

**ONTARIO ENERGY BOARD  
IN THE MATTER OF AN APPLICATION BY  
HALTON HILLS HYDRO INC. (“HHHI”)  
2021 COST OF SERVICE APPLICATION  
INTERROGATORY RESPONSES FROM HALTON HILLS HYDRO INC.**

**SCHOOL ENERGY COALITION INTERROGATORIES AND RESPONSES**

**1 - SEC IRR – 1**

**1-SEC-1**

**[Ex.1, p.22]**

Please explain how, if at all, the Applicant has taken into account the impacts of COVID-19 on the 2020 and 2021 forecasts included in its application. If it has, please provide details. If it has not, please provide revised forecasts to account for the impacts of COVID-19.

**Response:**

Please see HHHI’s response 1 – Staff IRR – 4.

## 1 - SEC IRR – 2

### 1-SEC-2

#### [Ex.1, p.22]

Please provide the amounts currently recorded in the various generic Account 1509 sub-accounts. Please provide a detailed breakdown of the amounts recorded within each-sub account and specific if the amounts are of a type that is a one-time or on-going cost.

#### Response:

As at September 30, 2020, HHHI reported on the Board Liquidity Report filed on October 28, 2020:

- |   |          |
|---|----------|
| • Account 1509, Sub-account Costs Associated with Billing & System Changes                              | \$12,000 |
| • Account 1509, Sub-account Lost Revenues   | \$54,527 |
| • Account 1509, Sub-account Other Costs   | \$58,192 |
| • Account 1509, Sub-account Bad Debt  | \$47,535 |
| • Account 1509, Sub-account Forgone Revenue from postponing May 1 <sup>st</sup> 2020 distribution rates | \$53,714 |

**1 - SEC IRR – 3**

**1-SEC-3**

**[Ex.1]**

Please provide all materials provided to the Applicant's Board of Directors regarding its approval of this application and the underlying budgets.

**Response:**

Please see HHHI's response 4 – Staff IRR - 49.

**1 - SEC IRR – 4**

**1-SEC-4**

**[Ex.1]**

Please provide copies of all benchmarking studies, reports, and analyses that the Applicant has undertaken or participated in since its last rebasing application, that are not already included in the application.

**Response:**

Copies of all non-confidential benchmarking studies, reports, and analysis that have been undertaken since its last rebasing application were included in the application.

Since its last rebasing application, HHHI participated in annual, confidential labour rates surveys. In order to participate in the surveys, HHHI signed a non-disclosure agreement that precludes it from disclosing the results of the surveys. To ensure HHHI is not subject to liabilities for breaching its non-disclosure agreement and has access to the compiled results of future surveys, HHHI did not include past confidential compiled survey results in the application.

**1 - SEC IRR – 5**

**1-SEC-5**

**[Ex.1, p.140]**

With respect to productivity and efficiency measures:

- a. Please provide a breakdown of the \$220,000 in cost savings and 2300 and productivity hours achieved since 2018. Please breakdown the savings into capital and OM&A, and detail how each initiative was calculated.
- b. With respect to the 162 innovating ideas provided by the Applicant's staff, insofar as they are not included in the savings referenced in part (a), please provide a list of the remaining ideas and explain why they were not implemented.
- c. Did the Applicant undertake any other productivity initiatives since its last rebasing application before 2018? If so, please provide details, including quantification of the savings.
- d. Please provide details of all productivity and efficiency measures the Applicant plans to undertake in the test year. Please quantify the savings, explain how they were calculated, and detail how they were incorporated into the application.

**Response:**

- a) Please see HHHI's response 1 – Staff IRR - 5.
- b) Ideas that were not implemented were either very similar/duplicates of ones that were implemented, were not feasible/practical to implement or were too costly to implement. The innovation initiative is as much focused on staff engagement as it is on cost savings or productivity improvements. The innovation initiative is an ongoing process to encourage staff to continue to bring new ideas forward.
- c) HHHI has a long track record of cost effective spending. It has remained in Group 1, being above average, for seven (7) years in a row, on the annual OEB's benchmarking report provided by Pacific Economics Group (PEG). Group 1 represents the most efficient Local Distribution Companies (LDC) in the province and contains only six (6) members. Through on-going good utility practice, HHHI achieves cost savings and avoided costs in both capital and operations.

The staff innovation initiative began as a leadership innovation activity that took place in 2017. The leadership team participated in a simulation examining the utility of the future. HHHI won the EDA Innovation Excellence Award for 2017 for this project. This project led the way for the staff innovation process which followed in 2018 and continues to this day.

- d) At this point of time, it is too early to project what initiatives may be in place for the 2021-2025 time period. As well, the on-going COVID-19 situation is dynamic and the ultimate impacts on our business are not known at this time.

## 1 - SEC IRR – 6

### 1-SEC-6

[Ex.1, p.57]

Please provide a revised version of Table 17 that, a) includes in the 2016 Board Approved column a correction of the depreciation expenses calculation error that was brought to the Board's attention in EB-2017-0045, and b) excludes in the 2021 Board Approved column the capital related costs related Municipal Transformation Station approved as an ICM in EB-2018-0328.

### Response:

Table SEC IRR – 1 provides the revised Table 17.

**Table SEC IRR – 1 – Revised Table 17**

Application Summary	2016 Board Approved	2016 Board Approved with Corrected Depreciation Exp	2021 Test Year	2021 Test Year - Without MTS Capital Costs
Net Fixed Assets (Average)	55,757,587	55,587,327	99,356,973	77,162,138
Working Capital Allowance	5,664,968	5,664,883	4,892,243	4,892,243
Rate Base	61,422,555	61,252,210	104,249,216	82,054,381
Working Capital Allowance %	7.5%	7.5%	7.5%	7.5%
Regulated Return on Capital	3,293,050	3,283,917	5,696,715	4,483,875
OM&A Including Property Taxes	6,112,032	6,112,032	7,737,808	7,737,808
Amortization Expense	1,508,054	1,847,446	3,611,342	2,961,494
Pils	-	-	-	-
Service Revenue Requirements	10,913,136	11,243,395	17,045,865	15,183,177
Less: Revenue Offsets	959,144	959,144	1,293,382	1,293,382
Base Revenue Requirement	9,953,992	10,284,251	15,752,483	13,889,795
Change - \$		330,259	5,468,232	(1,862,688)

**1 - SEC IRR – 7**

**1-SEC-7**

**[Ex.1]**

For each year, between 2016 and 2020, please provide a copy of the Applicant's corporate scorecard or similar document. If the Applicant does not have a corporate scorecard or similar document, please explain how the Applicant and its Board of Directors measures its success.

**Response:**

Please see Appendix SEC IRR – A for Year End Corporate Scorecards (2016-2019). The 2020 Year End Corporate Scorecard is not yet complete and as such, has not been provided.

## 2 - SEC IRR – 8

### 2-SEC-8

#### [EB-2015-0074, Ex.2, Appendix 2-A, p.88-90]

Please provide a table that shows for each of the material capital projects included in the Applicant in the last DSP, for years 2016-2020, a) total budgeted cost in the EB-2015-0074 application, b) total actual cost, c) variance in cost, d) explanation for all variances +/- 10%. e) forecast project completion dates (year), f) actual completion dates (year), e) explanation of any variance in completion dates.

#### Response:

Please see Section 4.7 “Capital Expenditure Summary” and Section 4.8 “Variances in Capital Expenditures (Historical Period)” of HHHI’s DSP 2021 – 2025 for an in-depth analysis of annual variance reporting comparing planned budget to actual expenditures for projects categories for each year of the historical period. HHHI’s planned budget values provided in the DSP are those approved by the OEB following the settlement conference, not those filed with HHHI’s application.

## 2 - SEC IRR – 9

### 2-SEC-9

[Ex.2, p.85-86]

With respect to the additional costs of the Transformer Station since the ICM:

- a. Please provide a table that shows for each cost category in Table 41, a) the forecast costs in EB-2018-0328, and b) actual costs.
- b. Please provide a further breakdown and explanation of the additional amounts for, a) for Commissioning Costs (\$352,387), b) Capitalization of interest, loan, property tax & legal (\$179,622), c) SCADA programming, operating directives (\$242,177).
- c. Please explain why the Board should provide a true-up of the ICM costs.

### Response:

- a) Updated Table 41
  - i. Please see Table VECC IRR – 2 – Updated Exhibit 2 Table 41
  - ii. Please see Table VECC IRR – 2 – Updated Exhibit 2 Table 41

**Table VECC IRR - 2 – Updated Exhibit 2 Table 41**

Category	Subcategory	Actual Costs	Board Approved Costs	Actual Costs vs. Board Approved
Power Transformers	Overall	3,833,333	3,747,855	85,477
Power Transformers	Bushing	565,869	553,251	12,618
Power Transformers	Tap Changer	408,663	399,551	9,113
Station Service Transformer		596,047	582,756	13,291
Station Grounding Transformer		251,193	245,592	5,601
Station Metal Clad Switchgear	Overall	2,136,807	2,089,160	47,647
Station Independent Breakers		1,353,416	1,323,794	29,622
Station Switch		709,885	694,056	15,829
Digital & Numeric Relays		1,938,787	1,661,476	277,311
Rigid Busbars		798,006	780,800	17,205
Steel Structure		2,227,408	2,177,959	49,449
Underground Primary Cable		1,627,038	1,593,721	33,318
Concrete Encased Duct Banks		1,542,574	1,508,177	34,397
Remote SCADA		445,953	230,519	215,434
Station Building	Station Building	3,251,989	3,174,602	77,386
Station Building	Parking	285,338	278,975	6,363
Station Building	Fence	315,382	267,263	48,119
Station Building	Roof	339,830	332,253	7,578
Wholesale Energy Meters		320,208	313,067	7,140
CT & PT		546,807	534,614	12,193
<b>Sub-total</b>		<b>23,494,533</b>	<b>22,489,441</b>	<b>1,005,092</b>
Land		980,479	987,000	(6,521)
<b>Total Station Costs</b>		<b>24,475,012</b>	<b>23,476,441</b>	<b>998,571</b>

- b) ICM additional costs
  - i. Please see HHHI's response 2 – Staff IRR – 6.
  - ii. Please see HHHI's response 2 – Staff IRR – 6.

- iii. Please see HHHI's response 2 – Staff IRR – 6.
- c) The Board should approve the true-up of the ICM costs for the following reasons:
  - i. During the process of commissioning the station in the spring of 2019, additional commissioning requirements were discovered that had not been originally anticipated. These additional activities lead to the delay in final commissioning and to the increase in costs; moving the original target in-service date from May 2019 to December 2019.
  - ii. During the commissioning process, a significant customer event occurred that caused unforeseen additional commission requirements and costs.
  - iii. EB-2018-0328 approved costs did not include any contingency costs.

## 2 - SEC IRR – 10

### 2-SEC-10

[Ex.2, p.205]

The Applicant notes it uses a number of ‘Asset Management Factors’ (i.e. public safety, worker safety, asset condition, asset age and useful life, operability, risk/likelihood failure and impact of failure to assess an asset’s condition. Please explain how each of these factors impacts an asset’s condition.

### Response:

These factors do not impact an asset’s condition. Rather, the factors impact the prioritization of replacement.

Prudent capital planning does not allow for all assets to be replaced based on age alone. Rather, these other factors are considered when prioritizing which assets get replaced in a given year.

For example, pole replacements are prioritized based on the following criteria:

- The age and condition of the pole.
- The proximity of the pole to public gathering spaces, i.e. a vintage pole located adjacent to a school or recreational facility has a higher priority than a pole located in a rural area.
- The highest voltage available on the pole, i.e. a vintage pole carrying a 44 kV sub-transmission feeder has a higher priority than a pole that supports only a low-voltage overhead bus.
- The impact on system reliability, i.e. a vintage pole carrying backbone distribution circuits has a higher priority than a pole that supports fused lateral circuits.
- Other factors and opportunities, i.e. if there is an opportunity to carry out a voltage conversion project or other modernization effort in conjunction with the pole replacements, these poles will be assigned a higher priority than otherwise would have been the case.

**2 - SEC IRR – 11**

**2-SEC-11**

**[Ex.2, p.252, 684]**

The capital cost information contained in Table 59/Appendix 2-AA is not presented in the same way that that capital costs are in the Capital Project Sheets in Appendix E of the DSP. Please provide a table that shows for each project/program listed in Table 59/Appendix 2-AA, the associated Capital Project Sheet in Appendix E of the DSP. If there is any discrepancy in project costs between Table 59/Appendix 2-AA and Appendix E of the DSP, please explain which one is the correct amount.

**Response:**

Please see HHHI's response 2 – Staff IRR – 38.

## 2 - SEC IRR – 12

### 2-SEC-12

#### [Ex.2, p.386]

With respect to the Applicant's Decision Support System (DSS):

- a. [p.372] Please provide a copy of the preliminary review of the Applicant's data that was completed by BluePlan as part of the Project Kickoff.
- b. [p.378] Please explain in detail how the asset condition Health Index is calculated. Please provide numerical examples to help illustrate the calculation.
- c. [p.383] Please confirm that once an asset has reached its estimated service life, it is given the lowest possible condition score (0.2) even if its actual condition (based on asset condition data) is higher. If confirmed, please explain why this is appropriate.
- d. [p.386] Please provide a copy of the summary MS Excel spreadsheets that were provided by BluePlan to the Applicant.
- e. [p.391] With respect to the LOS and DSS Implementation Report, please provide a table that shows for each recommendation, if the Applicant has or plans to implement it, and provide details of its progress in doing so.

#### Response:

- a) The preliminary review was a data cleansing activity – ensuring no duplicate records, consistent file layout to ensure a clean import of data, consistent definitions. This preliminary discussion included how HHHI wanted to sort the data – for example, by pole height, or transformer voltage.
- b) Poles:  
The following evaluation methods are used by HHHI (to complement visual observations of advanced decay and extensive insect damage):
  - Visual inspection of wood cross-arms and pole tops for signs of rot, feathering, insect and woodpecker damage and other signs of damage.
  - Sounding the pole at various heights to check for weak points and visual checks for rot, decay and holes above and below ground line.
  - Sonic stress wave evaluation - a sonic test signal is applied to each pole and is compared to a test database that includes pole strength. By comparing the test signal to that stored in the database for the same pole species, a measure of pole strength can be determined.
  - Resistograph testing - Resistograph is a trademark process characterizing electronic high resolution needle drill resistance measurement devices used for inspecting timber in order to find internal defects and to determine wood density. With this testing method, a long, thin needle is driven into the wood. The electric power consumption of the drilling device is measured and recorded. Resistograph devices are different from other resistance drills because they provide a high linear correlation between the measured values and the density of the penetrated wood.

The condition assessment data is captured in the DSS and used to calculate the remaining useful life of the asset.

Other Assets:

A linear degradation curve based on asset age and useful life of asset as determined by the Kinetrics report is used.

- c) The Kinetrics Inc. useful life of asset report K-418022-RA-0001-R003 was used to determine the useful service life for the three (3) asset categories included in the DSS.

For pad and pole mounted transformers, age information is known but condition is not. For these assets, a linear degradation curve has been used. Similarly, substation data was evaluated based on useful life of assets.

HHHI undertakes annual pole testing and maintains these evaluations in a database. There are several in-situ non-destructive evaluation methods available for ascertaining a wood distribution pole's loss of mechanical strength primarily due to ground-line decay where moisture conditions are ideal for propagating and supporting fungal attack.

For poles, a combination of age and asset condition is used to calculate remaining useful life of the asset.

- d) This is proprietary information. The spreadsheets are a user friendly view of the sequel database but could not be provided without providing the full database.
- e) Asset Register – HHHI utilizes its GIS system to store asset inventory. This is the most cost effective method for HHHI to centralize asset tracking.

Expand DSS to Additional Assets – HHHI may consider this option in the future, however, HHHI is focusing on analysis of asset data within its GIS as the central repository for asset information.

Consequence of Failure – HHHI evaluates assets on an individual basis. HHHI does use a similar process to what has been recommended for pole replacements.

