Exhibit 4 – Operating Expenses

4-Staff-22
Operating Expenses Variance Analysis
Ref: Table 4.3 OEB Appendix 2-JB – Recoverable OM&A Cost Driver Table
Ref: Table 4.4 OEB Appendix 2-JC – OM&A Programs Table

In Table 4.3, Staffing costs have increased by $170,537 since the last rebasing. This was due to union contract renegotiations, advancements in their classification levels, and hiring of additional staff. Rideau St. Lawrence Distribution stated that they hired regulatory staff and co-op students, which lead to an increase in FTEEs. Rideau St. Lawrence Distribution also expects a turnover of approximately 17% over the next 5 years.

a) Please explain the additional need for increased staff from the last rebasing?

Response:

At the time of its last rebasing in 2012, RSL present an application that included the costs for a Regulatory Analyst to be hired. During the process, RSL was offered and accepted an envelope amount for OM&A that did not include the Regulatory Analyst. The need for the position had been identified. At that time, RSL's CFO performed the regulatory role along with the role of the CFO. The regulatory functions, responsibilities, and complexities had continued to increase, and by 2012 RSL realized that this function required a dedicated employee.

In 2011, RSL had a complement of four Linemen and one Lead Hand. Over the next three years, RSL found that there were challenges to attract and retain qualified Linemen. Between 2010 and 2012, two young linemen who had completed their schooling left to pursue employment at other utilities. Situations like this are untenable. As discussed in 4-SEC-19, wage rates were not sufficient to attract linemen from other companies. As a result, RSL is faced with developing our own crew from the apprentice stage through to journeyman. Development time is an issue. It takes four years for an apprentice to complete the program and reach journeyman status. Even with this education, a new journeyman does not have the experience of a veteran lineman. The line crew is aging, and RSL has worked quickly to incorporate three new journeymen into the crew.

The recruitment and development of line crew staff is an ongoing process for RSL, due to the time required to train the new staff.

In its application, RSL is adding one employee, the Regulatory Analyst.

b) With a turnover of approximately 17% what is Rideau St. Lawrence Distribution's succession plan to ensure the replacement staff will be experienced.

Response:

RSL is aware of the possibility that as many as three employees could retire during the next 5 years. In each case, there may be existing employees who could move into the position of the retirees.

Bad debt has increased by $30k or 77% since the last rebasing. Rideau St. Lawrence Distribution has identified that this is caused by overall decline in the economy, combined with increased electricity rates. Although Rideau St. Lawrence Distribution tries to mitigate this through phone calls, follow-up calls, and hand delivered letters costs have still gone up significantly.

c) Has Rideau St. Lawrence Distribution considered additional mitigation plans to reduce the amount of bad debts?

Response:

Bad debts are a part of our business. Unfortunately, it is virtually impossible for RSL to collect security deposits from the customers who should be paying them. Low-income customers are exempt from deposits. We continue to collect deposits from other renters, but are required to refund them when a customer goes into arrears. This means that when we issue a final bill to a customer, there is no deposit to apply against the balance.

The increased electricity rates are primarily due to the increases in commodity and global adjustment. Customer bills have increased over the last few years, and many of our customers have difficulty in paying for the higher amounts.

Our collections person, along with our other customer service staff, follow up with customers who are in arrears. Disconnection notices are issued, and have proven to be effective for collecting on active accounts.

The problem is with final bills. LDCs have no leverage, such as an option of disconnection, concerning the final bill. We assign unpaid final bills to collection agencies, but the recovery rate is disappointing.

RSL is a member of Cornerstone Hydro Electric Concepts. The member utilities meet on a regular basis to discuss common issues, such as collections. This is an important opportunity for LDCs to share best practices. CHEC has also introduced the LDCs to companies that specialize in the collection of old debts. The industry refers to this as “skip-tracing”. We have utilized a few of these companies, but unfortunately they have had little success in recovering money from the final-billed accounts.

d) What is the success rate of Rideau St. Lawrence Distribution's hand delivered letters to customers for collection? What is the cost of the employee compared to the bill they are collecting?

Response:

The response rate is strong. For example, over the last few months, 66% of customers who received the notice paid the overdue amount.

RSL generates a collection letter 10 days after the bill is due for payment. We do not issue collection letters for amounts that are less than $50.

The letters are hand-delivered to the customer's door. Our employee will drive to the area, and deliver several letters at a time. The driving time from our office to the delivery area can range from 5 minutes to 1 hour, as our service territory is wide. We have estimated that RSL's cost is approximately $38 per letter. This cost includes the delivery of the letter, and the time used by Collections staff to call customers, make payment arrangements, and determine the final list of customers who will receive the letter.

e) Are the phone calls and follow-up calls automated or done by person? How many phone calls and follow-up calls are actually successful in reaching the customer and receiving payment? What is the cost of these phone calls?

Response:

RSL staff contact the customers. RSL does not have an automated calling system.

We are very successful at contacting the customers. As stated in the sub-question d), 66% of customers who receive the collection notice pay the arrears. The cost of internal phone calls is included in our overall collection labour cost.

Rideau St. Lawrence Distribution's underground maintenance program has increased by $16k or 63% since the last rebasing. Rideau St. Lawrence Distribution stated that there have been outages caused by old direct buried cables, which needed replacement.

f) Please provide the costs in this program related to the replacement of failed underground equipment and breakout the labour costs of each replacement to regular hours and overtime hours.

Response:

As stated on page 15 of the DSP, Appendix 2.1, most of the events are due to underground connection burn offs, attributable to older equipment that is direct-buried.

Costs can fluctuate from year to year. The expense in 2016 decreased from $41,902 in 2015 to $20,571.

RSL does not track the detail as requested.

4-Staff-23
Employee Compensation
Ref: Exhibit 4/Tab 3/Sch. 3

At the above reference, Rideau St. Lawrence Distribution has indicated that its employees are part of the OMERS defined benefit pension plan, which requires employees to make contributions from the date of hire, and are matched by the employer.

a) Please provide the actual employer contributions made for 2016 in respect to OMERS and compare this to the amount that has been included in the test period revenue requirement. In providing the revenue requirement total, please break-out the balance between capital (if any) and OM&A

Response:

The following table shows the OMERS expense that is included in OM&A and Capital for 2016 and in the rate application.

