Table of Contents

Cost of Service Rate Application EB-2021-0056

Ex.1/Tab 1/Sch.1 – Table of Contents for The Application

Each exhibit of RSL's rate application has a separate Table of Contents to make it easier for the user to find the information needed. The application is split into the following Exhibits:

- 1 – Administrative Documents
- 2 – Rate Base (includes the Distribution System Plan)
- 3 – Operating Revenue
- 4 – Operating Expenses
- 5 – Cost of Capital and Capital Structure
- 6 – Calculation of Revenue Deficiency/Sufficiency
- 7 – Cost Allocation
- 8 – Rate Design
- 9 – Deferral and Variance Accounts

In addition, the following models have been included with this application:

- Cost of Service Checklist
- Filing Requirements Chapter 2 Appendices
- Filing Requirements Chapter 5 Appendix
- Revenue Requirement Workform
- PILs Workform
- Cost Allocation Model
- DVA Continuity Schedule
- GA Analysis Workform
- 1595 Workform
- LRAM Workform
- Tariff Schedule and Bill Impacts Model
- Load Forecast Model
- Benchmarking Spreadsheet Forecast Model

Ex.1/Tab 1/Sch.2 – Confidentiality

RSL understands the OEB's expectation that applicants will make every effort to file material contained in an application publicly in order to ensure the transparency of the review process. The OEB recognizes that applicants may consider some of that information to be confidential and may wish to request that it be protected.

RSL has followed the OEB's Practice Direction concerning confidential information.

RSL certifies that no personal information has been disclosed in this application.

Peter Soules, CPA, CMA
Chief Financial Officer

Executive Summary and Business Plan

Ex.1/Tab 2/Sch.1 – Executive Summary

Rideau St. Lawrence Utilities Inc. has developed a Business Plan to address the expectation of the OEB's "Handbook for Utility Rate Applications", issued October 13, 2016.

Key elements of the Application and Business Plan are:

1. Rates are being requested to meet a base revenue requirement of $3,152,487, which will satisfy a current revenue deficiency of $489,919 based on RSL's current distribution rates.

2. RSL proposes gross capital spending of $929,012 in line with its Distribution System Plan (please see Exhibit 2). Based on the assessment of our distribution stations, material investments are needed to replace equipment to ensure reliability for our customers.

3. Operating Expenses (OM&A) are proposed at $2,488,912, an increase of 19% over the amount approved in RSL's 2016 rate application. Although most of the increase can be attributed to inflation, the plan also takes into consideration the succession planning required due to an aging workforce, especially at the Management level.

4. The following Table 1.1 is a summary of the total bill impacts for our customer classes:

Table 1.1: Bill Impacts

				Total Bill			
Customer Class	RPP/Non-RPP	kWh	kW	Current	Proposed	$ Change	% Change
Residential	RPP	750		$ 120.90	$ 131.67	$ 10.77	8.91%
Residential - Low User	RPP	304		$ 64.25	$ 74.01	$ 9.76	15.19%
General Service < 50 kW	RPP	2,000		$ 304.05	$ 313.80	$ 9.75	3.21%
General Service 50 - 4,999 kW	Non-RPP	147,135	297	$ 24,334.73	$ 24,452.61	$ 117.88	0.48%
Street Lighting	Non-RPP	22,825	62	$ 7,309.52	$ 7,931.57	$ 622.05	8.51%
Sentinel Lighting	RPP	294	1	$ 61.39	$ 67.33	$ 5.94	9.68%
Umetered Scattered Loads	RPP	727		$ 110.02	$ 114.15	$ 4.13	3.75%

5. RSL recognizes the importance of customer engagement, and the challenges involved in achieving meaningful engagement. RSL is redesigning its website and plans to have the new site active by the end of 2021. RSL will continue to be active on Twitter, providing our customers with timely industry and outage information. RSL meets with customers of all sizes and listens to their concerns.

6. RSL is a small distributor, and as such has maintained a low amount of debt to mitigate risk. The cost of debt is estimated at 3.52%. Based on current market conditions this rate is considered a reasonable estimate of the cost of debt.

7. RSL publishes a Utility Scorecard each year and is pleased to say that it meets or exceeds virtually all of the customer service and system reliability targets each year. RSL recognizes the importance of these measures as they directly impact on the customer's experience with us. RSL will continue to meet or exceed its targets going forward.

Ex.1/Tab 2/Sch.2– Business Plan

Rideau St. Lawrence Distribution Inc. Business Plan

Rideau St. Lawrence Distribution Inc. ("RSL") is a fully licensed distributor of electricity pursuant to distribution license ED-2003-0003 issued by the Ontario Energy Board ("OEB", "the Board") under the Ontario Energy Board Act, 1998 ("the Act").

As a small Local Distribution Company ("LDC"), RSL creates an annual operating and capital budget which is approved by the RSL Board of Directors. RSL historically has not created an annual Business Plan. This will change in the future.

The Cost of Service rate application is considered by RSL to be its current Business Plan, as the incomes and costs of the business are clearly displayed, and capital planning for the following 5 years is presented.

RSL develops and manages an electrical distribution network in Eastern Ontario, specifically in the Town of Prescott and in the Villages of Morrisburg, Westport, Cardinal, Iroquois, and Williamsburg and delivers electricity to residential, commercial, and industrial customers via its distribution system.

RSL earns income based on fixed and volumetric service charges for the distribution of its electricity. The service charge prices are set through a periodic rate-making process via applications to the OEB. Through this process, the OEB limits the target rate of return on equity to 8.66%.

RSL has applied for a yearly revenue requirement in the amount of $3,360,105 for the period of 2022-2026. RSL plans to use the funds as follows:

Operating Expenses (OM&A): $2,488,912
Depreciation Expense: $403,368
Property Tax: $28,700
Return on Capital: $439,125
Less: Revenue From Other Sources: $(207,618)

The RSL Plan

- To deliver safe, reliable, and efficient electrical energy to our community
    - To be reliable for our consumers
    - To be efficient for our customers
    - To provide a safe and rewarding work environment for our employees
    - To remain fiscally healthy and provide value to our shareholders
    - To be a community partner, contributing to jobs, and community services

Strategic Goals and Initiatives

- Keep customers, shareholders, and stakeholders engaged so they can make effective decisions

- Continue to form strategic alliances with other similar utilities who face similar issues and combine forces to share resources and address complex issues collectively.

- Invents in our people to continually enhance their skills, maintain their focus, and give them chances to develop and realize their potential within our organization.

- Capitalize on technology to continually improve our reliability and efficiency and support opportunities for customers.

Objectives

Customer Loyalty

We shall count on our customers, who ultimately own us, to help us thrive. We will earn that support by providing them with the highest levels of customer service, reliability, and cost effectiveness. We will engage with them and support them in taking advantage of all available tools at their disposal, including energy conservation programs, support programs, and specialized attention when needed.

Provide Information

We shall keep people informed (customers, staff, and shareholders). With complete, accurate, and up-to-date information allowing them to make decisions which benefit all stakeholders and ensure the continued viability and effectiveness of the utility. Well-informed local leaders, educated and engaged customers and well-trained and experienced staff will round off the full circle of stakeholder involvement.

Strategic Alliances

There is a vast pool of people with experience, knowledge, and expertise in the electric industry within the province, including the fraternity between utilities, partnerships with private consultants in many disciplines and contacts with vendors supply the latest technologically advanced products for al distribution companies and customers. All the above is tapped through associations, partnerships (both informal and formal, for profit and not for profit corporations), forums and working groups. Working collectively and collaboratively, they can share ideas and resources, solve problems, adapt to new regulations and policy changes from governing bodies. RSL is a member of the following associations, partnerships, and groups:

- Electricity Distributors Association
- Cornerstone Hydro Electric Concepts Inc.
- Harris Computer Utility Users Group

Invest In Our People

We will invest in and retain our qualified, quality people by making their experience at RSL positive, safe and progressive in the Industry. We will offer continuous opportunities for training and personal development; we will keep our staff informed and promote a culture of customer satisfaction going hand in hand with employee satisfaction by listening to them and including their input regarding changes and improvements.

Utility Description

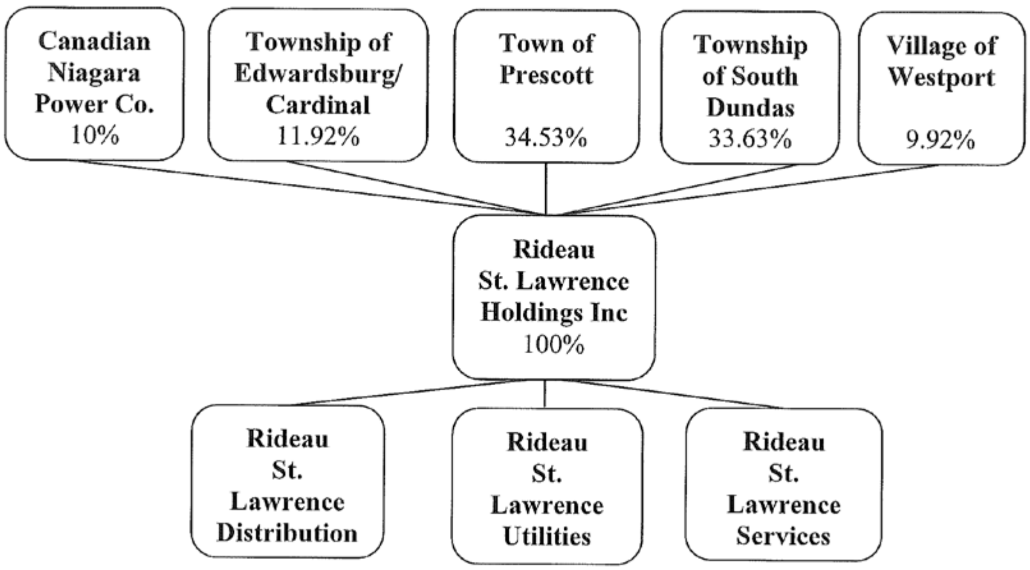
RSL is a local electricity distribution company regulated by the Ontario Energy Board (license ED-2003-0003). The company provides safe, reliable and efficient electricity distribution to approximately 6,000 residential and business consumers within the Town of Prescott, and within the Villages of Cardinal, Iroquois, Morrisburg, Westport, and Williamsburg.

RSL's service territory is surrounded by Hydro One Networks Inc. (HONI) and is an embedded LDC that takes delivery of electricity from HONI.

Utility Ownership

The Municipalities of the RSL service territory are our major shareholders with 90% of share ownership. Canadian Niagara Power Co. owns the additional 10% of RSL shares. Profits are either reinvested for infrastructure or distributed to its shareholders in the form of dividends. The table below shows the Corporate Governance Structure.

Table BP1 - Corporate Governance Structure



Rideau St. Lawrence Holdings Inc.:

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

Rideau St. Lawrence Distribution Inc.:

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

Rideau St. Lawrence Utilities Inc.:

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

Rideau St. Lawrence Services Inc.:

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

Oversight

Like all electricity distributors in Ontario, Rideau St. Lawrence Distribution Inc. is regulated by the Ontario Electricity Board. Electricity distribution is a rate-regulated industry with oversight by the energy regulator with regard to business activities, distribution rates, and performance measurement.

2019/2020 Achievements

Safety

- Health and Safety committee conducted monthly inspections with only minor recommendations.
- Regular safety and procedural training for line staff.
- Workplace harassment training for all employees.
- Workplace hazardous material training for all employees.
- First Aid training for all staff.
- No lost time due to workplace injuries.
- Compliance with COVID-19 requirements. No positive cases at RSL.

Customer Focus

- Annual OEB Reporting and Record-keeping (RRR) results are relayed to staff and our Board. Customers have access to our OEB scorecard achievements on the Rideau St. Lawrence website.
- Initiated a project to replace the existing RSL website with a more modern, customer-friendly site.
- Met with customers during conservation promotions at local stores.
- Assisted customers with applications for OESP and provided guidance for accessing assistance programs.
- Open-door policy provides customers with access to all staff, including senior executives.
- Regular postings to our Twitter feed. RSL now has 319 followers.
- Administered CEAP and CEAP-SB COVID-19 assistance programs.

Financial Performance

- Continued to have overall costs that are below the predicted costs of the PEG analysis and report.
- Continued to earn a profit, but with a low Return on Equity (ROE). The low ROE is due to the combination of higher costs, interim rate increases below the rate of inflation, and a lack of growth in the customer base.
- Regular analysis of capital and operational expenses with comparisons to budget.
- Maintained a low Debt to Equity Ratio, which we consider to be prudent for a small business with limited growth potential.

Operational Effectiveness

- Pole replacement project in conjunction with an MTO noise barrier installation
- Pole replacement project in Prescott
- Expansion of an industrial customer in Prescott
- Bell Fibre To Home Project
- Retirement/disposal of PCB transformers
- Capital maintenance of substations
- Reverification of smart meters
- Replacement of the smart meter data collectors

Public Policy Responsiveness

- Participated in the Affordability Fund program to provide energy-saving supplies and equipment to qualified customers.
- RSL met with the municipal councils of our shareholder communities to discuss current and future plans.
- RSL enhanced its cybersecurity with regular staff training provided by an experienced external company.

Economic Overview and Customer Description

RSL's service territory is primarily residential, with a modest number of General Service less than 50 kW and a few General Service greater than 50 kW customers. Customer counts over the years have remained very consistent.

Our customer base has stayed fairly static for a few reasons: there is little business growth in our service territory, and as a result, there are limited employment opportunities. Our villages and town are not close enough to larger cities, such as Ottawa, to encourage bedroom communities.

A significant portion of our residential customer base is low and /or fixed income. There are no current projections that predict significant growth in the business or residential customer counts. Table BP2 provides a history of our customer count.

Table BP2 – Customer Count History

Customer Count History							
	2016	2017	2018	2019	2020	2021	2022
Residential	5,071	5,089	5,105	5,113	5,107	5,118	5,129
General Service < 50kW	740	741	739	735	731	729	727
General Service >50kW	64	63	65	62	61	60	59
Unmetered Loads	58	57	57	57	57	57	57
Sentinel Lights	73	71	72	74	73	73	73
Street Light Connections	1,711	1,711	1,711	1,711	1,712	1,712	1,712
Total	7,717	7,732	7,749	7,752	7,741	7,749	7,757

2020 Scorecard and Management Discussion and Analysis

Scorecard - Rideau St. Lawrence Distribution Inc.

9/2/2021

Performance Outcomes	Performance Categories	Measures		2016	2017	2018	2019	2020	Trend	Target: Industry	Target: Distributor
Customer Focus Services are provided in a manner that responds to identified customer preferences.	Service Quality	New Residential/Small Business Services Connected on Time		100.00%	97.78%	100.00%	100.00%	100.00%	up	90.00%	
		Scheduled Appointments Met On Time		94.50%	95.77%	100.00%	100.00%	100.00%	up	90.00%	
		Telephone Calls Answered On Time		74.20%	72.87%	76.76%	80.36%	77.81%	up	65.00%	
	Customer Satisfaction	First Contact Resolution		98.8%	99.7%	99.7%	99.4%	99.55%			
		Billing Accuracy		99.70%	99.69%	93.01%	99.67%	99.64%	down	98.00%	
		Customer Satisfaction Survey Results		B	B	B	B	B			
Operational Effectiveness Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	Safety	Level of Public Awareness		84.00%	83.00%	83.00%	84.00%	84.00%			
		Level of Compliance with Ontario Regulation 22/04 [1]		C	C	C	C	C	flat		C
		Serious Electrical Incident Index	Number of General Public Incidents	0	0	0	0	0	flat		0
			Rate per 10, 100, 1000 km of line	0.000	0.000	0.000	0.000	0.000	flat		0.000
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted [2]		1.01	0.45	0.45	1.43	0.12	down		0.90
		Average Number of Times that Power to a Customer is Interrupted [2]		0.38	0.29	0.26	0.72	0.08	down		0.39
	Asset Management	Distribution System Plan Implementation Progress		83%	56%	74%	92%	113%			
	Cost Control	Efficiency Assessment		3	3	3	3	2			
		Total Cost per Customer [3]		$543	$570	$570	$584	$572			
		Total Cost per Km of Line [3]		$29,810	$31,369	$31,459	$32,239	$31,636			
Public Policy Responsiveness Distributors deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board).	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time									
		New Micro-embedded Generation Facilities Connected On Time								90.00%	
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)		1.03	0.82	0.85	0.82	0.76			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio		0.44	0.46	0.41	0.37	0.44			
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.12%	9.12%	8.78%	8.78%	8.78%			
			Achieved	1.03%	1.18%	5.11%	5.72%	6.09%			

1. Compliance with Ontario Regulation 22/04 assessed: Compliant (C); Needs Improvement (NI); or Non-Compliant (NC).
2. An upward arrow indicates decreasing reliability while downward indicates improving reliability.
3. A benchmarking analysis determines the total cost figures from the distributor's reported information.
4. The CDM measure is based on the now discontinued 2015-2020 Conservation First Framework. 2019 results include savings reported to the IESO up until the end of February 2020.

Legend: 5-year trend: up, down, flat. Current year: target met, target not met.

Scorecard MD&A - General Overview

In 2020, Rideau St. Lawrence Distribution (RSL) met or exceeded most of the performance targets. Aging distribution infrastructure continues to be the primary challenge facing utilities today. Like most utilities in Ontario, Rideau St. Lawrence Distribution must replace aging infrastructure at an accelerated pace in order to meet this challenge. Distribution system maintenance, including tree trimming activities, is critical to reduce the vulnerability of the distribution system to external uncontrollable events, such as weather. In 2020, while we faced the unprecedented challenge of the COVID 19 pandemic, we achieved excellent system reliability results, as well as unchanged or better results in 16 out of the remaining 17 measurements.

We expect to report reliability results that are consistent with previous years in the future.

Further to the above, Rideau St. Lawrence Distribution continues to focus on you, the customer. Rideau St. Lawrence Distribution makes every effort to engage our customers on a regular basis to ensure we are aware of your needs and that you are receiving value for your money. Rideau St. Lawrence Distribution remains committed to providing its customers with safe, reliable service at a reasonable cost.

In 2021 Rideau St. Lawrence Distribution will continue its efforts to improve its overall scorecard performance results as compared to prior years. This performance improvement is expected as a result of continued investment in both our infrastructure and in our response to your needs.

Service Quality

- **New Residential/Small Business Services Connected on Time**

  The Ontario Energy Board's ("OEB") Distribution System Code ("DSC") requires electricity distributors to complete a connection for new service under 750 volts within five days after all applicable service conditions are satisfied. This service quality standard must be met at least 90% of the time on an annual basis. RSL considers "New Services Connected on Time" as an important form of customer engagement as it is the utility's first opportunity to meet and/or exceed its customer's expectations, which in turn affects the level of customer satisfaction within a utility's territory.

  In 2020, Rideau St. Lawrence Distribution connected 100% of 115 eligible low-voltage residential and small business customers to its system within the five-day timeline. This is considered to be a normal result for RSL. We expect to report results that are consistent with previous years in the future.

- **Scheduled Appointments Met on Time**

  The OEB's DSC requires that electricity distributors offer to schedule an appointment within a window of time that is no greater than four hours. The electricity distributor must arrive for the appointment within the scheduled timeframe 90% of the time. Rideau St. Lawrence Distribution considers "Scheduled Appointments Met" as an important form of customer engagement as customer presence is required for all types of appointments. RSL met 100% of 173 scheduled appointments requiring the presence of a customer / customer representative in 2020. We expect to report a similar result in 2021.

- **Telephone Calls Answered on Time**

The OEB's DSC requires that electricity distributors answer calls within 30 seconds, 65% of the time. The performance of this measurement is influenced by the volume of customer calls and is driven by factors such as billing inquiries, customer moves, and news about the electricity market in the media, conservation and demand management programs and power outages.

Rideau St. Lawrence Distribution considers "Telephone Calls Answered on Time" to be an important communication tool for identifying and responding to its customers' needs and preferences. In 2020, Rideau St. Lawrence Distribution received 7,435 calls from its customers (30 calls per day). Our customer service representatives answered 77.81% of these calls in 30 seconds or less, which is in our historical range. Our results exceed the Ontario Energy Board mandated target of 65% for this measure. We expect to report a similar result for 2021.

Customer Satisfaction

- **First Contact Resolution**

The OEB does not provide a specific metric for First Contact Resolution ("FCR"), which is a customer query resolved in a single contact, thereby eliminating the need for the customer to follow up with a second contact. The OEB instructed all electricity distributors to review and develop a number of customer satisfaction measurements for reporting starting in 2015. The OEB plans to review information provided by electricity distributors over the next few years and implement a commonly defined measure for this item in the future. As a result, each electricity distributor may have different measurements of performance until such time as the OEB provides specific direction regarding a commonly defined measure.

Rideau St. Lawrence Distribution defines "First Contact Resolution" as the number of customer enquires that are resolved by the first contact at the utility. This includes all customer enquires that are made to a customer service representative whether by telephone, letter, e-mail, or in person. Rideau St. Lawrence Distribution considers the ability to address customer enquiries quickly and accurately to be an essential component of customer satisfaction. In 2020 Rideau St. Lawrence Distribution received 889 enquiries from its customers, of which 99.55% (885 enquires) were successfully resolved during first contact, which is consistent with our historical results. Rideau St. Lawrence Distribution expects this trend to continue for 2021.

- **Billing Accuracy**

Billing Accuracy is defined as the number of accurate bills issued expressed as a percentage of total bills issued. Rideau St. Lawrence Distribution considers timely and accurate billing to be an essential component of customer satisfaction. In 2020, Rideau St. Lawrence Distribution issued 72,953 customer bills and achieved billing accuracy of 99.64%, which is above the Ontario Energy Board mandated target of 98%. The percentage is consistent with historical results. Rideau St. Lawrence Distribution expects to meet or exceed the target for 2021.

- **Customer Satisfaction Survey Results**

Rideau St. Lawrence Distribution engaged a third-party organization to conduct a customer satisfaction survey in 2021 to receive customer feedback on its performance. The statistical survey canvassed a number of key areas including power quality and reliability, price, billing and payments, communications, and the overall customer service experience. Rideau St. Lawrence Distribution considers this customer satisfaction survey to be a useful tool for engaging the customer to get a better understanding of their wants and needs with respect to the provision of electricity services, and for identifying areas that may require improvement. Rideau St. Lawrence Distribution received a rating of "B" on its customer satisfaction survey, which is consistent with prior survey result. RSL is required to report on this measure on a biennial basis (every second year). The next survey will be conducted in 2023.

.Safety

- **Public Safety**

The Public Safety measure is generated by the Electrical Safety Authority and is comprised of three components: Public Awareness of Electrical Safety, Compliance with Ontario Regulation 22/04, and the Serious Electrical Incident Index. A breakdown of the three components is as follows:

Component A – Public Awareness of Electrical Safety:
Component A consists of a statistical survey that gauges the public's awareness of key electrical safety concepts related to electrical distribution equipment found in a utility's territory. The survey also provides a benchmark of the levels of awareness including identifying gaps where additional education and awareness efforts may be required. Rideau St. Lawrence Distribution conducted a survey in 2020 which showed 84% for the level of public awareness. RSL is required to report on this measure on a biennial basis (every second year). The next survey will be conducted in 2022.

Component B – Compliance with Ontario Regulation 22/04:

Component B – Compliance with Ontario Regulation 22/04:
Component B consists of a utility's compliance with Ontario Regulation 22/04 - Electrical Distribution Safety. Ontario Regulation 22/04 establishes the safety requirements for the design, construction, and maintenance of electrical distribution systems, particularly in relation to the approvals and inspections required prior to putting electrical equipment into service. Consistent with historical years, Rideau St. Lawrence Distribution was found to be compliant with Ontario Regulation 22/04 (Electrical Distribution Safety) in 2020. This was achieved by our strong commitment to safety, and the adherence to company procedures & policies.

Component C - Serious Electrical Incident Index:
Component C consists of the number of serious electrical incidents, including fatalities, which occur within a utility's territory per 1,000 kms of line. Section 12 of Ontario Regulation 22/04 defines a "serious electrical incident" as:

(a) any electrical contact that caused death or critical injury to a person;
(b) any inadvertent contact with any part of a distribution system operating at 750 volts or above that caused or had the potential to cause death or critical injury to a person; or
(c) any fire or explosion in any part of a distribution system operating at 750 volts or above that caused or had the potential to cause death or critical injury to a person, except a fire or explosion caused by lightning strike.

In 2020, Rideau St. Lawrence Distribution had zero fatalities and zero serious incidents within its territory.

System Reliability

- **Average Number of Hours that Power to a Customer is Interrupted**

The average number of hours that power to a customer is interrupted (SAIDI) is a measure of system reliability or the ability of a system to perform its required function. Rideau St. Lawrence Distribution views reliability of electrical service as a high priority for its customers and monitors its system for signs of reliability degradation. Rideau St. Lawrence Distribution also regularly maintains its distribution system to ensure its level of reliability. The OEB requires a utility to keep its hours of interruption within the range of its historical performance; however, outside factors such as severe weather, defective equipment, or even regularly scheduled maintenance can greatly impact this measure.

For 2020, Rideau St. Lawrence Distribution experienced 0.12 hours of interrupted power per customer. The number is significantly lower than historical results. RSL adjusted its maintenance and repair plan in response to the pandemic, therefore scheduled outages were reduced. There were no major outage events in last year. Our 5-year average is 0.9. RSL expects that this measure for 2021 will be in its historical range.

- **Average Number of Times that Power to a Customer is Interrupted**

The average number of times that power to a customer is interrupted (SAIFI) is another measure of system reliability and is also a high priority for Rideau St. Lawrence Distribution. Rideau St. Lawrence Distribution views reliability of electrical service as a high priority for its customers and monitors its system for signs of reliability degradation. RSL also regularly maintains its distribution system to ensure its level of reliability.

The OEB requires a utility to keep this measure within the range of its historical performance; however, outside factors can greatly impact this measure. The measure for 2020 is 0.08 times per customer. RSL adjusted its maintenance and repair plan in response to the pandemic, therefore scheduled outages were reduced. There were no major outage events in last year. Our 5-year average is 0.39. RSL expects that this measure for 2021 will be in our historical range.

Asset Management

- **Distribution System Plan Implementation Progress**

The Distribution System Plan ("DSP") Implementation Progress measure was initiated by the OEB in 2013. The Distribution System Plan Implementation Progress measure is intended to assess a utility's effectiveness at planning and implementing its capital expenditures. The OEB does not require all distributors to use the same approach to measure DSP Implementation progress. Until the OEB establishes a definition for this measure, utilities may define the measure in the manner that best fits their situation. However, the OEB requires that a distributor report on this metric to indicate whether its work continues to be "on track" relative to its DSP.

In 2016, Rideau St. Lawrence Distribution filed a Distribution System Plan as part of its 2016 Cost of Service rate application. The DSP outlines the utility's forecasted capital expenditures over the next five years, which are required to maintain and expand the utility's electricity system to serve its current and future customers. The DSP details Rideau St. Lawrence Distribution's prioritization process, tools and methods which ultimately direct the utility's capital expenditure planning process.

Starting in 2017, Rideau St. Lawrence Distribution tracked actual cumulative capital expenditures against the total 5-year expenditures in the Distribution System Plan, expressed as a percentage. RSL has accomplished 113% of the 5-year plan by the end of 2020, the fifth year of the plan. A comparison of actual and planned expenditures on an individual project basis was used for 2016 when we did not have an approved DSP. RSL expects to accomplish the spending in the extended plan in the 2016 DSP.

Cost Control

- **Efficiency Assessment**

On an annual basis, each utility in Ontario is assigned an efficiency ranking based on its performance. The model used to rank cost efficiency performance is based on econometrics. Distributor cost is estimated as a function of business conditions faced by distributor. These business conditions include the number of customers served and the price of inputs such as labour and capital. The parameters of this model establish the relationship between each business condition and distributor cost.

The model can make a prediction of each distributor's cost given its business conditions. The distributor's actual cost is compared to that predicted by the model. The percentage difference between actual and predicted cost is the measure of cost performance.

To determine a ranking, electricity distributors are divided into five groups based on the magnitude of the difference between their actual costs and predicted costs. In 2020, our actual costs were 15.4% below the predicted costs and RSL was advanced to Group 2 in terms of efficiency due to improved cost performance. The actual total cost for 2020 was lower than 2019 too by 1.89%. Group 2 is considered good and is defined as having actual in excess of 10% and up to 25% below predicted costs based on a three-year rolling average. This is the first time that RSL is placed in Group 2 since 2013. Although Rideau St. Lawrence Distribution's forward-looking goal is to maintain its place in Group 2, management's expectation is that its efficiency performance will be in line of its historical results.

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of Rideau St. Lawrence Distribution's capital and operating costs and dividing this cost figure by the total number of customers that Rideau St. Lawrence Distribution serves.

The total cost per customer result for 2020 is $572 per customer, a 2.05% decrease over 2019. This is the result of a steady customer base and a reduced total cost for 2020. Normally, with a steady customer base, cost per customer tends to increase to keep pace with economic fluctuations. Rideau St. Lawrence Distribution will continue to seek out productivity and efficiency improvements. For 2021 we expect an increase in the cost measures as we resume our normal operations.

- **Total Cost per Km of Line**

This measure uses the same total cost that is used in the Cost per Customer calculation above. Based on this, Rideau St. Lawrence Distribution's rate is $32,239 per km of line, a 1.87% decrease over 2019 as a result of a decrease in total cost and unchanged km of line. As mentioned in Total Cost per Customer, the reduced total cost contributed to this measure too. As we progress into the future, Rideau St. Lawrence Distribution will continue to seek out innovative solutions to help ensure cost/km of line remains within acceptable limits to our customers. For 2021 we expect an increase in the cost measures as we resume our normal operations.

Connection of Renewable Generation

- **Renewable Generation Connection Impact Assessments Completed on Time**

Electricity distributors are required to conduct Connection Impact Assessments (CIA's) on all renewable generation connections within 60 days of receiving authorization from the Electrical Safety Authority.

In 2020, no CIA's were required. Rideau St. Lawrence Distribution was unable to connect additional renewable generation projects, due to restraints imposed by Hydro One.

- **New Micro-embedded Generation Facilities Connected On Time**

Micro-embedded generation facilities consist of solar, wind, or other clean energy projects of less than 10 kW that are typically installed by homeowners, farms or small businesses. In 2020, Rideau St. Lawrence Distribution connected no new micro-embedded generation facilities within its territory. Rideau St. Lawrence Distribution will continue to work closely with its customers and their contractors to ensure the customer's needs are met and/or exceeded.

Financial Ratios

- **Liquidity: Current Ratio (Current Assets/Current Liabilities)**

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

Rideau St. Lawrence Distribution's current ratio is 0.76 in 2020, slightly lower than previous year. RSL expects a current ratio similar to our historical trend for 2021.

- **Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio**

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

In 2020, Rideau St. Lawrence Distribution's debt to equity ratio was improved to 0.44, consistent with our historical leverage range. Historically RSL's Total Debt to Equity Ratio has been below the ratio expected by the Ontario Energy Board. Rideau St. Lawrence Distribution believes that a low risk/low debt approach is appropriate for a utility of our size. Rideau St. Lawrence Distribution expects its debt to equity ratio to increase in 2021 due to increased financing needs.

- **Profitability: Regulatory Return on Equity – Deemed (included in rates)**

Return on equity (ROE) measures the rate of return on shareholder equity. ROE demonstrates an organization's profitability or how well a company uses its investments to generate earnings growth. Rideau St. Lawrence Distribution's current distribution rates were approved by the OEB in 2017 and include an expected (deemed) regulatory return on equity of 8.78%. The OEB allows a distributor to earn within +/- 3% of the expected return on equity. If a distributor performs outside of this range, it may trigger a regulatory review of the distributor's financial structure by the OEB.

- **Profitability: Regulatory Return on Equity – Achieved**

Rideau St. Lawrence Distribution achieved a ROE of 6.09% in 2020, which is an improvement over 2019, and is within the prescribed range (see above paragraph). RSL will continue to report lower than desired ROE until rates are reviewed by the OEB in 2022.

SWOT Analysis

Strengths:

- Local utility, open and available to the public. We provide personal service.
- Strong relationships with local Municipalities.
- Extensive industry experience in all departments.
- Reliable electricity supply.
- High Customer Satisfaction Survey rating.
- Strong Board Governance.
- Comparatively low distribution rates.
- Relationship through CHEC with other utilities, increasing knowledge base available.
- Safe work environment for employees and customers.

Weaknesses:

- Small customer number in a large geographic area.
- Service territory is interrupted by large Hydro One areas.
- Loss of supply customer interruptions due to Hydro One outages.
- Cannot add renewable generation due to Hydro One feeder restrictions.
- Lack of customer growth.
- Poor economic conditions/quantity of low-income customers.

Opportunities:

- Electric vehicle charging & increasing demand
- Energy storage
- Merger/acquisition of another LDC
- Hiring of new staff as existing staff retire

Threats:

- Retirement of 33% of RSL staff in the next 5 years, including all of the existing Management team.
- Energy storage
- Inefficiency as a result of over-regulation.

Performance Metrics and Benchmarking

Another development that has brought utility customer satisfaction to the forefront is the use of benchmarking studies, which compare levels of customer satisfaction across utilities. High scores in benchmarking studies can show that utilities are recognized as being the best in class.

Perhaps the most widely-known benchmark of efficiency rating comes from the Pacific Economics Group ("PEG") report which surveys utilities in Ontario. The PEG analysis is one of the only instruments that compares utilities' cost efficiencies on a consistent basis and is publicly available. PEG produces an annual report that provides a ranking of the utilities included in the study, summarizes the results, and provides insight into the trends in utility efficiency scoring.

Past Performance

The PEG past performance table BP3 below shows RSL's performance for the last four historical years of business. The PEG report uses econometrics to determine the cost efficiency of distributors. The following percentages represent the percentage difference between RSL's actual costs and the costs predicted by the econometrics model from PEG. A negative percentage indicates that costs are less than those predicted/expected. The data reported by PEG shows that RSL consistently has costs that are below the costs predicted by the PEG econometrics model. The results are indications that RSL is consistently controlling its costs.

Table BP3 – PEG Cost Performance Results

PEG Cost Performance Results	
Year	% Variance from Predicted Costs
2016	-8.10%
2017	-4.10%
2018	-9.40%
2019	-11.20%
2020	-15.40%

The information above addresses the current state of Rideau St. Lawrence Distribution. Below we list pillars of focus moving forward.   In the coming 5 years RSL will transform the business to meet the changing LDC landscape in Ontario.   There are 3 major pillars of focus.

1. Drive effectiveness and stability

a. Continue proactively maintaining low unplanned outages through planned work
b. Increase training and inspections for reduce business risks

2. Accelerate Efficiency Improvement

a. Reduce effort waste in the organization
b. Increase effectiveness of planned maintenance through planning and scheduling
c. Cycle review and tender services

3. Engage through technology

a. Expand engagement through website, social media, customer portal, Green Button
b. Improved GIS accuracy for our distribution system

With the 5 year COS plan and the major focus areas, RSL will breakdown the activities into annual action plans and then quarterly action plans. These plans will be incorporated into the workplan of all employees in the organization.

Customer Summary

Ex.1/Tab 3/Sch.1 – Customer Summary

Rideau St. Lawrence Distribution Inc. (“RSL”) has prepared a Cost of Service application for an increase to its rates to the Ontario Energy Board (“OEB”). The proposed effective date of the new rates is January 1, 2022. The OEB has assigned a file number to the application: EB-2021-0056.

What is a Cost of Service application?

A Cost of Service application contains detailed information about the utility and its costs. The application explains how much it costs to run the business, which determines the rates needed to provide the money to pay for those costs. A Cost of Service application is typically created every 5 years, and is known as “rebasing”.

Why is the rate increase needed?

RSL’s last Cost of Service rates were approved in 2017. Since that time, costs have increased. Interim rate increases since 2017 have been less than the rate of inflation. This creates a large gap between the revenues from rates and the costs to run our business. This has a direct impact on the financial position of the company.

Which rates will change?

The electricity bill contains many types of charges. RSL’s rate application will only change the Delivery portion of the bill, which primarily includes RSL’s revenues and Hydro One’s transmission costs. This application does not affect the cost of energy, usually shown on your bill as Time of Use rates or Tiered rates.

How much will the bill change?

If the rate application is approved as submitted, the following increases are expected for a Residential customer using 750 kWh per month or a Commercial customer using 2,000 kWh per month:

Residential = $10.77 increase per month for the total bill, an increase of 8.9%.

Commercial (GS < 50 kW) = $9.75 increase per month for the total bill, an increase of 3.2%.

How is the money spent?

You can split the costs of running a utility into primarily 2 pieces: Capital and Operating Expenses. Capital spending is for the equipment that brings the electricity to your home or business: Distribution Stations, poles, transformers, wire, and meters. It also includes trucks, tools, and computer equipment. The detailed information about Capital Projects is included in Exhibit 2 of our application, Rate Base. The exhibit includes the Distribution System Plan, which has detailed descriptions of the proposed major projects. The following Table CS1 is a list of capital work planned for 2022:

Table CS1: Proposed Capital Projects for 2022

Projects	2022
MS2 Morrisburg Relocation	500,000
Transformer Replacements	58,698
Meter Replacements	29,782
Bell Fibre to Home	177,869
Miscellaneous Projects	15,689
High Street	52,974
Computer Software	5,000
Computer Hardware	19,000
Vehicles	60,000
Tools	10,000
Total	**929,012**

The other cost is for Operating Expenses, and this includes the day-to-day operation of the utility: Operations, Maintenance, Meter Reading, Billing, Customer Service, and Administration. Detailed information about Operating Expenses can be found in Exhibit 4, Operating Expenses. This exhibit provides historical information and explains changes to expenses over the years. Table CS2 shows a summary of the proposed Operating Expenses for 2022.

Table CS2: Proposed Operating Expenses for 2022

Type of Expense	2022
Operations	362,465
Maintenance	450,600
Billing and Collecting	551,220
Community Relations	32,500
Administrative	1,092,127
Total Operating Expenses	2,488,912

What is the next step?

The rate application will be reviewed by OEB staff and by registered Intervenors, who represent various customer groups. They will test and challenge the assumptions and numbers in the application. RSL will work with these groups to answer their questions, and adjust the application as needed.

When will the application come into effect?

The review process can take several months, depending on the complexity of the application. It typically takes as much as six months after the original submittal of the application for the rates to be approved and implemented.

Can I see more information about the application?

Yes! The full application is available on both the OEB and RSL websites.

Administration

Ex.1/Tab 4/Sch.1 – Contact Information and Legal Application

Application contact information is as follows:

Peter Soules – Chief Financial Officer
PO Box 699, 985 Industrial Rd.
Prescott, ON K0E 1T0
Phone: 613-925-3851
Fax: 613-925-0303
Email: psoules@rslu.ca

Simon Wu – President and Chief Executive Officer
PO Box 699, 985 Industrial Rd.
Prescott, ON K0E 1T0
Phone: 613-925-3851
Fax: 613-925-0303
Email: swu@rslu.ca

Darryl Reynolds – Operations Manager
PO Box 699, 985 Industrial Rd.
Prescott, ON K0E 1T0
Phone: 613-925-3851
Fax: 613-925-0303
Email: dreynolds@rslu.ca

ONTARIO ENERGY BOARD

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

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

APPLICATION

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

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

The Applicant followed Chapter 2, Cost of Service, of the Filing Requirements for Electricity Distribution Rate Applications – 2021 Edition for 2022 Rate Applications – dated June 24, 2021 (the “Filing Requirements”) in preparing this Application.

Rideau St. Lawrence Distribution Inc. hereby applies to the Board pursuant to section 78 of the Act for an Order or Orders approving or fixing just and reasonable distribution rates effective January 1, 2022.

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

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

RSL requests, pursuant to Section 34.01 of the Board’s Rules of Practice and Procedure, a written hearing to address any questions raised by Board Staff and other interested parties regarding this 2022 Cost of Service Rate Application

Rideau St. Lawrence Distribution Inc. applies for an Order or Orders approving the proposed distribution rates and other charges set out in this Application to be effective January 1, 2022 or as soon as possible thereafter. The Applicant submits these rates and charges are just and reasonable.

RSL understands that due to filing this application late, the proposed rates may not be approved in time to be implemented on January 1, 2022. RSL would request that the Board approve RSL's existing rates as interim rates subject to a final order, and that the Board approval for rates effective January 1 2022, are to be implemented in such a way that RSL recovers revenues with in the 2022 Rate Year.

The address of service for the Applicant is:
985 Industrial Road
Prescott ON
K0E 1T0

Statement of Certification

As President and CEO of Rideau St Lawrence Distribution Inc., I, Simon Wu, certify that, to the best of my knowledge, the evidence filed in this Application is accurate, complete, and consistent with the Ontario Energy Board's Filing Requirements for Electricity Distribution Rate Applications – 2021 Edition for 2022 Rate Applications - issued on June 24, 2021. There are no known or intentional deviations from the Filing Requirements.

Dated at the Town of Prescott, in the County of Leeds and Grenville, in the Province of Ontario, this 26th day of November, 2021.

Rideau St. Lawrence Distribution Inc.

Simon Wu
President and CEO

Signature

Peter Soules
Chief Financial Officer

Signature

Ex.1/Tab 4/Sch.2 – Identification of Legal and Other Representation

For the purpose of this application, RSL has received the assistance of Mr. Peter Krotky, P. Eng of Oakley Engineering with the Distribution System Plan and Mr. Bruce Bacon of Borden Ladner Gervais LLP reviewed the Load Forecast model. RSL will use Borden Ladner Gervais LLP as needed during the review and settlement processes.

Ex.1/Tab 4/Sch.3 – Confirmation of Internet Address

Rideau St. Lawrence Distribution Inc.’s website address is www.rslu.ca.

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

Ex.1/Tab 4/Sch.4 – Statement of Publication

RSL recommends that the following publications should be used for the Notice of Hearing. RSL has used the Morrisburg and Westport newspapers for many years for various purposes. The Prescott Journal, which we have also used for many years, has closed its business. The South Grenville Beacon is a new publication in this area.

- The Morrisburg Leader – distribution of 2,100 covering Morrisburg, Williamsburg, and Iroquois
- The South Grenville Beacon (a new newspaper, unknown distribution) for Prescott, Cardinal, and the surrounding area
- The Westport Review Mirror – distribution of 1,944 for Westport and the surrounding area

Ex.1/Tab 4/Sch.5 – Bill Impacts

Table 1.2 below shows the bill impact related to the Distribution Charge portion of the bill for residential and GS<50 customer classes. A full list of the bill impacts applicable to all customer classes is found at Exhibit 8/Tab1/Sch.14.

Table 1.2: Bill Impacts (Selected Customer Classes)

Customer Class	Consumption	2021 Distribution Charge	2022 Distribution Charge	Dollar Change	% Change
Residential	750 kWh	27.11	37.06	9.95	36.68%
General Service < 50 kW	2,000 kWh	56.63	62.69	6.06	10.70%

Ex.1/Tab 4/Sch.6 – Form of Hearing Requested

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

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

Ex.1/Tab 4/Sch.7 – Requested Effective Date

RSL requests an effective date of January 1, 2022.

Ex.1/Tab 4/Sch.8 – Changes to Methodologies

There have been no significant changes to methodologies used by RSL in this application. RSL advises that the Fixed Asset Continuity Schedule is presented differently because of the implementation of IFRS. When RSL adopted IFRS in 2015, accumulated depreciation and contributed capital were merged with the asset balance. This change made no difference to depreciation calculations or to the net book value of the assets.

Ex.1/Tab 4/Sch.9 – OEB Directions from Previous OEB Decisions or Orders

In the decision for RSL's 2016 Cost of Service application (EB-2015-0100), the following statement appears in the Settlement Agreement:

"RSL appears to have an unusually high number of planned outages and scheduled outages. RSL agrees that, prior to its next cost of service rebasing application, it will carry out an assessment of the underlying causes of its level of planned outages and scheduled outages and will file that assessment together with RSL's recommendations as part of RSL's next cost of service rebasing application."

RSL has reviewed the number of planned and scheduled outages and is providing an explanation as part of the Distribution System Plan in Exhibit 2.

In its 2018 IRM application (EB-2017-0265) RSL filed an Incremental Capital Model for the purchase of a digger truck. The monthly charge related to this capital purchase continues until the next Cost of Service rates are effective.

RSL will end the rate rider for the capital funding effective with the date of the implementation of rates from this application. Please see Exhibit 2 for a detailed explanation of this topic.

In its 2019 IRM (EB-2018-0065), RSL requested a new deferral account: Account 1508 – Other Regulatory Assets – Sub-Account Lost Revenue – Collection of Account Charge. This account has been used to record Collection revenues lost due to the change in Customer Service Rules that eliminated the charge. The following is from the Decision and Rate Order:

"The deferral account is expected to cease when Rideau St. Lawrence Distribution Inc. next rebases, as there will be no lost revenues thereafter once its rates are reset without the provision for other revenues from the Collection of Account Charge."

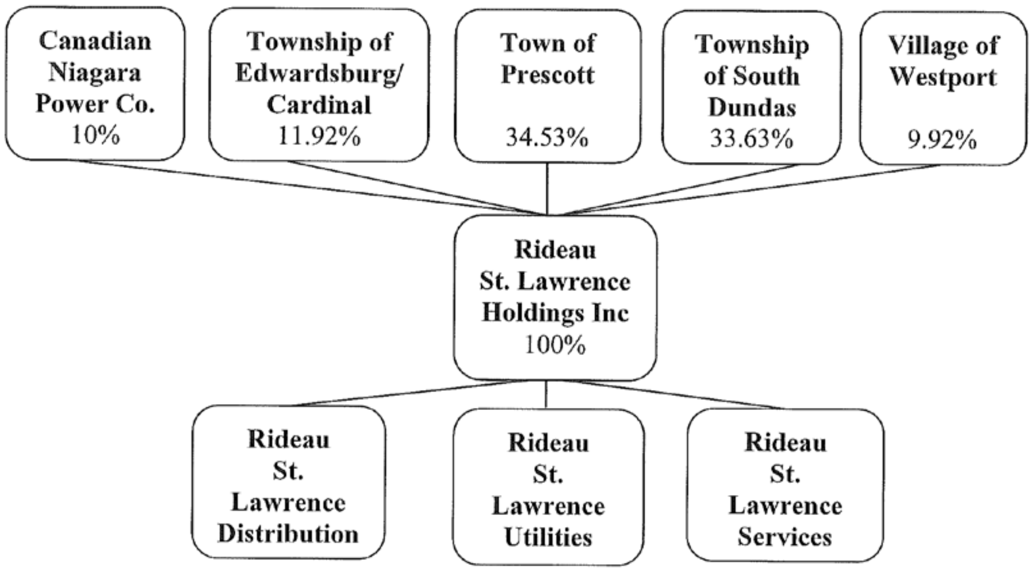
RSL confirms that it will stop recording lost revenues to the deferral account effective with the implementation of rates from this application.

Ex.1/Tab 4/Sch.10 – Conditions of Service

RSL's Conditions of Service can be found at www.rslu.ca. The Conditions of Service was last updated in 2017.

RSL confirms that there are not rates or charges listed in the Conditions of Service that are not on its Tariff of Rates and Charges.

Ex.1/Tab 4/Sch.11 – Corporate and Utility Organizational Structure



Rideau St. Lawrence Holdings Inc.:

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

Rideau St. Lawrence Distribution Inc.:

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

Rideau St. Lawrence Utilities Inc.:

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

Rideau St. Lawrence Services Inc.:

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

Table 1.3 shows the group of RSL companies, and the Shareholder representation on each Board.

Table 1.3: Board Representation

Rideau St. Lawrence Holdings	Rideau St. Lawrence Distribution	Rideau St. Lawrence Utilities	Rideau St. Lawrence Services
Village of Westport	Village of Westport	Village of Westport	Village of Westport
Township of Edwardsburgh/Cardinal	Fortis Ontario	Township of Edwardsburgh/Cardinal	Township of Edwardsburgh/Cardinal
Town of Prescott	Independent Director	Town of Prescott	Town of Prescott
Fortis Ontario		Fortis Ontario	Fortis Ontario
Municipality of South Dundas		Municipality of South Dundas	Municipality of South Dundas

RSL has one independent board member, (meaning that they are not an employee or officer of the utility) and two appointed members, as per our policy. This conforms to the Affiliate Relationship Code ("ARC") whereby at least one-third of its directors must remain independent from Affiliate Boards. Table 1.4 shows the Shareholder representation on the RSL Distribution Board.

Table 1.4: RSL Distribution Corporate Entities Relationship Chart

Shareholder	Directors
Village of Westport	1 Director
Township of Edwardsburgh/Cardinal	
Town of Prescott	
Fortis Ontario	1 Director
Municipality of South Dundas	
Independent	1 Director

Open, frank and honest discussions are encouraged at all Board and Committee meetings. Management provides the RSL Board with all the written reports, PowerPoint presentations, oral reports, verbal and written responses to RSL Board inquires, that are crucial to the successful realization of RSL's corporate goals and objectives.

RSL Distribution Board Members bring extensive experience as follows:

- LDC Experience

- Municipal Management Experience
- Corporate Law Experience
- Electrical Engineering Experience

RSL does not have a written Board mandate.

In general, the unofficial board mandate includes:

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

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

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

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

Orientation:

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

Continuing Education:

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

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

- Attendance at industry associated meetings such as EDA meetings, etc.
- Industry updates provided at each Board Meeting
- Regular discussions between Board members and RSL management about industry and regulatory matters

Updates on CHEC functions:

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

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

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

RSL does not have any Board Committees.

There are no planned changes in the corporate or operational structure, and no planned changes in legal organization and control.

Ex.1/Tab 4/Sch.12 – Specific Approvals Requested

In its 2022 Cost of Service Rate Application, Rideau St. Lawrence Distribution Inc. is requesting the following approvals:

1. Approval of RSL's existing rates as interim rates subject to a final order, and that the Board approval for rates effective January 1, 2022, are to be implemented in such a way that RSL recovers revenues within the 2022 Rate Year.

2. Approval of the Distribution System Plan as presented in Exhibit 2.

3. Approval of distribution rates effective January 1, 2022 to recover a revenue requirement of $3,360,105 for the 2022 Test Year. This includes revenue deficiency of $489,919 as detailed in Exhibit 6. The schedule of proposed rates is set out in Exhibit 8.

4. Approval of revised Low Voltage Rates as proposed and described in Exhibit 8.

5. Approval for an adjustment to the Retail Transmission Service Rates approved in the Applicant's 2021 IRM application (EB-2020-0053) as detailed in Exhibit 8.

6. Approval to continue to charge the Wholesale Market Service Rate, the Capacity Based Recovery Rate, and the Rural or Remote Electricity Rate Protection Charge approved in the Applicant's 2021 IRM application (EB-2020-0053) as detailed in Exhibit 8.

7. Approval to continue the Specific Service Charges except Wireline Pole Attachment Charge, the Transformer Allowance, and the Standard Supply Service charge approved in the Board Decision and Order in the matter of RSL's 2021 distribution rates (EB-2020-0053) as detailed in Exhibit 8.

8. Approval for an adjustment to Wireline Pole Attachment Charge approved in the Board Decision and Order in the matter of RSL's 2021 distribution rates (EB-2020-0053) as detailed in Exhibit 8.

9. Approval to continue the microFIT monthly service charge approved in the Board Decision and Order in the matter of RSL's 2021 distribution rates (EB-2020-0053) as detailed in Exhibit 3.

10. Approval of the proposed Loss Factor as detailed in Exhibit 8.

11. Approval of the Rate Riders for a one year disposition of the Group 1 Deferral and Variance account balances as detailed in Exhibit 9.

12. Approval of the Rate Riders for a one year disposition of the Group 2 Deferral and Variance account balances as detailed in Exhibit 9.

13. Approval of the Rate Riders for a one year disposition of the Lost Revenue Adjustment Mechanism variance account ("LRAMVA") for lost revenue from 2019 as detailed in Exhibit 4.

14. Approval to establish certain new deferral and variance accounts as presented in Exhibit 9.

Please note that Tab 2-A Requested Approval in the Chapter 2 Appendices Model is incorrect. The model cannot be edited and saved, so a separate PDF file is being submitted with the application, and is Appendix 1-2 in this exhibit.

Distribution System Overview

Ex.1/Tab 5/Sch.1 – Service Area

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

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

Total Service Area: 18 square km.

Rural Service Area: No Rural Service Area

Distribution Type: Embedded in Hydro One Networks

Service Area Population: 11,842

Municipal Population: 20,547

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

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

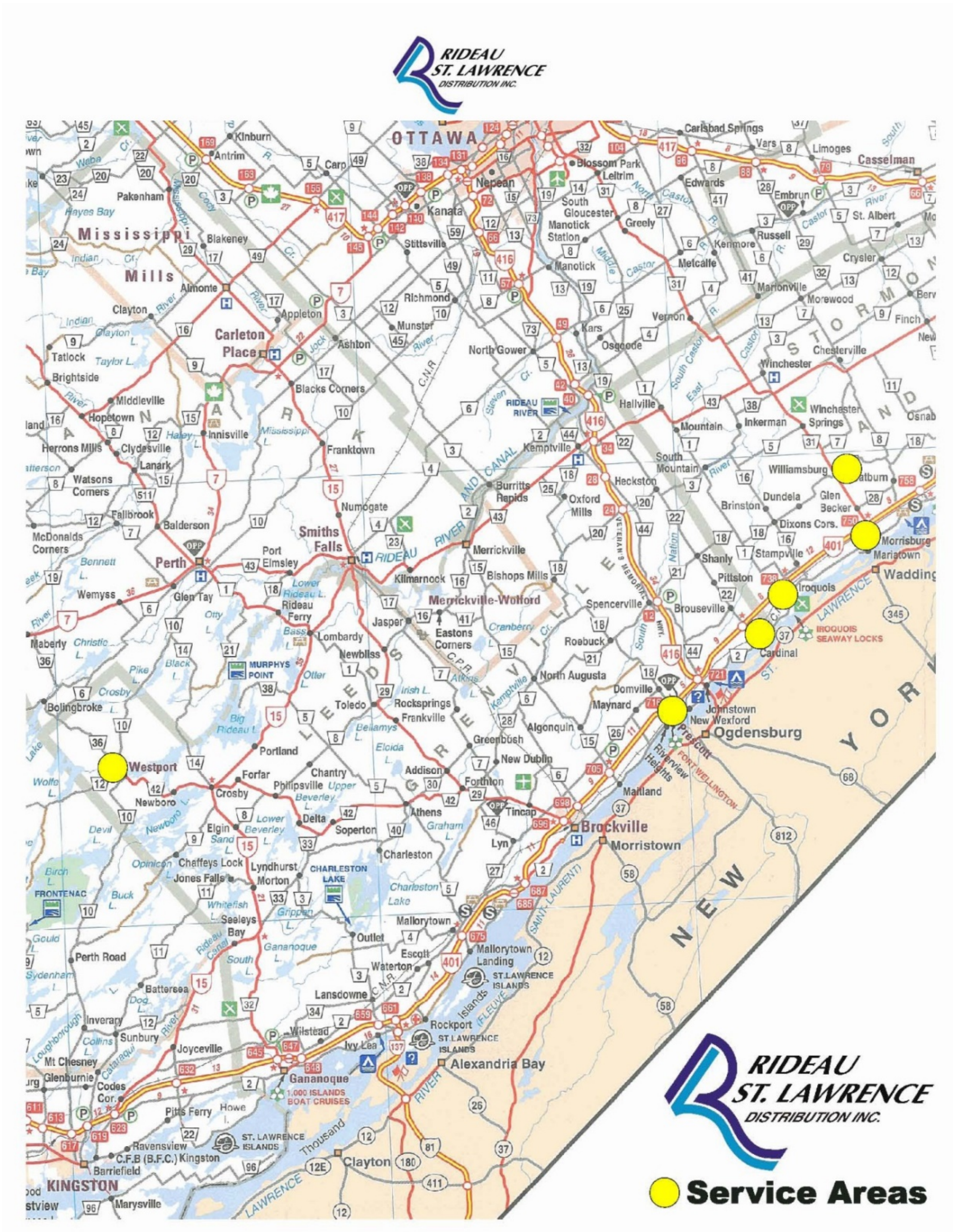
Iroquois Boundaries: The Municipal Boundary of the former Village of Iroquois as it existed on March 31, 1995, now in the Township of South Dundas.

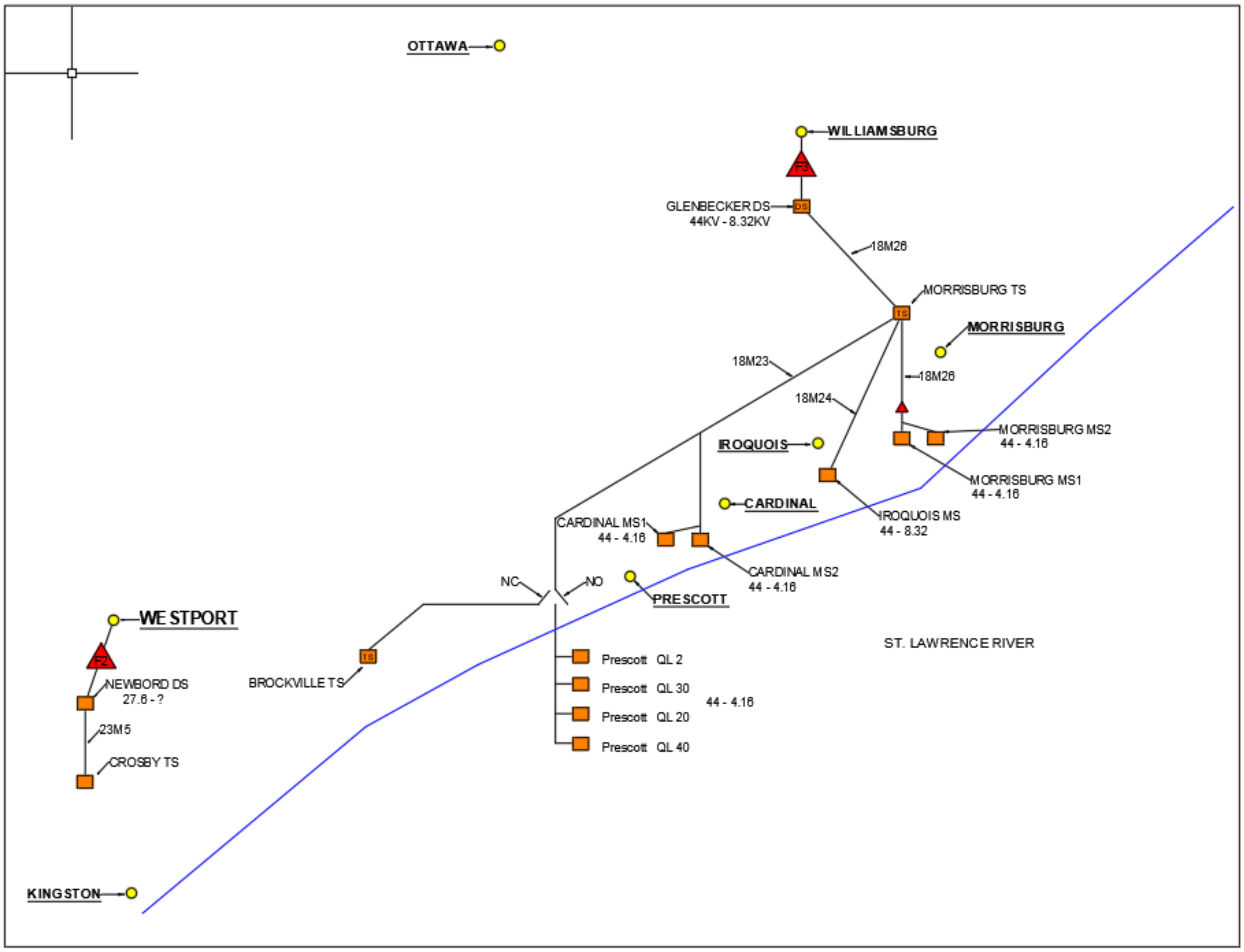
Morrisburg Boundaries: The Municipal Boundary of the former Village of Morrisburg as it existed on December 31, 1997, now in the Township of South Dundas.

