be borne by the Company.

The "basic" insurance coverage will be reduced to \$2,500 at age 65.

Upon retirement prior to age 65, the retiree shall have Retiree Life Insurance Coverage amounting to one times the pre-retirement normal paid hours in a year (1955 hours), this sum being raised to the next highest multiple of one thousand if not already a multiple. At age 65, retiree Life Insurance Coverage will be reduced to \$2500.

Until retirement employees will have the option of purchasing at their own expense additional coverage in an amount equal to one-third of 'basic' coverage.

Employees shall have the right to purchase this supplemental coverage. However, medical evidence satisfactory to the insurer will be required when such supplemental insurance is taken. Future employees who do not purchase the supplemental coverage at the time of eligibility for "basic" coverage, but who wish to do so later, may be required to provide medical evidence satisfactory to the insurer. This supplemental coverage will not be available after retirement.

Effective February 1, 1996 an active employee who has at least three months of continuous service shall have spousal insurance coverage in the amount of \$10,000 and dependent child under the age of 19 years insurance coverage in the amount of \$5,000. The full cost of the spousal and dependent child insurance will be borne by the company. Effective July 1, 1996, unmarried dependent children are covered to age 19, or unmarried dependent children to age 25 if they are a full-time student of a recognized educational institute.

Life insurance coverage in the amount of \$500,000 for death on the job shall be implemented effective February 1, 1998.

The Plan will be carried by a commercial insurer and the terms of any such insurance policy will be binding on the employees.

5. Helicopter Insurance

Life insurance in the amount of \$100,000 shall be provided for employees while actually engaged in working in or working in direct conjunction with a helicopter.

6. 6. Dental Plan

The Company will provide, at Company expense, a Dental Plan which will provide for payment of 100% of the basic services, commonly referred to as Plan "A", for the payment of 100% of the dental services commonly referred to as Plan "B" and for the payment to a life maximum of \$5000 effective Feb 1, 2003, per insured family member of the dental services commonly referred to as Plan "C". Effective Feb 1, 2005, the Plan is amended to include white fillings, all teeth.

Employees, employee's spouse and dependent children will be eligible for coverage on the first of the month following six months of continuous service. Effective July 1, 1996, unmarried dependent children are covered to age 19, or unmarried dependent children to age 25 if they are a full-time student of a recognized educational institute.

The Plan will be carried by a commercial insurer and the terms of any such insurance policy will be binding on the employees.

7. Vision Care

Effective February 1, 2005 the Company will pay up to 50% percent of Vision Care receipts, up to a maximum Company payment of \$500.00 every 2 years to employees and dependents. Effective July 1, 1996, dependents to be covered are the employee's spouse and unmarried dependent children to age 19, or unmarried dependent children to age 25 if they are a full-time student of a recognized educational institute.

Effective February 1, 2005 the Company will pay for eye examinations to a maximum of \$75.00 every 2 years to employees, spouses and dependent children.

Employees who retire to pension after Feb 1, 2001 will be entitled to vision care coverage in the amount of \$150.00 every two years. This benefit is for the retiree and eligible dependents. Surviving spouses and dependents are not eligible for this benefit.

8. Hearing Aids

Effective February 1, 2005, the Company will provide hearing aid coverage a maximum \$400.00 every 2 years for employees, spouses, and dependent children.

Employees who retire after Feb 1, 2001, will be eligible for hearing aid coverage to a maximum of \$200.00 every two years. This benefit is for the retiree and eligible dependents. Surviving spouses and dependents are not eligible for this benefit.

SCHEDULE A - Payscale/Job Classifications

| | Feb 1 2008 |
|--------------------------------|-------------------------------------|
| Labourer (Note 2) | 20.98 |
| Helper (Note 2) | 24.44 |
| First Aid Helper (Warfield) | 24.44 |
| Meter Reader | 24.44 |
| Pre-app. Lineman (Note 3) | 25.05 |
| Truck Driver | 25.02 |
| Garage Attendant | 25.77 |
| Warehouseman | 27.74 |
| Warehouse Clerk | 25.02 |
| Customer Serviceman | 26.90 |
| 2nd Class MM* (Note 1) | 27.52 |
| 1st Class MM* (Note 1) | 28.23 |
| Equipment Operator | 28.21 |
| Meter Repairman | 28.21 |
| Journeyman Trades | 34.45 |
| PLT | 34.45 |
| 3rd Class Floorman | 24.44 |
| 2nd Class Floorman | 26.40 |
| 1st Class Floorman | 31.00 |
| Senior Dispatcher | 38.92 |
| System Power Dispatcher | 40.40 |
| Relief System Power Dispatcher | Progression as per <u>LOU #6</u> |
| Full time Charge Hand (trade) | 38.92 |
| Pointman | 38.92 |
| Safety Coordinator | 38.92 |
| Project Leader | 38.92 |
| CPC Technologist | 37.55 |

