

# Table of Contents

1.	<b>Management Discussion and Analysis .....</b>	<b>4</b>
	Ex.1/Tab 1/Sch.1 – Management Discussion and Analysis .....	4
2.	<b>Executive Summary .....</b>	<b>8</b>
	Ex.1/Tab 2/Sch.1 - Proposed Revenue Requirement.....	8
	Ex.1/Tab 2/Sch.2 - Budget and Accounting Assumptions .....	9
	Ex.1/Tab 2/Sch.3 - Load Forecast Summary.....	13
	Ex.1/Tab 2/Sch.4 - Rate Base and Capital Planning .....	15
	Ex.1/Tab 2/Sch.5 - Overview of Operation Maintenance and Administrative Costs ...	18
	Ex.1/Tab 2/Sch.6 - Statement of Cost of Capital Parameters.....	20
	Ex.1/Tab 2/Sch.7 - Overview of Cost Allocation and Rate Design.....	21
	Ex.1/Tab 2/Sch.8 - Overview of Deferral and Variance Account Disposition .....	23
	Ex.1/Tab 2/Sch.9 - Overview of Bill Impacts.....	26
3.	<b>Customer Engagement .....</b>	<b>27</b>
	Ex.1/Tab 3/Sch.1 - Overview of Customer Engagement .....	27
	Ex.1/Tab 3/Sch.2 - Customer Satisfaction Survey .....	29
	Ex.1/Tab 3/Sch.3 – Front Desk Support.....	34
	Ex.1/Tab 3/Sch.4 – Publications .....	35
	Ex.1/Tab 3/Sch.5 – Meetings and Advertisements.....	36
	Ex.1/Tab 3/Sch.6 – Conservation and Demand Management.....	39
	Ex.1/Tab 3/Sch.7 – Community Involvement .....	40
	Ex.1/Tab 3/Sch.8 – Assistance Programs .....	41
	Ex.1/Tab 3/Sch.9 – Online Activities .....	42
	Ex.1/Tab 3/Sch.10 – Electrical Safety Authority Survey .....	43
4.	<b>Financial Information .....</b>	<b>45</b>
	Ex.1/Tab 4/Sch.1 - Historical Financial Statements.....	45
	Ex.1/Tab 4/Sch.2 - Reconciliation between Financial Statements and Results Field.....	93
	Ex.1/Tab 4/Sch.3 - Annual Report.....	110

	Ex.1/Tab 4/Sch.4 - Prospectus and Recent Debt/Share Issuance Update .....	111
	Ex.1/Tab 4/Sch.5 - Other Relevant Information.....	112
5.	<b>Materiality Threshold .....</b>	<b>114</b>
	Ex.1/Tab 5/Sch.1 - Materiality Threshold .....	114
6.	<b>Administration .....</b>	<b>115</b>
	Ex.1/Tab 6/Sch.1 – Table of Contents.....	115
	Ex.1/Tab 6/Sch.2 – Contact Information.....	116
	Ex.1/Tab 6/Sch.3 - Legal Application .....	117
	Ex.1/Tab 6/Sch.4 – Confirmation of Internet Address.....	120
	Ex.1/Tab 6/Sch.5 – Statement of Publication .....	121
	Ex.1/Tab 6/Sch.6 – Bill Impacts .....	122
	Ex.1/Tab 6/Sch.7 - Statement as to the Form of Hearing Requested .....	123
	Ex.1/Tab 6/Sch.8 – List of Specific Approvals Requested.....	124
	Ex.1/Tab 6/Sch.9 - Proposed Issues List .....	126
	Ex.1/Tab 6/Sch.10 - Statement of Deviation of Filing Requirements .....	128
	Ex.1/Tab 6/Sch.11 - Changes in Methodologies .....	129
	Ex.1/Tab 6/Sch.12 - Board Directive from Previous Decisions .....	130
	Ex.1/Tab 6/Sch.13 - Conditions of Service.....	131
	Ex.1/Tab 6/Sch.14 - Accounting Standards for Regulatory and Financial Reporting.....	132
	Ex.1/Tab 6/Sch.15 - Accounting Treatment of Non-Utility Related Business .....	133
	Ex.1/Tab 6/Sch.16 - Operating Environment.....	134
	Ex.1/Tab 6/Sch.17 - Corporate Organization.....	135
7.	<b>Applicant Overview .....</b>	<b>138</b>
	Ex.1/Tab 7/Sch.1 – Applicant Overview .....	138
	Ex.1/Tab 7/Sch. 2 – Host/Embedded Distributor .....	147
	Ex.1/Tab 7/Sch. 3 – Transmission or High Voltage Assets.....	148
8.	<b>Corporate Governance .....</b>	<b>149</b>
	Ex.1/Tab 8/Sch.1 - Corporate Governance Structure .....	149
	Ex.1/Tab 8/Sch.2 – Board of Directors.....	151
	Ex.1/Tab 8/Sch.3 – Board Mandate .....	152

	Ex.1/Tab 8/Sch.4 – Board Meetings.....	153
	Ex.1/Tab 8/Sch.5 – Orientation and Continuing Education.....	154
	Ex.1/Tab 8/Sch.6 – Ethical Business Conduct .....	156
	Ex.1/Tab 8/Sch.7 – Nomination of Directors .....	157
	Ex.1/Tab 8/Sch.8 – Board Committees .....	158
9.	<b>Letters of Comment .....</b>	<b>159</b>
	Ex.1/Tab 9/Sch.1 - Letter of Comment.....	159
10.	<b>Scorecard.....</b>	<b>160</b>
	Ex.1/Tab 10/Sch.1 – Scorecard Performance Evaluation.....	160
11.	<b>Appendix .....</b>	<b>165</b>
	Appendix 1.1 – Customer Satisfaction Survey .....	166
	Appendix 1.2 – Public Awareness Survey.....	202

# Management Discussion and Analysis

---

## Ex.1/Tab 1/Sch.1 – Management Discussion and Analysis

On October 18, 2012, the Ontario Energy Board (“The Board”) issued its “Report of the Board: A Renewed Regulatory Framework for Electricity Distributors: A Performance Based Approach”, and subsequently commenced implementation of the Renewed Regulatory Framework. This report set out a comprehensive performance-based approach for the Renewed Regulatory Framework which promotes the achievement of outcomes that will benefit existing and future customers; will align customer and distributor interests; will continue to support the achievement of important public policy objectives; and will place a greater focus on delivering value for money. Under this approach, a distributor is expected to demonstrate continuous improvement in its understanding of the needs and expectations of its customers and its delivery of services.

On March 5, 2014, the Board issued its report on “Performance Measurement for Electricity Distributors: A Scorecard Approach”. The report sets out the Board’s policies on the measures that will be used by the Board to assess a distributor’s effectiveness and improvement in achieving customer focus, operational effectiveness, public policy responsiveness, and financial performance to the benefit of existing and future customers. Under this approach, a distributor is also expected to demonstrate continuous improvement in its understanding of the needs and expectations of its customers and its delivery of services.

With the above in mind, Rideau St. Lawrence Distribution Inc. (“RSL”) would like to provide an overview of this utility in terms of the Renewed Regulatory Framework and the Distributor Scorecard. Since these are the measures to which a utility is held accountable, these are also the measures a utility should address during the rate application process. Therefore, this is our account of how RSL continues to improve in its understanding of the needs and expectations of its customers and its delivery of services.

**Customer Focus:** In terms of service quality, RSL has always maintained high standards. In a regulatory environment, there are numerous SQR targets that a utility must achieve. In most cases, RSL consistently meets and exceeds these targets. In terms of customer satisfaction, RSL

has always strived for strong customer relations and regular customer engagement within the community. This effort is supported by the customer satisfaction survey measure on the Distributor Scorecard. In 2015, RSL achieved a customer satisfaction rating of “A” on its Distributor Scorecard. In terms of customer engagement, RSL has numerous methodologies by which it engages its customers. This allows RSL to keep in touch with customers at both the individual and community levels. RSL has offices in Prescott and Morrisburg, open to the public Monday through Friday. Public access to RSL staff is a very important component of Customer Focus. We receive valuable feedback during customer interactions, and it gives our employees the opportunity to personally know our customers.

RSL has had a website for several years, and over the past year has added a Customer Portal and eBilling. This investment was based on customer engagement, as we received many verbal requests for this type of functionality. RSL has created a Twitter account. The Twitter account is used to inform customers of outages, conservation tips, and general industry news.

RSL attends Municipal Council meetings for our four municipal shareholders. The meetings are an opportunity to share information about our plans, and to coordinate capital work.

**Operational Effectiveness:** RSL strives to operate in a responsible and cost-effective way in our constantly changing industry. In July 2016, Pacific Economics Group Research, LLC (“PEG”) released its report to the OEB titled “Empirical Research in Support of Incentive Rate-Setting: 2015 Benchmarking Update”. For comparative purposes RSL compared itself with similar cohort utilities, with a customer base of less than 10,000 and a stretch factor of .3. The average OM&A per customer of the sample group is \$404.00, and RSL has an average OM&A per customer of \$358.50. RSL’s total cost per customer was \$547.55, in comparison with the group average of \$681.29.

RSL is committed to delivering a safe environment for its customers and employees. At RSL, we always strive to put safety first by creating an injury-free environment, both in the workplace and in the field. RSL’s Public Safety measure in the Distributor Scorecard shows that we have had zero safety incidents. In our recent Public Safety Survey, RSL achieved a public awareness score of 84%.

Concerning reliability, RSL continues to hold the reliability of the distribution system to high standards. This is supported by the SAIFI and SAIDI measures in RSL's Distributor Scorecard.

With the Distribution System Plan ("DSP"), RSL has implemented new processes to expand its planning to a 10 year horizon (5 historical years and 5 forecasted years). Full details on the Distribution System Plan can be found in Exhibit 2.

**Public Policy Responsiveness:** RSL achieved 142.21% of its Net Cumulative Energy Savings target of 5.10 GWh between 2011 and 2014. In 2015, a new CDM framework was mandated by the Ministry of Energy for the program period of 2015-2020. As of the end of 2015, the first year of the six-year program, RSL had reached 26.97% of its 6-year target of 5.02 GWh.

RSL continues its efforts to instill a conservation culture through promotion and adoption of conservation and demand management programs. RSL's CDM initiatives allows the utility to reach out primarily to our residential and GS < 50 kW customer classes. These outreach programs are making a difference and have become an integral component of RSL's communications and customer engagement strategy. In addition to the above, RSL has entered into an agreement through Cornerstone Hydro Electric Concepts ("CHEC") to share a "Roving Energy Manager" (REM). This shared service is a cost effective solution to engage and address some of the needs of our larger customers. This has been an extremely successful venture that creates a win-win situation by providing additional energy savings to the utility, while improving the competitive position and the bottom line of our larger demand users.

RSL has connected 100% of new microFIT connections within the OEB-mandated timeframe.

**Financial Performance:** As an indicator of financial health, a current ratio indicates a company's ability to pay its short term debts and financial obligations. Typically, a current ratio between 1 and 1.5 is considered good. If the current ratio is below 1, then a company may have problems meeting its current financial obligations. If the current ratio is too high (higher than 1.5) then the company may be inefficient at using its current assets or its short-term financing facilities.

RSL's current ratio is 0.98 for 2015. Although lower than previous years, the 2015 ratio is considered to be normal. The ratio is reasonable in comparison with the five-year average of 1.13,

which is indicative of a financially healthy organization. RSL expects the current ratio to remain consistent into the foreseeable future.

The debt to equity ratio is a financial ratio indicating the relative proportion of shareholders' equity and debt used to finance a company's assets. The OEB uses a capital structure of 60% debt and 40% equity (a debt to equity ratio of 60/40 or 1.5) when setting rates for an electricity utility. A high debt to equity ratio may indicate that an electricity distributor may have difficulty generating sufficient cash flows to make its debt payments, while a low debt to equity ratio may indicate that an electricity distributor is not taking advantage of the increased profits that may be had through increased financial debt.

In 2015, RSL's debt to equity ratio was 0.45, which is below the ratio expected by the OEB. RSL believes that a low risk/low debt approach is appropriate for a utility of their size. RSL expects its debt to equity ratio to increase in 2016 due to the financing of the digger truck purchase.

The Distribution System Plan, presented later in this document (Exhibit 2) will support the capital and maintenance programs needed to maintain and enhance the reliability of RSL's distribution system as we move into the future.

With this filing, RSL looks to the future in terms of carrying forward a strong and sound foundation. By building on this foundation through continuous improvement, technological investment, and sound financial practices, RSL plans to continue to provide high value in electrical distribution services to our community.

## Executive Summary

### Ex.1/Tab 2/Sch.1 - Proposed Revenue Requirement

RSL proposes to recover through distribution rates a revenue requirement of \$2,739,240. Table 1.1 below shows a comparison of the 2012 Board Approved Revenue Requirement versus the 2016 Test Year proposed Revenue Requirement. All of these drivers are explained in their respective Exhibits.

**Table 1.1: 2016 Proposed Revenue Requirement**

Particular	Board Approved	2016 Test	Var \$	Var %
OM&A Expenses	1,820,000	2,182,787	362,787	20%
Amortization Expense	337,177	389,439	52,262	15%
Property Taxes	23,300	18,400	- 4,900	-21%
Total Distribution Expenses	2,180,477	2,590,626	410,149	19%
Regulated Return On Capital	413,697	395,941	- 17,756	-4%
Grossed up PILs	36,674	20,245	- 16,429	-45%
Service Revenue Requirement	2,630,848	3,006,812	375,964	14%
Less: Revenue Offsets	- 207,543	- 267,572	- 60,029	29%
Base Revenue Requirement	2,423,305	2,739,240	315,935	13%

## **Ex.1/Tab 2/Sch.2 - Budget and Accounting Assumptions**

RSL has prepared this application under the International Financial Reporting Standard (“IFRS”). RSL adopted IFRS as of January 1, 2015. The 2015 Financial Statement was prepared under IFRS, and included restated 2014 comparative balances.

The Applicant has reviewed the budget process of other utilities and confirms that its own process is very similar to other LDCs, including members of the CHEC group.

RSL compiles budget information for the three major components of the budgeting process:

- revenue forecasts;
- operating, maintenance and administration (“OM&A”); and
- capital costs under the RRFE categories
  - System access
  - System renewal
  - System service
  - General plant

RSL’s budget is prepared annually by management and is reviewed and approved by the RSL Board of Directors. The budget is prepared before the start of each fiscal year, and is approved at the Board meeting in December before the start of the next fiscal year. Once approved, it does not change and provides a plan against which actual results may be evaluated.

The OM&A costs presented at Exhibit 4 are the result of a business planning and work prioritization process that ensures that the most appropriate, cost effective solutions are put in place. The budgeting process used to determine the OM&A budget involves the following steps.

- Detailed expenses for the prior 2-3 years by account and supplier are reviewed. Current year to date actual expenses are also provided. A current year forecast is created by the CFO, and is reviewed with the President and CEO and the Operations Manager to aid in development of full year forecast estimates.

- Outside expenses for all department budgets are built based on analysis including previous years actual information, current year forecast, known changes in external costs, and changes in departmental activities or responsibilities in response to new legislation/regulations/industry activities;
- Variances in spending from prior years must be explained and documented, both at the time of creating forecast and on a monthly basis as actuals are compiled;
- Review the headcount of the department for accuracy and outline any changes such as vacancies, retirements etc.;
- The CFO prepares a total labour budget by department using projected wage and benefit cost. Overtime and account distribution are based on previous years actual.
- Expense normalization is used to smooth the impact of costs that are incurred regularly but not annually.

Forecasted expenditures are reviewed and compared with historical information. Variances with the prior year and the current year budget are explained.

The forecasted capital budget is influenced, among other factors, by RSL's capacity to finance capital projects. All proposed capital projects are assessed within the framework of its capital budget priority as outlined in the Distribution System Plan found in Exhibit 2. Topics included in the budget process include:

- Customer Demand and Capacity;
- Renewal;
- Reliability;
- Regulatory Requirements.

The Distribution System Plan supports the capital and maintenance programs needed to maintain and enhance the reliability of RSL's distribution system.

On an annual basis, RSL reviews capital projects identified for potential implementation and prioritizes each project based on guidelines defined in the Distribution System Plan. After examining all recommended projects, they are listed in order from higher to lower priority and then moved forward based on appropriate financial parameters.

- It is the responsibility of the CFO to coordinate the development of the operating budget, capital budget, forecast processes and pro-forma financial statements.
- The Operations Manager is responsible for preparing its operating budget, capital budget, and rolling forecasts.
- The President & CEO is responsible for presenting and recommending the budget to the Board of Directors for approval.
- It is the responsibility of the Board of Directors, on behalf of the shareholders, to approve the budget.

#### Economic Overview:

As a part of the budgeting process, inflation is taken into consideration when forecasting expenses for the coming year. The cost of living is based on the core inflation rate of 2% as published by the Bank of Canada for the fourth quarter of 2015. The Bank of Canada is a well-known, reliable and widely used source in establishing inflation rates, not to mention the prescribed interest rates approved by the OEB. The Central Bank's system provides a clear measure of the effectiveness of monetary policy, and increases the predictability of inflation. Note that, at page 16 of the Report of the Board entitled "Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach" issued October 18, 2012, the Board quotes the Bank of Canada as an objective source."

Economic conditions in RSL's service territory remain relatively unchanged from past years. Population has been consistent, based on Census data (2011, 2006 and 2001). Residential customers account for 86% of all RSL customers and 39% of kWh consumption since 2005.

The changes in RSL customer numbers have been small and inconsistent among customer classes over past years. While 2015 actual residential customer count is 2.5% higher than 2005 counts, GS <50 kW and GS 50 to 4,999 kW rate classes of 2015 saw a decline of 3.6% and 4.4% respectively compared to 2005.

The changes in the customer numbers are reflective of the overall business climate in this region. RSL is projecting a small increase in residential customer numbers and a continued small decrease in the GS<50 kW rate class. There is virtually no change in the other customer classes.

## **Ex.1/Tab 2/Sch.3 - Load Forecast Summary**

The load forecast presented at Exhibit 3 is based on a methodology which predicts class specific consumption using a multiple regression analysis that relates historical monthly wholesale kWh usage to monthly historical heating degree days and cooling degree days.

After testing numerous combinations and scenarios, RSL decided to use the following variables to yield reasonable results:

- Heating and Cooling Degree Days
- Number of Days Per Month
- Spring and Fall Flag
- Number of Holidays in The Month
- CDM Activity

More detailed model statistics can be found at Exhibit 3, Tab 1 Schedule 2.

Weather normalized values are determined by using the regression equation with an 11-year average monthly degree days (2005-2015). A 10-year average is consistent with recent years' weather and has been used in other electricity distribution rate applications and has been accepted by the Board. As RSL has an additional year of actual data available, we decided to include these numbers in the calculations.

Allocation to specific weather sensitive rate classes (Residential, GS<50, GS 50-4,999) is based on the average share of each classes' actual retail kWh (exclusive of distribution losses) of actual wholesale kWh for the 2005 to 2015 period.

The 2016 Load Forecast is presented in Table 1.2 and detailed explanations of the load forecast can be found in Exhibit 3.

**Table 1.2: Load Forecast  
 Customers or Connections**

Customer Class Name	2012 Board Approved	Test Year 2016	Variance \$	Variance %
Residential	5,016	5,066	50	1%
General Service < 50 kW	770	739	- 31	-4%
General Service 50 - 4999 kW	66	64	- 2	-3%
Sentinel Lighting	75	75	-	0%
Street Lighting	1,709	1,711	2	0%
Unmetered Scattered Loads	58	59	1	2%
<b>Total</b>	<b>7,694</b>	<b>7,714</b>	<b>20</b>	<b>0%</b>

**Metered kWh**

Customer Class Name	2012 Board Approved	Test Year 2016	Variance \$	Variance %
Residential	44,584,446	41,307,918	- 3,276,528	-7%
General Service < 50 kW	19,806,496	20,781,605	975,109	5%
General Service 50 - 4999 kW	38,166,401	39,831,072	1,664,671	4%
Sentinel Lighting	108,277	107,884	- 393	0%
Street Lighting	1,441,722	730,852	- 710,870	-49%
Unmetered Scattered Loads	429,961	572,371	142,410	33%
<b>Total</b>	<b>104,537,303</b>	<b>103,331,704</b>	<b>- 1,205,599</b>	<b>-1%</b>

**Billed kW**

Customer Class Name	2012 Board Approved	Test Year 2016	Variance \$	Variance %
General Service 50 - 4999 kW	126,652	116,927	- 9,725	-8%
Sentinel Lighting	301	299	- 2	-1%
Street Lighting	3,843	1,992	- 1,851	-48%
<b>Total</b>	<b>130,796</b>	<b>119,218</b>	<b>- 11,578</b>	<b>-9%</b>

## **Ex.1/Tab 2/Sch.4 - Rate Base and Capital Planning**

A rate base is the value of property on which a utility is permitted to earn a specified rate of return in accordance with rules set by the OEB. The rate base underlying RSL's revenue requirement includes a forecast of net fixed assets, plus a working capital allowance defined as 7.5% of the sum of the cost of power and controllable expenses. Controllable expenses include operations and maintenance, billing and collecting, and administration expenses.

The proposed Rate Base for the 2016 test year of \$7,040,705 reflects a decrease of \$51,738 from the 2012 Board Approved amount. The rate base suggests a modest and consistent investment in the distribution assets and is necessary in order to meet other regulatory requirements such as "obligation to connect" new growth, and the need to maintain high electrical safety standards. Table 1.3 below shows the derivation of the proposed 2016 rate base. This decrease in RSL's rate base is due to the decrease in the Working Capital Allowance from 14% in our last Cost of Service rate application to the Board-mandated rate of 7.5%. The comparison of Working Capital Allowance between the 2012 Board Approved and 2016 Test Year is shown in Table 1.4.

The main drivers for the Distribution System Plan ("DSP") are reliability and safety. There is little growth in our service territory, so the bulk of our capital spending is for the replacement of deteriorating infrastructure.

The utility is not proposing to recover any costs from any rate class for renewable energy connections/expansions, smart grid, and regional planning initiatives.

**Table 1.3: Rate Base**

Particulars	Board Appr 2012	Test Year 2016	Var \$	Var %
Net Capital Assets in Service:				
Opening Balance	5,349,238	5,623,023	273,785	5%
Ending Balance	5,369,839	5,872,734	502,895	9%
Average Balance	5,359,539	5,747,878	388,340	7%
Working Capital Allowance	1,732,905	1,292,827	- 440,078	-25%
Total Rate Base	7,092,444	7,040,705	- 51,738	-1%

**Table 1.4: Working Capital Allowance**

Expenses for Working Capital	Board Appr 2012	Test Year 2016	Var \$	Var %
Eligible Distribution Expenses:				
Distribution Expenses - Operation	219,000	311,123	92,123	42%
Distribution Expenses - Maintenance	395,500	399,157	3,657	1%
Billing and Collecting	455,500	544,820	89,320	20%
Community Relations	-	26,597	26,597	100%
Administrative and General Expenses	750,000	901,089	151,089	20%
Taxes other than Income Taxes	23,300	18,400	- 4,900	-21%
Total Eligible Distribution Expenses	1,843,300	2,201,186	357,886	19%
Power Supply Expenses	10,534,594	15,036,505	4,501,911	43%
Total Expenses for Working Capital	12,377,894	17,237,691	4,859,797	39%
Working Capital Factor	14%	7.5%		
Total Working Capital	1,732,905	1,292,827	- 440,078	-25%

As described in the Distribution System Plan, RSL’s capital expenditures are modest and consistent. RSL has identified the projects that exceed the materiality threshold, and has provided details about them in the DSP. The table below is the summary of RSL’s capital expenditures.

**Table 1.5: Capital Expenditure Summary**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Actual	Actual	Actual	Actual	Actual	Plan	Plan	Plan	Plan	Plan
Category	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
System Access	67	34	272	108	12	162				
System Renewal	196	292	86	184	488	217	389	390	412	247
System Service	14		71	4						77
General Plant	308	41	92	159	99	430	70	60	45	130
Capital Contributions	- 69	- 38	- 165	- 31	- 5	- 162				
<b>Total</b>	<b>516</b>	<b>329</b>	<b>356</b>	<b>424</b>	<b>594</b>	<b>647</b>	<b>459</b>	<b>450</b>	<b>457</b>	<b>454</b>

## Ex.1/Tab 2/Sch.5 - Overview of Operation Maintenance and Administrative Costs

RSL has assumed an inflation rate of 2% while determining OM&A for the Test Year. The increase of \$362,787 (20%) in OM&A spending from its 2012 Cost of Service to the 2016 Test Year can be attributed to several factors. First, it should be noted that RSL's request for OM&A during the 2012 Cost of Service application was \$1,891,728. If RSL had been granted the requested OM&A, the variance would have been 15.39%, Calculations of RSL's revenue requirement and the derivation of the revenue sufficiency can be found at Exhibit 6 and specifics surrounding the OM&A costs are presented at Exhibit 4. A summary of OM&A follows in Table 1.6.

**Table 1.6: Summary of Recoverable OM&A Expenses**

	Board Approved	2016 Test	Variance \$	Variance %
Operations	219,000	311,123	92,123	42%
Maintenance	395,500	399,157	3,657	1%
Billing and Collecting	455,500	544,820	89,320	20%
Community Relations	-	26,597	26,597	100%
Administrative and General	750,000	901,089	151,089	20%
<b>Total</b>	<b>1,820,000</b>	<b>2,182,787</b>	<b>362,787</b>	<b>20%</b>

### Summary of cost drivers:

#### Labour Costs:

Labour and burden in our 2012 Board-approved OM&A was \$1,096,941 (original request was reduced by \$40,000 as a result of settlement). Labour and burden in our proposed 2016 Test Year OM&A is \$1,267,478. This is an increase of \$170,537, or 15.5%. The following are factors that have increased costs:

#### Operations and Maintenance:

- Increases from new Union Contract signed in 2014
- Pay grade increases
- Half year co-op student in Operations and Maintenance
- Less labour allocated to Capital Projects

Billing and Collecting:

- Increased bad debts
- Increased costs due to the switch to monthly billing
- Software and hardware maintenance for smart meter collection

Administration:

- Costs related to building renovation
- Increases to Outside Services for Engineering, I.T. costs

Community Relations:

- School Education Program
- Customer Portal
- ESA Survey
- Customer Satisfaction Survey

**Ex.1/Tab 2/Sch.6 - Statement of Cost of Capital Parameters**

RSL has followed the Report of the Board on Cost of Capital for Ontario's Regulated Utilities, December 11, 2009 in determining the cost of capital.

In calculating the cost of capital, RSL has used the deemed capital structure of 56% long-term debt, 4% short-term debt, and 40% equity, and the Cost of Capital parameters in the OEB letter of October 15, 2015, for the allowed return on equity and where appropriate for debt.

RSL's cost of capital for 2016 has been calculated as 5.62%, as shown in Table: 1.7 below:

**Table: 1.7: Overview of Capital Structure**

<b>Particulars</b>	<b>Cost Rate</b>
	(%)
<b>Debt</b>	
Long-term Debt	3.36%
Short-term Debt	1.65%
<b>Total Debt</b>	3.25%
<b>Equity</b>	
Common Equity	9.19%
Preferred Shares	0
<b>Total Equity</b>	9.19%
<b>Total</b>	5.62%

## **Ex.1/Tab 2/Sch.7 - Overview of Cost Allocation and Rate Design**

The main objectives of a Cost Allocation study is to provide information on any apparent cross-subsidization among a distributor's rate classifications and to eventually be used in future rate applications.

RSL has prepared and is filing a cost allocation information filing consistent with the utility's understanding of the Directions, the Guidelines, the Model and the Instructions issued by the Board in November of 2006 and all subsequent updates.

RSL has prepared a Cost Allocation Study for 2016 based on an allocation of the 2016 test year costs (i.e., the 2016 forecast revenue requirement) to the various customer classes using allocators that are based on the forecast class loads (kW and kWh) by class, customer counts, etc. The proposed cost allocation is displayed in Table 1.8.

RSL has used the updated Board-approved Cost Allocation Model and followed the instructions and guidelines issued by the Board to enter the 2016 data into this model.

**Table 1.8: Proposed Allocation**

Class	Revenue Requirement - 2016 Cost Allocation Model - Line 40 from O1 in CA	2016 Base Revenue Allocated based on Proportion of Revenue at Existing Rates	Miscellaneous Revenue Allocated from 2016 Cost Allocation Model - Line 19 from O1 in CA	Total Revenue	Revenue Cost Ratio	Check Revenue Cost Ratios from 2015 Cost Allocation Model - Line 75 from O1 in CA	Proposed Revenue to Cost Ratio
Residential	1,945,929	1,609,983	176,636	1,786,619	91.81%	91.81%	92.19%
GS < 50 kW	499,418	523,093	43,643	566,735	113.48%	113.48%	113.48%
GS >50 to 4999 kW	442,360	474,033	34,811	508,845	115.03%	115.03%	115.03%
Street Lighting	93,622	109,632	10,272	119,904	128.07%	128.07%	120.00%
Sentinel Lighting	10,741	7,436	944	8,380	78.01%	78.01%	80.00%
Unmetered Scattered Load	14,742	15,063	1,267	16,330	110.77%	110.77%	110.77%
<b>TOTAL</b>	<b>3,006,812</b>	<b>2,739,240</b>	<b>267,572</b>	<b>3,006,812</b>			

Distribution revenue is derived through a combination of fixed monthly charges and volumetric charges based either on consumption (kWh) or demand (kW). Revenues are collected from 6 customer classes including: Residential, General Service less than 50 kW, General Service 50 to 4,999 kW, Unmetered Scattered Loads, Sentinel Lighting, and Street Lighting.

Fixed rate revenue is determined by applying the current fixed monthly charge to the number of customers or connections in each of the customer classes in each month. Variable rate revenue is based on a volumetric rate applied to meter readings for consumption or demand volume.

Existing volumetric rates include a component to recover allowances for transformer ownership.

Commodity Charges, deferral and variance rate riders, and RSL-specific other adders are added to the distribution rates to arrive at a final all-encompassing bill.

## **Ex.1/Tab 2/Sch.8 - Overview of Deferral and Variance Account Disposition**

RSL proposes to dispose of a credit of \$(317,197) related to Group 1 and Group 2 Variance/Deferral Accounts. This credit includes carrying charges up to and including April 30, 2016. RSL also proposes to dispose of the following;

- A debit balance of \$24,702 in account 1568 being the Lost Revenue Adjustment Mechanism Variance Account, and
- A credit of \$(23,031) being the balance of account 1592 for HST Tax Savings to be split 50/50 being RSL and customers. The credit to our customers is \$(11,515), and
- A debit of \$41,394 for the MDM/R-related costs from our smart meter implementation, and
- Residual balance left from the original disposition of Smart Meter costs of \$(232).

Group 1 and Group 2 DVA balances are proposed to be disposed of over 1 year. The balances for LRAMVA, PILS HST Tax Savings, and Smart Meter MDM/R costs are proposed to be disposed of over 1 year.

RSL has followed the OEB's guidance as provided in the OEB's Electricity Distributor's Disposition of Variance Accounts Reporting Requirements Report. As of December 31, 2014, RSL recorded principal balances in the following Board-approved deferral and variance accounts.

RSL is requesting the creation of the following new accounts:

- Account 1595 – Sub-account 2016 - Rate Rider for Disposition of Deferral/Variance Accounts (2016) – to be disposed of over 1 year.
- Account 1595 – Sub-account 2016 Global Adjustment - Rate Rider for Disposition of Global Adjustment (2016) – effective until April 30, 2017 Applicable only for non-RPP customers
- Account 1595 - Sub-account 2016 Group 2 Accounts - Rate Rider for Disposition of Group 2 Accounts (2016) – to be disposed of over 1 year.

- Account 1595 – Sub-account 2016 LRAMVA - Rate Rider for Recovery of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) – to be disposed of over 1 year.
- Account 1595 – Sub-account 2016 PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT - Rate Rider for Disposition of 1592 – to be disposed of over 1 year.

**Table 1.9: Account and Balances Sought for Disposition/recovery**

Account Descriptions	USoA #	Claim
Group 1 Accounts		
LV Variance Account	1550	(124,564)
Smart Metering Entity Charge Variance Account	1551	735
RSVA - Wholesale Market Service Charge	1580	2,256
RSVA - Retail Transmission Network Charge	1584	(120,893)
RSVA - Retail Transmission Connection Charge	1586	52,520
RSVA - Power (excluding Global Adjustment)	1588	(294,981)
RSVA - Global Adjustment	1589	137,711
Disposition and Recovery/Refund of Regulatory Balances (2010)	1595	(42)
Disposition and Recovery/Refund of Regulatory Balances (2011)	1595	(605)
Disposition and Recovery/Refund of Regulatory Balances (2012)	1595	26
Disposition and Recovery/Refund of Regulatory Balances (2013)	1595	4,061
Group 1 Sub-Total (including Account 1589 - Global Adjustment)		(343,775)
Group 1 Sub-Total (excluding Account 1589 - Global Adjustment)		(481,486)
Group 2 Accounts		
Other Regulatory Assets - Sub-Account - Deferred IFRS Transition Costs	1508	21,669
Retail Cost Variance Account - Retail	1518	(9,065)
Retail Cost Variance Account - STR	1548	13,973
Group 2 Sub-Total		26,577
Total of Group 1 and Group 2 Accounts		(317,197)
LRAM Variance Account	1568	24,703
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT	1592	(23,031)
Smart Meter Implementation - MDM/R Costs	1555	41,394
Smart Meter Implementation - Residual Amounts	1555	(232)
Total claim, all accounts		(274,363)

## Ex.1/Tab 2/Sch.9 - Overview of Bill Impacts

A summary of the bill impacts by class is presented below. Detailed explanations of the bill impacts are presented at Exhibit 8.

The bill impact varies by class. The Residential Class, based on consumption of 750 kWh, shows an increase of 0.85%. Low-use Residential customers, based on the 10<sup>th</sup> percentile of 304 kWh, show an increase of 6.06%. The reason for the disproportionate bill increase is because of the shift towards a fixed monthly distribution rate.

Other customer classes have increases that range from 0.36% for General Service < 50 kW to 3.5% for Sentinel Lights.

RSL's proposed 2016 revenue requirement is needed to remain in compliance with its regulators, and meet its mandate and commitment to provide safe, reliable cost-effective services and products achieving sustainable growth while respecting the community and the environment.

Bill Impacts by rate class are presented at the next page.

**Table 1.10: Bill Impacts**

Rate Class	Monthly	Monthly	# of Connections	Subtotal of A + B + C (Delivery)				Total Bill (Delivery+Regulatory+Commodity+HST)			
	kWh	kW		Current Board- Approved	Proposed	Change		Current Board- Approved	Proposed	Change	
				\$	\$	\$	%	\$	\$	\$	%
Residential TOU	750			46.73	47.26	0.53	1.14%	145.87	145.76	(0.12)	-0.08%
Residential Retailer	750			46.36	49.03	2.67	5.75%	131.78	134.08	2.29	1.74%
Residential TOU (Low usage)	304			27.25	30.25	3.00	11.00%	68.69	71.79	3.10	4.51%
Residential Retailer (Low usage)	304			27.11	30.97	3.86	14.25%	62.98	67.05	4.08	6.47%
General Service <50 kW TOU	2,000			103.85	105.01	1.16	1.12%	380.88	380.28	(0.60)	-0.16%
General Service <50 kW Retailer	2,000			102.87	109.73	6.85	6.66%	343.30	349.14	5.84	1.70%
General Service 50 to 4,999 kW	147,135	297		3,007.12	3,144.46	137.34	4.57%	22,046.79	22,111.38	64.58	0.29%
Street Lighting	22,825	62	690	3,560.92	3,946.89	385.97	10.84%	7,111.69	7,533.78	422.09	5.94%
Sentinel Lighting	294	1	2	27.94	31.46	3.52	12.58%	70.77	74.47	3.69	5.22%
Unmetered Scattered Load	727			36.97	36.56	(0.42)	-1.13%	137.75	136.59	(1.16)	-0.85%

# Customer Engagement

---

## **Ex.1/Tab 3/Sch.1 - Overview of Customer Engagement**

The Report of the Board, Renewed Regulatory Framework for Electricity Distributors: A Performance Based Approach (the “RRFE Report”) contemplates enhanced engagement between distributors and their customers to provide better alignment between distributor operational plans and customer needs and expectations. RSL always has, and always will, focus on its customers by striving to provide superior service to its customer base. RSL is also becoming more customer-centric by investing in new capabilities, programs, and technologies that allow us to communicate more effectively and efficiently with our customers. Some of our current initiatives to maintain or improve our level of customer engagement are as outlined on the next few pages.

**Table 1.11 – OEB Appendix 2 – AC**

Provide a list of customer engagement activities	Provide a list of customer needs and preferences identified through each engagement activity	Actions taken to respond to identified needs and preferences. If no action was taken, explain why.
Customer Satisfaction Survey	Consistent, reliable supply of electricity Accurate billing	Replacement of aging infrastructure, regular maintenance Maintain high percentage of accurate bills
Open House Meeting	No specific needs identified	
Meetings with Municipal Councils	Coordination with local municipalities	Adjustments to the Distribution System Plan to coordinate projects.
Newspaper Advertising	Customer desires for CDM programs to reduce their bills	CDM programs have been delivered.
Bill Inserts	Online access to account information, eBilling.	The bill inserts promote CDM programs, eBilling program, and municipal information.
Face To Face Meetings	Need for lower bills, local access.	We work with our customers, suggesting changes that can be made to reduce consumption. Our office is open to the public, and there are many customers who speak with us in person about their bills, local issues concerning electricity, and questions concerning their properties.
Website	Account access, eBilling, and general questions.	In response to customer demand, RSL added the functionality for online access to the website. The next change was the addition of eBilling functionality. Our website provides another convenient method for our customers to reach us. Emails can be sent to us 24/7, and are responded to quickly.
Twitter	RSL information, outage notifications.	Twitter is used to inform customers of scheduled and unscheduled outages. We also provide energy-saving tips.

## **Ex.1/Tab 3/Sch.2 - Customer Satisfaction Survey**

RSL conducted a customer satisfaction survey with its residential and GS<50 classes. RSL engaged UtilityPULSE to conduct an independent customer satisfaction survey for 2015. The survey asked on a wide range of topics, including: (a) power quality and reliability; (b) price; (c) billing and payment; (d) communications; and (e) the customer service experience. UtilityPULSE conducted the 2015 survey in April of 2015, with final results available in June 2015. The results are compiled into a final report outlining the overall customer satisfaction within the community as well as benchmarking the results against other Provincial and National participants. These results are then used to support internal discussions surrounding what is currently being done well, and what needs improvement.

With regard to the 2015 survey results, UtilityPULSE surveyed 368 responses, consisting of 85% residential and 15% commercial customers.

- RSL customer satisfaction ranking (pre-survey), 88%
- RSL customer satisfaction ranking (post-survey), 95%
- National customer satisfaction ranking, 89%
- Provincial customer satisfaction ranking, 86%

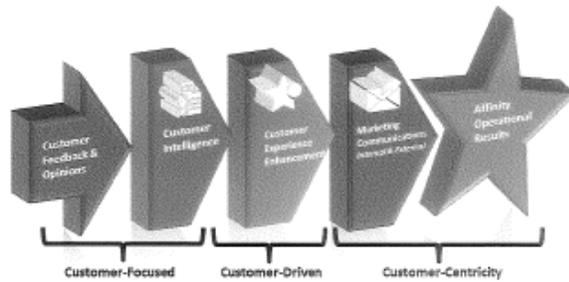
Copies of the Executive Summary consultant's report and the communication to RSL, is provided below. The complete report is provided as an Appendix 7 to this Exhibit.

## Survey Observations & Insights

Customer engagement is a key driver for the success of energy efficiency, demand response, adoption of smart energy technologies and other programs the LDC manages. The key to effective engagement lies in understanding customers' attitudes, want, needs, motivations, and in recognizing that customers are smart people. In an effort to engage with its customers, Rideau St. Lawrence Distribution Inc. commissioned UtilityPULSE to interview its customers via a telephone survey.

Chapter 5 of the Ontario Energy Board publication *"Filing Requirement's for Electricity Transmission and Distribution Applications"* (March 28, 2013) set out the requirements for performance outcomes in a number of areas. One of those areas, Customer Focus is defined as "services are provided in a manner that responds to identified customer preferences". Another area is Operational Effectiveness: "continuous improvement in productivity and cost performance is achieved; and utilities deliver on system reliability and quality objectives."

### Customer Engagement ROI



#### Customer Focus - Customer Satisfaction - Satisfaction Survey Results

In Ontario, the Ontario Energy Board (OEB) has made it clear Customer Satisfaction measurement will be part of an Electricity Distributor's reporting. Of the many reasons why every LDC should place a premium on satisfying customers, here are some of the important ones:

1. Every enterprise has an obligation to satisfy its customers
2. Economically, high levels of satisfaction lead to less customer complaints and less scrutiny (hence less cost)
3. As an effectiveness measure it prompts discussion about policies, procedures, planning, use of technology, and more
4. When things go wrong (and they do), customers with high levels of satisfaction handle the problem far better than customer with very low levels of satisfaction
5. For employees there is a morale boost when working in an organization with a high level of customer satisfaction
6. Customers (as well as others) have growing levels of expectations which means the things that satisfy customers today may not tomorrow.

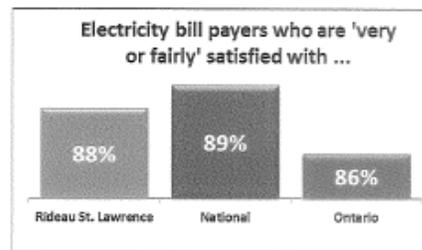


A focus on satisfaction prompts an organization to continue to evolve in ways that make sense to those that pay the bills. A focus on satisfaction is a focus on effectiveness in the delivery of service to the customer. Satisfied customers who trust their LDC may be more likely to seek advice i.e. energy efficiency methods, and may be more receptive to important messages i.e. safety, new capital projects, etc.

A word of caution to readers, please do not assume that great performance in an efficiency rating (such as answering the phone in 30 seconds) will lead to customer satisfaction. It will not. Answering the phone in 20 seconds but not solving the customer's problem is not going to change, for the better, the customer's perception about the transaction.

