



WESTARIO POWER INC.

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

AS AT DECEMBER 31, 2021

FINAL – January 26, 2022

TABLE OF CONTENTS

Executive Summary	1
Purpose	1
Section A — Valuation Results	2
Valuation Results	3
Sensitivity Analysis	4
Development of Changes in the Present Value of Defined Benefit Obligation	5
Section B — Plan Participants	6
Participation Data	7
Participant Reconciliation	8
Section C — Summary of Actuarial Method and Assumptions	9
Actuarial Method	9
Management’s Best Estimate Assumptions	10
Economic Assumptions	10
Demographic Assumptions	10
Other Assumptions	10
Section D — Summary of Post-Retirement Benefits	11
Eligibility	11
Participant Contributions	11
Past Service	11
Length of Service	11
Summary of Benefits	12
Actuarial Certification	13
Section E — Employer Certification	14
APPENDIX — Detailed Accounting Schedules	19

EXECUTIVE SUMMARY

Purpose

RSM Canada Consulting LP was engaged by Westario Power Inc. (the “Corporation”) to perform an actuarial valuation of the post-retirement non-pension benefits sponsored by the Corporation and to determine the accounting results for those benefits for the fiscal period ending December 31, 2021. The nature of these benefits is defined benefit.

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

The most recent full valuation was prepared as at December 31, 2018 based on the assumptions chosen by management at that date and in accordance with IAS 19.

The purpose of this valuation is threefold:

- i) To determine the Corporation’s liabilities in respect of post-retirement non-pension benefits at December 31, 2021;
- ii) To determine the defined benefit costs to be recognized for fiscal year 2021; and
- iii) To provide all other pertinent information necessary for compliance with IAS 19.

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

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

Included in the Appendix attached hereto are detailed accounting schedules containing the results of the valuation.

SECTION A — VALUATION RESULTS

Section A.1 shows the key valuation results compared to previous year's figures projected from the most recent full valuation.

Section A.2 shows the sensitivity of the valuation results to certain changes in assumptions. We have shown an increase/decrease in the discount rate by 1% per annum.

Section A.3 shows the development of changes in the present value of defined benefit obligation as a result of the re-measurement at December 31, 2021.

Valuation Results

Section A.1—Valuation Results

Results from the actuarial valuation as at December 31, 2021 compared to the previous year's figures projected from the most recent full valuation:

	December 31, 2020	December 31, 2021
Present Value of Defined Benefit Obligation (PV DBO)	412,100	347,900

	CY 2020	CY 2021
Current Service Cost	-	-
Interest Cost	11,500	10,400
Defined Benefit Cost Recognized in Income Statement	11,500	10,400
Actuarial (Gain)/Loss	43,200	(50,200)
Defined Benefit Cost Recognized In OCI	43,200	(50,200)
Defined Benefit Cost	54,600	(39,800)

Sensitivity Analysis

Section A.2—Sensitivity Analysis

	Dec. 31, 2021 PV DBO	Difference	% Difference
Base Assumptions	347,900		
Discount Rate +1%	308,700	(39,100)	-11%
Discount Rate -1%	395,500	47,600	14%

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

Development of Changes in the Present Value of Defined Benefit Obligation

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

PV DBO at December 31, 2020	412,100
2021 Current Service Cost	-
2021 Benefit Payments	(24,400)
2021 Interest Cost	10,400
Expected PV DBO at December 31, 2021	398,100
Actuarial (Gain)/Loss at December 31, 2021	(50,200)
PV DBO at December 31, 2021	347,900

The decrease indicated above of \$50,200 in the PV DBO from the expected PV DBO at December 31, 2021 is due to the re-measurement of the liability; a breakdown of the changes is as follows:

Change in composition of active and retiree data (actual experience different from expected)	(36,900)
Change in assumptions:	
Discount Rate	(13,300)
Total Actuarial (Gain)/Loss at December 31, 2021	(50,200)

Pursuant to IAS 19, the re-measurement of the PV DBO at December 31, 2021 based on the changes in the assumptions and experience is recognized immediately in other comprehensive income at December 31, 2021.

SECTION B — PLAN PARTICIPANTS

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

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

Participation Data

Section B.1—Participant Data

Membership data as at November 30, 2021 was received from the Corporation and included information such as name, gender, age, date of hire, current salary, benefit amounts and other applicable details for all active employees and people in receipt of benefits.

Although the data provided reflected status and benefit information as at November 30, 2021, the Corporation has confirmed that no changes in status and other member data occurring from November 30 to December 31 are expected to be material to the valuation results.