For example, pole replacements are prioritized based on the following criteria:

- The age and condition of the pole.
- The proximity of the pole to public gathering spaces, i.e. a vintage pole located adjacent to a school or recreational facility has a higher priority than a pole located in a rural area.
- The highest voltage available on the pole, i.e. a vintage pole carrying a 44 kV sub-transmission feeder has a higher priority than a pole that supports only a low-voltage overhead bus.
- The impact on system reliability, i.e. a vintage pole carrying backbone distribution circuits has a higher priority than a pole that supports fused lateral circuits.
- Other factors and opportunities, i.e. if there is an opportunity to carry out a voltage conversion project or other modernization effort in conjunction with the pole replacements, these poles will be assigned a higher priority than otherwise would have been the case.

Where assets are run to failure, such as transformers, they are assessed on an individual bases and the consequence of failure is generally low.

**2 - SEC IRR – 13**

**2-SEC-13**

**[Ex.2, p.128-130]**

Please provide an Excel version of Table 56.

**Response:**

Please see Halton\_Att\_2-SEC-13\_Outages\_20201125.

## 2 - SEC IRR – 14

### 2-SEC-14

[Ex.2, p.169]

Please explain the “Plan-Do-Check-Act” principles.

### Response:

The Plan-Do-Check-Act principles reflect a process of continuous improvement applied to asset management, similar to the concepts represented by ISO 55000.

The cycle can be defined as follows:

Plan: Establishment of the asset-management strategy, objective, plans and performance measures needed to deliver results in alignment with the organization's asset-management policy and strategic plan.

Do: Establish asset management supporting systems (eg, asset register, staff, structure, tools, etc.) Implement the asset management plan(s).

Check: Monitor and measure performance results against asset-management objectives.

Act: Take actions to make sure that asset-management objectives are achieved and to continuously improve the asset-management system and the asset-management performance.

## 2 - SEC IRR – 15

### 2-SEC-15

#### [Ex.2]

Please provide a table that shows for each major asset type, the number replaced or forecasted to be replaced, regardless of the project or program, for each year between 2016 and 2025.

#### Response:

Table SEC IRR – 3 shows each major asset type, the number replaced or forecasted to be replaced, for each year between 2016 and 2025.

**Table SEC IRR – 3 – Major Asset Replacements (2016-2025)**

Asset Type	Year of Replacement									
	Historical Period					Forecast Period				
	2016	2017	2018	2019	2020*	2021	2022	2023	2024	2025
Wood Pole	233	213	181	145	80	80	80	80	80	80
Distribution Transformer (pole/ pad)	13	11	10	17	16	15	15	15	15	15
Distribution Transformer (live-front)	2	2	1	0	0	1	0	1	0	1
Poletrans Transformers	6	6	6	9	15	3	3	3	3	3
Vault Transformers	0	0	0	0	0	0	1	0	0	1
Substation Transformer	0	0	0	1	0	1	0	0	0	1
Substation Switchgear	0	1	0	0	0	0	1	1	0	0
Voltage Regulator/ Reclosers (3-phase group)	1	0	1	1	1	1	1	1	1	1
Switches, Loadbreak	0	0	0	0	0	0	0	0	0	0

\*2020 asset replacements are forecasted at this time.

**2 - SEC IRR – 16**

**2-SEC-16**

**[Ex. 2]**

Please provide a revised version of Appendix 2-AB on an in-service additions basis.

**Response:**

Appendix 2-AB contains planned and actual capital expenditures for each year of the historical period. The planned capital expenditures are those approved by the Board as part of the settlement conference following the previous Cost of Service application for 2016. The additions occur in the same year of the planned capital expenditure.

## 2 - SEC IRR – 17

### 2-SEC-17

[Ex.2, p.208]

Please provide any internal guides, or similar documents that exist, that more expansively defines 'Risk Impact' and "Risk Probability", and provides guidance on how to apply the scores to a given project.

### Response:

Risk impact is determined by evaluating the potential impact, on the distribution system and public safety that could result from asset failure. The figure below is HHHI's corporate risk assessment impact ratings guidelines. This guideline helps in the decision making process to evaluate risks. As stated on page 74 of the DSP, risk impact is scored from 1 to 5 where 1 is not significant and 5 is catastrophic requiring immediate attention. As an example, a pole in an urban residential location alongside a sidewalk that supports 3-phase distribution supplying a subdivision has a greater impact if it fails than would a pole in a rural setting, alongside a road with little to no public in the immediate area. Hence, the pole in the urban environment has a greater risk factor if it were to fail as it presents a higher risk to the public and greater number of customers would be affected by a power interruption.

Impact Rating Guidelines						
Severity		1. Insignificant	2. Minor	3. Moderate	4. Major	5. Catastrophic
Type of Risk	Financial	Minimal or no Financial Impact	Minor financial impact	Moderate financial impact	Large financial impact	Significant financial impact
	Reputation	Concern expressed by one stakeholder	Significant concerns raised by one stakeholder, short term negative media focus	Significant concerns raised by more than one stakeholder, negative media focus	Significant concerns raised by more than one stakeholder, long term negative media focus	Stakeholder loses confidence in the organization or several stakeholders withdraw support
	Operational	Event can be managed through standard operations	Event requires actions greater than routine activity	Significant event but can be managed under routine activity	Critical event with long recovery period and requires significant management	Disaster with the potential to lead to the collapse of the organization
	Health, Safety & Environment	Reportable Incident	Reportable incident with minor injuries	Serious injuries	Significant injuries or long term health implications	Loss of Life

The risk probability, as described on page 74 of the DSP, is a ranking from 1 to 5 where 1 is lowest risk and 5 is the highest risk. As an example, a pole that is determined to be defective by a qualified pole testing company has a higher probability of failure than a pole that is in good condition. Hence, the defective pole will have a probability of failure risk greater than a pole in good condition. The numeric score assigned can depend on past performance of assets in similar conditions. The following table is HHHI's risk likelihood rating guideline that is used to guide decisions about the asset replacements. The two (2) tables, Impact Rating Guidelines and Likelihood Rating Guidelines are used together along with other sources of information as part of HHHI's evaluating risks and making decisions about asset replacements.

Likelihood Rating Guidelines			
	Description	Occurrence Frequency	Probability
1. Rare	May only occur in exceptional circumstances	Once >10 Years	Less than 20%
2. Unlikely	Could occur during a specified time period	Once every 5-10 years	21-40%
3. Somewhat Likely	Might occur within a 5 year time period	Once every 1-5 years	41-60%
4. Likely	Will probably occur in most circumstances	Once per year	61-80%
5. Almost Certain	Expected to occur in most circumstances	Multiple times per year	Greater than 80%

**2 - SEC IRR – 18**

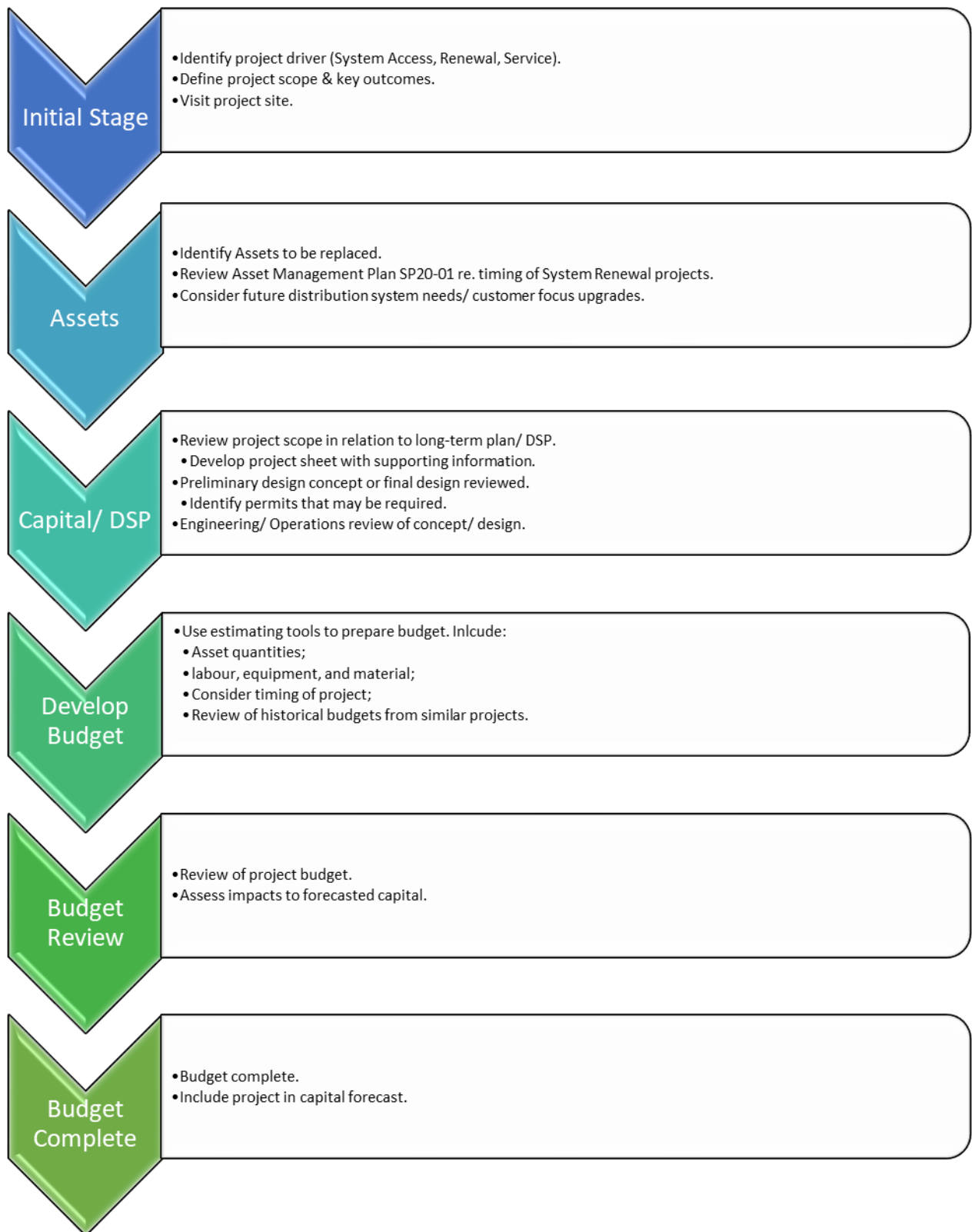
**2-SEC-18**

**[Ex.2]**

Please explain how the Applicant forecasts the costs of individual capital projects. In your response, please provide an illustrative example.

**Response:**

HHHI forecasts project budgets based on known factors at the time the budget is prepared. When a project has been fully designed ahead of an annual budget, HHHI uses its estimating tools to develop projected costs based on the scope of work identified in the plan. Where a design has not been completed, such as for long-term planning, HHHI evaluates the location of the perspective project, reviews costs of similar projects, and uses its estimating tools to develop a budgetary estimate based on quantity of assets to be replaced. An illustrative example is provided below.



## 2 - SEC IRR – 19

### 2-SEC-19

[Ex.2, 415]

With respect to the Customer Engagement Results:

- The document notes that the survey ran from July 24<sup>th</sup> to October 31<sup>st</sup>? Please confirm that this was referring to July 24<sup>th</sup> to October 31<sup>st</sup> of 2019.
- [p.420] The report includes a figure that shows respondents views on “how many power outages [they] have experienced in the last 12 months?” Please provide a figure (or table) showing on a similar basis, the actual number of outages by customer classification included in the figure for the 12-month period ending when the survey took place.

### Response:

- Yes, the survey was conducted between July 24<sup>th</sup> and October 31<sup>st</sup>, 2019.
- HHHI does not track power outages by customer class. Exhibit 2, page 129, Table 56 reproduced below shows power interruptions by cause for 2018 and 2019.

Cause Code	Description	2018			2019		
		Number of Incidents	Number of Customer Interruptions	Number of Customer Hours of Interruptions	Number of Incidents	Number of Customer Interruptions	Number of Customer Hours of Interruptions
0	Unknown	6	2,082	774	7	14,858	5,612
1	Scheduled Outage	32	632	1,661	9	172	594
2	Loss of Supply	2	2,982	1,378	1	3,003	200
3	Tree Contacts	14	1,660	1,551	11	2,935	2,278
4	Lightning	-	-	-	1	11	76
5	Defective Equipment	26	13,022	15,096	12	4,540	6,121
6	Adverse Weather	18	13,910	13,464	6	7,700	9,258
7	Adverse Environment	1	10	5	-	-	-
8	Human Element	-	-	-	1	502	50
9	Foreign Interference	7	5,209	1,112	15	8,427	12,952
	<b>Annual Total</b>	<b>106</b>	<b>39,507</b>	<b>35,039</b>	<b>63</b>	<b>42,148</b>	<b>37,141</b>

Please see HHHI's response 2 – EP IRR – 20 for the 2019 OEB Scorecard. Depending on the specific customer location, individual customers may have experienced more or less than this number.

**2 - SEC IRR – 20**

**2-SEC-20**

**[Ex.2, p.708]**

With respect to the Pole Replacement Project, the Applicant notes that the project involves replacement of 80 to 100 poles:

- a. For the purpose of forecasting the project costs, how many poles were forecast to be replaced?
- b. What ultimately determines the number of poles that will be replaced under this program?

**Response:**

- a) HHHI is forecasting approximately eighty (80) poles per year will be replaced as part of the System Renewal pole replacements budget.
- b) The number of poles that will be replaced under HHHI's pole replacement program is determined by the number of poles identified as defective during annual pole testing and poles identified by the Operations department as having deteriorated and requiring replacement.

**2 - SEC IRR – 21**

**2-SEC-21**

**[Ex.2]**

Please complete the table in Excel 2-SEC-22.

**Response:**

HHHI interpreted this interrogatory as a request to complete the Excel document that SEC sent to HHHI with the interrogatories. The interrogatory 2-SEC-22 requests a different spreadsheet (see response 2- SEC IR – 22).

The SEC Excel spreadsheet is submitted as Halton\_Att\_2-SEC-21\_SECExcel\_20201125.

## 2 - SEC IRR – 22

### 2-SEC-22

#### [Ex.2]

Please provide a revised version of Appendix 2-AA, that includes a column showing year-to-date actuals for 2020, and a column showing year-to-date actuals at the same point in time in 2019.

#### Response:

The Table SEC IRR - 4 is an updated Appendix 2-AA with capital expenditures for 2020 as of September 30, 2020. HHHI recognizes there is a variance is the 2020 Bridge Year “budget” as compared to 2020 actuals to date. There is a significant negative variance in System Access with respect to Renewable Generation projects. This negative variance is a result of contributed capital paid to HHHI by a customer for system upgrades and connection costs. HHHI has incurred some cost for this project however further costs will be incurred in 2021 as the project moves towards connection.

HHHI has provided year-end actual capital expenditures for 2019 in this table and as submitted with the DSP.