Efficiency ratings won't lead to satisfaction but they can lead to dissatisfaction. Taking 90 seconds to answer the phone will create an agitated customer who, for the most part starts off being dissatisfied with the service – before you've even had a chance to deal with or solve their problem.

- **Satisfaction** happens when utility core services meet or exceed customer's needs, wants, or expectations.
- **Loyalty** occurs when a customer makes an emotional connection with their electric utility on a diverse range of expectations beyond core services.



Base: total respondents

Customer expectations of their electricity LDC have evolved past the "provide electricity reliably, safely and billed both accurately with fair pricing". They do expect their LDC to be ethical, forward-thinking, competent and trustworthy.

In a nutshell:

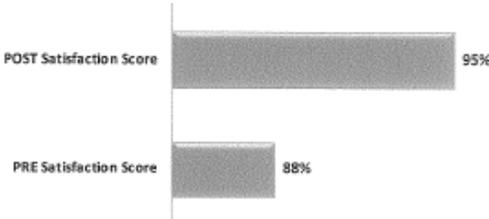
- Satisfaction is not a program, it is an outcome.
- **Efficiency** is about achieving objectives with the minimum amount of people, time, money and other resources.
- **Effectiveness** ratings are measures that keep the organization and its people more future focused than efficiency ratings
- Finding the right balance between efficiency and effectiveness measures is difficult.



In the Simul/UtilityPULSE Customer Satisfaction survey, the overall satisfaction question is asked both at the beginning (PRE) and the end (POST). Asking the general satisfaction question at the start of the survey avoids bias and we obtain a spontaneous rating. This allows measurement of customers' overall impressions of the utility prior to prompting them to think of specific aspects of the relationship.



Rideau St. Lawrence



Base: total respondents

### **Ex.1/Tab 3/Sch.3 – Front Desk Support**

RSL currently maintains front desk support allowing the customer and the utility to interact on a direct basis at our offices in Prescott and Morrisburg. Social interaction is still one of the best ways to be in close contact with the customer. People appreciate being heard and they enjoy giving feedback, which is conveniently done when paying your electrical bill at the front counter of your local utility.

With a front desk, information is exchanged regularly with every customer interaction. Data gathered through these interactions can then be used to improve business outcomes. In this sense, front desk staff becomes pivotal to the business and bridges the gap between the customer and other utility staff. RSL plans on continuing its front desk operations as a form of customer engagement and to ensure expected customer service levels are maintained.

### **Ex.1/Tab 3/Sch.4 – Publications**

The majority of RSL's customers receive a physical bill in the mail, and RSL takes advantage of this opportunity to communicate additional information via messages on the outside of the envelope, separate inserts, and messages on the bill itself. Many of these messages are coordinated with announcements from the OEB, IESO, and other agencies, and include information about retailers, rate changes, conservation and demand management programs, electrical safety, and references to our website and eBilling.

## Ex.1/Tab 3/Sch.5 – Meetings and Advertisements

RSL hosted a public forum that provided an opportunity for all customers to learn about the company's distribution system investment plans and the potential rate impacts associated with these plans. The forums were led by senior management who were well-informed of the issues at hand. The customers expressed support for the Distribution System Plan, in particular the intent to focus our spending on the replacement of aging infrastructure.

The meeting, held in our Prescott office, was advertised in local newspapers. An example of the ad appears below.



 **Open House**

Rideau St Lawrence Distribution Inc. is hosting an **Open House** at its office in Prescott on Thursday May 5<sup>th</sup> from 1 PM until 7PM to display their Five Year Capital Plan and provide our customers with the opportunity to see and comment on our plans to reinvest in the reliability and functionality of our distribution system.

Our Prescott office is located at **985 Industrial Road, Prescott.**

*Thank you.*

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

Additional communications were also issued in the forms of local newspaper advertisements. When customers are affected by upgrades and/or other special projects, notices are sent out in advance to customers providing specific and relevant information regarding the project at hand.

These notices are provided not only to inform customers of coming events, but to also provide a contact in case they have any comments, concerns or questions related to the project. The following figure is an example of notice that was sent out to advise customers of a project that occurred in their specific area.



**ANNOUNCEMENT**  
**POLE REPLACEMENT PROJECT**

**Working together**  
**RIDEAU ST LAWRENCE UTILITIES**  
**BELL CANADA**  
**EASTLINK**  
**ECO TREE CARE**

**WILL BE REPLACING THE UTILITY POLES  
THAT DELIVER YOUR SERVICES.  
THERE WILL BE INTERRUPTIONS IN YOUR SERVICE TO  
ALLOW FOR COMPLETION OF POLE REPLACEMENTS.**

**Construction Period: June 13, 2016 - August 15, 2016**

**This will affect Rideau St Lawrence Utilities customers.**

**Advance notice of interruptions and duration will be provided to the  
customers that are affected.**

**If there are any questions, please feel free to contact our office.  
613 925 3851**

## **Ex.1/Tab 3/Sch.6 – Conservation and Demand Management**

Conservation and Demand Management (“CDM”) work conducted by RSL includes a number of initiatives that involves outreach to our customers. Reaching out to customers through CDM programs helps customers to better understand their local utility, while they become more knowledgeable about energy conservation. RSL continues to participate in a number of community events to highlight CDM program offerings.

In addition to the above, a number of customers have expressed the need for extra consultation and assistance with various CDM programs. In response to this, utility staff makes direct contact with customers to assist them with their concerns and/or CDM program applications on an individual basis. These efforts provide a communication channel to energy conscious customers so that the needs and desires of these customers are better understood and addressed.

One extremely important CDM initiative that RSL has undertaken for the past several years is that of the Roving Energy Manager (“REM”) program. CHEC Association Members, including RSL, currently share a REM across their respective distribution territories in order to make this position as cost effective as possible. Key areas of responsibility for the REM include performing site visits, assessing potential areas for energy savings, and providing written reports where required.

The REM has been instrumental in assisting RSL with meeting its CDM goals and objectives, while engaging RSL’s institutional, commercial, and industrial customers. Under the REM program, a mutually beneficial relationship is created whereby the needs and wants of the utilities’ larger customers are satisfied through CDM offerings, while the REM becomes a significant resource of knowledge to the utility. At the present time, RSL expects the REM program to continue into the foreseeable future.

## **Ex.1/Tab 3/Sch.7 – Community Involvement**

It is important to RSL and its Shareholders that its employees support and give back to their community, and as such the utility participates in several community projects and events (at no cost to ratepayers) such as:

- Banners: RSL installs municipal banners to promote upcoming events.
- Santa Claus Parade: RSL participates in the annual parade in Prescott.
- Trade Fairs: RSL participates in local events, providing CDM information to customers.
- Retail Events: RSL participates with local stores, such as Canadian Tire, to promote programs such as Peak Saver.
- School Safety Program: RSL, with assistance from a third-party trainer, provides education programs on electric safety for local schools.

## **Ex.1/Tab 3/Sch.8 – Assistance Programs**

Financial Assistance Program: RSL provides support through partnerships with the province's Low-income Energy Assistance Program (LEAP) program. This emergency financial assistance program is designed to help low-income customers who have difficulty making their electricity bill payments. RSL partners with the Employment and Education Centre of Brockville, and the United Way of Cornwall to provide this assistance to our customers.

RSL works closely with local Social Services agencies, and we direct our customers to contact them when they are struggling with the payment of their bills. Through our regular conversations with the agencies, we learn about funding opportunities that become available.

The Ontario Energy Support Program began January 1, 2016, providing monthly credits to low income customers who register for the program. RSL has advertised this program through bill inserts, envelope messages, website advertising, and posters in our offices.

Although the program has been well advertised both by the OEB and by RSL, many customers do not realize that they can benefit from it. Our staff, when they see that they are dealing with a potentially low-income customer, recommend to the customer that they apply for the program.

RSL also offers the Home Assistance Program, which includes an in-home energy assessment and installation of energy efficient upgrades such as LED bulbs, Weather-Stripping, insulation in the attic or basement areas, low flow showerheads and other upgrades. This program requires participants to meet income eligibility requirements.

## **Ex.1/Tab 3/Sch.9 – Online Activities**

RSL has had a website for several years, and it has been a source of information for our customers. RSL considered the website to be acceptable, and we did not receive much feedback from our customers about it.

This situation has changed. Our customers, primarily through our Front Desk conversations, requested that RSL provide an enhanced website experience where customers can retrieve their consumption and billing information.

To satisfy this customer desire, RSL partnered with The ITM Group of Newmarket. ITM has been our website provider. The company offered us a Customer Portal with a direct link to our Harris NorthStar Customer Information System and to MDM/R data. Our customers can now see their time-of-use data, retrieve their bills, and see their account transactions. The portal and eBilling features were activated in the autumn of 2015.

In 2014, RSL opened a Twitter account. We use Twitter for several purposes:

- Outage updates
- Conservation Tips
- Retailer Information
- Links to other industry information

## **Ex.1/Tab 3/Sch.10 – Electrical Safety Authority Survey**

In January 2016, RSL, through a co-operative arrangement with CHEC, partnered with RedHead Media to conduct the first ESA Public Awareness Survey. RedHead surveyed people throughout our area, not just those who are RSL customers. The result of the survey was a Public Safety Awareness (“PSA”) score of 83.6%. RSL’s score was in line with other CHEC utilities’ scores that ranged between 81.5% and 84.6%.

## 1 SUMMARY

### Background and Objectives

In January 2016 Redhead Media Solutions Inc. (Redhead) was retained by Hydro Electric Concepts Inc. (CHEC) to conduct the 2016 Electrical Safety Authority's Public Awareness survey for 12 of its member Local Distribution Companies (LDCs) in Ontario. This survey is a required part of an LDC's Balanced Scorecard reporting to the Ontario Energy Board (OEB). For this project, Redhead partnered with a nationally recognized market research firm to assist with certain facets of the undertaking.

The complete group of participating CHEC LDCs are as follows:

- Centre Wellington Power
- Collus PowerStream
- Lakeland Power
- Midland PUC
- Niagara-on-the-Lake Hydro
- Orangeville Hydro
- Ottawa River Power
- Renfrew Hydro
- Rideau St. Lawrence Distribution
- Wasaga Distribution
- Wellington North Power
- West Coast Huron Energy

Additionally, Redhead also provided services for this project outside the CHEC group of LDCs.

**This final report contains data specifically for Rideau St. Lawrence Distribution (RSLD).**

This survey was comprised of approximately 400 randomly selected interviews per LDC with Ontario residents that are 18 years or older and residing in the required LDC **service territories**. The sample frame is stratified by age group and gender within the geographic location and weighted to be representative of the adult population within each LDC.

The objective of the survey is to provide a Public Safety Awareness (PSA) index score for each LDC. This is a calculated aggregate value based on the responses of individuals to six core measures in the survey instrument.

### Public Safety Awareness Index Score

LDC	Public Safety Awareness (PSA) Index Score
Rideau St. Lawrence Distribution	83.6%

# Financial Information

---

## **Ex.1/Tab 4/Sch.1 - Historical Financial Statements**

Historical Audited Financial Statements for the last 2 years have been included below.

- Year ended December 31, 2014
- Year ended December 31, 2015

---

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

---

**FINANCIAL STATEMENTS**

**December 31, 2014**



# RIDEAU ST. LAWRENCE DISTRIBUTION INC.

December 31, 2014

## CONTENTS

	Page
<b>INDEPENDENT AUDITORS' REPORT</b>	1
<b>FINANCIAL STATEMENTS</b>	
Balance Sheet	2
Statement of Operations and Retained Earnings	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 14





## INDEPENDENT AUDITORS' REPORT

To the Shareholder of  
Rideau St. Lawrence Distribution Inc.

We have audited the accompanying financial statements of Rideau St. Lawrence Distribution Inc., which comprise the balance sheet as at December 31, 2014, and the statements of operations and retained earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles for rate regulated entities and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by administration, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the balance sheet of Rideau St. Lawrence Distribution Inc. as at December 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for rate regulated entities.

**Craig Keen Despatie Markell LLP**

Cornwall, Ontario  
May 13, 2015

**Chartered Professional Accountants**  
Licensed Public Accountants

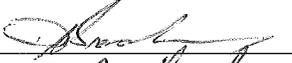
# RIDEAU ST. LAWRENCE DISTRIBUTION INC.

## BALANCE SHEET

As at December 31, 2014

	2014	2013
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 479,941	\$ 377,674
Investments (Note 3)	12,067	12,067
Accounts receivable	1,491,938	1,143,495
Unbilled revenue	1,618,540	1,684,762
Inventory	210,022	226,696
Payments-in-lieu of income taxes receivable	17,340	-
Prepaid expenses	171,537	149,539
Current portion of regulatory assets (Note 4)	10,886	275,217
	<b>4,012,271</b>	<b>3,869,450</b>
<b>REGULATORY ASSETS</b> (Note 4)	<b>551,685</b>	<b>819,572</b>
<b>CAPITAL</b> (Note 5)	<b>5,374,132</b>	<b>5,308,005</b>
	<b>\$ 9,938,088</b>	<b>\$ 9,997,027</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable	\$ 2,003,772	\$ 1,976,645
Customer deposits	37,654	27,306
Payments-in-lieu of income taxes payable	-	5,655
Current portion of regulatory liabilities (Note 4)	129,522	491,855
Advances from related parties (Note 6)	1,572,286	987,242
Current portion of callable debt (Note 7)	137,300	137,300
Current portion of long-term debt (Note 8)	35,320	35,320
	<b>3,915,854</b>	<b>3,661,323</b>
<b>CURRENT LIABILITIES BEFORE CALLABLE DEBT</b>	<b>3,915,854</b>	<b>3,661,323</b>
<b>CALLABLE DEBT</b> (Note 7)	<b>556,840</b>	<b>694,140</b>
	<b>4,472,694</b>	<b>4,355,463</b>
<b>CUSTOMER DEPOSITS</b>	<b>65,594</b>	<b>42,949</b>
<b>REGULATORY LIABILITIES</b> (Note 4)	<b>203,080</b>	<b>459,754</b>
<b>LONG-TERM DEBT</b> (Note 8)	<b>1,295,800</b>	<b>1,331,120</b>
	<b>6,037,168</b>	<b>6,189,286</b>
<b>SHAREHOLDER'S EQUITY</b>		
<b>CAPITAL STOCK</b> (Note 9)	<b>2,511,123</b>	<b>2,511,123</b>
<b>RETAINED EARNINGS</b>	<b>1,389,797</b>	<b>1,296,618</b>
	<b>3,900,920</b>	<b>3,807,741</b>
	<b>\$ 9,938,088</b>	<b>\$ 9,997,027</b>

**APPROVED ON BEHALF OF THE BOARD:**

	Director	<i>May 13, 2015</i>	Date
	Director	<i>MAY 13 / 2015</i>	Date

See Accompanying Notes



# RIDEAU ST. LAWRENCE DISTRIBUTION INC.

## STATEMENT OF OPERATIONS AND RETAINED EARNINGS

For the year ended December 31, 2014

	2014	2013
<b>REVENUE</b>	\$ 14,826,680	\$ 13,900,656
<b>COST OF ENERGY</b>	12,377,941	11,349,790
<b>GROSS MARGIN</b>	2,448,739	2,550,866
<b>OTHER INCOME</b>		
Interest improvement charges	9,598	11,136
Investment income	8,787	17,821
Late payment and other charges	176,920	149,562
Rentals	44,476	44,476
Special programs, net of cost	3,969	3,784
	243,750	226,779
<b>TOTAL REVENUE NET OF COST OF ENERGY</b>	2,692,489	2,777,645
<b>EXPENSES</b>		
Administration	854,914	760,605
Amortization	338,092	329,924
Billing and collecting	559,306	534,374
Interest improvement charges	7,157	44,473
Interest on long-term debt	82,357	86,196
Operation maintenance	579,824	617,720
	2,421,650	2,373,292
<b>INCOME BEFORE PAYMENTS-IN-LIEU OF INCOME TAXES</b>	270,839	404,353
<b>PAYMENTS-IN-LIEU OF INCOME TAXES (Note 10)</b>	17,660	34,457
<b>NET INCOME FOR THE YEAR</b>	253,179	369,896
<b>RETAINED EARNINGS, beginning of year</b>	1,296,618	1,056,722
	1,549,797	1,426,618
<b>DIVIDENDS</b>	160,000	130,000
<b>RETAINED EARNINGS, end of year</b>	\$ 1,389,797	\$ 1,296,618

See Accompanying Notes



# RIDEAU ST. LAWRENCE DISTRIBUTION INC.

## STATEMENT OF CASH FLOWS

For the year ended December 31, 2014

	2014	2013
<b>CASH FROM OPERATING ACTIVITIES</b>		
Net income for the year	\$ 253,179	\$ 369,896
Items not affecting cash and equivalent		
Amortization	338,092	329,924
Amortization on regulatory assets	22,075	22,075
Loss on disposal of capital assets	5,665	8,678
Net changes in non-cash working capital balances		
Accounts receivable	(348,443)	(124,785)
Unbilled revenue	66,222	(221,456)
Inventory	16,674	(14,702)
Payments-in-lieu of income taxes receivable	(17,340)	-
Prepaid expenses	(21,998)	74,069
Accounts payable	27,127	137,282
Payments-in-lieu of income taxes payable	(5,655)	(16,956)
Advances from related parties	585,044	18,769
	920,642	582,794
<b>CASH USED IN INVESTING ACTIVITIES</b>		
Additions to capital assets	(431,960)	(365,609)
Decrease in regulatory assets	532,218	651,229
Decrease in regulatory liabilities	(619,007)	(1,360,575)
	(518,749)	(1,074,955)
<b>CASH USED IN FINANCING ACTIVITIES</b>		
Repayments on long-term debt and callable debt	(172,619)	(172,619)
Increase (decrease) in customer deposits	32,993	(39,865)
Dividends paid	(160,000)	(130,000)
	(299,626)	(342,484)
<b>INCREASE (DECREASE) IN CASH</b>	<b>102,267</b>	<b>(834,645)</b>
<b>CASH, beginning of year</b>	<b>377,674</b>	<b>1,212,319</b>
<b>CASH, end of year</b>	<b>\$ 479,941</b>	<b>\$ 377,674</b>
<b>REPRESENTED BY:</b>		
Cash	\$ 479,941	\$ 377,674

See Accompanying Notes



# RIDEAU ST. LAWRENCE DISTRIBUTION INC.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014

### NATURE OF OPERATIONS

Rideau St. Lawrence Distribution Inc. ("the corporation") was incorporated under the Business Corporations Act (Ontario). The company is a regulated electricity distribution company operating in the Eastern Ontario Region.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The corporation follows Canadian generally accepted accounting principles for rate regulated entities under the authority of Acts of the Province of Ontario and permitted by the Ontario Energy Board ("OEB"), and include the following significant accounting policies:

(a) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Significant items subject to such estimates and assumptions include the estimated useful lives of capital assets, the valuation of allowances for doubtful accounts receivable, the valuation of inventories and the valuation of unbilled revenue. Actual results could differ from these estimates.

(b) Revenue recognition

Revenue from the sale of electricity represents the pass-through of the cost of power to the consumer as purchased by the corporation and is recognized when electricity is delivered to the customer. Electrical revenue is regulated by the OEB and includes charges to customers for the electricity commodity, the transmission of electricity and the administration of the wholesale electricity system.

Distribution revenue is charged to customers for the delivery of electricity, based on rates established by the OEB. Distribution revenue is recognized when electricity is delivered to the customer.

Unbilled revenue is the accrual for electricity sold between the last billing date and the year-end date. The unbilled revenue adjustment is the change between the opening and closing balances of unbilled revenue and is included in revenue.

Other income is recorded when services have been provided.

(c) Cash

Cash is defined as cash on hand and cash on deposit.

(d) Investments

Investments are recorded at cost. Market value approximates cost.

# RIDEAU ST. LAWRENCE DISTRIBUTION INC.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Inventory

Inventory is valued at the lower of cost and net realizable value. Inventory is recorded using the weighted average cost method.

(f) Capital

Capital assets are recorded at cost. Amortization is provided for on a straight-line basis at the following rates:

Buildings	50 years
Leasehold improvements	10 years
Distribution equipment	
Conductors	40 - 60 years
Meters	25 years
Poles	45 years
Smart meters	15 years
Substations	45 years
Transformers	45 years
Tools and equipment	10 years
Computer hardware and software	5 years
Vehicles	4 - 8 years

Capital items purchased for capital projects under construction are included in construction in progress and are not amortized until put into service.

Contributions and grants received in aid of construction are recorded as a deduction against capital assets. The amount is amortized on the same basis as the asset constructed and credited to amortization expense. No amortization is recorded until the asset is in use.

(g) Customer deposits

Deposits taken to guarantee the payment of power bills or contract performance are shown as a current or long-term liability depending on the terms of repayment.

# RIDEAU ST. LAWRENCE DISTRIBUTION INC.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (h) Net regulatory assets and liabilities

The Ontario Energy Board provided accounting guidelines to include or exclude costs, revenues, losses or gains in the rates of a specific period, resulting in accounting recognition that differs from an unregulated company under Canadian generally accepted accounting principles. Such differences involve the application of rate-regulated accounting resulting in the recognition of regulatory assets and liabilities.

Regulatory assets represent certain amounts receivable from future customers and costs that have been deferred for accounting purposes that are expected to be recovered in future rates. Regulatory liabilities represent funds received in different periods that have been deferred for accounting purposes that are expected to be adjusted in future rates or recognized as revenue in future periods. The corporation continually assesses the likelihood of recovery of each of its regulatory assets and liabilities into the setting of future rates. If the corporation determines that these regulatory assets and liabilities will no longer form part of future rates, the appropriate carrying amount would be included in the results of operations in the period that the assessment is made. Description of regulatory assets is as follows:

##### Retail settlement variance accounts

Retail settlement variance accounts are the net of sales and expenses incurred by the corporation for retail settlement after the commencement of market opening on May 1, 2002. The net sales and expenses are to be recovered through future rate changes, under Article 490 of the Ontario Energy Board Accounting Procedures Handbook. A return of capital is capitalized on these amounts based on Article 490.

#### (i) Corporate income and capital taxes

The corporation is exempt from taxes under the Income Tax Act (Canada) ("ITA") and the Ontario Corporations Tax Act ("OCTA").

Pursuant to the Energy Competition Act, the corporation is required to compute taxes under the ITA and OCTA and remit such amounts as payments in lieu of taxes.

The corporation provides for payments-in-lieu of corporate income taxes relating to its regulated businesses using the taxes payable method as directed by the Ontario Energy Board. Under the taxes payable method, no provisions are made for future income taxes as a result of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. When future income taxes become payable, it is expected that they will be included in the rates approved by the Ontario Energy Board and recovered from the customers of the corporation at that time.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2014

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(j) Financial instruments

(i) Fair value of financial instruments

The corporation has made the following classifications:

- (i) Cash and investments are classified as "held for trading." They are measured at fair value and any gains or losses resulting from the re-measurement at end of each period are recognized in net income.
- (ii) Accounts receivable are classified as "loans and receivables." They are recorded at cost, which upon their initial measurement is equal to their fair value. Subsequent measurements are recorded at amortized cost using the effective interest method.
- (iii) Accounts payables and customer deposits are classified as "financial liabilities." They are recorded at their cost which upon their initial measurement is equal to their fair value. Subsequent measurements are recorded at amortized cost using the effective interest method.

The carrying amounts reported on the balance sheet for cash, investments, accounts receivable, accounts payable and customer deposits, approximate fair values due to the immediate and short-term maturities of these financial instruments.

The fair value of long-term debt, including the current portion, is based on rates currently available to the corporation with similar terms and maturities and approximates its carrying amounts as disclosed on the balance sheet.

(ii) Comprehensive income

Comprehensive income consists of net income and other comprehensive income. Other comprehensive income represents the changes in the fair value of financial instruments which have not been included in net income. As the corporation did not have any adjustments to other comprehensive income during the year, the adoption of this standard does not have an impact on the financial statements.

**2. CHANGE IN ACCOUNTING STANDARDS**

The Chartered Professional Accountants of Canada, formerly the Canadian Institute of Chartered Accountants, announced that Canadian publicly accountable enterprises will be required to adopt International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") effective January 1, 2015. The corporation will apply IFRS to its financial statements commencing January 1, 2015 with restatement of the amounts recorded on the opening IFRS balance sheet as at January 1, 2014 for comparative purposes. While the corporation is currently developing an implementation plan for the adoption of IFRS, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

# RIDEAU ST. LAWRENCE DISTRIBUTION INC.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014

### 3. INVESTMENTS

The corporation holds 12,067 shares of Utilismart Corporation which have been recorded at cost.

### 4. REGULATORY ASSETS AND LIABILITIES

	2014	2013
<b>Regulatory assets</b>		
Retail settlement variance accounts	\$ 562,571	\$ 1,094,789
Less: current portion	10,886	275,217
	<b>\$ 551,685</b>	<b>\$ 819,572</b>

Retail settlement variance accounts include accrued interest earned of \$20,372 (2013 - \$134,342).

	2014	2013
<b>Regulatory liabilities</b>		
Retail settlement variance accounts	\$ 332,602	\$ 951,609
Less: current portion	129,522	491,855
	<b>\$ 203,080</b>	<b>\$ 459,754</b>

Retail settlement variance accounts include accrued interest costs of \$81,688 (2013 - \$74,846).

On September 25, 2014, the corporation filed an application with the Ontario Energy Board ("OEB") under the 4th Generation Incentive Regulation Mechanism ("IRM") for rates effective May 1, 2015. The application included a disposition of regulatory asset balances in the amount of \$658,376 to be recovered from customers.

The OEB issued its decision and order on March 19, 2015 for new rates effective May 1, 2015, which resulted in a 0.54% decrease for the average residential customer.

# RIDEAU ST. LAWRENCE DISTRIBUTION INC.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014

### 5. CAPITAL

	Cost	Accumulated Amortization	Net 2014	Net 2013
Land	\$ 84,205	\$ -	\$ 84,205	\$ 84,205
Buildings, leasehold improvements and fixtures	109,695	19,104	90,591	74,681
Distribution equipment	7,581,189	2,380,564	5,200,625	5,125,364
Tools and equipment	157,773	125,279	32,494	31,567
Computer hardware and software	700,123	508,895	191,228	161,433
Vehicles	679,898	376,969	302,929	340,487
Construction in process	15,775	-	15,775	16,270
	<b>9,328,658</b>	<b>3,410,811</b>	<b>5,917,847</b>	<b>5,834,007</b>
Less: Contributions in aid of construction	<b>(664,640)</b>	<b>(120,925)</b>	<b>(543,715)</b>	<b>(526,002)</b>
	<b>\$ 8,664,018</b>	<b>\$ 3,289,886</b>	<b>\$ 5,374,132</b>	<b>\$ 5,308,005</b>

### 6. ADVANCES FROM RELATED PARTIES

	2014	2013
Rideau St. Lawrence Services Inc.	\$ 51,571	\$ 50,393
Rideau St. Lawrence Utilities Inc.	1,177,684	593,818
Rideau St. Lawrence Holdings Inc.	343,031	343,031
	<b>\$ 1,572,286</b>	<b>\$ 987,242</b>

The corporation is related to Rideau St. Lawrence Utilities Inc. and Rideau St. Lawrence Services Inc. through common ownership. The corporation is a wholly-owned subsidiary of Rideau St. Lawrence Holdings Inc. Advances are interest-free, have no specific terms of repayment and are unsecured.

During the year, the corporation incurred administration, maintenance and other service expenditures with Rideau St. Lawrence Utilities Inc. Terms and conditions of transactions with Rideau St. Lawrence Utilities Inc. are covered by a Master Services Agreement dated May 26, 2004. Under this agreement, Rideau St. Lawrence Utilities Inc. provides specified services to the corporation on a fee for services basis.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2014

**7. CALLABLE DEBT**

		2014		2013
Bank loan, interest at prime, monthly payments of \$8,890 plus interest, due on demand, secured by smart meters and general security agreement	\$	602,265	\$	708,940
Bank loan, interest at prime, monthly payments of \$2,552 plus interest, due on demand, secured by vehicle and general security agreement		91,875		122,500
		<b>694,140</b>		831,440
Less: current portion		<b>137,300</b>		137,300
	<b>\$</b>	<b>556,840</b>	<b>\$</b>	<b>694,140</b>

The repayment of callable debt is as follows:

	2015	\$	137,300	
	2016		137,300	
	2017		137,300	
	2018		106,674	
	2019		106,674	
	Thereafter		68,892	
		<b>\$</b>	<b>694,140</b>	

The demand loans are classified as callable debt obligations where the lender has or retains the right to demand full payment of the obligation over the course of the loans. These amounts would not be repaid within one year unless the lender exercises their right to demand payment in full. The consolidated corporation provided a guarantee for the indebtedness up to \$1,350,000 dated July 31, 2014.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2014

**8. LONG-TERM DEBT**

		2014		2013
Loan payable, interest at 3.80%, payable in monthly payments of \$2,943 plus interest, due September 2019, secured by specific asset	\$	167,768	\$	203,088
Promissory note, Corporation of the Township of Edwardsburgh/Cardinal		225,000		225,000
Promissory note, Corporation of the Township of South Dundas		938,352		938,352
		<b>1,331,120</b>		1,366,440
Less: current portion		35,320		35,320
	<b>\$</b>	<b>1,295,800</b>	<b>\$</b>	<b>1,331,120</b>

The promissory notes bear interest at a rate determined by the Board of Directors not to exceed 7.25% per annum and are unsecured. The promissory notes are due to the shareholders of Rideau St. Lawrence Holdings Inc. Principal and interest shall be payable at the discretion of the Board of Directors. Interest rate at December 31, 2014 is 4.41%.

The repayment of long-term debt is as follows:

		2015		\$ 35,320
		2016		35,320
		2017		35,320
		2018		35,320
		2019		26,488
		Thereafter		1,163,352
	<b>\$</b>			<b>1,331,120</b>

**9. CAPITAL STOCK**

Authorized -

Unlimited common shares

		2014		2013
Issued -				
2,511,123 common shares	\$	2,511,123	\$	2,511,123



**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2014

**10. PAYMENTS-IN-LIEU OF INCOME TAXES**

The provision for payments-in-lieu of income taxes ("PIL's") differs from the amount that would have been recorded using the combined Canadian Federal and Ontario statutory income tax rate. A reconciliation between the statutory and effective tax rates is provided as follows:

	<b>2014</b>	<b>2013</b>
Income before PIL's	\$ 270,839	\$ 404,353
Federal and Ontario statutory income tax rates	<b>15.5 %</b>	15.5 %
PIL's at statutory rate	<b>41,980</b>	62,675
Decrease resulting from:		
Difference between capital cost allowance and amortization	<b>(25,198)</b>	(29,607)
Amortization charges on regulatory assets	-	3,421
Accounting loss on disposal of capital assets	<b>878</b>	1,345
Corporate minimum tax recovery	-	(3,377)
	<b>(24,320)</b>	(28,218)
Provision for PIL's	<b>\$ 17,660</b>	\$ 34,457
Effective income tax rate	<b>6.52 %</b>	8.52 %

As at December 31, 2014, future income tax assets of \$200,800 (2013 - \$206,100), based on current income tax rates, have not been recorded.

**11. CONTINGENCIES**

The corporation entered into an irrevocable standing letter of credit with a financial institution. The letter of credit is a prudential support obligation required by all small distribution companies in Ontario for the Independent Electricity System Operator ("IESO"). The prudential support obligation is calculated at \$681,809 which the corporation has not exercised as of December 31, 2014.

**12. FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

Liquidity risk

Liquidity risk is the risk that the corporation will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the corporation's cash requirements. Additional cash requirements are met with the use of the available operating line of credit and bank borrowings under long term credit arrangements. Available operating line of credit provides flexibility in the short-term to meet operational needs and bridge long-term financing.



---

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

---

**FINANCIAL STATEMENTS**

**December 31, 2015**

# RIDEAU ST. LAWRENCE DISTRIBUTION INC.

December 31, 2015

## CONTENTS

<b>INDEPENDENT AUDITORS' REPORT</b>	1
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	2
Statement of Comprehensive Income	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 32





CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To the Shareholders of  
Rideau St. Lawrence Distribution Inc.

We have audited the accompanying financial statements of Rideau St. Lawrence Distribution Inc., which comprise the statement of financial position as at December 31, 2015, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards for rate regulated entities and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by administration, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Rideau St. Lawrence Distribution Inc. as at December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

*CKDM LLP*

Cornwall, Ontario  
April 26, 2016

**Chartered Professional Accountants**  
Licensed Public Accountants

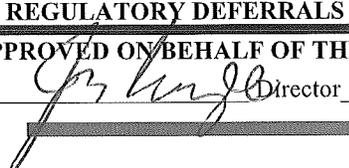
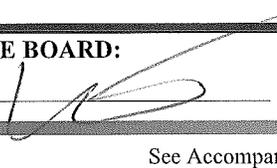
# RIDEAU ST. LAWRENCE DISTRIBUTION INC.

## STATEMENT OF FINANCIAL POSITION

As at December 31, 2015

	December 31, 2015	December 31, 2014	January 1, 2014
<b>ASSETS</b>			
<b>CURRENT</b>			
Cash	\$ 101,353	\$ 479,941	\$ 377,674
Investments (Note 5)	12,067	12,067	12,067
Accounts receivable (Note 6)	1,846,542	1,608,248	1,267,464
Unbilled energy revenue	1,426,699	1,618,540	1,684,762
Inventory (Note 7)	199,245	210,022	226,696
Payments in lieu of taxes receivable (Note 12)	7,503	17,340	-
Prepaid expenses	119,020	171,537	149,539
	3,712,429	4,117,695	3,718,202
<b>DEFERRED TAXES</b> (Note 12)	<b>178,755</b>	<b>204,894</b>	<b>225,511</b>
<b>PROPERTY, PLANT &amp; EQUIPMENT</b> (Note 8)	<b>5,669,573</b>	<b>5,404,473</b>	<b>5,308,004</b>
<b>TOTAL ASSETS</b>	<b>9,560,757</b>	<b>9,727,062</b>	<b>9,251,717</b>
<b>REGULATORY DEFERRALS</b> (Note 13)	<b>575,960</b>	<b>425,802</b>	<b>1,094,790</b>
<b>TOTAL ASSETS AND REGULATORY DEFERRALS</b>	<b>\$ 10,136,717</b>	<b>\$ 10,152,864</b>	<b>\$ 10,346,507</b>
<b>LIABILITIES</b>			
<b>CURRENT</b>			
Accounts payable (Note 11)	\$ 1,977,977	\$ 2,010,377	\$ 2,000,401
Payments in lieu of taxes payable (Note 12)	-	-	5,655
Current portion of customer deposits (Note 14)	109,868	147,360	127,517
Employee future benefits (Note 15)	28,608	26,561	24,740
Advances from related parties (Note 19)	1,554,968	1,572,286	987,243
Promissory notes (Note 16)	1,163,352	1,163,352	1,163,352
Current portion of long-term debt (Note 17)	172,620	172,620	172,700
<b>TOTAL CURRENT LIABILITIES</b>	<b>5,007,393</b>	<b>5,092,556</b>	<b>4,481,608</b>
<b>CONTRIBUTIONS IN AID OF CONSTRUCTION</b> (Note 9)	<b>34,722</b>	<b>30,342</b>	<b>-</b>
<b>CUSTOMER DEPOSITS</b> (Note 14)	<b>172,814</b>	<b>65,594</b>	<b>42,949</b>
<b>LONG-TERM DEBT</b> (Note 17)	<b>516,670</b>	<b>689,288</b>	<b>861,828</b>
<b>TOTAL LIABILITIES</b>	<b>5,731,599</b>	<b>5,877,780</b>	<b>5,386,385</b>
<b>SHAREHOLDERS' EQUITY</b>			
<b>SHARE CAPITAL</b> (Note 18)	<b>2,511,123</b>	<b>2,511,123</b>	<b>2,511,123</b>
<b>RETAINED EARNINGS</b>	<b>1,596,935</b>	<b>1,563,428</b>	<b>1,492,688</b>
<b>ACCUMULATED OTHER COMPREHENSIVE INCOME</b>	<b>4,702</b>	<b>4,702</b>	<b>4,702</b>
	4,112,760	4,079,253	4,008,513
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>9,844,359</b>	<b>9,957,033</b>	<b>9,394,898</b>
<b>REGULATORY DEFERRALS</b> (Note 13)	<b>292,358</b>	<b>195,831</b>	<b>951,609</b>
<b>TOTAL EQUITY, LIABILITIES AND REGULATORY DEFERRALS</b>	<b>\$ 10,136,717</b>	<b>\$ 10,152,864</b>	<b>\$ 10,346,507</b>

APPROVED ON BEHALF OF THE BOARD:

 Director
  Director
 26 APR 2016 Date

See Accompanying Notes



**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**  
**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended December 31, 2015

	2015	2014
<b>REVENUE</b>		
Electricity sales	\$ 16,020,549	\$ 14,805,394
Other charges	179,734	164,461
	<b>16,200,283</b>	<b>14,969,855</b>
<b>EXPENSES</b>		
Purchased power	13,517,734	12,377,941
Billing and collecting (Note 20)	539,526	602,298
Operations and maintenance (Note 20)	682,767	579,824
General and administrative (Note 20)	919,264	845,309
Depreciation and amortization	328,290	358,165
Loss on disposal of property, plant and equipment	5,529	5,665
	<b>15,993,110</b>	<b>14,769,202</b>
<b>INCOME FROM OPERATING ACTIVITIES</b>	<b>207,173</b>	<b>200,653</b>
<b>FINANCE INCOME</b> (Note 21)	<b>79,276</b>	<b>75,356</b>
<b>FINANCE COST</b> (Note 21)	<b>(86,709)</b>	<b>(93,783)</b>
<b>INCOME BEFORE PROVISION FOR PAYMENT IN LIEU OF TAXES</b>	<b>199,740</b>	<b>182,226</b>
<b>PROVISION FOR PAYMENTS IN LIEU OF TAXES</b>		
Current (Note 12)	10,429	17,660
Deferred (Note 12)	26,139	20,617
	<b>36,568</b>	<b>38,277</b>
<b>INCOME BEFORE REGULATORY DEFERRALS</b>	<b>163,172</b>	<b>143,949</b>
<b>NET MOVEMENT ON REGULATORY DEFERRAL ACCOUNTS</b>	<b>30,335</b>	<b>86,791</b>
<b>PROFIT FOR THE YEAR</b>	<b>\$ 193,507</b>	<b>\$ 230,740</b>

See Accompanying Notes



# RIDEAU ST. LAWRENCE DISTRIBUTION INC.

## STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2015

	Share Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total
<b>Balance at January 1, 2014</b>	\$ 2,511,123	\$ 4,702	\$ 1,492,688	\$ 4,008,513
Profit for the year	-	-	230,740	230,740
Dividends	-	-	(160,000)	(160,000)
<b>Balance at December 31, 2014</b>	<b>2,511,123</b>	<b>4,702</b>	<b>1,563,428</b>	<b>4,079,253</b>
Profit for the year	-	-	193,507	193,507
Dividends	-	-	(160,000)	(160,000)
<b>Balance at December 31, 2015</b>	<b>\$ 2,511,123</b>	<b>\$ 4,702</b>	<b>\$ 1,596,935</b>	<b>\$ 4,112,760</b>

See Accompanying Notes



# RIDEAU ST. LAWRENCE DISTRIBUTION INC.

## STATEMENT OF CASH FLOWS

For the year ended December 31, 2015

	2015	2014
<b>CASH FROM OPERATING ACTIVITIES</b>		
Profit for the year	\$ 193,507	\$ 230,740
Items not affecting cash and equivalent		
Depreciation and amortization	330,710	337,075
Amortization on regulatory assets	22,072	20,073
Loss on disposal of property, plant and equipment	5,529	5,665
Deferred taxes	26,139	20,617
Net changes in non-cash working capital balances		
Accounts receivable	(238,294)	(340,784)
Unbilled energy revenue	191,841	66,222
Inventory	10,777	16,674
Payments in lieu of taxes receivable	9,837	(17,340)
Prepaid expenses	52,517	(21,998)
Accounts payable	(32,400)	9,976
Customer deposits	69,728	42,488
Payments in lieu of taxes payable	-	(5,655)
Employee future benefits	2,047	1,821
	644,010	365,574
<b>CASH USED IN INVESTING ACTIVITIES</b>		
Additions to capital assets	(623,600)	(463,176)
Proceeds on disposal of property, plant and equipment	189	3,893
Changes in regulatory deferral account balances	(53,631)	(86,790)
Change in contributions in aid of construction	4,380	30,342
	(672,662)	(515,731)
<b>CASH (USED IN) FROM FINANCING ACTIVITIES</b>		
Repayments of long-term debt	(172,618)	(172,619)
Advances to related parties	(17,318)	585,043
Dividends paid	(160,000)	(160,000)
	(349,936)	252,424
<b>(DECREASE) INCREASE IN CASH</b>	<b>(378,588)</b>	<b>102,267</b>
<b>CASH, beginning of year</b>	<b>479,941</b>	<b>377,674</b>
<b>CASH, end of year</b>	<b>\$ 101,353</b>	<b>\$ 479,941</b>
<b>REPRESENTED BY:</b>		
Cash	<b>\$ 101,353</b>	<b>\$ 479,941</b>

See Accompanying Notes



# RIDEAU ST. LAWRENCE DISTRIBUTION INC.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

### 1. CORPORATE INFORMATION

Rideau St. Lawrence Distribution Inc. ("the Company") was incorporated under the Business Corporations Act (Ontario). The Company is a regulated electricity distribution corporation operating in its service area.

### 2. BASIS OF PREPARATION

#### (a) Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations as issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB.

These are the Company's first financial statements prepared in accordance with IFRS and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied. They should be read in conjunction with the 2014 Canadian generally accepted accounting principles ("Canadian GAAP") financial statements and related notes. In this context, the term "Canadian GAAP" refers to generally accepted accounting principles before the adoption of IFRS. An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in Note 26.

The financial statements were authorized for issue by the Board of Directors on April 26, 2016.

#### (b) Basis of measurement

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Canadian dollars, which is also the Company's functional currency, and all values are rounded to the nearest dollar, unless otherwise indicated.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment, complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

#### (c) Explanation of activities subject to rate regulation

Rideau St. Lawrence Distribution Inc., as an electricity distributor, is both licensed and regulated by the Ontario Energy Board "OEB" which has a legislative mandate to oversee various aspects of the electricity industry. The OEB exercises statutory authority through setting or approving all rates charged by the Company and establishing standards of service for the Company's customers.