OMERS Comparison	2016 Actual	COS
OM&A	79,811.50	85,928.38
Capital	7,378.54	8,282.78
Total	87,190.04	94,211.16

b) For other post-employment benefits (OPEBs), please provide the amount that has been included in the test period revenue requirement. Please break-out this amount between capital (if any) and OM&A.

Response:

The OPEB amount included in the test period revenue requirement is $2,400.32. The entire amount is in OM&A.

c) With respect to OPEBs, please complete Appendix 2-KA in the Chapter 2 Appendices for 2017 Cost of Service Applications, released by the OEB on ***July 21, 2016***

Response:

RSL has not recovered any OPEB costs in rates. We began to record the liability in 2015 for our first IFRS financial statement. Table 2-KA is shown below, reflecting the expense included in OMA& for the test year.

Appendix 2-KA
OPEBs (Other Post-Employment Benefits) Costs

A Please indicate if OPEBs were recovered on a cash or accrual accounting basis for each year since the distributor started to recover OPEBs in distribution rates from customers:

Notes:
(Please add any information to explain the accounting basis used for OPEBs cost recovery in rate setting. If basis is other than Cash or Accrual, an explanation is required.)

RSL has not recovered any of their OPEB costs in rates. The recording of the expense began with 2014.

B Please complete the following table:

OPEBS	First Year of recovery to 2011	2012	2013	2014	2015	2016	COS	Total
Amounts included in Rates								
OM&A	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,400.32	$ 2,400.32
Capital								$ -
Total	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,400.32	$ 2,400.32
Paid benefit amounts								$ -
Net excess amount included in rates relative to amounts actually paid.	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,400.32	$ 2,400.32

C Please describe what the distributor has done with the recoveries in excess of cash payments:

4-Staff-24

Shared Services

Ref: Table 4.16 OEB Appendix 2-N Shared Services and Corporate Cost Allocation

Rideau St. Lawrence Distribution shares services and costs with Rideau St. Lawrence Utilities in meter reading, billing, collecting, and shared office space. For billing Rideau St. Lawrence Distribution believes that 15% is an appropriate allocation of the shared meter reading costs even though the meter reads only make up 2.4% of the total. Rideau St. Lawrence Distribution also stated that the allocation factor for billing is 77%. Rideau St. Lawrence Distribution also pays a corporate charge associated with the return on investments made by Rideau St. Lawrence Utilities due to the shared office building.

a) Although 15% allocation for billing has been used since 2012 please provide evidence to justify that 15% is an appropriate allocation.

Response:

The main cost of shared meter reading services is for labour. Although the number of readings is small, the amount of time required to get those reads is larger. Here is a small comparison:

When the meter reader is getting water readings, he walks from door-to-door. In an hour, he will record around 20 reads.

In comparison, for the electric readings, the meter reader must first contact the customer to make an appointment, as the meters are in secure locations. Next, the meter reader must drive to the plant. In our service territory, communities and companies are spread out, resulting in long driving times.

When the meter reader arrives, he meets with the plant staff, who take him to the meter room to retrieve 3 meter readings, and reset the demand registers.

We also know that there are times when the meter reader makes the trip to the plant, and finds that they cannot get the reads, as the internal person is not available.

In comparison, for the 20 water readings retrieved, the meter reading may be able to get 2 electric reads.

RSL believes that the 15% allocation of shared meter reading costs to the LDC is reasonable, and consistent with our current practice.

b) Rideau St. Lawrence Distribution has calculated that billing allocation should be 77% but the billing allocation for 2016 in Table 4.16 is 80%. Please explain the discrepancy.

Response:

The percentage in Table 4.16 should be 77%. As a part of our year-end analysis, we reviewed the allocation percentage, and determined that the LDC portion should change from 80% to 77%. The change in allocation is due to the addition of water billings for the Village of Cardinal.

4-Staff-25

Ref: PILs Work-form, Tab T8 Schedule 8 CCA Test Year

In the above reference, Rideau St. Lawrence Distribution uses the forecasted 2016 PP&E additions and disposals balance per Appendix 2-BA for purposes of performing the 2016 CCA calculation.

a) Given that fiscal 2016 is now closed, please update the balances used in the calculation with the actual PP&E additions and disposals for 2016.

Response:

The tab has been updated in the model.