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

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

A map of the service area served by RSL is found on the next page, followed by a system map and station information.




OTTAWA
WILLIAMSBURG
GLENBECKER DS
44KV - 8.32KV
18M26
MORRISBURG TS
MORRISBURG
18M23
18M26
18M24
IROQUOIS
MORRISBURG MS2
44 - 4.16
MORRISBURG MS1
44 - 4.16
CARDINAL
IROQUOIS MS
44 - 8.32
CARDINAL MS1
44 - 4.16
CARDINAL MS2
44 - 4.16
NC
NO
PRESCOTT
WESTPORT
ST. LAWRENCE RIVER
NEWBORO DS
27.6 - ?
BROCKVILLE TS
Prescott QL 2
Prescott QL 30
Prescott QL 20
Prescott QL 40
44 - 4.16
23M5
CROSBY TS
KINGSTON

Station	Year Energized	Voltage	Transformer Size	No. of Feeders	HV Protection	LV Protection
Cardinal MS1	Jun 1953	44 – 2.4 kV	3.0 MVA	2	65E	400A Fuses
Cardinal MS2	Sep 1996	44 – 2.4 kV	3.0 MVA	2	65E	400A Fuses
Iroquois MS1 (back-up tx)	Jun 1953 (T1) Feb 2016 (T2)	44 – 4.8 kV 44 – 4.8 kV	3.0 MVA 3.0 MVA	2	100E 100E	300A Fuses, 200A Reclosure 400A Fuses
Morrisburg MS1	Sep 1976	44 – 2.4 kV	5.0 MVA	4	150E	400A Fuses
Morrisburg MS2	Jun 1989	44 – 2.4 kV	5.0 MVA	2	150E	400A Fuses
Prescott MS1/QL2	1965	44 – 2.4 kV	3.0 MVA	3	SMD-50	400A Fuses
Prescott MS2/QL20	Jun 1954 Refurb 2017	44 – 2.4 kV	5.0 MVA	2	80E	400A Fuses
Prescott MS3/QL40	June 1963	44 – 2.4 kV	5.0 MVA	4	100E	400A Fuses
Prescott MS4/QL30	Oct 1991	44 – 2.4 kV	5.0 MVA	2	60F	400A Reclosure

Ex.1/Tab 5/Sch.2 – Host/Embedded Distributor

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

RSL does not have any embedded distributors within its territory.

Ex.1/Tab 5/Sch.3 – Transmission or High Voltage Assets

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

Application Overview

Ex.1/Tab 6/Sch.1 – Revenue Requirement

RSL proposes to recover through distribution rates a revenue requirement of $3,152,487. Table 1.5 below shows a comparison of the 2016 Board Approved Revenue Requirement versus the 2022 Test Year proposed Revenue Requirement. All of these drivers are explained in their respective Exhibits.

Table 1.5: 2022 Proposed Revenue Requirement

Particular	2016 Board Approved	2022 Test	Var $	Var %
OM&A Expenses	2,092,824	2,488,912	396,088	19%
Amortization Expense	365,942	403,368	37,426	10%
Property Taxes	18,187	28,700	10,513	58%
Total Distribution Expenses	2,476,953	2,920,980	444,027	18%
Regulated Return On Capital	362,633	439,125	76,492	21%
Grossed up PILs	23,102	-	- 23,102	-100%
Service Revenue Requirement	2,862,688	3,360,105	497,417	17%
Less: Revenue Offsets	- 270,254	- 207,618	62,636	-23%
Base Revenue Requirement	2,592,434	3,152,487	560,053	22%

Ex.1/Tab 6/Sch.2 – Budgeting and Accounting Assumptions

RSL has prepared this application under the International Financial Reporting Standard ("IFRS"). RSL adopted IFRS as of January 1, 2015.

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

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

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

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

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

- Detailed expenses for the prior 2-3 years by account and supplier are reviewed. Current year to date actual expenses are also provided. A current year forecast is created by the CFO, and is reviewed with the President and CEO and the Operations Manager to aid in development of full year forecast estimates.
- Outside expenses for all department budgets are built based on analysis including previous years actual information, current year forecast, known changes in external costs, and changes in departmental activities or responsibilities in response to new legislation/regulations/industry activities;
- Variances in spending from prior years must be explained and documented, both at the time of creating forecast and on a monthly basis as actuals are compiled;
- Review the headcount of the department for accuracy and outline any changes such as vacancies, retirements etc.;

- The CFO prepares a total labour budget by department using projected wage and benefit cost. Overtime and account distribution are based on previous years actual.
- Expense normalization is used to smooth the impact of costs that are incurred regularly but not annually.

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

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

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

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

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

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

Economic Overview:

As a part of the budgeting process, inflation is taken into consideration when forecasting expenses for the coming year. The cost of living is based on the core inflation rate of 2.5% which is the average rate of inflation as calculated by the Bank of Canada with assumptions that the inflation rate of 4.09% in 2021 will continue in 2022. The Bank of Canada is a well-known, reliable and widely used source in establishing inflation rates, not to mention the prescribed interest rates approved by the OEB. The Central Bank's system provides a clear measure of the effectiveness of monetary policy and increases the predictability of inflation. Note that, at page 16 of the Report of the Board entitled "Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach" issued October 18, 2012, the Board quotes the Bank of Canada as an objective source."

Economic conditions in RSL's service territory remain relatively unchanged from past years. Population has been consistent, based on Census data (2011, 2006 and 2001). Residential customers account for 85% of all RSL customers and 41% of kWh consumption from 2011 to 2020.

The changes in RSL customer numbers have been small and inconsistent among customer classes over past years. Comparing the 2016 Board Approved customer numbers with 2022 Proposed numbers, the only notable change is to the GS 50 – 4999 class. The reduction of 8% is for 5 customers, primarily due to changes in rate classification. The GS<50 is lower by 13 customers, or 2%. This customer class is the most volatile due to the nature of small businesses. Although RSL does not have specific evidence to explain the reduction in GS<50, we suspect that COVID-19 was a direct cause of some business closures.

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

Ex.1/Tab 6/Sch.3 – Load Forecast Summary

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

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

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

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

Weather normalized values are determined by using the regression equation with an 10-year average monthly degree days (2011-2020). A 10-year average is consistent with recent years' weather and has been used in other electricity distribution rate applications and has been accepted by the Board.

Allocation to specific weather sensitive rate classes (Residential, GS<50, GS 50-4,999) is based on the average share of each classes' actual retail kWh (exclusive of distribution losses) of actual wholesale kWh for the 2016 to 2020 period.

The 2022 Load Forecast is presented in Table 1.6 and detailed explanations of the load forecast can be found in Exhibit 3.

Table 1.6: Load Forecast

Customers or Connections

Customer Class Name	2016 Board Approved	Test Year 2022	Variance $	Variance %
Residential	5,071	5,129	58	1%
General Service < 50 kW	740	727	- 13	-2%
General Service 50 - 4999 kW	64	59	- 5	-8%
Sentinel Lighting	73	73	-	0%
Street Lighting	1,711	1,712	1	0%
Unmetered Scattered Loads	58	57	- 1	-2%
Total	7,717	7,757	40	1%

Metered kWh

Customer Class Name	2016 Board Approved	Test Year 2022	Variance $	Variance %
Residential	40,480,043	43,536,196	3,056,153	8%
General Service < 50 kW	20,348,623	17,290,656	- 3,057,967	-15%
General Service 50 - 4999 kW	39,456,019	33,433,327	- 6,022,692	-15%
Sentinel Lighting	106,791	92,955	- 13,836	-13%
Street Lighting	773,158	642,914	- 130,244	-17%
Unmetered Scattered Loads	546,384	535,316	- 11,068	-2%
Total	101,711,018	95,531,364	- 6,179,654	-6%

Billed kW

Customer Class Name	2016 Board Approved	Test Year 2022	Variance $	Variance %
General Service 50 - 4999 kW	115,477	99,076	- 16,401	-14%
Sentinel Lighting	302	258	- 44	-15%
Street Lighting	2,070	1,744	- 326	-16%
Total	117,849	101,078	- 16,771	-14%

Ex.1/Tab 6/Sch.4 – Rate Base and Distribution System Plan

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

The proposed Rate Base for the 2022 test year of $7,877,232 reflects an increase of $986,206 from the 2016 Board Approved amount. The rate base suggests a consistent investment in the distribution assets and is necessary in order to meet other regulatory requirements such as "obligation to connect" new growth, and the need to maintain high electrical safety standards. Table 1.7 below shows the derivation of the proposed 2022 rate base. The increase in RSL's rate base is due to the investment in assets. In 2017 RSL purchased a new POSI digger truck. Other investments have been made for projects identified in the 2016 DSP and also for customer-driven work such as the Bell Fibre To Home project.

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

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

Table 1.7: Rate Base

	Board App	Test		
Particulars	2016	2022	Var $	Var%
Net Capital Assets in Service:				
Opening Balance	5,626,388	6,676,307	1,049,919	18.7%
Ending Balance	5,626,388	7,001,951	1,375,563	24.4%
Average Balance	5,626,388	6,839,129	1,212,741	21.6%
Working Capital Allowance	1,264,638	1,038,103	(226,535)	-17.9%
Total Rate Base	6,891,026	7,877,232	986,206	14.3%

Table 1.8 below shows the calculation of the Working Capital Allowance which is part of the Total Rate Base.

Table 1.8: Working Capital Allowance

Expenses for Working Capital	Board Appr 2016	Test Year 2022	Var $	Var%
Eligible Distribution Expenses:				
Distribution Expenses - Operations	254,368	362,465	108,097	42%
Distribution Expenses - Maintenance	433,201	450,600	17,399	4%
Billing and Collecting	506,836	551,220	44,384	9%
Customer Relations	30,592	32,500	1,908	6%
Administrative and General Expenses	867,827	1,092,127	224,300	26%
Taxes other than Income Taxes	18,187	28,700	10,513	58%
Total Eligible Distribution Expenses	2,111,011	2,517,612	406,601	19%
Power Supply Expenses	14,750,833	11,323,764	(3,427,069)	-23%
Total Expenses for Working Capital	16,861,844	13,841,376	(3,020,468)	-18%
Working Capital Factor	7.5%	7.5%		
Total Working Capital	1,264,638	1,038,103	(226,535)	-18%

As described in the Distribution System Plan, RSL's capital expenditures are modest and consistent. RSL has identified the projects that exceed the materiality threshold and has provided details about them in the DSP. Tables 1.9 and 1.10 below provide the summary of RSL's net capital expenditures.

Table 1.9: Capital Expenditure Summary

Table 1.5											
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Actual	Actual	Actual	Actual	Actual	Bridge	Plan	Plan	Plan	Plan	Plan
Category	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
System Access	106	219	19	75	82	208	500	500	-	-	-
System Renewal	244	245	502	425	542	555	335	258	593	537	145
System Service	90	239	-	-	-	-	-	49	-	94	150
General Plant	40	499	38	71	136	81	94	139	89	164	440
Capital Contributions	- 99	- 124	- 63	- 139	- 176	- 400	- 200	-	-	-	-
Total	381	1,078	496	432	584	444	729	946	682	795	735

Table 1.10: Changes to Capital Expenditures

Gross Capital Expenditures			
Approved	Test	$	%
2016	2022	Change	Change
480,594	729,012	248,418	52%

Ex.1/Tab 6/Sch.5 – Operations, Maintenance and Administration Expense

RSL has assumed an inflation rate of 2.5% while determining OM&A for the Test Year. The increase of $396,088 (18.93%) in OM&A spending from its 2016 Cost of Service to the 2022 Test Year can be attributed to several factors such as inflation, negotiated wage increases, and the retirement and hiring of executives. Calculations of RSL's revenue requirement and the derivation of the revenue sufficiency can be found at Exhibit 6 and specifics surrounding the OM&A costs are presented at Exhibit 4. A summary of OM&A follows in Table 1.11.

Table 1.11: Summary of Recoverable OM&A Expenses

	2016 Board Approved	2022 Test	Variance From Board Approved
Operations	254,368	362,465	108,097
Maintenance	433,201	450,600	17,399
Billing and Collecting	506,836	551,220	44,384
Community Relations	30,592	32,500	1,908
Administrative and General (includes LEAP)	867,827	1,092,127	224,300
Total OM&A Expenses	2,092,824	2,488,912	396,088
Percent Change (year over year)		18.93%	

Summary of cost drivers:

Labour Costs:

Labour and burden in our 2016 Board-approved OM&A was $1,280,109. Labour and burden in our proposed 2022 Test Year OM&A is $1,470,441. This is an increase of $190,332, or 14.9%. The following are factors that have increased costs:

Operations and Maintenance:

- Increases from new Union Contract signed in 2018
- Pay grade increases
- Half year co-op student
- Increase in Supervisory costs, as the former Operations Manager was on an extended leave. He has been replaced by a full-time Manager.

Billing and Collecting:

- Increased bad debts
- Increased mailing costs for overdue notices (new practice)
- Software and hardware maintenance for smart meter collection
- Additional costs with Settlement provider related to the switch to smart meter for larger customers.

Administration:

- Higher labour costs related to the retirement and hiring of 2 executive positions
- Recruitment costs for executive hiring
- Increases to Outside Services and memberships to associations

Ex.1/Tab 6/Sch.6 – Cost of Capital

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

In calculating the cost of capital, RSL has used the deemed capital structure of 56% long-term debt, 4% short-term debt, and 40% equity, and the Cost of Capital parameters in the OEB letter of October 28, 2021, for the allowed return on equity and where appropriate for debt.

RSL's cost of capital for 2022 has been calculated as 5.57%, as shown in Table 1.12 below:

Table 1.12: Overview of Capital Structure

Particulars	Cost Rate
	(%)
Debt	
Long-term Debt	3.69%
Short-term Debt	1.17%
Total Debt	3.52%
Equity	
Common Equity	8.66%
Preferred Shares	0.00%
Total Equity	8.66%
Total	5.57%

Ex.1/Tab 6/Sch.7 – Cost Allocation and Rate Design

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

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

RSL has prepared a Cost Allocation Study for 2022 based on an allocation of the 2022 test year costs (i.e., the 2022 forecast revenue requirement) to the various customer classes using allocators that are based on the forecast class loads (kW and kWh) by class, customer counts, etc. The proposed cost allocation is displayed in Table 1.13.

RSL has used the updated Board-approved Cost Allocation Model and followed the instructions and guidelines issued by the Board to enter the 2022 data into this model.

Table 1.13: Proposed Cost Allocation

Class	Revenue Requirement - 2022 Cost Allocation Model - Line 40 from O1 in CA	2022 Base Revenue Allocated based on Proportion of Revenue at Existing Rates	Miscellaneous Revenue Allocated from 2022 Cost Allocation Model - Line 19 from O1 in CA	Total Revenue	Revenue Cost Ratio	Check Revenue Cost Ratios from 2022 Cost Allocation Model - Line 75 from O1 in CA	Proposed Revenue to Cost Ratio
Residential	2,283,288	1,937,693	134,949	2,072,642	90.77%	90.77%	96.67%
GS < 50 kW	509,515	571,008	32,615	603,624	118.47%	118.47%	105.01%
GS 50 to 4999 kW	428,346	503,740	29,020	532,760	124.38%	124.38%	110.00%
Street Lighting	110,170	113,950	9,195	123,145	111.78%	111.78%	107.86%
Sentinel Lighting	12,117	9,227	812	10,040	82.86%	82.86%	85.00%
Unmetered Scattered Load	16,670	16,868	1,026	17,894	107.34%	107.34%	104.98%
TOTAL	**3,360,105**	**3,152,487**	**207,618**	**3,360,105**			

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

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

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

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

Ex.1/Tab 6/Sch.8 – Deferral and Variance Accounts

RSL proposes to dispose of a debit of $387,252 related to Group 1 and Group 2 Variance/Deferral Accounts. This credit includes carrying charges up to and including December 31, 2021. Table 1.14 shows the proposed disposition of the accounts. RSL also proposes to dispose of the following;

- A debit balance of $21,500 in account 1568 being the Lost Revenue Adjustment Mechanism Variance Account, and
- A credit of $(3,453) being the balance of account 1592 for PILsTax Savings to be split 50/50 between RSL and customers. The credit to our customers is $(1,727), and
- A credit of $(8,592) being the balance of account 1595 for Accelerated CCA Tax Savings to be split 50/50 between RSL and customers. The credit to our customers is $(4,296), and
- A debit of $654 for residual balance left from the Smart Meter MDM/R-related costs from our smart meter implementation.

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

RSL has followed the OEB's guidance as provided in the OEB's Electricity Distributor's Disposition of Variance Accounts Reporting Requirements Report. As of December 31, 2020, RSL recorded principal balances in the following Board-approved deferral and variance accounts.

RSL is requesting the creation of the following new accounts:

- Account 1595 – Sub-account 2022 - Rate Rider for Disposition of Deferral/Variance Accounts (2022) – to be disposed of over 1 year.
- Account 1595 – Sub-account 2022 Global Adjustment - Rate Rider for Disposition of Global Adjustment (2022) – to be disposed of over 1 year. Applicable only for non-RPP customers
- Account 1595 - Sub-account 2022 Group 2 Accounts - Rate Rider for Disposition of Group 2 Accounts (2022) – to be disposed of over 1 year.

- Account 1595 – Sub-account 2022 LRAMVA - Rate Rider for Recovery of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) – to be disposed of over 1 year.

- Account 1592 PILs and Tax Variances – Sub-Account – CCA Incentive Phase Out – to record the Lost Revenue during the eventual phase out of CCA incentive anticipated to begin after 2023.

Table 1.14: Account and Balances Sought for Disposition/Recovery

Account Descriptions	USoA#	Total Claim
Group 1 Accounts		
LV Variance Account	1550	80,817
Smart Metering Entity Charge Variance Account	1551	(161)
RSVA - Wholesale Market Service Charge5	1580	(52,507)
Variance WMS – Sub-account CBR Class A5	1580	-
Variance WMS – Sub-account CBR Class B5	1580	(3,808)
RSVA - Retail Transmission Network Charge	1584	(2,047)
RSVA - Retail Transmission Connection Charge	1586	6,324
RSVA - Power (excluding Global Adjustment)4	1588	51,223
RSVA - Global Adjustment 4	1589	42,733
Disposition and Recovery/Refund of Regulatory Balances (2017)	1595	4,156
Subtotal - Group 1 Accounts		**126,730**
Group 2 Accounts		
Deferred IFRS Transition Costs	1508	15,899
Pole Attachment Revenue Variance	1508	(31,109)
Retail Service Charge Incremental Revenue	1508	-
Customer Choice Initiative Costs	1508	9,052
Other Regulatory Assets - Sub-Account - Energy East	1508	12
Other Regulatory Assets - Sub-Account - OEB Assessment Cost	1508	55,877
Other Regulatory Assets - Sub-Account - Lost Revenue - Collection of Account Charges	1508	204,091
Retail Cost Variance Account - Retail	1518	(5,587)
Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges	1522	(61)
Retail Cost Variance Account - STR	1548	2,239
PILs and Tax Variance for 2006 and Subsequent Years	1592	(3,453)
PILs and Tax Variance for 2006 and Subsequent Years- Sub-account CCA Changes	1592	(8,592)
LRAM Variance Account	1568	21,500
		-
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Capital	1555	654
Subtotal - Group 2 Accounts		**260,523**
Grand Total		**387,252**

Ex.1/Tab 6/Sch.9 – Bill Impacts

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

The bill impact varies by class. The Residential Class, based on consumption of 750 kWh, shows an increase of 8.9%. Low-use Residential customers, based on the 10th percentile of 304 kWh, show an increase of 15.2%. The reason for the disproportionate bill increase is because of the fixed monthly distribution rate.

Other customer classes have increases that range from 0.5% for General Service 50 to 4,999 kW to 9.7% for Sentinel Lights.

RSL's proposed 2022 revenue requirement is needed to remain in compliance with its regulators, and meet its mandate and commitment to provide safe, reliable cost-effective services and products achieving sustainable growth while respecting the community and the environment.

Bill Impacts by rate class are presented in Table 1.15.

Table 1.15: Bill Impacts

RATE CLASSES / CATEGORIES *(eg: Residential TOU, Residential Retailer)*	**Units**	**Sub-Total**						**Total**	
		A		**B**		**C**		**Total Bill**	
		$	**%**	**$**	**%**	**$**	**%**	**$**	**%**
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kwh	$ 9.95	36.7%	$ 11.87	31.3%	$ 11.73	24.5%	$ 10.77	8.9%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - RPP	kwh	$ 6.06	10.7%	$ 11.00	13.1%	$ 10.61	9.8%	$ 9.75	3.2%
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION - Non-RPP (Other)	kw	$ 61.06	6.0%	$ 99.58	4.9%	$ 77.48	2.3%	$ 117.88	0.5%
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION - RPP	kwh	$ 2.84	14.2%	$ 4.64	15.6%	$ 4.50	11.6%	$ 4.13	3.8%
SENTINEL LIGHTING SERVICE CLASSIFICATION - RPP	kw	$ 5.75	21.7%	$ 6.52	21.5%	$ 6.46	19.1%	$ 5.94	9.7%
STREET LIGHTING SERVICE CLASSIFICATION - Non-RPP (Other)	kw	$ 545.98	16.7%	$ 549.91	16.0%	$ 546.33	15.0%	$ 622.05	8.5%
RESIDENTIAL SERVICE CLASSIFICATION - Non-RPP (Retailer)	kwh	$ 9.95	36.7%	$ 10.53	25.9%	$ 10.38	20.5%	$ 9.53	7.6%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kwh	$ 9.90	36.5%	$ 10.68	33.6%	$ 10.62	29.6%	$ 9.75	15.2%
RESIDENTIAL SERVICE CLASSIFICATION - Non-RPP (Retailer)	kwh	$ 9.90	36.5%	$ 10.14	30.8%	$ 10.08	27.2%	$ 9.25	14.0%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - Non-RPP (Retailer	kwh	$ 6.06	10.7%	$ 7.41	8.1%	$ 7.02	6.1%	$ 6.45	2.0%

Customer Engagement

Ex.1/Tab 7/Sch.1 - Overview of Customer Engagement

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

RSL attempts to communicate with customers about the rate application. For this application, RSL has posted the Customer Summary on its website, and welcomes questions and comments from customers. Past experience has shown us that most customers are not very interested in our rate applications. There is some interest from our large customers.
RSL has not received any feedback from customers concerning this application. However, we can say that ongoing communications with customers has informed our Distribution System Plan, specifically about the importance of continued vegetation management to prevent unscheduled outages.

There are two types of customer engagement that affected our capital plan. RSL has met with the staff of our four municipal territories to discuss the coordination of municipal infrastructure work with our own planned capital work. Being coordinated reduces the inconvenience to our customers.

We also meet and discuss plans with our larger industrial customers. Their feedback is often about the bill amount, but also about future possible changes or expansion. Our DSP, which is a living and changing document, is adjusted to accommodate customer-driven projects. Several of our largest customers have expressed interest in solar energy. At this time RSL territories are under restrictions from Hydro One which do not permit adding any generation to the grid.

Table 1.16 provides a summary of Customer Engagement activities.

Table 1.16 – OEB Appendix 2 – AC

Customer Engagement Activities Summary

Provide a list of customer engagement activities	Provide a list of customer needs and preferences identified through each engagement activity	Actions taken to respond to identified needs and preferences. If no action was taken, explain why.
RSL Website	Account and usage data, eBilling	Customer portal is available 24/7, customers can email us and we respond promptly.
RSL Website	Customers do not like the functionality of our website	Project underway for website redesign
Newspaper Advertising	Conservation programs, need for notice about outages	Although RSL does not use newspaper advertising extensively, we provide notices of upcoming planned outages, information about conservation programs, and seasonal greetings.
Local Purchasing	Support local businesses/RSL customers	Wherever possible, we purchase goods and services from our customers, providing economic support to the local economy.
Bill Inserts	Information about government initiatives, rate changes.	RSL regularly includes bill inserts for government programs, rate changes, and for information from our municipal shareholders.
Twitter Postings	Customer desire for information about outages and other RSL activities	Twitter is used to inform customers of scheduled and unscheduled outage. We also provide energy-saving tips and general information about RSL.
Meetings/discussions with major customers	Rate reductions, solar installations	Discussed conservation options, and restrictions concerning microFIT additions.
Face to face	Causes of high usage, payment arrangements, move in/out	RSL has offices in Prescott and Morrisburg, and is open to the public. Customers receive personal help with many types of questions. Customers can speak with all RSL staff, including the management team if they have questions or concerns.
Participation in community events	Reinforces local presence in our communities	RSL will continue to be a strong community supporter.
Presentations at multiple Council/Shareholder meetings	Need for understanding of RSL activities, capital project coordination	Explained RSL activities, the value of RSL to our shareholders and the community.
Customer satisfaction survey	Consistent, reliable supply of electricity at a reasonable price.	Replacement of aging infrastructure. RSL has maintained a strong satisfaction rating from its customers.
ESA survey	Understanding of electrical safety.	Continue to provide safety information through Twitter, bill inserts, and personal communications. RSL customers have shown a strong knowledge of electrical safety.

Ex.1/Tab 7/Sch.2 - Customer Satisfaction Survey

RSL conducted a customer satisfaction survey with its residential and GS<50 classes. RSL engaged RedHead Media to conduct an independent customer satisfaction survey for 2021. The survey asked on a wide range of topics, including: (a) power quality and reliability; (b) price; (c) billing and payment; (d) communications; and (e) the customer service experience. RedHead Media conducted the 2021 survey in January 2021, with final results available in April 2021. The results are compiled into a final report outlining the overall customer satisfaction within the community as well as benchmarking the results against other Provincial and National participants. These results are then used to support internal discussions surrounding what is currently being done well, and what needs improvement.

With regard to the 2021 survey result, RedHead Media surveyed 301 responses, consisting of 92% residential and 8% commercial customers.

- RSL customer satisfaction ranking, 82%
- RSL customer satisfaction ranking (2019 survey), 81%
- All participating LDCs customer satisfaction ranking, 79%

Copies of the Executive Summary consultant's report and the communication to RSL, is provided below. The complete report is provided as Appendix 1-3 to this Exhibit.

Introduction and Summary

This final report contains data specifically for Rideau St. Lawrence Distribution.

The survey is comprised of 301 randomly selected interviews of Rideau St. Lawrence Distribution customers among the low volume customer base (residential customers and general service under 50kW customers; GS<50kW). Residential customers were asked to confirm that they receive an electricity or hydro bill from Rideau St. Lawrence Distribution and that they are the primary payer of that bill or share the responsibility.

GS<50kW customers were also asked to confirm they receive an electricity or hydro bill from Rideau St. Lawrence Distribution, and additionally to confirm that the person who manages the organization's electricity bill was the one to complete the interview. The sample frame is stratified on region (where applicable) and consumption quartiles by rate class in accordance with the "Survey Implementation Requirements" on page 4 of the "EDA/Innovative Customer Satisfaction Scorecard: Methodology & Survey Implementation Guide" which is contained in Appendix B of this report.

The objective of the survey is to provide an Overall Customer Satisfaction index score for Rideau St. Lawrence Distribution. This is a calculated aggregate value based on responses of to 9 core measures in the survey instrument. In some cases, additional questions were asked but not included in the calculation of the Customer Satisfaction Index Score.

Rideau St. Lawrence Distribution's 2021 Customer Satisfaction Index Score is 82%, This 1% higherthan the 2019 score (81%) and 3% higher than the average of all LDCs (79%).

This falls within a very tight spectrum of index scores we processed for all LDCs that participated in the 2019 survey via Redhead. When the confidence interval is applied to all index scores, there is significant overlap between LDCs which underlines the statistical similarity of performance and satisfaction among participants. Statistically, Rideau St. Lawrence Distribution is similar to all other LDCs surveyed.

The following report contains graphic data and tables for all core questions as well as any additional questions supplied by the LDC, which were asked after the core questions were completed.

Question scoring and index methodologies were prescribed by the EDA/Innovative. As such, there has been limited additional analysis provided beyond the direction provided to meet the reporting guidelines. Should you wish further analysis of the data please contact our office to discuss.

Ex.1/Tab 7/Sch.3 – Front Desk Support

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

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

RSL customers enjoy an advantage that comes with having a small, local LDC. Customers can speak directly with RSL management (CEO, CFO, and Operations Manager) to ask questions, express concerns, or share local information with us.

Ex.1/Tab 7/Sch.4 – Publications

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

Ex.1/Tab 7/Sch.5 – Meetings and Advertisements

RSL has hosted public meetings in the past to discuss the Capital Spending Plan. Unfortunately, the meetings were always poorly attended. There were meetings that had no customers other than RSL Board members.

In discussions with customers, we have learned that they do not believe that RSL should be asking them about how to prioritize spending for capital and maintenance. This is what RSL management is paid to do in their opinion.

In theory, there is value in getting customer opinions about RSL plans. However, in practice, the amount of feedback received is from such a small number of customers that the results cannot be considered to be statistically valid. It would be inappropriate to make changes based on 2 or 3 customers out of 6,000.

In conversations with other LDCs, they have had a similar experience in having small numbers of customers participate in Open House or Community Meetings.

RSL respects the importance of listening to its customers, and uses the insight provided wherever possible and where it is appropriate.

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

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

RIDEAU ST. LAWRENCE UTILITIES INC.

ANNOUNCEMENT

POLE REPLACEMENT PROJECT

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

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

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

This will affect Rideau St Lawrence Utilities customers.

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

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

985 Industrial Rd., P.O. Box 699, Prescott, ON K0E 1T0 Tel: (613) 925-3851 • Fax: (613) 925-0303

Ex.1/Tab 7/Sch.6 – Conservation and Demand Management

Conservation and Demand Management (“CDM”) work conducted by RSL includes a number of initiatives that involves outreach to our customers. Reaching out to customers through CDM programs helps customers to better understand their local utility, while they become more knowledgeable about energy conservation. RSL continued to participate in a number of community events to highlight CDM program offerings. RSL’s role in CDM programs has changed with the elimination of the Conservation First Framework in March 2019. RSL expects that there will be future opportunities to participate in local conservation programs.

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

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

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

Ex.1/Tab 7/Sch.7 – Community Involvement

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

- Banners: RSL installs municipal banners to promote upcoming events.
- Santa Claus Parade: RSL participates in the annual parade in Prescott.
- Remembrance Day: All RSL employees attend the ceremonies in several communities.
- Local Purchasing: Wherever possible, RSL uses local suppliers and services.
- Retail Events: RSL participated with local stores, such as Canadian Tire, to promote programs such as Peak Saver.
- Employee-funded donations to charitable groups such as the Food Bank.
- School Safety Program: RSL, with assistance from a third-party trainer, provides education programs on electric safety for local schools.

Ex.1/Tab 7/Sch.8 – Assistance Programs

Financial Assistance Program: RSL provides support through partnerships with the province's Low-income Energy Assistance Program (LEAP) program. This emergency financial assistance program is designed to help low-income customers who have difficulty making their electricity bill payments. RSL partners with the United Way of Cornwall to provide this assistance to our customers in the eastern end of our territory. RSL also worked with the Employment and Education Centre of Brockville for many years. Unfortunately, this agency was unable to continue providing this service to our customers, and we have been unable to find another agency in the western end of our service territory. All RSL customers applying for LEAP funding now deal with the United Way in Cornwall.

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

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

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

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

Ex.1/Tab 7/Sch.9 – Online Activities

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

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

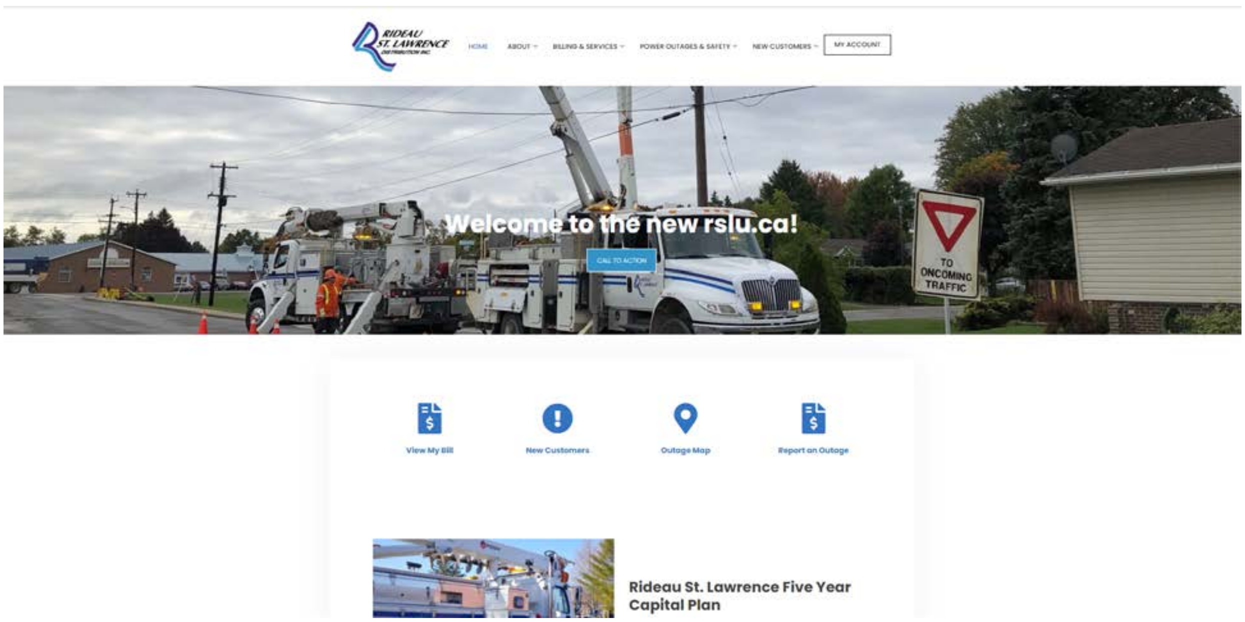
To satisfy this customer desire, RSL partnered with The ITM Group of Newmarket. ITM is our website provider. The company offered us a Customer Portal with a direct link to our Harris NorthStar Customer Information System and to MDM/R data. Our customers can now see their time-of-use data, retrieve their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

In more recent times, customers have expressed concerns that our website looks "old", and the functionality of our customer portal is inadequate. RSL is in the process of a website redesign, and plan to have it in place by the end of 2021. Future changes to the customer portal will be done in conjunction with the implementation of Green Button functionality.

The following is an example of how our website is changing to improve the customer experience.

Existing Website:

New Website:



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

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

Ex.1/Tab 7/Sch.10 – Electrical Safety Authority Survey

In January 2020, RSL, through a co-operative arrangement with CHEC, partnered with RedHead Media to conduct the most recent ESA Public Awareness Survey. RedHead surveyed people throughout our area, not just those who are RSL customers. The result of the survey was a Public Safety Awareness ("PSA") score of 84%. RSL's score was in line with other CHEC utilities' scores that had a median score of 83.3%.

This final report contains data specifically for Rideau St. Lawrence Distribution.

This survey is comprised of approximately 400 randomly selected interviews of with Ontario residents who are 18 years or older and reside in the Rideau St. Lawrence Distribution service territory. The sample frame is stratified by age group and gender within each territory and the data is also weighted to be representative of the adult population within each territory.

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

The 2020 PSA Index Score is 84.0%.
The median score for participating LDCs is 83.3%.
The 2016-2020 delta = +1.2% which is within the margins of error.
The 2018-2020 delta = +0.4 which is within the margins of error.

The 2020 score sits within a very tight spectrum of scores we calculated for all participating LDCs. When the confidence interval and margin of error is applied to all index scores, there is significant overlap between LDCs which underlines the statistical similarity of performance and electrical safety awareness among participants. Statistically, Rideau St. Lawrence Distribution is similar to all other LDCs surveyed.

The following report contains graphic data and tables for all core questions as well as year-over-year comparative data (internal) and comparative scoring data (external). Additional data is available in the attached spreadsheet sheets and tables. (Appendix A)

Questions and scoring methodology was prescribed by the survey authors, Electrical Safety Authority/Innovative Research. As such, there has been limited additional analysis provided beyond the direction provided to meet the reporting guidelines. Should you wish further analysis of the data please contact our office to discuss.

Performance Measurement

Ex.1/Tab 8/Sch.1 – Scorecard

Under the Renewed Regulatory Framework a distributor is expected to continuously improve its understanding of the needs and expectations of its customers and its delivery of services. RSL's 2020 Scorecard can be found below at Table 1.17. RSL is measured on four main categories:

Customer Focus – Service Quality:

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

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

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

Customer Focus – Customer Satisfaction

RSL has exceeded the target set for Billing Accuracy of 98%. RSL achieved Billing Accuracy of 99.64% in 2020. Customers expect to receive accurate bills, reflecting actual meter readings and approved rates.

No target has been set for First Contact Resolution, but RSL has achieved a result of 99.55%. Virtually all of the questions raised by our customers are answered by the first person to speak with them. Our Customer Service staff is very experienced, and capable of appropriately answering almost any question from a customer.

RSL has conducted customer satisfaction surveys, using RedHead Media, a well-respected surveying company. The most recent survey was conducted in 2021, and it was a group survey with other CHEC utilities. As it was a group survey, the results received were for RSL and for the entire group. The rating from this survey was "B" (82% satisfaction score). The result was a small improvement over the last survey conducted in 2019, which had an 81% satisfaction score. The average score of all of the participating CHEC members was 79% in 2021.
The statistical survey canvassed a number of key areas, including power quality and reliability, price, billing and payments, communications, capital spending, and the overall customer service experience. RSL considers this customer satisfaction survey to be a useful tool for engagement to identify customer preferences with respect to the provision of electricity services as well as identifying areas that may require improvement.

Operational Effectiveness – Safety

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

In 2020, RSL conducted the ESA Public Awareness Survey. RSL used RedHead Media, an experienced surveying company, to canvas residents in and around our communities. RSL received an overall Level of Public Awareness score of 84%. This is a small improvement over the result of the survey conducted in 2018, where RSL achieved an awareness score of 82.8%. RSL considers the score received to be reasonable and recognizes that there is room for improvement. RSL will consider the potential for additional public awareness programs for our customers.

RSL is pleased to report that in the years reflected in the Scorecard (2016 – 2020), there have been zero Serious Electrical General Public Incidents.

Operational Effectiveness – System Reliability

The average number of hours that power to a customer is interrupted is a measure of system reliability or the ability of a system to perform its required function. RSL considers the reliability of electrical service as a high priority for its customers and constantly monitors its distribution system for signs of reliability degradation. Regular maintenance of equipment is required to ensure the level of reliability is kept as high as possible.
The average number of hours that power to a customer is interrupted averaged 0.69 hours between 2016 and 2020. The average is below RSL’s target of 0.90 hours.
The average number of times that power to a customer is interrupted averaged .35 times between 2016 and 2020. The average is below RSL’s target of 0.39 times.
The historical results of these measures reflect a well-maintained, reliable distribution system.

Operational Effectiveness – Asset Management

In 2016, RSL completed the work on a full Distribution System Plan. In the scorecard, RSL has indicated the implementation process of the plan. Currently, there are no rules detailing how this measure is to be reported. RSL has taken the approach of comparing the amount of capital money spent cumulatively against the annual amounts in the DSP.
The Distribution System Plan is included in Exhibit 2 of this application.

Operational Effectiveness – Cost Control

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

Financial Ratios – Liquidity

RSL's current ratio is 0.76 for 2020. This ratio is lower than the 5-year average of 0.86. One of the reasons behind the low current ratio is that virtually all of RSL's debt is considered to be short-term. RSL expects the current ratio to improve with rebased distribution rates.

Financial Ratios – Leverage

In 2020, RSL's debt to equity ratio was 0.44, which is below the ratio expected by the OEB. RSL believes that a low risk/low debt approach is appropriate for a utility of their size. RSL reviews its financing requiring with its bank on an annual basis.

Financial Ratios – Profitability

In RSL's last rate application, a target (deemed) return on equity of 8.78% was established. Distributors are expected to achieve results that are +- 3 % from the established target. In 2019, RSL achieved 5.72%, and 6.09% in 2020. The results were slightly below the target range in 2019, and within the range in 2020. RSL expects to improve its return on equity with the rebased rates in this application.

Table 1.17: Scorecard

Scorecard - Rideau St. Lawrence Distribution Inc. 9/2/2021

									Target	
Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019	2020	Trend	Industry	Distributor
Customer Focus Services are provided in a manner that responds to identified customer preferences.	Service Quality	New Residential/Small Business Services Connected on Time	100.00%	97.78%	100.00%	100.00%	100.00%		90.00%	
		Scheduled Appointments Met On Time	94.50%	95.77%	100.00%	100.00%	100.00%		90.00%	
		Telephone Calls Answered On Time	74.20%	72.87%	76.76%	80.36%	77.81%		65.00%	
	Customer Satisfaction	First Contact Resolution	98.8%	99.7%	99.7%	99.4%	99.55%			
		Billing Accuracy	99.70%	99.69%	93.01%	99.67%	99.64%		98.00%	
		Customer Satisfaction Survey Results	B	B	B	B	B			
Operational Effectiveness Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	Safety	Level of Public Awareness	84.00%	83.00%	83.00%	84.00%	84.00%			
		Level of Compliance with Ontario Regulation 22/04 [1]	C	C	C	C	C			C
		Serious Electrical Incident Index – Number of General Public Incidents	0	0	0	0	0			0
		Serious Electrical Incident Index – Rate per 10, 100, 1000 km of line	0.000	0.000	0.000	0.000	0.000			0.000
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted [2]	1.01	0.45	0.45	1.43	0.12			0.90
		Average Number of Times that Power to a Customer is Interrupted [2]	0.38	0.29	0.26	0.72	0.08			0.39
	Asset Management	Distribution System Plan Implementation Progress	83%	56%	74%	92%	113%			
	Cost Control	Efficiency Assessment	3	3	3	3	2			
		Total Cost per Customer [3]	$543	$570	$570	$584	$572			
		Total Cost per Km of Line [3]	$29,810	$31,369	$31,459	$32,239	$31,636			
Public Policy Responsiveness Distributors deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board).	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time								
		New Micro-embedded Generation Facilities Connected On Time							90.00%	
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.03	0.82	0.85	0.82	0.76			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.44	0.46	0.41	0.37	0.44			
		Profitability: Regulatory Return on Equity – Deemed (included in rates)	9.12%	9.12%	8.78%	8.78%	8.78%			
		Profitability: Regulatory Return on Equity – Achieved	1.03%	1.18%	5.11%	5.72%	6.09%			

1. Compliance with Ontario Regulation 22/04 assessed: Compliant (C); Needs Improvement (NI); or Non-Compliant (NC).
2. An upward arrow indicates decreasing reliability while downward indicates improving reliability.
3. A benchmarking analysis determines the total cost figures from the distributor 's reported information.
4. The CDM measure is based on the now discontinued 2015-2020 Conservation First Framework. 2019 results include savings reported to the IESO up until the end of February 2020.

Legend: 5-year trend: up, down, flat. Current year: target met, target not met

Ex.1/Tab 8/Sch.2 – Benchmarking

Pacific Economics Group Research, LLC (PEG) provided their annual update to distributor benchmarking in August 2021.

From the PEG Report:

In 2013, the Ontario Energy Board (OEB) issued a report titled "Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors" (Board Report) in which it set forth the framework for setting rate adjustment formulas for local distribution companies (LDCs or "distributors"). The Board Report provides the OEB's final determination on its policies and approaches to the distributor rate adjustment parameters and the benchmarking of electricity distributor total cost performance. This 2020 Benchmarking Update determines the 2021 stretch factor assignments for distributors in relation to the 2022 rate year.

According to the Board Report, rates will be indexed by a formula "which is used to adjust the distribution rates to reflect expected growth in the distributors' input prices (the inflation factor) less allowance for appropriate rates of productivity and efficiency gains (the Xfactor)." The productivity part of the X-Factor is the same for all LDCs. The efficiency gains part of the X-Factor is called the stretch factor and can vary by company. This stretch factor reflects the potential for incremental productivity gains by a given LDC under incentive regulation (i.e., incentive rate mechanism or IRM) which in turn depends on an individual distributor's level of cost efficiency.

These stretch factor assignments are based on the results of a statistical cost benchmarking study designed to make inferences on individual distributors' cost efficiency. An econometric model is used to predict the level of cost associated with each distributor's operating conditions. Distributors that had actual cost that was lower than that predicted by the model were assigned lower stretch factors than those that did not. The October 18, 2013 report by Pacific Economics Group (PEG) titled "Productivity and Benchmarking Research in Support of Incentive Rate Setting in Ontario" describes the model used to produce the benchmarking results.

The work was subsequently updated to include 2013 data in July of 20143 and has been updated each year since. This report presents updated benchmarking results that incorporates 2020 data to update the stretch factors.

Historically, RSL's actual costs have been less than the costs predicted by the PEG model. RSL has been a member of cohort 3 since PEG first issued its benchmarking report, resulting in a .3 stretch (efficiency) factor.

In the 2021 PEG report, RSL was moved to cohort 2, with a stretch factor of .15, based on a higher variance between predicted and actual costs. Table 1.18 displays RSL's annual variance between predicted and actual costs since the last Cost of Service application.

The PEG report results have shown an improvement for 2020, and RSL was moved to cohort 2 with a stretch factor of .15. RSL wants to maintain this improved stretch factor, and to do so it must keep its costs under control. RSL believes that this application reflects our efforts to keep our stretch factor, keep costs under control, and provide reasonable rates for our customers.

Table 1.18: Benchmarking Results

PEG Cost Performance Results	
Year	% Variance from Predicted Costs
2016	-8.10%
2017	-4.10%
2018	-9.40%
2019	-11.20%
2020	-15.40%

RSL has completed the PEG Benchmarking Model. The results in table 1.19 show the predicted efficiencies for future years.

Table 1.19: Benchmarking Results

Summary of Cost Benchmarking Results

Rideau St. Lawrence Distribution Inc.

	2020 (History)	2021 (Bridge Year)	2022 (Test Year)	2023	2024	2025
Cost Benchmarking Summary						
Actual Total Cost	3,449,528	3,530,118	3,790,882	3,892,033	3,971,637	4,063,072
Predicted Total Cost	3,859,007	4,166,347	4,337,306	4,540,368	4,752,512	4,974,746
Difference	(409,479)	(636,229)	(546,424)	(648,335)	(780,875)	(911,674)
Percentage Difference (Cost Performance)	**-11.2%**	**-16.6%**	**-13.5%**	**-15.41%**	**-17.95%**	**-20.24%**
Three-Year Average Performance			-13.8%	-15.15%	-15.61%	-17.87%
Stretch Factor Cohort						
Annual Result	2	2	2	2	2	2
Three Year Average			2	2	2	2

RSL spends responsibly and keeps in mind the needs of its customers and their need for a reliable distribution system with competitive rates.

Facilitating Innovation

Ex.1/Tab 9/Sch.1 – RSL Approach to Innovation

RSL understands the objective given to the OEB to facilitate innovation. From the perspective of a small distributor, innovation is challenging, potentially expensive, and risky, especially if there are costs that are not included in our revenue requirement.

Distributors like RSL need partnerships to learn about innovation possibilities and to share in the costs and benefits involved. This is the reason why RSL is actively involved with the following groups:

- Cornerstone Hydro Electric Concepts (CHEC)
- Electricity Distributors Association (EDA)
- MEARIE
- Ontario Harris Users Group (OHUG)

CHEC provides RSL with important industry information in both the Operations and the Administrative sides of the business. CHEC provides regular group meetings to discuss current and upcoming issues. CHEC also provides some training courses. CHEC members have created several spreadsheet models for rate applications and economic development assessments. Many of these models are beyond the skill sets of some of the small LDCs.

The EDA provides insight into the many changes that take place in the industry and works with the distributors to maintain a well-informed and coherent message. The EDA keeps LDCs informed on the big picture, showing what is coming in the industry. The LDCs help the EDA by providing feedback on current and upcoming issues.

MEARIE provides a plethora of training courses, helpful to all levels from the Board of Directors to the Cashier in the office. The courses also provide RSL staff with the opportunity to network with peers from other LDCs and learn from them.

OHUG is a user-driven group of LDCs who all use the same billing/customer information system. This group works together to find innovative ways to use the software, especially when it comes to adapting to changing billing and customer service requirements from the Ministry and the OEB.

Financial Information

Ex.1/Tab 10/Sch.1 – Financial Statements

Historical Audited Financial Statements for the last 3 years have been included.

- Year ended December 31, 2019 - Please see Appendix 1-6
- Year ended December 31, 2020 – Please see Appendix 1-7

Ex.1/Tab 10/Sch.2 – Reconciliation – Financial Statements to RRR

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

2018 – IFRS – Appendix 1-8
2019 – IFRS – Appendix 1-9
2020 – IFRS – Appendix 1-10

Ex.1/Tab 10/Sch.3 - Annual Report

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

Ex.1/Tab 10/Sch.4 – Other Information

RSL does not have a Rating Agency report, as it is not applicable to our company.

There are no planned public debt or equity offerings planned.

RSL has an existing Accounting Order for the recording of lost revenues due to the elimination of the Collection of Account charge. This order originated in RSL's 2019 IRM (EB-2018-0065). This Accounting Order will end when the rates from this application begin. There has been no departure from the Accounting Order.

There has been no change in tax status.

There have been no known departures from the Uniform System of Accounts (UsoA).

RSL uses the IFRS accounting standard. It was adopted January 1, 2015.

RSL confirms that no activities related to non-utility business are included in this application.

Per section 2.08 of the "Filing Requirements For Electricity Distribution Rate Applications – 2021 Edition for 2022 Rate Applications", as RSL has a distribution revenue requirement of less than $10 million, the Materiality Threshold used in this application is $50,000.

Distributor Consolidation

Ex.1/Tab 11/Sch.1 – RSL and Consolidations

RSL has not acquired or amalgamated with another distributor.

Appendices

Appendix	Desctiption
1-1	Customer Survey
1-2	List of Approvals
1-3	Customer Satisfaction Survey
1-4	ESA Customer Safety Awareness Survey
1-5	PEG Benchmarking Report
1-6	2019 Financial Statement
1-7	2020 Financial Statement
1-8	Reconciliation of 2018 Financial Statements to RRR
1-9	Reconciliation of 2019 Financial Statements to RRR
1-10	Reconciliation of 2020 Financial Statements to RRR

Ex.1/Appendix 1-1 – Customer Summary

Customer Summary

Rideau St. Lawrence Distribution Inc. ("RSL") has prepared a Cost of Service application for an increase to its rates to the Ontario Energy Board. The proposed effective date of the new rates is January 1, 2022. The OEB has assigned a file number to the application: EB-2021-0056.

What is a Cost of Service application?

A Cost of Service application contains detailed information about the utility and its costs. The application explains how much it costs to run the business, which determines the rates needed to provide the money to pay for those costs. A Cost of Service application is typically created every 5 years, and is known as "rebasing".

Why is the rate increase needed?

RSL's last Cost of Service rates were approved in 2017. Since that time, costs have increased. Interim rate increases since 2017 have been less than the rate of inflation. This creates a large gap between the revenues from rates and the costs to run our business. This has a direct impact on the financial position of the company.

Which rates will change?

The electricity bill contains many types of charges. RSL's rate application will only change the Delivery portion of the bill, which primarily includes RSL's revenues and Hydro One's transmission costs. This application does not affect the cost of energy, usually shown on your bill as Time of Use rates or Tiered rates.

How much will the bill change?

If the rate application is approved as submitted, the following increases are expected for a Residential customer using 750 kWh per month or a Commercial customer using 2,000 kWh per month:

Residential = $10.37 increase per month for the total bill, an increase of 8.58%.

Commercial (GS < 50 kW) = $7.73 increase per month for the total bill, an increase of 2.54%.

How is the money spent?

You can split the costs of running a utility into primarily 2 pieces: Capital and Operating Expenses. Capital spending is for the equipment that brings the electricity to your home or business: Distribution Stations, poles, transformers, wire, and meters. It also includes trucks, tools, and computer equipment. The following is a list of capital work planned for 2022:

Proposed Capital Projects for 2022

Projects	2022
MS2 Morrisburg Relocation	500,000
Transformer Replacements	58,698
Meter Replacements	29,782
Bell Fibre to Home	177,869
Miscellaneous Projects	15,689
High Street	52,974
Computer Software	5,000
Computer Hardware	19,000
Vehicles	60,000
Tools	10,000
Total	929,012

The other cost is for Operating Expenses, and this includes the day-to-day operation of the utility: Operations, Maintenance, Meter Reading, Billing and Customer Service, and Administration.

Proposed Operating Expenses

Type of Expense	2022
Operations	362,465
Maintenance	450,600
Billing and Collecting	551,220
Community Relations	32,500
Administrative	1,092,127
Total Operating Expenses	2,488,912

What is the next step?

The rate application will be reviewed by OEB staff and by registered Intervenors, who represent various customer group. They will test and challenge the assumptions and numbers in the application. RSL will work with these groups to answer their questions, and adjust the application as needed.

When will the application come into effect?

The review process can take several months, depending on the complexity of the application. It typically takes several months after the original submittal of the application for the rates to be approved and implemented.

Can I see more information about the application?

Yes! The full application is available on both the OEB and RSL websites.

Ex.1/Appendix 1-2 – List of Approvals Requested

Appendix 2-A
List of Requested Approvals

The distributor must fill out the following sheet with the complete list of specific approvals requested and relevant section(s) of the legislation must be provided. All approvals, including accounting orders (deferral and variance accounts) new rate classes, revised specific service charges or retail service charges which the applicant is seeking, must be separately identified, as well being clearly documented in the appropriate sections of the application.

Additional requests may be added by copying and pasting blank input rows, as needed.

If additional requests arise, or requested approvals are removed, during the processing of the application, the distributor should update this list.

Rideau St. Lawrence Distribution Inc. is seeking the following approvals in this application:

1	Approval of RSL's existing rates as interim rates subject to a final order, and that the Board approval for rates effective January 1, 2022 are to be implemented in such a way that RSL recovers revenues within the 2022 Rate Year.
2	Approval of the Distribution System Plan as presented in Exhibit 2.
3	Approval of distribution rates effective January 1, 2022 to recover a revenue requirement of $3,367,679 for the 2022 Test Year. This includes revenue deficiency of $497,493 as detailed in Exhibit 6. The schedule of proposed rates is set out in Exhibit 8.
4	Approval of revised Low Voltage Rates as proposed and described in Exhibit 8.
5	Approval for an adjustment to the Retail Transmission Service Rates approved in the Applicant's 2021 IRM application (EB-2020-0053) as detailed in Exhibit 8.
6	Approval to continue to charge the Wholesale Market Service Rate, the Capacity Based Recovery Rate, and the Rural or Remote Electricity Rate Protection Charge approved in the Applicant's 2021 IRM application (EB-2020-0053) as detailed in Exhibit 8.

7	Approval to continue the Specific Service Charges except Wireline Pole Attachment Charge, the Transformer Allowance, and the Standard Supply Service charge approved in the Board Decision and Order in the matter of RSL's 2021 distribution rates (EB-2020-0053) as detailed in Exhibit 8.
8	Approval for an adjustment to Wireline Pole Attachment Charge approved in the Board Decision and Order in the matter of RSL's 2021 distribution rates (EB-2020-0053) as detailed in Exhibit 8.
9	Approval to continue the microFIT monthly service charge approved in the Board Decision and Order in the matter of RSL's 2021 distribution rates (EB-2020-0053) as detailed in Exhibit 3.
10	Approval of the proposed Loss Factor as detailed in Exhibit 8.
11	Approval of the Rate Riders for a one year disposition of the Group 1 Deferral and Variance account balances as detailed in Exhibit 9.
12	Approval of the Rate Riders for a one year disposition of the Group 2 Deferral and Variance account balances as detailed in Exhibit 9.
13	Approval of the Rate Riders for a one year disposition of the Lost Revenue Adjustment Mechanism variance account ("LRAMVA") for lost revenue from 2019 as detailed in Exhibit 4.
14	Approval to establish certain new deferral and variance accounts as presented in Exhibit 9.

Ex.1/Appendix 1-3 – Customer Satisfaction Survey

2021 Rideau St. Lawrence Distribution Customer Satisfaction Survey

Introduction and Summary

Thank you for selecting Redhead Media Solutions Inc. for this important project for Rideau St. Lawrence Distribution. We appreciate your confidence in us to provide you with data on Customer Satisfaction that provides both a current snapshot and can be used to compare with previous surveys in 2017, 2019 and among other LDCs that we work with.

It is our goal to always be improving our deliverables and provide value to our clients. To supplement this report, we have also included a stand-alone section on comparable data and verbatims for question G15 (open comments) in spreadsheet format. The methodology guide, as well as residential and general service questionnaires are also included as appendices B, C and D for your reference.

Should there be any specific data or breakouts that you require we would be happy to provide them. Please contact us to discuss how we can assist you and ensure you are getting the most from this project.

Sincerely,

Graydon Smith
President

RIDEAU ST. LAWRENCE DISTRIBUTION INC.

REDHEAD INC MEDIA SOLUTIONS

Introduction and Summary

Redhead Media Solutions Inc. (Redhead), partnering with ADVANIS for data collection and reporting, has been retained (via an RFP process by Cornerstone Hydro Electric Concepts Inc. - CHEC) to conduct a 2021 Customer Satisfaction Survey for Rideau St. Lawrence Distribution. This survey is a required part of an LDC's Balanced Scorecard and other reporting and regulatory requirements for the Ontario Energy Board (OEB).

The complete group of participating CHEC LDCs are as follows:

- Centre Wellington Hydro
- EPCOR
- ERTH Power
- Grimsby Power
- Lakefront Utilities
- Lakeland Power Distribution
- Niagara-on-the-Lake Hydro
- Orangeville Hydro
- Ottawa River Power Corp
- Renfrew Hydro
- Rideau St. Lawrence Distribution
- Tillsonburg Hydro
- Wasaga Distribution
- Wellington North Power

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Introduction and Summary

This final report contains data specifically for Rideau St. Lawrence Distribution.

The survey is comprised of 301 randomly selected interviews of Rideau St. Lawrence Distribution customers among the low volume customer base (residential customers and general service under 50kW customers; GS<50kW). Residential customers were asked to confirm that they receive an electricity or hydro bill from Rideau St. Lawrence Distribution and that they are the primary payer of that bill or share the responsibility.

GS<50kW customers were also asked to confirm they receive an electricity or hydro bill from Rideau St. Lawrence Distribution, and additionally to confirm that the person who manages the organization's electricity bill was the one to complete the interview. The sample frame is stratified on region (where applicable) and consumption quartiles by rate class in accordance with the "Survey Implementation Requirements" on page 4 of the "EDA/Innovative Customer Satisfaction Scorecard: Methodology & Survey Implementation Guide" which is contained in Appendix B of this report.

The objective of the survey is to provide an Overall Customer Satisfaction index score for Rideau St. Lawrence Distribution. This is a calculated aggregate value based on responses of to 9 core measures in the survey instrument. In some cases, additional questions were asked but not included in the calculation of the Customer Satisfaction Index Score.

