Lakefront Utilities Inc.

2022 Cost of Service Application

EB-2021-0039

Rates Effective: January 1, 2022

Date Filed: April 30, 2021

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EXHIBIT 4 – OPERATING COSTS

EB-2021-0039

Table of Contents

2.4.1 OVERVIEW 5
2.4.2 OM&A SUMMARY AND COST DRIVER TABLES 7
SUMMARY OF RECOVERABLE OM&A EXPENSES (APPENDIX 2-JA) 8
RECOVERABLE OM&A COST DRIVER TABLE (APPENDIX 2-JB) 9
OM&A PROGRAMS TABLE (APPENDIX 2-JC) 14
RECOVERABLE OM&A COST PER CUSTOMER AND PER FULL TIME EQUIVALENT (APPENDIX 2-L) 15
CAPITALIZED OVERHEAD 16
2.4.3 OM&A PROGRAM DELIVERY COSTS WITH VARIANCE ANALYSIS 17
PROGRAM DESCRIPTION 17
PROGRAM VARIANCE ANALYSIS 23
2.4.3.1 WORKFORCE PLANNING AND EMPLOYEE COMPENSATION 29
APPENDIX 2-K – EMPLOYEE COSTS 29
DESCRIPTION OF WORKFORCE PLANS 30
VIRTUAL UTILITIES 34
EMPLOYEE BENEFIT PROGRAMS 35
ACTUARIAL REPORT 36
OTHER POST-EMPLOYMENT BENEFITS (OPEBs) 37
2.4.3.2 SHARED SERVICES AND CORPORATE COST ALLOCATION 38
SHARED SERVICES 38
ALLOCATION METHODOLOGY 39
APPENDIX 2-N 40
SHARED SERVICE AND CORPORATE COST VARIANCE ANALYSIS 41
BOARD OF DIRECTOR COSTS 43
2.4.3.3 PURCHASES OF NON-AFFILIATE SERVICES 44
2.4.3.4 ONE-TIME COSTS 46
2.4.3.5 REGULATORY COSTS 47
2.4.3.6 LOW INCOME ENERGY ASSISTANCE PROGRAMS 49
2.4.3.7 CHARITABLE AND POLITICAL DONATIONS 50
2.4.4 DEPRECIATION, AMORTIZATION, AND DEPLETION 51
KINECTRICS REPORT 52

APPENDIX 2-C 53
ASSET RETIREMENT OBLIGATIONS 58
HISTORICAL DEPRECIATION PRACTICE 59
DEPRECIATION/AMORTIZATION POLICY 60
DEVIATIONS FROM DEPRECIATING SIGNFICIANT PARTS OR COMPONENTS 61
DEPRECATION EXPENSE POLICY OR ASSET SERVICE LIVES CHANGES 61
DEPRECIATION EXPENSE POLICY OR ASSET SERVICE LIVES CHANGES 62
2.4.5 TAXES OR PAYMENTS IN LIEU OF TAXES (PILS) AND PROPERTY TAXES 63
2.4.5.1 INCOME TAXES OR PILS 63
2.4.5.2 OTHER TAXES 65
2.4.5.3 NON-RECOVERABLE AND DISALLOWED EXPENSES 66
2.4.6 CONSERVATION AND DEMAND MANAGEMENT 67
2.4.6.1 LOST REVENUE ADJUSTMENT MECHANISM VARIANCE ACCOUNT 67
2.4.6.2 DISPOSITION OF THE LRAMVA 69
APPENDIX 71
APPENDIX A – COLLECTIVE AGREEMENT 72
APPENDIX B – SERVICES AGREEMENT 73
APPENDIX C – PROCUREMENT POLICY 74
APPENDIX D – 2020 TAX RETURN 75
APPENDIX E – LUI ACTUARIAL REPORT 76

2.4.1 OVERVIEW

The operating costs found in this Exhibit represent expenditures that are required to maintain and operate LUI's distribution system assets at the targeted levels of performance, to meet customer expectations, ensure public and employee safety, and provide quality service. These operating costs are necessary to comply with the Distribution System Code, environmental requirements, and government direction.

OM&A expenses consist of, but are not limited to:

- Required expenditures necessary to maintain and operate LUI's distribution system assets.
- Costs associated with metering, billing, and collecting from LUI's customers.
- Costs associated with ensuring the safety of all stakeholders.
- Costs to maintain distribution service quality and reliability.

LUI's 2022 Test Year operating costs are projected to be $2,825,707, which represents an increase of $453,827 or 19.13% from the 2017 Board Approved Cost of Service. A summary of the changes from 2017 Board-Approved to 2022 Test can be found in Table 4.0 below.

Lakefront confirms that in its 2021 Bridge Year and 2022 Test Year budgets, the utility has not made any assumptions or inclusions for expenses related to COVID-19, as detailed in Exhibit #1. All COVID-19 expenses have been recorded in Account 1509 – Impacts Arising from COVID-19 Emergency.

Table 4.0: 2022 Test Year vs. 2017 Board Approved

Reporting Basis	2017 Board Approved	2022 Test Year	Variance from Board Approved
Operations	525,404	707,393	181,989
Maintenance	195,787	312,541	116,755
Billing and Collecting	566,316	580,283	13,967
Community Relations	20,219	19,757	(462)
Administrative and General (including LEAP)	1,064,154	1,205,733	141,578
Total OM&A Expenses	**2,371,880**	**2,825,707**	**453,827**
Percent Change			**19.13%**
Compound Annual Growth Rate			**3.56%**

The associated cost drivers and significant changes that have occurred relative to historical and bridge years are as follows:

- Operations expenses has increased by $181,989 from 2017 Board Approved. As approximately 73% of operations expense are related to wages, the increase is partly attributable to inflationary increase in wages of approximately $50,000. Further, the operations expenses include the wages for the Director of Operations, which is an increase from the previous Manager of Asset Management which the position replaced.

- Maintenance expenses increased by $116,755 from the 2017 Board Approved. Similar to operations expenses, approximately 64% of maintenance expenses relates to wages and the increase is partly attributable to the inflationary increase in wages.

- Administrative and general expenses have increased by $141,578 from the 2017 Board Approved. Approximately 46% of the 2022 Administration and General expenses are related to wages and therefore the increase from the 2017 Board Approved amount is consistent with inflationary increases in wages. Further, as detailed in this Exhibit, the 2022 Test Year includes $50,000 budgeted for potential third parties to be utilized throughout the Cost of Service period. As noted in this exhibit, third parties have been utilized throughout the Cost of Service period, including:

    - 2018 - $23,250 - for IT gap analysis ($5,750) and Account 1588/1589 audit ($17,500).

    - 2019 - $50,124 – Manager of Operations position outsourced to third-party contract ($38,330) and Northstar utilization review ($11,794).

  Additionally, there is an increase in amortized regulatory costs in 2022 relative to 2017 as a result of the inclusion of costs related to the development of an Asset Condition Assessment Study and Distribution System Plan.

An overall trend in costs, including OM&A per customer (and its components) for historical, bridge, and test years as required in the OEB Filing Requirements section 2.4.1, is detailed in section 2.4.2 in this Exhibit in conjunction with Recoverable OM&A Cost per Customer and per Full Time Equivalent (Appendix 2-L).

In preparing its 2021 Bridge and 2022 Test numbers, LUI considered the OEB published inflation rate (the Input Price Index or IPI) for use by utilities with respect to IRM rate applications. Table 4.1 provides a summary of the IPI used by utilities for IRM applications.

Table 4.1: Summary of IPI Rates

Rate Year	Input Price Index
2018	1.20%
2019	1.50%
2020	2.00%
2021	2.20%

LUI is not aware of any business environment changes and therefore a summary is note provided.

2.4.2 OM&A SUMMARY AND COST DRIVER TABLES

This section is devoted to defining each element of LUI's 2022 Cost of Service, explaining how each element is determined and explaining the relationship between the various components. The major components covered in this application summary are as follows:

1. Summary of Recoverable OM&A Expenses (Appendix 2-JA) – Table 4.2
2. Recoverable OM&A Cost Driver Table (Appendix 2-JB) – Table 4.3
3. OM&A Programs Table (Appendix 2-JC) – Table 4.10
4. Recoverable OM&A Cost per Customer and per Full Time Equivalent (Appendix 2-L) – Table 4.11
5. Capitalized overhead and Appendix 2-D

SUMMARY OF RECOVERABLE OM&A EXPENSES (APPENDIX 2-JA)

Table 4.2 shows an excerpt of Appendix 2-JA from the Chapter 2 filing requirements which breaks down the OM&A envelope into major categories (Operations, Maintenance, etc.).

Table 4.2: OEB Appendix 2-JA Summary of Recoverable OM&A Expenses

	Last Rebasing Year (2017 Board-Approved)	Last Rebasing Year (2017 Actuals)	2018	2019	2020	2021	2022
Reporting Basis	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Operations	$525,404	$574,731	$646,650	$680,237	$753,224	$667,624	$707,393
Maintenance	$195,787	$260,745	$343,942	$305,444	$304,062	$307,241	$312,541
SubTotal	**$721,191**	**$835,477**	**$990,592**	**$985,681**	**$1,057,287**	**$974,865**	**$1,019,934**
%Change (year over year)			18.6%	-0.5%	7.3%	-7.8%	4.6%
%Change (Test Year vs Last Rebasing Year - Actual)							41.4%
Billing and Collecting	$566,316	$572,056	$489,721	$531,084	$554,625	$562,378	$580,283
Community Relations	$20,219	$15,276	$21,564	$16,141	$17,215	$19,474	$19,757
Administrative and General+LEAP	$1,064,154	$967,058	$1,109,398	$1,092,454	$1,063,575	$1,133,595	$1,205,733
SubTotal	**$1,650,689**	**$1,554,390**	**$1,620,683**	**$1,639,678**	**$1,635,414**	**$1,715,446**	**$1,805,772**
%Change (year over year)			4.3%	1.2%	-0.3%	4.9%	5.3%
%Change (Test Year vs Last Rebasing Year - Actual)							16.2%
Total	**$2,371,880**	**$2,389,866**	**$2,611,275**	**$2,625,359**	**$2,692,701**	**$2,690,311**	**$2,825,707**
%Change (year over year)		0.76%	9.26%	0.54%	2.57%	-0.09%	5.03%

RECOVERABLE OM&A COST DRIVER TABLE (APPENDIX 2-JB)

In accordance with the Filing Requirements, OEB Appendix 2-JB – OM&A Cost Drivers, Table 4.3 presented below outlines the key drivers of OM&A costs over the period of 2017 Board Approved to the 2022 Test Year. An overview of the explanations behind the cost drivers are presented in section 2.4.2

Table 4.3: OEB Appendix 2-JB OM&A Cost Drivers

Particulars	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Bridge Year	2022 Test Year
Opening Balance	$2,371,880	$2,389,867	$2,611,275	$2,625,359	$2,692,701	$2,690,310
Load Dispatching	$21,729					
VP Operations - Retirement	($128,406)					
Project Co-ordinator - hiring to replace VP of Operations position	$17,706					
Operations Maintenance Wages - increase/decrease due to fluctuations in capital work		$35,451	($64,740)	$10,671	($52,378)	$13,456
IT Expenses - change in service provider (partially due to IT cyber security requirements)		$38,825				
Underground services - payments to third party for vac track services		$22,884	($22,884)			
Underground services - costs of burn off at Albert St. and Ravensdale		$26,476	($26,476)			
Inventory increase due to increased maintenance work and underground services		$75,191	($45,729)			
IT Gap Analysis		$5,750	($5,750)			
Account 1588/1589 Third-Party Audit		$17,500	($17,500)			
Distribution station maintenance - SCADA upgrades		$12,390				
Utilismart fees - increase due to customers moving to interval meters		$5,339				
Customer Service Staff Replacement - hired in 2018, increase in 2019			$22,025			
Bad debt fluctuations	$65,292	($94,866)	$5,108	$16,871	$11,925	
Replacement of Customer Service Supervisor and timing of hiring replacement	($15,268)	$15,268				
Fluctuation in building maintenance	($12,546)					
Fluctuation in miscellaneous customer accounts expense (Account 5340)	($7,279)					
Fluctuation from 2017 budgeted Cost of Service vs actual - regulatory costs	($3,805)					
Payment to third party for additional maintenance at Kerr St. substation			$21,811	($21,811)		
Increase in locates - new contract signed with third party			$8,799			
Operation and supervision wages - staffing changes	$58,780		$67,495	$110,086		
Hiring of Database Quality Control Analyst	$45,028					
Underground maintenance - burn off and planned overtime for commercial customers		$11,729	($11,729)			
Summer student and third-party costs for SCADA		$22,839				
Inflationary increase in meter reading costs - Utilismart, Sensus, and Savage		$12,020				
EDA membership - increase		$5,400				
Cancellation of EDA membership			($27,300)			
Meter reading - cancel Savage as services provided by Utilismart				($7,587)	($12,914)	
Outside services - third-party services			$38,330	($50,123)	$50,000	
Outside services - third-party services - Northstar utilization review			$11,794	($11,794)		
Inflationary wage increases		$25,263	$26,781	$28,342	$27,067	$26,677
HR Generalist hired in October 2018 - 2019 includes full salary			$24,022			
Retirement of two Finance Assistants and transitioning/overlap of new staff					$52,500	($52,500)
Wage increases - pay band adjustments						$43,246
Legal fees - contract review, union grievances		$7,374			$5,000	$10,000
Control room costs						$20,000
Meter reading costs - water tower painting and removal/reinstallation of AMI				$24,167	($24,167)	
Office supplies decrease				($9,498)		
Regulatory costs - amortization of 2022 Cost of Service expenses						$38,564
Miscellaneous	($23,244)	($23,425)	$10,028	($21,982)	($59,423)	$35,953
Closing Balance	$2,389,867	$2,611,275	$2,625,359	$2,692,701	$2,690,310	$2,825,706

Table 4.4 to 4.9 shows the year over year variances of OM&A expenses from the 2017 Board Approved to the 2022 Test Year. A variance analysis of expenses exceeding materiality threshold of $50,000 follows the table.

Table 4.4: 2017 Actual vs. 2017 Board Approved

Reporting Basis	2017 Board Approved	2017 Actual	Variance from Board Approved
Operations	525,404	574,731	49,327
Maintenance	195,787	260,745	64,959
Billing and Collecting	566,316	572,056	5,740
Community Relations	20,219	15,276	(4,943)
Administrative and General (including LEAP)	1,064,154	967,058	(97,097)
Total OM&A Expenses	**2,371,880**	**2,389,866**	**17,987**
Percent Change			**0.76%**

The total OM&A expenses in 2017 are $17,987 or 0.76% more than the 2017 Board Approved amount. The main reason for the variances are:

- Fluctuation in maintenance of $64,959 is mainly due to an allocation of staff member wages between meter maintenance (account 5175) and meter reading. There was also an increase in operations of $58,780 related to staffing changes in operations and supervision expenses, as described in the analysis related to Table 4.12 (Program Variance Analysis) and Table 4.16 (FTE Analysis).

- Decrease in administrative and general is mainly due to a decrease in wages of approximately $128,406 related to the retirement of the VP of Operations in 2017. The decrease was partially offset by the hiring of a Project Co-ordinator in August 2017 which increased costs by approximately $17,706. Further, the Customer Service Supervisor was replaced and the delay in hiring resulted in a decrease of $15,268, offset by an increase of $45,028 as a result of hiring a Database Quality Control Analyst. The remaining decrease was due to a decrease in building maintenance in 2017 actual from the 2017 Board Approved of $12,546.

Table 4.5: 2018 Actual vs. 2017 Actual

Reporting Basis	2017 Actual	2018 Actual	Increase (Decrease)
Operations	574,731	646,650	71,919
Maintenance	260,745	343,942	83,197
Billing and Collecting	572,056	489,721	(82,335)
Community Relations	15,276	21,564	6,288
Administrative and General (including LEAP)	967,058	1,109,398	142,340
Total OM&A Expenses	**2,389,866**	**2,611,275**	**221,409**
Percent Change			**9.26%**

The total OM&A expenses in 2018 Actual are $221,409 or 9.26% more than the 2017 Actual. The main reason for the variances are:

- Increase in operations and maintenance is partly the result of an allocation of wages between OM&A and capital. Given that line crew work on a combination of capital, operating and maintenance projects, in years where capital work has decreased, additional effort is spent on maintaining overhead lines and feeders. That is, Lakefront's capital work in 2017 was $2,157,652 compared to $831,076 in 2018, a decrease of $1,326,576. Consequently, OM&A costs were less in 2017 compared to 2018, resulting in impact of $35,451. Further, as a result of the decrease in capital in 2018, there was an increase in inventory allocated to maintenance of $75,191. The remaining increase in operations and maintenance were due to:
  - Increase in underground services and payment to a third party for vac track services of $22,884.
  - Increase in underground services and the costs of burn off at Albert St. and Ravensdale of $26,476.
  - Increase in distribution station maintenance and SCADA upgrades of $12,390.

- Decrease in billing and collecting is attributed to a decrease of $94,866 in bad debt expense. In 2017 there was a large commercial customer that went bankrupt and approximately $35,000 was written off as a bad debt. The remaining fluctuation in bad debts was the result of Lakefront changing its policy of writing off bad debts once accounts have been in collections for six months, as opposed to the previous policy of twelve months.

- Increase in administrative and general is mainly due to an increase in outside services due to the following:
  - Increase of approximately $38,825 in IT services attributed to switching IT service provider and complying with OEB cybersecurity requirements, resulting in an increase in fees and increased costs.
  - Increase in audit fees of $17,500 related to a third-party audit of Accounts 1588 and 1589 deferral and variance account.

Administrative and general is approximately 42% wages and therefore the remaining increase is the result of wage increases consistent with inflation.

Table 4.6: 2019 Actual vs. 2018 Actual

Reporting Basis	2018 Actual	2019 Actual	Increase (Decrease)
Operations	646,650	680,237	33,587
Maintenance	343,942	305,444	(38,498)
Billing and Collecting	489,721	531,084	41,362
Community Relations	21,564	16,141	(5,423)
Administrative and General (including LEAP)	1,109,398	1,092,454	(16,944)
Total OM&A Expenses	**2,611,275**	**2,625,359**	**14,084**
Percent Change			**0.54%**

The total OM&A expenses in 2019 Actual are $14,084 or 0.54% more than the 2018 Actual. The variances are all less than materiality.

Table 4.7: 2020 Actual vs. 2019 Actual

Reporting Basis	2019 Actual	2020 Actual	Increase (Decrease)
Operations	680,237	753,224	72,987
Maintenance	305,444	304,062	(1,382)
Billing and Collecting	531,084	554,625	23,541
Community Relations	16,141	17,215	1,074
Administrative and General (including LEAP)	1,092,454	1,063,575	(28,879)
Total OM&A Expenses	**2,625,359**	**2,692,701**	**67,342**
Percent Change			**2.57%**

The total OM&A expenses in 2020 Actual are $67,342 or 2.57% more than the 2019 Actual. The main reason for the variances are:

- The variance in operations of $72,987 was due to transitioning to a new Director of Operations. During 2019, the Manager of Distribution Assets role was vacant for 7 months while the role was being revised. In 2020, the position was filled temporarily while Lakefront searched for a Director of Operations to replace the position. The Director of Operations was hired in November 2020. This resulted in an impact of $110,086.

Table 4.8: 2021 Bridge Year vs. 2020 Actual

Reporting Basis	2020 Actual	2021 Bridge	Increase (Decrease)
Operations	753,224	667,624	(85,600)
Maintenance	304,062	307,241	3,178
Billing and Collecting	554,625	562,378	7,753
Community Relations	17,215	19,474	2,259
Administrative and General (including LEAP)	1,063,575	1,133,595	70,020
Total OM&A Expenses	**2,692,701**	**2,690,311**	**(2,390)**
Percent Change			**(0.09%)**

The total OM&A expenses in 2021 Bridge Year are $2,390 or 0.09% less than the 2020 Actual. The main reason for the variances are:

- Operations decreased in the 2021 Bridge Year compared to 2020 Actual. As detailed above, 2020 operations expenses included additional costs in implementing the Director of Operations role.

- Increase in 2021 Bridge Year of $70,020 in administrative and general is associated with $50,000 budgeted for third parties to be utilized throughout the Cost of Service period. In the past, Lakefront has utilized third parties for internal control review, deferral and variance account audits, and assistance with operational reviews; the utilization of 3rd parties was curtailed in 2020 relative to other years as a result of COVID related restrictions. Further, there is an increase of $52,500 in 2021 resulting from the replacement of two finance assistants that are retiring and the transitioning/overlap of the replacements. The noted increase was offset by a decrease in meter reading costs as the 2020 expenses included $24,167 related to costs associated with the water tower painting and removal/reinstallation of AMI.

Table 4.9: 2022 Test Year vs. 2021 Bridge Year

Reporting Basis	2021 Bridge	2022 Test	Increase (Decrease)
Operations	667,624	707,393	39,769
Maintenance	307,241	312,541	5,301
Billing and Collecting	562,378	580,283	17,905
Community Relations	19,474	19,757	283
Administrative and General (including LEAP)	1,133,595	1,205,733	72,138
Total OM&A Expenses	**2,690,311**	**2,825,707**	**135,396**
Percent Change			**5.03%**

The total OM&A expenses in 2022 Test Year are $135,396 or 5.03% more than the 2021 Bridge Year. The variance is largely in the administration and general category:

- Increase of $43,246 related to pay band adjustments to occur in 2022.
- Inflationary increases in wages of $26,677.
- Projection of legal fees related to contract review and other legal matters (which have occurred in prior years) of $10,000.
- Control room costs of $20,000.
- Regulatory expenses and the amortization of the 2022 Cost of Service expenses, an increase of $38,564.

OM&A PROGRAMS TABLE (APPENDIX 2-JC)

In accordance with Chapter 2 filing requirements, LUI has completed Appendix 2-JC, Table 4.10 below which shows a summary of the 2017 Board Approved to 2022 Test Year.

Table 4.10: OEB Appendix 2-JC OM&A Programs

Programs	Last Rebasing Year (2017 Board-Approved)	Last Rebasing Year (2017 Actuals)	2018 Actual	2019 Actual	2020 Actual	2021 Bridge Year	2022 Test Year	Variance (Test Year vs. 2020 Actuals)	Variance (Test Year vs Last Rebasing Year - 2017 Board Approved)
Reporting Basis	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Customer Focus									
Community Relations	$26,069	$21,126	$27,414	$22,066	$23,065	$25,324	$25,970	$2,905	($99)
Billing, Collecting, & Customer Service	$259,584	$268,719	$254,388	$286,456	$276,159	$310,119	$323,635	$47,477	$64,052
Bad Debts and Collections	$47,527	$112,820	$18,617	$23,725	$40,595	$52,520	$53,779	$13,184	$6,252
Sub-Total	**$333,180**	**$402,665**	**$300,419**	**$332,247**	**$339,819**	**$387,963**	**$403,384**	**$63,565**	**$70,204**
Operational Effectiveness									
Meter Maintenance & Readings	$301,526	$308,974	$318,082	$299,051	$281,695	$254,176	$258,254	($23,442)	($43,273)
Overhead Maintenance	$329,589	$334,106	$389,391	$420,279	$394,903	$330,866	$336,812	($58,091)	$7,223
Underground Maintenance	$148,832	$125,455	$196,507	$184,422	$186,795	$174,963	$177,856	($8,939)	$29,024
Engineering	$71,812	$130,592	$102,982	$130,477	$232,653	$192,640	$204,628	($28,025)	$132,816
Distribution Station Maintenance	$68,439	$47,790	$90,967	$94,456	$115,341	$113,587	$135,061	$19,719	$66,621
Transformer Maintenance	$11,968	$32,654	$61,050	$25,080	$17,808	$54,164	$55,126	$37,317	$43,158
Vegetation Maintenance	$48,230	$46,423	$48,328	$52,817	$65,963	$54,209	$55,068	($10,895)	$6,838
Building Maintenance	$68,289	$55,743	$60,478	$61,930	$65,192	$65,540	$66,523	$1,331	($1,766)
Administrative and Financial	$573,293	$476,702	$496,106	$529,383	$531,036	$543,027	$565,519	$34,482	($7,774)
Sub-Total	**$1,621,977**	**$1,558,439**	**$1,763,893**	**$1,797,897**	**$1,891,386**	**$1,783,170**	**$1,854,845**	**($36,542)**	**$232,868**
Public and Regulatory Responsiveness									
Insurance	$64,829	$69,627	$79,997	$69,803	$82,307	$83,280	$81,030	($1,277)	$16,200
Regulatory Compliance	$73,299	$69,494	$78,547	$70,867	$73,247	$75,959	$114,523	$41,275	$41,224
Professional Fees & Dues	$182,254	$189,302	$287,400	$257,018	$218,865	$261,353	$271,862	$52,996	$89,607
Office Supplies & Telecommunications	$96,340	$100,341	$101,020	$97,527	$87,077	$98,585	$100,064	$12,988	$3,724
Sub-Total	**$416,723**	**$428,763**	**$546,963**	**$495,215**	**$461,496**	**$519,178**	**$567,478**	**$105,982**	**$150,755**
Total OM&A	**$2,371,880**	**$2,389,866**	**$2,611,275**	**$2,625,359**	**$2,692,701**	**$2,690,311**	**$2,825,707**	**$133,006**	**$453,827**

A detailed variance analysis on a program basis is provided in section 2.4.3 in accordance with the Filing Requirements.

RECOVERABLE OM&A COST PER CUSTOMER AND PER FULL TIME EQUIVALENT (APPENDIX 2-L)

Table 4.11 shows an excerpt from Appendix 2-L of the Chapter 2 filing requirements.

Table 4.11: OEB Appendix 2-L OM&A Cost per Customer and per FTE

Particulars	2017 Board Approved	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Bridge Year	2022 Test Year
Reporting Basis	**MIFRS**	**MIFRS**	**MIFRS**	**MIFRS**	**MIFRS**	**MIFRS**	**MIFRS**
OM&A Costs							
OM	$721,191	$835,477	$990,592	$985,681	$1,057,287	$974,865	$1,019,934
Admin Expenses	$1,650,689	$1,554,390	$1,620,683	$1,639,678	$1,635,414	$1,715,446	$1,805,772
Total Recoverable OM&A from Appendix 2-JA	**$2,371,880**	**$2,389,866**	**$2,611,275**	**$2,625,359**	**$2,692,701**	**$2,690,311**	**$2,825,707**
Number of Customers	10,541	10,433	10,548	10,647	10,760	10,876	10,994
Number of FTEs	18.50	16.00	16.66	16.00	17.41	16.98	16.94
Customers/FTE	569.78	652.10	633.11	665.27	618.09	640.35	648.80
OM& cost per customer							
O&M	$68	$80	$94	$93	$98	$90	$93
Admin per customer	$157	$149	$154	$154	$152	$158	$164
Total OM&A per customer	**$225**	**$229**	**$248**	**$247**	**$250**	**$247**	**$257**
Compound Annual Growth Rate							**2.70%**
OM&A cost per FTE							
O&M per FTE	$38,983	$52,220	$59,457	$61,592	$60,734	$57,397	$60,192
Admin per FTE	$89,226	$97,154	$97,276	$102,459	$93,944	$101,000	$106,569
Total OM&A per FTE	**$128,210**	**$149,374**	**$156,733**	**$164,051**	**$154,678**	**$158,397**	**$166,761**

Total OM&A cost per customer has increased from $225 per customer in 2017 Board Approved to $257 per customer in 2022 Test Year, an increase of $32 per customer or 14.22%. This represents a compound annual growth rate of 2.70%, approximately in line with inflation.

CAPITALIZED OVERHEAD

As stated in the filing requirements, Lakefront is required to identify change in OM&A in the test year in relation to change in capitalized overhead.

Lakefront confirms that its auditors have reviewed and accepted Lakefront's capitalization methods and there are no changes to the methodology since the 2017 Cost of Service. A detailed description of Lakefront's overhead and capitalization policies can be found in Exhibit 2 along with Board Appendix 2-D. Further, changes on year over year basis are a result of changes in the allocation of labour hours between OM&A and capital programs due to differing annual demands.

2.4.3 OM&A PROGRAM DELIVERY COSTS WITH VARIANCE ANALYSIS

PROGRAM DESCRIPTION

The following section describes programs which Lakefront Utilities Inc. is adopting. The categorization of USoA account/functions has been based on the RRFE categories: Customer Focus, Operational Effectiveness and Public & Regulatory Responsiveness.

Customer Focus

- Community Relations
- Billing, Collecting, Customer Service
- Bad Debts and Collections

Operational Effectiveness

- Meter Maintenance and Readings
- Overhead Maintenance
- Underground Maintenance
- Engineering
- Distribution Station Maintenance
- Transformer Maintenance
- Vegetation Management
- Building Maintenance
- Administration and Financial

Public and Regulatory Responsiveness

- Insurance
- Regulatory Compliance
- Professional fees and dues
- Office supplies and telecommunications

Each program is discussed further below.

CUSTOMER FOCUS

Community Relations

Community involvement and public relations remain an important core value of LUI. Continued local community involvement in selective focus areas will aid in achieving the goal of being recognized as value member of the community served. The implementation of social media (Twitter and Facebook), website, Lakefront mobile app, Silverblaze and LiveChat have provided additional channels to promote LUI's community involvement initiatives.

The organizational effectiveness and communications programs involve developing and maintaining effective employee, customer and shareholder relations. It also involves organizational development, and reaching out to customers in many forms, such as social media and online communication. Lakefront also engages customers through it's biennial survey with RedHead Media and through its Town of Cobourg Holdings Inc.'s annual presentation to Council.

Billing, Collecting & Customer Service

LUI's billing staff are responsible for all billing activities supporting all customers in LUI's service territory. This includes monthly billing that results in Lakefront Utilities Inc. issuing over 100,000 bills annually in addition to approximately 2,000 final bills for customers moving within or outside of Lakefront's service territory. The billing department is responsible for managing Electronic Business Transactions (EBT) and retailer settlement functions for just over 500 retailer accounts; account adjustments; processing of meter change (e.g. re-verification); and other various account related field service orders, and mailing services. In 2020 LUI produced over 130,000 bills with a billing accuracy of 98%.

LUI offers customers a number of billing and payment options including an electronic bill, pre-authorized payments, equal payment plan, and credit card payments. In addition, customers can view their usage and manage their consumption using an online application.

Collection activity is not exclusive to overdue accounts; it also includes the adoption and continued application of the Customer Service Amendments consistent with the OEB's DSC. The department is also responsible for the activation and reconciliation of the equal payment program and processing payments.

LUI endeavours to maintain an early collections process to minimize the number of accounts that near the disconnection stage. Active accounts are collected through phone calls, notices, and hand delivered letters.

The Customer Service staff are responsible for handling day to day customer inquiries in regards to their accounts and fielding numerous other questions as they relate to Government and Regulatory policy, conservation and demand management, pricing and consumption inquiries. In addition to this function, CSR's are also responsible for processing of payments dropped off at our office, going to the post office and processing those payments, responding to emails, and numerous other administrative tasks.

As the number of electricity end users in our service area increases and changes occur within Ontario's electricity market, LUI's call and correspondence volumes will continue to increase.

Bad Debt and Collections

Unfortunately, bad debt costs are the nature of any business. However, due to the stringent requirements for the treatment of low-income customers, more focus is needed by the customer service staff to assist this group of customers. Overdue final accounts are assigned to a collection agency after being approved at the quarterly board meetings. LUI could experience fluctuations in bad debt expense as a result of potential decline in the economy, increased rates and climate change.

OPERATIONAL EFFECTIVENESS

Meter Maintenance and Reading

This department is responsible for the installation, testing, and commissioning of new metering and for the ongoing operations of existing metering, both simple and complex metering installations. Testing of complex metering installations ensures the accuracy of the installation (e.g. to verify that the appropriate meter multipliers are applied through the billing process). Metering will also investigate potential stopped meters, diversion and/or theft of power which may give rise to unsafe conditions or cause other customers to be inappropriately held financially responsible for overall costs. The metering group benefits customers in two ways:

1. The ongoing accurate operation of meters provides real time operating data to SCADA and other systems that supports Systems Operations.

2. Ensuring that bills are computed correctly, therefore ensuring that customers are fairly charged for the services provided.

Overhead and Underground Maintenance

LUI's strategy is to provide safe, reliable service at an appropriate level of quality and price throughout the license service area. LUI's maintenance strategy is an important part of its overall strategy of minimizing the life cycle costs of assets by minimizing reactive and emergency-type work, through planned maintenance programs (including predictive and preventative actions). These strategies are implemented through work practices that promote a good experience for the customer with regard to safety, security of supply, reliable continuity of service, the timely restoration of service and the minimization of undesirable service conditions. LUI's customers receive high quality services and customers see that the system is in a state of good repair, that crews are engaged in inspection, testing, cleaning, and verification activities. Increasingly, however, LUI's assets and services are less visible – underground conductors encased in conduits, Smart Meters that do not need to be read manually and, system monitoring (e.g. for voltage sag, line balancing, to ensure backup can be realized) via electronic devices that communicate wirelessly and provide real time analysis that has less of an impact on customers.

LUI's underground and overhead maintenance expenses include all costs relating to the operation and maintenance of LUI's distribution system. This includes both direct labour costs and non-capital material spending to support both scheduled and reactive maintenance events. In addition, costs are allocated from support departments to cover the costs of burdens. LUIs existing overhead plant is for the most part over 40 years old and will require increased maintenance costs until it can be replaced as part of the capital asset plan.

Engineering

LUI's information systems/GIS is the designated asset register for field assets and serves as an accurate model of LUI's physical electrical distribution system. LUI's GIS asset database is the asset source data that supports the ACA process as well as LUI's capital planning process. Asset data in the GIS is captured from a multitude of sources including, but not limited to construction as-built records and legacy records. However, annual inspection and maintenance program results including inspection dates, transformer maintenance records, and third-party attachments are stored outside the GIS. As the asset is visited through planned inspections or maintenance, the asset data is verified and if needed corrected. The information in the GIS, such as location, asset ratings and specifics of the asset in whole describe the asset. Furthermore, the asset register can aid in cost control through optimization of the asset's lifecycle.

The GIS mapping system is used to capture/access infrastructure attribute data (i.e. nameplate data, condition, inspection/maintenance histories, etc.). The data will aid in cost control through optimization of the asset's lifecycle.

Supervisory control and data acquisition (SCADA) brought back online in 2020 gathers and analyses plant/equipment data. SCADA will aid in troubleshooting, holdoffs, grid status etc. reducing the time and cost in addressing service issues. Real-time breaker status, voltage and current readings from the seven distribution stations are monitored and displayed through the SCADA system. The SCADA system can also coordinate field work to provide work protection and safe conditions for the crews doing work on the system.

Smart Maps is used for outage management and planned electrical system load analysis and will aid in cost control through faster and more efficient power restoration.

Mobile equipment is being put into use to develop a mobile workforce that provides paperless access to GIS information, maps, schematics, drawings and standards for inspection crews and Operations supervisors. Immediate access to data helps streamline utility operations and ensure crew safety in executing capital projects or day to day operations.

Outsourcing is used for many services to save on costs. In-house versus outsourcing is carefully reviewed and managed to ensure overall best value and ongoing value benefit. One example is the outsourcing of the distribution station maintenance by hiring a contractor to inspect and perform preventative maintenance when the costs of staff and equipment required would not be financially beneficial. Another example is the value benefit of preparing in-house designs. These designs include the field system gathering evaluation and office engineered construction analysis and designs for end-of-life assets and voltage conversation projects.

Additional services LUI provides are Offers to Connect requests from developers for the design and installation of distribution plant for projects that require expansion to LUI's system. LUI must also maintain the collection, analysis and allocation of materials, as well as labour for the overall system planning coordination and management of the distribution system design, through construction activities to enhance, modify and renew the distribution system.

Distribution Station Maintenance and Transformer Maintenance

LUI owns and operates seven distribution station transformers, with five in Cobourg and two in Colborne. Beginning in 2012, LUI invested in a SCADA system at its seven stations and LUI utilizes the services of Utilismart to provide remote meter readings to some of its stations. This assists in more accurate and timely station and feeder loading models. Additionally, LUI implemented GIS to assist in mapping assets, and improving data input for increased system optimization.

LUI maintenance consists of completing visual inspections as per the OEB's DSC requirements of its plant and performs predictive testing on certain assets where such testing is available, and replaces assets based on inspection and testing results as warranted. Lakefront staff are responsible for the following:

- Station inspections
- Annual power transformer oil testing
- Transformer and switch testing and maintenance
- Oil containment inspection and maintenance
- Infrared scanning of electrical facilities
- Voltage regulator checks
- Recloser inspection, maintenance, and testing

Vegetation Management (Tree Trimming)

Tree trimming is a critical element of the overall maintenance program that brings measurable results to the utility. LUI's service territory is heavily treed and there is the potential for unplanned outages that are caused by tree contact; therefore, regular vegetation management is required. Vegetation can interfere with the safe and reliable operation of LUI's electrical system and trees and brush growing in the vicinity of electrical wires can increase the risk of injury to the public and LUI's employees as vegetation contacts or arcs with power lines. LUI's regular vegetation management is based on a regular cyclical geographical based schedule as well as input from routine inspections. Vegetation is managed to ensure there is adequate clearance between the line and any trees or other vegetation that could interfere with the operation of the power system.

To manage the tree trimming activities requirement for LUI, an outside contractor is used.

Building Maintenance

Building maintenance expenditures are required for the repair maintenance and upkeep of LUI's administration building and garage facility. LUI's administrative building is over 85 years old and classified as a heritage building in Cobourg. Regular maintenance is conducive to its safe, ergonomically suitable upkeep.

Administration and Financial

The program includes administrative/financial costs incurred annually as part of the utility's business operations. These costs also include general accounting, policy development and human resources. This program covers preparation of statutory, management and financial report; accounts payable and general accounting; treasury functions, including borrowing and cash management; financial risk management; accounting systems and internal control processes; preparation of consolidated budgets and forecasts; and tax compliance.

PUBLIC AND REGULATORY COMPLIANCE

Insurance

This program includes costs for executive insurance, liability insurance and property insurance required to protect LUI in its daily operations.

Regulatory Compliance

These program costs are related to LUI's commitment to comply with Ontario's evolving energy market, changing government policy and evolving regulatory framework. The increased complexity in the regulatory environment, such as RRFE, Distribution System Plan, all can increase spending. LUI constantly searches ways to minimize costs and improve efficiencies through collaboration, whether it is with CHEC or neighboring utilities - purchasing groups, we are always seeking economies of scale and scope opportunities.

Professional Fees and Dues

The program includes costs such as auditor, outside consultants and legal costs incurred annually as part of the utility's business operations. The program covers preparation of audited financial statements, legal costs for preparation of documents or advice for LUI's tax filing.

Office Supplies and Telecommunications

This program includes the monthly costs of phone service, fibre services, postage, bill print paper, etc. The expense also includes the costs of an after-hours service to ensure that operations respond to emergencies in a timely manner.

PROGRAM VARIANCE ANALYSIS

In accordance with Chapter 2 filing requirements, LUI has completed Appendix 2-JC, Table 4.12 below which shows a summary of the 2017 Board to 2022 Test Year.

Table 4.12: OEB Appendix 2-JC OM&A Programs

Programs	Last Rebasing Year (2017 Board-Approved)	Last Rebasing Year (2017 Actuals)	2018 Actual	2019 Actual	2020 Actual	2021 Bridge Year	2022 Test Year	Variance (Test Year vs. 2020 Actuals)	Variance (Test Year vs Last Rebasing Year - 2017 Board Approved)
Reporting Basis	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Customer Focus									
Community Relations	$26,069	$21,126	$27,414	$22,066	$23,065	$25,324	$25,970	$2,905	($99)
Billing, Collecting, & Customer Service	$259,584	$268,719	$254,388	$286,456	$276,159	$310,119	$323,635	$47,477	$64,052
Bad Debts and Collections	$47,527	$112,820	$18,617	$23,725	$40,595	$52,520	$53,779	$13,184	$6,252
Sub-Total	**$333,180**	**$402,665**	**$300,419**	**$332,247**	**$339,819**	**$387,963**	**$403,384**	**$63,565**	**$70,204**
Operational Effectiveness									
Meter Maintenance & Readings	$301,526	$308,974	$318,082	$299,051	$281,695	$254,176	$258,254	($23,442)	($43,273)
Overhead Maintenance	$329,589	$334,106	$389,391	$420,279	$394,903	$330,866	$336,812	($58,091)	$7,223
Underground Maintenance	$148,832	$125,455	$196,507	$184,422	$186,795	$174,963	$177,856	($8,939)	$29,024
Engineering	$71,812	$130,592	$102,982	$130,477	$232,653	$192,640	$204,628	($28,025)	$132,816
Distribution Station Maintenance	$68,439	$47,790	$90,967	$94,456	$115,341	$113,587	$135,061	$19,719	$66,621
Transformer Maintenance	$11,968	$32,654	$61,050	$25,080	$17,808	$54,164	$55,126	$37,317	$43,158
Vegetation Maintenance	$48,230	$46,423	$48,328	$52,817	$65,963	$54,209	$55,068	($10,895)	$6,838
Building Maintenance	$68,289	$55,743	$60,478	$61,930	$65,192	$65,540	$66,523	$1,331	($1,766)
Administrative and Financial	$573,293	$476,702	$496,106	$529,383	$531,036	$543,027	$565,519	$34,482	($7,774)
Sub-Total	**$1,621,977**	**$1,558,439**	**$1,763,893**	**$1,797,897**	**$1,891,386**	**$1,783,170**	**$1,854,845**	**($36,542)**	**$232,868**
Public and Regulatory Responsiveness									
Insurance	$64,829	$69,627	$79,997	$69,803	$82,307	$83,280	$81,030	($1,277)	$16,200
Regulatory Compliance	$73,299	$69,494	$78,547	$70,867	$73,247	$75,959	$114,523	$41,275	$41,224
Professional Fees & Dues	$182,254	$189,302	$287,400	$257,018	$218,865	$261,353	$271,862	$52,996	$89,607
Office Supplies & Telecommunications	$96,340	$100,341	$101,020	$97,527	$87,077	$98,585	$100,064	$12,988	$3,724
Sub-Total	**$416,723**	**$428,763**	**$546,963**	**$495,215**	**$461,496**	**$519,178**	**$567,478**	**$105,982**	**$150,755**
Total OM&A	**$2,371,880**	**$2,389,866**	**$2,611,275**	**$2,625,359**	**$2,692,701**	**$2,690,311**	**$2,825,707**	**$133,006**	**$453,827**

The above variance analysis is between the 2022 Test Year against the 2017 Board-Approved and the 2020 actuals (most recent) as per the Filing Requirements. In accordance with Chapter 2 Filing Requirements, LUI's materiality threshold is $50,000 for a distributor with a distribution revenue requirement less than or equal to $10 million.

Customer Focus – Billing, Collecting, and Customer Service

The 2022 Test Year balance of $323,635 is $64,052 from than the 2017 Board Approved amount of $259,584. The fluctuation from the 2017 Board Approved amount is detailed as follows:

Table 4.13: Summary of Billing, Collecting, and Customer Service

Expense	Details	2022	2017	Increase (Decrease)
Customer Billing	Wages	256,617	201,618	54,999
	Miscellaneous Billing Expenses	1,020	912	108
Collection Charges	N/A	10,225	10,274	(49)
Miscellaneous Customer Accounts Expenses	N/A	55,773	46,780	8,993
Total		**323,635**	**259,584**	**64,051**

The main reason for the variance is as follows:

1) As noted, customer billing mainly includes wages. The increase of $54,999 is attributed to inflationary increases in wages of $24,194. The remaining variance is due to an update in the customer supervisor position. The customer service position was replaced in 2017 and the job description was revised to include supervision of both customer service and regulatory. As a result of the revision, the job position and the pay band were revised to account for the additional duties.

2) The increase in wages was within Lakefront's control:
    a. The customer billing wages includes Customer Service Representatives which are unionized positions and subject to an annual inflationary increase in wages negotiated between the union and Lakefront management.

    b. The decision to update the customer service supervisor position to include regulatory was a business decision. Management determined that the supervisor role and regulatory analyst role overlapped.

Operational Effectiveness – Overhead Maintenance

The 2022 Test Year balance of $336,812 is $58,091 less than the 2020 Actual amount of $394,903. The main reason for the variances are:

1) The amount classified as overhead maintenance consists of staff wages and the decrease from 2020 is primarily due to an allocation of wages between OM&A and capital and an allocation amongst the various operations and maintenance costs.

2) The decrease in wages was within Lakefront's control:
    a. The allocation of wages is based on a thorough review of prior year historical allocations between maintenance accounts.

    b. Management reviews the hours allocated between maintenance and capital work and determines the staff requirements. As a result of increased capital work in 2022, the hours required for maintenance are expected to decrease.

Operational Effectiveness - Engineering

The 2022 Test Year balance of $204,628 is $132,816 more than the 2017 Board Approved amount of $71,812. The main reason for the variances are:

1) The 2017 Board-Approved amount was based on a Manager Electric Distribution and Design. Further, Lakefront had indicated in its 2017 Cost of Service an additional lineman would be hired. However, in December 2016 Lakefront reassessed the unfilled linemen position and it was decided that instead of hiring an additional lineman, the Manager Electric Distribution and Design would be separated into two functions:

a. Manager Electric Asset and Design
b. Manager Electric Distribution

Consequently, a new Manager was hired. The functions were separated so that one Manager would focus on overseeing line crew and completing electric capital asset projects, while collaborating with another Manager who would focus on metering, customer connections, engineer designs and operations, ESA requirements, etc. Overall, the restructuring effort sought to better align resources and more effectively deliver services.

2) The increase in wages was within Lakefront's control:

a. The business decision was between hiring an additional lineman or hiring an additional Manager. The cost of hiring a lineman would be approximately $60,000 to OM&A vs approximately $60,000 for an additional Manager (due to differences in allocation of hours between capital and OM&A).

b. Lakefront had considered hiring both a lineman and additional Manager, however two additional positions would be approximately $120,000 and Lakefront felt the additional cost was unnecessary at the time.

Operational Effectiveness – Distribution Station Maintenance

The 2022 Test Year balance of $135,061 is $66,621 more than the 2017 Board Approved amount of $68,439. The main reason for the variances are:

1) Included in distribution station maintenance are staff wages and third-party costs and therefore approximately $40,000 of the increase is related to inflationary increases in staff wages and inflation increases in third party costs.

2) The remaining increase of approximately $20,000 is related to potential third-party control room shared costs. As Lakefront faces ongoing demands for better service and fewer, shorter outages, Lakefront is looking to include the latest smart technology in its operations in collaboration with another electric utility. Lakefront has been in contact with a third-party to provide control room services.

To summarize, Lakefront has identified a need to implement control room capabilities and there are two options:

1. Complete the upgrade resulting in incremental operating costs of approximately $100,000 per.
2. Coordinate with a third-party to share in the technology for approximately $20,000 per year.

Lakefront has proposed the second option for the purposes of rate-setting.

3) The increase in distribution station maintenance was within Lakefront's control:

a. The increase in wages were based on the union collective agreement.

b. The increase in potential third party control room costs is within Lakefront's control. Based on discussions amongst senior Lakefront staff and its Board of Directors, the reality of today's distribution networks and tomorrow's modern grids made it clear that the modern distribution system needs to evolve. Without the evolution, Lakefront risks creating costly inefficiencies in work processes, utilizing inaccurate data to make critical operational and business decisions which may result in extended outage durations, non-compliance with regulations, and increased customer dissatisfaction. Lakefront considered implementing its own control room, however the costs of workstations, and network infrastructure would be greater than $100,000 per year, compared to the proposed shared control room which Lakefront anticipates will attract incremental costs of $20,000 per year.

Public and Regulatory Responsiveness – Professional Fees and Dues

The 2022 Test Year balance of $271,862 is $89,607 more than the 2017 Board Approved amount of $182,254. A summary of professional fees and dues is listed below.

Table 4.14: Summary of Professional Fees and Dues

Expense	Increase (Decrease)
Professional Fees	62,944
Dues	(12,240)
IT Services	38,903
Total	**$89,607**

The main reason for the variances are:

1) Included in the 2022 Test Year is $50,000 related to utilizing potential third parties for completing professional work. Throughout 2017 to 2020, Lakefront utilized third parties to conduct:
    a. deferral and variance account audit of Accounts 1588/1589
    b. thorough review of internal controls
    c. Northstar utilization review

    The utilization of third parties is a way for Lakefront to acquire specialist skills and knowledge that can make a significant difference to the value of an organization's end products and services, without having to commit to permanent internal resources. Lakefront has also experienced that third parties with cutting edge capabilities and tailored offerings provided Lakefront an advantage as the value amounted to something far superior to that which Lakefront could develop on our own. Consequently, Lakefront has included

$50,000 in the 2022 Test Year to account for future use of third parties, which is consistent with the historical actual spending.

2) The increase in IT services is the result of Lakefront changing third-party service providers. Lakefront issued an RFQ for IT services in 2018 as the current services provider was not meeting performance standards and lacked the ability to deliver strategic, top-level recommendations for Lakefront. The new IT service provider has resulted in additional annual fees of approximately $35,000. Lakefront also utilizes a third party from Baker Tilly Consulting to assist with IT services. The third-party monitors and managers interactions with Lakefront's IT service provider and ensures Lakefront is compliant with all OEB IT requirements, particularly with respect to increased cyber security requirements. The annual Baker Tilly cost is $10,000.