NOTE 1:

The Job Classification of 2nd Class Maintenance Man and 1st Class Maintenance Man are marked with asterisks to signifying that they apply to current incumbents only (Jan 31/2001). The Company will, in future, not post for nor fill these classifications.

NOTE 2:

Rates of Pay shall be amended to reflect the automatic progression from the classification of Labourer to the classification of Helper on the completion of six months' full-time continuous employment. This progression will apply to a full-time permanent employee only.

NOTE 3:

(a) The rates of pay for indentured apprentices enrolled in a four-year apprenticeship program shall be the following percentages of the appropriate journeyman tradesman rate:

% of Jymn

| Period | Rate |
|------------------------|-------------|
| First Year Apprentice | 72% |
| Second Year Apprentice | 77% |
| Third Year Apprentice | 82% |
| Fourth Year Apprentice | 90% |

(b) Where, through no fault of his own, an apprentice is unable to complete the required number of modules (i.e., modules or training are unavailable), the apprentice will be paid these rates for the duration of the program.

(c) The rate of pay for the position of Pre-apprentice Lineman will replace that of the Groundman classification as established in Schedule A of the Agreement.

NOTE 4:

Interim market adjustment for PLT's is noted in LOU#12.

APPENDIX A - LETTERS OF UNDERSTANDING

LETTER OF UNDERSTANDING #1

Re Temporary Employees

1. Article 15 of the collective agreement negotiated during the 1987 contract talks is not intended to reflect a change in the Company's policy with regard to the utilization of temporary workers.

This Article is for the purpose of clarifying the existing practice.

It is not the Company's intent to use temporary employees for the purpose of reducing the regular workforce.

LETTER OF UNDERSTANDING #2

Re. Regular Part Time Meter Reader

It is recognized by both the Company and the Union that there is a requirement to create a Regular Part-Time Meter Reader.

The Regular Part Time Meter Reader is an employee hired to fill a part time position which is of a continuing nature. The incumbent may work an assigned regular schedule, but will not work more than 60 hours per bi-weekly pay period, except that the employee may in addition relieve a full time employee on a leave of absence, sick leave, or annual vacation without change to part time status. The incumbent may also be assigned to and voluntarily accept duties at other locations or headquarters in order to supplement his/her hours of work. In this situation the incumbent will be reimbursed mileage for use of his/her personal vehicle, but will not be paid travel time.

After completion of the established waiting period as set out in Plan documents or as otherwise provided in this Agreement, the employee is entitled to the following benefits:

- (i) Medical Services Plan of B.C.
- (ii) Extended Health Benefit Plan
- (iii) Dental Plan
- (iv) Sickness & Accident
- (v) Long Term Disability
- (vi) IBEW Pension Plan
- (vii) Group Life Insurance
- (viii) Vision Care

Sick leave and annual vacation entitlement shall be pro-rated on the basis of time worked. In the event an incumbent is hired on full-time status all hours worked as a part-time employee will be pro-rated to establish their seniority, as well as service dates for vacation and sick leave entitlement purposes.

Regular Part-time meter readers who have achieved a cumulative total of 977.5 hours will establish seniority as per Article 11.

LETTER OF UNDERSTANDING #3

Re: Article 20 - Work Done by Contractors

The Company and the Union agree to replace the former contracting out committee with three pointmen, two designated by the Union (one for T&D and one for Generation) and one designated by the Company. It will be the Pointman's responsibility to investigate all contracting out proposals prior to advertising for bids. The Pointman will investigate items such as:

- the type and nature of work to be performed
- reason for contracting out
- reason why work (all or in part) cannot be performed internally
- reason why temporary hiring would not be sufficient to perform the work
- union status of the contractor
- is the contractor in good standing or has he exhibited previous problems in this workplace
- has contractor completed all tasks previously contracted out

Managers will be advised by Pointmen of deficiencies displayed by current contractors. As well, written documentation will be forwarded to the Director of the appropriate department.

Annual reviews of potential contracting out issues will be discussed with Pointmen in attendance.

