

14TH REPORT OF THE
STRATEGIC PRIORITIES AND POLICY COMMITTEE

Meeting held on May 16, 2016, commencing at 4:04 PM, in the Council Chambers, Second Floor, London City Hall.

PRESENT: Mayor M. Brown and Councillors M. van Holst, B. Armstrong, M. Salih, M. Cassidy, P. Squire, J. Morgan, P. Hubert, A. Hopkins, V. Ridley, S. Turner, H.L. Usher and T. Park and L. Rowe (Secretary).

ABSENT: Councillors J. Helmer and J. Zaifman.

ALSO PRESENT: A. Zuidema, J.P. Barber, J. Braam, J. Browne, B. Coxhead, S. Datars Bere, K. Dawtrey, J.M. Fleming, S. Giustizia, T. Grawey, M. Hayward, L. Livingstone, V. McAlea Major, C. Saunders, C. Smith, J. Smout and S. Spring.

I. CALL TO ORDER

1. Disclosures of Pecuniary Interest

That it BE NOTED that no pecuniary interests were disclosed.

II. CONSENT ITEMS

2. Strategic Plan - Semi-Annual Progress Report

That, on the recommendation of the City Manager, the staff report dated May 16, 2016 regarding Semi-Annual Progress Report on Council's Strategic Plan BE RECEIVED for information.

Motion Passed

YEAS: M. Brown, M. van Holst, B. Armstrong, M. Salih, P. Squire, J. Morgan, P. Hubert, A. Hopkins, V. Ridley, S. Turner, H.L. Usher, T. Park (12)

III. SCHEDULED ITEMS

3. London Hydro Inc. - 2015 Annual Meeting of the Shareholder

That the following actions be taken with respect to the 2015 Annual Meeting of the Shareholder for London Hydro Inc.:

- a) the attached presentation and "Report on Progress" provided by Vinay Sharma, Chief Executive Officer, and Mohan Mathur, Chair of the Board of Directors, London Hydro Inc. BE RECEIVED;
- b) the following actions be taken with respect to the two Board Member (First Class) vacancies:
 - i) the Shareholder Annual Resolutions BE AMENDED to include Gabe Valente as a Board Member (First Class), to hold office until the close of the annual meeting of the shareholder to be held in 2019 for the financial year ending December 31, 2018;
 - ii) the following steps be taken to fill the one remaining Board Member (First Class) vacancy:
 - A) the candidate names to form a short-listed ballot BE APPROVED as follows: Larry Ducharme, Paul A.W. Hayman, Guy Holburn, Harry Joosten, Ahmed Farouk Menesy, Margaret A. Parks, Mark F. Rosehart, Jack Smit, Eric Southern, Diane Szoller and J. Gary Zavitz;

- B) the Committee Secretary BE DIRECTED to produce a ballot that includes the names noted in A), above, as well as ranked ballot procedures, for the June 9, 2016 meeting of the SPPC;
 - C) provision for a maximum of 6 candidates to be ranked 1 to 6, in order of preference, with all other candidates to be ranked 7, BE INCLUDED in the procedures noted in B), above; and
 - D) the top three candidates from the ranked ballot process BE INVITED to participate in an interview at a future meeting of the Corporate Services Committee;
- c) on the recommendation of the City Manager, the attached revised by-law (Attachment "A") BE INTRODUCED at the Municipal Council meeting to be held on May 17, 2016 to:
- i) ratify and confirm the Annual Resolutions of the Shareholder of London Hydro Inc. attached as Schedule "1" to the by-law; and
 - ii) authorize the Mayor and the City Clerk to execute the Annual Resolutions of the Shareholder of London Hydro Inc. attached as Schedule "1" to the by-law; and
- d) on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, with the concurrence of the City Manager, the proposed by-law appended to the staff report dated May 16, 2016 as Appendix "A" BE INTRODUCED at the Municipal Council Meeting to be held on May 17, 2016 to:
- i) ratify and confirm the Resolution of the Shareholder of London Hydro Inc. approving the Shareholder Declaration for London Hydro Inc., attached to the by-law as Schedule "1";
 - ii) authorize the Mayor and the City Clerk to execute the Resolution of the Shareholder; and
 - iii) authorize the Mayor and the City Clerk to execute the Shareholder Declaration attached to the Resolution of the Shareholder as Schedule "A".

Voting Record:

Motion to receive the presentation by London Hydro Inc.

Motion Passed

YEAS: M. Brown, M. van Holst, B. Armstrong, M. Cassidy, P. Squire, J. Morgan, P. Hubert, A. Hopkins, V. Ridley, S. Turner, H.L. Usher, T. Park (12)

Motion to Amend the Shareholder Annual Resolutions to include Gabe Valente as a Board Member (First Class), to hold office until the close of the annual meeting of the shareholder to be held in 2019 for the financial year ending December 31, 2018.

Motion Passed

YEAS: M. Brown, M. van Holst, B. Armstrong, M. Cassidy, P. Squire, J. Morgan, P. Hubert, A. Hopkins, V. Ridley, S. Turner, H.L. Usher, T. Park (12)

Motion to Approve that the following actions be taken with respect to filling the Board Vacancy (Member – First Class) for London Hydro Inc.:

- a) the candidate names to form a short-listed ballot BE APPROVED as follows: Larry Ducharme, Paul A.W. Hayman, Guy Holburn, Harry Joosten, Ahmed Farouk Menesy, Margaret A. Parks, Mark F. Rosehart, Jack Smit, Eric Southern, Diane Szoller and J. Gary Zavitz;

- b) the Committee Secretary BE DIRECTED to produce a ballot that includes the names noted in a), above, as well as ranked ballot procedures, for the June 9, 2016 meeting of the SPPC;
- c) provision for a maximum of 6 candidates to be ranked 1 to 6, in order of preference, with all other candidates to be ranked 7, BE INCLUDED in the procedures noted in b), above; and
- d) the top three candidates from the ranked ballot process BE INVITED to participate in an interview at a future meeting of the Corporate Services Committee.

Motion Passed

YEAS: M. Brown, M. van Holst, B. Armstrong, M. Salih, M. Cassidy, P. Squire, J. Morgan, P. Hubert, A. Hopkins, V. Ridley, S. Turner, H.L. Usher, T. Park (13)

Motion to Approve that, on the recommendation of the City Manager, the attached revised by-law (Attachment "A") BE INTRODUCED at the Municipal Council meeting to be held May 17, 2016 to:

- a) ratify and confirm the Annual Resolutions of the Shareholder of London Hydro Inc. attached as Schedule "1" to the by-law; and
- b) authorize the Mayor and the City Clerk to execute the Annual Resolutions of the Shareholder of London Hydro Inc. attached as Schedule "1" to the by-law.

Motion Passed

YEAS: M. Brown, M. van Holst, B. Armstrong, M. Salih, M. Cassidy, P. Squire, J. Morgan, P. Hubert, A. Hopkins, V. Ridley, S. Turner, H.L. Usher, T. Park (13)

Motion to Approve that on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, with the concurrence of the City Manager, the attached proposed by-law (Appendix "A") BE INTRODUCED at the Municipal Council Meeting to be held on May 17, 2016 to:

- iii) ratify and confirm the Resolution of the Shareholder of London Hydro Inc. approving the Shareholder Declaration for London Hydro Inc., attached to the By-law as Schedule "1";
- iv) authorize the Mayor and the City Clerk to execute the Resolution of the Shareholder; and
- v) authorize the Mayor and the City Clerk to execute the Shareholder Declaration attached to the Resolution of the Shareholder as Schedule "A".

