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Renfrew Hydro Inc.
2024 Cost of Service Application
EB – 2023 – 0049

Exhibit 4: Operating Expenses

Rates Effective: January 1, 2024
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Renfrew Hydro Inc.
499 O’Brien Road, Unit B
Renfrew, Ontario
K7V 3Z3

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1 **2.4 Exhibit 4: Operating Expenses**

2 **2.4.1 Overview**

3 OM&A expenses included in the calculation of the RHI revenue requirement are those determined to be
 4 reasonable in amount and necessary for and related to the provision of utility service or in some way
 5 benefit customers. RHI management prepares annual budgets prior to the year commencing to its
 6 Board of Directors for approval of expected inflationary increases, employee salary adjustments and
 7 review of any items that require attention due to changes in market conditions.

8 In this Exhibit, the operating costs consist of the required expenditures necessary to maintain and
 9 operate RHI’s distribution system assets, the costs associated with metering, billing, collecting from its
 10 customers, the costs associated with ensuring all stakeholders safety (public, employees etc.) and costs
 11 to maintain the distribution business service quality and reliability standards with the regulating bodies.

12 As shown in Table 4.1 below, RHI increase in OM&A spending from its 2017 Cost of Service to the 2024
 13 Test Year amounts to \$193,290 or 13.2% over the last 7 years.

14 **Table 4.1: 2024 vs. 2017 Board Approved**

Category	2017 Board Approved	2024	Variance from Board Approved
Operations	\$284,906	\$482,953	\$198,047
Maintenance	\$171,759	\$155,947	\$(15,812)
Billing and Collecting	\$448,699	\$491,400	\$42,701
Community Relations	\$5,857	\$13,750	\$7,993
Administrative and General	\$557,417	\$517,777	\$(39,639)
Total OM&A Expenses	\$1,468,538	\$1,661,827	\$193,290
Percent change (year over year)			13.2%

15
 16 The increase can be attributed to the increased Operations cost of \$198K or 69.5%, offset with reduced
 17 Maintenance costs \$16K or -9.2% of the distribution system. Billing and Collecting increased \$43K or
 18 9.5%, Community Relations increased \$8K or 136.5% and Administrative and General declined \$40K or -
 19 7.1%. This would reflect a 1.89% straight line annual increase over the 7 years since the last board
 20 approved OM&A. Using compounding increases, this translates to a less than 1.8% annual increase from
 21 2017 Board Approved OM&A expenses.

1 One factor inclusive in 2017 Board approved costs was rent expense at RHI's current location, which
2 factored into both Maintenance and Administrative costs. Due to IFRS 16 rules, which became effective
3 on January 1, 2019, this expense was transitioned into a Right of Use asset in 2019, driving up
4 Depreciation and Interest costs, while reducing OM&A expenses. The effect of his permanent shift in
5 costs, had this not occurred, would increase all years since 2018 by \$55,200 in Total OM&A, which
6 would change the variance from Board approved 2017 to \$248,490 or 16.9% (approximately 2.3%
7 compounded annually). A copy of the rental agreement is attached as **Appendix A**.

8 *Operations*

9 Operations costs increase relates to the hire of an Engineering Technician to increase the skillset in
10 overall Asset Management, Engineering, Stations & Metering as well as succession plan for the future
11 retirement of the current Operations Manager projected in 2027. Offsetting this cost and headcount
12 increase is the reduction of a Customer Service Representative and therefore a reduction in
13 Administrative and General costs and a nil headcount change overall.

14 *Maintenance*

15 The reduction of maintenance costs relates to outsourcing vegetation management and the change
16 from rent expense to an IFRS right of use asset which moved this expense to depreciation and interest
17 costs. Outsourcing of vegetation management has allowed an increased focus on Capital projects by the
18 line maintainers to modernize the infrastructure of the utility while also reducing future maintenance
19 costs related to failure of aged assets.

20 *Billing and Collecting*

21 Billing and Collecting shows an increase of \$43K or 9.5% over 7 years, a simple annual inflationary
22 increase of 1.36% per annum, which is below historic and current inflation pressures.

23 *Community Relations*

24 Community Relations increase relates to increased billing communications and semi-annual Customer
25 Satisfaction and Customer Awareness programs required to obtain information to manage the
26 expectations of RHI's consumer base and maintain high levels of service and satisfaction. In the 2017
27 Cost of Service, these surveys, \$10K per annum, were budgeted to Administrative and General under
28 regulatory charges.

29 *Administration and General*

30 Administrative costs reflect a decrease in costs as inflationary increases offset with the permanent
31 reduction of a customer service representative and rent costs removed due to the IFRS Right of Use
32 asset. Cross training has allowed this staff transition to occur with no significant change in service levels.

1 *Inflation Factor*

2 For 2024, Management has used an inflation rate of 2.5% due to expected stabilization of inflationary
3 pressures. Management feels high inflationary pressures, which commenced in 2020, will subside in the
4 test year. RHI requests a review of the inflationary factor prior to final submission of rates due to the
5 current highly volatile inflationary environment. The use of 2.5% is derived from RHI's recently
6 negotiated union contract which has a 2.4% rate increase for the 2024 year commencing April 1, 2023.

1 **2.4.2 Summary and Cost Driver Tables**

2 **Cost Driver Tables**

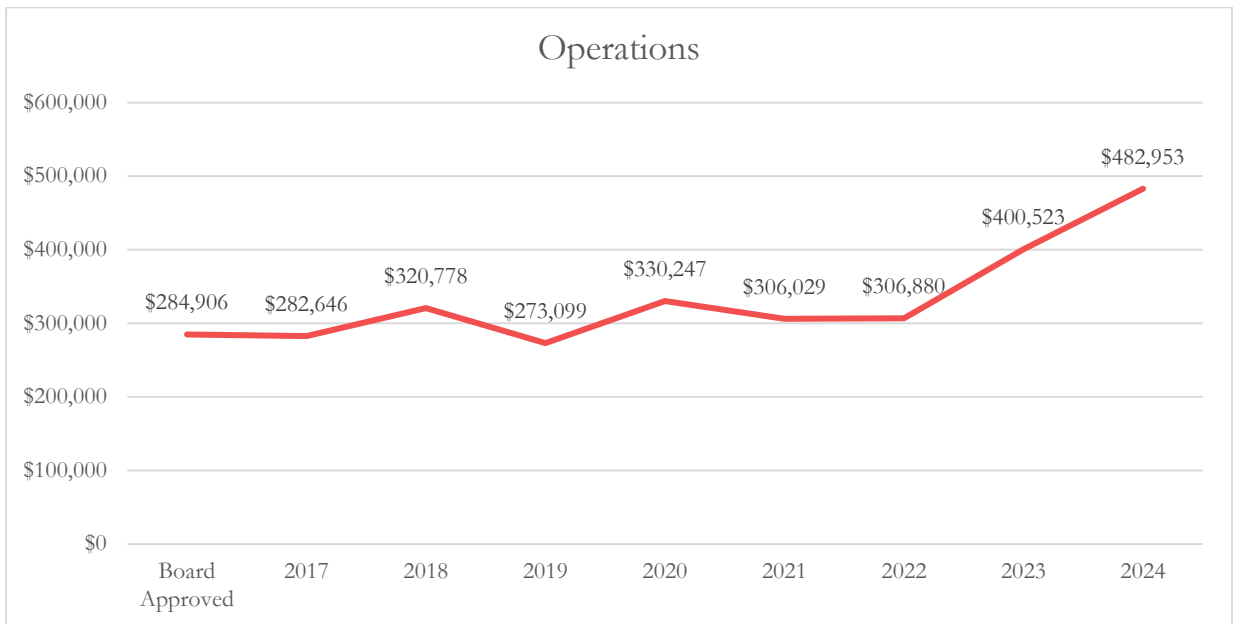
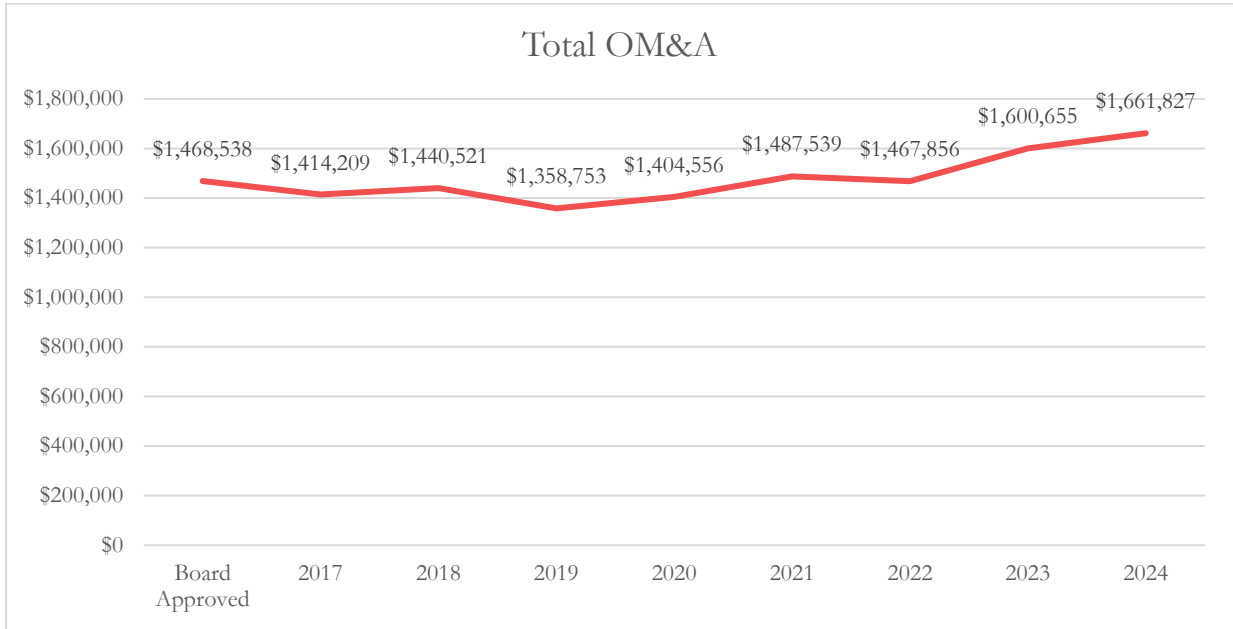
3 OEB Appendix 2-JA below shows a summary of RHI Operations, Maintenance and Administrative (“OM&A”) costs as required by the OEB’s filing guidelines.

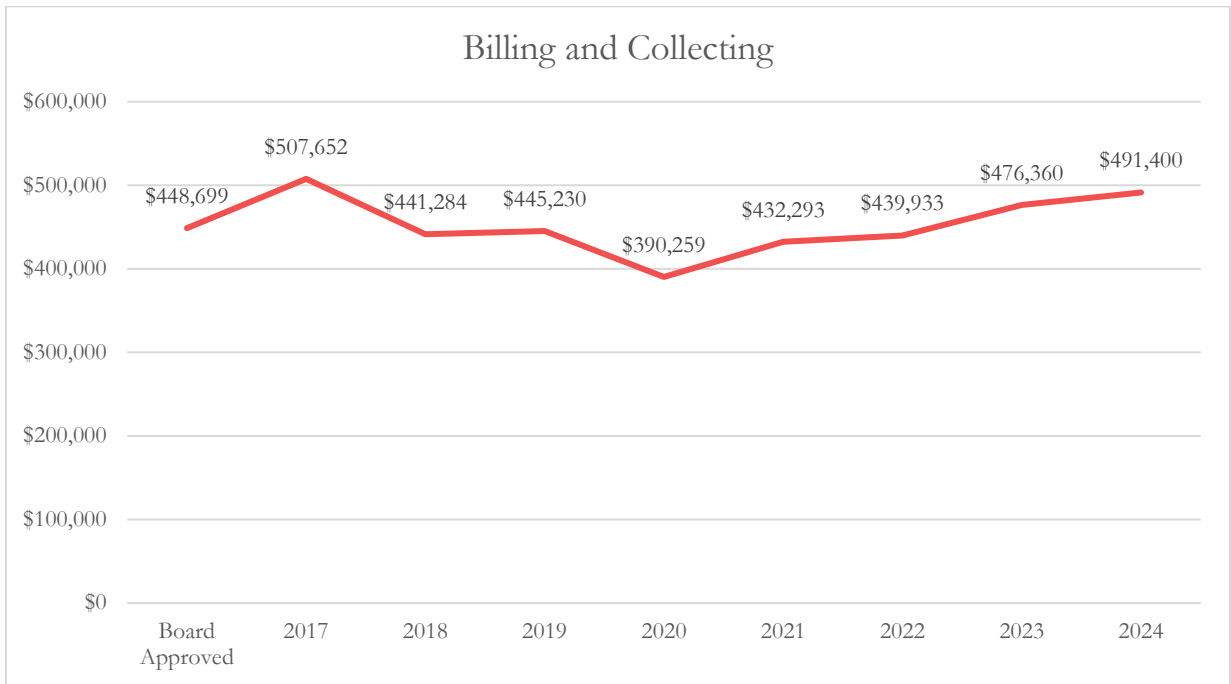
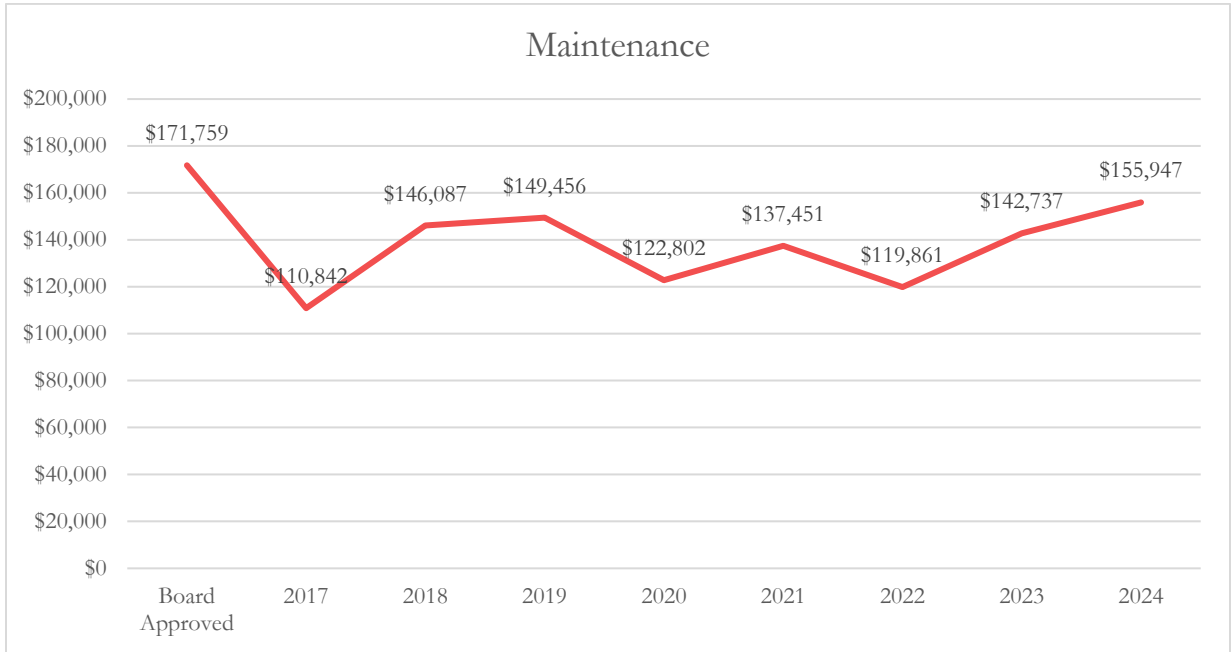
4 **Table 4.2 Appendix 2-JA - Summary of Recoverable OM&A Expenses**

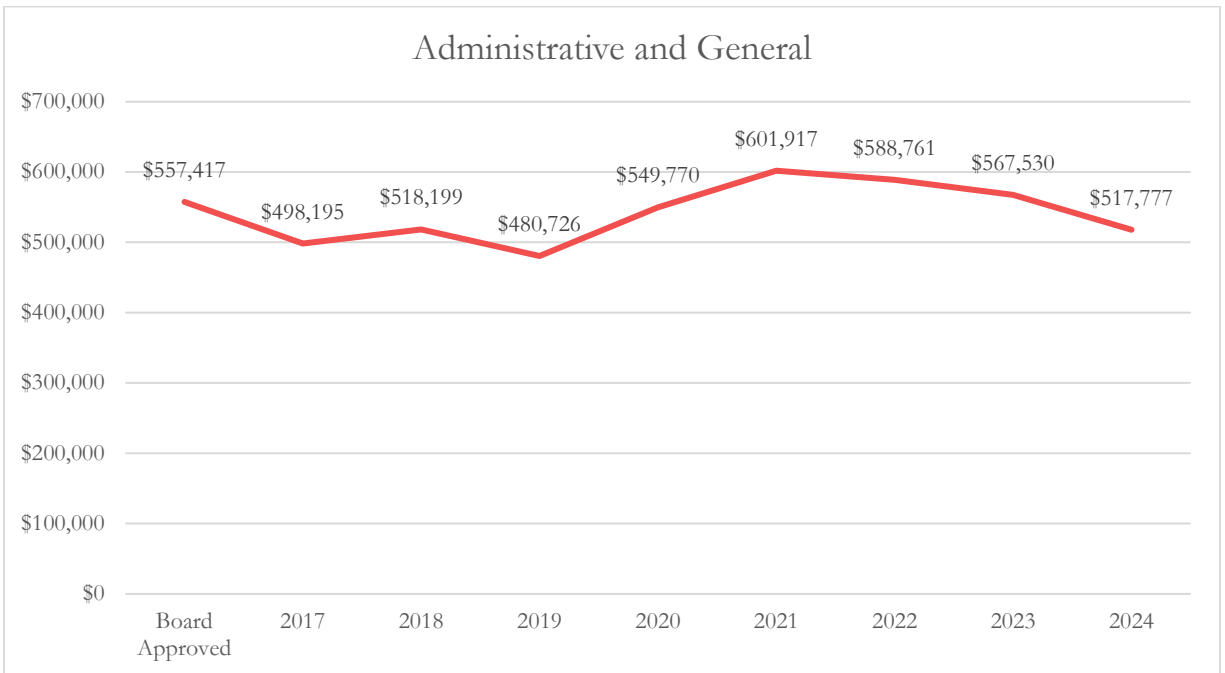
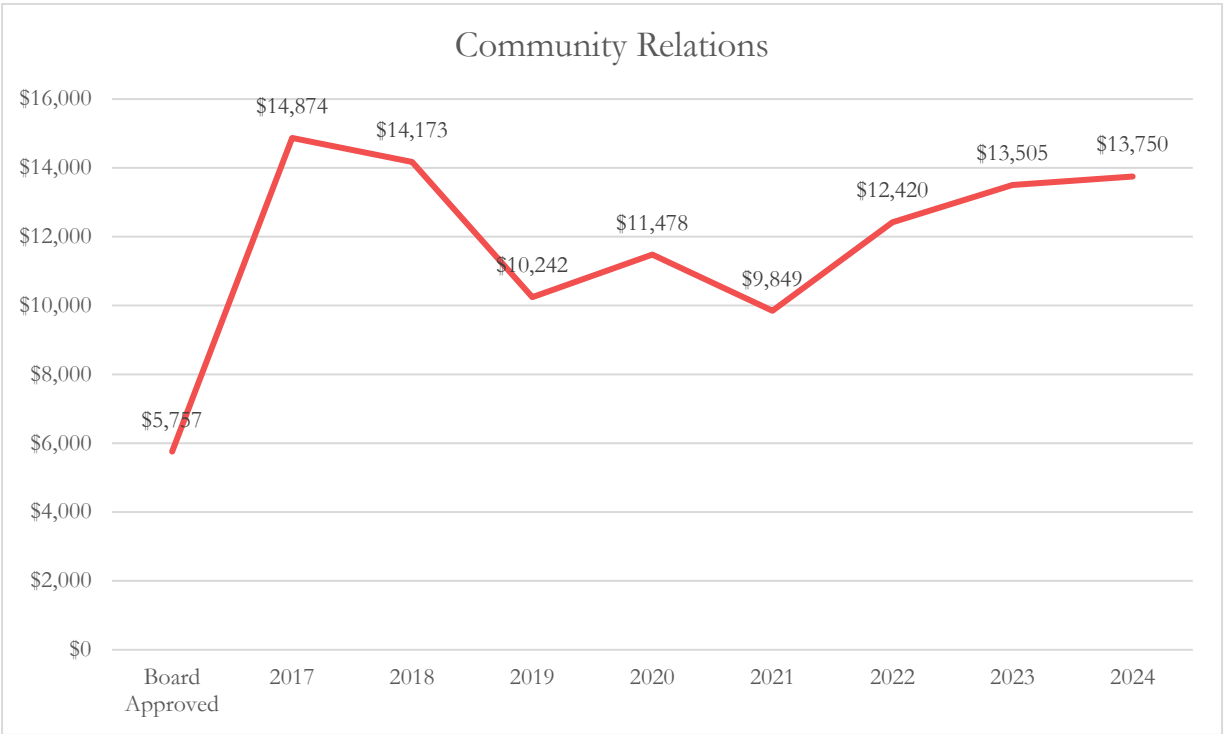
<i>Reporting Basis</i>	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
	Board Approved	2017	2018	2019	2020	2021	2022	2023	2024
Operations	\$284,906	\$282,646	\$320,778	\$273,099	\$330,247	\$306,029	\$306,880	\$400,523	\$482,953
Maintenance	\$171,759	\$110,842	\$146,087	\$149,456	\$122,802	\$137,451	\$119,861	\$142,737	\$155,947
SubTotal	\$456,665	\$393,488	\$466,865	\$422,555	\$453,049	\$443,480	\$426,741	\$543,260	\$638,900
%Change (year over year)		-13.8%	18.6%	-9.5%	7.2%	-2.1%	-3.8%	27.3%	17.6%
%Change (Test Year vs Last Rebasing Year - Actual)								19.0%	
Billing and Collecting	\$448,699	\$507,652	\$441,284	\$445,230	\$390,259	\$432,293	\$439,933	\$476,360	\$491,400
Community Relations	\$5,757	\$14,874	\$14,173	\$10,242	\$11,478	\$9,849	\$12,420	\$13,505	\$13,750
Administrative and General	\$557,417	\$498,195	\$518,199	\$480,726	\$549,770	\$601,917	\$588,761	\$567,530	\$517,777
SubTotal	\$1,011,872	\$1,020,721	\$973,656	\$936,198	\$951,507	\$1,044,059	\$1,041,115	\$1,057,395	\$1,022,927
%Change (year over year)		0.9%	-4.6%	-3.8%	1.6%	9.7%	-0.3%	1.6%	-3.3%
%Change (Test Year vs Last Rebasing Year - Actual)								4.5%	
Total	\$1,468,538	\$1,414,209	\$1,440,521	\$1,358,753	\$1,404,556	\$1,487,539	\$1,467,856	\$1,600,655	\$1,661,827
%Change (year over year)		-3.7%	1.9%	-5.7%	3.4%	5.9%	-1.3%	9.0%	3.8%

1 Please find below expense graphs to illustrate the change in RHI’s OM&A Expenses.

2 **Table 4.3 Renfrew Hydro Inc. – Total OM&A**







1 In accordance with the OEB’s minimum filing requirements, OEB Appendix 2-JB, below, outlines the key drivers of OM&A costs over the 2017 to 2024
2 period. An overview of the reasons behind the costs drivers is presented following the table, and detailed explanations are presented in Section 4.2.2-Year
3 over Year Variance Analysis.

