EXHIBIT 4 – OPERATING EXPENSES

2025 Cost of Service

Lakeland Power Distribution Ltd.
EB-2024-0039

TABLE OF CONTENTS

Table of Figures

4.1 OVERVIEW

4.1.1 BACKGROUND

Operations, Maintenance and Administrative ("OM&A") costs in this application represent Lakeland Power Distribution Ltd.'s ("LPDL") integrated set of asset maintenance and customer activity needs to meet public and employee safety objectives, to comply with the Distribution System Code ("DSC"), environmental requirements, Government direction, and to maintain distribution business service quality and reliability at targeted performance levels. These costs represent the reasonably incurred cost to provide services to customers connected to LPDL's distribution system, and to meet the service levels stipulated in the Standard Supply Service Code and Retailer Settlement Codes.

LPDL's 2025 Test Year total OM&A is summarized in Table 1 below. Total OM&A in the 2025 Test Year are $6,580,856 inclusive of the Low-Income Energy Assistance Program ("LEAP"). LPDL proposes to recover total OM&A expenses in distribution rates. In this Exhibit, information is provided on key initiatives, trends, and material year-over-year variances. Details on staffing and compensation costs, and shared services, are also provided.

Table 1 - Summary of OM&A

Description	2025 Test
Operations	500,535
Maintenance	2,310,892
Billing and Collecting	1,171,958
Community Relations	36,225
Administrative and General	2,561,246
TOTAL	**6,580,856**

LPDL consistently monitors its total cost per customer and tracks this information against its peers, specifically LDCs that are similar in size and nature. LPDL uses its own internal scorecard found in Table 2 , which measures costs per customer where results are discussed quarterly with all management personnel. Although LPDL is not the lowest cost provider it has historically been near, or better than, average of its comparators. Total cost per customer had a slight increase in 2023 to $893 as per the 2023 Scorecards of Electricity Distributors issued September 12, 2024.

4.1.2 OVERVIEW OF BUDGETING PROCESS

LPDL prepares an annual budget that is reviewed by Senior Management, and subsequently presented to the Board of Directors for final approval. A 3-year business plan is also prepared at a higher level to develop longer term goals and objectives which includes cashflow analysis to anticipate the future financial position of the utility.

In early August, each manager is asked to prepare an overview strategic objective for their specific areas focusing on the 4 pillars of:

- Environmental, Health & Safety
- Team
- Customers/Investment
- Financial

The strategies developed to determine the overall objective of the company form the basis of the annual budget as well as the annual internal scorecard. Table 2 below shows an example from the 2024 process:

Table 2 - LPDL Internal Scorecard

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2024, 2025, 2026 BALANCED SCORECARD

1 Environmental Health & Safety

	Key Performance Indicator	Timeline	Improvement Same/Yes/No	Responsibility	Update
a	Zero Loss Time Accidents Annually	2024-2027		Brian/Andrew/ Jordan/Sharon	
b	Cyber attack - no loss of customer information and/or money	2024-2027		Brian/Andrew/ Jordan/Sharon	
c	Waste reduction committee membership	2024-2027		Brian/Andrew/ Jordan/Sharon	
d	Compliance Science at least 95%	2024-2027		Brian/Andrew/ Jordan/Sharon / Taylor	

2 Team

	Key Performance Indicator	Timeline	Improvement Same/Yes/No	Responsibility	Update
a	1 Vacant linesperson?	2024		Brian/Andrew	
b	New Meter Technician Apprenticeship?	2024		Brian/Jordan / Taylor	
c	2 Retiring CSRs?	2025&2026		Sharon/Taylor	

3 Customer Service & Investments

	Key Performance Indicator	Timeline	Improvement Same/Yes/No	Responsibility	Update
a	Ensure in top 10% of most reliable distribution companies in Ontario. Annual average number of times that power to a customer is interrupted = <0.77	2024-2027		Brian/Andrew/ Jordan	
b	Ensure in top 10% of most reliable distribution companies in Ontario. Annual average number of hours that power to a customer is interrupted = <1 hour34 minutes	2024-2027		Brian/Andrew/ Jordan	
c	Improve PowerAssist 24-hour outage assistance - TextPower	2024		Sharon/Brian / Andrew	
d	Implement Customer Education Plan to improve satisfaction	2024-2025		Sharon/Brian	
e	Customer Satisfaction Survey OEB requirement minimal score	2025 = 79%		Sharon/Brian	
f	Install at least 2 new Smart Switches annually to increase smart grid operations	2024-2027		Jordan/Andrew/ Brian	
g	Annual operations: continue porcelain switch replacements, IR scanning, implement asset management plan, tree trimming	2024-2027		Andrew/Brian / Jordan	
h	Northstar Billing Upgrade	2024/2025		Sharon	
i	New M3 Substation replacement to connect more customers to local Bracebridge TS improving reliability vs Utterson	2024 = engineering 2025 = material order 2026 = installation		Jordan/Brian/ Andrew	

4 Financial

	Key Performance Indicator	Timeline	Improvement Same/Yes/No	Responsibility	Update
a	Complete Cost of Service Application to Ontario Energy Board	2024		Darren/Brian/ Sharon / Jordan / Andrew	
b	Defend Cost of Service Application and implement new rates	2025		Darren/Brian/ Sharon / Jordan	
c	Annually ensure are in 10% lowest controllable cost per customer distribution companies in Ontario	2024 = <\$339 2025 = <\$346 2026 = <\$353		Brian/Andrew/ Jordan/Sharon	
d	Annually increase Ebilling - reducing costs by proactively engaging customers to enroll	2024 = 44% 2025 = 47% 2026 = 51%		Sharon	
e	Annual Days Sales Outstanding = <30	2023-2025		Sharon	
f	Annual Deemed Return on Equity = >8%	2024-2027		Brian/Darren	

LPDL's overall budget process is an essential planning tool to ensure proper resources are available to maintain and grow its capital infrastructure. Each department has a key role and responsibility for the preparation of the operating and capital budget, as shown below:

- Engineers and Operations Manager discuss current projects planned for the upcoming year and long-range forecast. Project prioritization is then performed, and values associated to the upcoming projects are estimated.
- Operations Manager presents a Preliminary Operating, Capital Budget and long-range forecast to Senior Finance Management for feedback or revisions.
- Senior Management Team (CEO, CFO and COO) present and recommend the Preliminary Budget and long-range forecast to the Board of Directors for approval, feedback, or possible revisions if necessary.
- It is the responsibility of the Board of Directors, on behalf of the stakeholders, to approve the final Budget and ensure LPDL abides to it.
- Once final approval is achieved, the Board of Directors and Senior Management present the final financial package to all shareholders.

Once the Board of Directors approve the annual budget, the budget amounts typically do not change but provides a plan where actual results may be evaluated.

LPDL performs a monthly Actual-to-Budget Review Process. This monthly review process involves the following activities:

- Senior Finance presents the variances to the Operations Manager for validation.
- Significant variances in capital and operating expenditures based on YTD results are reviewed along with work plans to identify any changes that may have an impact on actual expenditures.

- A revised forecast is produced each month to account for major changes in operational assumptions or new customer demand projects.
- All significant variances are reported to the Board of Directors on a monthly basis by the CFO.
- If LPDL anticipates exceeding the Capital Budget by $50,000 during the fiscal year, a Capital Expenditure Report must be prepared and presented to the Board of Directors for approval.

Informed by the needs of the capital infrastructure as well as other impacts on operating conditions, LPDL also plans for the required operations and maintenance of its assets considering both performance and safety.

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

- Revenue forecast
- Operating, Maintenance, and Administration ("OM&A") expense forecast
- Capital Budget forecast

Revenue Forecast

Revenue forecasts are based on throughput volume and existing rates for the 2024 Bridge Year and LPDL's proposed rates for the 2025 Test Year. Forecasted volumes have been weather normalized and consider such factors as new customer additions and load for all classes of customers. Further detail is presented in Exhibit 3.

OM&A

The OM&A budget is based on in-depth review of operating priorities and requirements and is strongly influenced by prior year experience, year to date results and expected changes for the forecast period. Each item is reviewed by account for each of the forecast years.

Capital Budget

As further discussed in Exhibit 2, LPDL's Distribution System Plan ("DSP") identifies the capital projects that are planned to be completed over a five year period, based on the best information available at this time.

4.1.3 ASSOCIATED COST DRIVERS AND SIGNIFICANT CHANGES

LPDL's OM&A plan is developed to ensure that it continues to provide safe, reliable, and efficient solutions to the community by achieving its strategic objectives.

As shown in Table 3, LPDL's increase in OM&A spending from the 2019 OEB Approved to the 2025 Test Year is $1,567,889 or 31.3% over 6 years or a compound annual growth rate ("CAGR") of 4.64%. The 2025 Test Year expenses reflect the work activities needed to meet customer expectations, safety requirements, and broader public policy requirements. The primary reasons for the increase are higher levels of maintenance and Administration and General requirements. A more detailed review of the increase from 2019 to 2025, and explanations of material variances in OM&A, is provided in Exhibits 4.2 and 4.3.

Table 3 – 2025 Test Year vs. 2019 OEB Approved

	2019 Board Approved	2025 Test	Variance from 2019 Board Approved
Operations	360,081	500,535	140,454
Maintenance	1,473,726	2,310,892	837,166
Billing and Collecting	971,160	1,171,958	200,798
Community Relations	75,000	36,225	- 38,775
Administrative and General	2,133,000	2,561,246	428,246
TOTAL	**5,012,967**	**6,580,856**	**1,567,889**
% Change	31.3%		

4.1.4 INFLATION RATE

With respect to inflation rate assumptions, the 2025 Test Year expenditures were budgeted based on the actual expected costs, and not specifically based on an overall specified inflation rate.

4.1.5 BUSINESS ENVIRONMENT CHANGES

Regulatory and Policy Changes

The regulatory environment in Ontario has seen many changes over the past six years, with an increase in regulatory and public policy initiatives that utilities are mandated to follow and report on. LDPL has maintained compliance in the regulatory landscape, while maintaining a similar FTE count with the assistance from its affiliates. Below are some of the mandated programs that have been introduced since LPDL's 2019 COS, some of which have put upward pressure on costs:

- Increased reporting for Activity and Program-based Benchmarking Initiative (2019)
- Implementation of the Ontario Rebate for Electricity Consumers Act ("OREC") (2019)
- Implementation of changes to Customer Service Rules (2019 & 2020)
- The cancellation and centralization of Conservation and Demand Management (2019 & 2020)
- Elimination of the Collection of Account Charge (2019)
- Implementation of the OEB's standardized accounting process for RPP settlement (2019)
- Installation of Metering Inside the Settlement Timeframe (MIST) meters for GS>50kW customers (2020)
- Implementation of COVID-19 Billing Changes (2020)
- Implementation of Time-of-Use Opt-Out and Tiered-Pricing (2020)
- Implementation of Ultra Low Pricing (2023)
- Implementation of Green Button (2023)

Cyber Security and Technological Advancements

The adoption of new and innovative technologies has made utilities vulnerable to cyberattacks. As their technology portfolio expands, their exposure to cyber threats will increase. LPDL has been proactively addressing vulnerabilities within the organization by integrating cybersecurity measures into is practices, to be compliant with industry standards and the implementation of the OEB Cybersecurity Framework. LPDL will proactively evaluate its cyber security practices and invest in advanced cyber security technologies, and implement best practice solutions to mitigate cyber security risks.

Utilities are leading the way in technological advancement, integrating new technologies into the grid and utilizing them in back-office operations to enhance efficiency. Technological advancements within the grid that LPDL has been exposed to include the integration of distributed energy resources, battery storage systems, market trading platforms, and microgrid solutions. These new technologies are important and necessary for the advancement of the grid to meet the needs of consumer expectations.

Workforce Changes

The utility sector faces a significant challenge due to its aging workforce and the evolving job market, and LPDL's labor force is no different. Many employees in Ontario's utility sector will soon be eligible for retirement, making succession planning crucial for transferring knowledge and ensuring continuity in operations.

Traditionally, the utility industry has faced challenges in filling positions due to the specialized knowledge required in this niche sector. New employees often require months or even years to reach optimal knowledge retention. LPDL has taken proactive steps to identify key roles for succession planning but encounters challenges in attracting talent, given the high competition for skilled trades.

In recent years, LPDL has faced turnover in its engineering and operations roles as skilled employees have been recruited by Hydro One. While some positions remain unfilled due to challenges in finding qualified candidates, others have been filled but are currently undergoing intensive training to address the steep learning curve typical in the industry, ensuring safe operations.

Consequently, LPDL is dedicated to strengthening its current workforce by attracting and retaining top talent, enhancing succession planning for key positions, and focusing on individual employee development plans for specific roles within the organization.

4.2 OM&A SUMMARY AND COST DRIVER TABLES

As shown in Table 1 above, LPDL's forecast OM&A expenditures have increased relative to 2019, which is driven by several internal and external factors, as further discussed in this Exhibit. OM&A has generally increased each year with a significant incline due to maintenance of its distribution system. OM&A expenses consist of the required expenditures necessary to maintain and operate LPDL's distribution system assets; the costs associated with metering, billing and collecting from its customers; the costs associated with ensuring all stakeholders safety (public, employees, etc.); and costs to maintain the distribution business service quality and reliability standards with the regulating bodies.

Administration costs and Regulatory issues for LPDL form a large portion of the OM&A costs and are supported by corporate staff from Lakeland Holding Ltd. as well as Shared Services in order to minimize the impact to the utility.

A summary of LPDL's OM&A expenses for the 2019 Board Approved, 2019-2023 Actual, 2024 Bridge Year and 2025 Test Year is shown below in Table 3 below. LPDL is proposing to recover these costs through its Distribution Rates. As shown at this high level, the single largest category driving increment operating expenses is Maintenance, with smaller contributions from Administration and General expenses, Billing and Collecting, and Operations in that order.

Table 3 - Summary of Recoverable OM&A Expenses (2-JA)

	2019 Last Rebasing Year OEB Approved	2019 Last Rebasing Year Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Actuals	2024 Bridge Year	2025 Test Year
Reporting Basis								
Operations	$ 360,081	$ 370,938	$ 489,384	$ 424,454	$ 375,552	$ 436,101	$ 476,700	$ 500,535
Maintenance	$ 1,473,726	$ 1,339,716	$ 1,642,609	$ 1,619,030	$ 2,062,665	$ 2,016,403	$ 2,189,040	$ 2,310,892
SubTotal	**$ 1,833,808**	**$ 1,710,655**	**$ 2,131,993**	**$ 2,043,484**	**$ 2,438,217**	**$ 2,452,503**	**$ 2,665,740**	**$ 2,811,427**
%Change (year over year)		-6.7%	24.6%	-4.2%	19.3%	0.6%	8.7%	5.5%
%Change (Test Year vs Last Rebasing Year - Actual)								64.3%
Billing and Collecting	$ 971,160	$ 936,607	$ 1,346,742	$ 871,019	$ 979,184	$ 1,037,652	$ 1,116,150	$ 1,171,958
Community Relations	$ 75,000	$ 38,436	$ 7,183	$ 17,638	$ 6,639	$ 14,519	$ 34,500	$ 36,225
Administrative and General	$ 2,133,000	$ 2,083,437	$ 1,883,032	$ 1,869,254	$ 2,021,057	$ 2,299,743	$ 2,406,568	$ 2,561,246
SubTotal	**$ 3,179,160**	**$ 3,058,480**	**$ 3,236,957**	**$ 2,757,911**	**$ 3,006,881**	**$ 3,351,913**	**$ 3,557,218**	**$ 3,769,429**
%Change (year over year)		-3.8%	5.8%	-14.8%	9.0%	11.5%	6.1%	6.0%
%Change (Test Year vs Last Rebasing Year - Actual)								23.2%
Total	**$ 5,012,968**	**$ 4,769,134**	**$ 5,368,950**	**$ 4,801,396**	**$ 5,445,098**	**$ 5,804,416**	**$ 6,222,958**	**$ 6,580,856**
%Change (year over year)		-4.9%	12.6%	-10.6%	13.4%	6.6%	7.2%	5.8%

	2019 Last Rebasing Year OEB Approved	2019 Last Rebasing Year Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Actuals	2024 Bridge Year	2025 Test Year
Operations[4]	$ 360,081	$ 370,938	$ 489,384	$ 424,454	$ 375,552	$ 436,101	$ 476,700	$ 500,535
Maintenance[5]	$ 1,473,726	$ 1,339,716	$ 1,642,609	$ 1,619,030	$ 2,062,665	$ 2,016,403	$ 2,189,040	$ 2,310,892
Billing and Collecting[6]	$ 971,160	$ 936,607	$ 1,346,742	$ 871,019	$ 979,184	$ 1,037,652	$ 1,116,150	$ 1,171,958
Community Relations[7]	$ 75,000	$ 38,436	$ 7,183	$ 17,638	$ 6,639	$ 14,519	$ 34,500	$ 36,225
Administrative and General[8]	$ 2,133,000	$ 2,083,437	$ 1,883,032	$ 1,869,254	$ 2,021,057	$ 2,299,743	$ 2,406,568	$ 2,561,246
Total	**$ 5,012,968**	**$ 4,769,134**	**$ 5,368,950**	**$ 4,801,396**	**$ 5,445,098**	**$ 5,804,416**	**$ 6,222,958**	**$ 6,580,856**
%Change (year over year)		-4.9%		-10.6%	13.4%	6.6%	7.2%	5.8%

Cost Drivers

The OM&A costs in the 2025 Test Year reflect the resourcing mix and investments required to meet customer and public policy requirements. Table 4 provides a categorical list of OM&A changes to LPDL's last Board Approved COS Application in 2019 to its 2025 Test Year. Each of the material drivers will then be further discussed in detail.

Table 4 - Cost Driver Table (2-JB)

OM&A	Last Rebasing Year (2019 Actuals)	2020 Actuals	2021 Actuals	2022 Actuals	2023 Actuals	2024 Bridge Year	2025 Test Year
Reporting Basis	**MIFRS**	**MIFRS**	**MIFRS**	**MIFRS**	**MIFRS**	**MIFRS**	**MIFRS**
Opening Balance	5,012,968	4,769,134	5,368,950	4,801,395	5,445,098	5,804,417	6,222,958
Wages/Merit increase & FTE changes	- 240,580	251,830	- 217,540	261,613	13,479	145,580	165,942
Vacant positions - Offset Corp Allocation	- 27,922	- 174,898	41,191	108,324	149,843	64,652	62,587
Bad Debt	- 17,325	402,105	- 458,246	63,523	- 7,415	7,360	1,750
OH/UG Maintenance and Storm Trouble Calls	- 17,926	165,079	75,330	178,198	55,171	73,246	8,148
General Plant Expenses, Information System Technology	69,696	- 47,106	- 6,974	53,546	55,599	15,341	38,721
Tree trimming better contract pricing	- 20,145	27,631	- 4,237	- 43,611	7,145	32,648	10,000
Joint Use Pole rental charge	34,045	- 15,111	5,019	- 10,708	3,635	2,120	4,350
Regulatory charges - intervenor charges/rate applications/OEB assessment	- 19,875	2,132	5,017	11,578	- 11,366	44,614	41,600
U/G Locates	- 3,802	- 11,846	- 7,113	21,239	93,227	32,980	24,800
Closing Balance	**4,769,134**	**5,368,950**	**4,801,395**	**5,445,098**	**5,804,417**	**6,222,958**	**6,580,856**

OM&A - Summary of Changes	
2019 Board Approved - Opening Balance	5,012,968
Wages/Merit increase & FTE changes	380,325
Vacant positions - Offset Corp Allocation	223,778
Bad Debt	- 8,250
OH/UG Maintenance and Storm Trouble Calls	537,245
General Plant Expenses, Information System Technology	178,824
Tree trimming better contract pricing	9,431
Joint Use Pole rental charge	23,350
Regulatory charges - intervenor charges/rate applications/OEB assessment	73,700
U/G Locates	149,485
2025 Test Year Balance	**6,580,856**

Wages/Merit increase and FTE changes

LPDL incurs an annual wage increase for all employees. For unionized employees, wage increases are governed under the terms of the collective agreement covering the period January 1, 2024 to December 31, 2027, the specifics of which are outlined in Section 4.4 Compensation – Union. Non-Union employees' compensation levels are reviewed annually and are based on individual performance, cost of living, comparative ratios and market rates. Details of the process for Non-Union compensation increases are outlined in Section 4.4 Compensation – Non-Union. The total increase due to wage increases in the period 2019-2025 is $380,325, representing a compound annual growth rate of 4.57%.

Vacant positions - Offset Corporate Allocation

During the 2019 to 2025 period, LPDL lost key employees to Hydro One and retirements, leaving FTE vacancies and the need to recruit new staff. One strategy employed to fill resource gaps was to offset staff losses with additional support from LPDL affiliates where possible and appropriate. The overall impact of this driver in the period 2019-2025 is $223,778. Corporate Allocation increase is discussed in detail in section 4.5.

Bad Debt

Bad Debt overall is not a material driver, however LPDL notes the significant variances experienced over this time. During COVID in 2020, LPDL had a significant spike in bad debt due to economic uncertainty and the closures of local businesses. LPDL had 1 specific Class A customer that declared bankruptcy, creating a significant spike in 2020 Bad Debt. 2021 returned to a relative normal year for estimated accounts being classed as bad debt, resulting in the reversal from the prior year.

Overhead and Underground Maintenance & Trouble Calls

The increase in LPDL's costs associated with maintenance and trouble calls amounts to $537,245 between the 2019 Board Approved year and the 2025 Test Year. Operations and maintenance expenses encompass all costs related to the operation and maintenance of LPDL's distribution system. These expenses are crucial to ensuring that the distribution system remains in a state of good repair.

Maintenance includes routine checks and preventive measures to identify and address potential issues before they escalate. These activities help prevent outages, minimize downtime, extend infrastructure lifespan, and reduce long-term costs. Maintenance also highlights areas needing capital investment, allowing LPDL to prioritize spending effectively.

In LPDL's 2024 Customer Survey, affordable cost of electricity was rated the most important aspect of LPDL's business, followed by continuous maintenance on the system to ensure a safe and reliable electricity supply and storm hardening (physical infrastructure improvements increasing resistance to weather).

Broken and/or tracking porcelain switches and insulators are the leading cause of pole fires in LPDL's territory. To address this issue, LPDL initiated a porcelain switch replacement program in 2020. Over the past few years, approximately 700 porcelain switches have been proactively replaced with more resilient polymer switches.

LPDL has also been conducting annual infrared scanning on all overhead switches and connections since 2019. This scanning helps identify potential hotspots and prevent fires. Since the inception of these programs, LPDL has observed a significant reduction in the frequency of pole fires, increasing safety and reliability.

The porcelain switch and infrared scanning initiatives align with the top three priorities identified by our customers in the survey by reducing reactive costs due to pole fires, reducing power outages, and strengthening our system against storms.

Maintenance expense is crucial for ensuring a safe and reliable electrical distribution system for both workers and the public. In addition to these outcomes, LPDL aims to minimize the life cycle costs of its assets through proactive predictive and preventative maintenance. Enhancing the reliability and safety of the electrical distribution system while optimizing operational efficiency extending the lifespan of critical infrastructure. Further discussion of this topic is provided in LPDL's (DSP), found in Exhibit 2.

Office Expenses and Information System Technology

Office Expenses and Information System Technology expenses increased by $178,824 from 2019 Board Approved to 2025 Test Year.

With the changes in technology comes increased support costs as well as annual licensing and maintenance contracts. LPDL has implemented several new, or upgraded, software programs since 2019 to enhance the availability of timely and accurate information, providing benefits to both internal staff and external customers. Notable upgrades include:

1. Implementing SCADA (Supervisory Control and Data Acquisition) has significant benefits for managing operations. One of the key advantages is real-time monitoring, which provides immediate data on system performance, energy consumption, and infrastructure status. This capability allows teams to quickly identify and respond to outages or operational issues, minimizing disruptions and enhancing reliability.
   Another major benefit of SCADA is remote management. SCADA systems enable crews to control settings, run diagnostics, and troubleshoot from a distance, reducing the need for on-site visits. This not only improves operational efficiency but also decreases downtime, allowing resources to be allocated more effectively. Additionally, the systems enhance response times with real-time alerts and automated monitoring, enabling faster detection and resolution of issues.
   Data analytics and reporting capabilities further enhance the value of SCADA systems, by facilitating trend analysis, predictive maintenance, and performance optimization, while also providing detailed reports that assist with regulatory compliance and operational reviews. This data-driven approach contributes to improved decision-making and strategic planning.

2. Cybersecurity remains one of LPDL's highest priorities and its staff receive monthly training to help educate them with ongoing changes. Below is a breakdown LPDL's current practices to create a robust cybersecurity posture:
   - **Adherence to the OEB Cybersecurity Framework**: Following a recognized framework ensures that LPDL's cybersecurity practices are comprehensive and aligned with industry standards. This framework includes best practices for risk management, incident response, and security controls, which can help in identifying and mitigating potential vulnerabilities.
   - **Annual Third-Party Penetration Testing**: Regular penetration testing by external experts is crucial for identifying potential weaknesses. This proactive approach helps in addressing vulnerabilities before they can be exploited by cyber attackers.

- **Cybersecurity Training for Staff**: Employee training is a critical component of cybersecurity. By using the comprehensive cybersecurity training platform Ninjio, LPDL ensures that all staff members are educated about current threats and best practices. Regular training helps in building a culture of security awareness and reduces the likelihood of human error leading to security breaches.
- **Progress Tracking**: Tracking training progress through a system like Ninjio allows LPDL to ensure that all employees are up to date with their cybersecurity knowledge. This can help in identifying areas where additional training may be needed and in maintaining a high level of overall security awareness.

3. As per direction in its last COS Application, LPDL has fully implemented its Asset Condition Assessment software to assist with planned capital upgrades. This has been discussed in more detail within Exhibit 2 and the DSP.

4. LPDL has recently launched a new HR software system provided by Bamboo HR to replace Compliance Science. The benefits include Improved Efficiency, Enhanced Reporting, Better Employee Experience, Scalability and Integration Capabilities.

5. LPDL also plans to implement a new ERP in 2025 and has chosen the NetSuite platform. Switching to NetSuite as a new ERP system is a strategic decision for LPDL, especially given the impending end-of-life status of the Microsoft Great Plains and WorkTech platforms. The benefits of this transition include:
   - **Unified Platform**: NetSuite offers an integrated solution that combines accounting, job costing, and other business processes into a single platform. This integration can reduce the complexity of managing multiple systems and improve data consistency across the organization.
   - **Enhanced Accounting Reporting**: NetSuite's robust financial management capabilities include advanced reporting features, real-time financial insights, and

comprehensive analytics. This can lead to better decision-making and more accurate financial reporting.

- **Improved Job Costing**: NetSuite's job costing functionalities are more advanced and flexible compared to older systems. It allows for more detailed tracking of job expenses, revenues, and profitability, which can improve project management and financial oversight.
- **Asset Management Integration**: The ability to have an asset list that integrates with LPDL's GIS system is a significant advantage. This integration ensures that asset data is synchronized with geographic information, which can enhance asset management, improve maintenance scheduling, and provide better visibility into asset locations and conditions.
- **Scalability**: NetSuite's cloud-based architecture offers scalability, which means it can grow with LPDL's needs and adapt to future requirements. This ensures that the system remains relevant and effective as the organization evolves.

Regulatory Charges

Details of the $73,700 increase in Regulatory Charges are discussed in Section 4.7.2.

Underground Locates

The cost of underground locates has surged considerably starting in 2021. This increase of $149,485 is largely attributed to higher numbers of locate requests, as well as increased labour costs to ensure employers are competitive. Labour shortages resulted in a substantial backlog that negatively impacted LPDL's compliance metrics. To address these challenges, our locate provider, G-Tel, implemented a mass hiring campaign and significantly increased wages to attract and retain employees, subsequently raising the costs for utilities. In response, LPDL conducted a thorough analysis of the benefits, risks, and costs associated with bringing underground locate services in-house. After careful consideration, it was concluded that continuing to contract out these services was the most financially viable option.

EB-2023-0143 issued on October 31, 2023 was to establish a generic, sector-wide variance account, Getting Ontario Connected Act (GOCA) to specifically track incremental costs of locates in 2023 and future years arising from the implementation of recent provincial legislation: Bill 93 (the *Getting Ontario Connected Act,* 2022*)*. LPDL has not made any entries into the GOCA variance account and has absorbed the incremental increase in locate costs since 2021 into its earnings. LPDL is seeking to increase the budget line item to true-up funding in rates to actual experienced costs.

Other Drivers under LPDL's Materiality Threshold of $50,000

Additional drivers noted by LPDL total $32,781 which includes:

1. Tree Trimming $9,431 – LPDL issues an RFP every three years for its forestry contract in attempts to keep costs low while remaining on its 6-year tree trimming cycle. LPDL has a strong relationship with its current tender who has committed to provide a qualified crew with bucket truck and chipper within 1.5 hours of any request.
2. Pole Rental Charges $23,350 – Increase is reflective of the approved pricing for LPDL's attachments on Telecom and Hydro One poles.

OM&A Cost per Customer and Full Time Equivalent (2-L)

Included in Table 5, OEB Appendix 2-L is a summary of the OM&A Cost per customer and Full Time Equivalent (FTE). The values used for the Number of Customers is the average for each metered rate class (Residential, GS<50 kW & GS>50 kW) and matches the load forecast values as well as the values used in Appendix 2-IB. The values used for Number of FTE's is consistent with the values used in Section 4.4 – Compensation and in Appendix 2-K as is the average for the year.

Table 5 - Recoverable OM&A Cost per Customer and per FTE (Appendix 2-L)

	Last Rebasing Year 2019 - OEB Approved	Last Rebasing Year (2019 Actuals)	2020 Actuals	2021 Actuals	2022 Actuals	2023 Actuals	2024 Bridge Year	2025 Test Year
Reporting Basis								
OM&A Costs								
O&M	$ 1,833,807	$ 1,710,655	$ 2,131,993	$ 2,043,484	$ 2,438,217	$ 2,452,503	$ 2,665,740	$ 2,811,427
Admin Expenses[6]	$ 3,179,160	$ 3,058,480	$ 3,236,957	$ 2,757,911	$ 3,006,881	$ 3,351,913	$ 3,557,218	$ 3,769,429
Total Recoverable OM&A from Appendix 2-JB[5]	$ 5,012,967	$ 4,769,134	$ 5,368,950	$ 4,801,396	$ 5,445,098	$ 5,804,416	$ 6,222,958	$ 6,580,856
Number of Customers[2,4]	13,671	13,864	14,046	14,292	14,460	14,698	14,709	14,853
Number of FTEs[3,4]	22	21	19	20	22	22	22	23
Customers/FTEs	621	661	732	729	673	660	673	646
OM&A cost per customer								
O&M per customer	$134	$123	$152	$143	$169	$167	$181	$189
Admin per customer	$233	$221	$230	$193	$208	$228	$242	$254
Total OM&A per customer	$367	$344	$382	$336	$377	$395	$423	$443
OM&A cost per FTE								
O&M per FTE	$83,355	$81,607	$111,112	$104,215	$113,405	$110,143	$121,923	$122,236
Admin per FTE	$144,507	$145,905	$168,699	$140,650	$139,855	$150,536	$162,697	$163,888
Total OM&A per FTE	$227,862	$227,512	$279,811	$244,865	$253,260	$260,678	$284,620	$286,124

	Last Rebasing Year 2019 - OEB Approved	Last Rebasing Year (2019 Actuals)	2020 Actuals	2021 Actuals	2022 Actuals	2023 Actuals	2024 Bridge Year	2025 Test Year
Reporting Basis								
OM&A Costs								
O&M	$ 1,833,807	$ 1,710,655	$ 2,131,993	$ 2,043,484	$ 2,438,217	$ 2,452,503	$ 2,665,740	$ 2,811,427
Admin Expenses[6]	$ 3,179,160	$ 3,058,480	$ 3,236,957	$ 2,757,911	$ 3,006,881	$ 3,351,913	$ 3,557,218	$ 3,769,429
Total Recoverable OM&A from Appendix 2-JB[5]	$ 5,012,967	$ 4,769,134	$ 5,368,950	$ 4,801,396	$ 5,445,098	$ 5,804,416	$ 6,222,958	$ 6,580,856
Number of Customers[2,4]	16,615	16,707	16,889	17,135	17,303	17,541	17,553	17,698
Number of FTEs[3,4]	22	21	19	20	22	22	22	23
Customers/FTEs	755	797	880	874	805	788	803	769
OM&A cost per customer								
O&M per customer	$110	$102	$126	$119	$141	$140	$152	$159
Admin per customer	$191	$183	$192	$161	$174	$191	$203	$213
Total OM&A per customer	$302	$285	$318	$280	$315	$331	$355	$372
OM&A cost per FTE								
O&M per FTE	$83,355	$81,607	$111,112	$104,215	$113,405	$110,143	$121,923	$122,236
Admin per FTE	$144,507	$145,905	$168,699	$140,650	$139,855	$150,536	$162,697	$163,888
Total OM&A per FTE	$227,862	$227,512	$279,811	$244,865	$253,260	$260,678	$284,620	$286,124

Customers/FTE has remained relatively constant as neither variable has changed significantly since 2019. OM&A per customer has increased from $302 to $372 over the timeframe which is a 23.2% increase since 2019. The increase expressed as a compound annual growth rate ("CAGR") is 3.54%.

Total OM&A per FTE has increased by 25.6%, as the number of FTE's has only increased by 1 body over the same period of time. The increased expressed as a CAGR is 2.62%

Capitalized OM&A

As discussed in Exhibit 2, LPDL does not allocate any indirect costs to capital, only directly attributable costs to the job are capitalized. LPDL has not completed Appendix 2-D for overhead expenses as the costs are not within the OM&A accounts.

4.3 OM&A VARIANCE ANALYSIS

LPDL has filed its OM&A expenses by USoA, using Appendix 2-JD from the Chapter 2 Appendices, which are presented below in Table 6 and Table 7. LPDL will use the major OM&A categories, as discussed and presented in Appendix 2-JA, for the variance analyses presented in Table 8 through to Table 14.

Table 6 - Summary of Total OM&A from 2019 Board Approved to 2025 Test Year

	2019 Board Approved	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge	2025 Test
Operations	360,081	370,938	489,384	424,454	375,552	436,101	476,700	500,535
Maintenance	1,473,726	1,339,716	1,642,609	1,619,030	2,062,665	2,016,403	2,189,040	2,310,892
Billing and Collecting	971,160	936,607	1,346,742	871,019	979,184	1,037,652	1,116,150	1,171,958
Community Relations	75,000	38,436	7,183	17,638	6,639	14,519	34,500	36,225
Administrative and General	2,133,000	2,083,437	1,883,032	1,869,254	2,021,057	2,299,743	2,406,568	2,561,246
TOTAL	**5,012,967**	**4,769,134**	**5,368,950**	**4,801,396**	**5,445,098**	**5,804,416**	**6,222,958**	**6,580,856**
%Change		-4.86%	12.58%	-10.57%	13.41%	6.60%	7.21%	5.75%

Table 7- OM&A by UsoA Appendix 2-JD

USoA Account	USoA Account Name	Last Rebasing Year (2019 OEB-Approved)	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Actuals	2024 Bridge Year	2025 Test Year
Operations									
5010	Load Dispatching	9,299	40,455	65,173	39,823	36,909	38,658	45,000	47,250
5016	Distribution Station Equipment - Operation Labour	0	11,780	14,656	8,584	11,737	12,005	10,000	10,500
5020	Overhead Distribution Lines and Feeders - Operation Labour	0	6,524	9,645	10,495	15,532	31,729	0	0
5025	Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	18,444	6,264	2,768	1,331	0	0	30,000	31,500
5035	Overhead Distribution Transformers - Operation	0	841	4,760	2,273	6,974	5,928	10,000	10,500
5040	Underground Distribution Lines and Feeders - Operation Labour	0	422	4,067	3,856	2,287	0	2,000	2,100
5055	Underground Distribution Transformers - Operation	0	1,303	2,106	3,248	17,197	10,252	28,250	29,663
5065	Meter Expense	98,099	67,370	148,044	89,331	97,780	112,474	114,450	120,173
5085	Miscellaneous Distribution Expense	166,240	133,933	151,232	173,559	105,891	140,175	150,000	157,500
5095	Overhead Distribution Lines and Feeders - Rental Paid	68,000	102,045	86,934	91,953	81,245	84,880	87,000	91,350
	Total Distribution Expenses - Operations	**360,081**	**370,938**	**489,384**	**424,454**	**375,552**	**436,101**	**476,700**	**500,535**

Maintenance									
5105	Maintenance Supervision and Engineering	357,550	341,766	344,000	392,376	505,030	529,562	536,450	563,273
5114	Mtaint Dist Stn Equip	80,830	55,545	59,943	64,874	68,391	264,348	88,000	92,400
5120	Maintenance of Poles, Towers and Fixtures	0	27,054	50,463	32,938	92,015	109,938	94,500	99,225
5125	Maintenance of Overhead Conductors and Devices	0	81,983	119,073	137,849	170,802	48,226	132,940	139,587
5130	Maintenance of Overhead Services	562,477	407,662	643,754	572,117	810,238	589,630	775,000	813,750
5135	Overhead Distribution Lines and Feeders - Right of Way	200,569	180,424	208,055	203,818	160,207	167,352	200,000	210,000
5145	Maintenance of Underground Conduit	0	0	0	0	689	903	0	0
5150	Maintenance of Underground Conductors and Devices	52,400	39,099	34,028	83,416	53,737	26,507	38,150	40,058
5155	Maintenance of Underground Services	123,315	119,513	107,667	100,554	121,793	215,020	248,000	272,800
5160	Maintenance of Line Transformers	85,070	29,725	50,049	16,468	63,536	50,364	54,500	57,225
5175	Maintenance of Meters	11,515	56,945	25,576	14,620	16,229	14,552	21,500	22,575
	Total Distribution Expenses - Maintenance	**1,473,726**	**1,339,716**	**1,642,609**	**1,619,030**	**2,062,665**	**2,016,403**	**2,189,040**	**2,310,892**
Billing and Collecting									
5305	Supervision	158,875	145,764	149,444	150,349	154,780	175,525	179,300	188,265
5310	Meter Reading Expense	64,380	44,464	46,664	49,937	58,140	53,259	85,450	89,723
5315	Customer Billing	454,485	487,053	486,947	467,261	508,864	551,850	581,400	610,470
5320	Collecting	118,212	109,835	108,929	109,563	100,290	106,170	110,000	115,500
5330	Collection Charges	0	-7,800	0	0	0	0	0	0
5335	Bad Debt Expense	45,000	27,675	429,779	-28,467	35,056	27,640	35,000	36,750
5340	Miscellaneous Customer Accounts Expenses	130,208	129,618	124,979	122,376	122,055	123,208	125,000	131,250
	Total Billing & Collecting	**971,160**	**936,607**	**1,346,742**	**871,019**	**979,184**	**1,037,652**	**1,116,150**	**1,171,958**
Community Relations									
5410	Community Relations - Sundry	65,000	28,571	2,034	4,224	4,639	4,602	10,000	10,500
5425	Miscellaneous Customer Service and Informational Expenses	10,000	9,866	5,150	13,414	2,000	9,917	24,500	25,725
	Total Community Relations	**75,000**	**38,436**	**7,183**	**17,638**	**6,639**	**14,519**	**34,500**	**36,225**
Administrative and General									
5605	Executive Salaries and Expenses	18,000	43,997	69,988	70,488	75,426	86,638	91,000	95,550
5615	General Administrative Salaries and Expenses	80,000	55,002	47,078	0	0	0	0	0
5620	Office Supplies and Expenses	156,781	143,590	113,745	108,463	125,570	135,341	165,278	173,542
5630	Outside Services Employed	85,000	85,781	88,408	89,702	57,268	79,616	100,000	105,000
5635	Property Insurance	103,525	56,316	51,539	47,176	52,820	55,393	77,400	81,270
5640	Injuries and Damages	0	1,000	2,672	88	0	0	0	0
5645	Employee Pensions and Benefits	0	9,969	42,554	9,922	8,493	50,816	12,000	12,600
5646	OPEB	0	-3,227	-8,587	-5,891	-1,706	-7,926	0	0
5655	Regulatory Expenses	99,900	80,025	82,157	87,174	98,752	87,386	132,000	173,600
5665	Miscellaneous Expenses	1,090,557	1,062,635	887,737	928,928	1,037,253	1,187,096	1,251,748	1,314,335
5675	Maintenance of General Plant	468,237	519,968	477,989	501,647	541,001	585,079	564,142	592,349
5680	Electrical Safety Authority Fees	18,000	15,381	14,752	18,558	13,180	20,472	0	0
6205	Donations - LEAP	13,000	13,000	13,000	13,000	13,000	19,832	13,000	13,000
	Total Administrative and General	**2,133,000**	**2,083,437**	**1,883,032**	**1,869,254**	**2,021,057**	**2,299,743**	**2,406,568**	**2,561,246**
	Miscellaneous								
	Total	**5,012,968**	**4,769,134**	**5,368,950**	**4,801,396**	**5,445,098**	**5,804,416**	**6,222,958**	**6,580,856**

Table 8 - 2019 Board Approved vs 2019 Actual

	2019 Board Approved	2019 Actual	Variance	% Change
Operations	360,081	370,938	10,857	3.0%
Maintenance	1,473,726	1,339,716	- 134,010	-9.1%
Billing and Collecting	971,160	936,607	- 34,553	-3.6%
Community Relations	75,000	38,436	- 36,564	-48.8%
Administrative and General	2,133,000	2,083,437	- 49,563	-2.3%
TOTAL	**5,012,967**	**4,769,134**	**- 243,833**	**-4.9%**

Total OM&A expenses in 2019 were $243,833 or 4.9% lower than 2019 Board Approved explained by the following:

- Operations was immaterially higher by $10,857.
- Maintenance was lower by $134,010. LPDL's annual maintenance varies year over year dependent on the number and severity of major storms that pass through each year. LPDL experienced very little storm damage in 2019 compared to budget and historical figures.
- Billing and Collecting was lower by $34,553 due to bad debt estimates and changes in full time employees.
- Community relations was lower by $36,564 due to more efficient methods of engaging with customers, specifically through social media.
- Administrative and General was lower by $49,563 largely due to lower property insurance.