The Generation Pointman will receive the Charge Hand premium for hours worked on Pointman activities.

LETTER OF UNDERSTANDING #4

Re Article 20 – Interpretation Guidelines for Contracting Out

This policy was jointly developed by the Union and Company negotiating teams during the collective agreement negotiating process. Recognizing the difficulties with defining and implementing such a major policy in a few lines of collective agreement language, the teams decided to produce this interpretation guide to remove much of the guesswork regarding the intent of the language found in Article 20 of the Collective Agreement.

INTERPRETATION GUIDE

IBEW ARTICLE 20: WORK DONE BY CONTRACTORS

This guide is intended to amplify the Article 20 language such that the intent of that language is clear to both the Company and the Union. This will enable consistent application of Article 20 to actual situations.

This guide is also meant to be an evolving document which will be jointly revised as situations arise that have not been anticipated.

It is important to spotlight the key principles of this policy. Through this initiative, three significant commitments have been made.

1. Involvement of the Union in the contracting out process.
2. Affiliated-Union-only contracting policy for the Company's Traditional/Core work.
3. Ongoing joint company/union policy development with respect to contracting out.
4. The Company recognizes that it is a unionized company and contracting out decisions must be made with this in mind. The Union and the Company recognize the importance of proactively developing a partnership in order to survive and thrive. The new Article 20 puts this partnership into practice.

It is helpful to refer to the attached flow chart as you go through this guide.

Process #1: IDENTIFICATION OF A PROJECT WHICH COULD BE CONTRACTED OUT.

Self explanatory. For a variety of reasons (tradition, convenience, apparent economy, specialization, etc.) bodies of work are identified that have the potential of being contracted out.

Process #2: NOTIFY THE UNION.

The Company is obligated by Article 20 to notify the Union as early as possible in the “contracting out” decision process. This notification can be verbal or written and should be directed only to the appropriate Pointman. This limited contact list is important to ensure consistent application during the implementation phase of this policy. The Pointman may choose to delegate tasks to others during their absence or for any other reason.

Process #3: DETERMINE TYPE OF WORK. INVITE UNION INPUT.

Process #4: NOT-TRADITIONAL/NON-CORE WORK.

Process #8: TRADITIONAL/CORE WORK.

The determination to be made in Process #3 is whether the work is “Traditional/Core” or “Non-traditional/Non-core”. This is a critical decision since it will determine whether contracting is done on an “Open” or “Closed” shop basis. To aid in this determination, the following definitions are offered along with examples.

TRADITIONAL/CORE: This is work that we are doing now or for which we already have the skills in-house and is a logical extension of existing work in form and in scope (i.e. the transition to bare-hand work, programming of PLC’s, operation of laser alignment equipment).

Examples:

- line construction
- underground duct laying
- welding repair and fabrication
- running conduit
- concrete repairs around plants

NON-TRADITIONAL/NON-CORE WORK: Other than stating that this is the opposite of the definition for Traditional/Core work, the best way to illustrate this type of work is with examples:

- Dam rehabilitation work
- Backhoe work
- Roofing power plants
- Paving
- Landscaping
- Flagging

Process #9: COMPANY DECIDES WHETHER TO CONTRACT OUT FOLLOWING UNION INPUT.

This process follows a determination that the work is Traditional/Core. Work in this category could be performed in-house. Process #9 is meant to be a check-step so that early consideration is given to doing the work ourselves before embarking on a competitive bidding process and all the effort that it involves.

If a decision is made not to contract out work, then Process #10 “PERFORM WORK WITH COMPANY WORKFORCE” occurs. If a decision is made to contract out work, then Process #11 below occurs.

Process #11: DEVELOP REQUEST FOR QUOTE/SPECS/TENDER DOCUMENT WITH UNION INPUT (CLOSED SHOP BASIS).

At this stage, a decision has been made to commence the contracting out process. Also, since the bidding process will be “Closed Shop”, the work to be performed has been determined to be “Traditional/Core”. The Company is obligated under the language in Article 20 to invite the Union to provide input to and/or review this or any other stage of this process. The intent here is to keep the Union informed as to the status of the process so that they can provide input or review at critical stages. Key criteria will be established which will be used in the contractor evaluation process. It is important to include items of mutual concern to ensure the best contractor is hired.

“Closed Shop” in this context means that the work would be performed by a Contractor whose employees are unionized under a union that is recognized by the BC Federation of Labour.