   A portion of the increased annual fees of approximately $35,000 noted above is related to complying with the OEB's IT cybersecurity requirements. Further, the majority of the $10,000 to utilize a third party from Baker Tilly is to assist with complying with the cybersecurity requirements as the third party assists with the annual confirmation filed in the RRR filing confirming compliance with the cyber security requirements and the third party presents to the Lakefront Board of Directors and provides an update on compliance with the requirements.

3) The significant changes were within Lakefront's control.

   a. The business decision to utilize third parties was within Lakefront's control and was utilized throughout the Cost of Service period. Lakefront managed the cost by ensuring contracts were signed and budgets were adhered to. Lakefront had alternatively considered hiring an internal staff member however the third-party reports varied significantly, and the cost of a third party would be significantly less than hiring an employee for approximately $80,000.

   b. The business decision to replace the IT service provider and to subcontract IT management to a Baker Tilly was within Lakefront's control. Lakefront had considered hiring an IT employee instead of replacing the service provider, however the cost of an additional employee (approximately $80,000) is significantly less than the fees paid to the service provider (approximately $45,000). Further, as a small LDC, Lakefront did not feel it was prudent to hire an employee for IT requirements. Similarly, Lakefront had considered hiring an IT Manager to oversee the third party, but the costs of the employee would significantly outweigh the cost of outsourcing.

As noted above, the majority of the increases were within Lakefront's control and were based on rational decisions by Lakefront's senior management and approved by the Board of Directors. However, a material driver of the costs noted above were the result of new OEB IT cyber security requirements, a requirement that Lakefront is obligated to meet.

Public and Regulatory Responsiveness – Professional Fees and Dues

The 2022 Test Year balance of $271,862 is $52,996 more than the 2020 Actual amount of $218,865. The main reason for the increase is the $50,000 related to utilizing potential third parties for completing professional work. As noted, COVID related restrictions contributed to a curtailment of Lakefront's use of 3rd parties during 2020; Lakefront has reintroduced the budget for 3rd parties in its 2021 budget and beyond.

2.4.3.1 WORKFORCE PLANNING AND EMPLOYEE COMPENSATION

APPENDIX 2-K – EMPLOYEE COSTS

OEB Appendix 2-K presented below details Lakefront Utilities Inc.'s employee compensation.

In accordance with Board policy which states that: "Where there are three, or fewer, full-time equivalents (FTEs) in any category, Lakefront Utilities Inc. may aggregate this category with the category to which it is most closely related. This higher level of aggregation may be continued, if required, to ensure that no category contains three, or fewer, FTEs". LUI has separated out its Executive and Management employees in the FTEs but has lumped them in with the non-union employees for all other reporting in OEB Appendix 2-K.

Table 4.15: OEB Appendix 2-K – Employee Compensation

Particulars	Last Rebasing Year - 2017 - Board Approved	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Bridge Year	2022 Test Year
Number of Employees (FTEs including Part-Time)							
Management (including executive)	2.46	2.79	2.79	2.44	2.11	2.96	2.96
Non-Management (union and non-union)	16.04	13.21	13.87	13.56	15.77	14.02	13.98
Total	18.50	16.00	16.66	16.00	17.89	16.98	16.94
Total Salary and Wages including overtime and incentive pay							
Management (including executive)	$0	$0	$0	$0	$0	$0	$0
Non-Management (union and non-union)	$1,342,148	$1,259,339	$1,429,734	$1,381,790	$1,492,790	$1,589,190	$1,586,265
Total	$1,342,148	$1,259,339	$1,429,734	$1,381,790	$1,492,790	$1,589,190	$1,586,265
Total Benefits (Current and Accrued)							
Management (including executive)	$0	$0	$0	$0	$0	$0	$0
Non-Management (union and non-union)	$384,996	$378,047	$405,444	$409,382	$453,302	$461,799	453,212
Total	$384,996	$378,047	$405,444	$409,382	$453,302	$461,799	$453,212
Total Compensation (Salary, Wages, & Benefits)							
Management (including executive)	$0	$0	$0	$0	$0	$0	$0
Non-Management (union and non-union)	$1,727,144	$1,637,386	$1,835,178	$1,791,172	$1,946,092	$2,050,990	$2,039,478
Total	$1,727,144	$1,637,386	$1,835,178	$1,791,172	$1,946,092	$2,050,990	$2,039,478

DESCRIPTION OF WORKFORCE PLANS

This section of Exhibit 4 provides an overview of LUI's previous and proposed workforce plans, including compensation strategy.

LUI's overall compensation philosophy for all employees is designed to be competitive and equitable in order to attract and retain qualified personnel in an industry that is facing an aging workforce and is very competitive for skilled resources. The compensation package includes a base wage and benefits package. LUI's workforce is comprised of both unionized and non-unionized employees.

Compensation – Union

Compensation for unionized employees is negotiated through the collective bargaining process. When negotiated wage levels, consideration is given to the skill sets required to work within LUI's distribution system, as well as the competitive wage levels of its geographic market. They are represented by the Canadian Union of Public Employees (CUPE) Local #25.

LUI's Collective Agreement with unionized staff provides for annual pay increases and employee set progressions. Labour rates and benefits are adjusted annually based on negotiated percentages as per the collective agreement. The current collective agreement commenced February 1, 2021 and will expire January 31, 2023. LUI negotiated annual wage increases for 2020 to 2022 is 1.85%. LUI's current collective agreement is included in Appendix A.

Compensation – Non-Union

Annual pay increases for non-union employees are based on performance targets established each year on corporate, department and individual objectives. The individual performance component is designed to better reflect the degree of opportunity which employees in each management group have to influence corporate performance. Incentive compensation for management staff reflects an element of compensation put at risk to elicit and sustain continued good performance. Individual targets support the broader design objective of aligning the interest of all stakeholder groups in LUI with an overall focus on efficient delivery of service to customers. Individual measures are developed in consultation with individuals and their immediate superiors.

In 2017 the Hays system was used to evaluate non-union and management positions and this system of pay grids has been kept in place. To attract and retain qualified staff, LUI sets midpoint salaries using a policy line and actual salaries are set by reference to these recommendations and based on corporate and individual performance. All salaries are approved by senior management and/or the Board of Directors as applicable. Management employees are not paid overtime.

Pension

The employees of all LDCs are required to participate in the OMERS retirement plan. Therefore, the pension benefits provided to the employees of Lakefront Utilities Inc. are consistent with the pension benefits provided to employees of other LDCs.

Benefits

A comprehensive and competitive benefits package exists which includes health and dental insurance, life insurance, vacation and leave policies. The plans are designed to address the health and wellness needs of the employees.

All benefit plans for each employee group are essentially the same. The unionized benefit plans, negotiated through collective bargaining, play a significant role in driving the plan design for the non-unionized employees, with many plan provisions remaining common across all employee groups.

The following section details the outcome of previous plans and how those outcomes have impacted LUI's proposed plans including an explanation of the reasons for all material changes to headcount and compensation. Further, the analysis includes the following:

1. Year over year variances, inflation rates used for forecasts, and the plan for any new employees.
2. Basis for performance pay, eligible employee groups, goals, measures, and review process for pay-for-performance plans.
3. Relevant studies (e.g. compensation benchmarking).

Year over Year Variance

Table 4.16 below is a summary of the FTE included in Appendix 2-K.

Table 4.16: FTE Year-over-Year Analysis

Year	FTE	FTE - Increase (Decrease)	Compensation	Compensation - Increase (Decrease)
2017 Actual	16.00	-	$1,637,386	-
2018 Actual	16.66	0.66	$1,835,178	$197,792
2019 Actual	16.00	(0.66)	$1,791,172	($44,006)
2020 Actual	17.41	1.41	$1,946,092	$154,920
2021 Bridge Year	16.98	(0.42)	$2,050,990	$104,898
2022 Test Year	16.94	(0.04)	$2,039,478	($11,512)

As noted above:

- The year-over-year variance from 2017 to 2022 Test Year is not significant (0.94 FTE) and is mainly due to fluctuations in hiring temporary seasonal staff (summer students) and fluctuations in minimal staff turnover.

- Total compensation was consistent year-over-year from 2017 to 2022 with an average annual increase of $80,418. The significant fluctuations are as follows:

  - Increase in 2018 compensation was the result of the replacement of the Manager of Asset Design. The employee was hired in October 2017 and therefore 2018 included the full years salary compared to only three months in 2017. Further, as previously noted, the Customer Service Supervisor position was updated in 2017 to include a revised job description that includes both customer service and regulatory. The previous Regulatory Analyst transitioned to the role of Regulatory and Billing Supervisor, which resulted in an increased salary.

  - Increase in 2020 was due to the replacement of the Manager of Assets and Design. The previous employee was terminated in October 2018 and Lakefront outsourced the functions to a third-party while it assessed the job throughout 2019. The position was hired in December 2019, which resulted in an increase in wages in 2020 as the full year impact was realized.

    Throughout the Cost of Service period from 2017 to 2021, the Manager of Asset Design went through transitions, as follows:

    1. Resigned June 2017.
    2. Position replaced in July 2017.
    3. Employee terminated October 2018.
    4. Position was outsourced to third-party contract until December 2019 while the job position was assessed.
    5. Position was hired in December 2019 as a full-time employee, however the employee hired was recently retired from another utility and temporary filled the role while Lakefront advertised for the position.
    6. Position was transferred to new employee in November 2020.

  - The majority of the increase for 2021 is due to two Finance Assistants retiring in 2021 and the additional wages associated with transitioning replacements.

Below is an analysis of Lakefront's FTE compared to other similar sized LDCs.

Table 4.17: FTE Comparison to other LDCs

LDC	Customer Count	2019 FTE
Rideau St. Lawrence Distribution Inc.	5,910	15
Northern Ontario Wires Inc.	5,977	4
Tillsonburg Hydro Inc.	7,129	20
Centre Wellington Hydro Ltd.	7,156	15
Niagara-On-The-Lake Hydro Inc.	9,558	16
Lakefront Utilities Inc.	10,546	16
Ottawa River Power Corporation	11,320	28
Grimsby Power Inc.	11,631	17
Algoma Power Inc.	11,732	61
E.L.K. Energy Inc.	12,478	17
Orangeville Hydro Limited	12,652	20

As indicated in the above analysis, Lakefront's 2019 FTE is consistent with other similar sized LDCs and further, Lakefront's 2022 FTE is consistent with its 2019 FTE.

The inflation rate used for forecasts is 1.85%. Lakefront 2022 Cost of Service does not include any forecast new employees.

Basis for Performance Pay

Lakefront's basis for performance pay, eligible employee groups, goals, measures, and review process for pay-for-performance plans is documented above under "Description of Workforce Plans".

Relevant Studies

Lakefront has not utilized any relevant studies, including compensation benchmarking.

VIRTUAL UTILITIES

Lakefront confirms that it is a virtual utility as all resources are provided by Lakefront Utility Services Inc. Appendix 2-K has been completed in relation to the employees who are doing work for the regulated utility.

As detailed above, in accordance with Board policy which states that: "Where there are three, or fewer, full-time equivalents (FTEs) in any category, Lakefront Utilities Inc. may aggregate this category with the category to which it is most closely related. This higher level of aggregation may be continued, if required, to ensure that no category contains three, or fewer, FTEs". LUI has separated out its Executive and Management employees in the FTEs but has lumped them in with the non-union employees for all other reporting in OEB Appendix 2-K.

EMPLOYEE BENEFIT PROGRAMS

The following section includes details of employee benefit programs include pensions, other post-employment retirement benefits (OPEBs), and other costs charged to OM&A.

A detailed summary of benefit program costs are presented in Table 4.18 which includes a breakdown of the pension and OPEB amounts included in OM&A and capital for the 2017 OEB-Approved, all historical, bridge, and test years.

Table 4.18: Benefit Expenses

Benefit	2017 Board Approved	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Bridge Year	2022 Test Year
Statutory							
CPP	42,289	41,877	41,844	44,597	49,406	52,404	50,917
EI	19,874	13,227	14,099	14,283	14,916	14,983	14,537
EHT	25,088	25,109	28,240	27,482	31,516	31,588	31,530
WSIB	12,688	12,750	15,115	14,257	13,572	12,487	12,405
Total Statutory	**99,939**	**92,963**	**99,298**	**100,619**	**109,411**	**111,462**	**109,388**
Company							
OMERS	124,280	138,688	146,634	145,775	158,000	160,962	157,969
Health	129,096	114,679	132,870	138,230	161,803	164,836	161,771
Life Insurance	31,681	31,717	26,642	24,758	24,087	24,540	24,084
Total Company	**285,057**	**285,084**	**306,146**	**308,763**	**343,890**	**350,338**	**343,824**
Total Benefit Costs	**384,996**	**378,047**	**405,444**	**409,382**	**453,302**	**461,799**	**453,212**
OM&A vs Capital							
Allocated to OM&A	307,516	301,965	325,134	324,435	356,705	369,711	362,623
Allocated to Capital	77,480	76,082	80,310	84,947	96,597	92,088	90,589
Total Benefit Costs	**384,996**	**378,047**	**405,444**	**409,382**	**453,302**	**461,799**	**453,212**

Statutory deductions have increased 17.72% between 2017 Actual and 2022 Test Year, as a result of wage increases and annual increases in statutory rates.

OMERS Pension Plan

LUI's employees are members of the Ontario Municipal Employees Retirement System (OMERS). OMERS is a multi-employer pension plan that most LDCs participate in, therefore the pension benefit provided to LUI's employees is consistent with that of other LDCs. The plan is a contributory defined benefit pension plan which is financed by equal contributions from the employer and employee based on the employee's contributory earnings. LUI's pension premium information is detailed in Table 4.18 above.

ACTUARIAL REPORT

LUI's latest Actuarial Report is found in Appendix E.

OTHER POST-EMPLOYMENT BENEFITS (OPEBs)

LUI uses the accrual accounting in rate setting for pension and OPEB amounts. This is not a change in the basis in which pension and OPEB costs are included in OM&A from LUI's last rebasing application.

A breakdown of OPEB expenses and a comparison of cash vs accrual costs is illustrated in the Table 4.19.

Table 4.19: OPEB Accrual vs Cash Expense Comparison

Particulars	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Bridge Year	2022 Test Year
Accrual						
OPEB Amount in Rates	26,894	26,894	26,894	26,894	26,894	40,000
Actuarial Cost - Income Statement	27,851	18,869	19,518	21,885	40,476	42,775
Actuarial Cost - Other Comprehensive Income	0	0	0	0	0	0
Cumulative Diffference	957	(7,068)	(14,444)	(19,453)	(5,871)	(3,096)
Cash						
Post Retirement Benefits Paid (OM&A and Capital)	55,701	58,638	58,818	57,737		

The accrual actuarial costs are directly from the Actuarial report provided in Appendix E.

2.4.3.2 SHARED SERVICES AND CORPORATE COST ALLOCATION

SHARED SERVICES

Pursuant to a Services Agreement between Lakefront Utilities Inc. and Lakefront Utility Services Inc., LUI shares certain services with its affiliates. In addition to shared services, certain assets and employees are also shared. The services agreement is attached as Appendix B.

LUI rents office space to Lakefront Utility Services Inc. (LUSI), LUI's affiliate company. The office space is a shared building space – LUSI's office space is approximately 400 square feet and fibre office space is approximately 30 square feet.

In order to maximize efficiencies of scale and avoid duplication, certain administrative and corporate services are shared by the business units. The shared services include executive, finance, information technology, customer service, human resources, and health and safety. Cost-based pricing is used for the shared services allocation.

ALLOCATION METHODOLOGY

The allocation methodology is cost based, as demonstrated in Appendix 2-N and any specific services were allocated to the appropriate affiliates.

Lakefront's allocation methodology is as follows:

- Distribution Operations, Distribution Maintenance, Customer Billing and Collecting, Management and Administration wages is based on actual time incurred and reported on timesheets based on the individual employee's rate plus burdens.

- Miscellaneous Customer Accounts Expenses consist of communication services expenses and is based on actual cost.

- Community relations consists of cost of providing services to the community and is based on actual cost.

- Office supplies and expenses consist of expense incurred in connection with general administration of Lakefront's operations and is based on actual cost.

- Outside services consist of fees and expenses of professional consultants, such as third-party auditors, and is based on actual cost.

- Maintenance of general plant consist of costs related to the maintenance of property recorded in Account 1908 and is based on actual cost.

- Rent is calculated based on the square footage of the office space.

APPENDIX 2-N

Table 4.20: OEB Appendix 2-N Shared Services

Year: 2017 Actual					
Shared Services					
Name of Company					
From	To	Service Offered	Pricing Methodology	Price for Service	Cost for Service
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Distribution Operations Wages and Benefits	Cost Based	574,731	574,731
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Distribution Maintenance Wages and Benefits	Cost Based	214,323	214,323
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Customer Billing and Collecting Wages	Cost Based	413,109	413,109
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Miscellaneous Customer Accounts Expenses	Cost Based	39,501	39,501
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Community Relations	Cost Based	15,276	15,276
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Management and Administrative Wages and Benefits	Cost Based	471,302	471,302
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Office Supplies and Expenses	Cost Based	99,520	99,520
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Outside Services	Cost Based	123,286	123,286
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Maintenance of General Plant	Cost Based	55,743	55,743
Lakefront Utilities Inc.	Lakefront Utility Services Inc.	Office Rental	Cost Based	50,946	50,946

Year: 2018 Actual					
Shared Services					
Name of Company					
From	To	Service Offered	Pricing Methodology	Price for Service	Cost for Service
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Distribution Operations Wages and Benefits	Cost Based	646,650	646,650
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Distribution Maintenance Wages and Benefits	Cost Based	295,614	295,614
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Customer Billing and Collecting Wages	Cost Based	427,122	427,122
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Miscellaneous Customer Accounts Expenses	Cost Based	33,868	33,868
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Community Relations	Cost Based	21,564	21,564
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Management and Administrative Wages and Benefits	Cost Based	488,268	488,268
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Office Supplies and Expenses	Cost Based	99,470	99,470
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Outside Services	Cost Based	215,716	215,716
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Maintenance of General Plant	Cost Based	60,478	60,478
Lakefront Utilities Inc.	Lakefront Utility Services Inc.	Office Rental	Cost Based	51,965	51,965

Year: 2019 Actual					
Shared Services					
Name of Company					
From	To	Service Offered	Pricing Methodology	Price for Service	Cost for Service
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Distribution Operations Wages and Benefits	Cost Based	680,237	680,237
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Distribution Maintenance Wages and Benefits	Cost Based	252,626	252,626
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Customer Billing and Collecting Wages	Cost Based	452,652	452,652
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Miscellaneous Customer Accounts Expenses	Cost Based	49,225	49,225
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Community Relations	Cost Based	16,141	16,141
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Management and Administrative Wages and Benefits	Cost Based	520,090	520,090
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Office Supplies and Expenses	Cost Based	94,709	94,709
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Outside Services	Cost Based	212,378	212,378
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Maintenance of General Plant	Cost Based	61,930	61,930
Lakefront Utilities Inc.	Lakefront Utility Services Inc.	Office Rental	Cost Based	53,004	53,004

Year: 2020 Actual					
Shared Services					
Name of Company					
From	To	Service Offered	Pricing Methodology	Price for Service	Cost for Service
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Distribution Operations Wages and Benefits	Cost Based	753,224	753,224
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Distribution Maintenance Wages and Benefits	Cost Based	238,100	238,100
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Customer Billing and Collecting Wages	Cost Based	461,432	461,432
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Miscellaneous Customer Accounts Expenses	Cost Based	49,513	49,513
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Community Relations	Cost Based	17,215	17,215
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Management and Administrative Wages and Benefits	Cost Based	523,536	523,536
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Office Supplies and Expenses	Cost Based	85,211	85,211
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Outside Services	Cost Based	177,299	177,299
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Maintenance of General Plant	Cost Based	65,192	65,192
Lakefront Utilities Inc.	Lakefront Utility Services Inc.	Office Rental	Cost Based	54,064	54,064

Year: 2021 Bridge Year					
Shared Services					
Name of Company					
From	To	Service Offered	Pricing Methodology	Price for Service	Cost for Service
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Distribution Operations Wages and Benefits	Cost Based	667,624	667,624
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Distribution Maintenance Wages and Benefits	Cost Based	253,032	253,032
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Customer Billing and Collecting Wages	Cost Based	449,703	449,703
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Miscellaneous Customer Accounts Expenses	Cost Based	50,355	50,355
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Community Relations	Cost Based	19,474	19,474
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Management and Administrative Wages and Benefits	Cost Based	536,527	536,527
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Office Supplies and Expenses	Cost Based	98,585	98,585
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Outside Services	Cost Based	213,370	213,370
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Maintenance of General Plant	Cost Based	65,540	65,540
Lakefront Utilities Inc.	Lakefront Utility Services Inc.	Office Rental	Cost Based	55,145	55,145

Year: 2022 Test Year					
Shared Services					
Name of Company					
From	To	Service Offered	Pricing Methodology	Price for Service	Cost for Service
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Distribution Operations Wages and Benefits	Cost Based	707,393	707,393
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Distribution Maintenance Wages and Benefits	Cost Based	257,473	257,473
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Customer Billing and Collecting Wages	Cost Based	460,505	460,505
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Miscellaneous Customer Accounts Expenses	Cost Based	55,773	55,773
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Community Relations	Cost Based	19,757	19,757
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Management and Administrative Wages and Benefits	Cost Based	557,698	557,698
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Office Supplies and Expenses	Cost Based	100,064	100,064
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Outside Services	Cost Based	222,496	222,496
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Maintenance of General Plant	Cost Based	66,523	66,523
Lakefront Utilities Inc.	Lakefront Utility Services Inc.	Office Rental	Cost Based	56,248	56,248

SHARED SERVICE AND CORPORATE COST VARIANCE ANALYSIS

Appendix 2-N has been completed for 2017 Board Approved to 2022 Test Year as part of the Chapter 2 Appendices. Table 4.21 shown below details the variances from the 2017 Board Approved to the 2022 Test Year. The materiality threshold used for explanation of variances is $50,000, as calculated in Exhibit #1.

Table 4.21: Shared Services Variance Analysis – 2022 Test Year vs 2017 Board Approved

2022 Test Year vs 2017 Board Approved						
Shared Services						
Name of Company						
From	To	Service Offered	Pricing Methodology	2022 Test Year	2017 Board Approved	Increase (Decrease)
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Distribution Operations Wages and Benefits	Cost Based	707,393	525,404	181,989
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Distribution Maintenance Wages and Benefits	Cost Based	257,473	147,557	109,917
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Customer Billing and Collecting Wages	Cost Based	460,505	461,735	(1,229)
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Miscellaneous Customer Accounts Expenses	Cost Based	55,773	46,780	8,994
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Community Relations	Cost Based	19,757	20,219	(462)
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Management and Administrative Wages and Benefits	Cost Based	557,698	566,424	(8,725)
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Office Supplies and Expenses	Cost Based	100,064	96,340	3,724
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Outside Services	Cost Based	222,496	120,648	101,848
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Maintenance of General Plant	Cost Based	66,523	68,289	(1,766)
Lakefront Utilities Inc.	Lakefront Utility Services Inc.	Office Rental	Cost Based	56,248	64,641	(8,393)

The material variances are summarized as follows:

1. Distribution Operations Wages and Benefits of $707,393 in the 2022 Test Year have increased $181,989 from the 2017 Board Approved.

   The balance includes wages for operations staff, including the Director of Operations. The increase therefore includes inflationary increases in wages from 2017 to 2022. Further, the balance incorporates the increased salary as a result of the revised position for the Director of Operations.

2. Distribution Maintenance Wages and Benefits of $257,473 in the 2022 Test Year have increased $109,917 from the 2017 Board Approved.

   The balance includes wages for operations staff and therefore includes inflationary increases in wages from 2017 to 2022. Further, the balance incorporates benefits which have increase from 2017.

3. Outside services of $222,496 in the 2022 Test Year have increased by $101,848 from the 2017 Board Approved.

   The balance includes an increase in additional IT service costs that have been allocated in order to address requirements of the OEB Cybersecurity Framework.

Table 4.22 shown below details the variances from the 2020 Actual to the 2022 Test Year. The materiality threshold used for explanation of variances is $50,000, as calculated in Exhibit #1.

Table 4.22: Shared Services Variance Analysis – 2022 Test Year vs 2020 Actual

2022 Test Year vs 2020 Actual						
Shared Services						
Name of Company						
From	To	Service Offered	Pricing Methodology	2022 Test Year	2020 Actual	Increase (Decrease)
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Distribution Operations Wages and Benefits	Cost Based	707,393	753,224	(45,831)
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Distribution Maintenance Wages and Benefits	Cost Based	257,473	238,100	19,374
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Customer Billing and Collecting Wages	Cost Based	460,505	461,432	(926)
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Miscellaneous Customer Accounts Expenses	Cost Based	55,773	49,513	6,261
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Community Relations	Cost Based	19,757	17,215	2,542
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Management and Administrative Wages and Benefits	Cost Based	557,698	523,536	34,162
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Office Supplies and Expenses	Cost Based	100,064	85,211	14,853
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Outside Services	Cost Based	222,496	177,299	45,197
Lakefront Utility Services Inc.	Lakefront Utilities Inc.	Maintenance of General Plant	Cost Based	66,523	65,192	1,331
Lakefront Utilities Inc.	Lakefront Utility Services Inc.	Office Rental	Cost Based	56,248	54,064	2,184

The increases/decreases from the 2020 Test Year compared to the 2020 actual are immaterial.

BOARD OF DIRECTOR COSTS

Lakefront confirms that there are no Board of Director related costs for affiliates included in LUI's costs.

LUI Board costs are recorded in Account 5605.

2.4.3.3 PURCHASES OF NON-AFFILIATE SERVICES

Lakefront's Procurement Policy is attached as Appendix C. LUI purchases equipment, materials, and services in a cost-effective manner with full consideration given to price as well as product quality, the ability to deliver on time, reliability, compliance with engineering specifications and quality of service. Vendors are screened to ensure knowledge, reputation, and the capability to meet Lakefront Utilities Inc.'s needs. The procurement of goods and/or services for LUI is carried out with the highest ethical standards and consideration to the public nature of the expenditures.

The policy details the following:

- When the total expenditure for goods or services is between $15,000 and $30,000, quotations will be solicited from at lease three suppliers.

- A Request for Quotations (RFQ) will be required when the total expenditure for goods or services is expected to exceed $30,000. Tenders and Requests for Proposals (RFP) are required when the total expenditure for goods or services is expected to exceed $50,000.

  Depending on the nature of the work and estimated expense, this could be a formal or an informal process.

- The quotation process may be omitted (ie: single/sole source) in an emergency situation declared by the President or their designate. The sole source purchase must be approved by two Corporate Officers.

Lakefront's procurement methods are subject to the rules and internal controls that LUI has build into their system. The purpose being to provide visibility on the acquisition and to have an authorized approval for all goods and services purchased. Approval authorizations are tired to specific positions within LUI with specific dollar limitations and varies depending on if the purchases was budgeted.

LUI's 2020 vendor list over the materiality threshold of $50,000 is presented in Table 4.23.

Table 4.23: Products and Services from Non-Affiliates 2020

Supplier Name	Service Product	Procurement Method	Document Amount
INDEPENDENT ELECTRICITY SYSTEM OPERATOR	Electricity	Single source	$23,303,655
HYDRO ONE NETWORKS INC.	Distributor	Single source	$5,438,074
DUNDAS POWER LINE LTD.	Capital work	Quote/tender	$604,737
OMERS	Pension benefits	Industry	$261,822
MEARIE GROUP	Insurance - life and LTD	Industry	$235,812
ANIXTER POWER SOLUTIONS CANADA INC.	Maintenance/capital work	Quote/tender	$289,596
ERTH HOLDINGS INC.	Meter maintenance, billing system maintenance	Quote/tender	$108,531
CAM TRAN CO. LTD.	Maintenance/capital work	Quote/tender	$154,047
HORN IT SOLUTIONS INC.	IT services	Quote/tender	$67,714
UTILISMART CORPORATION	Meter data management and services	Quote/tender	$134,345
METSCO ENERGY SOLUTIONS	Asset Condition Assessment/Distribution System Plan	Quote/tender	$112,322
ONTARIO LINE CLEARING & TREE	Tree trimming services	Quote/tender	$107,201
COBOURG BGS INC.	Capital work	Invoice	$104,055
PROMARK TELECON INC.	Locates	Quote/tender	$98,662
B&B ELECTRIC	Maintenance/capital work	Quote/tender	$96,295
RAVEN ENGINEERING INC.	Maintenance/capital work	Quote/tender	$79,133

All of the above transactions were in compliance with Lakefront's procurement policy.

2.4.3.4 ONE-TIME COSTS

In compliance with OEB policy and the Filing Requirements, certain costs associated with Cost of Service application are being amortized over a five year period.

Regulatory costs are being amortized over a period of five years, by including one-fifth of the total cost in the 2022 Test Year. These regulatory costs, which are explained in detail in the next section, include costs related to consultants, legal representation, and intervenor costs awards. In accordance with the Filing Requirements, LUI commits to updating these forecasted costs in OEB Appendix 2-M at the Draft Rate Order stage of the proceeding.

Lakefront confirms that all incremental costs associated with COVID-19 have been recorded in a deferral and variance account and have not been included in the OM&A for 2020 Actual, 2021 Bridge Year, and 2022 Test Year.

With the exception of the regulatory costs noted above, all other costs presented in the proposed 2022 Test Year OM&A budget are considered regular year over year expenses.

2.4.3.5 REGULATORY COSTS

Lakefront's regulatory costs include four major components:

1. OEB assessment costs.
2. ESA annual fee
3. ESA/Customer Satisfaction survey
4. One-Time costs associated with the Cost of Service application – detailed in Table 4.24.

LUI's regulatory costs are the one-time costs associated with the Cost of Service application. These costs total $252,000 or $50,400 per year amortized over the period 2022 to 2026.

Table 4.24: Regulatory Costs specific to the 2022 Cost of Service

Cost of Service Expense	Amount
Legal	$25,000
Intervenor and OEB Costs	$25,000
Customer Engagement	$10,000
Consultant	$20,000
ACA/DSP	$166,000
Miscellaneous	$6,000
Total	**$252,000**
Amortized over 5 Years	**$50,400**

The total costs above include intervenor costs awards, assuming no written/oral hearing. As an effort to keep OM&A costs to a minimum, and as noted at Exhibit 1, the utility wishes to proceed with the review of the application by way of written hearing. However, if the OEB requires the utility to go to an oral hearing, the utility reserves the right to increase its Regulatory Costs accordingly. Further, the intervenor costs assume three intervenors (two of which are cost eligible) which is consistent with Lakefront's 2017 Cost of Service. Lakefront reserves the right to increase the intervenor costs if additional intervenors apply for cost eligible status in the 2022 Cost of Service Application.

Table 4.25 includes Appendix 2-M which details regulatory costs for five historical years, bridge, and test year. All regulatory costs listed are tracked in account 5655 – Regulatory Expenses. All one-time costs identified in the 2022 Test Year are amortized over a period of five years (2022 – 2026) such that one-fifth of these costs are included in LUI's 2022 revenue requirement.

Table 4.25: OEB Appendix 2-M Regulatory Costs

Regulatory Costs (Ongoing)	2017 Board Approved	2017 Actual	2020 Actual	2021 Bridge Year	Annual % Change	2022 Test Year	Annual % Change
OEB Annual Assessment	$29,664	$23,848	$29,664	$30,500	2.82%	$45,066	32.32%
OEB Section 30 Costs (OEB-initiated)	$1,236	$1,153	$1,319	$1,093	(17.14%)	$1,109	1.48%
Consultants costs for regulatory matters	$3,300	$2,188	$0	$1,000	100.00%	$1,015	1.48%
Operating expenses associated with staff resources allocated to regulatory matters	$5,469	$15,621	$15,578	$16,682	7.09%	$16,932	1.48%
Amortization of Cost of Service Costs	$33,630	$26,684	$26,686	$26,684	(0.01%)	$50,400	47.06%
Total	**$73,299**	**$69,494**	**$73,247**	**$75,959**	**3.70%**	**$114,523**	**33.67%**

2.4.3.6 LOW INCOME ENERGY ASSISTANCE PROGRAMS

As set out in the March 2009, OEB issued Report of the Board: Low Income Energy Assistance (LEAP Report), LUI has allocated at least 0.12% of its OEB-approved distribution revenue requirement to provide consumers assistance in response to affordability issues.

Based on LUI's 2022 Test Year, LUI has used $6,213 as a place holder for LEAP funding in OEB 6205, but will adjust this amount through the interrogatory and draft rate order stages of the Application.

LUI has partnered with The Help Centre of Northumberland to assist in the LEAP program intended to provide emergency relief to eligible low-income customers who may be experiencing difficulty paying current arrears to LUI.

In compliance with OEB policy, LUI:

- Collects money from ratepayers for LEAP EFA in the amount approved by the OEB.
- Transfers program funds to the Help Centre of Northumberland.
- Determines funding allocations within their service territory by geography.
- Establishes partnerships, contracts, and operational procedures with the Help Centre.
- Receives, records and takes appropriate action upon notification from an Intake Agency (or Lead Agency as appropriate) that an assessment of eligibility is being undertaken.
- Receives, records and takes appropriate action upon notification from an Intake Agency (or Lead Agency as appropriate) of decision on applications.
- Confirms customer and account information used in determining program eligibility, including information on payment history and
- Reports to the OEB in accordance with OEB reporting requirements through filings 2.1.1.6

2.4.3.7 CHARITABLE AND POLITICAL DONATIONS

LUI confirms that no charitable or political donations have been included in OM&A expenses for the 2022 Test Year, other than the noted LEAP funding.

2.4.4 DEPRECIATION, AMORTIZATION, AND DEPLETION

This section is devoted to defining each element of LUI's 2022 Cost of Service, explaining how each element is determined and explaining the relationship between the various components. The major components covered in this application summary are as follows:

1. Kinectrics Report
2. Appendix 2-C
3. Asset Retirement Obligations
4. Historical depreciation practice
5. Depreciation/amortization policy
6. Deviations from depreciating significant parts or components of PP&E
7. Depreciation expense policy or asset service lives changes

KINECTRICS REPORT

In 2012, LUI implemented the change to depreciation rates and componentization of Property, Plant and Equipment (PP&E). Useful lives were guided by the Kinectrics report and LUI presented its useful lives/depreciation rates and the components therefore in its last COS application (EB-2016-0089) and continues to use the same useful lives on a go-forward basis.

The Board-sponsored Kinetrics study, on which the utility has based its depreciation rates that were approved in LUI's last Cost of Service (EB-2016-0089), are presented below as Table 4.26.

Table 4.26: Depreciation Rates

USoA Account Number	Description	Useful Life
1611	Computer Software (Formally known as Account 1925)	5.00
1808	Building	50.00
1820	Distribution Station Equipment <50kV	45.00
1830	Poles, Towers & Fixtures	45.00
1835	Overhead Conductors & Devices	55.00
1840	Conduit	50.00
1845	Underground Conductors & Devices	35.00
1850	Line Transformers	35.00
1855	Services (Overhead & Underground)	55.00
1860	Meters	25.00
1860	Meters (Smart Meters)	15.00
1915	Office Furniture & Equipment	10.00
1920	Computer Equipment - Hardware	5.00
1930	Transportation Equipment - cars	5.00
1930	Transportation Equipment - trucks	8.00
1940	Tools, Shop & Garage Equipment	10.00
1945	Measurement & Testing Equipment	10.00
1960	Miscellaneous Equipment	10.00
1980	System Supervisory Equipment	20.00
1995	Contributions & Grants	25.00

APPENDIX 2-C

Table 4.27 below summarizes the depreciation expenses by year. Appendix 2-C of the Chapter 2 Appendices, and the amortization rate by OEB asset account.

Table 4.27: Depreciation Expenses

Particulars	Amount	Increase (Decrease)
2017 Board Approved	1,030,014	-
2017 Actual	1,067,843	37,829
2018 Actual	1,011,840	(56,003)
2019 Actual	1,017,124	5,284
2020 Actual	1,095,726	78,602
2021 Bridge Year	1,096,728	1,002
2022 Test Year	1,001,950	(94,778)

In preparing Appendix 2-C, LUI notes that throughout the historical, Bridge, and Test years, variances calculated by individual OEB account were less than the $50,000 materiality level. A summary of the variances have been include in Table 4.34.

In accordance with the filing requirements, LUI has completed depreciation and amortization expense tables for the following:

- 2017 MIFRS (Table 4.28) – Board Appendix 2-C
- 2018 MIFRS (Table 4.29) – Board Appendix 2-C
- 2019 MIFRS (Table 4.30) – Board Appendix 2-C
- 2020 MIFRS (Table 4.31) – Board Appendix 2-C
- 2021 MIFRS (Table 4.32) – Board Appendix 2-C
- 2022 MIFRS (Table 4.33) – Board Appendix 2-C

Table 4.28: 2017 Board Appendix 2-C

2017		Book Values							Service Lives				Depreciation Expense					
Account	Description	Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) [1]	Less Fully Depreciated [7]	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change [2]	Less Fully Depreciated [8]	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change [3]	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change [4]	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy	Depreciation Expense on Current Year Additions [5]	Total Current Year Depreciation Expense	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance [6]
		a	b	c = a-b	d	e	f = d- e	g	h	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g*0.5/j	o = l+m+n	p	q = p-o
1611	Computer Software (Formally known as Account 1925)			$ -	$ 196,326		$ 196,326			0.00%	2.50	40.00%	$ -	$ 78,530	$ -	$ 78,530	$ 79,904	$ 1,374
1612	Land Rights (Formally known as Account 1906)			$ -			$ -			0.00%	-	0.00%	$ -	$ -	$ -	$ -		$ -
1805	Land			$ -	$ 219,284		$ 219,284			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1808	Buildings			$ -	$ 960,838		$ 960,838	$ 24,811		0.00%	41.00	2.44%	$ -	$ 23,435	$ 303	$ 23,738	$ 31,526	$ 7,788
1810	Leasehold Improvements			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1815	Transformer Station Equipment >50 kV			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1820	Distribution Station Equipment <50 kV			$ -	$ 2,524,528		$ 2,524,528	$ 889,463		0.00%	28.00	3.57%	$ -	$ 90,162	$ 15,883	$ 106,045	$ 95,944	-$ 10,101
1825	Storage Battery Equipment			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1830	Poles, Towers & Fixtures			$ -	$ 2,341,804		$ 2,341,804	$ 481,275		0.00%	31.00	3.23%	$ -	$ 75,542	$ 7,762	$ 83,305	$ 74,153	-$ 9,152
1835	Overhead Conductors & Devices			$ -	$ 4,679,266		$ 4,679,266	$ 303,421		0.00%	38.00	2.63%	$ -	$ 123,139	$ 3,992	$ 127,131	$ 91,142	-$ 35,989
1840	Underground Conduit			$ -	$ 788,636		$ 788,636	$ 1,854		0.00%	34.00	2.94%	$ -	$ 23,195	$ 27	$ 23,222	$ 30,141	$ 6,919
1845	Underground Conductors & Devices			$ -	$ 1,361,429		$ 1,361,429	$ 37,284		0.00%	24.50	4.08%	$ -	$ 55,569	$ 761	$ 56,329	$ 92,791	$ 36,462
1850	Line Transformers			$ -	$ 2,772,988		$ 2,772,988	$ 246,488		0.00%	21.00	4.76%	$ -	$ 132,047	$ 5,869	$ 137,916	$ 165,051	$ 27,135
1855	Services (Overhead & Underground)			$ -	$ 825,930		$ 825,930	$ 170,642		0.00%	27.00	3.70%	$ -	$ 30,590	$ 3,160	$ 33,750	$ 29,763	-$ 3,987
1860	Meters			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1860	Meters (Smart Meters)			$ -	$ 1,674,515		$ 1,674,515	$ 100,197		0.00%	12.00	8.33%	$ -	$ 139,543	$ 4,175	$ 143,718	$ 159,594	$ 15,876
1905	Land			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1908	Buildings & Fixtures			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1910	Leasehold Improvements			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1915	Office Furniture & Equipment (10 years)			$ -	$ 46,226		$ 46,226			0.00%	3.00	33.33%	$ -	$ 15,409	$ -	$ 15,409	$ 10,442	-$ 4,967
1915	Office Furniture & Equipment (5 years)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1920	Computer Equipment - Hardware			$ -	$ 53,841		$ 53,841	$ 32,115		0.00%	2.50	40.00%	$ -	$ 21,536	$ 6,423	$ 27,959	$ 23,233	-$ 4,726
1920	Computer Equip.-Hardware(Post Mar. 22/04)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1920	Computer Equip.-Hardware(Post Mar. 19/07)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1930	Transportation Equipment			$ -	$ 601,270		$ 601,270	$ 40,795		0.00%	2.80	35.71%	$ -	$ 214,739	$ 7,285	$ 222,024	$ 188,250	-$ 33,774
1935	Stores Equipment			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1940	Tools, Shop & Garage Equipment			$ -	$ 332,732		$ 332,732	$ 6,842		0.00%	5.30	18.87%	$ -	$ 62,780	$ 645	$ 63,425	$ 57,906	-$ 5,519
1945	Measurement & Testing Equipment			$ -	$ 8,898		$ 8,898			0.00%	3.00	33.33%	$ -	$ 2,966	$ -	$ 2,966	$ 2,225	-$ 741
1950	Power Operated Equipment			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1955	Communications Equipment			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1955	Communication Equipment (Smart Meters)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1960	Miscellaneous Equipment			$ -	$ 310,187		$ 310,187			0.00%		0.00%	$ -	$ -	$ -	$ -	$ 35,001	$ 35,001
1970	Load Management Controls Customer Premises			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1975	Load Management Controls Utility Premises			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1980	System Supervisor Equipment			$ -	$ 292,735		$ 292,735	$ 24,891		0.00%	17.00	5.88%	$ -	$ 17,220	$ 732	$ 17,952	$ 17,479	-$ 473
1985	Miscellaneous Fixed Assets			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1990	Other Tangible Property			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1995	Contributions & Grants			$ -	-$ 2,172,192		-$ 2,172,192	-$ 202,427		0.00%	16.00	6.25%	$ -	-$ 135,762	-$ 6,326	-$ 142,088	-$ 116,702	$ 25,386
2005	Property Under Finance Lease			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
	Total	$ -	$ -	$ -	$ 17,819,241	$ -	$ 17,819,241	$ 2,157,652					$ -	$ 970,639	$ 50,692	$ 1,021,331	$ 1,067,843	$ 46,512

Table 4.29: 2018 Board Appendix 2-C

2018		Book Values							Service Lives				Depreciation Expense					
Account	Description	Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) [1]	Less Fully Depreciated [7]	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change [2]	Less Fully Depreciated [8]	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change [3]	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change [4]	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy Change	Depreciation Expense on Current Year Additions [5]	Total Current Year Depreciation Expense	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance [6]
		a	b	c = a-b	d	e	f = d- e	g	h	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g*0.5/j	o = l+m+n	p	q = p-o
1611	Computer Software (Formally known as Account 1925)			$ -	$ 116,422		$ 116,422			0.00%	11.00	9.09%	$ -	$ 10,584	$ -	$ 10,584	-$ 79,143	-$ 89,727
1612	Land Rights (Formally known as Account 1906)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1805	Land			$ -	$ 219,284		$ 219,284			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1808	Buildings			$ -	$ 954,123		$ 954,123	$ 15,066		0.00%	41.00	2.44%	$ -	$ 23,271	$ 184	$ 23,455	$ 31,925	$ 8,470
1810	Leasehold Improvements			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1815	Transformer Station Equipment >50 kV			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1820	Distribution Station Equipment <50 kV			$ -	$ 3,318,047		$ 3,318,047			0.00%	26.00	3.85%	$ -	$ 127,617	$ -	$ 127,617	$ 105,827	-$ 21,790
1825	Storage Battery Equipment			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1830	Poles, Towers & Fixtures			$ -	$ 2,748,926		$ 2,748,926	$ 365,006		0.00%	31.00	3.23%	$ -	$ 88,675	$ 5,887	$ 94,562	$ 83,557	-$ 11,005
1835	Overhead Conductors & Devices			$ -	$ 4,891,546		$ 4,891,546	$ 267,191		0.00%	38.00	2.63%	$ -	$ 128,725	$ 3,516	$ 132,241	$ 133,198	$ 957
1840	Underground Conduit			$ -	$ 760,349		$ 760,349	$ 3,220		0.00%	35.00	2.86%	$ -	$ 21,724	$ 46	$ 21,770	$ 29,366	$ 7,596
1845	Underground Conductors & Devices			$ -	$ 1,305,922		$ 1,305,922	$ 54,293		0.00%	24.00	4.17%	$ -	$ 54,413	$ 1,131	$ 55,545	$ 94,100	$ 38,555
1850	Line Transformers			$ -	$ 2,854,425		$ 2,854,425	$ 135,343		0.00%	20.00	5.00%	$ -	$ 142,721	$ 3,384	$ 146,105	$ 170,505	$ 24,400
1855	Services (Overhead & Underground)			$ -	$ 966,810		$ 966,810	$ 60,713		0.00%	27.00	3.70%	$ -	$ 35,808	$ 1,124	$ 36,932	$ 31,867	-$ 5,065
1860	Meters			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1860	Meters (Smart Meters)			$ -	$ 1,615,118		$ 1,615,118	$ 160,947		0.00%	11.50	8.70%	$ -	$ 140,445	$ 6,998	$ 147,443	$ 168,298	$ 20,855
1905	Land			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1908	Buildings & Fixtures			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1910	Leasehold Improvements			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1915	Office Furniture & Equipment (10 years)			$ -	$ 35,784		$ 35,784			0.00%	2.50	40.00%	$ -	$ 14,314	$ -	$ 14,314	$ 10,387	-$ 3,927
1915	Office Furniture & Equipment (5 years)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1920	Computer Equipment - Hardware			$ -	$ 62,723		$ 62,723	$ 22,567		0.00%	2.50	40.00%	$ -	$ 25,089	$ 4,513	$ 29,603	$ 24,157	-$ 5,446
1920	Computer Equip.-Hardware(Post Mar. 22/04)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1920	Computer Equip.-Hardware(Post Mar. 19/07)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1930	Transportation Equipment			$ -	$ 453,815		$ 453,815	$ 37,909		0.00%	2.50	40.00%	$ -	$ 181,526	$ 7,582	$ 189,108	$ 169,295	-$ 19,813
1935	Stores Equipment			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1940	Tools, Shop & Garage Equipment			$ -	$ 281,668		$ 281,668	$ 28,140		0.00%	5.50	18.18%	$ -	$ 51,212	$ 2,558	$ 53,771	$ 59,060	$ 5,289
1945	Measurement & Testing Equipment			$ -	$ 6,673		$ 6,673			0.00%	2.00	50.00%	$ -	$ 3,337	$ -	$ 3,337	$ 2,225	-$ 1,112
1950	Power Operated Equipment			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1955	Communications Equipment			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1955	Communication Equipment (Smart Meters)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1960	Miscellaneous Equipment			$ -	$ 275,186		$ 275,186			0.00%	5.50	18.18%	$ -	$ 50,034	$ -	$ 50,034	$ 35,001	-$ 15,033
1970	Load Management Controls Customer Premises			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1975	Load Management Controls Utility Premises			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1980	System Supervisor Equipment			$ -	$ 300,148		$ 300,148	$ 39,532		0.00%	16.50	6.06%	$ -	$ 18,191	$ 1,198	$ 19,389	$ 19,089	-$ 300
1985	Miscellaneous Fixed Assets			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1990	Other Tangible Property			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1995	Contributions & Grants			$ -	-$ 2,257,917		-$ 2,257,917	-$ 358,852		0.00%	24.50	4.08%	$ -	-$ 92,160	-$ 7,324	-$ 99,483	-$ 76,873	$ 22,610
2005	Property Under Finance Lease			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
	Total	$ -	$ -	$ -	$ 18,909,052	$ -	$ 18,909,052	$ 831,075					$ -	$ 1,025,526	$ 30,797	$ 1,056,323	$ 1,011,841	-$ 44,482