**Table SEC IRR – 4 – Updated Appendix 2-AA**

Projects	2016	2017	2018	2019	2020 Bridge Year	2020 Actuals (Sept 30, 2020)	2021 Test Year
<b>System Access</b>							
Technical Service Layouts	498,615	27,946	516,348	278,232	172,435	161,228	147,325
Subdivisions	9,685	(64,875)	(53,594)	(83,035)	(22,244)	48,278	-
Renewable Generation	84,985	27,729	50,079	(419)	(4,439)	(87,608)	(5,525)
Wye-Delta Service Upgrades	-	-	-	3,587	80,788	6,261	79,774
Municipally Driven Projects	-	492	40,094	21,469	791,066	108,844	939,918
Make Ready work	13,865	7,122	14,000	(27,509)	2,697	16,491	1,622
Metering	24,252	152,049	301,016	421,185	435,914	251,744	231,685
Substation Projects	-	-	294,865	314,998	-	-	-
Miscellaneous	6,324	52,500	43,177	95,215	-	10,737	-
<b>Sub-Total</b>	<b>637,726</b>	<b>202,963</b>	<b>1,205,985</b>	<b>1,023,723</b>	<b>1,456,217</b>	<b>515,975</b>	<b>1,394,799</b>
<b>System Renewal</b>							
Pole Replacements	2,141,311	1,864,536	1,947,990	1,321,301	715,864	357,481	624,199
Poletrans Replacement Program	655,716	996,718	895,811	1,640,316	1,026,848	469,947	809,294
Porcelain Insulator Replacement Program	20,614	44,544	8,921	62,443	49,132	35,661	51,459
Transformer Replacement Program	134,640	115,133	102,772	184,143	84,716	82,999	222,791
Pole Line Rebuild Program	-	-	-	-	-	-	-
Substation Equipment	677,093	524,904	-	-	143,037	79,287	615,397
Distribution Equipment Renewal	-	2,859	18,052	22,576	-	1,865	38,950
Feeder Reinforcement	-	196,398	-	-	-	-	-
Vintage Replacements	1,135,736	664,363	958,143	-	50,811	12,536	-
Miscellaneous	131,001	124,806	217,355	114,630	-	9,097	-
<b>Sub-Total</b>	<b>4,896,111</b>	<b>4,534,261</b>	<b>4,149,044</b>	<b>3,345,409</b>	<b>2,070,408</b>	<b>1,048,873</b>	<b>2,362,090</b>
<b>System Service</b>							
Feeder Improvements	1,027,163	618,515	854,371	363,395	270,150	96,830	-
Voltage Conversion	402,232	340,409	431,712	607,962	939,061	646,318	463,908
Substation Upgrades	-	94,650	83,024	274,854	67,559	740	186,770
Automated Switches & SCADA Integration	243,887	282,226	252,088	489,670	248,475	126,318	231,194
Arrestor Program	-	-	-	-	-	-	-
Miscellaneous	325,226	238,070	151,301	263,908	-	(27,794)	-
<b>Sub-Total</b>	<b>1,998,508</b>	<b>1,573,870</b>	<b>1,772,496</b>	<b>1,999,789</b>	<b>1,525,245</b>	<b>842,412</b>	<b>881,872</b>
<b>General Plant</b>							
Equipment & Tools	208,845	527,523	249,768	238,686	290,000	193,108	525,000
Software & Systems	177,003	164,099	95,862	207,634	231,290	78,863	233,057
Building Equipment	96,013	69,864	114,023	99,582	100,000	11,476	70,000
Miscellaneous	9,047	-	36,711	107,832	-	(4,726)	-
<b>Sub-Total</b>	<b>490,908</b>	<b>761,486</b>	<b>496,364</b>	<b>653,734</b>	<b>621,290</b>	<b>278,721</b>	<b>828,057</b>
<b>Miscellaneous</b>							
<b>Total</b>	<b>8,023,253</b>	<b>7,072,580</b>	<b>7,623,889</b>	<b>7,022,654</b>	<b>5,673,160</b>	<b>2,685,981</b>	<b>5,466,818</b>
Less Renewable Generation Facility Assets and Other Non-Rate-Regulated Utility Assets <i>(input as negative)</i>							
<b>Total</b>	<b>8,023,253</b>	<b>7,072,580</b>	<b>7,623,889</b>	<b>7,022,654</b>	<b>5,673,160</b>	<b>2,685,981</b>	<b>5,466,818</b>

## 2 - SEC IRR – 24

### 2-SEC-24

#### [Ex.2, Appendix A]

The Applicant has included a number of figures that shows the asset condition performance distribution overtime of various asset classes. Do the figures assume a level of asset replacements or additions over time? If so, please provide details.

#### **Response:**

The asset information contained in Appendix A of HHHI's DSP, the Asset Management Program SP20-01, contains a detailed description of HHHI's assets and asset management strategies. Using the information, along with input from HHHI's DSS and risk assessment tools, HHHI develops long-term planning strategies for making capital investments in System Renewal projects to ensure distribution assets continue to reliably serve customers. Please see HHHI's response 2 – EP IRR – 16 for summaries of HHHI's anticipated annual average asset replacements based on the DSP.

## 2 - SEC IRR – 24

### 2-SEC-24

#### [Ex.2, Appendix A]

Please confirm the asset condition information is based on data as of 2019.

If confirmed, please provide a table that shows for each asset type, the number of assets in each asset condition category (excellent, good, fair, poor and very poor) in 2019. Please also include the total population of assets and number of assets that the Applicant does not have condition data on.

#### Response:

HHHI's Asset Management Plan SP20-01 describes HHHI's asset base and asset management practices. HHHI confirms the asset data presented in the DSP and Asset Management Plan SP20-01 is current as of 2019. The data presented in SP20-01 displays asset conditions for select assets, not all. HHHI is developing tools to gather more asset condition related information and incorporating that information into tools like the DSS. In the fall of 2020, HHHI developed a web application for transformer inspections that will gather asset condition details from which HHHI can use to develop future asset renewal or replacement strategies.

### 3 - SEC IRR – 25

#### 3-SEC-25

[Ex.3, p.50]

Please provide a revised version of Appendix 2-H including a column showing year-to-date actuals for 2020 and a column showing year-to-date actuals at the same point in time in 2019.

#### Response:

Please see Table SEC IRR – 5 for the revised version of Appendix 2-H, including a column showing year-to-date actuals for 2020 and a column showing year-to-date actuals at the same point in time in 2019.

**Table SEC IRR – 5 – Revised Appendix 2-H**

USoA	USoA Description	2016 OEB Approved	Actual Year <sup>2</sup>	Actual Year <sup>2</sup>	Actual Year <sup>2</sup>	Actual Year <sup>2</sup>	Bridge Year <sup>2</sup>	Test Year	YTD Actual - Sept 30	YTD Actual - Sept 30
		2016	2016	2017	2018	2019	2020	2021	2019	2020
		MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Reporting Basis		MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
4235	Specific Service Charges	\$375,470	\$ 437,071	\$ 415,300	\$ 361,731	\$ 289,776	\$ 274,500	\$ 266,651	\$ 219,677	\$ 172,878
4225	Late Payment Charges	\$120,000	\$ 125,310	\$ 136,401	\$ 131,759	\$ 141,769	\$ 145,000	\$ 145,000	\$ 108,002	\$ 136,162
4210	Rent from Electric Property	\$171,575	\$ 191,536	\$ 167,840	\$ 193,924	\$ 195,051	\$ 171,908	\$ 335,592	\$ 114,216	\$ 128,936
4245	Deferred Revenue	\$292,099	\$ 249,423	\$ 275,608	\$ 306,583	\$ 329,196	\$ 352,681	\$ 380,273	\$ 239,290	\$ 254,882
4355	Gain on Disposition of Utility property		\$ 13,898	\$ 45,296	\$ 15,487	\$ 1,000	\$ -	\$ -	\$ -	\$ -
4375	Revenues from Non-Utility Operations	\$331,697	\$ 659,407	\$1,738,745	\$1,219,755	\$ 1,096,492	\$ 394,143	\$ 413,850	\$ 844,355	\$ 772,591
4380	Expenses of Non-Utility Operations	\$(331,697)	\$( 631,821)	\$(1,488,660)	\$(1,129,276)	\$(1,042,321)	\$(369,491)	\$(387,966)	\$(809,493)	\$(754,102)
4385	Rental of Property		\$ 56,119	\$ 35,874	\$ 38,791	\$ 39,175	\$ 22,000	\$ 33,322	\$ 29,366	\$ 27,236
4398	Foreign Exchange Gains and (Losses)		\$ (402)	\$ 3,826	\$ 2,035	\$ (812)	\$ -	\$ -	\$ (788)	\$ (446)
4405	Interest		\$ 29,494	\$ 28,473	\$ 80,373	\$ 24,699	\$ 25,500	\$ 25,500	\$ 18,856	\$ 24,526
Specific Service Charges		\$375,470	\$ 437,071	\$ 415,300	\$ 361,731	\$ 289,776	\$ 274,500	\$ 266,651	\$ 219,677	\$ 172,878
Late Payment Charges		\$120,000	\$ 125,310	\$ 136,401	\$ 131,759	\$ 141,769	\$ 145,000	\$ 145,000	\$ 108,002	\$ 136,162
Other Operating Revenues		\$463,674	\$ 440,959	\$ 443,448	\$ 500,507	\$ 524,247	\$ 524,589	\$ 715,865	\$ 353,507	\$ 383,817
Other Income or Deductions		\$ -	\$ 126,694	\$ 363,554	\$ 227,166	\$ 118,233	\$ 72,152	\$ 84,706	\$ 82,296	\$ 69,805
Total		\$959,144	\$ 1,130,035	\$ 1,358,703	\$ 1,221,163	\$ 1,074,025	\$ 1,016,241	\$ 1,212,222	\$ 763,481	\$ 762,662

**4 - SEC IRR – 26**

**4-SEC-26**

**[Ex.4, p.22]**

The Applicant notes that as part of the budgeting process, the “Executive Management reviews the initial budget and makes changes to balance cost control with achieving core objectives.” With respect to the test year budget, please explain what changes the Executive Management made to the initial budget (both capital and operating).

**Response:**

Please see HHHI’s response 4 – Staff IRR – 48 part a.

**4 - SEC IRR – 27**

**4-SEC-27**

**[Ex.4, p.29]**

Please explain why “[i]ncreases and wages and staff progressions” and “[i]ncreases in benefits” line items in the Cost Driver Table (Table 12/Appendix 2-JB) do not show any increases in years between 2017 and 2020, even though Appendix 2-K (Table 23 at p.51) shows an increases.

**Response:**

HHHI agrees that Appendix 2-K (Table 23 on page 51 of Exhibit 4) shows an increase in total salaries, wages and benefits. The increase shown in Appendix 2-K is either capitalized or recoded as OM&A on the income statement. The Cost Driver Table (Table 12 / Chapter 2 Appendix 2-JB) presents the increase in the OM&A portion of the salaries, wages and benefits. Some of the material increase has been explained in the cost driver table, e.g. pay equity, increase in FTE etc.

**4 - SEC IRR – 28**

**4-SEC-28**

**[Ex.4, p.31]**

The Applicant is seeking funding for a number of initiatives “towards HHHI’s Climate Change Plan and in support of the Town of Halton Hills declared climate change emergency.” [emphasis added]

- a. Please provide a copy of the Applicant’s Climate Change Plan.
- b. Please provide a copy of all material provided to the Applicant’s Board of Directors in support of the Applicant’s Climate Change Plan and any of the related initiatives it is seeking funding for int his application.

**Response:**

- a) Please see HHHI’s response 4 – Staff IRR – 52.
- b) Please see HHHI’s response 4 – Staff IRR – 52.

4 - Staff IRR – 29

4-SEC-29

[Ex.4, p.32]

With respect to the Applicant's proposed expenditures on EV charging stations:

- a. The Applicant notes that "Through its affiliate companies, HHHI has already supported the installation of EV charging stations at the Acton Arena and Mold-Masters SportsPlex as well as two (2) charging stations at the HHHI Administration Building". What is HHHI's role in the installation of EV charging stations?
  - i. Please provide further details including what specific role HHHI had in these installations.
  - ii. Please provide the cost of this work and if it was compensated by the affiliate for its work.
  - iii. Who owns and operates these EV charging stations?
- b. The Applicant notes that "HHHI will provide funds or in-kind services to assist with the installation of these charging facilities as appropriate".
  - i. Does the Applicant envision a similar arrangement as the EV charging stations described in part (a)?
  - ii. Please describe and quantify the benefits if these proposed expenditures to the Applicant's customers.
  - iii. Please explain why this is an appropriate distribution activity.

**Response:**

- a) EV Charging stations
  - i. HHHI's affiliate companies completed the installation work.
  - ii. There were no HHHI costs.
  - iii. HHCEC owns these stations.
- b) Charging facilities
  - i. The exact arrangement is to be determined depending on regulators appetite for EV charging stations in rate base.
  - ii. The benefits of these projects are in ensuring that HHHI is a resilient, environmentally conscious utility with future proofing plans in place to address climate change. HHHI is facilitating customer choice by ensuring its distribution system can accommodate EV charging both in the present and in the future. HHHI is demonstrating, though leadership, the embracing of climate change planning now to ensure that HHHI is resilient in the future.
  - iii. As described in the response to part b (ii) above, HHHI is a progressive, environmentally conscious utility planning for resilience in the face of climate change.

4 - SEC IRR – 30

4-SEC-30

[Ex.4, p.34]

With respect to the proposed Energy Conservation Initiatives costs:

- a. Please provide a breakdown of the budget.
- b. Please provide details of the Home Retrofit Acceleration Program.
- c. Are any of these costs of a type that was previously funded through the IESO Conservation First Framework?
- d. Please explain how these costs are consistent with the Board's CDM Guidelines.

**Response:**

- a) Details of the budget are outlined in the HHHI Climate Change Plan.
- b) The program is currently under development. The Town of Halton Hills is working with a consultant to develop a business case and a detailed program design.

The program plans to start as a pilot and eventually expanding to a full-scale program (with a future administrative model yet to be determined). After finalizing the business case report, the program design will evolve through the following steps:

- *Workshop.* The purpose of the first workshop will be to present a summary of findings from the background review, energy model and economic analysis, and the preliminary program concept.
  - *Draft Program Design.* The program design report will set out all major program components including participant and measure eligibility, financing terms, program theory logic model, applicant requirements, program administration and implementation, etc.
  - *Finalize Program Design.* Based on feedback from Town staff, supplemented with targeted interviews, HHHI will update and deliver the final program design report.
- c) Yes. Many of the measures that will be implemented will be aimed at reducing energy consumption. The main focus of the program, however, will be a reduction in carbon emissions and switching away from fossil based heating fuels.
  - d) The Board's CDM Guidelines are no longer applicable as most Save On Energy programming has been transferred to the IESO.

**4 - SEC IRR – 31**

**4-SEC-31**

**[Ex.4, p.35]**

Please explain why the Applicant and not the Town of Halton Hills is funding a part-time Climate Change Coordinator position.

**Response:**

This will be a shared position. HHHI is working collaboratively with the Town of Halton Hills to ensure the community is resilient in the face of climate change.

4 - SEC IRR – 32

4-SEC-32

[Ex.4, p.41]

Please provide a revised version of Appendix 2-JC including a column showing year-to-date actuals for 2020 and a column showing year-to-date actuals at the same point in time in 2019.

Response:

Table SEC IRR – 6 is a revised version of Appendix 2-JC including a column showing year-to-date actuals for 2020 and a column showing year-to-date actuals at the same point in time in 2019.

Table SEC IRR – 6 – Revised Chapter 2 Appendix 2-JC

Programs	2016 Board Approved	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Bridge Year	2021 Test Year	Variance (Test Year vs. 2019 Actual)	Variance (Test Year vs. 2016 Board Approved)	2019 YTD Actual -Sept 30	2020 YTD Actual -Sept 30
<b>Reporting Basis</b>	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS				
Distribution Expenses - Operation	\$ 1,355,647	\$ 1,412,667	\$ 1,374,606	\$ 1,283,640	\$ 1,264,254	\$ 1,211,047	\$ 1,440,803	\$ 176,550	\$ 85,157	\$ 986,703	\$ 1,291,597
Sub-Total	1,355,647	1,412,667	1,374,606	1,283,640	1,264,254	1,211,047	1,440,803	176,550	85,157	986,703	1,291,597
Distribution Expenses - Maintenance	374,125	444,659	283,003	317,433	305,637	415,550	458,000	152,363	83,875	150,575	261,812
Sub-Total	374,125	444,659	283,003	317,433	305,637	415,550	458,000	152,363	83,875	150,575	261,812
Billing and Collecting	1,559,240	1,097,634	1,130,882	1,148,642	1,125,654	1,171,162	1,177,856	52,202	(381,384)	858,068	800,487
Sub-Total	1,559,240	1,097,634	1,130,882	1,148,642	1,125,654	1,171,162	1,177,856	52,202	(381,384)	858,068	800,487
Administrative and General Expenses	3,122,070	3,057,180	3,187,856	3,302,510	3,592,639	3,608,611	4,484,712	892,074	1,362,642	2,691,316	2,657,819
Reduction in O M&A as Settlement Agreement (Envelope approach reduction) and Interrogatory	(450,000)							-	450,000		
Future Employee Benefits	34,483							-	(34,483)		
Sub-Total	2,706,553	3,057,180	3,187,856	3,302,510	3,592,639	3,608,611	4,484,712	892,074	1,778,159	2,691,316	2,657,819
Program Expenses before LEAP	5,995,565	6,012,140	5,976,346	6,052,225	6,288,183	6,406,370	7,561,372	1,273,189	1,565,807	4,686,662	5,011,715
LEAP	12,027	13,906	12,539	12,511	13,086	11,945	18,890	5,804	6,863	-	-
Sub-Total	12,027	13,906	12,539	12,511	13,086	11,945	18,890	5,804	6,863	-	-
Miscellaneous								-	-		
Total	\$6,007,592	\$6,026,046	\$5,988,885	\$6,064,736	\$6,301,269	\$6,418,315	\$7,580,262	\$ 1,278,993	\$ 1,572,670	\$ 4,686,662	\$ 5,011,715

**4 - SEC IRR – 33**

**4-SEC-33**

**[Ex.4, p.47]**

The Applicant notes that it reviews and analyzes its total compensation program against three market comparators. Please provide the results of the comparison.