Table 4.4 OEB Appendix 2 - JB - Recoverable OM&A Cost Driver Table

<i>Reporting Basis</i>	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
OM&A	2017	2018	2019	2020	2021	2022	2023	2024
Opening Balance	\$1,468,539	\$1,414,209	\$1,440,521	\$1,358,753	\$1,404,556	\$1,487,539	\$1,467,856	\$1,600,655
Health and Dental benefit provider change	-\$24,760							
Building maintenance moved to Other income	-\$22,000							
Smart Meter reclassification costs	\$80,394	-\$80,394						
Labour absorbed - Capital Project overrun from 2016	-\$41,000	\$41,000						
Vegetation Management	-\$54,000	\$34,000						
OEB Inflationary factor 2018 IRM 1.2%		\$16,971						
Recruitment costs - external HR function		\$12,000					\$8,000	
OEB Inflationary factor 2019 IRM 1.5%			\$21,608					
Employee vacancies, succession and progression adj's			-\$46,200	\$27,375	\$60,500	\$13,000	-\$8,500	-\$36,000
IFRS Right of Use asset			-\$55,200					
OEB inflationary factor 2020 IRM 2.0%				\$27,175				
HR consultant fee				-\$14,000				
OEB Inflationary factor 2021 IRM 2.2%					\$30,900			
OEB Inflationary Factor 2022 IRM 3.3%						\$49,089		
Amortized CoS application on regulatory costs						-\$36,000		
OEB Inflationary factor 2023 IRM 3.7%							\$54,311	
Union Contract negotiations in excess of 3.7%							\$5,000	
Benefit package cost increase HSA/WSA							\$12,000	
Double bucket truck depreciation absorption							\$15,000	\$15,000
Increased Labour absorbed - 2nd Ice Pad Ma-Te-Way						-\$53,000	\$53,000	
Inflation factor projected at 2.5%								\$40,016
Rebasing costs 2023-2027 (1/5th)								\$48,000
Other small differences	\$7,037	\$2,735	-\$1,976	\$5,253	-\$8,417	\$7,228	-\$6,011	-\$5,844
Decrease in OM&A offsetting increase								
Closing Balance	\$1,414,209	\$1,440,521	\$1,358,753	\$1,404,556	\$1,487,539	\$1,467,856	\$1,600,655	\$1,661,827

4

1 **2.4.3 OM&A Variance Analysis**

2 The tables below show the year over year variances of OM&A expenses for 2017 Board Approved to
 3 2024. A variance analysis of expenses exceeding the materiality threshold follows the table.

4 **Table 4.5 – 2017 Actual vs. 2017 Board Approved**

	Board Approved	2017	Var \$
Operations	\$284,906	\$282,646	\$(2,260)
Maintenance	\$171,759	\$110,842	\$(60,917)
Billing and Collecting	\$448,699	\$507,652	\$58,953
Community Relations	\$5,757	\$14,874	\$9,117
Administrative and General	\$557,417	\$498,195	\$(59,222)
Total OM&A Expenses	\$1,468,538	\$1,414,209	\$(54,329)
Percent change (year over year)			(3.7) %

5 Total OM&A costs in 2017 were \$54K less than the 2017 Board Approved amount. RHI received
 6 approval for rates effective January 1, 2017, in February 2017. Due to this, some budgeted expenses
 7 were delayed at the beginning of the year.

8 Operations expenses were slightly below Board Approved costs but under the Materiality threshold of
 9 \$10,000.

10 Maintenance expenses were \$61K below Board approved. The main driver for the reduced spend was a
 11 reduction in vegetation management resulting in a Labour and Overhead burden reduction of \$54K.
 12 Transformer maintenance was also reduced by \$20K under Board approved costs. These reductions in
 13 spending were due to focusing our line staff on a 2016 Capital project that carry overed into 2017.
 14 During the previous Cost of Service application process this project was expected to be completed in
 15 2016 and as such was not included in the 2017 DSP. The project required the scheduling and
 16 coordination of several planned outages with various local small businesses. The project was challenging
 17 and highly labour intensive as it was rear lot construction and involved a lot of pole climbing. The project
 18 caused RHI to spend \$85K over budget in the projected capitalization of labour, all of which was
 19 absorbed from budgeted OM&A. Also in 2017, Renfrew Hydro’s Board of Directors cancelled a DSP
 20 planned “Smart Map” project requesting further analysis and alternative options to be explored. This
 21 primarily IT project (which had no capitalized OM&A associated with it) was subsequently cancelled and
 22 replaced with a more labour-intensive pole replacement project was executed. Overall, Capital spending
 23 remained consistent with requested and approved budgets.

1 Billing and Collecting were \$59K greater than Board approved. Smart Metering deferral of costs from
2 1556 deferral accounts represent \$80K of this increased spend. This reversed in 2018 as accounts were
3 depleted over 2017.

4 Community Relations increase of \$9K is a result of increased billing inserts and expansion of Customer
5 surveys to establish better communications between RHI and its customer base and aligning customer
6 expectations with RHI servicing plans. \$10K was approved by the Board under regulatory costs which
7 would have fallen under administrative costs.

8 Administration and General was \$59K below Board approved spend. \$24K of this reduction relates to
9 Labour and overheads as RHI changed Health benefits provider commencing in 2017 and the President
10 focused on Capital projects with a larger allocation of labour costs to Capital. An additional \$10K in
11 reduced spend relates to reduced regulatory charges related to Customer engagement activity moved to
12 community relations and \$8K relates to reduced maintenance on buildings as costs transferred to
13 revenue offsets for the pending sale of building. As mentioned above, \$10K was approved for Customer
14 surveys.

15 **Table 4.6 – 2018 Actual vs. 2017 Actual**

	2017	2018	Var \$
Operations	\$282,646	\$320,778	\$38,132
Maintenance	\$110,842	\$146,087	\$35,245
Billing and Collecting	\$507,652	\$441,284	\$(66,368)
Community Relations	\$14,874	\$14,173	\$701
Administrative and General	\$498,195	\$518,199	\$20,004
Total OM&A Expenses	\$1,414,209	\$1,440,521	\$26,312
Percent change (year over year)			1.9%

16

17 Total OM&A costs in 2018 were \$26K greater than the 2017 Actual. OEB inflationary factor for was 1.2%
18 which would represent a \$17K increase in costs expected over 2017.

19 Operations increased by \$38K in 2018. Year on year increases included additional pole testing of \$15K
20 and Transformer oil disposal of \$12K. Health and Safety training was also increased by \$14K.

21 Maintenance increased by \$35K in 2018. Vegetation management labour and overheads increased \$34K
22 as operations returned to a more normal trimming cycle from reduced spend during 2017 due to

1 previously discussed labour-intensive project and Capitalized OM&A returned to a more normalized
 2 rate.

3 Billing and Collecting was \$66K less than 2017. Smart Metering 1556 deferrals expensed in 2017
 4 removed from 2018 representing \$84K of this decreased spend.

5 Community Relations remained essentially flat in 2018 with a variance well below the materiality
 6 threshold.

7 Administration and General increased \$20K in 2018. Consultancy costs temporarily increased \$12K
 8 during the year due to 1 retirement and 1 voluntary leave (recruitment fees) as well as Actuarial services
 9 for post-retirement benefits were due on a normal 3-year cycle.

10 **Table 4.7 – 2019 Actual vs. 2018 Actual**

	2018	2019	Var \$
Operations	\$320,778	\$273,099	\$(47,679)
Maintenance	\$146,087	\$149,456	\$3,369
Billing and Collecting	\$441,284	\$445,230	\$3,946
Community Relations	\$14,173	\$10,242	\$(3,931)
Administrative and General	\$518,199	\$480,726	\$(37,473)
Total OM&A Expenses	\$1,440,521	\$1,358,753	\$(81,768)
Percent change (year over year)			(5.7)%

11
 12 Total OM&A costs in 2019 were \$82K less than the 2018 Actual. Overall, this represents a 5.8%
 13 decrease. OEB inflationary factor was 1.5% which represents a \$22K increase in costs expected over
 14 2018.

15 Operations decreased by \$48K in 2019. The largest decrease was reduced rent costs of \$32K due to
 16 reclassification of IFRS Leased asset to Capital (resulting in an increase in Depreciation) with an
 17 associated decrease in Administration and General costs as described below. Health and safety training
 18 costs were reduced by \$15K as 2018 costs were higher than normal. Operations decreased as well as the
 19 Operations Manager was pulled to cover off duties of vacated President role for 4 months.

20 Maintenance \$3K, Billing and Collecting \$4K, and Community Relations \$(4)K showed variances under
 21 the materiality threshold of \$10K.

1 Administration and General decreased \$37K in 2019. \$23K relates to reduced rent costs related to IFRS
 2 16 Leased asset reclassification. The President voluntarily leaving the business accompanied by a 4-
 3 month search to find replacement resulted in temporary costs savings. \$9K increased spend occurred for
 4 outside services used to recruit a new President.

5 **Table 4.8 – 2020 Actual vs. 2019 Actual**

	2019	2020	Var \$
Operations	\$273,099	\$330,247	\$57,148
Maintenance	\$149,456	\$122,802	\$(26,656)
Billing and Collecting	\$445,230	\$390,259	\$(54,971)
Community Relations	\$10,242	\$11,478	\$1,236
Administrative and General	\$480,726	\$549,770	\$69,044
Total OM&A Expenses	\$1,358,753	\$1,404,556	\$45,803
Percent change (year over year)			3.4%

6
 7 Total OM&A costs in 2020 were \$46K greater than the 2019 Actual. Overall, this represents a 3.4%
 8 increase. OEB inflationary factor for 2020 was 2.0% which represents a \$27K increase in costs expected
 9 over 2019.

10 Operations increased by \$57K in 2020. Labour Costs increased due to Operations manager returning to
 11 normal workload after hire of President in 2019. Metering services increased by \$34K in year due to
 12 Measurement Canada reverification of Smart meters primarily purchased in 2010 and 2011.

13 Maintenance costs decreased \$27K in 2020. Reduction relates to outsourcing of Vegetation
 14 management program to an outside contractor who provides favorable rates due to timing of their
 15 normal offseason. This also explains increase in Operations as Line Maintainers became freed up to
 16 perform other services.

17 Billing and Collecting decreased by \$54K. A large component of the decrease was due to voluntary leave
 18 of Customer Service Representative early in the year. Internal staff have covered this position and
 19 corporate structure has changed to add a more experienced finance person, costed to Administration,
 20 for succession planning purposes. In addition, COVID-19 driven government financial aid reduced Bad
 21 debt costs by \$13K year over year.

22 Community Relations remained flat with changes below the materiality threshold.

1 Administration and General increased \$69K in 2020. The main driver was the hiring of a Director of
 2 Finance in replacement of a Customer Service Representative at an increased rate of compensation. This
 3 position also created for succession planning purposes as current President expected to semi-retire in
 4 bridge year and fully retire in the test year. Within the net increase of \$69K there is a \$14K reduction
 5 related to a reduction in Consultancy costs relative to 2019 due to the staff turnover and recruitment
 6 costs incurred in that year.

7 **Table 4.9 – 2021 Actual vs. 2020 Actual**

	2020	2021	Var \$
Operations	\$330,247	\$306,029	\$(24,218)
Maintenance	\$122,802	\$137,451	\$14,649
Billing and Collecting	\$390,259	\$432,293	\$42,034
Community Relations	\$11,478	\$9,849	\$(1,629)
Administrative and General	\$549,770	\$601,917	\$52,147
Total OM&A Expenses	\$1,404,556	\$1,487,539	\$82,983
Percent change (year over year)			5.9%

8
 9 Total OM&A costs in 2021 were \$83K greater than the 2020 Actual. Overall, this represents a 5.9%
 10 increase. OEB inflationary factor for was 2.2% which represents a \$31K increase in costs expected over
 11 2020.

12 Operations decreased by \$24K in 2021. Labour Costs declined due to a staff member that was placed on
 13 Long term disability during the year and replaced with a 1st year line maintainer as well as an increase in
 14 maintenance activities during the year.

15 Maintenance costs increased \$15K in 2021. Fluctuations occurring between Operations and
 16 Maintenance are normal reactive occurrences due to small staff size and the needs of the business.

17 Billing and Collecting increased by \$42K. The increase relates primarily to migration of offsite server and
 18 billing support to a new provider. Wage increase was also a factor as new corporate structure and
 19 realignment of duties allocated more costs to the billing function.

20 Community Relations remained relatively flat with changes below materiality threshold.

21 Administration and General increased \$52K in 2021. Full year with Director of Finance position offset by
 22 savings of Business Administrator electing for a reduced salary to pull back from some duties.

1

Table 4.10 – 2022 Actual vs. 2021 Actual

	2021	2022	Var \$
Operations	\$306,029	\$306,880	\$851
Maintenance	\$137,451	\$119,861	\$(17,590)
Billing and Collecting	\$432,293	\$439,933	\$7,640
Community Relations	\$9,849	\$12,420	\$2,571
Administrative and General	\$601,917	\$588,761	\$(13,156)
Total OM&A Expenses	\$1,487,539	\$1,467,856	\$(19,683)
Percent change (year over year)			(1.3)%

2

3 Total OM&A costs in 2022 were \$20K less than 2021 Actual. Overall, this represents a 1.3% decrease.

4 OEB inflationary factor for 2022 was 3.3% which should represent a \$49K increase in costs.

5 Operations and Maintenance overall decreased by \$17K in 2022. Expected inflationary pressure would
 6 amount to an increase of \$15K for these activities. Due to the long-term leave of a senior employee, RHI
 7 hired a 2nd year apprentice full-time and this reduced costs due to the progressive rates in the union
 8 contract. To help offset the experience lost, RHI also brought in a 1st year apprentice and employed
 9 them for 8 months. Typically, RHI employs a 1st year apprentice co-op students for only 1 term (4
 10 months). During the late part of 2022 a line maintainer was injured in a non-work-related incident and
 11 was placed on short term disability for 2 months. For 2022, RHI experienced a larger than normal
 12 absorption of Labour and overheads into a Contributed Capital project with the Town of Renfrew and
 13 the expansion of Ma-Te-Way activity Centre from 1 Ice pad to 2 as well as the addition of some
 14 commercial space. This project has been overrun as initial opening was scheduled for November 2022,
 15 but has been extended to 2023 and will have further effects in the 2023 year. Due to this, the project is
 16 in Work in Progress and has not been capitalized, nor amortized. This project temporarily increased
 17 OM&A absorbed into capital by \$53K.

18 Billing and collecting increased \$8K during 2022 which is reflective of inflationary pressures of 2022
 19 expected at \$14K. RHI was able to obtain some minor cost savings due to a leave of absence by its Billing
 20 Supervisor. Duties were spread amongst office staff during this time and an outside contractor fulfilled a
 21 large portion of the duties vacated.

22 Community relations costs increase of \$2.6K is under materiality threshold of \$10K and remains mostly
 23 consistent year to year.

1 Administration and General decreased \$13K during the year. Inflationary pressures would have resulted
 2 in an increase of \$20K however savings occurred due to the full amortization of 2017 Cost of Service
 3 costs in 2021, resulting in \$36K in savings. Staffing costs increased above inflation rates due to high
 4 market rates of inflation and banking vacation time into 2023 to ensure coverage during Billing
 5 Supervisor’s absence.

6 **Table 4.11 – 2023 Bridge vs. 2022 Actual**

	2022	2023	Var \$
Operations	\$306,880	\$400,523	\$93,643
Maintenance	\$119,861	\$142,737	\$22,876
Billing and Collecting	\$439,933	\$476,360	\$36,426
Community Relations	\$12,420	\$13,505	\$1,085
Administrative and General	\$588,761	\$567,530	\$(21,231)
Total OM&A Expenses	\$1,467,856	\$1,600,655	\$132,800
Percent change (year over year)			9.0%

7
 8 Total OM&A costs in 2023 are projected to be \$133K greater than the 2022 Actual. Overall, this
 9 represents a 9.0% increase. OEB inflationary factor for 2023 was 3.7% which should represent a \$54K
 10 increase in costs.

11 Operations and Maintenance are estimated to increase by \$117K in 2023 in total. A portion relates to
 12 wage increase of 2rd year Apprentice to 3rd year and associated benefits as progression rates achieved.
 13 \$5K increase due to Union contract negotiations above inflationary target. The negotiated Union
 14 contract translates into an increase above OEB approved inflation target due to inconsistency with wage
 15 rates in relation to another comparable LDC in proximity and similar living conditions to RHI unionized
 16 employees. A Health and Wellness spending account was introduced during the Union negotiations to
 17 mitigate risk in previous benefit package and promote physical and mental health and translates into a
 18 \$12K increase in costs. The increase is also partly related to a return to full staffing as the injured Line
 19 person is to return to work in April (during the absence a 1st year Student has been retained until April).
 20 Succession plan to commence in preparation of retirement of Operations Manager due within 3 years at
 21 additional cost. Electrical Technician/Engineer expected to be hired in last 3rd of 2023 to support this
 22 position and commence succession plan. RHI purchased a Double Bucket truck to replace a 22-year-old
 23 truck, set to arrive in the first half of 2023. RHI absorbs vehicle costs through burdens, including

1 amortization, into Capital as well as Operations and Maintenance through a charge out rate.
2 Amortization on this truck amounts to an increase in costs of just short of \$25K in 2023. RHI’s normal
3 capitalization rate is approximately 40%, and therefore 60% of the \$25K in expense will flow into
4 Operations and Maintenance. During 2022, RHI also experienced a higher-than-normal absorption of
5 costs in capital as mentioned above; this is reversed in 2023 to return to a normal level of capital work.

6 Billing and collecting projection of a \$36K increase represents the return of an employee from leave,
7 offset by a reduction in the cost of outsourcing most of their duties. Various software programs
8 scheduled for upgrades to implement Ultra Low Overnight rates, Green Button and Customer online
9 portal change from current program in which the support will no longer be provided. Savings from 2022
10 leave of absence reversed in 2023.

11 Community relations costs projected to increase \$1K is under threshold of \$10K materiality and remains
12 consistent year to year.

13 Administration and General projected decrease of \$21K relates to the semi-retirement of the current
14 President during the year to an 80% paid position while supporting the Cost of Service rate application
15 and new hire for the impending succession plan of the Operations Manager.

16 **Table 4.12 – 2024 Test vs. 2023 Bridge**

	2023	2024	Var \$
Operations	\$400,523	\$482,953	\$82,430
Maintenance	\$142,737	\$155,947	\$13,210
Billing and Collecting	\$476,360	\$491,400	\$15,040
Community Relations	\$13,505	\$13,750	\$245
Administrative and General	\$567,530	\$517,777	\$(49,753)
Total OM&A Expenses	\$1,600,655	\$1,661,827	\$61,172
Percent change (year over year)			3.8%

17
18 Total OM&A costs for 2024 are projected to be \$61K greater than the 2023 Bridge year. The inflationary
19 factor for 2024 used by Management is 2.5%, which should represent a \$40K increase in costs.

20 Operations and Maintenance are expected to increase by \$96K in 2024. The primary driver of the
21 significant increase in 2024 for Operations is the Engineer/Metering technician, to be hired in late 2023,
22 for a full year in 2024. A portion relates to the further succession of an Apprentice to full Journeyman.

1 The impact of the Double bucket truck amortization expenses in burdens allocated to OM&A is expected
2 to increase by an incremental \$15K due to full year of amortization (the truck having been included on a
3 half year basis in 2023). This is offset by a portion of the current President’s salary being allocated to
4 various tasks within Operations and Maintenance no longer applicable due to full retirement.

5 Billing and collecting projection of a \$15K increase represents 3.2% increase and is slightly higher than
6 inflation projection of 2.5% due to various support agreements with outside service providers which
7 typically exceed inflationary growth in their fee structures.

8 Administration and General projected decrease of \$50K relates to the full retirement of the current
9 President, a projected increase in rate of pay to current employee to succeed the retiring President and
10 their role and an increase of \$48K in regulatory costs for the Cost-of-Service rate application amortized
11 from 2024-2028.

12

1 OEB Appendix 2-L Recoverable OM&A Cost per Customer and per FTE below, outlines the cost per customer per full-time employee. This information is
2 provided for the 2017 to 2024 period, in accordance with the OEB’s minimum filing requirements, discussions of cost per customer follows the Appendix.

3 *Table 4.13 OEB Appendix 2-L – Recoverable OM&A Cost per Customer and per FTE*
4

Appendix 2-L
Recoverable OM&A Cost per Customer and per FTE ¹

	Last Rebasing Year 2017 - OEB Approved	Last Rebasing Year 2017 - Actual	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Bridge Year	2024 Test Year
Reporting Basis	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
OM&A Costs									
O&M	\$ 456,655	\$ 453,475	\$ 393,488	\$ 466,865	\$ 422,555	\$ 443,480	\$ 426,741	\$ 543,260	\$ 638,900
Admin Expenses ⁶	\$ 1,011,872	\$ 943,838	\$ 498,195	\$ 973,656	\$ 936,198	\$ 1,044,059	\$ 1,041,115	\$ 1,057,395	\$ 1,022,927
Total Recoverable OM&A from Appendix 2-JB ⁵	\$ 1,468,527	\$ 1,397,313	\$ 891,683	\$ 1,440,521	\$ 1,358,753	\$ 1,487,539	\$ 1,467,856	\$ 1,600,655	\$ 1,661,827
Number of Customers ^{2,4}	4,310	4,300	4,312	4,325	4,345	4,364	4,384	4,405	4,426
Number of FTEs ^{3,4}	10	11	11	10	11	11	10	11	11
Customers/FTEs	431	380	378	413	404	406	442	420	422
OM&A cost per customer									
O&M per customer	\$106	\$105	\$91	\$108	\$97	\$102	\$97	\$123	\$144
Admin per customer	\$235	\$219	\$116	\$225	\$215	\$239	\$237	\$240	\$231
Total OM&A per customer	\$341	\$325	\$207	\$333	\$313	\$341	\$335	\$363	\$375
OM&A cost per FTE									
O&M per FTE	\$45,666	\$40,024	\$34,456	\$44,548	\$39,307	\$41,254	\$43,018	\$51,739	\$60,848
Admin per FTE	\$101,187	\$83,304	\$43,625	\$92,906	\$87,088	\$97,122	\$104,951	\$100,704	\$97,422
Total OM&A per FTE	\$146,853	\$123,329	\$78,081	\$137,454	\$126,396	\$138,376	\$147,969	\$152,443	\$158,269

5

1 As shown in the OEB appendix above, the OM&A cost per customer in the Test Year has
2 increased by \$34 since the 2017 Board Approved costs. Connection growth rate is relatively
3 stagnant at 2.69% growth over 7 years, or less than 0.5% per annum. Based on this application
4 OM&A costs are expected to increase to \$375 per customer from \$341 per previous board
5 approved costs. This represents an increase of 10.0% per customer over 7 years, or 1.37%
6 compounded per annum. OM&A cost per employee is projected to increase by \$11,415 over 7
7 years which is a 7.8% increase, or 1.1% compounded per annum. These are both well below
8 normal inflationary pressures when also considering a very small growth rate in customers and
9 stagnant employee headcount.

10 According to the OEB's published "OM&A cost per customer," RHI at \$341 in 2021 is in line with
11 the average for the province of \$342 OM&A per customer.

12 **Program Delivery Costs with Variance Analysis**

13 *Program Description*

14 The following section describes programs which RHI is in the process of adopting. The categorization of
15 USoA account/functions has been based on the RRFE categories, Customer Focus, Operational
16 Effectiveness, Public Responsiveness and Miscellaneous.

17 *Program Overview*

18 RHI aims to meet or exceed the system maintenance and inspection requirements of the Ontario Energy
19 Board's Distribution System Code (DSC) in order to minimize subsequent repair and/or replacement
20 costs. Section 4.4.1, of the DSC states:

21 "A distributor shall maintain its distribution system in accordance with good utility practice and
22 performance standards to ensure reliability and quality of electricity service, on both a short-term and
23 long-term basis."

