HEALTH WEALTH CAREER

PART II OF THE CPA CANADA HANDBOOK ACTUARIAL VALUATION REPORT AS AT DECEMBER 31, 2018

NON-PENSION POST-RETIREMENT BENEFIT PLANS

FORTISONTARIO INC.

24 JANUARY 2019

MAKE TOMORROW, TODAY MERCER

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REPORT HIGHLIGHTS

Mercer has prepared this report for FortisOntario Inc. ("FortisOntario") to (i) present actuarial estimates of liabilities as of December 31, 2018 for the following non-pension post-retirement benefit plans ("the Plans"):

- [redacted]
- CNPI
- [redacted]

to incorporate, as FortisOntario deems appropriate, in the financial statements prepared under Part II of the Chartered Professional Accountants of Canada Handbook – Accounting Standards for Private Enterprises ("Section 3462"), and (ii) provide an actuarial estimate of the defined benefit cost for the fiscal year ending December 31, 2019.

The FortisOntario's fiscal year end date is December 31.

All figures in this report are expressed in Canadian dollars, unless otherwise stated.

Please see Section 3 of this report for further explanations as to the purposes and limitations of this report.

SUMMARY OF RESULTS

Below are highlights of the results as at December 31, 2018 pursuant to Section 3462 of Part II of the CPA Canada Handbook ("Section 3462").

	FISCAL YEAR ENDING DECEMBER 31, 2018				
	[redacted]	[redacted]	CNPI	A[redacted]	[redacted]
Benefit cost	[redacted]	[redacted]	($1,025,900)	[redacted]	[redacted]
Benefit obligation	[redacted]	[redacted]	$6,217,000	[redacted]	[redacted]
Fair value of plan assets	[redacted]	[redacted]	$0	[redacted]	[redacted]
Benefit Asset/(Liability)	[redacted]	[redacted]	($6,217,000)	[redacted]	[redacted]
Discount rate at year-end	[redacted]	[redacted]	5.05%	[redacted]	[redacted]
Assumed health care trend rates at year-end					
• Immediate trend rate	[redacted]	[redacted]	5.22%	[redacted]%	[redacted]
• Ultimate trend rate	[redacted]	[redacted]	4.00%	[redacted]	[redacted]
• Year rate reaches ultimate trend rate	[redacted]	[redacted]	2040	[redacted]	[redacted]

The defined benefit cost for the fiscal year ending December 31, 2018 includes no changes/credits due to special events. Details of the disclosure information are shown in Appendix A and G.

The employer paid benefit payments during the fiscal year ending December 31, 2018 were $886,800.

The P&L portion of the estimated benefit cost for the fiscal year ending December 31, 2019 is $999,100, excluding any remeasurement or other items. Details of the estimated net period benefit cost are shown in Appendix B.

Please note that the actual defined benefit cost for the fiscal year ending December 31, 2019 may be substantially different from the estimate due to the remeasurement component, which includes experience gains and losses as well as adjustments due to a significant event.

We have not been notified by FortisOntario, nor are we aware of any events subsequent to December 31, 2018, which in our opinion would have a material impact on the results of the valuation.

CHANGES IN PLAN PROVISIONS

There were no changes in plan provisions since the previous reporting period. Details are shown in Appendix E. Plan provisions have been certified by Fortis Ontario under the Employer Certification in Appendix H.

CHANGES IN ACTUARIAL ASSUMPTIONS, METHODS AND ACCOUNTING POLICIES

As permitted under Section 3462, FortisOntario elected to measure the Plan's benefit obligations based on assumptions from the funding going concern valuations for the FortisOntario and Algoma Power Pension Plans. As such, there were changes in assumptions but there were no changes in methods and accounting policies since the prior valuation. Details are shown in Appendix C and D.

CHANGES IN MEMBERSHIP DATA

The membership data has been updated since the last disclosure as of December 31, 2017. The membership data has been summarized in Appendix F.

To our knowledge there have been no other changes since the last disclosure that will affect the valuation results.

Please refer to the remainder of the report for more information about these summary numbers.

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BASIS OF VALUATION

PLAN DATA

The valuations are also based on the membership data as at June 1, 2018 provided by the FortisOntario. The membership data is summarized in Appendix F.

FortisOntario is responsible for ensuring that such membership data provides an accurate description of all persons who are members under the terms of the Plans or otherwise entitled to benefits that is sufficiently comprehensive and accurate for the purposes of this report. If the data supplied are not sufficiently comprehensive and accurate for the purposes of this report, the valuation results may differ significantly from the results that would be obtained with such data; this may require a later revision of this report.

We have applied tests for internal consistency, as well as for consistency with the data used for the previous valuation. These tests were applied to membership reconciliation and basic information (date of birth, date of hire, gender, etc.). The results of these tests were satisfactory.

ACTUARIAL ASSUMPTIONS

To prepare the valuation report, assumptions are used in a forward looking financial and demographic model to present a single scenario from a wide range of possibilities; the results based on that single scenario are included in the valuation. The future is uncertain and the Plan's actual experience will differ from those assumptions; these differences may be significant or material because these results are very sensitive to the assumptions made and, in some cases, to the interaction between the assumptions.

Different assumptions or scenarios within the range of possibilities may also be reasonable and results based on those assumptions would be different. As a result of the uncertainty inherent in a forward looking projection over a very long period of time, no one projection is uniquely 'correct' and many alternative projections of the future could also be regarded as reasonable. Two different actuaries could, quite reasonably, arrive at different results based on the same data and different views of the future. A 'sensitivity analysis' shows the degree to which results would be different if you substitute alternative assumptions within the range of possibilities for those utilized in this report.

An indication of the sensitivity of the results to changes in the most material assumptions was provided separately to FortisOntario.

Assumptions may also be changed from one valuation to the next because of changes in mandated requirements, plan experience, changes in expectations about the future and other factors. A change in assumptions is not an indication that prior assumptions were unreasonable when made.

The actuarial assumptions used in the valuations and determination of defined benefit cost are summarized in this report.

ACTUARIAL METHODS

A valuation report is only a snapshot of a plan's estimated financial condition at a particular point in time; it does not predict a plan's future financial condition or its ability to pay benefits in the future and does not provide any guarantee of future financial soundness of a plan. Over time, a plan's total cost will depend on a number of factors, including the amount of benefits a plan pays, the number of people paid benefits, the period of time over which benefits are paid, plan expenses and the amount earned on any assets invested to pay benefits. These amounts and other variables are uncertain and unknowable at the valuation date.

Because modelling all aspects of a situation is not possible or practical, we may use summary information, estimates, or simplifications of estimates to facilitate the modelling of future events in an efficient and cost-effective manner. We may also exclude factors or data that, if used, in our judgment, would not have significantly affected our results. Use of such simplifying techniques does not, in our judgment, affect the reasonableness of valuation results for a plan.