**Response:**

The three (3) market comparators are Wynford, Toronto Board of Trade and MERCER.

4 - SEC IRR – 34

4-SEC-34

[Ex.4, p.51]

Please provide a revised Appendix 2-K that includes: a) two additional rows showing annual amounts allocated to capital and OM&A, and b) 2020 year-to-date actuals.

Response:

Table SEC IRR – 7 is a revised Appendix 2-K that includes a) two additional rows showing annual amounts allocated to capital and OM&A, and b) 2020 year-to-date.

Table SEC IRR – 7 – Revised Chapter 2 Appendix 2-K

Appendix 2-K  
Employee Costs

	Last Rebas- ing Year (2016 OEB Approved)	Last Rebas- ing Year (2016 Actuals)	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year	2020 YTD Actual - Sept 30
<b>Number of Employees (FTEs including Part-Time)</b>								
Management (including executive)	12.00	12.00	12.00	13.00	13.00	13.00	13.00	13.00
Non-Management (union and non-union)	42.00	41.13	39.69	36.21	37.23	39.75	42.50	36.75
<b>Total</b>	<b>54.00</b>	<b>53.13</b>	<b>51.69</b>	<b>49.21</b>	<b>50.23</b>	<b>52.75</b>	<b>55.50</b>	<b>49.75</b>
<b>Total Salary and Wages including overtime and performance pay</b>								
Management (including executive)	\$ 1,272,803	\$ 1,441,541	\$ 1,490,328	\$ 1,524,396	\$ 1,708,883	\$ 1,686,887	\$ 1,733,427	\$ 1,235,946
Non-Management (union and non-union)	\$ 3,309,796	\$ 3,029,051	\$ 3,036,854	\$ 3,015,966	\$ 2,990,839	\$ 3,142,757	\$ 3,444,252	\$ 2,269,689
<b>Total</b>	<b>\$ 4,582,599</b>	<b>\$ 4,470,592</b>	<b>\$ 4,527,183</b>	<b>\$ 4,540,361</b>	<b>\$ 4,699,721</b>	<b>\$ 4,829,645</b>	<b>\$ 5,177,680</b>	<b>\$ 3,505,636</b>
<b>Total Benefits (Current + Accrued)</b>								
Management (including executive)	\$ 323,315	\$ 374,368	\$ 398,412	\$ 417,433	\$ 437,500	\$ 380,006	\$ 432,753	\$ 297,824
Non-Management (union and non-union)	\$ 875,226	\$ 763,355	\$ 799,997	\$ 785,152	\$ 782,297	\$ 910,205	\$ 1,009,655	\$ 625,073
<b>Total</b>	<b>\$ 1,198,541</b>	<b>\$ 1,137,722</b>	<b>\$ 1,198,408</b>	<b>\$ 1,202,585</b>	<b>\$ 1,219,797</b>	<b>\$ 1,290,210</b>	<b>\$ 1,442,408</b>	<b>\$ 922,897</b>
<b>Total Compensation (Salary, Wages, &amp; Benefits)</b>								
Management (including executive)	\$ 1,596,117	\$ 1,815,909	\$ 1,888,740	\$ 1,941,828	\$ 2,146,383	\$ 2,066,893	\$ 2,166,181	\$ 1,533,771
Non-Management (union and non-union)	\$ 4,185,023	\$ 3,792,405	\$ 3,836,851	\$ 3,801,118	\$ 3,773,136	\$ 4,052,962	\$ 4,453,907	\$ 2,894,762
<b>Total</b>	<b>\$ 5,781,140</b>	<b>\$ 5,608,314</b>	<b>\$ 5,725,591</b>	<b>\$ 5,742,946</b>	<b>\$ 5,919,519</b>	<b>\$ 6,119,855</b>	<b>\$ 6,620,087</b>	<b>\$ 4,428,533</b>
<b>Allocated to OM&amp;A</b>								
Allocated to Capital	\$ 3,736,937	\$ 3,736,937	\$ 3,886,774	\$ 4,079,271	\$ 4,078,557	\$ 3,967,287	\$ 4,432,167	\$ 3,135,736
<b>Total</b>	<b>\$ 2,044,203</b>	<b>\$ 1,871,377</b>	<b>\$ 1,838,817</b>	<b>\$ 1,663,675</b>	<b>\$ 1,840,962</b>	<b>\$ 2,152,568</b>	<b>\$ 2,187,920</b>	<b>\$ 1,292,797</b>
<b>Total</b>	<b>5,781,140</b>	<b>5,608,314</b>	<b>5,725,591</b>	<b>5,742,946</b>	<b>5,919,519</b>	<b>6,119,855</b>	<b>6,620,087</b>	<b>4,428,533</b>

**4 - SEC IRR – 35**

**4-SEC-35**

**[Ex.4, p.65]**

With respect to shared services and corporate allocations:

- a. Beginning with the table for 2019, there is no listed pricing methodology for services provided by the Applicant to 2008949 Ontario Ltd and Halton Hills Community Energy Corporation. Please provide the pricing methodology.
- b. Please explain why all services provided by the Applicant to an affiliate are provided at cost, but most services provided to the Applicant from an affiliate are at cost plus a markup.
- c. Please explain how the 'markup' is determined.
- d. Please provide the total costs of services received from each of SouthWestern Energy Inc. and 20089490 Ontario Inc. from 2016 to 2019 broken down between 'costs' and 'mark up'.
- e. For 'Civil and Electrical Contracting Services' and 'Arborist and Tree Trimming Services' that were received from affiliates, did the Applicant undertake an RFP or similar competitive process for these types of services? If so, please provide details regarding the competitive process and provide a summary of the responses to that process, including a copy of any bid summary matrix or similar document.
- f. Please update Table 36 to include all forecasted 2020 costs.

**Response:**

- a) Please see HHHI's response 4 – Staff IRR -57.
- b) In accordance with the Affiliate Relationship Code whenever the Applicant provides shared corporate services to an affiliate it does so at fully allocated costs.  
  
Services provided to the Applicant from an affiliate are for labour and equipment is based on time and materials.
- c) Please see HHHI's response 4 – Staff IRR - 57 part b.
- d) Please see HHHI's response 4 – Staff IRR - 57 part c.
- e) For 'Civil and Electrical Services' and 'Arborist and Tree Trimming Services', HHHI requests a quotation in advance from affiliates.
- f) Please see HHHI's response 4 – VECC IRR – 30 part c.

**4 – SEC IRR – 36**

**4-SEC-36**

**[Ex.4, p.65; EB-2015-0074, Exhibit 4, Appendix 4-C]**

Please provide a copy of the shares services agreements the Applicant has with SouthWestern Energy Inc., 2008949 Ontario Ltd, and Halton Hills Community Energy Corporation. Please describe and explain any changes to any of these agreements since those provided in Applicant's last cost of service application.

**Response:**

Copies of the shared services agreements with SouthWestern Energy Inc., 2008949 Ontario Ltd, and Halton Hills Community Energy Corporation are provided in Appendix SEC IRR – B.

**4 - SEC IRR – 37**

**4-SEC-37**

**[Ex.4, p.82]**

Please provide the total costs incurred by the Applicant regarding its appeal to the Divisional Court of the EB-2018-0328 Decision and Order.

**Response:**

Total legal fees in the amount of \$123,602 were incurred by the Applicant regarding its appeal to the Divisional Court of the EB-2018-0328 Decision Order.

**5 - SEC IRR – 38**

**5-SEC-38**

**[Ex.5, Appendix 5-2]**

Each of the TD capital term loans have a rate maturity date of May 25, 2021. Please explain how the rate is to be determined for the remainder of the loan term after May 25, 2021.

**Response:**

The TD capital term loans, having a maturity of May 25, 2021, will all be rolled into Interest Rate Swap #2 in the amount of \$31,077,000.

**5 - SEC IRR – 39**

**5-SEC-39**

**[Ex.5, p.12]**

Please revise the table to show the start and term for each loan/note.

**Response:**

In addition to the original filing Exhibit 5 – Cost of Capital August 27, 2020 pages 7 through 12, please refer to:

- i. HHHI's response 5 – Staff IRR - 67 part b; and
- ii. EB-2015-0074, Exhibit 5 Tab 3, pages 9 through 11 and Appendices 5-B, 5-C, 5-E;  
and
- iii. EB-2011-0271, Exhibit 5, Tab1, Schedule 3.

**5 - SEC IRR – 40**

**5-SEC-40**

**[Ex.5, p.14]**

The Applicant notes that it agreed in the approved EB-2015-0074 Settlement Proposal, “that prior to its next cost-of-service application, it will conduct a review of long-term debt financing options available to HHHI and will file the results of such review in its next cost-of- service application.” The evidence only provides the explanation of the restructuring of its long-term debt and has not provided any information regarding the review as required in the EB-2015-0074 Settlement Proposal. Please provide details of the review, including but not limited to, a description of the review process, copies of any analysis it undertook, and a summary of the various options it considered.

**Response:**

Please see HHHI’s response 5 – Staff IRR – 64.

**5 - SEC IRR – 41**

**5-SEC-41**

**[Ex.5, p.15]**

The Applicant notes that it entered into an interest swap agreement to reduce the interest rate risk associated with floating rate debt on its MTS1. Please explain why the Applicant would enter into a variable interest rate loan and not a long-term fixed debt arrangement on the MTS1 loan, considering the low interest rate environment over the last few years.

**Response:**

Please see HHHI's response 5 – Staff IRR – 64 part b.

**5 - SEC IRR – 42**

**5-SEC-42**

**[Ex.5, p.21]**

The Applicant had a \$16.1M promissory note with its affiliate due December 31, 2020 (Appendix 5-1). The evidence appears to be that sometime in 2020 it entered it replaced or amended the agreement to re-pay the principal of the debt overtime and extend its term to 2025 (p.15). The evidence is also that it entered into another promissory note with its Affiliate beginning with a principal amount of \$13M (p.11).

- a. Please confirm the above summary of the evidence is correct.
- b. Please provide a copy of both the new/amended promissory notes.
- c. Please provide evidence to demonstrate that the most appropriate course of action with respect to the \$16.1M promissory note with the affiliate was to extend the term of the debt and not seek third-party financing. Please detail all other sources of debt that the Applicant investigated at the time and the applicable interest rates that were offered.
- d. Please provide evidence to demonstrate that entering into a promissory note with its affiliate provided the best value for money to ratepayers. Please detail all other sources of debt that the Applicant investigated at the time and the applicable interest rates that were offered.

**Response:**

- a) SEC's above summary of the evidence is not correct.
- b) Please see HHHI's response 5 – Staff IRR – 67.
- c) Please see HHHI's response 5 – SEC IRR – 42 part a and 5 – Staff IRR – 64 part b (ii).
- d) A response to this interrogatory is not applicable as per 5 – SEC IRR – 42 part a.

**5 - SEC IRR – 43**

**5-SEC-43**

[Ex.5, p.5]

Please revise Table 2 to show what the achieved ROE for each year would have been if the Applicant had not made the depreciation calculation error that we identified in EB-2017-0045.

**Response:**

Table SEC IRR – 8 shows HHHI's ROE had HHHI not made the depreciation calculation error that was identified in EB-2017-0045.

**Table SEC IRR – 8 – HHHI ROE provided Correct Depreciation**

ROE with Incorrect Depreciation Expense				
Return on Equity	2016	2017	2018	2019
Deemed	9.19%	9.19%	9.19%	9.19%
Achieved	6.76%	6.98%	7.07%	4.24%

ROE with Corrected Depreciation Expense				
Return on Equity	2016	2017	2018	2019
Deemed	9.19%	9.19%	9.19%	9.19%
Achieved	8.09%	8.23%	7.07%	4.24%

**8 - SEC IRR – 44**

**8-SEC-44**

**[Ex.8, p.13]**

Please explain why the Applicant is proposing a Monthly Service Charge in 2021 for the GS>50 class, that is significantly above the Board's Ceiling (Minimum System with PLCC Adjustment). Please explain how such a proposal is consistent with Board policy.

**Response:**

Please see HHHI's response 8 – Staff IRR – 72.

**8 - SEC IRR – 45**

**8-SEC-45**

**[Ex.8, p.16]**

With respect to the proposed standby charge:

- a. What information has the Applicant provided to the referenced customer with CHP generation regarding the proposed standby charge? What feedback has the Applicant received?
- b. Is the Applicant seeking approval of a standby charge that would only apply to this customer, or is it seeking generic approval of a standby charge methodology that could apply to other customers who have behind the meter load displacement technologies, or may in the future?
- c. If the Applicant is seeking generic approval, please provide full details regarding the proposed charge including, but not limited to, proposed terms and conditions of the charge to be included in conditions of service, specific capacity factors to be applied to different load displacement types, how the standby capacity will be determined, what happens if no agreement can be reached between customer and the utility, etc.

**Response:**

- a) Please see HHHI's response 8 – Staff IRR – 76.
- b) HHHI is seeking a generic approval of the methodology and wording that could apply to other customers who may install behind the meter load displacement technologies.
- c) Please see HHHI's response 8 – Staff IRR – 76.

