



Exhibit 4

Operations, Maintenance & Administration

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2.4.1 Overview

Executive Summary

As described in Exhibit 1, having low rates is a corporate objective of NOTL Hydro. NOTL Hydro's success in this regard is something that is promoted at its Annual General Meeting and elsewhere. Managing Operations, Maintenance and Administration (OM&A) expenses appropriately is part of maintaining low rates.

This exhibit will describe some of the efforts NOTL Hydro has undertaken to maintain appropriate OM&A costs. These include:

- Use of cooperative arrangements wherever feasible such as UCS to share the cost of a billing system, CHEC to share the cost of a GIS Analyst, CHEC to share the cost of the annual surveys and with other Niagara LDCs to share the cost of the smart meter reading RNI technology.
- No new FTEs other than when they are directly and fully replacing contract services and improve service levels for customers. The hiring of a Locator and an underground crew in this regard is described below.
- Leveraging common services to reduce the net cost to NOTL Hydro such as by providing water billing services, locate services or by utilizing staff for AFT and CDM services.

Despite this, NOTL Hydro's OM&A costs still grew faster than the PEG adjusted compound rate of inflation of around 16% since 2019. NOTL Hydro's actual OM&A costs grew by 26% and its costs were 34% higher than those set in the 2019 Cost of Service decision despite its efforts to reduce its costs in 2019. The higher increase in costs was due to a combination of the increase in the demands on NOTL Hydro (smart MIST meters, cyber security, locates) and the escalation of certain costs well beyond inflation (control room, billing system, station management, employee benefits).

However, OM&A costs cannot be viewed in isolation and the OEB recognizes this with their PEG report which focuses on total costs. NOTL Hydro's PEG results have improved every year since 2019 and are forecast to continue to do so. NOTL Hydro was also moved from Tier 3 to Tier 2 in 2022 and, based on the forecast and trends, would move to Tier 1 later this decade.

More importantly, NOTL Hydro is expected to continue to have the lowest rates in Niagara.

Introduction

OM&A expenses included in the calculation of Niagara-on-the-Lake Hydro Inc.'s (NOTL Hydro's) revenue requirement are those determined to be reasonable in amount and necessary for and related to the provision of utility service or in some way a benefit to customers.

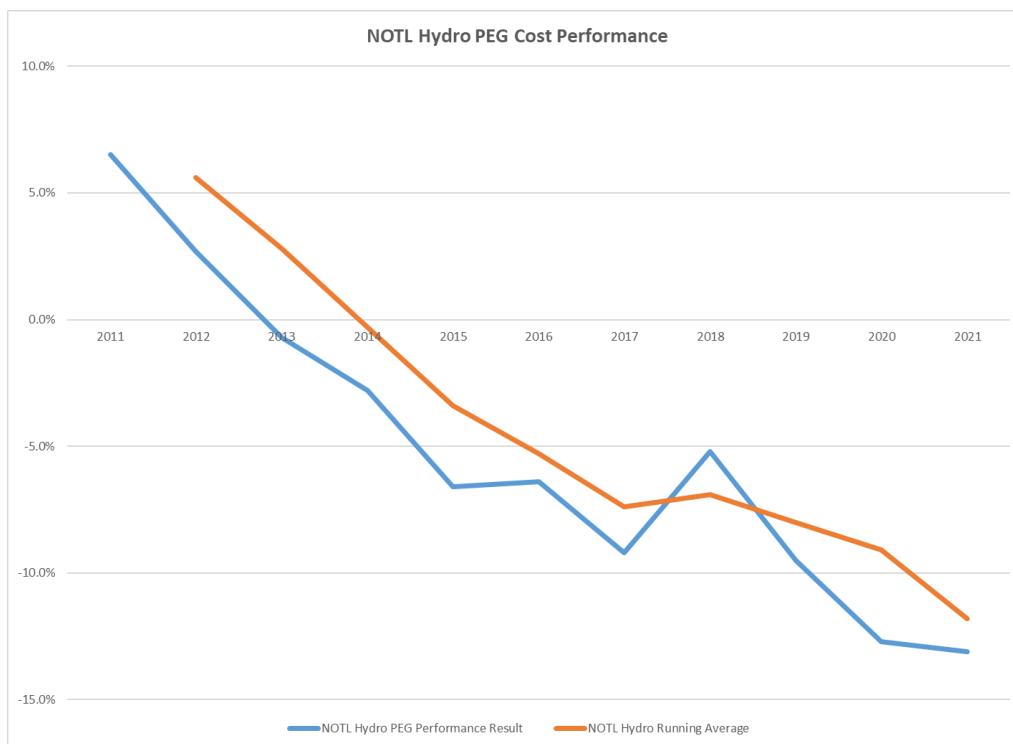
As noted in the introduction to Exhibit 1, NOTL Hydro seeks to achieve the appropriate mix of fair rates, reliable operations and customer service. Achieving this goal has varying impacts on the level of OM&A expenditures. Fair rates clearly imply keeping the OM&A levels well managed. Reliability requires regular investments in the local grid. While most of this is capital there are knock-on effects on operational (SCADA systems, monitoring, asset management, etc.) and maintenance costs. Maintaining suitable customer service levels also requires higher OM&A costs (open door policy, outage notifications, Utilismart access, etc.).

OM&A costs cannot be looked at in isolation but only as part of the overall management of an LDC. Low rates are an indication that OM&A is being managed wisely along with the other factors that impact rates. Good reliability is an indication that both capital and operating funds are being spent with the right impacts and positive customer service feedback is an indication that these expenditures are being made for the right reason.

As has been discussed in earlier exhibits, one of NOTL Hydro's objectives is low rates without compromising reliability or service. If any participants in this rate setting process, especially those who have exposure to the activities undertaken by all other LDCs in Ontario, have actionable suggestions on how to reduce OM&A then NOTL Hydro will adjust this application accordingly.

The OEB has recognized this more holistic outlook with their focus on total costs and not just OM&A in isolation in their PEG analysis. NOTL Hydro's running average PEG results have improved almost every year since they were introduced in 2011 and in 2022 NOTL Hydro moved from the third into the second tier. This is also a strong indicator that NOTL Hydro is on the right track with their OM&A cost management.

Chart 4.1: NOTL Hydro PEG Performance



NOTL Hydro's PEG results are also forecast to continue to improve.

Chart 4.2: NOTL Hydro Forecast PEG Performance

| Summary of Cost Benchmarking Results | | | | | | |
|---|-------------------|-------------------|-------------------|------------------|----------------|----------------|
| Niagara-on-the-Lake Hydro Inc. | | | | | | |
| | 2020 (History) | 2021 (History) | 2022 (History) | 2023 (Bridge) | 2024 (Test) | 2025 |
| Cost Benchmarking Summary | | | | | | |
| Actual Total Cost | 7,219,801 | 7,478,536 | 7,670,517 | 8,415,500 | 8,864,718 | 9,282,289 |
| Predicted Total Cost | 8,196,312 | 8,521,217 | 9,001,032 | 9,980,119 | 10,757,230 | 11,471,822 |
| Difference | (976,510) | (1,042,680) | (1,330,516) | (1,564,619) | (1,892,513) | (2,189,533) |
| Percentage Difference (Cost Performance) | -12.7% | -13.1% | -16.0% | -17.05% | -19.35% | -21.18% |
| Three-Year Average Performance | | | -13.9% | -15.37% | -17.47% | -19.19% |
| Stretch Factor Cohort | | | | | | |
| Annual Result | 2 | 2 | 2 | 2 | 2 | 2 |
| Three Year Average | | | 2 | 2 | 2 | 2 |

OM&A Proposal

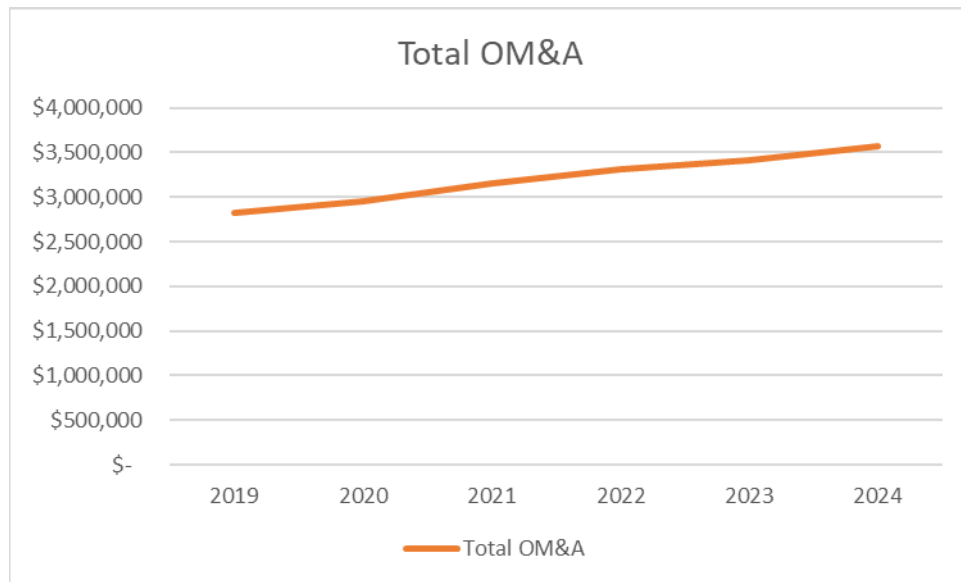
By way of this Cost of Service rate application, NOTL Hydro is proposing an OM&A amount of \$3,571,884 for the 2024 Test Year.

Table 4.3: OM&A 2019-2024

| | 2019 BA | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Operations | \$711,610 | \$623,207 | \$717,525 | \$730,154 | \$767,087 | \$783,175 | \$792,135 |
| Maintenance | \$449,790 | \$521,538 | \$409,998 | \$511,054 | \$487,879 | \$486,646 | \$513,942 |
| SubTotal | \$1,161,400 | \$1,144,746 | \$1,127,524 | \$1,241,208 | \$1,254,966 | \$1,269,822 | \$1,306,077 |
| %Change (year over year) | 6.0% | (1.4%) | (1.5%) | 10.1% | 1.1% | 1.2% | 2.9% |
| %Change (Test Year vs Last Rebasing Year - Actual) | 28.5% | | | | | | 12.5% |
| Billing and Collecting | \$632,867 | \$520,425 | \$630,975 | \$618,632 | \$677,732 | \$740,878 | \$800,299 |
| Community Relations | \$11,485 | \$656 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Administrative and General+LEAP | \$865,615 | \$1,164,525 | \$1,194,240 | \$1,301,271 | \$1,381,806 | \$1,399,678 | \$1,465,508 |
| SubTotal | \$1,509,967 | \$1,685,606 | \$1,825,216 | \$1,919,903 | \$2,059,539 | \$2,140,556 | \$2,265,807 |
| %Change (year over year) | (15.9%) | 11.6% | 8.3% | 5.2% | 7.3% | 3.9% | 5.9% |
| %Change (Test Year vs Last Rebasing Year - Actual) | 15.7% | | | | | | 50.1% |
| Total | \$2,671,367 | \$2,830,352 | \$2,952,740 | \$3,161,111 | \$3,314,505 | \$3,410,378 | \$3,571,884 |
| %Change (year over year) | (7.6%) | 6.0% | 4.3% | 7.1% | 4.9% | 2.9% | 4.7% |

The growth in OM&A has been relatively steady with generally even increases from year to year. There are no proposed larger than normal increases in OM&A in the bridge or test years.

Chart 4.4: Annual Growth in NOTL Hydro OM&A



NOTL Hydro develops its budget on a version of zero-based budgeting. Some costs are contracted so these can be budgeted based on the contracted rates. Examples of this include unionized labour, some services such as tree trimming and some memberships such as CHEC. Some other costs are based on recent quotes. Examples of this include billing supplies and contracted equipment services. In other cases, NOTL Hydro has used an inflation rate that seems to match the trend of that cost. Prior to the start of each fiscal year, the Board of Directors of NOTL Hydro approves both a capital and an operating budget.

1 Like any business, NOTL Hydro is always looking for opportunities to reduce costs or minimize
2 their growth. One way this has been done is to share services cooperatively with other LDCs so
3 as to get benefits of scale:

- 4
- 5 • NOTL Hydro continues to be part of UCS which shares a customer billing system across
6 a number of LDCs. UCS costs were themselves managed by moving the management
7 from Utilassist to CHEC and moving the hosting from ITM to EARTH. Unfortunately, the
8 number of participating LDCs has declined primarily due to mergers thus increasing the
9 costs for the remaining LDCs. UCS still remains more cost effective than going it alone.
- 10 • NOTL Hydro conducts its annual survey (customer satisfaction and safety awareness) in
11 collaboration with 12 other LDCs thus reducing costs.
- 12 • NOTL Hydro shares the smart meter reading radio RNI platform with a number of other
13 Niagara LDCs thus reducing costs and ensuring it is properly serviced.
- 14 • Most recently, NOTL Hydro will be sharing the costs of a GIS Analyst with 5 other LDCs
15 thus allowing NOTL Hydro to improve its capability in this area at a fraction of the cost.
- 16

17 Another way to reduce costs is to provide a service using resources that are already on hand.
18 Like all LDCs, NOTL Hydro must ensure this is done in a manner that is compliant with both the
19 rules and the intent of the Affiliate Relationships Code. There are some circumstances where
20 this is possible.

- 21
- 22 • NOTL Hydro's bills also include water and sewer charges for the Town of Niagara-on-the-
23 Lake. This is convenient for customers as they get two bills at the same time. This also
24 reduces costs at NOTL Hydro as any time and resources spent by NOTL Hydro staff on
25 water billing is charged on a full cost basis to the affiliate ESNI.
- 26 • NOTL Hydro staff previously assisted in the provision of CDM and AFT services to
27 customers under programs administered by the IESO and OEB. These programs have
28 since finished so this savings opportunity is no longer available.
- 29 • The new Locator provides services to both NOTL Hydro and the Town of Niagara-on-the-
30 Lake. NOTL Hydro saves as the costs of the Locator are fully charged to the affiliate on
31 a full cost basis, thus absorbing overhead, while the charges for the locate services are
32 lower than those charged by the previous outside provider.

33 The increase in OM&A is the result of a combination of inflation, growth and increasing complexity
34 of operations.

Inflation has become a big factor in cost increases over the past two years and is expected to be a major issue into 2024 and beyond. For the purposes of this analysis, NOTL Hydro has used the OEB approved rate increases for each of the years less the productivity factor. As noted above, this was reduced to 0.15% for NOTL Hydro in 2023. The inflation factor for 2024 rates has been estimated at 5% using the OEB methodology as outlined in the October 20, 2022 letter entitled 2023 Inflation Parameters as per below.

Table 4.5: Calculation of 2024 Inflation

| Non-Labour GDP – IPI (FDD) - National | | | | | | |
|--|-------|-------|-------|-------|------------|----------|
| | Q1 | Q2 | Q3 | Q4 | Average | Increase |
| 2021 | 116.2 | 117.4 | 118.9 | 120.8 | 118.325 | |
| 2022 | 123.6 | 125.3 | 126.2 | 127.5 | 125.65 | 6.19% |
| Labour – AWE – All Employees – Ontario | | | | | | |
| 2021 | | | | | \$1,166.75 | |
| 2022 | | | | | \$1,194.21 | 2.35% |
| Weighted Average Inflation | | | | | | |
| 2022 | 6.19% | 70% | 2.35% | 30% | | 5.04% |

It is the experience of NOTL Hydro that the actual rate of inflation is much higher than the OEB approved rates. For instance, CPI as measured by the Bank of Canada was 18.17% in the period from 2016-2022 as compared to the OEB approved rates of 14.20%. More immediately, NOTL Hydro has seen the cost increases in certain items such as bill stock or envelopes rise by 155% and 239% respectively since 2019. Using the OEB rates therefore likely understates the impact of inflation on OM&A costs.

Table 4.6: Inflation less productivity 2020-2024

| Year | 2020 | 2021 | 2022 | 2023 | 2024 (est) | Total |
|----------------------|---------|---------|---------|---------|------------|---------|
| Gross inflation | 2.00% | 2.20% | 3.30% | 3.70% | 5.00% | 16.20% |
| Productivity factor | (0.30%) | (0.30%) | (0.30%) | (0.15%) | (0.15%) | (1.20%) |
| Adjusted Inflation | 1.70% | 1.90% | 3.0% | 3.55% | 4.85% | 15.00% |
| Cumulative Inflation | 1.70% | 3.63% | 6.74% | 10.53% | 15.89% | |

Growth in the NOTL Hydro customer base has been slower over the past five years. Much of Niagara-on-the-Lake is part of the greenbelt where growth is restricted. Of the urban areas, the Old Town is fully built out and Virgil and St. David's are reaching saturation with only a small amount of new development available. Future growth in Niagara-on-the-Lake is slated for the Glendale urban area but this has not commenced in any significant way.

Table 4.7: NOTL Hydro Growth

| Measure | 2019 | 2024 | % Increase |
|-------------|-------|--------|------------|
| # Customers | 9,558 | 10,054 | 5.2% |

The remaining driver of increases in OM&A costs are unavoidable costs that have increased at rates greater than inflation and are largely outside the control of NOTL Hydro.

Table 4.8: Selected NOTL Hydro Incremental Costs

| Cost | 2019 Expense | 2024 Expense | Increase (\$000) | % Increase |
|------------------------|------------------|------------------|------------------|-------------|
| MIST meters mgmt. | 9,500 | 101,480 | 91,980 | 968% |
| Customer billing (UCS) | 107,969 | 148,296 | 50,327 | 47% |
| Cyber security | 58,665 | 85,570 | 26,905 | 56% |
| Control room | 16,800 | 33,048 | 16,248 | 97% |
| Locates | 67,248 | 89,539 | 22,290 | 33% |
| Station maintenance | 20,780 | 40,950 | 20,170 | 97% |
| GIS Analyst | - | 26,536 | 26,536 | 100% |
| Underground services | - | 28,362 | 28,362 | 100% |
| Insurance | 58,442 | 97,262 | 38,820 | 66% |
| AFT & CDM | (127,123) | - | 127,123 | 100% |
| Total | \$172,283 | \$661,044 | \$448,761 | 211% |

It is recognized that some of these increases are due to inflation and growth so there is some double counting but given the size of the increases they are largely in excess of the inflation and growth. Together, these costs represent 18% of total OM&A and they have experienced an increase in cost of 211%. These costs include:

- MIST meters management** – the OEB required that by 2020 all meters be smart meters. NOTL Hydro achieved this requirement. However, the meters needed for these larger customers could not be interrogated by the Sensus RNI technology used with residential and small business meters. Instead, NOTL Hydro expanded their services with Utilismart to provide this service. One side benefit is that, through Utilismart, these customers have access to much greater data and analytics; more than will be available with Green Button. This service also provides the data NOTL Hydro needs for its monthly 1598 reconciliation, for its DER billing and as a check on billings to large customers. The total increase in costs with Utilismart from 2019-2024 is \$92k. This is largely an entirely new cost as the total in 2019 was \$9.5k.

- 1 2. **Cyber security** – The risks and therefore the costs of cyber security continue to grow.
2 NOTL Hydro tries to manage this risk through the use of two third parties. The first, an IT
3 services provider, manages the NOTL Hydro network, firewall and all related IT operations.
4 The company specializes in serving other small businesses and now serves other LDCs.
5 The second is a former Fortune 500 CIO who provides advisory services to three other
6 LDCs. This individual monitors the performance of the IT service provider and has made
7 numerous recommendations for changes at the IT service provider that have been
8 implemented to our benefit. The combined cost of these two providers has increased by
9 \$27k or 56% from 2019 to 2024.
10
- 11 3. **Billing System (UCS)** – NOTL Hydro outsources its billing system hosting and
12 maintenance to an LDC cooperative called UCS. This LDC collaboration allows NOTL
13 Hydro to manage its billing service in a manner much cheaper than if it were to go it alone.
14 UCS has itself taken actions to reduce costs such as moving its management from Utili-
15 assist to CHEC and moving its hosting from ITM to ERTTH. Despite these actions, UCS
16 has lost members due to mergers (Midland, Goderich, St. Thomas) and changes in plans
17 (Welland). NOTL Hydro's costs related to UCS have thus increased by \$50k or 47% as
18 the UCS costs are shared between fewer members.
19
- 20 4. **Control Room** – NOTL Hydro outsources its control room services. Control room
21 services are required for 24/7 monitoring as NOTL Hydro has grid connected assets in its
22 two transmission stations. NOTL Hydro minimizes the control room costs by only using it
23 for hold-offs and any switching using the automated smart grid assets. The control room
24 is not involved in the scheduling or management of crews. Since 2016 the control room
25 service was provided by Alectra (previously Horizon). In 2022, Alectra advised NOTL
26 Hydro that it would no longer be providing this service to third parties. NOTL Hydro notes
27 that it always appreciated the service provided by Alectra and that this change was
28 managed by Alectra in a manner that gave NOTL Hydro time to switch and was done on
29 a collaborative basis. In 2023, the control room service moved to Oakville Hydro but at a
30 cost that was higher.
31
- 32 5. **Locates** – LDCs are required by law to provide locates for any customer or business
33 looking to work on a property. The costs of locates have risen substantially over the past
34 three years due to two factors. First, there has been a very large increase in locate activity
35 driven primarily by the growth in broadband installations as broadband companies have

1 reacted to both increased demand and government incentives. This increased activity
2 has not only driven up the number of locates required but driven up the cost per locate as
3 the locate providers reacted to the increased demand. Second, new regulations around
4 locates have increased service level requirements and thus increased costs. NOTL Hydro
5 has seen the impact of this with high levels of activity by Bell in 2021-2023 and proposed
6 future high levels by Rogers who will be starting operations in Niagara-on-the-Lake in 2023
7 and 2024. NOTL Hydro brought locates in-house in 2020 to manage these costs and,
8 more importantly, manage the service levels which had become unacceptable. Even so
9 the cost of locate services has increased by \$22k or 33%.

10
11 6. **GIS Analyst** – In 2023, CHEC hired a GIS Analyst whose services will be dedicated to six
12 LDCs. NOTL Hydro has committed to 20% of the GIS Analysts time. This collaborative
13 arrangement will provide NOTL Hydro with access to this service at a fraction of the cost
14 of outsourcing to a service provider or hiring full time. Enhancing the use of the GIS
15 system is an important step in providing better customer service. One of the
16 enhancements NOTL Hydro recently added to their GIS system is the location of customer
17 EV chargers when so volunteered by the customer. This helps NOTL Hydro analyze the
18 loading on its transformers. The incremental cost of this GIS Analyst in 2024 is \$27k.

19
20 7. **Underground Services** – In 2022, NOTL Hydro hired an operator and a labourer to
21 provide underground services. Most of their work is on customer driven projects but they
22 also assist in some renewal projects and in emergencies. This service was formerly
23 provided by a contractor who went bankrupt. Bringing this service inhouse has been very
24 beneficial in terms of response times to customers. Though almost all their working hours
25 are on billable or capital projects, IFRS accounting requires that time spent on other
26 activities, such as safety training, be an operating cost which is forecast to be \$28k in
27 2024. The previous contractor was more expensive and less reliable and yet all the costs
28 could be capitalized under IFRS.

29
30 8. **Insurance** – NOTL Hydro uses MEARIE for most of its insurance needs. This reciprocal
31 arrangement within the industry is highly beneficial both in terms of the cost and the quality
32 of the service. Nevertheless, insurance costs have still increased by \$39k or 66% from
33 2019.
34

9. **Station Maintenance** – As part of the approval process for going live with the new transformer at the York Station in 2020, Hydro One reviewed the protection and control equipment and processes at the two NOTL Hydro stations. It was determined that there had been changes to the protection and control requirements since the stations originally went live and that NOTL Hydro needed to incorporate these. Some of this was capital enhancements integrated into the projects and some of it related to ongoing maintenance. NOTL Hydro outsources this work to a qualified transmission-level contractor who has the knowledge and experience to perform this work properly. Station maintenance costs have increased 97% or 20k since 2019.

10. **AFT and CDM** – In 2019, NOTL Hydro benefitted from a reduction in expenses as staff devoted time to the AFT and CDM programs managed by the Government of Ontario. NOTL Hydro was reimbursed for these costs. The AFT program was largely managed by customer service staff and CDM was managed by a Financial Analyst who also manages IT, social media and large customer relations in addition to the financial responsibilities. As there were no dedicated CDM staff the loss of these programs shifted these costs back to NOTL Hydro.

11. **Employee Benefits** – Not included in the table above is employee benefits. In total these costs have grown by 41% or \$157k from \$380k in 2019 to \$537k in 2024. OMERS is up 29% or \$48k, health and dental is up 51% or \$39k and CPP is up 60% or \$29k. Employee benefits were not included in the calculation above as not all these costs are in OM&A. Some of the costs become part of capital while other costs were billed to third parties as part of charges for service work for customers or affiliates.