Valuations do not affect the ultimate cost of a plan, only the timing of when benefit costs are recognized. Cost recognition occurs over time. If the costs recognized over a period of years are lower or higher than necessary, for whatever reason, normal and expected practice is to adjust future expense levels with a view to recognizing the entire cost of a plan over time.

As instructed, Mercer has prepared the accounting disclosures in this report based on FortisOntario's accounting policies.

A summary of the actuarial methods, accounting policies and valuation procedures is provided in Appendix D.

PLAN PROVISIONS

Mercer has used and relied on the plan documents, including amendments, and interpretations of plan provisions, supplied by the management of FortisOntario ("Management") as summarized in Appendix E.

The plan provisions have been certified by FortisOntario under the Employer Certification in Appendix H.

FortisOntario is solely responsible for the validity, accuracy and comprehensiveness of this information. If any plan provisions supplied are not accurate and complete, the valuation results may differ significantly from the results that would be obtained with accurate and complete information. Moreover, plan documents may be subject to different interpretations, each of which could be reasonable, and the results under each of the different interpretations could vary.

The results of the valuations set forth in this report reflect the contractual provisions of the Plans as at the dates of the valuations and extrapolations as reported to us by Management.

The Plans have not been amended since the last valuation and extrapolation for accounting purposes as at December 31, 2017.

SUBSTANTIVE COMMITMENT

There was no substantive commitment reported to us by Management.

SUBSEQUENT EVENTS

After checking with representatives of FortisOntario, to our knowledge there have been no events subsequent to December 31, 2018 which, in our opinion, would have a material impact on the results of the valuations and extrapolations.

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NOTICES AND STATEMENT OF OPINION

Mercer has prepared this report exclusively for the FortisOntario Inc.; subject to this limitation, FortisOntario Inc. may direct that this report be provided to its auditors in connection with the audit of its financial statements. Mercer is not responsible for use of this report by any other party.

The only purposes of this report are to present actuarial estimates of liabilities as of December 31, 2018 for the following non-pension post-retirement benefit plans:

- [redacted]
- [redacted]
- CNPI
- [redacted]

to be incorporated, as it deems appropriate, in the financial statements prepared under Part II of the Chartered Professional Accountants of Canada Handbook – Accounting Standards for Private Enterprises (Section 3462), and provide an actuarial estimate of the defined benefit cost for the fiscal year ending December 31, 2019.

This report may not be used for any other purpose. Mercer is not responsible for the consequences of any unauthorized use. Its content may not be modified, incorporated into or used in other material, sold or otherwise provided, in whole or in part, to any other person or entity, without Mercer's permission.

All parts of this report, including any documents incorporated by reference, are integral to understanding and explaining its contents; no part may be taken out of context, used or relied upon without reference to the report as a whole.

Decisions about benefit changes, granting new benefits, benefit security and/or benefit-related issues should not be made solely on the basis of this valuation, but only after careful consideration of alternative economic, financial, demographic and societal factors.

FortisOntario Inc. is ultimately responsible for selecting the Plan's accounting policies, methods and assumptions. This information is referenced or described in Section 2 of this report. FortisOntario Inc. is solely responsible for communicating to Mercer any changes required to those policies, methods and assumptions.

Mercer is providing the valuation report in its capacity as actuary, and as such the report is not a substitute for advice from an accountant or lawyer. Mercer is not a law firm, and the analysis presented in this report is not intended to be a legal opinion. You should consider securing the advice of legal counsel with respect to any legal matters related to this report.

The calculations have been made in accordance with our understanding of applicable laws and regulations.

FortisOntario Inc. should notify Mercer promptly after receipt of this valuation report if FortisOntario Inc. disagrees with anything contained herein or is aware of any information that would affect the results of this report that has not been communicated to Mercer or incorporated therein. The valuation report will be deemed final and acceptable to FortisOntario Inc. promptly provides such notice to Mercer.

STATEMENT OF OPINION

The methods used in the valuations of benefit obligations and determination of plan costs were selected by Management in accordance with the requirements of Section 3462.

FortisOntario Inc. has selected to use the methods and assumptions that were used to value the FortisOntario Inc. Employee's Retirement and Supplementary Pension Plan and the Retirement Fund of Algoma Power Inc. for funding purposes as at December 31, 2017 to measure the Plans' obligations and determine the Plans' costs for the purposes of preparing financial reporting information under Section 3462. Those funding assumptions have been augmented by assumptions that are unique to the valuation of the Plans.

Methods used for the purposes of the funding valuation were selected by the FortisOntario Inc.'s pension actuary in accordance with accepted actuarial practice in Canada.

Assumptions used for the purposes of the funding valuation were selected by FortisOntario Inc.'s pension actuary as best estimates of future experience, with the exception of the discount rate, which includes a margin for adverse deviations provided by FortisOntario Inc.

The preparers of the financial statements have selected the assumptions (other than the going concern funding assumptions listed above) used in the valuations of the plan obligations and determination of plan costs. They are Management's best estimate assumptions, selected for accounting purposes, in accordance with Section 3462.

In my opinion, for the purposes of the valuations:

- The membership data on which the valuations are based are sufficient and reliable;
- The assumptions are appropriate;
- The calculations have been made in accordance with my understanding of the requirements of Part II of the CPA Canada Handbook reflecting application of FortisOntario Inc.'s accounting policies described in this report.

This report has been prepared, and my opinion given, in accordance with accepted actuarial practice in Canada.