Motion Passed

YEAS: M. Brown, M. van Holst, B. Armstrong, M. Salih, M. Cassidy, P. Squire, J. Morgan, P. Hubert, A. Hopkins, V. Ridley, S. Turner, H.L. Usher, T. Park (13)

4. London & Middlesex Housing Corporation (LMHC) - 2015 Annual Meeting of the Shareholder

That the following actions be taken with respect to the 2015 Annual Meeting of the Shareholder for the London & Middlesex Housing Corporation:

- a) the attached presentation by V. Blackmore, Vice Chair, London & Middlesex Housing Corporation BE RECEIVED;
- b) on the recommendation of the City Manager, the attached revised proposed by-law (Appendix "A") BE INTRODUCED at the Municipal Council Meeting to be held on May 31, 2016, to:
 - i) ratify and confirm the Annual Resolutions of the Shareholder of London & Middlesex Housing Corporation, attached as Schedule "1" to the by-law; and,

- ii) authorize the Mayor and the City Clerk to execute the Annual Resolutions of the Shareholder of London & Middlesex Housing Corporation, attached as Schedule "1" to the by-law;
- c) the letters of resignation from R. Sexsmith and S. Clifford BE ACCEPTED; it being noted that the City Clerk will advertise for the vacancies, including extending an invitation to the unsuccessful applicants for the Hydro and Airport Boards and bring forward the list of interested applicants at the earliest possible date; it being further noted that the LMHC is hoping that the new appointees would bring accounting and legal expertise, as well as a passion to assist those requiring the services of the LMHC; and
- d) the Civic Administration BE REQUESTED to report back with respect to a review of the current delivery model and what changes, if any, might be in order, in advance of the Service Contract Renewal in 2017.

Voting Record:

Motion to Approve parts a), b) and c).

Motion Passed

YEAS: M. Brown, M. van Holst, B. Armstrong, M. Salih, M. Cassidy, P. Squire, J. Morgan, P. Hubert, A. Hopkins, V. Ridley, S. Turner, H.L. Usher, T. Park (13)

Motion to Approve a new part d) to request staff to report back with respect to a review of the current delivery model and what changes, if any, might be in order in advance of the Service Contract Renewal in 2017.

Motion Passed

YEAS: M. Brown, M. van Holst, B. Armstrong, M. Salih, M. Cassidy, P. Squire, J. Morgan, P. Hubert, A. Hopkins, S. Turner, H.L. Usher, T. Park (12)

NAYS: V. Ridley (1)

IV. ITEMS FOR DIRECTION

- 5. Interim Report to Council - 2016 Council Compensation Review Task Force

That the communication dated April 20, 2016, from Dan Ross, Chair, 2016 Council Compensation Review Task Force, providing an update with respect to the work of the Task Force, BE RECEIVED.

Motion Passed

YEAS: M. Brown, M. van Holst, B. Armstrong, M. Salih, M. Cassidy, P. Squire, J. Morgan, P. Hubert, A. Hopkins, V. Ridley, S. Turner, H.L. Usher, T. Park (13)

- 6. Notice of Application - London Police Service Board

That the Notice of Application by the London Police Service Board, to the Ontario Civilian Police Commission, for a hearing arising out of the 2016 Multi-Year Budget process, BE RECEIVED.

Motion Passed

YEAS: M. Brown, M. van Holst, B. Armstrong, M. Salih, M. Cassidy, P. Squire, J. Morgan, P. Hubert, A. Hopkins, V. Ridley, S. Turner, H.L. Usher, T. Park (13)

- 7. A London for All - I. Mathysen, MP

That the communication dated April 25, 2016 from I. Mathysen, MP, London-Fanshawe, regarding "A London For All", BE RECEIVED.

Motion Passed

YEAS: M. Brown, M. van Holst, B. Armstrong, M. Salih, M. Cassidy, P. Squire, J. Morgan, P. Hubert, A. Hopkins, V. Ridley, S. Turner, H.L. Usher, T. Park (13)

8. Greater London International Airport Authority Nominees

That the following individuals BE INVITED for interview by the Corporate Services Committee for possible nomination by The Corporation of the City of London to the Greater London International Airport Authority Board of Directors:

- a) Heather Broadhead
- b) Michelle Campbell
- c) Gus Kotsiomitis
- d) Kapil Lakhota
- e) Maureen O'Leary Pickard
- f) Jack Smit

it being noted that the applicants were shortlisted for interview in accordance with the attached ranked ballot.

Motion Passed

YEAS: M. Brown, M. van Holst, B. Armstrong, M. Salih, M. Cassidy, P. Squire, J. Morgan, P. Hubert, A. Hopkins, V. Ridley, S. Turner, H.L. Usher, T. Park (13)

9. Confirmation of Appointment to the Argyle Business Improvement Association Board of Management

That the resignation of Jeff Baggaley from the Argyle Business Improvement Association Board of Management BE ACCEPTED, and Adrienne Bennett, Branch Manager, RBC, BE APPOINTED to fill the vacancy created by the resignation of Mr. Baggaley.

Motion Passed

YEAS: M. Brown, M. van Holst, B. Armstrong, M. Salih, M. Cassidy, P. Squire, J. Morgan, P. Hubert, A. Hopkins, V. Ridley, S. Turner, H.L. Usher, T. Park (13)

10. Tourism London Bid – 2018 Ontario Summer Games

That the bid by Tourism London to host the 2018 Ontario Summer Games in London, Ontario, to be held August 3 to 5, 2018, BE SUPPORTED.

Motion Passed

YEAS: M. Brown, M. van Holst, B. Armstrong, M. Salih, M. Cassidy, P. Squire, J. Morgan, P. Hubert, A. Hopkins, V. Ridley, S. Turner, H.L. Usher, T. Park (13)

V. DEFERRED MATTERS/ADDITIONAL BUSINESS

See Added Confidential Matters C-2 and C-3, below.

VI. CONFIDENTIAL (Confidential Appendix Enclosed for Members Only)


The Strategic Priorities and Policy Committee convened in camera from 7:40 PM to 9:48 PM after having passed a motion to do so with respect to the following matters:

- C-1 A matter pertaining to personal matters, including information regarding an identifiable individual, including a municipal employee, with respect to employment related matters, advice or recommendations of officers and employees of the Corporation including communications necessary for that purpose and for the purpose of providing instructions and directions to officers and employees of the Corporation.

- C-2 A matter pertaining to litigation or potential litigation with respect to an application for hearing by the London Police Services Board to the Ontario Civilian Police Commission arising out of the 2016 Multi-Year Budget process; and advice that is subject to solicitor-client privilege, including communications necessary for that purpose with respect to an application for hearing by the London Police Services Board to the Ontario Civilian Police Commission arising out of the 2016 Multi-Year Budget process.
- C-3 A matter pertaining to personal matters about identifiable individuals with respect to employment related matters; advice that is subject to solicitor-client privilege; including communications necessary for that purpose and for the purpose of providing instructions and directions to officers and employees of the Corporation.

VII. ADJOURNMENT

The meeting adjourned at 9:50 PM.



London Hydro Inc.
Annual General Meeting

*For the Financial Year Ending
 December 31, 2015*

Agenda

Chair's Report

- Introduction
- 2015 Financial Performance
- Value to Shareholder
- Looking Forward

CEO's Report

- London Hydro a Successful Corporation
- Significant Capital Investment to Add Value to our Customers
- A Culture of Safety and Innovation

London Hydro is your Valuable Corporation



CHAIR'S REPORT



Accomplished, Skilled & Competent Board of Directors

- **Mohan Mathur**, DSc, PhD, PEng, FCAE - Chair
- **Bernard Borschke**, BComm, FCA – Vice-Chair
- **Marilyn Sinclair**, BA
- **Gabe Valente**, BA, BComm, CPA, CA
- **Connie Graham**, BSc, ICD.D
- **Peter Johnson**, HBA, MBA, LLB
- **City Councillor Michael van Holst**, HBSc, BEd



Strong Financial Performance (\$ Millions)

Financial Highlights	(\$ millions)			
	2014	Planned 2015	Actual 2015	Planned 2016
Energy Quantities Distributed - Gigawatt Hr.	3,286.8	3,312.0	3,254.1	3,284.0
Revenue:				
Energy and distribution	\$ 415.8	\$ 458.2	\$ 451.9	\$ 478.6
Cost of power	\$ (363.4)	\$ (393.5)	\$ (379.9)	\$ (412.1)
Distribution revenue	\$ 63.7	\$ 64.7	\$ 64.0	\$ 66.6
Net earnings	\$ 12.5	\$ 11.4	\$ 10.2	\$ 11.8
Average return on shareholder equity	8.6%	7.3%	6.8%	8.0%
Annual Investments:				
Capital assets	\$ 24.3	\$ 30.2	\$ 30.9	\$ 33.7
Regulatory Capital Initiatives	\$ 0.3	\$ 0.6	\$ 0.1	\$ -
Financial Position:				
Total Assets	\$ 339.1	\$ 357.4	\$ 350.9	\$ 368.0
Shareholder's equity	\$ 148.3	\$ 158.1	\$ 148.6	\$ 149.7
Distributions to the City of London:				
Interest paid	\$ 3.9	\$ -	\$ -	\$ -
Dividends declared or paid	\$ 3.0	\$ 10.0	\$ 10.0	\$ 10.0
S&P Credit Rating	A/Stable	A/Stable	A/Stable	A/Stable