On a per customer basis the trend in OM&A is as shown in the table below:

Table 4.9: OM&A per Customer

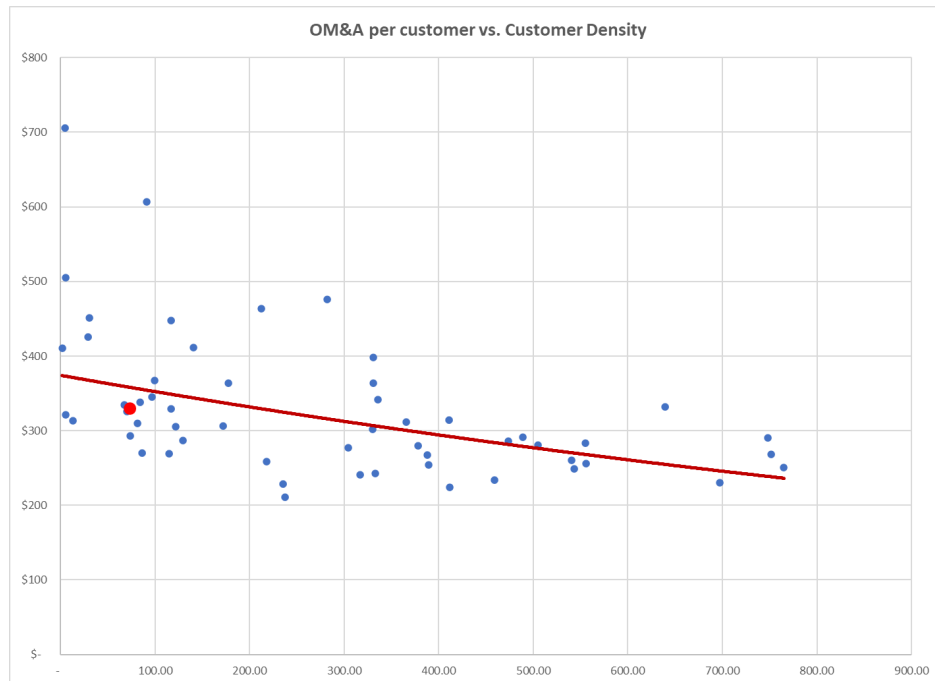
| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total Recoverable OM&A | \$ 2,830,352 | \$ 2,952,740 | \$ 3,161,111 | \$ 3,314,505 | \$ 3,410,378 | \$ 3,571,884 |
| Number of Customers | 9,558 | 9,632 | 9,731 | 9,769 | 9,894 | 10,054 |
| Total OM&A per customer | \$ 296 | \$ 307 | \$ 325 | \$ 339 | \$ 345 | \$ 355 |

There are two important factors to note in using OM&A per customer as an analytical tool. First, costs are not always comparable across LDCs. For instance, by owning its own transmission stations, NOTL Hydro is able to keep the overall delivery charge lower. The increased costs of owning and managing the stations, which are included in distribution charges, are lower than the

1 reduced transmission charges. Many of these increased costs (SCADA, control room,
2 maintenance) are in OM&A for NOTL Hydro but not in other LDCs.

3
4 Second, the number one determinant of OM&A is customer density. The correlation of OM&A
5 with customer density is higher than with any other variable such as size. This can be seen in
6 the chart below. NOTL Hydro is the red dot indicating that its costs are slightly lower than the
7 industry norm after taking customer density into account.

8 **Chart 4.10: OM&A per Customer vs Customer Density**



2.4.2 OM&A Summary and Cost Driver Tables

The table below provides a summary of NOTL Hydro's Operations, Maintenance and Administrative ("OM&A") costs as shown in Table Appendix 2-JA.

Table 4.10: Summary of NOTL Hydro OM&A Expenses

| | 2019 BA | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Operations | \$711,610 | \$623,207 | \$717,525 | \$730,154 | \$767,087 | \$783,175 | \$792,135 |
| Maintenance | \$449,790 | \$521,538 | \$409,998 | \$511,054 | \$487,879 | \$486,646 | \$513,942 |
| SubTotal | \$1,161,400 | \$1,144,746 | \$1,127,524 | \$1,241,208 | \$1,254,966 | \$1,269,822 | \$1,306,077 |
| %Change (year over year) | 6.0% | (1.4%) | (1.5%) | 10.1% | 1.1% | 1.2% | 2.9% |
| %Change (Test Year vs Last Rebasing Year - Actual) | 28.5% | | | | | | 12.5% |
| Billing and Collecting | \$632,867 | \$520,425 | \$630,975 | \$618,632 | \$677,732 | \$740,878 | \$800,299 |
| Community Relations | \$11,485 | \$656 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Administrative and General+LEAP | \$865,615 | \$1,164,525 | \$1,194,240 | \$1,301,271 | \$1,381,806 | \$1,399,678 | \$1,465,508 |
| SubTotal | \$1,509,967 | \$1,685,606 | \$1,825,216 | \$1,919,903 | \$2,059,539 | \$2,140,556 | \$2,265,807 |
| %Change (year over year) | (15.9%) | 11.6% | 8.3% | 5.2% | 7.3% | 3.9% | 5.9% |
| %Change (Test Year vs Last Rebasing Year - Actual) | 15.7% | | | | | | 50.1% |
| Total | \$2,671,367 | \$2,830,352 | \$2,952,740 | \$3,161,111 | \$3,314,505 | \$3,410,378 | \$3,571,884 |
| %Change (year over year) | (7.6%) | 6.0% | 4.3% | 7.1% | 4.9% | 2.9% | 4.7% |

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| Community Relations | \$11,485 | \$656 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Administrative and General | \$865,615 | \$1,164,525 | \$1,194,240 | \$1,301,271 | \$1,381,806 | \$1,399,678 | \$1,465,508 |
| Total | \$2,671,367 | \$2,830,352 | \$2,952,740 | \$3,161,111 | \$3,314,505 | \$3,410,378 | \$3,571,884 |
| %Change (year over year) | (7.6%) | 6.0% | 4.3% | 7.1% | 4.9% | 2.9% | 4.7% |

NOTL Hydro has not changed its methodology for capitalizing overhead since the last Cost of Service. Expenses are not capitalized unless they are directly attributable to a capital job.

The table below provides a summary of the drivers of NOTL Hydro's Operations, Maintenance and Administrative ("OM&A") costs as shown in Table Appendix 2-JB.

Table 4.11: Recoverable OM&A Cost Driver Table (Appendix 2-JB)

| OM&A | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Opening Balance | \$2,891,057 | \$2,830,352 | \$2,952,740 | \$3,161,111 | \$3,314,505 | \$3,410,378 |
| | | | | | | |
| Inflation | \$ 34,693 | \$ 48,116 | \$ 56,102 | \$ 94,833 | \$ 117,665 | \$ 165,403 |
| MIST meters | \$ (24,096) | \$ 71,554 | \$ 2,376 | \$ 10,320 | \$ - | \$ - |
| UCS | \$ (638) | \$ 33,153 | \$ 25,209 | \$ (12,559) | \$ - | \$ - |
| Bad debt | | | \$ (40,000) | \$ 40,000 | | |
| | | | | | | |
| Locates | \$ 36,711 | \$ 46,463 | \$ (9,497) | \$ (17,727) | \$ - | \$ - |
| | | | | | | |
| Inhouse underground crew | | | | \$ 28,000 | \$ - | \$ - |
| | | | | | | |
| Cyber services | \$ 2,631 | \$ 18,415 | \$ 5,377 | \$ 6,105 | \$ (4,671) | \$ - |
| | | | | | | |
| Regulatory | \$ 67,459 | \$ (136,119) | \$ 5,440 | \$ 9,503 | \$ (5,811) | \$ 44,090 |
| | | | | | | |
| | | | | | | |
| Capital/operating timing | \$ (165,000) | \$ 40,000 | \$ 170,000 | \$ (10,000) | \$ (30,000) | \$ (5,000) |
| | | | | | | |
| Community Relations | \$ (8,819) | | | | | |
| | | | | | | |
| Other | \$ (3,647) | \$ 806 | \$ (6,636) | \$ 4,919 | \$ 18,690 | \$ (42,987) |
| | | | | | | |
| Closing Balance | \$2,830,352 | \$2,952,740 | \$3,161,111 | \$3,314,505 | \$3,410,378 | \$3,571,884 |
| OM&A Summay Integrity Check | \$2,830,352 | \$2,952,740 | \$3,161,111 | \$3,314,505 | \$3,410,378 | \$3,571,884 |
| <i>Difference</i> | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Cost Drivers

The identification of cost drivers is necessarily somewhat selective as all costs vary from year to year. The objective is to identify those that best explain the variation in OM&A from year to year without getting caught up in excessive details.

Inflation – Inflation has been calculated using the OEB inflation rate adjusted for the PEG productivity factor. It is particularly high in 2023 and 2024.

MIST Meters – NOTL Hydro has outsourced the interrogation and data management of the MIST meters to Utilismart in order to meet the OEB requirement to move all meters to smart meters. Utilismart also provides the data to customers, assists NOTL Hydro in managing its own load at the wholesale level and assists with the 1598 monthly process. The reduction in 2019 was due to the credit provided by Utilismart due to their late implementation.

UCS – NOTL Hydro cooperates with a number of other LDCs to cost effectively manage their CIS and customer billing system. Some of the members dropped out of UCS increasing the cost for the remaining members. The UCS solution is still much more cost effective than trying to manage the system as just NOTL Hydro.

1 **Bad Debt** – In 2021, NOTL Hydro booked a credit to bad debt of close to \$40k to reflect the
2 removal of a potential loss exposure. As this was a one-time event the impact reversed the
3 following year.

4
5 **Locates** – The cost of locates has increased significantly due to the large projects by the telecom
6 providers to expand their broadband coverage. Bell was very active in Niagara-on-the-Lake
7 between 2019-2022. Rogers is expected to begin broadband coverage in Niagara-on-the-Lake
8 shortly (they currently have no coverage in Niagara) but as the timing and extent of this is
9 unknown the locates budget has been left stable for 2022-2024.

10
11 **Inhouse Underground Crew** – Due to the pending bankruptcy of a key service provider and the
12 desire to improve services to customers, NOTL Hydro brought the excavating part of underground
13 services inhouse in 2022. Though most of the work is either capital or customer billable their time
14 in training is OM&A under IFRS. When this was outsourced, these costs would all still have been
15 incurred but 100% would have been capital or billable.

16
17 **Cyber Services** – The security requirements to manage cyber security risk continues to grow.
18 This is driven not only by OEB requirements but by the ever-growing sophistication of potential
19 threat actors. The related costs of managing this risk continues to grow.

20
21 **Regulatory** – Regulatory costs vary based on the costs incurred related to Cost of Service
22 applications. The increase and decline in 2019-2020 related to the 2019 Cost of Service
23 application while the increase in 2024 reflects 20% of the expected cost of this application.

24
25 **Capital/Operating Timing** – The mix between capital work and operating work by the line crews,
26 by the technical engineers and by management varies from year to year depending on customer
27 requirements and the nature of the ongoing projects. NOTL Hydro strives to minimize this
28 variation so that, over the full five years, the impact is largely zero. However, on a year-to-year
29 basis the impact can be considerable.

The table below provides a summary of NOTL Hydro's Operations, Maintenance and Administrative ("OM&A") costs by account as shown in Table Appendix 2-JD.

Table 4.12: OM&A Costs by Account (Appendix 2-JD)

| USoA Account | USoA Account Name | 2019 Board Approved | 2019 Actuals | 2020 Actuals | 2021 Actuals | 2022 Actuals | 2023 Bridge Year | 2024 Test Year | Variance (Test Year vs. 2022 Actuals) | Variance (Test Year vs. 2019 BA) |
|--------------|--|---------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------------------------------|----------------------------------|
| 5005 | Operation Supervision and Engineering | 43,939 | 53,422 | 89,039 | 58,752 | 41,225 | 52,753 | 53,704 | 12,478 | 9,764 |
| 5010 | Load Dispatching | 51,313 | 46,003 | 41,137 | 67,461 | 37,020 | 52,943 | 54,001 | 16,980 | 2,687 |
| 5014 | Transformer Station Equipment - Operation Labour | 4,038 | 2,986 | 1,811 | 9,025 | 3,010 | 3,216 | 3,272 | 262 | (765) |
| 5015 | Transformer Station Equipment - Operation Supplies and Expenses | 0 | 0 | 0 | 0 | 0 | 1,626 | 1,683 | 1,778 | 1,778 |
| 5020 | Overhead Distribution Lines and Feeders - Operation Labour | 138,805 | 122,255 | 110,730 | 105,541 | 113,059 | 120,159 | 122,211 | 9,152 | (16,593) |
| 5025 | Overhead Distribution Lines and Feeders - Operation Supplies and Expenses | 97,357 | 66,724 | 70,901 | 60,942 | 63,037 | 70,772 | 72,444 | 9,407 | (24,913) |
| 5035 | Overhead Distribution Transformers- Operation | 0 | 0 | 0 | 0 | 71 | 82 | 84 | 13 | 84 |
| 5040 | Underground Distribution Lines and Feeders - Operation Labour | 0 | 0 | 0 | 0 | 2,899 | 0 | 0 | (2,899) | 0 |
| 5045 | Underground Distribution Lines and Feeders - Operation Supplies and Expenses | 10,492 | 4,956 | 6,021 | 7,547 | 22,549 | 13,429 | 13,698 | (8,851) | 3,206 |
| 5065 | Meter Expense | 43,087 | 28,685 | 28,659 | 4,846 | 3,979 | 4,076 | 4,153 | 174 | (38,933) |
| 5070 | Customer Premises - Operation Labour | 24,452 | 30,045 | 42,327 | 22,857 | 70,904 | 35,690 | 36,304 | (34,601) | 11,852 |
| 5075 | Customer Premises - Materials and Expenses | 106,746 | 87,227 | 146,553 | 137,902 | 119,067 | 113,466 | 115,776 | (3,291) | 9,030 |
| 5085 | Miscellaneous Distribution Expense | 164,598 | 148,883 | 145,671 | 221,666 | 255,470 | 281,239 | 286,368 | 30,899 | 121,770 |
| 5095 | Overhead Distribution Lines and Feeders - Rental Paid | 26,782 | 32,023 | 34,678 | 33,614 | 33,170 | 33,668 | 28,341 | (4,829) | 1,559 |
| 5105 | Maintenance Supervision and Engineering | 29,411 | 8,888 | 17,541 | 11,593 | 133 | 154 | 156 | 24 | (29,255) |
| 5112 | Maintenance of Transformer Station Equipment | 29,604 | 27,355 | 12,634 | 20,089 | 70,306 | 29,341 | 42,746 | (27,561) | 13,142 |
| 5114 | Maintenance of Distribution Station Equipment | 0 | 0 | 1,404 | 14,854 | 6,611 | 0 | 0 | (6,611) | 0 |
| 5120 | Maintenance of Poles, Towers and Fixtures | 62,596 | 63,527 | 46,718 | 48,725 | 32,300 | 35,557 | 36,608 | 4,308 | (25,988) |
| 5125 | Maintenance of Overhead Conductors and Devices | 60,033 | 49,764 | 76,986 | 92,708 | 56,695 | 59,591 | 61,284 | 4,588 | 1,250 |
| 5130 | Maintenance of Overhead Services | 32,693 | 90,027 | 47,614 | 42,994 | 68,984 | 77,837 | 80,815 | 11,831 | 48,122 |
| 5135 | Overhead Distribution Lines and Feeders - Right of Way | 76,238 | 76,205 | 49,327 | 61,137 | 66,096 | 67,059 | 68,586 | 2,490 | (7,651) |
| 5150 | Maintenance of Underground Conductors and Devices | 21,974 | 28,066 | 20,521 | 40,647 | 4,983 | 18,156 | 18,611 | 13,628 | (3,363) |
| 5155 | Maintenance of Underground Services | 48,737 | 74,472 | 48,842 | 79,086 | 83,282 | 99,956 | 103,853 | 20,571 | 55,116 |
| 5160 | Maintenance of Line Transformers | 33,026 | 49,575 | 30,779 | 36,566 | 34,235 | 32,799 | 33,776 | (459) | 749 |
| 5175 | Maintenance of Meters | 55,479 | 53,659 | 57,633 | 62,654 | 64,254 | 66,196 | 67,507 | 3,253 | 12,028 |
| 5305 | Supervision | 58,128 | 47,860 | 52,472 | 40,474 | 43,351 | 47,699 | 48,511 | 5,160 | (9,616) |
| 5310 | Meter Reading Expense | 134,052 | 100,847 | 104,999 | 135,841 | 113,993 | 117,502 | 125,749 | 11,756 | (8,303) |
| 5315 | Customer Billing | 323,653 | 286,457 | 360,498 | 373,170 | 421,610 | 457,315 | 505,935 | 84,325 | 182,282 |
| 5320 | Collecting | 91,910 | 61,764 | 89,393 | 83,426 | 82,470 | 96,894 | 98,568 | 16,098 | 6,658 |
| 5335 | Bad Debt Expense | 20,000 | 18,000 | 18,000 | (22,000) | 12,892 | 18,000 | 18,000 | 5,108 | (2,000) |
| 5340 | Miscellaneous Customer Accounts Expenses | 5,125 | 5,496 | 5,614 | 7,722 | 3,416 | 3,467 | 3,537 | 121 | (1,588) |
| 5425 | Miscellaneous Customer Service and Informational Expenses | 11,485 | 656 | 0 | 0 | 0 | 0 | 0 | 0 | (11,485) |
| 5605 | Executive Salaries and Expenses | 431,171 | 397,692 | 393,986 | 517,129 | 529,753 | 563,564 | 573,649 | 43,896 | 142,478 |
| 5610 | Management Salaries and Expenses | 15,574 | 16,413 | 43,360 | 91,440 | 96,567 | 87,277 | 88,807 | (7,760) | 73,234 |
| 5615 | General Administrative Salaries and Expenses | 164,354 | 149,422 | 96,584 | 91,950 | 94,692 | 102,436 | 104,200 | 9,506 | (60,155) |
| 5620 | Office Supplies and Expenses | 27,183 | 22,568 | 25,477 | 28,170 | 28,963 | 24,622 | 25,114 | (3,849) | (2,088) |
| 5630 | Outside Services Employed | 48,576 | 45,567 | 109,566 | 61,597 | 50,530 | 60,750 | 56,632 | 6,102 | 8,056 |
| 5635 | Property Insurance | 21,493 | 21,899 | 26,941 | 40,461 | 42,129 | 43,437 | 44,306 | 2,178 | 22,813 |
| 5640 | Injuries and Damages | 28,817 | 27,278 | 26,744 | 16,845 | 23,476 | 34,643 | 35,336 | 11,860 | 6,519 |
| 5645 | Employee Pensions and Benefits | 53,453 | 39,756 | 42,616 | 53,172 | 57,985 | 26,563 | 34,482 | (23,503) | (18,971) |
| 5655 | Regulatory Expenses | 82,151 | 182,476 | 46,356 | 51,796 | 61,299 | 55,488 | 99,578 | 38,279 | 17,427 |
| 5660 | General Advertising Expenses | 1,012 | 425 | 2,250 | 610 | 495 | 502 | 512 | 17 | (500) |
| 5665 | Miscellaneous General Expenses | 59,241 | 61,185 | 58,220 | 58,273 | 57,803 | 58,194 | 59,331 | 1,528 | 91 |
| 5675 | Maintenance of General Plant | (79,883) | 197,670 | 319,873 | 277,411 | 325,463 | 329,463 | 328,770 | 3,307 | 408,653 |
| 5680 | Electrical Safety Authority Fees | 5,264 | 5,309 | 5,400 | 5,551 | 5,786 | 5,873 | 5,990 | 204 | 726 |
| 6205 | Donations | 0 | 9,260 | 10,860 | 6,755 | 6,003 | 0 | 0 | (6,003) | 0 |
| 6205 | Sub-account LEAP Funding | 7,209 | 6,866 | 6,866 | 6,866 | 6,866 | 6,866 | 8,801 | 1,935 | 1,591 |
| | Total | 2,671,367 | 2,839,611 | 2,963,599 | 3,167,865 | 3,320,508 | 3,410,378 | 3,571,884 | 404,019 | 1,416,622 |

These aggregate to the summary categories of table 2-JA.

The table below provides NOTL Hydro's Operations, Maintenance and Administrative ("OM&A") costs shown on an FTE and a per customer basis as shown in Table Appendix 2-JL.

Table 4.13: OM&A Costs per FTE and Customer (Appendix 2-L)

| | 2019 Board Approved | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-----------------------------------|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| OM&A Costs | | | | | | | |
| O&M | \$ 1,161,400 | \$ 1,144,746 | \$ 1,127,524 | \$ 1,241,208 | \$ 1,254,966 | \$ 1,269,822 | \$ 1,306,077 |
| Admin Expenses | \$ 1,509,967 | \$ 1,685,606 | \$ 1,825,216 | \$ 1,919,903 | \$ 2,059,539 | \$ 2,140,556 | \$ 2,265,807 |
| Total Recoverable OM&A | \$ 2,671,367 | \$ 2,830,352 | \$ 2,952,740 | \$ 3,161,111 | \$ 3,314,505 | \$ 3,410,378 | \$ 3,571,884 |
| Number of Customers | 9,626 | 9,558 | 9,632 | 9,731 | 9,769 | 9,894 | 10,054 |
| Number of FTEs | 18.00 | 17.01 | 17.70 | 17.96 | 19.88 | 20.00 | 20.00 |
| Customers/FTEs | 534.78 | 561.83 | 544.28 | 541.91 | 491.33 | 494.72 | 502.70 |
| OM&A cost per customer | | | | | | | |
| O&M per customer | \$ 121 | \$ 120 | \$ 117 | \$ 128 | \$ 128 | \$ 128 | \$ 130 |
| Admin per customer | \$ 157 | \$ 176 | \$ 189 | \$ 197 | \$ 211 | \$ 216 | \$ 225 |
| Total OM&A per customer | \$ 278 | \$ 296 | \$ 307 | \$ 325 | \$ 339 | \$ 345 | \$ 355 |
| OM&A cost per FTE | | | | | | | |
| O&M per FTE | \$ 64,522 | \$ 67,289 | \$ 63,713 | \$ 69,122 | \$ 63,115 | \$ 63,491 | \$ 65,304 |
| Admin per FTE | \$ 83,887 | \$ 99,081 | \$ 103,138 | \$ 106,918 | \$ 103,578 | \$ 107,028 | \$ 113,290 |
| Total OM&A per FTE | \$ 148,409 | \$ 166,370 | \$ 166,851 | \$ 176,040 | \$ 166,693 | \$ 170,519 | \$ 178,594 |

OM&A per customer is driven by a number of variables:

- NOTL Hydro's customer base is not growing very quickly due to much of the Town being in the greenbelt. Therefore, as additional costs are incurred for regulatory and cost of business reasons (MIST meters, cyber security, locates, billing system), the cost per customer will rise. As NOTL Hydro still has the lowest rates in Niagara these costs are still being incurred on an efficient basis.
- NOTL Hydro has transformer assets that other LDCs do not. As these are considered distribution assets for rate setting their ongoing costs make the cost per customer not necessarily comparable with other LDCs.
- Inflation increases the OM&A per customer.

OM&A per FTE is also driven by a number of variables:

- Insourcing (locates, underground) or outsourcing (IT, bill printing) services will increase and decrease OM&A per FTE without necessarily changing the total cost.
- Getting access to skilled personnel through collaborative ventures such as the customer billing support from UCS or the new GIS resource through CHEC adds to OM&A costs but does not add FTEs even though the reality is they provide a part-time FTE.

2.4.3 OM&A Variance Analysis

NOTL Hydro has chosen to file its OM&A by USoA. Appendix 2-JD is included in the Chapter 2 appendices. For the purposes of the variance analysis, NOTL Hydro will use the major OM&A categories as per Appendix 2-JA as provided below.

Table 4.14: Summary of NOTL Hydro OM&A Expenses

| | 2019 BA | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Operations | \$711,610 | \$623,207 | \$717,525 | \$730,154 | \$767,087 | \$783,175 | \$792,135 |
| Maintenance | \$449,790 | \$521,538 | \$409,998 | \$511,054 | \$487,879 | \$486,646 | \$513,942 |
| Billing and Collecting | \$632,867 | \$520,425 | \$630,975 | \$618,632 | \$677,732 | \$740,878 | \$800,299 |
| Community Relations | \$11,485 | \$656 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Administrative and General | \$865,615 | \$1,164,525 | \$1,194,240 | \$1,301,271 | \$1,381,806 | \$1,399,678 | \$1,465,508 |
| Total | \$2,671,367 | \$2,830,352 | \$2,952,740 | \$3,161,111 | \$3,314,505 | \$3,410,378 | \$3,571,884 |
| %Change (year over year) | (7.6%) | 6.0% | 4.3% | 7.1% | 4.9% | 2.9% | 4.7% |

Historical 2019 OEB Approved versus 2019 Actual OM&A Expenses

Table 4.15: 2019 Approved and Historical NOTL Hydro OM&A Expenses

| | 2019 BA | 2019 | \$ Variance | % Variance |
|----------------------------|---------------------|---------------------|-------------------|-------------|
| Operations | \$ 711,610 | \$ 623,207 | \$ (88,403) | (12.4%) |
| Maintenance | \$ 449,790 | \$ 521,538 | \$ 71,748 | 16.0% |
| Operations & Maintenance | \$ 1,161,400 | \$ 1,144,746 | \$ (16,655) | (1.4%) |
| Billing and Collecting | \$ 632,867 | \$ 520,425 | \$ (112,442) | (17.8%) |
| Community Relations | \$ 11,485 | \$ 656 | \$ (10,828) | (94.3%) |
| Administrative and General | \$ 1,159,013 | \$ 1,164,525 | \$ 5,512 | 0.5% |
| 2019 Decision | \$ (293,398) | \$ - | \$ 293,398 | (100.0%) |
| Total | \$ 2,671,367 | \$ 2,830,352 | \$ 158,984 | 6.0% |

The 2019 decision included a reduction in the requested OM&A of \$293,398. No direction was provided on the allocation of this reduction, so NOTL Hydro has shown this as a single line item for the purposes of this variance analysis. NOTL Hydro's actual 2019 OM&A was \$134k lower than that originally requested as NOTL Hydro strove to meet the OM&A levels provided in the decision.

Operations and Maintenance – Together 2019 expenditures on operations and maintenance were \$17k or 1.4% above the requested balance. The allocation of operational expenditures between operating costs and capital will vary from year to year depending on conditions and customer driven work.

Billing and Collecting – The requested balance included an expected increase of \$57k in costs with Utilismart to provide increased access to data to our larger customers and facilitate the

movement to MIST meters. This increase was not included in the approved OM&A balance. NOTL Hydro still needed to implement Utilismart so that it could meet the OEB requirement for smart meters to all customers by 2020 and to provide our customers with this service. However, Utilismart was late in implementing the service so provided NOTL Hydro with a rebate of \$40k that was booked in 2019. 2019 billing and collecting costs were also significantly lower due to time spent on AFT and CDM programs by staff.

Administrative and General – Included in 2019 actual OM&A are regulatory costs that are \$100k higher than the OEB approved as they represent the actual costs in that year rather than the amortization of these costs over 5 years reflected in the OEB approved. After adjusting for this the actual administrative costs are \$95k lower than the OEB approved. Much of this was due to the capitalizing of executive costs associated with work on the new transformer project.