Respectfully submitted,

Lois Pavlich

LOIS PAVLICH
FELLOW OF THE SOCIETY OF ACTUARIES
FELLOW OF THE CANADIAN INSTITUTE OF ACTUARIES

July 14, 2021
DATE

APPENDIX A

DISCLOSURE INFORMATION

Plan Name	[redacted]		[redacted]		CNPI		[redacted]		[redacted]	
Country	Canada		Canada		Canada		Canada			
Financial year ending on	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
A. Change in benefit obligation										
1. Benefit obligation at end of prior year	[redacted]	[redacted]	[redacted]	[redacted]	7,657,100	7,528,500	[redacted]	[redacted]	[redacted]	[redacted]
2. Current service cost (employer)	[redacted]	[redacted]	[redacted]	[redacted]	88,200	84,400	[redacted]	[redacted]	[redacted]	[redacted]
3. Interest cost	[redacted]	[redacted]	[redacted]	[redacted]	363,700	357,600	[redacted]	[redacted]	[redacted]	[redacted]
4. (Gain) / loss on special termination benefits	-	-	-	-	-	-	-	-	-	-
5. Cash flows										
a. Benefit payments from plan assets	-	-	-	-	-	-	-	-	-	-
b. Benefit payments from employer	([redacted])	[redacted])	[redacted]	[redacted]	(414,200)	(409,200)	[redacted]	[redacted]	[redacted]	[redacted])
c. Settlement payments from plan assets	-	-	-	-	-	-	-	-	-	-
d. Settlement payments from employer	-	-	-	-	-	-	-	-	-	-
e. Participant contributions	-	-	-	-	-	-	-	-	-	-
f. Contributions from retirees	-	-	-	-	-	-	-	-	-	-
g. Administrative expenses included in the obligation	-	-	-	-	-	-	-	-	-	-
h. Taxes included in the obligation	-	-	-	-	-	-	-	-	-	-
i. Insurance premiums for risk benefits	-	-	-	-	-	-	-	-	-	-
6. Other significant events										
a. Increase (decrease) due to effect of any business combinations / divestitures / transfers	-	-	-	-	-	-	-	-	-	-
b. Increase (decrease) due to plan combinations	-	-	-	-	-	-	-	-	-	-
7. Remeasurements										
a. Actuarial (gain) loss	[redacted]	[redacted]	[redacted]	[redacted]	(1,477,800)	95,800	[redacted]	[redacted]	[redacted]	[redacted]
b. Past service cost	-	-	-	-	-	-	-	-	-	-
c. (Gain) / loss on settlements	-	-	-	-	-	-	-	-	-	-
d. (Gain) / loss on curtailments	-	-	-	-	-	-	-	-	-	-
8. Effect of changes in foreign exchange rates	-	-	-	-	-	-	-	-	-	-
9. Benefit obligation at end of year	[redacted]	[redacted]	[redacted]	[redacted]	**6,217,000**	**7,657,100**	[redacted]	[redacted]	[redacted]	[redacted]

[1]Benefit obligation as at January 1, 2017 and December 31, 2018 and 2018 interest cost was restated as a result of an executive data correction. This resulted in adjustments to the 2018 expected benefit payments and 2018 interest costs.

Plan Name	[redacted]		[redacted]		CNPI		[redacted]		All Plans	
Country	Canada		Canada		Canada		Canada			
Financial year ending on	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
B. Change in plan assets										
1. Plan assets at end of prior year	-	-	-	-	-	-	-	-	-	-
2. Interest income	-	-	-	-	-	-	-	-	-	-
3. Cash flows										
a. Total employer contributions										
(i) Employer contributions	-	-	-	-	-	-	-	-	-	-
(ii) Employer direct benefit payments	[redacted]		[redacted]	[redacted]	414,200	409,200	[redacted]		[redacted]	[redacted]
(iii) Employer direct settlement payments	[redacted] -	-	-	-	-	-	-	-	-	-
b. Participant contributions	-	-	-	-	-	-	-	-	-	-
c. Contributions from retirees	-	-	-	-	-	-	-	-	-	-
d. Benefit payments from plan assets	-	-	-	-	-	-	-	-	-	-
e. Benefit payments from employer	[redacted]	[redacted]	[redacted]		(414,200)	(409,200)	[redacted]	[redacted]	[redacted]	[redacted]
f. Settlement payments from plan assets	-	-	-	-	-	-	-	-	-	-
g. Settlement payments from employer	-	-	-	-	-	-	-	-	-	-
h. Administrative expenses paid from plan assets	-	-	-	-	-	-	-	-	-	-
i. Taxes paid from plan assets	-	-	-	-	-	-	-	-	-	-
j. Insurance premiums for risk benefits	-	-	-	-	-	-	-	-	-	-
k. Surplus paid out to employer	-	-	-	-	-	-	-	-	-	-
4. Other significant events										
a. Increase (decrease) due to effect of any business combinations / divestitures / transfers	-	-	-	-	-	-	-	-	-	-
b. Increase (decrease) due to plan combinations	-	-	-	-	-	-	-	-	-	-
5. Remeasurements										
a. Return on plan assets (excluding interest income)	-	-	-	-	-	-	-	-	-	-
6. Effect of changes in foreign exchange rates	-	-	-	-	-	-	-	-	-	-
7. Plan assets at end of year	-	-	-	-	-	-	-	-	-	-

Plan Name	[redacted]		[redacted]		CNPI		[redacted]		[redacted]	
Country	Canada		Canada		Canada		Canada			
Financial year ending on	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
C. Funded Status of Defined Benefit Plans										
1. Defined benefit obligation	[redacted]	[redacted]	[redacted]	[redacted]	6,217,000	7,657,100	[redacted]	[redacted]	[redacted]	[redacted]
2. Fair value of plan assets	-	-	-	-	-	-	-	-	-	-
3. Funded status - surplus (deficit)	[redacted]	[redacted]	[redacted]	[redacted]	**(6,217,000)**	**(7,657,100)**	[redacted]	[redacted]	[redacted]	[redacted]
4. Valuation allowance	-	-	-	-	-	-	-	-	-	-
5. Defined benefit asset (liability), net of valuation allowance	[redacted]	[redacted]	[redacted]	[redacted]	**(6,217,000)**	**(7,657,100)**	[redacted]	[redacted]	[redacted]	[redacted]
D. Components of defined benefit cost										
1. Current service cost (including provision for plan expenses)	[redacted]	[redacted]	[redacted]	[redacted]	88,200	84,400	[redacted]	[redacted]	[redacted]	[redacted]
2. Finance Costs	[redacted]	[redacted]	[redacted]	[redacted]	363,700	357,600	[redacted]	[redacted]	[redacted]	[redacted]
3. (Gain) / loss on special termination benefits	-	-	-	-	-	-	-	-	-	-
4. Remeasurements and other items	[redacted]	[redacted]	[redacted]	[redacted]	(1,477,800)	95,800	[redacted]	[redacted]	[redacted]	[redacted]
5. Total	[redacted]	[redacted]	[redacted]	[redacted]	**(1,025,900)**	**537,800**	[redacted]	[redacted]	[redacted]	[redacted]
E. Significant actuarial assumptions										
Weighted-average assumptions to determine defined benefit obligation										
1. Discount rate	[redacted]	[redacted]	[redacted]	[redacted]	5.05%	4.75%	[redacted]	[redacted]	[redacted]	[redacted]
2. Rate of compensation increase	[redacted]	[redacted]	[redacted]	[redacted]	3.50%	3.50%	[redacted]	[redacted]	[redacted]	[redacted]
3. Health care inflation - select	[redacted]	[redacted]	[redacted]	[redacted]	5.22%	5.49%	[redacted]	[redacted]	[redacted]	[redacted]
4. Health care inflation - ultimate	[redacted]	[redacted]	[redacted]	[redacted]	4.00%	4.50%	[redacted]	[redacted]	[redacted]	[redacted]
5. Year ultimate rate reached	[redacted]	[redacted]	[redacted]	[redacted]	2040	2035	[redacted]	[redacted]	[redacted]	[redacted]
6. Duration (in years)										
Weighted-average assumptions to determine defined benefit cost										
1. Discount rate	[redacted]	[redacted]	[redacted]	[redacted]	4.75%	4.75%	[redacted]	[redacted]	[redacted]	[redacted]
2. Rate of compensation increase	[redacted]	[redacted]	[redacted]	[redacted]	3.50%	3.50%	[redacted]	[redacted]	[redacted]	[redacted]
3. Health care inflation - select	[redacted]	[redacted]	[redacted]	[redacted]	5.49%	5.54%	[redacted]	[redacted]	[redacted]	[redacted]
4. Health care inflation - ultimate	[redacted]	[redacted]	[redacted]	[redacted]	4.50%	4.50%	[redacted]	[redacted]	[redacted]	[redacted]
5. Year ultimate rate reached	[redacted]	[redacted]	[redacted]	[redacted]	2035	2035	[redacted]	[redacted]	[redacted]	[redacted]