Rideau St. Lawrence Distribution's 2021 Customer Satisfaction Index Score is 82%, This 1% higherthan the 2019 score (81%) and 3% higher than the average of all LDCs (79%).

This falls within a very tight spectrum of index scores we processed for all LDCs that participated in the 2019 survey via Redhead. When the confidence interval is applied to all index scores, there is significant overlap between LDCs which underlines the statistical similarity of performance and satisfaction among participants. Statistically, Rideau St. Lawrence Distribution is similar to all other LDCs surveyed.

The following report contains graphic data and tables for all core questions as well as any additional questions supplied by the LDC, which were asked after the core questions were completed.

Question scoring and index methodologies were prescribed by the EDA/Innovative. As such, there has been limited additional analysis provided beyond the direction provided to meet the reporting guidelines. Should you wish further analysis of the data please contact our office to discuss.

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PARTICIPANT INFORMATION

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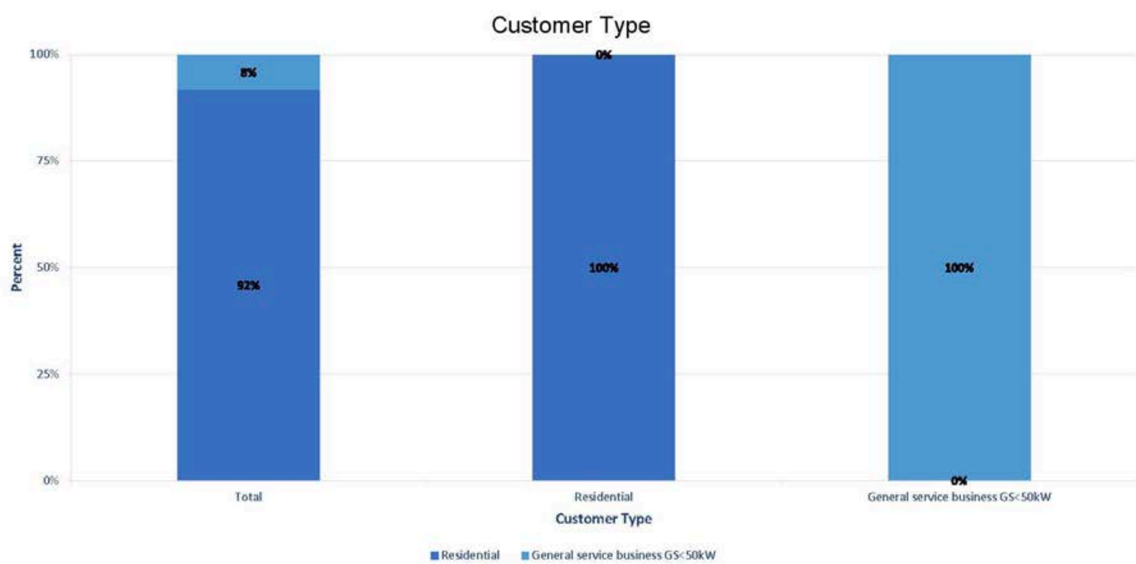

Source: Redhead Media Solutions/Advanis telephone random customer survey, January 14-February 22, 2021, n=301, accurate 5.4 percentage points plus or minus, 19 times out of 20.

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QUESTIONS/DATA

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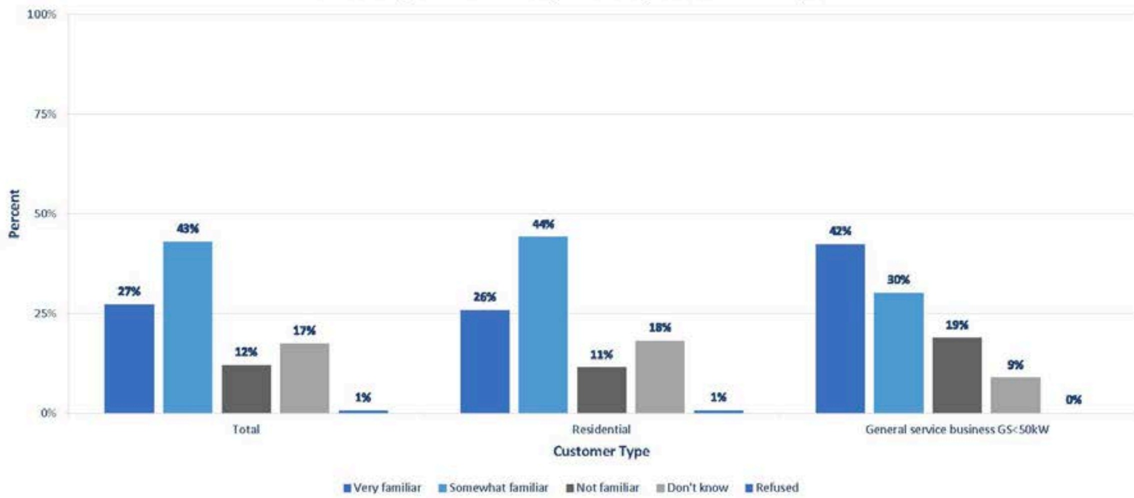
How familiar are you with Rideau St. Lawrence Distribution, which operates the electricity distribution system in your community?



Source: Redhead Media Solutions/Advanis telephone random customer survey, January 14-February 22, 2021, n=301, accurate 5.4 percentage points plus or minus, 19 times out of 20.

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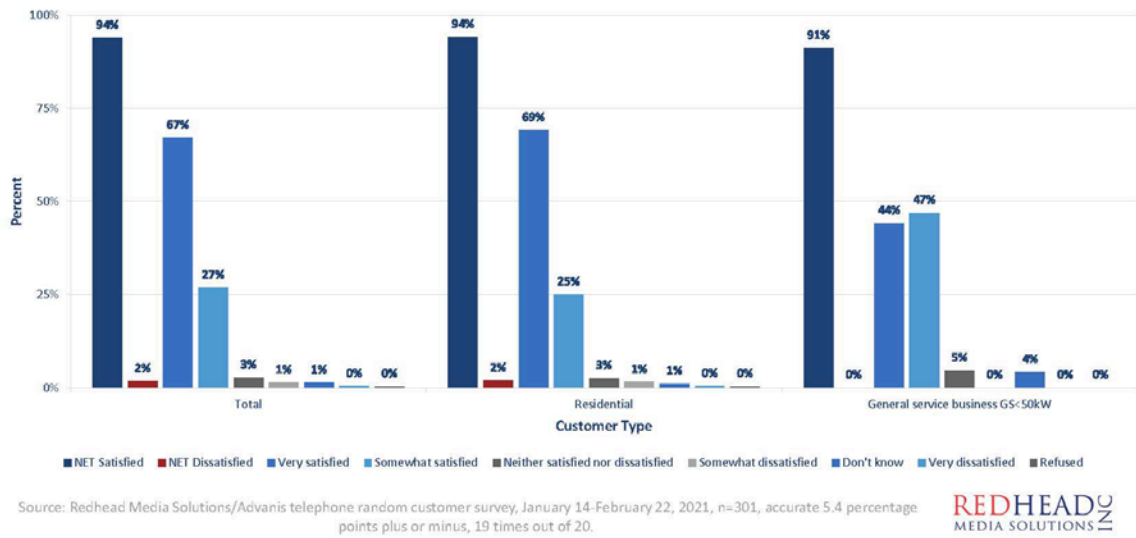
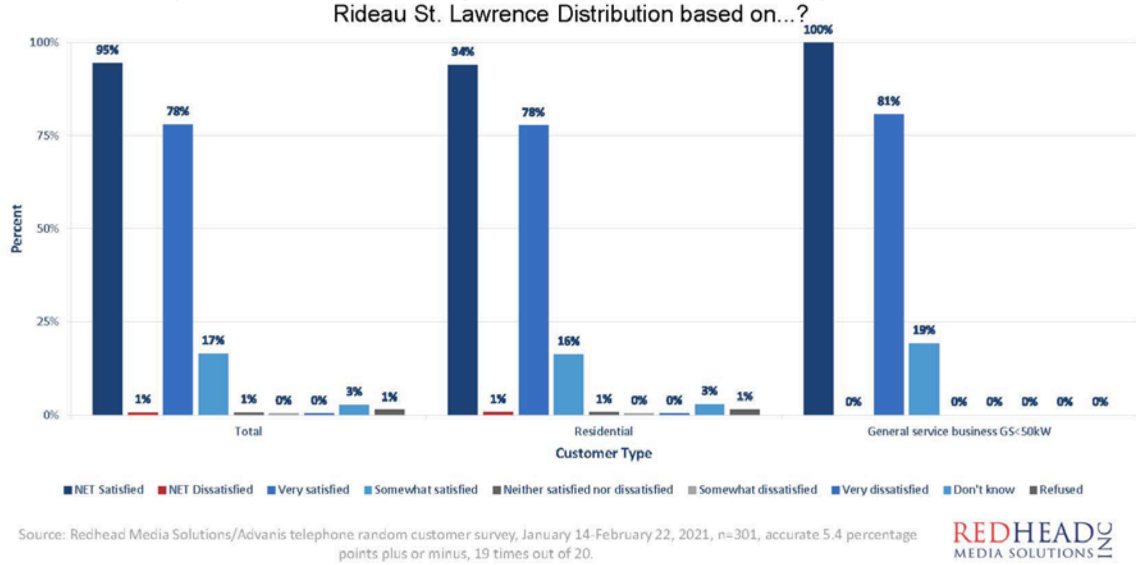
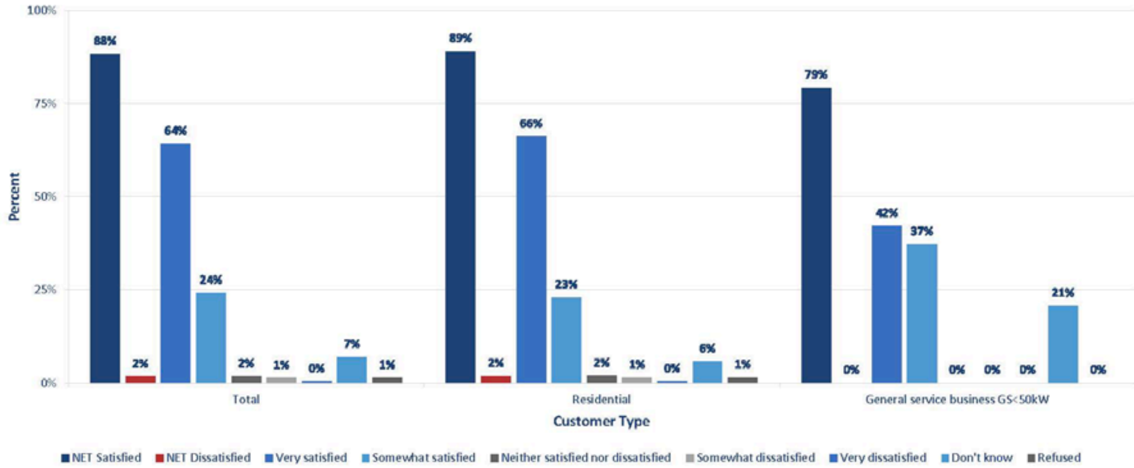
Thinking specifically about the services provided to you and your community by Rideau St. Lawrence Distribution, overall, how satisfied are you with the services that you receive from Rideau St. Lawrence Distribution?



The reliability of your electricity service – as judged by the number of power outages you experience: How satisfied are you with the electrical service that you receive from Rideau St. Lawrence Distribution based on...?



The amount of time it takes to restore power when power outages occur: How satisfied are you with the electrical service that you receive from Rideau St. Lawrence Distribution based on...?



Source: Redhead Media Solutions/Advanis telephone random customer survey, January 14-February 22, 2021, n=301, accurate 5.4 percentage points plus or minus, 19 times out of 20.

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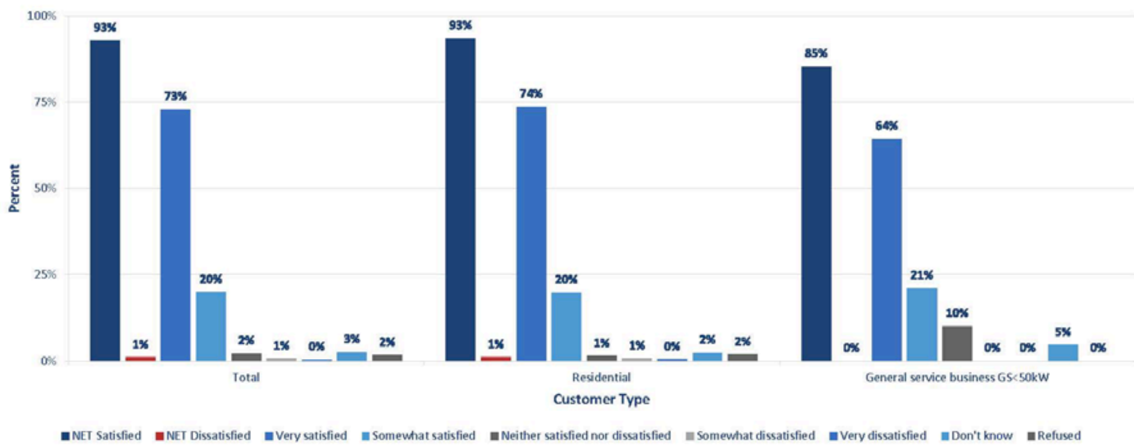
The quality of the power delivered to you as judged by the absence of voltage fluctuations that can result in [flickering/dimming of lights OR have an affect on equipment]: How satisfied are you with the electrical service that you receive from Rideau St. Lawrence Distribution based on...?



Source: Redhead Media Solutions/Advanis telephone random customer survey, January 14-February 22, 2021, n=301, accurate 5.4 percentage points plus or minus, 19 times out of 20.

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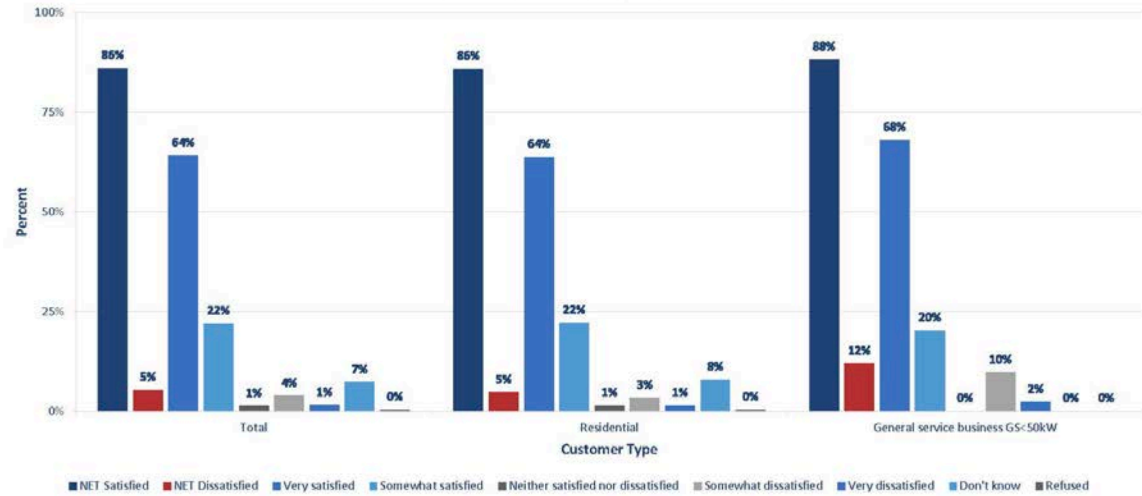
Providing accurate bills: How satisfied are you with the bills that you receive from Rideau St. Lawrence Distribution based on them...?



Source: Redhead Media Solutions/Advanis telephone random customer survey, January 14-February 22, 2021, n=301, accurate 5.4 percentage points plus or minus, 19 times out of 20.

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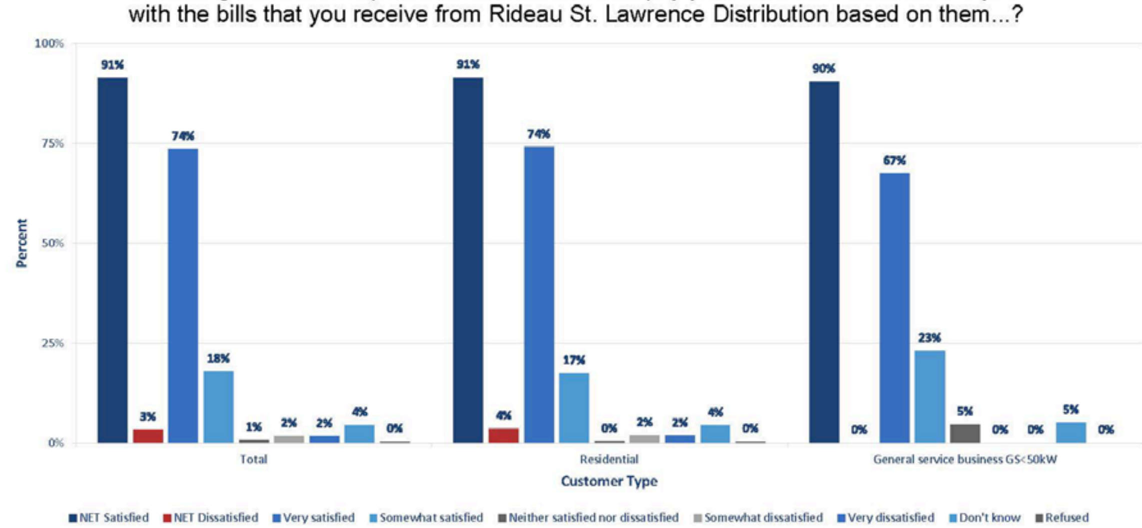
Providing convenient options to both receive and pay your bills: How satisfied are you with the bills that you receive from Rideau St. Lawrence Distribution based on them...?



Source: Redhead Media Solutions/Advanis telephone random customer survey, January 14-February 22, 2021, n=301, accurate 5.4 percentage points plus or minus, 19 times out of 20.

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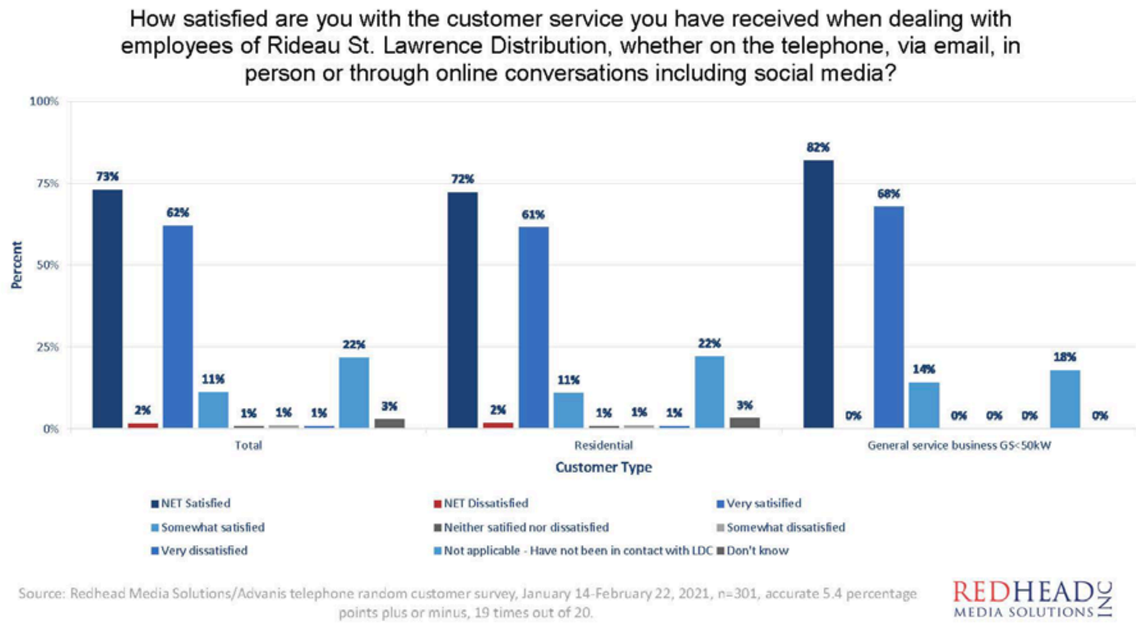
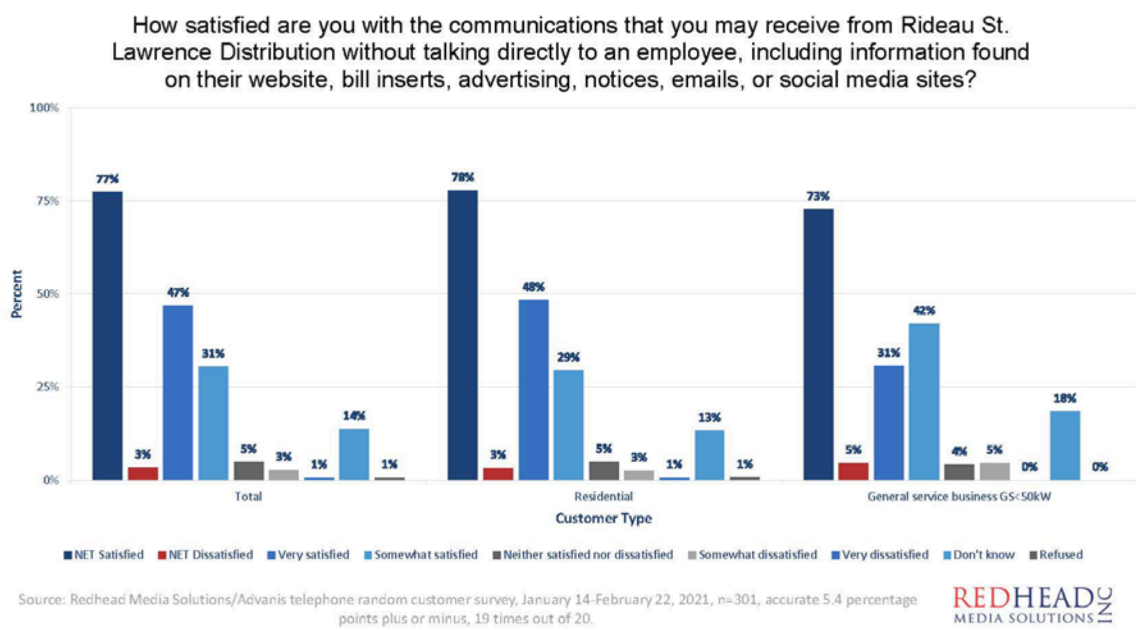
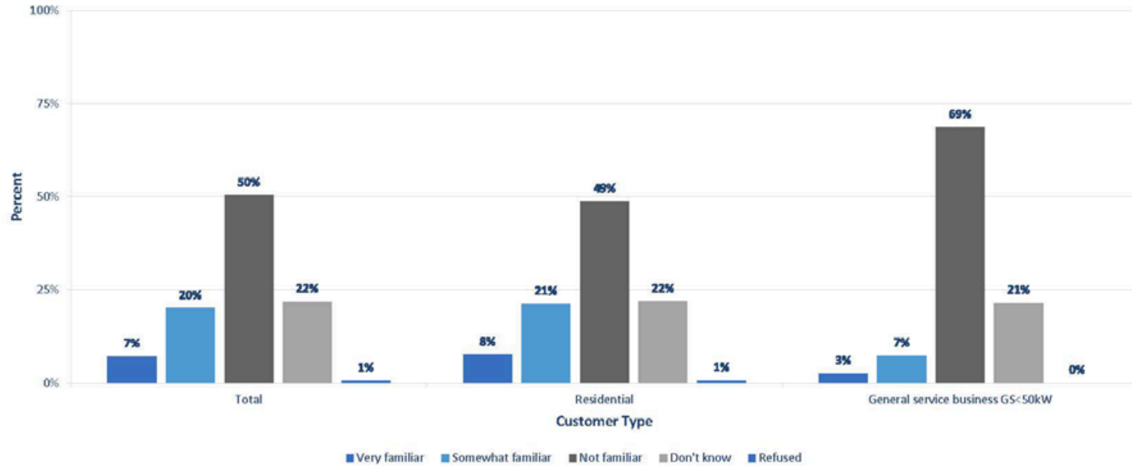

How satisfied are you with the customer service you have received when dealing with employees of Rideau St. Lawrence Distribution, whether on the telephone, via email, in person or through online conversations including social media?
Percent
Customer Type
Total
Residential
General service business GS<50kW
NET Satisfied
NET Dissatisfied
Very satisified
Somewhat satisfied
Neither satified nor dissatisfied
Somewhat dissatisfied
Very dissatisfied
Not applicable - Have not been in contact with LDC
Don't know
Source: Redhead Media Solutions/Advanis telephone random customer survey, January 14-February 22, 2021, n=301, accurate 5.4 percentage points plus or minus, 19 times out of 20.
REDHEAD MEDIA SOLUTIONS INC


How satisfied are you with the communications that you may receive from Rideau St. Lawrence Distribution without talking directly to an employee, including information found on their website, bill inserts, advertising, notices, emails, or social media sites?
Percent
Customer Type
Total
Residential
General service business GS<50kW
NET Satisfied
NET Dissatisfied
Very satisfied
Somewhat satisfied
Neither satisfied nor dissatisfied
Somewhat dissatisfied
Very dissatisfied
Don't know
Refused
Source: Redhead Media Solutions/Advanis telephone random customer survey, January 14-February 22, 2021, n=301, accurate 5.4 percentage points plus or minus, 19 times out of 20.
REDHEAD MEDIA SOLUTIONS INC

How familiar are you with the percentage of your electricity bill that went to Rideau St. Lawrence Distribution? So, NOT the portions allocated to power generation companies, transmission companies, the provincial government and regulatory agencies.



Source: Redhead Media Solutions/Advanis telephone random customer survey, January 14-February 22, 2021, n=301, accurate 5.4 percentage points plus or minus, 19 times out of 20.

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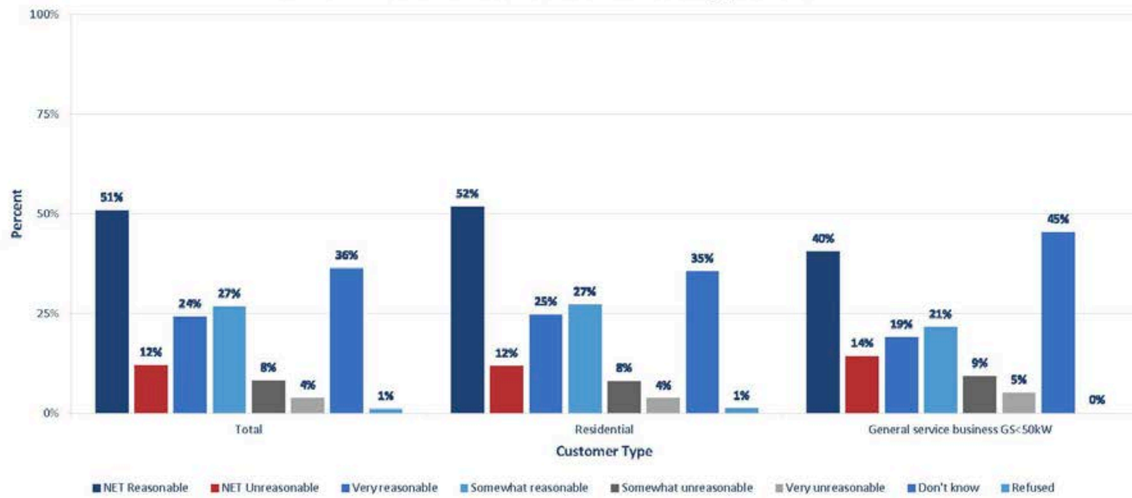
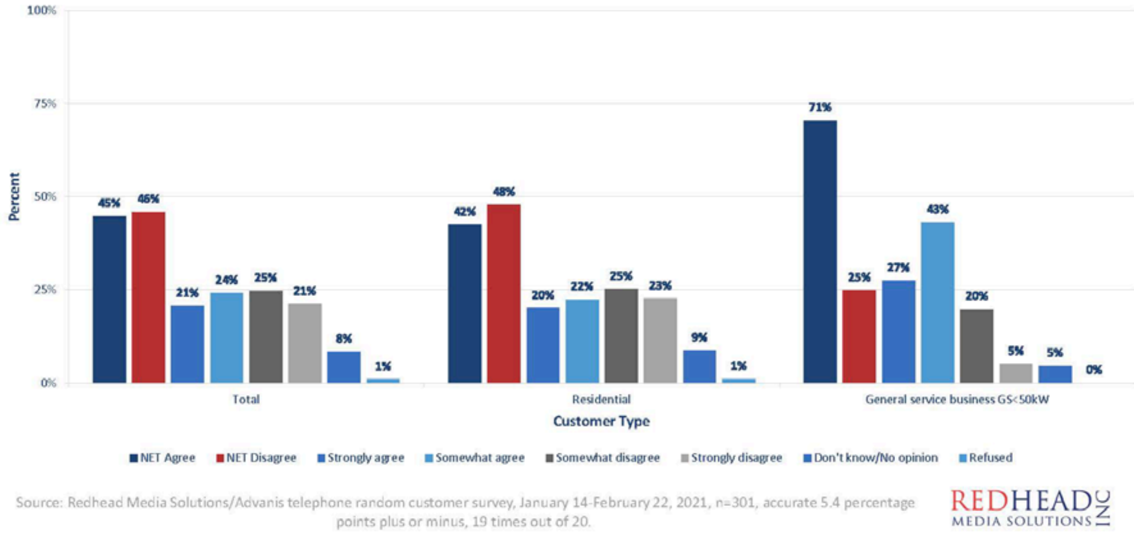
Do you feel that the percentage of your total electricity bill that you pay to Rideau St. Lawrence Distribution for the services they provide is...?



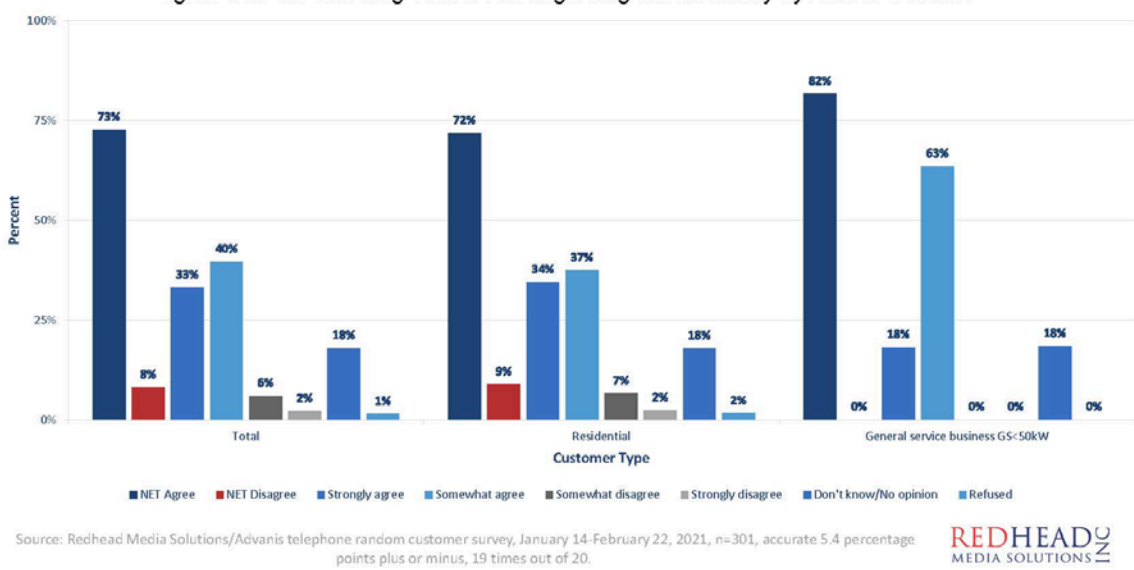
Source: Redhead Media Solutions/Advanis telephone random customer survey, January 14-February 22, 2021, n=301, accurate 5.4 percentage points plus or minus, 19 times out of 20.

REDHEAD INC MEDIA SOLUTIONS

The cost of my electricity bill has a major impact [on personal finances OR bottom line of organization]: To what extent do you agree with the following statements regarding the electricity system in Ontario?



Customers are well served by the electricity system in Ontario: To what extent do you agree with the following statements regarding the electricity system in Ontario?



CUSTOMER SATISFACTION INDEX

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Source: Redhead Media Solutions/Advanis telephone random customer survey, January 14-February 22, 2021, n=301, accurate 5.4 percentage points plus or minus, 19 times out of 20.

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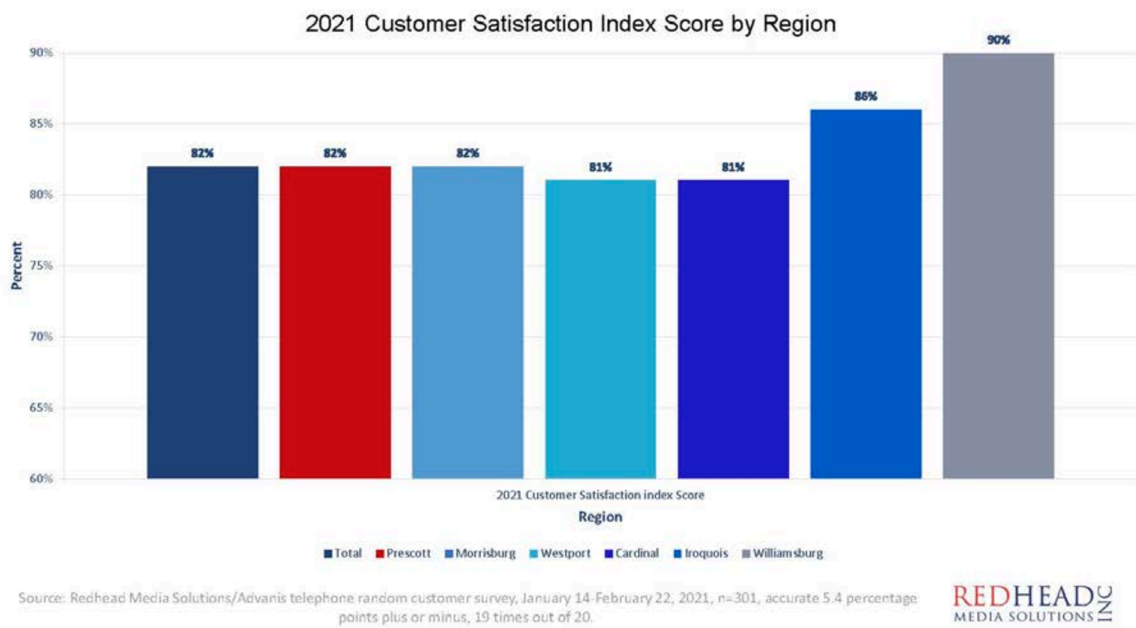
2021 Customer Satisfaction Index Score by Region
90%
85%
80%
75%
70%
65%
60%
Percent
82%
82%
82%
81%
81%
86%
90%
2021 Customer Satisfaction index Score
Region
Total
Prescott
Morrisburg
Westport
Cardinal
Iroquois
Williamsburg
Source: Redhead Media Solutions/Advanis telephone random customer survey, January 14-February 22, 2021, n=301, accurate 5.4 percentage points plus or minus, 19 times out of 20.
REDHEAD INC
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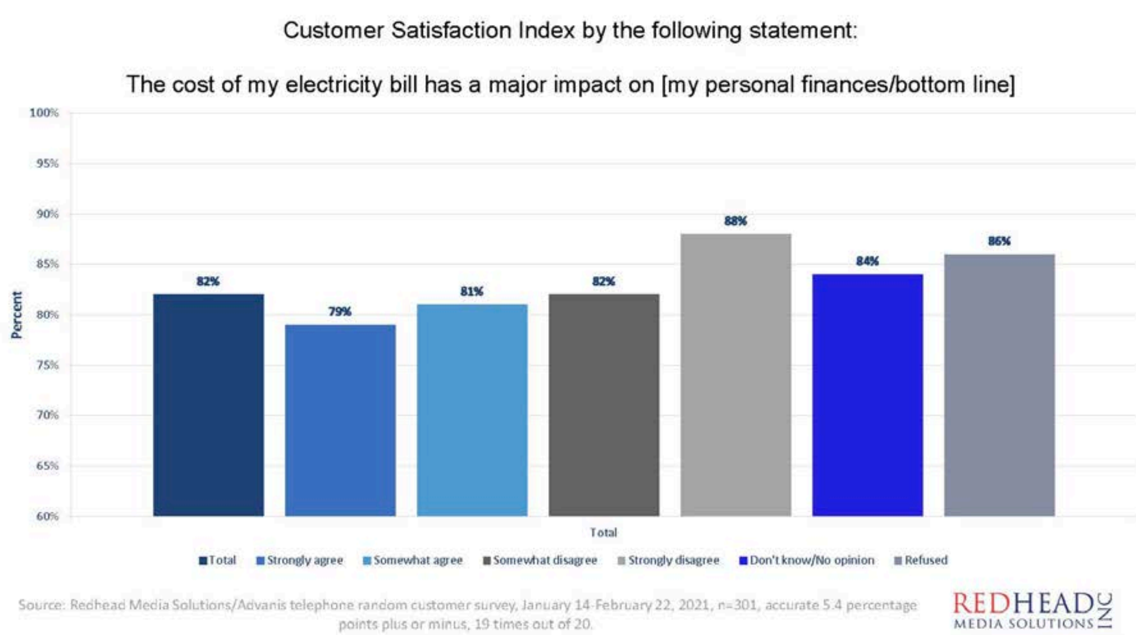
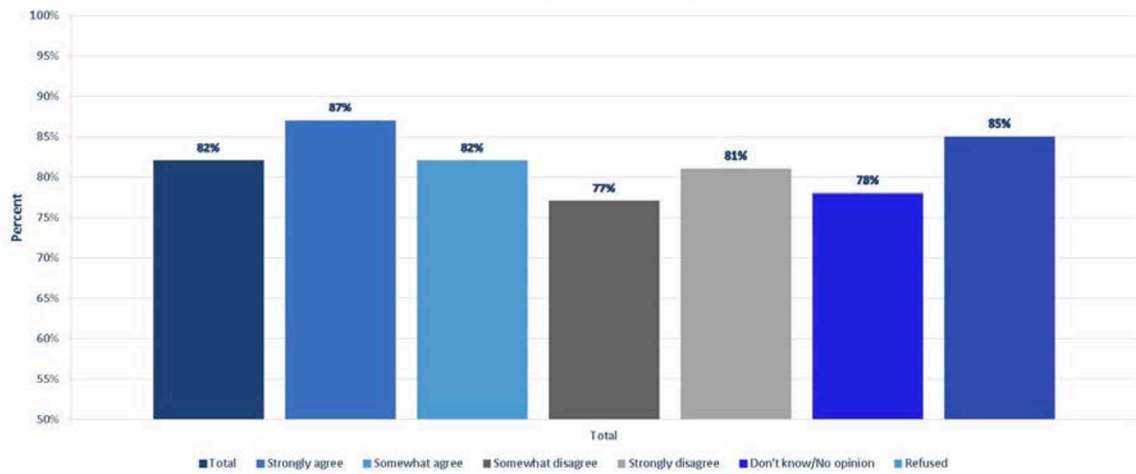

Customer Satisfaction Index by the following statement:
The cost of my electricity bill has a major impact on [my personal finances/bottom line]
100%
95%
90%
85%
80%
75%
70%
65%
60%
Percent
82%
79%
81%
82%
88%
84%
86%
Total
Total
Strongly agree
Somewhat agree
Somewhat disagree
Strongly disagree
Don't know/No opinion
Refused
Source: Redhead Media Solutions/Advanis telephone random customer survey, January 14-February 22, 2021, n=301, accurate 5.4 percentage points plus or minus, 19 times out of 20.
REDHEAD INC
MEDIA SOLUTIONS

Customer Satisfaction Index by the following statement:

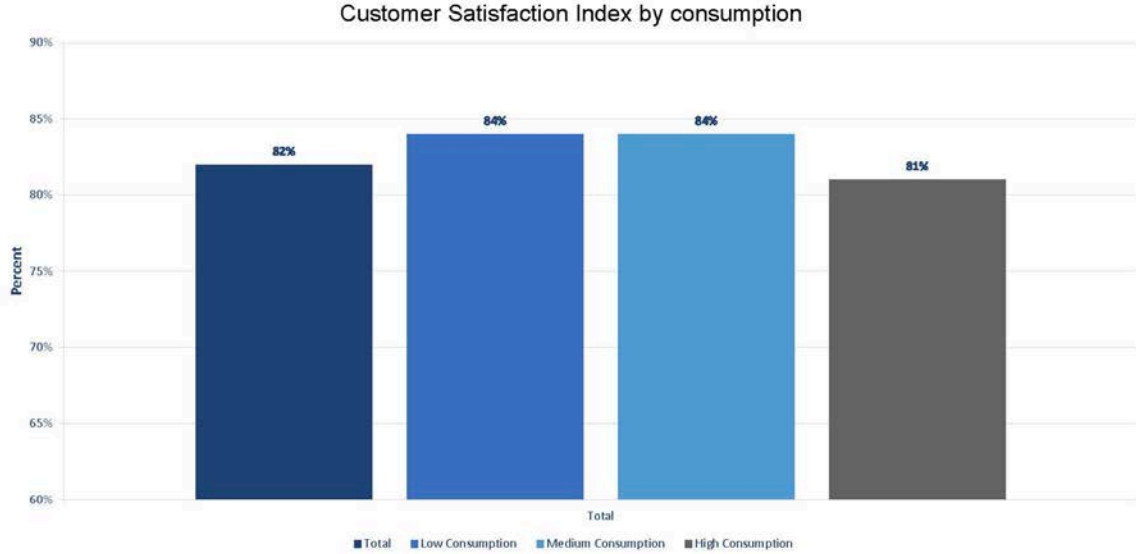
Customers are well served by the electricity system in Ontario



Source: Redhead Media Solutions/Advanis telephone random customer survey, January 14-February 22, 2021, n=301, accurate 5.4 percentage points plus or minus, 19 times out of 20.

REDHEAD INC MEDIA SOLUTIONS

Customer Satisfaction Index by consumption



Source: Redhead Media Solutions/Advanis telephone random customer survey, January 14-February 22, 2021, n=277

REDHEAD INC MEDIA SOLUTIONS

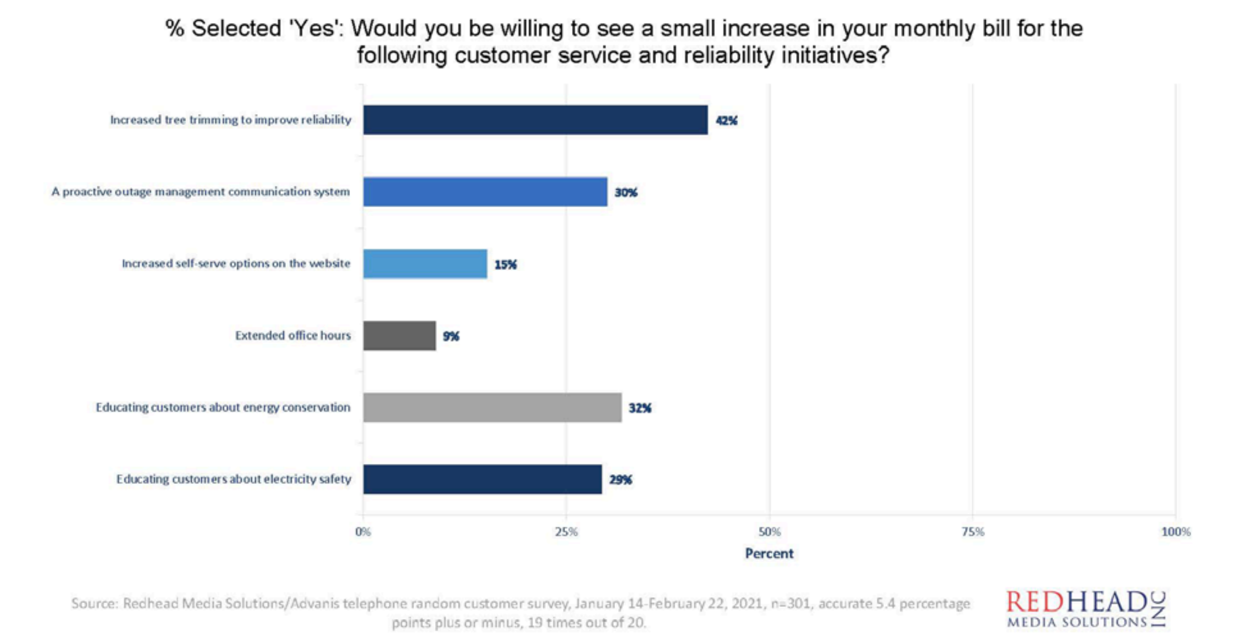
Customer Satisfaction Index Score Comparison to External LDCs
Upper and Lower Bound

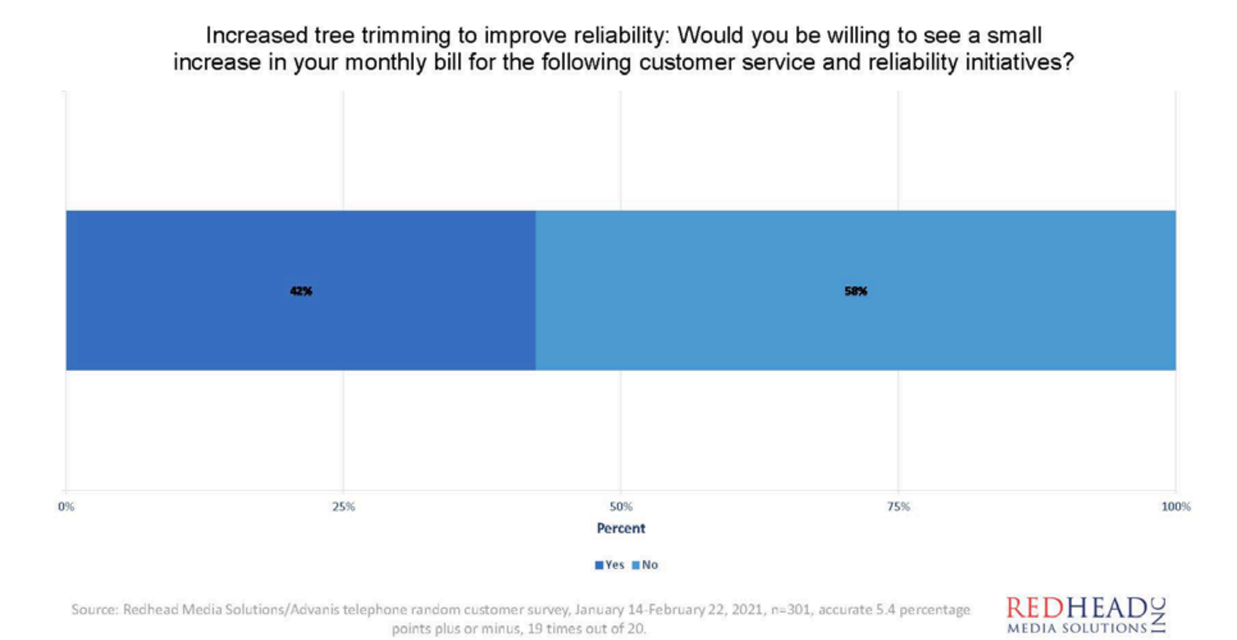
- The lines denote Rideau St. Lawrence Distribution's upper and lower bound based on the CSI Score.
- Almost all LDCs confidence intervals overlap, similar to 2019.
- Rideau St. Lawrence Distribution overlaps with all LDCs, indicating statistical uniformity.

REDHEAD INC MEDIA SOLUTIONS

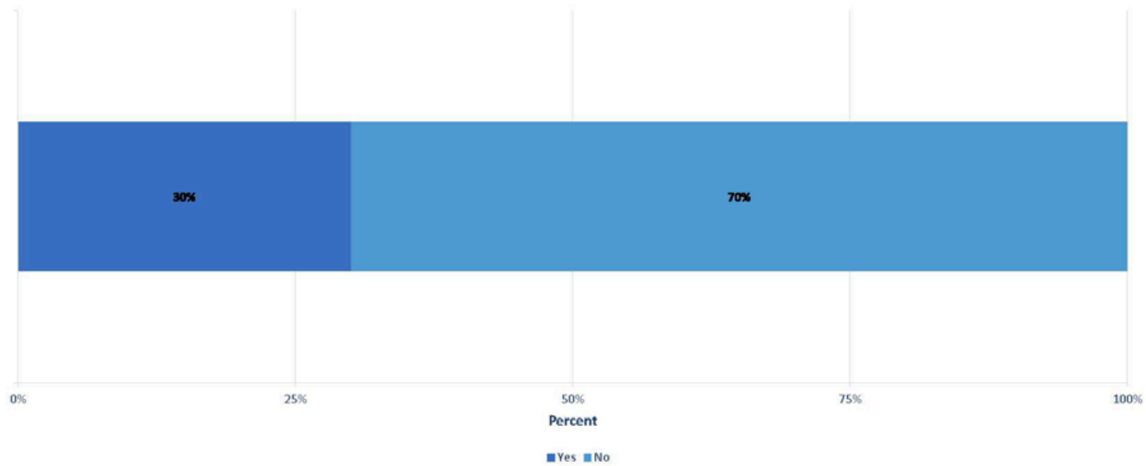
CUSTOM QUESTIONS

REDHEAD INC MEDIA SOLUTIONS


% Selected 'Yes': Would you be willing to see a small increase in your monthly bill for the following customer service and reliability initiatives?
Increased tree trimming to improve reliability
42%
A proactive outage management communication system
30%
Increased self-serve options on the website
15%
Extended office hours
9%
Educating customers about energy conservation
32%
Educating customers about electricity safety
29%
0%
25%
50%
75%
100%
Percent
Source: Redhead Media Solutions/Advanis telephone random customer survey, January 14-February 22, 2021, n=301, accurate 5.4 percentage points plus or minus, 19 times out of 20.


Increased tree trimming to improve reliability: Would you be willing to see a small increase in your monthly bill for the following customer service and reliability initiatives?
42%
58%
0%
25%
50%
75%
100%
Percent
Yes
No
Source: Redhead Media Solutions/Advanis telephone random customer survey, January 14-February 22, 2021, n=301, accurate 5.4 percentage points plus or minus, 19 times out of 20.

A proactive outage management communication system: Would you be willing to see a small increase in your monthly bill for the following customer service and reliability initiatives?



Source: Redhead Media Solutions/Advanis telephone random customer survey, January 14-February 22, 2021, n=301, accurate 5.4 percentage points plus or minus, 19 times out of 20.

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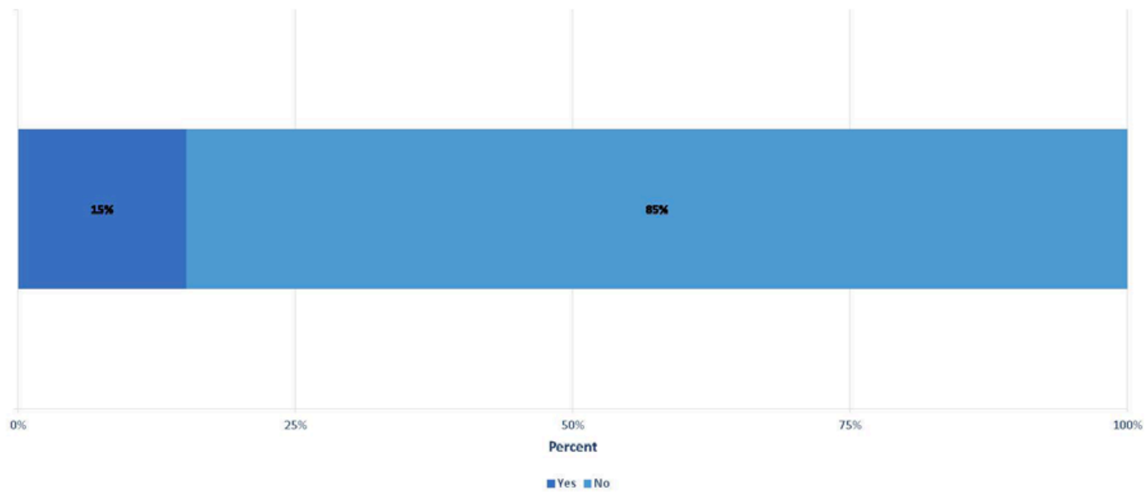
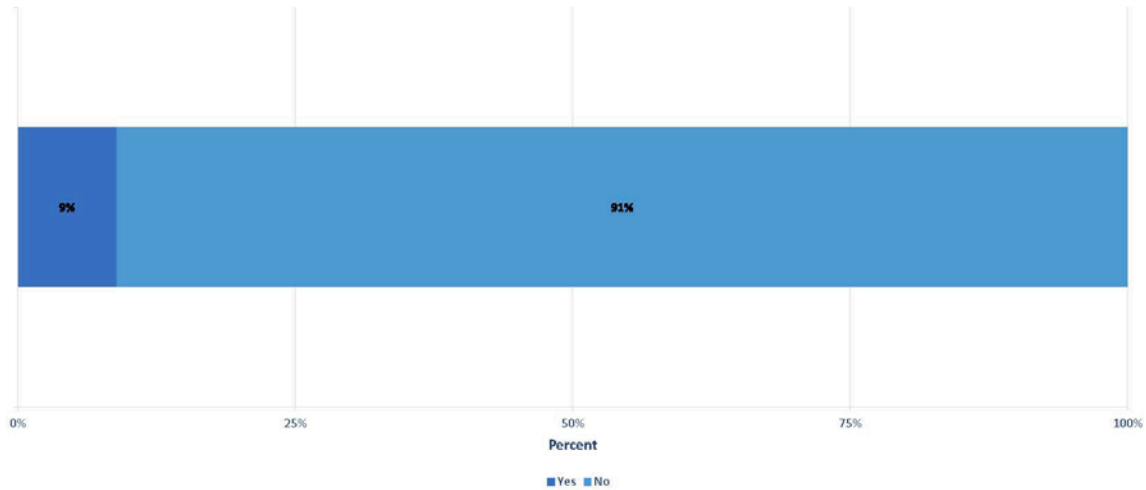
Increased self-serve options on the website: Would you be willing to see a small increase in your monthly bill for the following customer service and reliability initiatives?



Source: Redhead Media Solutions/Advanis telephone random customer survey, January 14-February 22, 2021, n=301, accurate 5.4 percentage points plus or minus, 19 times out of 20.

REDHEAD INC MEDIA SOLUTIONS

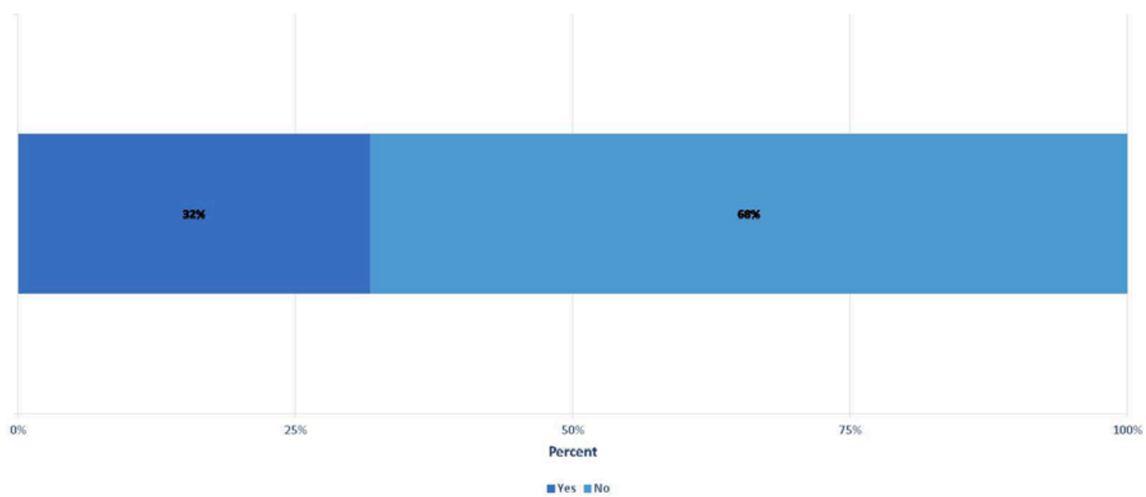
Extended office hours: Would you be willing to see a small increase in your monthly bill for the following customer service and reliability initiatives?



Source: Redhead Media Solutions/Advanis telephone random customer survey, January 14-February 22, 2021, n=301, accurate 5.4 percentage points plus or minus, 19 times out of 20.

REDHEAD INC MEDIA SOLUTIONS

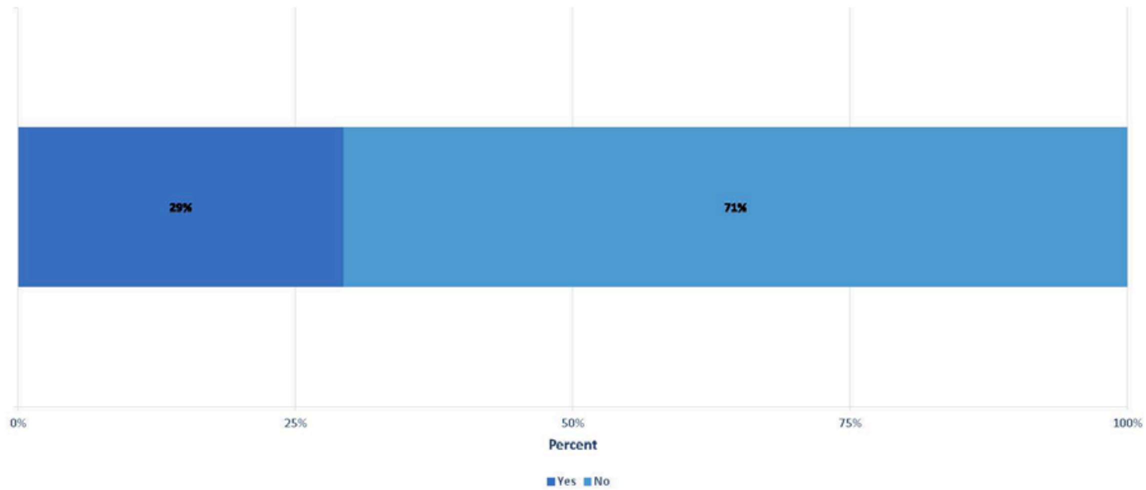
Educating customers about energy conservation: Would you be willing to see a small increase in your monthly bill for the following customer service and reliability initiatives?



Source: Redhead Media Solutions/Advanis telephone random customer survey, January 14-February 22, 2021, n=301, accurate 5.4 percentage points plus or minus, 19 times out of 20.