24 The following OM&A maintenance programs are consistent with good utility practices.

25 *Customer Focus*

- 26 • Operational Effectiveness & Communication
- 27 • Customer Service, Mailing Costs, Billing and Collections
- 28 • Bad Debts
- 29 • Monthly Billing

1 ***Operational Effectiveness***

- 2 • Meters operations and maintenance
- 3 • Distribution sub-stations and protection and control
- 4 • Asset management
- 5 • Overhead lines operations and maintenance
- 6 • Operations & engineering, Inspection drafting & design construction services
- 7 • Distribution Transformers
- 8 • Vegetation Management
- 9 • Underground conduit
- 10 • Poles Towers & Fixtures
- 11 • Executive, Financial, Legal, Professional and Insurance Services
- 12 • Office buildings & security costs
- 13 • Other – Memberships

14 ***Public and Regulatory Responsiveness***

- 15 • Regulatory & Compliance

16 Each program is discussed further below.

17 **CUSTOMER FOCUS**

18 ***Operational Effectiveness & Communication***

19 The coordination of both internal and external communications strategies is central to supporting the
20 company’s strategic plan, as well as key community, safety, customer and employee initiatives. More
21 particularly, external strategies and plans help to support media relations, website development, the
22 development of various collateral materials, newsletters and the integration of social media into the
23 communications platform. All of these activities focus on enhancing public understanding of their local
24 distributor and Ontario’s power system, as well as educating consumers on electrical safety, managing
25 their electricity bill, creating a culture of conservation, and activities that directly support community
26 initiatives.

27 For RHI this means a commitment to provide relevant and timely consumer information to it’s over
28 4,400 customers, including proactive communications as it relates to the local distribution system and
29 related electricity issues that impact ratepayers. RHI maintains a visible presence in the community it
30 serves by educating and keeping its customers informed about electrical safety (at home and in the
31 workplace); energy conservation and demand management as it relates to ongoing public education (via
32 customer newsletters, marketing and advertising) and delivering a complement of residential and

1 business CDM programs; contributions to the community, including its charitable activities; consumer-
2 based issues such as escalating electricity prices or Time-of-Use rates; projects and local initiatives and,
3 any relevant programs, issues and/or projects that impact customers.

4 The costs included in the Community Relations cost category are related to the functions of the RHI
5 community safety programs, and activities related to corporate and customer communications.

6 *Customer Service, Mailing Costs, Billing and Collections*

7 RHI's Billing and Meter Reading department and the Customer Service department are responsible for
8 Billing and Collections activities that include:

- 9 • correctly computing and billing customers using approved rates, rate riders, rate adders,
10 loss factors and other regulated rates and charges.
- 11 • testing and promoting Customer Information System enhancements to support regulatory
12 changes.
- 13 • processing bill payments in a timely manner to satisfy cash flow requirements, and
14 managing delinquent accounts appropriately so that all customers pay for the services
15 provided to them.

16 The Billing department is also responsible for handling day to day customer inquiries in regards to their
17 accounts and fielding numerous other questions as they relate to Government and Regulatory policy,
18 conservation and demand management, pricing and consumption inquiries. In addition to this function,
19 office data clerks are also responsible for processing payments dropped off at our office, customer move
20 ins and outs, activations of our Equal Payment program, and numerous other administrative tasks. This
21 department fields over 4,000 calls per year. RHI billing and collections activities are consistent with the
22 OEB's rules in this area as set out in the DSC.

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

25 *Collections and Bad Debts*

26 Collection activity is not exclusive to overdue accounts, it also includes the adoption and continued
27 application of a prudent Credit Policy and the Customer Service Amendments consistent with the OEB's
28 Distribution System Code.

29 RHI utilizes an extensive early collections process to minimize the number of accounts that are near the
30 disconnection stage. Active accounts are collected through phone calls, notices, and hand delivered
31 letters. Overdue final accounts are assigned to a Collection Agency 60 days after the due date. In the

1 recent past RHI has experienced a decrease in its bad debt expense that is attributed to an increase in
2 Government funding related to COVID-19 relief provided by the Ontario Government and decreased
3 rates for commodity pricing. For the Test year, RHI has assumed Bad debts to revert to pre-pandemic
4 levels.

5 *Monthly Billing*

6 The Billing group is responsible for all billing activities supporting approximately 4,400 customers in
7 RHI's service area. This includes the provision of monthly billing that results in RHI issuing over 53,000
8 invoices annually. The Billing Department is responsible for managing Electronic Business Transactions
9 ("EBT") and retailer settlement functions for just under 100 retailer accounts; account adjustments;
10 processing of meter changes (e.g., re-verification); and other various account related field service
11 orders, and mailing services. In 2022, RHI produced approximately 53,500 bills with a billing error rate of
12 0.02%.

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

16 RHIs billing and collections activities are consistent with the OEBs rules in this area as set out in the DSC.

17 *Service Locates*

18 A portion of RHI's distribution system is buried. Whenever RHI's customers are preparing to excavate
19 they contact Ontario One Call to request that a Locate be performed. Ontario One Call relays the
20 customer's request to RHI. A customer service employee fulfills the request within the mandated 5
21 business day window; this data is valid for 60 calendar days. The employee provides the data directly to
22 the requesting customer and copies it to RHI so that the customer can safely commence their planned
23 excavation. This is a reactive activity and in a typical year RHI responds to over 600 requests.

24

1 **OPERATIONAL EFFECTIVENESS**

2 *Operations and Maintenance*

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

15 RHI's customer responsiveness and system reliability are monitored continually to ensure that its
16 maintenance strategy is effective. This effort is coordinated with RHI's capital project work, so that
17 maintenance programs help to identify those areas that require capital investments. RHI is then able to
18 adjust its capital spending priorities to address these matters. This process is described in more detail in
19 conjunction with RHI's Asset Management Plan, found in the DSP in Exhibit 2.

20 Within RHI, Operations and Maintenance expenses include all costs relating to the operation and
21 maintenance of the RHI distribution system. This includes both direct labour costs and non-capital
22 material spending to support both scheduled and reactive maintenance events. Below is a description of
23 each of the departments involved directly in Operations & Maintenance of the RHI system, as well as a
24 description of the indirect costs which could be allocated.

25 **Direct costs:**

- 26 • Metering
- 27 • Maintenance (Construction)
- 28 • Substations Services
- 29 • Customer Service

30 **Indirect costs:**

- 31 • Material

- 1 • Vehicles
- 2 • Labour Burden

3

4 *Meters Maintenance*

5 This department is responsible for the installation, testing, and commissioning of new metering and for
6 the ongoing operations of existing metering, both simple and complex metering installations. Testing of
7 complex metering installations ensures the accuracy of the installation (e.g., to verify that the
8 appropriate meter multipliers are applied through the billing process). Metering proactively investigates
9 potential diversion and/or theft of power which may give rise to unsafe conditions or risk other
10 customers being inappropriately held financially responsible for costs. This department also provides
11 emergency response to customer trouble call requests, when the Control Room determines that the
12 trouble call is related to one customer only.

13 The Metering group benefits customers in two ways: first, the ongoing accurate operation of meters
14 provides real time operating data other systems that supports System Operations, and second, because
15 it ensures that bills are computed correctly and, hence, that customers are fairly charged for the services
16 provided.

17 *Overhead Lines Operation and Maintenance*

18 Maintenance work performed outside of the capital budget accounts is captured through the operating
19 maintenance accounts. This work can be either planned or unplanned and can involve capital work
20 under the general service capital budgets. Maintenance and operating budgets are typically prepared
21 based on historical values. The field inspection program identifies a number of immediate concerns and
22 concerns requiring immediate analysis. Most of the concerns were slated under planned work and
23 categorized as priority scheduled work or normal scheduled work.

24 *Underground Lines Operation and Maintenance*

25 Maintenance work performed outside of the capital budget accounts is captured through the operating
26 maintenance accounts. This work can be either planned or unplanned and can involve capital work
27 under the general service capital budgets. Maintenance and operating budgets are prepared based on
28 historical values. The field asset inspection program identifies several immediate concerns and concerns
29 requiring immediate analysis. Most of the concerns were slated under planned work and categorized as
30 priority scheduled work or normal scheduled work.

1 Except for the pole replacements, transformer replacements, and wire replacements; the bulk of the
2 concerns will be charged to maintenance. It is expected that the maintenance budget will be fully
3 utilized with the normal volume of maintenance work.

4 *Operation and Engineering for Construction Services*

5 This program involves connection requests from builders and developers for the design of distribution
6 system capital projects, collection, analysis and allocation of materials, system planning, project
7 planning and coordination and management of the distribution system design. It is also responsible for
8 overall coordination of construction activities to enhance, modify and renew the distribution system.

9 Please note that this required area of an electrical utility was performed by our existing President who is
10 an OACETT Certified Electrical Engineering Technician, however a substantial portion of his salary was
11 attributed to and accounted for under general administration. With his upcoming retirement in 2023,
12 Renfrew Hydro will be allocating budget in this area for our new Electrical Engineering Technical position
13 and also a portion of Operations Manager salary whom both will be required to fulfill this requirement.

14 *Distribution Transformers*

15 Substation service activities address the maintenance of all equipment at RHI 5 substations that house 5
16 substation transformers. As with the maintenance activities, RHI's substation maintenance strategy
17 focuses on minimizing, to the extent possible, emergency-type work by improving the effectiveness of
18 RHI's planned maintenance program (including predictive actions) for its substations. This department
19 also provides an underground locate service to anyone requesting verification of underground cable
20 locations. The costs incurred by this group include labour costs and non-capital material spending to
21 support both scheduled and emergency maintenance events.

22 *Vegetation Management (Tree Trimming)*

23 To manage the tree trimming activities for RHI, a tree trimming tender is issued to approved tree
24 trimming contractors that are known in the industry to be capable to undertake the scope of work. To
25 control costs, the tender is a fixed price tender for a designated area based on a 3-year cycle.

26 Tree trimming is a critical element of the overall maintenance program that brings measurable results to
27 the utility. RHI is proactive to minimize the destructive impact caused by trees.

28 *Underground Conduit*

29 Underground Conduit is installed with co-ordination with the Town of Renfrew Development and Works
30 Department on an as needed basis. The Town of Renfrew has marginal growth and new sub-divisions
31 have been equipped with underground feeds, however, the growth rate is very slow in the Town with
32 typically a sub-division taking 3-4 years for full development.

1 *Poles, Towers and Fixtures*

2 The integrity of a portion of all hydro poles are visually inspected annually by the tree trimming
3 contractor as part of the tree trimming tender. The contractor, while covering the 3-year trim cycle
4 territory, is trained annually to spot, by visual inspection, pole defects and notify the Operations
5 Manager. The Operations Manager also maintains and reviews aging of poles on an annual basis and
6 conducts tests based on aging and visual inspections to ensure pole safety and condition. Asset
7 Condition Assessment results are then used to identify and prioritize the replacement of the poles to
8 minimize the risk of an incident due to defective poles.

9 *Fleet Costs*

10 RHI operates a 7-vehicle fleet. Fleet management and operations are geared to minimizing vehicle down
11 time so that there are no inappropriate delays to dispatching a trouble crew to restore service and to
12 maintain vehicle reliability and safety.

13 The fleet is comprised of:

- 14 1. Pick-up Trucks (3)
- 15 2. Single or Double Bucket Truck (2)
- 16 3. Radial Boom Derrick (RBD) (1)
- 17 4. Dump Truck (1)

18 All of which have an established replacement cycle that can be adjusted depending on the condition and
19 duty of the individual vehicle. Replacements are reviewed annually and are accommodated within RHI's
20 capital budgeting process.

21 RHI currently has no electric or hybrid Sport Utility Vehicles (SUVs) as part of its fleet and as vehicles
22 become due for replacement, they will be given consideration to transition to these drive trains.

23 *Health and Safety*

24 RHI's Safety Plan supports an effective 'loss prevention' and risk management approach. A strong
25 operating discipline is required to create a safety culture where all employees take accountability for
26 their own safety and that of their coworkers, where leadership sets an example that no LTI is acceptable
27 and where progress is tracked, measured and improved upon; fundamentally the Ontario Health &
28 Safety Internal Responsibility System (IRS). When healthy and safe organizations employ this operating

1 discipline, they are able to provide management with leading indicator metrics that track and assess the
2 effectiveness of the organization's efforts.

3 The Safety Plan supports RHI's Occupational Health and Safety Management System ('OHSMS') that
4 builds and incorporates an accountability structure, empowers employee involvement and continually
5 measures its performance with the goal of preventing, minimizing and mitigating current and potential
6 areas of loss for the organization.

7 RHI employs a leading indicator approach that measures proactive efforts that can uncover weaknesses
8 before they develop into full-fledged problems. Leading indicators are effective predictors of safety
9 performance because they focus on the types of issues that are key to successful safety performance
10 including leadership, worker participation, incident investigations and root cause analyses. The success
11 of the leading indicator program depends on the audit program, analysis of risk and hazard reviews,
12 near-miss reporting and analysis, employee safety suggestions, training programs and ongoing and
13 rigorous compliance with engineering and legislated standards and guidelines.

14 *Executive, Financial, Legal, Professional and Insurance Services*

15 The program includes costs such as legal and administrative costs incurred annually as part of the
16 utility's business operations. These costs also include general accounting and audit costs. This program
17 covers preparation of statutory, management and financial reporting; accounts payable and general
18 accounting; treasury functions, including borrowing and cash management; financial risk management;
19 accounting systems and internal control processes; preparation of consolidated budgets and forecasts;
20 and tax compliance. The executive team is responsible for the decision making for all financial and non-
21 financial aspects of the utility. This program also covers professional costs associated with Regulatory
22 Affairs. This function is also responsible for monitoring all applicable legislation.

23 *Post - Employment Costs*

24 RHI provides post-employment life insurance and health and dental benefits to all current active retirees
25 under the age of 65. RHI continuously reviews post-employment benefits to minimize costs. Actuarial
26 report, commissioned tri-annually, for the 2021 year end is attached as **Appendix B**.

27 *Procurement and Materials Management*

28 Materials and equipment used in the construction and maintenance of the 24/7 distribution system are
29 stored on site either in the RHI stockroom/warehouse or in the yard. All costs associated with receiving
30 shipments, tracking inventory, issuing materials to line crews contribute to this account.

31

1 *Office Buildings & Security Costs*

2 RHI currently rents its facility under a Right of Use IFRS lease and therefore building and security costs
3 are minimal due to this expense appearing under depreciation.

4 *IT, Software, Telecommunications*

5 A significant portion of RHI's current strategic direction can be summarized as a focused transition of its
6 business to move away from paper-based functionality and manual processes. This focus drives much of
7 the work currently underway within RHI. RHI does not have an internal IT department and relies on the
8 services of outside IT consultants to maintain the security of our systems.

9 This strategy translates into a pragmatic approach for managing the organization's systems and
10 operations. As business needs change, requirements are carefully considered before targeted additions
11 or enhancements to existing systems are made.

12 Through careful and pragmatic investments in technology, RHI's has developed an effective and
13 functional set of systems that meet the current needs of the organization. The following sections briefly
14 describe RHI's current IT environment.

15 RHI currently uses Sage 300 software suite to provide a package of utility focused administrative
16 systems. These systems have been designed to meet the specific needs of small utilities. Components
17 currently in use at RHI's include:

- 18 • Payroll
- 19 • Materials Management
- 20 • Accounts Payable
- 21 • Consumer Accounting (CIS)
- 22 • Miscellaneous A/R
- 23 • Work Orders
- 24 • Fixed Assets
- 25 • General Ledger

1 These systems provide a fully functional solution for RHI's business and activities. RHI is looking to
2 increase the use of technology over the next few years to remove manual processes and reduce its
3 reliance on paper-based workflows.

4 *Internal Labour & Benefit Costs – Attributed to Capital Work*

5 RHI employs a work order driven time sheet program in which costs associated with capital work are
6 tracked in daily timesheets and posted to work orders codes which separate OM&A and capital costs. All
7 work orders are charged a burden rate to properly allocate vacation, benefits, pension etc. to fully cost
8 work performed on an hourly basis. RHI's capitalization policy has been consistent throughout the years
9 at between 18-23% of OM&A costs.

10 *Other – Memberships*

11 RHI is an active member in various groups which spread the costs of specialists amongst several utilities
12 for cost efficiency. RHI's size limits the resources to cover all regulated activities required to maintain
13 adherence to all programs. RHI is currently a member of Cornerstone Hydro Electric Concepts (CHEC)
14 group, Utility Standards Forum (USF), and other various collective small utility offerings.

15

16

1 **2.4.3 OM&A Variance Analysis**

2 Appendix below shows the year over year variances of OM&A programs for 2017 Board Approved to 2024. A variance analysis of expenses exceeding the
3 materiality threshold follows the table. RHI notes that prior to 2017, the programs listed at the previous schedule and presented in the table below were
4 not in place. The utility carefully selected and adopted these programs based on a review of OM&A Programs that were introduced in recent Cost of
5 Service application. The utility fully plans on using, tracking and reporting on these programs on a going forward basis. The utility fully expects that these
6 OM&A Programs will evolve and change over time.

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1 *Table 4.14: OEB Appendix 2-JC – OM&A Programs Table*

2

Programs	Last Rebasing Year (2017 OEB Approved)	Last Rebasing Year (2017 Actuals)	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Bridge Year	2024 Test Year	Variance (Test Year vs. 2022 Actuals)	Variance (Test Year vs. Last Rebasing Year (2017 OEB-Approved))
<i>Reporting Basis</i>	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS		
Operation											
Operation Surpevision and Engineering	0	0	0	0	0	21,068	43,149	94,669	167,090	123,941	167,090
Distribution station equipment	38,120	60,436	48,899	46,448	38,584	53,472	67,884	79,209	81,267	13,383	43,147
Overhead lines and Transformers	68,948	41,630	75,031	53,398	50,117	41,797	56,231	64,758	66,675	10,444	-2,273
Meter Expense	18,835	12,186	5,265	2,899	39,088	50,939	13,593	17,557	17,883	4,290	-952
Customer Premises	28,546	28,836	34,984	27,524	34,345	49,249	44,715	50,368	52,047	7,332	23,501
Rent	41,344	43,462	43,967	21,635	21,342	21,317	17,361	20,028	22,096	4,735	-19,248
Health and Safety	37,885	40,852	50,110	29,642	31,559	32,239	35,510	36,398	37,308	1,798	-577
Miscellaneous	51,228	55,244	62,522	91,553	115,212	35,949	28,437	37,536	38,587	10,150	-12,641
Sub-Total	284,906	282,646	320,778	273,099	330,247	306,030	306,880	400,523	482,953	176,073	198,047
Maintenance											
Stations	3,631	7,846	17,820	7,455	708	811	354	0	0	-354	-3,631
Poles, Towers and Fixtures	11,291	3,576	3,644	3,705	2,769	2,905	1,530	1,867	2,267	737	-9,024
Overhead Services	28,289	40,138	38,656	31,006	48,509	44,827	19,756	28,292	31,596	11,840	3,307
Vegetation Management	89,047	49,866	69,812	105,431	64,731	68,270	91,276	95,088	99,584	8,308	10,537
Underground Conduit and Services	9,300	3,245	2,411	1,367	3,339	7,993	1,098	9,000	11,000	9,902	1,700
Transformers	26,392	4,899	12,800	493	2,746	12,645	5,847	8,500	11,500	5,653	-14,892
Miscellaneous	3,809	1,272	944	0	0	0	0	0	0	0	-3,809
Sub-Total	171,759	110,842	146,087	149,457	122,802	137,451	119,861	142,747	155,947	36,086	-15,812
Billing and Collecting											
Billing	298,135	279,483	293,249	312,076	312,037	346,583	353,834	377,794	390,971	37,137	92,836
Meter Reading	33,238	114,473	29,765	27,297	26,933	31,618	29,281	33,792	34,637	5,356	1,399
Collecting	85,388	79,290	91,516	81,262	40,003	41,725	37,647	40,773	41,792	4,145	-43,596
Bad Debt expense	31,938	34,406	26,754	24,595	11,286	12,367	19,171	24,000	24,000	4,829	-7,938
Sub-Total	448,699	507,652	441,284	445,230	390,259	432,293	439,933	476,359	491,400	51,467	42,701
Community Relations											
Customer Ssurveys and Information	5,757	14,874	14,173	10,242	11,478	9,849	12,420	13,505	13,750	1,330	7,993
Sub-Total	5,757	14,874	14,173	10,242	11,478	9,849	12,420	13,505	13,750	1,330	7,993
Administrative and General											
Salaries and Wages	277,011	263,566	276,245	242,649	322,362	384,554	407,899	379,808	271,493	-136,406	-5,518
Regulatory	80,812	56,561	55,012	54,972	55,401	54,919	21,922	22,580	72,471	50,549	-8,341
Rent and Maintenance	40,499	33,396	38,806	19,054	14,089	14,966	15,186	15,631	15,943	757	-24,556
Supplies	36,962	38,985	34,984	34,444	36,705	35,291	38,993	40,499	40,951	1,958	3,989
Miscellaneous	122,133	105,687	113,152	129,607	121,214	112,187	104,761	109,012	116,919	12,158	-5,214
Sub-Total	557,417	498,195	518,199	480,726	549,771	601,917	588,761	567,530	517,777	-70,984	-39,640
Miscellaneous										0	0
Total	1,468,538	1,414,209	1,440,521	1,358,754	1,404,557	1,487,540	1,467,855	1,600,664	1,661,827	193,972	193,289

3

4

1 *Table 4.15: OEB Appendix 2-JA – Summary of Recoverable OM&A Expenses*

2

Summary of Recoverable OM&A Expenses

Reporting Basis	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
	Board Approved	2017	2018	2019	2020	2021	2022	2023 Bridge Year	2024 Test Year
Operations	\$284,906	\$282,646	\$320,778	\$273,099	\$330,247	\$306,029	\$306,880	\$400,523	\$482,953
Maintenance	\$171,759	\$110,842	\$146,087	\$149,456	\$122,802	\$137,451	\$119,861	\$142,737	\$155,947
SubTotal	\$456,665	\$393,488	\$466,865	\$422,555	\$453,049	\$443,480	\$426,741	\$543,260	\$638,900
%Change (year over year)		-13.8%	18.6%	-9.5%	7.2%	-2.1%	-3.8%	27.3%	17.6%
%Change (Test Year vs Last Rebasing Year - Actual)									39.9%
Billing and Collecting	\$448,699	\$507,652	\$441,284	\$445,230	\$390,259	\$432,293	\$439,933	\$476,360	\$491,400
Community Relations	\$5,757	\$14,874	\$14,173	\$10,242	\$11,478	\$9,849	\$12,420	\$13,505	\$13,750
Administrative and General	\$557,417	\$498,195	\$518,199	\$480,726	\$549,770	\$601,917	\$588,761	\$567,530	\$517,777
SubTotal	\$1,011,872	\$1,020,721	\$973,656	\$936,198	\$951,507	\$1,044,059	\$1,041,115	\$1,057,395	\$1,022,927
%Change (year over year)		0.9%	-4.6%	-3.8%	1.6%	9.7%	-0.3%	1.6%	-3.3%
%Change (Test Year vs Last Rebasing Year - Actual)									1.1%
Total	\$1,468,538	\$1,414,209	\$1,440,521	\$1,358,753	\$1,404,556	\$1,487,539	\$1,467,856	\$1,600,655	\$1,661,827
%Change (year over year)		-3.7%	1.9%	-5.7%	3.4%	5.9%	-1.3%	9.0%	3.8%

3

1 **2017-2024 Variances, Increases above the materiality threshold:**

2 Variances in relation to 2017 Board approved OM&A are discussed below:

3 ***Operations***

4 Operations increase of \$198K or 69.5% over the seven-year period. Largest portion of this increase
5 relates to the addition of an Engineering/Metering technician in late 2023. This position is being added
6 to commence succession planning for the eventual retirement of RHI's Operations Manager expected in
7 or around 2026-2027 and is also offset with the permanent reduction of a Customer Service
8 representative. The purchase of a new double bucket truck in 2023 as well as a single bucket truck in
9 2018 are combining to contribute approximately \$40K of additional expense absorbed through work
10 orders when compared to 2017. These purchases were to replace a 17-year-old single bucket truck and
11 a 22-year-old double bucket truck and the absorption of depreciation of the vehicles is above costs of
12 2017 as the previous trucks were fully amortized prior to the previous rebasing year. Other increases to
13 costs include a Health Spending Account introduced in 2023 and 1 time wage increase to realign
14 unionized labour to match that of another local distribution company. Savings did occur in rent costs in
15 2019 of \$32K as lease was determined to be a Right of Use asset. Once these factors are removed, the
16 increase is \$50K or 18%. Over the course of 7 years that is a straight-line increase of 2.6%, compounded
17 would be approximately 2.5%. Over the bridge year, the increase is \$82K and is due mainly to, once
18 again, the full-time employment of the Engineering/Meter technician and full year amortization of 2023
19 Double bucket truck of \$15K.