2019 versus 2020 OM&A Expenses

Table 4.16: 2019 and 2020 Historical NOTL Hydro OM&A Expenses

| | 2019 | 2020 | \$ Variance | % Variance |
|----------------------------|---------------------|---------------------|-------------------|-------------|
| Operations | \$ 623,207 | \$ 717,525 | \$ 94,318 | 15.1% |
| Maintenance | \$ 521,538 | \$ 409,998 | \$ (111,540) | (21.4%) |
| Operations & Maintenance | \$ 1,144,746 | \$ 1,127,524 | \$ (17,222) | (1.5%) |
| Billing and Collecting | \$ 520,425 | \$ 630,975 | \$ 110,550 | 21.2% |
| Community Relations | \$ 656 | \$ - | \$ (656) | 0.0% |
| Administrative and General | \$ 1,164,525 | \$ 1,194,240 | \$ 29,716 | 2.6% |
| Total | \$ 2,830,352 | \$ 2,952,740 | \$ 122,388 | 4.3% |

PEG adjusted inflation for NOTL Hydro for 2020 was 1.7%.

Operations and Maintenance – Combined operations and maintenance were down \$17k or 1.5% from 2019 to 2020. The allocation of operational expenditures between operating costs and capital will vary from year to year depending on conditions and customer driven work. All down time due to the pandemic was booked to administration thus reducing Operations and Maintenance costs. This also helped offset increased costs in locates of \$46k.

Billing and Collecting – Utilismart costs were understated in 2019 due to a \$40k credit from the supplier as the implementation was behind schedule for over a year. Overall, Utilismart costs increased by \$72k between 2019 and 2020 representing most of the increase. UCS costs

also increased by \$33k due to the one time cost of the shift in hosting from ITM to ERTM which significantly improved performance for customers accessing the portal.

Administrative and General – The actual increase is higher than the \$30k increase shown as regulatory costs were lower by \$135k. Most of this increase is attributable to pandemic related costs as all pandemic related down time was booked to administration.

2020 versus 2021 OM&A Expenses

Table 4.17: 2020 and 2021 Historical NOTL Hydro OM&A Expenses

| | 2020 | 2021 | \$ Variance | % Variance |
|----------------------------|---------------------|---------------------|-------------------|-------------|
| Operations | \$ 717,525 | \$ 730,154 | \$ 12,628 | 1.8% |
| Maintenance | \$ 409,998 | \$ 511,054 | \$ 101,056 | 24.6% |
| Operations & Maintenance | \$ 1,127,524 | \$ 1,241,208 | \$ 113,684 | 10.1% |
| Billing and Collecting | \$ 630,975 | \$ 618,632 | \$ (12,343) | (2.0%) |
| Community Relations | \$ - | \$ - | \$ - | 0.0% |
| Administrative and General | \$ 1,194,240 | \$ 1,301,271 | \$ 107,031 | 9.0% |
| Total | \$ 2,952,740 | \$ 3,161,111 | \$ 208,371 | 7.1% |

PEG adjusted inflation for NOTL Hydro for 2021 was 1.90%.

Operations and Maintenance – The time allocated between capital jobs was lower in 2021 due to the pandemic and time spent either at home (linemen were put on a rotating plan during the worst times of the pandemic) or focused more on service work.

Billing and Collecting – The bad debt expense was lower by \$40k in 2021 due to the reversal of part of the provision relating to one customer.

Administrative and General – Executive costs were no longer capitalized to the degree of 2019 and 2020 as the transformer project was completed.

2021 versus 2022 OM&A Expenses

Table 4.18: 2021 and 2022 Historical NOTL Hydro OM&A Expenses

| | 2021 | 2022 | \$ Variance | % Variance |
|----------------------------|---------------------|---------------------|-------------------|-------------|
| Operations | \$ 730,154 | \$ 767,087 | \$ 36,933 | 5.1% |
| Maintenance | \$ 511,054 | \$ 487,879 | \$ (23,175) | (4.5%) |
| Operations & Maintenance | \$ 1,241,208 | \$ 1,254,966 | \$ 13,759 | 1.1% |
| Billing and Collecting | \$ 618,632 | \$ 677,732 | \$ 59,100 | 9.6% |
| Community Relations | \$ - | \$ - | \$ - | - |
| Administrative and General | \$ 1,301,271 | \$ 1,381,806 | \$ 80,536 | 6.2% |
| Total | \$ 3,161,111 | \$ 3,314,505 | \$ 153,394 | 4.9% |

PEG adjusted inflation for NOTL Hydro for 2022 was 3.00%.

Operations and Maintenance – The net increase of \$14k or 1.1% is less than inflation.

Billing and Collecting – Bad debt expense was \$34k higher due to the large credit in 2021.

Administrative and General – The underground crew was also brought on at an operational and maintenance cost of \$28k.

Actual 2022 versus Bridge Year 2023 OM&A Expenses

Table 4.19: 2022 and 2024 NOTL Hydro OM&A Expenses

| | 2022 | 2023 | \$ Variance | % Variance |
|----------------------------|---------------------|---------------------|------------------|-------------|
| Operations | \$ 767,087 | \$783,175 | \$ 16,089 | 2.1% |
| Maintenance | \$ 487,879 | \$486,646 | \$ (1,233) | (0.3%) |
| Operations & Maintenance | \$ 1,254,966 | \$1,269,822 | \$ 14,855 | 1.2% |
| Billing and Collecting | \$ 677,732 | \$740,878 | \$ 63,145 | 9.3% |
| Community Relations | \$ - | \$0 | \$ - | 0.0% |
| Administrative and General | \$ 1,381,806 | \$1,399,678 | \$ 17,872 | 1.3% |
| Total | \$ 3,314,505 | \$ 3,410,378 | \$ 95,873 | 2.9% |

PEG adjusted inflation for NOTL Hydro for 2023 was 3.55%.

Operations and Maintenance – The increase of \$15k or 1.2% is less than the rate of inflation.

Billing and Collecting are expected to increase due to:

- Inflation including the wage increase of 5%
- Customer growth which will increase billing costs
- Rising input costs such as stationary and supplies

Administrative and General – The increase of 1.3% is less than the rate of inflation.

Bridge 2023 versus Test Year 2024 OM&A Expenses

Table 4.20: 2023 and 2024 NOTL Hydro OM&A Expenses

| | 2023 | 2024 | \$ Variance | % Variance |
|----------------------------|---------------------|---------------------|-------------------|-------------|
| Operations | \$ 783,175 | \$ 792,135 | \$ 8,960 | 1.1% |
| Maintenance | \$ 486,646 | \$ 513,942 | \$ 27,295 | 5.6% |
| Operations & Maintenance | \$ 1,269,822 | \$ 1,306,077 | \$ 36,255 | 2.9% |
| Billing and Collecting | \$ 740,878 | \$ 800,299 | \$ 59,422 | 8.0% |
| Community Relations | \$ - | \$ - | \$ - | - |
| Administrative and General | \$ 1,399,678 | \$ 1,465,508 | \$ 65,830 | 4.7% |
| Total | \$ 3,410,378 | \$ 3,571,884 | \$ 161,507 | 4.7% |

PEG adjusted inflation for NOTL Hydro for 2023 is estimated to be 4.85%.

Operations and Maintenance – The increase of \$36k or 2.9% is less than the rate of inflation.

Billing and Collecting are expected to increase due to:

- Inflation
- Customer growth which will increase billing costs
- A new customer facing system (Silverblaze) which will significantly improve the customer experience and replace the current Customer Connect system. As this system is hosted by a third party the costs of this upgrade are operating and not capital.

Administrative and General – The increase of 4.7% is less than the rate of inflation.

Actual 2019 versus Test Year 2024 OM&A Expenses

Table 4.21: Actual 2019 and 2024 NOTL Hydro OM&A Expenses

| | 2019 | 2024 | \$ Variance | % Variance |
|----------------------------|---------------------|---------------------|-------------------|--------------|
| Operations | \$ 623,207 | \$ 792,135 | \$ 168,928 | 27.1% |
| Maintenance | \$ 521,538 | \$ 513,942 | \$ (7,597) | (1.5%) |
| Operations & Maintenance | \$ 1,144,746 | \$ 1,306,077 | \$ 161,331 | 14.1% |
| Billing and Collecting | \$ 520,425 | \$ 800,299 | \$ 279,874 | 53.8% |
| Community Relations | \$ 656 | \$ - | \$ (656) | - |
| Administrative and General | \$ 1,164,525 | \$ 1,465,508 | \$ 300,984 | 25.8% |
| Total | \$ 2,830,352 | \$ 3,571,884 | \$ 741,533 | 26.2% |

PEG adjusted inflation for NOTL Hydro over these five years is estimated to be 15.9%.

Operations and Maintenance – The five-year increase of \$161k or 14.1% is slightly lower than the rate of inflation

Billing and Collecting has had the largest increase in costs over the five-year span:

- Most of the incremental costs of \$92k related to the Utilismart service is booked in billing and collecting as it relates to the interrogation of the meters and structuring that information in a useful manner to customers and NOTL Hydro. 2019 was understated due to a large credit.
- The benefits from the CDM and AFT programs of \$127k were realized in billing and collecting. Billing and collecting staff levels have not increased but in 2019 their duties included these services. As these programs finished the staff duties were switched to other billing and collecting functions such as more time spent on collections.
- Inflation which has been assumed to be 15.9%.
- Certain costs which are known to be rising faster than inflation including stationary supplies
- A new customer facing system (Silverblaze) which will significantly improve the customer experience and replace the current Customer Connect system. As this system is hosted by a third party the costs of this upgrade are operating and not capital.

Administrative and general costs have risen by 25.8% of which over half would be due to inflation.

In 2019 and 2020, administrative costs were reduced by the large amount of executive time spent

on and charged to the transformer projects. After 2020, very little executive time was spent on capital projects. The increase in cyber security costs is also booked to administration.

OEB Approved 2019 versus Test Year 2024 OM&A Expenses

Table 4.22: OEB Approved 2019 and 2024 NOTL Hydro OM&A Expenses

| | 2019 BA | 2024 | \$ Variance | % Variance |
|----------------------------|---------------------|---------------------|-------------------|--------------|
| Operations | \$ 711,610 | \$ 792,135 | \$ 80,525 | 11.3% |
| Maintenance | \$ 449,790 | \$ 513,942 | \$ 64,151 | 14.3% |
| Operations & Maintenance | \$ 1,161,400 | \$ 1,306,077 | \$ 144,676 | 12.5% |
| Billing and Collecting | \$ 632,867 | \$ 800,299 | \$ 167,432 | 26.5% |
| Community Relations | \$ 11,485 | \$ - | \$ (11,485) | (100.0%) |
| Administrative and General | \$ 1,159,013 | \$ 1,465,508 | \$ 306,496 | 26.4% |
| 2019 Decision | \$ (293,398) | \$ - | \$ 293,398 | (100.0%) |
| Total | \$ 2,671,367 | \$ 3,571,884 | \$ 900,517 | 33.7% |

PEG adjusted inflation for NOTL Hydro over these five years is estimated to be 15.9%.

Operations and Maintenance – The five-year increase of \$145k or 12.5% is lower than the rate of inflation.

Billing and collecting has had a large increase in costs over five-year span of 26.5% though over half would be inflation at 15.9%:

- The incremental costs related to the Utilismart service is booked in billing and collecting as relates to the interrogation of the meters and structuring that information in a useful manner to customers and NOTL Hydro. The large credit in 2019 was not included in the Board Approved spend.
- Some of the benefits from the CDM and AFT programs of \$127k were realized in billing and collecting and reflected in the Board Approved spend. Billing and collecting staff levels have not increased but in 2019 their duties included these services. As these programs finished the staff duties were switched to other billing and collecting functions such as more time spent on collections.
- Certain costs which are known to be rising faster than inflation including stationary supplies.

- A new customer facing system (Silverblaze) which will significantly improve the customer experience and replace the current Customer Connect system. As this system is hosted by a third party the costs of this upgrade are operating and not capital.

Administrative and general costs have risen by 26.4% of which over half would be due to inflation. In 2019 and 2020, administrative costs were reduced by the large amount of executive time spent on and charged to the transformer projects. After 2020, very little executive time was spent on capital projects. IFRS does not allow any general allocation of management time to projects; only direct time spent on the projects. The increase in cyber security costs is also booked to administration.

The reduction in approved spend from the 2019 Cost of Service is shown separately as was not allocated.

2.4.3.1 Workforce Planning and Employee Compensation

Overview

NOTL Hydro's overall compensation philosophy for all employees is designed to be competitive and equitable in order to attract and retain qualified personnel. The compensation package includes a base wage and benefits package as well as a bonus for certain management personnel. As NOTL Hydro states in the Principles on its website:

"We should hire the best employees possible and have the best working environment. Motivated and intelligent employees will always provide the best service and, in the long run, at the lowest cost."

NOTL Hydro currently has 20 staff. This is an increase from 17 staff in 2019. The increase in staff is all due to replacing outsourced services with inhouse services due to cost, quality and service issues. This includes one locator and a two-man underground service crew. There are currently no plans for any increase in the workforce. Consideration is being given to bringing boring in-house in the same manner as the underground work, but no decision has been made. There are no planned increases due to growth and no planned changes in the general compensation strategy and benefits packages.

Staffing and Compensation

The number of employees is based on the computation of the number of full-time equivalent (FTE) positions throughout each of the years. A position that was added in a particular calendar year is counted as a portion of an FTE in that calendar year based on the start date of the position.

The salaries and wages amounts include all salaries and wages paid, inclusive of overtime, vacations, holidays, sick leave, bereavement leave, and bonuses. The benefits amount includes the employer's portion of statutory benefits (CPP, EI and EHT), employer contributions to OMERS and WSIB and NOTL Hydro's costs for providing extended health care, dental, long-term disability and life insurance for its employees.

The tables below detail NOTL Hydro's employee compensation (Appendix 2-K) and a breakdown of pension and OPEB amounts included in OM&A and Capital.

Table 4.23: Employee Compensation

| | Board Approved 2019 | Actual 2019 | Actual 2020 | Actual 2021 | Actual 2022 | Actual 2023 | Actual 2024 |
|--|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Number of Employees (FTEs including Part-Time) | | | | | | | |
| Management (including executive) | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Non-Management (union and non-union) | 12 | 11 | 11 | 12 | 14 | 14 | 14 |
| Total | 18 | 17 | 18 | 18 | 20 | 20 | 20 |
| Total Salary and Wages including overtime and incentive pay | | | | | | | |
| Management (including executive) | \$665,494.02 | \$667,929.30 | \$673,664.00 | \$740,083.44 | \$752,492.17 | \$797,073.81 | \$812,218.21 |
| Non-Management (union and non-union) | \$995,910.22 | \$954,378.50 | \$1,070,458.95 | \$1,044,468.77 | \$1,250,148.47 | \$1,302,035.23 | \$1,326,978.23 |
| Total | \$1,661,404.24 | \$1,622,307.80 | \$1,744,122.95 | \$1,784,552.21 | \$2,002,640.64 | \$2,099,109.04 | \$2,139,196.44 |
| Total Benefits (Current + Accrued) | | | | | | | |
| Management (including executive) | \$150,441.97 | \$156,520.33 | \$158,619.47 | \$182,780.47 | \$188,260.65 | \$201,764.35 | \$203,833.69 |
| Non-Management (union and non-union) | \$230,564.98 | \$223,645.88 | \$252,047.95 | \$257,955.37 | \$312,765.73 | \$329,585.91 | \$333,017.49 |
| Total | \$381,006.95 | \$380,166.21 | \$410,667.42 | \$440,735.84 | \$501,026.38 | \$531,350.27 | \$536,851.18 |
| Total Compensation (Salary, Wages, & Benefits) | | | | | | | |
| Management (including executive) | \$815,935.99 | \$824,449.63 | \$832,283.47 | \$922,863.91 | \$940,752.82 | \$998,838.16 | \$1,016,051.90 |
| Non-Management (union and non-union) | \$1,226,475.20 | \$1,178,024.38 | \$1,322,506.90 | \$1,302,424.14 | \$1,562,914.20 | \$1,631,621.14 | \$1,659,995.72 |
| Total | \$2,042,411.19 | \$2,002,474.01 | \$2,154,790.37 | \$2,225,288.05 | \$2,503,667.02 | \$2,630,459.30 | \$2,676,047.62 |
| Total Compensation (Capital, OM&A) | | | | | | | |
| OM&A | \$1,469,999.06 | \$1,309,735.51 | \$1,391,063.52 | \$1,582,736.64 | \$1,639,492.62 | \$1,748,581.15 | \$1,778,959.27 |
| Capital & Billable | \$572,412.12 | \$692,738.50 | \$763,726.85 | \$642,551.41 | \$864,174.40 | \$881,878.15 | \$897,088.35 |
| Total | \$2,042,411.19 | \$2,002,474.01 | \$2,154,790.37 | \$2,225,288.05 | \$2,503,667.02 | \$2,630,459.30 | \$2,676,047.62 |

Table 4.24: Pension and OPEB

| | Board Approved 2019 | Actual 2019 | Actual 2020 | Actual 2021 | Actual 2022 | Bridge 2023 | Test 2024 |
|---------------------------------------|------------------------|----------------|----------------|----------------|----------------|----------------|--------------|
| Other Post-Employment Benefits | | | | | | | |
| OM&A | \$53,453 | \$39,756 | \$42,616 | \$53,172 | \$57,985 | \$26,563 | \$34,482 |
| Capital & Billable | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total | \$53,453 | \$39,756 | \$42,616 | \$53,172 | \$57,985 | \$26,563 | \$34,482 |
| OMERs Pension | | | | | | | |
| OM&A | \$122,142 | \$102,151 | \$115,367 | \$131,651 | \$125,960 | \$133,813 | \$135,792 |
| Capital & Billable | \$47,562 | \$54,029 | \$63,339 | \$53,447 | \$66,394 | \$67,487 | \$68,477 |
| Total | \$169,703 | \$156,181 | \$178,706 | \$185,098 | \$192,354 | \$201,301 | \$204,268 |

Compensation – Union

NOTL Hydro is a unionized company. Non-management staff are members of IBEW Local 636 and their wages are subject to the union agreements. There are two agreements: one for line and

1 engineering staff and one for office workers. However, the agreements are kept identical other
2 than specific provisions that apply to one group or the other. The five-year time period of this
3 analysis is covered by two collective agreements: 2016-2020 and 2020-2026. The following are
4 the annual wage increases built into the agreements:

6 **Table 4.25: Annual Wage Increases under Union Contract**

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|----------------------|------|-------|-------|------|------|------|
| Annual Wage Increase | 2.0% | 2.15% | 2.15% | 2.0% | 2.0% | 1.9% |

8 The collective agreements have been attached as Appendix 4A.

9
10 In 2023, the Board of Directors authorized an additional increase of 3% on top of the contractual
11 2% increase to adjust for the rising rate of inflation. The following table and chart compares the
12 rate of inflation (CPI) to the collective agreement rate increases and NOTL Hydro rates for the
13 period 2016-2022.

14 **Table 4.26: Annual Inflation Comparison**

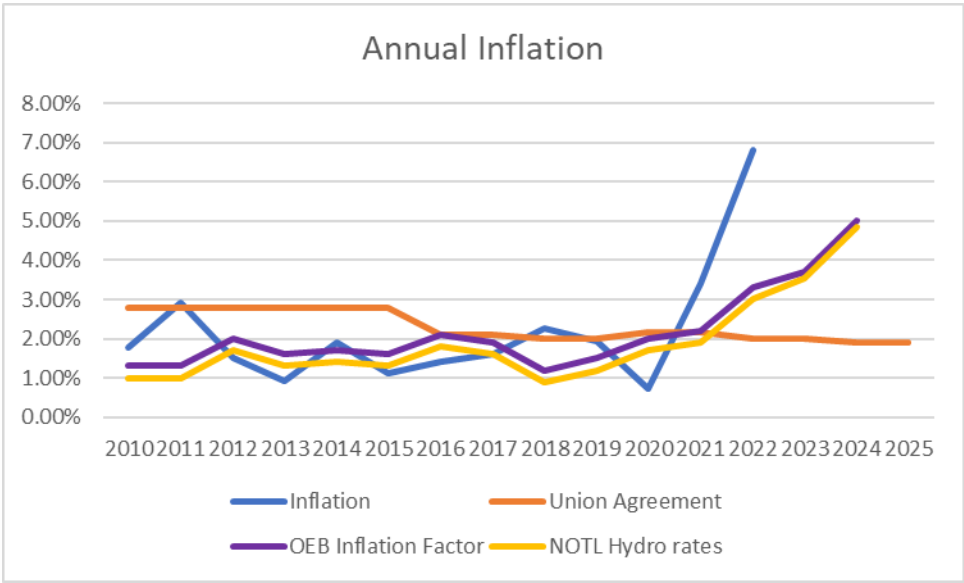


Table 4.27: Annual Inflation Comparison

| | 2016-2022 |
|--|-----------|
| Rate of inflation (CPI) | 18.17% |
| Collective agreement rate increases (excluding the 2023 adjustment) | 14.50% |
| OEB inflation | 14.20% |
| NOTL Hydro rate increases (based solely on OEB inflation less the productivity factor) | 12.10% |

NOTL Hydro could have just stuck by the terms of the collective agreements. However, this was just considered to be a short-term gain which would result in much higher costs in the future. By recognizing the dealing with the effects of inflation now valuable staff are retained, trust is maintained, and a significant issue is removed from future collective agreement bargaining.

Compensation - Management

Management staff receive the same wage increase as unionized staff, but they also receive a bonus of 10-15% of pay based on a combination of personal and company performance. Management staff may also receive a wage adjustment to keep their wages competitive or to reflect the changes in their responsibilities. Changes in personnel may also affect the pay for a given management position. The annual increases will therefore often be higher overall than the contract increase.

Annual Variances

Table 4.28: Total Compensation

| | 2019 BA | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-----------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Total | \$2,042.4 | \$2,002.5 | \$2,154.8 | \$2,225.3 | \$2,503.7 | \$2,630.5 | \$2,676.0 |
| % change | - | (2.0%) | 7.6% | 3.3% | 12.5% | 5.1% | 1,7% |

Board Approved 2019 – Actual 2019 – The actual cost in 2019 was lower due to some timing gaps in union staff due to turnover and maternity leaves.

Actual 2019 – Actual 2020 – Total cost was up 7.6% due to the wage increase of 2.15% and the hiring of a Locator.

Actual 2020 - Actual 2021 – Total cost was up 3.3% due to a wage increase of 2.15% and benefit costs which were up 7%.

Actual 2021 – Actual 2022 – Total cost was up 12.5% due to wage increases of 2%, benefit costs which were up by 14% and the hiring of two additional staff for construction services.

Actual 2022- Bridge Year 2023 – Total cost is expected to be 5.1% higher in 2023 due to the 5% wage increase granted to both union and management staff.

Bridge Year 2023 – Test Year 2024 - Total cost is expected to rise 1.7% which is less than the 2.00% wage increase under the union contract.

Benefits

A comprehensive and competitive benefits package exists which includes health and dental insurance, life insurance, long-term disability, vacation and leave policies. The plans are designed to address the health and well-being of employees. Most of the benefits provided are included in the agreement with the staff union. All employees are expected to participate in the OMERS pension fund unless they request exclusion and this is approved. Only one employee is currently not in OMERS but they fully participated with a previous employer. Post-retirement benefits are only provided to employees who retire before the age of 65 and only up to the age of 65.

A detailed summary of benefit program costs is presented below in the table below:

Table 4.29: Benefit Expenses

| Employee benefits | 2019 BA | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| CPP | | 47,888.12 | 53,336.21 | 60,856.17 | 70,485.58 | 74,018.00 | 76,398.00 |
| EI | | 21,127.45 | 22,122.30 | 23,996.74 | 26,897.72 | 28,068.60 | 28,616.28 |
| OMERS | | 156,180.81 | 178,705.92 | 185,097.87 | 192,354.08 | 201,300.69 | 204,268.28 |
| RRSP | | 5,872.90 | 4,647.10 | 10,643.40 | 12,535.05 | 14,774.45 | 15,154.57 |
| Life Insurance | | 6,092.79 | 6,692.06 | 5,699.29 | 7,247.91 | 8,161.21 | 8,316.28 |
| Health and Dental | | 77,854.55 | 77,827.72 | 78,413.65 | 113,743.10 | 119,692.67 | 117,296.53 |
| WSIB | | 14,621.89 | 14,512.68 | 15,185.24 | 7,855.42 | 13,555.15 | 13,679.78 |
| Employee Health Tax | | 32,841.60 | 34,775.59 | 35,859.51 | 40,089.70 | 39,395.70 | 40,113.99 |
| EAP service | | 1,674.63 | 848.00 | 864.00 | 948.00 | 1,200.00 | 1,200.00 |
| Long Term Disability | | 16,011.47 | 17,199.84 | 24,119.97 | 28,869.82 | 31,183.80 | 31,807.48 |
| Total | 381,007.00 | 380,166.21 | 410,667.42 | 440,735.84 | 501,026.38 | 531,350.27 | 536,851.18 |
| | | 0% | 8% | 7% | 14% | 6% | 1% |

Total company benefits have increase 41.2% from 2019 to 2024. The biggest benefit is OMERS which accounts for 38% of all benefits. OMERS has increased by 31% over this time period and CPP increased by 60%. These two accounted for most of the benefit cost increase. Benefits are expensed on an accrual basis. Some of this increase will be due to the increased headcount (15%) and to inflation (15.9%) but most is due to uncontrollable rising costs above inflation.

Pension

The employees of NOTL Hydro participate in the OMERS retirement plan. Therefore, the pension benefits provided to the employees of NOTL Hydro are consistent with the pension benefits provided to employees of other LDCs. The cost of OMERS is based on the earnings of the employee so as salaries and wages increase then so does the cost of OMERS. Pensions are accounted for on an accrual basis based on OMERS rates. As part of OMERS, NOTL Hydro does not have the data or requirement for pension accounting.

Other Post-Employment Retirement Benefits (OPEBs)

NOTL Hydro has limited OPEBs. The most recent actuarial evaluation of these benefits is attached as Appendix 4B. The costs in the report are those used in the bridge and test year.

Employee Staffing Levels (annual average)

Table 4.30: Employee Staffing Levels

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-----------|-------|-------|-------|-------|-------|-------|
| Exec | 3.00 | 2.71 | 2.90 | 3.00 | 3.00 | 3.00 |
| Mgmt | 2.53 | 3.50 | 3.18 | 3.00 | 3.00 | 3.00 |
| Union | 10.20 | 10.49 | 11.03 | 13.84 | 14.00 | 14.00 |
| Non Union | 1.28 | 1.00 | 0.85 | 0.05 | 0.00 | 0.00 |
| Total | 17.01 | 17.70 | 17.96 | 19.88 | 20.00 | 20.00 |

Changes in Staff Levels

The staffing level of 17 represented the targeted level of executive, management and union staff. Non-union staff were hired to assist during maternity leaves.