Schedule 8 CCA - Test Year

Class	Class Description	Working Paper Reference	UCC Test Year Opening Balance	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule (1/2 Additions Less Disposals)	Reduced UCC	Rate %	Test Year CCA		UCC End of Test Year
1	Distribution System - post 1987	B8	$ 3,413,116	$ -	$ -	$ 3,413,116	$ -	$ 3,413,116	4%	$ 136,525		$ 3,276,591
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	B8	$ -	$ -	$ -	$ -	$ -	$ -	6%	$ -		$ -
2	Distribution System - pre 1988	B8	$ -	$ -	$ -	$ -	$ -	$ -	6%	$ -		$ -
8	General Office/Stores Equip	B8	$ 52,593	$ 14,845	$ -	$ 67,438	$ 7,423	$ 60,015	20%	$ 12,003		$ 55,435
10	Computer Hardware/ Vehicles	B8	$ 222,619	$ 3,133	$ -	$ 225,752	$ 1,567	$ 224,186	30%	$ 67,256		$ 158,497
10.1	Certain Automobiles	B8	$ -	$ -	$ -	$ -	$ -	$ -	30%	$ -		$ -
12	Computer Software	B8	$ -	$ -	$ -	$ -	$ -	$ -	100%	$ -		$ -
13 1	Lease # 1	B8	$ -	$ -	$ -	$ -	$ -	$ -		$ -		$ -
13 2	Lease #2	B8	$ -	$ -	$ -	$ -	$ -	$ -		$ -		$ -
13 3	Lease # 3	B8	$ -	$ -	$ -	$ -	$ -	$ -		$ -		$ -
13 4	Lease # 4	B8	$ -	$ -	$ -	$ -	$ -	$ -		$ -		$ -
14	Franchise	B8	$ -	$ -	$ -	$ -	$ -	$ -		$ -		$ -
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Tha	B8	$ -	$ -	$ -	$ -	$ -	$ -	8%	$ -		$ -
42	Fibre Optic Cable	B8	$ -	$ -	$ -	$ -	$ -	$ -	12%	$ -		$ -
43.1	Certain Energy-Efficient Electrical Generating Equipment	B8	$ -	$ -	$ -	$ -	$ -	$ -	30%	$ -		$ -
43.2	Certain Clean Energy Generation Equipment	B8	$ -	$ -	$ -	$ -	$ -	$ -	50%	$ -		$ -
45	Computers & Systems Software acq'd post Mar 22/04	B8	$ 20,674	$ 21,555	$ -	$ 42,229	$ 10,778	$ 31,452	45%	$ 14,153		$ 28,076
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	B8	$ 192	$ -	$ -	$ 192	$ -	$ 192	30%	$ 58		$ 134
47	Distribution System - post February 2005	B8	$ 2,961,795	$ 342,371	-$ 16,407	$ 3,287,759	$ 162,982	$ 3,124,777	8%	$ 249,982		$ 3,037,776
50	Data Network Infrastructure Equipment - post Mar 2007	B8	$ 15,899	$ -	$ -	$ 15,899	$ -	$ 15,899	55%	$ 8,744		$ 7,154
52	Computer Hardware and system software	B8	$ -	$ -	$ -	$ -	$ -	$ -	100%	$ -		$ -
95	CWIP	B8	$ -	$ -	$ -	$ -	$ -	$ -	0%	$ -		$ -
			$ -			$ -	$ -	$ -	5%	$ -		$ -
			$ -			$ -	$ -	$ -	10%	$ -		$ -
			$ -			$ -	$ -	$ -	0%	$ -		$ -
			$ -			$ -	$ -	$ -	0%	$ -		$ -
			$ -			$ -	$ -	$ -	0%	$ -		$ -
			$ -			$ -	$ -	$ -	0%	$ -		$ -
			$ -			$ -	$ -	$ -	0%	$ -		$ -
			$ -			$ -	$ -	$ -	0%	$ -		$ -
			$ -			$ -	$ -	$ -	0%	$ -		$ -
			$ -			$ -	$ -	$ -	0%	$ -		$ -
	TOTAL		$ 6,686,887	$ 381,904	-$ 16,407	$ 7,052,384	$ 182,749	$ 6,869,635		$ 488,721	T1	$ 6,563,663

4-Staff-26

Payment in Lieu of Taxes Model
Ref: PILs Work-form, Tab T1 Taxable Income Test Year

a) In Tab T1 please update the return on equity % parameter used in the test year PILs taxable income calculation using the OEB's updated cost of capital parameters effective January 1, 2017.

Response:

The ROE parameter has been updated.

Appendix 2-OA
Capital Structure and Cost of Capital

This table must be completed for the last Board approved year and the test year.

Year: 2016 Test Year

Line No.	Particulars	Capitalization Ratio			Cost Rate	Return
		(%)		($)	(%)	($)
	Debt					
1	Long-term Debt	56.00%		$3,942,795	3.36%	$132,478
2	Short-term Debt	4.00%	(1)	$281,628	1.65%	$4,647
3	**Total Debt**	60.0%		$4,224,423	3.25%	$137,125
	Equity					
4	Common Equity	40.00%		$2,816,282	8.78%	$247,270
5	Preferred Shares			$ -		$ -
6	**Total Equity**	40.0%		$2,816,282	8.78%	$247,270
7	**Total**	100.0%		$7,040,705	5.46%	$384,394

b) The depreciation expense being added back in lines 104 and 106 represents the 2016 forecasted amounts per the continuity schedule in Appendix 2-BA. Given that fiscal 2016 is now closed, please update the balances used in the taxable income calculation with the actual depreciation expense for 2016.

Response:

The schedule has been updated.

Taxable Income - Test Year		Working Paper Reference	Test Year Taxable Income
Net Income Before Taxes		A.	247,270
	T2 S1 line #		
Additions:			
Interest and penalties on taxes	103		
Amortization of tangible assets *2-4 ADJUSTED ACCOUNTING DATA P489*	104		401,068
Amortization of intangible assets *2-4 ADJUSTED ACCOUNTING DATA P490*	106		35,126

4-Staff-27

REF: Burman Energy Report, filed September 22, 2017

a) Please confirm whether the persistence rates used in the LRAMVA calculation reflect the information provided by the IESO. If Rideau has not used IESO provided persistence rates, please discuss the appropriateness and source of the persistence information.

Response:

The persistence data used to calculate the LRAMVA claim was received from the IESO on Wednesday April 13th, 2016. This data is attached in as the original format as "Persistence Savings 2011-2014 Rideau.xlsx".

b) Please clearly indicate (in a live excel file) the percentage of CDM savings allocated to each rate class for all CDM initiatives included in Rideau's LRAMVA request.

Response:

A file showing all of the project data that was used and how the splits were determined is attached as "Project Split Calculations.xlsx".

c) Please confirm the monthly multiplier that was applied to demand savings initiatives which were used to estimate the lost revenues for demand related savings. Please confirm that the multiplier used is consistent with the OEB's updated LRAMVA policy issued on May 19, 2016.

Response:

When calculating demand allocations and claims Burman Energy uses the following table to adjust the total figure applied. Any program not indicated below is considered at the full 12 month allocation:

Program	Mth/Yr
Commercial Demand Response	0
Commercial Demand Response (part of the Residential program schedule)	0
Demand Response 1	0
Demand Response 2	0
Demand Response 3	0
Demand Response 3	0
Demand Response 3 (part of the Industrial program schedule)	0
DR-3	0
Existing Building Commissioning Incentive Initiative	3
LDC Custom - Hydro One Networks Inc. - Double Return	0
LDC Custom - Hydro One Networks Inc. - Double Return Adjustment	0
LDC Custom - Hydro Ottawa - Small Commercial Demand Response	0
LDC Custom - Thunder Bay Hydro - Phantom Load	0
LDC Custom - Toronto Hydro - Summer Challenge	0
Loblaw & York Region Demand Response	0
peaksaverPLUS	0
peaksaverPLUS (IHD)	0
Residential and Small Commercial Demand Response	0
Residential Demand Response	0

d) Please discuss how Rideau has applied the CDM manual adjustment (1,020,000 kWh) approved as part of its 2012 COS application in its LRAMVA calculations. As part of your response, please provide the detailed calculations (in excel format) that compare the forecasted CDM savings with the actual CDM savings. Further, please confirm that as part of its 2012 COS application and subsequent Settlement Proposal and OEB Decision that an LRAMVA threshold value was not approved in addition to the CDM manual adjustment of 1,020,000 kWh.