Table 4.30: 2019 Board Appendix 2-C

2019		Book Values							Service Lives				Depreciation Expense					
Account	Description	Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) [1]	Less Fully Depreciated [7]	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change [2]	Less Fully Depreciated [8]	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change [3]	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change [4]	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy Change	Depreciation Expense on Current Year Additions [5]	Total Current Year Depreciation Expense	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance [6]
		a	b	c = a-b	d	e	f = d- e	g	h	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g*0.5/j	o = l+m+n	p	q = p-o
1611	Computer Software (Formally known as Account 1925)			$ -	$ 195,565	$ 28,665	$ 166,900			0.00%	9.50	10.53%	$ -	$ 17,568	$ -	$ 17,568	-$ 94,642	-$ 112,210
1612	Land Rights (Formally known as Account 1906)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1805	Land			$ -	$ 219,284		$ 219,284			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1808	Buildings			$ -	$ 937,264		$ 937,264	$ 8,348		0.00%	41.00	2.44%	$ -	$ 22,860	$ 102	$ 22,962	$ 32,159	$ 9,197
1810	Leasehold Improvements			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1815	Transformer Station Equipment >50 kV			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1820	Distribution Station Equipment <50 kV			$ -	$ 3,212,220		$ 3,212,220			0.00%	28.50	3.51%	$ -	$ 112,709	$ -	$ 112,709	$ 105,827	-$ 6,882
1825	Storage Battery Equipment			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1830	Poles, Towers & Fixtures			$ -	$ 3,030,375		$ 3,030,375	$ 402,390		0.00%	31.00	3.23%	$ -	$ 97,754	$ 6,490	$ 104,244	$ 92,083	-$ 12,161
1835	Overhead Conductors & Devices			$ -	$ 5,025,539		$ 5,025,539	$ 230,646		0.00%	37.50	2.67%	$ -	$ 134,014	$ 3,075	$ 137,090	$ 138,724	$ 1,634
1840	Underground Conduit			$ -	$ 734,203		$ 734,203	$ 1,425		0.00%	35.00	2.86%	$ -	$ 20,977	$ 20	$ 20,998	$ 29,413	$ 8,415
1845	Underground Conductors & Devices			$ -	$ 1,266,115	$ 5,217	$ 1,260,898	$ 300,224		0.00%	24.00	4.17%	$ -	$ 52,537	$ 6,255	$ 58,792	$ 99,164	$ 40,372
1850	Line Transformers			$ -	$ 2,819,263	$ 17,229	$ 2,802,034	$ 71,257		0.00%	19.50	5.13%	$ -	$ 143,694	$ 1,827	$ 145,521	$ 173,457	$ 27,936
1855	Services (Overhead & Underground)			$ -	$ 995,656		$ 995,656	$ 43,550		0.00%	27.00	3.70%	$ -	$ 36,876	$ 806	$ 37,683	$ 32,826	-$ 4,857
1860	Meters			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1860	Meters (Smart Meters)			$ -	$ 1,607,767		$ 1,607,767	$ 137,409		0.00%	11.00	9.09%	$ -	$ 146,161	$ 6,246	$ 152,407	$ 178,244	$ 25,838
1905	Land			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1908	Buildings & Fixtures			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1910	Leasehold Improvements			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1915	Office Furniture & Equipment (10 years)			$ -	$ 25,397	$ 501	$ 24,896			0.00%	2.00	50.00%	$ -	$ 12,448	$ -	$ 12,448	$ 8,994	-$ 3,454
1915	Office Furniture & Equipment (5 years)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1920	Computer Equipment - Hardware			$ -	$ 61,133	$ 45,922	$ 15,211	$ 48,748		0.00%	2.50	40.00%	$ -	$ 6,084	$ 9,750	$ 15,834	$ 26,762	$ 10,928
1920	Computer Equip.-Hardware(Post Mar. 22/04)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1920	Computer Equip.-Hardware(Post Mar. 19/07)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1930	Transportation Equipment			$ -	$ 322,429	$ 116,371	$ 206,058			0.00%	1.50	66.67%	$ -	$ 137,372	$ -	$ 137,372	$ 163,903	$ 26,531
1935	Stores Equipment			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1940	Tools, Shop & Garage Equipment			$ -	$ 250,748	$ 33,580	$ 217,168	$ 13,959		0.00%	5.50	18.18%	$ -	$ 39,485	$ 1,269	$ 40,754	$ 55,976	$ 15,222
1945	Measurement & Testing Equipment			$ -	$ 4,448		$ 4,448			0.00%	1.50	66.67%	$ -	$ 2,965	$ -	$ 2,965	$ 2,225	-$ 740
1950	Power Operated Equipment			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1955	Communications Equipment			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1955	Communication Equipment (Smart Meters)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1960	Miscellaneous Equipment			$ -	$ 240,185		$ 240,185			0.00%	4.50	22.22%	$ -	$ 53,374	$ -	$ 53,374	$ 35,001	-$ 18,373
1970	Load Management Controls Customer Premises			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1975	Load Management Controls Utility Premises			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1980	System Supervisor Equipment			$ -	$ 320,591		$ 320,591			0.00%	15.50	6.45%	$ -	$ 20,683	$ -	$ 20,683	$ 20,078	-$ 605
1985	Miscellaneous Fixed Assets			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1990	Other Tangible Property			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1995	Contributions & Grants			$ -	-$ 2,539,896		-$ 2,539,896	-$ 136,890		0.00%	30.50	3.28%	$ -	-$ 83,275	-$ 2,244	-$ 85,519	-$ 83,070	$ 2,449
2005	Property Under Finance Lease			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
	Total	**$ -**	**$ -**	**$ -**	**$ 18,728,286**	**$ 247,485**	**$ 18,480,801**	**$ 1,121,066**					**$ -**	**$ 974,289**	**$ 33,596**	**$ 1,007,885**	**$ 1,017,124**	**$ 9,239**

Table 4.31: 2020 Board Appendix 2-C

2020		Book Values							Service Lives				Depreciation Expense					
Account	Description	Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) [1]	Less Fully Depreciated [7]	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change [2]	Less Fully Depreciated [8]	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change [3]	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change [4]	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy Change	Depreciation Expense on Current Year Additions [5]	Total Current Year Depreciation Expense	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance [6]
		a	b	c = a-b	d	e	f = d- e	g	h	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g*0.5/j	o = l+m+n	p	q = p-o
1611	Computer Software (Formally known as Account 1925)			$ -	$ 290,207		$ 290,207			0.00%	8.50	11.76%	$ -	$ 34,142	$ -	$ 34,142	$ 30,548	-$ 3,594
1612	Land Rights (Formally known as Account 1906)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1805	Land			$ -	$ 219,284		$ 219,284			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1808	Buildings			$ -	$ 913,453		$ 913,453	$ 8,513		0.00%	42.50	2.35%	$ -	$ 21,493	$ 100	$ 21,593	$ 32,328	$ 10,735
1810	Leasehold Improvements			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1815	Transformer Station Equipment >50 kV			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1820	Distribution Station Equipment <50 kV			$ -	$ 3,106,392		$ 3,106,392	$ 22,807		0.00%	30.00	3.33%	$ -	$ 103,546	$ 380	$ 103,927	$ 97,391	-$ 6,536
1825	Storage Battery Equipment			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1830	Poles, Towers & Fixtures			$ -	$ 3,340,682		$ 3,340,682	$ 397,287		0.00%	31.00	3.23%	$ -	$ 107,764	$ 6,408	$ 114,172	$ 100,968	-$ 13,204
1835	Overhead Conductors & Devices			$ -	$ 5,117,461		$ 5,117,461	$ 290,460		0.00%	37.50	2.67%	$ -	$ 136,466	$ 3,873	$ 140,338	$ 143,461	$ 3,123
1840	Underground Conduit			$ -	$ 706,215		$ 706,215	$ 433,704		0.00%	34.50	2.90%	$ -	$ 20,470	$ 6,286	$ 26,756	$ 33,764	$ 7,008
1845	Underground Conductors & Devices			$ -	$ 1,467,175		$ 1,467,175	$ 431,187		0.00%	23.50	4.26%	$ -	$ 62,433	$ 9,174	$ 71,607	$ 109,613	$ 38,006
1850	Line Transformers			$ -	$ 2,717,063		$ 2,717,063	$ 263,322		0.00%	21.50	4.65%	$ -	$ 126,375	$ 6,124	$ 132,499	$ 178,236	$ 45,737
1855	Services (Overhead & Underground)			$ -	$ 1,006,380		$ 1,006,380	$ 91,383		0.00%	27.00	3.70%	$ -	$ 37,273	$ 1,692	$ 38,966	$ 34,053	-$ 4,913
1860	Meters			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1860	Meters (Smart Meters)			$ -	$ 1,566,932		$ 1,566,932	$ 89,220		0.00%	10.50	9.52%	$ -	$ 149,232	$ 4,249	$ 153,480	$ 185,798	$ 32,318
1905	Land			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1908	Buildings & Fixtures			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1910	Leasehold Improvements			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1915	Office Furniture & Equipment (10 years)			$ -	$ 16,403		$ 16,403			0.00%	1.25	80.00%	$ -	$ 13,122	$ -	$ 13,122	$ 7,199	-$ 5,923
1915	Office Furniture & Equipment (5 years)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1920	Computer Equipment - Hardware			$ -	$ 83,119		$ 83,119	$ 19,587		0.00%	2.50	40.00%	$ -	$ 33,248	$ 3,917	$ 37,165	$ 28,566	-$ 8,599
1920	Computer Equip.-Hardware(Post Mar. 22/04)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1920	Computer Equip.-Hardware(Post Mar. 19/07)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1930	Transportation Equipment			$ -	$ 158,526		$ 158,526			0.00%	1.50	66.67%	$ -	$ 105,684	$ -	$ 105,684	$ 90,135	-$ 15,549
1935	Stores Equipment			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1940	Tools, Shop & Garage Equipment			$ -	$ 208,732		$ 208,732	$ 10,470		0.00%	5.50	18.18%	$ -	$ 37,951	$ 952	$ 38,903	$ 51,956	$ 13,053
1945	Measurement & Testing Equipment			$ -	$ 2,223		$ 2,223			0.00%	1.00	100.00%	$ -	$ 2,223	$ -	$ 2,223	$ 2,225	$ 2
1950	Power Operated Equipment			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1955	Communications Equipment			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1955	Communication Equipment (Smart Meters)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1960	Miscellaneous Equipment			$ -	$ 205,184		$ 205,184	$ 50,825		0.00%	4.50	22.22%	$ -	$ 45,596	$ 5,647	$ 51,244	$ 37,542	-$ 13,702
1970	Load Management Controls Customer Premises			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1975	Load Management Controls Utility Premises			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1980	System Supervisor Equipment			$ -	$ 300,513		$ 300,513			0.00%	14.50	6.90%	$ -	$ 20,725	$ -	$ 20,725	$ 20,078	-$ 647
1985	Miscellaneous Fixed Assets			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1990	Other Tangible Property			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1995	Contributions & Grants			$ -	-$ 2,593,716		-$ 2,593,716	-$ 268,233		0.00%	30.00	3.33%	$ -	-$ 86,457	-$ 4,471	-$ 90,928	-$ 88,134	$ 2,794
2005	Property Under Finance Lease			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
	Total	**$ -**	**$ -**	**$ -**	**$ 18,832,226**	**$ -**	**$ 18,832,226**	**$ 1,840,532**					**$ -**	**$ 971,286**	**$ 44,331**	**$ 1,015,617**	**$ 1,095,727**	**$ 80,110**

Table 4.32: 2021 Board Appendix 2-C

2021		Book Values							Service Lives				Depreciation Expense					
Account	Description	Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) [1]	Less Fully Depreciated [7]	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change [2]	Less Fully Depreciated [8]	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change [3]	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change [4]	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy Change	Depreciation Expense on Current Year Additions [5]	Total Current Year Depreciation Expense	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance [6]
		a	b	c = a-b	d	e	f = d- e	g	h	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g*0.5/j	o = l+m+n	p	q = p-o
1611	Computer Software (Formally known as Account 1925)			$ -	$ 259,659		$ 259,659			0.00%	7.50	13.33%	$ -	$ 34,621	$ -	$ 34,621	$ 30,548	-$ 4,073
1612	Land Rights (Formally known as Account 1906)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1805	Land			$ -	$ 219,284		$ 219,284			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1808	Buildings			$ -	$ 889,638		$ 889,638	$ 10,000		0.00%	41.00	2.44%	$ -	$ 21,698	$ 122	$ 21,820	$ 32,496	$ 10,676
1810	Leasehold Improvements			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1815	Transformer Station Equipment >50 kV			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1820	Distribution Station Equipment <50 kV			$ -	$ 3,031,808		$ 3,031,808	$ 197,000		0.00%	30.50	3.28%	$ -	$ 99,404	$ 3,230	$ 102,633	$ 100,027	-$ 2,606
1825	Storage Battery Equipment			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1830	Poles, Towers & Fixtures			$ -	$ 3,637,001		$ 3,637,001	$ 507,000		0.00%	31.00	3.23%	$ -	$ 117,323	$ 8,177	$ 125,500	$ 111,338	-$ 14,162
1835	Overhead Conductors & Devices			$ -	$ 5,264,460		$ 5,264,460	$ 222,000		0.00%	39.00	2.56%	$ -	$ 134,986	$ 2,846	$ 137,832	$ 148,120	$ 10,288
1840	Underground Conduit			$ -	$ 1,106,155		$ 1,106,155			0.00%	33.50	2.99%	$ -	$ 33,020	$ -	$ 33,020	$ 38,101	$ 5,081
1845	Underground Conductors & Devices			$ -	$ 1,788,749		$ 1,788,749	$ 23,000		0.00%	25.50	3.92%	$ -	$ 70,147	$ 451	$ 70,598	$ 116,101	$ 45,503
1850	Line Transformers			$ -	$ 2,802,149		$ 2,802,149	$ 151,000		0.00%	20.50	4.88%	$ -	$ 136,690	$ 3,683	$ 140,373	$ 184,277	$ 43,904
1855	Services (Overhead & Underground)			$ -	$ 1,063,710		$ 1,063,710	$ 285,000		0.00%	27.00	3.70%	$ -	$ 39,397	$ 5,278	$ 44,674	$ 37,474	-$ 7,200
1860	Meters			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1860	Meters (Smart Meters)			$ -	$ 1,470,354		$ 1,470,354	$ 110,000		0.00%	10.00	10.00%	$ -	$ 147,035	$ 5,500	$ 152,535	$ 190,605	$ 38,070
1905	Land			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1908	Buildings & Fixtures			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1910	Leasehold Improvements			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1915	Office Furniture & Equipment (10 years)			$ -	$ 9,204		$ 9,204			0.00%	1.00	100.00%	$ -	$ 9,204	$ -	$ 9,204	$ 5,597	-$ 3,607
1915	Office Furniture & Equipment (5 years)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1920	Computer Equipment - Hardware			$ -	$ 74,140		$ 74,140	$ 37,500		0.00%	2.50	40.00%	$ -	$ 29,656	$ 7,500	$ 37,156	$ 29,824	-$ 7,332
1920	Computer Equip.-Hardware(Post Mar. 22/04)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1920	Computer Equip.-Hardware(Post Mar. 19/07)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1930	Transportation Equipment			$ -	$ 68,391		$ 68,391	$ 110,000		0.00%	2.00	50.00%	$ -	$ 34,195	$ 27,500	$ 61,695	$ 63,938	$ 2,243
1935	Stores Equipment			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1940	Tools, Shop & Garage Equipment			$ -	$ 167,246		$ 167,246	$ 10,000		0.00%	5.00	20.00%	$ -	$ 33,449	$ 1,000	$ 34,449	$ 48,481	$ 14,032
1945	Measurement & Testing Equipment			$ -	-$ 2		-$ 2			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1950	Power Operated Equipment			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1955	Communications Equipment			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1955	Communication Equipment (Smart Meters)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1960	Miscellaneous Equipment			$ -	$ 218,467	-$ 50,825	$ 269,292			0.00%	3.50	28.57%	$ -	$ 76,941	$ -	$ 76,941	$ 32,460	-$ 44,481
1970	Load Management Controls Customer Premises			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1975	Load Management Controls Utility Premises			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1980	System Supervisor Equipment			$ -	$ 280,435		$ 280,435			0.00%	13.50	7.41%	$ -	$ 20,773	$ -	$ 20,773	$ 20,078	-$ 695
1985	Miscellaneous Fixed Assets			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1990	Other Tangible Property			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1995	Contributions & Grants			$ -	-$ 2,773,815		-$ 2,773,815	-$ 100,000		0.00%	29.50	3.39%	$ -	-$ 94,028	-$ 1,695	-$ 95,723	-$ 92,737	$ 2,986
2005	Property Under Finance Lease			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
	Total	$ -	$ -	$ -	$ 19,577,031	-$ 50,825	$ 19,627,856	$ 1,562,500					$ -	$ 944,511	$ 63,592	$ 1,008,103	$ 1,096,728	$ 88,625

Table 4.33: 2022 Board Appendix 2-C

2022		Book Values							Service Lives				Depreciation Expense					
Account	Description	Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) [1]	Less Fully Depreciated [7]	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change [2]	Less Fully Depreciated [8]	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change [3]	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change [4]	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy Change	Depreciation Expense on Current Year Additions [5]	Total Current Year Depreciation Expense	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance [6]
		a	b	c = a-b	d	e	f = d- e	g	h	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g*0.5/j	o = l+m+n	p	q = p-o
1611	Computer Software (Formally known as Account 1925)			$ -	$ 229,111		$ 229,111			0.00%	6.50	15.38%	$ -	$ 35,248	$ -	$ 35,248	$ 30,548	-$ 4,700
1612	Land Rights (Formally known as Account 1906)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1805	Land			$ -	$ 219,284		$ 219,284			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1808	Buildings			$ -	$ 867,142		$ 867,142	$ 10,000		0.00%	40.50	2.47%	$ -	$ 21,411	$ 123	$ 21,534	$ 32,610	$ 11,076
1810	Leasehold Improvements			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1815	Transformer Station Equipment >50 kV			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1820	Distribution Station Equipment <50 kV			$ -	$ 3,128,781		$ 3,128,781	$ 80,000		0.00%	30.00	3.33%	$ -	$ 104,293	$ 1,333	$ 105,626	$ 103,300	-$ 2,326
1825	Storage Battery Equipment			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1830	Poles, Towers & Fixtures			$ -	$ 4,032,663		$ 4,032,663	$ 1,038,000		0.00%	31.00	3.23%	$ -	$ 130,086	$ 16,742	$ 146,828	$ 127,672	-$ 19,156
1835	Overhead Conductors & Devices			$ -	$ 5,338,340		$ 5,338,340	$ 457,000		0.00%	39.00	2.56%	$ -	$ 136,881	$ 5,859	$ 142,739	$ 145,048	$ 2,309
1840	Underground Conduit			$ -	$ 1,068,054		$ 1,068,054			0.00%	32.50	3.08%	$ -	$ 32,863	$ -	$ 32,863	$ 38,101	$ 5,238
1845	Underground Conductors & Devices			$ -	$ 1,695,648		$ 1,695,648	$ -		0.00%	25.00	4.00%	$ -	$ 67,826	$ -	$ 67,826	$ 77,410	$ 9,584
1850	Line Transformers			$ -	$ 2,768,872		$ 2,768,872	$ 60,000		0.00%	19.50	5.13%	$ -	$ 141,993	$ 1,538	$ 143,532	$ 138,597	-$ 4,935
1855	Services (Overhead & Underground)			$ -	$ 1,311,236		$ 1,311,236	$ 235,000		0.00%	27.00	3.70%	$ -	$ 48,564	$ 4,352	$ 52,916	$ 42,702	-$ 10,214
1860	Meters			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1860	Meters (Smart Meters)			$ -	$ 1,389,749		$ 1,389,749	$ 30,000		0.00%	9.50	10.53%	$ -	$ 146,289	$ 1,579	$ 147,868	$ 193,438	$ 45,570
1905	Land			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1908	Buildings & Fixtures			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1910	Leasehold Improvements			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1915	Office Furniture & Equipment (10 years)			$ -	$ 3,607		$ 3,607			0.00%	0.50	200.00%	$ -	$ 7,214	$ -	$ 7,214	$ 2,916	-$ 4,298
1915	Office Furniture & Equipment (5 years)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1920	Computer Equipment - Hardware			$ -	$ 81,816		$ 81,816	$ 40,000		0.00%	2.50	40.00%	$ -	$ 32,726	$ 8,000	$ 40,726	$ 32,892	-$ 7,834
1920	Computer Equip.-Hardware(Post Mar. 22/04)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1920	Computer Equip.-Hardware(Post Mar. 19/07)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1930	Transportation Equipment			$ -	$ 114,453		$ 114,453			0.00%	2.00	50.00%	$ -	$ 57,226	$ -	$ 57,226	$ 33,661	-$ 23,565
1935	Stores Equipment			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1940	Tools, Shop & Garage Equipment			$ -	$ 128,765		$ 128,765	$ 10,000		0.00%	5.00	20.00%	$ -	$ 25,753	$ 1,000	$ 26,753	$ 43,345	$ 16,592
1945	Measurement & Testing Equipment			$ -	-$ 2		-$ 2			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1950	Power Operated Equipment			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1955	Communications Equipment			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1955	Communication Equipment (Smart Meters)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1960	Miscellaneous Equipment			$ -	$ 135,182		$ 135,182			0.00%	3.00	33.33%	$ -	$ 45,061	$ -	$ 45,061	$ 34,870	-$ 10,191
1970	Load Management Controls Customer Premises			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1975	Load Management Controls Utility Premises			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1980	System Supervisor Equipment			$ -	$ 260,357		$ 260,357	$ -		0.00%	12.50	8.00%	$ -	$ 20,829	$ -	$ 20,829	$ 20,078	-$ 751
1985	Miscellaneous Fixed Assets			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1990	Other Tangible Property			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1995	Contributions & Grants			$ -	-$ 2,781,078		-$ 2,781,078	-$ 100,000		0.00%	29.00	3.45%	$ -	-$ 95,899	-$ 1,724	-$ 97,623	-$ 95,237	$ 2,386
2005	Property Under Finance Lease			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
	Total	$ -	$ -	$ -	$ 19,991,978	$ -	$ 19,991,978	$ 1,860,000					$ -	$ 958,364	$ 38,803	$ 997,167	$ 1,001,951	$ 4,784

A summary of the variances calculated in Appendix 2-C is included below.

Table 4.34: Summary of App.2-C Variances

Account #	Account Description	2017	2018	2019	2020	2021 Bridge Year	2020 Test Year
1611	Computer Software (Formally known as Account 1925)	1,374	(89,727)	(112,210)	(3,594)	(4,073)	(4,700)
1808	Buildings	7,788	8,470	9,197	10,735	10,676	11,076
1820	Distribution Station Equipment <50 kV	(10,101)	(21,790)	(6,882)	(6,536)	(2,606)	(2,326)
1830	Poles, Towers & Fixtures	(9,152)	(11,005)	(12,161)	(13,204)	(14,162)	(19,156)
1835	Overhead Conductors & Devices	(35,989)	957	1,634	3,123	10,288	2,309
1840	Underground Conduit	6,919	7,596	8,415	7,008	5,081	5,238
1845	Underground Conductors & Devices	36,462	38,555	40,372	38,006	45,503	9,584
1850	Line Transformers	27,135	24,400	27,936	45,737	43,904	(4,935)
1855	Services (Overhead & Underground)	(3,987)	(5,065)	(4,857)	(4,913)	(7,200)	(10,214)
1860	Meters (Smart Meters)	15,876	20,855	25,838	32,318	38,070	45,570
1915	Office Furniture & Equipment (10 years)	(4,967)	(3,927)	(3,454)	(5,923)	(3,607)	(4,298)
1920	Computer Equipment - Hardware	(4,726)	(5,446)	10,928	(8,599)	(7,332)	(7,834)
1930	Transportation Equipment	(33,774)	(19,813)	26,531	(15,549)	2,243	(23,565)
1940	Tools, Shop & Garage Equipment	(5,519)	5,289	15,222	13,053	14,032	16,592
1945	Measurement & Testing Equipment	(741)	(1,112)	(740)	2	0	0
1960	Miscellaneous Equipment	35,001	(15,033)	(18,373)	(13,702)	(44,481)	(10,191)
1980	System Supervisor Equipment	(473)	(300)	(605)	(647)	(695)	(751)
1995	Contributions & Grants	25,386	22,610	2,449	2,794	2,986	2,386
Total		**46,511**	**(44,483)**	**9,239**	**80,110**	**88,625**	**4,785**

As indicated above, the only variance greater than materiality is computer software in 2018 and 2019. Lakefront (in discussions with its external audits) revised the useful life for computer software, specifically the software for Great Plains, as the software was scheduled to be fully amortized in 2018 yet was still in use. Consequently, the variances in 2018 and 2019 relate to the revision.

ASSET RETIREMENT OBLIGATIONS

At this time, LUI does not have any Asset Retirement Obligations (ARO), associated depreciation, or accretion expenses in relation to AROs to report as part of this Application.

HISTORICAL DEPRECIATION PRACTICE

Depreciation/amortization on capital assets is calculated by LUI as follows:

- The amount is calculated on a straight-line basis over the estimated remaining useful life of the assets at the end of the previous year, plus

- For depreciation/amortization on capital additions during the current year, depreciation commences in the monthly following the month the asset is capitalized and ends in the month the asset is take out of service.

LUI confirms that it has applied the half-year rule for the purposes of computing the net book value of capital assets to be included in rate base for both the 2021 Bridge Year and 2022 Test Year. Under the half-year rule, acquisitions and investments made during the year are amortized assuming they entered service at the mid-point of the year.

DEPRECIATION/AMORTIZATION POLICY

Lakefront's depreciation/amortization policy is included in Appendix C in Exhibit 2. There have note been changes to the policy since the 2017 Cost of Service.

DEVIATIONS FROM DEPRECIATING SIGNFICIANT PARTS OR COMPONENTS

DEPRECATION EXPENSE POLICY OR ASSET SERVICE LIVES CHANGES

LUI confirms that parts or components of PP&E are being depreciated separately.

DEPRECIATION EXPENSE POLICY OR ASSET SERVICE LIVES CHANGES

Lakefront confirms that there have been:

1. No changes to asset service lives since the last rebasing application.
2. No additional studies to justify changes in useful life of assets.

2.4.5 TAXES OR PAYMENTS IN LIEU OF TAXES (PILS) AND PROPERTY TAXES

2.4.5.1 INCOME TAXES OR PILS

Lakefront summarizes the following:

1. Detailed calculations of income tax or PIls, as applicable are included in Table 4.35 below. A copy of Income Tax/PILs model is available on the OEB's website. Regulatory assets and liabilities are excluded form taxes/PILs calculations.

2. Supporting schedules and calculations identifying reconciliating items are included in Table 4.36.

3. A copy of the most recent Federal and Provincial tax return is included in Appendix D.

4. Financial statements do not differ from the financial statements filed in support of the application and are therefore not included with the tax return.

5. LUI is not claiming tax credits such as Apprenticeship Training Tax Credits or Education Tax Credits.

6. Supporting schedules, calculations, and explanations for "other additions" and "other deductions" in LUI's PILs model are included in Table 4.36. The significant supporting schedule is CCA which has been provided in Table 4.36. Other calculations (donations, meals) are immaterial, and the balances related to employee future benefits agree to the actuarial report provided in Appendix E.

7. LUI has completed the integrity checks in the PILs model.

Lakefront is required to make payments in lieu of income taxes (taxes) based on its taxable income. LUI files Federal/Provincial tax returns annual. The income tax rates and capital cost allowance rates used to calculate taxes on LUI's income tax returns are the same rates that have been proposed of the Test Period.

Table 4.35: Tax Provision for 2022 Test Year

Particulars	2017 Board Approved	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Bridge Year	2022 Test Year
Amount calculated on line 9999 from Schedule 125		297,711	443,733	269,142	143,264		
Provision for income taxes - current		42,950	84,146	100,267	(82,706)		
Provision for income taxes - deferred		97,270	101,082	0	129,019		
Income before PILs/Taxes	686,254	437,931	628,961	369,409	189,577	787,864	771,686
Amortization of tangible assets	1,030,014	1,070,256	1,014,255	1,019,537	1,098,140	1,096,728	1,001,950
Charitable donations and gifts	0	5,988	5,900	5,925	5,950	5,850	6,213
Non-deductible meals and entertainment expense	6,072	3,519	4,926	3,032	2,492	4,000	4,000
Reservers from financial statements - balance at end of year	371,511	421,313	420,900	419,141	645,479	643,928	645,915
Capital cost allowance	(1,409,848)	(1,405,819)	(1,395,284)	(1,444,021)	(1,457,507)	(1,318,056)	(1,360,314)
Reserves from financial statements - balance at beginning of year	(383,425)	(383,425)	(421,313)	(420,900)	(419,141)	(645,479)	(643,928)
Taxable Income	**300,578**	**149,763**	**258,507**	**(47,877)**	**64,990**	**574,835**	**425,522**
Tax Rate	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%
Corporate PILs	**79,653**	**39,687**	**68,504**	**(12,687)**	**17,222**	**152,331**	**112,763**
Income Tax Gross Up	73.50%	73.50%	73.50%	73.50%	73.50%	73.50%	73.50%
Gross-up Amount	28,718	14,309	24,699	(4,574)	6,209	54,922	40,656
Grossed-up PILS	**108,372**	**53,996**	**93,203**	**(17,262)**	**23,432**	**207,254**	**153,420**
Tax Adjustments to Accounting Income (RRWF)	(385,676)	(288,168)	(370,454)	(417,286)	(124,587)	(213,029)	(346,164)

In November 2018, the Minister of Finance delivered the 2018 Fall Economic Statement, and the announcement included a provision for accelerated CCA deductions. The changes were effective for all expenditures incurred after November 20, 2018. A summary of the impact to LUI is below:

- ½ year rule suspended for CCA, with accelerated CCA on capital asset classes at 1.5x previous rate for first year of CCA deduction for expenditures incurred and available for use between November 20, 2018 and December 31, 2023.

- ½ year rule suspended for CCA for expenditures incurred and available for use between January 1, 2024 and December 31, 2027.

Below is a summary of the supporting schedule for CCA.

Table 4.36: Supporting Schedule – CCA - 2022

Class	Undepreciated Capital Cost - Beginning of Year	Addiitons	Disposal		CCA Rate	CCA	Undepreciated Capital Cost - End of Year
1	777,499	10,000		787,499	4%	31,300	756,199
1	5,115,957			5,115,957	4%	204,638	4,911,318
10	188,296			188,296	30%	56,489	131,807
10	27,136			27,136	30%	8,141	18,996
45	2			2	45%	1	1
47	10,789,081	1,770,000		12,559,081	8%	933,926	11,625,154
50	33,381	40,000		73,381	55%	29,359	44,021
8	113,934			113,934	20%	22,787	91,147
6	3,143			3,143	10%	314	2,829
8	110,584	10,000		120,584	20%	23,117	97,467
47	613,022	30,000		643,022	8%	50,242	592,780
Total	**17,772,035**	**1,860,000**	**0**	**19,632,035**	**2**	**1,360,314**	**18,271,721**

2.4.5.2 OTHER TAXES

The only other taxes than the PILs presented in this Exhibit incurred by LUI are property taxes, which have not significantly fluctuated between 2017 Board Approved and the 2022 Test Year.

The tax amounts are derived from actual invoices received. The 2021 Bridge Year and the 2022 Test Year are based on an inflationary increase.

Table 4.37: Property Taxes (Account 6105)

Particulars	Amount
2017 Board Approved	$62,359
2017 Actual	$59,800
2018 Actual	$57,970
2019 Actual	$56,399
2020 Actual	$55,042
2021 Bridge Year	$57,200
2022 Test Year	$58,058

2.4.5.3 NON-RECOVERABLE AND DISALLOWED EXPENSES

LUI confirms that expenses that are deemed non-recoverable in the revenue requirement (e.g., individual charitable donations) have been appropriately excluded form the regulatory tax calculation.

2.4.6 CONSERVATION AND DEMAND MANAGEMENT

2.4.6.1 LOST REVENUE ADJUSTMENT MECHANISM VARIANCE ACCOUNT

Conservation and Demand Management (CDM) programs for electricity distributors were first approved by the OEB in 2004 and have expanded since becoming a more important part of the energy policy in Ontario. The Board developed and issued the CDM Code for Electricity Distributors (the CDM Code) on September 16, 2010, to support the CDM framework. The CDM Code sets out the obligations along with requirements, which electricity distributors must comply with in relation to the CDM targets set out in their licenses for January 1, 2011 to December 31, 2014, CDM target period. The CDM Code was created in response to a Directive dated March 31, 2010, by the Minister of Energy and Infrastructure pursuant to sections 27.1 ad 27.2 of the Ontario Energy Board Act, 1998. Section 12 of the Directive states that lost revenues that result from CDM programs should not act as a disincentive to a distributor. The Board issued detailed guidelines on the lost revenue adjustment mechanism (LRAM) related to CDM programs implemented under the CDM code. LUI calculated the LRAM Variance Account balance (LRAMVA) in compliance with the requirements set out in the following guidelines issued by the Board.

The Guideline for Electricity Distributor Conservation and Demand Management (EB-2012-003, the 2012 CDM Guidelines), dated April 26, 2012, describes the mechanism to capture the difference between the results of actual verified impacts of authorized CDM activities undertaken by the distributor between 2011 and 2014 and the level of activities embedded into rates through the distributor's load forecast. This guideline also describes the establishment of the LRAM Variance Account and the method to record the related lost revenues.

The Conservation and Demand Management Requirement Guidelines for Electricity Distributors (EB-2014-0278, the 2015 CDM Guidelines), issued by the OEB on December 19, 2014, are applicable to CDM programs beginning January 1, 2015. These guidelines require distributors to continue to rely on the LRAMVA to track and dispose of lost revenues that result from approved CDM programs between 2015 and 2020.

The Report of the OEB, *Updated Policy for the Lost Revenue Adjustment Mechanism Calculation: Lost Revenues and Peak Demand Savings from Conservation and Demand Management Programs* (EB-2016-0182 – the LRAMVA Report), issued on May 19, 2016, outlines the OEB's policy with respect to the treatment of peak demand savings for the LRAM Variance Account calculation for demand billed customers.

In March 2019, the Minister of Energy, Northern Development and Mines directed the Independent Electricity System Operator (IESO) to discontinue the current 2015-2020 Conservation First Framework and implement a new interim framework, in support of the government's goal to reduce electricity costs for customers. The change meant the IESO will centrally deliver energy-efficiency programs on a province-wide basis with a focus on business and industrial programs beginning April 1, 219. LUI is not planning for or aware of any new CDM programs that will be initiated in the Bridge Year (2021) or Test Year (2022).

2.4.6.2 DISPOSITION OF THE LRAMVA

Distributors are required to track the variances between the OEB approved CDM adjustment to their load forecasts and the actual CDM results in the LRAMVA for the 2015-2020 period.

LUI's LRAMVA claim is for the energy savings achieved through the delivery of province wide CDM programs over the period January 2015 to March 2019. LUI's CDM activities consist of programs initiated by the Independent Electricity System Operator (IESO).

LUI is seeking LRAMVA recovery of $14,162 including carrying charges to the end of December 2022. The Applicant has not claimed for LRAMVA recovery of revenue since the LDC's 2017 Cost of Service (EB-2016-0089). In its 2017 Cost of Service application, LUI was granted approval for recovery of LRAMVA balance of $23,409 relating to the province wide approved CDM energy savings programs delivered up to and inclusive of December 31, 2015.

Through this application, LUI is seeking approval to recover the LRAMVA balances for:

a) New lost revenues achieved from CDM kWh energy saving programs delivered under Conservation First Framework (CFF) from January 1, 2016 to March 31, 2019.

b) The resulting persistence of kWh energy savings for years 2016, 2017, 2018, and 2019.

LUI has completed the OEB's LRAMVA Work Form (excel) and has filed this evidence with this application.

LUI confirms that the data used in the LRAMVA model, as filed with this application, is derived from the following sources:

- The distributor's final CDM Report and Persistence Savings Report as published by the IESO. This includes the 2011-2014 Final Results Report, Final Annual Verified Results Report.

Lakefront has relied on the most recent input assumptions available at the time of program evaluation as detailed in the publications listed above.

LUI is requesting its LRAMVA on recovery of revenue on a final basis. Given that the IESO is now responsible for centrally delivering CDM programs across the province, the utility is not anticipating further reports from the IESO about new or amended historical kWh savings achieved within the utility's service territory.

The table below shows the total LRAM principal amount and carrying charges that LUI is requesting for recovery of through this application.

Table 4.38: Summary of Requested LRAMVA Amounts

Description	LRAMVA Previously Claimed	Residential	GS<50 kW	GS 50 to 2999 KW	GS 3000 to 4999 KW	USL	Sentinel	Street Lighting	Total
		kWh	kWh	KW	KW	kWh	kW	kW	
2011 Actuals	☐	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
2011 Forecast		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Amount Cleared									
2012 Actuals	☐	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
2012 Forecast		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Amount Cleared									
2013 Actuals	☐	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
2013 Forecast		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Amount Cleared									
2014 Actuals	☐	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
2014 Forecast		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Amount Cleared									
2015 Actuals	☐	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
2015 Forecast		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Amount Cleared									
2016 Actuals	☐	$5,726.28	$4,533.72	$1,029.62	$0.00	$0.00	$0.00	$0.00	$11,289.62
2016 Forecast		($13,597.27)	($4,271.34)	$0.00	$0.00	$0.00	$0.00	$0.00	($17,868.61)
Amount Cleared									
2017 Actuals	☐	$16,186.29	$6,601.73	$1,518.74	$0.00	$0.00	$0.00	$0.00	$24,306.76
2017 Forecast		($15,954.13)	($6,219.67)	$0.00	$0.00	$0.00	$0.00	$0.00	($22,173.80)
Amount Cleared									
2018 Actuals	☐	$11,356.14	$11,590.28	$2,422.21	$0.00	$0.00	$0.00	$0.00	$25,368.64
2018 Forecast		($9,246.14)	($6,219.67)	$0.00	$0.00	$0.00	$0.00	$0.00	($15,465.81)
Amount Cleared									
2019 Actuals		$2,817.92	$11,729.93	$2,443.10	$0.00	$0.00	$0.00	$0.00	$16,990.95
2019 Forecast		($2,356.86)	($6,294.61)	$0.00	$0.00	$0.00	$0.00	$0.00	($8,651.47)
Amount Cleared									
Carrying Charges		($445.02)	$466.09	$344.98	$0.00	$0.00	$0.00	$0.00	$366.06
Total LRAMVA Balance		**-$5,513**	**$11,916**	**$7,759**	**$0**	**$0**	**$0**	**$0**	**$14,162**

Carrying charges totaling $366.06 have been calculated to the end of December 31, 2022 using the OEB's Approved Deferral and Variance Accounts prescribed interest rates. The rates in 2021 was summed to be 0.57%.

LUI is proposing to dispose of these amounts over a 24-month period through LRAMVA Rate Riders, effective from January 1, 2022 to December 31, 2023. The Applicant has elected a 24-month (2-year) disposition period to help minimize the total bill impact. The following table summarizes principal and carrying charges by rate class.

Table 4.39: Summary of Requested LRAMVA Amounts by Rate Class

Customer Class	Billing Unit	Principal ($)	Carrying Charges ($)	Total LRAMVA ($)
Residential	kWh	-$5,068	-$445	-$5,513
GS<50 kW	kWh	$11,450	$466	$11,916
GS 50 to 2999 KW	KW	$7,414	$345	$7,759
GS 3000 to 4999 KW	KW	$0	$0	$0
USL	kWh	$0	$0	$0
Sentinel	kW	$0	$0	$0
Street Lighting	kW	$0	$0	$0
Total		**$13,796**	**$366**	**$14,162**

For rate-class GS 3000-4999, Unmetered Scattered Load, Sentinel Lights, and Street Lighting, there were no kWh energy-savings achieved. This is because those customers did not participate as there were no programs available or applicable.

APPENDIX

Appendix A	Collective Agreement
Appendix B	Services Agreement
Appendix C	Procurement Policy
Appendix D	2020 Tax Return
Appendix E	LUI Actuarial Report

APPENDIX A – COLLECTIVE AGREEMENT

COLLECTIVE AGREEMENT

BETWEEN

LAKEFRONT UTILITY SERVICES INC.
(hereinafter referred to as LUSI)

AND
LOCAL 25
CANADIAN UNION OF PUBLIC EMPLOYEES
(OUTSIDE AND OFFICE EMPLOYEES)
(hereinafter referred to as the Union)

FEBRUARY 1, 2020 TO JANUARY 31, 2023

Lakefront Utility Services Inc.

CUPE
Canadian Union of Public Employees

TABLE OF CONTENTS – COLLECTIVE AGREEMENT

	ARTICLE	PAGE
Allowances (Safety Footwear and Clothing)	18	15
Banked Overtime	9.3	5
Bereavement	17.4	14
Family Emergency Leave	17.6	14
General (Inclement Weather, Alcoholic Beverages, Time of Pay)	20	16
Grievance Procedure	6	2
Health Insurance Plan	13	11
Hourly Rates	21.4	18
Hours of Work	9	4
Joint Employee Relations Committee	19.4	16
Jury Duty	17.5	14
Lead Hand	9.9	7
Leave of Absence	17	14
Life Insurance	14	12
Management and Employee Responsibilities	8	4
Management Rights	3	1
Meal Allowance	9.6	6
OMERS Pension	15	13
On-Call	9.4	5
Overall Responsible Operator (ORO)	9.8	7
Overtime	9.2	5
Paid Holidays	10	8
Provision for Arbitration	7	3
Purpose of Agreement	1	1
Relief Pay	9.10	7
Rest Period	9.11	7
Seniority and Promotion (Job Posting, Lay Off & Recall)	16	13
Sick Leave Plan (Short Term & Long Term Disability)	12	9
Status of Employees	5	2
Term of Agreement	22	19
Training	9.12	7
Union Committee & Stewards	19	16
Union Recognition	2	1
Union Security and Check Off	4	1
Vacation Entitlement	11	8
Wage Schedule/Increase (Classifications and Wage Schedules)	21	17
Letter of Understanding – Cross-Training Rate Adders		20

ARTICLE 1 - PURPOSE OF AGREEMENT

1.1 The Purpose of this Agreement is to maintain a harmonious relationship between LUSI and the employees, and to provide a means of settling differences through the grievance/arbitration process.

ARTICLE 2 – UNION RECOGNITION

2.1 LUSI agrees to recognize the Union as the sole bargaining agent in respect to hours of work, wages and working conditions set out in the agreement for all employees, save and except the President, Vice President, Director of HR/Executive Assistant, Sr. Financial Analyst, Financial Assistant, Financial Analyst, Customer Service Supervisor, HR Generalist, Manager Water Treatment & Distribution, Manager Electric Distribution, Electric Distribution Supervisor, Water Distribution Supervisor, Water Treatment Supervisor and persons above the ranks so listed.

2.2 The Employer will not condone any discrimination, bullying or harassment of employees by any of its management staff, representatives or employees.

2.3 The Union will not condone any discrimination, bullying or harassment of employees by any of its members or representatives.

ARTICLE 3 – MANAGEMENT RIGHTS

3.1 The Union acknowledges that except as specifically restricted by this Agreement, LUSI retains all rights to run the business and direct the working force and, not restricting the generality of the foregoing, LUSI has the right to:

(a) Manage its affairs, hire, promote, transfer, lay off or demote employees.

(b) Discipline, or discharge any employee for just cause.

3.2 LUSI agrees that these functions shall be executed in a manner consistent with the general purpose and intent of this Agreement and subject to the right of an employee to lodge a grievance as set forth herein.

ARTICLE 4 – UNION SECURITY AND CHECK-OFF

4.1 New employees (in accordance with Article 2.1) must become members within sixty (60) days of their employment and retain their membership so long as the Union is recognized as the Collective Bargaining Agent for all the employees (in accordance with Article 2.1) of LUSI.

4.2 LUSI agrees that it be a condition of employment whether members or non-members after the waiting period of sixty (60) days, each employee shall pay an amount equal to the monthly dues and such money shall be deducted from every pay cheque, and remitted to the Secretary-Treasurer of the Union. The Union agrees to keep LUSI informed of the name of the Secretary-Treasurer, and to give one (1) months' notice of any change in the amount of dues to be deducted.

4.3 LUSI will provide the Union with a listing of employees covered by this Agreement. This listing will indicate for each employee his/her date of hire and occupational classification. The Employer will provide notification to the Union, in writing, of the hiring of any new bargaining-unit member, defining the particulars of employment.

4.4 Every new employee shall be given a copy of this Collective Agreement upon joining LUSI.

4.5 Any employee required to appear before a representative of Management for disciplinary reasons shall be accompanied by a Steward or a local representative of the Union.

ARTICLE 5 – STATUS OF EMPLOYEES

5.1 **Temporary Employees** – A temporary employee is an employee hired for a period of limited duration, for relief during sick leave, vacation, maternity leave and swing shift relief, or for a position which is not likely to become a continuing position within LUSI, not to exceed six (6) months. Such period may be extended as deemed necessary by both parties. When a Paternity Leave has been granted, the notice of a temporary replacement to the Union shall suffice for the entire leave.

The hiring of a temporary employee will not result in the layoff or demotion of full-time employees. The hiring of temporary employees will not be used in any way as to eliminate continuous full-time positions.

All temporary employees, covering unionized positions, shall pay union dues after sixty (60) days worked. A temporary employee will not be entitled to the benefits provided in this Agreement except as specifically provided in this Agreement.

5.2 **Probationary Employees** – A probationary employee is an employee hired on trial for a period not exceeding six (6) months. During this probationary period an employee shall not be considered having regular status and will be entitled only to those provisions of this collective Agreement specifically identified as applying to probationary employees. The probationary employee may be terminated at the sole discretion of Management without recourse to the grievance and arbitration procedure.

Management may grant a time extension to a probationary employee to meet the relocation requirements.

5.3 **Regular Employees** – If a probationary employee satisfactorily completes his/her probationary period of six (6) months, then that employee is deemed to be a regular employee.

If a time extension is granted to satisfy a relocation requirement, then regular status will only apply once the employee has completed the relocation. Failure to relocate within the specified time requirements may result in termination.

ARTICLE 6 – GRIEVANCE PROCEDURE

6.1 It is recognized that a grievance can be settled quickest and easiest between the regular employee or group of regular employees and his/her immediate supervisor. It is incumbent therefore that a regular employee(s) who feels that he/she has a reasonable complaint, shall first approach his/her immediate supervisor with a view to settling the difference(s) in an informal manner. The Employee may request the assistance of the Union Steward.

6.2 All written grievances referred to in this article shall include, as a minimum, a statement of the following:

a) The grievance
b) The part of the agreement violated.
c) The redress sought

Step 1 - Any regular employee or group of regular employees having a grievance and having completed 6.1, shall make it known to the Union Steward who shall meet to consider the Union's course of action on the matter. The Union Steward shall present the written grievance to the Supervisor within seven (7) working days of the incident giving rise to the grievance, or five (5) days after return to work of the party having the grievance, and the Supervisor will then have five (5) working days following receipt of the grievance in which to render his/her answer in writing.

Step 2 - Failing a satisfactory settlement at Step 1, the Union Steward shall take the grievance to a problem solving meeting between the Union Steward, the Union VP, and the Department Manager. This meeting will be arranged at a time satisfactory between the two parties, but will be no later than five (5) working days from the reply to Step 1. After the problem solving meeting, the Department Manager shall have five (5) working days in which to render a decision.

Step 3 – Failing a satisfactory settlement at Step 2, within five (5) working days of the reply to Step 2, the Union Committee (the employee, Union Steward and Union VP) may take the matter up with the President. Failing a settlement at this level within five (5) working days, the grievance may then be referred to Article 7 of this Agreement.

6.3 **Group Grievance**

Where a number of Employees have the same grievance and each Employee would be entitled to grieve separately, the Union may present a group grievance in writing, within ten (10) working days after the day on which the circumstances giving rise to the complaint occurred or ought to have reasonably come to the attention of the Employees, signed by each Employee and/or Union representative, to the person designated by the Employer. The grievance shall include the circumstances giving rise to the grievance, the remedy sought, and should include the provisions of the Agreement generally to be relied upon. The grievance shall then be treated as being initiated at Step 2 under this Article and the applicable provisions of this Agreement shall apply with respect to the treatment of such grievance.

6.4 **Policy Grievance**

Should any difference arise between the Employer and the Union as to the interpretation or alleged violation of this Agreement which could not be grieved as an individual or group grievance, the Union shall have the right to file a policy grievance within ten (10) working days after a Union steward or any officer of the Union became aware or ought to have become aware of the occurrence giving rise to the grievance. All such grievances shall be filed at Step 2 of the Grievance Procedure as provided in this Article. The grievance shall be in writing and shall include the circumstances giving rise to the grievance, the remedy sought, and should include the provisions of the Agreement generally to be relied upon.

6.5 **Terminations**

A claim by an Employee that he/she has been unjustly discharged shall be treated as a grievance if a written statement of such grievance is lodged with the Employer under this Article at Step 2 of the Grievance Procedure within ten (10) working days after the date of discharge or after written notice of termination has been provided to the Employee and the Union whichever is later.

ARTICLE 7 – PROVISION FOR ARBITRATION

7.1 Failing settlement at Step 3, any difference of opinion involving the interpretation or application of this Agreement may be submitted to arbitration.

7.2 When either party requests that a question be submitted to arbitration, it shall make such request in writing to the other party and at the same time inform the other party that it is the first party's intention to do so after five (5) working days. If no request for arbitration is received within ten (10) working days after the decision rendered at Step 3 is given, it shall be deemed to be abandoned or settled.

7.3 Along with the request for arbitration the party requesting shall submit either the name of a nominee to an arbitration board or a list of selections for a sole arbitrator. Should the parties or their nominees fail to agree on an arbitrator, the matter will be referred to the Ministry of Labour.

7.4 The decision of the arbitrator shall be final and binding on both parties.

7.5 No arbitrator or arbitration board shall have the power to alter or change any of the provisions of this Agreement or substitute any new provision for any existing provision or to provide a decision which is inconsistent with any provision of this Agreement.