Process #5: DEVELOP REQUEST FOR QUOTE/SPECS/TENDER DOCUMENT WITH UNION INPUT (OPEN SHOP BASIS).

At this stage, a decision has been made to commence the contracting out process. Also, since the bidding process will be “Open Shop”, the work to be performed has been determined to be “Non-traditional/Non-core”. The Company is obligated under the language in Article 20 to invite the Union to provide input to and/or review this or any other stage of this process. The intent here is to keep the Union informed as to the status of the process so that they can provide input or review at critical stages. Key criteria will be established which will be used in the contractor evaluation process. It is important to include items of mutual concern to ensure the best contractor is hired.

“Open Shop” in this context means the work can be awarded to any contractor who satisfies our bid qualification criteria.

Process #6 & #12: EVALUATE BIDS. UNION INVITED TO MONITOR THIS PROCESS.

The comparative evaluation process used to select contractors is performed by the Company, however, the Union may, at its option, scrutinize this process. Confidentiality of bids and other requirements of Contract law must be maintained.

In the case of Traditional/Core work, there may be conditions which prevent the work from being awarded on a “Closed Shop” basis. For example, there may be no qualified closed shop contractor available to perform the project. In cases such as this, there are only two options: (1) Cancel/Postpone the project; OR (2) Perform the work with another qualified contractor under the “Open Shop” concept. In order to maintain alignment with the commitment made in Article 20, it would be incumbent on the Company to first consider the Cancel/Postpone option before exercising that section of Article 20.02 which frees the Company from the Closed Shop obligation for Traditional/Core work.

Process #13: CAN THE COMPANY COMPETE SUCCESSFULLY WITH THE BIDS?

This process applies only to Traditional/Core work.

This question is actually addressed during the bid evaluation process.

This is another check step meant to provide the opportunity to consider doing the work in-house if we are competitive with the outside bids. This implies that the Company has estimated the cost of doing the work in-house. It is conceivable that all bids could be rejected if “contracting in” is the best option for the Company. This step also provides unfiltered feedback on our ability to compete head to head with outside contractors.

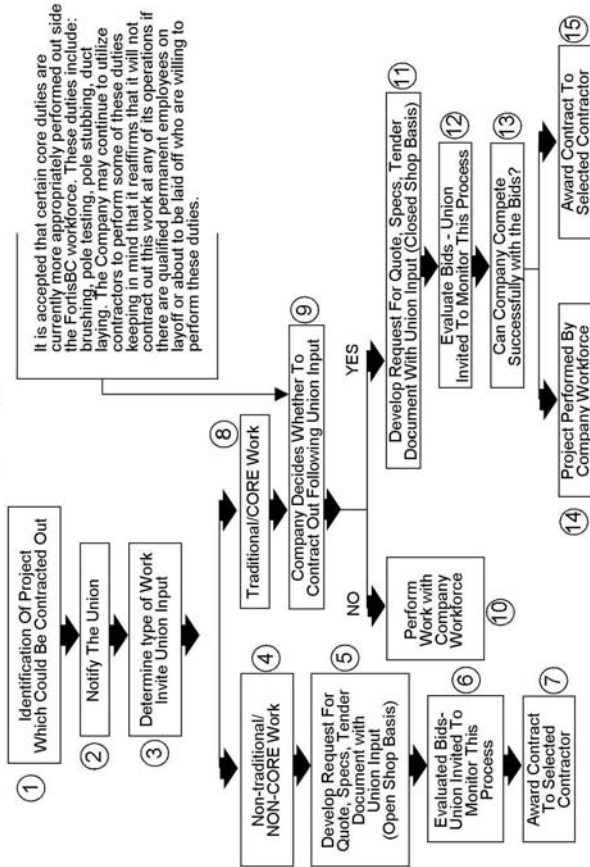
Process #7 & #15: AWARD CONTRACT TO SELECTED CONTRACTOR.

Self-explanatory.

Process #10 & #14: PERFORM WORK WITH THE COMPANY WORKFORCE.

Self explanatory.

FORTISBC Contracting Out Decision Making Process Flow Diagram



LETTER OF UNDERSTANDING #5**Re: Change of Start Time of a Shift.**

On October 21st the parties met to discuss the interpretation of what constituted a change in the start time of a day shift.