APPENDIX B

ESTIMATED 2019 DEFINED BENEFIT COST INFORMATION

Plan Name	[redacted]	[redacted]	CNPI	Algoma	All Plans
Country	Canada	Canada	Canada	Canada	
Financial year ending on	12/31/2019	12/31/2019	12/31/2019	12/31/2019	12/31/2019
A. Components of projected defined benefit cost					
1. Current service cost (including provision for plan expenses)	[redacted]	[redacted]	58,200	[redacted]	[redacted]
2. Finance Costs	[redacted]	[redacted]	314,000	[redacted]	[redacted]
3. (Gain) / loss on special termination benefits	-	-	-	-	-
4. Remeasurements and other items	[redacted]	[redacted]	TBD	[redacted]	[redacted]
5. Total defined benefit cost recognized	[redacted]	[redacted]	**TBD**	[redacted]	**TBD**
B. Significant actuarial assumptions					
Weighted-average assumptions to determine defined benefit obligation					
1. Discount rate	[redacted]	[redacted]	5.05%	[redacted]	[redacted]
2. Rate of compensation increase	[redacted]	[redacted]	3.50%	[redacted]	[redacted]
3. Health care inflation - select	[redacted]	[redacted]	5.22%	[redacted]	[redacted]
4. Health care inflation - ultimate	[redacted]	[redacted]	4.00%	[redacted]	[redacted]
5. Year ultimate rate reached	[redacted]	[redacted]	2040	[redacted]	[redacted]

APPENDIX C

ACTUARIAL ASSUMPTIONS

We have used actuarial assumptions selected by FortisOntario. The principal financial and demographic assumptions used at December 31, 2018 and December 31, 2017 are shown in the table below. The assumptions as at the reporting date are used to determine the present value of the benefit obligation at that date and the defined benefit cost for the following year.

Measurement date	December 31
Discount rate	4.75% per annum at December 31, 2017 5.05% per annum for [redacted], and CNPI, [redacted] at December 31, 2018
Salary increases	3.50% per annum

Health care cost trend rates as at December 31, 2017	Hospital	4.5% per annum for [redacted], and CNPI. [redacted]
	Prescription drugs	7.0% per annum in 2015 grading down to 4.5% per annum in and after 2035
	Other medical	4.5% per annum
	Vision care[2]	4.5% per annum
	Dental	4.5% per annum
Health care cost trend rates as at December 31, 2018	Hospital	4.0% per annum
	Prescription drugs	6.6% per annum in 2018 grading down to 4.0% per annum in and after 2040
	Other medical	4.0% per annum
	Vision care[3]	4.0% per annum
	Dental	4.0% per annum
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]

[2] The gross Vision care trend of 4.50% represents the expected annual increase in vision care costs before the limiting impact of plan provisions. The net trend after considering plan provisions is 0.0% per annum.

[3] The gross Vision care trend of 4.00% represents the expected annual increase in vision care costs before the limiting impact of plan provisions. The net trend after considering plan provisions is 0.0% per annum.

Executive premium trend rate as at December 31, 2018	Medical	Based on weighted average of health care trend rates
	Dental	4.0% per annum
Mortality	CPM 2014 Private table with generational improvements using scale CPM-B.	
Retirement rates	100% at age 60 fo[redacted], and CNPI	
	[redacted]	
Marital Status	For active members, 80% are assumed to be married at retirement with males assumed to be 3 years older than their female spouses.	
	For current retirees, actual marital status and spouse ages were provided.	

2015 per covered member claim costs at age 65 after drug offset and excluding administration and taxes as at valuation date of July 1, 2015

[redacted]	CNPI	[redacted]	[redacted]
Semi-private hospital	$40	[redacted]	[redacted]
Prescription drugs	$540	[redacted]	[redacted]
Other medical	$210	[redacted]	[redacted]
Vision care	$50	[redacted]	[redacted]
Dental care	$760	[redacted]	[redacted]
Total	**$1,600**	[redacted]	[redacted]

2018 per covered member claim costs at age 65 after drug offset and excluding administration and taxes as at valuation date of June 1, 2018

[redacted]	CNPI	[redacted]	[redacted]
Semi-private hospital	$30	[redacted]	[redacted]
Prescription drugs	$1,740	[redacted]	[redacted]
Other medical	$220	[redacted]	[redacted]
Vision care	$60	[redacted]	[redacted]
Dental care	$720	[redacted]	[redacted]
Total	**$2,770**	[redacted]	[redacted]

Claim cost development

The age 65 per capita claim costs used for disclosure are based on actual retiree and dependent claims experience for the following periods, adjusted to age 65 and trended to the midpoint of the fiscal year:

- January 1, 2012 to December 31, 2014 for [redacted], CNPI and [redacted] for the 2015 claims cost derivation
- [redacted]
- January 1, 2015 to December 31, 2017 for [redacted], CNPI, [redacted] for the 2018 claims cost derivation

The claims experience was collected and analysed separately for hospital, prescription drugs, vision care, and other medical benefits.