## **APPENDIX SEC IRR – A**

**HHHI Corporate Scorecards (2016-2019)**



**To:** The Board of Directors of Halton Hills Hydro Inc.

**Date:** November 18, 2016

**From:** Arthur A. Skidmore CMA

**Subject:** Governance Scorecard – 2016 Q4

**Board Members:**

As approved at the January 2013 Board meeting, “On a quarterly basis the President and Chief Executive Officer will provide to the Board of Directors a Scorecard update report on the following areas of the Corporations operations

- 1.) Industry Leadership
- 2.) Community Service, Connectedness
- 3.) Environmental Leadership
- 4.) Fiscal Accountability
- 5.) Risk Management

The scorecard will be comprised of the following Metrics

**Industry Leadership**

- Safety reporting – lost time, wellness, sick time

Wellness – Reimbursement Initiative started in 2012

2016	2015	2014	2013	2012
23	15	15	16	13

### **Sick Time - # of days**

2016	2015	2014	2013	2012	2011
425	389	339	318	200	440

- Four employees account for 145 days due to longer term absences
- The average absence/employee after adjusting for point one is 5.38 days

### **Lost Time - # of days**

2016	2015	2014	2013	2012	2011
3	4	5	9.5	0	103

- Lost time injury occurred December 2016

### **Service Quality Indicators**

#### **SAIDI – System Average Interruption Duration Index**

2016	2015	2014	2013	2012	2011
	1.40	1.23	2.51	1.53	1.55

Measured in Hours

### CAIDI – Customer Average Interruption Duration Index

2016	2015	2014	2013	2012	2011
	.80	.77	1.26	0.80	0.93

Measured in Hours

### SAIFI – System Average Interruption Frequency Index

2016	2015	2014	2013	2012	2011
	1.75	1.59	1.99	1.90	1.67

### Telephone Accessibility – Minimum 65%

2016	2015	2014	2013	2012	2011
	93.4%	89.7%	83.2%	87.7%	85.5%

### Written Responses – Minimum 90%

2016	2015	2014	2013	2012	2011
	99.9%	100%	99.9%	100%	100%

Appointments Met – Minimum 90%

2016	2015	2014	2013	2012	2011
	100%	100%	100%	98%	96%

Billing Accuracy – Minimum 98%

2016	2015	2014	2013	2012	2011
	99.96%	99.95%	N/A	N/A	N/A

First Contact Resolution – OEB Standard

2016	2015	2014	2013	2012	2011
	99.99%	100%	N/A	N/A	N/A

## Community Service, Connectedness

### ➤ Local presence – 2016

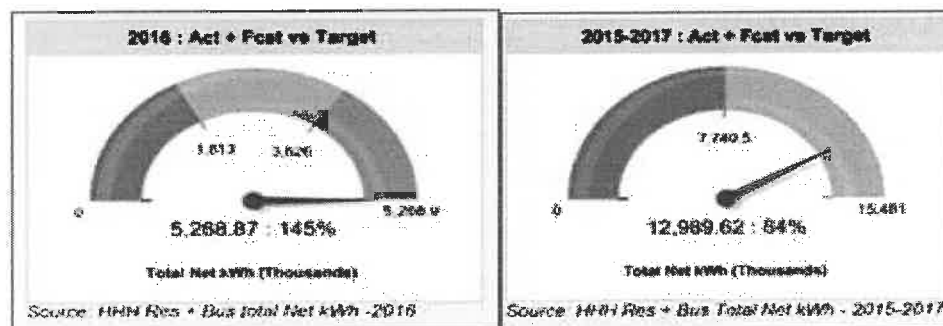
- Halton Hills Hydro participated in the following community events:
  - Earth Hour Sponsor
  - Earth Day Fair – Booth at Georgetown Mall
  - Vision Georgetown Participant
- Attended Leathertown Festival
- Attended both Acton and Georgetown Fall Fairs
- TSIC committee member events
- Tree Trimming meeting in Acton
- Representation on Local Boards
  - Georgetown Hospital Foundation
- Remembrance Day Ceremonies
- Robert Little Grade 3 class field trip
- Light up the Hills Sponsor

## Environmental Leadership

### ➤ HHH Sustainability Committee

- Electronic and Clothing Recycling in March
- Coat Drive – Straight to the Streets, St. Albans Church

### ➤ Conservation target reporting



## **Fiscal Accountability**

### ➤ Benchmarking to other Utilities

#### ○ Rates – Effective May 1, 2016

	<i><b>Halton Hills</b></i>	<i><b>Milton</b></i>	<i><b>Oakville</b></i>	<i><b>Burlington</b></i>
<b><i>Residential</i></b>				
Fixed	\$ 12.72	\$ 15.43	\$ 14.59	\$ 12.03
Variable/kWh	\$ 0.0120	\$ 0.0144	\$ 0.0159	\$ 0.0164
<b><i>GS&lt;50kW</i></b>				
Fixed	\$ 27.51	\$ 16.42	\$ 35.11	\$ 25.09
Variable/kW	\$ 0.0085	\$ 0.0174	\$ 0.0155	\$ 0.0135
<b><i>GS 50kW to 999kW</i></b>				
Fixed	\$ 77.50	\$ 77.98	\$ 119.81	\$ 58.80
Variable/kW	\$ 3.4560	\$ 2.5984	\$ 4.6853	\$ 2.8949
<b><i>GS 1,000kW to 5,000kW</i></b>				
Fixed	\$ 179.93	\$ 899.32	\$ 3,438.93	\$ 58.80
Variable/kW	\$ 3.1683	\$ 2.8380	\$ 2.7193	\$ 2.8949

#### ○ Dividends

Halton Hills	50% of after tax earnings
Oakville	55% of after tax earnings
Burlington	55% of after tax earnings
Milton	40-60% of after tax earnings

#### ○ OMA/Customer

Halton Hills – 2016 Final	\$287.96
Halton Hills – 2016 – Budget	\$274.00
Halton Hills – 2015 - Final	\$268.77
Halton Hills – 2014	\$240.83
Halton Hills – 2013	\$237.16
Halton Hills – 2012	\$220.61
Halton Hills – 2011	\$226.82
Oakville – 2014	\$263.02

Burlington – 2014	\$263.52
Milton – 2014	\$243.34

## ➤ Financial Reporting

- Capital Budget Reporting – 2016
  - Actual \$ 8,023,252
  - Budget \$ 7,708,601
- Net Income – 2016
  - Actual \$ 1,350,087
  - Budget \$ 2,337,614

## Risk Management

- The Leadership team took a full morning to review the risks of the Corporation. The entire revised Risk Register with is included in the Board Document Manager as a separate file.



**To:** The Board of Directors of Halton Hills Hydro Inc.

**Date:** March 9, 2018

**From:** Arthur A. Skidmore CMA

**Subject:** Governance Scorecard – 2017 Q4

**Board Members:**

As approved at the January 2013 Board meeting, “On a quarterly basis the President and Chief Executive Officer will provide to the Board of Directors a Scorecard update report on the following areas of the Corporations operations

- 1.) Industry Leadership
- 2.) Community Service, Connectedness
- 3.) Environmental Leadership
- 4.) Fiscal Accountability
- 5.) Risk Management

The scorecard will be comprised of the following Metrics

**Industry Leadership**

- Safety reporting – lost time, wellness, sick time

Wellness – Reimbursement Initiative started in 2012

2017	2016	2015	2014	2013
21	23	15	15	16

**Sick Time - # of days**

2017	2016	2015	2014	2013
240	425	389	339	318

**Lost Time - # of days**

2017	2016	2015	2014	2013
0	3	4	5	9.5

**Service Quality Indicators**

**SAIDI – System Average Interruption Duration Index**

2017	2016	2015	2014	2013
1.65	1.38	2.58	0.63	0.79

Measured in Hours

Note: Excluding Vehicle Accidents - .94

**SAIFI – System Average Interruption Frequency Index**

2017	2016	2015	2014	2013
1.13	1.65	3.02	1.33	0.90

Note: Excluding Vehicle Accidents – .77

### CAIDI – Customer Average Interruption Duration Index

2017	2016	2015	2014	2013
1.45	0.84	0.85	0.48	0.88

Measured in Hours

Note: Excluding Vehicle Accidents – 1.22

### Telephone Accessibility – Minimum 65%

2017	2016	2015	2014	2013
96.0%	94.4%	93.4%	89.7%	83.2%

### Written Responses – Minimum 90%

2017	2016	2015	2014	2013
99.6%	100%	99.9%	100%	99.9%

### Appointments Met – Minimum 90%

2017	2016	2015	2014	2013
100%	100%	100%	100%	100%

### Billing Accuracy – Minimum 98%

2017	2016	2015	2014	2013
99.78%	99.84%	99.96%	99.95%	N/A

### First Contact Resolution – OEB Standard

2017	2016	2015	2014	2013
100%	99.98%	99.99%	100%	N/A

### Community Service, Connectedness

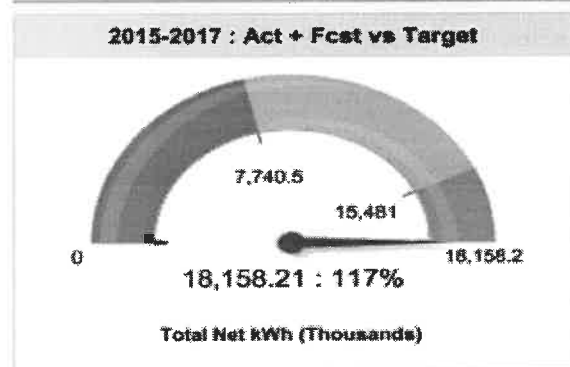
#### ➤ Local presence – 2017

- Halton Hills Hydro participated in the following community events:
  - Earth Hour Sponsor
  - Earth Day Fair – Booth at Georgetown Mall
  - Vision Georgetown Participant
  - Canada Day
- Presentation to Georgetown BIA
- Presentation to Acton BIA
- TSIC committee member events
- Tree Trimming meeting in Georgetown
- Remembrance Day Service – (Acton, Georgetown, Glen Williams)
- School visits - MSB
- Representation on Local Board
  - Georgetown Hospital Foundation

## Environmental Leadership

- HHH Sustainability Committee
- Conservation target reporting

**Total Net kWh (Act+Fcst) vs Total Target (2015-2017)**



Source: HHH Res + Bus Total Net kWh - 2015-2017

## Fiscal Accountability

- Benchmarking to other Utilities
  - Rates – Effective May 1, 2017

	HHHI	Milton	Oakville	Burlington	Brampton	Guelph
<b>Residential</b>						
Fixed	20.28	21.70	21.95	18.97	17.64	22.36
Variable/kWh	0.0068	0.0074	0.0082	0.0084	0.0080	0.0098
<b>GS&lt;50kW</b>						
Fixed	28.03	16.77	36.26	25.95	25.12	16.59
Variable/kWh	0.0101	0.0177	0.0161	0.0139	0.0167	0.0139
<b>GS 50-999 kW</b>						
Fixed	85.80	79.23	123.74	60.82	125.33	179.86
Variable/kWh	3.8123	3.0569	4.8388	2.9942	2.8387	2.7403
<b>GS 1,000-4,999 kW</b>						
Fixed	183.35	621.86	3,551.60	60.82	1,130.84	568.96
Variable/kWh	3.4293	2.1419	2.8084	2.9942	3.2953	3.0421
<b>Last Cost of Service</b>	2016	2016	2014	2014	2015	2016

## Dividends

Halton Hills	50% of after tax earnings
Oakville	55% of after tax earnings
Burlington	55% of after tax earnings
Milton	40-60% of after tax earnings

### ○ OMA/Customer

Halton Hills – 2017 Actual	\$285.12
Halton Hills – 2017 Budget	\$297.02
Halton Hills – 2016	\$277.18
Halton Hills – 2015	\$268.77
Halton Hills – 2014	\$246.30
Halton Hills – 2013	\$237.16
Halton Hills – 2012	\$220.61
Halton Hills – 2011	\$226.82
Oakville – 2016	\$261.30
Burlington – 2016	\$272.59
Milton – 2016	\$262.20

## ➤ Financial Reporting

### ○ Capital Budget - 2017

▪ Unaudited	\$6,921,619
▪ Forecast	\$6,717,348
▪ Budget	\$7,919,261

### ○ Net Income – 2017

▪ Actual	\$ 1,980,621
▪ Forecast	\$ 1,910,009
▪ Budget	\$ 2,407,928

## ➤ 2017 Corporate Risk Register - Uploaded as separate file in Corporate Risk Register Folder



**To:** The Board of Directors of Halton Hills Hydro Inc.

**Date:** January 25, 2019

**From:** Arthur A. Skidmore CMA

**Subject:** Governance Scorecard – 2018 Q4

**Board Members:**

As approved at the January 2013 Board meeting, “On a quarterly basis the President and Chief Executive Officer will provide to the Board of Directors a Scorecard update report on the following areas of the Corporations operations

- 1.) Industry Leadership
- 2.) Community Service, Connectedness
- 3.) Environmental Leadership
- 4.) Fiscal Accountability
- 5.) Risk Management

The scorecard will be comprised of the following Metrics

**Industry Leadership**

- Safety reporting – lost time, wellness, sick time

Wellness – Reimbursement Initiative started in 2012

2018	2017	2016	2015	2014
24	21	23	15	15

**Sick Time - # of days**

2018	2017	2016	2015	2014
276	240	425	389	339

**Lost Time - # of days**

2018	2017	2016	2015	2014
0	1	3	4	5

**Service Quality Indicators**

**SAIDI – System Average Interruption Duration Index**

2018	2017	2016	2015	2014
1.48	1.65	1.38	2.58	0.63

Measured in Hours

**SAIFI – System Average Interruption Frequency Index**

2018	2017	2016	2015	2014
1.60	1.13	1.65	3.02	1.33

CAIDI – Customer Average Interruption Duration Index

2018	2017	2016	2015	2014
.92	1.45	0.84	0.85	0.48

Measured in Hours

Telephone Accessibility – Minimum 65%

2018	2017	2016	2015	2014
96.68%	95.85%	94.4%	93.4%	89.7%

Written Responses – Minimum 90%

2018	2017	2016	2015	2014
99.84%	99.6%	100%	99.9%	100%

Appointments Met – Minimum 90%

2018	2017	2016	2015	2014
99.98%	100%	100%	100%	100%

### Billing Accuracy – Minimum 98%

2018	2017	2016	2015	2014
99.89%	99.78%	99.84%	99.96%	99.95%

### First Contact Resolution – OEB Standard

2018	2017	2016	2015	2014
99.98%	100%	99.98%	99.99%	100%

### Community Service, Connectedness

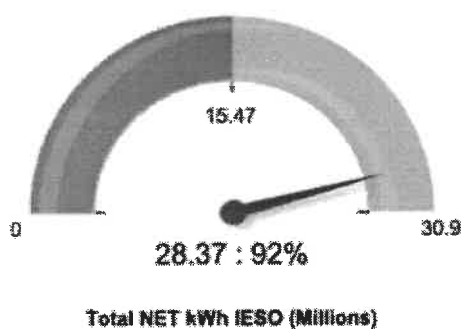
#### ➤ Local presence – 2018

- TSIC committee member
- Electrical safety at local schools
- Vision Georgetown committee member
- Representation on Georgetown Hospital Foundation (Q1)
- Home Show
- Sustainability Fair
- Leathertown Festival
- Canada Day
- Customer Service survey
- Remembrance Day services
- Santa Clause parades
- Charity Fund – 14 charities given 100 each from employee events in 2018

## Environmental Leadership

### ➤ Conservation target reporting

kWh Completed and In Progress



\$ Spent and Committed



Goal by December 31, 2020 – kWh 120% of Target, \$ 93% of Budget

## Fiscal Accountability

### ➤ Benchmarking to other Utilities

- Rates – Effective May 1, 2018

	HHHI	Milton	Oakville	Burlington	Brampton	Guelph
<b>Residential</b>						
Fixed	20.28	21.70	21.95	18.97	17.64	22.36
Variable/kWh	0.0068	0.0074	0.0082	0.0084	0.0080	0.0098
<b>GS&lt;50kW</b>						
Fixed	28.03	16.77	36.26	25.95	25.12	16.59
Variable/kWh	0.0101	0.0177	0.0161	0.0139	0.0167	0.0139
<b>GS 50-999 kW</b>						
Fixed	85.80	79.23	123.74	60.82	125.33	179.86
Variable/kWh	3.8123	3.0569	4.8388	2.9942	2.8387	2.7403
<b>GS 1,000-4,999 kW</b>						
Fixed	183.35	621.86	3,551.60	60.82	1,130.84	568.96
Variable/kWh	3.4293	2.1419	2.8084	2.9942	3.2953	3.0421
<b>Last Cost of Service</b>	2016	2016	2014	2014	2015	2016

## Dividends

Halton Hills	50% of after tax earnings
Oakville	55% of after tax earnings
Burlington	55% of after tax earnings
Milton	40-60% of after tax earnings

### ○ OMA/Customer

Halton Hills – 2018 Estimated Actual	\$291.60
Halton Hills – 2018 Budget	\$286.93
Halton Hills – 2017	\$274.60
Halton Hills – 2016	\$277.18
Halton Hills – 2015	\$268.77
Halton Hills – 2014	\$246.30
Halton Hills – 2013	\$237.16
Halton Hills – 2012	\$220.61
Halton Hills – 2011	\$226.82
Oakville – 2017	\$260.79
Burlington – 2017	\$271.52
Milton – 2017	\$235.95

## ➤ Financial Reporting

### ○ Capital Budget - 2018

- Estimated Actual \$6,902,214
- Annual Budget \$7,174,132

### ○ Net Income before tax – 2018

- Estimated Actual \$ 2,028,164
- Budget \$ 1,887,427

## ➤ 2018 Corporate Risk Register

- Comprehensive review completed in Q3 and in BDM



**To:** The Board of Directors of Halton Hills Hydro Inc.

**Date:** January 31<sup>st</sup>, 2020

**From:** Arthur A. Skidmore, CPA CMA

**Subject:** Governance Scorecard – 2019 Q4

**Board Members:**

As approved at the January 2013 Board meeting, “On a quarterly basis the President and Chief Executive Officer will provide to the Board of Directors a Scorecard update report on the following areas of the Corporations operations