Table 9 - 2019 Actual vs 2020 Actual

	2019 Actual	2020 Actual	Variance	% Change
Operations	370,938	489,384	118,446	31.9%
Maintenance	1,339,716	1,642,609	302,892	22.6%
Billing and Collecting	936,607	1,346,742	410,135	43.8%
Community Relations	38,436	7,183	- 31,253	-81.3%
Administrative and General	2,083,437	1,883,032	- 200,405	-9.6%
TOTAL	**4,769,134**	**5,368,950**	**599,816**	**12.6%**

Total OM&A expenses in 2020 were $599,816 or 12.6% higher than 2019 explained by the following:

- Operations was $118,446 higher largely due to meter sampling and re-verifications.
- Maintenance was $302,892 higher due to major storms that are out of LPDL's control, and overhead scanning with preventative maintenance.
- Billing and Collecting increased by $410,135 mainly due to bad debt and the bankruptcy of a Class A customer.
- Community relations decreased immaterially by $31,253
- Administrative and General decreased by $200,405 mainly due to shared services that are discussed in Section 4.5.

Table 10 - 2020 Actual vs 2021 Actual

	2020 Actual	2021 Actual	Variance	% Change
Operations	489,384	424,454	- 64,930	-13.3%
Maintenance	1,642,609	1,619,030	- 23,579	-1.4%
Billing and Collecting	1,346,742	871,019	- 475,724	-35.3%
Community Relations	7,183	17,638	10,455	145.5%
Administrative and General	1,883,032	1,869,254	- 13,777	-0.7%
TOTAL	**5,368,950**	**4,801,396**	**- 567,555**	**-10.6%**

Total OM&A expenses in 2021 were $567,555 or 10.6% lower than 2020 explained by:

- Operations was $64,930 lower largely explained by the meter re-verification performed in 2020 and a reduction in pole attachment charges.
- Maintenance was immaterially lower by $23,579.
- Billing and Collecting was $475,724 lower relative to the one-time high COVID bad debt and bankruptcy declared in 2020.
- Community Relations increased immaterially by $10,455.
- Administrative and General decreased immaterially by $13,777.

Table 11 - 2021 Actual vs 2022 Actual

	2021 Actual	2022 Actual	Variance	% Change
Operations	424,454	375,552	- 48,902	-11.5%
Maintenance	1,619,030	2,062,665	443,635	27.4%
Billing and Collecting	871,019	979,184	108,165	12.4%
Community Relations	17,638	6,639	- 10,999	-62.4%
Administrative and General	1,869,254	2,021,057	151,803	8.1%
TOTAL	**4,801,396**	**5,445,098**	**643,703**	**13.4%**

Total OM&A expenses in 2022 were $643,703 or 13.4% higher than 2021 explained by:

- Operations decreased immaterially by $48,902 in part driven by the diversion of labor resources from operational toward capital projects to support the Bell Fibre to the Home ("FTTH") demand along with reduced annual GIS expenses.
- Maintenance increased by $443,635 due to the significant storm damage and assistance needed in our area that was out of LPDL's control.
- Billing and Collecting increased by $108,165 due to a CSR position being filled and increase in bad debt expense.
- Community relations decreased immaterially by $10,999.
- Administrative and General increased by $151,803 due to additional computer software applications, increased software licensing and increased shared services.

Table 12 - 2022 Actual vs 2023 Actual

	2022 Actual	2023 Actual	Variance	% Change
Operations	375,552	436,101	60,549	16.1%
Maintenance	2,062,665	2,016,403	- 46,263	-2.2%
Billing and Collecting	979,184	1,037,652	58,468	6.0%
Community Relations	6,639	14,519	7,879	118.7%
Administrative and General	2,021,057	2,299,743	278,686	13.8%
TOTAL	**5,445,098**	**5,804,416**	**359,318**	**6.6%**

Total OM&A expenses in 2023 were $359,318 or 6.6% higher than 2022 explained by:

- Operations increased by $60,549 relative to 2022, as allocation of labour to operations (as opposed to capital projects) returned to status quo. 2023 was the initial year for the annual fees related to the asset condition assessment software.
- Maintenance decreased immaterially by $46,263 primarily due to lower storm burdens in 2023 when compared to the major storms experienced in 2022, offset by a significant increase LPDL experienced in underground locate charges in 2023.
- Billing and Collecting increased by $58,468 mainly due to the FTE vacancy that is explained in Section 4.5.
- Community Relations increased immaterially by $7,879 due to increased customer engagements.
- Administrative and General increased by $278,686 due to an actuarial valuation and increase in shared services, both explained in further detail within this exhibit.

Table 13 - 2023 Actual vs 2024 Bridge

	2023 Actual	2024 Bridge	Variance	% Change
Operations	436,101	476,700	40,600	9.3%
Maintenance	2,016,403	2,189,040	172,637	8.6%
Billing and Collecting	1,037,652	1,116,150	78,498	7.6%
Community Relations	14,519	34,500	19,981	137.6%
Administrative and General	2,299,743	2,406,568	106,825	4.6%
TOTAL	**5,804,416**	**6,222,958**	**418,542**	**7.2%**

2024 Forecasted Bridge Year OM&A is $418,542 or 7.2% higher than 2023 explained by:

- Operations increasing immaterially by $40,600 with meters installed in 2009 increasingly failing.
- Maintenance increasing by $172,637 due to the variance between a low storm burden in 2023 and normal storm damages predicted for 2024, along with the continued significant increase LPDL is experiencing with underground locate expenses.
- Billing and Collecting increasing by $78,498 explained by increases from third-party vendors for meter readings, in addition to standard wage increases.
- Community Relations increasing immaterially by $19,981.
- Administrative and General is increasing by $106,825 due to increases in office expenses, software costs, estimated regulatory expenses and shared services.

Table 14 - 2024 Bridge vs 2025 Test

	2024 Bridge	2025 Test	Variance	% Change
Operations	476,700	500,535	23,835	5.0%
Maintenance	2,189,040	2,310,892	121,852	5.6%
Billing and Collecting	1,116,150	1,171,958	55,808	5.0%
Community Relations	34,500	36,225	1,725	5.0%
Administrative and General	2,406,568	2,561,246	154,678	6.4%
TOTAL	**6,222,958**	**6,580,856**	**357,898**	**5.8%**

Total OM&A for the 2025 Test Year is estimated at $357,898 or 5.8% higher than 2024 Bridge Year explained by:

- Operations increasing immaterially by $23,835, with the average historical increase due to wages, inflation on materials and software. LPDL does not expect this historical trend to change.
- Maintenance increase of $121,852 mainly due to continued increase in underground locate expenses and infrared scanning LPDL is doing on its system for preventative maintenance in an attempt to increase customer reliability.
- Billing and Collecting increase of $55,808. In addition to regular wage increases, LPDL is planning to implement a new version of its CIS, Northstar, along with continued work with PowerAssist to send customers notifications. LPDL submits that these upgrades will provide customers with significant benefits.
- Community Relations will increase immaterially by $1,725 as LPDL has a strategic plan to consistently send information to customers to better inform them on LPDL and industry trends and activity.
- Administrative and General will increase by $154,678 or 6.4% largely due to the new ERP, HR and Asset Management software being implemented to replace end of life products.

This is a strategic move for LPDL allowing better tracking and reporting on its distribution system.

4.4 WORKFORCE PLANNING AND EMPLOYEE COMPENSATION

4.4.1 OVERVIEW

LPDL's core business is providing a safe and reliable supply of electricity to its customers, efficient customer service and the appropriate level of continued investment in its aging infrastructure. LPDL's total compensation philosophy is based on its desire to attract, retain and motivate an outstanding workforce. To achieve these outcomes LPDL needs the right complement of skilled trades, technical and supervisory staff who are proficient and able to meet the work demands now and into the future. LPDL's compensation package includes a base wage and benefits package which is designed to be competitive and equitable in an industry that is facing an aging workforce and is very competitive for skilled resources, particularly given LPDL operates in low density population centres with proximity to Hydro One operation facilities, which creates competition in the local labour pool.

LPDL's workforce planning supports its investment in its distribution business, for both its capital and maintenance programs. As well, it provides an opportunity to develop strategic approaches for addressing present and anticipated workforce issues.

4.4.2 WORKFORCE PLAN & STRATEGY

LPDL's workforce analytics continue to improve and develop in order to identify elements that do or may have an impact on its day-to-day core operations, and enable LPDL to achieve its strategic goals, relative to its human capital. LPDL's general planning approach has been effective since 2019 and LPDL has continued to follow this workforce plan as detailed in sections below.

The goal of workforce planning is to reduce the risk to LPDL's strategy execution associated with workforce capacity, capability and flexibility. The foundation for workforce planning is the business strategy; therefore, this process is owned by LPDL's business units. Business unit owners know their business needs, and understand what work needs to get done and how to do it. They understand their challenges related to productive versus non-productive employee time and the fluidity of their own workforces. Human Resources ("HR") plays a critical role of stewardship in the process. HR supports and challenges the business unit leaders to think about what drives their workforce demands. They are instrumental in LPDL's workforce planning, succession planning, recruitment of qualified employees, building on its labour relations, health and safety program and developing business unit and individual training plans that would meet LPDL's needs, both present and future.

The following are trends and realities impacting LPDL's five-year workforce plan:

Retirements

From 2019 to 2024 LPDL has had 3 retirements relative to a total 2025 workforce of 23 FTEs. Over the next five years, there are 3 employees that are eligible to retire. For a utility the size of LPDL, these are material personnel changes with direct impacts to day to day operations, triggering a need for active workforce planning to ensure continuity.

Attrition

From 2019 to 2024 there have been a total of 8 resignations. 3 out of 8 the employees left to work at another utility at substantially higher wages, 2 moved away from the area and the remaining few left to pursue other career opportunities. Staff turnover can have a substantive impact on workforce analytics when trying to realistically plan for its workforce needs over the next five to ten years.

Promotions/Transfers

LPDL's workforce plan anticipates temporary or permanent promotions or transfers within the workforce. These transitions can leave a gap where a proficient and highly skilled worker is taken out of the workgroup, thereby causing an impact on the ratio of safely allocating the number of experienced Linesmen to work with less experienced Linesmen. LPDL's succession planning process has identified areas of potential concern well in advance of retirements allowing LPDL to proactively hire more skilled individuals in advance of pending retirements reducing issues or concerns with replacement of individuals.

Collective Agreement

LPDL renewed its Collective Agreement effective January 1, 2024. For this planning cycle, LPDL affirms there is no substantive element of its negotiated collective agreement that would impact its workforce plan.

Productivity/Efficiencies

In its normal course of business LPDL continues to strive to be as efficient as possible while maintaining a safe and reliable distribution system, considering both public and employee safety. Annual goals setting done through the Performance Evaluation program, target increasing effectiveness and efficiency within all departments and the overall performance of LPDL.

Ratio Mix of Apprentices to Qualified Trades

LPDL has tracked and monitored its employee demographics over the last five years, cognizant of potential retirements and turnover, specifically of its highly skilled trades and technical positions.

LPDL budgeted for and hired co-op students in 2021 through 2024 and plans to continue this practice in the future. Due to changes in the mix of Linesmen and Engineering Technologists over the past few years, LPDL has hired 5 fully qualified and experienced Linesmen and 2 Engineering Technologists between 2021 and 2024. LPDL currently has one 3rd Year Apprentice Powerline Journeyperson. For the next three years, LPDL is at an appropriate level of proficient versus apprentice workers to maintain a safe work environment for employees and the public. One Junior Linesman and one new Engineering Technologist is budgeted for 2024 and 2025 respectively, to plan for one vacant Journeymen Linesman position and the increase in customer requirements in the next three to five years.

Contracting versus In-House Staff

LPDL relies on third party contracting primarily for portions of its capital program. This is common and prudent in a utility environment, right-sizing the in-house workforce and complementing it with third-party contractors when needed as the workload demands. LPDL uses third party contractors for seasonal construction and emergency repairs due to storms. LPDL also relies on contracting of some of its trades and technical work as it relates to the level of competency required to perform the work in a safe and efficient manner. This work is generally related to substation design and maintenance.

Technological Changes

LPDL is anticipating technological changes to its business that will require additional skill sets, including the continued development and implementation of Smart Grid technologies, and the way in which certain work is performed in its trades and technical workforce. In consideration of the current state of the business and its regulated operating environment this may change as the industry and legislation evolves year-over-year.

Looking forward, in terms of day-to-day activities, LPDL's primary focus will be maintaining existing safety and technology training for frontline staff. New technologies (i.e. Smart Grid, EV Charging and battery storage) will require increased skill sets such as engineering expertise to improve the utility's ability to meet the needs of customers and the safety of employees. LPDL's philosophy is to recruit for positions with potential retirements at least one year in advance to ensure a sharing of knowledge and processes. In the case of Linesmen, LPDL will replace the potential retiree with a fully qualified individual and then recruit a junior/apprentice linesman to prepare for future retirees outside of the five-year window. In terms of two potential CSR retirees over the next five years, LPDL will be recruiting for technically competent individuals who will embrace new methods of engaging and servicing LPDL's customers.

4.4.3 CURRENT STAFF COMPLEMENT

LPDL's current workforce is comprised of both unionized and non-unionized employees. As explained in the description of the Corporate Organization at Exhibit 1 Section 1.2.11, LPDL began 2024 with 22 Full-Time Equivalents ("FTE's").[1] consisting of:

- 10 Non-Union employees
  - Director of Operations
  - Operations Supervisor
  - Asset & Engineering Supervisor
  - Customer Service Manager
  - Customer Service Representatives (4)
  - Co-Op Students (6 over three semesters equivalent to 2 FTE)
- 12 Union employees
  - Linesperson (7)
  - Apprentice Linesperson (1)
  - Meter Technicians/Engineering Technologists (3)
  - Materials and Facilities Co-Ordinator (1).

Despite the dynamic business environment described in this application, LPDL's forecast 2025 FTE count of 23 represents an increase of only 1 FTE relative to the OEB's approved in 2019. As noted, there have been various staff workload rearrangements that have allowed LPDL to maintain an FTE which continues to be both efficient and effective with its staff time and

[1] FTE count presented is the sum of pro-rated actual moths worked throughout the year for all employees

responsibilities. LPDL has been able to recruit employees with qualified designations and/or industry experience which has assisted with maintaining a lean workforce.

LPDL's compensation strategy is designed to be competitive and equitable while recognizing the challenges of recruitment to our community. These challenges include a lack of affordable and available housing and opportunities for double career families. The industry is facing the challenges of an aging workforce and competition for well trained and skilled resources.

Employee Staff Levels

Table 15 shows the annual and year over year variance of FTE employee counts, as presented in Appendix 2-K.

Table 15 - FTE Employee Count and Variance

	Last Rebasing Year 2019 - OEB Approved	Last Rebasing Year (2019 Actuals)	2020 Actuals	2021 Actuals	2022 Actuals	2023 Actuals	2024 Bridge Year	2025 Test Year
Number of Employees (FTEs including Part-Time)[1]								
Management (including executive)	3	3	3	3	4	4	4	4
Non-Management (union and non-union)	19	18	16	16	18	18	18	19
Total	22	21	19	20	22	22	22	23

	2019 Actual vs 2019 Board Approved	2020 vs 2019	2021 vs 2020	2022 vs 2021	2023 vs 2022	2024 vs 2023	2025 vs 2024	2025 vs 2019 Board Approved
Number of Employees Variance								
Management (including executive)	-	-	0.2	0.8	-	-	-	1.0
Non-Management (union and non-union)	- 1.0	- 1.8	0.2	1.1	0.8	0.0	0.7	-
Total	- 1.0	- 1.8	0.4	1.9	0.8	0.0	0.7	1.0

4.4.4 COMPENSATION

Compensation - Union

Compensation for unionized employees is negotiated through the collective bargaining process. When negotiating wage levels, consideration is given to the skillsets required to work within LPDL's distribution system and geographic challenges faced when recruiting new employees.

LPDL is bound by a Collective Labour Agreement with The Power Workers' Union CUPE Local 100 ("PWU") representing Trades workers. LPDL was notified by PWU on November 21, 2018 that effective September 20, 2018, union jurisdiction of LPDL employees in the bargaining unit of CUPE Local 1813 had been transferred to PWU CUPE Local 1000. PWU has since represented LPDL union staff in two four-year Collective Agreements: January 1, 2020 to December 31, 2023 and January 1, 2024 to December 31, 2027.

Wage increases for 2020-2023 were negotiated at: 1.5% January 2020, 1.5% July 2020, 1.5% January 2021, 1.5% July 2021, 1.5% January 2022, 1.5% July 2022, 1.5% January 2023 and 1.5% July 2023.

Wage increases for 2024-2027 were negotiated at: 4% January 2024, an additional $0.50 per hour effective February 8, 2024 the date of ratification, 3% January 2025, 3% January 2026, and 3% January 2027. A copy of LPDL's Collective Labour Agreements for 2020-2023 and for 2024-2027 are attached in Appendix A.

In preparation for the 2024 negotiations, LPDL reviewed the Collective Labour Agreements of other LDC's in its geographic service area. This allowed LPDL to ensure that the amount being requested was reasonable and just for the industry, and did not exceed the going rate of other Agreements, but allowed LPDL to remain competitive, assist with employee retention and strive to ensure succession planning was not jeopardized.

Compensation – Non-Union

LPDL's total compensation philosophy is based on its desire to attract, retain and motivate an outstanding workforce. LPDL provides a total compensation program that establishes and maintains competitive salary levels within relevant markets and available resources, which is consistent with job content, responsibilities and expectations. LPDL emphasizes and encourages excellence by rewarding employee contributions, including performance that supports LPDL's core values. All non-union employees' compensation levels are reviewed annually by the Chief Executive Officer, Chief People Officer, and the Board of Directors. LPDL utilizes the Mearie Management Salary Survey for the annual review and benchmarking of non-union positions. These confidential Mearie reports benchmark a group of approximately 40 Ontario LDC's and 56 benchmark positions representing a cross-section of functions within each LDC. LPDL generally pays at or below the average base salary when compared to equivalent positions at similar sized LDC's in the industry.

Base salary increases for management employees are based on individual performance, corporate performance, the individual's compa-ratio, and the job market. Management employees do not receive an automatic yearly "economic" increase. Their increases are based on recognition for individual performance against pre-determined KPI's that are formally reviewed annually with informal quarterly updates. The incentive plan is based on mutually agreed upon goals and objectives that recognize performance that exceeds normal job requirements.

The compensation for the non-union, front-line employees is generally based on the PWU contract settlement. The salary increases are a combination of cost of living increase and pay for performance. Performance measures and goals are jointly set between the supervisor and the employee in November for the upcoming year. Quarterly meetings are set with each employee to assess how the employee is progressing towards their goals and objectives. Performance reviews are held in November of each year for all employees. Increases are effective on January 1st of each year.

Compensation - Pension

All full-time employees of LPDL are required to participate in the OMERS pension plan. Therefore, the pension benefits provided to the employees of LPDL are consistent with the pension benefits provided to employees of other LDC's. The plan is a contributory defined benefit pension plan which is financed by equal contributions from the employer and employee based on the employee's contributory earnings. Pension expenses are accounted for on an accrual basis at OMERS rates.

Compensation - Benefits

LPDL provides a comprehensive and competitive benefits package which includes health and dental insurance, life insurance, Employee Assistance Program (EAP), Short Term Disability (STD), Long Term Disability (LTD), vacation and leave policies. The plans are designed to address the health and wellness needs of all employees and their families.

All benefit plans for each employee group are essentially the same. The unionized benefit plans, negotiated through collective bargaining, drive the plan design for the non-unionized employees. The plans are common across all employee groups except for LTD maximums, which differ between employee and management groups, and post-retiree health and dental coverage, which differ between unionized and non-unionized groups.

Staffing and Compensation

OEB Appendix 2-K, shown as Table 16 below, details LPDL's employee compensation and benefit costs. All compensation amounts have been included whether expensed or capitalized. The salaries and wages amounts include all salaries and wages paid, inclusive of performance pay, overtime, vacations, statutory holidays, sick leave, bereavement leave and other miscellaneous paid leave. The benefits amounts include the employer's portion of statutory benefits (CPP, EI and EHT), employer contributions to OMERS and WSIB and LPDL's costs for providing extended health and dental care as well as LTD and life insurance.

Table 16 - Appendix 2-K – Employee Costs

	Last Rebasing Year 2019 - OEB Approved	Last Rebasing Year (2019 Actuals)	2020 Actuals	2021 Actuals	2022 Actuals	2023 Actuals	2024 Bridge Year	2025 Test Year
Number of Employees (FTEs including Part-Time)[1]								
Management (including executive)	3	3	3	3	4	4	4	4
Non-Management (union and non-union)	19	18	16	16	18	18	18	19
Total	22	21	19	20	22	22	22	23
Total Salary and Wages including ovetime and incentive pay								
Management (including executive)	$ 358,394	$ 375,880	$ 379,078	$ 411,461	$ 519,498	$ 521,461	$ 555,248	$ 556,371
Non-Management (union and non-union)	$ 1,502,549	$ 1,416,158	$ 1,449,678	$ 1,415,984	$ 1,528,842	$ 1,573,694	$ 1,693,823	$ 1,876,836
Total	$ 1,860,943	$ 1,792,039	$ 1,828,757	$ 1,827,445	$ 2,048,340	$ 2,095,155	$ 2,249,071	$ 2,433,207
Total Benefits (Current + Accrued)								
Management (including executive)	$ 89,599	$ 98,889	$ 99,703	$ 107,344	$ 132,231	$ 137,439	$ 144,601	$ 146,736
Non-Management (union and non-union)	$ 387,055	$ 373,092	$ 362,823	$ 369,910	$ 389,484	$ 415,068	$ 436,699	$ 499,425
Total	$ 476,654	$ 471,981	$ 462,525	$ 477,253	$ 521,716	$ 552,507	$ 581,300	$ 646,161
Total Compensation (Salary, Wages, & Benefits)								
Management (including executive)	$ 447,993	$ 474,769	$ 478,781	$ 518,804	$ 651,730	$ 658,900	$ 699,849	$ 703,107
Non-Management (union and non-union)	$ 1,889,604	$ 1,789,250	$ 1,812,501	$ 1,785,893	$ 1,918,327	$ 1,988,762	$ 2,130,522	$ 2,376,261
Total	$ 2,337,597	$ 2,264,019	$ 2,291,282	$ 2,304,698	$ 2,570,056	$ 2,647,662	$ 2,830,371	$ 3,079,368
Total Compensation Breakdown (Capital, OM&A)								
OM&A		$ 1,431,314	$ 1,683,145	$ 1,465,604	$ 1,727,217	$ 1,740,697	$ 1,886,277	$ 2,052,219
Capital		$ 832,705	$ 608,138	$ 839,094	$ 842,839	$ 906,965	$ 944,094	$ 1,027,149
Total	$ -	$ 2,264,019	$ 2,291,282	$ 2,304,698	$ 2,570,056	$ 2,647,662	$ 2,830,371	$ 3,079,368

4.4.5 EMPLOYEE COMPENSATION AND FTE COUNT VARIANCE

LPDL's employee compensation cost and FTE count variances are presented in Table 17 below.

Table 17 - Employee Cost and FTE Variance Analysis

	2019 Actual vs 2019 Board Approved	2020 vs 2019	2021 vs 2020	2022 vs 2021	2023 vs 2022	2024 vs 2023	2025 vs 2024	2025 vs 2019 Board Approved
Number of Employees (FTEs including Part-Time)[1]								
Management (including executive)	-	-	0.2	0.8	-	-	-	1.0
Non-Management (union and non-union)	- 1.0	- 1.8	0.2	1.1	0.8	0.0	0.7	-
Total	- 1.0	- 1.8	0.4	1.9	0.8	0.0	0.7	1.0
Total Salary and Wages including ovetime and incentive pay								
Management (including executive)	$17,486	$3,198	$32,382	$108,037	$1,963	$33,787	$1,123	$197,977
Non-Management (union and non-union)	-$86,391	$33,520	-$33,695	$112,858	$44,852	$120,129	$183,013	$374,287
Total	-$68,904	$36,718	-$1,312	$220,896	$46,815	$153,916	$184,136	$572,264
Total Benefits (Current + Accrued)								
Management (including executive)	$9,290	$814	$7,641	$24,888	$5,207	$7,162	$2,134	$57,137
Non-Management (union and non-union)	-$13,963	-$10,269	$7,087	$19,575	$25,584	$21,631	$62,727	$112,370
Total	-$4,673	-$9,455	$14,728	$44,463	$30,791	$28,793	$64,861	$169,507
Total Compensation (Salary, Wages, & Benefits)								
Management (including executive)	$26,776	$4,012	$40,023	$132,925	$7,170	$40,950	$3,257	$255,114
Non-Management (union and non-union)	-$100,354	$23,251	-$26,608	$132,433	$70,436	$141,760	$245,740	$486,657
Total	-$73,578	$27,263	$13,415	$265,359	$77,606	$182,709	$248,997	$741,771

Overall, LPDL's FTE count has increased by only 1 FTE from 2019 Board Approved to 2025 Test Year. The 2019 Board Approved employee count was 22 versus the proposed 2025 Test Year at 23. Through the last five years, several movements have occurred due to retirements, technical staff moving to other LDC's and promotions from technical positions to management positions. With pending retirements and increased growth and service territory developments, LPDL is currently recruiting one linesman and one Engineering Technologist to be filled throughout the remainder of 2024 and 2025.

In line with the above, LPDL's total salary and wages have increased overall by 31% from 2019 Board Approved to 2025 Test Year, representing a compound annual growth rate of 4.57%. Benefits have increased overall by 36% from 2019 Board Approved to 2025 Test year, representing a compound annual growth rate of 5.2%. The increase in salary and wages is slightly higher than inflation however it reflects both annual step increases, cost of living increases for employees as well as having to offer more competitive wages due to the challenge of attracting and retaining employees. Of note, LPDL competes for skilled trades in a low-density labour market which is shared with Hydro One, and as a result experiences a high degree of competition for the limited skilled workers available. LPDL's increase in burdens can be attributed to higher salaries and wages upon which they are based as well as increased premiums for health, dental, life and LTD insurance.

2019-2025 variances that are over LPDL's materiality threshold are discussed below:

2019 Actual when compared to 2019 Board Approved, shows LPDL's FTE count was lower by 1 and employee compensation was lower by 3.1% or $74K as a result of:

- Customer Service position was vacant for six months.
- Vacant Engineering Technologist and Linesman positions were filled by part-time contract rather than a full-time employee.

In 2020, LPDL's FTE count decreased by 2 while employee compensation increased by 1.2% or $27K as a result of:

- Customer Service position remained vacant for three months.
- Labourer position was vacant for six months.
- Senior Billing Clerk retired in October 2020 and position was not filled.
- CDM Coordinator was transferred out of LPDL in October 2019 and position was not filled.
- Part-time Engineering Technologist and Linesman positions were eliminated in February 2020 and remained vacant for the remainder of the year.
- Termination packages for 2 employees.
- Wage increase to Customer Service employees for increased workload due to two vacant positions.

In 2021, LPDL's FTE count increased by 0.4 and employee compensation increased by 0.6% or $13K as a result of:

- Senior Billing Clerk retired in October 2020 and position was not filled.
- Vacant Customer Service position was filled for six months.
- New Linesman hired August 2021 in preparation for upcoming lead hand retirement.
- 2 Co-Op students employed for 4 months.

In 2022, LPDL's FTE count increased by 1.9 and employee compensation increased by 11.5% or $265K as a result of:

- Vacant Customer Service position was filled for 10 months.
- Vacant Labourer position was filled for 1 month and then promoted to Apprentice Linesman with wage increase.
- Promotion of Engineering Technologist to new Asset & Engineering Supervisor position in October 2021.
- Vacant Engineering Technologist position was filled in January 2022.
- Replacement of Operations Supervisor with existing Linesman.
- Retirement of Leadhand Linesman.
- Increase from 1 Leadhand Linesman to 2 Leadhand Linesmen.

- Increase in incentives paid.
- Increase from 2 to 4 Co-Op students employed for 4 months.

In 2023, LPDL's FTE count increased by 0.8 and employee compensation increased by 3.0% or $78K as a result of:

- 2 Linesmen vacated (1 terminated in June 2023 and 1 quit in August 2023).
- 3 Linesmen hired (late December 2022, February 2023 and November 2023).
- Termination package for 1 employee.
- Vacant Customer Service position was filled in January 2023.
- Increase from 4 to 6 Co-Op students employed for 4 months.

In 2024, LPDL's FTE count is forecasted to remain the same as 2023 and employee compensation is forecasted to increase by 6.9% or $183K as a result of:

- Customer Service position was terminated in July 2024 and will not be refilled.
- Engineering Technologist position became vacant again in February 2024 and was refilled in May 2024.
- Vacant Labourer position was filled by a student for 6 months.
- Apprentice promotion to 3rd year Apprentice wage level.
- Linesman hired in November 2023 has full year of wages in 2024.
- Vacant Linesman position currently being recruited for is proposed to be filled by late 2024.
- Operations Manager retired in August 2024.
- Asset & Engineering Supervisor promoted to Operations Manager and new Asset & Engineering Supervisor hired in August 2024.
- Termination package for 1 employee.
- Increase in incentives.
- New Collective Labour Agreement effective January 1, 2024, with 5% wage increase.

In 2025 Test Year, LPDL's FTE is proposed to increase by 0.7 and employee compensation is proposed to increase by 8.8% or $249K as a result of:

- Customer Service position was eliminated in July 2024 offset by 5% wage increase to existing Customer Service employees to compensate for workload reallocated from eliminated position.
- Linesman position currently proposed to be filled late 2024 will have full year of wages in 2025.
- Engineering Technologist wage increases from 1st year to 2nd year rate and 2nd year to full rate by mid-2025.
- Vacant Engineering Technologist position currently being recruited for is proposed to be filled by January 2025.
- Estimated 20% Increase to Health, Dental, LTD and Life Insurance premiums due to expiration of 3-year rate guarantee and increase in claims.

4.4.6 ANNUAL WAGE CHANGES

The summary of annual wage increases is presented in Table 18 below.

Table 18 - Summary of Wage Increases by Year

		Union/Non-Union					Management	
Year	Month Effective	% Increase	Avg % Inc	Cumulative	Year	Month Effe	Avg % Inc	Cumulative
2019	January	1.25%			2019	January	3.00%	3.00%
2019	July	1.25%	1.88%	1.875%				
2020	January (*new CA eff Jan 1/20)	1.50%			2020	January	2.00%	5.00%
2020	July	1.50%	2.25%	4.125%				
2021	January	1.50%			2021	January	2.00%	7.00%
2021	July	1.50%	2.25%	6.375%				
2022	January	1.50%			2022	January	3.00%	10.00%
2022	July	1.50%	2.25%	8.625%				
2023	January	1.50%			2023	January	3.00%	13.00%
2023	July	1.50%	2.25%	10.875%				
2024	January (*new CA eff Jan 1/24)	4.00%	4.00%	14.88%	2024	January	3.00%	16.00%
2024	February (per date of ratification)	1.04%	1.04%	15.91%				
2025	January	3.00%	3.00%	18.91%	2025	January	3.00%	19.00%

The increases shown in the table above represent percentage increases that were negotiated with the union employees as well as those applied to non-union employees.

4.4.7 BENEFIT PROGRAM COSTS

A summary of LPDL's statutory, WSIB and OMERS contribution rates are summarized in Table 19 for 2024 Actual and 2025 Test Year.

Table 19 - Benefit Expense Rates

Benefit Rates	2024 Actual	2025 Test
Statutory		
CPP	5.95%	5.95%
EI	1.26%	1.26%
EHT	1.95%	1.95%
WSIB	0.87%	0.87%
Total Statutory	**10.03%**	**10.03%**
Company		
OMERS Tier 1 Rate	9.00%	9.00%
OMERS Tier 2 Rate	14.16%	14.16%
OMERS Tier 1 up to CPP Max	$68,500	$68,500
OMERS Tier 2/3 up to CPP Max	> $68,500	> $68,500

A detailed summary of LPDL's actual benefit program costs is presented in Table 20.

Table 20 - Breakdown of Benefit Costs by Type

Benefit Expense	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge	2025 Test
Statutory							
CPP	$ 58,776	$ 55,159	$ 63,326	$ 75,814	$ 83,776	$ 86,065	$ 92,938
EI	$ 23,601	$ 20,809	$ 22,752	$ 26,267	$ 28,496	$ 29,807	$ 32,187
EHT	$ 38,845	$ 36,369	$ 37,193	$ 41,821	$ 42,897	$ 44,844	$ 48,425
WSIB	$ 20,710	$ 18,469	$ 17,628	$ 11,953	$ 19,479	$ 20,011	$ 21,609
Total Statutory	**$ 141,933**	**$ 130,807**	**$ 140,899**	**$ 155,856**	**$ 174,647**	**$ 180,726**	**$ 195,160**
Company							
OMERS	$ 188,666	$ 182,928	$ 187,357	$ 204,190	$ 212,160	$ 217,956	$ 235,364
Health/Dental/Life Ins/LTD	$ 135,255	$ 129,488	$ 130,797	$ 137,416	$ 145,689	$ 162,006	$ 194,408
Clothing Allowance	$ 6,127	$ 19,303	$ 18,201	$ 24,255	$ 20,011	$ 20,612	$ 21,230
Total Company	**$ 330,048**	**$ 331,719**	**$ 336,354**	**$ 365,860**	**$ 377,860**	**$ 400,574**	**$ 451,002**
TOTAL Benefit Costs	**$ 471,981**	**$ 462,525**	**$ 477,253**	**$ 521,716**	**$ 552,507**	**$ 581,300**	**$ 646,161**

Table 21 summarizes the year over year variances of these benefit costs.

Table 21 - Variance Analysis of Benefit Costs

Benefit Expense Variance	2020 Actual vs 2019 Actual	2021 Actual vs 2020 Actual	2022 Actual vs 2021 Actual	2023 Actual vs 2022 Actual	2024 Bridge vs 2023 Actual	2025 Test vs 2024 Bridge	2025 Test vs 2019 Actual
Statutory							
CPP	-$ 3,617	$ 8,167	$ 12,488	$ 7,962	$ 2,289	$ 6,874	$ 34,162
EI	-$ 2,792	$ 1,942	$ 3,516	$ 2,228	$ 1,311	$ 2,381	$ 8,586
EHT	-$ 2,476	$ 824	$ 4,628	$ 1,076	$ 1,946	$ 3,582	$ 9,580
WSIB	-$ 2,241	-$ 841	-$ 5,675	$ 7,526	$ 532	$ 1,598	$ 899
Total Statutory	**-$ 11,126**	**$ 10,092**	**$ 14,956**	**$ 18,791**	**$ 6,079**	**$ 14,434**	**$ 53,227**
Company							
OMERS	-$ 5,738	$ 4,429	$ 16,833	$ 7,970	$ 5,797	$ 17,408	$ 46,699
Health/Dental/Life Ins/LTD	-$ 5,767	$ 1,308	$ 6,619	$ 8,273	$ 16,317	$ 32,401	$ 59,152
Clothing Allowance	$ 13,176	-$ 1,102	$ 6,054	-$ 4,244	$ 600	$ 618	$ 15,103
Total Company	**$ 1,671**	**$ 4,635**	**$ 29,506**	**$ 12,000**	**$ 22,714**	**$ 50,427**	**$ 120,954**
TOTAL Benefit Costs	**-$ 9,455**	**$ 14,728**	**$ 44,463**	**$ 30,791**	**$ 28,793**	**$ 64,861**	**$ 174,181**

Statutory benefit expenses have increased by $53K, representing a compound annual growth rate of 5.45%, over the six years between 2019 and 2025. These increased costs are due to statutory rate increases from 9.51% in 2019 to 10.03% proposed in 2025 as well as staffing level changes and wage increases over the years.

OMERS premiums are consistent with the wage and headcount levels. The OMERS contribution rates have remained the same throughout 2019 to 2024, at 9% on earnings up to CPP earning limits and 14.6% on earnings over CPP earnings limits. These rates were held the same for 2025 as well.

Health, Dental, LTD and Life Insurance premiums have increased by $27K or 20% from 2019 to 2024 which reflects an average increase of 4% per year. These rates have remained fairly stable due to LPDL's benefit advisor's annual negotiations with the carrier and a three-year rate guarantee that will expire the end of 2024. These benefit premiums are projected to have a 20% increase in 2025 due to the expiration of the rate guarantee and increasing claims experience.

Clothing allowance, which is provided to union employees only, increased in 2020 and remained consistent, following the new Collective Labour Agreement negotiated in 2019.

4.4.8 OTHER POST EMPLOYMENT BENEFITS (OPEB)

LPDL pays certain health and dental benefits on behalf of eligible retired employees. Eligibility and benefit coverage varies depending on union versus non-union status as an employee and years of service with LPDL. The cost of these post-retiree health and dental benefits is expensed once the employee retires and is eligible for the benefit. The value of the benefit from the Actuarial Valuation report was done in 2016, and every three years following, and since then, the valuation changes have been recorded in Account 5646. The actual premiums for post retiree benefits have been recorded in Account 5645. LPDL does not have a significant OPEB cost (less than $10K per year) and believes that this methodology minimizes any impact on rates. The benefit is simple Health & Dental coverage only, with no life insurance, thus reducing the volatility in both the premium as well as the future valuations.

LPDL does not include the cost of OPEB's in any capital expenditures.

LPDL's Post Retirement Benefits, as shown in Table 22, reflect actual costs incurred as well as the year end adjustment to reconcile to the actuarial valuation report. This practice has not changed since LPDL's last COS application.

Table 22 - Post Retirement Benefits

Items	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge	2025 Test
Opening Balance - Post Retirement Benefits	$ 57,680	$ 92,973	$ 86,920	$ 80,532	$ 49,492	$ 39,891	$ 33,396
Actuarial Expense							
Post-Retirements Benefits	$ 3,524	$ 6,476	$ 6,615	$ 6,627	$ 4,619	$ 4,646	$ 4,651
Actuarial (Gains)/Losses	$ 38,520	$ 4,674	$ -	-$ 29,334	$ -	$ -	$ -
Premium Paids	-$ 6,751	-$ 17,203	-$ 13,003	-$ 8,333	-$ 14,220	-$ 11,141	-$ 7,775
Closing Balance - Post Retirement Benefits	**$ 92,973**	**$ 86,920**	**$ 80,532**	**$ 49,492**	**$ 39,891**	**$ 33,396**	**$ 30,272**

The latest Actuarial Valuation for LPDL was performed by RSM Canada Consulting LP for year ending 2022 (report issued January 18, 2023) using assumptions that reflect management's best estimates at the time. LPDL's Post Retirement benefits are proposed to be recovered on an accrual basis. This latest report has been provided as Appendix B.

In Table 23, LPDL has provided a breakdown of OMERS Pension and OPEB expenses allocated to OM&A and capital. LPDL confirms that no OPEB costs are allocated to capital as they relate to retirees.

Table 23 – Capital and Operating Split

	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge	2025 Test
OMERS Pension OM&A	$ 119,274	$ 134,376	$ 119,144	$ 137,227	$ 139,484	$ 145,255	$ 156,856
OMERS Pension Capital	$ 69,391	$ 48,551	$ 68,213	$ 66,963	$ 72,676	$ 72,701	$ 78,508
OPEB OM&A	-$ 3,227	-$ 8,587	-$ 5,891	-$ 1,706	-$ 7,926	$ -	$ -
OPEB Capital	$ -	$ -	$ -	$ -	$ -	$ -	$ -

4.5 SHARED SERVICES & CORPORATE COST ALLOCATION

4.5.1 OVERVIEW

LPDL has three affiliated companies: (i) Bracebridge Generation Ltd ("BGL"), (ii) Lakeland Energy Ltd ("LEL"), and (iii) Lakeland Holding Ltd ("LHL"). LPDL confirms that it, nor any of its affiliates, is a virtual utility. The following services are provided between the affiliates.

LPDL provides:

- Building space provided for a monthly fee to BGL & LEL
- Trouble call and project assistance to BGL & LEL

LEL provides:

- GIS services & support to LPDL
- Internet Service Provider (ISP), fibre optic, telephony, hot water tank rental, IT support and Cybersecurity solutions
- Building maintenance/project assistance

LHL provides:

- Executive & Management services
- Board of Directors (partial)
- Financial/Regulatory/Payroll/Human Resources/Training services

Table 24 illustrates the movement in Shared Services and Corporate Cost Allocation over the past six years per Appendix 2-N.