Aging factors

The change in claiming levels from one age to the next are shown below for sample ages:

Age	Hospital	Prescription Drugs	Other Medical	Dental	Vision
60	7.8%	2.8%	-0.6%	-0.7%	-0.6%
65	10.0%	2.1%	-0.5%	-0.9%	-0.6%
70	9.5%	1.1%	1.2%	-1.1%	-0.5%
75	9.3%	0.5%	0.5%	1.7%	-1.3%	-0.6%
80	8.2%	-0.2%	2.2%	-1.8%	-0.6%

Prescription drug offset assumption at age 65 and after

65% of claims for [redacted], and CNPI [redacted]

Administrative expenses as a percentage of paid claims as at December 31, 2017

[redacted], [redacted] [redacted]

	and CNPI	
Prescription Drug	9.08%	[redacted]
Dental/Vision	9.06%	[redacted]
Hospital/Other	9.08%	[redacted]
Life	10.00%	[redacted]

		[redacted], and CNPI	[redacted]
Administrative expenses as a percentage of paid claims as at December 31, 2018	Prescription Drug/Hospital/Other/Vision	8.26%	[redacted]
	Dental	8.28%	[redacted]
	Life	10.00%	[redacted]
[redacted]	[redacted]	[redacted]	
[redacted]	[redacted]	[redacted]	
[redacted]	[redacted]		
	35% of the above annual premiums are retirees paid		
Taxes	10% of claims and administrative expenses for all medical, dental and life insurance benefits		
Participation	100% of members are assumed to participate in the retiree health plan		

EFFECT OF PLAN MAXIMUMS AND DEDUCTIBLES

The valuation assumes that all plan maximums and deductibles applicable to medical and dental plans remain the same in the future.

[redacted]. In order to estimate the effect of maintaining this maximum in the future, a current distribution of claim amounts per covered member by size of claim was developed using a study of claims experience of several large companies from 2007 to 2009, adjusted for assumed health care cost trend rates. A "Monte Carlo" statistical simulation was then used to estimate future claim amounts and determine the effect of the lifetime maximum on projected claims.

Factors were developed by age bands which represent the ratio of the obligation with the lifetime maximum to the obligation without the impact of the lifetime maximum. Sample rates by age band follows:

AGE BANDS	FACTORS
25 – 30	0.515
30 – 35	0.585
35 – 40	0.661
40 – 45	0.730
45 – 50	0.793
50 – 55	0.853
55 – 60	0.894

APPENDIX D

ACTUARIAL METHODS

Benefit obligations are estimated using the Projected Benefit Method Pro Rated on Service. Under this method each member's benefits under the Plans are attributed to years of service, taking into consideration projection of benefit costs. Thus, the estimated total benefit to which each member is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service.

A description of the calculation follows:

- An individual's estimated defined benefit for valuation purposes is the projected benefit at full eligibility date, or current age if later, multiplied by the ratio of service at the valuation date over service at full eligibility date. Service for this purpose is measured from date of hire. [redacted]

- The benefit attributed to an individual's service during a plan year is the excess of the attributed benefit for valuation purposes at the end of the plan year over the attributed benefit for valuation purposes at the beginning of the plan year. Both attributed benefits are estimated from the same projections to the various anticipated separation dates.

- An individual's estimated benefit obligation is the present value of the attributed benefit for valuation purposes at the beginning of the plan year, and the service cost is the present value of the benefit attributed to the year of service in the plan year.

In all cases, the **benefit obligation** is the total present value of the individuals' attributed benefits for valuation purposes at the measurement date, and the **service cost** is the total present value of the individuals' benefits attributable to service during the year.

VALUATION PROCEDURES

The following approximations have been made in applying this method for the projection of obligations from valuation date to year-end measurement date.

- **Projection of obligations from valuation date to year-end measurement date:** The benefit obligations for each of the Plans have been rolled-forward from the corresponding valuation for accounting purposes as at June 1, 2018 to the year end measurement date allowing for interest on the liabilities, the accrual of further benefits by active members, the expected benefits payments paid out and an estimate of the effect of any changes in the actuarial assumptions. We have assumed that all other experience during the projection, apart from the benefit payments, has been in line with the assumptions made at the start of the year.

ACCOUNTING POLICIES

The accounting policies in cases where FortisOntario has a choice of policy are set out below.

There have been no changes to the accounting methods or accounting policies since the prior valuation.

Assumptions: The Plan's benefit obligation and service cost are determined based on the Plan's going concern obligation and current service cost assumptions as determined based on the last funding valuation as at December 31,2017

Materiality threshold: FortisOntario has not instructed us to make any adjustments to the valuation procedures described in order to satisfy its materiality threshold.

Defined benefit cost measurement: The defined benefit cost charged to profit or loss is budgeted for at the start of each reporting period using actuarial assumptions fixed at the start of the period. It is updated at the end of the reporting period to allow for remeasurement and other items, which includes experience gains and losses as well as adjustments due to a significant event and/or cash flows are updated.

Interest on service cost: Interest on the service cost is allowed for in the service cost as specified in Section 3462.

Interest cost: Interest cost reported in expense is determined by applying the discount rate at the beginning of the year to the accrued benefit obligation at the beginning of the year.

Gain/loss recognition: Actuarial gains and losses are recognized immediately in the year they arise directly in expense as a component of remeasurements.

Curtailments, settlements, past service costs: Special events are included as a component of remeasurements and are recognized immediately in the year they arise directly in expense as a component of remeasurements.

Discretionary benefits: No allowance is made in the benefit obligation for discretionary benefits on the grounds that there is no substantive commitment to provide such benefits. Therefore any benefit increases that are awarded on a discretionary basis are accounted for as a past service cost.

Significant events: No significant events have occurred during the reporting period that require accounting policy decisions.

APPENDIX E

PLAN PROVISIONS

The following is a summary of what we understand to be the most relevant plan provisions for the purposes of this report. This broadly reflects the benefits communicated to members via membership booklets, announcements and correspondence outlining special terms where applicable. This summary should not be used for purposes of determining individual plan benefits.

[redacted] AND CNPI

Eligibility: Employees are eligible for the benefits below upon attainment of 20 years of service.

Classes A, B and H represent [redacted] and CNPI Active plans. [redacted]. Upon retirement active members will move into a retiree class.

Classes C, C1, C2, and I represent [redacted] CNPI plans. [redacted].

Classes C, C1, F and F1 are closed to future retirees, while the remaining classes remain open.

Retirees in Class C1 have surviving spouse coverage.

Basic Life coverage is grandfathered for select members in classes C, C1 and I. It is set at preretirement salary to age 65 decreasing 10% per year for the next 5 years.