In 2020, a Locator was added. The cost of the outside service provider was growing and the backlog of locates was very high affecting performance. Locates were often six weeks or more behind schedule. This was affecting customers and productivity as certain work could not commence without the locates. Demand for locates was also rising due to the increased installations of broadband services by the telecom companies. The per unit cost of a locate was increasing and expected to continue to increase.

The Town of Niagara-on-the-Lake was having the same issue with their water, sewer and streetlight locates. Individually, neither NOTL Hydro nor the Town had enough volume to justify hiring a Locator but together the volume was sufficient. The Locator was hired by NOTL Hydro but all his time and costs are charged on a full cost basis to the affiliate company. NOTL Hydro

1 benefits due to the coverage of some overhead costs. The rate charged by the affiliate is also
2 lower than that charged by the previous service provider so NOTL Hydro and the Town have
3 lower costs.

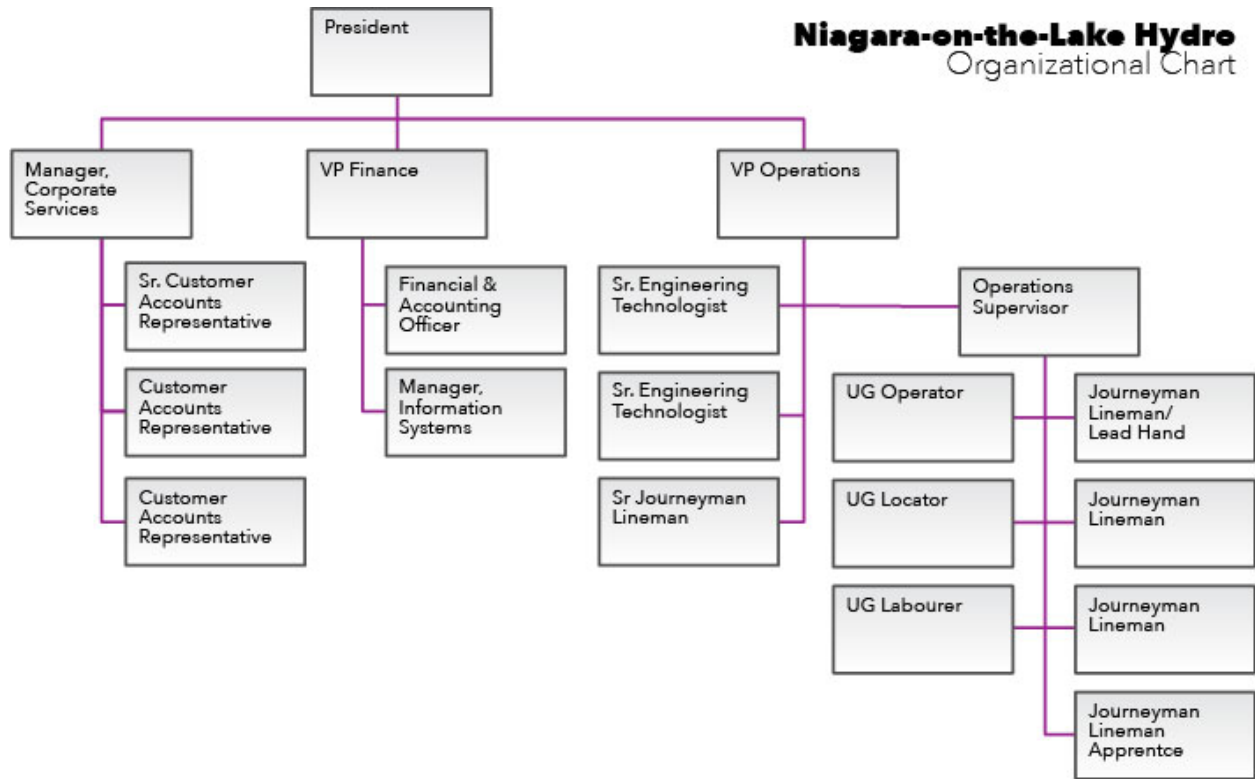
4
5 In 2022, two new underground service staff were hired. This decision was made for a number of
6 reasons:

- 7 • The contractor who provided this service previously was going bankrupt and other service
8 providers did not have the flexibility and response times needed as were not as local.
- 9 • By bringing this service in-house, NOTL Hydro was able to improve service levels as the
10 staff could be more easily directed to the jobs required.
- 11 • Having these skills inhouse provides greater flexibility in adapting to the needs of our
12 customers.
- 13 • NOTL Hydro now has enough customer and internally driven work to keep this crew fully
14 occupied.
- 15 • The overall cost on an hourly basis was lower resulting in savings.

16
17 The only real downside was the IFRS requirement to book any time not on customer jobs (training,
18 etc.) to operating costs while with an outside service all the costs would be capital.

19
20 No new staff are currently contemplated but this will be reviewed periodically based on growth
21 and needs. One consideration is the hiring of boring staff similar to the underground service crew.
22 This will be evaluated based on costs, demand and service levels. Another consideration maybe
23 additional clerical staff if the crypto-currency customer reaches planned demand levels over 20
24 MW as this will create additional workload and revenue.

Table 4.31: NOTL Hydro's Current Structure (effective January 1st 2023)



2.4.3.2 Shared Services and Corporate Cost Allocation

NOTL Hydro has two affiliates: Niagara-on-the-Lake Energy Inc. (NOTL Energy) and Energy Services Niagara Inc. (ESNI).

NOTL Energy is a holding company that has no active operations or revenue. Its only expenses are those it directly incurs as a corporate entity: corporate insurance and auditor charges for the preparation of the annual tax return.

ESNI is a subsidiary of NOTL Energy and a sister company to NOTL Hydro. The non-regulated activities of NOTL Energy are conducted within ESNI. During the period from 2019-2024 these have included: water billing services on behalf of the Town of Niagara-on-the-Lake, solar generation and locates services. ESNI has no direct employees so all services supplied by NOTL Hydro staff are billed to ESNI on a cost plus basis.

This arrangement is beneficial to both NOTL Hydro and the Town. By sharing the locates and billing services NOTL Hydro is able to staff these functions at levels it otherwise would not be able to. This is beneficial to customers from a cost perspective. The combined billing of electricity and water and the combined locates of hydro, sewer, streetlights and water is also beneficial to customers in terms of both levels of service and cost.

The full costs of shared services and corporate cost allocations are not booked to Other Revenue but are all credited against the OM&A costs. The mark-up on those costs is booked to Other Revenue.

The following is a breakdown of the services supplied to ESNI by year (Appendix 2-N):

Table 4.32: Services to ESNI (2019-2024)

Year: 2019

Shared Services

| Name of Company | | Service Offered | Pricing Methodology | Price for the Service | Cost for the Service | Allocation |
|-------------------------------|---------------------|---|---------------------|-----------------------|----------------------|--|
| From | To | | | | | |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Water Billing- Customer Service- Billing/collecting/Account Inquiries/Reports/Water reads | Cost-Base | \$82,912.75 | \$69,641.10 | Service Cost is marked up as follows: Labour 20%, Truck 10%, Material 10%, Contractor 10% Accounts Payable Misc. 10% |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Administrative payroll - Finance-Accounts Payable/Receivable, Account Reconciliations, Payroll/Solar Panel- Engineering | Cost-Base | \$3,216.70 | \$2,672.07 | Service Cost is marked up as follows: Labour 20%, Truck 10%, Material 10%, Contractor 10% Accounts Payable Misc. 10% |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Water Bills- Printed/Cancelled bills | Cost-Base | \$47,063.32 | \$47,063.32 | # of bills printed/cancelled (proportion related to water bills) cost of bill print. |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Water Meters - verifying meter installs, water reads for billing for water | Cost-Base | \$11,474.87 | \$11,474.87 | Pass-through of part of Sensus invoice related to water - no mark-up |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Administrative Expenses- Mtce. General Plant, Property Taxes, Property Insurance | Cost-Base | \$10,943.81 | \$9,948.84 | 3.57% of building maint., property taxes, and property insurance plus 10% mark-up |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Board Of Directors-Payroll | Cost-Base | \$8,400.00 | \$8,400.00 | 2 members x \$250 + 2 @ \$100 per meeting |

Corporate Cost Allocation

| Name of Company | | Service Offered | Pricing Methodology | % of Corporate |
|-------------------------------|---------------------|--|---------------------|----------------|
| From | To | | | |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Administrative Expenses- Mtce. General Plant, Property Taxes, Property Insurance | Cost-Base | 3.57% |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Board Of Directors-Payroll | Cost-Base | 29% |

Year: 2020

Shared Services

| Name of Company | | Service Offered | Pricing Methodology | Price for the Service | Cost for the Service | Allocation |
|-------------------------------|---------------------|---|---------------------|-----------------------|----------------------|--|
| From | To | | | | | |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Water Billing- Customer Service- Billing/collecting/Account Inquiries/Reports/Water reads | Cost-Base | \$86,865.70 | \$72,954.65 | Service Cost is marked up as follows: Labour 20%, Truck 10%, Material 10%, Contractor 10% Accounts Payable Misc. 10% |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Administrative payroll - Finance-Accounts Payable/Receivable, Account Reconciliations, Payroll/Solar Panel- Engineering | Cost-Base | \$4,351.76 | \$3,626.38 | Service Cost is marked up as follows: Labour 20%, Truck 10%, Material 10%, Contractor 10% Accounts Payable Misc. 10% |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Water Bills- Printed/Cancelled bills | Cost-Base | \$53,215.78 | \$53,215.78 | # of bills printed/cancelled (proportion related to water bills) cost of bill print. |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Water Meters - verifying meter installs, water reads for billing for water | Cost-Base | \$11,794.52 | \$11,794.52 | Pass-through of part of Sensus invoice related to water - no mark-up |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Administrative Expenses- Mtce. General Plant, Property Taxes, Property Insurance | Cost-Base | \$10,498.94 | \$9,544.56 | 3.57% of building maint., property taxes, and property insurance plus 10% mark-up |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Locates | Cost-Base | \$77,386.57 | \$69,325.25 | Service Cost is marked up as follows: Labour 20%, Truck 10%, Material 10%, Contractor 10% Accounts Payable Misc. 10% |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Board Of Directors-Payroll | Cost-Base | \$8,400.00 | \$8,400.00 | 2 members x \$250 + 2 @ \$100 per meeting |

Corporate Cost Allocation

| Name of Company | | Service Offered | Pricing Methodology | % of Corporate |
|-------------------------------|---------------------|--|---------------------|----------------|
| From | To | | | |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Administrative Expenses- Mtce. General Plant, Property Taxes, Property Insurance | Cost-Base | 3.57% |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Board Of Directors-Payroll | Cost-Base | 29% |

Year: 2021

Shared Services

| Name of Company | | Service Offered | Pricing Methodology | Price for the Service | Cost for the Service | Allocation |
|-------------------------------|---------------------|---|---------------------|-----------------------|----------------------|--|
| From | To | | | \$ | \$ | |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Water Billing- Customer Service-Billing/collecting/Account Inquiries/Reports/Water reads | Cost-Base | \$124,771.35 | \$104,490.69 | Service Cost is marked up as follows: Labour 20%, Truck 10%, Material 10%, Contractor 10% Accounts Payable Misc. 10% |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Administrative payroll - Finance-Accounts Payable/Receivable, Account Reconciliations, Payroll/Solar Panel- Engineering | Cost-Base | \$5,425.71 | \$4,521.43 | Service Cost is marked up as follows: Labour 20%, Truck 10%, Material 10%, Contractor 10% Accounts Payable Misc. 10% |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Water Bills- Printed/Cancelled bills | Cost-Base | \$49,755.70 | \$49,755.70 | # of bills printed/cancelled (proportion related to water bills) cost of bill print. |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Water Meters - verifying meter installs, water reads for billing for water | Cost-Base | \$12,105.91 | \$12,105.91 | Pass-through of part of Sensus invoice related to water - no mark-up |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Administrative Expenses- Mtce. General Plant, Property Taxes, Property Insurance | Cost-Base | \$10,770.36 | \$9,791.16 | 3.59% of building maint., property taxes, and property insurance plus 10% mark-up |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Locates | Cost-Base | \$171,798.12 | \$149,263.82 | Service Cost is marked up as follows: Labour 20%, Truck 10% - no markup on pass through invoices |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Board Of Directors-Payroll | Cost-Base | \$8,400.00 | \$8,400.00 | 2 members x \$250 + 2 @ \$100 per meeting |

Corporate Cost Allocation

| Name of Company | | Service Offered | Pricing Methodology | % of Corporate |
|-------------------------------|---------------------|--|---------------------|----------------|
| From | To | | | % |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Administrative Expenses- Mtce. General Plant, Property Taxes, Property Insurance | Cost-Base | 3.59% |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Board Of Directors-Payroll | Cost-Base | 29% |

Year: 2022

Shared Services

| Name of Company | | Service Offered | Pricing Methodology | Price for the Service | Cost for the Service | Allocation |
|-------------------------------|---------------------|---|---------------------|-----------------------|----------------------|--|
| From | To | | | \$ | \$ | |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Water Billing- Customer Service-Billing/collecting/Account Inquiries/Reports/Water reads | Cost-Base | \$114,966.30 | \$96,326.89 | Service Cost is marked up as follows: Labour 20%, Truck 10%, Material 10%, Contractor 10% Accounts Payable Misc. 10% |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Administrative payroll - Finance-Accounts Payable/Receivable, Account Reconciliations, Payroll/Solar Panel- Engineering | Cost-Base | \$4,850.78 | \$4,042.31 | Service Cost is marked up as follows: Labour 20%, Truck 10%, Material 10%, Contractor 10% Accounts Payable Misc. 10% |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Water Bills- Printed/Cancelled bills | Cost-Base | \$53,428.83 | \$53,428.83 | # of bills printed/cancelled (proportion related to water bills) cost of bill print. |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Water Meters - verifying meter installs, water reads for billing for water | Cost-Base | \$12,741.26 | \$12,741.26 | Pass-through of part of Sensus invoice related to water - no mark-up |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Administrative Expenses- Mtce. General Plant, Property Taxes, Property Insurance | Cost-Base | \$10,896.83 | \$9,906.24 | 3.56% of building maint., property taxes, and property insurance plus 10% mark-up |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Locates | Cost-Base | \$167,060.74 | \$145,607.89 | Service Cost is marked up as follows: Labour 20%, Truck 10% - no markup on pass through invoices |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Board Of Directors-Payroll | Cost-Base | \$8,400.00 | \$8,400.00 | 2 members x \$250 + 2 @ \$100 per meeting |

Corporate Cost Allocation

| Name of Company | | Service Offered | Pricing Methodology | % of Corporate |
|-------------------------------|---------------------|--|---------------------|----------------|
| From | To | | | % |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Administrative Expenses- Mtce. General Plant, Property Taxes, Property Insurance | Cost-Base | 3.56% |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Board Of Directors-Payroll | Cost-Base | 29% |

Year: 2023

Shared Services

| Name of Company | | Service Offered | Pricing Methodology | Price for the Service | Cost for the Service | Allocation |
|-------------------------------|---------------------|---|---------------------|-----------------------|----------------------|--|
| From | To | | | \$ | \$ | |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Water Billing- Customer Service- Billing/collecting/Account Inquiries/Reports/Water reads | Cost-Base | \$146,084.99 | \$122,007.49 | Service Cost is marked up as follows: Labour 20%, Truck 10%, Material 10%, Contractor 10% Accounts Payable Misc. 10% |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Administrative Expenses- Mtce. General Plant, Property Taxes, Property Insurance | Cost-Base | \$5,690.93 | \$4,742.44 | Service Cost is marked up as follows: Labour 20%, Truck 10%, Material 10%, Contractor 10% Accounts Payable Misc. 10% |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Water Bills- Printed/Cancelled bills | Cost-Base | \$59,653.31 | \$54,230.28 | # of bills printed/cancelled (proportion related to water bills) cost of bill print. |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Water Meters - verifying meter installs, water reads for billing for water | Cost-Base | \$12,741.26 | \$12,741.26 | Pass-through of part of Sensus invoice related to water - no mark-up |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Administrative Expenses- Mtce. General Plant, Property Taxes, Property Insurance, Audit Fees, Office Supplies | Cost-Base | \$10,896.86 | \$9,906.24 | 0.0354% on mtce. of building, property taxes, property insurance plus 10% mark-up |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Locates | Cost-Base | \$317,875.75 | \$286,921.67 | Service Cost is marked up as follows: Labour 20%, Truck 10% - no markup on pass through invoices |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Board Of Directors-Payroll | Cost-Base | \$8,400.00 | \$8,400.00 | 2 members x \$250 + 2 @ \$100 per meeting |

Corporate Cost Allocation

| Name of Company | | Service Offered | Pricing Methodology | % of Corporate |
|-------------------------------|---------------------|--|---------------------|----------------|
| From | To | | | % |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Administrative Expenses- Mtce. General Plant, Property Taxes, Property Insurance | Cost-Base | 3.54% |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Board Of Directors-Payroll | Cost-Base | 29% |

Year: 2024

Shared Services

| Name of Company | | Service Offered | Pricing Methodology | Price for the Service | Cost for the Service | Allocation |
|-------------------------------|---------------------|---|---------------------|-----------------------|----------------------|--|
| From | To | | | \$ | \$ | |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Water Billing- Customer Service- | Cost-Base | \$148,460.58 | \$123,987.15 | Service Cost is marked up as follows: Labour 20%, |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Administrative payroll - Finance-Accounts Payable/Receivable, Account Reconciliations, Payroll/Solar Panel- Engineering | Cost-Base | \$5,787.57 | \$4,822.98 | Service Cost is marked up as follows: Labour 20%, Truck 10%, Material 10%, Contractor 10% Accounts Payable Misc. 10% |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Water Bills- Printed/Cancelled bills | Cost-Base | \$60,846.36 | \$55,314.87 | # of bills printed/cancelled (proportion related to water bills) cost of bill print. |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Water Meters - verifying meter installs, water reads for billing for water | Cost-Base | \$12,996.09 | \$12,996.09 | Pass-through of part of Sensus invoice related to water - no mark-up |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Administrative Expenses- Mtce. General Plant, Property Taxes, Property Insurance | Cost-Base | \$11,114.80 | \$10,104.36 | 0.0354% on mtce. of building, property taxes, property insurance plus 10% mark-up |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Locates | Cost-Base | \$324,233.27 | \$292,660.10 | Service Cost is marked up as follows: Labour 20%, Truck 10% - no markup on pass through invoices |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Board Of Directors-Payroll | Cost-Base | \$8,400.00 | \$8,400.00 | 2 members x \$250 + 2 @ \$100 per meeting |

Corporate Cost Allocation

| Name of Company | | Service Offered | Pricing Methodology | Corporate Costs |
|-------------------------------|---------------------|--|---------------------|-----------------|
| From | To | | | % |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Administrative Expenses- Mtce. General Plant, Property Taxes, Property Insurance | Cost-Base | 3.54% |
| Niagara-on-the-Lake Hydro Inc | Energy Services Inc | Board Of Directors-Payroll | Cost-Base | 29% |

The following table provides a comparison of shared services between the OEB approved 2019, the actual 2022 and the test year 2024:

Table 4.33: Services to ESNI Comparisons

| Service | 2019 OEB Approved | 2022 Actual | 2024 Proposed |
|------------------------------|-------------------|------------------|------------------|
| Water heaters rental support | \$2,103 | | - |
| Water and wastewater billing | \$141,871 | \$181,136 | \$222,303 |
| Locates | - | \$167,061 | \$324,233 |
| Administration | \$6,517 | \$15,748 | \$16,903 |
| Board of Directors | \$8,400 | \$8,400 | \$8,400 |
| Total | \$158,891 | \$372,345 | \$571,839 |

The water and wastewater billing services have increased over time with the growth in the number of customers and increases in the staff wages.

Locates are a new service offered for the first time in 2020. By providing this service to the Town of Niagara-on-the-Lake the bringing of this service inhouse became viable and has resulted in significantly improved service for NOTL Hydro customers and contractors.

Administration is an allocation of overhead including premises, insurance and other similar charges.

Four of the Board members are on the Board of ESNI and NOTL Energy. Technically they are paid by ESNI but as ESNI has no employees and no payroll system the costs flow through NOTL Hydro.

2.4.3.3 Purchases of Non-Affiliate Services

NOTL Hydro purchases equipment, materials, and services in a cost-effective manner with full consideration given to price as well as product quality, the ability to deliver on time, reliability, compliance with engineering specifications and quality of service. In making purchase decisions, NOTL Hydro also considers the “total acquisition cost” (i.e. value for money) rather than the lowest bid, and this includes, but limited to such factors as repairs, staff training, compatibility, warranty, trade-in values, recycling and safe environmental disposal.

Vendors are screened to ensure knowledge, reputation, and the capability to meet NOTL Hydro’s needs. The procurement of goods and/or services for NOTL Hydro is carried out with highest of ethical standards and consideration to the public nature of the expenditures. NOTL Hydro has a

Purchasing and Procurement Policy that the company adheres to and a copy of this policy is attached as Appendix 4C.

All substantial purchases of goods and services must be approved by the Board of Directors of NOTL Hydro as presented in the annual Operating and Capital budgets. Formal Board of Director's approval of the annual Operating and Capital budgets constitutes financial approval to proceed with the procurement process. Budget amendments, capital expenditures not yet approved in the budget or special expenditures must be supported by a Resolution by the Board of Directors. The Resolution shall specify the purpose of the expenditure and the funding source.

All payments for goods and services over \$50,000 require the signature of a Board member. The only exceptions are what are considered non-controllable, regular expenditures such as taxes, interest and payments on debt, IESO invoices and payments to the Town of Niagara-on-the-Lake in the regular course of business (primarily collections on water invoices).

When goods or services are tendered, a Tender/Request for Proposal or a Request for Quote will be issued to a minimum of three vendors, if availability permits.

No material transactions were undertaken during the historical period that were not in compliance with the policy.

In 2020, NOTL Hydro was the victim of a fraud involving one of its executives and the falsification of invoices. The fraud was established in a manner that conformed to the purchasing policy. All the fraudulently acquired funds were repaid to NOTL Hydro and a new procedure was implemented requiring approval of all existing and new vendors before any payment can be made. VP Finance and President approval is required of all new vendors that are not able to provide the supporting documentation requested proving they are a bonafide supplier (website, physical address and HST number verification).

2.4.3.4 One-time Costs

The only noteworthy one-time cost included in the 2024 test year OM&A is the regulatory cost of this application. NOTL Hydro is proposing to spread this cost over the five years of the application period.

Like any business, NOTL Hydro has a number of costs that vary from year to year. These include software upgrades, certain maintenance programs, staff coverages, etc. While individually these could be considered one-time costs, in aggregate they are annual recurring costs. NOTL Hydro has reviewed its 2024 Test Year costs and determined that these costs are consistent with other years. There are no larger than normal or unusual one-time costs. There have also been no significant one-time costs in the historical years.

2.4.3.5 Regulatory Costs

NOTL Hydro has assumed \$150k in regulatory costs for this application. These costs are incremental to the regular annual regulatory costs such as the annual OEB assessment and awarded costs on generic hearings allocated to all LDCs. For the 2019 Cost of Service NOTL Hydro incurred one-time regulatory costs of \$188,230 though this included the costs of appealing the decision. NOTL Hydro is hopeful this will not be necessary this time. A breakdown in the expected costs is provided below.

Table 4.34: Breakdown of Regulatory Costs

| | |
|--------------------|-----------|
| Legal | \$25,000 |
| Consultant | \$35,000 |
| Intervenor | \$50,000 |
| Open house | \$8,500 |
| Hearing | \$30,000 |
| Notice publication | \$1,500 |
| Total | \$150,000 |

NOTL Hydro tries to manage these costs, on behalf of its customers, by minimizing the use of third parties in the preparation of the Cost of Service Application. Tandem Consulting has been hired for high level advice and assistance with the models and Aird & Berlis provides legal support. The Distribution System Plan, the application itself and the financial models are all created inhouse.

NOTL Hydro recognizes that the actual costs for the subcategories of regulatory costs set out above will likely be different from forecast, depending on how the case proceeds.

NOTL Hydro proposes that costs directly associated with the Cost of Service application are amortized over a period of 5 years. \$150,000 allocated over five years is \$30,000 per year.

2.4.3.6 Low Income Energy Assistance Programs (LEAP)

NOTL Hydro has included \$8,801 for the expense for the Low Income Assistance Program (LEAP) under Deductions Donation Expense. This is based on the Board's determination that the greater of 0.12% of a distributor's Board-approved distribution revenue requirement, or \$2,000 should be included in the utility's costs. These funds are fully dedicated to providing financial assistance. The volunteers who operate Reach Out Niagara are not compensated.

NOTL Hydro has partnered with Reach Out Niagara in Niagara-on-the-Lake to assist in programs intended to provide emergency relief to eligible low-income customers who may be experiencing difficulty paying current arrears. Reach Out Niagara was specifically created to administer the LEAP funds as there was no agency located in Niagara-on-the-Lake who was able and willing to take on this service.

NOTL Hydro has included the total projected LEAP funding of \$8,801 in its 2024 Revenue Requirement.

Table 4.35: Charitable Contributions (2019-2024)

| Vendor | Description | 2019 BA | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------------|---------------------|------------|-------------|-------------|-------------|-------------|------------|------------|
| Reach Out Niagara | LEAP Administration | \$0.00 | \$1,000.00 | \$1,000.00 | \$1,958.00 | \$1,000.00 | \$1,000.00 | \$0.00 |
| Town of NOTL | Tree Fund | \$0.00 | \$2,760.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Reach Out Niagara | LEAP Administration | \$7,209.40 | \$6,865.82 | \$6,865.82 | \$6,865.82 | \$6,865.82 | \$6,865.82 | \$8,800.54 |
| United Way | United Way Donation | \$0.00 | \$5,499.52 | \$5,849.94 | \$4,796.50 | \$5,003.36 | \$0.00 | \$0.00 |
| Newark Neighbours | Food Bank | \$0.00 | \$0.00 | \$4,000.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Total | | \$7,209.40 | \$16,125.34 | \$17,715.76 | \$13,620.32 | \$12,869.18 | \$7,865.82 | \$8,800.54 |

2.4.3.7 Charitable and Political Donations

NOTL Hydro does not contribute to political causes.