The following points were made to confirm other agreements between the Parties:

- The March 21, 1994 letter between the Parties is specific in that it deals exclusively with Generation.
- Article 16.03 (a) was amended during the negotiations of the 1990-1992 Agreement and was specific in that the start times of afternoon and night shifts could be adjusted but day shifts could not.
- The March 21, 1994 letter, while superseding the provisions of 16.03(a) insofar as permitting a change in the start time of a day shift does not, of course impact on Line Crews.
- The March 5, 1993 letter from West Kootenay Power to Mr. Frank Crockett, while quite possibly a reasonable interpretation at that time and for Generation is also superseded by the March 21, 1994 letter.
- The Collective Bargaining Agreement is silent on the issue of "scheduled" overtime preceding a regular shift.
- Article 16.01 (f) does permit the parties to enter into agreements for modified shifts (and presumably this would include shifts with different start times) but such agreements must be in writing.

In view of the foregoing, this Letter of Understanding covers the following points:

- Unless a modified shift is identified in the Agreement or is established in accordance with the Agreement, the parties agree that a change in the start time of a day shift cannot be imposed, other than as provided by the March 21, 1994 Letter, or as may be necessary where government agencies require - such as extreme fire hazard.
- The parties agree that the Company, within T&D, may schedule overtime in advance of the normal shift start time and, for the period proceeding the normal shift start time all time worked shall be at double time.
- The parties agree that when this occurs, employees shall revert to straight time coincident with their normal shift start time and shall continue at straight time until the time their shift would normally conclude. Any continuance beyond that time would be handled in accordance with Marginal Paragraph 28.04.
- The parties also agree that there is no intention of intermingling scheduled overtime with normal emergency call out procedures. For the purposes of this letter, scheduled overtime shall be viewed as overtime pre-arranged and scheduled during the previous shift.

LETTER OF UNDERSTANDING #6**RE: System Control Centre - 4 x 5 Continuous Operations Work Schedule**

This Letter of Understanding addresses the principles regarding terms and conditions of employment covered in the collective agreement between the parties as applied to a 4 x 5 shift schedule. The Parties agree that should any errors or omissions develop during the term of this agreement, or should situations re terms and conditions of employment arise that are not covered by this Letter of Understanding, then the Parties agree to discuss such matters in an expeditious manner.

- (1) The Parties to this letter agree to implement a 4 x 5 (four shifts worked followed by five rest days) shift schedule at the Company's System Control Centre

(2) The implementation/discontinuation of the compressed work schedule will be on the condition that there will be no extra cost to the Company and that safety and efficiency of the operations not be adversely affected.

(3) Overtime will not be paid if incurred as a result of implementing and discontinuing the 12 hour shift schedule.

(4) The Parties recognize that the most significant benefit of this schedule to employees is the additional days free from work. The necessity to work employees on their days off negates the primary benefits of the schedule to employees and increases significantly the cost of overtime coverage to the Company. In recognition of the above the Parties agree to encourage 100% attendance by all employees.

(5) Hours of Work

(a) System Power Dispatchers working the compressed work schedule will work either "Day Shift" (7:00 a.m. to 7:00 p.m.) or "Night Shift" (7:00 p.m. to 7:00 a.m.).

(b) The work schedule known as the "4 x 5 Continuous Operations Work Schedule" shall form the basis for scheduling the compressed work schedule at the System Control Centre. The determination of shift assignments shall be proposed by the employees affected and approved by their supervisor.

(c) System Power Dispatchers working the "4 x 5 continuous Operations Work Schedule" will, on occasion, be scheduled to work less than 1955 hours per year. Those employees scheduled to work less than 1955 hours during an October 1 to September 30 work year will be permitted to "make-up" their shortfall hours at straight-time rates.

(6) Shift Pay

(a) System Power Dispatchers working the 4 x 5 compressed work schedule shall be paid a premium rate of \$1.67 per hour for all "night shift" hours worked.

(b) System Power Dispatchers working the 4 x 5 schedule shall be paid a statutory holiday premium at overtime rates for all hours worked on enumerated statutory holidays.

(7) Overtime

(a) Work performed by an employee on his scheduled rest days shall be paid for at double time.

(b) Double time will be paid for all work in excess of 12 hours in any scheduled work day. The "work day" commences at the beginning of an employee's scheduled shift and ends 24 hours later.

(c) In the event an employee's regular shift schedule is changed, overtime (2 x) rates shall be paid for work performed on the rest days of his former schedule, only if such change is made without 48 hours written notice. If the change of schedule is made with 48 hours written notice, the employee will adopt the schedule he is assigned to without payment of overtime rates.

