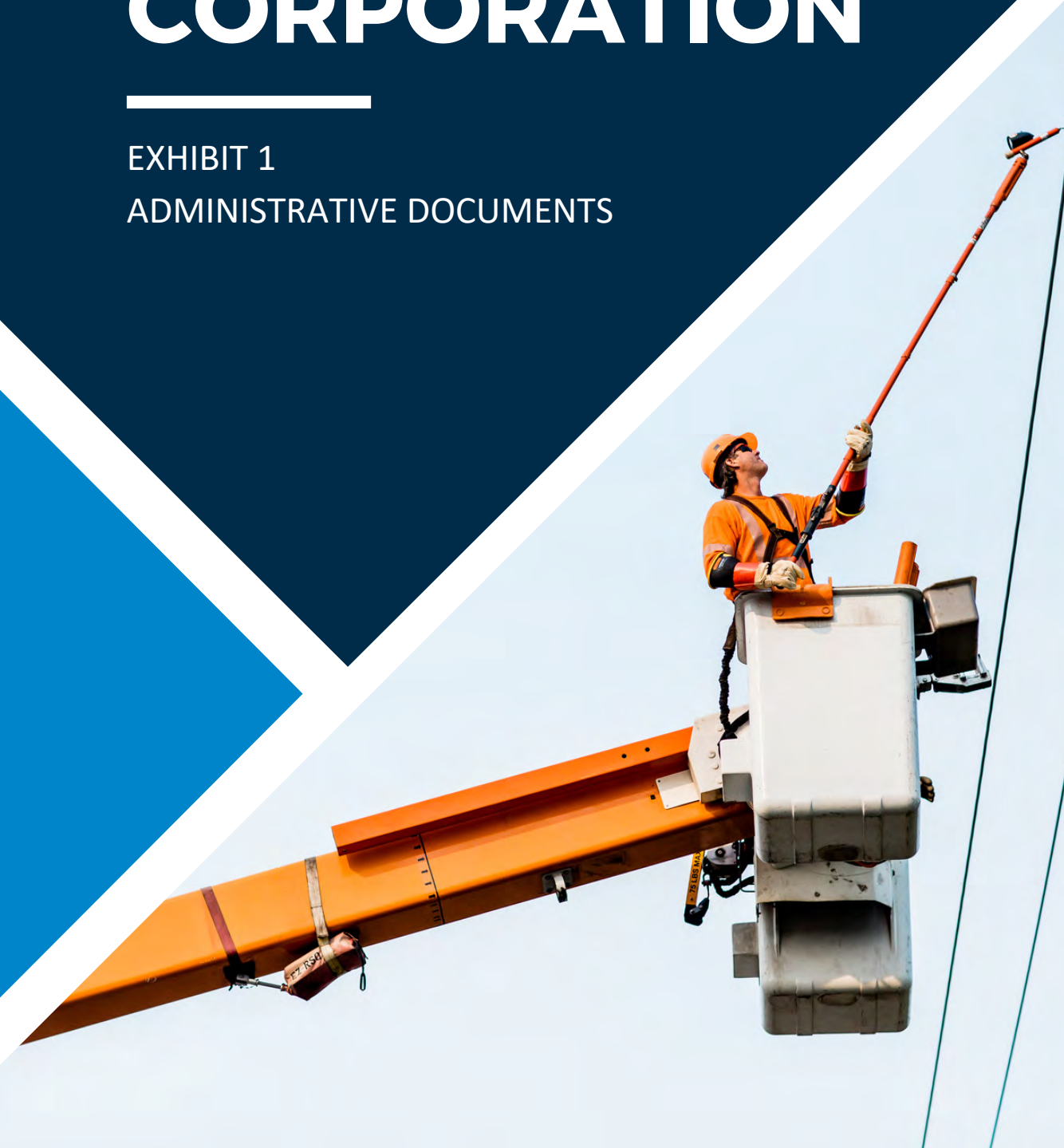


SYNERGY NORTH CORPORATION

EXHIBIT 1
ADMINISTRATIVE DOCUMENTS



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1 **1.1 APPLICATION**

2 **IN THE MATTER OF** the Ontario Energy Board Act, 1998, c.15,3 Schedule B, as amended (the “OEB Act”);
3 **AND IN THE MATTER OF** an Application by Synergy North Corporation under Section 78 of the OEB Act to
4 the Ontario Energy Board for an Order or Orders approving or fixing just and reasonable rates and other
5 service charges for the distribution of electricity as of May 1, 2024. (this “Application”)

6 **Applicant’s Name** SYNERGY NORTH Corporation (the “Applicant” or “SNC”).

7 **Background**

8 The Applicant is a corporation incorporated pursuant to the Business Corporations Act (Ontario) with its
9 head office at 34 Cumberland St N, Thunder Bay, Ontario. The Applicant carries on the business of
10 distributing electricity within the City of Thunder Bay and the City of Kenora.

11 The period for this Application covers eight years with (i) six years of historical information for the 2017-
12 2022 period, (ii) 2023 Bridge Year; and (iii) a one-year forward test period – the 2024 Test Year. The
13 Distribution System Plan (“DSP”) covers twelve years, including a five-year forecast period beginning with
14 the 2024 Test Year and ending in 2028.

15 SNC has prepared this Application in accordance with the following:

- 16 • The OEB’s Renewed Regulatory Framework for Electricity Distributors as detailed in the Report of
17 the Board dated October 18, 2012 (the “RRFE”).
- 18 • The OEB’s Handbook for Utility Rate Applications issued October 13, 2016.
- 19 • Chapter 2 of the OEB’s Filing Requirements for Electricity Distribution Rate Applications, as revised
20 on December 15, 2022, unless specifically stated otherwise in the Application.
- 21 • Chapter 5 of the OEB’s Filing Requirements for the Consolidated Distribution System Plan (“DSP”),
22 as revised on December 15, 2022.
- 23 • The Applicant acknowledges that the OEB will publish an update to the Cost of Capital Parameters
24 and that these matters will affect the Revenue Requirement that the Applicant has requested in
25 this Application.
- 26 • SNC has not deviated from these filing requirements and has filed a copy of the 2024 COS Checklist
27 (Attachment 1-B COS Checklist).

1 **1.2 EXECUTIVE SUMMARY AND BUSINESS PLAN**

2 **1.2.1 INTRODUCTION**

3 SNC provides a summary of the key elements of its Application in this section. These include the business,
4 capital, and operating plans that underpin the Application and the required funding to develop, manage,
5 operate, and maintain its distribution system to provide safe, secure, reliable, efficient, and cost-effective
6 service to its customers.

7 SNC plans are an outcome of meaningful customer engagement, business planning, asset management,
8 capital expenditure planning processes and coordinated planning with third parties. SNC developed its
9 plans to address and balance the needs and preferences of its customers, its distribution system
10 requirements and relevant public policy objectives. SNC's main objective with respect to managing its
11 distribution system assets continues to be to optimize the performance of its assets at a reasonable cost
12 with due regard for system reliability, public and employee safety, and customer service requirements.
13 SNC has also incorporated preparations for electrification of transportation, customer choice on its energy
14 needs, its approach to the environment, and its involvement in the community that SNC serves in this
15 Application.

16 **1.2.2 ABOUT SYNERGY NORTH**

17 SYNERGY NORTH Corporation ("SNC") is a medium sized municipally owned local distribution company
18 (LDC) regulated and licensed by the Ontario Energy Board, that provides electricity distribution and
19 related services to approximately 57,000 residential and commercial customers located in Thunder Bay,
20 Fort William First Nation and Kenora. SNC is incorporated under the Ontario Business Corporations Act
21 and is owned by Thunder Bay Hydro Corporation (91.69%) and the City of Kenora (8.31%).

22 SNC's service area is 441 square kilometers and utilizes 1,270 overhead circuit kilometers of line. SNC has
23 a unique challenge different from many merged LDC's in that its two service territories (Thunder Bay and
24 Kenora) are approximately 490 kilometers apart. Further, SNC has a significantly large portion of rural
25 service area (68%). To bear the cost, SNC must maintain a strong, reliable infrastructure covering a large
26 service area with fewer customers per sq. km.

27 ***Merger***

28 SNC is a company that is owned 91.69% by Thunder Bay Hydro Corporation, which is wholly owned by The
29 Corporation of the City of Thunder Bay ("City of Thunder Bay") and 8.31% by The Corporation of the City

1 of Kenora (“City of Kenora”). Effective January 1, 2019, the former Thunder Bay Hydro Electricity
2 Distribution Inc. (“TBHEDI”) and Kenora Hydro Electric Corporation Ltd. (“KHEC”) (EB-2018-0233)
3 amalgamated pursuant to the provisions of the Business Corporations Act (Ontario), to continue as one
4 corporation under the name of SNC.

5 At the time of amalgamation, the former TBHEDI had approximately 50,000 customers, and the former
6 KHEC had approximately 6,000 customers creating an amalgamated entity with 56,000 customers. Further
7 details with respect to the amalgamation with the former KHEC are provided in Exhibit 1, Section 1.9.

8 In accordance with the Ontario Energy Boards’ Decision and Order dated November 15, 2018, the
9 electricity distribution license was amended to SNC and incorporated the service territories described
10 above. Each of the service territories continued to have separate Tariffs of Rates and Charges. This
11 Application includes a proposal to harmonize the rates for both service territories.

12 SNC strives to exemplify excellence in every aspect of its business. From the work of its engineers and the
13 professionalism of its customer service representatives to its resilient operations crews and all those in-
14 between, SNC works together to deliver value at every level of the organization.

15 **1.2.3 HISTORICAL COMPARISONS**

16 Throughout this Application, SNC uses the concept of a 2017 Board Approved Proxy to provide for
17 meaningful year-over-year financial and other comparisons. As a result of the amalgamation of the former
18 TBHEDI and KHEC, and because each of the former utilities had different rate rebasing years, SNC
19 developed a 2017 Board Approved Proxy for comparative purposes.

20 The last Board Approved amounts were established for each of the entities in the Decisions for the
21 following Applications:

- 22 • TBHEDI – 2017 Rate Rebasing, EB-2016-0105
- 23 • KHEC– 2011 Rate Rebasing, EB-2010-0135
- 24 • At a high level, the 2017 Board Approved Proxy was calculated as the aggregate of:
- 25 • Former TBHEDI Board Approved figures, as approved in EB-2016-0105; and
- 26 • Former KHEC Board Approved figures for 2011, as approved in EB-2010-0135, escalated for the
27 years 2012 to 2017 utilizing the Board Incentive Rate-making Mechanism (“IRM”) inflation factors,
28 net of KHEC’s stretch factor, for each of those years for the former KHEC.

- 1 • For purposes of the Load Forecast kWh and Customers/Connections, the 2017 Board Approved
2 Proxy was based on the sum of the 2017 TBHEDI Board Approved plus 2011 KHEC Board Approved.

3 Further details on the computation of the 2017 Board Approved Proxy figures are provided in the various
4 Exhibits of this Application, where applicable. The 2017 Board Approved Proxy best reflects the amounts
5 previously approved by the Board for each of TBHEDI and KHEC. SNC utilizes the 2017 Board Approved
6 Proxy to facilitate a comparison of information in a manner consistent with the current SNC corporate
7 structure and Board Filing Requirements.

8 **1.2.4 SNC'S BUSINESS PLAN**

9 In accordance with the *OEB's Handbook for Utility Rate Applications*, SNC has prepared a formal Business
10 Plan that outlines SNC's overall strategy and goals. SNC's business plan is a roadmap for continuing SNC's
11 success, delivering on its mission and helping us progress toward its vision. The Strategic and Business
12 Plans were approved by SNC's Board of Directors on April 28, 2022, and are included in this Exhibit as
13 Attachment 1-C and Attachment 1-E.

14 SNC's Mission, Vision, Core Values and Strategic Initiatives define the organization and guide strategic
15 planning:

OUR MISSION
To provide outstanding energy services in a safe,
reliable and trusted manner to our communities
in order to power people's lives.

OUR VISION
Your trusted partner for energy and related
services.

16

17 SNC has four core values, which align with the four strategic goals that SNC is looking to accomplish in the
18 next five years as follows:

- 19 • Safety: Promote, work and live safety
20 • Excellence: Pursue being better in everything we do
21 • Reliable: Supply our products and services in a trustworthy, fair, and dependable manner
22 • Community: Lead by example to build a strong community

1 **1.2.5 ALIGNMENT WITH THE RENEWED REGULATORY FRAMEWORK**

2 The Board’s Renewed Regulatory Framework for Electricity (“RRFE”) is designed to support the cost-
 3 effective planning and operation of the distribution network and that of the Local Distribution Company
 4 (“LDC”) distribution systems. The RRFE framework is a comprehensive performance-based approach to
 5 regulation that is based on the achievement of outcomes that ensure that Ontario’s electricity system
 6 provides value for money for customers. The Board believes that emphasizing outcomes rather than
 7 activities will better respond to customer preferences, enhance distributor productivity, and promote
 8 innovation.

9 The RRFE takes an integrated and performance-based approach to planning with the four RRFE outcomes
 10 as follows:

- 11 • **Customer Focus:** services are provided in a manner that responds to identified customer
 12 preferences;
- 13 • **Operational Effectiveness:** continuous improvement in productivity and cost performance is
 14 achieved, and utilities deliver on system reliability and quality objectives;
- 15 • **Public Policy Responsiveness:** utilities deliver on obligations mandated by the government (e.g.,
 16 in legislation and in regulatory requirements imposed further to Ministerial directives to the
 17 Board); and,
- 18 • **Financial Performance:** financial viability is maintained.

19 SNC understands that there is a balance it must ensure when planning for the future: system reliability
 20 versus costs to the customers, all while complying with public policy. SNC utilizes its strategic initiatives
 21 to ensure a balanced approach to planning. Below, SNC describes the alignment between each of its
 22 strategic initiatives and the RRFE outcomes.

23 **TABLE 1-1: ALIGNMENT OF STRATEGIC INITIATIVES TO THE RRFE**

| RRFE Performance Outcome | Strategic Initiative | Strategic Objectives |
|--------------------------|---------------------------|---|
| Customer Focus | Customer Service Strategy | To improve the customer experience from the customer’s perspective needs and goals. |
| | | To promote meaningful customer engagement throughout everything we do. |

| | | |
|----------------------------------|--|--|
| | Environmental, Social and Governance (ESG) Strategy Initiatives | <p>To exceed OEB standards and customer expectations</p> <p>To enhance customer offerings (Customer Service Portal) and ensure regulatory compliance.</p> <p>To have a customer service portal in order to enhance customer offering and ensure regulatory compliance.</p> <p>To apply an ESG lens to the Corporate Strategic Plan will ensure SNC’s sustainability over the term. SNC will develop a net zero plan and target.</p> <p>To deliver electricity at reasonable distribution rates.</p> |
| Operational Effectiveness | <p>Asset Planning & Management Strategy</p> <p>Safety Strategy</p> <p>Business Continuity Strategy</p> <p>Human Resources Strategy</p> <p>Technical Strategy</p> | <p>To ensure efficient use of assets and drive cost-effective decision-making with respect to Capital and OM&A plans and to ensure operational efficiency.</p> <p>To minimize asset failure risk and improve efficiencies by ensuring a prioritized approach to maintenance work.</p> <p>To ensure that Safety is at the forefront of everything we do and for the protection of our staff and the customers we serve.</p> <p>To mitigate risk by planning for the maintaining of critical business functions despite interruptions or disasters.</p> <p>To position SNC as a place people will want to work and stay at. Ensure succession plans exist and provide options to address employee wellness.</p> <p>To manage the risk of reliability issues resulting from customer adoption of new behind the meter technologies and to ensure the utility is able to accommodate customer energy choices.</p> <p>To ensure that technology assists and supports the organization in providing service to its customers and that technology enables improvements in how the company operates.</p> |

| | | |
|-------------------------------------|----------------------------------|--|
| | Electrification Strategy | Acquire knowledge and information to ensure corporation is prepared to manage electrification |
| Public Policy Responsiveness | Safety Strategy | To deliver safety awareness to external stakeholders by developing a formal Public Safety Strategy |
| | Stakeholder Partnership Strategy | To ensure strong relationships with key stakeholders and partnership organizations. To pursue additional customer base through mergers, acquisitions and partnerships. |
| Financial Performance | Financial Strategy | To ensure a sound financial framework is in place that supports shareholder direction and customer needs by providing the company with the required monies to support the right mix of distribution system work. |
| | | Find internal efficiencies and ways to find cost savings. |
| | | To procure sufficient funding for operations and capital. |
| | | To deliver electricity at reasonable distribution rates. |

1

2 SNC's DSP outlines the asset management policies and processes that effectively align investment
 3 decisions with the company's objectives, taking into account crucial factors such as cost, risk, and
 4 performance. The DSP has been prepared in support of the four key OEB established Renewed Regulatory
 5 Framework (RRFE) outcomes.

6 SNC constructs and maintains a safe, environmentally responsible, sustainable, and economical
 7 distribution system that reliably delivers electricity to its customers. All asset management initiatives
 8 implemented by SNC are designed to fulfill the intentions of the asset management strategy and strategic
 9 corporate goals. To this end, SNC has adopted objectives aligned with its Core Values, Vision, and Mission
 10 to encompass strategic goals and objectives that are aimed to (i) optimize operations and lifecycle
 11 management and related processes in relation to asset renewal in order to maintain reliability and
 12 customer service levels; and (ii) proactively enhance customer engagement and levels of service.

1 **1.2.6 KEY ELEMENTS OF SNC'S PROPOSALS IN THIS APPLICATION**

2 SNC's Application was developed to address and appropriately balance its customers' needs and
3 preferences, distribution system requirements, and relevant public policy objectives. The following
4 objectives form the foundation of the plan from 2024 to 2028:

5 Maintain current capital investment levels, pacing investment in infrastructure and assets in line with
6 the DSP to ensure the safe, reliable distribution of electricity while maintaining stable and affordable
7 rates. SNC's 4kV conversions represent the most significant investment in its capital program,
8 accounting for roughly 45% of the system renewal category. The 4kV conversions have been part of an
9 ongoing 20-year program in Thunder Bay since 2008 (EB-2008-0245). Conversion of the system to 25kV
10 has been a strategic focus of system renewal efforts during the 2008 and each subsequent OEB
11 approved AMP (Asset Management Plan) (EB-2012-0015) and DSP (EB-2018-069) for the Thunder Bay
12 distribution territory. This program involves the proactive renewal of assets operating at 4kV and
13 converting the operating voltage to 25kV during this process. This program is driven by the need to both
14 renew overhead assets in these areas and decommission the 4kV substations that supply them. In doing
15 so, SNC can avoid the substantial capital cost associated with rebuilding the station. This long-term
16 strategy was initiated by the utility in 2008. SNC continues to employ this strategy to the extent that it
17 will continue to convert the 4kV network to 25kV and decommission its substations. The rate at which
18 this occurs will see all stations converted by the end of the current DSP.

- 19
- 20 • Improve system reliability by reducing outage duration by making investments to increase system
21 automation, by having more remotely controlled overhead/underground switches and faulted
22 circuit indicators in the distribution system, to enable greater visibility of the distribution system,
23 and to isolate faulted lines to restore power more quickly. Continue to invest in grid resiliency and
24 SNC's ability to respond to more frequent occurrences of adverse weather events.
 - 25 • Continue with operating expenses necessary to maintain and operate the distribution system
26 safely and reliably, meet customer service requirements, and ensure regulatory compliance.
 - 27 • To achieve an optimized vegetation management cycle.
 - 28 • Pursue efficiencies in existing work practices, improve processes, find productivity gains, and
29 execute planning initiatives to work towards effectively implementing the overall plan while
finding cost savings.

- 1 • Ensure the implementation of new public policies, both provincially and locally, promptly to create
2 customer benefit, satisfaction, and savings.
- 3 • Protect privacy and guard against cyber threats with a sound IT strategy that includes an asset
4 renewal plan, compliance with the OEB Cyber Security Framework, and compliance with an
5 internal cybersecurity framework while providing platforms for growth and support for services
6 that allow the accomplishment of company objectives.
- 7 • Move towards SNC becoming a fully integrated network orchestrator “FINO”. As the DER and
8 electric vehicle (EV) landscape evolves, allowing customers to take advantage of behind-the-meter
9 resources will be vital to achieving their reliability and affordability needs.
- 10 • SNC is committed to ensuring an Environmental, Social and Governance initiative is in place.
- 11 • Provide a reasonable rate of return to the Shareholder.

12 **1.2.7 OTHER KEY BUSINESS DECISIONS IMPACTING CUSTOMERS**

13 Over the past 7 years, SNC has made numerous business decisions that were of significant benefit to its
14 customers and show that SNC is prudent in its decision making and puts its customers at the forefront.

- 15 • SNC will spend an incremental \$2.7 million in tree trimming costs in 2022 and 2023 to address the
16 first objective of SNC’s Forestry Management Plan, filed as Attachment 4-C, to eliminate
17 immediate hazards by removing any vegetation within 1m of overhead primary lines. This money
18 has and will be spent at no cost to the customers, as it is not in SNC rates. SNC’s Board of Directors
19 deemed it a prudent decision to spend this money on vegetation management out of net income,
20 to implement a proactive Vegetation Management Plan and address the current risks. Significant
21 detail on SNC’s Vegetation Management Program is provided in Exhibit 4 – Section 4.3.3.5.
- 22 • In light of the uncertainty regarding the severity and duration of the COVID-19 pandemic and as
23 approved by the OEB decision and order EB-2019-0068, during the 2020 IRM process, SNC elected
24 to postpone the implementation of its new rates effective May 1, 2020, until November 1, 2020.
25 Further to the benefit of the customer, on March 11, 2021, SNC requested to withdraw its request
26 to collect this forgone revenue and did not seek recovery of the forgone revenue from its
27 customers in the amount of \$175,344. This withdrawal was approved by the OEB through decision
28 and rate order EB-2020-0055.
- 29 • On January 1, 2019, former TBHEDI and KHEC amalgamated for form SNC. SNC has achieved
30 approximately \$884,000 in sustained annual operating savings by the end of 2023. These sustained

1 savings will be of benefit to SNC’s customers as had the merger not taken place, the customers
 2 would bear the increased costs of the two stand alone LDC’s. Refer to Section 1.9 Distributor
 3 Consolidation for additional detail of the operating synergies achieved.

4 **1.3 APPLICATION SUMMARY**

5 This Application was prepared using financial actuals for 2017 – 2022, forecasted financials for 2023, and
 6 a budget for 2024. Table 1-2 below lists the main elements of this Application, which are further discussed
 7 throughout the Application.

8 **TABLE 1-2: APPLICATION SUMMARY**

| Application Summary | 2024 Test Year |
|---------------------------------|----------------|
| Revenue Requirement | |
| Base Revenue Requirement | \$35,920,354 |
| Revenue Offsets | \$2,700,006 |
| Service Revenue Requirement | \$38,620,360 |
| Revenue Deficiency | \$7,442,333 |
| Rate Base | \$159,570,594 |
| Working Capital | \$9,834,751 |
| OM&A (excluding Property Taxes) | \$21,432,230 |
| Capital Expenditures | \$16,411,203 |

9 **1.3.1 REVENUE REQUIREMENT (EXHIBIT 6)**

10 SNC is requesting the approval of its proposed service revenue requirement in the amount of \$38,620,360,
 11 an increase of 40.8% over the 2017 Board Approved Proxy Amount of \$27,427,931. Table 1-3 below shows
 12 a comparison of the Revenue Requirement calculations between the 2017 Board Approved Proxy and the
 13 2024 Test Year.
 14

1 **TABLE 1-3: SERVICE REVENUE REQUIREMENT**

| Description | Last Rebasing Year - 2017 - Board Approved TBHEDI | Last Rebasing Year - 2017 - Board Approved Proxy KHEC | Last Rebasing Year - 2017 - Board Approved Proxy | 2024 Test Year | \$ Variance | % Variance | Reference |
|---|---|--|--|----------------------|---------------------|---------------|-------------------------|
| Revenue Requirement | | | | | | | |
| OM&A, including LEAP & Property Taxes | \$15,216,700 | \$2,111,755 | \$17,328,455 | \$21,434,661 | \$4,106,205 | 23.7% | Exhibit 4 - 4.2.2 |
| Depreciation | \$3,592,322 | \$519,466 | \$4,111,788 | \$6,138,149 | \$2,026,361 | 49.3% | Exhibit 2 - 2.4 |
| Payments in Lieu of Corporate Income Tax (PILs) | \$276,016 | \$23,631 | \$299,646 | \$940,862 | \$641,216 | 214.0% | Exhibit 6 - 6.5 |
| Return on Debt | \$1,275,504 | \$169,694 | \$1,445,198 | \$4,132,366 | \$2,687,167 | 185.9% | Exhibit 5 - 5.2.1-5.2.2 |
| Return on Equity | \$3,855,225 | \$387,617 | \$4,242,843 | \$5,974,323 | \$1,731,480 | 40.8% | Exhibit 5 - 5.2.5 |
| Total | \$24,215,767 | \$3,212,163 | \$27,427,931 | \$38,620,360 | \$11,192,430 | 40.8% | |
| Rate Base | \$109,772,926 | \$10,115,279 | \$119,888,205 | \$159,570,594 | \$39,682,389 | 33.1% | |

2
3

4 The main drivers of the 2024 revenue requirement changes from the 2017 Board Approved Proxy amount
5 are:

- 6 • 2024 Test Year OM&A expenses including LEAP & Property Taxes are projected to increase
7 \$4,106,205 as compared to 2017 Board Approved Proxy, which is equal to an average of 3.4%
8 increase per year. The details are discussed thoroughly in Exhibit 4.
- 9 • An increase in depreciation expense of \$ 2,026,361, which is primarily due to the increase in service
10 fixed asset additions because of SNC distribution system infrastructure renewal / 4kV conversion
11 (Exhibit 2).
- 12 • PILS has increased as a result of higher utility income before taxes (Exhibit 6).
- 13 • The 2017 Board Approved Proxy average net fixed assets was \$108,016,943 compared to
14 \$149,735,843 in the 2024 Test Year. Details with respect to the increases in the net fixed assets
15 are provided in evidence in Exhibit 2. As the result of SNC’s Net Assets growing by \$41,718,900,
16 there has been an increase in the return on Rate Base from annual in-service capital additions since
17 the last Cost of Service Application. SNC’s capital renewal strategy resulted in capital investment
18 exceeding annual depreciation and reinvested profits since 2008. This has necessitated the
19 borrowing of external funds to finance the capital investment. Annual financing has occurred since
20 the Last Rebasing Year and is anticipated to continue over the forecast period, further increasing
21 the Return on Debt.
- 22 • As mentioned throughout this application, SNC will no longer operate on the “Rate Minimization”
23 model as of December 1, 2023. SNC will earn a return for shareholder debt servicing going forward.

1 The City of Thunder Bay has required an initial \$10 million debt payment and an interest return on
2 the remaining \$16 million debt. The remaining loan to the city will not carry any additional
3 repayment terms; however, SNC will be required to borrow from the commercial lending market
4 to fund the \$10 million payment. The return on debt/interest expenses has increased by
5 \$2,687,167, which is further discussed in Exhibit 5.

6 • In the 2024 Test Year, SNC seeks a Return on Equity of 9.36% (the current approved Board rate),
7 slightly higher than the SNC proxy rate of 8.85%. The return on equity has increased by \$1,731,480,
8 resulting from an increase in SNC's rate of return on equity and the increase in the Rate Base. The
9 increase in the Rate Base increased the return on equity by \$1,404,359 (81%). The increase in
10 allowable return represented \$327,121 (19%). SNC acknowledges that the parameter is subject to
11 further update.

12 • Although the cost of power and SNC's OM&A expenses have increased, the rate for the working
13 capital allowance has gone from the calculated weighted average of historical TBHEDI and KHEC of
14 8.13% to 7.5% as per Board Filing Requirements. As such, the working capital allowance
15 component of the Rate Base decreased by \$2,036,511 for a net change of \$39,682,389 in Rate
16 Base, which is discussed further in Exhibit 2.

17 Other revenues were viewed item by item based on a historical indicator or future strategic initiatives.

18 **1.3.2 LOAD FORECAST SUMMARY (EXHIBIT 3)**

19 As outlined in Exhibit 3, SNC used the same regression analysis methodology approved by the Board in its
20 2017 Cost of Service application (EB-2016-0105). The regression analysis was conducted on an individual
21 class basis, based on historical customer consumption, to produce an equation predicting weather
22 normalized customer consumption in 2024.

23 Based on the load forecast methodology, the total 2024 Test Year kWh forecast is 987,726,571, which is
24 a 4% decrease over the 2017 Board Approved Proxy kWh forecast of 1,030,842,726.

25 SNC's load forecast summary information comparing the Last Board approved proxy year of 2017 to the
26 2024 test year is summarized in Table 1-4.

1 **TABLE 1-4: SUMMARY OF LOAD FORECAST KWH GROWTH**

| Rate Class | 2017 Board Approved Proxy TBHEDI | 2017 Board Approved Proxy KHEC | TBHEDI + KHEC 2017 Board Approved Proxy Totals | 2024 Load Forecast kWh | 2024 Test Year kWh vs. 2017 Board Approved Proxy | % Change kWh - 2024 Test vs. 2017 Board Approved Proxy |
|--------------------------------------|----------------------------------|--------------------------------|--|------------------------|--|--|
| Residential | 336,114,686 | 39,677,024 | 375,791,710 | 379,789,070 | 3,997,360 | 1% |
| General Service < 50 kW | 142,697,207 | 24,025,485 | 166,722,692 | 168,043,431 | 1,320,739 | 1% |
| General Service >= 50 kW | 262,887,881 | 43,595,864 | 306,483,744 | 284,545,343 | - 21,938,401 | -7% |
| Intermediate | 169,332,352 | | 169,332,352 | 147,571,558 | - 21,760,794 | -13% |
| Unmetered Scattered Load Connections | 2,148,122 | 145,633 | 2,293,755 | 2,088,274 | - 205,481 | -9% |
| Sentinel Lighting Connections | 108,037 | - | 108,037 | 96,035 | - 12,002 | -11% |
| Street Lighting Connections | 8,290,565 | 1,819,870 | 10,110,435 | 5,592,860 | - 4,517,575 | -45% |
| 2 Total | 921,578,850 | 109,263,875 | 1,030,842,726 | 987,726,571 | - 43,116,155 | -4% |

3 The Thunder Bay and Kenora rate zone rate classifications are largely aligned, with the exception of
 4 General Service > 50 kW. The Kenora rate zone has a General Service 50 to 4,999 kW rate class, and
 5 Thunder Bay has two rate classes within this range (50 to 999 kW and 1,000 to 4,999 kW). All Kenora rate
 6 zone customers have maximum demands below 1,000 kW, so the Kenora General Service 50 to 4,999 kW
 7 rate class is combined with the Thunder Bay General Service 50 to 999 kW rate class. Additionally, the
 8 Kenora rate zone does not have a Sentinel Lighting rate class, and SNC does not propose to migrate any
 9 Kenora customers to this rate class.

10 The forecast of customers by rate class was generally determined using a geometric mean analysis. Based
 11 upon the geometric mean analysis, the expected number of customers/connections for the 2024 Test
 12 Year is 71,422, which is a 1% increase over the 2017 Board Approved Proxy customers/connections of
 13 70,659, and 1 % over the actual 2017 level of 70,659.

14 **TABLE 1-5: SUMMARY OF CUSTOMER GROWTH**

| Rate Class | 2017 Board Approved Proxy TBHEDI | 2017 Board Approved Proxy KHEC | TBHEDI + KHEC 2017 Board Approved Proxy Totals | 2024 Load Forecast Customer/Connections | 2024 Test Year vs. 2017 Board Approved Proxy | % Difference - 2024 Test vs. 2017 Board Approved Proxy |
|-------------------------------------|----------------------------------|--------------------------------|--|---|--|--|
| Residential | 45,527 | 4,731 | 50,258 | 51,255 | 997 | 2% |
| General Service < 50 kW | 4,655 | 736 | 5,391 | 5,487 | 96 | 2% |
| General Service >= 50 kW | 460 | 70 | 530 | 464 | - 66 | -12% |
| Intermediate | 22 | | 22 | 15 | - 7 | -31% |
| Unmetered Scattered Load Connection | 440 | 30 | 470 | 432 | - 38 | -8% |
| Sentinel Lighting Connections | 164 | | 164 | 113 | - 51 | -31% |
| Street Lighting Connections | 13,274 | 550 | 13,824 | 13,656 | - 168 | -1% |
| 15 Total | 64,542 | 6,117 | 70,659 | 71,422 | 763 | 1% |

16 **1.3.3 RATE BASE AND DSP (EXHIBIT 2)**

17 The Rate Base for the 2024 Test Year of \$159,570,594 is an increase of \$39,682,389 or 33% compared to
 18 the 2017 Board Approved Proxy Rate Base of \$119,888,205.

1 **TABLE 1-6: RATE BASE BOARD APPROVED PROXY 2017**

| Description | 2017 Board Approved (TBHEDI) | 2017 Board Approved Proxy (KHEC) | 2017 Board Approved Proxy (Combined) |
|---|------------------------------|----------------------------------|--------------------------------------|
| Gross Fixed Assets Opening | \$199,495,959 | \$14,701,190 | \$214,197,149 |
| Gross Fixed Assets Closing | \$207,386,883 | \$15,609,690 | \$222,996,573 |
| Average Gross Fixed Assets | \$203,441,421 | \$15,155,440 | \$218,596,861 |
| Accumulated Depreciation Opening | \$102,480,653 | \$6,582,136 | \$109,062,789 |
| Accumulated Depreciation Closing | \$104,930,815 | \$7,166,232 | \$112,097,047 |
| Average Accumulated Depreciation | \$103,705,734 | \$6,874,184 | \$110,579,918 |
| Average Net Book Value | \$99,735,687 | \$8,281,256 | \$108,016,943 |
| Working Capital | \$133,829,857 | \$12,226,819 | \$146,056,676 |
| Working Capital Allowance Factor | 7.5% | 15.0% | 8.13% |
| Working Capital Allowance | \$10,037,239 | \$1,834,023 | \$11,871,262 |
| Rate Base | \$109,772,926 | \$10,115,279 | \$119,888,205 |

2
 3 Table 1-7 below provides a Summary of Rate Base for the period 2017 through the 2024 Test Year.

4 **TABLE 1-7: RATE BASE BOARD APPROVED PROXY 2017-2024**

| Description | 2017 Board Approved Proxy | 2017 Actual | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Bridge Year | 2024 Test Year |
|---|---------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Gross Fixed Assets Opening | \$214,197,149 | \$210,167,874 | \$218,359,694 | \$227,790,432 | \$236,589,757 | \$242,757,874 | \$254,246,571 | \$265,243,412 | \$277,432,903 |
| Gross Fixed Assets Closing | \$222,996,573 | \$218,359,694 | \$227,790,432 | \$236,589,757 | \$242,757,874 | \$254,246,571 | \$265,243,412 | \$277,432,903 | \$290,050,344 |
| Average Gross Fixed Assets | \$218,596,861 | \$214,263,784 | \$223,075,063 | \$232,190,094 | \$239,673,815 | \$248,502,222 | \$259,744,991 | \$271,338,158 | \$283,741,623 |
| Accumulated Depreciation Opening | \$109,062,789 | \$104,582,875 | \$107,366,196 | \$110,886,060 | \$113,462,448 | \$117,895,077 | \$121,960,835 | \$126,776,931 | \$131,592,580 |
| Accumulated Depreciation Closing | \$112,097,047 | \$107,366,196 | \$110,886,060 | \$113,462,448 | \$117,895,077 | \$121,960,835 | \$126,776,931 | \$131,592,580 | \$136,418,980 |
| Average Accumulated Depreciation | \$110,579,918 | \$105,974,535 | \$109,126,128 | \$112,174,254 | \$115,678,762 | \$119,927,956 | \$124,368,883 | \$129,184,755 | \$134,005,780 |
| Average Net Book Value | \$108,016,943 | \$108,289,249 | \$113,948,935 | \$120,015,840 | \$123,995,053 | \$128,574,266 | \$135,376,109 | \$142,153,402 | \$149,735,843 |
| Working Capital | \$146,056,676 | \$135,372,497 | \$128,436,394 | \$134,930,909 | \$145,898,069 | \$129,706,103 | \$135,700,890 | \$140,363,831 | \$131,130,010 |
| Working Capital Allowance Factor | 8.13% | 8.25% | 8.27% | 8.13% | 8.13% | 8.13% | 8.13% | 8.13% | 7.50% |
| Working Capital Allowance | \$11,871,262 | \$11,171,104 | \$10,622,020 | \$10,969,883 | \$11,861,513 | \$10,545,106 | \$11,032,482 | \$11,411,579 | \$9,834,751 |
| Rate Base | \$119,888,205 | \$119,460,353 | \$124,570,956 | \$130,985,723 | \$135,856,566 | \$139,119,372 | \$146,408,591 | \$153,564,981 | \$159,570,594 |
| Rate Base Year Over Year Increase | | -0.36% | 4.28% | 5.15% | 3.72% | 2.40% | 5.24% | 4.89% | 3.91% |

5
 6 **1.3.4 CAPITAL EXPENDITURES CHAPTER 2 AND DSP**

7 Gross Capital Expenditures proposed for the 2024 Test Year are \$16.411 million (excluding capital
 8 contributions). This represents a \$3.977 million increase over the 2017 combined TBHEDI and KHEC capital
 9 expenditures of \$12.435 million, a 32% increase. Capital contributions have increased by \$208,000, for a
 10 net increase in capital spending of \$3.768 million or 34%. Table 1-8 below, OEB-Approved vs 2024 Test
 11 Year Capital Expenditures, provides a further breakdown of Capital Expenditures by category.

1 **TABLE 1-8: OEB- APPROVED VS 2024 TEST YEAR CAPITAL EXPENDITURES**

| Category | 2017 OEB Approved Proxy (\$1,000) | 2024 Test Year (\$1,000) | Variance (\$1,000) | Variance % |
|--------------------------|-----------------------------------|--------------------------|--------------------|------------|
| System Access | \$ 2,814 | \$ 2,092 | -\$ 722 | -26% |
| System Renewal | \$ 8,257 | \$ 12,714 | \$ 4,457 | 54% |
| System Services | \$ 60 | \$ 323 | \$ 263 | 439% |
| General Plant | \$ 1,304 | \$ 1,282 | -\$ 21 | -2% |
| Total Expenditure | \$ 12,435 | \$ 16,411 | \$ 3,977 | 32% |
| Capital Contribution | -\$ 1,326 | -\$ 1,534 | -\$ 208 | 16% |
| Net Capital Expenditures | \$ 11,109 | \$ 14,877 | \$ 3,769 | 34% |

2
 3 The reduction in System Access is based on plans provided by telecommunications providers, the City of
 4 Thunder Bay, and the City of Kenora Engineering and infrastructure planning groups, developers, and large
 5 customers such as Lakehead University and Confederation College. In addition to these plans, SNC also
 6 completed its PCB Transformer replacement plan and continues to sample compliance test its smart
 7 meter population rather than replace the entire population of meters; both initiatives result in a lower
 8 required investment in System Access. SNC engaged customers through a formal request for plans in
 9 November of 2022 and received both formal responses and verbal plans through meetings with these
 10 customers. This process provided much more insight than what was provided to SNC in the previous Cost
 11 of Service application, as the investments in System Access are primarily customer driven. The completion
 12 of the Fibre to the Home program in Thunder Bay and Kenora between 2017 and 2021 will result in a
 13 reduction of customer recoverable modifications, and the City of Thunder Bay's development strategy to
 14 complete urban infill development will also result in lower investments in expansions. However, SNC still
 15 expects to invest in both expansions and recoverable modifications, but at a lower level based on the City
 16 of Thunder Bay's plans.

17 System Renewal investments are driven by the asset management process (AMP) results and, more
 18 specifically, through the asset condition assessment and flagged-for-action plan results. While the actual
 19 level of work and targeted volume of work between 2017 and 2024 (650 assets vs 630 assets) is not
 20 significantly different, the complexity of the renewal areas combined with increases in material and labour
 21 costs have contributed to the overall increase in system renewal. The 4kV conversion program has been
 22 an ongoing renewal program since 2008, and the renewal work in 2024 is no exception. The 4kV
 23 conversion projects that have been targeted for renewal through the AMP (Court-Wilson, Donald-Vickers,
 24 Court-Elgin, and 21F6 Phase 1) all pose significant challenges due to the nature of the customer make-up
 25 (i.e., sizable portion of the area contains commercial customers requiring SNC to minimize outage impacts
 26 increasing after hours work) or the location of the assets (i.e., poles and transformers in easements

1 requiring crane to install). For example, in the 4kV conversion program in 2017, only 10% of poles (45)
2 were installed in easements, and 4% of customers (45) in these projects were commercial. In 2024, in the
3 4kV conversion program, SNC is projecting to install 20% of poles (73) in easements, and 14% of customers
4 (129) are commercial.

5 The increase in System Service results from SNC's continued move towards a smart autonomous grid,
6 including the addition of smart sensors to allow SNC to monitor, enable and potentially control loads
7 associated with enhanced electrification and DERs. One of the key programs in System Service is the
8 installation of Reclosing devices across its service territory to sectionalize the system and provide
9 switchable, autonomous control for the grid. The OEB approved proxy value in 2017 resulted from
10 deferring \$170k of System Service investments due to their low ranking in the project priority for 2017
11 and the capital reductions necessary to meet the cost of service decision.

12 The slight decrease in General Plant is due to the right sizing of the Fleet between the merged SNC entities.
13 When Kenora Hydro and Thunder Bay Hydro were separate entities in 2017, Kenora had a budget of \$300k
14 in General Plant and Thunder Bay Hydro had a budget of \$989k. By merging the two, there is the ability
15 to send specialized vehicles from Thunder Bay to perform capital projects rather than purchase. SNC
16 expects that with the completion of the 4kV conversion program, it will modify its fleet complement from
17 91 total in 2023 to 75 by 2028. This results in a reduction of fleet and an investment between \$600k and
18 \$800k annually, despite rising vehicle costs.

19 **1.3.5 OPERATIONS, MAINTENANCE AND ADMINISTRATION ("OM&A") EXPENSE (EXHIBIT 4)**

20 SNC is requesting approval of \$21,432,230 for the 2024 Test Year, representing an increase of \$4,124,586
21 or 23.83% from the 2017 Board approved proxy amount of \$17,307,644. The overall drivers and cost
22 trends are as lined in the following table:

1 **TABLE 1-9: OVERALL COST DRIVERS AND COST TREND SUMMARY**

| Description | Amount |
|--|----------------------|
| Last Rebasing Year - 2017 Board Approved Proxy | \$17,307,644 |
| Description of Cost Drivers | |
| Salaries, Wages and Benefits | \$781,616 |
| Outside Services - Tree Trimming | \$1,311,280 |
| Administrative | \$959,452 |
| Overhead costs | \$712,071 |
| Building / Station costs | \$221,426 |
| Cost Drivers less than materiality | \$138,740 |
| OM&A increase from the 2017 BA | \$4,124,586 |
| OM&A % increase | 23.83% |
| 2024 Test Year OM&A | \$ 21,432,230 |

2
 3 2024 Test Year OM&A expenditures are 23.83% higher, a 3.4% annual increase, than 2017 Board Approved
 4 Proxy levels. The primary reason for the increase is inflation impacts on labour and non-labour costs,
 5 increased tree trimming costs (further discussed in Section 4.3.3.5), higher levels of general administration
 6 and overhead costs in support of work programs and increased costs in support of growing asset base
 7 (further discussed below in Section 4.3.1).

8 The most significant driver of SNC’s OM&A costs is tree trimming increases, showing a \$1,311,280 increase
 9 from the Last Rebasing Year. Further details of SNC’s vegetation management program and the increased
 10 costs are provided in Exhibit 4, Section 4.3.3.5 – Vegetation Management Program.

11 **1.3.6 COST OF CAPITAL (EXHIBIT 5)**

12 SNC has prepared its Application in accordance with the Board’s guidelines provided in the *Report of the*
 13 *Board on Cost of Capital for Ontario’s Regulated Utilities* (the “Cost of Capital Report”) dated December
 14 11, 2009. For the purposes of preparing this Application, SNC has used the cost of capital parameters
 15 issued by the Board on October 20, 2022, for 2023 Cost of Service rate applications for rates with effective
 16 dates in 2023.

17 SNC will update its evidence to reflect future Board cost of capital parameters for rates with effective
 18 dates in 2024, prior to the issuance of the Board’s decision on this Application. SNC is not proposing any
 19 deviation from the Boards Cost of Capital Methodology.

Appendix 2-OA Capital Structure and Cost of Capital

This table must be completed for the last OEB-approved year and the test year.

Test Year: 2024

| Line No. | Particulars | Capitalization Ratio | | Cost Rate | Return |
|---------------|---------------------|----------------------|----------------------|--------------|---------------------|
| | | (%) | (\$) | (%) | (\$) |
| Debt | | | | | |
| 1 | Long-term Debt | 56.00% | \$89,359,533 | 4.28% | \$3,826,628 |
| 2 | Short-term Debt | 4.00% (1) | \$6,382,824 | 4.79% | \$305,737 |
| 3 | Total Debt | 60.0% | \$95,742,356 | 4.32% | \$4,132,366 |
| Equity | | | | | |
| 4 | Common Equity | 40.00% | \$63,828,238 | 9.36% | \$5,974,323 |
| 5 | Preferred Shares | | \$ - | | \$ - |
| 6 | Total Equity | 40.0% | \$63,828,238 | 9.36% | \$5,974,323 |
| 7 | Total | 100.0% | \$159,570,594 | 6.33% | \$10,106,689 |

Notes

(1)

4.0% unless an applicant has proposed or been approved for a different amount.

Last OEB-approved year: 2017

| Line No. | Particulars | Capitalization Ratio | | Cost Rate | Return |
|---------------|---------------------|----------------------|----------------------|--------------|--------------------|
| | | (%) | (\$) | (%) | (\$) |
| Debt | | | | | |
| 1 | Long-term Debt | 56.00% | \$67,137,395 | 2.02% | \$1,357,965 |
| 2 | Short-term Debt | 4.00% (1) | \$4,795,528 | 1.82% | \$87,234 |
| 3 | Total Debt | 60.0% | \$71,932,923 | 2.01% | \$1,445,198 |
| Equity | | | | | |
| 4 | Common Equity | 40.00% | \$47,955,282 | 8.85% | \$4,242,843 |
| 5 | Preferred Shares | | \$ - | | \$ - |
| 6 | Total Equity | 40.0% | \$47,955,282 | 8.85% | \$4,242,843 |
| 7 | Total | 100.0% | \$119,888,205 | 4.74% | \$5,688,041 |

Notes

(1)

4.0% unless an applicant has proposed or been approved for a different amount.
 2017 Board Approved Proxy has been computed based on (i) Former TBHEDI 2017 Board approved plus (ii) Former KHEC 2011 Board approved, adjusted for IRM factor between 2011-2017 on OM&A and Cost of Power. Average Fixed Assets based on 2011 Board Approved

1 **1.3.7 COST ALLOCATION AND RATE DESIGN (EXHIBITS 7 & 8)**

2 The data used in the updated cost allocation study is consistent with SNC’s cost data that support the
 3 proposed 2024 revenue requirement outlined in this Application. The breakout of assets, capital
 4 contributions, depreciation, accumulated depreciation, customer data and load data by primary, line
 5 transformer and secondary categories were developed from the best data available to SNC, its engineering
 6 records, and its customer and financial information systems.

7 As shown in Table 1-10, the 2024 cost allocation study indicates the revenue-to-cost ratio for the Street
 8 Lighting class is outside the Boards range so revenues will be increased to reach the 80% revenue-to-cost
 9 floor. The General Service < 50 kW rate class has the highest revenue-to-cost ratio so revenues from that
 10 class will be adjusted downward to maintain revenue neutrality.

11 In absence of any rate mitigation there would be total bill impacts in excess of 10% for current Thunder
 12 Bay rate zone customers in the Street Lighting and Sentinel Lighting, rate classes. For 2024, it is proposed
 13 that distribution rates increases are limited to the level that produced total bill impacts of 10% for each
 14 class. SNC proposes to maintain revenue neutrality by increasing the revenue to cost ratio of the rate class
 15 with the lowest revenue to cost ratio, General Service 50 to 999 kW. In 2025, Street Lighting rates will be
 16 increased such that the revenue-to-cost ratio reaches the 80% with offsetting revenue decreases to the
 17 class with the highest revenue to cost ratio, General Service < 50 kW.

18 **TABLE 1-10: REVENUE-TO-COST RATIOS**

| Rate Class | 2011 KHEC Board Approved | 2017 TBHEDI Board Approved | 2024 Updated Cost Allocation Study | 2024 Proposed Ratios | 2025-2028 Proposed Ratios | Board Targets | |
|--------------------------------|--------------------------|----------------------------|------------------------------------|----------------------|---------------------------|---------------|------|
| | | | | | | Min | Max |
| Residential | 101.2% | 98.2% | 99.5% | 99.5% | 99.5% | 85% | 115% |
| General Service < 50 kW | 80.0% | 112.4% | 117.8% | 115.8% | 114.4% | 80% | 120% |
| General Service > 50 to 999 kW | 125.0% | 86.9% | 87.4% | 88.7% | 88.7% | 80% | 120% |
| General Service > 1,000 kW | | 109.3% | 105.0% | 105.0% | 105.0% | 80% | 120% |
| Street Lighting | 76.6% | 143.2% | 64.9% | 69.6% | 80.0% | 80% | 120% |
| Sentinel Lighting | | 94.1% | 90.9% | 90.5% | 90.5% | 80% | 120% |
| Unmetered Scattered Load | 138.0% | 115.3% | 110.9% | 110.9% | 110.9% | 80% | 120% |

19
 20 **Rate Design and Harmonization**

21 SNC proposes to maintain the fixed/variable proportions assumed in the current rates to design the
 22 proposed monthly service and the distribution of volumetric charges.

1 **TABLE 1-11: DISTRIBUTION CHARGES**

| Rate Class | Current 2023 Monthly Service Charge | Proposed 2024 Monthly Service Charge | % Diff. | Unit of Measure | Current 2023 Volumetric Charge | Proposed 2024 Volumetric Charge | % Diff. |
|--------------------|-------------------------------------|--------------------------------------|---------|-----------------|--------------------------------|---------------------------------|---------|
| Thunder Bay | | | | | | | |
| Residential | \$27.30 | \$35.17 | 28.8% | | | | |
| GS < 50 | \$30.49 | \$39.90 | 30.9% | kWh | \$0.0199 | \$0.0224 | 12.6% |
| GS 50 – 999 | \$229.50 | \$356.07 | 55.2% | kW | \$3.7313 | \$4.4459 | 19.2% |
| Intermediate | \$3,283.57 | \$4,141.69 | 26.1% | kW | \$3.1450 | \$3.8101 | 21.1% |
| Street Light | \$1.25 | \$1.90 | 52.0% | kW | \$7.4973 | \$9.9226 | 32.3% |
| Sentinel | \$8.96 | \$11.25 | 25.6% | kW | \$7.1927 | \$9.0393 | 25.7% |
| USL | \$9.09 | \$12.18 | 34.0% | kWh | \$0.0132 | \$0.0158 | 19.7% |
| Kenora | | | | | | | |
| Residential | \$33.51 | \$35.17 | 5.0% | | | | |
| GS < 50 | \$43.45 | \$39.90 | -8.2% | kWh | \$0.0069 | \$0.0224 | 224.6% |
| GS 50 - 999 | \$600.92 | \$356.07 | -40.7% | kW | \$1.9148 | \$4.4459 | 132.2% |
| Street Light | \$5.79 | \$1.90 | -67.2% | kW | \$3.8114 | \$9.9226 | 160.3% |
| USL | \$15.76 | \$12.18 | -22.7% | kWh | \$0.0047 | \$0.0158 | 236.2% |

2

3 The percentage changes for all classes reflect the overall increase in distribution costs and harmonizing

4 Thunder Bay and Kenora rates. SNC used the weighted average of current rates as the starting point to

5 harmonize rates. The Thunder Bay rate zone is larger than the Kenora rate zone, so weighted average

6 rates were closer to Thundery Bay’s current rates. The Thunder Bay Rate zone recovered a higher

7 proportion of revenues through variable charges than the Kenora rate zone so harmonizing rates results

8 in proportionally lower volumetric charge increases than fixed monthly service charge increases in

9 Thunder Bay. Conversely, the Kenora rate zone’s current fixed charges are sufficiently high that

10 harmonizing rates results in monthly service charge decreases (except for Residential, which is fully fixed)

11 and higher volumetric charge increases. The Kenora rate zone’s current distribution bills are higher than

12 the Thunder Bay rate zone, so smaller-than-average bill increases largely mitigate potential rate shock for

13 high volume customers. Rate impacts would have been material if the maximum fixed charge as per the

14 Cost Allocation model were implemented, so current fixed/variable splits were maintained.

1 There are higher rate increases for the Street Light rate class because this is the first COS rebasing
 2 application following the conversion to LED lighting fixtures in each of the Thunder Bay and Kenora rate
 3 zones.

4 **1.3.8 DEFERRAL AND VARIANCE ACCOUNTS (“DVA”) (EXHIBIT 9)**

5 As outlined in Exhibit 9, SNC requests approval of the net disposition of Group 1, Group 2 and Other
 6 Deferral and Variance Accounts (“DVAs”) in the amount of \$(2,261,156) as a refund to customers. All
 7 dispositions are being requested using a twelve-month period, riders in effect from May 1, 2024, expiring
 8 April 30, 2025. This includes all Group 1 RSVA Accounts, Group 2 Deferral and Variance Accounts including
 9 Account 1508 Pole Attachment Variance, Account 1592 Accelerated CCA, and other Group 2 Accounts as
 10 described in Exhibit 9 proposed for disposal in this application.

11 All riders have been calculated in accordance with the OEB’s approved allocators, no deviations from the
 12 approved allocators are included in this application.

13 The following tables show the allocators, balances requested for disposal and the resulting riders by Class
 14 and Rate Zone.

15 **TABLE 1-12: THUNDER BAY RATE ZONE ALLOCATORS, BALANCES, AND RIDERS**

| Rate Rider Calculation for Group 1 Deferral / Variance Accounts Balances (excluding Global Adj: 1550, 1551, 1584, 1589, 1595, 1590 and 1598) | | | | | Rate Rider Calculation for Account 1580, CBR Class B 1580, Sub-account CBR Class B | | | | Rate Rider Calculation for RSVA Global Adjustment Balance of Account 1589 Allocated to Non-WMPs | | | |
|--|-------------------|---------------------------------|---|---|---|---|--|---|--|---------------------------|--|---|
| Rate Class (Enter Rate Classes in cells below) | Units | kW / kWh / # of Customers | Allocated Group 1 Balance (excluding 1589) | Rate Rider for Deferral/Vari- ance Accounts | Units | Class B kW / kWh / # of Customers | Allocated Sub-account 1580 CBR Class B Balance | Rate Rider for Sub-account 1580 CBR Class B | Units | Class B Non-RPP kWh | Allocated Global Adjustment Balance | Rate Rider for RSVA - Power - Global Adjustment |
| RESIDENTIAL SERVICE | kWh | 341,222,755 | \$869,942 | \$0.0025 | kWh | 341,222,755 | (\$50,952) | (\$0.0001) | kWh | 1,651,357 | (\$210) | (\$0.0001) |
| GENERAL SERVICE LESS THAN 80 KW SERVICE | kWh | 144,147,634 | \$411,952 | \$0.0029 | kWh | 144,147,634 | (\$21,525) | (\$0.0001) | kWh | 1,859,961 | (\$236) | (\$0.0001) |
| GENERAL SERVICE 50 TO 999 KW SERVICE | kW | 612,569 | \$726,422 | \$1.1859 | kW | 612,569 | (\$36,897) | (\$0.0602) | kWh | 215,597,434 | (\$27,408) | (\$0.0001) |
| GENERAL SERVICE 1,000 KW OR GREATER | kW | 473,244 | \$433,430 | \$0.9159 | kW | 24,261 | (\$1,287) | (\$0.0530) | kWh | 8,616,426 | (\$1,095) | (\$0.0001) |
| UNMETERED SCATTERED LOAD SERVICE | kWh | 1,919,602 | \$5,719 | \$0.0030 | kWh | 1,919,602 | (\$287) | (\$0.0001) | kWh | 17,985 | (\$2) | (\$0.0001) |
| SENTINEL LIGHTING SERVICE | kW | 258 | \$286 | \$1.1089 | kW | 258 | (\$14) | (\$0.0556) | kWh | 0 | 0 | \$0.0000 |
| STREET LIGHTING SERVICE | kW | 14,760 | \$15,274 | \$1.0348 | kW | 14,760 | (\$779) | (\$0.0528) | kWh | 5,148,924 | (\$655) | (\$0.0001) |
| TOTAL FOR DISPOSAL | | | 2,463,025 | | | | (111,741) | | | | (29,606) | |
| | | | | | Portion to Class B Transition Customer | | (\$167) | | Portion to Class B Transition Customer | | (\$135) | |
| | | | | | Total Disposal Requested | | (\$111,908) | | Total Disposal Requested | | (\$29,741) | |
| Rate Rider Calculation for Group 2 Accounts | | | | | | | | | | | | |
| Rate Class (Enter Rate Classes in cells below) | Units | kW / kWh / # of Customers | Allocated Group 2 Balance | Rate Rider for Group 2 Accounts | | | | | | | | |
| RESIDENTIAL SERVICE | # of Customers | 46,447 | (\$1,491,921) | (\$2.68) | | | | | | | | |
| GENERAL SERVICE LESS THAN 80 KW SERVICE | kWh | 144,147,634 | (\$463,464) | (\$0.0032) | | | | | | | | |
| GENERAL SERVICE 50 TO 999 KW SERVICE | kW | 612,569 | (\$363,995) | (\$0.5942) | | | | | | | | |
| GENERAL SERVICE 1,000 KW OR GREATER | kW | 473,244 | (\$189,792) | (\$0.4010) | | | | | | | | |
| UNMETERED SCATTERED LOAD SERVICE | kWh | 1,919,602 | (\$6,481) | (\$0.0034) | | | | | | | | |
| SENTINEL LIGHTING SERVICE | kW | 258 | (\$960) | (\$3.7217) | | | | | | | | |
| STREET LIGHTING SERVICE | kW | 14,760 | (\$36,659) | (\$2.4837) | | | | | | | | |
| TOTAL FOR DISPOSAL | | | (2,553,272) | | | | | | | | | |

1 **TABLE 1-13: KENORA RATE ZONE ALLOCATORS, BALANCES, AND RIDERS**

| Rate Rider Calculation for Group 1 Deferral / Variance Accounts Balances (excluding Global Adj.) | | | | | Rate Rider Calculation for RSVA Global Adjustment | | | |
|--|----------------|---------------------------------|--|---|--|---------------------------------|--|---|
| <i>1550, 1551, 1584, 1586, 1595, 1580 and 1588</i> | | | | | <i>Balance of Account 1589 Allocated to Non-WMPs</i> | | | |
| Rate Class (Enter Rate Classes in cells below) | Units | kW / kWh / # of Customers | Allocated Group 1 Balance (excluding 1589) | Rate Rider for Deferral/Variance Accounts | Units | Class B Non-RPP kWh | Allocated Global Adjustment Balance | Rate Rider for RSVA - Power - Global Adjustment |
| RESIDENTIAL SERVICE | kWh | 38,566,315 | \$120,154 | \$0.0031 | kWh | 156,113 | (\$173) | (0.0011) |
| GENERAL SERVICE < 50 KW SERVICE | kWh | 23,895,798 | \$80,706 | \$0.0034 | kWh | 5,332,940 | (\$5,923) | (0.0011) |
| GENERAL SERVICE 50 TO 4,999 KW SERVICE | kW | 93,981 | \$129,656 | \$1.3796 | kWh | 29,330,676 | (\$32,578) | (0.0011) |
| STREETLIGHT SERVICE | kW | 1,164 | \$1,300 | \$1.1166 | kWh | 375,386 | (\$417) | (0.0011) |
| UNMETERED SCATTERED LOAD | kWh | 168,672 | \$584 | \$0.0035 | kWh | 18,639 | (\$21) | (0.0011) |
| TOTAL FOR DISPOSAL | | | 332,400 | | | | (39,112) | |
| Rate Rider Calculation for Accounts 1575 and 1576 | | | | | Rate Rider Calculation for Group 2 Accounts | | | |
| Rate Class (Enter Rate Classes in cells below) | Units | kW / kWh / # of Customers | Allocated Accounts 1575 and 1576 Balances | Rate Rider for Accounts 1575 and 1576 | Units | kW / kWh / # of Customers | Allocated Group 2 Balance | Rate Rider for Group 2 Accounts |
| RESIDENTIAL SERVICE | # of Customers | 4,808 | (\$3,955) | (\$0.07) | # of Customers | 4,808 | (\$261,641) | (\$4.53) |
| GENERAL SERVICE < 50 KW SERVICE | kWh | 23,895,798 | (\$2,451) | (\$0.0001) | kWh | 23,895,798 | (\$102,541) | (\$0.0043) |
| GENERAL SERVICE 50 TO 4,999 KW SERVICE | kW | 93,981 | (\$3,840) | (\$0.0409) | kW | 93,981 | (\$18,169) | (\$0.1933) |
| STREET LIGHT | kW | 1,164 | (\$38) | (\$0.0331) | kW | 1,164 | (\$2,760) | (\$2.3715) |
| UNMETERED SCATTERED LOAD | kWh | 168,672 | (\$17) | (\$0.0001) | kWh | 168,672 | (\$870) | (\$0.0052) |
| TOTAL FOR DISPOSAL | | | (10,301) | | | | (385,981) | |

2
 3 **TABLE 1-14: SYNERGY NORTH GROUP 2 (DISPOSE TO ALL CUSTOMERS) ALLOCATORS, BALANCES, AND**
 4 **RIDERS**

| Rate Rider Calculation for Group 2 Accounts [DISPOSE TO ALL SN CUSTOMERS] | | | |
|---|----------------|---------------------------------|---------------------------------------|
| Rate Class (Enter Rate Classes in cells below) | Units | Allocated Group 2 Balance | Rate Rider for Group 2 Accounts |
| RESIDENTIAL SERVICE | # of Customers | (\$740,665) | (\$1.20) |
| GENERAL SERVICE LESS THAN 50 KW SERVICE | kWh | (\$327,718) | (\$0.0020) |
| GENERAL SERVICE 50 TO 999 KW SERVICE | kW | (\$554,920) | (\$0.7854) |
| GENERAL SERVICE 1,000 KW OR GREATER SERVICE | kW | (\$287,794) | (\$0.6081) |
| UNMETERED SCATTERED LOAD SERVICE | kWh | (\$4,073) | (\$0.0020) |
| SENTINEL LIGHTING SERVICE | kW | (\$187) | (\$0.7265) |
| STREET LIGHTING SERVICE | kW | (\$10,907) | (\$0.6850) |
| TOTAL FOR DISPOSAL | | (1,926,264) | |

5
 6 (Note: Total of Tables above from the DVA Schedules \$2,261,154 vs Exhibit 9 Total disposal \$2,261,156 is out \$2 due to rounding)

7 There are no new DVA's being requested in this application.

8 The DVA's that will no longer require activity and are being requested for discontinuation are:

- 9
- 1595 Disposition and Recovery of Regulatory Balances (2018)
 - 1508 Wireline Attachment Variance
- 10

- 1 • 1508 Gain on Disposition of Non-Depreciable Assets
- 2 • 1508 IFRS Implementation Deferral
- 3 • 1508 Customer Choice Initiative
- 4 • 1532 Renewable Connection Deferral
- 5 • 1535 Smart Grid Deferral
- 6 • 1555/1556 Smart Meter Deferral
- 7 • 1576 Accounting Changes Under CGAAP
- 8 • 1592 Shared Tax Savings
- 9 • 1592 PILs – PST Deferral
- 10 • 1595 Accelerated CCA

11 SNC has used the Board’s prescribed interest rates when calculating carrying charges on the DVA balances.
12 Forecasted interest is based upon the most recent posted interest rate published for the 3rd quarter of
13 2023, 4.98%.

14 **1.3.9 BILL IMPACTS**

15 Table 1-15 below highlights the bill impacts for both the required OEB average customers as well as
16 scenarios SNC deems relevant to its customer base. These proposed bill impacts are inclusive of the
17 proposed distribution rates, load forecast, and disposition of deferral and variance accounts in this
18 application.

1 **TABLE 1-15: BILL IMPACT**

| Rate Class | kWh | kW | Sub-Total A Rates & "A" Riders | | Sub-Total B Distribution | | Sub-Total C Delivery | | Sub-Total D Total Bill | |
|---|---------|-------|-----------------------------------|--------|-----------------------------|--------|-------------------------|--------|---------------------------|--------|
| TB - RESIDENTIAL SERVICE CLASS | 750 | | \$ 3.47 | 12.5% | \$ 4.24 | 13.2% | \$ 3.31 | 7.5% | \$ 3.36 | 2.8% |
| TB - GENERAL SERVICE LESS THAN 50 KW SERVICE CLASS | 2,000 | | \$ (6.19) | -7.1% | \$ (9.92) | -10.1% | \$ (12.81) | -10.0% | \$ (12.98) | -3.9% |
| TB - GENERAL SERVICE 50 TO 999 KW SERVICE CLASS | 51,000 | 125 | \$ 255.00 | 38.8% | \$ 144.10 | 19.7% | \$ 103.81 | 7.2% | \$ 119.72 | 1.5% |
| TB - GENERAL SERVICE 1,000 KW OR GREATER SERVICE CLASS | 820,000 | 2,600 | \$ 5,914.34 | 72.7% | \$ 4,205.52 | 44.8% | \$ 3,300.98 | 13.0% | \$ 3,759.21 | 2.9% |
| TB - UNMETERED SCATTERED LOAD SERVICE CLASS | 405 | | \$ 4.26 | 29.8% | \$ 2.66 | 16.2% | \$ 2.20 | 9.7% | \$ 2.23 | 3.5% |
| TB - SENTINEL LIGHTING SERVICE CLASS | 71 | 0.2 | \$ 2.69 | 25.9% | \$ 1.92 | 17.9% | \$ 1.87 | 16.1% | \$ 1.89 | 9.9% |
| TB - STREET LIGHTING SERVICE CLASS | 435,000 | 1,230 | \$11,580.02 | 45.0% | \$ 8,195.59 | 31.0% | \$ 7,805.07 | 24.6% | \$ 8,840.31 | 9.9% |
| TB - RESIDENTIAL SERVICE CLASS (Low) | 300 | | \$ 3.78 | 13.7% | \$ 4.09 | 13.9% | \$ 3.72 | 10.8% | \$ 3.77 | 5.8% |
| TB - RESIDENTIAL SERVICE CLASS (High) | 1,500 | | \$ 2.94 | 10.4% | \$ 4.50 | 12.4% | \$ 2.63 | 4.3% | \$ 2.67 | 1.3% |
| TB - GENERAL SERVICE LESS THAN 50 KW SERVICE CLASS (Low) | 500 | | \$ 5.51 | 12.4% | \$ 4.58 | 9.6% | \$ 3.85 | 7.0% | \$ 3.90 | 3.7% |
| TB - GENERAL SERVICE LESS THAN 50 KW SERVICE CLASS (High) | 6,500 | | \$ (41.29) | -19.3% | \$ (53.40) | -21.5% | \$ (62.82) | -18.1% | \$ (63.62) | -6.3% |
| KN - RESIDENTIAL SERVICE CLASS | 750 | | \$ (4.97) | -14.5% | \$ (3.99) | -10.3% | \$ (2.30) | -4.7% | \$ (2.35) | -1.9% |
| KN - GENERAL SERVICE LESS THAN 50 KW SERVICE CLASS | 2,000 | | \$ 11.25 | 18.5% | \$ 14.25 | 19.7% | \$ 19.38 | 20.4% | \$ 19.60 | 6.6% |
| KN - GENERAL SERVICE 50 to 4,999 kW SERVICE CLASS | 50,000 | 130 | \$ (116.55) | -12.7% | \$ (74.08) | -7.4% | \$ 74.91 | 4.7% | \$ 65.72 | 0.8% |
| KN - UNMETERED SCATTERED LOAD SERVICE CLASS | 380 | | \$ (2.06) | -11.8% | \$ (1.88) | -9.5% | \$ (0.78) | -3.3% | \$ (0.80) | -1.2% |
| KN - STREET LIGHTING SERVICE CLASS | 31,000 | 100 | \$ (1,362.76) | -47.7% | \$ (1,334.50) | -45.9% | \$ (1,267.31) | -39.0% | \$ (1,443.80) | -19.3% |
| KN - RESIDENTIAL SERVICE CLASS (Low) | 300 | | \$ (4.47) | -13.2% | \$ (4.08) | -11.4% | \$ (3.41) | -8.6% | \$ (3.45) | -4.9% |
| KN - RESIDENTIAL SERVICE CLASS (High) | 1,500 | | \$ (5.79) | -16.5% | \$ (3.84) | -8.8% | \$ (0.47) | -0.7% | \$ (0.50) | -0.2% |
| KN - GENERAL SERVICE LESS THAN 50 KW SERVICE CLASS (Low) | 500 | | \$ 0.15 | 0.3% | \$ 0.90 | 1.8% | \$ 2.18 | 3.9% | \$ 2.20 | 2.0% |
| KN - GENERAL SERVICE LESS THAN 50 KW SERVICE CLASS (High) | 6,500 | | \$ 44.55 | 44.8% | \$ 54.30 | 39.8% | \$ 70.97 | 33.9% | \$ 71.79 | 8.3% |

2

3 **1.4 ADMINISTRATION**

4 In accordance with the OEB's Filing Requirements, this section of the application provides information
 5 relating to the administration of this application.

6 **1.4.1 CERTIFICATION OF EVIDENCE**

7 SNC provides certification of the evidence filed in this Application in Exhibit 1 as Attachment 1-A
 8 Certification of Evidence - 2024 Application.

9 **1.4.2 PRIMARY CONTACT INFORMATION**

10 **The Applicant's Address for Service:**

11
 12 SYNERGY NORTH Corporation
 13 34 Cumberland Street N.
 14 Thunder Bay, ON P7A 4L4
 15 Email: regulatory@synergynorth.ca
 16 Fax: 807-343-1009

17
 18 **Contacts:**

19
 20 President and CEO
 21 Mr. Tim Wilson, MBA
 22 Telephone: 807-343-1122
 23 Email: twilson@synergynorth.ca
 24

1 **Primary Application Contact**

2
3 Vice President, Finance, Regulatory Affairs & Purchasing
4 Mr. Aaron Blazina, CPA, CA
5 34 Cumberland Street N.
6 Thunder Bay, ON P7A 4L4
7 Telephone: 807-343-1018
8 Email: ablazina@synergynorth.ca
9

10 **1.4.3 LEGAL REPRESENTATION**

11 Borden Ladner Gervais LLP
12 Bay Adelaide Centre, East Tower
13 22 Adelaide Street West
14 Toronto, Ontario
15 M5H 4E3
16 John Vellone
17 Partner
18 Telephone: 416-367-6730
19 Cell: 416-801-7207
20 Fax: 416-361-2758
21 Email: jvellone@blg.com

22 **1.4.4 INTERNET ADDRESS AND SOCIAL MEDIA ACCOUNTS**

23 The Application and related materials will be posted on SNC's website and will be available for viewing at
24 the following internet address: <https://synergynorth.ca>

25 Social media accounts used by the Applicant to communicate with customers:

26 SNC (@north_synergy) Twitter account: twitter.com/north_synergy

27 SNC Facebook account: www.facebook.com/SynergyNorth

28 SNC LinkedIn account: www.linkedin.com/company/synergy-north

29 The Application will also be available on the Board's website at: www.ontarioenergyboard.ca, under Board
30 File Number EB-2023-0052.

31 **1.4.5 STATEMENT OF PUBLICATION**

32 SNC will follow the OEB's instructions regarding the publication of the Notice in relation to this
33 Application. SNC proposes to publish the Notice of Application in the primary publication for both rate

1 zones (the Chronicle Journal newspaper for both the City of Thunder Bay and Fort William First Nation
2 Reserve) and Kenora Daily Miner for the City of Kenora, to reach out to the affected customers.

3 **1.4.6 MATERIAL IMPACTS ON CUSTOMERS**

4 The proposals set forth in this Application will change the rates for all customer classes. There are no
5 proposed changes that will result in bill impacts which exceed the 10% total bill impact threshold, and
6 which would consequently have a material impact on customers.

7 **1.4.7 MATERIALITY THRESHOLD**

8 Chapter 2 of the Filing Requirements sets out the materiality levels based on the magnitude of the revenue
9 requirement. SNC's revenue requirement is greater than \$10 million and less than \$200 million, therefore
10 its materiality level is 0.5% of distribution revenue requirement. SNC's materiality threshold for the 2024
11 Test Year is \$179,602 as provided in Table 1-16 below. SNC has used a threshold of \$178,000 for assessing
12 materiality for the purposes of this Application.

13 **TABLE 1-16: MATERIALITY THRESHOLD FOR THE 2024 TEST YEAR**

| Description | 2024 Test Year |
|---------------------------------------|----------------|
| Distribution Base Revenue Requirement | \$35,920,354 |
| Materiality Threshold | 0.5% |
| Materiality Calculated | \$179,602 |
| Materiality Used | \$178,000 |

15 **1.4.8 FORM OF HEARING**

16 The bill impacts resulting from this Application are with the Board's requirements, as shown in Section
17 1.3.9 above. Accordingly, SNC requests that this Application be disposed of by way of a written hearing in
18 order to expedite the proceeding.

19 **1.4.9 PROPOSED EFFECTIVE DATE OF RATE ORDER**

20 SNC requests that the Board make its Rate Order effective May 1, 2024, in accordance with the Filing
21 Requirements.

22 In the event that the Board is unable to provide a Decision and Order in this application for
23 implementation by the Applicant as of May 1, 2024, the Applicant requests that the Board declare its

1 current rates interim, effective May 1, 2024, pending the implementation of the Board's Rate Order for
2 the 2024 rate year.

3 In the event that the effective date does not coincide with the Board's decided implementation date for
4 2024 distribution rates and charges, SNC requests permission to recover the incremental revenue from
5 the effective date to the implementation date.

6 **1.4.10 CHANGES TO METHODOLOGIES USED IN PREVIOUS APPLICATIONS**

7 The methodologies used in this Application are generally consistent with those applied in the former
8 TBHEDI's Cost of Service, albeit SNC has utilized a Board Approved Proxy approach for providing historical
9 comparative information for the former KHEC's Board Approved amount as a result of differing rate
10 rebasing years (2011 for the former KHEC versus 2017 for the former TBHEDI). SNC has also made changes
11 as required as the Filing Requirements have evolved since the 2017 Cost of Service Application.

12 **1.4.11 OEB DIRECTIONS FROM PREVIOUS DECISIONS AND/OR ORDERS**

13 ***EB-2016-0105 TBHEDI 2016 Cost of Service Decision***

14 ***Update of Load Profiles***

15 Thunder Bay Hydro confirmed that intended to put plans in place to update its load profiles the next time
16 a cost allocation model is filed. SNC has updated the load profiles used in the cost allocation model. The
17 load profiles reflect weather-normalized demands using 2019, 2021, and 2022 hourly load data for each
18 rate zone. The 2024 load profiles are derived by scaling weather-normalized 2022 load profiles to the 2024
19 rate zone-specific load forecasts. The resulting load profiles for each rate zone are added together. Please
20 see Exhibit 7, Section 7.3, for more details.

21 ***Review of the Weighting Factors Used in Cost Allocation***

22 Thunder Bay Hydro agreed to conduct a review of weighting factors used in its cost allocation
23 methodology which would be filed as part of its next Cost of Service Application. SNC has derived new
24 Services weighting factors, Billing & Collecting weighting factors, and Meter Reading weighting factors
25 considering the relative resources and labour hours used to service each rate class. Additionally, meter
26 installation costs and meter counts have been inputted into the cost allocation model to properly weight
27 meter asset-related costs. See Exhibit 7, Section 7.2, for more details.

1 **Accounting Order – Account 1508 Other Regulatory – Sub Account Gains/ Losses from Sale of Non Depreciable**
2 **Property**

3 As part of the 2017 Decision and Order (EB-2016-0105), SNC included \$157,235 over five years in its other
4 revenue to account for the estimated after-tax income from the sale of four properties. SNC was ordered
5 to track the actual proceeds from these sales and set up a deferral account at the earliest of when the
6 after tax gains exceeded the set up amount on December 31, 2021, if proceeds did not exceed the set up
7 amount.

8 During the period, SNC made the decision to retain two properties. Increased health and safety
9 requirements due to COVID-19 and further Ministry of Labour enforcement of O. Reg. 213/91 subsection
10 29, made the location of these properties strategically beneficial to the utility. As a result, the decision
11 was made not to sell two of the properties. SNC is not requesting a retroactive adjustment for these
12 amounts as part of this application.

13 SNC sold two of these properties in 2021 for an after-tax gain of \$111,063. Per guidance received by the
14 OEB in August of 2022, SNC calculated the actual gain on the two parcels vs the expected gain on those
15 properties and has set up a deferral account based on this difference. The actual after-tax gain on the
16 sale was \$111,063 and the original estimated gain was \$78,742 resulting in a principal amount owing to
17 customers of \$(32,321). Disposal of this variance is discussed further in Exhibit 9.

18 **1.4.12 CONDITIONS OF SERVICE**

19 The current version (December 2019) of SNC's Conditions of Service is available on SNC's website at:

20 [Conditions-of-Service-2019-FINAL.pdf \(synergynorth.ca\)](#)

21 SNC has modified its original Board approved Conditions of Service document to coincide with changes
22 for its merged entity operating practices and connection policies. SNC provided notification of the changes
23 to its Conditions of Service in accordance with DSC Section 2.4.8, to customers in both its Thunder Bay
24 and Kenora rate districts through bill inserts which ran from December 24th, 2019 – February 23rd, 2020,
25 and provided customers the opportunity to view changes and provide feedback. The final updated
26 Conditions of Service was submitted to the OEB on April 3, 2020.

27 Any revisions to the Conditions of Service are as a result of changes in regulations and industry practices
28 and not as a result of this Application.

1 SNC confirms that there are no rates or charges listed in the Conditions of Service that are not on the
2 Tariff of Rates and Charges.

3 **1.4.13 CORPORATE AND UTILITY ORGANIZATIONAL STRUCTURE**

4 **Corporate Organizational Structure**

5 Thunder Bay Hydro Corporation incorporated on October 26, 2000, under the Business Corporations Act
6 (Ontario), and is the parent holding company of three subsidiaries: a regulated “wires” company, SNC
7 (91.69% ownership) and two wholly owned unregulated companies, Thunder Bay Hydro Utility Services
8 Inc. (“TBHUSI”) and Thunder Bay Hydro Renewable Power Incorporated (“TBHRPI”). The Corporation of
9 the City of Thunder Bay has 100% ownership interest in Thunder Bay Hydro Corporation. The City of
10 Kenora has 8.31% ownership interest in SNC.

11 **Thunder Bay Hydro Corporation**

12 Thunder Bay Hydro Corporation is a holding company owned by the Corporation of the City of Thunder
13 Bay, which wholly owns the subsidiaries Thunder Bay Hydro Renewable Power and Thunder Bay Hydro
14 Utility Services. It also holds the shares owned by the City of Thunder Bay for SNC.

15 **Thunder Bay Hydro Renewable Power**

16 Thunder Bay Hydro Renewable Power is wholly owned by Thunder Bay Hydro Corporation. Its strategy is
17 to develop renewable energy generation projects in the Thunder Bay area. The company owns,
18 operates, and manages the Mapleward Renewable Generating Station.

19 **Thunder Bay Hydro Utility Services**

20 Thunder Bay Hydro Utility Services is wholly owned by Thunder Bay Hydro Corporation. It provides back-
21 office systems and support, IT-hosted applications, underground locate services, metering services, and
22 program management that includes conservation programs to other utilities in the region.

23 The municipal shareholders, the Corporation of the City of Thunder Bay, and the City of Kenora appoint a
24 Board of Directors to oversee SNC. The Board of eight (8) Directors serves SNC, and three (3) of those
25 directors, including the Chair, sit on the boards for Thunder Bay Hydro Corporation, Thunder Bay Utility
26 Services Inc., and Thunder Bay Hydro Renewable Power Incorporated.

1 In addition, the Shareholder appoints the City Manager, or delegate, to be its representative on each of
2 the Boards. The Shareholder Representative is permitted to attend any and all meetings of any Board; is
3 not considered a Director of the Board for voting or quorum, director liability or any similar purpose; and
4 must abide by all codes or policies created for the Boards of SNC.

5 **Exiting of Rate Minimization Model**

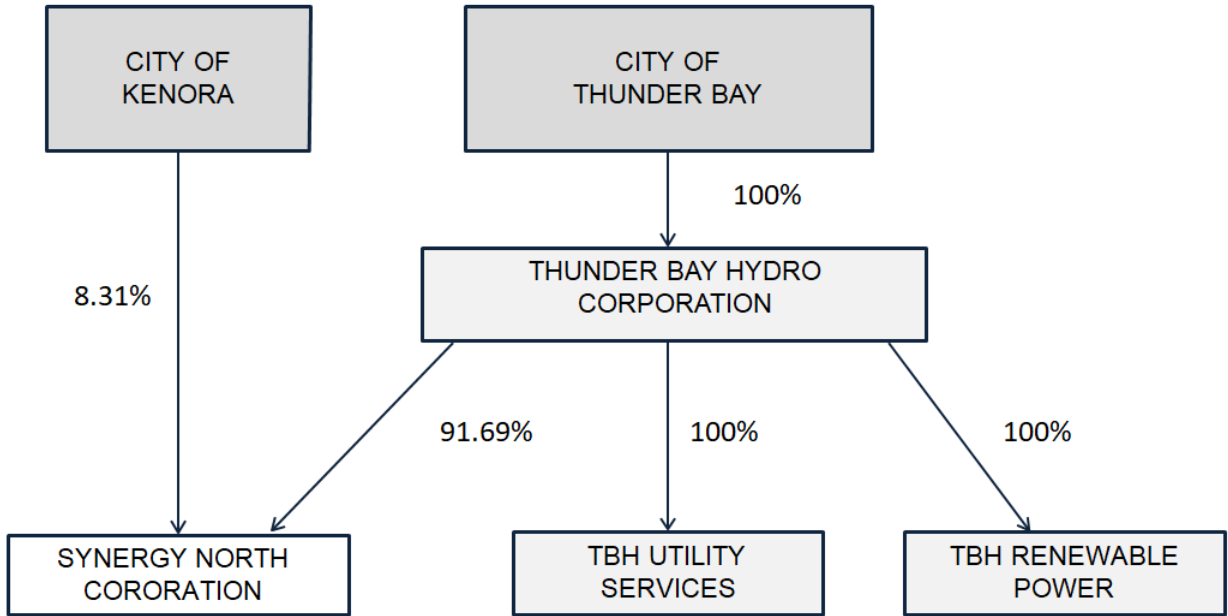
6 Prior to the merger between TBHEDI and KHEC, TBHEDI was operated under a Rate Minimization Model.
7 The Rate Minimization Model was a Shareholder philosophy of minimizing electricity rates for customers
8 of TBHEDI by having those rates reflect the Shareholder forgoing payment of interest on long term debt
9 held by the Shareholder.

10 The spirit of this principle was to keep electricity rates as low as possible and to encourage economic
11 development by foregoing debt and dividend payments. The note payable to the City of Thunder Bay was
12 set up without any provision for the payment of interest or the repayment of principal. Additionally, with
13 the exception of a merger efficiency dividend the majority shareholder has yet to receive a dividend from
14 SNC.

15 In 2021, the Corporation of the City of Thunder Bay made SNC aware that their philosophy has changed,
16 and they will no longer be operating under the Shareholder philosophy of Rate Minimization. As part of
17 this change, the Corporation of the City of Thunder Bay required a repayment of \$10 million from SNC.
18 SNC will be required to borrow these funds from the open market to meet this obligation. In addition,
19 the Corporation of the City of Thunder Bay will no longer be forgoing payment of interest on the remaining
20 portion its long term debt. SNC will be making interest payments monthly at the OEB's deemed long term
21 debt rate effective December 1^t 2023.

22 Figure 1.1 outlines the current Corporate Organizational Structure. SNC has not planned for changes in
23 corporate or organizational structure.

1 **FIGURE-1.1: SNC CORPORATE ORGANIZATIONAL STRUCTURE**



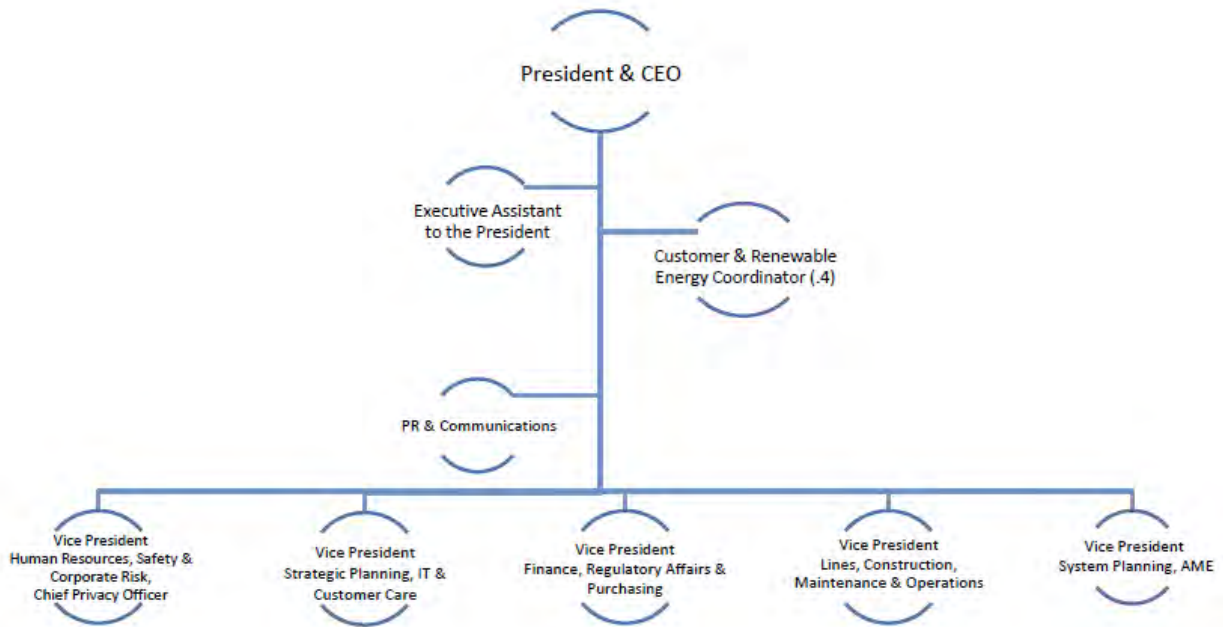
2

3 The executive team at SNC comprises the President & Chief Executive Officer, the Vice President of
 4 Strategic Planning, IT & Customer Care, the Vice President of Finance, Regulatory Affairs & Purchasing,
 5 the Vice President of Human Resources, Safety & Corporate Risk/ Chief Privacy Officer, the Vice President
 6 of System Planning and Asset Management & Engineering, and the Vice President of Lines, Construction,
 7 Maintenance & Operations. There are no planned changes to corporate or operational structure, including
 8 no planned changes to legal organization or control.

9

1 **FIGURE-1.2: HIGH LEVEL UTILITY ORGANIZATIONAL CHART**

2 The following figures represents the organizational structure and the Executive Management Team of
3 SNC.



4

5 At the present time, SNC has no planned changes to its corporate or organizational structure.

1 **1.4.14 APPENDIX 2-A LIST OF SPECIFIC APPROVALS REQUESTED**

| Appendix 2-A | | |
|--|---|---|
| List of Requested Approvals | | |
| The distributor must fill out the following sheet with the complete list of specific approvals requested and relevant section(s) of the legislation must be provided. All approvals, including accounting orders (deferral and variance accounts) new rate classes, revised specific service charges or retail service charges which the applicant is seeking, must be separately identified, as well being clearly documented in the appropriate sections of the application. | | |
| Additional requests may be added by copying and pasting blank input rows, as needed. | | |
| If additional requests arise, or requested approvals are removed, during the processing of the application, the distributor should update this list. | | |
| SYNERGY NORTH Corporation is seeking the following approvals in this application: | | |
| 1 | | Approval of the 2024 Test Year rate base as proposed in Exhibit 2 - Rate Base. |
| 1 | a | Approval of SNC's average net book value of fixed assets and working capital allowance as proposed in Exhibit 2 - Rate Base. |
| 2 | | Approval of the 2024 Test Year revenue requirement as proposed in Exhibit 6 - Calculation of Revenue Deficiency or Sufficiency as follows: |
| 2 | a | Approval of the capital structure, cost of capital parameters, and deemed return on equity and debt proposed in Exhibit 5 - Cost of Capital and Capital Structure. |
| 2 | b | Approval of test year Operations, Maintenance and Administration expenses, property taxes & payments in lieu of taxes (PILs) in Exhibit 4 - Operating Expenses. |
| 2 | c | Approval of the 2024 Test Year Service Revenue Requirement of \$38,620,360 as proposed in Exhibit 6 - Calculation of Revenue Deficiency or Sufficiency. |
| 2 | d | Approval of the 2024 Test Year Base Revenue Requirement of \$35,920,354 as proposed in Exhibit 6 - Calculation of Revenue Deficiency or Sufficiency. |
| 2 | e | Approval of the 2024 Revenue Offsets of \$2,700,006 as proposed in Exhibit 3 - Operating Revenue. |
| 3 | | Approval of Cost Allocation as filed in Exhibit 7 - Cost Allocation. |
| 4 | | Approval of 2024 distribution rates and charges, effective May 1, 2024, as proposed in Attachment 8-C - Proposed Tariff of Rates and Charges of Exhibit 8 - Rate Design. |
| 5 | | Approval of the proposed loss factors as detailed in Exhibit 8 - Rate Design. |
| 6 | | Approval of updated Retail Transmission Service Rates ("RTSRs"), as identified in Section 8.2 of Exhibit 8 - Rate Design. |
| 7 | | Approvals for the clearance related to the December 31, 2022 audited balances of \$2,614,664 for Group 1 DVA accounts, and associated class specific rate riders and manual adjustments effective May 1, 2024 as set out in Exhibit 9 - Deferral and Variance Accounts. |
| 8 | | Approvals for the clearance related to December 31, 2023 forecast balances of (\$4,875,818) for Group 2 DVA accounts, and associated class specific rate riders and manual adjustments effective May 1, 2024 as set out in Exhibit 9 - Deferral and Variance Accounts. |
| 9 | | Approval to harmonize rate classifications, distribution rates and Specific Service Charges for the Thunder Bay and Kenora rate zones. This is described in Exhibit 8. |
| 10 | | Other items or amounts that may be requested by SNC during the course of this proceeding, and as may be granted by the OEB. |

1 **1.4.15 DESCRIPTION OF SERVICE AREA**

2 On January 1, 2019, Kenora Hydro and Thunder Bay Hydro amalgamated into one company, which is
3 known as SNC today. SNC is responsible for servicing electricity to the cities of Kenora and Thunder Bay.
4 Today, SNC services approximately 57,000 customers via a network of over 1,270 kilometers of power
5 lines within a service territory that covers 441 square kilometers.

6 The SNC service territory is more specifically described in SNC's distribution License (ED-2018-0233), as
7 encompassing the following:

8 **The Thunder Bay Rate Zone:**

- 9 • The City of Thunder Bay as of January 1, 1970.
- 10 • Fort William First Nation.

11 The Thunder Bay Rate Zone's service area is bounded by the limits of the City of Thunder Bay which
12 encompasses an area covering approximately 387 square kilometers. This service area is made up of
13 approximately 70% rural and 30% urban (by customer density). SNC's distribution is approximately 79%
14 overhead and 21% underground. This yields a significant number of overhead line assets per customer
15 that require maintenance or replacement. Thunder Bay geology consists mainly of; areas of bedrock
16 surrounded by areas of silt, sand, and gravel; with interspersed areas of swamp. This geology can present
17 installation challenges for both overhead and underground infrastructure.

18 Temperature/Extreme Weather

19 The climate in the Thunder Bay area is typical of a mid-latitude inland location with a Great Lake
20 Moderating influence. The moderating effect of Lake Superior results in cooler summer temperatures and
21 warmer winter temperatures for an area along the lakeshore extending inland. The large rural area
22 previously described provides greater exposure to significant weather events such as high winds and
23 heavy ice/snowstorms. The impacts of weather-related events on reliability have been described in detail
24 in Section 5.2.3.2 of the DSP.

25 **The Kenora Rate Zone:**

- 26 • The Municipality of Kenora as of December 31, 1999, with the exception of the area encompassed
27 by the eastern boundary of the City of Kenora, west to the western side of Lot 16, north of the
28 northern boundary of the City of Kenora and Township of Jaffray, south to the Winnipeg River, that
29 is served by Hydro One Networks Inc.