The OEB has broad powers relating to licensing, standards of conduct and service and the regulation of rates charged by the Company and other electricity distributors in Ontario. The Ontario government enacted the Energy Competition Act, 1998, to introduce competition to the Ontario energy market. Rates are set by the OEB on an annual basis for May 1 to April 30.

#### Regulatory risk

Regulatory risk is the risk that the Province and its regulator, the OEB, could establish a regulatory regime that imposes conditions that restrict the electricity distribution business from achieving an acceptable rate of return that permits financial sustainability of its operations including the recovery of expenses incurred for the benefit of other market participants in the electricity industry such as transition costs and other regulatory assets. All requests for changes in electricity distribution charges require the approval of the OEB.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2015

**2. BASIS OF PREPARATION (Continued)**

(c) Explanation of activities subject to rate regulation (Continued)

Recovery risk

Regulatory developments in Ontario's electricity industry may affect distribution rates and other permitted recoveries in the future. The Company is subject to a cost of service regulatory mechanism under which the OEB establishes the revenues required:

- (i) to recover the forecast operating costs, including depreciation and amortization and income taxes, of providing the regulated service, and;
- (ii) to provide a fair and reasonable return on utility investment, or rate base.

As actual operating conditions may vary from forecast, actual returns achieved can differ from approved returns.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening IFRS Statement of Financial Position at January 1, 2014 for the purposes of the transition to IFRS, unless otherwise indicated.

(a) Regulatory deferral accounts

The Company has early adopted IFRS 14 Regulatory Deferral Accounts. In accordance with IFRS 14, the Company has continued to apply the accounting policies it applied in accordance with the pre-changeover Canadian GAAP for the recognition, measurement, and impairment of assets and liabilities arising from rate regulation. These are referred to as regulatory deferral account balances.

Regulatory deferral account debit balances represent future revenues associated with certain costs incurred in the current period or in prior period(s), that are expected to be recovered from consumers in future periods through the rate-setting process. Regulatory deferral account credit balances are associated with the collection of certain revenues earned in the current period or prior period(s), that are expected to be returned to consumers in future periods through the rate-setting process. Regulatory deferral account balances can arise from differences in amounts collected from customers (based on regulated rates) and the corresponding cost of non-competitive electricity service incurred by the Company in the wholesale market administered by the Independent Electricity System Operator (the "IESO") after May 1, 2002. These amounts have been accumulated pursuant to regulation underlying the Electricity Act and deferred in anticipation of their future recovery or expense in electricity distribution service charges.

Explanation of recognized amounts:

Regulatory deferral account balances are recognized and measured initially and subsequently at cost. They are assessed for impairment on the same basis as other non-financial assets as described below.

Management continually assesses the likelihood of recovery of regulatory assets. If recovery through future rates is no longer considered probable, the amounts would be charged to the results of operations in the period that the assessment is made.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2015

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(b) Revenue

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and that the revenue can be reliably measured. Revenue is comprised of sales and distribution of energy, pole use rental, collection charges, investment income, and other miscellaneous revenues.

Sale and distribution of energy:

The Company is licensed by the OEB to distribute electricity. As a licensed distributor, the Company is responsible for billing customers for electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties. The Company is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether the Company ultimately collects these amounts from customers. The Company has determined that they are acting as a principal for the electricity distribution and, therefore, have presented the electricity revenues on a gross basis.

Revenues from the sale and distribution of electricity is recognized on an accrual basis, including unbilled revenues accrued in respect of electricity delivered but not yet billed. Sale and distribution of energy revenue is comprised of customer billings for distribution service charges. Customer billings for distribution service charges are recorded based on meter readings.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

(d) Financial assets

Financial assets are classified as loans and receivables. These include cash and accounts receivable. Collectability of accounts receivable is reviewed on an ongoing basis. Accounts receivable which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable. The amount of the provision is the difference between the asset's carrying amount and the present value of future cash flows. The amount of the provision is recognized in the Statement of Comprehensive Income.

(e) Financial liabilities

Accounts payable and accrued liabilities, customer deposits, other payables, promissory notes, and long-term debt are classified as other financial liabilities. These liabilities are measured at amortized cost.

Customer deposits

Customers may be required to post security to obtain electricity or other services, which are refundable. Where the security posted is in the form of cash or cash equivalents, these amounts are recorded in the accounts as deposits, which are reported separately from the Company's own cash and cash equivalents. Deposits to be refunded to customers within the next fiscal year are classified as a current liability. Interest is paid on customer deposits at a rate of 1%. Also included in these balances are cash and securities lodged with the Company by counterparties under electricity supply agreements.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2015

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(f) Property, plant and equipment

Recognition and measurement

Property, plant and equipment (PP&E) are recognized at cost, being the purchase price and directly attributable costs of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including eligible borrowing costs.

Depreciation of PP&E is recorded in the Statement of Comprehensive Income on a straight-line basis over the estimated useful life of the related asset. The estimated useful lives, residual values, and depreciation methods are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The estimated useful lives are as follows:

Buildings	50	years
Leasehold improvements	10	years
Distribution equipment		
Conductors	40 - 60	years
Meters	25	years
Poles	45	years
Smart meters	15	years
Substations	45	years
Transformers	45	years
Tools and equipment	10	years
Office equipment	10	years
Computer hardware and software	5	years
Vehicles	4 - 8	years

Major spare parts

Major spares such as spare transformers and other items kept as standby/back up equipment are accounted for as PP&E since they support the Company's distribution system reliability.

Contributions in aid of construction

When an asset is received as a capital contribution, the asset is initially recognized at its fair value, with the corresponding amount recognized as contributions in aid of construction.

Gains and losses on disposal

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the net proceeds from disposal with the carrying amount of the asset, and are included in the Statement of Comprehensive Income when the asset is disposed. When an item of PP&E with related contributions in aid of construction is disposed, the remaining deferred revenue is recognized in full in the Statement of Comprehensive Income.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2015

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(g) Borrowing costs

The Company capitalizes interest expenses and other finance charges directly relating to the acquisition, construction, or production of assets that take a substantial period of time to get ready for its intended use. Capitalization commences when expenditures are being incurred, borrowing costs are being incurred, and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization will be suspended during periods in which active development is interrupted. Capitalization should cease when substantially all of the activities necessary to prepare the asset for its intended use or sale are complete.

(h) Impairment of non-financial assets

The Company conducts annual internal assessments of the values of property, plant and equipment and regulatory deferral account debit balances to determine whether there are events or changes in circumstances that indicate that their carrying amount may not be recoverable. Where the carrying amount exceeds its recoverable amount, which is the higher of the value in use and fair value less costs to sell, the asset is written down accordingly. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets to which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets. The Company has one cash-generating unit for which impairment testing is performed. An impairment loss is charged to the Statement of Comprehensive Income, except to the extent it reverses gains previously recognized in other comprehensive income.

(i) Employee future benefits

Defined contribution plan

The employees of the Company participate in the Ontario Municipal Employees Retirement System ("OMERS"). The Company also makes contributions to the OMERS plan on behalf of its employees. The plan has a defined benefit option at retirement available to some employees, which specifies the amount of the retirement benefit plan to be received by the employees based on length of service and rates of pay. However, the plan is accounted for as a defined contribution plan as insufficient information is available to account for the plan as a defined benefit plan. The contribution payable in exchange for services rendered during a period is recognized as an expense during that period. The Company is only one of a number of employers that participates in the plan and the financial information provided to the Company on the basis of the contractual agreements is usually insufficient to measure the Company's proportionate share in the plan assets and liabilities on defined benefit accounting requirements.

Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation on behalf of its designated retired employees unfunded life insurance is calculated by estimating the amount of future benefits that are expected to be paid out to determine its present value. Any unrecognized past service costs are deducted.

The calculation is reviewed every third year or when there are significant changes to workforce. When the calculation results in a benefit to the Company, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the Company if it is realizable during the life of the plan, or on settlement of the plan liabilities.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2015

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(i) Employee future benefits (Continued)

Defined benefit obligations are measured using the projected cost method discounted to its present value using yields available on high quality corporate bonds that have maturity dates approximating to the terms of the liabilities.

Remeasurements of the defined benefit obligation are recognized directly within equity in other comprehensive income. The remeasurements include actuarial gains and losses.

Service costs are recognized in the Statement of Comprehensive Income in operating expenses, and include current and past service costs as well as gains and losses on curtailments.

Net interest expense is recognized in the Statement of Comprehensive Income in finance expense, and is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the balance of the net defined benefit obligation, considering the effects of benefit payments during the period. Gains or losses arising from changes to defined benefits or plan curtailment are recognized immediately in the Statement of Comprehensive Income. Settlements of defined benefit plans are recognized in the period in which the settlement occurs.

(j) Payment in lieu of taxes payable

Tax status

The Company is a Municipal Electricity Utility ("MEU") for purposes of the payments in lieu of taxes ("PILs") regime contained in the Electricity Act, 1998. As a MEU, the Company is exempt from tax under the Income Tax Act (Canada) and the Corporations Act (Ontario).

Under the Electricity Act, 1998, the Company is required to make, for each taxation year, PILs to Ontario Electricity Financial Corporation ("OEFC"), commencing October 1, 2001. These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the Corporation Tax Act (Ontario) as modified by the Electricity Act, 1998, and related regulations.

Current and deferred tax

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in profit except to the extent that it relates to items recognized directly in equity or regulatory deferral account balances (See Note 12). Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2015

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(j) Payment in lieu of taxes payable (Continued)

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base. The amount of the deferred tax asset or liability is measured at the amount expected to be recovered from or paid to the taxation authorities. The amount is determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date and are expected to apply when the liabilities/(assets) are settled/(recovered). The Company recognizes deferred tax arising from temporary difference on regulatory deferral account balances.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized.

At the end of each reporting period, the Company reassesses both recognized and unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

(k) Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognized on the Company's Statement of Financial Position. Payments made under operating leases are recognized in the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

(l) Finance income and finance costs

Finance income is comprised of interest income on funds invested such as cash and short-term investments and interest charges on over due accounts receivable. Interest income is recognized as it accrues in the Statement of Comprehensive Income, using the effective interest method.

Finance cost is comprised of interest payable on debt, impairment losses recognized on financial assets and net interest on employee future benefits.

(m) Inventories

Cost of inventories is comprised of direct materials, which typically consists of distribution assets not deemed as major spares, unless purchased for specific capital projects in process or as spare units. Costs, after deducting rebates and discounts, are assigned to individual items of inventory on the basis of weighted average cost. Decommissioned assets that are transferred to inventory are tested for impairment once they are removed from service and placed in inventory. Inventory is recognized at the lower of cost and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2015

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- (n) Standards, amendments, and interpretation not yet effective

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements.

*IFRS 9, Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement*

IFRS 9 amends the requirements for classification and measurement of financial assets, impairment, and hedge accounting. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through profit or loss, and fair value through other comprehensive income. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The effective date for IFRS 9 is January 1, 2018. The Company is in the process of evaluating the impact of the new standard.

*IFRS 15, Revenue from Contracts with Customers*

IFRS 15 is based on the core principle to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 focuses on the transfer of control. IFRS 15 replaces all of the revenue guidance that previously existed in IFRS. The effective date for IFRS 15 is January 1, 2017. The Company is in the process of evaluating the impact of the new standard.

**4. USE OF ESTIMATES AND JUDGMENTS**

The Company makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**Employee future benefits**

The cost of post employment insurance benefits are determined using internal valuations. The valuation involves making various assumptions. Due to the complexity of the valuation, the underlying assumptions and its long term nature, post employment insurance benefits are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. See Note 15 Employee Future Benefits.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2015

**4. USE OF ESTIMATES AND JUDGMENTS (Continued)**

Payments in lieu of taxes payable

The Company is required to make payments in lieu of tax calculated on the same basis as income taxes on profit earned and capital taxes. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on the Company's current understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Accounts receivable impairment

In determining the allowance for doubtful accounts, the Company considers historical loss experience of account balances based on the aging and arrears status of accounts receivable balances.

**5. INVESTMENTS**

Investments represent holdings in Utilismart Corporation recorded using the cost method and includes 12,067 preferred payment shares. On January 31, 2016, Utilismart Corporation redeemed all outstanding shares owned by the Company for cash consideration of \$12,067.

**6. ACCOUNTS RECEIVABLE**

	December 31, 2015	December 31, 2014	January 1, 2014
Accounts receivable	\$ 1,593,527	\$ 1,223,882	\$ 1,088,143
Other accrued and miscellaneous receivable	45,273	74,657	97,318
Construction and trade receivable	40,294	59,469	18,238
HST receivable	17,448	158,603	-
Ontario Clean Energy Benefit	102,702	116,311	123,969
Hydro One receivable	126,298	108,326	47,796
	<b>1,925,542</b>	<b>1,741,248</b>	<b>1,375,464</b>
Less: Allowance for bad debts	<b>79,000</b>	<b>133,000</b>	<b>108,000</b>
	<b>\$ 1,846,542</b>	<b>\$ 1,608,248</b>	<b>\$ 1,267,464</b>

Due to its short-term nature, the carrying amount of accounts receivable approximates its fair value.

**7. INVENTORY**

The amount of inventories consumed by the Company and recognized as an expense during 2015 was \$1,458 (2014 - \$7,134). The Company capitalized \$81,228 (2014 - \$62,216) from inventories during the year.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2015

**8. PROPERTY, PLANT, AND EQUIPMENT**

	Land and buildings	Distribution equipment	Other fixed assets	Construction in-progress	Total
<b>Cost</b>					
Balance at January 1, 2014	\$ 158,886	\$ 4,599,361	\$ 533,487	\$ 16,270	\$ 5,308,004
Additions	18,611	285,881	158,684	-	463,176
Disposals	-	(9,064)	-	(495)	(9,559)
Balance at December 31, 2014	\$ 177,497	\$ 4,876,178	\$ 692,171	\$ 15,775	\$ 5,761,621
Additions	9,512	515,202	98,886	-	623,600
Disposals	-	(9,976)	-	-	(9,976)
<b>Balance at December 31, 2015</b>	<b>\$ 187,009</b>	<b>\$ 5,381,404</b>	<b>\$ 791,057</b>	<b>\$ 15,775</b>	<b>\$ 6,375,245</b>
<b>Depreciation</b>					
Balance at January 1, 2014	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation	2,701	188,926	165,521	-	357,148
Disposals	-	-	-	-	-
Balance at December 31, 2014	\$ 2,701	\$ 188,926	\$ 165,521	\$ -	\$ 357,148
Depreciation	2,909	185,055	164,818	-	352,782
Disposals	-	(4,258)	-	-	(4,258)
<b>Balance at December 31, 2015</b>	<b>\$ 5,610</b>	<b>\$ 369,723</b>	<b>\$ 330,339</b>	<b>\$ -</b>	<b>\$ 705,672</b>
<b>Carrying amounts</b>					
January 1, 2014	\$ 158,886	\$ 4,599,361	\$ 533,487	\$ 16,270	\$ 5,308,004
December 31, 2014	\$ 174,796	\$ 4,687,252	\$ 526,650	\$ 15,775	\$ 5,404,473
<b>December 31, 2015</b>	<b>\$ 181,399</b>	<b>\$ 5,011,681</b>	<b>\$ 460,718</b>	<b>\$ 15,775</b>	<b>\$ 5,669,573</b>

**9. CONTRIBUTIONS IN AID OF CONSTRUCTION**

The continuity of deferred contributions in aid of construction is as follows:

	December 31, 2015	December 31, 2014	January 1, 2014
<b>Deferred contributions, beginning of year</b>	<b>\$ 30,342</b>	<b>\$ -</b>	<b>\$ -</b>
Contributions in aid of construction received	5,200	30,723	-
Contributions in aid of construction recognized as distribution revenue	(820)	(381)	-
<b>Deferred contributions, end of year</b>	<b>\$ 34,722</b>	<b>\$ 30,342</b>	<b>\$ -</b>

All contributions in aid of construction are cash contributions. There has not been any contributions of property, plant and equipment.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2015

**10. CREDIT FACILITIES**

The Company has a line of credit, secured by a general security agreement, with an authorized limit of \$500,000 available under a facility agreement with a Canadian chartered bank. Interest on advances is calculated using the bank's prime rate per annum. As at December 31, 2015 the balance on this credit facility was \$Nil (2014 - \$NIL).

The Company entered in to an irrevocable standing letter of credit with a financial institution. The letter of credit is a prudential support obligation required by all small distribution companies in Ontario for the IESO. The prudential support obligation is calculated at \$681,809, which the Company has not exercised as at December 31, 2015.

**11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Major components of accounts payable and accrued liabilities consist of the following:

	December 31, 2015	December 31, 2014	January 1, 2014
Purchased power	\$ 1,120,459	\$ 1,361,919	\$ 1,243,957
Accounts payable and accruals	857,518	648,458	756,444
	<b>\$ 1,977,977</b>	<b>\$ 2,010,377</b>	<b>\$ 2,000,401</b>

Due to its short-term nature, the carrying amount of accounts payable and accrued liabilities approximates its fair value.

**12. PAYMENTS IN LIEU OF TAXES PAYABLE**

The significant components of the payments in lieu of taxes expense are as follows:

	2015	2014
<b>Current tax</b>		
Based on current year taxable income	\$ 10,429	\$ 17,660
<b>Deferred tax</b>		
Change in unrecognized deferred tax assets	26,139	20,617
<b>Total payments in lieu of taxes</b>	<b>\$ 36,568</b>	<b>\$ 38,277</b>

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2015

**12. PAYMENTS IN LIEU OF TAXES PAYABLE (Continued)**

The income tax expense varies from amounts which would be computed by applying the Company's combined statutory income tax rate as follows:

	2015	2014
Income before provision for PILs	\$ 199,740	\$ 182,226
Net movement on regulatory deferral accounts	30,335	86,791
	<b>230,075</b>	269,017
Statutory Canadian federal and provincial tax rate	<b>15.50 %</b>	15.50 %
Provision for PILs at statutory rate	35,662	41,698
Increase (decrease) in income tax resulting from:		
Difference between capital cost allowance and amortization	(26,542)	(24,916)
Change in future employee benefits	317	-
Other non-deductible amounts	135	-
Accounting loss on disposal of capital assets	857	878
Provision for payments in lieu of taxes	\$ 10,429	\$ 17,660
Effective tax rate	<b>4.53 %</b>	6.56 %

The movement in the deferred tax assets are:

	2015	2014
<b>Opening balance, January 1</b>	\$ 204,894	\$ 225,511
Recognized in net income	(26,139)	(20,617)
<b>Closing balance, December 31</b>	\$ 178,755	\$ 204,894
<b>Deferred tax assets are attributable to the following:</b>		
Property, plant, and equipment	\$ 174,321	\$ 200,777
Employee future benefits	4,434	4,117
<b>Deferred tax asset</b>	\$ 178,755	\$ 204,894

The utilization of this tax asset is dependent on future taxable profits in excess of profits arising from the reversal of existing taxable temporary differences. The Company believes that this should be recognized as it will be recovered through future services.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2015

**13. REGULATORY DEFERRAL ACCOUNT BALANCES**

All amounts deferred as regulatory deferral account debit balances are subject to approval by the OEB. As such, amounts subject to deferral could be altered by the regulators. Remaining recovery periods are those expected and the actual recovery or settlement periods could differ based on OEB approval. Due to previous, existing or expected future regulatory articles or decisions, the Company has the following amounts expected to be recovered by customers (returned to customers) in future periods and as such regulatory deferral account balances are comprised of:

	2014	Dispositions	Balances arising in the period	Recovery/ reversal	2015
<b>Regulatory deferral account debit</b>					
Energy East consultation cost	\$ -	\$ -	\$ 926	\$ -	\$ 926
IFRS transition costs	21,357	-	238	-	21,595
PILs tax variances	1,381	-	(1,381)	-	-
LRAMVA	-	-	-	7,168	7,168
Smart Meters	41,426	-	471	-	41,897
DVA 2011	1,516	(2,120)	605	-	1
DVA 2013	4,042	-	-	-	4,042
DVA 2014	-	-	2,203	-	2,203
DVA 2015	-	658,377	(24,543)	(174,797)	459,037
Retail settlement variances	320,036	(661,997)	341,961	-	-
	389,758	(5,740)	320,480	(167,629)	536,869
Miscellaneous deferred debits	36,044	2	3,045	-	39,091
	\$ 425,802	\$ (5,738)	\$ 323,525	\$ (167,629)	\$ 575,960
<b>Regulatory deferral account credit</b>					
Retail settlement variances	\$ -	\$ -	\$ 255,711	\$ -	\$ 255,711
LRAMVA	15,939	-	189	(16,128)	-
DVA 2010	2,900	(2,858)	-	-	42
DVA 2011	-	-	590	-	590
DVA 2012	2,854	(2,880)	(4)	1,234	1,204
DVA 2014	118,439	-	36,039	(154,478)	-
	140,132	(5,738)	292,525	(169,372)	257,547
Miscellaneous deferred credits	55,699	-	1,184	(22,072)	34,811
	\$ 195,831	\$ (5,738)	\$ 293,709	\$ (191,444)	\$ 292,358
<b>Net regulatory assets</b>	<b>\$ 229,971</b>	<b>\$ -</b>	<b>\$ 29,816</b>	<b>\$ 23,815</b>	<b>\$ 283,602</b>

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2015

**13. REGULATORY DEFERRAL ACCOUNT BALANCES (Continued)**

(a) Carrying charges

Carrying charges are calculated monthly on the opening balance of the applicable variance account using the prescribed interest rate as set by the OEB. During the year the Company recorded a net debit balance of \$4,790 (2014 - \$2,440) to the above regulatory accounts for carrying charges and the related net credit balance is included in finance income (Note 21). The prescribed interest rate history is as follows:

	Q1	Q2	Q3	Q4
2015 OEB quarterly prescribed interest rates	1.47%	1.10%	1.10%	1.10%
2014 OEB quarterly prescribed interest rates	1.47%	1.47%	1.47%	1.47%

(b) IFRS transition costs

The corporation uses this deferral account to record one-time administrative incremental IFRS transition costs, which are not already approved and included for recovery in distribution rates and the associated carrying charges.

(c) Energy East consultation costs

On June 13, 2014, the Board established this deferral account to record the Energy East Pipeline Project consultation costs.

(d) PILs tax variances

The PILs variance relates to the differences that have resulted from a legislative or regulatory change to the tax rates or rules assumed in the rate adjustment model.

(e) Smart Meters

Investments related to the costs for meter data management and repository ("MDM/R") undertaken as part of a project to maintain the meter readings obtained from smart meters.

(f) Deferral and Variance Accounts ("DVA")

The DVA is comprised of the cumulative balances of regulatory assets and regulatory liabilities approved for disposition by the OEB, reduced by amounts settled with customers through billing of approved disposition rate riders. The DVA is subject to carrying charges following the OEB prescribed methodology and rates.

(g) Retail settlement variances

Retail settlement variance accounts are comprised of the variances between amounts charged by the corporation to its customers, based on regulated rates, and the corresponding cost of non-competitive electricity service incurred by the corporation. The settlement variances relate primarily to service charges, non-competitive electricity charges and the global adjustment. Accordingly, the corporation has deferred the variances between the costs incurred and the related recoveries in accordance with the criteria set out in the accounting principals prescribed by the OEB. The balance for settlement variances continues to be calculated and attracts carrying charges in accordance with the OEB's direction.

(h) Lost Revenue Adjustment Mechanism Variance Account ("LRAMVA")

This variance account captures the difference between results of actual, verified impacts of authorized CDM activities undertaken and the level of CDM program activities included in the distributor's load forecast and therefore embedded into rates.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2015

**13. REGULATORY DEFERRAL ACCOUNT BALANCES (Continued)**

**Impact in the Absence of Regulatory Accounting**

The following impacts would be recognized in the financial statements in the absence of regulatory treatment:

	2015	2014
<b>Statement of Comprehensive Income:</b>		
Decrease (increase) in the sale of energy	\$ 85,716	\$ (334,502)
(Increase) decrease in distribution revenue	(83,608)	355,788
Increase in operating expenses	1,365	42,992
Increase in interest expense	4,790	2,440
Decrease in amortization	22,072	20,073
	<b>30,335</b>	<b>86,791</b>
<b>Statement of Financial Position:</b>		
Increase in retained earnings	229,971	143,180
	<b>\$ 260,306</b>	<b>\$ 229,971</b>

**14. CUSTOMER DEPOSITS**

Customer deposits represent cash deposits from electricity distribution customers. Deposits from electricity distribution customers are refundable to customers demonstrating an acceptable level of credit risk as determined by the Company in accordance with policies set out by the OEB or upon termination of their electricity distribution service.

	December 31, 2015	December 31, 2014	January 1, 2014
Customer deposits	\$ 181,124	\$ 103,248	\$ 70,255
Customer credit balances in trade receivables	101,558	109,706	100,211
	<b>282,682</b>	<b>212,954</b>	<b>170,466</b>
Less: long-term portion of customer deposits	172,814	65,594	42,949
Total current deposits	<b>\$ 109,868</b>	<b>\$ 147,360</b>	<b>\$ 127,517</b>

**15. EMPLOYEE FUTURE BENEFITS**

(a) Defined contribution plan

The employees of the Company participate in the Ontario Municipal Employee Retirement System ("OMERS"). Although the plan has a defined retirement benefit plan for employees, the related obligation of the corporation cannot be identified. The OMERS plan has several unrelated participating municipalities and costs are not specifically attributed to each participant. The employer portion of amounts paid to OMERS during the year was \$93,025 (2014 - \$84,870). The contributions were made for current service and these have been recognized in profit.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2015

**15. EMPLOYEE FUTURE BENEFITS (Continued)**

(b) Defined benefit plan

The Company provides certain unfunded life insurance benefits on behalf of its retired employees. These benefits are provided through a group defined benefit plan. The Company has reported its share of the defined benefit costs and related liabilities, as calculated by management, in these financial statements. The accrued benefit liability and the expense for the years ended December 31, 2015 and 2014 were based on results and assumptions determined as at December 31, 2015.

The plan is exposed to a number of risks, including:

Interest rate risk: decreases/increases in the discount rate used (high quality corporate bonds) will increase/decrease the defined benefit obligation.

Longevity risk: changes in the estimation of mortality rates of current and former employees.

Insurance cost risk: increases in cost of providing life insurance benefits.

Information about the group unfunded defined benefit plan as a whole and changes in the present value of the unfunded defined benefit obligation and the accrued benefit liability are as follows:

	2015	2014
<b>Opening balance January 1</b>	<b>\$ 26,561</b>	<b>\$ 24,740</b>
Current service cost	1,890	1,809
Interest cost	1,165	1,084
	<b>3,055</b>	2,893
Benefits paid during the year	<b>(1,008)</b>	(1,072)
<b>Net change for the year</b>	<b>2,047</b>	1,821
<b>Closing balance December 31</b>	<b>\$ 28,608</b>	<b>\$ 26,561</b>

The main actuarial assumptions underlying the valuation are as follows:

Assumptions			Reasonable possible change	Defined Benefit Obligation	
	2015	2014		Increase	Decrease
Discount rate	4.45 %	4.45 %	+/- 1%	\$ 3,592	\$ 3,112
Retirement Age	65	65	+/- 2 years	\$ 57	\$ 3,487

The weighted average duration of the defined benefit obligation at December 31, 2015 was 19.8 years (2014 - 20.3 years).

**16. PROMISSORY NOTES**

The promissory notes bear interest at a rate determined by the Board of Directors not to exceed 7.25% per annum, and are unsecured. The promissory notes are due to the shareholders of Rideau St. Lawrence Holdings Inc. Principal and interest shall be payable at the discretion of the Board of Directors. The interest rate as at December 31 was 4.41%. The fair value of this amount is the face amount of the liability. See note 19 for related party information.



**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2015

**17. LONG-TERM DEBT**

	December 31, 2015	December 31, 2014	January 1, 2014
Bank loan, interest at prime, monthly payments of \$8,890 plus interest, due on demand, secured by smart meters and a general security agreement	\$ 495,591	\$ 602,265	\$ 708,940
Bank loan, interest at prime, monthly payments of \$2,552 plus interest, due on demand, secured by vehicle and general security agreement	61,250	91,875	122,500
Loan payable, interest at 3.8%, payable in monthly payments of \$2,943 plus interest, due September 2019, secured by specific asset	132,449	167,768	203,088
	<b>689,290</b>	861,908	1,034,528
Less: current portion	<b>172,620</b>	172,620	172,700
	<b>\$ 516,670</b>	\$ 689,288	\$ 861,828

Principal repayments for each of the four subsequent years and thereafter are as follows:

2016	\$ 172,619
2017	172,619
2018	141,994
2019	202,057
	<b>\$ 689,290</b>

**18. SHARE CAPITAL**

(a) Ordinary shares

An unlimited number of common shares are authorized for issue. There are no preference shares.

As of December 31, 2015, that Company has issued and fully paid 2,511,123 (December 31, 2014: 2,511,123; January 1, 2014: 2,511,123) shares. The shares have no par value.

All shares are ranked equally with regards to the Company's residual assets.

(b) Movement in ordinary share capital

No movement in ordinary share capital has occurred during 2015 and 2014.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2015

**19. RELATED PARTY TRANSACTIONS**

**The ultimate parent**

The common shares of Rideau St. Lawrence Distribution Inc. are wholly owned by Rideau St. Lawrence Holdings Inc. The common shares of Rideau St. Lawrence Holdings Inc., the ultimate parent, are owned by the following corporations:

The Corporation of the Municipality of South Dundas	33.63%
The Corporation of the Township of Edwardsburgh/Cardinal	11.92%
The Corporation of the Village of Westport	9.92%
The Corporation of the Town of Prescott	34.53%
Canadian Niagara Power Company Limited	10%

Consequently, as the ultimate parent constitutes a local government, the Company is exempt from some of the general disclosure requirements of IAS 24 with relation to transactions with government-related parties, and has applied the government-related disclosure requirements.

**Transactions with related parties**

The following summarizes the Company's related party transactions for the year. These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent value for sales of product or provision of service.

**2015**

	The Corporation of the Municipality of South Dundas	The Corporation of the Township of Edwardsburgh / Cardinal	The Corporation of the Village of Westport	The Corporation of the Separated Town of Prescott	Canadian Niagara Power Company Limited
<b>Revenue</b>					
Electricity sales	\$ 548,448	\$ 263,422	\$ 211,989	\$ 355,524	\$ -
<b>Disbursements</b>					
Property taxes	\$ 2,536	\$ 757	\$ -	\$ 13,034	\$ -
Services	7,528	-	600	-	-
Note interest	41,381	9,923	-	-	-
	\$ 51,445	\$ 10,680	\$ 600	\$ 13,034	\$ -

# RIDEAU ST. LAWRENCE DISTRIBUTION INC.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

### 19. RELATED PARTY TRANSACTIONS (Continued)

2014

	The Corporation of the Municipality of South Dundas	The Corporation of the Township of Edwardsburgh / Cardinal	The Corporation of the Village of Westport	The Corporation of the Separated Town of Prescott	Canadian Niagara Power Company Limited
<b>Revenue</b>					
Electricity sales	\$ 568,366	\$ 218,043	\$ 203,141	\$ 305,237	\$ -
<b>Disbursements</b>					
Property taxes	\$ 2,505	\$ 749	\$ -	\$ 13,122	\$ -
Services	7,528	-	600	-	-
Note interest	41,381	9,923	-	-	-
	\$ 51,414	\$ 10,672	\$ 600	\$ 13,122	\$ -

During the year the Company paid dividends of \$160,000 (2014 - \$160,000) to Rideau St. Lawrence Holdings Inc. At the end of the year, the amounts due from and due (to) the shareholders of Rideau St. Lawrence Holdings Inc. are as follows:

2015

	The Corporation of the Municipality of South Dundas	The Corporation of the Township of Edwardsburgh / Cardinal	The Corporation of the Village of Westport	The Corporation of the Separated Town of Prescott	Canadian Niagara Power Company Limited
Trade receivable	\$ 38,378	\$ 46,474	\$ 21,797	\$ 48,640	\$ -
Trade payable	(15,118)	(2,481)	-	-	-
Promissory note	(938,352)	(225,000)	-	-	-
	\$ (915,092)	\$ (181,007)	\$ 21,797	\$ 48,640	\$ -

2014

	The Corporation of the Municipality of South Dundas	The Corporation of the Township of Edwardsburgh / Cardinal	The Corporation of the Village of Westport	The Corporation of the Separated Town of Prescott	Canadian Niagara Power Company Limited
Trade receivable	\$ 113,619	\$ 13,617	\$ 21,259	\$ 34,340	\$ -
Trade payable	-	(7,684)	-	(3,471)	-
Promissory note	(938,352)	(225,000)	-	-	-
	\$ (824,733)	\$ (219,067)	\$ 21,259	\$ 30,869	\$ -

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2015

**19. RELATED PARTY TRANSACTIONS (Continued)**

**Key management personnel compensation comprised:**

The key management personnel of the Company has been defined as members of its board of directors and executive management team members.

	2015		2014
Directors' fees	\$ 39,064	\$	43,698
Management compensation	403,013		386,460
	\$ 442,077	\$	430,158

**20. EXPENSES BY NATURE**

	2015		2014
<b>Billing and collecting</b>			
Bad debts	\$ 62,595	\$	87,535
Vehicle burden allocation	1,438		2,453
Outside services	202,129		178,489
Salaries and benefits	224,005		219,203
Supplies and other	49,359		114,618
	539,526		602,298
<b>Operations and maintenance</b>			
Materials, supplies, small tools	66,679		105,025
Outside services	67,808		56,807
Salaries and benefits	499,980		384,916
Training	11,858		125
Vehicle burden allocation	36,442		32,951
	682,767		579,824
<b>General and administration</b>			
General maintenance	61,316		69,757
Insurance	34,965		36,080
Other administration costs	144,174		111,372
Outside services	96,671		113,098
Property taxes	18,295		18,439
Regulatory	53,961		53,243
Salaries and benefits	509,882		443,320
	919,264		845,309
	\$ 2,141,557	\$	2,027,431

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2015

**21. FINANCE INCOME AND FINANCE COST**

	2015	2014
<b>Finance income</b>		
Interest earned on bank account	\$ 6,674	\$ 8,787
Interest on customer receivables	72,602	66,569
	<b>\$ 79,276</b>	<b>\$ 75,356</b>
<b>Finance costs</b>		
Interest on customer deposits	\$ 7,927	\$ 10,342
Interest on future employment benefits	1,165	1,084
Interest on promissory notes	51,304	51,304
Interest on long-term debt	26,313	31,053
	<b>\$ 86,709</b>	<b>\$ 93,783</b>

**22. COMMITMENTS**

Cornerstone Hydro Electric Concepts Association Inc. ("CHEC") is an association of fifteen LDCs modelled after a co-operative to share resources and proficiencies.

The Company may terminate its membership at any time upon the following terms:

- a) Giving written notice 60 days in advance of termination;
- b) And by making a pre-payment in full of the balance of its contract service costs to CHEC. The amount of the pre-payment costs shall be the total cost which the Company would have paid over the three year term of the agreement less amounts already paid to the date of the termination. The current three year term for the CHEC commitment goes to December 31, 2017. The pre-payment cost of termination is a settlement of the Company's obligation under the agreement by reason of termination of its membership before the expiry of the term. The amount is liquidated damages and not a penalty for early termination and is intended to leave the remaining members in the same position as if the Company had not terminated the agreement. As at December 31, 2015 the obligation to CHEC includes 2016 and 2017 membership dues of approximately \$18,513 per year, \$37,026 total.

**23. LIABILITY INSURANCE**

The corporation belongs to the Municipal Electric Association Reciprocal Insurance Exchange ("MEARIE"). MEARIE is a self-insurance plan that pools the risks of all of its members. Any losses experienced by MEARIE are shown amongst its members. As at December 31, 2015, the corporation has not been made aware of any assessments for losses. Insurance premiums charged to each member consist of a levy per thousand dollars of service revenue subject to a credit or surcharge based on each member's claims experience. The maximum coverage is \$24,000,000 for liability insurance, \$14,000,000 for property insurance, and \$15,000,000 for vehicle insurance.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2015

**24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Cash and cash equivalents are measured at fair value. The carrying values of accounts receivable and accounts payable approximate fair value because of the short maturity of these instruments. The carrying value of customer deposits approximates fair value because the amounts are payable on demand.

(a) Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to pay for its obligation. The maximum credit exposure is limited to the carrying amount of cash, accounts receivable, and unbilled energy revenue presented on the statement of financial position.

The Company limits its exposure to credit loss by placing its cash with a high credit quality financial institution. The Company maintains cash with only one major financial institution. Eligible deposits per financial institution are insured to a maximum basis insurance level of \$100,000, including principal and interest by the Canada Deposit Insurance Corporation.

The Company is exposed to credit risk related to accounts receivable and unbilled energy revenue arising from its day-to-day electricity and service revenue. Exposure to credit risk is limited due to the Company's large and diverse customer base. The Company has approximately 6,000 customers, the majority of which are residential. No single customer accounts for revenue in excess of 10% of total revenue. The corporation limits its credit risk by collecting deposits (see Note 14), purchasing commercial account credit insurance, following collection policies, monitoring accounts receivable aging, and utilizing collection agencies. The Ontario Energy Board has prescribed certain rules for the payment of deposits by customers who have shown good payment history for the previous 24 month period. The Company does not have any material accounts receivable balances greater than 90 days outstanding. The Company believes that its accounts receivable represent a low credit risk.

The carrying amount of accounts receivable is reduced through the use of an allowance for doubtful accounts and the amount of the related impairment loss is recognized in profit. The provision is based on account age and customer standing. Subsequent recoveries of receivables previously provisioned are credited to profit (see Note 6).

The value of accounts receivable, by age, and related bad debt provision are presented in the following table. Unbilled energy revenue which is not included in the table below is considered all current.

	2015	2014
Under 30 days	\$ 1,627,215	\$ 1,493,737
30 to 60 days	66,550	55,214
61 to 90 days	36,258	30,082
Over 90 days	195,519	162,215
	<b>1,925,542</b>	<b>1,741,248</b>
Less: Provision for doubtful receivables	<b>79,000</b>	<b>133,000</b>
<b>Total accounts receivable</b>	<b>\$ 1,846,542</b>	<b>\$ 1,608,248</b>

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2015

**24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)**

(b) Market risk:

The Company is not exposed to significant market risk given they do not have investments in foreign currency, and have minimal investment in interest bearing instruments.

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate fluctuations on its cash and unused bank credit facilities. The Company is protected from interest rate fluctuations on long-term debt, which bear fixed and variable rates of interest. As at December 31, 2015, if interest rates had been 1% lower or higher with all other variables held constant, net income for the year would not have been impacted materially.

(c) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company monitors its liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. The Company's objective is to ensure that it will have sufficient liquidity to meet obligations when they become due while minimizing interest exposure. The Company has access to a \$500,000 line of credit and monitors cash balances to ensure that sufficient levels of liquidity are on hand to meet financial commitments as they come due.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	Up to 3 months	Between 3 - 12 months	Between 1 - 5 years	Thereafter
Accounts payables	\$ 1,977,977	\$ -	\$ -	\$ -
Customers deposits	109,868	-	-	172,814
Promissory notes	-	-	-	1,163,352
Long-term debt	43,155	129,465	516,670	-
	<b>\$ 2,131,000</b>	<b>\$ 129,465</b>	<b>\$ 516,670</b>	<b>\$ 1,336,166</b>

**25. CAPITAL MANAGEMENT**

The main objectives of the Company, when managing capital, are to ensure ongoing access to funding to maintain and improve the electricity distribution system, prudent management of its capital structure with regard for recoveries of financing charges permitted by the OEB on its regulated electricity distribution business, and to deliver appropriate financial returns.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2015

**26. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS**

IFRS 1, First Time Adoption of International Financial Reporting Standards, requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was January 1, 2014. IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company will be December 31, 2015. However, it also provides for certain optional exemptions and certain mandatory exceptions for first-time IFRS adoption. Prior to transition to IFRS, the Company prepared its financial statement in accordance with Canadian generally accepted accounting principles ("pre-changeover Canadian GAAP").

The IFRS 1 applicable exemptions and exceptions applied in the conversion from pre-changeover Canadian GAAP to IFRS are as follows:

**Mandatory exceptions:**

*Derecognition of financial assets and liabilities*

The Company has applied the derecognition requirements in IAS 39 prospectively for transactions occurring on or after January 1, 2015. As a result, any non-derivative financial assets or non-derivative financial liabilities derecognized in accordance with pre-changeover Canadian GAAP as a result of a transaction that occurred before January 1, 2014, have not been recognized in accordance with IFRS unless they qualify for recognition as a result of a later transaction or event.

*Estimates*

The estimates previously made by the Company under pre-changeover Canadian GAAP were not revised for the application of IFRS, except where necessary to reflect any difference in accounting policy or where there was objective evidence that those estimates were in error. As a result, the Company has not used hindsight to revise estimates.

*Government loans*

The Company classifies government loans received as financial liabilities or equity instruments in accordance with IAS 32, Financial Instrument: Presentation. At the date of transition, these loans are measured at the pre-changeover Canadian GAAP carrying amount as a government grant. No benefit element is recognized for below market interest rate loans. The loans are subsequently measured using an effective interest rate calculated at the date of transition and the guidance in IAS 20, Accounting for Government Grants and Disclosure of Government Assistance is applied after the date of transition.

**Optional elections:**

*Business combinations*

The Company has elected not to retrospectively apply IFRS 3, Business Combinations, to business combinations that occurred prior to its Transition Date and such business combinations have not been restated.

*Borrowing costs*

The Company has elected to apply the transitional provisions of IAS 23, Borrowing Costs which permits prospective capitalization of borrowing costs on qualifying assets from the Transition Date.

# RIDEAU ST. LAWRENCE DISTRIBUTION INC.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

### 26. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

#### *Deemed cost for operations subject to rate regulation*

The Company has elected the deemed cost exemption applicable to entities subject to rate regulation as described under IFRS 1. The election permits the Company, at the date of transition to IFRS, to use the previous Canadian GAAP carrying amount of items of PP&E as deemed cost (thereby eliminating any accumulated depreciation balances existing at the date of transition); hence there will be no impact on retained earnings for opening balances of PP&E at the date of transition. In accordance with the election, the Company has tested these items of property, plant and equipment at the date of transition to IFRS. No impairment losses were recognized.