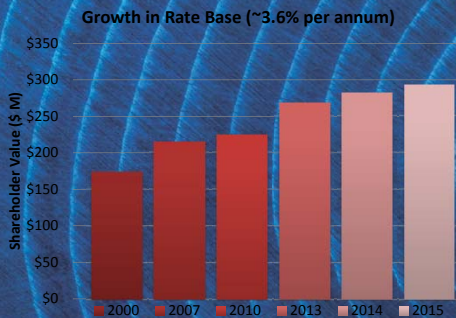
Note: Above financial results and projections are presented using International Financial Reporting Standards

* 2015 Net Earnings of \$13.4M – 8.9% return – excluding unrealized loss

Growing Shareholder Value



Growing Corporate Value



Bringing Value to our City

- Strong capital infrastructure investment program to continuously enhance system reliability
- Strong balance sheet – 41% leverage
- High Return on Equity – 6.8%
- Strong S&P credit rating of A/Stable
- One of the most efficient utilities in Ontario
- Provide the City with a steady dividend of \$5M per year

London Hydro - A Leading Utility

Investments

- Infrastructure – \$25M to \$30M per annum
- Smart Grid and Computer Technologies – \$5M to \$6M per annum

Strong Safety Culture

- Continued focus on public safety, employee safety, wellness and corporate culture

Excellent System Reliability

- Continuing improvements in reliability of service to our customers

Healthy Balance Sheet

- Debt to equity ratio around 41%, ensuring a strong S&P credit rating
- Shareholder value – strong return on equity, steady annual dividend and strong balance sheet



CEO'S REPORT



Strong Executive Team

Vinay Sharma, PhD, P.Eng., CDir, ACC - CEO

Ken Walsh*, P.Eng. – Chief Engineer & VP Operations

David Arnold, CPA, CA – CFO, VP Finance & Corporate Secretary

Syed Mir, BSc – CIO & VP Corporate Services

*Retired in May 2016; New VP of Engineering & Operations: Bill Milroy, P.Eng.



Winner of National & International Awards



Canada's Safest Employer Award
• Silver Wellness Program 2015



IHSA President's Award
• 1 Million Hours without LTI



• Environmental Leadership
(Lead reduction)
• Customer Service Excellence
Award (Customer Loyalty program)



Electrical Safety Authority
• 2015 Worker Safety Award



Electrical Business Magazine
• Safety Champions Award



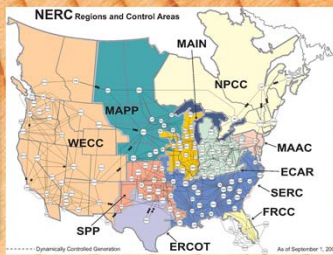
London Hydro is a regulated business; however, disruptive technologies - generation technologies, automation, smart technologies, micro grid, micro utilities and customer choices – are impacting our business.



Electrical Power System – A Complex Engineering and Ever Changing Network

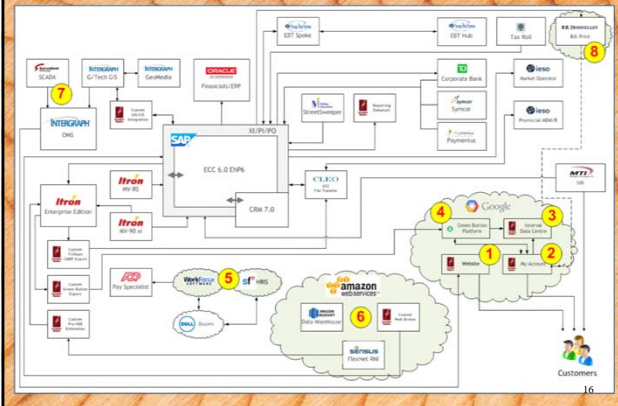


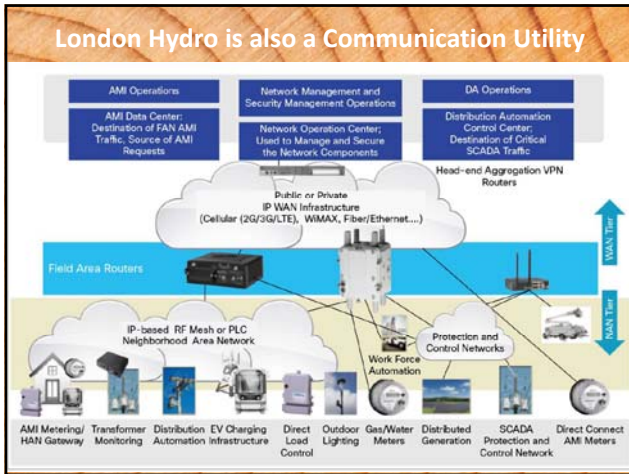
Smart Grid System
Mesh-network where power flows from all the generating sources to the customers



North American Electric Grid is Highly Interconnected NERC Control Areas

Technology Innovation





Industry Awareness

- Decrease in number of utilities from 330 to 73
- Hydro One has become a listed company (publicly held)
- Hydro One is in discussions with:
 - Orillia Power
 - Midland Power
 - Peterborough Distribution Inc.
- Significant mergers near Toronto: i.e. PowerStream, Horizon, Enersource, and Hydro One Brampton
- St. Thomas sold its affiliate business
- Durham region utilities: Oshawa PUC, Whitby Hydro and Veridian Corporation are exploring a merger

➤ Presently, no transfer tax implications on any transactions involving utilities with 30,000 customers or less. The transaction free period is only for 3 years, from 2016 through December 31, 2018.

London Hydro is a Significant Utility

- 153,948 Customers
- Energy Consumption for 2015: 3,254.1 GWh
- 325 Employees - \$27M payroll
- Capital investment of \$32M annually for which we buy services (mostly from London and Ontario businesses)
- Conservation & Demand Management Program
 - 42,911,965 kWh of energy saved (equivalent annual consumption of 4,400 homes)
 - \$4.8M in incentives to customers
 - Assisted about 1,059 low income households (Home Assistance Program)
- London Hydro's power demand: 690,000 kW (713,000 kW all time peak)
 - Embedded Generation in London - 59,759 kW made up of:
 - Small Solar (< 10 kW): 236 for a total of 1,997 kW
 - Large Solar (> 10 kW): 39 for a total of 7,537 kW
 - Gas Generation: 6 for a total of 50,225 kW

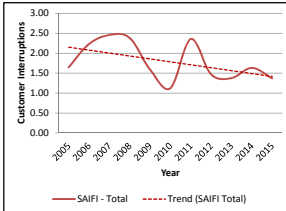
London Hydro Distributes Electricity

London Hydro's rates to its customers have reduced or remained unchanged
 London Hydro's cost is accountable for only 18% of the bill

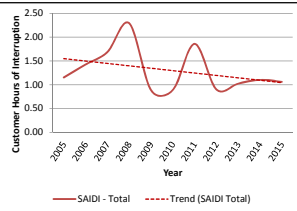
London Hydro is responsible for the local delivery charges. All other charges are governed by the provincial government.