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

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

In addition, the following tests were performed:

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

	December 31, 2018	November 30, 2021
Retiree (in Receipt of Benefits) Count		
Male	21	19
Female	12	8
Total	33	27

Participant Reconciliation

Section B.2—Participation Reconciliation

	Actives	Disabled	Retired
December 31, 2018	-	-	33
New Entrants	-	-	-
Actives	-	-	-
Terminated	-	-	-
Retired	-	-	-
Deceased	-	-	(5)
Disabled	-	-	-
Correction to Data *	-	-	(1)
Not Eligible for Benefits	-	-	-
November 30, 2021	-	-	27

* One individual was previously indicated by the Corporation to have retired and in receipt of benefits, but has been corrected to not receiving benefits

SECTION C — SUMMARY OF ACTUARIAL METHOD AND ASSUMPTIONS

Actuarial Method

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

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

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

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

The PV DBO at December 31, 2021 is based on membership data as at November 30, 2021 and management's best estimate assumptions established for calculations as at December 31, 2021.

Management's Best Estimate Assumptions

The following are management's best estimate economic and demographic assumptions for calculations as at December 31, 2021.

Economic Assumptions

Discount Rate

The rate used to discount future benefits is assumed to be 2.90% per annum as of December 31, 2021. This rate reflects the Corporation's expected projected benefit cash flows for post-retirement non-pension benefits and the market yields on high quality bonds at the time of preparing the valuation.

The assumption used in the previous valuation was 3.90% per annum as at December 31, 2018, which was subsequently updated to 2.60% as at December 31, 2020.

Demographic Assumptions

Mortality Table

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

The mortality table assumption remains unchanged from the previous valuation.

Other Assumptions

Expenses and Taxes

It is assumed that 10% of the accrued benefit obligation reflects the cost of sponsoring and administering the program for life insurance. No additional information is available regarding the costs for the life insurance program.

These assumptions remain unchanged from the previous valuation.

SECTION D — SUMMARY OF POST-RETIREMENT BENEFITS

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

Eligibility

Upon retirement, all employees of the Corporation are eligible for post-retirement life insurance.

Participant Contributions

The Corporation shall pay 100% of the cost of the post-retirement life benefit for the eligible retirees.

Past Service

Past service is defined as continuous service prior to joining the plan if the participant was employed by another electrical distribution company prior to joining the Corporation.

Length of Service

Length of service is defined as continuous service from the date of hire to the valuation date, measured in years and months.

Summary of Benefits

Life Insurance

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

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

ACTUARIAL CERTIFICATION

An actuarial valuation has been performed on the post-retirement non-pension benefit plans sponsored by Westario Power Inc. (the “Corporation”) as at December 31, 2021, for the purposes described in this report.

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

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

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

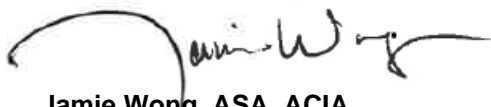
The latest date on which the next actuarial valuation should be performed is December 31, 2024. If any supplemental advice or explanation is required, please advise the undersigned.

Respectfully submitted,

RSM CANADA CONSULTING LP



Stanley Caravaggio, FSA, FCIA
Director



Jamie Wong, ASA, ACIA
Manager

Toronto, Ontario

January 26, 2022

SECTION E — EMPLOYER CERTIFICATION

Post-Retirement Non-Pension Benefit Plan of Westario Power Inc. Actuarial Valuation as at December 31, 2021

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

- i) The membership data summarized in Section B is accurate and complete;
- ii) The assumptions upon which this report is based as summarized in Section C, are management's best estimate assumptions and are adequate and appropriate for the purposes of this valuation; and
- iii) The summary of Plan Provisions in Section D is an accurate and complete summary of the terms of the Plan in effect on December 31, 2021.

WESTARIO POWER INC.

Jan 25, 2022

Date



Signature

Malcolm McCallum

Name

VP Finance and CFO

Title



APPENDIX — DETAILED ACCOUNTING SCHEDULES

Westario
Estimated Benefit Expense (IAS 19)
FINAL

	Actuals CY 2021 *	Projected ** CY 2022	Projected ** CY 2023	Projected ** CY 2024
Discount Rate at January 1	2.60%	2.90%	2.90%	2.90%
Discount Rate at December 31	2.90%	2.90%	2.90%	2.90%
Assumed Increase in Employer Contributions	actual	expected ***	expected ***	expected ***