Table 24 - Appendix 2-N - Shared Services and Corporate Cost Allocation by Year

Year: 2019

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
Lakeland Power	Lakeland Energy	Rent	sq. ft. market	$42,000	
Lakeland Power	Bracebridge Generation	Rent	sq. ft. market	$6,000	
Lakeland Power	Bracebridge Generation/	Trouble assistance-project assistance	market	$49,529	$47,493
Lakeland Power	Lakeland Energy	Trouble assistance-project assistance	market	$7,202	$6,467
Lakeland Energy	Lakeland Power	GIS	market based service agreement	$112,020	
Lakeland Energy	Lakeland Power	ISP/Telephone system	market based service agreement	$76,200	
Lakeland Energy	Lakeland Power	IT Support & Cybersecurity	market based service agreement	$302,322	
Lakeland Energy	Lakeland Power	Building mtce	cost	$6,568	
Lakeland Energy/BGL	Lakeland Power	Building mtce	cost	$553	
Lakeland Energy	Lakeland Power	Hot water tank rental	market	$768	
Lakeland Holding	Lakeland Power	Project Mgmt - IESO AP Study	market	$14,706	

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs	Amount Allocated
From	To			%	$
Lakeland Holding	*Lakeland Power*	Executive & Mgmt services	Cost - timesheets	100%	$586,083
Lakeland Holding	Lakeland Power	Board of Directors	Cost	100%	$42,250
Lakeland Holding	Lakeland Power	Financial/HR/Payroll	Cost - timesheets	100%	$153,642
Lakeland Holding	Lakeland Power	Telephone/Internet/IT support/Office expenses	Cost - number of employees	40%	$48,843
Lakeland Holding	Lakeland Power	Audit fees/IFRS conversion	Cost - asset percentage	33%	$9,959
Lakeland Holding	Lakeland Power	Legal services	Cost - direct disbursement	100%	
Lakeland Holding	Lakeland Power	Training services	Cost - number of employees	37%	$9,391
Lakeland Holding	Lakeland Power	Building rent	Cost - sq. footage	41%	$47,560

Year: 2020

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
Lakeland Power	Lakeland Energy	Rent	sq. ft. market	$42,000	
Lakeland Power	Bracebridge Generation	Rent	sq. ft. market	$6,000	
Lakeland Power	Bracebridge Generation/	Trouble assistance-project assistance	market	$175,915	$174,704
Lakeland Power	Lakeland Energy	Trouble assistance-project assistance	market	$48,612	$44,188
Lakeland Energy	Lakeland Power	GIS	market based service agreement	$112,020	
Lakeland Energy	Lakeland Power	ISP/Telephone system	market based service agreement	$51,400	
Lakeland Energy	Lakeland Power	IT Support & Cybersecurity	market based service agreement	$292,410	
Lakeland Energy	Lakeland Power	Building mtce	cost	$2,909	
Lakeland Energy/BGL	Lakeland Power	Building mtce	cost	$2,770	
Lakeland Energy	Lakeland Power	Hot water tank rental	market	$768	
Lakeland Holding	Lakeland Power	Project Mgmt - IESO AP Study	market	$17,973	

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	Corporate Costs Allocated	Amount Allocated
From	To			%	$
Lakeland Holding	*Lakeland Power*	Executive & Mgmt services	Cost - timesheets	100%	$455,325
Lakeland Holding	Lakeland Power	Board of Directors	Cost	100%	$66,667
Lakeland Holding	Lakeland Power	Financial/HR/Payroll	Cost - timesheets	100%	$161,837
Lakeland Holding	Lakeland Power	Telephone/Internet/IT support/Office expenses	Cost - number of employees	28%	$37,957
Lakeland Holding	Lakeland Power	Audit fees/IFRS conversion	Cost - asset percentage	31%	$9,921
Lakeland Holding	Lakeland Power	Legal services	Cost - direct disbursement	100%	
Lakeland Holding	Lakeland Power	Training services	Cost - number of employees	28%	$2,002
Lakeland Holding	Lakeland Power	Building rent	Cost - sq. footage	41%	$44,349

Year: 2021

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
Lakeland Power	Lakeland Energy	Rent	sq. ft. market	$42,000	
Lakeland Power	Bracebridge Generation	Rent	sq. ft. market	$6,000	
Lakeland Power	Bracebridge Generation/	Trouble assistance-project assistance	market	$202,571	$202,240
Lakeland Power	Lakeland Energy	Trouble assistance-project assistance	market	$5,195	$1,778
Lakeland Energy	Lakeland Power	GIS	market based service agreement	$112,020	
Lakeland Energy	Lakeland Power	ISP/Telephone system	market based service agreement	$51,000	
Lakeland Energy	Lakeland Power	IT Support & Cybersecurity	market based service agreement	$303,672	
Lakeland Energy	Lakeland Power	Building mtce	cost	$1,645	
Lakeland Energy/BGL	Lakeland Power	Building mtce	cost	$2,696	
Lakeland Energy	Lakeland Power	Hot water tank rental	market	$768	

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	Corporate Costs Allocated	Amount Allocated
From	To			%	$
Lakeland Holding	*Lakeland Power*	Executive & Mgmt services	Cost - timesheets	100%	$409,850
Lakeland Holding	Lakeland Power	Board of Directors	Cost	100%	$66,667
Lakeland Holding	Lakeland Power	Financial/HR/Payroll	Cost - timesheets	100%	$158,697
Lakeland Holding	Lakeland Power	Telephone/Internet/IT support/Office expenses	Cost - number of employees	27%	$46,118
Lakeland Holding	Lakeland Power	Audit fees/IFRS conversion	Cost - asset percentage	29%	$31,948
Lakeland Holding	Lakeland Power	Legal services	Cost - direct disbursement	100%	
Lakeland Holding	Lakeland Power	Training services	Cost - number of employees	27%	$5,160
Lakeland Holding	Lakeland Power	Building rent	Cost - sq. footage	41%	$41,386

Year: 2022

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
Lakeland Power	Lakeland Energy	Rent	sq. ft. market	$42,000	
Lakeland Power	Bracebridge Generation	Rent	sq. ft. market	$6,000	
Lakeland Power	Bracebridge Generation/	Trouble assistance-project assistance	market	$5,052	$3,639
Lakeland Power	Lakeland Energy	Trouble assistance-project assistance	market	$10,398	$6,547
Lakeland Energy	Lakeland Power	GIS	market based service agreement	$73,458	
Lakeland Energy	Lakeland Power	ISP/Telephone system	market based service agreement	$51,000	
Lakeland Energy	Lakeland Power	IT Support & Cybersecurity	market based service agreement	$308,097	
Lakeland Energy	Lakeland Power	Building mtce	cost	$5,154	
Lakeland Energy/BGL	Lakeland Power	Building mtce	cost	$595	
Lakeland Energy	Lakeland Power	Hot water tank rental	market	$768	

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	Corporate Costs Allocated	Amount Allocated
From	To			%	$
Lakeland Holding	*Lakeland Power*	Executive & Mgmt services	Cost - timesheets	100%	$495,923
Lakeland Holding	Lakeland Power	Board of Directors	Cost	100%	$71,875
Lakeland Holding	Lakeland Power	Financial/HR/Payroll	Cost - timesheets	100%	$165,763
Lakeland Holding	Lakeland Power	Telephone/Internet/IT support/Office expenses	Cost - number of employees	28%	$45,549
Lakeland Holding	Lakeland Power	Audit fees/IFRS conversion	Cost - asset percentage	29%	$28,275
Lakeland Holding	Lakeland Power	Legal services	Cost - direct disbursement	100%	
Lakeland Holding	Lakeland Power	Training services	Cost - number of employees	28%	$9,947
Lakeland Holding	Lakeland Power	Building rent	Cost - sq. footage	41%	$42,446

Year: 2023

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
Lakeland Power	Lakeland Energy	Rent	sq. ft. market	$42,000	
Lakeland Power	Bracebridge Generation	Rent	sq. ft. market	$6,000	
Lakeland Power	Bracebridge Generation/	Trouble assistance-project assistance	market	$5,934	$5,453
Lakeland Power	Lakeland Energy	Trouble assistance-project assistance	market	$4,778	$4,612
Lakeland Energy	Lakeland Power	GIS	market based service agreement	$55,900	
Lakeland Energy	Lakeland Power	ISP/Telephone system	market based service agreement	$52,665	
Lakeland Energy	Lakeland Power	IT Support & Cybersecurity	market based service agreement	$301,872	
Lakeland Energy	Lakeland Power	Building mtce	cost	$1,591	
Lakeland Energy/BGL	Lakeland Power	Building mtce	cost	$0	
Lakeland Energy	Lakeland Power	Hot water tank rental	market	$768	

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs	Amount Allocated
From	To			%	$
Lakeland Holding	*Lakeland Power*	Executive & Mgmt services	Cost - timesheets	100%	$557,184
Lakeland Holding	Lakeland Power	Board of Directors	Cost	100%	$81,250
Lakeland Holding	Lakeland Power	Financial/HR/Payroll	Cost - timesheets	100%	$164,393
Lakeland Holding	Lakeland Power	Telephone/Internet/IT support/Office expenses	Cost - number of employees	27%	$64,853
Lakeland Holding	Lakeland Power	Audit fees/IFRS conversion	Cost - asset percentage	29%	$16,520
Lakeland Holding	Lakeland Power	Legal services	Cost - direct disbursement	100%	
Lakeland Holding	Lakeland Power	Training services	Cost - number of employees	27%	$21,544
Lakeland Holding	Lakeland Power	Building rent	Cost - sq. footage	41%	$43,588

Year: 2024

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
Lakeland Power	Lakeland Energy	Rent	sq. ft. market	$42,000	
Lakeland Power	Bracebridge Generation	Rent	sq. ft. market	$6,000	
Lakeland Power	Bracebridge Generation/	Trouble assistance-project assistance	market	$0	$0
Lakeland Power	Lakeland Energy	Trouble assistance-project assistance	market	$0	$0
Lakeland Energy	Lakeland Power	GIS	market based service agreement	$58,695	
Lakeland Energy	Lakeland Power	ISP/Telephone system	market based service agreement	$60,600	
Lakeland Energy	Lakeland Power	IT Support & Cybersecurity	market based service agreement	$311,226	
Lakeland Energy	Lakeland Power	Building mtce	cost	$2,483	
Lakeland Energy/BGL	Lakeland Power	Building mtce	cost	$0	
Lakeland Energy	Lakeland Power	Hot water tank rental	market	$768	

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	$
Lakeland Holding	*Lakeland Power*	Executive & Mgmt services	Cost - timesheets	100%	$617,869
Lakeland Holding	Lakeland Power	Board of Directors	Cost	100%	$75,000
Lakeland Holding	Lakeland Power	Financial/HR/Payroll	Cost - timesheets	100%	$179,189
Lakeland Holding	Lakeland Power	Telephone/Internet/IT support/Office expenses	Cost - number of employees	27%	$70,690
Lakeland Holding	Lakeland Power	Audit fees/IFRS conversion	Cost - asset percentage	29%	$18,007
Lakeland Holding	Lakeland Power	Legal services	Cost - direct disbursement	100%	$0
Lakeland Holding	Lakeland Power	Training services	Cost - number of employees	27%	$23,483
Lakeland Holding	Lakeland Power	Building rent	Cost - sq. footage	41%	$47,511

Year: 2025

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
Lakeland Power	Lakeland Energy	Rent	sq. ft. market	$42,000	
Lakeland Power	Bracebridge Generation	Rent	sq. ft. market	$6,000	
Lakeland Power	Bracebridge Generation/	Trouble assistance-project assistance	market	$0	$0
Lakeland Power	Lakeland Energy	Trouble assistance-project assistance	market	$0	$0
Lakeland Energy	Lakeland Power	GIS	market based service agreement	$58,695	
Lakeland Energy	Lakeland Power	ISP/Telephone system	market based service agreement	$60,600	
Lakeland Energy	Lakeland Power	IT Support & Cybersecurity	market based service agreement	$330,622	
Lakeland Energy	Lakeland Power	Building mtce	cost	$2,483	
Lakeland Energy/BGL	Lakeland Power	Building mtce	cost	$0	
Lakeland Energy	Lakeland Power	Hot water tank rental	market	$768	

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	$
Lakeland Holding	*Lakeland Power*	Executive & Mgmt services	Cost - timesheets	100%	$650,780
Lakeland Holding	Lakeland Power	Board of Directors	Cost	100%	$75,000
Lakeland Holding	Lakeland Power	Financial/HR/Payroll	Cost - timesheets	100%	$187,700
Lakeland Holding	Lakeland Power	Telephone/Internet/IT support/Office expenses	Cost - number of employees	27%	$74,047
Lakeland Holding	Lakeland Power	Audit fees/IFRS conversion	Cost - asset percentage	29%	$18,862
Lakeland Holding	Lakeland Power	Legal services	Cost - direct disbursement	100%	$0
Lakeland Holding	Lakeland Power	Training services	Cost - number of employees	27%	$24,599
Lakeland Holding	Lakeland Power	Building rent	Cost - sq. footage	41%	$49,767

4.5.2 SHARED SERVICES & PRICING METHODOLOGY

For Shared Services, the primary pricing methodology is market based. This applies to transactions provided by both LPDL to Affiliates and by Affiliates to LPDL.

LPDL provides:

- Building space provided for a monthly fee to BGL & LEL - market based on sq ft (5-year lease)
- Trouble calls and project assistance to BGL & LEL - market based labour rates

LEL provides:

- GIS services & support – market based contract rate
- Internet provider (ISP), fibre optic, telephony, hot water tank rental, IT support and Cybersecurity solutions – market based contract rate

LEL is a fibre optic internet service provider as well as a provider of telephony services, GIS services, hot water tank rentals, IT support and Cybersecurity solutions to businesses and residences in the area. LPDL contracts LEL to provide these services at market rates which is the pricing methodology used for all years. As the complexity of systems, upgrades, increase in staff and cyber threats increase, the relative time spent on these services has increased as well as the specialized skill set that staff require.

All LPDL's substations are connected via fibre optic network for improved/stable communication between sites and to SCADA. This was supplied, installed and managed through the affiliate. The LPDL communication network is fully on a fibre optic base between locations for all systems including phone and internet, the affiliate being the ISP provider and support. This eliminated the costs that were previously purchased from an outside internet provider, a telephone company, and a long-distance provider.

LEL has converted physical servers to virtual systems, provided robust disaster recovery solutions, segmented critical networks for protection, encrypted data in transit and rest, managed mobile devices, streamlined licensing updates and moved LPDL to more cloud/web based applications in order to enhance outside staff accessibility to operational systems.

Customer interaction is more efficient, scheduled more effectively, and recorded quickly due to the improvements in technology, supported and maintained by the affiliate. Local IT support was not available, so the affiliate grew that portion in order to support all the related companies through the hiring of highly skilled technical staff. The benefit of the shared services allows for any synergies or efficiencies to be shared among all entities based on each proportional usage share as the market rates utilized were the lowest of the comparable services in the area as well as being a longer term fixed rate contract. The services agreement for IT support and Network Connection services can be found in Appendix C.

4.5.2.1 SHARED SERVICES – 2025 TEST YEAR VS 2019 BOARD APPROVED

Table 25 illustrates the variance in Shared Services between 2025 Test Year compared to 2019 Board Approved.

Table 25 - Shared Services Variance – 2025 Test Year vs 2019 Board Approved

Shared Services

Name of Company		Service Offered	Pricing Methodology	2025 Test Year	2019 Board Approved	Variance
From	To			$	$	$
Lakeland Power	Lakeland Energy	Rent	sq. ft. market	$42,000	$31,500	$10,500
Lakeland Power	Bracebridge Generatior	Rent	sq. ft. market	$6,000	$0	$6,000
Lakeland Power	Bracebridge Generatior	Trouble assistance-project assi	market	$0	$32,800	-$32,800
Lakeland Power	Lakeland Energy	Trouble assistance-project assi	market	$0	$0	$0
Lakeland Energy	Lakeland Power	GIS	market based service agreement	$58,695	$112,000	-$53,305
Lakeland Power	Lakeland Energy	Water tank billing	cost	$0	$3,600	-$3,600
Lakeland Energy	Lakeland Power	ISP/Telephone system	market based service agreement	$60,600	$76,200	-$15,600
Lakeland Energy	Lakeland Power	IT Support & Cybersecurity	market based service agreement	$330,622	$330,272	$350
Lakeland Energy	Lakeland Power	Building mtce	cost	$2,483	$0	$2,483
Lakeland Energy/BGL	Lakeland Power	Building mtce	cost	$0	$0	$0
Lakeland Energy	Lakeland Power	Hot water tank rental	market	$768	$768	$0

The growth in revenue from 2019 Board Approved to 2025 Test Year is due to the increase in shop and office space that LEL and BGL rent from LPDL at its operations center. The decrease in costs from 2019 Board Approved to 2025 Test Year is mainly due to LPDL changing its GIS services contract provided by LEL from an annual contract to a monthly invoice based on actual hours of service provided at an hourly contract rate.

4.5.2.2 SHARED SERVICES – 2025 TEST YEAR VS 2023 ACTUAL YEAR

Table 26 illustrates the variance in Shared Services between 2025 Test Year compared to 2023 Actual.

Table 26 - Shared Services Variance – 2025 Test Year vs 2023 Actual

Shared Services

Name of Company		Service Offered	Pricing Methodology	2025 Test Year	2023 Actual	Variance
From	To			$	$	$
Lakeland Power	Lakeland Energy	Rent	sq. ft. market	$42,000	$42,000	$0
Lakeland Power	Bracebridge Generatio	Rent	sq. ft. market	$6,000	$6,000	$0
Lakeland Power	Bracebridge Generatio	Trouble assistance-project assi	market	$0	$5,934	-$5,934
Lakeland Power	Lakeland Energy	Trouble assistance-project assi	market	$0	$4,778	-$4,778
Lakeland Energy	Lakeland Power	GIS	market based service agreement	$58,695	$55,900	$2,795
Lakeland Energy	Lakeland Power	ISP/Telephone system	market based service agreement	$60,600	$52,665	$7,936
Lakeland Energy	Lakeland Power	IT Support & Cybersecurity	market based service agreement	$330,622	$301,872	$28,750
Lakeland Energy	Lakeland Power	Building mtce	cost	$2,483	$1,591	$892
Lakeland Energy/BGL	Lakeland Power	Building mtce	cost	$0	$0	$0
Lakeland Energy	Lakeland Power	Hot water tank rental	market	$768	$768	$0

The Shared Services provided within this classification are the same as those outlined in Section 4.5.1. Compared to LPDL's last full actual year 2023, Shared Services from LEL have increased by $37K. The majority of this variance can be attributed to increased support for all hardware and software needs including servers/email/CIS/work management systems/accounting software/GIS/SCADA/billing software, and increased resources for improved cybersecurity solutions. The costs for the implementation of the OEB designed cybersecurity programs are shared with all entities allowing for LPDL to reduce the potential cost of doing the project in isolation.

LPDL confirms that Shared Services revenue and costs agree with the amounts included in Other Revenue as shown in Appendix 2-H in Exhibit 6, Section 6.4.3.

4.5.3 CORPORATE COST ALLOCATION & PRICING METHODOLOGY

The method of allocation for costs between all the affiliates has been consistent since LDPL's last Board Approved method. The 5 different methods are dependent on the type of cost;

- Timesheet hours – used to allocate labour costs
- Number of employees – used to allocate office related expenses and training course costs
- Asset value – used to allocate Audit/IFRS/Consulting fees
- Direct disbursement – for specifically identifiable costs such as legal
- Administration building costs – allocated based on sq ft utilized by the respective companies

All LHL staff (including executives) prepare weekly timesheets identifying time spent in each company and the resulting hours split by company forms the allocation percentage for wage items. For office related items and training, the allocator is the number of employees. Audit/IFRS/Consulting fees are based on relative asset percentage of the whole company asset base. This is an efficiency/cost saving for LPDL in that it does not have to employ a full accounting or payroll department and instead shares resources between all entities based on the actual time spent on utility related items.

4.5.3.1 CORPORATE COST ALLOCATION – 2025 TEST YEAR VS 2019 BOARD APPROVED

Table 27 illustrates the variance in Corporate Cost Allocations between 2025 Test Year compared to 2019 Board Approved.

Table 27 - Corporate Cost Allocation Variance – 2025 Test Year vs 2019 Board Approved

Name of Company		Service Offered	Pricing Methodology	2025 Test Year	2019 Board Approved	Variance
From	To			$	$	$
Lakeland Holding	Lakeland Power	Executive & Mgmt services	Cost - timesheets	$650,780	$554,843	$95,937
Lakeland Holding	Lakeland Power	Board of Directors	Cost	$75,000	$16,000	$59,000
Lakeland Holding	Lakeland Power	Financial/HR/Payroll	Cost - timesheets	$187,700	$99,930	$87,770
Lakeland Holding	Lakeland Power	Telephone/Internet/IT support	Cost - number of employees	$74,047	$58,696	$15,351
Lakeland Holding	Lakeland Power	Audit fees/IFRS conversion	Cost - asset percentage	$18,862	$50,000	-$31,138
Lakeland Holding	Lakeland Power	Legal services	Cost - direct disbursement	$0	$0	$0
Lakeland Holding	Lakeland Power	Training services	Cost - number of employees	$24,599	$0	$24,599
Lakeland Holding	Lakeland Power	Building rent	Cost - sq. footage	$49,767	$45,000	$4,767
				$ 1,080,756	$ 824,469	$ 256,287

2025 Test Year compared to 2019 Board Approved shows an increase in Corporate Cost Allocation of $256K or 31% which averages to 5.2% per year. Over the past 6 years, the staff complement in LHL has increased to accommodate the growth in regulatory requirements, increased human resources needs with union contracts, staff changes and recruitment, increased administration support for tracking resources for capital/maintenance projects, and increased audit fees due to IFRS. All regulatory and financial services are performed by staff within the LHL finance group including rate applications, RRR filings, RPP/TOU/1598 settlement filings, StatsCan, CRA, Ministry of Finance and any OEB or Ministry of Energy correspondence.

In 2018, LPDL had one direct Board of Director member plus 1/3 of the Chair and 1/3 of a Director allocated from LHL to LPDL. In 2019, the Board of Directors restructured and LPDL gained their own direct Board which consisted of a Vice-Chair and two Directors plus 1/3 of a Director allocated from LHL to LPDL.

- Regulatory/Finance/HR activities $87K
- Increased systems support $15K
- Board of Director restructure $59K

- Corporate Wage/Headcount Increase $95K

4.5.3.2 CORPORATE COST ALLOCATION – 2025 TEST YEAR VS 2023 ACTUAL

Table 28 illustrates the variance in Corporate Cost Allocations between 2025 Test Year compared to 2023 Actual.

Table 28 - Corporate Cost Allocation Variance – 2025 Test Year vs 2023 Actual

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	2025 Test Year	2023 Actual	Variance
From	To			$	$	$
Lakeland Holding	Lakeland Power	Executive & Mgmt services	Cost - timesheets	$650,780	$557,184	$93,595
Lakeland Holding	Lakeland Power	Board of Directors	Cost	$75,000	$81,250	-$6,250
Lakeland Holding	Lakeland Power	Financial/HR/Payroll	Cost - timesheets	$187,700	$164,393	$23,307
Lakeland Holding	Lakeland Power	Telephone/Internet/IT support	Cost - number of employees	$74,047	$64,853	$9,195
Lakeland Holding	Lakeland Power	Audit fees/IFRS conversion	Cost - asset percentage	$18,862	$16,520	$2,342
Lakeland Holding	Lakeland Power	Legal services	Cost - direct disbursement	$0	$0	$0
Lakeland Holding	Lakeland Power	Training services	Cost - number of employees	$24,599	$21,544	$3,054
Lakeland Holding	Lakeland Power	Building rent	Cost - sq. footage	$49,767	$43,588	$6,180
				$ 1,080,756	$ 949,333	$ 131,423

2025 Test Year compared to 2023 Actual shows an increase in Corporate Cost Allocation of $131K or 14% which averages to 4.6% per year. The majority of this increase is explained in section 4.5.3.2 above.

- Regulatory/Finance activities $26K
- Increased systems support $11K
- Corporate Wage/Headcount Increase $94K

4.6 PURCHASES OF NON-AFFILIATE SERVICES

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

LPDL confirms that all material transactions were in compliance with the procurement policy. LPDL's purchasing policy is presented in Appendix D.

Purchase Authorization: The Operations Manager, with the approval of the Chief Operating Officer (COO) (over $5,000) and Chief Executive Officer (CEO) (over $10,000 and within approved budget), approves all purchases of goods and/or services related to the capital, operations and maintenance of the distribution infrastructure.

Purchase Authorization

The Board of Directors approves the budget annually and are presented with monthly financials with any variances to budget identified. Management works within the budgeted levels using approval levels built into the purchasing software. If a purchase is outside of budget, the President/CEO can approve up to $50,000, anything over this is sent to the Board of Directors for approval. Quotes are obtained if the items have not been identified in the budget or if the cost at the time of purchase is going to be 10% greater than the amount in the budget.

Tendering

When goods or services are tendered, a tender/request for proposal/request for quote will be issued to a minimum of three vendors, if availability permits. The Operations Manager along with the input of the board members, COO, and CEO, shall authorize the acceptance of the proposals depending on level of spending.

4.7 ONE TIME COSTS AND REGULATORY EXPENSES

4.7.1 ONE TIME COSTS

The only noteworthy one-time costs relate to the costs associated with the 2025 COS application which are amortized over a period of 5 years.

The total incremental costs associated with the application are estimated to be $294,486 of which 1/5 or $58,897 have been included in the 2025 Test Year. For the 2025 COS application, the updating and enhancing of the DSP was maintained and prepared by LPDL's internal resources.

4.7.2 REGULATORY COSTS

Staffing

LHL's Finance department is primarily responsible for preparing regulatory filings, rate applications, completing audits and ensuring regulatory and legislative compliance and providing input to the various regulatory agencies. These employees also perform all accounting and payroll functions with regard to any Regulatory accounts, budget preparation and analysis. Over the past 5 years, the demand for reporting, ensuring compliance, and the completion of rate applications has dramatically increased, resulting in more staff time being allocated to regulatory matters. The lack of a specific Regulatory position has resulted in all levels of the Finance department participating in meeting regulatory requirements over and above their current responsibilities. Currently the overtime incurred by LHL Finance staff for regulatory functions is not included in actual costs as the positions are salaried and are not paid overtime nor in lieu time. Burnout and stress have become a significant HR issue. LPDL has tried several times, unsuccessfully, over the past number of years to fill the position of Regulatory Accountant who would be assigned exclusively to prepare regulatory filings, rate applications, and any other regulatory compliance items. It has proven to be very difficult to hire this position as the skill set is particularly specific.

OEB Assessments

Included in account 5655 - Regulatory Expenses are the on-going annual assessment fees paid to the OEB, as well as cost awards for hearings, proceedings, and other regulatory matters. These costs have increased from $61,500 in 2019 Board Approved to $98,406 in 2025 Test Year based on the invoices received in the first six months of 2024.

Regulatory Applications

Also included in account 5655 - Regulatory Expenses are the other ongoing regulatory costs for consulting, legal fees and intervenor cost awards. LPDL has forecasted these on-going costs to be $5,300 for 2025 Test Year.

A detailed breakdown of one-time regulatory costs included in account 5655 – Regulatory Expenses for the 2025 Test Year are presented in Table 29, Appendix 2-M.

Table 29 - Appendix 2-M – Regulatory Cost Schedule (One-time only)

	Regulatory Costs (One-Time)	Last Rebasing (2019 OEB Approved)	Last Rebasing (2019 Actual)	Sum Of Historical Years (2020-2023)	2024 Bridge Year	2025 Test Year
		(A)	(B)	(C)	(D)	(E)
1	Expert Witness costs	0				
2	Legal costs	34,450	38,980	4,486	45,000	45,000
3	Consultants' costs	87,050			55,000	55,000
4	Intervenor costs	50,000	24,033		30,000	30,000
5	OEB Section 30 Costs (application-related)	0	27,067		15,000	15,000
6	Include other items in green cells, as applicable[1]					
7	Incremental operating expenses associated with	16,500	4,043			
8	Difference in OEB Assessment from Board Approved		-3,453			
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
	Sub-total - One-time Costs	$ 188,000	$ 90,670	$ 4,486	$ 145,000	$ 145,000

Application-Related One-Time Costs	Total (F =C+D+E)
Total One-Time Costs Related to Application to be Amortized over IRM Period	$ 294,486
1/5 of Total One-Time Costs	$ 58,897

LPDL's one-time 2025 COS rate application costs have been forecasted to be $294,486. These costs have been partially incurred in 2023 and 2024 with the remainder split between 2024 and 2025. These one-time costs consist of legal costs $95K, consultant costs $110K, intervenor costs $60K and OEB application costs $30K. The 2019 Board Approved one-time costs were $188,000.

LPDL requests approval of these one-time costs to be recovered over a 5 year period.

4.8 LEAP, CHARITABLE & POLITICAL DONATIONS

4.8.1 LOW-INCOME ENERGY ASSISTANCE PROGRAMS (LEAP)

LPDL has included $13,000 for the Low-Income Energy Assistance Program (LEAP) under Deductions Donation Expense-LEAP (USoA #6205). This amount is based on the Board's determination that the greater amount of 0.12% of a distributor's Board-Approved distribution revenue requirement or $2,000 should be included in the utility's costs and therefore recovered from all rate classes.

LPDL has also included $6,832 in extra LEAP funding in 2023 as a result of the Assurance of Voluntary Compliance ("AVC") on the provincial fixed-charge proration issue. Through the AVC, it was identified that LPDL was overcharging customers due to applying a daily charge that had been incorrectly calculated. While LPDL used the approved fixed monthly charges from its OEB-approved Rate Order, its billing system translated these monthly charges into a daily charge for application to customers' bills. In the translation from monthly to daily charge, the daily charge was calculated on the basis of there being 30 days in every month (or 360 days in a year) but billed customers 365 days a year, leading to an overcharge of each customer.

LPDL has partnered with District of Muskoka ("DoM") as the Intake Agency, to assist in the program intended to provide emergency relief to eligible low-income customers who may be experiencing difficulty paying current arrears to LPDL.

In compliance with OEB policy, LPDL:

- Collects money from ratepayers for LEAP in the amount approved by the OEB as part of the recoverable OM&A expenses.
- Transfers program funds to DoM (Intake Agency).
- Allows DoM to determine funding allocations within their service territory by geography.

- Receives a monthly report from the DoM agency showing the disbursements and balance of the LEAP funds remaining.
- Leaves the assessment of eligibility of LPDL customers and records to DoM.
- Confirms customer and account information used in determining program eligibility, including information on payment history and arrears owing.
- Reports to the OEB in accordance with OEB reporting requirements through annual RRR filing Section 2.1.16.

4.8.2 CHARITABLE AND POLITICAL DONATIONS

LPDL has a policy in place where donations are made primarily to charities or local groups that service residents in our six service areas. LPDL confirms that no charitable donations have been included in OM&A expenses for 2025 other than LEAP program summarized above.

LPDL does not make any political donations.

4.9 CONSERVATION AND DEMAND MANAGEMENT

LPDL has not included any costs in association to CDM in its application.

4.10 FUNDING OPTIONS FOR FUTURE CONSERVATION AND DEMAND MANAGEMENT ACTIVITIES

LPDL is not considering funding options for future conservation at this time.

APPENDICES

Appendix A	Collective Labour Agreements: 2024-2027
	Collective Labour Agreements: 2020-2023
	Collective Labour Agreements: 2016-2019
Appendix B	Actuarial Valuation of Post-Retirement Non-Pension Benefits by RSM - 2022
	Actuarial Valuation of Post-Retirement Non-Pension Benefits by RSM – 2020
	Actuarial Valuation of Post-Retirement Non-Pension Benefits by RSM - 2019
Appendix C	LEL Shared Services: GIS Services Contract 2024
	LEL Shared Services: NOC Service Contract 2024
	LEL Shared Services: IT Services Contract 2024
Appendix D	Capital Expenditure Requests Policy
	Purchasing Approval Policy

	Collective Labour Agreements: 2024-2027
Appendix A	**Collective Labour Agreements: 2020-2023**
	Collective Labour Agreements: 2016-2019

COLLECTIVE AGREEMENT

between

LAKELAND POWER DISTRIBUTION Ltd.
(hereinafter called ‘the Company’)

and

its EMPLOYEES
as represented by

THE POWER WORKERS’ UNION CUPE LOCAL 1000
(hereinafter called ‘the Union’)

From ***January 1, 2024 to December 31, 2027***

TABLE OF CONTENTS

Article 1 - Preamble and Purpose

1.01 The general purpose of this Agreement is to establish and maintain orderly collective bargaining relations between the Company and its employees, to make provision for prompt and equitable disposition of grievances and to establish and maintain satisfactory working conditions, hours of work and wages for all employees who are subject to the provisions of this Agreement.

1.02 It is the intent of the parties in entering into this Agreement to find a positive way of achieving harmonious and mutually supportive relationships among the Company, the Employees and the Union, which will keep the company in a strong, efficient position.

The parties agree not to discriminate against any employee for reasons defined under the Human Rights Code (Ontario).

Article 2 - Recognition

2.01 The Company hereby recognizes the Union as the sole collective bargaining agent for all employees of the Company save and except Supervisor, persons above the rank of Supervisor, office staff, co-operative students, students employed during the school vacation period and persons regularly employed for not more than twenty-four (24) hours per week.

2.02 Gender Neutral Language

For the purpose of gender neutrality, the pronouns of they, them or their(s) will be used in the Collective Agreement.

Article 3 - Managements Rights

The Company has and the Union acknowledges, that the Company has the exclusive right and power to determine the locations of its operations, to manage its business, hours of work, and direct the working forces including, but not restricting the generality of the foregoing; the right to hire, suspend, discharge, lay-off, promote, demote, transfer and discipline any employee consistent with the terms of this agreement. In addition, it has the right to make, amend and enforce such rules and regulations as shall from time to time be required consistent with the terms of this Agreement.

Article 4 – Union Security

4.01 As a condition of employment, employees who are presently members of the Union shall remain members, and employees hired subsequent to the signing of this Agreement shall become members of the Union, (save and except as excluded in Article 2.01.)

4.02 During the term of this Agreement the Company agrees to deduct from the wages of each union member, a sum of money equal to the monthly membership dues as established by the Union and remit same to the Financial Officer of the Union before the 15th of the following month.

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

4.04 The employer will provide to the Union a list of all the employees in the bargaining unit. The list will include each person's name, home mailing address, home telephone number, provided with permission of the employee.

4.05 **Correspondence**

The union shall provide the Company with a list of union officials to be revised from time to time as changes occur. The Company shall provide the Union with a list of supervisors to whom grievances and other relevant matters may be submitted.

Unless otherwise stipulated in this agreement, all correspondence between the parties arising out of this Agreement shall pass to and from the CEO of the Company and the Unit VP of the Union or delegates.

The Union shall be notified, in writing of all permanent appointments, hires, lay-offs, recall and terminations of employment involving employees in the bargaining unit.

4.06 The Company will recognize a committee of two (2) of its employees (who may be assisted by a Union representative) in negotiations and the second and/or third step of the Grievance Procedure. The Company will deal with the said Committee on matters which are properly the subject of negotiation of an agreement, an amendment thereto, a renewal thereof, or a grievance therein. The Union recognizes that union officials' primary responsibilities are to perform their regular duties for The Company. The Company agrees to maintain the standard rate of pay for all time spent by union officials on grievance matters during normal working hours. The Union agrees to reimburse the Company for all wages and benefits paid while Committee members are working on behalf of the Union and its membership on matters of negotiation and arbitration.

4.07 **Labour Management Committee**

On the request of either party, the parties shall meet at least once every three (3) months until this agreement is terminated for the purpose of discussing issues relating to the workplace which affect the parties, or any employee bound by this agreement.

4.08 The union shall have the right at any time to have the assistance of representatives of the Power Workers Union or any other advisors when dealing or negotiating with the Employer.

4.09 Employees whose jobs (paid or unpaid) who are not in the bargaining unit shall not do bargaining unit work except in the case of emergency, training, or in other cases where mutually agreed upon in writing by the parties, except for special events where the Employer may require volunteers to assist and supplement the workforce.

4.10 There shall be no discrimination by the Company or the Union or its members against any employee because of membership in, or non-membership in the Union.

4.11 Joint Health and Safety Committee

The Employer will recognize a Joint Health and Safety Committee (JHSC). The JHSC shall establish and set out terms of reference for the operation of the Committee. The terms of reference will be reviewed by the Committee annually. The JHSC shall operate in accordance with the Occupational Health & Safety Act. The Employer and the Union acknowledge their joint and separate roles and responsibilities under the Occupational Health & Safety Act. Joint Investigation training will be included as part of this process.

Article 5 - Company Service Credit and Seniority

5.01 a) Credit for Company service shall accrue to regular employees whether or not they are members of the bargaining unit and shall represent an employee's service with the Company based on the employees most recent date of hire.

b) Seniority shall be defined as the length of continuous employment a regular employee has within the bargaining unit based on the last date of hire into the bargaining unit.

c) A person who is in a temporary assignment who is subsequently hired by the Employer as a probationary employee in the same position, shall count any of their continuous service rendered in the same position, while on temporary assignment towards completion of the probationary period.

5.02 An employee shall forfeit all of their accumulated Company service credit and seniority and their name shall be removed from Company records if they:

i. Terminates voluntarily;
ii. Is discharged and not reinstated;
iii. Retires;
iv. Is laid off for a period exceeding twelve (12) calendar months;
v. Fails to report for work after a lay-off within five (5) working days of recall, notice of which has been sent by registered mail to the last address the employee has reported to the Company;
vi. Is permanently disabled and unable to work for the Company in a job classification in which there is a job available, and the Company has exhausted all obvious avenues with respect to their obligations regarding duty to accommodate;
vii. Is absent from work because of a non-occupational illness or injury for eighteen (18) months;

5.03 A seniority list shall be posted by the Company by January 15th of each year.

Article 6 - Employee Categories

6.01 Temporary employees are persons hired for a period of up to nine (9) months in duration, in positions which are not likely to become part of the Company's continuing organization. Temporary employees shall not accumulate seniority.

6.02 Probationary employees are persons hired on trial to determine their suitability for continuing employment in regular positions. An employee shall be considered probationary for a six (6) month period. At the successful completion of an employee's probation period the employee will receive seniority, backdated to their most recent date of hire into the bargaining unit. During this period of probation, they shall, unless the context otherwise provides, have all the rights and privileges of this Collective Agreement except that they may be discharged at the sole discretion of the Company and without recourse including having the ability to file a grievance.

6.03 Regular employees are persons who have satisfactorily served a probationary period.

6.04 When an employee is assigned to relieve in the Lead Hand position, the employee will be paid Lead Hand pay. It is understood that when an assignment or project requires three (3) or more employees, the Company shall assign a Lead Hand.

6.05 When an employee is assigned to relieve in a supervisory position for a minimum of one (1) working day or more, the employee will be paid a premium of eight percent (8%) of their current hourly rate.

Article 7 - Strikes/Lockouts

7.01 During the term of this Agreement the Company agrees not to lock out its employees, and the Union agrees that no cessation or slowdown of production will occur.

7.02 Employees are not required to cross picket lines except to perform duties relative to the Company's operation and the maintenance of service to equipment within the Company's jurisdiction. Employees will not be required to cross a picket line if the employee feels unsafe doing so.

7.03 **Continuation of Benefits during Work Stoppages**

In the event of a legal work stoppage, the Company agrees to maintain payment of benefits under Article 13.01 and 13.02 b of this agreement. The union agrees to reimburse benefits as set out in this Article, to the Employer within 45 working days of receipt of detailed invoices. Such invoice shall be sent to the assigned PWU Financial Officer.

Article 8 - Grievance and Arbitration Procedure

8.01 **Grievance Definition**

For the purposes of this Agreement a dispute, claim or complaint which involves an alleged violation, an interpretation or application of this Agreement shall be considered a matter for grievance and shall be dealt with promptly and as specified below.

8.02 The time limits set out for the processing of grievances shall be adhered to except in the case of mutual agreement to alter the time limits. Reasonable requests for extensions will not be denied.

8.03 **Right to have Steward Present**

a) An employee shall have the right to have their Steward present at any discussion with supervisory personnel which the employee believes might be the basis of disciplinary action. Where a supervisor intends to interview an employee for disciplinary purposes, the supervisor shall so notify the employee in advance of the purpose of the interview in order that the employee may contact their Steward to be present at the interview.

b) A Steward shall have the right to consult with a PWU Staff representative and to have them present at any discussion with supervisory personnel which may be the basis of disciplinary action except for when an employee declines union representation.

c) Representative(s) of the Union and the grievor shall not suffer any loss of regular pay or benefits for time spent during regular working hours in the grievance procedures set out in Article 8.04.

8.04 **Grievance Procedure**

a) **Step One**

An employee believing, they have a grievance shall, within five (5) working days of the alleged grievous occurrence, take the matter up with their immediate Manager or their designate. The employee may be accompanied by a member of the grievance committee at the time of this presentation. The Manager or their designate shall give their disposition within five (5) working days of the presentation.

b) **Step Two**

If the grievor (or the Union) is not satisfied with the disposition at Step One, they or the Union may within five (5) working days of the disposition at Step One submit a written statement of the grievance to the People & Culture Officer (PCO) or their designated representative. The grievance shall include, as a minimum, the grievance, the part of the collective agreement that has been violated, and the redress that is being sought. The PCO or their designated representative shall, within five (5) working days, of the receipt of the grievance at this Step convene a grievance meeting at which the employee may be represented by a duly formed two (2) member union committee. The PCO or their designated representative shall give their disposition in writing within five (5) working days of the second step meeting.

c) **Step Three**

If the grievor (or the Union) is not satisfied with the disposition at Step Two, they or the Union may within five (5) working days of the disposition at Step Two submit a written statement of the grievance to the CEO or their designated representative. The CEO or their designated representative shall, within five (5) working days of the receipt of the grievance at this Step convene a grievance meeting at which the employee may be represented by a duly formed two (2) member union committee. The CEO or their designated representative shall give their disposition in writing within five (5) working days of the third step meeting.

8.05 a) A regular employee may be discharged but only for just cause. Grievances concerning discharges shall be taken directly to Step Three of the Grievance Procedure.

b) Where an employee may be disciplined, the Company will notify the employee that they are entitled to union representation at the meeting. If the employee declines, the Company will notify the Union of the employee’s decision.

c) The parties to this Agreement can mutually agree to access the services, of a mutually agreed upon grievance mediator, prior to any grievance proceeding to arbitration. The parties will share equally the expenses and fees of the Grievance Mediator. Failing a satisfactory resolution in this process either party reserves the right to proceed to arbitration.

8.06 **Arbitration**

Failing settlement at Step Three, the Union shall within ten (10) working days of the issuance of the disposition at Step Three notify the Company of its intention to submit the grievance to Arbitration. Should the grievance proceed, the union will inform the Company of the union nominee, and their mailing address, to an Arbitration Board which will then be processed in accordance with the *Ontario Labour Relations Act*. Should the respective nominee(s) to such an Arbitration Board fail to agree on a Chairman, the appointment will be referred to the Ontario Labour-Management Arbitration Commission.

8.07 No Board of Arbitration shall have the power to alter or change any of the provisions of this Agreement or to substitute any new provision for any existing provision, or to provide a decision which is inconsistent with any term or provision of this Agreement. The Board shall have the power to dispose of any discharge or a discipline grievance by any arrangement which in its opinion it deems just and equitable.

8.08 Each party to this Agreement will bear the expenses and fee of its nominee, and the parties will share equally the expenses and fee of the Chairman.

8.09 As an alternative, if the parties mutually agree, the matter may be submitted to a single arbitrator as provided by the *Labour Relations Act* and Clauses 8.07 and 8.08 shall apply to a single arbitrator with respect to jurisdiction and expenses.