Increased System Reliability

Frequency of Interruption



Duration of Interruption



Notes:

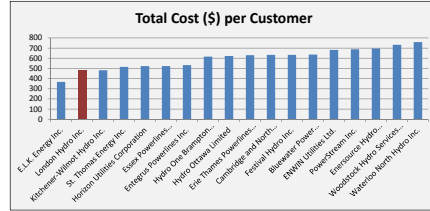
SAIFI = System Average Interruption Frequency Index

SAIDI = System Average Interruption Duration Index

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A Best Performing Utility

Total Cost (\$) per Customer



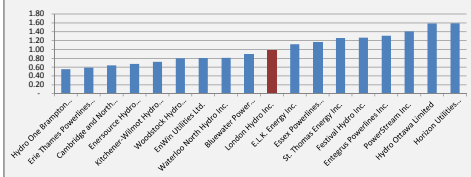
London Hydro Provides Excellent Quality of Service (Reliability) at a Low Cost



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A Best Performing Utility

Reliability Index - Industry Comparison 2014
SAIDI-Annual



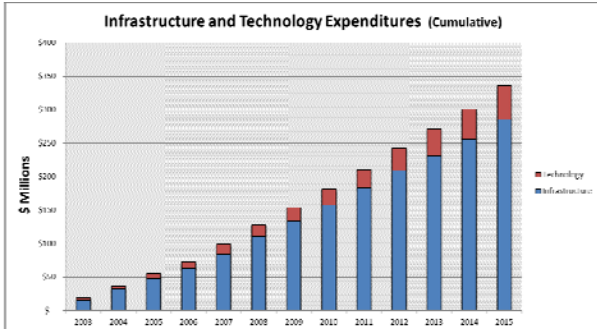
London Hydro Provides Excellent Quality of Service (Reliability) at a Low Cost



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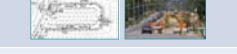
Significant Capital Investment

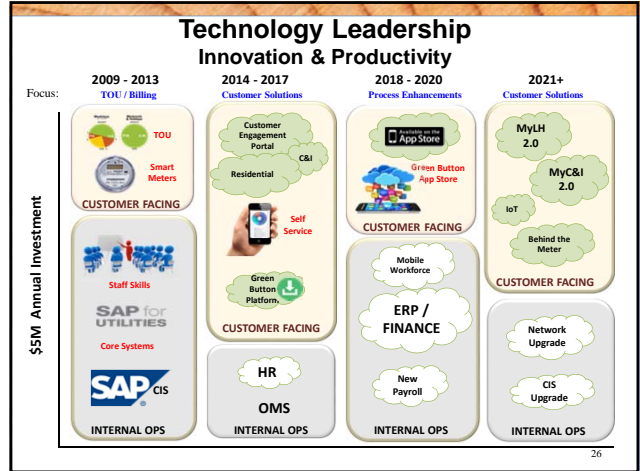
Infrastructure and Technology Expenditures (Cumulative)



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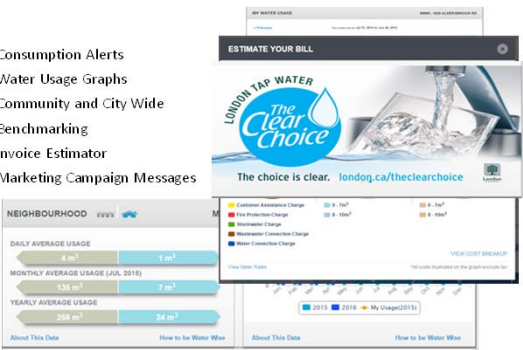
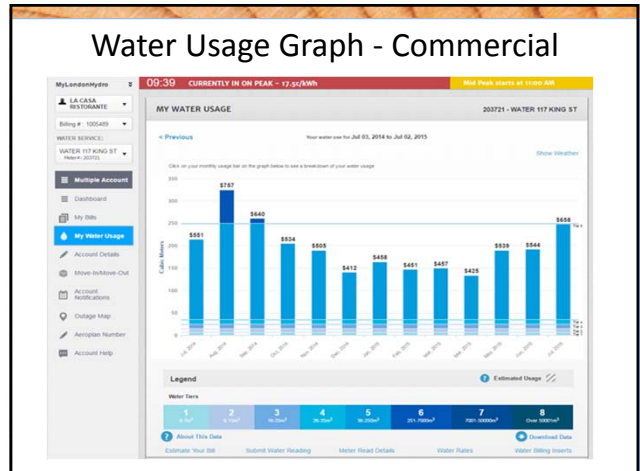
Rebuilding the Future

Infrastructure Capital Programs	Program Elements	2015 - 2021 Program Cost Projections
Increased Contingency and Security of Supply to the City Core		\$45.5M
Rebuilding to Reduce Outages		\$66.5M
Maintenance of Fleet and Facilities		\$14.0M
Smart Grid Devices, Automated Switches and Meters		\$12.5M
Enabling Growth and Development – City & Developer		\$44.2M
	Planned Total 7-Year Program Investment	\$182.7M

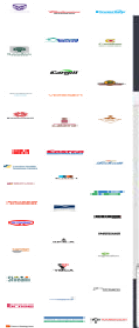


Water Services: Feature Highlights

- Consumption Alerts
- Water Usage Graphs
- Community and City Wide Benchmarking
- Invoice Estimator
- Marketing Campaign Messages

Extraordinary Service to our Customers



"...enables our School Board to view the electricity usage data for over 150 schools across seven LDCs. This service saves time and money..."
-Michael Colquhoun, Energy Management Coordinator, TVDSB

"Thank you as always... I am always proud to tell my Energy colleagues that Western has the best LDC in the Province"
- Paul Martin, Director Business Operations, Western University

"The knowledge we can gain from the data is enormous and having it online is a great asset for us."
- Mary Quintana, Compliance Coordinator and Energy & Water Projects, Facilities Management, Western University

"Event Assist will help Budweiser Gardens better understand hydro usage by the size, type and configuration of each event... Working with the team at London Hydro has shown me what a truly professional organization they are from top to bottom."
- Gary Turrell, Director of Operations, Budweiser Gardens

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London Hydro is your Valuable Corporation

- **A Major Local Employer**
 - \$27M annual payroll contributes to local economy
 - We invest about \$30M to \$40M in infrastructure and technology
- **Safety Culture**
 - We champion employee safety, health and wellness
- **Award Winning Corporation**
 - Our strategy remains focused on continued success and sustainability of London Hydro – Winner of national awards
 - 2015 Net Earnings before unrealized loss is \$13.4M – a return of 8.9% on shareholder equity
 - Global Reporting Initiative – Certified Sustainability Program, achievement of Level A



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London Hydro is your Valuable Corporation

- **High System Reliability**
 - A reliable supply of electricity is critical to our customers
- **High Performance Culture**
 - Employee engagement drives corporate excellence
- **Joint Services with the City of London**
 - Water Billing and Customer Care
 - Joint Data Centre
 - Smart City Initiative

We continue to develop our capacity and capabilities for the future!



31

Questions & Answers



*Empowering
You*

You told us
what you think

03

*Real
Solutions to
Real Problems*

Energy's role in
our lives, lifestyle
and economy

12

*Report on
Progress*



Overall customer satisfaction grade

92%

Customers who believe London Hydro provides a highly reliable service



A majority of surveyed customers prefer a proactive strategy for replacing equipment to ensure reliable power, as opposed to a run-to-failure strategy.

I am excited to share this "Report on Progress" publication with you. Over the years, the electricity industry has gone through many changes and it has become more and more complex. Regardless of the complexity on our side of the business, our commitment to you is to provide a safe, reliable supply of power while empowering you by developing programs and services that give you more flexibility in the services we offer. Our employees are encouraged to be innovative in developing new programs and processes in all areas of the business and this report gives us the opportunity to show you some of the major accomplishments that happen - behind the scenes - to make your utility the best it can be.

VINAY SHARMA, CEO



Empowering You

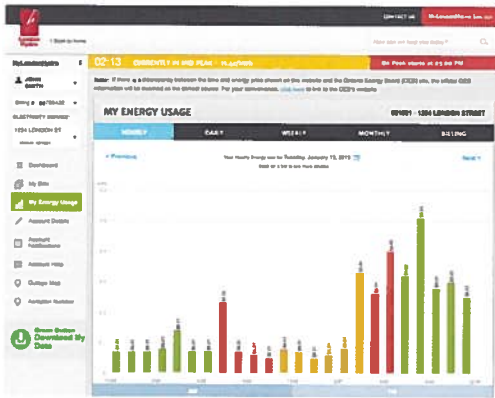
For 17 years, London Hydro has been conducting an annual Customer Satisfaction Survey to gain insight into customer perceptions.

London Hydro consistently outperforms Ontario local distribution companies on most measures of satisfaction. 92% of customers believe London Hydro provides a highly reliable service, and 87% of respondents perceive that London Hydro provides accurate billing. 86% perceive that London Hydro provides quality service.