REDHEAD INC MEDIA SOLUTIONS

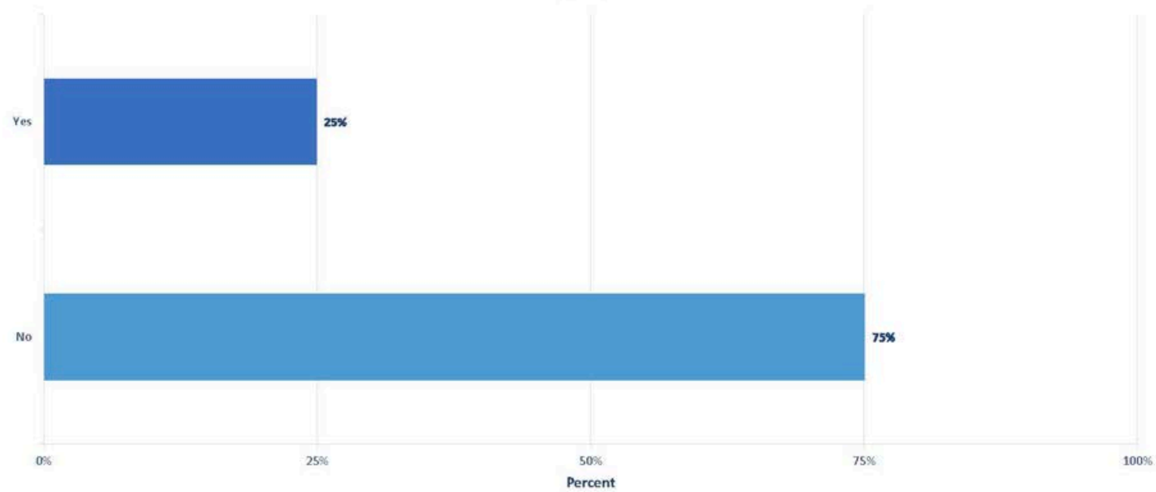
Educating customers about electricity safety: Would you be willing to see a small increase in your monthly bill for the following customer service and reliability initiatives?



Source: Redhead Media Solutions/Advanis telephone random customer survey, January 14-February 22, 2021, n=301, accurate 5.4 percentage points plus or minus, 19 times out of 20.

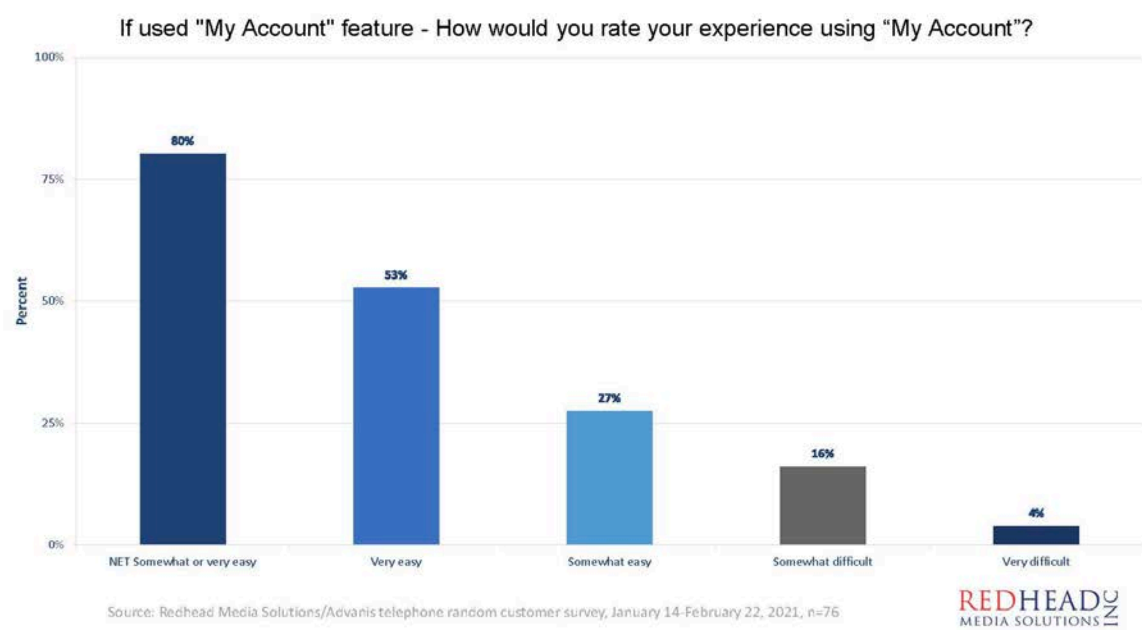
REDHEAD INC MEDIA SOLUTIONS

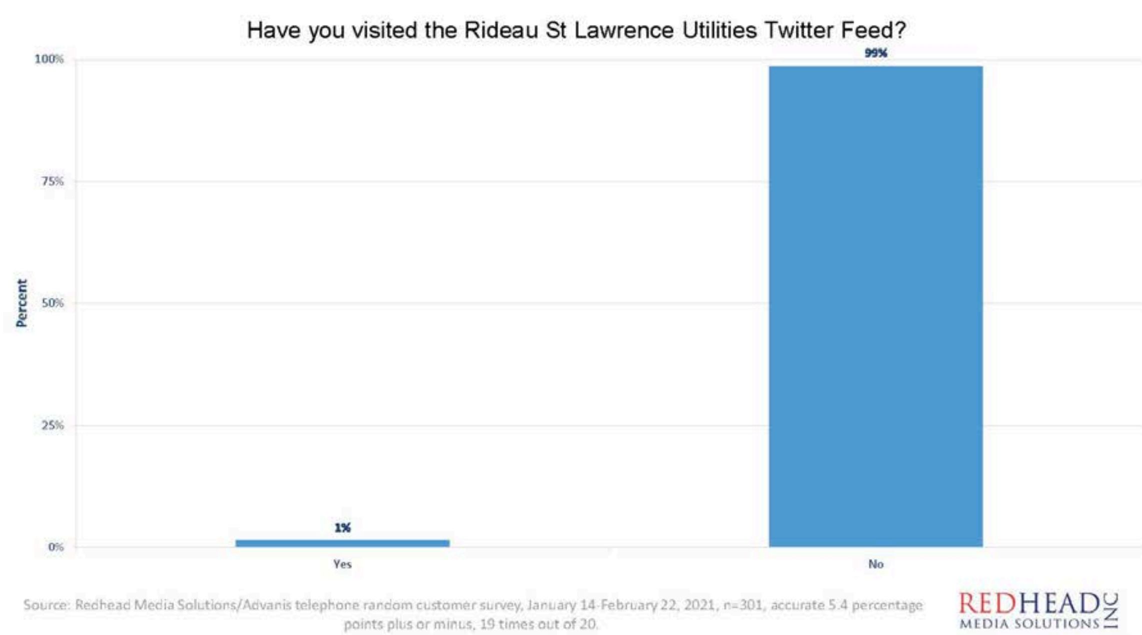
Have you used the "My Account" feature on our website to access your account and bills?



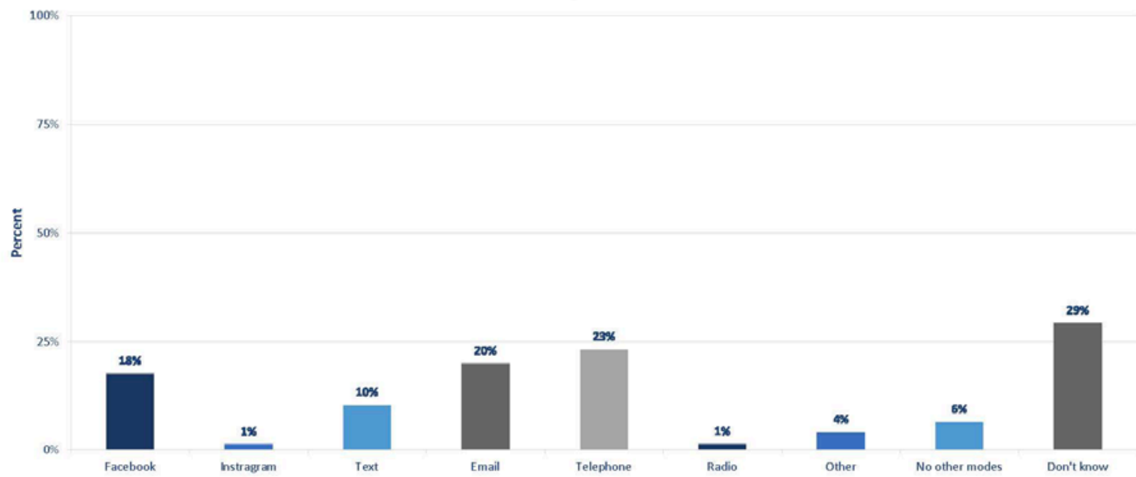
Source: Redhead Media Solutions/Advanis telephone random customer survey, January 14-February 22, 2021, n=301, accurate 5.4 percentage points plus or minus, 19 times out of 20.

REDHEAD INC MEDIA SOLUTIONS


If used "My Account" feature - How would you rate your experience using “My Account”?
100%
75%
50%
25%
0%
Percent
80%
53%
27%
16%
4%
NET Somewhat or very easy
Very easy
Somewhat easy
Somewhat difficult
Very difficult
Source: Redhead Media Solutions/Advanis telephone random customer survey, January 14-February 22, 2021, n=76
REDHEAD INC
MEDIA SOLUTIONS


Have you visited the Rideau St Lawrence Utilities Twitter Feed?
100%
75%
50%
25%
0%
Percent
1%
99%
Yes
No
Source: Redhead Media Solutions/Advanis telephone random customer survey, January 14-February 22, 2021, n=301, accurate 5.4 percentage points plus or minus, 19 times out of 20.
REDHEAD INC
MEDIA SOLUTIONS

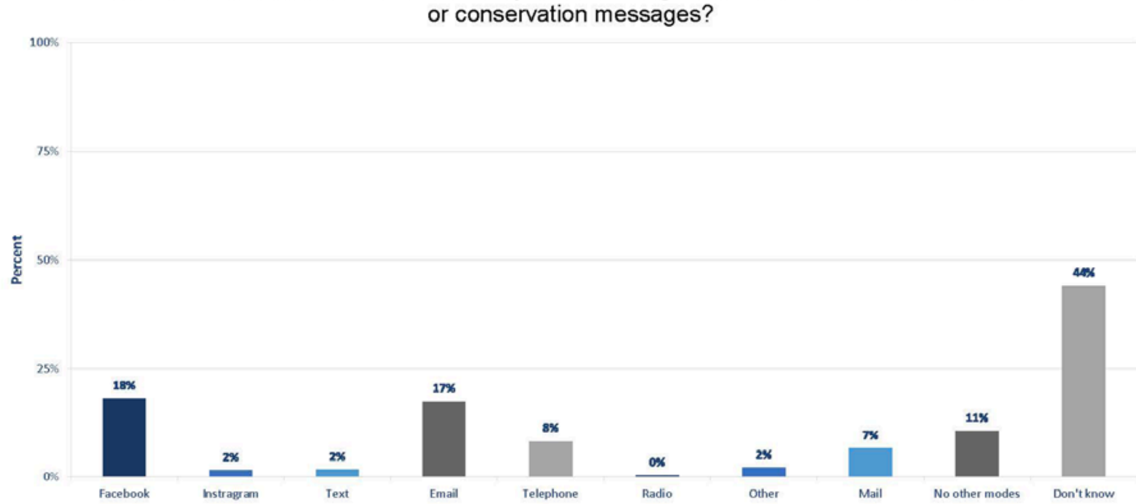
Are there additional social media sites or modes other than Twitter that Rideau St Lawrence Utilities should use to reach you for urgent information, such as unplanned outages?



Source: Redhead Media Solutions/Advanis telephone random customer survey, January 14-February 22, 2021, n=301, accurate 5.4 percentage points plus or minus, 19 times out of 20.

REDHEAD INC MEDIA SOLUTIONS

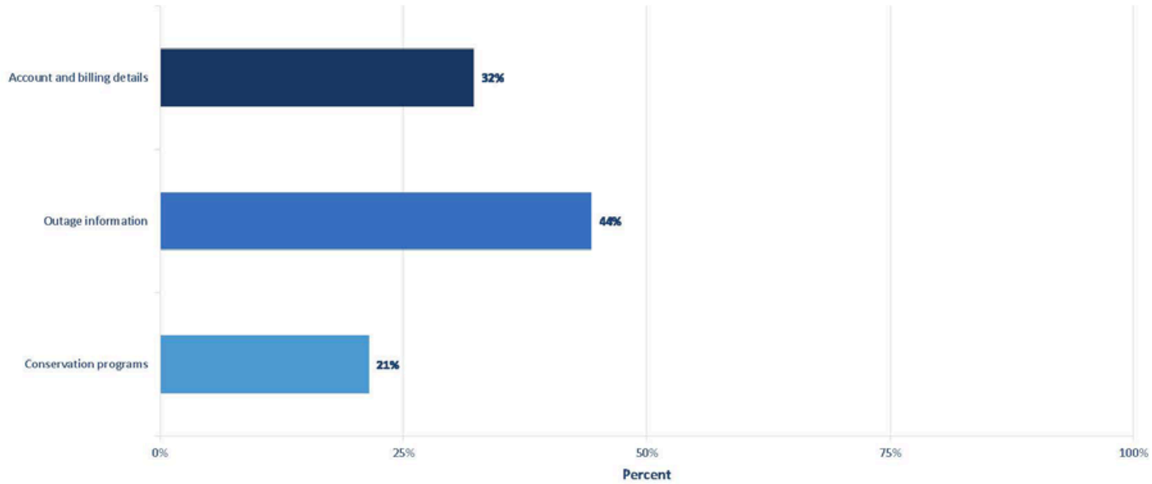
Are there additional social media sites or modes other than Twitter that Rideau St Lawrence Utilities should use to reach you for non-urgent information, such as education or conservation messages?



Source: Redhead Media Solutions/Advanis telephone random customer survey, January 14-February 22, 2021, n=301, accurate 5.4 percentage points plus or minus, 19 times out of 20.

REDHEAD INC MEDIA SOLUTIONS

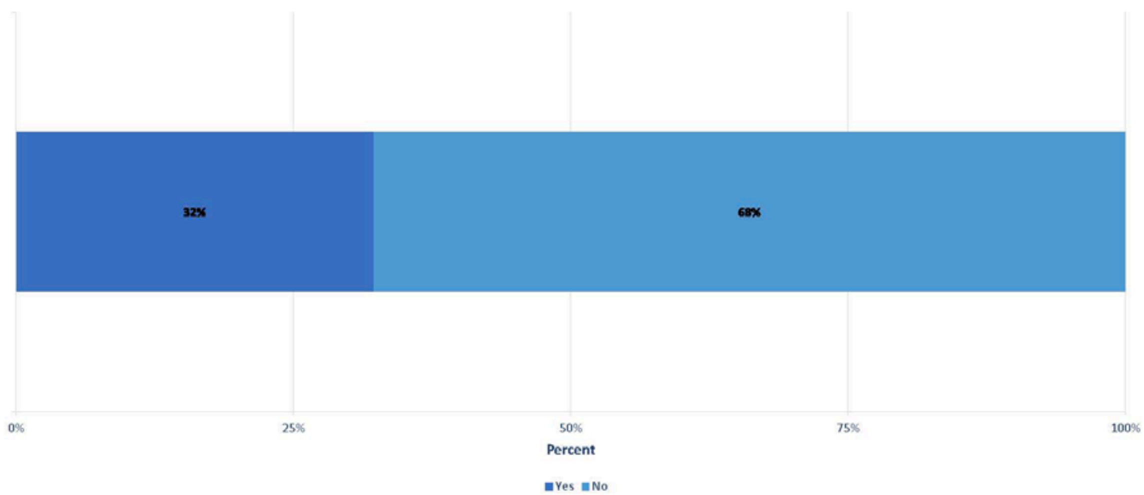
% Selected 'Yes': For each of the following services please indicate if you would use a mobile application on your cellphone or tablet to access this information?



Source: Redhead Media Solutions/Advanis telephone random customer survey, January 14-February 22, 2021, n=301, accurate 5.4 percentage points plus or minus, 19 times out of 20.

REDHEAD INC MEDIA SOLUTIONS

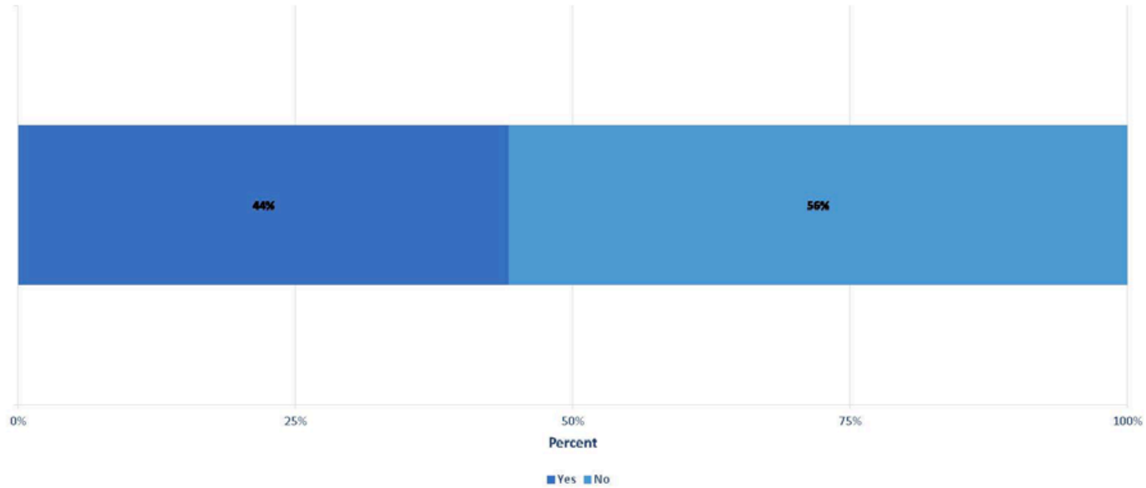
Account and billing details: For each of the following services please indicate if you would use a mobile application on your cellphone or tablet to access this information?



Source: Redhead Media Solutions/Advanis telephone random customer survey, January 14-February 22, 2021, n=301, accurate 5.4 percentage points plus or minus, 19 times out of 20.

REDHEAD INC MEDIA SOLUTIONS

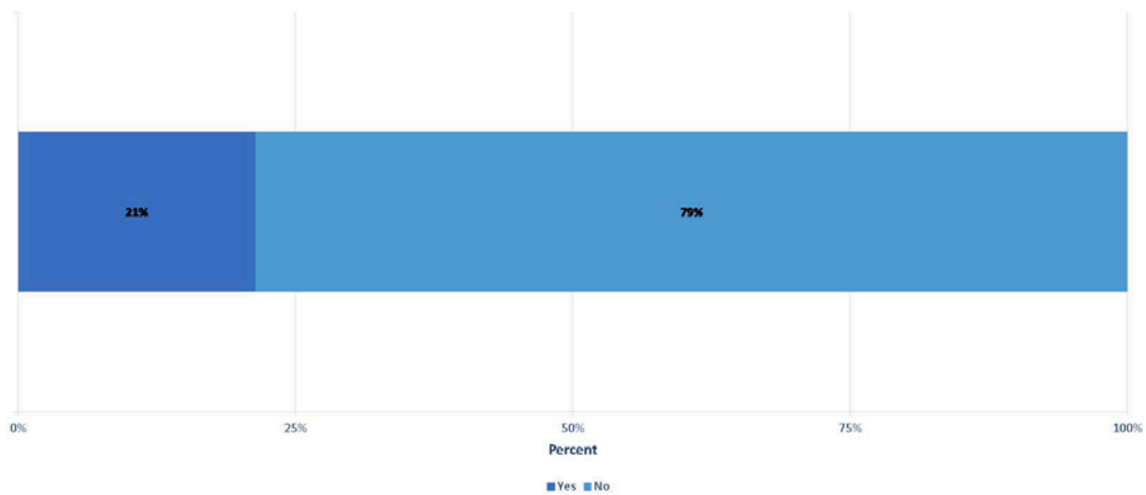
Outage information: For each of the following services please indicate if you would use a mobile application on your cellphone or tablet to access this information?



Source: Redhead Media Solutions/Advanis telephone random customer survey, January 14-February 22, 2021, n=301, accurate 5.4 percentage points plus or minus, 19 times out of 20.

REDHEAD INC MEDIA SOLUTIONS

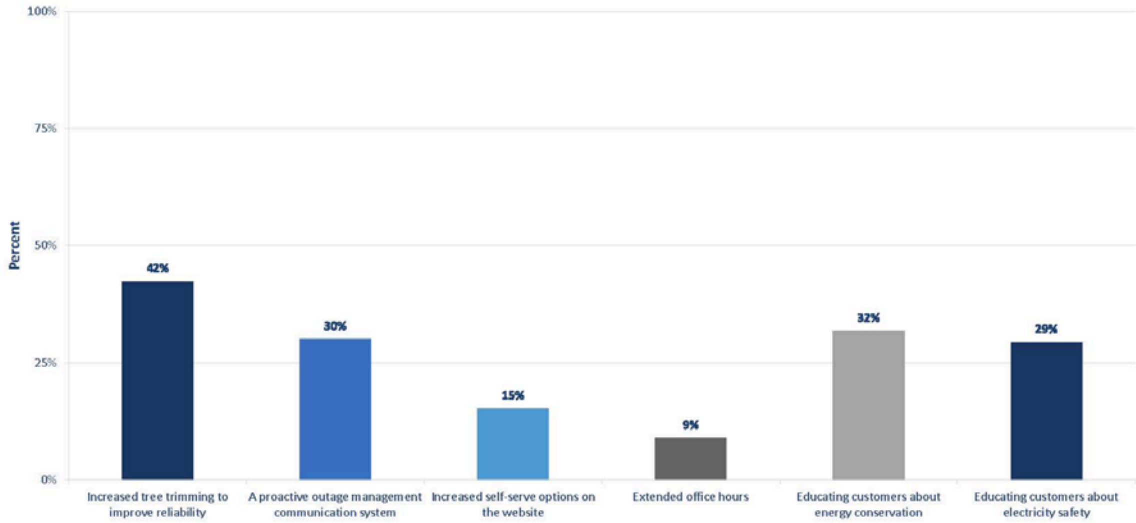
Conservation programs: For each of the following services please indicate if you would use a mobile application on your cellphone or tablet to access this information?



Source: Redhead Media Solutions/Advanis telephone random customer survey, January 14-February 22, 2021, n=301, accurate 5.4 percentage points plus or minus, 19 times out of 20.

REDHEAD INC MEDIA SOLUTIONS

% Selected 'Yes': Would you be willing to see a small increase in your monthly bill for the following customer service and reliability initiatives?

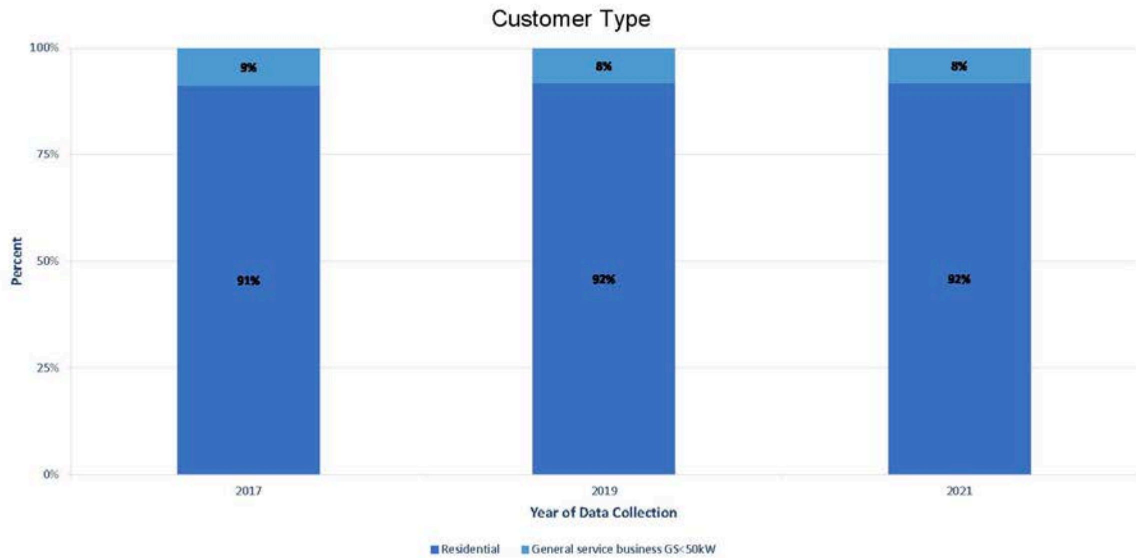


Source: Redhead Media Solutions/Advanis telephone random customer survey, January 14-February 22, 2021, n=301, accurate 5.4 percentage points plus or minus, 19 times out of 20.

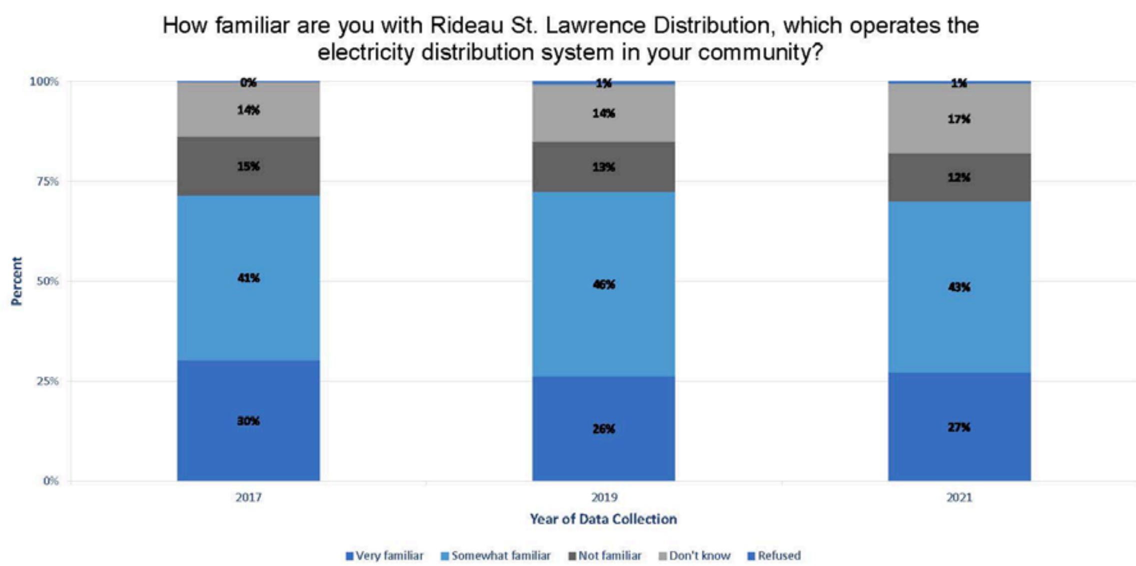
REDHEAD INC MEDIA SOLUTIONS

CORE COMPARATIVE DATA 2017-2021

REDHEAD INC MEDIA SOLUTIONS

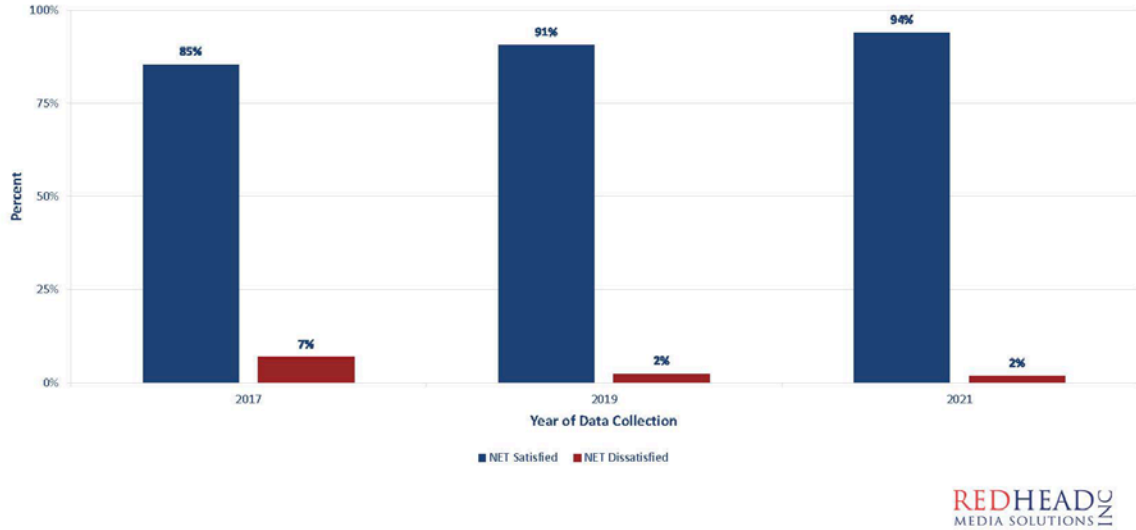


REDHEAD INC
MEDIA SOLUTIONS

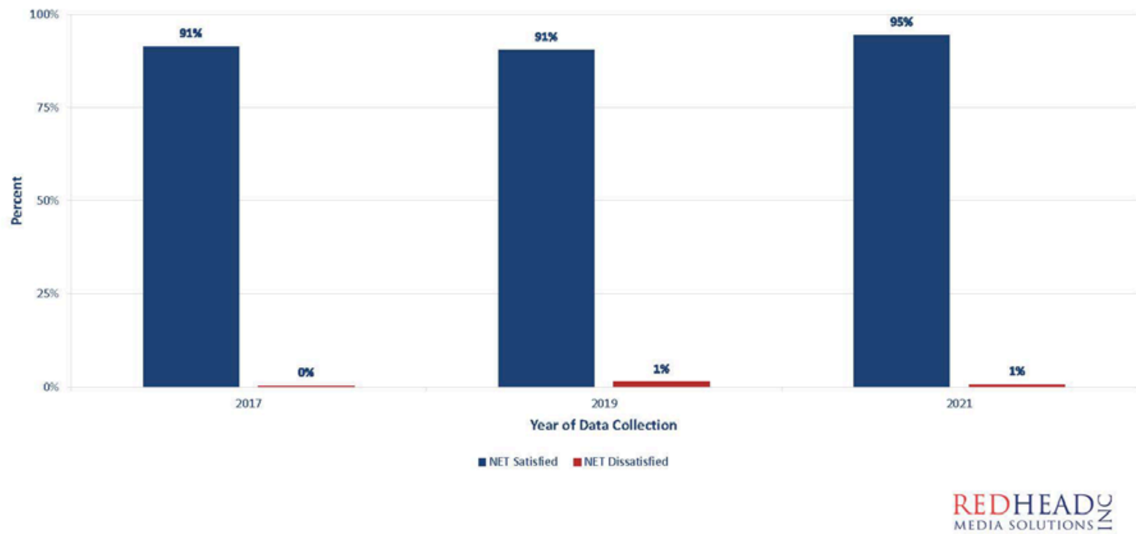


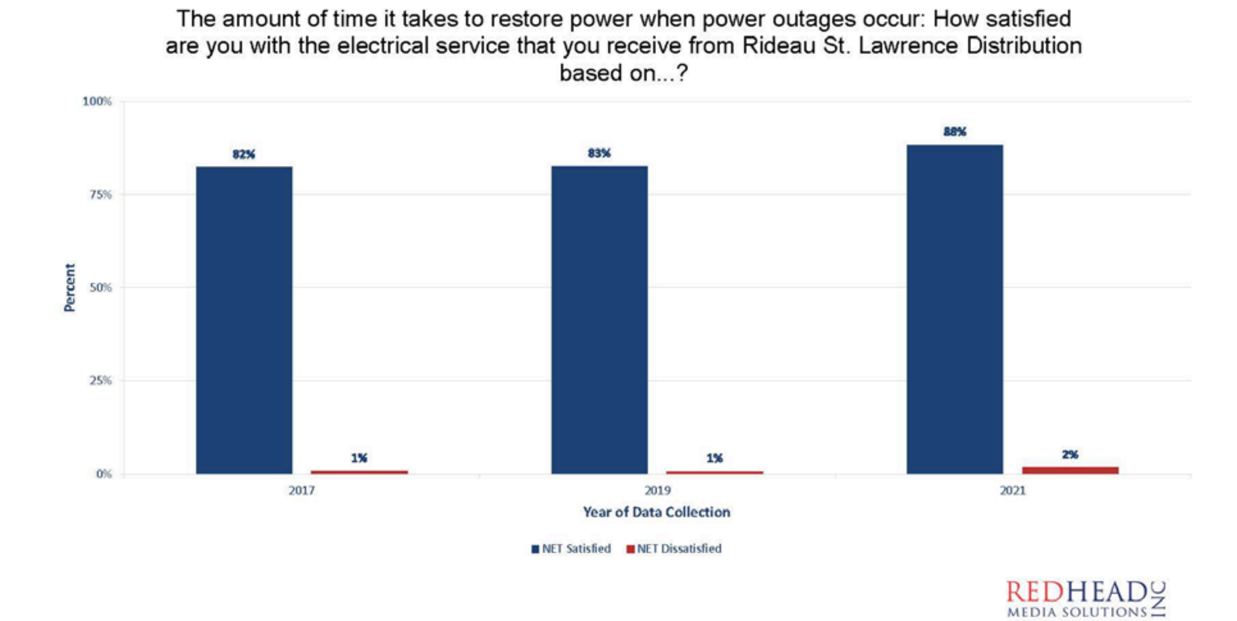
REDHEAD INC
MEDIA SOLUTIONS

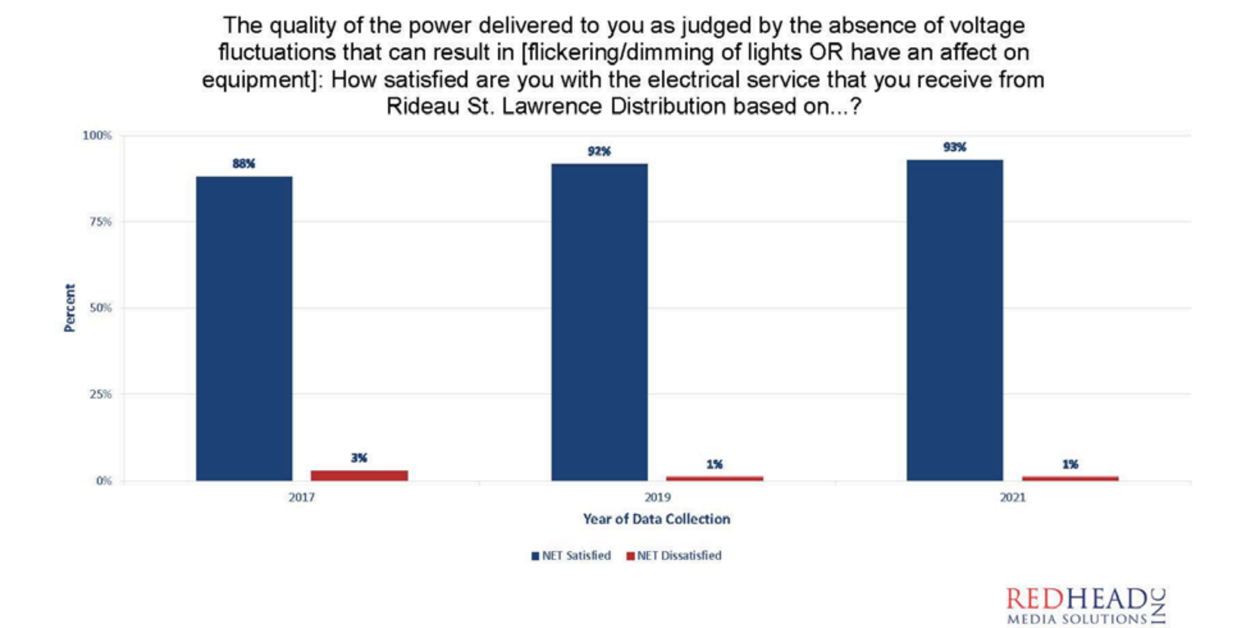
Thinking specifically about the services provided to you and your community by Rideau St. Lawrence Distribution, overall, how satisfied are you with the services that you receive from Rideau St. Lawrence Distribution?



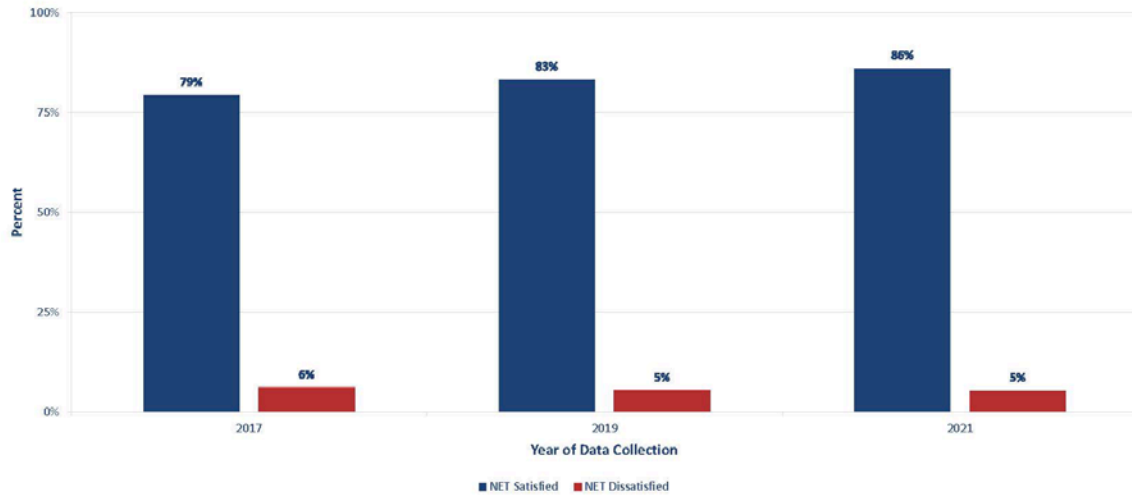
The reliability of your electricity service – as judged by the number of power outages you experience: How satisfied are you with the electrical service that you receive from Rideau St. Lawrence Distribution based on...?



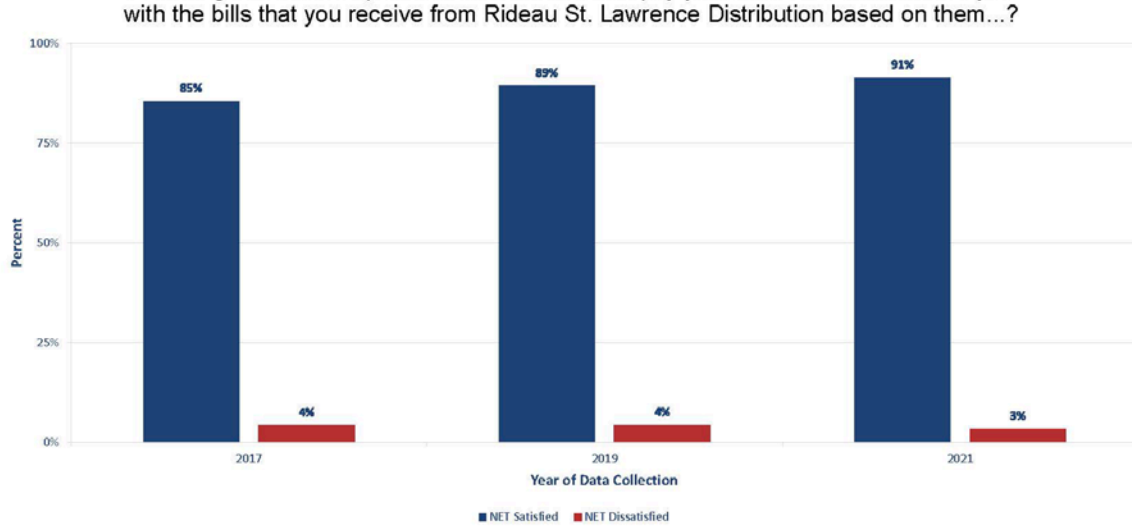

The amount of time it takes to restore power when power outages occur: How satisfied are you with the electrical service that you receive from Rideau St. Lawrence Distribution based on...?
100%
75%
50%
25%
0%
Percent
82%
1%
83%
1%
88%
2%
2017
2019
2021
Year of Data Collection
NET Satisfied
NET Dissatisfied
REDHEAD INC
MEDIA SOLUTIONS


The quality of the power delivered to you as judged by the absence of voltage fluctuations that can result in [flickering/dimming of lights OR have an affect on equipment]: How satisfied are you with the electrical service that you receive from Rideau St. Lawrence Distribution based on...?
100%
75%
50%
25%
0%
Percent
88%
3%
92%
1%
93%
1%
2017
2019
2021
Year of Data Collection
NET Satisfied
NET Dissatisfied
REDHEAD INC
MEDIA SOLUTIONS

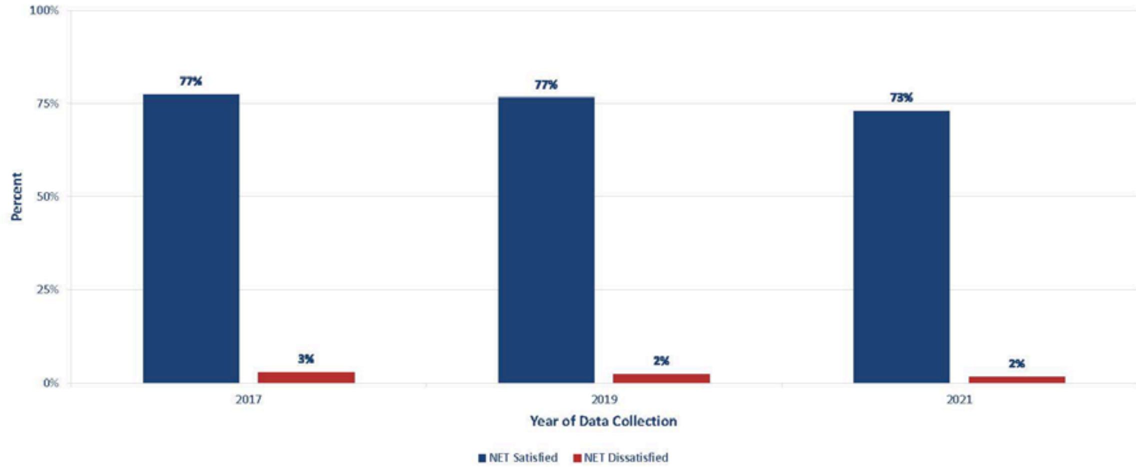
Providing accurate bills: How satisfied are you with the bills that you receive from Rideau St. Lawrence Distribution based on them...?



Providing convenient options to both receive and pay your bills: How satisfied are you with the bills that you receive from Rideau St. Lawrence Distribution based on them...?

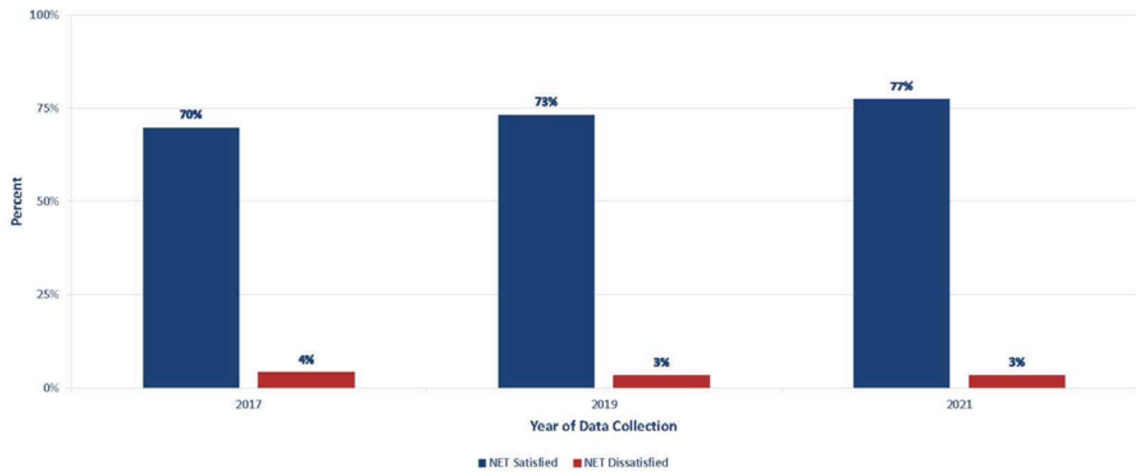


How satisfied are you with the customer service you have received when dealing with employees of Rideau St. Lawrence Distribution, whether on the telephone, via email, in person or through online conversations including social media?



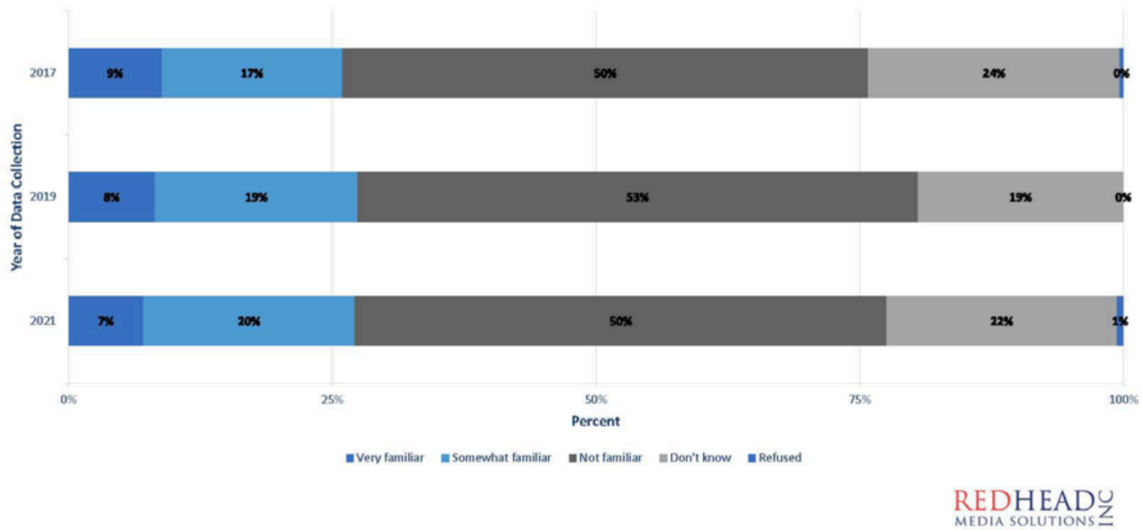
REDHEAD MEDIA SOLUTIONS INC

How satisfied are you with the communications that you may receive from Rideau St. Lawrence Distribution without talking directly to an employee, including information found on their website, bill inserts, advertising, notices, emails, or social media sites?

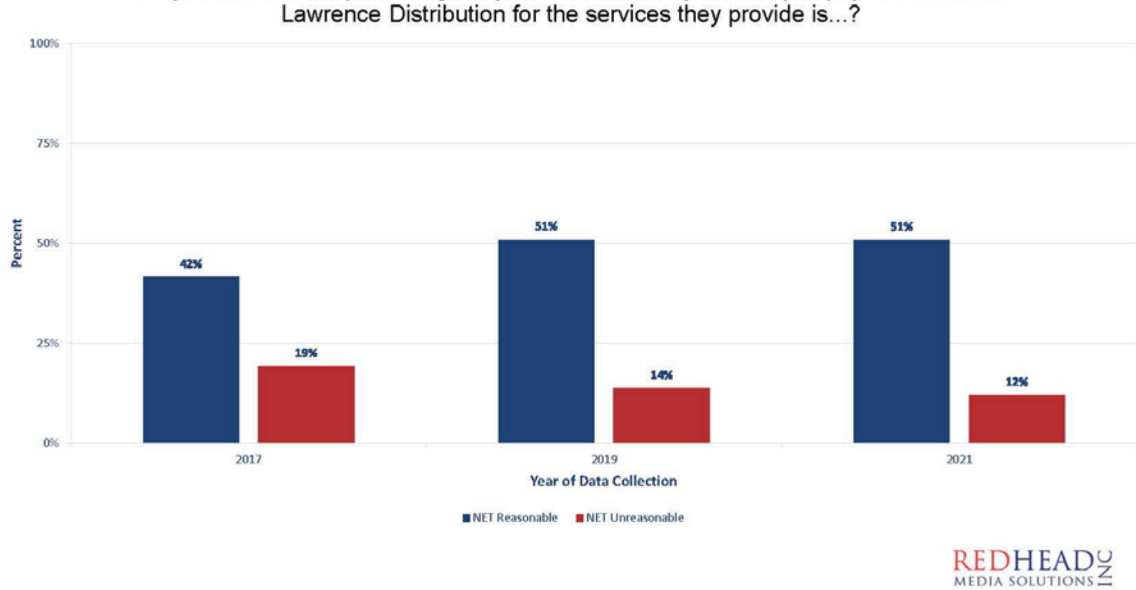


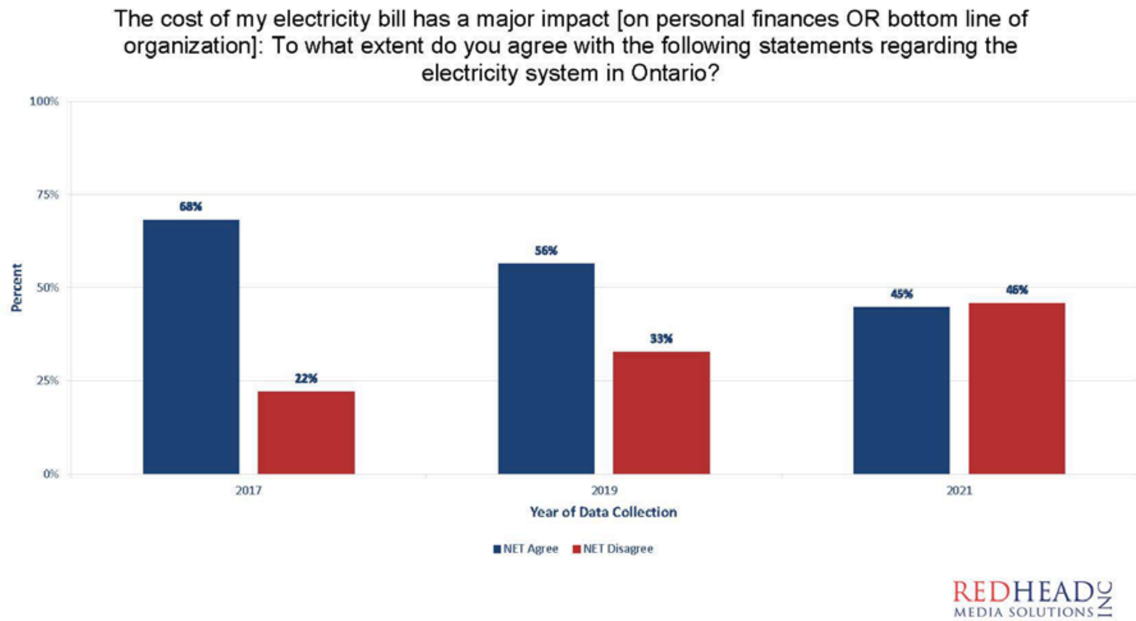
REDHEAD MEDIA SOLUTIONS INC

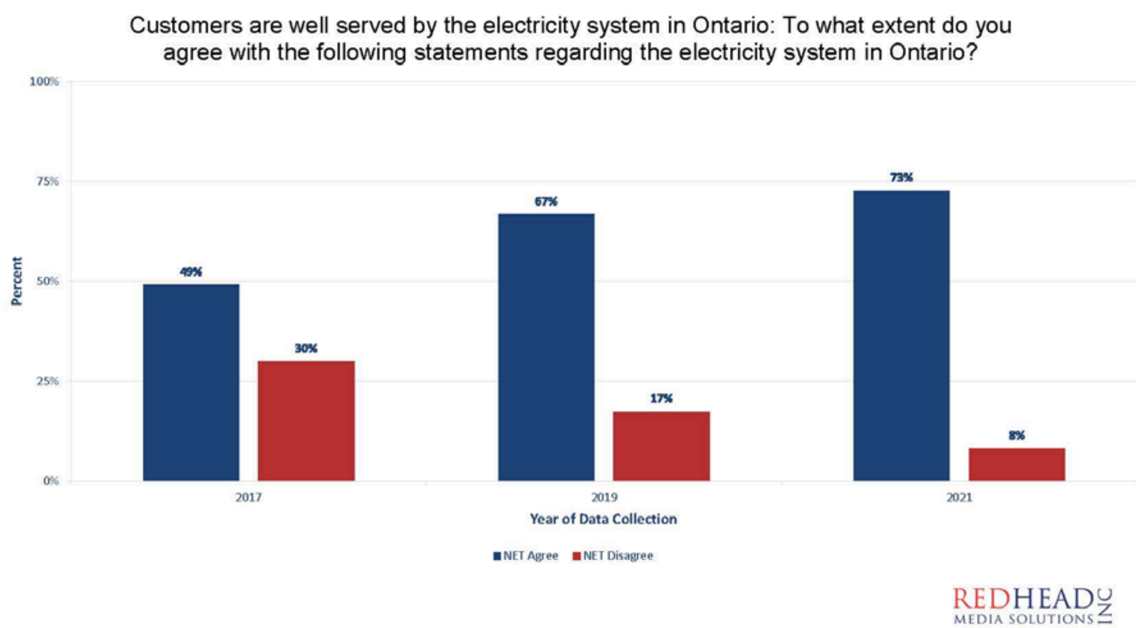
How familiar are you with the percentage of your electricity bill that went to Rideau St. Lawrence Distribution? So, NOT the portions allocated to power generation companies, transmission companies, the provincial government and regulatory agencies.



Do you feel that the percentage of your total electricity bill that you pay to Rideau St. Lawrence Distribution for the services they provide is...?