Article 9 – Hours of Work and Overtime and On-Call

9.01 This section provides the basis for establishing work schedules and for the calculation and payment of overtime.

9.02 The normal work week of employees covered by this Agreement shall be forty (40) hours per week. Shifts may consist of the following: five (5) days of eight (8) hours each between the hours of 7:30 a.m. to 3:30 p.m. with a 20-minute paid lunch period on the job site from Monday to Friday inclusive.

9.03 It is acknowledged that from time to time it will be necessary for employees to perform work outside of the normal schedules at all hours of the day or night, and management has the right to authorize such work as required.

9.04 a) Work performed in excess of the normal hours, from quitting time Friday to starting time Monday and recognized holidays (as outlined in Article 10) shall be paid at the rate of two (2) times an employee’s base rate of pay. Work performed Monday to Thursday after 6:30 p.m. shall be paid at the rate of two (2) times an employee’s base rate of pay. All other work performed in excess of normal hours shall be paid at the rate of two (2) times an employee’s base rate of pay.

b) On the approval of the Manager, employees may take time off in lieu of overtime at the appropriate premium rate to a one time maximum of fifty-six (56) hours per calendar year. All banked overtime accumulated during the previous calendar year must be taken by the end of

February. If not used all banked time will be paid out on March 1.

c) Employees are entitled to a twenty-dollar ($20.00) meal allowance under the following conditions;

i. When their workday has been extended by more than two (2) consecutive hours and again after the completion of every four (4) consecutive hours or;
ii. When an employee is working unplanned overtime after four (4) consecutive hours and every four (4) consecutive hours after that.

9.05 Rest Period

All employees must have eight (8) consecutive hours rest within a twenty-four (24) hour period. If the minimum eight (8) hour rest time extends into the employees normal scheduled hours of work, the amount of rest time extending into the employees normal scheduled hours of work will be paid at straight time. The employee will be required to return to work once their rest period has been completed, unless employee wishes to use banked time or vacation to complete the remainder of regular shift at the supervisors' approval.

An employee who works two (2) hours or more and the work they are completing terminates between the hours of 11:30pm and 07:30am shall be entitled to an eight (8) hour rest period. The eight (8) hour rest period shall be paid for all hours of rest that may fall during the employee's regular shift, based on the time the work terminated.

An employee who is called in between 11:30pm and 7:30am and works 5 continuous hours shall receive the following shift off with pay at straight time rates if it falls on a regular scheduled shift.

9.06 When an employee is called in for emergency overtime work outside of their normal working hours, they shall be provided with a minimum payment in accordance with the following:

Two (2) hours pay at the appropriate overtime rate of pay or the actual time worked at the appropriate premium rate, whichever is the greater except when a short call follows within one (1) hour of the completion of a previous call in which case time shall be considered continuous from the start of the previous call. There shall be no minimum payment applicable to overtime as worked an extension of an employee's normal daily working hours.

9.07 Where an employee is directed by the company to attend any meeting the Company will pay travel time at the employee's normal straight time rate for all travel time that precedes the employee's normal start time or exceeds the employee's normal end time. The Company agrees to pay off duty employees for time spent at meetings. Pay to be at straight time rates.

9.08 **On-Call**

a) On-call duty is defined as that duty performed by qualified employees who are required by the Company to be readily available within thirty (30) minutes by means of normal driving conditions to the normal work headquarters for emergency service at other than normal hours of work.

b) All qualified employees will be required to perform on-call duty which will be distributed on an equitable basis among them. Management shall maintain an advance schedule of on- call duty which shall be made available to the staff concerned.

c) Employee's on-call will be required to use the company vehicle for business purposes.

d) Effective January 1st, 2024 the payment for on-call duty for qualified employees shall be $2.60 per hour. An additional $50.00 will be paid for each statutory holiday (excluding floaters).

e) On-call duty shall commence Thursday at normal quitting time and cease the following Thursday at normal start time. An employee may exchange on-call duties with another qualified employee provided the supervisor has the right to approve the exchange.

9.09 All employees shall be permitted a fifteen (15) minute break period in the first and second halves of a shift, at a time designated by the immediate supervisor.

9.10 Alternate work will be provided for all regular employees if, in the opinion of the immediate supervisor, it is not reasonable to work outside during extreme weather conditions to complete the time for that day.

Article 10 - Paid Holidays

10.01 The following 14 days shall be recognized as paid holidays by the Company:

New Year's Day	Canada Day	Christmas Day
Family Day	Civic Holiday	Boxing Day
Good Friday	Labour Day	One-half (½) day before New Year's Day
Easter Monday	Thanksgiving Day	"plus" two (2) floater days
Victoria Day	One-half (½) day before Christmas	

10.02 Regular and probationary employees of the Company will be entitled to payment of normal basic wages for such holidays provided they have worked or been on leave of absence with pay on the normal scheduled days of work which immediately precede and follow such holidays.

10.03 Any employee who is required to work on such a holiday shall be paid for time worked at the premium rate specified in the overtime clause of this Agreement Article 9.

10.04 When any of the above-noted recognized holidays falls on a Saturday or Sunday and is not proclaimed as being observed on some other day, the preceding Friday or the following Monday as designated by the Company shall be recognized as the holiday.

Article 11 – Vacations

11.01 Vacation pay shall mean the normal basic earnings of the employee immediately prior to the date on which vacation monies become payable. In any event and in the cases of temporary and probationary employees, vacation payment shall be made in accordance with the Employment Standards Act.

11.02 Vacations will, as far as it is practical, be granted at the times most desired by the employees. An employee, to ensure consideration of their request and their relative seniority standing, must notify management of their preferred vacation period by March 1 in any given year. However, management reserves the authority to designate vacation periods for all employees in a manner consistent with the efficient operation of the Company.

11.03 Normal vacations shall not be accumulative. Vacations may be carried over with the consent of the Manager. All carried over vacations from the previous year must be taken by the end of March, exceptions may be granted by the PCO in special circumstances and no requests will be unreasonably denied.

11.04 An employee will be entitled to five (5) days' vacation with pay after completion of a successful probationary period and one (1) day per month thereafter to a maximum of ten (10) days' vacation after one (1) year of continuous employment.

11.05 a) In the year in which an employee completes three (3) years continuous Company service an employee shall be entitled to fifteen (15) days' vacation with pay.

b) In the year in which an employee completes nine (9) years continuous Company service an employee shall be entitled to twenty (20) days' vacation with pay.

c) In the year in which an employee completes eighteen (18) years continuous Company service an employee shall be entitled to twenty-five (25) days' vacation with pay.

d) In the year in which an employee completes twenty (20) years of continuous Company service an employee shall be entitled to an additional one (1) day of vacation with pay for each two (2) years of service, up to a maximum of 5 days, when they reaches thirty (30) years of continuous service.

11.06 If a recognized holiday as defined in Article 10 of this Agreement falls or is observed during an employee's vacation period, 1 day with pay will be granted for each such holiday.

11.07 A regular employee terminating their employment at any time in their vacation year before they have taken their vacation entitlement shall receive proportionate payment of their vacation pay entitlement in lieu of such vacation. Temporary and probationary employees who terminate employment with the Company shall receive vacation pay in accordance with the *Employment Standards Act* (Ontario). Any vacation taken in advance of earning such time will require vacation dollars to be paid back to the company.

11.08 a) An employee who is hospitalized due to illness or suffers a bereavement under Article 16.03 of this Collective Agreement while on scheduled vacation shall be permitted to reschedule any such vacation. The Company may require, at the Company's expense, medical documentation verifying their hospitalization.

b) Under exceptional circumstances in the case of very serious illness, sick leave may be granted at the discretion of the CEO. In all such cases the employee shall be required to produce a doctor's certificate indicating the dates and the nature of the illness.

11.09 An employee's vacation pay will be reduced on a pro-rata basis for any period for which the employee has not received wages from the Company during the vacation accumulation period, except when on sick leave, or W.S.I.B. for less than thirty (30) days or approved leave of absence for less than thirty (30) days.

Article 12 - Sick Leave

12.01 The Company's sick leave plan has been created by the Company, and allows Employees to accumulate sick leave credits to reduce the financial hardship that a short term bona fide illness or injury can create. The sick leave plan shall not be used to extend the minimum qualifying period outlined in the Long Term Disability Insurance Plan provided by the Company. It is the employee's responsibility to report for work in proper physical condition in order to perform their assigned duties. To receive sick leave payment the employee must be unable to do any and all Company work causing consequent loss of normal straight time hourly wages. Modified work and alternate work must be discussed and if within the employee's limitations will be accepted.

12.02 Sick leave credits will accrue to regular employees at the rate of twelve (12) hours per month of accredited Company service credit to a maximum of two thousand (2,000) hours.

12.03 To qualify for payment of sick pay, an employee must:

i. have an established credit for sick pay;

ii. ensure that their illness is reported to the Company as soon as possible before shift start;

iii. be suffering from a bonafide illness which prevents their useful employment and is not compensable under the W.S.I.B;

iv. submit written verification including the nature of their illness signed by a qualified Doctor of Medicine if requested;

v. be available for modified duties and return to work as soon as possible following recovery from illness;

vi. do everything possible to speed their recovery include meet with the company to discuss return to work options and actively participate in Lakeland's return to work program.

12.04 An employee will be entitled to the accumulation of sick leave credits provided the employee has worked or has been in receipt of regular base wages for more than half of the working days in any calendar month.

12.05 It is recognized and agreed that as a result of employee benefits granted by the Company, the requirements of the Employment Insurance Commission regulations covering rebates to employees have been satisfied and the employees waive their right to the rebate.

12.06 The company agrees to contribute one hundred (100%) of the total premiums for a Long-Term Disability Plan as prepared by the insurance company providing up to sixty seven (67%) of wages up to a maximum monthly benefit of five thousand dollars ($5,000).

Article 13 - Group Insurance Plans for Regular and Probationary Employees

13.01 **Health Plan**

The company shall pay one hundred percent (100%) of the cost of premium of the Health and Dental Plans.

Eyeglasses – $500.00 every 24 months effective January 1st 2024

13.02 **Pension and Insurance**

a) The Company agrees to pay fifty percent (50%) of the cost of the Ontario Municipal Employees Retirement System Basic Plan and one hundred percent (100%) of the cost of a group life insurance plan to provide coverage to the amount of two (2) times an employee's basic wage.

b) The Company agrees to pay one hundred percent (100%) of premiums to provide a Long Term Disability Insurance Plan.

13.03 All employees shall participate in the plans noted in Clauses 13.01 and 13.02 above, subject to the provisions of the individual plans involved.

13.04 Provided that the carrier is in agreement, retirees can purchase group benefit. The Corporation agrees to pay fifty (50%) of the cost of extending group benefits for any employee who retires before the age of sixty-five (65) who has a minimum of thirty (30) years' service with the Company. This benefit will expire when the retiree reaches age sixty-five (65).

Article 14 -Selection

14.01 The selection of applicants for promotions to positions within the bargaining unit shall be made only from those applicants who are judged by the Company to be qualified to do the work and will be based on:

i. qualifications;
ii. ability;
iii. demonstrated performance based on Company, Job-related testing;
iv. seniority

In the event that in the opinion of the Company qualifications and ability, are relatively equal among the applicants, then seniority shall govern.

14.02 **Job Posting**

The Company agrees to post any vacancy within the bargaining unit for a period of five (5) working days in order to give employees an opportunity to make application for the position. The Company may extend based on extenuating circumstances.

Trial Period

An employee who is promoted under this Article shall be provided a sixty (60) working day trial to prove efficiency. The Corporation shall be the judge of those items listed in Article 14.01 provided however, that the Corporation shall agree that these functions shall be exercised in a manner consistent with the general purpose and intent of this Agreement and subject to the employee's right to lodge a grievance as set out herein. If the employee proves unsuccessful during the trial period, or the employee elects not to complete the trial period, they shall be returned to their former position, without loss of seniority. Anyone displaced as a result will be returned to their former position.

Article 15 - Lay-off and Recall

15.01 In the event of a layoff, contract employees performing bargaining unit work, will be terminated first, followed by any layoff of regular employees who shall be laid off in the reverse order of seniority, provided, in the opinion of the Company, the employees retained are qualified and able to perform the work available or unless determined otherwise by mutual agreement of the parties. An employee about to be laid off may bump an employee with less seniority provided the employee exercising the bump, is qualified and able to perform the work available.

15.02 Employees will be recalled in the order of their seniority, provided they are qualified and able to do the work available.

15.03 Employees retain their recall rights for a period of twelve (12) months from the date of lay-off.

Article 16 – Leave of Absence

16.01 Under certain conditions leaves of absence may be granted by the Company. Normally no payment of wages will be made for such absences. To ensure consideration, such leaves must be applied for in writing at least one (1) calendar month in advance.

16.02 The Company agrees to grant a leave of absence with pay to an employee who serves as a juror or a subpoenaed witness in any court in the Province of Ontario. The employee shall pay to the Company the payment they received for such jury or witness duty, excluding any payment for travelling, meals or any other expenses. The employee will provide proof of same.

16.03 In the event of the death of a member of the immediate family of a regular or probationary employee, they shall be granted a leave of absence with pay of five (5) workdays for the purpose of bereavement. The immediate family includes parent, parent-in-law, spouse (as defined by the Family Law Act), son, daughter, brother, sister, and grandchildren. In the event of the death of a son-in-law, daughter-in-law, sister-in-law, brother-in-law, or grandparents they shall be granted a leave of three (3) workdays. Up to two (2) days of bereavement leave can be saved for future celebration.

16.04 In addition to the entitlement in Article 16.03 an employee shall be granted upon request up to an additional two (2) days unpaid leave for the purposes of travel.

16.05 Where an employee can be released by the Company to attend union business, the Union will compensate the Company at the employee's regular rate of pay plus benefit costs.

16.06 Pregnancy/Parental Leave

The Company agrees to maintain employee benefits while on Maternity, Parental Leave and Adoption Leave for a period of twelve (12) calendar months.

Article 17 - Compensable Disability Grant

17.01 When a regular employee through their employment by the Company suffers a disability which is compensable under the Workplace Safety & Insurance Board, the Company agrees to maintain the normal take home pay of the employee involved for a period of up to one (1) year.

It is understood that the portion of pay received from WSIB is recognized as such income for Revenue Canada purposes.

17.02 To be eligible for the grant outlined in Clause 17.01 the employee shall endorse all benefit cheques received by them from the Workplace Safety & Insurance Board and turn them over to the Company.

Article 18 – Tools, Equipment and Clothing

The Company shall supply the following items to those employees who in the Company's opinion require same for the performance of their normal duties:

1. hard hats;
2. safety glasses;
3. Flame Retardant/Arc rated (FRA) rain coats;
4. leather gloves;
5. The Company will provide the initial issue of the following FRA clothing for new employees in the positions of Engineering Technicians, Journeypersons and labourers:

   Five (5) pants – cargo or regular with one (1) being winter lined.
   Five (5) long sleeved shirts or long-sleeved button-down shirts
   Two (2) bib overalls or regular overalls (non-insulated)
   One (1) winter jacket
   One (1) winter bib overall
   Two (2) hoodies
   One (1) Spring Jacket

6. The Company will provide the initial issue of the following clothing for new Materials and Facilities Co-ordinator:

a. One (1) hi-vis bib overalls
b. One (1) hi-vis winter jacket
c. One (1) hi-vis vest
d. Three (3) pants – cargo or regular
e. One (1) hoodie
f. Three (3) long-sleeved shirts or long-sleeved button-down shirts

7. All replacement/repairs of clothing shall be on the approval of the immediate supervisor. Old clothing must be turned in before replacements are issued.

8. Employees shall be responsible for laundering and cleaning clothing items to ensure clothing is well maintained and in good condition following the manufacturer's guidelines.

9. The company will launder winter jackets, winter overalls, bib overalls, and summer jackets/hoodies on an as needed basis and upon the approval of the immediate supervisor.

10. An annual allowance towards the cost of purchase or repair of approved safety boots, for the employee work related use, only upon surrender of a receipt of three hundred and fifty dollars ($350.00).

11. An allowance, once every two (2) years, towards the cost of purchase of approved safety rubber steel-toe boots, for the employees work related use only upon surrender of a receipt for same of up to three hundred and twenty dollars ($320.00).

12. The Company shall pay 100% of the cost towards the purchase of one pair of prescription safety eyeglasses, for employees only, upon surrender of a receipt for same, once every two (2) years, or replaced upon physical damage due to a workplace incident report, and investigation at the discretion of the Supervisor.

13. Where an employee terminates their employment within six (6) months of receiving their clothing/boot allotment shall return all clothing with Lakeland Power LOGO's for security reasons.

Article 19 – General

19.01 The company will provide training for first aid and CPR. Time spent for such training will be without normal wage loss or seniority.

19.02 **Merger/Amalgamation/Sale of Business**

a) The Corporations agrees that in the event of a merger/amalgamation/sale of business with another company/corporation/or municipal utility, all employees covered by the collective agreement between Lakeland Power Distribution Ltd. and the Power Workers' Union will be treated fairly and given a chance for employment in the new organization. The company will make every effort to retain the seniority status, wages, benefits, and work centre for the former employees of the corporation with the new Employer.

b) In the event of a merger/amalgamation/sale of business with another company/corporation/or municipality, employees not offered employment or opt not to work for the new employer will receive a severance in an amount of 2 weeks wages for each year or part year of service.

Both the Company and the Union agree that in the event of a merger or amalgamation with any other utility or corporation, every reasonable effort will be made to provide a position to existing employees.

Article 20 - Bulletin Boards / Mileage

20.01 The Company will provide bulletin board space in an area designated by the Company for the purpose of posting notices.

20.02 If required to use their own personal vehicle for business or training authorized by the Company, the employee shall be reimbursed based on the Company's policy covering kilometre rate. The kilometre rate paid shall not be less than fifty-two (52) cents per kilometre. Proof of Insurance and valid Driver's License must be provided upon request. It is the responsibility of the Employee to inform the Company if they do not have insurance coverage or a valid Driver's License.

Article 21 - Distribution of Agreement

The responsibility for printing and distributing this AGREEMENT shall rest with the Company. The Company agrees to ensure that the Union receives sufficient copies of the Agreement for distribution to the employees of the bargaining unit.

Article 22 – Wages

Employees will receive rates of pay in accordance with the attached wage schedule in Appendix B. The Classifications and rates are listed therein for the purpose of payment of wages only.

Special one-time market adjustment of $0.50 per hour for all classifications effective date of ratification.

Salary increase for all classifications:
Effective January 1, 2024 – 4.0%
Effective January 1, 2025 – 3.0%
Effective January 1, 2026 – 3.0%
Effective January 1, 2027 – 3.0%

Article 23- Duration

This agreement shall remain in force from January 1, 2024 to December 31st, 2027 and shall continue in force from year to year. Notice to bargain will conform to the *Ontario Labour Relations Act*.

Signed this 11th day of April, 2024.

On behalf of the Company:

On behalf of the Union:

LETTERS OF UNDERSTANDING
Between:

Lakeland Power Distribution Ltd. ("the Company")

And

The Power Workers' Union, CUPE Local 1000 (the "Union")

Appendix A

APPRENTICESHIP TRAINING

An Apprenticeship Training program will be made available for qualified technical employees when the company deems an apprentice position is required to be filled. Employees will be encouraged to further their careers through the apprenticeship program. The company pays for most practical, academic and on-the-job training costs for apprentices that usually last four years.

In addition to training results, and on-the-job performance, each apprentice will also be monitored with respect to technical capability, communications skills, safety rules adherence, and overall attitude to ensure that they are suitable and qualified to proceed further in the program. For any employee deemed by management not to be satisfactory to continue the apprenticeship program, the company will make every effort to maintain their employment in another position.

Apprentices will be assessed after each six (6) month interval by the Supervisor and Manager for continuation in the program.

Where an apprentice or journeyperson terminates their employment within two (2) years of completing their formal apprenticeship training program, or during the apprenticeship program, the employee will reimburse the company an amount equal to one hundred percent (100%) of all the off-site training costs (tuition, lodging, meals and mileage) incurred during the apprenticeship training program.

LABOUR-MANAGEMENT COMMITTEE

A Labour-Management Committee shall be established consisting of two (2) representatives appointed by the Union and two (2) representatives of the Corporation. The committee shall enjoy the full support of both parties in discussing matters of mutual interest.

It is agreed and understood that under no circumstances, unless otherwise mutually agreed shall matters be discussed that are properly the subject of a grievance or negotiations for the amendment or renewal of this Collective Agreement. The frequency of Committee meetings will be determined by the parties, but will normally be established every three (3) months at a mutually agreed upon time and place. Employees shall not suffer any loss of pay for time spent at joint meetings with the Corporation.

The purpose of the Committee will be to enhance the communication between Power Workers' Union and the Corporation. Normal subjects for discussion may include, but not be limited to: Business Arising (from a previous meeting); updates concerning the business (productivity improvement; customer service improvement; efficiency issues; impact of government legislation and regulatory rulings; and mergers, acquisitions and amalgamations).

NEED FOR EXPERIENCED NEW HIRES - VACATION ENTITLEMENT

In recognition of our on-going need to recruit and retain experienced and knowledgeable employees the Union and Lakeland Power Distribution Ltd. agree that during the term of this collective agreement, at the discretion of Lakeland, the company will recognize the years of experience, for the purposes of vacation only, that the company sees as directly related to the position that the employee is being hired for. The years of service will be recognized at the rate of 50% of directly related post journeyman status with other LDC's.

Appendix 'B' Operations Department – Lakeland Power

WAGE SCHEDULE	Progression	Jan 1/24	Date of Ratification Feb 8/24	Jan 1/25	Jan 1/26	Jan 1/27
Salary Incerase for all classifications:		4.00%	Add $0.50/hr	3.00%	3.00%	3.00%
Engineering Technician/Technologist	2 Years	$51.53	$52.03	$53.59	$55.20	$56.86
	1 Year	$47.79	$48.29	$49.74	$51.23	$52.77
	Start	$43.79	$44.29	$45.62	$46.99	$48.40
Leadhand Journeyperson		$51.53	$52.03	$53.59	$55.20	$56.86
Journeyperson	100%	$48.11	$48.61	$50.07	$51.57	$53.12
4th year Apprentice Journeyperson		$43.00	$43.50	$44.81	$46.15	$47.53
3rd year Apprentice Journeyperson		$38.50	$39.00	$40.17	$41.38	$42.62
2nd year Apprentice Journeyperson		$35.84	$36.34	$37.43	$38.55	$39.71
1st year Apprentice Journeyperson		$33.44	$33.94	$34.96	$36.01	$37.09
Materials and Facilities Co-ordinator	2 years	$43.79	$44.29	$45.62	$46.99	$48.40
	1 year	$42.09	$42.59	$43.87	$45.19	$46.55
	Start	$40.53	$41.03	$42.26	$43.53	$44.84
Labourer A	1 year	$26.75	$27.25	$28.07	$28.91	$29.78
Labourer B	Start	$24.15	$24.65	$25.39	$26.15	$26.93

LakelandPower

POWER WORKERS' UNION

COLLECTIVE AGREEMENT

between

LAKELAND POWER DISTRIBUTION Ltd.

(hereinafter called 'the Company')

and

its EMPLOYEES

as represented by

The Power Workers' Union CUPE Local 1000

(hereinafter called 'the Union')

From ***January 1, 2020 to December 31, 2023***

Table of Contents

Article l - Preamble and Purpose

1.01 The general purpose of this Agreement is to establish and maintain orderly collective bargaining relations between the Company and its employees, to make provision for prompt and equitable disposition of grievances and to establish and maintain satisfactory working conditions, hours of work and wages for all employees who are subject to the provisions of this Agreement.

1.02 It is the intent of the parties in entering into this Agreement to find a positive way of achieving harmonious and mutually supportive relationships among the Company, the Employees and the Union, which will keep the company in a strong, efficient position.

The parties agree not to discriminate against any employee for reasons defined under the Human Rights Code (Ontario).

Article 2 - Recognition

2.01 The Company hereby recognizes the Union as the sole collective bargaining agent for all employees of the Company save and except Supervisor, persons above the rank of Supervisor, office staff, co-operative students, students employed during the school vacation period and persons regularly employed for not more than twenty-four (24) hours per week.

2.02 **Gender Neutral Language**

For the purpose of gender neutrality, wherever the male pronoun is used within this Collective Agreement it is understood the female pronoun also applies.

Article 3 - Managements Rights

The Company has and the Union acknowledges, that the Company has the exclusive right and power to determine the locations of its operations, to manage its business, hours of work, and direct the working forces including, but not restricting the generality of the foregoing; the right to hire, suspend, discharge, lay-off, promote, demote, transfer and discipline any employee consistent with the terms of this agreement. In addition, it has the right to make, amend and enforce such rules and regulations as shall from time to time be required consistent with the terms of this Agreement.

Article 4 – Union Security

4.01 As a condition of employment, employees who are presently members of the Union shall remain members, and employees hired subsequent to the signing of this Agreement shall become members of the Union, (save and except as excluded in Article 2.01.)

4.02 During the term of this Agreement the Company agrees to deduct from the wages of each union member, a sum of money equal to the monthly membership dues as established by the Union, and remit same to the Secretary-Treasurer of the Union before the 15th of the following month.

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

4.04 The employer will provide to the Union a list of all the employees in the bargaining unit. The list will include each person's name, home mailing address, home telephone number. **provided with permission of the employee.**

4.05 **Correspondence**

The union shall provide the Company with a list of union officials to be revised from time to time as changes occur. The Company shall provide the Union with a list of supervisors to whom grievances and other relevant matters may be submitted.

Unless otherwise stipulated in this agreement, all correspondence between the parties arising out of this Agreement shall pass to and from the CEO of the Company and the Unit VP of the Union **or delegates**.

The Union shall be notified, in writing of all permanent appointments, hires, lay-offs, recall and terminations of employment involving employees in the bargaining unit.

4.06 The Company will recognize a Committee of two (2) of its employees (who may be assisted by a Union representative) in negotiations and the second and/or third step of the Grievance Procedure. The Company will deal with the said Committee on matters which are properly the subject of negotiation of an agreement, an amendment thereto, a renewal thereof, or a grievance therein. The Union recognizes that union officials' **primary responsibilities are to perform their regular duties for The Company**. The Company agrees to maintain the standard rate of pay for all time spent by union officials on grievance matters during normal working hours. The Union agrees to reimburse the Company for all wages and benefits paid while Committee members are working on behalf of the Union and its membership on matters of negotiation and arbitration.

4.07 **Labour Management Committee**

On the request of either party, the parties shall meet at least once every **three (3)** months until this agreement is terminated for the purpose of discussing issues relating to the workplace which affect the parties, or any employee bound by this agreement.

4.08 The union shall have the right at any time to have the assistance of representatives of the **Power Workers Union** or any other advisors when dealing or negotiating with the Employer.

4.09 Employees whose jobs (paid or unpaid) who are not in the bargaining unit shall not do bargaining unit work except in the case of emergency, training, or in other cases where mutually agreed upon in writing by the parties, except for special events where the Employer may require volunteers to assist and supplement the workforce.

4.10 There shall be no discrimination by the Company or the Union or its members against any employee because of membership in, or non-membership in the Union.

Article 5 - Company Service Credit and Seniority

5.01 a) Credit for Company service shall accrue to regular employees whether or not they are members of the bargaining unit and shall represent an employee's service with the Company based on the employees most recent date of hire.

b) Seniority shall be defined as the length of continuous employment a regular employee has within the bargaining unit based on the last date of hire into the bargaining unit.

c) A person who is in a temporary assignment who is subsequently hired by the Employer as a probationary employee in the same position, shall count any of his/her continuous service rendered in the same position, while on temporary assignment towards completion of the probationary period.

5.02 An employee shall forfeit all of his accumulated Company service credit and seniority and his name shall be removed from Company records if he:

i. Terminates voluntarily;
ii. Is discharged and not reinstated;
iii. Retires;
iv. Is laid off for a period exceeding twelve (12) calendar months;
v. Fails to report for work after a lay-off within five (5) working days of recall, notice of which has been sent by registered mail to the last address the employee has reported to the Company;
vi. Is permanently disabled and unable to work for the Company in a job classification in which there is a job available, and the Company has exhausted all obvious avenues with respect to their obligations regarding duty to accommodate;
vii. Is absent from work because of occupational illness or injury for thirty (30) months or non-occupational illness or injury for eighteen (18) months;

5.03 A seniority list shall be posted by the Company by January 15th of each year.

Article 6 - Employee Categories

6.01 Temporary employees are persons hired for a period of up to nine (9) months in duration, in positions which are not likely to become part of the Company's continuing organization. Temporary employees shall not accumulate seniority. Temporary employees may be discharged at the sole discretion of the Company, and shall not have recourse to the grievance procedure.

6.02 Probationary employees are persons hired on trial to determine their suitability for continuing employment in regular positions. An employee shall be considered probationary for a six (6) month period. At the successful completion of an employee's probation period the employee will receive seniority, backdated to his most recent date of hire into the bargaining unit. During this period of probation he shall, unless the context otherwise provides, have all the rights and privileges of this Collective Agreement except that he may be discharged at the sole discretion of the Company and without recourse including having the ability to file a grievance.

6.03 Regular employees are persons who have satisfactorily served a probationary period.

6.04 When an employee is assigned to relieve in the Lead Hand position for a minimum of one (1) working day or more, the employee will be paid **Lead Hand pay.** It is understood that when an assignment or project requires three (3) or more employees, the Company shall assign a Lead Hand.

6.05 When an employee is assigned to relieve in a supervisory position for a minimum of one (1) working day or more, the employee will be paid a premium of eight percent (8%) of his current hourly rate.

Article 7 - Strikes/Lockouts

7.01 During the term of this Agreement the Company agrees not to lock out its employees, and the Union agrees that no cessation or slowdown of production will occur.

7.02 Employees are not required to cross picket lines except to perform duties relative to the Company's operation and the maintenance of service to equipment within the Company's jurisdiction. Employees will not be required to cross a picket line if the employee feels unsafe doing so.

7.03 **Continuation of Benefits during Work Stoppages**

In the event of a legal work stoppage, the Company agrees to maintain payment of benefits under Article 13.01 and 13.02 b of this agreement. The union agrees to reimburse benefits as set out in this Article, to the Employer within 45 working days of receipt of detailed invoices. Such invoice shall be sent to the assigned **PWU** National Representative.

Article 8 - Grievance and Arbitration Procedure

8.01 **Grievance Definition**

For the purposes of this Agreement a dispute, claim or complaint which involves an alleged violation, an interpretation or application of this Agreement shall be considered a matter for grievance and shall be dealt with promptly and as specified below.

8.02 The time limits set out for the processing of grievances shall be adhered to except in the case of mutual agreement to alter the time limits. Reasonable requests for extensions will not be denied.

8.03 **Right to have Steward Present**

a) An employee shall have the right to have his/her Steward present at any discussion with supervisory personnel which the employee believes might be the basis of disciplinary action. Where a supervisor intends to interview an employee for disciplinary purposes, the supervisor shall so notify the employee in advance of the purpose of the interview in order that the employee may contact his/her Steward to be present at the interview.

b) A Steward shall have the right to consult with a **PWU Staff representative** and to have him/her present at any discussion with supervisory personnel which may be the basis of disciplinary action except for when an employee declines union representation.

c) Representative(s) of the Union and the grievor shall not suffer any loss of regular pay or benefits for time spent during regular working hours in the grievance procedures set out in Article 8.04.

8.04 **Grievance Procedure**

a) **Step One**

An employee believing, he has a grievance shall, within five (5) working days of the alleged grievous occurrence, take the matter up with his immediate Manager or their designate. The employee may be accompanied by a member of the grievance committee at the time of this presentation. The Manager or their designate shall give his disposition within five (5) working days of the presentation.

b) **Step Two**

If the griever (or the Union) is not satisfied with the disposition at Step One, he or the Union may within five (5) working days of the disposition at Step One submit a written statement of the grievance to the Chief Operating Officer (COO) or his designated representative. The grievance shall include, as a minimum, the grievance, the part of the collective agreement that has been violated, and the redress that is being sought. The COO or his designated representative shall, within five (5) working days, of the receipt of the grievance at this Step convene a grievance meeting at which the employee may be represented by a duly-formed two (2) member union committee. The COO or his designated representative shall, give his disposition in writing within five (5) working days of the second step meeting.

c) **Step Three**

If the griever (or the Union) is not satisfied with the disposition at Step Two, he or the Union may within five (5) working days of the disposition at Step Two submit a written statement of the grievance to the CEO or his designated representative. The CEO or his designated representative shall within five (5) working days of the receipt of the grievance at this Step convene a grievance meeting at which the employee may be represented by a duly formed two (2) member union committee. The CEO or his designated representative shall give his disposition in writing within five (5) working days of the third step meeting.

8.05 a) A regular employee may be discharged but only for just cause. Grievances concerning discharges shall be taken directly to Step Three of the Grievance Procedure.

b) Where an employee may be disciplined, the Company will notify the employee that he is entitled to union representation at the meeting. If the employee declines, the Company will notify the Union of the employee's decision.

c) The parties to this Agreement can mutually agree to access the services, of a mutually agreed upon grievance mediator, prior to any grievance proceeding to arbitration. The parties will share equally the expenses and fees of the Grievance Mediator. Failing a satisfactory resolution in this process either party reserves the right to proceed to arbitration.

8.06 **Arbitration**

Failing settlement at Step Three, the Union shall within ten (10) working days of the issuance of the disposition at Step Three notify the Company of its intention to submit the grievance to Arbitration. Should the grievance proceed the union will inform the Company of the union nominee, and his mailing address, to an Arbitration Board which will then be processed in accordance with the *Ontario Labour Relations Act*. Should the respective nominee(s) to such an Arbitration Board fail to agree on a Chairman, the appointment will be referred to the Ontario Labour-Management Arbitration Commission.

8.07 No Board of Arbitration shall have the power to alter or change any of the provisions of this Agreement or to substitute any new provision for any existing provision, or to provide a decision which is inconsistent with any term or provision of this Agreement. The Board shall have the power to dispose of any discharge or a discipline grievance by any arrangement which in its opinion it deems just and equitable.

8.08 Each party to this Agreement will bear the expenses and fee of its nominee, and the parties will share equally the expenses and fee of the Chairman.

8.09 As an alternative, if the parties mutually agree, the matter may be submitted to a single arbitrator as provided by the *Labour Relations Act* and Clauses 8.07 and 8.08 shall apply to a single arbitrator with respect to jurisdiction and expenses.

Article 9 – Hours of Work and Overtime and On-Call

9.01 This section provides the basis for establishing work schedules and for the calculation and payment of overtime.

9.02 The normal work week of employees covered by this Agreement shall be forty (40) hours per week. Shifts may consist of the following: five (5) days of eight (8) hours each between the hours of 7:30 a.m. to 3:30 p.m. with a 20-minute paid lunch period on the job site from Monday to Friday inclusive.

9.03 It is acknowledged that from time to time it will be necessary for employees to perform work outside of the normal schedules at all hours of the day or night, and management has the right to authorize such work as required.

9.04 a) Work performed in excess of the normal hours, from quitting time Friday to starting time Monday and recognized holidays (as outlined in Article 10) shall be paid at the rate of two (2) times an employee's base rate of pay. Work performed Monday to Thursday after 6:30 p.m. shall be paid at the rate of two (2) times an employee's base rate of pay. All other work performed in excess of normal hours shall be paid at the rate of **two (2)** times an employee's base rate of pay.

b) On the approval of the Manager, employees may take time off in lieu of overtime at the appropriate premium rate to a one time maximum of fifty-six (56) hours per calendar year. All banked overtime accumulated during the previous calendar year must be taken by the end of February. If not used all banked time will be paid out on March 1.

c) Employees are entitled to a sixteen-dollar ($16.00) meal allowance under the following conditions;

- **i. When their workday has been extended by more than two (2) consecutive hours and again after the completion of every four (4) consecutive hours or;**
- **ii. When an employee is working unplanned overtime after four (4) consecutive hours and every four (4) consecutive hours after that.**

9.05 <u>Rest Period</u>

All employees must have eight (8) consecutive hours rest within a twenty-four (24) hour period. If the minimum eight (8) hour rest time extends into the employees normal scheduled hours of work, the amount of rest time extending into the employees normal scheduled hours of work will be paid at straight time. The employee will be required to return to work once their rest period has been completed, unless employee wishes to use banked time or vacation to complete the remainder of regular shift at the supervisors' approval.

An employee who works a minimum of four and one half (4.5) continuous hours and the work they are completing terminates between the hours of 11:30 and 07:30 shall be entitled to an eight (8) hour rest period. The eight (8) hour rest period shall be paid for all hours of rest that may fall during the employee's regular shift, based on the time the work terminated. The employees shall be required to return to work once the rest period has been completed, unless employee wishes to use banked time or vacation to complete the remainder of regular shift at the supervisors' approval.

9.06 When an employee is called in for emergency overtime work outside of his normal working hours, he shall be provided with a minimum payment in accordance with the following:

Two (2) hours pay at the appropriate overtime rate of pay or the actual time worked at the appropriate premium rate, whichever is the greater except when a short call follows within one (1) hour of the completion of a previous call in which case time shall be considered continuous from the start of the previous call. There shall be no minimum payment applicable to overtime as worked an extension of an employee's normal daily working hours.

9.07 Where an employee is directed by the company to attend any meeting the Company will pay travel time at the employee's normal straight time rate for all travel time that precedes the employee's normal start time or exceeds the employee's normal end time. The Company agrees to pay off duty employees for time spent at meetings. Pay to be at straight time rates.

9.08 **On-Call**

a) On-call duty is defined as that duty performed by qualified employees who are required by the Company to be readily available within thirty (30) minutes by means of normal driving conditions to the normal work headquarters for emergency service at other than normal hours of work.

b) All qualified employees will be required to perform on-call duty which will be distributed on an equitable basis among them. Management shall maintain an advance schedule of on- call duty which shall be made available to the staff concerned.

c) Employee's on-call will be **required** to use the company vehicle for business purposes.

d) The payment for on-call duty for qualified employees shall be **$2.35** per hour **effective January 1st, 2020. Effective January 1st, 2023 the payment for on-call duty for qualified employees shall be $2.45 per hour.** An additional **$45.00** will be paid for each statutory holiday (excluding floaters).

e) On-call duty shall commence Thursday at normal quitting time and cease the following Thursday at normal start time. An employee may exchange on-call duties with another qualified employee provided the supervisor **has the right to approve** the exchange.

9.09 All employees shall be permitted a fifteen (15) minute break period in the first and second halves of a shift, at a time designated by the **immediate supervisor.**

9.10 **Alternate** work will be provided for all regular employees if, in the opinion of the immediate supervisor, it is not reasonable to work outside during extreme weather conditions to complete the time for that day.

Article 10 - Paid Holidays

10.01 The following 14 days shall be recognized as paid holidays by the Company:

New Year's Day	Canada Day	Christmas Day
Family Day	Civic Holiday	Boxing Day
Good Friday	Labour Day	One-half (½) day before New Year's Day
Easter Monday	Thanksgiving Day	"plus" two (2) floater days
Victoria Day	One-half (½) day before Christmas	

10.02 Regular and probationary employees of the Company will be entitled to payment of normal basic wages for such holidays provided they have worked or been on leave of absence with pay on the normal scheduled days of work which immediately precede and follow such holidays.

10.03 Any employee who is required to work on such a holiday shall be paid for time worked at the premium rate specified in the overtime clause of this Agreement Article 9.

10.04 When any of the above-noted recognized holidays falls on a Saturday or Sunday and is not proclaimed as being observed on some other day, the preceding Friday or the following Monday as designated by the Company shall be recognized as the holiday.

Article 11 – Vacations

11.01 Vacation pay shall mean the normal basic earnings of the employee immediately prior to the date on which vacation monies become payable. In any event and in the cases of temporary and probationary employees, vacation payment shall be made in accordance with the Employment Standards Act.

11.02 Vacations will, as far as it is practical, be granted at the times most desired by the employees. An employee, to ensure consideration of his request and his relative seniority standing, must notify management of his preferred vacation period by March 1 in any given year. However, management reserves the authority to designate vacation periods for all employees in a manner consistent with the efficient operation of the Company.

11.03 Normal vacations shall not be accumulative. Vacations may be carried over with the consent of the COO. All carried over vacations from the previous year must be taken by the end of March, exceptions may be granted by the COO in special circumstances and no requests will be unreasonably denied.

11.04 An employee will be entitled to five (5) days' vacation with pay after completion of a successful probationary period and one (1) day per month thereafter to a maximum of ten (10) days' vacation after one (1) year of continuous employment.

11.05 a) In the year in which an employee completes three (3) years continuous Company service an employee shall be entitled to fifteen (15) days' vacation with pay.

b) In the year in which an employee completes nine (9) years continuous Company service an employee shall be entitled to twenty (20) days' vacation with pay.

c) In the year in which an employee completes eighteen (18) years continuous Company service an employee shall be entitled to twenty-five (25) days' vacation with pay.

d) In the year in which an employee completes twenty (20) years of continuous Company service an employee shall be entitled to an additional one (1) day of vacation with pay for each two (2) years of service, up to a maximum of 5 days, when he reaches thirty (30) years of continuous service.

11.06 If a recognized holiday as defined in Article 10 of this Agreement falls or is observed during an employee's vacation period, 1 day with pay will be granted for each such holiday.

11.07 A regular employee terminating his employment at any time in his vacation year before he has taken his vacation entitlement shall receive proportionate payment of his vacation pay entitlement in lieu of such vacation. Temporary and probationary employees who terminate employment with the Company shall receive vacation pay in accordance with the *Employment Standards Act* (Ontario). **Any vacation taken in advance of earning such time will require vacation dollars to be paid back to the company.**

11.08 a) An employee who is hospitalized due to illness or suffers a bereavement under Article 16.03 of this Collective Agreement while on scheduled vacation shall be permitted to reschedule any such vacation. The Company may require, at the Company's expense, medical documentation verifying their hospitalization.

b) Under exceptional circumstances in the case of very serious illness, sick leave may be granted at the discretion of the CEO. In all such cases the employee shall be required to produce a doctor's certificate indicating the dates and the nature of the illness.

11.09 An employee's vacation pay will be reduced on a pro-rata basis for any period for which the employee has not received wages from the Company during the vacation accumulation period, except when on sick leave, or W.S.I.B. for less than thirty (30) days or approved leave of absence for less than thirty (30) days.