(d) System Control Centre employees working the 4 x 5 shift schedule may exchange work shifts, it being understood that no overtime payment is involved and that such exchange was not directed by the Company.

(8) Statutory Holidays

The Company recognizes 10 named statutory holidays. System Control Centre employees working an enumerated statutory holiday will be paid for the hours actually worked and will accrue the equivalent number of hours in their statutory holiday account. Persons not working a statutory holiday will receive seven and one-half hours in their statutory holiday account. System Control employees working the 4 x 5 schedule will annually be credited with 30 hours in lieu of Floating Statutory holidays. As statutory holiday time is taken for each day, 12 hours will be withdrawn from this account. A named statutory holiday for the purposes of this letter will commence at 7:00 a.m. on the day of the holiday and end 24 hours later.

(9) Bereavement Leave

Bereavement leave with pay shall be granted in the event of death in the employee's immediate family. "Employee's immediate family" shall mean the husband, wife, daughters, sons, brother, sister, mother, father, grandmother, grandfather or equivalent in-laws of the employee. The maximum period of such paid leave shall be 24 hours.

(10) Jury Duty

System Control Centre employees who are required to report for jury duty on a scheduled work day will be reimbursed by the Company for the difference between his regular straight-time hourly rate of pay and the jury duty pay received for that day. Reimbursement shall not be in excess of 12 hours and only for scheduled work days.

The employee will be required to furnish a certificate of service signed by the Clerk of the Court to the Company before payment is made. Time paid for jury duty will be counted as hours worked for the purpose of qualifying for vacations and statutory holidays.

(11) Regular Vacation and Special Vacation

Annual and special vacation entitlements will be credited to employees' respective vacation accounts on the basis of 37 ½ hours per week.

As either regular or special vacation time is taken for each day, 12 hours will be withdrawn from either regular or special vacation accounts.

(12) Sickness and Accident Protection

For the purposes of Addendum "A", "Sickness and Accident Protection", the full benefit period is reinstated after the employee has worked 48 hours if a subsequent disability is unrelated and after one month back to active employment if the subsequent disability is related.

(13) Progression to System Power Dispatcher

Progression to the pay level of a System Power Dispatcher will be by either a non trade entry level or a trade or equivalent to trade entry level route.

The rates of pay for Level 1, Level 2 or Level 3 positions shall be the following percentages of the System Power Dispatcher rate.

Note: Equivalent to trade assumes previous relevant training, at other utility companies or Generation experience at the Company. Advancement to a "vacancy" of System Power Dispatcher will be based solely on the time paid at the full Dispatcher rate.

| Duration | Non Trade Entry Level | Dispatcher Rate Level | Trade Entry Level | Duration |
|------------------|-------------------------------------|-----------------------|-------------------|------------------|
| 6 mos.(int.exam) | 80% | 1 | - | - |
| 6 mos.(int.exam) | 85% | 2 | 85% | 6 mos.(int.exam) |
| 6 mos.(int.exam) | 90% | 3 | 90% | 6 mos.(int.exam) |
| | 100% Qualified Relief Dispatcher | 100% | | |

LETTER OF UNDERSTANDING #7
Re: Enabling Arrangements

It is recognized by the Company and the Union that various departments of the current Company organizational structure may require separate and distinct flexible work arrangements. As the Company continues to operate under incentive based regulation and implements an aggressive capital program, it may be necessary to come to mutual advantageous work arrangements with the Union and employees at each department.

By the acceptance of this letter, the Parties recognize the benefits to job security and longer term employment for its current workforce. The Parties also recognize the benefits of securing outside contracts and undertake employee loaning and exchange in order to ease manning restrictions caused by the peaks and valleys of internal work requirements.

The Company will attempt to maintain 190 regular employees during the term of this collective agreement.

Marginal Paragraph 20.03 stipulates that the Company will not contract out work if as a direct result an employee will be demoted or laid off.

It is also understood that enabling agreements specific to individual departments would stand-alone and must be agreed to and accepted by employees of that function and signed off by Union officials. The intent of this Letter of Understanding is not to make repeated changes to the workplace but rather should be viewed on a long-term basis.

Initial discussions must be channeled through appropriate shop stewards and supervisors. Shop stewards will then communicate directly with the Union. The Union will take appropriate suggestions to the membership prior to entering formal discussions with company officials.