Response:

A simplified calculator has been attached as "Live Excel LRAMVA.xlsx". This document results in the same LRAMVA figure calculated by the Burman Energy report, all calculations show data directly from source data received from the IESO, LDC and OEB (Website {Rate Database}).

e) Please confirm whether or not the savings filed in this LRAMVA calculation included any adjustments to savings that were verified by the IESO. If CDM savings adjustments have been included, please confirm they were provided by the IESO and clearly indicate how the CDM savings adjustments have been incorporated into the LRAMVA calculation.

Response:

Relating to the response from 4-Staff-27a: The persistence data used to calculate the LRAMVA claim was received from the IESO on Wednesday April 13th, 2016. This data is attached in as the original format as “Persistence Savings 2011-2014 Rideau.xlsx”. This data includes adjustments for prior years in each tab. Example: In the 2013 tab, rows that have an implementation year of 2012 are adjustments to the 2012 tab, these adjustments have been summarized and the total adjusted figure is shown in the report.

f) Please file the live excel version of the LRAMVA calculations that was completed by Burman.

Response:

Per 4-STAFF-27d: A simplified calculator has been attached as “Live Excel LRAMVA.xlsx”. This document results in the same LRAMVA figure calculated by the Burman Energy report, all calculations show data directly from source data received from the IESO, LDC and OEB (Website {Rate Database}).

g) Please provide a copy of the IESO verified 2011-2014 final results report and the IESO verified adjustments in live excel format.

Response:

Per the response to both 4-STAFF-27a and 4-STAFF-27e: The persistence data used to calculate the LRAMVA claim was received from the IESO on Wednesday April 13th, 2016. This data is attached in as the original format as “Persistence Savings 2011-2014 Rideau.xlsx”.

h) Please confirm the carrying charges associated with the LRAMVA claim.

Response:

The document “Live Excel LRAMVA.xlsx” shows the associated carrying charges calculated using the approved interest rates from the OEB. The total carrying charges have been determined to be $428.20.

4-VECC-23

Reference: E4/T1/S1/Table 4.2

a) Please update Table 4.2 to show 2016 actuals.

Response:

Appendix 2-JA
Summary of Recoverable OM&A Expenses

	Last Rebasing Year (2012 Board-Approved)	Last Rebasing Year (2012 Actuals)	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year	2016 Actual	2017 Budget
Reporting Basis								
Operations	$ 219,000	$ 221,842	$ 172,502	$ 202,676	$ 282,485	$ 311,123	$ 264,091	$ 284,000
Maintenance	$ 395,500	$ 355,486	$ 442,916	$ 377,142	$ 400,282	$ 399,157	$ 449,760	$ 426,300
SubTotal	**$ 614,500**	**$ 577,328**	**$ 615,418**	**$ 579,818**	**$ 682,767**	**$ 710,281**	**$ 713,852**	**$ 710,300**
%Change (year over year)			6.6%	-5.8%	17.8%	4.0%	4.6%	-0.5%
%Change (Test Year vs Last Rebasing Year - Actual)						23.0%	23.6%	23.0%
Billing and Collecting	$ 455,500	$ 536,107	$ 526,500	$ 553,160	$ 531,696	$ 544,820	$ 526,210	$ 544,800
Community Relations	$ -	$ 1,507	$ 4,374	$ 6,146	$ 6,464	$ 26,597	$ 31,761	$ 26,600
Administrative and General	$ 750,000	$ 728,523	$ 731,260	$ 823,768	$ 901,392	$ 901,089	$ 901,000	$ 907,500
SubTotal	**$ 1,205,500**	**$ 1,266,136**	**$ 1,262,134**	**$ 1,383,074**	**$ 1,439,552**	**$ 1,472,506**	**$ 1,458,972**	**$ 1,478,900**
%Change (year over year)			-0.3%	9.6%	4.1%	2.3%	1.3%	1.4%
%Change (Test Year vs Last Rebasing Year - Actual)						16.3%	15.2%	16.8%
Total	**$ 1,820,000**	**$ 1,843,464**	**$ 1,877,551**	**$ 1,962,892**	**$ 2,122,319**	**$ 2,182,787**	**$ 2,172,824**	**$ 2,189,200**
%Change (year over year)			1.8%	4.5%	8.1%	2.8%	2.4%	0.8%

b) Please explain any variance as between 2016 actuals and the forecast shown in the evidence.

Response:

Our overall OM&A is approximately $10,000 under the original forecast. RSL treats Operations and Maintenance as a combined department, and the variance is small. Billing and Collecting is lower than forecast, primarily because the additional costs related to monthly billing will begin in 2017.

c) Please provide the 2017 budget OM&A in the form of Table 4.2

Response:

Please see the table above.

4-VECC-24
Reference: E4/T1/S1/pg. 6 & E4/T3/S2/pg. 16-17

a) Does RSL currently bill all its customers on a monthly basis? If not please explain the current billing period status for each customer class. Please provide the expected date of monthly billing for each class.

Response:

Until the end of 2016, RSL had approximately 1/3 of its residential customers that were billed on a bi-monthly basis. Effective January 1, 2017, all customers are being billed monthly.

4-VECC-25
Reference: E4/T1/S1/Table 4.4 & E4/T3/S9

a) Please update Table 4.4 for actual 2016 costs.

Response: Table 4.4 has been updated with 2016 unaudited costs.