20 ***Maintenance***

21 Maintenance has decreased by \$16K or 9% over the seven-year period. Cost savings occurred primarily
22 in tree trimming as RHI has moved to a licensed contractor to perform the bulk of vegetation
23 management at a reduced rate vs internal labour cost. Test year spending is projected to increase over
24 bridge year by \$13K (9.3%). This is attributable to increases in labour and overheads as well as significant
25 increases in material costs.

26 Due to the small labour force employed by RHI, fluctuations occur between Operations and
27 Maintenance activities based on the demands of the business and needs of customers. The trend for the
28 previous few years has been for Operations requirements exceeding Maintenance needs, which can also
29 be attributable to RHI investments in renewal of Capital assets, which would then require reduced
30 maintenance.

31

32

1 ***Billing and Collecting***

2 Billing and collecting costs have increased \$43K or 9.5% over the seven-year period. This amounts to an
3 annual compound rate of approximately 1.3% per annum. Projected savings in Bad debts of \$7K over
4 the last approved costs and well as staff turnover have enabled this spending category to remain below
5 normal inflationary pressures. Test year costs are expected to rise by \$15K or 3.2%. The increase in this
6 category is attributable to service contracts with outside providers which regularly increase at an above
7 normal inflationary rate.

8 ***Community Relations***

9 Community Relations costs have increased \$8K since 2017. Primarily, this is due to bi-annual Safety and
10 Customer satisfaction surveys as well as billing inserts to inform customers of changes in the industry
11 which were inclusive in regulatory costs in the last rebasing year. Test year over bridge year is an
12 increase of under \$1K and negligible.

13 ***Administrative and General***

14 Administrative and General costs have decreased \$40K over the seven-year period. Savings have
15 occurred in rent expense of \$18K due to transfer to a right of use asset, reduction in headcount of a
16 customer service representative and the removal of maintenance costs on previously owned building.
17 Test year costs over bridge year are expected to decline by \$50K due to the retirement of the current
18 President, followed with the promotion of a current employee into the role of the President and
19 expected \$48K in regulatory costs increases due to the commencement of amortization of new rate
20 application costs.

21 **2.4.3.1 Workforce Planning & Employee Compensation**

22 As explained in the description of the Corporate Organization in Exhibit 1, RHI has 10 full time
23 employees with formal titles being: President; Operations Manager; Director of Finance; Senior Business
24 Administrator; Billing Supervisor/Financial Analyst; Customer Service Representative and 4 line
25 maintainers. RHI also promotes the training of apprentice line maintainers and employs 1 student
26 trainee for a term of 4-6 months annually. The Director of Finance position is to fall off in the Test year
27 and be replaced with an electrical engineering technician.

28 Succession planning that commenced in 2020 will see a shift in the current structure to the new
29 structure as presented in Exhibit 1. During 2020, the Director of Finance position was created to succeed
30 the current President role. This transition will commence in the 2024 Test year. Further succession
31 planning is set to commence in late 2023 as the current Operations Manager is expected to retire in
32 approximately 3 years. RHI's new electrical engineering technician or its present unionized working
33 foreman will both be potential candidates to replace the retiring Operations Manager. RHI believes in

1 planning forward for known upcoming changes to the organization skillset and experience. Overall,
2 while there is some temporary overlap of additional headcount, RHI is planning for a stagnant
3 headcount of 10 employees plus a temporary student in the test year, effectively absorbing all overlap
4 succession costs in a non-rebasing year.

5 *Compensation - Union*

6 Compensation for unionized employees is negotiated through the collective bargaining process. When
7 negotiating wage levels, consideration is given to the skill sets required to work within our distribution
8 system, as well as the competitive wage levels of its geographic market.

9 RHI is bound by a Collective Agreements with the International brotherhood of Electrical Workers Local
10 636 representing Trades workers. In January of 2023, the utility negotiated a 4-year collective
11 agreement with both bargaining units, in place effective April 1, 2023. Wage increases were negotiated
12 at 3.4% in year 1, and 2.4% in years 2 through 4. RHI has provided a copy of its Collective Agreement as
13 **Appendix C**. During negotiations it was agreed to add Health and Wellness Spending Accounts (HWSA)
14 to promote well-being and physical activity amongst the staff.

15 *Compensation – Non-Union*

16 The President and the Board of Directors review all non-union employees' compensation levels. The
17 increase in total compensation paid to employees in non-union and management positions is typically
18 attributable to cost of living increase and a provision for benefit coverage. RHI manages annual merit
19 increases by tying overall dollar increase to OEB approved Incentive Rate Mechanism (IRM) increases in
20 a pooling of total increases and then adjusts on an employee-by-employee basis using performance
21 metrics as well as benchmarking of positions within the industry.

22 *Pension*

23 The employees of all LDCs are required to participate in the OMERS retirement plan. Therefore, the
24 pension benefits provided to the employees of RHI are consistent with the pension benefits provided to
25 employees of other LDCs.

26 *Benefits*

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

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

1 OEB Appendix 2-K presented at the next page details RHI’s employee compensation. As a rule, the utility
2 applies the IRM to salaries and wages and for 2024 has projected 2.5% inflationary rate. RHI also expects
3 the newly designed HWSA to be allocated at 40% Health (benefits) and 60% Wellness (Taxable benefit).

4

1 In accordance with Board policy which states that: “Where there are three, or fewer, full-time equivalents (FTEs) in any category, RHI may aggregate this
2 category with the category to which it is most closely related. This higher level of aggregation may be continued, if required, to ensure that no category
3 contains three, or fewer, FTEs”, The Applicant has aggregated information relating to its management employees in the FTE class.

4 **Table 4.16: OEB Appendix 2-K – Employee Compensation**

	Last Rebasing Year (2017 OEB Approved)	Last Rebasing Year (2017 Actuals)	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Bridge Year	2024 Test Year
Number of Employees (FTEs including Part-Time)¹									
Management (including executive)	2	2	2	2	2	3	3	3	2
Non-Management (union and non-union)	8	9	9	9	9	8	7	8	9
Total	10	11	11	10	11	11	10	11	11
Total Salary and Wages including overtime and incentive pay									
Management (including executive)									
Non-Management (union and non-union)	\$ 774,794	\$ 824,316	\$ 859,812	\$ 829,072	\$ 913,679	\$ 922,552	\$ 922,229	\$ 1,009,045	\$ 979,668
Total	\$ 774,794	\$ 824,316	\$ 859,812	\$ 829,072	\$ 913,679	\$ 922,552	\$ 922,229	\$ 1,009,045	\$ 979,668
Total Benefits (Current + Accrued)									
Management (including executive)									
Non-Management (union and non-union)	\$ 233,944	\$ 225,302	\$ 216,362	\$ 221,678	\$ 220,389	\$ 231,928	\$ 239,343	\$ 247,494	\$ 252,465
Total	\$ 233,944	\$ 225,302	\$ 216,362	\$ 221,678	\$ 220,389	\$ 231,928	\$ 239,343	\$ 247,494	\$ 252,465
Total Compensation (Salary, Wages, & Benefits)									
Management (including executive)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Management (union and non-union)	\$ 1,008,739	\$ 1,049,618	\$ 1,076,174	\$ 1,050,750	\$ 1,134,068	\$ 1,154,480	\$ 1,161,573	\$ 1,256,539	\$ 1,232,133
Total	\$ 1,008,739	\$ 1,049,618	\$ 1,076,174	\$ 1,050,750	\$ 1,134,068	\$ 1,154,480	\$ 1,161,573	\$ 1,256,539	\$ 1,232,133
Total Compensation Breakdown (Capital, OM&A)									
OM&A		\$ 767,889	\$ 808,384	\$ 783,474	\$ 865,104	\$ 853,743	\$ 810,078	\$ 969,539	\$ 927,893
Capital		\$ 281,729	\$ 267,791	\$ 267,276	\$ 268,964	\$ 300,737	\$ 351,494	\$ 287,000	\$ 304,239
Total	\$ -	\$ 1,049,618	\$ 1,076,174	\$ 1,050,750	\$ 1,134,068	\$ 1,154,480	\$ 1,161,573	\$ 1,256,539	\$ 1,232,133

5
6
7 The utility has had 2 President’s over the past 4 years and will transition to a new President in the test year. RHI has also had numerous changes with the
8 retirement of a Customer Service Representative (CSR) and voluntary leave of Billing supervisor, both in 2018. The President of RHI resigned in 2019 with
9 a replacement found after a 4-month search. Another CSR voluntarily left the business in 2020, which was replaced with the latest corporate structure

1 with the Director of Finance addition and permanent reduction of a CSR position. The Director of Finance position was created to commence succession
2 planning for the President role as the 2019 hire is a retiree of another utility with plans to fully retire in the test year, the Director of Finance position will
3 likely be removed following succession and replaced with RHI’s plan for 2023 to hire a Technical Engineer who is to be trained as the replacement for the
4 existing Operations Manager upon that employee’s retirement in the near future.

5 **Table 4.17: Other Post-Employment Benefits**

6 RHI provides post-employment benefits as per the collective agreement. Retirees with 20 years of service are covered until the age of 65 if retiring after
7 the age of 55. RHI records these costs on an accrual basis and has included the December 31, 2021, actuarial report as Appendix 2.

OPEBS	Board Approved 2017	2017	2018	2019	2020	2021	2022	2023	2024	Total
Amounts included in Rates										
OM&A	\$ 18,123.59	\$ 19,035.71	\$ 14,293.56	\$ 18,393.15	\$ 15,521.39	\$ 15,575.00	\$ 16,521.00	\$ 17,036.00	\$ 17,567.00	\$ 152,066.40
Capital										\$ -
Total	\$ 18,123.59	\$ 19,035.71	\$ 14,293.56	\$ 18,393.15	\$ 15,521.39	\$ 15,575.00	\$ 16,521.00	\$ 17,036.00	\$ 17,567.00	\$ 152,066.40
Paid benefit amounts		\$ 17,652.97	\$ 16,135.00	\$ 15,743.78	\$ 15,789.40	\$ 13,760.00	\$ 7,564.00	\$ 16,140.00	\$ 18,595.00	\$ 121,380.15
Net excess amount included in rates relative to amounts actually paid.	\$ 18,123.59	\$ 1,382.74	-\$ 1,841.44	\$ 2,649.37	-\$ 268.01	\$ 1,815.00	\$ 8,957.00	\$ 896.00	-\$ 1,028.00	\$ 30,686.25

8

1 **2.4.3.2 Shared Services and Corporate Cost Allocation**

2 The purpose of this evidence is to provide an overview of the Shared Services that RHI provides to its
 3 affiliate the Town of Renfrew; RHI does not receive any services from either of its affiliates and does not
 4 provide any services to its affiliate Renfrew Power Generation.

5 RHI provides services to the Town of Renfrew. RHI is owned by the Town of Renfrew, which is also 100%
 6 owner of Renfrew Power Generation; this ownership structure is documented in Exhibit 1.

7 RHI and the Town of Renfrew do not have a shared services agreement. The only function performed by
 8 RHI for the Town of Renfrew is maintenance of Street and Traffic lights. These functions combined for
 9 total revenues in 2022 of \$28K and net of costs contributed \$4K in other income. Costs are billed based
 10 on fully burdened wages and overheads, actual material costs and a small markup for maintenance of
 11 stock held. These same activities provided a net \$9K in 2021 and \$6K in 2020. This amount is below
 12 materiality, and it is expected to be inconsequential going forward as the Town of Renfrew replaced all
 13 Street lighting in 2020 with long lasting LED lights with a 10-year warranty. RHI has budgeted for \$3K in
 14 other revenues for each of the bridge and test year.

15 RHI operates within its own facility, has its own Management and Board of Directors and all other
 16 operations are distinctly separated from the Town of Renfrew and Renfrew Power Generation. No other
 17 services are provided for, nor received from the Town of Renfrew other than those required through
 18 normal operations of the LDC. No Board of Director costs for affiliates are included in RHI costs.
 19 Corporate cost allocations are compliant with all ARC provisions.

20 **Table 4.18: OEB Appendix 2-N – Shared Services and Corporate Cost Allocation - 2024**

			2022	2023	2024	
Name of Company		Service Offered	Price for the Service	Price for the Service	Price for the Service	OM&A Account
From	To					
Renfrew Hydro Inc	Town of Renfrew	SL Rev acct 4375	\$25,997	\$27,700	\$27,700	4375
Renfrew Hydro Inc	Town of Renfrew	TL Rev acct 4375	\$2,335	\$2,500	\$2,500	4375
Renfrew Hydro Inc	Town of Renfrew	SL Costs acct 4380	\$(22,498)	\$(25,000)	\$(25,000)	4380
Renfrew Hydro Inc.	Town of Renfrew	TL Costs acct 4380	\$(1,888)	\$(2,000)	\$(2,000)	4380

21
 22

1 **2.4.3.3 Purchases of Non-Affiliate Services**

2 RHI’s purchases equipment, materials, and services in a cost-effective manner with full consideration
3 given to price as well as product quality, the ability to deliver on time, reliability, compliance with
4 engineering specifications and quality of service. Vendors are screened to ensure knowledge,
5 reputation, and the capability to meet RHI’s needs. The procurement of goods and/or services for RHI is
6 carried out with the highest of ethical standards and consideration to the public nature of the
7 expenditures.

8 **Purchase Authorization:** The President or Director of Finance, with the input of board members,
9 approves all purchases of goods and/or services. For single purchases above \$250K, the board chair
10 seeks approval from the sole shareholder of RHI, the Town of Renfrew. A copy of the RHI purchasing
11 policy is included as **Appendix D**.

12 **Tendering:** When goods or services are tendered, a Tender/Request for Proposal/Request for Quote will
13 be issued to a minimum of three vendors if availability permits. Once again, the President or Director of
14 Finance, along with the input of the board members, shall authorize the acceptance of the proposals.

15 RHI’s 2022 Vendor list for greater than \$10K in purchases for the year is presented at the next page.

1

Table 4.19: Supplier List
Supplier List >\$10,000 in year

Vendor Name	Product Service	Method of Selection	2017	2018	2019	2020	2021	2022
119871 Canada Inc	Lease payment/property tax	Sole Source	\$55,200	\$55,200	\$55,200	\$55,200	\$55,200	\$55,200
9828745 Canada Inc	Hydrovac rental	Competitive Bid						\$19,277
AGO Industries	Safety Clothing	Sole Source					\$10,282	
Al Utronki's Appliance	AFT appliance purchases	Sole Source		\$162,996	\$13,903			
Altec Industries	Truck repairs and maintenance	Competitive Bid			\$11,374	\$12,846	\$12,299	\$14,754
AM Conservation Group	AFT expenses	Competitive Bid		\$37,437				
AMP1	Power FIT	Sole Source	\$123,955					
Anixter Power Solutions	Materials	Competitive Bid	\$86,623	\$60,383	\$57,288	\$91,288	\$76,513	\$204,162
Bel Volt Sales Ltd	Switches	Competitive Bid					\$17,583	
Bell Canada	Joint Use Poles	Sole Source				\$17,966	\$26,010	\$18,325
Benefits by Design	Health and Medical	Competitive Bid	\$24,107	\$48,605	\$67,632	\$63,062	\$64,009	\$61,738
Cam Tran Co.	Transformers	Competitive Bid		\$10,638	\$10,638		\$58,069	\$39,745
Canada Brokerlink (Ontario) inc.	Insurance	Competitive Bid	\$29,485					
CHEC	Memberships, Customer surveys	Sole Source	\$14,106	\$14,301	\$15,098	\$15,844	\$25,809	\$20,145
Corporation of the County of Renfrew	Power FIT	Sole Source	\$197,834	\$201,620	\$183,104	\$113,702	\$238,247	\$186,011
Costello Associates	Loss Factor Study	Competitive Bid	\$18,500		\$10,450			
Crawl Consulting	Excavating	Competitive Bid	\$15,900	\$10,010		\$16,500	\$16,560	\$19,825
Daltco Electric	Materials	Competitive Bid		\$10,079				
Davey Tree Expert Co	Vegetation management	Sole Source				\$42,118	\$42,022	\$55,263
DNS Networks	Computer support	Competitive Bid	\$11,523	\$13,541	\$21,075	\$13,791	\$34,822	\$31,958
Donna Anderson	HR Recruitment and Policy	Sole Source			\$22,893			
Dougherty Stone Masonry	Masonry Substation	Competitive Bid		\$12,919				
Durham Electric and Equipment co.	Materials	Competitive Bid			\$157,978			
Electrical Distributors Association	Membership	Sole Source				\$21,598		\$10,300
Elster Solutions	Meters	Sole Source		\$53,860		\$79,208	\$46,301	\$16,503
Erth (Holdings) inc.	Billing Subcontractor	Competitive Bid		\$33,793	\$41,134	\$41,249	\$49,370	\$81,751
Greenbrain	AFT Management	Competitive Bid			\$49,114	\$75,907	\$46,327	
Hydro One Networks	Power	Sole Source	\$6,061,496	\$7,638,044	\$6,790,474	\$7,703,994	\$6,058,752	\$6,754,646
Hydro Ottawa	Engineering Substation	Competitive Bid	\$16,118	\$58,635	\$40,665	\$37,588	\$38,527	
Jubb Utility	Supplies and Stores equipment	Competitive Bid						\$12,336
Lakeport Power	Materials	Competitive Bid	\$14,847	\$33,184	\$20,020		\$10,619	
LaPrairie Inc.	Materials	Competitive Bid	\$39,010		\$11,265			

2

Renfrew Hydro Inc.
EB-2023-0049
Exhibit 4 – Operating Expenses
Filed: May 24, 2023

Mack Mackenzie Motors	Pickup Truck	Sole Source	\$36,009				\$39,423	
MacKillican and Associates	Financial Audit	Sole Source	\$27,500	\$27,000	\$31,000	\$19,500	\$33,500	\$26,800
McCrea Heating and AVC	AFT expenses	Competitive Bid			\$11,296			
Mearie	Group and OPEB insurance	Sole Source	\$95,448	\$45,897	\$28,293	\$29,951	\$43,893	\$74,175
Melcher Heating and Cooling	AFT expenses	Competitive Bid		\$98,081				
Metroland Media	AFT advertising	Sole Source		\$14,662				
Minister of Finance	EHT benefits	Sole Source	\$16,664	\$17,381	\$17,015	\$18,256	\$18,577	\$16,358
N Harris Computer	CIS billing	Competitive Bid	\$14,526	\$10,371	\$18,290	\$21,377	\$16,120	\$15,350
Noramco Wire & Cable	Materials	Competitive Bid	\$33,294			\$13,385		
Nova Pole Industries	Aluminum Poles	Competitive Bid		\$11,535				
OMERS	Pension	Sole Source	\$167,905	\$169,061	\$148,741	\$148,283	\$155,889	\$137,454
O'Neill Insurance	Insurance	Competitive Bid		\$20,905	\$22,596	\$44,339		\$53,624
Ontario electricity financial	PiILS/Debt Retirement	Sole Source	\$377,048	\$167,651	\$26,362			
Ontario Energy Board	Regulatory	Sole Source	\$30,637	\$19,255	\$19,215	\$19,644	\$19,162	\$21,922
Ottawa river Power Corp	Mutal assistance	Competitive Bid	\$13,121					
Paterson Group Inc.	Environmental study	Competitive Bid		\$11,526				
Perley-Robertson, Hill	Legal	Competitive Bid	\$15,825					
Petro canada fuels	Truck fuel	Sole Source	\$12,461	\$15,402	\$16,861	\$10,104		
Posie Plus technologies	Bucket Truck Purchase	Competitive Bid		\$330,972				
PSI Solar Finance	Power FIT	Sole Source		\$116,728	\$104,523	\$79,815	\$169,381	\$125,898
PTI Transformers	Transformers	Competitive Bid		\$80,649				
Public Interest Advocacy Centre	Intervenor - CoS 2017	Sole Source	\$15,951					
Quadiant	Postage	Sole Source	\$40,500	\$24,000				
Receiver General	Source Deductions	Sole Source	\$227,527	\$240,661	\$246,626	\$272,595	\$276,737	\$276,661
Receiver General - HST	HST	Sole Source	\$244,672	\$161,660	\$162,197	\$169,745	\$246,308	\$237,863
Renfrew Power Generation	Power HCI	Sole Source	\$4,205,658	\$2,195,497	\$2,855,813	\$4,467,926	\$3,806,885	\$3,077,617
Rick's Dielectric & Hydraulic	Truck repairs and maintenance	Competitive Bid	\$13,559					
Riverview Metal Works	Truck repairs and maintenance	Competitive Bid	\$12,682	\$12,001	\$13,426	\$16,420		\$19,479
SE5 2013 LP	Power FIT	Sole Source	\$124,247	\$103,526	\$96,967	\$130,532	\$115,930	\$108,806
Stella Jones Inc.	Poles	Competitive Bid	\$34,751	\$21,450	\$55,962	\$15,912	\$36,899	\$43,296
Tandom Energy Services	Consultant - 2017 CoS	Sole Source	\$18,681					
Town of Renfrew	Interest/Dividend/Property tax	Sole Source	\$212,355	\$287,697	\$264,546	\$156,574	\$342,388	\$200,392
Utilismart	Billing Computer	Sole Source	\$40,710	\$48,547	\$52,929	\$62,757	\$56,592	\$56,235
Utilities Standards Forum	Memberships, Customer surveys	Sole Source						\$17,944
Utility Collaboration	Billing Computer	Sole Source	\$61,419	\$58,936	\$64,881	\$91,863	\$88,786	\$76,292
Valley Automation and Control	AFT electrical upgrades	Competitive Bid	\$29,489	\$59,090				
WESCO utility	Materials	Competitive Bid				\$10,314		

1 **2.4.3.4 One-time Costs**

2 The only noteworthy one-time costs relate to the costs associated with 2024 Cost of Service application
3 which are amortized over a period of 5 years. RHI has estimated total costs associated with the 2024
4 Cost of Service to be \$240K, or \$48K per annum over 5 years. RHI Cost of Service expenditures in the last
5 rebasing period were \$179K. Regulatory costs are discussed in the next section.