	CLASS C	CLASS C1	CLASS C2	CLASS I
Employee Group	**Retired Employees of Canadian Niagara Power**	**Retired Employees of Canadian Niagara Power w/Surviving Spouse Benefits**	**Canadian Niagara Power Employees who retired on or after January 1, 2008**	**Retired Union and Non-Union Employees of Eastern Ontario Power**
Extended Health Care				
• Deductible	No	No	No	No
• National Formulary	No	No	Yes	Yes
• Coverage	100%	100%	100%	100%
• Lifetime maximum for Extended Health	No	No	No	No
• Vaccines and serums requiring a prescription	Yes	Yes	Yes	Yes
• Infertility	No	No	$2,400 lifetime max.	No
• Smoking cessation	$500 lifetime max.	$500 lifetime max.	$500 lifetime max.	$500 lifetime max.
• Dispensing fee	$6.50	$6.50	$6.50	$6.50
Hospital Coverage	100% semi-private	100% semi-private	100% semi-private	100% semi-private
Out of Province	No	No	No	No
Emergency Out of Canada	No	No	No	No
Private duty nursing	Must be for nursing care and not custodial - max 720 hours per person per benefit year	Must be for nursing care and not custodial - max 720 hours per person per benefit year	Must be for nursing care and not custodial - max 720 hours per person per benefit year	Must be for nursing care and not custodial - max 720 hours per person per benefit year
Ambulance	100%	100%	100%	100%
Air ambulance	100%	100%	100%	100%
Wigs following chemotherapy	$300 per person in a benefit year	$300 per person in a benefit year	$300 per person in a benefit year	$300 per person in a benefit year

	CLASS C	CLASS C1	CLASS C2	CLASS I
Employee Group	**Retired Employees of Canadian Niagara Power**	**Retired Employees of Canadian Niagara Power w/Surviving Spouse Benefits**	**Canadian Niagara Power Employees who retired on or after January 1, 2008**	**Retired Union and Non-Union Employees of Eastern Ontario Power**
Orthotic inserts	1 pair per person in a benefit year	1 pair per person in a benefit year	1 pair per person in a benefit year	1 pair per person in a benefit year
Orthopedic shoes	1 occurrence per benefit year	1 occurrence per benefit year	1 occurrence per benefit year	1 occurrence per benefit year
Hearing aids	$300 in any 60 month period	$300 in any 60 month period	$300 in any 60 month period	$300 in any 60 month period
Paramedical Services				
• Massage therapist	No	No	No	No
• Psychologists	$200 per person, per benefit year	$200 per person, per benefit year	$200 per person, per benefit year	$200 per person, per benefit year
• Speech therapist	$200 per person, per benefit year	$200 per person, per benefit year	$200 per person, per benefit year	$200 per person, per benefit year
• Physiotherapist	Yes, no maximum	Yes, no maximum	Yes, no maximum	Yes, no maximum
• Naturopaths	Up to a maximum of $15 per visit to a maximum of 20 visits per person in a benefit year	Up to a maximum of $15 per visit to a maximum of 20 visits per person in a benefit year	Up to a maximum of $15 per visit to a maximum of 20 visits per person in a benefit year	$15 per visit to a maximum 20 visits per person, per benefit year, per specialty
• Acupuncturists	Up to a maximum of $15 per visit to a maximum of 20 visits per person in a benefit year	Up to a maximum of $15 per visit to a maximum of 20 visits per person in a benefit year	Up to a maximum of $15 per visit to a maximum of 20 visits per person in a benefit year	$15 per visit to a maximum 20 visits per person, per benefit year, per specialty
• Osteopaths	Up to a maximum of $15 per visit to a maximum of 20 visits per person in a benefit year	Up to a maximum of $15 per visit to a maximum of 20 visits per person in a benefit year	Up to a maximum of $15 per visit to a maximum of 20 visits per person in a benefit year	$15 per visit to a maximum 20 visits per person, per benefit year, per specialty

	CLASS C	CLASS C1	CLASS C2	CLASS I
Employee Group	**Retired Employees of Canadian Niagara Power**	**Retired Employees of Canadian Niagara Power w/Surviving Spouse Benefits**	**Canadian Niagara Power Employees who retired on or after January 1, 2008**	**Retired Union and Non-Union Employees of Eastern Ontario Power**
• Chiropractors	Up to a maximum of $15 per visit to a maximum of 20 visits per person in a benefit year	Up to a maximum of $15 per visit to a maximum of 20 visits per person in a benefit year	Up to a maximum of $15 per visit to a maximum of 20 visits per person in a benefit year	$15 per visit to a maximum 20 visits per person, per benefit year, per specialty
• Podiatrists	Up to a maximum of $15 per visit to a maximum of 20 visits per person in a benefit year	Up to a maximum of $15 per visit to a maximum of 20 visits per person in a benefit year	Up to a maximum of $15 per visit to a maximum of 20 visits per person in a benefit year	$15 per visit to a maximum 20 visits per person, per benefit year, per specialty
• Chiropodists	Up to a maximum of $15 per visit to a maximum of 20 visits per person in a benefit year	Up to a maximum of $15 per visit to a maximum of 20 visits per person in a benefit year	Up to a maximum of $15 per visit to a maximum of 20 visits per person in a benefit year	$15 per visit to a maximum 20 visits per person, per benefit year, per specialty
• Dieticians	No	No	No	No
• Audiologists	No	No	No	No
• Occupational therapists	No	No	No	No
Emergency Travel Assistance	No	No	No	No
Vision Care				
Eye exams	No	No	No	No
Glasses	100% up to a maximum of $225 in any 24 month period	100% up to a maximum of $225 in any 24 month period	100% up to a maximum of $225 in any 24 month period	100% up to a maximum of $225 in any 24 month period
Eyewear following surgery	100% to a maximum of $250 per person in a 24 month period	100% to a maximum of $250 per person in a 24 month period	100% to a maximum of $250 per person in a 24 month period	100% to a maximum of $250 per person in a 24 month period

	CLASS C	CLASS C1	CLASS C2	CLASS I
Employee Group	**Retired Employees of Canadian Niagara Power**	**Retired Employees of Canadian Niagara Power w/Surviving Spouse Benefits**	**Canadian Niagara Power Employees who retired on or after January 1, 2008**	**Retired Union and Non-Union Employees of Eastern Ontario Power**
Dental				
Fee Guide	Current	Current	Current	Current
Deductible	No	No	No	No
Yearly Maximum	$1,000 per benefit year for major dental procedures	$1,000 per benefit year for major dental procedures	$1,000 per benefit year for major dental procedures	$1,000 per benefit year for major dental procedures
Lifetime Maximum	No	No	No	No
Oral Examinations	1 complete exam every 24 months	1 complete exam every 24 months	1 complete exam every 24 months	1 complete exam every 24 months
	1 recall exam every 6 months for children under 18 or every 9 months for any other person	1 recall exam every 6 months for children under 18 or every 9 months for any other person	1 recall exam every 6 months for children under 18 or every 9 months for any other person	1 recall exam every 6 months for children under 18 or every 9 months for any other person
X-rays	1 complete series every 24 months, 1 set of bitewing x-rays every 6 months for children under 18 or every 9 months for any other person, x-rays to diagnose a symptom or examine a progress of a particular course of treatment	1 complete series every 24 months, 1 set of bitewing x-rays every 6 months for children under 18 or every 9 months for any other person, x-rays to diagnose a symptom or examine a progress of a particular course of treatment	1 complete series every 24 months, 1 set of bitewing x-rays every 6 months for children under 18 or every 9 months for any other person, x-rays to diagnose a symptom or examine a progress of a particular course of treatment	1 complete series every 24 months, 1 set of bitewing x-rays every 6 months for children under 18 or every 9 months for any other person, x-rays to diagnose a symptom or examine a progress of a particular course of treatment