LETTER OF UNDERSTANDING #8
Re. Generation – 4 x 5 Continuous Operation Work Schedule (Waneta Dam Site)

The Company has had a long-standing Maintenance and Service Contract with Cominco Ltd. for the operation of its Waneta Generation Station. Cominco has requested 24 hour/day coverage at this station commencing February 1, 2001. The parties have agreed to initiate a 4 x 5 Continuous Operation Work Schedule in order that Cominco's request can be accommodated.

This Letter of Understanding addresses the principles regarding terms and conditions of employment covered in the collective agreement between the parties as applied to a 4 x 5 shift schedule. The Parties agree that should any errors or omissions develop during the term of this agreement, or should situations re terms and conditions of employment arise that are not covered by this Letter of Understanding, then the Parties agree to discuss such matters in an expeditious manner.

- 1) The Parties to this letter agree to implement a 4 x 5 (4 shifts worked followed by 5 rest days) shift schedule at Cominco's Waneta Generating Station.
- 2) The implementation and continuation of the compressed work schedule will be on the condition that safety of our employees and efficiency of the operation will not be adversely affected.
- 3) Overtime rates applicable under Marginal Paragraph 16.08 Change in Work Schedule shall be paid employees required to work on the first occurring rest days of his Previous schedule.

4) Hours of Work

- a) Employees working the compressed work schedule will work either "Day Shift" (7:00 a.m. to 7:00 p.m.) or "Night Shift" (7:00 p.m. to 7:00 a.m.).
- b) The work schedule known as the "4 x 5 Continuous Operations Work Schedule" shall form the basis for scheduling the compressed work schedule at the Waneta Generating Station.
- c) Employees working the "4 x 5 Continuous Operations Work Schedule" may, on occasion, be scheduled to work less than 1955 hours per year. Those employees scheduled to work less than 1955 hours during an October 1 to September 30 work year will be permitted to "makeup" their shortfall hours at straight time rates.

5) Shift Pay

- a) Employees working the 4 x 5 compressed work schedule shall be paid a premium rate of \$1.67 per hour for all "night shift" hours worked.
- b) Employees working the 4 x 5 schedule shall be paid at overtime rates for all hours worked on enumerated statutory holidays.

6) Overtime

- a) Work performed by an employee on his scheduled rest days shall be paid for at double time.
- b) Double time will be paid for all work in excess of 12 hours in any scheduled work day. The "work day" commences at the beginning of an employee's scheduled shift and ends 24 hours later.
- c) In the event an employee's regular shift schedule is changed, overtime (2 x) rates shall be paid for work performed on the rest days of his former schedule, only if such change is made without 48 hours written notice. If the change of schedule is made with 48 hours written notice, the employee will adopt the schedule he is assigned to without payment of overtime rates.
- d) Employees working the 4 x 5 shift schedule may exchange work shifts, it being understood that no overtime payment is involved and that such exchange was not directed by the Company.

7) Statutory Holidays

The Company recognizes 10 named statutory holidays. Employees working an enumerated statutory holiday will be paid for the hours actually worked and will accrue the equivalent number of hours in their statutory holiday account. Persons not working a statutory holiday will receive seven and one-half hours in their statutory holiday account. Employees working the 4 x 5 schedule will annually be credited with 30 hours in lieu of Floating Statutory holidays. As statutory holiday time is taken for each day, 12 hours will be withdrawn from this account. A named statutory holiday for the purposes of this letter will commence at 7:00 a.m. on the day of the holiday and end 24 hours later.

8) Bereavement Leave

Bereavement leave with pay shall be granted in the event of death in the employee's immediate family. "Employee's immediate family" shall mean the husband, wife, daughters, sons, brother, sister, mother, father, grandmother, grandfather, or equivalent in-laws of the employee. The maximum period of such paid leave shall be 24 hours.

9) Jury Duty

Employees who are required to report for jury duty on a scheduled work day will be reimbursed by the Company for the difference between his regular straight time hourly rate of pay and the jury duty pay received for that day. Reimbursement shall not be in excess of 12 hours and only for scheduled workdays. The employee will be required to furnish a certificate of service signed by the Clerk of the Court to the

Company before payment is made. Time paid for jury duty will be counted as hours worked for the purpose of qualifying for vacations and statutory holidays.

10) Regular Vacation and Special Vacation

Annual and special vacation entitlements will be credited to employees' respective vacation accounts on the basis of 37 ½ hours per week.

As either regular or special vacation time is taken for each day, 12 hours will be withdrawn from either regular or special vacation accounts.