7.6 Each party to this Agreement will bear the expense and fee of its nominee, and the parties will share equally the expenses and fee of the arbitrator or arbitration board chairman.

ARTICLE 8 – MANAGEMENT AND EMPLOYEE RESPONSIBILITIES

8.1 It is recognized that LUSI provides service for the safety, health, comfort and general welfare of the citizens. Therefore, the employee must be prepared at all hours of the day or night to assist in providing the many services and agree this complies with consent for overtime required by S20(3) of the Employment Standards Act.

8.2 The responsibility of providing the services to our customers is mutual to both LUSI and the employees and necessitates that any difference of opinion of the interpretation of the terms of this Agreement will be settled in an orderly manner in accordance with Article 6 and 7. There shall be no strikes or lockouts so long as this Agreement continues to operate. The definition of a strike or lockout is as dictated by the Ontario Labour Relations Act.

ARTICLE 9 – HOURS OF WORK

9.1 The following shall be considered straight time or regular hours.

(a) **Summer Hours**
The period from the first Monday in April to the first Friday in November, the following shall be considered straight time or regular hours:

Outside Employees
40 hours per week
Monday to Thursday 7:00 a.m. to 4:30 p.m.
with ½ hour lunch
Friday 7:00 a.m. to 11:00 a.m.

The Union acknowledges that regularly scheduled staff may perform work from 11:00 a.m. to 4:30 p.m. on Fridays.

Outside employees refers to the categories, as contained in the Hourly Rates Schedule, Electric Department, Water Treatment & Distribution Departments.

Water Treatment Plant Employees – Afternoon Shift (if required by management)
40 hours per week
Monday to Thursday 4:00 p.m. to 12:30 a.m.
Friday 10:30 a.m. to 3:00 p.m.
with ½ hour lunch.

(b) **Winter Hours**
The period excluding that referred to in 9.1 (a), the following shall be considered straight time or regular hours:
Outside Employees
40 hours per week
Monday to Friday 7:30 a.m. to 4:00 p.m.
With ½ hour lunch

Water Treatment Plant Employees – Afternoon Shift (if required by management)
40 hours per week
Monday to Friday 3:30 p.m. to 12:00 a.m.
With ½ hour lunch

(c) **Office Employees**
Customer Service Representatives

33 ¾ hours per week with ¾ hour lunch

Monday to Friday between the hours of 8:30 a.m. to 4:30 p.m. (as per schedule).

(d) **Office Employees Summer Hours** - LUSI has the right to amend hours of work for the Customer Service Staff from the 1st pay period closest to June 1st to the end of August. If LUSI determines they want to implement summer hours, the hours shall be as follows:

- Monday to Thursday – 8:30 a.m. to 4:30 p.m. with a 45-minute unpaid lunch
- Friday – 8:30 to 2:00 p.m. with a 45-minute unpaid lunch.

9.2 **Overtime**
All time worked outside the regular or normal hours as set forth in the Agreement will be classed as overtime and paid at double time except the hours between normal quitting time and 6:00 p.m. Monday to Friday, which will be paid at time and one-half.

9.3 **Banked Overtime**
Employees will be allowed to bank time off in lieu of overtime payment. In such cases, an employee may elect to bank one (1) hour off with pay for each hour paid outside of normal scheduled hours of work. A cap of forty (40) hours will apply to the overtime bank.

Time off will be given on an hour-for-hour basis from the overtime bank at a mutually agreed upon time. All requests for time off in lieu of pay for banked overtime are granted at the discretion of the supervisor. The supervisor will make every attempt to grant requests that do not place a burden on the department to complete scheduled work assignments or interfere with other schedules.

Vacation requests will take priority over the use of banked-time. Banked hours will not be carried forward. All hours remaining in an employee's overtime bank on December 31st will be paid in the first new pay period of January at the employee's regular rate.

9.4 **On-Call**
(a) A Journeyman Lineman, a Water Distribution Employee and a Water Treatment Plant Employee will be required to perform on-call duty as determined by Management.

(b) The normal on-call schedule for outside employees and Water Treatment Plant employees shall be from quitting time on Friday to start time the following Friday. If Friday is a Statutory Holiday, on-call will commence at the normal start time on Friday. On any subsequent calls during the following week they are to be called first.

(c) Qualified employees will be informed in advance of their scheduled on-call; it will be distributed on as equitable a basis as possible.

(d) The on-call person may call another person for assistance as they deem necessary.

(e) The daily on-call allowance shall be:

	2020	2021	2022
Weekday	$31	$31	$31
Weekend & Statutory Holidays	$56	$56	$56

(f) The Water Treatment Plant employee that is on-call will be required to check the Plant once per day on Saturdays, Sundays and Statutory Holidays. A weekend maintenance schedule to be performed by the on-call employee for which he will receive one and one-half (1 ½) hours at double time per day.

When the Water Treatment Plant operates on a single daily shift, the on-call allowance will be in accordance with the electric and water distribution department on-call rates.

All on-call filtration plant employees will be equipped to respond remotely to certain types of alarms. When an on-call filtration plant employee responds to an alarm remotely they will be paid a minimum of one (1) hour double time from the initial call until the logged out time and then in subsequent 15 minute increments. Calls within one (1) hour of the completion of the previous call shall be considered continuous from the start of the previous call.

9.5 **Minimum Call Out**
When employees are called to perform emergency response, they will be allowed a minimum of two (2) hours at the appropriate premium rate except that more than one call within two (2) hours from the start of the previous call, shall be considered as continuous time.

9.6 **Meal Allowance**
When an employee is required to work overtime, the employer will provide a meal allowance of twelve ($12.00) Dollars. Meal allowances will be provided (not including scheduled overtime) as follows:

(a) When called out on emergency work when the duration of the time worked is five (5) consecutive hours, and every four (4) hours thereafter, exclusive of meal breaks, or one (1) hour before normal start time.

(b) When working past normal quitting time, after performing a normal day's work and the duration of the time worked is three (3) hours, and every four (4) hours thereafter.

Effective September 29, 2020 Meal Allowance will be increased to fifteen ($15.00) dollars.

9.7 **Shift Differential**
When Water Treatment Plant employees are required to work shifts, a shift differential of $0.80 per hour shall be paid.

The employer reserves the right to implement an 11:00 p.m. to 7:00 a.m. shift provided the employee receives 48 hours notice of the implementation of the shift.

It is the intent of LUSI to not use this clause as a vehicle by which to implement a regular shift. LUSI will only invoke this clause if it is necessary under emergency or unusual circumstances.

Should LUSI implement an 11:00 p.m. to 7:00 a.m. shift, the person on-call would continue to perform on-call services as may be required from time to time during this time period.

9.8 **Overall Responsible Operator (ORO)**

When neither the Manager of Water Systems or Supervisor of Water Systems is available a Water Treatment and/or Water Distribution employee assigned by management to perform as the overall responsible operator (where appropriate, this will be the on-call operator) shall be paid a premium of $50 per weekday (Monday through Thursday) and $100 per day on weekends (Friday through Sunday) and Statutory Holidays for the period assigned.

9.9 LEAD HAND

An employee assigned by Management to perform Lead Hand duties shall receive an additional 5% above the Employee's rate of pay

9.10 RELIEF PAY

a) Outside

When an outside regular employee is relieving in a higher classification, upon instruction from Management, the employee shall receive the rate for that classification for all time so worked.

b) Office

When a regular office employee is relieving in a higher classification, upon instruction from Management, the employee shall receive the rate for that classification for all time so worked.

c) Acting Supervisor

When an employee is assigned by Management to an Acting Supervisor or Non-Union Position, for a period of one (1) working day or more, upon instruction from Management, he/she shall receive a rate of pay ten (10%) percent higher than the employee's regular rate.

9.11 REST PERIOD

An employee who is required to work overtime prior to the start of regularly scheduled hours of work will be permitted a paid rest period.

If an employee works any 7 hours after 11 pm to normal start of shift the employee will be permitted a full shift rest period. If an employee works any 3-7 hours after 11 pm to normal start of shift the employee will be permitted 5 hours rest period.

For employees on standby and required to drive CVOR vehicles the rest period will be consistent with the Ministry of Transportation (MTO) Hours of Service requirements.

If the overtime extends into the normal working hours, the employee will be paid for the appropriate rest period in total, as well as straight time rates for actual time worked in normal working hours.

9.12 TRAINING

LUSI has the right to adjust an employee's regularly scheduled hours of work in order to accommodate training which is a requirement of the position. If the training extends beyond the employee's normally scheduled number of hours of work, the additional time shall be compensated at the employee's overtime rate.

ARTICLE 10 – PAID HOLIDAYS

10.1 The following holidays are recognized as time off with pay for all employees:

New Year's Day
Family Day (3rd Monday of February)
Good Friday
Easter Monday
Victoria Day
Canada Day
Civic Holiday
Labour Day
Thanksgiving Day
Half working day before Christmas
Christmas Day
Boxing Day
Half working day before New Years
Any other day proclaimed by Federal, Ontario or Municipal Government

When one of the above listed holidays falls on a Saturday or Sunday, the following Monday will be observed as the holiday.

10.2 If an employee was absent from work on the day immediately prior to the paid holiday, or fails to report for work at the start of his/her regular shift on the workday immediately following the paid holiday, he/she shall not receive pay for the paid holiday concerned, unless pre-arranged with Management.

10.3 Regular employees will be allowed one floating holiday per year to be taken at a time mutually agreeable between the employee and his/her supervisor.

ARTICLE 11 – VACATION ENTITLEMENT

11.1 (a) Employees with less than one (1) year of service shall receive one (1) day for each month of service, to be taken in that calendar year.

(b) In the year that an employee completes one (1) year of service, the employee shall be entitled to ten (10) days vacation, to be taken in that calendar year.

(c) In the year that an employee completes three (3) years of service, the employee shall be entitled to fifteen (15) days vacation, to be taken in that calendar year.

(d) In the year than an employee completes nine (9) years of service, the employee shall be entitled to twenty (20) days vacation, to be taken in that calendar year.

(e) In the year that an employee completes seventeen (17) years of service, the employee shall be entitled to twenty-five (25) days vacation, to be taken in that calendar year.

(f) In the year that an employee completes twenty-eight (28) years of service, the employee shall be entitled to thirty (30) days vacation, to be taken in that calendar year.

11.2 The minimum vacation allowed will be in 2 hour increments.

11.3 Vacation shall be arranged by Management and the employee.
All employees must submit requests for vacation by March 31st of each year and the granting of any vacations requested shall be granted based on seniority and shall be approved provided that the

minimum staffing requirements for each department are met. Employees will be advised of approvals/denials of vacation requests by April 15th. Vacation requests received after the required posting period shall be considered on a first requested basis.

11.4 Annual Vacation Days for the previous calendar year shall be taken by March 31st of the following year.

11.5 For the purposes of calculating vacation time, the following shall apply:

(a) Outside employees (40 hour work week), 8 hours will represent 1 day.

(b) Inside employees (33 ¾ hour work week), 6 ¾ hours will represent 1 day.

(c) Vacation is earned in the same year that it is taken.

11.6 An employee's vacation pay will be reduced on a pro rata basis if:

(a) Absent without pay for a period exceeding twenty (20) working days in the vacation accumulation period.

(b) The employee has left LUSI's service.

11.7 Management has the option to credit a new employee with a portion of the employee's previous, relevant (to their job description), electric or water utility experience with respect to calculating vacation entitlement only.

ARTICLE 12 – SICK LEAVE PLAN

12.1 LUSI shall have the right at any time, after three (3) consecutive working days of illness, to have an employee claiming sick pay produce a Doctor's Certification of Illness attesting to the nature of the illness or injury, the course of treatment and the prognosis for recovery.

The employer will reimburse the employee for the cost of a medical certificate, up to twenty ($20) dollars, if requested by Management.

12.2 Sick Leave benefits are not payable to an employee who refuses to authorize disclosure to the insurers of any medical information required under this Collective Agreement.

12.3 Any employee who, because of illness or injury, is unable to report for work must notify LUSI by normal starting time.

12.4 The Sick Leave Plan will provide coverage during periods of illness or injury as follows:

(a) **Short Term Coverage** – Periods of less than one hundred and nineteen (119) consecutive calendar days.

(b) **Long Term Coverage** – Periods in excess of one hundred and nineteen (119) consecutive calendar days.

12.5 **Short Term Sick Leave**

Short Term Sick Leave pay for regular employees for each occurrence of illness or injury, including illness resulting from pregnancy, childbirth, miscarriage or abortion is:

a) **Regular Employees Hired After January 31st, 2014**
The accumulation of employee's sick leave will be at the rate of 1 day per month for each month of service commencing with the first full month of service and continuing to the final month of service, provided the employee works 15 or more days in the final month. Sick leave credits will cap at 85 work days (119 calendar days).

Where an employee has not accumulated 85 days of 100% paid sick leave, the difference between the accumulated 100% days and the maximum of 85 days, shall be paid at 67% of earnings.

Employees will not accumulate sick leave if absent from work for 1 calendar month or more except in the case of pregnancy/parental leave.

b) **Regular Employees Hired Prior to February 1st, 2014**

	Length of Service	**Income Security Benefits**
(i)	Less than 3 months	Up to 17 weeks 75% of normal straight time wage rate
(ii)	3 months but less than 1 year	2 weeks full salary Next 15 weeks 75% of normal straight time Wage rate
(iii)	1 year but less than 2 years	4 weeks full salary Next 13 weeks 75% of normal straight time wage rate
(iv)	2 years but less than 3 years	8 weeks full salary Next 9 weeks 75% of normal straight time wage rate
(v)	3 years but less than 4 years	12 weeks full salary Next 5 weeks 75% of normal straight time wage rate
(vi)	4 years but less than 5 years	16 weeks full salary Next 1 week 75% of normal straight time wage rate
(vii)	5 years and over	17 weeks full salary 100% of normal straight time wage rate

(viii)	If the disability is new, full benefits must be reinstated no later than one (1) month after the employee returns to work.
(ix)	If the disability is a recurrence of an earlier one, full benefits must be reinstated no later than three (3) months after the employee returns to work.

12.6 **Long Term Disability**

(a) Benefits in the long term for regular employees are those provided under the Long Term Disability Plan in Article 12.4 (b) of this Agreement and begin after the one hundred and nineteenth (119th) day of illness at which time the Insurance Carrier shall maintain payments in the amount of the long term disability coverage at sixty-six and two-thirds (66 2/3%) percent of normal straight time monthly earnings up to a maximum of Four Thousand ($4,000) Dollars

(*Evidence of insurability, satisfactory to the insurer, is required for all amounts in excess of $3,000) per month until the employee reaches age sixty-five (65). Long Term Disability payments will not be paid to an employee on Worker's Compensation.

(b) For a period of time not to exceed twenty-four (24) months from the first day of non-occupational sickness or injury, the employee shall be eligible to return to the same job if capable of performing the required work. If unable to perform the required work, the employee shall be given all reasonable consideration for any available job for which the employee is able and qualified to perform.

12.7 **Workplace Safety and Insurance Board (WSIB)**
When an employee, through his/her paid employment by the Board, suffers an illness or injury which is compensable under the Workplace Safety and Insurance Act, the employee will receive payment in accordance with the Act.

For a period of time not to exceed twenty-four (24) months, only those employees on leave covered by the Workplace Safety and Insurance Board shall be given consideration for any job, if available, and if the employee is capable and qualified to perform.

LUSI, in an effort to assist employees in their time of need, agrees to provide to an employee who is establishing a claim under the Workers' Compensation Insurance Board (WSIB), bridge payments until the WSIB claim has been established and payment has been received by the employee. The employee, upon receiving payments from the WSIB, will reimburse the employer the amount of the bridge payments received from LUSI.

12.8 **General Conditions for Sick Leave Coverage**

(a) After the one hundred and nineteenth (119th) day of illness or injury an employee's vacation or recognized holiday shall be paid and prorated only on the basis of time worked.

(b) LUSI shall continue to pay, for a period of time not to exceed twelve (12) months from the first day of sickness or injury, the premiums for benefits in Article 13 and Article 14 of this Agreement. After the twelve month period, employees on disability shall be entitled to pay the full cost of premiums in order to continue on the group plan for a further twelve months.

(c) In consideration of the benefits granted by LUSI, the employees agree to make no claim against any savings in Employment Insurance (EI) premiums resulting from the Sick Leave Plan.

ARTICLE 13 – HEALTH INSURANCE PLAN

13.1 LUSI agrees to pay for all regular and probationary employees one hundred (100%) percent of the premium cost of the Insurance Carrier Semi Private Plan and the Insurance Carrier Extended Health Care Plan ($25 per employee, family coverage, deductible per year). Coverage shall commence after the normal notification of the Carrier.

13.2 Included in the extended health care plan:

(a) **Chiropractic Plan** up to a maximum of $500 per calendar year.

(b) **Naturopath** coverage up to a maximum of $500 per calendar year.

(c) **Massage Therapist** coverage up to a maximum of $500 per calendar year.

13.3 LUSI agrees to pay one hundred (100%) percent of the premium cost of the Insurance Carrier.

Vision Care Plan to a maximum coverage of three hundred and fifty ($350) dollars every two years for adults, three hundred ($300) dollars every twelve (12) months for children under eighteen (18) years of age.
The Employer will reimburse **eye exam coverage** fees up to a total claim of $100 per family member, following proof of payment by the Insurance Carrier.

13.4 LUSI agrees to pay one hundred (100%) percent of the premium cost of the Insurance Carrier **Dental Plan,** including 50% reimbursement of the initial cost of dentures, based on the current ODA rates for all regular and probationary employees in receipt of normal straight time wage rates from LUSI. Dental Recall Examination coverage every 9 months.

13.5 LUSI agrees to pay, subject to a 50-50 co-payment between the Employer and the Employee, an **Orthodontic Benefit** for eligible dependents under 19 years of age, up to a lifetime maximum of $2500.

13.6 LUSI agrees to pay these benefits for all regular and probationary employees in receipt of normal base pay from LUSI. Should Lakefront change to another benefit provider during the life of this collective agreement, every effort will be made to mirror existing benefits provided on date of ratification.

13.7 In the event of the death of an active employee, who is in receipt of benefits, the employee's current spouse and dependents will continue to have the above employee health benefits and dental coverage for a maximum of twelve (12) months or age sixty-five (65) or until they remarry, whichever comes first.

13.8 The Employer agrees to co-share (50/50), with the employee, the cost of the income tax payroll deduction for the Ontario Health Premium.

13.9 **Benefits for Early Retirees**

a) LUSI will provide an option to all employees, with a minimum 10 years of service with LUSI who retire on an unreduced OMERS pension, to continue participation in the Group Extended Health & Dental Benefit Plans to age 65 paid for by LUSI providing the employee is eligible to participate in the plans.

b) Employees who retire, with a minimum 10 years of service with LUSI on a reduced OMERS pension, between the ages of fifty-five (55) and sixty-five (65), may continue to participate in the Group Extended Health & Dental Benefit Plans to age 65, upon payment to Lakefront Utility Services Inc. the full cost of the billed premium applicable to each employee providing only that the employee is eligible to participate in such plan or plans.

c) In the event of a death of a retiree, prior to age 65, the retiree's spouse (and any applicable dependents) may remain on the benefit plans until the retiree would have attained the age of 65, however, they will be responsible for the full cost of the 'Retiree Benefit Coverage'.

Note: This Extended Health Coverage does not include "Out of Province" or "Out of Country" coverage.

ARTICLE 14 – LIFE INSURANCE

14.1 All regular employees will continue to be enrolled in LUSI's insurance plan for which LUSI pays one hundred (100%) percent of the premiums for coverage up to one and one-half (1 ½) times salary in accordance with the terms of the policy in force.

14.2 Employees will be able to take advantage of the insurance options offered under the life insurance program. LUSI will pay for the basic coverage, as defined in the plan, and the employee will be responsible for the cost of the optional insurance, which will be deducted through payroll.

ARTICLE 15 – OMERS PENSION

15.1 All regular and probationary employees will participate in the Ontario Municipal Employees Retirement System (OMERS) basic pension plan in accordance with the OMERS regulations.

15.2 The Employer shall offer to all employees the option of making Additional Voluntary Contributions to OMERS and shall provide AVC payroll deductions for employees who choose to participate.

ARTICLE 16 – SENIORITY AND PROMOTION

16.1 Seniority shall be given special consideration in making promotions, layoffs, or re-employment, providing the qualifications and ability are satisfactory to Management. Subject to grievance procedure.

16.2 When a vacancy occurs within the bargaining unit it shall be posted for a period of seven (7) calendar days on the bulletin board(s) in order to give employees an opportunity to make an application for the position. The job posting will contain a job classification, required education, skills, hours of work, job requirements, and rate of pay.

16.3 Management shall not be precluded from selecting a candidate from outside the existing bargaining unit if no employee(s) have the necessary qualifications, skills and ability to perform the job. The name(s) of the successful applicant(s) shall be posted on the designated bulletin boards for five (5) calendar days.

16.4 When employees are promoted within the bargaining unit they shall receive a trial period not exceeding 2 months during which time they may return/or be returned to their former job. Employees who accept a promotion out of the bargaining unit into a permanent position shall no longer be considered bargaining unit employees and have no right to return to a bargaining unit position.

16.5 Progression in the line, meter and water classifications are not automatic but based on the successful completion of the Electricity Distributors Association/Electricity & Utility Safety Association Lineman Certification or the successful completion of the appropriate Ontario Ministry of the Environment Water Certificate.

16.6 Seniority shall commence from the date the employee last entered the employ of LUSI as a probationary employee. Temporary employees shall not accumulate seniority.

16.7 An employee shall lose seniority and shall cease to be an employee if he or she:

(a) Quits voluntarily or is discharged and such discharge is not reversed by the grievance arbitration procedure;

(b) Retires;

(c) Fails to report for work after a layoff within seven (7) working days of recall, notice of which has been mailed by registered mail to the last address of which LUSI was notified by the employee; an employee shall have his or her seniority frozen if laid off;

(d) Is absent from work because of occupational or non-occupational illness or injury for twenty-four (24) months.

16.8 **Layoff and Recall**

Layoff will be in reverse order of seniority provided the employees retained have the skill and ability to perform the remaining jobs. Recall will be in reverse order of layoff provided the employees recalled have the skill and ability to do the required work.

Employees will receive layoff notice in accordance with the current Employment Standards Act.

ARTICLE 17 – LEAVE OF ABSENCE

17.1 **Union Consultation**

Leave of absence with pay will be granted to representatives of the Union while in consultation with LUSI on matters pertaining to the agreement during working hours.

17.2 **Union Functions**

Upon request of the Union, LUSI agrees to allow leave of absence without pay or loss of seniority to members for Union functions, provided that the leave concerned does not exceed ten (10) days. LUSI may grant a leave of absence to any employee for any reasonable request, without pay.

Such request shall be in writing two (2) weeks prior to the leave of absence if possible. Any leave of absence granted by LUSI shall be in writing. Any employee granted leave of absence shall not lose his/her seniority rights.

17.3 **Maternity, Paternity & Adoption Leave**

" As per Employment Standards Act"

17.4 **Bereavement**

(a) An employee will be allowed five (5) days off with pay when a death occurs in the employee's immediate family. Immediate family means current spouse, common-law spouse, child or stepchild, or parent.

(b) An employee will be allowed three (3) days off with pay in the event of the death of a current spouse's parent, sister, brother, grandchild, current son-in-law or current daughter-in-law.

(c) An employee will be allowed one (1) day with pay, to regular employees, in the event of the death of a grandparent, current grandparent-in-law, current sister-in-law or current brother-in-law, for the purpose of attending the funeral on a scheduled work day.

17.5 **Jury or Court Witness Duty**

The employer shall grant leave of absence without loss of seniority to an employee who serves as a juror or witness in any court. The employer shall pay such an employee the difference between his/her normal earnings and the payment he/she receives for jury service or court witness, excluding payment for traveling, meals, or other expenses. The employee will present proof of service and the amount of pay received.

17.6 **Family Emergency Leave**

Employees within the Customer Service Representative classification shall be entitled, with pay, up to 2 days annually for Family Emergency Leave which can be taken in minimum increments of two-hour allotments to address personal emergencies, involving their immediate family or parents.

ARTICLE 18 – ALLOWANCES

18.1 LUSI will provide all tools and equipment necessary to carry out the work of LUSI, each employee whose duties call for the same will be issued with tools and equipment to enable satisfactory working conditions.

Each employee will use the tools and equipment in a safe and proper manner and will provide proper care for these tools.

18.2 All regular full-time employees (as referred to in Article 5.3) will be eligible to receive the following **clothing and footwear allowance** as outlined for their department.

LUSI will contribute, per contract year, toward the replacement of CSA approved appropriate **safety footwear** (including green patch and/or OHM rating), for applicable employees. Employees will be reimbursed upon the presentation of a properly dated receipt evidencing the purchase of new safety footwear. The employee, in accepting this safety footwear allowance, agrees to wear approved safety footwear (in good condition) during all working hours.

LUSI will provide **rubber safety footwear** to all full-time permanent outside employees as required and will be replaced on an exchange basis.

Employees will be allowed to carry forward any unused boot allowance (to a maximum of one (1) year's boot allowance) to the following year.

Reimbursement by employee category will be as follows:

	2020	**2021**	**2022**
Outside Employees	$260.00	$260.00	$260.00

LUSI will contribute, per contract year, toward the purchase of approved appropriate **safety clothing** for each applicable employee. The employee, in accepting this safety clothing allowance, agrees to wear approved safety clothing (in good condition) as required.

	2020	**2021**	**2022**
Electric Distribution	$660.00	$660.00	$660.00
Water Distribution	$410.00	$410.00	$410.00

18.3 LUSI will provide **office staff** on an annual basis, with an allowance of up to $100, for the purchase of suitable LUSI branded clothing.

18.4 LUSI will supply protective equipment for use against live conductors, including rubber gloves, line hose and rubber blankets.

18.5 Safety hats and safety equipment provided by LUSI shall be worn and used during working hours by employees that have been issued such equipment. Failure to comply with these regulations, the employee shall be subject to disciplinary action as the Management and LUSI see fit.

18.6 The current accident prevention rule book IHSA and such other safety rules as Management may stipulate from time to time shall be observed by all employees.

18.7 LUSI will provide **Water Treatment employees**, on an annual basis, with an allowance of up to $250, for the purchase of suitable LUSI branded clothing.

ARTICLE 19 – UNION COMMITTEE & STEWARDS

19.1 LUSI acknowledges the right of the Union to appoint or otherwise select Committees and Stewards in accordance with the selections of this Article. The Union shall advise the Management of the personnel serving on these Committees and also the names of the Stewards.

LUSI will recognize a **Negotiating Committee** comprised of five (5) union representatives as follows:

1 – CUPE National Representative
1 – Local CUPE Executive Representative (President/Vice-President)
1 – Representative each from Electric, Water and Office for a 2-day period.

If negotiations continue beyond the second day, the Union will incur the cost of the 4th local representative, or choose to have one less committee member.

19.2 The Union acknowledges that Stewards, members of the Committee and Union Officers have regular duties to perform on behalf of LUSI. Such persons shall not leave their regular duties without receiving permission from their Supervisor and such permission shall not be unreasonably withheld.

When resuming their regular duties they shall report to their Supervisor.

It is clearly understood that Stewards and other Union Officials shall not absent themselves from their regular duties unreasonably in order to deal with the grievances of employees up to but not including arbitration. In accordance with this, the Management shall not make any pay deduction from such employees for the time spent in handling grievances and meetings with Management. This does not apply to the time spent on such matters outside regular working hours.

19.3 Notwithstanding the above, it is understood in the absence of a water, electric and/or office representative, the Union shall appoint or elect a replacement representative.

19.4 **Joint Employee Relations Committee**
Management and the Union recognize the importance of maintaining employee and employer relations and to that end agree to participate in semi-annual meetings, or as may be required from time to time, to discuss matters of mutual interest to improve their relationship. The Committee shall consist of the President and HR/Administrator, representing Management, and the CUPE Local Executive Member (President/Vice-President) and the Union Steward, representing the Union.

ARTICLE 20 – GENERAL

20.1 **Inclement Weather**
LUSI will provide alternative work, for employees who usually work outside during inclement weather. Inclement weather will be determined by Management.

When it is necessary for employees to work in inclement weather, Management will provide suitable rainwear.

20.2 **Alcoholic Beverages**
It is the policy of LUSI that no employee will use alcoholic beverages during working hours. Failure to observe this policy will result in disciplinary action up to and including discharge.

20.3 **Time of Pay**
Employees will be paid by direct bank deposit every two weeks on Thursday, before noon, except in circumstances beyond the control of LUSI.

ARTICLE 21 – CLASSIFICATION AND WAGE SCHEDULE

21.1 **Electric Department**

a) **Journeyman Lineman**	100% of Journeyman Lineman Rate
Apprentice 'A'	Fourth 2000 hours of service–90% of Journeyman Lineman Rate
Apprentice 'B'	Third 2000 hours of service–85% of Journeyman Lineman Rate
Apprentice 'C'	Second 2000 hours of service-80% of Journeyman Lineman Rate
Apprentice 'D'	First 2000 hours of service-70% of Journeyman Lineman Rate

Progressions are not automatic to the **full Journeyman Lineman** rate but are based on the successful completion of the 8000 hours and the Infrastructure Health & Safety Association Training Program.

b) **Distribution Technician**	100% of Distribution Technician Rate
3rd Year	90% of Distribution Technician Rate
2nd Year	80% of Distribution Technician Rate
1st Year	70% of Distribution Technician Rate

Progressions are not automatic to the **full Distribution Technician** rate but are based on annual performance evaluations that indicate continued development in the position.

21.2 **Office Employees**
New Hires in the classification of Customer Service Representative will have a progressive wage schedule from new hire to an accepted level of competency:

12 months	100% of Rate
6 months	85% of Rate
New Hire	75% of Rate

* Increments/Increases are based on ability and performance.

21.3 **General Wage Increase**

February 1st, 2020	1.85%
February 1st, 2021	1.85%
February 1st, 2022	1.85%

21.4 HOURLY RATES

	Feb 1/20	Feb 1/21	Feb 1/22
Electric Department			
Sub-Foreman	$44.60	$45.43	$46.27
Journeyman Lineman	$40.55	$41.30	$42.06
Distribution Technician	$40.55	$41.30	$42.06
Labourer *	$26.42	$26.91	$27.41

Water Treatment & Distribution Departments			
Operator In Training (OIT)	$24.54	$24.99	$25.45
Class I Operator	$27.61	$28.12	$28.64
Class II Operator	$34.40	$35.04	$35.69
Class II Operator w/Class III Exam	$34.82	$35.47	$36.12
Class III Operator	$35.93	$36.60	$37.27
Water Treatment Electrician/Operator w/OIT WT License	$34.39	$35.03	$35.68
Water Treatment Electrician/Operator w/Class I WT License **	$35.93	$36.60	$37.27
Water Compliance Coordinator	$35.93	$36.60	$37.27
Labourer *	$26.42	$26.91	$27.41

** Water Treatment Electrician/Operator –additional upgrades to license classifications are $0.39/hour/class to maximum Class 3 Certification.

For each progression in Classification, the level of responsibility will increase. The Operator will be required to obtain the minimum certification of the Cobourg Water Treatment or Water Distribution System to attain Journeyman Status. A maximum of two (2) years will be allowed to attain the next level of certification until Journeyman status has been attained.

* Increments/increases based on ability and performance.

Office Employees	Feb 1/20	Feb 1/21	Feb 1/22
Customer Service Representatives	$29.61	$30.16	$30.71

Temporary Employee
Temporary Employee (minimum 75% of Classification)

ARTICLE 22 – TERM OF AGREEMENT

This agreement shall be operative for a period of three (3) years dating from February 1st, 2020, expiring January 31st, 2023

Dated at Cobourg, Ontario this 9TH day of OCTOBER, 2020.

Signed on behalf of LUSI

L. Proulx
Lorna PROULX
HR Services Consultant

Paola Garcia
Human Resources Generalist

Adam Giddings
Director of Regulatory Finance

Susan Spicer
Corporate Secretary

Shawn Belender
Manager of Water Systems

Signed on behalf of the Union

Tim Clarey
Vice-President

Nick Cunningham
Bargaining Committee Representative

Tyler Ferguson
Bargaining Committee Representative

Susan O'Neil
Bargaining Committee Representative

S. Rodgers
Sharon Rodgers
C.U.P.E Local 25 National Representative

LETTER OF UNDERSTANDING – CROSS-TRAINING HOURLY RATE ADDER

The following employee has an 'adder' to his rate as detailed below:

Employee	Hourly Adder	Qualification
Tim Clarey	$ .60	Class 1 WT Exam ($0.30) & Class 1 WT Certification ($0.30)

Dated at Cobourg, Ontario this 9TH day of OCTOBER, 2020.

Signed on behalf of LUSI

L. Proulx

Lorna Proulx
HR Services Consultant

Paola Garcia
Human Resources Generalist

Adam Giddings
Director of Regulatory Finance

Susan Spicer
Corporate Secretary

Shawn Bolender
Manager of Water Systems

Signed on behalf of the Union

Tim Clarey
Vice-President

Nick Cunningham
Bargaining Committee Representative

Tyler Ferguson
Bargaining Committee Representative

Susan O'Neil
Bargaining Committee Representative

S. Rodgers

Sharon Rodgers
C.U.P.E Local 25 National Representative

LETTER OF UNDERSTANDING – BENEFITS FOR EARLY RETIREES – ARTICLE 13.9 (a)

Benefits for Early Retirees

This Letter of Understanding provides that Journeyman/Lineman, Mike Fournier, if he so chooses, will be eligible for early retirement benefits, as per Article 13.9 (a) below, with 9 years of service with LUSI, as per the collective agreement in place on his date of hire (August 12th, 2013).

> *13.9 (a) LUSI will provide an option to all employees, with a minimum 10 years of service with LUSI who retire on an unreduced OMERS pension, to continue participation in the Group Extended Health & Dental Benefit Plans to age 65 paid by LUSI, providing the employee is eligible to participate in the plans.*

Dated at Cobourg, Ontario this 9Th day of October, 2020.

Signed on behalf of LUSI

Lorna Proulx
HR Services Consultant

Paola Garcia
Human Resources Generalist

Adam Giddings
Director of Regulatory Finance

Susan Spicer
Corporate Secretary

Shawn Bolender
Manager of Water Systems

Signed on behalf of the Union

Tim Clarey
Vice-President

Nick Cunningham
Bargaining Committee Representative

Tyler Ferguson
Bargaining Committee Representative

Susan O'Neil
Bargaining Committee Representative

S. Rodgers
Sharon Rodgers
C.U.P.E Local 25 National Representative

APPENDIX B – SERVICES AGREEMENT

MANAGEMENT, OPERATIONS AND MAINTENANCE AGREEMENT

THIS AGREEMENT made as of May 1st, 2007.

BETWEEN:

LAKEFRONT UTILITY SERVICES INC., a corporation incorporated under the laws of the Province of Ontario (hereinafter called the "**Service Provider**"),

OF THE FIRST PART;

- and –

LAKEFRONT UTILITIES INC. (hereinafter called the "**Client**"),

OF THE SECOND PART.

RECITALS

1. Client and the Service Provider have agreed to enter into this Agreement pursuant to which the Service Provider will assume responsibility for the services listed herein.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT, in consideration of the covenants and agreements herein contained, the parties hereto agree as follows:

ARTICLE ONE

DEFINITIONS AND SCHEDULES

1.1 Definitions

In this Agreement, unless something in the subject matter is inconsistent therewith, all capitalized terms shall have the meanings set forth below:

"Affiliate Relationships Code" means the Affiliate Relationships Code of the Ontario Energy Board as the same may be amended from time to time.

"Agreement" means this Agreement and all amendments made hereto in accordance with the provisions hereof.

"Business" means providing a selected range of energy services, telecommunications and products, as well as business activities incidental thereto.

"Business Day" means a day other than Saturday, Sunday or a legal holiday.

"Event of Default" means any of the events described in Section 6.1.

"**Force Majeure"** means a cause which is unavoidable or beyond the reasonable control of a party hereto and which by the exercise of due diligence such party is unable to prevent or overcome, including, without limitation, acts of God, acts of public enemy, war, hostilities, invasion, insurrection, riot, the order of any competent civil or military government, explosion, fire, strikes, lockouts, labour disputes, malicious acts, vandalism, failure of equipment beyond the reasonable control of a party hereto, accident to any facilities, storms, or other adverse weather conditions, or other causes of similar nature which wholly or partially prevent the parties or either of them from carrying out the terms of this Agreement (other than for the payment of monies due hereunder); provided that either party shall have the right to determine and settle any strike, lockout and labour dispute in which that party may be involved in its sole discretion and provided further that Force Majeure shall exclude lack of funds or economic hardship.

"Insolvent" means, in relation to any Person, being insolvent, bankrupt, making a proposal under the *Bankruptcy and Insolvency Act* (Canada) or having a trustee or receiver or manager appointed in respect of its assets.

"Prudent Industry Practice" means any of the practices, methods and acts which, in the exercise of reasonable judgment in the light of the facts known to the Service Provider, at the time that a decision was made, could reasonably have been expected to accomplish the desired result at a reasonable cost, consistent with applicable laws, licensing and regulatory considerations, environmental considerations, reliability, safety and expedition. Prudent Industry Practice is not intended to be limited to the optimum practice, method or act, to the exclusion of all others, but rather to be a spectrum of possible practices, methods or acts employed by owners and operators of businesses similar in size, type and operational characteristics to Client's business, and having due regard for applicable industry, safety and maintenance codes and standards, manufacturers' warranties, and applicable laws and shall, in any event, evidence the degree of care, diligence and skill that a reasonable prudent advisor and manager having responsibility for the management of a similar business would exercise in comparable circumstances.

"Term" shall mean the period from May 1, 2007 to the fifth anniversary thereof, or such earlier date as this Agreement may be terminated in accordance with its terms.

1.2 Headings

The division of this Agreement into Articles, Sections, paragraphs and subparagraphs and the insertion of headings are for convenience of reference only and shall not affect the construction of interpretation of this Agreement. The Terms "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Interpretation

Words importing the singular number only shall include the plural and vice versa, words importing gender shall include all genders. Where the work "including" or "includes" is used in this Agreement it means "including without limitation" or "Includes without Limitation", respectively. Any reference to any Document shall include a reference to any schedule, amendment of supplement thereto or any agreement in replacement thereof, all as permitted under the Documents.

1.4 Accounting Principles

Wherever in this Agreement reference is made to generally accepted accounting principles, such reference shall be deemed to be to the generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants, or any successor institute, applicable as at the date on which such calculation is made or required to be made in accordance with generally accepted accounting principles. Where the charter or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Agreement or any document, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as otherwise agreed in writing by the parties, be made in accordance with generally accepted accounting principles applied on a consistent basis.

1.5 Funds

All dollar amounts referred to in this agreement are in lawful money of Canada.

ARTICLE TWO

THE SERVICE PROVIDER'S FUNCTIONS AND POWERS

2.1 Appointment of the Service Provider

Client hereby appoints the Service Provider and the Service Provider hereby accepts its responsibility for all aspects of the operation, maintenance, management and management of the Business in accordance with Prudent Industry Practice and the terms of this Agreement throughout the Term including without limitation, providing all necessary staff to operate the Business.

2.2 Services Provided

(1) The Service Provider shall have authority during the Term to manage, control, administer and operate the Business in accordance with Prudent Industry Practice, subject to the overall responsibility for management of Client by its senior officers ("Client's Management") and the Client's Board of Directors ("Client's Directors") and subject to and limited by the provisions of this Agreement.

Without limiting the generality of the foregoing, the Service Provider shall be vested with the following powers which it shall exercise on behalf of the Client:

(a) to report to Client's Management and the Client's Directors with respect to the business and affairs of the Client and the business as may be requested from time to time by Client's Management and the Client's Directors;

(b) to provide all administrative services for business of Client including accounting and bookkeeping services; and

(c) to negotiate, execute, amend, administer, perform and carry out the terms of all agreements and commitments, the performance of which by or on behalf of Client in respect of the Business and the Business is necessary or advisable.

(2) Without limiting the generality of the foregoing the Service Provider shall provide or arrange for all of the operations and maintenance services necessary to prudently and efficiently operate and maintain Client's Business, including but not limited to:

(a) co-ordinate the purchase and sale of electricity under applicable contracts and pay on behalf of Client and collect all amounts payable and receivable thereunder;

(b) operate and maintain the Business in accordance with Prudent Industry Practice, applicable laws and all Client's agreements, to provide maintenance for Client's facilities in the most cost-effective manner to prevent deterioration beyond normal wear and tear; provided that such efforts shall be necessarily limited by the operating life, capacity and maintenance requirements of the Client's facilities and by the requirements of all applicable laws;

(c) use all reasonable care necessary to keep Client's facilities clean, orderly and free from debris, rubbish or waste to the extent consistent with the operation of the Business;

(d) use all reasonable care not to generate, store, transport, accumulate, dispose, discharge or release any hazardous substance on, in or from any property in connection with Client's facilities, except in compliance with all applicable environmental laws and regulations;

(e) assist Client in obtaining and maintaining all necessary regulatory and operational approvals including those required from the Ontario Energy Board and the Independent Electricity Market Operator for the Business and renewals therefore including preparing and submitting all associated applications and filing;

(f) use its reasonable efforts to secure and maintain from vendors, suppliers and subcontractors the best indemnities, warranties and guarantees as may be commercially available in accordance with Prudent Industry Practice regarding supplies, equipment and services purchased for the Business and assist Client in preserving and enforcing such indemnities, warranties or guarantees;

(g) provide administrative services for the Business including:

 (i) arrange insurance for the Business and Client consistent with Prudent Industry Practice;

 (ii) maintain and preserve equipment maintenance, accounting, management of billing and receivables, banking and other necessary records, reports, documents, data and the like for the Business and Client;

 (iii) perform cash management services for the Business and Client;

 (iv) on a timely basis prepare financial statements and deliver them to the Client's Directors;

(v) assist in the administration of all agreements to which Client is a party or by which it is bound, including negotiations and communications with third parties in connection therewith; and

(vi) make all banking and financing agreements;

(h) employ, and ensure adequate training and testing of all qualified personnel (duly licensed where required) required for the operation and maintenance of Client's facilities consistent with Prudent Industry Practice;

(i) implement an inventory control system to identify, catalogue and disburse spare parts for the maintenance of Client's facilities and procure, as agent for Client initial and replacement spare parts and refurbish, where practical or economical, spare parts to allow their reuse;

(j) perform for Client such other services as may from time to time be reasonably requested or are reasonably necessary or appropriate in connection with the operation and maintenance of Client facilities;

(k) promptly provide Client with such other information relative to the Business as Client may reasonably request.

2.3 Covenants of the Service Provider

The Service Provider covenants and agrees that in the performance of its services under this Agreement it shall:

(a) perform all services at all times in accordance with Prudent Industry Practice and in compliance with applicable laws and consistent with the principles of the Affiliate Relationships Code;

(b) comply with all instructions of Client's Management and the Client's Directors in relation to the performance of its services under this Agreement. The Directors will have the responsibility to provide governance for the Client and will include but not be limited to the approval of policy, approval of budgets and approval of business plans.

(c) observe and perform or cause to be observed and performed on behalf of Client in every material respect the provisions of (i) the agreements from time to time entered into a connection with the Business, and (ii) all applicable laws including the Affiliate Relationships code;

2.4 No Liability of Service Provider

Notwithstanding any provision of this Agreement, neither Party shall in any circumstances whatsoever be liable hereunder to the other Party for incidental or consequential or punitive damages including, without limitation, loss of profit, sustained or claimed by the other Party. The Service Provider shall have no liability as a result of this Agreement to make or arrange for payments on account of operating expenses of Client or any other expenses relating to this Agreement out of its own funds. The Client accepts that any actions, legal or other, resulting from the performance of services by the Service Provider, shall be the liability of the Client.

ARTICLE THREE

TERM

3.1 Term of Agreement

This Agreement shall be effective as of May 1, 2007 and shall continue in full force and effect until April 30, 2012 unless sooner terminated. This Agreement shall be automatically renewed for successive periods of five years unless either party provides the other with written notice to the contrary at least one hundred and eighty (180) days prior to the end of the then incumbent term. Consideration of continuance of the contract will be brought to the attention of the Service Provider and the Client for consideration one year prior to renewal of the contract.

ARTICLE FOUR

COST OF SERVICES

4.1 Cost of Services

The parties agree, acting reasonably, that the charges for services provided by the Service Provider shall be "at cost", and that the Client accepts that the Service Provider is a non-profit company and therefore any costs relating to the provision of services are transferred to the Client and that the total employment costs related to the employees providing the services shall be borne by the Client. The Client further agrees that it shall pay its portion of the Service Provider's Board of Directors and Executive costs.

ARTICLE FIVE

FINANCIAL STATEMENTS, BUDGETS AND RECORDS

5.1 Books and Records

The Service Provider shall keep proper books, records and accounts in which full, true and correct entries in conformity with generally accepted accounting principles and all requirements of applicable laws will be made of all dealings and transactions in relation to the Business and the performance of the Service Provider's services under this Agreement at the Service Provider's head office.

5.2 Examination of Records

The Service Provider shall make available to the Client and its authorized representatives at any time during normal business hours on a Business Day all records, documents or information related to the Business, wherever maintained. The Service Provider shall permit client and its authorized representatives at any time during normal business hours on a Business Day to examine the books, records, drawings, computer-stored data, correspondence, accounting procedures and practices, cost analyses and any other supporting financial data, including invoices, payments or claims and receipts pertaining to the Business maintained by the Service Provider at its head office. Client's examination of records at the Business or at the Service Provider's head office shall be conducted in a manner which will not unduly interfere with the conduct of the Business or of the Service Provider's business in the ordinary course. The Service Provider shall furnish to Client such financial and operating data and other information with respect to the Business as Client shall from time to time reasonably request.

5.3 Confidentiality

The Service Provider shall ensure that, unless required in connection with applicable laws, the books, records, and accounts of Client shall not be made available to any other person. The Client shall ensure, if it comes into possession of, or becomes aware of, any information the Service Provider has obtained relating to a specific consumer, retailer or generator in the process of providing current or prospective electricity distribution service, that it will not use such information for any improper purpose, in compliance with the Affiliate Relationships Code.

ARTICLE SIX

DEFAULT AND TERMINATION

6.1 Events of Default

Each of the parties hereto shall be in default under this Agreement upon the happening or occurrence of any of the following events, each of which shall be deemed to be an Event of Default for the purposes of this Agreement:

(a) the party breaches or fails to observe or perform any of the party's material obligations, covenants, or responsibilities under this agreement, and, within thirty (30) days after notice from the other party specifying the nature of such breach or failure, to the satisfaction of the other party's Management and Directors, the party fails to cure such breach or failure or to take steps to remedy such breach or failure and give reasonable assurances to the other party that such default shall be cured within a period of time satisfactory to the other party's Management and Directors:

(b) the party:

(i) becomes Insolvent;

(ii) is subject to any proceeding, voluntary or involuntary, under the provisions of the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors Arrangement Act* (Canada), or any other Act for the benefit of creditors;

(iii) goes into liquidation;

(iv) winds up either voluntarily or under an order of a Court of competent jurisdiction;

(v) makes a general assignment for the benefit of its creditors; or

(vi) otherwise takes any corporate action that acknowledges its Insolvency; or

(c) gross negligence, willful default or fraud by the party in the performance of any of its obligations, covenants, or responsibilities under this Agreement.

6.2 Termination

Upon three occurrences as described in section 6.1(a) within one calendar year, or upon the occurrence of an Event of Default of the party but subject to section 6.3, the other party may without recourse to legal process but without limiting any other rights or remedies which it may have at law or otherwise, terminate this Agreement by delivery of written notice of termination to the party.

6.3 Restriction on Termination during Force Majeure

During the occurrence of an event of Force Majeure, the obligations of the party affected by such event of Force Majeure, to the extent that such obligations cannot be performed as a result of such event of Force Majeure, shall be suspended, and such party shall not be considered to be in default hereunder, for the period of such occurrence except that the occurrence of an event of Force Majeure affecting Client (but not affecting the performance of the Service Provider's obligations hereunder) shall not relieve it of its obligation to make payments to the Service Provider hereunder. The non-performing party shall give the other party prompt written notice of the particulars of the event of Force Majeure and its expected duration, shall continue to furnish regular reports with respect thereto on a timely basis during the continuance of the event of Force Majeure and shall use its best efforts to remedy its inability to perform. The suspension of performance is to be of no greater scope and of no longer duration than is required by the Force Majeure condition. No obligations of either party that arose before the Force Majeure causing the suspension of performance are excused as a result of the Force Majeure.

6.4 Post-Termination Arrangements

In the event of termination of this Agreement;

(a) the Service Provider shall deliver to Client all books, records, accounts, systems and manuals which it has developed and maintained relating to Client. Client's facilities and the Business pursuant to this Agreement;

(b) the parties shall take all steps as may be reasonable required to complete and final accounting between them and Client will pay to Service Provider all fees accrued to date and to provide, if applicable, for the orderly transfer of insurance and completion of any other matter contemplated by this Agreement; and

(c) title to all materials, equipment, supplies, consumables, spare parts and other items purchased or obtained by the Service Provider for the Business shall pass to and vest in Client upon the passage of title from the vendor or supplier thereof and payment or reimbursement of costs by Client.