6 **One Time Cost of Service Application Costs**

Consultant Costs	\$116,000.00
Legal	\$35,000.00
Public Notice	\$1,000.00
Interrogatories	\$25,000.00
Settlement/Oral hearing	\$25,000.00
Reply submission	\$5,000.00
Intervenor costs	\$30,000.00
Rate Order	\$3,000.00
Total Cost of Service Filing costs	\$240,000.00

7

8

1 **2.4.3.5 Regulatory Costs**

2 Table 4.7 below shows RHI's regulatory costs for the 3 historical years, bridge and test year. Note that
3 the historical costs for regulatory matters shown at line 6 of the table reflect actual costs as opposed to
4 the 2017 approved regulatory costs of \$34,200 (amortized over 5 years) in regulatory costs. In other
5 words, the regulatory costs were booked in the year they were incurred.

6 A detailed breakdown of regulatory costs for the 2024 test years is presented at table 4.7. These costs
7 are attributed to the 2024 Cost of Service, intervener costs and the regulatory applications such as IRM
8 applications.

1 All regulatory costs listed below are tracked in account 5655 – Regulatory Expenses. Costs directly associated with the Cost of Service application are
2 amortized over a period of 5 years. Such costs include Accounting services, Regulatory Services, Special Studies, OEB cost and Intervener cost.

3

Table 4.7: Breakdown of Regulatory Costs

Regulatory Cost Category		USoA Account	USoA Account Balance	Last Rebasing Year (2017 OEB Approved)	Last Rebasing Year (2017 Actual)	Most Current Actuals Year 2022	2023 Bridge Year	Annual % Change	2024 Test Year	Annual % Change
(A)		(B)	(C)	(D)	(E)	(F)	(G)	(H)=[(G)-(F)]/(F)	(I)	(J) = [(I)-(G)]/(G)
Regulatory Costs (Ongoing)										
1	OEB Annual Assessment	5655		22,000	20,312	20,098	21,680	7.87%	23,221	7.11%
2	OEB Section 30 Costs (OEB-initiated)	5655		0	493	1,824	900	-50.66%	1,250	38.89%
5	Consultants' costs for regulatory matters	5655				0	0			
9	Any other costs for regulatory matters (please define) - Survey costs, moved to Customer relations	5655		10,000						
Regulatory Costs (One-Time)										
1	Expert Witness costs									
2	Legal costs								35,000	
3	Consultants' costs								116,000	
4	Incremental operating expenses associated with staff resources allocated to this application.									
5	Incremental operating expenses associated with other resources allocated to this application. ¹								1,000	
6	Intervenor costs								30,000	
7	OEB Section 30 Costs (application-related)								58,000	
8	Approved Cost of Service amortized of 5 years	5655		34,200	35,757	0	0		0	
1	Sub-total - Ongoing Costs ²		\$ -	\$ 32,000	\$ 20,805	\$ 21,922	\$ 22,580	3.00%	\$ 24,471	8.37%
2	Sub-total - One-time Costs ³		\$ -	\$ 34,200	\$ 35,757	\$ -	\$ -		\$ 240,000	
3	Total		\$ -	\$ 66,200	\$ 56,562	\$ 21,922	\$ 22,580	3.00%	\$ 72,471	220.95%

Application-Related One-Time Costs	Total
Total One-Time Costs Related to Application to be Amortized over IRM Period	\$ 240,000
1/5 of Total One-Time Costs	\$ 48,000

4

1 **2.4.3.6 Low Income Energy Assistance Programs (LEAP)**

2 RHI has included \$3,038 as its estimated amount of expense for the Low Income Assistance Program
3 (LEAP) under Deductions Donation Expense (USoA #6205) for the 2024 test year. This amount is based
4 on the Board's determination that the greater of 0.12% of a distributor's Board-approved distribution
5 revenue requirement, or \$2,000 should be included in the utility's costs. RHI's 2024 Test Year revenue
6 requirement does not include any legacy low-income energy assistance programs.

7 RHI has partnered with its lead social agency, Ontario Works, to assist in the program intended to
8 provide emergency relief to eligible low-income customers who may be experiencing difficulty paying
9 current arrears be our lead agency.

10 In compliance with OEB policy, RHI

- 11 • Collects money from ratepayers for LEAP EFA in the amount approved by the OEB;
- 12 • Transfers program funds to Ontario Works;
- 13 • Determines funding allocations within their service territory by geography;
- 14 • Establishes partnerships, contracts, and operational procedures with Lead Agencies;
- 15 • Receives, recording and taking appropriate action upon notification from an Intake Agency (or
16 Lead Agency as appropriate) that an assessment of eligibility is being undertaken;
- 17 • Receives, recording and taking appropriate action upon notification from an Intake Agency (or
18 Lead Agency as appropriate) of decisions on applications;
- 19 • Confirms customer and account information used in determining program eligibility, including
20 information on payment history; and
- 21 • Reports to the OEB in accordance with OEB reporting requirements through filings 2.1.16.

1 **2.4.3.7 Charitable and Political Donations**

2 RHI has a policy in place that it does not donate to charities and as such, the utility confirms that no
3 charitable or political donations have been included in OM&A expenses for 2024 other than the \$3,038
4 for LEAP funding.

5

1 **2.4.3.8 Conservation and Demand Management**

2 RHI confirms no costs associated with IESO CDM 2021-2024 or Local Initiative Program are included in
3 OM&A expenses.

4

5

1 **Appendix**

2 **List of Appendices**

Appendix A:	Right of Use Lease
Appendix B:	Actuarial Report
Appendix C:	Collective Bargaining Agreement
Appendix D:	Purchasing Policy

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Appendix A

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LEASE AGREEMENT

THIS LEASE is dated the 1st day of July, 2015.
IN PURSUANCE of the *Short Forms of Leases Act* (Ontario)

BETWEEN:

119871 CANADA INC.

(the "Landlord")

- and -

RENFREW HYDRO INC.

(the "Tenant")

THE PARTIES AGREE AS FOLLOWS:

1. SCHEDULES

1.1 The following Schedules shall form a part of this Lease:

- (a) Schedule "A" - Legal Description of Property
- (b) Schedule "B" - Outline of Property

2. DEMISE

2.1 **Premises** - The Landlord is the owner of the lands on which is situate a building known municipally as 499 O'Brien Road, Renfrew, Ontario, which is hereinafter referred to as the "Property".

2.2 **Leased Premises** - The Landlord hereby demises and leases to the Tenant that portion of the property being the warehouse space outlined in red on Schedule "B" attached hereto, having an area of approximately Ten Thousand (10,000) square feet, all of which is hereinafter referred to as the "Leased Premises".

3. TERM

3.1 **Term** - This Lease shall be for a term of ten (10) years from July 1, 2015 (the "Lease Commencement Date"). If the date of occupation by the Tenant shall be accelerated, or alternatively if the Landlord shall be delayed in delivering up possession of the Leased Premises, the Lease Commencement Date and the last day of the Term shall be adjusted accordingly to the possession day.

3.2 The Tenant shall have the option to renew this Lease for a second term of five (5) years by giving notice of such renewal in writing to the Landlord no later than six (6) months before the end of the Term hereof. The monthly rent for the renewal term shall be agreed upon by the Landlord and the Tenant not less than sixty (60) days prior to the expiry of the initial Term, failing which the amount of annual rent will be determined by binding arbitration pursuant to the Arbitration Act (Ontario) and will be determined on the basis of the fair market rental for comparable premises in the vicinity of the Premises.

4. USE OF LEASED PREMISES

4.1 Permitted Uses - During the Term of the Lease the Premises shall not be used for any purpose other than the Tenant's normal business, without the express consent of the Landlord, given in writing, which consent shall not be unreasonably withheld or delayed, which uses currently include a business office open to the public, a parts warehouse and vehicle and equipment storage.

4.2 **Conduct of Business** - The Tenant shall operate and conduct its business in an up-to-date, clean and reputable manner. The Tenant covenants that it shall not, during the operation of its business from the Leased Premises, do or perform, or omit to do or perform, any act that would cause a nuisance to, or disrupt the business operations of, other tenants located on the Premises.

5. **RENT**

5.1 **Rent** - The Tenant shall pay to the Landlord from and after the Lease Commencement Date a fixed minimum of **Fifty Thousand, Four Hundred (\$50,400.00)** Dollars per annum (the "Fixed Minimum Rent"), plus HST. This amount includes an allowance of Fourteen Thousand, Four Hundred per annum to compensate the Landlord for the office addition and building renovations. There shall be no adjustment to the Fixed Minimum Rent based on the actual area of the Leased Premises being greater than or less than Ten Thousand (10,000) square feet.

5.2 **Payment of Rent** - The Fixed Minimum Rent shall be payable by the Tenant to the Landlord in advance in equal monthly instalments of **Four Thousand, Two Hundred (\$4,200.00)**, plus HST, on the first day of each month during the Term.

5.3 **Additional Rent** - The Tenant and the Landlord agree that any money required to be paid in addition to the Fixed Minimum Rent or charges required to be paid by the Tenant (whether to the Landlord or third parties) under this Lease shall constitute additional rent ("Additional Rent") for the Leased Premises whether or not the same be designated as "Additional Rent" and the Tenant covenants to pay such Additional Rent and for the purposes herein, additional Rent and Fixed Minimum Rent shall be collectible as "Rent" and the Landlord shall have the same remedies in respect of arrears of Additional Rent as it has in respect of arrears of Rent. If such amounts or charges are not paid at the time provided in this Lease, they shall nevertheless, if not paid when due, be collectible as Additional Rent with the next installment of Rent thereafter falling due hereunder, but nothing herein contained shall be deemed to suspend or delay the payment of any amount of money or charge at the time the same becomes due and payable hereunder, or limit any other remedy of the Landlord.

5.4 **Interest on Overdue Rent** - If the Tenant fails to pay Rent when due and payable, such unpaid amounts shall bear interest from the date payment was due at any annual rate equal to the prime commercial lending rate of the Landlord's bank's plus two percent (2%).

6. **TENANT'S PAYMENTS**

6.1 The Tenant shall be responsible for and promptly pay all charges for the cost of:

- (a) All Fixed Minimum Rent reserved herein;
- (b) Insurance required to be obtained and maintained by the Tenant pursuant to the terms of this Lease;
- (c) Additional Rent: A \$400.00 per month payment towards property taxes. Each year this amount will be adjusted by the change in the total tax rates levied by the Town of Renfrew. The 2014 Total Tax Rate for Commercial Class is 0.03638937.
- (d) Utility charges in connection with the Leased Premises, excluding water and sewer, which are the responsibility of the Landlord. The Tenant is responsible for payment of electricity and gas charges, which amounts will be billed directly to the Tenant by the Utilities. The supply of telephone and internet service is the responsibility of the Tenant.

- (e) The Tenant shall not pay for any Landlord costs attributable to any maintenance of the common areas, parking lot, management fees or any costs incurred by the Landlord's ownership of the complex. The Tenant shall only pay for costs outlined in this paragraph 6.

7. MAINTENANCE AND REPAIR WORK

- 7.1 **Tenant's Acknowledgment** - The Tenant acknowledges the condition of the Leased Premises, including all heating, cooling, ventilating, mechanical, plumbing and electrical facilities, lights and loading levellers serving the Leased Premises and agrees to accept the same in the condition that exists as of the date hereof.
- 7.2 **Tenant's Maintenance Responsibility** - The Tenant shall maintain and keep, at its own expense, the Leased Premises and every part thereof in its current condition and to make all needed repairs, including all maintenance of the heating and air conditioning units, but excluding reasonable wear and tear, structural defects, damage by fire, lightning and tempest and any other risks and any other obligations of the Landlord hereby provided herein.
- 7.3 **Landlord's Maintenance Responsibility** - The Landlord shall maintain and keep the roof, foundation, outside walls, down pipes, storm drains, heating and cooling systems and the sanitary sewer pump and pipes in good substantial repair and promptly make all needed repairs and replacement of a quality and kind at least equal to the original, reasonable wear and tear excepted.

8. TRADE FIXTURES AND IMPROVEMENTS

- 8.1 **Tenant's Trade Fixtures** - The Tenant may install its trade fixtures and equipment on the Leased Premises. Upon termination of the Lease, the Tenant shall remove its trade fixtures and equipment and shall repair any damage caused to the Leased Premises as the result of such removal.
- 8.2 **Signage** - The Tenant shall not have the right to install any signage on the Leased Premises or on the pylon sign serving the Premises without the prior written consent of the Landlord. Any signage so permitted to be installed shall be installed in accordance with the applicable municipal by-laws governing the Premises.
- 8.3 **Tenant's Improvements** - The Tenant may make improvements to the Leased Premises providing the Tenant obtains the prior written consent to the Landlord. Upon termination of the Lease, the Tenant may remove any improvements made by it, providing the Tenant restores the Leased Premises to the state in which it took possession of the Leased Premises, excepting reasonable wear and tear.
- 8.4 **Construction Liens** - The Tenant shall not suffer or permit any construction or other liens to be filed or placed or exist against the Leased Premises by reason of work, labour, services or materials supplied or claimed to have been supplied to the Tenant or anyone holding the Leased Premises or any part thereof through or under the Tenant. If any construction lien shall at any time be filed against the Leased Premises, the Tenant shall cause the same to be discharged or vacated with reasonable promptitude after the date the Tenant becomes aware of the same. Nothing in this provision shall prevent the Tenant from contesting in good faith the amount and validity of any claim.
- 8.5 **Work to be Done Prior to Lease Commencement Date** - The Tenant has inspected the Leased Premises and agrees to lease the Leased Premises in its current state and condition without any additional improvement, repair or modification by the Landlord prior to the Lease Commencement Date except as may otherwise be specifically provided for in this Lease Agreement.
- 8.6 **Parking Areas** - The Tenant has the right to parking spaces for twelve (12) standard size vehicles in the parking lot area adjacent to the 100 foot length of the west wall of the Leased Premises.

9. QUIET ENJOYMENT AND ACCESS

9.1 Quiet Enjoyment - The Landlord shall:

- (a) Provide the Tenant with vacant possession and quiet enjoyment of the Leased Premises as of the Lease Commencement Date;
 - (b) Allow the Tenant and its agents free and uninterrupted access to the Leased Premises for any purpose related to the operation of the Tenant's business;
- 9.2 Changes to Leased Premises** - During the currency of this Lease the Landlord hereby reserves the right at any time to construct additions to the building or parking areas serving the Premises and to make alterations or renovations providing such additions, alterations and/or renovations do not materially impact on the Tenant's use and enjoyment of the Lease Premises.

9.3 Access by Landlord

- Providing the Landlord does not materially impact on the Tenant's use and enjoyment of the Leased Premises, the Landlord and any person authorized by the Landlord shall have the following rights to entry:

- (a) To use, install, maintain or repair pipes, wires, ducts or other installations in, under or through the Leased Premises for or in connection with the supply of any services to the Leased Premises or any other premises in the building. Such services shall include (without limiting the generality of the foregoing) gas, electricity, water, sanitation, heat, ventilation, and air conditioning.
- (b) When necessary by reason of accident or other cause or in order to make any repairs, alterations or improvements to the Leased Premises or to other portions of the building, the Landlord may cause such reasonable and temporary obstruction as may be necessary and may interrupt or suspend the supply to the Leased Premises of electricity, water and other services where necessary and until said repairs, alterations, improvements and additions shall have been completed. Subject to the proviso at the opening of this section, there shall be no abatement in Rent because of any such obstruction, interruption or suspension provided that such repairs, alterations, improvements or additions are made with reasonable dispatch.
- (c) On reasonable notice (and, without notice in the event of a *bona-fide* perceived emergency), the Landlord or its agents shall have the right to enter upon the Leased Premises at all reasonable times to view the state of repair, condition and use thereof and to make such repairs, alterations, improvements or additions as it may deem reasonable and advisable and providing such charges in respect thereof are the responsibility of the Landlord and the Landlord or its agents shall be allowed to take all material into and upon the Leased Premises that may be required therefor without the same constituting any eviction of the Tenant. Subject to the proviso at the opening of this section, the Rent hereunder shall in no way abate while such repairs, alterations, improvements or additions are being made by reason of loss or interruption of the business of the Tenant because of the prosecution of any such work.
- (d) The Landlord shall not be liable to the Tenant for any interference or inconvenience caused by any additional construction or repairs permitted hereunder, subject to the proviso at the opening of this section and provided such additional construction or repairs are carried out as expeditiously as is reasonably possible and without material impact on the Tenant's business.
- (e) During the thirty (30) days prior to the expiration of the Initial Term of this Lease or any renewal term, the Landlord may exhibit the Leased Premises to prospective tenants and may, at any time on reasonable notice, exhibit the Leased Premises to potential purchasers of the Premises.

- (f) In the event of an emergency, the Tenant's representatives shall not be personally present to open and permit any entry into the Leased Premises at any time. When for any reason an entry therein shall be necessary the Landlord or the Landlord's agent may enter the same by a master key, or may forcibly enter the same without constituting an eviction of the Tenant, without rendering the Landlord liable in any way to the Tenant and without affecting the obligations and covenants of the parties under this Lease.
- (g) Nothing in this section contained herein shall be deemed or construed to impose upon the Landlord any obligations, responsibility or liability whatsoever, for the care, maintenance or repair of the building or any part thereof, except as otherwise in this Lease specifically provided.

10. **ENVIRONMENTAL**

- 10.1 **Environmental Issues and Contaminants** - The Tenant shall not do or permit anything to be done on, around or in relation to the Leased Premises, or bring or keep anything thereon which may in any way increase or cause environmental contamination, adverse environmental effects, or which may be in contravention with the *Environmental Protection Act*, or any amendment thereto, or any other federal, provincial or municipal legislation, regulation, ordinances or rules regarding environmental protection which are currently existing or which are enacted during the currency of this Lease. The Tenant shall not cause and shall not permit to be caused, the escape, discharge, leaching, disposal, maintenance and/or the storage of any contaminants, pollutants, radioactive material, PCB, or other hazardous material on, around, or in relation to the Leased Premises. The Tenant shall be solely and totally responsible for the clean-up and repair of any environmental damage or adverse effects arising as a result of the breach of the Tenant's covenants herein contained. The Tenant hereby agrees to indemnify, defend and save the Landlord and any mortgagee harmless from any and all liability, claims, damage, expense, causes of action, suits or judgments arising from the Tenant's breach of this covenant. The indemnity referred to herein shall include, but not be limited to, claims made by third parties arising out of common law. The Tenant herein covenants to provide immediate notice to the Landlord of any breach of the covenants contained herein. The Tenant acknowledges the Landlord, or its agent, shall be permitted to enter onto the Leased Premises at any time to inspect the Leased Premises if it has reason to believe that the Tenant has breached its covenant contained in this section. The Landlord shall also be entitled to take corrective action regarding any breach of the Tenant's covenants contained herein, at the Tenant's expense.

11. **INSURANCE**

- 11.1 During the Term of this Lease, and any renewal thereof, the Landlord shall maintain with respect to the Premises, insurance coverage insuring against:
 - (a) loss or damage by fire, lightning, storm and other perils that may cause damage to the Premises or the property of the Landlord in which the Premises are located as are commonly provided for as extended perils coverage or as may be reasonably required and obtained by the Landlord and the insurance policy shall provide coverage on a replacement cost basis in an amount sufficient to cover the cost of all signs and leasehold improvements;
 - (b) liability for bodily injury or death or property damage sustained by third parties up to such limits as the Landlord in its sole discretion deems advisable;
 - (c) rental income protection insurance with respect to fire and other perils to the extent of one year's Rent payable under this Lease;

(d) the Landlord will add the Tenant, as an additional insured, under insurance policies maintained for the 'Premises';

but such insurance and any payment of the proceeds thereof to the Landlord shall not relieve the Tenant of its obligations to continue to pay rent during any period of rebuilding, replacement, repairing or restoration of the Premises, excepting as provided in the following:

- (1) If the Premises or the building in which the Premises are located are damaged or destroyed, in whole or in part, by fire or other peril, then the following provisions shall apply:
- (a) if the damage or destruction renders the Premises unfit for occupancy and impossible to repair or rebuild using reasonable diligence within 120 clear days from the happening of such damage or destruction, then the Term hereby granted shall cease from the date the damage or destruction occurred, and the Tenant shall immediately surrender the remainder of the Term and give possession of the Premises to the Landlord, and the Rent from the time of th surrender shall abate;
 - (b) if the Premises can with reasonable diligence be repaired and rendered fit for occupancy within 120 days from the happening of the damage or destruction, but the damage renders the Premises wholly unfit for occupancy, then the Rent hereby reserved shall not accrue after the day that such damage occurred, or while the process of repair is going on, and the Landlord shall repair the Premises with all reasonable speed, and the Tenant's obligation to pay Rent shall resume immediately after the necessary repairs have been completed;
 - (c) if the Leased Premises can be repaired within 120 days as aforesaid, but the damage is such that the Leased Premises are capable of being partially used, then until such damage has been repaired, the Tenant shall continue in possession and the Rent shall abate proportionately.

(2) Any question as to the degree of damage or destruction or the period of time required to repair or rebuild shall be determined by an architect retained by the Landlord.

11.2 The Tenant covenants to keep the Landlord indemnified against all claims and demands whatsoever by any person, whether in respect of damage to person or property, arising out of or occasioned by the maintenance, use or occupancy of the Premises or the subletting or assignment of same or any part thereof. And the Tenant further covenants to indemnify the Landlord with respect to any encumbrance on or damage to the Premises occasioned by or arising from the act, default, or negligence of the Tenant, its officers, agents, servants, employees, contractors, customers, invitees or licensees and the Tenant agrees that the foregoing indemnity shall survive the termination of this Lease notwithstanding any provisions of this Lease to the contrary. Notwithstanding the foregoing, this indemnity shall not apply or extend to any loss or damage that is covered by Landlord's insurance.

11.3 The Tenant shall carry insurance in his own name to provide coverage with respect to the risk of business interruption to an extent sufficient to allow the Tenant to meet his ongoing obligations to the Landlord and to protect the Tenant against loss of revenues.

11.4 The Tenant shall carry insurance in his own name insuring against the risk of damage to the Tenant's property within the Premises caused by fire or other peril and the policy shall provide for coverage on a replacement cost basis to protect the Tenant's stock-in-trade, equipment, Trade Fixtures, decorations and improvements.

11.5 The Tenant shall carry public liability and property damage insurance in which policy the Landlord shall be an additional insured and the policy shall include a cross-liability endorsement.

11.6 The Tenant shall provide the Landlord with a copy of the above policies.

12. **DISPOSITIONS**

12.1 **Assigning and Subletting** - The Tenant shall not assign this Lease or sublet the Leased Premises without the Landlord's consent, which consent shall not be unreasonably withheld.

12.2 **Expropriation** - Both the Landlord and the Tenant agree to co-operate with each other in respect of any expropriation of all or any part of the Leased Premises, so that each may receive the maximum award in the case of any expropriation to which they are respectively entitled at law.

12.3 **Successors** - All rights and liabilities shall extend to and bind the respective successors and assigns of the Landlord. No rights, however, shall enure to the benefit of any assignment of the Tenant unless the assignment to such assignee has been approved by the Landlord in writing. Upon the Landlord assigning this Lease to a purchaser of the Leased Premises, the Landlord shall be, without further act or agreement, released from all obligations hereafter existing under this Lease.

13. **HOLDING OVER AND RENEWAL**

13.1 **Holding Over** - In the event that the Tenant remains in possession of the Leased Premises after the end of the term hereof and without the execution and delivery of a notice of renewal, there shall be no tacit renewal of this Lease and the term hereby granted and the Tenant shall be deemed to be occupying the Leased Premises as a Tenant from month to month, and otherwise upon the same terms and conditions as are set forth in this Lease, so far as applicable.

14. **ACKNOWLEDGMENT OF TENANCY, ATTORNMENT, SUBORDINATION**

14.1 **Acknowledgment of Tenancy** - If acknowledgment of tenancy shall be required by the Tenant or Landlord, the other party agrees to execute and deliver, within five (5) business days of the request of the other, a certificate certifying (if such be the case) that this Lease is in full force and effect, that this Lease is unamended, or if amended that particulars thereof, the amount of the Rent, and that such Rent is paid currently without any defence or offsets thereto; that the Tenant is in possession, that there are not prepaid rents or security deposits other than those set out in this Lease, that there are not uncured defaults by either party or stating those claimed, that the Leased Premises are completed and are in good condition and repair, or such other information as the Landlord may request, and such other matters as the parties may reasonably require.