Article 12 - Sick Leave

12.01 The Company's sick leave plan has been created by the Company, and allows Employees to accumulate sick leave credits to reduce the financial hardship that a short term bona fide illness or injury can create. The sick leave plan shall not be used to extend the minimum qualifying period outlined in the Long Term Disability Insurance Plan provided by the Company. It is the employee's responsibility to report for work in proper physical condition in order to perform his/her assigned duties. To receive sick leave payment the employee must be unable to do any and all Company work causing consequent loss of normal straight time hourly wages. Modified work and alternate work must be discussed and if within the employee's limitations will be accepted.

12.02 Sick leave credits will accrue to regular employees at the rate of twelve (12) hours per month of accredited Company service credit to a maximum of two thousand (2,000) hours.

12.03 To qualify for payment of sick pay, an employee must:

i. have an established credit for sick pay;

ii. ensure that his illness is reported to the Company as soon as possible before shift start;

iii. be suffering from a bonafide illness which prevents his useful employment and is not compensable under the W.S.I.B;

iv. submit written verification including the nature of his illness signed by a qualified Doctor of Medicine if requested;

v. submit to medical examination by a Doctor of Medicine designated by the Company upon request, at the Company's expense;

vi. be available for modified duties and return to work as soon as possible following recovery from illness;

vii. do everything possible to speed his recovery include meet with the company to discuss return to work options and actively participate in Lakeland's return to work program.

12.04 An employee will be entitled to the accumulation of sick leave credits provided the employee has worked or has been in receipt of regular base wages for more than half of the working days in any calendar month.

12.05 It is recognized and agreed that as a result of employee benefits granted by the Company, the requirements of the Employment Insurance Commission regulations covering rebates to employees have been satisfied and the employees waive their right to the rebate.

12.06 The company agrees to contribute one hundred (100%) of the total premiums for a Long-Term Disability Plan as prepared by the insurance company providing up to sixty seven (67%) of wages up to a maximum monthly benefit of five thousand dollars ($5,000).

Article 13 - Group Insurance Plans for Regular and Probationary Employees

13.01 **Health Plan**

The company shall pay one hundred percent (100%) of the cost of premium of the Health and Dental Plans.

Eyeglasses – from $375.00 every 24 months to $400.00 every 24 months effective January 1st 2020, and $425.00 effective January 1st 2022.

13.02 **Pension and Insurance**

a) The Company agrees to pay fifty percent (50%) of the cost of the Ontario Municipal Employees Retirement System Basic Plan and one hundred percent (100%) of the cost of a group life insurance plan to provide coverage to the amount of two (2) times an employee's basic wage.

b) The Company agrees to pay one hundred percent (100%) of premiums to provide a Long Term Disability Insurance Plan.

13.03 All employees shall participate in the plans noted in Clauses 13.01 and 13.02 above, subject to the provisions of the individual plans involved.

13.04 Provided that the carrier is in agreement, retirees can purchase group benefit. The Corporation agrees to pay fifty (50%) of the cost of extending group benefits for any employee who retires before the age of sixty-five (65) who has a minimum of thirty (30) years' service with the Company. This benefit will expire when the retiree reaches age sixty-five (65).

Article 14 -Selection

14.01 The selection of applicants for promotions to positions within the bargaining unit shall be made only from those applicants who are judged by the Company to be qualified to do the work and will be based on:

i. qualifications;
ii. ability;
iii. seniority;
iv. **demonstrated performance based on Company, Job-related testing;**

In the event that in the opinion of the Company qualifications and ability, are relatively equal among the applicants, then seniority shall govern.

14.02 **Job Posting**

The Company agrees to post any vacancy within the bargaining unit for a period of five (5) working days in order to give employees an opportunity to make application for the position. **The Company may extend based on extenuating circumstances.**

Trial Period

An employee who is promoted under this Article shall be provided a sixty (60) working day trial to prove efficiency. The Corporation shall be the judge of those items listed in Article 14.01 provided however, that the Corporation shall agree that these functions shall be exercised in a manner consistent with the general purpose and intent of this Agreement and subject to the employee's right to lodge a grievance as set out herein. If the employee proves unsuccessful during the trial period, or the employee elects not to complete the trial period, they shall be returned to his or her former position, without loss of seniority. Anyone displaced as a result will be returned to their former position.

Article 15 - Lay-off and Recall

15.01 In the event of a layoff, contract employees performing bargaining unit work, will be terminated first, followed by any layoff of regular employees who shall be laid off in the reverse order of seniority, provided, in the opinion of the Company, the employees retained are qualified and able to perform the work available or unless determined otherwise by mutual agreement of the parties. An employee about to be laid off may bump an employee with less seniority provided the employee exercising the bump, is qualified and able to perform the work available.

15.02 Employees will be recalled in the order of their seniority, provided they are qualified and able to do the work available.

15.03 Employees retain their recall rights for a period of twelve (12) months from the date of lay-off.

Article 16 – Leave of Absence

16.01 Under certain conditions leaves of absence may be granted by the Company. Normally no payment of wages will be made for such absences. To ensure consideration, such leaves must be applied for in writing at least one (1) calendar month in advance.

16.02 The Company agrees to grant a leave of absence with pay to an employee who serves as a juror or a subpoenaed witness in any court in the Province of Ontario. The employee shall pay to the Company the payment he received for such jury or witness duty, excluding any payment for travelling, meals or any other expenses. **The employee will provide proof of same.**

16.03 In the event of the death of a member of the immediate family of a regular or probationary employee, he shall be granted a leave of absence with pay of five (5) workdays for the purpose of bereavement. The immediate family includes parent, parent-in-law, spouse (as defined by the Family Law Act), son, daughter, brother, sister, and grandchildren. In the event of the death of a son-in-law, daughter-in-law, **sister-in-law, brother-in-law,** or grandparents he shall be granted a leave of three (3) workdays. Up to two (2) days of bereavement leave can be saved for future celebration.

16.04 In addition to the entitlement in Article 16.03 an employee shall be granted upon request up to an additional two (2) days unpaid leave for the purposes of travel.

16.05 Where an employee can be released by the Company to attend union business, the Union will compensate the Company at the employee's regular rate of pay plus benefit costs.

Article 17 - Compensable Disability Grant

17.01 When a regular employee through his employment by the Company suffers a disability which is compensable under the Workplace Safety & Insurance Board, the Company agrees to maintain the normal take home pay of the employee involved for a period of up to one (1) year.

It is understood that the portion of pay received from WSIB is recognized as such income for Revenue Canada purposes.

17.02 To be eligible for the grant outlined in Clause 17.01 the employee shall endorse all benefit cheques received by him from the Workplace Safety & Insurance Board and turn them over to the Company.

Article 18 – Tools, Equipment and Clothing

The Company shall supply the following items to those employees who in the Company's opinion require same for the performance of their normal duties:

1. hard hats;
2. safety glasses;
3. Flame Retardant/Arc rated (FRA) rain coats;
4. leather gloves;
5. The Company will provide the initial issue of the following FRA clothing for new employees in the positions of Engineering Technicians, Journeypersons **and labourers:**

   Five (5) pants – cargo or regular **with one (1) being winter lined.**
   Five (5) long sleeved shirts **or long-sleeved button-down shirts**
   Two (2) bib overalls **or regular overalls (non-insulated)**
   One (1) winter jacket
   One (1) winter bib overall
   Two (2) hoodies
   One (1) Spring Jacket

6. The Company will provide the initial issue of the following clothing for new Materials and Facilities Co-ordinator:

   a. One (1) **hi-vis** bib overalls
   b. One (1) **hi-vis** winter jacket
   c. **One (1) hi-vis vest**

7. All replacement/repairs of clothing shall be on the approval of the immediate supervisor. Old clothing must be turned in before replacements are issued.

8. Employees shall be responsible for laundering and cleaning clothing items to ensure clothing is well maintained and in good condition following the manufacturer's guidelines.

9. The company will launder winter jackets, winter overalls, bib overalls, and summer jackets/hoodies on an as needed basis and upon the approval of the immediate supervisor.

10. An annual allowance towards the cost of purchase or repair of approved safety boots, for the employee work related use, only upon surrender of a receipt of two hundred and **eighty** dollars (**$280**.00).

11. **An allowance, once every two (2) years, towards the cost of purchase of approved safety rubber steel-toe boots, for the employees work related use only upon surrender of a receipt for same of up to two hundred and fifty ($250.00).**

12. An allowance of **three hundred dollars ($300.00)** to be used towards the cost of purchase for one pair of prescription safety eyeglasses, for employees only, upon surrender of a receipt for same, once every two (2) years, **or replaced upon physical damage due to a workplace incident report, and investigation at the discretion of the Lines Supervisor**.

13. Where an employee terminates their employment within six (6) months of receiving their clothing/boot allotment the employee will reimburse the company an amount equal to one hundred percent (100%) of all clothing cost. All clothing with Lakeland Power LOGO's must be returned for security reasons.

Article 19 – General

19.01 The company will provide training for first aid and CPR. Time spent for such training will be without normal wage loss or seniority.

19.02 **Merger/Amalgamation/Sale of Business**

a) The Corporations agrees that in the event of a merger/amalgamation/sale of business with another company/corporation/or municipal utility, all employees covered by the collective agreement between Lakeland Power Distribution Ltd. and the **Power Workers' Union** will be treated fairly and given a chance for employment in the new organization. The company will make every effort to retain the seniority status, wages, benefits**, and work centre** for the former employees of the corporation with the new Employer.

b) In the event of a merger/amalgamation/sale of business with another company/corporation/or municipality, employees not offered employment or opt not to work for the new employer will receive a severance in an amount of 2 weeks wages for each year or part year of service.

Both the Company and the Union agree that in the event of a merger or amalgamation with any other utility or corporation, every reasonable effort will be made to provide a position to existing employees.

Article 20 - Bulletin Boards / Mileage

20.01 The Company will provide bulletin board space in an area designated by the Company for the purpose of posting notices.

20.02 If required to use their own personal vehicle for business or training authorized by the Company, the employee shall be reimbursed based on the Company's policy covering kilometre rate. The kilometre rate paid shall not be less than fifty-two (52) cents per kilometre. Proof of Insurance and valid Driver's License must be provided upon request. It is the responsibility of the Employee to inform the Company if they do not have insurance coverage or a valid Driver's License.

Article 21 - Distribution of Agreement

The responsibility for printing and distributing this AGREEMENT shall rest with the Company. The Company agrees to ensure that the Union receives sufficient copies of the Agreement for distribution to the employees of the bargaining unit.

Article 22 – Wages

Employees will receive rates of pay in accordance with the attached wage schedule in Appendix **B**. The Classifications and rates are listed therein for the purpose of payment of wages only.

Salary increase for all classifications:

Effective **January 1, 2020 – 1.5%**
Effective **July 1, 2020 – 1.5%**

Effective **January 1, 2021 – 1.5%**
Effective **July 1, 2021 – 1.5%**

Effective **January 1, 2022 – 1.5%**
Effective **July 1, 2022 – 1.5%**

Effective **January 1, 2023 – 1.5%**
Effective **July 1, 2023 – 1.5%**

Article 23- Duration

This agreement shall remain in force from January 1, **2020** to **December 31st, 2023** and shall continue in force from year to year. Notice to bargain will conform to the *Ontario Labour Relations Act.*

Signed this 21st **day of** April **2020.**

On behalf of the Company:

____

____

____

____

On behalf of the Union:

____

Kasey Smith

____

____

LETTERS OF UNDERSTANDING
Between:

Lakeland Power Distribution Ltd. ("the Company")

And

The Power Workers' Union, CUPE Local 1000 (the "Union")

Appendix A

APPRENTICESHIP TRAINING

An Apprenticeship Training program will be made available for qualified technical employees when the company deems an apprentice position is required to be filled. Employees will be encouraged to further their careers through the apprenticeship program. The company pays for most practical, academic and on-the-job training costs for apprentices that usually last four years.

In addition to training results, and on-the-job performance, each apprentice will also be monitored with respect to technical capability, communications skills, safety rules adherence, and overall attitude to ensure that he/she is suitable and qualified to proceed further in the program. For any employee deemed by management not to be satisfactory to continue the apprenticeship program, the company will make every effort to maintain his/her employment in another position.

Apprentices will be assessed after each six (6) month interval by the Supervisor and Manager for continuation in the program.

Where an apprentice or journeyperson terminates their employment within two (2) years of completing their formal apprenticeship training program, or during the apprenticeship program, the employee will reimburse the company an amount equal to one hundred percent (100%) of all the off sight training costs (tuition, lodging, meals and mileage) incurred during the apprenticeship training program.

LABOUR-MANAGEMENT COMMITTEE

A Labour-Management Committee shall be established consisting of two (2) representatives appointed by the Union and two (2) representatives of the Corporation. The committee shall enjoy the full support of both parties in discussing matters of mutual interest.

It is agreed and understood that under no circumstances, unless otherwise mutually agreed shall matters be discussed that are properly the subject of a grievance or negotiations for the amendment or renewal of this Collective Agreement. The frequency of Committee meetings will be determined by the parties, but will normally be established every three (3) months at a mutually agreed upon time and place. Employees shall not suffer any loss of pay for time spent at joint meetings with the Corporation.

The purpose of the Committee will be to enhance the communication between **Power Workers' Union** and the Corporation. Normal subjects for discussion may include, but not be limited to: Business Arising (from a previous meeting); updates concerning the business (productivity improvement; customer service improvement; efficiency issues; impact of government legislation and regulatory rulings; and mergers, acquisitions and amalgamations).

NEED FOR EXPERIENCED NEW HIRES - VACATION ENTITLEMENT

In recognition of our on-going need to recruit and retain experienced and knowledgeable employees the Union and Lakeland Power Distribution Ltd. agree that during the term of this collective agreement, at the discretion of Lakeland, the company will recognize the years of experience, for the purposes of vacation only, that the company sees as directly related to the position that the employee is being hired for. The years of service will be recognized at the rate of 50% of directly related post journeyman status with other LDC's.

Appendix 'B' Operations Department – Lakeland Power

WAGE SCHEDULE										
Salary Increase for all classifications:		**January 1, 2020 = 1.5%, July 1, 2020 = 1.5%; January 1, 2021 = 1.5%, July 1, 2021 = 1.5%;**								
		January 1, 2022 = 1.5%, July 1, 2022 = 1.5%; January 1, 2023 = 1.5%, July 1, 2023 = 1.5%.								
	Progression	Start	Jan 1/20	Jul 1/20	Jan 1/21	Jul 1/21	Jan 1/22	Jul 1/22	Jan 1/23	Jul 1/23
			1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Engineering Technician/Technologist	2 years	$ 43.99	$ 44.65	$ 45.32	$ 46.00	$ 46.69	$ 47.39	$ 48.10	$ 48.82	$ 49.55
	1 year	$ 40.79	$ 41.40	$ 42.02	$ 42.65	$ 43.29	$ 43.94	$ 44.60	$ 45.27	$ 45.95
	Start	$ 37.38	$ 37.94	$ 38.51	$ 39.09	$ 39.68	$ 40.28	$ 40.88	$ 41.49	$ 42.11
Leadhand Journeyperson		$ 43.99	$ 44.65	$ 45.32	$ 46.00	$ 46.69	$ 47.39	$ 48.10	$ 48.82	$ 49.55
Journeyperson	100%	$ 41.08	$ 41.70	$ 42.33	$ 42.96	$ 43.60	$ 44.25	$ 44.91	$ 45.58	$ 46.26
4th year Apprentice Journeyperson		$ 36.71	$ 37.26	$ 37.82	$ 38.39	$ 38.97	$ 39.55	$ 40.14	$ 40.74	$ 41.35
3rd year Apprentice Journeyperson		$ 32.86	$ 33.35	$ 33.85	$ 34.36	$ 34.88	$ 35.40	$ 35.93	$ 36.47	$ 37.02
2nd year Apprentice Journeyperson		$ 30.59	$ 31.05	$ 31.52	$ 31.99	$ 32.47	$ 32.96	$ 33.45	$ 33.95	$ 34.46
1st year Apprentice Journeyperson		$ 28.54	$ 28.97	$ 29.40	$ 29.84	$ 30.29	$ 30.74	$ 31.20	$ 31.67	$ 32.15
Materials and Facilities Co-ordinator	2 years	$ 37.38	$ 37.94	$ 38.51	$ 39.09	$ 39.68	$ 40.28	$ 40.88	$ 41.49	$ 42.11
Materials and Facilities Co-ordinator	1 year	$ 35.92	$ 36.46	$ 37.01	$ 37.57	$ 38.13	$ 38.70	$ 39.28	$ 39.87	$ 40.47
Materials and Facilities Co-ordinator	Start	$ 34.59	$ 35.11	$ 35.64	$ 36.17	$ 36.71	$ 37.26	$ 37.82	$ 38.39	$ 38.97
Labourer A	1 year	$ 22.84	$ 23.18	$ 23.53	$ 23.88	$ 24.24	$ 24.60	$ 24.97	$ 25.34	$ 25.72
Labourer B	Start	$ 20.62	$ 20.93	$ 21.24	$ 21.56	$ 21.88	$ 22.21	$ 22.54	$ 22.88	$ 23.22

COLLECTIVE AGREEMENT

between

LAKELAND POWER DISTRIBUTION Ltd.

(hereinafter called 'the Company')

and

its EMPLOYEES

as represented by

THE CANADIAN UNION OF PUBLIC EMPLOYEES

AND ITS LOCAL 1813.10

(hereinafter called 'the Union')

From January 1, 2016 to January 1, 2020

INDEX

Article I - Preamble and Purpose

1.01 The general purpose of this Agreement is to establish and maintain orderly collective bargaining relations between the Company and its employees, to make provision for prompt and equitable disposition of grievances and to establish and maintain satisfactory working conditions, hours of work and wages for all employees who are subject to the provisions of this Agreement.

1.02 It is the intent of the parties in entering into this Agreement to find a positive way of achieving harmonious and mutually supportive relationships among the Company, the Employees and the Union, which will keep the company in a strong, efficient position.

The parties agree not to discriminate against any employee for reasons defined under the Human Rights Code (Ontario).

Article 2 - Recognition

2.01 The Company hereby recognizes the Union as the sole collective bargaining agent for all employees of the Company save and except Supervisor, persons above the rank of Supervisor, office staff, co-operative students, students employed during the school vacation period and persons regularly employed for not more than twenty-four (24) hours per week.

2.02 **Gender Neutral Language**

For the purpose of gender neutrality, wherever the male pronoun is used within this Collective Agreement it is understood the female pronoun also applies.

Article 3 - Managements Rights

The Company has and the Union acknowledges, that the Company has the exclusive right and power to determine the locations of its operations, to manage its business, hours of work, and direct the working forces including, but not restricting the generality of the foregoing; the right to hire, suspend, discharge, lay-off, promote, demote, transfer and discipline any employee consistent with the terms of this agreement. In addition, it has the right to make, amend and enforce such rules and regulations as shall from time to time be required consistent with the terms of this Agreement.

Article 4 - Union Security

4.01 As a condition of employment, employees who are presently members of the Union shall remain members, and employees hired subsequent to the signing of this Agreement shall become members of the Union, (save and except as excluded in Article 2.01.)

4.02 During the term of this Agreement the Company agrees to deduct from the wages of each union member, a sum of money equal to the monthly membership dues as established by the Union, and remit same to the Secretary-Treasurer of the Union before the 15th of the following month.

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

4.04 The employer will provide to the Union a list of all the employees in the bargaining unit. The list will include each person's name, home mailing address, and home telephone number.

4.05 **Correspondence**

The union shall provide the Company with a list of union officials to be revised from time to time as changes occur. The Company shall provide the Union with a list of supervisors to whom grievances and other relevant matters may be submitted.

Unless otherwise stipulated in this agreement, all correspondence between the parties arising out of this Agreement shall pass to and from the CEO of the Company and the Unit VP of the Union.

The Union shall be notified, in writing of all permanent appointments, hires, lay-offs, recall and terminations of employment involving employees in the bargaining unit.

4.06 The Company will recognize a Committee of two (2) of its employees (who may be assisted by a Union representative) in negotiations and the second and/or third step of the Grievance Procedure. The Company will deal with the said Committee on matters which are properly the subject of negotiation of an agreement, an amendment thereto, a renewal thereof, or a grievance therein. The Union recognizes that union officials have regular duties to perform for the Company. The Company agrees to maintain the standard rate of pay for all time spent by union officials on grievance matters during normal working hours. The Union agrees to reimburse the Company for all wages and benefits paid while Committee members are working on behalf of the Union and its membership on matters of negotiation and arbitration.

4.07 **Labour Management Committee**

On the request of either party, the parties shall meet at least once every two (2) months until this agreement is terminated for the purpose of discussing issues relating to the workplace which affect the parties or any employee bound by this agreement.

4.08 The union shall have the right at any time to have the assistance of representatives of the Canadian Union of Public Employees or any other advisors when dealing or negotiating with the Employer

4.09 Employees whose jobs (paid or unpaid) who are not in the bargaining unit shall not do bargaining unit work except in the case of emergency, training, or in other cases where mutually agreed upon in writing by the parties, except for special events where the Employer may require volunteers to assist and supplement the workforce.

4.10 There shall be no discrimination by the Company or the Union or its members against any employee because of membership in, or non-membership in the Union.

Article 5 - Company Service Credit and Seniority

5.01 a) Credit for Company service shall accrue to regular employees whether or not they are members of the bargaining unit and shall represent an employee's service with the Company based on the employees most recent date of hire.

b) Seniority shall be defined as the length of continuous employment a regular employee has within the bargaining unit based on the last date of hire into the bargaining unit. It is understood that seniority with Parry Sound Power Corporation and Lakeland Power Distribution Ltd. shall carry forward into this agreement

c) A person who is in a temporary assignment who is subsequently hired by the Employer as a probationary employee in the same position, shall count any of his/her continuous service rendered in the same position, while on temporary assignment towards completion of the probationary period.

5.02 An employee shall forfeit all of his accumulated Company service credit and seniority and his name shall be removed from Company records if he:

i. Terminates voluntarily;
ii. Is discharged and not reinstated;
iii. Retires
iv. Is laid off for a period exceeding twelve (12) calendar months;
v. Fails to report for work after a lay-off within five (5) working days of recall, notice of which has been sent by registered mail to the last address the employee has reported to the Company;
vi. Is permanently disabled and unable to work for the Company in a job classification in which there is a job available, and the Company has exhausted all obvious avenues with respect to their obligations regarding duty to accommodate;
vii. Is absent from work because of occupational illness or injury for thirty (30) months or non-occupational illness or injury for eighteen (18) months;

5.03 A seniority list shall be posted by the Company by January 15th of each year.

Article 6 - Employee Categories

6.01 Temporary employees are persons hired for a period of up to nine (9) months in duration, in positions which are not likely to become part of the Company's continuing organization. Temporary employees shall not accumulate seniority. Temporary employees may be discharged at the sole discretion of the Company, and shall not have recourse to the grievance procedure.

6.02 Probationary employees are persons hired on trial to determine their suitability for continuing employment in regular positions. An employee shall be considered probationary for a six (6) month period. At the successful completion of an employee's probation period the employee will receive seniority, backdated to his most recent date of hire into the bargaining unit. During this period of probation he shall, unless the context otherwise provides, have all the rights and privileges of this Collective Agreement except that he may be discharged at the sole discretion of the Company and without recourse including having the ability to file a grievance.

6.03 Regular employees are persons who have satisfactorily served a probationary period.

6.04 When an employee is assigned to relieve in the Lead Hand position for a minimum of one (1) working day or more, the employee will be paid a premium of four percent (4%) of his current hourly rate. It is understood that when an assignment or project requires three (3) or more employees, the Company shall assign a Lead Hand who shall be paid a premium of four percent (4%) of his current hourly rate for the duration of that assignment or project.

6.05 When an employee is assigned to relieve in a supervisory position for a minimum of one (1) working day or more, the employee will be paid a premium of eight percent (8%) of his current hourly rate.

Article 7 - Strikes/Lockouts

7.01 During the term of this Agreement the Company agrees not to lock out its employees, and the Union agrees that no cessation or slowdown of production will occur.

7.02 Employees are not required to cross picket lines except to perform duties relative to the Company's operation and the maintenance of service to equipment within the Company's jurisdiction. Employees will not be required to cross a picket line if the employee feels unsafe doing so.

7.03 **Continuation of Benefits during Work Stoppages**

In the event of a legal work stoppage, the Company agrees to maintain payment of benefits under Article 13.01 and 13.02(b) of this agreement. The union agrees to reimburse benefits as set out in this Article, to the Employer within 45 working days of receipt of detailed invoices. Such invoice shall be sent to the assigned CUPE National Representative.

Article 8 - Grievance and Arbitration Procedure

8.01 **Grievance Definition**

For the purposes of this Agreement a dispute, claim or complaint which involves an alleged violation, an interpretation or application of this Agreement shall be considered a matter for grievance and shall be dealt with promptly and as specified below.

8.02 The time limits set out for the processing of grievances shall be adhered to except in the case of mutual agreement to alter the time limits. Reasonable requests for extensions will not be denied.

8.03 **Right to have Steward Present**

a) An employee shall have the right to have his/her Steward present at any discussion with supervisory personnel which the employee believes might be the basis of disciplinary action. Where a supervisor intends to interview an employee for disciplinary purposes, the supervisor shall so notify the employee in advance of the purpose of the interview in order that the employee may contact his/her Steward to be present at the interview.

b) If an employee declines union representation under the collective agreement the Employer shall require such employee to sign the following and provide a copy to the Employee forthwith:

"I_____________ (employee name) have declined union representation.

Dated, this _________ day of __________, 20___."

c) A Steward or local union officer shall have the right to consult with a CUPE Staff Representative and to have him/her present at any discussion with supervisory personnel which may be the basis of disciplinary action save and except b).

d) Representative(s) of the Union and the grievor shall not suffer any loss of regular pay or benefits for time spent during regular working hours in the grievance procedures set out in Article 8.04

8.04 Grievance Procedure

(a) **Step One**

An employee believing he has a grievance shall, within five (5) working days of the alleged grievous occurrence, take the matter up with his immediate Manager or their designate. The employee may be accompanied by a member of the grievance committee at the time of this presentation. The Manager or their designate shall give his disposition within five (5) working days of the presentation.

(b) **Step Two**

If the griever (or the Union) is not satisfied with the disposition at Step One, he or the Union may within five (5) working days of the disposition at Step One submit a written statement of the grievance to the Chief Operating Officer (COO) or his designated representative. The grievance shall include, as a minimum, the grievance, the part of the collective agreement that has been violated, and the redress that is being sought. The COO or his designated representative shall, within five (5) working days, of the receipt of the grievance at this Step convene a grievance meeting at which the employee may be represented by a duly-formed two (2) member union committee. The COO or his designated representative shall, give his disposition in writing within five (5) working days of the second step meeting.

(c) **Step Three**

If the griever (or the Union) is not satisfied with the disposition at Step Two, he or the Union may within five (5) working days of the disposition at Step Two submit a written statement of the grievance to the CEO or his designated representative. The CEO or his designated representative shall within five (5) working days of the receipt of the grievance at this Step convene a grievance meeting at which the employee may be represented by a duly-formed two (2) member union committee. The CEO or his designated representative shall give his disposition in writing within five (5) working days of the third step meeting.

8.05 (a) A regular employee may be discharged but only for just cause. Grievances concerning discharges shall be taken directly to Step Three of the Grievance Procedure.

(b) Where an employee may be disciplined, the Company will notify the employee that he is entitled to union representation at the meeting. If the employee declines, the Company will notify the Union of the employee's decision.

(c) The parties to this Agreement can mutually agree to access the services, of a mutually agreed upon grievance mediator, prior to any grievance proceeding to arbitration. The parties will share equally the expenses and fees of the Grievance Mediator. Failing a satisfactory resolution in this process either party reserves the right to proceed to arbitration.

8.06 Arbitration

Failing settlement at Step Three, the Union shall within ten (10) working days of the issuance of the disposition at Step Three notify the Company of its intention to submit the grievance to Arbitration. Should the grievance proceed the union will inform the Company of the union nominee, and his mailing address, to an Arbitration Board which will then be processed in accordance with the *Ontario Labour*

Relations Act. Should the respective nominee(s) to such an Arbitration Board fail to agree on a Chairman, the appointment will be referred to the Ontario Labour-Management Arbitration Commission.

8.07 No Board of Arbitration shall have the power to alter or change any of the provisions of this Agreement or to substitute any new provision for any existing provision, or to provide a decision which is inconsistent with any term or provision of this Agreement. The Board shall have the power to dispose of any discharge or a discipline grievance by any arrangement which in its opinion it deems just and equitable.

8.08 Each party to this Agreement will bear the expenses and fee of its nominee, and the parties will share equally the expenses and fee of the Chairman.

8.09 As an alternative, if the parties mutually agree, the matter may be submitted to a single arbitrator as provided by the *Labour Relations Act* and Clauses 8.07 and 8.08 shall apply to a single arbitrator with respect to jurisdiction and expenses.

Article 9 - Hours of Work and Overtime

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

9.02 The normal work week of employees covered by this Agreement shall be forty (40) hours per week. Shifts may consist of the following: five (5) days of eight (8) hours each between the hours of 7:30 a.m. to 3:30 p.m. with a 20 minute paid lunch period on the job site from Monday to Friday inclusive.

9.03 It is acknowledged that from time to time it will be necessary for employees to perform work outside of the normal schedules at all hours of the day or night, and management has the right to authorize such work as required.

9.04 (a) Work performed in excess of the normal hours, from quitting time Friday to starting time Monday and recognized holidays (as outlined in Article 10) shall be paid at the rate of two (2) times an employee's base rate of pay. Work performed Monday to Thursday after 6:30 p.m. shall be paid at the rate of two (2) times an employee's base rate of pay. All other work performed in excess of normal hours shall be paid at the rate of one and one-half (1-1/2) times an employee's base rate of pay.

(b) On the approval of the Manager, employees may take time off in lieu of overtime at the appropriate premium rate to a one time maximum of fifty six (56) hours per calendar year. All banked overtime accumulated during the previous calendar year must be taken by the end of February. If not used all banked time will be paid out on March 1.

(c) While working unplanned overtime all employees are entitled to a fourteen ($14.00) dollar meal allowance after the completion of two (2) hours consecutive overtime and again after the completion of every four (4) consecutive hours.

9.05 When an employee is called in for emergency overtime work outside of his normal working hours, he shall be provided with a minimum payment in accordance with the following:

Two (2) hours pay at the appropriate overtime rate of pay or the actual time worked at the appropriate premium rate, whichever is the greater except when a short call follows within one (1) hour of the completion of a previous call in which case time shall be considered continuous from the start of the previous call. There shall be no minimum payment applicable to overtime as worked an extension of an employee's normal daily working hours.

9.06 Where an employee is directed by the company to attend any meeting outside Muskoka/Almaguin/Parry Sound, the Company will pay travel time at the employee's normal straight time rate for all travel time that precedes the employee's normal start time or exceeds the employee's normal end time. The Company agrees to pay off duty employees for time spent at Safety meetings. Pay to be at straight time rates.

9.07 <u>On - Call</u>

(a) On-call duty is defined as that duty performed by qualified employees who are required by the Company to be readily available within thirty (30) minutes by means of normal driving conditions to the normal work headquarters for emergency service at other than normal hours of work.

(b) All qualified employees will be required to perform on-call duty which will be distributed on an equitable basis among them. Management shall maintain an advance schedule of on- call duty which shall be made available to the staff concerned.

(c) Employee's on-call will be allowed to use the company vehicle for business purposes.

(d) The payment for on-call duty for qualified employees shall be $2.20 per hour. An additional $42.00 will be paid for each statutory holiday (excluding floaters).

(e) On-call duty shall commence Thursday at normal quitting time and cease the following Thursday at normal start time. An employee may exchange on-call duties with another qualified employee provided the supervisor is made aware of the exchange.

9.08 All employees shall be permitted a fifteen (15) minute break period in the first and second halves of a shift, at a time designated by the COO or his delegate.

9.09 <u>Inclement Weather</u>

Inside work will be provided for all regular employees if, in the opinion of the immediate supervisor, it is not reasonable to work outside during extreme weather conditions to complete the time for that day.

Article 10 - Paid Holidays

10.01 The following 14 days shall be recognized as paid holidays by the Company.

New Year's Day	Thanksgiving Day
Good Friday	Christmas Day
Easter Monday	Victoria Day
Canada Day	Boxing Day
Civic Holiday	Family Day
Labour Day	"plus" two (2) floater days

The one-half (½) day before Christmas
The one-half (½) day before New Year's Day

10.02 Regular and probationary employees of the Company will be entitled to payment of normal basic wages for such holidays provided they have worked or been on leave of absence with pay on the normal scheduled days of work which immediately precede and follow such holidays.

10.03 Any employee who is required to work on such a holiday shall be paid for time worked at the premium rate specified in the overtime clause of this Agreement Article 9.

10.04 When any of the above-noted recognized holidays falls on a Saturday or Sunday and is not proclaimed as being observed on some other day, the preceding Friday or the following Monday as designated by the Company shall be recognized as the holiday.

Article 11 - Vacations

11.01 Vacation pay shall mean the normal basic earnings of the employee immediately prior to the date on which vacation monies become payable. In any event and in the cases of temporary and probationary employees, vacation payment shall be made in accordance with the *Employment Standards Act.*

11.02 Vacations will, as far as it is practical, be granted at the times most desired by the employees. An employee, to ensure consideration of his request and his relative seniority standing, must notify management of his preferred vacation period by March 1 in any given year. However, management reserves the authority to designate vacation periods for all employees in a manner consistent with the efficient operation of the Company.

11.03 Normal vacations shall not be accumulative. Vacations may be carried over with the consent of the COO. All carried over vacations from the previous year must be taken by the end of March, exceptions may be granted by the COO in special circumstances and no requests will be unreasonably denied.

11.04 An employee will be entitled to five (5) days vacation with pay after completion of a successful probationary period and one (1) day per month thereafter to a maximum of ten (10) days vacation after one (1) year of continuous employment.

11.05 (a) In the year in which an employee completes three (3) years continuous Company service an employee shall be entitled to fifteen (15) days vacation with pay.

(b) In the year in which an employee completes nine (9) years continuous Company service an employee shall be entitled to twenty (20) days vacation with pay.

(c) In the year in which an employee completes eighteen (18) years continuous Company service an employee shall be entitled to twenty five (25) days vacation with pay.

(d) In the year in which an employee completes twenty (20) years of continuous Company service an employee shall be entitled to an additional one (1) day of vacation with pay for each two (2) years of service, up to a maximum of 5 days, when he reaches thirty (30) years of continuous service.

11.06 If a recognized holiday as defined in Article 10 of this Agreement falls or is observed during an employee's vacation period, 1 day with pay will be granted for each such holiday.

11.07 A regular employee terminating his employment at any time in his vacation year before he has taken his vacation entitlement shall receive proportionate payment of his vacation pay entitlement in lieu of such vacation. Temporary and probationary employees who terminate employment with the Company shall receive vacation pay in accordance with the *Employment Standards Act* (Ontario).

11.08 (a) An employee who is hospitalized due to illness or suffers a bereavement under Article 16.03 of this Collective Agreement while on scheduled vacation shall be permitted to reschedule any such vacation. The Company may require, at the Company's expense, medical documentation verifying their hospitalization.

(b) Under exceptional circumstances in the case of very serious illness, sick leave may be granted at the discretion of the CEO. In all such cases the employee shall be required to produce a doctor's certificate indicating the dates and the nature of the illness.

11.09 An employee's vacation pay will be reduced on a pro-rata basis for any period for which the employee has not received wages from the Company during the vacation accumulation period, except when on sick leave, or W.S.I.B. for less than thirty (30) days or approved leave of absence for less than thirty (30) days.

<u>Article 12 - Sick Leave</u>

12.01 The Company's sick leave plan has been created by the Company, and allows Employees to accumulate sick leave credits to reduce the financial hardship that a short term bona fide illness or injury can create. The sick leave plan shall not be used to extend the minimum qualifying period outlined in the Long Term Disability Insurance Plan provided by the Company. It is the employee's responsibility to report for work in proper physical condition in order to perform his/her assigned duties. To receive sick leave payment the employee must be unable to do any and all Company work causing consequent loss of normal straight time hourly wages. Modified work and alternate work must be discussed and if within the employee's limitations will be accepted.

12.02 Sick leave credits will accrue to regular employees at the rate of twelve (12) hours per month of accredited Company service credit to a maximum of two thousand (2,000) hours.

12.03 To qualify for payment of sick pay, an employee must:

i. have an established credit for sick pay;

ii. ensure that his illness is reported to the Company as soon as possible before shift start;

iii. be suffering from a bonafide illness which prevents his useful employment and is not compensable under the W.S.I.B;

iv. submit written verification including the nature of his illness signed by a qualified doctor of Medicine if requested;

v. submit to medical examination by a doctor of medicine designated by the Company upon request, at the Company's expense;

vi. be available for modified duties and return to work as soon as possible following recovery from illness;

vii. do everything possible to speed his recovery include meet with the company to discuss return to work options and actively participate in Lakeland's return to work program.

12.04 An employee will be entitled to the accumulation of sick leave credits provided the employee has worked or has been in receipt of regular base wages for more than half of the working days in any calendar month.

12.05 It is recognized and agreed that as a result of employee benefits granted by the Company, the requirements of the Employment Insurance Commission regulations covering rebates to employees have been satisfied and the employees waive their right to the rebate.

12.06 The company agrees to contribute one hundred (100%) of the total premiums for a Long Term Disability Plan as prepared by the insurance company providing up to sixty seven (67%) of wages up to a maximum monthly benefit of five thousand dollars ($5,000).

Article 13 - Group Insurance Plans for Regular and Probationary Employees

13.01 **Health Plan**

The company shall pay one hundred percent (100%) of the cost of premium of the Health and Dental Plans per Appendix B.

13.02 **Pension and Insurance**

(a) The Company agrees to pay fifty percent (50%) of the cost of the Ontario Municipal Employees Retirement System Basic Plan and one hundred percent (100%) of the cost of a group life insurance plan to provide coverage to the amount of two (2) times an employee's basic wage.

(b) The Company agrees to pay one hundred percent (100%) of premiums to provide a Long Term Disability Insurance Plan.

13.03 All employees shall participate in the plans noted in Clauses 13.01 and 13.02 above, subject to the provisions of the individual plans involved.

13.04 Provided that the carrier is in agreement, retirees can purchase group benefit. The Corporation agrees to pay fifty (50%) of the cost of extending group benefits for any employee who retires before the age of sixty-five (65) who has a minimum of thirty (30) years' service with the Company. This benefit will expire when the retiree reaches age sixty-five (65).

Article 14 -Selection

14.01 The selection of applicants for promotions to positions within the bargaining unit shall be made only from those applicants who are judged by the Company to be qualified to do the work and will be based on:

i. qualifications;
ii. ability;
iii. seniority;

In the event that in the opinion of the Company qualifications and ability, are relatively equal among the applicants, then seniority shall govern.

14.02 **Job Posting**

The Company agrees to post any vacancy within the bargaining unit for a period of five (5) working days in order to give employees an opportunity to make application for the position.

Trial Period

An employee who is promoted under this Article shall be provided a sixty (60) working day trial to prove efficiency. The Corporation shall be the judge of those items listed in Article 14.01 provided however, that the Corporation shall agree that these functions shall be exercised in a manner consistent with the general purpose and intent of this Agreement and subject to the employee's right to lodge a grievance as set out herein. If the employee proves unsuccessful during the trial period, or the employee elects not to complete the trial period, they shall be returned to his or her former position, without loss of seniority. Anyone displaced as a result will be returned to their former position.

Article 15 - Lay-off and Recall

15.01 In the event of a layoff, contract employees performing bargaining unit work, will be terminated first, followed by any layoff of regular employees who shall be laid off in the reverse order of seniority, provided, in the opinion of the Company, the employees retained are qualified and able to perform the work available or unless determined otherwise by mutual agreement of the parties. An employee about to be laid off may bump an employee with less seniority provided the employee exercising the bump, is qualified and able to perform the work available.

15.02 Employees will be recalled in the order of their seniority, provided they are qualified and able to do the work available.

15.03 Employees retain their recall rights for a period of twelve (12) months from the date of lay-off.

Article 16 - Leave of Absence

16.01 Under certain conditions leaves of absence may be granted by the Company. Normally no payment of wages will be made for such absences. To ensure consideration, such leaves must be applied for in writing at least one (1) calendar month in advance.

16.02 The Company agrees to grant a leave of absence with pay to an employee who serves as a juror or a subpoenaed witness in any court in the Province of Ontario. The employee shall pay to the Company the payment he received for such jury or witness duty, excluding any payment for travelling, meals or any other expenses.

16.03 In the event of the death of a member of the immediate family of a regular or probationary employee, he shall be granted a leave of absence with pay of five (5) work days for the purpose of bereavement. The immediate family includes parent, parent-in-law, spouse (as defined by the Family Law Act), son, daughter, brother, and sister and grandchildren. In the event of the death of a son-in-law, daughter-in-law or grandparents he shall be granted a leave of three (3) work days. Up to two (2) days of bereavement leave can be saved for future celebration.

16.04 In addition to the entitlement in Article 16.03 an employee shall be granted upon request up to an additional two (2) days unpaid leave for the purposes of travel.

16.05 Where an employee can be released by the Company to attend union business, the Union will compensate the Company at the employee's regular rate of pay plus benefit costs.

Article 17 - Compensable Disability Grant

17.01 When a regular employee through his employment by the Company suffers a disability which is compensable under the Workplace Safety & Insurance Board, the Company agrees to maintain the normal take home pay of the employee involved for a period of up to one (1) year.

It is understood that the portion of pay received from WSIB is recognized as such income for Revenue Canada purposes.

17.02 To be eligible for the grant outlined in Clause 17.01 the employee shall endorse all benefit cheques received by him from the Workplace Safety & Insurance Board and turn them over to the Company.