Appendix 2-JC
OM&A Programs Table

Programs	Last Rebasing Year (2012 Board-Approved)	Last Rebasing Year (2012 Actuals)	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year	2016 Actuals	Variance (Test Year vs. 2014 Actuals)	Variance (Test Year vs. Last Rebasing Year (2012 Board-Approved)
Reporting Basis	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS		
Customer Focus									
Billing and Customer Service	348,939	395,068	347,565	355,175	350,135	353,998	342,667	-1,177	5,059
Bad Debts	39,600	37,749	94,888	87,185	62,595	70,000	58,582	-17,185	30,400
Community Relations and LEAP	3,400	4,973	7,874	9,646	9,964	30,097	35,261	20,451	26,697
Collecting	33,680	51,136	48,276	56,153	54,431	56,088	57,861	-65	22,408
								0	0
Sub-Total	425,619	488,926	498,603	508,159	477,125	510,183	494,371	2,024	84,564
Operational Effectiveness									
								0	0
Overhead Maintenance	341,161	335,755	384,443	299,192	448,600	431,342	474,597	132,150	90,181
Underground Maintenance	25,505	24,525	29,330	47,973	41,902	41,547	20,571	-6,426	16,042
Engineering and Supervision	96,647	94,676	95,172	99,511	64,354	108,887	81,314	9,376	12,240
Education, Health & Safety	0	33,477	51,963	38,372	44,624	42,897	35,533	4,525	42,897
Substation Maintenance	68,795	52,233	43,786	75,831	45,433	45,075	48,344	-30,756	-23,720
Fleet Costs	61,365	54,008	55,843	59,765	59,947	62,019	60,099	2,254	654
Building Maintenance	27,700	32,918	34,396	41,750	50,467	52,441	44,330	10,691	24,741
Vegetation Maintenance	9,600	18,070	28,298	11,250	3,500	3,570	12,580	-7,680	-6,030
Administrative and Financial	575,765	556,358	498,046	602,590	680,910	674,133	696,092	71,543	98,368
Meter Maintenance and Reading	57,296	44,362	29,808	42,040	72,942	73,025	75,751	30,985	15,729
								0	0
Sub-Total	1,263,834	1,246,382	1,251,085	1,318,274	1,512,678	1,534,936	1,549,210	216,662	271,102
Public and Regulatory Responsiveness									
								0	0
Governance	40,000	38,813	38,757	43,015	42,974	43,764	45,814	749	3,764
Regulatory Compliance	45,393	37,834	51,299	53,243	53,961	55,113	42,187	1,870	9,720
Legal	4,954		3,668	4,122	615	3,127	1,508	-995	-1,827
Liability and Property Insurance	40,200	31,509	34,139	36,079	34,965	35,664	39,733	-415	-4,536
								0	0
								0	0
								0	0
								0	0
Sub-Total	130,547	108,156	127,863	136,459	132,516	137,668	129,243	1,209	7,121
Program Name #4									
								0	0
								0	0
								0	0
								0	0
								0	0
Sub-Total	0	0	0	0	0	0		0	0
Program Name #5									
								0	0
								0	0
								0	0
								0	0
								0	0
Sub-Total	0	0	0	0	0	0		0	0
Miscellaneous								0	0
Total	**1,820,000**	**1,843,464**	**1,877,551**	**1,962,892**	**2,122,319**	**2,182,787**	**2,172,824**	**219,895**	**362,787**

b) Please explain why LEAP costs are projected to be approximately 3x the prior year costs.

Response:

LEAP costs have not changed. The line item also has Community Relations costs. These costs have increased due to the Customer Satisfaction Survey, the Electrical Safety Survey, and our School Education Program.

c) Please provide the actual LEAP costs in 2016.

Response:

The actual LEAP cost in 2016 is $3,500.

4-VECC-26
Reference: E4/T1/S1/Table 4.6

a) Please explain the $80,607 variance in billing and collecting costs as between Board approved and actuals.

Response:

Our OM&A in the 2012 rate application was approved as an envelope amount of $1,820,000. Our actual OM&A in 2012 was $1,843,464.

Billing and Collecting costs were higher because we charged the costs of the Smart Meter data collection to this account. In our rate application, the costs had been included in Operations.

4-VECC-27
Reference: E4/T3/S2/pg. 23

a) If RSL is a member of the EDA please provide the annual EDA membership and other fees for each of 2012 through 2017.

Response:

The following is a list of the annual membership fees paid to the EDA.

EDA Membership Fees	
Year	Amount
2012	14,600
2013	15,300
2014	16,000
2015	16,500
2016	16,700
2017	16,900

4-VECC-28
Reference: E4/pg.30

a) Please explain why no actuarial study was done for post-retirement benefits.

Response:

This was discussed with our external auditors. They believed, as we did, that the cost to have an actuarial study was too high to justify. At RSL, post-retirement benefits are for life insurance coverage for management. This only impacted on 4 employees, past and present. The auditors were satisfied with the calculations done internally.

b) What amounts were charged for these benefits under OM&A in each of the years 2012 through 2017?

Response:

Year	Amount
2012	-
2013	-
2014	736.87
2015	881.86
2016	2,925.87

4-VECC-29
Reference: E4/T3/S2/Table 4.14

a) Please modify Table 4.14 to show 2016 actuals and include a new row showing the total compensation capitalized in each year.

Response:

The table has been updated as requested. Please note that a problem was found with the original table, affecting all years. This is the corrected table. There is no impact to other parts of the application.

Appendix 2-K
Employee Costs

	Last Rebasing Year - 2012-Board Approved	Last Rebasing Year - 2012-Actual	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year	2016 Actuals
Number of Employees (FTEs including Part-Time)[1]							
Management (including executive)	3	3	3	3	3	3	3
Non-Management (union and non-union)	11	10	10	10	12	12	12
Total	14	13	13	13	15	15	15
Total Salary and Wages including overtime and incentive pay							
Management (including executive)							
Non-Management (union and non-union)	$ 823,319	$ 809,778	$ 759,481	$ 778,862	$ 885,520	$ 929,215	$ 954,099
Total	$ 823,319	$ 809,778	$ 759,481	$ 778,862	$ 885,520	$ 929,215	$ 954,099
Total Benefits (Current + Accrued)							
Management (including executive)							
Non-Management (union and non-union)	$ 394,492	$ 293,410	$ 380,928	$ 375,391	$ 459,166	$ 442,982	$ 450,631
Total	$ 394,492	$ 293,410	$ 380,928	$ 375,391	$ 459,166	$ 442,982	$ 450,631
Total Compensation (Salary, Wages, & Benefits)							
Management (including executive)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Non-Management (union and non-union)	$ 1,217,811	$ 1,103,188	$ 1,140,408	$ 1,154,253	$ 1,344,686	$ 1,372,196	$ 1,404,730
Total	$ 1,217,811	$ 1,103,188	$ 1,140,408	$ 1,154,253	$ 1,344,686	$ 1,372,196	$ 1,404,730
Total Capitalized	$ 120,870	$ 88,718	$ 105,869	$ 74,013	$ 67,966	$ 102,443	$ 87,270

b) Has RSL finalized a 2017 compensation budget? If yes, please provide the 2017 costs using the same categorization as Table 4.14.