	CLASS C	CLASS C1	CLASS C2	CLASS I
Employee Group	**Retired Employees of Canadian Niagara Power**	**Retired Employees of Canadian Niagara Power w/Surviving Spouse Benefits**	**Canadian Niagara Power Employees who retired on or after January 1, 2008**	**Retired Union and Non-Union Employees of Eastern Ontario Power**
Basic dental procedures	100%	100%	100%	100%
Major dental procedures	50%	50%	50%	50%
Orthodontic procedures	No	No	No	No
Life Coverage				
Basic [4]	No	No	No	No
Optional	No	No	No	No
Dependent	No	No	No	No

[4] Basic Life coverage is grandfathered for select members in classes C, C1 and I. It is set at preretirement salary to age 65 decreasing 10% per year for the next 5 years.

	CLASS E1	CLASS F1	CLASS F	CLASS F2	CLASS D1
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

	CLASS E1	CLASS F1	CLASS F	CLASS F2	CLASS D1
Employee Group	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Air ambulance	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Wigs following chemotherapy	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Orthotic inserts	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Orthopedic shoes	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Hearing aids	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Paramedical Services					
• Massage therapist	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
• Psychologists	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
• Speech therapist	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
• Physiotherapist	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
• Naturopaths	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
• Acupuncturists	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
• Osteopaths	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

	CLASS E1	CLASS F1	CLASS F	CLASS F2	CLASS D1
Employee Group	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
• Chiropractors	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
• Podiatrists	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
• Chiropodists	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
• Dieticians	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
• Audiologists	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
• Occupational therapists	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Emergency Travel Assistance	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Vision Care					
Eye exams	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Glasses	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

	CLASS E1	CLASS F1	CLASS F	CLASS F2	CLASS D1
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

	CLASS E1	CLASS F1	CLASS F	CLASS F2	CLASS D1
Employee Group	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Basic dental procedures	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Major dental procedures	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Orthodontic procedures	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Life Coverage					
Basic	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Optional	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Dependent	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

[redacted]

- [redacted]
  - [redacted]
  - [redacted]
- [redacted]
- [redacted]
- [redacted]

[redacted]

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  - [redacted]
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  - [redacted]

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[redacted]

[redacted]

[redacted]:

- [redacted]

[redacted]:

- [redacted]
- [redacted]

APPENDIX F

MEMBERSHIP DATA

The actuarial valuation for [redacted], CNPI [redacted] is based on membership data as at June 1, 2018, provided by FortisOntario.

Plan membership data are summarized below. For comparison, we have also summarized corresponding data from the previous valuation.

ANALYSIS OF MEMBERSHIP DATA

[redacted]	01.06.18	01.07.15
Grandfathered Actives		
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]		
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]		
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]

[redacted]

CNPI	01.06.18	01.07.15
Grandfathered Actives		
Number	33	39
Average years of service	24.4	22.0
Average age	53.2	50.6
Non-Grandfathered Actives		
Number	44	41
Average years of service	6.7	5.4
Average age	39.8	38.2
Grandfathered Retirees and Surviving Spouses		
Number	55	57
Average age	72.4	70.6
Grandfathered Retiree Spouses		
Number	46	47
Average age	70.2	69.2

[redacted]

RECONCILIATION OF MEMBERSHIP DATA

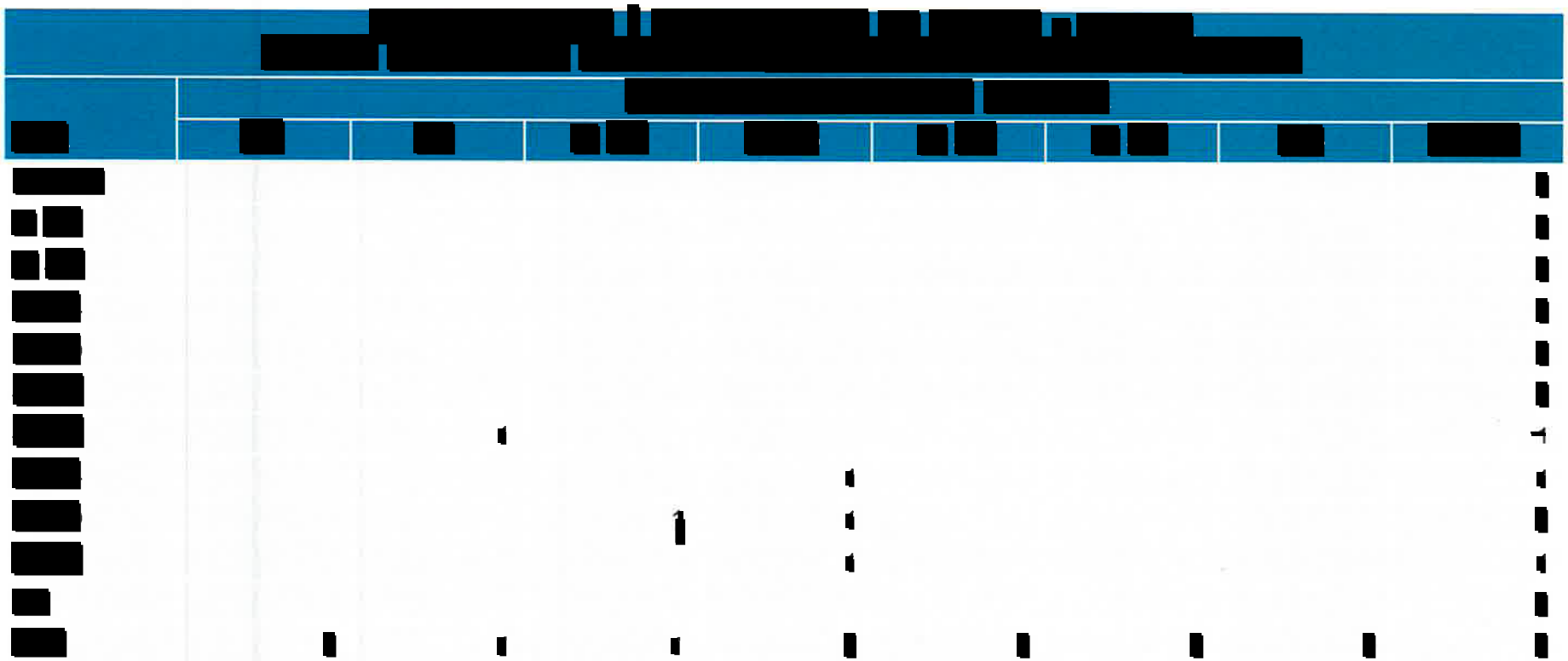
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	-	-	-
[redacted]	[redacted]	-	[redacted]
[redacted]	[redacted]	-	[redacted]
[redacted]	-	[redacted]	[redacted]
[redacted]	-	-	-
[redacted]	-	-	-
[redacted]	[redacted]	[redacted]	[redacted]