NOTL Hydro does make some charitable donations. In addition to the LEAP funding, as described in section 2.4.3.6, NOTL Hydro matches employee contributions to United Way. For the purposes of this application, the donations to the United Way have been removed from the OM&A in the 2024 test year.

The donation to Newark Neighbours was a one-time donation to assist with the food bank that year. NOTL Hydro would normally collect funds during the Town's Santa Claus parade but that was cancelled that year due to the pandemic. The donation was similar to the funds that would otherwise have been spent on an employee Christmas function that was also cancelled.

NOTL Hydro confirms that, other than LEAP, no donation amounts have been included for recovery.

2.4.4 Conservation and Demand Side Management Costs

NOTL Hydro is not currently engaged in any CDM projects. No costs for dedicated CDM staff or other CDM activities to support IESO programs funded under the 2021-2024 CDM framework are included in the revenue requirement.

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| | |
| | |



APPENDIX 4A.1

Line-Engineering Staff Collective Agreement

COLLECTIVE AGREEMENT

between

NIAGARA-ON-THE-LAKE HYDRO INC.

and

LOCAL UNION NO. 636

of the

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS

May 1, 2020 to April 30, 2026

(Line/Engineering Staff)

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COLLECTIVE AGREEMENT

between

NIAGARA-ON-THE-LAKE HYDRO INC.

(Hereinafter called the "Corporation")

and

LOCAL UNION NO. 636

of the

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS

(Hereinafter called the "Union")

ARTICLE 1 - RECOGNITION

- 1.1 Corporation hereby recognizes the Union as the sole collective bargaining agent for all employees of Niagara-on-the-Lake Hydro Inc. at Niagara-on-the-Lake, Ontario save and except foremen, all persons above the rank of foreman, all office employees, persons regularly employed for not more than twenty-four (24) hours per week, students employed during the school vacation period, students employed on a cooperative training program and individuals hired on a government-sponsored program.

ARTICLE 2 - UNION SECURITY AND CHECK-OFF

- 2.1 All employees covered under Article 1 of this agreement who are members of the Union shall remain members of the Union and all new employees shall become and remain members of the Union after thirty (30) calendar days of employment.
- 2.2 All employees in the bargaining unit shall be required to sign an authorization assigning to the union an amount equivalent to regular monthly dues and the Corporation shall deduct such amounts from the weekly wages of employees and to remit the dues to the financial secretary of Local 636 by the 15th of the month following the month in which the deductions were made with a list of the names of the employees from whose pay such deductions have been made. The Corporation will provide the minimum information to calculate union dues when requested. The Corporation will also deduct a one-time union initiation fee in addition to the weekly dues as described by the union. The dues to be included on the T4 slip
- 2.3 It is understood and agreed that the Union will save the Corporation harmless from any and all claims which may be made against it by an employee or employees for amounts deducted from earnings as herein provided.
- 2.4 A Union Negotiating Committee shall consist of a maximum of two (2) members plus the Union Business Manager or designate for the purpose of Collective Bargaining. Members so appointed, excluding the Union Business Manager or designate must be employees of the Corporation covered by this Collective Agreement and have completed the probation period as set out in Article 5.
- 2.5 Both the Corporation and the Union recognize their respective responsibilities under the Human Rights Code and any other statutory requirements.

ARTICLE 3 - MANAGEMENT RIGHTS

- 3.1 The Union acknowledges and agrees that the Corporation has the exclusive right to manage its business, and without limiting the generality of the foregoing, to direct the working force, to hire, promote, transfer, demote or lay off employees, discharge, or otherwise discipline employees, for just cause, and to make, amend and enforce such rules and regulations as shall from time to time be required, provided that they are not inconsistent with the provisions of this agreement.
- 3.2 All functions and prerogatives heretofore vested in and exercised by the Corporation shall remain solely with the Corporation except as specifically limited by the express provision of this agreement.

ARTICLE 4 - CORPORATION SERVICE CREDIT

Definition

- 4.1 The length of continuous service a regular employee has established with the Corporation from the most recent date the employee entered the employ of the Corporation.

- 4.2 The Corporation shall maintain a seniority list showing the date upon which each employee's Corporation service commenced. An up-to-date seniority and classification list shall be sent to the Union and posted on all bulletin boards in January of each year.
- 4.3 A regular employee shall lose seniority rights and have his name removed from the employment records if he:
- (I) retires;
 - (II) resigns;
 - (III) is discharged for just cause and not reinstated through the grievance/arbitration procedure;
 - (IV) is absent from work for three (3) working days without notification to the employer, unless a satisfactory explanation is provided for this absence;
 - (V) fails to report to work within ten (10) working days following recall after a lay off unless a satisfactory explanation is provided for this failure;
 - (VI) is absent from work because of lay off or leave of absence for a period greater than one (1) year;
 - (VII) fails to return to work within twenty-four (24) months as a result of a non-occupational illness or injury.
 - (VIII) fails to return to work within twenty-four (24) months as a result of an occupational illness or injury.

ARTICLE 5 - EMPLOYEE CATEGORIES

- 5.1 **Temporary employees** are those hired for a period of not more than six (6) consecutive months or for a specific task or eighteen (18) consecutive months to cover off maternity/parental leave requirements under the Employment Standards Act. They shall not accumulate Corporation Service Credit nor shall they be entitled to any of the rights or privileges accruing to regular or probationary employees, nor shall they have recourse to the grievance and arbitration procedures.
- 5.2 **Probationary employees** are those who are hired on trial basis to determine their suitability for employment in regular positions. An employee shall be considered probationary for a period of six (6) months worked, at the discretion of Management.
- 5.3 Where it is mutually agreed that the ability to assess an employee is affected by periods of non-working time such as sickness, leaves of absence, etc., the probationary period may be extended in direct proportion to the periods of lost time after consultation with the Union.
- 5.4 During this period of probation, he shall be entitled to all the rights and privileges set out in the collective agreement, except that he shall not have recourse to the grievance and arbitration procedure on termination.
- 5.5 **Regular employees** are persons who have satisfactorily served a probationary period and are currently in the employ of the Corporation.
- 5.6 The term "employee" when used in this agreement shall mean "regular employee" unless specifically stated otherwise.
- 5.7 **Government Sponsored Program Employees**
Employees who may be hired under the provision of Article 1, Cooperative Training Program and Government Sponsored Program shall not be employees to replace regular employees.
- 5.8 **Singular or Masculine**
Whenever the singular or masculine is used in the agreement, it shall be used as if plural or feminine has been used where the context of the agreement so indicates.

ARTICLE 6 - LOCKOUTS AND STRIKES

- 6.1 There shall be no "lockout" by the Corporation and no interruption, work stoppage or "strike" during the term of this agreement. The terms "strike" and "lockout" shall be interpreted in accordance with the definitions as set out in the Labour Relations Act.

ARTICLE 7 - GRIEVANCE PROCEDURE

- 7.1 For the purpose of this agreement, a dispute, claim or complaint which involves the interpretation, application, administration or alleged violation of some provisions of this agreement, shall be considered to be a fit matter for a grievance and shall be dealt with as specified below.
- 7.2 Complaints and grievances shall be dealt with in the following manner and all grievances must be in writing and filed within fourteen (14) calendar days of the circumstances giving rise to the grievance.

7.3 **Step 1**

The employee, accompanied by a steward if the employee wishes, may take the matter up with the appropriate department head who will give his reply in writing within three (3) working days. Failing settlement of this stage, the employee may immediately proceed to Step 2, within three (3) working days.

7.4 **Step 2**

The employee, accompanied by a steward if the employee wishes, may take the matter up with the appropriate Vice President, or designate, who will give his reply in writing within five (5) working days. Failing settlement of this stage, the employee may immediately proceed to Step 3, within three (3) working days.

7.5 **Step 3**

The employee, accompanied by a steward and/or a representative of the Union, may take the matter up with the general manager or designate who will reply in writing within five (5) working days. Failing settlement of this stage, the matter may then be referred to Article 8 of this agreement within twenty (20) working days.

7.6 Where a dispute involving a question of general application or interpretation occurs or where a group of employees or the Union has a grievance, Step 1 of this Article may be bypassed and such grievance submitted at Step 2 within five (5) working days of the occurrence of the event giving rise to the grievance.

7.7 A claim by an employee that he has been suspended or discharged without just cause shall be treated as a grievance if a written statement of such grievance is lodged with the general manager at Step 2 within five (5) working days after notice by management to the Union Steward of the suspension or discharge.

7.8 The time limits provided in this article may be extended by mutual written agreement between the parties concerned.

7.9 Notwithstanding the above, the parties may reach settlement to a grievance through the services of a Grievance Settlement Officer or other mutually agreeable third party facilitator. The parties shall jointly bear the expense of the Grievance Settlement Officer or other agreed-upon third party.

ARTICLE 8 - ARBITRATION PROCEDURE

8.1 Where a difference arises between the parties relating to the interpretation, application or administration of this agreement, including any question as to whether a matter is arbitrable, or where an allegation is made that this agreement has been violated, either of the parties may, after exhausting any grievance procedure established by this agreement, notify the other party in writing of its desire to submit the difference or allegation to arbitration. The parties to this agreement may request the Ontario Minister of Labour to appoint a single arbitrator in accordance with the provisions of the Labour Relations Act (Ontario) or the parties may otherwise agree to the appointment of a sole arbitrator.

8.2 The arbitrator shall hear and determine the difference or allegation and shall issue a decision and the decision shall be final and binding upon the parties and upon any employee or employer affected by it.

8.3 The arbitrator shall not make any decision inconsistent with the provisions of this agreement, nor alter, modify or amend any part of this agreement, but shall only consider the question in dispute.

8.4 No matter shall be submitted to arbitration, which has not been properly lodged and carried through all previous steps of the Grievance Procedure.

8.5 The proceedings of the arbitrator will be expedited by the parties hereto, and the decision of the arbitrator shall be final and binding upon all parties concerned.

8.6 The expense of the arbitrator together with any incidental or general expense connected with the arbitration proceedings shall be divided equally between the parties hereto.

ARTICLE 9 - HOURS OF WORK AND OVERTIME

- 9.1 This section provides the basis for establishing work schedules and for the calculation and payment of overtime, but shall not be read or construed as a guarantee of hours of work per day or week or a guarantee of days of work per week.

Hours of Work

- 9.2 The normal work week of employees shall be forty (40) hours of work per week consisting of five (5) days of eight (8) hours each from Monday to Friday inclusive between the hours of 0700 and 1500 with 20 minute on-site paid lunch period.

Overtime

- 9.3 Due to the nature of its operations the Corporation may require employees to work at other than their normal hours and in addition to their normal hours beyond the limits as described above. An employee shall be paid for overtime at the rate of two (2) times his regular hourly rate for all work performed from normal quitting time until normal starting time and on Saturday, Sunday and Recognized Holidays.

- 9.4 An employee who is required to work for more than sixteen (16) hours or an employee who accumulates sixteen (16) hours of working time in any twenty-four (24) hour period shall be entitled to an eight (8) hour rest period.

- 9.5 When an employee works on emergency overtime:

- Where any portion of the overtime is between the hours of 2300 and 0500 and;
- Where the employee's next regular scheduled working day begins on the same day;

Then, commencing at the start of the next regular scheduled working day,

1. Where the overtime is less than 3 hours then the employee will be given a paid rest break of 2 hours;
2. Where the overtime is between 3 and 5 hours then the employee will be given a paid rest break of 4 hours;
3. And where the overtime is over 5 hours then the employee will be given a paid rest break of 8 hours.

All rest time will be paid at straight time pay.

At the end of the emergency overtime the employee will leave a message on their supervisor's communication device indicating the nature and hours of emergency overtime worked.

- 9.6 Should the employee be required to continue working beyond the sixteen (16) hour period, the employee shall be paid 2 times his regular hourly rate until an eight (8) hour rest period is granted.
- 9.7 All employees will be permitted to bank lieu time hours of overtime. The amount added into the bank is not to exceed eighty (80) hours during the calendar year. The lieu time bank may be replenished during the calendar year. The employee will have the opportunity to carry-over up to one (1) week of lieu time provided the combination of lieu time and vacation time carryover does not exceed a total of two (2) weeks. All other lieu time will be cashed out. Employees will give two weeks' notice if they wish to cash out any portion of their lieu time throughout the year.

ARTICLE 10 - ON-CALL AND MINIMUM CALL-OUT

Outage Calls

- 10.1 On-call duty for outage calls is defined as that duty performed by qualified employees who are required by the Corporation to be readily available within thirty-five (35) minutes (by means of normal driving conditions) of the service territory for emergency service at other than normal working hours.

- 10.2 Qualified employees will be required to perform on-call duty on a weekly basis in accordance with a list posted by Management. The employee on-call duty is required to hold himself readily available outside of normal hours of work for dispatch on calls.
- 10.3 The employee designated for on-call duty for outage calls will be paid a premium as follows:

| | | |
|-----------|-------------|-------|
| Stand-by: | May 1, 2020 | \$295 |
| | May 1, 2021 | \$300 |
| | May 1, 2022 | \$305 |
| | May 1, 2023 | \$310 |
| | May 1, 2024 | \$315 |
| | May 1, 2025 | \$320 |
| | May 1, 2026 | \$325 |

Should an employee be called out on a statutory holiday, he will have the option to bank 8 hours in lieu of their \$105 year 1, \$110 year 2, \$115 year 3, \$120 year 4, \$125 year 5 and \$130 in year 6 provided that they have enough room in their lieu time bank per article 9.7.

In the event that the employee does not get called out on a statutory holiday, he will have the option to bank 4 hours of lieu time (subject to not exceeding their allowance per article 9.7) or receive the regular stat allowance.

- 10.4 The on-call week shall be from normal quitting time Thursday, to normal quitting time the following Thursday.
- 10.5 The Corporation will supply and pay for communication devices.

Minimum Call-Out

- 10.12 When an employee is called in for emergency overtime work outside of his normal working hours, he shall be provided with a minimum payment of two (2) hours' pay at the appropriate premium rate. Calls received within 15 minutes of the completion of the shift will be counted as continuous overtime and a minimum call-out will not apply.
- 10.13 When an employee has completed his call-out he will be allowed to return home, provided he has checked to ensure that additional calls have not been received. All calls received within two (2) hours of the first call shall be considered the same call.
- 10.14 There shall be no minimum payment applicable to call-outs or overtime worked contiguous to an employee's normal daily working hours. Calls received less than one hour before normal starting time do not qualify for minimum call out. Overtime rate for time worked will apply.

ARTICLE 11 - RECOGNIZED HOLIDAYS

- 11.1 Each employee shall be entitled to the following paid holidays:
- | | |
|----------------|------------------------------------|
| New Year's Day | Civic Holiday |
| Good Friday | Labour Day |
| Victoria Day | Thanksgiving Day |
| Canada Day | One-half Day Before Christmas |
| Boxing Day | One-half Day Before New Year's Day |
| Christmas Day | Family Day |
- and all additional holidays proclaimed by federal and provincial governments.
- 11.2 Two (2) additional floater holidays at a time most desired by the employee, providing this does not impede the efficient operation of the Corporation's business.
- 11.3 Payments for the above-named recognized holidays will be made provided the employee works the regularly assigned day immediately preceding and succeeding the day of observance of the holiday or, unless on an authorized short term leave of absence (three (3) weeks or less), vacation or sick leave.
- 11.4 In the event of any of the above-named holidays falling on a Saturday and/or Sunday and not proclaimed as being observed on some other day, the preceding Friday or the following Monday as determined by the Corporation shall be deemed to be holidays for the purpose of this agreement unless otherwise agreed to by the parties.

ARTICLE 12 - VACATIONS

- 12.1 Vacations will, as far as it is practicable, be granted at the times most desired by the employees, providing this does not impede the efficient operation of the Corporation's business.
- 12.2 An employee must notify Management of his preferred vacation period by April 1 in any given year. However, Management shall retain the authority to designate vacation periods for all employees in a manner consistent with the efficient operation of the Corporation. Vacations are not cumulative and shall be taken during each calendar year unless approved by Management. Such approval must be requested by the employee, in writing, by November 31st and must be specific in the vacation request for the following year. If such application is received by November 31st, Management will reply within 10 working days. A maximum of two weeks carry-over to the following year will be allowed but must be taken before November 31st in the carry-over year.
- 12.3 Probationary and temporary employees shall be granted vacation entitlement as provided by the Employment Standards Act.
- 12.4 An employee with less than one (1) year continuous service shall be entitled to four (4) percent of gross wages at December 31, or the equivalent time off with pay.
- 12.5 An employee with one (1) year or more of continuous service completed during the calendar year ended December 31 will be entitled to two (2) weeks' vacation with pay at the employee's regular hourly rate based on the employee's normal work week.
- 12.6 An employee with three (3) years or more of continuous service completed during the calendar year ended December 31 will be entitled to three (3) weeks' vacation with pay at employee's regular hourly rate based on the employee's normal work week.
- 12.7 An employee with nine (9) years or more of continuous service completed during the calendar year ending December 31 will be entitled to four (4) weeks' vacation with pay at employee's regular hourly rate based on the employee's normal work week.
- 12.8 An employee with thirteen (13) years or more of continuous service completed during the calendar year ending December 31 will be entitled to four (4) weeks and one (1) day vacation with pay at employee's regular hourly rate based on the employee's normal work week.
- An employee with fourteen (14) years or more of continuous service completed during the calendar year ending December 31 will be entitled to four (4) weeks and two (2) days' vacation with pay at employee's regular hourly rate based on the employee's normal work week.
- An employee with fifteen (15) years or more of continuous service completed during the calendar year ending December 31 will be entitled to four (4) weeks and three (3) days' vacation with pay at employee's regular hourly rate based on the employee's normal work week.
- An employee with sixteen (16) years or more of continuous service completed during the calendar year ending December 31 will be entitled to four (4) weeks and four (4) days' vacation with pay at employee's regular hourly rate based on the employee's normal work week.
- 12.9 An employee with seventeen (17) years or more of continuous service completed during the calendar year ending December 31 will be entitled to five (5) weeks' vacation with pay at employee's regular hourly rate based on the employee's normal work week.
- 12.10 An employee with twenty-two (22) years or more of continuous service completed during the calendar year ending December 31 will be entitled to five (5) weeks and one (1) day with pay at employee's regular hourly rate based on the employee's normal work week.
- An employee with twenty-three (23) years or more of continuous service completed during the calendar year ending December 31 will be entitled to five (5) weeks and two (2) days with pay at employee's regular hourly rate based on the employee's normal work week.
- An employee with twenty-four (24) years or more of continuous service completed during the calendar year ending December 31 will be entitled to five (5) weeks and three (3) days with pay at employee's regular hourly rate based on the employee's normal work week.
- An employee with twenty-five (25) years or more of continuous service completed during the calendar year ending December 31 will be entitled to five (5) weeks and four (4) days with pay at employee's regular hourly rate based on the employee's normal work week.
- An employee with twenty-six (26) years or more of continuous service completed during the calendar year ending December 31 will be entitled to six (6) weeks' vacation with pay at employee's regular hourly rate based on the employee's normal work week.
- 12.11 An employee shall not be granted more than two (2) weeks' vacation during the period of July 1 to September 30 except with permission of the Management.
- 12.12 Vacation pay shall be based on the employee's regular hourly rate.

- 12.13 To be entitled to vacation pay, an employee must work forty (40) of the weeks in the year ending December 31. If an employee works fewer than forty (40) weeks his vacation shall be reduced on a pro-rata basis for each week less than the forty (40) weeks, which he does not work. W.S.I.B. and Jury duty are excluded.

ARTICLE 13 - SICK LEAVE PLAN

- 13.1 The Sick Leave Plan as specified in detail in Schedule "B" is attached to and forms part of this agreement.

ARTICLE 14 - HEALTH PLAN

- 14.1 The Corporation agrees to pay for employees in receipt of regular hourly rate, one hundred percent (100%) of the premiums for the following Health Plans or equivalent:
- ClaimsecureExtended Health Services (E.H.S.) Plan \$10/\$20 deductible;
 - Includes Chiropractic at \$1000/year maximum (all dependents combined)
 - Includes Massage therapy to \$1250/year maximum (all dependents combined)(no referral required)
 - Includes Physio therapy to \$1,500/year maximum (all dependants combined)
 - Includes Semi-private coverage (if available)
 - Includes Drug dispensing cap of \$14.00 effective May 1, 2019. Employees agree to accept 'Generic Drugs' first and 'Formulary Plan' with Doctor Override
 - ClaimsecureBasic Dental Plan (\$2,250 per person, per year maximum effective May 1, 2020 and \$2,400 per person, per year maximum effective May 1, 2023) Schedule B (ClaimSecure Level 3) Crown & Bridgework and Orthodontics coverage (50/50 co-pay, \$2,400.00 per person, per year maximum effective May 1, 2020 and \$2,600 per person, per year effective May 1, 2023 -- Orthodontic coverage to terminate at age 19). Dental recall for adults shall be every nine (9) months and for children under the age of eighteen (18) it shall be every six (6) months
 - ClaimsecureVision Plan 7 providing a maximum benefit coverage of \$450.00 every 24 months effective May 1, 2020; \$500 effective May 1, 2022 and \$600 effective May 1, 2024. Eye examinations \$120/two years; Vision coverage can be used towards Corrective Laser Eye Surgery.
 - Claimsecure Plan OD Out-of-Province/Country maximum of 60 days/trip coverage.
 - Long Term Disability Plan providing 70% income benefit to a maximum of \$4,600 per month with an eighty-five (85) working-days waiting period.
 - Orthotic coverage to \$575 per family member.
- 14.2 The Corporation agrees to pay for employees in receipt of normal base wages one hundred percent (100%) of the premium for a Claimsecure Basic and Comprehensive basic Dental Service or equivalent with current O.D.A. Fee Schedule.
- 14.3 If there is a change in carriers, the Union must be notified immediately. The plan must be of equal or better value.
- 14.4 Survivor benefits will continue to be provided to spouses up to the age of 65, effective May 1, 2020, provided the employee has worked a minimum of 20 years for Niagara-on-the-Lake Hydro. If the spouse has other coverage or remarries then these benefits cease.

ARTICLE 15 - PENSION AND INSURANCE

- 15.1 All eligible employees with the Corporation shall participate in the Corporation's Pension and Insurance Plans as follows:
- Ontario Municipal Employees Retirement System Basic FAE (Final Average Earnings) on a equally shared basis with the Corporation.
 - The Corporation and the employees shall participate in the Canada Pension Plan as required by the Canada Pension Act.
 - The Corporation shall provide Life Insurance coverage for all regular employees in receipt of normal base wages, equivalent to current coverage of one and one-half (1½) times the employee's normal base wages.

- 15.2 The Corporation agrees to pay fifty percent (50%) of the premiums for Dental and Extended Health including Vision Care for all employees who retire early between the ages of 55 to 65.

ARTICLE 16 - JOB POSTING AND SELECTION

- 16.1 When vacancies occur within the bargaining unit, or new jobs are created within the bargaining unit, these positions shall be posted on the bulletin board, accessible to all employees, for a period of five (5) working days, during which time present employees shall have the opportunity of applying before outsiders are considered. During the posting period, the Corporation may fill a vacancy on a temporary basis. The experience gained while filling this temporary vacancy will not be used as determining factor in the job selection process.
- 16.2 Such notice shall contain the following information: nature of the position, qualifications, knowledge, experience, skills, and wage rates.
- 16.3 In filling vacancies and making transfers or promotions among employees represented by the Union, the Management will consider the qualifications and ability as the primary factors. In the event qualifications and ability of the respective applicants are relatively equal in Management's opinion, Corporation service shall govern.
- 16.4 Promotion shall mean advancement to a job which carries a higher rate of pay.

ARTICLE 17 - LAY OFF AND RECALL

- 17.1 In the event of a lay-off, Management agrees that employees shall be laid off in the reverse order of their Corporation service credit provided Management can retain a work force qualified in its opinion to perform the work remaining. Employees shall be recalled in the order of their Corporation service credit provided they are qualified, capable and have the ability to do the work available.
- 17.2 It shall be the responsibility of the employee to keep Management informed, in writing, of change in his postal address and telephone number.
- 17.3 It is understood that in exercising his accrued rights in accordance with the above, advancement to a job, which carries a higher rate of pay, is not permitted.

ARTICLE 18 - LEAVE OF ABSENCE FROM WORK

Bereavement

- 18.1 An employee will be allowed up to five (5) working days' leave of absence with pay in the event of the death of his spouse, child, mother, father, sister or brother.
- 18.2 An employee will be allowed up to three (3) consecutive days' leave of absence with pay in the event of the death of his step-brother, step-sister, grandparent, grandchild, father-in-law or mother-in-law, step-parent, or step child. Only that portion of the said three (3) days that would otherwise have been regular time worked will be paid.
- 18.3 An employee will be allowed one (1) day leave of absence with pay in the event of the death of any current staff member, brother-in-law, sister-in-law, step parent-in-law, aunt, uncle, niece, nephew or grandparent-in-law. Such leave shall be for the purpose of making arrangements for and/or attending the funeral. In the event of the death of any other relative, unpaid time off to attend the funeral may be granted, not to exceed one (1) day.
- 18.4 Management will consider up to two (2) additional paid days per occurrence for travel time, at the discretion of management.

Leave for Union Business

- 18.5 Insofar as the efficient operation of the Corporation's business will permit, requests for leave of absence without pay and benefits may be granted to Union representatives for the purpose of taking part in official Union business. Such requests shall be made, in writing, to Management at least two (2) weeks in advance of the absence.

Jury Duty/Crown Witness

- 18.6 The Corporation shall pay an employee, who is required for Jury Duty or subpoenaed as a witness on behalf of the Corporation, the difference between his regular hourly rate and the payment received for such activity, excluding travel and meal expenses. The employee shall present proof of such payment received.

Personal Leave

- 18.7 Leaves of absence require the written permission of Management. Application for leave of absence must be submitted, in writing, at least one (1) week in advance to insure consideration unless not possible by reason of unforeseen personal emergency in which case verbal application will be accepted. Unless otherwise agreed, leave of absence will be without pay and leave of absence extending beyond five (5) days will be without pay and benefits. In this case, all costs (employee and employer costs) of the normal indemnities will be payable by the employee.
- 18.8 In the case of a leave of absence without pay, which exceeds thirty (30) days, Corporation Service Credit of regular employees will be frozen for the duration of the leave of absence at the level attained prior to the leave of absence. Freezing of service credit will not be in conflict with the Employment Standards Act of Ontario with respect to pregnancy/parental leave.