Article 18 - Tools, Equipment and Clothing

The Company shall supply the following items to those employees who in the Company's opinion require same for the performance of their normal duties:

1. hard hats;
2. safety glasses;
3. Safety rated rubber boots;
4. Flame Retardant/Arc rated (FRA) rain coats;
5. leather gloves;
6. The Company will provide the initial issue of the following FRA clothing for new employees in the positions of Engineering Technicians, Journeypersons and Plant Operators:
    a. Five (5) pants – cargo or regular
    b. Five (5) long sleeved shirts
    c. Two (2) bib overalls
    d. One (1) winter jacket
    e. One (1) winter bib overall
    f. Two (2) hoodies

7. The Company will provide the initial issue of the following FRA clothing for new Materials and Facilities Co-ordinator:
    a. Two (2) pants – cargo or regular
    b. Two (2) long sleeved shirts
    c. One (1) bib overalls
    d. One (1) winter jacket
    e. One (1) hoodie
8. All replacement/repairs of clothing shall be on the approval of the immediate supervisor. Old clothing must be turned in before replacements are issued.
9. Employees shall be responsible for laundering and cleaning clothing items to ensure clothing is well maintained and in good condition following the manufacturer's guidelines.
10. The company will launder winter jackets, winter overalls, bib overalls, and summer jackets/hoodies on an as needed basis and upon the approval of the immediate supervisor.
11. An annual allowance towards the cost of purchase or repair of approved safety boots, for the employee work related use, only upon surrender of a receipt of two hundred and sixty dollars ($260.00).
12. An allowance of one hundred and forty dollars ($140.00) to be used towards the cost of purchase for one pair of prescription safety eyeglasses, for employees only, upon surrender of a receipt for same, once every two (2) years.
13. Where an employee terminates their employment within six (6) months of receiving their clothing/boot allotment the employee will reimburse the company an amount equal to one hundred percent (100%) of all clothing cost. All clothing with Lakeland Power LOGO's must be returned for security reasons.

Article 19 – General

19.01 The company will establish a policy of holding regular meetings of all employees with the purpose of discussing matters of mutual concern to the company and the employees.

19.02 The company will provide training for first aid and CPR. Time spent for such training will be without normal wage loss or seniority.

19.03 Where an employee is directed by the company to attend any meetings, on their scheduled day off, the company agrees to pay off- duty employees for time spent for all meetings. An employee who is called into work outside his regular working hours, for such meetings, shall be paid for a minimum of three hours, at the overtime rate.

19.04 Where an employee is directed by the company to attend any meetings the company will pay travel time at the normal straight time rate for all travel time that precedes the employee normal start time or exceeds the employees normal end time.

19.05 **Merger/Amalgamation/Sale of Business**

a) The Corporations agrees that in the event of a merger/amalgamation/sale of business with another company/corporation/or municipal utility, all employees covered by the collective agreement between Lakeland Power Distribution Ltd. and the Canadian Union of Public Employees, and its local 1813 will be treated fairly and given a chance for employment in the new organization. The company will make every effort to retain the seniority status, wages and benefits for the former employees of the corporation with the new Employer.

b) In the event of a merger/amalgamation/sale of business with another company/corporation/or municipality, employees not offered employment or opt not to work for the new employer will receive a severance in an amount of 2 weeks wages for each year or part year of service.

Both the Company and the Union agree that in the event of a merger or amalgamation with any other utility or corporation, every reasonable effort will be made to provide a position to existing employees.

Article 20 - Bulletin Boards / Mileage

20.01 The Company will provide bulletin board space in an area designated by the Company for the purpose of posting notices.

20.02 If required to use their own personal vehicle for business or training authorized by the Company, the employee shall be reimbursed based on the Company's policy covering kilometre rate. The kilometre rate paid shall not be less than fifty-two (52) cents per kilometre. Proof of Insurance and valid Driver's License must be provided upon request. It is the responsibility of the Employee to inform the Company if they do not have insurance coverage or a valid Driver's License.

Article 21 - Distribution of Agreement

The responsibility for printing and distributing this AGREEMENT shall rest with the Company.

The Company agrees to ensure that the Union receives sufficient copies of the Agreement for distribution to the employees of the bargaining unit.

Article 22 - Wages

Employees will receive rates of pay in accordance with the attached wage schedule in Appendix A. The Classifications and rates are listed therein for the purpose of payment of wages only.

Article 23- Duration

This agreement shall remain in force from January 1, 2016 to January 1, 2020 and shall continue in force from year to year. Notice to bargain will conform to the *Ontario Labour Relations Act*.

Signed this ....14th.... day of ....December.... 2015.

On behalf of the Company: On behalf of the Union:

....

....

....

WAGE SCHEDULE (see Appendix A)

LETTERS OF UNDERSTANDING
Between:
Lakeland Power Distribution Ltd. ("the Company")
And
The Canadian Union of Public Employees, Local 1813.10 (the "Union")

APPENDIX A

APPRENTICESHIP TRAINING

An Apprenticeship Training program will be made available for qualified technical employees when the company deems an apprentice position is required to be filled. Employees will be encouraged to further their careers through the apprenticeship program. The company pays for most practical, academic and on-the-job training costs for apprentices that usually last four years.

In addition to training results, and on-the-job performance, each apprentice will also be monitored with respect to technical capability, communications skills, safety rules adherence, and overall attitude to ensure that he/she is suitable and qualified to proceed further in the program. For any employee deemed by management not to be satisfactory to continue the apprenticeship program, the company will make every effort to maintain his/her employment in another position.

Apprentices will be assessed after each six (6) month interval by the Supervisor and Manager for continuation in the program.

Where an apprentice or journeyperson terminates their employment within two (2) years of completing their formal apprenticeship training program, or during the apprenticeship program, the employee will reimburse the company an amount equal to one hundred percent (100%) of all the off sight training costs (tuition, lodging, meals and mileage) incurred during the apprenticeship training program.

LABOUR-MANAGEMENT COMMITTEE

A Labour-Management Committee shall be established consisting of two (2) representatives appointed by the Union and two (2) representatives of the Corporation. The committee shall enjoy the full support of both parties in discussing matters of mutual interest.

It is agreed and understood that under no circumstances, unless otherwise mutually agreed shall matters be discussed that are properly the subject of a grievance or negotiations for the amendment or renewal of this Collective Agreement. The frequency of Committee meetings will be determined by the parties, but will normally be established every three (3) months at a mutually agreed upon time and place. Employees shall not suffer any loss of pay for time spent at joint meetings with the Corporation.

The purpose of the Committee will be to enhance the communication between CUPE Local 1813 and the Corporation. Normal subjects for discussion may include, but not be limited to: Business Arising (from a previous meeting); updates concerning the business (productivity improvement; customer service improvement; efficiency issues; impact of government legislation and regulatory rulings; and mergers, acquisitions and amalgamations).

LIFE INSURANCE FOR RETIREES

During the negotiations of this Collective Agreement the parties agreed that employees of who came from Parry Sound Power will no longer be eligible for any company paid Retirees Life Insurance under this agreement. In order for these employees to make alternate arrangements, the parties agreed that the Company will pay employees who transferred to Lakeland Power $400.00 for each completed year of service. These monies will be paid within one month after January 1, 2016.

Provided that the Carrier is in Agreement it is understood that retirees under this Collective Agreement are given the opportunity to convert their life insurance policy through the Company at total cost to the employee.

SICK LEAVE ENTITLEMENT AND CONVERSION

During the negotiations of the Collective Agreement the parties agreed that employees who came from Parry Sound Power would convert to the Lakeland Sick Leave program by applying the language in the CUPE Local 1813 Collective Agreement, Article 12-Sick Leave.

The following constitutes the formula for converted sick time:

(Months of Service) x (1.5 days/month) –(# of days absent) = Sick Benefit to a maximum of 250 days

It was agreed by the parties that where an employee transferred from Parry Sound would convert with less than the seventy five (75) days previously enjoyed in the Parry Sound sick plan, they would be recognized as coming with seventy five (75) days, less any time taken, provided they are actively at work at the time of ratification. Additional sick days would not accumulate beyond 75 (seventy five) days until years of service equals 4 (four) years and 2 (two) months.

Appendix 'B' Operations Department - Lakeland Power

WAGE SCHEDULE

Salary Increase for all classifications January 1, 2016 = 1.4%, July 1, 2016 = 1.4%, January 1, 2017 = 1.4%, July 1, 2017 = 1.25%,
January 1, 2018 = 1.25%, July 1, 2018 = 1.25%, January 1, 2019 = 1.25%, July 1, 2019 = 1.25%

	Progression	Start	Jan 1/16 1.40%	July 1/16 1.40%	Jan 1/17 1.40%	July 1/17 1.25%	Jan 1/18 1.25%	July 1/18 1.25%	Jan 1/19 1.25%	July 1/19 1.25%
Engineering Technician/Technologist	2 years	39.65	40.21	40.77	41.34	41.86	42.38	42.91	43.44	43.99
	1 year	36.77	37.28	37.81	38.34	38.82	39.30	39.79	40.29	40.79
	Start	33.69	34.16	34.64	35.12	35.56	36.01	36.46	36.91	37.38
Leadhand Journeyperson		39.65	40.21	40.77	41.34	41.86	42.38	42.91	43.44	43.99
Journeyperson	100%	37.03	37.55	38.07	38.61	39.09	39.58	40.07	40.57	41.08
4th year Apprentice Journeyperson		33.09	33.55	34.02	34.50	34.93	35.37	35.81	36.26	36.71
3rd year Apprentice Journeyperson		29.62	30.03	30.46	30.88	31.27	31.66	32.05	32.45	32.86
2nd year Apprentice Journeyperson		27.57	27.96	28.35	28.74	29.10	29.47	29.84	30.21	30.59
1st year Apprentice Journeyperson		25.73	26.09	26.46	26.83	27.16	27.50	27.84	28.19	28.54
Materials and Facilities Co-ordinator	2 years	33.69	34.16	34.64	35.12	35.56	36.01	36.46	36.91	37.38
Materials and Facilities Co-ordinator	1 year	32.38	32.83	33.29	33.76	34.18	34.61	35.04	35.48	35.92
Materials and Facilities Co-ordinator	Start	31.18	31.62	32.06	32.51	32.91	33.33	33.74	34.16	34.59
Labourer A	1 year	20.59	20.88	21.17	21.47	21.74	22.01	22.28	22.56	22.84
Labourer B	Start	18.59	18.85	19.11	19.38	19.62	19.87	20.12	20.37	20.62

Benefit	Lakeland Power and Bracebridge Generation
Waiting Period	You are eligible after 3 months provided you are under age 65
Definition of Full Time	At least 16 hours per week
Basic Life Insurance	
Schedule	200% of employee earnings
Benefit Maximum	$470,000
Non Evidence Maximum	$235,000
Termination Clause	Earlier of age 70 or retirement
Note	Living Benefit = 50% of the sum insured on the date the insurer receives the L.B. claim, subject to maximum or $50,000.
Basic AD & D	
Same as Basic Life	Yes
Dependent Life	Yes
Spousal	$2,000
Per Child	$1,000
Termination	Earlier of age 70 or Retirement
Long Term Disability	
Schedule	67% of monthly earnings
Benefit Maximum	$5,000
Non Evidence Maximum	$5,000
All Source Maximum	85.0% gross
Elimination Period	182 Days
Benefit Duration	To age 65
Definition of Disability	Own Occupation for 2 years
CPP/QPP Offsets	Primary
Pre Existing Conditions	3 / 12
Termination Clause	Earlier of age 65 or retirement
Tax Status	Taxable
Extended Health Care (EHC)	
Calendar Year Deductible	None
Overall Maximum	Unlimited
Reimbursement	
Drugs	100%
Hospital	100%
Paramedical	100%
Vision Care	100%
Other Health	100%
Drug	
Pay Direct Drug Card	Yes
Drug Definition	Required by law, Generic Sub, Specialty Drug Program & Prior Authorization Process
Smoking Cessation	Exclude
Fertility Drugs	Subject to a lifetime max or $5,000/24 months (Maximum for fertility drugs is $5,000/24 months)
Convalescent Home Rehabilitation Institution	While under the supervision of a physician or registered nurse up to a max of $20 per day/90 days max which follows a period of hospitalization by less than 14 days

Chronic Care Institution	
Hospital:	
Room Type	Private
Paramedical maximum per calendar year	$500/calendar yr/practitioner Chiropractor Naturopath Osteopath Psychologist Speech Therapist Chiropodist or Podiatrist Dietitian medical recommendation required
	$500/calendar year – combined (medical recommendation required) Registered Massage Shiatsu Therapist Physiotherapist Athletic Therapist
Orthopedic Shoes	$500 per calendar year
Custom Made Orthotics	Reasonable & Customary $500 per calendar year
Hearing Aids	$500 per every 5 years
Medical Equipment & Supplies	Reasonable and customary
Vision Care	
Adult	$375 per 24 months
Child	$375 per 24 months
Eye Examination	$75 per 24 months
Definition of Dependent child	21 / 25
Termination Clause	Retirement
Out of Province/Canada Emergency	100% with $5,000,000 calendar year (6 Month duration however, if you are 71 or older, on leave of absence or not actively at work due to lay off, strike or lock out for a period exceeding 3 months the maximum is $50,000 per insured person per each consecutive 5 year period. Hospitalization outside Canada in case of emergency, semi private without any limit to the number of days.
Private Duty Nursing	Unlimited maximum for in-home nursing care. The benefit is for RN only and a pre Approval is required
Travel Assist	Yes
Survivor Benefit	24 months
Dental	
Calendar Year Deductible	Nil
Reimbursement	
Preventive	100%
Basic	100%
Major Restorative	50%
Orthodontic Services	50% to a lifetime maximum of $2,000
Maximum Per Family Member	
Preventive	$2,000 per calendar year (combined)
Basic	$2,000 per calendar year (combined)
Major Restorative	$1,500 per calendar year (Crowns, Dentures and Bridgework.)
Definition of Dependent child	21 / 25
Dental Fee Guide	Current Year
Recall Examinations	Every 6 months
Termination	Retirement

Appendix B	**Actuarial Valuation Post-Retirement Benefits - 2022** **Actuarial Valuation Post-Retirement Benefits - 2020** **Actuarial Valuation Post-Retirement Benefits - 2019**

LAKELAND POWER DISTRIBUTION LTD.

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

AS AT DECEMBER 31, 2019

January 15, 2020

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM

TABLE OF CONTENTS

EXECUTIVE SUMMARY

Purpose

RSM Canada Consulting LP was engaged by Lakeland Power Distribution Ltd. (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, 2019. 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, 2016 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, 2019;

ii) To determine the defined benefit costs to be recognized for fiscal year 2019; 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 as well as a breakdown between active and retired individuals and type of benefit.

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

Section A.3 shows the development of changes in the present value of defined benefit obligation as a result of the re-measurement at December 31, 2019.

Valuation Results

Section A.1—Valuation Results

Results from the actuarial valuation as at December 31, 2019 compared to the previous year's figures projected from the most recent full valuation:

	December 31, 2018	December 31, 2019
Present Value of Defined Benefit Obligation (PV DBO)	**304,000**	**378,100**

	CY 2018	CY 2019
Current Service Cost	5,300	5,900
Interest Cost	11,300	10,900
Defined Benefit Cost Recognized in Income Statement	**16,600**	**16,800**
Actuarial (Gain)/Loss	-	92,900
Defined Benefit Cost Recognized In OCI	**-**	**64,200**
Defined Benefit Cost	**16,600**	**109,700**

The following table provides results from the actuarial valuation as at December 31, 2019 broken down by active (including LTD) and retired individuals and type of post-retirement non-pension benefit:

Dec. 31, 2019 PV DBO	Actives (incl. LTD)	Retirees	Total
Life	-	152,800	**152,800**
Health	114,900	62,700	**177,600**
Dental	7,200	11,700	**18,900**
Total	**122,100**	**227,200**	**378,100**

Sensitivity Analysis

Section A.2—Sensitivity Analysis

	Dec. 31, 2019 PV DBO	Difference	% Difference
Base Assumptions	378,100		
Cost Trends +1%	400,000	21,900	6%
Cost Trends -1%	359,700	(18,400)	-5%
Discount Rate +1%	342,600	(35,500)	-9%
Discount Rate -1%	420,700	42,600	11%

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

	December 31, 2019
PV DBO at December 31, 2018	304,000
2019 Current Service Cost	5,900
2019 Benefit Payments	(35,600)
2019 Interest Cost	10,900
Expected PV DBO at December 31, 2019	**285,200**
Actuarial (Gain)/Loss at December 31, 2019	92,900
PV DBO at December 31, 2019	**378,100**

The increase indicated above of $92,900 in the PV DBO from the expected PV DBO at December 31, 2019 is due to the re-measurement of the liability; a breakdown of the changes is as follows:

	December 31, 2019
Change in composition of active and retiree data (actual experience different from expected)	14,500
Change in assumptions:	
H/D Claims Cost	50,000
Discount Rate	22,000
Withdrawal	4,400
Claim Cost Trend	2,000
Total Actuarial (Gain)/Loss at December 31, 2019	**92,900**

Pursuant to IAS 19, the re-measurement of the PV DBO at December 31, 2019 based on the changes in the assumptions and experience is recognized immediately in other comprehensive income at December 31, 2019.

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 September 30, 2019 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 September 30, the Corporation has provided updated information on expected retirees and terminated individuals from September 30 to December 31. The data was adjusted to reflect the updated information.

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, 2016	September 30, 2019
Active Employee Count		
Male	38	48
Female	16	17
Total	**54**	**65**
Active Employee Average Service		
Male	8.0	6.7
Female	9.3	7.3
Total	**8.4**	**6.9**
Retiree (in Receipt of Benefits) Count		
Male	8	8
Female	3	3
Total	**11**	**11**

	Employee Count as of September 30, 2019			Employee Avg Service as of September 30, 2019		
Age	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
< 30	8	4	12	4	2	3
30 - 35	14	1	15	3	3	3
36 - 40	5	1	6	4	5	4
41 - 45	7	-	7	8	-	8
46 - 50	8	6	14	11	6	9
51 - 55	6	3	9	14	9	12
56 - 60	1	2	2		23	16
61 - 65	-	-	-	-	-	-
66 - 70	-	-	-	-	-	-
71 - 75	-	-	-	-	-	-
> 75	-	-	-	-	-	-
Total	**48**	**17**	**65**	**6.8**	**7.3**	**6.9**

Participant Reconciliation

Section B.2—Participation Reconciliation

	Actives	Disabled	Retired
As at November 30, 2016	**54**	**-**	**11**
New Entrants	23	-	-
Actives	-	-	4
Terminated	(6)	-	-
Retired	(4)	-	-
Not Eligible for Benefits*	(2)	-	(2)
Deceased	-	-	(2)
Disabled	-	-	-
As at September 30, 2019	**65**	**-**	**11**

* Four members (2 active and 2 retired) are not eligible for benefits for being over age 65

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, 2019 is based on membership data as at September 30, 2019 (with adjustments to reflect estimated changes to occur from October 1 to December 31, 2019) and management's best estimate assumptions established for calculations as at December 31, 2019.

For health and dental benefits, the Corporation has selected the premium rates charge to retirees as management's best estimate of the benefits costs to be incurred. The total monthly premium rates, inclusive of premium taxes, used are as follows:

Effective Period	Benefit Grouping	Health Single	Health Family	Dental Single	Dental Family
Jan. 1, 2016 – Dec. 31, 2016	Non-Union Retirees with 25 yrs or more service	$ 58.09	$ 147.44	n/a	n/a
	Union Retirees with 30 yrs or more service	$ 51.07	$ 135.65	$ 42.43	$ 88.13
Jan. 1, 2019 – Dec. 31, 2019	Non-Union Retirees with 25 yrs or more service	$ 79.76	$ 258.91	n/a	n/a
	Union Retirees with 30 yrs or more service	$ 79.76	$ 258.91	$ 66.95	$ 139.04

The rates above are at the 100% level and prior to any cost-sharing provisions under the plan. The Corporation will pay 50% for non-union retirees and 100% for union retirees of these costs levels in line with the co-pay benefit structure for post-retirement benefits.

Management's Best Estimate Assumptions

The following are management's best estimate economic and demographic assumptions for calculations as at December 31, 2019.

Economic Assumptions

Discount Rate

The rate used to discount future benefits is assumed to be 3.20% per annum as of December 31, 2019. 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 3.80% per annum as at December 31, 2016.

Salary Increase Rate

The rate used to increase salaries is assumed to be 2.80% per annum. This rate reflects the expected Consumer Price Index adjusted for productivity, merit and promotion and for company-specific information. The assumption used in the previous valuation was 2.50% per annum as at December 31, 2016

Claims Cost Trend Rate

The rates used to project benefits costs into the future were chosen based on a research paper published by the Canadian Institute of Actuaries – *Model of Long-Term Health Care Cost Trends in Canada* - dated March 2018.

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

	Current Valuation	
Year	**Health**	**Dental + Vision**
2020	4.20%	4.50%
2025	5.30%	5.60%
2030	5.30%	5.30%
2035	4.60%	4.60%
2040 and thereafter	4.00%	4.00%

	Previous Valuation	
Year	**Health**	**Dental**
2020	5.35%	4.50%
2021	5.14%	4.50%
2022	4.93%	4.50%
2023	4.71%	4.50%
2024 and thereafter	4.50%	4.50%

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 CPM-B 2014 mortality improvement scale.

The mortality table and mortality improvement assumptions remain unchanged from the previous valuation.

Rates of Withdrawal

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

Age Bucket	Current Valuation	Previous Valuation
18 – 29	3.50%	3.50%
30 – 34	2.00%	2.50%
35 – 39	1.65%	2.15%
40 – 49	1.30%	1.75%
50 – 54	0.95%	1.40%

Retirement Age

All active employees are assumed to retire at age 60 (or immediately if currently over age 60), which was based on the Corporation's retirement experience as well as a seven year retirement experience study on a group of local distribution companies for which data was available. The assumed retirement age of 60 was increased, if necessary, to the minimum of the age at which 30 years of service for union employees or 25 years of service for non-union employees was reached and age 65. This assumption remains unchanged from the previous valuation.

Disability

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

Other Assumptions

Family/Single Coverage

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

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

Expenses and Taxes

For health and dental coverage, the above premium rates are inclusive of expenses and taxes and therefore no additional assumptions regarding expenses is required. For life coverage, it is assumed that 10% of the accrued benefit obligation reflects the cost of sponsoring and administering the program for life insurance. These assumptions remain unchanged from the previous valuation.

In addition, we have included a load onto the life insurance benefit amount to reflect the cost of AD&D. The load is approximately 0.78% based on the AD&D premium charge for current retirees. The load used in the previous valuation was 0.81%.

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 union employees with 30 years of service are eligible for post-retirement health and dental benefits until age 65. Upon retirement, all non-union employees with 25 years of service are eligible for post-retirement health benefits until age 65.

In addition, all former Parry Sound Power Generation (PSPG) employees who retired before January 1, 2016 were eligible for post-retirement life and additional life coverage for lifetime, as well as AD&D until age 70.

Participant Contributions

The Corporation shall pay 50% of the cost of all post-retirement benefits for eligible union retirees and 100% of the cost of all post-retirement benefits for eligible non-union and former PSPG 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 former PSPG 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 was insured under Plan options 2, 3, or 4 *or* Employee retires with 10 or more years of service in the Plan but was never in 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.

In addition, all former PSPG employees are entitled to additional post-retirement life insurance of $10,000 for lifetime and AD&D coverage of $10,000 until age 70.

Health and Dental Benefits

Eligible employees are entitled to post-retirement health and dental benefits to age 65. Coverage for health and dental benefits continues to the dependents of a deceased pensioner until the pensioner would have turned age 65.

A detailed description of the health and dental benefits covered under the post-retirement non-pension benefits plan can be found in benefit information booklets provided to employees.

ACTUARIAL CERTIFICATION

An actuarial valuation has been performed on the post-retirement non-pension benefit plans sponsored by Lakeland Power Distribution Ltd. (the “Corporation”) as at December 31, 2019, 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, 2022. If any supplemental advice or explanation is required, please advise the undersigned.

Respectfully submitted,
RSM CANADA CONSULTING LP

Stanley Caravaggio

Stanley Caravaggio, FSA, FCIA
Director

Toronto, Ontario

January 15, 2020

SECTION E — EMPLOYER CERTIFICATION

Post-Retirement Non-Pension Benefit Plan
of Lakeland Power Distribution Ltd.
Actuarial Valuation as at December 31, 2019

I hereby confirm, as an authorized signing officer of the administrator of the Post-Retirement Non-Pension Benefit Plan of Lakeland Power Distribution Ltd. 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, 2019.

LAKELAND POWER DISTRIBUTION LTD.

Jan. 14/20
Date

Signature

Margaret Maw
Name

Chief Financial Officer
Title

RSM

APPENDIX — DETAILED ACCOUNTING SCHEDULES

Lakeland Power Distribution Ltd.
Estimated Benefit Expense (IAS 19)
Total

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Discount Rate at January 1	3.80%	3.20%	3.20%	3.20%
Discount Rate at December 31	3.20%	3.20%	3.20%	3.20%
Health Benefit Cost Trend Rate at December 31	5.60%	4.40%	4.60%	4.80%
Dental Benefit Cost Trend Rate at December 31	4.50%	4.70%	4.90%	5.10%
Long Term Health and Dental Benefit Cost Trend Rate	4.50%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2025	2040	2040	2040
Assumed Increase in Employer Contributions	Actual	Expected ***	Expected ***	Expected ***

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

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Net Defined Benefit Liability/(Asset) as at January 1	304,008	378,077	378,663	378,079
Defined Benefit Cost Recognized in Income Statement	16,738	28,279	29,232	30,286
Defined Benefit Cost Recognized in Other Comprehensive Income	92,912	-	-	-
Benefits Paid by the Employer	(35,581)	(27,693)	(29,816)	(30,925)
Net Defined Benefit Liability/(Asset) as at December 31	378,077	378,663	378,079	377,440

B. Determination of Defined Benefit Cost

B1. Determination of Defined Benefit Cost Recognized in Income Statement

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Current Service Cost	5,862	16,624	17,591	18,682
Interest Cost	10,876	11,655	11,640	11,604
Defined Benefit Cost Recognized in Income Statement	16,738	28,279	29,232	30,286

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

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	74,063	-	-	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	4,347	-	-	-
Net Actuarial Loss/(Gain) arising from Experience Adjustments	14,501	-	-	-
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	92,912	-	-	-
Total Defined Benefit Cost	109,650	28,279	29,232	30,286

C. Change in the Present Value of Defined Benefit Obligation

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Present Value of Defined Benefit Obligation as at January 1	304,008	378,077	378,663	378,079
Current Service Cost	5,862	16,624	17,591	18,682
Interest Cost	10,876	11,655	11,640	11,604
Benefits Paid	(35,581)	(27,693)	(29,816)	(30,925)
Net Actuarial Loss/(Gain)	92,912	-	-	-
Present Value of Defined Benefit Obligation as at December 31	378,077	378,663	378,079	377,440

* The expected December 31, 2019 PV DBO and CY 2019 defined benefit cost are calculated based on membership data and management's best estimate assumptions at December 31, 2016.

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

Lakeland Power Distribution Ltd.
Estimated Benefit Expense (IAS 19)
Total

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Discount Rate at January 1	3.80%	3.20%	3.20%	3.20%
Discount Rate at December 31	3.20%	3.20%	3.20%	3.20%
Health Benefit Cost Trend Rate at December 31	5.60%	4.40%	4.60%	4.80%
Dental Benefit Cost Trend Rate at December 31	4.50%	4.70%	4.90%	5.10%
Long Term Health and Dental Benefit Cost Trend Rate	4.50%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2025	2040	2040	2040
Assumed Increase in Employer Contributions	Actual	Expected ***	Expected ***	Expected ***

D. Calculation of Component Items

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Interest Cost				
Present Value of Defined Benefit Obligation as at January 1	304,008	378,077	378,663	378,079
Benefits Paid	(17,790)	(13,846)	(14,908)	(15,462)
Accrued Benefits	286,218	364,231	363,755	362,616
Interest Cost	10,876	11,655	11,640	11,604
Expected Present Value of Defined Benefit Obligation as at December 31				
Present Value of Defined Benefit Obligation as at January 1	304,008	378,077	378,663	378,079
Current Service Cost	5,862	16,624	17,591	18,682
Benefits Paid	(35,581)	(27,693)	(29,816)	(30,925)
Interest Cost	10,876	11,655	11,640	11,604
Expected Present Value of Defined Benefit Obligation as at December 31	285,166	378,663	378,079	377,440

E. Net Actuarial Loss/(Gain)

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Net Actuarial Loss/(Gain) as at December 31				
Expected Present Value of Defined Benefit Obligation	285,166	378,663	378,079	377,440
Actual Present Value of Defined Benefit Obligation	378,077	378,663	378,079	377,440
Net Actuarial Loss/(Gain) as at December 31	92,912	-	-	-

* The expected December 31, 2019 PV DBO and CY 2019 defined benefit cost are calculated based on membership data and management's best estimate assumptions at December 31, 2016.

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

Lakeland Power Distribution Ltd.
Estimated Benefit Expense (IAS 19)
Energy

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Discount Rate at January 1	3.80%	3.20%	3.20%	3.20%
Discount Rate at December 31	3.20%	3.20%	3.20%	3.20%
Health Benefit Cost Trend Rate at December 31	5.60%	4.40%	4.60%	4.80%
Dental Benefit Cost Trend Rate at December 31	4.50%	4.70%	4.90%	5.10%
Long Term Health and Dental Benefit Cost Trend Rate	4.50%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2025	2040	2040	2040
Assumed Increase in Employer Contributions	actual	expected ***	expected ***	expected ***

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

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Net Defined Benefit Liability/(Asset) as at January 1	11,669	29,291	37,148	45,477
Defined Benefit Cost Recognized in Income Statement	2,409	7,856	8,329	8,872
Defined Benefit Cost Recognized in Other Comprehensive Income	16,579	-	-	-
Benefits Paid by the Employer	(1,366)	-	-	-
Net Defined Benefit Liability/(Asset) as at December 31	29,291	37,148	45,477	54,349

B. Determination of Defined Benefit Cost

B1. Determination of Defined Benefit Cost Recognized in Income Statement

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Current Service Cost	1,991	6,919	7,140	7,417
Interest Cost	417	937	1,189	1,455
Defined Benefit Cost Recognized in Income Statement	2,409	7,856	8,329	8,872

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

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	11,051	-	-	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	1,632	-	-	-
Net Actuarial Loss/(Gain) arising from Experience Adjustments	3,896	-	-	-
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	16,579	-	-	-
Total Defined Benefit Cost	18,988	7,856	8,329	8,872

C. Change in the Present Value of Defined Benefit Obligation

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Present Value of Defined Benefit Obligation as at January 1	11,669	29,291	37,148	45,477
Current Service Cost	1,991	6,919	7,140	7,417
Interest Cost	417	937	1,189	1,455
Benefits Paid	(1,366)	-	-	-
Net Actuarial Loss/(Gain)	16,579	-	-	-
Present Value of Defined Benefit Obligation as at December 31	29,291	37,148	45,477	54,349

* The expected December 31, 2019 PV DBO and CY 2019 defined benefit cost are calculated based on membership data and management's best estimate assumptions at December 31, 2016.

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Lakeland Power Distribution Ltd.
Estimated Benefit Expense (IAS 19)
Energy

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Discount Rate at January 1	3.80%	3.20%	3.20%	3.20%
Discount Rate at December 31	3.20%	3.20%	3.20%	3.20%
Health Benefit Cost Trend Rate at December 31	5.60%	4.40%	4.60%	4.80%
Dental Benefit Cost Trend Rate at December 31	4.50%	4.70%	4.90%	5.10%
Long Term Health and Dental Benefit Cost Trend Rate	4.50%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2025	2040	2040	2040
Assumed Increase in Employer Contributions	actual	expected ***	expected ***	expected ***

D. Calculation of Component Items

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Interest Cost				
Present Value of Defined Benefit Obligation as at January 1	11,669	29,291	37,148	45,477
Benefits Paid	(683)	-	-	-
Accrued Benefits	10,986	29,291	37,148	45,477
Interest Cost	417	937	1,189	1,455
Expected Present Value of Defined Benefit Obligation as at December 31				
Present Value of Defined Benefit Obligation as at January 1	11,669	29,291	37,148	45,477
Current Service Cost	1,991	6,919	7,140	7,417
Benefits Paid	(1,366)	-	-	-
Interest Cost	417	937	1,189	1,455
Expected Present Value of Defined Benefit Obligation as at December 31	12,712	37,148	45,477	54,349

E. Net Actuarial Loss/(Gain)

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Net Actuarial Loss/(Gain) as at December 31				
Expected Present Value of Defined Benefit Obligation	12,712	37,148	45,477	54,349
Actual Present Value of Defined Benefit Obligation	29,291	37,148	45,477	54,349
Net Actuarial Loss/(Gain) as at December 31	16,579	-	-	-

* The expected December 31, 2019 PV DBO and CY 2019 defined benefit cost are calculated based on membership data and management's best estimate assumptions at December 31, 2016.

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Lakeland Power Distribution Ltd.
Estimated Benefit Expense (IAS 19)
Generation

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Discount Rate at January 1	3.80%	3.20%	3.20%	3.20%
Discount Rate at December 31	3.20%	3.20%	3.20%	3.20%
Health Benefit Cost Trend Rate at December 31	5.60%	4.40%	4.60%	4.80%
Dental Benefit Cost Trend Rate at December 31	4.50%	4.70%	4.90%	5.10%
Long Term Health and Dental Benefit Cost Trend Rate	4.50%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2025	2040	2040	2040
Assumed Increase in Employer Contributions	actual	expected ***	expected ***	expected ***

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

Net Defined Benefit Liability/(Asset) as at January 1	203,521	205,394	200,628	194,955
Defined Benefit Cost Recognized in Income Statement	7,872	8,054	7,942	7,804
Defined Benefit Cost Recognized in Other Comprehensive Income	17,820	-	-	-
Benefits Paid by the Employer	(23,820)	(12,820)	(13,615)	(14,403)
Net Defined Benefit Liability/(Asset) as at December 31	205,394	200,628	194,955	188,356

B. Determination of Defined Benefit Cost

B1. Determination of Defined Benefit Cost Recognized in Income Statement

Current Service Cost	591	1,686	1,740	1,796
Interest Cost	7,281	6,367	6,202	6,008
Defined Benefit Cost Recognized in Income Statement	7,872	8,054	7,942	7,804

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

Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	17,324	-	-	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	659	-	-	-
Net Actuarial Loss/(Gain) arising from Experience Adjustments	(162)	-	-	-
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	17,820	-	-	-
Total Defined Benefit Cost	25,693	8,054	7,942	7,804

C. Change in the Present Value of Defined Benefit Obligation

Present Value of Defined Benefit Obligation as at January 1	203,521	205,394	200,628	194,955
Current Service Cost	591	1,686	1,740	1,796
Interest Cost	7,281	6,367	6,202	6,008
Benefits Paid	(23,820)	(12,820)	(13,615)	(14,403)
Net Actuarial Loss/(Gain)	17,820	-	-	-
Present Value of Defined Benefit Obligation as at December 31	205,394	200,628	194,955	188,356

* The expected December 31, 2019 PV DBO and CY 2019 defined benefit cost are calculated based on membership data and management's best estimate assumptions at December 31, 2016.

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Lakeland Power Distribution Ltd.
Estimated Benefit Expense (IAS 19)
Generation

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Discount Rate at January 1	3.80%	3.20%	3.20%	3.20%
Discount Rate at December 31	3.20%	3.20%	3.20%	3.20%
Health Benefit Cost Trend Rate at December 31	5.60%	4.40%	4.60%	4.80%
Dental Benefit Cost Trend Rate at December 31	4.50%	4.70%	4.90%	5.10%
Long Term Health and Dental Benefit Cost Trend Rate	4.50%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2025	2040	2040	2040
Assumed Increase in Employer Contributions	actual	expected ***	expected ***	expected ***

D. Calculation of Component Items

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Interest Cost				
Present Value of Defined Benefit Obligation as at January 1	203,521	205,394	200,628	194,955
Benefits Paid	(11,910)	(6,410)	(6,808)	(7,201)
Accrued Benefits	191,611	198,984	193,820	187,753
Interest Cost	7,281	6,367	6,202	6,008
Expected Present Value of Defined Benefit Obligation as at December 31				
Present Value of Defined Benefit Obligation as at January 1	203,521	205,394	200,628	194,955
Current Service Cost	591	1,686	1,740	1,796
Benefits Paid	(23,820)	(12,820)	(13,615)	(14,403)
Interest Cost	7,281	6,367	6,202	6,008
Expected Present Value of Defined Benefit Obligation as at December 31	187,573	200,628	194,955	188,356

E. Net Actuarial Loss/(Gain)

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Net Actuarial Loss/(Gain) as at December 31				
Expected Present Value of Defined Benefit Obligation	187,573	200,628	194,955	188,356
Actual Present Value of Defined Benefit Obligation	205,394	200,628	194,955	188,356
Net Actuarial Loss/(Gain) as at December 31	17,820	-	-	-

* The expected December 31, 2019 PV DBO and CY 2019 defined benefit cost are calculated based on membership data and management's best estimate assumptions at December 31, 2016.

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Lakeland Power Distribution Ltd.
Estimated Benefit Expense (IAS 19)
Holding

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Discount Rate at January 1	3.80%	3.20%	3.20%	3.20%
Discount Rate at December 31	3.20%	3.20%	3.20%	3.20%
Health Benefit Cost Trend Rate at December 31	5.60%	4.40%	4.60%	4.80%
Dental Benefit Cost Trend Rate at December 31	4.50%	4.70%	4.90%	5.10%
Long Term Health and Dental Benefit Cost Trend Rate	4.50%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2025	2040	2040	2040
Assumed Increase in Employer Contributions	actual	expected ***	expected ***	expected ***

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

Net Defined Benefit Liability/(Asset) as at January 1	31,138	50,419	53,130	56,396
Defined Benefit Cost Recognized in Income Statement	2,933	5,807	6,463	7,205
Defined Benefit Cost Recognized in Other Comprehensive Income	19,992	-	-	-
Benefits Paid by the Employer	(3,644)	(3,095)	(3,197)	(3,033)
Net Defined Benefit Liability/(Asset) as at December 31	50,419	53,130	56,396	60,568

B. Determination of Defined Benefit Cost

B1. Determination of Defined Benefit Cost Recognized in Income Statement

Current Service Cost	1,819	4,243	4,814	5,449
Interest Cost	1,114	1,564	1,649	1,756
Defined Benefit Cost Recognized in Income Statement	2,933	5,807	6,463	7,205

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

Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	16,948	-	-	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	816	-	-	-
Net Actuarial Loss/(Gain) arising from Experience Adjustments	2,228	-	-	-
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	19,992	-	-	-
Total Defined Benefit Cost	22,925	5,807	6,463	7,205

C. Change in the Present Value of Defined Benefit Obligation

Present Value of Defined Benefit Obligation as at January 1	31,138	50,419	53,130	56,396
Current Service Cost	1,819	4,243	4,814	5,449
Interest Cost	1,114	1,564	1,649	1,756
Benefits Paid	(3,644)	(3,095)	(3,197)	(3,033)
Net Actuarial Loss/(Gain)	19,992	-	-	-
Present Value of Defined Benefit Obligation as at December 31	50,419	53,130	56,396	60,568

* The expected December 31, 2019 PV DBO and CY 2019 defined benefit cost are calculated based on membership data and management's best estimate assumptions at December 31, 2016.

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Lakeland Power Distribution Ltd.
Estimated Benefit Expense (IAS 19)
Holding

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Discount Rate at January 1	3.80%	3.20%	3.20%	3.20%
Discount Rate at December 31	3.20%	3.20%	3.20%	3.20%
Health Benefit Cost Trend Rate at December 31	5.60%	4.40%	4.60%	4.80%
Dental Benefit Cost Trend Rate at December 31	4.50%	4.70%	4.90%	5.10%
Long Term Health and Dental Benefit Cost Trend Rate	4.50%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2025	2040	2040	2040
Assumed Increase in Employer Contributions	actual	expected ***	expected ***	expected ***

D. Calculation of Component Items

Interest Cost				
Present Value of Defined Benefit Obligation as at January 1	31,138	50,419	53,130	56,396
Benefits Paid	(1,822)	(1,547)	(1,599)	(1,517)
Accrued Benefits	29,316	48,871	51,532	54,880
Interest Cost	1,114	1,564	1,649	1,756
Expected Present Value of Defined Benefit Obligation as at December 31				
Present Value of Defined Benefit Obligation as at January 1	31,138	50,419	53,130	56,396
Current Service Cost	1,819	4,243	4,814	5,449
Benefits Paid	(3,644)	(3,095)	(3,197)	(3,033)
Interest Cost	1,114	1,564	1,649	1,756
Expected Present Value of Defined Benefit Obligation as at December 31	30,426	53,130	56,396	60,568

E. Net Actuarial Loss/(Gain)

Net Actuarial Loss/(Gain) as at December 31				
Expected Present Value of Defined Benefit Obligation	30,426	53,130	56,396	60,568
Actual Present Value of Defined Benefit Obligation	50,419	53,130	56,396	60,568
Net Actuarial Loss/(Gain) as at December 31	19,992	-	-	-

* The expected December 31, 2019 PV DBO and CY 2019 defined benefit cost are calculated based on membership data and management's best estimate assumptions at December 31, 2016.

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Lakeland Power Distribution Ltd.
Estimated Benefit Expense (IAS 19)
Power

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Discount Rate at January 1	3.80%	3.20%	3.20%	3.20%
Discount Rate at December 31	3.20%	3.20%	3.20%	3.20%
Health Benefit Cost Trend Rate at December 31	5.60%	4.40%	4.60%	4.80%
Dental Benefit Cost Trend Rate at December 31	4.50%	4.70%	4.90%	5.10%
Long Term Health and Dental Benefit Cost Trend Rate	4.50%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2025	2040	2040	2040
Assumed Increase in Employer Contributions	actual	expected ***	expected ***	expected ***

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

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Net Defined Benefit Liability/(Asset) as at January 1	57,680	92,973	87,757	81,251
Defined Benefit Cost Recognized in Income Statement	3,524	6,562	6,497	6,405
Defined Benefit Cost Recognized in Other Comprehensive Income	38,520	-	-	-
Benefits Paid by the Employer	(6,751)	(11,778)	(13,003)	(13,489)
Net Defined Benefit Liability/(Asset) as at December 31	92,973	87,757	81,251	74,167

B. Determination of Defined Benefit Cost

B1. Determination of Defined Benefit Cost Recognized in Income Statement

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Current Service Cost	1,461	3,776	3,896	4,021
Interest Cost	2,064	2,787	2,600	2,384
Defined Benefit Cost Recognized in Income Statement	3,524	6,562	6,497	6,405

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

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	28,740	-	-	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	1,240	-	-	-
Net Actuarial Loss/(Gain) arising from Experience Adjustments	8,540	-	-	-
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	38,520	-	-	-
Total Defined Benefit Cost	42,044	6,562	6,497	6,405

C. Change in the Present Value of Defined Benefit Obligation

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Present Value of Defined Benefit Obligation as at January 1	57,680	92,973	87,757	81,251
Current Service Cost	1,461	3,776	3,896	4,021
Interest Cost	2,064	2,787	2,600	2,384
Benefits Paid	(6,751)	(11,778)	(13,003)	(13,489)
Net Actuarial Loss/(Gain)	38,520	-	-	-
Present Value of Defined Benefit Obligation as at December 31	92,973	87,757	81,251	74,167

* The expected December 31, 2019 PV DBO and CY 2019 defined benefit cost are calculated based on membership data and management's best estimate assumptions at December 31, 2016.