- 1 • The Town of Keewatin, as of December 31, 1999, from the easterly boundary of Keewatin, westerly
2 to Keewatin Beach Road, southerly to Lake of the Woods, and northerly to Darlington Bay.
- 3 • Plan M456, lots 1-5 inclusive in the City of Kenora (formerly the Town of Jaffray Melick as of
4 December 31, 1999).
- 5 • Islands E211 and E212 situated in Lake of the Woods.
- 6 • Plan M28 PT BLK D, RP 23R10703, Part 1 PCL 29790 in the City of Kenora.
- 7 • Except for the following area which is served by Hydro One Networks Inc.:
- 8 ➤ Conc 1J and 2J, Lot 4, Parcel 13424, Township of Jaffray Melick, Kenora

9 These boundaries encompass an area of approximately 24 square kilometers. The area includes service
10 to approximately 200 customers on two islands on Lake of the Woods, accessible by boat or ice road.
11 SNC's distribution is approximately 90% overhead and 10% underground (by length). This yields a
12 significant number of overhead line assets per customer that require maintenance or replacement.
13 Kenora's geology consists mainly of areas of bedrock surrounded by areas of silt, sand, and gravel, with
14 interspersed areas of swamp. This geology can present installation challenges for both overhead and
15 underground infrastructure.

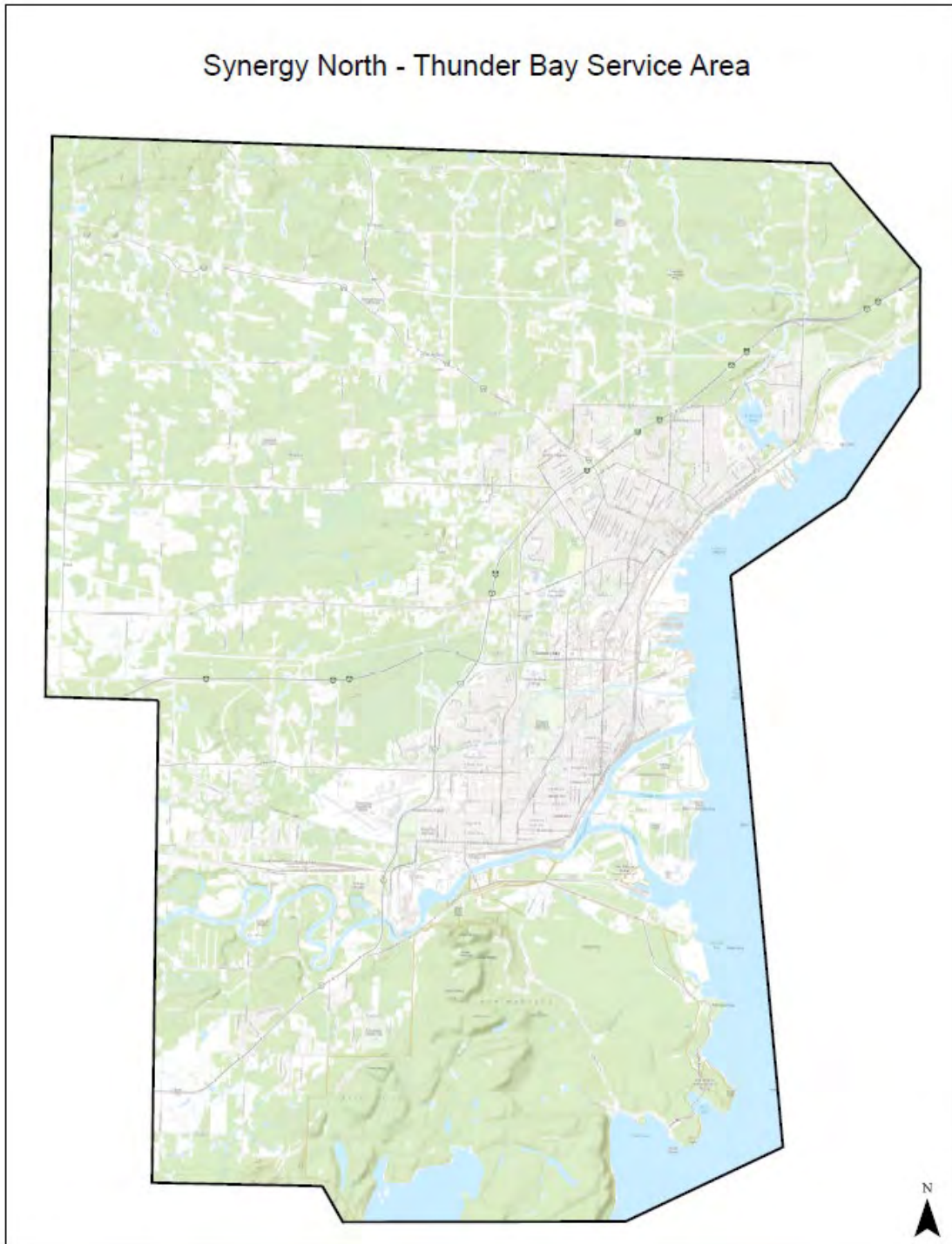
16 Temperature/Extreme Weather

17 The climate in the Kenora area is typical of a mid-latitude inland location. Unlike the Thunder Bay area,
18 there is no moderating effect of Lake Superior. Compared to Thunder Bay, average temperatures in
19 Kenora tend to be colder in the winter and warmer in the summer. Kenora also experiences exposure to
20 significant weather events such as high winds and heavy ice/snowstorms. The impacts of weather-related
21 events on reliability have been described in detail in Section 5.2.3.2 of the DSP.

22 See below for SNC's service map of the communities served.

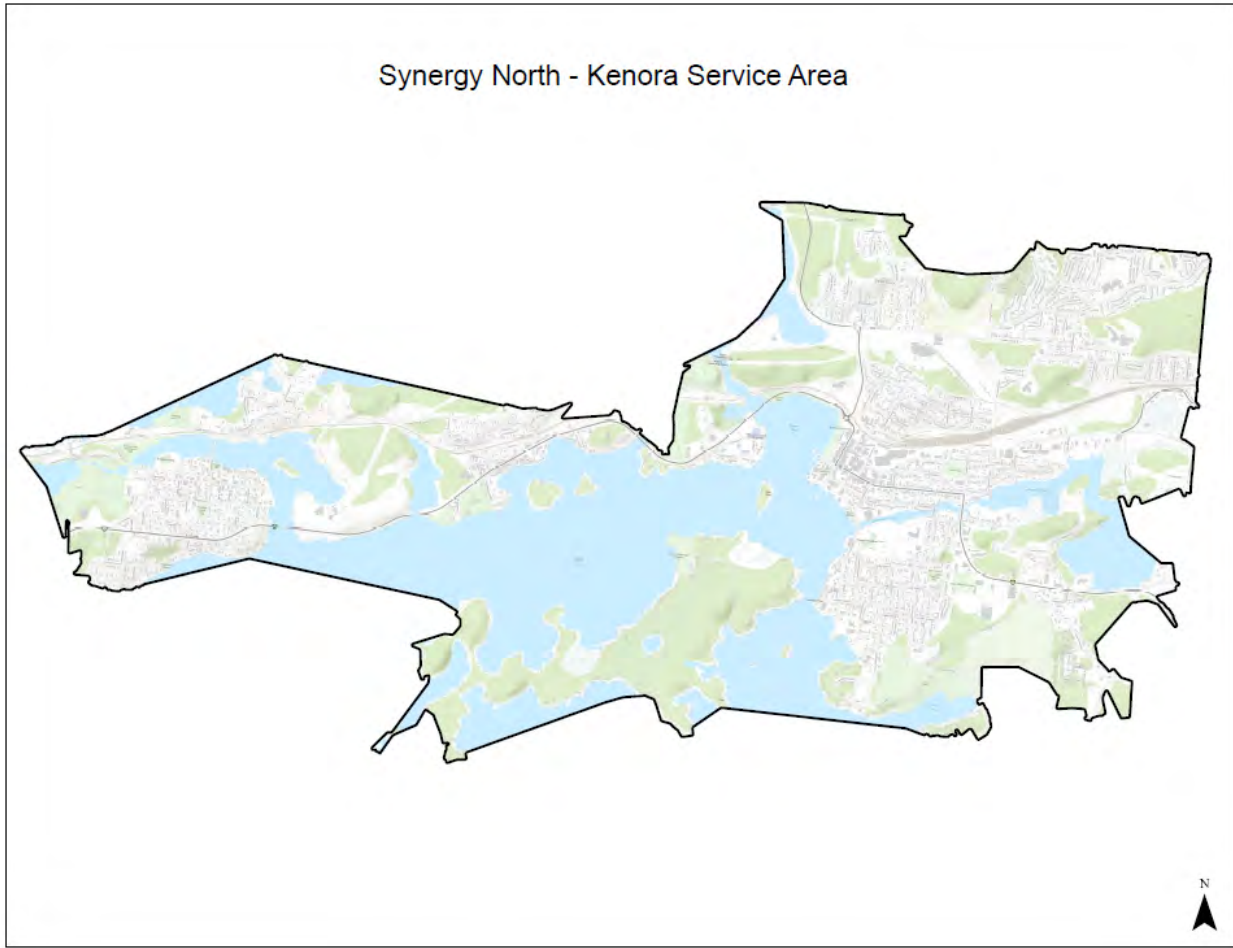
23

1 **FIGURE 1.3: - THUNDER BAY SERVICE AREA**



2
3
4

1 **FIGURE 1.4: - KENORA SERVICE AREA**



2
3

1 **1.4.16 BUSINESS AND INDUSTRY REVIEW**

2 The environment in which SNC operates has undergone significant change since 2017, which has had an
3 impact on the costs to operate and maintain its distribution system. In addition to the challenges posed
4 by infrastructure at the end of its useful life, adverse weather, and significant inflationary increases, there
5 have been changes in SNC’s workforce and the local job market; technological advancements; and
6 regulatory and policy changes which have continued to add further pressure to the costs facing SNC.

7 **1.4.16.1 REGULATORY AND POLICY CHANGES**

8 The regulated regime LDCs operate in is a landscape that is constantly evolving, with tremendous change
9 experienced over the past 15 years. This has included the implementation of Smart Meters, the creation
10 of Ontario Regulation 22/04, the introduction and subsequent repeal of the Green Energy Act, numerous
11 adjustments to the bill in the form of credits, removal of provincial tax, rebates, and adjustments, the
12 RRFE, the Conservation First Framework (later canceled), and a strong emphasis by the OEB to better
13 engage with customers, all of which is the LDC’s responsibility to implement and deliver.

14 The quantity of regulatory and public policy initiatives has increased and the time frame for compliance
15 has decreased. This has increased pressure on staff and SNC as a whole to ensure that it is compliant, and
16 that customers are receiving what has been promised to them. Included in the following list are some of
17 the mandated programs that have been introduced since SNC’s 2017 COS, some of which have put upward
18 pressure on costs:

- 19 • Implementation of the Fair Hydro Plan Act (2017)
- 20 • Introduction of the Winter Disconnection Moratorium (2017)
- 21 • Implementation of the OEB Cyber Security Framework (2018)
- 22 • Increased reporting for Activity and Program-based Benchmarking Initiative (2019)
- 23 • The cancellation and centralization of Conservation and Demand Management (CDM) (2019 &
24 2020)
- 25 • Implementation of the Ontario Rebate for Electricity Consumers Act (“OREC”) (2019)
- 26 • Implementation of changes to Customer Service Rules (2019 & 2020)
- 27 • Continued connection of Renewable Generation
- 28 • Implementation of the OEB’s standardized accounting process for RPP settlement (2019)
- 29 • Implementation of changes to Customer Service Rules (2019 & 2020)

- 1 • Elimination of the Collection of Account Charge (2019)
- 2 • Installation of Metering Inside the Settlement Timeframe (MIST) meters for GS>50kW customers
- 3 (2020)
- 4 • Implementation of COVID-19 Billing Changes (2020)
- 5 • Implementation of Time of Use Opt-Out (2020)
- 6 • Implementation of Ultra Low Pricing (2023)
- 7 • Green Button Implementation (2023)

8 Resources to address regulatory demands and to participate in regulatory processes and proceedings
9 effectively continue to be an issue for SNC. There has been significant turnover in regulatory roles, and
10 jobs remain unfilled due to the inability to find and recruit qualified individuals.

11 **1.4.16.2 CUSTOMER PREFERENCES AND EXPECTATIONS**

12 Similar to the industry, customer expectations have evolved and with the advancement in technology the
13 role of and interaction with the customer has been totally redefined. The days of one-way electricity flow
14 are a thing of the past. The customer is now an active participant in the grid, consuming and supplying
15 electricity while demanding real-time information to aid in their decision making. Customers also continue
16 to want the elements that LDCs have always strived to provide affordability, reliability, and safety.

17 Customer engagement and interaction has been ingrained in the makeup of LDCs for years, but like
18 everything else, it is important to improve that interaction continuously. Add in the changing landscape,
19 and customer engagement and interaction becomes critical to understanding the needs, preferences, and
20 expectations of today's customer. SNC also believes that although customer engagement is important to
21 understanding the customer in preparation for rate applications, it is also a very important element of
22 everyday business, and for that reason has made a commitment to ensure it is maintained throughout
23 the planning horizon.

24 Since 2017, SNC has:

- 25 • Started a Local Advisory Council ("LAC") in 2018, which is a voluntary group, open to any customers
- 26 to participate. The LAC meets quarterly to discuss various topics that will impact customers, and
- 27 to provide valuable input which helps to shape SNC's plans.
- 28 • Active social media accounts on Twitter, Facebook, and LinkedIn.

- 1 • Implemented a web-based Customer Portal to enable customers to view their hourly electric usage
2 to help them better understand their consumption profiles and to quantify savings from
3 conservation initiatives.
- 4 • SNC also has a calculator available to customers which calculates their savings/extra cost on
5 various pricing, TOU, tiered and soon to be ULO.

6 In Section 1.5 of this Application SNC's customer engagement activities aimed at determining customer
7 needs, preferences and expectations are fully detailed and contain the decisions and plans that have been
8 made as of a result of the engagement.

9 **1.4.16.3 TECHNOLOGICAL ADVANCEMENTS AND CYBER SECURITY**

10 Technology and innovation advancements are occurring at an exponential rate within the industry,
11 stimulating changes to the operation of utility grids, enabling new players to enter the market in the form
12 of microgrids, battery storage, and other distributed energy resources (DERs), and providing the customer
13 with more options behind the meter and a desire for real-time information to aid in decision making.
14 Utilities must find ways to embrace new technology to remain current, address and meet customer needs
15 and interact and find mutual benefit with the new players entering the market.

16 Advancements in technology have also introduced the need for heightened vigilance in cybersecurity.
17 Elaborate schemes exist to hack utility systems, expose private information, and hold businesses hostage.
18 LDCs must work tirelessly, constantly evolving safety protocols and adapting to the endless attacks
19 focused their way, to maintain privacy, security, and integrity without compromising reliability, usability,
20 and accessibility for end users. Similar to other trends in the industry cybersecurity must become an
21 important part of everyday operations, and collaboration amongst industry peers will be necessary to
22 successfully guard against the endless threats that exist.

23 Having a robust cyber security program will also include regular penetration and tabletop attack exercises.
24 The common occurrence of these exercises will ensure that a corporation is prepared for when an attack
25 occurs.

26 SNC's strategy is to identify and protect against, detect, respond, and recover from cyber incidents. SNC
27 is working towards fully implementing all sections of OEB RRR Cyber Security metrics. Based on SNC's
28 Phase 1 COS Customer Engagement Survey, SNC learned that customers were not onboard for increasing
29 Cyber Security Spending, so SNC made the decision to keep a steady state of spending.

1 **1.4.16.4 GLOBAL INFLATION**

2 Canada's annual inflation rate in 2022 was 6.8%, the highest level seen since 1991. Over the last few years
3 SNC has experienced significant inflationary increases on materials, goods, and services specifically related
4 to its capital and operating costs. Some examples of cost increases SNC has experienced are the following:

- 5 • There has been a 31% increase in the price of diesel fuel and 20% increase in gasoline fuel costs
6 from 2021 to 2022 significantly impacting SNC's fleet costs;
- 7 • The cost for Pad mount transformers has increased by an average of 75% on the most common
8 units ordered by SNC from 2022 to 2023 due to the significant cost increase of steel;
- 9 • The price of wood poles has increased by 17% from 2022 to 2023;
- 10 • Wire and Cable costs, manufactured out of copper and aluminum have increased by an average of
11 60% from 2021 to 2022.

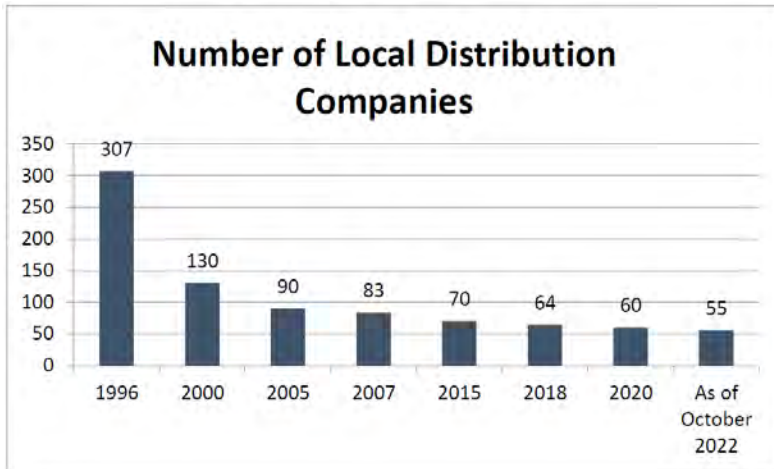
12 As a result of the recent volatility in inflation, and the cost increases of materials specific to the utilities
13 operations, SNC continues to try to find ways to become more efficient and reduce costs where possible
14 in order to achieve its purpose of providing energy services in a safe, reliable and trusted manner. SNC's
15 realized efficiencies and process improvements, that have allowed us to continue to remain sustainable
16 in the face of this inflationary pressure are further described in Section 1.4.17.

17 **1.4.16.5 CONSOLIDATION OF LDC'S**

18 The current position of the Ministry of Energy and the OEB is supporting voluntary consolidation to create
19 efficiencies and better prepare utilities for the increased regulatory burden and need for technology
20 advancement.

21 The report of the Ontario Distribution Sector Review Panel, issued in December 2012, set out a vision for
22 consolidation resulting in less costly and more efficient delivery of electricity, with a predicted cost savings
23 of \$1.2 billion over ten years. When the Minister of Energy responded to the Panel's report, he indicated
24 that he expected the sector would find ways to achieve those savings through more efficient service
25 delivery, including negotiated consolidations. This view was carried forward in the government's
26 December 2013 Long Term Energy Plan, which stated the government's expectation that electricity
27 distributors pursue innovative partnerships and transformative initiatives that result in savings for
28 electricity ratepayers.

1 The most recent letter of direction from the Minister of Energy to the OEB highlighted the government’s
2 priority and expectations with respect to building the resiliency of electricity distributors and finding
3 efficiencies, including the continued emphasis on consolidation and shared services, noting:
4 LDCs will need greater capacity to meet these expectations – capacity that can be enabled by aggressively
5 pursuing efficiencies through consolidation or enhanced shared services.



6
7 In line with the direction from The Minister of Energy, SNC continues to pursue efficiencies as a top
8 priority. This is evidenced by the former TBHEDI and KHEC amalgamating in 2019 to realize efficiencies as
9 well as providing the ability to continue to handle the increased regulatory burdens and technological
10 advancements in the industry. SNC has achieved approximately \$884,000 in sustained annual operating
11 savings as a result of the amalgamation which is in-line with the MAAD application EB-2018-0124..
12 Additional details on the merger savings and efficiencies achieved are provided in Section 1.9 Distributor
13 Consolidation: Amalgamation of the Former Thunder Bay Hydro and Kenora Hydro.

14 SNC is not actively pursuing any additional mergers at this time, however as part of SNC’s Stakeholder and
15 Partnership Strategy, SNC will continue to pursue additions to customer base through future mergers,
16 acquisitions, and partnerships.

17 **1.4.16.6 COVID-19 PANDEMIC**

18 COVID-19 has impacted every facet of SNC’s business. Staff has adapted to the daily challenges of the
19 pandemic and continues to serve customers while reaching operational targets. SNC has seen a significant
20 increase in costs after the on-set of the pandemic. The pandemic has caused major disruptions in the
21 supply of almost all materials used by the utility. Price increases have begun to put substantial pressure

1 on ongoing supply costs. The supply disruptions have also caused delays in the delivery of materials. While
2 manageable, these delivery disruptions have delayed the completion of some projects.

3 SNC did incur lower than expected system renewal expenditures in 2020 and 2021 as it deferred some of
4 its proactive replacement work to mitigate cash flow risk associated with lost revenue as a result of COVID-
5 19. The impacts of the COVID-19 Pandemic are further described in Section 1.10.

6 **1.4.16.7 WORKFORCE AND JOB MARKET CHANGES**

7 The local labour market has been historically tight; unemployment currently sitting at a very low 3.9%.
8 Ensuring the long-term sustainability of critical utility skills continues to be a challenge in this
9 environment. Competition for trades, engineering, regulatory and experienced executive management
10 has been historically high.

11 Workplace demographic issues in terms of forecasted retirements and the need for long-term planning
12 for staff replacement are critical issues. Given the challenging local/regional economic conditions,
13 attracting, and retaining utility-specific trades, technical skills, and senior staff positions remains a
14 challenge. Concerning SNC's workforce, recent research from the Northern Policy Institute shows that
15 Thunder Bay, has a higher-than-normal demand for managers in Business, Finance, and IT professionals.
16 ¹ Throughout the hiring process, SNC has seen a lack of qualified candidates during job searches.

17 Further, more recently SNC is also experiencing a significant loss of employees as they are being pulled by
18 larger entities like Hydro One, and OPG who can offer more competitive wages and benefits than SNC.
19 There is also increasing work on transmission line projects in Northern Ontario which may further pull at
20 SNC's pool of resources. These projects include the Wataynikaneyap Transmission Project, The East-West
21 Tie Transmission Line Project and the Waasigan Transmission Line Project.

22 **1.4.16.8 ADVERSE WEATHER EVENTS**

23 Increasingly frequent adverse weather events have put additional reliability pressures on SNC's
24 distribution system. These circumstances drive the need for investments to facilitate and improve system
25 resiliency and SNC's ability to respond to adverse weather events. Proposed investments in the renewal
26 of legacy assets, through reinforcement and replacement, will contribute to system hardening by
27 improving asset health and introducing updated equipment design and construction standards that are
28 better suited to the changing operating environment. In addition to affecting system reliability these

¹ [Northern Policy Institute - March 2020 | Assessing Labour Market Shortages in the City of Thunder Bay](#)

1 outages negatively impact operating expenditures through an increased incidence of overtime and
2 reactive work.

3 Mitigation of material weather-related impacts on costs (e.g., ice storms, high winds, forest fires etc.) can
4 be achieved in different ways, including by improving the resiliency of SNC's assets through design
5 changes and proactive management of right-of-way.

6 Weather-related impacts on distribution revenue, as well as energy conservation efforts, cannot be
7 mitigated in the short term, although evidence will be presented in the COS to mitigate the future impact
8 of a weather-related declining revenue trend. Such evidence would generally include the presentation of
9 weather-normalized data as a basis for determining customer-specific volumetric distribution charges.

10 **1.4.16.9 VEGETATION MANAGEMENT**

11 The environment that utilities operate in is changing, and there is no longer a "business as usual" way to
12 manage the risks and threats from climate change to utility infrastructure. In the Northwest this has been
13 increasingly true over the last several years with more severe storms, higher winds, and drought
14 conditions. In 2021, Northwestern Ontario (including the City of Thunder Bay) experienced a summer-long
15 fire ban imposed by the Ministry of Natural Resources to attempt to manage nearly 1,000 individual ²
16 wildfires in the region fueled by hotter, drier weather. One of the biggest fires was Kenora 51, which in
17 July 2021 had burned over 51,000 hectares and forced evacuations of several remote First Nations ³
18 communities. The 2023 fire season has started out very aggressively requiring the implementation of a
19 Northern Ontario Wide fire ban.⁴ At the time of the ban, 20 active fires were stretched across the
20 Northwest Region which includes Thunder Bay and Kenora.

21 In the utility sector, the public acknowledgment of these changes in the environment has resulted in a
22 "Climate Adaptation Amendment" to the CSA standards. These standards apply to the construction of
23 overhead and underground lines and provide direction on storm-hardening. SNC's vegetation
24 management practices and plans must also adapt to manage the climate risks and threats to its
25 infrastructure, as well as the risks SNC's infrastructure poses to the environment.

² "Ontario forest fires burned record area of land this summer as they displaced First Nations in northwest" Matt Vis, CBC News, Posted Nov 10, 2021

³ "Northwestern Ontario dealing with surge in forest fires as hot, dry weather settles into region" Nick Westoll, Global News, Posted July 9, 2021

⁴ "Fire ban declared in northern Ontario" Chelsea Papineau CTVNorthernOntario.ca, Posted June 1, 2023

1 An aerial Light Detection and Ranging (LIDAR) survey was completed, in which it was identified that a
2 significant portion of SNC's overhead system was exposed to vegetation within 1 meter. In order for SNC
3 to address the risk that was assessed, SNC had to spend \$2.37 million in 2022, and is projecting to spend
4 \$2.23 million in 2023 to eliminate the immediate hazards posed by the vegetation. SNC only had \$721,654
5 in its tree trimming budget in its last approved COS, therefore the majority of these costs were not
6 recovered in its rates, and therefore provides a positive future financial impact to customers. Going
7 forward, SNC's ultimate goal within this application is to achieve an optimized vegetation management
8 cycle consistent with LDC's in Ontario. The combination of increased costs for contractors to provide tree
9 trimming and the magnitude of vegetation in SNC's service territory are further described in Exhibit 4,
10 Section 4.3.3.5 – Vegetation Management Program.

11 **1.4.16.10 ELECTRIFICATION OF TRANSPORTATION**

12 There is little doubt that there is a worldwide trend towards the electrification of transportation. Canada
13 has announced that it will banning the sales of new fuel burning cars and light trucks by 2035.⁵ This
14 represents a significant shift in technology that exclusively relies on the distribution grid. Simply put, SNC
15 will be the source of fuel in the future of vehicles within its service territories. According to PWC, Canada
16 has goals of 40% of new vehicles as electric by 2030.

17 In order to manage this transition, SNC needs to be proactive and ensure that its systems and capabilities
18 are modernized and effective. The transition to EV will require increased knowledge, agility, investments
19 in smart grid, adaptive & network capacity and real-time capacity management delivered through a
20 combination of operational excellence and smart grid technologies.

21 The role of the future LDC is still unclear, with the continued penetration of DER's and LDC remuneration
22 models being contemplated, the fact the customer is not just a user of electricity anymore, but a supplier
23 of electricity, or an independent producer of electricity who may not require grid connection. All these
24 changes send a strong signal to LDCs that they must be ready to pivot, adapting and changing to the needs
25 of the customer and regulator to remain prevalent within the industry. The regulator has a role in
26 protecting the interests and assets of the industry and customers, therefore it is of utmost importance

⁵ [Building a green economy: Government of Canada to require 100% of car and passenger truck sales be zero-emission by 2035 in Canada](#)

1 that the LDC and regulator work in harmony to protect the benefits that the LDC brings to the province,
2 municipalities, and end customer.

3 **1.4.17 REALIZED EFFICIENCIES AND IMPROVEMENTS**

4 Productivity and Cost Reductions are never static; SNC is constantly searching for ways to improve
5 efficiency and productivity performance to provide better value service for its customers. Some efficiency
6 improvements may lead to direct cost savings, other efficiency improvements may lead to a more
7 effective utilization of resources, allowing SNC to do more with less.

8 SNC understands that its own success and that of its customers depends upon the affordability of the
9 services it delivers. SNC actively investigates opportunities to improve value and lower the costs of its
10 operations without sacrificing customer service levels. Although cost pressures such as labour and
11 material inputs, regulatory requirements and service levels continue to increase, SNC continues to focus
12 on improvements in these areas.

13 SNC presents its objectives below, along with customer feedback and examples of productivity and cost
14 efficiencies it has implemented.

15 SNC is committed to continuously improving and works towards the following objectives:

- 16 • Identify and implement measures that will lead to sustainable long-term efficiencies that utilize
17 resources more effectively;
- 18 • Maintain being part of Group 3 as determined using the PEG methodology. Achieved Group 3 in
19 most recent OEB Scorecard (2022);
- 20 • Actively monitor and manage SNC's productivity performance;
- 21 • Doing more (increased workload) with less by maintaining consistent staffing levels, and in some
22 cases reducing staffing levels. SNC has achieved this by reducing redundant positions and closely
23 monitoring OT and sick time;
- 24 • Automating work processes to decrease time-consuming manual tasks;
- 25 • Working safely and continuous training for all employees;
- 26 • Improving co-ordination and planning of capital projects;
- 27 • Reduction of reactionary forest spending by 2029.

1 Productivity and cost reduction examples are provided below and demonstrate SNC's commitment to
2 finding efficiencies and cost savings, as well as increasing service to its customers.

- 3 • System Renewal investments made between 2017 and 2022 have allowed SNC to retire 3 of its 4kV
4 transformer stations from service (Grenville, Hardisty and Mountdale). SNC has also been able to
5 convert a significant amount of overhead and underground lines from 4kV to 25KV. In 2023, an
6 additional transformer, Algoma, will be decommissioned. These assets have been replaced with
7 ones that operate at higher voltages and are more efficient. New lines generally incorporate higher
8 voltages, larger conductors, and increased pole strength. As a result, the distribution system is
9 better able to withstand adverse weather conditions; provide increased capacity and siting options
10 for the connection of renewable energy generation, electric vehicles, and energy storage; provide
11 increased physical space for third party communications and smart grid devices; and reduce power
12 quality issues and losses. SNC has received budgetary quotations on rebuilding the substations and
13 in terms of only capital replacement costs, the conversion of the 4kV and subsequent
14 decommissioning of the remaining substations represents an estimated costs savings of \$33.3M
15 over 5 years.
- 16 • Elimination of 4kV assets reduces the need to stock parts/equipment specific to that voltage class,
17 leading to supply chain and inventory efficiencies. SNC has been able to utilize transformers in
18 "good" condition to keep as spares for the remaining 4kV rather than purchase any new.
- 19 • The retired stations referred to above are currently in various stages of decommissioning. Once
20 work is complete, O&M savings will be approximately \$28,000 annually for each station. SNC also
21 avoids the need for further capital renewal investments for the related distribution station
22 buildings & equipment which represents an estimated costs savings (at a 2% CPI) \$33.3M over 5
23 years.
- 24 • SNC has achieved additional efficiencies through undertaking larger area infrastructure rebuilds
25 which allows for improved economies of scale in the capital expenditure program as well as
26 implementing a process of using large cranes to place dressed poles in hard to access back yard
27 locations creates economic efficiencies in area infrastructure rebuild projects. Further, SNC
28 accelerates pole installation in area rebuild projects late in the year to ensure it has poles in the
29 ground prior to winter. This reduces the costs associated with snow removal and dealing with

- 1 frozen ground and allows for better deployment of labour resources through the winter months.
2 Overall, this produces efficiencies in infrastructure replacement.
- 3 • SNC has achieved productivity and cost efficiencies with its fleet since the last COS, through using
4 fleet utilization data to make more efficient decisions regarding fleet purchases etc. SNC has used
5 utilization data in business cases to rent certain fleet where available, rather than purchasing,
6 saving costs. Further, SNC is no longer doing custom builds on trucks which has resulted in
7 significant savings on a double bucket trucks. For example, it was 4.5% cheaper to purchase a
8 “stock” double bucket over a custom double bucket, even though the purchase periods were a
9 couple of years apart; 2017 (custom truck order) and 2019 (stock truck order). SNC will continue
10 this off-the-lot “stock” purchasing strategy for any future aerial device acquisitions. Lastly, SNC has
11 re-purposed various fleet to extend useful lives of some vehicles in order to defer purchases where
12 possible. SNC rebuilt two float trailers, a dump trailer, and a pole trailer for a fraction of the cost
13 of purchasing new. SNC also stripped two mini-single bucket trucks of their aerial device booms
14 and storage bins (which required substantial repairs) and retro-fitted them with flat deck utility
15 type bodies vs purchasing two new cab and chassis.
 - 16 • In 2019, SNC purchased the Survalent Outage Management System (OMS). This technology has
17 improved the accuracy of recording both customers affected and interruption minutes over the
18 historical period.
 - 19 • Starting in 2010, with larger scale deployment beginning in 2014, SNC has been installing pole-
20 mounted Electronic Vacuum Reclosers (Reclosers) and retrofitting the two existing submersible
21 Vista switchgear with remotely operable capabilities for both the south and north core commercial
22 customers. These are automated switches that communicate with SNC’s SCADA system. This
23 technology aids SNC System Operators in the Control Room to identify line segments affected by
24 a sustained fault. These switches allow Operators to isolate the affected line sections and restore
25 power to those that are unaffected. This results in lower customer outage minutes and more
26 efficient dispatching of field staff to the fault location. Savings related to automated switching and
27 the avoided cost of sending trucks would be in the order of \$19,000 annually. SNC has budgeted
28 to continue investing in these automated switches into the forecast period.
 - 29 • The utilization of alternative meter types which have equivalent or increased capabilities with a
30 similar per unit cost occurs to keep inventoried quantities and costs reduced (ie. A3RL meters being
31 used if there are not enough A3TL meters in inventory). As Honeywell (Elster) develops new meter

1 types, SNC's engineering group will continue to review SNC's meter inventories to determine if
2 there are opportunities to consolidate existing meter types. Further, SNC has trained its inhouse
3 locators to perform meter removals outside of peak periods (November through to March). This
4 has resulted in a cost-efficient resource.

5 SNC has established a practice of cross training staff in key areas to better allocate resources and adjust
6 to shifting work programs. Examples of cross training include:

- 7 • In 2019 SNC changed the roles of the union staff in the Finance division and grouped multiple job
8 descriptions into a "Finance Clerk" for several positions. This has allowed the division to better
9 utilize staff, the ability for staff to cover each other's desks, and achieved a reduction of one FTE
10 through attrition.
- 11 • In the Engineering department, the 4 Distribution Designers are responsible for all joint use
12 attachment requests, subdivision design and approval, commercial customer connections and
13 large capital project designs. When customer driven work varies from year to year the utility can
14 ensure that the duties are interchangeable to ensure designs are completed in a timely manner for
15 all customers without having to use external resources.
- 16 • Lines department staff have been trained in both underground and overhead techniques and
17 rotate through overhead and underground areas regularly so as to be familiar with technologies
18 and practices in both areas.
- 19 • Cross training of staff to perform labour & flagging duties for after hours work and weekend work.
20 This was implemented to better utilize SNC staff and equipment that was available vs hiring a
21 contractor to provide labour and trucks.
- 22 • The Stations, P&C and Metering departments were formed into one cohesive workgroup to
23 provide additional support for each of the individuals in each, to allow the division to better utilize
24 staff.
- 25 • PLT staff respond to trouble calls on a regular basis during the day. Due to the variety and scope of
26 these calls the material required to make repairs may not be on the trucks. In the past crews would
27 come back to the shop to pick up the material required to make repairs. Starting in 2022, the Stores
28 department staff were put through the SNC driver training program so they could now drive SNC
29 vehicles and deliver material to site in certain circumstances. This allows the crew on site to keep
30 working on repairs while material is on route.

1 These and other efforts make for more efficient work programs; keep employees engaged in their work
2 and reduce risk of staff turnover. One of the greatest benefits to these initiatives arise during storm and
3 power outages when more qualified assistance is available to respond.

4 Despite numerous regulatory obligations driving increasing workload, and increasing software systems
5 that require maintenance and analysis, SNC has decreased the number of Full Time Equivalent (FTEs)
6 between 2017 Actual and 2024 Forecasted as described in Exhibit 4, Section 4.4.5 (FTE, Wages & Benefits
7 Variance Analysis). SNC has worked to reduce staffing levels where there are redundancies through
8 attrition. Specific FTE's that have been eliminated since SNC's last COS through both attrition and
9 redundancy include:

- 10 • One full time Cashier in the Finance Department
- 11 • One part time Mail Clerk
- 12 • One Billing Clerk position eliminated through attrition
- 13 • One Customer Service Clerk through attrition, and the utilization of part time staff
- 14 • Reduction of two Station technician positions, as a result of the continued conversion of the
15 distribution system from 4kV to 25kV

16 SNC was able to reduce an additional Powerline Technician FTE through performing a system risk
17 assessment, capital investment strategy, maintenance planning, forestry assessment with the
18 development of a forestry plan resulting in a reduction of another PLT in the district, over and above the
19 one Powerline Technician FTE reduction achieved from the merger

20 Although not an FTE reduction, savings were achieved when in 2019, a restructuring plan was initiated
21 after the retirement of the Kenora area Operations Manager that allowed for this position to be replaced
22 with a Lines Supervisor. The difference in salaries between the two positions resulted in a cost savings.

- 23 • SNC implemented an automated Phone Call System in 2019. This system eliminated all soft notices
24 as well as performs call outs to PLT's for emergency work. This is a productivity efficiency which
25 saves approximately 2 hours of System Control time, as well as reduces outage time. Further, in
26 2021, Lines and Operations changed its primary method of notification to its customers from a
27 paper-based mail out to an automated call system. These notifications were typically for upcoming
28 construction projects in their neighbourhood, tree trimming notifications, planned power
29 interruptions and general notices. Further savings are achieved in postage costs.

- 1 • SNC continues to automate and digitize processes, which has reduced paper, ink, storage, and
2 postage costs through various efforts. SNC offers an E-Billing option to customers, which has
3 proven to be a popular and convenient service for customers. The E-Billing Campaign started in
4 2020 which included a \$5 donation/ rebate if customers move to e-billing. In early 2020, SNC had
5 15,247 customers on e-billing, as of February 2023, 20,383 customers are on e-billing, which
6 represents a 33% increase. Each year SNC's storage requirements are decreasing which will
7 ultimately result in savings to the ratepayer.
- 8 • SNC now offers a web-based Customer Portal to enable customers to view their hourly electric
9 usage to help them better understand their consumption profiles and to quantify savings from
10 conservation initiatives. SNC also has a calculator available to customers which calculates their
11 savings/extra cost on various pricing, TOU, tiered and soon to be ULO. Paperless billing together
12 with the Customer Portal is leveraging web-based technology to provide the customer with a
13 better experience when doing business with SNC.
- 14 • SNC signed a new 10-year lease agreement at its current offices located at 34 N, Cumberland St.
15 As part of the renewal, SNC consolidated its office space by relocating to a different floor within
16 the building. This consolidation resulted in a reduction of 7,199 sq ft. The total budgetary impact
17 of this reduction is \$118,776 in 2024. The ten-year savings impact to customers will be \$1,021,845.
18 These savings are possible as a result of the changes that occurred as a result of COVID-19,
19 including the landlord's decision to close the building to outside traffic.
- 20 • SNC looks for opportunities in the purchase of tools, equipment, and systems, to select those that
21 offer labour saving capabilities. SNC has had positive experiences with automated testing
22 equipment, battery powered hand tools, enhanced design software, field tablets and more. These
23 are incremental savings that help to reduce the upward pressure on future O&M costs.
- 24 • SNC changed its New Capital Goods Parts Staging and Ordering Process in 2020. Historically,
25 Engineering would issue material lists a few months prior to the capital job start dates. The Stores
26 department would recommend order amounts, taking into consideration what was available
27 through maintenance stock and the materials required per the material list. Once the materials
28 arrived, Lines would stage some material in secured seacans and retrieve the remaining
29 requirements from Stores using OM&A requirements and at times create stock outs for
30 maintenance and recoverable job requirements. Beginning in 2020, the ownership of capital
31 requirements shifted from Engineering and Lines to the Purchasing & Stores department.

- 1 Engineering now submits capital requirements in January, leaving it to the Purchasing and Stores
2 team to plan, order, and stage material well in advance for project start dates while ensuring
3 maintenance and recoverable inventory levels are not negatively affected.
- 4 • In 2019, a group of low value, high turnover inventory items were identified as an opportunity for
5 an improvement to operational efficiency. These items were removed from Stores to make it easier
6 and more efficient for crews to stock their trucks and begin work. Annual requirements were
7 ordered ahead of time and issued to available work orders upon receipt. The items were staged in
8 an area more accessible to Line Crews and a manual review and re-order process was
9 implemented. In 2021 these items were moved to a VMI (vendor managed inventory) process
10 increasing efficiency and reducing risk of stock out.
 - 11 • Smaller cost efficiencies that have been achieved include the elimination of a mail delivery service
12 between SNC's two locations in Thunder Bay (\$12,000 annually) and providing training inhouse
13 rather than outsourcing. For example, starting in 2022, SNC has employees who now are able to
14 train on the Utility Work Protection Code, Lockout Tag Out training, and components of Confined
15 Space Training which was previously outsourced for approximately \$6,000 to \$11,000 per year,
16 depending on the training required in the year.
 - 17 • A letter of understanding was signed between SNC and IBEW local 339 which represents the
18 Thunder Bay union staff. This letter gave SNC the flexibility to use internal staff and SNC equipment
19 for snowplowing and snow removal versus having this work contracted out to a local company.
20 The cost savings vary each year depending on the snow fall each year. On a three-year average this
21 has resulted in a cost savings of \$10,000 per year.
 - 22 • In 2020, SNC and IBEW local 339 agreed to change the collective agreement to have all trades staff
23 go to a 20 minute on the job paid lunch year-round versus a 30-minute unpaid lunch during winter
24 months at SNC's Operation Center or south side operations yard. This collective agreement and
25 operational change have a direct impact on increasing time crews spend on the job site and
26 reducing down time.
 - 27 • In 2019, SNC entered a fleet refueling agreement with the City of Thunder Bay (COTB), where SNC
28 was able to obtain fuel from the Cities three main yards. This gave SNC fueling options beside the
29 main Operation Center, next to the south side yard and a location in the center of the city. This
30 strategic plan reduced travel time specific to fueling trucks and equipment, and increased time on

- 1 the projects resulting in more tool time. Further savings are identified as a result of the COTB's
2 bulk gasoline and diesel fuel pricing which are less than local gas station prices.
- 3 • SNC is a member of the Utilities Standards Forum (USF), an organization consisting of 51 Ontario
4 LDCs that pool resources, initiatives, and funding in the areas of Engineering, Operations,
5 Regulatory, Customer Service and IT program management. SNC continues to realize savings in the
6 form of reduction of effort using common standards development; staff training; shared policies
7 process and product discovery; and ready access to the expertise of other utilities for consultation
8 and problem solving.
 - 9 • Proactive maintenance programs assist assets in reaching their life expectancy and in some cases,
10 can extend asset life. Although some capital expenditures may be deferred, these activities tend
11 to increase O&M costs. For example, through multiple transformer risk inspections performed
12 between 2018 and 2021, it was identified that some transformers were rusting prematurely and
13 would not make their typical life span. A program was initiated in 2022 to start replacing these
14 specific transformers before the steel tanks are too damaged from rust and pitting to be repaired.
15 A painting and sandblasting contractor was consulted to determine the options for removing the
16 rust and contaminants so the transformers could be painted and reinstalled in the field. A surface
17 preparations method using a non-conducted glass beads blasting media, zinc epoxy primer and UV
18 resistant urethane finish was used to refurbish the outer tank walls. This process enabled SNC to
19 utilize the full life span of the transformer. The cost of a typical refurbishment on a 300KVA
20 transformer is on average \$3,500 dollars whereas it would cost roughly \$39,000 dollars for a new
21 300KVA 120/208.
 - 22 • In the 2024 Test Year and future years, SNC will continue to make cost reduction, operational and
23 productivity improvement measures a priority.
 - 24 • Keeping in line with the Strategic Initiatives and the RRFE, the Capital Investments for 2024-2028
25 reflect the priorities and needs required as per SNC's DSP. SNC believes that the key to maintaining
26 system performance while keeping the bill impact on SNC's customers manageable over the long
27 term is a proactive and consistent renewal approach to managing assets.

28 On the operating side, SNC continues to apply pressure to maintain and where possible reduce operating
29 costs while still maintaining the service to customers that they expect and ask for. SNC looks to automate
30 work processes to decrease manual tasks, eliminating duplication and increasing efficiency. In addition,

1 SNC seeks to improve coordination and planning of capital projects with the municipalities, other utilities,
2 and other stakeholders.

3 SNC believes its Application presents a well-balanced, well thought out proposal for sustaining and
4 improving the SNC electricity distribution system in the best interest of its customers.

5 **1.5 CUSTOMER ENGAGEMENT**

6 **1.5.1 OVERVIEW**

7 As a regulated company in Ontario, SNC is mandated to submit a Cost-of-Service application to the Ontario
8 Energy Board (OEB) related to changes to customer service rates.

9 The following sections of the application relate to customer communication and describe how SNC solicits
10 customer feedback and embraces open, two-way communication within its community.

11 In Attachment 1-J, Appendix 2-AC, a detailed list of all specific customer engagement activities is provided,
12 providing detail on both on-going customer engagement and application specific customer engagement
13 activities.

14 **1.5.2 ONGOING COMMUNICATION WITH CUSTOMERS**

15 As the Local Distribution Company servicing the cities of Thunder Bay and Kenora, SNC is devoted to
16 serving its local communities in a fair, responsible, and informed manner. SNC's team is extremely
17 dedicated to regularly communicating with its customers through a variety of avenues, aggregating and
18 recording the feedback received, and upholding that "voice of the community" in all of its business
19 decisions.

20 SNC primarily relies on phone calls and emails for customer inquiries and to provide customer service.
21 Formerly, SNC accepted walk-in traffic, although it was discontinued this in 2020 (due to the ongoing
22 COVID-19 pandemic).

23 SNC received over 43,500 customer phone calls in 2022, with over 90% of those being answered within
24 30 seconds. Of all those calls, just 26 of them were complaints, all of which were sufficiently addressed
25 for the customer within one business day. SNC is extremely proud of this track record of success, which
26 showcases SNC's commitment to promoting and maintaining active, responsible, two-way
27 communication with its valued customers.

1 Additionally, SNC's team received and responded to over 9,600 customer emails in 2022. This number has
2 been rising substantially year over year, with ~8,300 emails received in 2021 and just ~6,500 received in
3 2020. As emails become an increasingly popular method for reaching us within SNC's community, SNC
4 pledges to respond to emails with the same care, speed, and dedication that is used when responding to
5 phone calls.

6 SNC also regularly communicates with customers in a myriad of other ways, including the following:

7 SNC maintains active social media accounts on Twitter, Facebook, and LinkedIn, giving customers more
8 avenues to reach us through the media they're most comfortable operating with. SNC quickly responds
9 to or answer all inquiries and feedback received through social media and expect this to be an increasingly
10 important avenue for keeping connected with its communities in the coming years.

11 SNC's team frequently attends community events and sponsors local events within its service territory.
12 SNC treats these events primarily as opportunities to have an open dialogue with customers. As part of
13 SNC's presence at local events, it strives to create a friendly, relaxed environment in which customers will
14 feel comfortable sharing feedback and engaging with us. A few of the most impactful events SNC attended
15 in 2022 include the Thunder Bay Electric Vehicle Show, Kenora Home & Leisure Show, and the Indigenous
16 Education Workshop.

17 SNC meets with customers regularly when capital construction begins in a specific neighbourhood. These
18 meetings discuss planned work, review forestry requirements, provide drawings and present videos. SNC
19 posts this information and the virtual meetings on SNC's website at the following link so that affected or
20 interested customers can view the resources at their leisure:
21 <https://synergynorth.ca/community/neighbourhood-notices/>

22 SNC surveys its customers by phone (and online) on an annual basis to solicit their direct feedback on how
23 SNC is doing in a variety of categories. SNC conducts annual safety surveys to gauge SNC's performance
24 and gather feedback on its safety programs.

25 In the case that a customer has a high bill complaint that cannot be resolved over the phone or by email,
26 SNC visits the customers directly to share perspectives, explain their bill, and alleviate their concerns.

27 SNC meets with commercial customers through the unique BEAP (Business Energy Advocate Program).
28 BEAP allows SNC's team to sit down with each commercial customer and design a tailored energy plan for
29 them, making use of any available funding (federal, provincial, or municipal). SNC uses its conservation

1 contacts to ensure customers are making the most efficient choices. BEAP fills the gap left from the former
2 Conservation First Framework programs and allows us to improve and maintain SNC's relationships with
3 all current and future Commercial and Institutional customers.

4 SNC meets customers in the field when they're preparing their site; these face-to-face meetings are
5 important, helping us understand their job, their goals, and what SNC needs to do to support them. Above
6 all, these meetings foster trust and two-way communication between SNC and its customers before
7 important work begins.

8 SNC's conservation department was very active in former years, allowing staff to meet and help many of
9 SNC's customers through a variety of programs.

10 SNC conducted its own custom block heater timer program specifically in response to customer need in
11 its area of Ontario. The program was designed to help customers in Northern climates save money on
12 electricity.

13 SNC successfully rolled out the AFT (Affordability Fund Trust) program in Northwestern Ontario, syncing
14 us directly with many local customers who self-identified as having a high energy burden.

15 SNC's Power Line Technicians visit local schools on an annual basis to educate children about powerline
16 safety and electrical safety. Staff also run local safety campaigns targeted to specific stakeholders,
17 including "drive safe" campaigns encouraging drivers to be safe in and around construction zones, and
18 campaigns aimed at contractors and construction workers to ensure they get proper locates before
19 digging underground.

20 SNC provides avenues for low-income customers to speak with the Lakehead Social Planning council and
21 the Kenora District Services Board. SNC maintains strong ongoing connections with these organizations to
22 ensure its customers have information and access to important programs like LEAP.

23 SNC also regularly meets Joint Use parties who require access to infrastructure; staff enthusiastically
24 participate in "take your kids to work" days; and SNC is always seeking and exploring new ways to stay in
25 contact with customers all throughout SNC's expansive service area.

26 Finally, in addition to all the above, SNC meets regularly with its unique Local Advisory Council (LAC),
27 representing SNC's customers. Starting a LAC was the first of its kind in the industry; a discussion of the
28 LAC and its importance will be in more detail in the following section.

1 SNC receives pertinent feedback through its ongoing customer communications which continue to inform
2 SNC's operations and its rate application. Examples of how this ongoing engagement has shaped SNC's
3 plans include:

- 4 • As a result of feedback received in SNC's Customer Satisfaction Surveys, SNC has developed a new
5 user friendly website that customers can quickly and easily get questions answered. SNC has also
6 updated its outage map in real time to give customers outage information and restoration times,
7 as well as utilized auto calls for past due accounts, planned power outages etc.
- 8 • Through SNC's Neighbourhood Meetings, Customer Service, Engineering and Communications
9 staff meet with customers virtually and/or in person to present Capital project details and takes
10 customer feedback into account when finalizing designs if practical.
- 11 • Through SNC's LAC, the frameworks and principles of specific items such as the capital planning
12 and power restoration prioritization were presented for consideration of the members.

13 All ongoing customer engagement activities, as well as the actions taken to respond to customers
14 identified needs and preferences are included in Board Appendix 2-AC, Attachment 1-J.

15 **1.5.3 APPLICATION SPECIFIC CUSTOMER ENGAGEMENT**

16 SNC communicated the various proposals in the application to its customers and stakeholders in a variety
17 of ways—both through significant discussion with the Local Advisory Council, and through additional
18 tailored initiatives specially designed to solicit customer feedback regarding the proposals in this
19 application.

20 Firstly, SNC hosted detailed information and an expansive survey on its centralized "Have Your Say"
21 website (<https://haveyoursay.synergynorth.ca/>) as part of a survey touchpoint with customers. SNC
22 encouraged all customers that were contacted to visit the website to educate themselves on SNC's future
23 plans and provide feedback. The website provided information about vegetation management, its capital
24 programs, and more. SNC ran media campaigns in both Kenora and Thunder Bay promoting the "Have
25 Your Say" surveys, which included a media release on Synergy North website, radio promotion, online
26 news sites (big box, billboard, mobile banner), social media ads on Facebook and Instagram, as well as
27 promoted on LinkedIn and Twitter.

28 From June through October 2022, SNC hosted and promoted a "Have Your Say" survey on this website.
29 This survey was user-friendly, easily accessible, clearly explained, and designed to be painless for

1 customers to complete. SNC promoted this survey to its customers through multiple avenues, including a
2 large banner on SNC's website encouraging its customers to "Help shape our future plans."

3 There were 925 complete responses submitted.

4 The survey was written with clarity and accessibility in mind. Along with several questions, it also provided
5 unbiased explanatory information about its plans, goals, programs, and needs, allowing customers to
6 respond in a properly informed and fair way.

7 In April of 2023, a second "Have Your Say" survey was launched. The second survey incorporated
8 preferences from the 2022 survey and presented customers with the bill impacts of the proposed
9 investments. The second survey was advertised in the same manner as the 2022 survey. Uptake was found
10 to be slow, and an additional incentive in the form of a giveaway resulted in greater participation.

11 In total, the site had 4,468 visitors and the 2023 survey had 282 completed responses submitted.

12 This enabled all those who participated in the survey to better understand the complexities of SNC's future
13 needs, infrastructure commitments, and financial planning, and respond in kind with their reasoned and
14 informed opinions and specific feedback.

15 As there was a low number of business class customers who responded to the "Have Your Say" surveys,
16 SNC decided to present the draft investment plan to the Thunder Bay Chamber of Commerce membership
17 as another method of engagement for this class. The meeting with the Chamber of Commerce was held
18 on June 28, 2023.

19 In addition, SNC sent direct personalized letters to its large commercial customers informing them of its
20 DSP. SNC met with some of them specifically about their energy plans and how to work together even
21 better in the future.

22 Beyond the survey and personalized data collection efforts, the Local Advisory Council (LAC), which
23 represents the voice of SNC's customers, is paramount in keeping SNC connected with its community—
24 not only when preparing this application, but on a regular ongoing basis. The proposals, decisions, and
25 direction outlined in this application all stemmed from ongoing discussions with SNC and its LAC.

26 In fact, the LAC was instrumental in shaping the above-mentioned customer survey as well. All content on
27 the above referenced website and "Have Your Say" survey was also closely vetted and approved by the
28 LAC.

1 The LAC is open to any customers interested in closer involvement with SNC and who want to learn more
2 about what we do. It keeps a close focus on decisions that will impact customers, providing valuable input
3 on customer needs and expectations. This helps shape the companies plans as SNC manages an evolving
4 electricity industry.

5 SNC has 4-5 meetings per year on average with the LAC, in which SNC discusses important matters such
6 as its capital programs, emergency response, and any further processes, policies, or future strategies
7 which its customers want to discuss.

8 SNC's community capital meetings also began as part of a conscious effort to gain more informed, robust
9 customer input before finalizing any planning or starting construction. As part of the process, customer
10 feedback always comes first.

11 The LAC meetings are regularly held, deeply important and valuable action-oriented meetings. LAC
12 meetings are fully integrated into how SNC does business and are a vital element to any major planning
13 and execution of SNC's organization undertakes.

14 Many of the LAC meetings from over the past few years have been centered around topics which helped
15 to outline its proposals, and they often defined SNC's ultimate Cost-of-Service decision making. Key topics
16 covered in LAC meetings throughout 2018-2022 included the following:

- 17 • Past Distribution System Plan Evaluations
- 18 • Kenora Merger and Rebranding Efforts
- 19 • System Control and Outage Response
- 20 • SNC Public Safety Initiatives
- 21 • Past Customer Survey Results
- 22 • Business Relationship Coordination and Business Services Evaluation
- 23 • Planned Outages
- 24 • Capital Planning and Engagement
- 25 • Cost-of-Service and Customer Engagement Strategy
- 26 • Tree Trimming
- 27 • "Have Your Say" Survey Planning
- 28 • Environmental Social Governance

1 **1.5.4 CUSTOMER FEEDBACK FROM CUSTOMER ENGAGEMENT REGARDING COST OF SERVICE**
2 **APPLICATION**

3 Following the aforementioned 2022 “Have Your Say” survey, the final customer feedback across all of
4 these responses was aggregated, and the responses used to verify whether the majority of SNC customers
5 agreed or disagreed with its decisions.

6 The majority of SNC customers asked us to prioritize affordability and keeping costs down. This
7 understanding, as evidenced by the survey results, was a major factor in defining the application. SNC has
8 worked hard to keep future plans and costly requirements to a minimum in order to keep SNC’s services
9 affordable for its customers.

10 As part of SNC’s further conversations with customers and feedback received from its LAC meetings, and
11 also responded to the following specific feedback on its programs:

12 Customers in the first survey expressed that SNC’s cybersecurity spending is sufficient. With this in mind,
13 SNC did not increase our cybersecurity budget going forward. Instead, SNC changed the spending to a
14 steady state.

15 Customers were agreeable to the vegetation management spending. Overall, customers chose an option
16 which suggested SNC spend more on the vegetation management program to ensure it is compliant with
17 CSA standards. The majority of customers chose to spend between \$1.00 and \$1.50 per bill, as opposed
18 to the other choices contained within the survey.

19 Customers have consistently told us that they prefer a proactive response to the capital program,
20 changing out equipment prior to failure in order to avoid longer outage times.

21 Finally, customers have always told us that lower costs are their #1 priority. This is always the lead concern
22 during the capital planning process, and a priority that is understood and take very seriously.

23 Having held regular LAC meetings since 2018, SNC has unique access and opportunity to solicit customer
24 feedback on a consistent basis. SNC greatly values this cadence and ease of communication, which offers
25 a level of understanding regarding customers’ priorities and spending philosophies that not all utilities
26 have the privilege of accessing.

27 These LAC meetings, in conjunction with surveys, community construction meetings, and additional
28 regular customer communications have proven to SNC that its customers consistently want SNC to
29 embrace two philosophies: “replace proactively” and “keep the cost low.” The details of SNC’s planning

1 and decision-making are by necessity more nuanced, but still, the DSP and capital work reflects these
2 customer mandates well.

3 With this first round of feedback, SNC developed a draft investment plan to present to customers. This
4 plan was the focal point of the second “Have Your Say” survey done in 2023. The survey presented the bill
5 impacts to customers in both Thunder Bay and Kenora along with the total bill impact that customers
6 would expect. The response was that 91% and 83% of customers in Thunder Bay and Kenora, respectively,
7 approved of the investment plan or believed it was necessary.

8 In addition, all areas of the investment plan as presented were understood by customers. As the results
9 are attached and presented, SNC is confident customers are in support of the proposals contained within
10 this cost of service application. Both “Have Your Say” customer engagement surveys with their
11 corresponding survey results have been included in Attachment 1-K.

12

1 **1.6 PERFORMANCE MEASUREMENT**

2 **1.6.1 SCORECARD**

3 Under the renewed regulatory framework (RRFE), a distributor is expected to continuously improve its
4 understanding of the needs and expectations of its customers and its delivery of services. To facilitate
5 performance monitoring and benchmarking of distributors the OEB uses a scorecard approach.

6 In this Application, SNC has presented its performance for each of the Board's performance outcomes
7 over the last six years, its current performance, and its projections for continuous improvements over the
8 term of the Application. SNC has projected an increase to its efficiency percentage in the 2023 Bridge and
9 2024 Test Year due to the inclusion of new vegetation management program implemented in 2022. SNC
10 has taken this influx into consideration for its business plan projections for 2024- 2028.

11 The Scorecard Approach, issued on March 5, 2014, details the scorecard measures which the Board uses
12 in order to monitor and assess a distributor's effectiveness and improvement in achieving the four
13 performance outcomes – Customer Focus, Operational Effectiveness, Public Policy Responsiveness and
14 Financial Performance – and to facilitate distributor benchmarking. The Board has set industry targets for
15 New Residential/Small Business Services Connected on Time, Scheduled Appointment Met on Time,
16 Telephone Calls Answered on Time, and Billing Accuracy. Other metrics such as Level of Compliance with
17 O. Reg 22/04, number of public incidents, SAID and SAIFI have a trend indicator to identify how each LDC
18 is trending in comparison to previous years. SNC reviews these metrics yearly to identify positive trending
19 results and those that may require areas of improvement.

20 SNC has published its most recent scorecard for public viewing on its website at:

21 <https://synergynorth.ca/corporate/scorecard/>

22 Table 1-17 below provides SNC's 2017 to 2022 performance on its Scorecard metrics as reported to the
23 OEB in the annual RRR filings.

1 **TABLE 1-17: - SNC'S 2017 - 2022 OEB SCORECARD RESULTS**

| Performance Outcomes | Performance Categories | Measures | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------------------------|------------------------------------|---|-----------|-----------|-----------|-----------|-----------|-----------|
| Customer Focus | Service Quality | New Residential/Small Business Services Connected on Time (Target: 90%) | 100% | 99% | 99.67% | 98.74% | 100.00% | 100.00% |
| | | Scheduled Appointments Met on Time (Target: 90%) | 100% | 100% | 100% | 100% | 100% | 100% |
| | | Telephone Calls Answered on Time (Target: 65%) | 95% | 95% | 90.86% | 87.51% | 89.99% | 90.53% |
| | Customer Satisfaction | Billing Accuracy (Target: 98%) | 100 | 100 | 100 | 99.96 | 99.93 | 99.87 |
| | | First Contact Resolution | A+ | A+ | A+ | A+ | A+ | A+ |
| | | Customer Satisfaction Survey Results | A | A | A | A | A+ | A |
| Operational Effectiveness | Safety | Level of Public Awareness | 83% | 83.0% | 83.0% | 84.0% | 84.0% | 87.0% |
| | | Level of Compliance with Ontario Regulation 22/04 (Target: substantially compliant) | C | C | C | C | C | C |
| | | Number of General Public Incidents | 0 | 0 | 0 | 0 | 0 | 0 |
| | | Rate per 10, 100, 1000 km of line | 0 | 0 | 0 | 0 | 0 | 0 |
| | System Reliability | Average Number of Times Power to Customer is Interrupted | 2.94 | 2.61 | 2.25 | 1.85 | 1.28 | 1.4 |
| | | Average Number of Hours Power to Customer is Interrupted | 1.85 | 2.12 | 1.41 | 0.75 | 1.96 | 2.26 |
| | Asset Management | Distribution System Plan Implementation on Progress | 106.13 | 101.14 | 100 | 95.6 | 97.41 | n/a |
| | Cost Control | Efficiency Assessment (1 = most efficient 5 = least efficient) | 3 | 3 | 3 | 3 | 3 | 3 |
| | | Total Cost (\$) per Customer | \$ 652 | \$ 678 | \$ 675 | \$ 641 | \$ 651 | \$ 755 |
| | | Total Cost (\$) per Km of Line | \$ 29,252 | \$ 30,585 | \$ 30,199 | \$ 28,793 | \$ 29,384 | \$ 33,940 |
| Public Policy Responsiveness | Connection of Renewable Generation | Renewable Generation Connection Impact Assessments Completed on Time | % | % | 100% | % | % | % |
| | | New Micro-Embedded Generation Facilities Connected on Time (Target: 90%) | 100% | 100% | 100% | 100% | 100% | 100% |
| Financial Performance | Financial Ratios | Liquidity: Current Ratio | 1.82 | 1.70 | 1.79 | 2.03 | 1.73 | 1.61 |
| | | Leverage: Total Debt to Equity Ratio | 0.84 | 0.78 | 0.76 | 0.79 | 0.74 | 0.81 |
| | | Profitability: Regulatory Return on Equity - Deemed | 8.84% | 8.84% | 8.85% | 8.85% | 8.85% | 8.85% |
| | | Profitability: Regulatory Return on Equity - Achieved | 3.01% | 8.11% | 9.71% | 7.98% | 7.82% | 3.63% |

2

3

1 **1.6.2 CUSTOMER FOCUS**

2 **SERVICE QUALITY**

3 **TABLE 1-18: SCORECARD PERFORMANCE CATEGORY: SERVICE QUALITY**

| Performance Categories | Measures | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------------------|---|------|------|--------|--------|---------|---------|
| Service Quality | New Residential/Small Business Services Connected on Time (Target: 90%) | 100% | 99% | 99.67% | 98.74% | 100.00% | 100.00% |
| | Scheduled Appointments Met on Time (Target: 90%) | 100% | 100% | 100% | 100% | 100% | 100% |
| | Telephone Calls Answered on Time (Target: 65%) | 95% | 95% | 90.86% | 87.51% | 89.99% | 90.53% |

4

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

6 Over the 2017 to 2022 period, SNC has achieved excellent results connecting its new residential, micro fit,
 7 and small business customers on time. This is consistently above the OEB’s industry standard of 90% for
 8 all Distribution Companies in Ontario. This level of performance is attributed to the diligent coordination
 9 of SNC’s engineering, construction, and operations teams with the local municipality, developers, and
 10 contractors. SNC’s target is to maintain the same level of service as prior years, surpassing the industry
 11 target of 90%.

12 **Scheduled Appointments Met on Time**

13 SNC exceeded the industry target and achieved a result of 100% from 2017 to 2022 for Scheduled
 14 Appointments Met on Time. SNC has consistently performed far better than the Ontario Energy Board
 15 industry quality standard of at least 90% of the time on an annual basis in both rate districts. SNC has
 16 demonstrated strong performance throughout the years 2017 to 2021 achieving a service level of 100%
 17 appointments met on time. SNC aims to continue meeting all new service connections and appointments
 18 100% of the time across both rate districts in the future.

19 **Telephone Calls Answered on Time**

20 SNC has consistently performed better than the Ontario Energy Board quality standard of answering 65%
 21 of external calls that it receives within 30 seconds. SNC sets a specific internal company goal intentionally
 22 higher than the Ontario Energy Board mandated target as its continued commitment to SNC’s customer
 23 service quality. The company has set a target rate of 90% of all calls answered within the 30 second

1 window for all customers across both rate districts. SNC aims to maintain the same internal key
 2 performance indicator above the OEB mandated rate, ensuring that the company not only meets the
 3 mandated Board target of 65% but is exceeded annually by a wide margin.

4 **CUSTOMER SATISFACTION**

5 **TABLE 1-19: SCORECARD PERFORMANCE CATEGORY: CUSTOMER SATISFACTION**

| Performance Categories | Measures | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------------------|--------------------------------------|------|------|------|-------|-------|-------|
| Customer Satisfaction | Billing Accuracy (Target: 98%) | 100 | 100 | 100 | 99.96 | 99.93 | 99.87 |
| | First Contact Resolution | A+ | A+ | A+ | A+ | A+ | A+ |
| | Customer Satisfaction Survey Results | A | A | A | A | A+ | A |

7 **Billing Accuracy**

8 SNC’s performance regarding billing accuracy from 2017 to 2022 has exceeded the OEB’s prescribed target
 9 of 98%. SNC will continue this trend and be committed to providing customers with accurate and timely
 10 bills and aims for this measure to achieve a rating of 100%.

11 **First Contact Resolution**

12 When a customer from either rate district contacts SNC, they expect to have their issue resolved within
 13 one call or interaction. SNC recognizes this customer satisfaction measure, and closely monitors the
 14 incoming call types and escalations for each customer interaction. Using this knowledge SNC is regularly
 15 performing internal training for customer service and front-line representatives, to be able to answer
 16 customer inquiries at the first point of contact. SNC also finds it extremely effective to update front line
 17 staff of industry changes related to billing, industry news, conservation measures, or internal operations,
 18 enabling them to respond at the first point of contact quickly and efficiently.

19 From 2017 to 2022 SNC has consistently achieved a ranking of A+ on its first contact resolution, inquiries
 20 resolved at first point of contact and is the standard of customer service that SNC will aim to maintain on
 21 future score cards.

22 **Customer Satisfaction Survey Results**

23 Ontario Energy Board introduced the ‘Customer Satisfaction Survey Results’ measure beginning in 2013.
 24 As a minimum, distributors are required to measure and report a customer satisfaction result every other

1 year. Currently the OEB is allowing electricity distributors the discretion as to how they implement this
 2 measure. These customer satisfaction surveys are an important element in SNC’s overall customer
 3 engagement strategy providing further insight towards planning and supporting customer service
 4 improvement at all levels within SNC.

5 SNC’s primary objective is to obtain valuable, unbiased, and statistically sound data that will support
 6 internal discussions for improving customer care at every level in the company. During 2022, SNC
 7 contracted ‘Brickworks Communications’ to conduct the Customer Satisfaction Survey. Brickworks then
 8 conducted telephone interviews, surveying randomly sampled residential and small to medium sized
 9 business customers using a full customer listing supplied to them by SNC for both rate districts. SNC’s
 10 2022 Customer Satisfaction Survey results can be found in Attachment 1-F Customer Satisfaction Survey.

11 Over the 2017 to 2022 period, SNC has maintained a very high level of performance with respect to service
 12 quality and customer satisfaction results and is consistently seeking improvements and efficiencies.

13 **1.6.3 OPERATIONAL EFFECTIVENESS**

14 **SAFETY**

15 SNC is seen as a leader in the community from a safety perspective. This reputation is supplemented by
 16 SNC’s ongoing work with, and support of, the Ministry of Labour, the IHSA, and the Electrical Safety
 17 Authority. SNC will continue to be resources to these authorities to not only promote the health and safety
 18 of the community, but also to ensure that SNC remains leading-edge in our own work from a safety
 19 perspective.

20 **TABLE 1-20: SCORECARD PERFORMANCE – SAFETY**

| Performance Categories | Measures | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------------------|---|------|-------|-------|-------|-------|-------|
| Safety | Level of Public Awareness | 83% | 83.0% | 83.0% | 84.0% | 84.0% | 83.4% |
| | Level of Compliance with Ontario Regulation 22/04 (Target: substantially compliant) | C | C | C | C | C | C |
| | Number of General Public Incidents | 0 | 0 | 0 | 0 | 0 | 0 |
| | Rate per 10, 100, 1000 km of line | 0 | 0 | 0 | 0 | 0 | 0 |

21
 22 **Level of Public Awareness**

1 This measure looks at safety from a customers' point of view as safety of the distribution system is a high
2 priority. Safety is first on its list of commitments to customers, employees, and the shareholder. The Safety
3 measure is generated by the Electrical Safety Authority ("ESA") and includes three components: Public
4 Awareness of Electrical Safety, Compliance with Ontario Regulation 22/04, and the Serious Electrical
5 Incident Index. Residents of SNC's service area scored 83.4% on their awareness of electrical safety for
6 2022 (Component A) A copy of SNC's 2022 Public Safety survey can be found on Attachment 1-G.

7 Safety is a core value at SNC, both internal and external. External safety initiatives include public
8 awareness regarding electrical safety. Some activities SNC is doing to improve safety awareness includes
9 the following:

- 10 • **Stay Safe Around Electricity Colouring Contest:** To promote electrical safety during the stay-at-
11 home order early in the year, SNC hosted a Stay Safe Around Electricity Colouring Contest. SNC
12 asked children to show how they are safe around electricity. They were encouraged to watch the
13 power line safety adventures of Lucky the squirrel on the SNC website and then, draw a picture
14 that shows any of the electrical safety tips learned or ways that children can be safe around
15 electricity.
- 16 • **Hi-Line Hazard Program:** A new virtual Electrical Safety Awareness Program for Grades 3 & 4
17 students was launched in 2021. Invitations were sent to Grade 3 & 4 teachers at both school boards
18 in Thunder Bay, two school Boards in Kenora, and Rat Portage (Kenora) with an option to request
19 handout materials for those students who were learning in the traditional classroom.
- 20 • **Social Media:** SNC posted numerous posts from the Electrical Safety Authority (ESA) on a variety
21 of topics including: DigSafe, Power Line Safety Week, Cottage opening reminders, summer yard
22 work safety, and a included a link to the ESA safety colouring book (digital) on the corporate
23 website. Additional topics included Storm Safety; Emergency Preparedness/Kits Reminder; Play it
24 Safe with Electronics, Back to School Reminders; Closing the Cottage Tips, Downed Powerlines can
25 be Dangerous, and Overhead Powerline Safety. These messages were provided to electrical
26 utilities from the Electrical Safety Authority (ESA).

27 SNC recognizes the potential for improvement and aims to increase the public awareness of electrical
28 safety well into the 90th percentile to maintain its reputation as an industry leader in safety.

29 **Level of Compliance with Ontario Regulation 22/04**

1 Over the past six years, SNC was found to be compliant with Ontario Regulation 22/04 (Electrical
 2 Distribution Safety, “Component B”). This was achieved through a strong commitment to safety, and
 3 adherence to company procedures and policies. Ontario Regulation 22/04 establishes objective-based
 4 electrical safety requirements for the design, construction and maintenance of electrical distribution
 5 systems owned by licensed distributors. SNC’s target is to continue to achieve full compliance in this area.

6 **Number of Incidents**

7 Over the past six years, SNC has recorded one serious electrical incident (“Component C”). SNC’s target is
 8 to achieve full compliance and to have zero serious electrical incidents.

9 **SYSTEM RELIABILITY**

10 Table 1-18 below displays the system reliability data from 2017 to 2022. A key change for 2016, as required
 11 by the OEB, is the revised reporting of reliability data with respect to Major Events. Specifically, the change
 12 serves to adjust the reliability data to remove the impact of Major Events. Additionally, distributors are
 13 required to report criteria to monitor the distributor’s performance related to the Major Event. The 2017-
 14 2021 Scorecard’s system reliability data, excludes both Loss of Supply and Major Events. A “Major Event”
 15 is defined as an event that is beyond the control of the distributor and is unforeseeable, unpredictable,
 16 unpreventable, or unavoidable. Such events disrupt normal business operations and occur so infrequently
 17 that it would be uneconomical to take them into account when designing and operating the distribution
 18 system. Such events cause exceptional and/or extensive damage to assets, take significantly longer than
 19 usual to repair, and affect a substantial number of customers. SNC calculates major event day scope using
 20 the IEEE Standard 1366-2003, “IEEE Guide for Electric Power Distribution Reliability Indices”.

21 **TABLE 1-21: SCORECARD PERFORMANCE – SYSTEM RELIABILITY**

| Year | Average Number of Times Power to Customer is Interrupted | Average Number of Hours Power to Customer is Interrupted |
|------|--|--|
| 2017 | 2.94 | 1.85 |
| 2018 | 2.61 | 2.12 |
| 2019 | 2.25 | 1.41 |
| 2020 | 1.85 | 0.75 |
| 2021 | 1.28 | 1.96 |
| 2022 | 1.4 | 2.26 |

1 **Average Number of Hours Power to Customer is Interrupted (SAIDI)**

2 SNC has achieved a SAIDI metric of 1.4, which is below the OEB’s “Distributor Target” in 2021 and 2022 of
3 1.48 (this is the 5-year rolling average from 2017 to 2021). In 2022 SNC experienced 81,463 hours of
4 interruptions of which 29.5% were due to Defective Equipment, 21.5% were due to Scheduled Outages,
5 19.3% were due to Tree Contacts, 10.5% due to lightning, 10.3% foreign interference, and the remaining
6 unknown or less than 5%. SNC continues to view reliability of electricity service as a high priority and the
7 21.5% of outages due to “Scheduled Outage” were from planned work due to capital improvements on
8 the distribution system. SNC annually reviews reliability statistics and causes and implements programs
9 for improvement in pursuit of progress on its reliability to serve its customers.

10 **Average Number of Times Power to Customer is Interrupted (SAIFI)**

11 SNC has achieved SAIFI metrics below the distributor target; 2022’s result of 2.26 is below the OEB’s
12 “Distributor Target” of 2.32 (this is the 5-year rolling average from 2017-2021). In 2022 SNC experienced
13 160,296 interruptions of which 37.3% were due to Scheduled Outages, 19.8% due to Foreign Interference,
14 and 19.4% due to Defective Equipment. Continued implementation of the 4kV voltage conversion capital
15 rebuilt accounts for 37.3% of outages of which customers were notified of in advance. SNC annually
16 reviews reliability statistics and causes and implements programs for improvement in pursuit of progress
17 on its reliability to serve its customers.

18 In this Application SNC is making further investments in its DSP and Operating Programs to reduce the
19 duration of outages and improve system reliability in general. A message that SNC has heard from its
20 customers through various forms of customer engagement is that system reliability is second only to
21 affordability.

22 SNC programs in place to address reliability include:

- 23 • Voltage conversion program to replace end-of-life 4kV distribution assets.
- 24 • Decommissioning of end-of-life 4kV station assets.
- 25 • Proactive vegetation management program.
- 26 • Renewal and rejuvenation of direct buried cables.
- 27 • Inspection and maintenance of distribution assets.
- 28 • Use of current engineering design standards.

- 1 • Automated Metering Infrastructure (AMI) System and OMS (Outage Management System) Grid
2 Modernization automation initiatives

3 **ASSET MANAGEMENT**

4 ***Distribution System Plan Implementation Progress***

5 The DSP outlines forecasted capital expenditures over a five year period required to maintain and expand
6 SNC's electricity system to service its current and future customers. From 2017 to 2021, SNC (Thunder Bay
7 Rate Zone) measured its Asset Management performance by comparing its actual capital expenditures to
8 its planned capital expenditures per its 2017 Distribution System Plan. SNC's DSP for its Thunder Bay
9 district was completed in 2016 and approved by the Ontario Energy Board during its 2017 Cost of Service
10 Application (EB-2016-0105) and as a result the approved 2017 total capital budget was \$ 11.526 million.
11 The previous KHEC did not have an approved DSP filed with the OEB, therefore upon merger, for RRR
12 reporting purposes SNC compared actual capital expenditures in the Thunder Bay rate zone, to TBHEDI's
13 approved DSP from EB-2016-0105.

14 Previously, SNC's DSP for Thunder Bay district had reported the DSP metric based on a project planning
15 as it continued to plan and develop the DSP for the OEB approval. In 2017, this was transitioned to
16 reporting the DSP based on actual life to date capital expenditures divided by the total budgeted
17 expenditure. Moving forward this will be reported as a cumulative total. For 2021, which was the end of
18 the five year Distribution System Plan, the accumulated actual capital expenditures exclusive of System
19 Access equates to the reported DSP implementation progress figure of 97.41% total planned spending
20 being achieved for the Thunder Bay Rate Zone.

21 The Board requires that all distributor DSP's optimize investments and reflect regional and smart grid
22 considerations; serves present and future customers; places a greater focus on delivering value for money;
23 aligns the interests of the distributor with those of customers; and supports the achievement of public
24 policy objectives.

25 SNC is committed to investing in its assets in an appropriate and timely way to service its customers in a
26 cost-effective manner.

1 SNC is filing a new DSP covering the 2024 to 2028 period as part of this 2024 COS application. As an
 2 ongoing target to meet the requirements of this DSP, SNC will continue to revisit and revise its capital
 3 spending based on system needs, cash flow forecasting, and the overall DSP plan itself.

4 **COST CONTROL**

5 *Efficiency Assessment*

6 The total costs for Ontario local electricity distribution companies are evaluated by the Pacific Economics
 7 Group LLC (“PEG”) on behalf of the OEB to produce a single efficiency ranking. The PEG econometrics
 8 model attempts to standardize costs to facilitate more accurate cost comparisons among distributors by
 9 accounting for differences such as number of customers, treatment of high and low voltage costs, kWh
 10 deliveries, capacity, customer growth, length of lines, etc. All Ontario electricity distributors are divided
 11 into five groups based on the magnitude of the difference between their respective individual actual costs
 12 versus the PEG model predicted costs.

13 Table 1-19 below summarizes the distribution of all distributors across the 5 groupings for 2021.

14 **TABLE 1-22: ONTARIO LDC’S GROUP RANKING**

| Group | Demarcation Points for Relative Cost Performance | Group Ranking | # of Ontario LDCs in Group |
|-------|--|--------------------|----------------------------|
| 1 | Actual costs are 25% or more below predicted costs | Most Efficient | 13 |
| 2 | Actual costs are 10% to 25% below predicted costs | More Efficient | 15 |
| 3 | Actual costs are +/-10% of predicted costs | Average Efficiency | 23 |
| 4 | Actual costs are 10% to 25% above predicted costs | Less Efficient | 4 |
| 5 | Actual costs are 25% or more above predicted costs | Less Efficient | 2 |

15
 16 Since SNC’s last re-basing application in 2017, it has been working towards improvement in its efficiency
 17 performance. In 2017 and 2018, the TBHEDI’s rate zone achieved an efficiency assessment of 4.

18 As evidenced by the efficiency ranking, post merger, SNC achieved merger efficiencies and moved up into
 19 Group 3 as a merged entity.

1 Group 3 is considered industry average efficiency ranking. In 2021, 23 of the 57 (in 2020, 27 out of the 59)
 2 reported electricity distribution companies fell into this grouping with SNC. SNC to diligently manage
 3 expenditures to ensure efficiencies will be achieved such that the best group ranking will be achieved.
 4 Table 1-23 below shows SNC's actual vs predicted costs since 2017 and its resulting Group Ranking. SNC
 5 has consistently remained in Group 3 since it's last rebasing. SNC has completed a prediction of 2023 and
 6 2024 based on its OM&A and Capital Budget for those respective years in Table 1-24.

7 **TABLE 1-23: SNC BENCHMARKING HISTORICAL COST PERFORMANCE 2017 TO 2022**

| Description | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| Actual Total Cost | \$ 36,769,162 | \$ 38,292,198 | \$ 38,292,311 | \$ 36,451,621 | \$ 37,052,809 | \$ 43,089,134 |
| Predicted Total Cost | \$ 33,557,840 | \$ 35,554,405 | \$ 35,997,744 | \$ 36,277,077 | \$ 37,344,312 | \$ 40,978,557 |
| Actual Cost Greater/ (Less Than) Predicted Cost | \$ 3,211,322 | \$ 2,737,793 | \$ 2,294,567 | \$ 174,544 | -\$ 291,503 | \$ 2,110,577 |
| Percentage Difference (Cost Performance) | 9.57% | 7.70% | 6.37% | 0.48% | -0.78% | 5.15% |
| Percent Difference (Logarithmic) | 9.10% | 7% | 6.20% | 0.48% | -0.78% | 5.02% |
| Stretch Factor Group | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Number of Customers | 56,425 | 56,515 | 56,700 | 56,887 | 56,945 | 57,088 |
| Line km | 1,257 | 1,252 | 1,268 | 1,266 | 1,261 | 1,270 |
| Cost per Customer | \$ 652 | \$ 678 | \$ 675 | \$ 641 | \$ 651 | \$ 755 |
| Cost per km | \$ 29,252 | \$ 30,585 | \$ 30,199 | \$ 28,793 | \$ 29,384 | \$ 33,928 |

9 **TABLE 1-24: BENCHMARKING FORECAST PERFORMANCE FOR 2023 AND 2024**

| Description | Projection 2023 | Projection 2024 |
|---|-----------------|-----------------|
| Actual Total Cost | \$ 48,125,621 | \$ 50,514,311 |
| Predicted Total Cost | \$ 45,634,753 | \$ 47,144,605 |
| Actual Cost Greater/ (Less Than) Predicted Cost | \$ 2,490,868 | \$ 3,369,706 |
| Percentage Difference (Cost Performance) | 5.46% | 7.15% |
| Percent Difference (Logarithmic) | 5.31% | 6.90% |
| Stretch Factor Group | 3.00 | 3.00 |
| Number of Customers | 57,247 | 57,406 |
| Line km | 1,270 | 1,270 |
| Cost per Customer | \$ 841 | \$ 880 |
| Cost per km | \$ 37,894 | \$ 39,775 |

1 In 2023 and 2024, SNC is projecting higher actual costs due to new vegetation management program
2 which started in 2022. SNC expects its vegetation management costs to stabilize in 2029, thus improving
3 its efficiency percentage. Without the additional forestry spending the percentage difference (logarithmic
4 in 2022, 2023 and 2024 would have been 1.84%, 2.47% and 4.19%. Details on SNC's Vegetation
5 Management costs are provided in Exhibit 4, Section 4.3.3.5.

6 Although the calculated PEG grouping for SNC has consistently been in group 3, the former TBHEDI started
7 the COS cycle as a group 4 performer with stretch factor percentages of 11.19% in 2017 and 9.35% in
8 2018.

9 The improvement in the ranking confirms Managements goal of creating efficiencies in everything that
10 SNC does. These improvements have come despite the capital spending undertaken by SNC which
11 includes gross unbudgeted customer driven projects of \$1.4 million in 2021 and \$1.4 million in 2022 which
12 also contributed to higher actual than predicted costs.

13 ***Total Cost per Customer***

14 Total costs include annual operating and capital costs. Operating costs are the costs associated with the
15 maintenance, operation, billing and collection, and administrative and general expense of SNC's
16 distribution assets. Capital costs include enhancements, betterments and replacement of capital assets
17 that are required each year to maintain a safe and reliable network. Capital costs fluctuate depending on
18 the need to replace existing capital assets and additional infrastructure to support growth and develop.

19 The change in costs is consistent with ongoing operating activities and distribution system plan to replace,
20 refurbish and modernize the utility's aged distribution system and to connect new customers. SNC's cost
21 performance result for 2021 is \$651 per customer, which represents a 1.6% increase from \$641 per
22 customer in 2020. (\$675 per customer in 2019). SNC is dedicated to searching for cost efficiencies in order
23 to operate and maintain a reliable distribution system with the objective of minimizing impacts to
24 customers.

25

26

27

28

1 **2022- 2024 Total Cost Increase**

2 From 2022 to 2024 the Total Cost Per Customer rises to \$755, \$841, \$880 respectively. SNC utilized the
 3 2022 Benchmarking Spreadsheet Model⁶ that was published on July 18, 2023, for 2022 actual and to
 4 calculate the costs for 2023-2024, updating inflation variables based on the best available data as at July
 5 19, 2023. The calculated Cost per customer increases in 2022-2024 are driven by two items, increases in
 6 OM&A and increases in capital. Table 1-25 below breaks down the Total Actual Costs as reported in Table
 7 1-23 and Table 1-24 into OM&A and Capital cost components. For these models and for the APB
 8 benchmarking forecasts SNC utilized the same methodology for customers numbers as used in the RRR
 9 (end of year), and as a result the figures will differ slightly from the figures in Board models 2-IB and 2-L.

10 **TABLE 1-25: TOTAL PEG COST BREAKDOWN**

| Description | Actual 2021 | Actual 2022 | Projection 2023 | Projection 2024 |
|-------------------|----------------------|----------------------|----------------------|----------------------|
| OM&A | \$ 16,069,352 | \$ 19,510,824 | \$ 20,038,409 | \$ 21,056,532 |
| Capital | \$ 20,983,457 | \$ 23,578,310 | \$ 28,087,212 | \$ 29,457,778 |
| Total Cost | \$ 37,052,809 | \$ 43,089,134 | \$ 48,125,621 | \$ 50,514,311 |

11
 12 As discussed further in section 4.3.3.5 Vegetation Management, SNC is undertaking a significant tree
 13 trimming program as a result of deficiencies discovered in LIDAR data received in December 2021. This
 14 program resulted in an additional \$1.35 million in spending in 2022, 2023 and 2024 for vegetation
 15 management. The first two years of this increase were not in rates so had no impact to customer rates,
 16 and represented a \$2.7 million reduction to SNC’s equity return, to the future benefit of customers.

17 Also, as discussed in section 4.1.6 of this application, 2021 results were impacted by the continued COVID-
 18 19 pandemic and Recoverable work that occurred in the City of Thunder Bay. Had these two factors not
 19 occurred, SNC would have incurred an additional \$1.25 million in OM&A expenses, and historical OM&A
 20 spend would have been more in line with inflationary trends.

21 **Capital**

22 The larger driver of Costs per Customer is in the calculation of Total Capital Costs. As described in the PEG
 23 benchmarking report, dated July 18, 2022. ,” *The capital price calculation is based upon an asset price*
 24 *index, and economic depreciation rate, and a rate of return. The asset price index was the Electric Utility*

⁶ “Benchmarking Update Calculation”, Ontario Energy Board Performance Assessment,
<https://www.oeb.ca/ontarios-energy-sector/performance-assessment>

1 *Construction Price Index as calculated by Statistics Canada. As this index is no longer available, the previous*
 2 *values are escalated by an alternate index. The index chosen was the GDP-IPI (FDD) which is the same*
 3 *index used to represent all non-labour price inflation in the Board-approved inflation measure formula.*
 4 *The depreciation rate is fixed at 4.59% consistent with the previous work. The rate of return is a weighted*
 5 *average of the rates for return on equity, long-term debt, and short-term debt as approved by the OEB.*
 6 *The capital price used to calculate total cost is also used as an explanatory variable. Therefore, any changes*
 7 *in the rate of return or asset price index that affect the cost is also used as an explanatory variable.”*

8 SNC utilized data published by Statistics Canada to determine the product price increases for 2022 and
 9 data published by the TD Bank on March 31, 2023, for 2023 and 2024 increases. Based on these reports,
 10 expected capital cost increases were 5.859% (actual), 3.63% and 2.27% respectively. Further impacting
 11 results is a change in the OEB weighted average cost of capital which increased from 5.00% in 2021 to
 12 6.67% in 2023. These changes resulted in a 33% increase in the capital price utilized in the PEG model
 13 from \$17.25 in 2021 to \$22.94 in 2024. Historical capital quantity was impacted by significant amounts
 14 of recoverable capital that was undertaken in 2020, 2021 and 2022 as discussed in section 4.1.6 of this
 15 application. Ultimately, the formula is impacted by SNC growth in assets, SNC actual gross capital
 16 additions for 2022 and projected for 2023 and 2024 are \$16.038, \$15.420, and \$16.42 million respectively.
 17 The formulaic depreciation amounts for the same period were \$10.9, \$11.5, and \$12.0 million, resulting
 18 in a total capital increase of \$13.5 million over the three-year period.

19 **TABLE 1-26: SCORECARD PERFORMANCE – COST PER CUSTOMER**

| Year | Total Cost (\$) per Customer |
|-----------------|------------------------------|
| 2017 | \$ 652 |
| 2018 | \$ 678 |
| 2019 | \$ 675 |
| 2020 | \$ 641 |
| 2021 | \$ 651 |
| 2022 | \$ 755 |
| 2023 Projection | \$ 841 |
| 2024 Projection | \$ 880 |

21 **Total Cost per km of Line**

22 The cost per kilometer of line metric sums the total capital and operating costs and divides this amount
 23 by the kilometers of line that SNC operates to serve customers. Operating costs are the costs associated

1 with the maintenance, operation, billing and collection, and administrative and general expense of SNC’s
 2 distribution assets. Capital costs include enhancements, betterments and replacement of capital assets
 3 that are required each year to maintain a safe and reliable network. Capital costs fluctuate depending on
 4 the need to replace existing capital assets and additional infrastructure to support growth and develop.
 5 Further, LDC costs can differ significantly based on service territory size, physical attributes of the service
 6 territory, rural vs. urban customer mix, local weather conditions, etc.

7 SNC’s total cost per km of line in 2021 was \$29,384 compared to \$28,793 in 2020. (\$30,199 in 2019). SNC
 8 is dedicated to searching for cost efficiencies in order to operate and maintain a reliable distribution
 9 system with the objective of minimizing the impacts to customers.

10 SNC continues to experience a low level of growth in its total kilometers of lines due to a low annual
 11 customer growth rate. Such a low growth rate has reduced the ability to fund capital renewal and
 12 increasing operating costs through customer growth. As a result, SNC is forecasting that the total cost per
 13 km of line will increase by 36% from 2017 to 2024, or 5% annually, from \$29,252 to \$39,775 with the
 14 increase in capital and operating costs explained above.

15 **TABLE 1-27: SCORECARD PERFORMANCE – COST PER KM OF LINE**

| Year | Total Cost (\$) per Customer |
|-----------------|------------------------------|
| 2017 | \$ 29,252 |
| 2018 | \$ 30,585 |
| 2019 | \$ 30,199 |
| 2020 | \$ 28,793 |
| 2021 | \$ 29,384 |
| 2022 | \$ 33,928 |
| 2023 Projection | \$ 37,894 |
| 2024 Projection | \$ 39,775 |

17 **1.6.4 PUBLIC POLICY RESPONSIVENESS**

18 *Conservation and Demand Management*

19 In 2019, conservation programs were centralized through the IESO by the government. Utilities no longer
 20 receive incentive payments for achieving targets.

21 *Renewable Generation Connection Impact Assessments Completed on Time*

1 Electricity distributors are required to conduct Connection Impact Assessments (“CIAs”) within 60 days of
 2 receiving authorization for their project from the ESA. In 2022, SNC received no renewable generation CIA
 3 applications.

4 SNC’s target for this metric in 2024 is to complete all assessments within the prescribed timelines.

5 **Connection Of Renewable Generation**

6 Distributors are required to connect micro-embedded generation facilities within five business days of
 7 receiving all required authorizations, signed agreements and connection fees for a micro-embedded
 8 generation facility. For the period 2017 to 2022, SNC connected 100% of micro-embedded generation
 9 facilities within the 5-day time frame and will continue to strive to maintain this level of performance for
 10 upcoming micro-embedded generation projects.

11 **1.6.5 FINANCIAL PERFORMANCE**

12 In the Board’s Scorecard Report, Board staff recommended three measures to assess a distributor’s
 13 financial viability: current ratio, total debt to equity ratio, and achieved regulated return on equity.

14 **TABLE 1-28: SCORECARD PERFORMANCE CATEGORY – FINANCIAL RATIOS**

| Year | Liquidity: Current Ratio | Leverage: Total Debt to Equity Ratio | Profitability: Regulatory Return on Equity - Deemed | Profitability: Regulatory Return on Equity - Achieved |
|------|-----------------------------|--|---|--|
| 2017 | 1.82 | 0.84 | 8.84% | 3.01% |
| 2018 | 1.7 | 0.78 | 8.84% | 8.11% |
| 2019 | 1.81 | 0.76 | 8.85% | 9.71% |
| 2020 | 2.03 | 0.79 | 8.85% | 7.98% |
| 2021 | 1.73 | 0.74 | 8.85% | 7.82% |
| 2022 | 1.61 | 0.81 | 8.85% | 3.63% |

15
 16 **Liquidity: Current Ratio (Current Assets/Current Liabilities)**

17 The current ratio is a common way of measuring the financial health of a company. Current Ratio
 18 measures whether a firm has enough resources (assets) on hand to pay its debts over the next 12 months.
 19 A current ratio that is greater than 1 means good short-term financial strength, as it indicates that short
 20 term debts and financial obligations can be met, and that the organization is in good financial health.