ARTICLE 19 – WORKPLACE SAFETY AND INSURANCE BOARD (W.S.I.B.)

- 19.1 When an employee, through his employment by the Corporation, suffers a disability which is compensable under the Workplace Safety and Insurance Act, the employee will be paid in accordance with the Act, and the Corporation will maintain up to a maximum of one and a half (1½) years, medical benefits and life insurance coverage on behalf of the employee as if he were in receipt of his regular hourly rate from the Corporation with the employee having the option to pay all the costs himself for an additional six (6) months. However, in the event that legislative requirements reduce the amount payable to those employees eligible for W.S.I.B. assistance below the present ninety percent (90%), the employer shall make up the difference between the amount paid through W.S.I.B. requirements to a benefit equal to ninety percent (90%) of the employees take home pay.

ARTICLE 20 - ALLOWANCES

Equipment

- 20.1 The Corporation shall issue, where required, the following equipment to be used by the employee in the safe performance of assigned duties.
- safety hard hat
 - flash goggles and face shields
 - rubber gloves complete with covers
 - leather work gloves
 - rainwear
 - rubber boots
 - spurs, body belts and pole straps
 - safety goggles to fit over regular glasses
 - Sunscreen
 - Hearing protection

The above will only be replaced when worn out or broken.

Clothing and safety boots Allowance

- 20.2 Safety clothing and safety boots will be provided to all Employees on an as needed basis.

Meals

- 20.3 Two (2) hours' overtime contiguous to the normal work hours and every four (4) hours thereafter are necessary in order to qualify for an overtime meal allowance, the amount of which cannot exceed fifteen dollars (\$15.00).

Planned overtime is excluded from the overtime meal allowance. One (1) day notice is required for planned overtime for the purpose of sufficient notice to prepare a lunch.

- 20.4 Under emergency conditions, when the Corporation provides a meal, a meal allowance will not be paid.
- 20.5 When employees are required on a daily basis to attend training sessions or seminars and if a meal is provided during the session, a meal allowance will not be applicable. When meals are not provided, the Corporation will pay up to a maximum of fifteen (\$15.00) dollars for lunch subject to provision of receipts. Other meals are not applicable for daily training sessions.
- 20.6 When an employee is required to attend training or seminars an appropriate meal allowance will be provided each day of \$15 for breakfast, \$20 for lunch and \$35 for dinner. Overnight accommodations will be paid by the Corporation. No receipts are required for meal allowances.

Relief in Another Classification

- 20.7 When an employee is detailed to relieve in a unionized classification of higher rating such employee shall receive the rate of the higher classification.
When a unionized employee is detailed temporarily in a management position such employee shall receive an additional two dollars (\$2.00) per hour above the lead hand rate in cases where the appointment is to a management position.
- 20.8 When an employee is detailed to relieve in a position of lower rating, such employee shall continue to receive regular hourly rate.

Tools

- 20.9 The Corporation shall supply all new regular employees with a set of tools deemed by Management to be appropriate for the work in their classification. Such tools shall remain the property of the Corporation and be maintained by the employees. Such tools shall be replaced by the Corporation if worn out or broken while performing work for the Corporation.

ARTICLE 21 - GENERAL

Committee and Stewards

- 21.1 The Corporation recognizes the appointment of two (2) stewards by the Union for the purpose of conducting relevant union business. The Union will keep the Corporation informed, in writing, of such appointments.
- 21.2 (i) Since stewards have regular duties to perform on behalf of the Corporation, they will not leave their regular duties without receiving permission from the foreman.
(ii) It is a steward's first responsibility to perform the work required of him/her as an employee of the Corporation. It is recognized, however, that a steward is the Union representative in the workplace with who the Corporation is required to deal as require by this agreement. Accordingly, a steward will, with the advance permission of his/her supervisor, be granted reasonable time during working hours without loss of pay to attend grievance meeting.
(iii) A steward may, where an employee so requests, attend or be called into any meeting between the employee and management which is for the purpose of issuing discipline, a suspension or discharge of the employee. The foregoing shall not apply where the suspension or discharge is not issued in person to the employee.

Contracting Out

- 21.3 No employee will be laid off as a result of contracting out of bargaining unit work.

Health and Safety

- 21.4 The Corporation and the Union recognize the obligation and responsibility of the Corporation and their employees to ensure the establishment and maintenance of good health and safety work practices. It is further recognized and understood that the employee must abide by all safety rules and regulations. It is further recognized and understood that the Corporation will not impede the health and safety of its employees while working beyond normal working hours.

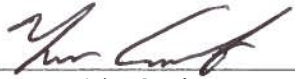
ARTICLE 22 - WAGES AND PROGRESSIONS

- 22.1 The wage rates and classifications shall be as set out in Schedule "A" attached to and forming part of this agreement for purposes of payment of wages only.
- 22.2 Employees on progression shall normally be progressed in accordance with the schedule. However, if any employee fails to make satisfactory progress, his advancement will be withheld for a period of six (6) months. When progression is withheld Management shall give one (1) month's notice to the employee and reason for withholding routine progression. At the next routine progression date his general performance will be reviewed and if found satisfactory, he shall be granted routine progression. If his progress and general performance are not found to be satisfactory, he shall be transferred to another classification, if available, or dismissed.

ARTICLE 23 - DURATION

- 23.1 This agreement shall become effective on May 1, 2020 and such agreement shall remain in effect until April 30, 2026, and from year to year thereafter unless either party gives notice in writing to the other party within the ninety (90) day period prior to the expiry date of its desire to alter or terminate same.
- 23.2 In witness whereof the parties hereto have herewith set their hands and seals this 7th day of July, 2020.

**NIAGARA-ON-THE-LAKE HYDRO
INC.**



Tim Curtis
President



Jeff Klassen VP Finance



Kazi Marouf
VP Operations

**LOCAL UNION 636 OF THE
INTERNATIONAL BROTHERHOOD
OF ELECTRICAL WORKERS**



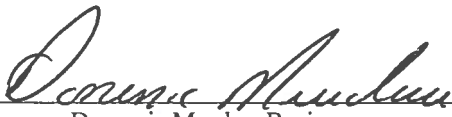
Eric Lucci
Business Representative



Jason Meleskie Union Steward



Todd Watson
Member



Domenic Murdaca Business
Manager/Financial Secretary



SCHEDULE "A" - WAGES

| Classification | % | May 1, 2020 (2.15%) | May 1, 2021 (2.15%) | May 1, 2022 (2.0%) | May 1, 2023 (2.0%) | May 1, 2024 (1.9%) | May 1, 2025 (1.9%) |
|--|------------|--------------------------------|--------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | | | | | | | |
| Leadhand | 107 | 46.37 | 47.36 | 48.31 | 49.28 | 50.21 | 51.17 |
| Sr. Engineering Technologist | 107 | 46.37 | 47.36 | 48.31 | 49.28 | 50.21 | 51.17 |
| Senior Lineman | 100 | 46.37 | 47.36 | 48.31 | 49.28 | 50.21 | 51.17 |
| Journeyman Lineman | 100 | 43.33 | 44.26 | 45.15 | 46.05 | 46.93 | 47.82 |
| 4th year | 90 | | | | | | |
| 3rd year | 80 | | | | | | |
| 2nd year | 70 | | | | | | |
| 1st year | 65 | | | | | | |
| 6 months | 60 | | | | | | |
| start | 55 | | | | | | |
| Engineering Technologist/Technician | 100 | 43.33 | 44.26 | 45.15 | 46.05 | 46.93 | 47.82 |
| 4th year | 90 | | | | | | |
| 3rd year | 80 | | | | | | |
| 2nd year | 70 | | | | | | |
| 1st year | 65 | | | | | | |
| 6 months | 60 | | | | | | |
| start | 55 | | | | | | |
| Locator | 100 | 30.00 | 30.65 | 31.26 | 31.88 | 32.49 | 33.11 |

Notes: Line Supervisor will appoint a Lead Hand for each crew on a daily basis as required.

On-Call man (Journeyman Lineman-unless otherwise designated by Line Supervisor) will be designated as Lead Hand when an additional man is called out.

SCHEDULE "B" - SICK LEAVE PLAN

- B.1 The Corporation's Sick Leave Plan for regular employees was created by the Corporation to reduce the financial hardship that bona fide non-occupational illness or injury can create so far as inability to work and the consequent loss of normal wages are concerned.
- B.2 To qualify for payment of sick leave pay, an employee must:
1. ensure his illness is reported to Management as soon as possible;
 2. be suffering from a bona fide illness which prevents his useful employment and is not compensable under the Workplace Safety & Insurance Act and was not received while performing paid work for an employer other than the Corporation;
 3. submit written verification of his illness signed by a qualified Doctor if requested, prior to returning to work or automatically if absent for five (5) days or more; The Corporation will reimburse the employee for the cost of the note.
 4. submit to medical examination of a Doctor designated by Management upon request during normal working hours without loss of pay.
- B.3 For every month of regular attendance a regular employee shall be entitled to a sick leave credit of one and one-half (1½) days per month and such credits shall be cumulative from month to month and year to year. From such credits shall be deducted the number of days which an employee is absent by reason of illness or injury.
- B.4 Monthly sick leave credit accrues to a regular employee on the first day of the month following each completed calendar month of service and is cumulative to an amount not exceeding one hundred and eighty (180) days for a period of continuous and unbroken service with the Corporation. On extended sick leave, use of sick leave credits will be limited to the qualification period of the LTD Plan after which time the employee shall go on the LTD Plan.
- B.5 An employee will accumulate sick leave credit provided he has worked more than half of the working days in any calendar month. Accumulation of sick leave credit will also continue when;
- a) absence is by reason of annual vacation, or
 - b) absence is due to occupational illness or injury of less than three (3) months. Absence of more than three (3) months will result in no accumulation of credits for the entire period.
- B.6 An employee who successfully sues a third party for losses sustained or purported to be sustained during an absence for which sick time credits were expended by the Corporation is required to reimburse the Corporation the equivalent value of sick time credits used.
- B.7 An employee on pregnancy leave is not eligible for sick leave pay.
- B.8 Employees on the payroll as of January 1, 1983, who terminate employment by reason of:
1. death, or;
 2. retirement on pension, or;
 3. retirement without pension, or;
 4. voluntary retirement, other than discharge for cause;
- after a period of not less than ten (10) consecutive years of service, shall be paid (or a personal representative, or failing a personal representative, such other person as the Corporation may determine) an amount computed on the basis of the rate of pay at the date of leaving the employ of the Corporation for a period equal to fifty percent (50%) of the value of the sick leave credits standing to his credit but the amount shall not exceed six (6) months' pay. In establishing credits for hourly rated employees under this paragraph, the standard number of hours normally worked per day upon which overtime is calculated shall be used.



LETTER OF UNDERSTANDING -- SUMMER/FLEX HOURS - ENGINEERING

The Niagara-on-the-Lake Hydro Inc. and Local Union 636 of the International Brotherhood of Electrical Workers agree that:

The following outline pertains to revised hours of work throughout the year.

Either party may with one week's notice, opt to return to the "regular hours of work schedule". Employees in the Engineering department, employees may opt out on an individual basis.

Employee participation in the Line department is mandatory. Employee participation in the Engineering department is voluntary.

The hours of work will be as follows:

Engineering Department: 8 hour or 10 hour shift
paid 20 minute on-site lunch
Monday to Friday
Start and stop times of shift(s) to be mutually agreed

In addition, it is agreed that sick time and vacation time will be charged out in an hourly format (i.e., in eight (8) or ten (10) hour increments)

References in the Collective Agreement to the normal work day and normal work week will revert to the hours outlined in this letter of understanding during the defined time frame.

Statutory Holidays: Will be paid in eight (8) hour segments.


Overtime: All hours worked outside of the "regular work day" will be at the applicable overtime rates.

This letter of understanding may be utilized in subsequent years of the Collective Agreement upon mutual agreement of the parties.

Dated 7th day of July, 2020

Signed for the Corporation

Signed for the Union



Tim Curtis, President



Eric Lucci, Business Representative



LETTER OF UNDERSTANDING -- AFTERNOON SHIFT

The Niagara-on-the-Lake Hydro Inc. and Local Union 636 of the International Brotherhood of Electrical Workers agree that:

In the event that the Niagara-on-the-Lake Hydro Electric Corporation enters into joint services with another utility, it would be beneficial to implement an afternoon shift in the line department.

The implementation of such a shift will only occur when the following conditions have been met;

- (1) Joint Services are initiated with another utility.
- (2) The affected employees at the other utility mutually agree to participate in an afternoon shift.

It is further understood and agreed that the terms and conditions of the shift will be negotiated and mutually agreed upon between the parties prior to implementation.

Dated 7th day of July, 2020

Signed for the Corporation

Signed for the Union



 Tim Curtis, President



 Eric Lucci, Business Representative



LETTER OF UNDERSTANDING -- MERGER, AMALGAMATION OR COMBINATION

The Niagara-on-the-Lake Hydro Inc. and Local Union 636 of the International Brotherhood of Electrical Workers agree that:

In the event that there is a merger with another Corporation, Company or Companies, in which the covered employees therein are represented by another Union, the representation rights and collective agreement in respect of Local 636 IBEW members shall be maintained until a final determination is made under the Labour Relations Act of Ontario or enabling legislation as to the representation of the combined group.

Should the Corporation merge, amalgamate or combine any of its operations or functions with another Corporation, Company or Companies, the employer agrees to give the Union as much notice as practically possible prior to any intent by the employer to implement the above.

Dated 7th day of July, 2020

Signed for the Corporation

Signed for the Union


 Tim Curtis, President


 Eric Lucci, Business Representative



APPENDIX 4A.2

Office Staff Collective Agreement

COLLECTIVE AGREEMENT

between

NIAGARA-ON-THE-LAKE HYDRO INC.

and

LOCAL UNION NO. 636

of the

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS

May 1, 2020 to April 30, 2026

(Office Staff)

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COLLECTIVE AGREEMENT

between

NIAGARA-ON-THE-LAKE HYDRO INC.

(Hereinafter called the "Corporation")

and

LOCAL UNION NO. 636

of the

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS

(Hereinafter called the "Union")

ARTICLE 1 - RECOGNITION

- 1.1 Corporation hereby recognizes the Union as the sole collective bargaining agent for all employees of Niagara-on-the-Lake Hydro Inc. save and except billing supervisor, administrative assistant, all persons above the rank of billing supervisor, those covered by other collective agreements, persons regularly employed for not more than twenty-four (24) hours per week, students employed during the school vacation period, students employed on a cooperative training program and individuals hired on a government-sponsored program.

ARTICLE 2 - UNION SECURITY AND CHECK-OFF

- 2.1 All employees covered under Article 1 of this agreement, who are members of the Union shall remain members of the Union and all new employees shall become and remain members of the Union after thirty (30) calendar days of employment.
- 2.2 All employees in the bargaining unit shall be required to sign an authorization assigning to the union an amount equivalent to regular monthly dues and the Corporation shall deduct such amounts from the weekly wages of employees and remit the dues to the financial secretary of Local 636 by the 15th of the month following the month in which the deductions were made with a list of the names of the employees from whose pay such deductions have been made. The Corporation will provide the minimum information to calculate union dues when requested. The Corporation will also deduct a one-time union initiation fee in addition to the weekly dues as described by the union. The dues to be included on the T4 slip.
- 2.3 It is understood and agreed that the Union will save the Corporation harmless from any and all claims which may be made against it by an employee or employees for amounts deducted from earnings as herein provided.
- 2.4 A Union Negotiating Committee shall consist of a maximum of one (1) member plus the Union Business Manager or designate for the purpose of Collective Bargaining. The member so appointed, excluding the Union Business Manager or designate, must be an employee of the Corporation covered by this Collective Agreement and have completed the probation period as set out in Article 5.
- 2.5 Both the Corporation and the Union recognize their respective responsibilities under the Human Rights Code and other statutory requirements.

ARTICLE 3 - MANAGEMENT RIGHTS

- 3.1 The Union acknowledges and agrees that the Corporation has the exclusive right to manage its business, and without limiting the generality of the foregoing, to direct the working force, to hire, promote, transfer, demote or lay off employees, discharge, or otherwise discipline employees, for just cause, and to make, amend and enforce such rules and regulations as shall from time to time be required, provided that they are not inconsistent with the provisions of this agreement.
- 3.2 All functions and prerogatives heretofore vested in and exercised by the Corporation shall remain solely with the Corporation except as specifically limited by the express provision of this agreement.

ARTICLE 4 - CORPORATION SERVICE CREDIT

Definition

- 4.1 The length of continuous service a regular employee has established with the Corporation from the most recent date the employee entered the employ of the Corporation.
- 4.2 The Corporation shall maintain a seniority list showing the date upon which each employee's Corporation service commenced. An up-to-date seniority and classification list shall be sent to the Union and posted on all bulletin boards in January of each year.
- 4.3 A regular employee shall lose seniority rights and have her name removed from the employment records if she:
 - I. retires;
 - II. resigns;
 - III. is discharged for just cause and not reinstated through the grievance/arbitration procedure;
 - IV. is absent from work for three (3) working days without notification to the employer, unless a satisfactory explanation is provided for this absence;
 - V. fails to report to work within ten (10) working days following recall after a lay off unless a satisfactory explanation is provided for this failure;
 - VI. is absent from work because of lay off or leave of absence for a period greater than one (1) year.
 - VII. An employee who fails to return to work within twenty-four (24) months as a result of a non-occupational illness or injury shall lose her Corporation service credit and be removed from the payroll.
 - VIII. An employee who fails to return to work within twenty-four (24) months as a result of an occupational illness or injury shall lose her Corporation service credit and be removed from the payroll.

ARTICLE 5 - EMPLOYEE CATEGORIES

- 5.1 **Temporary employees** are those hired for a period of not more than six (6) consecutive months or for a specific task or eighteen (18) consecutive months to cover off maternity/parental leave requirements under the Employment Standards Act. They shall not accumulate Corporation Service Credit nor shall they be entitled to any of the rights or privileges accruing to regular or probationary employees, nor shall they have recourse to the grievance and arbitration procedures.
- 5.2 **Probationary employees** are those who are hired on trial basis to determine their suitability for employment in regular positions. An employee shall be considered probationary for a period of six (6) months worked, at the discretion of Management.
- 5.3 Where it is mutually agreed that the ability to assess an employee is affected by periods of non-working time such as sickness, leaves of absence, etc., the probationary period may be extended in direct proportion to the periods of lost time after consultation with the Union.
- 5.4 During this period of probation, she shall be entitled to all the rights and privileges set out in the collective agreement, except that she shall not have recourse to the grievance and arbitration procedure on termination.
- 5.5 **Regular employees** are persons who have satisfactorily served a probationary period and are currently in the employ of the Corporation.
- 5.6 The term "employee" when used in this agreement shall mean "regular employee" unless specifically stated otherwise.
- 5.7 **Government Sponsored Program Employees**
Employees who may be hired under the provision of Article 1, Cooperative Training Program and Government Sponsored Program shall not be employees to replace regular employees.
- 5.8 **Singular or Feminine**
Whenever the singular or feminine is used in the agreement, it shall be used as if plural or masculine has been used where the context of the agreement so indicates.

ARTICLE 6 - LOCKOUTS AND STRIKES

- 6.1 There shall be no "lockout" by the Corporation and no interruption, work stoppage or "strike" during the term of this agreement. The terms "strike" and "lockout" shall be interpreted in accordance with the definitions as set out in the Labour Relations Act.

ARTICLE 7 - GRIEVANCE PROCEDURE

- 7.1 For the purpose of this agreement, a dispute, claim or complaint which involves the interpretation, application, administration or alleged violation of some provisions of this agreement shall be considered to be a fit matter for a grievance and shall be dealt with as specified below.
- 7.2 Complaints and grievances shall be dealt with in the following manner and all grievances must be in writing and filed within fourteen (14) calendar days of the circumstances giving rise to the grievance.
- 7.3 **Step 1**
The employee, accompanied by a steward if the employee wishes, may take the matter up with the billing supervisor who will give her reply in writing within three (3) working days. Failing settlement of this stage, the employee may within three (3) working days proceed to Step 2.
- 7.4 **Step 2**
The employee, accompanied by a steward and/or a representative of the Union, may take the matter up with the appropriate Vice President, or designate who will reply in writing within five (5) working days. Failing settlement of this stage, the employee may within three (3) working days proceed to Step 3.
- 7.5 **Step 3**
The employee, accompanied by a steward and/or a representative of the Union, may take the matter up with the general manager or designate who will reply in writing within five (5) working days. Failing settlement of this stage, the matter may then be referred to Article 8 of this agreement within twenty (20) working days.
- 7.6 Where a dispute involving a question of general application or interpretation occurs or where a group of employees or the Union has a grievance, Step 1 of this Article may be bypassed and such grievance submitted at Step 2 within five (5) working days of the occurrence of the event giving rise to the grievance.
- 7.7 A claim by an employee that she has been suspended or discharged without just cause shall be treated as a grievance if a written statement of such grievance is lodged with the general manager at Step 2 within five (5) working days after notice by management to the Union Steward of the suspension or discharge.
- 7.8 The time limits provided in this article may be extended by mutual written agreement between the parties concerned.
- 7.9 Notwithstanding the above, the parties may reach settlement to a grievance through the services of a Grievance Settlement Officer or other mutually agreeable third party facilitator. The parties shall jointly bear the expense of the Grievance Settlement Officer or other agreed-upon third party.

ARTICLE 8 - ARBITRATION PROCEDURE

- 8.1 Where a difference arises between the parties relating to the interpretation, application or administration of this agreement, including any question as to whether a matter is arbitrable, or where an allegation is made that this agreement has been violated, either of the parties may, after exhausting any grievance procedure established by this agreement, notify the other party in writing of its desire to submit the difference or allegation to arbitration. The parties to this agreement may request the Ontario Minister of Labour to appoint a single arbitrator in accordance with the provisions of the Labour Relations Act (Ontario) or the parties may otherwise agree to the appointment of a sole arbitrator.
- 8.2 The arbitrator shall hear and determine the difference or allegation and shall issue a decision and the decision shall be final and binding upon the parties and upon any employee or employer affected by it.
- 8.3 The arbitrator shall not make any decision inconsistent with the provisions of this agreement, nor alter, modify or amend any part of this agreement, but shall only consider the question in dispute.
- 8.4 No matter shall be submitted to arbitration which has not been properly lodged and carried through all previous steps of the Grievance Procedure.
- 8.5 The proceedings of the arbitrator will be expedited by the parties hereto, and the decision of the arbitrator shall be final and binding upon all parties concerned.
- 8.6 The expense of the arbitrator together with any incidental or general expense connected with the arbitration proceedings shall be divided equally between the parties hereto.

ARTICLE 9 - HOURS OF WORK AND OVERTIME

- 9.1 This section provides the basis for establishing work schedules and for the calculation and payment of overtime, but shall not be read or construed as a guarantee of hours of work per day or week or a guarantee of days of work per week.

Hours of Work

- 9.2 The normal work week of employees shall be thirty-five (35) hours of work per week consisting of five (5) days of seven (7) hours each from Monday to Friday inclusive between the hours of 0830 and 1630 with one (1) hour lunch period.

Overtime

- 9.3 Due to the nature of its operations the Corporation may require employees to work at other than their normal hours and in addition to their normal hours beyond the limits as described above. An employee shall be paid for overtime at the rate of two (2) times their regular hourly rate for all work performed from normal quitting time until normal starting time and on Saturday, Sunday, and Recognized Holidays.
- 9.4 An employee who is required to work for more than sixteen (16) hours or an employee who accumulates sixteen (16) hours of working time in any twenty-four (24) hour period shall be entitled to an eight (8) hour rest period.
- 9.5 An employee will qualify for 4 hours of rest time to commence at the start of the next regular shift should he/she work more than three (3) consecutive hours during the period between midnight and the next regular shift and 8 hours rest time to commence at the start of the next regular shift should he/she work five (5) or more consecutive hours between midnight and the next regular shift. All rest time will be paid at straight time pay.
- 9.6 Should the employee be required to continue working beyond the sixteen (16) hour period, the employee shall be paid two (2) times their regular hourly rate until an eight (8) hour rest period is granted.
- 9.7 All employees will be permitted to bank lieu time hours of overtime. The amount added into the bank is not to exceed seventy (70) hours during the calendar year. The lieu time bank may be replenished during the year. The employee will have the opportunity to carry-over up to one (1) week of lieu time provided the combination of lieu time and vacation time carryover does not exceed a total of two (2) weeks. All other lieu time will be cashed out. Employees will give two weeks' notice if they wish to cash out any portion of their lieu time throughout the year.

ARTICLE 10 - MINIMUM CALL-OUT

- 10.1 When an employee is called in for emergency overtime work outside of her normal working hours, she shall be provided with a minimum payment of two (2) hours' pay at the appropriate overtime rate.
- 10.2 When an employee has completed her call-out she will be allowed to return home, provided she has checked to ensure that additional calls have not been received. All calls received within two (2) hours of the first call shall be considered the same call.
- 10.3 There shall be no minimum payment applicable to call-outs or overtime worked contiguous to an employee's normal daily working hours. Calls received less than one hour before normal starting time do not qualify for minimum call out. Premium rate for time worked will apply.

ARTICLE 11 - RECOGNIZED HOLIDAYS

- 11.1 Each employee shall be entitled to the following paid holidays:
- | | |
|----------------|------------------------------------|
| New Year's Day | Civic Holiday |
| Good Friday | Labour Day |
| Victoria Day | Thanksgiving Day |
| Canada Day | One-half Day Before Christmas |
| Boxing Day | One-half Day Before New Year's Day |
| Christmas Day | Family Day |
- and all additional holidays proclaimed by federal and provincial governments.
- 11.2 Two (2) additional floater holidays at a time most desired by the employee, providing this does not impede the efficient operation of the Corporation's business.

- 11.3 Payments for the above-named recognized holidays will be made provided the employee works the regularly assigned day immediately preceding and succeeding the day of observance of the holiday or, unless on an authorized short term leave of absence (three (3) weeks or less), vacation or sick leave.
- 11.4 In the event of any of the above-named holidays falling on a Saturday and/or Sunday and not proclaimed as being observed on some other day, the preceding Friday or the following Monday as determined by the Corporation shall be deemed to be holidays for the purpose of this agreement unless otherwise agreed to by the parties.