ARTICLE SEVEN

GENERAL MATTERS

7.1 Governing Law

This Agreement shall be conclusively deemed to be a contract made under, and shall for all purposes be construed and interpreted in accordance with the laws of the Province of Ontario, and the laws of Canada applicable in such Province.

7.2 Benefit of the Agreement

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.3 Severability

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction. In respect of any provision so determined to be unenforceable or invalid, the parties agree to negotiate in good faith to replace the unenforceable or invalid provision with a new provision that is enforceable and valid in order to give effect to the business intent of the original provision to the extend permitted by law and in accordance with the intent of this Agreement.

7.4 Amendments and Waivers

No modification of or amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by both of the parties hereto and no waiver of any breach of any term or provision of this Agreement shall be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided, shall be limited to the specific breach waived.

7.5 Further Assurances

Each of Client and the Service Provider shall from time to time execute and deliver all such further documents and instruments and do all acts and things as the other party may reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

7.6 Time of the Essence

Time shall be of the essence of this Agreement.

7.7 No Partnership

It is understood and agreed that nothing contained in this Agreement nor any acts of the parties shall be deemed to constitute the Service Provider and Client as partners of each other.

7.8 Dispute Resolution

In the event there is any disagreement between the parties as to the performance or implementation of any provision of this agreement, including the amount of fees to be paid pursuant to Section 4.1, or the provision for termination of the agreement, the issue will be submitted to arbitration pursuant to the *Arbitration Act*.

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto as of the 1st day of May, 2007.

LAKEFRONT UTILITIES INC.

Per: ______________________________

Per: ______________________________

LAKEFRONT UTILITY SERVICES INC.

Per: ______________________________

Per: ______________________________

APPENDIX C – PROCUREMENT POLICY

Lakefront Utility Services Inc.	**ADMINISTRATIVE PRACTICES**	PRACTICE: ADM-4 APPROVED: 9/12/2020 EFFECTIVE: 30/08/2018 SUPERSEDES: 4/01/2016 UPDATED: 30/11/2020 VERSION No: 4

PROCUREMENT POLICY

ADM 4.1.0 PURPOSE

4.1.1 To set forth the policy of the Corporation regarding the approval procedure for purchasing capital and operational expenditures. The conduct of the Corporation's procurement activities must meet the highest standards of reasonability, be economically achievable and support the Corporation's overall objectives of fairness, openness, and transparency. The Corporation's procurement activities are intended to both achieve maximum value for the Corporation and its stakeholders, and advance the Corporation's strategic objectives.

ADM 4.2.0 POLICY STATEMENT AND OBJECTIVES

4.2.1 It is the policy of Lakefront Group of Companies represented by Lakefront Utility Services Inc. (LUSI) to set up procedures for the purchasing of supplies, materials and other services on behalf of LUSI and its affiliates.

4.2.2 The objectives of the Corporation's Procurement Policy are to ensure that:

a. All goods and services are acquired in accordance with approved procurement processes;
b. All goods and services are acquired within authorized budgets;
c. The Corporation receives value for money, by obtaining goods and services through a fair and competitive procurement process involving reputable suppliers;
d. Evaluation criteria are applied fairly to assess the merits of competitive bids, proposals, quotes and submissions;
e. Those seeking contracts for goods and services are required to disclose potential conflicts of interest;
f. Senior management and the Board of Directors are appropriately accountable for all material procurement;
g. The entire competitive procurement process is fair, open and transparent.

ADM 4.3.0 PURCHASE ORDER CREATION PROCESS

4.3.1 All requests for the purchase of goods or services must be submitted on a Purchasing Form, which when authorized and approved by the appropriate signing authorities and assigned a valid number, becomes an official Purchase Order.

4.3.2 In an emergency, a Supervisor may place a verbal order which must be followed by an official Purchase Order as soon as practical.

ADM 4.4.0 RESPONSIBILITIES

4.4.1 Department Manager's Responsibilities

The Department Manager is responsible for reporting to the President in writing all instances of unsatisfactory vendor performance.

4.4.2 Staff's Responsibilities

All staff are responsible for following the Procurement Policy as outlined within, and for ensuring that all items purchased meet all current Regulatory Standards and/or approved Electrical Standards as per Ontario Regulation 22/04, and/or Water Standards.

ADM 4.5.0 APPROVAL PROCEDURE & SIGNING THRESHOLD LEVELS

4.5.1 Purchasing Forms will be approved by the appropriate authority level as per *Table 1 and Table 2* below, validated for appropriateness of expenditure, verified against the current approved budgets, and checked for account coding accuracy. All invoices will be matched to the corresponding approved purchase order by the Finance Department.

4.5.2 Purchases are not to be divided to circumvent any thresholds in this policy.

Table 1 Approved Budget Purchases Signing Threshold

Supervisor	Approval of purchase orders not to exceed $ 2,500
Manager	Approval of purchase orders not to exceed $ 10,000
Two Corporate Officers	Approval of purchase orders not to exceed $ 40,000
President	Approval of purchase orders not to exceed $125,000
President **and** Corp. Officer	Approval of purchase orders not to exceed $200,000

Purchases over $200,000 require additional authorization by the appropriate Chair.

Table 2 Purchases not included in Approved Budget Signing Threshold

Supervisor	Approval of purchase orders not to exceed $ 600
Manager	Approval of purchase orders not to exceed $ 2,500
Two Corporate Officers	Approval of purchase orders not to exceed $ 8,000
President	Approval of purchase orders not to exceed $ 25,000
President **and** Corp. Officer	Approval of purchase orders not to exceed $ 45,000

Purchases over $45,000 not budgeted require authorization by the appropriate Board. In an emergency situation, the President or his delegate will have the authority to make emergency purchases outside of budget threshold, with the concurrence of the Chair of the appropriate Board to be ratified by the full Board at the next scheduled meeting.

4.5.3 Purchases of miscellaneous items under a value of $600 do not require a purchase order but do require approval and account coding by appropriate supervisor.

4.5.4 Rental of equipment does not require a purchase order but does require the associated work order. The invoice containing the work order number will be approved at the time it is received. The work order number must be recorded on third party documentation.

ADM 4.6.0 PURCHASES PAID OUT OF PETTY CASH

4.6.1 Purchases for goods or services costing less than $50 total can be paid out of petty cash when authorized by the appropriate supervisor.

ADM 4.7.0 CREDIT CARD PURCHASES

4.7.1 Authorization from the appropriate supervisor is required for purchases over $600. Senior management do not require authorization for amounts up to their limits of authority and the statements must be reviewed and approved by their immediate supervisor as per Policy FIN-11 Corporate Credit Card Policy.

ADM 4.8.0 PURCHASES COSTING BETWEEN $600 AND $24,999

4.8.1 All purchases over $600 require a Purchase Order with the exception of those listed in the excluded items in ADM 4.11.1. The Purchase order must be signed by the appropriate Manager/Supervisor, subject to their approval level. Purchaser will use his/her discretion in selecting the suppliers from whom to choose based on best value. For all purchases, competitive prices must be obtained and recorded.

ADM 4.9.0 PURCHASES COSTING BETWEEN $25,000 AND $45,000

4.9.1 When the total expenditure for goods or services is between $25,000 and $45,000, informal but written quotations will be solicited from at least three (3) suppliers.

4.9.2 The quotation process may be omitted under the following conditions:

- Emergency situation declared by the President or his designate;
- Sole Source Purchases must be approved by two (2) Corporate Officers.

ADM 4.10.0 PURCHASES COSTING OVER $45,000

4.10.1 A formal Request for Quotations will be required when the total expenditure for goods or services is expected to exceed $45,000.

4.10.2 Tenders and Requests for Proposals are required when the total expenditure for goods or services is expected to exceed $75,000.

ADM 4.11.0 EXCLUSIONS TO PROCUREMENT PROCESS

4.11.1 The following items are not subject to this Procurement Policy:

2.0 Cheque Requisition

3.0 Training and Education
- a) Conferences
- b) Courses
- c) Seminars
- d) Conventions
- e) Memberships
- f) Periodicals
- g) Magazines
- h) Subscriptions
- i) Staff Training
- j) Staff Development
- k) Staff Workshops

4.0 Refundable Employee Expenses
- a) Meal Allowances
- b) Travel Expenses
- c) Hotel Accommodation
- d) Mileage

5.0 General Expenses
- a) Licenses, insurance (vehicles, etc.)
- b) Banking and underwriting services where covered by agreements
- c) Real estate including land, buildings, leasehold interests, easements, encroachments and licenses
- d) Items of a confidential nature
- e) Professional and special services, including appraisals, medical, etc.
- f) Freight charges
- g) IESO Invoice
- h)
- i) ESA Inspection Charges
- j) OEB Fixed Costs
- k) Insurance, employee benefits (Pension, Health Insurance, etc.)
- l) Taxes
- m) Customer refunds
- n) External audit expenses
- o) Legal expenses

6.0 Utilities
- a) Postage
- b) Water and sewage charges
- c) Hydro
- d) Natural Gas
- e) Internet service

ADM 4.12.0 ADMINISTRATIVE PROCEDURES

1. No contract shall be artificially divided into smaller contracts for the sole purpose of avoiding the thresholds as defined in the “Signing Threshold” above.

2. The President or Director of Regulatory Finance or delegate shall have the authority to execute and issue all contracts for goods and services, Professional Services, non-standard items, Consulting Services and construction services provided that proper authorization has been obtained as approved in the “Signing Threshold.”

3. It will be the responsibility of all employees of the Corporation to ensure that all requirements of this policy are complied with.

4. The President shall have the authority to approve additional procedures to this policy, including forms and Finance Department templates.

5. No employee of the Corporation, or Member of the Board, or immediate family member of such persons, may bid on the Corporation’s proposed purchase of goods and services.

6. No personal purchases shall be made by the corporation for Members of the Board or employees of the Corporation unless authorized by the President.

7. No employee or Member of the Board shall purchase or offer to purchase, on behalf of the Corporation, any goods or services except in accordance with this policy without authorization from the President.

8. Except in the case of an emergency, the requisitioning department should complete and obtain approval of a Procurement Requisition (Purchasing Form) and approval obtained **prior** to committing the Corporation.

9. All responses for Requests for Qualifications, Proposals and Tenders must be evaluated using a standard evaluation template to meet the specific requirements of the Request for Qualifications, Proposals or Tender process. The Evaluation Committee assigned to a procurement process must document the conclusions of the evaluation process.

10. The selection of a preferred or successful proponent must be based upon the evaluation criteria set out in the Prequalification Documents, the Request for Proposal or the Tender documents.

11. In determining whether a bid or proposal is compliant with the requirements of the quotation documents, the Corporation shall consider the terms and conditions of the Tender and the Request for Proposal documents.

12. In all cases, and irrespective of the type of procurement process that is carried out, care must be taken to ensure that the overall procurement objectives of the Corporation are met, that the transaction is documented in accordance with this policy, and that where appropriate the selected proponent accepts the Terms and Conditions as denoted in the Corporation's contract.

13. To ensure the Corporation's procurement process is fair, open and transparent to all proponents, there shall be no communication between Corporation and the proponents with the exception of the official representative(s) noted in the quotation document. This blackout is for the period of time immediately following the release of the quotation until the final award of the bid. All questions asked by proponents during the course of procurement must be submitted in writing to the official representative and the questions and responses must be circulated to all proponents. Lobbying during the procurement process will not be permitted and may result in the disqualification of the proponent.

14. The Corporation is not required to accept the lowest bid and may base its evaluation on both quality and price (as appropriate to the goods or services being purchased) and may adopt a "best value" approach to the evaluation of price.

15. Procurement and contract documents should include, where applicable, provisions that permit the re-scoping of a project in the event that prices submitted exceed amounts budgeted for the contract.

ADM 4.13.0 PROCEDURES AND PROCUREMENT METHODOLOGIES

ADM 4.13.1 Choice of Procedure

Before any procurement takes place, the issuing department must:

1. Identify the goods or services to be acquired.

2. Evaluate the value of the goods or services as defined by the scope of work. For the purposes of estimating, the value means the estimated total financial commitment including the value of renewal options.

3. Determine if the project is properly funded. Projects that do not have sufficient funds must be authorized by a member of the executive and CEO prior to proceeding with the procurement process.

ADM 4.13.2 Procurement Methodologies

For ease of reference, the most common procurement methodologies that the Corporation should use and the appropriate circumstances for use are as follows:

1. *Tender* – Used in circumstances where the Corporation has determined a clearly defined scope of the goods or services and the only remaining matter to be resolved is establishing a competitive price. Successful proponents are normally (but not exclusively) chosen based on the price submitted. The evaluation of price can include an evaluation of "best value" rather than simply the lowest price.

2. *Request for Proposals* (RFP) – Typically used when the Corporation wishes to carry out a quality assessment of a service provider or the product or service they provide. In most cases, price is a "weighted" factor but not the determining factor. Request for Proposals are also used where it is not practical to prepare precise specifications, or where alternatives to detailed specifications will be considered, which may be subject to further negotiation. This process allows vendors to propose solutions to arrive at the end product or desired result and allows for evaluation based on predetermined criteria in addition to price. The term "Request for Proposal" also includes the flexible RFP also known as the Best and Final Offer (BAFO) RFP.

3. *Request for Quotation* – A formal or informal inquiry to determine the price of a specific good or service. Successful proponents are normally (but not exclusively) chosen based on the price submitted, although the evaluation can also allow for predetermined criteria in addition to price. The proponent's response should be submitted in writing.

4. *Prequalification Request* – Similar to a formal Request for Proposal but without factoring price. Its purpose is to develop a short list of qualified suppliers/service providers that will

subsequently be invited to submit a proposal or tender at the next stage of the procurement process.

5. *Request for Expressions of Interest, Research and Market Sounding* – All market sounding (which may be referred to as a Request for Expression of Interest or RFEI) required to determine market interest and develop scope will be conducted to ensure an equitable process.

   Research and market sounding will not be used to:
   (a) pre-qualify potential suppliers;
   (b) provide an unfair advantage for any proponent;
   (c) and influence the chances of a vendor's success or failure in future procurement opportunities.

   Research and market sounding does not constitute the initiation of a procurement process, therefore, no conflict of interest is created between vendors participating in the market sounding and vendors participating in future procurement opportunities.

6. Procurements with an estimated value over $75,000 must be procured through an open, competitive process.

7. Construction procurements estimated to be over $200,000 require that the Director of Regulatory Finance and the Manager determine a delivery and contracting methodology and fee structure. This procurement strategy will be reviewed with the Audit and Risk Committee and form part of the Capital Approval request package issued to the Board for approval.

   In determining the methodology, consideration will be given to; health and safety, liabilities to Lakefront Utilities, risk transfer and the premiums associated with the transfer of risk. The following project delivery methods will be considered; general contracting, construction management, design-build and public-private-partnership. Furthermore, the following contract types and fee structures will be evaluated; unit cost, lump sum, percentage fee and guaranteed maximum price, or other possible incentive arrangements.

   The preceding analysis will be documented and put on file.

ADM 4.13.3 Vendor of Record ("VOR")

1. The purpose of a VOR is to provide the Corporation with a readily available list of qualified firms. VORs are established through a publicly issued Prequalification Request or Request for Proposals which defines the general parameters of the scope and the length of time the list will be valid. The list will generally (but not always) result in standing offers being established with the chosen vendors.

2. The VOR is not a replacement for a competitive quote; therefore, where possible, quotations for goods or services should be sent to multiple vendors within the list of qualified firms. The proposal with the best value to the Corporation will be issued a release to their standing offer detailing the scope and price.

ADM 4.13.4 Evaluation Process

All procurements where price is not the single deciding factor must have the criteria (and sub-criteria if necessary) developed for the evaluation process prior to the closing date of the procurement or before any submissions are opened. The criteria will expand the broad categories listed in the quotation document.
Furthermore:

(1) All meetings are to be coordinated through Finance.

(2) The Director of Regulatory Finance or designate staff member will act as facilitator during all evaluations.

(3) The evaluation team should consist of at least three staff members (from the department accountable for the outcome of the procurement. For larger complex procurements a member of the Executive team should be included. To further complement the evaluation team, additional members may be drawn from any department within the Corporation. There are to be no vendors on the evaluation team unless they are required to act in an advisory capacity to the team. The composition of the teams will be reviewed by Finance and any exceptions to any of the above conditions must be approved by the Director of Regulatory Finance.

(4) The President may sit in on any Procurement evaluation as an ex-officio member of that review team. The President should not influence the proceedings but may ask questions to seek clarification.

(5) For large complex procurements, a Fairness Advisor may be retained to oversee the complete procurement process to ensure fairness to all proponents. At the end of the

procurement the Fairness Advisor should issue a letter of opinion regarding the process which will be retained with the procurement documents. The retention of a Fairness Advisor must be approved by the President.

ADM 4.13.5 Bid Dispute Resolution and Tie Breaker

The bid dispute resolution process is intended to ensure that any dispute is handled in an ethical, fair, reasonable and timely fashion.

Where a vendor wishes to dispute the outcome of a bid, subsequent to a debriefing with the Finance department, the process outlined below is to be followed:

(1) The aggrieved party is to file its bid protest with the Department Manager within 15 business days of the debriefing meeting. The aggrieved party's filing should include:

- The name and address of the vendor;
- Identification of the contract or bid solicitation being protested;
- Detailed and factual statement of the grounds for protest;
- Supporting documentation; and
- Desired relief, action or ruling

(2) The Department Manager will respond to the aggrieved party within 10 business days of receiving the bid protest notice.

(3) If a resolution cannot be achieved, the aggrieved party must contact the Director of Regulatory Finance and copy the Director of Regulatory Finance within 10 business days of receiving the first response from the Department Manager.

(4) The Director of Regulatory Finance will respond to the aggrieved party within 10 business days of receiving the bid protest notice.

(5) The final decision on the issue will be made by the Director of Regulatory Finance and will be resolved within 10 business days of receiving the bid protest.

(6) In the event of a tie during the evaluation, the tied proponents will be invited to an interview in an effort to break the tie. The interview will have a set agenda and scored by the evaluation team.

ADM 4.14.0 NON-COMPETITIVE PROCUREMENT – GOODS AND SERVICES (INCLUDING PROFESSIONAL SERVICES)

Professional Services is defined as any licensed professional service provided by medical doctors, dentists, nurses, pharmacists, veterinarians, engineers, land surveyors, architects, chartered professional accountants, lawyers and notaries in their regulated capacities.

1. In the event of extraordinary circumstances, the Corporation reserves the right to offer a contract for the provision of goods or services to a sole supplier.

2. Single source procurements above $25,000 shall be permitted only where circumstances prevent competitive purchasing, including:

   (a) emergencies;
   (b) extreme urgency or time constraints;
   (c) economy or value in continuing prior work;
   (d) protection of copyrights or trade-marks;
   (e) a public and open competitive process has been undertaken but has failed to identify a viable supplier or service provider;
   (f) absence of competition for technical or commercial reasons, with no available substitutes;
   (g) circumstances where the nature of work is such that it would not be in the public interest to solicit bids or proposals;
   (h) exceptions in accordance with applicable trade agreements as referenced in the Directive; and
   (i) circumstances where a government body instructs Lakefront Utilities to contract with a specific vendor following that government body's selection of that vendor in accordance with its procurement policy. A letter from the government body stating this request must be attached to the requisition.

   Sole sourced procurements where only one supplier is able to meet the requirements shall be permitted under the following circumstances:

   a. To ensure compatibility with existing products, to recognize exclusive rights, such as exclusive licences, copyright and patent rights, or to maintain specialized products that must be maintained by the manufacturer or its representative;
   b. Where there is an absence of competition for technical reasons and the goods or services can be supplied only by a particular supplier and no alternative or substitute exists;

c. For the procurement of goods or services the supply of which is controlled by a supplier that is a statutory monopoly;
d. For the purchase of goods on a commodity market;
e. For work to be performed on property by a contractor according to provisions of a warranty of guarantee held in respect of the property or the original work;
f. For a contract to be awarded to winner of a design contest;
g. For the procurement of a prototype of a first good or service to be developed in the course of and for a particular contract for research, experiment, study or original development, but not for any subsequent purchases;
h. For the purchase of goods under exceptionally advantageous circumstances such as bankruptcy or receivership, but not for routing purchases; and
i. For the procurement of real property.

3. When under extreme emergencies and authorities are not available to authorize work in accordance with the Signing Threshold, a Supervisor/Manager responsible for a given project may authorize emergency work up to a value of $25,000, if in the employee's opinion that failure to do so could result in a hazardous situation which could cause personal injury or damage to the Corporation. The employee authorizing the emergency work shall notify the appropriate signing authorities in writing within 48 hours of the emergency, describing the nature of the emergency, the measures taken by the employee, and the estimated total cost of work.

4. In accordance with the "Signing Threshold", all non-competitive procurements for goods and services with a value of $45,000 or more will be authorized by the Board of Directors.

ADM 4.15.0 NON-COMPETITIVE PROCUREMENT – CONSULTING SERVICES

Consulting Services is defined as provision of expertise or strategic advice that is presented for consideration and decision-making. Consulting Services do not include any licensed Professional Services provided by medical doctors, dentists, nurses, pharmacists, veterinarians, engineers, land surveyors, architects, chartered professional accountants, lawyers and notaries in their regulated capacities.

(1) All consulting services must be acquired through a competitive procurement process. Where the estimated value is over $125,000, it must be publicly posted via a tendering network, such as MERX.

(2) The competitive procurement process for Consulting Services may be waived in the following circumstances:

(a) Due to an unforeseen situation of urgency, the Consulting Services cannot be obtained by means of a competitive procurement process;

(b) Matters of a confidential or privileged nature would have to be disclosed through a competitive procurement process, thereby compromising the Corporation confidentiality or the public interest or threatening economic disruption;

(c) The Corporation's ability to maintain security or order or to protect human, animal or plant life or health would be compromised by a competitive procurement process;

(d) No bids are received in response to a competitive procurement process;

(e) Only one supplier is able to meet the requirements of a procurement, due to compatibility issues with existing products or the fact that the supply of certain goods and services are controlled by a statutory monopoly; and

(f) Where a government body instructs the Corporation to contract with a specific vendor following that government body's selection of that vendor in accordance with its procurement policy.

In accordance with the "Signing Threshold", all exceptions in Section 14.15.0 (2) must be authorized by the President where the estimated value is less than $125,000. Exceptions with an estimated value of $125,000 or more will be authorized by the Board of Directors.

(3) The Corporationwill not pay consultants for any hospitality, food or incidental expenses. Transportation and accommodation expenses are eligible for payment only if they are directly related to the consultant's assignment at hand, and require prior authorization by the Lakefront Utilities staff overseeing the assignment.

ADM 4.16.0 LENGTH OF CONTRACTS

(1) Except as provided in Section 4.16.0 (2), contracts must be for a fixed term not to exceed five-years.

(2) The Corporation may enter into longer-term contracts under the following circumstances:

(a) contracts relating to:

(i) major design, build or construction initiatives where the project period is known to exceed five-years;

(ii) services that are less than $25,000 annually and any change in vendor would not create value for money.

(b) Consulting, Professional Services and/or services that:
(i) are specialized in nature;
(ii) are the result of a management decision to outsource functions;
(iii) would cause disruption to the Corporation's business activities if such services were re-procured or changed more frequently including such services as program management, legal services, Information Technology Services, insurance services, auditing services, financial services, urban planning services, subject to the Corporation being satisfied it is receiving value for money; and
All exceptions in Section 4.16.0(2) must be authorized by the President.

ADM 4.17.0 EXTENSIONS / RENEWALS

If a contract permits a renewal or extension beyond the original term, the Project Manager responsible for the contract shall assess the quality of the service provided and shall submit, if satisfied, an extension for approval in accordance with the "Signing Threshold".

ADM 4.18.0 CHANGE ORDERS

Change orders to established contracts must be entered into the Financial System as a requisition by the Project Manager. The requisition must be completed in detail identifying the reason for the change, change value, along with the appropriate backup, and must be approved through the Financial System prior to authorizing the change; with the exception of Construction Contracts where change orders, still within the approved contingencies may be authorized as per the Signing Threshold. In doing so, the Corporation shall apply the following principles:

(1) The change order process in contracts shall permit only changes still within the general scope of the project and/or for unforeseen issues arising out of the project, and should not be used for increases to the original scope. Any changes to the original scope should be procured through a competitive process;

(2) Change orders shall be approved only after an assessment of the additional cost and project schedule; and

(3) Change orders shall be approved in accordance with the "Signing Threshold". Any change order for a non-competitive contract that takes the total contract value over $25,000 must be preceded by an uncontested Advance Contract Award Notice (ACAN).

ADM 4.19.0 REPORTING

On an annual basis, the Director of Regulatory Finance shall submit comprehensive reports to the Audit and Risk Committee covering**:**

(a) any exceptions to these policies;

(b) all contracts awarded in excess of $200,000

APPENDIX D – 2020 TAX RETURN

Canada Revenue Agency / Agence du revenu du Canada

T2 Corporation Income Tax Return

200

055 Do not use this area

This form serves as a federal, provincial, and territorial corporation income tax return, unless the corporation is located in Quebec or Alberta. If the corporation is located in one of these provinces, you have to file a separate provincial corporation return.

All legislative references on this return are to the federal Income Tax Act and Income Tax Regulations. This return may contain changes that had not yet become law at the time of publication.

Send one completed copy of this return, including schedules and the General Index of Financial Information (GIFI), to your tax centre. You have to file the return within six months after the end of the corporation's tax year.

For more information see **canada.ca/taxes** or Guide T4012, T2 Corporation – Income Tax Guide.

Identification

Business number (BN) 001 86512 5231 RC0001

Corporation's name
002 Lakefront Utilities Inc.

Address of head office
Has this address changed since the last time we notified? . . . . 010 Yes [ ] No [X]
If **yes**, complete lines 011 to 018.
011 207 Division Street
012
City 015 Cobourg
Province, territory, or state 016 ON
Country (other than Canada) 017
Postal or ZIP code 018 K9A 4L3

Mailing address (if different from head office address)
Has this address changed since the last time we were notified? . . . . 020 Yes [ ] No [X]
If **yes**, complete lines 021 to 028.
021 c/o
022 207 Division Street
023
City 025 Cobourg
Province, territory, or state 026 ON
Country (other than Canada) 027
Postal or ZIP code 028 K9A 4L3

Location of books and records (if different from head office address)
Has this address changed since the last time we were notified? . . . . 030 Yes [ ] No [X]
If **yes**, complete lines 031 to 038.
031
032
City 035
Province, territory, or state 036
Country (other than Canada) 037
Postal or ZIP code 038

040 **Type of corporation at the end of the tax year** (tick one)
- [X] 1 Canadian-controlled private corporation (CCPC)
- [ ] 2 Other private corporation
- [ ] 3 Public corporation
- [ ] 4 Corporation controlled by a public corporation
- [ ] 5 Other corporation (specify)

If the type of corporation changed during the tax year, provide the effective date of the change . . . . 043 Year Month Day

To which tax year does this return apply?
Tax year start 060 Year Month Day 2020-01-01
Tax year-end 061 Year Month Day 2020-12-31

Has there been an acquisition of control resulting in the application of subsection 249(4) since the tax year start on line 060? . . . . 063 Yes [ ] No [X]
If **yes**, provide the date control was acquired . . . . 065 Year Month Day

Is the date on line 061 a deemed tax year-end according to subsection 249(3.1)? . . . . 066 Yes [ ] No [X]

Is the corporation a professional corporation that is a member of a partnership? . . . . 067 Yes [ ] No [X]

Is this the first year of filing after:
Incorporation? . . . . 070 Yes [ ] No [X]
Amalgamation? . . . . 071 Yes [ ] No [X]
If **yes**, complete lines 030 to 038 and attach Schedule 24.

Has there been a wind-up of a subsidiary under section 88 during the current tax year? . . . . 072 Yes [ ] No [X]
If **yes**, complete and attach Schedule 24.

Is this the final tax year before amalgamation? . . . . 076 Yes [ ] No [X]

Is this the final return up to dissolution? . . . . 078 Yes [ ] No [X]

If an election was made under section 261, state the functional currency used 079

Is the corporation a resident of Canada? 080 Yes [X] No [ ]
If **no**, give the country of residence on line 081 and complete and attach Schedule 97.
081

Is the non-resident corporation claiming an exemption under an income tax treaty? . . . . 082 Yes [ ] No [X]
If **yes**, complete and attach Schedule 91.

If the corporation is exempt from tax under section 149, tick one of the following boxes:
085
- [ ] 1 Exempt under paragraph 149(1)(e) or (l)
- [ ] 2 Exempt under paragraph 149(1)(j)
- [ ] 3 Exempt under paragraph 149(1)(t) (for tax years starting before 2019)
- [ ] 4 Exempt under other paragraphs of section 149

Do not use this area
095 096 898

Attachments

Financial statement information: Use GIFI schedules 100, 125, and 141.
Schedules – Answer the following questions. For each **yes** response, **attach** the schedule to the T2 return, unless otherwise instructed.

		Yes	Schedule
Is the corporation related to any other corporations?	150	X	9
Is the corporation an associated CCPC?	160	X	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	161		49
Does the corporation have any non-resident shareholders who own voting shares?	151		19
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162		11
If you answered **yes** to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163		44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164		14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165		15
Is the corporation claiming a loss or deduction from a tax shelter?	166		T5004
Is the corporation a member of a partnership for which a partnership account number has been assigned?	167		T5013
Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust (without reference to section 94)?	168		22
Did the corporation own any shares in one or more foreign affiliates in the tax year?	169		25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the Income Tax Regulations?	170		29
Did the corporation have a total amount over CAN$1 million of reportable transactions with non-arm's length non-residents?	171		T106
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173	X	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172		———
Does the corporation earn income from one or more Internet web pages or websites?	180		88
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201	X	1
Has the corporation made any charitable donations; gifts of cultural or ecological property; or gifts of medicine?	202	X	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203		3
Is the corporation claiming any type of losses?	204	X	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205	X	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206		6
i) Is the corporation a CCPC and reporting a) income or loss from property (other than dividends deductible on line 320 of the T2 return), b) income from a partnership, c) income from a foreign business, d) income from a personal services business, e) income referred to in clause 125(1)(a)(i)(C) or 125(1)(a)(i)(B), f) aggregate investment income as defined in subsection 129(4), or g) an amount assigned to it under subsection 125(3.2) or 125(8); or ii) Is the corporation a member of a partnership and assigning its specified partnership business limit to a designated member under subsection 125(8)?	207		7
Does the corporation have any property that is eligible for capital cost allowance?	208	X	8
Does the corporation have any resource-related deductions?	212		12
Is the corporation claiming deductible reserves?	213		13
Is the corporation claiming a patronage dividend deduction?	216		16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or a provincial credit union tax reduction?	217		17
Is the corporation an investment corporation or a mutual fund corporation?	218		18
Is the corporation carrying on business in Canada as a non-resident corporation?	220		20
Is the corporation claiming any federal, provincial, or territorial foreign tax credits, or any federal logging tax credits?	221		21
Does the corporation have any Canadian manufacturing and processing profits?	227		27
Is the corporation claiming an investment tax credit?	231		31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232		T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over $10,000,000?	233	X	33/34/35
Is the total taxable capital employed in Canada of the corporation and its associated corporations over $10,000,000?	234	X	———
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238		38
Is the corporation claiming a Part I tax credit?	242		42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243		43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244		45
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250		39
Is the corporation claiming a Canadian film or video production tax credit?	253		T1131
Is the corporation claiming a film or video production services tax credit?	254		T1177
Is the corporation claiming a Canadian journalism labour tax credit?	272		58
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	255		92

Attachments (continued)

		Yes	Schedule
Did the corporation have any foreign affiliates in the tax year?	271		T1134
Did the corporation own or hold specified foreign property where the total cost amount of all such property, at any time in the year, was more than CAN$100,000?	259		T1135
Did the corporation transfer or loan property to a non-resident trust?	260		T1141
Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	261		T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	262		T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	263		T1146
Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	264		T1174
Did the corporation pay taxable dividends (other than capital gains dividends) in the tax year?	265		55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	266		T2002
Has the corporation revoked any previous election made under subsection 89(11)?	267		T2002
Did the corporation (CCPC or deposit insurance corporation (DIC)) pay eligible dividends, or did its general rate income pool (GRIP) change in the tax year?	268	X	53
Did the corporation (other than a CCPC or DIC) pay eligible dividends, or did its low rate income pool (LRIP) change in the tax year?	269		54

Additional information

		Yes	No
Did the corporation use the International Financial Reporting Standards (IFRS) when it prepared its financial statements?	270	X	
Is the corporation inactive?	280		X

What is the corporation's main revenue-generating business activity? 221121 Electric Bulk Power Transmission and Control

Specify the principal products mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents.

284	Distribution of Electricity	285	100.000 %
286		287	%
288		289	%

		Yes	No
Did the corporation immigrate to Canada during the tax year?	291		X
Did the corporation emigrate from Canada during the tax year?	292		X
Do you want to be considered as a quarterly instalment remitter if you are eligible?	293		

If the corporation was eligible to remit instalments on a quarterly basis for part of the tax year, provide the date the corporation ceased to be eligible 294 Year Month Day

If the corporation's major business activity is construction, did you have any subcontractors during the tax year? 295 Yes No

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI	300		64,989	A
Deduct:				
Charitable donations from Schedule 2	311	11,875		
Cultural gifts from Schedule 2	313			
Ecological gifts from Schedule 2	314			
Gifts of medicine made before March 22, 2017, from Schedule 2	315			
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320			
Part VI.1 tax deduction*	325			
Non-capital losses of previous tax years from Schedule 4	331	47,877		
Net capital losses of previous tax years from Schedule 4	332			
Restricted farm losses of previous tax years from Schedule 4	333			
Farm losses of previous tax years from Schedule 4	334			
Limited partnership losses of previous tax years from Schedule 4	335			
Taxable capital gains or taxable dividends allocated from a central credit union	340			
Prospector's and grubstaker's shares	350			
Employer deduction for non-qualified securities under an employee stock options agreement			a	
Subtotal		59,752 ▶	59,752	B
Subtotal (amount A **minus** amount B) (if negative, enter "0")			5,237	C
Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355			D
Taxable income (amount C **plus** amount D)	360		5,237	
Income exempt under paragraph 149(1)(t) (for tax years starting before 2019)	370			
Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 **minus** line 370)			5,237	Z
Taxable income for the year from a personal services business				Z.1

* This amount is equal to 3.5 times the Part VI.1 tax payable at line 724 on page 9.

Small business deduction

Canadian-controlled private corporations (CCPCs) throughout the tax year

Income eligible for the small business deduction from Schedule 7	400	64,989	A
Taxable income from line 360 on page 3, **minus** 100/28 (3.57143) of the amount on line 632* on page 8, **minus** 4 times the amount on line 636** on page 8, and **minus** any amount that, because of federal law, is exempt from Part I tax	405	5,237	B
Business limit (see notes 1 and 2 below)	410		C

Notes:

1. For CCPCs that are not associated, enter $ 500,000 on line 410. However, if the corporation's tax year is less than 51 weeks, prorate this amount by the number of days in the tax year **divided** by 365, and enter the result on line 410.
2. For associated CCPCs, use Schedule 23 to calculate the amount to be entered on line 410.

Business limit reduction

Taxable capital business limit reduction

Amount C ______ x 415 *** 31,949 / 11,250 D = ______ E

Passive income business limit reduction

Adjusted aggregate investment income from Schedule 7**** 417 50,081 – 50,000 = 81 F

Amount C ______ / 100,000 x Amount F 81 = ______ G

The greater of amount E and amount G	422		H
Reduced business limit for tax years starting before 2019 (amount C **minus** amount E) (if negative, enter "0")	425		
Reduced business limit for tax years starting after 2018 (amount C **minus** amount H) (if negative, enter "0")	426		I
Business limit the CCPC assigns under subsection 125(3.2) (from line 515 on page 5)			J
Reduced business limit after assignment for tax years starting before 2019 (line 425 **minus** amount J)	427		
Reduced business limit after assignment for tax years starting after 2018 (amount I **minus** amount J)	428		K

Small business deduction

Tax years starting before 2019

Amount A, B, C, or line 427 whichever is the least ______ x (Number of days in the tax year after December 31, 2017, and before January 1, 2019 ______ / Number of days in the tax year 366) x 18 % = ______ 1

Amount A, B, C, or line 427 whichever is the least ______ x (Number of days in the tax year after December 31, 2018 366 / Number of days in the tax year 366) x 19 % = ______ 2

Tax years starting after 2018

Amount A, B, C, or K, whichever is the least ______ x 19 % = ______ 3

Small business deduction (total of amounts 1 to 3) 430 ______

Enter amount from line 430 at amount J on page 8.

* Calculate the amount of foreign non-business income tax credit deductible on line 632 without reference to the refundable tax on the CCPC's investment income (line 604) and without reference to the corporate tax reductions under section 123.4.

** Calculate the amount of foreign business income tax credit deductible on line 636 without reference to the corporation tax reductions under section 123.4.

*** **Large corporations**

- If the corporation is not associated with any corporations in both the current and previous tax years, the amount to be entered on line 415 is: (total taxable capital employed in Canada for the **prior** year **minus** $10,000,000) x 0.225%.
- If the corporation is not associated with any corporations in the current tax year, but was associated in the previous tax year, the amount to be entered on line 415 is: (total taxable capital employed in Canada for the **current** year **minus** $10,000,000) x 0.225%.
- For corporations associated in the current tax year, see Schedule 23 for the special rules that apply.

**** Enter the total adjusted aggregate investment income of the corporation and all associated corporations. Each corporation with such income has to file a Schedule 7, which includes a line 744 and a line 745. For the first tax year starting after 2018, use the total of lines 744. Otherwise, use the total of lines 745 of the preceding tax year.

Small business deduction (continued)

Specified corporate income and assignment under subsection 125(3.2)

	L1 Name of corporation receiving the income and assigned amount	L Business number of the corporation receiving the assigned amount 490	M Income paid under clause 125(1)(a)(i)(B) to the corporation identified in column L [3] 500	N Business limit assigned to corporation identified in column L [4] 505
1.				
			Total 510	Total 515

Notes:

3. This amount is [as defined in subsection 125(7) **specified corporate income** (a)(i)] the total of all amounts each of which is income from an active business of the corporation for the year from the provision of services or property to a private corporation (directly or indirectly, in any manner whatever) if
(A) at any time in the year, the corporation (or one of its shareholders) or a person who does not deal at arm's length with the corporation (or one of its shareholders) holds a direct or indirect interest in the private corporation, and
(B) it is not the case that all or substantially all of the corporation's income for the year from an active business is from the provision of services or property to
(I) persons (other than the private corporation) with which the corporation deals at arm's length, or
(II) partnerships with which the corporation deals at arm's length, other than a partnership in which a person that does not deal at arm's length with the corporation holds a direct or indirect interest.
4. The amount of the business limit you assign to a CCPC cannot be greater than the amount determined by the formula A – B, where A is the amount of income referred to in column M in respect of that CCPC and B is the portion of the amount described in A that is deductible by you in respect of the amount of income referred to in clauses 125(1)(a)(i)(A) or (B) for the year. The amount on line 515 cannot be greater than the amount on line 425 (426 for tax years starting after 2018).

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the tax year

Taxable income from page 3 (line 360 or amount Z, whichever applies)			5,237	A
Lesser of amounts 9B and 9H from Part 9 of Schedule 27		B		
Amount 13K from Part 13 of Schedule 27		C		
Personal services business income	432	D		
Amount from line 400, 405, 410, or 427 (428 instead of 427 for tax years starting after 2018) on page 4, whichever is the least		E		
Aggregate investment income from line 440 on page 6*		F		
Subtotal (**add** amounts B to F)				G
Amount A **minus** amount G (if negative, enter "0")			5,237	H
General tax reduction for Canadian-controlled private corporations – Amount H **multiplied** by 13 %			681	I

Enter amount I on line 638 on page 8.

* Except for a corporation that is, throughout the year, a cooperative corporation (within the meaning assigned by subsection 136(2)) or a credit union.

General tax reduction

Do not complete this area if you are a Canadian-controlled private corporation, an investment corporation, a mortgage investment corporation, a mutual fund corporation, or any corporation with taxable income that is not subject to the corporation tax rate of 38%.

Taxable income from page 3 (line 360 or amount Z, whichever applies)				J
Lesser of amounts 9B and 9H from Part 9 of Schedule 27		K		
Amount 13K from Part 13 of Schedule 27		L		
Personal services business income	434	M		
Subtotal (**add** amounts K to M)				N
Amount J **minus** amount N (if negative, enter "0")				O
General tax reduction – Amount O **multiplied** by 13 %				P

Enter amount P on line 639 on page 8.

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the tax year

Aggregate investment income from Schedule 7 . . . . **440** ______ x 30 2/3 % =			A
Foreign non-business income tax credit from line 632 on page 8		B	
Foreign investment income from Schedule 7 . . . . **445** ______ x 8 % =		C	
Subtotal (amount B **minus** amount C) (if negative, enter "0")		▶	D
Amount A **minus** amount D (if negative, enter "0")			E
Taxable income from line 360 on page 3	5,237	F	
Amount from line 400, 405, 410, or 427 (428 instead of 427 for tax years starting after 2018) on page 4, whichever is the least	G		
Foreign non-business income tax credit from line 632 on page 8 ______ x 75 / 29 =	H		
Foreign business income tax credit from line 636 on page 8 ______ x 4 =	I		
Subtotal (**add** amounts G to I)	▶	J	
Subtotal (amount F **minus** amount J) (if negative, enter "0")	5,237	K x 30 2/3 % =	1,606 L
Part I tax payable minus investment tax credit refund (line 700 **minus** line 780 from page 9)			785 M
Refundable portion of Part I tax – Amount E, L, or M, whichever is the least		**450**	N

Refundable dividend tax on hand (for tax years starting before 2019)

Refundable dividend tax on hand at the end of the previous tax year	**460**		
Dividend refund for the previous tax year	**465**		
Subtotal (line 460 **minus** line 465)		▶	O
Refundable portion of Part I tax from line 450 above		P	
Total Part IV tax payable from Schedule 3		Q	
Net refundable dividend tax on hand transferred on an amalgamation or the wind-up of a subsidiary	**480**		
Subtotal (amount P **plus** amount Q **plus** line 480)		▶	R
Refundable dividend tax on hand at the end of the tax year – Amount O **plus** amount R		**485**	

Dividend refund (for tax years starting before 2019)

Private and subject corporations at the time taxable dividends were paid in the tax year

Taxable dividends paid in the tax year from line 460 on page 3 of Schedule 3 ______ x 38 1/3 % =		S
Refundable dividend tax on hand at the end of the tax year from line 485 above		T
Dividend refund – Amount S or T, whichever is less		U

Enter amount U on line 784 on page 9.

Refundable dividend tax on hand (for tax years starting after 2018)

Refundable dividend tax on hand (RDTOH) at the end of the previous tax year 460

Dividend refund for the previous tax year 465

Net RDTOH transferred on an amalgamation or the wind-up of a subsidiary 480

Subtotal (line 460 **minus** line 465 **plus** line 480) A

General rate income pool (GRIP) at the end of the previous tax year (from line 100 of schedule 53) .... B

Total eligible dividends paid in the previous tax year (from line 300 of schedule 53) C

Total excessive eligible dividend designation in the previous tax year (from line 310 of Schedule 53) .. D

Subtotal (amount C **minus** amount D) (if negative, enter "0") ▶ E

Net GRIP at the end of the previous tax year (amount B **minus** amount E) (if negative, enter "0") .... F

GRIP transferred on an amalgamation or the wind-up of a subsidiary
(total of lines 230 and 240 of schedule 53) .... G

Subtotal (amount F **plus** amount G) ▶ H

Amount H **multiplied** by 38 1 / 3 % I

Eligible refundable dividend tax on hand (ERDTOH) at the end of the previous tax year (for the first tax year starting after 2018, amount A or I, whichever is less, otherwise, use line 530 ______ of the preceding tax year) .... 520 J

Non-eligible refundable dividend tax on hand (NERDTOH) at the end of the previous tax year (for the first tax year starting after 2018, amount A **minus** amount I, otherwise, use line 545 ______ of the preceding tax year) (if negative, enter "0") 535 K

Part IV tax payable on taxable dividends from connected corporations (amount 2G from Schedule 3) .. L

Part IV tax payable on eligible dividends from non-connected corporations (amount 2J from Schedule 3) M

Subtotal (amount L **plus** amount M) ▶ N

Net ERDTOH transferred on an amalgamation or the wind-up of a subsidiary .... 525 O

ERDTOH dividend refund for the previous tax year .... 570 P

Refundable portion of Part I tax (from line 450 on page 6) .... Q

Part IV tax before deductions (amount 2A from Schedule 3) .... R

Part IV tax allocated to ERDTOH (amount N) .... S

Part IV tax reduction due to Part IV.1 tax payable (amount 4D of Schedule 43) .... T

Subtotal (amount R **minus** total of amounts S and T) ▶ U

Net NERDTOH transferred on an amalgamation or the wind-up of a subsidiary .... 540 V

NERDTOH dividend refund for the previous tax year .... 575 W

38 1/3% of the total losses applied against Part IV tax (amount 2D from Schedule 3) X

Part IV tax payable allocated to NERDTOH, net of losses claimed (amount U **minus** amount X) (if negative enter "0") ...... Y

NERDTOH at the end of the tax year* (total of amounts K, Q, V, and Y **minus** amount W) (if negative, enter "0") 545

Part IV tax payable allocated to ERDTOH, net of losses claimed (amount N **minus** the amount, if any, by which amount X exceeds amount U) (if negative, enter "0") .... Z

ERDTOH at the end of the tax year* (total of amounts J, O, and Z **minus** amount P) (if negative, enter "0") 530

* For more information, consult the Help (F1).

Dividend refund (for tax years starting after 2018)

38 1/3% of total eligible dividends paid in the tax year (amount 3A from Schedule 3) .... AA

ERDTOH balance at the end of the tax year (line 530) .... BB

Eligible dividend refund (amount AA or BB, whichever is less) CC

38 1/3% of total non-eligible taxable dividends paid in the tax year (amount 3B from Schedule 3) .... DD

NERDTOH balance at the end of the tax year (line 545) .... EE

Non-eligible dividend refund (amount DD or EE, whichever is less) .... FF

Amount DD **minus** amount EE (if negative, enter "0") .... GG

Amount BB **minus** amount CC (if negative, enter "0") .... HH

Additional non-eligible dividend refund (amount GG or HH, whichever is less) II

Dividend refund* – Amount CC **plus** amount FF **plus** amount II .... JJ

Enter amount JJ on line 784 on page 9.

* For more information, consult the Help (F1).

Part I tax

Base amount Part I tax – Taxable income from page 3 (line 360 or amount Z, whichever applies) **multiplied** by 38 %			**550** 1,990	A
Additional tax on personal services business income (section 123.5)				
Taxable income from a personal services business	**555**	x 5 % =	**560**	B
Recapture of investment tax credit from Schedule 31			**602**	C

Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) investment income
(if it was a CCPC throughout the tax year)

Aggregate investment income from line 440 on page 6			D
Taxable income from line 360 on page 3	5,237	E	
Deduct:			
Amount from line 400, 405, 410, or 427 (428 instead of 427 for tax years starting after 2018) on page 4, whichever is the least		F	
Net amount (amount E **minus** amount F)	5,237 ▶	5,237	G

Refundable tax on CCPC's investment income – 10 2 / 3 % of whichever is less: amount D or amount G	**604**	H
Subtotal (**add** amounts A, B, C, and H)	1,990	I

Deduct:

Small business deduction from line 430 on page 4				J
Federal tax abatement	**608**	524		
Manufacturing and processing profits deduction from Schedule 27	**616**			
Investment corporation deduction	**620**			
Taxed capital gains **624**				
Federal foreign non-business income tax credit from Schedule 21	**632**			
Federal foreign business income tax credit from Schedule 21	**636**			
General tax reduction for CCPCs from amount I on page 5	**638**	681		
General tax reduction from amount P on page 5	**639**			
Federal logging tax credit from Schedule 21	**640**			
Eligible Canadian bank deduction under section 125.21	**641**			
Federal qualifying environmental trust tax credit	**648**			
Investment tax credit from Schedule 31	**652**			
Subtotal		1,205 ▶	1,205	K

Part I tax payable – Amount I **minus** amount K	785	L

Enter amount L on line 700 on page 9.

Privacy statement

Personal information (including the SIN) is collected for the purposes of the administration or enforcement of the Income Tax Act and related programs and activities such as administering tax and benefits, audit, compliance, and collection. Personal information may be shared for purposes of other federal acts that provide for the imposition and collection of a tax or duty. Personal information may also be shared with other federal, provincial, territorial or foreign government institutions to the extent authorized by law. Failure to provide this information may result in interest payable, penalties or other actions. Under the Privacy Act, individuals have the right to access their personal information, request correction, or file a complaint to the Privacy Commissioner of Canada regarding the handling of the individual's personal information. Refer to Personal Information Bank CRA PPU 047 at **canada.ca/cra-info-source**.