- 1.) Industry Leadership
- 2.) Community Service, Connectedness
- 3.) Environmental Leadership
- 4.) Fiscal Accountability
- 5.) Risk Management

The scorecard will be comprised of the following Metrics

**Industry Leadership**

- Safety reporting – lost time, wellness, sick time

Wellness – Reimbursement Initiative started in 2012

2019	2018	2017	2016	2015
23	24	21	23	15

**Sick Time - # of days**

2019	2018	2017	2016	2015
289	276	240	425	389

**Lost Time - # of days**

2019	2018	2017	2016	2015
0	0	1	3	4

**Service Quality Indicators**

**SAIDI – System Average Interruption Duration Index**

2019	2018	2017	2016	2015
1.60	1.48	1.65	1.38	2.58

Measured in Hours

**SAIFI – System Average Interruption Frequency Index**

2019	2018	2017	2016	2015
1.70	1.60	1.13	1.65	3.02

CAIDI – Customer Average Interruption Duration Index

2019	2018	2017	2016	2015
.94	.92	1.45	0.84	0.85

Measured in Hours

Telephone Accessibility – Minimum 65%

2019	2018	2017	2016	2015
96.62%	96.68%	95.85%	94.4%	93.4%

Written Responses – Minimum 90%

2019	2018	2017	2016	2015
99.86%	99.84%	99.6%	100%	99.9%

Appointments Met – Minimum 90%

2019	2018	2017	2016	2015
100%	99.98%	100%	100%	100%

Note: Does not include locates for 2019

### Billing Accuracy – Minimum 98%

2019	2018	2017	2016	2015
99.88%	99.89%	99.78%	99.84%	99.96%

### First Contact Resolution – OEB Standard

2019	2018	2017	2016	2015
99.99%	99.98%	100%	99.98%	99.99%

### Community Service, Connectedness

- Local presence – 2019
  - Big Brothers- Mayors Challenge (2 Teams)
  - Home Show Booth
  - Sustainability Fair Booth
  - Georgetown Hospital Foundation
  - Community updates regarding over voltage incident
  - Attended Leathertown Festival
  - Attended Glen Williams Canada Day
  - Community Open House
  - Attended Citizen of the Year dinner
  - Attended Chamber of Commerce – Mayors Luncheon
  - HHH staff function in 2019 provided contributions to 10 local charities totaling \$1,500.00

## **Fiscal Accountability**

### ➤ Benchmarking to other Utilities

#### ○ Rates – Effective May 1, 2019

	HHHI*	Milton	Oakville	Burlington*	Alectra - Brampton*	Guelph
<b>Residential</b>						
Fixed	26.80	27.87	29.39	26.03	24.35	29.22
Variable/kWh	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
<b>GS&lt;50kW</b>						
Fixed	28.80	17.14	37.03	26.57	25.74	16.94
Variable/kWh	0.0104	0.0181	0.0164	0.0142	0.0171	0.0142
<b>GS 50-999 kW</b>						
Fixed	88.13	80.90	126.35	62.29	128.63	183.66
Variable/kWh	3.9159	3.1310	4.9409	3.0664	2.8986	2.7982
<b>GS 1,000-4,999 kW</b>						
Fixed	188.33	636.51	3,626.56	62.29	1,161.34	580.97
Variable/kWh	3.5226	2.1951	2.8677	3.0664	3.3649	3.1063
Last Cost of Service	2016	2016	2014-def	2014-def	2015-custom	2016

## **Dividends**

Halton Hills	50% of after tax earnings
Oakville	55% of after tax earnings
Burlington	55% of after tax earnings
Milton	40-60% of after tax earnings

#### ○ OMA/Customer

Halton Hills – 2019 Actual Nov	\$286.53
Halton Hills – 2019 Budget	\$292.68
Halton Hills – 2018	\$274.40
Halton Hills – 2017	\$274.60
Halton Hills – 2016	\$277.18
Halton Hills – 2015	\$268.77
Halton Hills – 2012	\$220.61
Halton Hills – 2011	\$226.82
Oakville – 2018	\$260.55
Burlington – 2018	\$278.61
Milton – 2018	\$239.73

➤ Financial Reporting

- Capital Budget - 2019 Forecast
  - Forecast               \$ 7,098,949
  - Annual Budget   \$ 7,159,383
- Net Income before tax – November 30, 2019
  - Actual                 \$ 1,143,080
  - Annual Forecast   \$ 1,394,248

➤ 2019 Corporate Risk Register

- Detailed review will be Q3 2020

## **APPENDIX SEC IRR - B**

### **Affiliate Service Agreements**

## SERVICES AGREEMENT

THIS AGREEMENT dated January 01, 2020,

**BETWEEN:** Halton Hills Hydro Inc.  
(hereinafter referred to as “Hydro”)

**AND:** Halton Hills Community Energy Corporation  
(hereinafter referred to as “CEC”)

Hydro and CEC are collectively referred to herein as the “Parties” and individually as a “Party”.

**WHEREAS** CEC is the Parent Corporation, in the business of providing varied and corporate services related to the electrical industry;

**AND WHEREAS** Hydro is in the business of local electricity distribution;

**AND WHEREAS** CEC desires to retain Hydro to provide various services (the “Hydro Services”) upon the terms and conditions set forth in this Agreement;

**AND WHEREAS** Hydro desires to retain CEC to provide various services (the “CEC Services”) upon the terms and conditions set forth in this Agreement;

**NOW THEREFORE**, in consideration of the covenants and agreements contained in this Agreement and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties), the Parties agree as follows:

### **1. DEFINITIONS**

1.1 In this Agreement, the following words and terms, which may be used in the singular or the plural, have the respective meanings given them as follows:

- a) “Agreement” means this services agreement and all schedules attached hereto;
- b) “Claims” means any and all claims, damages, losses, liabilities, demands, suits, judgments, causes of action, legal proceedings, penalties or other sanctions and any and all costs and expenses arising in connection therewith, including, without limitation, legal fees and disbursements on a substantial indemnity basis (including, without limitation, all such legal fees and disbursements in connection with any and all appeals);
- c) “Codes” means the Affiliate Relationships Code set out by the Ontario Energy Board and all other codes, legislation, regulation and rules applicable to the Parties from time to time;
- d) “Effective Date” means January 1, 2020;

e) "Person" means an individual, partnership, corporation, firm , trust, unincorporated association, joint venture, syndicate or other entity; and

f) "Term" shall have the meaning given to such term in Section 4.1.

## **2. SERVICES**

2.1 CEC hereby engages the services of Hydro and Hydro hereby accepts such engagement, for purposes of rendering the Hydro Services listed on Schedule "A".

2.2 Hydro hereby engages the services of CEC and CEC hereby accepts such engagement, for purposes of rendering the CEC Services listed on Schedule "B".

2.3 At any time during the term of this Agreement, CEC and Hydro may agree upon any Hydro Services or any CEC Services to be provided hereunder.

## **3. FEES AND PAYMENT**

3.1 In consideration for the Hydro Services rendered by Hydro under this Agreement, CEC shall pay Hydro the fees as outlined in Schedule "A" (the "Hydro Fees").

3.2 In consideration for the CEC Services rendered by CEC under this Agreement, Hydro shall pay CEC the fees as outlined in Schedule "B" (the "CEC Fees").

## **4. TERM, DEFAULT AND TERMINATION**

4.1 This Agreement will come in force as of the Effective Date and, unless it is renewed by mutual written Agreement of the Parties or terminated earlier as provided hereunder, shall expire 5 years after the Effective Date (the "Term").

4.2 Either Party may terminate this Agreement upon giving written notice of 30 calendar days to the other Party.

4.3 Upon termination of this Agreement for any reason whatsoever, CEC and Hydro shall immediately pay to the other all fees, costs and expenses of Hydro Services and CEC Services provided up to the date of termination.

4.4 Neither Party may be held liable in any manner whatsoever for its failure to perform its obligations under this Agreement occasioned in whole or in part by Acts of God, strikes, lock-out, fire, regulation of any government or any other cause beyond its control, provided that said Party has exercised due and reasonable care and best efforts to avoid any of the above mentioned events and provided that this shall not apply to the failure to pay amounts owing hereunder. In the event any such failure to perform exceeds 90 days, the affected Party may terminate this Agreement, and the provisions of Section 4.3 shall apply.

**5. REPRESENTATIONS, WARRANTIES AND COVENANTS AND INDEMNITIES**

5.1 Hydro represents, warrants and covenants that, at all times during the Term:

- a) Hydro and its employees will be qualified by training and experience with appropriate expertise to perform the Hydro Services;
- b) Hydro and its employees will have, all necessary licenses, approvals and certifications necessary to perform safely, adequately and lawfully their obligations under this Agreement; and
- c) Hydro and its employees will perform the Hydro Services in a professional and workmanlike manner, with care, skill and diligence, in accordance with generally accepted industry standards, practices and principles applicable to the Hydro Services performed hereunder.

5.2 EXCEPT AS EXPRESSLY PROVIDED IN SECTION 5.1, HYDRO DOES NOT MAKE OR GIVE ANY REPRESENTATION OR WARRANTY OF ANY KIND, WHETHER SUCH REPRESENTATION OR WARRANTY BE EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY, QUALITY, OR FITNESS FOR A PARTICULAR PURPOSE.

5.3 CEC represents, warrants and covenants that, at all times during the Term:

- a) CEC and its employees will be qualified by training and experience with appropriate expertise to perform the CEC Services;
- b) CEC and its employees will have, all necessary licenses, approvals and certifications necessary to perform safely, adequately and lawfully their obligations under this Agreement; and
- c) CEC and its employees will perform the CEC Services in a professional and workmanlike manner, with care, skill and diligence, in accordance with generally accepted industry standards, practices and principles applicable to the CEC Services performed hereunder.

5.4 EXCEPT AS EXPRESSLY PROVIDED IN SECTION 5.3, SWE DOES NOT MAKE OR GIVE ANY REPRESENTATION OR WARRANTY OF ANY KIND, WHETHER SUCH REPRESENTATION OR WARRANTY BE EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY, QUALITY, OR FITNESS FOR A PARTICULAR PURPOSE.

**6. USE OF HYDRO EMPLOYEES**

6.1 To the extent that the Hydro Services include the provision of Hydro's management and office personnel to CEC, the management and office personnel are not, and shall in no event become, employees of CEC. In no event shall CEC become obligated to pay, or make any contribution to Hydro in respect of, the salaries, wages, benefits or other compensation payable by Hydro to the

management and office personnel except to pay to Hydro any amount payable for the Hydro Services in accordance with Section 3.1. Hydro will remain responsible for remitting all statutory withholdings to the appropriate government agency in connection with such personnel.

## **7. CONFIDENTIALITY**

- 7.1 When used in this Agreement, the phrase “Confidential Information” means all trade secrets, inventions, ideas, intellectual property, formulae, patterns, compilations, programs, methods, techniques, processes, data, designs, algorithms, source code, object code, research plans, business plans, financial forecasts, business opportunities, agreements, vendor lists, pricing lists, customer lists, personnel lists, financial statements and similar information, and any other non-public information about a party or its operations, whether written or oral, or in electronic format, of a Party. The Parties acknowledge and agree that the foregoing is intended to be illustrative and that other Confidential Information may exist or arise in the future.
- 7.2 A Party (the “Receiving Party”) which receives Confidential Information from the other Party (the “Disclosing Party”) acknowledges and agrees that:
- a) all Confidential Information which is furnished to the Receiving Party by or with the concurrence of the Disclosing Party or to which the Receiving Party becomes privy, will be furnished to it in confidence;
  - b) at all times it shall keep the Confidential Information in the strictest of confidence;
  - c) it shall not disclose, directly or indirectly, the Confidential Information to any other Person except as permitted pursuant to this Agreement;
  - d) it shall use the Confidential Information solely for the purpose of this Agreement;
  - e) it shall not use, at any time, any Confidential Information for its own benefit or purposes or for the benefit or purposes of any Person (other than the Disclosing Party);
  - f) its relationship with the Disclosing Party is one of mutual trust and reliance;
  - g) the disclosure of the Confidential Information will be highly detrimental to the Disclosing Party;
  - h) the Disclosing Party’s business cannot be properly protected from adverse consequences of the actions of the Receiving Party other than by the restrictions contained in this Agreement;
  - i) it shall indemnify and save harmless the Disclosing Party from and against any and all Claims occasioned by the Disclosing Party as a result of the Receiving Party disclosing any of the Confidential Information contrary to the provisions of this Agreement; and
  - j) upon the Disclosing Party’s request, and, in any event, upon the termination of this Agreement, the Receiving Party shall immediately return to the Disclosing Party all Confidential Information furnished to it by the Disclosing Party, without retaining any copies.

7.3 The obligations under this Agreement shall not apply to any Confidential Information that the Receiving Party can demonstrate to the Disclosing Party's reasonable satisfaction:

- a) became public and generally known through no act or omission of the Receiving Party or its representatives;
- b) was disclosed on a non-confidential basis in good faith to the Receiving Party by a third party which the Receiving Party had reasonable grounds to believe had legitimate possession thereof and the right to make such disclosure;
- c) was in legitimate possession of the Receiving Party prior to its disclosure by the Disclosing Party to the Receiving Party as evidenced by written records;
- d) that the Receiving Party is required by law, judicial or arbitration process to disclose, provided that, prior to disclosing any Confidential Information, the Receiving Party shall promptly notify the Disclosing Party of such requirement to disclose and take such steps as are reasonably necessary, and cooperate with the Disclosing Party, to lawfully limit such disclosure and to maintain the confidentiality of the Confidential Information in the hands of the Receiving Party, including obtaining appropriate protective orders; or
- e) is approved in writing by the Disclosing Party for release or other use by the Receiving Party according to the terms set out in such written approval.

## **8. INDUSTRY CODES**

- 8.1 It is the expressed intent of the Parties that the arrangements provided for herein shall at all times be in compliance with the Codes as they apply to the Parties hereto from time to time. Each Party shall use all reasonable efforts to comply with the Codes insofar as the Codes apply to the particular Party.
- 8.2 The Parties shall share equally with respect to the apportionment of risk (including risk related to under or over provision of service).

## **9. NOTICE**

- 9.1 Any notice required under this Agreement may be delivered, during regular business hours, by overnight courier or by registered mail to the address(s) indicated below or any other address that may be determined by the appropriated Party.

9.1.1 In CEC's case, to the following address:

43 Alice Street  
Halton Hills (Acton), ON L7J 2A9

Attention: Chief Financial Officer

9.1.2 In the case of Hydro, to the following address:

43 Alice Street  
Halton Hills (Acton), ON L7J 2A9

Attention: President & CEO

Any such notice may be deemed to have been received:

1. By hand delivery – at the time of delivery;
2. By overnight courier – 24 hours after the date of delivery to courier with evidence of delivery from the courier;
3. By registered mail – 48 hours after the date of mailing.

## **10. GENERAL**

- 10.1 This Agreement, including any schedules to be delivered pursuant to the terms of this Agreement, constitutes the entire agreement between the Parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties. There are no representations, warranties or other agreements, whether oral or written, between the Parties in connection with the subject matter of this Agreement except as specifically set out in this Agreement.
- 10.2 The status of a Party under this Agreement shall be that of an independent contractor. Nothing contained in this Agreement shall be construed as creating a partnership, joint venture or agency relationship between the Parties.
- 10.3 No presumption shall operate in favour of or against any Party hereto as a result of any responsibility that any Party may have had for drafting this Agreement.
- 10.4 Neither Party may assign, subcontract, or otherwise transfer this Agreement, or any of his or her rights, benefits or obligations hereunder, without the prior written consent of the other Party.
- 10.5 No amendment, supplement or modification of this Agreement shall be binding on the Parties unless same is in writing and signed by all of the Parties.
- 10.6 No waiver of any provision of this Agreement shall be deemed to constitute a waiver of any other provisions, whether or not similar, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided. No forbearance by any part to seek a remedy for any breach by any other party of any provision of this Agreement shall constitute a waiver of any rights or remedies with respect to any subsequent breach. No waiver by either Party of any such rights is effective unless it is signed in writing.
- 10.7 If any provision of this Agreement or any part of any provision of this Agreement is held to be invalid, illegal or unenforceable by a court of competent jurisdiction, such provision or part shall not affect the validity, legality or enforceability of any other provision of this Agreement or the balance of any provision of this Agreement absent such part and such invalid, illegal or unenforceable provision or part shall be deemed to be severed from this Agreement and this Agreement shall be construed and enforced as if such invalid, illegal or unenforceable provision or part had never been inserted in this Agreement.
- 10.8 Hydro and CEC state that they have had the opportunity to obtain advice and counsel concerning the terms and provisions of this Agreement and they agree that they have executed same freely and voluntarily.
- 10.9 This Agreement shall be governed and interpreted in accordance with the laws in force in the Province of Ontario and the laws of Canada applicable in the Province of Ontario and shall be treated in all respects as an Ontario Agreement. Each of the Parties irrevocably attorns to the jurisdiction of the courts of the Province of Ontario.