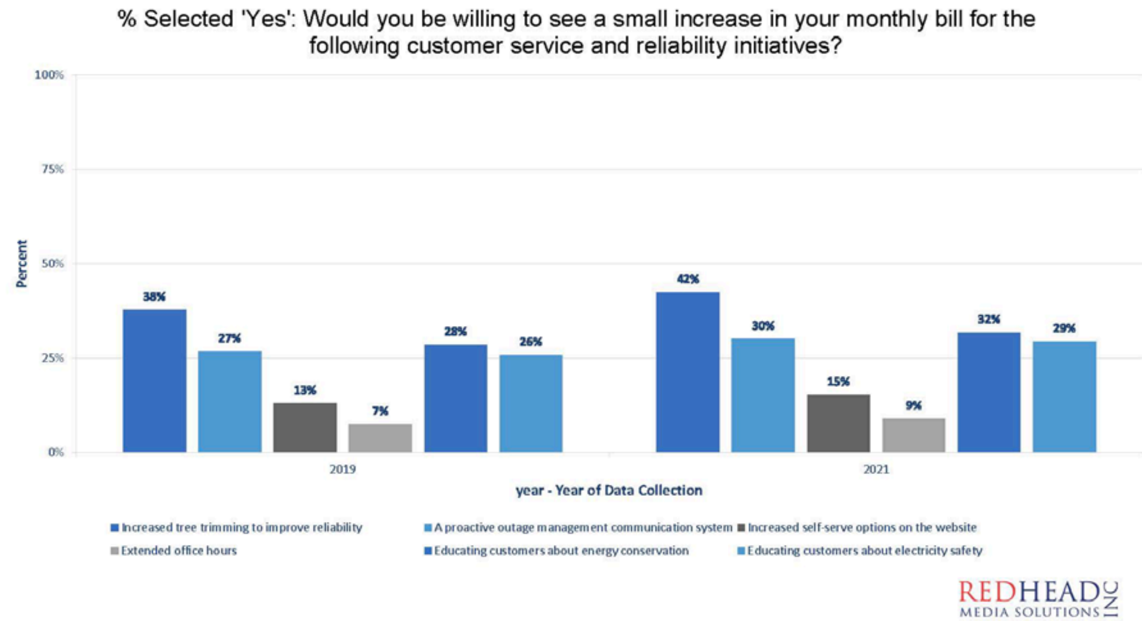

The cost of my electricity bill has a major impact [on personal finances OR bottom line of organization]: To what extent do you agree with the following statements regarding the electricity system in Ontario?
100%
75%
50%
25%
0%
Percent
68%
22%
56%
33%
45%
46%
2017
2019
2021
Year of Data Collection
NET Agree
NET Disagree
REDHEAD INC
MEDIA SOLUTIONS

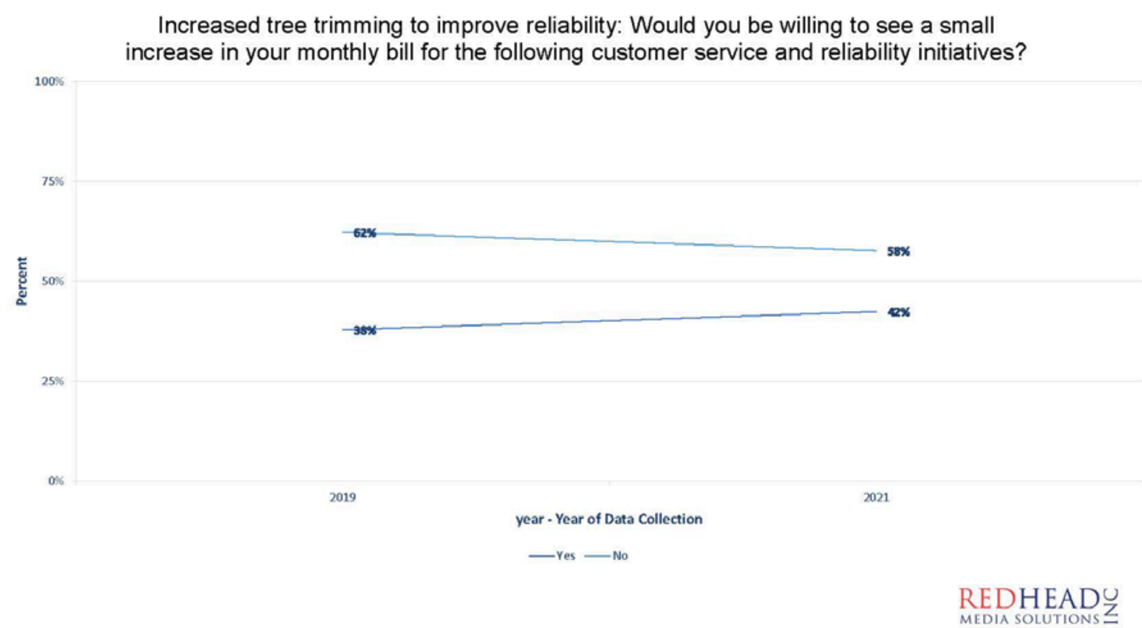

Customers are well served by the electricity system in Ontario: To what extent do you agree with the following statements regarding the electricity system in Ontario?
100%
75%
50%
25%
0%
Percent
49%
30%
67%
17%
73%
8%
2017
2019
2021
Year of Data Collection
NET Agree
NET Disagree
REDHEAD INC
MEDIA SOLUTIONS

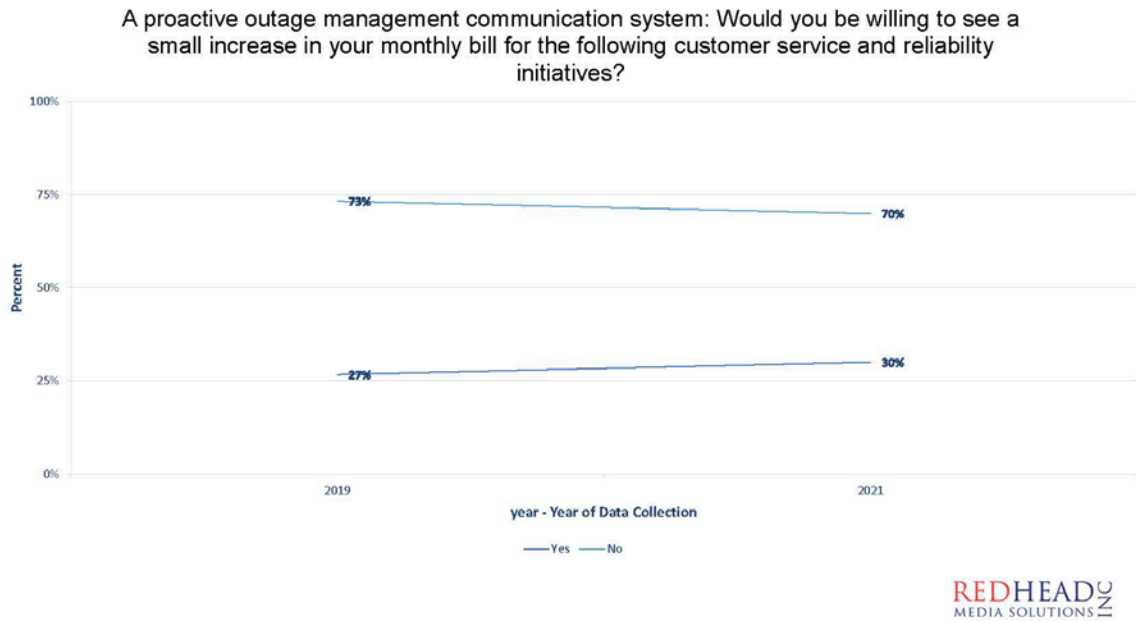
REDHEAD INC
MEDIA SOLUTIONS

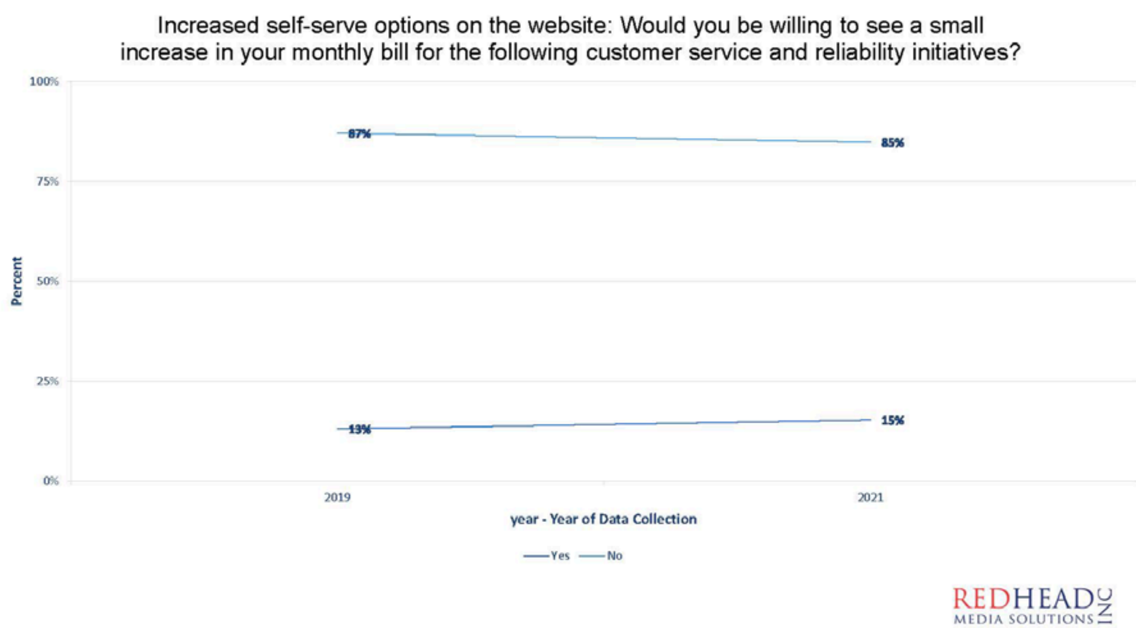
CUSTOM COMPARATIVE DATA 2019-2021

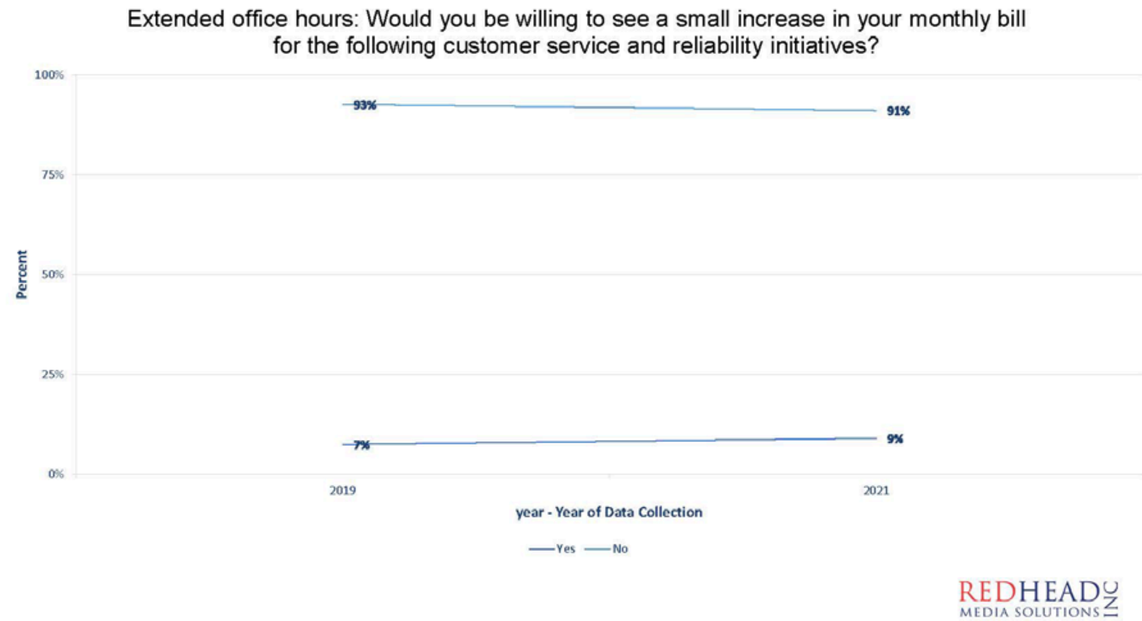
REDHEAD INC
MEDIA SOLUTIONS

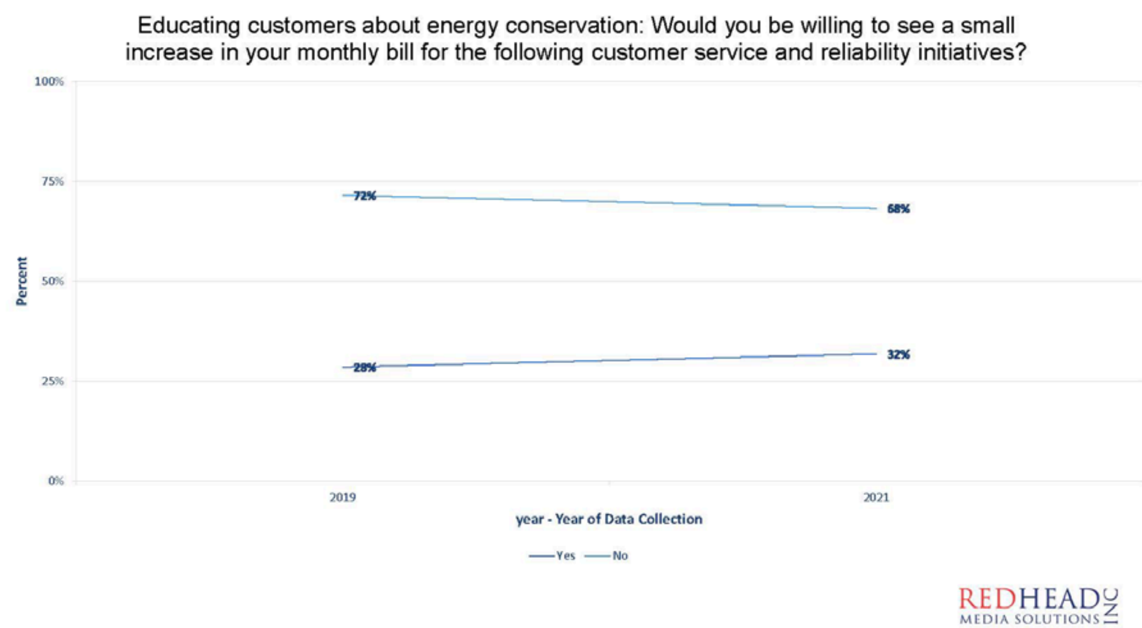

% Selected 'Yes': Would you be willing to see a small increase in your monthly bill for the following customer service and reliability initiatives?
100%
75%
50%
25%
0%
Percent
38%
27%
13%
7%
28%
26%
42%
30%
15%
9%
32%
29%
2019
2021
year - Year of Data Collection
Increased tree trimming to improve reliability
A proactive outage management communication system
Increased self-serve options on the website
Extended office hours
Educating customers about energy conservation
Educating customers about electricity safety
REDHEAD INC
MEDIA SOLUTIONS

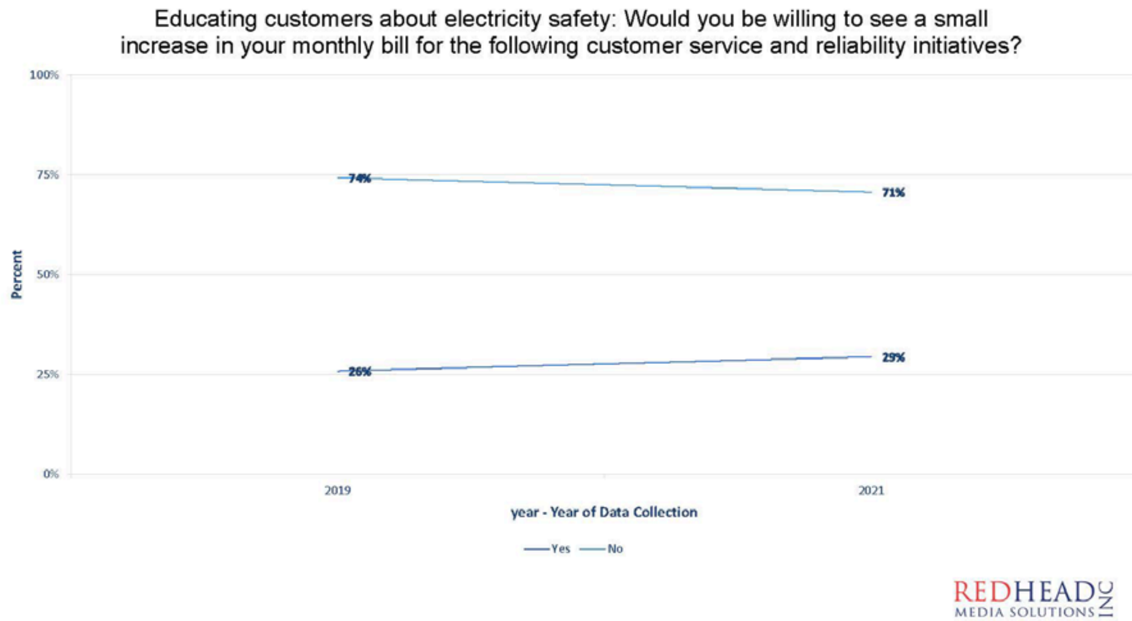

Increased tree trimming to improve reliability: Would you be willing to see a small increase in your monthly bill for the following customer service and reliability initiatives?
100%
75%
50%
25%
0%
Percent
62%
58%
38%
42%
2019
2021
year - Year of Data Collection
Yes
No
REDHEAD INC
MEDIA SOLUTIONS


A proactive outage management communication system: Would you be willing to see a small increase in your monthly bill for the following customer service and reliability initiatives?
100%
75%
50%
25%
0%
Percent
73%
70%
27%
30%
2019
2021
year - Year of Data Collection
Yes
No
REDHEAD INC
MEDIA SOLUTIONS


Increased self-serve options on the website: Would you be willing to see a small increase in your monthly bill for the following customer service and reliability initiatives?
100%
75%
50%
25%
0%
Percent
87%
85%
13%
15%
2019
2021
year - Year of Data Collection
Yes
No
REDHEAD INC
MEDIA SOLUTIONS

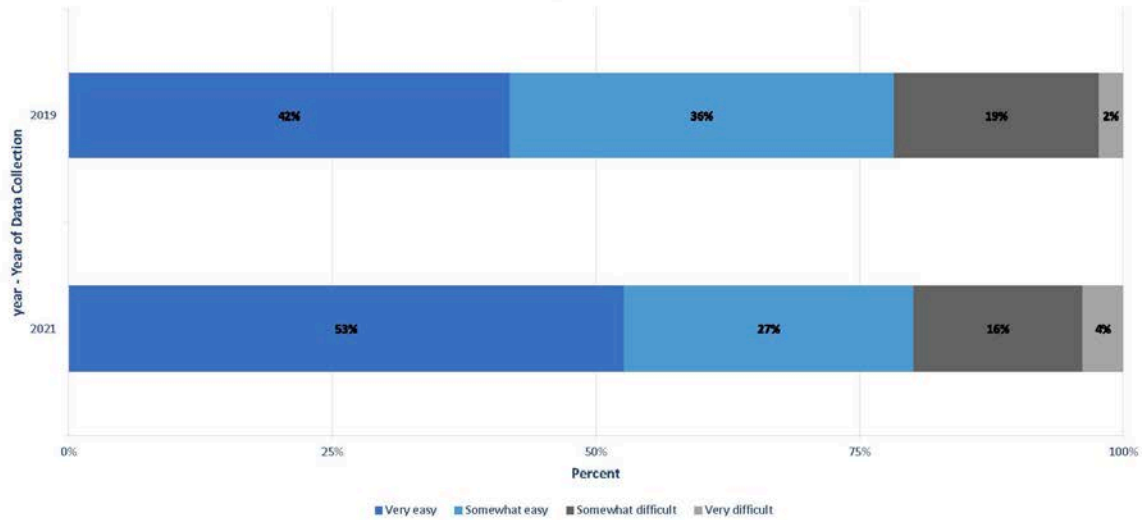

Extended office hours: Would you be willing to see a small increase in your monthly bill for the following customer service and reliability initiatives?
100%
75%
50%
25%
0%
Percent
93%
91%
7%
9%
2019
2021
year - Year of Data Collection
Yes
No
REDHEAD INC
MEDIA SOLUTIONS


Educating customers about energy conservation: Would you be willing to see a small increase in your monthly bill for the following customer service and reliability initiatives?
100%
75%
50%
25%
0%
Percent
72%
68%
28%
32%
2019
2021
year - Year of Data Collection
Yes
No
REDHEAD INC
MEDIA SOLUTIONS


Educating customers about electricity safety: Would you be willing to see a small increase in your monthly bill for the following customer service and reliability initiatives?
100%
75%
50%
25%
0%
Percent
74%
71%
26%
29%
2019
2021
year - Year of Data Collection
Yes
No
REDHEAD INC
MEDIA SOLUTIONS

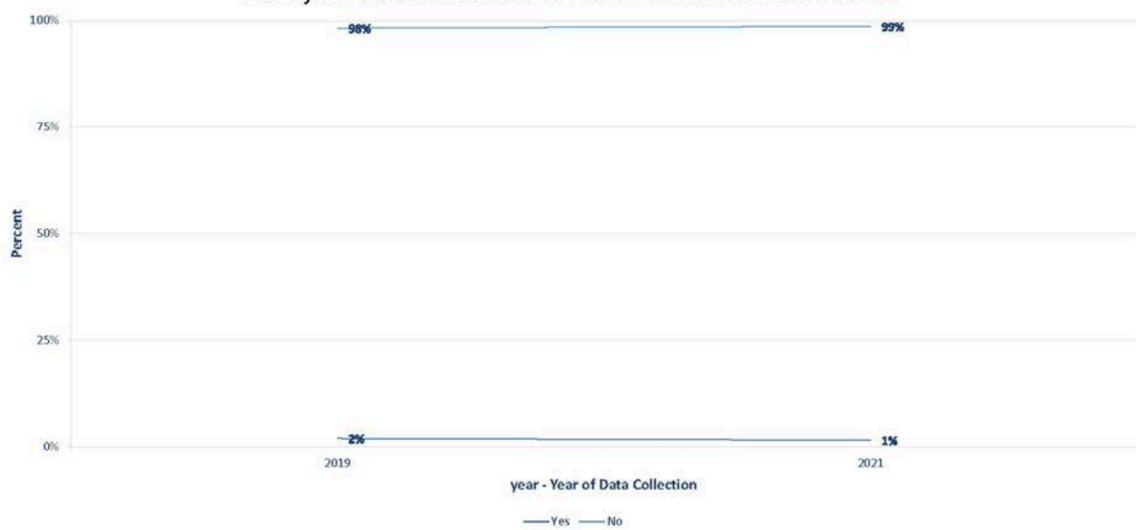

Have you used the “My Account” feature on our website to access your account and bills?
100%
75%
50%
25%
0%
Percent
73%
75%
27%
25%
2019
2021
year - Year of Data Collection
Yes
No
REDHEAD INC
MEDIA SOLUTIONS

If used "My Account" feature - How would you rate your experience using "My Account"?



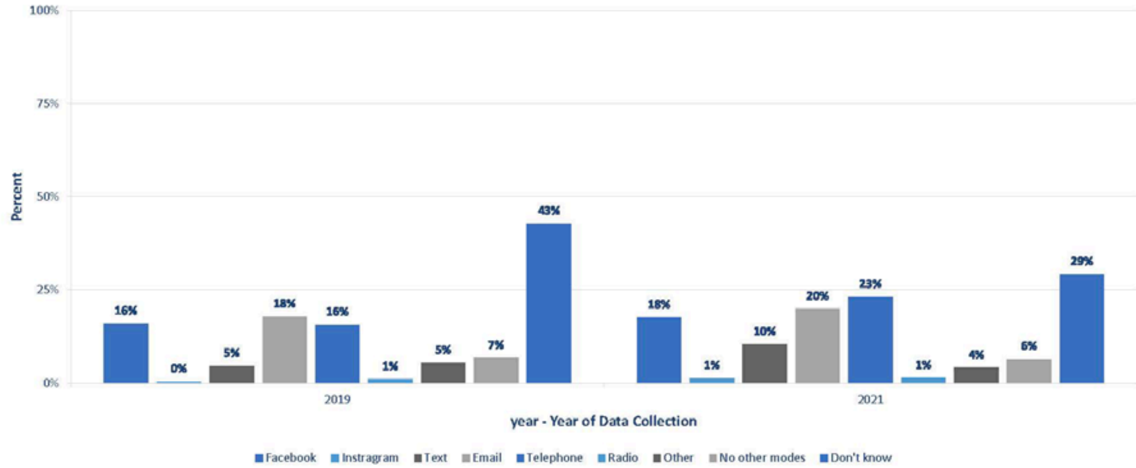
REDHEAD INC MEDIA SOLUTIONS

Have you visited the Rideau St Lawrence Utilities Twitter Feed?



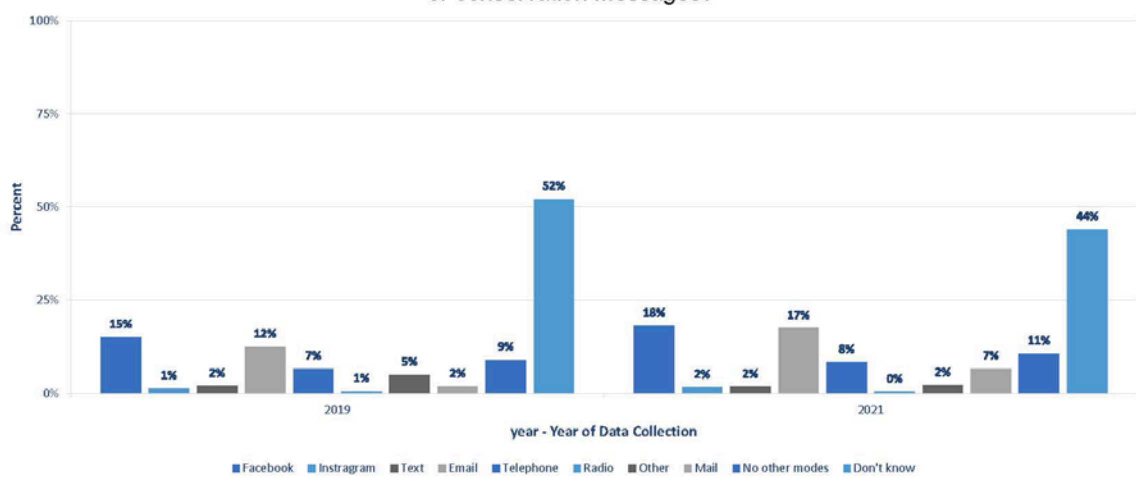
REDHEAD INC MEDIA SOLUTIONS

Are there additional social media sites or modes other than Twitter that Rideau St Lawrence Utilities should use to reach you for urgent information, such as unplanned outages?



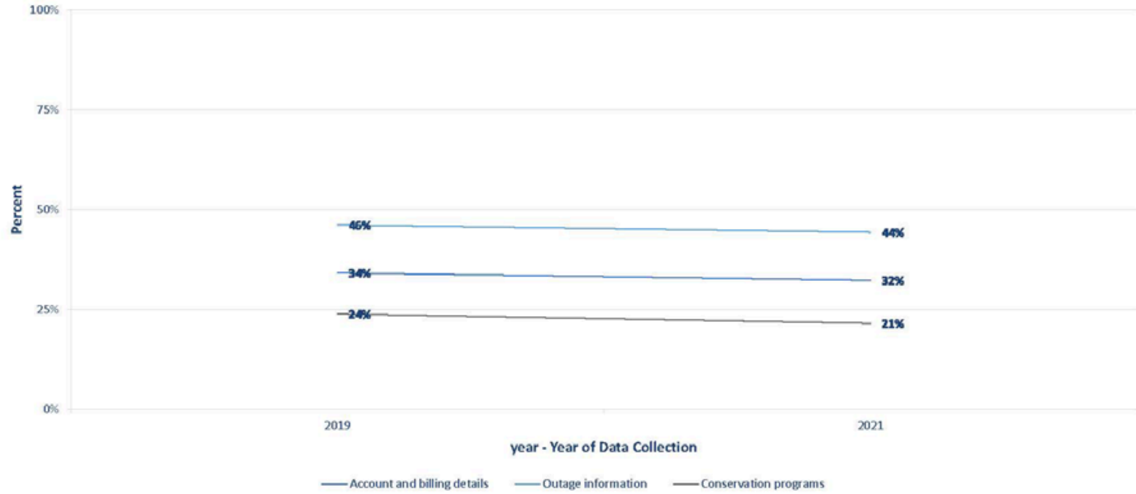
REDHEAD INC MEDIA SOLUTIONS

Are there additional social media sites or modes other than Twitter that Rideau St Lawrence Utilities should use to reach you for non-urgent information, such as education or conservation messages?



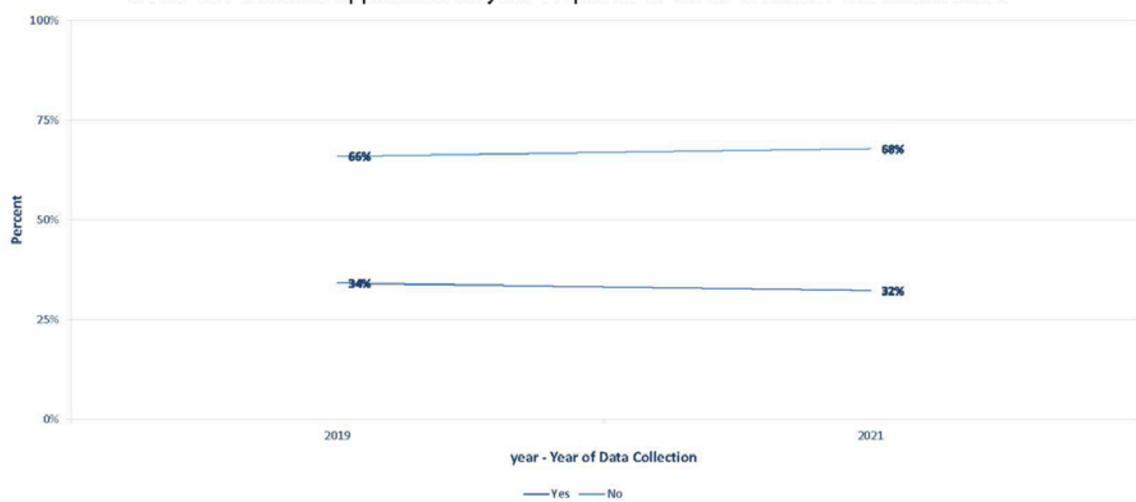
REDHEAD INC MEDIA SOLUTIONS

% Selected 'Yes': For each of the following services please indicate if you would use a mobile application on your cellphone or tablet to access this information?



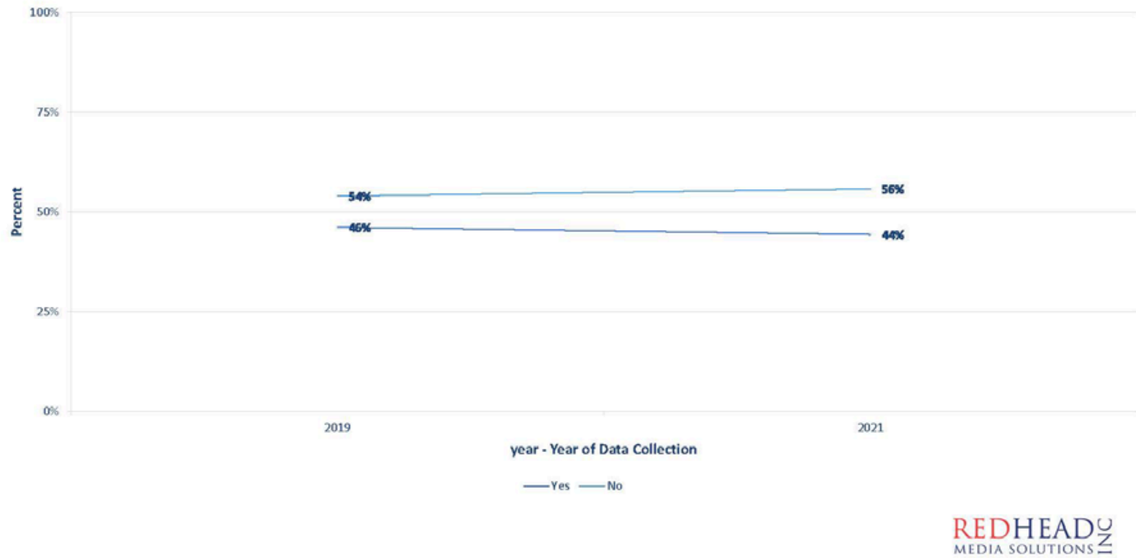
REDHEAD INC MEDIA SOLUTIONS

Account and billing details: For each of the following services please indicate if you would use a mobile application on your cellphone or tablet to access this information?

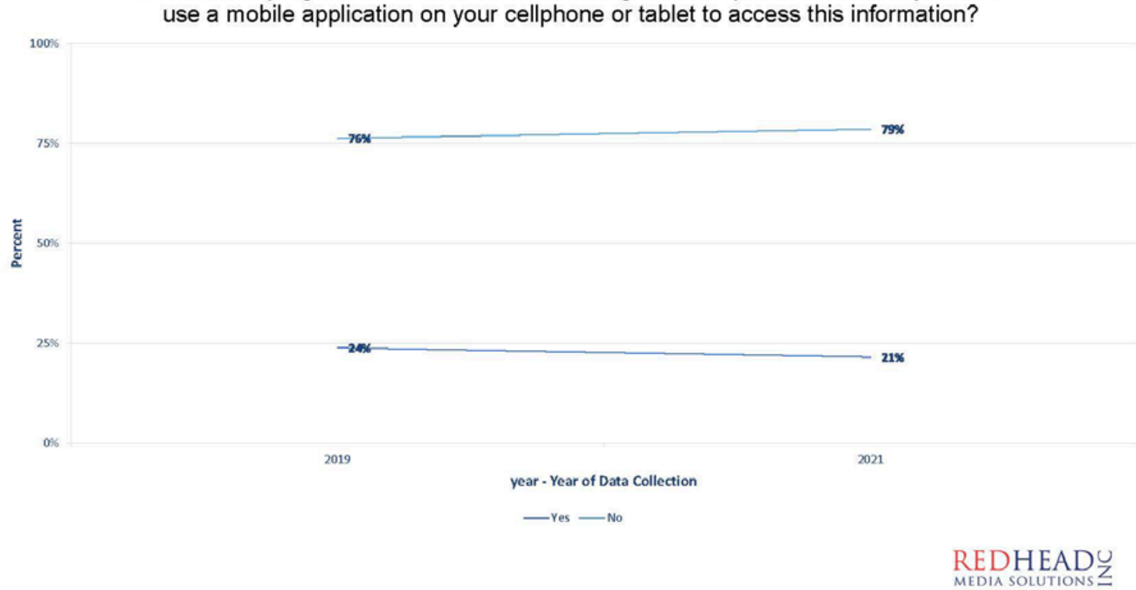


REDHEAD INC MEDIA SOLUTIONS

Outage information: For each of the following services please indicate if you would use a mobile application on your cellphone or tablet to access this information?



Conservation programs: For each of the following services please indicate if you would use a mobile application on your cellphone or tablet to access this information?



METHODOLOGY

REDHEAD INC MEDIA SOLUTIONS

Methodology Summary

Commissioned by	Rideau St. Lawrence Distribution Inc.
Sample size	301 randomly selected customers
Margin of error	±5.4 percentage points, 19 times out of 20
Survey mode	Random telephone survey of customer base, CATI data collection
Survey sample	Residential and GS <50kWh customer lists provided by Rideau St. Lawrence Distribution
Time of calling	4PM-9PM Weekdays, 10AM-5PM Saturdays, scheduled callbacks
In-field dates	January 14-February 22, 2021
Language	English only
Survey author	Innovative Research/Electricity Distributors Association
Question Order	Report shown in order
Question Wording	Questions shown in report as asked
Survey Company	Redhead Media Solutions Inc/Advanis

REDHEAD INC MEDIA SOLUTIONS

Methodology Details

Target Respondents

The respondents of the survey were Ontario residents who are the primary bill payer or share the responsibility if residential or the person in-charge of managing the electricity bill at the organization if general service, and who resided within one of Rideau St. Lawrence Distribution's service territory(ies). Service territories were determined based on customer lists provided by Rideau St. Lawrence Distribution.

Sample Size and Statistical Reliability

The final total completed surveys by LDC, and the associated margin of error for each, are shown below.

All margins of error are shown at a 95% confidence level.

- E.g., the margin of error associated with a sample size of 301 for a large (infinite) population is ±5.4 percentage points, 19 times out of 20.

Since Rideau St. Lawrence Distribution has a finite population, we used the specific population sizes (i.e., the number of samples records received from Rideau St. Lawrence Distribution) in the calculation of margin of error. Doing so is more accurate, and results in a narrower margin of error than if we simply assumed large (infinite) population for each.

Sample sizes were set according to the *LDC Customer Satisfaction Survey: Methodology & Survey Implementation Guide*, prepared for the Electrical Distributors Association (April 19, 2016 revision):

Where possible, sample size of n=301.
Distributors with 3000 to 4999 customers (residential + GS<50), n=300
Distributors with <3000 customers (residential + GS<50), n=200

REDHEAD INC MEDIA SOLUTIONS

Methodology Details

Sampling Methodology

Redhead was provided sample lists from Rideau St. Lawrence Distribution. Customer lists included all basic information required such as name, telephone number, region (where applicable), customer type (residential or GS<50), LDC fee, Annual or Monthly consumption values. Redhead then calculated which quartile group each resident belonged to by evenly dividing them into four groups within each region and customer type. These quartiles were calculated based on annual consumption value.

To minimize low response:

- Sample was loaded in batches to ensure the sample was fully utilized before moving onto fresh sample records;
- Calls were made between the hours of 4pm and 9pm ET; and
- Call backs were scheduled and honored between the hours of 9am and 9pm ET.

Sample Cleaning

Redhead cleaned the customer lists individually once received from each LDC to ensure the customer list counts reflected actual individual records that could be called. The following steps were taken during sample cleaning.

- All records with no phone numbers were removed.
- All phone numbers were checked to see if they were valid numbers (i.e. 10 digits, all numerical, etc.) and any bad cases were removed.
- When duplicates were detected based on phone number, the average of the consumption value was calculated and kept for one consolidated record. All others were removed.
- Residential and GS<50KW were separated into their own lists to be loaded and managed separately in the calling system.

Regions within each customer list were given a numerical value to be used for calling quotas.

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Methodology Details

Questionnaire

The survey instrument was provided by the Electricity Distributors Association (EDA) developed in conjunction with Innovative Research. The survey consisted of an introduction, overall satisfaction, power quality and reliability, billing and payment, customer service experience, communications, price, optional deeper dive questions, and final personal finance / sector mood measures. Additional questions were provided individually by Rideau St. Lawrence Distribution. These questions are not required as part of the survey and, as outlined in the methodology guideline, were asked after all the standard and required questions.

Data Collection

Computer aided telephone interviews (CATI) were conducted from January 14-February 22, 2021.

Quality Control

- Advanis, on behalf of Redhead, trained the interviewers to understand the study's objectives;
- Detailed call records are kept by the automated CATI system, and are supplemented by output files to SPSS for productivity analysis (i.e., not subject to human error);
- The survey was soft launched in LDCs that had the most available sample, and the data was then checked before calling began in full for Rideau St. Lawrence Distribution;
- 100% of all surveys are digitally recorded for potential review (see next bullet);
- Advanis' Quality Assurance team listened to the actual recordings of five percent of completed surveys and compared the responses to those entered by the interviewer to ensure that responses from respondents are properly recorded;
- Team Supervisors conduct regular more formal evaluations with each interviewer, in addition to nightly monitoring of each interviewer on their team;
- Project Managers closely monitored the progress of data collection, including call record dispositions;
- All SPSS code is reviewed by a more senior researcher;
- All Report Builder output is reviewed by a more senior researcher; and
- All values in the report are reviewed by another team member to ensure accuracy.

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Methodology Details

Analysis of Findings & Data Weighting

Results were weighted to match the proportion of low volume rate class records as provided to Redhead after cleaning of the sample file. Where a region flag was also provided, results were weighted to the low volume rate class within each region and regions were weighted proportionately to one another based on the customer base as provided in the cleaned sample file.

The Customer Satisfaction index scores have been highlighted and were calculated as described below, based on instructions in the Survey Methodology Guidelines. The "response values" referenced in the description below were also determined and provided by the survey authors.

Data analysis and cross-tabulation have been conducted using SPSS and Report Builder software.

This **index score** is calculated using the following process:

Step 1: Weight data to n=400 with each low volume rate class proportionate to its share of LDC customer base.

Step 2: Rescale the index score variables onto the 0 to 1 scale as indicated by the response values detailed below.

Step 3: The average result of the questions asked for each OEB topic and the overall satisfaction score will be added together[1].

	B5
+	**[C6+C7+C8]** divided by 3
+	**[D9+D10]** divided by 2
+	**E11**
+	**F12**
+	**G14**
=	**Total cumulative scores**

Step 4: The total cumulative score from Step 2 will be divided by 6 to generate the **Customer Satisfaction Index Score** (bound between 0-1).

The chart on the following page illustrates how the **Customer Satisfaction Index Score** will be calculated.

As noted above, LDCs without a region flag were weighted to their low volume rate class proportion based on the cleaned sample file. LDCs with a region flag were weighted to their low volume rate class proportion within each region based on the cleaned sample file, and then regions were weighted proportionately to one another based on the customer base as provided in the cleaned sample file.

Specific values of the number of sample records, estimated population proportions, and final weighted sample counts within Rideau St. Lawrence Distribution are provided below. The sum of the regional population proportions within an LDC may not equal 100% due to rounding.

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Methodology Tables

Margin of error

LDC	Customer Records from LDC	Completed Surveys	Sample Size as % of Customer list	Margin of Error @ 95% confidence level
Rideau St. Lawrence Distribution	4330	301	6.95%	+/- 5.4%

Sample weighting

Rideau St. Lawrence Hydro						
Regions Flagged in Sample	Low Volume Rate Class	Clean, Deduplicated Sample Received	Rate Class Proportion	Estimated Customer Proportion	Weighted Sample Count	Unweighted Sample Count
Cardinal	Residential	599	96%	14%	111	104
	General Service < 50 kW	24	4%		9	8
Iroquois	Residential	439	91%	11%	66	74
	General Service < 50 kW	45	9%		6	5
Morrisburg	Residential	946	91%	24%	17	16
	General Service < 50 kW	90	9%		3	3
Prescott	Residential	1592	92%	40%	42	45
	General Service < 50 kW	131	8%		2	3
Westport	Residential	244	83%	7%	31	28
	General Service < 50 kW	49	17%		3	3
Williamsburg	Residential	153	89%	4%	11	10
	General Service < 50 kW	18	11%		1	2
TOTAL	Residential	3,973	92%	100%	276	277
	General Service < 50 kW	357	8%		25	24
					301	301

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Thank You

We greatly appreciate working on this important project for Rideau St. Lawrence Distribution and hope we have met or exceeded your expectations.

We are happy to present this data to your staff or Board members upon request. If you wish to do so, please contact us for an appointment.

We look forward to working with you on future projects, including the Electricity Safety Awareness Survey later in 2021. Please note if you have any other projects that we may be able to help you with, don't hesitate to be in touch.

Graydon Smith - President
Redhead Media Solution Inc.
505 Hwy 118 W.
Suite 416
Bracebridge, ON
P1L 2G7

RIDEAU
ST. LAWRENCE
DISTRIBUTION INC.

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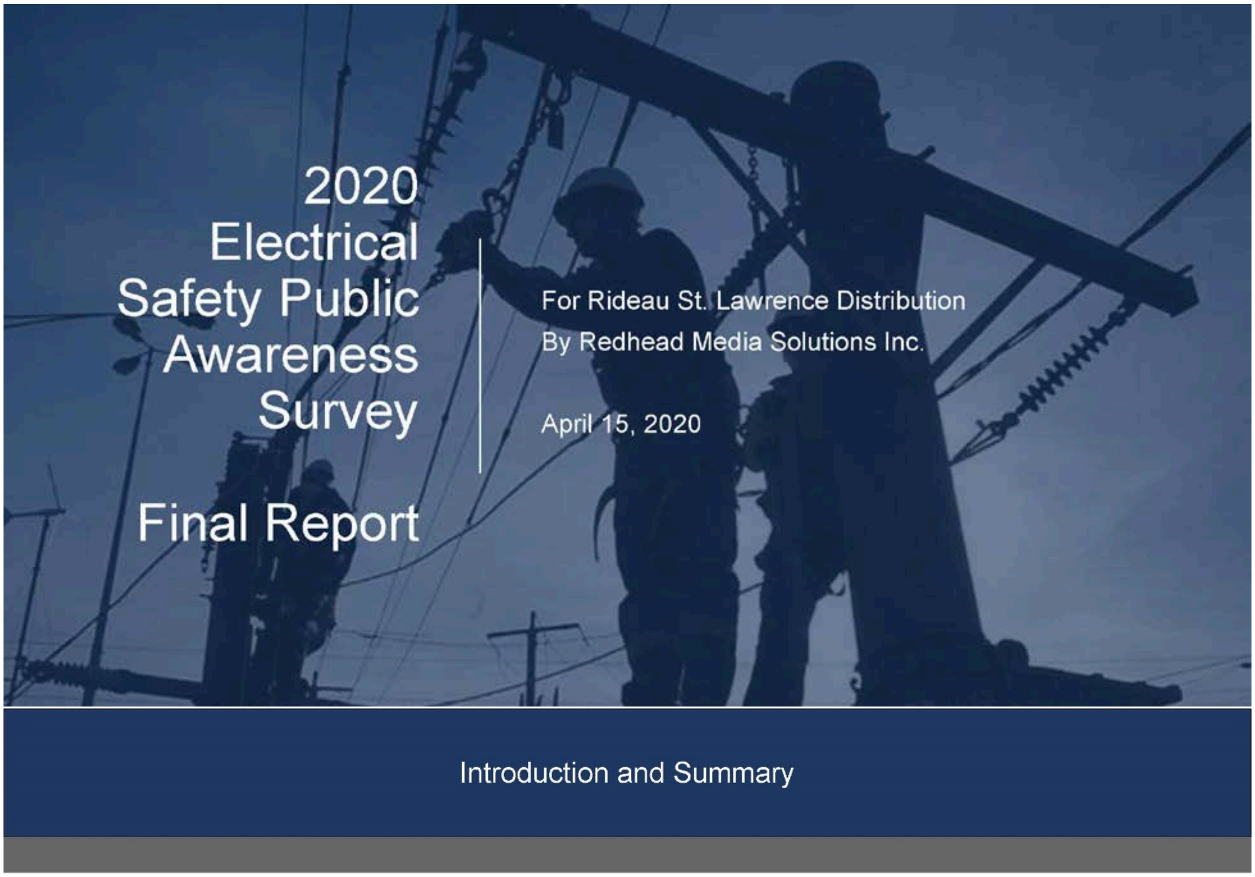
Ex.1/Appendix 1-4 – ESA Electrical Awareness Survey



Thank you for selecting Redhead Media Solutions Inc. for this important project for Rideau St. Lawrence Distribution. We appreciate your confidence in us to provide you with data on Electrical Safety Awareness that can now be used to compare with previous surveys and among other LDCs.

We have restructured our reporting to you this year, replacing the traditional single report with tables and transitioning to a more robust and informative graphics-based style that gives you the ability to see responses and information "at a glance" as opposed to simply comparing numbers.

To supplement this report, we have also included the full set of 2020 tables and comparative 2016/2018/2020 tables in spreadsheet format, allowing you easy access to the data we have generated. You can find this in "Appendix A". The methodology guide and questionnaire are also included as appendices B, C for your reference.

Should there be any specific data or breakouts that you require, please contact us to discuss.

Graydon Smith
President

RIDEAU ST. LAWRENCE DISTRIBUTION INC.

Introduction and Summary

Redhead Media Solutions Inc. (Redhead), partnering with ADVANIS for data collection and statistics, has been retained (via a 2017 RFP process by Cornerstone Hydro Electric Concepts Inc. - CHEC) to conduct the 2020 Electrical Safety Public Awareness Survey for Rideau St. Lawrence Distribution. This survey is a required part of an LDC's Balanced Scorecard and other reporting and regulatory requirements for the Ontario Energy Board (OEB).

The complete group of participating CHEC LDCs are as follows:

- Centre Wellington Hydro
- EPCOR
- Grimsby Power
- Lakefront Utilities
- Lakeland Power Distribution
- Niagara-on-the-Lake Hydro
- Orangeville Hydro
- Ottawa River Power
- Renfrew Hydro
- Rideau St. Lawrence Distribution
- Tillsonburg Hydro
- Wasaga Distribution
- Wellington North Power

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

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Introduction and Summary

This final report contains data specifically for Rideau St. Lawrence Distribution.

This survey is comprised of approximately 400 randomly selected interviews of with Ontario residents who are 18 years or older and reside in the Rideau St. Lawrence Distribution service territory. The sample frame is stratified by age group and gender within each territory and the data is also weighted to be representative of the adult population within each territory.

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

The 2020 PSA Index Score is 84.0%.
The median score for participating LDCs is 83.3%.
The 2016-2020 delta = +1.2% which is within the margins of error.
The 2018-2020 delta = +0.4 which is within the margins of error.

The 2020 score sits within a very tight spectrum of scores we calculated for all participating LDCs. When the confidence interval and margin of error is applied to all index scores, there is significant overlap between LDCs which underlines the statistical similarity of performance and electrical safety awareness among participants. Statistically, Rideau St. Lawrence Distribution is similar to all other LDCs surveyed.

The following report contains graphic data and tables for all core questions as well as year-over-year comparative data (internal) and comparative scoring data (external). Additional data is available in the attached spreadsheet sheets and tables. (Appendix A)

Questions and scoring methodology was prescribed by the survey authors, Electrical Safety Authority/Innovative Research. As such, there has been limited additional analysis provided beyond the direction provided to meet the reporting guidelines. Should you wish further analysis of the data please contact our office to discuss.

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DEMOGRAPHICS

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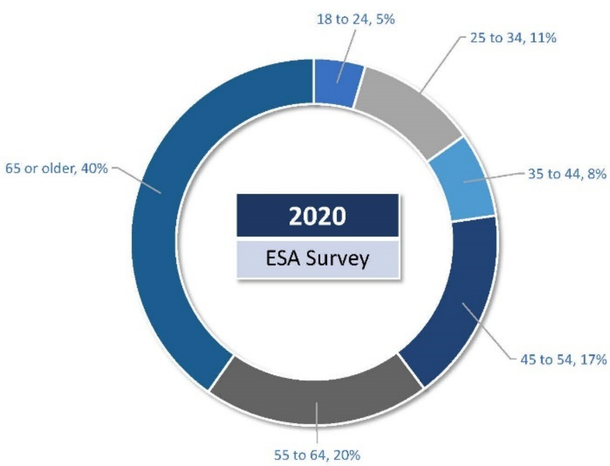
Age of Respondent



	Total
Base: Total Answering	400
18 to 24	5%
25 to 34	11%
35 to 44	8%
45 to 54	17%
55 to 64	20%
65 or older	40%

*Note: Charts and tables may not add up to 100% due to rounding

Source: Redhead Media Solutions/Advanis telephone random customer survey, January 7-March 3, 2020, n=400.

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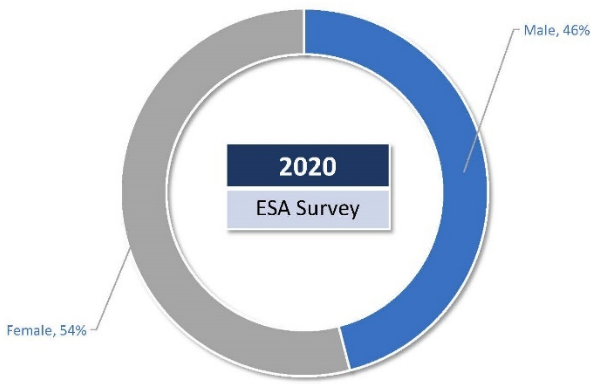
Gender of Respondent



	Total
Base: Total Answering	400
Male	46%
Female	54%

*Note: Charts and tables may not add up to 100% due to rounding

Source: Redhead Media Solutions/Advanis telephone random customer survey, January 7-March 3, 2020, n=400.

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QUESTIONS

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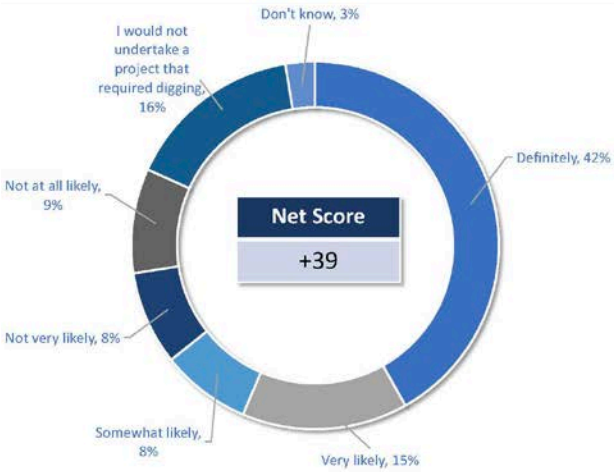
B5: If you were to undertake a household project that required digging, such as planting a tree or building a deck, how likely are you to call to locate electrical or other underground lines?



	Total
Base: Total Answering	400
Definitely	42%
Very likely	15%
Somewhat likely	8%
Not very likely	8%
Not at all likely	9%
I would not undertake a project that required digging	16%
Don't know	3%

*Note: Charts and tables may not add up to 100% due to rounding

Source: Redhead Media Solutions/Advanis telephone random customer survey, January 7-March 3, 2020, n=400, accurate 4.8 percentage points plus or minus, 19 times out of 20.

REDHEAD INC MEDIA SOLUTIONS

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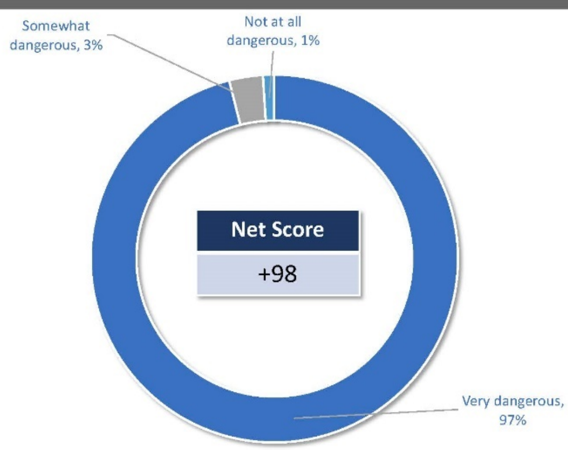
B6: How dangerous do you believe it is to touch – with your body or any object – an overhead power line?



	Total
Base: Total Answering	400
Very dangerous	97%
Somewhat dangerous	3%
Not very dangerous	0%
Not at all dangerous	1%
Don't know	0%

*Note: Charts and tables may not add up to 100% due to rounding

Source: Redhead Media Solutions/Advanis telephone random customer survey, January 7-March 3, 2020, n=400, accurate 4.8 percentage points plus or minus, 19 times out of 20.

REDHEAD INC MEDIA SOLUTIONS

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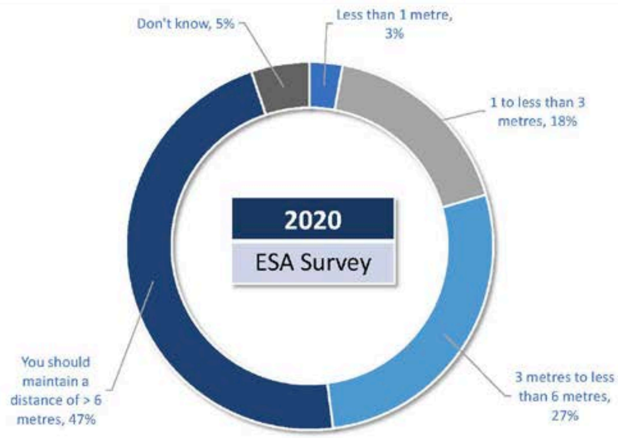
B7: When undertaking outdoor activities, such as standing on a ladder, cleaning windows or eaves, climbing or trimming trees, how closely do you believe you can safely come to an overhead power line with your body or an object?



	Total
Base: Total Answering	400
You can safely touch an overhead power line	0%
Less than 1 metre	3%
1 to less than 3 metres	18%
3 metres to less than 6 metres	27%
You should maintain a distance of > 6 metres	47%
Don't know	5%

*Note: Charts and tables may not add up to 100% due to rounding

Source: Redhead Media Solutions/Advanis telephone random customer survey, January 7-March 3, 2020, n=400, accurate 4.8 percentage points plus or minus, 19 times out of 20.

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B8: Some electrical utility equipment is located on the ground, such as locked steel cabinets that contain transformers. How dangerous do you believe it is to try to open, remove contents, or touch the equipment inside?

	Total
Base: Total Answering	400
Very dangerous	94%
Somewhat dangerous	5%
Not very dangerous	0%
Not dangerous at all	0%
Don't know	1%

*Note: Charts and tables may not add up to 100% due to rounding

Source: Redhead Media Solutions/Advanis telephone random customer survey, January 7-March 3, 2020, n=400, accurate 4.8 percentage points plus or minus, 19 times out of 20.

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B9: How closely do you believe you can safely come to a downed overhead power line, such as a downed line caused by a storm or accident?

	Total
Base: Total Answering	400
You can safely touch a downed overhead power line	0%
Less than 1 metre	1%
1 to less than 5 metres	5%
5 metres to less than 10 metres	11%
10 metres or more	82%
Don't know	1%

*Note: Charts and tables may not add up to 100% due to rounding

Source: Redhead Media Solutions/Advanis telephone random customer survey, January 7-March 3, 2020, n=400, accurate 4.8 percentage points plus or minus, 19 times out of 20.

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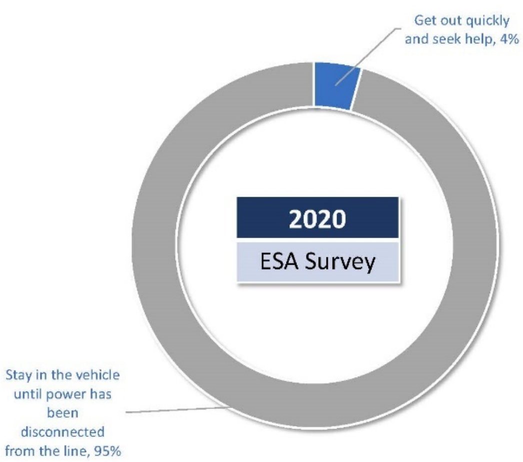
B10: If you were in a vehicle, such as a car, bus or truck and an overhead power line came down on top of it, which of the following options do you believe is generally safer?



	Total
Base: Total Answering	400
Get out quickly and seek help	4%
Stay in the vehicle until power has been disconnected from the line	95%
Don't know	0%

*Note: Charts and tables may not add up to 100% due to rounding

Source: Redhead Media Solutions/Advanis telephone random customer survey, January 7-March 3, 2020, n=400, accurate 4.8 percentage points plus or minus, 19 times out of 20.

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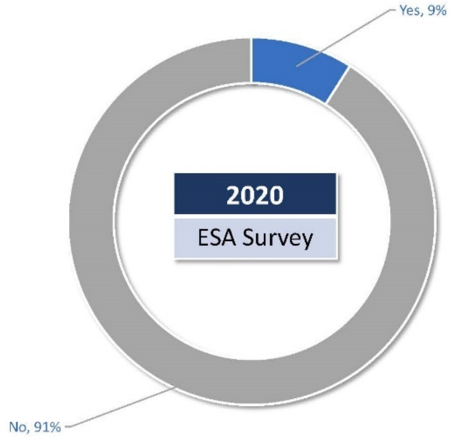
B11: Does your job regularly cause you to come close to energized power lines?



	Total
Base: Total Answering	400
Yes	9%
No	91%
Don't know	0%

*Note: Charts and tables may not add up to 100% due to rounding

Source: Redhead Media Solutions/Advanis telephone random customer survey, January 7-March 3, 2020, n=400, accurate 4.8 percentage points plus or minus, 19 times out of 20.

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MEDIA SOLUTIONS

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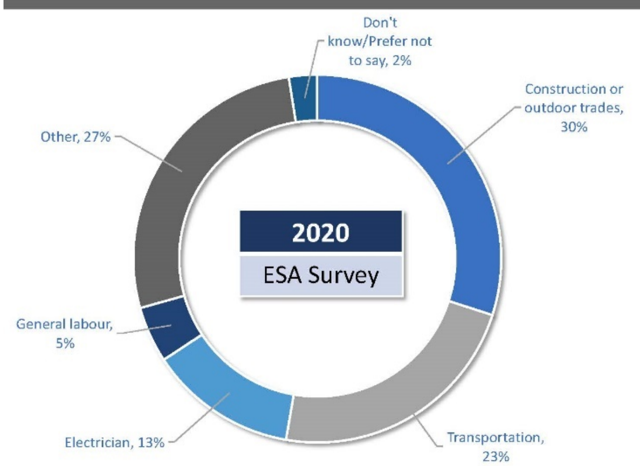
B12: Do you work in any of the following fields?



	Total
Base: Job requires regular proximity to power lines	28
Construction or outdoor trades	30%
Transportation	23%
Electrician	13%
General labour	5%
Other	27%
Don't know/Prefer not to say	2%

*Note: Charts and tables may not add up to 100% due to rounding

Source: Redhead Media Solutions/Advanis telephone random customer survey, January 7-March 3, 2020, n=28.

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MEDIA SOLUTIONS

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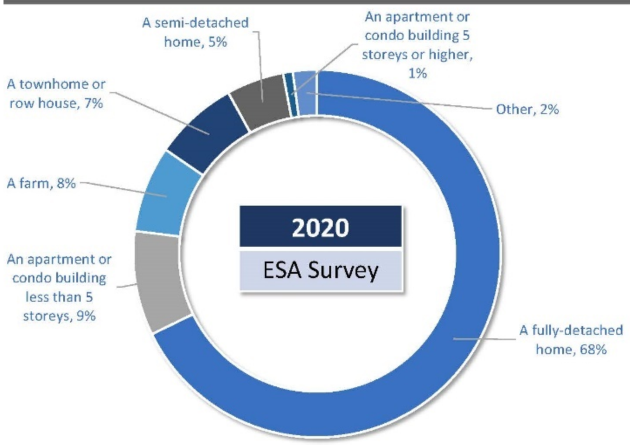
B13: How would you describe your primary residence?



	Total
Base: Total Answering	400
A fully-detached home	68%
An apartment or condo building less than 5 storeys	9%
A farm	8%
A townhome or row house	7%
A semi-detached home	5%
An apartment or condo building 5 storeys or higher	1%
Other	2%

*Note: Charts and tables may not add up to 100% due to rounding

Source: Redhead Media Solutions/Advanis telephone random customer survey, January 7-March 3, 2020, n=400, accurate 4.8 percentage points plus or minus, 19 times out of 20.

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B14: Does your primary residence receive electricity through overhead wires or underground cables?

	Total
Base: Total Answering	400
Overhead wires	64%
Underground cables	30%
Don't know	7%

*Note: Charts and tables may not add up to 100% due to rounding

Source: Redhead Media Solutions/Advanis telephone random customer survey, January 7-March 3, 2020, n=400, accurate 4.8 percentage points plus or minus, 19 times out of 20.

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RESULTS

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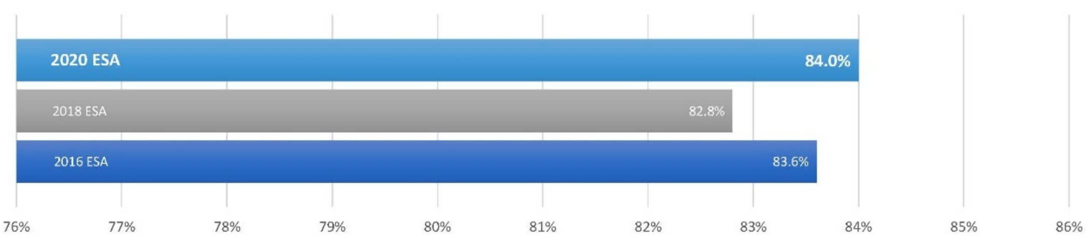
2020 Public Safety Awareness Index Score



	2016	2018	2020
Base: Total Answering	400	400	400
Public Safety Awareness Index Score	83.6%	82.8%	84.0%

*Note: Charts and tables may not add up to 100% due to rounding

Source: Redhead Media Solutions/Advanis telephone random customer survey, January 7-March 3, 2020, n=400, accurate 4.8 percentage points plus or minus, 19 times out of 20.

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2020 Public Safety Awareness Index Score External Comparison Upper and Lower Bound

- The lines denote Rideau St. Lawrence Distribution's upper bound (orange), lower bound (green) and 2020 PSA Index score (blue). This is calculated by adding (upper) and subtracting (lower) the margin of error from the 2020 ESA Score.
- Rideau St. Lawrence Distribution overlaps with all survey LDCs, which indicates a statistical similarity, as also occurred in the 2018 ESA Survey.

Source: Redhead Media Solutions/Advanis telephone random customer survey, January 7-March 3, 2020, n=400, accurate 4.8 percentage points plus or minus, 19 times out of 20.