#### *Transfers of assets from customers*

The Company has elected to apply the IFRS 1 election to only apply IFRS 18 prospectively from the date of transition to non-repayable supply contribution made by customers.

#### **Reconciliations of pre-changeover Canadian GAAP equity and comprehensive income to IFRS**

IFRS 1 requires an entity to reconcile cash flows, equity, and comprehensive income for prior periods as shown below.

In the Statement of Cash Flows, there is a reclassification from the movement in regulatory assets and regulatory liabilities to a movement in the regulatory deferral account balance. These are both shown as movements within investing activities and as such do not result in material adjustments to the net cash flow balance.

The explanations for the impact of the transition to IFRS on the specific accounts is described below. Reconciliation of equity and comprehensive income as previously reported under Canadian GAAP to IFRS are provided below. Other than the employee future benefits and the related deferred taxes, all other items have no impact on equity or comprehensive income as they are reclassifications within the relevant statements.

#### **Retained earnings**

	December 31, 2014	January 1, 2014
Retained earnings as reported under Canadian GAAP	\$ 1,363,236	\$ 1,271,879
Adjustment to retained earnings:		
Deferred taxes	200,193	220,809
<b>Retained earnings as reported under IFRS</b>	<b>\$ 1,563,429</b>	<b>\$ 1,492,688</b>

#### **Accumulated Other Comprehensive Income**

	Year ended December 31, 2014
Accumulated Other Comprehensive income as reported under Canadian GAAP	\$ -
Adjustment for transition:	
Deferred taxes	4,702
<b>Accumulated Other Comprehensive income as reported under IFRS</b>	<b>\$ 4,702</b>

# RIDEAU ST. LAWRENCE DISTRIBUTION INC.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

### 26. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

(a) Regulatory assets and liabilities

Regulatory assets and liabilities that were recognized under pre-changeover Canadian GAAP have been reclassified to the regulatory deferral account balance as either a debit balance or a credit balance. This transitional adjustment is a reclassification on the Statement of Financial Position and has no impact on the Statement of Changes in Equity or the Statement of Comprehensive Income.

(b) Employee future benefits

Under IFRS, the Company recognizes remeasurements in Other Comprehensive Income. These amounts are not reclassified in subsequent periods. Employee benefits expected to be settled wholly within 12 months after the end of the reporting period are short-term benefits, and are not discounted. Under previous pre-changeover Canadian GAAP, the Company amortized the excess of the net actuarial gains or losses over 10% of the accrued benefit into the Statement of Comprehensive Income on a straight-line basis over the average remaining service period of active employees to full eligibility. At the date of transition, all previously unamortized actuarial gains or losses were recognized in retained earnings.

The transitional adjustment for employee future benefits results in a decrease in operating and increase in finance expenses and an increase in Other Comprehensive Income on the Statement of Comprehensive Income.

(c) Contributions in aid of construction

Under IFRS, contributions in aid of construction are recognized as deferred revenue and are amortized as revenue on a straight-line basis over the useful life of the constructed or contributed asset, in the Statement of Comprehensive Income. The impact of this transitional adjustment related to contributions in aid of construction is an increase in assets and an increase in liabilities on the Statement of Financial Position. On transition, \$30,342 was reclassified as deferred revenue from property plant & equipment.

(d) Borrowing costs

Borrowing costs that were not recognized as a regulatory asset or liability were previously expensed under pre-changeover Canadian GAAP. Under IFRS, borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Since the Company has elected to take the borrowing costs exemption, there is no transitional adjustment.

(e) Deferred taxes

The above changes have increased the deferred tax asset as follows based on a tax rate of 15.5%.

An explanation of how the transition from Canadian GAAP to IFRS has affected the Company's financial position and performance is set out in the following tables:

Opening, prior period reconciliation	Canadian GAAP January 1, 2014	IFRS Adjustments	IFRS January 1, 2014
<b>Assets and regulatory deferrals</b>			
Deferred taxes	\$ -	\$ 225,511	\$ 225,511
<b>Shareholders' equity</b>			
Retained earnings	\$ 1,271,879	\$ 220,809	\$ 1,492,688
Accumulated other comprehensive income	\$ -	\$ 4,702	\$ 4,702

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2015

**26. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)**

<u>Ending, prior period reconciliation</u>	<u>Canadian GAAP December 31, 2014</u>	<u>IFRS Adjustments</u>	<u>IFRS December 31, 2014</u>
<b>Assets and regulatory deferrals</b>			
Property, plant & equipment	\$ 5,374,131	\$ 30,342	\$ 5,404,473
Deferred taxes	\$ -	\$ 204,894	\$ 204,894
<b>Liabilities</b>			
Contributions in aid of construction	\$ -	\$ 30,342	\$ 30,342
<b>Shareholders' equity</b>			
Retained earnings	\$ 1,363,236	\$ 200,193	\$ 1,563,429
Accumulated other comprehensive income	\$ -	\$ 4,702	\$ 4,702
<b>Income statement</b>			
Deferred taxes	\$ -	\$ 20,617	\$ 20,617
Profit	\$ 251,358	\$ (20,617)	\$ 230,741

**Ex.1/Tab 4/Sch.2 - Reconciliation between Financial Statements and Results Field**

The values used in this application are the same as in our audited financial statements. RSL has included the annual mapping between the submitted RRR trial balance data and the Audited Financial Statements. The following reconciliations follow this page:

2013 – CGAAP

2014 – CGAAP

2014 – IFRS

2015 – IFRS

**Reconciliation to 2013 Financial Statements - CGAAP**

Trial Balance Mapped to Financial Statement Grouping: BALANCE SHEET					
Account	B/S Section	B/S Line Grouping	G/L Account Description	Current Year	Balance Sheet
<b>Assets</b>					
1005	Current Assets	Cash	Cash	376,723.93	
1010	Current Assets	Cash	Cash Advances and Working Funds	950.00	377,673.93
1070	Current Assets	Investments	Current Investments	12,067.20	12,067.20
1100	Current Assets	Accounts Receivable	Customer Accounts Receivable	1,091,384.19	
1102	Current Assets	Accounts Receivable	Accounts Receivable - Services	- 3,241.10	
1104	Current Assets	Accounts Receivable	Accounts Receivable - Recoverable Work	18,238.38	
1110	Current Assets	Accounts Receivable	Other Accounts Receivable	140,269.61	
1130	Current Assets	Accounts Receivable	Accumulated Provision for Uncollectible Accounts - Credit	- 108,000.00	
1190	Current Assets	Accounts Receivable	Miscellaneous Current and Accrued Assets	4,843.62	1,143,494.70
1120	Current Assets	Unbilled Revenue	Accrued Utility Revenues	1,684,762.15	1,684,762.15
1330	Current Assets	Inventory	Plant Materials and Operating Supplies	256,696.04	
2425	Current Assets	Inventory	Other Deferred Credits	- 30,000.00	226,696.04
2294	Current Assets	Payments-in-lieu of corporate taxation	Accrual for Taxes Payments in Lieu of Taxes, Etc.		-
1180	Current Assets	Prepaid Expenses	Prepayments	149,538.51	149,538.51
1595	Current Assets	Current Portion of regulatory assets	Disposition and Recovery of Regulatory Balances Control Account	275,216.51	275,216.51
1805	Capital	Capital	Land	84,205.25	
1808	Capital	Capital	Buildings and Fixtures	82,287.41	
1820	Capital	Capital	Distribution Station Equipment - Normally Primary below 50 kV	806,924.20	
1830	Capital	Capital	Poles, Towers and Fixtures	662,255.43	
1835	Capital	Capital	Overhead Conductors and Devices	2,076,737.82	
1840	Capital	Capital	Underground Conduit	44,466.82	
1845	Capital	Capital	Underground Conductors and Devices	896,152.24	
1850	Capital	Capital	Line Transformers	1,191,498.92	
1855	Capital	Capital	Services	292,215.38	
1860	Capital	Capital	Meters	1,334,121.40	
1910	Capital	Capital	Leasehold Improvements	8,796.45	
1920	Capital	Capital	Computer Equipment - Hardware	238,002.57	
1611	Capital	Capital	Computer Software	356,356.07	
1930	Capital	Capital	Transportation Equipment	633,404.29	
1940	Capital	Capital	Tools, Shop and Garage Equipment	151,347.22	
1955	Capital	Capital	Communication Equipment	-	
1995	Capital	Capital	Contributions and Grants - Credit	- 633,916.42	
2055	Capital	Capital	Construction Work in Progress-Electric	16,270.00	
2105	Capital	Capital	Accumulated Amortization of Electric Utility Plan - PP	- 2,933,120.67	5,308,004.38
1508	Regulatory Assets	Regulatory Assets	Other Regulatory Assets	21,063.95	
1518	Regulatory Assets	Regulatory Assets	RCVARetail		
1521	Regulatory Assets	Regulatory Assets	Special Purpose Charge Assessment Variance		
1548	Regulatory Assets	Regulatory Assets	RCVASTR	13,325.71	
1550	Regulatory Assets	Regulatory Assets	LV Variance Account	304,694.48	
1551	Regulatory Assets	Regulatory Assets	Smart Metering Entity Charge Variance Account	3,460.37	
1555	Regulatory Assets	Regulatory Assets	Smart Meter OM&A Variance	40,531.57	
1562	Regulatory Assets	Regulatory Assets	Deferred Payments in Lieu of Taxes		
1563	Regulatory Assets	Regulatory Assets	Deferred PILs Contra Account	3,305.59	
1568	Regulatory Assets	Regulatory Assets	LRAM Variance Account	8.77	
1575	Regulatory Assets	Regulatory Assets	IFRS - CGAAP Transitional PP&E Amounts		
1580	Regulatory Assets	Regulatory Assets	RSVAWMS		
1582	Regulatory Assets	Regulatory Assets	RSVAONE-TIME	39.10	
1584	Regulatory Assets	Regulatory Assets	RSVANW	184,891.19	

Rideau St. Lawrence Distribution Inc.  
EB-2015-0100  
Exhibit 1 – Administrative Documents  
Filed: October 21, 2016

Trial Balance Mapped to Financial Statement Grouping: BALANCE SHEET					
Account	B/S Section	B/S Line Grouping	G/L Account Description	Current Year	Balance Sheet
1586	Regulatory Assets	Regulatory Assets	RSVACN		
1588	Regulatory Assets	Regulatory Assets	RSVAPOWER	210,298.17	
1589	Regulatory Assets	Regulatory Assets	RSVAGA	17,346.56	
1590	Regulatory Assets	Regulatory Assets	Recovery of regulatory asset balances		
1592	Regulatory Assets	Regulatory Assets	PILS and Tax Variance	20,607.22	
1595	Regulatory Assets	Regulatory Assets	Disposition and Recovery of Regulatory Balances Control Account		819,572.68
<b>Liabilities</b>					
2205	Current Liabilities	Accounts Payable	Accounts Payable	- 159,429.28	
2208	Current Liabilities	Accounts Payable	Customer Credit Balances	- 100,211.18	
2220	Current Liabilities	Accounts Payable	Miscellaneous Current and Accrued Liabilities	- 1,508,834.93	
2250	Current Liabilities	Accounts Payable	Debt Retirement Charges (DRC) Payable	- 149,247.59	
2290	Current Liabilities	Accounts Payable	Commodity Taxes	- 23,137.36	
2292	Current Liabilities	Accounts Payable	Payroll Deductions/Expenses Payable	-	
2315	Current Liabilities	Accounts Payable	Accumulated Provision for Rate Refunds	123,969.43	
2405	Current Liabilities	Accounts Payable	Other Regulatory Liabilities	- 159,752.67	- 1,976,643.58
2210	Current Liabilities	Customer Deposits	Current Portion of Customer Deposits	- 27,305.62	- 27,305.62
2294	Current Liabilities	Payments-in-lieu of income taxes payable	Accrual for Taxes Payments in Lieu of Taxes, Etc.	- 5,654.00	- 5,654.00
1595	Current Liabilities	Current portion of regulatory liabilities	Disposition and Recovery of Regulatory Balances Control Account	- 491,855.20	- 491,855.20
2240	Current Liabilities	Advances from related parties	Accounts Payable to Associated Companies	- 987,242.72	- 987,242.72
2260	Current Liabilities	Current portion of callable debt	Current Portion of Long-Term Debt	- 137,299.04	- 137,299.04
2260	Current Liabilities	Current portion of long-term debt	Current Portion of Long-Term Debt	- 35,320.00	- 35,320.00
<b>Callable Debt</b>					
2520	Callable Debt	Callable Debt	Other Long Term Debt	- 122,500.16	
2525	Callable Debt	Callable Debt	Term Bank Loans - Long Term Portion	- 571,640.54	- 694,140.70
2335	Long Term Liabilities	Customer Deposits	Long Term Customer Deposits	- 42,948.67	- 42,948.67
1518	Regulatory Liabilities	Regulatory Liabilities	RCVA Retail	- 8,081.82	
1521	Regulatory Liabilities	Regulatory Liabilities	Special Purpose Charge Assessment Variance Account	- 387.64	
1550	Regulatory Liabilities	Regulatory Liabilities	LV Variance Account	- 3,228.02	
1555	Regulatory Liabilities	Regulatory Liabilities	Smart Meter Capital and Recovery Offset Variance Account	- 59,351.03	
1568	Regulatory Liabilities	Regulatory Liabilities	LRAM Variance Account	- 7,189.77	
1575	Regulatory Liabilities	Regulatory Liabilities	IFRS - CGAAP Transitional PP&E Amounts	- 44,145.00	
1580	Regulatory Liabilities	Regulatory Liabilities	RSVA WMS	- 214,465.39	
1586	Regulatory Liabilities	Regulatory Liabilities	RSVA CN	- 58,851.78	
1588	Regulatory Liabilities	Regulatory Liabilities	RSVAPOWER	- 27,569.37	
1589	Regulatory Liabilities	Regulatory Liabilities	RSVAGA	- 14,120.67	
1592	Regulatory Liabilities	Regulatory Liabilities	PILs and Tax Variance for 2006 and Subsequent Years	- 22,363.03	- 459,753.52
2550	Long Term Liabilities		Advances from Associated Companies	- 1,163,352.49	
2525	Long Term Liabilities	Long-Term Debt	Term Bank Loans - Long Term Portion	- 167,768.00	- 1,331,120.49
<b>Shareholder's Equity</b>					
3005	Shareholder's Equity	Capital Stock	Common Shares Issues	- 2,511,123.49	- 2,511,123.49
3045	Shareholder's Equity	Retained Earnings	Unappropriated Retained Earnings	- 1,056,723.73	
3046	Shareholder's Equity	Retained Earnings	Balance Transferred From Income	- 369,895.34	
3049	Shareholder's Equity	Retained Earnings	Dividends Payable-Common Shares	130,000.00	- 1,296,619.07

Rideau St. Lawrence Distribution Inc.  
 EB-2015-0100  
 Exhibit 1 – Administrative Documents  
 Filed: October 21, 2016

Trial Balance Mapped to Financial Statement Grouping: INCOME STATEMENT					
Account	I/S Section	I/S Line Grouping	G/L Account Description	Current Year	Income Statement
<b>Revenue</b>					
4006	Revenue	Revenue	Residential Energy Sales	- 3,470,826.73	
4010	Revenue	Revenue	Commercial Energy Sales	- 1,576,279.76	
4015	Revenue	Revenue	Industrial Energy Sales	- 3,028,148.17	
4025	Revenue	Revenue	Street Lighting Energy Sales	- 101,180.23	
4030	Revenue	Revenue	Sentinel Lighting Energy Sales	- 8,799.29	
4055	Revenue	Revenue	Energy Sales for Resale	- 1,054,458.06	
4062	Revenue	Revenue	Billed WMS	- 593,700.78	
4066	Revenue	Revenue	Billed NW	- 719,106.18	
4068	Revenue	Revenue	Billed CN	- 497,989.35	
4075	Revenue	Revenue	Billed - LV	- 262,891.54	
4076	Revenue	Revenue	Billed - Smart Metering Entity Charge	- 36,410.30	
4080	Revenue	Revenue	Distribution Services Revenue	- 2,522,100.92	
4082	Revenue	Revenue	Retail Services Revenues	- 6,345.38	
4084	Revenue	Revenue	Service Transaction Requests (STR) Revenues	- 79.50	
4086	Revenue	Revenue	SSS Administration Revenue	- 22,339.68	13,900,655.87
4705	Revenue	Cost of Energy	Power Purchased	9,239,692.24	
4708	Revenue	Cost of Energy	Charges-WMS	593,700.78	
4714	Revenue	Cost of Energy	Charges-NW	719,106.18	
4716	Revenue	Cost of Energy	Charges-CN	497,989.35	
4750	Revenue	Cost of Energy	Charges-LV	262,891.54	
4751	Revenue	Cost of Energy	Charges - Smart Metering Entity Charge	36,410.30	11,349,790.39
<b>Other Income</b>					
4225	Other Income	Late payment and other charges	Late Payment Charges	- 59,435.51	
4235	Other Income	Late payment and other charges	Miscellaneous Service Revenues	- 98,803.85	
4360	Other Income	Late payment and other charges	Loss on Disposition of Utility and Other Property	8,678.41	149,560.95
4210	Other Income	Rentals	Rent from Electric Property	- 44,476.38	44,476.38
4405	Other Income	Investment Income	Interest and Dividend Income	- 14,881.39	
4390	Other Income	Investment Income	Miscellaneous Non-Operating Income	- 2,940.00	17,821.39
4375	Other Income	Interest Improvement Charges	Revenues from Non-Utility Operations	- 11,135.85	11,135.85
4375	Other Income	Special programs, net of cost	Revenues from Non-Utility Operations	- 3,784.01	3,784.01
<b>Expenses</b>					
5605	Expenses	Administration	Executive Salaries and Expenses	274,159.12	
5615	Expenses	Administration	General Administrative Salaries and Expenses	136,432.34	
5620	Expenses	Administration	Office Supplies and Expenses	1,982.99	
5625	Expenses	Administration	Administrative Expense Transferred/Credit	17,882.00	
5630	Expenses	Administration	Outside Services Employed	74,713.25	
5635	Expenses	Administration	Property Insurance	14,340.18	
5640	Expenses	Administration	Injuries and Damages	19,798.56	
5655	Expenses	Administration	Regulatory Expenses	51,299.26	
5660	Expenses	Administration	General Advertising Expenses	-	
5665	Expenses	Administration	Miscellaneous General Expenses	90,719.14	
5670	Expenses	Administration	Rent	6,702.61	
5675	Expenses	Administration	Maintenance of General Plant	34,396.05	
5680	Expenses	Administration	Electrical Safety Authority Fees	5,334.19	
6035	Expenses	Administration	Other Interest Expense	12,602.29	
6105	Expenses	Administration	Taxes Other Than Income Taxes	18,685.81	
6215	Expenses	Administration	Penalties	1,556.82	760,604.61

Rideau St. Lawrence Distribution Inc.  
 EB-2015-0100  
 Exhibit 1 – Administrative Documents  
 Filed: October 21, 2016

Trial Balance Mapped to Financial Statement Grouping: INCOME STATEMENT					
Account	I/S Section	I/S Line Grouping	G/L Account Description	Current Year	Income Statement
5705	Expenses	Amortization	Amortization - Property, Plant, and Equipment	329,924.27	329,924.27
5310	Expenses	Billing and Collecting	Meter Reading Expense	32,950.39	
5315	Expenses	Billing and Collecting	Customer Billing	347,564.83	
5320	Expenses	Billing and Collecting	Collecting	51,369.25	
5325	Expenses	Billing and Collecting	Collecting-Cash Over and Short	- 1,036.54	
5330	Expenses	Billing and Collecting	Collection Charges	764.33	
5335	Expenses	Billing and Collecting	Bad Debt Expense	94,887.54	
5410	Expenses	Billing and Collecting	Community Relations-Sundry	7,873.88	534,373.68
6035	Expenses	Interest Improvement Charges	Interest and Dividend Income	44,472.72	44,472.72
6030	Expenses	Interest on Long-Term Debt	Interest on Debt to Associated Companies	51,303.83	
6035	Expenses	Interest on Long-Term Debt	Other Interest Expense	34,892.86	86,196.69
4380	Expenses	Operation Maintenance	Expenses of Non-Utility Operations	2,302.01	
5005	Expenses	Operation Maintenance	Operation Supervision and Engineering	105,974.17	
5012	Expenses	Operation Maintenance	Station Buildings and Fixtures Expense	976.16	
5016	Expenses	Operation Maintenance	Distribution Station Equipment-Operation labour	2,367.54	
5020	Expenses	Operation Maintenance	Overhead Distribution Lines and Feeders - Operation Labour		
5060	Expenses	Operation Maintenance	Street Lighting and Signal System Expense	84.75	
5065	Expenses	Operation Maintenance	Meter Expense	1,222.40	
5070	Expenses	Operation Maintenance	Customer Premises - Operation Labour	2,600.87	
5075	Expenses	Operation Maintenance	Customer Premises - Materials and Expenses	-	
5085	Expenses	Operation Maintenance	Miscellaneous Distribution Expense	36,059.22	
5095	Expenses	Operation Maintenance	Overhead distribution Lines and Feeders - Rental Paid	23,216.58	
5110	Expenses	Operation Maintenance	Maintenance of Buildings and Fixtures - Distribution Stations	765.42	
5114	Expenses	Operation Maintenance	Maintenance of Distribution Station Equipment	41,378.45	
5120	Expenses	Operation Maintenance	Maintenance of Poles, Towers and Fixtures	7,553.29	
5125	Expenses	Operation Maintenance	Maintenance of Overhead Conductors and Devices	212,822.39	
5130	Expenses	Operation Maintenance	Maintenance of Overhead Services	41,025.48	
5135	Expenses	Operation Maintenance	Overhead Distribution Lines and Feeders - Right of Way	64,563.07	
5150	Expenses	Operation Maintenance	Maintenance of Underground Conductors and Devices	6,429.20	
5155	Expenses	Operation Maintenance	Maintenance of Underground Services	26,812.19	
5160	Expenses	Operation Maintenance	Maintenance of Line Transformers	36,355.85	
5175	Expenses	Operation Maintenance	Maintenance of Meters	5,210.71	617,719.75
Payments -In-Lieu of Corporate Taxation					
6110	Payments -In-Lieu of Corporate Taxation	Payments -In-Lieu of Corporate Taxation	Income Taxes	34,457.00	34,457.00
<b>Total</b>					
				-	369,895.34

**Reconciliation to 2014 Financial Statements – CGAAP**

Trial Balance Mapped to Financial Statement Grouping: BALANCE SHEET					
Account	B/S Section	B/S Line Grouping	G/L Account Description	Current Year	Balance Sheet
Assets				RRR	Audited F/S
1005	Current Assets	Cash	Cash	478,990.98	
1010	Current Assets	Cash	Cash Advances and Working Funds	950.00	479,940.98
1070	Current Assets	Investments	Current Investments	12,067.20	12,067.20
1100	Current Assets	Accounts Receivable	Customer Accounts Receivable	1,212,387.69	
1102	Current Assets	Accounts Receivable	Accounts Receivable - Services	11,493.62	
1104	Current Assets	Accounts Receivable	Accounts Receivable - Recoverable Work	59,468.97	
1110	Current Assets	Accounts Receivable	Other Accounts Receivable	338,679.92	
1130	Current Assets	Accounts Receivable	Accumulated Provision for Uncollectible Accounts - Credit	(133,000.00)	
1190	Current Assets	Accounts Receivable	Miscellaneous Current and Accrued Assets	2,907.54	1,491,937.74
1120	Current Assets	Unbilled Revenue	Accrued Utility Revenues	1,618,539.87	1,618,539.87
1330	Current Assets	Inventory	Plant Materials and Operating Supplies	229,588.94	
2425	Current Assets	Inventory	Other Deferred Credits	(19,566.75)	210,022.19
1190	Current Assets	Payments-in-lieu of corporate taxation	Miscellaneous Current and Accrued Assets	17,340.00	17,340.00
1180	Current Assets	Prepaid Expenses	Prepayments	171,536.59	171,536.59
1595	Current Assets	Current Portion of regulatory assets	Disposition and Recovery of Regulatory Balances Control Account	10,885.64	10,885.64
1805	Capital	Capital	Land	84,205.25	
1808	Capital	Capital	Buildings and Fixtures	100,898.83	
1820	Capital	Capital	Distribution Station Equipment - Normally Primary below 50 kV	826,917.71	
1830	Capital	Capital	Poles, Towers and Fixtures	728,906.25	
1835	Capital	Capital	Overhead Conductors and Devices	2,134,558.11	
1840	Capital	Capital	Underground Conduit	68,746.59	
1845	Capital	Capital	Underground Conductors and Devices	959,019.53	
1850	Capital	Capital	Line Transformers	1,213,789.82	
1855	Capital	Capital	Services	296,775.38	
1860	Capital	Capital	Meters	1,352,476.00	
1910	Capital	Capital	Leasehold Improvements	8,796.45	
1920	Capital	Capital	Computer Equipment - Hardware	251,246.28	
1611	Capital	Capital	Computer Software	448,876.65	
1930	Capital	Capital	Transportation Equipment	679,898.46	
1940	Capital	Capital	Tools, Shop and Garage Equipment	157,773.23	
1995	Capital	Capital	Contributions and Grants - Credit	(664,639.71)	
2055	Capital	Capital	Construction Work in Progress-Electric	15,775.00	
2105	Capital	Capital	Accumulated Amortization of Electric Utility Plan - PP	(3,289,886.90)	5,374,132.93
1508	Regulatory Assets	Regulatory Assets	Other Regulatory Assets	21,356.87	
1548	Regulatory Assets	Regulatory Assets	RCVASTR	13,775.25	
1550	Regulatory Assets	Regulatory Assets	LV Variance Account	146,174.29	
1551	Regulatory Assets	Regulatory Assets	Smart Metering Entity Charge Variance Account	4,250.64	
1555	Regulatory Assets	Regulatory Assets	Smart Meter OM&A Variance	41,172.80	
1563	Regulatory Assets	Regulatory Assets	Deferred PILs Contra Account	1,380.50	
1582	Regulatory Assets	Regulatory Assets	RSVAONE-TIME	39.10	
1584	Regulatory Assets	Regulatory Assets	RSVANW	97,376.07	
1588	Regulatory Assets	Regulatory Assets	RSVAPOWER	4,523.02	
1589	Regulatory Assets	Regulatory Assets	RSVAGA	200,731.61	
1592	Regulatory Assets	Regulatory Assets	PILS and Tax Variance	20,905.18	551,685.33

Rideau St. Lawrence Distribution Inc.  
EB-2015-0100  
Exhibit 1 – Administrative Documents  
Filed: October 21, 2016

Trial Balance Mapped to Financial Statement Grouping: BALANCE SHEET					
Account	B/S Section	B/S Line Grouping	G/L Account Description	Current Year	Balance Sheet
<b>Liabilities</b>					
2205	Current Liabilities	Accounts Payable	Accounts Payable	(139,514.82)	
2208	Current Liabilities	Accounts Payable	Customer Credit Balances	(109,706.03)	
2220	Current Liabilities	Accounts Payable	Miscellaneous Current and Accrued Liabilities	(1,688,628.16)	
2250	Current Liabilities	Accounts Payable	Debt Retirement Charges (DRC) Payable	(79,144.05)	
2290	Current Liabilities	Accounts Payable	Commodity Taxes	(775.30)	
1190	Current Liabilities	Accounts Payable	Miscellaneous Current and Accrued Assets	116,310.55	
2405	Current Liabilities	Accounts Payable	Other Regulatory Liabilities	(102,310.78)	(2,003,768.59)
2210	Current Liabilities	Customer Deposits	Current Portion of Customer Deposits	(37,653.69)	(37,653.69)
1595	Current Liabilities	Current portion of regulatory liabilities	Disposition and Recovery of Regulatory Balances Control Account	(129,521.90)	(129,521.90)
2240	Current Liabilities	Advances from related parties	Accounts Payable to Associated Companies	(1,572,286.13)	(1,572,286.13)
2260	Current Liabilities	Current portion of callable debt	Current Portion of Long-Term Debt	(137,300.00)	(137,300.00)
2260	Current Liabilities	Current portion of long-term debt	Current Portion of Long-Term Debt	(35,319.04)	(35,319.04)
<b>Callable Debt</b>					
2525	Callable Debt	Callable Debt	Term Bank Loans - Long Term Portion	(556,841.16)	(556,841.16)
2335	Long Term Liabilities	Customer Deposits	Long Term Customer Deposits	(65,594.31)	(65,594.31)
1508	Regulatory Assets	Regulatory Liabilities	Other Regulatory Assets		
1518	Regulatory Assets	Regulatory Liabilities	RCVARetail	(8,930.49)	
1521	Regulatory Assets	Regulatory Liabilities	Special Purpose Charge Assessment Variance	(393.28)	
1550	Regulatory Assets	Regulatory Liabilities	LV Variance Account	(51.23)	
1568	Regulatory Assets	Regulatory Liabilities	LRAM Variance Account	(15,938.57)	
1575	Regulatory Assets	Regulatory Liabilities	IFRS-CGAAP Transitional PP&E Amounts	(22,072.00)	
1580	Regulatory Assets	Regulatory Liabilities	RSVAWMS	(68,208.65)	
1586	Regulatory Assets	Regulatory Liabilities	RSVACN	(2,804.47)	
1588	Regulatory Assets	Regulatory Liabilities	RSVAPOWER	(61,994.71)	
1592	Regulatory Assets	Regulatory Liabilities	PILS and Tax Variance	(22,687.03)	(203,080.43)
2550	Long Term Liabilities	Long-Term Debt	Advances from Associated Companies	(1,163,352.49)	
2525	Long Term Liabilities	Long-Term Debt	Term Bank Loans - Long Term Portion	(132,448.50)	(1,295,800.99)
<b>Shareholder's Equity</b>					
3005	Shareholder's Equity	Capital Stock	Common Shares Issues	(2,511,123.49)	(2,511,123.49)
3045	Shareholder's Equity	Retained Earnings	Unappropriated Retained Earnings	(1,296,619.07)	
3046	Shareholder's Equity	Retained Earnings	Balance Transferred From Income	(253,179.67)	
3049	Shareholder's Equity	Retained Earnings	Dividends Payable-Common Shares	160,000.00	(1,389,798.74)

Rideau St. Lawrence Distribution Inc.  
 EB-2015-0100  
 Exhibit 1 – Administrative Documents  
 Filed: October 21, 2016

Trial Balance Mapped to Financial Statement Grouping: INCOME STATEMENT					
Account	I/S Section	I/S Line Grouping	G/L Account Description		Income Statement
<b>Revenue</b>					
4006	Revenue	Revenue	Residential Energy Sales	(3,818,091.80)	
4010	Revenue	Revenue	Commercial Energy Sales	(1,751,464.90)	
4015	Revenue	Revenue	Industrial Energy Sales	(3,564,996.32)	
4025	Revenue	Revenue	Street Lighting Energy Sales	(101,100.80)	
4030	Revenue	Revenue	Sentinel Lighting Energy Sales	(9,818.20)	
4055	Revenue	Revenue	Energy Sales for Resale	(984,757.76)	
4062	Revenue	Revenue	Billed WMS	(659,216.31)	
4066	Revenue	Revenue	Billed NW	(700,939.56)	
4068	Revenue	Revenue	Billed CN	(596,000.10)	
4075	Revenue	Revenue	Billed - LV	(137,499.75)	
4076	Revenue	Revenue	Billed - Smart Metering Entity Charge	(54,055.90)	
4080	Revenue	Revenue	Distribution Services Revenue	(2,422,428.35)	
4082	Revenue	Revenue	Retail Services Revenues	(6,564.08)	
4084	Revenue	Revenue	Service Transaction Requests (STR) Revenues	(81.00)	
4086	Revenue	Revenue	SSS Administration Revenue	(19,664.69)	(14,826,679.52)
4705	Revenue	Cost of Energy	Power Purchased	7,560,951.21	
4707	Revenue	Cost of Energy	Global Adjustment	2,669,278.57	
4708	Revenue	Cost of Energy	Charges-WMS	659,216.31	
4714	Revenue	Cost of Energy	Charges-NW	700,939.56	
4716	Revenue	Cost of Energy	Charges-CN	596,000.10	
4750	Revenue	Cost of Energy	Charges-LV	137,499.75	
4751	Revenue	Cost of Energy	Charges - Smart Metering Entity Charge	54,055.90	12,377,941.40
<b>Other Income</b>					
4225	Other Income	Late payment and other charges	Late Payment Charges	(66,569.21)	
4235	Other Income	Late payment and other charges	Miscellaneous Service Revenues	(116,016.30)	
4360	Other Income	Late payment and other charges	Loss on Disposition of Utility and Other Property	5,664.92	(176,920.59)
4210	Other Income	Rentals	Rent from Electric Property	(44,476.38)	(44,476.38)
4405	Other Income	Investment Income	Interest and Dividend Income	(8,116.25)	
4390	Other Income	Investment Income	Miscellaneous Non-Operating Income	(671.25)	(8,787.50)
4405	Other Income	Interest Improvement Charges	Interest and Dividend Income	(9,597.57)	(9,597.57)
4375	Other Income	Special programs, net of cost	Revenues from Non-Utility Operations	(3,321.57)	
4380	Other Income	Special programs, net of cost	Expenses from Non-Utility Operations	(647.42)	(3,968.99)
<b>Expenses</b>					
5605	Expenses	Administration	Executive Salaries and Expenses	285,374.44	
5615	Expenses	Administration	General Administrative Salaries and Expenses	159,921.25	
5620	Expenses	Administration	Office Supplies and Expenses	5,681.00	
5625	Expenses	Administration	Administrative Expense Transferred/Credit	36,222.00	
5630	Expenses	Administration	Outside Services Employed	101,284.05	
5635	Expenses	Administration	Property Insurance	18,098.80	
5640	Expenses	Administration	Injuries and Damages	17,980.70	
5655	Expenses	Administration	Regulatory Expenses	53,243.46	
5665	Expenses	Administration	Miscellaneous General Expenses	93,256.12	
5670	Expenses	Administration	Rent	3,070.39	
5675	Expenses	Administration	Maintenance of General Plant	41,749.65	
5680	Expenses	Administration	Electrical Safety Authority Fees	4,385.83	
6035	Expenses	Administration	Other Interest Expense	10,342.44	
6105	Expenses	Administration	Taxes Other Than Income Taxes	18,439.00	
6205	Expenses	Administration	Donations	3,500.00	
6215	Expenses	Administration	Penalties	2,364.50	854,913.63

Rideau St. Lawrence Distribution Inc.  
EB-2015-0100  
Exhibit 1 – Administrative Documents  
Filed: October 21, 2016

Trial Balance Mapped to Financial Statement Grouping: INCOME STATEMENT					
Account	I/S Section	I/S Line Grouping	G/L Account Description	Income Statement	
5705	Expenses	Amortization	Amortization - Property, Plant, and Equipment	338,092.28	338,092.28
5310	Expenses	Billing and Collecting	Meter Reading Expense	50,123.86	
5315	Expenses	Billing and Collecting	Customer Billing	355,175.22	
5320	Expenses	Billing and Collecting	Collecting	59,798.61	
5325	Expenses	Billing and Collecting	Collecting-Cash Over and Short	(106.78)	
5330	Expenses	Billing and Collecting	Collection Charges	634.32	
5335	Expenses	Billing and Collecting	Bad Debt Expense	87,534.71	
5410	Expenses	Billing and Collecting	Community Relations-Sundry	2,227.36	
5425	Expenses	Billing and Collecting	Miscellaneous Customer Service and Informational Expenses	3,918.76	559,306.06
6035	Expenses	Interest Improvement Charges	Interest and Dividend Income	7,157.15	7,157.15
6030	Expenses	Interest on Long-Term Debt	Interest on Debt to Associated Companies	51,303.82	
6035	Expenses	Interest on Long-Term Debt	Other Interest Expense	31,052.69	82,356.51
4380	Expenses	Operation Maintenance	Expenses of Non-Utility Operations	5.77	
5005	Expenses	Operation Maintenance	Operation Supervision and Engineering	111,039.13	
5012	Expenses	Operation Maintenance	Station Buildings and Fixtures Expense	15,664.01	
5016	Expenses	Operation Maintenance	Distribution Station Equipment-Operation labour	5,199.18	
5020	Expenses	Operation Maintenance	Overhead Distribution Lines and Feeders - Operation Labour	755.23	
5035	Expenses	Operation Maintenance	Overhead Distribution Transformers - Operation	647.72	
5065	Expenses	Operation Maintenance	Meter Expense	3,593.95	
5070	Expenses	Operation Maintenance	Customer Premises - Operation Labour	1,600.52	
5085	Expenses	Operation Maintenance	Miscellaneous Distribution Expense	40,959.77	
5095	Expenses	Operation Maintenance	Overhead distribution Lines and Feeders - Rental Paid	23,216.58	
5114	Expenses	Operation Maintenance	Maintenance of Distribution Station Equipment	54,290.25	
5120	Expenses	Operation Maintenance	Maintenance of Poles, Towers and Fixtures	5,027.61	
5125	Expenses	Operation Maintenance	Maintenance of Overhead Conductors and Devices	169,351.08	
5130	Expenses	Operation Maintenance	Maintenance of Overhead Services	39,770.52	
5135	Expenses	Operation Maintenance	Overhead Distribution Lines and Feeders - Right of Way	37,921.88	
5145	Expenses	Operation Maintenance	Maintenance of Underground Conduit	885.30	
5150	Expenses	Operation Maintenance	Maintenance of Underground Conductors and Devices	5,130.23	
5155	Expenses	Operation Maintenance	Maintenance of Underground Services	48,111.15	
5160	Expenses	Operation Maintenance	Maintenance of Line Transformers	10,645.95	
5175	Expenses	Operation Maintenance	Maintenance of Meters	6,008.02	579,823.85
Payments -In-Lieu of Corporate Taxation					
6110	Payments -In-Lieu of Corporate Taxation	Payments -In-Lieu of Corporate Taxation	Income Taxes	17,660.00	17,660.00
<b>Total</b>					
					(253,179.67)

**Reconciliation to 2014 Financial Statements – IFRS**

Trial Balance Mapped to Financial Statement Grouping: BALANCE SHEET						
Account	B/S Section	B/S Line Grouping	G/L Account Description	Current Year	IFRS	Balance Sheet
Assets				RRR		Audited F/S
1005 Current Assets	Cash	Cash	Cash	478,990.98		
1010 Current Assets	Cash	Cash	Cash Advances and Working Funds	950.00		479,940.98
1070 Current Assets	Investments	Investments	Current Investments	12,067.20		12,067.20
1100 Current Assets	Accounts Receivable	Accounts Receivable	Customer Accounts Receivable	1,212,387.69		
1102 Current Assets	Accounts Receivable	Accounts Receivable	Accounts Receivable - Services	11,493.62		
1104 Current Assets	Accounts Receivable	Accounts Receivable	Accounts Receivable - Recoverable Work	59,468.97		
1110 Current Assets	Accounts Receivable	Accounts Receivable	Other Accounts Receivable	338,679.92		
1130 Current Assets	Accounts Receivable	Accounts Receivable	Accumulated Provision for Uncollectible Accounts - Credit	(133,000.00)		
1190 Current Assets	Accounts Receivable	Accounts Receivable	Miscellaneous Current and Accrued Assets	2,907.54		
2315 Current Assets	Accounts Receivable	Accounts Receivable	Ontario Clean Energy Benefit	116,310.55		1,608,248.29
1120 Current Assets	Unbilled Revenue	Unbilled Revenue	Accrued Utility Revenues	1,618,539.87		1,618,539.87
1330 Current Assets	Inventory	Inventory	Plant Materials and Operating Supplies	229,588.94		
2425 Current Assets	Inventory	Inventory	Other Deferred Credits	(19,566.75)		210,022.19
2294 Current Assets	Payments-in-lieu of taxes receivable	Payments-in-lieu of taxes receivable	Accrual for taxes	17,340.00		17,340.00
1180 Current Assets	Prepaid Expenses	Prepaid Expenses	Prepayments	171,536.59		171,536.59
1495 Deferred Taxes	Deferred Taxes	Deferred Taxes	Deferred Taxes	-	204,894.65	204,894.65
1805 Property, Plant & Equipment	Capital	Capital	Land	84,205.25		
1808 Property, Plant & Equipment	Capital	Capital	Buildings and Fixtures	100,898.83	(11,565.21)	
1820 Property, Plant & Equipment	Capital	Capital	Distribution Station Equipment - Normally Primary below 50 kv	826,917.71	(267,178.69)	
1830 Property, Plant & Equipment	Capital	Capital	Poles, Towers and Fixtures	728,906.25	(153,422.62)	
1835 Property, Plant & Equipment	Capital	Capital	Overhead Conductors and Devices	2,134,558.11	(781,006.70)	
1840 Property, Plant & Equipment	Capital	Capital	Underground Conduit	68,746.59	(37,924.63)	
1845 Property, Plant & Equipment	Capital	Capital	Underground Conductors and Devices	959,019.53	(384,971.24)	
1850 Property, Plant & Equipment	Capital	Capital	Line Transformers	1,213,789.82	(632,193.64)	
1855 Property, Plant & Equipment	Capital	Capital	Services	296,775.38	(68,400.73)	
1860 Property, Plant & Equipment	Capital	Capital	Meters	1,352,476.00	(379,912.93)	
1910 Property, Plant & Equipment	Capital	Capital	Leasehold Improvements	8,796.45	(4,837.78)	
1920 Property, Plant & Equipment	Capital	Capital	Computer Equipment - Hardware	251,246.28	(179,600.25)	
1611 Property, Plant & Equipment	Capital	Capital	Computer Software	448,876.65	(253,325.72)	
1930 Property, Plant & Equipment	Capital	Capital	Transportation Equipment	679,898.46	(292,917.15)	
1940 Property, Plant & Equipment	Capital	Capital	Tools, Shop and Garage Equipment	157,773.23	(119,779.80)	
1995 Property, Plant & Equipment	Capital	Capital	Contributions and Grants - Credit	(664,639.71)	664,639.71	
2055 Property, Plant & Equipment	Capital	Capital	Construction Work in Progress-Electric	15,775.00		
2105 Property, Plant & Equipment	Capital	Capital	Accumulated Amortization of Electric Utility Plan - PP	(3,289,886.90)	2,932,739.33	5,404,474.88
1508 Regulatory Deferrals	Regulatory Deferrals	Regulatory Deferrals	Other Regulatory Assets	21,356.87		
1548 Regulatory Deferrals	Regulatory Deferrals	Regulatory Deferrals	RCVASTR	13,775.25		
1550 Regulatory Deferrals	Regulatory Deferrals	Regulatory Deferrals	LV Variance Account	146,123.06		
1551 Regulatory Deferrals	Regulatory Deferrals	Regulatory Deferrals	Smart Metering Entity Charge Variance Account	4,250.64		
1555 Regulatory Deferrals	Regulatory Deferrals	Regulatory Deferrals	Smart Meter Capital and Recovery Offset Variance Account	42,789.00		
1563 Regulatory Deferrals	Regulatory Deferrals	Regulatory Deferrals	Contra Asset-Deferred Payments In Lieu of Taxes	1,380.50		
1580 Regulatory Deferrals	Regulatory Deferrals	Regulatory Deferrals	RSVA - Wholesale Market Service Charge	(68,208.65)		
1582 Regulatory Deferrals	Regulatory Deferrals	Regulatory Deferrals	RSVAONE-TIME	39.10		
1584 Regulatory Deferrals	Regulatory Deferrals	Regulatory Deferrals	RSVA - Retail Transmission Network Charge	97,376.07		
1586 Regulatory Deferrals	Regulatory Deferrals	Regulatory Deferrals	RSVA - Retail Transmission Connection Charge	(2,804.47)		
1588 Regulatory Deferrals	Regulatory Deferrals	Regulatory Deferrals	RSVA - Power	(57,471.69)		
1589 Regulatory Deferrals	Regulatory Deferrals	Regulatory Deferrals	RSVA - Global Adjustment	200,731.61		
1592 Regulatory Deferrals	Regulatory Deferrals	Regulatory Deferrals	PILS and Tax Variance for 2006 and Subsequent Years	20,905.18		
1595 Regulatory Deferrals	Regulatory Deferrals	Regulatory Deferrals	Disposition and Recovery of Regulatory Balances Control Account	5,557.28		425,799.75