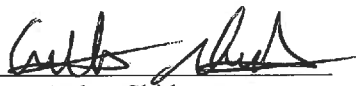
10.10 Time shall be of the essence of this Agreement and no extension or variation of this Agreement shall operate as a waiver of this provision.

10.11 Unless otherwise indicated, all dollar amounts referred to in this Agreement are in lawful Canadian funds.

10.12 This Agreement shall enure to the benefit of and shall be binding upon the Parties and their respective heirs, executors, legal representatives, successors and permitted assigns.

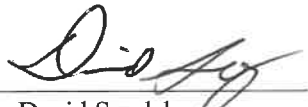
**IN WITNESS WHEREOF**, the Parties intending to be legally bound do hereby execute this Agreement as of the first date written above.

Halton Hills Hydro Inc.

Per: 

Name: Arthur Skidmore


Title: President & CEO

Per: 

Name: David Smelsky

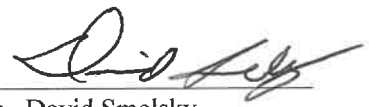
Title: Chief Financial Officer

Halton Hills Community Energy Corporation

Per: 

Name: Arthur Skidmore

Title: President & CEO

Per: 

Name: David Smelsky

Title: Chief Financial Officer

## **SCHEDULE "A"**

### **HYDRO SERVICES AND FEES**

#### Hydro Services to be provided

Management, Executive Administration, and  
Office Rental

#### Fees

Time and materials, subject to annual  
review

## **SCHEDULE "B"**

### **CEC SERVICES AND FEES**

<u>CEC Services to be provided</u>	<u>Fees</u>
Board of Director(s)	Time and materials, subject to annual review
President & Chief Executive Officer	Time and materials, subject to annual review

## SERVICES AGREEMENT

THIS AGREEMENT dated January 01, 2020,

**BETWEEN:** Halton Hills Hydro Inc.  
(hereinafter referred to as "Hydro")

**AND:** SouthWestern Energy Inc.  
(hereinafter referred to as "SWE")

Hydro and SWE are collectively referred to herein as the "Parties" and individually as a "Party".

**WHEREAS** SWE is in the business of providing varied and sundry services related to the electrical industry;

**AND WHEREAS** Hydro is in the business of local electricity distribution;

**AND WHEREAS** SWE desires to retain Hydro to provide various services (the "Hydro Services") upon the terms and conditions set forth in this Agreement;

**AND WHEREAS** Hydro desires to retain SWE to provide various services (the "SWE Services") upon the terms and conditions set forth in this Agreement;

**NOW THEREFORE**, in consideration of the covenants and agreements contained in this Agreement and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties), the Parties agree as follows:

### **1. DEFINITIONS**

1.1 In this Agreement, the following words and terms, which may be used in the singular or the plural, have the respective meanings given them as follows:

- a) "Agreement" means this services agreement and all schedules attached hereto;
- b) "Claims" means any and all claims, damages, losses, liabilities, demands, suits, judgments, causes of action, legal proceedings, penalties or other sanctions and any and all costs and expenses arising in connection therewith, including, without limitation, legal fees and disbursements on a substantial indemnity basis (including, without limitation, all such legal fees and disbursements in connection with any and all appeals);
- c) "Codes" means the Affiliate Relationships Code set out by the Ontario Energy Board and all other codes, legislation, regulation and rules applicable to the Parties from time to time;
- d) "Effective Date" means January 1, 2020;

## SERVICES AGREEMENT

THIS AGREEMENT dated January 01, 2020,

**BETWEEN:** Halton Hills Hydro Inc.  
(hereinafter referred to as "Hydro")

**AND:** South Western Energy Inc.  
(hereinafter referred to as "SWE")

Hydro and SWE are collectively referred to herein as the "Parties" and individually as a "Party".

**WHEREAS** SWE is in the business of providing varied and sundry services related to the electrical industry;

**AND WHEREAS** Hydro is in the business of local electricity distribution;

**AND WHEREAS** SWE desires to retain Hydro to provide various services (the "Hydro Services") upon the terms and conditions set forth in this Agreement;

**AND WHEREAS** Hydro desires to retain SWE to provide various services (the "SWE Services") upon the terms and conditions set forth in this Agreement;

**NOW THEREFORE**, in consideration of the covenants and agreements contained in this Agreement and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties), the Parties agree as follows:

### **1. DEFINITIONS**

1.1 In this Agreement, the following words and terms, which may be used in the singular or the plural, have the respective meanings given them as follows:

- a) "Agreement" means this services agreement and all schedules attached hereto;
- b) "Claims" means any and all claims, damages, losses, liabilities, demands, suits, judgments, causes of action, legal proceedings, penalties or other sanctions and any and all costs and expenses arising in connection therewith, including, without limitation, legal fees and disbursements on a substantial indemnity basis (including, without limitation, all such legal fees and disbursements in connection with any and all appeals);
- c) "Codes" means the Affiliate Relationships Code set out by the Ontario Energy Board and all other codes, legislation, regulation and rules applicable to the Parties from time to time;
- d) "Effective Date" means January 1, 2020;

- e) "Person" means an individual, partnership, corporation, firm , trust, unincorporated association, joint venture, syndicate or other entity; and
- f) "Term" shall have the meaning given to such term in Section 4.1.

## **2. SERVICES**

- 2.1 SWE hereby engages the services of Hydro and Hydro hereby accepts such engagement, for purposes of rendering the Hydro Services listed on Schedule "A".
- 2.2 Hydro hereby engages the services of SWE and SWE hereby accepts such engagement, for purposes of rendering the SWE Services listed on Schedule "B".
- 2.3 At any time during the term of this Agreement, SWE and Hydro may agree upon any Hydro Services or any SWE Services to be provided hereunder.

## **3. FEES AND PAYMENT**

- 3.1 In consideration for the Hydro Services rendered by Hydro under this Agreement, SWE shall pay Hydro the fees as outlined in Schedule "A" (the "Hydro Fees").
- 3.2 In consideration for the SWE Services rendered by SWE under this Agreement, Hydro shall pay SWE the fees as outlined in Schedule "B" (the "SWE Fees").

## **4. TERM, DEFAULT AND TERMINATION**

- 4.1 This Agreement will come in force as of the Effective Date and, unless it is renewed by mutual written Agreement of the Parties or terminated earlier as provided hereunder, shall expire 5 years after the Effective Date (the "Term").
- 4.2 Either Party may terminate this Agreement upon giving written notice of 30 calendar days to the other Party.
- 4.3 Upon termination of this Agreement for any reason whatsoever, SWE and Hydro shall immediately pay to the other all fees, costs and expenses of Hydro Services and SWE Services provided up to the date of termination.
- 4.4 Neither Party may be held liable in any manner whatsoever for its failure to perform its obligations under this Agreement occasioned in whole or in part by Acts of God, strikes, lock-out, fire, regulation of any government or any other cause beyond its control, provided that said Party has exercised due and reasonable care and best efforts to avoid any of the above mentioned events and provided that this shall not apply to the failure to pay amounts owing hereunder. In the event any such failure to perform exceeds 90 days, the affected Party may terminate this Agreement, and the provisions of Section 4.3 shall apply.

**5. REPRESENTATIONS, WARRANTIES AND COVENANTS AND INDEMNITIES**

5.1 Hydro represents, warrants and covenants that, at all times during the Term:

- a) Hydro and its employees will be qualified by training and experience with appropriate expertise to perform the Hydro Services;
- b) Hydro and its employees will have, all necessary licenses, approvals and certifications necessary to perform safely, adequately and lawfully their obligations under this Agreement; and
- c) Hydro and its employees will perform the Hydro Services in a professional and workmanlike manner, with care, skill and diligence, in accordance with generally accepted industry standards, practices and principles applicable to the Hydro Services performed hereunder.

5.2 EXCEPT AS EXPRESSLY PROVIDED IN SECTION 5.1, HYDRO DOES NOT MAKE OR GIVE ANY REPRESENTATION OR WARRANTY OF ANY KIND, WHETHER SUCH REPRESENTATION OR WARRANTY BE EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OR MERCHANTABILITY, QUALITY, OR FITNESS FOR A PARTICULAR PURPOSE.

5.3 SWE represents, warrants and covenants that, at all times during the Term:

- a) SWE and its employees will be qualified by training and experience with appropriate expertise to perform the SWE Services;
- b) SWE and its employees will have, all necessary licenses, approvals and certifications necessary to perform safely, adequately and lawfully their obligations under this Agreement; and
- c) SWE and its employees will perform the SWE Services in a professional and workmanlike manner, with care, skill and diligence, in accordance with generally accepted industry standards, practices and principles applicable to the SWE Services performed hereunder.

5.4 EXCEPT AS EXPRESSLY PROVIDED IN SECTION 5.3, SWE DOES NOT MAKE OR GIVE ANY REPRESENTATION OR WARRANTY OF ANY KIND, WHETHER SUCH REPRESENTATION OR WARRANTY BE EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY, QUALITY, OR FITNESS FOR A PARTICULAR PURPOSE.

**6. USE OF HYDRO EMPLOYEES**

6.1 To the extent that the Hydro Services include the provision of Hydro's management and office personnel to SWE, the management and office personnel are not, and shall in no event become, employees of SWE. In no event shall SWE become obligated to pay, or make any contribution to Hydro in respect of, the salaries, wages, benefits or other compensation payable by Hydro to the

management and office personnel except to pay to Hydro any amount payable for the Hydro Services in accordance with Section 3.1. Hydro will remain responsible for remitting all statutory withholdings to the appropriate government agency in connection with such personnel.

## **7. CONFIDENTIALITY**

- 7.1 When used in this Agreement, the phrase “Confidential Information” means all trade secrets, inventions, ideas, intellectual property, formulae, patterns, compilations, programs, methods, techniques, processes, data, designs, algorithms, source code, object code, research plans, business plans, financial forecasts, business opportunities, agreements, vendor lists, pricing lists, customer lists, personnel lists, financial statements and similar information, and any other non-public information about a party or its operations, whether written or oral, or in electronic format, of a Party. The Parties acknowledge and agree that the foregoing is intended to be illustrative and that other Confidential Information may exist or arise in the future.
- 7.2 A Party (the “Receiving Party”) which receives Confidential Information from the other Party (the “Disclosing Party”) acknowledges and agrees that:
- a) All Confidential Information which is furnished to the Receiving Party by or with the concurrence of the Disclosing Party or to which the Receiving Party becomes privy, will be furnished to it in confidence;
  - b) At all times it shall keep the Confidential Information in the strictest of confidence;
  - c) It shall not disclose, directly or indirectly, the Confidential Information to any other Person except as permitted pursuant to this Agreement;
  - d) It shall use the Confidential Information solely for the purpose of this Agreement;
  - e) It shall not use, at any time, any Confidential Information for its own benefit or purposes or for the benefit or purposes of any Person (other than the Disclosing Party);
  - f) Its relationship with the Disclosing Party is one of mutual trust and reliance;
  - g) The disclosure of the Confidential Information will be highly detrimental to the Disclosing Party;
  - h) The Disclosing Party’s business cannot be properly protected from adverse consequences of the actions of the Receiving Party other than by the restrictions contained in this Agreement;
  - i) It shall indemnify and save harmless the Disclosing Party from and against any and all Claims occasioned by the Disclosing Party as a result of the Receiving Party disclosing any of the Confidential Information contrary to the provisions of this Agreement; and
  - j) Upon the Disclosing Party’s request, and, in any event, upon the termination of this Agreement, the Receiving Party shall immediately return to the Disclosing Party all Confidential Information furnished to it by the Disclosing Party, without retaining any copies.

7.3 The obligations under this Agreement shall not apply to any Confidential Information that the Receiving Party can demonstrate to the Disclosing Party's reasonable satisfaction:

- a) became public and generally known through no act or omission of the Receiving Party or its representatives;
- b) was disclosed on a non-confidential basis in good faith to the Receiving Party by a third party which the Receiving Party had reasonable grounds to believe had legitimate possession thereof and the right to make such disclosure;
- c) was in legitimate possession of the Receiving Party prior to its disclosure by the Disclosing Party to the Receiving Party as evidenced by written records;
- d) that the Receiving Party is required by law, judicial or arbitration process to disclose, provided that, prior to disclosing any Confidential Information, the Receiving Party shall promptly notify the Disclosing Party of such requirement to disclose and take such steps as are reasonably necessary, and cooperate with the Disclosing Party, to lawfully limit such disclosure and to maintain the confidentiality of the Confidential Information in the hands of the Receiving Party, including obtaining appropriate protective orders; or
- e) is approved in writing by the Disclosing Party for release or other use by the Receiving Party according to the terms set out in such written approval.

## **8. INDUSTRY CODES**

- 8.1 It is the expressed intent of the Parties that the arrangements provided for herein shall at all times be in compliance with the Codes as they apply to the Parties hereto from time to time. Each Party shall use all reasonable efforts to comply with the Codes insofar as the Codes apply to the particular Party.
- 8.2 The Parties shall share equally with respect to the apportionment of risk (including risk related to under or over provision of service).

## **9. NOTICE**

- 9.1 Any notice required under this Agreement may be delivered, during regular business hours, by overnight courier or by registered mail to the address(s) indicated below or any other address that may be determined by the appropriated Party.

9.1.1 In SWE's case, to the following address:

43 Alice Street  
Halton Hills (Acton), ON L7J 2A9

Attention: Chief Financial Officer

9.1.2 In the case of Hydro, to the following address:

43 Alice Street  
Halton Hills (Acton), ON L7J 2A9

Attention: President & CEO

Any such notice may be deemed to have been received:

1. By hand delivery – at the time of delivery.
2. By overnight courier – 24 hours after the date of delivery to courier with evidence of delivery from the courier.
3. By registered mail – 48 hours after the date of mailing.

## **10. GENERAL**

- 10.1 This Agreement, including any schedules to be delivered pursuant to the terms of this Agreement, constitutes the entire agreement between the Parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties. There are no representations, warranties or other agreements, whether oral or written, between the Parties in connection with the subject matter of this Agreement except as specifically set out in this Agreement.
- 10.2 The status of a Party under this Agreement shall be that of an independent contractor. Nothing contained in this Agreement shall be construed as creating a partnership, joint venture or agency relationship between the Parties.
- 10.3 No presumption shall operate in favour of or against any Party hereto as a result of any responsibility that any Party may have had for drafting this Agreement.
- 10.4 Neither Party may assign, subcontract, or otherwise transfer this Agreement, or any of his or her rights, benefits or obligations hereunder, without the prior written consent of the other Party.
- 10.5 No amendment, supplement or modification of this Agreement shall be binding on the Parties unless same is in writing and signed by all of the Parties.
- 10.6 No waiver of any provision of this Agreement shall be deemed to constitute a waiver of any other provisions, whether or not similar, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided. No forbearance by any part to seek a remedy for any breach by any other party of any provision of this Agreement shall constitute a waiver of any rights or remedies with respect to any subsequent breach. No waiver by either Party of any such rights is effective unless it is signed in writing.
- 10.7 If any provision of this Agreement or any part of any provision of this Agreement is held to be invalid, illegal or unenforceable by a court of competent jurisdiction, such provision or part shall not affect the validity, legality or enforceability of any other provision of this Agreement or the balance of any provision of this Agreement absent such part and such invalid, illegal or unenforceable provision or part shall be deemed to be severed from this Agreement and this Agreement shall be construed and enforced as if such invalid, illegal or unenforceable provision or part had never been inserted in this Agreement.
- 10.8 Hydro and SWE state that they have had the opportunity to obtain advice and counsel concerning the terms and provisions of this Agreement and they agree that they have executed same freely and voluntarily.
- 10.9 This Agreement shall be governed and interpreted in accordance with the laws in force in the Province of Ontario and the laws of Canada applicable in the Province of Ontario and shall be treated in all respects as an Ontario Agreement. Each of the Parties irrevocably attorns to the jurisdiction of the courts of the Province of Ontario.