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METHODOLOGY

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Methodology Summary

Commissioned by	Rideau St. Lawrence Distribution
Sample size	400 randomly selected customers
Margin of error	±4.8 percentage points, 19 times out of 20
Survey mode	Random telephone survey of customer base, CATI data collection
Survey sample	Residents 18 years of age + who reside in the service territory of Rideau St. Lawrence Distribution
Time of calling	4PM-9PM ET Weekdays, callbacks scheduled 9AM-9PM ET
In-field dates	January 7-March 3, 2020
Language	English only
Survey author	Innovative Research/Electrical Safety Authority
Question Order	Report shown in order
Question Wording	Questions shown in report as asked
Survey Company	Redhead Media Solutions Inc/Advanis

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Methodology Details

Target Respondents

The respondents of the survey were Ontario residents 18 years of age or older who reside within Rideau St. Lawrence Distribution's service territory. Target areas were determined based on a list of postal codes provided by Rideau St. Lawrence Distribution.

Sample Size and Statistical Reliability

All margins of error (MoE) are shown at a 95% confidence level.

- E.g., the margin of error associated with a sample size of 400 for a large (infinite) population is ±4.9 percentage points, 19 times out of 20.
- Because Rideau St. Lawrence Distribution's service area has a smaller adult (18+) population, and MoE is a function of the relationship between sample size and population, it is appropriate to apply a finite population correction factor when calculating MoE. When sample size is a higher percentage of the population, the MoE may narrow.

Sample sizes were set according to the *Public Awareness of Electrical Safety: Methodology & Survey Implementation Guide*, prepared for the Electrical Safety Authority by Innovative Research (November 2015):

- Where possible, sample size of n=400.
- For LDCs with a service territory population of less than 5,000, a minimum sample size of n=300 is appropriate.
- For LDCs with a service territory population of less than 3,000, a minimum sample size of n=200 is appropriate.

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Methodology Details

Sampling Methodology

Redhead was provided service territory postal codes from Rideau St. Lawrence Distribution. Both landline and wireless sample were used. The landline sample used listed numbers only, the wireless sample was drawn randomly from the most recent working cell phone lists in rate centers in or around the specified area(s). We then sampled from these lists randomly using Advanis' proprietary sample server.

To minimize low response:

- Sample was loaded in batches to ensure the sample was fully utilized before moving onto fresh sample records;
- Calls were made between the hours of 4pm and 9pm ET on weekdays; and
- Call backs were scheduled and honored between the hours of 9am and 9pm ET.

Questionnaire

The survey instrument was provided by the Electrical Safety Authority (ESA) developed in conjunction with Innovative Research. The survey consisted of an introduction, electrical safety core questions and demographic information.

Data Collection

Computer aided telephone interviews (CATI) were conducted from January 7-March 3, 2020.

Methodology Details

Quality Control

The accuracy and integrity of results is of the highest importance for Redhead/Advanis. As such, several controls are implemented to ensure the highest quality output is achieved:

- Advanis, on behalf of Redhead, trained the interviewers to understand the study's objectives;
- Detailed call records are kept by the automated CATI system, and are supplemented by output files to SPSS for productivity analysis (i.e., not subject to human error);
- The survey was soft launched in select markets. The data was then checked before calling began in full for Rideau St. Lawrence Distribution;
- 100% of all surveys are digitally recorded for potential review;
- Advanis' Quality Assurance team listened to the actual recordings of five percent of completed surveys and compared the responses to those entered by the interviewer to ensure that responses from respondents are properly recorded;
- Team Supervisors conduct regular more formal evaluations with each interviewer, in addition to nightly monitoring of each interviewer on their team;
- Project Managers closely monitored the progress of data collection, including call record dispositions;
- All SPSS code is reviewed by a more senior researcher;
- All Report Builder output is reviewed by a more senior researcher; and
- All values in the report are reviewed by another team member to ensure accuracy.

Methodology Details

Analysis of Findings & Data Weighting

Within each LDC, results were weighted to match corresponding population proportions from the most recent Statistics Canada census data for these six combinations of gender and age:

- Males 18-34
- Females 18-34
- Males 35-54
- Females 35-54
- Males 55 and older
- Females 55 and older

As noted above, the service territory was specified by postal code. Since census data is not available by postal code, Redhead provided Advanis with the municipalities covered by the LDC, and the population numbers for the Census Subdivisions that most closely matched those municipalities were totaled to arrive at the LDC population proportions for each of the six gender/age combinations.

The Public Safety Awareness index scores have been highlighted and were calculated as described below, based on instructions from the Electrical Safety Authority (ESA). The "provided response values" referenced in the description below were also determined and provided by the ESA. Data analysis and cross-tabulation have been conducted using SPSS and Report Builder software.

This **index score** is calculated using the following formulas:

Step 1: Add each individual respondent's key measurement questions using the provided response values.

B5
\+ B6
\+ B7
\+ B8
\+ B9
\+ B10
= **Individual respondent's cumulative score**

Step 2:
Individual respondent's cumulative score / # of sections
= Respondent Standardized Score

Step 3:
Summation of all **"Respondent Standardized Scores" /** n-size (i.e. total sample size)
= Raw Index Score

Step 4:
Raw Index Score × 100 = Index Score (bound between 0-100%)

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Methodology Tables

Margin of error

LDC	Completed Surveys	Sample Size as % of population	Assuming Large Population	Using Actual 18+ Population
Rideau St. Lawrence Distribution	400	4.1%	+/- 4.9%	+/- 4.8%

Service Territory Defined by Postal Code

LDC	Total Postal Codes in Service Territory	Forward Sortation Areas (FSA) Covered	Number of Local Delivery Units in Each FSA
Rideau St. Lawrence Distribution	6	K0C	2
		K0E	3
		K0G	1

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MEDIA SOLUTIONS

Thank You

We greatly appreciate working on this important project for Rideau St. Lawrence Distribution and hope we have met or exceeded your expectations.

We are happy to present this data to your staff or Board members upon request. If you wish to do so, please contact us for an appointment.

We look forward to working with you on future projects. Please note if you have any other projects that we may be able to help you with, don't hesitate to be in touch.

Graydon Smith - President
Redhead Media Solution Inc.
505 Hwy 118 W.
Suite 416
Bracebridge, ON
P1L 2G7

Ex.1/Appendix 1-5 – PEG Benchmarking Report

Empirical Research in Support of Incentive Rate-Setting: 2020 Benchmarking Update

Report to the Ontario Energy Board

August 2021

Pacific Economics Group Research, LLC

Empirical Research in Support of Incentive Rate-Setting: 2020 Benchmarking Update

Report to the Ontario Energy Board

August 2021

Dave Hovde, M.S.
Vice President

Matt Makos
Consultant II

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TABLE OF CONTENTS

1. Introduction

In 2013, the Ontario Energy Board (OEB) issued a report titled "Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors"[1] (Board Report) in which it set forth the framework for setting rate adjustment formulas for local distribution companies (LDCs or "distributors"). The Board Report provides the OEB's final determination on its policies and approaches to the distributor rate adjustment parameters and the benchmarking of electricity distributor total cost performance. This 2020 Benchmarking Update determines the 2021 stretch factor assignments for distributors in relation to the 2022 rate year.

According to the Board Report, rates will be indexed by a formula "which is used to adjust the distribution rates to reflect expected growth in the distributors' input prices (the inflation factor) less allowance for appropriate rates of productivity and efficiency gains (the X-factor)."[2] The productivity part of the X-Factor is the same for all LDCs. The efficiency gains part of the X-Factor is called the stretch factor and can vary by company. This stretch factor reflects the potential for incremental productivity gains by a given LDC under incentive regulation (i.e., incentive rate mechanism or IRM) which in turn depends on an individual distributor's level of cost efficiency.

These stretch factor assignments are based on the results of a statistical cost benchmarking study designed to make inferences on individual distributors' cost efficiency. An econometric model is used to predict the level of cost associated with each distributor's operating conditions. Distributors that had actual cost that was lower than that predicted by the model were assigned lower stretch factors than those that did not. The October 18, 2013 report by Pacific Economics Group (PEG) titled "Productivity and Benchmarking Research in Support of Incentive Rate Setting in Ontario" describes the model used to produce the benchmarking results. The work was subsequently updated to include 2013 data in July of 2014[3] and has been updated

[1] Issued on November 21, 2013 and corrected on December 4, 2013.

[2] Board Report, page 5.

[3] "Empirical work in Support of Incentive Rate Setting: 2013 Benchmarking Update".

each year since. This report presents updated benchmarking results that incorporates 2020 data to update the stretch factors.

Section 2 of this report discusses the methodology used for the 2020 update. Section 3 discusses the data used. Section 4 presents the benchmarking results and updated stretch factors. Section 5 discusses additional resources available to distributors to validate the results contained in this report.

2. Benchmarking Methodology

The model used to determine the cost efficiency of distributors is based on econometrics. Distributor cost in this model is estimated as a function of business conditions faced by each distributor. These business conditions include the number of customers served and the price of inputs such as labor and capital. The parameters of this model establish the relationship between each business condition and distributor cost. These parameters were estimated using Ontario distributor data from 2002-2012.

The model can make a prediction of each distributor's cost given its business conditions by multiplying the company's business condition variables by the model parameters and summing the results[4]. The distributor's actual cost is then compared to that predicted by the model. The percentage difference between actual and predicted cost is the measure of cost performance. Companies with larger negative differences between actual and predicted costs are considered to be better cost performers and therefore eligible for lower stretch factors. A

[4] The table of parameters published in the PEG report was for the full sample. When making predictions of cost for each company, the econometric program estimated the model without including the subject of benchmarking in the sample. Therefore, there exist 59 different sets of parameters which are very similar to each other. For ease of presentation, the PEG report did not present the parameters specific to each distributor. These company-specific parameters are necessary for the calculations and are contained within the working papers associated with this report.

detailed description of the econometric model including estimation technique and other technical details are contained in sections 6 and A2.1 of the PEG report.

The econometric model used to obtain the updated stretch factors is identical to the model described in the PEG report. The OEB intentionally decided not to update the parameters of the econometric model to include future data. The goal was to establish a fixed benchmark that would allow distributors a fair opportunity to demonstrate continuous improvement of cost performance and earn a lower stretch factor. The parameters from the previous model were combined with each company's data – including 2013-2020 data - to produce 2020 predicted cost. The rationale for this decision is discussed in the Board Report and in a memorandum by PEG.[5]

To apply the 2020 values to the model parameters, the data must be transformed to be consistent with how the data were specified for the estimated econometric model. One example of a transformation is that many of the explanatory variables were expressed as logarithms prior to the model being estimated. The PEG report describes the details of the estimation process in section A2.1. The spreadsheet model and associated documentation discussed in section 5 contain the calculations leading to the cost benchmarking results.

The purpose of the benchmarking work is to evaluate the total cost incurred by each distributor. Table 1 shows the formulas used to calculate the measure of total cost used in PEG's benchmarking analysis. As described in the PEG benchmarking report, adjustments were undertaken with the purpose of standardizing cost to facilitate more accurate cost comparisons among distributors. These adjustments included the treatment of high voltage and low voltage costs.

The variables used to explain total cost are the same as in the previous PEG report. They include outputs such as customers, kWh deliveries, and capacity. Prices for capital and OM&A along with other business conditions such as customer growth and average length of lines are also included. A complete discussion of the explanatory variables can be found in section 6 of the PEG report and the supporting documents to this report discussed in section 5. The explanatory variables are used to explain the level of cost incurred by each LDC. Cost that is not explained by the variables is deemed to be due to management performance.

[5] Available on the OEB website in the file "PEG_Memorandum_OEB on_corrections_20131220.pdf"

3. Benchmarking Data

The source of the cost and output data used in the calculations is from the distributors as reported in the reporting and record-keeping requirements (RRR) filings. The study assumes that the data as reported by the distributors conforms to accounting policies and procedures described in the Accounting Procedures Handbook for Electricity Distributors that includes the Uniform System of Accounts and other instructions contained within the RRR filing system. It is also assumes that the LDCs have taken ownership of the data provided to the OEB and significant revisions are not anticipated.[6]

Data sources apart from the RRR are related to input prices. OEB-approved rates of return were obtained from OEB Staff. The source for other input price data was Statistics Canada. The input price indexes used were the same as those used in PEG's original study with one exception. Statistics Canada no longer calculates the Electric Utility Construction Price Index (EUCPI). The growth in the GDPIPI (FDD) was used to escalate the EUCPI values used in the calculations.[7]

The update was done in the same manner as the original work with an exception. The OEB has improved the quality of the guidance given to distributors related to capital additions data. As a result, improved data are available for 2013-2020. PEG has accordingly relied upon these more recently available capital additions data filed in the RRRs instead of inferring these data from changes in gross plant.

The calculations have also been adjusted for amalgamations that have taken place since the original study was done. The historical cost performance of the combined entity was

[6] The Ontario Energy Board (OEB) released the Report of the Board on Performance Measurement for Electricity Distributors: A Scorecard Approach (EB-2010-0379) on March 5, 2014. This report states that: '*While the Board will create consistent Scorecard reports for distributors, ownership of the data and Scorecard resides with the distributor.*'

[7] GDPIPI (FDD) is the Gross Domestic Product Implicit Price Index for Final Domestic Demand.

calculated from the historical results of the predecessor distributors that were amalgamated or acquired.[8] There were no amalgamations in 2020 that altered the number of distributors available to be benchmarked. However, Hydro One Networks acquired Orillia Power Distribution and Peterborough Distribution which continued to separately provide the data needed for benchmarking. Results were calculated for all three distributors. A separate calculation was performed to benchmark all three as a single distributor. Both calculations resulted in the same stretch factor for Hydro One. Details of this alternate calculation are available in calculations file accompanying this report.

This report also addresses the impact of data revisions by LDCs for informational purposes only. The OEB requires distributors to be accountable for the integrity of their reported data. As part of its procedures to improve data quality, the OEB invited distributors to submit corrections to previously provided data. However, a key determination is that already established and published benchmarking results for prior years would not be modified as a result of the new data. This includes any year that comprised the three-year average used to determine the current year's stretch factor. As stretch factors are used directly to set the distribution rates of distributors, they are not subsequently adjusted to avoid retroactive rate setting (i.e., rates are final once set unless approved on an interim basis). Consequently, the three years of data used to derive the three-year average for any year's stretch factors are locked-in such that the underlying data used do not change due to any subsequent data revisions. [9]

However, to show the impacts of data changes on the stretch factors, revised data have been incorporated into the benchmarking databases and model to allow previous results to be recalculated. The revised 2019 and 2018 results are presented only for the purposes of showing

[8] The method used to calculation the hypothetical historical cost performance of the combined entity is to sum the actual costs, sum the costs predicted by the model, and calculate the percentage difference. This method is essentially a cost-weighted average of the historical cost performances of the amalgamated distributors.

[9] The previous results were "locked-in" by pasting the values of previous cost performance into the current calculations worksheet. This means that these values will not be affected by subsequent data revisions. This allows for the calculation of a new three-year average of the new 2020 result consistent with the previously published 2018 and 2019 results while still allowing the calculation of revised results for previous years, if applicable, to show the impact of any data revision.

the impact of the data changes but were not used as discussed above to calculate the new 2018-2020 average cost performance used to determine the 2021 stretch factors assignments.

Several tables are included at the end of this report. Table 1 describes the calculation of total cost. Table 2 shows each distributor's growth in total cost from 2019 to 2020. Table 3 (A) presents the 2020 benchmarking results and a comparison to prior years' results. Table 3 (B) summarizes data revision impacts on cost performance although they have no bearing on the derivation of the current stretch factors. Table 4 presents average cost performance and associated stretch factors. Table 5 presents the companies assigned to each cohort according to their updated stretch factors. Changes from the previous year's assignments are shown in bold.

The goal of the benchmarking work is to evaluate levels of distributor cost. Table 2 presents the actual OM&A, Capital, and Total cost for each distributor for 2019 and 2020. As can be seen, industry total cost decreased by 0.93% on average from 2019-2020. Whereas OM&A cost grew on average by 1.30%, capital cost declined on average by 3.14%. The decline in capital cost can be partially attributed to a decline in the allowed rate of return on capital.

The econometric model estimates LDCs' costs as a function of distributor output, input price growth, and other business condition variables beyond management control. It will also produce a prediction of the level of cost consistent with these business conditions and thus "explain" some of the observed cost level. As described in the PEG benchmarking report, changes not accounted for by these factors are deemed to be due to management performance. The parameter estimates measure the cost impact of the different business conditions and are presented on Table 16 of the PEG benchmarking report. The discussion below provides some details about the parameters and their associated impacts established for the 2002 to 2012 period.

The first of the cost drivers is output quantity. The model uses three measures for the quantity of distributor output. The first is the number of customers served and the second is kWh delivered. The third is a proxy for the capacity of the distribution system. The capacity variable is described in the PEG report and is equal to the largest peak load experienced as of the current year of data. For example, the 2012 value for the capacity variable is equal to largest reported system summer or winter kW in all the years 2002-2012. Therefore, for 2013, this capacity variable only increased if the distributor's kW demand in that year exceeded kW demand in every year between 2002 and 2012. Of the three output variables, the model estimates that the number of customers has the largest impact on cost, followed by the system capacity variable. The kWh delivered was the least important of the output variables. For the average company, the number of customers was found to be a more important cost driver than the other two combined. For each 1% change in number of customers, cost was estimated to change by 0.44%.

The second group of cost drivers were the input prices for capital and OM&A. For the average company, the cost impact of changes in the capital price was found to be almost twice as important as that for OM&A. For every 1% change in capital price, the impact on total cost was about 0.63%. The corresponding impact for changes in the OM&A price was 0.37%. The relevant indexes were updated to include 2020 data. For the OM&A price, the growth in average weekly earnings and that for the GDP implicit price index for final domestic demand ("GDPIPI (FDD)") were calculated. The 2020 growth in the OM&A price index is calculated as 70% times average weekly earnings growth plus 30% times GDPIPI (FDD) growth. The 2019 values for the OM&A price index from the previous report were escalated by the growth that occurred in 2020.

It is worth noting that the increase in average weekly earnings was higher from 2019 to 2020 (+7%) than earlier years. If this was due to the pandemic temporarily removing lower paid workers from the workforce, one should expect this to reverse at some point in the future. To the extent that labor price inflation is temporarily elevated, this will have the effect of increasing the level of cost predicted by the model and cause better distributor cost performance. The opposite effect is expected should future labor price growth be depressed. Because the stretch factors are based on three-year averages of cost performance, the effect of a temporary increase in labor prices is mitigated by the inclusion of two years with more typical price growth.

The capital price calculation is based upon an asset price index, an economic depreciation rate, and a rate of return. The asset price index was the Electric Utility Construction Price Index as calculated by Statistics Canada. As this index is no longer available, the previous values are escalated by an alternate index. The index chosen was the GDPIPI (FDD) which is the same index used to represent all non-labour price inflation in the Board-approved inflation measure formula[10]. The depreciation rate is fixed at 4.59% consistent with the previous work. The rate of return is a weighted average of the rates for return on equity, long-term debt, and short-term debt

[10] The weight given to the non-labour index in the inflation formula includes capital cost.

as approved by the OEB. The capital price used to calculate total cost is also used as an explanatory variable. Therefore, any changes in the rate of return or asset price index that affect the cost calculation will also affect the price calculation which will in turn "explain" the observed changes in cost.

The last group of cost drivers consists of other business condition variables. The first was the percentage of customers added over the last ten years. The second was the average km of distribution line. For each 1% change in line length, total cost was estimated to increase by 0.29%. The model also contains a time trend that accounts for changes in cost over time that are not accounted for by the other cost drivers. This variable estimates that cost should rise by 1.7% per year for reasons not identified by other variables in the model. All of these business condition variables were updated to include 2020 data.

4. Benchmarking Results and Updated Stretch Factors

Table 3 (A) presents a summary of the current benchmarking results for each distributor from 2017-2020. The updated average cost performance is based on a three-year rolling average calculated from the 2018-2020 values and is used to assign updated stretch factors to distributors. The last column presents the difference between the updated average cost performance and the previous one (2017-2019).[11] The electricity distributor sector has shown consistent year-over-year cost performance improvements. The average level of cost performance in 2020 for the 59 distributors is 11.3% lower than forecast (or predicted) cost that builds upon cost performance improvement in previous years. Previous years also have shown performance improvements for the currently benchmarked distributors but not as good compared recent years.

[11] Changes in average cost performance are due to not only the addition of 2020 results, but the removal of 2017 results. It is therefore possible to simultaneously have improved 2020 cost performance and deteriorating average performance.

As discussed above, the OEB requires distributors to be accountable for the integrity of their reported data and sets out reporting procedures to improve data quality. OEB Staff reviewed and approved distributors' data corrections requests to previously filed data when reasonable justification is provided. The revised data were incorporated into the benchmarking databases and the 2018 and 2019 results were recalculated to demonstrate the impact on the previously published 2017-2019 average cost performance. Table 3 (B) shows the impact of LDC data revisions on 2018 and 2019 cost performance for those companies that had approved changes since the previous update[12]. No revisions would have changed previously determined cohort placement.

Updated stretch factors are assigned based on a three-year average of actual less predicted cost over the 2018-2020 period. As discussed in the Board Report, distributors that averaged 25% or more below cost received the lowest stretch factor of 0%. Those that averaged in excess of 10% and up to 25% below cost received a stretch factor of 0.15%. Those within 10% of predicted cost received a stretch factor of 0.30%. Those distributors that had cost in excess of 10% and up to 25% of that predicted received a stretch factor of 0.45%. Any distributors that had cost in excess of 25% more than predicted were assigned the highest stretch factor of 0.60%.

Table 4 presents a summary of the current and previous years' cost performance results and corresponding stretch factors. The assigned stretch factor for most companies was not affected by the 2020 update. A total of four companies have been assigned different stretch factors and all four now have lower stretch factors. Table 5 presents the updated stretch factor assignments in the format of Appendix D of the Board report.

5. Validation and Other Supporting Documents

As part of their reporting requirements, distributors are asked to validate the numbers contained in their scorecard. The Spreadsheet Model as updated produces the updated benchmarking results contained in this report. It builds on the previous version by adding additional worksheets related to the 2020 calculations.

[12] There were no accepted revisions to 2017 data since the previous update.

The format of the additional worksheets used in the update are similar to those provided earlier and the User's Guide will be applicable to the new worksheets. The guide is intended to serve as a tool for distributors to better understand these calculations and their cost performance. The spreadsheet model and users guide are available in the Total cost benchmarking – updates section of the Performance Assessment page on the OEB's website.

Table 1

Calculation of 2020 Total Cost

Variable		Reference	Formula	Source
Total Cost			= OM&A + Capital Cost	Formula
OM&A			= A+B+C+D+E+F+G-I+J	Formula
2020	Operation	A		RRR
2020	Maintenance	B		RRR
2020	Billing and Collection	C		RRR
2020	Community Relations	D		RRR
2020	Administrative and General Expenses	E		RRR
2020	Insurance Expense	F		RRR
2020	Advertising Expenses	G		RRR
Adjustments to OM&A				
2020	HV Adjustment	I		RRR
2020	LV Adjustment	J		Hydro One Networks
Capital				
2019	Asset Price Index	K		Previous Year Calculations
2019	Capital Quantity	M		Previous Year Calculations
2020	Asset Price Index	O	=K x (GDPPI-FDD 2020 / GDPPI-FDD 2019)	Formula, Statistics Canada
2020	Capital Additions	P		RRR
2020	HV Capital Additions	Q		RRR
2020	Quantity of Capital Additions	R	=(P-Q) / O	Formula
	Depreciation Rate	S	Fixed at 4.59% for All Years	PEG Report for 4GIR
2020	Capital Quantity	T	= M - S x M + R	Formula
2020	Rate of Return	U		OEB Decision
2020	Capital Price	V	=U x K + S x O	Formula
2020	Capital Cost	W	= V x T	Formula

Table 2

Total Cost by Distributor: 2019 vs. 2020

	OM&A Cost			Capital Cost			Total Cost		
	2019	2020	Percent Change	2019	2020	Percent Change	2019	2020	Percent Change
Alectra Utilities Corporation	257,552,392	246,360,016	-4.44%	497,115,696	482,435,863	-3.00%	754,668,089	728,795,879	-3.49%
Algoma Power Inc.	11,990,934	13,122,891	9.02%	14,233,881	13,699,275	-3.83%	26,224,815	26,822,166	2.25%
Atikokan Hydro Inc.	1,083,377	1,110,089	2.44%	602,858	561,793	-7.05%	1,686,235	1,671,883	-0.85%
Bluewater Power Distribution Corporation	13,313,535	12,871,965	-3.37%	13,641,782	13,356,760	-2.11%	26,955,317	26,228,724	-2.73%
Brantford Power Inc.	9,851,841	11,056,986	11.54%	11,698,662	12,368,681	5.57%	21,550,503	23,425,667	8.34%
Burlington Hydro Inc.	19,043,936	19,760,560	3.69%	26,038,314	25,163,397	-3.42%	45,082,250	44,923,958	-0.35%
Canadian Niagara Power Inc.	10,005,216	9,416,459	-6.06%	16,301,129	16,367,735	0.41%	26,306,344	25,784,193	-2.00%
Centre Wellington Hydro Ltd.	2,602,317	2,465,654	-5.39%	2,628,436	2,452,597	-6.92%	5,230,753	4,918,251	-6.16%
Chapleau Public Utilities Corporation	819,048	824,639	0.68%	236,825	224,680	-5.26%	1,055,873	1,049,319	-0.62%
Cooperative Hydro Embrun Inc.	691,107	730,185	5.50%	516,778	501,878	-2.93%	1,207,886	1,232,062	1.98%
E.L.K. Energy Inc.	2,787,808	2,416,767	-14.28%	2,428,307	2,377,429	-2.12%	5,216,115	4,794,196	-8.43%
Energy+ Inc.	**18,361,849**	**18,601,179**	1.29%	26,671,125	25,608,031	-4.07%	45,032,974	44,209,209	-1.85%
Entegrus Powerlines Inc.	13,298,368	13,263,123	-0.27%	20,560,306	20,234,041	-1.60%	33,858,674	33,497,164	-1.07%
EnWin Utilities Ltd.	24,432,745	25,310,135	3.53%	39,064,214	37,056,688	-5.28%	63,496,959	62,366,823	-1.80%
Elexicon Energy Inc.	40,136,684	40,002,781	-0.33%	68,419,347	66,700,666	-2.54%	108,556,031	106,703,447	-1.72%
EPCOR Electricity Distribution Ontario Inc.	6,529,883	6,144,806	-6.08%	4,953,086	4,915,178	-0.77%	11,482,969	11,059,984	-3.75%
ERTH Power Corporation	7,261,722	7,273,017	0.16%	8,903,938	8,737,695	-1.88%	16,165,660	16,010,712	-0.96%
Espanola Regional Hydro Distribution Corporation	1,709,667	1,605,579	-6.28%	798,526	777,752	-2.64%	2,508,193	2,383,331	-5.11%
Essex Powerlines Corporation	7,356,413	7,805,877	5.93%	10,269,224	9,903,134	-3.63%	17,625,637	17,709,011	0.47%
Festival Hydro Inc.	5,855,853	6,002,784	2.48%	8,034,350	7,611,894	-5.40%	13,890,203	13,614,678	-2.00%
Fort Frances Power Corporation	1,629,256	1,565,266	-4.01%	931,036	899,994	-3.39%	2,560,292	2,465,260	-3.78%
Greater Sudbury Hydro Inc.	14,566,546	14,709,333	0.98%	17,850,661	17,354,767	-2.82%	32,417,207	32,064,100	-1.10%
Grimsby Power Incorporated	3,151,551	3,388,617	7.25%	3,758,286	3,604,656	-4.17%	6,909,837	6,993,273	1.20%
Halton Hills Hydro Inc.	6,215,697	6,452,824	3.74%	12,189,535	11,687,867	-4.20%	18,405,232	18,140,691	-1.45%
Hearst Power Distribution Company Limited	1,086,335	1,089,704	0.31%	368,522	353,090	-4.28%	1,454,857	1,442,794	-0.83%
Hydro 2000 Inc.	506,164	584,260	14.35%	152,566	148,207	-2.90%	658,731	732,466	10.61%
Hydro Hawkesbury Inc.	991,638	1,090,445	9.50%	613,884	579,723	-5.73%	1,605,522	1,670,167	3.95%
Hydro One Networks Inc.	538,618,195	525,977,906	-2.37%	874,005,188	867,736,323	-0.72%	1,412,623,382	1,393,714,229	-1.35%
Hydro Ottawa Limited	78,332,371	80,181,186	2.33%	170,827,554	167,096,745	-2.21%	249,159,924	247,277,931	-0.76%
Innpower Corporation	5,765,661	6,121,413	5.99%	10,012,926	10,303,063	2.86%	15,778,587	16,424,476	4.01%
Kingston Hydro Corporation	6,960,489	7,017,165	0.81%	8,971,880	8,555,764	-4.75%	15,932,369	15,572,929	-2.28%
Kitchener-Wilmot Hydro Inc.	17,521,849	18,911,859	7.63%	33,707,186	32,485,556	-3.69%	51,229,035	51,397,415	0.33%
Lakefront Utilities Inc.	2,618,296	2,668,436	1.90%	2,660,380	2,649,011	-0.43%	5,278,677	5,317,447	0.73%
Lakeland Power Distribution Ltd.	4,991,820	5,188,177	3.86%	5,058,682	4,823,179	-4.77%	10,050,502	10,011,356	-0.39%
London Hydro Inc.	37,864,464	38,287,946	1.11%	53,390,903	52,935,175	-0.86%	91,255,367	91,223,121	-0.04%
Milton Hydro Distribution Inc.	9,936,414	10,485,033	5.37%	18,354,678	17,619,204	-4.09%	28,291,092	28,104,237	-0.66%
Newmarket-Tay Power Distribution Ltd.	12,351,094	11,873,565	-3.94%	17,444,218	16,569,447	-5.14%	29,795,312	28,443,012	-4.64%
Niagara Peninsula Energy Inc.	18,348,752	18,278,751	-0.38%	25,695,030	24,908,996	-3.11%	44,043,783	43,187,747	-1.96%
Niagara-on-the-Lake Hydro Inc.	2,774,720	2,911,179	4.80%	4,466,080	4,308,622	-3.59%	7,240,800	7,219,801	-0.29%
North Bay Hydro Distribution Limited	6,567,534	6,656,816	1.35%	11,154,005	10,718,413	-3.98%	17,721,539	17,375,228	-1.97%
Northern Ontario Wires Inc.	2,790,464	2,775,792	-0.53%	1,483,588	1,409,058	-5.15%	4,274,052	4,184,850	-2.11%
Oakville Hydro Electricity Distribution Inc.	17,906,962	18,103,232	1.09%	35,941,071	34,580,796	-3.86%	53,848,033	52,684,028	-2.19%
Orangeville Hydro Limited	3,419,294	3,189,463	-6.96%	3,763,494	3,606,292	-4.27%	7,182,788	6,795,755	-5.54%
Orillia Power Distribution Corporation	4,906,135	5,937,171	19.07%	4,807,450	4,612,940	-4.13%	9,713,585	10,550,111	8.26%
Oshawa PUC Networks Inc.	12,607,249	12,083,296	-4.24%	22,784,128	22,293,683	-2.18%	35,391,377	34,376,979	-2.91%

Table 2

Total Cost by Distributor: 2019 vs. 2020

	OM&A Cost			Capital Cost			Total Cost		
	2019	2020	Percent Change	2019	2020	Percent Change	2019	2020	Percent Change
Ottawa River Power Corporation	3,337,203	3,468,416	3.86%	2,666,141	2,484,957	-7.04%	6,003,344	5,953,373	-0.84%
Peterborough Distribution Incorporated	8,467,413	9,197,488	8.27%	13,382,600	12,489,194	-6.91%	21,850,013	21,686,682	-0.75%
PUC Distribution Inc.	10,740,394	10,623,175	-1.10%	12,709,727	12,100,328	-4.91%	23,450,122	22,723,503	-3.15%
Renfrew Hydro Inc.	1,355,865	1,411,561	4.03%	1,269,531	1,207,746	-4.99%	2,625,396	2,619,307	-0.23%
Rideau St. Lawrence Distribution Inc.	2,242,574	2,215,871	-1.20%	1,206,954	1,169,180	-3.18%	3,449,528	3,385,051	-1.89%
Sioux Lookout Hydro Inc.	1,546,224	1,495,093	-3.36%	929,922	919,915	-1.08%	2,476,146	2,415,008	-2.50%
Synergy North Corporation	16,857,004	15,980,377	-5.34%	21,435,307	20,471,244	-4.60%	38,292,311	36,451,621	-4.93%
Tillsonburg Hydro Inc.	2,767,763	2,794,063	0.95%	2,565,809	2,571,495	0.22%	5,333,572	5,365,559	0.60%
Toronto Hydro-Electric System Limited	253,196,236	254,882,858	0.66%	652,375,141	647,906,436	-0.69%	905,571,377	902,789,294	-0.31%
Wasaga Distribution Inc.	3,432,078	3,505,519	2.12%	3,120,995	3,031,566	-2.91%	6,553,073	6,537,086	-0.24%
Waterloo North Hydro Inc.	13,878,886	13,591,305	-2.09%	34,310,088	32,994,597	-3.91%	48,188,974	46,585,903	-3.38%
Welland Hydro-Electric System Corp.	6,757,918	6,580,466	-2.66%	5,352,055	5,294,378	-1.08%	12,109,973	11,874,844	-1.96%
Wellington North Power Inc.	1,806,902	1,856,980	2.73%	1,436,725	1,420,412	-1.14%	3,243,627	3,277,392	1.04%
Westario Power Inc.	5,927,808	5,997,247	1.16%	8,361,826	8,097,246	-3.22%	14,289,635	14,094,493	-1.38%
Average			1.30%			-3.14%			-0.93%
Median			1.09%			-3.42%			-1.10%

Table 3 (A)

Summary of Cost Performance Results

	Cost Efficiency Assessment						
	2017	2018	2019	2020	2017-2019	2018-2020	Difference from 2017-2019
Alectra Utilities Corporation	4.1%	-0.8%	0.1%	-4.4%	1.2%	-1.7%	-2.8%
Algoma Power Inc.	68.9%	66.1%	64.3%	61.9%	66.4%	64.1%	-2.3%
Atikokan Hydro Inc.	12.6%	9.6%	6.6%	2.8%	9.6%	6.3%	-3.3%
Bluewater Power Distribution Corporation	4.0%	3.7%	0.3%	-4.5%	2.7%	-0.2%	-2.8%
Brantford Power Inc.	-8.2%	-9.4%	-10.2%	-4.8%	-9.3%	-8.1%	1.1%
Burlington Hydro Inc.	-11.9%	-13.9%	-11.7%	-13.0%	-12.5%	-12.9%	-0.4%
Canadian Niagara Power Inc.	11.2%	17.1%	15.6%	11.0%	14.6%	14.6%	-0.1%
Centre Wellington Hydro Ltd.	1.0%	-0.3%	-1.1%	-11.2%	-0.1%	-4.2%	-4.1%
Chapleau Public Utilities Corporation	17.0%	24.2%	25.4%	18.9%	22.2%	22.8%	0.6%
Cooperative Hydro Embrun Inc.	-41.1%	-44.8%	-51.3%	-54.7%	-45.7%	-50.3%	-4.6%
E.L.K. Energy Inc.	-44.5%	-47.8%	-47.4%	-59.0%	-46.6%	-51.4%	-4.8%
Elexicon Energy Inc.	-2.8%	-5.5%	-1.0%	-4.3%	-3.1%	-3.6%	-0.5%
Energy+ Inc.	-11.1%	-13.1%	-14.1%	-14.4%	-12.8%	-13.9%	-1.1%
Entegrus Powerlines Inc.	-16.8%	-16.0%	-21.0%	-25.4%	-17.9%	-20.8%	-2.9%
ENWIN Utilities Ltd.	5.3%	-2.7%	-10.1%	-15.3%	-2.5%	-9.4%	-6.9%
EPCOR Electricity Distribution Ontario Inc.	-18.4%	-19.3%	-3.9%	-9.8%	-13.9%	-11.0%	2.9%
ERTH Power Corporation	11.2%	6.6%	1.3%	-1.5%	6.4%	2.1%	-4.2%
Espanola Regional Hydro Distribution Corporation	-23.1%	-24.8%	-17.2%	-25.5%	-21.7%	-22.5%	-0.8%
Essex Powerlines Corporation	-14.1%	-12.3%	-19.2%	-23.8%	-15.2%	-18.4%	-3.2%
Festival Hydro Inc.	8.8%	10.8%	5.9%	1.6%	8.5%	6.1%	-2.4%
Fort Frances Power Corporation	2.4%	-0.8%	-5.1%	-11.4%	-1.2%	-5.7%	-4.6%
Greater Sudbury Hydro Inc.	7.1%	7.6%	5.1%	3.0%	6.6%	5.3%	-1.4%
Grimsby Power Incorporated	-24.9%	-27.6%	-31.8%	-34.5%	-28.1%	-31.3%	-3.2%

Table 3 (A)

Summary of Cost Performance Results

	Cost Efficiency Assessment						
	2017	2018	2019	2020	2017-2019	2018-2020	Difference from 2017-2019
Halton Hills Hydro Inc.	-28.4%	-29.2%	-30.3%	-33.8%	-29.3%	-31.1%	-1.8%
Hearst Power Distribution Company Limited	-20.1%	-21.3%	-28.7%	-31.6%	-23.4%	-27.2%	-3.8%
Hydro 2000 Inc.	-23.0%	-15.4%	-22.4%	-18.0%	-20.3%	-18.6%	1.7%
Hydro Hawkesbury Inc.	-56.3%	-57.7%	-69.3%	-66.4%	-61.1%	-64.4%	-3.4%
Hydro One Networks Inc.	17.0%	16.0%	16.3%	16.1%	16.4%	16.2%	-0.3%
Hydro Ottawa Limited	16.5%	18.2%	20.4%	19.8%	18.4%	19.5%	1.1%
Innpower Corporation	4.7%	-2.2%	-5.3%	-6.8%	-0.9%	-4.8%	-3.8%
Kingston Hydro Corporation	-1.4%	1.3%	-3.8%	-6.8%	-1.3%	-3.1%	-1.8%
Kitchener-Wilmot Hydro Inc.	-19.9%	-19.2%	-21.1%	-22.1%	-20.1%	-20.8%	-0.7%
Lakefront Utilities Inc.	-23.5%	-21.0%	-24.4%	-27.2%	-23.0%	-24.2%	-1.2%
Lakeland Power Distribution Ltd.	-16.1%	-9.2%	-14.2%	-16.9%	-13.2%	-13.4%	-0.2%
London Hydro Inc.	-7.1%	-5.9%	-5.8%	-6.3%	-6.2%	-6.0%	0.3%
Milton Hydro Distribution Inc.	-14.4%	-17.4%	-18.7%	-23.7%	-16.8%	-19.9%	-3.1%
Newmarket-Tay Power Distribution Ltd.	-8.6%	-10.0%	-9.8%	-15.9%	-9.5%	-11.9%	-2.4%
Niagara Peninsula Energy Inc.	4.9%	1.3%	1.1%	-2.8%	2.4%	-0.1%	-2.6%
Niagara-on-the-Lake Hydro Inc.	-9.2%	-5.2%	-9.5%	-12.7%	-8.0%	-9.1%	-1.2%
North Bay Hydro Distribution Limited	5.5%	3.3%	4.9%	1.4%	4.6%	3.2%	-1.4%
Northern Ontario Wires Inc.	-36.0%	-37.3%	-38.2%	-42.1%	-37.2%	-39.2%	-2.0%
Oakville Hydro Electricity Distribution Inc.	2.6%	1.0%	0.3%	-3.8%	1.3%	-0.8%	-2.1%
Orangeville Hydro Limited	-14.3%	-20.0%	-20.7%	-28.8%	-18.3%	-23.1%	-4.8%
Orillia Power Distribution Corporation	-3.8%	-5.7%	-7.4%	-1.9%	-5.6%	-5.0%	0.7%
Oshawa PUC Networks Inc.	-16.3%	-14.4%	-12.0%	-16.6%	-14.2%	-14.4%	-0.1%
Ottawa River Power Corporation	-10.4%	-21.9%	-18.9%	-24.3%	-17.0%	-21.7%	-4.6%

Table 3 (A)

Summary of Cost Performance Results

	Cost Efficiency Assessment						
	2017	2018	2019	2020	2017-2019	2018-2020	Difference from 2017-2019
Peterborough Distribution Incorporated	8.2%	5.8%	1.5%	-0.6%	5.2%	2.2%	-2.9%
PUC Distribution Inc.	11.2%	8.2%	5.5%	1.1%	8.3%	4.9%	-3.4%
Renfrew Hydro Inc.	7.7%	7.2%	1.1%	-2.5%	5.3%	2.0%	-3.4%
Rideau St. Lawrence Distribution Inc.	-4.1%	-9.4%	-11.2%	-15.4%	-8.3%	-12.0%	-3.7%
Sioux Lookout Hydro Inc.	-7.9%	-16.9%	-19.0%	-25.8%	-14.6%	-20.6%	-6.0%
Synergy North Corporation	9.1%	7.4%	6.2%	0.5%	7.6%	4.7%	-2.9%
Tillsonburg Hydro Inc.	-1.2%	3.2%	3.7%	-5.5%	1.9%	0.5%	-1.5%
Toronto Hydro-Electric System Limited	52.9%	53.0%	52.8%	52.9%	52.9%	52.9%	0.0%
Wasaga Distribution Inc.	-45.7%	-46.7%	-42.9%	-46.6%	-45.1%	-45.4%	-0.3%
Waterloo North Hydro Inc.	9.5%	9.7%	8.1%	3.5%	9.1%	7.1%	-2.0%
Welland Hydro-Electric System Corp.	-19.6%	-24.0%	-25.4%	-30.3%	-23.0%	-26.6%	-3.6%
Wellington North Power Inc.	12.7%	8.7%	6.7%	2.9%	9.4%	6.1%	-3.3%
Westario Power Inc.	-1.5%	-8.5%	-7.7%	-11.1%	-5.9%	-9.1%	-3.2%
Average	-4.9%	-6.2%	-7.8%	-11.3%	-6.3%	-8.4%	-2.1%
Median	-3.8%	-5.7%	-7.4%	-11.1%	-5.9%	-8.1%	-2.4%
Max	68.9%	66.1%	64.3%	61.9%	66.4%	64.1%	2.9%
Min	-56.3%	-57.7%	-69.3%	-66.4%	-61.1%	-64.4%	-6.9%

Table 3 (B)

Summary of the Impact of Revised Data on Cost Performance Results

Distributors with approved 2018 and/or 2019 data revisions for the 2020 data update	2017 Cost Performance			2018 Cost Performance			2019 Cost Performance			2017-2019 Average Cost Performance*		
	As Previously Calculated	As Revised	Difference	As Previously Calculated	As Revised	Difference	As Previously Calculated	As Revised	Difference	As Previously Calculated	As Revised	Difference
Bluewater Power Distribution Corporation	4.0%	na	na	3.7%	3.7%	0.00%	0.3%	0.3%	0.03%	2.7%	2.7%	-0.010%
Brantford Power Inc.	-8.2%	na	na	-9.4%	-9.4%	0.00%	-10.2%	-10.1%	-0.15%	-9.3%	-9.2%	0.050%
Burlington Hydro Inc.	-11.9%	na	na	-13.9%	-14.3%	0.44%	-11.7%	-12.1%	0.41%	-12.5%	-12.8%	-0.282%
Entegrus Powerlines Inc.	-16.8%	na	na	-16.0%	-16.0%	0.00%	-21.0%	-21.0%	0.00%	-17.9%	-17.9%	0.000%
Espanola Regional Hydro Distribution Corporation	-23.1%	na	na	-24.8%	-24.8%	-0.01%	-17.2%	-17.2%	0.00%	-21.7%	-21.7%	0.005%
Festival Hydro Inc.	8.8%	na	na	10.8%	10.8%	0.00%	5.9%	5.8%	0.10%	8.5%	8.5%	-0.032%
Hydro Hawkesbury Inc.	-56.3%	na	na	-57.7%	-57.7%	0.00%	-69.3%	-69.3%	0.01%	-61.1%	-61.1%	-0.003%
Lakefront Utilities Inc.	-23.5%	na	na	-21.0%	-21.0%	0.00%	-24.4%	-24.6%	0.16%	-23.0%	-23.0%	-0.053%
Orangeville Hydro Limited	-14.3%	na	na	-20.0%	-20.1%	0.05%	-20.7%	-20.7%	0.01%	-18.3%	-18.3%	-0.020%

* There were no new revisions to 2017 data. The impact of revisions are not cumulative with revisions from previous updates. Entegrus reported account-level OM&A revisions for 2018 that resulted in no change to total OM&A used in the study. Other submitted changes were either not used in the 2018-2019 calculations or resulted in no net change to the amounts being used.

Table 4

Summary of Stretch Factor Assignments

	2017-2019		2018-2020		Change in Stretch Factor
	Benchmarking Performance	Stretch Factor	Benchmarking Performance	Stretch Factor	
Alectra Utilities Corporation	1.2%	0.30	-1.7%	0.30	NO
Algoma Power Inc.	66.4%	0.60	64.1%	0.60	NO
Atikokan Hydro Inc.	9.6%	0.30	6.3%	0.30	NO
Bluewater Power Distribution Corporation	2.7%	0.30	-0.2%	0.30	NO
Brantford Power Inc.	-9.3%	0.30	-8.1%	0.30	NO
Burlington Hydro Inc.	-12.5%	0.15	-12.9%	0.15	NO
Canadian Niagara Power Inc.	14.6%	0.45	14.6%	0.45	NO
Centre Wellington Hydro Ltd.	-0.1%	0.30	-4.2%	0.30	NO
Chapleau Public Utilities Corporation	22.2%	0.45	22.8%	0.45	NO
Cooperative Hydro Embrun Inc.	-45.7%	0.00	-50.3%	0.00	NO
E.L.K. Energy Inc.	-46.6%	0.00	-51.4%	0.00	NO
Elexicon Energy Inc.	-3.1%	0.30	-3.6%	0.30	NO
Energy+ Inc.	-12.8%	0.15	-13.9%	0.15	NO
Entegrus Powerlines Inc.	-17.9%	0.15	-20.8%	0.15	NO
ENWIN Utilities Ltd.	-2.5%	0.30	-9.4%	0.30	NO
EPCOR Electricity Distribution Ontario Inc.	-13.9%	0.15	-11.0%	0.15	NO
ERTH Power Corporation	6.4%	0.30	2.1%	0.30	NO
Espanola Regional Hydro Distribution Corporation	-21.7%	0.15	-22.5%	0.15	NO
Essex Powerlines Corporation	-15.2%	0.15	-18.4%	0.15	NO
Festival Hydro Inc.	8.5%	0.30	6.1%	0.30	NO
Fort Frances Power Corporation	-1.2%	0.30	-5.7%	0.30	NO
Greater Sudbury Hydro Inc.	6.6%	0.30	5.3%	0.30	NO
Grimsby Power Incorporated	-28.1%	0.00	-31.3%	0.00	NO
Halton Hills Hydro Inc.	-29.3%	0.00	-31.1%	0.00	NO

Table 4

Summary of Stretch Factor Assignments

	2017-2019		2018-2020		Change in Stretch Factor
	Benchmarking Performance	Stretch Factor	Benchmarking Performance	Stretch Factor	
Hearst Power Distribution Company Limited	**-23.4%**	**0.15**	**-27.2%**	**0.00**	**YES**
Hydro 2000 Inc.	-20.3%	0.15	-18.6%	0.15	NO
Hydro Hawkesbury Inc.	-61.1%	0.00	-64.4%	0.00	NO
Hydro One Networks Inc.	16.4%	0.45	16.2%	0.45	NO
Hydro Ottawa Limited	18.4%	0.45	19.5%	0.45	NO
Innpower Corporation	-0.9%	0.30	-4.8%	0.30	NO
Kingston Hydro Corporation	-1.3%	0.30	-3.1%	0.30	NO
Kitchener-Wilmot Hydro Inc.	-20.1%	0.15	-20.8%	0.15	NO
Lakefront Utilities Inc.	-23.0%	0.15	-24.2%	0.15	NO
Lakeland Power Distribution Ltd.	-13.2%	0.15	-13.4%	0.15	NO
London Hydro Inc.	-6.2%	0.30	-6.0%	0.30	NO
Milton Hydro Distribution Inc.	-16.8%	0.15	-19.9%	0.15	NO
Newmarket-Tay Power Distribution Ltd.	**-9.5%**	**0.30**	**-11.9%**	**0.15**	**YES**
Niagara Peninsula Energy Inc.	2.4%	0.30	-0.1%	0.30	NO
Niagara-on-the-Lake Hydro Inc.	-8.0%	0.30	-9.1%	0.30	NO
North Bay Hydro Distribution Limited	4.6%	0.30	3.2%	0.30	NO
Northern Ontario Wires Inc.	-37.2%	0.00	-39.2%	0.00	NO
Oakville Hydro Electricity Distribution Inc.	1.3%	0.30	-0.8%	0.30	NO
Orangeville Hydro Limited	-18.3%	0.15	-23.1%	0.15	NO
Orillia Power Distribution Corporation	-5.6%	0.30	-5.0%	0.30	NO
Oshawa PUC Networks Inc.	-14.2%	0.15	-14.4%	0.15	NO
Ottawa River Power Corporation	-17.0%	0.15	-21.7%	0.15	NO
Peterborough Distribution Incorporated	5.2%	0.30	2.2%	0.30	NO
PUC Distribution Inc.	8.3%	0.30	4.9%	0.30	NO

Table 4

Summary of Stretch Factor Assignments

	2017-2019		2018-2020		Change in Stretch Factor
	Benchmarking Performance	Stretch Factor	Benchmarking Performance	Stretch Factor	
Renfrew Hydro Inc.	5.3%	0.30	2.0%	0.30	NO
Rideau St. Lawrence Distribution Inc.	**-8.3%**	**0.30**	**-12.0%**	**0.15**	**YES**
Sioux Lookout Hydro Inc.	-14.6%	0.15	-20.6%	0.15	NO
Synergy North Corporation	7.6%	0.30	4.7%	0.30	NO
Tillsonburg Hydro Inc.	1.9%	0.30	0.5%	0.30	NO
Toronto Hydro-Electric System Limited	52.9%	0.60	52.9%	0.60	NO
Wasaga Distribution Inc.	-45.1%	0.00	-45.4%	0.00	NO
Waterloo North Hydro Inc.	9.1%	0.30	7.1%	0.30	NO
Welland Hydro-Electric System Corp.	**-23.0%**	**0.15**	**-26.6%**	**0.00**	**YES**
Wellington North Power Inc.	9.4%	0.30	6.1%	0.30	NO
Westario Power Inc.	-5.9%	0.30	-9.1%	0.30	NO

Table 5

Stretch Factor Assignments by Group

Group I (9 Distributors)	Group II (17 Distributors)		Group III (27 Distributors)		Group IV (4 Distributors)	Group V (2 Distributors)
Stretch Factor = 0%	Stretch Factor = 0.15%		Stretch Factor = 0.30%		Stretch Factor = 0.45%	Stretch Factor = 0.60%
Cooperative Hydro Embrun Inc.	Burlington Hydro Inc.	Lakeland Power Distribution Ltd.	Alectra Utilities Corporation	Niagara Peninsula Energy Inc.	Canadian Niagara Power Inc.	Algoma Power Inc.
E.L.K. Energy Inc.	Energy+ Inc.	Milton Hydro Distribution Inc.	Atikokan Hydro Inc.	Niagara-on-the-Lake Hydro Inc.	Chapleau Public Utilities Corporation	Toronto Hydro-Electric System Limited
Grimsby Power Incorporated	Entegrus Powerlines Inc.	**Newmarket-Tay Power Distribution Ltd.**	Bluewater Power Distribution Corporation	North Bay Hydro Distribution Limited	Hydro One Networks Inc.	
Halton Hills Hydro Inc.	EPCOR Electricity Distribution Ontario Inc.	Orangeville Hydro Limited	Brantford Power Inc.	Oakville Hydro Electricity Distribution Inc.	Hydro Ottawa Limited	
Hearst Power Distribution Company Limited	Espanola Regional Hydro Distribution Corporation	Oshawa PUC Networks Inc.	Centre Wellington Hydro Ltd.	Orillia Power Distribution Corporation		
Hydro Hawkesbury Inc.	Essex Powerlines Corporation	Ottawa River Power Corporation	EnWin Utilities Ltd.	Peterborough Distribution Incorporated		
Northern Ontario Wires Inc.	Hydro 2000 Inc.	**Rideau St. Lawrence Distribution Inc.**	Elexicon Energy Inc.	PUC Distribution Inc.		
Wasaga Distribution Inc.	Kitchener-Wilmot Hydro Inc.	Sioux Lookout Hydro Inc.	ERTH Power Corporation	Renfrew Hydro Inc.		
Welland Hydro-Electric System Corp.	Lakefront Utilities Inc.		Festival Hydro Inc.	Synergy North Corporation		
			Fort Frances Power Corporation	Tillsonburg Hydro Inc.		
			Greater Sudbury Hydro Inc.	Waterloo North Hydro Inc.		
			Innpower Corporation	Wellington North Power Inc.		
			Kingston Hydro Corporation	Westario Power Inc.		
			London Hydro Inc.			

Ex.1/Appendix 1-6 – 2019 Financial Statement

Rideau St. Lawrence Distribution Inc.
Financial Statements
December 31, 2019

Rideau St. Lawrence Distribution Inc.
Contents
For the year ended December 31, 2019

Independent Auditor's Report

To the Shareholder of Rideau St. Lawrence Distribution Inc.:

Opinion

We have audited the financial statements of Rideau St. Lawrence Distribution Inc. (the "Company"), which comprise the statement of financial position as at December 31, 2019, and the statements of income and other comprehensive income, changes in equity, cash flows and the related schedules for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MNP LLP

Cornwall, Ontario — Chartered Professional Accountants

June 19, 2020 — Licensed Public Accountants

Rideau St. Lawrence Distribution Inc.
Statement of Financial Position
As at December 31, 2019

	2019	2018
Assets		
Current		
Cash	**374,490**	445,881
Trade and other receivables *(Note 6)*	**1,348,323**	1,442,570
Unbilled revenue	**1,510,974**	1,342,488
Payments in lieu of taxes recoverable	**-**	5,466
Inventories *(Note 7)*	**247,452**	253,678
Prepaid expenses	**164,697**	190,005
	3,645,936	3,680,088
Non-current		
Deferred tax assets	**50,561**	92,006
Property, plant and equipment *(Note 8)*	**6,883,379**	6,687,300
	6,933,940	6,779,306
Total assets	**10,579,876**	10,459,394
Net regulatory assets (Note 9)	**156,782**	189,320
Total assets and net regulatory assets	**10,736,658**	10,648,714

Continued on next page

The accompanying notes are an integral part of these financial statements

Rideau St. Lawrence Distribution Inc.
Statement of Financial Position
As at December 31, 2019

	2019	2018
Liabilities		
Current		
Trade and other payables *(Note 11)*	2,211,393	1,771,955
Current portion of customer deposits	155,652	211,944
Employee future benefits *(Note 12)*	47,460	40,041
Advances from related parties *(Note 13)*	1,828,268	1,863,959
Promissory notes *(Note 14)*	1,163,352	1,163,352
Current portion of long-term debt *(Note 15)*	347,711	518,469
	5,753,836	5,569,720
Liabilities		
Non-current		
Contributions in aid of construction *(Note 16)*	438,741	308,735
Customer deposits	147,044	151,305
	585,785	460,040
	6,339,621	6,029,760
Commitments *(Note 19), (Note 20)*		
Event after the reporting period *(Note 24)*		
Equity		
Share capital *(Note 17)*	2,511,123	2,511,123
Retained earnings	1,571,850	1,548,276
Accumulated other comprehensive loss	(11,457)	(4,126)
Total Equity	4,071,516	4,055,273
Total liabilities and equity	10,411,137	10,085,033
Net regulatory liabilities *(Note 9)*	325,521	563,681
Total liabilities, equity and net regulatory liabilities	10,736,658	10,648,714

Approved on behalf of the Board

Director **Director**

The accompanying notes are an integral part of these financial statements

Rideau St. Lawrence Distribution Inc.
Statement of Income and Other Comprehensive Income
For the year ended December 31, 2019

	2019	2018
Revenue		
Electricity sales	**15,794,498**	14,661,268
Other charges	**130,212**	134,644
	15,924,710	14,795,912
Purchased power	**13,123,271**	12,553,252
Billing and collecting *(Schedule 1)*	**573,391**	556,617
Operating and maintenance *(Schedule 2)*	**805,811**	752,903
General and administrative *(Schedule 3)*	**905,691**	917,578
Depreciation of property, plant and equipment	**386,765**	407,195
Loss on disposal of property, plant and equipment	**7,731**	8,614
	15,802,660	15,196,159
Income (loss) from operating activities	**122,050**	(400,247)
Other income (expense)		
Finance income	**65,450**	69,368
Finance costs	**(56,543)**	(77,258)
	8,907	(7,890)
Income (loss) before payments in lieu of taxes	**130,957**	(408,137)
Provision for (recovery of) payments in lieu of taxes *(Note 18)*		
Current	**-**	(5,466)
Deferred	**41,445**	41,579
	41,445	36,113
Income (loss) before regulatory deferrals	**89,512**	(444,250)
Net movement on regulatory deferral accounts *(Note 9)*	**81,062**	589,141
Income for the year	**170,574**	144,891
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that will not be reclassified subsequently to income or loss		
Remeasurements of defined benefit plan	**(7,331)**	(9,643)
Total comprehensive income for the year	**163,243**	135,248

The accompanying notes are an integral part of these financial statements

Rideau St. Lawrence Distribution Inc.
Statement of Changes in Equity
For the year ended December 31, 2019

	Share capital	*Retained earnings*	*Accumulated other comprehensive income (loss)*	*Total equity*
Balance January 1, 2018	2,511,123	1,499,384	5,517	4,016,024
Net income for the year	-	144,892	-	144,892
Other comprehensive loss for the year	-	-	(9,643)	(9,643)
Dividends	-	(96,000)	-	(96,000)
Balance January 1, 2019	2,511,123	1,548,276	(4,126)	4,055,273
Net income for the year	-	170,574	-	170,574
Other comprehensive loss for the year	-	-	(7,331)	(7,331)
Dividends	-	(147,000)	-	(147,000)
Balance December 31, 2019	2,511,123	1,571,850	(11,457)	4,071,516

The accompanying notes are an integral part of these financial statements

Rideau St. Lawrence Distribution Inc.
Statement of Cash Flows
For the year ended December 31, 2019

	2019	*2018*
Cash provided by (used for) the following activities		
Operating activities		
Income for the year	**170,574**	144,891
Depreciation of property, plant and equipment	**386,765**	407,195
Loss on disposal of property, plant and equipment	**7,731**	8,614
Deferred taxes	**41,445**	41,579
	606,515	602,279
Changes in working capital accounts		
Trade and other receivables	**94,247**	94,589
Unbilled energy revenue	**(168,486)**	(25,259)
Payments in lieu of taxes recoverable	**5,466**	18,032
Inventories	**6,226**	(10,832)
Prepaid expenses	**25,308**	(6,768)
Trade and other payables	**439,441**	147,601
Current portion of customer deposits	**(56,292)**	14,517
Employee future benefits	**88**	(140)
	952,513	834,019
Financing activities		
Amounts advanced from related parties	**-**	176,874
Repayments to related parties	**(35,691)**	-
Repayments of long-term debt	**(170,758)**	(179,588)
Change in contributions in aid of construction	**130,006**	57,474
Decrease in customer deposits	**(4,261)**	(19,207)
Dividends paid	**(147,000)**	(96,000)
	(227,704)	(60,447)
Investing activities		
Purchases of property, plant and equipment	**(590,575)**	(558,128)
Change in regulatory deferral accounts	**(205,625)**	112,920
	(796,200)	(445,208)
Increase (decrease) in cash resources	**(71,391)**	328,364
Cash resources, beginning of year	**445,881**	117,517
Cash resources, end of year	**374,490**	445,881
Supplementary cash flow information		
Interest received	**65,450**	69,368
Interest paid	**56,543**	77,258
Payments in lieu of taxes paid (recovered)	**5,466**	(23,498)

The accompanying notes are an integral part of these financial statements

1. Reporting entity

Rideau St. Lawrence Distribution Inc. (the "Company") was incorporated under the Business Corporations Act (Ontario) on October 17, 2000. The Company is domiciled in Canada and is a regulated electricity local distribution corporation ("LDC") operating in eastern Ontario. The address of the Company's registered office is 985 Industrial Road, Prescott, Ontario, K0E 1T0.