Rideau St. Lawrence Distribution Inc.  
EB-2015-0100  
Exhibit 1 – Administrative Documents  
Filed: October 21, 2016

Trial Balance Mapped to Financial Statement Grouping: BALANCE SHEET						
Account	B/S Section	B/S Line Grouping	G/L Account Description	Current Year	IFRS	Balance Sheet
<b>Liabilities</b>						
2205	Current Liabilities	Accounts Payable	Accounts Payable	(139,514.82)		
2220	Current Liabilities	Accounts Payable	Miscellaneous Current and Accrued Liabilities	(1,688,628.16)		
2250	Current Liabilities	Accounts Payable	Debt Retirement Charges (DRC) Payable	(79,144.05)		
2290	Current Liabilities	Accounts Payable	Commodity Taxes	(775.30)		
2405	Current Liabilities	Accounts Payable	Other Regulatory Liabilities	(102,310.78)		(2,010,373.11)
2210	Current Liabilities	Customer Deposits	Current Portion of Customer Deposits	(37,653.69)		
2208	Current Liabilities	Customer Deposits	Customer Credit Balances	(109,706.03)		(147,359.72)
2306	Current Liabilities	Employee future benefits	OPEB Liability	-	(25,552.81)	
2265	Current Liabilities	Employee future benefits	Non-OMERS-Current	-	(1,007.97)	(26,560.78)
2240	Current Liabilities	Advances from related parties	Accounts Payable to Associated Companies	(1,572,286.13)		(1,572,286.13)
2550	Current Liabilities	Promissory Notes	Current Portion of Long-Term Debt	(1,163,352.49)		(1,163,352.49)
2260	Current Liabilities	Current portion of long-term debt	Current Portion of Long-Term Debt	(172,619.04)		(172,619.04)
2440	Contributions In Aid of Construction	Contributions In Aid of Construction	Deferred Revenue	-	(30,341.95)	(30,341.95)
2335	Customer Deposits	Customer Deposits	Long Term Portion of Customer Deposits	(65,594.31)		(65,594.31)
2525	Long-Term Debt	Long-Term Debt	Term Bank Loans - Long Term Portion	(689,289.66)		(689,289.66)
3005	Share Capital	Share Capital	Common Shares Issues	(2,511,123.49)		(2,511,123.49)
3045	Shareholder's Equity	Retained Earnings	Unappropriated Retained Earnings	(1,296,619.07)	(173,631.87)	
3046	Shareholder's Equity	Retained Earnings	Balance Transferred From Income	(253,179.67)		
3049	Shareholder's Equity	Retained Earnings	Dividends Payable-Common Shares	160,000.00		(1,563,430.61)
3045	Shareholder's Equity	Accumulated Other Comprehensive Income	Unappropriated Retained Earnings	-	(4,702.00)	(4,702.00)
1508	Regulatory Deferrals	Regulatory Deferrals	Other Regulatory Assets			
1518	Regulatory Deferrals	Regulatory Deferrals	RCVAREtail	(8,930.49)		
1521	Regulatory Deferrals	Regulatory Deferrals	Special Purpose Charge Assessment Variance	(393.28)		
1555	Regulatory Deferrals	Regulatory Deferrals	Smart Meter Capital and Recovery Offset Variance Account	(1,616.20)		
1568	Regulatory Deferrals	Regulatory Deferrals	LRAM Variance Account	(15,938.57)		
1575	Regulatory Deferrals	Regulatory Deferrals	IFRS-CGAAP Transitional PP&E Amounts	(22,072.00)		
1592	Regulatory Deferrals	Regulatory Deferrals	PILS and Tax Variance for 2006 and Subsequent Years	(22,687.03)		
1595	Regulatory Deferrals	Regulatory Deferrals	Disposition and Recovery of Regulatory Balances Control Account	(124,193.54)		(195,831.11)

Trial Balance Mapped to Financial Statement Grouping: INCOME STATEMENT						
Account	I/S Section	I/S Line Grouping	G/L Account Description	Current Year	IFRS	Income Statement
				RRR		Audited F/S
<b>Revenue</b>						
4006	Revenue	Electricity Sales	Residential Energy Sales	(3,818,091.80)		
4010	Revenue	Electricity Sales	Commercial Energy Sales	(1,751,464.90)		
4015	Revenue	Electricity Sales	Industrial Energy Sales	(3,564,996.32)		
4025	Revenue	Electricity Sales	Street Lighting Energy Sales	(101,100.80)		
4030	Revenue	Electricity Sales	Sentinel Lighting Energy Sales	(9,818.20)		
4055	Revenue	Electricity Sales	Energy Sales for Resale	(984,757.76)		
4062	Revenue	Electricity Sales	Billed WMS	(659,216.31)		
4066	Revenue	Electricity Sales	Billed NW	(700,939.56)		
4068	Revenue	Electricity Sales	Billed CN	(596,000.10)		
4075	Revenue	Electricity Sales	Billed - LV	(137,499.75)		
4076	Revenue	Electricity Sales	Billed - Smart Metering Entity Charge	(54,055.90)		
4080	Revenue	Electricity Sales	Distribution Services Revenue	(2,401,142.35)		
4082	Revenue	Electricity Sales	Retail Services Revenues	(6,564.08)		
4084	Revenue	Electricity Sales	Service Transaction Requests (STR) Revenues	(81.00)		
4086	Revenue	Electricity Sales	SSS Administration Revenue	(19,664.69)		(14,805,393.52)
4210	Revenue	Other charges	Rent from Electric Property	(44,476.38)		
4235	Revenue	Other charges	Miscellaneous Service Revenues	(116,016.30)		
4375	Revenue	Other charges	Non-Utility Revenue	(3,321.57)		
4380	Revenue	Other charges	Non-Utility Expenses	(647.42)		(164,461.67)
4705	Expenses	Purchased Power	Power Purchased	7,560,951.21		
4707	Expenses	Purchased Power	Global Adjustment	2,669,278.57		
4708	Expenses	Purchased Power	Charges-WMS	659,216.31		
4714	Expenses	Purchased Power	Charges-NW	700,939.56		
4716	Expenses	Purchased Power	Charges-CN	596,000.10		
4750	Expenses	Purchased Power	Charges-LV	137,499.75		
4751	Expenses	Purchased Power	Charges - Smart Metering Entity Charge	54,055.90		12,377,941.40
5310	Expenses	Billing and Collecting	Meter Reading Expense	50,123.86		
5315	Expenses	Billing and Collecting	Customer Billing	398,167.22		
5320	Expenses	Billing and Collecting	Collecting	59,798.61		
5325	Expenses	Billing and Collecting	Collecting-Cash Over and Short	(106.78)		
5330	Expenses	Billing and Collecting	Collection Charges	634.32		
5335	Expenses	Billing and Collecting	Bad Debt Expense	87,534.71		
5410	Expenses	Billing and Collecting	Community Relations-Sundry	2,227.36		
5425	Expenses	Billing and Collecting	Miscellaneous Customer Service and Informational Expenses	3,918.76		602,298.06

Rideau St. Lawrence Distribution Inc.  
EB-2015-0100  
Exhibit 1 – Administrative Documents  
Filed: October 21, 2016

Trial Balance Mapped to Financial Statement Grouping: INCOME STATEMENT						
Account	I/S Section	I/S Line Grouping	G/L Account Description	Current Year	IFRS	Income Statement
4380	Expenses	Operations and Maintenance	Non-Utility Expenses	5.77		
5005	Expenses	Operations and Maintenance	Operation Supervision and Engineering	111,039.13		
5012	Expenses	Operations and Maintenance	Station Buildings and Fixtures Expense	15,664.01		
5016	Expenses	Operations and Maintenance	Distribution Station Equipment-Operation labour	5,199.18		
5020	Expenses	Operations and Maintenance	Overhead Distribution Lines and Feeders - Operation Labour	755.23		
5035	Expenses	Operations and Maintenance	Overhead Distribution Transformers - Operation	647.72		
5065	Expenses	Operations and Maintenance	Meter Expense	3,593.95		
5070	Expenses	Operations and Maintenance	Customer Premises - Operation Labour	1,600.52		
5085	Expenses	Operations and Maintenance	Miscellaneous Distribution Expense	40,959.77		
5095	Expenses	Operations and Maintenance	Overhead distribution Lines and Feeders - Rental Paid	23,216.58		
5114	Expenses	Operations and Maintenance	Maintenance of Distribution Station Equipment	54,290.25		
5120	Expenses	Operations and Maintenance	Maintenance of Poles, Towers and Fixtures	5,027.61		
5125	Expenses	Operations and Maintenance	Maintenance of Overhead Conductors and Devices	169,351.08		
5130	Expenses	Operations and Maintenance	Maintenance of Overhead Services	39,770.52		
5135	Expenses	Operations and Maintenance	Overhead Distribution Lines and Feeders - Right of Way	37,921.88		
5145	Expenses	Operations and Maintenance	Maintenance of Underground Conduit	885.30		
5150	Expenses	Operations and Maintenance	Maintenance of Underground Conductors and Devices	5,130.23		
5155	Expenses	Operations and Maintenance	Maintenance of Underground Services	48,111.15		
5160	Expenses	Operations and Maintenance	Maintenance of Line Transformers	10,645.95		
5175	Expenses	Operations and Maintenance	Maintenance of Meters	6,008.02		579,823.85
5605	Expenses	General and administrative	Executive Salaries and Expenses	285,374.44		
5615	Expenses	General and administrative	General Administrative Salaries and Expenses	159,921.25		
5620	Expenses	General and administrative	Office Supplies and Expenses	5,681.00		
5625	Expenses	General and administrative	Administrative Expense Transferred/Credit	36,222.00		
5630	Expenses	General and administrative	Outside Services Employed	101,284.05		
5635	Expenses	General and administrative	Property Insurance	18,098.80		
5640	Expenses	General and administrative	Injuries and Damages	17,980.70		
5646	Expenses	General and administrative	Employee Pensions and OPEB	-	736.87	
5655	Expenses	General and administrative	Regulatory Expenses	53,243.46		
5665	Expenses	General and administrative	Miscellaneous General Expenses	93,256.12		
5670	Expenses	General and administrative	Rent	3,070.39		
5675	Expenses	General and administrative	Maintenance of General Plant	41,749.65		
5680	Expenses	General and administrative	Electrical Safety Authority Fees	4,385.83		
6105	Expenses	General and administrative	Taxes Other Than Income Taxes	18,439.00		
6205	Expenses	General and administrative	Donations	3,500.00		
6215	Expenses	General and administrative	Penalties	2,364.50		845,308.06
5705	Expenses	Depreciation and amortization	Amortization - Property, Plant, and Equipment	358,165.28		358,165.28
4360	Expenses	Loss on disposal of property, plant and equip	Loss on Disposition of Utility and Other Property	5,664.92		5,664.92
4225	Finance Income	Finance Income	Late Payment Charges	(66,569.21)		
4390	Finance Income	Finance Income	Miscellaneous Non-Operating Income	(671.25)		
4405	Finance Income	Finance Income	Interest Revenue	(8,116.25)		(75,356.71)
6030	Finance Cost	Finance Cost	Interest on Debt to Associated Companies	51,303.82		
6035	Finance Cost	Finance Cost	Other Interest Expense	42,479.03		93,782.85

**Reconciliation to 2015 Financial Statements – IFRS**

Trial Balance Mapped to Financial Statement Grouping: BALANCE SHEET					
Account	B/S Section	B/S Line Grouping	G/L Account Description	Current Year	Balance Sheet
				RRR	Audited F/S
<b>Assets</b>					
1005	Current Assets	Cash	Cash	100,402.96	
1010	Current Assets	Cash	Cash Advances and Working Funds	950.00	101,352.96
1070	Current Assets	Investments	Current Investments	12,067.20	12,067.20
1100	Current Assets	Accounts Receivable	Customer Accounts Receivable	1,608,681.80	
2205	Current Assets	Accounts Receivable	Accounts Receivable - Services	(15,154.80)	
1104	Current Assets	Accounts Receivable	Accounts Receivable - Recoverable Work	40,294.10	
1110	Current Assets	Accounts Receivable	Other Accounts Receivable	167,581.00	
1130	Current Assets	Accounts Receivable	Accumulated Provision for Uncollectible Accounts - Credit	(79,000.00)	
1190	Current Assets	Accounts Receivable	Miscellaneous Current and Accrued Assets	21,438.20	
1110	Current Assets	Accounts Receivable	Ontario Clean Energy Benefit	102,701.74	1,846,542.04
1120	Current Assets	Unbilled Revenue	Accrued Utility Revenues	1,426,699.04	1,426,699.04
1330	Current Assets	Inventory	Plant Materials and Operating Supplies	220,011.91	
2425	Current Assets	Inventory	Other Deferred Credits	(20,766.75)	199,245.16
1190	Current Assets	Payments-in-lieu of taxes receivable	Accrual for taxes	7,503.00	7,503.00
1180	Current Assets	Prepaid Expenses	Prepayments	119,019.84	119,019.84
1495	Deferred Taxes	Deferred Taxes	Deferred Taxes	178,755.65	178,755.65
1805	Property, Plant & Equipment	Property, Plant & Equipment	Land	91,567.10	
1808	Property, Plant & Equipment	Property, Plant & Equipment	Buildings and Fixtures	91,483.62	
1820	Property, Plant & Equipment	Property, Plant & Equipment	Distribution Station Equipment - Normally Primary below 50 kV	863,659.33	
1830	Property, Plant & Equipment	Property, Plant & Equipment	Poles, Towers and Fixtures	639,451.25	
1835	Property, Plant & Equipment	Property, Plant & Equipment	Overhead Conductors and Devices	1,394,968.19	
1840	Property, Plant & Equipment	Property, Plant & Equipment	Underground Conduit	32,053.36	
1845	Property, Plant & Equipment	Property, Plant & Equipment	Underground Conductors and Devices	585,606.58	
1850	Property, Plant & Equipment	Property, Plant & Equipment	Line Transformers	636,920.22	
1855	Property, Plant & Equipment	Property, Plant & Equipment	Services	246,286.09	
1860	Property, Plant & Equipment	Property, Plant & Equipment	Meters	982,458.99	
1910	Property, Plant & Equipment	Property, Plant & Equipment	Leasehold Improvements	3,958.67	
1920	Property, Plant & Equipment	Property, Plant & Equipment	Computer Equipment - Hardware	86,406.57	
1611	Property, Plant & Equipment	Property, Plant & Equipment	Computer Software	202,293.93	
1930	Property, Plant & Equipment	Property, Plant & Equipment	Transportation Equipment	435,231.71	
1940	Property, Plant & Equipment	Property, Plant & Equipment	Tools, Shop and Garage Equipment	41,612.58	
1955	Property, Plant & Equipment	Property, Plant & Equipment	Communication Equipment	25,511.25	
2055	Property, Plant & Equipment	Property, Plant & Equipment	Construction Work in Progress-Electric	15,775.00	
2105	Property, Plant & Equipment	Property, Plant & Equipment	Accumulated Amortization of Electric Utility Plan - PP	(705,671.57)	5,669,572.87
1508	Regulatory Deferrals	Regulatory Deferrals	Other Regulatory Assets	22,520.28	
1548	Regulatory Deferrals	Regulatory Deferrals	RCVASTR	14,217.08	
1555	Regulatory Deferrals	Regulatory Deferrals	Smart Meter OM&A Variance	43,259.86	
1568	Regulatory Deferrals	Regulatory Deferrals	LRAMVA	7,167.51	
1592	Regulatory Deferrals	Regulatory Deferrals	PILS Variance	23,510.84	
1595	Regulatory Deferrals	Regulatory Deferrals	Disposition and Recovery of Regulatory Balances Control Account	465,281.61	575,957.18

Rideau St. Lawrence Distribution Inc.  
EB-2015-0100  
Exhibit 1 – Administrative Documents  
Filed: October 21, 2016

Trial Balance Mapped to Financial Statement Grouping: BALANCE SHEET					
Account	B/S Section	B/S Line Grouping	G/L Account Description	Current Year	Balance Sheet
<b>Liabilities</b>					
2205	Current Liabilities	Accounts Payable	Accounts Payable	(338,389.88)	
2220	Current Liabilities	Accounts Payable	Miscellaneous Current and Accrued Liabilities	(1,491,354.74)	
2250	Current Liabilities	Accounts Payable	Debt Retirement Charges (DRC) Payable	(137,480.00)	
2290	Current Liabilities	Accounts Payable	Commodity Taxes	(10.03)	
2405	Current Liabilities	Accounts Payable	Other Regulatory Liabilities	(10,738.61)	(1,977,973.26)
2210	Current Liabilities	Current Portion of Customer Deposits	Customer Deposits	(8,309.80)	
2208	Current Liabilities	Current Portion of Customer Deposits	Customer Credit Balances	(101,557.70)	(109,867.50)
2306	Current Liabilities	Employee future benefits	OPEB Liability	(27,664.12)	
2265	Current Liabilities	Employee future benefits	Non-OMERS-Current	(943.98)	(28,608.10)
2240	Current Liabilities	Advances from related parties	Accounts Payable to Associated Companies	(1,554,968.38)	(1,554,968.38)
2260	Current Liabilities	Promissory Notes	Current Portion of Long-Term Debt	(1,163,352.49)	(1,163,352.49)
2260	Current Liabilities	Current portion of long-term debt	Current Long-Term Debt	(172,619.04)	(172,619.04)
2440	Contributions In Aid of Construction	Contributions In Aid of Construction	Deferred Revenue	(34,721.49)	(34,721.49)
2335	Customer Deposits	Customer Deposits	Long Term Portion of Customer Deposits	(172,814.03)	(172,814.03)
2525	Long-Term Debt	Long-Term Debt	Term Bank Loans - Long Term Portion	(516,670.62)	(516,670.62)
3005	Share Capital	Share Capital	Common Shares Issues	(2,511,123.49)	(2,511,123.49)
3045	Retained Earnings	Retained Earnings	Unappropriated Retained Earnings	(1,563,430.61)	
3046	Retained Earnings	Retained Earnings	Balance Transferred From Income	(193,504.44)	
3049	Retained Earnings	Retained Earnings	Dividends Payable-Common Shares	160,000.00	(1,596,935.05)
3045	Accumulated Other Comprehensive Income	Accumulated Other Comprehensive Income	Unappropriated Retained Earnings	(4,702.00)	(4,702.00)
1508	Regulatory Deferrals	Regulatory Deferrals	Other Regulatory Assets		
1518	Regulatory Deferrals	Regulatory Deferrals	RCVARetail	(9,291.92)	
1521	Regulatory Deferrals	Regulatory Deferrals	Special Purpose Charge Assessment Variance	(397.84)	
1550	Regulatory Deferrals	Regulatory Deferrals	Low Voltage	86,953.92	
1551	Regulatory Deferrals	Regulatory Deferrals	SME	(134.23)	
1555	Regulatory Deferrals	Regulatory Deferrals	Smart Meter OM&A Variance	(1,611.05)	
1580	Regulatory Deferrals	Regulatory Deferrals	RSVAWMS	(195,889.65)	
1582	Regulatory Deferrals	Regulatory Deferrals	RSVA One Time	38.68	
1584	Regulatory Deferrals	Regulatory Deferrals	RSVA NW	(223,231.15)	
1586	Regulatory Deferrals	Regulatory Deferrals	RSVACN	63,126.54	
1588	Regulatory Deferrals	Regulatory Deferrals	RSVA Energy	(243,887.11)	
1589	Regulatory Deferrals	Regulatory Deferrals	RSVA GA	257,311.54	
1592	Regulatory Deferrals	Regulatory Deferrals	PILS Variance	(23,510.84)	
1595	Regulatory Deferrals	Regulatory Deferrals	Disposition and Recovery of Regulatory Balances Control Account	(1,836.38)	(292,359.49)

Rideau St. Lawrence Distribution Inc.  
EB-2015-0100  
Exhibit 1 – Administrative Documents  
Filed: October 21, 2016

Trial Balance Mapped to Financial Statement Grouping: INCOME STATEMENT					
Account	I/S Section	I/S Line Grouping	G/L Account Description		Income Statement
<b>Revenue</b>					
4006 Revenue		Electricity Sales	Residential Energy Sales	(4,214,372.82)	
4010 Revenue		Revenue	Commercial Energy Sales	(1,989,649.06)	
4015 Revenue		Revenue	Industrial Energy Sales	(3,983,710.13)	
4025 Revenue		Revenue	Street Lighting Energy Sales	(95,062.36)	
4030 Revenue		Revenue	Sentinel Lighting Energy Sales	(10,838.04)	
4055 Revenue		Revenue	Energy Sales for Resale	(1,051,749.13)	
4062 Revenue		Revenue	Billed WMS	(445,881.21)	
4066 Revenue		Revenue	Billed NW	(787,102.00)	
4068 Revenue		Revenue	Billed CN	(634,551.06)	
4075 Revenue		Revenue	Billed - LV	(250,030.32)	
4076 Revenue		Revenue	Billed - Smart Metering Entity Charge	(54,788.14)	
4080 Revenue		Revenue	Distribution Services Revenue	(2,474,482.61)	
4082 Revenue		Revenue	Retail Services Revenues	(6,664.46)	
4084 Revenue		Revenue	Service Transaction Requests (STR) Revenues	(62.25)	
4086 Revenue		Revenue	SSS Administration Revenue	(21,605.89)	(16,020,549.48)
4210 Revenue		Other charges	Rent from Electric Property	(43,738.83)	
4220 Revenue		Other charges	Other Electric Revenues	(1,320.46)	
4235 Revenue		Other charges	Miscellaneous Service Revenues	(105,241.92)	
4375 Revenue		Other charges	Non-Utility Revenue	(29,432.30)	(179,733.51)
4705 Expenses		Purchased Power	Power Purchased	7,595,293.33	
4707 Revenue		Cost of Energy	Global Adjustment	3,750,088.21	
4708 Revenue		Cost of Energy	Charges-WMS	445,881.21	
4714 Revenue		Cost of Energy	Charges-NW	787,102.00	
4716 Revenue		Cost of Energy	Charges-CN	634,551.06	
4750 Revenue		Cost of Energy	Charges-LV	250,030.32	
4751 Revenue		Cost of Energy	Charges - Smart Metering Entity Charge	54,788.14	13,517,734.27
4225 Finance Income		Finance Income	Late Payment Charges	(72,601.59)	
4405 Other Income		Finance Income	Interest Revenue	(6,674.32)	(79,275.91)
<b>Expenses</b>					
5605 Expenses		General and administrative	Executive Salaries and Expenses	287,287.38	
5615 Expenses		Administration	General Administrative Salaries and Expenses	221,098.51	
5620 Expenses		Administration	Office Supplies and Expenses	10,679.94	
5625 Expenses		Administration	Administrative Expense Transferred/Credit	56,221.45	
5630 Expenses		Administration	Outside Services Employed	70,011.96	
5635 Expenses		Administration	Property Insurance	18,098.80	
5640 Expenses		Administration	Injuries and Damages	16,866.36	
5646 Expenses			Employee Pensions and OPEB	881.86	
5655 Expenses		Administration	Regulatory Expenses	53,961.28	
5665 Expenses		Administration	Miscellaneous General Expenses	100,014.40	
5670 Expenses		Administration	Rent	7,528.02	
5675 Expenses		Administration	Maintenance of General Plant	50,880.41	
5680 Expenses		Administration	Electrical Safety Authority Fees	4,361.26	
6105 Expenses		Administration	Taxes Other Than Income Taxes	18,295.00	
6205 Expenses		Administration	Donations	3,665.00	
6215 Expenses		Administration	Penalties	(587.17)	919,264.46

Rideau St. Lawrence Distribution Inc.  
EB-2015-0100  
Exhibit 1 – Administrative Documents  
Filed: October 21, 2016

Trial Balance Mapped to Financial Statement Grouping: INCOME STATEMENT				
Account	I/S Section	I/S Line Grouping	G/L Account Description	Income Statement
5705	Expenses	Depreciation and amortization	Amortization - Property, Plant, and Equipment	328,290.09
				328,290.09
4360	Expenses	Loss on disposal of property, plant and equip	Loss on Disposition of Utility and Other Property	5,528.82
				5,528.82
5310	Expenses	Billing and Collecting	Meter Reading Expense	61,805.77
5315	Expenses	Billing and Collecting	Customer Billing	352,529.41
5320	Expenses	Billing and Collecting	Collecting	56,173.28
5325	Expenses	Billing and Collecting	Collecting-Cash Over and Short	(41.19)
5335	Expenses	Billing and Collecting	Bad Debt Expense	62,595.11
5410	Expenses	Billing and Collecting	Community Relations-Sundry	2,420.88
5425	Expenses	Billing and Collecting	Miscellaneous Customer Service and Informational Expenses	4,042.94
				539,526.20
6030	Finance Cost	Finance Cost	Interest on Debt to Associated Companies	51,303.82
6035	Finance Cost	Finance Cost	Other Interest Expense	35,405.38
				86,709.20
5005	Expenses	Operations and Maintenance	Operation Supervision and Engineering	74,508.31
5012	Expenses	Operations and Maintenance	Station Buildings and Fixtures Expense	6,616.38
5016	Expenses	Operations and Maintenance	Distribution Station Equipment-Operation labour	1,383.58
5020	Expenses	Operations and Maintenance	Overhead Distribution Lines and Feeders - Operation Labour	4,808.32
5035	Expenses	Operations and Maintenance	Overhead Distribution Transformers - Operation	1,260.90
5065	Expenses	Operations and Maintenance	Meter Expense	4,150.10
5070	Expenses	Operations and Maintenance	Customer Premises - Operation Labour	22,133.85
5085	Expenses	Operations and Maintenance	Miscellaneous Distribution Expense	144,635.47
5095	Expenses	Operations and Maintenance	Overhead distribution Lines and Feeders - Rental Paid	22,987.70
5114	Expenses	Operations and Maintenance	Maintenance of Distribution Station Equipment	38,750.15
5120	Expenses	Operations and Maintenance	Maintenance of Poles, Towers and Fixtures	15,575.75
5125	Expenses	Operations and Maintenance	Maintenance of Overhead Conductors and Devices	186,054.64
5130	Expenses	Operations and Maintenance	Maintenance of Overhead Services	47,362.02
5135	Expenses	Operations and Maintenance	Overhead Distribution Lines and Feeders - Right of Way	40,003.01
5145	Expenses	Operations and Maintenance	Maintenance of Underground Conduit	1,640.45
5150	Expenses	Operations and Maintenance	Maintenance of Underground Conductors and Devices	10,575.03
5155	Expenses	Operations and Maintenance	Maintenance of Underground Services	34,897.22
5160	Expenses	Operations and Maintenance	Maintenance of Line Transformers	14,470.05
5175	Expenses	Operations and Maintenance	Maintenance of Meters	10,953.88
				682,766.81
Payments -In-Lieu of Corporate Taxation				
6110	Provision For Payments In Lieu of Taxes	Current		10,429.00
				10,429.00
6115	Provision For Payments In Lieu of Taxes	Deferred		26,139.00
				26,139.00
5705	Net Movement On Regulatory Deferral	Net Movement On Regulatory Deferral		(22,072.00)
5315	Net Movement On Regulatory Deferral	Net Movement On Regulatory Deferral		(1,366.00)
4405	Net Movement On Regulatory Deferral	Net Movement On Regulatory Deferral		(8,631.37)
6035	Net Movement On Regulatory Deferral	Net Movement On Regulatory Deferral		3,843.98
4080	Net Movement On Regulatory Deferral	Net Movement On Regulatory Deferral		(2,108.00)
				(30,333.39)

### **Ex.1/Tab 4/Sch.3 - Annual Report**

RSL does not publish an annual report to its shareholders. Financial statements are presented yearly to the shareholders in a special meeting.

## **Ex.1/Tab 4/Sch.4 - Prospectus and Recent Debt/Share Issuance Update**

RSL does not issue debt or shares nor do they publish any prospectus.

## **Ex.1/Tab 4/Sch.5 - Other Relevant Information**

The Applicant is not seeking any changes to its tax status in this application.

There are no existing accounting orders or departures from the Uniform System of Accounts.

RSL adopted International Financial Reporting Standards (“IFRS”) effective January 1, 2015. Prior to that date, financial statements were created under Canadian Generally Accepted Accounting Principles (“CGAAP”). RSL’s 2012 Cost of Service Rate Application was based on Modified IFRS (“MIFRS”), and as such, new typical useful lives (“TUL”) were adopted for fixed assets. There was no need to change our capitalization policy.

The change in Accounting Standards did not affect RSL’s Revenue Requirement, as shown in table 1-12.

**Table 1.12: Impact of Change in Accounting Standards (Appendix 2-Y)**

Revenue Requirement Component	2016 MIFRS	2016 CGAAP without policy changes	Difference
Closing NBV 2015	\$ 5,623,023	\$ 5,623,023	\$ -
Closing NBV 2016	\$ 5,872,734	\$ 5,872,734	\$ -
Average NBV	\$ 5,747,878	\$ 5,747,878	\$ -
Working Capital	\$ 1,292,827	\$ 1,292,827	\$ -
Rate Base	\$ 7,040,705	\$ 7,040,705	\$ -
<b>Return on Rate Base</b>	\$ 395,941	\$ 395,941	\$ -
			\$ -
OM&A	\$ 2,182,787	\$ 2,182,787	\$ -
Depreciation	\$ 389,439	\$ 389,439	\$ -
PILs or Income Taxes	\$ 20,245	\$ 20,245	\$ -
Property Taxes	\$ 18,400	\$ 18,400	\$ -
Less: Revenue Offsets	-\$ 267,572	-\$ 267,572	\$ -
			\$ -
			\$ -
			\$ -
Insert description of additional item(s)			\$ -
<b>Total Base Revenue Requirement</b>	\$ 2,739,240	\$ 2,739,240	\$ -

This application does not contain any costs related to non-utility businesses.

## Materiality Threshold

---

### **Ex.1/Tab 5/Sch.1 - Materiality Threshold**

The Minimum Filing Requirements state that a distributor with a distribution revenue requirement less than \$10 million must use \$50,000 as a materiality threshold. With a proposed base revenue requirement of \$2,739,240, RSL has used this amount as a materiality threshold throughout this application.

# Administration

---

## **Ex.1/Tab 6/Sch.1 – Table of Contents**

A Table of Contents is included at the beginning of each exhibit.

## **Ex.1/Tab 6/Sch.2 – Contact Information**

Application contact information is as follows:

Peter Soules – Chief Financial Officer

PO Box 699, 985 Industrial Rd.

Prescott, ON K0E 1T0

Phone: 613-925-3851

Fax: 613-925-0303

Email: [psoules@rslu.ca](mailto:psoules@rslu.ca)

John Walsh – President and Chief Executive Officer

PO Box 699, 985 Industrial Rd.

Prescott, ON K0E 1T0

Phone: 613-925-3851

Fax: 613-925-0303

Email: [jwalsh@rslu.ca](mailto:jwalsh@rslu.ca)

John Biccum – Operations Manager

PO Box 699, 985 Industrial Rd.

Prescott, ON K0E 1T0

Phone: 613-925-3851

Fax: 613-925-0303

Email: [jbiccum@rslu.ca](mailto:jbiccum@rslu.ca)

For the purpose of this application, RSL has received the assistance of Mr. Peter Krotky, P. Eng of Oakley Engineering with the Distribution System Plan, Mr. Bart Burman MBA BA.SC. P. Eng of Burman Energy with the LRAMVA calculations, and Mr. Bruce Bacon of Borden Ladner Gervais LLP reviewed the Load Forecast and Cost Allocation models.

## **Ex.1/Tab 6/Sch.3 - Legal Application**

### **ONTARIO ENERGY BOARD**

**IN THE MATTER OF** *the Ontario Energy Board Act, 1998, C. S.O. 1998. c.15 (Sched. B);*

**AND IN THE MATTER OF** an Application by Rideau St. Lawrence Distribution Inc. for an Order or Orders pursuant to Section 78 of the Ontario Energy Board Act, 1998 approving or fixing just and reasonable rates and other service charges for the distribution of electricity

### **APPLICATION**

The Applicant is Rideau St. Lawrence Distribution Inc. (referred to in this application as the “Applicant”, the “Distributor”, the “Company”, the “LDC” or “RSL”). The Applicant, an Ontario Corporation with its head office in the Town of Prescott, Ontario carries on the business of distributing electricity within the Town of Prescott, and within the Villages of Cardinal, Iroquois, Morrisburg, Westport, and Williamsburg.

Rideau St. Lawrence Distribution Inc. holds Electricity Distribution Licence ED-2003-0003.

The Applicant followed Chapter 2, Cost of Service, of the Filing Requirements for Electricity Distribution Rate Applications – 2015 Edition for 2016 Rate Applications – dated July 16, 2015 (the “Filing Requirements”) in preparing this Application.

Rideau St. Lawrence Distribution Inc. hereby applies to the Board pursuant to section 78 of the Act for an Order or Orders approving or fixing just and reasonable distribution rates effective January 1, 2017.

The Applicant’s schedule of Tariff of Rates and Charges proposed in this Application are identified in Exhibit 8 Tab 1 Schedule 13, and the material being filed in support of this Application sets out RSL’s approach to its distribution rates and charges.

The written evidence, as filed with the Board, may be amended from time to time prior to the Board's final decision on the Application.

RSL requests, pursuant to Section 34.01 of the Board's Rules of Practice and Procedure, a written hearing to address any questions raised by Board Staff and other interested parties regarding this 2016 Cost of Service Rate Application

Rideau St. Lawrence Distribution Inc. applies for an Order or Orders approving the proposed distribution rates and other charges set out in this Application to be effective January 1, 2017 or as soon as possible thereafter. The Applicant submits these rates and charges are just and reasonable.

RSL understands that due to filing this application late, the proposed rates may not be approved in time to be implemented on January 1, 2017. RSL would request that the Board approve RSL's existing rates as interim rates subject to a final order, and that the Board approval for rates effective January 1 2017, are to be implemented in such a way that RSL recovers revenues with in the 2017 Rate Year.

The address of service for the Applicant is:

985 Industrial Road  
Prescott ON  
K0E 1T0

### **Statement of Certification**

As President and CEO of Rideau St Lawrence Distribution Inc., I, John Walsh, certify that, to the best of my knowledge, the evidence filed in this Application is accurate, complete, and consistent with the Ontario Energy Board's Filing Requirements for Electricity Distribution Rate Applications – 2015 Edition for 2016 Rate Applications - issued on July 16, 2015.

Dated at the Town of Prescott, in the County of Leeds and Grenville, in the Province of Ontario, this 21st day of October, 2016.

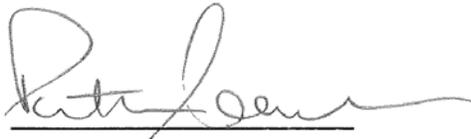
Rideau St. Lawrence Distribution Inc.

John Walsh  
*President and CEO*

A handwritten signature in black ink, appearing to read 'John Walsh', written over a horizontal line.

*Signature*

Peter Soules  
Chief Financial Officer

A handwritten signature in black ink, appearing to read 'Peter Soules', written over a horizontal line.

*Signature*

**Ex.1/Tab 6/Sch.4 – Confirmation of Internet Address**

Rideau St. Lawrence Distribution Inc.'s website address is [www.rslu.ca](http://www.rslu.ca).

Rideau St. Lawrence Distribution Inc.'s Twitter account is @RideauStLawrenc.

## **Ex.1/Tab 6/Sch.5 – Statement of Publication**

All of RSL's customers may be affected by this application.

Upon receiving the Letter of Direction and the Notice of Application and Hearing from the Board, RSL will immediately arrange to have the Notice of Application and Hearing for this proceeding published in the following local Newspapers:

- The Morrisburg Leader – distribution of 2,100 covering Morrisburg, Williamsburg, and Iroquois
- The Prescott Journal - distribution of 2,600 for Prescott, Cardinal, and the surrounding area
- The Westport Review Mirror – distribution of 1,944 for Westport and the surrounding area

Once the Notice of Application and Hearing has been published in the above listed newspapers, RSL will immediately file an Affidavit of Publication together with proof.

**Ex.1/Tab 6/Sch.6 – Bill Impacts**

Table 1.13 below shows the bill impact related to the Distribution Charge portion of the bill for residential and GS<50 customer classes. A full list of the bill impacts applicable to all customer classes is found at Exhibit8/Tab1/Sch.14.

**Table: 1.13: Bill Impacts**

		2015	2016		
		Distribution	Distribution	Dollar	%
Customer Class	Consumption	Charge	Charge	Change	Change
Residential	750 kWh	24.44	28.22	3.78	15.45%
General Service < 50 kW	2,000 kWh	48.92	57.61	8.69	17.77%

## **Ex.1/Tab 6/Sch.7 - Statement as to the Form of Hearing Requested**

This Application is supported by written evidence. The written evidence will be pre-filed and may be amended from time to time, prior to the Board's final decision on the Application.

RSL requests that, pursuant to Section 34.01 of the Board's Rules of Practice and Procedure, this proceeding be conducted by way of written hearing. RSL believes that this form of hearing is appropriate for the size and complexity of this application.

## **Ex.1/Tab 6/Sch.8 – List of Specific Approvals Requested**

In its 2016 Cost of Service Rate Application, Rideau St. Lawrence Distribution Inc. is requesting the following approvals:

1. Approval of RSL's existing rates as interim rates subject to a final order, and that the Board approval for rates effective January 1 2017, are to be implemented in such a way that RSL recovers revenues within the 2017 Rate Year.
2. Approval of the Distribution System Plan as presented in Exhibit 2.
3. Approval of distribution rates effective January 1, 2017 to recover a revenue requirement of \$2,739,240 for the 2016 Test Year. This includes revenue deficiency of \$320,746 as detailed in Exhibit 6. The schedule of proposed rates is set out in Exhibit 8.
4. Approval of revised Low Voltage Rates as proposed and described in Exhibit 8.
5. Approval for an adjustment to the Retail Transmission Service Rates approved in the Applicant's 2015 IRM application (EB-2014-0111) as detailed in Exhibit 8.
6. Approval to continue to charge the Wholesale Market Service Rate, the Ontario Electricity Support Program Charge, and the Rural or Remote Electricity Rate Protection Charge approved in the OEB Decision and Order (EB-2015-0294) in the matter of regulatory charges established for the 2016 rate year as detailed in Exhibit 8.
7. Approval to continue the Specific Service Charges (with the exception of the microFIT monthly Service charge), the Transformer Allowance, and the Standard Supply Service charge approved in the Board Decision and Order in the matter of RSL's 2015 distribution rates (EB-2014- 0111) as detailed in Exhibit 8.
8. Approval to adjust the microFIT monthly service charge from \$5.40 to \$17.76 as detailed in Exhibit 3.

9. Approval of the proposed Loss Factor as detailed in Exhibit 8.
10. Approval of the Rate Riders for a one year disposition of the Group 1 Deferral and Variance account balances as detailed in Exhibit 9.
11. Approval of the Rate Riders for a one year disposition of the Group 2 Deferral and Variance account balances as detailed in Exhibit 9.
12. Approval of the Rate Riders for a one year disposition of PILS-HST as detailed in Exhibit 9.
13. Approval of the Rate Riders for a one year disposition of the Loss Revenue Adjustment Mechanism variance account (“LRAMVA”) for lost revenue from 2012 to as detailed in Exhibit 4.
14. Approval of the Rate Riders for a one year disposition of costs related to Smart Meter MDM/R implementation as detailed in Exhibit 9.
15. Approval to establish certain new deferral and variance accounts as presented in Exhibit 9.

## **Ex.1/Tab 6/Sch.9 - Proposed Issues List**

In establishing the overall appropriateness of the proposed rates, RSL anticipates that the following issues will be addressed by the Board and interveners.

General (Exhibit 1) - The reasonableness/suitability of;

- The overall economic and business planning assumptions for the Test Year.
- The reasonableness of the proposed revenue requirement of \$2,734,253.

Rate Base (Exhibit 2) - The reasonableness/suitability of;

- RSL's asset planning assumptions (e.g. asset knowledge, strategy and conditions, etc.)
- RSL's capitalization and depreciation policy.
- The overall capital expenditures.
- The working capital allowance.
- The proposed rate base for the test year
- The Distribution System Plan

Operating Revenues (Exhibit 3) - The reasonableness/suitability of;

- The load forecast methodology including weather normalization.
- The proposed customers/connections and load forecasts (both kWh and kW) for the test year
- The adjustment of CDM in the load forecast.
- The proposed revenue offsets.