1 SNC maintains a strong liquidity ratio. This ratio has been relatively consistent over the period 2017 –
2 2022. SNC's target is to maintain a current ratio of greater than 1.1 to 1.

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

4 The OEB uses a deemed capital structure of 60% debt, 40% equity for electricity distributors when
5 establishing rates. This deemed capital mix is equal to a debt-to-equity ratio of 1.5 (60/40). SNC's debt to
6 equity ratio of 0.81 is less than 1.5 and indicates that the organization is less leveraged than the deemed
7 capital structure. SNC debt-to-equity ratio was historically on the low side due to TBHEDI rate
8 minimization philosophy, since 2013 SNC has been borrowing money to cover capital additions, and over
9 time this ratio will increase closer to the 1.5:1 level.

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

11 The profitability measure is defined as the approved return on equity that is embedded in SNC's
12 distribution rates. This measure assesses whether distributors are earning a fair return on their
13 investment. SNC's current combined approved return on equity is 8.85%, which is a calculation merging
14 the Regulatory Return on Equity from the 2017 Cost of Service Rate Application for Thunder Bay district,
15 and the 2011 Cost of Service Rate Application for the Kenora district. The OEB uses a +/- 300 basis point
16 deadband to assess whether a distributor is over earning, under-earning, or earning within the 300 basis
17 points deadband.

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

19 SNC achieved ROE, for the 2017 year was 3.01% which was significantly lower than its OEB approved
20 deemed regulatory ROE of 8.85%. This was due to not receiving a decision and order from TBHEDI's last
21 Cost of Service application EB-2016-0105 until September 21, 2017, with new rates effective September
22 1, 2017. The achieved ROE in 2017 was 2% higher than 2016 as a result of the four months of increased
23 rates.

24 In 2019, the achieved ROE was 9.71%, 0.86% above the OEB deemed rate as this was the year in which
25 KHEC amalgamated with TBHEDI to form SNC. As predicted, there were some significant merger savings
26 achieved after the amalgamation. In 2020 the achieved ROE dropped by 1.73% and remained consistent
27 over 2021. SNC's achieved ROE would have been lower than what was achieved had there not been a
28 significant decrease in OM&A as a result of the COVID-19 pandemic and the corresponding decisions made

1 by management as a result of the unknown implication of the pandemic. Further details can be found in
 2 Exhibit 4 - Section 4.1.6.

3 In 2022, the achieved ROE decreased to 3.63%. The most significant driver of this decrease was the
 4 increased incremental vegetation management spend of \$1.35 million to address the issues identified
 5 within SNC’s vegetation management plan. The remainder of the ROE drop is directly due to the increase
 6 in SNC average NBV of SNC’s PP&E. SNC’s calculated average NBV in 2022 was \$135 million, an increase
 7 over the proxy balance of \$108 million of \$27 million. This increase has grown by more than inflation
 8 resulting in a deficiency in current rates. The impact is also felt in a significant difference between
 9 approved depreciation and actual, as a result of these increases. As explained in Exhibit 5, SNC has been
 10 required to borrow additional funds to fund these capital additions. The additional borrowing has also
 11 occurred at higher rates, resulting in a shortfall of interest recovered through rates. This is further
 12 impacting actual ROE.

13 Table 1-29 below shows the respective OEB-approved IRM increases for each of the last historical years
 14 since the last rebasing, along with the assigned cohort as per the PEG model.

15 **TABLE 1-29: OEB APPROVED IRM INCREASES**

| | Thunder Bay Rate zone | Kenora Rate zone | Thunder Bay Cohort | Kenora Cohort * | Synergy North Cohort |
|------|--|------------------|--------------------|-----------------|----------------------|
| 2017 | | 1.30% | 4 | 3 | 3 |
| 2018 | 0.90% | 0.60% | 4 | 2 | 3 |
| 2019 | 1.05% | 0.90% | | | 3 |
| 2020 | 1.55% | 1.40% | | | 3 |
| 2021 | 1.90% | 1.60% | | | 3 |
| 2022 | 3.00% | 2.70% | | | 3 |
| 2023 | 3.40% | 3.10% | | | 3 |
| * | Kenora Hydro filed under the Annual IR and was assigned a stretch factor of .6% annually | | | | |

16

17 **1.6.6 ACTIVITY AND PROGRAM-BASED BENCHMARKING (APB)**

18 On February 25, 2022, the OEB announced changes to the Activity and Program-Based Benchmarking
 19 (APB) framework in line with its commitment to drive utility performance and support efficiencies in the
 20 regulatory process. Utilities were required to gather three years of historical data (2018, 2019 and 2020)
 21 to be used in unit cost metric calculations which compares all LDC’s amongst each other. On May 4, 2022,
 22 the OEB published a new APB report with unit cost results updated by the OEB and econometric results

1 updated by the project consultant, Pacific Economics Group Research LLC. Given that the APB initiative is
 2 a newer requirement, SNC is currently in the process of learning how to address future planning as a result
 3 of these outcomes.

4 In a letter dated November 2022, the OEB stated, “As part of its strategic goal to drive energy sector
 5 performance, the Ontario Energy Board (OEB) committed in its 2022-2025 Business Plan to further refine
 6 its approach to benchmarking. To that end, the OEB is taking further steps to enhance Activity and
 7 Program-based Benchmarking (APB) to encourage continuous improvement by regulated utilities and
 8 increase regulatory efficiency. The OEB has previously indicated that its approach to APB is one of
 9 continuous improvement and that a main focus is to enable accurate comparability of unit costs between
 10 distributors. This approach was supported at the December 9, 2021, stakeholder meeting which resulted
 11 in improvements to some unit cost calculations. At the same time, it was also determined that further
 12 work would be needed on Vegetation Management Operations & Maintenance (O&M) and Meters Capital
 13 Expenditures (CAPEX) to ensure consistency of both cost recording and measure of units of work
 14 performed.”

15 Below, SNC discuss the APB cost indices and assesses its position relative to other utilities in Ontario, and
 16 what it intends to do given its assessment.

17 **TABLE 1-30: ACTIVITY AND PROGRAM BASED BENCHMARKING – RESULTS FROM 2017 TO 2021**

| Activity | Measure | SNC Average Unit Cost | Distributor Average (2017-2021) | Above/ Below Average |
|---------------------------|-----------------------|-----------------------|---------------------------------|----------------------|
| Billing O&M | \$/Customer | \$28.01 | \$35.49 | Below |
| Metering O&M | \$/Customer | \$8.76 | \$19.80 | Below |
| Vegetation Management O&M | \$/Pole SNC | \$39.03 | \$34.72 | Above |
| Lines O&M | \$/Circuit km of Line | \$2,496.06 | \$1,812.34 | Above |
| Stations O&M | \$/MVA per Station | \$35,113.02 | \$76,359.80 | Below |
| Poles, Towers O&M | \$/Pole | \$16.00 | \$10.86 | Above |
| Stations Capex | \$/MVA station | \$67.68 | \$192,936.34 | Below |
| Poles, Towers Capex | \$/Pole Addition | \$7,749.45 | \$8,546.65 | Below |
| Line Transformers Capex | \$/Line Transformer | \$7,071.93 | \$10,182.98 | Below |
| Meters Capex | \$/Customer | \$9.55 | \$12.12 | Below |

18
 19 SNC notes that its 2017 to 2021 average amounts have been lower than the Ontario average for seven
 20 out of the ten categories currently being measured by the APB Program.

1 **TABLE 1-31: ACTIVITY AND PROGRAM BASED BENCHMARKING – FORECASTED RESULTS FROM 2022**
 2 **TO 2024**

| Activity | Measure | 2022 | 2023 Projection | 2024 Projection |
|---------------------------|------------------------------|-------------|--------------------|--------------------|
| Billing O&M | \$/Customer | \$28.06 | \$25.76 | \$26.84 |
| Metering O&M | \$/Customer | \$7.46 | \$8.72 | \$8.95 |
| Vegetation Management O&M | \$/Pole SNC | 100.52 | 94.65 | 88.36 |
| Lines O&M | \$/Circuit km of Line | 3,304.91 | 2,773.03 | 3,075.66 |
| Stations O&M | \$/MVA per Station | \$31,237.99 | \$40,238.66 | \$42,367.26 |
| Poles, Towers O&M | \$/Pole | 18.71 | 15.24 | 15.98 |
| Stations Capex | \$/MVA station | \$0.00 | \$0.00 | \$0.00 |
| Poles, Towers Capex | \$/Pole Addition | \$11,314.95 | \$14,575.26 | \$9,515.75 |
| Line Transformers Capex | \$/Line Transformer Addition | \$12,225.41 | \$9,003.67 | \$12,588.98 |
| Meters Capex | \$/Customer | \$10.47 | \$4.85 | \$6.79 |

3

4

1 **Vegetation Management O&M**

2 SNC's average unit cost from 2017 to 2021 index is \$39.03, while the industry average unit cost index is
3 \$34.72.

4 Factors that are likely causing increase above industry average:

- 5 • As a northern community with 67% of its total service area (298 km) classified as “Rural”, the
6 density of vegetation within SNC’s service territory is higher than a mostly “Urban” utility.
- 7 • Approximately 78% of SNC’s lines are Overhead, which require vegetation management.
- 8 • Required municipal vegetation management standards differ, for example, the City of Thunder
9 Bay does not allow “Topping” of certain tree species which requires removal vs trimming and
10 results in higher costs of vegetation management.
- 11 • SNC distribution territory is located in Northwestern Ontario, which is a minimum of 700 km from
12 another major city (Winnipeg or Sault Ste Marie) and, availability of contracted out tree trimming
13 is limited compared to other utilities due to its isolation.

14 From 2018 through to 2021 the reactive vegetation management that was required by SNC to meet
15 legislative requirements continued to increase year over year. Service order requests identified by
16 customers and spans which required management increased by 18% and 19% in 2019 and 2020. In 2021,
17 SNC budgeted \$531,000 in OM&A sub-contractor costs for vegetation management but spent \$784,000
18 due to reactionary vegetation hazards. This reactionary spending is one of the many reasons that SNC’s
19 management sought to understand the magnitude of vegetation management required within the service
20 territory and implement a proactive Vegetation Management Plan.

21 Forecasted unit costs for Vegetation Management from 2022 to 2024 are expected to rise significantly.
22 The cost of implementing the vegetation management plan has increased SNC’s average unit cost, with
23 this expenditure deemed necessary to meet obligations to customers for the safe operation of the
24 distribution system and to meet legislative requirements. This includes requirements for distributors to
25 inspect and remediate the encroachment of vegetation upon distribution lines on any right-of-way.

26 SNC plans to remediate the encroachments of vegetation within 3 meters of its overhead power lines
27 from 2023 to 2028 and then expects that the benefits of performing planned vegetation management on
28 an optimal cyclical schedule will reduce costs to a much lower sustainment level.

1 **Lines O&M**

2 SNC's average unit cost from 2017 to 2021 index is \$2,496.06, while the industry average unit cost index
3 is \$1,812.34.

4 Factors that are likely causing increase above industry average:

- 5 • Approximately 78% of SNC's lines are Overhead, which require lines O&M.
- 6 • SNC's distribution territory is located in Northwestern Ontario, which is a minimum of 700 km
7 from another major city (Winnipeg or Sault Ste Marie) and, availability of contracted out overhead
8 distribution line work is limited compared to other utilities due to its isolation.

9 Due to the availability of external resources in Thunder Bay and Kenora, SNC operates and maintains its
10 system primarily with internal staff. This ensures that SNC can quickly service its customers when an
11 operational or maintenance concern is raised and SNC can manage a storm situation with efficiency.
12 However, there are internal overhead costs on O&M that are incurred by the utility when utilizing internal
13 staff rather than external resources for capital work. Overhead cost which are incurred by the utility on
14 O&M when utilizing internal staff for capital work are downtime, vacation, and trucking costs. This
15 implication for utilizing internal staff and overhead costs can also be see throughout the APB results as
16 SNC is below average on all the Capex measures.

17 Starting in 2020, during routine maintenance inspection SNC identified Skywire as a hazard in its overhead
18 distribution. A typical pole line with Skywire construction is between 60-70 years old. These poles have
19 sufficient shell-rot at the top of the pole where the Skywire attachment is located. The Skywire itself was
20 also deteriorating due to its age, exposure to the elements, lightning strikes, and current flow. It was
21 determined that the Skywire needed to be removed due to clearance issues from energized lines. The
22 shell-rot also created a safety issue as the Skywire attachment was no longer meeting an acceptable
23 standard.

24 A plan was developed to start removing the worst section as part of the 2020 maintenance work. In March
25 of 2020 due to the worldwide pandemic all non-emergency work was suspended. In 2021 SNC returned
26 to normal operation and planned to remove Skywire as part of Lines maintenance. This work was again
27 deferred as maintenance crews had to be reassigned to unplanned/unforeseen customer driven
28 recoverable work which is considered a higher priority. SNC attempted to acquire additional contractors
29 to complete this work, but the availability of Power Line contractors in the region was in short supply.

1 Finally in late in 2022, the decision was made that the Skywire removal could no longer be deferred, and
2 removal commenced to eliminate all locations where Skywire posed a hazard to workers and the public.

3 **Poles, Towers O&M**

4 SNC's average unit cost from 2017 to 2021 index is \$16.00, while the industry average unit cost index is
5 \$10.86.

6 **Factors that Affect Results**

- 7
- 8 • As a northern community with 67% of its total service area (298 km) classified as “Rural”
9 access to perform Pole Maintenance within SNC’s service territory is a higher difficulty level
10 than a mostly “Urban” utility, which increases the cost of the O&M activities.
 - 11 • With approximately 78% of SNC’s lines Overhead, pole maintenance is a high proportion of
12 O&M costs.

13 During the COVID-19 pandemic the lines crews who performed work on Poles and Towers O&M drove
14 separate vehicles to job sites to perform work, and those vehicles required additional cleaning. This
15 resulted in a higher trucking cost charged to the O&M account. This practice was put in place because of
16 the uncertainty of how the virus was being transmitted, and the advice from the local health unit for social
17 distancing and surface cleaning. The utility wanted to continue providing service to its customers and
18 adhered to the advice provided from the local and provincial health units to keep its staff safe and healthy.
19 The 2020 year is an anomaly in SNC’s metric for Poles, Towers O&M and the average unit cost has been
20 affected by this value.

21 SNC expects that the unit costs for 2022 will continue to rise due to the cost of labour and fuel. The unit
22 costs will be lower than 2020, as less vehicles will be utilized for Poles & Towers OM&A.

23 **Poles, Towers Capex**

24 SNC's predicted average unit cost from 2022 to 2024 index is \$11,802.

25 **Factors that Affect Results**

26 In 2022, SNC saw the results of the COVID-19 Pandemic material shortage and subsequent price increases
27 in materials needed to perform capital work for the installation of poles.

- 28 • There was a 17% average increase in the material cost of wood poles used by SNC.

- 1 • There was a 31% increase in the price of diesel fuel and 20% increase in gasoline fuel costs from
2 2021 to 2022 significantly impacting SNC's fleet costs used to install poles.

3 In 2023, SNC plans to address the removal and replacement of porcelain insulators which have been
4 identified by the Engineering department and other utilities as a point of failure and as a Lines safety
5 concern. The concern with these assets is that they have been known to fail catastrophically and can result
6 in damages to public property and pose a risk to public safety. This cost is included under the Poles, Towers
7 Capex as the insulator is considered a new asset, however there are no new additional poles. Thus, the
8 denominator of the metric results in a higher than typical metric for SNC to perform this capital work. In
9 2024 the metric returns to historical averages of \$9,515.75 which should align closely with the distributor
10 average.

11 **Line Transformer Capex**

12 SNC's predicted average unit cost from 2022 to 2024 index is \$11,272.69.

13 Factors that Affect Results

14 • The cost for Pad mount transformers has increased by an average of 75% on the most common
15 units ordered by SNC from 2022 to 2023 due to the significant cost increase of steel. When SNC
16 went out for tender for purchase of transformers in 2021, the industry response was that no
17 suppliers or vendors were interested in bidding or accepting orders for manufacturing new
18 transformers. As transformers are a vital component in servicing customers and in the 4kV
19 conversion of the distribution system, SNC sought out new suppliers. Howard Industries from USA
20 was willing to offer pricing and manufacture transformers needed but at a premium price. SNC
21 then reduced its order down to only the vital quantities needed to continue operation and signed
22 contract with Howard. The cost increases of this order will affect the average unit price of
23 transformers in 2023 as they are installed into the field.

24 • SNC is performing a higher amount of proactive pad mount transformer replacement work within
25 backyard easements in 2024. The unit costs of \$/transformer installation are affected by the size
26 and type of transformer installation (ie a 300kVA pad mount will have a higher material cost than
27 a 50kVA pole mount but will still only be counted as 1 transformer). Also, the location of
28 installation can affect the \$/transformer, as an easement location is more complex and costly
29 than street front access, but each install only counts as 1 transformer installation. SNC plans to

1 replace residential pad mounted transformers in easement areas of James Street Subdivision,
 2 which will require the use of cranes and manual work methods of excavation resulting in a higher
 3 cost per transformer in 2024.

4 **1.6.7 BENCHMARKING OM&A PER CUSTOMER/ PER KM OF LINE**

5 Historically, operating costs per customer/ per km of Line have been consistently in-line or lower than the
 6 average of other Northern Ontario utilities, and other utilities with similar number of customers to SNC,
 7 as reported in the OEB Distributor Yearbook. Table 1-32 and Table 1-33 below compare SNC’s operating
 8 costs in relation to its customers and km of Line, with other comparative LDC’s.

9 A normalized Cost per Customer and Cost per km of Line was added to show that had COVID-19 and some
 10 unplanned capital recoverable work not occurred in 2020 and 2021, as described above, SNC’s operating
 11 costs in those years would have been more in line with comparable average.

12 **TABLE 1-32: BENCHMARKING OM&A COST PER CUSTOMER**

| Northern Utilities / LDC's with Approximate # Of Customers Similar to SNC | Total Cost (\$) per Customer | | | | | |
|--|------------------------------|--------|--------|--------|--------|--------|
| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022* |
| Synergy North Corporation | \$ 652 | \$ 678 | \$ 675 | \$ 641 | \$ 651 | \$ 755 |
| Synergy North Corporation (Normalized) | \$ 652 | \$ 678 | \$ 675 | \$ 673 | \$ 731 | \$ 755 |
| Oshawa PUC Networks Inc. | \$ 532 | \$ 569 | \$ 598 | \$ 578 | \$ 591 | |
| Greater Sudbury Hydro Inc. | \$ 629 | \$ 671 | \$ 679 | \$ 670 | \$ 679 | |
| PUC Distribution Inc. | \$ 673 | \$ 690 | \$ 697 | \$ 673 | \$ 696 | |
| North Bay Hydro Distribution Limited | \$ 672 | \$ 695 | \$ 732 | \$ 715 | \$ 729 | |
| Energy Plus Inc. | n/a | \$ 662 | \$ 677 | \$ 657 | \$ 677 | |
| Waterloo North Hydro Inc. | \$ 773 | \$ 819 | \$ 833 | \$ 797 | \$ 826 | |
| Average | \$ 656 | \$ 684 | \$ 703 | \$ 682 | \$ 700 | |

14 **TABLE 1-33: BENCHMARKING OM&A PER KM OF LINE**

| Northern Utilities / LDC's with Approximate # Of Customers Similar to SNC | Total Cost (\$) per Km of Line | | | | | |
|--|--------------------------------|-----------|-----------|-----------|-----------|-----------|
| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022* |
| Synergy North Corporation | \$ 29,252 | \$ 30,585 | \$ 30,199 | \$ 28,793 | \$ 29,384 | \$ 33,940 |
| Synergy North Corporation (Normalized) | \$ 29,252 | \$ 30,585 | \$ 30,199 | \$ 30,375 | \$ 32,877 | \$ 33,940 |
| Oshawa PUC Networks Inc. | \$ 31,280 | \$ 33,915 | \$ 35,041 | \$ 34,172 | \$ 35,852 | |
| Greater Sudbury Hydro Inc. | \$ 29,706 | \$ 31,690 | \$ 31,938 | \$ 31,590 | \$ 31,877 | |
| PUC Distribution Inc. | \$ 30,541 | \$ 31,338 | \$ 31,775 | \$ 30,791 | \$ 31,915 | |
| North Bay Hydro Distribution Limited | \$ 28,233 | \$ 29,208 | \$ 30,928 | \$ 30,270 | \$ 30,857 | |
| Energy Plus Inc. | n/a | \$ 28,689 | \$ 29,569 | \$ 28,895 | \$ 29,990 | |
| Waterloo North Hydro Inc. | \$ 26,800 | \$ 28,499 | \$ 29,241 | \$ 28,166 | \$ 29,276 | |
| Average | \$ 29,312 | \$ 30,557 | \$ 31,415 | \$ 30,647 | \$ 31,628 | |

15

1 **1.7 FACILITATING INNOVATION**

2 In this Application, SNC has considered innovation from the perspective of utilizing new technologies and
3 new work practices with the goal of being more efficient and customer centric. SNC is utilizing new
4 technologies and approaches to doing business that will directly and indirectly benefit customers. SNC
5 has taken a prudent and practical approach to facilitating innovation where funding from rates is required
6 to facilitate such activities. Where capital investments are required, SNC is a fast-follower and relies on
7 proven technologies and a partnership approach to ensure reliability for its customers.

8 To this end, SNC has partnered with the City of Thunder Bay, Lakehead University and BlueWaveAI to
9 develop an artificial intelligence (AI) data-driven simulation platform for the City of Thunder Bay to
10 accelerate the adoption of an electric transit system that supports the city's road map towards meeting
11 the local net-zero (NTZ) carbon goals. This project will also address the electric transit grid integration
12 challenges with novel yet practical charging/ discharging infrastructure placement strategies to minimize
13 peak demand, power loss, and voltage drop impact on the grid. By participating in this project in the next
14 2 years, SNC expects to gain insights into how electric bus load will affect the distribution grid. This will
15 provide learning opportunities that can be leveraged for future projects and provide the required
16 mechanisms for future electric loads and the measures to respond to the increased load.

17 SNC has a FINO (Fully Integrated Network Operator) Strategy as a roadmap for the utility to prepare for
18 the technologies that are expected to enable customer choices such as battery storage, distributed energy
19 resources, electric vehicles, and smart grid devices. Moving towards a fully electrified, sustainable future,
20 requires SNC to be armed with intelligent solutions that address what is projected to be increased
21 consumer demand and an increase in outages due to extreme weather. As government policies and
22 regulatory frameworks continue to evolve at a rapid rate, becoming trusted partners to its customers for
23 energy and related services will include the actions below.

- 24 • Ongoing data predictions of electrification
- 25 • Proactive monitoring of transformers
- 26 • Coordinating with Regulators on Program Administration
- 27 • Coordinating with Commercial Customers and City of Thunder Bay on Transit Electrification
- 28 • Installation of Smart Devices

- 1 • Customer Engagement
- 2 • Provision of EV support and services
- 3 • Preparation for control and enabling of Customer Owned Resources

4 The FINO plan is an extension of the grid modernization plan that SNC filed within its last Cost of Service
5 application. The key components in that plan were the installation of automated switches and an outage
6 management system. The outage management system from Survalent is in service and continues its
7 development to bring in the Kenora service territory post-merger. This intelligent back-office system has
8 assisted in the fault locating and isolation process, as it automatically reconfigures the distribution system
9 to isolate a problem to the fewest number of customers possible while balancing all the other competing
10 priorities. Continued installation of automated switches and intelligent devices will allow the
11 implementation of solutions that will automatically sectionalize and isolate faulted sections, allow faster
12 restoration time and minimize the number of customers impacted due to outages.

13 SNC partnered with Cable Q in 2020 to begin non-destructive cable testing in several areas throughout
14 Thunder Bay. The areas mainly focused on direct buried cables installed in residential backyards and
15 downtown underground cores in Thunder Bay. The intent of the testing was to inform future cable
16 rejuvenation efforts in these areas. The program targets 200 cable segments annually; to date, 376
17 segments have been tested (approximately 37 km). This testing has improved SNC's knowledge of their
18 underground cable condition and focused investment in areas of the most need.

19 Following cable testing SNC partnered with Novinium to pilot cable injection processes alongside
20 traditional cable replacement strategies. This pilot project selected an area where approximately the same
21 condition of cable and the same soil and working conditions. It was determined that the cable injection
22 could be completed at 1/3rd the cost of cable replacement in applicable areas, and thus has transformed
23 the capital replacement investment plan for SNC moving forward to the benefit of customers.

24 SNC partnered with the City of Thunder Bay and KBM Forestry to purchase LIDAR data and have it analyzed
25 for vegetation in proximity to overhead lines. LIDAR stands for "Light Detection and Ranging" is a remote
26 sensing method used to examine the surface of the Earth. LIDAR data is collected using NOAA survey
27 aircraft to reveal a top-down and side view of the infrastructure on the surface of the earth. The data
28 results obtained from this analysis were utilized as the cornerstone of the Vegetation Management Plan
29 implemented in 2022. See Exhibit 4 – Attachment 4-C Vegetation Management Plan 2022.

- 1 SNC shifted its notifications and customer engagement on upcoming outages to an automated call-out
2 system. In addition, SNC began to provide an opportunity for all customers within a capital project area
3 to provide feedback. A mix of virtual and in-person customer engagement meetings are now scheduled
4 for each planned capital project area and incorporate customer feedback prior to the execution phase. If
5 customers are unable to attend the meeting it is recorded and can be viewed at another convenient time.
- 6 SNC implemented digital access to system maps via iPads to field staff. Since the implementation, SNC
7 focused on training staff and developing digital maps to transition away from paper maps. Continuing to
8 provide digital access to forms and processes, will be an ongoing effort by all staff.
- 9 SNC continually looks for innovative process improvements in its work methods and incorporates these
10 into the day-to-day operations of its staff. Listed below are several examples of this.
- 11 1. SNC developed a new work method for pole setting in easement areas. In these areas access is
12 restricted, and pole setting must be completed from the road with a crane and soil must be
13 brought in to backfill the hole after the pole is set. In the past, this work was completed by laborers
14 and summer students manually carrying material with wheel barrels. This process was very labour
15 intensive and required additional remediation to restore yards after work was completed. The
16 new work method utilizes the crane already on site to hoist bags of gravel into the backyard and
17 saves on labour and remediation.
 - 18 2. In the past, crews assigned to large projects would load material required for that day at the
19 operations center and bring it to their job site. Now, all material except poles and transformers
20 are loaded into seacans and brought to a “temporary yard” in proximity to each project. Having
21 material on site has reduced the amount of handling, travel time, and downtime when plans
22 change due to unforeseen circumstances.
 - 23 3. When SNC staff or contractors are setting poles, and infrastructure is within 1 meter of an
24 excavation, a Hydro Vac truck is required to perform the digging. It was discovered that line crews
25 were being held up waiting for the Hydro Vac to complete their work. A new method of hydro
26 vacking the holes, inserting a cardboard sonotube and capping the hole 1-2 days prior to the pole
27 setting crew arriving on site eliminates this lost production. This method is now implemented
28 whenever possible.

- 1 4. It was identified that some transformers were rusting prematurely and would not reach their
- 2 typical useful life. A painting and sandblasting contractor was consulted to determine the options
- 3 for removing the rust and contaminants so the transformers could be painted and reinstalled in
- 4 the field. Using non-conductive glass beads to remove the paint and then apply a zinc epoxy
- 5 primer and UV resistant urethane finish was used to refurbish the outer tank walls. This process
- 6 has enabled SNC to utilize the full life span of the transformer.

1 **1.8 FINANCIAL INFORMATION**

2 **1.8.1 AUDITED FINANCIAL STATEMENTS**

3 Copies of SNC's 2022 Audited Financial Statements are provided in Attachment 1-H.

4 **1.8.2 ANNUAL REPORT**

5 Copies of SNC's 2022 Annual Report is provided in Attachment 1-I.

6 **1.8.3 RATING AGENCY REPORT**

7 SNC does not hold public debt, as such, does not require a rating agency report.

8 **1.8.4 PROSPECTUSES OR INFORMATION CIRCULARS**

9 SNC has no past or planned prospectuses, information circulars, or other similar documents.

10 **1.8.5 CHANGES IN TAX STATUS**

11 SNC is incorporated pursuant to the Ontario *Business Corporations Act* and has not had a change in tax
12 status since its last Cost of Service Application.

13 **1.8.6 ACCOUNTING ORDERS**

14 SNC has applied the accounting principles and used the categories of accounts in the Board's Accounting
15 Procedures Handbook ("APH"), and the Uniform System of Accounts ("USoA") in the preparation of this
16 Application.

17 In addition SNC has an accounting order for Account 1508 -Other Regulatory, regarding revenue from
18 miscellaneous property sales. The details of the this accounting order are discussed in Section 1.4.11

19 SNC has no further existing or proposed accounting orders.

20

21 **1.8.7 ACCOUNTING STANDARD USED**

22 In accordance with the Filing Requirements, SNC has provided the 2017 to 2022 historic period accounting
23 information under Modified International Financial Reporting Standards ("MIFRS"). The 2023 Bridge Year
24 and 2024 Test Year budgets have also been provided based on MIFRS as well.

1 The Financial Information provided for SNC’s 2024 Cost of Service rate application is based on the MIFRS
2 accounting standard. This is consistent with the accounting standard that was used by TBHEDI to file its
3 Financial Information for its 2017 Cost of Service rate application. SNC has not had any departures from
4 the Uniform System of Accounts.

5 **1.8.8 NON-UTILITY BUSINESS ACCOUNTING**

6 SNC is involved in a number of non-utility business activities including:

- 7 • Renewable generation activities,
- 8 • Metering services to large industrial customers in the region,
- 9 • Locate services to the community, and
- 10 • Back office systems and support, IT hosted applications and program management that includes
11 conservation programs to other electric utility companies in the district.

12 SNC confirms that accounting for these activities was segregated from SNC’s rate regulated activities in
13 accordance with the Board’s Guidelines: Regulation and Accounting Treatments for Distributor-Owned
14 Generation Facilities G-2009-0300 dated September 15, 2009.

15 SNC confirms that this application only contains amounts attributable to the rate regulated business.

1.9 DISTRIBUTOR CONSOLIDATION: AMALGAMATION OF THE FORMER THUNDER BAY HYDRO AND KENORA HYDRO

1.9.1 OVERVIEW

In a November 15, 2018 Decision, the Ontario Energy Board (“OEB”) approved the amalgamation of Kenora Hydro (“KHEC”) (EB-2018-0233) and Thunder Bay Hydro Electricity Distribution Inc. (“TBHEDI”) (EB-2018-0124). Effective January 1, 2019, the former of Kenora Hydro (“KHEC”) and Thunder Bay Hydro Electricity Distribution Inc. (“TBHEDI”) amalgamated pursuant to the provisions of the Business Corporation Act (Ontario), to continue as one corporation under the name of SNC.

At the time of acquisition, the former TBHEDI had approximately 50,000 customers and the former KHEC had approximately 6,000 customers creating an amalgamated entity with 56,000 customers. Following the closing of the transaction on January 1, 2019, work immediately began to evaluate the most effective approach to integrate the operations of the two organizations while achieving the maximum synergies.

1.9.2 INCENTIVES THAT FORMED PART OF ACQUISITION

As detailed in the MAAD application the amalgamation of TBHEDI and KHEC occurred through a share exchange, no cash considerations took place. The two entities hired KPMG to perform an initial share valuation as of December 31, 2016. A final valuation was completed post amalgamation which resulted in 91.69% of the shares of SNC being allocated to the old TBHEDI and 8.31% to KHEC.

All costs incurred by TBHEDI, KHEC and SNC were all one-time costs. SNC is not proposing any incentive or merger costs that will form part of the Rate Base, and or revenue requirements.

1.9.3 COMMITMENTS MADE TO SHAREHOLDERS

As part of the MAAD application SNC proposed a five-year rebasing deferral period. Starting in 2020, the corporation provided dividends to the Shareholders based on the merger savings generated. Shareholders were not offered any other commitments that would result in amount that would need to be funded through rates. The shareholders will benefit from a lower rate structure at rebasing for its citizens.

1 **1.9.4 REALIZED AND PROJECTED SAVINGS AS A RESULT OF CONSOLIDATION COMPARED TO**
 2 **MAAD APPLICATION**

3 Net annual cost savings from the transaction were forecasted at approximately \$2.47 million over a five-
 4 year period. The synergies forecasted will arise largely as a result of administrative cost reductions as well
 5 as through consolidated billing, corporate IT, regulatory, and financial functions. SNC does not anticipate
 6 large savings by the way of capital investments as it plans to continue its capital expenditures consistent
 7 with the last cost of service approved values for each of the utilities. The incremental transaction and
 8 integration costs would be financed through productivity gains associated with the transaction.

9 **TABLE 1-34: TOTAL NET SYNERGIES EXPECTED FROM MAAD APPLICATION**

| | Year 0 | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | |
|--------------------------------------|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | Total |
| Synergies | | \$ 337,556 | \$ 866,551 | \$ 877,816 | \$ 889,227 | \$ 900,787 | \$ 3,871,937 |
| Total Transaction & Transition Costs | \$ 800,000 | \$ 597,776 | \$ 2,000 | \$ - | \$ - | \$ - | \$ 1,399,776 |
| Total Net Synergies Expected | -\$ 800,000 | -\$ 260,220 | \$ 864,551 | \$ 877,816 | \$ 889,227 | \$ 900,787 | \$ 2,472,161 |

11 Savings were forecast to be realized through cost synergies in the following areas:

- 12 • Reduction in administration salaries and benefits with the retirement of Kenora Hydro’s CEO.
- 13 • Reduction in one PLT (1FTE) in Kenora through attrition.
- 14 • Reduction in corporate governance costs, with consolidation of two Boards of Directors into a
 15 single Board of Directors.
- 16 • Reduction in property insurance costs upon merger, with property and fleet deductible reduction
 17 being the main driver for savings.
- 18 • Reduction in commercial liability insurance as the two utilities merged into a single entity with one
 19 limit.
- 20 • Reduction in the City of Kenora allocated expenses, for billing, collecting, payroll and yard and
 21 ground maintenance.
- 22 • Reduction in billings from TBHUSI for billing and collecting, smart meter and MSP work.
- 23 • Reduction in financial statement audit fees.
- 24 • Reduction in membership fees.

25 From 2019 to 2023 (forecasted) the total OM&A net savings that will be achieved equal \$2,946,579 as a
 26 result of the merger between KHEC and TBHEDI. As summarized in Table 1-35 and Table 1-36 below, SNC
 27 has achieved approximately \$884,000 in sustained annual operating savings by the end of 2023 which

1 represent a 5.11% reduction in the combined Board Approved OM&A level of \$17,307,644, based on the
 2 2017 Board Approved Proxy.

3 **TABLE 1-35: – SUMMARY OF OPERATING SYNERGIES**

| Summary of Cumulative Annual Operating Synergies | 2019 Actuals | 2020 Actuals | 2021 Actuals | 2022 Forecast | 2023 Forecast | Cumulative |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| PLT Reduction | 115,639 | 115,673 | 130,211 | 121,265 | 154,996 | \$637,784 |
| Executive Management wages and benefits | 185,719 | 185,719 | 185,719 | 185,719 | 185,719 | \$928,595 |
| Property Insurance | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | \$100,000 |
| Commercial Liability Insurance | | 15,000 | 15,000 | 15,000 | 15,000 | \$60,000 |
| Kenora City Allocation | 242,610 | 242,610 | 242,610 | 242,610 | 242,610 | \$1,213,050 |
| Customer Service Clerk | 50,933 | 56,327 | 58,928 | 56,156 | 58,639 | \$280,983 |
| Billing and computer services | 110,432 | 110,432 | 110,432 | 110,432 | 110,432 | \$552,159 |
| EDA membership fee reduction | 17,500 | 17,842 | 18,013 | 18,013 | 18,910 | \$90,278 |
| Audit fees | 27,555 | 27,555 | 27,555 | 27,555 | 27,555 | \$137,775 |
| USF Membership fees | 8,750 | 8,750 | 8,750 | 8,750 | 8,750 | \$43,750 |
| Radio Licence reduction | 611 | 611 | 611 | 611 | 611 | \$3,055 |
| Board Fees | 8,160 | 8,160 | 8,160 | 8,160 | 8,160 | \$40,800 |
| Software Redundancy | 26,466 | 26,466 | 26,466 | 26,466 | 26,466 | \$132,330 |
| Operational changes in Kenora | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | \$35,000 |
| Total Operating Synergies | \$ 821,375 | \$ 842,145 | \$ 859,455 | \$ 847,737 | \$ 884,848 | \$ 4,255,559 |

5 **TABLE 1-36: – SUMMARY OF TRANSACTION AND TRANSITION COSTS**

| Summary of Transaction and Transition Costs | 2016 Actuals | 2017 Actuals | 2018 Actuals | 2019 Actuals | Cumulative |
|---|------------------|-------------------|-------------------|-------------------|---------------------|
| Legal and Consulting - TBHC/SNC | 16,647 | 157,463 | 321,909 | 290,557 | \$786,576 |
| Legal and Consulting - KHEC | - | 94,787 | 45,110 | | \$139,897 |
| Adminstration & Other Costs | 41,011 | 357 | 482 | 129 | \$41,979 |
| Travel and Board Fees | - | 3,575 | 12,777 | 47,389 | \$63,741 |
| Telephone, Postage and Internet charges | - | 326 | 4,197 | 30,059 | \$34,582 |
| Promotion and Advertizing | 1,080 | - | 9,605 | 56,696 | \$67,381 |
| Application fees | | | | 5,209 | \$5,209 |
| Wages and Benefits | - | 1,129 | 159,216 | - | \$160,345 |
| Supplies | - | - | 2,180 | 7,090 | \$9,270 |
| Totals | \$ 58,738 | \$ 257,637 | \$ 555,476 | \$ 437,129 | \$ 1,308,980 |

6
 7 In addition to the above realized operating savings, other areas of benefit included cost avoidance for
 8 KHEC had it not merged with TBHEDI. For example, KHEC had not previously prepared a Distribution
 9 System Plan, a Distribution System Plan would have been required to be submitted to the OEB. As KHEC
 10 did not have the expertise inhouse to prepare a DSP, it would have cost approximately \$100,000 for a
 11 consultant to prepare, which was a future avoided cost through its merger with TBHEDI. Further synergies
 12 and additional capacity will be achieved in the accounting and regulatory departments once the two rate
 13 zones are harmonized and SNC can eliminate the duplication of processes and resources required to

1 support quarterly and annual RRR requirements, on-going transaction processing, and record keeping,
2 IRM applications, and other regulatory requirements.

3 SNC is proud of its accomplishments with respect to its achieved synergies and operating savings. In
4 addition to the items noted above SNC would also highlight the following:

- 5 • Staff integration was achieved through attrition and with no lay-offs;
- 6 • Integration of the financial systems by January 1, 2019
- 7 • Corporate rebranding to SNC, effective January 1, 2019
- 8 • Launch of new corporate website, email addresses, and social media feeds for SNC

9 The following expanded services and process improvements for Kenora Service Territory:

10 Expanded IT services, including Cyber Security training and active monitoring, segregated network design:

- 11 • Dedicated customer service teams
- 12 • Outage map
- 13 • Improved processes and workflow efficiencies
- 14 • Inhouse system control
- 15 • Inhouse AMI services and expertise
- 16 • Inhouse engineering services and design work
- 17 • Inhouse bargaining for labour contracts and general labour relations
- 18 • Increased safety standards and training provided to Kenora staff

19 SNC has successfully achieved and surpassed the operating synergies as initially proposed, and that the
20 Application reflects these sustained savings.

21 **1.9.5 EFFICACY OF RATE PLAN**

22 The MAAD application requested that the rate orders of the predecessor distributors be transferred to
23 SNC following the completion of the consolidation and that the deferred rebasing for a further five (5)
24 years. The application also specifically laid out the treatment of all rate riders. As explained in the MAAD
25 application, Thunder Bay residents benefitted from deferred rebasing. Thunder Bay residents experienced

1 the benefit of a two-year delay in rates under the Cost of Service rebasing models. Thunder Bay customers
2 would have had rates rebased effective May 1, 2022, however both 2022 and 2023 rates were based on
3 Price Cap increases annually, at 3.0% and 3.4% respectively. Thunder Bay customers would likely have
4 seen a larger increase under rebasing, as opposed to annual rate increases allowed under the Price Cap
5 models.

6 Kenora residents have similarly benefitted from the delay in Cost of Service rebasing. Kenora Hydro last
7 rebased rates May 1, 2011. Rebasing was deferred and rates were set each year under the Price Cap or
8 Annual IR models. The merger further deferred the requirement for rebasing on Kenora customers until
9 May 1, 2024, holding annual rate increases to the allowed Annual IR percentage increases from 2019 to
10 2024.

11 With this application SNC is meeting its plan to rebase 5 years after initial amalgamation. Customers
12 continue to benefit as a result of the \$884,000 annual sustained savings achieved.

13 **1.9.6 ICM APPLICATIONS**

14 SNC has not applied for any ACM or ICM, and therefore does not propose any additional ACM or ICM's to
15 be incorporated into Rate Base for this application. However, SNC has identified a load servicing constraint
16 at the Kenora substation that is expected to arise in 2031. Due to the uncertainty of the load growth, as
17 well as the uncertainty of the expected solution, cost, and timing, SNC will continue to monitor the
18 situation closely. There is the possibility that a load will arise unexpectedly (despite best efforts to
19 coordinate with all stakeholders) before 2031 and SNC will determine if an ICM is appropriate at that time.

20 **1.10 IMPACTS OF COVID-19 PANDEMIC**

21 On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic.
22 Ontario declared a state of emergency on Tuesday, March 17th closing certain businesses and then on
23 March 23rd the government ordered all non-essential businesses to close. This pandemic had a huge
24 impact on all SNC's departments and overall business continuity plan. In March 2020, SNC undertook
25 several steps in response to COVID-19 including setting-up employees in a work from home environment
26 for those who were able. SNC enacted a multitude of business continuity plans in order to protect the
27 safety of its workers and to continue to operate a safe and reliable distribution system. However, SNC's
28 operations and spending plans had to be adjusted to accommodate the changing landscape of the

1 pandemic. The following outlines how SNC was affected in terms of its load forecast, OM&A, business
2 operations, and capital spending and planning.

3 **Load Forecast**

4 SNC prepared its load forecast using historical actuals up to the end of 2022. Upon completion of the
5 regression analysis and resulting output, SNC felt it had to make an adjustment to 2020 and subsequent
6 years to account for the change in consumption and customers that resulted from the COVID-19
7 pandemic. SNC's load changed during the pandemic with greater electricity use by residential customers
8 and less by commercial customers. A range of COVID variables were considered to account for
9 extraordinary consumption and demand following the onset of the COVID-19 pandemic. Incremental
10 residential loads were proportional to weather impacts, so COVID/weather interaction variables were
11 considered. Though most direct impacts have subsided, there are ongoing impacts of the COVID-19
12 pandemic. These impacts include individuals working from home and increased use of appliances that
13 were purchased during stay-at-home mandates. Overall, General Service consumption remains lower
14 than historic volumes and SNC expects those loads to continue its return to pre-pandemic levels during
15 the Test Year. Full details of the changes can be reviewed in Exhibit 3 Section 3.1.4 – COVID-19 in
16 Regression Analysis.

17 **OM&A and Business Continuity**

18 SNC's Executive Management Team was constantly reviewing and monitoring the impact of the Pandemic
19 on the utility, from its short-term implications to more medium/ long term risks. SNC evaluated cash flow
20 and liquidity risks, load forecasts and adapted to the working environment to ensure the safety of
21 employees and its service to its customers. Upfront and most critical was the update of Business
22 Continuity plans, workplace policies and accommodations for staff.

23 SNC invested in the additional health and safety of its workers by allowing almost all non-trades staff to
24 work from home. Significant I.T. resources were rolled out to allow staff to undertake most of their regular
25 work from the safety of their homes. SNC also mandated certain rules around exposure of its workforce
26 to COVID-19 requiring workers to isolate if exposed.

27 For field workers the following changes were made to keep staff as safe as possible:

- 28 • Field workers were assigned to cohorts with two different work locations (North crews and South
29 crews) and crews were only to report to their assigned location.

- 1 • Staggered start times to reduce the exposure and the number of staff in the office at one time.
- 2 • Only two people were permitted in a vehicle, and wherever possible all employees took separate
- 3 vehicles. Additional vehicle sanitization and cleaning implemented.
- 4 • Crews were assigned to stay together and did not intermingle or have personnel from one crew
- 5 to another crew unless necessary.
- 6 • System control operators were stationed at two locations to, and shift overlaps kept brief as
- 7 possible to maintain social distancing.

8 As with most businesses, SNC purchased the necessary products to keep its workers safe such as masks,
9 gloves, cleaners, plexiglass barriers and sanitizing products.

10 All of these measures were different from SNC's normal course of expenditures that made up its existing
11 OM&A budget and thus had an impact on 2020 and 2021 OM&A results.

12 The measures that SNC took to manage business continuity/ cash flow risk were the following:

- 13 • Cuts to contractor spending.
- 14 • Deferred hiring unfilled positions.
- 15 • Cuts to travel, seminars, and conferences.
- 16 • Cuts to planned training.

17 These measures are further discussed in Exhibit 4, Section 4.1.6.

18 OM&A was also impacted by regulatory and billing changes mandated by the OEB. The OEB enacted
19 emergency TOU pricing a few different times during the COVID-19 pandemic requiring multiple billing
20 updates not accounted for. The OEB also made available additional LEAP funding to customers who
21 qualified under the OEB's new guidance. This required the processing of many applications to determine
22 if customer qualified for additional LEAP funding.

23 From a regulatory perspective, the OEB issued an emergency accounting order on March 25, 2020,
24 acknowledging that distributors may incur incremental costs as of the result of the ongoing COVID-19
25 pandemic. The OEB also required LDC's to complete monthly reporting for a period of 1 year to ensure
26 that each LDC could continue to operate from a cash flow perspective during the pandemic. SNC is not
27 seeking recovery of any COVID related costs in this application.

1 During the pandemic, the OEB suspended disconnections until September 1, 2020. SNC increased the
2 threshold for disconnection during the majority of the pandemic resulting in lower disconnections in 2020
3 and 2021. For some individuals and businesses, the pandemic resulted in financial hardship and as a result
4 SNC has seen greater challenges for customers to pay their bills. Despite government programs available
5 to assist customers, SNC has seen an increasing trend in non-payment of accounts which has created
6 larger overdue accounts and bad debts that SNC continues to manage.

7 **Capital**

8 On the onset of the COVID-19 pandemic, SNC initially deferred almost all of its capital investment work
9 and concentrated only on power restoration and service calls. SNC rotated lines staff into work on a
10 limited bases in order to avoid cross-crew contract. Internal capital work was ramped back up in May of
11 2020 for work that SNC could accomplish while maintaining physical distance between staff.

12 In 2020, most of the capital investment work undertaken by contractors was deferred.

13 In 2021, the strategic decision to defer subcontractor work in 2020 had unintended repercussions that
14 lasted beyond the initial pandemic response. Contractors were able to secure work on other regional
15 projects (such as mining, and infrastructure rebuilds) reducing SNC's ability to rely on contractors for any
16 surge requirement during the year.)

17 **Summary**

18 SNC felt additional impacts from the COVID-19 pandemic that it continues to deal with today. The entire
19 economy continues to deal with the effects of the COVID-19 pandemic. There are major supply constraints
20 that SNC continues to navigate, rapidly increased pricing on materials used to build infrastructure, and
21 the rising cost of inflation that has not slowed down as has been predicted. The inflationary cost on
22 materials has been exasperated by the labour shortages, which has in turn increased the costs of
23 contracted work and recruitment/ retention of employees. SNC continues to address these issues each
24 day with the close monitoring of its budget, the health and safety of its employees and the longer-term
25 cash flow forecasting as presented in its budget.

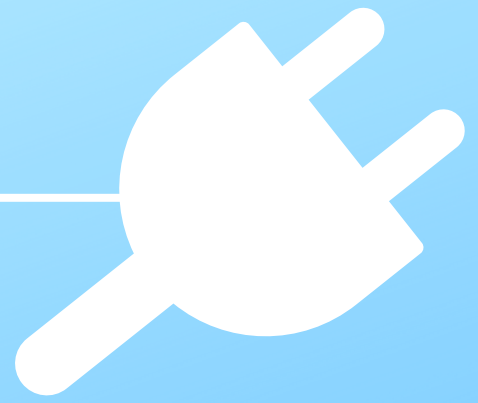


EXHIBIT 1

ATTACHMENT 1 - A

CERTIFICATION OF EVIDENCE

I, Aaron Blazina, Vice President, Finance, Regulatory Affairs & Purchasing, hereby make the following certifications regarding the information filed in the SYNERGY NORTH CORPORATION (SNC) 2024 Cost of Service Electricity Distribution Rate Application and any evidence filed in support of the application.

1. I certify that the information filed does not include any personal information (as that phrase is defined in the Freedom of Information and Protecting of Privacy Act) unless it is filed in accordance with Rule 9A of the OEB's Rules (and the Practice Direction, as applicable) in accordance with Chapter 1 of the Filing Requirements for Electricity Distribution Rate Applications – 2023 Edition of the 2024 Rate Applications issued April 18, 2022.
2. I certify that the information filed by SNC in this Application is accurate, consistent, and complete to the best of my knowledge in accordance with Chapter 2 of the Filing Requirements for Electricity Distribution Rate Applications – 2023 Edition for 2024 Rate Applications issued December 15, 2022.
3. I certify that SNC has robust processes and internal controls in place for the preparation, review, verification and oversight of the deferral and variance account balances being disposed of in accordance with Chapter 2 of the Filing Requirements for Electricity Distribution Rate Applications – 2023 Edition for 2024 Rate Applications issued December 15, 2022.



Aaron Blazina
Vice President, Finance, Regulatory Affairs
& Purchasing

August 16, 2023

Date

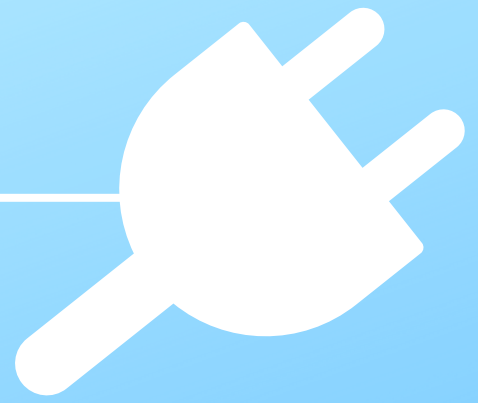


EXHIBIT 1

ATTACHMENT 1 - B

COST OF SERVICE CHECKLIST

2024 Cost of Service Checklist

SYNERGY NORTH Corporation

EB-2023-0052

Date: August 16, 2023

Filing
Requirement
Page #
Reference

Evidence Reference, Notes
(Note: if requirement is not applicable, please provide reasons)

| GENERAL REQUIREMENTS | | |
|--|---|--|
| Ch1, p4 | Confidential Information - Practice Direction has been followed | Exhibit 1, Sub- Section 1.4.1 - Certification of Evidence (Attachment 1-A Certification of Evidence) |
| Ch1, p5 | Certification by a senior officer that the application and any evidence filed in support of the application does not include any personal information unless it is filed in accordance with Rule 9A of the OEB's Rules (and the Practice Direction, as applicable). | Exhibit 1, Sub- Section 1.4.1 - Certification of Evidence (Attachment 1-A Certification of Evidence) |
| Ch1, p5 | Certification by a senior officer that the evidence filed (including the models and appendices) is accurate, consistent and complete to the best of their knowledge | Exhibit 1, Sub- Section 1.4.1 - Certification of Evidence (Attachment 1-A Certification of Evidence) |
| Ch1, p5 | Certification by the Chief Executive Officer, or Chief Financial Officer, or equivalent, that the distributor has the appropriate processes and internal controls for the preparation, review, verification and oversight of all deferral and variance accounts, regardless of whether the accounts are proposed for disposition | Exhibit 1, Sub- Section 1.4.1 - Certification of Evidence (Attachment 1-A Certification of Evidence) |
| Ch2, p2 | COS checklist filed and statement identifying all deviations from Filing Requirements | See following file included with Application: SNC_2024_COS Checklist_20230816 |
| 2 & 3 | Chapter 2 appendices in live Excel format; PDF and Excel copy of current tariff sheet | See following file included with Application: SNC_2024_Chapter2_Appendices_20230816 SNC_2024_Tariff_Schedule_and_Bill_Impact_Model_20230816 |
| 3 | If distributor updates/amends an OEB model, reference made in corresponding exhibit re: what was amended | Amendment made to Appendix 2BA in 2019, in order to separate out Kenora's opening merged asset balances, additional columns were added. Noted in the Chapter 2 Appendices - Exhibit 2BA. Amendment made to PILS Model for the bridge year to account for designated for immediate expensing property. |
| 3 | Regulated entity shown separately from parent company or any other affiliates | Exhibit 1 - Section 1.8.8 Non-Utility Business Accounting |
| 3 & 4 | If applicable, if cost of service filed earlier than scheduled, justify why an early rebasing is required by demonstrating why and how distributor cannot adequately manage resources and financial needs during IRM period | N/A |
| 4 | If applicable, late applications filed after the commencement of the rate year for which the application is intended to set rates is converted to the following rate year | N/A |
| 4 & 5 | All of the following exhibits filed: Application Overview and Administrative Documents, Rate Base and Capital (including DSP), Customer and Load Forecast, Operating Expenses, Cost of Capital and Capital Structure, Revenue Requirement and Revenue Deficiency/Sufficiency, Cost Allocation, Rate Design, Deferral and Variance Accounts | Confirmed all Exhibits 1 through 9 filed. |
| 5 | General requirements applicable throughout application: -written evidence included before data schedules -avg. of opening and closing fiscal year balances used for items in rate base (unless alternative method justified) -debt + equity = total rate base -data for test year, bridge year, three most recent historicals (or as many needed to provide actuals back to last OEB-approved), most recent OEB-approved test | Confirmed, Exhibits 1 through 9 |
| 5 | Documents must include page numbers and be provided in text searchable and bookmarked PDF format | Confirmed |
| 6 | Links within Excel models are broken and models named so that they can be identified (e.g. RRFW instead of Attachment A) | Confirmed |
| 7 | Materiality threshold: Explanation/justification and/or supporting evidence for material amounts pertaining to CAPEX, capital variances, rate base variances, OM&A, and DVAs; additional details below the threshold if necessary | Confirmed, Exhibit 2, 4, 6 and 9. |
| EXHIBIT 1 - APPLICATION OVERVIEW AND ADMINISTRATIVE DOCUMENTS | | |
| <i>Table of Contents</i> | | |
| 7 | Table of Contents listing major sections and subsections of the application | Separate PDF file provided for each exhibit. Each PDF file contains separate table of contents, and is bookmarked appropriately for direct access to each section. |
| <i>Application Summary and Business Plan</i> | | |
| 7 | Distributor with less than 30k customers: Business and/or Strategic Plan. If no Business or Strategic plan: key planning assumptions, description of material factors (internal and external) that may affect the operation of the utility and major goals of the distributor in the test year and remaining years of the five-year term. Distributor with 30k or more customers: Business Plan underpinning application - can be augmented by plain language summary of distributor's goals that informed the application if this is not otherwise in the Business Plan. Also provide Strategic Plan, if available. | Exhibit 1 - Section 1.2 Executive Summary and Business Plan (Attachment 1-C SNC Business Plan 2022-2024) (Attachment 1-D SNC 2024 Budget and Financial Forecast (2025-2028)) (Attachment 1-E -SNC Strategic Plan 2022-2024) |

2024 Cost of Service Checklist

SYNERGY NORTH Corporation

EB-2023-0052

Date: August 16, 2023

Filing
Requirement
Page #
Reference

Evidence Reference, Notes
(Note: if requirement is not applicable, please provide reasons)

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| 8 & 9 | <p>Brief, plain language summary of the application which includes the main requests with section references and rationale behind each request. Must include:</p> <ul style="list-style-type: none"> -Revenue requirement (service revenue requirement requested for test year, increase/decrease (\$ and %) from most recent approved, main drivers of revenue requirement changes -Load forecast summary (load and customer growth (% change in kWh, kW and change in customer #s from last OEB-approved)) -Rate base and DSP (major drivers of DSP and cost trends, rate base requested, change in rate base from last OEB-approved (\$ and %), CAPEX for test year, change in CAPEX from last OEB-approved (\$ and %) -OM&A (OM&A requested for test and change from last OEB-approved (\$ and %), drivers and cost trends) -Cost of capital (table showing proposed capital structure and parameters resulting in WACC, statement confirming use of OEB's cost of capital parameters, summary of deviations from OEB methodology) -Cost allocation and rate design (proposed new customer classes and/or customer definition changes, new proposed charges, significant changes proposed to rev. cost ratios and fixed/variable split, mitigation plans) -DVAs (total disposition (\$)) including split between customer classes and between RPP and non-RPP (if applicable), disposition period(s), new DVAs and requested discontinuation of DVAs) -Bill Impacts (\$ and %) for residential customer at 750kWh, and typical customers for all other classes (based on commodity rates on TOU with regulatory charges held constant; bill impacts to be used for Notice (Sub-total A) for residential customer at 750kWh and GS<50 at 2000kWh as well as a typical consumer for a distributor's service area for all customer classes, and bill impacts based on alternative consumption profiles and customer groups as appropriate) | Exhibit 1 - Section 1.3 Application Summary (1.3.1-1.3.9) |
| <i>Administration</i> | | |
| 9 | Primary contact information (name, address, phone, email) | Exhibit 1 - Section 1.4.2 Primary Contact Information |
| 9 | Identification of legal (or other) representation | Exhibit 1 - Section 1.4.3 Legal Representation |
| 9 | Applicant's internet address for viewing of application and any social media accounts, with addresses, used by the applicant to communicate with customers | Exhibit 1 - Section 1.4.4 Internet Address and Social Media Accounts |
| 9 | Statement identifying where notice should be published and why | Exhibit 1 - Section 1.4.5 Statement of Publication |
| 9 | Form of hearing requested and why | Exhibit 1 - Section 1.4.8 Form of Hearing |
| 9 | Requested effective date | Exhibit 1 - Section 1.4.9 Proposed Effective Date of Rate Order |
| 10 | Statement identifying and describing any changes to methodologies used vs previous applications | Exhibit 1 - Section 1.4.10 Changes to Methodologies Used In Previous Applications |
| 10 | Identification of OEB directions from any previous OEB Decisions and/or Orders, including commitments made as part of approved settlements. Indication of how these are being addressed in the current application | Exhibit 1 - Section 1.4.11 OEB Directions From Previous Decisions and/or Orders |
| 10 | Reference to Conditions of Service - provide reference to website and confirm version is current; identify if there are changes to Conditions of Service (a) since last CoS application and/or (b) as a result of the current application. Confirmation that there are no rates and charges linked in the Conditions of Service that are not in the distributor's Tariff of Rates and Charges must be provided | Exhibit 1 - Section 1.4.12 Conditions of Service |
| 10 | Description of the corporate and utility organizational structure showing the main units and executive and senior management positions within the distributor; corporate entities relationship chart, showing the extent to which the parent company is represented on the distributor company's Board of Directors; description of the reporting relationships between distributor and parent company management. Also include any planned changes in corporate or operational structure, including any changes in legal organization and control | Exhibit 1 - Section 1.4.13 Corporate and Utility Organizational Structure |
| 10 | List of approvals requested (and relevant section of legislation). All approvals including accounting orders, new rate classes, revised specific service charges or retail service charges which the distributor is seeking, must be documented - Appendix 2-A provided, but not required to be used by LDC | Exhibit 1 - Section 1.4.14 Appendix 2A - List of Specific Approvals Requested |
| <i>Distribution System Overview</i> | | |
| 10 | Description of Service Area - general description and map showing where distributor operates and communities served | Exhibit 1 - Section 1.4.15 Description of Service Area |
| <i>Customer Engagement</i> | | |
| 11 | Provide information regarding its customer engagement activities, activities that occur on an on-going basis, and specific activities pertaining to application. May use Appendix 2-AC to assist in listing customer engagement activities | Exhibit 1 - Section 1.5.1 Overview (Attachment 1-J - Appendix 2-AC) |
| 11 | Ongoing Customer Engagement - Describe methods used to communicate and engage with each customer class regularly, summarize pertinent feedback received through regular customer communications, and explain how feedback informs operations and rate application, where applicable | Exhibit 1 - Section 1.5.2 Ongoing Communication with Customers |
| 11 & 12 | Application-Specific Customer Engagement - Explain customer engagement process specific to application (tailor customer engagement activities to distributor's circumstances and the proposals in application). Demonstrate how customer needs and priorities were factored into the decision-making process | Exhibit 1 - Section 1.5.3 Application Specific Customer Engagement Exhibit 1 - Section 1.5.4 Customer Feedback from Customer Engagement Regarding Cost of Service Application |
| 12 | Customer engagement with customers who would be affected by proposals related to new rate classes, changes in to existing rate classes and change in charges such as RSCs, Specific Service Charges, standby rates, and unmetered-load customers | Exhibit 1 - Section 1.5.3 Application Specific Customer Engagement |
| 12 | All responses to matters raised in letters of comment filed on public record | During proceeding, after letters of comment received, SNC will file its responses. |

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| <i>Performance Measurement</i> | | |
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| 12 | Link to most recent scorecard | Exhibit 1 - Section 1.6.1 Scorecard |
| 12 | Identification of performance improvement targets | Exhibit 1 - Section 1.6.2 Customer Focus Exhibit 1 - Section 1.6.3 Operational Effectiveness Exhibit 1 - Section 1.6.4 Public Policy Responsiveness Exhibit 1 - Section 1.6.5 Financial Performance |
| 12 | PEG Model for the test year showing efficiency assessment, discussion on how the results obtained from the PEG model has informed the distributor's business plan and application | Exhibit 1 - Section 1.6.3 Operational Effectiveness Exhibit 1 Table 1-24: Benchmarking Forecast Performance for 2023 and 2024 SNC_2024_Benchmarking_Spreadsheet_Forecast_Model_20230816 filed as live excel |
| 12 & 13 | Distributors may wish to provide table showing respective OEB-approved IRM increases for each of the last historical years from last rebasing, and assigned cohort as per PEG model | Exhibit 1 - Section 1.6.5 Financial Performance Table 1-29: OEB Approved IRM Increases |
| 13 | Activity and Performance-based Benchmarking (APB) results - at least provide the following unit cost variance analysis: - Year-over-year Historical Actuals (for most recent APB results) - Forecast Bridge Year vs Historical Actuals, to extent possible - Test Year vs Historical Actuals, to extent possible | Exhibit 1 - Section 1.6.6 Activity and Program-Based Benchmarking (APB) |
| 13 | Explain variances in cost performance, whether changes in unit costs are within distributor's control, and discuss relevant actions planned or underway. Discuss econometric results to extent possible | Exhibit 1 - Section 1.6.6 Activity and Program-Based Benchmarking (APB) |
| <i>Facilitating Innovation</i> | | |
| 13 & 14 | Distributors are encouraged to include a description of the ways their approach to innovation has shaped the application. Could include explanations of approach to innovation or keeping up with innovation in their business more generally; of specific projects or technologies for enhancing the provision of distribution services; and of enabling characteristics or constraints in their ability to undertake innovative solutions. Explain how innovative alternatives have been considered in place of traditional investments | Exhibit 1 - Section 1.7 Facilitating Innovation |
| 14 | Explain how innovative alternatives have been considered in place of traditional investments. Include information about the costs, expected benefits and associated risks of innovative alternatives | Exhibit 1 - Section 1.7 Facilitating Innovation |
| <i>Financial Information</i> | | |
| 14 | Audited Financial Statements (excluding operations of affiliated companies that are not rate regulated) for two most recent historical years (i.e. one year's statements must be filed, covering two years of historical actuals); if most recent finals n/a, draft financial statements filed and finals, along with summary of main changes if there are any, provided as soon as they are available. Alternatively, if distributor publishes financial statement on its website, a link may be provided | Exhibit 1 - Section 1.8.1 Audited Financial Statements (Attachment 1-H - SNC Financial Statement 2022) |
| 15 | Annual Report and MD&A for most recent year of distributor and parent company, as available and applicable. If an Annual Information Form is filed publicly, a link should be provided | Exhibit 1 - Section 1.8.2 Annual Report (Attachment 1-I - 2022 Annual Report) |
| 15 | Rating Agency Reports, if available; Prospectuses, information circulars etc. for recent and planned public debt and/or equity offerings | Exhibit 1 - Section 1.8.3 - Rating Agency Report (not applicable) |
| 15 | Any change in tax status | Exhibit 1 - Section 1.8.4 - Prospectus of Information Circulars (not applicable) |
| 15 | Description of existing accounting orders and departures from these orders, as well as any departures from the USoA | Exhibit 1 - Section 1.8.5 - Change in Tax Status |
| 15 | Accounting Standards used for financial statements and when adopted | Exhibit 1 - Section 1.8.6 - Accounting Orders |
| 15 | If distributor conducting non-distribution businesses, confirmation that accounting treatment used has segregated these activities from rate regulated activities | Exhibit 1 - Section 1.8.7 - Accounting Standards Used |
| | | Exhibit 1 - Section 1.8.8 - Non-Utility Business Accounting |
| <i>Distributor Consolidation</i> | | |
| 15 | Information filed on the extent to which the distributor has investigated opportunities for consolidation or collaboration/partnerships with other distributors (contained within a dedicated section of the application); conclusions from investigations, including future plans | Exhibit 1 - Section 1.9 - Distributor Consolidation: Amalgamation of the Former Thunder Bay Hydro and Kenora Hydro |
| 15 | If distributor has become party to a proposed or approved MAADs transaction since last rebasing, disclosure of this information in current application | Exhibit 1 - Section 1.9.1 - Overview of Distributor Consolidation: Amalgamation of the Former Thunder Bay Hydro and Kenora Hydro |
| A distributor filing an application to rebase following a consolidation must: | | |
| 15 | Identify any incentives that formed part of the acquisition or amalgamation transaction if the incentive represents costs that are being proposed to remain or enter rate base and/or revenue requirement - list the exhibits in which incentives are discussed | Exhibit 1 - Section 1.9.2 - Incentives that Formed Part of Acquisition |
| 16 | Specify whether and which commitments made to shareholders are to be funded through rates | Exhibit 1 - Section 1.9.3 - Commitments Made to Shareholders |
| 16 | Detail of realized and projected savings as a result of consolidation compared to what was in the approved consolidation application and explanation of the nature of these savings (e.g. one-time, ongoing etc.) | Exhibit 1 - Section 1.9.4 - Realized and Projected Savings as a Result of Consolidation Compared to MAAD Application |
| 16 | Detail of efficacy of any rate plan confirmed as part of MAADs | Exhibit 1 - Section 1.9.5 - Efficacy of Rate Plan |
| 16 | Identify approved ACM or ICM from a previous Price Cap IR application it proposes be incorporated into rate base | Exhibit 1 - Section 1.9.6 - ICM Applications |

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| Impacts of COVID-19 Pandemic | | |
| 16 | Distributors generally expected to reflect the impacts of the COVID-19 pandemic in their applications, including applicable forecast information. This includes, but is not limited to, the distributor's load forecast, capital forecast, and OM&A forecast in the applicable sections of the application | Exhibit 1 - 1.10 Impacts of Covid-19 Pandemic |
| EXHIBIT 2 - RATE BASE AND CAPITAL | | |
| Rate Base | | |
| 16 | Indication of whether capital expenditures are equivalent to in-service additions, and if so, variance explanations only required once. If not, specify whether variance explanations are on CAPEX or in-service additions basis | Exhibit 2 - Section 2.1.1 Overview |
| 16 | For rate base, opening and closing balances for each year, and the average of the opening and closing balances for gross assets and accumulated depreciation (discussion of methodology if applicant uses an alternative method); working capital allowance | Exhibit 2 - Section 2.1.4 - Summary of Rate Base Table 2-3: Rate Base Continuity Schedule |
| 16 | Table showing components of the last OEB-approved rate base, the proposed test year rate base and the variances | Exhibit 2 Section 2.1.4 & Exhibit 2 Section 2.1.5 - Rate Base Variance Analysis Table 2-2: SNC 2017 Rate Base Board Approved Proxy to 2024 Test Year Table 2-4: Rate Base Variance Summary |
| Fixed Asset Continuity Schedule | | |
| 17 | Completed Appendix 2-BA for each year - in Excel format | Exhibit 2 - Section 2.2 - Fixed Asset Continuity Schedules Table 2-5 to Table 2-14: Appendix 2-BA 2017 to 2024 SNC 2024 Chapter2 Appendices 20230816 filed in live Excel Format |
| 17 | Continuity statements and year-over-year variance analysis must be provided (year end balance, including capitalized interest during construction and overhead costs). Explanations provided where there is a year-over-year variance greater than the applicable materiality threshold If applicable, explanation for any restatement (e.g. due to change in accounting standards) and reconciliation to original statements Year over year variance analysis; explanation where variance greater than materiality threshold. The following comparisons must be provided: Hist. OEB-Approved vs Hist. Actual (for the most recent historical OEB-approved year) Hist. Act. vs. preceding Hist. Act. (for the relevant number of years) Hist. Act. vs. Bridge Bridge vs. Test | Exhibit 2 - Section 2.3.2 Variance Analysis on Gross Asset Additions Table 2-16 to Table 2-26 |
| 17 | Opening and closing balances of gross assets and accumulated depreciation correspond to fixed asset continuity statements. If not, an explanation and reconciliation must be provided (e.g. CWIP, ARO). Reconciliation must be between net book value balances reported on Appendix 2-BA and balances included in rate base calculation | Confirmed, net book value balances reported on Appendix 2BA balances included in rate base calculation. |
| 17 & 18 | Distributor may include in-service balances previously recorded in DVAs, such as renewable generation/smart grid related accounts, in its opening test year property, plant and equipment balances, if these costs have not been previously reviewed and approved for disposition, and if disposition is being requested in this application. In this situation, the distributor must clearly show in its evidence (e.g. Appendix 2-BA) that the addition was included in the opening test year balances and must reconcile the closing bridge year and opening test year figures. Distributors must provide the same reconciliation for accumulated depreciation | N/A SNC has no in-service balances that were previously recorded in DVAs that need to be included in rate base. |
| 18 | Summary of approved and actual costs for any ICM(s) and/ or ACM approved in previous IRM applications | Exhibit 2 - Section 2.8 Addition of Previously Approved ACM and ICM to Assets to Rate Base - N/A |
| 18 | Continuity statements must reconcile to calculated depreciation expenses and presented by asset account | Exhibit 2 Confirmed - FA Continuities Appendix 2-BA 2017 Actual to Appendix 2-BA 2024 Test Year (Tables 2-5 to Table 2-14), and Chapter 2 Appendix 2-BA Fixed Asset Continuity Schedules from 2017 to 2024 reconciled to Section 2.4 Depreciation, Amortization and Depletion Table 2-27 Depreciation Expense 2017-2024 |
| 18 | All asset disposals clearly identified in Chapter 2 Appendices for all historical, bridge and test years | SNC 2024 Chapter2 Appendices 20230816 filed in live Excel Format |
| Depreciation, Amortization and Depletion | | |
| 18 | Explanations for any useful lives of an asset that are proposed that are not within the ranges contained in the Kinectrics Report | Exhibit 2 - Section 2.4.2 Useful Life and Componentization SNC 2024 Chapter2 Appendices - App 2-BB filed in live Excel Format |
| 18 | Depreciation, amortization and depletion details by asset group for historical, bridge and test years. Include asset amount and rate of depreciation/amortization. Must complete Appendix 2-C which must agree to accumulated depreciation in Appendix 2-BA under rate base | Exhibit 2 - Section 2.4 Depreciation, Amortization and Depletion Exhibit 2 - Table 2-27 Depreciation Expense 2017-2024 SNC 2024 Chapter2 Appendices - App 2-C filed in live Excel Format |
| 18 | Identification of any Asset Retirement Obligations and associated depreciation or accretion expense - includes the basis for and calculation of these amounts | Exhibit 2 - Section 2.4.3 Asset Retirement Obligation |
| 19 | Identification of historical depreciation practice and proposal for test year. Variances from half year rule must be documented and supporting rationale provided | Exhibit 2 - Section 2.4 Depreciation, Amortization and Depletion |
| 19 | Copy of depreciation/amortization policy if available. If not, equivalent written description; summary of changes to depreciation/amortization policy since last CoS | Exhibit 2 - Attachment 2-B SNC Depreciation Policy |
| 19 | If filing under MIFRS, explanation of any deviations from the practice of depreciating significant parts or components of PP&E separately | N/A No Deviations |

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| 19 | If no changes have been made to depreciation policy or service lives since last rebasing, a statement confirming that this is the case is required. For any depreciation expense policy or asset service lives changes since its last rebasing application: - identification of the changes and detailed explanation for the causes of the changes - use of Kinectrics study or another study to justify changes in useful life - list detailing all asset service lives tied to USoA and reconcile this list to the USoA, detail differences in asset service lives and the TULs from Kinectrics and explain differences outside of minimum and maximum TUL range from Kinectrics; Appendix 2-BB if there have been changes in asset service lives since last rebasing | Exhibit 2 - Section 2.4.2 Useful Life and Componentization |
| Allowance for Working Capital | | |
| 19 & 20 | Working Capital - 7.5% allowance or Lead/Lag Study. If previously ordered by OEB as part of last rate application to file Lead/Lag Study, must comply. | Exhibit 2 Section - 2.5.2 - Working Capital Allowance |
| 20 | If Lead/Lag Study conducted - leads and lags measured in days, dollar-weighted and reflects the distributor's actual billing and settlement processing timelines and considers relevant changes to operating environment | N/A - SNC has used the default working capital allowance. |
| 20 | Cost of Power must be determined by split between RPP and non-RPP Class A and Class B customers based on actual data, use most current RPP (TOU) price. Calculation must include the impact of the most up to date Ontario Electricity Rebate. Distributors must complete Appendix 2-Z - Commodity Expense. | Exhibit 2 Sub-section 2.5.1 Allowance Factor Overview, Cost of Power Calculations and Chapter 2 Appendix 2-ZA Commodity Expense, and Appendix 2-ZB Cost of Power. |
| 20 | Use most recent approved UTRs, Smart Metering Entity Charge and regulatory charges | Confirmed. Chapter 2 Appendix 2-ZA Commodity Expense, and Appendix 2-ZB Cost of Power filed in live Excel format. |
| Distribution System Plan | | |
| 20 | DSP filed as a stand-alone, self-sufficient element within Exhibit 2 | Exhibit 2, Attachment 2-A SNC Distribution System Plan |
| Policy Options for the Funding of Capital | | |
| 21 | Distributor may propose ACM capital project coming into service during Price Cap IR (a discrete project documented in DSP) - provide information on need and prudence | Exhibit 2 Section 2.7 - Policy Options for the Funding of Capital |
| 21 | Identification that distributor is proposing ACM treatment for these future projects and provide the preliminary cost information, and ACM/ICM materiality threshold calculations - ACM Report provides further details on information required | Exhibit 2 Section 2.7 - Policy Options for the Funding of Capital |
| 21 | Complete Capital Module Applicable to ACM and ICM | N/A No ACM/ICM revenue requirement in this application |
| Addition of Previously Approved ACM and ICM Project Assets to Rate Base | | |
| 22 | Distributor with previously approved ACM(s) and/or ICM(s) - schedule of ACM/ICM amounts proposed to be incorporated into rate base (i.e. PP&E and associated depreciation). Comparison of actual capital spending with OEB-approved amount and explanation for variances | Exhibit 2 Section 2.8 - Addition of Previously Approved ACM and ICM Project Assets to Rate Base. N/A SNC has no previously approved SCM or ICM's. |
| 22 | Balances in Account 1508 sub-accounts; rate of interest prescribed by the OEB for DVAs for the respective quarterly period as published on the OEB's website | Exhibit 2 Section 2.8 - Addition of Previously Approved ACM and ICM Project Assets to Rate Base. N/A SNC has no previously approved SCM or ICM's. |
| 22 | True-up calculation if material, comparing the recalculated revenue requirement based on actual capital spending relating to the OEB-approved ACM/ICM project(s) to the rate rider revenues collected in the same period; assumptions used in the calculation noted (e.g., half-year rule). | Exhibit 2 Section 2.8 - Addition of Previously Approved ACM and ICM Project Assets to Rate Base. N/A SNC has no previously approved SCM or ICM's. |
| 23 | Accelerated capital cost allowance (CCA) should not be reflected in the ACM/ICM revenue requirement associated with these projects. Distributors should include the impact of the CCA rule change associated with the ACM/ICM project(s) in Account 1592 - PILs and Tax Variances - CCA Changes sub-account for CCA changes | Exhibit 2 Section 2.8 - Addition of Previously Approved ACM and ICM Project Assets to Rate Base. N/A SNC has no previously approved SCM or ICM's. |
| Capitalization | | |
| 24 | Capitalization Policy: provide policy including changes since last rebasing application. Confirm if no changes made to capitalization policy since last rebasing application. | Exhibit 2 Section 2.9.1 - Capitalization Policy |
| 24 | Overhead Costs: complete Appendix 2-D | Exhibit 2 Section 2.9.2 - Capitalization of Overhead Table 2-31: Overhead Expenses (Appendix 2-D) |
| 24 | Burden Rates: identification of burden rates; if burden rates were changed since last rebasing, identification of the burden rates prior to the change | Exhibit 2 Section 2.9.3 - Burden Rates |
| Costs of Eligible Investments for the Connection of Qualifying Generation Facilities | | |
| 24 | See Appendix A | N/A SNC has not incurred any costs for the connection of qualifying generation facilities. |
| General & Administrative Matters | | |
| Ch5, p2 | Use of terminology and formats set out in Ch. 5 | DSP Attached - Section 5.2 Distribution System Plan |
| Investment Categories | | |
| Ch5, pp 2, 3 & 4 | Investment projects and programs grouped into one of four investment categories (i.e. system access, system renewal, system service, general plant) | DSP Attached - Section 5.2 Distribution System Plan |
| Distribution System Plan | | |
| Ch5, p4 | If a distributor's application uses alternative section headings and/or arranges the information in a different order, table provided that cross-references the headings/subheadings used in the application to the section headings/subheadings indicated in Ch. 5 | N/A - Headings match those found in the filing requirements |
| Ch5, p5 | DSP duration minimum of 10 years, comprising of a historical and forecast period. The historical period is the first five years of the DSP duration, consisting of five historical years, ending with the bridge year. For distributors that have not filed a DSP within the past five years, the historical period is from the test year of a distributor's last cost or service application to the bridge year. The forecast period is the last five years of the DSP duration, consisting of five forecast years, beginning with the test year of the current cost of service application.. | DSP Attached - Section 5.2 Distribution System Plan |

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| <i>Distribution System Plan Overview</i> | |
| Ch5, p5 High-level overview of information filed in DSP which includes capital investment highlights and changes since last DSP; objectives distributor plans to achieve through DSP, which will be used as a baseline comparison in the performance measurement section below. | DSP Attached - Sub-section 5.2.1 Distribution System Plan Overview |
| <i>Coordinated Planning with Third Parties</i> | |
| Ch5, p5 The distributor must demonstrate that it has coordinated planning with third parties where appropriate. Explanation of whether consultations affected distributor's DSP, and if so, how, for consultations that affected DSP - overview of consultation and relevant material supporting the effects the consultation had on the DSP. | DSP Attached - Sub-section 5.2.2 Coordinated Planning with Third Parties |
| Ch5, p5 Overview of consultation should include: purpose, outcome, whether the distributor initiated the consultation or was invited to participate in it, and the other participants in the consultation process | DSP Attached - Sub-section 5.2.2 Coordinated Planning with Third Parties |
| Ch5, p5 A distributor should file the most recent regional plan. In the absence of a regional plan, the distributor should file a Regional Planning Status Letter from the transmitter. | DSP Attached - Sub-section 5.2.2.3 Regional Planning Process and Appendix B: IESO NORTHWEST IRRP |
| Ch5, p5 & 6 Identification of any inconsistencies between DSP and any current Regional Plan. If there are any inconsistencies, explanation of the reasons why, particularly where a proposed investment in their DSP is different from the recommended optimal investment identified in the Regional Plan | DSP Attached - Sub-section 5.2.2.3 Regional Planning Process |
| Ch5, p6 & OEB Letter, Jan. 11, 2022 Telecommunications Entities: See January 11, 2022 letter for further guidance to the regulation that requires distributors to consult with any telecommunications entity that operates within its service area when preparing a capital plan for submission to the OEB, for the purpose of facilitating the provision of telecommunications services, and include the following information in its capital plan: -number of consultations conducted and a summary of the manner in which the distributor determined with whom to consult; a summary of the results of the consultation; and a statement as to whether the results of the consultations are reflected in the capital plan and, if so, a summary as to how. | DSP Attached - Sub-section 5.2.2.4 Telecommunication Entities |
| Ch5, p6 REG: -confirmation if there are REG investments in region -if there REG investments proposed in DSP, demonstration of coordination with IESO, other distributors/transmitters (as applicable), and that investments proposed are consistent with Regional Infrastructure Plan - IESO letter in relation to REG investments | DSP Attached - Sub-section 5.3.4 System Capability Assessment for REG and DER and Appendix A: IESO REG RESPONSE |
| <i>Performance Measurement for Continuous Improvement</i> | |
| Ch5, p6 & 7 Distribution System Plan: Summary of objectives for continuous improvement set out in last DSP and discussion on whether these objectives achieved. For objectives not achieved, explanation of how this affects current DSP and if applicable, improvements implemented to achieve the objectives in Section 5.2.1. | DSP Attached - Sub-section 5.2.3 Performance Measurement for Continuous Improvement |
| Ch5, p7 Service Quality and Reliability: -5 historical years of SQRs; explanations for material changes in service quality and reliability and whether and how DSP addresses these issues -for reliability, any declining 5 year SAIDI/SAIFI trends explained -if reliability targets established in last DSP, any under-performance explained | DSP Attached - Sub-section 5.2.3.2 Service Quality and Reliability |
| Ch5, p7 Completed Appendix 2-G; confirmation that the data is consistent with scorecard, or explanation of any inconsistencies | SNC 2024 Chapter 2 Appendices: App. 2-G filed in live Excel Format |
| Ch5, p7 Summary of performance for historical period using methods and measures (metrics/targets) identified and how performance has trended over the period. Summary must include historical period data on: -all interruptions -all interruptions excluding loss of supply -all interruptions excluding major events and loss of supply for: SAIFI, SAIDI | DSP Attached - Sub-section 5.2.3.2.2 Realiability Performance |
| Ch5, p7 Summary of major events that occurred since last cost of service | DSP Attached - Sub-section 5.2.3.2.4 Summary of Major Event Days |
| Ch5, p7 & 8 For each cause of interruption for last five historical years: number of interruptions that occurred as a result of the cause of interruption, number of customer interruptions that occurred as a result of interruption, number of customer-hours of interruptions that occurred as a result of the cause of interruption | DSP Attached - Sub-section 5.2.3.2.5 Customer Interruptions |

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| Ch5, p8 | Distributor Specific Reliability Targets: -if establishing performance expectations based on something other than historical performance, evidence provided of capital and operational plan and other factors that justify the reliability performance the distributors plan to deliver -summary of any feedback from customers regarding reliability on distributors' system -distributors that use SAIDI and SAIFI performance benchmarks that are different than the historical average - evidence provided to support reasonableness of benchmarks | DSP Attached - Sub-section 5.2.3.2.6 Distributor Specific Reliability Targets |
| <i>Planning Process</i> | | |
| Ch5, p8 | Overview of planning process that has informed five-year capital expenditure plan; flowchart accompanied by explanatory text may be helpful | DSP Attached - Sub-section 5.3.1.1 Overview of the Planning Process |
| Ch5, p8 | Summary of important changes in distributor's AM process since last DSP | DSP Attached - Sub-section 5.3.1.2 Summary of changes to the Asset Management Process |
| Ch5, p9 | Process: -provide processes used to identify, select, prioritize (including reprioritization over 5 year term), optimize, and pace execution of investments -demonstration that distributor has considered correlation between plan and customer's feedback and needs -demonstration that distributor has considered potential risks of proceeding/not proceeding with individual capital expenditures -demonstrate how it does grid optimization using an approach that considers the distributor's whole system -consideration, where applicable, of assessing the use of non-wires alternatives, distributed energy resources, cost-effective implementation of distribution improvements affecting reliability, and meeting customer needs as acceptable costs to customers, other innovative technologies, and consideration of dx funded CDM activities | DSP Attached - Sub-section 5.3.1.3 Process |
| Ch5, p9 | Data -identification, description and summary of data used in processes above to identify, select, prioritize, optimize and pace investments over DSP | DSP Attached - Sub-section 5.3.1.4 Data |
| <i>Overview of Assets Managed</i> | | |
| Ch5, p10 | Overview of service area (e.g. system configuration, urban/rural etc.) to support capital expenditures over forecast period; asset information (e.g. capacity, utilization, condition, failures/performance, asset risks, demographics) by major asset type that may help explain the specific need for the capital expenditure and demonstration of consideration of economic alternatives | DSP Attached - Sub-section 5.3.2 Overview of Assets Managed |
| Ch5, p10 | Statement as to whether distributor has had any transmission or high voltage assets deemed previously by the OEB as distribution assets, and whether there are any such assets that the distributor is asking the OEB to deem as distribution assets in the current application | DSP Attached - Sub-section 5.3.2.3 Transmission and High Voltage Assets |
| Ch5, p10 | Description of whether distributor is a host and/or embedded distributor; identification of any embedded and/or host distributors; partially embedded status identified (including % of total load supplied through host); if host distributor, identification of whether there is a separate embedded class or if any embedded distributors are included in other classes | DSP Attached - Sub-section 5.3.2.4 Host & Embedded Distributors |
| <i>Asset Lifestyle Optimization Policies and Practices</i> | | |
| Ch5, p11 | Demonstration that distributor has carried out cost-effective system O&M activities to sustain as asset to the end of its service life (and can include references to the Distribution System Code) | DSP Attached - Sub-section 5.3.3 Asset Lifecycle Optimization Policies and Practices |
| Ch5, p11 | Explanation of processes and tools used to forecast, prioritize and optimize system renewal spending and how distributor intends to operate within budget envelopes | DSP Attached - Sub-section 5.3.3.4 Processes to Forecast, Prioritize & Optimize Renewal Spending |
| Ch5, p11 | Demonstration of consideration of potential risks of proceeding/not proceeding with individual capital expenditures | DSP Attached - Sub-section 5.3.3.4.2 Targeted Renewal Levels |
| Ch5, p11 | Demonstration that the distributor has considered the future capacity requirements of the asset such that it does not need to be replaced prematurely due to capacity constraints | DSP Attached - Sub-section 5.3.3.4.3 Forecasting |
| Ch5, p11 | Summary of important changes to the distributor's asset life optimization policies, processes, and tools since last DSP | DSP Attached - Sub-section 5.3.1.2 Summary of Changes to the Asset Management Process (since last DSP) |
| <i>System Capability Assessment for REG and DER</i> | | |
| Ch5, p11 | Provide list of restricted feeders by name, the feeder designation, the reason for the restriction, number of connected customers, and explain if there are plans to improve the distribution system's ability to connect distributed energy resources | DSP Attached - Sub-section 5.3.4 System Capability Assessment for REG and DER |
| Ch5, p11 | If a distributor has incurred or expects to incur costs to accommodate and connect renewable generation facilities that will be the responsibility of the distributor under the DSC, refer to Appendix A | DSP Attached - Sub-section 5.3.4 System Capability Assessment for REG and DER |
| <i>CDM Activities to Address System Needs</i> | | |
| Ch5, p12 | Description of how distributor has taken CDM into consideration in its planning process | DSP Attached - Sub-section 5.3.5 CDM Activities to Address System Needs |
| Ch5, p12 | Any application for CDM funding to address system needs must include a consideration of the projected effects on the distribution system on a long-term basis and the forecast expenditures. | DSP Attached - Sub-section 5.3.5 CDM Activities to Address System Needs |
| Ch5, p12 | Explanation of proposed activity in the context of the DSP, including providing details on the system need that is being addressed, infrastructure investments that are being avoided or deferred as a result of CDM activity, and the prioritization of proposed CDM activity relative to other system investments in the DSP | DSP Attached - Sub-section 5.3.5 CDM Activities to Address System Needs |
| Ch5, p12 | Description of the approach to assessing the benefits and costs of CDM activity | DSP Attached - Sub-section 5.3.5 CDM Activities to Address System Needs |

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| Capital Expenditure Summary | |
|---|---|
| Ch5, p13 Provide capital expenditure plan that sets out proposed expenditures on distribution system and general plant over a five-year planning period, including investment and asset-related operating and maintenance expenditures | DSP Attached - Sub-section 5.4.1 Capital Expenditure Summary |
| Ch5, p13 Provide a snapshot of a distributor's capital expenditures over a 10-year period, including five historical years and five forecast years | DSP Attached - Sub-section 5.4.1 Capital Expenditure Summary |
| Ch5, p13 The entire cost of individual projects or programs allocated to one of the four investment categories based on the primary driver of the investment | DSP Attached - Sub-section 5.4.2 Forecast Expenditures |
| Ch5, p13 Completed Appendices 2-AA and 2-AB | SNC_2024_Chapter2_Appendices: App. 2-AA and 2-AB filed in live Excel Format |
| Ch5, p13 Analysis of distributor's capital expenditure performance for the DSPs historical period - should include explanation of variances by investment or category, including actuals v. OEB-approved/planned amounts for the applicant's last OEB-approved CoS or Custom IR application and DSP - explanation of variances between planned and actual volume of work completed and explanation of variances in a given year that are much higher or lower than the historical trend | DSP Attached - Sub-section 5.4.1.1 Variances Over Historical Period |
| Ch5, p13 Analysis of distributor's capital expenditure performance for the DSPs forecast period; for investments that have a lifecycle >1yr, the proposed accounting treatment, including the treatment of the cost of funds for CWIP | DSP Attached - Sub-section 5.4.1.2.5 Investment Lifecycle >One Year |
| Ch5, p14 Analysis of capital expenditures in DSP forecast period v. historical | DSP Attached - Sub-section 5.4.1.3 Comparison of Forecast and Historical Expenditures |
| Ch5, p14 Summary of any important modifications to typical capital programs since the last DSP | DSP Attached - Sub-section 5.4.2 Justifying Capital Expenditures |
| Ch5, p14 Description of the impacts of capital expenditures on O&M for each year or statement that the capital plans did not impact O&M costs | DSP Attached - Sub-section 5.4.1.4 Forecast Impact of System Improvements on System O&M Costs |
| Ch5, p14 Statement that there are no expenditures for non-distribution activities in the applicant's budget | DSP Attached - Sub-section 5.4.1.5 Non-Distribution Activities |
| Justifying Capital Expenditures | |
| Ch5, p14 Context on how overall capital expenditures over 5 years will achieve distributor's objectives; comment on lumpy investment years and rate impacts of capital investments in long term | DSP Attached - Sub-section 5.4.2 Justifying Capital Expenditures |
| Material Investments | |
| For each project that meets materiality threshold set in Ch 2A or deemed by applicant to be distinct for any other reason, guidelines are: | |
| Ch5, p15 General information on the project/program - Need, scope, volume of work expected to be completed, key project timings (incl. key factors that affect timing), total expenditures (inc. contributions and economic evaluation as per DSC, as applicable), comparative historical expenditures, priority, alternatives considered, cost/benefit of recommended alternative, description of the innovative nature of investment if applicable. -Where an investment within the five year forecast period involves a Leave to Construct approval, provide summary of the evidence (as available), for that investment consistent with Chapter 4 of the filing requirements | APPENDIX H: MATERIAL JUSTIFICATION REPORTS |
| Ch5, p15 Evaluation criteria and information requirements for each project/program - Demonstration of need, and may include the need to address safety, cyber security, grid innovation, environmental, statutory/regulatory obligations - Where investment substantially exceeds materiality - business case justifying expenditure, alternatives (including CDM activities if applicable), benefits for customers, impact on distributor costs -If a distributor is requesting funding for a CDM activity, additional guidance on evidentiary requirements is provided in the CDM Guidelines | APPENDIX H: MATERIAL JUSTIFICATION REPORTS |
| Ch5, p16 Explanation of how innovative project is expected to benefit customers, such as improved reliability, enhanced customer services, CDM, efficient use of electricity, load management, greater efficiency through grid optimization, lower rates (long-term or short-term), enhanced customer choice, or any other benefit consistent with the OEB's mandate | APPENDIX H: MATERIAL JUSTIFICATION REPORTS |
| Appendix A (if applicable) | |
| Ch5, Appendix A Information on the capability of distribution system to accommodate REG investments, including a summary of the distributor's load and renewable energy generation connection forecast by feeder/substation (where applicable); information identifying specific network locations where constraints are expected to emerge due to forecast changes in load and/or connected renewable generation capacity | N/A - SNC does not expect to incur costs to accommodate and connect REG |
| Ch5, Appendix A In relation to renewable or other distributed energy generation connections, the information that must be considered by a distributor and documented in an application (where applicable), includes: applications from renewable generators > 10 kW, number and MW of REG connections for forecast period, information from IESO and any other information about the potential for renewable generation in distributor's service area, capacity of Dx to connect REG, connection constraints | N/A - SNC does not expect to incur costs to accommodate and connect REG |