14.2 **Subordination and Attornment** - It is a condition of this Lease and the Tenant's right granted hereunder that this Lease and any renewal are subordinate to any and all mortgages, or other instruments of financing, refinancing or collateral financing, from time to time in existence against the Leased Premises. Upon request of the Landlord, the Tenant shall subordinate its rights hereunder to the lien of any mortgagee or the lien resulting from any other method of financing or refinancing, now or hereafter in force against any part of the Leased Premises and to all advances made or hereafter to be made upon the security thereof or will acknowledge the subordination or postponement of the rights hereunder in favour of such mortgage or lien. If requested, the Tenant shall attorn to the holder of any such mortgage or other lien resulting from any method of financing or refinancing or to the registered owners of the Leased Premises as the case may be. No subordination by the Tenant shall have the effect of permitting the holder of the mortgage or any financial instrument or of a lien to disturb the occupation and

possession by the Tenant, so long as the Tenant shall perform all of the terms, covenants, conditions, agreements and provisions contained in the Lease.

15. **DEFAULT, RIGHT TO RE-ENTER AND TERMINATION**

15.1 **Right of Re-entry by Landlord** - The Landlord shall have a right of re-entry in the event that the Tenant:

- (a) Defaults on any of its obligations under this Lease and such default is not cured or resolved within ten (10) days of written notice of the default being delivered by the Landlord to the Tenant, providing that if such Default reasonably requires more than ten (10) days to cure, it is sufficient if the Tenant has taken steps to cure the default within that time period and continues work diligently in that regard.
- (b) If at any time during the currency of the Lease the goods and chattels of the Tenant are seized or taken in execution or attachment by a creditor of the Tenant, or if the Tenant shall make any assignment for the benefit of creditors or any bulk sale or, become bankrupt or insolvent, or if the Tenant shall take the benefit of any Act now or hereafter in force of bankrupt or insolvent debtors or if a private or duly Court appointed Receiver, Receiver-Manager-Agent is appointed to take Receiver-Manager or Tenant's property or assets, or if any order shall be made for possession of the winding up the Tenant, then and in every such case the then current month's Rent and the next ensuing three (3) months rent shall immediately become due and be paid and the Landlord may re-enter and take possession of the Leased Premises as though the Tenant or the servants of the Tenant or any other occupant of the Leased Premises were holding over after the expiration of the said term and the said term shall, at the option of the Landlord, forthwith become forfeited and determined, and in every one of the cases above such accelerated Rent shall be recoverable by the Landlord in the same manner as the Rent hereby reserved and as if the Rent were in arrears and the said option shall be deemed to have been exercised if the Landlord or its agents have given notice to the Tenant as provided for herein.

15.2 **Right to Re-Let** - Should the Landlord elect to re-enter, as herein provided, or should it take possession pursuant to legal proceedings or pursuant to any notice provided for by law, it may either terminate this Lease or it may from time to time without terminating this Lease, make such alterations and repairs as may be necessary in order to re-let the Leased Premises, or any part thereof, as agent for the Tenant for such term (which may be for a term extending beyond the Term of this Lease) and at such rental or rentals, and upon such re-letting all rentals received by the Landlord from such re-letting shall be applied:

First, to the payment of the indebtedness other than Rent due hereunder from the Tenant to the Landlord;

Second, to the payment of any costs and expense of such re-letting, including brokerage fees and solicitor's fees and costs of such alterations and repairs; and

Third, to the payment of Rent due and unpaid hereunder and the residue, if any, shall be held by the Landlord and applied in payment of future Rent and the same may become due and payable hereunder.

If such rentals received from such re-letting during any month be less than that to be paid during that month by the Tenant hereunder, the Tenant shall pay any such deficiency to the Landlord. Such deficiency shall be calculated and paid monthly. No such re-entry or taking possession of the Leased Premises by the Landlord shall be construed as an election on its part to terminate this Lease unless a written notice of such intention be given to the Tenant or unless the termination thereof be decreed by a Court of competent jurisdiction. Notwithstanding any such re-letting without termination, the Landlord may at any time thereafter elect to terminate this Lease for such previous breach, in addition to any other remedies it may have, it may recover from the Tenant all damages it may incur by reason of such breach, including the cost of recovering the Leased Premises, and including the worth at the

time of such termination of the excess, if any, to the amount of rent and charges equivalent to Rent reserved in this Lease for the remainder of the term hereof over the then reasonable rental value of the Leased Premises for the remainder of the term hereof. In determining the Rent which would be payable by the Tenant hereunder, subsequent to default, the annual rent for each year of the unexpired term shall be equal to the average Rent paid by the Tenant from the Lease Commencement Date to the time of default or during the preceding one (1) year, whichever period is shorter.

15.3 **Landlord May Perform Covenants** - If the Tenant shall fail to perform any of its covenants or obligations under or in respect of this Lease, the Landlord may from time to time at its discretion, perform or cause to be performed any of such covenants or obligations, or any part thereof and for such purpose may do such things upon or in respect of the Leased Premises or any part thereof as the Landlord may consider requisite or necessary. All expenses incurred and expenditures made by or on behalf of the Landlord under this section shall be forthwith paid by the Tenant and if the Tenant fails to pay the same, the Landlord may recover the same by all remedies available to the Landlord for the recovery of Rent in arrears.

15.4 **Surrender of Premises on Termination** - Upon termination of the Lease the Tenant shall surrender to the Landlord the Leased Premises.

16. **GENERAL**

17.1 **Notices** - Any notice to be given under this Agreement shall be in writing and shall be delivered, mailed by prepaid mail or sent by facsimile as follows:

To the Landlord:

119871 Canada Inc.
1050 O'Brien Road
Renfrew, Ontario
K7V 0B4

To the Tenant:

Renfrew Hydro Inc.

All notices shall:

- (a) if delivered, be deemed to have been received upon receipt;
- (b) if transmitted by facsimile, be deemed to have been given on the next business day following the day they were sent; and
- (c) if mailed, be deemed to have been given on the seventh (7th) business day following the date they were mailed.

In the event of disruption of normal postal service, notice may be delivered by delivery or facsimile only.

17.2 **Waivers** - No waiver by either party of any breach by the other party of any of its covenants, obligations and agreements under this Lease shall be a waiver of any subsequent breach or of any other covenant, obligation or agreement, nor shall any forbearance to seek a remedy for any breach be a waiver of any rights and remedies with respect to such or any subsequent breach.

17.3 **Amendments** - This Lease may not be amended or altered except by instrument in writing signed by the parties hereto or by their respective successors and assigns.

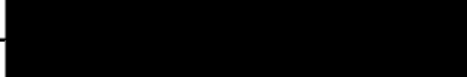
17.4 **Severability** - If any covenant, obligation or agreement of this Lease or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Lease or the application of such covenant,

obligation or agreement to persons or circumstances, other than those as to which it is held invalid or unenforceable, shall be separately valid and enforceable to the fullest extent permitted by law.

- 17.5 **Headings and Marginal Notes** - The article and section headings and of this Lease have been inserted for convenience of reference only and do not form part of this Lease, nor may such be referred to in the interpretation hereof.
- 17.6 **Changes Required by Context** - This Lease shall be read with all changes of gender and number required by the context.
- 17.7 **Consents** - All consents and/or approvals required to be given under this Lease shall not be unreasonably withheld or delayed.
- 17.8 **Notice of Lease** - The Landlord shall cooperate, if requested, in the execution and registration of a Notice of Lease.
- 17.9 **Execution in Counterparts and by Electronic Means** - This Lease may be executed in one or more counterparts, each of which so executed shall constitute an original and all of which together shall constitute one and the same Agreement. The parties hereto agree that this Lease may be executed by any party with proof for execution delivered to the other party(s) by electronic or facsimile transmission and that the electronic or facsimile signature shall be considered as an original signature of that party so executing. The party receiving the Lease with an electronic or facsimile signature may then sign the Lease as received with the electronic or facsimile signature. The party sending the Lease with an electronic or facsimile signature shall maintain an original executed copy and upon demand by any party, shall provide an original copy of any executed document delivered by electronic or facsimile means.

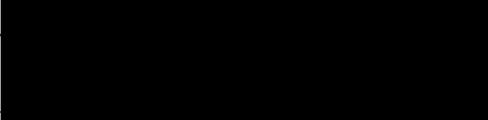
IN WITNESS WHEREOF the parties hereto have hereunder executed this Lease by affixing their corporate seals under the hands of their respective officers duly authorized in that behalf.

119871 CANADA INC.

Per: 

I have the authority to bind the Corporation

RENFREW HYDRO INC.

Per: 

(Print Name)

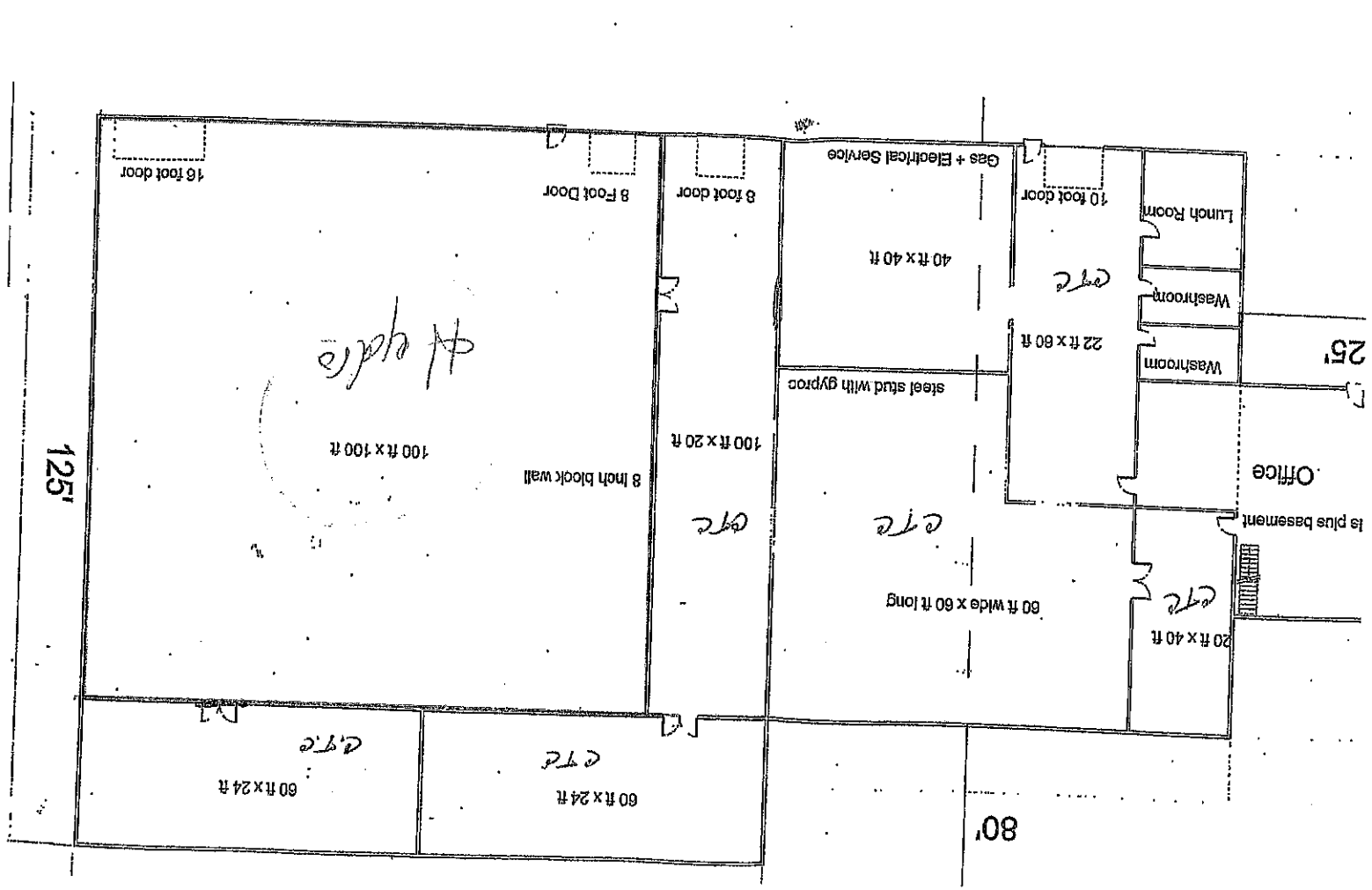
I have the authority to bind the Corporation

SCHEDULE "A"

LEGAL DESCRIPTION

PIN 57289-0080 (LT)

Part Lot 9, Concession 2, Horton, Part 1 on 49R650 and Part 1 on 49R3910, Except Part 1 on 49R8978 and Parts 1 & 2 on 49R9105, Town of Renfrew, County of Renfrew.



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Appendix B

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December 14, 2021

Steven Head, CPA-CA Director of Finance
Renfrew Hydro Inc.
Via email: shead@renfrewhydro.com

Dear Steve:

Re: Valuation of the Post Retirement Benefits Continuation Program as of December 31, 2021

Renfrew Hydro Inc. (the Company) has retained the services of Mondelis Actuarial Services Corporation to perform an accounting valuation of post-employment benefits as at December 31, 2021. The previous full valuation was prepared effective December 31, 2018 and results from that valuation have been extrapolated to December 2021. The results have been prepared in accordance with our understanding of the International Financial Reporting Standards (IFRS IAS19R).

This document contains the accounting results to be disclosed in the December 31, 2021 financial statements as well as a projection for the fiscal years ending December 31, 2022 and December 31, 2023. Disclosure exhibits are in Appendix F.

The detailed calculations and a summary of membership data, plan provisions and assumptions are provided in this report per the following sections.

Section	Page
Summary of Results	2
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Appendix D - Summary of Plan Provisions	8
Appendix E - Accounting Policies	8
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SUMMARY OF RESULTS

The following table summarizes the results for fiscal year ending December 31, 2021, as well as projections for December 31, 2022 and December 31, 2023.

Fiscal year ending December 31	2021	Forecast 2022	Forecast 2023
	\$	\$	\$
Benefit Expense/(Income)	15,575	16,521	17,036
Financial position – Mar 31			
Benefit obligation	222,906	229,368	236,796
Fair value of plan assets	—	—	—
Funded (unfunded) status	(222,906)	(229,368)	(236,796)
Unamortized amounts – Dec 31			
Actuarial gains/(losses)	—	—	—
Prior service costs	—	—	—
Accrued Benefit Asset/(Liability) – Dec 31	(222,906)	(229,368)	(236,796)

Breakdown of benefit obligation

	Health	Life	Total
	(\$)	(\$)	(\$)
Active	24,900	80,200	105,100
Retired	0*	117,800	117,800
Total	24,900	198,000	222,900

* There are no retirees under age 65.

CERTIFICATION

I confirm the following:

- The Plan's benefits are defined benefits for purposes of IFRS accounting standards.
- The valuation and extrapolation thereof were performed in accordance with the standards of the Canadian Institute of Actuaries. The financial statement items resulting from this valuation were determined in accordance with our understanding of IFRS accounting standards.
- The results herein were prepared using Renfrew Hydro's best estimate assumptions as at December 31, 2021 in consultation with us.
- I am not aware of any events subsequent to December 31, 2021 which, in my opinion, would have a material impact on the results of the valuations and extrapolations.
- I am a member in good standing of the Canadian Institute of Actuaries. I understand that this report will be used for audit evidence and may be relied on under the terms of the Joint Policy Statement approved by the Actuarial Standards Board (Canada) and the Auditing and Assurance Standards Board (Canada) as described in Section 1520 of the Canadian Institute of Actuaries Standards of Practice.
- I am, and Mondelis Actuarial Services Corporation is, independent with respect to Renfrew Hydro Inc.
- The data upon which this valuation is based are sufficient and reliable for the purposes of the valuation.
- This report has been prepared, and my opinion given, in accordance with generally accepted actuarial practice.

Emerging experience differing from assumptions will result in gains and losses which will be revealed in future valuations. I am available at your convenience to provide you with any additional information that you may require.

Sincerely,



Harish Pawagi, FSA, FCIA
harish.pawagi@mondelis.com

Direct: 519-804-2896

Att.

APPENDIX A – ACTUARIAL ASSUMPTIONS

Reporting Period	Fiscal year ending December 31, 2021	
Economic Factors		
Discount rate for calculation of Fiscal 2021 Benefit Expense		3.90%
Discount rate for calculation of December 31, 2021 disclosures and estimate of Fiscal 2022 Benefit Expense		3.15%
Health Care Trend Rates	7.66% one year after the full valuation date; decreasing to an ult rate of 5.00% over 8 yrs	
Demographic Factors		
Retirement	Retirement Rates Before Eligibility for Unreduced Retirement	Retirement Rates After Eligibility for Unreduced Retirement
Age		
55	0.035	0.210
56	0.035	0.190
57	0.035	0.150
58	0.035	0.150
59	0.04	0.170
60	0.07	0.250
61	0.07	0.250
62	0.07	0.220
63	0.075	0.220
64	0.085	0.220
65	1.000	1.000
Mortality	Canadian Pensioners' Mortality Table Public Sector projected on a generational basis using CPM Improvement Scale B	
Termination of employment		
Age	Termination Rate	
25	0.0597	
35	0.0350	
45	0.0229	
50	0.0187	
Disability	No provision for future disability was made.	
Salary scale		3.6%
Loadings		
Sales tax		8.00%
Age difference between retiree and spouse	Female spouse is assumed to be 3 years younger	
Percentage electing family coverage		
Current retirees	Current elected coverage	
Future retirees		100%

In the table above, all rates and percentages are annualized unless otherwise noted. Retirement rates, termination rates and salary scale are selected to be consistent with OMERS pension plan assumptions.

Discount Rate used under PSAB 3250/3255

A discount rate of 3.15% is used as at December 31, 2021; The single discount rate is the rate, rounded to the nearest 0.05%, that duplicates the plan's obligations determined using the Fiera Capital/CIA yield curve as at November 30, 2021.

Actuarial Methods

The following list outlines the methods that have been used to value the plan for accounting purposes.

- the benefit obligation and the current service cost were calculated using the projected benefit method pro-rated on service.
- the attribution period is from the date of hire to date of first payment (expected retirement date).

APPENDIX B – COST OF BENEFITS

The fiscal 2021 total assumed premium for full time employees, including tax and before any cost sharing are shown below.

	Dec 31, 2018		Dec 31, 2021	
	Before 8% tax	After 8% tax	Before 8% tax	After 8% tax
Health				
Single	93.50	100.98	119.78	129.36
Family	252.40	272.59	323.33	349.20
Life Insurance				
per \$1000	3.297	3.561	3.297	3.561

Family premiums were provided by Renfrew Hydro. Single premiums were assumed in the same proportion as the prior report.

Renfrew Hydro will provide for 100% of the premium charged for continued Health and Life Insurance coverage from the date of retirement to age 65 for health; to death for life insurance.

APPENDIX C - MEMBERSHIP DATA

The following tables summarize the data as at the December 31, 2021 valuation date as provided by Renfrew Hydro. Members over age 65 are not entitled to health benefits. Disabled members are included with the retirees and are assumed to commence post-retirement benefits at the retirement age assumption.

Age Group	Number of Active Employees			Average Service
	Male	Female	Total	
20 to 25	1	0	1	0.3
25 to 30	0	0	0	0.0
30 to 35	1	1	2	6.0
35 to 40	1	0	1	10.6
40 to 45	1	1	2	9.5
45 to 50	1	0	1	1.5
50 to 55	2	1	3	21.5
55 to 60	<u>1</u>	<u>0</u>	<u>1</u>	2.5
Totals	8	3	11	10.0

Age Group	Number of Retirees and Disabled Employees		
	Male	Female	Total
65 to 70	2	2	4
70 to 75	3	2	5
75 to 80	<u>2</u>	<u>0</u>	<u>2</u>
	7	4	11

Notes: There is one disabled member who is disabled and not expected to recover. Disabled members are expected to retire at the normal retirement age of 65 and are not eligible for the health continuation benefit. Their salaries for the purposes of post-retirement life insurance are frozen. Expected average remaining service lifetime (EARSL) of the active members is 15.8.

APPENDIX D – SUMMARY OF PLAN PROVISIONS

The following summarizes the provisions of the plan for retiree benefit coverage. The summary is based on information provided by the Company.

Life Insurance	
Benefit	<p>Life Insurance Option 2: provides an initial 50% of salary as the coverage at termination but decreases linearly over 10 years to 25% of salary at termination</p> <p>Life Insurance Option 3: provides a fixed 50% of salary at termination as the face amount (3 retirees)</p>
Eligibility	Age 55 with 10 years of qualifying service
Coverage Ceases	At member's death
Health	
Benefit	Health Benefits
Coverage Period	From date of early retirement to age 65
Eligibility	Age 55 with 20 years of qualifying service
Dental	
Benefit	None

APPENDIX E – ACCOUNTING POLICIES

Measurement date – The Company uses a December 31 measurement date for valuing post-employment benefits.

Amortization of actuarial gains/losses – gains/losses arising in a year are recognized immediately in the Balance Sheet Asset/(Liability).

APPENDIX F - ACCOUNTING DISCLOSURE EXHIBITS

Fiscal year ending December 31	2021	Projection 2022	Projection 2023
Discount rate at start of year	3.90%	3.15%	3.15%
Discount rate at end of year	3.15%	3.15%	3.15%
Interest rate on assets	N/A	N/A	N/A
EARSL Period	15.8	15.8	15.8
Reconcile Obligation			
Obligation at start of year	222,565	222,906	229,368
Change in obligation from revaluation	0	0	0
Plan changes in year	0	0	0
Current service cost	6,996	9,508	9,808
Member contributions	0	0	0
Benefit payments	(12,177)	(10,059)	(9,608)
Interest on obligation	<u>8,579</u>	<u>7,013</u>	<u>7,228</u>
Obligation at end of year	225,963	229,368	236,796
Actual obligations at end of year	<u>222,906</u>	<u>229,368</u>	<u>236,796</u>
(Gain)/Loss recognized at end of year	(3,057)	0	0
Reconcile Plan Assets			
Invested assets at start of year	0	0	0
Contributions	12,177	10,059	9,608
Benefit payments	(12,177)	(10,059)	(9,608)
Expected earnings on assets	<u>0</u>	<u>0</u>	<u>0</u>
Expected asset at end of year	0	0	0
Actual asset at end of year	<u>0</u>	<u>0</u>	<u>0</u>
(Gain)/Loss recognized at end of year	0	0	0
Transition Amount			
Transition amount at start of year	0	0	0
Remaining amortization period	0	0	0
Impact on Balance Sheet of change to IFRS	0	0	0
Amortization in year	0	0	0
Past Service Costs			
Value of Plan Improvement in Year	0	0	0
Amortization charge	0	0	0

Fiscal year ending December 31	2021	Projection 2022	Projection 2023
Actuarial (Gains)/Losses			
10% window	N/A	N/A	N/A
Impact on Balance Sheet of change to IFRS (Gain) / Loss in year	(3,057)	0	0
Revaluation Actuarial (Gain) / Loss	0	0	0
Amortization in current year Recognized in year	0 (3,057)	0 0	0 0
Unamortized Net Actuarial (Gain)/Loss	0	0	0
Annual amortization for next year	0	0	0
Expense			
Current service cost	6,996	9,508	9,808
Interest on obligation	8,579	7,013	7,228
Interest on assets	0	0	0
Amortize transition amount	0	0	0
Amortize plan improvements	0	0	0
Amortize gains and losses	<u>0</u>	<u>0</u>	<u>0</u>
Expense	15,575	16,521	17,036
Reconcile Funded Status			
Benefit Obligation at end of period	222,906	229,368	236,796
Market value of assets, end of period	0	0	0
Contributions in transit, end of period	<u>0</u>	<u>0</u>	<u>0</u>
Funded status = surplus/(deficit)	(222,906)	(229,368)	(236,796)
Unamortized transition obligation/(asset)	0	0	0
Unamortized past service costs	0	0	0
Unamortized net actuarial loss (gain)	<u>0</u>	<u>0</u>	<u>0</u>
Accrued benefit asset (liability)	(222,906)	(229,368)	(236,796)
Balance Sheet Asset/(Liability)			
Accrued amount at start of period	(222,565)	(222,906)	(229,368)
Expense	15,575	16,521	17,036
Employer contributions	12,177	10,059	9,608
Gains/(losses) recognized in retained earnings	3,057	0	0
Balance Sheet Asset/(Liability) at end of period	(222,906)	(229,368)	(236,796)
Sensitivity Tests (change in benefit obligation)			
1% increase in discount rates	(30,000)		
1% decrease in discount rates	38,000		

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Appendix C

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COLLECTIVE AGREEMENT

BETWEEN

RENFREW HYDRO INC.
(Hereinafter referred to as “the Company”)

AND

**LOCAL 636 OF THE INTERNATIONAL BROTHERHOOD
OF ELECTRICAL WORKERS, AFL-CIO-CLC
(RENFREW UNIT)**

EFFECTIVE APRIL 1, 2023 TO MARCH 31, 2027

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ARTICLE 1 - PURPOSE

The general purpose of this agreement is to establish the terms and conditions required to govern the workplace relationship between the Company and its employees.