Overall, London Hydro had a score of "A", with an "A+" in power quality and reliability, up from 2014 results.

We encourage customers to provide feedback, and continually strive to enhance services, deploy customer-friendly technologies and be a leading utility in Ontario.

Customer Services



By conducting annual Customer Satisfaction Surveys, monitoring phone calls, emails and having conversations with customers, London Hydro is able to continually improve programs and services.

As an example, when time-of-use rates were introduced, customers needed a better way of understanding how and when they were consuming electricity in order to shift usage when possible to off-peak time periods. This led to the development of **MyLondonHydro**, which provides customers secure, 24/7 access to their consumption data; complete with detailed time-of-use information.

New features include –
 payment arrangements,
 payment notifications,
 move in - move out.



Customer Incentive Program



As technology continues to usher in opportunities for energy usage and conservation, London Hydro recognized that an integral part of their future relationship with customers would rely on the ability to connect with customers through technology. This led to the creation of a truly innovative program that is the first ever in North America for a utility company.

As incentive for switching to paperless billing, clients receive **Aeroplan Miles**, and will continue to receive them with each successive paperless bill. To date, London Hydro has won two awards for innovation and customer service excellence for this program.



*London Fire Department,
Salvation Army and
London Hydro*

Community Partners

London Hydro also won an award for their energy conservation programs. In this particular program, London Hydro partnered with the Salvation Army, the London Food Bank and a community resource to access low income participants who were pre-qualified for emergency financial assistance programs.

Going one step further, London Hydro incorporated fire safety and water conservation into the program, resulting in thousands of customers receiving water-saving shower heads and toilet repair kits, as well as upgraded smoke alarms provided by the London Fire Department.

42,911,965 kWh of energy saved (equivalent annual consumption of 4,400 homes)

Rebuilding London Hydro's Infrastructure

London Hydro's five major programs have been designed to help rebuild the existing equipment and infrastructure to ensure that there is a reliable and safe supply of electricity for many years to come.

Rebuilding Where We Live

London Hydro's infrastructure is quite expansive. Some vintage pole lines and underground cables that date back to the 1970's and 80's are being upgraded with modern 27.6kV components with minimal disruption to property owners and as little inconvenience as possible to customers.

Enabling Growth and Development

London Hydro is relocating poles, lines, underground structures and cables for road widening. New circuits will also be built which help supply electricity to foster new commercial and residential growth.

Hardening the Electrical Grid

Building new overhead and new underground circuits to better withstand inclement weather will reduce outages and provide an emergency backup supply allowing London Hydro to reroute when outages occur to restore power as quickly as possible.

Building a Smarter Network

London Hydro has been installing automatic and/or computer controlled measuring and switching devices. The new smart grid will minimize outage duration and increase grid automation. This investment will also improve the system's performance and also provide prompt, continually analyzed grid performance for quicker isolation of failure points to maintain the system's integrity.

Revitalizing Our Downtown

London Hydro will be upgrading the existing 1950's vintage 13.8kV equipment with modern 27.6kV components all supported by the new Hydro One transformer station.

3,364

Kilometers of
overhead and
underground
cables

34

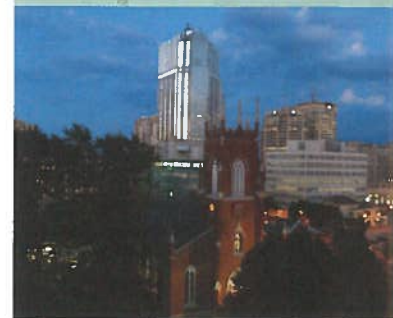
 Local substations

869

Smart-Grid
Interfaces

6

Large
transformer
stations



The cost of the 5 programs equals about \$25 million per year, which equates to a cost of about \$9 per year for the average customer

Average residential bill is \$150

The reliability of supply in London is very good at the present time by investing prudently now ensures high availability as the city and energy needs increase

London Hydro's operating costs account for approximately 18% of an average monthly electricity bill

The majority of London Hydro's customers that were surveyed prefer a proactive strategy for replacing equipment to ensure reliable power instead of run-to-failure

Getting the Lead Out

London Hydro has taken steps to remove lead from London's electricity distribution network by investing in new cable technologies that allow lead covered cables to be replaced with a modern alternative.

Improvements to the Lead Control Program were made following third party assessments of the health and safety of existing lead protocols. Changes included:

- Design of a new lead work area*
- Changes to work trucks*
- New protocols for working with lead in any setting*
- Increases in safety for workers and the public*

By standardizing the safety measures for working with lead, the safety of employees and the public has been greatly increased.

A new mechanical crimping tool eliminates the need to "sweat" the lead. This new process prevents the release of harmful lead fumes.



Environmental Leadership Award



London Hydro hosted the Let's Get the Lead Out Forum, which attracted 50 industry professionals from across North America.

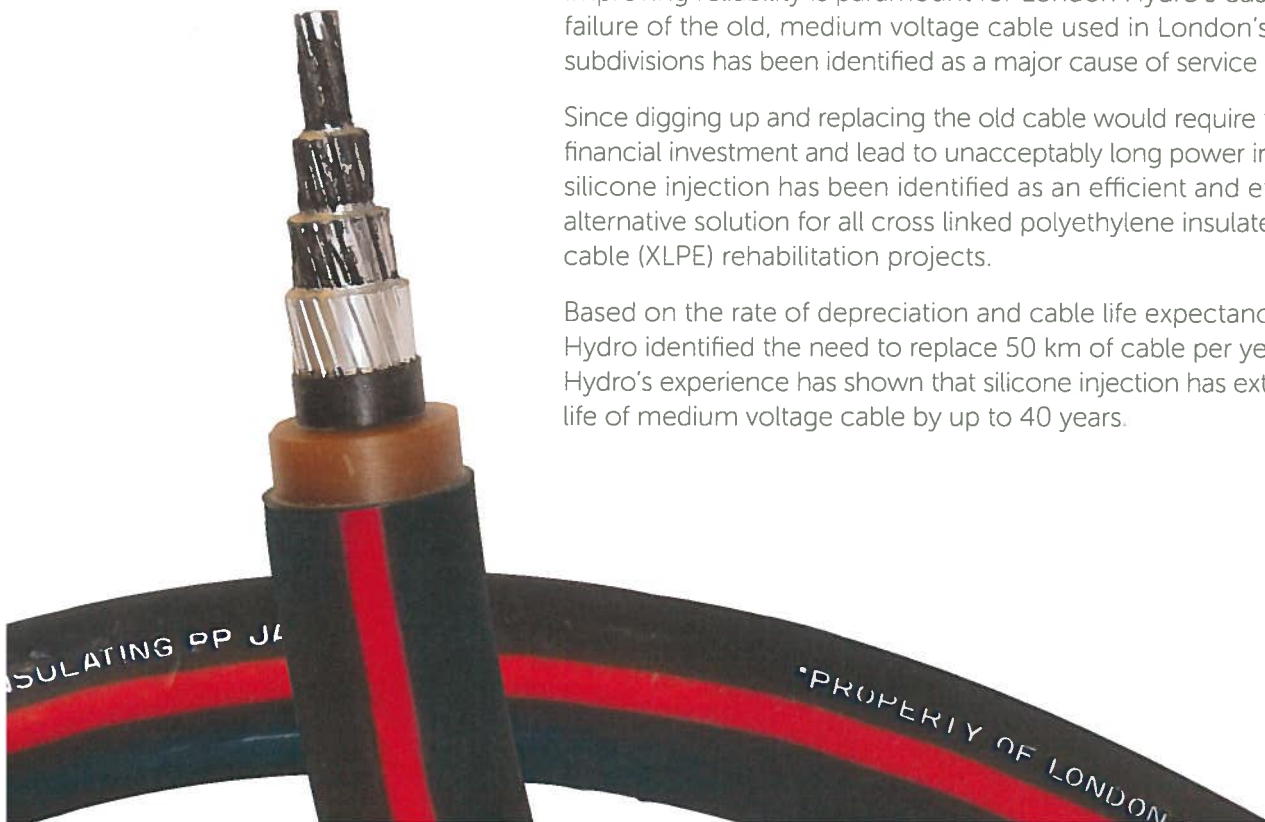


A new technology for aging infrastructure

Improving reliability is paramount for London Hydro's customers, and failure of the old, medium voltage cable used in London's residential subdivisions has been identified as a major cause of service interruptions.