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| EXHIBIT 3 - CUSTOMER AND LOAD FORECAST | | |
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| <i>Load Forecasts</i> | | |
| 24 | Weather normal load forecast provided | Exhibit 3 Subsection 3.1.2 Weather Normalized Load and Customer/Connection Forecast Table 3-3: Consumption by Rate Class |
| 24 | Table outlining any factors that influence the load forecast in distributor's service territory (e.g. demographics, customer composition etc.) | Table 3-2: Synergy North Rate Class Mapping |
| 24 | Explanation of the causes, assumptions and adjustments for the volume forecast, including all economic assumptions and data sources used (e.g. housing outlook & forecasts, other variables used in forecasting volumes) | Exhibit 3 Subsection 3.1.3 Load Forecast and Methodology Exhibit 3 Subsection 3.1.4 COVID-19 in Regression Analysis |
| 25 | Explanation of weather normalization methodology | Exhibit 3 Subsection 3.1.3 Load Forecast and Methodology |
| 25 | Completed Appendix 2-IB; the customer and load forecast for the test year entered on RRWF, Tab 10 | SNC 2024_Chapter2_Appendices: App. 2-IB filed in live Excel Format SNC 2024 Revenue Requirement Workform 20230816 - RRWF filed in live Excel Format |
| 25 & 26 | <p>Multivariate Regression Model</p> <ul style="list-style-type: none"> -rationale to support change if the proposed model's methodology differs from the methodology used in the most recent load forecast; discussion of modelling approaches considered and alternative models tested -statistics should include, but not limited to, the regression equations coefficients and intercepts (e.g. t-stats, model statistics including R2, adjusted R2, F-stat, root-mean-squared-error and Durbin-Watson statistic), including explanation for any resulting non-intuitive relationships -explanation of weather normalization methodology (including if monthly HDD and/or CDD are used they are based on either: 10 year avg. or proposed alternative approach with supporting evidence -definitions of HDD and CDD including: climatological measurement points and why appropriate as well as identification of base degrees -sources of data for endogenous and exogenous variables. Where a variable has been constructed, explanation of the variable data used and source. Where a distributor has constructed the demand variable to model billed consumption on a class-specific basis, a full explanation of the approach used to pro-rate or interpolate non-interval data (i.e. if billing data are not based on calendar monthly readings as obtained from interval or smart meters) must be provided, including an explanation of why the constructed demand series is suitable for modelling -any binary variables used must be explained and justified - the use of binary variables should be limited and overlap with other variables should be avoided -explanation of any specific adjustments made (e.g. to adjust for loss or gain of major customers or load, significant re-classifications of customers, etc.). Note locally purchased generation should be included in the total for purchased power -description of how CDM impacts and other exogenous factors have been accounted for in the historical period, and how CDM impacts, including any CDM targets or forecasts in the bridge and test years, are factored into the test year load forecast -data and regression model and statistics used in customer and load forecast in Excel format | <p>Exhibit 3 Subsection 3.1.3 Load Forecast and Methodology</p> <p>Exhibit 3 Subsection 3.1.4 COVID-19 in Regression Analysis</p> <p>Exhibit 3 Subsections 3.2 (Residential Regression Models), 3.3 (GS < 50 Regression Models), 3.4 (GS 50 to 999 Regression Models), & 3.5 (GS 1,000 to 4,999 Regression Models)</p> <p>Exhibit 3 Subsection 3.7 Rate Class Results</p> <p>Exhibit 3 Subsection 3.6 Conservation Demand Management Adjustments</p> <p>Load Forecast Model filed in Live Excel Format SNC_2024_Load Forecast_20230816</p> |
| 26 | <p>NAC Model</p> <ul style="list-style-type: none"> -rationale to support NAC methodology if the model use differs from the method used in the most recent load forecast -data supporting calculation of NAC values for each rate class -description of how CDM impacts and other exogenous factors have been accounted for in historical period and how CDM impacts, including any CDM targets or forecasts in the bridge and test years, are factored into test year forecast -discussion of weather normalization assumptions used | n/a |
| <i>Incorporating CDM Impacts in the Load Forecast for Distributors</i> | | |
| 27 | Distributor may request approval for the use of the LRAMVA for a new CDM activity (a distribution-rate funded CDM activity or the Local Initiatives Program (LIP)), which would require establishing an LRAMVA threshold. If a distributor does request to establish an LRAMVA threshold, documentation of the CDM savings to be used as the basis for the 2023 LRAMVA threshold, and description of how these savings are aligned with the 2023 load forecast | n/a |
| 28 | If a distributor proposes a different savings values for a CDM activity in the load forecast and LRAMVA threshold, description of rationale for these differences (e.g., timing of CDM activity, line loss factor, net-to-gross conversion factor) | Exhibit 3 Subsection 3.6 Conservation Demand Management Adjustments |

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| Accuracy of Load Forecast and Variance Analyses | | |
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| 28 | Completed Appendix 2-IB (2-IA provides further instructions for filling out 2-IB) | SNC_2024_Chapter2_Appendices: App. 2-IB filed in live Excel Format |
| 28 | For customer/connection counts: -identification as to whether customer/connection count is shown in year end or average format -year-over-year variances in changes of customer/connection counts with explanation for changes in the definition of, or major changes made in the composition of each customer class -explanations of bridge and test year forecasts by rate class -for last rebasing, variance analysis between last OEB-approved and actuals with explanations for material differences | Exhibit 3 Subsection 3.8 Customer / Connection Forecast by Rate Class |
| 28 | For consumption and demand: -explanation and details to support how kWh are converted to kW for applicable demand-billed classes -year-over-year variances in consumption (kWh) and demand (kW or kVA - the latter for demand billed rate classes) by rate class and for system consumption overall (kWh) with explanations for material changes in the definition of or major changes over time (comparison done for both historical actuals against each other and historical weather-normalized actuals over time) -explanations of the bridge and test year forecasts by rate class (and how these vary from or are trending from both historical actuals and from weather-normalized actuals) -for last rebasing variance analysis between the last OEB-approved and the actual results with explanations for material differences | Exhibit 3 Subsection 3.9 Billed kW Load Forecast Exhibit 3 Subsection 3.10 Accuracy of Load Forecast and Variance Analyses |
| 29 | All data and equations used to determine customers/connections, demand and load forecasts provided in Excel format | Load Forecast Model filed in live Excel Format SNC_2024_Load Forecast_20230816 |
| EXHIBIT 4 - OPERATING EXPENSES | | |
| Overview | | |
| 29 | Brief explanation (quantitative and qualitative) of test year OM&A levels, how the distributor develops and receives approval of their OM&A budget, cost drivers and significant changes relative to historical and bridge years, trends in costs and relevant metrics including OM&A per customer (and its components) for the historical, bridge and test years, inflation rate assumed (if proposing different rate than IPI - provide explanation supporting proposal), business environment changes | Exhibit 4 Subsection 4.1 Overview Exhibit 4 Subsection 4.1.2 2024 Test Year OM&A Expense Summary Table 4-1: 2024 Test Year OM&A Expenses Exhibit 4 Subsection 4.1.3 OM&A budgeting process Exhibit 4 Subsection 4.1.4 2017 Board Approved Proxy Table 4-2: Computation of Former KHEC Board Approved Proxy Table 4-3: Computation of 2017 Board Approved Proxy Exhibit 4 Subsection 4.1.5 Presentation of Consolidated OM&A Expenditures Table 4-4: Former KHEC 2017 Board Approved Proxy vs KHEC 2017 and 2018 Actuals Exhibit 4 Subsection 4.1.6 2024 Test Year OM&A Expense Summary and Cost Trends Table 4-5: 2017 Board Approved Proxy to 2024 Test Year Table 4-4: Former KHEC 2017 Board Approved Proxy vs KHEC 2017 and 2018 Actuals Exhibit 4 Subsection 4.1.8 Inflation Rate Assumed Table 4-7: Inflation Factors Table 4-8: CPI Forecasts by Major Financial Institutions Exhibit 4 Subsection 4.1.9 Business Environment Changes |
| OM&A Summary and Cost Driver Tables | | |
| Inclusion of the following tables in evidence and all OM&A appendices filed: | | |
| 29 | Summary of recoverable OM&A expenses; Appendix 2-JA | Exhibit 4 Subsection 4.2.1 Summary of Recoverable OM&A Expenses Table 4-9: Summary of Recoverable OM&A Expenses (Appendix 2-JA) |
| 29 | Recoverable OM&A cost drivers; Appendix 2-JB | Exhibit 4 Subsection 4.2.2 - Cost Driver Tables Table 4-11: Cost Driver Table (Appendix 2-JB) Table 4-10: Primary OM&A Cost Drivers |
| 29 | OM&A programs table - Appendix 2-JC or OM&A by USoA Table - Appendix 2-JD | Exhibit 4 Subsection 4.3.1 Program Delivery and Variance Analysis Table 4-14: OM&A Program Table (Appendix 2-JC) |
| 29 | Recoverable OM&A Cost per customer and per FTE; Appendix 2-L | Exhibit 4 Subsection 4.2.3 - OM&A Cost Per Customer and Full Time Equivalent Table 4-12: Recoverable OM&A Cost per Customer and per FTE (Appendix 2-L) |
| 29 & 30 | Distributors with 30k or more customers: present OM&A by program; Appendix 2-JC filed to provide OM&A details and variance analysis on a program basis. For each program, provide a definition of the USoA accounts included | Exhibit 4 Subsection 4.3.1 Program Delivery and Variance Analysis Table 4-14: OM&A Program Table (Appendix 2-JC) Table 4-15: USoA Accounts within OM&A Programs |
| 30 | Only distributors with less than 30k customers: option to file OM&A by program or USoA. If USoA chosen, 2-JD filed instead of 2-JC | N/A - SNC has greater than 30k customers, therefore used Appendix 2-JC (OM&A by Program) |

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| 30 | For all distributors, the table provided (2-JC or 2-JD) must reflect the entire OM&A amount proposed to be recovered through rates. Information provided for bridge and test years. | Confirmed. Appendix 2-JC reflects the total OM&A proposed to be recovered through rates. |
| 30 | Appendix 2-JB populated to provide information on the cost drivers of OM&A expenses; 2-JA broken down into major categories | Chapter 2 Appendices: App. 2-JB and App 2-JA filed in live Excel Format SNC_2024_Chapter2_Appendices_20230816 |
| 30 | Identification of change in OM&A in test year in relation to change in capitalized overhead | Exhibit 4 Subsection 4.2.4 Capitalized OM&A Table 4-13: Capitalized OM&A (Appendix 2-D) |
| OM&A Variance Analysis | | |
| 30 | Re: 2-JC or 2-JD - variance analysis between: -test year vs last OEB approved -historical OEB-approved vs historical actuals (for the most recent historical OEB-approved year) -test year vs bridge year | Exhibit 4 Subsection 4.3.1 Program Delivery and Variance Analysis Table 4-14: OM&A Program Table (Appendix 2-JC) |
| 30 | If OM&A expense detailed on USoA basis, variance analysis and explanation broken down by the five major OM&A categories as per 2-JA | N/A - SNC has greater than 30k customers, therefore used Appendix 2-JC (OM&A by Program) |
| 30 | For all distributors, the variance analysis includes explanation of whether the change was within the distributor's control or not - distributors encouraged to provide explanations for costs above the threshold which have impacted historical trend | Exhibit 4 Subsection 4.3.1 Program Delivery and Variance Analysis Table 4-14: OM&A Program Table (Appendix 2-JC) |
| Workforce Planning and Employee Compensation | | |
| 31 | Completed Appendix 2-K; information on labour and compensation includes total amount, whether expensed or capitalized | Exhibit 4 Subsection 4.4 Workforce Planning and Employee Compensation Table 4-19: FTE & Employee Costs, Appendix 2-K SNC_2024_Chapter2_Appendices: App. 2-K filed in live Excel Format |
| 31 | If there are three or fewer employees in any category, aggregate with the category to which it is most closely related. This higher level of aggregation must be continued, if required, to ensure that no category contains three or fewer employees. | N/A - No categories with three or fewer employees |
| 31 | Description of proposed workforce plans, including compensation strategy and any changes from previous plan | Exhibit 4 Subsection 4.4.3 Compensation Strategy |
| 31 | Discussion of the outcomes of previous plans and how those outcomes have impacted their proposed plans including an explanation of the reasons for all material changes to FTEs and compensation. Explanation for all years includes: - Variances with an explanation of contributing factors, inflation rates used for forecasts, and the plan for any new employees - basis for performance pay, eligible employee groups, goals, measures, and review process for pay-for-performance plans - relevant studies (e.g. compensation benchmarking) | Exhibit 4 Subsection 4.4.5 FTE, Wages & Benefits Analysis |
| 31 | Details of employee benefit programs including pensions, OPEBs, and other costs charged to OM&A. A breakdown of the pension and OPEBs amounts included in OM&A and capital provided for the last OEB-approved rebasing application, and for historical, bridge and test years | Exhibit 4 Subsection 4.4.6 Employee Benefit programs |
| 31 | Most recent actuarial report; tax section of evidence agrees with this analysis | Attachment 4-A, Synergy North 2022 Valuation Report |
| 31 | For virtual distributors - Appendix K completed in relation to the employees of the affiliates who are doing the work of the regulated distributor. Provide the status of pension funding and all assumptions used in the analysis. | N/A - SNC is not a virtual utility |
| 32 | Indication if pension and OPEBs to be recovered using cash or accrual method. If cash method, sufficient supporting rationale and evidence for adopting cash method. If proposing to change the basis in which pension and OPEB costs are included in OM&A from last rebasing, quantification of impact of transition provided | Exhibit 4 Subsection 4.4.6 Employee Benefit programs |
| Shared Services and Corporate Cost Allocation | | |
| 32 | Identification of all shared services among affiliates; identification of the extent to which the applicant is a "virtual utility" and justification of proposed shared services and cost allocation | Exhibit 4 Subsection 4.5.1 Shared Services and Corporate Cost Allocation overview |
| 32 | For shared services among affiliated entities: type of service provided or received, pricing methodology | Exhibit 4 Subsection 4.5.2 Shared Services to Affiliates |
| 32 | Allocation methodology for corporate services, list of shared services, list of costs and allocators and how the allocator was derived, any third party review of cost allocation methodology | Exhibit 4 Subsection 4.5.1 Overview Exhibit 4 Subsection 4.5.2 Shared Services to Affiliates |
| 32 | Completed Appendix 2-N for service provided or received for historical actuals, bridge and test; including reconciliation with revenue included in Other Revenue | Exhibit 4 Subsection 4.5.2 Shared Services to Affiliates Table 4-23 - 4-30: Shared Services and Corporate Cost Allocation for 2017 - 2024 (Appendix 2-N) SNC_2024_Chapter2_Appendices: App. 2-N filed in live Excel Format |
| 32 & 33 | Shared Service and Corporate Cost Variance analysis - test year vs last OEB approved and test year vs most recent actual | Exhibit 4 Subsection 4.5.5 Variance Analysis Table 4-31: Summary of Affiliates Service and Corporate Cost Allocations |
| 33 | Identification of any Board of Director costs for affiliates included in LDC costs | Exhibit 4 Subsection 4.5.4 Affiliate Board of Director Costs |

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| Non-Affiliate Services, One-Time Costs, Regulatory Costs | |
| 33 Purchases of Non-Affiliated Services - copy of procurement policy (including information on signing authority, tendering process, non-affiliate service purchase compliance) | Exhibit 4 Subsection 4.6.1 Non-Affiliate Services Attachment 4-B, SNC Purchasing Policy |
| 33 For material transactions not in compliance with procurement policy, or that were undertaken pursuant to exceptions contemplated within the policy, an explanation as to why as well as a summary of the nature and cost of the product, and a description of the specific methodology used for selecting the vendor | N/A - No material transactions not in compliance with procurement policy. |
| 33 Identification of one-time costs in historical, bridge, test; explanation of cost recovery in test year. If no recovery of one-time costs is being proposed in the test year and subsequent IRM term, an explanation must be provided | Exhibit 4 Subsection 4.6.2 One Time Costs |
| 33 & 34 Regulatory costs - breakdown of actual and anticipated regulatory costs including OEB cost assessments and expenses related to the CoS application (e.g. legal fees, consultant fees), information supporting incremental level of costs for preparation and review of current application, proposed recovery (i.e. amortized?), explanation if different than 5 years, completed Appendix 2-M | Exhibit 4 Subsection 4.6.3 Regulatory Costs Attachment 4-D, Appendix 2-M |
| LEAP, Charitable and Political Donations | |
| 34 LEAP - the greater of 0.12% of forecasted service revenue requirement or \$2,000 should be included in OM&A and recovered from all rate classes. If proposing LEAP funding higher than 0.12%, details of demographics provided | Exhibit 4 Subsection 4.7.1 LEAP Table 4-32: LEAP |
| 34 For any charitable contributions claimed for recovery, detailed information provided | Exhibit 4 Subsection 4.7.2 Charitable Donations |
| 34 Confirmation that no political contributions have been included for recovery | Exhibit 4 Subsection 4.7.3 Political Donations |
| Conservation and Demand Management | |
| 35 Statement confirming that no costs for dedicated CDM staff to support IESO programs funded under the 2021-2024 CDM Framework are included in the revenue requirement | Exhibit 4 Subsection 4.8 Conservation and Demand Management |
| 35 Distributor should generally not include any forecast costs associated with partnership in the IESO's LIP within its revenue requirement; distributor can seek to recover partnership costs at a future date through the LIP deferral account. If distributor plans to partner with the IESO for the LIP at the time of its cost of service application, description of proposed approach to partnership, including a forecast of LIP costs | SNC_2024 Revenue Requirement Workform_ 20230816 |
| Funding Options for Future Conservation and Demand Management Activities | |
| 35 If CDM activities included in COS where CDM activities expected to come into service during Price Cap IR term, identification of if costs of such CDM activities included in the revenue requirement, or if the distributor intends to propose treatment similar to an ACM for these future CDM activities | Exhibit 4 Subsection 4.9 Funding Options for Future Conservation and Demand Management Activities |
| 35 If the latter as noted above, supporting rationale provided (e.g., the preliminary cost information and ACM/ICM materiality threshold calculations to show that a similar capital project would qualify for ACM treatment based on the forecasted information at the time of the DSP and cost of service application) | Exhibit 4 Subsection 4.9 Funding Options for Future Conservation and Demand Management Activities |
| EXHIBIT 5 - COST OF CAPITAL AND CAPITAL STRUCTURE | |
| Capital Structure | |
| 36 Use of most recent parameters issued by the OEB, subject to update if new parameters available prior to OEB decision. Alternatively - distributor specific cost of capital with supporting evidence and justification | Exhibit 5 - Subsection 5.1.1 Overview |
| 36 Completed Appendix 2-OA for last OEB approved and test years | Exhibit 5 Subsection 5.1. Capital Structure Table 5-2: Capital Structure and Cost of Capital (OEB Chapter 2 Appendix 2-OA) SNC_2024_Chapter2_Appendices: App. 2-OA filed in live Excel Format |
| 36 Completed Appendix 2-OB for historical, bridge and test years with respect to long-term debt, short-term debt, preference shares, and common equity | Exhibit 5 Subsection 5.2.10 Weighted Average Cost of Capital Table 5-4: Debt Instruments (OEB Chapter 2 Appendix 2-OB) SNC_2024_Chapter2_Appendices: App. 2-OB filed in live Excel Format |
| 36 Explanation for any material changes in capital structure or material differences between actual and deemed capital structure including: retirement of debt or preference shares and buy-back of common shares; short-term debt, long-term debt, preference shares and common share offerings | Exhibit 5 Subsection 5.1.1 Overview |
| Cost of Capital (Return on Equity and Cost of Debt) | |
| The following provided for each year: | |
| 37 Calculation of cost for each capital component | Exhibit 5 Subsection 5.2.1 Exiting Rate Minimization Exhibit 5 Subsection 5.2.2 Cost of Debt: Long Term Exhibit 5 Subsection 5.2.3 Cost of Debt: Short Term Exhibit 5 Subsection 5.2.4 Preference Shares Exhibit 5 Subsection 5.2.5 Common Equity Exhibit 5 Subsection 5.2.6 Profit or Loss on Redemption of Debt or Preferred Shares |
| 37 Profit or loss on redemption of debt, if applicable | Exhibit 5 Subsection 5.2.6 Profit or Loss on Redemption of Debt of Preferred Shares |
| 37 Copies of current promissory notes or other debt arrangements with affiliates | Exhibit 5, Attachment 5-A Municipal Promissory Note, COTB Exhibit 5, Attachment 5-B Promissory Note, KHEC |
| 37 Explanation of debt rate for each existing debt instrument including an explanation on how the debt rate was determined and is in compliance with the policies documented in the 2009 Report or applicant's proposed approach | Exhibit 5 Subsection 5.2.2 Cost of Debt: Long Term Exhibit 5 Subsection 5.2.3 Cost of Debt: Short Term Exhibit 5 Subsection 5.2.5 Common Equity |

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| 37 | Forecast of new debt in bridge and test year - details including estimate of rate and other pertinent information (e.g. affiliated debt or third party?) | Exhibit 5 Subsection 5.2.2 Cost of Debt: Long Term |
| 37 | If proposing any rate that is different from the OEB guidelines, a justification of the proposed rate(s), including key assumptions | N/A - SNC is not proposing any rate that is different from the OEB's guidelines |
| 37 | Historical return on equity achieved | Exhibit 5 Subsection 5.2.7 Historical Return on Equity Table 5-3: Historical Return on Equity |
| Not-for-Profit Corporations | | |
| 37 | Requested capital structure and cost of capital (including the proposed cost of long-term and short-term debt and proposed return on equity) | N/A - Exhibit 5 Subsection 5.3 Not for Profit Corporations |
| 38 | Statement as to whether the revenues derived from the return on equity component of the cost of capital is to be used to fund reserves or will be used for other purposes | N/A |
| 38 | If the revenues derived from the return on equity component will be used to fund reserves, specifications for each proposed reserve fund and a description of the governance (policies, procedures, sign-off authority, etc.) that will be applied | N/A |
| 38 | If the revenues derived from the return on equity component will be used for other purposes, statement as to whether these revenues will be used for non-distribution activities (in the situation where the excess revenues are greater than the amounts needed to fund distribution activities); rationale provided supporting the use of the revenues in this manner. Also, governance (policies, procedures, sign-off authority, etc.) that will be applied to the funding of non-distribution activities provided | N/A |
| 38 | If there are approved reserves from previous OEB decisions provide the following: -the limits of any capital and/or operating reserves as approved by the OEB, and identifying the decisions establishing these reserve accounts and their limits -the current balances of any established capital and/or operating reserves | N/A |
| EXHIBIT 6 - REVENUE REQUIREMENT AND REVENUE DEFICIENCY OR SUFFICIENCY | | |
| 38 | The following information must be provided in this exhibit (with cross references to where in the application further details can be found for each) excluding energy costs and revenues and unregulated costs and revenues: -determination of net income, statement of rate base, actual return on rate base, indicated rate of return, requested rate of return, deficiency or sufficiency in revenue, gross deficiency or sufficiency in revenue | Exhibit 6 Subsection 6.1.3 Determination of Net Utility Income Exhibit 6 Subsection 6.1.4 Statement of Rate Base Exhibit 6 Subsection 6.2.1 Indicated Rate of Return Exhibit 6 Subsection 6.2.2 Requested Rate of Return Exhibit 6 Subsection 6.3 Revenue Deficiency |
| 38 & 39 | Revenue deficiency or sufficiency calculations net of electricity price differentials captured in the Retail Settlement Variance Accounts (RSVAs) and also net of any cost associated with low voltage (LV) charges or DVA balances of distribution expenditures/revenues being tracked through approved deferral and variance accounts for certain distribution assets (e.g. ICM and ACM capital projects) and for which disposition is not being sought in the application. | Exhibit 6 Subsection 6.3.1 Overview Table 6-6: Revenue Deficiency Determination |
| 39 | Summary of drivers for test year deficiency/sufficiency, how much each driver contributes; references in application evidence mapped to drivers | Exhibit 6 Subsection 6.4 Cost Drivers on Revenue Deficiency |
| 39 | Impacts of any changes in methodologies on deficiency/sufficiency and on individual cost drivers contributing to it | Exhibit 6 Subsection 6.3.1 Overview - N/A No changes to methodology |
| Revenue Requirement Work Form | | |
| 39 | Completed RRWF. Revenue requirement, def/sufficiency, data entered in RRWF must correspond with other exhibits | Exhibit 6, Attachment 6-A Revenue Requirement Work Form SNC 2024 Revenue Requirement Workform 20230816 |
| 39 | If the enhanced RRWF cannot reflect a distributor's proposed rates accurately, the distributor must file its rate generator model | Confirmed that the RRWF reflects SNC's proposed rates accurately. No rate generator model has been filed. |
| 40 | For revenues - calculation of bridge year forecast of revenues at existing rates; calculation of test year forecasted revenues at each of existing rates and proposed rates | Exhibit 6 Subsection: 6.3 Revenue Deficiency Table 6-6: Revenue Deficiency Determination |
| Income Tax or PILS | | |
| 40 | Must provide detailed calculations of income tax or PILS. Must include a completed Excel version of the PILS model available on the OEB's website, including derivation of adjustments for historical, bridge and test years. Regulatory assets and liabilities must be excluded from PILS calculations when they were created and when they were disposed, regardless of the actual tax treatment accorded those amounts. | Exhibit 6 Subsection 6.5 Payment in Lieu of Taxes (PILS) Table 6-9: 2024 Test Year Tax Provision SNC_Test_year_Income_tax_PILS_20230816 filed as live excel SNC 2024 Revenue Requirement Workform 20230816 filed as live excel |
| 40 | Supporting schedules and calculations identifying reconciling items | Exhibit 6, Section 6.5 Payment in Lieu of Taxes |
| 40 | Most recent federal and provincial tax returns | Exhibit 6, Attachment 6-B Corporate Tax Return |
| 40 | Financial Statements included with tax returns if different from those filed with application | N/A Financial Statements included with Tax Returns consistent with Financial Statements filed with the application. |
| 40 | Calculation of tax credits; redact where required (filing of unredacted versions is not required) | Exhibit 6, Section 6.5.7 Calculation of tax credits |
| 41 | Supporting schedules, calculations and explanations for other additions and deductions | Exhibit 6 Subsection 6.5.2 Expected 2024 Tax Rates Table 6-10: Taxable Income Table |
| 41 | Completion of the integrity checks in the PILS Model | Exhibit 6 Subsection 6.5.3 Integrity Checks |
| 41 | Accelerated CCA - full revenue requirement impact recorded in Account 1592 and the balance sought for review and disposition, method used in calculating the revenue requirement impact recorded in Account 1592, detailed calculations by year for the full revenue requirement impact recorded in Account 1592 | Exhibit 6 Subsection 6.5.4 Capital Cost Allowance Table 6-11: 2023 CCA Continuity Schedule Table 6-12: 2024 CCA Continuity Schedule |
| 41 & 42 | May propose a mechanism to smooth the tax impacts over the five-year IRM term. | Exhibit 6 Subsection 6.5.5 Future Employee Benefits |
| Other Taxes | | |
| 42 | Account 6105 is not an OM&A account and should be excluded from all OM&A totals. Applicant should provide an explanation of how these tax amounts are derived. | Exhibit 6 Subsection 6.6 Other taxes |

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| Non-recoverable and Disallowed Expenses | | |
| 42 | Exclude from regulatory tax calculation any non-recoverable or disallowed expenses | Exhibit 6 Subsection 6.7 Non-Recoverable and Disallowed Expenses |
| Other Revenue | | |
| 42 | Completed Appendix 2-H, including the breakdown of each account showing the components of each | Exhibit 6, Attachment 6-C, Other Operating Revenue (Board Appendix 2-H) Chapter 2 Appendices: App. 2-H filed in live Excel Format |
| 42 & 43 | For each other distribution revenue account: -comparison of actual revenues for historical years to forecast revenue for bridge and test year, including explanations for significant variances year-over-year -revenue from any new proposed specific service charges, changes to rates, or new rules for applying existing specific service charges (incl. any credits to customers) -revenue from affiliate transactions, shared services, or corporate cost allocation. For each affiliate transaction identification of service, the nature of service provided, accounts used to record revenue, and costs to provide service -revenue from affiliate transactions recorded in Account 4375 -expenses from affiliate transactions recorded in Account 4380 | Exhibit 6 Subsection 6.8.2 Other Revenue Variance Analysis Table 6-17: Other Revenue Variance Analysis |
| 43 | Balances recorded in Account 4375 and Account 4380 reconcile to the balances recorded in Appendix 2-N – Shared Services and Corporate Allocation for the three historical years, the bridge year and the test year. Any differences must be reconciled | Exhibit 6 Subsection 6.8.4 Affiliate Transactions Table 6-18 Reconciliation of Shared Services and Other Revenue |
| 43 | Revenue related to microFIT recorded as revenue offset in Account 4235 and not included as part of base revenue requirement | Confirmed. Section 6.8.5 MicroFIT revenue |
| 43 | Transfer pricing and allocation of cost methods do not result in cross-subsidization between regulated and non-regulated lines of business and compliance with article 340 of APH; explanations for any deviations | Confirmed. Exhibit 4: Section 4.5.2 Shared Services to Affiliates |
| 43 | Identification of any discrete customer groups that may be materially impacted by changes to other rates and charges. | Exhibit 6 Subsection 6.8.1 Overview |
| EXHIBIT 7 - COST ALLOCATION | | N/A |
| Cost Allocation Study Requirements | | |
| 44 | Completed cost allocation study using the OEB-approved methodology or the distributor's study and model reflecting forecasted test year loads and costs and supported by appropriate explanations and live Excel spreadsheets: sheets 11 and 13 of the RRWF complete | Cost Allocation model filed in live Excel Format SNC 2024_Cost Allocation_Model_20230816 |
| 44 | Description of weighting factors, rationale for use of default values (if applicable) | Exhibit 7 Subsection 7.2 Weighting Factors |
| 44 | If distributor is choosing to use the same weightings as its previous rebasing application, a reference to the previous application provided | N/A - SNC is not using same weighting factors as used in previous application |
| 45 | Complete live Excel cost allocation model, whether using the OEB-issued one or a different model. If using the OEB-issued model, Input sheet I.2, cells c15 and c17 must be used to identify the final run of the model on each sheet. If using another model, the distributor must file equivalent information. | Cost Allocation model filed in live Excel Format SNC 2024_Cost Allocation_Model_20230816 |
| Load Profiles and Demand Allocators | | |
| 45 | Update all classes' load profiles and update demand allocators, if class load profiles are unavailable, provide an explanation and commit to putting plans in place to remedy this for next time a cost allocation model is filed | Exhibit 7 Subsection 7.2 Weighting Factors |
| 45 | Discussion of how load profiles have been normalized for weather and any notable events impacting usage patterns | Exhibit 7 Subsection 7.3.1 Load Profile Data |
| 45 | If multivariate regression used, the following provided: -statistics and statistical tests related to regression equation(s) coefficients and intercept -explanation of the weather-normalization methodology including: relationship between demand and Heating and/or Cooling requirements, determination of normal weather: the hourly for daily Heating and/or Cooling required -sources of data used for both endogenous and exogenous variables. Where a variable has been constructed, explanation of the variable, data used and the source of the data provided -explanation of any specific adjustments made (e.g. to address gaps in historical meter data) | Exhibit 7 Subsection 7.3.1 Load Profile Data Load Profile Derivation model filed in live Excel Format SNC_2024_Load_Profile_Derivation_Model_20230816 |
| 46 | Data and regression model and statistics used in the weather normalization of load profiles provided in Excel format (includes showing the derivation of any constructed variables) | Load Profile Derivation model filed in live Excel Format SNC_2024_Load_Profile_Derivation_Model_20230816 |
| 46 | Demand Allocators: spreadsheet and a description with calculations to show how demand allocators are derived from the historical weather normal or weather actual load profiles | Load Profile Derivation model filed in live Excel Format SNC_2024_Load_Profile_Derivation_Model_20230816 |
| 46 | Historical Average: Where the annual demand allocators are based on weather actual load profiles, at least three, and ideally five years of historical data should be used to perform weather normalization. Where the annual demand allocators are based on weather normalized load profiles, fewer years may be used | N/A - weather normalized |
| 46 & 47 | Host Distributor only - evidence of consultation with embedded Dx - statement regarding embedded Dx support for approach to allocation of costs - if embedded Dx is separate class - class in cost allocation study and RRWF - if new embedded Dx class - rationale and supporting evidence (cost of serving, load served, asset ownership information, distribution charges levied); include in cost allocation study and RRWF - if embedded Dx billed as GS customer - include with the GS class in cost allocation model and the RRWF. Provide cost of serving, load served, asset ownership information, distribution charges levied, appropriateness of rates for the GS class recovering costs of providing low voltage dx services to embedded distributor(s). Completed Appendix 2-Q - Cost of Serving Embedded Distributors | Exhibit 7 Subsection 7.4.6 Embedded Distributor Class |

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| 47 | microFIT - if the applicant believes that it has unique circumstances which would justify a different rate than the generic rate, documentation to support rate must be provided | Exhibit 7 Subsection 7.4.5 MicroFIT |
| 48 | Standby Rates - distributors should request approval for its standby rates to be made final and provide evidence confirming that they have advised all affected customers of the proposal. A distributor that seeks changes to its standby charges, including a change in the methodology on which these rates are based, must provide full documentation supporting its proposal, and confirm that all affected customers have been notified of the proposed change(s). | Exhibit 7 Subsection 7.4.4 Standby Rates |
| 48 | If new customer class or changing definition of existing classes, rationale and restatement of revenue requirement from previous cost of service | Exhibit 7 Subsection 7.4.1 New Customer Class |
| 48 | If eliminating or combining customer classes, rationale and restatement of revenue requirement from previous cost of service | Exhibit 7 Subsection 7.4.2 Elimination of Customer Class |
| Class Revenue Requirements | | |
| 49 | To support a proposal to rebalance rates, information on the revenue by class that would apply if all rates were changed by a uniform percentage provided. Ratios compared with the ratios that will result from the rates being proposed by the distributor. | Exhibit 7 Subsection 7.5 Class Revenue Requirements Table 7-6: Allocated Cost |
| Revenue to Cost Ratios | | |
| 49 & 50 | If R:C ratios outside dead band - cost allocation proposal to bring them within the OEB-approved ranges provided. In making any such adjustments, potential mitigation measures addressed if the impact of the adjustments on the rates of any particular class or classes is significant. | Exhibit 7 Subsection 7.6 Revenue to Cost Ratios Table 7-7 Revenue Cost Ratios |
| 50 | If distributor proposes to continue rebalancing rates after the cost of service test year, the ratios proposed for subsequent year(s) must be provided | Exhibit 7 Subsection 7.6 Revenue to Cost Ratios Table 7-7 Revenue Cost Ratios |
| 50 | If Cost Allocation Model other than OEB model used - exclude LV, exclude DVA such as smart meters | N/A - OEB model used |
| EXHIBIT 8 - RATE DESIGN | | |
| 50 | Monthly fixed charges - 2 decimal places; variable charges - 4 decimal places; if departing from this approach, explanation provided as to why necessary and appropriate | Confirmed. Table 8-4 Proposed Fixed Charge by Rate Class and Table 8-6 Proposed Variable Charge by Rate Class |
| Fixed Variable Proportion | | |
| 50 & 51 | The following is to be provided in relation to the fixed/variable proportion of proposed rates: -Current F/V for each rate class with supporting info -Proposed F/V for each rate class with explanation for any changes from current proportions -Table comparing current and proposed monthly fixed charges with the floor and ceiling as in cost allocation study Analysis must be net of rate adders, funding adders, and rate riders | Exhibit 8 Subsection 8.1.2 Fixed / Variable Proportions Table 8-3: Current Fixed / Variable Proportions Table 8-4: Proposed Fixed Charge by Rate Class Table 8-5: Monthly Service Charge Comparison Table 8-6: Proposed Variable Charge by Rate Class |
| RTSRs | | |
| 51 | Completed RTSR Model in Excel | RTSR Model filed in live Excel format Attachment 8-A: Board RTSR Model |
| 51 | RTSR information consistent with working capital allowance calculation; explanation for any differences | N/A - No LDC-specific working capital factor |
| Retail Service Charges | | |
| 51 | Distributors should note that the current retail service rates and charges were established on a generic basis and should refer to the most recent rate order for the current approved rates. | Exhibit 8 Subsection 8.3 Retail Service Charges |
| Regulatory Charges | | |
| 52 | If applying for a rate other than the generic rate set by the OEB, distributors must provide justification as to why their specific circumstances would warrant a different rate, in addition to a detailed derivation of their proposed rate | Exhibit 8 Subsection 8.4 Regulatory Charges |
| Specific Service Charges | | |
| 52 | If requesting new specific service charge or a change to the level of an existing charge, description of the purpose of charge, or reason for change to an existing charge; calculations to support charges | Exhibit 8 Subsection 8.6 Specific Service Charges |
| 52 | Identification in the Application Summary all proposed changes that will have an impact on customers, including changes to other rates and charges that may affect a discrete group; identification of specific customers or customer groups impacted by each proposal | Exhibit 8 Subsection 8.6.2 Details of Proposed Charges |
| 52 | Calculation of charge includes: direct labour, labour rate, burden rate, incidental, other | Exhibit 8 Subsection 8.6.1 Overview |
| 53 | Identification of any rates and charges in Conditions of Service that do not appear on tariff sheet. Explain nature of costs, provide schedule outlining revenues or capital contributions recovered from these rates from last OEB-approved year to most recent actuals and the revenue or capital contributions forecasted for the bridge and test years. A proposal and explanation as to whether these charges should be included on tariff sheet | Exhibit 8 Subsection 8.6.3 Conditions of Service |
| 53 | Revenue from SSCs corresponds with Operating Revenue evidence | Exhibit 8 Subsection 8.6.1 Overview |
| Wireline Pole Attachment Charge | | |
| 53 | Under the new regulation (Part VI.1: O. Reg. 842/21, (Electricity Infrastructure (Part VI.1 of the Act)), OEB is to establish a generic, province-wide pole attachment charge for 2022. The Regulation further requires the OEB to set the charge for 2023 and subsequent years by adjusting the prior year's charge for inflation. The Regulation provides that the annual charge will be established by order without a hearing. | Exhibit 8 Subsection 8.7 Wireline Pole Attachment Charge |

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| Low Voltage Service Rates | | |
| If the distributor is fully or partially embedded, information on the following must be provided: | | |
| 54 | Forecast LV Cost | Exhibit 8 Subsection 8.8 Low Voltage Service Rates |
| 54 | Actual LV Cost for the last three historical years along with bridge and test year forecasts; year-over-year variances and explanations for substantive changes in costs over time up to and including test year forecast | N/A - SNC does not incur LV charges |
| 54 | Support for forecast LV, e.g. Hydro One Sub-Transmission charges | N/A - SNC does not incur LV charges |
| 54 | Allocation of forecasted LV cost to customer classes (typically proportional to Tx connection revenue) | N/A - SNC does not incur LV charges |
| 54 | Proposed LV rates by customer class | N/A - SNC does not incur LV charges |
| Smart Meter Entity Charge | | |
| 55 | Current OEB-approved SMC charged until the OEB approved any updated SMC | Exhibit 8 Subsection 8.9 Smart Meter Entity Charge |
| Loss Factors | | |
| 55 | Proposed SFLF and Total Loss Factor for test year | Exhibit 8 Subsection 8.10 Loss Adjustment Factors |
| 55 | Statement as to whether LDC is embedded including whether fully or partially | Exhibit 8 Subsection 8.10 Loss Adjustment Factors |
| 55 | Study of losses if required by previous decision | Exhibit 8 Subsection 8.10 Loss Adjustment Factors |
| 55 | 3-5 years of historical loss factor data - Completed Appendix 2-R | Exhibit 8 Subsection 8.10.2 Calculation of Losses Table 8-11: Calculation of SNC's Loss Factors SNC 2024 Chapter2 Appendices: App. 2-R filed in live Excel Format |
| 55 | If proposed distribution loss factor >5% or is showing an increasing trend, explanation for level of losses, details of actions taken to reduce losses in the previous five years, and actions planned to reduce losses going forward | N/A - loss factor does not exceed 5% |
| 55 | Explanation of SFLF if not standard | N/A - SFLF is standard |
| 55 | Reconciliation between the application and RRR filing | Exhibit 8 Subsection 8.10.2 Calculation of Losses |
| Tariff of Rates and Charges | | |
| 55 | Current and proposed Tariff of Rates and Charges - must be filed in Excel format and PDF format Explanation and support of each change in the appropriate section of the application | Exhibit 8 Subsection 8.11 Tariff of Rates and Charges |
| 55 | Completed Bill Impacts Model | Live and Attached 8-C, Tariff Schedule & Bill Impacts Model |
| 56 | Explanation of changes to terms and conditions of service if changes affect application of rates and rationale behind those changes | Exhibit 8 Subsection 8.11 Tariff of Rates and Charges |
| 56 | Proposed tariffs must include applicable regulatory charges, and any other generic rates as ordered by the OEB | Exhibit 8 Subsection 8.11 Tariff of Rates and Charges |
| Revenue Reconciliation | | |
| 56 | Calculations of revenue per class under current and proposed rates; reconciliation of rate class revenue and other revenue to total revenue requirement (i.e. breakout volumes, rates and revenues by rate component etc.) | Exhibit 8 Subsection 8.12 Revenue Reconciliation |
| 56 | Completed RRWF - Sheet 13 (table reconciling base revenue requirement against revenues recovered through proposed rates) | RRWF Model filed in live Excel format SNC 2024 Revenue Requirement Workform_20230816 Table 8-13: Revenue Reconciliation |
| Bill Impact Information | | |
| 56 | Completed Tariff Schedule and Bill Impacts Model. Bill impacts must identify existing rates, proposed changes to rates, and detailed bill impacts (including % change in distribution excluding pass through costs - Sub-Total A, % change in distribution - Sub-Total B, % change in delivery - Sub-Total C, and \$ change in total bill) | Exhibit 8 Subsection 8.13 Bill Impacts |
| 56 | Impact of changes resulting from the as-filed application on representative samples of end-users (i.e. volume, % rate change and revenue). Commodity and regulatory charges held constant | Exhibit 8 Subsection 8.13 Bill Impacts Table 8-14: Proposed Bill Impacts |
| 57 | Bill impacts provided for typical customers and consumption levels. Must provide residential 750 kWh and GS-50 2,000 kWh. Bill impacts must be provided for a range of consumption levels relevant to the service territory for each class | Exhibit 8 Subsection 8.13 Bill Impacts |
| 57 | If applicable, for certain classes where one or more customers have unique consumption and demand patterns, the distributor must show a typical impact and provide an explanation | n/a |
| Rate Mitigation | | |
| 57 | Mitigation plan if total bill increase for any customer class is >10% including: specification of class and magnitude of increase, description of mitigation measures, justification for mitigation measure including reasons if no mitigation proposed, other relevant information. The Tariff Schedule and Bill Impacts Model must reflect any mitigation plan proposed. | Exhibit 8 Subsection 8.14 Rate Mitigation Table 8-16: Rate Mitigation Rates |

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| Rate Harmonization Mitigation Issues | | |
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| 58 | If part of a MAADs transaction, and rate harmonization plan not yet approved by the OEB, a rate harmonization plan must be filed | Exhibit 8 Subsection 8.14.2 Rate Harmonization |
| 58 | Plan includes a detailed explanation and justification for the implementation plan, and an impact analysis | Exhibit 8 Subsection 8.14.2 Rate Harmonization |
| 58 | If impact of COS increases and harmonization effects result in total bill increases for any customer class exceeding 10%, discussion of proposed measures to mitigate increases in its mitigation plan, or justification provided as to why mitigation is not required | Exhibit 8 Subsection 8.14.2 Rate Harmonization |
| 58 | Migration plan that includes fully harmonizing rates that is to be accomplished over more than one year must be supported by a detailed plan for accomplishing this during the subsequent Price Cap IR period | Exhibit 8 Subsection 8.14.2 Rate Harmonization |
| EXHIBIT 9 - DEFERRAL AND VARIANCE ACCOUNTS | | |
| 58 | Summary table showing all active DVAs not disposed of yet, showing principal and interest/carrying charges, total balance for each account, whether account being proposed for disposition and whether the account is proposed to be continued or discontinued | Exhibit 9 - Section 9.3 Proposed Account Disposition and Discontinuation Table 9-5 to Table 9-7: UsoA Account Disposition and Discontinuation |
| 58 | In a separate section under the summary table: - For any account identified, provide an explanation as to why it is not being proposed for disposition - For any Group 2 account identified, provide an explanation as to why it is being discontinued | Table 9-5 UsoA Account Disposition and Discontinuation |
| 58 | If applicable, description of DVAs that were used differently than as described in the APH, relevant accounting order or other OEB document | N/A |
| 58 | Completed DVA continuity schedule for period from last disposition to present - live Excel format. Continuity schedule must show separate itemization of opening balances, annual adjustments, transactions, dispositions, interest and closing balances for all active DVAs. The opening principal amounts and interest amounts for Group 1 and 2 balances, shown in the DVA Continuity Schedule, must reconcile with the last applicable approved closing balances. | SNC 2024_DVA_Continuity_Schedule_CoS_20230816 filed in Live Excel Format. KN 2024_DVA_Continuity_Schedule_CoS_20230816 filed in Live Excel format. TB 2024_DVA_Continuity_Schedule_CoS_20230816 filed in Live Excel Format. |
| 59 | Explanation of account balances in continuity schedule differs from trial balance reported through RRR and documented in AFS - included in tab Appendix A of DVA schedule. This includes all Account 1508 sub-accounts. A reconciliation of all the Account 1508 sub-accounts to the Account 1508 control account reported in the RRR is to be provided in the DVA continuity schedule | Exhibit 9 - Section 9.2.1 Reconciliation of Accounts Table 9-2: DVA Balance Disposal Vs Reported Reconciliation |
| 59 | Statement whether any adjustments made to DVA balances previously approved by OEB on final basis - the OEB expects that no adjustment will be made to any deferral and variance account balances previously approved by the OEB on a final basis. If any adjustments have been made, explanation for the nature and the amount of the adjustment(s), and appropriate supporting documentation, under a section titled "Adjustments to Deferral and Variance Accounts" | Exhibit 9 Section 9.3.2 Adjustments to Deferral and Variance Accounts. |
| 59 | Confirmation of use of interest rates established by the OEB by month or by quarter for each year; most recently published rate used for future periods | Exhibit 9 - Section 9.2.3 Carrying Charges Table 9-4; OEB Prescribed Interest Rates |
| Disposition of Deferral and Variance Accounts | | |
| 59 | Refer to DVA Continuity Schedule Instructions for instructions on completing the DVA Continuity Schedule, annual updates and discussions on default treatments and expectations for DVAs | Completed. |
| 59 | Provide confirmation that a distributor is allocating DVAs using an approved allocator. If proposing to allocate a DVA which the OEB has not established an allocator, proposed allocation based on cost driver must be provided with justification; indication of proposed billing determinants, including charge type for recovery purposes and included in cont. schedule | Exhibit 9 - Section 9.7.2 Proposed Rate Riders |
| 60 | Propose rate riders that dispose of the balances. If the distributor is proposing an alternative recovery period other than one year, explanation provided | Exhibit 9 - Section 9.7.2 Proposed Rate Riders. All disposed one year. |
| 60 | Provide support (e.g., explanations, calculations) on how each material Group 2 balance is determined. For utility-specific Group 2 accounts that are not material, provide a brief explanation of the account balance and the relevant accounting order | Exhibit 9 - Section 9.5 Group Two Account Analysis |
| Disposition of Accounts 1588 and 1589 | | |
| 60 | If a distributor has not implemented OEB's February 21, 2019 accounting guidance, indication that this is the case | N/A not the first filing for final disposition. |
| 60 | Indication of the year in which Account 1588 and Account 1589 balances were last approved for disposition, and whether the balances were approved on an interim or final basis. If the balances were last disposed on an interim basis, indicate the year in which balances were last disposed on a final basis | Exhibit 9 - Section 9.4.5 Account 1588 and 9.4.6 Account 1589. |
| 60 | If requesting final disposition of balances for the first time following implementation of the accounting guidance, confirmation that accounting guidance has been implemented fully effective January 1, 2019 | N/A not the first filing for final disposition. |
| 60 & 61 | In order to request for final disposition of historical balances as part of the current application, confirmation that these balances have been considered in the context of the accounting guidance and provide a summary of the review performed. Discussion on the results of the review, any systemic issues noted, and whether any material adjustments to those balances have been recorded. Summary and description of each adjustment made to the historical balances provided | N/A not the first filing for final disposition. |
| 61 | GA Analysis Workform (in live Excel format) for each year that has not previously been approved by the OEB for disposition. If the distributor is adjusting the Account 1589 GA balance that was previously approved on an interim basis, the GA Analysis Workform must be completed from the year after the distributor last received final disposition for Account 1589 | KN 2024_GA_Analysis_Workform_20230816 filed in Live Excel Format TB 2024_GA_Analysis_Workform_20230816 filed in Live Excel Format |
| 61 | As described in Note 5 in the GA Analysis Workform, reconciliation of any discrepancy between the actual and expected balance by quantifying differences (e.g. true-ups between estimated and actual costs and/or revenues). Any remaining unexplained discrepancy between the actual and expected balance that is greater than +/- 1% of the total annual IESO GA charges will be considered material and warrant further investigation. | Balances are less than 1%, no investigation required. |
| 61 | Completed reasonability test for the balance in Account 1588. The reasonability test is included in the GA Analysis Workform. | KN 2024_GA_Analysis_Workform_20230816 filed in Live Excel Format TB 2024_GA_Analysis_Workform_20230816 filed in Live Excel Format |

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| <p>61</p> | <p>Disposition of Account 1580, Sub-account CBR Class B Variance Proposed disposition of Account 1580 sub-account CBR Class B in accordance with the CBR Accounting Guidance. Must be disposed over one year. - Account 1580 sub-account CBR Class A is not to be disposed through rates proceedings but rather follow the OEB's accounting guidance - Refer to DVA Continuity Schedule Instructions for further details on the treatment of CBR related sub-accounts</p> | <p>Exhibit 9 - Section 9.4.2 - Account 1580.</p> |
| <p>62</p> | <p>Disposition of Account 1595 Distributors are expected to request disposition of residual balances in Account 1595 Sub-accounts for each vintage year once, on a final basis</p> | <p>Exhibit 9 - Section 9.4.7 Account 1595 Table 9-16</p> |
| <p>62</p> | <p>Explanation for any material residual balances being proposed for disposition, including quantifying significant drivers of the residual balance</p> | <p>Exhibit 9 - Section 9.4.7 Account 1595. Balance in 1595 is Not material. \$(26,967) disposal requested.</p> |
| <p>62 & 63</p> | <p>Disposition of Retail Service Charges Related Accounts If there is a balance in 1518 or 1548, distributor must: - confirm variances are incremental costs of providing retail services - state whether Article 490 of APH has been followed; explanation if not followed</p> | <p>Exhibit 9 - Confirmed in Sections 9.5.2 Account 1518 and 9.5.6 Account 1548</p> |
| <p>63</p> | <p>If the balances in Account 1518, Account 1548, or Account 1508 Sub-account Retail Service Charges Incremental Revenue are material, the distributor must identify drivers for the balance(s) and provide schedule identifying all revenues and expenses listed by USoA that are incorporated into the variances</p> | <p>Exhibit 9 - Sections 9.5.2 and 9.5.6</p> |
| <p>63</p> | <p>The OEB established a new variance account for electricity distributors that no longer used the RCVAs. The balance in the account, as well as in Accounts 1518 and 1548, would be disposed to ratepayers in a future rate application, and the account subsequently closed. Distributors that have not yet done so in a COS application may forecast balances up to the end of the incentive rate-setting period and the OEB may consider disposing of the forecast amounts</p> | <p>Exhibit 9 - Sections 9.5.2 and 9.5.6</p> |
| <p>63 & 64</p> | <p>Disposition of Account 1592, Sub-account CCA Changes Calculations for accelerated CCA differences per year, based on actual capital additions. Calculations include: underpreciated capital cost continuity schedules for each year itemized by CCA class, calculated PILs/tax differences, grossed-up PILs/tax differences, other applicable information</p> | <p>Exhibit 9 - Section 9.5.9 Account 1592, Table 9-37</p> |
| <p>64</p> | <p>Confirmation that Account 1592 amounts related to ICM/ACM have been included in the account, if applicable</p> | <p>N/A</p> |
| <p>64</p> | <p>Reconciliation of these amounts to the amounts presented in Account 1592 sub-account CCA changes in the DVA continuity schedule</p> | <p>Exhibit 9 - Section 9.2.1 Reconciliation of Accounts.</p> |
| <p>64</p> | <p>If a distributor does not have a balance in this sub-account, the distributor must explain why</p> | <p>SNC has balance to dispose.</p> |
| <p>64 & 65</p> | <p>Disposition of Account 1509 Impacts Arising from the COVID-19 Emergency If requesting disposition of any amounts related to the COVID-19 Account, the following, at a minimum is to be provided: -Discussion regarding the interactions between the COVID-19 Account and other existing generic or utility-specific accounts, including a determination that there is no double-counting between multiple ratemaking mechanisms -Calculation showing that the distributor passes the ROE-based means tests, including limitations on recoveries when various ROE thresholds are reached, and that the appropriate recovery rates for each sub-account have been applied -Supporting calculations for the annual amounts recorded in each of the sub-accounts, including the methodology used to measure incremental costs and savings, as applicable - Discussion of causation, materiality, prudence of any amounts recorded in the sub-accounts, including all identified savings and cost reductions -Discussion of whether the distributor would be able to reasonably forecast any further entries in the account, up to the effective date of the new rates, so that the account may be disposed in its entirety in the current proceeding (and whether the distributor would be amenable to such an approach) -Statement confirming proposed discontinuation of the COVID-19 Account, effective the same date as the new rates. If this is not the case, supporting rationale provided</p> | <p>N/A</p> |
| <p>65</p> | <p>Disposition of Account 1508, Sub-account Pole Attachment Revenue Variance A table showing the calculation of the account balance, the annual balance broken down customer type, if applicable and: -the number of poles used in the calculation -the pole attachment charge incorporated in rates -the updated charge May also forecast the balance to the effective date of its new rates</p> | <p>Exhibit 9 - Section 9.5.1 Account 1508, Table 9-18.</p> |
| <p>66</p> | <p>Disposition of Distributor-Specific Accounts For any material, distributor-specific accounts requested for disposition (e.g., Account 1508 sub-accounts), supporting evidence showing how the annual balance is derived and relevant accounting order should be provided. For distributor-specific accounts requested for disposition that are not material, provide a brief explanation for the account balance and the relevant accounting order.</p> | <p>Exhibit 9 - Evidence by Account provided in Section 9.5 Group Two Account Analysis.</p> |
| <p>66 & 67</p> | <p>Establishment of New Deferral and Variance Accounts If new DVA - evidence provided which demonstrates that the requested DVA meets the following criteria: causation, materiality, prudence; include draft accounting order with description of the mechanics of the account, provide examples of general journal entries and the proposed account duration</p> | <p>Exhibit 9.5.1 - 1508- Merger Capital Policies Differences, created from direction in MAAD, Table 9-23. 1508 - Gain on Sale of Non-Depreciable Assets sold directed in COS EB-2016-0105.</p> |

2024 Cost of Service Checklist

SYNERGY NORTH Corporation

EB-2023-0052

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(Note: if requirement is not applicable, please provide reasons)

| | | |
|--|---|--|
| Lost Revenue Adjustment Mechanism Variance Account | | |
| 67 | In preparing claims related to disposition of outstanding LRAMVA balances, distributors may seek to claim savings from Conservation First Framework (CFF) programs, and from programs they delivered through the Local Program Fund that was part of the Interim Framework. Distributors should provide sufficient supporting documentation on project savings to support their claim | LRAMVA disposed in IRM 2023 for both Zones. No request for disposal in this application. |
| Disposition of LRAMVA | | |
| 68 | Disposition sought of all outstanding LRAMVA balances related to previously established LRAMVA thresholds | N/A |
| 69 | Current version of LRAMVA Work Form (Excel) | N/A |
| An application for lost revenues should include: | | |
| 69 | Final Verified Annual Reports if claiming lost revenues from savings from CDM programs delivered in 2017 or earlier | N/A |
| 69 | Participation and Cost reports and detailed project level savings in Excel format made available by the IESO | N/A |
| 69 | Other supporting evidence with an explanation and rationale should be provided to justify the eligibility any other savings from a program delivered by a distributor after April 15, 2019 | N/A |
| 69 | Personal information and commercially sensitive information removed, or if required, filed in accordance with OEB's Rules of Practice and Procedure and Practice Direction on Confidential Filings | N/A |
| An application for lost revenues should also provide: | | |
| 70 | Statement identifying the year(s) of new lost revenues and prior year savings persistence claimed in the LRAMVA disposition | N/A |
| 70 | Statement confirming LRAMVA based on verified savings results supported by the distributors final Verified Annual Reports and Persistence Savings Report (both filed in Excel format) | N/A |
| 70 | Statement indicating that the distributor has relied on the most recent input assumptions available at the time of program evaluation | N/A |
| 70 | Summary table with principal and carrying charges by rate class and resulting rate riders | N/A |
| 70 | Statement confirming recovery period; rationale provided for disposing the balance in the LRAMVA if one or more classes does not generate significant rate riders | N/A |
| 70 | Details related to the approved CDM forecast savings from the last rebasing application | N/A |
| 70 | Statement explaining how rate class allocations for actual CDM savings were determined by class and program for each year | N/A |
| 70 | Statement confirming whether additional documentation was provided in support of projects that were not included in distributors final Verified Annual Reports and Participation and Cost Reports (Tab 8 of LRAMVA Work Form as applicable) | N/A |
| 70 & 71 | If not already filed in support of a previous LRAMVA application, provide Participation and Cost Reports and detailed project level savings files made available by the IESO and/or other supporting evidence to support the clearance of energy- and/or demand-related LRAMVA balances where final verified results from the IESO are not available - filed in Excel format | N/A |
| 71 | For a distributor's street lighting project(s) which may have been completed in collaboration with local municipalities, the following must be provided: explanation of the methodology to calculate street lighting savings, confirmation whether the street lighting projects received funding from the IESO and the appropriate net-to-gross assumption used to calculate streetlighting savings | N/A |
| For the recovery of lost revenues related to demand savings from street light upgrades, distributors should provide the following information: | | |
| 71 | Explanation of the forecast demand savings from street lights, including assumptions built into the load forecast from the last CoS application | N/A |
| 71 | Confirmation that the street light upgrades represent incremental savings attributable to participation in the IESO program, and that any savings not attributable to the IESO program have been removed | N/A |
| 71 | Confirmation that the associated energy savings from the applicable IESO program have been removed from the LRAMVA workform so as not to double count savings | N/A |
| 71 | Confirmation that the distributor has received reports from the participating municipality that validate the number and types of bulbs replaced or retrofitted through the IESO program | N/A |
| 71 | A table, in live Excel format, that shows the monthly breakdown of billed demand over the period of the street light upgrade project, and the detailed calculations of the change in billed demand due to the street light upgrade project (including data on number of bulbs, types of bulb replaced or retrofitted, average demand per bulb) | N/A |
| For the recovery of lost revenues related to demand savings from other programs that are not included in the monthly Participation and Cost Reports of the IESO (for example Combined Heat and Power projects), distributors should provide the following information: | | |
| 71 | The third-party evaluation report that describes the methodology to calculate the demand savings achieved for the program year. In particular, if the proposed methodology is different than the evaluation approaches used by the IESO, an explanation must be provided explaining why the proposed approach is more appropriate | N/A |
| 72 | Rationale for net-to-gross assumptions used | N/A |
| 72 | Breakdown of billed demand and detailed level calculations in live Excel format | N/A |
| For program savings up to December 31, 2022 for projects completed after April 15, 2019, a distributor should provide the following: | | |
| 72 | Related to CFF programs: explanation as to how savings have been estimated based on the available data (i.e., IESO's Participation and Cost Reports) and/or rationale to justify the eligibility of the program savings | N/A |

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| | | |
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| 72 | Related to programs delivered by a distributor through the Local Program Fund under the Interim CDM Framework: explanation and rationale to justify the eligibility of the additional program savings | N/A |
| <i>Continuing Use of the LRAMVA for New CDM Activities</i> | | N/A |
| 72 | Indication of whether distributor is requesting the continued use of the LRAMVA for one or more activities related to distribution rate-funded CDM activities or LIP activities | N/A |
| 72 | If requesting access to, or use of, the LRAMVA for these activities, demonstration of need for the LRAMVA (or similar mechanism), the proposed LRAMVA threshold, how it intends to support the tracking of lost revenues, and the nature of the documentation that it proposes to provide at the time of LRAMVA disposition | N/A |
| 72 | Allocation of the CDM savings for both the LRAMVA and the load forecast provided by customer class and for both kWh and, as applicable to a customer class, kW. Document how CDM savings will be tracked and reported in order to account for differences between forecast revenue loss attributable to CDM activity embedded in rates and actual revenue loss due to the impacts of CDM programs | N/A |
| <i>Appendix A Cost of Eligible Investments for the Connection of Qualifying Generation Facilities</i> | | N/A |
| Appendix A | If applicable, proposal to divide the costs of eligible investments between the distributor's ratepayers and all Ontario ratepayers per O.Reg. 330/09 | N/A |
| Appendix A | Appendices 2-FA through 2-FC identifying all eligible investments for recovery | N/A |
| Appendix A | For distributors that are already receiving rate protection as a result of a previous application the new (current) cost of service application should include an update to include the actual costs incurred for the investments as well as a depreciation adjustment to calculate a new capital amount for input into Appendices 2-FA through 2-FC. This would generate a new up-to-date rate protection amount for the test year and beyond, which will be subject to the materiality threshold | N/A |

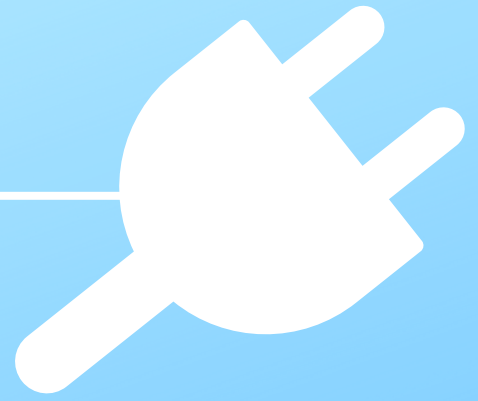


EXHIBIT 1

ATTACHMENT 1 - C

SNC BUSINESS PLAN 2022-2024



SYNERGY NORTH
BUSINESS PLAN
2022 - 2024



Connecting Our Partners, Powering Progress.



Connecting Our Partners,
Powering Progress.

SYNERGY NORTH
BUSINESS PLAN
2022- 2024



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*“ A strong foundation is vital for success. ”
A clear strategy ensures a reliable
utility for our communities.*



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1.0 MESSAGE FROM THE PRESIDENT

Welcome to our 3-year Business Plan! After completing an extensive Strategic Planning process with the Board of Directors and the Executive Team we have released our new Strategic Plan. In that plan we have recommitted to our Mission, Vision and Values along with our LT Corporate Goals.

This 3-year Business Plan contains the specific actionable pieces required in order to carry out the new Strategic Plan. Individual departments will use this document to plan, to schedule and to execute on our Strategy here at SYNERGY NORTH. This plan will get adjusted annually.

Much of this plan will be familiar however there are some adjustments most notably with our preparations for electrification of transportation, customer choice on its energy needs, our approach to the environment and our involvement in the communities we serve.

I want to thank our staff for their input into this plan and their commitment to delivering on this plan. I look forward to working with each and every one of you as we travel through the next 3 years with this plan in place.



Tim Wilson, MBA - President & CEO

2.0 OUR MISSION, VISION + CORE VALUES

This business plan is a roadmap for continuing SYNERGY NORTH's success, delivering on our mission and helping us progress toward our vision.

Mission

The mission of SYNERGY NORTH is to provide outstanding energy services in a safe, reliable and trusted manner to our communities in order to power people's lives.

Vision

Your trusted partner for energy and related services.

Our Core Values



EXCELLENCE

Pursue being better in everything we do



COMMUNITY

Lead by example to build a strong community



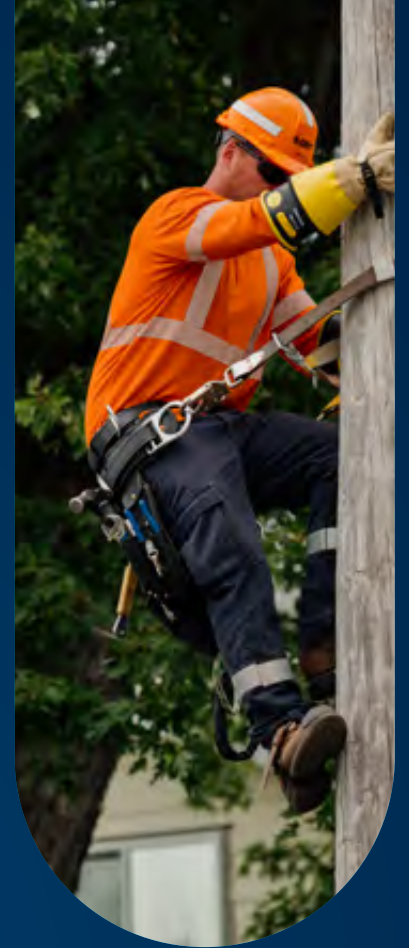
RELIABLE

Supply our products and services in a trustworthy, fair and dependable manner



SAFETY

Promote, work and live safety



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5.0 OUR PLANNING PROCESS

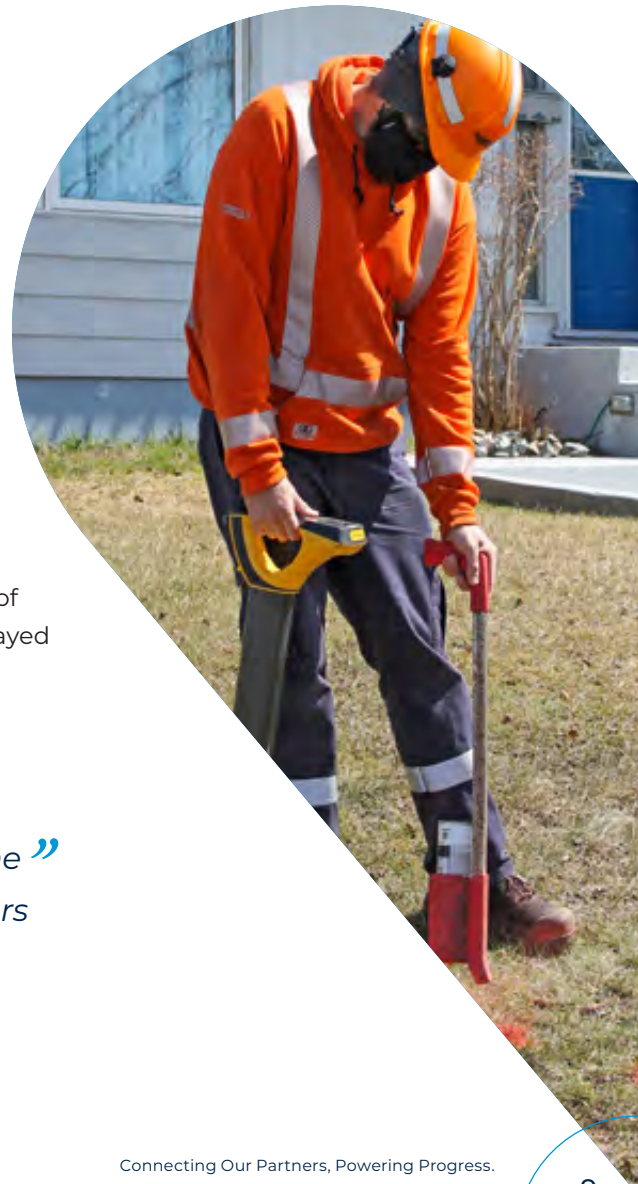


6.0 THE IMPACT OF COVID-19

COVID-19 has impacted every facet of SYNERGY NORTH's business. Staff has adapted to the daily challenges of the pandemic and continues to serve our customers while reaching operational targets. There hasn't been a significant effect on SYNERGY NORTH's service levels or company performance to date.

In recent months, SYNERGY NORTH has seen a significant increase in costs. The pandemic has caused major disruptions in the supply of almost all materials used by the utility. Price increases have begun to put substantial pressure on ongoing supply costs. The total effect of these supply costs is expected to appear in budgeted expenses for 2023 and beyond.

The supply disruptions have also caused delays in the delivery of materials. While manageable, these delivery disruptions have delayed the completion of some projects.



“ Staff has adapted to the daily challenges of the pandemic and continues to serve our customers while reaching operational targets. ”



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Powering Progress.

“What we want to achieve.”

7.0 LONG TERM CORPORATE GOALS

To create the best direction forward for SYNERGY NORTH's future, this plan is centered around strategic goals that we look to accomplish over the next five years. As we move forward, we remain focused on reaching these goals and delivering on priorities.

01

Promote, work and live safety achieving positive health and safety outcomes for employees and the public.

The potential danger associated with the product we work with everyday cannot be overstated. It is critical that the utility's primary focus remain on the safety of our staff and the public.

02

Pursue being better in everything we do resulting in increased shareholder and customer value.

SYNERGY NORTH Corporation is a valuable asset, owned by the City of Thunder Bay and the City of Kenora. The owners have the right to expect that the value of this asset will increase. The Board and Management of the utility must make this growth a priority.

03

Supply electricity and related services in a trustworthy, fair and dependable manner supporting our customers in achieving their goals.

The provision of electricity to the residents and businesses in Thunder Bay, Kenora and the Fort William First Nation is our reason for existence and is critical to the economy and the quality of life of residents throughout our service territories.

04

Lead where we live and operate as an integral part of the community.

Notwithstanding that SYNERGY NORTH Corporation is a business, we strive to be part of the fabric of the communities we serve, supporting local events, assisting with local initiatives and being present where needed and called upon.



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8.0 OUR STRATEGIES FOR THE FUTURE: STRATEGIC INITIATIVES

The corporation's strategic initiatives were developed through contrasting SYNERGY NORTH's environment with the companies SWOT analysis. Together with the Mission, Vision and Values and the long-term corporate goals as a guide, the strategic initiatives are outlined below. Each initiative includes tangible metrics and sets the stage for how we work, serve, set priorities, allocate resources and monitor our success.

01 Customer Service Strategy

Our Customers

To improve the customer experience from the customer's perspective, needs and goals.

| Service Strategy | | |
|---------------------------------|--|--|
| INITIATIVE | PURPOSE | MEASURE |
| Customer Engagement | To promote meaningful customer engagement throughout everything we do. | <ul style="list-style-type: none"> ▶ Engage with customers on 100% of all capital projects. ▶ Provide support and information for engagement with LAC and Customers on DSP plan and Cost of Service Application. ▶ Business/Industrial relationship program. 46 customers per year reducing energy costs by 5%. |
| OEB Standards of Service | To exceed OEB standards and customer expectations. | <ul style="list-style-type: none"> ▶ SN SQIs <ul style="list-style-type: none"> ▶ New Residential/Small Business connected on time - 100% ▶ Scheduled Appointments Met On Time - 90% ▶ Call answered Under 30 seconds - 90% ▶ Net Promoter Score >20 ▶ Bill Accuracy - 99.5% ▶ First Contact Resolution > 90%. |
| Customer Service Portal | To enhance customer offerings and ensure regulatory compliance. | <ul style="list-style-type: none"> ▶ Enhanced portal with GreenButton available to customers by 2022. |

8.0 OUR STRATEGIES FOR THE FUTURE: STRATEGIC INITIATIVES

02 ESG Strategy

Our Customers

SYNERGY NORTH is committed to ensuring a unified Environmental, Social, and Governance (ESG) initiative is in place. In many instances, SYNERGY NORTH has ongoing objectives which already enable some sustainability practices. A single strategic initiative is required to bring these objectives together and address what may be missing from the current strategic plan. This strategic initiative will enable SYNERGY NORTH to have a clear understanding of the complex needs of our stakeholders. As these needs may change over time, SYNERGY NORTH will develop objectives to satisfy the stakeholders requirements.

Applying an ESG lens to the Corporate Strategic Plan will ensure SYNERGY NORTH's sustainability over the long term.

| Environmental, Social & Governance (ESG) Strategy | | |
|---|--|---|
| INITIATIVE | PURPOSE | MEASURE |
| ESG Framework | To develop and apply an ESG lens to the overall corporate strategy. | <ul style="list-style-type: none"> ▶ ESG Framework accepted by board 2022. ▶ ESG Framework Implemented 2023 |
| Net Zero Plan | To develop a net zero plan and target. | <ul style="list-style-type: none"> ▶ Develop a plan to create a baseline carbon emissions measurement which conforms to industry standards and plan of action completed by 2022. ▶ Begin action Plan execution 2023, 2024 |
| Community Presence | To elevate Synergy North's Community presence and increase company volunteerism. | <ul style="list-style-type: none"> ▶ Ensure successful rollout of community involvement strategy. ▶ Set ToR and increase yearly company volunteer hours. ▶ Set Donation Targets 2022 |

8.0 OUR STRATEGIES FOR THE FUTURE: STRATEGIC INITIATIVES

03 Human Resources Strategy

Our People

To position SYNERGY NORTH Corporation as a place to work and to create an environment where new staff are well integrated and where existing great staff can grow in a place where they will want to stay.

Ensuring the Utility can continue to attract, develop and retain required Human Resources is a critical challenge and requires focused Human Resources Strategies. Meeting this challenge is becoming increasingly difficult and is becoming one of the greatest risks the Utility faces. The ‘Talent War’ is very real and will continue to intensify in the industry (and globally). While SYNERGY NORTH has been successfully executing on specific Human Resources related strategies for the past few years, these strategies need to be augmented by additional initiatives in order to ensure the company can manage this issue in the medium term.

Long term success will require SYNERGY NORTH Corporation to ensure we have a fulfilling, fair, and challenging work environment that allows us to attract, develop, engage and retain high quality staff. A wide range of initiatives contribute to meeting this challenge including separately identified Health & Safety programs.

| Human Resources Strategy | | |
|--|---|--|
| INITIATIVE | PURPOSE | MEASURE |
| Recruitment, Engagement and Retention | To position SYNERGY NORTH as a place to work and a place where employees will want to stay. | <ul style="list-style-type: none"> ▶ Job descriptions are reviewed at each hire. ▶ Vacancies are filled within three months of posting. ▶ Staff turnover is under 10%. ▶ Develop/enhance relationships regarding diversity hiring; specifically with two (2) Indigenous groups where we can meet with them to highlight pathways to careers with Synergy North. ▶ Perform annual review of the MEARIE Salary Survey (Management) and provide results to the CEO to ensure competitiveness in salary. ▶ Yearly Employee Engagement survey with a goal of 75% of staff indicating positive satisfaction and engagement. ▶ Communicate previous years' survey to staff in Q2 of the following year. ▶ Develop a plan to address areas of concern by Q4. Promote and track participation in SNC's Rewards & Recognition Program (volunteer recognition, committee participation, etc.) |
| Staffing and Development | To ensure succession plans exist for critical positions. | <ul style="list-style-type: none"> ▶ Employee orientations are complete within three months of hire. ▶ Professional Development for Management is offered annually. ▶ Education Reimbursement Plan is being utilized as appropriate (promote and monitor uptake). ▶ Complete the second stage of the Harvard Mentor Management program with Management staff by 2022. ▶ Review formal succession plans in place for high-risk positions annually. |

8.0 OUR STRATEGIES FOR THE FUTURE: STRATEGIC INITIATIVES

| Human Resources Strategy | | |
|--------------------------|--|---|
| INITIATIVE | PURPOSE | MEASURE |
| Employee Wellness | To provide options to staff to address potential wellness issues to assist them and their families to lead healthy lives; which allow them to come to work and be productive and safe. | <ul style="list-style-type: none"> ▶ Staff wellness survey and communications delivered as per plan. ▶ Track usage annually to determine uptake by staff and in what areas to determine if specific programs can/should be developed. ▶ Conduct a Wellness Survey annually. ▶ Annual participation in “Bell Let’s Talk Day”. ▶ Support our EFAP Committee initiatives. |

8.0 OUR STRATEGIES FOR THE FUTURE: STRATEGIC INITIATIVES

04 Safety Strategy

Our People

To ensure that Safety is at the forefront of everything we do and for the protection of our staff and the customers we serve.

SYNERGY NORTH Corporation is committed to creating and maintaining a Corporate Culture where Health and Safety are the Utility's top priorities. The Target Zero program has been an unqualified success for the Utility since its introduction and we have supported this program by ensuring awareness and competency regarding safe work practices in everything we do.

Options for staff to address potential wellness issues to assist them and their families to lead healthy lives, which allow them to come to work and be productive and safe, are also important.

| Safety Strategy | | |
|---------------------------------|---|---|
| INITIATIVE | PURPOSE | MEASURE |
| Zero Loss Time Incidents | To maintain safety is at the forefront of everything we do and for the protection of our staff and the customers we serve | <ul style="list-style-type: none"> ▶ Zero incidents. ▶ All annual/cyclical mandatory training is completed within regulatory standards. ▶ All incidents are investigated and addressed as applicable within two months of receipt. ▶ Continue with "Committed to Safety" initiatives as developed annually, which are intended to keep the program fresh. |
| Safety & Training | To meet legislative and competency requirements and to ensure that Safety is at the forefront of everything we do for the protection of our staff and the customers we serve. | <ul style="list-style-type: none"> ▶ Fair Internal Representation on Committee. ▶ Response to all safety concerns and incidents within 14 days. ▶ Annual ongoing training plans as submitted to HR. ▶ Any succession training plans developed as needed. ▶ On-boarding training for all new hires. ▶ Required training is successfully coordinated and delivered annually. ▶ Continue to deliver, where recommended, and report on "best practice" training initiatives. |
| Public Safety | <ul style="list-style-type: none"> ▶ To deliver safety awareness to external stakeholders. ▶ To gauge / improve community safety and awareness | <ul style="list-style-type: none"> ▶ Public Safety Survey completion 2023. ▶ Review results and develop an action plan and communications to address areas needing improvement. ▶ Develop a formal Public Safety Strategy with the end goal of improving our overall outreach and to create a model Synergy North can put forth for the EDA's 2023 (awarded in 2024) ▶ Develop new, relevant and engaging electrical safety sessions for school-aged children in our communities 2023. |

8.0 OUR STRATEGIES FOR THE FUTURE: STRATEGIC INITIATIVES

05 Asset Planning & Management Strategy

Our Assets

To mitigate risk, ensure efficient use of assets and drive cost effective decision making with respect to Capital and OM&A plans and to ensure operational efficiency: a key item of importance with the regulator.

| Asset Planning & Management | | |
|-----------------------------|---|--|
| INITIATIVE | PURPOSE | MEASURE |
| Asset Management Plan | <ul style="list-style-type: none"> ▶ To mitigate risk, ensure efficient use of assets and drive cost effective decision making with respect to Capital and OM&A plans. ▶ To reduce tool cost through an improved inventory tracking system. ▶ To align the fleet with the DSP and ESG goals to better meet operational needs and contain costs. ▶ To minimize asset failure risk and improve efficiencies by ensuring a prioritized approach to maintenance work. | <ul style="list-style-type: none"> ▶ Prepare all DSP components including scheduling and cost for the following; <ul style="list-style-type: none"> ▶ 4 kV Conversion Program, which decommissions the following station transformers <ul style="list-style-type: none"> ▶ 2022: Donald F2 ▶ 2023: Windermere F1, High F1, Camelot F3 ▶ 2024: Windermere F6, Camelot F4, Vickers F4 and Vickers Substation ▶ Underground Cable Renewal Program <ul style="list-style-type: none"> ▶ 2022: 1km ▶ 2023: 2km ▶ 2024: 2km ▶ Develop Climate Adaptation Strategy & Program to be submitted with the DSP in 2023. ▶ Implement Vegetation Management Program <ul style="list-style-type: none"> ▶ 2022: 50% of vegetation within 1m ▶ 2023: 100% of vegetation within 1m ▶ 2023: 20% of vegetation 1-3m ▶ Develop a tracking system for all large tools to optimize tool utilization. ▶ Development of a plan to convert fleet to EV. Plan complete in 2022 using current risk assessment methodologies, and incorporated into the DSP and Capital expenditures over the next 5-10 years. <ul style="list-style-type: none"> ▶ 2023: Invest in replacing one gas light vehicle with comparable electric and associated EV charging infrastructure. Track charging behaviors and requirements. ▶ 2024: Incorporate learning from 2023 into EV plan. Review market for developments in commercial fleet vehicle EV adoption. |

8.0 OUR STRATEGIES FOR THE FUTURE: STRATEGIC INITIATIVES

| Asset Planning & Management | | |
|---------------------------------|--|---|
| INITIATIVE | PURPOSE | MEASURE |
| Develop a FINO* strategy | To manage the risk of reliability issues resulting from customer adoption of new behind the meter technologies and to ensure the utility is able to accommodate customer energy choices. | <ul style="list-style-type: none"> ▶ Research best practices and engage with other utilities regarding innovative strategies 2022. ▶ CDM guideline is followed 2022. ▶ Ascertain penetration and impact mitigation of EV's 2022. ▶ Review Battery Storage and grid dispatching options 2022. ▶ 2023: Provide a FINO investment Plan with COS application ▶ 2024: Begin implementation of FINO investment Plan. ▶ Monitor OMS ROI, against business case of 14% reduction to SAIDI. ▶ Automate South Core - V1 switchgear 2022. ▶ 2023/2024: Implement automation component of Grid Modernization Plan. |
| Electrification Strategy | <ul style="list-style-type: none"> ▶ Acquire knowledge and information to ensure corporation is prepared to manage electrification | <ul style="list-style-type: none"> ▶ Participation in the project with Blue-Wave AI / COTB Bus Pilot. ▶ Prepare EV engagement plan in conjunction with Customer Service 2022. ▶ 2023/2024: Implement EV engagement plan ▶ Prepare resourcing strategy and training needed for staff 2022. ▶ Annually review business case / OEB availability of ownership of EV charging |

**FINO is defined as a fully integrated Network Orchestrator*

8.0 OUR STRATEGIES FOR THE FUTURE: STRATEGIC INITIATIVES

06 Business Continuity Strategy

Our Assets

To build a comprehensive business continuity strategy including IT, Operations and supporting functions will be established. What started in 2014 as a strategy to mitigate IT risks related to business continuity and data security has evolved into new strategies related to business continuity corporate wide.

| Business Continuity Strategy | | |
|------------------------------|---|--|
| INITIATIVE | PURPOSE | MEASURE |
| Business Continuity | To mitigate risk by planning for the maintaining of critical business functions despite interruptions or disasters. | <ul style="list-style-type: none"> ▶ Lead HR and Lines & Operations Business Units through BCP development planning by the end of 2022. Finance and Customer Service & IS will be completed in 2023. ▶ Planning Includes completing each template for identified risk areas, and critical functions together with workflow tracking and testing the final Plan(s). |

07 Financial Strategy

Our Assets

To ensure a sound financial framework is in place that supports shareholder direction and customer needs by providing the company with the required monies to support the right mix of distribution system work.

| Financial Strategy | | |
|------------------------|--|--|
| INITIATIVE | PURPOSE | MEASURE |
| Cost of Service | To obtain a Decision and Order supports Shareholder direction and customer needs by providing the company with the required monies to operate. | <ul style="list-style-type: none"> ▶ Prepare Engineering elements of COS plan 2022. ▶ Initial Customer Surveying completed in 2022. ▶ Final Customer Survey recommendations in 2023. ▶ Completed elements in COS plan 2023. ▶ Application Submitted On Time 2023. |
| Financing Plan | To procure sufficient funding of operations and capital. | <ul style="list-style-type: none"> ▶ Approved Financing Plan by Audit Committee and Board 2023. ▶ Cash Flow requirements are met. ▶ Review costing and feasibility of contractors 2022. |

8.0 OUR STRATEGIES FOR THE FUTURE: STRATEGIC INITIATIVES

08 Stakeholder and Partnership Strategy

Our Assets

To ensure strong relationships with key stakeholders and partnership organizations are integral to the positive perception of the company.

| Stakeholder and Partnership Strategy | | |
|---|---|---|
| INITIATIVE | PURPOSE | MEASURE |
| Industry and Stakeholder Involvement | To improve the staff level of knowledge and expertise on distribution systems and to ensure strong relationships with key stakeholders and partnership organizations. | <ul style="list-style-type: none"> ▶ Each division will engage with three different relevant organizational working groups (EDA, IESO, SME, USF, AEUSP) |
| Growth | To pursue additions to customer base through mergers, acquisitions, and partnerships. | <ul style="list-style-type: none"> ▶ Renewed conversations with decision makers of potential partners 2022. |
| Local Partnerships | To position the company in attracting and retaining customer base in the distribution territory. | <ul style="list-style-type: none"> ▶ Formal Partnership with CEDC or equivalent in Kenora and Thunder Bay 2022. ▶ Membership in relevant chamber of commerce or similar organizations 2022. |

09 Technical Strategy

Our Assets

To ensure that technology assists and supports the organization in providing service to its customers and that technology enables improvements in how the company operates.

| Technical Strategy | | |
|-----------------------------------|--|---|
| INITIATIVE | PURPOSE | MEASURE |
| Digitization | To realize efficiencies through the automation of business processes. | <ul style="list-style-type: none"> ▶ Digitize four major individual processes in 2022, eight more in 2023, and eight more in 2024. |
| System Planning and Health | To optimize asset utilization and efficient use of system. | <ul style="list-style-type: none"> ▶ Reduce the data gap in Wood Poles and Underground Cables by performing testing of 1200 poles and 200 cables on an annual basis. ▶ Testing of the entire population of wood poles is anticipated to be completed by 2029. Poles and underground cable that are being submitted for replacement in the DSP will have testing results to support the decision. Lower the Data Gap for the asset categories of wood poles from Medium-High to Low, and for Underground Cables from High to Medium-Low by 2024. |
| Cyber Security | To Identify, Protect against, Detect, Respond, and Recover from cyber incidents. | <ul style="list-style-type: none"> ▶ Continued Yearly increase of CIS CSAT risk posture score ▶ Fully implement all sections of OEB RRR Cyber Security metrics 2023. ▶ Microsoft Secure Score >95% 2024. |

9.0 LOOKING TO THE FUTURE

We desire that you come away with a clearer picture of our future upon reading the new Business Plan. Some initiatives like ESG and Net Zero are new to us and need substantial development. We will build on these essential business components and be good corporate citizens. You can also expect to see us make the utility work more closely with our customers on their energy needs. We believe that our customers will have an increasing choice in using energy. We will prepare our distribution system to integrate those choices, whether for electric vehicles, small-scale generation, or simply for customers' choice in electricity rate plans. Finally, you can expect us to be in the communities we serve by donating our time or money from both the corporation and our employees. This plan will guide us over the next three years, and we are excited to move forward.



Connecting Our Partners,
Powering Progress.

SYNERGY NORTH
BUSINESS PLAN
2022- 2024



Connecting Our Partners, Powering Progress.

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synergynorth.ca



RESOLUTION

SYNERGY NORTH CORPORATION

Resolution No. D22 - 148

Item No. D7.7

Date of Meeting: April 28, 2022

Regular Meeting

Special Meeting

Subject: Business Plan

Moved by: J. McDougall

Seconded by: A. Sahi

THAT, the Synergy North Corporation's Business Plan established as of April 28, 2022 be accepted as presented.

DECLARED CARRIED:

A handwritten signature in cursive script, appearing to read 'Ary Armstrong', written over a horizontal line.

Chair

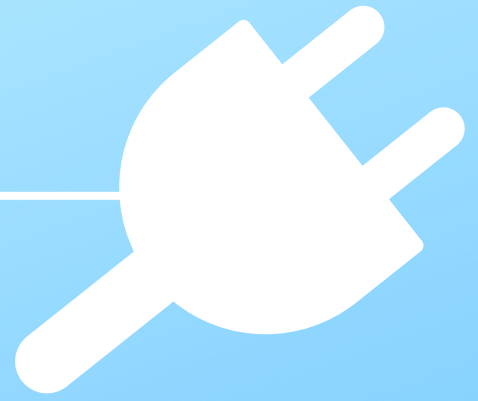


EXHIBIT 1

ATTACHMENT 1 - D

SNC 2024 BUDGET



**2024 Provisional Budget
Presentation
January 12, 2023**

EXECUTIVE SUMMARY

- ❖ CPI at the time of writing was 6.8%
- ❖ Based on available data SNC believes that 2024 OEB-approved inflation will be 5.7-5.9%
- ❖ Overall ask for 5.17% in OM&A, and excluding recoverable
 - ❖ 4.55% including recoverable
- ❖ Overall ask for 6.4% Gross Capital Budget increase
- ❖ 2024 Budget is based on the draft 2024-2028 DSP
- ❖ 2024 Budget passes sensitivity analysis

OUTLINE

- ❖ Background
- ❖ Key Assumptions
- ❖ Sensitivity Analysis
- ❖ 2024 Revenue Budget Analysis
- ❖ 2024 Expenditures Budget Analysis

BACKGROUND

BOARD DECISIONS INFLUENCING BUDGET

- ❖ 2024 reset of long-term financial plan
- ❖ As with historical precedent, Management is looking for a notional approval of the budget with final approval of financial plan coming after the COS decision.
- ❖ 5-year projections created to show the results of the financial plan

CASH PROJECTIONS FOR THE NEXT 5 YEAR RATE CYCLE

| Covenant: Interest Coverage >1.2, >1.4 after 2027 | | | | | |
|--|----------|----------|----------|----------|----------|
| 000s omitted | 2024 | 2025 | 2026 | 2027 | 2028 |
| EBT | \$4,247 | \$5,253 | \$4,987 | \$4,665 | \$4,053 |
| Plus: | | | | | |
| Amor F5, Row 51&52 | \$6,379 | \$6,689 | \$6,841 | \$7,004 | \$7,211 |
| Interest F15, Row 81 | \$3,728 | \$4,156 | \$4,517 | \$4,927 | \$5,364 |
| Subtotal (EBITDA) | \$14,353 | \$16,098 | \$16,345 | \$16,596 | \$16,627 |
| Cash Taxes F4, Row 87 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Unfinanced CAPEX F5, Row 66*40% | \$5,852 | \$5,975 | \$6,094 | | |
| Total cashflow (a) | \$8,502 | \$10,123 | \$10,251 | \$16,596 | \$16,627 |
| Mandatory Principal Payments F15- Row 83 | \$2,647 | \$2,394 | \$2,596 | \$3,770 | \$2,336 |
| Cash Interest Expense (b) F15 Row 81 | \$3,728 | \$4,156 | \$4,517 | \$4,927 | \$5,364 |
| Total Debt Service (b) | \$6,375 | \$6,550 | \$7,113 | \$8,697 | \$7,700 |
| DSC (a/b) | 1.33 | 1.55 | 1.44 | 1.91 | 2.16 |
| | Okay | Okay | Okay | Okay | Okay |

○ = Debt Service Coverage ratio changes in 2027 following the repayment of the Solar Asset Debt.