Summary of tax and credits

Federal tax

Part I tax payable from amount L on page 8	700	785
Part III.1 tax payable from Schedule 55	710	
Part IV tax payable from Schedule 3	712	
Part IV.1 tax payable from Schedule 43	716	
Part VI tax payable from Schedule 38	720	
Part VI.1 tax payable from Schedule 43	724	
Part XIII.1 tax payable from Schedule 92	727	
Part XIV tax payable from Schedule 20	728	
Total federal tax		785

Add provincial or territorial tax:

Provincial or territorial jurisdiction 750 ON
(if more than one jurisdiction, enter "multiple" and complete Schedule 5)

Net provincial or territorial tax payable (except Quebec and Alberta)	760	
Total tax payable	770	785 A

Deduct other credits:

Investment tax credit refund from Schedule 31	780		
Dividend refund from amount U on page 6 or JJ on page 7	784		
Federal capital gains refund from Schedule 18	788		
Federal qualifying environmental trust tax credit refund	792		
Canadian film or video production tax credit (Form T1131)	796		
Film or video production services tax credit (Form T1177)	797		
Canadian journalism labour tax credit from Schedule 58	798		
Tax withheld at source	800		
Total payments on which tax has been withheld 801			
Provincial and territorial capital gains refund from Schedule 18	808		
Provincial and territorial refundable tax credits from Schedule 5	812	2,398	
Tax instalments paid	840	8,979	
Total credits	890	11,377 ▶	11,377 B
Balance (amount A **minus** amount B)			-10,592

Refund code 894 2 Refund 10,592

If the result is negative, you have a **refund**.
If the result is positive, you have a **balance owing**.
Enter the amount on whichever line applies.
Generally, we do not charge or refund a difference of $2 or less.

Balance owing

For information on how to make your payment, go to **canada.ca/payments**.

Direct deposit request

To have the corporation's refund deposited directly into the corporation's bank account at a financial institution in Canada, or to change banking information you already gave us, complete the information below:

☐ Start ☐ Change information

910 Branch number

914 Institution number

918 Account number

If the corporation is a Canadian-controlled private corporation throughout the tax year, does it qualify for the one-month extension of the date the balance of tax is due? 896 Yes ☐ No ☒

If this return was prepared by a tax preparer for a fee, provide their EFILE number 920

Certification

I, 950 Paul (Last name), 951 Dereck (First name), 954 President (Position, office, or rank),

am an authorized signing officer of the corporation. I certify that I have examined this return, including accompanying schedules and statements, and that the information given on this return is, to the best of my knowledge, correct and complete. I also certify that the method of calculating income for this tax year is consistent with that of the previous tax year except as specifically disclosed in a statement attached to this return.

955 2021-03-31 Date (yyyy/mm/dd) — Signature of the authorized signing officer of the corporation — 956 (905) 372-2193 Telephone number

Is the contact person the same as the authorized signing officer? If **no**, complete the information below 957 Yes ☒ No ☐

958 Name of other authorized person — 959 Telephone number

Language of correspondence – Langue de correspondance

Indicate your language of correspondence by entering **1** for English or **2** for French.
Indiquez votre langue de correspondance en inscrivant **1** pour anglais ou **2** pour français. 990 1

Schedule of Instalment Remittances

Name of corporation contact

Telephone number

Effective interest date	Description (instalment remittance, split payment, assessed credit)	Amount of credit
	2019 balance carried over	8,979
	Adjustment to match Ministry	

Total amount of instalments claimed (carry the result to line 840 of the T2 Return)	8,979	A
Total instalments credited to the taxation year per T9	8,979	B

Transfer

	Account number	Taxation year end	Amount	Effective interest date	Description
From:					
To:					
From:					
To:					
From:					
To:					
From:					
To:					
From:					
To:					

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SCHEDULE 100

Form identifier 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Corporation's name	Business number	Tax year end Year Month Day
Lakefront Utilities Inc.	86512 5231 RC0001	2020-12-31

Balance sheet information

Account	Description	GIFI		Current year	Prior year
	Assets				
	Total current assets	1599	+	8,300,771	8,157,268
	Total tangible capital assets	2008	+	27,158,399	25,229,734
	Total accumulated amortization of tangible capital assets	2009	–	7,556,014	6,369,738
	Total intangible capital assets	2178	+		
	Total accumulated amortization of intangible capital assets	2179	–		
	Total long-term assets	2589	+		
	* Assets held in trust	2590	+		
	Total assets (mandatory field)	2599	=	27,903,156	27,017,264
	Liabilities				
	Total current liabilities	3139	+	6,819,672	6,020,166
	Total long-term liabilities	3450	+	10,751,245	10,808,123
	* Subordinated debt	3460	+		
	* Amounts held in trust	3470	+		
	Total liabilities (mandatory field)	3499	=	17,570,917	16,828,289
	Shareholder equity				
	Total shareholder equity (mandatory field)	3620	+	10,332,239	10,188,975
	Total liabilities and shareholder equity	3640	=	27,903,156	27,017,264
	Retained earnings				
	Retained earnings/deficit – end (mandatory field)	3849	=	5,286,014	4,917,833

* Generic item

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SCHEDULE 125

Form identifier 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Corporation's name	Business number	Tax year-end Year Month Day
Lakefront Utilities Inc.	86512 5231 RC0001	2020-12-31

Income statement information

Description	GIFI	
Operating name	0001	
Description of the operation	0002	
Sequence number	0003	01

Account	Description	GIFI		Current year	Prior year
	Income statement information				
	Total sales of goods and services	8089	+	4,466,756	4,418,326
	Cost of sales	8518	–		
	Gross profit/loss	8519	=	4,466,756	4,418,326
	Cost of sales	8518	+		
	Total operating expenses	9367	+	4,306,910	4,531,644
	Total expenses (mandatory field)	9368	=	4,306,910	4,531,644
	Total revenue (mandatory field)	8299	+	4,802,497	4,901,053
	Total expenses (mandatory field)	9368	–	4,306,910	4,531,644
	Net non-farming income	9369	=	495,587	369,409
	Farming income statement information				
	Total farm revenue (mandatory field)	9659	+		
	Total farm expenses (mandatory field)	9898	–		
	Net farm income	9899	=		
	Net income/loss before taxes and extraordinary items	9970	=	495,587	369,409
	Total – other comprehensive income	9998	=	-224,917	
	Extraordinary items and income (linked to Schedule 140)				
	Extraordinary item(s)	9975	–		
	Legal settlements	9976	–		
	Unrealized gains/losses	9980	+		
	Unusual items	9985	–		
	Current income taxes	9990	–	-1,613	
	Future (deferred) income tax provision	9995	–	129,019	100,267
	Total – Other comprehensive income	9998	+	-224,917	
	Net income/loss after taxes and extraordinary items (mandatory field)	9999	=	143,264	269,142

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Schedule 141

Notes Checklist

Corporation's name	Business number	Tax Year End Year Month Day
Lakefront Utilities Inc.	86512 5231 RC0001	2020-12-31

- Parts 1, 2, and 3 of this schedule must be completed from the perspective of the person (referred to in these parts as the **accountant**) who prepared or reported on the financial statements. If the person preparing the tax return is not the accountant referred to above, they must still complete Parts 1, 2, 3, and 4, as applicable.
- For more information, see Guide RC4088, *General Index of Financial Information (GIFI)* and T4012, *T2 Corporation – Income Tax Guide.*
- Complete this schedule and include it with your T2 return along with the other GIFI schedules.

Part 1 – Information on the accountant who prepared or reported on the financial statements

		Yes	No
Does the accountant have a professional designation?	095	X	
Is the accountant connected* with the corporation?	097		X

Note
If the accountant does not have a professional designation **or** is connected to the corporation, you do not have to complete Parts 2 and 3 of this schedule. However, you **do have** to complete Part 4, as applicable.

* A person connected with a corporation can be: (i) a shareholder of the corporation who owns more than 10% of the common shares; (ii) a director, an officer, or an employee of the corporation; or (iii) a person not dealing at arm's length with the corporation.

Part 2 – Type of involvement with the financial statements

Choose the option that represents the highest level of involvement of the accountant: **198**

Completed an auditor's report	1	X
Completed a review engagement report	2	
Conducted a compilation engagement	3	

Part 3 – Reservations

If you selected option 1 or 2 under **Type of involvement with the financial statements** above, answer the following question:

		Yes	No
Has the accountant expressed a reservation?	099		X

Part 4 – Other information

If you have a professional designation and are not the accountant associated with the financial statements in Part 1 above, choose one of the following options: **110**

Prepared the tax return (financial statements prepared by client)	1	
Prepared the tax return and the financial information contained therein (financial statements have not been prepared)	2	

		Yes	No
Were notes to the financial statements prepared?	101	X	

If **yes**, complete lines 104 to 107 below:

		Yes	No
Are subsequent events mentioned in the notes?	104		X
Is re-evaluation of asset information mentioned in the notes?	105		X
Is contingent liability information mentioned in the notes?	106		X
Is information regarding commitments mentioned in the notes?	107	X	
Does the corporation have investments in joint venture(s) or partnership(s)?	108		X

Part 4 – Other information (continued)

Impairment and fair value changes

In any of the following assets, was an amount recognized in net income or other comprehensive income (OCI) as a result of an impairment loss in the tax year, a reversal of an impairment loss recognized in a previous tax year, or a change in fair value during the tax year? . . . . . 200 Yes [ ] No [X]

If **yes**, enter the amount recognized:

		In net income Increase (decrease)		In OCI Increase (decrease)
Property, plant, and equipment	210		211	
Intangible assets	215		216	
Investment property	220			
Biological assets	225			
Financial instruments	230		231	
Other	235		236	

Financial instruments

Did the corporation derecognize any financial instrument(s) during the tax year (other than trade receivables)? . . . . . 250 Yes [ ] No [X]

Did the corporation apply hedge accounting during the tax year? . . . . . 255 Yes [ ] No [X]

Did the corporation discontinue hedge accounting during the tax year? . . . . . 260 Yes [ ] No [X]

Adjustments to opening equity

Was an amount included in the opening balance of retained earnings or equity, in order to correct an error, to recognize a change in accounting policy, or to adopt a new accounting standard in the current tax year? . . . . . 265 Yes [ ] No [X]

If **yes**, you have to maintain a separate reconciliation.

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Net Income (Loss) for Income Tax Purposes

Schedule 1

Corporation's name	Business number	Tax year-end Year Month Day
Lakefront Utilities Inc.	86512 5231 RC0001	2020-12-31

- Use this schedule to reconcile the corporation's net income (loss) as reported on the financial statements and its net income (loss) for tax purposes. For more information, see the T2 Corporation – Income Tax Guide.
- All legislative references are to the Income Tax Act.

Net income (loss) after taxes and extraordinary items from line 9999 of Schedule 125			143,264	A
Add:				
Provision for income taxes – current	101	-82,706		
Provision for income taxes – deferred	102	129,019		
Amortization of tangible assets	104	1,186,274		
Charitable donations and gifts from Schedule 2	112	5,950		
Non-deductible meals and entertainment expenses	121	2,492		
Reserves from financial statements – balance at the end of the year	126	645,479		
Subtotal of additions		1,886,508	1,886,508	

Other additions:

Miscellaneous other additions:

	1 Description 605	2 Amount 295
	Total of column 2	

Total of column 2	296			
Subtotal of other additions	199	0	0	D
Total additions	500	1,886,508	1,886,508	
Amount A **plus** line 500			2,029,772	B
Deduct:				
Capital cost allowance from Schedule 8	403	1,457,508		
Reserves from financial statements – balance at the beginning of the year	414	419,141		
Subtotal of deductions		1,876,649	1,876,649	

Other deductions:

Miscellaneous other deductions:

	1 Description 705	2 Amount 395
1	Contribution in aid of construction included in S8	88,134
	Total of column 2	88,134

Total of column 2	396	88,134		
Subtotal of other deductions	499	88,134	88,134	E
Total deductions	510	1,964,783	1,964,783	
Net income (loss) for income tax purposes (amount B **minus** line 510)			64,989	C

Enter amount C on line 300 of the T2 return.

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Schedule 2
Code 2001

Protected B
when completed

Charitable Donations and Gifts

Corporation's name	Business number	Tax year-end Year Month Day
Lakefront Utilities Inc.	86512 5231 RC0001	2020-12-31

- For use by corporations to claim any of the following:
  – the eligible amount of charitable donations to qualified donees
  – the Ontario, Nova Scotia, and British Columbia food donation tax credits for farmers
  – the eligible amount of gifts of certified cultural property
  – the eligible amount of gifts of certified ecologically sensitive land or
  – the additional deduction for gifts of medicine made before March 22, 2017
- All legislative references are to the federal Income Tax Act, unless stated otherwise.
- The eligible amount of a gift is the amount by which the fair market value of the gifted property exceeds the amount of an advantage, if any, for the gift.
- The donations and gifts can be carried forward for five years except for gifts of certified ecologically sensitive land made after February 10, 2014, which can be carried forward for 10 years.
- Use this schedule to show a transfer of unused amounts from previous years following an amalgamation or the wind-up of a subsidiary as described under subsections 87(1) and 88(1).
- Subsection 110.1(1.2) provides as follows:
  – Where a particular corporation has undergone an acquisition of control, for tax years that end on or after the acquisition of control, no corporation can claim a deduction for a gift made by the particular corporation to a qualified donee before the acquisition of control.
  – If a particular corporation makes a gift to a qualified donee pursuant to an arrangement under which both the gift and the acquisition of control is expected, no corporation can claim a deduction for the gift unless the person acquiring control of the particular corporation is the qualified donee.
- An eligible medical gift made before March 22, 2017, to a qualifying organization for activities outside of Canada may be eligible for an additional deduction. Calculate the additional deduction in Part 5.
- File this schedule with your T2 Corporation Income Tax Return.
- For more information, see the T2 Corporation – Income Tax Guide.

Part 1 – Charitable donations

Charity/Recipient	Amount ($100 or more only)
	5,950
Subtotal	5,950
Add: Total donations of less than $100 each	
Total donations in current tax year	5,950

Part 1 – Charitable donations

	Line	Federal		Québec	Alberta
Charitable donations at the end of the previous tax year		5,925	1A	5,925	5,925
Charitable donations expired after five tax years*	239				
Charitable donations at the beginning of the current tax year (amount 1A **minus** line 239)	240	5,925		5,925	5,925
Charitable donations transferred on an amalgamation or the wind-up of a subsidiary	250				
Total charitable donations made in the current year (include this amount on line 112 of Schedule 1 Net Income (Loss) for Income Tax Purposes)	210	5,950		5,950	5,950
Subtotal (line 250 **plus** line 210)		5,950	1B	5,950	5,950
Subtotal (line 240 **plus** amount 1B)		11,875	1C	11,875	11,875
Adjustment for an acquisition of control	255				
Total charitable donations available (amount 1C **minus** line 255)		11,875	1D	11,875	11,875
Amount applied in the current year against taxable income (cannot be more than amount 2H in Part 2) (enter this amount on line 311 of the T2 return)	260	11,875		11,875	11,875
Charitable donations closing balance (amount 1D **minus** line 260)	280				

The amount of qualifying donations for the Ontario community food program donation tax credit for farmers included in the amount on line 260 (for donations made after December 31, 2013) . . . . **262** ____________

Ontario community food program donation tax credit for farmers (amount on line 262 **multiplied** by 25 %) . . . . ____________ 1

Enter amount 1 on line 420 of Schedule 5, Tax Calculation Supplementary – Corporations. The maximum you can claim in the current year is whichever is less: the Ontario income tax otherwise payable or amount 1. For more information, see section 103.1.2 of the Taxation Act, 2007 (Ontario).

The amount of qualifying donations for the Nova Scotia food bank tax credit for farmers included in the amount on line 260 (for donations made after December 31, 2015) . . . . **263** ____________

Nova Scotia food bank tax credit for farmers (amount on line 263 **multiplied** by 25 %) . . . . ____________ 2

Enter amount 2 on line 570 of Schedule 5, Tax Calculation Supplementary – Corporations. The maximum you can claim in the current year is whichever is less: the Nova Scotia income tax otherwise payable or amount 2. For more information, see section 50A of the Nova Scotia Income Tax Act.

The amount of qualifying gifts for the British Columbia farmers' food donation tax credit included in the amount on line 260 (for donations made after February 16, 2016, and before January 1, 2024) . . . . **265** ____________

British Columbia farmers' food donation tax credit (amount on line 265 **multiplied** by 25 %) . . . . ____________ 3

Enter amount 3 on line 683 of Schedule 5, Tax Calculation Supplementary – Corporations. The maximum you can claim in the current year is whichever is less: the British Columbia income tax otherwise payable or amount 3. For more information, see section 20.1 of the British Columbia Income Tax Act.

* For federal and Alberta tax purposes, donations and gifts expire after five tax years. For Québec tax purposes, donations and gifts made in a tax year that ended before March 24, 2006, expire after five tax years; otherwise, donations and gifts expire after twenty tax years.

Amounts carried forward – Charitable donations

Year of origin:		Federal	Québec	Alberta
1st prior year	2019-12-31	5,925	5,925	5,925
2nd prior year	2018-12-31			
3rd prior year	2017-12-31			
4th prior year	2016-12-31			
5th prior year	2015-12-31			
6th prior year*	2014-12-31			
7th prior year	2013-12-31			
8th prior year	2012-12-31			
9th prior year	2011-12-31			
10th prior year	2010-12-31			
11th prior year	2009-12-31			
12th prior year	2008-12-31			
13th prior year	2007-12-31			
14th prior year	2006-12-31			
15th prior year	2005-12-31			
16th prior year	2004-12-31			
17th prior year	2003-12-31			
18th prior year	2002-12-31			
19th prior year	2001-12-31			
20th prior year	2000-12-31			
21st prior year*	1999-12-31			
Total (to line A)		5,925	5,925	5,925

* For federal and Alberta tax purposes, donations and gifts included on line *6th prior year* expire automatically in the current tax year. For Québec tax purposes, donations and gifts made in a tax year that ended before March 24, 2006, that are included on line *6th prior year* and donations and gifts that are included on line *21st prior year* expire automatically in the current tax year.

Part 2 – Maximum allowable deduction for charitable donations

	Line			Amount	
Net income for tax purposes Footnote 1 **multiplied** by 75 %				48,742	2A
Taxable capital gains arising in respect of gifts of capital property included in Part 1 Footnote 2	225				
Taxable capital gain in respect of a disposition of a non-qualifying security under subsection 40(1.01)	227				
The amount of the recapture of capital cost allowance in respect of charitable donations	230				
Proceeds of disposition, **less** outlays and expenses Footnote 2	2B				
Capital cost Footnote 2	2C				
Amount 2B or 2C, whichever is less	235				
Amount on line 230 or 235, whichever is less			2D		
Subtotal (**add** lines 225, 227, and amount 2D)			2E		
Amount 2E **multiplied** by 25 %					2F
Subtotal (amount 2A **plus** amount 2F)				48,742	2G
Maximum allowable deduction for charitable donations (enter amount 1D from Part 1, amount 2G, or net income for tax purposes, whichever is the least)				11,875	2H

Footnote 1: For credit unions, subsection 137(2) states that this amount is before the deduction of payments pursuant to allocations in proportion to borrowing and bonus interest.

Footnote 2: This amount must be prorated by the following calculation, eligible amount of the gift **divided** by the proceeds of disposition of the gift.

Part 3 – Gifts of certified cultural property

		Federal		Québec	Alberta
Gifts of certified cultural property at the end of the previous tax year			3A		
Gifts of certified cultural property expired after five tax years*	439				
Gifts of certified cultural property at the beginning of the current tax year (amount 3A **minus** line 439)	440				
Gifts of certified cultural property transferred on an amalgamation or the wind-up of a subsidiary	450				
Total gifts of certified cultural property in the current year (include this amount on line 112 of Schedule 1)	410				
Subtotal (line 450 **plus** line 410)			3B		
Subtotal (line 440 **plus** amount 3B)			3C		
Adjustment for an acquisition of control	455				
Amount applied in the current year against taxable income (enter this amount on line 313 of the T2 return)	460				
Subtotal (line 455 **plus** line 460)			3D		
Gifts of certified cultural property closing balance (amount 3C **minus** amount 3D)	480				

* For federal and Alberta tax purposes, donations and gifts expire after five tax years. For Québec tax purposes, donations and gifts made in a tax year that ended before March 24, 2006, expire after five tax years; otherwise, donations and gifts expire after twenty tax years.

Amount carried forward – Gifts of certified cultural property

Year of origin:		Federal	Québec	Alberta
1st prior year	2019-12-31			
2nd prior year	2018-12-31			
3rd prior year	2017-12-31			
4th prior year	2016-12-31			
5th prior year	2015-12-31			
6th prior year*	2014-12-31			
7th prior year	2013-12-31			
8th prior year	2012-12-31			
9th prior year	2011-12-31			
10th prior year	2010-12-31			
11th prior year	2009-12-31			
12th prior year	2008-12-31			
13th prior year	2007-12-31			
14th prior year	2006-12-31			
15th prior year	2005-12-31			
16th prior year	2004-12-31			
17th prior year	2003-12-31			
18th prior year	2002-12-31			
19th prior year	2001-12-31			
20th prior year	2000-12-31			
21st prior year*	1999-12-31			
Total				

* For federal and Alberta tax purposes, donations and gifts included on line *6th prior year* expire automatically in the current tax year. For Québec tax purposes, donations and gifts made in a tax year that ended before March 24, 2006, that are included on line *6th prior year* and donations and gifts that are included on line *21st prior year* expire automatically in the current tax year.

Part 4 – Gifts of certified ecologically sensitive land

		Federal		Québec	Alberta
Gifts of certified ecologically sensitive land at the end of the previous tax year			4A		
Gifts of certified ecologically sensitive land expired after five tax years, or after 10 tax years for gifts made after February 10, 2014*	539				
Gifts of certified ecologically sensitive land at the beginning of the current tax year (amount 4A **minus** line 539)	540				
Gifts of certified ecologically sensitive land transferred on an amalgamation or the wind-up of a subsidiary	550				
Total current-year gifts of certified ecologically sensitive land (include this amount on line 112 of Schedule 1)	520				
Subtotal (line 550 **plus** line 520)			4B		
Subtotal (line 540 **plus** amount 4B)			4C		
Adjustment for an acquisition of control	555				
Amount applied in the current year against taxable income (enter this amount on line 314 of the T2 return)	560				
Subtotal (line 555 **plus** line 560)			4D		
Gifts of certified ecologically sensitive land closing balance (amount 4C **minus** amount 4D)	580				

* For federal and Alberta tax purposes, donations and gifts made before February 11, 2014, expire after five tax years and gifts made after February 10, 2014, expire after ten tax years. For Québec tax purposes, donations and gifts made during a tax year that ended before March 24, 2006, expire after five tax years; otherwise, donation and gifts expire after twenty tax years.

Amounts carried forward – Gifts of certified ecologically sensitive land

Amount of carried forward gifts made on or after February 11, 2014, in the tax year including this date . . . .

Year of origin:		Federal	Québec	Alberta
1st prior year	2019-12-31			
2nd prior year	2018-12-31			
3rd prior year	2017-12-31			
4th prior year	2016-12-31			
5th prior year	2015-12-31			
6th prior year*	2014-12-31			
7th prior year	2013-12-31			
8th prior year	2012-12-31			
9th prior year	2011-12-31			
10th prior year	2010-12-31			
11th prior year*	2009-12-31			
12th prior year	2008-12-31			
13th prior year	2007-12-31			
14th prior year	2006-12-31			
15th prior year	2005-12-31			
16th prior year	2004-12-31			
17th prior year	2003-12-31			
18th prior year	2002-12-31			
19th prior year	2001-12-31			
20th prior year	2000-12-31			
21st prior year*	1999-12-31			
Total				

* For federal and Alberta tax purposes, donations and gifts made before February 11, 2014, that are included on line *6th prior year* and gifts that are included on line *11th prior year* expire automatically in the current year.

The field "Amount of carried forward gifts made on or after February 11, 2014, in the tax year including this date" is used to distinguish the portion of the gifts made in the tax year straddling February 11, 2014, that expires after ten tax years, from the portion that expires in the current tax year.

For Québec tax purposes, donations and gifts made during a tax year that ended before March 24, 2006, that are included on line *6th prior year* and gifts that are included on line *21st prior year* expire automatically in the current tax year.

Part 5 – Additional deduction for gifts of medicine

	Line	Federal		Québec	Alberta
Additional deduction for gifts of medicine at the end of the previous tax year			5A		
Additional deduction for gifts of medicine expired after five tax years*	639				
Additional deduction for gifts of medicine at the beginning of the current tax year (amount 5A **minus** line 639)	640				
Additional deduction for gifts of medicine made before March 22, 2017 transferred on an amalgamation or the wind-up of a subsidiary	650				
Additional deduction for gifts of medicine made before March 22, 2017:					
Proceeds of disposition	602				
Cost of gifts of medicine made before March 22, 2017	601				
Subtotal (line 602 **minus** line 601)			5B		
Amount 5B **multiplied** by 50 %			5C		
Eligible amount of gifts	600				

Federal

a ______ x (b ______ / c) = Additional deduction for gifts of medicine made before March 22, 2017 . . . . **610** ______

Québec

a ______ x (b ______ / c) = Additional deduction for gifts of medicine made before March 22, 2017 ______

Alberta

a ______ x (b ______ / c) = Additional deduction for gifts of medicine made before March 22, 2017 ______

where:

a is the **lesser** of line 601 and amount 5C

b is the eligible amount of gifts (line 600)

c is the proceeds of disposition (line 602)

	Line	Federal		Québec	Alberta
Subtotal (line 650 **plus** line 610)			5D		
Subtotal (line 640 **plus** amount 5D)			5E		
Adjustment for an acquisition of control	655				
Amount applied in the current year against taxable income (enter this amount on line 315 of the T2 return)	660				
Subtotal (line 655 **plus** line 660)			5F		
Additional deduction for gifts of medicine closing balance (amount 5E **minus** amount 5F)	680				

* For federal and Alberta tax purposes, donations and gifts expire after five tax years. For Québec tax purposes, donations and gifts made in a tax year that ended before March 19, 2007, expire after five tax years; otherwise, donations and gifts expire after twenty tax years.

Amounts carried forward – Additional deduction for gifts of medicine

Year of origin:		Federal	Québec	Alberta
1st prior year	2019-12-31			
2nd prior year	2018-12-31			
3rd prior year	2017-12-31			
4th prior year	2016-12-31			
5th prior year	2015-12-31			
6th prior year*	2014-12-31			
7th prior year	2013-12-31			
8th prior year	2012-12-31			
9th prior year	2011-12-31			
10th prior year	2010-12-31			
11th prior year	2009-12-31			
12th prior year	2008-12-31			
13th prior year	2007-12-31			
14th prior year	2006-12-31			
15th prior year	2005-12-31			
16th prior year	2004-12-31			
17th prior year	2003-12-31			
18th prior year	2002-12-31			
19th prior year	2001-12-31			
20th prior year	2000-12-31			
21st prior year*	1999-12-31			
Total				

* For federal and Alberta tax purposes, donations and gifts included on line *6th prior year* expire automatically in the current tax year. For Québec tax purposes, donations and gifts made in a tax year that ended before March 19, 2007, that are included on line *6th prior year* and donations and gifts that are included on line *21st prior year* expire automatically in the current tax year.

Québec – Gifts of musical instruments

Gifts of musical instruments at the end of the previous tax year		A
Deduct: Gifts of musical instruments expired after twenty tax years		B
Gifts of musical instruments at the beginning of the tax year		C
Add:		
Gifts of musical instruments transferred on an amalgamation or the wind-up of a subsidiary		D
Total current-year gifts of musical instruments		E
Subtotal (line D **plus** line E)		F
Deduct: Adjustment for an acquisition of control		G
Total gifts of musical instruments available		H
Deduct: Amount applied against taxable income (enter this amount on line 255 of form CO-17)		I
Gifts of musical instruments closing balance		J

Amounts carried forward – Gifts of musical instruments

Year of origin:		Québec
1st prior year	2019-12-31	
2nd prior year	2018-12-31	
3rd prior year	2017-12-31	
4th prior year	2016-12-31	
5th prior year	2015-12-31	
6th prior year*	2014-12-31	
7th prior year	2013-12-31	
8th prior year	2012-12-31	
9th prior year	2011-12-31	
10th prior year	2010-12-31	
11th prior year	2009-12-31	
12th prior year	2008-12-31	
13th prior year	2007-12-31	
14th prior year	2006-12-31	
15th prior year	2005-12-31	
16th prior year	2004-12-31	
17th prior year	2003-12-31	
18th prior year	2002-12-31	
19th prior year	2001-12-31	
20th prior year	2000-12-31	
21st prior year*	1999-12-31	
Total		

* These gifts expired in the current year.

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Schedule 4

Corporation Loss Continuity and Application

Corporation's name	Business number	Tax year-end Year Month Day
Lakefront Utilities Inc.	86512 5231 RC0001	2020-12-31

- Use this form to determine the continuity and use of available losses; to determine a current-year non-capital loss, farm loss, restricted farm loss, or limited partnership loss; to determine the amount of restricted farm loss and limited partnership loss that can be applied in a year; and to ask for a loss carryback to previous years.
- A corporation can choose whether or not to deduct an available loss from income in a tax year. The corporation can deduct losses in any order. However, for each type of loss, deduct the oldest loss first.
- According to subsection 111(4) of the *Income Tax Act*, when control has been acquired, no amount of capital loss incurred for a tax year ending before that time is deductible in computing taxable income in a tax year ending after that time. Also, no amount of capital loss incurred in a tax year ending after that time is deductible in computing taxable income of a tax year ending before that time.
- When control has been acquired, subsection 111(5) provides for similar treatment of non-capital and farm losses, except as listed in paragraphs 111(5)(a) and (b).
- For information on these losses, see the *T2 Corporation – Income Tax Guide*.
- File one completed copy of this schedule with the T2 return, or send the schedule by itself to the tax centre where the return is filed.
- All legislative references are to the *Income Tax Act*.

Part 1 – Non-capital losses

Determination of current-year non-capital loss

Net income (loss) for income tax purposes			64,989	A
Deduct: (increase a loss)				
Net capital losses deducted in the year (enter as a positive amount)		a		
Taxable dividends deductible under section 112 or subsections 113(1) or 138(6)		b		
Amount of Part VI.1 tax deductible under paragraph 110(1)(k)		c		
Amount deductible as prospector's and grubstaker's shares – Paragraph 110(1)(d.2)		d		
Amount of an employer for non-qualified securities under an employee stock options agreement deductible under paragraph 110(1)(e)		1d		
Subtotal (total of amounts a to 1d)		▶		B
Subtotal (amount A **minus** amount B; if positive, enter "0")				C
Deduct: (increase a loss)				
Section 110.5 or subparagraph 115(1)(a)(vii) – Addition for foreign tax deductions				D
Subtotal (amount C **minus** amount D)				E
Add: (decrease a loss)				
Current-year farm loss (the lesser of: the net loss from farming or fishing included in income and the non-capital loss before deducting the farm loss)				F
Current-year non-capital loss (amount E **plus** amount F; if positive, enter "0")				G

If amount G is negative, enter it on line 110 as a positive.

Continuity of non-capital losses and request for a carryback

Non-capital loss at the end of the previous tax year		47,877	e		
Deduct: Non-capital loss expired (note 1)	100		f		
Non-capital losses at the beginning of the tax year (amount e **minus** amount f)	102	47,877	▶	47,877	H
Add:					
Non-capital losses transferred on an amalgamation or on the wind-up of a subsidiary (note 2) corporation	105		g		
Current-year non-capital loss (from amount G)	110		h		
Subtotal (amount g **plus** amount h)			▶		I
Subtotal (amount H **plus** amount I)				47,877	J

Note 1: A non-capital loss expires as follows:

- after **10** tax years if it arose in a tax year ending after March 22, 2004, and before 2006; and
- after **20** tax years if it arose in a tax year ending after 2005.

An allowable business investment loss becomes a net capital loss after **10** tax years if it arose in a tax year ending after March 22, 2004.

Note 2: Subsidiary is defined in subsection 88(1) as a taxable Canadian corporation of which 90% or more of each class of issued shares are owned by its parent corporation and the remaining shares are owned by persons that deal at arm's length with the parent corporation.

Part 1 – Non-capital losses (continued)

Deduct:

Other adjustments (includes adjustments for an acquisition of control)	150		i		
Section 80 – Adjustments for forgiven amounts	140		j		
Subsection 111(10) – Adjustments for fuel tax rebate			j.1		
Non-capital losses of previous tax years applied in the current tax year Enter amount k on line 331 of the T2 Return.	130	47,877	k		
Current and previous year non-capital losses applied against current-year taxable dividends subject to Part IV tax (note 3)	135		l		
Subtotal (total of amounts i to l)		47,877	▶	47,877	K
Non-capital losses before any request for a carryback (amount J **minus** amount K)					L

Deduct – **Request to carry back non-capital loss to:**

First previous tax year to reduce taxable income	901		m		
Second previous tax year to reduce taxable income	902		n		
Third previous tax year to reduce taxable income	903		o		
First previous tax year to reduce taxable dividends subject to Part IV tax	911		p		
Second previous tax year to reduce taxable dividends subject to Part IV tax	912		q		
Third previous tax year to reduce taxable dividends subject to Part IV tax	913		r		
Total of requests to carry back non-capital losses to previous tax years (total of amounts m to r)			▶		M
Closing balance of non-capital losses to be carried forward to future tax years (amount L **minus** amount M)			180		N

Note 3: Amount l is the total of lines 330 and 335 from Schedule 3, *Dividends Received, Taxable Dividends Paid, and Part IV Tax Calculation*.

Part 2 – Capital losses

Continuity of capital losses and request for a carryback

Capital losses at the end of the previous tax year	200		a		
Capital losses transferred on an amalgamation or on the wind-up of a subsidiary corporation	205		b		
Subtotal (amount a **plus** amount b)			▶		A
Deduct:					
Other adjustments (includes adjustments for an acquisition of control)	250		c		
Section 80 – Adjustments for forgiven amounts	240		d		
Subtotal (amount c **plus** amount d)			▶		B
Subtotal (amount A **minus** amount B)					C
Add: Current-year capital loss (from the calculation on Schedule 6, *Summary of Dispositions of Capital Property*)			210		D
Unused non-capital losses that expired in the tax year (note 4)			e		
Allowable business investment losses (ABILs) that expired as non-capital losses at the end of the previous tax year (note 5)			f		
Enter amount e or f, whichever is less	215		g		
ABILs expired as non-capital losses: line 215 **multiplied** by 2.000000			220		E
Subtotal (total of amounts C to E)					F

Note

If there has been an amalgamation or a wind–up of a subsidiary, do a separate calculation of the ABIL expired as non-capital loss for each predecessor or subsidiary corporation. Add all these amounts and enter the total on line 220 above.

Note 4: If the loss was incurred in a tax year ending after March 22, 2004, determine the amount of the loss from the 11th previous tax year and enter the part of that loss that was not used in previous years and the current year on line e.

Note 5: If the ABILs were incurred in a tax year ending after March 22, 2004, enter the amount of the ABILs from the 11th previous tax year. Enter the full amount on line f.

Part 2 – Capital losses (continued)

Deduct: Capital losses from previous tax years applied against the current-year net capital gain (note 6) . . . **225** ______ G

Capital losses before any request for a carryback (amount F **minus** amount G) ______ H

Deduct – **Request to carry back capital loss to** (note 7):

	Capital gain (100%)		Amount carried back (100%)		
First previous tax year		951		h	
Second previous tax year		952		i	
Third previous tax year		953		j	
	Subtotal (total of amounts h to j)			▶	I
Closing balance of capital losses to be carried forward to future tax years (amount H **minus** amount I)		280			J

Note 6: To get the net capital losses required to reduce the taxable capital gain included in the net income (loss) for the current-year tax, enter the amount from line 225 **divided** by 2 at line 332 of the T2 return.

Note 7: On line 225, 951, 952, or 953, whichever applies, enter the actual amount of the loss. When the loss is applied, divide this amount by 2. The result represents the 50% inclusion rate.

Part 3 – Farm losses

Continuity of farm losses and request for a carryback

Farm losses at the end of the previous tax year			a	
Deduct: Farm loss expired (note 8)	300		b	
Farm losses at the beginning of the tax year (amount a **minus** amount b)	302		▶	A
Add:				
Farm losses transferred on an amalgamation or on the wind–up of a subsidiary corporation	305		c	
Current-year farm loss (amount F in Part 1)	310		d	
Subtotal (amount c **plus** amount d)			▶	B
Subtotal (amount A **plus** amount B)				C
Deduct:				
Other adjustments (includes adjustments for an acquisition of control)	350		e	
Section 80 – Adjustments for forgiven amounts	340		f	
Farm losses of previous tax years applied in the current tax year Enter amount g on line 334 of the T2 Return.	330		g	
Current and previous year farm losses applied against current-year taxable dividends subject to Part IV tax (note 9)	335		h	
Subtotal (total of amounts e to h)			▶	D
Farm losses before any request for a carryback (amount C **minus** amount D)				E
Deduct – **Request to carry back farm loss to:**				
First previous tax year to reduce taxable income	921		i	
Second previous tax year to reduce taxable income	922		j	
Third previous tax year to reduce taxable income	923		k	
First previous tax year to reduce taxable dividends subject to Part IV tax	931		l	
Second previous tax year to reduce taxable dividends subject to Part IV tax	932		m	
Third previous tax year to reduce taxable dividends subject to Part IV tax	933		n	
Subtotal (total of amounts i to n)			▶	F
Closing balance of farm losses to be carried forward to future tax years (amount E **minus** amount F)	380			G

Note 8: A farm loss expires as follows:
- after **10** tax years if it arose in a tax year ending before 2006; and
- after **20** tax years if it arose in a tax year ending after 2005.

Note 9: Amount h is the total of lines 340 and 345 from Schedule 3.

Part 4 – Restricted farm losses

Current-year restricted farm loss

Total losses for the year from farming business			485		A
Minus the deductible farm loss:					
(amount A above ______ – $2,500) **divided** by 2 =		a			
Amount a or $ 15,000 (note 10), whichever is less				b	
		2,500	c		
Subtotal (amount b **plus** amount c)		2,500	▶	2,500	B
Current-year restricted farm loss (amount A **minus** amount B)					C

Continuity of restricted farm losses and request for a carryback

Restricted farm losses at the end of the previous tax year			d		
Deduct: Restricted farm loss expired (note 11)	400		e		
Restricted farm losses at the beginning of the tax year (amount d **minus** amount e)	402		▶		D
Add:					
Restricted farm losses transferred on an amalgamation or on the wind-up of a subsidiary corporation	405		f		
Current-year restricted farm loss (from amount C) Enter amount g on line 233 of Schedule 1, *Net Income (Loss) for Income Tax Purposes*.	410		g		
Subtotal (amount f **plus** amount g)			▶		E
Subtotal (amount D **plus** amount E)					F
Deduct:					
Restricted farm losses from previous tax years applied against current farming income Enter amount h on line 333 of the T2 return.	430		h		
Section 80 – Adjustments for forgiven amounts	440		i		
Other adjustments	450		j		
Subtotal (total of amounts h to j)			▶		G
Restricted farm losses before any request for a carryback (amount F **minus** amount G)					H
Deduct – Request to carry back restricted farm loss to:					
First previous tax year to reduce farming income	941		k		
Second previous tax year to reduce farming income	942		l		
Third previous tax year to reduce farming income	943		m		
Subtotal (total of amounts k to m)			▶		I
Closing balance of restricted farm losses to be carried forward to future tax years (amount H **minus** amount I)			480		J

Note

The total losses for the year from all farming businesses are calculated without including scientific research expenses.

Note 10: For tax years that end before March 21, 2013, use $6,250 instead of $15,000.

Note 11: A restricted farm loss expires as follows:
- after **10** tax years if it arose in a tax year ending before 2006; and
- after **20** tax years if it arose in a tax year ending after 2005.

Part 5 – Listed personal property losses

Continuity of listed personal property loss and request for a carryback

Listed personal property losses at the end of the previous tax year			a		
Deduct: Listed personal property loss expired after 7 tax years	500		b		
Listed personal property losses at the beginning of the tax year (amount a **minus** amount b)	502		▶		A
Add: Current-year listed personal property loss (from Schedule 6)				510	B
Subtotal (amount A **plus** amount B)					C
Deduct:					
Listed personal property losses from previous tax years applied against listed personal property gains	530		c		
Enter amount c on line 655 of Schedule 6.					
Other adjustments	550		d		
Subtotal (amount c **plus** amount d)			▶		D
Listed personal property losses remaining before any request for a carryback (amount C **minus** amount D)					E
Deduct – Request to carry back listed personal property loss to:					
First previous tax year to reduce listed personal property gains	961		e		
Second previous tax year to reduce listed personal property gains	962		f		
Third previous tax year to reduce listed personal property gains	963		g		
Subtotal (total of amounts e to g)			▶		F
Closing balance of listed personal property losses to be carried forward to future tax years (amount E **minus** amount F)				580	G

Part 7 – Limited partnership losses

Current-year limited partnership losses

	1	2	3	4	5	6	7
	Partnership account number	Tax year ending yyyy/mm/dd	Corporation's share of limited partnership loss	Corporation's at-risk amount	Total of corporation's share of partnership investment tax credit, farming losses, and resource expenses	Column 4 **minus** column 5 (if negative, enter "0")	Current -year limited partnership losses (column 3 **minus** column 6)
	600	602	604	606	608		620
1.							

Total (enter this amount on line 222 of Schedule 1)

Limited partnership losses from previous tax years that may be applied in the current year

	1	2	3	4	5	6	7
	Partnership account number	Tax year ending yyyy/mm/dd	Limited partnership losses at the end of the previous tax year and amounts transferred on an amalgamation or on the wind-up of a subsidiary	Corporation's at-risk amount	Total of corporation's share of partnership investment tax credit, business or property losses, and resource expenses	Column 4 **minus** column 5 (if negative, enter "0")	Limited partnership losses that may be applied in the year (the lesser of columns 3 and 6)
	630	632	634	636	638		650
1.							

Continuity of limited partnership losses that can be carried forward to future tax years

	1	2	3	4	5	6
	Partnership account number	Limited partnership losses at the end of the previous tax year	Limited partnership losses transferred in the year on an amalgamation or on the wind-up of a subsidiary	Current-year limited partnership losses (from line 620)	Limited partnership losses applied in the current year (must be equal to or less than line 650)	Current year limited partnership losses closing balance to be carried forward to future years (column 2 **plus** column 3 **plus** column 4 **minus** column 5)
	660	662	664	670	675	680
1.						

Total (enter this amount on line 335 of the T2 return)

Note

If you need more space, you can attach more schedules.

Part 8 – Election under paragraph 88(1.1)(f)

If you are making an election under paragraph 88(1.1)(f), check the box . . . . **190** Yes ☐

In the case of the wind-up of a subsidiary, if the election is made, the non-capital loss, restricted farm loss, farm loss, or limited partnership loss of the subsidiary—that otherwise would become the loss of the parent corporation for a particular tax year starting after the wind–up began—will be considered as the loss of the parent corporation for its immediately preceding tax year and not for the particular year.

Note

This election is only applicable for wind-ups under subsection 88(1) that are reported on Schedule 24, *First-Time Filer after Incorporation, Amalgamation, or Winding-up of a Subsidiary into a Parent*.

Non-Capital Loss Continuity Workchart

Part 6 – Analysis of balance of losses by year of origin

Non-capital losses

Year of origin	Balance at beginning of year	Loss incurred in current year	Adjustments and transfers	Loss carried back Parts I & IV	Applied to reduce Taxable income	Applied to reduce Part IV tax	Balance at end of year
Current	N/A				N/A		
1st preceding taxation year 2019-12-31	47,877	N/A		N/A	47,877		
2nd preceding taxation year 2018-12-31		N/A		N/A			
3rd preceding taxation year 2017-12-31		N/A		N/A			
4th preceding taxation year 2016-12-31		N/A		N/A			
5th preceding taxation year 2015-12-31		N/A		N/A			
6th preceding taxation year 2014-12-31		N/A		N/A			
7th preceding taxation year 2013-12-31		N/A		N/A			
8th preceding taxation year 2012-12-31		N/A		N/A			
9th preceding taxation year 2011-12-31		N/A		N/A			
10th preceding taxation year 2010-12-31		N/A		N/A			
11th preceding taxation year 2009-12-31		N/A		N/A			
12th preceding taxation year 2008-12-31		N/A		N/A			
13th preceding taxation year 2007-12-31		N/A		N/A			
14th preceding taxation year 2006-12-31		N/A		N/A			
15th preceding taxation year 2005-12-31		N/A		N/A			
16th preceding taxation year 2004-12-31		N/A		N/A			
17th preceding taxation year 2003-12-31		N/A		N/A			
18th preceding taxation year 2002-12-31		N/A		N/A			
19th preceding taxation year 2001-12-31		N/A		N/A			
20th preceding taxation year 2000-12-31		N/A		N/A			*
Total	47,877				47,877		

* **This balance expires this year and will not be available next year.**

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Tax Calculation Supplementary – Corporations

Schedule 5

Corporation's name	Business Number	Tax year-end Year Month Day
Lakefront Utilities Inc.	86512 5231 RC0001	2020-12-31

- Use this schedule if, during the tax year, your corporation:
  - had a permanent establishment in more than one jurisdiction (corporations that have no taxable income should only complete columns A, B, and D in Part 1)
  - is claiming provincial or territorial tax credits or rebates (see Part 2), or
  - has to pay taxes, other than income tax, for Newfoundland and Labrador, or Ontario (see Part 2).
- All legislative references are to the Income Tax Regulations.
- For more information, see the T2 Corporation – Income Tax Guide.
- For the regulation number to be entered in field 100 of Part 1, see the chart below.

Part 1 – Allocation of taxable income

100 ______ Enter the regulation that applies (402 to 413)

A Jurisdiction. Tick yes if your corporation had a permanent establishment in the jurisdiction during the tax year *		B Total salaries and wages paid in jurisdiction	C (B x taxable income) / G	D Gross revenue attributable to jurisdiction	E (D x taxable income) / H	F Allocation of taxable income (C + E) x 1/2** (where either G or H is nil, do not multiply by 1/2)
Newfoundland and Labrador	003 Yes ☐	103		143		
Newfoundland and Labrador Offshore	004 Yes ☐	104		144		
Prince Edward Island	005 Yes ☐	105		145		
Nova Scotia	007 Yes ☐	107		147		
Nova Scotia Offshore	008 Yes ☐	108		148		
New Brunswick	009 Yes ☐	109		149		
Quebec	011 Yes ☐	111		151		
Ontario	013 Yes ☐	113		153		
Manitoba	015 Yes ☐	115		155		
Saskatchewan	017 Yes ☐	117		157		
Alberta	019 Yes ☐	119		159		
British Columbia	021 Yes ☐	121		161		
Yukon	023 Yes ☐	123		163		
Northwest Territories	025 Yes ☐	125		165		
Nunavut	026 Yes ☐	126		166		
Outside Canada	027 Yes ☐	127		167		
Total		129 G		169 H		

* **Permanent establishment** is defined in subsection 400(2)

** For corporations other than those described under section 402, use the appropriate calculation described in the Regulations to allocate taxable income.

Notes:

1. After determining the allocation of taxable income, you have to calculate the corporation's provincial or territorial tax payable. For more information on how to calculate the tax for each province or territory, see the instructions for Schedule 5 in the T2 Corporation – Income Tax Guide.
2. If your corporation has provincial or territorial tax payable, complete Part 2.
3. If your corporation is a member of a partnership and the partnership had a permanent establishment in a jurisdiction, select the jurisdiction in Column A and include your proportionate share of the partnership's salaries and wages and gross revenue in columns B and D, respectively.

Part 2 – Ontario tax payable, tax credits, and rebates

Total taxable income	Income eligible for small business deduction	Provincial or territorial allocation of taxable income	Provincial or territorial tax payable before credits
5,237		5,237	602

	Line	Amount		Total	
Ontario basic income tax (from Schedule 500)	270	602			
Ontario small business deduction (from Schedule 500)	402				
Subtotal (line 270 **minus** line 402)		602	►	602	5A
Ontario transitional tax debits (from Schedule 506)	276				
Recapture of Ontario research and development tax credit (from Schedule 508)	277				
Subtotal (line 276 **plus** line 277)			►		5B
Gross Ontario tax (amount 5A **plus** amount 5B)				602	5C
Ontario resource tax credit (from Schedule 504)	404				
Ontario tax credit for manufacturing and processing (from Schedule 502)	406				
Ontario foreign tax credit (from Schedule 21)	408				
Ontario credit union tax reduction (from Schedule 500)	410				
Ontario political contributions tax credit (from Schedule 525)	415				
Ontario non-refundable tax credits (total of lines 404 to 415)			►		5D
Subtotal (amount 5C **minus** amount 5D) (if negative, enter "0")				602	5E
Ontario research and development tax credit (from Schedule 508)				416	
Ontario corporate income tax payable before Ontario corporate minimum tax credit and Ontario community food program donation tax credit for farmers (amount 5E **minus** line 416) (if negative, enter "0")				602	5F
Ontario corporate minimum tax credit (from Schedule 510)				418	
Ontario community food program donation tax credit for farmers (from Schedule 2)				420	
Ontario corporate income tax payable (amount 5F **minus** the total of lines 418 and 420) (if negative, enter "0")				602	5G
Ontario corporate minimum tax (from Schedule 510)	278				
Ontario special additional tax on life insurance corporations (from Schedule 512)	280				
Subtotal (line 278 **plus** line 280)			►		5H
Total Ontario tax payable before refundable tax credits (amount 5G **plus** amount 5H)				602	5I
Ontario qualifying environmental trust tax credit	450				
Ontario co-operative education tax credit (from Schedule 550)	452	3,000			
Ontario apprenticeship training tax credit (from Schedule 552)	454				
Ontario computer animation and special effects tax credit (from Schedule 554)	456				
Ontario film and television tax credit (from Schedule 556)	458				
Ontario production services tax credit (from Schedule 558)	460				
Ontario interactive digital media tax credit (from Schedule 560)	462				
Ontario book publishing tax credit (from Schedule 564)	466				
Ontario innovation tax credit (from Schedule 566)	468				
Ontario business-research institute tax credit (from Schedule 568)	470				
Ontario Regional Opportunities Investment Tax Credit (from Schedule 570)	472				
Ontario refundable tax credits (total of lines 450 to 472)		3,000	►	3,000	5J
Net Ontario tax payable or refundable tax credit (amount 5I **minus** amount 5J) (if a credit, enter amount in brackets) Include this amount on line 255.				290 -2,398	

Summary

Enter the total net tax payable or refundable tax credits for all provinces and territories on line 255.