Since digging up and replacing the old cable would require tremendous financial investment and lead to unacceptably long power interruptions, silicone injection has been identified as an efficient and effective alternative solution for all cross linked polyethylene insulated power cable (XLPE) rehabilitation projects.

Based on the rate of depreciation and cable life expectancy, London Hydro identified the need to replace 50 km of cable per year. London Hydro's experience has shown that silicone injection has extended the life of medium voltage cable by up to 40 years.





London Hydro became the first and only utility to receive the Green Button Certification from UL (Underwriters' Laboratories)

Empowering Customers through New Technology and Apps

Green Button started with the simple idea that energy data belongs to the customer and they should be able to access and share that data in a meaningful way.

It establishes a common language for that data to be encoded in and given to third parties like mobile and web-based applications.

In 2015, London Hydro took its leadership in technology to new heights by becoming a founding member and Chair of the Green Button Alliance.

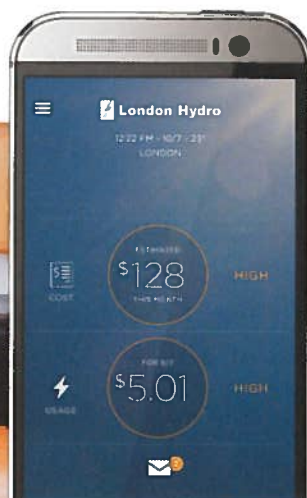
Green Button applications are revolutionizing the way consumers can interact with their utility information and empowering them to make changes in response to timely, relevant and actionable information.

The Green Button Alliance is seeking to establish Green Button as the standard used across the utility industry for securely moving utility information from the company to third party apps.

These applications enable you to analyze and plan energy consumption, potentially saving you money.

The MyLondonHydro online customer portal is powered by Green Button data. MyLondonHydro gives you the ability to access your usage information anytime, anywhere.

HomeBeat third party app



London Hydro employees developed 3 smart apps to improve business processes and access to information.

Using the **Incident/Deficiency Reporting App**, employees can report the location and the urgency of an incident or equipment failure, providing both a description and pictures, and forward the information to the relevant departments, so that action can be taken.



Keeping it Real

As technology advances to give consumers more control over their data through initiatives like the Green Button program, reliance on the data being generated by smart meters becomes more and more crucial. London Hydro's Validation Test Bench is designed to verify the accuracy of the meter data and identify any issues early on.

Opened in early 2015, it has been testing smart meters to ensure their safety and accuracy, identifying any malfunctions that could affect residential or commercial customers' meter data. The Validation Test Bench can even be set to run tests automatically, which reduces human involvement and potential error.

London Hydro has been certified by Measurement Canada to verify and seal electricity meters since 1999.



Employees who enter substations use the **Log Presence App** on their smartphones to notify the Control Room of their presence without taking Operators away from high priority switching work.

Zapple is London Hydro's proprietary Wellness and Safety App that gives employees immediate access to a wide range of health and safety information including procedures, resources and emergency contact information.



London Hydro's Interval Data Centre enables the Thames Valley District School Board to view the electricity usage data for over 150 schools across 7 Local Distribution Companies. This service saves time and money by giving us access to all our critical electricity data in one spot.

MICHAEL COLQUHOUN,
Energy Management Coordinator, TVDSB

Electricity	15225.47 kWh x \$0.08423/kWh (Jan 1, 2016 - Jan 31, 2016)	\$1,282.45
Global Adjustment		\$217.61
TOTAL		\$1,500.06

DELIVERY

Distribution Fixed	100.00% of month x \$154.54/month (Jan 1, 2016 - Jan 31, 2016)	\$154.54
Distribution Variable		\$117.76
Transmission Connection Charge		\$121.59

Real Solutions to Real Problems

Transmission Network Charge		\$148.97
Adjustment Factor Charge (to DEP)		\$7.61
Adjustment Factor Charge (GA)		\$44.89
TOTAL		\$52.51

OTHER

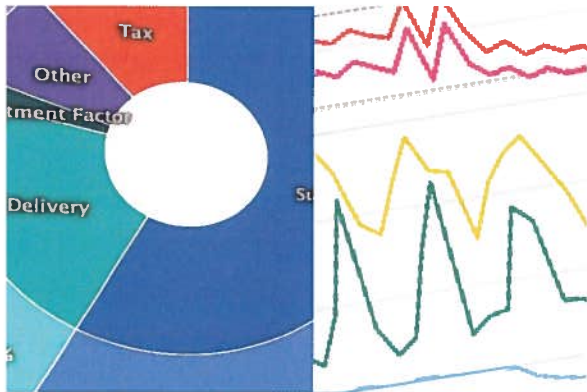
Regulatory Charges		\$89.83
TOTAL		\$106.58



The Green Button Program enabled London Hydro to create new Apps and tools for commercial and industrial customers. The TVDSB now enjoys the benefits of managing their consumption, bills and energy conservation for all schools across their region through the IDC online tool.

The knowledge we can gain from the data is enormous and having it online is a great asset.

MARY QUINTANA,
Facilities Management,
Western University



Energy App for Industrial and Commercial Customers

London Hydro collaborates with industrial and commercial customers to understand their needs in managing their energy accounts and usage. As a result London Hydro created a mobile App that provides a unique solution to allow these customers to monitor and manage their energy consumption from the shop floor.

Energy App for Entertainment Venues

In order to proactively manage the energy needs for events of different types and sizes, London Hydro worked closely with Budweiser Gardens and Western University Computer Science students to develop a predictive model that helps to determine electricity costs based on specific parameters for each event through a new App. This approach will allow entertainment and other venues to accurately estimate future electricity costs.



Volunteering, Donating and Serving the Community



Environmental awareness is top of mind in daily operations. In fact, London Hydro has participated in the Global Reporting Initiative for the past two years, tracking and reducing their footprint wherever possible. Earth Day is a day for employees and their families to take part in cleaning up along the river and in Thames and Carfrae Parks.



Donated
to over

35

charities

In 2015, employees donated over \$28,000 through the Employee Community Charity Organization to over 35 charities, many of which are local. This program makes it easy for employees to donate through payroll deductions to the charity of their choice.

Employees also donate their time and money to different events and fundraisers throughout the year. The London Food Bank and the Christmas Hamper Toy Program are two of the programs that receive substantial donations from employees each year.



For over 30 years, London Hydro has worked with the Thames Valley District School Board and the London District Catholic School Board to develop educational programs and teaching guides to help children in grades three through eight learn about energy, electricity safety and conservation.

The Power of Electricity program was developed to help students understand the value of electrical energy in our lives and the role it plays in our lifestyle and economy.

The You'll Make a World of Difference program teaches energy conservation to grade 5 students in accordance with their Science and Technology curriculum.

The Electrical Safety Program aims to teach children from grades three through eight about the dangers of electricity and what to do if an electrical accident occurs.

Safety is a Top Priority

In the last several years, London Hydro has proven itself to be a leader on many fronts. First and foremost is the focus on safety for our employees and the public. The company has received recognition for the safety culture it has created with its employees through communication safety programs and safety training. A three-year health and safety strategic plan sets the pace for continued and improved safety initiatives that employees have embraced with "Safety Starts with ME." The strategy includes a list of specific objectives that follow the code: Communication, Outreach, Development and Engagement.

Through a public safety awareness survey Londoners scored 84% on their knowledge of electrical safety.

London Hydro's emphasis on workplace safety has resulted in several awards, including the Infrastructure Health and Safety Association President's Award and the Canada's Safest Employer Award. No wonder 89% of customers believe safety is a top priority for London Hydro.