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Lakeland Power Distribution Ltd.
Estimated Benefit Expense (IAS 19)
Power

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Discount Rate at January 1	3.80%	3.20%	3.20%	3.20%
Discount Rate at December 31	3.20%	3.20%	3.20%	3.20%
Health Benefit Cost Trend Rate at December 31	5.60%	4.40%	4.60%	4.80%
Dental Benefit Cost Trend Rate at December 31	4.50%	4.70%	4.90%	5.10%
Long Term Health and Dental Benefit Cost Trend Rate	4.50%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2025	2040	2040	2040
Assumed Increase in Employer Contributions	actual	expected ***	expected ***	expected ***

D. Calculation of Component Items

Interest Cost				
Present Value of Defined Benefit Obligation as at January 1	57,680	92,973	87,757	81,251
Benefits Paid	(3,375)	(5,889)	(6,502)	(6,744)
Accrued Benefits	54,305	87,084	81,256	74,506
Interest Cost	2,064	2,787	2,600	2,384
Expected Present Value of Defined Benefit Obligation as at December 31				
Present Value of Defined Benefit Obligation as at January 1	57,680	92,973	87,757	81,251
Current Service Cost	1,461	3,776	3,896	4,021
Benefits Paid	(6,751)	(11,778)	(13,003)	(13,489)
Interest Cost	2,064	2,787	2,600	2,384
Expected Present Value of Defined Benefit Obligation as at December 31	54,454	87,757	81,251	74,167

E. Net Actuarial Loss/(Gain)

Net Actuarial Loss/(Gain) as at December 31				
Expected Present Value of Defined Benefit Obligation	54,454	87,757	81,251	74,167
Actual Present Value of Defined Benefit Obligation	92,973	87,757	81,251	74,167
Net Actuarial Loss/(Gain) as at December 31	38,520	-	-	-

* The expected December 31, 2019 PV DBO and CY 2019 defined benefit cost are calculated based on membership data and management's best estimate assumptions at December 31, 2016.

** Projected CY 2020, 2021, and 2022 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 exepcted benefits to be paid to those eligible for benefits.

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January 27, 2021

DELIVERED BY E-MAIL: dpunkari@lakelandholding.com

Ms. Dawn Punkari
Accounting & Benefits Administrator
Lakeland Holding Ltd.
200-395 Centre St N
Huntsville, ON P1H 1T4

Dear Ms. Punkari:

Re: Lakeland Power Distribution Ltd. ("the Corporation") – Actuarial Extrapolation as at December 31, 2020: Post-Retirement Non-Pension Benefit Plan

RSM Canada Consulting LP has been engaged by the Corporation to provide an update to the accounting extrapolations regarding the Corporations post-retirement non-pension benefits for fiscal year ending December 31, 2020. Attached are accounting exhibits providing the results of the roll-forward of the Corporation's liabilities for fiscal year 2020. Also included in the exhibits for illustrative purposes only are extrapolations for fiscal years 2021 and 2022.

The most recent full actuarial valuation performed for the Corporation was at December 31, 2019 with our final report dated January 15, 2020 provided to the Corporation.

The intended users of this letter and attachments include the Corporation and its auditors for financial reporting in compliance with the accounting guidelines in respect of its post-retirement non-pension benefit plan for FY 2020. The calculations were performed in accordance with the International Financial Reporting Standards (IFRS) guidelines, specifically International Accounting Standards 19 (IAS 19) Employee Benefits.

Our calculations are based on the same benefit plan provisions, data, assumptions, and methodology as summarized in our actuarial valuation report at December 31, 2019, with the exception of the following changes:

- Discount rate assumption chosen by management which was changed from 3.20% to 2.60% per annum at December 31, 2020; and,
- An update to the demographic data that includes the addition of 15 employees hired in 2020 and the removal of 2 terminated employees in 2020 and 1 deceased retiree in 2020.

We note that the revisions of the 2020 benefit payments as outlined in the attached accounting exhibits are as follows:

- Total retiree benefit payments in FY 2020 with respect to post-retirement non-pension benefits of $33,400 as provided by the Corporation. Because we were not given the breakdown of the benefit payments by entity, we pro-rated the benefit payments across the entities based on expected cash flows.

RSM

The discount rate assumption is based on analysis of the projected benefit cash flows for the post-retirement non-pension benefits of the Corporation and the Fiera Capital yield curve for December 31, 2020, representing current high quality bond yields in the market. Pursuant to IAS 19, the impact of the above changes is recognized in a change to other comprehensive income in 2020. Please see the attached exhibits for further details.

In addition to the attached accounting exhibits which contain the detailed extrapolation results, we have also provided sensitivity analysis at December 31, 2020 below. The sensitivity analysis shows the change in the present value of the defined benefit obligation at December 31, 2020 by increasing or decreasing the discount rate and claim cost trend rates by 1% increments. The sensitivity is done separately for each assumption, while keeping other assumptions the same.

	Demographic + Discount Rate Change	**Trend +1%**	**Trend - 1%**	**Discount Rate +1%**	**Discount Rate -1%**
PV DBO @ Dec 31, 2020	349,800	380,800	324,200	310,700	397,500
% Difference (compared to Demographic + Discount Rate)		9%	-7%	-11%	14%

Similar to prior years, the above table is only prepared based on the total liability of all the different divisions combined.

We are not aware of any subsequent events that would have a significant impact on the results of our calculations contained herein.

The latest date on which the next full actuarial valuation should be performed is December 31, 2022.

If you have any questions regarding the above or the attached exhibits, please do not hesitate to give us a call.

Yours truly,

Stanley Caravaggio

Stanley Caravaggio, FSA, FCIA
Director
[Telephone: 416.408.5306]
[E-mail: stanley.caravaggio@rsmcanada.com]

SC:ecs

Copy: Alan Liang (RSM Canada)

Lakeland Holding Ltd.
Estimated Benefit Expense (IAS 19)
Consolidated

	Actual CY 2020 *	Projected ** CY 2021	Projected ** CY 2022
Discount Rate at January 1	3.20%	2.60%	2.60%
Discount Rate at December 31	2.60%	2.60%	2.60%
Health Benefit Cost Trend Rate at December 31	4.40%	4.60%	4.80%
Dental Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040
Assumed Increase in Employer Contributions	actual	Expected ***	Expected ***

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

Net Defined Benefit Liability/(Asset) as at January 1	378,077	349,754	354,856
Defined Benefit Cost Recognized in Income Statement	28,188	30,347	31,910
Defined Benefit Cost Recognized in Other Comprehensive Income	(23,111)	-	-
Benefits Paid by the Employer	(33,400)	(25,245)	(26,173)
Net Defined Benefit Liability/(Asset) as at December 31	349,754	354,856	360,593

B. Determination of Defined Benefit Cost

B1. Determination of Defined Benefit Cost Recognized in Income Statement

Current Service Cost	16,624	21,582	23,024
Interest Cost	11,564	8,765	8,886
Defined Benefit Cost Recognized in Income Statement	28,188	30,347	31,910

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

Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	24,358	-	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	(47,469)	-	-
Net Actuarial Loss/(Gain) arising from Experience Adjustments	-	-	-
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	(23,111)	-	-
Total Defined Benefit Cost	5,077	30,347	31,910

C. Change in the Present Value of Defined Benefit Obligation

Present Value of Defined Benefit Obligation as at January 1	378,077	349,754	354,856
Current Service Cost	16,624	21,582	23,024
Interest Cost	11,564	8,765	8,886
Benefits Paid	(33,400)	(25,245)	(26,173)
Net Actuarial Loss/(Gain)	(23,111)	-	-
Present Value of Defined Benefit Obligation as at December 31	349,754	354,856	360,593

* The expected December 31, 2020 PV DBO and CY 2020 defined benefit cost are calculated based on membership data and management's best estimate assumptions at December 31, 2019.

** Projected CY 2021, and 2022 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 exepcted benefits to be paid to those eligible for benefits.

Lakeland Holding Ltd.
Estimated Benefit Expense (IAS 19)
Consolidated

	Actual CY 2020 *	Projected ** CY 2021	Projected ** CY 2022
Discount Rate at January 1	3.20%	2.60%	2.60%
Discount Rate at December 31	2.60%	2.60%	2.60%
Health Benefit Cost Trend Rate at December 31	4.40%	4.60%	4.80%
Dental Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040
Assumed Increase in Employer Contributions	actual	Expected ***	Expected ***

D. Calculation of Component Items

	Actual CY 2020 *	Projected ** CY 2021	Projected ** CY 2022
Interest Cost			
Present Value of Defined Benefit Obligation as at January 1	378,077	349,754	354,856
Benefits Paid	(16,700)	(12,623)	(13,087)
Accrued Benefits	361,377	337,131	341,770
Interest Cost	11,564	8,765	8,886
Expected Present Value of Defined Benefit Obligation as at December 31			
Present Value of Defined Benefit Obligation as at January 1	378,077	349,754	354,856
Current Service Cost	16,624	21,582	23,024
Benefits Paid	(33,400)	(25,245)	(26,173)
Interest Cost	11,564	8,765	8,886
Expected Present Value of Defined Benefit Obligation as at December 31	372,865	354,856	360,593

E. Net Actuarial Loss/(Gain)

	Actual CY 2020 *	Projected ** CY 2021	Projected ** CY 2022
Net Actuarial Loss/(Gain) as at December 31			
Expected Present Value of Defined Benefit Obligation	372,865	354,856	360,593
Actual Present Value of Defined Benefit Obligation	349,754	354,856	360,593
Net Actuarial Loss/(Gain) as at December 31	(23,111)	-	-

* The expected December 31, 2020 PV DBO and CY 2020 defined benefit cost are calculated based on membership data and management's best estimate assumptions at December 31, 2019.

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

Lakeland Energy Ltd.
Estimated Benefit Expense (IAS 19)

	Actual CY 2020 *	Projected ** CY 2021	Projected ** CY 2022
Discount Rate at January 1	3.20%	2.60%	2.60%
Discount Rate at December 31	2.60%	2.60%	2.60%
Health Benefit Cost Trend Rate at December 31	4.40%	4.60%	4.80%
Dental Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040
Assumed Increase in Employer Contributions	actual	expected ***	expected ***

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

	Actual CY 2020 *	Projected ** CY 2021	Projected ** CY 2022
Net Defined Benefit Liability/(Asset) as at January 1	29,291	43,584	54,366
Defined Benefit Cost Recognized in Income Statement	7,856	10,782	11,616
Defined Benefit Cost Recognized in Other Comprehensive Income	6,437	-	-
Benefits Paid by the Employer	-	-	-
Net Defined Benefit Liability/(Asset) as at December 31	43,584	54,366	65,983

B. Determination of Defined Benefit Cost

B1. Determination of Defined Benefit Cost Recognized in Income Statement

	Actual CY 2020 *	Projected ** CY 2021	Projected ** CY 2022
Current Service Cost	6,919	9,649	10,203
Interest Cost	937	1,133	1,414
Defined Benefit Cost Recognized in Income Statement	7,856	10,782	11,616

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

	Actual CY 2020 *	Projected ** CY 2021	Projected ** CY 2022
Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	5,319	-	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	1,118	-	-
Net Actuarial Loss/(Gain) arising from Experience Adjustments	-	-	-
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	6,437	-	-
Total Defined Benefit Cost	14,293	10,782	11,616

C. Change in the Present Value of Defined Benefit Obligation

	Actual CY 2020 *	Projected ** CY 2021	Projected ** CY 2022
Present Value of Defined Benefit Obligation as at January 1	29,291	43,584	54,366
Current Service Cost	6,919	9,649	10,203
Interest Cost	937	1,133	1,414
Benefits Paid	-	-	-
Net Actuarial Loss/(Gain)	6,437	-	-
Present Value of Defined Benefit Obligation as at December 31	43,584	54,366	65,983

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

** Projected CY 2021, and 2022 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 exepcted benefits to be paid to those eligible for benefits.

Lakeland Energy Ltd.
Estimated Benefit Expense (IAS 19)

	Actual CY 2020 *	Projected ** CY 2021	Projected ** CY 2022
Discount Rate at January 1	3.20%	2.60%	2.60%
Discount Rate at December 31	2.60%	2.60%	2.60%
Health Benefit Cost Trend Rate at December 31	4.40%	4.60%	4.80%
Dental Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040
Assumed Increase in Employer Contributions	actual	expected ***	expected ***

D. Calculation of Component Items

Interest Cost			
Present Value of Defined Benefit Obligation as at January 1	29,291	43,584	54,366
Benefits Paid	-	-	-
Accrued Benefits	29,291	43,584	54,366
Interest Cost	937	1,133	1,414
Expected Present Value of Defined Benefit Obligation as at December 31			
Present Value of Defined Benefit Obligation as at January 1	29,291	43,584	54,366
Current Service Cost	6,919	9,649	10,203
Benefits Paid	-	-	-
Interest Cost	937	1,133	1,414
Expected Present Value of Defined Benefit Obligation as at December 31	37,148	54,366	65,983

E. Net Actuarial Loss/(Gain)

Net Actuarial Loss/(Gain) as at December 31			
Expected Present Value of Defined Benefit Obligation	37,148	54,366	65,983
Actual Present Value of Defined Benefit Obligation	43,584	54,366	65,983
Net Actuarial Loss/(Gain) as at December 31	6,437	-	-

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

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

Bracebridge Generation Ltd.
Estimated Benefit Expense (IAS 19)

	Actual CY 2020 *	Projected ** CY 2021	Projected ** CY 2022
Discount Rate at January 1	3.20%	2.60%	2.60%
Discount Rate at December 31	2.60%	2.60%	2.60%
Health Benefit Cost Trend Rate at December 31	4.40%	4.60%	4.80%
Dental Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040
Assumed Increase in Employer Contributions	actual	expected ***	expected ***

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

	Actual CY 2020 *	Projected ** CY 2021	Projected ** CY 2022
Net Defined Benefit Liability/(Asset) as at January 1	205,394	163,737	160,849
Defined Benefit Cost Recognized in Income Statement	8,067	6,156	6,125
Defined Benefit Cost Recognized in Other Comprehensive Income	(37,757)	-	-
Benefits Paid by the Employer	(11,966)	(9,044)	(9,651)
Net Defined Benefit Liability/(Asset) as at December 31	163,737	160,849	157,323

B. Determination of Defined Benefit Cost

B1. Determination of Defined Benefit Cost Recognized in Income Statement

	Actual CY 2020 *	Projected ** CY 2021	Projected ** CY 2022
Current Service Cost	1,686	2,016	2,069
Interest Cost	6,381	4,140	4,057
Defined Benefit Cost Recognized in Income Statement	8,067	6,156	6,125

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

	Actual CY 2020 *	Projected ** CY 2021	Projected ** CY 2022
Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	10,829	-	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	(48,586)	-	-
Net Actuarial Loss/(Gain) arising from Experience Adjustments	-	-	-
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	(37,757)	-	-
Total Defined Benefit Cost	(29,690)	6,156	6,125

C. Change in the Present Value of Defined Benefit Obligation

	Actual CY 2020 *	Projected ** CY 2021	Projected ** CY 2022
Present Value of Defined Benefit Obligation as at January 1	205,394	163,737	160,849
Current Service Cost	1,686	2,016	2,069
Interest Cost	6,381	4,140	4,057
Benefits Paid	(11,966)	(9,044)	(9,651)
Net Actuarial Loss/(Gain)	(37,757)	-	-
Present Value of Defined Benefit Obligation as at December 31	163,737	160,849	157,323

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

** Projected CY 2021, and 2022 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 exepcted benefits to be paid to those eligible for benefits.

Bracebridge Generation Ltd.
Estimated Benefit Expense (IAS 19)

	Actual CY 2020 *	Projected ** CY 2021	Projected ** CY 2022
Discount Rate at January 1	3.20%	2.60%	2.60%
Discount Rate at December 31	2.60%	2.60%	2.60%
Health Benefit Cost Trend Rate at December 31	4.40%	4.60%	4.80%
Dental Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040
Assumed Increase in Employer Contributions	actual	expected ***	expected ***

D. Calculation of Component Items

	Actual CY 2020 *	Projected ** CY 2021	Projected ** CY 2022
Interest Cost			
Present Value of Defined Benefit Obligation as at January 1	205,394	163,737	160,849
Benefits Paid	(5,983)	(4,522)	(4,826)
Accrued Benefits	199,411	159,215	156,023
Interest Cost	6,381	4,140	4,057
Expected Present Value of Defined Benefit Obligation as at December 31			
Present Value of Defined Benefit Obligation as at January 1	205,394	163,737	160,849
Current Service Cost	1,686	2,016	2,069
Benefits Paid	(11,966)	(9,044)	(9,651)
Interest Cost	6,381	4,140	4,057
Expected Present Value of Defined Benefit Obligation as at December 31	201,495	160,849	157,323

E. Net Actuarial Loss/(Gain)

	Actual CY 2020 *	Projected ** CY 2021	Projected ** CY 2022
Net Actuarial Loss/(Gain) as at December 31			
Expected Present Value of Defined Benefit Obligation	201,495	160,849	157,323
Actual Present Value of Defined Benefit Obligation	163,737	160,849	157,323
Net Actuarial Loss/(Gain) as at December 31	(37,757)	-	-

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

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Lakeland Holding Ltd.
Estimated Benefit Expense (IAS 19)
Non-Consolidated

	Actual CY 2020 *	Projected ** CY 2021	Projected ** CY 2022
Discount Rate at January 1	3.20%	2.60%	2.60%
Discount Rate at December 31	2.60%	2.60%	2.60%
Health Benefit Cost Trend Rate at December 31	4.40%	4.60%	4.80%
Dental Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040
Assumed Increase in Employer Contributions	actual	expected ***	expected ***

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

	Actual CY 2020 *	Projected ** CY 2021	Projected ** CY 2022
Net Defined Benefit Liability/(Asset) as at January 1	50,419	55,513	59,110
Defined Benefit Cost Recognized in Income Statement	5,788	6,794	7,608
Defined Benefit Cost Recognized in Other Comprehensive Income	3,536	-	-
Benefits Paid by the Employer	(4,230)	(3,197)	(3,033)
Net Defined Benefit Liability/(Asset) as at December 31	55,513	59,110	63,684

B. Determination of Defined Benefit Cost

B1. Determination of Defined Benefit Cost Recognized in Income Statement

	Actual CY 2020 *	Projected ** CY 2021	Projected ** CY 2022
Current Service Cost	4,243	5,393	6,111
Interest Cost	1,546	1,402	1,497
Defined Benefit Cost Recognized in Income Statement	5,788	6,794	7,608

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

	Actual CY 2020 *	Projected ** CY 2021	Projected ** CY 2022
Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	3,536	-	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	-	-	-
Net Actuarial Loss/(Gain) arising from Experience Adjustments	-	-	-
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	3,536	-	-
Total Defined Benefit Cost	9,324	6,794	7,608

C. Change in the Present Value of Defined Benefit Obligation

	Actual CY 2020 *	Projected ** CY 2021	Projected ** CY 2022
Present Value of Defined Benefit Obligation as at January 1	50,419	55,513	59,110
Current Service Cost	4,243	5,393	6,111
Interest Cost	1,546	1,402	1,497
Benefits Paid	(4,230)	(3,197)	(3,033)
Net Actuarial Loss/(Gain)	3,536	-	-
Present Value of Defined Benefit Obligation as at December 31	55,513	59,110	63,684

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

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Lakeland Holding Ltd.
Estimated Benefit Expense (IAS 19)
Non-Consolidated

	Actual CY 2020 *	Projected ** CY 2021	Projected ** CY 2022
Discount Rate at January 1	3.20%	2.60%	2.60%
Discount Rate at December 31	2.60%	2.60%	2.60%
Health Benefit Cost Trend Rate at December 31	4.40%	4.60%	4.80%
Dental Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040
Assumed Increase in Employer Contributions	actual	expected ***	expected ***

D. Calculation of Component Items

Interest Cost			
Present Value of Defined Benefit Obligation as at January 1	50,419	55,513	59,110
Benefits Paid	(2,115)	(1,599)	(1,517)
Accrued Benefits	48,304	53,914	57,593
Interest Cost	1,546	1,402	1,497
Expected Present Value of Defined Benefit Obligation as at December 31			
Present Value of Defined Benefit Obligation as at January 1	50,419	55,513	59,110
Current Service Cost	4,243	5,393	6,111
Benefits Paid	(4,230)	(3,197)	(3,033)
Interest Cost	1,546	1,402	1,497
Expected Present Value of Defined Benefit Obligation as at December 31	51,977	59,110	63,684

E. Net Actuarial Loss/(Gain)

Net Actuarial Loss/(Gain) as at December 31			
Expected Present Value of Defined Benefit Obligation	51,977	59,110	63,684
Actual Present Value of Defined Benefit Obligation	55,513	59,110	63,684
Net Actuarial Loss/(Gain) as at December 31	3,536	-	-

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

** Projected CY 2021, and 2022 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.

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Lakeland Power Distribution Ltd.
Estimated Benefit Expense (IAS 19)

	Actual CY 2020 *	Projected ** CY 2021	Projected ** CY 2022
Discount Rate at January 1	3.20%	2.60%	2.60%
Discount Rate at December 31	2.60%	2.60%	2.60%
Health Benefit Cost Trend Rate at December 31	4.40%	4.60%	4.80%
Dental Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040
Assumed Increase in Employer Contributions	actual	expected ***	expected ***

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

Net Defined Benefit Liability/(Asset) as at January 1	92,973	86,920	80,532
Defined Benefit Cost Recognized in Income Statement	6,476	6,615	6,561
Defined Benefit Cost Recognized in Other Comprehensive Income	4,674	-	-
Benefits Paid by the Employer	(17,204)	(13,003)	(13,489)
Net Defined Benefit Liability/(Asset) as at December 31	86,920	80,532	73,604

B. Determination of Defined Benefit Cost

B1. Determination of Defined Benefit Cost Recognized in Income Statement

Current Service Cost	3,776	4,524	4,642
Interest Cost	2,700	2,091	1,918
Defined Benefit Cost Recognized in Income Statement	6,476	6,615	6,561

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

Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	4,674	-	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	-	-	-
Net Actuarial Loss/(Gain) arising from Experience Adjustments	-	-	-
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	4,674	-	-
Total Defined Benefit Cost	11,150	6,615	6,561

C. Change in the Present Value of Defined Benefit Obligation

Present Value of Defined Benefit Obligation as at January 1	92,973	86,920	80,532
Current Service Cost	3,776	4,524	4,642
Interest Cost	2,700	2,091	1,918
Benefits Paid	(17,204)	(13,003)	(13,489)
Net Actuarial Loss/(Gain)	4,674	-	-
Present Value of Defined Benefit Obligation as at December 31	86,920	80,532	73,604

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

** Projected CY 2021, and 2022 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 exepcted benefits to be paid to those eligible for benefits.

Lakeland Power Distribution Ltd.
Estimated Benefit Expense (IAS 19)

	Actual CY 2020 *	Projected ** CY 2021	Projected ** CY 2022
Discount Rate at January 1	3.20%	2.60%	2.60%
Discount Rate at December 31	2.60%	2.60%	2.60%
Health Benefit Cost Trend Rate at December 31	4.40%	4.60%	4.80%
Dental Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040
Assumed Increase in Employer Contributions	actual	expected ***	expected ***

D. Calculation of Component Items

	Actual CY 2020 *	Projected ** CY 2021	Projected ** CY 2022
Interest Cost			
Present Value of Defined Benefit Obligation as at January 1	92,973	86,920	80,532
Benefits Paid	(8,602)	(6,502)	(6,744)
Accrued Benefits	84,371	80,418	73,787
Interest Cost	2,700	2,091	1,918
Expected Present Value of Defined Benefit Obligation as at December 31			
Present Value of Defined Benefit Obligation as at January 1	92,973	86,920	80,532
Current Service Cost	3,776	4,524	4,642
Benefits Paid	(17,204)	(13,003)	(13,489)
Interest Cost	2,700	2,091	1,918
Expected Present Value of Defined Benefit Obligation as at December 31	82,245	80,532	73,604

E. Net Actuarial Loss/(Gain)

	Actual CY 2020 *	Projected ** CY 2021	Projected ** CY 2022
Net Actuarial Loss/(Gain) as at December 31			
Expected Present Value of Defined Benefit Obligation	82,245	80,532	73,604
Actual Present Value of Defined Benefit Obligation	86,920	80,532	73,604
Net Actuarial Loss/(Gain) as at December 31	4,674	-	-

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

** Projected CY 2021, and 2022 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 exepcted benefits to be paid to those eligible for benefits.

LAKELAND HOLDING LTD.

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

AS AT DECEMBER 31, 2022

FINAL - January 18, 2023

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TABLE OF CONTENTS

EXECUTIVE SUMMARY

Purpose

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

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

The most recent full valuation was prepared as at December 31, 2019 with our final report dated January 15, 2020, based on the assumptions chosen by management at that date and in accordance with IAS 19.

The purpose of this valuation is threefold:

i) To determine the Corporation's liabilities in respect of post-retirement non-pension benefits at December 31, 2022;

ii) To determine the defined benefit costs to be recognized for fiscal year 2022; and

iii) To provide all other pertinent information necessary for compliance with IAS 19.

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

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

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

SECTION A — VALUATION RESULTS

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

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

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

Valuation Results

Section A.1—Valuation Results

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

	December 31, 2021	December 31, 2022
Present Value of Defined Benefit Obligation (PV DBO)	**354,900**	**280,700**

	CY 2021	CY 2022
Current Service Cost	21,600	23,000
Interest Cost	8,800	8,900
Defined Benefit Cost Recognized in Income Statement	**30,300**	**31,900**
Actuarial (Gain)/Loss	-	(78,600)
Defined Benefit Cost Recognized In OCI	**-**	**(78,600)**
Defined Benefit Cost	**30,300**	**(46,700)**

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

Dec. 31, 2022 PV DBO	Actives (incl. LTD)	Retirees	Total
Life	-	122,400	**122,400**
Health	119,400	27,800	**147,200**
Dental	3,400	7,700	**11,100**
Total	**122,800**	**157,900**	**280,700**

Sensitivity Analysis

Section A.2—Sensitivity Analysis

	Dec. 31, 2022 PV DBO	Difference	% Difference
Base Assumptions	280,700		
Cost Trends +1%	301,100	20,400	7%
Cost Trends -1%	263,600	(17,100)	-6%
Discount Rate +1%	253,300	(27,400)	-10%
Discount Rate -1%	313,600	32,900	12%

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

Development of Changes in the Present Value of Defined Benefit Obligation

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

PV DBO at December 31, 2021	354,900
2022 Current Service Cost	23,000
2022 Benefit Payments	(27,500)
2022 Interest Cost	8,900
Expected PV DBO at December 31, 2022	**359,300**
Actuarial (Gain)/Loss at December 31, 2022	(78,600)
PV DBO at December 31, 2022	**280,700**

The decrease indicated above of $78,600 in the PV DBO from the expected PV DBO at December 31, 2022 is due to the re-measurement of the liability; a breakdown of the changes is as follows:

Change in composition of active and retiree data (actual experience different from expected)	19,700
Change in assumptions:	
Mortality Improvement	(600)
Claims Cost	(1,400)
Withdrawal	(3,000)
Discount Rate	(93,400)
Total Actuarial (Gain)/Loss at December 31, 2022	**(78,600)**

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

SECTION B — PLAN PARTICIPANTS

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

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

Participation Data

Section B.1—Participant Data

Membership data as at October 31, 2022 was received from the Corporation and included information such as name, 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 October 31, the Corporation has indicated that no changes in status and other member data occurring from October 31 to December 31 are expected to 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, 2019	October 31, 2022
Active Employee Count		
Male	48	68
Female	17	25
Total	**65**	**93**
Active Employee Average Service		
Male	6.7	6.2
Female	7.3	6.6
Total	**6.9**	**6.3**
Retiree (in Receipt of Benefits) Count		
Male	8	8
Female	3	2
Total	**11**	**10**

	Employee Count as of October 31, 2022			Employee Avg Service as of October 31, 2022		
Age	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
< 30	12	4	16	2.2	1.3	2.0
30 - 35	22	4	26	3.7	3.8	3.7
36 - 40	5	1	6	5.2	5.8	5.3
41 - 45	8	1	9	7.2	1.3	6.6
46 - 50	8	1	9	8.0	2.3	7.4
51 - 55	9	8	17	12.8	7.0	10.0
56 - 60	3	4	7	16.0	6.7	10.7
61 - 65	1	2	3	3.1	26.4	18.7
66 - 70	-	-	-	-	-	-
71 - 75	-	-	-	-	-	-
> 75	-	-	-	-	-	-
Total	**68**	**25**	**93**	**6.2**	**6.6**	**6.3**

Participant Reconciliation

Section B.2—Participation Reconciliation

	Actives	Disabled	Retired
December 31, 2019	**65**	**-**	**11**
New Entrants	15	-	-
Terminated	(2)	-	-
Deceased	-	-	(1)
December 31, 2020	**78**	**-**	**10**
New Entrants	29	-	-
Actives	-	-	1
Terminated	(13)	-	-
Retired	(1)	-	-
Deceased	-	-	(1)
Disabled	-	-	-
December 31, 2022	**93**	**-**	**10**

Note: In the revised extrapolations prepared as at December 31, 2020, the demographic data was updated to reflect the Corporation's experience

.

SECTION C — SUMMARY OF ACTUARIAL METHOD AND ASSUMPTIONS

Actuarial Method

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

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

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

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

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

For health and dental benefits, the Corporation has selected the premium rates charge to retirees as management's best estimate of the benefits costs to be incurred. The total monthly premium rates, inclusive of premium taxes, used are as follows:

Effective Period	Benefit Grouping	Health Single	Health Family	Dental Single	Dental Family
Jan. 1, 2019 – Dec. 31, 2019	Class K/O - Non-Union Retirees with 25 yrs or more service	$ 79.76	$ 258.91	n/a	n/a
	Class M - Union Retirees with 30 yrs or more service	$ 79.76	$ 258.91	$ 66.95	$ 139.04
Jan. 1, 2023 – Dec. 31, 2023	Class K - Non-Union Retirees with 25 yrs or more service (pre-2016)	$ 118.80	$ 332.42	n/a	n/a
	Class O - Non-Union Retirees with 25 yrs or more service (2017 onwards)	$ 92.60	$ 295.75	n/a	n/a
	Class M - Union Retirees with 30 yrs or more service	$ 92.60	$ 295.75	$ 67.52	$ 140.18

The rates above are at the 100% level and prior to any cost-sharing provisions under the plan. The Corporation will pay 50% for non-union retirees and 100% for union retirees of these costs levels in line with the co-pay benefit structure for post-retirement benefits.

Management's Best Estimate Assumptions

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

Economic Assumptions

Discount Rate

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

The assumption used in the previous valuation was 3.20% per annum at December 31, 2019, which was subsequently updated to 2.60% per annum at December 31, 2020.

Claims Cost Trend Rate

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

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

	Current Valuation	
Year	**Health**	**Dental + Vision**
2023	4.90%	5.10%
2025	5.30%	5.60%
2030	5.30%	5.30%
2035	4.60%	4.60%
2040 and thereafter	4.00%	4.00%

Demographic Assumptions

Mortality Table

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

The mortality table assumption remains unchanged from the previous valuation, but the mortality improvement assumption has been updated from the CPM Improvement Scale B-2014 released in 2014.

Rates of Withdrawal

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

Age Bucket	Current Valuation	Previous Valuation
18 – 29	2.75%	3.50%
30 – 34	2.20%	2.00%
35 – 39	1.65%	1.65%
40 – 49	1.40%	1.30%
50 – 54	1.20%	0.95%

Retirement Age

All active employees are assumed to retire at age 60 (or immediately if currently over age 60), which was based on the Corporation's retirement experience as well as a seven year retirement experience study on a group of local distribution companies for which data was available. The assumed retirement age of 60 was increased, if necessary, to the minimum of the age at which 30 years of service for union employees or 25 years of service for non-union employees was reached and age 65.

This assumption remains unchanged from the previous valuation.

Disability

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

Other Assumptions

Family/Single Coverage

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

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

Expenses and Taxes

For health and dental coverage, the above premium rates are inclusive of expenses and taxes and therefore no additional assumptions regarding expenses is required. For life coverage, it is assumed that 10% of the accrued benefit obligation reflects the cost of sponsoring and administering the program for life insurance. These assumptions remain unchanged from the previous valuation.

In addition, we have included a load onto the life insurance benefit amount to reflect the cost of AD&D. The load is approximately 0.62% based on the AD&D premium charge for current retirees. The load used in the previous valuation was 0.78%.

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 union employees with 30 years of service are eligible for post-retirement health and dental benefits until age 65. Upon retirement, all non-union employees with 25 years of service are eligible for post-retirement health benefits until age 65.

In addition, all former Parry Sound Power Generation (PSPG) employees who retired before January 1, 2016 were eligible for post-retirement life and additional life coverage for lifetime, as well as AD&D until age 70.

Participant Contributions

The Corporation shall pay 50% of the cost of all post-retirement benefits for eligible union retirees and 100% of the cost of all post-retirement benefits for eligible non-union and former PSPG 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 former PSPG 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 was insured under Plan options 2, 3, or 4 *or* Employee retires with 10 or more years of service in the Plan but was never in 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.

In addition, all former PSPG employees are entitled to additional post-retirement life insurance of $10,000 for lifetime and AD&D coverage of $10,000 until age 70.

Health and Dental Benefits

Eligible employees are entitled to post-retirement health and dental benefits to age 65. Coverage for health and dental benefits continues to the dependents of a deceased pensioner until the pensioner would have turned age 65.

A detailed description of the health and dental benefits covered under the post-retirement non-pension benefits plan can be found in benefit information booklets provided to employees.

ACTUARIAL CERTIFICATION

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

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

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

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

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

Respectfully submitted,
RSM CANADA CONSULTING LP

Stanley Caravaggio

Stanley Caravaggio, FSA, FCIA
Director

Toronto, Ontario

January 18, 2023

SECTION E — EMPLOYER CERTIFICATION

Post-Retirement Non-Pension Benefit Plan
of Lakeland Holding Ltd.
Actuarial Valuation as at December 31, 2022

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

i) The membership data summarized in Section B is accurate and complete;

ii) The assumptions upon which this report is based as summarized in Section C, are management's best estimate assumptions and are adequate and appropriate for the purposes of this valuation; and

iii) The summary of Plan Provisions in Section D is an accurate and complete summary of the terms of the Plan in effect on December 31, 2022.

LAKELAND HOLDING LTD.

Jan 16, 2023

Date

Signature

Darren Bechtel

Name

CFO

Title

APPENDIX — DETAILED ACCOUNTING SCHEDULES

RSM

Lakeland Energy Ltd.

Estimated Benefit Expense (IAS 19)

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Discount Rate at January 1	2.60%	5.05%	5.05%	5.05%
Discount Rate at December 31	5.05%	5.05%	5.05%	5.05%
Health Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%	5.30%
Dental Benefit Cost Trend Rate at December 31	4.90%	5.10%	5.40%	5.60%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040	2040
Assumed Increase in Employer Contributions	Actual	Expected ***	Expected ***	Expected ***

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

		Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Net Defined Benefit Liability/(Asset) as at January 1		54,366	42,707	53,579	66,602
Defined Benefit Cost Recognized in Income Statement	5645.100	12,774	10,872	13,023	14,526
Defined Benefit Cost Recognized in Other Comprehensive Income	3090.300	(24,433)	-	-	-
Benefits Paid by the Employer	5645.100	-	-	-	-
Net Defined Benefit Liability/(Asset) as at December 31	2306.800	42,707	53,579	66,602	81,128

B. Determination of Defined Benefit Cost

B1. Determination of Defined Benefit Cost Recognized in Income Statement

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Current Service Cost	10,203	8,715	10,317	11,163
Past Service or Settlement Cost/(Gain)****	1,157	-	-	-
Interest Cost	1,414	2,157	2,706	3,363
Defined Benefit Cost Recognized in Income Statement	12,774	10,872	13,023	14,526

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

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	(28,323)	-	-	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	(1,428)	-	-	-
Net Actuarial Loss/(Gain) arising from Experience Adjustments	5,318	-	-	-
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	(24,433)	-	-	-
Total Defined Benefit Cost	(11,659)	10,872	13,023	14,526

C. Change in the Present Value of Defined Benefit Obligation

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Present Value of Defined Benefit Obligation as at January 1	54,366	42,707	53,579	66,602
Current Service Cost	10,203	8,715	10,317	11,163
Past Service or Settlement Cost/(Gain)****	1,157	-	-	-
Interest Cost	1,414	2,157	2,706	3,363
Benefits Paid	-	-	-	-
Net Actuarial Loss/(Gain)	(24,433)	-	-	-
Present Value of Defined Benefit Obligation as at December 31	42,707	53,579	66,602	81,128

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

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

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

**** Reflects the transfer of 2 employees from Lakeland Holding Ltd. (un-consolidated) to Lakeland Energy Ltd. in Jan 2021.

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Lakeland Energy Ltd.
Estimated Benefit Expense (IAS 19)

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Discount Rate at January 1	2.60%	5.05%	5.05%	5.05%
Discount Rate at December 31	5.05%	5.05%	5.05%	5.05%
Health Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%	5.30%
Dental Benefit Cost Trend Rate at December 31	4.90%	5.10%	5.40%	5.60%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040	2040
Assumed Increase in Employer Contributions	Actual	Expected ***	Expected ***	Expected ***

D. Calculation of Component Items

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Interest Cost				
Present Value of Defined Benefit Obligation as at January 1	54,366	42,707	53,579	66,602
Benefits Paid	-	-	-	-
Accrued Benefits	54,366	42,707	53,579	66,602
Interest Cost	1,414	2,157	2,706	3,363
Expected Present Value of Defined Benefit Obligation as at December 31				
Present Value of Defined Benefit Obligation as at January 1	54,366	42,707	53,579	66,602
Current Service Cost	10,203	8,715	10,317	11,163
Benefits Paid	-	-	-	-
Interest Cost	1,414	2,157	2,706	3,363
Expected Present Value of Defined Benefit Obligation as at December 31	65,983	53,579	66,602	81,128

E. Net Actuarial Loss/(Gain)

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Net Actuarial Loss/(Gain) as at December 31				
Expected Present Value of Defined Benefit Obligation	65,983	53,579	66,602	81,128
Past Service or Settlement Cost/(Gain)****	1,157	-	-	-
Expected Present Value of Defined Benefit Obligation (after Past Service Cost)	67,140	53,579	66,602	81,128
Actual Present Value of Defined Benefit Obligation	42,707	53,579	66,602	81,128
Net Actuarial Loss/(Gain) as at December 31	(24,433)	-	-	-

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

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

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

**** Reflects the transfer of 2 employees from Lakeland Holding Ltd. (un-consolidated) to Lakeland Energy Ltd. in Jan 2021.

Bracebridge Generation Ltd.
Estimated Benefit Expense (IAS 19)

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Discount Rate at January 1	2.60%	5.05%	5.05%	5.05%
Discount Rate at December 31	5.05%	5.05%	5.05%	5.05%
Health Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%	5.30%
Dental Benefit Cost Trend Rate at December 31	4.90%	5.10%	5.40%	5.60%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040	2040
Assumed Increase in Employer Contributions	Actual	Expected ***	Expected ***	Expected ***

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

		Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Net Defined Benefit Liability/(Asset) as at January 1		160,849	139,550	136,720	133,136
Defined Benefit Cost Recognized in Income Statement	5645 .100	6,043	8,214	8,127	8,078
Defined Benefit Cost Recognized in Other Comprehensive Income	.3090 .300	(11,358)	-	-	-
Benefits Paid by the Employer	5645 .100	(15,984)	(11,044)	(11,711)	(9,510)
Net Defined Benefit Liability/(Asset) as at December 31	2306 .800	139,550	136,720	133,136	131,704

B. Determination of Defined Benefit Cost

B1. Determination of Defined Benefit Cost Recognized in Income Statement

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Current Service Cost	2,069	1,442	1,515	1,592
Interest Cost	3,974	6,772	6,612	6,486
Defined Benefit Cost Recognized in Income Statement	6,043	8,214	8,127	8,078

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

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	(40,528)	-	-	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	(1,146)	-	-	-
Net Actuarial Loss/(Gain) arising from Experience Adjustments	30,316	-	-	-
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	(11,358)	-	-	-
Total Defined Benefit Cost	(5,315)	8,214	8,127	8,078

C. Change in the Present Value of Defined Benefit Obligation

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Present Value of Defined Benefit Obligation as at January 1	160,849	139,550	136,720	133,136
Current Service Cost	2,069	1,442	1,515	1,592
Interest Cost	3,974	6,772	6,612	6,486
Benefits Paid	(15,984)	(11,044)	(11,711)	(9,510)
Net Actuarial Loss/(Gain)	(11,358)	-	-	-
Present Value of Defined Benefit Obligation as at December 31	139,550	136,720	133,136	131,704

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

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

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

Bracebridge Generation Ltd.
Estimated Benefit Expense (IAS 19)

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Discount Rate at January 1	2.60%	5.05%	5.05%	5.05%
Discount Rate at December 31	5.05%	5.05%	5.05%	5.05%
Health Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%	5.30%
Dental Benefit Cost Trend Rate at December 31	4.90%	5.10%	5.40%	5.60%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040	2040
Assumed Increase in Employer Contributions	Actual	Expected ***	Expected ***	Expected ***

D. Calculation of Component Items

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Interest Cost				
Present Value of Defined Benefit Obligation as at January 1	160,849	139,550	136,720	133,136
Benefits Paid	(7,992)	(5,522)	(5,856)	(4,755)
Accrued Benefits	152,857	134,028	130,865	128,381
Interest Cost	3,974	6,772	6,612	6,486
Expected Present Value of Defined Benefit Obligation as at December 31				
Present Value of Defined Benefit Obligation as at January 1	160,849	139,550	136,720	133,136
Current Service Cost	2,069	1,442	1,515	1,592
Benefits Paid	(15,984)	(11,044)	(11,711)	(9,510)
Interest Cost	3,974	6,772	6,612	6,486
Expected Present Value of Defined Benefit Obligation as at December 31	150,908	136,720	133,136	131,704

E. Net Actuarial Loss/(Gain)

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Net Actuarial Loss/(Gain) as at December 31				
Expected Present Value of Defined Benefit Obligation	150,908	136,720	133,136	131,704
Actual Present Value of Defined Benefit Obligation	139,550	136,720	133,136	131,704
Net Actuarial Loss/(Gain) as at December 31	(11,358)	-	-	-

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

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

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

Lakeland Holding Ltd.