Net provincial and territorial tax payable or refundable tax credits . . . 255 -2,398

If the amount on line 255 is positive, enter the net provincial and territorial tax payable on line 760 of the T2 return.
If the amount on line 255 is negative, enter the net provincial and territorial refundable tax credits on line 812 of the T2 return.

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Schedule 8

Capital Cost Allowance (CCA)

Corporation's name	Business number	Tax year-end Year Month Day
Lakefront Utilities Inc.	86512 5231 RC0001	2020-12-31

For more information, see the section called "Capital Cost Allowance" in the T2 Corporation Income Tax Guide.

Is the corporation electing under Regulation 1101(5q)? **101** Yes [ ] No [X]

	1 Class number * See note 1	Description	2 Undepreciated capital cost (UCC) at the beginning of the year	3 Cost of acquisitions during the year (new property must be available for use) See note 2	4 Cost of acquisitions from column 3 that are accelerated investment incentive properties (AIIP) See note 3	5 Adjustments and transfers See note 4	6 Amount from column 5 that is assistance received or receivable during the year for a property, subsequent to its disposition See note 5	7 Amount from column 5 that is repaid during the year for a property, subsequent to its disposition See note 6	8 Proceeds of dispositions See note 7	For tax years ending before November 21, 2018: 50% rule (1/2 of net acquisitions)
	200		201	203	225	205	221	222	207	211
1.	1	Buildings	824,672	8,513	8,513				0	
2.	1	Electrical distribution equipment and pla	5,551,168						0	
3.	10	Transportation equipment	193,460						0	
4.	10	Equipment	55,380						0	
5.	45	Computers 2004-2007	6						0	
6.	47	Transmission and distribution after Feb 2	9,651,281	1,712,739	1,712,739				0	
7.	50	Computers after 2007	22,966	19,587	19,587				0	
8.	8	Furniture, equipment and signs	178,022						0	
9.	6	Fences	3,881						0	
10.	8	Tools	149,564	10,470	10,470				0	
11.	47	Smart meters - from reg assets	514,166	89,220	89,220				0	
		Totals	17,144,566	1,840,529	1,840,529					

	1 Class number * See note 1 200	Des-crip-tion	9 UCC (column 2 **plus** column 3 **plus** or **minus** column 5 **minus** column 8) See note 8	10 Proceeds of disposition available to reduce the UCC of AIIP (column 8 **plus** column 6 **minus** column 3 **plus** column 4 **minus** column 7) (if negative, enter "0")	11 Net capital cost additions of AIIP acquired during the year (column 4 **minus** column 10) (if negative, enter "0")	12 UCC adjustment for AIIP acquired during the year (column 11 **multiplied** by the relevant factor) See note 9	13 UCC adjustment for non-AIIP acquired during the year (0.5 **multiplied** by the result of column 3 **minus** column 4 **minus** column 6 **plus** column 7 **minus** column 8) (if negative, enter "0") See note 10 224	14 CCA rate % See note 11 212	15 Recapture of CCA See note 12 213	16 Terminal loss See note 13 215	17 CCA (for declining balance method, the result of column 9 **plus** column 12 **minus** column 13, **multiplied** by column 14 or a lower amount) See note 14 217	18 UCC at the end of the year (column 9 **minus** column 17) 220
1.	1	Buildin	833,185		8,513	4,257		4	0	0	33,498	799,687
2.	1	Electric	5,551,168					4	0	0	222,047	5,329,121
3.	10	Transp	193,460					30	0	0	58,038	135,422
4.	10	Equipn	55,380					30	0	0	16,614	38,766
5.	45	Compu	6					45	0	0	3	3
6.	47	Transn	11,364,020		1,712,739	856,370		8	0	0	977,631	10,386,389
7.	50	Compu	42,553		19,587	9,794		55	0	0	28,791	13,762
8.	8	Furnitu	178,022					20	0	0	35,604	142,418
9.	6	Fences	3,881					10	0	0	388	3,493
10.	8	Tools	160,034		10,470	5,235		20	0	0	33,054	126,980
11.	47	Smart	603,386		89,220	44,610		8	0	0	51,840	551,546
		Totals	18,985,095		1,840,529	920,266					1,457,508	17,527,587

Enter the total of column 15 on line 107 of Schedule 1.
Enter the total of column 16 on line 404 of Schedule 1.
Enter the total of column 17 on line 403 of Schedule 1.

Note 1. If a class number has not been provided in Schedule II of the Income Tax Regulations for a particular class of property, use the subsection provided in Regulation 1101. Class numbers followed by a letter indicate the basic rate of the class taking into account the additional deduction allowed. Class 1a: 4% + 6% = 10% (class 1 to 10%), class 1b: 4% + 2% = 6% (class 1 to 6%).

Note 2. Include any property acquired in previous years that has now become available for use. This property would have been previously excluded from column 3. List separately any acquisitions of property in the class that are not subject to the 50% rule. See Income Tax Folio S3-F4-C1, General Discussion of Capital Cost Allowance, for exceptions to the 50% rule.

Note 3. An accelerated investment incentive property (AIIP) is a property (other than property included in Class 54 or 55) that you acquired after November 20, 2018 and became available for use before 2028. See the T2 Corporation Income Tax Guide for more information. Classes 54 and 55 include property that is a zero-emission vehicle you acquired after March 18, 2019 and became available for use before 2028.

Note 4. Enter in column 5, "Adjustments and transfers", amounts that increase or reduce the undepreciated capital cost (column 9). Items that increase the undepreciated capital cost include amounts transferred under section 85, or transferred on amalgamation or winding-up of a subsidiary. Items that reduce the undepreciated capital cost (show amounts that reduce the undepreciated capital cost in brackets) include government assistance received or entitled to be received in the year, or a reduction of capital cost after the application of section 80. See the T2 Corporation Income Tax Guide for other examples of adjustments and transfers to include in column 5.

Note 5. Include all amounts of assistance you received (or were entitled to receive) after the disposition of a depreciable property that would have decreased the capital cost of the property by virtue of paragraph 13(7.1)(f) if received before the disposition.

Note 6. Include all amounts you have repaid during the year with respect to any legally required repayment, made after the disposition of a corresponding property, of:

- assistance that would have otherwise increased the capital cost of the property under paragraph 13(7.1)(d); and
- an inducement, assistance or any other amount contemplated in paragraph 12(1)(x) received, that otherwise would have increased the capital cost of the property under paragraph 13(7.4)(b).

Also include the UCC of each property of a prescribed class acquired in the course of a corporate reorganization described under paragraph 55(3)(b) of the Act (also known as "butterfly reorganization") or in a non-arm's length transaction (other than by virtue of a right referred to in paragraph 251(5)(b) of the Act) if the property was a depreciable property acquired by the transferor less than 364 days before the end of your tax year.

Note 7. For each property disposed of during the year, deduct from the proceeds of disposition any outlays and expenses to the extent that they were made or incurred for the purpose of making the disposition(s). The amount reported in respect of the property cannot exceed the property's capital cost, unless that property is a timber resource property as defined in subsection 13(21).

Note 8. If the amount in column 5 reduces the undepreciated capital cost (i.e. it is shown in brackets), you must subtract it for the purposes of the calculation. Otherwise, add the amount in column 5 for the purposes of the calculation.

Note 9. The relevant factors for AIIP of a class in Schedule II and for property included in classes 54 and 55, available for use before 2024, are:

- 2 1/3 for property in Classes 43.1 and 54;
- 1 1/2 for property in Class 55;
- 1 for property in Classes 43.2 and 53;
- 0 for property in Classes 12, 13, 14, and 15, as well as properties that are Canadian vessels included in paragraph 1100(1)(v) of the Regulations (see note 14 for additional information); and
- 0.5 for all other property that is AIIP.

Note 10. The UCC adjustment for non-AIIP acquired during the year (formerly known as the half-year rule or 50% rule) does not apply to certain property (including AIIP). For special rules and exceptions, see Income Tax Folio S3-F4-C1, General Discussion of Capital Cost Allowance.

Note 11. Enter a rate only if you are using the declining balance method. For any other method (for example the straight-line method, where calculations are always based on the cost of acquisitions), enter N/A. Then enter the amount you are claiming in column 17.

Note 12. If the amount in column 9 is negative, you have a recapture of CCA. If applicable, enter the negative amount from column 9 in column 15 as a positive. The recapture rules do not apply to passenger vehicles in Class 10.1.

Note 13. If no property is left in the class at the end of the tax year and there is still a positive amount in the column 9, you have a terminal loss. If applicable, enter the positive amount from column 9 in column 16. The terminal loss rules do not apply to:

- passenger vehicles in Class 10.1;
- property in Class 14.1, unless you have ceased carrying on the business to which it relates; or
- limited-period franchises, concessions, or licences in Class 14 if, at the time of acquisition, the property was a former property of the transferor or any similar property attributable to the same fixed place of business, and you had jointly elected with the transferor to have the replacement property rules apply.

Note 14. If the tax year is shorter than 365 days, prorate the CCA claim. Some classes of property do not have to be prorated. See the T2 Corporation Income Tax Guide for more information. For property in class 10.1 disposed of during the year, deduct a maximum of 50% of the regular CCA deduction if you owned the property at the beginning of the tax year. For AIIP listed below, the maximum first year allowance you can claim is determined as follows:

- Class 13: the lesser of 150% of the amount calculated in Schedule III of the Regulations and the UCC at the end of the tax year (before any CCA deduction).
- Class 14: the lesser of 150% of the allocation for the year of the capital cost of the property apportioned over the remaining life of the property (at the time the cost was incurred) and the UCC at the end of the tax year (before any CCA deduction).
- Class 15: the lesser of 150% of an amount computed on the basis of a rate per cord, board foot or cubic metre cut in the tax year and the UCC at the end of the tax year (before any CCA deduction).
- Canadian vessels described under paragraph 1100(1)(v) of the Regulations: the lesser of 50% of the capital cost of the property and the UCC at the end of the tax year (before any CCA deduction).
- Class 41.2: use a 25% CCA rate. The additional allowance under paragraph 1100(1)(y.2)(for single mine properties) and 1100(1)(ya.2)(for multiple mine properties) of the Regulations is not eligible for the accelerated investment incentive. The additional allowance in respect of natural gas liquefaction under paragraph 1100(1)(yb) of the Regulations is eligible for the accelerated investment incentive.
- Property (other than a timber resource property) that is a timber limit or a right to cut timber from a limit: 150% of the amount determined by first subtracting the total of the residual value of the timber limit and all amounts you expended for the 1949 or later tax years for surveys, cruises or preparation of prints, maps or plans for the purpose of obtaining a licence or right to cut timber from the capital cost of the limit or right, and then dividing the result by the quantity of timber in the limit or the quantity of timber you have the right to cut.
- Industrial mineral mine or a right to remove industrial minerals from an industrial mineral mine: 150% of the amount determined by first subtracting the residual value, if any, of the mine or right from the capital cost of the mine or right, and then dividing the result by the number of units of commercially mineable material estimated to be in the mine when the mine or right was acquired (alternatively, if you have acquired a right to remove only a specified number of units, that number of units that you acquired a right to remove).

Fixed Assets Reconciliation

Reconciliation of change in fixed assets per financial statements to amounts used per tax return.

Tax return

Additions for tax purposes – Schedule 8 regular classes		1,840,529		
Additions for tax purposes – Schedule 8 leasehold improvements	+			
Operating leases capitalized for book purposes	+			
Capital gain deferred	+			
Recapture deferred	+			
Deductible expenses capitalized for book purposes – Schedule 1	+			
Other (specify):	+			
Total additions per books	=	1,840,529	▶	1,840,529
Proceeds up to original cost – Schedule 8 regular classes				
Proceeds up to original cost – Schedule 8 leasehold improvements	+			
Proceeds in excess of original cost – capital gain	+			
Recapture deferred – as above	+			
Capital gain deferred – as above	+			
Pre V-day appreciation	+			
Other (specify):				
Contributions in aid of construction included in revenue	+	-88,134		
Total proceeds per books	=	-88,134	▶ –	-88,134
Depreciation and amortization per accounts – Schedule 1			–	1,186,274
Loss on disposal of fixed assets per accounts			–	
Gain on disposal of fixed assets per accounts			+	
Net change per tax return			=	742,389

Financial statements

Fixed assets (excluding land) per financial statements

Closing net book value		19,383,101
Opening net book value	–	18,640,712
Net change per financial statements	=	742,389

If the amounts from the tax return and the financial statements differ, explain why below.

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SCHEDULE 9

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
Lakefront Utilities Inc.	86512 5231 RC0001	2020-12-31

- Complete this schedule if the corporation is related to or associated with at least one other corporation.
- For more information, see the *T2 Corporation Income Tax Guide*.

	Name 100	Country of residence (other than Canada) 200	Business number (see note 1) 300	Relationship code (see note 2) 400	Number of common shares you own 500	% of common shares you own 550	Number of preferred shares you own 600	% of preferred shares you own 650	Book value of capital stock 700
1.	Town of Cobourg Holdings Inc.		86511 7832 RC0001	1					7,002,145
2.	Lakefront Utility Services Inc.		86906 0327 RC0003	3					41,549

Note 1: Enter "NR" if the corporation is not registered or does not have a business number.
Note 2: Enter the code number of the relationship that applies from the following order: 1 - Parent 2 - Subsidiary 3 - Associated 4 - Related but not associated

T2 SCH 9 (11) Canada

Continuity of financial statement reserves (not deductible)

Financial statement reserves (not deductible)

	Description	Balance at the beginning of the year	Transfer on an amalgamation or the wind-up of a subsidiary	Add	Deduct	Balance at the end of the year
1	post-employment benefits	419,141		226,338		645,479
2						
	Reserves from Part 2 of Schedule 13					
	Totals	419,141		226,338		645,479

The total opening balance plus the total transfers should be entered on line 414 of Schedule 1 as a deduction.
The total closing balance should be entered on line 126 of Schedule 1 as an addition.

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Schedule 23

Agreement Among Associated Canadian-Controlled Private Corporations to Allocate the Business Limit

- For use by a Canadian-controlled private corporation (CCPC) to identify all associated corporations and to assign a percentage for each associated corporation. This percentage will be used to allocate the business limit for the small business deduction. Information from this schedule will also be used to determine the date the balance of tax is due and to calculate the reduction to the business limit.
- An associated CCPC that has more than one tax year ending in a calendar year must file an agreement for each tax year ending in that calendar year.

Column 1: Enter the legal name of each of the corporations in the associated group, including those deemed to be associated under subsection 256(2) of the Income Tax Act.

Column 2: Provide the business number for each corporation (if a corporation is not registered, enter "NR").

Column 3: Enter the association code from the list below that applies to each corporation:

1 – Associated for purposes of allocating the business limit (unless association code 5 applies)
2 – CCPC that is a **third corporation** as referred to in subsection 256(2) and has filed Schedule 28, Election not to be Associated Through a Third Corporation
3 – Non-CCPC that is a **third corporation**
4 – Associated non-CCPC
5 – Associated CCPC to which association code 1 does not apply because a **third corporation** has filed Schedule 28

Column 4: Enter the business limit for the year of each corporation in the associated group. Enter "0" if the corporation has association code 2, 3 or 4 in column 3 (except if the corporation is a cooperative or a credit union eligible for the SBD and it has association code 4).

Column 5: Assign a percentage to allocate the business limit to each corporation that has association code 1 in column 3. The total of all percentages in column 5 cannot exceed 100%.

Column 6: Enter the business limit allocated to each corporation by multiplying the amount in column 4 by the percentage in column 5. Add all business limits allocated in column 6 and enter the total at line A.

Ensure that the total at line A does not exceed $500,000.

Allocating the business limit

Date filed (do not use this area) . . . . **025** Year Month Day

Enter the calendar year the agreement applies to . . . . **050** Year 2020

Is this an amended agreement for the above calendar year that is intended to replace an agreement previously filed by any of the associated corporations listed below? . . . . **075** [ ] Yes [X] No

	1 Name of associated corporations **100**	2 Business number of associated corporations **200**	3 Association code **300**	4 Business limit for the year before the allocation $	5 Percentage of the business limit % **350**	6 Business limit allocated* $ **400**	
1	Lakefront Utilities Inc.	86512 5231 RC0001	1	500,000			
2	Town of Cobourg Holdings Inc.	86511 7832 RC0001	1	500,000			
3	Lakefront Utility Services Inc.	86906 0327 RC0003	1	500,000	100.0000	500,000	
				Total	100.0000	500,000	A

Business limit reduction under subsection 125(5.1) of the Act

The business limit reduction is calculated in the small business deduction area of the T2 return. One of the factors used in this calculation is the "large corporation amount" at line 415 of the T2 return. The amount at line 415 is determined using the formula 0.225% x (C - $10,000,000). Another factor is the "adjusted aggregate investment income" from lines 744 and 745 of Schedule 7, Aggregate Investment Income and Income Eligible for the Small Business Deduction. Details of these formulas and variable C are in subsection 125(5.1) of the Act.

* Each corporation will enter on line 410 of the T2 return, the amount allocated to it in column 6. However, if the corporation's tax year is less than 51 weeks, prorate the amount in column 6 by the number of days in the tax year divided by 365, and enter the result on line 410 of the T2 return.

Special rules for business limit

Special rules apply under subsection 125(5) if a CCPC has more than one tax year ending in the same calendar year and it is associated in more than one of those tax years with another CCPC that has a tax year ending in that calendar year. The business limit for the second or later tax year will be equal to the lesser of: the business limit determined for the first tax year ending in the calendar year or the business limit determined for the second or later tax year ending in the same calendar year.

T2 SCH 23 E (19)

Canada

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Schedule 33

Taxable Capital Employed in Canada – Large Corporations

Corporation's name	Business number	Tax year-end Year Month Day
Lakefront Utilities Inc.	86512 5231 RC0001	2020-12-31

- Use this schedule in determining if the total taxable capital employed in Canada of the corporation (other than a financial institution or an insurance corporation) and its related corporations is greater than $10,000,000.
- If the total taxable capital employed in Canada of the corporation and its related corporations is greater than $10,000,000, file a completed Schedule 33 with your T2 *Corporation Income Tax Return* no later than six months from the end of the tax year.
- Unless otherwise noted, all legislative references are to the *Income Tax Act* and the *Income Tax Regulations*.
- Subsection 181(1) defines the terms **financial institution**, **long-term debt**, and **reserves**.
- Subsection 181(3) provides the basis to determine the carrying value of a corporation's assets or any other amount under Part I.3 for its capital, investment allowance, taxable capital, or taxable capital employed in Canada, or for a partnership in which it has an interest.
- If the corporation was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada, go to Part 4, **Taxable capital employed in Canada**.

Part 1 – Capital

Add the following year-end amounts:

	Line	Amount		
Reserves that have not been deducted in calculating income for the year under Part I	101			
Capital stock (or members' contributions if incorporated without share capital)	103	5,293,376		
Retained earnings	104	5,286,014		
Contributed surplus	105			
Any other surpluses	106			
Deferred unrealized foreign exchange gains	107			
All loans and advances to the corporation	108	1,804,085		
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations	109	11,848,400		
Any dividends declared but not paid by the corporation before the end of the year	110			
All other indebtedness of the corporation (other than any indebtedness for a lease) that has been outstanding for more than 365 days before the end of the year	111			
The total of all amounts, each of which is the amount, if any, in respect of a partnership in which the corporation held a membership interest at the end of the year, either directly or indirectly through another partnership (see note below)	112			
Subtotal (**add** lines 101 to 112)		24,231,875	24,231,875	A

Note:

Line 112 is determined by the formula (A – B) x C/D (as per paragraph 181.2(3)(g)) where:

A is the total of all amounts that would be determined for lines 101, 107, 108, 109, and 111 in respect of the partnership for its last fiscal period that ends at or before the end of the year if
- a) those lines applied to partnerships in the same manner that they apply to corporations, and
- b) those amounts were computed without reference to amounts owing by the partnership
  - (i) to any corporation that held a membership interest in the partnership either directly or indirectly through another partnership, or
  - (ii) to any partnership in which a corporation described in subparagraph (i) held a membership interest either directly or indirectly through another partnership.

B is the partnership's deferred unrealized foreign exchange losses at the end of the period,

C is the share of the partnership's income or loss for the period to which the corporation is entitled either directly or indirectly through another partnership, and

D is the partnership's income or loss for the period.

Part 1 – Capital (continued)

Subtotal A (from page 1)			24,231,875	A
Deduct the following amounts:				
Deferred tax debit balance at the end of the year	121			
Any deficit deducted in calculating its shareholders' equity (including, for this purpose, the amount of any provision for the redemption of preferred shares) at the end of the year	122			
To the extent that the amount may reasonably be regarded as being included in any of lines 101 to 112 above for the year, any amount deducted under subsection 135(1) in calculating income under Part I for the year.	123			
Deferred unrealized foreign exchange losses at the end of the year	124			
Subtotal (**add** lines 121 to 124)		▶		B
Capital for the year (amount A **minus** amount B) (if negative, enter “0”)		190	24,231,875	

Part 2 – Investment allowance

Add the carrying value at the end of the year of the following assets of the corporation:

A share of another corporation	401	
A loan or advance to another corporation (other than a financial institution)	402	
A bond, debenture, note, mortgage, hypothecary claim, or similar obligation of another corporation (other than a financial institution)	403	
Long-term debt of a financial institution	404	
A dividend payable on a share of the capital stock of another corporation	405	
A loan or advance to, or a bond, debenture, note, mortgage, hypothecary claim or similar obligation of, a partnership each member of which was, throughout the year, another corporation (other than a financial institution) that was not exempt from tax under this Part (otherwise than because of paragraph 181.1(3)(d)), or another partnership described in paragraph 181.2(4)(d.1)	406	
An interest in a partnership (see note 2 below)	407	
Investment allowance for the year (add lines 401 to 407)	490	

Notes:

1. Lines 401 to 405 should not include the carrying value of a share of the capital stock of, a dividend payable by, or indebtedness of a corporation that is exempt from tax under Part I.3 (other than a non-resident corporation that at no time in the year carried on business in Canada through a permanent establishment).
2. Where the corporation has an interest in a partnership held either directly or indirectly through another partnership, refer to subsection 181.2(5) for additional rules regarding the carrying value of an interest in a partnership.
3. Where a trust is used as a conduit for loaning money from a corporation to another related corporation (other than a financial institution), the loan will be considered to have been made directly from the lending corporation to the borrowing corporation. Refer to subsection 181.2(6) for special rules that may apply.

Part 3 – Taxable capital

Capital for the year (line 190)		24,231,875	C
Deduct: Investment allowance for the year (line 490)			D
Taxable capital for the year (amount C **minus** amount D) (if negative, enter "0")	500	24,231,875	

Part 4 – Taxable capital employed in Canada

To be completed by a corporation that was resident in Canada at any time in the year

Taxable capital for the year (line 500) 24,231,875 x (Taxable income earned in Canada **610** 5,237 / Taxable income 5,237) = **Taxable capital employed in Canada** **690** 24,231,875

Notes:
1. Regulation 8601 gives details on calculating the amount of taxable income earned in Canada.
2. Where a corporation's taxable income for a tax year is "0," it shall, for the purposes of the above calculation, be deemed to have a taxable income for that year of $1,000.
3. In the case of an airline corporation, Regulation 8601 should be considered when completing the above calculation.

To be completed by a corporation that was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada

Total of all amounts each of which is the carrying value at the end of the year of an asset of the corporation used in the year or held in the year, in the course of carrying on any business during the year through a permanent establishment in Canada		**701**	
Deduct the following amounts:			
Corporation's indebtedness at the end of the year [other than indebtedness described in any of paragraphs 181.2(3)(c) to (f)] that may reasonably be regarded as relating to a business it carried on during the year through a permanent establishment in Canada **711**			
Total of all amounts each of which is the carrying value at the end of year of an asset described in subsection 181.2(4) of the corporation that it used in the year, or held in the year, in the course of carrying on any business during the year through a permanent establishment in Canada **712**			
Total of all amounts each of which is the carrying value at the end of year of an asset of the corporation that is a ship or aircraft the corporation operated in international traffic, or personal or movable property used or held by the corporation in carrying on any business during the year through a permanent establishment in Canada (see note below) **713**			
Total deductions (**add** lines 711, 712, and 713)	►		E
Taxable capital employed in Canada (line 701 **minus** amount E) (if negative, enter "0")		**790**	

Note: Complete line 713 only if the country in which the corporation is resident did not impose a capital tax for the year on similar assets, or a tax for the year on the income from the operation of a ship or aircraft in international traffic, of any corporation resident in Canada during the year.

Part 5 – Calculation for purposes of the small business deduction

This part is applicable to corporations that are not associated in the current year, but were associated in the prior year.

Taxable capital employed in Canada (amount from line 690)		F
Deduct:	10,000,000	G
Excess (amount F **minus** amount G) (if negative, enter "0")		H
Calculation for purposes of the small business deduction (amount H x 0.225%)		I

Enter this amount at line 415 of the T2 return.

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Schedule 50

Shareholder Information

Corporation's name	Business number	Tax year-end Year Month Day
Lakefront Utilities Inc.	86512 5231 RC0001	2020-12-31

- All private corporations must complete this schedule for any shareholder who holds 10% or more of the corporation's common and/or preferred shares.
- Provide only one number (business number, partnership account number, social insurance number or trust number) per shareholder.

	Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust) 100	Business number or partnership account number (9 digits, 2 letters, and 4 digits. If not registered, enter "**NR**") 200	Social insurance number (9 digits) 300	Trust number (T followed by 8 digits) 350	Percentage common shares 400	Percentage preferred shares 500
1	Town of Cobourg Holdings Inc.	NR			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						

Canada

Canada Revenue Agency / Agence du revenu du Canada

Schedule 53

General Rate Income Pool (GRIP) Calculation

Corporation's name	Business number	Tax year-end Year Month Day
Lakefront Utilities Inc.	86512 5231 RC0001	2020-12-31

On: 2020-12-31

- If you are a Canadian-controlled private corporation (CCPC) or a deposit insurance corporation (DIC), use this schedule to determine the general rate income pool (GRIP).
- Credit unions are **not** required to complete this schedule.
- All legislative references are to the Income Tax Act and the Income Tax Regulations.
- When an eligible dividend was paid in the tax year or there was a change in the GRIP balance, file a completed copy of this schedule with your T2 Corporation Income Tax Return. Do not send your worksheets with your return, but keep them in your records in case we ask to see them later.
- Subsection 89(1) defines the terms **eligible dividend**, **excessive eligible dividend designation**, **general rate income pool**, and **low rate income pool**.

Eligibility for the various additions

Answer the following questions to determine the corporation's eligibility for the various additions:

2006 addition

1. Is this the corporation's first taxation year that includes January 1, 2006? . . . . . . ☐ Yes ☒ No
2. If not, what is the date of the taxation year end of the corporation's first year that includes January 1, 2006? Enter the date and go directly to question 4 2006-12-31
3. During that first year, was the corporation a CCPC or would it have been a CCPC if not for the election of subsection 89(11) ITA? . . . . . . ☐ Yes ☐ No
   If the answer to question 3 is yes, complete Part "GRIP addition for 2006".

Change in the type of corporation

4. Was the corporation a CCPC during its preceding taxation year? . . . . . . ☒ Yes ☐ No
5. Corporations that become a CCPC or a DIC . . . . . . ☐ Yes ☒ No
   If the answer to question 5 is yes, complete Part 4.

Amalgamation (first year of filing after amalgamation)

6. Corporations that were formed as a result of an amalgamation . . . . . . ☐ Yes ☒ No
   If the answer to question 6 is yes, answer questions 7 and 8. If the answer is no, go to question 9.
7. Was one or more of the predecessor corporations neither a CCPC nor a DIC? . . . . . . ☐ Yes ☐ No
   If the answer to question 7 is yes, complete Part 4.
8. Was one or more of the predecessor corporation a CCPC or a DIC during the taxation year that ended immediately before amalgamation? . . . . . . ☐ Yes ☐ No
   If the answer to question 8 is yes, complete Part 3.

Winding-up

9. Has the corporation wound-up a subsidiary in the preceding taxation year? . . . . . . ☐ Yes ☒ No
   If the answer to question 9 is yes, answer questions 10 and 11. If the answer is no, go to Part 1.
10. Was the subsidiary neither a CCPC nor a DIC during its last taxation year? . . . . . . ☐ Yes ☐ No
    If the answer to question 10 is yes, complete Part 4.
11. Was the subsidiary a CCPC or a DIC during its last taxation year? . . . . . . ☐ Yes ☐ No
    If the answer to question 11 is yes, complete Part 3.

Part 1 – General rate income pool (GRIP)

GRIP at the end of the previous tax year			100	6,005,167
Taxable income for the year (DICs enter "0")*	110	5,237		
Amount on line 400, 405, 410, and 427 or 428** of the T2 return, whichever is the least*	130			
For a CCPC, the lesser of aggregate investment income (line 440 of the T2 return) and taxable income*	140			
Subtotal (line 130 **plus** line 140)		►	A	
Income taxable at the general corporate rate (line 110 **minus** amount A) (if negative enter "0")	150	5,237		
After-tax income (line 150 **multiplied** by 0.72 (the general rate factor for the tax year))			190	3,771
Eligible dividends received in the tax year	200			
Dividends deductible under section 113 received in the tax year	210			
Subtotal (line 200 **plus** line 210)			►	B
Becoming a CCPC (amount W5 in Part 4)	220			
Post-amalgamation (total of amount E4 in Part 3 and amount W5 in Part 4)	230			
Post-wind-up (total of amount E4 in Part 3 and amount W5 in Part 4)	240			
Subtotal (**add** lines 220, 230, and 240)	290		►	
Subtotal (**add** lines 100, 190, 290, and amount B)				6,008,938 C
Eligible dividends paid in the previous tax year	300			
Excessive eligible dividend designations made in the previous tax year	310			
(If becoming a CCPC (subsection 89(4) applies), enter "0" on lines 300 and 310.)				
Subtotal (line 300 **minus** line 310)			►	D
GRIP before adjustment for specified future tax consequences (amount C **minus** amount D) (amount can be negative)			490	6,008,938
Total GRIP adjustment for specified future tax consequences to previous tax years (amount L3 in Part 2)			560	
GRIP at the end of the tax year (line 490 **minus** line 560)			590	6,008,938

Enter this amount on line 160 of Schedule 55, Part III.1 Tax on Excessive Eligible Dividend Designations.

* For lines 110, 130, and 140, the income amount is the amount before considering specified future tax consequences. This phrase is defined in subsection 248(1). It includes the deduction of a loss carryback from subsequent tax years, a reduction of Canadian exploration expenses and Canadian development expenses that were renounced in subsequent tax years (e.g., flow-through share renunciations), reversals of income inclusions where an option is exercised in subsequent tax years, and the effect of certain foreign tax credit adjustments.

** If your tax year starts before 2019, use line 427. If your tax year starts after 2018, use line 428.

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years

Complete this part if the corporation's taxable income of any of the previous three tax years took into account the specified future tax consequences defined in subsection 248(1) from the current tax year. Otherwise, enter "0" on line 560.

First previous tax year 2019-12-31

Taxable income before specified future tax consequences from the current tax year A1

Enter the following amounts before specified future tax consequences from the current tax year:

Amount on line 400, 405, 410, and 427 or 428** of the T2 return, whichever is the least B1

Aggregate investment income (line 440 of the T2 return) C1

Subtotal (amount B1 **plus** amount C1) ► D1

Subtotal (amount A1 **minus** amount D1) (if negative, enter "0") ► E1

Future tax consequences that occur for the current year Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	**Capital loss carry-back**	**Restricted farm loss carry-back**	**Farm loss carry-back**	**Other**	**Total carrybacks**

Taxable income after specified future tax consequences F1

Enter the following amounts after specified future tax consequences:

Amount on line 400, 405, 410, and 427 or 428** of the T2 return, whichever is the least G1

Aggregate investment income (line 440 of the T2 return) H1

Subtotal (amount G1 **plus** amount H1) ► I1

Subtotal (amount F1 **minus** amount I1) (if negative, enter "0") ► J1

Subtotal (amount E1 **minus** amount J1) (if negative, enter "0") K1

GRIP adjustment for specified future tax consequences to the first previous tax year

(amount K1 **multiplied** by 0.72) **500**

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)

Second previous tax year 2018-12-31

Taxable income before specified future tax consequences from the current tax year 252,607 A2

Enter the following amounts before specified future tax consequences from the current tax year:

Amount on line 400, 405, 410, and 427 or 428** of the T2 return, whichever is the least . . . . ________ B2

Aggregate investment income (line 440 of the T2 return) . . . . ________ C2

Subtotal (amount B2 **plus** amount C2) ________ ▶ ________ D2

Subtotal (amount A2 **minus** amount D2) (if negative, enter "0") 252,607 ▶ 252,607 E2

Future tax consequences that occur for the current year Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	**Capital loss carry-back**	**Restricted farm loss carry-back**	**Farm loss carry-back**	**Other**	**Total carrybacks**

Taxable income after specified future tax consequences . . . . ________ F2

Enter the following amounts after specified future tax consequences:

Amount on line 400, 405, 410, and 427 or 428** of the T2 return, whichever is the least . . . . ________ G2

Aggregate investment income (line 440 of the T2 return) . . . . ________ H2

Subtotal (amount G2 **plus** amount H2) ________ ▶ ________ I2

Subtotal (amount F2 **minus** amount I2) (if negative, enter "0") ________ ▶ ________ J2

Subtotal (amount E2 **minus** amount J2) (if negative, enter "0") ________ K2

GRIP adjustment for specified future tax consequences to the second previous tax year
(amount K2 **multiplied** by 0.72) . . . . **520** ________

** If your tax year starts before 2019, use line 427. If your tax year starts after 2018, use line 428.

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)

Third previous tax year 2017-12-31

Taxable income before specified future tax consequences from the current tax year 143,775 A3

Enter the following amounts before specified future tax consequences from the current tax year:

Amount on line 400, 405, 410, and 427 or 428** of the T2 return, whichever is the least . . . . ______ B3

Aggregate investment income (line 440 of the T2 return) . . . . ______ C3

Subtotal (amount B3 **plus** amount C3) ______ ▶ ______ D3

Subtotal (amount A3 **minus** amount D3) (if negative, enter "0") 143,775 ▶ 143,775 E3

Future tax consequences that occur for the current year Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	**Capital loss carry-back**	**Restricted farm loss carry-back**	**Farm loss carry-back**	**Other**	**Total carrybacks**

Taxable income after specified future tax consequences . . . . ______ F3

Enter the following amounts after specified future tax consequences:

Amount on line 400, 405, 410, and 427 or 428** of the T2 return, whichever is the least . . . . ______ G3

Aggregate investment income (line 440 of the T2 return) . . . . ______ H3

Subtotal (amount G3 **plus** amount H3) ______ ▶ ______ I3

Subtotal (amount F3 **minus** amount I3) (if negative, enter "0") ______ ▶ ______ J3

Subtotal (amount E3 **minus** amount J3) (if negative, enter "0") ______ K3

GRIP adjustment for specified future tax consequences to the third previous tax year
(amount K3 **multiplied by** 0.72) . . . . **540** ______

Total GRIP adjustment for specified future tax consequences to previous tax years:
(**add** lines 500, 520, and 540) (if negative, enter "0") . . . . ______ L3

Enter amount L3 on line 560 in Part 1.

** If your tax year starts before 2019, use line 427. If your tax year starts after 2018, use line 428.

Part 3 – Worksheet to calculate the GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year)

nb. 1 Post amalgamation . . . ☐ Post wind-up . . . . . . ☐

Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind-up (to which subsection 88(1) applies) and the predecessor or subsidiary corporation was a CCPC or a DIC in its last tax year. The last tax year for a predecessor corporation was its tax year that ended immediately before the amalgamation and for a subsidiary corporation was its tax year during which its assets were distributed to the parent on the wind-up.

Calculate the GRIP addition of a successor corporation following an amalgamation at the end of its first tax year.

Calculate the GRIP addition of a parent corporation upon wind-up at the end of the tax year that ends immediately after the tax year in which the parent has received the assets of the subsidiary.

In the calculation below, **corporation** means a predecessor or a subsidiary. Complete a separate worksheet for **each** predecessor and **each** subsidiary that was a CCPC or a DIC in its last tax year. Keep a copy of this calculation for your records, in case we ask to see it later.

Corporation's GRIP at the end of its last tax year			A4
Eligible dividends paid by the corporation in its last tax year		B4	
Excessive eligible dividend designations made by the corporation in its last tax year		C4	
Subtotal (amount B4 **minus** amount C4)		►	D4
GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year) (amount A4 **minus** amount D4)			E4

After you complete this calculation for each predecessor and each subsidiary, calculate the total of all the E4 amounts. Enter this total amount on:

- line 230 for post-amalgamation; or
- line 240 for post-wind-up.

Part 4 – Worksheet to calculate the GRIP addition post-amalgamation, post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax year), or the corporation is becoming a CCPC

nb. 1 Corporation becoming a CCPC . . . . . . ☐ Post amalgamation . . . . ☐ Post wind-up . . . . ☐

Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind-up (to which subsection 88(1) applies) and the predecessor or subsidiary was not a CCPC or a DIC in its last tax year. The last tax year for a predecessor corporation was its tax year that ended immediately before the amalgamation and for a subsidiary corporation was its tax year during which its assets were distributed to the parent on the wind-up.

Calculate the GRIP addition of a successor corporation following an amalgamation at the end of its first tax year.

Calculate the GRIP addition of a parent corporation upon wind-up at the end of the tax year that ends immediately after the tax year in which the parent has received the assets of the subsidiary.

In the calculation below, **corporation** means a predecessor or a subsidiary. Complete a separate worksheet for **each** predecessor and **each** subsidiary that was not a CCPC or a DIC in its last year. Keep a copy of this calculation for your records, in case we ask to see it later.

Cost amount to the corporation of all property immediately before the end of its previous/last tax year				A5
The corporation's money on hand immediately before the end of its previous/last tax year				B5
Total of subsection 111(1) losses that would have been deductible in calculating the corporation's taxable income for the previous/last tax year if the corporation had had unlimited income from each business carried on and each property held and had realized an unlimited amount of capital gains for the previous/last tax year:				
Non-capital losses	C5			
Net capital losses	D5			
Farm losses	E5			
Restricted farm losses	F5			
Limited partnership losses	G5			
Subtotal (**add** amounts C5 to G5)	►	H5		
Total of all amounts deducted under subsection 111(1) in calculating the corporation's taxable income for the previous/last tax year:				
Non-capital losses	I5			
Net capital losses	J5			
Farm losses	K5			
Restricted farm losses	L5			
Limited partnership losses	M5			
Subtotal (**add** amounts I5 to M5)	►	N5		
Unused and unexpired losses at the end of the corporation's previous/last tax year (amount H5 **minus** amount N5)			►	O5
Subtotal (**add** amounts A5, B5, and O5)				P5
All the corporation's debts and other obligations to pay that were outstanding immediately before the end of its previous/last tax year		Q5		
Paid-up capital of all the corporation's issued and outstanding shares of capital stock immediately before the end of its previous/last tax year		R5		
All the corporation's reserves deducted in its previous/last tax year		S5		
The corporation's capital dividend account immediately before the end of its previous/last tax year		T5		
The corporation's low rate income pool immediately before the end of its previous/last tax year		U5		
Subtotal (**add** amounts Q5 to U5)			►	V5
GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax year), or the corporation is becoming a CCPC (amount P5 **minus** amount V5) (if negative, enter "0")				W5

After you complete this worksheet for each predecessor and each subsidiary, calculate the total of all the W5 amounts. Enter this total amount on:

– line 220 for a corporation becoming a CCPC;
– line 230 for post-amalgamation; or
– line 240 for post-wind-up.

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Schedule 500

Ontario Corporation Tax Calculation

Corporation's name	Business number	Tax year-end Year Month Day
Lakefront Utilities Inc.	86512 5231 RC0001	2020-12-31

- Use this schedule if your corporation had a **permanent establishment** (as defined in section 400 of the federal Income Tax Regulations) in Ontario at any time in the tax year and had Ontario taxable income in the year.
- Legislative references are to the federal Income Tax Act and Income Tax Regulations.
- This schedule is a worksheet only and is not required to be filed with your T2 Corporation Income Tax Return.

Part 1 – Ontario basic income tax

Ontario taxable income Note 1	5,237	1A
Ontario basic rate of tax for the year	**11.5** %	1B
Ontario basic income tax (amount 1A **multiplied** by amount 1B) Note 2	602	1C

Note 1 If your corporation had a permanent establishment only in Ontario, enter the amount from line 360 or amount Z, whichever applies, from page 3 of the T2 return. Otherwise, enter the taxable income allocated to Ontario from column F in Part 1 of Schedule 5.

Note 2 If your corporation had a permanent establishment in more than one jurisdiction, or is claiming an Ontario tax credit in addition to Ontario basic income tax, or Ontario corporate minimum tax or Ontario special additional tax on life insurance corporations payable, enter amount 1C on line 270 of Schedule 5, Tax Calculation Supplementary – Corporations. Otherwise, enter it on line 760 of the T2 return.

Part 2 – Ontario small business deduction (OSBD)

Complete this part if your corporation claimed the federal small business deduction under subsection 125(1).

Line 400 of the T2 return		64,989	2A		
Line 405 of the T2 return			2B		
If your tax year starts before 2019, line 427 of the T2 return			2B.1		
If your tax year starts after 2018					
Line 410 of the T2 return		2C			
Line 415 of the T2 return	31,949 2D				
Amount 2C ____ x Amount 2D 31,949 / 11,250 =		2E			
Line 515 of the T2 return		2F			
Subtotal (amount 2C **minus** amount 2E **minus** amount 2F)		►	2G		
Amount 2A, 2B, and 2B.1 or 2G, whichever is the least			►		2H
Ontario domestic factor (ODF): Taxable income for Ontario Note 3 / Taxable income for all provinces Note 4	5,237.00 / 5,237 =			1.00000	2I
Amount 2H **multiplied** by amount 2I			2J		
Ontario taxable income (amount 1A)		5,237	2K		
Ontario small business income (amount 2J or 2K, whichever is less)			►		2L

Part 2 – Ontario small business deduction (OSBD) (continued)

Ontario small business deduction for the year

Amount 2L ______ x (Number of days in the tax year before January 1, 2020 ______ / Number of days in the tax year 366) x 8 % = ______ 2M

Amount 2L ______ x (Number of days in the tax year after December 31, 2019 366 / Number of days in the tax year 366) x 8.3 % = ______ 2N

Ontario small business deduction for the year (amount 2M **plus** amount 2N) . . . . ______ ▶ ______ 2O
Enter amount 2O on line 402 of Schedule 5.

Note 3 Enter amount 1A.

Note 4 Includes the territories and the offshore jurisdictions for Nova Scotia and Newfoundland and Labrador.

Part 3 – Ontario adjusted small business income

Complete this part if your corporation was a Canadian-controlled private corporation throughout the tax year and is claiming the Ontario tax credit for manufacturing and processing or the Ontario credit union tax reduction.

Ontario adjusted small business income (amount 1A or 2H, whichever is the least) . . . . ______ 3A

Enter amount 3A at amount 4B in Part 4 of this schedule or at amount 2E in Part 2 of Schedule 502, Ontario Tax Credit for Manufacturing and Processing, whichever applies.

Part 4 – Credit union tax reduction

Complete this part and Schedule 17, Credit Union Deductions, if the corporation was a credit union throughout the tax year.

Amount 3C of Schedule 17 . . . . ______ 4A

Ontario adjusted small business income (amount 3A) . . . . ______ 4B

Subtotal (amount 4A **minus** amount 4B, if negative, enter "0") ______ ▶ ______ 4C

Amount 4C ______ x (Number of days in the tax year before January 1, 2020 ______ / Number of days in the tax year 366) x 8 % = ______ 4D

Amount 4C ______ x (Number of days in the tax year after December 31, 2019 366 / Number of days in the tax year 366) x 8.3 % = ______ 4E

Total (amount 4D **plus** amount 4E) ______ ▶ ______ 4F

Ontario domestic factor (amount 2I) 1.00000 4G

Ontario credit union tax reduction (amount 4F **multiplied** by amount 4G) . . . . ______ 4H
Enter amount 4H on line 410 of Schedule 5.

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SCHEDULE 546

CORPORATIONS INFORMATION ACT ANNUAL RETURN FOR ONTARIO CORPORATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
Lakefront Utilities Inc.	86512 5231 RC0001	2020-12-31

- This schedule should be completed by a corporation that is incorporated, continued, or amalgamated in Ontario and subject to the Ontario *Business Corporations Act* (BCA) or Ontario *Corporations Act* (CA), except for registered charities under the federal *Income Tax Act*. This completed schedule serves as a *Corporations Information Act* Annual Return under the *Ontario Corporations Information Act*.
- Complete parts 1 to 4. Complete parts 5 to 7 only to report change(s) in the information recorded on the Ontario Ministry of Government Services (MGS) public record.
- This schedule must set out the required information for the corporation as of the date of delivery of this schedule.
- A completed Ontario *Corporations Information Act* Annual Return must be delivered within six months after the end of the corporation's tax year-end. The MGS considers this return to be delivered on the date that it is filed with the Canada Revenue Agency (CRA) together with the corporation's income tax return.
- It is the corporation's responsibility to ensure that the information shown on the MGS public record is accurate and up-to-date. To review the information shown for the corporation on the public record maintained by the MGS, obtain a Corporation Profile Report. Visit **www.ServiceOntario.ca** for more information.
- This schedule contains non-tax information collected under the authority of the Ontario *Corporations Information Act*. This information will be sent to the MGS for the purposes of recording the information on the public record maintained by the MGS.

Part 1 – Identification

100 Corporation's name (exactly as shown on the MGS public record)
Lakefront Utilities Inc.

Jurisdiction incorporated, continued, or amalgamated, whichever is the most recent	**110** Date of incorporation or amalgamation, whichever is the most recent (Year Month Day)	**120** Ontario Corporation No.
Ontario	2000-04-12	1412420

Part 2 – Head or registered office address (P.O. box not acceptable as stand-alone address)

200 Care of (if applicable)

210 Street number	**220** Street name/Rural route/Lot and Concession number	**230** Suite number
207	Division Street	

240 Additional address information if applicable (line 220 must be completed first)

250 Municipality (e.g., city, town)	**260** Province/state	**270** Country	**280** Postal/zip code
Cobourg	ON	CA	K9A 4L3

Part 3 – Change identifier

Have there been any changes in any of the information most recently filed for the public record maintained by the MGS for the corporation with respect to names, addresses for service, and the date elected/appointed and, if applicable, the date the election/appointment ceased of the directors and five most senior officers, or with respect to the corporation's mailing address or language of preference? To review the information shown for the corporation on the public record maintained by the MGS, obtain a Corporation Profile Report. For more information, visit **www.ServiceOntario.ca**.

300 1 If there have been no changes, enter **1** in this box and then go to "Part 4 – Certification."
If there are changes, enter **2** in this box and complete the applicable parts on the next page, and then go to "Part 4 – Certification."

Part 4 – Certification

I certify that all information given in this *Corporations Information Act* Annual Return is true, correct, and complete.

450 Paul (Last name) **451** Dereck (First name)

454 ______, (Middle name(s))

460 2 Please enter one of the following numbers in this box for the above-named person: **1** for director, **2** for officer, or **3** for other individual having knowledge of the affairs of the corporation. If you are a director and officer, enter **1** or **2**.

Note: Sections 13 and 14 of the Ontario *Corporations Information Act* provide penalties for making false or misleading statements or omissions.

Complete the applicable parts to report changes in the information recorded on the MGS public record.

Part 5 – Mailing address

500 Please enter one of the following numbers in this box:
1 - Show no mailing address on the MGS public record.
2 - The corporation's mailing address is the same as the head or registered office address in Part 2 of this schedule.
3 - The corporation's complete mailing address is as follows:

510 Care of (if applicable)

520 Street number	**530** Street name/Rural route/Lot and Concession number	**540** Suite number

550 Additional address information if applicable (line 530 must be completed first)

560 Municipality (e.g., city, town)	**570** Province/state	**580** Country	**590** Postal/zip code

Part 6 – Language of preference

600 Indicate your language of preference by entering **1** for English or **2** for French. This is the language of preference recorded on the MGS public record for communications with the corporation. It may be different from line 990 on the T2 return.