10.10 Time shall be of the essence of this Agreement and no extension or variation of this Agreement shall operate as a waiver of this provision.

10.11 Unless otherwise indicated, all dollar amounts referred to in this Agreement are in lawful Canadian funds.


10.12 This Agreement shall enure to the benefit of and shall be binding upon the Parties and their respective heirs, executors, legal representatives, successors and permitted assigns.

**IN WITNESS WHEREOF**, the Parties intending to be legally bound do hereby execute this Agreement as of the first date written above.

Halton Hills Hydro Inc.

Per: 

Name: Arthur Skidmore  
Title: President & CEO

Per: 

Name: David Smelsky  
Title: Chief Financial Officer

SouthWestern Energy Inc.

Per: 

Name: Arthur Skidmore  
Title: President & CEO

Per: 

Name: David Smelsky  
Title: Chief Financial Officer

## **SCHEDULE "A"**

### **HYDRO SERVICES AND FEES**

<u>Hydro Services to be provided</u>	<u>Fees</u>
Management and Administration Support	2020 - \$11,641.00 per month (\$139,692 per year), subject to annual review 2021 – subject to annual review
Office occupancy	2020 - \$424.16 per month (\$5,090 per year), subject to annual review 2021 – subject to annual review
Water Billing and Customer Service	2020 - \$18,725.75 per month (\$224,709 per year), subject to annual review 2021 – subject to annual review

## **SCHEDULE "B"**

### **SWE SERVICES AND FEES**

<u>SWE Services to be provided</u>	<u>Fees</u>
Labour and Equipment	Time and materials, subject to annual review
Master Electrician	Time and materials, subject to annual review

## SERVICES AGREEMENT

THIS AGREEMENT dated January 01, 2020,

**BETWEEN:** Halton Hills Hydro Inc.  
(hereinafter referred to as "Hydro")

**AND:** 2008949 Ontario Ltd.  
(hereinafter referred to as "QTS")

Hydro and QTS are collectively referred to herein as the "Parties" and individually as a "Party".

**WHEREAS** QTS is in the business of providing varied and sundry services related to vegetation management and arborist services;

**AND WHEREAS** Hydro is in the business of local electricity distribution;

**AND WHEREAS** QTS desires to retain Hydro to provide various services (the "Hydro Services") upon the terms and conditions set forth in this Agreement;

**AND WHEREAS** Hydro desires to retain QTS to provide various services (the "QTS Services") upon the terms and conditions set forth in this Agreement;

**NOW THEREFORE**, in consideration of the covenants and agreements contained in this Agreement and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties), the Parties agree as follows:

### **1. DEFINITIONS**

1.1 In this Agreement, the following words and terms, which may be used in the singular or the plural, have the respective meanings given them as follows:

- a) "Agreement" means this services agreement and all schedules attached hereto;
- b) "Claims" means any and all claims, damages, losses, liabilities, demands, suits, judgments, causes of action, legal proceedings, penalties or other sanctions and any and all costs and expenses arising in connection therewith, including, without limitation, legal fees and disbursements on a substantial indemnity basis (including, without limitation, all such legal fees and disbursements in connection with any and all appeals);
- c) "Codes" means the Affiliate Relationships Code set out by the Ontario Energy Board and all other codes, legislation, regulation and rules applicable to the Parties from time to time;
- d) "Effective Date" means January 1, 2020;

e) "Person" means an individual, partnership, corporation, firm , trust, unincorporated association, joint venture, syndicate or other entity; and

f) "Term" shall have the meaning given to such term in Section 4.1.

## **2. SERVICES**

2.1 QTS hereby engages the services of Hydro and Hydro hereby accepts such engagement, for purposes of rendering the Hydro Services listed on Schedule "A".

2.2 Hydro hereby engages the services of QTS and QTS hereby accepts such engagement, for purposes of rendering the QTS Services listed on Schedule "B".

2.3 At any time during the term of this Agreement, QTS and Hydro may agree upon any Hydro Services or any QTS Services to be provided hereunder.

## **3. FEES AND PAYMENT**

3.1 In consideration for the Hydro Services rendered by Hydro under this Agreement, QTS shall pay Hydro the fees as outlined in Schedule "A" (the "Hydro Fees").

3.2 In consideration for the QTS Services rendered by QTS under this Agreement, Hydro shall pay QTS the fees as outlined in Schedule "B" (the "QTS Fees").

## **4. TERM, DEFAULT AND TERMINATION**

4.1 This Agreement will come in force as of the Effective Date and, unless it is renewed by mutual written Agreement of the Parties or terminated earlier as provided hereunder, shall expire 5 years after the Effective Date (the "Term").

4.2 Either Party may terminate this Agreement upon giving written notice of 30 calendar days to the other Party.

4.3 Upon termination of this Agreement for any reason whatsoever, QTS and Hydro shall immediately pay to the other all fees, costs and expenses of Hydro Services and QTS Services provided up to the date of termination.

4.4 Neither Party may be held liable in any manner whatsoever for its failure to perform its obligations under this Agreement occasioned in whole or in part by Acts of God, strikes, lock-out, fire, regulation of any government or any other cause beyond its control, provided that said Party has exercised due and reasonable care and best efforts to avoid any of the above mentioned events and provided that this shall not apply to the failure to pay amounts owing hereunder. In the event any such failure to perform exceeds 90 days, the affected Party may terminate this Agreement, and the provisions of Section 4.3 shall apply.

**5. REPRESENTATIONS, WARRANTIES AND COVENANTS AND INDEMNITIES**

5.1 Hydro represents, warrants and covenants that, at all times during the Term:

- a) Hydro and its employees will be qualified by training and experience with appropriate expertise to perform the Hydro Services;
- b) Hydro and its employees will have, all necessary licenses, approvals and certifications necessary to perform safely, adequately and lawfully their obligations under this Agreement; and
- c) Hydro and its employees will perform the Hydro Services in a professional and workmanlike manner, with care, skill and diligence, in accordance with generally accepted industry standards, practices and principles applicable to the Hydro Services performed hereunder.

5.2 EXCEPT AS EXPRESSLY PROVIDED IN SECTION 5.1, HYDRO DOES NOT MAKE OR GIVE ANY REPRESENTATION OR WARRANTY OF ANY KIND, WHETHER SUCH REPRESENTATION OR WARRANTY BE EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OR MERCHANTABILITY, QUALITY, OR FITNESS FOR A PARTICULAR PURPOSE.

5.3 QTS represents, warrants and covenants that, at all times during the Term:

- a) QTS and its employees will be qualified by training and experience with appropriate expertise to perform the QTS Services;
- b) QTS and its employees will have, all necessary licenses, approvals and certifications necessary to perform safely, adequately and lawfully their obligations under this Agreement; and
- c) QTS and its employees will perform the QTS Services in a professional and workmanlike manner, with care, skill and diligence, in accordance with generally accepted industry standards, practices and principles applicable to the QTS Services performed hereunder.

5.4 EXCEPT AS EXPRESSLY PROVIDED IN SECTION 5.3, QTS DOES NOT MAKE OR GIVE ANY REPRESENTATION OR WARRANTY OF ANY KIND, WHETHER SUCH REPRESENTATION OR WARRANTY BE EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY, QUALITY, OR FITNESS FOR A PARTICULAR PURPOSE.

**6. USE OF HYDRO EMPLOYEES**

6.1 To the extent that the Hydro Services include the provision of Hydro's management and office personnel to QTS, the management and office personnel are not, and shall in no event become,

employees of QTS. In no event shall QTS become obligated to pay, or make any contribution to Hydro in respect of, the salaries, wages, benefits or other compensation payable by Hydro to the management and office personnel except to pay to Hydro any amount payable for the Hydro Services in accordance with Section 3.1. Hydro will remain responsible for remitting all statutory withholdings to the appropriate government agency in connection with such personnel.

## **7. CONFIDENTIALITY**

- 7.1 When used in this Agreement, the phrase “Confidential Information” means all trade secrets, inventions, ideas, intellectual property, formulae, patterns, compilations, programs, methods, techniques, processes, data, designs, algorithms, source code, object code, research plans, business plans, financial forecasts, business opportunities, agreements, vendor lists, pricing lists, customer lists, personnel lists, financial statements and similar information, and any other non-public information about a party or its operations, whether written or oral, or in electronic format, of a Party. The Parties acknowledge and agree that the foregoing is intended to be illustrative and that other Confidential Information may exist or arise in the future.
- 7.2 A Party (the “Receiving Party”) which receives Confidential Information from the other Party (the “Disclosing Party”) acknowledges and agrees that:
- a) All Confidential Information which is furnished to the Receiving Party by or with the concurrence of the Disclosing Party or to which the Receiving Party becomes privy, will be furnished to it in confidence;
  - b) At all times it shall keep the Confidential Information in the strictest of confidence;
  - c) It shall not disclose, directly or indirectly, the Confidential Information to any other Person except as permitted pursuant to this Agreement;
  - d) It shall use the Confidential Information solely for the purpose of this Agreement;
  - e) It shall not use, at any time, any Confidential Information for its own benefit or purposes or for the benefit or purposes of any Person (other than the Disclosing Party);
  - f) Its relationship with the Disclosing Party is one of mutual trust and reliance;
  - g) The disclosure of the Confidential Information will be highly detrimental to the Disclosing Party;
  - h) The Disclosing Party’s business cannot be properly protected from adverse consequences of the actions of the Receiving Party other than by the restrictions contained in this Agreement;
  - i) It shall indemnify and save harmless the Disclosing Party from and against any and all Claims occasioned by the Disclosing Party as a result of the Receiving Party disclosing any of the Confidential Information contrary to the provisions of this Agreement; and
  - j) Upon the Disclosing Party’s request, and, in any event, upon the termination of this Agreement, the Receiving Party shall immediately return to the Disclosing Party all Confidential Information furnished to it by the Disclosing Party, without retaining any copies.

7.3 The obligations under this Agreement shall not apply to any Confidential Information that the Receiving Party can demonstrate to the Disclosing Party's reasonable satisfaction:

- a) became public and generally known through no act or omission of the Receiving Party or its representatives;
- b) was disclosed on a non-confidential basis in good faith to the Receiving Party by a third party which the Receiving Party had reasonable grounds to believe had legitimate possession thereof and the right to make such disclosure;
- c) was in legitimate possession of the Receiving Party prior to its disclosure by the Disclosing Party to the Receiving Party as evidenced by written records;
- d) that the Receiving Party is required by law, judicial or arbitration process to disclose, provided that, prior to disclosing any Confidential Information, the Receiving Party shall promptly notify the Disclosing Party of such requirement to disclose and take such steps as are reasonably necessary, and cooperate with the Disclosing Party, to lawfully limit such disclosure and to maintain the confidentiality of the Confidential Information in the hands of the Receiving Party, including obtaining appropriate protective orders; or
- e) is approved in writing by the Disclosing Party for release or other use by the Receiving Party according to the terms set out in such written approval.

## **8. INDUSTRY CODES**

8.1 It is the expressed intent of the Parties that the arrangements provided for herein shall at all times be in compliance with the Codes as they apply to the Parties hereto from time to time. Each Party shall use all reasonable efforts to comply with the Codes insofar as the Codes apply to the particular Party.

8.2 The Parties shall share equally with respect to the apportionment of risk (including risk related to under or over provision of service).

## **9. NOTICE**

9.1 Any notice required under this Agreement may be delivered, during regular business hours, by overnight courier or by registered mail to the address(s) indicated below or any other address that may be determined by the appropriated Party.

9.1.1 In QTS's case, to the following address:

43 Alice Street  
Halton Hills (Acton), ON L7J 2A9

Attention: Chief Financial Officer

9.1.2 In the case of Hydro, to the following address:

43 Alice Street  
Halton Hills (Acton), ON L7J 2A9

Attention: President & CEO

Any such notice may be deemed to have been received:

1. By hand delivery – at the time of delivery.
2. By overnight courier – 24 hours after the date of delivery to courier with evidence of delivery from the courier.
3. By registered mail – 48 hours after the date of mailing.

## **10. GENERAL**

- 10.1 This Agreement, including any schedules to be delivered pursuant to the terms of this Agreement, constitutes the entire agreement between the Parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties. There are no representations, warranties or other agreements, whether oral or written, between the Parties in connection with the subject matter of this Agreement except as specifically set out in this Agreement.
- 10.2 The status of a Party under this Agreement shall be that of an independent contractor. Nothing contained in this Agreement shall be construed as creating a partnership, joint venture or agency relationship between the Parties.
- 10.3 No presumption shall operate in favour of or against any Party hereto as a result of any responsibility that any Party may have had for drafting this Agreement.
- 10.4 Neither Party may assign, subcontract, or otherwise transfer this Agreement, or any of his or her rights, benefits or obligations hereunder, without the prior written consent of the other Party.
- 10.5 No amendment, supplement or modification of this Agreement shall be binding on the Parties unless same is in writing and signed by all of the Parties.
- 10.6 No waiver of any provision of this Agreement shall be deemed to constitute a waiver of any other provisions, whether or not similar, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided. No forbearance by any part to seek a remedy for any breach by any other party of any provision of this Agreement shall constitute a waiver of any rights or remedies with respect to any subsequent breach. No waiver by either Party of any such rights is effective unless it is signed in writing.
- 10.7 If any provision of this Agreement or any part of any provision of this Agreement is held to be invalid, illegal or unenforceable by a court of competent jurisdiction, such provision or part shall not affect the validity, legality or enforceability of any other provision of this Agreement or the balance of any provision of this Agreement absent such part and such invalid, illegal or unenforceable provision or part shall be deemed to be severed from this Agreement and this Agreement shall be construed and enforced as if such invalid, illegal or unenforceable provision or part had never been inserted in this Agreement.
- 10.8 Hydro and QTS state that they have had the opportunity to obtain advice and counsel concerning the terms and provisions of this Agreement and they agree that they have executed same freely and voluntarily.
- 10.9 This Agreement shall be governed and interpreted in accordance with the laws in force in the Province of Ontario and the laws of Canada applicable in the Province of Ontario and shall be treated in all respects as an Ontario Agreement. Each of the Parties irrevocably attorns to the jurisdiction of the courts of the Province of Ontario.

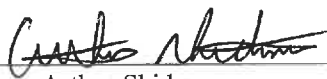
10.10 Time shall be of the essence of this Agreement and no extension or variation of this Agreement shall operate as a waiver of this provision.

10.11 Unless otherwise indicated, all dollar amounts referred to in this Agreement are in lawful Canadian funds.

10.12 This Agreement shall enure to the benefit of and shall be binding upon the Parties and their respective heirs, executors, legal representatives, successors and permitted assigns.


**IN WITNESS WHEREOF**, the Parties intending to be legally bound do hereby execute this Agreement as of the first date written above.


Halton Hills Hydro Inc.

Per:   
Name: Arthur Skidmore  
Title: President & CEO

Per:   
Name: David Smelsky  
Title: Chief Financial Officer

2008949 Ontario Ltd.

Per:   
Name: Arthur Skidmore  
Title: President & CEO

Per:   
Name: David Smelsky  
Title: Chief Financial Officer

## **SCHEDULE "A"**

### **HYDRO SERVICES AND FEES**

<u>Hydro Services to be provided</u>	<u>Fees</u>
Management and Administration Support	2020 - \$1,369.58 per month (\$16,435 per year), subject to annual review 2021 – subject to annual review

## **SCHEDULE "B"**

### **QTS SERVICES AND FEES**

<u>●TS Services to be provided</u>	<u>Fees</u>
Labour and Equipment	Time and materials, subject to annual review