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

Net Defined Benefit Liability/(Asset) as at January 1	412,066	347,869	337,459	327,769
Defined Benefit Cost Recognized in Income Statement	10,423	9,797	9,510	9,239
Defined Benefit Cost Recognized in Other Comprehensive Income	(50,189)	-	-	-
Benefits Paid by the Employer	(24,431)	(20,207)	(19,200)	(18,496)
Net Defined Benefit Liability/(Asset) as at December 31	347,869	337,459	327,769	318,512

B. Determination of Defined Benefit Cost

B1. Determination of Defined Benefit Cost Recognized in Income Statement

Current Service Cost	-	-	-	-
Interest Cost	10,423	9,797	9,510	9,239
Defined Benefit Cost Recognized in Income Statement	10,423	9,797	9,510	9,239

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

Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	(13,298)	-	-	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	-	-	-	-
Net Actuarial Loss/(Gain) arising from Experience Adjustments	(36,891)	-	-	-
Return on Plan Assets (Excluding Amounts Included in Net Interest Cost)	-	-	-	-
Change in Effect of Asset Ceiling	-	-	-	-
Defined Benefit Cost Recognized in Other Comprehensive Income	(50,189)	-	-	-
Total Defined Benefit Cost	(39,766)	9,797	9,510	9,239

C. Change in the Present Value of Defined Benefit Obligation

Present Value of Defined Benefit Obligation as at January 1	412,066	347,869	337,459	327,769
Current Service Cost	-	-	-	-
Interest Cost	10,423	9,797	9,510	9,239
Benefits Paid	(24,431)	(20,207)	(19,200)	(18,496)
Net Actuarial Loss/(Gain)	(50,189)	-	-	-
Present Value of Defined Benefit Obligation as at December 31	347,869	337,459	327,769	318,512

* The expected December 31, 2021 PV DBO and CY 2021 defined benefit cost are calculated based on membership data at December 31, 2018 and management's best estimate assumptions at December 31, 2020.

** Projected CY 2022, 2023, and 2024 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

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



Westario
Estimated Benefit Expense (IAS 19)
FINAL

	Actuals CY 2021 *	Projected ** CY 2022	Projected ** CY 2023	Projected ** CY 2024
Discount Rate at January 1	2.60%	2.90%	2.90%	2.90%
Discount Rate at December 31	2.90%	2.90%	2.90%	2.90%
Assumed Increase in Employer Contributions	actual	expected ***	expected ***	expected ***

D. Calculation of Component Items

Interest Cost				
Present Value of Defined Benefit Obligation as at January 1	412,066	347,869	337,459	327,769
Benefits Paid	(12,216)	(10,104)	(9,600)	(9,248)
Accrued Benefits	399,851	337,766	327,859	318,521
Interest Cost	10,423	9,797	9,510	9,239
Expected Present Value of Defined Benefit Obligation as at December 31				
Present Value of Defined Benefit Obligation as at January 1	412,066	347,869	337,459	327,769
Current Service Cost	-	-	-	-
Benefits Paid	(24,431)	(20,207)	(19,200)	(18,496)
Interest Cost	10,423	9,797	9,510	9,239
Expected Present Value of Defined Benefit Obligation as at December 31	398,058	337,459	327,769	318,512

E. Net Actuarial Loss/(Gain)

Net Actuarial Loss/(Gain) as at December 31				
Expected Present Value of Defined Benefit Obligation	398,058	337,459	327,769	318,512
Actual Present Value of Defined Benefit Obligation	347,869	337,459	327,769	318,512
Net Actuarial Loss/(Gain) as at December 31	(50,189)	-	-	-

* The expected December 31, 2021 PV DBO and CY 2021 defined benefit cost are calculated based on membership data at December 31, 2018 and management's best estimate assumptions at December 31, 2020.

** Projected CY 2022, 2023, and 2024 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

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

rsmcanada.com

RSM Canada LLP is a limited liability partnership that provides public accounting services and is the Canadian member firm of RSM International, a global network of independent audit, tax and consulting firms. RSM Canada Consulting LP is a limited partnership that provides consulting services and is an affiliate of RSM US LLP, a member firm of RSM International. The member firms of RSM International collaborate to provide services to global clients, but are separate and distinct legal entities that cannot obligate each other. Each member firm is responsible only for its own acts and omissions, and not those of any other party. Visit [rsmcanada.com/about us](http://rsmcanada.com/about-us) for more information regarding RSM Canada and RSM International.

RSM® and the RSM logo are registered trademarks of RSM International Association, used under licence.

The power of being understood® is a registered trademark of RSM US LLP, used under licence.

©2022. RSM Canada LLP. All Rights Reserved.