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SCHEDULE 550

ONTARIO CO-OPERATIVE EDUCATION TAX CREDIT

Name of corporation	Business Number	Tax year-end Year Month Day
Lakefront Utilities Inc.	86512 5231 RC0001	2020-12-31

- Use this schedule to claim an Ontario co-operative education tax credit (CETC) under section 88 of the *Taxation Act, 2007* (Ontario).
- The CETC is a refundable tax credit that is equal to an eligible percentage (10% to 30%) of the eligible expenditures incurred by a corporation for a qualifying work placement. The maximum credit amount is $1,000 for each qualifying work placement ending before March 27, 2009, and $3,000 for each qualifying work placement beginning after March 26, 2009. For a qualifying work placement that straddles March 26, 2009, the maximum credit amount is prorated.
- Eligible expenditures are salaries and wages (including taxable benefits) paid or payable to a student in a qualifying work placement, or fees paid or payable to an employment agency for services performed by the student in a qualifying work placement. These expenditures must be paid on account of employment or services, as applicable, at a permanent establishment of the corporation in Ontario. Expenditures for a work placement (WP) are not eligible expenditures if they are greater than the amounts that would be paid to an arm's length employee.
- A WP must meet all of the following conditions to be a qualifying work placement:
  - the student performs employment duties for a corporation under a qualifying co-operative education program (QCEP);
  - the WP has been developed or approved by an eligible educational institution as a suitable learning situation;
  - the terms of the WP require the student to engage in productive work;
  - the WP is for a period of at least 10 consecutive weeks or, in the case of an internship program, not less than 8 consecutive months and not more than 16 consecutive months;
  - the student is paid for the work performed in the WP;
  - the corporation is required to supervise and evaluate the job performance of the student in the WP;
  - the institution monitors the student's performance in the WP; and
  - the institution has certified the WP as a qualifying work placement.
- Make sure you keep a copy of the letter of certification from the Ontario eligible educational institution containing the name of the student, the employer, the institution, the term of the WP, and the name/discipline of the QCEP to support the claim. Do not submit the letter of certification with the *T2 Corporation Income Tax Return*.
- File this schedule with the *T2 Corporation Income Tax Return*.

Part 1 – Corporate information

110 Name of person to contact for more information	120 Telephone number including area code
Dereck Paul	(905) 372-2193

Is the claim filed for a CETC earned through a partnership?* . . . . . **150** 1 Yes [ ] 2 No [X]

If you answered **yes** to the question at line 150, what is the name of the partnership? . . . . . **160** ______

Enter the percentage of the partnership's CETC allocated to the corporation . . . . . **170** ______ %

* When a corporate member of a partnership is claiming an amount for eligible expenditures incurred by a partnership, complete a Schedule 550 for the partnership as if the partnership were a corporation. Each corporate partner, other than a limited partner, should file a separate Schedule 550 to claim the partner's share of the partnership's CETC. The allocated amounts can not exceed the amount of the partnership's CETC.

Part 2 – Eligibility

1. Did the corporation have a permanent establishment in Ontario in the tax year? . . . . . **200** 1 Yes [X] 2 No [ ]
2. Was the corporation exempt from tax under Part III of the *Taxation Act*, 2007 (Ontario)? . . . . . **210** 1 Yes [ ] 2 No [X]

If you answered **no** to question 1 or **yes** to question 2, then the corporation is **not eligible** for the CETC.

Part 3 – Eligible percentage for determining the eligible amount

Corporation's salaries and wages paid in the previous tax year * **300** 822,763

For eligible expenditures incurred before March 27, 2009:

- If line 300 is $400,000 or less, enter 15% on line 310.
- If line 300 is $600,000 or more, enter 10% on line 310.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 310 using the following formula:

$$\text{Eligible percentage} = 15\,\% - \left[5\,\% \times \left(\frac{\text{amount on line 300} \ \textbf{minus} \ \$ \ 400{,}000}{\$ \ 200{,}000} \right) \right]$$

Eligible percentage for determining the eligible amount . . . . **310** 10.000 %

For eligible expenditures incurred after March 26, 2009:

- If line 300 is $400,000 or less, enter 30% on line 312.
- If line 300 is $600,000 or more, enter 25% on line 312.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 312 using the following formula:

$$\text{Eligible percentage} = 30\,\% - \left[5\,\% \times \left(\frac{\text{amount on line 300} \ \textbf{minus} \ \$ \ 400{,}000}{\$ \ 200{,}000} \right) \right]$$

Eligible percentage for determining the eligible amount . . . . **312** 25.000 %

* If this is the first tax year of an amalgamated corporation and subsection 88(9) of the *Taxation Act, 2007* (Ontario) applies, enter the salaries and wages paid in the previous tax year by the predecessor corporations.

Part 4 – Calculation of the Ontario co-operative education tax credit

Complete a separate entry for each student for each qualifying work placement that ended in the corporation's tax year. If a qualifying work placement would otherwise exceed four consecutive months, divide the WP into periods of four consecutive months and enter each full period of four consecutive months as a separate WP. If the WP does not divide equally into four-month periods and if the period that is less than 4 months is 10 or more consecutive weeks, then enter that period as a separate WP. If that period is less than 10 consecutive weeks, then include it with the WP for the last period of 4 consecutive months. Consecutive WPs with two or more associated corporations are deemed to be with only one corporation, as designated by the corporations.

	A Name of university, college, or other eligible educational institution **400**	B Name of qualifying co-operative education program **405**
1.	Ontario Tech University	Electrical Engineering
2.		

	C Name of student **410**	D Start date of WP (see note 1 below) **430**	E End date of WP (see note 2 below) **435**
1.	Tristan Pereira	2020-09-14	2020-12-31
2.			

Note 1: When the WP has been divided into separate periods because it exceeds four consecutive months, enter the start date for the separate WP.

Note 2: When the WP has been divided into separate periods because it exceeds four consecutive months, enter the end date for the separate WP.

Part 4 – Calculation of the Ontario co-operative education tax credit (continued)

	F1 Eligible expenditures before March 27, 2009 (see note 1 below) 450	Eligible percentage before March 27, 2009 (from line 310 in Part 3)	F2 Eligible expenditures after March 26, 2009 (see note 1 below) 452	Eligible percentage after March 26, 2009 (from line 310a in Part 3)	X Number of consecutive weeks of the WP completed by the student before March 27, 2009 (see note 3 below)	Y Total number of consecutive weeks of the student's WP (see note 3 below)
1.		10.000 %	12,178	25.000 %		15
2.		10.000 %		25.000 %		

	G Eligible amount (eligible expenditures **multiplied** by eligible percentage) (see note 2 below) 460	H Maximum CETC per WP (see note 3 below) 462	I CETC on eligible expenditures (column G or H, whichever is less) 470	J CETC on repayment of government assistance (see note 4 below) 480	K CETC for each WP (column I or column J) 490
1.	3,045	3,000	3,000		3,000
2.					

Ontario co-operative education tax credit (total of amounts in column K) **500** 3,000 **L**

or, if the corporation answered **yes** at line 150 in Part 1, determine the partner's share of amount L:

Amount L ________ x percentage on line 170 in Part 1 ________ % = ... **M**

Enter amount L or M, whichever applies, on line 452 of Schedule 5, *Tax Calculation Supplementary – Corporations*. If you are filing more than one Schedule 550, add the amounts from line L or M, whichever applies, on all the schedules and enter the total amount on line 452 of Schedule 5.

Note 1: Reduce eligible expenditures by all government assistance, as defined under subsection 88(21) of the *Taxation Act, 2007* (Ontario), that the corporation has received, is entitled to receive, or may reasonably expect to receive, for the eligible expenditures, on or before the filing due date of the *T2 Corporation Income Tax Return* for the tax year.

Note 2: Calculate the eligible amount (Column G) using the following formula:

Column G = (column F1 x percentage on line 310) + (column F2 x percentage on line 312)

Note 3: If the WP ends before March 27, 2009, the maximum credit amount for the WP is $1,000.
If the WP begins after March 26, 2009, the maximum credit amount for the WP is $3,000.
If the WP begins before March 27, 2009, and ends after March 26, 2009, calculate the maximum credit amount using the following formula:

($1,000 x X/Y) + [$3,000 x (Y – X)/Y]

where "X" is the number of consecutive weeks of the WP completed by the student before March 27, 2009, and "Y" is the total number of consecutive weeks of the student's WP.

Note 4: When claiming a CETC for repayment of government assistance, complete a **separate entry** for each repayment and complete columns A to E and J and K with the details for the previous year WP in which the government assistance was received. Include the amount of government assistance repaid in the tax year multiplied by the eligible percentage for the tax year in which the government assistance was received, to the extent that the government assistance reduced the CETC in that tax year.

Attached Schedule with Total

Corporation's salaries and wages paid in the previous tax year

Title Corporation's salaries and wages paid in the previous tax year

Description	Operator (Note)	Amount
Per PRL FSA		895,993 65
Fee - Exec, Finance and admin	-	73,231 00
	+	
	Total	822,762 65

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

Corporate Taxpayer Summary

Corporate information

Corporation's name	Lakefront Utilities Inc.
Taxation Year	2020-01-01 to 2020-12-31
Jurisdiction	Ontario

BC	AB	SK	MB	ON	QC	NB	NS	NO	PE	NL	XO	YT	NT	NU	OC
				X											

Corporation is associated	Y
Corporation is related	Y
Number of associated corporations	2
Type of corporation	Canadian-Controlled Private Corporation
Total amount due (refund) federal and provincial*	-10,592

* The amounts displayed on lines "Total amount due (refund) federal and provincial" are all listed in the help. Press F1 to consult the context-sensative help.

Summary of federal information

Net income		64,989
Taxable income		5,237
Donations		5,950
Calculation of income from an active business carried on in Canada		64,989
Dividends paid		
Dividends paid – Regular		
Dividends paid – Eligible		
Balance of the low rate income pool at the end of the previous year		
Balance of the low rate income pool at the end of the year		
Balance of the general rate income pool at the end of the previous year		6,005,167
Balance of the general rate income pool at the end of the year		6,008,938
Part I tax (base amount)		1,990

Credits against Part I tax		Summary of tax		Refunds/credits	
Small business deduction		Part I	785	ITC refund	
M&P deduction		Part IV		Dividends refund:	
Foreign tax credit		Part III.1		– Eligible dividends	
Investment tax credits		Other*		– Non-eligible dividends	
Abatement/Other*	1,205	Provincial or territorial tax		Instalments	8,979
				Other*	2,398
				Balance due/refund (–)	-10,592

* The amounts displayed on lines "Other" are all listed in the Help. Press F1 to consult the context-sensitive help.

Summary of federal carryforward/carryback information

Carryforward balances

Financial statement reserve	645,479

Summary of provincial information – provincial income tax payable

	Ontario	Québec (CO-17)	Alberta (AT1)
Net income	64,989		
Taxable income	5,237		
% Allocation	100.00		
Attributed taxable income	5,237		
Tax payable before deduction*	602		
Deductions and credits			
Net tax payable	602		
Attributed taxable capital	N/A		N/A
Capital tax payable**	N/A		N/A
Total tax payable***	602		
Instalments and refundable credits	3,000		
Balance due/Refund (-)	-2,398		
Logging tax payable (COZ-1179)			
Tax payable	N/A		N/A

* For Québec, this includes special taxes.

** For Québec, this includes compensation tax and registration fee.

*** For Ontario, this includes the corporate minimum tax, the Crown royalties' additional tax, the transitional tax debit, the recaptured research and development tax credit and the special additional tax debit on life insurance corporations. The Balance due/Refund is included in the federal Balance due/refund.

Summary – taxable capital

Federal

Corporate name	Taxable capital used to calculate the business limit reduction (T2, line 415)	Taxable capital used to calculate the SR&ED expenditure limit for a CCPC (Schedules 31 and 49)	Taxable capital used to calculate line 233 of the T2 return	Taxable capital used to calculate line 234 of the T2 return
Lakefront Utilities Inc.	21,812,577	21,812,577	24,231,875	24,231,875
Town of Cobourg Holdings Inc.	1,064,867	1,064,867	1,259,269	1,259,269
Lakefront Utility Services Inc.	1,322,049	1,322,049	315,370	315,370
Total	24,199,493	24,199,493	25,806,514	25,806,514

Québec

Corporate name	Paid-up capital used to calculate the Québec business limit reduction (CO-771) and to calculate the additional deduction for transportation costs of remote manufacturing SMEs (CO-156.TR)	Paid-up capital used to calculate the tax credit for investment (CO-1029.8.36.IN) and to determine the applicability of Forms CO-1029.8.33.CS and CO-1029.8.33.TE	Paid-up capital used to calculate the $1 million deduction (CO-1137.A and CO-1137.E)	Paid-up capital used to determine the applicability of Form CO-737.SI
Total				

Ontario

Corporate name	Specified capital used to calculate the expenditure limit – Ontario innovation tax credit (Schedule 566)
Total	

Other provinces

Corporate name	Capital used to calculate the Newfoundland and Labrador capital deduction on financial institutions (Schedule 306)
Total	

APPENDIX E – LUI ACTUARIAL REPORT

LAKEFRONT UTILITY SERVICES INC.

REPORT ON THE ACTUARIAL VALUATION OF POST-RETIREMENT NON-PENSION BENEFITS

AS AT DECEMBER 31, 2020

DRAFT - February 8, 2021

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM

TABLE OF CONTENTS

Executive Summary **1**

Purpose 1

Section A — Valuation Results (Electric Division) **2**

Valuation Results 3
Sensitivity Analysis 4
Development of Changes in the Present Value of Defined Benefit Obligation 5

section B — Valuation Results (Water Division) **7**

Valuation Results 8
Sensitivity Analysis 9
Development of Changes in the Accrued Benefit Obligation 10

Section C — Plan Participants **12**

Participation Data 13
Participant Reconciliation 15

Section D — Summary of Actuarial Method and Assumptions **16**

Actuarial Method 16
Management's Best Estimate Assumptions 17
Economic Assumptions 17
Demographic Assumptions 18
Other Assumptions 19

Section E — Summary of Post-Retirement Benefits **20**

Eligibility 20
Participant Contributions 20
Summary of Benefits 20

Actuarial Certification **22**

Section F — Employer Certification **23**

APPENDIX — Detailed Accounting Schedules **24**

EXECUTIVE SUMMARY

Purpose

RSM Canada Consulting LP was engaged by Lakefront Utility Services Inc. (the "Corporation") to perform an actuarial valuation of the post-retirement non-pension benefits sponsored by the Corporation and to determine the accounting results for those benefits for the fiscal period ending December 31, 2020. The nature of these benefits is defined benefit.

This report is prepared in accordance with the following standards:

1. For the Corporation's Electric Division employee /retiree group ("Electric Division"), the International Financial Reporting Standards (the "IFRS") guidelines for post-retirement non-pension benefits as outlined in the amendments to the International Accounting Standard 19 – Employee Benefits ("IAS 19") issued in June 2011.

2. For the Corporation's Water Division employee/retiree group ("Water Division"), the guidelines set forth under Section 3250 (Retirement Benefits) of the CPA Canada Public Sector Accounting Handbook ("PS 3250").

The Corporation has provided an indicator for each employee/retiree with the requested valuation data which identifies the division for each employee and retiree. This information has been used in providing calculations for each division under the appropriate accounting guidelines as noted above.

The purpose of this valuation is threefold:

i) To determine the Corporation's liabilities in respect of post-retirement non-pension benefits at December 31, 2020;

ii) To determine the expense to be recognized in the income statement for fiscal year 2020; and

iii) To provide all other pertinent information necessary for compliance with IAS 19 for the Electric Division and PS 3250 for the Water Division.

Note that all monetary figures in this report are rounded to the nearest hundreds of dollars and summated figures in this report may not match total figures due to rounding.

The intended users of this report include the Corporation and its auditors. This report is not intended for use by the plan beneficiaries or for use in determining any funding of the benefit obligations.

Included in the Appendix attached hereto are detailed accounting schedules containing the results of the valuation and projections for future periods.

SECTION A —
VALUATION RESULTS (ELECTRIC DIVISION)

Section A – 1 shows the key valuation results for the Electric Division compared to previous year's figures projected from the most recent full valuation as well as a breakdown between active and retired individuals and type of benefit.

Section A – 2 shows the sensitivity of the valuation results to certain changes in assumptions for the Electric Division. We have shown an increase/decrease in the health and dental claims cost trend rates by 1% per annum and an increase/decrease in the discount rate by 1% per annum.

Section A – 3 shows details of the past service gain and the development of changes in the present value of defined benefit obligation as a result of the re-measurement at December 31, 2020 for the Electric Division.

Valuation Results

Section A.1 — Valuation Results for the Electric Division

Results from the actuarial valuation as at December 31, 2020 compared to previous year's figures projected from the most recent full valuation:

	December 31, 2019	December 31, 2020
Present Value of Defined Benefit Obligation (PV DBO)	**419,100**	**645,500**

	CY 2019	CY 2020
Current Service Cost	23,200	25,200
Past Service Cost/(Gain)	-	(59,600)
Interest Cost	13,700	12,500
Defined Benefit Cost Recognized in Income Statement	**36,900**	**(21,900)**
Actuarial (Gain)/Loss	17,400	306,000
Defined Benefit Cost Recognized In OCI	**17,400**	**306,000**
Defined Benefit Cost	**54,300**	**284,100**

The following table provides results from the actuarial valuation as at December 31, 2020 broken down by active (including LTD) and retired individuals and type of post-retirement non-pension benefit:

Dec. 31, 2020 PV DBO	Actives (incl. LTD)	Retirees	Total
Life	63,000	284,600	**347,600**
Health	94,000	107,800	**201,700**
Dental	43,700	52,500	**96,200**
Total	**200,700**	**444,900**	**645,500**

Sensitivity Analysis

Section A.2 — Sensitivity Analysis for the Electric Division

	Dec. 31, 2020 PV DBO	Difference	% Difference
Base Assumptions	645,500		
Cost Trends +1%	676,600	31,000	5%
Cost Trends -1%	618,900	(26,600)	-4%
Discount Rate +1%	557,600	(87,900)	-14%
Discount Rate -1%	760,700	115,200	18%

Management's best estimate assumptions are those outlined in *Section C – Summary of Actuarial Method and Assumptions* in this report.

Development of Changes in the Present Value of Defined Benefit Obligation

Section A.3 — Development of Changes in the Present Value of Defined Benefit Obligation for the Electric Division

PV DBO at December 31, 2019	419,100
2020 Current Service Cost	25,200
2020 Benefit Payments	(57,700)
2020 Interest Cost	12,500
Expected PV DBO at December 31, 2020	**399,100**
Past Service Cost/(Gain)	(59,600)
Expected PV DBO at December 31, 2020 (after Past Service Gain)	**339,500**
Actuarial (Gain)/Loss at December 31, 2020	306,000
PV DBO at December 31, 2020	**645,500**

The increase indicated above of $306,000 in the PV DBO from the expected PV DBO at December 31, 2020 is due to the re-measurement of the liability; a breakdown of the changes is as follows:

Change in demographics (actual vs expected experience)	180,200
Change in assumptions:	
Health and dental claims costs	78,200
Discount rate	47,000
Claims costs trend rate	4,900
Withdrawal	4,000
Mortality improvement	(2,100)
Salary increase rate	(6,200)
Total Actuarial (Gain)/Loss at December 31, 2020	**306,000**

Pursuant to IAS 19, the re-measurement of the PV DBO at December 31, 2020 based on the changes in the assumptions and experience is recognized immediately in other comprehensive income at December 31, 2020.

The 2020 past service gain noted above represents the changes to the benefit provisions that were valued from the prior valuation. These changes resulted in a decrease of the liability of approximately $59,600. The past service gain is due to the reflection that employees must retire with an unreduced pension and have 10 years of service to be eligible for the post-retirement health and dental benefits in accordance with the Corporation’s benefit provision. Previously, employees were valued as eligible for the post-retirement health and dental benefits when they retire with 10 years of service.

Pursuant to IAS 19, the past service gain is recognized immediately in income in 2020.

SECTION B —
VALUATION RESULTS (WATER DIVISION)

Section B – 1 shows the key valuation results for the Water Division compared to previous year's figures projected from the most recent full valuation as well as a breakdown between active and retired individuals and type of benefit.

Section B – 2 shows the sensitivity of the valuation results to certain changes in assumptions for the Water Division. We have shown an increase/decrease in the health and dental claims cost trend rates by 1% per annum and an increase/decrease in the discount rate by 1% per annum.

Section B – 3 shows details of the past service gain and the development of changes in the accrued benefit obligation and amortization of actuarial gains and losses for the Water Division.

Valuation Results

Section B.1—Valuation Results for the Corporation's Water Division

Results from the actuarial valuation as at December 31, 2020 compared to previous year's figures projected from the most recent full valuation:

	December 31, 2019	December 31, 2020
Accrued Benefit Obligation (ABO)	**344,500**	**336,700**

	CY 2019	CY 2020
Current Service Cost	14,900	15,600
Past Service Cost/(Gain)	-	(76,300)
Interest on Benefits	11,100	11,000
Actuarial (Gain)/Loss	(500)	800
Total Benefit Expense	**25,500**	**(49,000)**
Contributions / Benefit Payments	**38,700**	**35,700**

The following table provides results from the actuarial valuation as at December 31, 2020 broken down by active (including LTD) and retired individuals and type of post-retirement non-pension benefit:

Dec. 31, 2020 ABO	Actives (incl. LTD)	Retirees	Total
Life	55,900	129,700	**185,600**
Health	81,300	21,200	**102,500**
Dental	37,200	11,400	**48,600**
Total	**174,300**	**162,400**	**336,700**

Sensitivity Analysis

Section B.2—Sensitivity Analysis for the Corporation's Water Division

	Dec. 31, 2020 ABO	Difference	% Difference
Base Assumptions	336,700		
Cost Trends +1%	358,300	21,600	6%
Cost Trends -1%	318,800	(17,900)	-5%
Discount Rate +1%	282,400	(54,300)	-16%
Discount Rate -1%	407,900	71,300	21%

Management's best estimate assumptions are those outlined in *Section C – Summary of Actuarial Method and Assumptions* in this report.

Development of Changes in the Accrued Benefit Obligation

Section B.3—Development of Actuarial Gains and Losses at December 31, 2020 for the Corporation's Water Division

Actual ABO at December 31, 2020	336,700
Less: Expected ABO at December 31, 2020	335,300
Less: Past Service Cost/(Gain)	(76,300)
(Gain)/Loss on ABO as at December 31, 2020	**77,600**
(Gain)/Loss on ABO at January 1, 2020	9,100
Less: Actual Amortization for 2020	800
(Gain)/Loss on ABO as at December 31, 2020	77,600
Total (Gain)/Loss on ABO as at December 31, 2020	**86,000**

The increase indicated above of $77,600 in the ABO from the expected ABO at December 31, 2020 is due to the re-measurement of the liability; a breakdown of the changes is as follows:

Change in demographics (actual vs expected experience)	8,900
Change in assumptions:	
Health and dental claims costs	38,500
Discount rate	28,900
Claims cost trend rate	3,400
Withdrawal	3,100
Mortality improvement	(1,000)
Salary increase rate	(4,200)
Total Actuarial (Gain)/Loss at December 31, 2020	**77,600**

PS 3250 requires entities to adopt a systematic method for recognizing actuarial gains and losses in income to be applied consistently from year to year. In prior years, the Corporation has chosen to amortize the amount of actuarial (gains)/losses over the Expected Average Remaining Service Lifetime ("EARSL") of the active employees in the valuation. Therefore, the amount of unamortized actuarial loss to be recognized in 2020 is approximately $800, based on the calculations of the amortization amount in the previous extrapolation.

The EARSL of the current active group is 13 years. The total actuarial loss at December 31, 2020 of $86,000 would be amortized over this period starting in 2021 with an annual amount of approximately $6,600.

The 2020 past service gains noted above represents the changes to the benefit provisions since the last valuation, resulting in a decrease of the liability of approximately $76,300. The past service gain is due to the reflection that employees must retire with an unreduced pension and have 10 years of service to be eligible for the post-retirement health and dental benefits in accordance with the Corporation's benefit provision. Previously, employees were valued as eligible for the post-retirement health and dental benefits when they retire with 10 years of service.

Pursuant to PS 3250, past service gain for 2020 is recognized immediately in income in 2020.

SECTION C — PLAN PARTICIPANTS

Section C – 1 sets out the summary information with respect to the plan participants valued in the current valuation compared to those valued in the previous valuation.

Section C – 2 reconciles the number of participants in the previous valuation to the number of participants in the current valuation.

Participation Data

Section C.1—Participant Data

Membership data as at September 30, 2020 was received from the Corporation via e-mail and included information such as name, sex, age, date of hire, current salary, benefit amounts and other applicable details for all active employees and people in receipt of benefits.

The Corporation has indicated that one members' status will be changed from Active to Retired and one member will be newly hired between October 1 and December 31. Adjustments have been made to reflect the changes. Although the data provided reflected status and benefit information as at September 30, no other changes in status and other member data occurring from October 1 to December 31 are expected to be material to the valuation results.

We have reviewed the data and compared it to the data used in the previous valuation for consistency and reliability for use in this valuation. The main tests of sufficiency and reliability that were conducted on the membership data are as follows:

- Date of hire prior to date of birth;
- Ages under 18 or over 100;
- Abnormal levels of benefits and/or premiums; and
- Duplicate records

In addition, the following tests were performed:

- A reconciliation of statuses from the prior valuation to the current valuation;
- A review of the consistency of individual data items and statistical summaries between the current and prior valuations; and
- A review of the reasonableness of changes in such information since the prior valuation.

	December 31, 2017	December 31, 2020
Employee Count		
Male	23	22
Female	8	10
Total	**31**	**32**
Employee Average Service		
Male	6.5	8.6
Female	8.9	9.2
Total	**7.2**	**8.8**
Retiree (in Receipt of Benefits) Count		
Male	19	19
Female	6	6
Total	**25**	**25**

	Employee Count as of Dec. 31, 2020			Employee Avg Service as of Dec. 31, 2020		
Age	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
< 30	2	1	3	2	3	2
30 - 35	4	1	5	6	2	6
36 - 40	3	3	6	10	5	8
41 - 45	2	2	4	6	6	6
46 - 50	3	-	3	8	-	6
51 - 55	5	1	6	14	34	15
56 - 60	1	1	2	16	19	17
61 - 65	2	1	3	5	7	1
66 - 70	-	-	-	-	-	-
71 - 75	-	-	-	-	-	-
> 75	-	-	-	-	-	-
Total	**22**	**10**	**32**	**8.6**	**9.2**	**8.8**

Participant Reconciliation

Section C.2—Participation Reconciliation

	Actives	Retired
As at December 31, 2017	**31**	**25**
New Entrants	7	-
Actives	-	1
Terminated	(5)	-
Retired	(1)	-
Deceased	-	(1)
Disabled	-	-
No Longer Eligible	-	-
As at December 31, 2020	**32**	**25**

SECTION D — SUMMARY OF ACTUARIAL METHOD AND ASSUMPTIONS

Actuarial Method

The aim of an actuarial valuation of post-retirement non-pension benefits is to provide a reasonable and systematic allocation of the cost of these future benefits to the years in which the related employees' services are rendered. To accomplish this, it is necessary to:

- make assumptions for discount rates, mortality, and other decrements;
- use these assumptions to calculate the present value of the expected future benefits; and,
- adopt an actuarial cost method to allocate the present value of expected future benefits to the specific years of employment.

The Defined Benefit Obligation and Current Service Cost were determined using the projected benefit method, pro-rated on service. This is the method stipulated by IAS 19 and PS 3250. Under this method, the projected post-retirement benefits are deemed to be earned on a pro-rata basis over the years of service in the attribution period. IAS 19 stipulates that the attribution period commences on the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) and ends on the date when further service by the employee will lead to no material amount of further post-retirement non-pension benefits under the plan, other than from further salary increases. PS 3250 stipulates that the attribution period commences at the employee's hire date and ends at the date of retirement.

For each employee not yet fully eligible for benefits, the Present Value of the Defined Benefit Obligation (PV DBO) or the Accrued Benefit Obligation (ABO) is equal to the present value of expected future benefits multiplied by the ratio of the years of service to the valuation date to the total years of service in the attribution period. The Current Service Cost is equal to the present value of expected future benefits multiplied by the ratio of the year (or part) of service in the fiscal year to total years of service in the attribution period.

The PV DBO or ABO at December 31, 2020 is based on membership data and management's best estimate assumptions established for calculations as at December 31, 2020.

For health and dental benefits, the Corporation has selected the premium rates charge to retirees as management's best estimate of the benefits costs to be incurred for both the Electric Division and Water Division. The total monthly premium rates, inclusive of expenses and premium taxes, used are as follows:

Previous Valuation as at December 31, 2017	Health		Dental	
Retiree Division	**Single**	**Family**	**Single**	**Family**
Management	$ 112.45	$ 261.54	$ 78.45	$ 188.74
Union	$ 108.80	$ 252.97	$ 61.10	$ 146.92

January 1, 2021 - December 31, 2021 (Current Valuation)	Health		Dental	
Retiree Division	**Single**	**Family**	**Single**	**Family**
Management	$ 203.04	$ 472.24	$ 106.76	$ 256.86
Union	$ 196.44	$ 456.74	$ 83.15	$ 199.95

The rates above are at the 100% level and prior to any cost-sharing provisions under the plan.

Management's Best Estimate Assumptions

The following are management's best estimate economic and demographic assumptions for calculations as at December 31, 2020. These assumptions are used for both the Electric Division and Water Division.

Economic Assumptions

Discount Rate

The rate used to discount future benefits is assumed to be 2.70% per annum as at December 31, 2020. This rate reflects the Corporation's expected projected benefit cash flows for post-retirement non-pension benefits and the market yields on high quality bonds at December 31, 2020.

This assumption chosen as at December 31, 2017 was 3.50% per annum, which was subsequently updated to 3.20% per annum at December 31, 2019.

Salary Increase Rate

The rate used to increase salaries is assumed to be 2.00% per annum. This rate reflects the expected Consumer Price Index adjusted for productivity, merit and promotion and for company-specific information.

This assumption chosen as at December 31, 2017 was 3.00% per annum .

Claims Cost Trend Rate

The rates used to project benefits costs into the future were chosen based on a research paper published by the Canadian Institute of Actuaries – Model of Long-Term Health Care Cost Trends in Canada - dated March 2018.

The following table provides a sample of the health and dental trend rates used in the valuation and the assumptions used in the previous valuation:

	Current Valuation	
Year	Health	Dental
2021	4.40%	4.70%
2025	5.30%	5.60%
2030	5.30%	5.30%
2035	4.60%	4.60%
2040 and thereafter	4.00%	4.00%

	Previous Valuation	
Year	Health	Dental
2021	5.47%	4.50%
2022	5.23%	4.50%
2023	4.99%	4.50%
2024	4.74%	4.50%
2025 and thereafter	4.50%	4.50%

Demographic Assumptions

Mortality Table

The mortality tables used are as per the Canadian Institute of Actuaries Canadian Pensioners' Mortality Pension Experience Subcommittee final report dated February 11, 2014 (CIA Report). More specifically, the Canada Pensioners Mortality ("CPM") Table Public Sector (CPM2014 PUBL) has been used with the generational projection of mortality improvement based upon the CIA MI-2017 mortality improvement scale published in 2017.

The mortality improvement assumption has been updated from the CPM Improvement Scale 2B 2014, which was used in the previous valuation for the Corporation.

Rates of Withdrawal

Termination of employment is assumed to be in accordance with the following withdrawal table:

Age Bucket	Current Analysis	Previous Analysis
18 – 29	2.90%	3.50%
30 – 34	2.15%	2.50%
35 – 39	1.85%	2.15%
40 – 49	1.45%	1.75%
50 – 54	1.25%	1.40%

Retirement Age

All active employees are assumed to retire at age 60 (or immediately if currently over age 60), which was based on the Corporation's retirement experience as well as the experience of other similar companies for which data was available. The retirement age assumption was increased to the earliest date that the individual receives an OMERS unreduced pension (no later than age 65) if that date is greater than age 60.

The assumption from the previous valuation was a retirement age of 60 with the date being extended to the age at which 10 years of service was reached if after age 60, but no later than age 65.

Disability

No provision was made for future disability.

This assumption remains unchanged from the previous valuation.

Other Assumptions

Family/Single Coverage

The following assumptions were chosen for the current valuation and are unchanged from the previous valuation:

- Coverage Type at Retirement (i.e. family, single) – The employee's coverage type at the valuation date will remain the same until the employee reaches the assumed retirement age.
- Spousal Gender – For employees with family coverage, the retiree has a spouse of the opposite gender at the date of retirement.
- Spousal Age Offset – Male spouses are assumed to be three years older than female spouses.

Expenses and Taxes

The taxes and expenses are included in the premium rates assumed for health and dental benefits.

We have assumed 10% of benefits is required for the cost of sponsoring the program for post-retirement life insurance.

These assumptions remain unchanged from the previous valuation.

SECTION E — SUMMARY OF POST-RETIREMENT BENEFITS

The following is a summary of the plan provisions that are pertinent to this valuation, based on information provided by and discussions with the Corporation. These provisions are used for both the Electric Division and Water Division.

Eligibility

Upon retirement, all employees of the Corporation are eligible for post-retirement life insurance.

All employees who retire with an unreduced pension after February 1, 2010 with at least 10 years of service between the age 55 and 65 are eligible for post-retirement health and dental benefits.

In addition, all management employees who retire between ages 65 and 70 with at least 10 years of service are eligible to receive post-retirement health and dental benefits until age 70.

Participant Contributions

The Corporation shall pay 100% of the cost of post-retirement life, health, and dental benefits for eligible retirees.

Summary of Benefits

Life Insurance

Upon retirement, all employees are entitled to post-retirement life insurance benefits, as per the MEARIE plan, based upon the following table. There is one exception for an employee who will receive Plan Option 2 benefits at retirement even though they will have less than 10 years of service.

Plan Option	Amount of Coverage	Eligibility
1	Flat $2,000.	Employee retires with less than 10 years of service in the Plan.
2	50% of final annual earnings, reducing by 2.5% of final annual earnings each year for 10 years, to a final benefit equal to 25% of final annual earnings. Reduction occurs on the anniversary date of retirement.	Employee retires with 10 or more years of service in the Plan and was hired before June 16, 1989. OR Employee was insured under the superseded plan and elected coverage under option 2, 3, or 4, or employee was not insured under the superseded plan.
3	50% of final annual earnings.	Employee was insured under the superseded plan and was hired on or after May 1, 1967 and elected coverage under option 1 only.
4	70% of final amount insured under the life plan immediately prior to retirement.	Employee was insured under the superseded plan and was hired before May 1, 1967 and elected coverage under option 1 only.

Health and Dental Benefits

All eligible employees are entitled to receive post-retirement health and dental benefits until age 65. In addition, all management employees who retire between ages 65 and 70 with 10 years of service receive post-retirement health and dental benefits until age 70.

A detailed description of the health and dental benefits covered under the post-retirement non-pension benefits plan can be found in corresponding collective agreements and benefit booklets.

ACTUARIAL CERTIFICATION

An actuarial valuation has been performed on the post-retirement non-pension benefit plans sponsored by Lakefront Utility Services Inc. (the "Corporation") as at December 31, 2020, for the purposes described in this report.

In accordance with the Canadian Institute of Actuaries Consolidated Standards of Practice General Standards, we hereby certify that, in our opinion, for the purposes stated in the Executive Summary:

1. The data on which the valuation is based is sufficient and reliable;
2. The assumptions employed, as outlined in this report, have been selected by the Corporation as management's best estimate assumptions (no provision for adverse deviations) and we express no opinion on them;
3. All known legal and constructive obligations with respect to the post-retirement non-pension benefits sponsored by and identified by the Corporation are included in the calculations; and
4. This report has been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada.

We are not aware of any subsequent events after the date of completing this valuation that would have a significant effect on the valuation results contained herein.

The latest date on which the next actuarial valuation should be performed is December 31, 2023. If any supplemental advice or explanation is required, please advise the undersigned.

Respectfully submitted,
RSM CANADA CONSULTING LP

Stanley Caravaggio, FSA, FCIA
Director

Toronto, Ontario

February 8, 2021

SECTION F — EMPLOYER CERTIFICATION

Post-Retirement Non-Pension Benefit Plan
of Lakefront Utility Services Inc.
Actuarial Valuation as at December 31, 2020

I hereby confirm, as an authorized signing officer of the administrator of the Post-Retirement Non-Pension Benefit Plan of Lakefront Utility Services Inc. that, to the best of my knowledge and belief, for the purposes of the valuation:

i) The membership data summarized in Section C is accurate and complete;

ii) The assumptions upon which this report is based as summarized in Section D, are management's best estimate assumptions and are adequate and appropriate for the purposes of this valuation; and

iii) The summary of Plan Provisions in Section E is an accurate and complete summary of the terms of the Plan in effect on December 31, 2020.

LAKEFRONT UTILITY SERVICES INC.

Date	Signature
Name	Title

APPENDIX — DETAILED ACCOUNTING SCHEDULES

Lakefront Utility Services Inc.

Estimated Benefit Expense (IAS 19)

ELECTRIC DIVISION

DRAFT

	Actuals CY 2020 *	Projected ** CY 2021	Projected ** CY 2022	Projected ** CY 2023
Discount Rate at January 1	3.20%	2.70%	2.70%	2.70%
Discount Rate at December 31	2.70%	2.70%	2.70%	2.70%
Health Benefit Cost Trend Rate at December 31	4.40%	4.70%	4.90%	5.10%
Dental Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%	5.40%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040	2040
Assumed Increase in Employer Contributions	expected ***	expected ***	expected ***	expected ***
A. Change in the Net Defined Benefit Liability/(Asset) Recognized in Balance Sheet				
Net Defined Benefit Liability/(Asset) as at January 1	419,141	645,528	643,928	645,915
Defined Benefit Cost Recognized in Income Statement	(21,885)	40,476	42,775	42,164
Defined Benefit Cost Recognized in Other Comprehensive Income	306,010	-	-	-
Benefits Paid by the Employer	(57,737)	(42,077)	(40,787)	(38,167)
Net Defined Benefit Liability/(Asset) as at December 31	645,528	643,928	645,915	649,913
B. Determination of Defined Benefit Cost				
B1. Determination of Defined Benefit Cost Recognized in Income Statement				
Current Service Cost	25,221	23,615	25,940	25,240
Past Service Cost/(Gain)****	(59,595)	-	-	-
Interest Cost	12,489	16,861	16,835	16,924
Defined Benefit Cost Recognized in Income Statement	(21,885)	40,476	42,775	42,164
B2. Remeasurements of the Net Defined Benefit Liability/(Asset) Recognized in Other Comprehensive Income				
Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	123,823	-	-	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	1,960	-	-	-
Net Actuarial Loss/(Gain) arising from Experience Adjustments	180,227	-	-	-
Return on Plan Assets (Excluding Amounts Included in Net Interest Cost)	-	-	-	-
Change in Effect of Asset Ceiling	-	-	-	-
Defined Benefit Cost Recognized in Other Comprehensive Income	306,010	-	-	-
Total Defined Benefit Cost	284,124	40,476	42,775	42,164
C. Change in the Present Value of Defined Benefit Obligation				
Present Value of Defined Benefit Obligation as at January 1	419,141	645,528	643,928	645,915
Current Service Cost	25,221	23,615	25,940	25,240
Past Service Cost/(Gain)****	(59,595)	-	-	-
Interest Cost	12,489	16,861	16,835	16,924
Benefits Paid	(57,737)	(42,077)	(40,787)	(38,167)
Net Actuarial Loss/(Gain)	306,010	-	-	-
Present Value of Defined Benefit Obligation as at December 31	645,528	643,928	645,915	649,913

* The CY 2020 defined benefit cost and expected PV DBO at December 31, 2020 are calculated based on membership data at December 31, 2017 and management's best estimate assumptions at December 31, 2019.

** Projected CY 2021, 2022 and 2023 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on expected benefits to be paid to those eligible for benefits.

**** Represents an update to the benefit provisions for post-retirement health and dental benefits whereby the eligibility requirement was changed to reflect the need to be eligible for an unreduced pension.

Lakefront Utility Services Inc.

Estimated Benefit Expense (IAS 19)

ELECTRIC DIVISION

DRAFT

	Actuals CY 2020 *	Projected ** CY 2021	Projected ** CY 2022	Projected ** CY 2023
Discount Rate at January 1	3.20%	2.70%	2.70%	2.70%
Discount Rate at December 31	2.70%	2.70%	2.70%	2.70%
Health Benefit Cost Trend Rate at December 31	4.40%	4.70%	4.90%	5.10%
Dental Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%	5.40%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040	2040
Assumed Increase in Employer Contributions	expected ***	expected ***	expected ***	expected ***

D. Calculation of Component Items

	Actuals CY 2020 *	Projected ** CY 2021	Projected ** CY 2022	Projected ** CY 2023
Service Cost				
Current Service Cost	25,221	23,615	25,940	25,240
Past Service Cost/(Gain)****	(59,595)	-	-	-
Interest Cost				
Present Value of Defined Benefit Obligation as at January 1	419,141	645,528	643,928	645,915
Benefits Paid	(28,869)	(21,038)	(20,394)	(19,083)
Accrued Benefits	390,272	624,490	623,534	626,832
Interest Cost	12,489	16,861	16,835	16,924
Expected Present Value of Defined Benefit Obligation as at December 31				
Present Value of Defined Benefit Obligation as at January 1	419,141	645,528	643,928	645,915
Current Service Cost	25,221	23,615	25,940	25,240
Benefits Paid	(57,737)	(42,077)	(40,787)	(38,167)
Interest Cost	12,489	16,861	16,835	16,924
Expected Present Value of Defined Benefit Obligation as at December 31	399,114	643,928	645,915	649,913

E. Net Actuarial Loss/(Gain)

	Actuals CY 2020 *	Projected ** CY 2021	Projected ** CY 2022	Projected ** CY 2023
Net Actuarial Loss/(Gain) as at December 31				
Expected Present Value of Defined Benefit Obligation	399,114	643,928	645,915	649,913
Past Service Cost/(Gain)****	(59,595)	-	-	-
Expected Present Value of Defined Benefit Obligation (after Past Service Cost)	339,519	643,928	645,915	649,913
Actual Present Value of Defined Benefit Obligation	645,528	643,928	645,915	649,913
Net Actuarial Loss/(Gain) as at December 31	306,010	-	-	-

* The CY 2020 defined benefit cost and expected PV DBO at December 31, 2020 are calculated based on membership data at December 31, 2017 and management's best estimate assumptions at December 31, 2019.

** Projected CY 2021, 2022 and 2023 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on expected benefits to be paid to those eligible for benefits.

**** Represents an update to the benefit provisions for post-retirement health and dental benefits whereby the eligibility requirement was changed to reflect the need to be eligible for an unreduced pension.

Lakefront Utility Services Inc.
Estimated Benefit Expense (PS 3250)
WATER DIVISION
DRAFT

	Actuals CY 2020 *	Projected ** CY 2021	Projected ** CY 2022	Projected ** CY 2023
Discount Rate at January 1	3.20%	2.70%	2.70%	2.70%
Discount Rate at December 31	2.70%	2.70%	2.70%	2.70%
Health Benefit Cost Trend Rate at December 31	4.40%	4.70%	4.90%	5.10%
Dental Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%	5.40%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040	2040
Withdrawal Rate	age-based table	age-based table	age-based table	age-based table
Assumed Increase in Contributions/Benefit Payments	expected ***	expected ***	expected ***	expected ***
A. Determination of Benefit Expense				
Current Service Cost	15,619	15,010	15,304	15,717
Past Service Cost/(Gain)****	(76,315)	-	-	-
Interest on Benefits	10,953	9,308	9,657	10,110
Interest on Assets	-	-	-	-
Actuarial (Gain)/Loss	760	6,615	6,615	6,615
Benefit Expense	**(48,984)**	**30,933**	**31,576**	**32,442**
B. Reconciliation of Prepaid Benefit Asset (Liability)				
Accrued Benefit Obligation (ABO) as at December 31	336,673	347,130	362,536	380,767
Assets as at December 31	-	-	-	-
Unfunded ABO	(336,673)	(347,130)	(362,536)	(380,767)
Unrecognized Actuarial Loss/(Gain)	85,999	79,383	72,768	66,153
Prepaid Benefit Asset/(Liability)	**(250,674)**	**(267,747)**	**(289,768)**	**(314,614)**
Prepaid Benefit Asset/(Liability) as at January 1	(335,402)	(250,674)	(267,747)	(289,768)
Benefit Income/(Expense)	48,984	(30,933)	(31,576)	(32,442)
Contributions/Benefit Payments by the Employer	35,744	13,861	9,555	7,597
Prepaid Benefit Asset/(Liability)	**(250,674)**	**(267,747)**	**(289,768)**	**(314,614)**

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Lakefront Utility Services Inc.
Estimated Benefit Expense (PS 3250)
WATER DIVISION
DRAFT

	Actuals CY 2020 *	Projected ** CY 2021	Projected ** CY 2022	Projected ** CY 2023
Discount Rate at January 1	3.20%	2.70%	2.70%	2.70%
Discount Rate at December 31	2.70%	2.70%	2.70%	2.70%
Health Benefit Cost Trend Rate at December 31	4.40%	4.70%	4.90%	5.10%
Dental Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%	5.40%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040	2040
Withdrawal Rate	age-based table	age-based table	age-based table	age-based table
Assumed Increase in Contributions/Benefit Payments	expected ***	expected ***	expected ***	expected ***
C. Calculation of Component Items				
Current Service Cost	15,619	15,010	15,304	15,717
Interest on Benefits				
ABO at January 1	344,520	336,673	347,130	362,536
Current Service Cost	15,619	15,010	15,304	15,717
Benefit Payments	(17,872)	(6,930)	(4,777)	(3,798)
Accrued Benefits	342,267	344,752	357,657	374,455
Interest on Benefits	10,953	9,308	9,657	10,110
Expected ABO as at December 31				
ABO at January 1	344,520	336,673	347,130	362,536
Current Service Cost	15,619	15,010	15,304	15,717
Benefit Payments	(35,744)	(13,861)	(9,555)	(7,597)
Interest on Benefits	10,953	9,308	9,657	10,110
Expected ABO at December 31	335,348	347,130	362,536	380,767
Interest on Assets				
Assets at January 1	-	-	-	-
Funding	17,872	6,930	4,777	3,798
Benefit Payments	(17,872)	(6,930)	(4,777)	(3,798)
Expected Assets	-	-	-	-
Interest on Assets	-	-	-	-
Expected Assets as at December 31				
Assets at January 1	-	-	-	-
Funding	35,744	13,861	9,555	7,597
Benefit Payments	(35,744)	(13,861)	(9,555)	(7,597)
Interest on Assets	-	-	-	-
Expected Assets at December 31	-	-	-	-

* The CY 2020 defined benefit cost and expected PV DBO at December 31, 2020 are calculated based on membership data at December 31, 2017 and management's best estimate assumptions at December 31, 2019.

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Lakefront Utility Services Inc.
Estimated Benefit Expense (PS 3250)
WATER DIVISION
DRAFT

	Actuals CY 2020 *	Projected ** CY 2021	Projected ** CY 2022	Projected ** CY 2023
Discount Rate at January 1	3.20%	2.70%	2.70%	2.70%
Discount Rate at December 31	2.70%	2.70%	2.70%	2.70%
Health Benefit Cost Trend Rate at December 31	4.40%	4.70%	4.90%	5.10%
Dental Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%	5.40%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040	2040
Withdrawal Rate	age-based table	age-based table	age-based table	age-based table
Assumed Increase in Contributions/Benefit Payments	expected ***	expected ***	expected ***	expected ***
D. Amortization of Actuarial Loss/(Gain)				
(Gain)/Loss on ABO as at January 1				
Prepaid Benefit Liability/(Asset) as at January 1	335,402	250,674	267,747	289,768
Unamortized (Gain)/Loss	9,118	85,999	79,383	72,768
Expected ABO	344,520	336,673	347,130	362,536
Actual ABO	344,520	336,673	347,130	362,536
(Gain)/Loss on ABO at January 1	-	-	-	-
(Gain)/Loss on Assets as at January 1				
Expected Assets	-	-	-	-
Actual Assets	-	-	-	-
(Gain)/Loss on Assets as at January 1	-	-	-	-
Total (Gain)/Loss as at January 1	9,118	85,999	79,383	72,768
Expected Average Remaining Service Life (Years)	12	13	12	11
Amortization for Current Year	760	6,615	6,615	6,615
(Gain)/Loss on ABO at December 31				
Expected ABO	335,348	347,130	362,536	380,767
Past Service Cost/(Gain)****	(76,315)	-	-	-
Expected ABO (after Past Service Cost)	259,032	347,130	362,536	380,767
Actual ABO	336,673	347,130	362,536	380,767
(Gain)/Loss on ABO at December 31	77,640	-	-	-
Unamortized (Gain)/Loss at December 31	85,999	79,383	72,768	66,153

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