SENSITIVITY ANALYSIS

SENSITIVITY ANALYSIS

Stretch Factor Grouping

- ❖ Analysed comparing 2023 figures against the latest data available from the OEB
- ❖ Based on the proposed budget, SNC will remain in the 3rd grouping (-.3%)

Ratio

- ❖ Key Financial Ratios continue to remain onside

FINANCIAL PROJECTIONS

Ratios

- ❖ Management projects Debt Service Coverage Ratio and Debt Capitalization Rates to remain onside through the next COS cycle

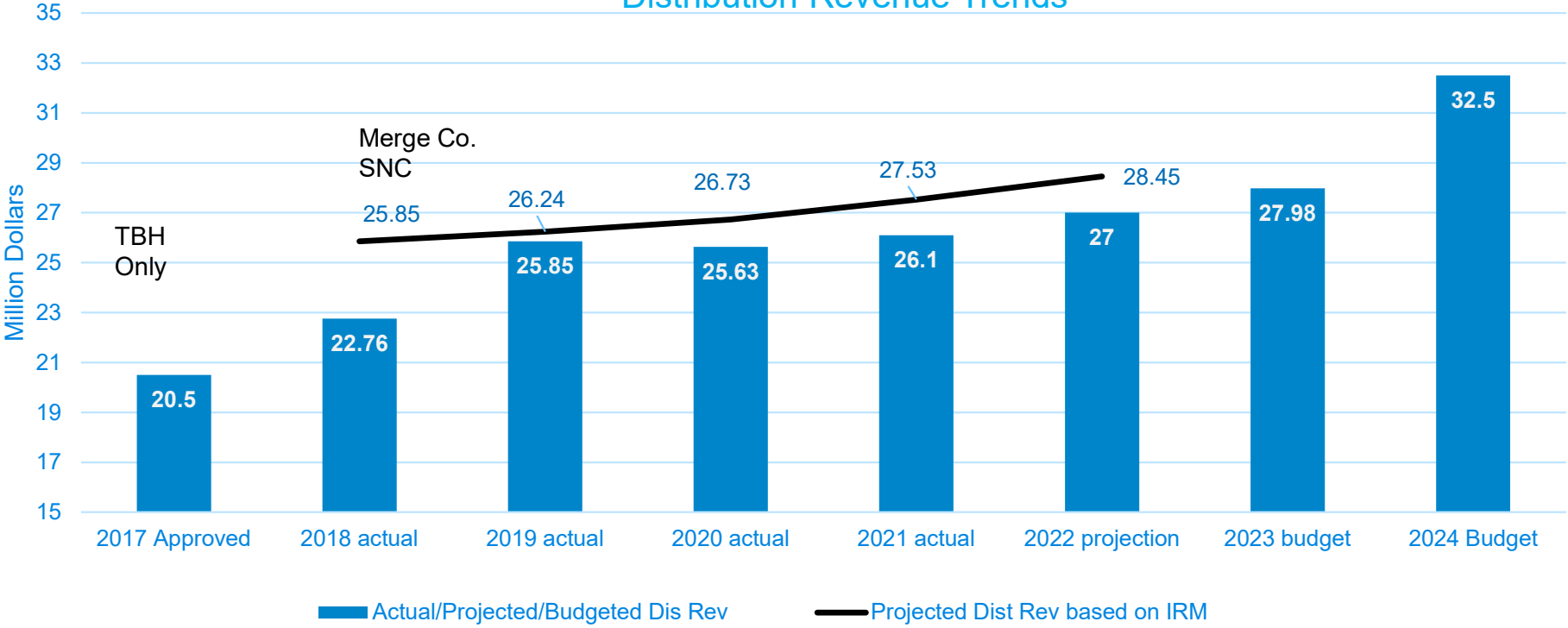
| | 2024 | 2025 | 2026 | 2027** | 2028** |
|--|------|------|------|--------|--------|
| Debt Service Coverage >1.2:1 ** formula changes in 2027 | 1.33 | 1.55 | 1.44 | 1.91 | 2.16 |
| Debt Capitalization Ratio <.6:1 | .47 | .45 | .45 | .46 | .46 |

2024 REVENUE BUDGET ANALYSIS

2024 DISTRIBUTION REVENUE

- ❖ 1/3 of the year's revenue is based on the May 2023 approved rates, \$9,382,824
- ❖ 2/3s based on budgeted COS figures, \$23,113,906
 - ❖ Rate Base of \$161,206,992
 - ❖ Depreciation of \$5,499,978
 - ❖ OM&A of \$21,389,863
- ❖ These figures are subject to change as part of the COS process
- ❖ Figures will also change once the final PILS calculation is completed and the final cost of power is determined. The budget was completed using the 2021 cost of power.
- ❖ Expected annual ROE is \$6,035,590
The expected ROD is \$4,190,737

Distribution Revenue Trends



2024 EXPENDITURES BUDGET ANALYSIS

EXPENDITURES NOTABLES – OM&A

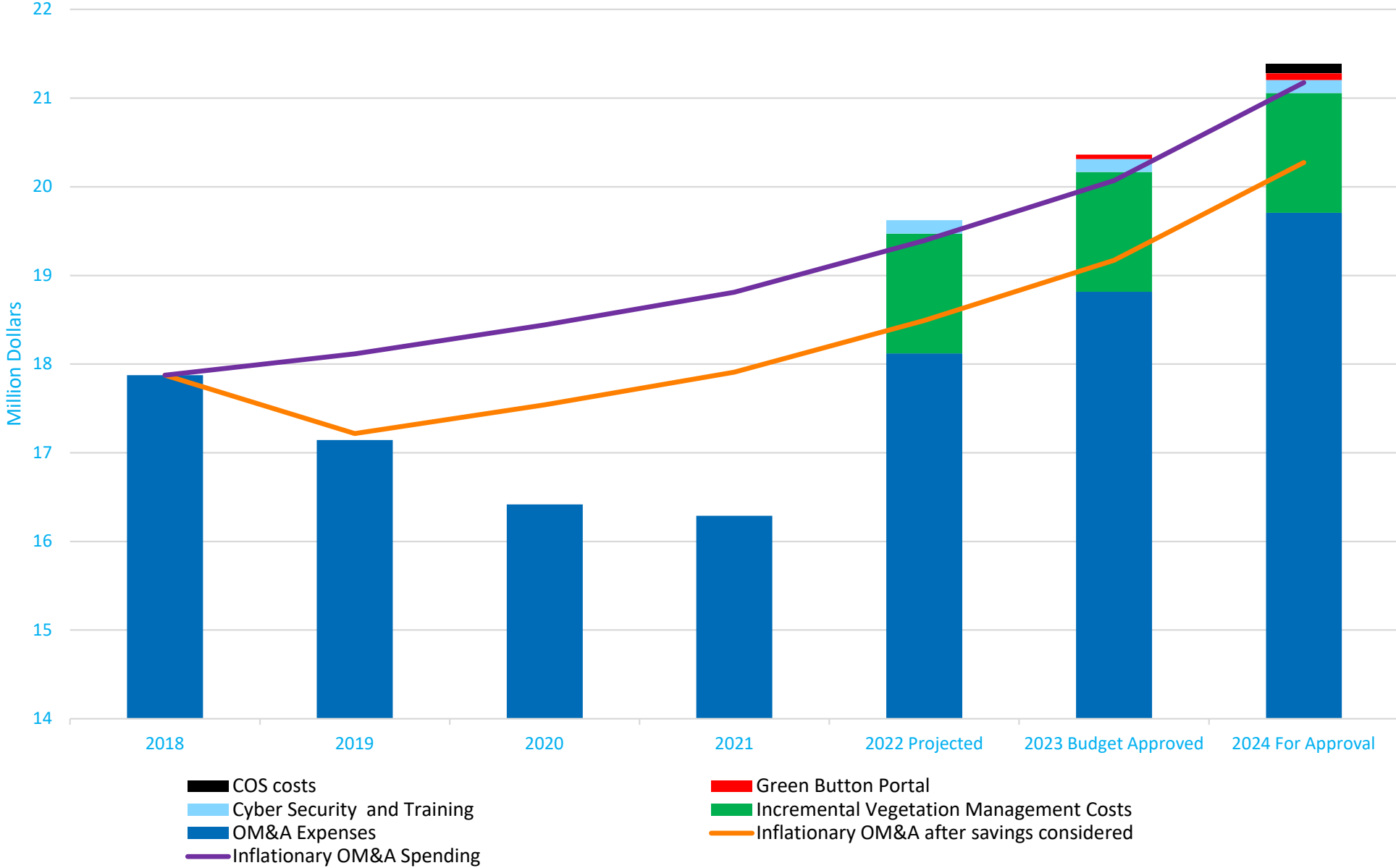
- ❖ Expected OM&A increase of 4.55%
- ❖ Based on the OEB Inflation calculation, Management would have expected a rate of 5.7%-5.9% for 2024
- ❖ Management is expecting a 21.22% increase in corporate costs, driven by COS application costs

EXPENDITURES NOTABLES – FINANCING COSTS

- ❖ Increased L/T debt drives interest expense
 - Management is budgeting \$3.5M in LTD interest, increasing from \$1.9M in 2023.
 - Additional loan draw of \$7.96M on July 1, 2024
 - An additional \$500K is being repaid to the City of Kenora by June 30th, 2024.
 - New LTD was budgeted based on IO's October 2022 published rate of 5.05% for external debt and the OEB's 2023 CoC parameters of 4.88% for internal debt, including City of Thunder Bay requirements. This resulted in a 4.3% effective interest rate for the COS application.

OM&A EXPENDITURES

2018 Spending vs. 2024 Test Year



OM&A PROFIT & LOSS VIEW

| (\$000) | 2024 Budget | 2023 Budget |
|----------------------|-------------|-------------|
| Distribution Revenue | \$32,494 | \$27,983 |
| Other Revenue | \$3,107 | \$2,813 |
| OM&A Expenses | \$22,652 | \$21,666 |
| Other Expenses | \$8,703 | \$6,839 |
| Pre-Tax Income | \$4,246 | \$2,291 |

Other revenue includes pole line rentals, income from affiliates, reconnection charges, late payment charges, interest income, recoverable work and amortization of contributed capital.

OTHER EXPENSE BREAKDOWN *

| (\$000) | 2024 Budget | 2023 Budget |
|-------------------------------|--------------------|--------------------|
| Renewable Generation Activity | \$(343) | \$(309) |
| Disruptive Technology | \$20 | \$20 |
| Interest on LTD | \$3,524 | \$1,880 |
| Net Carrying Charges | \$(8) | \$(107) |
| Amortization | \$5,510 | \$5,355 |

* These figures come directly from the bottom of the board operations budget.

2024 CAPITAL SPENDING BUDGET ANALYSIS

EXPENDITURES NOTABLES – CAPITAL

- ❖ Gross budget of \$16.4M, an increase of 6.4%.
- ❖ Net Capital budget of \$14.9M an increase of 6.2%
 - ❖ System Renewal and System Access = \$15.1M gross, \$13.6M net
 - ❖ General Plant = \$1.3M.
- ❖ Capital decisions are based on the draft 5-year DSP 2024-2028.
- ❖ Continuation of the 4kV conversion.

2024 HIGHLIGHTED CAPITAL INVESTMENTS

Inglewood Ashland 25kV Project



Estimated Total Project Cost: \$1.56 million

Anticipated Completion: December 2024

The project Inglewood Ashland is bounded between Inglewood Cr. and Redwood Ave W and between James St N and University Dr.

The Inglewood-Ashland Pole line rebuild does not contribute to the decommissioning of substation assets. The distribution assets in the area have generally been found to be in poor to fair condition and require renewal. The project will target the renewal of 60 poles.

2024 HIGHLIGHTED CAPITAL INVESTMENTS

Donald Vickers 4kV Conversion Project

Estimated Total Project Cost: \$1.52 million
(\$2.2 million overall)

Anticipated Completion: June 2024

Replace the poles and conductors in the area between Cumming St. and Arthur St. and between Archibald St. and Norah St. Convert the 4kV load to 25kV by transferring from 4F4 to 10M1. This will offload the 4 kV substation and ultimately lead to its decommissioning.

The poles are at the end of their lives, and the substation transformer is at the end of its life.



2024 HIGHLIGHTED CAPITAL INVESTMENTS

Court Wilson 4kV Conversion Project



Estimated Total Project Cost: \$2.51 million (\$3.6 million overall)

Anticipated Completion: September 2024

Replace the poles and conductors in the area between Red River Rd. and Cornwall St. and between Water St. and Secord St which have reached the end of life. The project will target the replacement of 89 poles.

All conductors, poles, and transformation in the area, between Stephens St. and Elgin St. and between Marina Park and Cumberland St. will be replaced. Transfer of this load will happen from 12F4 to 2M2.

2024 HIGHLIGHTED CAPITAL INVESTMENTS

James St Sub PH2 Injection / Pad Replacement



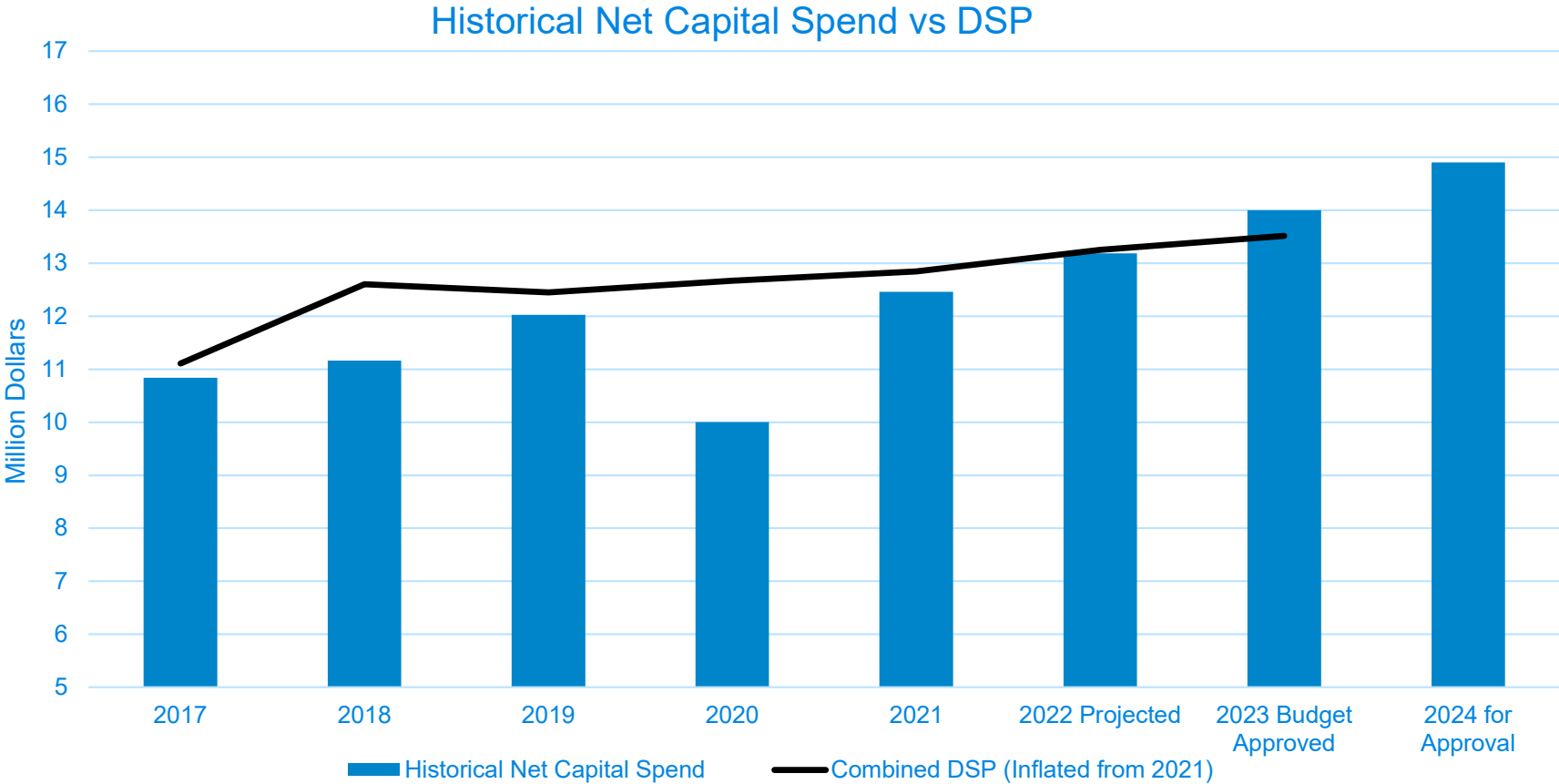
Estimated Total Project Cost: \$0.63 million

Anticipated Completion: November 2024

The project is bounded on the North by Redwood Ave W, South by Churchill Dr W, East by James St N, and on the West by greenspace.

The direct buried cable in this subdivision is in fair to poor condition and requires intervention. Similarly, poor soil conditions have led to the bases heaving and many of the live front transformers are leaning significantly (>10 degrees). All of this is occurring in backyards making access, restoration and replacement difficult.

HISTORICAL NET CAPITAL SPENDING



COST OF SERVICE (COS) IMPACTS

- ❖ The following impacts are based on the 2017 cost allocation study. Management expects changes once the 2024 study is complete.
- ❖ Preliminary average estimated impact of \$5.08 per month

| 2024 Rate Impacts Based on 2017 Cost Allocation | | |
|--|--------|----------|
| Current Average Monthly Residential Distribution Rates | | \$ 27.60 |
| Significant Monthly Impacts | | |
| Vegetation Management | 1.18 | |
| Commercial Funding Methodology | 1.35 | |
| Cost of Capital | 2.23 | |
| Inflationary impact on OM&A | 1.12 | |
| Merger Savings | (0.90) | |
| Other | 0.09 | |
| | | 5.08 |
| Rate based on 2017 cost allocations | | \$ 32.68 |

- ❖ Total estimated bill increase of 4.3%, based on the 2017 allocation for a 750kWh/month residential customer

COST OF SERVICE (COS) DEFINITION

- ❖ Vegetation Management – The incremental costs of the 2022 forestry plan to clear all vegetation on all primary lines within three meters
- ❖ Commercial Funding Methodology – The impact of the inclusion of interest on the City of Thunder Bay debt
- ❖ Cost of Capital – All costs associated with changes in investment and rate, OEB Cost of Capital parameters and interest rates, excluding city debt
- ❖ Inflationary Impact on OM&A – the expected OM&A increase based on the projected OEB inflation calculation
- ❖ Merger savings – the savings as anticipated in the MAAD application
- ❖ Other – all other amounts

QUESTIONS- DISCUSSION



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SYNERGY NORTH CORPORATION

2024 PROVISIONAL BUDGET

PREPARED BY: Finance Division

DATE: January 05, 2023

APPROVED BY THE BOARD: January 26, 2023

SYNERGY NORTH CORPORATION

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STATEMENT OF OPERATIONS FOR THE YEAR ENDING 2024

| | Note | 2024 Budget | 2023 Budget | 2022 Budget ** | 2022 Projections |
|---|------|----------------|----------------|-------------------|---------------------|
| Distribution Revenue | | \$ 32,493,730 | \$ 27,982,500 | \$ 27,011,311 | \$ 26,970,711 |
| Other Operating Income | | | | | |
| Pole Rentals | | \$ 1,087,136 | \$ 747,652 | \$ 740,768 | \$ 747,652 |
| Competitive market revenues | | \$ 210,030 | \$ 208,800 | \$ 206,976 | \$ 205,781 |
| Income from affiliated companies | | \$ 473,758 | \$ 433,309 | \$ 430,738 | \$ 368,869 |
| Reconnection and change in occupancy chares | | \$ 221,000 | \$ 221,000 | \$ 221,000 | \$ 198,000 |
| Late payment charges | | \$ 366,000 | \$ 366,000 | \$ 366,000 | \$ 330,000 |
| Amortization of contributions in aid of construction | | \$ 317,345 | \$ 298,227 | \$ 280,700 | \$ 280,700 |
| Sundry | | \$ 432,062 | \$ 538,233 | \$ 256,768 | \$ 1,042,389 |
| | | \$ 3,107,331 | \$ 2,813,221 | \$ 2,502,950 | \$ 3,173,391 |
| Total Income | | \$ 35,601,061 | \$ 30,795,721 | \$ 29,514,261 | \$ 30,144,102 |
| Operations and Maintenance | | | | | |
| Customer premises/meters and devices | | \$ 353,512 | \$ 339,519 | \$ 352,631 | \$ 438,841 |
| Distribution - overhead and underground | | \$ 8,303,521 | \$ 7,951,997 | \$ 7,835,782 | \$ 8,125,360 |
| Affiliate Related Activity | | \$ 280,546 | \$ 255,379 | \$ 254,939 | \$ 219,935 |
| Safety and training | | \$ 720,141 | \$ 736,939 | \$ 650,313 | \$ 671,743 |
| System control/station maintenance | | \$ 2,512,024 | \$ 2,316,412 | \$ 2,123,887 | \$ 2,041,600 |
| Transformers | | \$ 791,369 | \$ 764,959 | \$ 674,114 | \$ 574,401 |
| Total operations and maintenance expenses | | \$ 12,961,113 | \$ 12,365,205 | \$ 11,891,665 | \$ 12,071,880 |
| Administration | | | | | |
| Customer-related | | | | | |
| Bad debts | | \$ 248,377 | \$ 213,982 | \$ 250,971 | \$ 225,000 |
| Affiliate Related Activity | | \$ 48,520 | \$ 23,127 | \$ 31,771 | \$ 33,099 |
| Billing and collecting | | \$ 1,227,749 | \$ 1,142,536 | \$ 1,207,828 | \$ 1,151,800 |
| Customer service | | \$ 1,183,490 | \$ 1,111,816 | \$ 1,067,956 | \$ 1,015,800 |
| Information services | | \$ 1,635,928 | \$ 1,613,492 | \$ 1,572,897 | \$ 1,479,655 |
| Meter reading | | \$ 264,572 | \$ 270,479 | \$ 260,911 | \$ 254,793 |
| Recoverable | | \$ 336,509 | \$ 428,965 | \$ 356,155 | \$ 1,153,670 |
| Total customer-related administration expenses | | \$ 4,945,145 | \$ 4,804,397 | \$ 4,748,489 | \$ 5,313,817 |
| General | | | | | |
| Affiliate Related Activity | | \$ 2,166 | \$ 11,948 | \$ 14,132 | \$ 11,533 |
| Corporate | | \$ 1,039,116 | \$ 857,205 | \$ 753,653 | \$ 899,801 |
| Directors' expenses | | \$ 200,148 | \$ 199,650 | \$ 173,087 | \$ 175,203 |
| Finance | | \$ 1,643,522 | \$ 1,593,054 | \$ 1,558,615 | \$ 1,367,884 |
| Human resources | | \$ 517,099 | \$ 457,242 | \$ 501,873 | \$ 418,887 |
| President's office | | \$ 653,187 | \$ 656,211 | \$ 558,445 | \$ 563,082 |
| Purchasing | | \$ 260,575 | \$ 278,560 | \$ 266,703 | \$ 256,449 |
| Power systems administration | | \$ 430,085 | \$ 442,371 | \$ 415,981 | \$ 434,184 |
| Total general administration expenses | | \$ 4,745,898 | \$ 4,496,241 | \$ 4,242,488 | \$ 4,127,023 |
| Sub-total Operations, Maintenance and Administration | | \$ 22,652,157 | \$ 21,665,843 | \$ 20,882,642 | \$ 21,512,720 |
| Other | | | | | |
| Net Income - Renewable Generation Activities | | \$ (343,320) | \$ (309,088) | \$ (232,482) | \$ (265,313) |
| Disruptive Technology-Powerhouse Pilot | | \$ 20,086 | \$ 19,966 | \$ 20,540 | \$ 19,937 |
| Interest on Long -Term Debt | | \$ 3,523,779 | \$ 1,879,186 | \$ 1,512,782 | \$ 1,510,641 |
| Net Carrying Charges | | \$ (7,539) | \$ (106,500) | \$ (7,000) | \$ (117,000) |
| Income before Amortization and PILS | | \$ 9,755,899 | \$ 7,646,314 | \$ 7,337,779 | \$ 7,483,117 |
| Amortization | | \$ 5,509,790 | \$ 5,354,937 | \$ 4,907,746 | \$ 5,144,261 |
| Income before Payments in Lieu of Taxes | | \$ 4,246,109 | \$ 2,291,377 | \$ 2,430,033 | \$ 2,338,856 |
| Current tax provision | | \$ 30,000 | \$ 117,000 | \$ 252,000 | \$ 63,000 |
| Payments in Lieu of Taxes /Future Taxes (PILS) | | \$ 1,095,000 | \$ 500,000 | \$ 750,000 | \$ 557,000 |
| Other Comprehensive Income | | | | \$ - | |
| | | \$ 1,125,000 | \$ 617,000 | \$ 1,002,000 | \$ 620,000 |
| NET INCOME | | \$ 3,121,109 | \$ 1,674,377 | \$ 1,428,033 | \$ 1,718,856 |

SYNERGY NORTH CORPORATION

Year ended December 31, 2024

CAPITAL EXPENDITURES

| | 2024 Budget | 2023 Budget | 2022 Budget | 2022 Projected |
|---|----------------|----------------|----------------|-------------------|
| System Access | | | | |
| PCB Transformer Replacements | | | - | |
| Customer Recoverable System Modifications | 433,903 | 420,389 | 459,125 | 915,127 |
| Customer Driven System Expansions | 55,499 | 63,095 | 108,967 | 108,967 |
| Residential Service Connections | 446,752 | 399,623 | 360,156 | 180,078 |
| General Service Connections | 651,833 | 513,959 | 695,936 | 695,936 |
| Expansions for Residential Subdivisions | 141,196 | 140,127 | 131,357 | 100,000 |
| System Relocations | 92,552 | 266,777 | 518,046 | 1,200,000 |
| Meter Replacements | 269,828 | 180,710 | 209,286 | 209,286 |
| Total System Access | 2,091,563 | 1,984,680 | 2,482,873 | 3,409,394 |
| System Service | | | | |
| Grid Modernization | 323,181 | 276,720 | 247,249 | 247,249 |
| Stations Upgrades | | | | |
| Power Systems - SCADA | | 18,000 | - | 37,500 |
| Total System Service | 323,181 | 294,720 | 247,249 | 284,749 |
| System Renewal | | | | |
| Line Voltage Conversions and 25kV Planned | | | | |
| Pole Replacements | 9,510,440 | 9,235,018 | 8,063,436 | 8,079,899 |
| Lines Safety Reports | 858,848 | 1,267,955 | 778,754 | 778,754 |
| Small Pole Replacements | 767,109 | 614,122 | 619,084 | 3,446 |
| Transformer and Switch Replacements | 931,873 | 867,571 | 779,129 | 250,783 |
| Underground Installations /Replacements | 645,769 | - | 237,354 | 923,483 |
| Total System Renewal | 12,714,039 | 11,984,666 | 10,477,757 | 10,036,365 |
| General Plant | | | | |
| Office Equipment | 51,000 | 54,000 | 310,000 | 85,000 |
| Computers | 217,750 | 86,000 | 131,200 | 167,637 |
| Computer Software | 85,000 | 61,000 | 70,000 | 149,608 |
| Printers | 7,500 | 7,500 | 6,000 | 6,000 |
| Operations Centre Capital Improvements | - | 80,000 | 15,000 | 9,600 |
| Corporate Installed Hardware/Software | 150,000 | 265,000 | 375,000 | 269,000 |
| Tools | 120,000 | 145,000 | 178,710 | 203,573 |
| Communication Equipment | 51,170 | 132,645 | 55,900 | 61,600 |
| Rolling Stock | 600,000 | 325,000 | 525,000 | 773,056 |
| Total General Plant | 1,282,420 | 1,156,145 | 1,666,810 | 1,725,074 |
| GRAND TOTAL | 16,411,203 | 15,420,211 | 14,874,689 | 15,455,582 |
| Less funding: | | | | |
| Capital Contributions | 1,534,422 | 1,423,479 | 1,510,433 | 2,272,156 |
| Balance to be financed | 14,876,781 | 13,996,732 | 13,364,256 | 13,183,426 |

SYNERGY NORTH CORPORATION

Year Ended December 31, 2024

Definitinon to 2024 BUDGET

CAPITAL EXPENDITURES

System Access

PCB Transformer Replacements - This project reflects all mandated service obligations required to ensure the organization remains compliant with PCB legislation requiring removal of PCB's.

Customer Recoverable System Modifications - This project reflects work that includes additions or changes to distribution assets, which is customer driven. This includes work resulting from motor vehicle accidents, modifications to existing customer connections and make ready work for Third Parties.

Customer Driven System Expansions - This project contains all resource requirements for main distribution system upgrades or expansions to facilitate customer upgrades or connect new customers. Expansions driven by lot severances and property development are included in this project.

Residential Service Connections - This is the total cost for all new connection assets required to connect a new service to residence or small general services (200 Amp Max) from the supply line abutting the customers' premises.

General Service Connections - This project covers the total requirements to meet new commercial customer connection requirements from the supply line abutting the customers' premises. This includes only connection facilities and excludes any system expansion required to reach the customers' property.

Expansions for Residential Subdivisions - This project captures SYNERGY NORTH's transfer payment for new subdivisions towards expansion and connection assets. The majority of subdivision work is done by a developer. The Ontario Energy Board ("OEB") requires an economic evaluation be performed and depending on the additional load and development costs, SYNERGY NORTH must contribute accordingly.

System Relocations - This project captures the total costs associated with requests from customers, the City or the Ministry of Transportation - Ontario ("MTO") to relocate SYNERGY NORTH plant. While this work may be recoverable, the Highway Traffic Act requires that only the existing book value of the equipment along with 50% of the labour and trucking is recoverable by SYNERGY NORTH for MTO requests.

Meter Replacements - This project captures all the costs of meter replacements for failed meters as well as other meter replacements dictated by Measurement Canada and legislated by green energy programs. This also includes costs to acquire meters for the sampling program and the MIST (Metering Inside Settling Timeframe) program.

System Service

Grid Modernization - This project focuses on system operational objectives of; reliability, performance and functionality. The costs reflect the design, installation, and commissioning of remotely controlled reclosers and distributed automation enhancements to the SCADA (Supervisory Control and Data Acquisition) system.

Stations Upgrades - This project reflects all costs of upgrading the existing transforming and switching equipment used for the purpose of stepping down to distribution voltages. The account shall include all modifications to equipment used in the above operation from the high voltage feeder through to the low voltage connection outside the station, within the confines of the station area.

System Renewal

Line Voltage Conversions and 25kV Planned Pole Replacements - This is a subset of all planned projects whose primary driver within the 20-year capital plan is to replace the aging 4kV system with functionally equivalent 25kV system, thereby facilitating the removal of our nearing end of life 4/25 kV substations. This project category is also comprised of the replacement of wood poles on the 25kV system which are in poor condition and past their typical useful life. The selected poles are all at end of useful life due to failure risk, substandard performance, or functional obsolescence.

Lines Safety Reports - This account reflects all the capital requirements to address any Lines safety issues discovered during the risk inspection process that must be dealt with immediately. This is typically made up of single pole replacements but can include up to 5 pole replacements.

Small Pole Replacements - This project is comprised of the replacement of wood poles determined to be in poor condition and that pose a potential risk to public safety and/or customer reliability. These poles are outside of the planned 4kV to 25kV conversion schedule. Projects are selected based on addressing these issues in the most cost-efficient manner.

Stations Renewals - This project reflects all costs of upgrading the existing transforming and switching equipment used for the purpose of stepping down to distribution voltages. The account shall include all modifications to equipment used in the above operation from the high voltage feeder through to the low voltage connection outside the station, within the confines of the station area.

Transformer and Switch Replacements - This project reflects all costs for replacement of distribution transformers, switches, and switchgear that are identified through the risk inspection as at end of life and not included in other planned or customer driven projects.

Underground Installations/Replacements - This is a subset of all planned projects whose primary driver within the 20-year capital plan is either to replace or refurbish underground plant (cable, civil works, and transformers) that are at the end of their typical useful life.

Unplanned Capital - This project reflects the costs for removing poles or equipment for capital projects that have been closed.

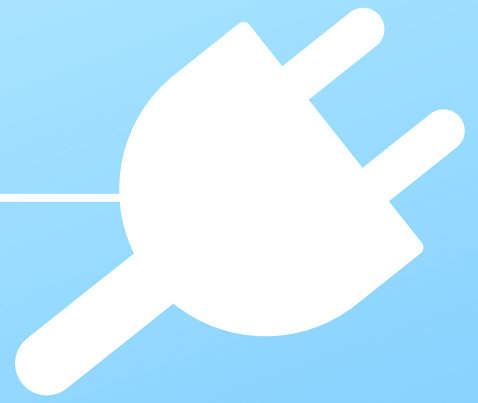


EXHIBIT 1

ATTACHMENT 1 - E

SNC STRATEGIC PLAN 2022-2024



SYNERGY NORTH
STRATEGIC PLAN
2022- 2024



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SYNERGY NORTH
STRATEGIC PLAN
2022- 2024



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*“ A strong foundation is vital for success. ”
A clear strategy ensures a reliable
utility for our communities.*



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Tim Wilson, MBA - President & CEO

Gary Armstrong - Board Chair

1.0 MESSAGE FROM THE PRESIDENT & BOARD CHAIR

Historically, at SYNERGY NORTH, we have focused on the safe and reliable delivery of electricity cost-effectively for our customers. This approach has served our customers well in the past. However, we are quickly arriving at a point where the convergence of new technologies and choices for customers will drive us away from traditional responses to energy problems and toward proactive solutions. The future is interesting, with electric vehicles, transportation electrification, small-scale generation options for customers, customer demand for better, more informative, and interactive engagement, and customers expect its electricity distribution utility to take social, environmental, and climate issues seriously.

Of course, we must never forget that SYNERGY NORTH is an asset management & services company at its core. With over \$209 million invested in the distribution system to power the lives and businesses of our customers, we are keenly aware of the importance of our fundamentals. This reality is the foundation upon which our Strategic Plan was built.

This Strategic Plan sets the stage for the future of SYNERGY NORTH. We built this Strategic Plan with

consultation, input, and direction from our Board of Directors and our Executive Team and is the result of hundreds of hours of research, planning, and meetings. Our annual business plans will set the priorities, initiatives, and goals that flow from the Strategic Plan to ensure we remain faithful to the strategy.

So, what is new and different in this Strategic Plan?

First, I would direct your attention to our plans to establish SYNERGY NORTH as a utility that cares about the environment, is a good community participant, is ready for the convergence of new technologies, is open to customer choice, and is prepared for a more complicated future of electrification. Second, we will be more innovative with technology, and we will do all this with a continued emphasis on safety and financial responsibility. Our employees are prepared and will deliver the high levels of service to which our customers have grown accustomed.

I trust that as you move through this document, it is evident how we plan to serve our customers and shareholders best.

“ We knew as a Board that things were changing in the environment within which SYNERGY NORTH operates. We are proud to endorse this new direction to serve shareholders and customers better through research, discussion, and practical planning. This Strategic Plan will guide SYNERGY NORTH’s actions in a continued positive direction and allow the company to be where it needs to be for its customers with the future of electrification. ”

Gary Armstrong, Board Chair

2.0 OUR MISSION, VISION + CORE VALUES

This strategic plan is a roadmap for continuing SYNERGY NORTH's success, delivering on our mission and helping us progress toward our vision.

Mission

The mission of SYNERGY NORTH is to provide outstanding energy services in a safe, reliable and trusted manner to our communities in order to power people's lives.

Vision

Your trusted partner for energy and related services.

Our Core Values



EXCELLENCE

Pursue being better in everything we do



COMMUNITY

Lead by example to build a strong community



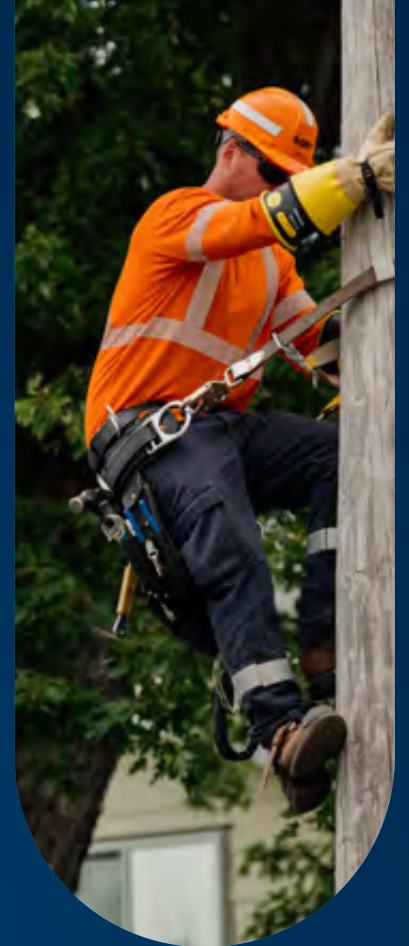
RELIABLE

Supply our products and services in a trustworthy, fair and dependable manner



SAFETY

Promote, work and live safety



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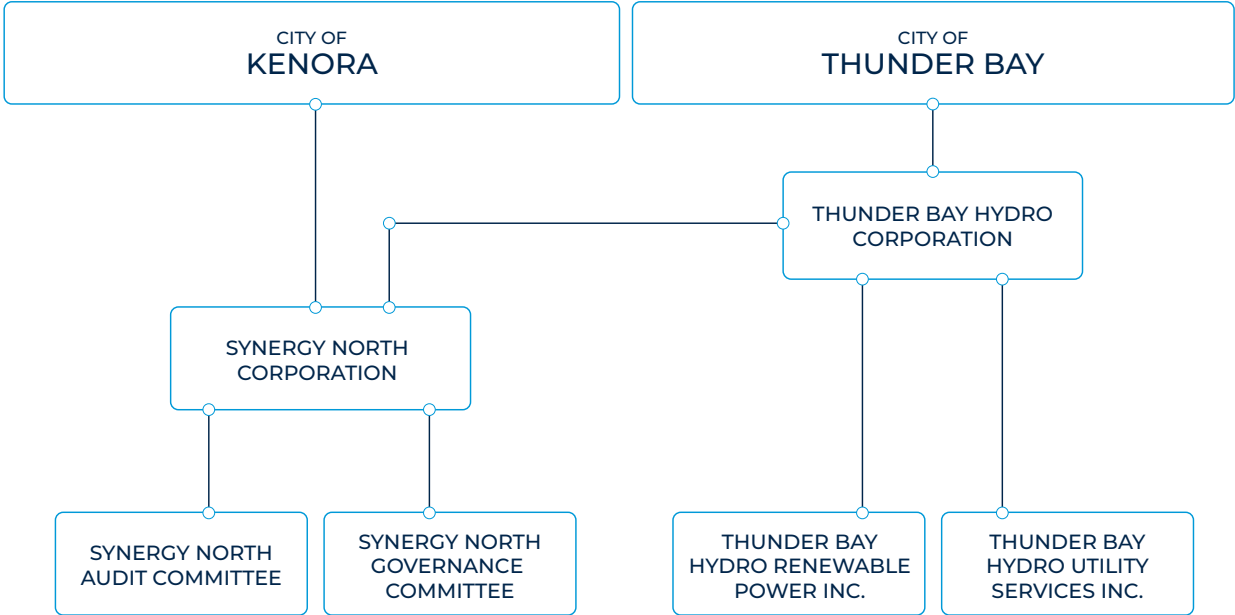
3.0 COMPANY HISTORY

SYNERGY NORTH’s history dates back to the 1970’s, when it was amalgamated from Fort William and Port Arthur, into Thunder Bay Hydro. The City of Kenora and Ontario Hydro agreed to form the Kenora Hydro Electric Commission back in the 1960’s. Kenora Hydro became officially incorporated in the year 2000.

In 2019, Kenora Hydro and Thunder Bay Hydro merged into one company, which we know as SYNERGY NORTH today. SYNERGY NORTH is responsible for servicing electricity to the cities of Kenora and Thunder Bay. It distributes electricity to over 56,000 customers via a network of over 1,400 kilometers of overhead and underground power lines between both service territories. It is the local, front-line customer service face to the provinces electrical industry providing for the reading of customers meters billing, and offering energy conservation advice and programs.

“
In 2019, Kenora Hydro and Thunder Bay Hydro merged into one company, which we know as SYNERGY NORTH today.
 ”

4.0 GOVERNANCE STRUCTURE





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5.0 OUR PLANNING PROCESS

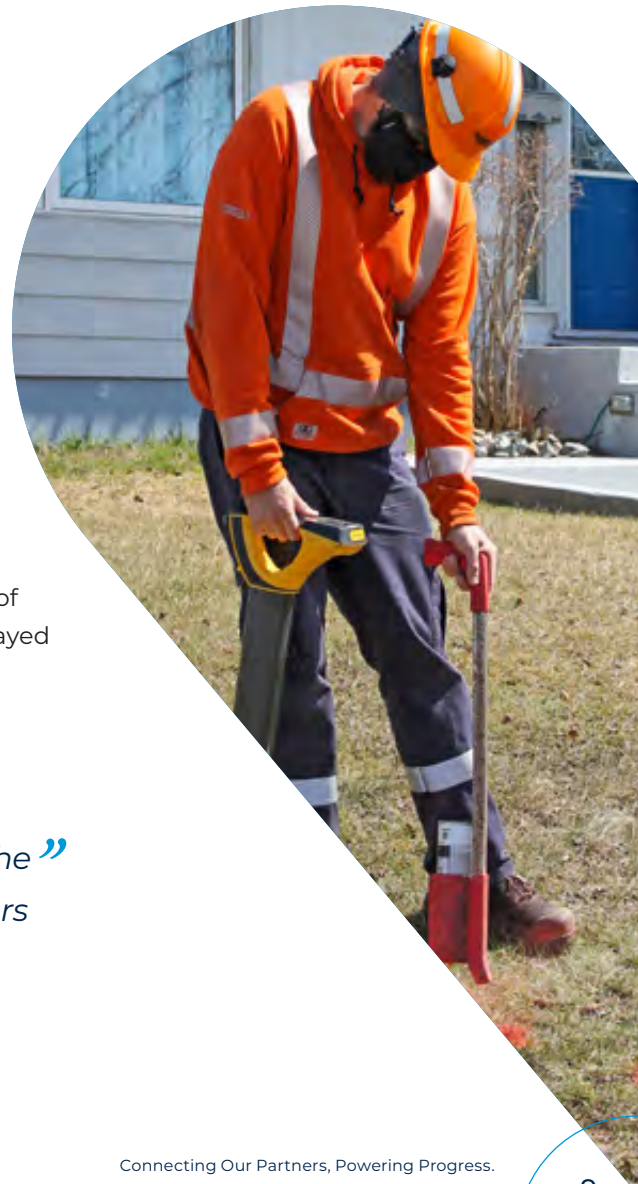


6.0 THE IMPACT OF COVID-19

COVID-19 has impacted every facet of SYNERGY NORTH's business. Staff has adapted to the daily challenges of the pandemic and continues to serve our customers while reaching operational targets. There hasn't been a significant effect on SYNERGY NORTH's service levels or company performance to date.

In recent months, SYNERGY NORTH has seen a significant increase in costs. The pandemic has caused major disruptions in the supply of almost all materials used by the utility. Price increases have begun to put substantial pressure on ongoing supply costs. The total effect of these supply costs is expected to appear in budgeted expenses for 2023 and beyond.

The supply disruptions have also caused delays in the delivery of materials. While manageable, these delivery disruptions have delayed the completion of some projects.



“ Staff have adapted to the daily challenges of the pandemic and continues to serve our customers while reaching operational targets. ”

7.0 SWOT ANALYSIS

The Executive Management Team completed a SWOT analysis. A SWOT analysis looks at strengths, weaknesses, opportunities and threats. It is a framework used to ascertain where a company sits in its operating environment with a view to where it can succeed and where it may be vulnerable. It does so while also considering its internal capabilities.

Strengths

Strengths describe what an organization excels at and what potentially separates it from the competition.

- ▶ SYNERGY NORTH is a well-financed company with a solid balance sheet.
- ▶ SYNERGY NORTH has an exemplary safety record.
- ▶ SYNERGY NORTH has excellent risk management practices. This is evident in the corporation's current safety record, the steps toward Cyber Security standards, incident response programs, and asset planning.
- ▶ SYNERGY NORTH is very experienced as a small-scale solar builder, owner and maintainer.
- ▶ SYNERGY NORTH is highly experienced in administrating conservation and demand management programs, understanding the region building stock, and the end-use of electricity. Conversely, this is a transferable strength for transportation, and other electrification end users.
- ▶ SYNERGY NORTH is an experienced and early mover on deploying residential whole-home battery and photovoltaic systems.
- ▶ SYNERGY NORTH has a dedicated Board which endorsed a new mission, vision, and value gives clear direction for the corporation.

Weaknesses

Weaknesses can prevent an organization from performing at its optimum level, and they are areas where the business can choose to improve to remain competitive.

- ▶ SYNERGY NORTH lacks functional EV knowledge and has no EV strategy. It currently employs reactive strategies for EVs.
- ▶ SYNERGY NORTH lacks functional ESG literacy and has no ESG or Net Zero strategy.
- ▶ SYNERGY NORTH is not experienced with microgrids & has limited experience with DERS and storage.
- ▶ Due to its size, SYNERGY NORTH is limited in what it can offer staff regarding career aspirations. It is limited in its capacity to take on new activities and initiatives.
- ▶ SYNERGY NORTH is not a good self-promoter in terms of the value it brings to its shareholders and customers in terms of achievements, investment plans or community involvement.



Opportunities

Opportunities refer to favourable external factors that could give an organization a competitive advantage.

- ▶ There is an opportunity to facilitate the deployment and use of DERs. Distributed Energy resources will bring customers closer with their energy usage. The operation of these DERs in concert with the wider system grid could position SYNERGY NORTH to become a fully integrated network orchestrator (FINO). A FINO is required to ensure the total value of the DER is realized.
- ▶ There is an opportunity concerning residential and commercial fleet EVs in support, advice and service. Owning charging infrastructure may be an option.
- ▶ There is a renewed opportunity for mergers or acquisitions in the North. The government and OEB continue to encourage the rationalization of utilities smaller than 30,000 customers, and SYNERGY NORTH is a prominent merge partner for the smaller utilities in North Western Ontario. Outside of NWO, merger and acquisition opportunities have less to offer in terms of value unless SN is the acquired utility.
- ▶ There are potential new distribution connection opportunities in the North. Building several new transmission lines in the region will connect many new communities to Ontario's electricity system.

Threats

Threats refer to external factors that have the potential to harm an organization.

- ▶ The continued increase in customer preference for digital communication will expand SN's potential for a cyber security attack. Notwithstanding new services, cyber security risk has increased year over year.
- ▶ The use of storage to reduce customers' monthly peaks is a threat to LDC revenue until the LDC can develop a new mechanism to account for losses to this variable revenue.
- ▶ The decreasing cost of DERs may become an avenue customer could use to disconnect from the system. There is an opportunity for any other actor willing to pay capital costs for customers to transition to a system where consumption/demand is decreased or removed entirely from the SN's system. This may include community microgrids or other 'islanding' schemes.
- ▶ New regulations and requirements have historically required the development of new products and services for customers, which drives expenses upward and puts cost pressures on the entire organization.
- ▶ Large aggregators of LDCs like Epcor, Hydro One, Algonquin Power, and Alectra could potentially bid for taking over local distribution.



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“What we want to achieve.”

8.0 LONG TERM CORPORATE GOALS

To create the best direction forward for SYNERGY NORTH's future, this plan is centered around strategic goals that we look to accomplish over the next five years. As we move forward, we remain focused on reaching these goals and delivering on priorities over the next three to five years.

01

Promote, work and live safety achieving positive health and safety outcomes for employees and the public.

The potential danger associated with the product we work with everyday cannot be overstated. It is critical that the utility's primary focus remain on the safety of our staff and the public.

02

Pursue being better in everything we do resulting in increased shareholder and customer value.

SYNERGY NORTH Corporation is a valuable asset, owned by the City of Thunder Bay and the City of Kenora. The owners have the right to expect that the value of this asset will increase. The Board and Management of the utility must make this growth a priority.

03

Supply electricity and related services in a trustworthy, fair and dependable manner supporting our customers in achieving their goals.

The provision of electricity to the residents and businesses in Thunder Bay, Kenora and the Fort William First Nation is our reason for existence and is critical to the economy and the quality of life of residents throughout our service territories.

04

Lead where we live and operate as an integral part of the community.

Notwithstanding that SYNERGY NORTH Corporation is a business, we strive to be part of the fabric of the communities we serve, supporting local events, assisting with local initiatives and being present where needed and called upon.



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“What we need to focus on.”

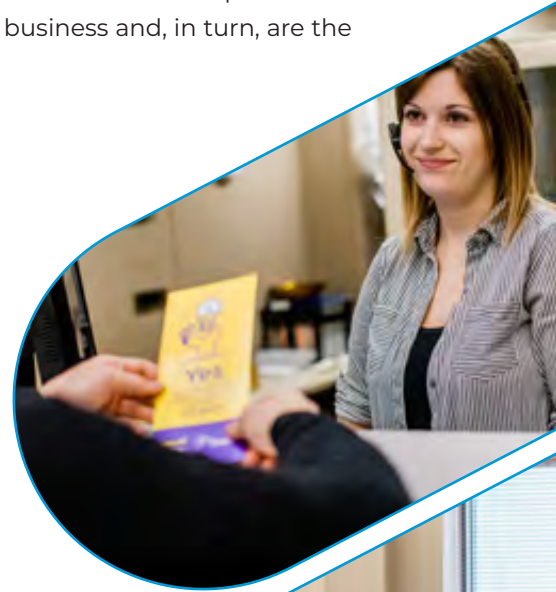
9.0 AREAS OF FOCUS

In order to achieve the Long-Term Corporate Goals, individual objectives have been developed which support key areas of focus. These areas of focus reflect the nature of the business and, in turn, are the key to achieving the long-term corporate goals.

The three key areas of focus are:

Our Customers

SYNERGY NORTH Corporation exists to provide reliable electricity supply and related services to our customers and our community. Meeting this obligation requires an understanding of our customer's needs and expectations, and a commitment to delivering a high level of service in a trustworthy, fair and dependable manner. It also entails being in the communities we serve in a visible and meaningful way outside of just providing electricity and related services.



Our People

Our employees are important to us. They are the ones who service our customers. We need them and we are committed to ensuring them a healthy and safe working environment in all aspects. Safety is our number one priority and SYNERGY NORTH Corporation has established itself as an industry and community leader in the area of Health & Safety. This culture is not for work alone but also for our employees' personal lives and within the broader communities we serve.



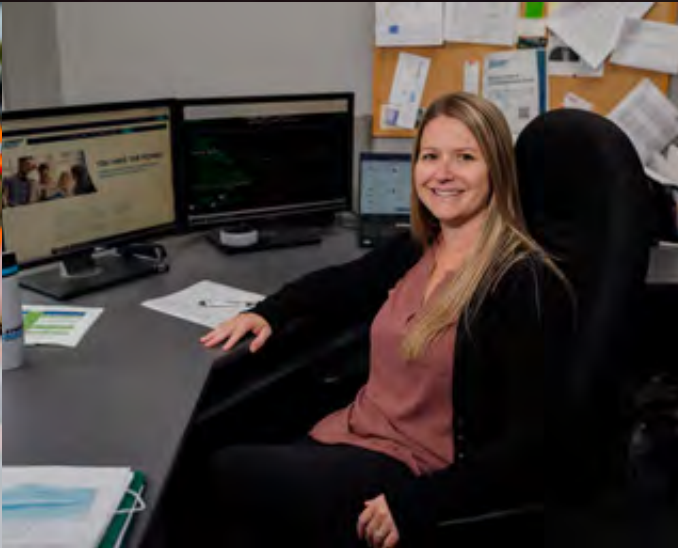
Our Assets

At its core SYNERGY NORTH Corporation's business is the safe, reliable delivery of electricity to the residents and businesses in our service territories. To achieve this, a well-developed, long-term approach to infrastructure investment and maintenance is critical. The financial pressures associated with the utility industry make it imperative that utilities make effective, risk based Capital and Operating Expenditure decisions.

A key component of protecting and growing shareholder value is constantly improving the efficiency and output of the utility's complex work systems and processes.









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10.0 OUR STRATEGIES FOR THE FUTURE: STRATEGIC INITIATIVES

The corporation’s strategic initiatives were developed through contrasting SYNERGY NORTH’s environment with the company’s SWOT analysis. Together with the Mission, Vision and Values and the long-term corporate goals as a guide. The strategic initiatives are outlined below. Each initiative includes tangible metrics and sets the stage for how we work, serve, set priorities, allocate resources and monitor our success.

01 Customer Service Strategy Our Customers

To improve the customer experience from the customer’s perspective, needs and goals.

| INITIATIVE | PURPOSE |
|---------------------------------|--|
| Customer Engagement | To promote meaningful customer engagement throughout everything we do. |
| OEB Standards of Service | To exceed OEB standards and customer expectations. |
| Customer Service Portal | To enhance customer offerings and ensure regulatory compliance. |

02 ESG Strategy Our Customers

To apply an ESG lens to the Corporate Strategic Plan will ensure SYNERGY NORTH’s sustainability over the term.

SYNERGY NORTH is committed to ensuring an Environmental, Social, and Governance (ESG) initiative is in place. In many instances, SYNERGY NORTH has ongoing objectives which already enable some sustainability practices. A single strategic initiative is required to bring these objectives together and address what may be missing from the current strategic plan. This strategic initiative will enable SYNERGY NORTH to have a clear understanding of the complex needs of our stakeholders. As these needs may change over time, SYNERGY NORTH will develop objectives to satisfy the stakeholders requirements.

| INITIATIVE | PURPOSE |
|------------------------------|---|
| ESG | To develop and apply an ESG lens to the overall corporate strategy. |
| Net Zero Plan | To develop a net zero plan and target. |
| Community Involvement | To elevate SYNERGY NORTH’s community perception, and increase company volunteerism. |

10.0 OUR STRATEGIES FOR THE FUTURE: STRATEGIC INITIATIVES

03 Human Resources Strategy

Our People

To position SYNERGY NORTH Corporation as a place to work and to create an environment where new staff are well integrated and where existing great staff can grow in a place where they will want to stay.

Ensuring the Utility can continue to attract, develop and retain required Human Resources is a critical challenge and requires focused Human Resources Strategies. Meeting this challenge is becoming increasingly difficult and is becoming one of the greatest risks the Utility faces. The ‘Talent War’ is very real and will continue to intensify in the industry (and globally). While SYNERGY NORTH has been successfully executing on specific Human Resources related strategies for the past few years, these strategies need to be augmented by additional initiatives in order to ensure the company can manage this issue in the long term.

Long term success will require SYNERGY NORTH Corporation to ensure we have a fulfilling, fair, and challenging work environment that allows us to attract, develop, engage and retain high quality staff. A wide range of initiatives contribute to meeting this challenge including separately identified Health & Safety programs.

| INITIATIVE | PURPOSE |
|--|--|
| Recruitment, Engagement and Retention | To position SYNERGY NORTH as a place to work and a place where employees will want to stay. |
| Staffing and Development | To ensure succession plans exist for critical positions. |
| Employee Wellness | To provide options to staff to address potential wellness issues and to assist them and their families to lead healthy lives; which allow them to come to work and be productive and safe. |

10.0 OUR STRATEGIES FOR THE FUTURE: STRATEGIC INITIATIVES

04 Safety Strategy

Our People

To ensure that Safety is at the forefront of everything we do and for the protection of our staff and the customers we serve.

SYNERGY NORTH Corporation is committed to creating and maintaining a Corporate Culture where Health and Safety are the Utility's top priorities. The Target Zero program has been an unqualified success for the Utility since its introduction and we have supported this program by ensuring awareness and competency regarding safe work practices in everything we do.

Options for staff to address potential wellness issues to assist them and their families to lead healthy lives, which allow them to come to work and be productive and safe, are also important.

| INITIATIVE | PURPOSE |
|---------------------------------|---|
| Zero Lost Time Incidents | To maintain safety is at the forefront of everything we do and for the protection of our staff and the customers we serve. |
| Safety & Training | To meet legislative and competency requirements and to ensure that Safety is at the forefront of everything we do for the protection of our staff and the customers we serve. |
| Public Safety | <ul style="list-style-type: none"> ▶ To deliver safety awareness to external stakeholders. ▶ To gauge / improve community safety and awareness. |

10.0 OUR STRATEGIES FOR THE FUTURE: STRATEGIC INITIATIVES

05 Asset Planning & Management Strategy

Our Assets

To mitigate risk, ensure efficient use of assets and drive cost effective decision making with respect to Capital and OM&A plans and to ensure operational efficiency: a key item of importance with the regulator.

| INITIATIVE | PURPOSE |
|---------------------------------|---|
| Asset Management Plan | <ul style="list-style-type: none"> ▶ To mitigate risk, ensure efficient use of assets and drive cost effective decision making with respect to Capital and OM&A plans. ▶ To reduce tool cost through an improved inventory tracking system. ▶ To align the fleet with the DSP and ESG goals to better meet operational needs and contain costs. ▶ To minimize asset failure risk and improve efficiencies by ensuring a prioritized approach to maintenance work. |
| Develop a FINO* strategy | To manage the risk of reliability issues resulting from customer adoption of new behind the meter technologies and to ensure the utility is able to accommodate customer energy choices. |
| Electrification Strategy | Acquire knowledge and information to ensure corporation is prepared to manage electrification |

*FINO is defined as a fully integrated Network Orchestrator

06 Business Continuity Strategy

Our Assets

To build a comprehensive business continuity strategy including IT, Operations and supporting functions will be established. What started in 2014 as a strategy to mitigate IT risks related to business continuity and data security has evolved into new strategies related to business continuity corporate wide.

| INITIATIVE | PURPOSE |
|----------------------------|---|
| Business Continuity | To mitigate risk by planning for the maintaining of critical business functions despite interruptions or disasters. |

10.0 OUR STRATEGIES FOR THE FUTURE: STRATEGIC INITIATIVES

07 Financial Strategy

Our Assets

To ensure a sound financial framework is in place that supports shareholder direction and customer needs by providing the company with the required monies to support the right mix of distribution system work.

| INITIATIVE | PURPOSE |
|------------------------|--|
| Cost of Service | To obtain a Decision and Order supports Shareholder direction and customer needs by providing the company with the required monies to operate. |
| Financing Plan | To procure sufficient funding of operations and capital. |

08 Stakeholder Partnership Strategy

Our Assets

To ensure strong relationships with key stakeholders and partnership organizations.

| INITIATIVE | PURPOSE |
|---|---|
| Industry and Stakeholder Involvement | To improve the staff level of knowledge and expertise on distribution systems and to ensure strong relationships with key stakeholders and partnership organizations. |
| Growth | To pursue additional customer base through mergers, acquisitions and partnerships. |
| Local Partnerships | To position the company in attracting and retaining customer base in the distribution territory. |

09 Technical Strategy

Our Assets

To ensure that technology assists and supports the organization in providing service to its customers and that technology enables improvements in how the company operates.

| INITIATIVE | PURPOSE |
|-----------------------------------|--|
| Digitization | To realize efficiencies through the automation of business processes. |
| System Planning and Health | To optimize asset utilization and efficient use of system. |
| Cyber Security | To Identify, Protect, Detect, Respond, and Recover from cyber incidents. |



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11.0 LOOKING TO THE FUTURE

We desire that you come away with a clearer picture of our future upon reading the new Strategic Plan. Some initiatives like ESG and Net Zero are new to us and need substantial development. We will build on these essential business components and be good corporate citizens. You can also expect to see us make the utility work more closely with our customers on their energy needs. We believe that our customers will have an increasing choice in using energy. We will prepare our distribution system to integrate those choices, whether for electric vehicles, small-scale generation, or simply for customers' choice in electricity rate plans. Finally, you can expect us to be in the communities we serve by donating our time or money from both the corporation and our employees. This plan will guide us over the next three years, and we are excited to move forward.

SYNERGY NORTH
STRATEGIC PLAN
2022- 2024



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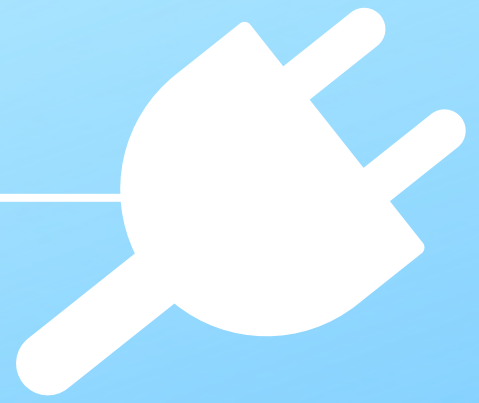


EXHIBIT 1

ATTACHMENT 1 - F

SNC CUSTOMER SATISFACTION SURVEY



Customer Satisfaction Survey Report

BRICKWORKS

COMMUNICATIONS ■

October 2022

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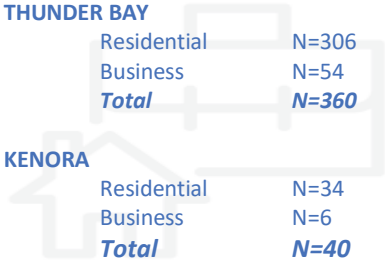
Background & Overview

Synergy North commissioned Brickworks Communications to conduct an engagement survey of its customers. The purpose of this survey process was to obtain customer input regarding their satisfaction with the services provided by Synergy North. The telephone method of data collection was used, with **N=400** customers being interviewed. Surveys screened for the member of the household who is responsible for paying, reviewing, or looking after the electricity bill.

Methodology & Logistics

Study Sample

Synergy North provided a database of their residential and small commercial business customers to be interviewed. The sample was stratified to ensure that N=340 residential and N=60 business customers were surveyed, as well as N=360 from Thunder Bay and N=40 from Kenora.



| THUNDER BAY | |
|--------------|--------------|
| Residential | N=306 |
| Business | N=54 |
| Total | N=360 |

| KENORA | |
|--------------|-------------|
| Residential | N=34 |
| Business | N=6 |
| Total | N=40 |

Survey Method

All surveys were completed by telephone using Computer Assisted Telephone Interviewing (CATI). The numbers within each cohort sub-set were randomly selected.

Logistics

Surveys were completed between the days of September 28th and October 5th, 2022. Initial calls to residents were made between the hours of 6:00 pm and 9:00 pm. Subsequent call-backs of no-answers and busy numbers were made on a (staggered) daily rotating basis up to 5 times (from 10:00 a.m. to 9:00 p.m.) until contact was made. At least one call was made on a weekend. Calls to business clients were made during business hours from 8:30 am to 6:00 pm, with at least one call after 6:00 pm and one on a weekend. In addition, telephone interview appointments were attempted with any respondents unable to complete the survey at the time of contact.

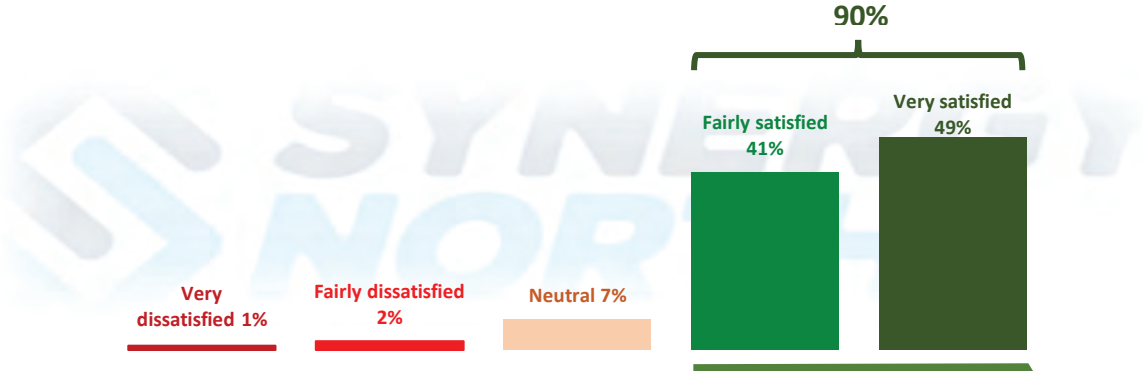
Confidence

The margin of error for the total N=400 sample is $\pm 4.9\%$, $\frac{19}{20}$ times. The error rate for each of the residential (N=340) and business (N=60) sub-sets is $\pm 5.3\%$ and $\pm 12.6\%$, $\frac{19}{20}$ times, respectively.

Overall Satisfaction – Services

Firstly, all N=400 customers were asked to rate their satisfaction with the services they currently receive. A five-point rating scale was used, from 1 (very dissatisfied) to 5 (very satisfied).

Q1. Thinking about the many services that Synergy North provides, how satisfied are you overall with those services? Please use a scale from 1 (very dissatisfied) to 5 (very satisfied).



Overall satisfaction results continue to be strong at **90%** and have stayed in a consistently strong range over the past three surveys. Residential satisfaction numbers remain higher than those provided by businesses.

| BREAKDOWNS | TOTAL SATISFIED |
|--------------------|-----------------|
| <i>Residential</i> | 91% |
| <i>Business</i> | 85% |
| TRACKING | |
| 2022 | 90% |
| 2021 | 91% |
| 2019 | 88% |

Outages & Billing Issues

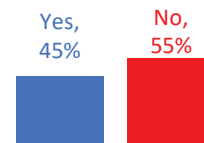
The first two questions in this section asked customers about experiences related to power outages. These questions were redesigned for the 2022 survey.

Q2. How many power outages have you experienced in the last twelve (12) months?

| Outages | Percentage |
|-------------------|------------|
| 1-2 Power Outages | 30% |
| 2-3 Power Outages | 17% |
| 3-4 Power Outages | 7% |
| 5 or more | 3% |
| None | 43% |

The 57% or N=229 that had an outage in the last 12 months were asked Q3.

Q3. Did you attempt to contact Synergy North about a power outage in that time?



In total, 57% (N=229) said they experienced an outage over the past 12 months, with **1-2** outages or **2-3** outages being most common. When those that experienced an outage (N=229) were asked, 45% said they attempted to contact Synergy North about the event.

Next, customers were probed about issues or problems with their electricity bill. Those that had problems were asked two follow-up questions.

Q4. In the past 12 months, have you experienced any problems with your electricity bill?

Experienced Billing Problems

The 13% N=51 were asked Q4 and Q5.



13% percent (compared to 9% in 2021) experienced a problem with their bill.

The **amount of the bill** was named as the most common issue, followed by **errors, fees, payment relief requests, and missed payments.**

Q5. What type of billing problem did you have?

| | | |
|---|----|-----|
| Amount of bill / too high | 19 | 37% |
| Discrepancy / mistake | 8 | 16% |
| Rates or fees / extra charges | 7 | 14% |
| Payment arrangements / relief | 5 | 10% |
| Missed a payment / late | 4 | 8% |
| Problem with account / PAP / payment amount | 4 | 8% |
| Bill was late / did not receive | 3 | 6% |
| Difficult to understand | 1 | 2% |

Contacted Synergy North about Billing

Q6. Did you attempt to contact Synergy North about the billing problem in that time?



A total of 71% said they attempted to contact Synergy North about their billing issue or problem.

Other Contact

Customers were then asked if they contacted Synergy North for reasons other than outages or billing problems. If they attempted a contact, they were then asked two follow-up probes.

Q7. Over the past 12 months, have you tried to contact Synergy North for things other than a power failure or a billing problem?



The 9%, N=35, were asked Q8 & Q9.

Q8. What was the nature of your inquiry?

| | | |
|---|-----|-----|
| Energy savings program / energy audit inquiry | N=8 | 23% |
| Connection / disconnection / moving / new account | N=5 | 14% |
| General inquiry (unspecified) | N=5 | 14% |
| Payment deferrals / relief | N=4 | 11% |
| Change payment options | N=4 | 11% |
| Maintenance / repair | N=3 | 9% |
| Streetlights out | N=2 | 6% |
| Tree cutting | N=2 | 6% |
| Location of lines | N=1 | 3% |
| Change information | N=1 | 3% |

9% contacted Synergy North over the past year for an issue other than an outage or billing problem (compared to 8% in 2021).

The 9% or N=35 were also asked a follow-up question about the nature of their inquiry.

Q9. What method did you use when you contacted Synergy North?

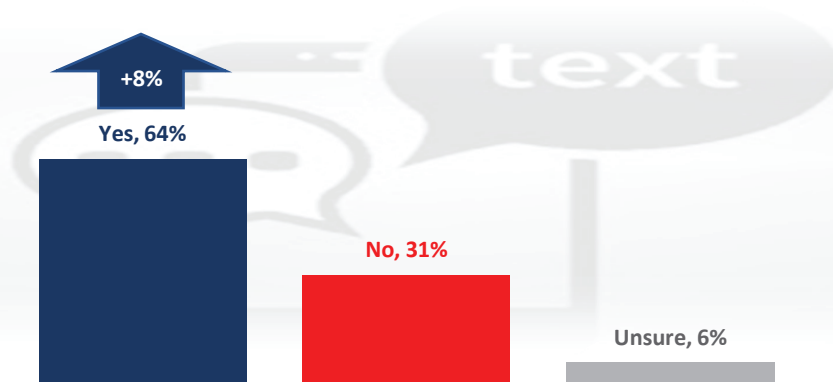
| | | |
|--------------|------|-----|
| Telephone | N=29 | 83% |
| Email | N=4 | 11% |
| SN website | N=1 | 3% |
| Social media | N=1 | 3% |

When then asked how they contacted Synergy North, most (83%) said it was by telephone.

Text Option

Next, all N=400 respondents were asked if they would prefer having a text option to contact Synergy North.

Q10. Would you prefer having the option to text Synergy North?



Sixty-four percent said they would prefer the text option, with more businesses (72%) favouring this option compared to residential customers (62%). This is a **+8% increase** from the 56% that preferred having a text option in 2021.

Most younger customers 19-24 (91%), 25-34 (95%), and 35-44 (76%) said they prefer the text option, followed by those 45-54 (58%), 55-64 (53%), and finally, 65+ (31%).

Customer Contact Experience

The following set of questions were asked to the N=144 customers that had a recent contact with Synergy North as identified in Q3, Q6, and Q7.

Q11. Using a scale from 1 (very dissatisfied) to 5 (very satisfied), please rate your most recent interaction with Synergy North and the person you had contact with, in each of the following areas.

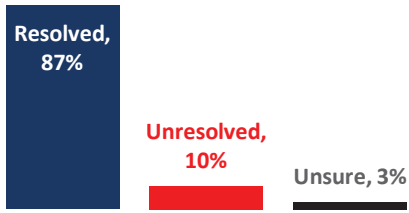
| <i>CUSTOMER CONTACT AREAS</i> | <i>Unsure</i> | <i>Total Dissatisfied</i> | <i>Neither satisfied nor dissatisfied</i> | <i>Total satisfied 2022</i> | <i>Total satisfied 2021</i> | <i>Total satisfied 2019</i> |
|---|---------------|---------------------------|---|-----------------------------|-----------------------------|-----------------------------|
| <i>a. The time it took to contact someone</i> | - | 7% | 7% | 86% | 87% | 85% |
| <i>b. The time it took someone to deal with your problem</i> | 1% | 8% | 8% | 83% | 86% | 82% |
| <i>c. The helpfulness of the staff who dealt with you</i> | 1% | 5% | 5% | 89% | 91% | 86% |
| <i>d. The knowledge of the staff who dealt with you</i> | 3% | 5% | 9% | 83% | 88% | 83% |
| <i>e. The level of courtesy of the staff who dealt with you</i> | - | 5% | 4% | 91% | 94% | 89% |
| <i>f. The quality of information provided by the staff who dealt with you</i> | - | 8% | 6% | 86% | 84% | 83% |

In general, results are consistent over the three survey touchpoints. While all areas rated high in terms of total satisfaction, the top scores were for **courtesy** and **helpfulness**.

| <i>OVERALL SATISFACTION</i> | <i>Unsure</i> | <i>Total Dissatisfied</i> | <i>Neither satisfied nor dissatisfied</i> | <i>Total satisfied 2022</i> | <i>Total satisfied 2021</i> | <i>Total satisfied 2019</i> |
|--|---------------|---------------------------|---|-----------------------------|-----------------------------|-----------------------------|
| <i>Q12. Using a scale from 1 (very dissatisfied) to 5 (very satisfied), rate your most recent experience contacting Synergy North overall?</i> | - | 4% | 7% | 89% | 88% | 86% |

In addition, the **overall** recent experience rating is 89%, a slight (+1%) improvement over the 2021 survey period.

Q13. With respect to this most recent contact, do you consider the issue, problem, or question you had to be resolved, or is it still unresolved?



When asked, 87% (compared to 85% in 2021) said that the issue, problem, or question related to their most recent contact has been resolved.

General Agreement Statements

All N=400 customers were read eleven statements and were asked to rate their level of agreement with them using a five-point scale from 1 (strongly disagree) to 5 (strongly agree). The table below combines the total disagree and total agree responses. Comparisons with the previous period are not possible, as a four-point scale was used in 2021.

Q14. Next, I am going to read you some statements about Synergy North across a range of different categories. Please rate your level of agreement with each of them, using a scale of 1 (strongly disagree) to 5 (strongly agree).

| | <i>Unsure</i> | <i>Total Disagree</i> | <i>Neutral</i> | <i>Total Agree</i> |
|---|---------------|-----------------------|----------------|--------------------|
| <i>a. (Synergy North) Deals professionally with customers’ problems</i> | 8% | 6% | 6% | 80% |
| <i>b. Provides information to help customers reduce their electricity costs</i> | 5% | 9% | 10% | 76% |
| <i>c. Charges a cost for electricity that is reasonable when compared to other utilities</i> | 3% | 19% | 11% | 67% |
| <i>d. Is a company that you would like to continue to do business with</i> | 1% | 9% | 5% | 85% |
| <i>e. Is pro-active in communicating changes and issues which may affect your electricity service</i> | 3% | 11% | 10% | 76% |
| <i>f. Is customer-focused and treats customers as if they are valued</i> | 4% | 13% | 5% | 78% |
| <i>g. Quickly deals with issues that affect customers</i> | 3% | 7% | 6% | 84% |
| <i>h. Provides information and tools to help manage electricity consumption</i> | 3% | 10% | 12% | 75% |
| <i>i. Adapts well to changes in customer expectations</i> | 5% | 8% | 3% | 84% |
| <i>j. Provides good value for your money</i> | 2% | 23% | 7% | 69% |
| <i>k. Is a company that is easy to do business with</i> | 4% | 6% | 55 | 85% |

Results are highest in terms of total agree (4 – “somewhat” and 5 – “strongly” agree) for Synergy North being a company that is **easy to do business with**; that the customer would **like to continue to do business with**; that **quickly deals with issues that affect customers**; and that **adapts well to changes in customer expectations**.

Total disagreement (2 – “somewhat” and 1 – “strongly” disagree) scores were most elevated for the rate indicators, which included **providing good value for money** and **charging a cost for electricity that is reasonable when compared to other utilities**.

Operations Agreement Statements

Next, all N=400 customers were read eight statements about operations and were asked to rate their level of agreement with them using a five-point scale from 1 (strongly disagree) to 5 (strongly agree). The table below combines the total disagree and total agree responses. Comparisons with the previous period are not possible, as a four-point scale was used in 2021.

Q15. Using the same scale, please rate your level of agreement with the following statements related to Synergy North’s operations.

| | <i>Unsure</i> | <i>Total Disagree</i> | <i>Neutral</i> | <i>Total Agree</i> |
|---|---------------|-----------------------|----------------|---------------------------|
| <i>a. (Synergy North) Provides consistent, reliable electricity</i> | 1% | 5% | 1% | 93% |
| <i>b. Bills accurately</i> | - | 9% | 9% | 82% |
| <i>c. Makes electricity safety a top priority for employees and contractors</i> | 17% | 2% | 2% | 78% |
| <i>d. Has a standard of reliability delivering electricity that meets your expectations</i> | 2% | 6% | 1% | 91% |
| <i>e. Delivers on its service commitments to customers</i> | 4% | 6% | 6% | 84% |
| <i>f. Provides excellent quality services overall</i> | 1% | 6% | 2% | 90% |
| <i>g. Quickly handles outages and restores power</i> | 1% | 10% | 2% | 87% |
| <i>h. Efficiently manages the electricity system</i> | 5% | 10% | 7% | 78% |

Agreement levels were strong and consistent across all eight areas, with agreement highest for providing **consistent, reliable electricity**; providing **excellent service overall**; and **handling outages and restoring power**.

Descriptive Agreement Statements

Another eight statements were read to all N=400 customers. They were asked to rate their level of agreement with them using the same five-point scale from 1 (strongly disagree) to 5 (strongly agree). The table below combines the total disagree and total agree responses. Comparisons with the previous period are not possible, as a four-point scale was used in 2021.

Q16. Using the same scale from 1 (strongly disagree) to 5 (strongly agree), please rate your level of agreement with the following statements that may be used to describe Synergy North as a company.

| | <i>Unsure</i> | <i>Total Disagree</i> | <i>Neutral</i> | <i>Total Agree</i> |
|---|---------------|-----------------------|----------------|--------------------|
| <i>a. (Synergy North) Is a respected company in the community</i> | 1% | 8% | 4% | 87% |
| <i>b. Keeps its promises to customers and the community</i> | 4% | 6% | 11% | 79% |
| <i>c. Is a company that you would recommend to a friend or colleague</i> | 2% | 11% | 5% | 82% |
| <i>d. Operates a cost-effective electricity distribution system</i> | 7% | 8% | 12% | 73% |
| <i>e. Is a trusted and trustworthy company</i> | 2% | 6% | 1% | 91% |
| <i>f. Is a leader in promoting energy conservation</i> | 3% | 12% | 7% | 78% |
| <i>g. Is a socially responsible company</i> | 3% | 8% | 9% | 80% |
| <i>h. Spends money prudently to keep the electricity system reliable and up to date</i> | 14% | 8% | 8% | 70% |

Total agreement results are highest for being **trusted or trustworthy**, followed by being **well respected**.

Results were lowest for **spending money prudently** to keep the system up to date, and for operating a **cost-effective distribution system**, although those agreement scores were still 70% and 73%, respectively.

Rating Information & Public Awareness

All N=400 customers rated their level of satisfaction with five areas related to information and public awareness provided by Synergy North. A five-point scale of 1 (very dissatisfied) to 5 (very satisfied) was used. The table below combines the total dissatisfied (1 & 2 responses) as well as the total satisfied (4 & 5) results. Comparisons with the previous 2021 period are presented.

Q17. Using a scale from 1 (very dissatisfied) to 5 (very satisfied), please rate your level of satisfaction with the following areas related to information and public awareness provided by Synergy North.

| | Unsure | Total Dissatisfied | Neither satisfied nor dissatisfied | Total satisfied 2022 | Total satisfied 2021 |
|---|--------|-----------------------|--|----------------------------|----------------------------|
| a. The amount of information available to you about energy conservation | 5% | 6% | 12% | 77% | 79% |
| b. The quality of information available when outages occur | 2% | 6% | 8% | 84% | 82% |
| c. The electricity safety education provided to the public | 8% | 7% | 6% | 79% | 76% |
| d. The timeliness and relevance of information regarding planned outages | 7% | 9% | 6% | 78% | 78% |
| e. The timeliness & relevance of information for things such as planned outages, construction activity, and tree trimming | 10% | 9% | 5% | 76% | 73% |
| f. Online account awareness regarding no-charge services offered on sign-up | 3% | 24% | 13% | 60% | 58% |

The total satisfaction scores were highest for the **quality of information available when outages occur** (+2% over 2021).

The only area that saw a drop from 2021 was regarding the **amount of information available about energy conservation** (-2%). There was no change for the timeliness and relevance of information regarding planned outages.

Preferred Communication Methods – Outages

Customers were asked about their preferred method to receive information from Synergy North about unplanned outages.

Q18. When an unplanned outage occurs, what would be your preferred method to receive information about the outage?



| | |
|-------------------------------------|------------|
| <i>Social media</i> | <i>26%</i> |
| <i>Email</i> | <i>23%</i> |
| <i>Text message</i> | <i>18%</i> |
| <i>Telephone (recorded message)</i> | <i>17%</i> |
| <i>SN website</i> | <i>11%</i> |
| <i>App alert</i> | <i>4%</i> |
| <i>Radio</i> | <i>2%</i> |
| <i>Unsure</i> | <i>1%</i> |

There is a close distribution of results for the top four methods, with **social media** leading the list, followed by email, text, and telephone (recorded message).

Rating Customer Service Availability

All N=400 customers rated their level of satisfaction with three areas related to customer service at Synergy North. A five-point scale of 1 (very dissatisfied) to 5 (very satisfied) was used, and the table below combines the total dissatisfied (1 & 2) responses, as well as the total satisfied (4 & 5) results.

Q19. Regarding customer service at Synergy North, how would you rate your level of satisfaction with each of the following?

| | <i>Unsure</i> | <i>Total Dissatisfied</i> | <i>Neither satisfied nor dissatisfied</i> | <i>Total satisfied 2022</i> | <i>Total satisfied 2021</i> |
|---|---------------|---------------------------|---|------------------------------------|------------------------------------|
| <i>a. The availability of call centre staff</i> | 3% | 4% | 6% | 87% | 84% |
| <i>c. The online self-serve options for managing your account</i> | 23% | 6% | 13% | 58% | 55% |
| <i>d. The online self-serve options for requesting service</i> | 24% | 12% | 9% | 54% | 52% |

Customers highly rated the availability of call centre with an **87%** satisfaction rating, **up +3%** over 2021.

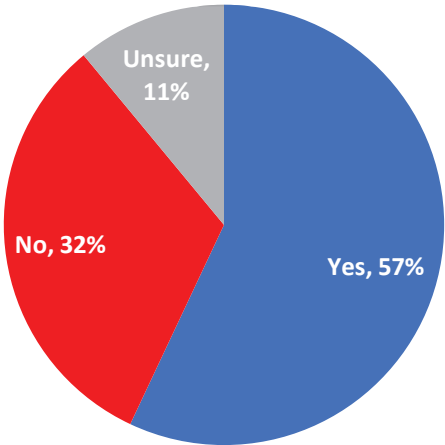
Although results were low for online self-service options for both account management and requesting service, the results in both cases were also slightly higher compared to the previous poll.

Reducing Carbon Emissions

The next two questions related to reducing carbon emissions are **new indicators** added to the 2022 survey.

The following questions are about Synergy North’s commitment to reducing carbon emissions and environmental impact.

Q20. In your opinion, should Synergy North implement a comprehensive Sustainability strategy that supports green initiatives?



Q21. Climate change is affecting the severity of storms, while the Power outages due to weather related events can cause damage to aging infrastructure. Should SYNERGY NORTH proactively replace its aging infrastructure or run it to failure?



A total of **57%** are of the opinion that Synergy North should adopt a comprehensive sustainability strategy supporting green initiatives, compared to less than a third or **32%** that do not, while **11%** were unsure.

Results were more definitive on the issue of climate change or extreme weather affecting aging infrastructure. More than eight in ten or **81%** feel that aging infrastructure should be replaced proactively, while only **14%** want it run to failure, with **5%** being unsure.

In a slightly re-worded question first asked in 2021, respondents were asked to rate how high of a priority Net Zero emissions should be for Synergy North.

Q22. How high of a priority do you think Net Zero (or cutting greenhouse gas emissions to as close to zero as possible) should be for Synergy North? Please use a scale from 1, being a very low priority, to 5, a very high priority.

| | 2021 | 2022 |
|---------------------------|-------------|-------------|
| <i>Very low priority</i> | 18% | 16% |
| <i>Low priority</i> | 9% | 10% |
| <i>Medium priority</i> | 12% | 9% |
| <i>High priority</i> | 23% | 18% |
| <i>Very high priority</i> | 35% | 42% |
| <i>Unsure</i> | 4% | 5% |

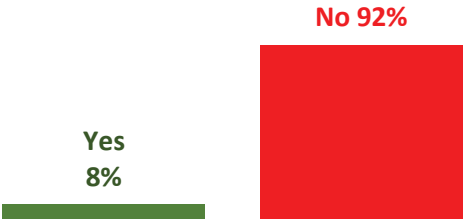
When then asked how high of a priority Net Zero should be, **60%** stated a high (18%) or very high (42%) priority, and **9%** a medium priority.

The percentage of respondents that named “very high” increased **+2%** over the 2021 survey.

Electric Vehicles

The next set of questions was about electric vehicles, with the first two asking about current ownership.

Q23a. Do you currently own an all-electric vehicle or EV?



In the first probe that was baselined in the previous survey period, respondents were questioned if they own an electric vehicle—of which **8%** said yes, compared to 7% in 2021.

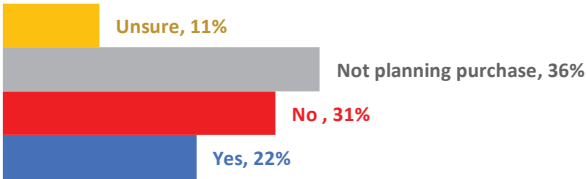
Q23b. Do you currently own a hybrid vehicle (Gas/Electric)?



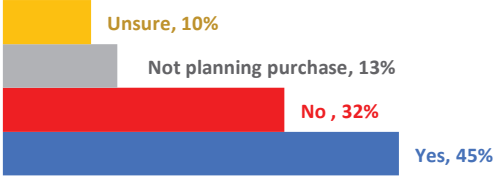
In this new question, **4%** of respondents said that they currently own a hybrid vehicle.

The last two new probes were about the likelihood of purchasing an EV over the next 2 or 5 years.

Q24a. If you plan on purchasing a vehicle within the next two years, are you likely to consider purchasing an ALL-ELECTRIC vehicle (EV)?



Q24b. If you plan on purchasing a vehicle within the next five years, how likely are you to consider purchasing an ALL-ELECTRIC vehicle (EV)?

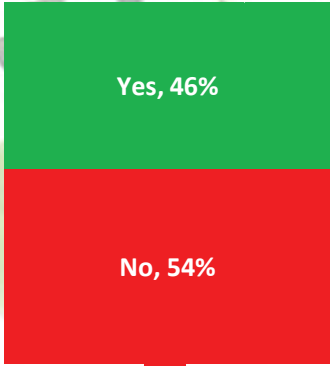


22% claimed they are likely to purchase an EV over the course of the next **two** years, and **45%** said they are likely to within the next **five** years.

E-Billing

Customers were then asked if they receive their bill electronically. If not, they were then probed about what would encourage them to switch to e-billing.

Q25. Are you currently receiving your electricity bill via electronic billing (e-billing)?



46% (compared to 42% in 2021) said they get a bill electronically (residential – 44%; business – 57%).

The 54% that do not receive an e-bill were then asked Q22 about what would motivate them to switch over.

The 54% (N=217) that said no were asked Q26.

Q26. E-billing is paperless, which is friendlier on the environment. It's also more secure, since you always have access to your bills via your email inbox, instead of needing to store physical copies.

What would persuade you to switch to e-billing?

| | |
|--|-----|
| I prefer paper bills and will not budge on that | 35% |
| I'm convinced – just haven't gotten around to it yet | 30% |
| A rebate or incentive on my bill would persuade me | 17% |
| Environmental benefits (use less paper) | 5% |
| Unsure | 4% |
| More information would help me decide | 4% |
| Cost savings | 4% |
| Convenience / bills on time | 2% |
| Easy access to past bills | 1% |

Loyalty

The next question was about the likelihood of recommending Synergy North to someone else. A ten-point rating scale was used.

Q27. If given a choice, how likely would you be to recommend Synergy North to someone who was considering moving into our service area? Please use a scale of 1-10, with 1 being very unlikely and 10 being very likely.

| | | |
|--------|-----|-------------------------|
| 1 | 1% | 3% Very Unlikely |
| 2 | 2% | |
| 3 | 4% | 8% Unlikely |
| 4 | 4% | |
| 5 | 2% | 6% Neutral |
| 6 | 4% | |
| 7 | 14% | 32% Likely |
| 8 | 18% | |
| 9 | 27% | 52% Very Likely |
| 10 | 25% | |
| Unsure | 1% | |

Net Promoter Score Q27

Q27. If given a choice, how likely would you be to recommend Synergy North to someone who was considering moving into our service area? Please use a scale of 1-10, with 1 being very unlikely and 10 being very likely.

| | Frequency | Valid Percent |
|---|-----------|---------------|
| 1 | 2 | .5 |
| 2 | 7 | 1.8 |
| 3 | 14 | 3.5 |
| 4 | 14 | 3.5 |
| 5 | 9 | 2.3 |
| 6 | 14 | 3.5 |
| 7 | 58 | 14.5 |

Detractors N=60

Promoters N=205

| | | |
|--------|-----|-------|
| 8 | 72 | 18.0 |
| 9 | 106 | 26.5 |
| 10 | 99 | 24.8 |
| Unsure | 5 | 1.3 |
| Total | 400 | 100.0 |

$$205 \div 400 - 60 \div 400$$

NPS: 36

This specific question was asked on a **ten-point** rating scale specifically to allow us to calculate Synergy North's latest **Net Promoter Score (NPS)**.

Based on these numbers, Synergy North would receive an NPS of **36** Since NPS is graded on a scale of -100 to +100, any score above 20 is considered "great." **A score of 36 reflects very well on Synergy North and its customer loyalty.**

Final Questions

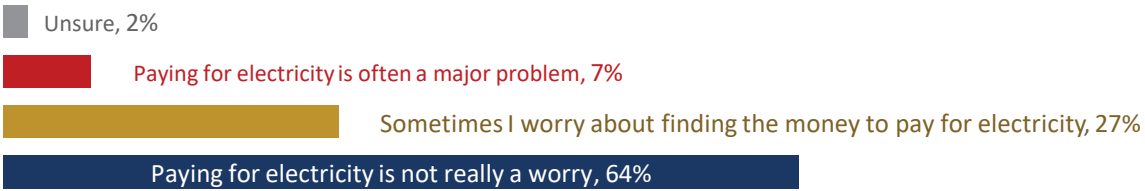
Customers were asked in an open-ended or unaided question about what Synergy North could do to improve its service.

Q28. In your opinion, what is the single most important new service or change that Synergy North could make to improve its service?

| | |
|---|-----|
| Lower rates | 44% |
| Don't know | 28% |
| Fewer outages / quicker response to outages | 6% |
| Maintain rates / no increases | 5% |
| Better communication | 4% |
| No interruptions / outages | 3% |
| More information on how to save / conserve energy | 3% |
| Invest in alternative energy sources | 2% |
| Make bills easier to understand / clearer | 1% |
| More information on alternative energy options | 1% |
| Information on what is involved in the price of hydro | 1% |
| More information / notice about power outages | 1% |
| Improve customer service | 1% |
| Incentives / programs for reducing electricity | 1% |
| Improve social media / electronic communications (text, apps) | <1% |

Finally, customers were asked which of three statements related to paying for electricity best fit their current situation.

Q29 Which of the following three statements about paying for electricity comes closest to your own opinion?



64% said they don't worry about finding the money to pay their bill (compared to 71% in 2021).
27% sometimes worry (compared to 23% in 2021).
7% claim that it's a major problem (compared to 3% in 2021).
2% were unsure (compared to 3% in 2021).

Demographics

D1. In which of the following age categories do you belong?

| | |
|---------|-----|
| 19-24 | 3% |
| 25-34 | 19% |
| 35-44 | 23% |
| 45-54 | 19% |
| 55-64 | 20% |
| 65+ | 16% |
| Refused | 2% |

D2. Including yourself, how many people live in your home?

| | |
|---------|-----|
| 1-2 | 37% |
| 3-5 | 60% |
| 6-10 | 1% |
| Refused | 3% |

D3. Which of the following best describes the total annual income of your household before taxes?

| | |
|-------------------|-----|
| Under \$30,000 | 14% |
| \$30,000-\$74,999 | 23% |
| \$75,000-\$99,999 | 35% |
| \$100,000+ | 16% |
| Refused | 12% |

Customer Scorecard Rating

Distributors are required to report on customer satisfaction results at least every other year. In October 2022, Synergy North hired third-party consultant, Brickworks, to perform a telephone-based Customer Satisfaction poll.

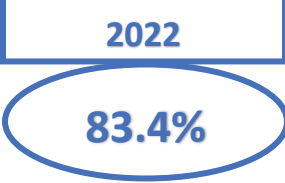
In total, N=400 customers were surveyed, including N=340 residential and N=60 business customers in the markets of Thunder Bay and Kenora.

The poll surveyed customers on subjects such as reliability of service, accuracy of bills, bill payment options, customer service experience, communications, and overall satisfaction. The resulting overall satisfaction was 83.4%, similar to the 84% rating in 2021.

The following is the calculation of the overall customer satisfaction index using the OEB formula.

Overall Satisfaction Q1 (90%)
+ Reliability Q15a (93%) + Restoring Power Q15g (87%) + Quality of Power Q15d (91%) ÷3
+ Accurate Bills Q15b (82%) + Convenient Bill Options Q17f (60%) ÷2
+ Customer Service Q15f (90%)
+ Communications Q14e (76%)
TOTAL (419) ÷5 = (84%)

OVERALL CUSTOMER SATISFACTION INDEX SCORE



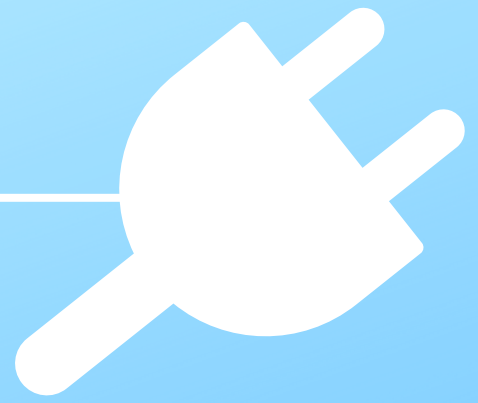


EXHIBIT 1

ATTACHMENT 1 - G

SNC PUBLIC SAFETY SURVEY 2022



**Biannual Standardized Scorecard
Public Awareness of Electrical Safety
Telephone Survey Report**

BRICKWORKS
COMMUNICATIONS ■

February 2022

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Methodology and Logistics

Overview

This report represents the findings from a ‘Public Awareness of Electrical Safety’ survey of residents 18 years of age or older in the Synergy North coverage area. The survey was conducted on behalf of Synergy North by Brickworks Communications Inc. in partnership with Oraclepoll Research Limited. Results contained in this report are from a series of questions developed by the Electrical Safety Authority. Included in this report is an executive summary of the findings from the survey. A separate Excel file contains the results of the survey by each individual question.

Study Sample

A total of 400 residents were randomly selected and surveyed by telephone using live person-to-person telephone interviewing. There were N=360 interviews completed among Thunder Bay residents and N=40 from Kenora.

All respondents were screened to ensure that they were 18 years of age or older and a resident of Ontario.

Survey Method

The survey was conducted using computer-assisted techniques of telephone interviewing (CATI) and random number selection. Numbers were randomly selected from a dual sample database that was inclusive of land lines and cellular telephone numbers. A total of 20% of all interviews were monitored, and management supervised 100%.

Logistics

Interviews were completed between the days of February 7th to February 11th, 2022. Initial calls were made between the hours of 5 p.m. and 9 p.m. Subsequent call backs of no-answers and busy numbers were made on a (staggered) daily rotating basis up to 5 times (from 10 a.m. to 9 p.m.) until contact was made. In addition, telephone interview appointments were attempted with those respondents unable to complete the survey at the time of contact.

Confidence

The margin of error for the 400-person residential survey is $\pm 4.9\%$, $\frac{19}{20}$ times.