Operating Costs (Exhibit 4) - The reasonableness/suitability of;

- The overall OM&A forecast for the test year.
- The methodologies used to allocate costs.
- The proposed level of depreciation/amortization expense for the test year.
- The compensation costs and employee levels.
- The test year forecast of PILs.
- RSL's service-quality results, based on the Board specified performance indicators

Cost of Capital and Rate of Return (Exhibit 5) - The reasonableness/suitability of;

- The proposed capital structure.
- The cost of debt.
- The proposed return on equity.

Calculation of Revenue Deficiency (Exhibit 6) - The reasonableness/suitability of;

- The calculation of Revenue Deficiency.

Cost Allocation (Exhibit 7) - The reasonableness/suitability of;

- The appropriateness of RSL's cost allocation.
- The proposed revenue-to-cost ratios.

Rate Design (Exhibit 8) - The reasonableness/suitability of;

- The proposed classes of customers.
- The customer charges and the fixed-variable splits for each class.
- The proposed Retail Transmission Service Rates.
- The proposed loss factors.
- RSL's proposed Tariff of Rates and Charges.

Deferral and Variance Accounts (Exhibit 9) - The reasonableness/suitability of;

- The account balances, cost allocation methodology and disposition plan.

## **Ex.1/Tab 6/Sch.10 - Statement of Deviation of Filing Requirements**

Except where specifically identified in the Application, RSL followed Chapter 2 of the OEB's "Filing Requirements for Electricity Transmission and Distribution Applications", dated July 16, 2015 (the "Filing Requirements") in order to prepare this application. The Excel version of the complete 2016 Cost of Service checklist is being filed in conjunction with this application.

## **Ex.1/Tab 6/Sch.11 - Changes in Methodologies**

There have been no significant changes to methodologies used by RSL in this application.

## **Ex.1/Tab 6/Sch.12 - Board Directive from Previous Decisions**

The Board did not issue specific directives in previous decisions.

## **Ex.1/Tab 6/Sch.13 - Conditions of Service**

RSL's Conditions of Services can be found at [www.rslu.ca](http://www.rslu.ca). There have been no changes to the Conditions of Service since RSL's last rate application.

## **Ex.1/Tab 6/Sch.14 - Accounting Standards for Regulatory and Financial Reporting**

RSL adopted International Financial Reporting Standards effective January 1, 2015. Prior to that date, our financial statements were prepared under CGAAP. Regulatory accounting was done using MIFRS, as approved in our 2012 Cost of Service rate application.

Regulatory costs and the incremental one-time costs have been normalized by allocating one fifth of the one-time costs to the 2016 Test Year.

RSL is not proposing other changes in methodology.

**Ex.1/Tab 6/Sch.15 - Accounting Treatment of Non-Utility Related  
Business**

RSL does not conduct any non-utility businesses. Non-utility business is conducted by the Utilities affiliate. Revenues and costs in this application only apply to the regulated business.

## **Ex.1/Tab 6/Sch.16 - Operating Environment**

RSL is incorporated under the Ontario Business Corporations Act, and is 100% owned by Rideau St. Lawrence Holdings Inc. RSL is managed by a Board of Directors appointed by Rideau St. Lawrence Holdings Inc.

RSL expects the status quo for the business conditions over the planning horizon of this report; no growth and no shrinkage. There are no known expansion plans for industrial, commercial or residential segments of the economy nor are there any known planned closures in the industrial or commercial segments of the economy. The lack of change in the economy means that there is no growth based capital work proposed by RSL.

## **Ex.1/Tab 6/Sch.17 - Corporate Organization**

RSL currently utilizes 15 employees, including:

- President and Chief Executive Officer
- Chief Financial Officer
- Operations Manager
- Lead Hand
- Linemen (4.43)
- Customer Service and Billing Clerks (2.63)
- Collections Clerk (.57)
- Accounting, Regulatory, and Administrative Clerks (3)
- Meter Readers (.3)

The above relationships are shown in the Utility Organization Chart on the next page.

The accountabilities of the President and CEO include, but are not limited to the following:

- Regulatory compliance with governing bodies including the OEB, IESO, Ministry of Energy, and Ministry of Finance
- Liaison with RSL Board of Directors and Municipal Shareholders
- Energy Conservation Programs planning and delivery
- Customer engagement and attendance at community events
- Service quality measurement and continuous improvements
- Customer service and handling of escalated issues

The accountabilities of the Chief Financial Officer include, but are not limited to the following:

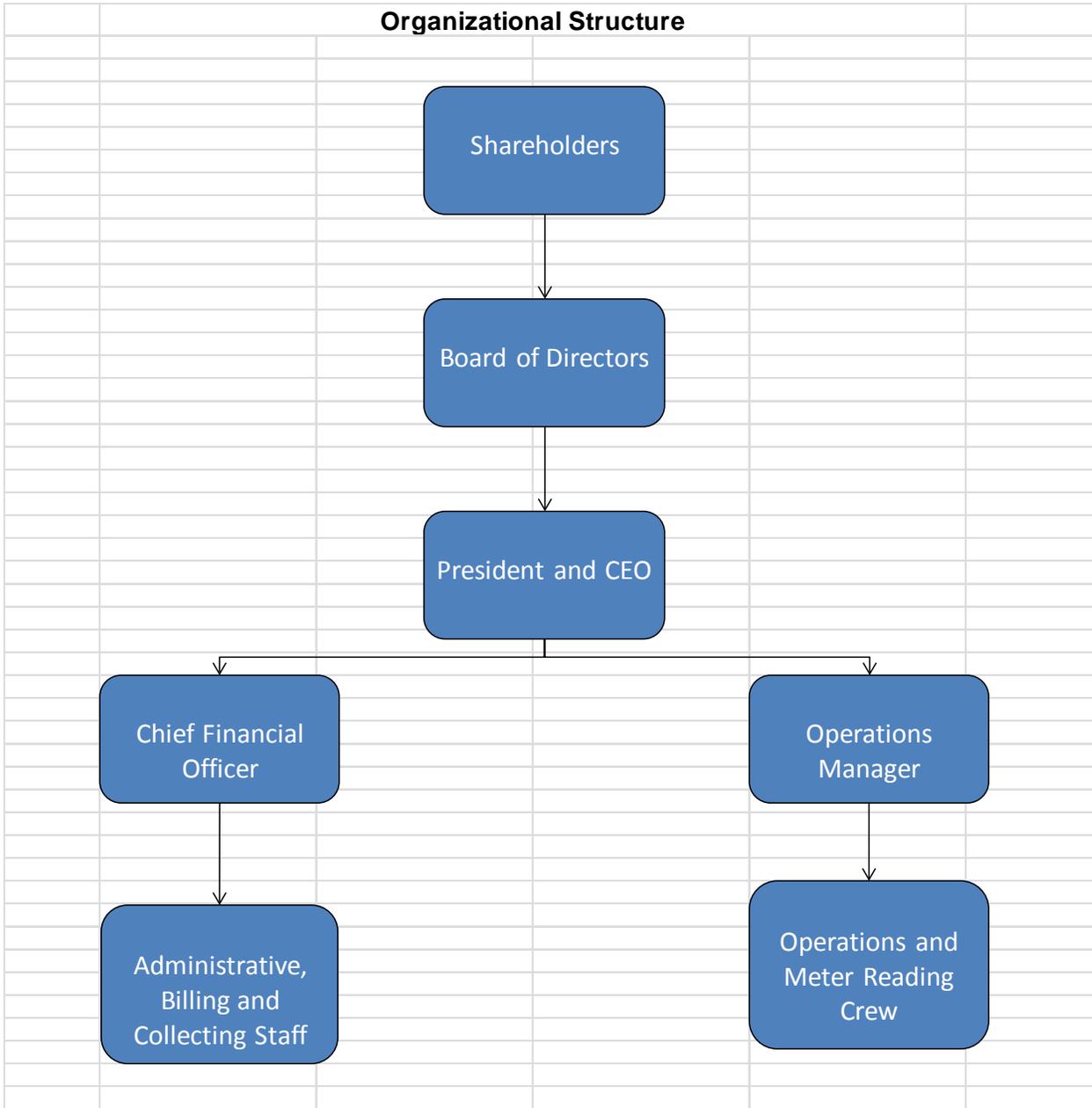
- Regulatory compliance with governing bodies including the OEB, IESO, Ministry of Energy, and Ministry of Finance
- Financial obligations and adherence to accounting codes and ethics

- Budget reporting and forecasting
- Billing and Collections
- Human resources and payroll
- Customer service and handling of escalated issues

The accountabilities of the Operations Manager include, but are not limited to the following:

- Service reliability and safety of the utility's electrical distribution system
- Capital project execution
- Maintenance of distribution equipment
- Health and Safety compliance
- Industry compliance (ESA)
- Meter inspections, new series, and new connections
- Asset management maintenance
- Implementation of the Distribution System Plan

**Table: 1.14: Organizational Chart**



# Applicant Overview

---

## Ex.1/Tab 7/Sch.1 – Applicant Overview

Rideau St. Lawrence Distribution Inc.'s service area consists of:

- The Town of Prescott
- The Village of Westport
- The Former Village of Cardinal
- The Former Village of Iroquois
- The Former Village of Morrisburg
- The Former Village of Williamsburg

Total Service Area: 18 square km.

Rural Service Area: No Rural Service Area

Distribution Type: Embedded in Hydro One Networks

Service Area Population: 11,842

Municipal Population: 20,547

Prescott Boundaries: Municipal Boundary of the Town of Prescott as it existed on March 31, 1999.

Cardinal Boundaries: Municipal Boundary of the former Village of Cardinal as it existed December 31, 2000, now in the Township of Edwardsburgh/Cardinal.

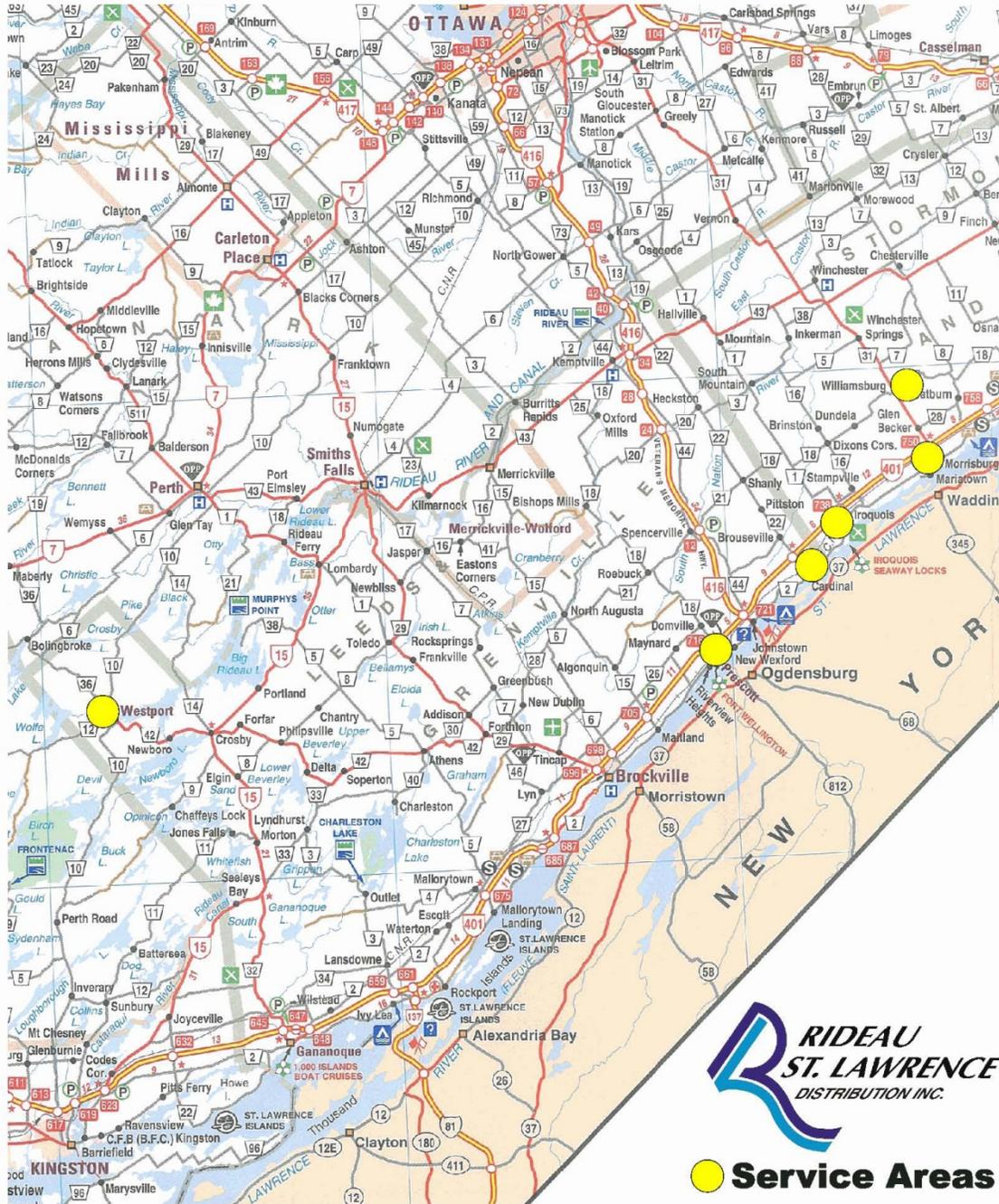
Iroquois Boundaries: The Municipal Boundary of the former Village of Iroquois as it existed on March 31, 1995, now in the Township of South Dundas.

Morrisburg Boundaries: The Municipal Boundary of the former Village of Morrisburg as it existed on December 31, 1997, now in the Township of South Dundas.

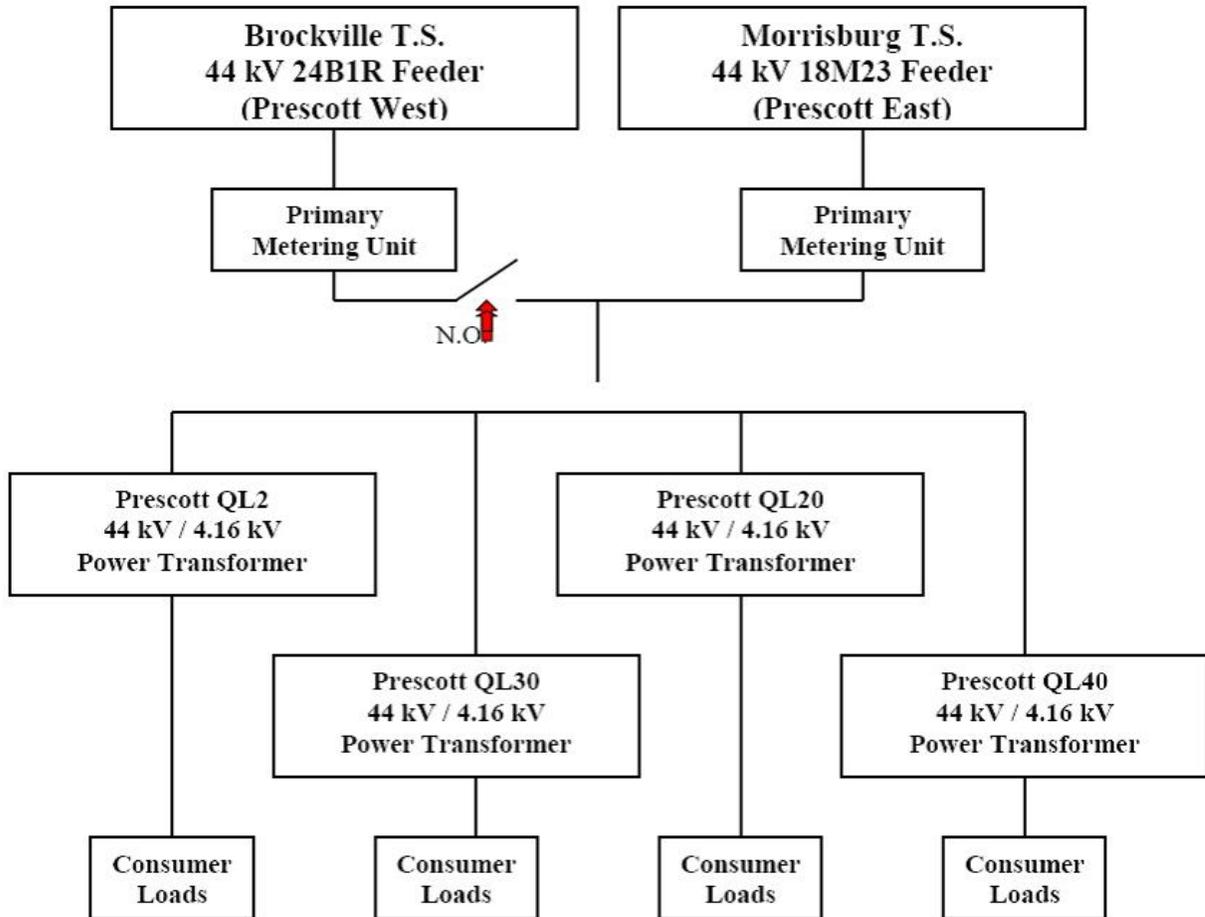
Williamsburg Boundaries: The Municipal Boundary of the former Village of Williamsburg as it existed on December 31, 1997, now in the Township of South Dundas.

Westport Boundaries: The Municipal Boundary of the Village of Westport as it existed on March 31, 1999.

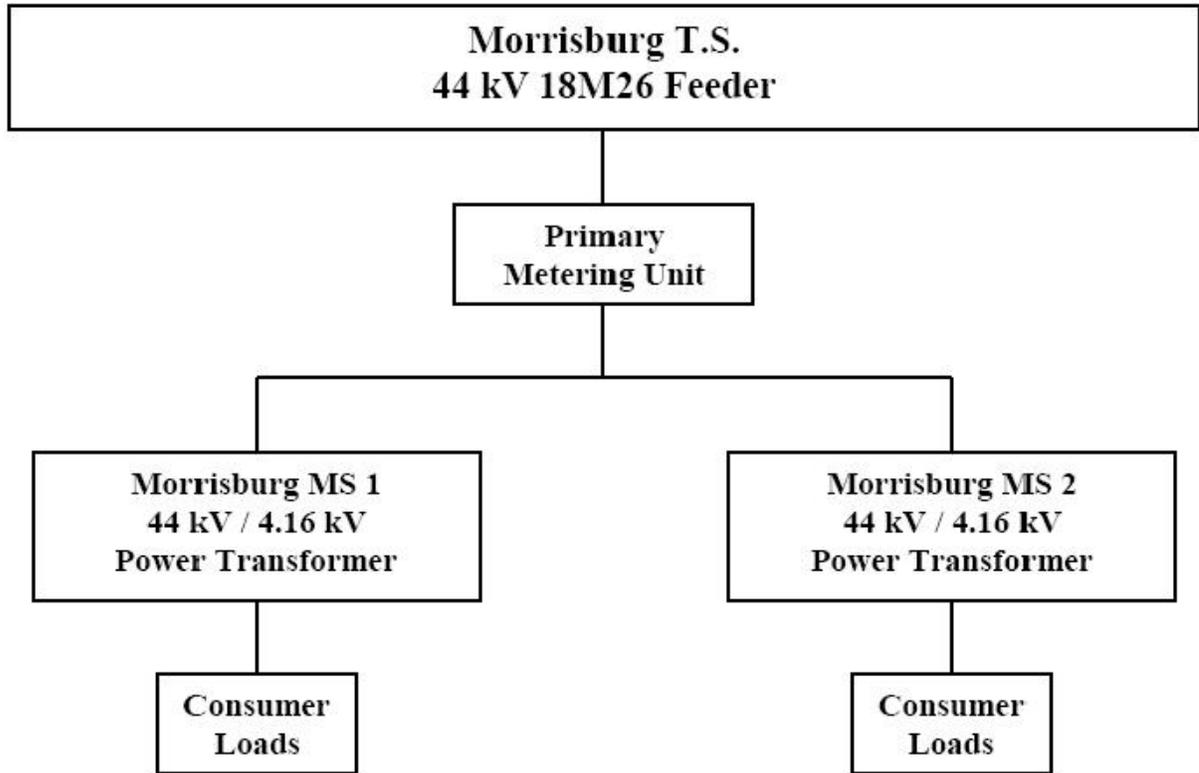
A map of the service area served by RSL is found on the next page.



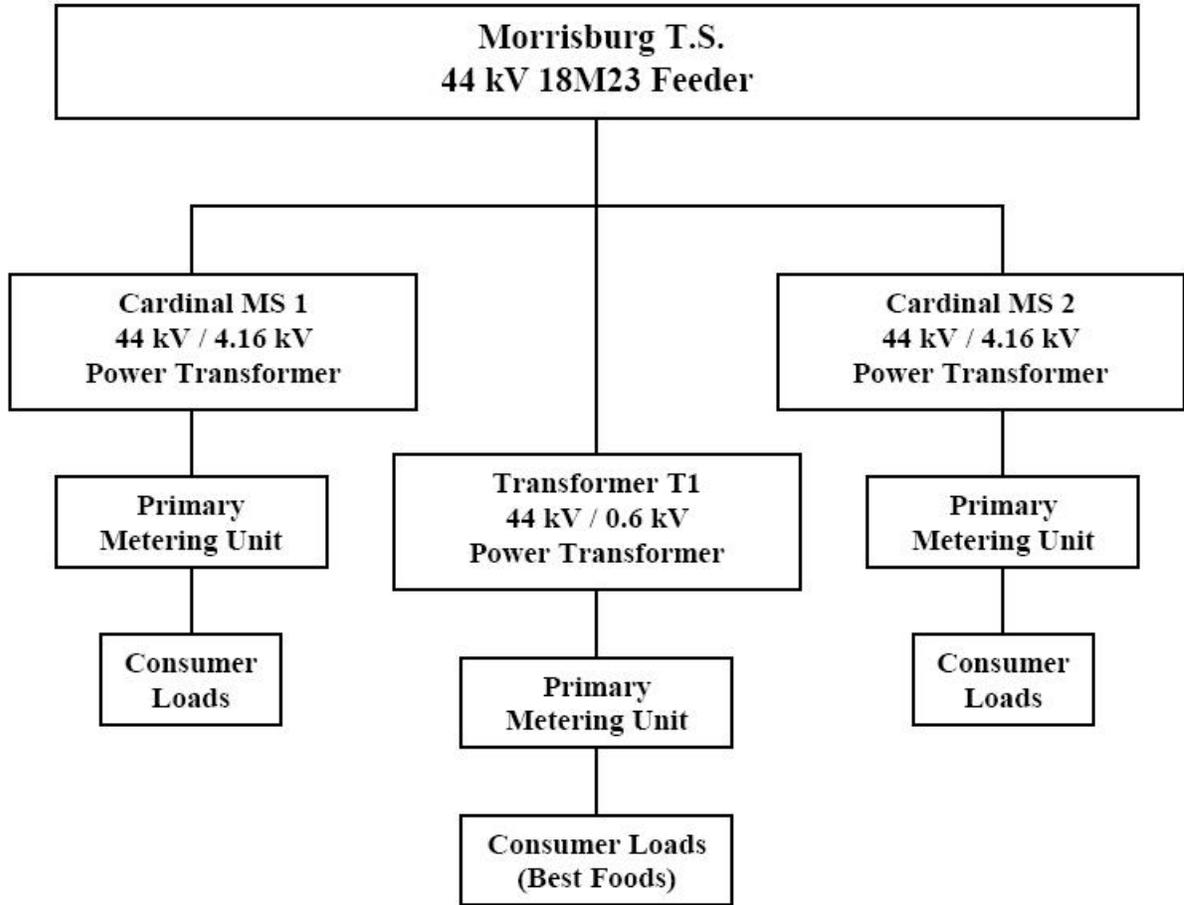
### Town of Prescott



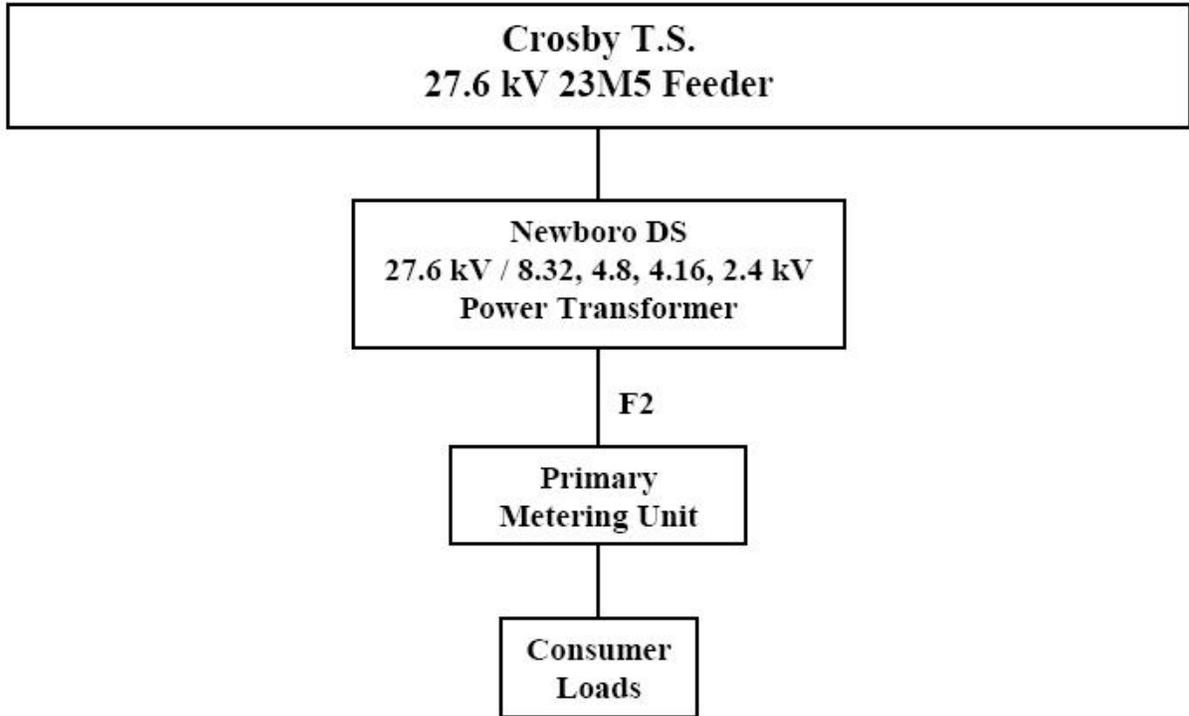
## Town of Morrisburg



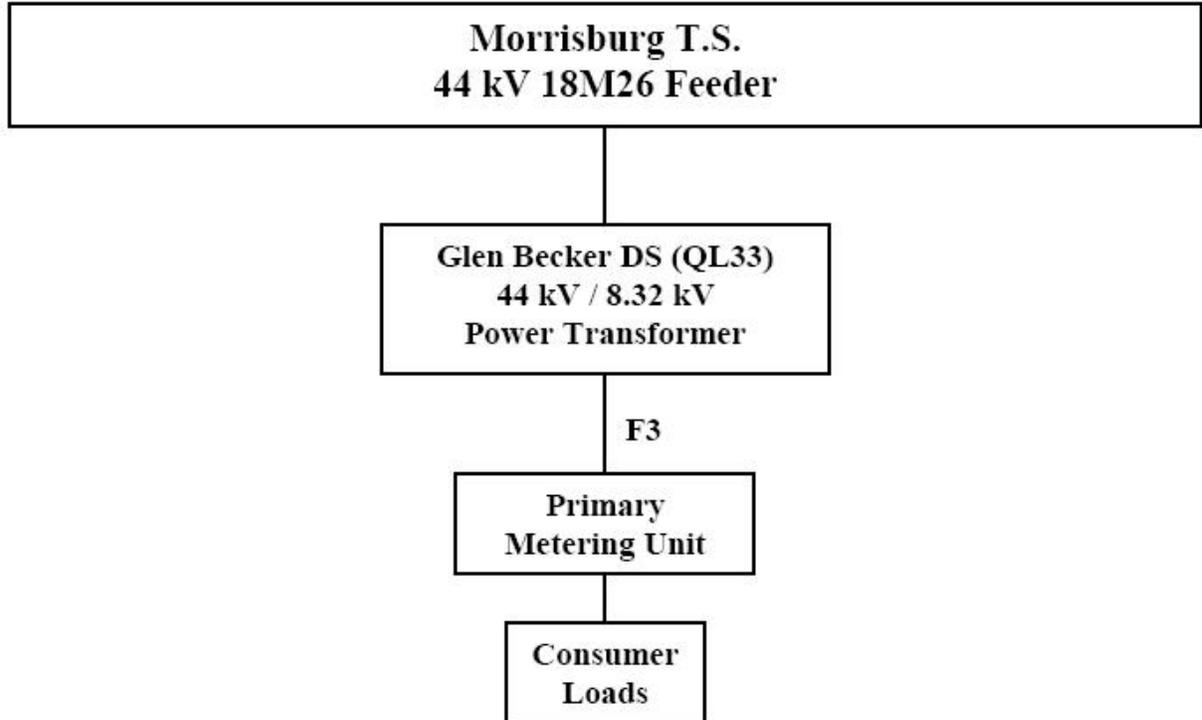
### Town of Cardinal



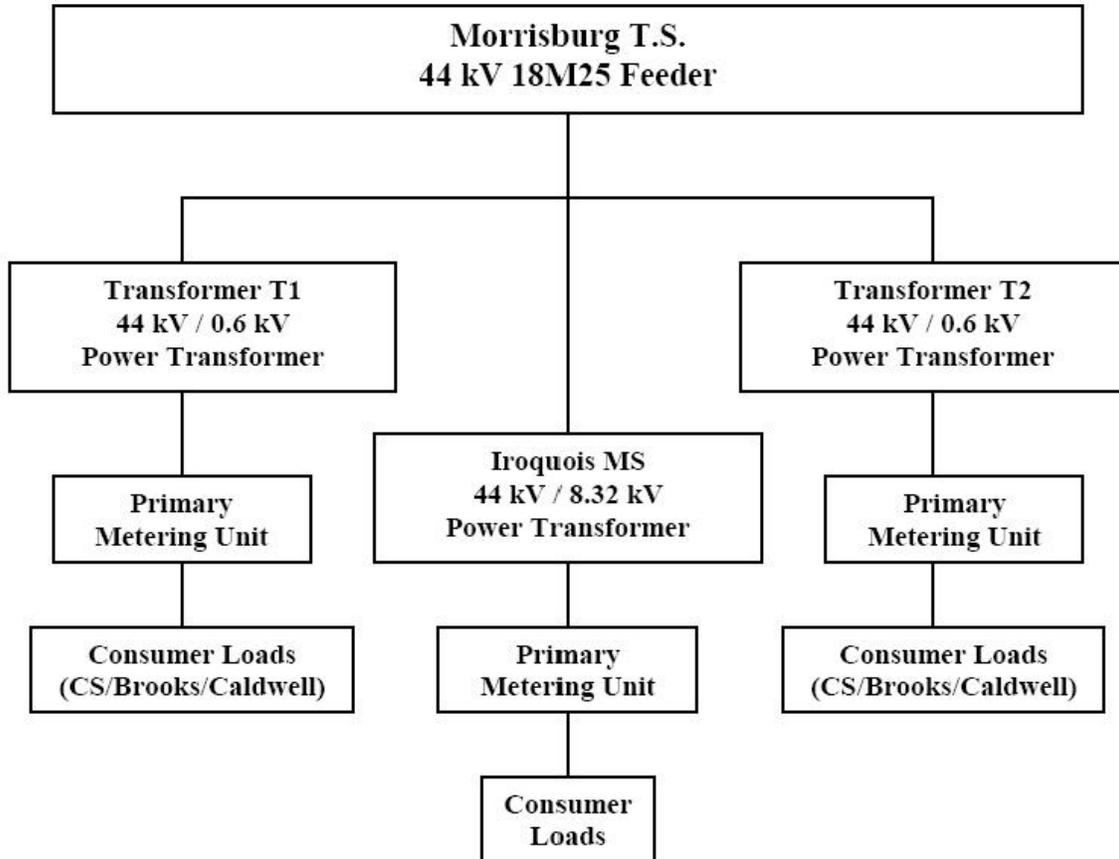
## Town of Westport



## Town of Williamsburg



### Town of Iroquois



## **Ex.1/Tab 7/Sch. 2 – Host/Embedded Distributor**

RSL is an embedded distributor who receives electricity at distribution level voltages from Hydro One Networks Inc.

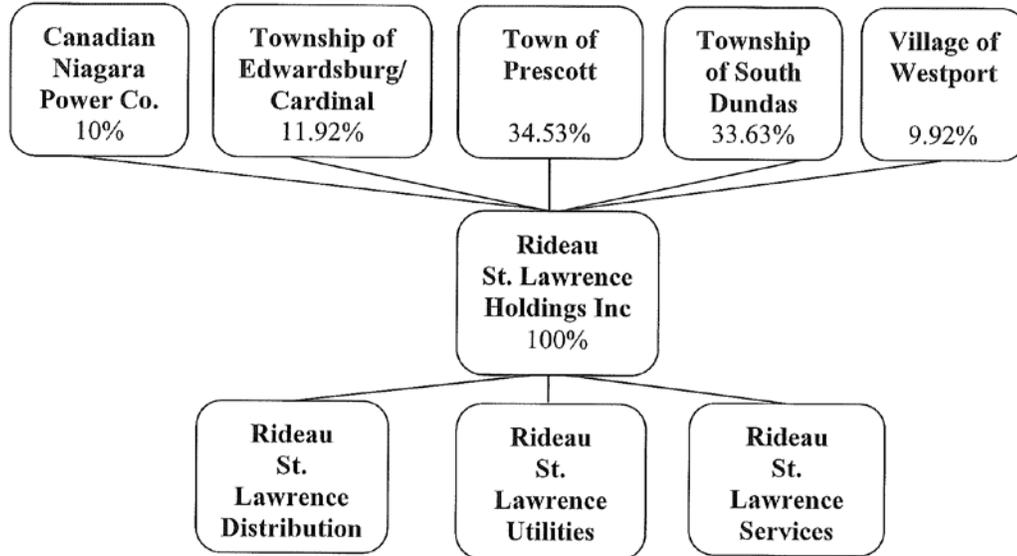
RSL does not have any embedded distributors within its territory.

### **Ex.1/Tab 7/Sch. 3 – Transmission or High Voltage Assets**

The Applicant does not have any transmission or high voltage assets deemed by the Board as distribution assets and as such are not seeking approvals from the Board in that regard.

## Corporate Governance

### Ex.1/Tab 8/Sch.1 - Corporate Governance Structure



#### **Rideau St. Lawrence Holdings Inc.:**

Rideau St. Lawrence Holdings Inc. was incorporated on October 17, 2000 under the laws of the Province of Ontario. The principle activity is as a Holding Company.

#### **Rideau St. Lawrence Distribution Inc.:**

Rideau St. Lawrence Distribution Inc. was incorporated on October 17, 2000 under the laws of the Province of Ontario. The principle activity of the Company is to provide electrical power distribution in the Town of Prescott and the Villages of Westport, Williamsburg, Morrisburg, Iroquois, and Cardinal.

#### **Rideau St. Lawrence Utilities Inc.:**

Rideau St. Lawrence Utilities Inc. was incorporated on October 17, 2000 under the laws of the Province of Ontario. The principle activity of the Company is to provide services to Rideau St. Lawrence Distribution Inc., water and sewer billing to the Town of Prescott and the Villages of Westport, Morrisburg, Iroquois, and Cardinal, as well as hot water tank rentals and service.

**Rideau St. Lawrence Services Inc.:**

Rideau St. Lawrence Services Inc. was incorporated on October 17, 2000 under the laws of the Province of Ontario. The principle activity is to provide dark fibre and high speed communication in Cardinal and Prescott, but is not limited to those locations.

Board of Directors			
Rideau St. Lawrence Holdings	Rideau St. Lawrence Distribution	Rideau St. Lawrence Utilities	Rideau St. Lawrence Services
Mr. S. Bryce	Mr. S. Bryce	Mr. S. Bryce	Mr. S. Bryce
Mr. D. Gibson	Mr. D. Bradbury	Mr. D. Gibson	Mr. D. Gibson
Mr. H. George	Mr. J. Annable	Mr. H. George	Mr. H. George
Mr. D. Bradbury		Mr. D. Bradbury	Mr. D. Bradbury
Mr. W. Ewing		Mr. W. Ewing	Mr. W. Ewing

## **Ex.1/Tab 8/Sch.2 – Board of Directors**

RSL has one independent board member, (meaning that they are not an employee or officer of the utility) and two appointed members, as per our policy. This conforms to the Affiliate Relationship Code (“ARC”) whereby at least one-third of its directors must remain independent from Affiliate Boards.

Open, frank and honest discussions are encouraged at all Board and Committee meetings.

Management provides the RSL Board with all the written reports, PowerPoint presentations, oral reports, verbal and written responses to RSL Board inquiries, that are crucial to the successful realization of RSL’s corporate goals and objectives.

The background of each RSL Board Member is as follows:

1. Scott Bryce (Chair)
  - a. CAO/Clerk for the Village of Westport
  - b. MBA, MA, BA
  - c. Doctoral studies in Public Policy
  
2. Douglas Bradbury
  - a. Director, Regulatory Affairs, Fortis Ontario
  - b. Extensive experience in the regulated Ontario market
  - c. Professional Engineer
  
3. James Annable
  - a. Independent Director
  - b. 30 years of construction and estimating experience

## **Ex.1/Tab 8/Sch.3 – Board Mandate**

RSL does not have a written Board mandate.

In general, the unofficial board mandate includes:

- Sound management of the Business through the development of a strategic planning process
- Protect the investment of the Shareholders by managing the exposure to inherent risks.
- Provide adequate reporting to the shareholders
- Provide the shareholders with the maximum rate of return permitted by the regulator
- Supervision of utility management.

The Board fulfills its mandate by conducting quarterly meetings with RSL Management. During the meetings, Operational, Regulatory, Financial, Administrative, and Health and Safety topics are discussed. Major projects are discussed, and, if necessary, approvals for actions are sought from the Board.

## **Ex.1/Tab 8/Sch.4 – Board Meetings**

In 2015, the RSL board had 3 regular meetings. There were no extra-ordinary meetings. Extra-ordinary meetings are defined as gatherings for potential employee interviews and/or meetings with its shareholder. Special meetings are defined as presentations from companies or individuals on various electrical subjects or EDA/MEARIE conferences.

The overall attendance of the RSL board members has been exemplary. Each Director has attended 100% of the meetings in 2015 and 100% of the board meetings to date in 2016.

Meetings held to date in 2016:

- January 28, 2016
- April 26, 2016
- June 15, 2016
- October 6, 2016

Scheduled meetings in 2016:

- November 30, 2016

## **Ex.1/Tab 8/Sch.5 – Orientation and Continuing Education**

RSL values best practices of corporate governance and strives to maintain and adopt policies to promote maximum effectiveness. The Board recognizes that a Director Orientation and Continuing Education Policy is an essential tool to that effect.

The orientation and education process includes, but is not limited to, the following information:

### **Orientation:**

- Board Structure and Contacts
- Board Meeting Schedule
- Board Minutes (from previous year(s))
- Operating Bylaw / Corporate Policies / Corporate Background / Organizational Chart
- Current Year Budget, Directors' & Officers' Insurance
- EDA Primer
- Health & Safety Orientation (building access/security, emergency evacuation, respect in the workplace (including Bill 168-workplace violence), privacy, accessible customer service)

### **Continuing Education:**

The Board is responsible for ensuring Directors are provided with continuing education opportunities. Each Director shall assess his/her development needs annually during the Board evaluation process and inform the Chairperson of the Board and Chief Executive Officer of his/her development requirements. Education and training is then scheduled based on the results of each assessment.

Additionally, informal training occurs by way of exposure to the following:

- Attendance at industry associated meetings such as EDA meetings, etc.
- Industry updates provided at each Board Meeting

- Regular discussions between Board members and RSL management about industry and regulatory matters

Updates on CHEC functions:

- CHEC Annual Meeting
- CEO and Senior Management Forums
- Other CHEC industry meetings

## **Ex.1/Tab 8/Sch.6 – Ethical Business Conduct**

The RSL Board of Directors has not adopted a formal Code of Conduct policy. Potential conflicts of interest are declared and assessed at the outset of all Board meetings.

## **Ex.1/Tab 8/Sch.7 – Nomination of Directors**

Directors for Rideau St. Lawrence Distribution Inc. are appointed by the Board of Rideau St. Lawrence Holdings Inc. The Chair of Rideau St. Lawrence Distribution Inc. is decided on by the Board of RSL.

## **Ex.1/Tab 8/Sch.8 – Board Committees**

RSL does not currently have any Board Committees.

## Letters of Comment

---

### **Ex.1/Tab 9/Sch.1 - Letter of Comment**

The utility does not have any letters of comment as of the filing of this application.

# Scorecard

---

## **Ex.1/Tab 10/Sch.1 – Scorecard Performance Evaluation**

Under the Renewed Regulatory Framework a distributor is expected to continuously improve its understanding of the needs and expectations of its customers and its delivery of services. RSL's 2015 Scorecard can be found below at Table 1.15. RSL is measured on four main categories:

### **Customer Focus – Service Quality:**

Over the past five years, RSL has exceeded all of the service quality measures including:

- New Residential/Small Business Services Connected On Time
- Scheduled Appointments Met On Time
- Telephone Calls Answered On Time

RSL maintains an open-door policy, and has close relationships with our customers. Until recently, all telephone calls were answered personally. In 2015, an automated telephone system was introduced, with the desire to enhance our customer service. Appointments for our customers are scheduled to meet our customers' expectations. This shows respect for our customers and their priorities.

### **Customer Focus – Customer Satisfaction**

There were two new measures introduced in 2014. RSL has exceeded the target set for Billing Accuracy, with accuracy levels of 99.58% in 2014 and 99.55% in 2015. Customers expect to receive accurate bills, reflecting actual meter readings and approved rates.

No target has been set for First Contact Resolution, but RSL has achieved a result of 99%. Virtually all of the questions raised by our customers are answered by the first person to speak with them. Our Customer Service staff is very experienced, and capable of appropriately answering almost any question from a customer.