Response:

Although our budget has been set for 2017, we do not do a detailed compensation budget. Rather, we look at overall groupings, such as Billing and Collecting, and budget at the overall account level. The overall budget has been set to be very close to the 2016 rate application amounts.

4-VECC-30
Reference: E4/T3/S2/pg. 27

a) RSL states that the cost of a new regulatory analyst was included in the Board approved 2012 cost of service. Please explain why this position was not hired until 2014.

Response:

Actually, this position was included in our 2012 Cost of Service application. This position was part of the overall reduction in our OM&A envelope.

Despite the removal from our application, we still had the need for this position. For 2012 and 2013, RSL's former CFO assisted with the Regulatory role.

b) What was the total cost savings of the delayed hiring?

Response: There was no savings, as the position was not included in our rates.

c) Other than this position, has RSL hired for any incremental full time positions since 2012?

Response:

No other incremental positions have been added. Since 2012, RSL has replaced vacant positions in the line crew.

4-VECC-31
Reference: E4/T3/S4/Appendix 2-N

a) Please identify the amount of the billing costs in 2016 that were due to new monthly billing requirements.

Response:

RSL expects to produce an additional 12,000 bills per year. We have included $11,000 in our application, covering the cost of postage, bills, and envelopes. We have not included overtime for Billing staff who will need to process the additional bills, and handle increased customer interactions.

b) Please explain why the 2012 actual costs were significantly above the Board approved costs.

Response:

Billing costs were higher because we charged the costs related to the smart meter data collection system to this account. In the 2012 cost of service, these costs were shown under Operations. We decided that Billing was a more appropriate place for the costs.

c) Has RSL ever undertaken a third-party review of its cost sharing agreement with Utilities? If yes please provide this study.

Response:

RSL has not undertaken a third-party review of its cost sharing agreement with Utilities.
RSL has consistently used its methodology for cost sharing with Utilities.
The following is RSL's methodology:

The Utilities company provides water meter readings, billing, and collecting functions for municipalities and for RSL. These services are provided on a shared cost basis.

Meter reading costs are reviewed, and any costs that are specific to either the LDC or Utilities (water billing) are assigned specifically to that company. Remaining shared costs are allocated based on a percentage that takes into consideration that the per-meter costs to read electric demand meters is higher than the cost of reading water meters. RSL is allocated 15% of the shared meter reading costs.

For Billing costs, RSL identifies costs that are specific to either the LDC or Utilities. Remaining shared costs are allocated based partially on the number of bills produced for each company, but also based on a factor that recognizes the greater complexity of electricity bills in comparison with water bills. RSL has decreased the portion of shared costs shared with Utilities from 80% to 77%, based on an increased number of water bills produced.

Collection costs are shared in a similar way. Shared costs are split based on the number of bills issued for each company.

The Utilities company provides all of the manpower required by RSL to operate its distribution system. The costs for these services are passed through to RSL at cost. A corporate charge is calculated to provide a return on the investments of Utilities. The charge is allocated to each affiliate based on the percentage of total revenue of the Consolidated Corporation.

d) Are the non-affiliate services shown in Table 4.19 subject to the 5% markup fee by the Affiliate?

Response:

No. There is no markup fee charged.

4-VECC-32
Reference: E4/T5/S1 & S2

a) Please provide the actual PILs paid in 2016.

Response:

For 2015, PILS payable was $10,294. RSL made instalment payments in 2015, and as of the end of the year had an overpayment balance of $7,503. The overpayment was refunded to RSL in 2016. During 2016, RSL made instalment payments of $7,305.

b) Please provide the actual property taxes paid in 2016

Response:

					COS	Actual
	2012	2013	2014	2015	2016	2016
Prescott	$ 13,274	$ 13,263	$ 13,122	$ 13,034	$ 13,088	$ 12,973
South Dundas	2,479	2,507	2,505	2,536	2,560	2,568
Edwardsburgh/Cardinal	727	741	749	757	765	763
Ministry of Finance	2,270	2,175	2,063	1,968	1,987	1,882
	$ 18,750	$ 18,686	$ 18,439	$ 18,295	$ 18,400	$ 18,187

4-VECC-33
Reference: E4/T4/S2/Appendix 2-F

a) Please update Appendix 2-F for 2016 actuals.

Response:

We believe that you meant to request Appendix 2-CF. The Appendix has been updated as requested.

Appendix 2-CF
Depreciation and Amortization Expense

Assumes the applicant made capitalization and depreciation expense accounting policy changes under CGAAP effective January 1, 2012 and has adopted IFRS for financial reporting purposes effective January 1, 2015.