2. Statement of compliance

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

3. Capital management

The Company's objectives when managing capital are to ensure ongoing access to funding to maintain and improve the electricity distribution system, prudent management of its capital structure with regard for recoveries of financing charges permitted by the Ontario Energy Board ("OEB") on its regulated electricity distribution business, and to safeguard it's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders. In order to maintain or adjust the capital structure, the Company adjusts the amount of dividends paid to shareholders or borrows funds.

The Company sets its equity, long-term debt and promissory notes payable as capital which was unchanged from the prior year.

4. Basis of preparation

Basis of measurement

The financial statements have been prepared on the historical basis unless otherwise stated.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. These estimates and assumptions have been made using careful judgment; however, uncertainties could result in outcomes that would require a material adjustment to the carrying amount of the asset or liability affected in the future.

The estimates and underlying assumptions are prepared based on management's best knowledge of current events and actions that the Company may undertake in the future. These estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognized prospectively in comprehensive income in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date are discussed below.

Useful lives of depreciable assets

The useful lives of depreciable assets have been determined based on management's estimated utility of the assets.

4. Basis of preparation *(Continued from previous page)*

Payments in lieu of taxes payable

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

Employee future benefits

The cost of post employment insurance benefits is determined using internal valuations. The valuation involves making various assumptions. Due to the complexity of the valuation, the underlying assumptions and its long term nature, post employment insurance benefits are highly sensitive to changes in these assumptions (Note 12).

Explanation of activities subject to rate regulation

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

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

Regulatory risk

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

Recovery risk

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

- to recover the forecasted operating costs, including depreciation and payments in lieu of taxes, of providing the regulated service, and;
- to provide a fair and reasonable return on utility investment, or rate base.

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

5. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

Regulatory deferral accounts

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

Explanation of recognized amounts:

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

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

Financial instruments

Financial assets

Recognition and initial measurement

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in income or loss when incurred.

Classification and subsequent measurement

Subsequent to initial recognition, all financial assets are classified and subsequently measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in income or loss. Financial assets measured at amortized cost are comprised of cash, trade and other receivables and unbilled energy revenue.

Impairment

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than debt instruments measured at fair value through profit or loss and equity investments. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach for trade and other receivables and unbilled revenue. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

5. Summary of significant accounting policies *(Continued from previous page)*

Loss allowances for expected credit losses are presented in the statement of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are expensed when the Company has no reasonable expectations of recovering all or any portion thereof.

Derecognition of financial assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial liabilities

Recognition and initial measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in income or loss.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in income or loss. Financial liabilities measured at amortized cost are comprised of trade and other payables, customer deposits, advances from related parties, promissory notes and long term-debt. Distributions to holders of instruments classified as equity are recognized directly in equity.

Derecognition of financial liabilities

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

Revenue recognition

The following describes the Company's principal activities from which it generates revenue.

(a) Sale and distribution of energy

The Company generates revenue from the sale and distribution of energy to customers based on regulator-approved tariff rates Contracts have a single performance obligation, being the delivery of energy. No component of the transaction price is allocated to unsatisfied performance obligations. Revenue is generally measured in kilowatt hours. The billing of energy sales is based on customer meter readings, which occur systematically throughout each month.

Revenue includes an estimate for unbilled energy consumed since the last meter reading that has not been billed at the end of the reporting period. Sales estimates generally reflect an analysis of historical consumption in relation to key inputs, such as current energy prices, population growth, economic activity, weather conditions and system losses. Unbilled revenue accruals are adjusted in the periods actual consumption becomes known.

The Company has elected not to assess or account for any significant financing components associated with revenue billed in accordance with equal payment plans as the period between the transfer of energy to customers and the customers' payment will be less than one year.

The Company is allowed to adjust future rates in response to past activities or completed events if certain criteria are met. This is recognized on an accrual basis with a corresponding regulatory asset or liability until the revenue is settled. Upon settlement, revenue is not recognized as revenue from contracts with customers but rather as settlement of the regulatory asset or liability and shown separately on the statement of income and other comprehensive income.

(b) Finance income

Finance income is interest on cash balances with banks and on trade and other receivables accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

5. **Summary of significant accounting policies** *(Continued from previous page)*

(c) Other charges

Other charges include:

- Income from lease of certain equipment and is recognized on a straight line basis over the term of the contract.
- Miscellaneous income: recognized on a monthly basis as performance obligations are met.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term highly liquid investments with original maturities of three months or less that are readily convertible into to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash. As at December 31, 2019 and 2018 the Company had no cash equivalents or restricted cash.

Inventories

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

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition or construction of the asset and to bring it to the location and condition necessary to be capable of operating in the manner intended by the Company. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

All assets having limited useful lives are depreciated using the following method and rates from the date of acquisition:

	Method	*Rate*
Buildings	straight-line	50 years
Distribution equipment	straight-line	25-60 years
Vehicles	straight-line	4-8 years
Other equipment	straight-line	4-10 years

The residual value, useful life and depreciation method applied to each class of assets are reassessed at each reporting date. Construction in progress is not amortized until it is ready for its intended use at which time it is reallocated to one of the above categories based on its nature.

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

Contributions in aid of construction

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

5. **Summary of significant accounting policies** *(Continued from previous page)*

Employee future benefits

The Company's post employment benefit programs consist of defined benefit plans.

The cost of providing benefits under a defined benefit plan is actuarially determined using the Projected Unit Credit Method (PUCM) at each reporting date. The calculation is reviewed every third year or when there are significant changes to the workforce. When the calculation results in a benefit to the Company, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the Company if it is realizable during the life of the plan, or on settlement of the plan liabilities.

The PUCM, also known as the benefit/years of service method, recognizes each period of service as an additional unit of benefit entitlement and measures each unit separately to determine the final obligation. The discount rate used to determine defined benefit obligations is based on market yields at the end of the reporting period of high quality corporate bonds or market yields on government bonds.

The defined benefit liability recognized on the statement of financial position represents the actual deficit in the Company's defined benefit plan.

Defined benefit costs consists of the following:

- Service costs comprising current service costs, past-service costs, including unvested amounts, resulting from plan amendments or curtailments, and gains or losses on settlement. Service costs are recognized immediately in income or loss.
- Net interest expense, which is recognized in income or loss in finance costs, is calculated by applying the discount rate to the net defined liability.
- Remeasurements comprising actuarial gains or losses and the actual return on plan assets excluding amounts included in net interest, are recognized immediately in other comprehensive loss.

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

- Interest rate risk: decreases/increases in the discount rate used will increase or decrease the defined benefit obligation.
- Longevity risk: changes in the estimation of mortality rates of current and former employees.
- Insurance cost risk: increases in cost of providing life insurance benefits.

The Company is also part of a multi-employer plan, Ontario Municipal Employees Retirement System ("OMERS"), for which there is insufficient information to apply defined benefit plan accounting. Accordingly the Company is not able to identify its share of the plan assets and liabilities, and therefore, the Company uses defined contribution accounting for these plans. The OMERS plan has several unrelated participating municipalities and costs are not specifically attributed to each participant.

Customer deposits

Customers may be required to post security to obtain electricity or other services, which are refundable to customers demonstrating an acceptable level of credit risk as determined by the Company in accordance with policies set out by the OEB or upon termination of their electricity distribution service.

Also included in these balances are cash and securities lodged with the Company by counterparties under electricity supply agreements.

Deposits to be refunded to customers within the next fiscal year are classified as a current liability. Interest is paid on customer deposits at a rate of 1% per annum.

5. Summary of significant accounting policies *(Continued from previous page)*

Leases

On January 1, 2019, the Company adopted IFRS 16 which replaces IAS 17.

IFRS 16 is based on a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carried forward the lessor accounting requirement of IAS 17, while requiring enhanced disclosures to be provided by lessors. The adoption of this standard did not have a material impact on the Company's financial statements.

The Company has elected to not recognize right-of-use assets and lease liabilities for short-term and low value leases of equipment. Short-term leases are leases with a term of twelve months or less. Low value leases are leases where the underlying asset has a new value of $5,000 USD or less. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Income taxes

Tax status

The Company is a Municipal Electricity Utility ("MEU") for purposes of the payments in lieu of taxes ("PILs") regime contained in the Electricity Act, 1998. As a MEU, the Company is exempt from tax under the Income Tax Act (Canada) and the Corporations Act (Ontario). Under the Electricity Act, 1998, the Company is required to make, for each taxation year, PILs to Ontario Electricity Financial Corporation ("OEFC"), commencing October 1, 2001. These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the Corporation Tax Act (Ontario) as modified by the Electricity Act, 1998, and related regulations.

Taxation on the income or loss for the year comprises of current and deferred tax.

Taxation is recognized in income or loss except to the extent that the tax arises from a transaction or event which is recognized either in other comprehensive income or directly in equity, or a business combination.

Current tax is the expected tax payable on the taxable income for the year using rates enacted at the year end, and includes any adjustments to tax payable in respect of previous years.

Deferred Taxes

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting income. Where an asset has no deductible or depreciable amount for income tax purposes, but has a deductible amount on sale or abandonment for capital gains purposes, the amount is included in the determination of temporary differences.

Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantially enacted by the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets are reviewed at each statement of financial position and adjusted to the extent that it is no longer probable that the related tax benefit will be realized.

Comprehensive income/loss

Comprehensive income (loss) includes all changes in equity of the Company, except those resulting from investments by owners and distributions to owners. Comprehensive income (loss) is the total of income (loss) and other comprehensive income (loss). Other comprehensive income (loss) comprises revenues, expenses, gains and losses that, in accordance with International Financial Reporting Standards, require recognition, but are excluded from income (loss).

5. Summary of significant accounting policies *(Continued from previous page)*

Contingent liabilities and contingent assets

All contingent liabilities are continually reviewed to determine whether an outflow of economic benefits has become probable. Where a contingent liability becomes probable that an outflow of future economic benefits will be required, a provision is recognized in the period in which the change in probability occurs. If at the end of the reporting period it is no longer probable that an outflow of economic benefits will be required to settle the obligation, the provision is reversed.

Standards issued but not yet effective

The Company has not yet applied the following new standards, interpretations and amendments to standards that have been issued as at December 31, 2019 but are not yet effective. Unless otherwise stated, the Company does not plan to early adopt any of these new or amended standards and interpretations.

IAS 1 Presentation of Financial Statements

Amendments to IAS 1, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS standards and other publications.

The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The Company does not expect these amendments to have a material impact on its financial statements

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Amendments to IAS 8, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS standards and other publications.

The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The Company does not expect these amendments to have a material impact on its financial statements.

6. Trade and other receivables

	2019	*2018*
Trade receivables	**1,303,064**	1,306,629
Other receivables	**93,259**	198,941
	1,396,323	1,505,570
Allowance for doubtful accounts	**48,000**	63,000
	1,348,323	1,442,570

7. Inventories

The amount of inventories consumed by the Company and recognized as an expense during they year was $1,054 (2018 - $884). The Company capitalized $108,251 (2018 - $82,057) from inventories during the year.

8. Property, plant and equipment

	2019	2018
Land and buildings	**184,753**	187,921
Distribution equipment	**6,235,447**	5,991,162
Vehicles	**286,015**	372,695
Other equipment	**142,242**	119,747
Construction in progress	**34,922**	15,775
	6,883,379	6,687,300

	Land and buildings	*Distribution equipment*	*Vehicles*	*Other equipment*	*Construction in progress*	*Total*
Cost						
Balance January 1, 2018	201,236	6,489,150	849,393	470,431	15,775	8,025,985
Additions	2,278	520,615	1,179	34,056	-	558,128
Disposals	-	(18,506)	-	-	-	(18,506)
Balance December 31, 2018	203,514	6,991,259	850,572	504,487	15,775	8,565,607
Balance January 1, 2019	203,514	6,991,259	850,572	504,487	15,775	8,565,607
Additions	-	500,296	1,246	69,886	19,147	590,575
Disposals	-	(18,368)	-	-	-	(18,368)
Balance December 31, 2019	203,514	7,473,187	851,818	574,373	34,922	9,137,814
Depreciation						
Balance January 1, 2018	12,007	774,563	366,693	327,741	-	1,481,004
Depreciation	3,586	235,426	111,184	56,999	-	407,195
Disposals	-	(9,892)	-	-	-	(9,892)
Balance December 31, 2018	15,593	1,000,097	477,877	384,740	-	1,878,307
Balance January 1, 2019	15,593	1,000,097	477,877	384,740	-	1,878,307
Depreciation	3,168	248,280	87,926	47,391	-	386,765
Disposals	-	(10,637)	-	-	-	(10,637)
Balance December 31, 2019	18,761	1,237,740	565,803	432,131	-	2,254,435

9. Regulatory deferral account balances

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

9. Regulatory deferral account balances *(Continued from previous page)*

	2018	Dispositions	Balance arising	2019
Regulatory deferral debit				
IFRS transition costs	15,292	-	326	**15,618**
OEB assessment	29,330	-	17,173	**46,503**
LRAMVA	88,444	(56,566)	56,488	**88,366**
Smart meters	654	-	-	**654**
DVA 2015	50,387	(33,798)	(16,589)	**-**
	184,107	(90,364)	57,398	**151,141**
Miscellaneous deferred debits	5,213	-	428	**5,641**
Net regulatory assets	189,320	(90,364)	57,826	**156,782**
Regulatory deferral credit				
Retail settlement variances	510,874	(146,535)	(55,293)	**309,046**
DVA 2017	(3,787)	-	(198)	**(3,985)**
DVA 2018	50,294	-	(54,716)	**(4,422)**
DVA 2019	-	56,171	(37,839)	**18,332**
	557,381	(90,364)	(148,046)	**318,971**
Miscellaneous deferred credits	6,300	-	250	**6,550**
Net regulatory liabilities	**563,681**	**(90,364)**	**(147,796)**	325,521

(a) Carrying charges

Carrying charges are calculated monthly on the opening balance of the applicable variance account using the prescribed interest rate as set by the OEB. During the year the Company recorded a net credit balance of $19,116 (2018 - credit balance of $6,828) to the above regulatory accounts for carrying charges and the related net credit balance is included in finance income. The prescribed interest rate history is as follows:

2019 OEB quarterly prescribed interest rates: 2.45%, 2.11%, 2.18% and 2.18%

2018 OEB quarterly prescribed interest rates: 1.50%, 1.89%, 1.89% and 2.17%

(b) IFRS transition costs

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

(c) OEB Assessment

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

(d) Smart Meters

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

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

The DVA is comprised of the cumulative balances of regulatory assets and regulatory liabilities approved for disposition by the OEB, reduced by amounts settled with customers through billing of approved disposition rate riders.

The DVA is subject to carrying charges following the OEB prescribed methodology and rates.

9. Regulatory deferral account balances *(Continued from previous page)*

(f) Retail settlement variances

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

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

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

Impact in the Absence of Regulatory Accounting

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

	2019	*2018*
Statement of income and other comprehensive income:		
Decrease (increase) in sale of energy	(57,900)	355,306
Decrease in distribution revenue	56,488	37,114
Increase in the cost of purchased power	93,561	219,441
Increase (decrease) in operating expenses	8,029	(15,892)
Decrease in interest expenses	(19,116)	(6,828)
	81,062	589,141
Statement of financial position:		
Decrease in retained earnings	(374,361)	(261,441)
	(293,299)	327,700

10. Credit facility

The Company has available an authorized line of credit with limit of $500,000 bearing interest at the bank's prime rate per annum and is secured by a general security agreement. As at December 31, 2019 and 2018 the balance on this credit facility was $Nil.

The Company entered into an irrevocable standing letter of credit with a financial institution. The letter of credit is a prudential support obligation required by all small distribution companies in Ontario for the IESO. The prudential support obligation is calculated at $681,809, which the Company has not exercised as at December 31, 2019.

11. Trade and other payables

Included in trade and other payables are government remittances of $66,252 (2018 - $Nil).

12. Employee future benefits

OMERS

The employer portion of amounts paid during the year was $127,662 (2018 - $120,550). The contributions were made for current service and these have been recognized in expense for the year.

Defined benefit plan

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

	2019	*2018*
Balance January 1	**40,041**	30,538
Current service cost	**1,231**	1,100
Interest cost	**1,135**	1,103
Benefits paid during the year	**(2,278)**	(2,343)
Remeasurment	**7,331**	9,643
Balance December 31	**47,460**	40,041

The main actuarial assumptions underlying the valuation are as follows:

- Discount rate 4.27% (2018 - 4.27%); a change of +/- 1% would impact the obligation by approximately $3,600 and $3,000 respectively
- Retirement age 65 (2018 - 65); a change of +/- 2 years would impact the obligation by approximately $60 and $3,500 respectively

The weighted average duration of the defined benefit obligation at December 31, 2019 was 19.04 years (2018 - 19.66 years).

13. Advances from related parties

Advances are from companies under common control, except for $343,031 (2018 - $343,031) which are from the parent company. All advances are non-interest bearing, unsecured and are due on demand.

14. Notes payable

The promissory notes are due to the shareholders of Rideau St. Lawrence Holdings Inc. and bear interest at a rate determined by the Board of Directors not to exceed 7.25% per annum, and are unsecured. Interest shall be payable at the discretion of the Board of Directors. The interest rate as at December 31, 2019 was 3.72% (2018 - 3.72%).

	2019	*2018*
The Corporation of the Township of Edwardsburgh/Cardinal	**225,000**	225,000
The Corporation of the Municipality of South Dundas	**938,352**	938,352
	1,163,352	1,163,352

Interest expense of $43,277 (2018 - $43,277) is included in finance costs.

15. Long-term debt

	2019	2018
Bank loan bearing interest at prime per annum (3.95% (2018 - 3.64%)), repayable in monthly installments of $3,133 plus interest and is secured by vehicles and a general security agreement. The loan is due on demand with a maturity date of May 2026	**278,818**	316,412
Bank loan bearing interest at prime per annum (3.95% (2018 - 3.64%)), repayable in monthly installments of $8,890 plus interest and is secured by smart meters and a general security agreement. The loan is due on demand with a maturity date of August 2020	**68,893**	175,567
Loan bearing interest at 3.8% per annum, was repaid during the year.	**-**	26,490
	347,711	518,469
Less: current portion	**347,711**	518,469
	-	-

Interest expense of $17,203 (2018 - $22,162) is included in finance costs.

Principal repayments on long-term debt in each of the next five years are as follows:

2020	106,487
2021	37,594
2022	37,594
2023	37,594
2024	37,594

16. Contributions in aid of construction

	2019	2018
Balance January 1	**308,735**	251,261
Funds received	**138,527**	63,486
Funds recognized as distribution revenue	**(8,521)**	(6,012)
Balance December 31	**438,741**	308,735

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

17. Share capital

The Company has an unlimited number of common shares authorized for issuance.

Issued and fully paid:

	2019	2018
2,511,123 Ordinary shares	**2,511,123**	2,511,123

18. Payments in lieu of taxes

Deferred tax expense recognized in income

The deferred tax expense recognized in income for the current year is a result of the following changes:

	2019	2018
Deferred tax asset		
Property, plant and equipment	**(274,516)**	(318,546)
Future employee benefits	**7,420**	9,502
	(267,096)	(309,044)

Reconciliation between PIL and pre-PIL net income

	2019	2018
Accounting income before PILs	**212,019**	181,004
Income tax expense calculated at 12.50% (2018 - 13.50%)	**26,502**	24,436
Effect of changes in the enacted tax rates and other	**14,943**	11,677
Income tax expense reported in income	**41,445**	36,113

The applicable tax rate is the aggregate of the federal income tax rate of 9% (2018 - 10%) and the provincial tax rate of 3.5% (2018 - 3.5%).

The effective tax rate for the year is 19.55% (2018 - (19.95%)) and the effective current tax rate for the year is 0.00% (2018 - (3.02%)).

19. Commitments

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

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

a) Giving written notice 60 days in advance of termination; and

b) By making a pre-payment in full of the balance of its contract service costs to CHEC. The amount of the pre-payment costs shall be the total costs which the Company would have paid over the three year term of the agreement less amounts already paid to the date of the termination. The current three year term for the CHEC commitment goes to December 31, 2020. As at December 31, 2019 the obligation to CHEC includes membership dues of approximately $37,000 for the following two years.

20. Liability insurance

The Company belongs to the Municipal Electric Association Reciprocal Insurance Exchange ("MEARIE"). MEARIE is a self-insurance plan that pools the risks of all of its members. Any losses experienced by MEARIE are shared amongst its members. As at December 31, 2019, the Company has not been made aware of any assessments for losses. Insurance premiums charged to each member consist of a levy per thousand dollars of service revenue subject to a credit or surcharge based on each member's claims experience. The maximum coverage is $24,000,000 for liability insurance, $14,000,000 for property insurance, and $15,000,000 for vehicle insurance.

21. Related party transactions

Key management compensation of the Company

Key management of the Company has been defined as members of its board of directors and executive management team members

	2019	2018
Directors' fees	**43,627**	39,856
Management compensation	**455,029**	446,690
	498,656	486,546

Transactions with the ultimate controlling parties of the Company

The common shares of Rideau St. Lawrence Utilities Inc. are wholly owned by Rideau St. Lawrence Holdings Inc. The common shares of Rideau St. Lawrence Holdings Inc. are owned by the following corporations:

The Corporation of the Municipality of South Dundas - 33.63%

The Corporation of the Township of Edwardsburgh/Cardinal - 11.92%

The Corporation of the Village of Westport - 9.92%

The Corporation of the Town of Prescott - 34.53%

Canadian Niagara Power Company Limited - 10.00%

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

	2019	2018
Electricity sales		
The Corporation of the Municipality of South Dundas	**552,605**	552,268
The Corporation of the Township of Edwardsburgh/Cardinal	**271,166**	239,658
The Corporation of the Village of Westport	**145,912**	148,730
The Corporation of the Town of Prescott	**254,268**	309,987
	1,223,951	1,250,643

	2019	2018
Property taxes and other expenses		
The Corporation of the Municipality of South Dundas	**45,247**	45,089
The Corporation of the Township of Edwardsburgh/Cardinal	**9,020**	9,031
The Corporation of the Village of Westport	**2,390**	3,240
The Corporation of the Town of Prescott	**24,803**	34,323
	81,460	91,683

21. Related party transactions *(Continued from previous page)*

	2019	2018
Trade and other receivables		
The Corporation of the Municipality of South Dundas	**60,574**	78,775
The Corporation of the Township of Edwardsburgh/Cardinal	**32,587**	44,990
The Corporation of the Village of Westport	**14,389**	22,681
The Corporation of the Town of Prescott	**20,626**	30,210
	128,176	176,656

Other charges include an amount from a company under common control of $46,292 (2018 - $48,148).

22. Fair value measurements

The Company classifies fair value measurements recognized in the statement of financial position using a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Quoted prices (unadjusted) are available in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly
- Level 3: Unobservable inputs for which there is little or no market data and which require the Company to develop its own assumptions.

Fair value measurements are classified in the fair value hierarchy based on the lowest level input that is assessed to be significant to that fair value measurement. This assessment requires the use of judgment in considering factors specific to an asset or a liability and may affect the placement of the fair value measurement within the hierarchy.

The Company considers a fair value measurement to have transferred between the levels in the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2, as well as no transfers into or out of Level 3 during the year.

23. Financial instruments

The Company as part of its operations carries a number of financial instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Credit Risk

Credit risk is the risk of financial loss to the Company because a counter party to a financial instrument fails to discharge its contractual obligations. Credit risk primarily arises from cash, trade and other receivables and unbilled revenue.

Risk management process

The Company manages its credit risk on cash by placing it with a high credit quality financial institution. Eligible deposits per financial institution are insured to a maximum basis insurance level of $100,000, including principal and interest by the Canada Deposit Insurance Corporation.

The Company manages its credit risk on trade and other receivables and unbilled revenue by collecting deposits, purchasing commercial account credit insurance, following collection policies, monitoring accounts receivable aging, and utilizing collection agencies. The Ontario Energy Board has prescribed certain rules for the payment of deposits by customers who have shown good payment history for the previous 24 month period. Exposure to credit risk is limited due to the Company's large and diverse customer base. The Company has approximately 6,000 customers, the majority of which are residential. No single customer accounts for revenue in excess of 10% of total revenue. The Company does not have any material accounts receivable balances greater than 90 days outstanding.

23. Financial instruments *(Continued from previous page)*

Credit-impaired financial assets are identified through regular reviews of past due balances and credit assessments of its customers. The Company considers past due information of its balances and information about the customer available through regular commercial dealings.

Measurement of expected credit losses

When measuring lifetime expected credit losses, the Company considers its past credit experience and estimates the timing, probability and magnitude of any cash shortfalls to determine the present value of expected credit losses at the reporting date. Forward-looking information is incorporated into the determination of expected credit losses by considering regional economic forecasts, collecting information available from regular commercial dealings with its customers and other publicly available information and considering the effect such information could have on any assumptions or inputs used in the measurement of expected credit losses, determining significant increases in credit risk or identifying a credit-impaired financial asset.

Financial assets are expensed to operations when the customer has filed for bankruptcy and the trustee has indicated that no additional funds will be paid or when the customer is no longer dealing with the Company.

The trade receivables by age, and the related expected credit losses, are as follows:

	2019	*2018*
Under 30 days	**1,250,798**	1,382,607
30 to 60 days	**29,918**	27,553
61 to 90 days	**79,107**	16,932
Over 90 days	**36,500**	78,478
Total gross carrying amount	**1,396,323**	1,505,570
Less: Allowance for doubtful accounts	**48,000**	63,000
Total carrying amount	**1,348,323**	1,442,570

Unbilled energy revenue is not included in the table above as it is considered current.

Amounts over 30 days are considered over due but are not impaired unless provided for in allowance for doubtful accounts.

There were no changes in the risk exposures or objective, policies and processes from the previous year.

Interest rate risk

~~Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest~~ rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Company is exposed to interest rate risk with respect to cash, credit facility and long-term debt with variable interest rates. A one percent change in interest rates would not have a material impact on the Company's net income.

There were no changes in the risk exposures or objective, policies and processes from the previous year.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The Company enters into transactions to purchase goods and services on credit and borrow funds from financial institutions or other creditors for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing the Company's future net cash flows for the possibility of negative net cash flow.

Contractual maturities of long-term debt are disclosed in Note 15.

23. Financial instruments *(Continued from previous page)*

The Company manages the liquidity risk resulting from its trade and other payables, customer deposits, advances from related parties, promissory notes and long-term debt by ensuring collection of its trade and other receivables on a timely manner and through its access to the credit facility.

There were no changes in the risk exposures or objective, policies and processes from the previous year.

	< 1 year	*1-2 years*	*> 3 years*	*Total*
Trade and other payables	2,211,393	-	-	**2,211,393**
Customer deposits	155,652	147,044	-	**302,696**
Advances from related parties	1,828,268	-	-	**1,828,268**
Promissory notes	1,163,352	-	-	**1,163,352**
Total	5,358,665	147,044	-	**5,505,709**

24. Event after the reporting period

Subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations all of which may negatively impact the Company's business and financial condition. The Company was able to negotiate an increase in the credit facility limit (note 10) to $1,500,000 until August 31, 2020 at an interest rate of bank's prime plus 1% per annum to assist with any negative impact of the outbreak.

25. Comparative figures

Comparative figures for expenses have been reallocated by management to better represent their nature.

Furthermore, vehicles and other equipment have been segregated in the property, plant and equipment note having been presented as one item in the previous year.

Rideau St. Lawrence Distribution Inc.

Schedule 1 - Schedule of Billing and Collecting

For the year ended December 31, 2019

	2019	2018
Billing and collecting		
Outside services	**295,329**	256,715
Salaries and benefits	**234,251**	247,587
Bad debts	**30,447**	48,434
Vehicle burden allocation	**11,139**	3,528
Supplies and other	**2,225**	353
	573,391	556,617

Schedule 2 - Schedule of Operating and Maintenance

For the year ended December 31, 2019

	2019	2018
Operating and maintenance		
Salaries and benefits	**556,888**	511,381
Outside services	**100,533**	91,144
Materials, supplies, small tools	**85,174**	86,993
Vehicle burden allocation	**55,247**	50,780
Training	**7,969**	12,605
	805,811	752,903

Schedule 3 - Schedule of General and Administrative

For the year ended December 31, 2019

	2019	2018
General and administrative		
Salaries and benefits	**432,004**	436,141
Other administration costs	**225,107**	215,609
Outside services	**97,373**	97,800
Maintenance	**45,873**	53,432
Regulatory	**41,863**	42,823
Insurance	**34,224**	32,738
Property taxes	**29,247**	39,035
	905,691	917,578

Ex.1/Appendix 1-7 – 2020 Financial Statement

Rideau St. Lawrence Distribution Inc.

Financial Statements

December 31, 2020

Rideau St. Lawrence Distribution Inc.
Contents
For the year ended December 31, 2020

MNP LLP

Independent Auditor's Report

To the Shareholder of Rideau St. Lawrence Distribution Inc.:

Opinion

We have audited the financial statements of Rideau St. Lawrence Distribution Inc. (the "Company"), which comprise the statement of financial position as at December 31, 2020, and the statements of income and other comprehensive income, changes in equity, cash flows and the related schedules for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MNP LLP

Cornwall, Ontario — Chartered Professional Accountants

May 27, 2021 — Licensed Public Accountants

MNP

Rideau St. Lawrence Distribution Inc.
Statement of Financial Position
As at December 31, 2020

	2020	2019
Assets		
Current		
Cash	-	374,490
Trade and other receivables *(Note 6)*	1,332,650	1,348,323
Unbilled revenue	1,499,577	1,510,974
Inventories *(Note 7)*	259,935	247,452
Prepaid expenses	177,118	164,697
	3,269,280	3,645,936
Non-current		
Deferred tax assets	41,165	50,561
Property, plant and equipment *(Note 8)*	7,230,836	6,883,379
	7,272,001	6,933,940
Total assets	10,541,281	10,579,876
Net regulatory assets *(Note 9)*	603,670	156,782
Total assets and net regulatory assets	11,144,951	10,736,658

Continued on next page

The accompanying notes are an integral part of these financial statements

Rideau St. Lawrence Distribution Inc.
Statement of Financial Position
As at December 31, 2020

	2020	2019
Liabilities		
Current		
Bank indebtedness *(Note 10)*	**477,445**	-
Trade and other payables *(Note 11)*	**1,682,221**	2,211,393
Current portion of customer deposits	**151,595**	155,652
Employee future benefits *(Note 12)*	**50,625**	47,460
Advances from related parties *(Note 13)*	**1,883,346**	1,828,268
Promissory notes *(Note 14)*	**1,163,352**	1,163,352
Current portion of long-term debt	**247,891**	347,711
	5,656,475	5,753,836
Liabilities		
Non-current		
Customer deposits	**137,643**	147,044
Contributions in aid of construction *(Note 16)*	**602,396**	438,741
	740,039	585,785
	6,396,514	6,339,621
Commitments *(Note 19), (Note 20)*		
Equity		
Share capital *(Note 17)*	**2,511,123**	2,511,123
Retained earnings	**1,801,147**	1,571,850
Accumulated other comprehensive loss	**(14,049)**	(11,457)
Total Equity	**4,298,221**	4,071,516
Total liabilities and equity	**10,694,735**	10,411,137
Net regulatory deferred liabilities *(Note 9)*	**450,216**	325,521
Total liabilities, equity and net regulatory liabilities	**11,144,951**	10,736,658

Approved on behalf of the Board

____________________ ____________________

Director **Director**

The accompanying notes are an integral part of these financial statements

Rideau St. Lawrence Distribution Inc.
Statement of Income and Other Comprehensive Income
For the year ended December 31, 2020

	2020	2019
Revenue		
Electricity sales	**17,799,861**	15,794,498
Other charges	**121,994**	130,212
	17,921,855	15,924,710
Purchased power	**15,040,230**	13,123,271
Billing and collecting *(Schedule 1)*	**592,600**	573,391
Operating and maintenance *(Schedule 2)*	**743,788**	805,811
General and administrative *(Schedule 3)*	**976,066**	905,691
Depreciation of property, plant and equipment	**375,155**	386,765
Loss on disposal of property, plant and equipment	**4,346**	7,731
	17,732,185	15,802,660
Income from operating activities	**189,670**	122,050
Other income (expense)		
Finance income	**62,280**	65,450
Finance costs	**(80,655)**	(56,543)
	(18,375)	8,907
Income before payments in lieu of taxes	**171,295**	130,957
Provision for payments in lieu of taxes *(Note 18)*		
Deferred	**9,396**	41,445
Income before regulatory deferrals	**161,899**	89,512
Net movement on regulatory deferral accounts *(Note 9)*	**67,398**	81,062
Income for the year	**229,297**	170,574
OTHER COMPREHENSIVE LOSS		
Items that will not be reclassified subsequently to income or loss		
Remeasurements of defined benefit plan	**(2,592)**	(7,331)
Total comprehensive income for the year	**226,705**	163,243

The accompanying notes are an integral part of these financial statements

Rideau St. Lawrence Distribution Inc.
Statement of Changes in Equity
For the year ended December 31, 2020

	Share capital	*Retained earnings*	*Accumulated other comprehensive loss*	*Total equity*
Balance January 1, 2019	2,511,123	1,548,276	(4,126)	4,055,273
Net income for the year	-	170,574	-	170,574
Other comprehensive loss for the year	-	-	(7,331)	(7,331)
Dividends	-	(147,000)	-	(147,000)
Balance January 1, 2020	2,511,123	1,571,850	(11,457)	4,071,516
Net income for the year	-	229,297	-	229,297
Other comprehensive loss for the year	-	-	(2,592)	(2,592)
Dividends	-	-	-	-
Balance December 31, 2020	2,511,123	1,801,147	(14,049)	4,298,221

The accompanying notes are an integral part of these financial statements

Rideau St. Lawrence Distribution Inc.
Statement of Cash Flows
For the year ended December 31, 2020

	2020	2019
Cash provided by the following activities		
Operating activities		
Income for the year	229,297	170,574
Depreciation of property, plant and equipment	375,155	386,765
Loss on disposal of property, plant and equipment	4,346	7,731
Deferred taxes	9,396	41,445
	618,194	606,515
Changes in working capital accounts		
Trade and other receivables	15,673	94,247
Unbilled revenue	11,397	(168,486)
Payments in lieu of taxes recoverable	-	5,466
Inventories	(12,483)	6,226
Prepaid expenses	(12,421)	25,308
Trade and other payables	(529,172)	439,441
Current portion of customer deposits	(4,057)	(56,292)
Employee future benefits	573	88
	87,704	952,513
Financing activities		
Amounts advanced from related parties	55,078	-
Repayments to related parties	-	(35,691)
Repayments of long-term debt	(99,820)	(170,758)
Change in contributions in aid of construction	163,655	130,006
Decrease in customer deposits	(9,401)	(4,261)
Dividends paid	-	(147,000)
	109,512	(227,704)
Investing activities		
Purchases of property, plant and equipment	(726,958)	(590,575)
Change in regulatory deferral accounts	(322,193)	(205,625)
	(1,049,151)	(796,200)
Decrease in cash resources	(851,935)	(71,391)
Cash resources, beginning of year	374,490	445,881
Cash resources (deficiency), end of year	(477,445)	374,490
Cash resources are composed of:		
Cash	-	374,490
Bank indebtedness	(477,445)	-
	(477,445)	374,490
Supplementary cash flow information		
Interest received	79,389	65,450
Interest paid	80,655	56,543
Payments in lieu of taxes paid (recovered)	-	5,446

The accompanying notes are an integral part of these financial statements

1. Reporting entity

Rideau St. Lawrence Distribution Inc. (the "Company") was incorporated under the Business Corporations Act (Ontario) on October 17, 2000. The Company is domiciled in Canada and is a regulated electricity local distribution corporation ("LDC") operating in eastern Ontario. The address of the Company's registered office is 985 Industrial Road, Prescott, Ontario, K0E 1T0.

2. Statement of compliance

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

3. Capital management

The Company's objectives when managing capital are to ensure ongoing access to funding to maintain and improve the electricity distribution system, prudent management of its capital structure with regard for recoveries of financing charges permitted by the Ontario Energy Board ("OEB") on its regulated electricity distribution business, and to safeguard it's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders. In order to maintain or adjust the capital structure, the Company adjusts the amount of dividends paid to shareholders or borrows funds.

The Company sets its equity, long-term debt and promissory notes as capital which was unchanged from the prior year.

4. Basis of preparation

Basis of measurement

The financial statements have been prepared on the historical basis unless otherwise stated.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. These estimates and assumptions have been made using careful judgment; however, uncertainties could result in outcomes that would require a material adjustment to the carrying amount of the asset or liability affected in the future.

The estimates and underlying assumptions are prepared based on management's best knowledge of current events and actions that the Company may undertake in the future. These estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognized prospectively in comprehensive income in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date are discussed below.

<u>Useful lives of depreciable assets</u>

The useful lives of depreciable assets have been determined based on management's estimated utility of the assets.

4. Basis of preparation *(Continued from previous page)*

Payments in lieu of taxes payable

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

Employee future benefits

The cost of post employment insurance benefits is determined using internal valuations. The valuation involves making various assumptions. Due to the complexity of the valuation, the underlying assumptions and its long term nature, post employment insurance benefits are highly sensitive to changes in these assumptions (Note 12).

Estimates are subject to measurement uncertainty and the effect from changes in future years could be material.

Explanation of activities subject to rate regulation

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

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

Regulatory risk

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

Recovery risk

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

- to recover the forecasted operating costs, including depreciation and payments in lieu of taxes, of providing the regulated service, and;
- to provide a fair and reasonable return on utility investment, or rate base.

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

5. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

5. Summary of significant accounting policies *(Continued from previous page)*

Regulatory deferral accounts

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

Explanation of recognized amounts:

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

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

Financial instruments

Financial assets

Recognition and initial measurement

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in income or loss when incurred.

Classification and subsequent measurement

Subsequent to initial recognition, all financial assets are classified and subsequently measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in income or loss. Financial assets measured at amortized cost are comprised of cash, trade and other receivables and unbilled energy revenue.

Impairment

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than debt instruments measured at fair value through profit or loss and equity investments. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach for trade and other receivables and unbilled revenue. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

Loss allowances for expected credit losses are presented in the statement of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are expensed when the Company has no reasonable expectations of recovering all or any portion thereof.

5. Summary of significant accounting policies *(Continued from previous page)*

Derecognition of financial assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial liabilities

Recognition and initial measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in income or loss.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in income or loss. Financial liabilities measured at amortized cost are comprised of trade and other payables, customer deposits, advances from related parties, promissory notes and long term-debt. Distributions to holders of instruments classified as equity are recognized directly in equity.

Derecognition of financial liabilities

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

Revenue recognition

The following describes the Company's principal activities from which it generates revenue.

(a) Sale and distribution of energy

The Company generates revenue from the sale and distribution of energy to customers based on regulator-approved tariff rates. Contracts have a single performance obligation, being the delivery of energy. No component of the transaction price is allocated to unsatisfied performance obligations. Revenue is generally measured in kilowatt hours. The billing of energy sales is based on customer meter readings, which occur systematically throughout each month.

Revenue includes an estimate for unbilled energy consumed since the last meter reading that has not been billed at the end of the reporting period. Sales estimates generally reflect an analysis of historical consumption in relation to key inputs, such as current energy prices, population growth, economic activity, weather conditions and system losses. Unbilled revenue accruals are adjusted in the periods actual consumption becomes known.

The Company has elected not to assess or account for any significant financing components associated with revenue billed in accordance with equal payment plans as the period between the transfer of energy to customers and the customers' payment will be less than one year.

The Company is allowed to adjust future rates in response to past activities or completed events if certain criteria are met. This is recognized on an accrual basis with a corresponding regulatory asset or liability until the revenue is settled. Upon settlement, the change in the regulatory asset or liability is not recognized as revenue from contracts with customers but rather as settlement of the regulatory asset or liability and shown separately on the statement of income and other comprehensive income.

(b) Finance income

Finance income is interest on cash balances with banks and on trade and other receivables accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

(c) Other charges

Other charges include:

- Income from lease of certain equipment and is recognized on a straight line basis over the term of the contract.
- Miscellaneous income: recognized on a monthly basis as performance obligations are met.

5. **Summary of significant accounting policies** *(Continued from previous page)*

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term highly liquid investments with original maturities of three months or less that are readily convertible into to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank indebtedness is included in cash and cash equivalent as it is due on demand and the balance often fluctuates from being positive to overdrawn. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash. As at December 31, 2020 and 2019 the Company had no restricted cash.

Inventories

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

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition or construction of the asset and to bring it to the location and condition necessary to be capable of operating in the manner intended by the Company. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

All assets having limited useful lives are depreciated using the following method and rates from the date of acquisition:

	Method	***Rate***
Buildings	straight-line	50 years
Distribution equipment	straight-line	25-60 years
Vehicles	straight-line	4-8 years
Other equipment	straight-line	4-10 years

The residual value, useful life and depreciation method applied to each class of assets are reassessed at each reporting date. Construction in progress is not amortized until it is ready for its intended use at which time it is reallocated to one of the above categories based on its nature.

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

Contributions in aid of construction

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

When cash contributions are received to aid in the construction or purchase of an asset it is recognized as as contributions in aid of construction.

Employee future benefits

The Company's post employment benefit programs consist of defined benefit plans.

5. Summary of significant accounting policies *(Continued from previous page)*

The cost of providing benefits under a defined benefit plan is actuarially determined using the Projected Unit Credit Method (PUCM) at each reporting date. The calculation is reviewed every third year or when there are significant changes to the workforce. When the calculation results in a benefit to the Company, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the Company if it is realizable during the life of the plan, or on settlement of the plan liabilities.

The PUCM, also known as the benefit/years of service method, recognizes each period of service as an additional unit of benefit entitlement and measures each unit separately to determine the final obligation. The discount rate used to determine defined benefit obligations is based on market yields at the end of the reporting period of high quality corporate bonds or market yields on government bonds.

The defined benefit liability recognized on the statement of financial position represents the actual deficit in the Company's defined benefit plan.

Defined benefit costs consists of the following:

- Service costs comprising current service costs, past-service costs, including unvested amounts, resulting from plan amendments or curtailments, and gains or losses on settlement. Service costs are recognized immediately in income or loss.
- Net interest expense, which is recognized in income or loss in finance costs, is calculated by applying the discount rate to the net defined liability.
- Remeasurements comprising actuarial gains or losses and the actual return on plan assets excluding amounts included in net interest, are recognized immediately in other comprehensive loss.

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

- Interest rate risk: decreases/increases in the discount rate used will increase or decrease the defined benefit obligation.
- Longevity risk: changes in the estimation of mortality rates of current and former employees.
- Insurance cost risk: increases in cost of providing life insurance benefits.

The Company is also part of a multi-employer plan, Ontario Municipal Employees Retirement System ("OMERS"), for which there is insufficient information to apply defined benefit plan accounting. Accordingly the Company is not able to identify its share of the plan assets and liabilities, and therefore, the Company uses defined contribution accounting for these plans. The OMERS plan has several unrelated participating municipalities and costs are not specifically attributed to each participant.

Customer deposits

Customers may be required to post security to obtain electricity or other services, which are refundable to customers demonstrating an acceptable level of credit risk as determined by the Company in accordance with policies set out by the OEB or upon termination of their electricity distribution service.

Also included in these balances are cash and securities lodged with the Company by counterparties under electricity supply agreements.

Deposits to be refunded to customers within the next fiscal year are classified as a current liability. Interest is paid on customer deposits at a rate of 1% per annum.

Leases

The Company has elected to not recognize right-of-use assets and lease liabilities for short-term and low value leases of equipment Short-term leases are leases with a term of twelve months or less. Low value leases are leases where the underlying asset has a new value of $5000 USD or less. The Company recognizes the lease payments associated with these leases as an expense on either a straight-line basis over the lease term.

5. **Summary of significant accounting policies** *(Continued from previous page)*

Income taxes

Tax status

The Company is a Municipal Electricity Utility ("MEU") for purposes of the payments in lieu of taxes ("PILs") regime contained in the Electricity Act, 1998. As a MEU, the Company is exempt from tax under the Income Tax Act (Canada) and the Corporations Act (Ontario). Under the Electricity Act, 1998, the Company is required to make, for each taxation year, PILs to Ontario Electricity Financial Corporation ("OEFC"), commencing October 1, 2001. These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the Corporation Tax Act (Ontario) as modified by the Electricity Act, 1998, and related regulations.

Taxation on the income or loss for the year comprises of current and deferred tax.

Taxation is recognized in income or loss except to the extent that the tax arises from a transaction or event which is recognized either in other comprehensive income or directly in equity, or a business combination.

Current tax is the expected tax payable on the taxable income for the year using rates enacted at the year end, and includes any adjustments to tax payable in respect of previous years.

Deferred Taxes

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting income. Where an asset has no deductible or depreciable amount for income tax purposes, but has a deductible amount on sale or abandonment for capital gains purposes, the amount is included in the determination of temporary differences.

Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets are reviewed at each statement of financial position and adjusted to the extent that it is no longer probable that the related tax benefit will be realized.

Comprehensive income/loss

Comprehensive income (loss) includes all changes in equity of the Company, except those resulting from investments by owners and distributions to owners. Comprehensive income (loss) is the total of income (loss) and other comprehensive income (loss). Other comprehensive income (loss) comprises revenues, expenses, gains and losses that, in accordance with International Financial Reporting Standards, require recognition, but are excluded from income (loss).

Contingent liabilities and contingent assets

All contingent liabilities are continually reviewed to determine whether an outflow of economic benefits has become probable. Where a contingent liability becomes probable that an outflow of future economic benefits will be required, a provision is recognized in the period in which the change in probability occurs. If at the end of the reporting period it is no longer probable that an outflow of economic benefits will be required to settle the obligation, the provision is reversed.

Standards issued but not yet effective

The Company has not yet applied the following new standards, interpretations and amendments to standards that have been issued as at December 31, 2020 but are not yet effective. Unless otherwise stated, the Company does not plan to early adopt any of these new or amended standards and interpretations.

IAS 1 Presentation of Financial Statements

Amendments to IAS 1, issued in January 2020, provide clarification on the requirements for classifying liabilities as either current or non-current.

The amendments are effective for annual periods beginning on or after January 1, 2023. The Company does not expect these amendments to have a material impact on its financial statements.

5. Summary of significant accounting policies *(Continued from previous page)*

Standards issued but not yet effective *(Continued from previous page)*

IAS 16 Property, Plant, and Equipment

Amendments to IAS 16, issued in May 2020, prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be available for use. Instead, the proceeds from selling such items, and the costs of producing those items, would be recognized in profit or loss.

The amendments are effective for annual periods beginning on or after January 1, 2022. The Company does not expect the amendments to have a material impact on its financial statements.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets

Amendments to IAS 37, issued in May 2020, specify that in assessing whether a contract is onerous under IAS 37, the cost of fulfilling a contract includes both the incremental costs and an allocation of costs that relate directly to contract activities. The amendments also include examples of costs that do, and do not, relate directly to a contract.

The amendments are effective for annual periods beginning on or after January 1, 2022. The Company does not expect the amendments to have a material impact on its financial statements.

6. Trade and other receivables

	2020	*2019*
Trade receivables	**1,301,219**	1,303,064
Other receivables	**107,431**	93,259
	1,408,650	1,396,323
Allowance for doubtful accounts	**76,000**	48,000
	1,332,650	1,348,323

7. Inventories

The amount of inventories consumed by the Company and recognized as an expense during they year was $219 (2019 - $1054). The Company capitalized $77,852 (2019 - $108,251) from inventories during the year.

8. Property, plant and equipment

	Land and buildings	*Distribution equipment*	*Vehicles*	*Other equipment*	*Construction in progress*	*Total*
Cost						
Balance January 1, 2019	203,514	6,991,259	850,572	504,487	15,775	8,565,607
Additions	-	500,296	1,246	69,886	19,147	590,575
Disposals	-	(18,368)	-	-	-	(18,368)
Balance December 31, 2019	203,514	7,473,187	851,818	574,373	34,922	9,137,814
Balance January 1, 2020	203,514	7,473,187	851,818	574,373	34,922	9,137,814
Additions	1,914	608,057	-	136,134	(19,147)	726,958
Disposals	-	(7,444)	-	-	-	(7,444)
Other adjustments	-	14,211	-	-	-	14,211
Balance December 31, 2020	205,428	8,088,011	851,818	710,507	15,775	9,871,539
Depreciation						
Balance January 1, 2019	15,593	1,000,097	477,877	384,740	-	1,878,307
Depreciation	3,168	248,280	87,926	47,391	-	386,765
Disposals	-	(10,637)	-	-	-	(10,637)
Balance December 31, 2019	18,761	1,237,740	565,803	432,131	-	2,254,435
Balance January 1, 2020	18,761	1,237,740	565,803	432,131	-	2,254,435
Depreciation	3,264	260,403	59,563	51,925	-	375,155
Disposals	-	(3,098)	-	-	-	(3,098)
Other adjustment	-	14,211	-	-	-	14,211
Balance December 31, 2020	22,025	1,509,256	625,366	484,056	-	2,640,703
Net book value						
At December 31, 2019	184,753	6,235,447	286,015	142,242	34,922	6,883,379
At December 31, 2020	183,403	6,578,755	226,452	226,451	15,775	7,230,836

9. Regulatory deferral account balances

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

	2019	Dispositions	Balance arising in the period	**2020**
Regulatory deferral debit				
IFRS transition costs	15,618	-	199	**15,817**
OEB assessment	46,503	-	1,440	**47,943**
LRAMVA	88,366	(68,940)	21,651	**41,077**
RSVA	-	-	308,580	**308,580**
Lost collection revenue	36,177	-	83,935	**120,112**
COVID costs	-	-	47,430	**47,430**
Smart meters	654	-	(654)	**-**
	187,318	(68,940)	462,581	**580,959**
Miscellaneous deferred debits	(30,536)	-	53,247	**22,711**
Net regulatory assets	156,782	(68,940)	515,828	**603,670**
Regulatory deferral credit				
RSVA	309,046	(403,766)	185,292	**90,572**
DVA 2017-2020	9,925	337,026	(75,354)	**271,597**
Pole attachment	30,115	-	43,099	**73,214**
	349,086	(66,740)	153,037	**435,383**
Miscellaneous deferred credits	(23,565)	-	38,398	**14,833**
Net regulatory liabilities	325,521	(66,740)	191,435	**450,216**
Net regulatory deferral (liabilities) assets	(168,739)	(2,200)	324,393	**153,454**

(a) Carrying charges

Carrying charges are calculated monthly on the opening balance of the applicable variance account using the prescribed interest rate as set by the OEB. During the year the Company recorded a net credit balance of $746 (2019 - credit balance of $19,116) to the above regulatory accounts for carrying charges and the related net credit balance is included in finance income. The prescribed interest rate history is as follows:

2020 OEB quarterly prescribed interest rates: 2.18%, 2.18%, 0.57% and 0.57%

2019 OEB quarterly prescribed interest rates: 2.45%, 2.11%, 2.18% and 2.18%

(b) IFRS transition costs

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

(c) OEB Assessment

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

9. **Regulatory deferral account balances** *(Continued from previous page)*

(d) Smart Meters

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

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

The DVA is comprised of the cumulative balances of regulatory assets and regulatory liabilities approved for disposition by the OEB, reduced by amounts settled with customers through billing of approved disposition rate riders.

The DVA is subject to carrying charges following the OEB prescribed methodology and rates.

(f) Retail Settlement Variance Accounts ("RSVA")

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

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

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

(h) Lost collection revenue

This variance account is used to record the difference in revenues lost due to regulation changes from the previous OEB rate application approval process in charging disconnection notice fees to customers.

(i) COVID costs

This represents additional costs and lost revenue to be recovered by the Company due to the COVID-19 pandemic.

(j) Pole attachment

This variance account is used to record the difference in revenues between the regulated approved cost and what is charged and collected relating to joint pole use with other utility, telephone and cable providers.

Impact in the Absence of Regulatory Accounting

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

	2020	*2019*
Statement of income and other comprehensive income:		
Decrease (increase) in sale of energy	**(110,013)**	(57,900)
Decrease in distribution revenue	**20,881**	56,488
Decrease in other charges revenue	**40,487**	-
Increase in the cost of purchased power	**75,306**	93,561
Increase in operating expenses	**23,627**	8,029
Decrease in finance income	**17,856**	-
Decrease in finance cost	**(746)**	(19,116)
	67,398	81,062
Statement of financial position:		
Decrease in retained earnings	**(168,739)**	(374,361)
	(101,341)	(293,299)

10. Credit facility

The Company has available an authorized line of credit with limit of $500,000 between May 1st and November 14th of each year and $1,500,000 between November 15th and April 30th. This limit was increased to $2,500,000 until May 31, 2021.

The line of credit bears interest at prime rate plus 1% per annum and is secured by a general security agreement of $1,975,405; increased to $2,961,930 until May 31, 2021.

As at December 31, 2020 the balance on this credit facility was $477,445 (2019 - $Nil). In the event the Company exceeds the limit, the interest charged would be 21% per annum on the excess.

The Company entered into an irrevocable standing letter of credit with a financial institution. The letter of credit is a prudential support obligation required by all small distribution companies in Ontario with the IESO and is available for IESO to draw on against any outstanding invoices. The prudential support obligation is calculated at $681,809, which IESO has not exercised as at December 31, 2020.

11. Trade and other payables

Included in trade and other payables are government remittances of $19,003 (2019 - $66,252).

12. Employee future benefits

OMERS

The employer portion of amounts paid during the year was $136,122 (2019 - $127,662). The contributions were made for current service and these have been recognized in expense for the year.

Defined benefit plan

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

	2020	*2019*
Balance January 1	**47,460**	40,041
Current service cost	**1,292**	1,231
Interest cost	**1,495**	1,135
Benefits paid during the year	**(2,214)**	(2,278)
Remeasurement	**2,592**	7,331
Balance December 31	**50,625**	47,460

The main actuarial assumptions underlying the valuation are as follows:

- Discount rate 4.27% (2019 - 4.27%); a change of +/- 1% would impact the obligation by approximately $3,600 and $3,000 respectively
- Retirement age 65 (2019 - 65); a change of +/- 2 years would impact the obligation by approximately $60 and $3,500 respectively

The weighted average duration of the defined benefit obligation at December 31, 2020 was 18.13 years (2019 - 19.04 years).

13. Advances from related parties

Advances are from companies under common control, except for $343,031 (2019 - $343,031) which are from the parent company. All advances are non-interest bearing, unsecured and are due on demand.

14. Promissory notes

The promissory notes are due to the shareholders of Rideau St. Lawrence Holdings Inc. and bear interest at a rate determined by the Board of Directors not to exceed 7.25% per annum, and are unsecured. Interest shall be payable at the discretion of the Board of Directors. The interest rate as at December 31, 2020 was 3.72% (2019 - 3.72%).

	2020	*2019*
The Corporation of the Township of Edwardsburgh/Cardinal	**225,000**	225,000
The Corporation of the Municipality of South Dundas	**938,352**	938,352
	1,163,352	1,163,352

Interest expense of $43,277 (2019 - $43,277) is included in finance costs.

15. Long-term debt

	2020	*2019*
Bank loan bearing interest at prime per annum (2.76% (2019 - 3.95%)), repayable in monthly installments of $3,133 plus interest and is secured by vehicles and a general security agreement. The loan is due on demand with a maturity date of May 2026	**241,225**	278,818
Bank loan bearing interest at prime per annum (2.76% (2019 - 3.95%)), repayable in monthly installments of $8,890 plus interest and is secured by smart meters and a general security agreement. The loan is due on demand with a maturity date of January 2021	**6,666**	68,893
	247,891	347,711
Less: current portion	**247,891**	347,711
	-	-

Interest expense of $11,841 (2019 - $17,203) is included in finance costs. Principal repayments on long-term debt in each of the next five years are as follows:

2021	37,594
2022	37,594
2023	37,594
2024	37,594
2025	37,594

16. Contributions in aid of construction

	2020	*2019*
Balance January 1	**438,741**	308,735
Funds received	**175,615**	138,527
Funds recognized as distribution revenue	**(11,960)**	(8,521)
Balance December 31	**602,396**	438,741

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

17. Share capital

The Company has an unlimited number of common shares authorized for issuance.

Issued and fully paid:

	2020	2019
2,511,123 Common shares	**2,511,123**	2,511,123

18. Payments in lieu of taxes

Deferred tax expense recognized in income

The deferred tax expense recognized in income for the current year is a result of the following changes:

	2020	2019
Deferred tax asset		
Property, plant and equipment	**(39,825)**	(42,350)
Future employee benefits	**386**	905
Losses available for offset against future earnings	**30,043**	-
	(9,396)	(41,445)

Reconciliation between PIL and pre-PIL net income

	2020	2019
Accounting income before PILs	**171,295**	130,957
Net movement on regulatory deferral accounts	**67,398**	81,062
Accounting profit before income tax	**238,693**	212,019
Income tax expense calculated at 12.20% (2019 - 12.50%)	**29,121**	26,502
Effect of changes in the enacted tax rates and other	**(19,725)**	14,943
Income tax expense	**9,396**	41,445

The applicable tax rate is the aggregate of the federal income tax rate of 9% (2019 - 9%) and the provincial tax rate of 3.2% (2019 - 3.5%).

The effective tax rate for the year is 3.98% (2019 - 19.95%) and the effective current tax rate for the year is 0.00% (2019 - 0%).

19. Commitments

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

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

a) Giving written notice 60 days in advance of termination; and

b) By making a pre-payment in full of the balance of its contract service costs to CHEC. The amount of the pre-payment costs shall be the total costs which the Company would have paid over the three-year term of the agreement less amounts already paid to the date of the termination. The Company entered into a three-year term for the CHEC commitment commencing January 1, 2021 and ending December 31, 2023. The obligation to CHEC includes membership dues of approximately $55,000 for the following three years.

20. Liability insurance

The Company belongs to the Municipal Electric Association Reciprocal Insurance Exchange ("MEARIE"). MEARIE is a self-insurance plan that pools the risks of all of its members. Any losses experienced by MEARIE are shared amongst its members. As at December 31, 2020, the Company has not been made aware of any assessments for losses. Insurance premiums charged to each member consist of a levy per thousand dollars of service revenue subject to a credit or surcharge based on each member's claims experience. The maximum coverage is $24,000,000 for liability insurance, $14,000,000 for property insurance, and $15,000,000 for vehicle insurance.