Estimated Benefit Expense (IAS 19)

Non-Consolidated

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Discount Rate at January 1	2.60%	5.05%	5.05%	5.05%
Discount Rate at December 31	5.05%	5.05%	5.05%	5.05%
Health Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%	5.30%
Dental Benefit Cost Trend Rate at December 31	4.90%	5.10%	5.40%	5.60%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040	2040
Assumed Increase in Employer Contributions	Actual	Expected ***	Expected ***	Expected ***

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

		CY 2022 *	CY 2023	CY 2024	CY 2025
Net Defined Benefit Liability/(Asset) as at January 1	5645.100	59,110	48,923	55,321	61,536
Defined Benefit Cost Recognized in Income Statement	3090.300	6,450	6,398	6,215	6,702
Defined Benefit Cost Recognized in Other Comprehensive Income	5645.100	(13,486)	-	-	-
Benefits Paid by the Employer		(3,151)	-	-	(3,879)
Net Defined Benefit Liability/(Asset) as at December 31	2306.800	48,923	55,321	61,536	64,359

B. Determination of Defined Benefit Cost

B1. Determination of Defined Benefit Cost Recognized in Income Statement

	CY 2022 *	CY 2023	CY 2024	CY 2025
Current Service Cost	6,111	3,927	3,421	3,691
Past Service or Settlement Cost/(Gain)****	(1,157)	-	-	-
Interest Cost	1,496	2,471	2,794	3,011
Defined Benefit Cost Recognized in Income Statement	6,450	6,398	6,215	6,702

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

	CY 2022 *	CY 2023	CY 2024	CY 2025
Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	(13,641)	-	-	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	(490)	-	-	-
Net Actuarial Loss/(Gain) arising from Experience Adjustments	645	-	-	-
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	(13,486)	-	-	-
Total Defined Benefit Cost	(7,036)	6,398	6,215	6,702

C. Change in the Present Value of Defined Benefit Obligation

	CY 2022 *	CY 2023	CY 2024	CY 2025
Present Value of Defined Benefit Obligation as at January 1	59,110	48,923	55,321	61,536
Current Service Cost	6,111	3,927	3,421	3,691
Past Service or Settlement Cost/(Gain)****	(1,157)	-	-	-
Interest Cost	1,496	2,471	2,794	3,011
Benefits Paid	(3,151)	-	-	(3,879)
Net Actuarial Loss/(Gain)	(13,486)	-	-	-
Present Value of Defined Benefit Obligation as at December 31	48,923	55,321	61,536	64,359

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

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

**** Reflects the transfer of 2 employees from Lakeland Holding Ltd. (un-consolidated) to Lakeland Energy Ltd. in Jan 2021.

Lakeland Holding Ltd.

Estimated Benefit Expense (IAS 19)

Non-Consolidated

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Discount Rate at January 1	2.60%	5.05%	5.05%	5.05%
Discount Rate at December 31	5.05%	5.05%	5.05%	5.05%
Health Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%	5.30%
Dental Benefit Cost Trend Rate at December 31	4.90%	5.10%	5.40%	5.60%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040	2040
Assumed Increase in Employer Contributions	Actual	Expected ***	Expected ***	Expected ***

D. Calculation of Component Items

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Interest Cost				
Present Value of Defined Benefit Obligation as at January 1	59,110	48,923	55,321	61,536
Benefits Paid	(1,576)	-	-	(1,940)
Accrued Benefits	57,535	48,923	55,321	59,597
Interest Cost	1,496	2,471	2,794	3,011
Expected Present Value of Defined Benefit Obligation as at December 31				
Present Value of Defined Benefit Obligation as at January 1	59,110	48,923	55,321	61,536
Current Service Cost	6,111	3,927	3,421	3,691
Benefits Paid	(3,151)	-	-	(3,879)
Interest Cost	1,496	2,471	2,794	3,011
Expected Present Value of Defined Benefit Obligation as at December 31	63,566	55,321	61,536	64,359

E. Net Actuarial Loss/(Gain)

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Net Actuarial Loss/(Gain) as at December 31				
Expected Present Value of Defined Benefit Obligation	63,566	55,321	61,536	64,359
Past Service or Settlement Cost/(Gain)****	(1,157)	-	-	-
Expected Present Value of Defined Benefit Obligation (after Past Service Cost)	62,409	55,321	61,536	64,359
Actual Present Value of Defined Benefit Obligation	48,923	55,321	61,536	64,359
Net Actuarial Loss/(Gain) as at December 31	(13,486)	-	-	-

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

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

**** Reflects the transfer of 2 employees from Lakeland Holding Ltd. (un-consolidated) to Lakeland Energy Ltd. in Jan 2021.

RSM

Lakeland Power Distribution Ltd.
Estimated Benefit Expense (IAS 19)

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Discount Rate at January 1	2.60%	5.05%	5.05%	5.05%
Discount Rate at December 31	5.05%	5.05%	5.05%	5.05%
Health Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%	5.30%
Dental Benefit Cost Trend Rate at December 31	4.90%	5.10%	5.40%	5.60%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040	2040
Assumed Increase in Employer Contributions	Actual	Expected ***	Expected ***	Expected ***

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

		CY 2022 *	CY 2023	CY 2024	CY 2025
Net Defined Benefit Liability/(Asset) as at January 1	5645.100	80,532	49,492	39,891	33,396
Defined Benefit Cost Recognized in Income Statement	3090.300	6,627	4,619	4,646	4,651
Defined Benefit Cost Recognized in Other Comprehensive Income	5645.100	(29,334)	-	-	-
Benefits Paid by the Employer		(8,333)	(14,220)	(11,141)	(7,775)
Net Defined Benefit Liability/(Asset) as at December 31	2306.800	49,492	39,891	33,396	30,272

B. Determination of Defined Benefit Cost

B1. Determination of Defined Benefit Cost Recognized in Income Statement

	CY 2022 *	CY 2023	CY 2024	CY 2025
Current Service Cost	4,642	2,474	2,909	3,159
Interest Cost	1,985	2,145	1,737	1,492
Defined Benefit Cost Recognized in Income Statement	6,627	4,619	4,646	4,651

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

	CY 2022 *	CY 2023	CY 2024	CY 2025
Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	(12,315)	-	-	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	(461)	-	-	-
Net Actuarial Loss/(Gain) arising from Experience Adjustments	(16,558)	-	-	-
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	(29,334)	-	-	-
Total Defined Benefit Cost	(22,707)	4,619	4,646	4,651

C. Change in the Present Value of Defined Benefit Obligation

	CY 2022 *	CY 2023	CY 2024	CY 2025
Present Value of Defined Benefit Obligation as at January 1	80,532	49,492	39,891	33,396
Current Service Cost	4,642	2,474	2,909	3,159
Interest Cost	1,985	2,145	1,737	1,492
Benefits Paid	(8,333)	(14,220)	(11,141)	(7,775)
Net Actuarial Loss/(Gain)	(29,334)	-	-	-
Present Value of Defined Benefit Obligation as at December 31	49,492	39,891	33,396	30,272

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

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

Lakeland Power Distribution Ltd.
Estimated Benefit Expense (IAS 19)

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Discount Rate at January 1	2.60%	5.05%	5.05%	5.05%
Discount Rate at December 31	5.05%	5.05%	5.05%	5.05%
Health Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%	5.30%
Dental Benefit Cost Trend Rate at December 31	4.90%	5.10%	5.40%	5.60%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040	2040
Assumed Increase in Employer Contributions	Actual	Expected ***	Expected ***	Expected ***

D. Calculation of Component Items

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Interest Cost				
Present Value of Defined Benefit Obligation as at January 1	80,532	49,492	39,891	33,396
Benefits Paid	(4,167)	(7,110)	(5,571)	(3,888)
Accrued Benefits	76,366	42,382	34,321	29,509
Interest Cost	1,985	2,145	1,737	1,492
Expected Present Value of Defined Benefit Obligation as at December 31				
Present Value of Defined Benefit Obligation as at January 1	80,532	49,492	39,891	33,396
Current Service Cost	4,642	2,474	2,909	3,159
Benefits Paid	(8,333)	(14,220)	(11,141)	(7,775)
Interest Cost	1,985	2,145	1,737	1,492
Expected Present Value of Defined Benefit Obligation as at December 31	78,826	39,891	33,396	30,272

E. Net Actuarial Loss/(Gain)

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Net Actuarial Loss/(Gain) as at December 31				
Expected Present Value of Defined Benefit Obligation	78,826	39,891	33,396	30,272
Actual Present Value of Defined Benefit Obligation	49,492	39,891	33,396	30,272
Net Actuarial Loss/(Gain) as at December 31	(29,334)	-	-	-

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

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

Lakeland Holding Ltd.
Estimated Benefit Expense (IAS 19)
Consolidated

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Discount Rate at January 1	2.60%	5.05%	5.05%	5.05%
Discount Rate at December 31	5.05%	5.05%	5.05%	5.05%
Health Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%	5.30%
Dental Benefit Cost Trend Rate at December 31	4.90%	5.10%	5.40%	5.60%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040	2040
Assumed Increase in Employer Contributions	Actual	Expected ***	Expected ***	Expected ***

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

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Net Defined Benefit Liability/(Asset) as at January 1	354,856	280,672	285,511	294,670
Defined Benefit Cost Recognized in Income Statement	31,893	30,103	32,011	33,958
Defined Benefit Cost Recognized in Other Comprehensive Income	(78,609)	-	-	-
Benefits Paid by the Employer	(27,468)	(25,264)	(22,852)	(21,164)
Net Defined Benefit Liability/(Asset) as at December 31	280,672	285,511	294,670	307,464

B. Determination of Defined Benefit Cost

B1. Determination of Defined Benefit Cost Recognized in Income Statement

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Current Service Cost	23,024	16,558	18,163	19,605
Interest Cost	8,869	13,545	13,848	14,353
Defined Benefit Cost Recognized in Income Statement	31,893	30,103	32,011	33,958

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

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	(94,804)	-	-	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	(3,527)	-	-	-
Net Actuarial Loss/(Gain) arising from Experience Adjustments	19,722	-	-	-
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	(78,609)	-	-	-
Total Defined Benefit Cost	(46,716)	30,103	32,011	33,958

C. Change in the Present Value of Defined Benefit Obligation

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Present Value of Defined Benefit Obligation as at January 1	354,856	280,672	285,511	294,670
Current Service Cost	23,024	16,558	18,163	19,605
Interest Cost	8,869	13,545	13,848	14,353
Benefits Paid	(27,468)	(25,264)	(22,852)	(21,164)
Net Actuarial Loss/(Gain)	(78,609)	-	-	-
Present Value of Defined Benefit Obligation as at December 31	280,672	285,511	294,670	307,464

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

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

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Lakeland Holding Ltd.
Estimated Benefit Expense (IAS 19)
Consolidated

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Discount Rate at January 1	2.60%	5.05%	5.05%	5.05%
Discount Rate at December 31	5.05%	5.05%	5.05%	5.05%
Health Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%	5.30%
Dental Benefit Cost Trend Rate at December 31	4.90%	5.10%	5.40%	5.60%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040	2040
Assumed Increase in Employer Contributions	Actual	Expected ***	Expected ***	Expected ***

D. Calculation of Component Items

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Interest Cost				
Present Value of Defined Benefit Obligation as at January 1	354,856	280,672	285,511	294,670
Benefits Paid	(13,734)	(12,632)	(11,426)	(10,582)
Accrued Benefits	341,122	268,040	274,085	284,088
Interest Cost	8,869	13,545	13,848	14,353
Expected Present Value of Defined Benefit Obligation as at December 31				
Present Value of Defined Benefit Obligation as at January 1	354,856	280,672	285,511	294,670
Current Service Cost	23,024	16,558	18,163	19,605
Benefits Paid	(27,468)	(25,264)	(22,852)	(21,164)
Interest Cost	8,869	13,545	13,848	14,353
Expected Present Value of Defined Benefit Obligation as at December 31	359,281	285,511	294,670	307,464

E. Net Actuarial Loss/(Gain)

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Net Actuarial Loss/(Gain) as at December 31				
Expected Present Value of Defined Benefit Obligation	359,281	285,511	294,670	307,464
Actual Present Value of Defined Benefit Obligation	280,672	285,511	294,670	307,464
Net Actuarial Loss/(Gain) as at December 31	(78,609)	-	-	-

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

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

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

Appendix C	**LEL Shared Services: GIS Services Contract 2024** **LEL Shared Services: NOC Services Contract 2024** **LEL Shared Services: IT Services Contract 2024**

Work Order #___________

SERVICE CONTRACT

Lakeland Networks

Date of Quote (valid 30 days)	20-Dec-23
Company Name	Lakeland Power Ltd
Company Contact	Jordan Nickason
Service Address	200-395 Centre St N. Huntsville ON P1H 2M2
Company Phone Number	705-645-2667
Contact E-mail Address	jnickason@lakelandpower.on.ca

QTY	DESCRIPTION	TERM (Monthly)	MSRP	DISCOUNT	REVISED RATE	LINE TOTAL
1	HOURLY GIS SERVICES	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	MONTHLY TOTAL TAXES EXTRA					[redacted] [redacted]

QTY	ONE TIME CHARGE		MSRP	DISCOUNT	REVISED RATE	LINE TOTAL
1	50% OF 2024 ANNUAL ESRI SOFTWARE LICENSE FEES (JUNE 2024 - JUNE 2025)		[redacted] [redacted]	[redacted]	[redacted]	[redacted]
1	50% OF 2025 ANNUAL ESRI SOFTWARE LICENSE FEES (JUNE 2025 - JUNE 2026)		TBD			
1	50% OF 2026 ANNUAL ESRI SOFTWARE LICENSE FEES (JUNE 2026 - JUNE 2027)		TBD			
	MONTHLY TOTAL TAXES EXTRA					[redacted]

NOTE: Please note that any network cabling will be time and materials. Time to be billed [redacted]

In Signing, I agree that I have read and understood the following terms and conditions laid out within the "Lakeland Networks Internet/VLAN Service Agreement" below and within this agreement:

1)Lakeland Networks reserves the right to negate this contract based on unforeseen engineering requirements and build costs.
2)Please review our Service Agreement prior to signing located on our website at www.lakelandnetworks.com for the most up to date policies and agreement provisions.
3)It is the customer's obligation to cancel any previous internet provider's services.
4)Lakeland Networks will manage the cancellation of phone services from previous provider for phone lines that require porting.
5)For all hardware and OTC installation charges, 25% due on acceptance of contract.
6)Due to the compression and decompression of data, many older on-premises alarm systems are not supported by VoIP. A standard copper line should be maintained for this service, but we suggest that this is discussed with your security provider.

Jordan Nickason	X [redacted]	19-07-2024
Customer Name (Please Print)	**Customer Signature**	**Date**

SERVICE CONTRACT

lakeland NETWORKS

Date of Quote (valid 30 days)	13-Aug-24
Company Name	Lakeland Power Distribution Ltd.
Company Contact	
Main Address	200-395 Centre Street North, Huntsville
Company Phone Number	
Contact E-mail Address	finance@lakelandholding.com

Site Name	ACCOUNT ID	Term (months)	Adddress		
Lakeland Power	[redacted]				
PKGNAME					
100 M VLAN					
Burrow Pit 10Gbps Backup					
Hot water tank MONTHLY RENTAL					
VOIP-TELEPHONY					
Lakeland Power - PS Office					
5 M VLAN					
Lakeland Power - MS4 Parry Sound					
5 M VLAN					
Lakeland Power - MS3 Parry Sound					
5 M VLAN					
Lakeland Power - MS5 Parry Sound					
5 M VLAN					
Lakeland Power - Centennial Substation					
5 M VLAN					
Lakeland Power - MS5 Douglas Dr					
5 M VLAN					
Lakeland Power - MS2 Huntsville					
5 M VLAN					
Lakeland Power - MS1 Huntsville					
5 M VLAN					
Lakeland Power - Electrical Cabinet on Utili					
5 M VLAN					
Lakeland Power					
5 Mbps TLS/VLAN					
Lakeland Power					
5 Mbps TLS/VLAN					
Lakeland Power					
100 Mbps Dedicated Internet					
Lakeland Power					
5 Mbps TLS/VLAN					
Lakeland Power					
5 Mbps TLS/VLAN					

Miscelaneous Services

Description	Term	[redacted]			
GIS Services	Hourly				
Miscelaneous Labour	Hourly				
Materials (invoiced per request)					

In Signing, I agree that I have read and understood the following terms and conditions laid out within the "Lakeland Networks Internet/VLAN Service Agreement" below and within this agreement:

1) Lakeland Networks reserves the right to negate this contract based on unforeseen engineering requirements and build costs.
2) Please review our Service Agreement prior to signing located on our website at www.lakelandnetworks.com for the most up to date policies and agreement provisions.
3) It is the customer's obligation to cancel any previous internet provider's services.
4) Lakeland Networks will manage the cancellation of phone services from previous provider for phone lines that require porting.
5) For all hardware and OTC installation charges, 25% due on acceptance of contract.
6) Due to the compression and decompression of data, many older on-premises alarm systems are not supported by VoIP. A standard copper line should be maintained for this service, but we suggest that this is discussed with your security provider.

Customer Name (Please Print)	Customer Signature	Date
[redacted]	[redacted] X	13-08-2024

196 Taylor Road
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Fax: 1-705-645-4667

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IT Services Agreement

lakeland POWER

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P1L 1J9
Phone: 1-705-646-1846
Fax: 1-705-645-4667

Contents

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NETWORKS

IT Services Agreement

This Agreement has been made as of July 29th, 2024, between:

Lakeland Networks Ltd. (the Consultant)

- AND -

Lakeland Power Distribution Ltd. (the Customer)

The Customer specified acknowledges that the terms and conditions of this service agreement have been made available to the customer and has been reviewed by the customer prior to the customer submitting the order requesting the performance of services by Lakeland Networks. The customer further acknowledges that the submission of the order constitutes acceptance of this agreement and will bind the customer to all of the terms and conditions hereof.

In consideration of the mutual promises and covenants made herein, the parties agree as follows:

Services

The Consultant shall, during the term, provide the following services to the customer. These services shall be provided during normal business hours, being 7:30 am and 4:00 pm, Monday through Friday.

A list of servers, systems, network switches and other computing peripherals covered under this agreement and included in Appendix A.

The following is a list of duties the Consultant will provide the Customer:

a) Business day on-site/remote support for users concerning desktop support.
b) Server/System Data backup implementation, monitoring and logging.
c) Diagnosis of any problems (software or hardware).
d) Repair any physical connection difficulties at the Customer's physical office locations.
e) Manage and assign required VPN access to consultants and internal.
f) Update software and firmware on supported devices as requested.
g) Installation of all 3rd party software.
h) Consultation on IT & Cybersecurity related matters.

[redacted]

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Term of this Agreement

This agreement shall commence on January 1st, 2025, and shall remain in effect until December 31st, 2025, a period of 1 year. This contract can be extended provided that the parties agree in writing.

Confidential Information

For the purposes of this Agreement, the term "Confidential Information" means all information disclosed to, or acquired by, the Consultant, its employees or agents in connection with, and during the term of this Agreement which relates to the Customer's past, present and future research, developments, systems, operations and business activities, including, without limiting the generality of the foregoing:

1. All items and documents are prepared for or submitted to the Customer in connection with this agreement.
2. All information specifically designated by the Customer as confidential.

but shall not include any information which was known to the Consultant, its employees or agents prior to the date hereof, or which was publicly disclosed otherwise than by breach of this Agreement.

The Consultant acknowledges that pursuant to the performance of its obligations under this Agreement, it may require Confidential Information. The Consultant covenants and agrees, during the Term and following any termination of this Agreement, to hold and maintain all Confidential Information in trust and confidence for the Customer and not to use Confidential Information other than for the benefit of the Customer. Except as authorized in writing by the Customer, the Consultant covenants and agrees not to disclose any Confidential Information, by publication or otherwise, to any person other than those persons whose services are contemplated for the purposes of carrying out this Agreement, provided that such persons agree in writing to be bound by and comply with the provisions of this paragraph. The Consultant shall obtain similar covenants and agreements to those contained in this paragraph for the benefit of the Customer from each of its employees or agents who are or may be exposed to Confidential Information.

Software

The Customer will be responsible for all purchasing of software, subscription software services and licensing as the needs of their Information Technology infrastructure dictate. The Customer will abide by the terms of the licenses of any software they've purchased and are wholly responsible for ensuring these terms are met. The Consultant cannot be held liable for any violation of the terms of service stated in any licensed software license.

The Customer is similarly responsible for the renewal of any software licensing and 3rd party Vendor support agreements. The Consultant cannot be held liable for support of Information Technology infrastructure systems that do not have active, valid support agreements with 3rd party Vendors.

[redacted]

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Personal Computing Hardware

The Customer will be responsible for purchasing all Desktop, Laptop and Workstation personal computers as required by their needs. The Customer will also be responsible for providing to the Consultant any spare Desktop, Laptop and Workstation personal computers for the purposes of quick service restoration in the event the Customer's personal computer is non-functioning for an extended period.

The Consultant will work with the Customer to set standard devices for Desktop, Laptop, Workstation personal computers, Personal Digital Assistant, Cell phone, Smart phone and similar devices to facilitate ease of support, rapid deployment and rapid recovery of downed systems.

The Customer is responsible for purchasing all Personal Digital Assistant, Cell phone, Smart phone and similar devices. Any Personal Digital Assistant, Cell phone, Smart phone or similar device purchased that can connect to the Customer's Information Technology infrastructure must meet security standards as jointly set by the Consultant and the Customer. The Consultant is not responsible for the support of these devices and will provide best effort support for any Personal Digital Assistant, Cell phone, Smart phone or similar device.

Server and Network Device Hardware

The Consultant will provide Servers and Network infrastructure as required based on performance, age and the Customer's Information Technology infrastructure needs. The Consultant will work with the Customer to determine Server/Network sizing to meet the Customer's written Information Technology infrastructure needs.

The Consultant will be responsible for setting the hardware standards, configuration and purchasing of all systems that support the Customer's Information Technology infrastructure needs.

[redacted]

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Desktop Support

The Consultant shall provide the Customer with full support of their client devices if they meet all terms and conditions as defined in this document. Any Desktop, Laptop, Workstation, Personal Digital Assistant, Cell phone, Smart phone and similar devices which can connect to the Customer's Information Technology infrastructure must meet security standards as jointly set by the Consultant and the Customer.

The Consultant is not responsible for support of any Desktop, Laptop, Workstation personal computers, and similar devices that do not have a hardware warranty, applicable software licenses and 3rd party vendor software support.

Support will be provided during the Business Day, Monday through Friday. "Business Day" is defined as 7:30am – 4:00pm. All deskside support provided by the Consultant to the Customer that does not fall within the defined "Business Day" will be billable above and beyond the pricing of this service agreement.

Server and Network Support

The Consultant shall provide the Customer will full support of the server and network devices required to support the Customer's Information Technology infrastructure. The Customer's staff will report incidents to the Consultant for resolution.

The Consultant shall perform 7x24 system availability monitoring of all production systems with automated alerting. The Consultant shall respond to any alerts received, assess system impact and take steps necessary for resolution.

The Consultant shall perform regularly scheduled backups of the Customer's data. The data will be retained for a period of 1 year. The Consultant shall log all nightly backup results and provide reports to the Customer upon request.

New Business and Project Work

The Customer may request the Consultant to support the development, architecture, provisioning and deployment of new environments to support the Customer's Information Technology needs. All new business and new environments will be handled as a new project and will be billed separately at an IT Support rate o[redacted]

Any additions to the environment which affect the cost to support the Customer will be adjusted at the time of renewal of this agreement.

[redacted]

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Cybersecurity Standards

The Consultant and the Customer agree to meet yearly to discuss security standards for all areas of the Customer's Information Technology infrastructure. The Consultant shall provide to the Customer documentation which outlines "best practices" for securing the Customer's infrastructure. Any modifications to the security standards need to be documented and agreed to by both parties. If a security setting change poses significant risk to the Customer, the Customer will formally submit a risk acceptance form to the Consultant acknowledging the risk.

The Consultant agrees to monitor and secure the Customer's Information Technology infrastructure with the security settings documented. If for any reason a system cannot meet the documented settings, then the Customer must file a risk acceptance form to the Consultant agreeing to the risk.

Emergency Device disconnect from network if risk

The Consultant may at any time and from time to time suspend Services without penalty or liability for any claim by the Customer where necessary, acting reasonably, to prevent the improper or unlawful use of the Consultant's services or equipment by the Customer or any other person. The Consultant will provide the Customer with notice following such an emergency suspension to advise of the reasons for the suspension.

Limitation of Liability

THE CUSTOMER AGREES THAT NEITHER LAKELAND NETWORKS NOR ANY OF ITS MEMBERS, SHAREHOLDERS, DIRECTORS, OFFICERS, EMPLOYEES OR REPRESENTATIVES OF LAKELAND NETWORKS WILL AT ANY TIME BE HELD LIABLE FOR ANY LOSS OF BUSINESS OR INJURIES OR LOSSES TO PERSONS OR PROPERTY FROM WILLFUL, ACCIDENTAL OR MISTAKEN SUSPENSION OR DELETION OF CUSTOMER INFORMATION OR DATA.

The Customer acknowledges and agrees that in no event will the Consultant or any of its members, shareholders, directors, officers, employees or representatives be liable for any special, indirect, consequential, punitive or exemplary damages, or economic damages (including but not limited to damages for loss of profits or revenues, loss of data, or loss of use) in connection with this Agreement, even if the Consultant has been advised of the possibility of such damages.

If, despite the foregoing limitations, the Consultant or any the Consultant's Indemnity should become liable to the Customer in connection with this Agreement for any reason, then in no event will the aggregate liability of the Consultant or any of the Consultant's Indemnities exceed the amount payable by the Customer to the Consultant for one month of Services under this Agreement.

[redacted]

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Indemnity

The Customer will indemnify and save the harmless Consultant from and against all damages, losses, liabilities, fines, costs and expenses (including actual legal fees and costs), incurred by or awarded, asserted or claimed against the Consultant in connection with this Agreement which are attributable, in whole or in part, to any negligent or willful activities or omissions of the Customer or any breaches by the Customer of its obligations under this Agreement.

Customer Acknowledgement

The Customer acknowledges that it accepts all risk of any unauthorized or illegal use of the Consultant network or any interconnected network by third parties. The Consultant provides no warranties, makes no representations, and accepts no liability for the unauthorized or illegal access or interference with the Customer's server and or network.

Acceptable Use Policy

The Customer shall always comply with the terms and conditions of the Consultant's current acceptable usage policy.

Severability and Waiver

If any provision of this Agreement is held invalid or unenforceable for any reason by a court of competent jurisdiction, the offending provision will be severed but the remaining provisions will continue in full force without being impaired or invalidated in any way. The waiver by either party of a breach of any provision of this Agreement will not operate or be interpreted as a waiver of any other or subsequent breach.

Relationship of Parties

No agency, partnership, joint venture, or employment relationship is created by this Agreement and neither party has the power to bind the other party.

We recognize that there is a relationship between the two parties, but this agreement will be handled as if the Consultant was a 3rd party vendor.

[redacted]

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Compensation

The Consultant (Lakeland Networks Ltd.) has determined the rate to provide IT services to The Customer (Lakeland Power Distribution Ltd.) is [redacted] per month. These fees are broken down in the following table.

SERVER COSTS	[redacted]
NETWORK DEVICE COSTS	
IT LABOUR COSTS	
PHONE SYSTEM COSTS	
SOFTWARE COSTS	
CYBERSECURITY COSTS	
TOTALS	

Agreement

By signing below, the Customer agrees to pay the Consultant the amounts listed in the section "Compensation" and agrees to abide by all the terms and conditions detailed in this document and any supporting document this document references.

Signature – The Customer (Lakeland Power Distribution Ltd.)

[redacted] [redacted] 02-08-2024

Customer Name (Please print and title) Customer Signature Date

Signatures – The Consultant (Lakeland Networks Ltd.)

[redacted] 02-08-2024

Signature – David Caplan – Manager, Technical Support Date

Signature – Vince Kulchycki – Chief Operating Officer Date

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Appendix A – List of devices that are covered by this agreement

[redacted]

[redacted]

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[redacted]

[redacted]

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[redacted]

[redacted]

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[redacted]

[redacted]

Appendix D	**Capital Expenditure Requests Policy** **Purchasing Approval Policy**

Capital Expenditure Requests	Procedure No.:	2000122
	Pages:	7
	Issued:	June 2011
	Revision No.:	2
	Date Revised:	June 2014

Procedure Number:	**205-CEER**	**Revision Number: 2007-02**
Title:	**Capital & Expenditure Expense Requests (CEER)**	
Issued by:	Finance	**Approved by:**
Date:	Last Revised June 2011	**Page: 1 of 5 pages**

Note: All amounts are in CDN funds

1.0 PURPOSE AND APPLICABILITY

To prescribe the approval procedure for authorizing major capital items and expenditures for repairs, tooling, inventory items, etc, legal fees, environmental costs, outside consultants and services, and leases. This policy applies to Lakeland Holding Ltd. and its subsidiaries "(The Company)".

2.0 POLICY STATEMENT

It is the policy of the Company that all capital and expense expenditures greater than the approved annually approved budget amount or anything greater than $50,000 not in the approved budget must be brought to the Board for approval. Leases for equipment must be supported by a lease versus purchase analysis. All other expenses to be approved based on the criteria and levels set out below. Upon approving annually the budget, the Board may require certain capital and expense items still be brought forward with additional justification. These requests will be made at the time of the annual budget approval.

3.0 PROCEDURE AND RESPONSIBILITY

It is the joint responsibility of both the Chief Executive Officer and of the Chief Financial Officer to insure that proper approvals for all transactions are received. For ALL transactions exceeding $50,000 an expense request form (Exhibit A) must be submitted for approval with appropriate attachments explaining: 1) Reason for the proposed expenditure; 2) Financial or business analysis resulting from proposed expenditure; and 3) quotation comparison

Supplemental requests are to be prepared for each project as soon as it becomes evident that the cost of the project is likely to exceed the approved amount by more than 10%. The word "Supplement" is to be typed on the Expense Request form to distinguish it from a regular Expense Request. Approval will be in the same manner as the original Expense Request.

VERBAL PURCHASE ORDERS/REQUISITIONS ARE ALLOWED UNDER SPECIAL CIRCUMSTANCES

4.0 APPROVAL PROCEDURE & LEVELS

All requests for purchase shall be set up in the purchasing system as requisitions. Requisitions shall be approved by Chief Operating Officer, validated for appropriateness of expenditure and checked for account coding accuracy. Requisitions exceeding the level of the COO and CFO shall be approved by the CEO before becoming a purchase order. All invoices shall be approved by the CFO with approved purchase orders.

Authority Limits

Supervisors	Approval of purchase orders not to exceed $1,000
Managers	Approval of purchase orders not to exceed $2,500
COO/CFO	Approval of purchase orders not to exceed $5,000
President & CEO	Approval of purchase orders over $5,000
Board of Directors	Approval of Capital expenditure and Expense projects in excess of $50,000 not in the approved budget or as otherwise requested during the annual budget approval.

Note: the next level supervisor may decrease or cancel the approval amount of their direct report at their discretion.

Purchase of miscellaneous items under a value of $500 do not require a purchase order but do require approval and account coding by COO, CFO, or CEO.

Rental of equipment does not require a purchase order at the time of issue but does require a work order to be associated. The work order shall contain the account coding and the invoice shall be approved at the time it is received. Work order number must be recorded on third party documentation. Consideration should be given to the cost of renting equipment against purchasing depending on future requirements

5.0 APPROVAL REQUIREMENT

The capital and expense approval/tracking procedure is broken down as follows:

1. Submission of annual capital and expense plan
2. Approval for individual capital or expense expenditure requests over $50,000 not in the approved budget or as outlined in Approval Procedure and Levels in Section 2.0 above
3. Monthly tracking of the capital and expense plan implementation

4. Evaluation of actual benefits derived from expenditures

1. <u>Annual Capital and Expense Plan</u>

The plans consists of:

A. A list of planned expenditures prioritized.

B. A planned implementation schedule indicating the following:

a) Date funds may be requested (subject to vendor and customer confirmation)
b) Planned delivery date
c) Start-up period
d) Anticipated post audit date (usually 6 months after the end of the start-up period)

C. For each capital and expense project, a concise narrative explaining the rationale/benefits for each of the four spending categories. Why are funds being requested and what are the anticipated financial benefits?

2. <u>Individual Capital and Expense Expenditure Requests</u>

The approved capital and expense budgets form the basis for individual capital requests throughout the budget year. The following chart shows the limits of authority.

All Management & Executive	All approved annual budget items unless requested by the Board
Board of Directors	All CEERs over $50 K not in the approved budget or any items expressly stated by the Board during annual budget approval

<u>6.0 GENERAL INFORMATION</u>

a) CEER's requiring Board of Directors approval should be received at the Huntsville office seven days prior to the Board meeting.

b) A separate CEER is required for each project having a distinct purpose. Some major projects could involve multiple capital and expense requests that are dependent upon each other to generate the overall benefits. Such projects should be submitted as a single request even though the total funds will be approved in stages as they are needed. Under no circumstances are CEERs to be subdivided to circumvent the approval authorization levels.

c) All data should be submitted in CDN funds (indicate exchange rate applied to other currencies)

d) Overruns: Expenditures which will likely exceed the approved appropriation by 10% or more require a supplemental Expenditure Request to cover the project's overrun. The financial justification should be revised at the time of the supplemental request.

e) Authorization: Approval provides authorization for the operations unit to purchase only items included in the CEER. If a project is under spent, purchase of additional items is not permitted.

f) Disposals: When the Capital Request replaces an existing asset, a Disposal Request should be attached in accordance with Corporate Policy.

g) For 100% recoverable work / items, Exhibit A and F are the only pages required to be filled out. This will assist Finance with cash flow planning.

A. Preparation

All CEER's should be prepared in accordance with the following instructions and should contain all of the necessary exhibits. Each CEER package should have tabs distinguishing the various exhibits as follows:

a) Capital and Expense Expenditure Request
b) Reason for Proposed Expenditure
c) Economic Justification
d) Capital and Expense Expenditure Detail
e) Related Detail
f) Disposal of Fixed Assets
g) Quotation Comparison

a) Capital and Expense Expenditure Request Form (Exhibit A): Summary of Capital and Expense Expenditure Request detail which is self-explanatory. *Note:* that this cover page shows the scheduled implementation dates, request date, delivery date, start-up period, and post audit date.

b) Reason for Proposed Expenditure (Exhibit B): This section should contain a concise discussion of the business purpose and anticipated benefits of the proposed expenditure, and why this action is preferred over other alternative actions. Capital and Expense Expenditure Detail (Exhibit D)

Listing of the individual items comprising the l project.

c) Related Expense Detail (Exhibit E): Listing of the individual expenses that will be incurred to complete the project.

d) Quotation Comparison (Exhibit G): The general rule is to have three quotes for every project. The quotes should be summarized in this section with a brief statement explaining how the final selection was made. Any time three quotes cannot be obtained, an explanation is required. The details of the individual quotes must be maintained at the business unit and available for audit.

e) Disposal of Fixed Assets (Exhibit F): The exhibit is self-explanatory and is required when the capital request is for replacement of an existing asset with a net book value in excess of $25,000.

f) Economic Justification (Exhibit C): Expenditures should be justified on the combined basis of economic value added (E.V.A.), the after-tax internal rate of return, and the payback period. Exhibit C is provided as a guideline which should be modified as appropriate. (If there are no incremental sales, eliminate that section. If a shorter or longer time period is more appropriate, change the form, etc.)

The individual savings shown on Exhibit C should be fully explained in supporting work papers and should represent true/measurable cash savings. Do not show combined or netted numbers.

The benefits of the program should be well supported and be measurable.

Most of these projects are either cost/risk avoidance or are simply necessary to maintain existing business. Explain them as such. Providing some data on down-time, machine accuracy, and repair costs would be in order. The business discussion should fully explain the consequences of delaying replacement expenditures.

3. Monthly Tracking of the Capital Plan Implementation

Exhibit H is required to be submitted with the Monthly Performance Reports. This report tracks planned spending as compared to actual spending.

7.0 RESPONSIBILITY OF ACCOUNTS PAYABLE

1. Examine purchase order for the appropriate electronic signature(s) of approval.
2. Review receiving documents for matching to invoiced amounts.
3. Code expenses to the correct account classification as per purchase order.
4. Enter the Expense Report into computer system and subsequently control the cheque printing, matching, signing, and delivery of the cheque.
5. Invoices received in the Accounts Payable department which are not in accordance with this policy will return to the appropriate individual for the required adjustment and/or approval.

8.0 SUMMARY

Supervisors	Approval of purchase orders not to exceed $1,000
Managers	Approval of purchase orders not to exceed $2,500
COO/CFO	Approval of purchase orders not to exceed $5,000
President & CEO	Approval of purchase orders over $5,000
Board of Directors	Approval of Capital expenditure and Expense projects in excess of $50,000 not in the approved budget or otherwise stated during the annual budget approval.

Note: the next level supervisor may decrease or cancel the approval amount of their direct report at their discretion.

Purchase of miscellaneous items under a value of $500 do not require a purchase order but do require approval and account coding by COO, CFO, or CEO.

The approved capital and expense budgets form the basis for individual requests throughout the budget year. The following chart shows the limits of authority.

All Management & Executive	All approved annual budget items unless requested by the Board
Board of Directors	All CEERs over $50 K not in the approved budget or any items expressly stated by the Board during annual budget approval

Capital Expenditure Requests	Procedure No.:	2000122
	Pages:	7
	Issued:	June 2011
	Revision No.:	2
	Date Revised:	June 2014

For internal use requiring CEO but not Board approval.

Management & Executive	All CEERs over $50 K in the approved budget All CEERs over $25 K not in the approved budget

Purchasing Policy		
	Procedure No.:	2000124
	Pages:	2
	Issued:	Dec 22, 2007
	Revision No.:	2
	Date Revised:	June 1, 2014

Note: All Funds are CDN

PURPOSE AND APPLICABILITY

To prescribe the approval procedure for authorizing major expenditures for repairs, expenditures for tooling, inventory items, etc, legal fees, environmental costs, outside consultants and services, and leases. This policy applies to Lakeland Holding and Its Subsidiaries "(The Company)".

POLICY STATEMENT

It is the policy of the Company that all capitalized and non-capitalized expenditures greater than $50,000 but in the plan, greater than $25,000 not in the plan and leases and contracts having a term longer than one year and a cost of over $50,000 must be approved by the Board of Directors. Leases for equipment must be supported by a lease versus buy analysis. All other expenses to be approved based on the criteria and levels set out below.

PROCEDURE AND RESPONSIBILITY

It is the joint responsibility of both the President and of the Chief Financial Officer to insure that proper approvals for all transactions are received. For transactions exceeding the above criteria, an expense request form (Exhibit A) must be submitted for approval with appropriate attachments explaining: 1) Reason for the proposed expenditure; 2) Financial or business analysis resulting from proposed expenditure; and 3) quotation comparison. Supplemental Expense Request should include costs incurred to date, projected costs for current Expense Request, and future costs to complete the entire project by major category.

The President has approval up to +10% over expenditures for expenditures approved up to $100k but more that 10% over expenditure must be brought back to the Board for approval.

Supplemental requests are to be prepared for each project as soon as it becomes evident that the cost of the project is likely to exceed the approved amount by more than 10%. The word "Supplement" is to be typed on the Expense Request form to distinguish it from a regular Expense Request. Approval will be in the same manner as the original Expense Request.

VERBAL PURCHASE ORDERS/REQUISITIONS ARE NOT ALLOWED

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APPROVAL PROCEDURE & LEVELS

All requests for purchase shall be set up in the purchasing system as requisitions. Requisitions will be approved by Operations Manager, validated for appropriateness of expenditure and checked for account coding accuracy. Requisitions exceeding the level of the Operations Manager and CFO will be approved by the President & CEO before becoming a purchase order. All invoices will be approved by the CFO with approved purchase orders.

Supervisors/Superintendent	Approval of purchase orders not to exceed $500
Operations Manager	Approval of purchase orders not to exceed $1,000
President & CEO	Approval of purchase orders over $1,000
Board of Directors	Approval of Capital expenditure and expense projects in excess of $50,000 in plan or $25,000 if not in plan

Purchase of miscellaneous items under a value of $250 do not require a purchase order but do require approval and account coding by Operations Manager, CFO, CEO or President.

Rental of equipment does not require a purchase order at the time of issue but does require a work order to be associated. The work order will contain the account coding and the invoice will be approved at the time it is received. Work order number must be recorded on third party documentation.

RESPONSIBILITY OF ACCOUNTS PAYABLE

1. Examine purchase order for the appropriate electronic signature(s) of approval.

2. Review receiving documents for matching to invoiced amounts.

3. Code expenses to the correct account classification as per purchase order.

4. Enter the Expense Report into computer system and subsequently control the cheque printing, matching, signing, and delivery of the cheque.

5. Invoices received in the Accounts Payable department which are not in accordance with this policy will return to the appropriate individual for the required adjustment and/or approval.