2016 MIFRS

Account	Description	Additions (d)	Years (new additions only) (f)	Depreciation Rate on New Additions (g) = 1 / (f)	2016 Depreciation Expense [1] (h)=2015 Full Year Depreciation + ((d)*0.5)/(f)	2016 Depreciation Expense per Appendix 2-BA Fixed Assets, Column J (l)	Variance [2] (m) = (h) - (l)
1611	Computer Software (Formally known as Account 1925)	$ 7,650	5.00	20.00%	$ 35,126	$ 35,126	$ 0
1612	Land Rights (Formally known as Account 1906)			0.00%	$ -	$ -	$ -
1805	Land			0.00%	$ -	$ -	$ -
1808	Buildings			0.00%	$ 2,058	$ 2,051	$ 7
1810	Leasehold Improvements			0.00%	$ -	$ -	$ -
1815	Transformer Station Equipment >50 kV			0.00%	$ -	$ -	$ -
1820	Distribution Station Equipment <50 kV (Substations)	$ 124,035	45.00	2.22%	$ 16,443	$ 16,395	$ 48
1820	Distribution Station Equipment <50 kV (Wholesale Meters)	$ -	25.00	4.00%	$ 14,298	$ 14,298	$ 0
1825	Storage Battery Equipment			0.00%	$ -	$ -	$ -
1830	Poles, Towers & Fixtures	$ 104,649	45.00	2.22%	$ 18,632	$ 18,606	$ 26
1835	Overhead Conductors & Devices	$ 87,031	60.00	1.67%	$ 29,248	$ 29,459	-$ 211
1840	Underground Conduit	$ 3,947		0.00%	$ 1,295	$ 1,334	-$ 39
1845	Underground Conductors & Devices			0.00%	$ 20,314	$ 20,497	-$ 183
1850	Line Transformers	$ 84,374	45.00	2.22%	$ 25,541	$ 25,513	$ 28
1855	Services (Overhead & Underground)	$ 10,624	60.00	1.67%	$ 5,228	$ 5,228	$ 0
1860	Meters	$ -	25.00	4.00%	$ 7,393	$ 7,191	$ 202
1860	Meters (Smart Meters)	$ 11,656	15.00	6.67%	$ 78,395	$ 77,861	$ 534
1905	Land			0.00%	$ -	$ -	$ -
1908	Buildings & Fixtures			0.00%	$ -	$ -	$ -
1910	Leasehold Improvements			0.00%	$ 880	$ 880	-$ 0
1915	Office Furniture & Equipment (10 years)			0.00%	$ -	$ -	$ -
1915	Office Furniture & Equipment (5 years)			0.00%	$ -	$ -	$ -
1920	Computer Equipment - Hardware	$ 13,905	5.00	20.00%	$ 19,247	$ 19,327	-$ 80
1920	Computer Equip.-Hardware for Smart Meters	$ -	5.00	20.00%	$ 3,947	$ 3,947	-$ 0
1920	Computer Equip.-Hardware(Post Mar. 19/07)			0.00%	$ -	$ -	$ -
1930	Transportation Equipment	$ 3,133	8.00	12.50%	$ 91,203	$ 91,320	-$ 117
1935	Stores Equipment			0.00%	$ -	$ -	$ -
1940	Tools, Shop & Garage Equipment	$ 14,845	10.00	10.00%	$ 6,316	$ 6,731	-$ 415
1945	Measurement & Testing Equipment			0.00%	$ -	$ -	$ -
1950	Power Operated Equipment			0.00%	$ -	$ -	$ -
1955	Communications Equipment	$ -		0.00%	$ 5,102	$ 5,102	$ 0
1955	Communication Equipment (Smart Meters)			0.00%	$ -	$ -	$ -
1960	Miscellaneous Equipment			0.00%	$ -	$ -	$ -
1970	Load Management Controls Customer Premises			0.00%	$ -	$ -	$ -
1975	Load Management Controls Utility Premises			0.00%	$ -	$ -	$ -
1980	System Supervisor Equipment	$ -	15.00	6.67%	$ -	$ -	$ -
1985	Miscellaneous Fixed Assets			0.00%	$ -	$ -	$ -
1990	Other Tangible Property			0.00%	$ -	$ -	$ -
1995	Contributions & Grants	-$ 98,589	49.33	2.03%	-$ 14,872	-$ 14,924	$ 52
	Total	**$ 367,260**			$ 365,794	$ 365,942	-$ 147

4-VECC-34
Reference: Exhibit, Appendix 4.2

a) The LRAMVA calculations table provided in the Burman Report is not legible. Please provide either a copy of the table in a legible spread sheet or complete and provide a copy of the Board's LRAMVA model.

Response:

RSL does not have a spreadsheet, we have the report created by Burman Energy. Please refer to “Rideau St Lawrence Distribution Inc (2016-09-22).pdf.

b) Please provide copies the references used by Burman to support the values used for the persisting impact of the individual CDM programs after the first year of implementation.

Response:

Please refer to the persistence spreadsheets provided by Burman Energy, referred to in 4-Staff-27.

4-VECC-35
Reference: Exhibit 4, page 126

a) With respect to Table 4-24 is Commercial meant to represent the GS<50 class and Industrial meant to represent the GS>50 class?

Response:

Yes, Commercial is GS<50 and Industrial is GS 50-4999.

b) If not, please provide a schedule similar to Table 4.24 but broken down by customer class.

Response:

N/A

4-SEC-18

[Ex.4] Please provide revised versions of the following appendices with 2016 year-end actuals. Please explain all material variances between 2016 forecast and actuals.

a. 2-JA

Response:

Please see 4-VECC-23

b. 2-JB

Response:

Appendix 2-JB
Recoverable OM&A Cost Driver Table

OM&A	Last Rebasing Year (2012 Actuals)	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year	2016 Actual
Reporting Basis	MIFRS					
Opening Balance	$ 1,820,000	$ 1,843,464	$ 1,877,551	$ 1,962,892	$ 2,122,319	$ 2,122,319
Staffing (payroll and benefits)	-$ 82,472	$ 12,405	$ 58,016	$ 191,328	-$ 8,741	$ 19,031
Third Party Service Providers	$ 32,857	$ 6,734	$ 49,616	-$ 51,117	$ 36,290	$ 32,822
Regulatory	-$ 7,559	$ 13,465	$ 1,944	$ 718	$ 1,152	-$ 11,774
Bad Debts	-$ 1,851	$ 57,139	$ 7,703	-$ 24,590	$ 7,405	-$ 4,013
Smart Meter Communications/MDMR	$ 58,617	-$ 90,821	$ 19,373	$ 4,652	$ 2,578	$ 3,274
Vegetation Management	$ 8,470	$ 10,228	-$ 17,048	-$ 7,750	$ 70	$ 9,080
Training	$ 18,407	$ 8,105	-$ 12,588	$ 6,448	$ 812	-$ 5,821
PCB Transformer Removal	-$ 9,600	$ 8,000	-$ 25,000	$ -	$ 20,000	$ 20,000
Meetings/Travel	$ 15,070	$ 10,381	-$ 1,003	$ 8,445	-$ 2,003	-$ 3,269
Joint Use of Poles	$ 16,279	-$ 15,362	$ -	-$ 229	$ 114	$ 5,632
Use of Utilities Company assets	-$ 11,474	$ 2,656	$ 18,340	$ 19,999	$ 4,991	$ 785
Insurance	-$ 8,691	$ 2,630	$ 1,941	-$ 1,114	$ 699	$ 4,768
Other	-$ 4,589	$ 8,527	-$ 15,953	$ 12,637	-$ 2,899	-$ 20,010
Closing Balance	$ 1,843,464	$ 1,877,551	$ 1,962,892	$ 2,122,319	$ 2,182,787	$ 2,172,824

Overall OM&A is very close to the amount submitted in the application. There are some variances. Labour costs are higher than planned. There were assumptions built into the labour budget that assumed that more hours would be charged to the Utilities company, based on history. The amounts charged to Utilities were less, primarily due to a reduction in hours for street light maintenance, a service that was provided to the municipalities by Utilities.