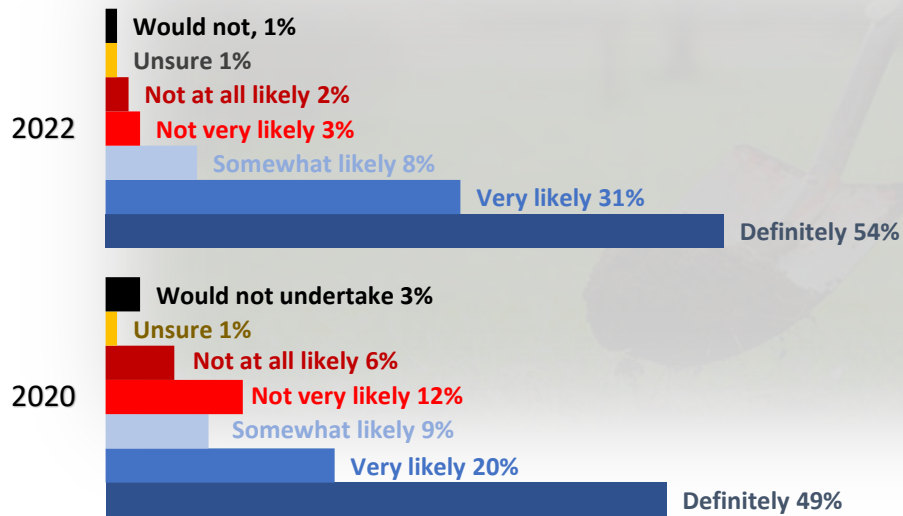
Reporting

This report contains the Electrical Safety Index Score calculated from the six core safety questions as defined by the Electrical Safety Authority. These questions are B5 through to B10 as outlined in the ESA Scorecard Methodology and Implementation Guide.

Safety Questions

In the first of six core safety questions, respondents were asked about their likelihood to call to locate an underground line in the event that they were undertaking a project that required digging.

B5. "If you were to undertake a household project that required digging (such as planting a tree or building a deck, for example), how likely would you be to call ahead of time to locate electrical lines and other underground lines?"



A total of 85% of residents interviewed claimed they would definitely (54%) or would be very likely (31%) to call to locate an underground line, while an additional 8% said they would be somewhat likely to make contact (totalling 93% that responded either 'somewhat', 'very', or 'definitely').

This compares to just 79% in 2020 that would be definitely or very likely to call (or 88% in 2020 when adding in the responses of 'somewhat likely' as well).

Next, a question was asked about the perceived danger of touching an overhead power line.

B6. "In your opinion, how dangerous is it to touch an overhead power line with your body or any object?"



Results are consistent over the two survey periods, with a strong majority of those interviewed being aware of the dangers associated with touching an overhead power line. Ninety-five percent said it is very dangerous and an additional 3% somewhat dangerous, while only 2% stated this would not be very dangerous.

The following asked respondents about how closely they can come to an overhead power line.

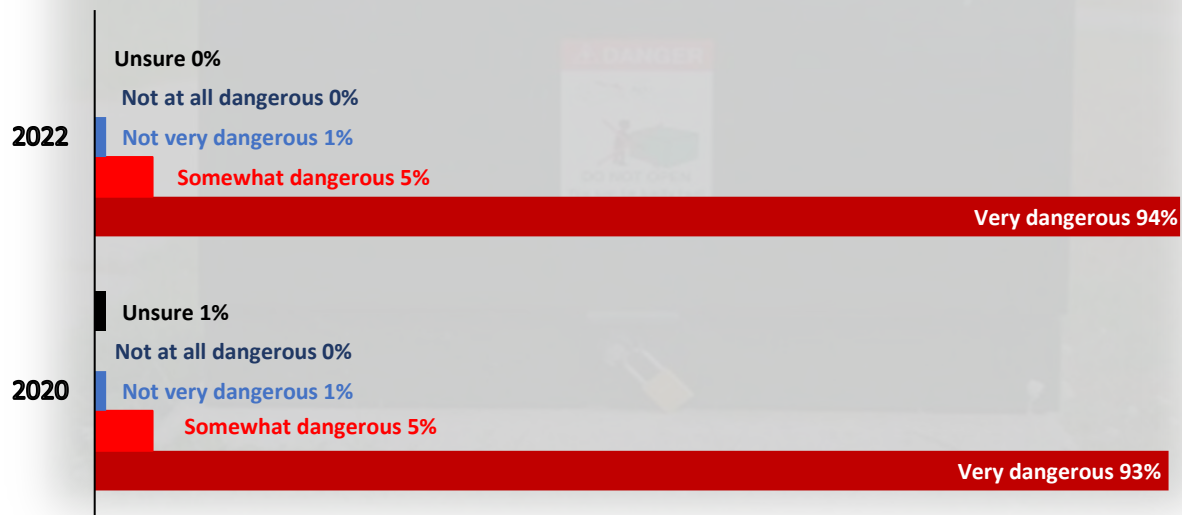
B7. "When performing outdoor activities (such as standing on a ladder, cleaning eavestroughs or windows, or trimming trees, for example), how close do you believe you can safely get to an overhead power line with your body or an object?"

| | 2020 | 2022 |
|--|------|------|
| You can safely touch | - | - |
| You can be less than 1 meter away (3 feet) | 3% | 1% |
| You can be 1 to less than 3 meters away (3 to 10 feet) | 16% | 14% |
| You can be 3 to less than 6 meters away (10 to 20 feet) | 27% | 32% |
| You should maintain a distance of at least 6 meters (at least 20 feet) | 49% | 51% |
| Don't know | 5% | 3% |

No respondents said that you can safely touch an overhead power line, and only 1% (-2% compared to 2020) felt that a distance of less than one metre was safe. There were 14% (-2%) that named one to less than three metres, 32% (+5%) that named three to less than six metres, and 51% (+2%) that felt a distance of six or more metres was required, while 3% (-2%) were unsure.

The next indicator asked about tampering with ground mounted electrical utility equipment.

B8. "Some electrical utility equipment is located on the ground, such as locked steel cabinets that contain transformers. In your opinion, how dangerous is it to try to open, remove the contents, or touch the equipment inside?"



Most residents continue to see the dangers associated with tampering with ground electrical equipment, with 94% (93% in 2020) saying it is very dangerous, and 5% (unchanged) saying it is somewhat dangerous. Only 1% of residents (same as in 2020) did not perceive a danger, answering not very dangerous (unchanged), while no one in this survey period said not at all dangerous or were unsure.

The following asked respondents about how closely they can come to a downed overhead power line.

B9. “How closely do you believe you can safely come to a downed overhead power line (such as a downed line caused by a storm or an accident, for example)?”

| | 2020 | 2022 |
|--|------|------|
| You can safely touch | - | - |
| You can be less than 1 meter away (3 feet) | 2% | 2% |
| You can be 1 to less than 5 meters away (3 to 16 feet) | 2% | 3% |
| You can be 5 to less than 10 meters away (16 to 33 feet) | 11% | 14% |
| You should maintain a distance of at least 10 meters (33 feet) | 83% | 81% |
| Don't know | 2% | - |

On the issue of being at a safe distance from a downed power line, 81% (83% in 2020) said that they should be ten or more metres away, and 14% (11% in 2002) from five to less than ten metres. A total of 3% (2% in 2020) stated one to less than five metres, and only 2% (2% in 2020) stated less than one metre. There were no responses in either survey wave of anyone believing they are able to safely touch a downed power line.

The final safety question dealt with a scenario of a downed power line coming in contact with a vehicle, and what action should be taken accordingly.

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

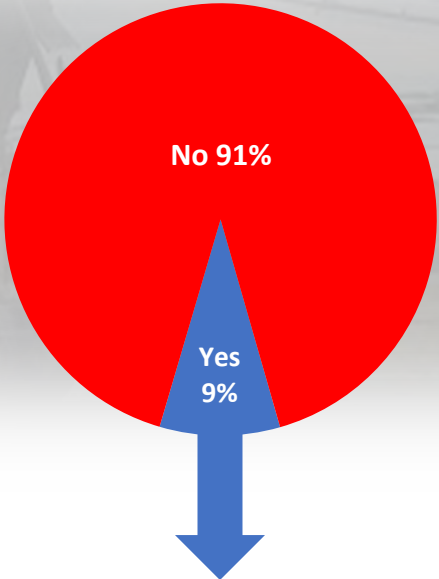
| | 2020 | 2022 |
|---|------|------|
| Stay in the vehicle until power has been disconnected from the line | 94% | 96% |
| Get out quickly and seek help | 4% | 3% |
| Don't know | 2% | 1% |

With respect to having an overhead power line falling on a vehicle and what action to take, a very strong 96% majority were aware of the need to stay in the vehicle until the power has been disconnected, up slightly (+2%) from 2020. This compares to only the 3% (4% in 2020) that would get out and seek help, while 1% (2% in 2020) were unsure.

Work Questions

Two work related questions were asked to respondents.

"Does your job regularly require you to come close to energized power lines?"



A total of 9% of those surveyed (N=38) said that their job results in them regularly coming into proximity of energized power lines.

Those that said they come in regular contact with power lines (9%, N=38) were then asked a follow up question about the nature of their employment.

"Do you work in any of the following fields?"

| | | |
|--------------------------------|------|-----|
| Construction or outdoor trades | N=21 | 55% |
| Electrician | N=7 | 18% |
| General Labour | N=5 | 13% |
| Transportation | N=3 | 8% |
| Other | N=2 | 5% |

General Demographic Questions

“How would you describe your primary residence?”

| | |
|--|-----|
| Fully detached house | 76% |
| Apartment or condo - less than 5 stories | 7% |
| Semi-detached home | 6% |
| Townhouse or row house | 5% |
| Apartment or condo – 5 or more stories | 4% |
| Farm | 1% |

“Does your primary residence receive electricity through overhead wires, or underground cables?”

| | |
|--------------------|-----|
| Overhead wires | 62% |
| Underground cables | 32% |
| Don't know | 3% |

AGE

| | |
|-------------|-----|
| 18-24 | 10% |
| 25-34 | 15% |
| 35-44 | 19% |
| 45-54 | 21% |
| 55-64 | 17% |
| 65 and over | 18% |

GENDER

| | |
|--------|-----|
| Male | 49% |
| Female | 51% |

Electrical Safety Index Score

The following Public Awareness - Electrical Safety Index Score has been calculated in accordance with the formula that has been established by the Electrical Safety Authority (ESA). The calculation is based on the six core measurement questions asked in this survey and the weighted responses assigned to each indicator. The index score that we have calculated follows the required four-step process.

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

$B5 + B6 + B7 + B8 + B9 + B10 = \text{Individual respondent’s cumulative score} \Rightarrow \mathbf{2088.5}$

STEP 1: $B5 (325.5) + B6 (385) + B7 (282) + B8 (386) + B9 (325) + B10 (385) = 2088.5$

Step 2: Individual respondent’s cumulative score / # of questions = Respondent Standardized Score $\Rightarrow \mathbf{348}$

STEP 2: $2066 \div 6 = 348$

Step 3: Summation of all “Respondent Standardized Scores” / n-size (i.e., total sample size) = Raw Index Score $\Rightarrow \mathbf{.87}$

STEP 3: $348 \div N (400) = .87$ RAW INDEX SCORE

Step 4: Raw Index Score $\times 100 = \text{Index Score} \Rightarrow \mathbf{87\%}$

STEP 4: $.87 \times 100 = 87\%$ **2021 PUBLIC SAFETY AWARENESS INDEX SCORE**

| YTD TRACKING | SCORE |
|--------------|-------|
| 2020 | 84% |
| 2022 | 87% |

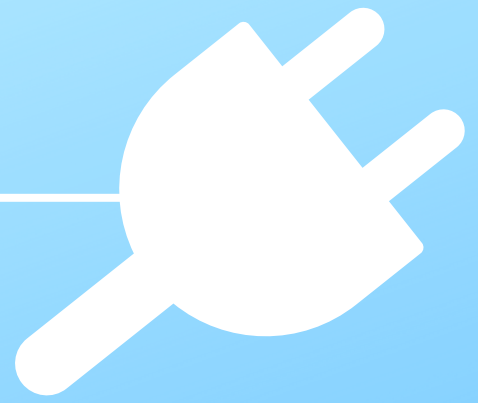


EXHIBIT 1

ATTACHMENT 1 - H

SNC FINANCIAL STATEMENT 2022

Financial Statements

SYNERGY NORTH CORPORATION

December 31, 2022

SYNERGY NORTH CORPORATION

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SYNERGY NORTH CORPORATION

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Independent Auditor's Report

To the Shareholders of SYNERGY NORTH CORPORATION

Opinion

We have audited the financial statements of SYNERGY NORTH CORPORATION (the Company), which comprise the statement of financial position as at December 31, 2022, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Emphasis of Matter - Restated Comparative Information

We draw attention to Note 24 to the financial statements, which explains that certain comparative information for the year ended December 31, 2021 has been restated. Our opinion is not modified in respect of this matter.

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

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

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

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

Independent Auditor's Report (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Thunder Bay, Ontario
April 27, 2023

SYNERGY NORTH CORPORATION


Statement of Financial Position (Expressed in Canadian Dollars)

| As at | Notes | December 31, 2022 | December 31, 2021 |
|--|-------|----------------------|---------------------------------|
| | | \$ | \$ |
| | | | <i>[Restated - Note 24]</i> |
| ASSETS | | | |
| Current | | | |
| Cash and cash equivalents | 20 | 11,671,163 | 9,822,497 |
| Trade and other receivables | 6 | 13,855,374 | 14,146,987 |
| Unbilled revenue | 6 | 13,719,778 | 12,384,851 |
| Payments in lieu of corporate income taxes receivable | 7 | 310,545 | 130,074 |
| Stores inventory | 18 | 5,402,691 | 3,463,518 |
| Prepaid expenses | | 889,425 | 786,539 |
| Total current assets | | 45,848,976 | 40,734,466 |
| Non-current assets | | | |
| Loan to related party | 6 | 114,331 | 114,331 |
| Property, plant and equipment | 4 | 164,901,369 | 154,610,546 |
| Intangible assets | 16 | 626,367 | 677,260 |
| Right-of-use asset | 5 | - | 327,769 |
| Deferred taxes | 7 | 6,059,641 | 5,251,161 |
| Goodwill | 16 | 4,648,887 | 4,648,887 |
| Total non-current assets | | 176,350,595 | 165,629,954 |
| Regulatory deferral account debit balances and related deferred tax | | | |
| | 3 | 4,991,476 | 2,161,390 |
| Total assets and regulatory deferral account balances | | 227,191,047 | 208,525,810 |

The accompanying notes are an integral part of these financial statements.

On behalf of the Board:


Director


Director

SYNERGY NORTH CORPORATION

Statement of Financial Position (Expressed in Canadian Dollars)

| As at | Notes | December 31, 2022 | December 31, 2021 |
|--|-------|----------------------|----------------------|
| | | \$ | \$ |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Current | | | |
| Accounts payable and accrued liabilities | | 23,166,196 | 17,999,556 |
| Customer deposits and deferred contributions | 10 | 1,887,389 | 1,948,238 |
| Deferred revenue | | 606,804 | 543,921 |
| Current portion of long-term debt | 13 | 2,959,551 | 4,853,306 |
| Current portion of lease liability | 5 | - | 355,335 |
| Total current liabilities | | 28,619,940 | 25,700,356 |
| Non-current liabilities | | | |
| Contributions in aid of construction | 11 | 19,305,014 | 16,179,582 |
| Note payable | 12 | 26,490,500 | 26,490,500 |
| Employee future benefits | 8 | 2,173,372 | 2,729,072 |
| Asset retirement obligation | 14 | 297,340 | 305,366 |
| Long-term debt | 13 | 44,775,427 | 35,311,846 |
| Deferred taxes | 7 | 10,589,261 | 8,632,464 |
| Total non-current liabilities | | 103,630,914 | 89,648,830 |
| Shareholders' equity | | | |
| Share capital | | | |
| Common shares | 19 | 54,520,625 | 54,520,625 |
| Class S shares | 19 | 1,000 | 1,000 |
| Accumulated other comprehensive income | | 845,816 | 382,100 |
| Retained earnings | | 36,047,813 | 35,255,492 |
| Total shareholders' equity | | 91,415,254 | 90,159,217 |
| Total liabilities and shareholders' equity | | 223,666,108 | 205,508,403 |
| Regulatory deferral account credit balances and related deferred tax | 3 | 3,524,939 | 3,017,407 |
| Total equity, liabilities and regulatory deferral account credit balances | | 227,191,047 | 208,525,810 |

The accompanying notes are an integral part of these financial statements.

SYNERGY NORTH CORPORATION
Statement of Comprehensive Income
(Expressed in Canadian Dollars)

| Year ended December 31 | Notes | 2022 | 2021 |
|---|-------|-------------------|---------------------------------|
| | | \$ | \$ |
| | | | <i>[Restated - Note 24]</i> |
| REVENUE | | | |
| Electricity sales | 9 | 143,511,329 | 142,158,394 |
| Purchased power | | (118,621,276) | (115,822,803) |
| | | 24,890,053 | 26,335,591 |
| Other revenue | 9 | 4,095,878 | 5,222,105 |
| | | 28,985,931 | 31,557,696 |
| EXPENSES | | | |
| Administration <i>[schedule]</i> | | 9,345,643 | 9,223,835 |
| Operations and maintenance <i>[schedule]</i> | | 12,502,701 | 9,254,957 |
| Depreciation | 15 | 5,171,887 | 4,777,094 |
| Conservation and related programs | | 26,593 | 552,797 |
| Loss on disposal of property, plant and equipment | | 293,389 | 169,060 |
| | | 27,340,213 | 23,977,743 |
| Income from operating activities | | 1,645,718 | 7,579,953 |
| Finance income | 20 | 311,140 | 89,684 |
| Finance cost | 20 | (1,463,812) | (1,339,004) |
| Income before provision for payment in lieu of taxes | | 493,046 | 6,330,633 |
| Provision for (recovery of) payment in lieu of taxes | | | |
| Current | 7 | (70,124) | 490,000 |
| Deferred | 7 | 989,710 | 905,255 |
| | | 919,586 | 1,395,255 |
| Profit (loss) for the year before net movements in regulatory deferral account balances | | (426,540) | 4,935,378 |
| Net movement in regulatory deferral account balances related to profit or loss and the related deferred tax movement | | 1,930,861 | (1,092,933) |
| Profit for the year and net movements in regulatory deferral account balances | | 1,504,321 | 3,842,445 |
| Other comprehensive income: Items that will not be reclassified to profit or loss, net of income tax | | | |
| Remeasurements of future employee benefits | | 439,910 | 288,452 |
| Remeasurement of investments | | 23,806 | 30,970 |
| Total comprehensive income for the year | | 1,968,037 | 4,161,867 |

The accompanying notes are an integral part of these financial statements.

SYNERGY NORTH CORPORATION
Statement of Changes in Equity (Expressed in Canadian Dollars)
Year ended December 31, 2022

| | Share capital | Accumulated other comprehensive income | Retained earnings | Total |
|---|-------------------|---|----------------------|-------------------|
| | \$ | \$ | \$ | \$ |
| Balance at January 1, 2021 | 54,521,625 | 62,678 | 32,116,047 | 86,700,350 |
| Profit for the year and net movements in regulatory deferral account balances | - | - | 3,842,445 | 3,842,445 |
| Other comprehensive income, net of tax | - | 319,422 | - | 319,422 |
| Dividends | - | - | (703,000) | (703,000) |
| December 31, 2021 | 54,521,625 | 382,100 | 35,255,492 | 90,159,217 |
| Profit for the year and net movements in regulatory deferral account balances | - | - | 1,504,321 | 1,504,321 |
| Other comprehensive income, net of tax | - | 463,716 | - | 463,716 |
| Dividends | - | - | (712,000) | (712,000) |
| December 31, 2022 | 54,521,625 | 845,816 | 36,047,813 | 91,415,254 |

The accompanying notes are an integral part of these financial statements.

SYNERGY NORTH CORPORATION

Statement of Cash Flows (Expressed in Canadian Dollars)

| Year ended December 31 | 2022 | 2021 |
|--|---------------------|-----------------------------|
| | \$ | \$ |
| | | <i>[Restated - Note 24]</i> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit for the year and net movements in regulatory deferral account balance | 1,504,321 | 3,842,445 |
| Adjustments to reconcile income to cash flows from operating activities: | | |
| Depreciation <i>[Note 15]</i> | 6,280,558 | 5,844,610 |
| Depreciation of right-of-use asset <i>[Note 5]</i> | 327,769 | 325,262 |
| Loss on disposal of property, plant and equipment | 293,389 | 169,060 |
| Amortization of contributions in aid of construction <i>[Note 11]</i> | (290,049) | (271,612) |
| (Increase) decrease in right-of-use asset <i>[Note 5]</i> | - | (2,508) |
| Deferred taxes | 1,148,317 | 905,255 |
| (Decrease) Increase in future employee benefits | (91,984) | 80,442 |
| Accretion expense related to asset retirement obligation <i>[Note 14]</i> | - | 4,659 |
| Modification in lease liability <i>[Note 5]</i> | - | 2,648 |
| | 9,172,321 | 10,900,261 |
| Changes in non-cash working capital balances related to operations: | | |
| Trade and other receivables | 291,613 | 1,150,102 |
| Unbilled revenue | (1,334,927) | (1,603,525) |
| Payments in lieu of taxes | (180,471) | (322,490) |
| Stores inventory | (1,939,173) | (443,443) |
| Prepaid expenses | (102,886) | (197,321) |
| Accounts payable and accrued liabilities | 5,166,640 | 7,186,386 |
| Customer deposits and deferred contributions | (60,849) | 40,034 |
| Deferred revenue | 62,883 | (375,015) |
| Net cash flows from operating activities | 11,075,151 | 16,334,989 |
| CASH FLOWS USED IN INVESTING ACTIVITIES | | |
| Proceeds on disposal of property, plant and equipment | 137,157 | 281,223 |
| Purchase of property, plant and equipment <i>[Note 22]</i> | (13,543,579) | (12,220,722) |
| Changes in regulatory deferral account balances | (2,322,554) | 552,431 |
| Net cash used in investing activities | (15,728,976) | (11,387,068) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Advances on long-term debt | 9,900,000 | - |
| Repayments of long-term debt | (2,330,174) | (1,715,542) |
| Asset retirement obligation | - | (18,649) |
| Net payments on lease liability | (355,335) | (340,460) |
| Payment of dividends | (712,000) | (703,000) |
| Net cash from (used in) financing activities | 6,502,491 | (2,777,651) |
| Increase in cash during year | 1,848,666 | 2,170,270 |
| Cash and cash equivalents, beginning of year | 9,822,497 | 7,652,227 |
| Cash and cash equivalents, end of year | 11,671,163 | 9,822,497 |
| Represented by | | |
| Cash | 9,171,163 | 9,822,497 |
| 90 day term deposits | 2,500,000 | - |
| | 11,671,163 | 9,822,497 |

The accompanying notes are an integral part of these financial statements.

SYNERGY NORTH CORPORATION

Notes to the Financial Statements

December 31, 2022

1. CORPORATE INFORMATION

SYNERGY NORTH CORPORATION's ("the Company") main business is the distribution of electricity. The Company owns and operates an electricity distribution system in two rate zones, which delivers electricity to approximately 51,400 customers located in Thunder Bay, Ontario and Fort William First Nation and 5,600 customers located in Kenora, Ontario. The address of the Company's corporate office and principal place of business is 34 Cumberland Street North, Thunder Bay, Ontario, Canada.

The Company is regulated by the Ontario Energy Board ("OEB") and adjustments to the Company's distribution revenue requires OEB approval. Operating in a regulated environment exposes the Company to regulatory and recovery risk.

2. BASIS OF PREPARATION

a) Statement of compliance

The financial statements of SYNERGY NORTH CORPORATION have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements were authorized for issue by the Board of Directors on April 27, 2023.

b) Basis of measurement

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Canadian dollars (CDN\$), which is also the Company's functional currency, and all values are rounded to the nearest dollar, unless otherwise indicated.

c) Activities subject to Rate Regulation

SYNERGY NORTH CORPORATION, as an electricity distributor, is both licensed and regulated by the OEB which has a legislative mandate to oversee various aspects of the electricity industry. The OEB exercises statutory authority through setting or approving all rates charged by the Company, establishing standards of service for the Company's customers, and ensuring that distribution companies fulfill obligations to connect and service customers.

The OEB has broad powers related to licensing, standards of conduct and service and the regulation of rates charged by the Company and other electricity distributors in Ontario. The Ontario government enacted the Energy Competition Act, 1998, to introduce competition to the Ontario energy market. Rates are set by the OEB on an annual basis for May 1 to April 30, for both the Thunder Bay and Kenora rate zones.

Regulatory risk

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

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require the approval of the OEB.

Recovery risk

Regulatory developments in Ontario's electricity industry, including current and possible future consultations between the OEB and interested stakeholders, may affect distribution rates and other permitted recoveries in the future. The Company is subject to a cost of service regulatory mechanism under which the OEB establishes the revenues required (i) to recover the forecasted operating costs, including depreciation and amortization and income taxes, of providing the regulated service, and (ii) to provide a fair and reasonable return on utility investment, or rate base. As actual operating conditions may vary from forecast, actual returns achieved can differ from approved returns.

Demand risk

The volume of electricity consumed by customers during any period is largely influenced by events outside of the Company's control (e.g. sustained periods of hot or cold weather could increase the consumption of electricity, sustained periods of mild weather could decrease the consumption of electricity and general economic conditions could affect overall electricity consumption). Additionally, consumption may be decreased in the future due to the impact of Conservation and Demand Management ("CDM") programs, distributed generation, renewable energy, and advances in technology. Accordingly there can be no assurance that the Company will earn the revenue requirement approved by the OEB.

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d) Judgment and Estimates

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving critical judgments and estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are:

- The calculation of impairment of accounts receivables and unbilled service revenue; and the incorporation of forward looking information into the measurement of the expected credit loss (ECL) *[Note 6]*;
- The determination for the provision of Payment in Lieu of Taxes since there are many transactions and calculations for which the ultimate tax determination is uncertain *[Note 7]*;
- The determination of whether an arrangement contains a lease and the determination of the incremental borrowing rate used to measure lease liabilities *[Note 5]*;
- The calculation of unbilled revenue *[Note 6]*;
- The determination of the useful lives of property, plant and equipment *[Note 4]*;
- The calculation of the net future obligation for certain unfunded health, dental and life insurance benefits for the Company's retired employees, and calculation of non-vested sick leave leave benefits for employees *[Note 8]*; and
- The calculation of regulatory deferral account balances *[Note 3]*.

In addition, in preparing the financial statements the notes to the financial statements were ordered such that the most relevant information was presented earlier in the notes and the disclosures that management deemed to be immaterial were excluded from the notes to the financial statements. The determination of the relevance and materiality of disclosures involved significant judgment.

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3. REGULATORY DEFERRAL ACCOUNT BALANCES

The Company applies IFRS 14, Regulatory Deferral Accounts, to reflect the impact of regulation on its operations. In accordance with IFRS 14, the Company continues to apply the accounting policies it applied in accordance with the pre-changeover Canadian GAAP for the recognition, measurement and impairment of assets and liabilities arising from rate regulation. These are referred to as regulatory deferral account balances. Regulatory deferral account balances are recognized and measured initially and subsequently at cost. They are assessed for impairment on the same basis as other non-financial assets.

Regulatory deferral account credit balances are associated with the collection of certain revenues earned in the current period or in prior period(s), that are expected to be returned to consumers in future periods through the rate-setting process.

Regulatory deferral account debit balances represent future revenues associated with certain costs incurred in the current period or in prior period(s), that are expected to be recovered from consumers in future periods through the rate-setting process. Management continually assesses the likelihood of recovery of regulatory assets. If recovery through future rates is no longer considered probable, the amounts would be charged to the results of operations in the period that the assessment is made.

The balances and movements in the regulatory deferral account balances shown below are presented net of related deferred taxes. These deferred taxes are not presented within the total deferred tax asset balances [Note 7].

All amounts deferred as regulatory deferral account debit balances are subject to approval by the OEB. As such, amounts subject to deferral could be altered by the regulators. Remaining recovery periods are those expected and the actual recovery or settlement periods could differ based on OEB approval. Due to previous, existing or expected future regulatory articles or decisions, the Company has the following amounts expected to be recovered by customers (returned to customers) in future periods and as such regulatory deferral account balances are comprised of:

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| | January 1, 2022 | Balances arising in the period | Recovery /reversal | December 31, 2022 |
|---|--------------------|---|-----------------------|----------------------|
| | \$ | \$ | \$ | \$ |
| Regulatory Deferral Account Debit | | | | |
| Retailer Services | 232,497 | 3,890 | - | 236,387 |
| OEB Cost Assessment | 160,381 | 1,702 | - | 162,083 |
| Lost Revenue Adjustment | | | | |
| Mechanism | 203,715 | 377,373 | - | 581,088 |
| Other Deferral Accounts | 110,266 | (90,646) | - | 19,620 |
| Retail Settlement | | | | |
| Variances | 1,264,079 | 2,452,777 | 160,935 | 3,877,791 |
| Post Merger Policy | | | | |
| Changes | 190,452 | (75,945) | - | 114,507 |
| | 2,161,390 | 2,669,151 | 160,935 | 4,991,476 |
| Regulatory Deferral Account Credit | | | | |
| Wireline Pole Attachment | | | | |
| Deferral | (2,211,428) | (417,361) | - | (2,628,789) |
| Accounting Changes | (9,764) | - | - | (9,764) |
| Deferred Taxes | (235,200) | (57,339) | - | (292,539) |
| Carrying Charges | (561,015) | (58,484) | 25,652 | (593,847) |
| | (3,017,407) | (533,184) | 25,652 | (3,524,939) |
| Net Regulatory | | | | |
| (Liabilities) Assets | (856,017) | 2,135,967 | 186,587 | 1,466,537 |

Recovery/Reversal column represents OEB amounts approved for disposition

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| | January 1, 2021 \$ | Balances arising in the period \$ | Recovery /reversal \$ | December 31, 2021 \$ |
|--|---------------------------------|---|-----------------------------|---------------------------------|
| | <i>[Restated - Note 24]</i> | <i>[Restated - Note 24]</i> | | <i>[Restated - Note 24]</i> |
| Regulatory Deferral Account Debit | | | | |
| Retailer Services | 204,018 | 28,479 | - | 232,497 |
| OEB Cost Assessment | 151,868 | 8,513 | - | 160,381 |
| Lost Revenue Adjustment | | | | |
| Mechanism | 203,715 | - | - | 203,715 |
| Other Deferral Accounts | 110,266 | - | - | 110,266 |
| Retail Settlement Variances | 1,990,073 | (491,025) | (234,969) | 1,264,079 |
| Post Merger Policy Changes | 44,353 | 146,099 | - | 190,452 |
| | <u>2,704,293</u> | <u>(307,934)</u> | <u>(234,969)</u> | <u>2,161,390</u> |
| Regulatory Deferral Account Credit | | | | |
| Wireline Pole Attachment | | | | |
| Deferral | (1,432,168) | (779,260) | - | (2,211,428) |
| Accounting Changes | (9,764) | - | - | (9,764) |
| Deferred Taxes | (186,681) | (48,519) | - | (235,200) |
| Carrying Charges | (539,416) | (18,302) | (3,297) | (561,015) |
| | <u>(2,168,029)</u> | <u>(846,081)</u> | <u>(3,297)</u> | <u>(3,017,407)</u> |
| Net Regulatory (Liabilities) Assets | <u>536,264</u> | <u>(1,154,015)</u> | <u>(238,266)</u> | <u>(856,017)</u> |

Recovery/Reversal column represents OEB amounts approved for disposition.

a) Retailer Services

This regulatory balance relates to the net of revenues and costs of services pertaining to the supply of competitive electricity to retailer customers. This balance will be brought forward for recovery in future distribution rates.

b) OEB Cost Assessment

The OEB issued guidance in 2016 permitting the Company to record any material differences between OEB cost assessments currently collected in rates, and the application of the OEB's new Cost Assessment Model. This balance will be brought forward for recovery in future distribution rates.

c) Lost Revenue Adjustment Mechanism

The Lost Revenue Adjustment Mechanism account tracks lost electricity distribution revenue as a result of reduced electricity consumption when customers participated in Conservation and Demand Management programs. This balance will be brought forward for recovery in future distribution rates.

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d) Other Deferral Accounts

This balance is comprised of the following accounts; Smart Meter Deferral, Renewable Generation Deferral, Smart Grid Deferral, Gain on Sale of Non-Depreciable Property, Green Button, Customer Choice, and Deferred IFRS transition costs. These balances will be brought forward for recovery in future distribution rates.

e) Retail Settlement Variance Accounts

This account is comprised of the variances between amounts charged by the company to customers, based on regulated rates, and the corresponding cost of non-competitive electricity service incurred by the company. The settlement variances relate primarily to commodity charges, non-competitive electricity charges, and the global adjustment.

The company has recognized a settlement variance asset which will be brought forward for recovery in future distribution rates.

f) Post Merger Accounting Policy Changes

On direction from the OEB in their decision on the Merger, Amalgamation, Acquisition and Divestiture application, the Company has calculated the impact on the pre-merger revenue requirement for Kenora Hydro created by the adoption of Thunder Bay Hydro's accounting policies. This Deferral account will be brought forward to be disposed of in future distribution rates, at which time it is expected that the accumulated balance will be collected from the Kenora rate zone customers.

g) Wireline Pole Attachment Deferral

The OEB issued guidance in 2018 permitting distributors to increase rates charged to telecommunication companies for wireline pole attachments. The OEB also directed distributors to record any excess revenue between its OEB rate approved revenue and the incremental revenue collected in a new variance account related to pole attachment charges. The balance will be brought forward for disposal in future distribution rates.

h) Accounting Changes Under Canadian Generally Accepted Accounting Policies (CGAAP)

This regulatory balance relates to the calculation of the annual impact on revenue arising from Kenora Hydro's capital accounting policies under CGAAP versus those under IFRS. The Company will carry this balance, which is expected to be returned to the Kenora rate zone customers, in future distribution rates.

i) Deferred Taxes

The recovery from, or refund to, customers of future income taxes through future rates is recognized as a regulatory deferral account balance. The Company has recognized a net deferred tax liability, which will be brought forward for disposition in future distribution rates.

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j) Carrying Charges

Carrying charges are calculated monthly on the opening balance of the applicable variance account using a specified interest rate as outlined by the OEB. The Company intends to dispose of carrying charges in future distribution rates.

Future regulatory accounting treatment as prescribed by the OEB, as well as government policy changes, may impact the electricity distribution rates charged, and may alter the recoverable costs permitted by the OEB. There is a risk that the timing and amount of recovery or disposal of amounts included in the regulatory deferral account balances could be significantly different than the amounts that are eventually recovered or disposed through distribution rates.

4. PROPERTY, PLANT AND EQUIPMENT

Recognition and measurement

Property, plant and equipment (PP&E) are recognized at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including eligible borrowing costs.

Depreciation of PP&E is recorded in the Statement of Comprehensive Income on a straight-line basis over the estimated useful life of the related asset. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The estimated useful lives are as follows:

| | |
|---|------------|
| Buildings | 2% |
| Distribution and transformation equipment | 1% to 6% |
| Other assets | 3.3% to 5% |
| Rolling stock | 5% to 8% |

Land is not depreciated.

Major spare parts

Major spares such as spare transformers and meters kept as standby/back up equipment are accounted for as PP&E since they support the Company's distribution system reliability, but are not depreciable until installed.

Contributions in aid of construction

When an asset is received as a capital contribution, the asset is initially recognized at its fair value, with the corresponding amount recognized as contributions in aid of construction.

Gains and losses on disposal

Gains and losses on disposal of an item of PP&E are determined by comparing the net proceeds from disposal with the carrying amount of the asset, and are included in the Statement of Comprehensive Income when the asset is disposed of.

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| | Land and Buildings | Distribution equipment | Transformation equipment | Renewable Solar | Other Fixed Assets | Construction- in-progress | Total |
|---------------------------------|-----------------------|---------------------------|-----------------------------|--------------------|-----------------------|------------------------------|--------------------|
| Cost | | | | | | | |
| Balance as of January 1, 2021 | \$8,405,456 | \$216,550,687 | \$12,581,246 | \$3,830,104 | \$20,140,209 | \$5,366,790 | \$266,874,492 |
| Additions | 44,365 | 14,944,408 | 5,055 | - | 1,228,945 | (1,011,139) | 15,211,634 |
| Disposals | (1,441) | (1,975,141) | - | - | - | - | (1,976,582) |
| Balance as of December 31, 2021 | 8,448,380 | 229,519,954 | 12,586,301 | 3,830,104 | 21,369,154 | 4,355,651 | 280,109,544 |
| Additions | 55,400 | 14,509,591 | - | - | 1,473,769 | 1,157,235 | 17,195,995 |
| Disposals | - | (1,520,978) | - | - | (113,487) | - | (1,634,465) |
| Balance as of December 31, 2022 | 8,503,780 | 242,508,567 | 12,586,301 | 3,830,104 | 22,729,436 | 5,512,886 | 295,671,074 |
| Accumulated depreciation | | | | | | | |
| Balance as of January 1, 2021 | \$3,482,517 | \$92,939,682 | \$8,659,621 | \$1,417,567 | \$14,498,775 | \$- | \$120,998,162 |
| Depreciation for the year | 249,587 | 4,319,549 | 333,078 | 191,608 | 933,312 | - | 6,027,134 |
| Disposals | - | (1,526,298) | - | - | - | - | (1,526,298) |
| Balance as of December 31, 2021 | 3,732,104 | 95,732,933 | 8,992,699 | 1,609,175 | 15,432,087 | - | 125,498,998 |
| Depreciation for the year | 251,856 | 4,636,257 | 327,446 | 191,608 | 1,067,459 | - | 6,474,626 |
| Disposals | - | (1,095,848) | - | - | (108,071) | - | (1,203,919) |
| Balance as of December 31, 2022 | 3,983,960 | 99,273,342 | 9,320,145 | 1,800,783 | 16,391,475 | - | 130,769,705 |
| Net Book Value | | | | | | | |
| At December 31, 2021 | 4,716,276 | 133,787,021 | 3,593,602 | 2,220,929 | 5,937,067 | 4,355,651 | 154,610,546 |
| At December 31, 2022 | 4,519,820 | 143,235,225 | 3,266,156 | 2,029,321 | 6,337,961 | 5,512,886 | 164,901,369 |

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5. RIGHT-OF-USE ASSET AND LEASE LIABILITY

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

This policy is applied to contracts entered into, or changed, on or after January 1, 2019. All leases are accounted for by recognizing a right-to-use asset and a lease liability except for:

- Leases of low value assets (based on the value of the underlying asset when new); and
- Short-term leases with a lease term of twelve months or less.

a) Nature of leasing activities (in the capacity as lessee)

In 2012 the Company signed a lease for office space. This lease was for a period of 5 years plus the option to renew for an additional 5 years. The lease payments were comprised of fixed payments over the lease term and additional rent payments that are based on changes in market rates. The lease and its option to renew expired in 2022, since which time the Company has been renting on a month-by-month basis.

b) Recognition and initial measurement

The Company recognizes right-of-use assets and lease liabilities at the lease commencement date.

The right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for lease payments made at or before commencement of the lease or initial direct costs incurred.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate (e.g. CPI or inflation). In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments that are not dependent on an index or rate are expensed in the period to which they relate.

c) Subsequent measurement

Right-of-use assets are subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

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Lease liabilities are subsequently increased by the interest cost on the lease liability and decreased by lease payments made. Lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index or rate. The revised future lease payments are discounted at the same discount rate that applied on lease commencement. Lease liabilities are also remeasured when there is a change in the assessment of the term of any lease (for example, a change in the Company's assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised). The future lease payments over the revised term are discounted at the revised discount rate at the date of reassessment. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset.

Right-of-use assets consist of the following:

| | Properties |
|--|-------------------|
| | \$ |
| Cost | |
| Balance at December 31, 2021 | 1,640,210 |
| Disposal | (1,640,210) |
| Balance at December 31, 2022 | - |
| Accumulated Depreciation | |
| Balance at December 31, 2021 | 1,312,441 |
| Depreciation for the year | 327,769 |
| Disposal | (1,640,210) |
| Balance at December 31, 2022 | - |
| Net Book Value | |
| Carrying amounts at December 31, 2021 | 327,769 |
| Carrying amounts at December 31, 2022 | - |

Lease liabilities consist of the following:

| | Properties |
|------------------------------|-------------------|
| | \$ |
| Balance at December 31, 2021 | 355,335 |
| Interest expense | 5,355 |
| Lease payments | (360,690) |
| Less current portion | - |
| Long term portion | - |

Amounts recognized in the statement of cash flows:

| | 2022 | 2021 |
|-------------------------------|----------------|-------------|
| | \$ | \$ |
| Total cash outflow for leases | 360,690 | 355,435 |

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Amounts recognized in profit or loss:

| | 2022 | 2021 |
|---|---------------|--------|
| | \$ | \$ |
| Expenses relating to short-term leases (included in operating expenses) | 39,600 | 68,611 |

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6. ACCOUNTS RECEIVABLE AND UNBILLED SERVICE REVENUE

Accounts Receivable

| | 2022 | 2021 |
|--|-------------------|-------------------|
| | \$ | \$ |
| Trade receivables | 12,630,284 | 12,488,488 |
| Less: provision for impairment of trade receivables | (446,405) | (400,105) |
| Trade receivables - net | 12,183,879 | 12,088,383 |
| Receivable from ultimate shareholder | 122,665 | 9,561 |
| Loans to company under common control | 114,331 | 114,331 |
| Other receivables | 1,548,830 | 2,049,043 |
| Total trade and other receivables | 13,969,705 | 14,261,318 |
| Less: non-current portion - loaned to company under common control | (114,331) | (114,331) |
| Current portion | 13,855,374 | 14,146,987 |

Unbilled Service Revenue

Unbilled service revenue reflects the customer billing for distribution charges and the electricity delivered but not yet billed to customers. Customer billings generally occur within 30 days of delivery.

| | | |
|--|-------------------|-------------------|
| Due from customers | 13,744,778 | 12,404,951 |
| Less: provision for impairment of unbilled revenue | (25,000) | (20,100) |
| Current portion | 13,719,778 | 12,384,851 |

The carrying value of trade and other receivables and unbilled service revenue is classified and measured at amortized cost and approximate their fair value due to their short maturity. Accounts are past-due (in default) when the customers have failed to make the contractually required payments when due, which is generally within 19 days of the billing date.

The Company develops loss rates based on historical default and loss experiences for its customers, adjusted for current economic conditions and forecasts of future economic conditions including local unemployment rates, local economic outlook, credit environment and other relevant economic variables impacting subsets of the Company's customers. The same factors are considered when determining whether to write off accounts receivable and unbilled service revenue amounts. This generally occurs when there is no realistic prospect of recovery. However accounts written off could still be subject to enforcement activities. No accounts are written off directly to the provision for credit losses.

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7. PAYMENTS IN LIEU OF TAXES PAYABLE

The Company is municipally owned as a licensed distribution utility for purposes of the payments in lieu of taxes ("PILs") regime contained in the Electricity Act, 1998. As a result, the Company is exempt from tax under the Income Tax Act (Canada) and the Corporations Tax Act (Ontario).

Under the Electricity Act, 1998, the Company is required to make, for each taxation year, PILs to Ontario Electricity Financial Corporation ("OEFC"), commencing October 1, 2001. These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the Corporation Tax Act (Ontario) as modified by the Electricity Act, 1998, and related regulations.

PILs expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in comprehensive income except to the extent that it relates to items recognized directly in equity or regulatory deferral account balances *[Note 3]*.

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

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The income tax expense varies from amounts which would be computed by applying the Company's combined statutory income tax rate as follows:

| | 2022 | 2021 |
|---|------------------|-----------|
| | \$ | \$ |
| Earnings before provision for taxes | 2,423,907 | 5,237,700 |
| Statutory Canadian federal and provincial income tax rate (%) | 26.50 | 26.50 |
| Expected provision | 642,335 | 1,387,990 |
| Increase (decrease) in income tax resulting from: | | |
| Permanent differences | 24,799 | 2,025 |
| Other | 168,656 | 106,679 |
| Corporate minimum tax | 83,796 | (101,439) |
| Tax provision | 919,586 | 1,395,255 |
| Effective tax rate | 37.06% | 26.64% |

The significant components of the tax effect of the amount recognized in other comprehensive income are composed of:

| | 2022 | 2021 |
|--|----------------|---------|
| | \$ | \$ |
| Deferred tax | | |
| Remeasurements of future employee benefits | 158,607 | 104,000 |

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| | Opening balance January 1, 2022 \$ | Recognize in net income \$ | Recognize in OCI \$ | Closing balance at December 31, 2022 \$ |
|---|--|-------------------------------------|---------------------------|---|
| 2022 | | | | |
| Deferred tax asset | | | | |
| Employee future benefits | 723,204 | 11,347 | (158,607) | 575,944 |
| Contributions in aid of construction | 4,287,589 | 828,239 | - | 5,115,828 |
| Asset retirement obligation | 80,922 | (2,127) | - | 78,795 |
| Cumulative eligible capital | 152,141 | (7,762) | - | 144,379 |
| Non-capital losses carried forward | - | 144,695 | - | 144,695 |
| Right-of-use asset and lease liability | 7,305 | (7,305) | - | - |
| | 5,251,161 | 967,087 | (158,607) | 6,059,641 |
| Deferred tax liability | | | | |
| Intangible asset | (28,753) | 10,116 | - | (18,637) |
| Property, plant and equipment | (8,603,711) | (1,966,913) | - | (10,570,624) |
| | (8,632,464) | (1,956,797) | - | (10,589,261) |
| | (3,381,303) | (989,710) | (158,607) | (4,529,620) |
| | Opening balance January 1, 2021 \$ | Recognize in net income \$ | Recognize in OCI \$ | Closing balance at December 31, 2021 \$ |
| 2021 | | | | |
| Deferred tax asset | | | | |
| Employee future benefits | 814,094 | 13,110 | (104,000) | 723,204 |
| Contributions in aid of construction | 3,633,044 | 654,545 | - | 4,287,589 |
| Asset retirement obligation | 80,416 | 506 | - | 80,922 |
| Cumulative eligible capital | 160,325 | (8,184) | - | 152,141 |
| Right-of-use asset and lease liability | 11,295 | (3,990) | - | 7,305 |
| | 4,699,174 | 655,987 | (104,000) | 5,251,161 |
| Deferred tax liability | | | | |
| Intangible asset | (30,901) | 2,148 | - | (28,753) |
| Property, plant and equipment | (7,040,321) | (1,563,390) | - | (8,603,711) |
| | (7,071,222) | (1,561,242) | - | (8,632,464) |
| | (2,372,048) | (905,255) | (104,000) | (3,381,303) |

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At December 31, 2022, a deferred tax asset of \$6,059,641 [2021 - \$5,251,161] has been recorded. The utilization of this tax asset is dependent on future taxable profits in excess of profits arising from the reversal of existing taxable temporary differences. The Company believes that this asset should be recognized as it will be recovered through future income.

8. EMPLOYEE FUTURE BENEFITS

Defined contribution plan

The employees of the Company participate in the Ontario Municipal Employees Retirement System ("OMERS"). The Company also makes contributions to the OMERS plan on behalf of its employees. The plan has a defined benefit option at retirement available to some employees, which specifies the amount of the retirement benefit plan to be received by the employees based on length of service and rates of pay. However, the plan is accounted for as a defined contribution plan as insufficient information is available to account for the plan as a defined benefit plan. The Company is only one of a number of employers that participates in the plan and the financial information provided to the Company on the basis of the contractual agreement, is usually insufficient to reliably measure the Company's proportional share in the plan assets and liabilities.

The contribution payable in exchange for services rendered during a period is recognized as an expense during that period. The employer portion of amounts paid to OMERS during the year was \$1,199,725 [2021 - \$1,184,298]. The contributions were made for current service and these have been recognized in net income.

Expected contributions to the plan for the next annual reporting period amount to \$1,309,255 which is based on payments made to the multi-employer plan during the current fiscal year.

As at December 31, 2022, the OMERS plan was 95% funded [2021 - 97%]. OMERS has a strategy to return the plan to a fully funded position. The Company is not able to assess the implications, if any, of this strategy or of the withdrawal of other participating entities from the OMERS plan on its future contributions.

Defined benefit plans

The Company provides certain unfunded health, dental and life insurance benefits on behalf of its retired employees. These benefits are provided through a group defined benefit plan. The Company's net obligation for these benefits is calculated by estimating the amount of future benefits that are expected to be paid out discounted to determine its present value. Any unrecognized past service costs are deducted. The Company has also provided for a provision for non-vested sick leave benefits to current employees.

The cost of these benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions. Due to the complexity of the valuation, the underlying assumptions and its long term nature, the cost of these benefits are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The calculation is performed by a qualified actuary using the projected unit credit method

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discounted to its present value using yields available on high quality corporate bonds that have maturity dates approximating to the terms of the liabilities. The valuation is performed every third year or when there are significant changes to workforce.

Remeasurements of the defined benefit obligation are recognized directly within equity in other comprehensive income. The remeasurements include actuarial gains and losses.

Service costs include current and past service costs as well as gains and losses on curtailments.

Net interest expense is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the balance of the net defined benefit obligation, considering the effects of benefit payments during the period. Gains or losses arising from changes to defined benefits or plan curtailment are recognized immediately in the Statement of Comprehensive Income. Settlements of defined benefit plans are recognized in the period in which the settlement occurs.

Other long-term service benefits

Other employee benefits that are expected to be settled wholly within 12 months after the end of the reporting period are presented as current liabilities. Other employee benefits that are not expected to be settled wholly within 12 months after the end of the reporting period are presented as non-current liabilities and calculated using the projected unit credit method and then discounted using yields available on high quality corporate bonds that have maturity dates approximating to the expected remaining period to settlement.

The plan is exposed to a number of risks, including:

Interest rate risk: decreases/increases in the discount rate used (high quality corporate bonds) will increase/decrease the defined benefit obligation.

Longevity risk: changes in the estimation of mortality rates of current and former employees.

Health care cost risk: increases in cost of providing health, dental and life insurance benefits.

Information about the group unfunded defined benefit plan as a whole and changes in the present value of the unfunded defined benefit obligation and the accrued benefit liability are as follows:

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Defined benefit liability

| | 2022 | 2021 |
|---|-----------|-----------|
| | \$ | \$ |
| Accrued benefit obligation at January 1 | 2,729,072 | 3,072,052 |
| Benefits paid in the year or moved to current liability | (121,982) | (114,221) |
| Current service costs | 116,067 | 102,189 |
| Interest cost [Note 20] | 48,732 | 61,504 |
| | 2,771,889 | 3,121,524 |
| Remeasurement (gain)/loss: | | |
| Changes from experience and methodology assumptions | (9,460) | (494,906) |
| Changes in financial assumptions | (589,057) | 121,533 |
| Changes in demographic assumptions | - | (19,079) |
| | 2,173,372 | 2,729,072 |

The main actuarial assumptions underlying the valuations are as follows:

a) General Inflation

Future general inflation levels, as measured by changes in the Consumer Price Index ("CPI"), were assumed at 2.0% [2021 - 2.0%].

b) Interest (Discount) Rate

The obligation at year end, of the present value of future liabilities and the expense for the year ended, were determined using a discount rate of 5.05% [2021 - 2.9%]. The discount rate for 2022 reflects the assumed long term yield on high quality bonds.

c) Salary levels

Future general salary and wage levels were assumed to increase at 3.0% per annum [2021 - 3.0%].

d) Medical costs

Medical costs were assumed to increase at a rate of 4.7% in 2022, increasing annually to 5.3% in 2025 and then gradually falling before leveling off at 4% by 2040 and thereafter [2021 - 4.7%].

The Company's sick accrual is included above in the amount of \$794,100 [2021 - \$985,000] and is the accumulation of non-vested sick leave benefits under IAS 19 standards for financial reporting purposes. The company hired an outside consulting firm to assess the future payments to be made as a result of the company's employees' sick leave bank hours. The discount rate used was 5.05% per annum at December 31, 2022 and 2.9% per annum at December 31, 2021. The future general salary and wage levels were assumed to increase at 3.0% per annum.

If the discount rate increased to 6.05% the accrued benefit obligation would decrease to approximately \$1,976,700. If the discount rate decreased to 4.05% the accrued benefit obligation would increase to approximately \$2,408,200.

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9. REVENUE

Major components of revenues consist of the following:

| | 2022 | 2021 |
|--|--------------------|-------------|
| | \$ | \$ |
| <i>Electricity sales and distribution</i> | | |
| Electricity sales | 116,133,621 | 116,246,332 |
| Distribution revenue | 27,377,708 | 25,912,062 |
| | 143,511,329 | 142,158,394 |
| <i>Other revenue</i> | | |
| <i>Revenue from contracts with customers</i> | | |
| Wireline pole attachment revenue | 1,169,014 | 1,463,071 |
| Reconnection and change of occupancy charges | 199,875 | 192,990 |
| Income from affiliates | 532,440 | 489,488 |
| Late payment charges | 325,609 | 326,650 |
| FIT Revenue | 498,194 | 608,601 |
| <i>Revenue from other sources</i> | | |
| Competitive market revenues | 200,294 | 197,779 |
| Sundry | 105,695 | 104,556 |
| Recoverable | 748,115 | 1,014,561 |
| Conservation and related programs | 26,593 | 552,797 |
| Amortization of contributions in aid of construction [Note 11] | 290,049 | 271,612 |
| | 4,095,878 | 5,222,105 |
| Total revenue | | |
| Revenue from contracts | 146,236,461 | 145,239,194 |
| Revenue from other sources | 1,370,746 | 2,141,305 |
| | 147,607,207 | 147,380,499 |

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and that the revenue can be reliably measured.

As a licensed distributor, the Company is responsible for billing customers for electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties. The Company is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether the Company ultimately collects these amounts from customers. The Company has determined that they are acting as a principal for the electricity distribution and, therefore, have presented the electricity revenues on a gross basis.

Revenues from the sale and distribution of electricity are recognized over time on an accrual basis upon delivery of the electricity, including unbilled revenues accrued in respect distribution charges and electricity delivered but not yet billed. Sale and distribution of electricity revenue is comprised of customer billings. Customer billings for sale and distribution of electricity are recorded based on meter readings, and are generally due within 19 days of the billing date.

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Other revenues, which include revenues from wireline pole attachments, collection charges and other miscellaneous revenues are recognized at the time services are provided. Where the Company has an ongoing obligation to provide services, revenues are recognized as the service is performed and amounts billed in advance are recognized as deferred revenue.

Certain assets may be acquired or constructed with financial assistance in the form of contributions from customers when the estimated revenue is less than the cost of providing service or where special equipment is needed to supply the customers' specific requirements. Since the contributions will provide customers with ongoing access to the supply of electricity, these contributions are classified as contributions in aid of construction and are amortized as revenue on a straight-line basis over the useful life of the constructed or contributed asset.

When an asset is received as a capital contribution, the asset is initially recognized at its fair value, with the corresponding amount recognized as contributions in aid of construction [Note 11].

10. CUSTOMER DEPOSITS AND DEFERRED CONTRIBUTIONS

Customer deposits represents cash deposits from electricity distribution customers and construction deposits.

Deposits from electricity distribution customers are refundable to customers demonstrating an acceptable level of credit risk as determined by the Company in accordance with policies set out by the OEB or upon termination of their electricity distribution service.

Construction deposits represent cash prepayments for the estimated cost of capital projects recoverable from customers and developers. Upon completion of the capital project, these deposits are transferred to contributions in aid of construction. The carrying value of the customer deposits approximates fair value because the amounts are payable on demand.

| | 2022 | 2021 |
|--------------------------------|------------------|------------------|
| | \$ | \$ |
| Customer deposits | 1,495,016 | 1,489,470 |
| Construction deposits | 392,373 | 458,768 |
| Total customer deposits | 1,887,389 | 1,948,238 |

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11. CONTRIBUTIONS IN AID OF CONSTRUCTION

The continuity of contributions in aid of construction is as follows:

| | 2022 | 2021 |
|--|-------------------|------------|
| | \$ | \$ |
| Contributions, net, beginning of year | 16,179,582 | 13,709,599 |
| Contributions in aid of construction received | 3,415,481 | 2,741,595 |
| Amortization of contributions in aid of construction | (290,049) | (271,612) |
| Contribution, net, end of year | 19,305,014 | 16,179,582 |

12. NOTE PAYABLE (TO THE CORPORATION OF THE CITY OF THUNDER BAY)

The note is a non-interest bearing, unsecured note payable to The Corporation of the City of Thunder Bay (sole shareholder of Thunder Bay Hydro Corporation, the Company's parent company) and is due on demand. The loan is subordinated by other debt [Note 21]. The fair value of this amount is approximately \$6,642,000 [2021 - \$10,758,000].

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13. LONG-TERM DEBT

Long-term debt consists of the following:

| | 2022 \$ | 2021 \$ |
|--|------------|------------|
| Toronto Dominion | | |
| Bank term loan payable in monthly instalments of \$64,400 including interest at 5.27%, maturing July, 2024. | 1,171,460 | 1,862,614 |
| Infrastructure Ontario | | |
| Promissory note payable in monthly instalments of \$19,017 including interest at 3.13%, maturing February, 2027. | 1,816,490 | 1,984,969 |
| Promissory note payable in monthly instalments of \$8,333 plus interest at 2.87%, maturing May, 2030. | 741,667 | 841,667 |
| Promissory note payable in semi annual instalments of \$167,663 including interest at 4.04%, maturing June, 2043. | 4,644,308 | 4,787,646 |
| Promissory note payable in semi annual instalments of \$176,067 including interest at 3.96%, maturing October, 2044. | 5,139,507 | 5,283,817 |
| Promissory note payable in semi annual instalments of \$111,616 including interest at 3.75%, maturing March, 2046. | 3,466,584 | 3,557,261 |
| Promissory note payable in monthly instalments of \$32,320 including interest at 3.38%, maturing July, 2047. | 6,469,781 | 6,635,883 |
| Promissory note payable in monthly instalments of \$25,654 including interest at 3.11%, maturing December, 2049. | 5,619,279 | 5,750,148 |
| Promissory note payable in monthly instalments of \$26,390 including interest at 2.65%, maturing November, 2050. | 6,242,769 | 6,391,868 |

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| | | |
|--|-------------------|------------|
| Promissory note payable in monthly instalments of \$25,081 including interest at 4.5%, maturing May, 2052. | 4,903,854 | - |
| Promissory note payable in monthly instalments of \$25,253 including interest at 4.56%, maturing December, 2052. | 4,950,000 | - |
| The Corporation of the City of Kenora | | |
| Promissory note payable in monthly instalments of interest only at the TD Canada Trust prime rate and annual instalments of \$500,000, maturing in 2027. | 2,569,279 | 3,069,279 |
| | 47,734,978 | 40,165,152 |
| Less amounts included in current liabilities | 2,959,551 | 4,853,306 |
| Long-term portion | 44,775,427 | 35,311,846 |

Principal repayments required over the next five years and thereafter assuming refinancing on maturity are as follows:

| | |
|------------|-------------------|
| | \$ |
| 2023 | 2,959,551 |
| 2024 | 1,827,204 |
| 2025 | 1,871,502 |
| 2026 | 1,919,680 |
| 2027 | 2,038,674 |
| Thereafter | 37,118,367 |
| | 47,734,978 |

As collateral for the above loans, the Company has provided a general security agreement representing a first charge on all assets and undertaking, excluding solar assets.

As disclosed in note 21, the Toronto Dominion debt has been classified as current.

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14. ASSET RETIREMENT OBLIGATION

A reconciliation between the opening and closing asset retirement obligation (ARO) liability balances is as follows:

| | 2022 | 2021 |
|-------------------------------------|----------------|----------|
| | \$ | \$ |
| Balance, beginning of year | 305,366 | 303,457 |
| Adjustment for change in estimates | (8,026) | 15,899 |
| ARO liabilities settled in the year | - | (18,649) |
| Accretion expense | - | 4,659 |
| | 297,340 | 305,366 |

At December 31, 2022, the Company estimates the undiscounted amount of cash flows required over the next five years [2021 - six years] to settle the ARO is \$345,500 [2021 - \$345,500]. A discount rate of 5.05% [2021 - 2.9%] was used to calculate the carrying value of the ARO liabilities. No assets have been restricted for settlement of the liability.

15. DEPRECIATION

| | 2022 | 2021 |
|--|------------------|-----------|
| | \$ | \$ |
| Depreciation of general plant | 4,861,963 | 4,540,328 |
| Depreciation of asset retirement obligation | 25,646 | 24,059 |
| Depreciation of wholesale meters | 50,893 | 50,893 |
| Depreciation of unallocated office and data processing equipment | 233,385 | 161,814 |
| | 5,171,887 | 4,777,094 |
| Depreciation of other property, plant and equipment included in relevant expense categories in the Statement of Comprehensive Income | 1,353,632 | 1,300,933 |
| | 6,525,519 | 6,078,027 |
| Depreciation included in capitalized expenditures | 244,961 | 233,417 |
| Depreciation of property, plant and equipment | 6,229,665 | 5,793,717 |
| Depreciation of intangible assets | 50,893 | 50,893 |
| | 6,525,519 | 6,078,027 |

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16. INTANGIBLE ASSETS

Goodwill

Goodwill with a carrying amount of \$4,648,887 [2021 - \$4,648,887] was realized upon amalgamation and the Company tested goodwill for impairment as at December 31, 2022.

Impairment testing of goodwill

Goodwill and intangible assets with indefinite lives are tested for impairment annually and when circumstances indicate that the recoverable amount of an asset may be below their carrying value. Property, plant, and equipment and intangible assets with finite lives are tested for impairment when management determines indicators of impairment exist. Significant judgment is applied in determining the non-financial assets recoverable amount and assessing whether certain indicators constitute objective evidence of impairment.

Fair values less costs of disposal were determined using a multiple of regulated rate base approach for the rate regulated assets.

Key assumptions underlying these valuations are as follows:

- The multiple of rate base approach is a valuation technique used in the industry for purchase and sale transactions involving rate-regulated local distribution companies. A multiple is applied to the value of regulated assets to determine the value of the utility;
- The multiple of rate base is a key assumption in the determination of fair value less costs of disposal for the rate-regulated assets. Management utilized a range of multiples in the analysis to determine the recoverable amount of goodwill for the rate-regulated assets;
- The multiple of rate base used with respect to the rate-regulated assets ranged from 1.4 to 1.6; and
- Management obtained information regarding multiples used for recent purchase and sale transactions within the industry.

The recoverable amount of goodwill determined in the analysis was greater than the carrying value and no impairment was recorded.

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Capital contributions

The Company makes payments to Hydro One for required upgrades on their metering equipment and are classified as intangible assets. In turn the Company obtains the right to use certain assets that belong to Hydro One. Capital contributions are measured at cost less accumulated depreciation.

Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful life of the intangible asset, from the date that it was available for use. The depreciation method and useful life of the intangible asset is reviewed at each reporting date. Capital contributions are amortized at a rate of 4%.

| | Capital contributions to Hydro One for wholesale meters |
|--|--|
| | \$ |
| Cost | |
| Balance as of January 1, 2021 | 1,272,321 |
| Additions | - |
| Disposals | - |
| Balance as of December 31, 2021 | 1,272,321 |
| Additions | - |
| Disposals | - |
| Balance as of December 31, 2022 | 1,272,321 |
| Accumulated depreciation | |
| Balance as of January 1, 2021 | 544,168 |
| Depreciation for the year | 50,893 |
| Disposals | - |
| Balance as of December 31, 2021 | 595,061 |
| Depreciation for the year | 50,893 |
| Disposals | - |
| Balance as of December 31, 2022 | 645,954 |
| Carrying amounts | |
| At December 31, 2021 | 677,260 |
| At December 31, 2022 | 626,367 |

See Note 15 for details of depreciation for the year.

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17. RELATED PARTY TRANSACTIONS

The ultimate parent

91.69% of the common shares of SYNERGY NORTH CORPORATION are owned by Thunder Bay Hydro Corporation. Thunder Bay Hydro Corporation is wholly owned by The Corporation of the City of Thunder Bay, the ultimate parent, which constitutes a local government. Consequently, the Company is exempt from some of the general disclosure requirements of IAS 24 with relation to transactions with government-related parties, and has applied the government-related disclosure requirements.

Transactions with related parties

The Company provides and purchases certain services from The Corporation of the City of Thunder Bay in the normal course of business at commercial rates. Significant transactions are noted below.

| | 2022 | 2021 |
|-------------------------------------|-----------|-----------|
| | \$ | \$ |
| Wireline pole attachment revenue | 661,083 | 889,088 |
| Contributed capital on construction | 1,711,207 | 744,948 |
| Electricity revenues | 6,945,909 | 6,886,716 |
| Recoverable | 274,333 | 590,960 |
| Revenues | 9,592,532 | 9,111,712 |
| Rent | 360,767 | 355,435 |
| Telecommunication | 259,077 | 205,919 |
| Property taxes | 175,310 | 174,672 |
| Fuel | 279,688 | 256,980 |
| Expenses | 1,074,842 | 993,006 |
| Accounts receivable | 1,788,984 | 1,391,608 |

The Company provides certain services to companies under common control. Significant transactions are noted below.

| | 2022 | 2021 |
|---|---------|---------|
| | \$ | \$ |
| Thunder Bay Hydro Utility Services Inc. ("TBHUSI") | | |
| Direct costs and administration fees | 466,835 | 440,844 |

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Key management personnel compensation comprised:

The key management personnel of the Company has been defined as members of its board of directors and executive management team members.

| | 2022 | 2021 |
|--|------------------|------------------|
| | \$ | \$ |
| Compensation | 1,228,042 | 1,111,851 |
| Short-term employee benefits and director fees | 67,892 | 64,579 |
| Post-employment benefits | 215,564 | 209,020 |
| | 1,511,498 | 1,385,450 |

18. INVENTORY

Cost of inventory is comprised of direct materials, which typically consists of distribution assets not deemed as major spares, unless purchased for specific capital projects in process or as spare units. Costs, after deducting rebates and discounts, are assigned to individual items of inventory on the basis of weighted average cost. Decommissioned assets that are transferred to inventory are tested for impairment once they are removed from service and placed in inventory. Inventory is recognized at the lower of cost and net realizable value.

The amount of inventories consumed by the Company and recognized as an expense during 2022 was \$329,881 [2021 - \$439,528].

19. SHARE CAPITAL

An unlimited number of Common shares, Class S shares, Class A Special shares and Class B Special shares are authorized for issue.

As of December 31, 2022, the Company has issued and fully paid 109,506 common shares, 1,000 Class S shares. The shares have no par value.

The Common shares have voting rights and entitle the shareholder to receive dividends. The Class A Special shares and Class B Special shares are non-voting, no entitlement to dividends and are redeemable at the option of the holder at \$1. The Class S shares are non-voting and entitle the shareholder to receive dividends.

In the event of the liquidation, dissolution, or winding-up of the Company or other distribution of assets of the Company among shareholders for the purpose of winding up its affairs, the holders of Common shares shall be entitled to participate ratably in any distribution of the assets of the Company remaining after payment to the holder of the Class A Special shares and Class B Special shares.

The holders of the Class S shares shall, in priority to the rights of the holders of the Common shares, the Class A Special shares and the Class B Special shares, be entitled to participate ratably in any distribution of the Solar Assets. After payment of such amounts to the holders of the Class S shares, they shall not be entitled to share in any further distribution of the assets of the Company.

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20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at all financial institutions, with maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

Financial assets

Financial assets are comprised of cash and cash equivalents, investments, trade and other accounts receivable ("accounts receivable"), unbilled service revenue and due from related parties. Cash is classified and measured at fair value. Accounts receivable, unbilled service revenue and due from related parties are initially recognized and measured at fair value on the date on which they originated. Accounts receivable, unbilled revenue and due from related parties are subsequently classified and measured at amortized cost because they meet the solely payments of principal and interest criterion and are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows. The carrying amount is reduced through the use of a loss allowance and the amount of the related loss allowance is recognized in profit or loss. Due to the short term nature, the carrying amounts of accounts receivable, unbilled service revenue and due from related parties approximates their fair value.

Collectability of accounts receivable, unbilled service revenue and due from related party is reviewed on an ongoing basis. The Company measures the loss allowance at an amount equal to the lifetime expected credit loss (ECL) for accounts receivables, and unbilled service revenue, and due from related party. The lifetime ECL is estimated based on the expected losses over the expected life of the accounts receivable arising from possible default events occurring in the lifetime of the instrument. The Company develops loss rates based on historical default and loss experiences for customer groups, adjusted for current economic conditions. This basis is used as the Company's customers have remained relatively consistent year over year.

The Company assumes that credit risk on a financial asset has increased if it is more than 30 days past due date.

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company, such as realising security (if any is held).

If the amount of impairment loss subsequently decreases due to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through net income.

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Financial liabilities

Accounts payable and accrued liabilities, note payable, customer deposits and deferred contributions, long-term debt, lease liability and other payables are initially recognized and measured at fair value on the date which they originated. Subsequently they are classified and measured at amortized cost.

Customers may be required to post security to obtain electricity or other services, which is refundable. Where the security posted is in the form of cash or cash equivalents, these amounts are recorded in the accounts as deposits. Interest rates paid on customer deposits are based on the Bank of Canada's prime business rate less 2%.

Finance income comprises of interest income on funds invested such as cash and short-term investments. Interest income is recognized as it accrues in the Statement of Comprehensive Income, using the effective interest method.

Finance cost comprises of interest payable on debt recognized on financial assets and net interest on employee future benefits.

| | 2022 | 2021 |
|--|------------------|------------------|
| | \$ | \$ |
| <hr/> | | |
| Finance Income: | | |
| Interest income on bank deposits | 311,140 | 89,684 |
| <hr/> | | |
| Finance Cost: | | |
| Interest on debt | 1,463,812 | 1,339,004 |
| Net interest on employee future benefits <i>[Note 8]</i> | 48,732 | 61,504 |
| | 1,512,544 | 1,400,508 |

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The Company's activities provide for a variety of financial risks, particularly credit risk, market risk and liquidity risk.

a) Credit risk

Financial assets carry credit risk that a counter-party will fail to discharge an obligation which would result in a financial loss. Financial assets held by the Company, such as accounts receivable, expose it to credit risk. The Company earns its revenue from a broad base of customers located in each City. No single customer accounts for revenue in excess of 10% of total revenue.

The carrying amount of accounts receivable and unbilled service revenue is reduced through the use of an allowance for impairment and the amount of the related impairment loss is recognized in the Statement of Comprehensive Income. Subsequent recoveries of receivables previously provisioned are credited to the Statement of Comprehensive Income. The balance of the allowance for impairment at December 31, 2022 is \$446,405 [2021 - \$400,105]. An impairment loss of \$306,353 [2021 - \$128,974] was recognized during the year. The Company's credit risk associated with accounts receivable is primarily related to payments from distribution customers. At December 31, 2022, approximately \$1,192,043 [2021 - \$1,251,577] is considered 60 days past due. The Company has approximately 57,000 customers, the majority of which are residential. Credit risk is managed through collection of security deposits from customers in accordance with directions provided by the OEB. As at December 31, 2022, the Company holds security deposits in the amount of \$1,495,016 [2021 - \$1,489,470].

b) Market risk

The Company is not exposed to significant market risk given they do not have investments in foreign currency, and have minimal investment in interest bearing instruments.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company monitors its liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. The Company's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing interest exposure. The Company has access to a \$12,400,000 [2021 - \$12,400,000] line of credit and monitors cash balances to ensure that sufficient levels of liquidity are on hand to meet financial commitments as they come due.

The Company has access to a non-revolving credit facility with IO for \$16,000,000 [2021 - \$nil] to finance the Company's capital infrastructure and equipment purchases maturing December 2021. As at December 31, 2022, \$9,900,000 [2021 - \$nil] was withdrawn on this credit facility.

The Company has a letter of credit available in the amount of \$10,350,000 [2021 - \$10,350,000] to support the Company's prudential requirements with the Independent Electricity System Operator ("IESO").

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The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

| | Up to 12 months \$ | Between 1-5 years \$ | Over 5 years \$ |
|--|--------------------------|----------------------------|---------------------------------|
| | | | <i>[Restated - Note 24]</i> |
| At December 31, 2022 | | | |
| Accounts payable and accrued liabilities | 23,166,196 | - | - |
| Customer deposits and deferred contributions | 1,887,389 | - | - |
| Note payable | - | - | 26,490,500 |
| Long-term debt | 2,959,551 | 7,657,060 | 37,118,367 |
| | 28,013,136 | 7,657,060 | 63,608,867 |
| At December 31, 2021 | | | |
| Accounts payable and accrued liabilities | 17,999,556 | - | - |
| Customer deposits and deferred contributions | 1,948,238 | - | - |
| Lease liability | 355,335 | - | - |
| Note payable | - | - | 26,490,500 |
| Long-term debt | 1,784,027 | 5,899,759 | 32,481,366 |
| | 22,087,156 | 5,899,759 | 58,971,866 |

SYNERGY NORTH CORPORATION

Notes to the Financial Statements

December 31, 2022

21. CAPITAL MANAGEMENT

The main objectives of the Company, when managing capital, are to ensure ongoing access to funding to maintain and improve the electricity distribution system, prudent management of its capital structure with regard for recoveries of financing charges permitted by the OEB on its regulated electricity distribution business, to deliver the appropriate financial returns and ensure sufficient liquidity is available to meet the needs of the company.

The Company's definition of capital is shareholders' equity, note payable and long-term debt. As at December 31, 2022, shareholders' equity amounts to \$91,415,254 [2021 - \$90,159,217], the note payable amounts to \$26,490,500 [2021 - \$26,490,500] and long-term debt amounts to \$47,734,978 [2021 - \$40,165,152].

As at December 31, 2022, the Company is subject to debt agreements that contain various covenants. The Company is governed by the Shareholder Declaration which limits future borrowings, liens, and provisions of security without prior written consent. The Company is also subject to a Subordination Agreement with respect to the \$26,490,500 promissory note given to The Corporation of the City of Thunder Bay, with said Subordination Agreement providing for no acceleration rights, as approved by the Bank's legal department.

The Company's credit agreements with Infrastructure Ontario contain financial covenants that require a Debt Service Coverage Ratio of 1.30X and a Debt to Total Asset ratio of 60% or lower. The Company's credit agreement with Toronto Dominion Bank contains financial covenants that require a third party debt to capitalization ratio of 0.6:1 and a debt service coverage ratio of not less than 1.2:1. The Company's long-term debt agreements also include positive and negative covenants such as limitations on funded indebtedness, capital expenditures restrictions on mergers, amalgamations or consolidations, and limitations on providing security or guarantees to any third party. As at December 31, 2022, the Company was in compliance with all but one of its the financial covenants included in its long-term debt agreements, the Corporation of the City of Thunder Bay Note and short-term revolving credit facility. The Company was offside on its Toronto Dominion Bank Debt Service Covenant, which removes 40% of the capital asset additions from the EBITDA. The bank has provided a waiver for the breach subsequent to year end. As a result the debt outstanding with the Toronto Dominion bank has been recorded as current.

22. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the year, property, plant and equipment were acquired as follows:

| | 2022 | 2021 |
|---|--------------------|-------------|
| | \$ | \$ |
| Aggregate | 17,195,995 | 15,211,633 |
| Funded by cash contributions [Note 11] | (3,162,102) | (2,618,436) |
| Funded by contributions in-kind [Note 11] | (253,379) | (123,159) |
| Funded by capitalized depreciation [Note 15] | (244,961) | (233,417) |
| Funded by non-cash increase to retirement obligation [Note 14] | 8,026 | (15,899) |
| | 13,543,579 | 12,220,722 |

SYNERGY NORTH CORPORATION

Notes to the Financial Statements

December 31, 2022

23. STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

There are no other standards, interpretations or amendments issued, but not yet effective that the Company anticipates may have a material effect on the financial statements once adopted.

24. COMPARATIVE FIGURES

In 2022 an error was discovered that was causing certain amounts to be recorded as Regulatory Deferral amounts and to Net Movement in Regulatory Deferral accounts balances instead of being reported as Accounts Payable and Purchase Power expense.

The error required a prior period presentation reclassification to 2021 opening and closing figures. The reclassification are as follows:

| | Previously Reported \$ | Restated \$ |
|--|---------------------------|------------------|
| <hr/> | | |
| 2021 opening balances as reported in Note 3 | | |
| Retail Settlement Variances | 1,150,073 | 1,990,073 |
| 2021 year-end balance were reclassified as follows | | |
| Regulatory deferral account debit balances and related deferred tax | 897,311 | 2,161,390 |
| Regulatory deferral account credit balances and related deferred tax | (3,594,200) | (3,017,407) |
| Accounts payable and accrued liabilities | (16,158,684) | (17,999,556) |
| Purchased Power | 114,821,779 | 115,822,803 |
| Net movement in regulatory deferral account balances related to profit or loss and the related deferred tax movement | 2,093,957 | 1,092,933 |
| | <hr/> 98,060,163 | <hr/> 98,060,163 |

SYNERGY NORTH CORPORATION

Schedule - Expenses

| Year ended December 31 | 2022 | 2021 |
|---|-------------------|------------------|
| | \$ | \$ |
| OPERATIONS AND MAINTENANCE | | |
| Customer premises/meters and devices | 361,735 | 301,524 |
| Distribution | 9,192,396 | 6,177,226 |
| Safety and training | 583,142 | 505,558 |
| System control/station maintenance | 1,962,219 | 1,945,798 |
| Transformer | 403,209 | 324,851 |
| Total operations and maintenance expenses | 12,502,701 | 9,254,957 |
| ADMINISTRATION | | |
| Bad debts | 306,353 | 128,974 |
| Billing and collecting | 1,181,806 | 1,172,544 |
| Customer information service | 1,006,769 | 1,007,189 |
| Information services | 1,459,245 | 1,317,745 |
| Meter reading | 246,504 | 256,828 |
| Recoverable | 731,017 | 1,004,586 |
| Total customer - related administration expenses | 4,931,694 | 4,887,866 |
| General | | |
| Corporate | 915,330 | 715,259 |
| Directors' expenses | 175,023 | 119,827 |
| Finance | 1,345,044 | 1,496,766 |
| Human resources | 370,796 | 391,969 |
| President's office | 556,946 | 643,127 |
| Power systems administration | 389,002 | 311,133 |
| Renewable generation administration | 78,176 | 57,409 |
| Solar pv generation direct costs | 324,782 | 312,709 |
| Purchasing | 249,583 | 263,694 |
| Disruptive technology | 9,267 | 24,076 |
| Total general administration expenses | 4,413,949 | 4,335,969 |
| Total administration expenses | 9,345,643 | 9,223,835 |

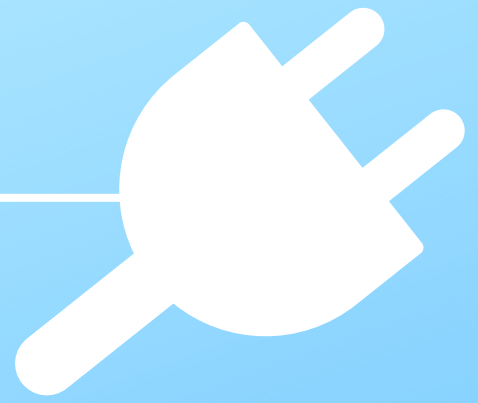


EXHIBIT 1

ATTACHMENT 1 - I

SNC 2022 ANNUAL REPORT



SYNERGY NORTH
ANNUAL REPORT
2022

PLANNING FOR THE FUTURE





ANNUAL REPORT

2022 ANNUAL REPORT

PLANNING FOR THE FUTURE

Contents

| | |
|--|----|
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At SYNERGY NORTH, we look forward to building on our legacy of valuable service and to providing the safe and reliable electricity that will power us and our customers into a prosperous and sustainable future.





*Tim Wilson, MBA Energy
President & CEO*

*Gary Armstrong, FCPA, FCMA
Board Chair*

MESSAGE FROM THE PRESIDENT & BOARD CHAIR

At SYNERGY NORTH we are committed to the communities where we live and work through our community investment, sustainability, and electrification initiatives.

In 2022, we took significant action towards developing our Strategic Plan which is dedicated to creating a roadmap for continuing SYNERGY NORTH's success, delivering on our mission and helping us progress toward our vision. With respect to this Strategic Plan, our goal is to well position SYNERGY NORTH in a changing electricity marketplace to grow as a trusted energy ally for our communities, to provide them with core electricity services, be known as a utility who cares about the environment, is ready for the convergence of new technologies and is prepared for the complex future of electrification. Whether it's supporting customer choice or being more innovative with technologies, we want our customers to feel supported in the way they value and use energy. We hope that our Strategic Plan demonstrates to our stakeholders and customers the high standards that we set for ourselves as we pursue heightened levels of excellence.

We proudly support local organizations that are working to build, strengthen and energize life in our communities. In 2022, we exceeded our community impact and investment goals, much to the credit of our newly created Connections Committee. The employee-driven committee will lead our organization in our community involvement and volunteer efforts moving forward and I am eager to see how they not only bring us closer together as a company, but as a community.

Leveraging new technology and analytics, our staff spent considerable time this year preparing a new Vegetation Management Plan. Our team used analytics generated by aerial imagery to identify the exact amount and distance of vegetation in proximity to our overhead lines to create a focused vegetation management plan. Although the plan is only in its early stages, it is already paying off with vegetation now being trimmed within one metre of overhead lines for 72 percent of our distribution system.

As part of SYNERGY NORTH's commitment to our customers, we are continuously innovating to provide the easy and convenient self-serve tools they expect. This past year, we began implementing the initial phases of our improved online Customer Portal. As this project progresses, we will not only see enhanced features for all our customers, but specific components that will support our journey to becoming a valuable EV partner in our community. This project is the first of many investments we plan to make to support our customers and growth in the industry.

Our customers grow more interested in EV options each year and we strive to position ourselves to provide the knowledge and education needed for them to make the important shift to a low-carbon lifestyle. Our Asset Management & Engineering team in concert with our Renewable Energy lead are working on short and long term strategies and partnerships that will strengthen our position to manage electrification. Strategic partnerships, such as those formed in the Municipal Transit Electrification project, once completed, will lead to significant GHG reductions that can be re-invested into our community.

We are always searching for ways to improve our efficiency and productivity to provide better value and service for our customers. While some efficiency improvements may lead to direct cost savings, others may lead to a more effective use of resources, allowing SYNERGY NORTH to do more with less. In preparation for our Cost-of-Service application next year, we are increasing our exploration into opportunities to improve value and lower the costs of our operations. We understand that our own success and that of our customers depends upon the affordability of the services we deliver.

At SYNERGY NORTH, our people are the strength of our company, and are responsible for energizing the lives of our communities. On behalf of our executive team, I want to thank each employee for their hard work and dedication this year. Together, we made important progress toward achieving our goals and powering the lives of people and our communities.

STRATEGY FOR CONTINUING SUCCESS

SYNERGY NORTH's 2022 Annual Report is the first to report against our 2022-2024 Strategic Plan, which is a roadmap for continuing SYNERGY NORTH's success, delivering on our mission and helping us progress toward our vision.

The plan retains SYNERGY NORTH's core as an asset management & services company. With over \$209 million invested in the distribution system to power the lives and businesses of our customers, we are keenly aware of the importance of our fundamentals. Furthermore, the plan addresses the ever-changing business environment, highlighting how sustainability and Environmental, Social, and Governance (ESG) factors are integrated into all our business practices.

To establish a clear direction, this plan is centered around strategic goals that we look to accomplish over the next five years. To achieve our Long-Term Corporate Goals, individual objectives have been developed which support key areas of focus. These areas of focus reflect the nature of our business and are the key to SYNERGY NORTH's success in achieving the long-term corporate goals: Our Customers, Our People and Our Assets. These Key Areas of Focus and supported Long-Term Corporate Goals will direct our activities throughout the next three to five years. They also form the framework for our presentation of the following report.



LONG TERM CORPORATE GOALS

1

Promote, work and live safety achieving positive health and safety outcomes for employees and the public.

The potential danger associated with the product we work with everyday cannot be overstated. It is critical that the utility's primary focus remain on the safety of our staff and the public.

2

Pursue being better in everything we do resulting in increased shareholder and customer value.

SYNERGY NORTH Corporation is a valuable asset, owned by the City of Thunder Bay and the City of Kenora. The owners have the right to expect that the value of this asset will increase. The Board and Management of the utility must make this growth a priority.

3

Supply electricity and related services in a trustworthy, fair and dependable manner supporting our customers in achieving their goals.

The provision of electricity to the residents and businesses in Thunder Bay, Kenora and the Fort William First Nation is our reason for existence and is critical to the economy and the quality of life of residents throughout our service territories.

4

Lead where we live and operate as an integral part of the community.

Notwithstanding that SYNERGY NORTH Corporation is a business, we strive to be part of the fabric of the communities we serve, supporting local events, assisting with local initiatives and being present where needed and called upon.

AREAS OF FOCUS

AREAS OF FOCUS

Our Customers

SYNERGY NORTH Corporation exists to provide reliable electricity supply and related services to our customers and our community. Meeting this obligation requires an understanding of our customer's needs and expectations, and a commitment to delivering a high level of service in a trustworthy, fair and dependable manner. It also entails being in the communities we serve in a visible and meaningful way outside of just providing electricity and related services.



Our People

Our employees are important to us. They are the ones who service our customers. We need them and we are committed to ensuring them a healthy and safe working environment in all aspects. Safety is our number one priority and SYNERGY NORTH Corporation has established itself as an industry and community leader in the area of Health & Safety. This culture is not for work alone but also for our employees' personal lives and within the broader communities we serve.



Our Assets

At its core SYNERGY NORTH Corporation's business is the safe, reliable delivery of electricity to the residents and businesses in our service territories. To achieve this, a well-developed, long-term approach to infrastructure investment and maintenance is critical. The financial pressures associated with the utility industry make it imperative that utilities make effective, risk based Capital and Operating Expenditure decisions.

A key component of protecting and growing shareholder value is constantly improving the efficiency and output of the utility's complex work systems and processes.



2022 HIGHLIGHTS



\$1,514,220

in facilitated financial assistance to customers



\$43,353

in community donations



90%

Overall Customer Satisfaction



6,324

customer account moves/closures



3,914

Customers on Tiered Pricing



52,093

Customers on Time-Of-Use Pricing

21 
Safety Training Sessions
attended by Employees

92% 
of employees believe
Safety is a Top Priority

 **89%**
of employees
would recommend
SYNERGY NORTH as
a great place to work

 **19**
employees on **38**
different industry
groups and committees

\$15,390,000 
in construction of capital projects on
infrastructure to support distribution and reliability

Reliability Average:

SAIDI:
1.43

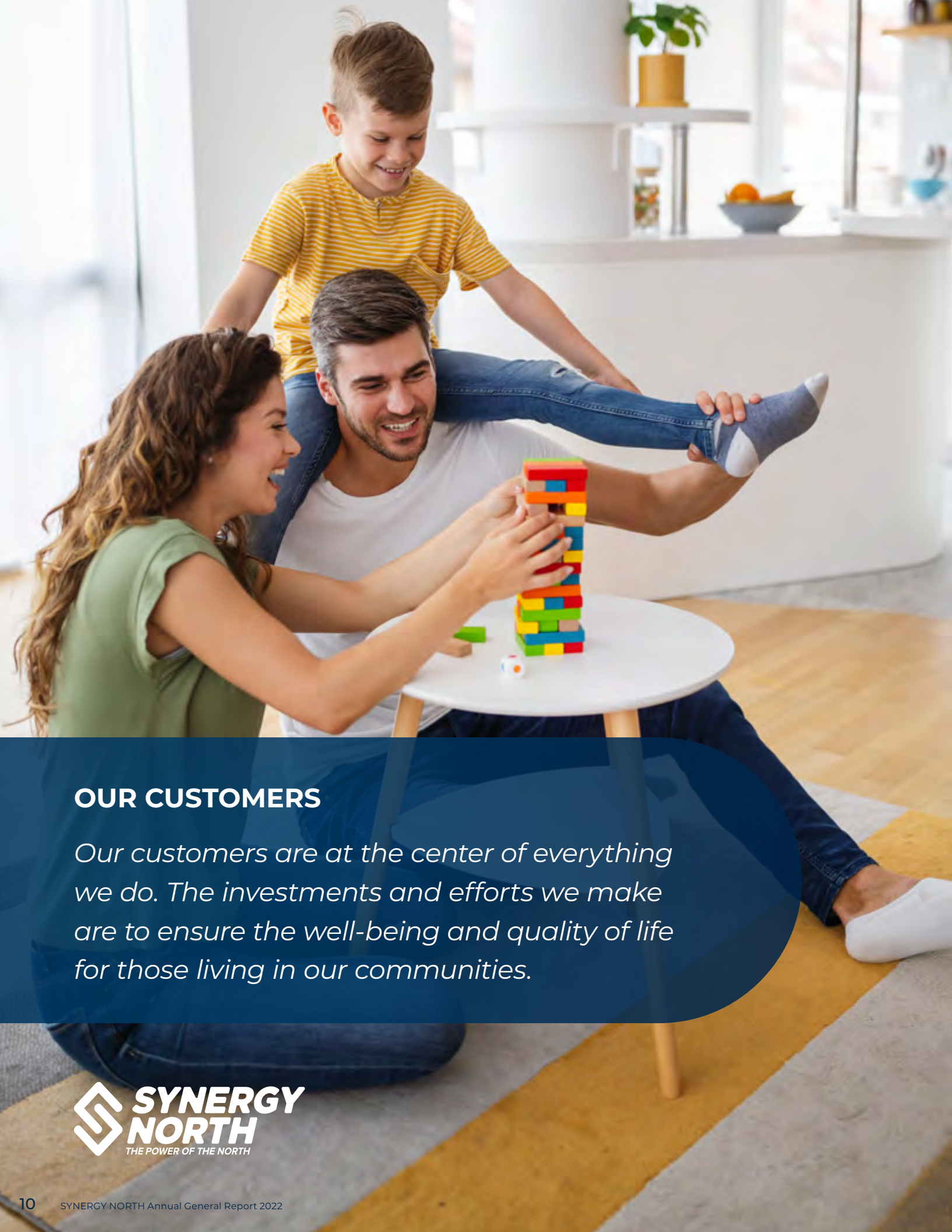
SAIFI:
2.81



Achieved ESA
22/04 Audit
Full Compliance
for 10+ years



802
homes powered
by renewable
assets to date.



OUR CUSTOMERS

Our customers are at the center of everything we do. The investments and efforts we make are to ensure the well-being and quality of life for those living in our communities.



OUR CUSTOMERS

Customer Portal

SYNERGY NORTH customers can now enjoy the benefits of a new Customer Service Portal. The improved dashboard will continue to enhance customer experience and ensure our customers have easy access to their accounts.

Launched in November, the new portal has the same functionality as its predecessor including the ability to view bills online, track electricity consumption, view account information, and move electricity services. The enhanced portal will also support SYNERGY NORTH in launching new features such as Green Button and our EV module in the coming months.

Affordability

SYNERGY NORTH remains sensitive to the needs of our low-income customers. We continue to connect them with assistance programs that provide relief to their affordability concerns, such as the Low-income Energy Assistance Program and the Ontario Energy Support Program.

Low-income Energy Assistance Program (LEAP)

SYNERGY NORTH understands that the financial impacts of the pandemic are still affecting our customers. LEAP was available to help our most vulnerable customers, providing \$31,844.41 to 66 customers.

Ontario Electricity Support Program (OESP)

OESP provided 2,239 qualifying low-income customers with \$1,482,375.73 in support on their monthly electricity bill.

Customer Engagement Platform

SYNERGY NORTH launched a new customer engagement platform that allows our communities to provide feedback on our five-year planning process. The site will be used to collect input from residential, small business, and commercial customers as we develop our 2024 Rate Application, which is scheduled for submission to the Ontario Energy Board in the summer of 2023.

The new site provides easy access for customers to contribute ideas on future development through online surveys, Q&A's, idea forums, and educational content. Customers can voice their opinions on a variety of topics such as reliability, cost, sustainability, safety, vegetation management, and infrastructure replacement.

20,350
MYENERGY
customers



1,405
new members

Customer Satisfaction Survey

SYNERGY NORTH commissioned Brickworks Communications to conduct the 2022 Customer Satisfaction Survey to gather customer input on our operations and services:

90%

- ▶ Overall Customer Satisfaction

93%

- ▶ Provides consistent, reliable energy

87%

- ▶ Quickly handles outages and restores power

91%

- ▶ Is a trusted and trustworthy company

87%

- ▶ Is a respected company in the community

“We are focused on ensuring we incorporate customer feedback into our long term plans”

Andy Armitage, SYNERGY NORTH Vice President, Customer Care, IT & Strategic Planning

OUR CUSTOMERS

Neighbourhood Meetings

In 2022, SYNERGY NORTH continued conversations with customers throughout the planning process of our capital projects. Online meetings were held with customers to learn about construction work that would soon be conducted in their neighbourhoods, ask questions, and provide comments. These meetings provide greater awareness, further project details, and a chance to voice opinions and concerns.