[redacted]	[redacted]	[redacted]	TOTAL
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	-	-	-
[redacted]	[redacted]	-	[redacted]
[redacted]	[redacted]	-	[redacted]
[redacted]	-	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	-
[redacted]	-	-	-
[redacted]	[redacted]	[redacted]	[redacted]

CNPI	ACTIVES	RETIREES AND SURVIVING SPOUSES	TOTAL
Total at July 1, 2015	**80**	**57**	**137**
Transferred out	-	-	-
New entrants	12	-	12
Withdrawals	(12)	-	(12)
Deaths	-	(5)	(5)
Retirements	(3)	3	-
Surviving spouses	-	-	-
Total at June 1, 2018	**77**	**55**	**132**

[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	-	-	-
[redacted]	[redacted]	-	[redacted]
[redacted]	[redacted]	-	[redacted]
[redacted]	-	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	-
[redacted]	-	-	-
[redacted]	[redacted]	[redacted]	[redacted]

The distribution of the active members by age and completed years of service is summarized as follows:



BY [redacted]

CNPI - DISTRIBUTION OF ACTIVE MEMBERS BY AGE GROUP AND COMPLETED YEARS OF SERVICE AS AT 01.06.18

	YEARS OF COMPLETED SERVICE							
AGE	0-4	5-9	10-14	15-19	20-24	25-29	30+	TOTAL
Under 20								0
20 - 24	1							1
25 - 29	6	1						7
30 - 34		3	2					5
35 - 39	3	5	2	1				11
40 - 44	3	3	4	3	1	1		15
45 - 49	2	1	2		2	3		10
50 - 54		1	2		4	5		12
55 - 59	1		2	3		1	2	9
60 - 64				1	1	1	3	6
65+						1		1
Total	**16**	**14**	**14**	**8**	**8**	**12**	**5**	**77**

BY

The distribution of inactive members by age is as follows:

[redacted]

[redacted]

CNPI - DISTRIBUTION OF INACTIVE MEMBERS BY AGE GROUP AS AT 01.06.18			
AGE	RETIREES AND SURVIVING SPOUSES	SPOUSES	TOTAL
Under 50			0
50 - 54			0
55 - 59	1	5	6
60 - 64	9	10	19
65 - 69	12	12	24
70 - 74	19	9	28
75 - 79	3	3	6
80 - 84	5	5	10
85 - 89	5		5
90 +	1	2	3
Total	**55**	**46**	**101**

[redacted]

DISTRIBUTION OF MEMBERS BY PROVINCE

[redacted]

[redacted]

DISTRIBUTION OF MEMBERS - CNPI BY PROVINCE AS AT 01.06.18					
	ON	BC	NF	PQ	Total
Actives	77	0	0	0	77
Retirees and Surviving Spouses	55	0	0	0	55

[redacted]

APPENDIX G

ADDITIONAL INFORMATION

The following tables represent the breakdown of benefit obligation by benefit.

[redacted]

[5] Includes benefit obligation of $252,400 for an individual with alternate benefits

[redacted]

CNPI

BENEFIT	INACTIVES	ACTIVES FULLY ELIGIBLE	ACTIVES NOT FULLY ELIGIBLE	TOTAL
Life	$303,500	$0	$0	$303,500
Hospital	194,900	84,700	19,400	299,000
Drugs	1,417,000	1,120,000	372,500	2,909,500
Vision	65,500	30,000	6,500	102,000
Other Medical	443,500	256,000	67,500	767,000
Dental	989,300	663,500	183,200	1,836,000
Total DBO at December 31, 2018	**$3,413,700**	**$2,154,200**	**$649,100**	**$6,217,000**

[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	$[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

The following table shows the breakdown of fiscal 2018 actuarial (gain)/loss.

(GAINS)/LOSSES DUE TO:	DUE TO REMEASUREMENT AS OF 31.12.2018				
	[redacted]	[redacted]	CNPI	[redacted]	[redacted]
1. Difference between actual and expected benefit payments	[redacted]	[redacted]	$102,500	[redacted]	[redacted]
2. Impact of calculation of interest cost under CPA Section 3462	[redacted]	[redacted]	(7,400)	[redacted]	[redacted]
3. Impact of actual demographic changes	[redacted]	[redacted]	(106,500)	[redacted]	[redacted]
4. Impact of claim cost change	[redacted]	[redacted]	(900,700)	[redacted]	[redacted]
5. Impact of discount rate change	[redacted]	[redacted]	(262,700)	[redacted]	[redacted]
6. Impact of health care cost trend rate changes	[redacted]	[redacted]	(255,100)	[redacted]	[redacted]
7. Impact of administrative expense changes	[redacted]	[redacted]	(47,900)	[redacted]	[redacted]
8. Impact of eligibility update for future retirees effective January 1, 2017	[redacted]	[redacted]	0	[redacted]	[redacted]
9. **Total**	[redacted]	[redacted]	**($1,477,800)**	[redacted]	[redacted]

APPENDIX H

EMPLOYER CERTIFICATION

With respect to the Actuarial Valuation Report for fiscal year ending December 31, 2018 and estimated defined benefit cost for December 31, 2019 under Part II of the Chartered Professional Accountants of Canada Handbook – Accounting Standards for Private Enterprises of FortisOntario Inc.'s Non-Pension Post–Retirement Benefit Plans ("the Plans"), I hereby certify that, to the best of my knowledge and belief:

- The membership data supplied to the actuary provides a complete and accurate description of all persons who are entitled to benefits under the terms of the Plans for service up to the date of the valuation.
- Copies of the official plan documents and of all amendments made up to December 31, 2018 have been supplied to the actuary.
- All substantive commitments (as defined under Part II of the Chartered Professional accountants of Canada handbook – Accounting Standards for Private Enterprises) have been communicated to the actuary.
- Accounting policies as adopted by FortisOntario Inc. are those described in this report.
- The actuarial methods to be used for the purposes of the valuation are those described in this report.

- Management's best estimate assumptions, other than the funding going–concern valuation assumptions used (discount rate, mortality, salary scale) for purposes of the valuations and the extrapolation of the financial position of the Plans as of December 31, 2018 are those described in this report.

- All events subsequent to the valuation that may have an impact on the results of the valuation or of a future valuation have been communicated to the actuary.

DATE

SIGNED

Glen King

NAME

VP, Finance & CFO

TITLE

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