ARTICLE 12 - VACATIONS

- 12.1 Vacations will, as far as it is practicable, be granted at the times most desired by the employees, providing this does not impede the efficient operation of the Corporation's business.
- 12.2 An employee must notify Management of her preferred vacation period by May 1 in any given year. However, Management shall retain the authority to designate vacation periods for all employees in a manner consistent with the efficient operation of the Corporation. Vacations are not cumulative and shall be taken during each calendar year unless approved by Management. Such approval must be requested by the employee, in writing, by September 30th and must be specific in the vacation request for the following year. If such application is received by September 30th, Management will reply within 10 working days. A maximum of two weeks carry-over to the following year will be allowed but must be taken before October 31st in the carry-over year.
- 12.3 Probationary and temporary employees shall be granted vacation entitlement as provided by the Employment Standards Act.
- 12.4 An employee with less than one (1) year continuous service shall be entitled to four (4) percent of gross wages at December 31, or the equivalent time off with pay.
- 12.5 An employee with one (1) year or more of continuous service completed during the calendar year ended December 31 will be entitled to two (2) weeks' vacation with pay at the employee's regular hourly rate based on the employee's normal work week.
- 12.6 An employee with three (3) years or more of continuous service completed during the calendar year ended December 31 will be entitled to three (3) weeks' vacation with pay at the employee's regular hourly rate based on the employee's normal work week.
- 12.7 An employee with nine (9) years or more of continuous service completed during the calendar year ending December 31 will be entitled to four (4) weeks' vacation with pay at the employee's regular hourly rate based on the employee's normal work week.
- 12.8 An employee with thirteen (13) years or more of continuous service completed during the calendar year ending December 31 will be entitled to four (4) weeks and one (1) day vacation with pay at employee's regular hourly rate based on the employee's normal work week.
- An employee with fourteen (14) years or more of continuous service completed during the calendar year ending December 31 will be entitled to four (4) weeks and two (2) days' vacation with pay at employee's regular hourly rate based on the employee's normal work week.
- An employee with fifteen (15) years or more of continuous service completed during the calendar year ending December 31 will be entitled to four (4) weeks and three (3) days' vacation with pay at employee's regular hourly rate based on the employee's normal work week.
- An employee with sixteen (16) years or more of continuous service completed during the calendar year ending December 31 will be entitled to four (4) weeks and four (4) days' vacation with pay at employee's regular hourly rate based on the employee's normal work week.
- 12.9 An employee with seventeen (17) years or more of continuous service completed during the calendar year ending December 31 will be entitled to five (5) weeks' vacation with pay at employee's regular hourly rate based on the employee's normal work week.
- 12.10 An employee with twenty-two (22) years or more of continuous service completed during the calendar year ending December 31 will be entitled to five (5) and one (1) day with pay at employee's regular hourly rate based on the employee's normal work week.

An employee with twenty-three (23) years or more of continuous service completed during the calendar year ending December 31 will be entitled to five (5) and two (2) days with pay at employee's regular hourly rate based on the employee's normal work week.

An employee with twenty-four (24) years or more of continuous service completed during the calendar year ending December 31 will be entitled to five (5) and three (3) days with pay at employee's regular hourly rate based on the employee's normal work week.

An employee with twenty-five (25) years or more of continuous service completed during the calendar year ending December 31 will be entitled to five (5) and four (4) days with pay at employee's regular hourly rate based on the employee's normal work week.

An employee with twenty-six (26) years or more of continuous service completed during the calendar year ending December 31 will be entitled to six (6) weeks' vacation with pay at employee's regular hourly rate based on the employee's normal work week.

12.11 An employee shall not be granted more than two (2) weeks' vacation during the period of June 15 to September 15 except with permission of the Management.

12.12 Vacation pay shall be based on the employee's regular hourly rate.

12.13 To be entitled to vacation pay, an employee must work forty (40) of the weeks in the year ending December 31. If an employee works fewer than forty (40) weeks her vacation shall be reduced on a pro-rata basis for each week less than the forty (40) weeks which she does not work. Workers' Compensation and Jury duty are excluded from this calculation.

ARTICLE 13 - SICK LEAVE PLAN

13.1 The Sick Leave Plan as specified in detail in Schedule "B" is attached to and forms part of this agreement.

ARTICLE 14 - HEALTH PLAN

14.1 The Corporation agrees to pay for employees in receipt of regular hourly rate, one hundred percent (100%) of the premiums for the following Health Plans or equivalent:

- Claimsecure Extended Health Services (E.H.S.) Plan \$10/\$20 deductible;
 - Includes Chiropractic at \$1000/year maximum (all dependents combined)
 - Includes Massage therapy to \$1250/year maximum (all dependents combined)(no referral required)
 - Includes Physio therapy to \$1,500/year maximum (all dependants combined)Includes Semi-private coverage (if available)
 - Includes Drug dispensing cap of \$14.00 effective May 1, 2020. Employees agree to accept 'Generic Drugs' first and 'Formulary Plan' with Doctor Over ride
- Claimsecure Basic Dental Plan (\$2250 per person, per year maximum) effective May 1, 2020 and \$2,400 per person, per year maximum effective May 1, 2023) Schedule B (ClaimSecure Level 3) Crown & Bridgework and Orthodontics coverage (50/50 co-pay, \$2,400.00 per person, per year maximum effective May 1, 2020 and \$2,600 per person, per year effective May 1, 2023) -- Orthodontic coverage to terminate at age 19).. Dental recall for adults shall be every nine (9) months and for children under the age of eighteen (18) it shall be every six (6) months
- Claimsecure Vision Plan 7 providing a maximum benefit coverage of \$450.00 every 24 months effective May 1, 2020, \$500 effective May 1, 2022 and \$600 effective May 1, 2024. Eye examinations \$120/two years; Vision coverage can be used towards Corrective Laser Eye Surgery.
- Claimsecure Plan OD Out-of-Province/Country maximum of 60 days/trip coverage.
- Long Term Disability Plan providing 70% income benefit to a maximum of \$4600per month with an eighty-five (85) working-days waiting period.
- Orthotic coverage to \$575 per family member.

- 14.2 The Corporation agrees to pay for employees in receipt of normal base wages one hundred percent (100%) of the premium for a Claimsecure Basic and Comprehensive basic Dental Service or equivalent with current O.D.A. Fee Schedule.
- 14.3 If there is a change in carriers, the Union must be notified immediately. The plan must be of equal or better value.
- 14.4 Survivor benefits will continue to be provided to spouses up to the age of 65, effective May 1, 2020, provided the employee has worked a minimum of 20 years for Niagara-on-the-Lake Hydro. If the spouse has other coverage or remarries then these benefits cease.

ARTICLE 15 - PENSION AND INSURANCE

- 15.1 All eligible employees with the Corporation shall participate in the Corporation's Pension and Insurance Plans as follows:
- Ontario Municipal Employees Retirement System Basic FAE (Final Average Earnings) on a equally shared basis with the Corporation.
 - The Corporation and the employees shall participate in the Canada Pension Plan as required by the Canada Pension Act.
 - The Corporation shall provide Life Insurance coverage for all regular employees in receipt of normal base wages, equivalent to current coverage of one and one-half (1½) times the employee's normal base wages.
- 15.2 The Corporation agrees to pay fifty percent (50%) of the premiums for Dental, Extended Health including Vision Care for all employees who retire early between the ages of 55 to 65.

ARTICLE 16 - JOB POSTING AND SELECTION

- 16.1 When vacancies occur within the bargaining unit, or new jobs are created within the bargaining unit, these positions shall be posted on the bulletin board, accessible to all employees, for a period of five (5) working days, during which time present employees shall have the opportunity of applying before outsiders are considered. During the posting period, the Corporation may fill a vacancy on a temporary basis. The experience gained while filling this temporary vacancy will not be used as determining factor in the job selection process.
- 16.2 Such notice shall contain the following information: nature of the position, qualifications, knowledge, experience, skills, and wage rates.
- 16.3 In filling vacancies and making transfers or promotions among employees represented by the Union, the Management will consider the qualifications and ability as the primary factors. In the event qualifications and ability of the respective applicants are relatively equal in Management's opinion, Corporation service shall govern.
- 16.4 Promotion shall mean advancement to a job which carries a higher rate of pay.

ARTICLE 17 - LAY OFF AND RECALL

- 17.1 In the event of a lay off, Management agrees that employees shall be laid off in the reverse order of their Corporation service credit provided Management can retain a work force qualified in its opinion to perform the work remaining. Employees shall be recalled in the order of their Corporation service credit provided they are qualified, capable and have the ability to do the work available.
- 17.2 It shall be the responsibility of the employee to keep Management informed, in writing, of change in her postal address and telephone number.
- 17.3 It is understood that in exercising her accrued rights in accordance with the above, advancement to a job which carries a higher rate of pay is not permitted.

ARTICLE 18 - LEAVE OF ABSENCE FROM WORK

Bereavement

- 18.1 An employee will be allowed up to five (5) working days' leave of absence with pay in the event of the death of her spouse, child, father, mother, sister or brother..
- 18.2 An employee will be allowed up to three (3) consecutive days' leave of absence with pay in the event of the death of her step-brother, step-sister, grandparent, grandchild, father-in-law or mother-in-law, step-parent, or step child. Only that portion of the said three (3) days that would otherwise have been regular time worked will be paid.
- 18.3 An employee will be allowed one (1) day leave of absence with pay in the event of the death of any current staff member, brother-in-law, sister-in-law, step parent-in-law, aunt, uncle, niece, nephew or grandparent-in-law. Such leave shall be for the purpose of making arrangements for and/or attending the funeral. In the event of the death of any other relative, unpaid time off to attend the funeral may be granted, not to exceed one (1) day
- 18.4 Management will consider up to two (2) additional paid days per occurrence for travel time, at the discretion of management.

Leave for Union Business

- 18.5 Insofar as the efficient operation of the Corporation's business will permit, requests for leave of absence may be granted without pay and benefits to Union representatives for the purpose of taking part in official Union business. Such requests shall be made, in writing, to Management at least two (2) weeks in advance of the absence.

Jury Duty/Crown Witness

- 18.6 The Corporation shall pay an employee, who is required for Jury Duty or subpoenaed as a witness on behalf of the Corporation, the difference between her regular hourly rate and the payment received for such activity, excluding travel and meal expenses. The employee shall present proof of such payment received.

Personal Leave

- 18.7 Leaves of absence require the written permission of Management. Application for leave of absence must be submitted, in writing, at least one (1) week in advance to insure consideration unless not possible by reason of unforeseen personal emergency in which case verbal application will be accepted. Unless otherwise agreed, leave of absence will be without pay and leave of absence extending beyond five (5) days will be without pay and benefits. In this case, all costs (employee and employer costs) of the normal indemnities will be payable by the employee.
- 18.8 In the case of a leave of absence without pay which exceeds thirty (30) days, Corporation Service Credit of regular employees will be frozen for the duration of the leave of absence at the level attained prior to the leave of absence. Freezing of service credit will not be in conflict with the Employment Standards Act of Ontario with respect to pregnancy/parental leave.

ARTICLE 19 – WORKPLACE SAFETY AND INSURANCE BOARD (W.S.I.B.)

- 19.1 When an employee, through her employment by the Corporation, suffers a disability which is compensable under the Workplace Safety and Insurance Act, the employee will be paid in accordance with the Act, and the Corporation will maintain up to a maximum of one and a half (1½) years, medical benefits and life insurance coverage on behalf of the employee as if she were in receipt of her regular hourly rate from the Corporation with the employee having the option to pay all the costs herself for an additional six (6) months. However, in the event that legislative requirements reduce the amount payable to those employees eligible for W.S.I.B. assistance below the present ninety per cent (90%), the employer shall make up the difference between the amount paid through W.S.I.B. requirements to a benefit equal to ninety per cent (90%) of the employees take home pay.

ARTICLE 20 - ALLOWANCES

Meals

- 20.1 Two (2) hours' overtime contiguous to the normal work hours and every four (4) hours thereafter are necessary in order to qualify for an overtime meal allowance, the amount of which cannot exceed fifteen dollars (\$15.00) subject to provision of receipts. Planned overtime is excluded from the overtime meal allowance. One (1) day notice is required for planned overtime for the purpose of sufficient notice to prepare a lunch.
- 20.2 Under emergency conditions, when the Corporation provides a meal, a meal allowance will not be paid.
- 20.3 When employees are required on a daily basis to attend training sessions or seminars and if a meal is provided during the session, a meal allowance will not be applicable. When meals are not provided, the Corporation will pay up to a maximum of fifteen (\$15.00) dollars for lunch subject to provision of receipts. Other meals are not applicable for daily training sessions.
- 20.4 When an employee is required to attend training or seminars an appropriate meal allowance will be provided each day of \$15 for breakfast, \$20 for lunch and \$35 for dinner. Overnight accommodations will be paid by the Corporation. No receipts are required for meal allowances
- 20.5 **Relief in Another Category**
When a unionized employee provides a lead role as a result of the immediate supervisor being away, such employee shall receive an additional two dollars (\$2.00) per hour above their current rate. Determination of the need for this relief and the choice of the individual unionized employee will be at the sole discretion of management, however will be at the 100% level of their classification.

ARTICLE 21 - GENERAL

Committee and Stewards

- 21.1 The Corporation recognizes the appointment of one (1) steward by the Union for the purpose of conducting relevant union business. The Union will keep the Corporation informed, in writing, of such appointments.
- 21.2 (i) Since stewards have regular duties to perform on behalf of the Corporation, they will not leave their regular duties without receiving permission from the billing supervisor.
- (ii) It is a steward's first responsibility to perform the work required of him/her as an employee of the Corporation. It is recognized, however, that a steward is the Union representative in the workplace with who the Corporation is required to deal as require by this agreement. Accordingly, a steward will, with the advance permission of his/her supervisor, be granted reasonable time during working hours without loss of pay to attend grievance meeting.
- (iii) A steward may, where an employee so requests, attend or be called into any meeting between the employee and management which is for the purpose of issuing discipline, a suspension or discharge of the employee. The foregoing shall not apply where the suspension or discharge is not issued in person to the employee.

Contracting Out

- 21.3 No employee will be laid off as a result of contracting out of bargaining unit work.

Health and Safety

- 21.4 The Corporation and the Union recognize the obligation and responsibility of the Corporation and their employees to ensure the establishment and maintenance of good health and safety work practices. It is further recognized and understood that the employee must abide by all safety rules and regulations. It is further recognized and understood that the Corporation will not impede the health and safety of its employees while working beyond normal working hours.

Residency

- 21.5 Employees shall inform the Corporation in writing of their current address and telephone number and keep the Corporation informed within five (5) days of any change.

ARTICLE 22 - WAGES AND PROGRESSIONS

- 22.1 The wage rates and classifications shall be as set out in Schedule "A" attached to and forming part of this agreement for purposes of payment of wages only.
- 22.2 Employees on progression shall normally be progressed in accordance with the schedule. However, if any employee fails to make satisfactory progress, her advancement will be withheld for a period of six (6) months. When progression is withheld, Management shall give one (1) month's notice to the employee and the reason for withholding routine progression. At the next routine progression date, her general performance will be reviewed and if found satisfactory, she shall be granted routine progression. If her progress and general performance are not found to be satisfactory, she shall be transferred to another classification, if available, or dismissed.
- 22.3 Employees will participate in an annual performance appraisal.

ARTICLE 23 - DURATION

- 23.1 This agreement shall become effective on May 1, 2020 and such agreement shall remain in effect until April 30, 2026, and from year to year thereafter unless either party gives notice in writing to the other party within the ninety (90) day period prior to the expiry date of its desire to alter or terminate same.
- 23.2 In witness whereof the parties hereto have herewith set their hands and seals this 7th day of July, 2020.

NIAGARA-ON-THE-LAKE HYDRO INC.



 Tim Curtis
 President



 Jeff Klassen
 VP Finance



 Kazi Marouf
 VP Operations

**LOCAL UNION 636 OF THE
INTERNATIONAL BROTHERHOOD
OF ELECTRICAL WORKERS**



 Eric Lucci
 Business Representative




 Jody Keus
 Union Steward



 Lisa DiSanto
 Member





 Domenic Murdaca
 Business Manager/Financial Sec.

SCHEDULE "A" - WAGES

| CLASSIFICATION | % | MAY 1, 2020 (2.15%) | MAY 1, 2021 (2.15%) | MAY 1, 2022 (2.0%) | MAY 1, 2023 (2.0%) | MAY 1, 2024 (1.9%) | MAY 1, 2025 (1.9%) |
|--|-----------------|------------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Customer Accounts Representative 1 st year start | 100 90 80 | 33.57 | 34.29 | 34.97 | 35.67 | 36.35 | 37.04 |
| Senior Customer Accounts Representative | 100 | 36.21 | 36.99 | 37.73 | 38.49 | 39.22 | 39.96 |
| | | | | | | | |
| | | | | | | | |
| Finance and Accounting Officer 1 st year start | 100 90 80 | 38.01 | 38.83 | 39.60 | 40.40 | 41.16 | 41.95 |
| | | | | | | | |

SCHEDULE "B" - SICK LEAVE PLAN

- B.1 The Corporation's Sick Leave Plan for regular employees was created by the Corporation to reduce the financial hardship that bona fide non-occupational illness or injury can create so far as inability to work and the consequent loss of normal wages are concerned.
- B.2 To qualify for payment of sick leave pay, an employee must:
1. ensure her illness is reported to Management as soon as possible;
 2. be suffering from a bona fide illness which prevents her useful employment and is not compensable under the Workplace Safety & Insurance Act and was not received while performing paid work for an employer other than the Corporation;
 3. submit written verification of her illness signed by a qualified Doctor if requested, prior to returning to work or automatically if absent for five (5) days or more; The Corporation will reimburse the employee for the cost of the note.
 4. submit to medical examination of a Doctor designated by Management upon request during normal working hours without loss of pay.
- B.3 For every month of regular attendance a regular employee shall be entitled to a sick leave credit of one and one-half (1½) days per month and such credits shall be cumulative from month to month and year to year. From such credits shall be deducted the number of days which an employee is absent by reason of illness or injury.
- B.4 Monthly sick leave credit accrues to a regular employee on the first day of the month following each completed calendar month of service and is cumulative to an amount not exceeding one hundred and eighty (180) days for a period of continuous and unbroken service with the Corporation. On extended sick leave, use of sick leave credits will be limited to the qualification period of the LTD Plan after which time the employee shall go on the LTD Plan.
- B.5 An employee will accumulate sick leave credit provided she has worked more than half of the working days in any calendar month. Accumulation of sick leave credit will also continue when;
- (a) absence is by reason of annual vacation, or
 - (b) absence is due to occupational illness or injury of less than three (3) months. Absence of more than three (3) months will result in no accumulation of credits for the entire period.
- B.6 An employee who successfully sues a third party for losses sustained or purported to be sustained during an absence for which sick time credits were expended by the Corporation is required to reimburse the Corporation the equivalent value of sick time credits used.
- B.7 An employee on pregnancy leave is not eligible for sick leave pay.
- B.8 Employees on the payroll as of January 1, 1983, who terminate employment by reason of:
1. death, or;
 2. retirement on pension, or;
 3. retirement without pension, or;
 4. voluntary retirement, other than discharge for cause;

after a period of not less than ten (10) consecutive years of service, shall be paid (or a personal representative, or failing a personal representative, such other person as the Corporation may determine) an amount computed on the basis of the rate of pay at the date of leaving the employ of the Corporation for a period equal to fifty percent (50%) of the value of the sick leave credits standing to her credit but the amount shall not exceed six (6) months' pay. In establishing credits for hourly rated employees under this paragraph, the standard number of hours normally worked per day upon which overtime is calculated shall be used.



LETTER OF UNDERSTANDING -- MERGER, AMALGAMATION OR COMBINATION

The Niagara-on-the-Lake Hydro Inc. and Local Union 636 of the International Brotherhood of Electrical Workers agree that:

In the event that there is a merger with another Corporation, Company or Companies, in which the covered employees therein are represented by another Union, the representation rights and collective agreement in respect of Local 636 IBEW members shall be maintained until a final determination is made under the Labour Relations Act of Ontario or enabling legislation as to the representation of the combined group.

Should the Corporation merge, amalgamate or combine any of its operations or functions with another Corporation, Company or Companies, the employer agrees to give the Union as much notice as practically possible prior to any intent by the employer to implement the above.

Dated 7th day of July, 2020

Signed for the Corporation

Signed for the Union


 Tim Curtis, President


 Eric Lucci, Business Representative



APPENDIX 4B

OPEB Valuation Report



NIAGARA-ON-THE-LAKE HYDRO INC.

REPORT ON THE ACTUARIAL
VALUATION OF POST-RETIREMENT
NON-PENSION BENEFITS

AS AT DECEMBER 31, 2022

FINAL - February 24, 2023

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EXECUTIVE SUMMARY

Purpose

RSM Canada Consulting LP was engaged by Niagara-on-the-Lake Hydro Inc. ("the Corporation") to perform an actuarial valuation of the post-retirement non-pension benefits sponsored by the Corporation and to determine the accounting results for those benefits for the fiscal period ending December 31, 2022. The nature of these benefits is defined benefit.

This report is prepared in accordance with the International Financial Reporting Standards ("IFRS") guidelines for post-retirement non-pension benefits as outlined in the International Accounting Standard 19 – Employee Benefits ("IAS 19").

The most recent full valuation was prepared as at December 31, 2020 based on the assumptions chosen by management at that date and in accordance with IAS 19.

The purpose of this valuation is threefold:

- i) To determine the Corporation's liabilities in respect of post-retirement non-pension benefits at December 31, 2022;
- ii) To determine the defined benefit costs to be recognized for fiscal year 2022; and
- iii) To provide all other pertinent information necessary for compliance with IAS 19.

Note that all monetary figures in this report are rounded to the nearest hundreds of dollars and summated figures in this report may not match total figures due to rounding.

The intended users of this report include the Corporation and its auditors. This report is not intended for use by the plan beneficiaries or for use in determining any funding of the benefit obligations.

Included in the Appendix attached hereto are detailed accounting schedules containing the results of the valuation and projections for future periods (if applicable).

SECTION A — VALUATION RESULTS

Section A - 1 shows the key valuation results compared to previous year's figures projected from the most recent full valuation as well as a breakdown between active and retired individuals and type of benefit.

Section A - 2 shows the sensitivity of the valuation results to certain changes in assumptions. We have shown an increase/decrease in the health and dental claims cost trend rates by 1% per annum and an increase/decrease in the discount rate by 1% per annum.

Section A - 3 shows the development of changes in the present value of defined benefit obligation as a result of the re-measurement at December 31, 2022.

Valuation Results

Section A.1—Valuation Results

Results from the actuarial valuation as at December 31, 2022 compared to previous year's figures projected from the most recent full valuation:

| | December 31, 2021 | December 31, 2022 |
|---|-------------------|-------------------|
| Present Value of Defined Benefit Obligation (PV DBO) | 614,900 | 486,500 |
| | | |
| | CY 2021 | CY 2022 |
| Current Service Cost | 40,500 | 41,300 |
| Interest Cost | 14,800 | 15,700 |
| Defined Benefit Cost Recognized in Income Statement | 55,300 | 57,100 |
| Actuarial (Gain)/Loss | - | (167,100) |
| Defined Benefit Cost Recognized in OCI | - | (167,100) |
| Defined Benefit Cost | 55,300 | (110,000) |

The following table provides results from the actuarial valuation as at December 31, 2022 broken down by active (including LTD) and retired individuals and type of post-retirement non-pension benefit:

| Dec. 31, 2022 PV DBO | Actives (incl. LTD) | Retirees | Total |
|----------------------|---------------------|----------------|----------------|
| Life | 32,700 | 86,900 | 119,600 |
| Health | 201,200 | 43,000 | 244,200 |
| Dental | 101,000 | 21,600 | 122,600 |
| Total | 335,000 | 151,500 | 486,500 |

Sensitivity Analysis

Section A.2—Sensitivity Analysis

| | Dec. 31, 2022 PV DBO | Difference | % Difference |
|-------------------|----------------------|------------|--------------|
| Base Assumptions | 486,500 | | |
| Cost Trends +1% | 519,900 | 33,400 | 7% |
| Cost Trends -1% | 457,500 | (29,000) | -6% |
| Discount Rate +1% | 435,400 | (51,100) | -11% |
| Discount Rate -1% | 549,900 | 63,400 | 13% |

Management's best estimate assumptions are those outlined in *Section C – Summary of Actuarial Method and Assumptions* in this report.

Development of Changes in the Present Value of Defined Benefit Obligation

Section A.3—Development of Changes in the Present Value of Defined Benefit Obligation

| | |
|---|----------------|
| PV DBO at December 31, 2021 | 614,900 |
| 2022 Current Service Cost | 41,300 |
| 2022 Benefit Payments | (18,400) |
| 2022 Interest Cost | 15,700 |
| Expected PV DBO at December 31, 2022 | 653,600 |
| Actuarial (Gain)/Loss at December 31, 2022 | (167,100) |
| PV DBO at December 31, 2022 | 486,500 |

The decrease indicated above of \$167,100 in the PV DBO from the expected PV DBO at December 31, 2022 is due to the re-measurement of the liability; a breakdown of the changes is as follows:

| | |
|--|------------------|
| Change in composition of active and retiree data (actual experience different than expected) | 36,900 |
| Change in assumptions: | |
| H/D Claims Cost | (20,200) |
| Salary Scale | 1,000 |
| Withdrawal | 2,100 |
| Discount Rate | (186,900) |
| Total Actuarial (Gain)/Loss at December 31, 2020 | (167,100) |

Pursuant to IAS 19, the re-measurement of the PV DBO at December 31, 2022 based on the changes in the assumptions and experience is recognized immediately in other comprehensive income at December 31, 2022.

SECTION B — PLAN PARTICIPANTS

Section B – 1 sets out the summary information with respect to the plan participants valued in the current valuation compared to those valued in the previous valuation.

Section B – 2 reconciles the number of participants in the previous valuation to the number of participants in the current valuation.

Participation Data

Section B.1—Participant Data

Membership data as at October 31, 2022 was received from the Corporation and included information such as name, sex, age, date of hire, current salary, benefit amounts and other applicable details for all active employees and people in receipt of benefits.