Eight virtual Neighbourhood Meetings occurred for the following areas:

- ▶ Donald Street/Vickers Street
- ▶ University Drive/Sherbrooke Street
- ▶ Inglewood Crescent /Ashland Place
- ▶ Spruce Court/Hemlock Avenue
- ▶ Windsor Street/John Street (21F6 Phase One)
- ▶ Industrial Park (Alloy Drive /Central Avenue)
- ▶ Edward Street/Ironwood Avenue
- ▶ Valley Street/Skyline Avenue



Local Advisory Council

Our Local Advisory Council continues to be one of our most valuable relationships and is an integral part of our customer-facing decisions. The Local Advisory Council includes community members with various personal and professional backgrounds to maintain a diverse and shared voice on company matters.

The committee met several times throughout the year and discussed company issues and initiatives of significance including:

Vegetation Management

SYNERGY NORTH's Asset Management & Engineering team presented questions about our new robust vegetation maintenance plan, specifically how best to communicate with customers about the increased tree trimming activity and costs. Their feedback served as guide for communicating the new plan to customers and gave insight as to how the greater community will respond to the change.

Customer Engagement

The flagship survey on our new Customer Engagement platform was the Phase One Capital Investment Planning survey. This survey was the first engagement

with customers in preparation for our 2024 Cost of Service filing and aimed to give SYNERGY NORTH an idea of what projects, upgrades to infrastructure and options customers would like to see in the future.

The committee had a first look at the survey and provided opinions on question structure, phrasing, and presentation, in addition to survey participation. The insight gathered in this engagement not only informed the Planning survey but has served as the foundation for subsequent survey's as well.

Environmental, Sustainability and Governance

Like many corporations, SYNERGY NORTH is focusing in on its Environmental, Sustainability and Governance practices. The Local Advisory Council was consulted to gauge how customers currently perceive SYNERGY NORTH on these matters and to understand which of these practices is most important to them.

As we work on this strategy in the coming year, we will continue conversations with the committee to ensure our customers are best represented.

OUR CUSTOMERS

Supporting Electrification

The Government of Canada plans to support the transition of all public transit systems to cleaner electric power in the next five years. Developing the framework for an electric transit system, in addition to integrating it with our distribution network is not without its challenges.

To address these challenges SYNERGY NORTH in partnership with Lakehead University, BluWave-ai, and the City of Thunder Bay are working together to design a state-of-art AI data-driven simulation platform that will provide comprehensive decision support that eventually will accelerate the adoption of the green transit system in Thunder Bay. Data-driven AI is becoming more common for operational decision-making as it removes human bias, can process large amounts of data, and can comfortably handle non-linear data, in record speed.

Electrification projects such as this once completed, will lead to significant GHG reductions. These savings can be invested back locally to drive municipal economic development and growth over time leading to the creation of more job opportunities.

Electric Vehicles

Our customers are becoming increasingly interested in EV's, and we have commenced a comprehensive plan to prepare for Ontario's EV market transformation.

Dedicated EV Customer Web Portal

EV's and charging stations will play an increasingly important role in Thunder Bay and Kenora's electricity grid. To better serve our customers and meet those expectations we have developed an EV portal where customers can come to gather and share information about their EV's. The portal is the first step in our growing relationship with EV owners in Northwestern Ontario.

EV Dealer Relationship

We began work with Car Dealerships in the district to develop a marketing strategy that help to connect SYNERGY NORTH with new EV owners in Northwestern Ontario.



SYNERGY NORTH was a vendor at the Thunder Bay EV Show.

"It was great to have Synergy North involved and at our local EV show as a vendor supporting local EV owners. Connecting with EV owners on the ground level will help SYNERGY NORTH to better understand and serve this segment for future years to come in Thunder Bay and Kenora. Owners benefit by getting accurate information about the grid we rely on for our EV life".

-Ken Shields - Electric Vehicle Association of Northern Ontario (EVANO)



Our Renewable Energy and Human Resources & Safety team members presented to and met with members of the Outland Youth Project.

Synergy North in the Community

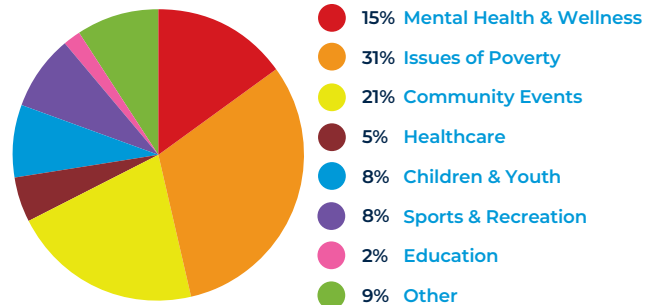
Outland Youth Project

Featuring an inclusive approach to Indigenous education, recruitment, retention, the Outland Youth Project provides a safe and predictable learning environment for high-school aged Indigenous youth.

In support of their program initiatives, our Renewable Energy and Human Resources & Safety departments presented to the students on SYNERGY NORTH's SEED initiative, as well as career pathways at SYNERGY NORTH and provided tips for applying for jobs. It was a positive experience meeting with regional and community students to support interest in what SYNERGY NORTH does and how to become a part of our future workforce.

Supporting Our Communities

At SYNERGY NORTH we care about our communities, and we seek partnerships with local groups that will strengthen and make a difference in people's lives.



"In 2022, SYNERGY NORTH donated \$43,353 to various non-profit organizations and initiatives throughout Thunder Bay and Kenora."

OUR CUSTOMERS



Canadian Mental Health Association
Thunder Bay
Mental health for all

SYNERGY NORTH donated over \$6,000 to the local Canadian Mental Health Association branches in Thunder Bay and Kenora through our electronic billing campaign. SYNERGY NORTH encouraged customers to make the transition to electronic billing by committing to donate \$5 to the selected charity for each new enrollment.



At SYNERGY NORTH we believe in supporting those who work to strengthen our community. Evergreen: A United Neighbourhood works to support children, youth and families who live in the Simpson, Ogden community in Thunder Bay. SYNERGY NORTH donated a total of \$7,500 to support their efforts to create a safe space for community members to meet, learn and share together.



United Way
Thunder Bay

In support of our on-going annual commitment, the United Way Committee held several internal fundraising campaigns, including 50/50 draws, and our second annual fishing derby. With proceeds from fundraising, staff payroll donations, and corporate matching, SYNERGY NORTH raised \$3,018 for United Way of Thunder Bay.



Our Human Resources & Safety team members visited several schools during the spring to talk about electrical safety in our community.

School Programs

To better connect with families in our communities, SYNERGY NORTH employees and their children attended the Year End BBQ's for five schools in the City of Thunder Bay to provide information to students, teachers, and parents regarding electrical safety. Our presence at these events was a huge success as we reached over 2,500 parents and children.

Business Energy Advocate Program

2022 was the second year for the Business Energy Advocate Program (BEAP), which saw the initiative gain momentum in the business communities of Thunder Bay and Kenora. The program aims to bring value to businesses in our community with guidance on billing, energy usage and available funding in their regions.

Through BEAP, SYNERGY NORTH's Business Relationship Coordinator assisted 20 businesses in executing energy action plans in 2022.



- 29** Business were contacted, and scoping meeting held
- 20** BEAP action plans developed
- 20** Business plans executed

- 22** Small Businesses (Below 50 kW)
Held scoping meetings with
- 4** Medium Businesses (50 kW - 999 kW)
Held scoping meetings with
- 3** Large Businesses (1000 kW +)
Held scoping meetings with

"Working with Synergy North confirmed analysis of all incentive programs available to our project. Their informed research ensured that our capital projects received the maximum incentives currently available from the various funding agencies."

Ed Schmidtke, President & CEO, Thunder Bay International Airports Authority

OUR PEOPLE

Our employees are vital to our success. Their passion and dedication for the work they do and for their communities will lead us forward into a sustainable future.



OUR PEOPLE

OUR PEOPLE

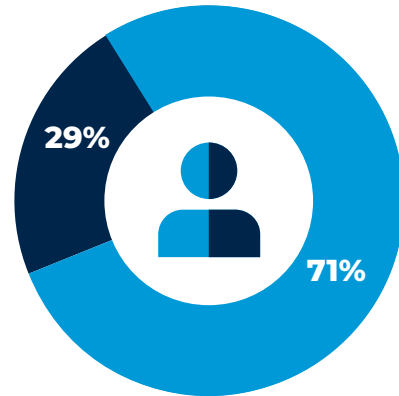


91% Full Time
9% Part Time

Our Employees

15
New Hires

2
Retirees



71% Union
29% Management

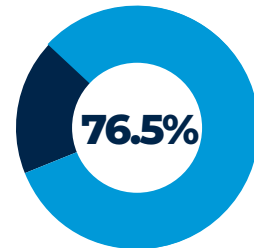
Employee Engagement Survey

SYNERGY NORTH values feedback from our employees as we continually seek to improve and grow. Some highlights from this year's survey include:

92%
agree that
safety is our
#1 priority.

92%
understand how their
work contributes to
their division's goals.

87%
are proud to tell
people they work
at SYNERGY NORTH



91%
know what is
expected of
them at work.

89%
enjoy working
at SYNERGY
NORTH.

89%
would recommend
SYNERGY NORTH as a
great place to work

**% of Employee
Reporting
Positive
Engagement**

Employee Health & Safety

Our safety record is something we are proud of and would not have been possible without the dedication and commitment of all our staff, as well as our Health and Safety committees. As of December 31st, 2022, SYNERGY NORTH achieved 210 days without a lost time injury.

as of Dec. 31 2022

210 days

without a Lost-Time Incident



OUR PEOPLE

Mental Health & Wellness

The SYNERGY NORTH Wellness Committee was established towards the end of 2022. The purpose of the Wellness Committee is to replace the Employee & Family Assistance Program (EFAP) that has been in place for over two decades. The New Wellness Committee will focus on our EFAP as well as a wider range of programs, resources and activities supporting SYNERGY NORTH employee's mental and physical health.

Employee Learning

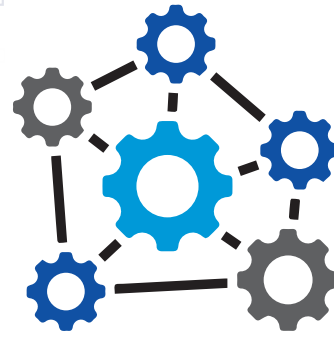
Like many organizations today, Synergy North faces multidimensional issues and challenges that require solutions and thinking beyond basic problem solving. To empower our management team to lead, develop and challenge one another and their teams, we leveraged Harvard Manage Mentor, an online learning centre offering leading-edge leadership resources. This year, the management team completed two modules via self-directed and in-person learning with instruction from subject experts. These modules were Innovation & Creativity and Coaching.

Committed to Safety Video Series

SYNERGY NORTH began a new video series project highlighting our corporate vision and values, safety initiatives, and community outreach in both Thunder Bay and Kenora. The video series comprised three videos featuring SYNERGY NORTH employees.

Connections Committee

At SYNERGY NORTH, we strive to lead by example through investing in and supporting the organizations, initiatives, and people of our communities. The SYNERGY NORTH Connections Committee was established to encourage staff involvement and transparency of Corporate Donations, Community Sponsorships, and Corporate Volunteerism; and will be managed by Corporate Communications in conjunction with the SYNERGY NORTH Connections Committee.



Industry Connections

In March, the EDA held its Annual Awards ceremony where President & CEO, Tim Wilson, was announced as the new Vice Chair of the Electricity Distributors Association (EDA). This high honour allows the voice of Northwestern Ontario to be heard among Ontario's electricity distribution sector.

Additionally, former President & CEO, Robert Mace, won the Chair's Citation Award for his long and outstanding service to the EDA and industry.

The EDA Board of Directors is comprised of Local Distribution Company leaders who are meticulously selected to provide a geographical representation of electricity providers in Ontario.

Congratulations to Tim Wilson and Robert Mace on their recognition of excellence!

"Customers have built long-standing relationships with their local hydro utilities, and as an elected representative of Northwestern Ontario, I look forward to working closely with other utility and government leaders to ensure our customers receive safe, reliable, and more affordable electricity"

Tim Wilson SYNERGY NORTH President & CEO

“Our employees work hard to stay safe around electricity and this effort extends beyond themselves and into our communities we serve.”

Andrew Covello, Vice President, Human Resources, Safety & Corporate Risk/Chief Privacy Officer





OUR ASSETS

Reliable electricity service is our core business.

We are responsible for powering the lives of our communities through our capital investments in our system and are accountable for doing so effectively and efficiently.

OUR ASSETS

Electricity Distribution Assets

SYNERGY NORTH strives to maintain and improves its distribution system to ensure the delivery of reliable electricity services to homes and businesses in our communities.

SERVICE AREA (Square km)
441

Transformers
7,673

Poles
23,397

Underground Powerlines
277
(km)

Overhead Powerlines
993
(km)

Operational Performance

In 2022, our overall SAIDI (System Average Interruption Duration Index) average was 1.43. SAIDI indicates the average amount of time a customer would expect their power to be interrupted in a calendar year. Our overall SAIFI (System Average Interruption Frequency Index) average for 2022 was 2.81. SAIFI indicates how often the average customer experiences an interruption in a calendar year.

Both statistics include the inclement weather experienced in Thunder Bay and Kenora during the spring, where the region received significant wet and heavy snow for three consecutive weeks in April. The severe weather caused significant damage throughout the region which resulted in Hydro One requesting Mutual Assistance from SYNERGY NORTH.

We also completed several enhancements to our system in 2022 specifically aimed at improving reliability. Completion of the final gatekeeper replacements and improvements to importing GIS and Customer data into the Outage Management System will provide more accurate outage reporting and notification for customers during a power outage allowing for a quicker response time. In addition, a review and updates to our outage management procedures will define clear roles and responsibilities for employees in an emergency, ensuring our restoration process remains efficient and effective.

SAIFI Last 10 years. Current Year by Month



SAIDI Last 10 years. Current Year by Month



GRID ASSETS

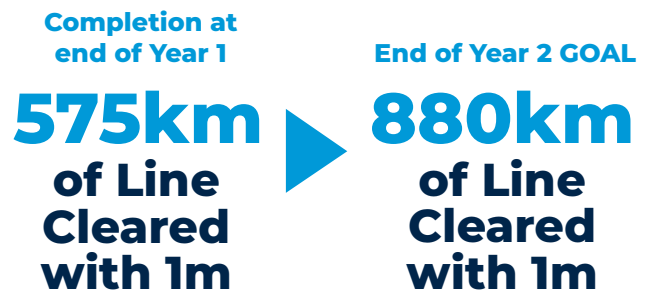
OUR ASSETS



Vegetation Management

SYNERGY NORTH must trim trees in proximity to overhead lines to avoid trees contacting lines for safety and reliability. In 2022, we prepared a Vegetation Management Plan from data gathered through a Lidar (Light detection and ranging) data survey. Lidar data is collected using aircraft equipped with sensors that detect the reflections of a pulsed laser beam. After this data is converted, our team can identify everything on the surface, including structures and vegetation. Using this data, our team accurately visualized the exact amount and distance of vegetation in proximity to our overhead lines to create a focused vegetation management plan.

Historically, SYNERGY NORTH has trimmed trees reactively in our geographic regions to maintain safe clearances. The LIDAR data collected in the initial stages of the Vegetation Management plan demonstrated a need for SYNERGY NORTH to increase its efforts and investments in tree trimming to reposition itself to proactively managing tree clearances to meet safety standards. 2022 marked the first year of our ambitious tree trimming plan to reduce tree-related outages and maintain safe distances.



“By the end of 2022, Synergy North, with its approved subcontractors, cleared all vegetation within one metre of overhead lines for 575 kilometres of its distribution system.”

Garrett Moulard Vice President, Lines Construction, Maintenance & Operations

Grid Modernization

An essential element for SYNERGY NORTH to build a more sustainable grid of the future is installing automated switching systems. In 2022, we completed the design, installation, and commissioning of automated padmount switchgear for the Thunder Bay Downtown North Core, one of the main sources of electricity in the city. Automated switching systems offer an important boost to reliability because they allow system control operators to isolate and bypass problems in a matter of minutes, a fraction of the time it takes to send field crews to perform the same switching operations. It means customers get power back much faster.

\$390,000
of Capital Investment to support system reliability

OUR ASSETS

Capital Construction

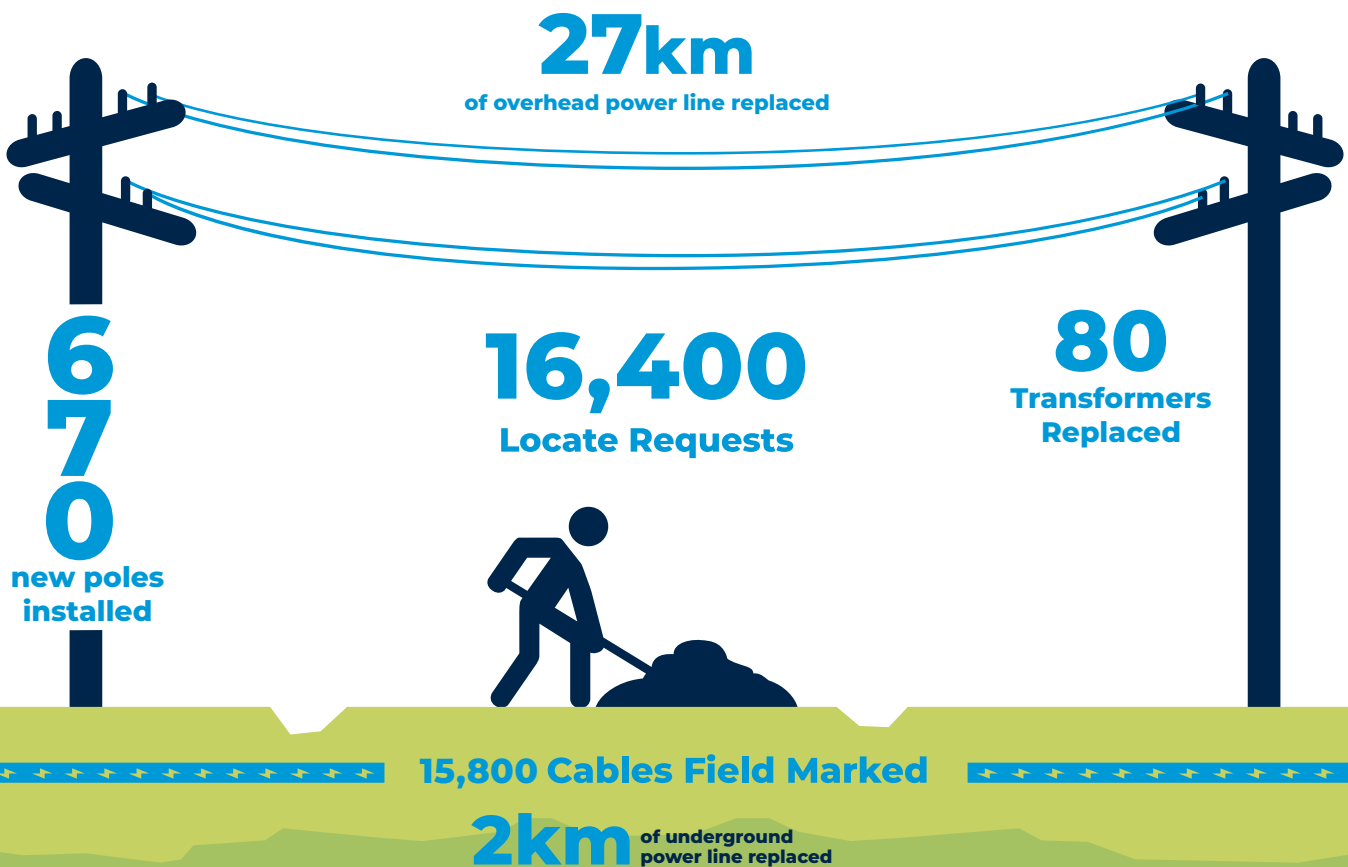
System upgrades took place in the following neighbourhoods:

- ▶ Grandview Area (21F1 Phase 2)
- ▶ College Street/ Tupper Street
- ▶ Valley Street/Skyline Avenue
- ▶ Donald Street/Edward Street
- ▶ Edward Street/Ironwood Avenue
- ▶ Edward Street/William Street
- ▶ Spruce Court/Hemlock Avenue
- ▶ Agate Bay/Amethyst Crescent
- ▶ Kingsway Avenue/Walsh Street
- ▶ Industrial Park (Alloy Drive /Central Avenue)

\$15.39M
total investments

“Completion of our robust capital program in 2022 was a great achievement. Reliability is important to our customers and would not be possible without our continued investments in our system.”

Karla Bailey Vice President, System Planning, Asset Management & Engineering





Cyber Security Investments

Security of customer information is our top priority. At SYNERGY NORTH we have continued to enhance our cyber security posture in a continuously evolving threat landscape. Throughout 2022, we invested in projects that deploy advanced technologies to monitor and detect potential threats in real-time, allowing for quicker response times to mitigate potential damages across its major networks. Our IT & Security team also completed projects that improve device security to identify and stop next-generation and emerging threats, to automate investigation and remediation activities, and to audit and track vulnerabilities across its assets.

Through the implementation of new security controls and programs, and through ongoing training programs for employees, we have been able to reduce the attack surface of our organization. These efforts have resulted in a more secure digital environment for SYNERGY NORTH and its stakeholders, demonstrating its commitment to protecting sensitive information and maintaining trust with customers and partners.

The enhanced measures addressing cyber security are critical in ensuring SYNERGY NORTH's business continuity and building resilience against constantly evolving cyber threats.

Environmental Performance

To date our renewable assets has prevented 529,273 tonnes of methane emissions from entering our atmosphere and have generated enough to power 18,744 homes.

2022 also saw the conclusion of our delivery of Conservation Demand Management (CDM) programs in the region. As these programs ended, the final business incentives were processed to support our communities. SYNERGY NORTH helped six businesses throughout Thunder Bay and Kenora receive \$54,800 through CDM incentive programs.

We are proud of the accomplishments our CDM programs have made over the course of the past six years; achieving 26,582,548 kWh in energy savings for the communities of Thunder Bay and Kenora. In the absence of these programs, SYNERGY NORTH will continue to develop and invest in new opportunities for energy conservation that will benefit our customers.

320,030 kWh
saved in 2022



*Enough to
power **33**
homes for
one year*

COVID ASSETS

OUR ASSETS

Material Procurement Issues

In 2022, Synergy North continued to face many material procurement issues stemming from a variety of sources, including COVID-19, raw material shortages, and manufacturer staffing shortages. These sources, first surfacing in 2020, resulted in increased purchasing costs and extended delivery lead times for many commonly used items, including conductor, transformers, and insulators.

As the duration of these issues were unknown, SYNERGY NORTH took steps to prepare for the likely case that these issues would persist beyond the COVID-19 pandemic. These steps included reaching out to new manufacturers, approving more alternates and equivalents for common stock items, and completing material requirement projections earlier. In completing these steps, we have been successful in acquiring the required materials to continue our planned Capital Projects and maintenance efforts.

“Primary Cable, had lead time increases from 6 weeks (2019) to 34 weeks (2022), as well certain Transformers, saw lead time increases from 10 weeks (2019) to 68 weeks (2022)”



FINANCIAL HIGHLIGHTS

| Statement of Comprehensive Income | |
|---|---------------|
| Revenues | \$147,670,963 |
| Expenses | \$144,726,001 |
| Earnings Before Taxes | \$2,944,962 |
| Payments In Lieu of Corporate Taxes | \$976,925 |
| Earnings For Year | \$1,968,037 |
| Statement of Financial Position | |
| Net capital expenditures for the year | \$13,543,579 |
| <i>Financial highlights for SYNERGY NORTH Corporation are not consolidated for 2022</i> | |



GOVERNANCE

Board of Directors

Gary Armstrong, FCPA, FCMA^{1,2}
Board Chair

Mark Bentz¹
Director

Denise Carpenter, ICD.D^{*2}
Director

Barb Eccles, HBSc, JD, LL.M, ICD.D¹
Director

John McDougall^{*1}
Director & Chair, Governance Committee

Jonathan Webber, MBA, CPA, CPHR, ICD.D^{*2}
Director & Chair, Audit Committee

Murray Walberg, MBA, ICD.D^{*1}
Director

Ash Sahi, MBA, C.Dir^{*2}
Director

*Independent Directors
1 Governance Committee Member
2 Audit Committee Member

Executive Management Team

Tim Wilson, MBA Energy
President & Chief Executive Officer

Andy Armitage, MBA
Vice President, Customer Care, IT & Strategic Planning

Karla Bailey, P.Eng, MBA
Vice President, System Planning, Asset Management & Engineering

Aaron Blazina, CPA, CA
Vice President, Finance, Regulatory Affairs & Purchasing

Andrew Covello, CHRL, CHRE
Vice President, Human Resources, Safety & Corporate Risk/Chief Privacy Officer

Garrett Moulard
Vice President, Lines & Operations





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synergynorth.ca

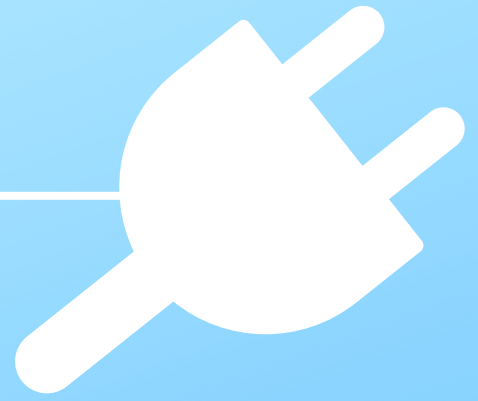


EXHIBIT 1

ATTACHMENT 1 - J

APPENDIX 2-AC

**Appendix 2-AC
 Ongoing Customer Engagement Activities Summary**

| Provide a list of customer engagement activities | Provide a list of customer needs and preferences identified through each engagement activity | Actions taken to respond to identified needs and preferences. If no action was taken, explain why. |
|--|---|---|
| <p>Customer Satisfaction Survey - Residential and Small Commercial Customers - (Annual, latest survey completed Fall 2022)</p> <p>Total number of residential customers engaged: 400 (Thunder Bay=360, Kenora=40)</p> | <p>SNC has engaged UtilityPULSE / Brickworks to conduct a Customer Satisfaction Survey. The primary objective of the survey is to provide information that supports discussions about improving customer care at every level of SNC. The survey results were based on 402 one-on-one telephone interviews, chosen from a random sample of customers.</p> <p>Each customer response/score in the annual survey is carefully analyzed and is an important indicator/influencer of what needs to be reviewed in SNC processes and/or services.</p> <p>Summary of aggregated phone survey results:</p> <ul style="list-style-type: none"> - Input from customers was positive and above provincial and national standards. Some notable statistics include: - Overall Customer Satisfaction (2022= 90%, 2021= 91%, 2019 = 88%). - Reliability Satisfaction (2022=93%, 2021=92%) - Customer Service Satisfaction (2022=90%, 2021=88%) - Net Promoter Score (2022=36, 2021=75) - Customer Satisfaction Index (2022=83.4%, 2021=84%) <p>Customers expressed a need for the following:</p> <ul style="list-style-type: none"> - Digitization of services. - Outbound and proactive communications. - Reliable and safe electricity. - Continued improvements to ensure reliability, reduce outages and duration of outages, especially during extreme weather events. - Enhanced cyber security. - Education on incentive programs, conservation and understanding their bills. | <p>For many years, SNC has analyzed customer survey responses and made improvements to better meet customer expectations as identified in the surveys. Although overall satisfaction scores have remained high, there is always room for improvement.</p> <p>In response to residential customer feedback, SNC has:</p> <ul style="list-style-type: none"> - Developed a new, user friendly website that customers can quickly and easily get questions answered - Update our outage map in real time to give customers outage information/restoration times Use social media (Twitter and Facebook) to update outage information - Developed an IT Roadmap to ensure customers' information is secure. - added self service options for our customers which include opening, moving, closing of accounts and pre-authorized debit. - have utilized auto calls for past due accounts and planned power outages. Also used it to advise customers of the Affordability Fund Trust Programs. Plan to further use these for vegetation management and neighbourhood notices to have quicker means of communication. - CSRs are now able to work from home and can be logged in quicker to respond to outage calls. - With now posting on social media and outage map, afterhours response time for from system control is quicker due to decreased calls being pushed to the trouble line. |
| <p># Inbound phone calls / Customer phone calls related to new accounts, bill inquiries, etc. (Ongoing)</p> <p>- 2017 - 46,733 calls, 2018 - 42,837 calls, 2019 - 51,014 calls, 2020- 48,032 calls, 2021 - 43,300 calls, 2022 - 46,620 calls</p> | <p>Customers primarily engage with SNC for the following needs:</p> <ul style="list-style-type: none"> -Need to explain the bill, -Need to make payment arrangements, -account balances, -billing inquiries, -services such as e-Billing, TOU rates, outages, bill components, high bills -inquire as to low income assistance programs available, etc. -New accounts, moving accounts and closing of accounts <p>Reminded of the need to focus on affordable rates</p> <p>Identified need to assist customers with billing and energy literacy information</p> <p>Identified need for e-billing and self-service options</p> <p>Customers expressed need for more information when signing for a new account, moving an account or closing an account.</p> | <ul style="list-style-type: none"> Trained all front office staff to handle inquiries/expanded training for CSRs to deal with payment arrangements (AMP) liaise with LSPC and KDSB to offer LEAP Website enhancement for low-income programs (OESP) Update website with current bill information Increased CDM activities to assist with conservation, promotion of MyEnergy to assist customers with consumption management. Successfully implemented and executed the BHT for customers along with Offer more self-service options for customers Marketed e-billing service and launched "MyEnergy" (self-service portal) in 2014. MyEnergy allows customers to sign for service, sign up for pre-authorized, monitor their usage and move or close accounts. Enhanced this service with a new portal in 2022. Continued focus on monitoring of bill impacts and maintaining competitive distribution rates Redesigned the SNC website when Thunder Bay and Kenora merged to make it user friendly. Found which pages customers accessed most and made them easily accessible. created Welcome, Move and Closing of account packages to email to customers to provide them with information |
| <p>Customer phone calls related to storms and outages, maintenance projects and vegetation management (Ongoing)</p> | <p>Identified need for social media information source on storm outages</p> <p>Identified need to provide customers with more on-line information with regard to outages, including visual depiction</p> | <p>Launched social media channels (Twitter and Facebook) in 2014</p> <p>Implementation of OMS with linkage to distribution system mapping in order to display the outage geographically on the EPI website for late 2015. Map is updated as more information becomes known as is social media.</p> |
| <p>Inbound Customer service inquiries via social media</p> | <p>SNC addresses all social media inquiries across all platforms.</p> | <ul style="list-style-type: none"> - SNC has social media accounts on Facebook, Twitter and LinkedIn. - These accounts are used to communicate with customers about Unplanned Power Outages, Safety Education, SNC programming and customer service options/announcements. |
| <p>Automated Phone Calls</p> | <p>Automated calls for past due accounts started in 2018. Identified that they could be utilized in other aspects of the company.</p> | <p>LDC began utilizing automated phone calls to assist in communication for planned power outages in 2021. Looking to start using automated calls for our neighbourhood meetings as well.</p> |

Completing Appendix 2-AC is optional

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Appendix 2-AC

| | | |
|---|--|---|
| # Inbound written inquiries responded to: - 2017 - 271 inquiries, 2018 - 451 inquiries, 2019 - 724 inquiries, 2020 - 737 inquiries, 2021 - 893 inquiries, 2022 - 501 inquiries | Need to explain the bill, need to make payment arrangements, account balances, billing inquiries, services such as e-Billing, TOU rates, outages, conservation programs, bill components, inquire as to low income assistance programs available, new accounts, transferring of services and closing accounts etc. - customers expressed a need for sending in pre-authorized through the MyEnergy portal | Trained all front office staff to handle inquiries - created pre-authorized form on portal as another self service option in 2019 |
| Bill Messages, for both electronic billing and paper billing (On-going) | Monthly billing provides opportunity for SNC to easily and frequently interact with all its customers. | Bill Messages are scheduled throughout the year with monthly invoices on various topics such as low income programs, rate changes, safety and new programs (e-Billing and MyEnergy). |
| Vegetation Maintenance Program (On-going) | Need to confirm scope of work on each property to safely establish right of way. | - Notices of Annual Tree Trimming to all customers in the area with an explanation as to why this work is necessary. This is sent prior to work being completed in the area. If customers have further inquiries, they are directed to call the Utility Arborist Coordinator. - Forestry projects that are integrated within Capital Construction work are also presented to affected customers during SNC Neighbourhood meetings. These meetings are held both virtually and in-person and foster open communication between customers and SNC engineering for feedback on project scope and timelines. |
| Approximate # Forestry Customer Calls 2017 - 639 calls, 2018 - 611 calls, 2019 - 817 calls, 2020 - 760 calls, 2021 - 669 calls, 2022 - 538 calls | Customer requests to cut back trees interfering with power lines. Customers have expressed the need for trees but also the burden they cause. | Customers required to sign off on work consent before work begins. LDC will continue to investigate all customer requests. SNC has taken customer feedback about trees to create a proactive approach with tree trimming. |
| Approximate # requests for locating electrical infrastructure 2017 - 7855 requests, 2018 - 8233 requests, 2019 - 8894 requests, 2020 - 9949 requests, 2021 - 10,010 requests, 2022 - 8138 requests | Need to build new infrastructure requires electrical plant to be safely located so construction can proceed. | Locates are all now scheduled through On1Call as mandated by the Government of Ontario. On1Call then contacts LDC to set up appointment. |
| Electrical Safety Awareness Program - 118 Elementary school presentations | The goal of the Hi-Line Hazard Electrical Safety and awareness programs to educate elementary students electrical safety hazards at home and in their community. | Offer an in-classroom program for elementary school students in the Region. This program ran in-person from 2017-2019 and moved online in 2020 due to the COVID-19 pandemic. |
| Construction Projects Including: Line Rebuilds, Area Plan Development, and Line Relocations | Need for coordinated, multi utility infrastructure development according to customer schedule and budgets | LDC solicits information about plans and requests input and/or concerns from customers. Depending on the project various notifications are done - see details in exhibit 1. Pre-Construction notices are sent describing timelines and details. |
| High Consumption Energy Users | Assist customers in managing their electricity consumption and provide education. | CSRs are trained to assist customers and walk through their electricity consumption. If required, further individual meetings with customers either in-person or via telephone. Customers are provided with a historical analysis of their electricity consumption, explanation for high consumption, an evaluation of their home/equipment and solutions for lowering consumption (if able). |
| Municipal Government Consultations | Need for shared information on planning and development | Plans need to be communicated in order to ensure appropriate design or construction decisions and system planning |
| Customer Demand Work | Customer require new services, service upgrades, increased transformation, service new developments including subdivisions | Requests are managed through the Power Systems Clerks who schedule appointments accordingly for customers. |
| Trouble call response | Customer requests for information on power outages and need for power restoration | 24/7 coverage with ability to call in necessary resources to respond to most contingency situations. Staff are called in afterhours during major outage events to ensure customers are able to communicate with SNC in a timely manner. Developing and utilizing Outage Management Software as well as increase usage of social media updates. |
| CDM Participation in IESO Conservation Programs - Residential and Commercial | - Provide education and programming on how customers can reduce their energy consumption and ultimately costs through conservation efforts. | - Connect customers with IESO programs in market. |
| Future Customer Needs | - Customer desire to reduce electricity costs, participate in electricity generation and reduce power interruptions | - In partnership with Powerstream Inc., SNC first implemented the Power.House system in 2017. The system allows residential customers to reduce electricity cost by offsetting their usage with electricity generation from their own home, while also providing support to the electrical grid. - Since the inaugural installation, SNC continues to explore how customers will interact with the grid moving forward, such as storage, solar and other renewable options. - SNC has been published in three articles though IEEE on its investigation of peak load shedding. |
| Community Volunteerism (Ongoing) | SNC employees volunteer during work hours at local community organizations and events. These events include: Shelter House meal services, walks for specific causes, and community clean-ups to name a few. SNC has an employee Connections Committee that leads all community and volunteer initiatives. | - Employee empathy and sensitivity to community interaction - Employees are given the opportunity to give back to their communities outside of the electrical services provided at SNC. |

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| Business Energy Advocate Program Ongoing) - 39 Business Energy Action Plans Completed | SNC's Business Energy Advocate Program (BEAP) provides business customers in Thunder Bay and Kenora with specific guidance on billing, energy usage, and available programs in their jurisdiction. | - BEAP brings value to businesses in the SNC community by reducing energy cost expenses through innovative solutions unique to each customer. - SNC's Business Relationship Coordinator prepares individualized Energy Action Plans that support overall energy savings and options for environmentally friendly solutions. |
| Neighbourhood Meetings, (2022=9 meetings, 2021= 4 meetings) | Customers are informed of Capital Construction projects planned in their community, how they will be impacted and are given the opportunity to give feedback and voice concerns. SNC ensures that the meetings are limited to specific geographic neighbourhoods so that customers can speak with project managers in detail about construction aspects impacting their homes. Examples of this are noise level, vegetation trimming/removal, right of way access and/or infrastructure. | SYNERGY NORTH Customer Service, Engineering and Communications staff meet with customers virtually and/or in person to present Capital project details and takes customer feedback into account when finalizing designs if practical. |
| Public Safety Awareness Survey | Public Safety Initiative as per OEB Mandate. The survey is conducted every other year to a random sample of the general public. Summary of aggregated phone survey results: - Likelihood to Call Before Digging (2022= 93%, 2020= 78%, 2018 = 85.7%) - Proximity to Overhead Powerlines (2022=83%, 2020=76%, 2018=77.9%) - Proximity to Downed Powerlines (2022=81%, 2020=83%, 2018=80.1%) | SNC utilizes the Public Safety Awareness Survey results to inform its Safety Education initiatives and campaigns. |
| Chamber of Commerce events, attended annually in both Thunder Bay and Kenora service territories. | SYNERGY NORTH actively participates in its local Chamber of Commerce by supporting and attending events to interact with local business persons | Staff are able to hear their electricity concerns, provide industry education and assistance where needed. Supporter of local business awards where members of the local business community are celebrated for their successes. |
| Shareholder Meetings (Annually) | SNC meets regularly with its shareholders to discuss debt repayments, dividends, operational performance, year end financials and any other matters of significance. | SNC takes shareholder feedback and integrates into strategic planning |
| MyEnergy Portal | The MyEnergy portal gives customers the ability to view bills online, track electricity consumption, view account information, and move electricity services. Customers also can use an online calculator (based on two years of energy consumption data) to determine whether a Time-of-Use or Tiered pricing is a good fit for them. Customers registered on the portal are automatically registered for electronic billing. A need for a clear choice for a customer when choosing an electricity plan came to light. | - The customer service portal enhances customer experience and ensures SNC customers have easy access to their accounts, 24/7. - A marketing campaign was developed and delivered to encourage customers to enroll in electronic billing and the portal. - customers can easily choose the right electricity plan for themselves by using the embedded bill calculator which takes their historical usage and gives them a rate comparison between all the plans |
| Community Outreach | Customers appreciate the opportunity to discuss their concerns and account needs in-person. It also provides the opportunity for customers to provide feedback on services they have received to wish to receive. SNC offers information and education on low income support, customer offerings, safety programming and other LDC initiatives. | - Customer Service employees attend community events (local Home Shows) to interact and engage customers about their accounts and needs. -Human Resources and Safety team members attend local career fairs and gatherings to promote and answer inquiries about working at SNC and in the electrical industry. - SNC's Renewable Energy and Human Resources & Safety departments presented to students in the Outland Youth Project on SNC's SEED initiative, as well as career pathways at SNC and provided tips for applying for jobs. The Outland Youth Project provides a safe and predictable learning environment for high-school aged Indigenous youth. |
| Electric Vehicles - Our customers are becoming increasingly interested in EV's, and we have commenced a comprehensive plan to prepare for Ontario's EV market transformation. | EV's and charging stations will play an increasingly important role in Thunder Bay and Kenora's electricity grid. To better serve our customers and meet those expectations we have developed an EV portal where customers can come to gather and share information about their EV's. The portal is the first step in our growing relationship with EV owners in Northwestern Ontario. | We began work with Car Dealerships in the district to develop a marketing strategy that help to connect SYNERGY NORTH with new EV owners in Northwestern Ontario. SYNERGY NORTH was a vendor at the Thunder Bay EV Show. |
| Accessibility Policy | All customers should have the same level of service | SNC is compliant with all accessibility legislation as outlined in SYNERGY NORTH's Accessibility Plan which is posted on the company website. |
| Partnerships with external agencies to promote health and safety in the community | Sharing and promotion of best safety practices and measures to peers of SNC and the greater community. | Partnership with Active Transportation (city program) in their Be Safe Be Seen Campaign to raise awareness about the dangers of walking and biking at night. Partnership with the Canadian Red Cross, St. John's Ambulance, Lakehead Social Planning Council/211, Fire and Rescue, EMS and the City in the STORM Ready campaign. The campaign was designed to remind residents that they need to be prepared to take care of themselves and their family for 72 hours in the event of an emergency. Annual sponsor at the Health & Safety Ontario Health and Safety Conference (Forum North). LDC regularly provides speakers for this conference on topics such as contractor safety, ergonomics and best practices in safety management systems. |

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| <p>Public Safety Campaigns</p> | <p>Delivery of public safety information and education to customers based on the results of the Public Safety survey.</p> | <p>Dig Safe Campaign: - Annual Call Before You Dig promotion during Ontario One Call Dig Safe month (April). Information distributed to customers and contractors through media, social media, at area hardware suppliers, through presence at local trade shows, and signage on SNC fleet. Web page promotion with links to further related information. Annual bill messages include information and a reminder for customers to call for locates prior to digging in the ground. - Annual Damage Prevention Presentation and Breakfast: Staff from the Asset Management and Engineering Department has participated in an event with other local utilities over the last few years. The event focuses on contractor safety and excavation procedures when working in the vicinity of construction sites.</p> <p>Hit the Brakes Campaign: - As a result of shareholder feedback, SNC developed and delivered a Hit the Brakes. Not Us. campaign to support the safety and awareness of people performing roadside work this summer. The initiative urges drivers to do their part and slow down when driving through work zones for the protection of workers and our community. - Information distributed to customers and contractors through media, social media, online advertising, and signage on SNC fleet.</p> <p>Powerline Safety Week: - Powerline Safety Week promotion. Television, radio, and newspaper ads with direct messages regarding powerline safety. Communication materials provide education on safe practices around powerlines, with links to the ESA website for more information.</p> |
| <p>Enhanced Contractor Safety Management at the LDC, shared resources with other organizations in the City with significant buying power.</p> | <p>Need to assist companies hiring contractors on best practices from a Health and Safety perspective.</p> | <p>Contractor Compliance website was adopted as a method of prequalifying contractors. This community initiative also resulted in education for other organizations with significant purchasing power to do the same. With consistent standards and a simplified method for potential contractors to prequalify for work, work is done safer and over time, more contractors are eligible to bid on work, thus reducing prices. SNC has also had representatives speak at the local Partners In Prevention conference on the topic of Contractor Safety Management.</p> |
| <p>Take Your Kids to Work Day (Annually)</p> | <p>Provincial initiative where students spend the day at the workplace of a parent, relative, or friend to learn about the world of work and early career planning.</p> | <p>SNC hosts Take Your Kids to Work Day. This educates grade nine students about possible jobs at the LDC, and has evolved to include several topics including safety, conservation and renewable activities.</p> |

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**Appendix 2-AC
 Application Specific Customer Engagement Activities Summary**

| Provide a list of customer engagement activities | Provide a list of customer needs and preferences identified through each engagement activity | Actions taken to respond to identified needs and preferences. If no action was taken, explain why. |
|---|--|---|
| <p>PHASE 1: Online Customer Engagement Survey – Open to all customers/public (June 2022 to October 2022)</p> <p>Total customers engaged in Phase 1: 4,177 customers</p> <ul style="list-style-type: none"> - 4,126 residential customers - 39 small businesses - 12 commercial/Industrial customers | <p>SNC used the Bang the Table Platform to conduct an Online Customer Engagement Survey with residential and commercial/industrial customers. Customers were invited to participate via email, bill inserts, social media and SNC's website.</p> <p>Summary of aggregated Online Survey results:</p> <ul style="list-style-type: none"> - Customers believe that safety and reliability are more important than cost; however, rates are still a priority. - Customers are dissatisfied with blips and outages. They would like improved communications for when an outage occurs, the duration, and the cause. - Innovative technologies that will reduce rates over time are important to customers. - Customers like easy to use self service options - Customers would like to see more renewables and clean energy. - There is a desire for better consumption monitoring to control electricity usage. - 70% of customers said they would like regular communications from SNC via email, website or bill insert. Customers in our first survey expressed that our cybersecurity spending is sufficient. - Customers were agreeable to our vegetation management spending. Overall, customers chose an option which suggested we spend more on our vegetation program to ensure we are compliant with ESA standards. The majority of customers chose to spend between \$1.00 and \$1.50 per bill at the speed described in the survey, as opposed to the other choices contained within the survey. - Customers have consistently told us that they prefer a proactive response to our capital program, changing out equipment prior to failure in order to avoid longer outage times. - Finally, our customers have always told us that lower costs are their #1 priority. This is always the lead concern during the capital planning process, and a priority we understand and take very seriously. | <p>In response to both residential and commercial/industrial customer feedback, SNC has:</p> <ul style="list-style-type: none"> - Committed to ensuring grid infrastructure is reliable and safe with pole and switchgear replacement projects, line reconstruction work due to road widening, and the porcelain to polymer insulator replacement program. - SNC plans to elongate rate increase as indicated by customers in Phase One survey for our vegetation management. - SNC did not increase our cybersecurity budget going forward given customer feedback. SNC has changed the spending to a steady state. - SNC has identified aging equipment and vegetation in our service territories and have prioritized work based on this - SNC understands costs have risen for customers and make efforts to implement efficiencies to support cost reductions for customers as much as possible. -Plans to implement an automated text message and email service to inform customers about outages and restorations. |
| <p>Customer Engagement Platform / Have your Say at Synergy North</p> | <p>Customers also had the opportunity to openly express their thoughts, concerns or ideas with SNC through the Have Your Say Synergy site. Customers expressed they like to have an opinion when it comes to construction and tree trimming in their neighbourhoods.</p> | <p>SNC determined that education is needed for our customers anytime we are doing work in their area. Neighbourhood meetings are now being held prior to any construction project happening in our communities.</p> |

Appendix 2-AC

| | | |
|--|---|--|
| <p>PHASE 2: Online Customer Engagement Survey – Open to all customers/public (April 2023 to June 2023)</p> <p>Total customers engaged in Phase 2: 309 -267 Thunder Bay residential customers -42 Kenora residential customers</p> | <p>SNC once again employed the Bang the Table Platform to conduct an Online Customer Engagement Survey, this time primarily targeting residential customers. Customers were invited to participate via local media promotion, online advertising, radio advertising, social media, an online contest and SNC’s website.</p> <p>Engagement was categorized based upon the customers respective rate zone (i.e Kenora or Thunder Bay). Summary of aggregated Online Survey results are as follows:</p> <p>Thunder Bay Rate Zone (267 customers) - In follow-up to the Phase 1: Survey question, the majority of customers agree with a seven-year project pacing. - The majority of customers (95%) understood the operational efficiencies as presented. - The majority of customers (83%) understood the commercial funding methodology as presented. - The majority of customers (92%) supported the capital plan as presented or understood the capital is necessary. - The majority of customers (86%) understood the outcomes of the presented cost allocation. - The majority of customers (92%) understood the inflationary cost pressures. - The majority of customers (90%) understood that Synergy North has several other required costs. - The majority of customers (91%) supported the investment plan as presented or understood the required investment is necessary.</p> <p>Kenora Rate Zone (42 customers) - In follow-up to the Phase 1: Survey question, the majority of customers agree with a seven-year project pacing. - The majority of customers (81%) understood the operational efficiencies as presented. - The majority of customers (67%) understood the commercial funding methodology as presented. - The majority of customers (90%) supported the capital plan as presented or understood the capital is necessary.</p> | <p>In response to both residential and commercial/industrial customer feedback, SNC has:</p> <ul style="list-style-type: none"> - first survey set customer expectation on bill impact ranges and the second survey gave exact bill impacts to demonstrate each proposed programs - Phase 2 has allowed SNC to gain insight as to whether customers understood the impact it would have on their bill, with the majority understanding |
| <p>Local Advisory Committee (LAC) has been meeting since 2018. The committee consists of 6-8 members of our community. Members represent residential, small business and commercial customers. The LAC meets 4-5 times each year to give input on customer service, construction, outages, etc.</p> | <p>The Local Advisory Council (LAC), which represents the voice of Synergy North’s customers, was engaged during the preparation of the distribution system plan and the cost of service application. The proposals, decisions, and direction outlined in the cost of service application all stemmed from ongoing discussions between Synergy North and our LAC.</p> <p>The LAC is open to any customers interested in closer involvement with Synergy North and who want to learn more about what we do. It keeps a close focus on decisions that will impact customers, providing valuable input on customer needs and expectations. This helps shape the company’s plans as we manage an evolving electricity industry.</p> <p>The LAC was key in developing the above-mentioned customer survey’s. All content on the above referenced website and "Have Your Say" survey were closely vetted and approved by the LAC. They have provided input and insight for each discussion topic. The LAC has covered the distribution plan, power outages and the outage management system, safety, review of past customer survey results, merger overview, the Business Energy Advocate Program, planned outages and capital engagement, cost of service and customer engagement, tree trimming and economic social governance.</p> | <p>In response to feedback from the LAC, SNC has:</p> <ul style="list-style-type: none"> - Made adjustments to each customer survey in terms of verbiage, phrasing, presentation and functionality. - Gathered input on cost of service application and distribution system plans which has helped SNC prepare for anticipated customer reactions and impressions for each initiative. - Gathered input on best course of action for survey delivery. - made changes to the DSP prioritization matrix from their feedback - moved Neighbourhood meetings from online to in person |
| | | |

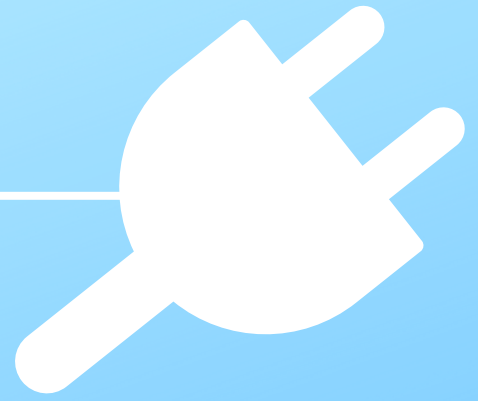


EXHIBIT 1

ATTACHMENT 1 - K

PHASE 1 AND PHASE 2

HAVE YOUR SAY SURVEY - 2023

Planning Survey

SURVEY RESPONSE REPORT

23 June 2022 - 07 June 2023

PROJECT NAME:

Help Shape Our Future Plans



SURVEY QUESTIONS

Q1 Are you a residential, small business or commercial customer?

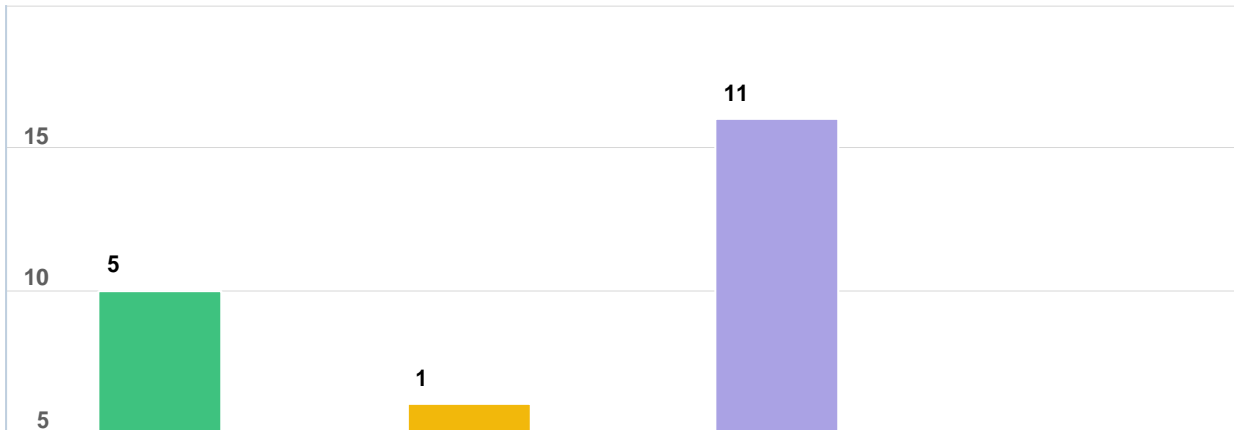


Question options

- Residential
- Small Business
- Commercial

Mandatory Question (940 response(s))

Q2 SYNERGY NORTH is committed to bringing value to our Commercial and Industrial (C&I) customers by reducing our commercial customer's energy costs expense line by five percent. To bring this value to our C&I business customers within SYNERGY NORTH and the Ontario Energy Sector, we will have an advocate from the utility to achieve these savings. SYNERGY NORTH is committed to learning about our business customer processes and finding new ways, together, to help reduce your bottom-line energy costs. Our Business Energy Advocate Program offers a variety of solutions on billing and rate education, energy usage, and available programs that can help. As a C&I customer, would you support an increase of 1% on your bill each month to implement this program?

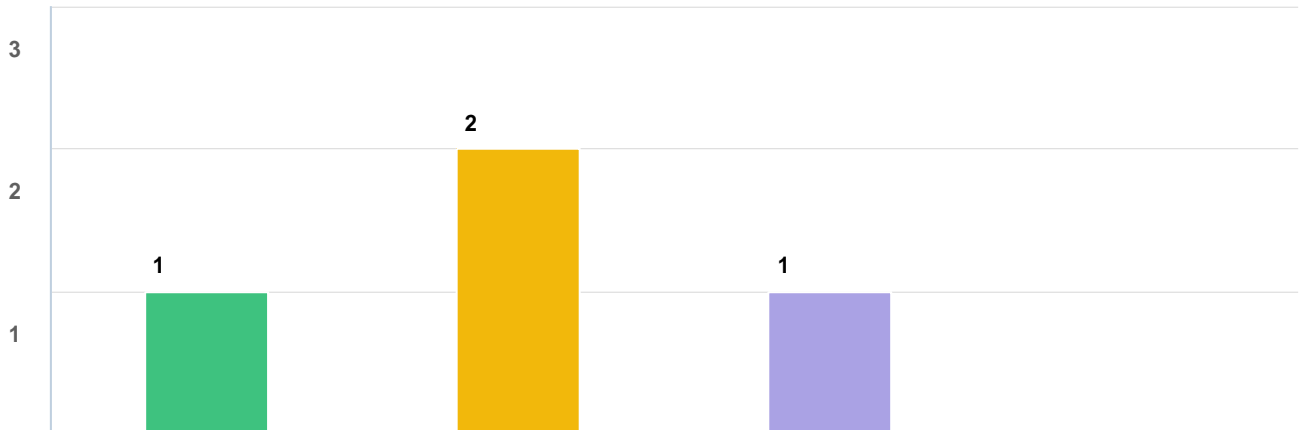


Question options

- I agree with the increase.
- That amount is too high, but I would be willing to pay a lower amount.
- I disagree with the increase.
- Other (please specify)

Optional question (17 response(s), 923 skipped)

Q3 | SYNERGY NORTH is committed to bringing value to our Commercial and Industrial (C&I) customers by reducing our commercial customer's energy costs expense line by five percent. To bring this value to our C&I business customers within SYNERGY NORTH and the Ontario Energy Sector, we will have an advocate from the utility to achieve these savings. SYNERGY NORTH is committed to learning about our business customer processes and finding new ways, together, to help reduce your bottom-line energy costs. Our Business Energy Advocate Program offers a variety of solutions on billing and rate education, energy usage, and available programs that can help. As a C&I customer, would you support an increase of 2% on your bill each month to implement this program?

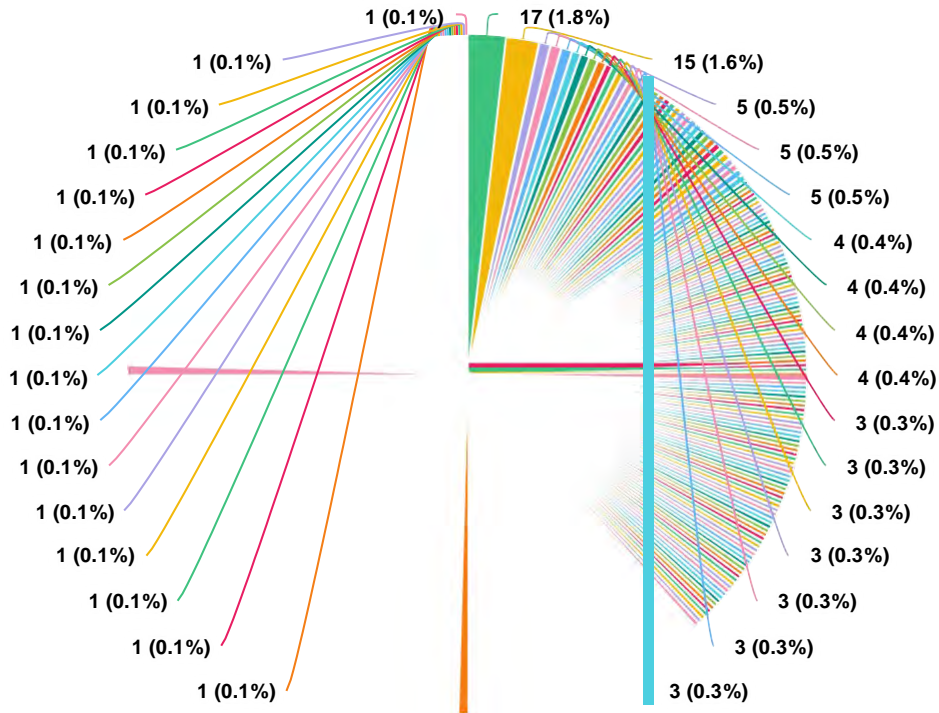


Question options

- I agree with the increase.
- That amount is too high, but I would be willing to pay a lower amount.
- I disagree with the increase.
- Other (please specify)

Optional question (4 response(s), 936 skipped)

Q4 Please enter your current postal code:



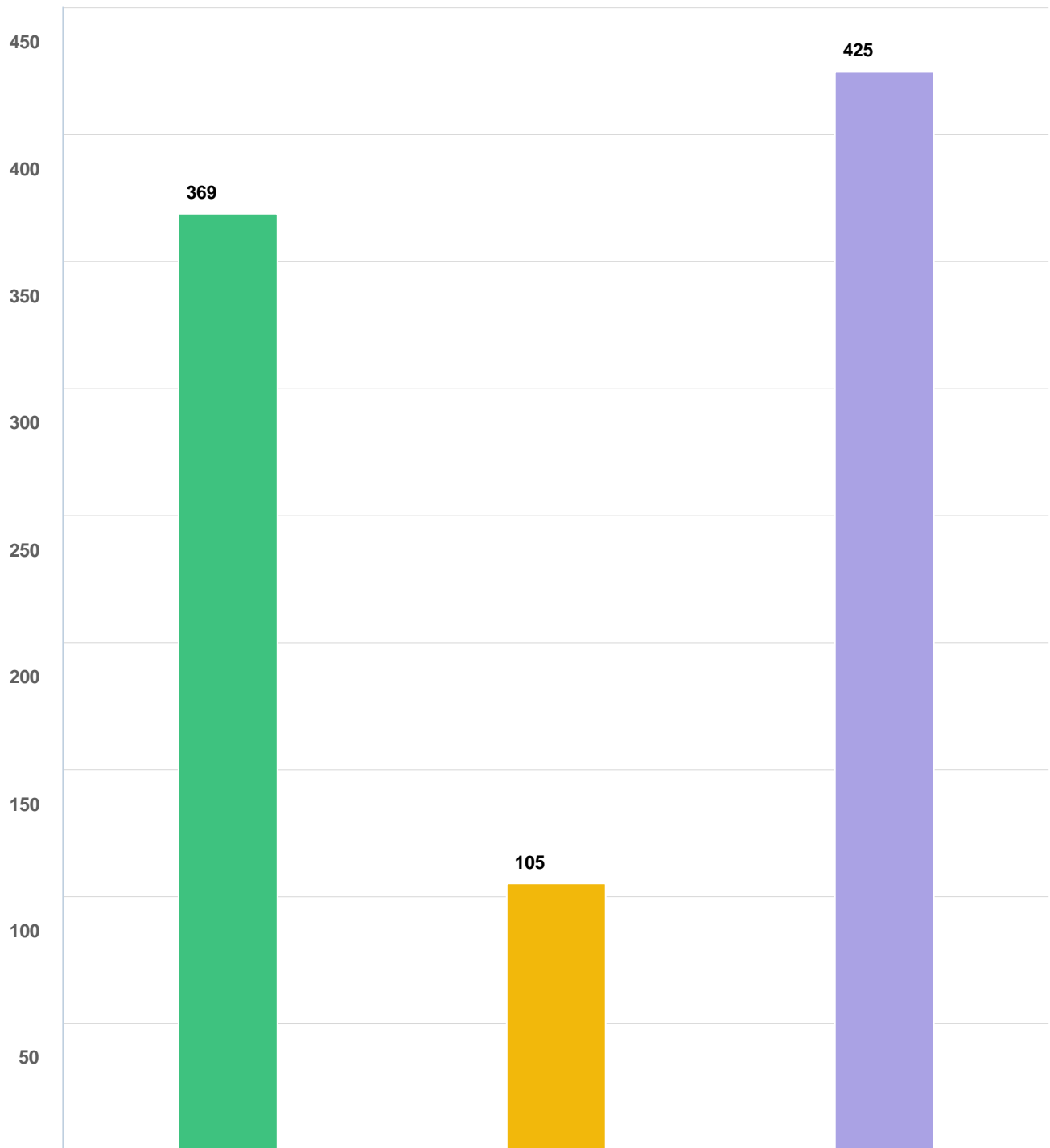
Question options

- Keewatin, ON, P0X1C0
- Thunder Bay, ON, P7K1N6
- Thunder Bay, ON, P7B5E5
- Thunder Bay, ON, P7C6B3
- Thunder Bay, ON, P7C2Z7
- Thunder Bay, ON, P7C0A9
- Thunder Bay, ON, P7A6H3
- Thunder Bay, ON, P7K1G1
- Thunder Bay, ON, P7E4Z1
- Fort William First Nation, ON, P7J1K8
- Thunder Bay, ON, P7E3K8
- Thunder Bay, ON, P7C2M4
- Thunder Bay, ON, P7A3X7
- Thunder Bay, ON, P7A3Y9
- Thunder Bay, ON, P7C1N4
- Thunder Bay, ON, P7B1L9
- Thunder Bay, ON, P7E5T1
- Thunder Bay, ON, P7A6C9
- Thunder Bay, ON, P7E4A3
- Thunder Bay, ON, P7K0V1
- Thunder Bay, ON, P7B6R3
- Thunder Bay, ON, P7C5T9
- Thunder Bay, ON, P7B6K4
- Thunder Bay, ON, P7A6G9
- Thunder Bay, ON, P7C2C8
- Kenora, ON, P9N1K3
- Thunder Bay, ON, P7A5T7
- Thunder Bay, ON, P7A2Y3
- Thunder Bay, ON, P7K1B7
- Thunder Bay, ON, P7E5C8
- Thunder Bay, ON, P7E1H1
- Thunder Bay, ON, P7C0A8
- Thunder Bay, ON, P7E3K2
- Thunder Bay, ON, P7B4C1
- Thunder Bay, ON, P7A6L7
- Thunder Bay, ON, P7A7R1
- Thunder Bay, ON, P7E2K6
- Thunder Bay, ON, P7C0A7
- Thunder Bay, ON, P7A7X4
- Thunder Bay, ON, P7B3P6
- Thunder Bay, ON, P7G1N2
- Thunder Bay, ON, P7C5W7
- Thunder Bay, ON, P7E4T5
- Thunder Bay, ON, P7G1A7
- Thunder Bay, ON, P7C5V6
- Kenora, ON, P9N2X7
- Thunder Bay, ON, P7K1A7
- Thunder Bay, ON, P7B4Z5
- Thunder Bay, ON, P7B2A4
- Thunder Bay, ON, P7C5L7
- Thunder Bay, ON, P7E3W1
- Thunder Bay, ON, P7B5T4
- Thunder Bay, ON, P7E4K1
- Thunder Bay, ON, P7A1K6
- Kenora, ON, P9N0J2
- Thunder Bay, ON, P7K1H8
- Thunder Bay, ON, P7K0V3
- Thunder Bay, ON, P7E5L5
- Thunder Bay, ON, P7J1M9
- Kenora, ON, P9N4A9
- Kenora, ON, P9N2W3
- Thunder Bay, ON, P7E4X9
- Thunder Bay, ON, P7A5V9
- Thunder Bay, ON, P7A7Z9
- Thunder Bay, ON, P7C5P5
- Thunder Bay, ON, P7B5G9
- Thunder Bay, ON, P7A1B2
- Thunder Bay, ON, P7E3B4
- Thunder Bay, ON, P7B3R9
- Thunder Bay, ON, P7E3Z9
- Thunder Bay, ON, P7K1C2
- Thunder Bay, ON, P7B5P8
- Thunder Bay, ON, P7E6M3

▲ 1/11 ▼

Mandatory Question (940 response(s))
 Question type: Region Question

Q5 Tell us what is most important to you as a SYNERGY NORTH customer:

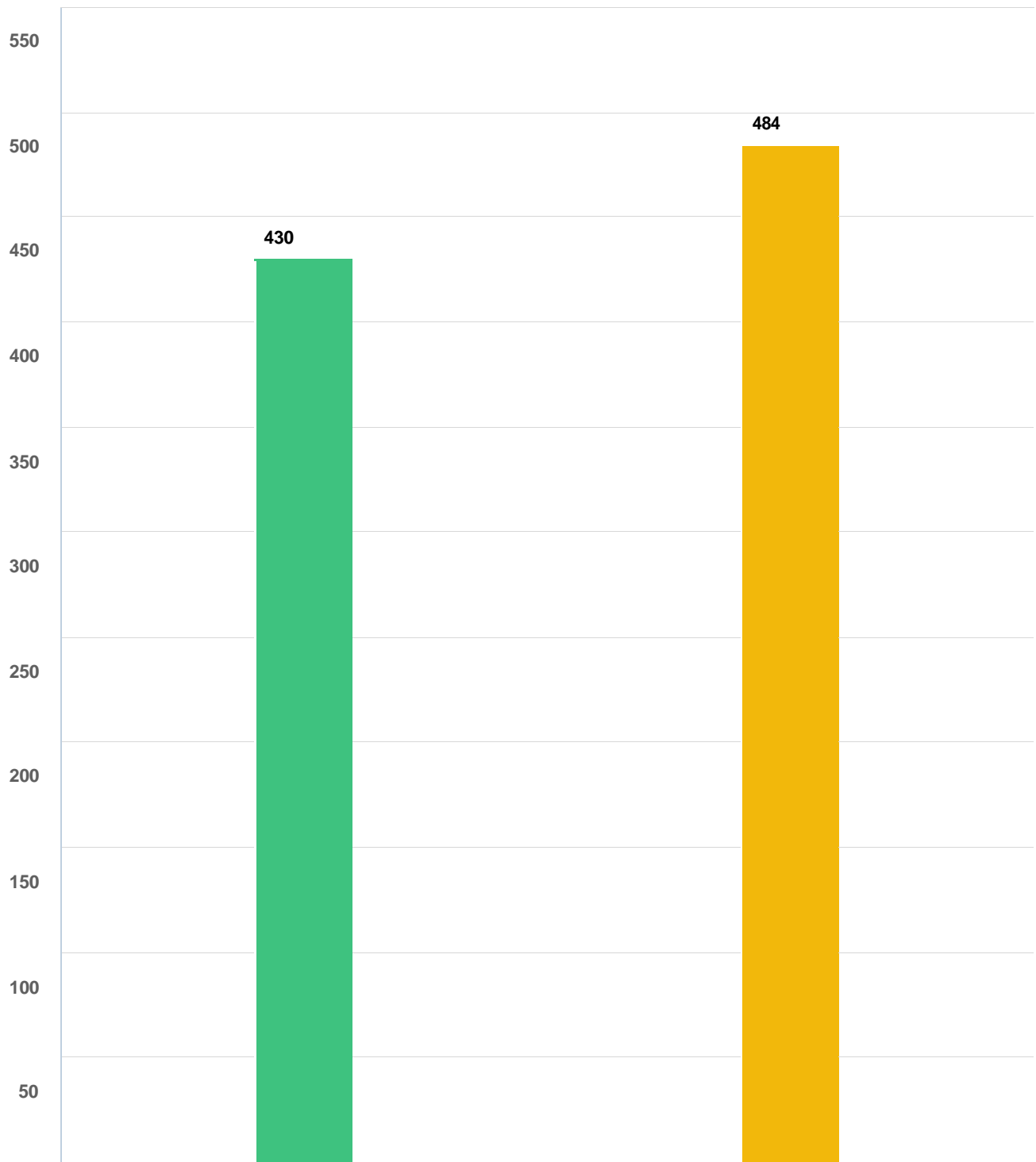


Question options

- Keeping distribution rates low even if reliability decreases.
- Higher distribution rates increasing system reliability.
- Maintaining SYNERGY NORTH's current investment strategy.

Optional question (899 response(s), 41 skipped)

Q6 SYNERGY NORTH aims to provide reliable electricity service and reasonable rates. Tell us which is more important to you:

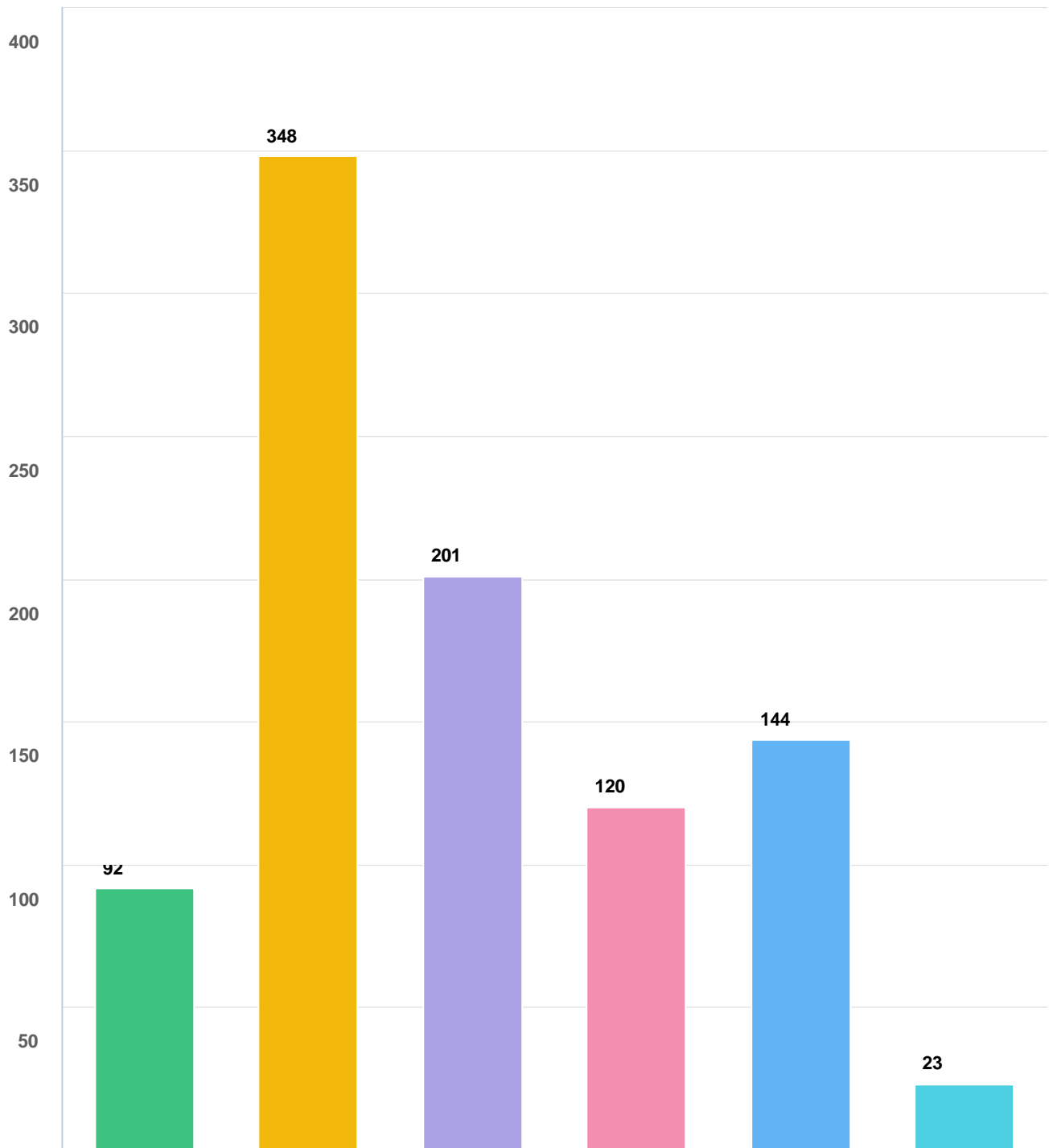


Question options

- A reliable electricity supply.
- Low cost of electricity services.

Optional question (914 response(s), 26 skipped)

Q7 How many power outages have you experienced in the last twelve (12) months?



Question options

- None
- 1-2 Power Outages
- 2-3 Power Outages
- 3-4 Power Outages
- 5 or more
- Other (please specify)

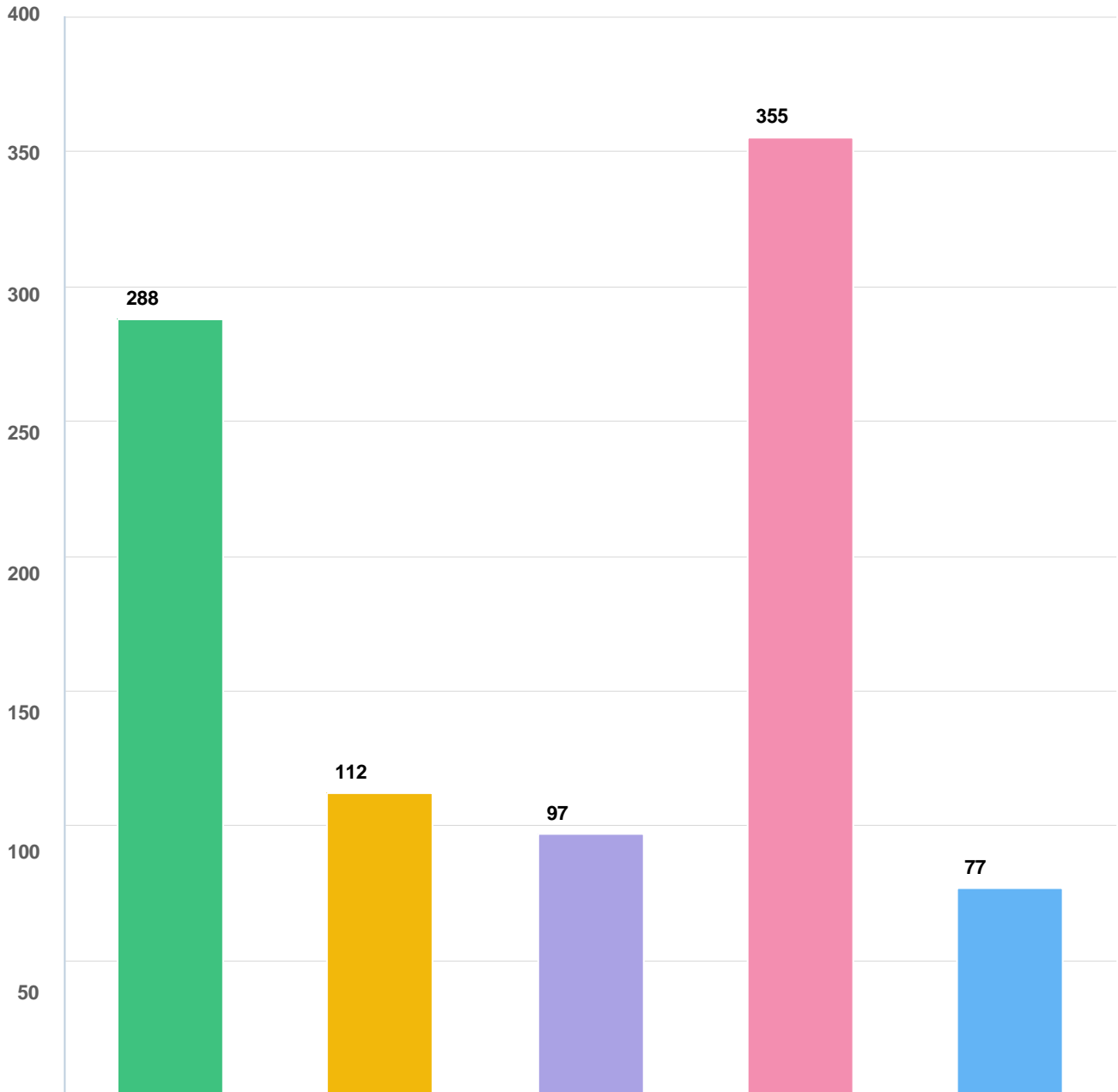
Optional question (928 response(s), 12 skipped)

Q8 Please rank the following items from most to least important (1 being most important, 5 being least important).

| OPTIONS | AVG. RANK |
|---|------------------|
| Affordable cost of electricity | 2.14 |
| Safety for employees and the public | 2.33 |
| Reliable electricity supply | 2.36 |
| Accommodating renewable energy connections | 3.54 |
| Support from the utility on connecting electric vehicle (EV) chargers | 4.54 |

Optional question (929 response(s), 11 skipped)

Q9 | SYNERGY NORTH must trim trees in proximity to overhead lines to avoid trees contacting lines for safety and reliability. Currently, SYNERGY NORTH trims trees reactively in our geographic regions to maintain safe clearances. Recent aerial photography that SYNERGY NORTH has obtained, has shown a requirement for an increase in spending in order to meet Canadian Safety standards required for tree trimming. The standards are developed to ensure public safety in and around overhead lines. To meet these safety standards, an initial amount of trimming is required. This amount can be spread out from three (3) to seven years (7). When this initial trimming is completed, SYNERGY NORTH will be in a position to establish a perpetual three (3) year tree trimming cycle estimated to cost \$1.00 - \$1.50 a month. Over how many years would you support an initial increase in costs, and at what fixed amount?

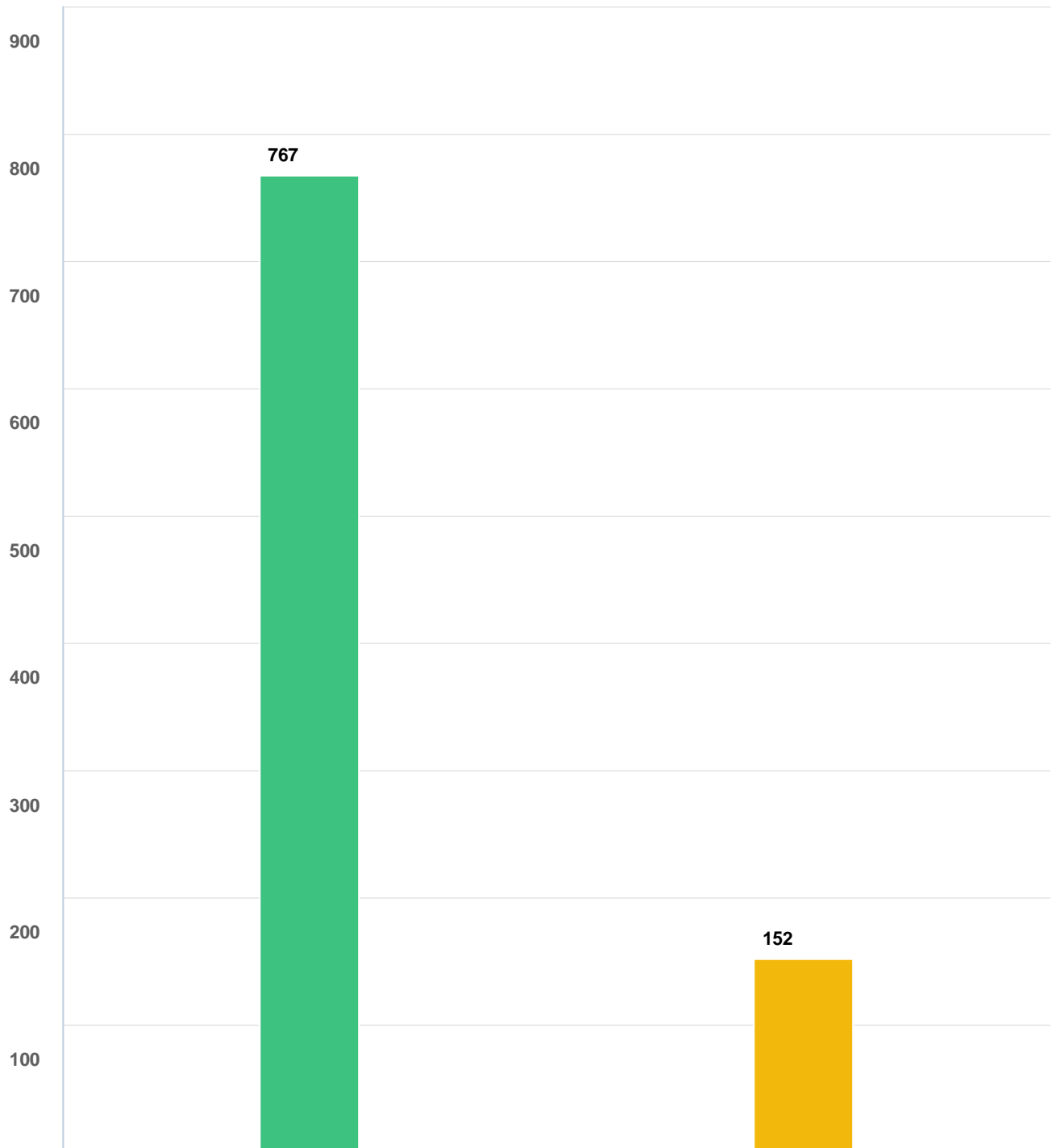


Question options

- I support an initial increase of \$1.50 - \$2.00 a month on my electricity bill for Synergy North to spend the amount over a seven (7) years.
- I support an initial increase of \$2.00 - \$2.50 a month on my electricity bill for Synergy North to spend the amount over a five (5) years.
- I support an initial increase of \$3.00 - \$3.50 a month on my electricity bill for Synergy North to spend the amount over a three (3) years.
- No, I do not support an increase at any amount. ● Unsure.

Optional question (929 response(s), 11 skipped) Question

Q10 Climate change is affecting the severity of storms. Power outages due to weather related events can sometimes be avoided by replacing aging infrastructure before it fails. Should SYNERGY NORTH proactively replace aging infrastructure?

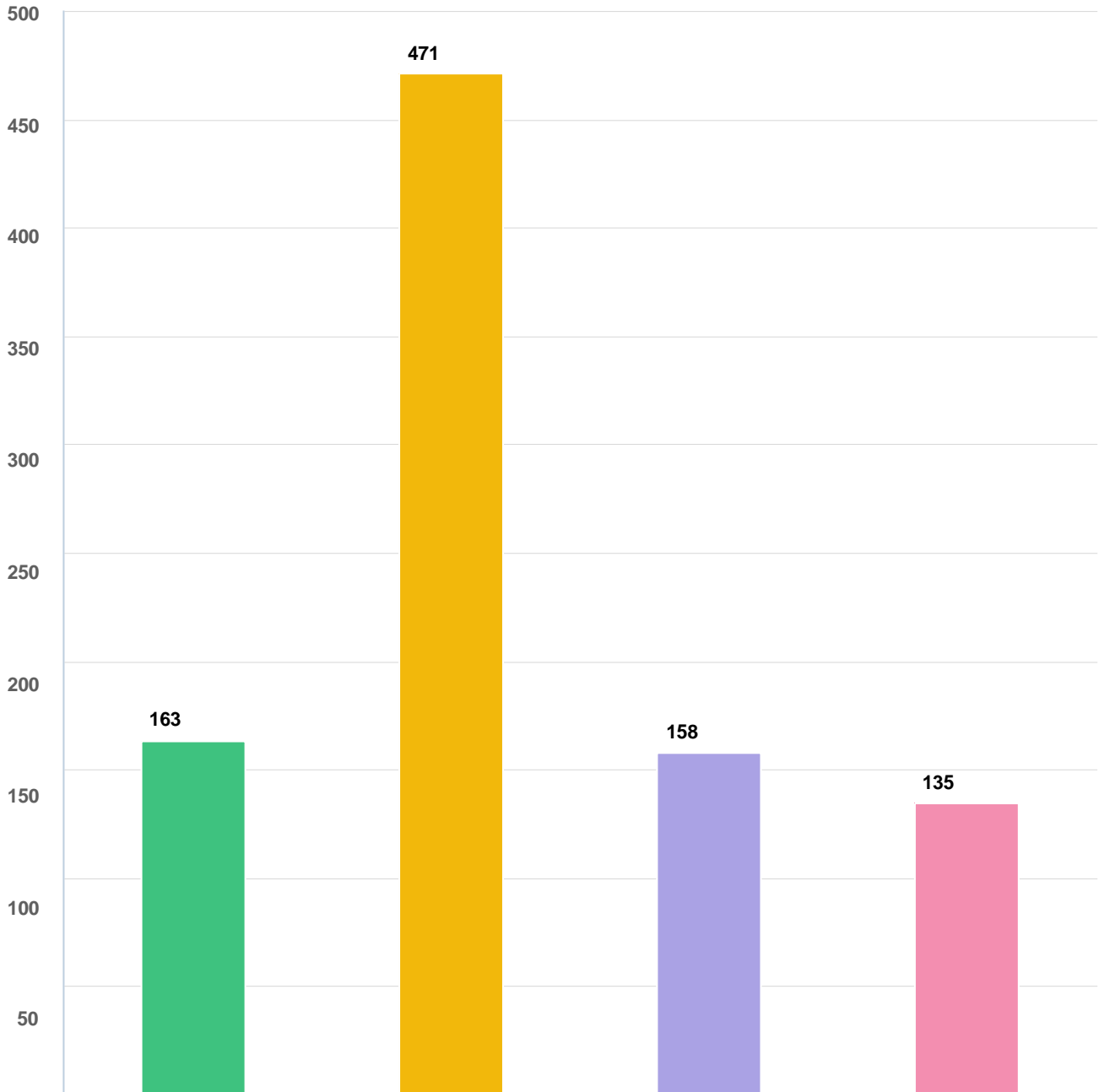


Question options

- Replace proactively to maintain reliability which can often cost more upfront.
- Run to failure which may result in more power outages.

Optional question (919 response(s), 21 skipped)

Q11 | The electricity industry is evolving. New technologies are making it easier for homes and businesses to install smart devices such as internet-connected thermostats and switches, renewable energy generation, such as solar panels, and battery backup power supply. Electric vehicles and their charging stations will also play an increasingly important role in our electricity grid. As these technologies become more common, utilities will need to adapt to new customer expectations. How important is it for SYNERGY NORTH to invest in infrastructure that accommodates these new technologies?



Question options

- Very important. SYNERGY NORTH should start investing now to be prepared for these new technologies and I am willing to pay more.
- Important. SYNERGY NORTH should start investing now but at no additional cost.
- Important but SYNERGY NORTH should wait a few years until these new technologies are more common.
- Not important. SYNERGY NORTH should focus on keeping the existing system safe and reliable.

Optional question (927 response(s), 13 skipped)

Q12 | New technologies such as smart devices, renewable energy generation and electric vehicles are becoming an increasingly important part of society. As these technologies evolve, utilities will need to evolve with them. Please rate your interest in participating in these modernizing technologies (1 being most interested, 5 being least interested):

| OPTIONS | AVG. RANK |
|--|-----------|
| Net Metering (selling electricity back to the grid) | 2.37 |
| Neighbourhood/Community Options (option to share solar, battery backups, electric vehicle chargers, etc) | 2.86 |
| Generator Capacity | 2.87 |
| Demand Response (eg, shifting your electricity load & willing to disconnect during high peak electricity volume in the Province) | 3.20 |
| Electric Vehicles | 3.56 |

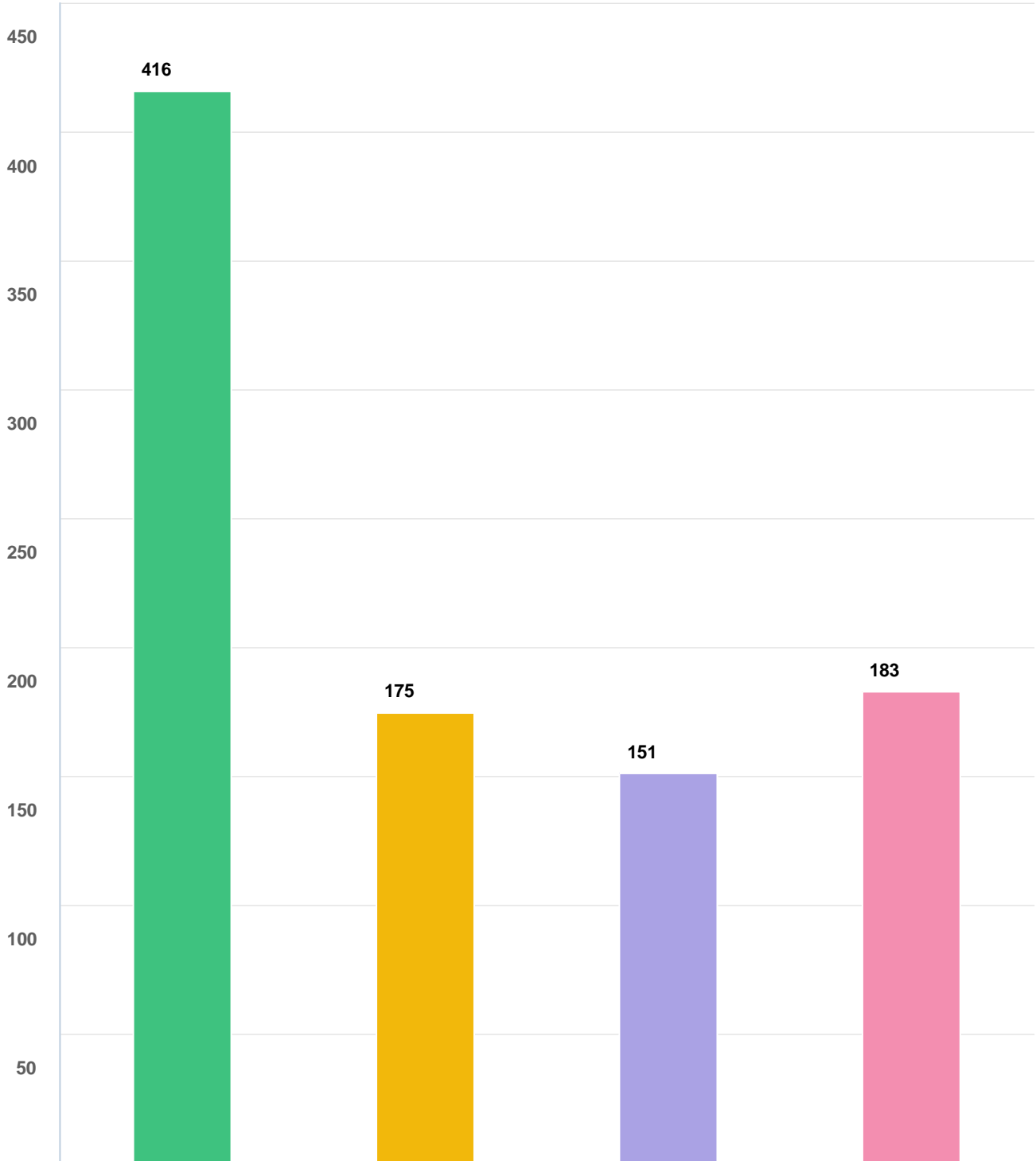
Optional question (887 response(s), 53 skipped)

Q13 | When there are unplanned power outages, what is your preferred method to find out information about the outage? Rank your preferences from 1-4 (1 being your most preferred method, 4 being your least preferred method)?

| OPTIONS | AVG. RANK |
|--|-----------|
| Email or Text | 1.74 |
| Synergy North's Website Outage Map | 2.45 |
| Telephone | 2.86 |
| Social Media (eg, Facebook, Twitter, etc). | 2.89 |

Optional question (915 response(s), 25 skipped)

Q14 For the benefit of ratepayers in both Kenora and Thunder Bay, SYNERGY NORTH Corporation was formed through a merger between Kenora Hydro and Thunder Bay Hydro in 2019. The efficiencies achieved from the merger have totaled \$1.55 million dollars since 2019. As part of the merger process, the rates in both Kenora and Thunder Bay rate areas will be harmonized so that all Synergy North customers are paying the same rate for their electricity distribution. By its nature, a rate harmonization usually means that some customers will pay a little more, while others pay a little less. The benefits of rate harmonization are: -reduce customer confusion, reduce accounting costs, reduce regulatory complexity and reduce multiple billing rate structures. Which of the following best describes how you feel about rate harmonization?