President Award - 1,000,000 hours with no time loss for injuries

Canada's Safest Employers 2014 and 2015

ESA Ontario Electrical Safety Award Worker Safety

ESA Ontario Electrical Safety Award for Powerline Safety

Electrical Business Magazine - Safety Champion Award



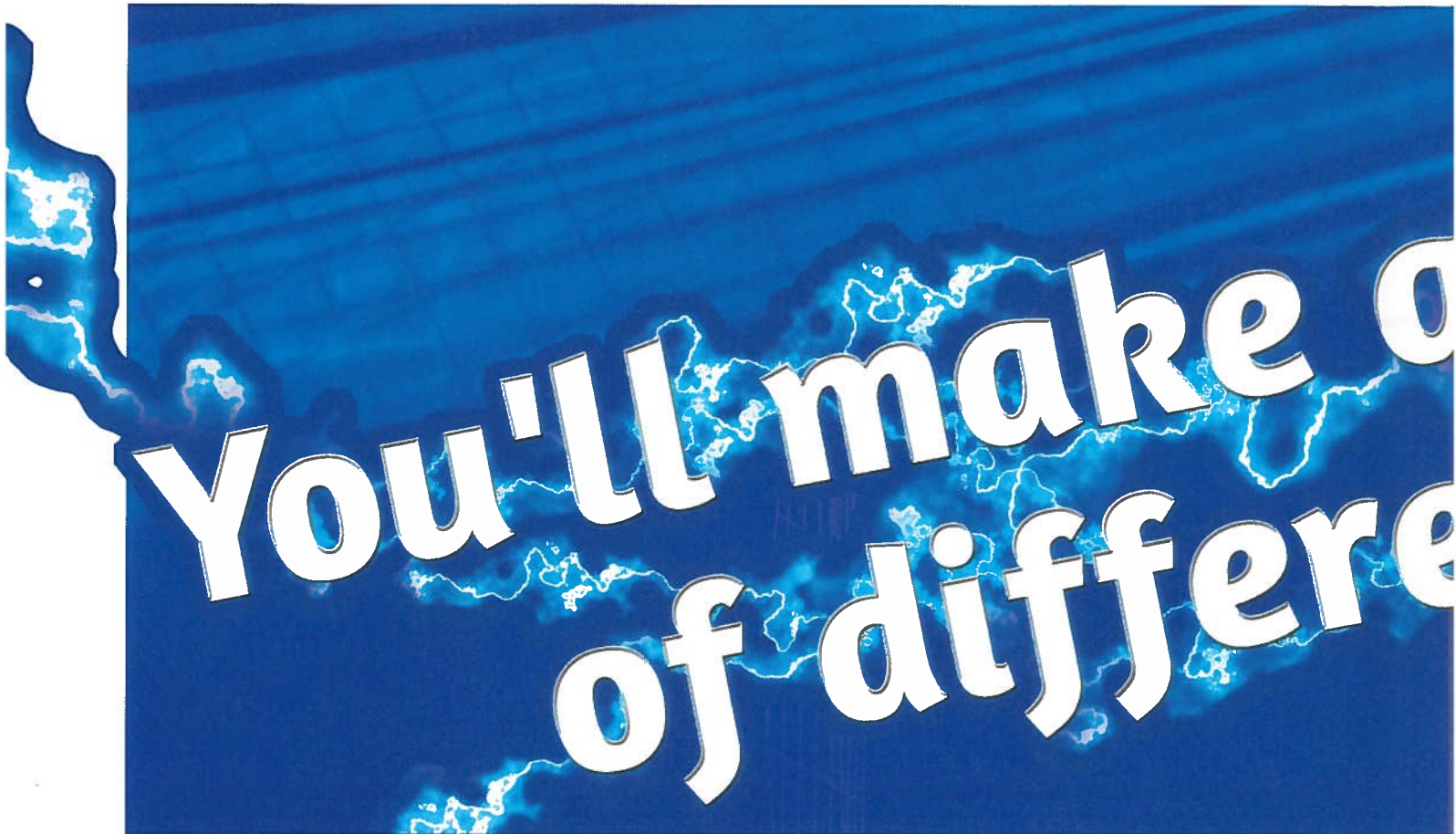


London Hydro recognizes that employees value a balanced work-home life and feeling healthy. To help employees achieve these goals London Hydro offers wellness programs that include ergonomics, stress management and mental health awareness training for all employees.

89%

of customers believe safety is a top priority for London Hydro.





You'll make of
of different

Electrifying the Children's Museum

Children are challenged to create a circuit that can make sounds and produce light by moving various blocks around an interactive model.





London Hydro has partnered with the London Children's Museum to develop and display the *"You'll Make a World of Difference"* exhibit. The first of three phases opened in June 2015. Phase 2 opened in December 2015 and Phase 3 is coming in 2016.

Phase 1 of this interactive exhibit shows the difference between traditional incandescent light bulbs and LED light bulbs.

Visitors can learn about the flow of electricity through circuits now that Phase 2 of this exhibit is open. The interactive model allows children to move various blocks with buzzers, lights and motors around the board and connect them to form a large circuit.

Phase 3 will educate children - and their parents - on the importance of conservation.



**London
Hydro**

111 Horton St., London, ON
Canada N6A 4H6
(519) 661-5503
www.londonhydro.com

Bill No. 199
2016

By-law No. A.-7401-152

A by-law to ratify and confirm the Annual Resolutions of the Shareholder of London Hydro Inc.

WHEREAS London Hydro Inc. is a corporation incorporated under the *Business Corporations Act* R.S.O. 1990, c.B.16;

AND WHEREAS subsection 104(1)(b) of the *Business Corporations Act* provides that a resolution in writing dealing with all matters required by this Act to be dealt with at a meeting of shareholders, and signed by all the shareholders or their attorney authorized in writing entitled to vote at the meeting, satisfies all the requirements of this Act relating to that meeting of shareholders;

AND WHEREAS The Corporation of the City of London is the sole shareholder of London Hydro Inc.;

AND WHEREAS Subsection 5(3) of the *Municipal Act, 2001* provides that a municipal power shall be exercised by by-law;

AND WHEREAS Subsection 9 of the *Municipal Act, 2001* provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. The Annual Resolutions of the Shareholder of London Hydro Inc. for the fiscal year ended December 31, 2015, attached as Schedule "1" are ratified and confirmed.
2. The Mayor and the City Clerk are authorized to execute the Annual Resolutions of the Shareholder ratified and confirmed under section 1 of this by-law.
3. This by-law comes into force and effect on the day it is passed.

PASSED in Open Council on May 17, 2016.

Matt Brown
Mayor

Catharine Saunders
City Clerk

First reading – May 17, 2016
Second reading – May 17, 2016
Third reading - May 17, 2016

Schedule “1”

LONDON HYDRO INC. (the “Corporation”)

WHEREAS subsection 104(1)(b) of the *Business Corporations Act* (Ontario) (the “Act”) provides that a resolution in writing dealing with all matters required by the Act to be dealt with at a meeting of shareholders, and signed by all the shareholders or their attorney authorized in writing entitled to vote at the meeting, satisfies all the requirements of the Act relating to that meeting of shareholders;

The following resolutions, signed by the sole shareholder of the Corporation entitled to vote thereon, are hereby passed pursuant to the provisions of the Act:

FINANCIAL STATEMENTS

It is hereby acknowledged that the balance sheet of the Corporation as at December 31, 2015, and the other audited financial statements, together with Auditors’ Report, of the Corporation for the financial year ended on such date have been received by the undersigned shareholder of the Corporation.