The reduction in Other is due to a reduction to materials costs charged to O&M, as more materials were charged to capital projects.

c. 2-JC

Response:

Please see 4-VECC-25

d. 2-K

Response:

Please see 4-VECC-29

e. 2-CF

Response:

Please see 4-VECC-33

4-SEC-19

[Ex.4, p.6] The Applicant states that the labour costs have increased “largely due to negotiated pay rate changes included in the union contract”. Please provide details regarding the negotiated pay raise in each year since 2012.

Response:

The following chart shows examples of rate increases since 2012 for a lineman and an office position:

	2012	2013	2014	2015	2016	2017	2017
Lineman	2.92%	3.04%	3.02%	6.30%	5.04%	3.02%	3.02%
Billing	2.95%	3.01%	3.01%	2.53%	2.51%	2.49%	2.49%

We want to provide some context behind the Lineman increases in 2015 and 2016. Prior to 2014, RSL attempted to hire linemen to replace staff who left to join other utilities. There were many instances where potential candidates contacted RSL to inquire about the pay rate, and told us that our rate was uncompetitive. Management decided, when negotiating the new CUPE contract in 2014, to quickly boost the rate in this category to both retain existing linemen, and to potentially attract others. In late 2014, under the new contract, RSL was successful in hiring an experienced lineman.

RSL reviewed information received that compares the rates paid to our line crew with the rates paid at several other LDCs in 2013 and 2014. RSL was significantly below the rates paid by the other LDCs. The rates paid by the other LDCs ranged from 4% to 30% higher.

4-SEC-20

[Ex.4, p.29] Does RSL have a management employee incentive or variable compensation program? If so, please provide details.

Response:

RSL does not have a management incentive or variable compensation program.

4-SEC-21

[Ex.4, p.29] The Applicant states “RSL is faced with a turnover of approximately 17% of its workforce within the next five years.” Please explain the basis for this statement.

Response:

RSL (consolidated) has 17 employees, and of those employees, there are 3 who may retire within the next 5 years. The basis for the statement is a combination of age and years of service.

4-SEC-22

[Ex.4, p.29] The Applicant states" "To avoid falling behind the market it is important the compensation be reviewed on an ongoing basis. With that in mind, each year any recommended compensation adjustments are based on industry experience and projections." Please explain what specific information the Applicant reviewed to ensure that its compensation adjustments are based on industry experience and projections.

Response:

RSL does not have a "formal" method for accumulating this information. Much of what we learn is anecdotal, based on meetings with other CHEC-member utilities, and conversations with local business people. In the marketplace, we are seeing increases of 2 to 3 percent increases per year. As described in 4-SEC-19, there are cases where the rates need to be increased in order to attract qualified candidates. In this case, our source of information about compensation can be the "lack of interest in the position".

Another source of information about compensation is our Board of Directors. The Board is in contact with our Municipalities, and provides wage information to RSL management.

Also described in 4-SEC-19, RSL reviewed data that listed line crew rates from several LDCs. It was found that our pay rate was uncompetitive. In order to retain existing staff, and attract new staff in the future, it was necessary to increase the rate paid to the line crew.

4-SEC-23

[Ex.4, p.37] Please provide a version of Appendix 2-K with an extra row showing for year the amount of compensation that is an OM&A expense.

Response:

The updated table follows:

Appendix 2-K Employee Costs							
	Last Rebasing Year - 2012- Board Approved	Last Rebasing Year - 2012- Actual	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year	2016 Actuals
Number of Employees (FTEs including Part-Time)[1]							
Management (including executive)	3	3	3	3	3	3	3
Non-Management (union and non-union)	11	10	10	10	12	12	12
Total	14	13	13	13	15	15	15
Total Salary and Wages including overtime and incentive pay							
Management (including executive)							
Non-Management (union and non-union)	$ 823,319	$ 809,778	$ 759,481	$ 778,862	$ 885,520	$ 929,215	$ 954,099
Total	$ 823,319	$ 809,778	$ 759,481	$ 778,862	$ 885,520	$ 929,215	$ 954,099
Total charged to OM&A	$ 744,319	$ 749,883	$ 691,511	$ 731,380	$ 842,451	$ 853,512	$ 883,907
Total Benefits (Current + Accrued)							
Management (including executive)							
Non-Management (union and non-union)	$ 394,492	$ 293,410	$ 380,928	$ 375,391	$ 459,166	$ 442,982	$ 450,631
Total	$ 394,492	$ 293,410	$ 380,928	$ 375,391	$ 459,166	$ 442,982	$ 450,631
Total charged to OM&A	$ 352,622	$ 264,586	$ 343,029	$ 348,861	$ 434,269	$ 413,966	$ 413,853
Total Compensation (Salary, Wages, & Benefits)							
Management (including executive)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Non-Management (union and non-union)	$1,217,811	$1,103,188	$1,140,409	$1,154,253	$1,344,686	$ 1,372,197	$1,404,730
Total	$1,217,811	$1,103,188	$1,140,409	$1,154,253	$1,344,686	$ 1,372,197	$1,404,730
Total charged to OM&A	$1,096,941	$1,014,469	$1,034,540	$1,080,241	$1,276,720	$ 1,267,478	$1,297,760
Total Capitalized	$ 120,870	$ 88,718	$ 105,869	$ 74,012	$ 67,966	$ 102,443	$ 87,270

4-SEC-24

[Ex.4, p.32] Please explain why the Regulatory Analyst discussed in the Applicant's last application was only hired in 2014.

Response:

There were several reasons for the delay. First, during the settlement of our 2012 Cost of Service application, our OM&A was approved as an envelope without the money for this position. However, the need for the position did not go away. In 2012 and 2013, RSL retained the services of our former CFO on a part time basis to provide assistance in regulatory matters. He provided guidance to the new CFO, who wanted to become familiar with regulatory accounting prior to hiring for the position.

The need for the position did not go away. The need grew. The regulatory environment constantly changes, and is increasingly complex. RSL needed a person who could assist with COS and IRM applications, RRR filings, and other related activities.

It was recognized that RSL did not have an existing staff member with the qualifications required for the position. RSL had to recruit for the position, hiring a person who relocated to Eastern Ontario from Toronto.