11) Sickness and Accident Protection

For the purposes of Addendum "A", "Sickness and Accident Protection", the full benefit period is reinstated after the employee has worked 48 hours if a subsequent disability is unrelated and after one month back to active employment if the subsequent disability is related.

12) In order that the Company can accommodate Cominco's request, it will be necessary to retain current staff at Waneta Headquarters and assign them to the Compressed Work Schedule. Additional vacancies will be posted signifying the work schedule, the headquarters and expected duration of this assignment.

NOTE: until such time this schedule can be implemented by the Company it is agreed that the Parties will continue operating on the 4 x 4 shift schedule that was negotiated for the period December 2000 to January 31, 2001.

LETTER OF UNDERSTANDING #9 - February 1, 2001

Re: Implementation of a four-day work week

The Company and the Union endorse the concept of a four-day work week to improve efficiencies. The Parties agree that participation is voluntary on the part of the employee and will not be unreasonably withheld by the Union and undue pressure will not be applied by the Company

The Company's intention of a four-day work week is to increase the employees productive work time by decreasing the amount of travel and set up time for jobs, while maintaining a 37½ hour work week and providing the employee with a three-day weekend for every four days worked. Utilization of this work schedule will be voluntary by the employee/work crew and the Employee's supervisor.

The following procedures shall be adhered to when electing to work a four-day work week:

- (a) Either the company or employees may initiate discussions around working a four-day work week.
- (b) Individuals or work crews with the approval of their supervisor may elect to work a four day work week
- (c) Once an employee or group of employees have elected to work a four-day work week they must continue to do so until the project or work assignment they are currently working on is complete, unless both parties mutually agree to a change in work hours.
- (d) Employees electing to work a four-day week will work either Monday to Thursday, or Tuesday to Friday.
- (e) A work day shall consist of nine hours and twenty minutes.
- (f) All work in excess of the schedule daily hours, will be paid at overtime rates.
- (g) The LOA provisions of Marginal Paragraph 19.02 will apply except that for Marginal Paragraph 19.02(b) the flat rate will be \$125.00 per day worked.

(h) For purposes of employees taking vacation while working a four-day work week, 37½ hours shall be considered as one week of vacation entitlement.

(i) The company recognizes 10 statutory holidays. Employees scheduled to work on the enumerated holiday will be paid the scheduled hours worked for that holiday. Employees not working the statutory holiday will receive seven and one-half hours banked pay. Employees who work a four day work week for greater than six months annually will be credited with 30 hours paid time off in lieu of the four floating statutory holidays.

(j) Employees who take bereavement leave will continue to be entitled to three consecutive days off.

LETTER OF UNDERSTANDING #10 – Feb. 1, 2005

Re: Future Apprenticeship Opportunities

The Company and the Union will issue a joint one-time only expression of interest to existing regular full-time employees as of the date of ratification for future apprenticeship opportunities and consideration.

This expression of interest is meant to identify those interested in future apprenticeships and for the discussion of requirements as outlined in 35.07.

LETTER OF UNDERSTANDING #11 – Feb. 1, 2005

Re: Future Retiree Benefits

Employees who retire after February 1, 2005 will receive any retiree benefits negotiated.

LETTER OF UNDERSTANDING #12 – December 10, 2007

1. Effective February 1, 2008 through January 31, 2009, all Journeyman Powerline Technicians (PLT) and Apprentice PLT's currently working within the Transmission & Distribution group, will receive an interim market adjustment of 8% on the base rate of pay in effect after the February 2, 2008 3% increase for all classifications in Schedule A has been applied. The PLT interim market adjustment will cease on January 31, 2009, and the PLT's will revert to the rate in effect immediately prior to the adjustment.
2. The PLT interim market adjustment will be paid as a percentage of base wage on hours worked and paid on a bi-weekly basis. It will appear as an interim market adjustment on pay cheques.
3. The PLT interim market adjustment is pensionable and pension contribution deductions will be made accordingly.
4. Overtime, call out, standby, lead hand, charge hand rates will be calculated based on an employee's normal rate of pay plus the PLT interim market adjustment.
5. Employees choosing to bank their overtime will have the interim market allowance portion paid out.
6. The PLT interim market adjustment will not apply to redemptions from overtime banks where redemption is taken in the form of pay or scheduled time off.
7. The PLT interim market adjustment will not apply to the payout of any time banks upon termination.
8. Employees on leave such as bereavement leave, jury duty leave, illness or accident leave, or long term disability leave for more than 105 calendar days in any 16 week period will not receive the PLT interim market adjustment.