Although the data provided reflected status and benefit information as at October 31, no other changes in status and other member data occurring from November 1 to December 31 are expected to be material to the valuation results.

We have reviewed the data and compared it to the data used in the previous valuation for consistency and reliability for use in this valuation. The main tests of sufficiency and reliability that were conducted on the membership data are as follows:

- Date of hire prior to date of birth;
- Ages under 18 or over 100;
- Abnormal levels of benefits and/or premiums; and
- Duplicate records

In addition, the following tests were performed:

- A reconciliation of statuses from the prior valuation to the current valuation;
- A review of the consistency of individual data items and statistical summaries between the current and prior valuations; and
- A review of the reasonableness of changes in such information since the prior valuation.

| | December 31, 2020 | October 31, 2022 |
|---|-------------------|------------------|
| Employee Count | | |
| Male | 13 | 15 |
| Female | 6 | 5 |
| Total | 19 | 20 |
| Employee Average Service | | |
| Male | 8.9 | 7.2 |
| Female | 12.5 | 16.0 |
| Total | 10.0 | 9.4 |
| Retiree (in Receipt of Benefits) Count | | |
| Male | 6 | 7 |
| Female | 5 | 5 |
| Total | 11 | 12 |



| Employee Count as of Oct. 31, 2022 | | | | Employee Avg Service as of Oct. 31, 2022 | | |
|------------------------------------|-----------|----------|-----------|--|-------------|------------|
| Age | Male | Female | Total | Male | Female | Total |
| < 30 | 1 | - | 1 | 3.1 | - | 3.1 |
| 30 - 35 | 4 | - | 4 | 4.6 | - | 4.6 |
| 36 - 40 | 2 | 1 | 3 | 3.2 | 13.0 | 6.5 |
| 41 - 45 | 2 | 1 | 3 | 15.4 | 16.9 | 15.9 |
| 46 - 50 | 1 | 1 | 2 | 6.1 | 21.7 | 13.9 |
| 51 - 55 | 3 | - | 3 | 11.1 | - | 11.1 |
| 56 - 60 | 1 | 2 | 3 | 1.9 | 14.2 | 10.1 |
| 61 - 65 | 1 | - | 1 | 8.5 | - | 8.5 |
| 66 - 70 | - | - | - | - | - | - |
| 71 - 75 | - | - | - | - | - | - |
| > 75 | - | - | - | - | - | - |
| Total | 15 | 5 | 20 | 7.2 | 16.0 | 9.4 |

Participant Reconciliation

Section B.2—Participation Reconciliation

| | Actives | Disabled | Retired |
|--------------------------|-----------|----------|-----------|
| December 31, 2020 | 18 | 1 | 11 |
| New Entrants | 5 | - | - |
| Actives | - | - | 1 |
| Terminated | (2) | (1) | - |
| Retired | (1) | - | - |
| Deceased | - | - | - |
| Disabled | - | - | - |
| October 31, 2022 | 20 | - | 12 |

SECTION C — SUMMARY OF ACTUARIAL METHOD AND ASSUMPTIONS

Actuarial Method

The aim of an actuarial valuation of post-retirement non-pension benefits is to provide a reasonable and systematic allocation of the cost of these future benefits to the years in which the related employees' services are rendered. To accomplish this, it is necessary to:

- make assumptions for discount rates, mortality, and other decrements;
- use these assumptions to calculate the present value of the expected future benefits; and,
- adopt an actuarial cost method to allocate the present value of expected future benefits to the specific years of employment.

The Defined Benefit Obligation and Current Service Cost were determined using the projected benefit method, pro-rated on service. This is the method stipulated by IAS 19. Under this method, the projected post-retirement benefits are deemed to be earned on a pro-rata basis over the years of service in the attribution period. IAS 19 stipulates that the attribution period commences on the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) and ends on the date when further service by the employee will lead to no material amount of further post-retirement non-pension benefits under the plan, other than from further salary increases.

For each employee not yet fully eligible for benefits, the Present Value of the Defined Benefit Obligation (PV DBO) is equal to the present value of expected future benefits multiplied by the ratio of the years of service to the valuation date to the total years of service in the attribution period. The Current Service Cost is equal to the present value of expected future benefits multiplied by the ratio of the year (or part) of service in the fiscal year to total years of service in the attribution period.

The PV DBO at December 31, 2022 is based on membership data as at October 31, 2022 and management's best estimate assumptions established for calculations as at December 31, 2022.

The Corporation self-insures its health and dental benefits. For these benefits, we have used the following average monthly benefit claims costs for 2023, which includes corresponding expenses and taxes, as an estimate of the claims to be incurred. These benefit claims costs have been calculated based on plan experience for the Corporation from January 2017 to September 2022 (excluding 2020 and 2021 experience to remove the impact from the Covid-19 pandemic):

| Effective Date | Health Single | Health Family | Dental Single | Dental Family |
|--|---------------|---------------|---------------|---------------|
| January 1, 2021 – December 31, 2021 (Trended Rates from Previous Valuation) | \$ 232 | \$ 463 | \$ 90 | \$ 180 |
| January 1, 2023 – December 31, 2023 (Current Valuation) | \$ 206 | \$ 411 | \$ 102 | \$ 205 |

The above benefit cost levels were provided by the Corporation and represent the rates at 100%, prior to any cost-sharing provisions. For eligible union retirees, the Corporation will pay 50% of these cost levels in line with the co-pay benefit structure for post-retirement benefits.

Management's Best Estimate Assumptions

The following are management's best estimate economic and demographic assumptions for calculations as at December 31, 2022.

Economic Assumptions

Discount Rate

The rate used to discount future benefits is assumed to be 5.05% per annum as at December 31, 2022. This rate reflects the Corporation's expected projected benefit cash flows for post-retirement non-pension benefits and the market yields on high quality bonds at the time of preparing the valuation.

This assumption chosen for the previous valuation was 2.60% per annum as at December 31, 2020.

Salary Increase Rate

The rate used to increase salaries is assumed to be 5.00% per annum for 2023 and 3.30% per annum thereafter. This rate reflects the expected Consumer Price Index adjusted for productivity, merit and promotion and for company-specific information.

The salary increase rate assumption used in the previous valuation was 3.30% per annum.

Claims Cost Trend Rate

The rates used to project benefit costs into the future were chosen based on a research paper published by the Canadian Institute of Actuaries – *Model of Long-Term Health Care Cost Trends in Canada* – dates March 2018. This assumption was unchanged from the previous valuation.

The following table provides a sample of the health and dental trend rates used in the valuation:

| Year | Current Valuation | |
|---------------------|-------------------|--------|
| | Health | Dental |
| 2023 | 4.90% | 5.10% |
| 2025 | 5.30% | 5.60% |
| 2030 | 5.30% | 5.30% |
| 2035 | 4.60% | 4.60% |
| 2040 and thereafter | 4.00% | 4.00% |

Demographic Assumptions

Mortality Table

The mortality tables used are as per the Canadian Institute of Actuaries Canadian Pensioners' Mortality Pension Experience Subcommittee final report dated February 11, 2014 (CIA Report). More specifically, the Canada Pensioners Mortality ("CPM") Table Public Sector (CPM2014 PUBL) has been used with the generational projection of mortality improvement based upon the CIA MI-2017 mortality improvement scale published in 2017.

These assumptions remain unchanged from the previous valuation.

Rates of Withdrawal

Termination of employment is assumed to be in accordance with the following withdrawal table:

| Age Bucket | Current Valuation | Previous Valuation |
|------------|-------------------|--------------------|
| 18 – 29 | 2.75% | 2.90% |
| 30 – 34 | 2.20% | 2.15% |
| 35 – 39 | 1.65% | 1.85% |
| 40 – 49 | 1.40% | 1.45% |
| 50 – 54 | 1.20% | 1.25% |

Retirement Age

All active employees are assumed to retire at age 57 (or immediately if currently over age 57), which was based on the Corporation's retirement experience as well as a seven year retirement experience study on a group of local distribution companies for which data was available.

This assumption remains unchanged from the previous valuation.

Disability

No provision was made for future disability. This assumption remains unchanged from the previous valuation.

Other Assumptions

Family/Single Coverage

The following assumptions were chosen for the current valuation and are unchanged from the previous valuation:

- Coverage Type at Retirement (i.e. family, single) – The employee's coverage type at the valuation date will remain the same until the employee reaches the assumed retirement age.
- Spousal Gender – For employees with family coverage, the retiree has a spouse of the opposite gender at the date of retirement.
- Spousal Age Offset – Male spouses are assumed to be three years older than female spouses.

Expenses and Taxes

The taxes and expenses are included in the benefit cost levels assumed for health and dental benefits.

We have assumed 10% of benefits is required for the cost of sponsoring the program for post-retirement life insurance.

These assumptions remain unchanged from the previous valuation.

SECTION D — SUMMARY OF POST-RETIREMENT BENEFITS

The following is a summary of the plan provisions that are pertinent to this valuation, based on information provided by and discussions with the Corporation.

Eligibility

All employees who retire from the Corporation are eligible for post-retirement life insurance. In addition, all employees who retire from the Corporation with an OMERS pension are eligible for post-retirement health, vision and dental benefits.

Participant Contributions

The Corporation shall pay 100% of the cost of the post-retirement life, health, vision and dental benefits for the eligible management retirees. The Corporation shall pay 100% of the cost of the post-retirement life insurance benefits and 50% of the cost of the health, vision and dental benefits for eligible union retirees.

Summary of Benefits

Life Insurance

Upon retirement, all employees are entitled to post-retirement life insurance benefits, as per the MEARIE plan, based upon the following table:

| Plan Option | Amount of Coverage | Eligibility |
|-------------|--|--|
| A | Flat \$2,000. | Employee retires with less than 10 years of service in the Plan. |
| B, C1 | 50% of final annual earnings, reducing by 2.5% of final annual earnings each year for 10 years, to a final benefit equal to 25% of final annual earnings. Reduction occurs on the anniversary date of retirement. | Employee retires with 10 or more years of service in the Plan and was hired before June 16, 1989. OR Employee was insured under the superseded plan and elected coverage under option 2, 3, or 4, or employee was not insured under the superseded plan. |
| C2 | 50% of final annual earnings. | Employee was insured under the superseded plan and was hired on or after May 1, 1967 and elected coverage under option 1 only. |
| C3 | 70% of final amount insured under the life plan immediately prior to retirement. | Employee was insured under the superseded plan and was hired before May 1, 1967 and elected coverage under option 1 only. |

Health and Dental Benefits

Effective July 1, 2006, the Corporation self-insures its health and dental benefits. Eligible employees are entitled to post-retirement health and dental benefits to age 65. Health and dental benefits continue to the eligible dependent(s) of a deceased management retiree until the retiree would have turned age 65.

A detailed description of the health and dental benefits covered under the post-retirement non-pension benefits can be found in the above-noted documents.

ACTUARIAL CERTIFICATION

An actuarial valuation has been performed on the post-retirement non-pension benefit plans sponsored by Niagara-on-the-Lake Hydro Inc. ("the Corporation") as at December 31, 2022, for the purposes described in this report.


In accordance with the Canadian Institute of Actuaries Consolidated Standards of Practice General Standards, we hereby certify that, in our opinion, for the purposes stated in the Executive Summary:

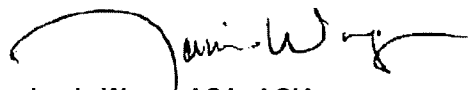
1. The data on which the valuation is based is sufficient and reliable;
2. The assumptions employed, as outlined in this report, have been selected by the Corporation as management's best estimate assumptions (no provision for adverse deviations) and we express no opinion on them;
3. All known legal and constructive obligations with respect to the post-retirement non-pension benefits sponsored by and identified by the Corporation are included in the calculations; and
4. This report has been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada.

We are not aware of any subsequent events after the date of completing this valuation that would have a significant effect on the valuation results contained herein.

The latest date on which the next actuarial valuation should be performed is December 31, 2025. If any supplemental advice or explanation is required, please advise the undersigned.

Respectfully submitted,
RSM CANADA CONSULTING LP


Stanley Caravaggio, FSA, FCIA
Director


Jamie Wong, ASA, ACIA
Manager

Toronto, Ontario

February 24, 2023

SECTION E —
EMPLOYER CERTIFICATION

Post-Retirement Non-Pension Benefit Plan
of Niagara-on-the-Lake Hydro Inc.
Actuarial Valuation as at December 31, 2022

I hereby confirm, as an authorized signing officer of the administrator of the Post-Retirement Non-Pension Benefit Plan of Niagara-on-the-Lake Hydro Inc. that, to the best of my knowledge and belief, for the purposes of the valuation:

- i) The membership data summarized in Section B is accurate and complete;
- ii) The assumptions upon which this report is based as summarized in Section C, are management's best estimate assumptions and are adequate and appropriate for the purposes of this valuation; and
- iii) The summary of Plan Provisions in Section D is an accurate and complete summary of the terms of the Plan in effect on December 31, 2022.

NIAGARA-ON-THE-LAKE HYDRO INC.

2/24/23

Date

Signature

JEFF KLASSEN

Name

VP FINANCE

Title

APPENDIX — DETAILED ACCOUNTING SCHEDULES

Niagara-On-The-Lake Hydro

Estimated Benefit Expense (IAS 19)

2/24/2023

| | Actuals CY 2022 * | Projected ** CY 2023 | Projected ** CY 2024 | Projected ** CY 2025 |
|---|----------------------|-------------------------|-------------------------|-------------------------|
| Discount Rate at January 1 | 2.60% | 5.05% | 5.05% | 5.05% |
| Discount Rate at December 31 | 5.05% | 5.05% | 5.05% | 5.05% |
| Salary Increase Rate at December 31 | 5.00% | 3.30% | 3.30% | 3.30% |
| Health Benefit Cost Trend Rate at December 31 | 4.90% | 5.10% | 5.30% | 5.30% |
| Dental Benefit Cost Trend Rate at December 31 | 5.10% | 5.40% | 5.60% | 5.30% |
| Long Term Health and Dental Benefit Cost Trend Rate | 4.00% | 4.00% | 4.00% | 4.00% |
| First Year Of Long Term Health and Dental Benefit Cost Trend Rate | 2040 | 2040 | 2040 | 2040 |
| Assumed Increase in Employer Contributions | actual | expected *** | expected *** | expected *** |

A. Change in the Net Defined Benefit Liability/(Asset) Recognized in Balance Sheet

| | | | | |
|--|----------------|----------------|----------------|----------------|
| Net Defined Benefit Liability/(Asset) as at January 1 | 614,923 | 486,482 | 493,449 | 507,943 |
| Defined Benefit Cost Recognized in Income Statement | 57,072 | 46,385 | 48,033 | 49,935 |
| Defined Benefit Cost Recognized in Other Comprehensive Income | (167,120) | - | - | - |
| Benefits Paid by the Employer | (18,393) | (39,418) | (33,539) | (35,214) |
| Net Defined Benefit Liability/(Asset) as at December 31 | 486,482 | 493,449 | 507,943 | 522,664 |

B. Determination of Defined Benefit Cost

B1. Determination of Defined Benefit Cost Recognized in Income Statement

| | | | | |
|--|---------------|---------------|---------------|---------------|
| Current Service Cost | 41,323 | 22,800 | 23,951 | 25,161 |
| Interest Cost | 15,749 | 23,585 | 24,082 | 24,774 |
| Defined Benefit Cost Recognized in Income Statement | 57,072 | 46,385 | 48,033 | 49,935 |

B2. Remeasurements of the Net Defined Benefit Liability/(Asset) Recognized in Other Comprehensive Income

| | | | | |
|---|------------------|---------------|---------------|---------------|
| Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions | (206,096) | - | - | - |
| Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions | 2,059 | - | - | - |
| Net Actuarial Loss/(Gain) arising from Experience Adjustments | 36,917 | - | - | - |
| Return on Plan Assets (Excluding Amounts Included in Net Interest Cost) | - | - | - | - |
| Change in Effect of Asset Ceiling | - | - | - | - |
| Defined Benefit Cost Recognized in Other Comprehensive Income | (167,120) | - | - | - |
| Total Defined Benefit Cost | (110,048) | 46,385 | 48,033 | 49,935 |

C. Change in the Present Value of Defined Benefit Obligation

| | | | | |
|--|----------------|----------------|----------------|----------------|
| Present Value of Defined Benefit Obligation as at January 1 | 614,923 | 486,482 | 493,449 | 507,943 |
| Current Service Cost | 41,323 | 22,800 | 23,951 | 25,161 |
| Interest Cost | 15,749 | 23,585 | 24,082 | 24,774 |
| Benefits Paid | (18,393) | (39,418) | (33,539) | (35,214) |
| Net Actuarial Loss/(Gain) | (167,120) | - | - | - |
| Present Value of Defined Benefit Obligation as at December 31 | 486,482 | 493,449 | 507,943 | 522,664 |

* The expected December 31, 2022 PV DBO and CY 2022 defined benefit cost are calculated based on membership data and management's best estimate assumptions at December 31, 2020.

** Projected CY 2023, 2024 and 2025 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on expected benefits to be paid to those eligible for benefits.

Niagara-On-The-Lake Hydro

Estimated Benefit Expense (IAS 19)

| | Actuals CY 2022 * | Projected ** CY 2023 | Projected ** CY 2024 | Projected ** CY 2025 |
|---|----------------------|-------------------------|-------------------------|-------------------------|
| Discount Rate at January 1 | 2.60% | 5.05% | 5.05% | 5.05% |
| Discount Rate at December 31 | 5.05% | 5.05% | 5.05% | 5.05% |
| Salary Increase Rate at December 31 | 5.00% | 3.30% | 3.30% | 3.30% |
| Health Benefit Cost Trend Rate at December 31 | 4.90% | 5.10% | 5.30% | 5.30% |
| Dental Benefit Cost Trend Rate at December 31 | 5.10% | 5.40% | 5.60% | 5.30% |
| Long Term Health and Dental Benefit Cost Trend Rate | 4.00% | 4.00% | 4.00% | 4.00% |
| First Year Of Long Term Health and Dental Benefit Cost Trend Rate | 2040 | 2040 | 2040 | 2040 |
| Assumed Increase in Employer Contributions | actual | expected *** | expected *** | expected *** |

D. Calculation of Component Items

Interest Cost

| | | | | |
|---|---------|----------|----------|----------|
| Present Value of Defined Benefit Obligation as at January 1 | 614,923 | 486,482 | 493,449 | 507,943 |
| Benefits Paid | (9,197) | (19,709) | (16,770) | (17,607) |
| Accrued Benefits | 605,727 | 466,773 | 476,680 | 490,336 |
| Interest Cost | 15,749 | 23,585 | 24,082 | 24,774 |

Expected Present Value of Defined Benefit Obligation as at December 31

| | | | | |
|--|----------|----------|----------|----------|
| Present Value of Defined Benefit Obligation as at January 1 | 614,923 | 486,482 | 493,449 | 507,943 |
| Current Service Cost | 41,323 | 22,800 | 23,951 | 25,161 |
| Benefits Paid | (18,393) | (39,418) | (33,539) | (35,214) |
| Interest Cost | 15,749 | 23,585 | 24,082 | 24,774 |
| Expected Present Value of Defined Benefit Obligation as at December 31 | 653,602 | 493,449 | 507,943 | 522,664 |

E. Net Actuarial Loss/(Gain)

Net Actuarial Loss/(Gain) as at December 31

| | | | | |
|--|-----------|---------|---------|---------|
| Expected Present Value of Defined Benefit Obligation | 653,602 | 493,449 | 507,943 | 522,664 |
| Actual Present Value of Defined Benefit Obligation | 486,482 | 493,449 | 507,943 | 522,664 |
| Net Actuarial Loss/(Gain) as at December 31 | (167,120) | - | - | - |

* The expected December 31, 2022 PV DBO and CY 2022 defined benefit cost are calculated based on membership data and management's best estimate assumptions at December 31, 2020.

** Projected CY 2023, 2024 and 2025 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on expected benefits to be paid to those eligible for benefits.



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APPENDIX 4C

NOTL Purchasing Policy

Finance Policy and Procedures



NOTL Hydro Purchasing Policy

Policy: NOTLH-FIN-1

Page: 1 of 4

Re-Issued: May 8, 2018

Issue No.: 1.0

1.0 Purpose

To set forth the policy of the corporation regarding the approval procedure for purchasing capital and operational expenditures.

2.0 Scope

- 2.1 This policy is applicable to all employees of Niagara-on-the-Lake Hydro (NOTL Hydro) as well as to purchases made on behalf of either Energy Services Niagara Inc. (ESNI) or Niagara-on-the-Lake Energy Inc. (NOTL Energy).
- 2.2 To ensure that employees who are responsible for requisitioning and purchasing goods and services are accountable for their actions and decisions;
- 2.3 To promote the most cost effective and efficient use of company funds and resources by acquiring the goods and services at the optimum quality, quantity, price, delivery and performance;
- 2.4 NOTL Hydro's employees will appreciate that they are utilizing the public's (rate-payer's) money and will be held to the highest possible standard when making purchasing decisions;
- 2.5 To participate with other local distribution companies (LDCs) in cooperative / collaborative purchasing activities where they are in the best interest of the company.
- 2.6 To always think about the "total acquisition cost" rather than the lowest bid. This includes, but is not limited to such factors as repairs, staff training, suitability, compatibility, warranty, trade-in values, recycling and disposal concerns. To consider "Value for money".

Prepared by: Jeff Klassen, VP Finance

Date: May 8, 2018

Approved by: Tim Curtis, President

Date: May 8, 2018

Finance Policy and Procedures**NOTL Hydro Purchasing Policy**

Policy: NOTLH-FIN-1

Page: 2 of 4

Re-Issued: May 8, 2018

Issue No.: 1.0

3.0 Purchasing Authority

| \$ Limit | Purchasing Procedure | Authority |
|-----------------|-----------------------------|---|
| \$2,000 | Direct Purchase | Manager |
| \$20,000 | Competitive Process | Vice President |
| \$50,000 | Obtain 3 quotes | President or Board member |
| >\$50,000 | Obtain 3 quotes | President and any Board member or any two Board members |

7.1 Petty Cash- \$100 or Less

A petty cash fund will be maintained in the Finance Department to meet the requirements of acquisitions of goods and services having a value of \$100 or less.

Petty cash should only be used when it is not feasible to use a purchasing card.

All petty cash disbursements shall be evidenced by a receipt and Petty Cash Summary Slips. The slips must accompany the receipt in order to replenish the fund.

7.2 Purchasing Card or Direct Purchase- \$2,000 or less

Purchases not exceeding \$2,000 may be made using a purchasing card or direct purchase.

The Purchasing Card or Direct Purchase Process is a method of making smaller dollar purchases.

The acquisition of goods and/or services having a value of up to \$2,000.00 per transaction, including taxes, shall be carried out by an employee with a company credit card with prior approval from the President of VP Finance.

7.3 Competitive Process- \$2,000 to \$19,999

Purchases with an estimated value greater than \$2,000 but less than \$20,000 shall be obtained using a competitive process.

Prepared by: Jeff Klassen, VP Finance**Approved by: Tim Curtis, President****Date: May 8, 2018****Date: May 8, 2018**

Finance Policy and Procedures



NOTL Hydro Purchasing Policy

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Re-Issued: May 8, 2018

Issue No.: 1.0

The employee must solicit a minimum of two (2) quotes without formal advertising or receipt of sealed bids. The requirements of the competitive process may only be waived under the authority of the President. In this case, the competitive process will be replaced by the negotiated method.

7.4 Request for Proposal (Written) - \$20,000 or Greater

In general, the Request for Proposal process encourages different solutions from vendors and actively searches for better and more creative ideas for supply of goods and services. It provides a process whereby the negotiation and award is based on demonstrated competence, qualifications and the technical merits of the Proposal at a fair price.

The President or Vice President shall prepare a Request for Proposal document which provides prospective bidders with a general requirement or overview of the problem.

A minimum of three quotes will be obtained.

Purchases over \$20,000 without competitive quotes require prior approval of the Board.

4.0 Payment Authority

| \$ Limit | Signature Type | Authority |
|-------------------------------------|----------------|---|
| \$50,000 | Facsimile | President and Board Chair |
| >\$50,000 Government or Internal | Handwritten | Two of President, VP Finance or any Board member |
| >\$50,000 | Handwritten | President and any Board member or any two Board members |

The same level of authority is required whether payment is by cheque, electronic funds transfer, bank transfer or any other form of funds transfer.

5.0 Government or Internal Payments

Board member approval is not required for payments deemed Government or Internal.

Prepared by: Jeff Klassen, VP Finance

Approved by: Tim Curtis, President

Date: May 8, 2018

Date: May 8, 2018

Finance Policy and Procedures



NOTL Hydro Purchasing Policy

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Re-Issued: May 8, 2018

Issue No.: 1.0

Government payments are payments to any government body required in the ordinary course of business. Examples of such payments include, but are not limited to:

- IESO
- Ministry of Energy
- Ontario Energy Board
- Canada Revenue Agency or Ministry of Finance

Internal payments include payments between NOTL Energy, NOTL Hydro and ESNI and payments to the Town of Niagara-on-the-Lake.

6.0 Conflicts of Interest

- 6.1 No requisition, vouchers, petty cash funds or any other order, written or verbal, shall be issued for personal goods and/or services for employees of the Company, any member of Board, or the public.
- 6.2 No purchase of goods or services shall be made from any employee or Board member of NOTL Hydro, or from any company in which an employee or Board member of NOTL Hydro has an interest without prior written approval by the Board. A contract for goods and services placed with a relative of an employee of NOTL Hydro shall be declared and that employee shall not be placed in a position to supervise or approve the execution of that contract
- 6.3 No employee or elected official shall purchase surplus assets except by bidding on the same at public auction or by sealed bid.

7.0 Local Preference

- 7.1 In accordance with the Discriminatory Business Practices Act, Revised Statutes of Ontario, 1990, Chapter D.12 there shall be no local preference for purchases.
- 7.2 All else being equal, preference will be given to purchase goods and/or services firstly from Niagara-on-the-Lake based businesses, secondly from businesses located in the Niagara Region, and thirdly from Canadian owned businesses.

Prepared by: Jeff Klassen, VP Finance

Date: May 8, 2018

Approved by: Tim Curtis, President

Date: May 8, 2018