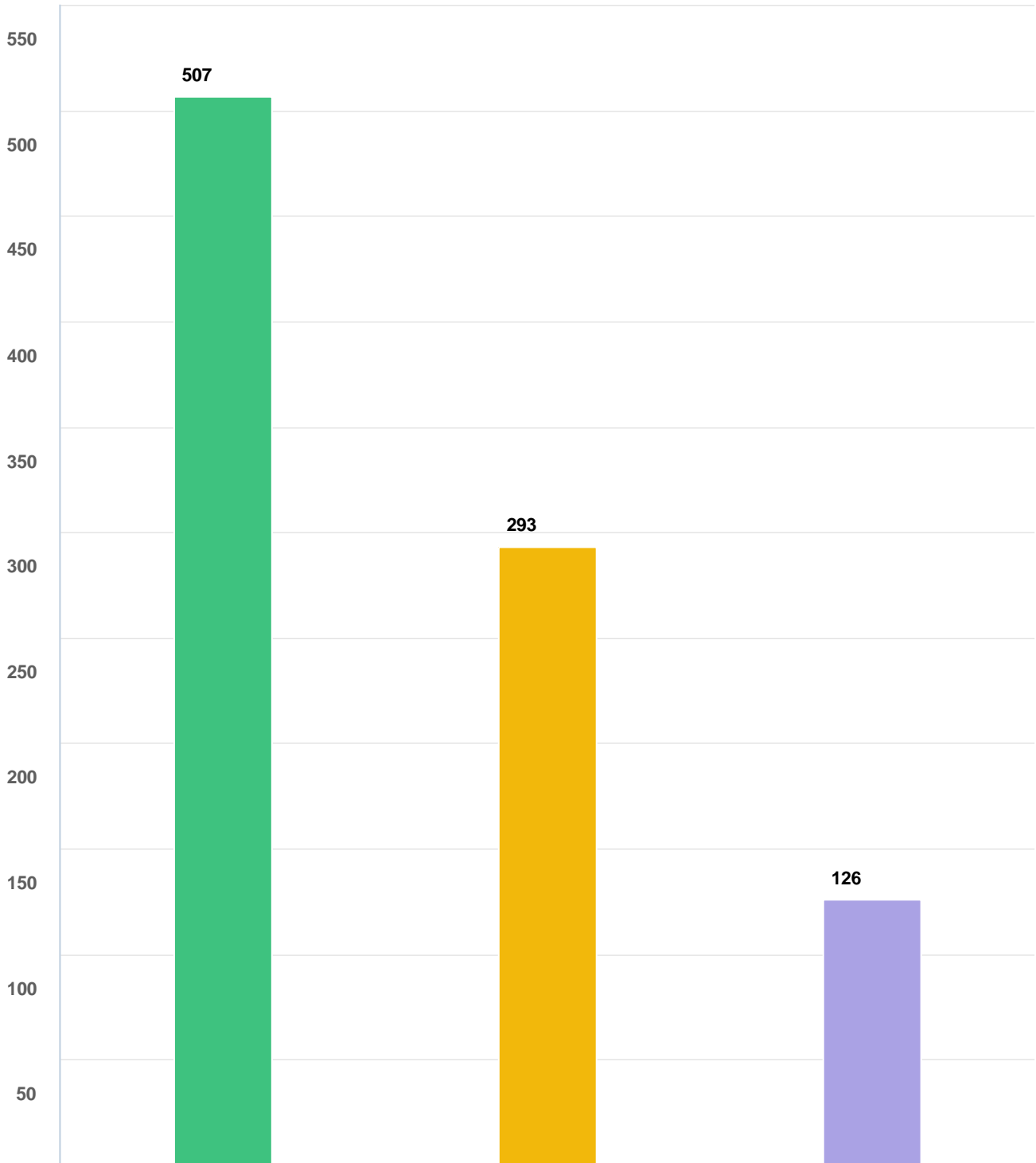


Question options

- It makes sense and I support it.
- I don't support it, but it is probably necessary.
- I am opposed to it.
- Don't know.

Optional question (925 response(s), 15 skipped)

Q15 | A sustainable business is a company that has a minimal negative impact or potentially a positive effect on the global or local environment, community, society, or economy. Our customers have indicated that SYNERGY NORTH should be leaders in the community when it comes to sustainability. In order to achieve the expected sustainability within the community, our efforts would impact the monthly bill by an increase of \$0.11 cents. As a customer, do you support this increase?

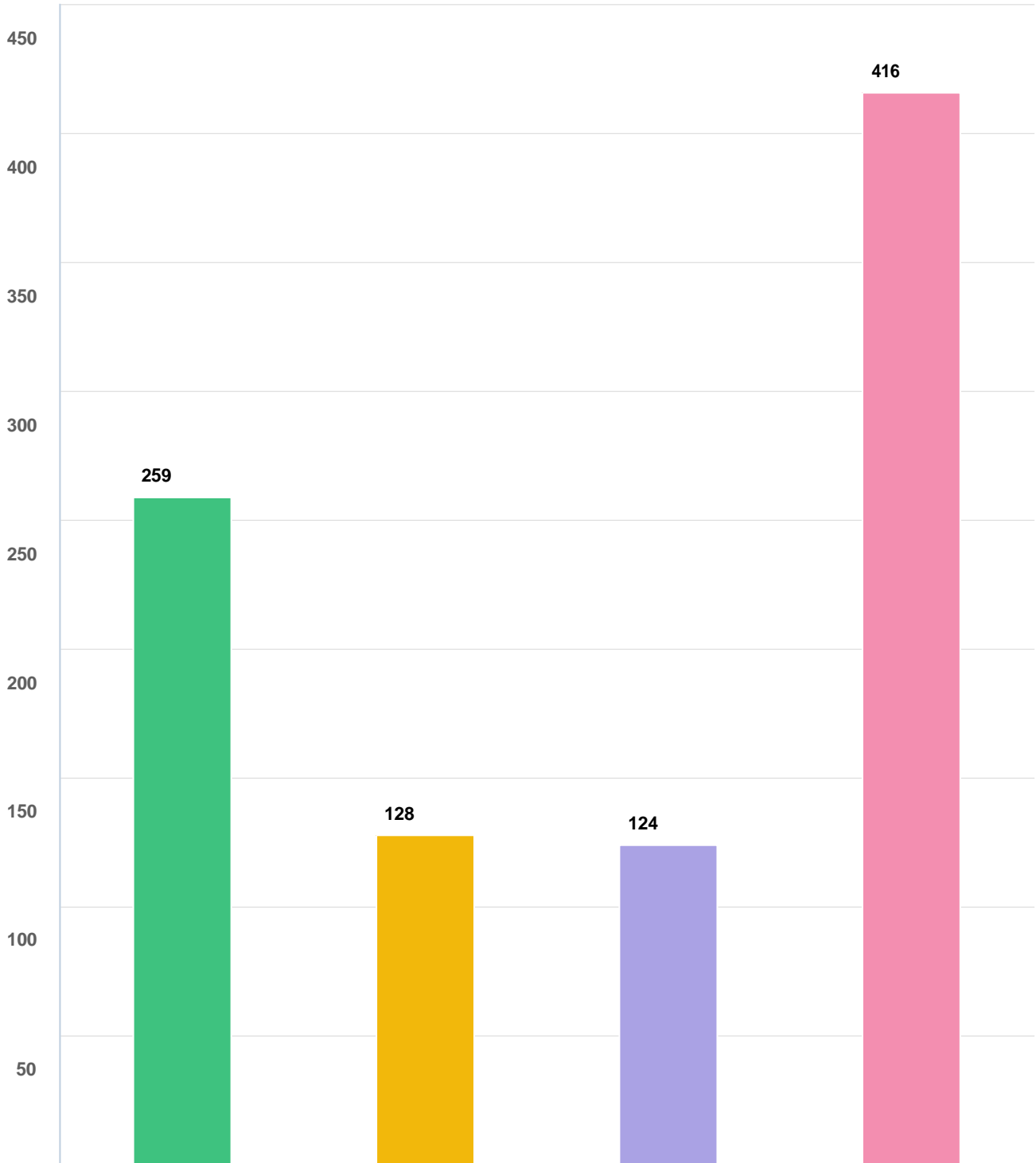


Question options

- Yes
- No
- Unsure

Optional question (925 response(s), 15 skipped)

Q16 Cyber attacks and threats have become more sophisticated in recent years and it is imperative that SYNERGY NORTH regularly invests in new technologies in order to keep our customer's data safe. SYNERGY NORTH's main focus is to maintain the uptime and reliability of our electricity distribution system, as well as protect our customer's personal information. How much would you be willing to pay each month for us to purchase services and systems which provide ongoing protection?



Question options

- \$0 - \$0.25 more
- \$0.25 - \$0.50 more
- \$0.50 - \$1.00 more
- I'm not willing to pay more

Investment Planning Survey: Phase Two

SURVEY RESPONSE REPORT

23 June 2022 - 11 June 2023

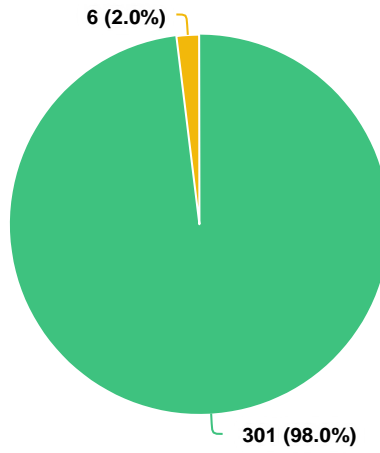
PROJECT NAME:

Help Shape Our Future Plans



SURVEY QUESTIONS

Q1 Are you a SYNERGY NORTH customer?

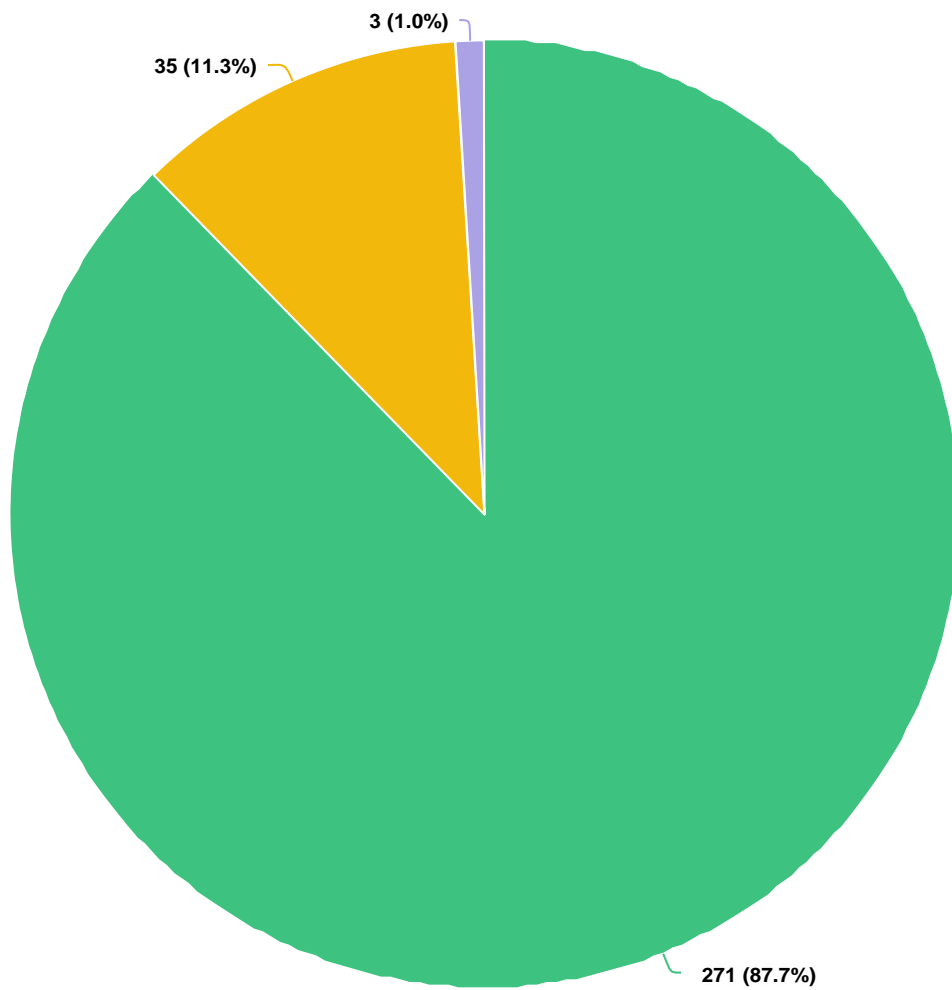


Question options

- Yes
- No

Optional question (307 response(s), 2 skipped)
Question type: Radio Button Question

Q2 Do you have primary responsibility for paying the SYNERGY NORTH electricity bill in your household?



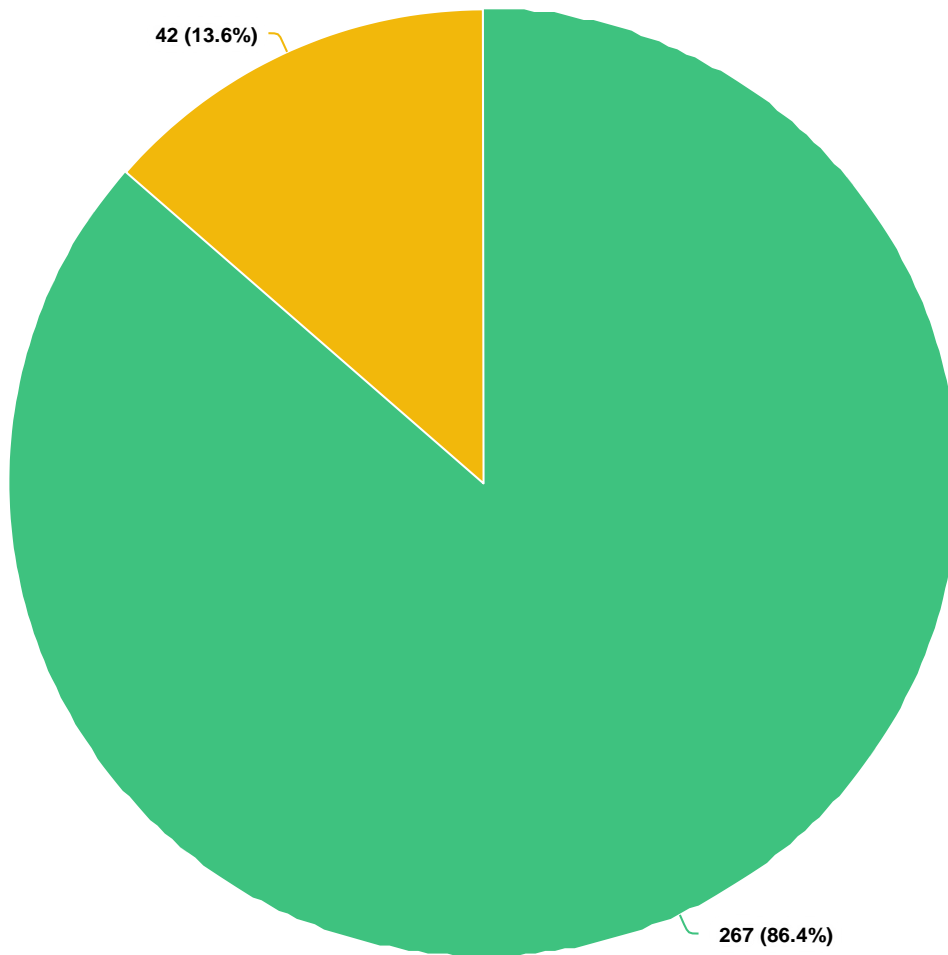
Question options

- I have primary responsibility for paying the SYNERGY NORTH electricity bill.
- Someone else in my household has primary responsibility for paying the SYNERGY NORTH bill.
- No one in my household has responsibility for paying the SYNERGY NORTH bill.

Optional question (309 response(s), 0 skipped)

Question type: Radio Button Question

Q3 Do you live in Kenora, ON or Thunder Bay, ON?

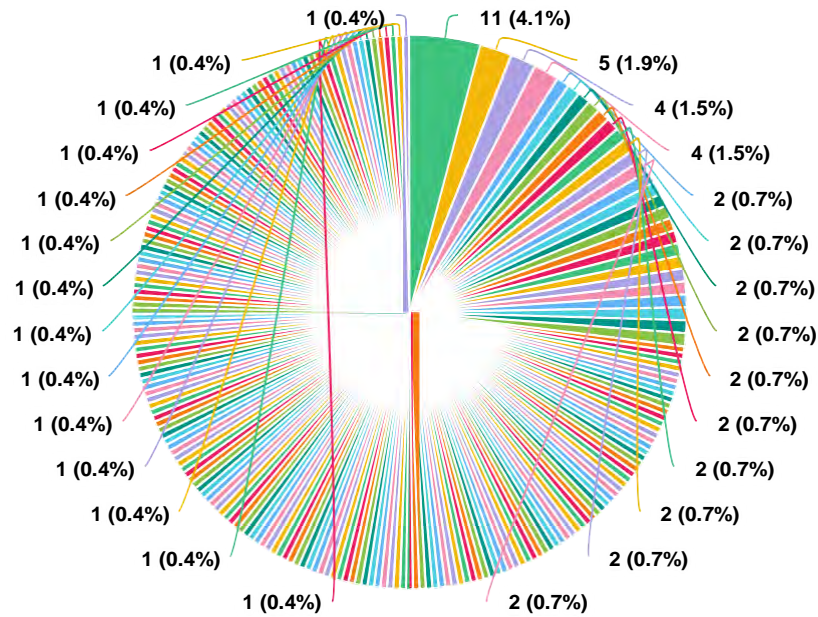


Question options

- Thunder Bay, ON
- Kenora, ON

Mandatory Question (309 response(s))
Question type: Radio Button Question

Q5 Please enter the first three digits of your Postal Code.



Question options

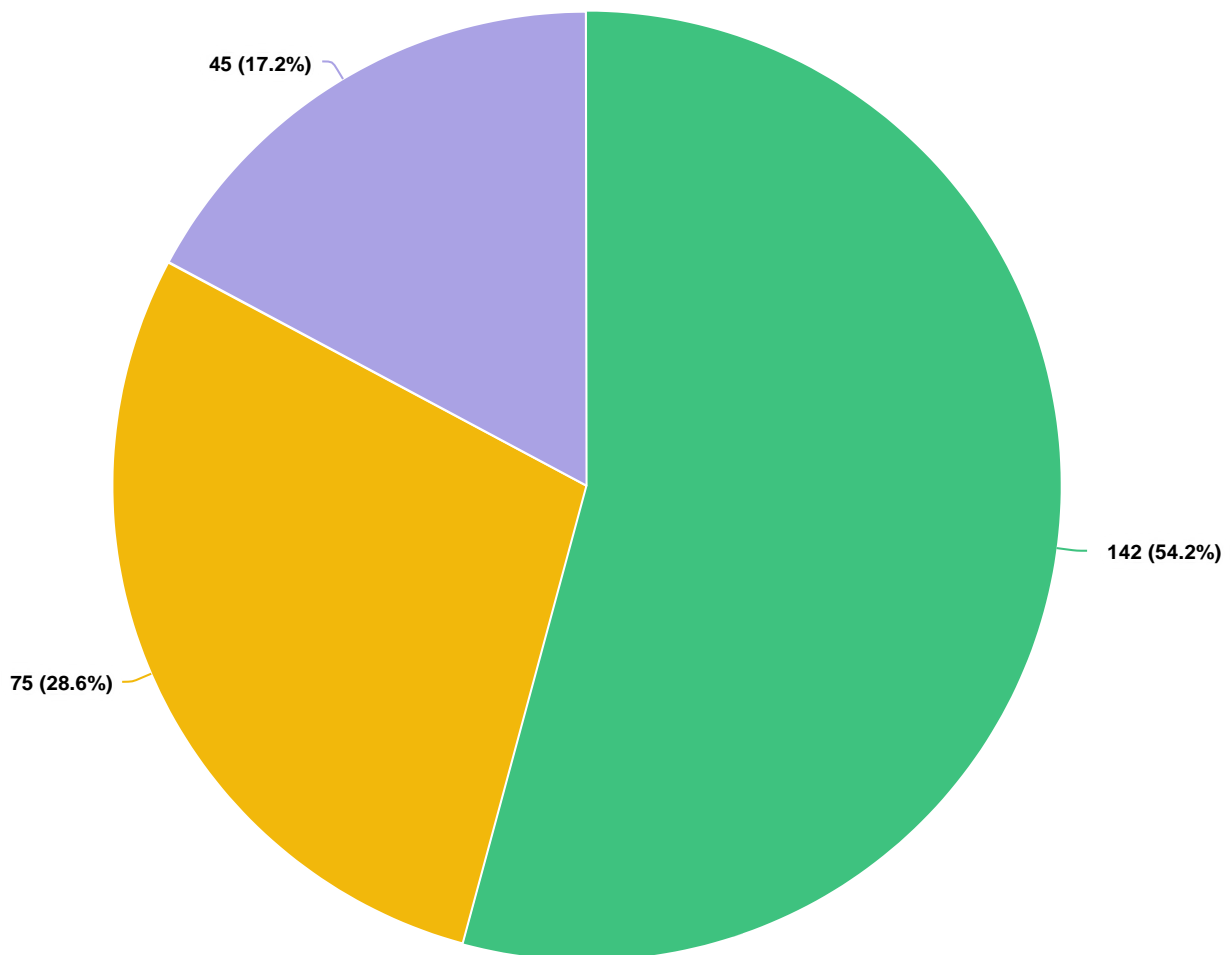
- Thunder Bay, ON, P7A7X4
- Thunder Bay, ON, P7B3C4
- Thunder Bay, ON, P7A8A1
- Thunder Bay, ON, P7C4S8
- Thunder Bay, ON, P7B6G2
- Thunder Bay, ON, P7G2J3
- Thunder Bay, ON, P7C3E8
- Thunder Bay, ON, P7A3P2
- Thunder Bay, ON, P7E4P4
- Thunder Bay, ON, P7A5T1
- Thunder Bay, ON, P7B2L7
- Thunder Bay, ON, P7C4S4
- Thunder Bay, ON, P7A1M9
- Thunder Bay, ON, P7K1A2
- Thunder Bay, ON, P7E4A4
- Thunder Bay, ON, P7E5N5
- Thunder Bay, ON, P7K1L7
- Thunder Bay, ON, P7C5B3
- Thunder Bay, ON, P7C3L5
- Thunder Bay, ON, P7B0C1
- Thunder Bay, ON, P7C0B1
- Thunder Bay, ON, P7K0V3
- Thunder Bay, ON, P7B6Z7
- Thunder Bay, ON, P7C1N6
- Thunder Bay, ON, P7C2B3
- Thunder Bay, ON, P7K1J9
- Thunder Bay, ON, P7A3P5
- Thunder Bay, ON, P7A2X9
- Thunder Bay, ON, P7A7P2
- Thunder Bay, ON, P7E5Z2
- Thunder Bay, ON, P7C1R1
- Thunder Bay, ON, P7B2E1
- Thunder Bay, ON, P7A7Z9
- Thunder Bay, ON, P7C3R7
- Thunder Bay, ON, P7J1N5
- Thunder Bay, ON, P7E4G2
- Thunder Bay, ON, P7B4J2
- Thunder Bay, ON, P7A6B4
- Thunder Bay, ON, P7C0A8
- Thunder Bay, ON, P7C5A9
- Thunder Bay, ON, P7C1W1
- Thunder Bay, ON, P7A7T9
- Thunder Bay, ON, P7G1V2
- Thunder Bay, ON, P7C4M6
- Thunder Bay, ON, P7G1N1
- Thunder Bay, ON, P7B2B2
- Thunder Bay, ON, P7A5Z7
- Thunder Bay, ON, P7C1W5
- Thunder Bay, ON, P7A7M4
- Thunder Bay, ON, P7A7H8
- Thunder Bay, ON, P7J1C3
- Thunder Bay, ON, P7G1T1
- Thunder Bay, ON, P7E6M4
- Thunder Bay, ON, P7E2T2
- Thunder Bay, ON, P7A2T7
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- Thunder Bay, ON, P7K0V1
- Thunder Bay, ON, P7E6T6
- Thunder Bay, ON, P7B5C7
- Thunder Bay, ON, P7B5E3
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- Thunder Bay, ON, P7G2J1
- Thunder Bay, ON, P7E5A4
- Thunder Bay, ON, P7E2E6
- Thunder Bay, ON, P7A7Y7
- Thunder Bay, ON, P7E4B7
- Thunder Bay, ON, P7C4G8
- Thunder Bay, ON, P7A5H8
- Thunder Bay, ON, P7C2K3
- Thunder Bay, ON, P7A4N1
- Thunder Bay, ON, P7J1C1
- Thunder Bay, ON, P7B6K7
- Thunder Bay, ON, P7E4M2
- Thunder Bay, ON, P7G1P4

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Mandatory Question (267 response(s))
Question type: Region Question

THUNDER BAY

Q6 Vegetation Management SYNERGY NORTH must trim trees in proximity to overhead lines to avoid trees contacting lines for safety and reliability. Currently, SYNERGY NORTH trims trees reactively in our geographic regions to maintain safe clearances. Recently obtained aerial photography, has shown a requirement for an increase in spending to meet Canadian Safety standards required for tree trimming. These standards have been developed to ensure public safety in and around overhead lines. To meet these safety standards, an initial amount of trimming is required. This amount can be spread out from three (3) to seven years (7). Extending this project beyond seven years would affect SYNERGY NORTH's ability to maintain its operational safety and reliability standards. As a result of SYNERGY NORTH's 2022 survey, most customers supported the spending required to maintain these safe clearances and indicated a preference for spreading this spending over seven (7) years. The monthly impact of this is \$1.24 per month on your electricity bill. Alternatively, this spending can be accelerated to three (3) or five (5) years with the following cost impacts: - The cost impact of spreading this spending over three (3) years is \$2.89 per month on your electricity bill. The cost impact of spreading this spending over five (5) years is \$2.07 per month on your electricity bill. Which of the following statements best represent your feelings on the expenses presented above?

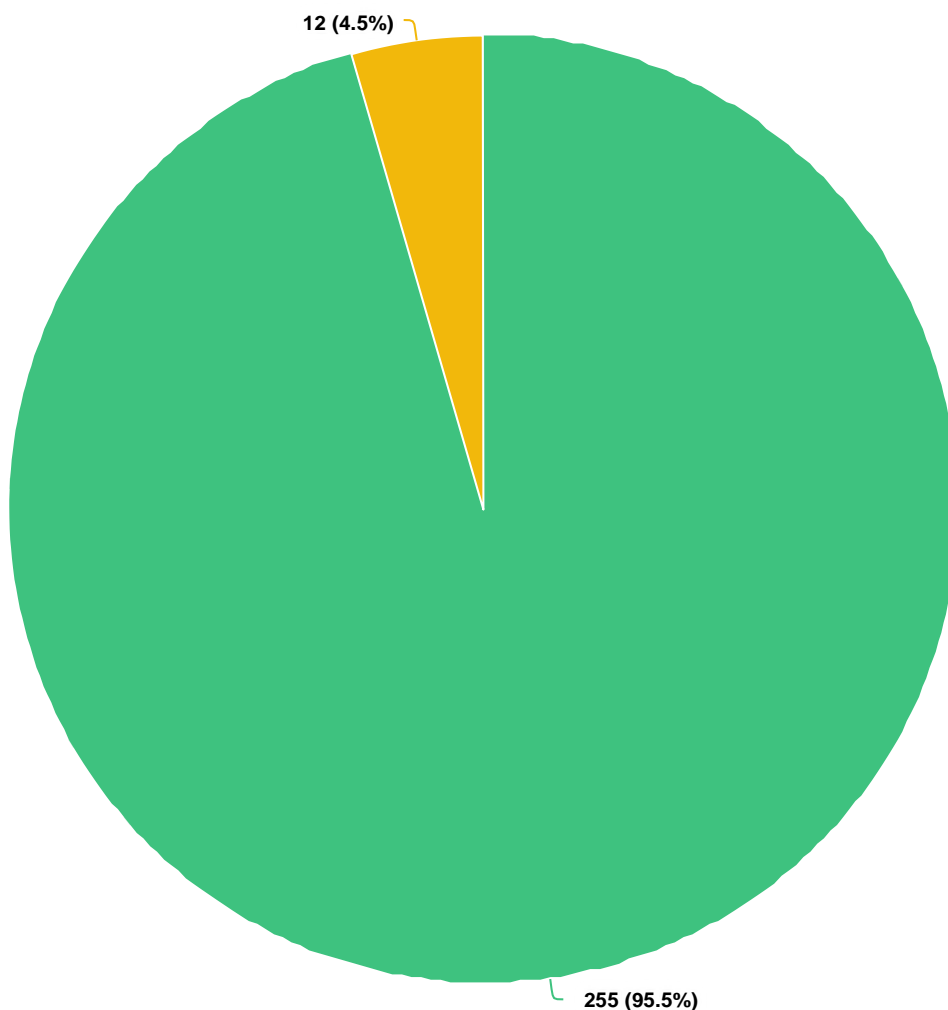


Question options

- Yes, I agree with spreading the tree trimming spending over seven (7) years
- I feel the spending should be accelerated to five (5) years
- I feel the spending should be accelerated to three (3) years

Optional question (262 response(s), 47 skipped)
 Question type: Radio Button Question

Q7 Efficiencies - SYNERGY NORTH makes every effort to reduce the impacts of extra costs on customers through operational and management efficiencies. Examples of these types of efficiencies are the elimination of paper used in customer and billing processes, a reduction in leased office space, a reduction of staffing in several departments, converting customers to electronic billing, and other operational improvements. In addition, due to the merger between Kenora Hydro and Thunder Bay Hydro in 2019, cost savings have been realized due to efficiencies in administration and regulatory. In our previous survey, customers communicated that they are in favour of rate harmonization. Once, all SYNERGY NORTH customers are paying the same rate for their electricity distribution, more cost efficiencies will be realized from removing the added complexity of two rates zones. The rate impact of all these efficiencies results in a rate impact reduction of \$1.44 per month. Which of the following statements best represent your understanding of the presented cost efficiencies?



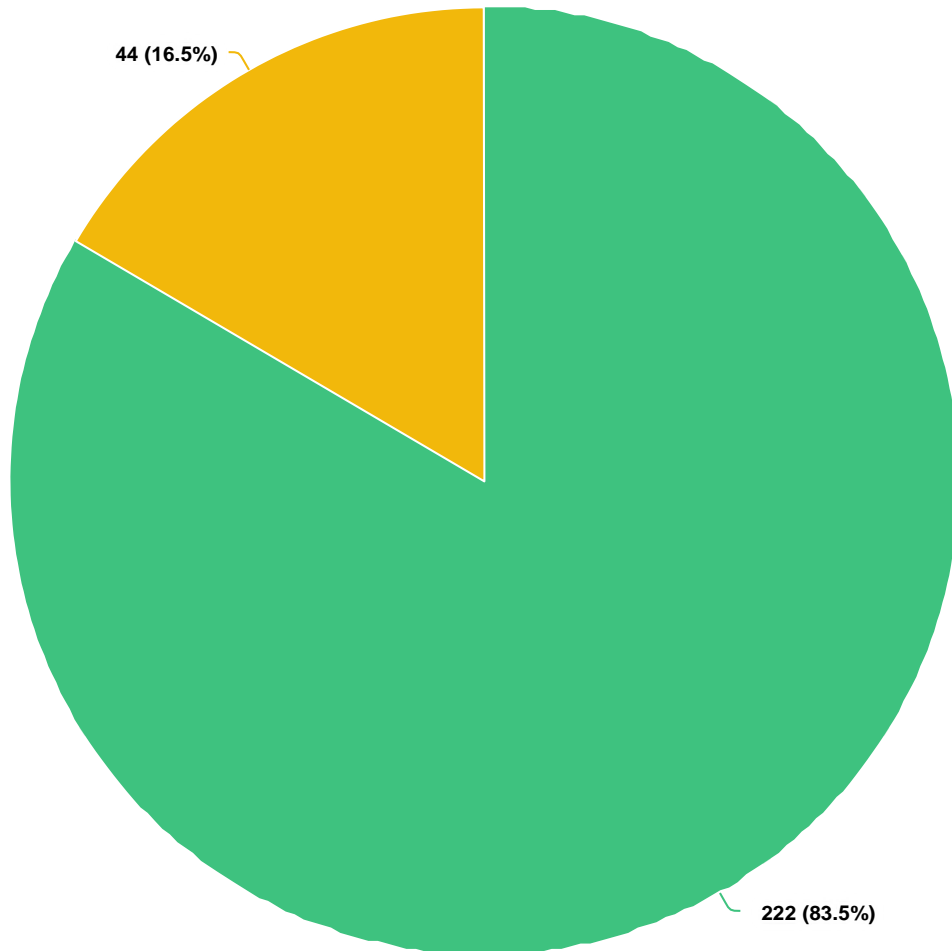
Question options

- Yes, I understand.
- No, I do not understand

Optional question (267 response(s), 42 skipped)

Question type: Radio Button Question

Q8 Commercial Funding Methodology - SYNERGY NORTH is required to obtain debt funding from commercial markets. This is a result of a decision of the majority shareholder to repay some of SYNERGY NORTH's outstanding debt and collect interest on the remaining portion. This interest will have a cost impact of \$1.37 a month for customers on their electricity bill. Which of the following statements best represent your understanding of the presented costs of capital?



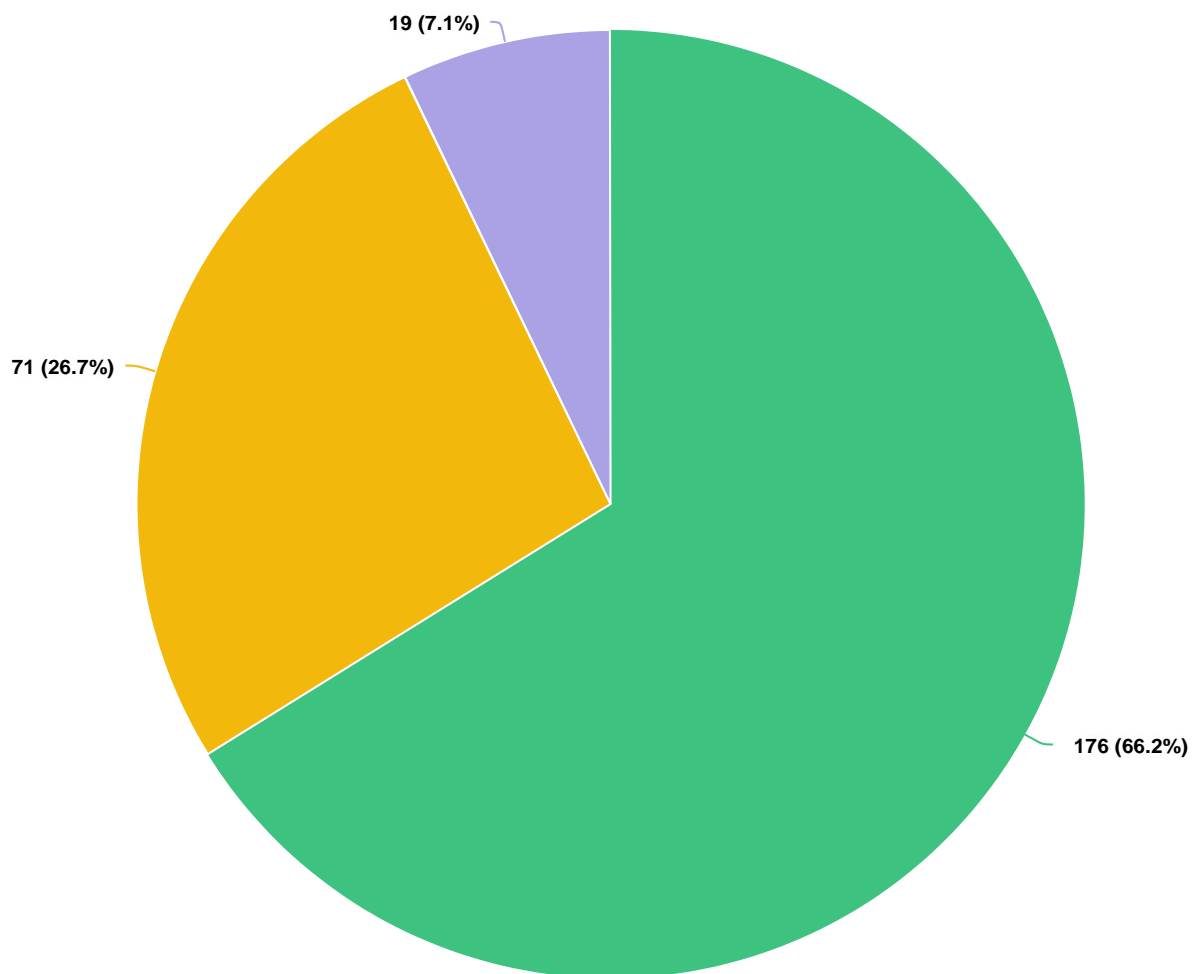
Question options

- Yes, I understand.
- No, I do not understand.

Optional question (266 response(s), 43 skipped)

Question type: Radio Button Question

Q9 Capital Plan - When surveyed, our customers have consistently expressed the desire to replace assets proactively rather than run them to failure. SYNERGY NORTH uses this philosophy to minimize the cost of new construction while maintaining the reliability our customers have come to expect. To achieve this SYNERGY NORTH maintains a Distribution System Plan (DSP) that is developed using risk based decision making for current assets and future development plans. This plan allows SYNERGY NORTH to appropriately defer investment in assets and schedule replacement based on condition rather than age. Further information about our DSP can be found here: DSP Learning Page The following presents our Capital Plan for the last and next five (5) years. The impact of SYNERGY NORTH's historical capital spending from 2017-2024, combined with the change in the Cost of Capital parameters on 2024 rates will create a rate increase of \$0.22 per month in 2024. Beyond 2024, customers will see a yearly bill average increase of \$0.60 per year over the life of the proposed capital investment plan (2024-2029). Without this investment, SYNERGY NORTH equipment will be at a greater risk for failure, affecting operations and reliability. Which of the following statements best represent understanding of the Capital Plan?

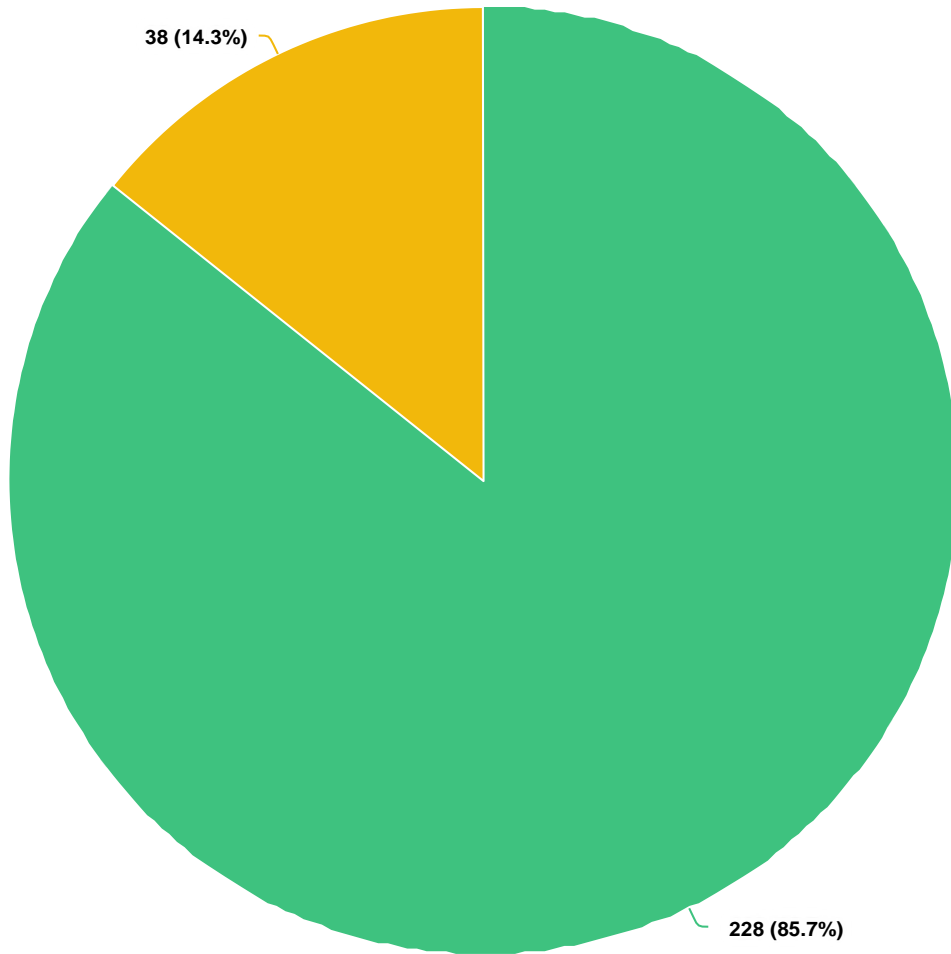


Question options

- Yes, I support a balanced capital spending plan.
- I do not support a balanced capital spending plan, but understand it is necessary.
- No, I do not support the capital spending plan as presented.

Optional question (266 response(s), 43 skipped)
Question type: Radio Button Question

Q10 Cost Allocation - SYNERGY NORTH undertakes a cost allocation process which is used to identify which portion of the utilities' costs should be applied to each class. SYNERGY NORTH saw a decrease in business customers in from 2017 to 2023. Also, residential customers have increased usage and customer count. Therefore, more of the cost is required to be allocated to the residential customers. This will result in a bill impact of \$1.67 on a residential bill. Which of the following statements best represent your understanding of the presented cost allocation?



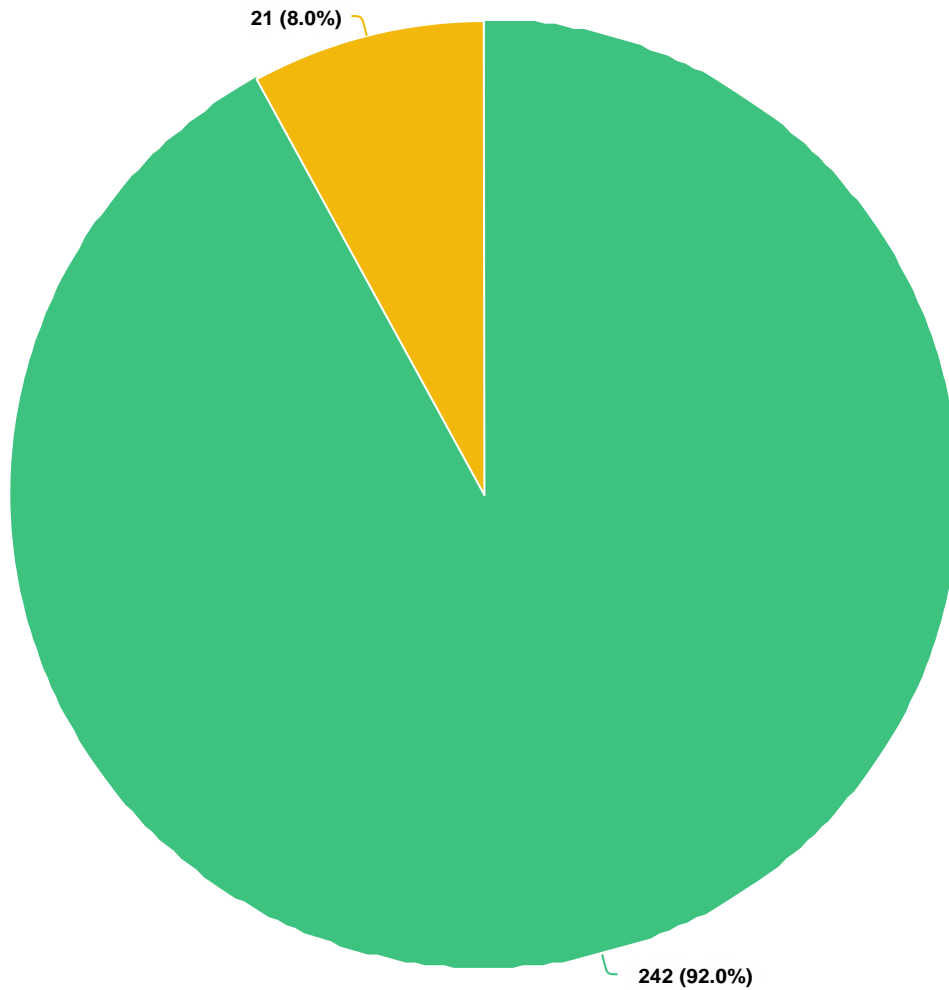
Question options

- Yes, I understand.
- No, I do not understand.

Optional question (266 response(s), 43 skipped)

Question type: Radio Button Question

Q11 Impact of Inflation - Inflation is significantly impacting the cost of SYNERGY NORTH's operations. For example, there has been a 33% increase in the price of gasoline costs impacting SYNERGY NORTH's fleet costs. Further, the costs of materials regularly used in neighbourhood projects have increased between 16% and 74%. The anticipated inflation on materials and operating costs will have an impact of \$1.87 on our customers monthly electricity bill. Which of the following statements best represent your understanding of the presented cost pressures?



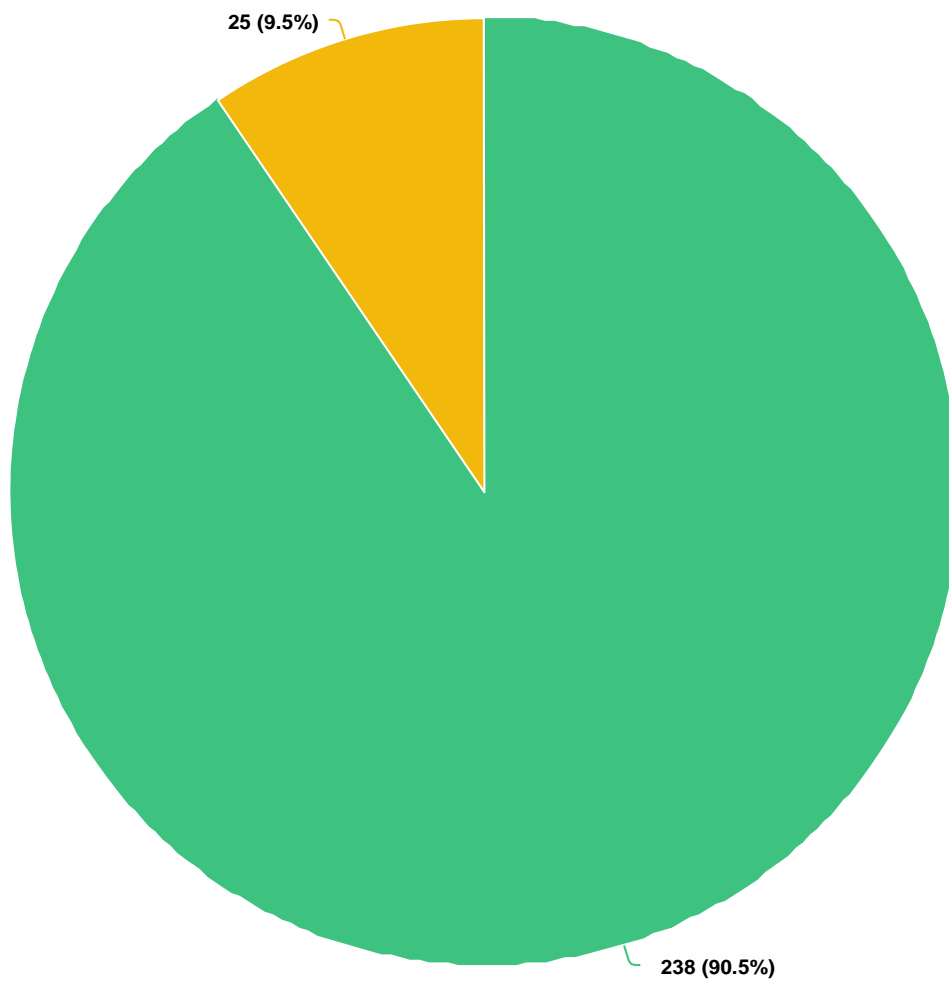
Question options

- Yes, I understand.
- No, I do not understand.

Optional question (263 response(s), 46 skipped)

Question type: Radio Button Question

Q12 Other Cost Drivers - Like all electrical distribution companies in Ontario, SYNERGY NORTH is regulated by the Ontario Energy Board (OEB). Cost increases due to regulatory requirements mandated by the OEB, such as the Green Button Initiative, Cyber Security, Cost of Service Application and Rate Harmonization costs will result in a monthly electricity bill decrease of \$4.07. Which of the following statements best represent your understanding of the proposed expenses presented above?

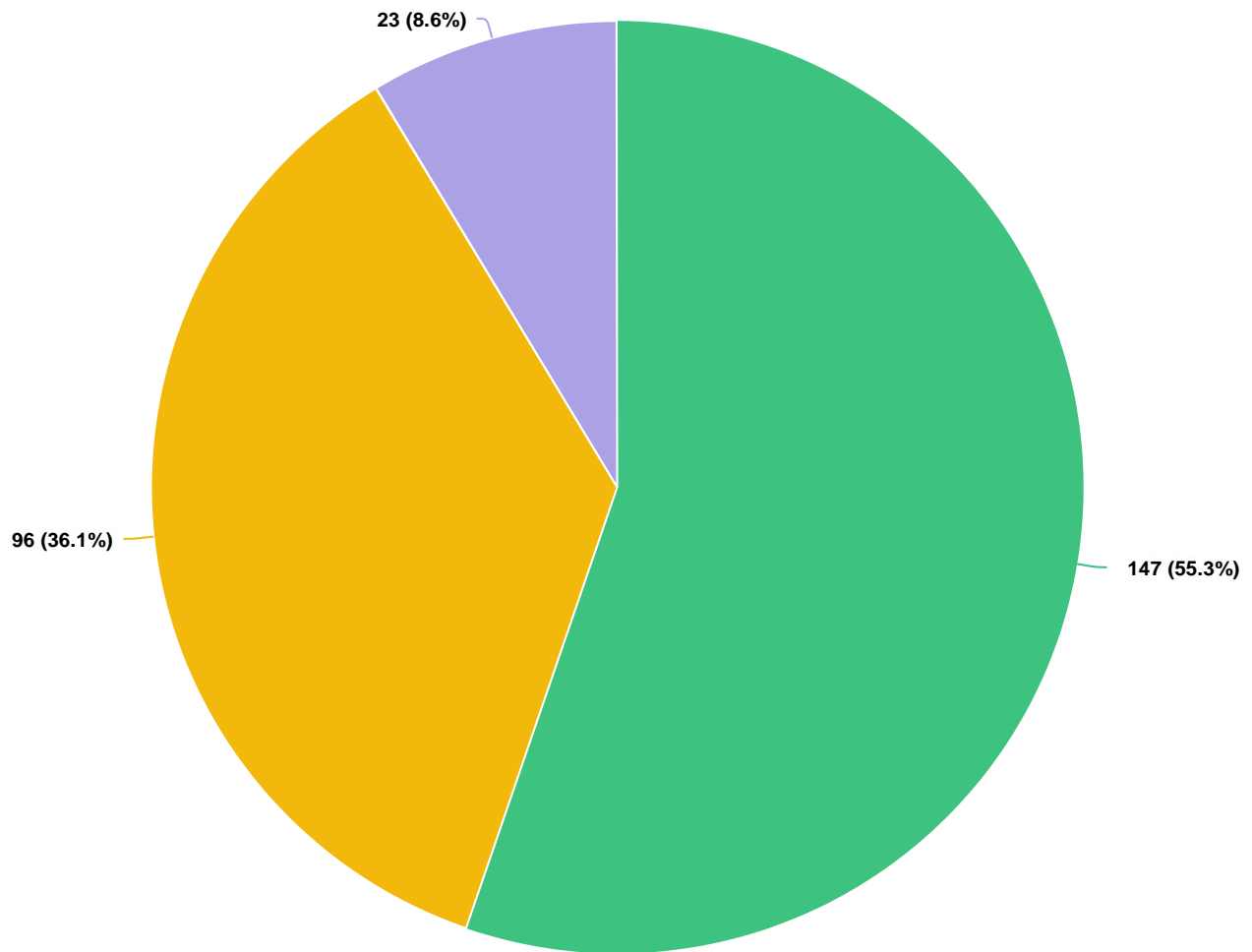


Question options

- Yes, I understand.
- No, I do not understand.

Optional question (263 response(s), 46 skipped)
Question type: Radio Button Question

Q13 After having reviewed these cost drivers, what is your view on SYNERGY NORTH's Investment Plan as presented?



Question options

- Yes, I support an Investment Plan which balances cost and reliability.
- I do not like the Investment Plan, but it appears necessary.
- No, I do not support the Investment Plan as presented.

Optional question (266 response(s), 43 skipped)
Question type: Radio Button Question

Q14 | Please feel welcome to provide feedback on this engagement.

Anonymous

4/17/2023 04:59 PM

My biggest "beef" with the capital investment work is leaving old poles behind, some even with no other utilities attached. I now have two poles in my yard and I wish Synergy North would require Shaw to move its wires to the new pole so the old pole can be removed.

Anonymous

4/19/2023 12:03 PM

Thank you for your commitment to provide a balanced approach to spending. Warmest regards.

Anonymous

4/19/2023 07:12 PM

Sounds like a lot of increases to my bill, but you make it sound like it's minimal because it's spread out over multiple factors.

Anonymous

4/26/2023 07:54 AM

You are going to do what you want to anyway.

Anonymous

5/02/2023 08:44 AM

My biggest concern is moving cost from business to residential customers. Inflation and increased cost is much easier for businesses to manage over the long term rather than residential customers who, in some cases, don't have the option to go to a traditional workplace post-COVID and the work from home movement by the same businesses as a means to cut cost and defer it to the employees. This move by Synergy will only increase this already significant burden on individuals.

Anonymous

5/02/2023 02:48 PM

I think there should be some sort of subsidies offered pending your tax bracket and income level. The middle class is being absolutely destroyed by the amount of taxes and additional fees we pay on every thing unfortunately.

Anonymous

5/03/2023 03:33 AM

I feel there can be cutbacks inside the business itself before passing on the increases to customers. ie The big uniform screw up with the name change, and going to a gas station that will give fleet fuel prices.

Anonymous

5/03/2023 08:11 AM

Any savings you can pass on to customers would be appreciated....I also don't think it's fair to increase residential cost because business customers have declined .

Anonymous

5/03/2023 08:08 PM

With inflation and the cost of everything going up I'm not sure how many people will be able to afford to eat nevermind pay their hydro bill.

Anonymous

5/04/2023 08:26 AM

I understand that increases in cost, however in this survey it never discusses the profit Synergy has made over the years or even last fiscal.

Anonymous

5/04/2023 10:11 AM

There are many cost increasing factors and I am concerned about the overall financial impact

Anonymous

5/04/2023 08:59 PM

Why are customers paying to settle Synergy North's debt? That should come out of CEO and stakeholder profits.

Anonymous

5/05/2023 11:30 PM

What is the Green Button Initiative?

Anonymous

5/06/2023 03:50 PM

We pay enough. Better budgeting is the answer

Anonymous

5/06/2023 04:34 PM

Sucks that costs are going up...

Anonymous

5/06/2023 08:36 PM

There are many ways synergy spends my money that's I don't agree with, as example all the promotional videos done for what? No one sees them except your own staff when you rent out the movie theater and provide a very generous breakfast for the entire staff. Seems to be becoming a regular event. Feel free to contact me for more money saving ideas 6) although you may not like them.

Anonymous

5/07/2023 03:29 AM

Ontario has the most expensive hydro prices in all of Canada, and yet we have a surplus of energy that we get overcharged for. Everyone is still suffering from the pandemic and you still want to charge us more. We can't AFFORD IT!

Anonymous

5/08/2023 06:44 PM

thank you

Anonymous

5/09/2023 06:01 AM

I would rather ensure reliability of infrastructure than see an increase in outages or length of outages.

Anonymous

5/10/2023 05:55 PM

Too many increases when the cost of living is not increasing.

Anonymous

5/10/2023 07:36 PM

It was helpful

Anonymous

5/12/2023 11:25 AM

Thanks for the update

Anonymous

5/15/2023 10:12 AM

I agree with your plan to invest in infrastructure proactively.

Anonymous

5/15/2023 03:03 PM

I think capital plan savings need to be identified (some project deferrals, some run to failure for some equipment if spares are available) in view of the the effects of inflation and regulatory charge increases. I am ok with the increased risk this may cause . New neighborhood developers should pay more of the costs to bring power to new areas .

Anonymous

5/15/2023 06:59 PM

I support the plan and understand the need to pass this charge on to the customer but all neighbourhoods should benefit from this investment plan. There is aging infrastructure in our area and I have not seen any replacements to poles in the 17 years we've lived here and we experience outages more frequently due to trees. Trees have been trimmed but no aging infrastructure replaced that we've been made aware of.

Anonymous

5/16/2023 10:44 AM

How about using the stupid "Delivery Charge" to fund things? Any middle class family is struggling right now and adding to our bills is not helping. Take from your CEOs salary to fund any changes that are necessary. Help the community feed our families.

Anonymous

5/23/2023 06:50 PM

There are technical terms used which are not well explained. If you are expecting this survey to resonate with more people, you need to adjust the language, use more visuals, and use conventions people understand. In the finance table, number are presented 20,0000 5,0000..... ? Why put four zeros after the comma? It throws the meaning of the table into question, which isn't good when it's millions of public dollars in question. I have tow university degrees and this survey doesn't present very clearly to me.

Anonymous

5/25/2023 07:16 AM

I value reliable electrical service, and am aware that in order to maintain reliability, money needs to be spent. I'm actually quite impressed by the reliability in the serving territory of Synergy North; whenever there is disruptive storm activity, the outages in this territory are few and far between, as opposed to other markets (as a result of my employment, I monitor the location of power outages to ensure uptime of our infrastructure). Keep doing what you're doing; as a ratepayer, I'm willing to spend a few extra bucks to make sure that my fridge stays cold, and my house stays warm.

Anonymous

5/26/2023 01:24 PM

keep up the good service

Anonymous

5/26/2023 03:33 PM

A reasonable plan in my opinion. With our increased wind storms I'm certainly in favour of more aggressive right of way maintenance. I might live downtown and be less impacted, but I see that as a cause of outages

Anonymous

6/01/2023 04:46 PM

Your vegetation management is a joke. You have tried to trim the trees on Fisher road multiple time but every time the wind blows or we have freezing rain the power goes out. Please have someone inspect this line and you will see the trees need a major trimming.

Anonymous

6/01/2023 06:11 PM

I really don't like anything that has to raise the prices of our bills.

Anonymous

6/02/2023 04:42 AM

All utilities are way too costly especially for seniors

Anonymous

6/02/2023 11:47 AM

We all suffer from inflation & any increase on our monthly electric bill will affect our quality of life, especially seniors & low income families.

Anonymous

6/02/2023 07:53 PM

It appears with all these efficiencies the increase is substantial especially for seniors on fixed income.

Anonymous

6/03/2023 06:19 PM

Households are already burdened with the relative increases. However it is necessary for the sustainability of the utility.

Anonymous

6/06/2023 09:46 PM

I need synergy North to tell me how I can save and be more efficient on my monthly bills. This is killing me

Anonymous

6/07/2023 08:06 AM

If funds were allocated from reducing bonuses from shareholders and upper management, including a 2% pay cut, this business plan could be better managed.

Anonymous

6/07/2023 08:16 AM

Please do your best to keep the companies cost down so customers are not impacted as much in the costs of electricity.

Anonymous

6/08/2023 10:08 AM

Reduce costs don't increase

Anonymous

6/09/2023 05:59 AM

I just can't afford all these utility increases.

Anonymous

6/09/2023 08:45 AM

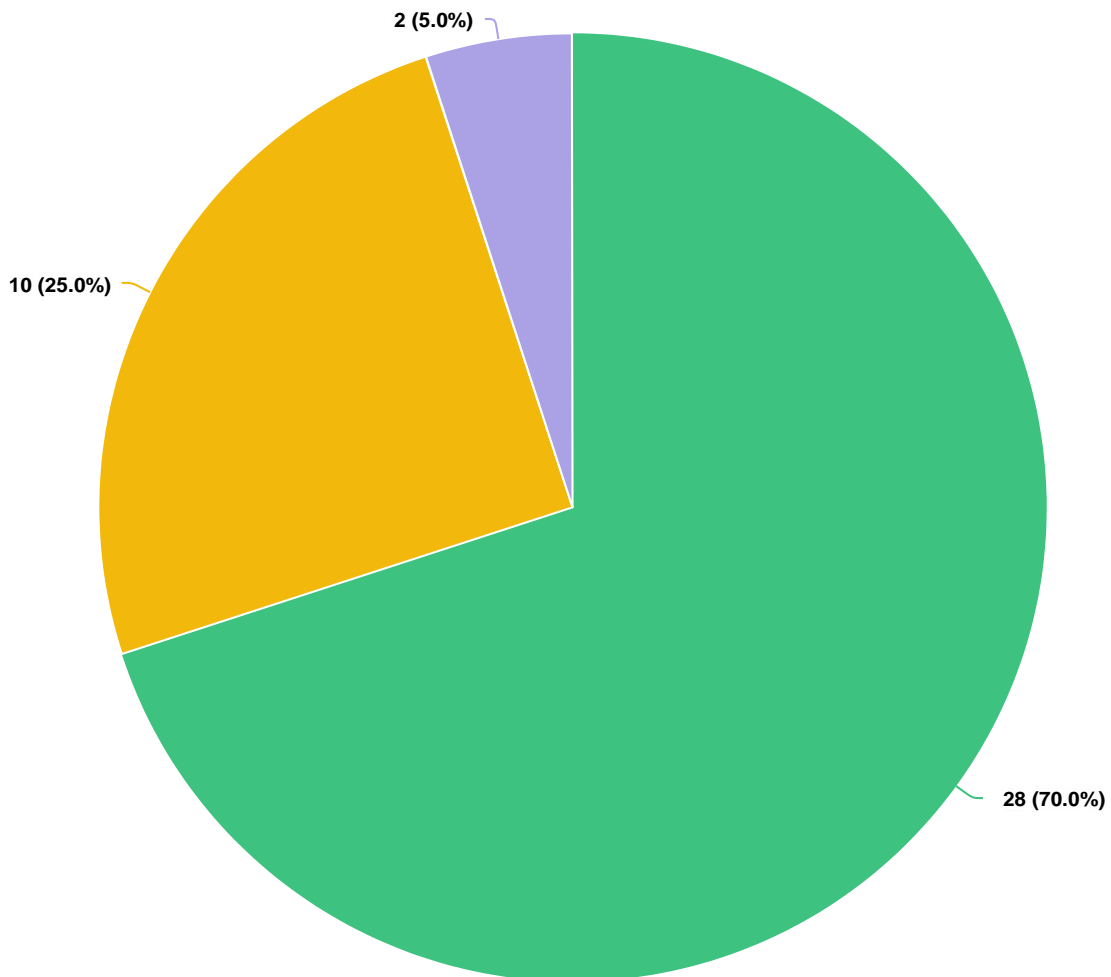
Commercial customers should carry more of the burden of these increases.

Optional question (42 response(s), 267 skipped)

Question type: Essay Question

KENORA

Q15 Vegetation Management - SYNERGY NORTH must trim trees in proximity to overhead lines to avoid trees contacting lines for safety and reliability. Currently, SYNERGY NORTH trims trees reactively in our geographic regions to maintain safe clearances. Recently obtained aerial photography, has shown a requirement for an increase in spending to meet Canadian Safety standards required for tree trimming. The standards have been developed to ensure public safety in and around overhead lines. To meet these safety standards, an initial amount of trimming is required. This amount can be spread out from three (3) to seven years (7). Extending this project beyond seven years would affect SYNERGY NORTH's ability to maintain its operational safety and reliability standards. As a result of SYNERGY NORTH's 2022 survey, most customers supported the spending required to maintain these safe clearances and indicated a preference for spreading this spending over seven (7) years. The monthly impact of this is \$1.24 per month on your electricity bill. Alternatively, this spending can be accelerated to three (3) or five (5) years with the following cost impacts: - The cost impact of spreading this spending over three (3) years is \$2.89 per month on your electricity bill.- The cost impact of spreading this spending over five (5) years is \$2.07 per month on your electricity bill. Which of the following statements best represent your feelings on the expenses presented above?

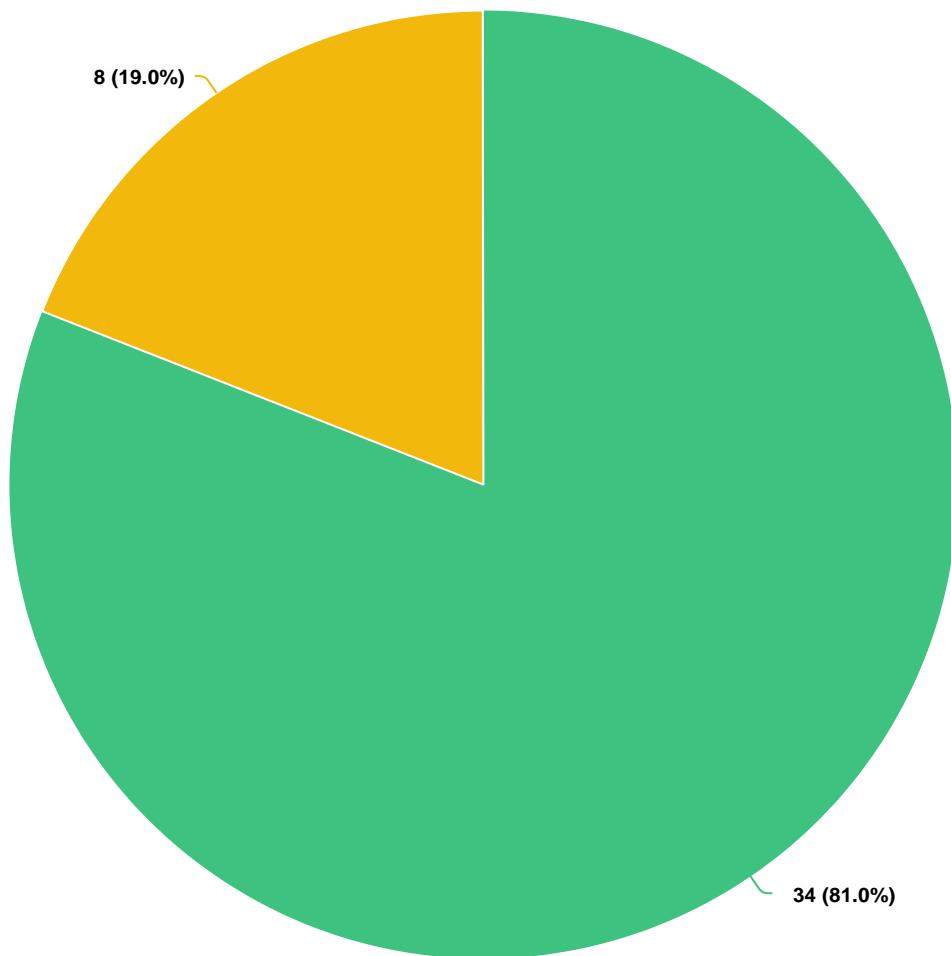


Question options

- Yes, I agree with spreading the tree trimming spending over seven (7) years.
- I feel the spending should be accelerated to five (5) years
- I feel the spending should be accelerated to three (3) years

*Optional question (40 response(s), 269 skipped)
Question type: Radio Button Question*

Q16 | **Efficiencies** - SYNERGY NORTH makes every effort to reduce the impacts of extra costs on customers through operational and management efficiencies. Examples of these types of efficiencies are the elimination of paper used in customer and billing processes, a reduction in leased office space, a reduction of staffing in several departments, converting customers to electronic billing, and other operational improvements. In addition, due to the merger between Kenora Hydro and Thunder Bay Hydro in 2019, cost savings have been realized due to efficiencies in administration and regulatory. In our previous survey, customers communicated that they are in favour of rate harmonization. Once, all SYNERGY NORTH customers are paying the same rate for their electricity distribution, more cost efficiencies will be realized from removing the added complexity of two rates zones. The rate impact of all these efficiencies results in a rate impact reduction of \$1.44 per month. Which of the following statements best represent your understanding of the presented cost efficiencies?



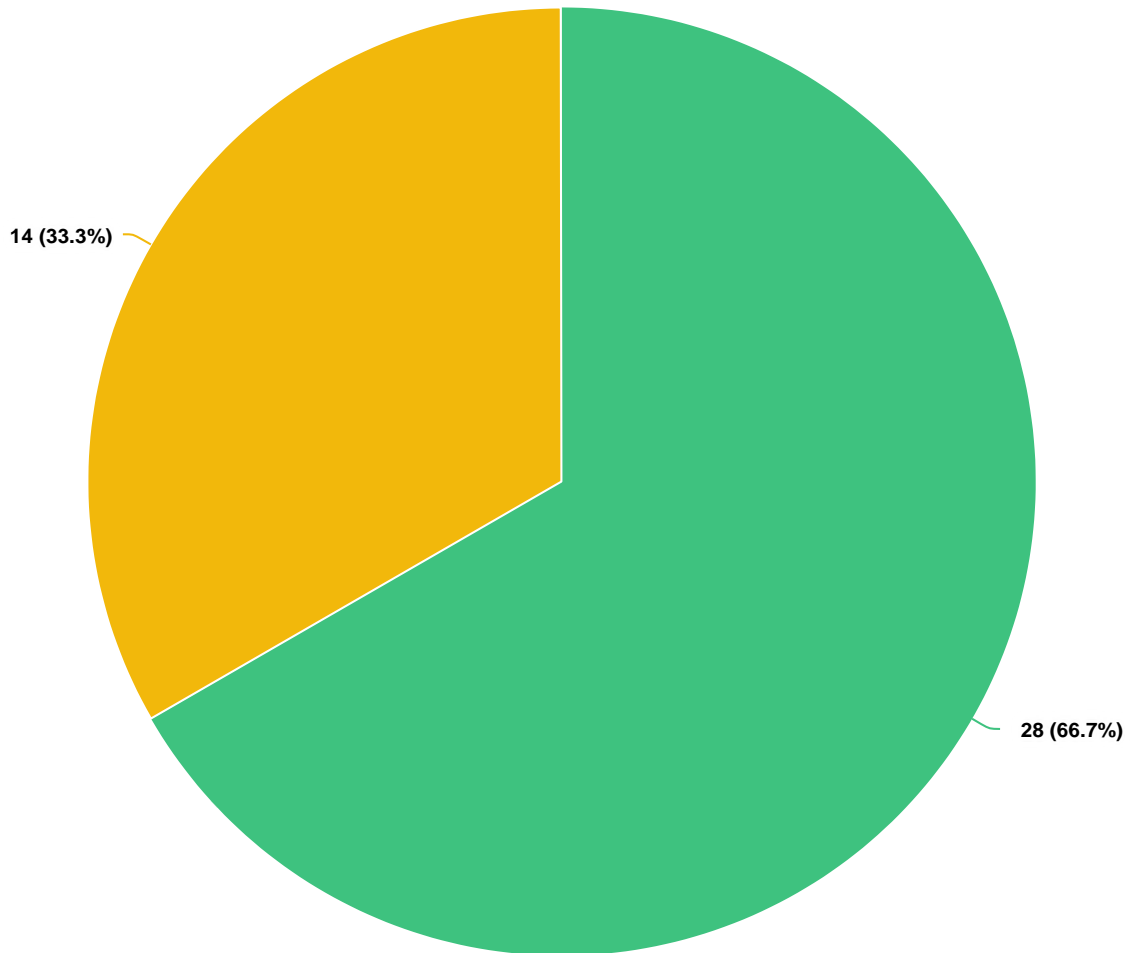
Question options

- Yes, I understand.
- No, I do not understand

Optional question (42 response(s), 267 skipped)

Question type: Radio Button Question

Q17 Commercial Funding Methodology - SYNERGY NORTH is required to obtain debt funding from commercial markets. This is a result of a decision of the majority shareholder to repay some of SYNERGY NORTH's outstanding debt and collect interest on the remaining portion. This interest will have a cost impact of \$1.37 a month for customers on their electricity bill. Which of the following statements best represent your understanding of the presented costs of capital?



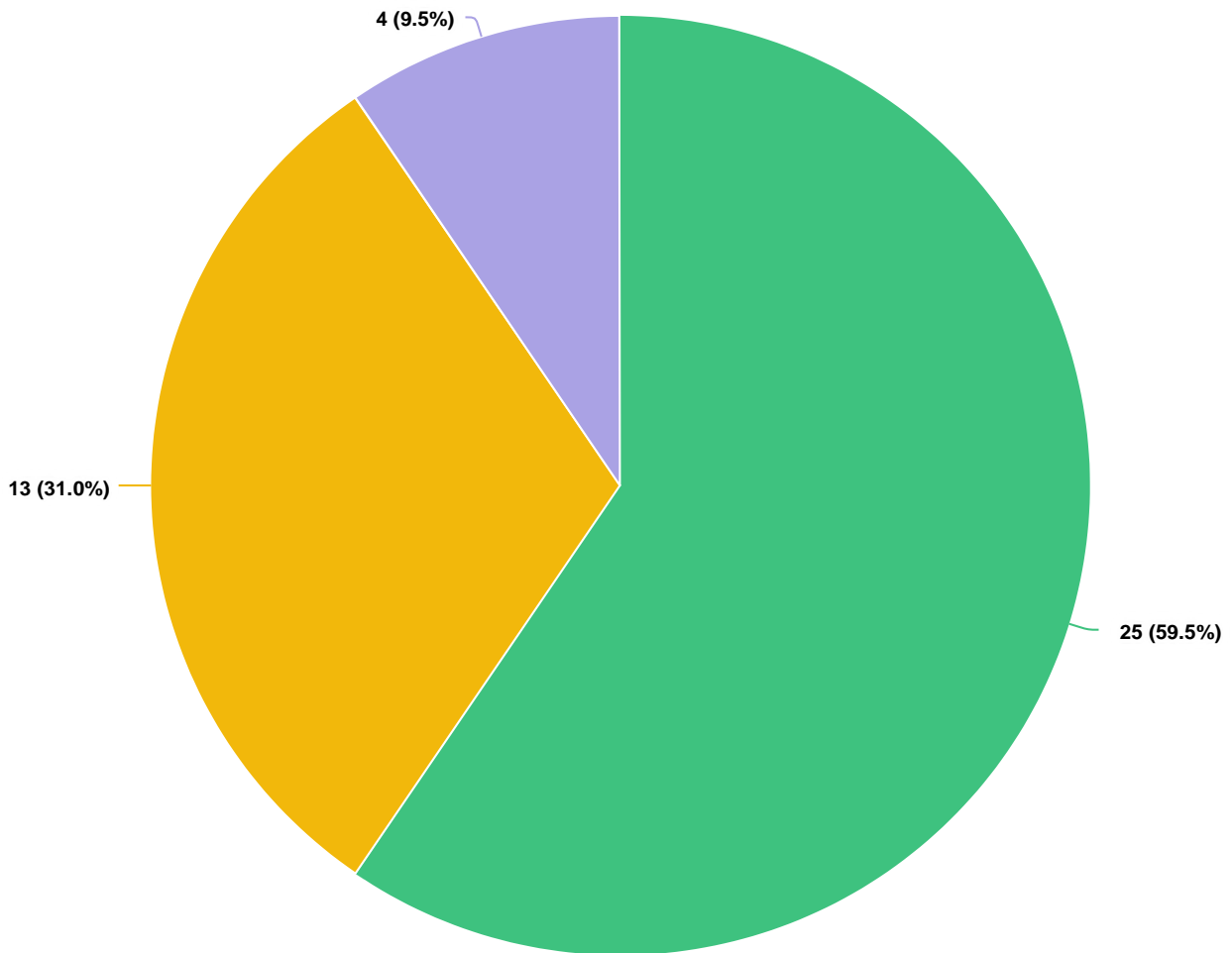
Question options

- Yes, I understand.
- No, I do not understand.

Optional question (42 response(s), 267 skipped)

Question type: Radio Button Question

Q18 | Capital Plan - When surveyed, our customers have consistently expressed the desire to replace assets proactively rather than run them to failure. SYNERGY NORTH uses this philosophy to minimize the cost of new construction while maintaining the reliability our customers have come to expect. To achieve this SYNERGY NORTH maintains a Distribution System Plan (DSP) that is developed using risk based decision making for current assets and future development plans. This plan allows SYNERGY NORTH to appropriately defer investment in assets and schedule replacement based on condition rather than age. The following presents our Capital Plan for the last and next five (5) years. The impact of SYNERGY NORTH’s historical capital spending from 2017-2024, combined with the change in the Cost of Capital parameters on 2024 rates will create a rate increase of \$0.22 per month in 2024. Beyond 2024, customers will see a yearly bill average increase of \$0.60 per year over the life of the proposed capital investment plan (2024-2029). Without this investment, SYNERGY NORTH equipment will be at a greater risk for failure, affecting operations and reliability. Which of the following statements best represent understanding of the Capital Plan?

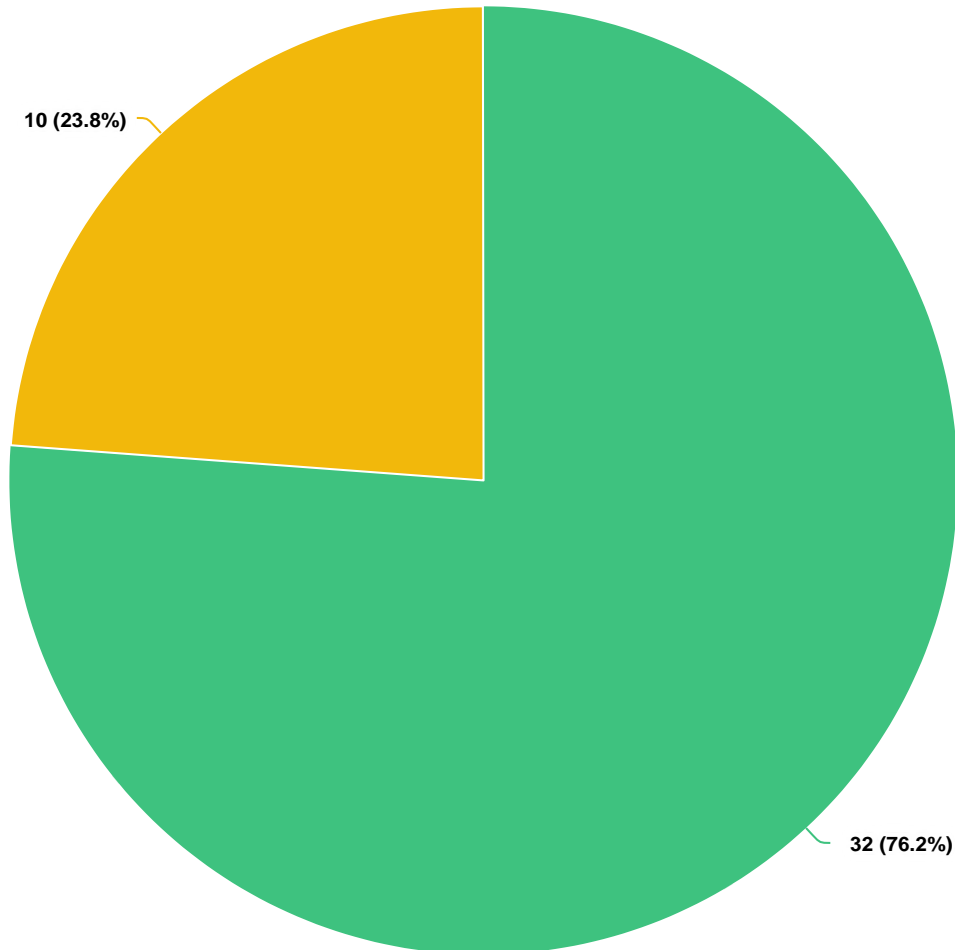


Question options

- Yes, I support a balanced capital spending plan.
- I do not support support a balanced capital spending plan. but understand it is necessary.
- No, I do not agree with the capital plan as presented.

*Optional question (42 response(s), 267 skipped)
Question type: Radio Button Question*

Q19 Cost Allocation - SYNERGY NORTH undertakes a cost allocation process which is used to identify which portion of the utilities' costs should be applied to each class. SYNERGY NORTH saw a decrease in business customers in from 2017 to 2023. Also, residential customers have increased usage and customer count. Therefore, more of the cost is required to be allocated to the residential customers. This will result in a bill impact of \$2.24 on a residential bill. Which of the following statements best represent your understanding of the presented cost allocation?

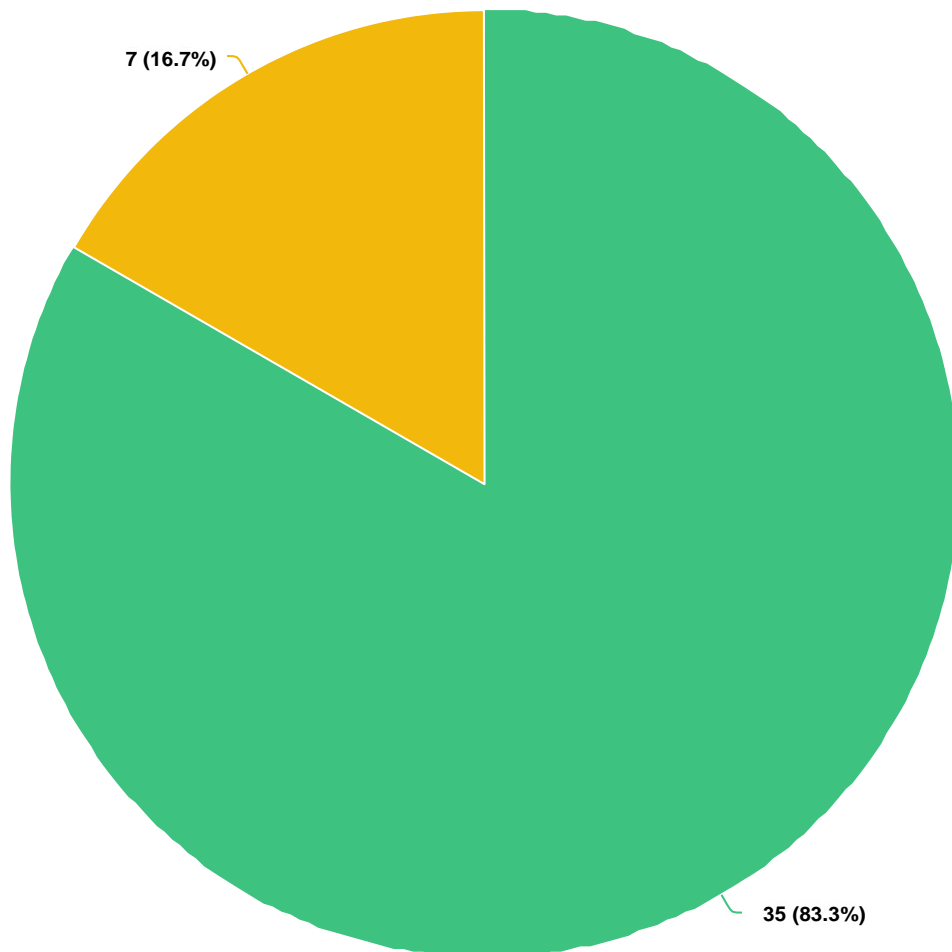


Question options

- Yes, I understand.
- No, I do not understand.

Optional question (42 response(s), 267 skipped)
Question type: Radio Button Question

Q20 Impact of Inflation - Inflation is significantly impacting the cost of SYNERGY NORTH's operations. For example, there has been a 33% increase in the price of gasoline costs impacting SYNERGY NORTH's fleet costs. Further, the costs of materials regularly used in neighbourhood projects have increased between 16% and 74%. The anticipated inflation on materials and operating costs will have an impact of \$1.87 on our customers monthly electricity bill. Which of the following statements best represent your understanding of the presented cost pressures?

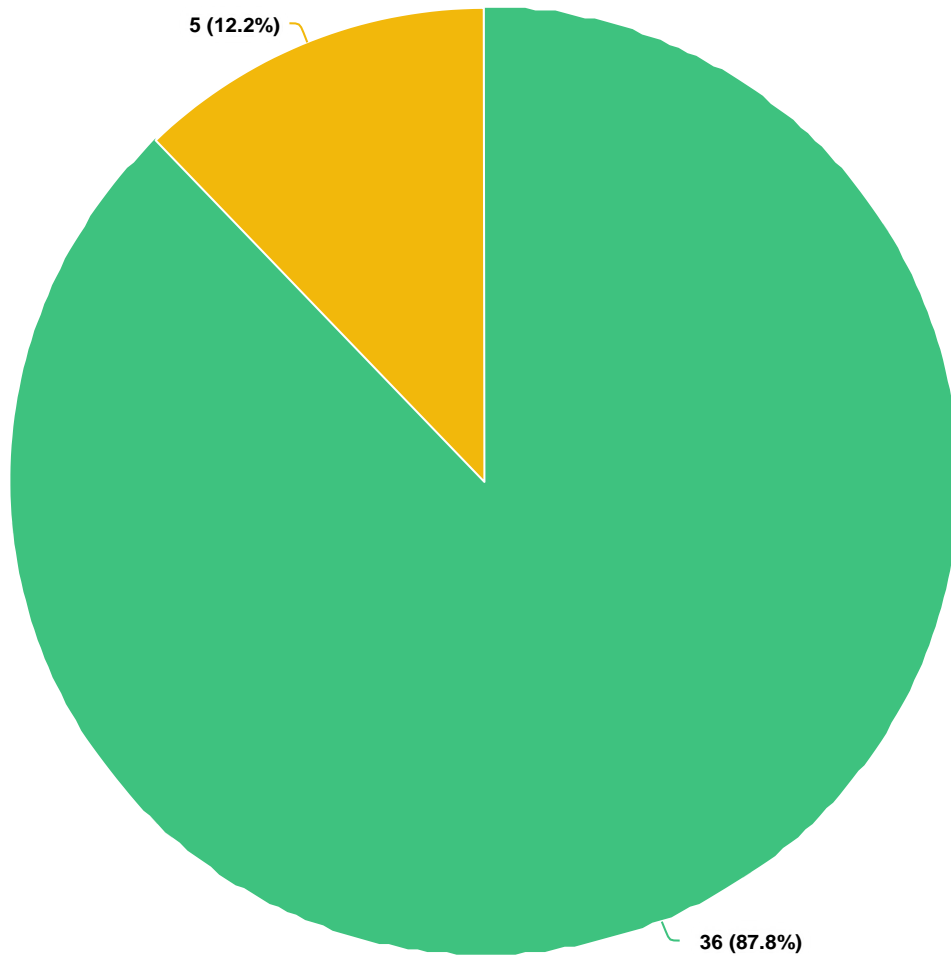


Question options

- Yes, I understand.
- No, I do not understand.

*Optional question (42 response(s), 267 skipped)
Question type: Radio Button Question*

Q21 | Other Cost Drivers - Like all electrical distribution companies in Ontario, SYNERGY NORTH is regulated by the Ontario Energy Board (OEB). Cost increases due to regulatory requirements mandated by the OEB, such as the Green Button Initiative, Cyber Security, Cost of Service Application and Rate Harmonization costs will result in a monthly electricity bill decrease of \$4.07. Which of the following statements best represent your understanding of the proposed expenses presented above?

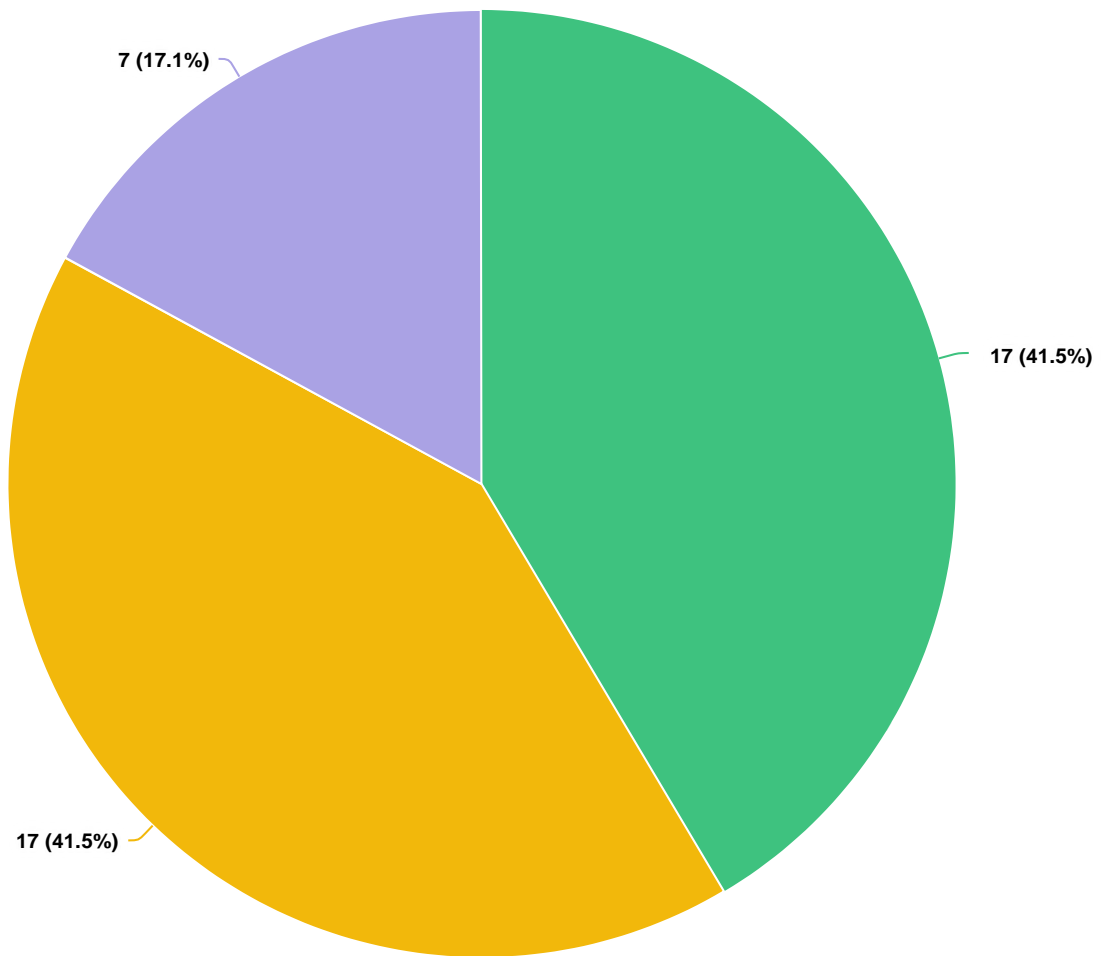


Question options

- Yes, I understand.
- No, I do not understand.

*Optional question (41 response(s), 268 skipped)
Question type: Radio Button Question*

Q22 After having reviewed these cost drivers, what is your view on SYNERGY NORTH'S Investment Plan as presented?



Question options

- Yes, I support an Investment Plan which balances cost and reliability.
- I do not like the Investment Plan, but it appears necessary.
- No, I do not support the Investment Plan as presented.

Optional question (41 response(s), 268 skipped)

Question type: Radio Button Question

Q23 | Please feel welcome to provide feedback on this engagement.

Anonymous

4/21/2023 04:14 PM

As a senior I have a fixed income so I either pay my electrical and heating bill and cut back on groceries and any upgrades to my house because I can't afford it.

Anonymous

4/21/2023 04:47 PM

Everything just costs more and more, and always gets downloaded onto customers. My salary doesn't increase, but everything else costs more and more.

Anonymous

4/22/2023 07:47 AM

You are a electricity provider, why does the fleet of vehicles consume gas? Roof top solar initiatives needed.

Anonymous

4/26/2023 03:02 PM

IT IS IMPORTANT TO MAINTAIN A GOOD LEVEL OF SERVICE AND TO DO THIS EQUIPMENT MUST BE MAINTAINED ALSO. I HAVE TRIED TO CONTACT SYNERGY FOR A POWER OUTAGE. YOUR SYSTEM FOR CALLING DOES NOT MAKE IT EASY TO REPORT. MAYBE REVIEW FOR A SIMPLER METHOD.

Anonymous

5/02/2023 01:42 PM

Do people really win these surveys?

Anonymous

5/03/2023 07:06 AM

A good company

Anonymous

5/07/2023 09:59 PM

While I understand that increases are necessary to meet the needs of electricity demand and that Synergy North is a reliable and reasonable provider, it is appreciated by customers that we have the opportunity to participate in surveys and receive reasonable rates.

Anonymous

5/08/2023 05:30 AM

Please stop falsely using the term 'inflation' and putting costs back onto users. Please start looking at profits and ways to support your communities and the people in them.

Anonymous

5/09/2023 07:05 PM

The survey really highlights that the cost is ultimately downloaded on the consumer and is death by one thousand cuts, it's only 0.60 cents here and \$1.37 here but it all adds up on already pressured people. How about some grants for people to invest in their homes there by reducing energy consumption. I am not talking about \$75 off a smart

meter, or the current one where you get \$50 for a new door that costs \$2000.00. I do not understand how people working minimum wage jobs even live. That said Synergy North has been great in Kenora and have always been excellent to work with.

Anonymous

5/11/2023 05:56 PM

With todays economic crisis, you think it is fair to people to raise the rates? Bad enough that the gas rates went up now this? Lots of people have to make a decision every month to either pay their utilities, rent or buy food for their families. Not everyone can do all 3 a month.

Anonymous

6/03/2023 06:27 AM

Times are tough right now, any added expense to anything is stressful. In our family we are mindful about the energy we are using to try to keep costs down.

Optional question (11 response(s), 298 skipped)

Question type: Essay Question