ELECTION OF DIRECTORS

WHEREAS pursuant to an Amended and Restated Shareholder Declaration, as amended (the “**Amended and Restated Shareholders Declaration**”), the board of directors of the Corporation shall consist of seven directors, six of which shall be composed of various classes of directors, each serving for a three-year term, and the seventh member of the fourth class shall serve as the representative of the municipal council of The Corporation of the City of London;

AND WHEREAS the terms of the directors that are members of the first class expire at the annual meeting of shareholders held in 2016 pursuant to paragraph 4.4 of the Amended and Restated Shareholder Declaration;

NOW THEREFORE BE IT RESOLVED THAT:

1. Each of the following persons, being directors that are members of the first class pursuant to paragraph 4.4 of the Amended and Restated Shareholder Declaration, is hereby **elected** as a director of the Corporation to hold office for a term with the expiry as set out below, provided that when a successor is not duly elected at the close of the annual meeting described below, such director shall hold office until his or her successor is elected:

<u>Class</u>	<u>Name of Director</u>	<u>Term</u>
First	Gabriel Valente	the close of the annual meeting of shareholders to be held in 2019 for the financial year ending December 31, 2018

CONFIRMATION OF CONTINUING TERMS

2. Each of the following persons, being directors that are members of the second, third and fourth class, as provided for below, pursuant to paragraph 4.4 of the Amended and Restated Shareholder Declaration, are hereby confirmed as having a term continuing until the expiry as set out below, provided that when a successor is not duly elected at the close of the annual meeting described below, such director shall hold office until his or her successor is elected:

<u>Class</u>	<u>Name of Director</u>	<u>Term</u>
Second	Peter Johnson	the close of the annual meeting of shareholders to be held in 2017 for the financial year ending December 31, 2016
Second	Connie Graham	the close of the annual meeting of shareholders to be held in 2017 for the financial year ending December 31, 2016
Third	Radhey Mohan Mathur	the close of the annual meeting of shareholders to be held in 2018 for the financial year ending December 31, 2017
Third	Marilyn Sinclair	the close of the annual meeting of shareholders to be held in 2018 for the financial year ending December 31, 2017
Fourth	Michael van Holst	the close of the annual meeting of shareholders to be held in 2018 for the financial year ending December 31, 2017 or for so long as he remains a duly elected member of the London City Council, whichever is the earlier

DATED this _____ day of _____, 2016.

The Corporation of the City of London

By: _____

Name: Matt Brown

Title: Mayor

By: _____

Name: Catharine Saunders

Title: City Clerk



- Tenant Focused**
- Leaders**
- Respectful**
- Accountable**
- Collaborative**
- Innovative**
- Inclusive**

— About —
LMHC

Our Mission
To provide quality, affordable and sustainable housing accessible to those who are eligible.

Our Vision
To be the preferred housing choice for people in need









—Assets and Property—
Services

508 <small>Tenants Served</small> New Homes	Over 15,000 <small>Completed Repairs and Service Orders</small>
\$ 1,492,898 <small>Allocated to</small> Energy Efficient Retrofits	517 <small>Homes</small> Restorations

2016 will be focused on optimizing an even greater level of energy saving incentives.

Unit Restoration
517 units were restored and made ready for renting, putting LMHC in a positive position to provide community members with homes more quickly in 2016

-Tenant Administration -


<p>3,200 annual Lease Renewals</p>	<p>Provided 422 Referrals to Partner Agencies and Service Providers</p>	 Meal and Food Initiatives  Gardening and Clean and Green  Parenting Groups  Health and Wellness Programs  Education Initiatives and Homework Clubs  Social and Recreational Activities
<p>1,492 Rent Calculations</p>	<p>Investigated and Resolved Over 2,000 Tenant Concerns</p>	
<p>102 Saved Tenancies Through negotiated mediated agreements</p>	<p>91% Of Tenants that moved from LMHC properties experienced positive housing transitions</p>	

-Community Partners-

<p>Officers from London Police Service have volunteered their time for over 20 years leading the Rookie League Baseball program for children living in our communities</p>	<p>For close to 25 years, the Victorian Order of Nurses (VON) has offered support programs such as: Supportive Housing; The Wellness Link Program; and The Hope Help Program.</p>	<p>The London Community Chaplaincy and ELUCO provide onsite chaplaincies offering counseling, advocacy, basic needs and educational programs for our tenants.</p>
<p>South London Neighbourhood Resources Centre provides essential resources for LMHC families including parenting education, informal child care, and a baby food bank.</p>	<p>London CAREs offers a highly collaborative community-based housing-first service aimed at improving the health and housing outcomes for individuals experiencing homelessness.</p>	<p>Learning it Together (LIT) focuses on literacy and health for children from grades 1 to 3 via one-on-one mentoring with university students, mostly from Western University's Faculty of Health Sciences.</p>
<p>The Addictions Supportive Housing program is run in partnership with Addiction Services of Thames Valley, CMHA Middlesex.</p>	<p>Canadian Mental Health Association, Middlesex offers Supportive Housing in 20 LMHC rental units for tenants in need of assistance in order to achieve sustainable housing</p>	<p>Health Zone clinics funded by the Ontario Ministry of Health and Long-Term Care offer client-centered, primary health care services, with an emphasis on health promotion and illness prevention.</p>

- 2015 - Financial Information

Operating Revenue	
Rental Revenue	\$69,637,627
Municipal Fees/Pending	6,508,988
Other	252,575
Operating Expenditures	
Salaries, wages and benefits	\$4,534,539
Property Taxes Insurance & Mortgage	5,632,338
Building Maintenance & Repair	4,344,306
Utilities	4,871,979
Administration	996,226



- The Year - Ahead

- New CEO
- Updated Strategic Plan
- Building Assessments
- Office Relocation

Bill No. 201
2016

By-law No. A.-7403-154

A by-law to ratify and confirm the Annual Resolutions of the Shareholder of London & Middlesex Housing Corporation.

WHEREAS London & Middlesex Housing Corporation is incorporated under the *Business Corporations Act* R.S.O. 1990, c.B.16 (the “BCA”);

AND WHEREAS subsection 104(1)(b) of the BCA provides that a resolution in writing dealing with all matters required by the BCA to be dealt with at a meeting of shareholders, and signed by all the shareholders or their attorney authorized in writing entitled to vote at the meeting, satisfies all the requirements of the BCA relating to that meeting of shareholders;

AND WHEREAS The Corporation of the City of London is the sole shareholder of London & Middlesex Housing Corporation;

AND WHEREAS Subsection 9 of the *Municipal Act, 2001* provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

AND WHEREAS Subsection 5(3) of the *Municipal Act, 2001* provides that a municipal power shall be exercised by by-law;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. The Annual Resolutions of the Shareholder of London & Middlesex Housing Corporation for the fiscal year ended December 31, 2015, attached as Schedule “1” are ratified and confirmed.
2. The Mayor and the City Clerk are authorized to execute the Annual Resolutions of the Shareholder ratified and confirmed under section 1 of this by-law.
3. This by-law comes into force and effect on the day it is passed.

PASSED in Open Council on May 17, 2016.

Matt Brown
Mayor

Catharine Saunders
City Clerk

First reading – May 17, 2016
Second reading – May 17, 2016
Third reading – May 17, 2016

SCHEDULE "1"

LONDON & MIDDLESEX HOUSING CORPORATION
(the "Corporation")

WHEREAS subsection 104(1) (b) of the *Business Corporations Act* (Ontario) (the "Act") provides that a resolution in writing dealing with all matters required by the Act to be dealt with at a meeting of shareholders, and signed by all the shareholders or their attorney authorized in writing entitled to vote at the meeting, satisfies all the requirements of the Act relating to that meeting of shareholders;

The following resolutions, signed by the sole shareholder of the Corporation entitled to vote thereon, are hereby passed pursuant to the provisions of the Act:

FINANCIAL STATEMENTS

RESOLVED THAT:

It is hereby acknowledged that the balance sheet of the Corporation as at December 31, 2015, and the other audited financial statements, together with Auditors' Report, of the Corporation for the financial year ended on such date have been received by the undersigned shareholder of the Corporation.

ELECTION OF DIRECTORS

RESOLVED THAT:

WHEREAS pursuant to the Declaration of the Sole Shareholder the board of directors for the Corporation shall consist of nine (9) Directors;

AND WHEREAS the terms of directors expire at the annual meeting of shareholders held in 2012 pursuant to paragraph 6.2 of the Declaration of the Sole Shareholder;

NOW THEREFORE BE IT RESOLVED THAT:

Each of the following persons, being directors of the Corporation, is hereby **confirmed** as a director of the Corporation to hold office for a term with the expiry as set out below, provided that when a successor is not duly elected, such director shall hold office until his or her successor is elected:

<u>Name of Director:</u>	<u>Expiry of Term:</u>
Gordon Saylor	November 30, 2016
VACANT	November 30, 2016
Marci Allen-Easton	November 30, 2017
Michael Buzzelli	November 30, 2017
VACANT	November 30, 2017
Abe Oudshoorn	November 30, 2017
Sean Quigley	November 30, 2017
Anna Hopkins	November 30, 2017
Vance Blackmore	November 30, 2017

DATED this

day of _____, 2016.

The Corporation of the City of London

By: _____

Matt Brown
Title: Mayor

The Corporation of the City of London

By: _____

Catharine Saunders
Title: City Clerk