ARTICLE 2 - DURATION

- 2.1 This agreement supersedes all previous agreements and shall be deemed to take effect from **the first day of April 2023** to the **thirty first day of March 2027**. The agreement will be in effect from year to year thereafter unless written notice of amendment or cancellation be given by either party within ninety (90) days before the expiration of the said term as identified herein, and shall remain in full force during any period of negotiation renewal.
- 2.2 The parties agree to exchange agendas as soon as practical within the ninety day period.
- 2.3 Written notice shall be given by regular mail to the Company at its office in Renfrew, to the attention of the Company’s president or to Local 636 of the I.B.E.W. at its Mississauga office.

ARTICLE 3 - RECOGNITION

- 3.1 The Company recognizes the Union as the sole bargaining agent for all employees, save and except supervisors, superintendents, and those above the rank of these positions; students employed during their vacation period/work term; office staff; temporary employees; and persons employed for not more than twenty four (24) hours per week.
- 3.2 The term “employee” as used in this agreement, shall, unless specifically stated otherwise, be deemed to mean only those employees who have been in the employ of the Company for at least six (6) months, and classified as regular employees.

ARTICLE 4 - UNION SECURITY

- 4.1 All employees shall pay as a condition of employment the equivalent of regular monthly union dues. Amounts so deducted shall be forwarded to the financial secretary of the union by the fifteenth (15) day of each calendar month following the month of deduction and shall be accompanied by an alphabetical list of the names of each employee on behalf of whom the deductions were made, the amount deducted on behalf of each employee,

and information upon which each such deduction was made. Any changes in the amount of dues shall be submitted in writing by the Union to the Company, thirty (30) days before such changes are put into effect.

In consideration of the deduction and forwarding service by the Company, the Union agrees to indemnify and save harmless the Company against any claim or liability arising out of, or resulting from, the collection and forwarding of the regular monthly dues.

- 4.2 The Company and the Union agree that there will be no intimidation, discrimination, interference, restraint, or coercion exercised or practiced by either of them or their representatives or members because of an employee's membership in the Union or because of his or her activity or lack of activity in the Union.
- 4.3 Employees shall have the right of consultation with, and representation by, a recognized union representative on all matters pertaining to discipline. In the event an employee is disciplined or discharged in any manner, the company shall notify the Union in writing as soon as possible.

Letters of discipline will be removed from an employees work record after two years, providing no other disciplinary action has been taken against the employee in the intervening period.

ARTICLE 5 - HOURS OF WORK

- 5.1 The normal hours of work shall be forty (40) hours per week consisting of five (5) eight (8) hour days between **07:00 hours** and **15:30 hours** from Monday to Friday. Such hours do not include a daily lunch period of **one half (1/2) hour** normally taken between **12:00 and 12:30 hours**.

ARTICLE 6 - OVERTIME RATE OF PAY

- 6.1 It is understood and agreed that from time to time it will be necessary for employees to perform work outside of normal schedules at all hours of the day and night. The union will make best effort to complete the work required by the company to meet customer needs and achieve budgetary goals. The company shall give as much notice as possible to employees when requesting overtime work.
- 6.2 All work performed outside normal working hours will be paid twice (2) the regular rate.
- 6.3 An employee called in to work outside normal working hours after leaving the premise of the Company shall be paid not less than the equivalent of three (3) hours pay.
- 6.4 If an employee is required to work during a scheduled lunch period, he/she will be paid at the appropriate overtime rate or, if it is mutually agreeable, the employee may elect to take time off at the end of the work day equal to the amount of the actual time worked.

6.5 Employees who work overtime may opt to bank time off in lieu of payment of overtime at the equivalent premium time rate to a maximum of eighty (80) hours.
Banked hours in lieu of payment will only apply to Overtime accumulated while working within Renfrew Hydro Inc. service territory. Overtime work completed outside service territory shall be taken in pay only, for e.g. Emergency Mutual Aid Storm Assistance or Planned and Scheduled Construction and Maintenance assistance to neighbouring Utilities. Time off will be scheduled with the mutual agreement of the employee and management while maintaining the efficient operation of the Company. Use of time off will not take priority over previously scheduled vacation days of another employee. **Unused banked overtime may be paid out on a quarterly basis upon the employee's request and any remaining banked overtime will be paid out on the final pay period each calendar year.**

6.6 Employees given less than one (1) hour notice for the cancellation of planned overtime will receive two (2) hours straight time pay.

6.7 ***PROVISION OF REST PERIOD***

From time to time it will be necessary for employees to perform work outside of normal schedules at all hours of the day and night for extended periods of time. It is recognized that the employee's work can be hazardous and it is necessary that the employee should be alert at all times. These guidelines for rest periods following after hour work have been developed to ensure that employees do not create a risk to themselves, their fellow employees, or the public due to their physical condition caused by extended work hours without rest.

1. An employee who has worked for fourteen (14) or more continuous hours will be given an eight (8) hour rest period off work at the end of the overtime work. The portion of this rest period that falls in the employee's next normal scheduled shift will be paid at the employee's regular rate. This rest period may be staggered in order to ensure sufficient staff are available to meet the workload of the utility. **Should the rest period fall on a weekend, the rest period would not warrant any paid time.**
2. When required to work overtime between 22:00 and 03:00 hours, employees will be permitted a rest period until 12:00 noon. When such overtime extends beyond 03:00 hours, the rest period permitted will be for the remainder of the day or 8 hours, whichever is greater. When required to work overtime between 03:00 hours and 05:00 hours, employees will work 4 hours at the beginning of the work day and the rest period permitted will be for the remainder of the day. When required to work overtime between 05:00 hours and start time hours, the rest period does not apply. Should the rest period fall during the employee's regular working hours, the employee shall be paid the applicable straight time rate for those hours.

3. Ontario Regulation 555/06 – Hours of Service – Under different emergency overtime scenarios the hours of rest for an employee may have to be extended by Management in order to meet work requirements and the off duty requirements of Reg. 555/06 for driving a CVOR rated vehicle. This decision will be made by Management on an event by event basis.

ARTICLE 7 - ON - CALL DUTY

- 7.1 The Company requires one qualified employee for on-call duty each day. On-call duty requires an employee to remain available at all times for emergency response. The employee must arrive at the work centre/work site within 30 minutes of the dispatched call.
- 7.2 There will be one (1) person on call for emergency line work from Friday noon of one week to Friday noon of the next week.
- 7.3 The on call person will be notified by their Crew Leader by Friday noon, as set by the schedule for on call duty.
- 7.4 On call substitutions are permissible provided the Crew Leader is informed and agrees in advance. It is understood an employee on the on call roster will be given first opportunity to assume these duties.
- 7.5 Employees designated for call duty, who are unable to perform such duties because of an illness or emergency, shall notify the Crew Leader or find a replacement immediately whereupon the replacement will notify the Crew Leader of the change.
- 7.6 The on call employee will have the first opportunity to work emergency or planned overtime for the Company.
- 7.7 **Effective April 1, 2023**, on call persons shall receive **\$27.91** per day for normal work days Monday to Thursday inclusive and **\$55.83** per day for Friday, Saturday, Sunday, **recognized** holidays (**Article 17**) and the day preceding **full day recognized** holidays. On April 1, **2024** the rate will change to **\$28.58 & \$57.17**. On April 1, **2025** the rate will change to **\$29.27 & \$58.54**. On April 1, **2026** the rate will change to **\$29.97 & \$59.94**.

ARTICLE 8 - PAY AND PAY DAYS

Employees shall be paid an hourly rate in accordance with Schedule 'A'. Pay days will be every second Thursday but when Thursday is a legal holiday, payment will be made the preceding Wednesday.

ARTICLE 9 - SENIORITY

- 9.1 Seniority shall commence from the date the employee last entered the employ of the Company as a probationary employee.
- 9.2 Employee shall lose seniority and cease to be an employee if he/she:
- a) Quits voluntarily
 - b) Is discharged, and the discharge is upheld
 - c) Is absent for three (3) working days or more, unless he/she provides management with evidence of unavoidable reasons for not reporting to work.
 - d) Is laid off for a period of more than six (6) calendar months for employees with less than ten (10) years of service credit and for a period of twelve (12) calendar months for employees with greater than ten (10) years of service credit.
 - e) Fails to report to work after a lay-off within five (5) working days of recall, notice of which has been mailed (by registered Mail) to the last address which the employee has given the Company.
 - f) Retires or is permanently disabled and unable to perform any available work.
 - g) Accepts employment elsewhere while in receipt of W.S.I.B., L.T.D., or sick leave benefits from the Company.
- 9.3 a) In the event of lay-off the last employee hired shall be laid off first, provided that those employees left are qualified to perform the work required. When recalling employees to work after a layoff, the last employee laid off shall be recalled first provided that those employees returning are qualified to perform the work required.
- b) In laying-off or promoting employees, seniority shall be the determining factor providing there is an equality of skill, efficiency, and qualification to perform the required work.
- 9.4 New or vacant positions with the Company will be posted for at least five (5) days to allow interested employees an opportunity to apply for such a position. Any vacant or new positions outside the bargaining unit shall not be the subject of a grievance.

ARTICLE 10 - MANAGERIAL RIGHTS

The Company shall not be limited in any way in the exercise of the functions of management, and it is expressly recognized by the Union, that the Company has and shall retain the exclusive right to hire, promote, demote, or transfer any employee. The Company will have the right to suspend, discharge, or discipline any employee for a just

cause. Employees who feel that they have been unfairly or unjustly disciplined or discharged shall have recourse to the grievance procedure.

ARTICLE 11 - EMPLOYEE CLASSIFICATIONS

- 11.1 The provisions of the present agreement shall apply to all departments and clauses specific to each Department as outlined in Schedule 'A' annexed and forming part of this Agreement.
- 11.2 The progression of employees shall be according to Schedule "A" with equal chances for advancement and increases subject to skill and ability. Progression is subject to the Company's decision as to progress and ability with progression withheld in the event that an employee is considered performing his duties in a manner that does not justify promotion. If an employee is to be deprived an increment in the progression schedule, the employee will be advised prior to the progression date.
- 11.3 Employees promoted from one classification to another shall receive a rate of pay in the new classification nearest to, but not less than the rate they received in the previous classification. The Company at their sole discretion may advance an employee to a higher rate of pay within the classification depending on their skill, ability, and qualifications to perform the job.
- 11.4 Employees permanently transferred to a lower classification shall have his/her wages reduced by two (2) percent per year until reaching the maximum level of the new classification.
- 11.5 Employees who request and are granted a transfer into another classification shall be paid at a rate in the new classification subject to their skill, ability and qualification to perform the job as determined by the Company.
- 11.6 In cases of layoff, employees bumping to another classification will be paid a rate equivalent to their abilities within the classification but not less than the rate applied to the bumped position.
- 11.7 ***WORKING FOREMAN*** - The Company agrees to appoint a working foreman as they deem necessary. The rate of pay to be six (6) percent per hour greater than their hourly rate of pay at appointment. The working foreman shall receive an additional three (3) percent increment when replacing and performing the duties of the Crew Leader **or the Manager of Operations. This premium will be paid for all hours worked while performing these additional duties.**

TEMPORARY WORKING FOREMAN - In the absence of a Working Foreman for longer than four (4) hours or when the Working Foreman is replacing the Crew Leader **or the Manager of Operations**, a Temporary Working Foreman, who will be in charge of one

or more employees, will be appointed and their responsibilities assigned. The rate of pay to be to be six (6) percent greater than their hourly rate of pay during their assigned time.

RESPONSIBILITY PAY – When 2 or more employees work together on a job or project as a team or crew, without supervision by the Crew Leader or Working Foreman or Temporary Working Foreman for periods of 2 hours or greater, and when an employee is required by management to exercise responsibility over and / or leadership of such employees, management will assign a responsible employee.

An employee temporarily assigned responsibility for a crew or team shall be entitled to a responsibility pay premium of 4% of their normal pay rate for all hours worked. **This rate shall be paid in addition to the employee’s regular pay and be applied to all hours worked including those worked on overtime outside of normal working hours.**

Responsibilities, which must be performed where applicable, include but are not limited to:

- Responsibility for the job site or project
- Ensure that safety procedures are followed
- Ensuring the appropriate company rules, policies, standards and procedures are followed
- Ensuring that circle check is done prior to using company vehicles and that CVOR and other paperwork is in place
- Ensuring that appropriate standards of ‘housekeeping’ are maintained
- Overseeing tailboard conferences
- Ensuring that the team/crew follows the project design, approved line standards
- Ensuring completion of necessary documentation such as time sheets, work protection forms, material usage
- Ensuring availability of appropriate material
- Is responsible for coaching, training, providing technical support/knowledge to employee at the same position and grade level

ARTICLE 11 A - EMPLOYEE CATEGORIES

11A.1 Temporary employees are persons hired for periods of limited duration of up to six (6) months in positions which are not likely to become part of the Company’s continuing organization. The duration of temporary positions may be extended beyond six (6) months upon mutual agreement with the union. Temporary employees shall not accumulate Company service; shall not be entitled to any of the rights or privileges accruing to regular employees unless otherwise indicated in a specific article; nor have recourse to the grievance and arbitration procedure in the event of discharge.

11A.2 Probationary employees are persons hired to determine their suitability for continuing employment in regular positions. An employee shall be considered probationary for a six calendar month period. After the completion of the probationary period Company service

credit will be effective from the original date of employment. During this time of probation they shall not be considered as having regular status and shall not be entitled to any of the rights or privileges accruing to regular employees excepting for: boot allowance, three (3) day bereavement provision, hours of work and overtime pay, nor shall they have recourse to the grievance procedure in the event of discharge.

11A.3 Regular employees are persons who have satisfactorily served the probationary period as outlined above.

ARTICLE 12 - ATTENDANCE AT COURSES OF TRAINING

When it is deemed advisable to send an employee on a course of training, the Company will pay all reasonable expenses, including transportation, lodging, and meals as per corporate travel policy. **The rates within the corporate travel policy will be updated annually to follow the most current Canadian Revenue Agency (CRA) reasonable meal and vehicle allowances as published. Receipts will be required for all incurred expenses. Meals will be reimbursed up to the published CRA maximum daily allowance.** Private cars may be used for transportation to and from the location of the course and employees will be reimbursed **at the current CRA reasonable per kilometer mileage rate.** If an employee is required to travel to a training course outside their normal scheduled shift the employee will be reimbursed at straight time.

ARTICLE 13 - NO STRIKES OR LOCKOUTS

It is hereby agreed that there shall be no lockouts by the Company and no strikes, slowdowns or similar interference with the work by the employees herein concerned during this Agreement or any extension thereof.

ARTICLE 14 - SAFETY RULES

Employees shall strictly adhere to all safety rules that may be issued by the Company from time to time. The Company agrees to provide, within reason, protective devices to ensure the safety of the employees while working with equipment, or conductors carrying voltage, the employees to take all possible care of such protective devices as may be provided for their protection.

ARTICLE 15 - VOLUNTARY BENEFITS

It is the intention of the Company to continue any existing benefits or privileges not covered by this agreement. However, these benefits or privileges may be changed or withdrawn at the discretion of the Company. The Company agrees to supply a written notice and meet with the union to discuss options, if any, before a change is made.

ARTICLE 16 – BEREAVEMENT

- 16.01 In the event of death in the immediate family which includes husband (including common-in-law husband), wife (including common-in-law wife), and children (including stepchildren) up to five (5) days with pay shall be granted to any employee for the purpose of making arrangements for and attending the funeral/Celebration of Life.
- 16.02 In the event of death of a brother, sister, parents, parents-in-law, son-in-law, daughter-in-law, grandchild, grandparent up to three (3) days with pay shall be granted to any employee for the purpose of making arrangements for and attending the funeral/ Celebration of Life.
- 16.03 In the event of the death of brother-in-law, sister-in-law, grandparents-in-law, aunts and uncles, aunts-in-law and uncles-in-law, one day with pay will be granted to any employee in order to attend the funeral/ Celebration of Life.

ARTICLE 16 A - JURY DUTY

An employee who is required to serve on a jury, inquest, or who serves as a Crown witness in the County of Renfrew, will receive their normal straight time wages.

ARTICLE 17 - RECOGNIZED HOLIDAYS

The following days in each year shall be recognized as holidays with pay for employees covered by this Agreement:

- New Year's Day
- Family Day
- Good Friday
- Easter Monday
- Victoria Day
- Canada Day
- Civic Holiday
- Labour Day
- Thanksgiving Day
- One-half day on the last working day before Christmas Day
- Christmas Day
- Boxing Day
- One-half day on the last working day before New Year's Day

Entitlement to the recognized holiday pay begins as soon as an employee starts working. To qualify, an employee must work their last regularly scheduled day before and the first regularly scheduled day after the holiday or have reasonable cause for failing to do so.

Approved, paid leaves including vacation and sick leave qualify as a reasonable cause.

Float Days - Each regular employee shall be entitled to three (3) floating vacation days with pay during per year in addition to regular vacation. Float days are to be taken as mutually agreed by the employee and his/her immediate supervisor. Float days will be added to the employee's vacation credits for the year.

Veterans or other employees who are attending remembrance functions on Armistice Day, will be permitted time off.

In the event that the Ontario Provincial Government declares “National Day for Truth and Reconciliation Day” a statutory holiday, the company agrees to recognize this day as a paid holiday. The company will make every effort to allow employees who are attending “National Day for Truth and Reconciliation Day” functions or ceremonies to be granted with time off to do so.

ARTICLE 18 - VACATION

18.1 Employees under this Agreement will be entitled to annual vacations with pay for each calendar year, exclusive of Saturdays, Sundays, and recognized Holidays:

a) After one (1) year of service ----- 2 weeks

b) After three (3) years of service ----- 3 weeks

c) After nine (9) years of service ----- 4 weeks

d) After seventeen (17) years of service ----- 5 weeks

e) After twenty five (25) years of service ----- 6 weeks

18.2 Vacation is based on working 90 % of the regular scheduled working days in the vacation accumulated period. Where employees have worked less than 90 % of their regular scheduled working days, their vacation pay will be based upon the number of days worked and paid for by the Company during the vacation accumulation period.

18.3 When necessary the Company can require employees to take their vacation outside the requested period. Seniority is to count when determining when an employee shall be allowed to take **their** vacation. Regular vacations shall be taken in the calendar year in which they become due. Employees may carry over up to five (5) days' vacation provided they use it by March 31st of the following year.

18.4 A vacation sheet will be posted by March 1 and removed on March 30 at which time vacation dates will be agreed upon as follows:

- Employees with less than 4 weeks annual vacation shall have 1 week vacation scheduled.
- Employees with 4 weeks or more annual vacation shall have 50 % of vacation scheduled.

If final dates have not been agreed to between employees on vacation dates as of March 30 seniority will govern (allotments will be fairly distributed). Any remaining vacation days must be scheduled by August 31. The Company will make every effort to approve vacation as requested by employees, subject to business requirements. Vacation requests shall not normally exceed 2-week continuous increments.

- 18.5 Previous years' service at other utilities will be acknowledged by the company when determining vacation entitlement in 18.1. To be eligible, the employee must submit acceptable proof of this service. Previous years' at other utilities will not apply when determining seniority.

ARTICLE 19 - HOSPITALIZATION & MEDICAL CARE

- 19.1 The Company will pay 100% of the premium cost for employee and family for the following plans:

Benefits By Design Dental Plan

Benefits By Design Extended Health Care Plan

The Company will provide each employee's family with a Health Spending Account ("HSA") up to a maximum of \$1,300.00 per employee per year. The HSA value will increase by \$50.00/year throughout the contract. The HSA will provide employees (and their eligible family members) with a choice of additional benefits that are not presently covered under the aforementioned group benefit plans. In addition, employees may opt to use their HSA to expand their existing maximums on services provided under the group benefit plans. A summarized list of all HSA covered items is as per attached Appendix A.

Please note that each individual HSA will be shared amongst all eligible recipients on a per family basis. Retirees who presently receive benefits are not eligible to participate in an HSA. HSA provider is based on a calendar year and will be prorated for the 2023 year to \$975.00.

The HSA will include an option for a flex/combo account inclusive of a Wellness Spending Account (WSA). The dollar value of the WSA will be decided on a calendar year basis and deducted from the annual HSA maximum at each employee's discretion and be considered a taxable benefit. The portion allotted to WSA must be communicated to service provider within 30 days of coverage period commencement.

Vision care and glasses (with the exception of safety glasses) will be funded out of the HSA.

Physiotherapy services will remain at a maximum of \$5,000.00 per year and any usage above the \$500.00 (coverage provided by our existing “Health Care Plan”) per year will not be drawn out of the HSA Account. All other paramedical services exceeding the \$500.00 (coverage by our existing “Health Care Plan”) per year will be drawn from the HSA.

Unused portions of an employee’s HSA/WSA may be carried into the next year up to a maximum unused portion within a two-year period.

- 19.2 The Company will participate in the “**Group Life Insurance Plan**”. The Company will pay 100% of the basic term insurance premiums which provide a term insurance of 150% of basic annual earnings.
- 19.3 The Company will participate in the regular OMERS retirement pension plan for all regular employees. Participation by regular employees in the Ontario Municipal Employees Retirement System (OMERS) is compulsory, with contributions at rates in accordance with OMERS regulations.
- 19.4 The employer’s contribution to the benefit plans outlined in this article will continue to be paid by the employer while the employees, who have seniority status as defined in Article 9, Clause 2, are in receipt of normal base wages from the employer, vacation pay, sickness, or short term disability.
- 19.5 Employer contribution to the dental, health care, vision, and life insurance benefits for employees on layoff cease at the end of the sixth full month following the month in which the layoff occurs.
- 19.6 New Employees (after April 1, 2001) The Company shall continue to pay for a period of time not to exceed twenty four (24) months from the first day of sickness or injury, the premium cost of Hospitalization & Medical Care, Dental & Vision Care, and Life insurance as outlined in Article 19 providing the employee is in receipt of short term or long term disability benefits funded by the Company’s plan or W.S.I.B. income replacement.
- 19.7 Existing Employees (before April 1, 2001) The Company shall continue to follow the current practice of funding the premium cost of Hospitalization & Medical Care, Dental & Vision Care, and Life insurance as outlined in Article 19 for those employees who are in continued receipt of Company L.T.D. benefits or W.S.I.B income replacement benefits and are unable to perform any available work at the Company.