RSL has conducted two customer surveys, using Utility Pulse, a well-respected surveying company. The first survey was conducted in 2014, and it was a group survey with other CHEC utilities. As it was a group survey, the results received were for the entire group. The rating from this survey was “A”. The second survey was conducted in 2015, and was an individual survey done for RSL. As with the group survey done the year before, the customer satisfaction survey result was “A”.

The statistical survey canvassed a number of key areas, including power quality and reliability, price, billing and payments, communications, capital spending, and the overall customer service experience. RSL considers this customer satisfaction survey to be a useful tool for engagement to identify customer preferences with respect to the provision of electricity services as well as identifying areas that may require improvement.

### **Operational Effectiveness – Safety**

Annual audits conducted by the Electrical Safety Authority (“ESA”) have reported that Rideau St. Lawrence Distribution Inc. was “C” – Compliant with Ontario Regulation 22/04 (Electrical Distribution Safety). This has been achieved and maintained by our commitment to safety coupled with the adherence to company procedures and policies. RSL will continue to construct and maintain the electrical distribution system in accordance with the safety standards set out by the Ontario Regulation 22/04 code.

In 2016, RSL conducted the ESA Public Awareness Survey. RSL used Red Head Media, an experienced surveying company, to canvas residents in and around our communities. RSL received an overall Level of Public Awareness score of 83.6%. RSL considers the score received to be reasonable, and recognizes that there is room for improvement. RSL will consider the potential for additional public awareness programs for our customers.

RSL is pleased to report that in the years reflected in the Scorecard (2011 – 2015), there have been zero Serious Electrical General Public Incidents.

### **Operational Effectiveness – System Reliability**

The average number of hours that power to a customer is interrupted is a measure of system reliability or the ability of a system to perform its required function. RSL considers the reliability of electrical service as a high priority for its customers and constantly monitors its distribution system for signs of reliability degradation. Regular maintenance of equipment is required to ensure the level of reliability is kept as high as possible.

The average number of hours that power to a customer is interrupted averaged .37 hours between 2011 and 2014. The result in 2015 was 1.17 hours, an unusual increase from past years. RSL does not consider this to be an indication of a system reliability problem. The increase was caused by one event, where an equipment failure impacted on a large number of customers. As our numbers have a history of being low for this measure, the impact of one large event can be large.

The average number of times that power to a customer is interrupted averaged .15 times between 2011 and 2014. The 2015 result was .3 times. The increase was the result of the outage event mentioned above.

### **Operational Effectiveness – Asset Management**

In 2016, RSL completed the work on a full Distribution System Plan. As RSL did not have an approved plan in prior years, the measure on the scorecard reflected the progress made towards the work in our annual Capital Budget. The scorecard result of 78% in 2014 and 83% in 2015 indicates that RSL completes the work that is planned.

The Distribution System Plan is included in Exhibit 2 of this application.

### **Operational Effectiveness – Cost Control**

The results shown on the scorecard for Total Cost per Customer and Total Cost per Km of Line have increased over the years depicted. RSL's costs have increased, partially due to inflationary pressures, and also due to the costs required to meet operating requirements. Costs have risen, but the number of customers and the Km of Line has increased marginally.

### **Public Policy Responsiveness – Conservation and Demand Management**

For the period from 2011 – 2014, RSL exceeded the target for energy consumption reduction, achieving 142.2% of the goal. RSL reached 59.3% of the target for demand savings.

In 2015, a new CDM framework was mandated by the Ministry of Energy for the program period of 2015-2020. As of the end of 2015, in the first year of the six-year program, RSL reached 26.97% of its 6-year target of 5.02 GWh.

### **Public Policy Responsiveness – New Micro-Embedded Generation Facilities**

RSL has connected all new micro-embedded generation facilities within the specified timeframe. In 2015, there were no new requests received.

### **Financial Ratios – Liquidity**

RSL's current ratio is 0.98 for 2015. Although lower than previous years, the 2015 ratio is considered to be normal. The ratio is reasonable in comparison with the five-year average of 1.13, which is indicative of a financially healthy organization. RSL expects the current ratio to remain consistent into the foreseeable future.

### **Financial Ratios – Leverage**

In 2015, RSL's debt to equity ratio was 0.45, which is below the ratio expected by the OEB. RSL believes that a low risk/low debt approach is appropriate for a utility of their size. RSL expects its debt to equity ratio to increase in 2016 due to the financing of the digger truck purchase.

### **Financial Ratios – Profitability**

In RSL's last rate application, a target (deemed) return on equity of 9.12% was established. Distributors are expected to achieve results that are +/- 3 % from the established target. In 2014, RSL achieved 6.76%, and 4.01% in 2015. The main drivers

for the decrease in profitability are the increases in operating expenses and the cost of power coupled with small increases in distribution revenue as compared with the amounts approved in our last rate application:

- Cost of Power – 28.31% increase
- Controllable Expenses – 16.08% increase
- Revenues – 3.7% increase

**Table 1.15: Scorecard**

**Scorecard - Rideau St. Lawrence Distribution Inc.** 9/22/2016

Performance Outcomes	Performance Categories	Measures	2011	2012	2013	2014	2015	Trend	Target		
									Industry	Distributor	
Customer Focus <i>Services are provided in a manner that responds to identified customer preferences.</i>	Service Quality	New Residential/Small Business Services Connected on Time	100.00%	99.20%	99.80%	91.40%	100.00%	↓	90.00%		
		Scheduled Appointments Met On Time	98.20%	98.60%	98.10%	98.80%	98.30%	↑	90.00%		
		Telephone Calls Answered On Time	97.10%	98.30%	98.30%	98.50%	92.00%	↑	65.00%		
	Customer Satisfaction	First Contact Resolution					99%	99%			
		Billing Accuracy					99.58%	99.55%	↑	98.00%	
Operational Effectiveness <i>Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.</i>	Safety	Level of Public Awareness									
		Level of Compliance with Ontario Regulation 22/04 <sup>1</sup>	NI	C	C	C	C			C	
		Serious Electrical Incident Index Rate per 10, 100, 1000 km of line	0.000	0.000	0.000	0.000	0.000			0	
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted <sup>2</sup>	0.09	0.48	0.62	0.30	1.17		↓	0.31	
		Average Number of Times that Power to a Customer is Interrupted <sup>2</sup>	0.05	0.17	0.24	0.14	0.30		↓	0.13	
	Asset Management	Distribution System Plan Implementation Progress					78%	83%			
		Efficiency Assessment		2	3	3	3				
	Cost Control	Total Cost per Customer <sup>3</sup>	\$443	\$477	\$469	\$508	\$548				
		Total Cost per Km of Line <sup>3</sup>	\$27,517	\$27,132	\$27,552	\$28,348	\$30,559				
	Public Policy Responsiveness <i>Distributors deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board).</i>	Conservation & Demand Management	Net Cumulative Energy Savings <sup>4</sup>					26.97%		5.02 GWh	
Renewable Generation Connection Impact Assessments Completed On Time											
Financial Performance <i>Financial viability is maintained, and savings from operational effectiveness are sustainable.</i>	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.40	0.98	1.20	1.09	0.98				
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.82	0.67	0.58	0.52	0.45				
		Profitability: Regulatory Return on Equity	8.57%	9.12%	9.12%	9.12%	9.12%				
		Deemed (included in rates) Achieved	2.04%	4.47%	12.10%	6.78%	4.01%				

**Legend:** 5-year trend: up (green), down (red), flat (grey). Current year: target met (green), target not met (red).

1. Compliance with Ontario Regulation 22/04 assessed: Compliant (C); Needs Improvement (NI); or Non-Compliant (NC).  
 2. The trend's arrow direction is based on the comparison of the current 5-year rolling average to the fixed 5-year (2010 to 2014) average distributor-specific target on the right. An upward arrow indicates decreasing reliability while downward indicates improving reliability.  
 3. A benchmarking analysis determines the total cost figures from the distributor's reported information.  
 4. The CDM measure is based on the new 2015-2020 Conservation First Framework. This measure is under review and subject to change in the future.

# Appendix

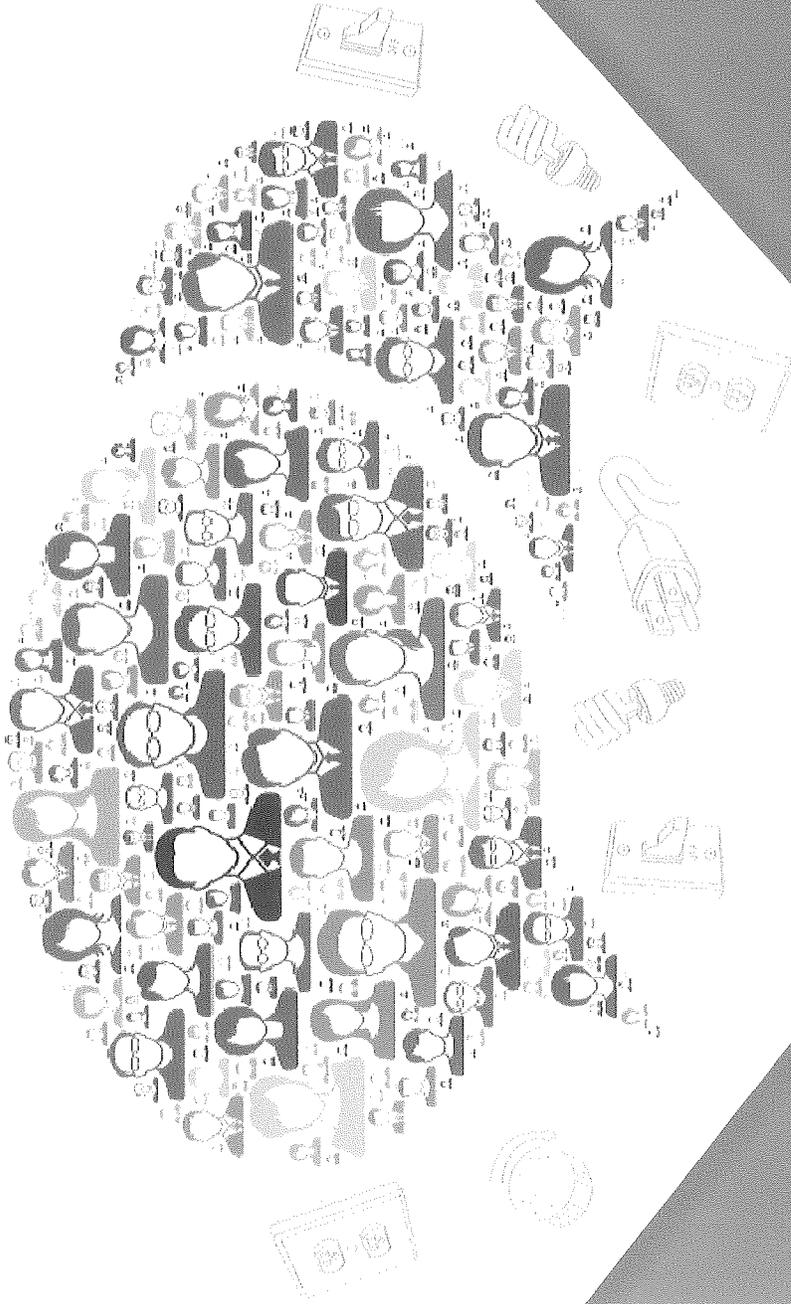
---

## List of Appendices

Appendix 1.1	Customer Engagement Survey
Appendix 1.2	Public Awareness Survey

# Rideau St. Lawrence Distribution Inc.

Appendix 1.1 – Customer Satisfaction Survey



2015

Electric

Utility

Customer

Engagement

Survey

**The purpose of this report is to profile the connection between Rideau St. Lawrence Distribution Inc. and its customers.**

The primary objective of this report based on a telephone survey is to provide information that will support discussions and decisions about improving both customer care and operations.

In addition to the specific telephone survey with RSL customers, this report includes data from the 2015 Ontario and National Benchmark Surveys, and the 2015 17<sup>th</sup> Annual UtilityPULSE Customer Satisfaction Survey and from the UtilityPULSE database.

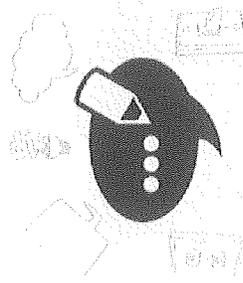
This is privileged and confidential material and no part may be used outside of Rideau St. Lawrence Distribution Inc. without written permission from UtilityPULSE, the electric utility survey division of Simul Corporation.

All comments and questions should be addressed to:

Sid Ridgley, UtilityPULSE division, Simul Corporation

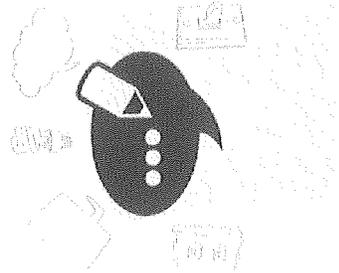
Toll free: 1-888-291-7892 or Local: 905-895-7900

Email: [sidridgley@utilitypulse.com](mailto:sidridgley@utilitypulse.com) or [sridgley@simulcorp.com](mailto:sridgley@simulcorp.com)



## Index

	Page	Page	
Report	4	Additional Data, Observations, Insights & Commentary	37
Customer Focus – Customer Satisfaction	5	Corporate Image	38
Bill payers' recent problems	11	How can service to customers be improved?	40
Outage Management	14	What do customers think about electricity costs	42
Operating & Capital Expenses	21	What do small commercial customers think?	44
- Operating items	25	Soliciting Feedback	51
- Capital items	29	Public Electrical Safety Measurement	53
Elasticity – Willingness to Pay	33	SMART Grid	56
		Purchasing an Electric vehicle	58
		Method	60
		About Simul	63

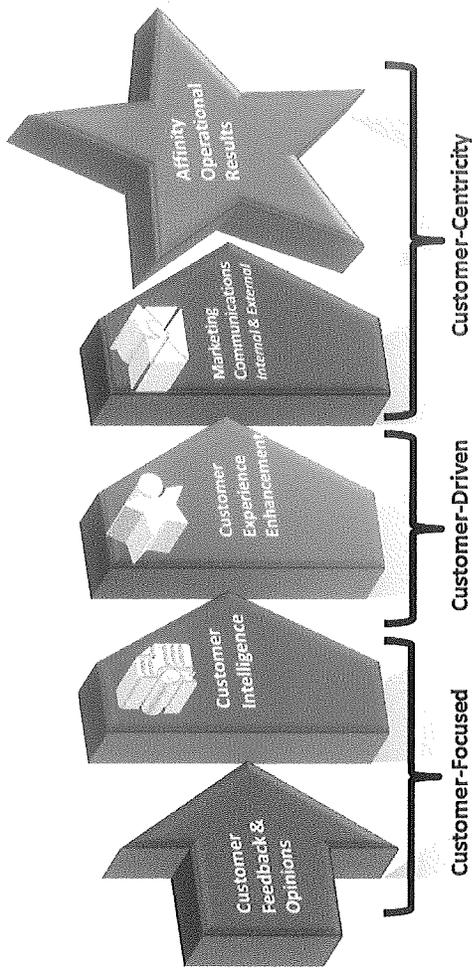


# Survey Observations & Insights

Customer engagement is a key driver for the success of energy efficiency, demand response, adoption of smart energy technologies and other programs the LDC manages. The key to effective engagement lies in understanding customers' attitudes, want, needs, motivations, and in recognizing that customers are smart people. In an effort to engage with its customers, Rideau St. Lawrence Distribution Inc. commissioned UtilityPULSE to interview its customers via a telephone survey.

Chapter 5 of the Ontario Energy Board publication *"Filing Requirement's for Electricity Transmission and Distribution Applications"* (March 28, 2013) set out the requirements for performance outcomes in a number of areas. One of those areas, Customer Focus is defined as *"services are provided in a manner that responds to identified customer preferences"*. Another area is Operational Effectiveness: *"continuous improvement in productivity and cost performance is achieved; and utilities deliver on system reliability and quality objectives."*

## Customer Engagement ROI

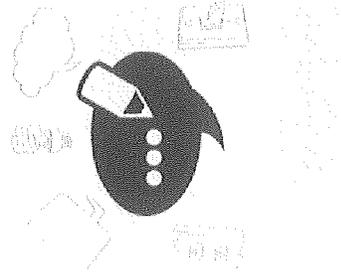


## Customer Focus - Customer Satisfaction - Satisfaction Survey Results

In Ontario, the Ontario Energy Board (OEB) has made it clear Customer Satisfaction measurement will be part of an Electricity Distributor's reporting. Of the many reasons why every LDC should place a premium on satisfying customers, here are some of the important ones:

1. Every enterprise has an obligation to satisfy its customers
2. Economically, high levels of satisfaction lead to less customer complaints and less scrutiny (hence less cost)
3. As an effectiveness measure it prompts discussion about policies, procedures, planning, use of technology, and more
4. When things go wrong (and they do), customers with high levels of satisfaction handle the problem far better than customer with very low levels of satisfaction
5. For employees there is a morale boost when working in an organization with a high level of customer satisfaction
6. Customers (as well as others) have growing levels of expectations which means the things that satisfy customers today may not tomorrow.

A focus on satisfaction prompts an organization to continue to evolve in ways that make sense to those that pay the bills. A focus on satisfaction is a focus on effectiveness in the delivery of service to the customer. Satisfied customers who trust their LDC may be more likely to seek advice i.e. energy efficiency methods, and may be more receptive to important messages i.e. safety, new capital projects, etc.

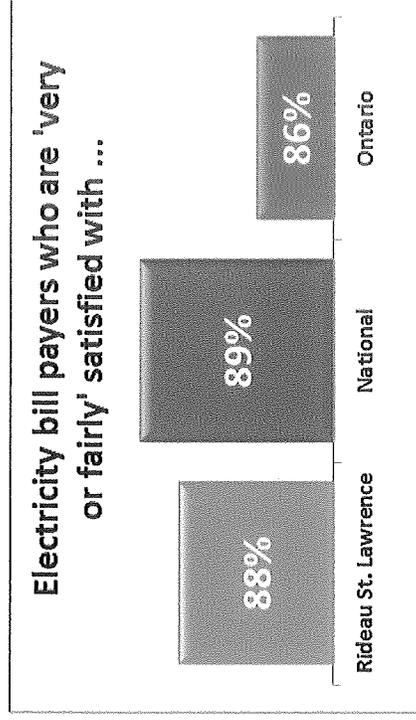


A word of caution to readers, please do not assume that great performance in an efficiency rating (such as answering the phone in 30 seconds) will lead to customer satisfaction. It will not. Answering the phone in 20 seconds but not solving the customer's problem is not going to change, for the better, the customer's perception about the transaction.

Efficiency ratings won't lead to satisfaction but they can lead to dissatisfaction. Taking 90 seconds to answer the phone will create an agitated customer who, for the most part starts off being dissatisfied with the service – before you've even had a chance to deal with or solve their problem.

- **Satisfaction** happens when utility core services meet or exceed customer's needs, wants, or expectations.
- **Loyalty** occurs when a customer makes an emotional connection with their electric utility on a diverse range of expectations beyond core services.

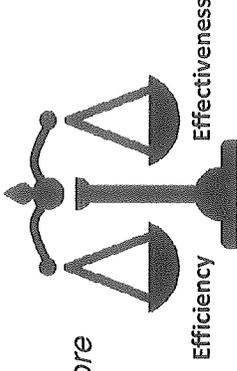
Customer expectations of their electricity LDC have evolved past the “provide electricity reliably, safely and billed both accurately with fair pricing”. They do expect their LDC to be ethical, forward-thinking, competent and trustworthy.



Base: total respondents

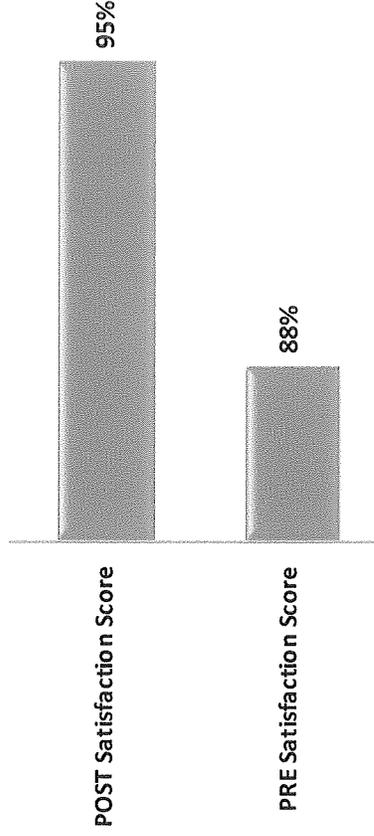
In a nutshell:

- Satisfaction is not a program, it is an outcome.
- **Efficiency** is about achieving objectives with the minimum amount of people, time, money and other resources.
- **Effectiveness** ratings are measures that keep the organization and its people more future focused than efficiency ratings
- Finding the right balance between efficiency and effectiveness measures is difficult.

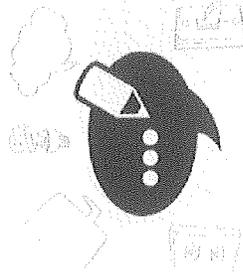


In the Simul/UtilityPULSE Customer Satisfaction survey, the overall satisfaction question is asked both at the beginning (PRE) and the end (POST). Asking the general satisfaction question at the start of the survey avoids bias and we obtain a spontaneous rating. This allows measurement of customers' overall impressions of the utility prior to prompting them to think of specific aspects of the relationship.

## Rideau St. Lawrence



Base: total respondents



SATISFACTION SCORES – Electricity customers' satisfaction			
Top 2 Boxes: 'very + fairly satisfied'	Rideau St. Lawrence	National	Ontario
PRE: Initial Satisfaction Scores	88%	89%	86%
POST: End of Interview	95%	88%	83%

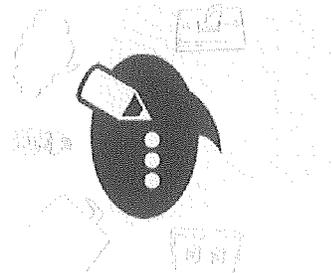
Base: total respondents

SATISFACTION SCORES – Electricity customers' satisfaction			
Top 2 Boxes: 'very + fairly satisfied'	Residential	Small Commercial	Large Commercial
PRE: Initial Satisfaction Scores	87%	94%	89%
POST: End of Interview	95%	96%	89%

Base: total respondents

Customers, as human beings, are both rational and emotional. The rational side of the customer holds the LDC accountable for doing its job. The emotional side of the customer is about fulfilling expectations. Not meeting rational needs – creates dissatisfaction. Meeting emotional needs, can move a customer from neutral to higher levels of satisfaction.

The difference between overall service quality and service encounter quality (most recent experience), viewing the service encounter as a discrete event occurring over a defined period/moment of time (such as a call about their “July billing”). Customers hold expectations of the



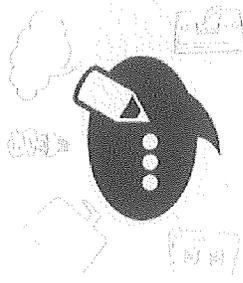
quality of each service encounter, just as they hold expectations about the overall service quality of an LDC. When the expectations are about individual service encounters, they are likely to be more specific and concrete (such as the number of minutes one waited for a CSR) than the expectations about overall service quality (like prompt service).

Interestingly when customers do have a problem, contact their LDC, and get the problem solved their satisfaction ratings are very similar to the overall level of satisfaction that exists. Data from the UtilityPULSE database shows the following:

SATISFACTION SCORES – Electricity customers' satisfaction			
	Overall	Problems Solved	Problems Not Solved
Top 2 Boxes: 'very + fairly satisfied'	89%	88%	60%
Bottom 2 Boxes: 'fairly + very dissatisfied'	7%	8%	37%

Base: total respondents from the full 2015 database

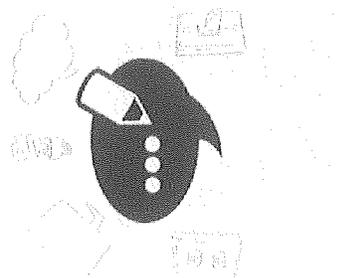
There is no way the quality of customer service can exceed the quality of the people delivering it. LDCs can have all the elements of customer service in place, but if customers are disappointed with the way their transaction was handled or its results, they will not be satisfied. There are lots of things the LDC and its people cannot control, but employees can control the quality of the experience.



Having well-trained employees is foundational. The keys to good customer service is listening to understand with real empathy and then responding in a professional, knowledgeable, and timely manner. After-all it is the customer who decides whether the interaction was worthwhile and/or valued.

Satisfaction with Customer Service	
Top 2 Boxes: 'very + fairly satisfied'	Paying for electricity: No worries      Often worry
Overall	
The time it took to contact someone	74%      75%      64%
The time it took someone to deal with your problem	71%      72%      58%
The helpfulness of the staff who dealt with you	75%      78%      59%
The knowledge of the staff who dealt with you	75%      76%      65%
The level of courtesy of the staff who dealt with you	83%      83%      73%
The quality of information provided by the staff who dealt with you	73%      75%      62%

Base: total respondents from the full 2015 database



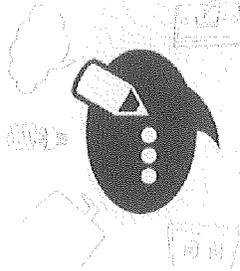
## The Killer B's (Bills and Blackouts) and other Problems

There will always be issues. To the customer the expectations from the physical world i.e., call-centre and the virtual world i.e., website, are the same: Solving the problem is the first priority. 37% of those interviewed said that they had a problem in the last 12 months. 41% of those with a problem said they had contacted Rideau St. Lawrence.

The UtilityPULSE database for 2015 shows 61% of billing problems are about "the amount owed is too high" and 12% are about "rates or charges". For problems other than blackouts or bills, 19% are about "moving or setting up an account" and 23% are about a "maintenance request".

Outages and billing problems, we call them the "Killer B's", the two issues that are most likely to cause grief to utility customers. Ensuring power reliability has and will continue to be the key operational priority for electric utilities.

While an LDC is a natural monopoly i.e., customers can't go elsewhere and an LDC can't "fire" a customer, we recommend LDCs continue to build and strengthen their relationship with customers. Interestingly when the customer relationship is strong i.e., customers are Secure, they recall less outages and billing problems than customers who are At Risk.



Survey respondents were asked about how they contacted their utility when there was a problem. For utilities, customers continue to favour the telephone.

*What method did you use to contact your electric utility when you had a problem?*



Base: total respondents from the full 2015 database

Problems aggravate customers. It could be said that some problems can actually anger customers. As a minimum, a problem is an inconvenience to the customer – and they want it solved/resolved. When the problem is solved with the first interaction (often called first call resolution) overall customer satisfaction improves. When customer satisfaction improves the utility benefits.

	Percentage of Respondents who contacted their utility and had their problem solved in the last 12 months	
	Rideau St. Lawrence	National Ontario
<b>Yes</b>	66%	81%
<b>No</b>	25%	17%

Base: total respondents

The following information taken from the 17<sup>th</sup> Annual UtilityPULSE Customer Satisfaction Survey shows the importance of solving problems when customers do contact the LDC.

Attributes describing operational effectiveness		
	Overall Score	Problem Solved / Problem Not Solved
Provides consistent, reliable electricity	90%	88% / 77%
Delivers on its service commitments to customers	86%	85% / 68%
Accurate billing	86%	84% / 64%
Quickly handles outages and restores power	87%	85% / 73%
Makes electricity safety a top priority	88%	90% / 79%
Has a standard of reliability that meets expectations	88%	87% / 72%
Is efficient at managing the electricity system	82%	81% / 63%
Is a company that is 'easy to do business with'	84%	82% / 59%
Overall the utility provides excellent quality services	85%	84% / 66%

Base: total respondents from the full 2015 database with an opinion

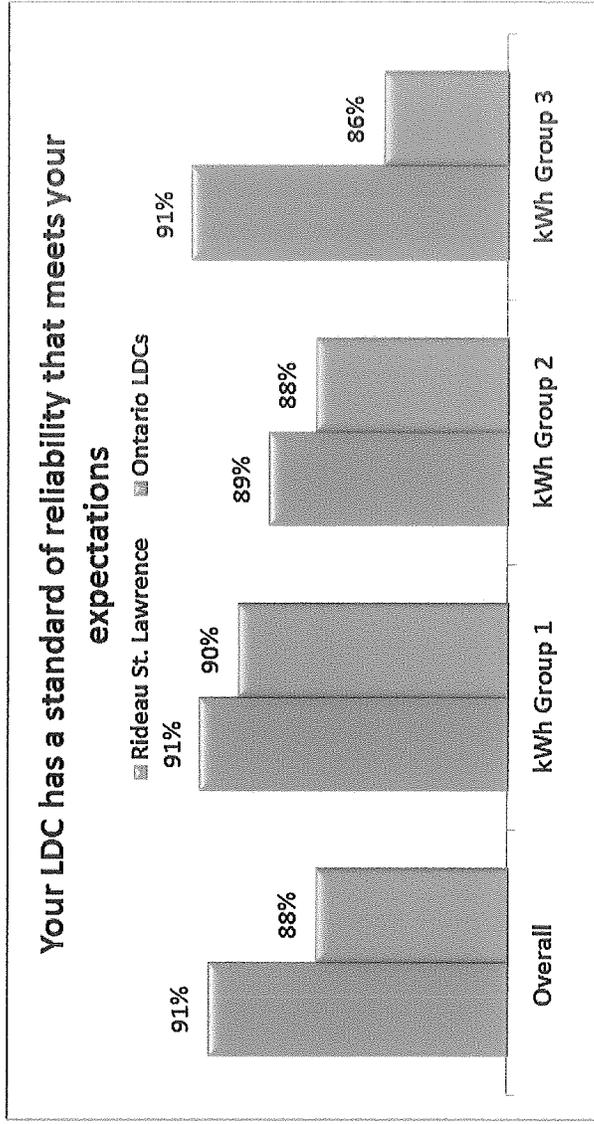


## Outage Management

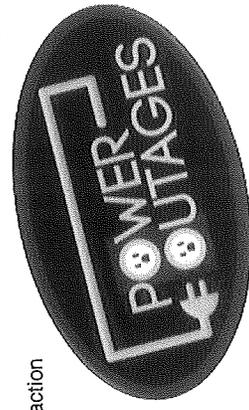
Customers have increased their expectations as it relates to getting information about outages. What makes the dissemination of information challenging for the LDC is the need to provide the information via multiple media channels and in a timely manner whilst trying to get the power restored. The perception of competency and value of the LDC are certainly linked to the frequency and duration of power outages.

Recognizing the importance of this topic to customers, a question about LDC reliability standards was asked in the survey.

Rideau St. Lawrence scores well.



Base: Extract from 2015 UtilityPULSE 17<sup>th</sup> Annual Customer Satisfaction Survey of Ontario LDCs / total respondents



An outage management system helps LDC employees to discover, locate and resolve power outages in a more informed, orderly, efficient and timely manner.

Has a standard of reliability that meets expectations...			
Rideau St. Lawrence	Residential	Small Commercial	Large Commercial
Top 2 Boxes: 'agree strongly + agree somewhat'	91%	96%	89%

Base: total respondents

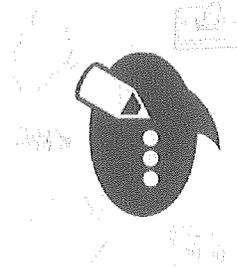
Has a standard of reliability that meets expectations...			
Rideau St. Lawrence	kWh Group 1	kWh Group 2	kWh Group 3
Top 2 Boxes: 'agree strongly + agree somewhat'	91%	89%	91%

Base: total respondents

	Reasonable amount of time for an unplanned outage?	
	Ontario LDCs	Rideau St. Lawrence
None	23%	21%
One	15%	10%
Two	26%	30%
Three	13%	12%
Four	5%	6%
Five or more	7%	7%
Don't Know	9%	15%

	How many outages are acceptable over 12 months?	
	Ontario LDCs	Rideau St. Lawrence
Less than 15 minutes	14%	10%
16-30 minutes	15%	11%
31-60 minutes	13%	16%
1 to 2 hours	29%	35%
3 to 5 hours	13%	15%
6 to 12 hours	5%	2%
More than 12	3%	2%
Don't Know	8%	10%

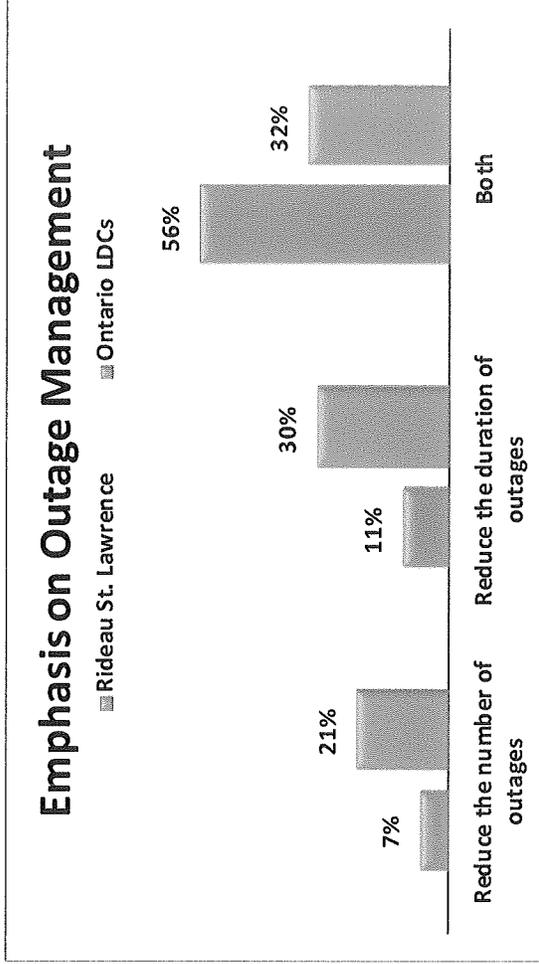
Base: Extract from 2015 UtilityPULSE 17<sup>th</sup> Annual Customer Satisfaction Survey Ontario LDCs / total respondents



19% of residential customers with Rideau St. Lawrence said “none”, while 30% small commercial and 44% large commercial said “none”. 34% of residential customers selected 60 minutes or less as a reasonable amount of time, the small commercial group 48% and large commercial group 55% selected 60 minutes or less.

There wasn't much difference in the response rate of the kWh Groups for “none”. kWh Group 1 18%, kWh Group 2 21% and kWh Group 3 18%

If the utility were to improve reliability should they put more emphasis on reducing the number of or unplanned outages or reducing the duration of the unplanned outage? Or both which requires an increase.



Base: Extract from 2015 UtilityPULSE 17<sup>th</sup> Annual Customer Satisfaction Survey Ontario LDCs / total respondents

Emphasis on Outage Management			
Rideau St. Lawrence	Residential	Small Commercial	Large Commercial
Reduce the number of outages	7%	6%	11%
Reduce the duration of outages	11%	10%	11%
Both	57%	60%	56%
Don't know	25%	24%	22%

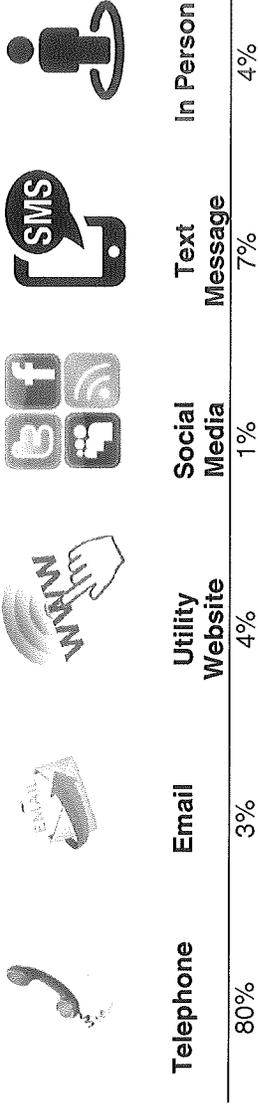
Base: total respondents

Emphasis on Outage Management			
Rideau St. Lawrence	kWh Group 1	kWh Group 2	kWh Group 3
Reduce the number of outages	12%	7%	4%
Reduce the duration of outages	13%	6%	17%
Both	53%	59%	57%
Don't know	22%	28%	22%

Base: total respondents

Which communication channel do customers prefer to use? The UtilityPULSE data base information from over 9,000 residential and small commercial customer interviews between March – May, 2015,

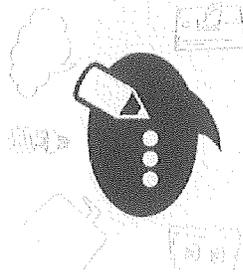
shows the telephone is the most used and preferred method to contact the LDC to communicate with customer care representatives.



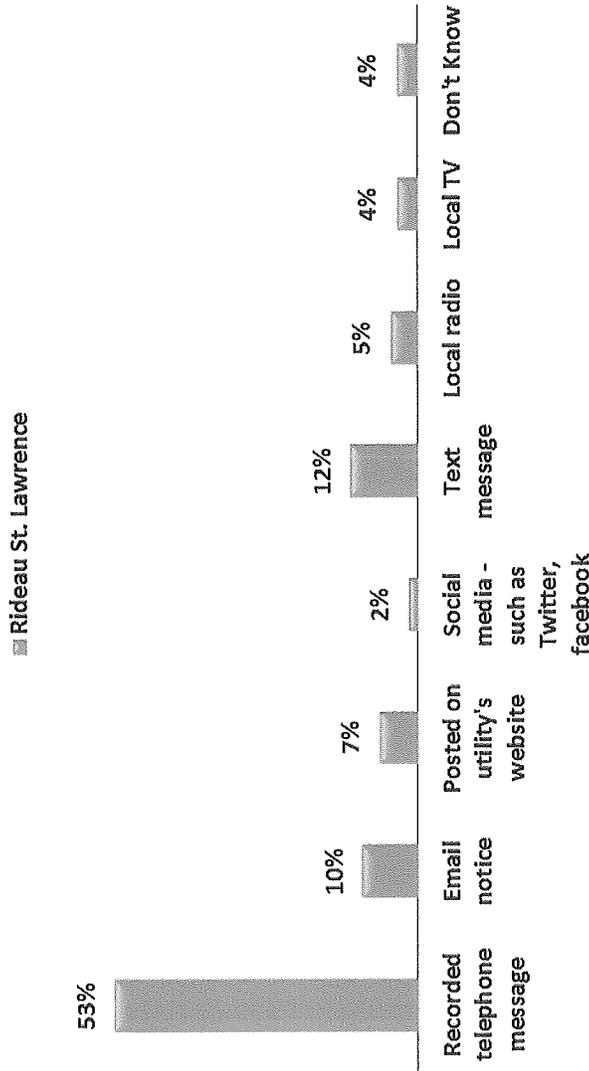
**Rideau St. Lawrence**

Base: total respondents

While the telephone is still the communication channel most would prefer to use to communicate with or to be communicated to, customers do have an expectation for the LDC to use varied methods to contact them. Communication channels other than the telephone received higher preference scores when asked about the utility contacting the customer versus the customer's use of such channels to contact the utility. This indicates that the onus is on the utility to find a way to contact a customer when necessary and that should use various means to ensure the message is communicated. Proactive communication channels which include recorded calls, emails and SMS (text messaging) are increasingly being used by utilities to reach customers affected by outages.



## Preferred method for LDC to contact customer



Base: total respondents

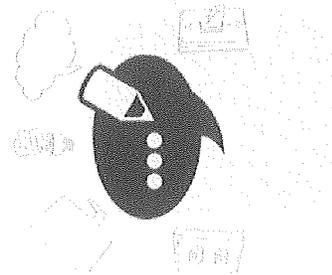
Responding to outages and making sure power is restored quickly is a priority item with customers as well as communications during outage events. Being effective during an outage situation from the point of view of a customer requires that:

- timely information on outages is provided
- utilities understand that even a short outage in duration is impactful



### Top 4 methods:

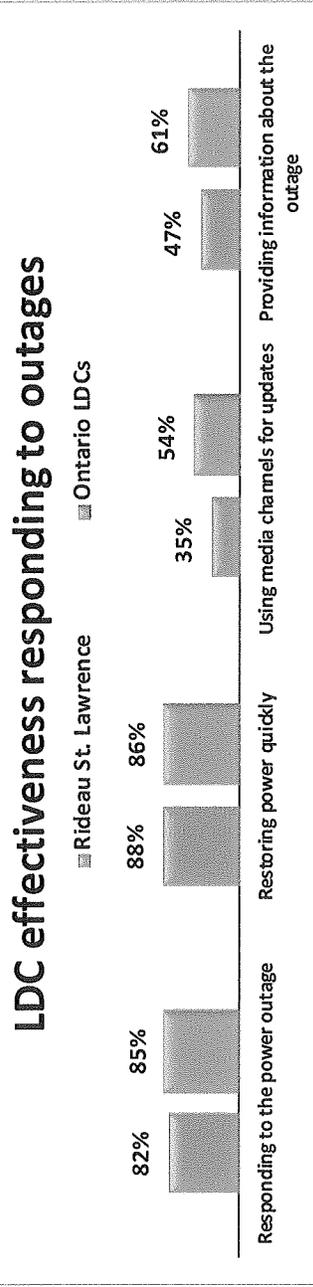
- Recorded Telephone Message
- Text message
- Email notice
- Posted on website



- in large scale events, utilities should proactively provide tips on how to prepare for extended outages
- being kept informed about what is going on during an outage makes customers feel valued.

LDC effectiveness responding to outages		
	Ontario LDCs	Rideau St. Lawrence
<b>Responding to the power outage</b>	85%	82%
<b>Restoring power quickly</b>	86%	88%
<b>Using media channels for updates</b>	54%	35%
<b>Providing information about the outage</b>	61%	47%

Base: Extract from 2015 UtilityPULSE 17<sup>th</sup> Annual Customer Satisfaction Survey Ontario LDCs / total respondents

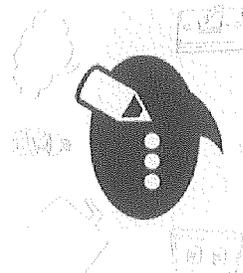


Base: Extract from 2015 UtilityPULSE 17<sup>th</sup> Annual Customer Satisfaction Survey Ontario LDCs / total respondents

It is important to note, for Rideau St. Lawrence there isn't a daily newspaper, nor is there a local radio or television station.