21. Related party transactions

Key management compensation of the Company

Key management of the Company has been defined as members of its board of directors and executive management team members

	2020	*2019*
Directors' fees	**53,086**	43,627
Management compensation	**477,447**	455,029
	530,533	498,656

Transactions with the ultimate controlling parties of the Company

The common shares of Rideau St. Lawrence Utilities Inc. are wholly owned by Rideau St. Lawrence Holdings Inc. The common shares of Rideau St. Lawrence Holdings Inc. are owned by the following corporations:

The Corporation of the Municipality of South Dundas - 33.63%

The Corporation of the Township of Edwardsburgh/Cardinal - 11.92%

The Corporation of the Village of Westport - 9.92%

The Corporation of the Town of Prescott - 34.53%

Canadian Niagara Power Company Limited - 10.00%

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

21. Related party transactions *(Continued from previous page)*

	2020	*2019*
Electricity sales		
The Corporation of the Municipality of South Dundas	**514,804**	552,605
The Corporation of the Township of Edwardsburgh/Cardinal	**233,010**	271,166
The Corporation of the Village of Westport	**166,404**	145,912
The Corporation of the Town of Prescott	**218,406**	254,268
	1,132,624	1,223,951

	2020	*2019*
Property taxes and other expenses		
The Corporation of the Municipality of South Dundas	**43,342**	45,247
The Corporation of the Township of Edwardsburgh/Cardinal	**9,024**	9,020
The Corporation of the Village of Westport	**758**	2,390
The Corporation of the Town of Prescott	**26,563**	24,803
	79,687	81,460

	2020	*2019*
Trade and other receivables		
The Corporation of the Municipality of South Dundas	**51,036**	60,574
The Corporation of the Township of Edwardsburgh/Cardinal	**25,450**	32,587
The Corporation of the Village of Westport	**14,579**	14,389
The Corporation of the Town of Prescott	**18,362**	20,626
	109,427	128,176

Other charges include an amount from a company under common control of $44,409 (2019 - $46,292).

22. Fair value measurements

The Company classifies fair value measurements recognized in the statement of financial position using a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Quoted prices (unadjusted) are available in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly
- Level 3: Unobservable inputs for which there is little or no market data and which require the Company to develop its own assumptions.

Fair value measurements are classified in the fair value hierarchy based on the lowest level input that is assessed to be significant to that fair value measurement. This assessment requires the use of judgment in considering factors specific to an asset or a liability and may affect the placement of the fair value measurement within the hierarchy.

The Company considers a fair value measurement to have transferred between the levels in the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2, as well as no transfers into or out of Level 3 during the year.

23. Financial instruments

The Company as part of its operations carries a number of financial instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

23. Financial instruments *(Continued from previous page)*

Credit Risk *Financial instruments*

Credit risk is the risk of financial loss to the Company because a counter party to a financial instrument fails to discharge its contractual obligations. Credit risk primarily arises from cash, trade and other receivables and unbilled revenue.

Risk management process

The Company manages its credit risk on cash by placing it with a high credit quality financial institution. Eligible deposits per financial institution are insured to a maximum basis insurance level of $100,000, including principal and interest by the Canada Deposit Insurance Corporation.

The Company manages its credit risk on trade and other receivables and unbilled revenue by collecting deposits, purchasing commercial account credit insurance, following collection policies, monitoring accounts receivable aging, and utilizing collection agencies. The Ontario Energy Board has prescribed certain rules for the payment of deposits by customers who have shown good payment history for the previous 24 month period. Exposure to credit risk is limited due to the Company's large and diverse customer base. The Company has approximately 6,000 customers, the majority of which are residential. No single customer accounts for revenue in excess of 10% of total revenue. The Company does not have any material accounts receivable balances greater than 90 days outstanding.

Credit-impaired financial assets are identified through regular reviews of past due balances and credit assessments of its customers. The Company considers past due information of its balances and information about the customer available through regular commercial dealings.

Measurement of expected credit losses

When measuring lifetime expected credit losses, the Company considers its past credit experience and estimates the timing, probability and magnitude of any cash shortfalls to determine the present value of expected credit losses at the reporting date. Forward-looking information is incorporated into the determination of expected credit losses by considering regional economic forecasts, collecting information available from regular commercial dealings with its customers and other publicly available information and considering the effect such information could have on any assumptions or inputs used in the measurement of expected credit losses, determining significant increases in credit risk or identifying a credit-impaired financial asset.

Financial assets are expensed to operations when the customer has filed for bankruptcy and the trustee has indicated that no additional funds will be paid or when the customer is no longer dealing with the Company.

The trade receivables by age, and the related expected credit losses, are as follows:

	2020	*2019*
Under 30 days	**1,269,295**	1,250,798
30 to 60 days	**45,667**	29,918
61 to 90 days	**26,697**	79,107
Over 90 days	**66,991**	36,500
Total gross carrying amount	**1,408,650**	1,396,323
Less: Allowance for expected credit losses	**76,000**	48,000
Net carrying amount	**1,332,650**	1,348,323

Unbilled energy revenue is not included in the table above as it is considered current.

Amounts over 30 days are considered over due but are not impaired unless provided for in allowance for expected losses.

There were no changes in the risk exposures or objectives, policies and processes from the previous year.

23. Financial instruments *(Continued from previous page)*

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Company is exposed to interest rate risk with respect to cash, credit facility, promissory notes and long-term debt with variable interest rates. A one percent change in interest rates would not have a material impact on the Company's net income.

There were no changes in the risk exposures or objectives, policies and processes from the previous year.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The Company enters into transactions to purchase goods and services on credit and borrow funds from financial institutions or other creditors for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing the Company's future net cash flows for the possibility of negative net cash flow.

Contractual maturities of long-term debt are disclosed in Note 15.

The Company manages the liquidity risk resulting from its trade and other payables, customer deposits, advances from related parties, promissory notes and long-term debt by ensuring collection of its trade and other receivables on a timely manner and through its access to the credit facility.

There were no changes in the risk exposures or objectives, policies and processes from the previous year.

	Less than 1 year	*1-2 years*	*More than 3 years*	*Total*
Bank indebtedness	477,445	-	-	**477,445**
Trade and other payables	1,682,221	-	-	**1,682,221**
Customer deposits	151,595	137,643	-	**289,238**
Advances from related parties	1,883,346	-	-	**1,883,346**
Promissory notes	1,163,352	-	-	**1,163,352**
Total	5,357,959	137,643	-	**5,495,602**

24. Significant event

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

Due to cash constraints resulting from the outbreak, the Company did not pay any dividends to its shareholder during the year. Furthermore, additional regulatory deferral accounts were set up as instructed by the OEB to track costs and lost revenue due to COVID-19 (Note 9).

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations all of which may negatively impact the Company's business and financial condition.

Rideau St. Lawrence Distribution Inc.

Schedule 1 - Schedule of Billing and Collecting

For the year ended December 31, 2020

	2020	2019
Billing and collecting		
Outside services	**285,857**	295,329
Salaries and benefits	**243,709**	234,251
Bad debts	**58,338**	30,447
Vehicle burden allocation	**3,382**	11,139
Supplies and other	**1,314**	2,225
	592,600	573,391

Schedule 2 - Schedule of Operating and Maintenance

For the year ended December 31, 2020

	2020	2019
Operating and maintenance		
Salaries and benefits	**516,057**	556,888
Outside services	**90,265**	100,533
Materials, supplies, small tools	**83,164**	85,174
Vehicle burden allocation	**51,094**	55,247
Training	**3,208**	7,969
	743,788	805,811

Schedule 3 - Schedule of General and Administrative

For the year ended December 31, 2020

	2020	2019
General and administrative		
Salaries and benefits	**505,344**	432,004
Other administration costs	**236,673**	225,107
Outside services	**88,108**	97,373
Regulatory	**42,011**	41,863
Maintenance	**37,171**	45,873
Insurance	**35,928**	34,224
Property taxes	**30,831**	29,247
	976,066	905,691

Ex.1/Appendix 1-8 – Reconciliation of 2018 Financial Statements to RRR

Trial Balance Mapped to Financial Statement Grouping: BALANCE SHEET					2018
2.1.13 Account	B/S Section	B/S Line Grouping	G/L Account Description	Current Year	Balance Sheet
Assets				RRR	Audited F/S
1005	Current Assets	Cash	Cash	444,930.97	
1010	Current Assets	Cash	Cash Advances and Working Funds	950.00	445,880.97
				-	
1100	Current Assets	Accounts Receivable	Customer Accounts Receivable	1,297,234.55	
1102	Current Assets	Accounts Receivable	Accounts Receivable - Services	9,394.74	
1104	Current Assets	Accounts Receivable	Accounts Receivable - Recoverable Work	-	
1110	Current Assets	Accounts Receivable	Other Accounts Receivable	197,285.21	
1130	Current Assets	Accounts Receivable	Accumulated Provision for Uncollectible Accounts - Credit	(63,000.00)	
1190	Current Assets	Accounts Receivable	Miscellaneous Current and Accrued Assets	1,655.74	
2205	Current Assets	Accounts Receivable	Accounts Payable	-	1,442,570.24
				-	
1120	Current Assets	Unbilled Revenue	Accrued Utility Revenues	1,342,488.42	1,342,488.42
				-	
1330	Current Assets	Inventory	Plant Materials and Operating Supplies	253,678.36	253,678.36
				-	
1190	Current Assets	Payments-in-lieu of taxes receivable	Miscellaneous Current and Accrued Assets	5,466.00	5,466.00
				-	
1180	Current Assets	Prepaid Expenses	Prepayments	190,004.57	190,004.57
				-	
1495	Deferred Taxes	Deferred Taxes	Deferred Taxes	92,005.65	92,005.65
				-	
1805	Property, Plant & Ec	Property, Plant & Equipment	Land	91,567.10	
1808	Property, Plant & Ec	Property, Plant & Equipment	Buildings and Fixtures	98,143.44	
1820	Property, Plant & Ec	Property, Plant & Equipment	Distribution Station Equipment - Normally Primary below 50 kV	1,255,716.37	
1830	Property, Plant & Ec	Property, Plant & Equipment	Poles, Towers and Fixtures	927,149.80	
1835	Property, Plant & Ec	Property, Plant & Equipment	Overhead Conductors and Devices	1,686,208.06	
1840	Property, Plant & Ec	Property, Plant & Equipment	Underground Conduit	57,179.54	
1845	Property, Plant & Ec	Property, Plant & Equipment	Underground Conductors and Devices	698,159.29	
1850	Property, Plant & Ec	Property, Plant & Equipment	Line Transformers	950,172.15	
1855	Property, Plant & Ec	Property, Plant & Equipment	Services	326,666.97	
1860	Property, Plant & Ec	Property, Plant & Equipment	Meters	1,090,006.77	
1910	Property, Plant & Ec	Property, Plant & Equipment	Leasehold Improvements	13,803.36	
1920	Property, Plant & Ec	Property, Plant & Equipment	Computer Equipment - Hardware	174,983.57	
1611	Property, Plant & Ec	Property, Plant & Equipment	Computer Software	219,920.62	
1930	Property, Plant & Ec	Property, Plant & Equipment	Transportation Equipment	850,572.41	
1940	Property, Plant & Ec	Property, Plant & Equipment	Tools, Shop and Garage Equipment	84,072.77	
1955	Property, Plant & Ec	Property, Plant & Equipment	Communication Equipment	25,511.25	
2055	Property, Plant & Ec	Property, Plant & Equipment	Construction Work in Progress-Electric	15,775.00	
2105	Property, Plant & Ec	Property, Plant & Equipment	Accumulated Amortization of Electric Utility Plan - PP	(1,878,308.40)	6,687,300.07
				-	
1508	Regulatory Deferral	Regulatory Deferrals	Energy East consultation cost	11.80	
1508	Regulatory Deferral	Regulatory Deferrals	Deferred IFRS costs	15,291.13	
1508	Regulatory Deferral	Regulatory Deferrals	OEB assessment	29,330.50	
1568	Regulatory Deferral	Regulatory Deferrals	LRAMVA	88,445.01	
1555	Regulatory Deferral	Regulatory Deferrals	Smart Meters	654.27	
1595	Regulatory Deferral	Regulatory Deferrals	Disposition and Recovery of Regulatory Balances Control Account 2015	50,386.48	
1548	Regulatory Deferral	Regulatory Deferrals	Misc deferred debits	1,166.75	
1592	Regulatory Deferral	Regulatory Deferrals	Misc deferred debits	4,034.30	189,320.24

Trial Balance Mapped to Financial Statement Grouping: BALANCE SHEET					2018
2.1.13 Account	B/S Section	B/S Line Grouping	G/L Account Description	Current Year	Balance Sheet
2205	Current Liabilities	Accounts Payable	Accounts Payable	(261,219.68)	
2220	Current Liabilities	Accounts Payable	Miscellaneous Current and Accrued Liabilities	(1,518,837.77)	
1110	Current Liabilities	Accounts Payable	Other Accounts Receivable	34,903.10	
2290	Current Liabilities	Accounts Payable	Commodity Taxes	2,145.25	
2405	Current Liabilities	Accounts Payable	Other Regulatory Liabilities	(28,947.77)	(1,771,956.87)
				-	
2210	Current Liabilities	Current Portion of Customer Deposits	Customer Deposits	(23,545.58)	
2208	Current Liabilities	Current Portion of Customer Deposits	Customer Credit Balances	(188,398.84)	(211,944.42)
				-	
2306	Current Liabilities	Employee future benefits	OPEB Liability	(37,807.69)	
2265	Current Liabilities	Employee future benefits	Non-OMERS-Current	(2,233.77)	(40,041.46)
				-	
2240	Current Liabilities	Advances from related parties	Accounts Payable to Associated Companies	(1,863,959.35)	(1,863,959.35)
				-	
2550	Current Liabilities	Promissory Notes	Current Portion of Long-Term Debt	(1,163,352.49)	(1,163,352.49)
				-	
2260	Current Liabilities	Current portion of long-term debt	Current Long-Term Debt	(518,468.98)	(518,468.98)
				-	
2440	Contributions In Aic	Contributions In Aid of Construction	Deferred Revenue	(308,735.39)	(308,735.39)
				-	
2335	Customer Deposits	Customer Deposits	Long Term Portion of Customer Deposits	(151,305.08)	(151,305.08)
2525	Long-Term Debt	Long-Term Debt	Term Bank Loans - Long Term Portion	-	-
3005	Share Capital	Share Capital	Common Shares Issues	(2,511,123.49)	(2,511,123.49)
				-	
3045	Retained Earnings	Retained Earnings	Unappropriated Retained Earnings	(1,499,380.81)	
3046	Retained Earnings	Retained Earnings	Balance Transferred From Income	(144,891.17)	
3049	Retained Earnings	Retained Earnings	Dividends Payable-Common Shares	96,000.00	(1,548,271.98)
				-	
3090	Accumulated Other	Accumulated Other Comprehensive Income	Unappropriated Retained Earnings	4,126.00	4,126.00
				-	
1550	Regulatory Deferral	Regulatory Deferrals	Low Voltage	(86,400.10)	
1551	Regulatory Deferral	Regulatory Deferrals	SME	(5,539.01)	
1580	Regulatory Deferral	Regulatory Deferrals	RSVAWMS	(124,776.27)	
1522	Regulatory Deferral	Regulatory Deferrals	Pension & OPEB Forecast Accrual versus Cash Payment Differential	(7.07)	
1584	Regulatory Deferral	Regulatory Deferrals	RSVA NW	(216,174.15)	
1586	Regulatory Deferral	Regulatory Deferrals	RSVACN	(153,428.59)	
1588	Regulatory Deferral	Regulatory Deferrals	RSVA Energy	97,929.80	
1589	Regulatory Deferral	Regulatory Deferrals	RSVA GA	(22,486.16)	
1508	Regulatory Deferral	Regulatory Deferrals	Pole Attachment Revenue Variance	(3,771.59)	
1595	Regulatory Deferral	Regulatory Deferrals	Disposition and Recovery of Regulatory Balances Control Account 2018	(50,295.10)	
1595	Regulatory Deferral	Regulatory Deferrals	Disposition and Recovery of Regulatory Balances Control Account 2017	3,786.48	
1518	Regulatory Deferral	Regulatory Deferrals	RCVARetail	810.49	
1592	Regulatory Deferral	Regulatory Deferrals	PILS Variance	(3,329.74)	(563,681.01)

Trial Balance Mapped to Financial Statement Grouping: INCOME STATEMENT					2018
2.1.13 Account	B/S Section	B/S Line Grouping	G/L Account Description	Current Year	Income Statement
				RRR	Audited F/S
Revenue					
4006	Revenue	Electricity Sales	Residential Energy Sales	(3,701,231.74)	
4010	Revenue	Electricity Sales	Commercial Energy Sales	(1,643,929.82)	
4015	Revenue	Electricity Sales	Industrial Energy Sales	(3,541,908.02)	
4025	Revenue	Electricity Sales	Street Lighting Energy Sales	(71,311.23)	
4030	Revenue	Electricity Sales	Sentinel Lighting Energy Sales	(7,967.66)	
4055	Revenue	Electricity Sales	Energy Sales for Resale	(1,010,767.59)	
4062	Revenue	Electricity Sales	Billed WMS	(410,374.73)	
4066	Revenue	Electricity Sales	Billed NW	(674,644.04)	
4068	Revenue	Electricity Sales	Billed CN	(533,418.19)	
4075	Revenue	Electricity Sales	Billed - LV	(344,449.04)	
4076	Revenue	Electricity Sales	Billed - Smart Metering Entity Charge	(38,503.10)	
4080	Revenue	Electricity Sales	Distribution Services Revenue	(2,654,628.35)	
4082	Revenue	Electricity Sales	Retail Services Revenues	(6,160.20)	
4084	Revenue	Electricity Sales	Service Transaction Requests (STR) Revenues	(31.25)	
4086	Revenue	Electricity Sales	SSS Administration Revenue	(21,942.45)	(14,661,267.41)
				-	
4210	Revenue	Other charges	Rent from Electric Property	(42,401.86)	
4220	Revenue	Other charges	Other Electric Revenues	(6,011.82)	
4235	Revenue	Other charges	Miscellaneous Service Revenues	(81,166.87)	
4375	Revenue	Other charges	Non-Utility Revenue	(5,063.54)	(134,644.09)
				-	
4705	Expenses	Purchased Power	Power Purchased	6,802,265.53	
4707	Revenue	Purchased Power	Global Adjustment	3,749,597.40	
4708	Revenue	Purchased Power	Charges-WMS	410,374.73	
4714	Revenue	Purchased Power	Charges-NW	674,644.04	
4716	Revenue	Purchased Power	Charges-CN	533,418.19	
4750	Revenue	Purchased Power	Charges-LV	344,449.04	
4751	Revenue	Purchased Power	Charges - Smart Metering Entity Charge	38,503.10	12,553,252.03
				-	
				-	
4225	Finance Income	Finance Income	Late Payment Charges	(58,515.08)	
4405	Other Income	Finance Income	Interest Revenue	(10,853.06)	(69,368.14)
				-	
Expenses				-	
5605	Expenses	General and administrative	Executive Salaries and Expenses	297,172.19	
5615	Expenses	General and administrative	General Administrative Salaries and Expenses	187,497.90	
5620	Expenses	General and administrative	Office Supplies and Expenses	8,300.21	
5625	Expenses	General and administrative	Administrative Expense Transferred/Credit	48,148.45	
5630	Expenses	General and administrative	Outside Services Employed	84,354.84	
5635	Expenses	General and administrative	Property Insurance	12,440.40	
5640	Expenses	General and administrative	Injuries and Damages	20,297.76	
5646	Expenses	General and administrative	Employee Pensions and OPEB	1,098.98	
5655	Expenses	General and administrative	Regulatory Expenses	42,822.60	
5665	Expenses	General and administrative	Miscellaneous General Expenses	107,236.30	
5670	Expenses	General and administrative	Rent	7,829.76	
5675	Expenses	General and administrative	Maintenance of General Plant	53,645.13	
5680	Expenses	General and administrative	Electrical Safety Authority Fees	3,427.00	
6105	Expenses	General and administrative	Taxes Other Than Income Taxes	39,034.98	
6205	Expenses	General and administrative	Donations	3,960.00	
6215	Expenses	General and administrative	Penalties	310.91	917,577.41

Trial Balance Mapped to Financial Statement Grouping: INCOME STATEMENT					2018
2.1.13 Account	B/S Section	B/S Line Grouping	G/L Account Description	Current Year	Income Statement
5705	Expenses	Depreciation and amortization	Amortization - Property, Plant, and Equipment	407,195.26	407,195.26
				-	
4360	Expenses	Loss on disposal of property, plant and equip	Loss on Disposition of Utility and Other Property	8,613.94	
4355	Expenses	Loss on disposal of property, plant and equip	Gain on Disposition of Utility and Other Property	-	8,613.94
				-	
				-	
5310	Expenses	Billing and Collecting	Meter Reading Expense	67,094.65	
5315	Expenses	Billing and Collecting	Customer Billing	352,178.26	
5320	Expenses	Billing and Collecting	Collecting	54,306.78	
5325	Expenses	Billing and Collecting	Collecting-Cash Over and Short	(39.36)	
5335	Expenses	Billing and Collecting	Bad Debt Expense	48,434.36	
5340	Expenses	Billing and Collecting	Miscellaneous Customer Accounts Expense	10,637.85	
5410	Expenses	Billing and Collecting	Community Relations-Sundry	764.60	
4220	Expenses	Billing and Collecting	Other Electric Revenues	(1,272.06)	
5415	Expenses	Billing and Collecting	Energy Conservation	900.00	
5420	Expenses	Billing and Collecting	Community Safety Program	14,900.04	
5425	Expenses	Billing and Collecting	Miscellaneous Customer Service and Informational Expenses	8,712.58	556,617.70
				-	
6030	Finance Cost	Finance Cost	Interest on Debt to Associated Companies	43,276.69	
6035	Finance Cost	Finance Cost	Other Interest Expense	33,980.89	77,257.58
				-	
5005	Expenses	Operations and Maintenance	Operation Supervision and Engineering	155,577.06	
5012	Expenses	Operations and Maintenance	Station Buildings and Fixtures Expense	11,263.44	
5016	Expenses	Operations and Maintenance	Distribution Station Equipment-Operation labour	6,246.20	
5020	Expenses	Operations and Maintenance	Overhead Distribution Lines and Feeders - Operation Labour	2,929.43	
5035	Expenses	Operations and Maintenance	Overhead Distribution Transformers - Operation	18,589.83	
5065	Expenses	Operations and Maintenance	Meter Expense	8,662.74	
5070	Expenses	Operations and Maintenance	Customer Premises - Operation Labour	34,310.66	
5075	Expenses	Operations and Maintenance	Customer Premises - Materials and Expenses	857.72	
5085	Expenses	Operations and Maintenance	Miscellaneous Distribution Expense	87,680.00	
5095	Expenses	Operations and Maintenance	Overhead distribution Lines and Feeders - Rental Paid	28,764.00	
5110	Expenses	Operations and Maintenance	Maintenance of Buildings and Fixtures - Distribution Stations	6.18	
5114	Expenses	Operations and Maintenance	Maintenance of Distribution Station Equipment	34,800.21	
5120	Expenses	Operations and Maintenance	Maintenance of Poles, Towers and Fixtures	23,813.22	
5125	Expenses	Operations and Maintenance	Maintenance of Overhead Conductors and Devices	135,094.94	
5130	Expenses	Operations and Maintenance	Maintenance of Overhead Services	53,810.31	
5135	Expenses	Operations and Maintenance	Overhead Distribution Lines and Feeders - Right of Way	76,463.22	
5145	Expenses	Operations and Maintenance	Maintenance of Underground Conduit	852.77	
5150	Expenses	Operations and Maintenance	Maintenance of Underground Conductors and Devices	10,138.58	
5155	Expenses	Operations and Maintenance	Maintenance of Underground Services	15,874.09	
5160	Expenses	Operations and Maintenance	Maintenance of Line Transformers	24,432.39	
5175	Expenses	Operations and Maintenance	Maintenance of Meters	22,735.13	752,902.12
				-	
Payments -In-Lieu of Corporate Taxation				-	
6110	Provision For Paym	Current	Income Taxes	(5,466.00)	
6115	Provision For Paym	Deferred	Provision for Deferred Taxes - Income Statement	41,579.00	36,113.00
				-	
5315	Net Movement On	Net Movement On Regulatory Deferral	Customer Billing	15,892.15	
4405	Net Movement On	Net Movement On Regulatory Deferral	Interest Revenue	(7,091.79)	
6035	Net Movement On	Net Movement On Regulatory Deferral	Other Interest Expense	13,920.48	
4705	Net Movement On	Net Movement On Regulatory Deferral	Power Purchased	(219,440.65)	
4015	Net Movement On	Net Movement On Regulatory Deferral	Industrial Energy Sales	(355,306.22)	
4080	Net Movement On	Net Movement On Regulatory Deferral	Distribution Services Revenue	(37,114.54)	(589,140.57)
				-	
7030	Other Comprehensi	Remeasurements of defined benefit plan	Miscellaneous - Other Comprehensive Income	9,643.61	9,643.61

Ex.1/Appendix 1-9 – Reconciliation of 2019 Financial Statements to RRR

Trial Balance Mapped to Financial Statement Grouping: BALANCE SHEET					2019
2.1.13 Account	B/S Section	B/S Line Grouping	G/L Account Description	Current Year	Balance Sheet
Assets				RRR	Audited F/S
1005	Current Assets	Cash	Cash	373,540.21	
1010	Current Assets	Cash	Cash Advances and Working Funds	950.00	374,490.21
				-	
1100	Current Assets	Trade and other receivables	Customer Accounts Receivable	1,302,042.71	
1102	Current Assets	Trade and other receivables	Accounts Receivable - Services	1,021.34	
1104	Current Assets	Trade and other receivables	Accounts Receivable - Recoverable Work	6,853.00	
1110	Current Assets	Trade and other receivables	Other Accounts Receivable	177,258.38	
1130	Current Assets	Trade and other receivables	Accumulated Provision for Uncollectible Accounts - Credit	(48,000.00)	
1190	Current Assets	Trade and other receivables	Miscellaneous Current and Accrued Assets	4,003.89	
2220	Current Assets	Trade and other receivables	Miscellaneous Liabilities	(94,856.44)	1,348,322.88
				-	
1120	Current Assets	Unbilled Revenue	Accrued Utility Revenues	1,510,974.22	1,510,974.22
				-	
1330	Current Assets	Inventory	Plant Materials and Operating Supplies	247,452.36	247,452.36
				-	
				-	
1180	Current Assets	Prepaid Expenses	Prepayments	164,697.45	164,697.45
				-	
1495	Non-Current Assets	Deferred tax assets	Deferred Taxes	50,560.65	50,560.65
				-	
1805	Non-Current Assets	Property, Plant & Equipment	Land	91,567.10	
1808	Non-Current Assets	Property, Plant & Equipment	Buildings and Fixtures	98,143.44	
1820	Non-Current Assets	Property, Plant & Equipment	Distribution Station Equipment - Normally Primary below 50 kV	1,315,354.70	
1830	Non-Current Assets	Property, Plant & Equipment	Poles, Towers and Fixtures	1,041,285.04	
1835	Non-Current Assets	Property, Plant & Equipment	Overhead Conductors and Devices	1,789,700.29	
1840	Non-Current Assets	Property, Plant & Equipment	Underground Conduit	66,251.48	
1845	Non-Current Assets	Property, Plant & Equipment	Underground Conductors and Devices	737,123.89	
1850	Non-Current Assets	Property, Plant & Equipment	Line Transformers	1,012,106.06	
1855	Non-Current Assets	Property, Plant & Equipment	Services	356,424.83	
1860	Non-Current Assets	Property, Plant & Equipment	Meters	1,154,940.59	
1910	Non-Current Assets	Property, Plant & Equipment	Leasehold Improvements	13,803.36	
1920	Non-Current Assets	Property, Plant & Equipment	Computer Equipment - Hardware	189,622.63	
1611	Non-Current Assets	Property, Plant & Equipment	Computer Software	270,437.62	
1930	Non-Current Assets	Property, Plant & Equipment	Transportation Equipment	851,818.63	
1940	Non-Current Assets	Property, Plant & Equipment	Tools, Shop and Garage Equipment	88,802.17	
1955	Non-Current Assets	Property, Plant & Equipment	Communication Equipment	25,511.25	
2055	Non-Current Assets	Property, Plant & Equipment	Construction Work in Progress-Electric	34,922.15	
2105	Non-Current Assets	Property, Plant & Equipment	Accumulated Amortization of Electric Utility Plan - PP	(2,254,436.72)	6,883,378.51
1508	Non-Current Assets	Net Regulatory Assets	Deferred IFRS costs	15,616.99	
1508	Non-Current Assets	Net Regulatory Assets	OEB assessment	38,835.71	
1568	Non-Current Assets	Net Regulatory Assets	LRAMVA	88,367.03	
1555	Non-Current Assets	Net Regulatory Assets	Smart Meters	654.27	
1508	Non-Current Assets	Net Regulatory Assets	Misc deferred debits	11.80	
1548	Non-Current Assets	Net Regulatory Assets	Misc deferred debits	1,527.33	
1592	Non-Current Assets	Net Regulatory Assets	Misc deferred debits	4,100.60	149,113.73

Trial Balance Mapped to Financial Statement Grouping: BALANCE SHEET					2019
2.1.13 Account	B/S Section	B/S Line Grouping	G/L Account Description	Current Year	Balance Sheet
2205	Current Liabilities	Trade and other payables	Accounts Payable	(184,810.30)	
2220	Current Liabilities	Accounts Payable	Miscellaneous Current and Accrued Liabilities	(1,910,401.70)	
2290	Current Liabilities	Accounts Payable	Commodity Taxes	(66,175.03)	
2405	Current Liabilities	Accounts Payable	Other Regulatory Liabilities	(50,011.08)	(2,211,398.11)
				-	
2210	Current Liabilities	Current Portion of Customer Deposits	Customer Deposits	(36,027.50)	
2208	Current Liabilities	Current Portion of Customer Deposits	Customer Credit Balances	(119,624.72)	(155,652.22)
				-	
2306	Current Liabilities	Employee future benefits	OPEB Liability	(45,246.06)	
2265	Current Liabilities	Employee future benefits	Non-OMERS-Current	(2,214.30)	(47,460.36)
				-	
2240	Current Liabilities	Advances from related parties	Accounts Payable to Associated Companies	(1,828,267.59)	(1,828,267.59)
				-	
2550	Current Liabilities	Promissory Notes	Current Portion of Long-Term Debt	(1,163,352.49)	(1,163,352.49)
				-	
2260	Current Liabilities	Current portion of long-term debt	Long Term Debt	(347,711.20)	(347,711.20)
				-	
2440	Non-Current Liabilities	Contributions In Aid of Construction	Deferred Revenue	(438,740.81)	(438,740.81)
				-	
2335	Non-Current Liabilities	Customer Deposits	Long Term Portion of Customer Deposits	(147,044.43)	(147,044.43)
3005	Share Capital	Share Capital	Common Shares Issues	(2,511,123.49)	(2,511,123.49)
				-	
3045	Retained Earnings	Retained Earnings	Unappropriated Retained Earnings	(1,548,271.76)	
3046	Retained Earnings	Retained Earnings	Balance Transferred From Income	(162,903.79)	
3049	Retained Earnings	Retained Earnings	Dividends Payable-Common Shares	147,000.00	(1,564,175.55)
				-	
3090	Accumulated Other Compr	Accumulated Other Comprehensive Income	Unappropriated Retained Earnings	11,457.00	11,457.00
				-	
1550	Regulatory Deferrals	Regulatory Deferrals	Low Voltage	(161,761.32)	
1551	Regulatory Deferrals	Regulatory Deferrals	SME	(6,255.69)	
1580	Regulatory Deferrals	Regulatory Deferrals	RSVAWMS	(47,107.11)	
1522	Regulatory Deferrals	Regulatory Deferrals	Pension & OPEB Forecast Accrual versus Cash Payment Differential	(30.10)	
1584	Regulatory Deferrals	Regulatory Deferrals	RSVA NW	(102,811.52)	
1586	Regulatory Deferrals	Regulatory Deferrals	RSVACN	(36,578.90)	
1588	Regulatory Deferrals	Regulatory Deferrals	RSVA Energy	63,440.32	
1589	Regulatory Deferrals	Regulatory Deferrals	RSVA GA	(17,971.83)	
1508	Regulatory Deferrals	Regulatory Deferrals	Pole Attachment Revenue Variance	(30,115.32)	
1508	Regulatory Deferrals	Regulatory Deferrals	Collection Revenue	36,176.96	
1595	Regulatory Deferrals	Regulatory Deferrals	Disposition and Recovery of Regulatory Balances Control Account 2019	(18,331.52)	
1595	Regulatory Deferrals	Regulatory Deferrals	Disposition and Recovery of Regulatory Balances Control Account 2018	4,421.61	
1595	Regulatory Deferrals	Regulatory Deferrals	Disposition and Recovery of Regulatory Balances Control Account 2017	3,984.55	
1518	Regulatory Deferrals	Regulatory Deferrals	RCVARetail	(1,478.48)	
1592	Regulatory Deferrals	Regulatory Deferrals	PILS Variance	(11,102.41)	(325,520.76)

Trial Balance Mapped to Financial Statement Grouping: INCOME STATEMENT					2019
2.1.13 Account	B/S Section	B/S Line Grouping	G/L Account Description	Current Year	Income Statement
				RRR	Audited F/S
Revenue					
4006	Revenue	Electricity Sales	Residential Energy Sales	(4,075,381.86)	
4010	Revenue	Electricity Sales	Commercial Energy Sales	(1,731,430.04)	
4015	Revenue	Electricity Sales	Industrial Energy Sales	(3,924,116.71)	
4025	Revenue	Electricity Sales	Street Lighting Energy Sales	(76,729.15)	
4030	Revenue	Electricity Sales	Sentinel Lighting Energy Sales	(8,768.40)	
4055	Revenue	Electricity Sales	Energy Sales for Resale	(1,155,055.43)	
4062	Revenue	Electricity Sales	Billed WMS	(393,802.28)	
4066	Revenue	Electricity Sales	Billed NW	(660,403.69)	
4068	Revenue	Electricity Sales	Billed CN	(547,308.10)	
4075	Revenue	Electricity Sales	Billed - LV	(475,270.17)	
4076	Revenue	Electricity Sales	Billed - Smart Metering Entity Charge	(39,343.97)	
4080	Revenue	Electricity Sales	Distribution Services Revenue	(2,677,951.66)	
4082	Revenue	Electricity Sales	Retail Services Revenues	(7,044.88)	
4084	Revenue	Electricity Sales	Service Transaction Requests (STR) Revenues	(35.50)	
4086	Revenue	Electricity Sales	SSS Administration Revenue	(21,856.18)	(15,794,498.02)
				-	
4210	Revenue	Other charges	Rent from Electric Property	(44,208.30)	
4220	Revenue	Other charges	Other Electric Revenues	(7,688.02)	
4235	Revenue	Other charges	Miscellaneous Service Revenues	(78,315.30)	
				-	(130,211.62)
				-	
4705	Expenses	Purchased Power	Power Purchased	6,917,088.02	
4707	Expenses	Purchased Power	Global Adjustment	4,090,055.07	
4708	Expenses	Purchased Power	Charges-WMS	393,802.28	
4714	Expenses	Purchased Power	Charges-NW	660,403.69	
4716	Expenses	Purchased Power	Charges-CN	547,308.10	
4750	Expenses	Purchased Power	Charges-LV	475,270.17	
4751	Expenses	Purchased Power	Charges - Smart Metering Entity Charge	39,343.97	13,123,271.30
5310	Expenses	Billing and Collecting	Meter Reading Expense	63,845.96	
5315	Expenses	Billing and Collecting	Customer Billing	383,604.36	
5320	Expenses	Billing and Collecting	Collecting	48,909.78	
5325	Expenses	Billing and Collecting	Collecting-Cash Over and Short	1.33	
5335	Expenses	Billing and Collecting	Bad Debt Expense	30,447.35	
5340	Expenses	Billing and Collecting	Miscellaneous Customer Accounts Expense	9,505.23	
5410	Expenses	Billing and Collecting	Community Relations-Sundry	677.80	
5415	Expenses	Billing and Collecting	Energy Conservation	1,546.08	
5420	Expenses	Billing and Collecting	Community Safety Program	18,435.72	
5425	Expenses	Billing and Collecting	Miscellaneous Customer Service and Informational Expenses	8,750.16	565,723.77

Trial Balance Mapped to Financial Statement Grouping: INCOME STATEMENT					2019
2.1.13 Account	B/S Section	B/S Line Grouping	G/L Account Description	Current Year	Income Statement
5005	Expenses	Operations and Maintenance	Operation Supervision and Engineering	131,838.15	
5012	Expenses	Operations and Maintenance	Station Buildings and Fixtures Expense	10,425.81	
5016	Expenses	Operations and Maintenance	Distribution Station Equipment-Operation labour	2,979.18	
5020	Expenses	Operations and Maintenance	Overhead Distribution Lines and Feeders - Operation Labour	5,460.50	
5035	Expenses	Operations and Maintenance	Overhead Distribution Transformers - Operation	14,887.67	
5065	Expenses	Operations and Maintenance	Meter Expense	1,037.69	
5070	Expenses	Operations and Maintenance	Customer Premises - Operation Labour	32,346.83	
5075	Expenses	Operations and Maintenance	Customer Premises - Materials and Expenses	3,117.36	
5085	Expenses	Operations and Maintenance	Miscellaneous Distribution Expense	70,671.05	
5095	Expenses	Operations and Maintenance	Overhead distribution Lines and Feeders - Rental Paid	62,429.24	
5114	Expenses	Operations and Maintenance	Maintenance of Distribution Station Equipment	38,413.46	
5120	Expenses	Operations and Maintenance	Maintenance of Poles, Towers and Fixtures	50,018.74	
5125	Expenses	Operations and Maintenance	Maintenance of Overhead Conductors and Devices	146,025.71	
5130	Expenses	Operations and Maintenance	Maintenance of Overhead Services	78,194.50	
5135	Expenses	Operations and Maintenance	Overhead Distribution Lines and Feeders - Right of Way	69,861.01	
5145	Expenses	Operations and Maintenance	Maintenance of Underground Conduit	707.62	
5150	Expenses	Operations and Maintenance	Maintenance of Underground Conductors and Devices	17,470.15	
5155	Expenses	Operations and Maintenance	Maintenance of Underground Services	16,587.54	
5160	Expenses	Operations and Maintenance	Maintenance of Line Transformers	45,802.35	
5175	Expenses	Operations and Maintenance	Maintenance of Meters	7,536.88	805,811.44
Expenses				-	
5605	Expenses	General and administrative	Executive Salaries and Expenses	286,329.77	
5615	Expenses	General and administrative	General Administrative Salaries and Expenses	189,663.09	
5620	Expenses	General and administrative	Office Supplies and Expenses	7,261.32	
5625	Expenses	General and administrative	Administrative Expense Transferred/Credit	46,292.25	
5630	Expenses	General and administrative	Outside Services Employed	86,147.75	
5635	Expenses	General and administrative	Property Insurance	15,177.62	
5640	Expenses	General and administrative	Injuries and Damages	19,046.13	
5646	Expenses	General and administrative	Employee Pensions and OPEB	1,231.21	
5655	Expenses	General and administrative	Regulatory Expenses	41,862.58	
5665	Expenses	General and administrative	Miscellaneous General Expenses	120,754.26	
5670	Expenses	General and administrative	Rent	7,994.34	
5675	Expenses	General and administrative	Maintenance of General Plant	45,872.56	
5680	Expenses	General and administrative	Electrical Safety Authority Fees	3,497.00	
6105	Expenses	General and administrative	Taxes Other Than Income Taxes	29,246.94	
6205	Expenses	General and administrative	Donations	3,769.97	
6215	Expenses	General and administrative	Penalties	1,543.65	905,690.44
5705	Expenses	Depreciation and amortization	Amortization - Property, Plant, and Equipment	386,764.77	386,764.77
				-	
4360	Expenses	Loss on disposal of property, plant and equip	Loss on Disposition of Utility and Other Property	7,731.31	7,731.31
4225	Finance Income	Finance Income	Late Payment Charges	(55,105.61)	
4405	Other Income	Finance Income	Interest Revenue	(10,344.39)	(65,450.00)
6030	Finance Cost	Finance Cost	Interest on Debt to Associated Companies	43,276.69	
6035	Finance Cost	Finance Cost	Other Interest Expense	13,266.65	56,543.34
Payments -In-Lieu of Corporate Taxation				-	
6110	Provision For Payments In I	Current	Income Taxes	7,668.00	
6115	Provision For Payments In I	Deferred	Provision for Deferred Taxes - Income Statement	41,445.00	49,113.00
5315	Net Movement On Regulat	Net Movement On Regulatory Deferral	Customer Billing	(359.61)	
4405	Net Movement On Regulat	Net Movement On Regulatory Deferral	Interest Revenue	(9,820.06)	
6035	Net Movement On Regulat	Net Movement On Regulatory Deferral	Other Interest Expense	28,936.04	
4705	Net Movement On Regulat	Net Movement On Regulatory Deferral	Power Purchased	(93,561.41)	
4015	Net Movement On Regulat	Net Movement On Regulatory Deferral	Industrial Energy Sales	57,899.91	
4080	Net Movement On Regulat	Net Movement On Regulatory Deferral	Distribution Services Revenue	(56,488.39)	(73,393.52)
				-	
7030	Other Comprehensive Inco	Remeasurements of defined benefit plan	Miscellaneous - Other Comprehensive Income	7,331.00	7,331.00

Ex.1/Appendix 1-10 – Reconciliation of 2020 Financial Statements to RRR

Trial Balance Mapped to Financial Statement Grouping: BALANCE SHEET					2020
2.1.13 Account	B/S Section	B/S Line Grouping	G/L Account Description	Current Year	Balance Sheet
Assets				RRR	Audited F/S
1005	Current Assets	Cash	Cash	-	
1010	Current Assets	Cash	Cash Advances and Working Funds	-	-
				-	
1100	Current Assets	Trade and other receivables	Customer Accounts Receivable	1,304,163.78	
1102	Current Assets	Trade and other receivables	Accounts Receivable - Services	(2,945.22)	
1104	Current Assets	Trade and other receivables	Accounts Receivable - Recoverable Work	-	
1110	Current Assets	Trade and other receivables	Other Accounts Receivable	104,028.35	
1130	Current Assets	Trade and other receivables	Accumulated Provision for Uncollectible Accounts - Credit	(76,000.00)	
1190	Current Assets	Trade and other receivables	Miscellaneous Current and Accrued Assets	3,402.64	
2220	Current Assets	Trade and other receivables	Miscellaneous Liabilities		1,332,649.55
				-	
1120	Current Assets	Unbilled Revenue	Accrued Utility Revenues	1,499,577.06	1,499,577.06
				-	
1330	Current Assets	Inventory	Plant Materials and Operating Supplies	259,934.72	259,934.72
				-	
				-	
1180	Current Assets	Prepaid Expenses	Prepayments	177,117.99	177,117.99
				-	
1495	Non-Current Assets	Deferred tax assets	Deferred Taxes	41,164.65	41,164.65
				-	
1805	Non-Current Assets	Property, Plant & Equipment	Land	91,567.10	
1808	Non-Current Assets	Property, Plant & Equipment	Buildings and Fixtures	98,143.44	
1820	Non-Current Assets	Property, Plant & Equipment	Distribution Station Equipment - Normally Primary below 50 kV	1,340,638.70	
1830	Non-Current Assets	Property, Plant & Equipment	Poles, Towers and Fixtures	1,315,028.36	
1835	Non-Current Assets	Property, Plant & Equipment	Overhead Conductors and Devices	1,854,704.86	
1840	Non-Current Assets	Property, Plant & Equipment	Underground Conduit	78,155.84	
1845	Non-Current Assets	Property, Plant & Equipment	Underground Conductors and Devices	770,615.00	
1850	Non-Current Assets	Property, Plant & Equipment	Line Transformers	1,127,041.84	
1855	Non-Current Assets	Property, Plant & Equipment	Services	396,943.43	
1860	Non-Current Assets	Property, Plant & Equipment	Meters	1,204,882.37	
1910	Non-Current Assets	Property, Plant & Equipment	Leasehold Improvements	15,717.84	
1920	Non-Current Assets	Property, Plant & Equipment	Computer Equipment - Hardware	221,057.33	
1611	Non-Current Assets	Property, Plant & Equipment	Computer Software	374,475.88	
1930	Non-Current Assets	Property, Plant & Equipment	Transportation Equipment	851,818.63	
1940	Non-Current Assets	Property, Plant & Equipment	Tools, Shop and Garage Equipment	89,463.02	
1955	Non-Current Assets	Property, Plant & Equipment	Communication Equipment	25,511.25	
2055	Non-Current Assets	Property, Plant & Equipment	Construction Work in Progress-Electric	15,775.00	
2105	Non-Current Assets	Property, Plant & Equipment	Accumulated Amortization of Electric Utility Plan - PP	(2,640,704.64)	7,230,835.25
1508	Non-Current Assets	Net Regulatory Assets	Deferred IFRS costs	15,816.37	
1508	Non-Current Assets	Net Regulatory Assets	OEB assessment	47,943.49	
1508	Non-Current Assets	Net Regulatory Assets	Customer Choice	9,000.78	
1509	Non-Current Assets	Net Regulatory Assets	COVID-19 Costs	47,429.57	
1568	Non-Current Assets	Net Regulatory Assets	LRAMVA	41,077.92	
1508	Non-Current Assets	Net Regulatory Assets	Collection Revenue	120,111.64	
1508	Non-Current Assets	Net Regulatory Assets	Misc deferred debits	11.80	
1548	Non-Current Assets	Net Regulatory Assets	Misc deferred debits	1,889.17	
1550	Non-Current Assets	Net Regulatory Assets	Low Voltage	72,553.98	
1586	Non-Current Assets	Net Regulatory Assets	RSVA Connection	34,252.14	
1588	Non-Current Assets	Net Regulatory Assets	RSVA Power	73,153.91	
1589	Non-Current Assets	Net Regulatory Assets	RSVA GA	128,619.75	
1592	Non-Current Assets	Net Regulatory Assets	Misc deferred debits	11,809.16	603,669.68

Trial Balance Mapped to Financial Statement Grouping: BALANCE SHEET					2020
2.1.13 Account	B/S Section	B/S Line Grouping	G/L Account Description	Current Year	Balance Sheet
2225	Current Liabilities	Bank Indebtedness	Notes and Loans Payable	(478,395.24)	
1010	Current Liabilities	Bank Indebtedness	Cash Advances and Working Funds	950.00	(477,445.24)
2205	Current Liabilities	Trade and other payables	Accounts Payable	(97,738.73)	
2220	Current Liabilities	Accounts Payable	Miscellaneous Current and Accrued Liabilities	(1,800,593.24)	
1110	Current Liabilities	Accounts Payable	Other Accounts Receivable	290,048.86	
2290	Current Liabilities	Accounts Payable	Commodity Taxes	(19,002.69)	
2405	Current Liabilities	Accounts Payable	Other Regulatory Liabilities	(54,939.25)	(1,682,225.05)
				-	
2210	Current Liabilities	Current Portion of Customer Deposits	Customer Deposits	(26,761.43)	
2208	Current Liabilities	Current Portion of Customer Deposits	Customer Credit Balances	(124,833.77)	(151,595.20)
				-	
2306	Current Liabilities	Employee future benefits	OPEB Liability	(47,657.92)	
2265	Current Liabilities	Employee future benefits	Non-OMERS-Current	(2,966.75)	(50,624.67)
				-	
2240	Current Liabilities	Advances from related parties	Accounts Payable to Associated Companies	(1,883,345.97)	(1,883,345.97)
				-	
2550	Current Liabilities	Promissory Notes	Current Portion of Long-Term Debt	(1,163,352.49)	(1,163,352.49)
				-	
2260	Current Liabilities	Current portion of long-term debt	Long Term Debt	(247,890.82)	(247,890.82)
2335	Non-Current Liabilities	Customer Deposits	Long Term Portion of Customer Deposits	(137,642.99)	(137,642.99)
2440	Non-Current Liabilities	Contributions In Aid of Construction	Deferred Revenue	(602,395.85)	(602,395.85)
1508	Non-Current Liabilities	Net regulatory assets	Pole Attachment Revenue Variance	-73214.35	
1518	Non-Current Liabilities	Net regulatory assets	RCVA Retail	(3,522.64)	
1522	Non-Current Liabilities	Net regulatory assets	Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential	(61.39)	
1550	Non-Current Liabilities	Net regulatory assets	LV Variance Account	(473.74)	
1551	Non-Current Liabilities	Net regulatory assets	Smart Metering Entity Charge Variance Account	(817.91)	
1580	Non-Current Liabilities	Net regulatory assets	RSVA Wholesale Market Service Charge	(84,162.87)	
1584	Non-Current Liabilities	Net regulatory assets	RSVA Retail Transmission Network Charge	(37,117.45)	
1586	Non-Current Liabilities	Net regulatory assets	RSVA Retail Transmission Connection Charge	(798.62)	
1595	Non-Current Liabilities	Net regulatory assets	Disposition and Recovery of Regulatory Balances Control Account 2019	3,453.44	
1595	Non-Current Liabilities	Net regulatory assets	Disposition and Recovery of Regulatory Balances Control Account 2018	4,451.61	
1595	Non-Current Liabilities	Net regulatory assets	Disposition and Recovery of Regulatory Balances Control Account 2017	4,104.55	
1595	Non-Current Liabilities	Net regulatory assets	Disposition and Recovery of Regulatory Balances Control Account 2020	(283,606.72)	
1588	Non-Current Liabilities	Net regulatory assets	RSVA Power	32,798.22	
1592	Non-Current Liabilities	Net Regulatory Assets	Misc deferred credits	(11,248.39)	(450,216.26)
3005	Share Capital	Share Capital	Common Shares Issues	(2,511,123.49)	(2,511,123.49)
				-	
3045	Retained Earnings	Retained Earnings	Unappropriated Retained Earnings	(1,571,843.67)	
3046	Retained Earnings	Retained Earnings	Balance Transferred From Income	(229,296.20)	
3049	Retained Earnings	Retained Earnings	Dividends Payable-Common Shares	-	(1,801,139.87)
				-	
3090	Accumulated Other Compr	Accumulated Other Comprehensive Income	Unappropriated Retained Earnings	14,049.00	14,049.00

Trial Balance Mapped to Financial Statement Grouping: INCOME STATEMENT					2020
2.1.13 Account	B/S Section	B/S Line Grouping	G/L Account Description	Current Year	Income Statement
				RRR	Audited F/S
Revenue					
4006	Revenue	Electricity Sales	Residential Energy Sales	(5,786,472.28)	
4010	Revenue	Electricity Sales	Commercial Energy Sales	(2,173,181.36)	
4015	Revenue	Electricity Sales	Industrial Energy Sales	(3,907,486.72)	
4025	Revenue	Electricity Sales	Street Lighting Energy Sales	(77,371.49)	
4030	Revenue	Electricity Sales	Sentinel Lighting Energy Sales	(12,154.95)	
4055	Revenue	Electricity Sales	Energy Sales for Resale	(974,002.09)	
4062	Revenue	Electricity Sales	Billed WMS	(361,806.21)	
4066	Revenue	Electricity Sales	Billed NW	(708,015.53)	
4068	Revenue	Electricity Sales	Billed CN	(563,871.02)	
4075	Revenue	Electricity Sales	Billed - LV	(484,411.65)	
4076	Revenue	Electricity Sales	Billed - Smart Metering Entity Charge	(39,975.24)	
4080	Revenue	Electricity Sales	Distribution Services Revenue	(2,682,179.22)	
4082	Revenue	Electricity Sales	Retail Services Revenues	(7,151.58)	
4084	Revenue	Electricity Sales	Service Transaction Requests (STR) Revenues	(34.00)	
4086	Revenue	Electricity Sales	SSS Administration Revenue	(21,747.82)	(17,799,861.16)
4210	Revenue	Other charges	Rent from Electric Property	(86,988.67)	
4220	Revenue	Other charges	Other Electric Revenues	(11,968.30)	
4235	Revenue	Other charges	Miscellaneous Service Revenues	(23,036.75)	
				-	(121,993.72)
				-	
4705	Expenses	Purchased Power	Power Purchased	8,966,884.04	
4707	Expenses	Purchased Power	Global Adjustment	3,915,266.53	
4708	Expenses	Purchased Power	Charges-WMS	361,806.21	
4714	Expenses	Purchased Power	Charges-NW	708,015.53	
4716	Expenses	Purchased Power	Charges-CN	563,871.02	
4750	Expenses	Purchased Power	Charges-LV	484,411.65	
4751	Expenses	Purchased Power	Charges - Smart Metering Entity Charge	39,975.24	15,040,230.22
5310	Expenses	Billing and Collecting	Meter Reading Expense	63,396.30	
5315	Expenses	Billing and Collecting	Customer Billing	380,463.89	
5320	Expenses	Billing and Collecting	Collecting	49,463.67	
5325	Expenses	Billing and Collecting	Collecting-Cash Over and Short	5.88	
5335	Expenses	Billing and Collecting	Bad Debt Expense	58,338.19	
5340	Expenses	Billing and Collecting	Miscellaneous Customer Accounts Expense	10,561.29	
5410	Expenses	Billing and Collecting	Community Relations-Sundry	107.80	
5415	Expenses	Billing and Collecting	Energy Conservation	1,200.00	
5420	Expenses	Billing and Collecting	Community Safety Program	18,435.72	
5425	Expenses	Billing and Collecting	Miscellaneous Customer Service and Informational Expenses	10,627.32	592,600.06
5005	Expenses	Operations and Maintenance	Operation Supervision and Engineering	119,845.32	
5012	Expenses	Operations and Maintenance	Station Buildings and Fixtures Expense	6,726.02	
5016	Expenses	Operations and Maintenance	Distribution Station Equipment-Operation labour	6,390.05	
5020	Expenses	Operations and Maintenance	Overhead Distribution Lines and Feeders - Operation Labour	3,794.01	
5035	Expenses	Operations and Maintenance	Overhead Distribution Transformers - Operation	22,978.37	
5065	Expenses	Operations and Maintenance	Meter Expense	18,429.24	
5070	Expenses	Operations and Maintenance	Customer Premises - Operation Labour	33,539.23	
5075	Expenses	Operations and Maintenance	Customer Premises - Materials and Expenses	2,048.13	
5085	Expenses	Operations and Maintenance	Miscellaneous Distribution Expense	84,798.12	
5095	Expenses	Operations and Maintenance	Overhead distribution Lines and Feeders - Rental Paid	54,579.36	
5114	Expenses	Operations and Maintenance	Maintenance of Distribution Station Equipment	39,099.93	
5120	Expenses	Operations and Maintenance	Maintenance of Poles, Towers and Fixtures	26,896.73	
5125	Expenses	Operations and Maintenance	Maintenance of Overhead Conductors and Devices	127,440.28	
5130	Expenses	Operations and Maintenance	Maintenance of Overhead Services	93,188.00	
5135	Expenses	Operations and Maintenance	Overhead Distribution Lines and Feeders - Right of Way	45,334.17	
5145	Expenses	Operations and Maintenance	Maintenance of Underground Conduit	3,246.71	
5150	Expenses	Operations and Maintenance	Maintenance of Underground Conductors and Devices	6,843.56	
5155	Expenses	Operations and Maintenance	Maintenance of Underground Services	20,882.28	
5160	Expenses	Operations and Maintenance	Maintenance of Line Transformers	26,469.01	
5175	Expenses	Operations and Maintenance	Maintenance of Meters	1,258.61	743,787.13

Trial Balance Mapped to Financial Statement Grouping: INCOME STATEMENT					2020
2.1.13 Account	B/S Section	B/S Line Grouping	G/L Account Description	Current Year	Income Statement
5605	Expenses	General and administrative	Executive Salaries and Expenses	303,870.24	
5615	Expenses	General and administrative	General Administrative Salaries and Expenses	231,897.59	
5620	Expenses	General and administrative	Office Supplies and Expenses	8,801.97	
5625	Expenses	General and administrative	Administrative Expense Transferred/Credit	44,536.45	
5630	Expenses	General and administrative	Outside Services Employed	79,054.36	
5635	Expenses	General and administrative	Property Insurance	16,771.07	
5640	Expenses	General and administrative	Injuries and Damages	19,156.80	
5646	Expenses	General and administrative	Employee Pensions and OPEB	1,292.10	
5655	Expenses	General and administrative	Regulatory Expenses	42,011.36	
5665	Expenses	General and administrative	Miscellaneous General Expenses	134,830.40	
5670	Expenses	General and administrative	Rent	8,208.36	
5675	Expenses	General and administrative	Maintenance of General Plant	37,171.45	
5680	Expenses	General and administrative	Electrical Safety Authority Fees	3,555.00	
6105	Expenses	General and administrative	Taxes Other Than Income Taxes	30,830.93	
6205	Expenses	General and administrative	Donations	5,400.00	
6215	Expenses	General and administrative	Penalties	8,678.68	976,066.76
5705	Expenses	Depreciation and amortization	Amortization - Property, Plant, and Equipment	375,154.89	375,154.89
5705	Expenses	Loss on disposal of property, plant and equip	Amortization - Property, Plant, and Equipment	270.48	
4360	Expenses	Loss on disposal of property, plant and equip	Loss on Disposition of Utility and Other Property	4,075.61	4,346.09
4225	Finance Income	Finance Income	Late Payment Charges	(51,997.28)	
4405	Other Income	Finance Income	Interest Revenue	(10,282.26)	(62,279.54)
6030	Finance Cost	Finance Cost	Interest on Debt to Associated Companies	43,276.69	
6035	Finance Cost	Finance Cost	Other Interest Expense	37,378.14	80,654.83
Payments -In-Lieu of Corporate Taxation					
6110	Provision For Payments In I	Current	Income Taxes	-	
6115	Provision For Payments In I	Deferred	Provision for Deferred Taxes - Income Statement	9,396.00	9,396.00
5315	Net Movement On Regulat	Net Movement On Regulatory Deferral	Customer Billing	(19,961.43)	
5340	Net Movement On Regulat	Net Movement On Regulatory Deferral	Miscellaneous Customer Accounts Expense	(446.49)	
5425	Net Movement On Regulat	Net Movement On Regulatory Deferral	Miscellaneous Customer Service and Informational Expenses	(1,205.05)	
5085	Net Movement On Regulat	Net Movement On Regulatory Deferral	Miscellaneous Distribution Expense	(1,814.40)	
5620	Net Movement On Regulat	Net Movement On Regulatory Deferral	Office Supplies and Expenses	(199.14)	
4210	Net Movement On Regulat	Net Movement On Regulatory Deferral	Rent from Electric Property	42,579.22	
4225	Net Movement On Regulat	Net Movement On Regulatory Deferral	Late Payment Charges	(17,109.54)	
4235	Net Movement On Regulat	Net Movement On Regulatory Deferral	Miscellaneous Service Revenues	(83,067.00)	
4405	Net Movement On Regulat	Net Movement On Regulatory Deferral	Interest Revenue		
6035	Net Movement On Regulat	Net Movement On Regulatory Deferral	Other Interest Expense		
4705	Net Movement On Regulat	Net Movement On Regulatory Deferral	Power Purchased	(75,306.27)	
4015	Net Movement On Regulat	Net Movement On Regulatory Deferral	Industrial Energy Sales	123,824.59	
4080	Net Movement On Regulat	Net Movement On Regulatory Deferral	Distribution Services Revenue	(34,692.25)	(67,397.76)
				-	
7030	Other Comprehensive Inco	Remeasurements of defined benefit plan	Miscellaneous - Other Comprehensive Income	2,592.00	2,592.00