- 19.8 Employee Recognition Program – Full time employees who are 55 years of age or older and have a minimum of twenty years of continuous service with the Company and have elected to apply for and receive an OMERS early retirement pension are eligible to receive extended family health care benefits as outlined in Article 19 until they reach age 65. This does not include vision or dental coverage. Further, in the event the retiree dies while insured under the extended health plan, such benefits will continue for the surviving spouse until the surviving spouse reaches age 65. The Company shall pay 100 percent of the premium cost as covered in Article 19.1.

ARTICLE 20 - SICKNESS - ABSENCE - ACCIDENT

- 20.1 The Company's sick leave plan for regular employees was created by the Company to reduce the financial hardship that bona fide illness can create, so far as inability to work and consequent loss of normal wages are concerned. Where the illness extends beyond two (2) days the Company may request medical evidence of inability to work. Before returning to work from a lengthy absence, the employee must provide medical proof satisfactory to the Company, that **they are** fit to return.

The cost of medical certificates issued at the request of the company will be reimbursed to the employee by the company. This includes driver's license medicals where a driver's license is a condition of employment and all other medicals required by the company.

20.2 SICK BENEFITS

The employee would have a benefit of:

- a) 96 hours (12 normal working days) each calendar year at 100% basic salary for sickness or accident. The benefit will not re-accumulate or improve on January 1st while an employee is off work on short term disability, long term disability, or W.S.I.B. accident.
- b) On January 1st of the following year, the unused hours from previous years accumulated sick benefits may be applied to increase the Short Term Income Replacement benefit to 100% of basic salary. The accumulation of unused sick benefits begins Jan. 1, 2015.
- c) Personal Time Off: Each regular employee shall be permitted three (3) paid days off per year (not accumulative) to be used for family emergencies, family medical appointments, unforeseen happenings, or state of affairs requiring prompt attention.

20.3 SHORT TERM INCOME REPLACEMENT

All full time employees who are unable to perform their duties due to a non-occupational illness or injury shall be entitled to Short Term Income Replacement Benefits, calculated at 80% of the employee's normal rate of pay for a maximum

term of 20 weeks. This Benefit may be topped up to 100% of the employee's normal rate of pay by applying the unused hours of previous years' sick benefits. Should the employee still be unable to perform their duties at the end of the 20 weeks, he/she would become eligible to apply for benefits through the Long Term Disability Insurance Program.

It is understood and agreed that sick leave benefits granted by the company satisfy the rebate requirements outlined in the Employment Insurance Act and the Ontario Health Insurance Act.

Should the employee's normal rate of pay be reduced below 100%, during the short-term disability period, contributions to OMERS will continue at a rate of 100% of their normal rate of pay contributory earnings.

20.4 ***LONG TERM DISABILITY***

- a) Should the employee remain disabled at the expiration of a short term disability benefit, he would be immediately eligible to apply for long term disability benefits, which would pay benefits at the level of 70% of basic salary, in effect at the time of Accident or Illness.
- b) Both the local union and Company agree that after 12 months from commencement of Accident or Illness, the claimant's position becomes vacant. Should the employee recover sufficiently to allow his return to work, the Company would make every effort to re-employ him, but there can be no guarantees.
- c) An employee receiving long term disability benefits through the Group Insurance Program may apply to OMERS for a disability waiver of contributions. If approved the employee will continue to accrue additional pension benefits.
- d) The short term and long term disability plan will not be changed without the consent of the Union.
- e) If an employee, off on disability, returns to work and within sixteen (16) working days, is off again, on the same disability, then it is considered a continuing disability, and the employee returns to the same level of benefits held previously. If an employee, off on disability, returns to work and after sixteen (16) working days, is off again, then it is considered a new disability, and he recommences his entitlement under the sick benefit plans.

20.5 ***WORKPLACE SAFETY & INSURANCE BOARD***

- a) When an employee, through his paid employment by the Company, suffers an illness or injury which is compensable under the W.S.I.B. Legislation, the employee will receive payment in accordance with the Legislation.

- b) For a period of time not to exceed twenty four (24) months, only those employees on leave covered by W.S.I.B. shall be given consideration for any job which the employee is capable and qualified to perform. Failure to accept an alternative job, which the employee is deemed capable and qualified for, will result in discharge from the Company.

ARTICLE 21 - TOOLS AND CLOTHING

- 21.1 The company will supply all tools and equipment required by employees necessary for the performance of duties as required by the company. Replacement will only be made on an as-needed basis.
- 21.2 The Company shall supply the following clothing to the Line Department employees and Maintenance men:
- 1 Safety Hat - (to be worn at all times)
 - 1 Pair Work Gloves - (a new pair shall be issued upon receipt of the old pair)
 - Flame resistant/flame retardant clothing as listed in Schedule 'B'.
- 21.3 The Company agrees to subsidize 75 % of the cost of approved safety footwear purchases, to a maximum 3 per calendar year. This safety footwear must be worn on the job at all times. Purchases must be covered by a suitable receipt. All footwear shall have the Omega symbol Ω and CSA Green triangle.
- 21.4 The Company shall contribute a maximum amount of **\$450** per 24 consecutive months towards the cost of prescription safety glasses where required by an employee to perform their regular duties. These safety glasses shall meet CSA Z94 or ANSI Z89 Standard. If an employee damages these glasses while performing his normal duties, the company will cover the cost to repair or replace these glasses.

ARTICLE 22 -COMPLAINT OR GRIEVANCE PROCEDURE

- 22.1 For the purpose of this Agreement a dispute, claim or complaint which involves the interpretation, application, or alleged violation of some provision of this Agreement shall be considered to be a fit matter for grievance and shall be dealt with as specified below.
- 22.2 Time limits for the processing of grievances shall be observed strictly by the parties except in the case of mutual agreement to alter the time limits.

STEP 1: An employee believing he has a grievance shall present it to the Crew Leader verbally within five (5) of the employee's scheduled working days from the date of the occurrence which had given rise of the alleged grievance. Within five (5) working days of receipt of the grievance the Crew Leader will discuss the matter with the Manager. Failing settlement at this level, the employee may within five (5)

working days of the issuance of the disposition at Step 1 proceed to Step 2 and may be accompanied by the Union Steward.

STEP 2: Within five (5) days of the presentation of a written grievance notice, the Manager will discuss the matter with the grievor and/or the Union Steward.

Failing settlement at this level, the employee may within five (5) working days of the issuance of the disposition at Step 2 proceed to Step 3.

STEP 3: Within five (5) working days of receipt of the notice to proceed to Step 3, the Manager will discuss the matter with the IBEW 636 Business Representative. Failing settlement at this level between the parties to the agreement, either of them may submit the matter to arbitration within thirty (30) calendar days.

No regular employee will be disciplined or discharged except for just cause. Any employee who feels he has been unjustly suspended or discharged may file a grievance at Step 3 of the grievance procedure.

- 22.3 A grievance arising directly between Management and the Union involving the interpretation or alleged violation of this Agreement may be submitted in writing by either party within fifteen (15) working days of the incident giving rise to the grievance. In the case of a Union grievance, the grievance procedure shall commence at Step 3. In the case of Management grievance, the matter will be submitted to the Union, and failing settlement within five (5) working days thereafter may be referred to arbitration within thirty (30) calendar days.
- 22.4 It is expressly understood that the provision of Article 22.4 above may not be used to institute a complaint or grievance directly affecting an employee who could himself institute same, and the regular grievance procedure shall not hereby be by-passed.
- 22.5 Management shall recognize one steward of the Committee who may assist employees in the processing of grievances.
- 22.6 Arbitration
- Failing settlement at Step 3 the Union may within thirty (30) calendar days of receipt of the Manager's decision at Step 3 notify management of its intention to submit the grievance to arbitration in accordance with the Ontario Labour Relations Act and at the same time inform management of the Union nominee to an Arbitration board, or should the parties agree, a sole arbitrator may be chosen by mutual consent of the parties.
- 22.7 No board of arbitration or sole arbitrator shall have the power to alter or change any of the provisions of this agreement or to substitute any new provision for any existing provision or to provide a decision which is inconsistent with any term of this agreement.

22.8 Each party to this agreement will bear the expenses and the fee of its nominee, and the parties will share equally expenses and fee of the Chairman of the board or sole arbitrator whichever is the case.

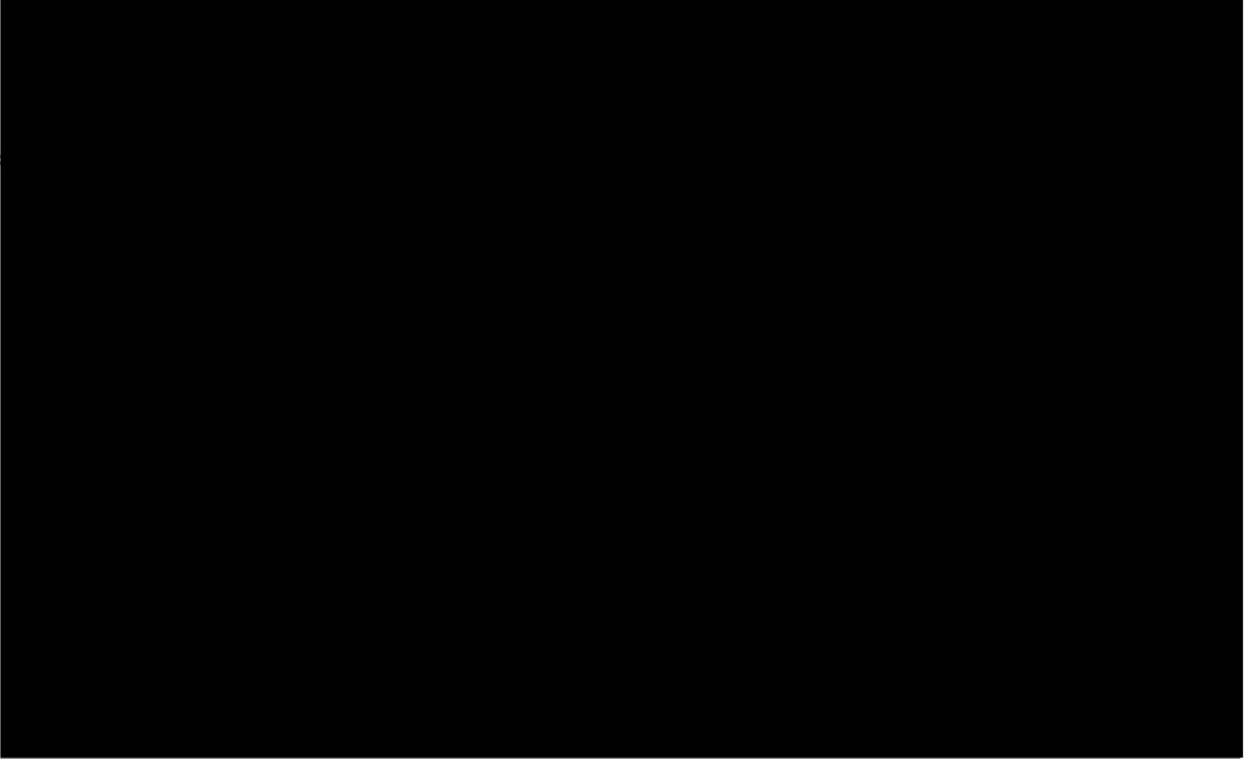
ARTICLE 23 - SUCCESSOR RIGHTS

In the event of a sale or transfer of its business, the parties agree to make every reasonable effort to preserve the continuance of the current collective agreement.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals this 20th day of January, 2023 A.D.

FOR THE COMPANY

FOR THE UNION



SCHEDULE 'A' - WAGE RATE AND PROGRESSION SCHEDULE

**EFFECTIVE APRIL 1, 2023
3.40%**

	<u>HOURLY RATE</u>
CREW LEADER	\$50.32
WORKING FOREMAN	\$47.62
JOURNEYMAN LINEMAN –EDA / POWERLINE MAINTAINER	\$44.92
UTILITY PERSON	\$33.96
HANDY PERSON	\$25.48

ROUTINE PROGRESSION

	First	Second	Second	Third	Fourth	Fifth
	6 months	6 months	Year	Year	Year	Year
Apprentice	55%	60%	65%	75%	85%	100%
Lineman	\$24.70	\$26.96	\$29.20	\$33.70	\$38.18	\$44.92
	75%	80%	90%	100%		
Utility Person	\$25.48	\$27.18	\$30.56	\$33.96		
	70%	75%				
Handy Person	\$23.78	\$25.48				

SCHEDULE 'A' - WAGE RATE AND PROGRESSION SCHEDULE

**EFFECTIVE APRIL 1, 2024
2.40%**

	<u>HOURLY RATE</u>
CREW LEADER	\$51.52
WORKING FOREMAN	\$48.76
JOURNEYMAN LINEMAN –EDA / POWERLINE MAINTAINER	\$46.00
UTILITY PERSON	\$34.78
HANDY PERSON	\$26.08

ROUTINE PROGRESSION

	First	Second	Second	Third	Fourth	Fifth
	6 months	6 months	Year	Year	Year	Year
Apprentice	55%	60%	65%	75%	85%	100%
Lineman	\$25.30	\$27.60	\$29.90	\$34.50	\$39.10	\$46.00
	75%	80%	90%	100%		
Utility Person	\$26.08	\$27.82	\$31.30	\$34.78		
	70%	75%				
Handy Person	\$24.34	\$26.08				

SCHEDULE 'A' - WAGE RATE AND PROGRESSION SCHEDULE

**EFFECTIVE APRIL 1, 2025
2.40%**

	<u>HOURLY RATE</u>
CREW LEADER	\$52.76
WORKING FOREMAN	\$49.92
JOURNEYMAN LINEMAN –EDA / POWERLINE MAINTAINER	\$47.10
UTILITY PERSON	\$35.62
HANDY PERSON	\$26.72

ROUTINE PROGRESSION

	First	Second	Second	Third	Fourth	Fifth
	6 months	6 months	Year	Year	Year	Year
Apprentice	55%	60%	65%	75%	85%	100%
Lineman	\$25.90	\$28.26	\$30.62	\$35.32	\$40.04	\$47.10
	75%	80%	90%	100%		
Utility Person	\$26.72	\$28.50	\$32.06	\$35.62		
	70%	75%				
Handy Person	\$21.32	\$26.72				

SCHEDULE 'A' - WAGE RATE AND PROGRESSION SCHEDULE

EFFECTIVE APRIL 1, 2026

2.40%

	<u>HOURLY RATE</u>
CREW LEADER	\$54.02
WORKING FOREMAN	\$51.30
JOURNEYMAN LINEMAN –EDA / POWERLINE MAINTAINER	\$48.24
UTILITY PERSON	\$36.48
HANDY PERSON	\$27.36

ROUTINE PROGRESSION

	First 6 months	Second 6 months	Second Year	Third Year	Fourth Year	Fifth Year
Apprentice	55%	60%	65%	75%	85%	100%
Lineman	\$26.54	\$28.94	\$31.36	\$36.18	\$41.00	\$48.24
	75%	80%	90%	100%		
Utility Person	\$27.36	\$29.18	\$32.84	\$36.48		
Handy Person	\$25.54	\$27.36				

SCHEDULE 'B' - FLAME RESISTANT CLOTHING

Allocation of Clothing Types and Frequency of Issue

Compliance to Standard

- All employees who do hands on electrical work must comply with Renfrew Hydro Inc.'s flame resistant clothing requirements and must wear the clothing supplied by the utility.
- The requirements for FR clothing stems from E&USA rules, which clearly defines the type of garments to be worn.
- Renfrew Hydro Inc.'s position is that any employee working on or near energized apparatus is to wear clothing that is either inherently flame resistant (i.e. Nomex) or has been treated with flame retardant chemicals (i.e. Proban, Indura Ultrasoft). This clothing shall be Category 2 and have an Arc Rating of 8.0 cal/cm² or greater. This applies to all outer clothing – summer and winter.

Type of Garment	Issue Frequency
Flame/Arc Resistant Rain suit	Every 3 Years
Insulated bomber style jacket or utility parka (up to a max. of 1 article)	Every 2 years
Unlined coat or jacket (up to a max. of 1 article)	Every 2 years
Insulated coveralls or overalls (up to max. of 1 article)	Every 3 Years
Unlined bib overalls or coveralls (up to max. of 2 articles)	Annual
Work Shirts/Polo/Long Sleeve T (up to a max. of 4 articles)	Annual
Sweatshirt / Bush shirt (up to a max. of 2 articles)	Annual
Workpants (1point)/ Chain saw pants(2 points) (up to a max. of 6 points)	Annual
FR Balaclava	Annual

Appendix 'A' – HEALTH SPENDING ACCOUNT COVERED ITEMS

Professional Services

- Acupuncturist (qualified medical practitioner)
- Chiropodist
- Chiropractor
- Christian Science Practitioner
- Dental Mechanic
- Dentist
- Dermatologist
- Gynecologist
- Massage (Provincially Registered Therapist)
- Naturopaths
- Neurologist
- Obstetrician
- Optician
- Optometrist
- Orthopedist
- Osteopath
- Pediatrician
- Physician
- Physiotherapist
- Plastic Surgeon
- Podiatrist
- Practical Nurse (medical services only)
- Psychiatrist
- Psychoanalyst
- Psychologist (PsyD)
- Registered Dietitian
- Registered Nutritionist
- Midwife Registered
- Nurse
- Speech Therapist (pathological or audiological impediments only)
- Surgeon

Vision

- Artificial Eye
- Eye glasses or Contact Lens (prescribed)
- Laser Eye surgery
- Surgeon

Dental

- Cleaning, polishing, oral hygiene instruction
- Dental Checkups
- Dental X-rays
- Dentures
- Orthodontics
- Extracting Teeth
- Filling Teeth including root canal
- Fluoride treatments
- Gum Treatment

Hospital

- Anesthetist
- Hospital Bills
- Outpatient Services
- Oxygen Masks/
- Tent Vaccines
- X-ray Technician

Medicine

- Any medicine or drug purchased (prescribed by a medical practitioner or dentist and recorded by a licensed pharmacist)
- Insulin or Substitutes
- Liver Extract - injectable for pernicious anemia
- Oxygen Tapes or tablets for sugar content tests by diabetics, if the procedure has been required by a physician
- Vitamin B12 - for pernicious anemia

Premiums

- Premium paid to a non-government medical or hospital care plan (Ex. Blue Cross, Manulife Flexcare, Sun Life Affinity)

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Appendix D

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Renfrew Hydro Inc.

Purchasing Policy

Policy Statement:

Renfrew Hydro Inc. will purchase goods and services for its operations as outlined below.

Particulars

The objective of this policy is to obtain best value when purchasing goods and services for Renfrew Hydro Inc. while treating all suppliers fairly. The guiding procurement principle is that, wherever possible purchases be made using a competitive process that is open, transparent and fair to suppliers.

Procurement of goods and services will be based on:

- 1) Overall price
- 2) Quality of goods
- 3) Reputation and performance of the supplier
- 4) Delivery time
- 5) Environmental impact
- 6) Safety record
- 7) Local supplier preference
- 8) Standardization of equipment
- 9) Impact on the ongoing work process
- 10) Ability to meet specifications

Purchase Orders:

A purchase order must be completed for all purchases of goods and services *over* \$100 (before tax) unless:

- it is an emergency situation
- a blanket order exists
- it is listed under purchase order exemptions
- it is purchased on credit card (refer to credit card section)

The purchase order must specify quantities ordered and agreed pricing. If the order exceeds your purchasing level authority as per this policy, the purchase order must be approved/signed by either the Director of Finance or President before the order is placed. Petty cash (reimbursement) is acceptable for purchases under \$100.

Blanket Orders:

A Blanket order can be used when purchasing items or services that are needed on a varied but predictable basis from a known vendor, often negotiated to take advantage of predetermined pricing. Generally blanket orders will specify prices, terms and conditions, and the time period (not to exceed 3 years), but do not specify quantities. Blanket orders will not be used for materials and supplies carried as inventory.

Petty Cash:

No purchase order is required for purchases up to \$100 (before tax). All receipts must be provided.

Credit Card Purchases:

Credit Card purchases for goods and services may be made up to the level of the cardholders purchasing authority as per this policy. Individual items greater than \$100 value (before tax) used for a capital job or for work being billed to a third party need to be identified on the credit card statement and corresponding work order identified for the charge to be applied to. Credit Cards should not be used for items normally carried as inventory. All receipts must accompany the monthly credit card statement and be submitted to the supervisor for approval.

Purchase Order Exemptions:

The following do not require a purchase order:

- Small cash purchases under \$100 (before tax)
- IESO invoices
- Hydro One Invoices
- RPG invoices
- ESA Charges
- OEB Fixed costs
- Insurance
- Employee Benefits
- Postage
- Taxes
- Utility bills
- Customer refunds
- External audit invoices
- Memberships
- Subscriptions
- Freight and courier charges
- Legal expenses
- Travel, training and conference expenses
- Assets purchased by deed

Purchasing Level Authority:

The authorization level for purchasing goods and services that have been approved in the capital and operating budget are as follows:

- Budgeted Items < \$300 (before tax)-Any employee
- Budgeted Items < \$6000 – Director of Finance, Billing Supervisor, Operations Manager
- Budgeted Items < \$60,000- President
- Budgeted Items > \$60,000- Board of Directors

The authorization level for purchasing goods and services that have not been approved in the capital and operating budget are as follows:

- Items not included in the budget < \$12,000- President
- Items not included in the budget > \$12,000- Board of Directors

Competitive Process:

- For Goods and Services greater than \$20,000 a RFP (Request for Proposals) will be used for purchases that are not well defined and are of high value. RFP may be followed up using a tender process or a purchase may be made based on the RFP.
- For Goods and Services greater than \$20,000 or items of a complex nature that require well defined specifications and terms and conditions a Tender may be issued. Fixed closing date/time and official opening by two staff required.
- For Goods and Services greater than \$5000 and up to \$20,000 a minimum of 3 quotations will be required.
- For emergency work a sole source vendor may be used for Goods & Services.
- Prior to acceptance of a bid to perform services for RHI a contractor must provide the following documents:
 - The Contractor's WSIB clearance certificate(s)
 - A staff competency list identifying the names and qualifications of the Contractor's employees to be used during the delivery of the Services.
 - A copy of the Contractor's "Certificate of Insurance", ensuring evidence of adequate insurance levels for the Services rendered.
- The President will review and approve all quotes, RFP's, and tenders < \$60,000.
- The Board of Directors will review and approve all quotes, RFP's, and tenders > \$60,000.

Receipt of Goods and Services:

Upon receipt of material an employee who can verify the materials have been delivered must sign the receipt or packing slip. The supplier must be notified immediately of any damaged or missing items. Any agreed credits or reshipments for these items must be indicated on the receiving and/or packing slip.

Invoices:

Payments will only be made when receipt of goods and services and correct pricing have been acknowledged. A properly completed purchase order and the signed packing slip must be provided to the accounting department so pricing and quantities can be matched to the invoice for payment processing. Where an individual purchase order is not available (e.g. emergency situations, blanket orders etc.), or final pricing is not identified on the purchase order, the invoice must be approved by the purchaser before it will be processed for payment.

Once accounting has verified receipt and pricing, all invoices will be approved by the Secretary Treasurer and President before any payments are issued.

Chair	President
Signature <i>Andy Beldt</i>	Signature <i>[Signature]</i>
Date: <i>April 12, 2023</i>	Date: <i>April 12/2023</i>