The types of information that customers require during an outage include:

- When will their power be restored?
- What areas are affected?
- How many customers are impacted?
- Have work crews been dispatched to the affected area and is the utility working to restore power?
- What was the cause of the power outage?
- What can customers do to cope during the outage?

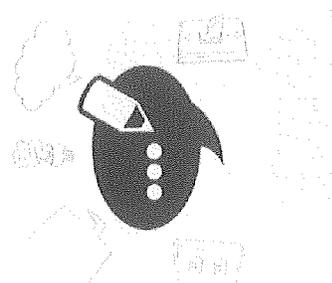


LDC effectiveness responding to outages			
Rideau St. Lawrence	Residential	Small Commercial	Large Commercial
Responding to the power outage	83%	72%	89%
Restoring power quickly	88%	86%	89%
Using media channels for updates	36%	28%	33%
Providing information about the outage	46%	52%	67%

Base: total respondents

### Operating & Capital Expenses

UtilityPULSE has been conducting research in the LDC industry in Ontario for 17 years. However, members of UtilityPULSE have been doing customer research for much longer. It is true, customers (but not all) can tell you what they want, but they have a very difficult time telling you what they need. On the one hand many customers “want” lower prices, but they “need” reliability and responsiveness. Hence it is up to the professionals in the LDC to use their experience and judgment to determine what needs to be done and when it should be done. No easy task.



UtilityPULSE asked customers: “As it relates to replacing equipment electric utilities typically follow 2 main practices which are: let equipment run-to-failure OR pro-actively replace equipment. Which of the following best represents your view on equipment replacement?”:

Strategy for replacing equipment		
	Ontario LDCs	Rideau St. Lawrence
Run-to-failure when there are limited customers affected ensures full-value is received from the equipment	27%	29%
Pro-active replacement, even though it may cost more, should ensure reliable power	65%	61%
Don't Know	8%	10%

Base: Extract from 2015 UtilityPULSE 17<sup>th</sup> Annual Customer Satisfaction Survey Ontario LDCs / total respondents

Strategy for replacing equipment			
	Rideau St. Lawrence	Residential	Small Commercial / Large Commercial
Run-to-failure when there are limited customers affected ensures full-value is received from the equipment	29%	30%	11%
Pro-active replacement, even though it may cost more, should ensure reliable power	61%	62%	89%
Don't know	10%	8%	--

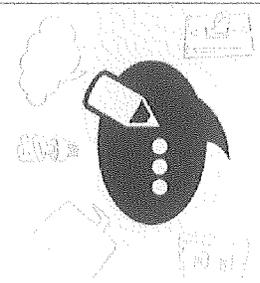
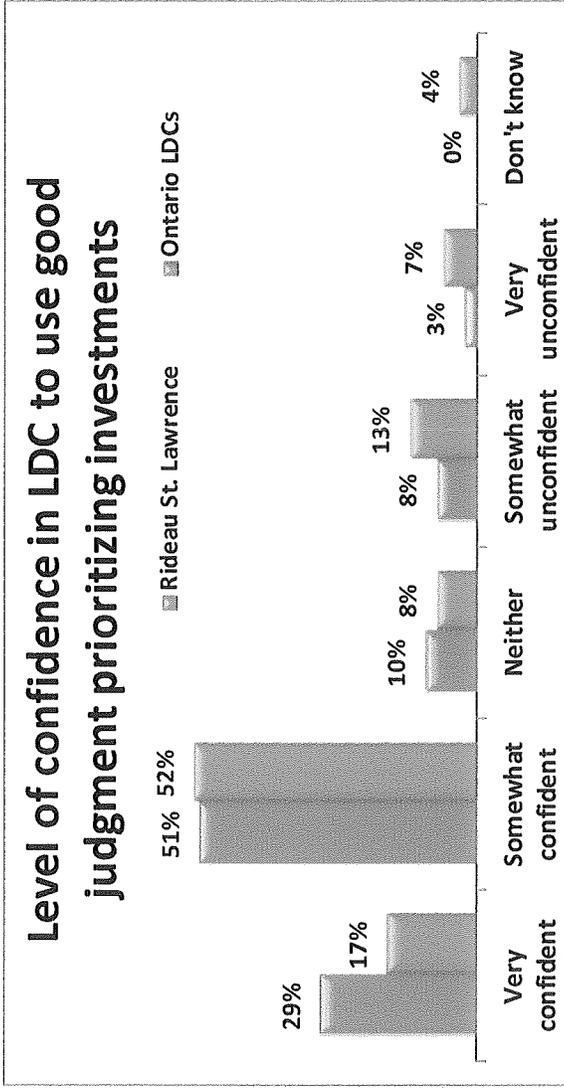
Base: total respondents

61% of Rideau St. Lawrence respondents chose the statement “Pro-active replacement, even though it may cost more...” as the statement that best describes their view about replacing equipment.

Understanding customer expectations, concerns, worries, and desires does help an LDC to build their plan to take the LDC forward while ensuring that it remains relevant, viable, and valuable to customers, employees and other stakeholders.

Responding customers really don’t know how much things cost or even what it takes to complete various operational tasks or capital projects.

We have heard customers tell us “we expect those that are being paid will make good decisions.”



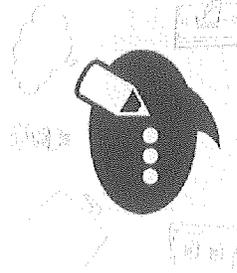
On the question of “level of confidence”, Rideau St. Lawrence gets excellent ratings.

Level of confidence in LDC to use good judgment prioritizing investments			
Rideau St. Lawrence	Residential	Small Commercial	Large Commercial
Very confident	28%	26%	44%
Somewhat confident	50%	58%	33%
Neither	9%	6%	2%
Somewhat unconfident	9%	4%	--
Very unconfident	4%	--	--

Base: total respondents

Level of confidence in LDC to use good judgment prioritizing investments			
Rideau St. Lawrence	kWh Group 1	kWh Group 2	kWh Group 3
Very confident	34%	29%	22%
Somewhat confident	47%	50%	52%
Neither	9%	6%	10%
Somewhat unconfident	9%	9%	9%
Very unconfident	4%	2%	6%

Base: total respondents

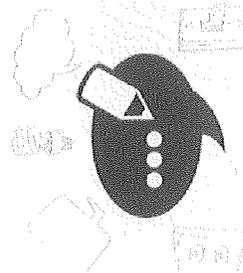


## Operating Items

Much has been written, and reported on, regarding the cost of electricity. A goal of customer engagement, in addition to understanding wants & needs, is to reduce the worry that customers have about the reliability and future costs of electricity. What readers may not know is, Rideau St. Lawrence has to focus on day-to-day operations while it builds, re-builds, re-furbishes and prepares the organization for a changed future. In addition, LDCs need to think in terms of decades, not just today, this week, this month, or this quarter. They need to do so in a regulated environment that is a 5 year planning environment. Respondents were asked to identify the items they were willing to pay more for and, they were asked “how much” they would be willing to pay.

Which of the following items are you willing to pay more for per month ...			
Ontario LDCs	Yes	No	Not sure
A proactive outage management system	51%	39%	9%
Increased self-service options on the website	34%	58%	7%
Extended office hours	16%	79%	5%
Increased tree trimming to improve reliability	58%	35%	6%
Educating customers about energy conservation	47%	48%	4%
Educating customers and the public about electricity safety	43%	53%	5%

Base: Extract from 2015 UtilityPULSE 17<sup>th</sup> Annual Customer Satisfaction Survey Ontario LDCs / total respondents



Which of the following items are you willing to pay more for per month ...			
Rideau St. Lawrence	Yes	No	Not sure
A proactive outage management system	38%	53%	9%
Increased self-service options on the website	22%	72%	7%
Extended office hours	11%	86%	3%
Increased tree trimming to improve reliability	50%	48%	3%
Educating customers about energy conservation	35%	62%	3%
Educating customers and the public about electricity safety	35%	62%	3%

Base: total respondents

For those who said they would pay more...

Willing to pay how much more per month for ...			
Rideau St. Lawrence	1 item	2 items	3 or more items
\$0.50 or less	56%	53%	46%
\$0.51 – \$1.00	11%	8%	8%
\$1.01 – \$3.00	16%	16%	16%
\$3.01 – \$5.00	9%	13%	12%
\$5.01+	8%	10%	19%
Don't know	0%	0%	0%

Base: total respondents

Respondents were not guided by the interviewer providing various ranges of rates.

Respondents were simply asked to give an amount of \$.

Their answers were categorized into one of the rate ranges shown in the table.



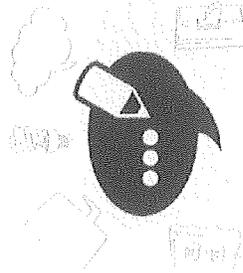
The above charts can certainly fuel debate between industry professionals, regulators, interveners and customers. Could an LDC ignore investing in self-service options on their website? Do the raw scores from the survey represent what the LDC needs to do? If the LDC didn't invest in increased self-service options what might happen to operational costs? What might happen to the perceived brand of the LDC i.e., being seen as a modern enterprise?

How much more per month -- 3 or more Operational items	Rideau St. Lawrence	
	Residential	Commercial
\$0.50 or less	46%	64%
\$0.51 - \$1.00	8%	0%
\$1.01 - \$3.00	16%	9%
\$3.01 - \$5.00	12%	10%
\$5.01+	19%	17%

Base: total respondents

From the UtilityPULSE 2015 surveys: Not surprisingly lower income respondents identified lower amounts. For example, 92% of respondents <40K who were willing to pay for one operational item identified a number less than \$1.00, it was 83% for respondents 70K+.

The UtilityPULSE Ontario database shows, ability to pay also has an impact on the numbers that respondents identified. When three or more operational items were involved, 38% of respondents who said that they did not worry about paying their bill identified a number of 50 cents or less. Respondents who said they worry often, identified a number 50 cents or less, 65% of the time.

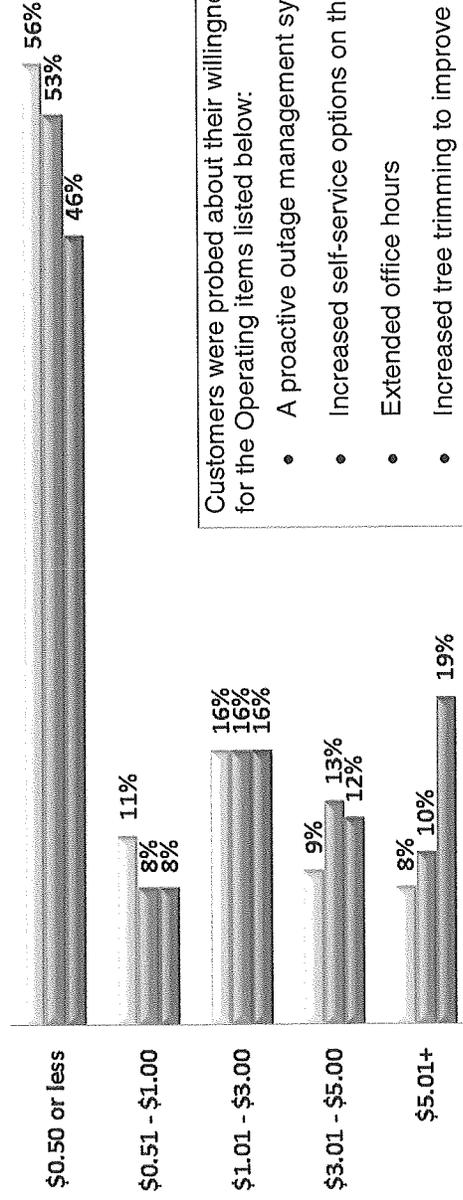


Secure customers identified higher numbers more frequently than At Risk customers. When three or more operational items were involved, At Risk customers pick a number less than 50 cents, 66% of the time; Secure customers was 37%. This proves that price increase receptivity is linked to customer affinity. However, average kWh usage per month showed very little difference between customers in the lower quartile of kWh versus customers in the highest quartile. 43% of kWh Group 1 versus 46% Group 3 gave a number of \$1.00 or less.

### Willing to pay how much more per month for ...

#### Operational items

1 item 2 items 3 items



Customers were probed about their willingness to pay more per month for the Operating items listed below:

- A proactive outage management system
- Increased self-service options on the website
- Extended office hours
- Increased tree trimming to improve reliability
- Educating customers about energy conservation
- Educating customers and the public about electricity safety

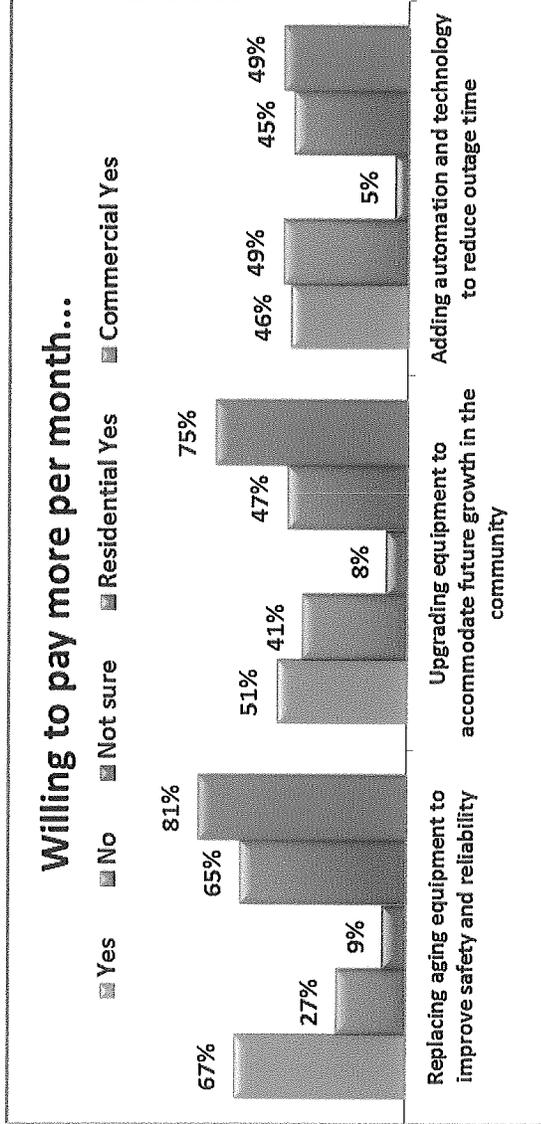
Base: total respondents

## Capital items

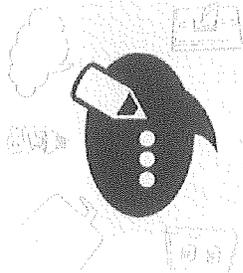
Customers were also asked about the following capital items:

Which of the following items are you willing to pay more for per month...Capital items		Yes	No	Not sure	Residential Yes	Commercial Yes
<b>Rideau St. Lawrence</b>						
Replacing aging equipment to improve safety and reliability		67%	27%	9%	65%	81%
Upgrading equipment to accommodate future growth in the community		51%	41%	8%	47%	75%
Adding automation and technology to reduce outage time		46%	49%	5%	45%	49%

Base: total respondents



Base: total respondents

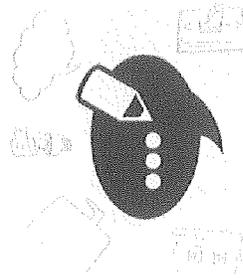


How much more per month – 1 Capital item			
Rideau St. Lawrence	ALL	Residential	Commercial
\$0.50 or less	52%	49%	0%
\$0.51 - \$1.00	3%	4%	0%
\$1.01 - \$3.00	10%	11%	0%
\$3.01 - \$5.00	10%	9%	0%
\$5.01+	25%	26%	0%

Base: total respondents

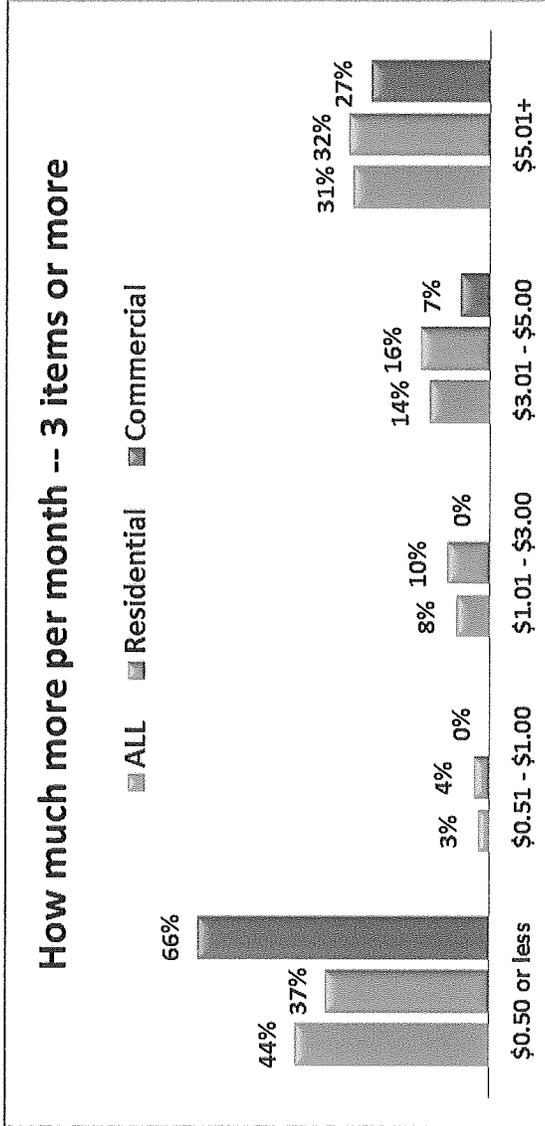
How much more per month -- 2 Capital items			
Rideau St. Lawrence	ALL	Residential	Commercial
\$0.50 or less	50%	45%	72%
\$0.51 - \$1.00	3%	4%	0%
\$1.01 - \$3.00	9%	11%	0%
\$3.01 - \$5.00	14%	15%	11%
\$5.01+	24%	26%	17%

Base: total respondents

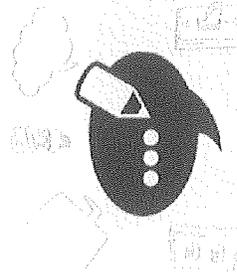


How much more per month -- 3 Capital items			
Rideau St. Lawrence	ALL	Residential	Commercial
\$0.50 or less	44%	37%	66%
\$0.51 - \$1.00	3%	4%	0%
\$1.01 - \$3.00	8%	10%	0%
\$3.01 - \$5.00	14%	16%	7%
\$5.01+	31%	32%	27%

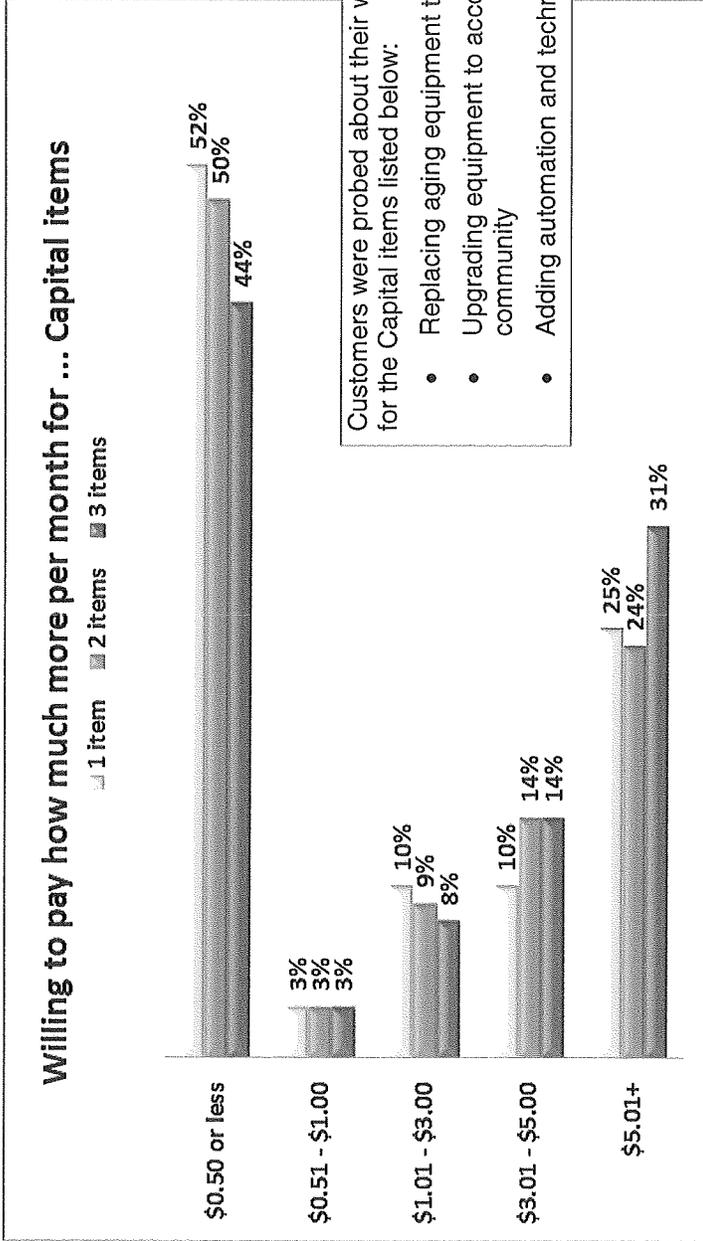
Base: total respondents



Base: total respondents



Willingness to pay per month



Base: total respondents

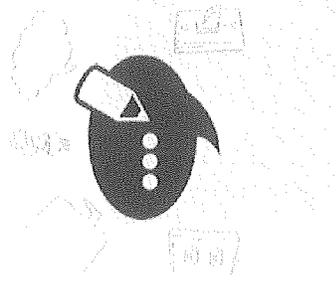
The amount customers are willing to pay for 1 item versus 3 items did not translate into a proportional increase. While customers recognize 3 items would necessitate more money than 1 item, fewer customers were willing to pay that much more for 3 items. However, they are more willing to pay for items that provide a direct benefit to themselves.

### Elasticity in willingness to pay more per month

It is true, self-interest will drive the choices that people make. If an operational or capital item directly affects the respondent, then there is a willingness to support paying more per month. For example, 50% said they would pay more for tree-trimming. If a customer can see a benefit then there is higher level of support for paying more money. For example, respondents in the 18-34 age range are much more likely to be willing to pay more for “increased self-service options on the website” than respondents in the 55+ age range. Receptivity for paying more increases when there is a direct benefit to the customer or the customer sees the cost as a means to avoid adverse consequences (pain).

At the time of writing (June 2015) we have data from 5,380 Ontarians who were asked if they were willing to pay more for any of the operational items, 16% were not willing to pay more for ANY of the operational items. Proof there is a significant number of people not willing to pay more for anything. It is extremely important that increases in rates are tied to customer benefits.

It is also important to note that data from all sources shows survey respondents do not have a sense of what things cost. Telling a customer that an item/project costs \$750,000 means little, but telling them it would increase their bill by \$2.00 does. It is not the amount of the investments, it is the impact of the investment that matters most.



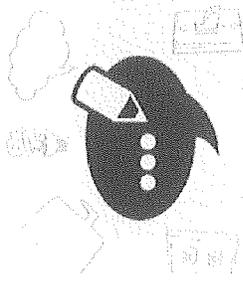
### Additional Data, Observations, Insights & Commentary

UtilityPULSE has interviewed over 9,000 Ontario Residential & Small Commercial LDC customers during the months of March – May, 2015 primarily for the 17<sup>th</sup> Annual Customer Satisfaction Survey for LDCs. As a result we have included additional data and information about the following subjects:

- Corporate image
- How can service to customers be improved (suggestions received)
- What customers think about electricity costs
- What Small Commercial customers think
- Soliciting feedback
- Public Electrical Safety measurement
- SMART Grid
- Purchasing an electric vehicle.

The data on the importance of “feedback” tells us customers want their voice heard. We believe this is completely in sync with, what experts call, customer centrality. However asking for feedback, but not acting on that feedback or not using the feedback in a constructive way could have some adverse consequences for the LDC i.e., lower levels of trust, credibility and customer affinity.

Today’s consumers expect a ‘passion of service’ centered on quality and a proactive attitude toward the customer. LDCs are by no means excluded from this fundamental trend. Customers want respect, to feel they count, to be informed in case of power disruptions and to be reassured when unexpected large-scale outage events occur. To gain credibility as an LDC focused on the service it offers its

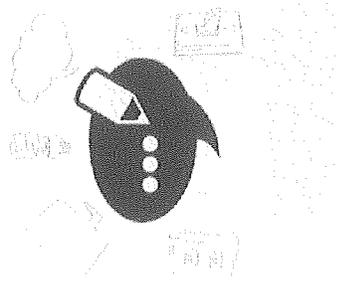


customers, you need to empower staff at all levels of the organization with the tools and “know-how” so they will take initiative and responsibility in dealing with different situations as they arise.

It is important to note there are 2 sides of customer engagement. One side is getting customer participation in various activities while the other is about getting higher levels of emotional connection (affinity). Conducting surveys (like this telephone survey), holding town hall meetings, focus groups, etc. are examples of engaging your customers that is, getting your customers to participate in something.

Engagement is also about how customers think, feel and act towards the organization. Customer engagement is not about making customers “happy” with the costs or the service that is being provided by their LDC. Nor is customer engagement about making the industry regulator “happy”. The purpose of engaging customers is to gather usable information that will help Rideau St. Lawrence Distribution Inc. be more effective and efficient with higher levels of customer affinity.

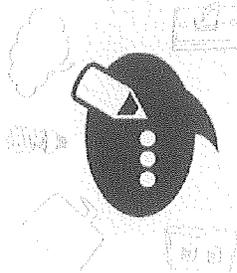
Keeping the lights on, billing customers properly and restoring power quickly is the core offering that must be provided by all LDCs in a competent and efficient manner. Rideau St. Lawrence covers a lot of territory and accomplishes much with a very small staff. But circumstances will affect the system. While staff can't control everything, they can control the quality of the experience. Making operational and capital investments certainly is important, however how a problem is handled can validate or invalidate a customer's perception about the utility's competency in providing excellent quality services.



We recommend having meaningful two-way dialogue with employees (and others) to leverage the results from your 2015 customer engagement survey derived from speaking with 368 Rideau St. Lawrence's customers [May 6-12, 2015]. Ensuring customers are everyone's priority in the LDC through words, behaviours, actions and interactions creates an improved organization that can better meet tomorrow's challenges while keeping costs in check.

## UtilityPULSE

Sid Ridgley  
Simul/UtilityPULSE  
Email: [sidridgley@utilitypulse.com](mailto:sidridgley@utilitypulse.com) or [sridgley@simulcorp.com](mailto:sridgley@simulcorp.com)  
June, 2015



## **Appendix 1.2 – Public Awareness Survey**



**Electrical Safety Authority Public Awareness Survey 2016**

**Detailed Final Report**

Final: April 11, 2016

REDHEAD  
MEDIA SOLUTIONS

*Rideau St. Lawrence Distribution ESA Public Awareness Survey 2016*

CONTENTS

1 SUMMARY ..... 3  
    Background and Objectives ..... 3  
2 METHODOLOGY ..... 4  
    Target Respondents ..... 4  
    Sample Size and Statistical Reliability ..... 4  
    Sampling Methodology ..... 4  
    Questionnaire ..... 4  
    Survey Pre-test ..... 5  
    Quality Control ..... 5  
    Analysis of Findings and Data Weighting ..... 6  
3 LDC SERVICE TERRITORY DEFINED BY POSTAL CODE ..... 7  
4 POPULATION PROPORTION ESTIMATES ..... 7  
5 SURVEY QUESTIONS AND ANSWERS ..... 8  
6 CONCLUSIONS ..... 11  
7 OTHER ..... 11

*Rideau St. Lawrence Distribution ESA Public Awareness Survey 2016*

## 1 SUMMARY

### Background and Objectives

In January 2016 Redhead Media Solutions Inc. (Redhead) was retained by Hydro Electric Concepts Inc. (CHEC) to conduct the 2016 Electrical Safety Authority's Public Awareness survey for 12 of its member Local Distribution Companies (LDCs) in Ontario. This survey is a required part of an LDC's Balanced Scorecard reporting to the Ontario Energy Board (OEB). For this project, Redhead partnered with a nationally recognized market research firm to assist with certain facets of the undertaking.

The complete group of participating CHEC LDCs are as follows:

- Centre Wellington Power
- Collus PowerStream
- Lakeland Power
- Midland PUC
- Niagara-on-the-Lake Hydro
- Orangeville Hydro
- Ottawa River Power
- Renfrew Hydro
- Rideau St. Lawrence Distribution
- Wasaga Distribution
- Wellington North Power
- West Coast Huron Energy

Additionally, Redhead also provided services for this project outside the CHEC group of LDCs.

**This final report contains data specifically for Rideau St. Lawrence Distribution (RSLD).**

This survey was comprised of approximately 400 randomly selected interviews per LDC with Ontario residents that are 18 years or older and residing in the required LDC **service territories**. The sample frame is stratified by age group and gender within the geographic location and weighted to be representative of the adult population within each LDC.

The objective of the survey is to provide a Public Safety Awareness (PSA) index score for each LDC. This is a calculated aggregate value based on the responses of individuals to six core measures in the survey instrument.

### Public Safety Awareness Index Score

LDC	Public Safety Awareness (PSA) Index Score
Rideau St. Lawrence Distribution	83.6%

*Rideau St. Lawrence Distribution ESA Public Awareness Survey 2016*

**2 METHODOLOGY**

**Target Respondents**

- The respondents to the survey were Ontario residents 18 years of age and older who resided within RSLD’s service territory(s).
- Target areas were determined based on a list of postal codes provided by RSLD.

**Sample Size and Statistical Reliability**

- The final total completed surveys for RSLD, and the associated margin of error are shown below. All margins of error are shown at a 95% confidence level.
  - E.g., The margin of error associated with a sample size of 400 is ±4.9 percentage points, 19 times out of 20.
  - Because many of the LDCs’ service areas have smaller adult (18+) populations, and MoE is a function of the relationship between sample size and population, it is appropriate to apply a “finite population correction factor” when calculating margin of error. When sample size is a higher percentage of the population, the MoE narrows, as shown below in **bold**.

LDC	Completed Surveys	Sample Size as % of Population	Margin of Error @ 95% confidence level	
			Assuming large population	Using actual 18+ populations
Rideau St. Lawrence Distribution	400	4.7%	+/- 4.9%	<b>+/- 4.8%</b>

**Sampling Methodology**

- Both landline and wireless phone numbers from our sample partner.
- The landline sample included listed numbers only (normally we would include a portion of unlisted numbers), since we needed postal codes for each number to identify whether the household was part of the specified area for RSLD.
- The wireless sample was drawn randomly from the most recent working cell phone lists in rate centers in or around the service territory.
- Sampling occurred from these lists of numbers randomly.
- Sample management was done using our partner firm’s proprietary Sample Server.
- To minimize low response:
  - Sample was loaded in batches to ensure the sample was fully utilized before moving onto fresh sample records;
  - Calls were made between the hours of 4 p.m. and 9 p.m. ET; and,
  - Call backs were scheduled and honored between the hours of 9 a.m. and 9 p.m. ET.

**Questionnaire**

- The survey instrument was provided by the Ontario Energy Board and Electrical Safety Authority.

*Rideau St. Lawrence Distribution ESA Public Awareness Survey 2016*

- The survey consisted of an introduction, the core electrical safety questions, and some demographics.

**Survey Pre-test**

- 143 interviews were pre-tested before the survey was fully launched (selected large sample markets).
- The pre-test was conducted to ensure:
  - The suitability of the introduction;
  - The length of the interview;
  - That respondents understood the survey; and,
  - To ensure the data was being captured accurately.
- No survey changes were required as a result of the pre-test.

**Data Collection**

- Computer aided telephone interviews (CATI) were conducted within RSLD's service territory.
- Data was collected early in 2016 in the following time periods:

LDC	Started	Completed
Rideau St. Lawrence Distribution	February 1	March 26

**Quality Control**

- All interviewers were trained to understand the study's objectives;
- Detailed call records are kept by the automated CATI system, and are supplemented by output files to SPSS for productivity analysis (e.g., not subject to human error);
- The survey was soft launched in LDCs that had the most available sample, and the data was then checked before calling began in full for all LDCs;
- 100% of all surveys are digitally recorded for potential review (see next bullet);
- A quality assurance team listened to the actual recordings of five percent of completed surveys (of the entire CHEC sample) and compared the responses to those entered by the interviewer to ensure that responses from respondents are properly recorded;
- Team Supervisors conduct regular more formal evaluations with each interviewer, in addition to nightly monitoring of each interviewer on their team;
- Project Managers closely monitored the progress of data collection, including call record dispositions;
- All SPSS code is reviewed by a more senior researcher;
- All Report Builder output is reviewed by a more senior researcher; and,
- All values in the report are reviewed by another team member to ensure accuracy.



*Rideau St. Lawrence Distribution ESA Public Awareness Survey 2016*

**Analysis of Findings and Data Weighting**

- For RSLD's service territory, results were weighted to match corresponding population proportions from the most recent Statistics Canada census data for these six combinations of gender and age:
  - Males 18-34
  - Females 18-34
  - Males 35-54
  - Females 35-54
  - Males 55 and older
  - Females 55 and older
- As noted above, the LDC service territory was specified by postal code. Since census data is not available by postal code we looked at municipalities covered by the LDC, and the population numbers for the Census Subdivisions that most closely matched those municipalities were totaled to arrive at the LDC population proportions for each of the six gender/age combinations.
- Please see the next two sections for more details.
- The Public Safety Awareness index scores have been highlighted and were calculated as described below, based on instructions from the Electrical Safety Authority (ESA).
- The "provided response values" referenced in the description below were also determined and provided by the ESA.
- Data analysis and cross-tabulation have been conducted using SPSS and Report Builder software.

This index score is calculated using the following formulas:

**Step 1:** Add each individual respondent's key measurement questions using the provided response values.

$$\begin{array}{r} B5 \\ + B6 \\ + B7 \\ + B8 \\ + B9 \\ + B10 \\ = \text{Individual respondent's cumulative score} \end{array}$$

**Step 2:**

Individual respondent's cumulative score / # of sections  
= Respondent Standardized Score

**Step 3:**

Summation of all "Respondent Standardized Scores" / n-size (i.e. total sample size)  
= Raw Index Score

**Step 4:**

Raw Index Score x 100 = Index Score (bound between 0-100%)



*Rideau St. Lawrence Distribution ESA Public Awareness Survey 2016*

**3 LDC SERVICE TERRITORY DEFINED BY POSTAL CODE**

RSLD defined its service territory by Postal Code which allowed our callers to target the appropriate geographic area.

Redhead Media Solutions have the original, detailed lists of postal codes for the service territory, should they need to be referenced.

LDC	Total Postal Codes In Service Territory	Forward Sortation Areas (FSA) Covered	Number of Local Delivery Units in Each FSA
Rideau St Lawrence Distribution	6	KOC	2
		KOE	3
		KOG	1

**4 POPULATION PROPORTION ESTIMATES**

As noted above, the service territory was specified by postal code. Since census data is not available by postal code, serviced municipalities were identified, and the population numbers for the Census Subdivisions that most closely matched those municipalities were totaled to arrive at the estimated LDC population proportions for each of the six gender/age combinations.

Rideau St Lawrence Distribution					
Municipalities Covered*	Gender	Age	Population	Population Proportion	Weighted Sample Count
Prescott Census Subdivision Code 3507008	Male	18-34	345		
	Female	18-34	360		
	Male	35-54	540		
	Female	35-54	590		
	Male	55+	675		
	Female	55+	940		
Westport Census Subdivision Code 3507033	Male	18-34	25		
	Female	18-34	30		
	Male	35-54	80		
	Female	35-54	75		
	Male	55+	130		
	Female	55+	180		
Cardinal Population Centre Code 0137	Male	18-34	140		
	Female	18-34	145		
	Male	35-54	250		



*Rideau St. Lawrence Distribution ESA Public Awareness Survey 2016*

	Female	35-54	255		
	Male	55+	275		
	Female	55+	315		
	Male	18-34	95		
	Female	18-34	75		
<b>Iroquois</b> Population Centre Code 0391	Male	35-54	140		
	Female	35-54	155		
	Male	55+	180		
	Female	55+	275		
	Male	18-34	200		
	Female	18-34	210		
<b>Morrisburg</b> Population Centre Code 0556	Male	35-54	340		
	Female	35-54	345		
	Male	55+	510		
	Female	55+	655		
	Male	18-34	805	9%	38
	Female	18-34	820	10%	38
<b>TOTAL</b>	Male	35-54	1,350	16%	63
	Female	35-54	1,420	17%	67
	Male	55+	1,770	21%	83
	Female	55+	2,365	28%	111
			<b>8,530</b>		<b>400</b>

\* Additional municipalities covered in Rideau St Lawrence but with 0 population counts available include: Williamsburg.

## 5 SURVEY QUESTIONS AND ANSWERS

b5 -- If you were to undertake a household project that required digging, such as planting a tree or building a deck, how likely are you to call to locate electrical or other underground lines?	
Rideau St Lawrence Distribution	
Base: Total Answering	400
NET Likely	58%
NET Unlikely	13%
Definitely	41%
Very likely	16%
Somewhat likely	5%
Not very likely	6%
Not at all likely	7%
I would not undertake a project that required digging	22%
Don't know	2%

*Rideau St. Lawrence Distribution ESA Public Awareness Survey 2016*

<b>b6 -- How dangerous do you believe it is to touch - with your body or any object - an overhead power line?</b>	
Rideau St Lawrence Distribution	
<b>Base: Total Answering</b>	<b>400</b>
NET Dangerous	98%
NET Not dangerous	1%
Very dangerous	96%
Somewhat dangerous	2%
Not very dangerous	1%
Not at all dangerous	0%
Don't know	1%

<b>b7 -- When undertaking outdoor activities, such as, standing on a ladder, cleaning windows or eaves, climbing or trimming trees, how closely do you believe you can safely come to an overhead power line with your body or an object?</b>	
Rideau St Lawrence Distribution	
<b>Base: Total Answering</b>	<b>400</b>
You can safely touch an overhead power line	0%
Less than 1 metre (i.e. less than 3 feet)	2%
1 to less than 3 metres (i.e. 3 to less than 10 feet)	12%
3 metres to less than 6 metres (i.e. 10 feet to less than 20 feet)	21%
You should maintain a distance of 6 metres or more (i.e. 20 feet or more)	57%
Don't know	7%

<b>b8 -- Some electrical utility equipment is located on the ground, such as locked steel cabinets that contain transformers. How dangerous do you believe it is to try to open, remove contents, or touch the equipment inside?</b>	
Rideau St Lawrence Distribution	
<b>Base: Total Answering</b>	<b>400</b>
NET Dangerous	97%
NET Not dangerous	1%
Very dangerous	92%
Somewhat dangerous	6%
Not very dangerous	0%
Not dangerous at all	1%
Don't know	2%



*Rideau St. Lawrence Distribution ESA Public Awareness Survey 2016*

b9 -- How closely do you believe you can safely come to a downed overhead power line, such as a downed line caused by a storm or accident?	
Rideau St Lawrence Distribution	
Base: Total Answering	400
You can safely touch a downed overhead power line	0%
Less than 1 metre (i.e. less than 3 feet)	2%
1 to less than 5 metres (i.e. 3 to less than 16 feet)	5%
5 metres to less than 10 metres (i.e. 16 feet to less than 33 feet)	13%
You should maintain a distance of 10 metres or more (i.e. 33 feet or more)	77%
Don't know	3%

b10 -- If you were in a vehicle, such as a car, bus, or truck, and an overhead power line came down on top of it, which of the following options do you believe is generally safer?	
Rideau St Lawrence Distribution	
Base: Total Answering	400
Get out quickly and seek help	4%
Stay in the vehicle until power has been disconnected from the line	94%
Don't know	2%

b11 -- Does your job regularly cause you to come close to energized power lines?	
Rideau St Lawrence Distribution	
Base: Total Answering	400
Yes	8%
No	92%
Don't know	0%

b12 -- Do you work in any of the following fields?	
Rideau St Lawrence Distribution	
Base: Job requires regular proximity to energized power lines	32
Construction or outdoor trades	36%
Electrician	18%
Transportation	12%
General labour	0%
Other	29%
Don't know/Prefer not to say	6%



*Rideau St. Lawrence Distribution ESA Public Awareness Survey 2016*

b13 – How would you describe your primary residence?	
Rideau St Lawrence Distribution	
Base: Total Answering	400
A fully-detached home	75%
An apartment or condo building less than 5 storeys	8%
A semi-detached home	7%
A farm	5%
A townhome or row house	3%
An apartment or condo building 5 storeys or higher	1%
Other	2%

b14 – Does your primary residence receive electricity through overhead wires or underground cables?	
Rideau St Lawrence Distribution	
Base: Total Answering	400
Overhead wires	62%
Underground cables	29%
Don't know	9%

Public Safety Awareness Index Score	
Rideau St Lawrence Distribution	
Base: Total Answering	400
PSA index score	83.6%

## 6 CONCLUSIONS

As can be seen in the table above, RSLD's ESA Public Safety Awareness Index Score is 83.6%. This falls within the very tight spectrum of index scores we processed for all LDCs that participated via Redhead, of 81.5% to 84.6%. We await with interest results from other markets in Ontario to see if they too fall within this narrow band.

Question scoring and index methodologies were prescribed by the ESA/OEB, creating a very narrow focus for this survey. As such, there has been no additional analysis provided beyond the direction provided by these bodies to meet the reporting requirements. Should you wish further analysis of the data please contact our office to discuss.

## 7 OTHER

As of 2016, the ESA Public Safety Awareness survey is scheduled for biennial administration. It has been our pleasure to complete this work for RSLD and trust that we met or exceeded your expectations. We look forward to working with you in again on this project in 2018.



*Rideau St. Lawrence Distribution ESA Public Awareness Survey 2016*

Should you have any questions or comments about the contents of this report or regarding the administration of the survey, please contact:

Graydon Smith  
President  
Redhead Media Solutions Inc.  
416-505 Hwy 118 W.  
Bracebridge, ON  
P1L 2G7